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April 11, 2014

**Via Hand-Delivery**

Executive Director Earl Taylor  
c/o Sharla Dillon  
Tennessee Regulatory Authority  
502 Deaderick Street, Fourth Floor  
Nashville, Tennessee 37243

***Re: Petition of Piedmont Natural Gas, Inc. for Approval of an Integrity  
Management Rider to its Approved Rate Schedules and Service Regulations  
Docket No. 13-00118***

Dear Mr. Taylor:

I am enclosing an original and five (5) copies of Piedmont Natural Gas Company's Monthly Report for the Month Ending February 28, 2014. On December 18, 2013, the Authority approved Piedmont's Integrity Management Rider as proposed in Docket No. 13-00118. Paragraph 7 of Service Schedule 317 requires monthly reports to be filed within 45 days after the end of the month for which the report is being filed. This filing consists of various schedules constituting Piedmont's monthly report for the month ending February 28, 2014.

This material is also being filed by way of email to the Tennessee Regulatory Authority Docket Manager, Sharla Dillon. Please file the original and four copies of this filing and stamp the additional copy as "filed". Then please return the stamped copies to me by way of our courier.

Should you have any questions concerning this matter, please do not hesitate to contact me at the email address or telephone number listed above.

With kindest regards, I remain

Very truly yours,



R. Dale Grimes

Enclosures

Piedmont Natural Gas Company, Inc.  
Integrity Management Rider  
State of Tennessee  
TRA Docket No. 13-00118

**Cumulative Integrity Management Investment Amount  
Actual Integrity Management Investment, by Integrity Project Type**

| Line No. |                                                            | Current Vintage Year: Vintage Year 2              |                                                      |                                                                       | All Vintage Years |
|----------|------------------------------------------------------------|---------------------------------------------------|------------------------------------------------------|-----------------------------------------------------------------------|-------------------|
|          |                                                            | February 2014<br>Capital Expenditure <sup>1</sup> | Prior Cumulative<br>Capital Expenditure <sup>2</sup> | Cumulative<br>Capital Expenditure<br>as of February 2014 <sup>3</sup> |                   |
|          | <i>TN Direct</i>                                           |                                                   |                                                      |                                                                       |                   |
| 1        | Corrosion Control                                          | \$ 7,785.80                                       | \$ 63,142.03                                         | \$ 70,927.83                                                          | \$ 3,575,786.83   |
| 2        | Casing Remediation                                         | \$ -                                              | \$ -                                                 | \$ -                                                                  | \$ 305.52         |
| 3        | Distribution Integrity                                     | \$ 131,049.06                                     | \$ 1,249,432.73                                      | \$ 1,380,481.79                                                       | \$ 5,949,024.83   |
| 4        | Transmission Integrity                                     | \$ 5,034,173.15                                   | \$ 19,607,884.13                                     | \$ 24,642,057.28                                                      | \$ 142,393,873.61 |
| 5        | Total                                                      | \$ 5,173,008.01                                   | \$ 20,920,458.89                                     | \$ 26,093,466.90                                                      | \$ 151,918,990.79 |
|          | <i>Joint Property: CO3-State</i>                           |                                                   |                                                      |                                                                       |                   |
| 6        | OASIS Project (Work & Asset Management System)             | \$ 3,517,725.30                                   | \$ 8,674,025.30                                      | \$ 12,191,750.60                                                      | \$ 53,310,183.06  |
| 7        | TN % of CO-3 for Current Month <sup>4</sup>                | 17.95%                                            |                                                      |                                                                       |                   |
| 8        | Total Allocated to TN                                      | \$ 631,431.69                                     | \$ 1,556,987.55                                      | \$ 2,188,419.24                                                       | \$ 9,569,177.87   |
| 9        | Total Capital Expenditures [Line 5 + Line 8]               | \$ 5,804,439.70                                   | \$ 22,477,446.44                                     | \$ 28,281,886.14                                                      | \$ 161,488,168.66 |
| 10       | Less: Amount Included in the Attrition Period <sup>5</sup> | \$ -                                              | \$ -                                                 | \$ -                                                                  | \$ 32,900,000.00  |
| 11       | Total Integrity Management Investment                      | \$ 5,804,439.70                                   | \$ 22,477,446.44                                     | \$ 28,281,886.14                                                      | \$ 128,588,168.66 |

1/ Represents, for the current month, the actual Integrity Management Investment that is subject to this Rider.

2/ Represents, as of the prior month, the cumulative Integrity Management Investment for the current Vintage Year that is subject to this Rider; this amount is shown in the prior month's report.

3/ Represents, for the current Vintage Year through the current month, the cumulative Integrity Management Investment that is subject to this Rider.

4/ Represents the TN% of Total Company Gas Plant Excluding Joint Property, which is updated annually.

5/ Amount being recovered in existing base rates, per the Relevant Rate Order in Docket 13-00144.

6/ Represents, for all Vintage Years through the current month, the cumulative Integrity Management Investment that is subject to this Rider. The cumulative Integrity Management Investment for Vintage Year 1, which captures amounts through 10/31/13, is \$100,306,282.52.

Piedmont Natural Gas Company, Inc.  
 Integrity Management Rider  
 State of Tennessee  
 TRA Docket No. 13-00118

**Detail of Current Month's Integrity Management Investment Amount**  
**Actual Capital Investment for Current Month, by Capital Funding Project**

| Line No. | Capital Project Type              | Funding Project Number | District | Funding Project Description          | February 2014   |
|----------|-----------------------------------|------------------------|----------|--------------------------------------|-----------------|
| 1        | CORR-Corrosion Control            | FP1733548              | 17       | Nashville Distribution New Coating   | \$ 2,737.07     |
| 2        | CORR-Corrosion Control            | FP1733567              | 17       | Nashville Bridge New Coating-Dist    | \$ 4,894.65     |
| 3        | CORR-Corrosion Control            | FP1733568              | 17       | Nashville Bridge New Coating-Trans   | \$ 154.08       |
| 4        | DIMP-Distribution Integrity       | FP1733603              | 17       | Hogan Road - Main Replacement        | \$ 52,237.99    |
| 5        | DIMP-Distribution Integrity       | FP1733621              | 17       | Retrofit I/I Creek Bores Nashv       | \$ 10,413.29    |
| 6        | DIMP-Distribution Integrity       | FP1733649              | 17       | Crutcher St - Insertion              | \$ 2,953.46     |
| 7        | DIMP-Distribution Integrity       | FP1733754              | 17       | South 12th (14th St. and Seiver St.) | \$ 10,762.12    |
| 8        | DIMP-Distribution Integrity       | FP1733827              | 17       | Elm.Hill Pike Bridge Replaceme       | \$ 13,550.42    |
| 9        | DIMP-Distribution Integrity       | FP1733885              | 17       | 2nd Ave North 14" Replacement        | \$ 41,131.78    |
| 10       | TIMP-Transmission Integrity       | FP1733363              | 17       | I/I Retrofit - Line J                | \$ 6,899.29     |
| 11       | TIMP-Transmission Integrity       | FP1733365              | 17       | I/I Retrofit - Lines A,B,D           | \$ 3,493.73     |
| 12       | TIMP-Transmission Integrity       | FP1733398              | 17       | South Nashville 20"                  | \$ 4,985,387.83 |
| 13       | TIMP-Transmission Integrity       | FP1733409              | 17       | Line C and E TIMP retrofits          | \$ 79.67        |
| 14       | TIMP-Transmission Integrity       | FP1733461              | 17       | Nashville I/I Retrofit Holtsholder   | \$ 3,181.07     |
| 15       | TIMP-Transmission Integrity       | FP1733462              | 17       | Nashville I/I Retrofit-Holtsholder2  | \$ 26,598.12    |
| 16       | TIMP-Transmission Integrity       | FP1733463              | 17       | Nashville I/I Retrofit-Bordeau       | \$ 8,533.44     |
| 17       | ISENP-Information Serv Enterprise | FP0026658              | 00       | Work & Asset Management (OASIS)      | \$ 3,517,725.30 |

18 **Total (unallocated)** \$ **8,690,733.31**

19 *subtotal: TN Direct (unallocated)* \$ *5,173,008.01*

20 *subtotal: CO-3 (unallocated)* \$ *3,517,725.30*

\$ **8,690,733.31**

## Schedule 3

Piedmont Natural Gas Company, Inc.  
 Integrity Management Rider  
 State of Tennessee  
 TRA Docket No. 13-00118

Schedule Detailing the Integrity Management Deferred Account Adjustment Recorded for the Month  
Calculation of the IM Deferred Account Balance  
Amount Due From (To) Customers per GL Account No. 25351

| Line No. |                                  | Feb-14         |
|----------|----------------------------------|----------------|
| 1        | Beginning Balance                | (834,234.28)   |
| 2        | IMR Revenue Recognition          | 2,145,988.96   |
| 3        | (Collections from IM Adjustment) | (3,339,560.96) |
| 4        | Ending Balance Before Interest   | (2,027,806.28) |
| 5        | Average Balance                  | (1,431,020.28) |
| 6        | Accrued Interest                 | (3,875.20)     |
| 7        | Ending Balance After Interest    | (2,031,681.48) |
| 8        | Applicable Annual Interest Rate  | 0.032500       |
| 9        | Monthly Interest Rate            | 0.002708       |
| 10       | Actual GL #25351 EOM Balance     | (2,031,681.48) |
| 11       | Variance                         |                |

|                                  |  |                |
|----------------------------------|--|----------------|
| Journal Entry: To Record Revenue |  |                |
| 01 01 25351 3 17 6250 489        |  | 2,145,988.96   |
| 01 01 48010 3 17 6220 489        |  | (1,279,953.65) |
| 01 01 48110 3 17 6220 489        |  | (669,827.54)   |
| 01 01 48120 3 17 6220 489        |  | (28,670.41)    |
| 01 01 48300 3 17 6220 489        |  | (600.88)       |
| 01 01 48900 3 17 6220 489        |  | (166,936.48)   |

|                                   |  |            |
|-----------------------------------|--|------------|
| Journal Entry: To Record Interest |  |            |
| 01 01 25351 3 17 6250 626         |  | (3,875.20) |
| 01 01 43101 3 17 6220 626         |  | 3,875.20   |

Piedmont Natural Gas Company, Inc.  
 Integrity Management Rider  
 State of Tennessee  
 TRA Docket No. 13-00118

Schedule 4

General Ledger Support

Integrity Management Deferred Account Adjustment Recorded for the Month

Calculation of the IM Adjustment Collections:

| February - 2014                                 |                                 |   |                   |                       |
|-------------------------------------------------|---------------------------------|---|-------------------|-----------------------|
| Line No.                                        | IM Adjustment<br>(\$ per therm) | x | Usage<br>(therms) | = Collections<br>(\$) |
| 1 Residential (301)                             | 0.07018                         |   | 31,323,345        | 2,198,272.35          |
| 2 Small Commercial (302)                        | 0.06130                         |   | 12,487,904        | 765,508.52            |
| 3 Medium Commercial (352)                       | 0.06130                         |   | 3,637,196         | 222,960.11            |
| 4 Firm Lg General Sales (303)                   | 0.02723                         |   | 1,003,822         | 27,334.07             |
| 5 Firm Lg General Transportation (313)          | 0.02723                         |   | 2,477,223         | 67,454.78             |
| 6 Firm Resale (310)                             | 0.02723                         |   | 29,798            | 811.40                |
| 7 Interruptible Lg General Sales (304)          | 0.00681                         |   | 31,609            | 215.26                |
| 8 Interruptible Lg General Transportation (314) | 0.00681                         |   | 8,370,700         | 57,004.47             |
| 10 Total                                        |                                 |   |                   | \$ 3,339,560.96       |

Journal Entry: To Record Collections

|                           |                |
|---------------------------|----------------|
| 01 01 48010 3 17 6220 489 | 2,198,272.35   |
| 01 01 48110 3 17 6220 489 | 765,508.52     |
| 01 01 48110 3 17 6220 489 | 222,960.11     |
| 01 01 48120 3 17 6220 489 | 27,334.07      |
| 01 01 48900 3 17 6220 489 | 67,454.78      |
| 01 01 48300 3 17 6220 489 | 811.40         |
| 01 01 48110 3 17 6220 489 | 215.26         |
| 01 01 48900 3 17 6220 489 | 57,004.47      |
| 01 01 25351 3 17 6250 489 | (3,339,560.96) |

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the attached documents were served upon the parties in this action by electronic mail and by depositing a copy of the same in the United States Mail, First Class Postage Prepaid, addressed as follows:

Joe Shirley  
Senior Counsel  
Office of the Attorney General  
Consumer Advocate and Protection Division  
Post Office Box 20207  
Nashville, Tennessee 37202  
joe.shirley@ag.tn.gov

This the 11th day of April, 2014.

