

BASS

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October 4, 2013

VIA HAND DELIVERY

Executive Director Earl Taylor
c/o Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

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

Dear Mr. Taylor:

Enclosed please find an original and five (5) copies of Piedmont Natural Gas Company, Inc's Supplemental Responses to the TRA's First Set of Data Requests, including Piedmont's response to Data Request No. 4 and supplemental response to Data Request No. 7.

This material is also being filed today by way of email to the Tennessee Regulatory Authority docket manager, Sharla Dillon. Please file the original and four copies of this material and stamp the additional copy as "filed." Then please return the stamped copy 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.

Sincerely,



David Killion

cc: James H. Jeffries, IV
David Foster, Chief, Utilities Division
Joe Shirley, Consumer Advocate and Protection Division

Piedmont Natural Gas Company, Inc.
Docket No. 13-00118
TRA Data Request No. 1
Date Sent: September 24, 2013
Date Due: October 2, 2013

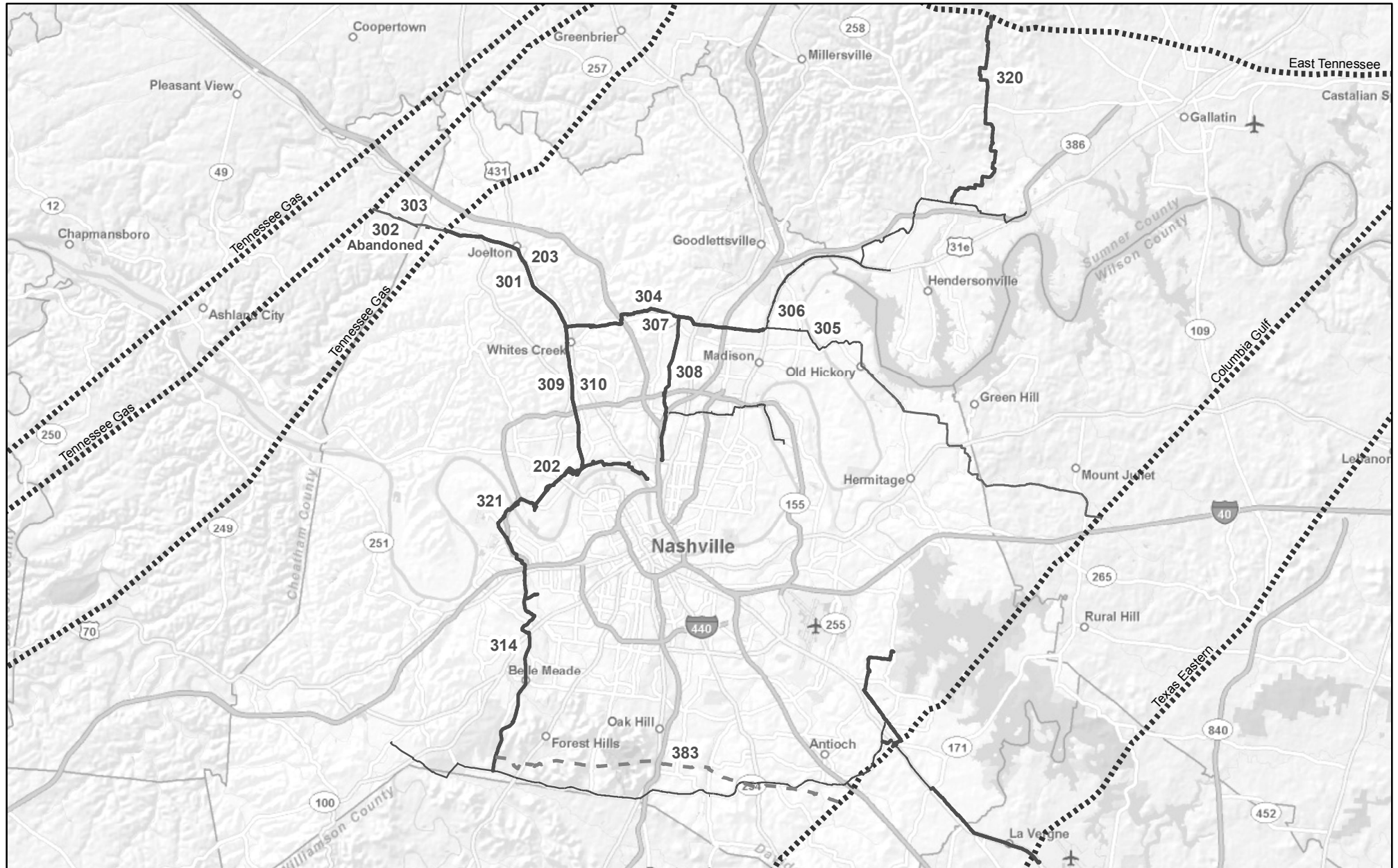
4. Provide updated Exhibits mirroring Exhibits RM-1 and RM-2 which were attached to the Testimony of Rodney Myers in the rate case Docket No. 11-00144, supporting the \$78 million in new capital.

Response: See [Attachment F](#).

Response provided by Piedmont Natural Gas on October 4, 2013.

ATTACHMENT F

Nashville System



— Existing Line - - - Proposed Line Supplier Pipeline



Piedmont Natural Gas' gas facility maps are at all times to be considered confidential and proprietary (OM-1095). This map is current only through the latest revised date stated thereon. This map should not be relied upon by anyone digging or drilling underground, and any such person should not undertake any digging or drilling until they have had all underground utility facilities in the immediate area located by calling 811. To ensure there is no inappropriate disclosure, this map cannot be shared with third parties absent Piedmont Natural Gas' express written consent. All previously dated copies of this map must be destroyed in accordance with Records and Information Management (RIM) Policy 1001 or returned to Piedmont Natural Gas.



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Nashville Transmission System Information 2013									
Old Pipeline Segment Designations	Line Numbers	IR #	Description	Approximate Mileage	Pipe Size(s)	Total Direct Project Costs (thru Aug 2013)*	Forecast Outlook (Sept, 2013 - forward)	Current Classification	Future Classification
Lines A, B, D	302, 303	1733393	Pipelines from Westernia Interconnect with Tenneco through KP Interconnect and ending at Holts Holder Valve Setting northwest of Nashville downrated to distribution	11	8, 10	\$1,880,553	\$0	Distribution	Distribution
Lines C, E	203, 301	1733428	Pipelines operating between KP Interconnect and Holts Holder Valve Setting	14	16, 20	\$12,269,133	\$0	Transmission	Transmission
Lines F, G, H, I, CC, DD	304, 305, 306, 307	1733485	Pipelines operating between Holts Holder Valve Setting and Madison Regulator Station, Gallatin Interconnect, and Dupont to the northeast of Nashvillenorth of Nashville	32	4, 6, 8, 12	\$8,166,855	\$0	Transmission / HP Distribution	Transmission / HP Distribution
Lines L, K	309, 310	1733486	Pipelines operating between Holts Holder Valve Setting and Bordeaux Regulator Station	14	8,12	\$7,457,693	\$0	Transmission	Transmission
Line M	202	1733487	Pipelines operating between Bordeaux Regulator Station and LNG Plant	4	12	\$5,674,776	\$0	Transmission	Transmission
Lines R, V, W, X, Y	314, 321	1733392	Pipelines operating between LNG Plant, Chickering Road, Columbia Gulf Interconnect #1, and Texas Eastern Interconnect to the south of Nashville	42	8, 10, 12	\$1,060,042	\$0	Transmission / HP Distribution	HP Distribution
South Nashville 20" Project	383	1733418	Proposed Pipeline from a new Columbia Gulf Interconnect to Chickering Road to the south of Nashville	15	12, 20	\$63,275,329	\$33,606,269	Transmission	Transmission
Line J	308	1733391 / 1733468	Pipeline from Dalmere Junction to Trinity Lane Regulator Station to the north of Nashville	5	8	\$5,784,278	\$0	Transmission	Transmission
Hendersonville Lateral	320	TBD	Pipeline from East Tennessee Interconnect to Stop 30 Road Regulator Station to the northeast of Nashville	9	12	\$0	\$500,000	Transmission	Transmission

* Does not include AFUDC

Nashville Transmission System Information (NEW BREAKDOWN)									
Old Pipeline Segment Designations	Line Numbers	IR #	Description	Approximate Mileage	Pipe Size(s)	Total Direct Project Costs (thru Aug, 2013)***	Forecast Outlook (Sept, 2013 - forward)	Current Classification	Future Classification
Lines A, B, D	302, 303	1733393	Pipelines from Westernia Interconnect with Tenneco through KP Interconnect and ending at Holts Holder Valve Setting northwest of Nashville downrated to distribution	11	8, 10	\$1,880,553	\$0	Distribution	Distribution
Lines C, E	203, 301	1733428	Pipelines operating between KP Interconnect and Holts Holder Valve Setting	14	16, 20	\$12,269,133	\$0	Transmission	Transmission
Lines F, G, H, I, CC, DD	304, 305, 306, 307	1733485	Pipelines operating between Holts Holder Valve Setting and Madison Regulator Station, Gallatin Interconnect, and Dupont to the northeast of Nashvillenorth of Nashville	32	4, 6, 8, 12	\$8,166,855	\$0	Transmission / HP Distribution	Transmission / HP Distribution
Lines L, K	309, 310	1733486	Pipelines operating between Holts Holder Valve Setting and Bordeaux Regulator Station	14	8,12	\$7,457,693	\$0	Transmission	Transmission
Line M	202	1733487	Pipelines operating between Bordeaux Regulator Station and LNG Plant	4	12	\$5,674,776	\$0	Transmission	Transmission
Lines R, V, W, X, Y	314, 321	1733392	Pipelines operating between LNG Plant, Chickering Road, Columbia Gulf Interconnect #1, and Texas Eastern Interconnect to the south of Nashville	42	8, 10, 12	\$1,060,042	\$0	Transmission / HP Distribution	HP Distribution
South Nashville 20" Project	383	1733418	Proposed Pipeline from a new Columbia Gulf Interconnect to Chickering Road to the south of Nashville	15	12, 20	\$63,275,329	\$33,606,269	Transmission	Transmission
Line J	308	1733391 / 1733468	Pipeline from Dalmere Junction to Trinity Lane Regulator Station to the north of Nashville	5	8	\$5,784,278	\$0	Transmission	Transmission
Hendersonville Lateral	320	TBD	Pipeline from East Tennessee Interconnect to Stop 30 Road Regulator Station to the northeast of Nashville	9	12	\$0	\$500,000	Transmission	Transmission

*** Does not include AFUDC

\$105,568,660 \$34,106,269 \$139,674,929

Nashville Transmission System Information (Cost Comparison)												
Testimony Segment ID's	Line Numbers	IR #	Description	Approximate Mileage	Pipe Size(s)	Original Projections	Actuals / Forecast	Difference	Percentage	Current Classification	Future Classification	Additional Information
A	302, 303	1733393	Pipelines from Westernia Interconnect with Tenneco through KP Interconnect and ending at Holts Holder Valve Setting northwest of Nashville	11	8, 10	\$934,608	\$1,880,553	\$945,945	101.2%	Transmission	Distribution	1940's pipelines lowered to 75 psig. Installation of new RS to feed system
B & F	203, 301, 304, 305, 306, 307, 309, 310, 202	1733428, 1733485, 1733486, 1733487	Pipelines operating between KP Interconnect, Holts Holder Valve Setting, Bordeaux Regulator Station, LNG Plant, WC Weakley Regulator Station, and Madison Regulator Station, Gallatin Interconnect, and Dupontnorthwest of Nashville	64	4, 6, 8, 12, 16, 20	\$16,676,772	\$33,568,457	\$16,891,685	101.3%	Transmission	Transmission	Includes Holts Holder Valve Set Rebuild, KP Station Rebuild, Line M Remediation Costs, Significant ROW improvements
C	314, 321	1733392	Pipelines operating between LNG Plant, Chickering Road, Columbia Gulf Interconnect #1, and Texas Eastern Interconnect to the south of Nashville	42	8, 10, 12	\$3,641,218	\$1,060,042	-\$2,581,176	-70.9%	Transmission / HP Distribution	Transmission / HP Distribution	Cost Associated with Jack-in-th-Box remediation and casing remediation near Old Hickory Blvd
D	383	1733418	Proposed Pipeline from a new Columbia Gulf Interconnect to Chickering Road to the south of Nashville	13	20	\$61,251,320	\$96,881,598	\$35,630,278	58.2%	n/a	Transmission	SONASH 20"

E	308	1733391 / 1733468	Pipeline from Dalmere Junction to Trinity Lane Regulator Station to the north of Nashville	5	8	\$1,775,155	\$5,784,278	\$4,009,123	225.8%	Transmission	Transmission	Line J and associated replacement of unknown 10" found during pigging
G	320	TBD	Pipeline from East Tennessee Interconnect to Stop 30 Road Regulator Station to the northeast of Nashville	9	12	\$500,000	\$500,000	\$0	0.0%	Transmission	Transmission	Future Launcher/Receiver Installation (2017 target date)

Nashville Transmission System Information (RM Testimony)								
Pipeline Segments		Description	Approximate Mileage	Pipe Size(s)	Total Project Costs		Current Classification	Future Classification
A		Pipelines from Westernia Interconnect with Tenneco through KP Interconnect and ending at Holts Holder Valve Setting northwest of Nashville	11	8, 10	\$934,608		Transmission	Distribution
B		Pipelines operating between KP Interconnect, Holts Holder Valve Setting, Bordeaux Regulator Station, LNG Plant, WC Weakley Regulator Station, and Madison Regulator Station northwest of Nashville	48	8, 12, 16, 20	\$16,401,404		Transmission	Transmission
C		Pipelines operating between LNG Plant, Chickering Road, Columbia Gulf Interconnect #1, and Texas Eastern Interconnect to the south of Nashville	42	8, 10, 12	\$3,641,218		Transmission / HP Distribution	HP Distribution
D		Proposed Pipeline from a new Columbia Gulf Interconnect to Chickering Road to the south of Nashville	13	20	\$61,251,320		n/a	Transmission
E		Pipeline from Dalmere Junction to Trinity Lane Regulator Stationto the north of Nashville	5	8	\$1,775,155		Transmission	Transmission
F		Pipelines operating between Madison Regulator Station, Gallatin Interconnect, and Dupont to the northeast of Nashville	16	4, 6, 8	\$275,368		Transmission / HP Distribution	HP Distribution
G		Pipeline from East Tennessee Interconnect to Stop 30 Road Regulator Station to the northeast of Nashville	9	12	\$500,000		Transmission	Transmission

Nashville Transmission System Information									
Pipeline Segments	Description	Approximate Mileage	Pipe Size(s)	Total Project Costs	Current Operating Pressure	Future Operating Pressure	Current Classification	Future Classification	Percentage in Private ROW
A	Pipelines from Westernia Interconnect with Tenneco through KP Interconnect and ending at Holts Holder Valve Setting northwest of Nashville	11	8, 10	\$934,608	720	75	Transmission	Distribution	95%
B	Pipelines operating between KP Interconnect, Holts Holder Valve Setting, Bordeaux Regulator Station, LNG Plant, WC Weakley Regulator Station, and Madison Regulator Station northwest of Nashville	48	8, 12, 16, 20	\$16,401,404	720	720	Transmission	Transmission	90%
C	Pipelines operating between LNG Plant, Chickering Road, Columbia Gulf Interconnect #1, and Texas Eastern Interconnect to the south of Nashville	42	8, 10, 12	\$3,641,218	450 / 390	300	Transmission / HP Distribution	HP Distribution	5%
D	Proposed Pipeline from a new Columbia Gulf Interconnect to Chickering Road to the south of Nashville	13	20	\$61,251,320	n/a	800	n/a	Transmission	95%
E	Pipeline from Dalmere Junction to Trinity Lane Regulator Stationto the north of Nashville	5	8	\$1,775,155	720	720	Transmission	Transmission	95%
F	Pipelines operating between Madison Regulator Station, Gallatin Interconnect, and Dupont to the northeast of Nashville	16	4, 6, 8	\$275,368	450	300	Transmission / HP Distribution	HP Distribution	0%
G	Pipeline from East Tennessee Interconnect to Stop 30 Road Regulator Station to the northeast of Nashville	9	12	\$500,000	780	780	Transmission	Transmission	95%

\$84,779,073

Piedmont Natural Gas Company, Inc.
Docket No. 13-00118
TRA Data Request No. 1
Date Sent: September 24, 2013
Date Due: October 2, 2013

7. Provide a copy of the Company's computation of the Integrity Management Revenue Requirement and Integrity Management Adjustment which Piedmont proposes to implement effective October 1, 2013 or upon approval by the Authority.

Response: See [Attachment D](#).

Supplemental Response: See Revised Attachment D.

Response provided by Piedmont Natural Gas on October 2, 2013.

Supplemental Response provided by Piedmont Natural Gas on October 4, 2013.

ATTACHMENT D

Piedmont Natural Gas Company, Inc.
Integrity Management Rider
State of Tennessee

Illustration of the Spread of Revenue Requirement Across Rate Schedules

Rider Rate Period	Residential (301)	Commercial (302,352,342)	Large General Service Firm (303,313,310)	Large General Service Interruptible (304,314)	Total
Rate Case throughput (dts)	11,130,214	6,664,958	2,378,880	8,098,027	28,272,079
<u>Jan 1 2014 -Dec 31 2014</u>					
Apportionment Percent	59.6439%	31.2006%	4.9463%	4.2091%	100.0000%
Dollars	6,252,813	3,270,937	518,553	441,268	10,483,571
Dekatherms	11,130,214	6,664,958	2,378,880	8,098,027	28,272,079
Rate per dekatherm	\$0.5618	\$0.4908	\$0.2180	\$0.0545	
<u>Jan 1 2015 -Dec 31 2015</u>					
Apportionment Percent	59.6439%	31.2006%	4.9463%	4.2091%	100.0000%
Dollars	9,214,043	4,820,000	764,131	650,246	15,448,420
Dekatherms	11,130,214	6,664,958	2,378,880	8,098,027	28,272,079
Rate per dekatherm	\$0.8278	\$0.7232	\$0.3212	\$0.0803	
<u>Jan 1 2016 -Dec 31 2016</u>					
Apportionment Percent	59.6439%	31.2006%	4.9463%	4.2091%	100.0000%
Dollars	9,315,366	4,873,004	772,534	657,396	15,618,299
Dekatherms	11,130,214	6,664,958	2,378,880	8,098,027	28,272,079
Rate per dekatherm	\$0.8369	\$0.7311	\$0.3247	\$0.0812	
<u>Jan 1 2017 -Dec 31 2017</u>					
Apportionment Percent	59.6439%	31.2006%	4.9463%	4.2091%	100.0000%
Dollars	9,270,864	4,849,724	768,843	654,255	15,543,687
Dekatherms	11,130,214	6,664,958	2,378,880	8,098,027	28,272,079
Rate per dekatherm	\$0.8329	\$0.7276	\$0.3232	\$0.0808	

Piedmont Natural Gas Company, Inc.
Integrity Management Rider
State of Tennessee

Margin and Throughput from the Relevant Rate Case Order (Docket 11-00144)

Margin	Annual Total	Allocation %		
Residential (301)	\$ 62,049,925	59.64%		
Commercial (302, 352, 342)	32,459,219	31.20%		
Large General Service - Firm (303, 313, 310)	5,145,869	4.95%		
Large General Service - Interruptible (304, 314)	4,378,934	4.21%		
Total	\$ 104,033,947	100.00%		
Throughput (DTs)	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>
Residential (301)	973,336	1,730,608	2,359,111	2,385,891
Commercial (302, 352, 342)	584,122	941,038	1,236,854	1,246,332
Large General Service - Firm (303, 313, 310)	215,868	357,459	373,276	272,366
Large General Service - Interruptible (304, 314)	682,506	880,548	899,370	728,423
Total	2,455,831	3,909,653	4,868,611	4,633,012
Throughput Apportionment	8.69%	13.83%	17.22%	16.39%

<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>
1,619,952	916,259	373,476	147,666	108,017	107,902	110,242
886,901	542,351	290,661	185,427	166,853	166,553	166,151
238,238	161,907	152,836	108,789	110,733	112,060	121,273
753,173	640,120	614,296	571,617	558,058	564,523	554,369
3,498,264	2,260,637	1,431,269	1,013,499	943,661	951,038	952,034
12.37%	8.00%	5.06%	3.58%	3.34%	3.36%	3.37%

<u>Oct</u>	<u>Total</u>
297,754	11,130,214
251,717	6,664,958
154,075	2,378,880
651,023	8,098,027
1,354,569	28,272,079
4.79%	100.00%

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Piedmont Natural Gas Company, Inc.
Integrity Management Rider
State of Tennessee
Illustration of Annual Revenue Requirement Computation

Rate Period	Jan 1 2014 - Dec 31 2014	Jan 1 2015 - Dec 31 2015	Jan 1 2016 - Dec 31 2016	Jan 1 2017 - Dec 31 2017	Jan 1 2018 - Dec 31 2018	Jan 1 2019 - Dec 31 2019
Vintage 1	10,483,571	10,082,607	9,713,548	9,373,240	9,058,089	8,759,364
Vintage 2		5,365,813	5,160,587	4,971,692	4,797,511	4,636,207
Vintage 3			744,164	715,702	689,505	665,348
Vintage 4				483,054	464,578	447,573
Vintage 5					587,498	565,028
Vintage 6						848,608
Total	<u>10,483,571</u>	<u>15,448,420</u>	<u>15,618,299</u>	<u>15,543,687</u>	<u>15,009,683</u>	<u>14,508,492</u>
Net Amount Collectible Through Rider	<u>\$ 10,483,571</u>	<u>\$ 15,448,420</u>	<u>\$ 15,618,299</u>	<u>\$ 15,543,687</u>	<u>\$ 15,009,683</u>	<u>\$ 14,508,492</u>

(in \$ millions)	Projected Integrity Management Investment Amt	Incremental Integrity Management Revenue Req'ment	Total Net Amount Collectible Through IMR
Year 1	80.3*	10.5	10.5
Year 2	41.1	5.4	15.4
Year 3	5.7	0.7	15.6
Year 4	3.7	0.5	15.5
Year 5	4.5	0.6	15.0
Year 6	6.5	0.8	14.5

* The \$80.3 million reflects the current projected Integrity Management Investment Amount of \$113.3 million at October 31, 2013 less the \$33 million included in the 2011 rate case.

State of Tennessee

Illustration of Annual Revenue Requirement Computation

Rider Rate Period: January 1, 2014 - December 31, 2014

Vintage Year 1 - Fiscal year October 31, 2013

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Plant	80,300,000	80,300,000	80,300,000	80,300,000	80,300,000
Accumulated depreciation	(780,115)	(1,944,465)	(3,108,815)	(4,273,165)	(5,437,515)
Net plant	79,519,886	78,355,536	77,191,186	76,026,836	74,862,486
ADIT	(3,248,276)	(5,586,034)	(7,645,131)	(9,453,114)	(11,041,368)
Net investment	76,271,609	72,769,502	69,546,054	66,573,722	63,821,117
Pre-tax ROR%	11.446%	11.446%	11.446%	11.446%	11.446%
Pre-tax rate of return	8,729,802	8,328,962	7,960,016	7,619,813	7,304,759
Depreciation expense	1,164,350	1,164,350	1,164,350	1,164,350	1,164,350
Property Tax expense	586,190	586,190	586,190	586,190	586,190
Total, excluding uncollectibles	10,480,342	10,079,502	9,710,556	9,370,353	9,055,299
Uncollectibles gross-up factor	1.000308	1.000308	1.000308	1.000308	1.000308
Total revenue requirement	10,483,571	10,082,607	9,713,548	9,373,240	9,058,089

Assumptions and calculations:

Rider computed each year.

Normal depreciation and AFUDC practices apply, AFUDC ends and depreciation begins when plant goes into service.

Net of tax rate of return	6.96%	6.96%	6.96%	6.96%	6.96%
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Piedmont Natural Gas Company, Inc.
Integrity Management Rider
State of Tennessee

Illustration of Annual Revenue Requirement Computation

Rider Rate Period: January 1, 2015 - December 31, 2015
Vintage Year 2 - Fiscal year October 31, 2014

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Plant	41,100,000	41,100,000	41,100,000	41,100,000	41,100,000	41,100,000	41,100,000
Accumulated depreciation	(399,287)	(995,237)	(1,591,187)	(2,187,137)	(2,783,087)	(3,379,037)	(3,974,987)
Net plant	40,700,714	40,104,764	39,508,814	38,912,864	38,316,914	37,720,964	37,125,014
ADIT	(1,662,567)	(2,859,103)	(3,913,012)	(4,838,393)	(5,651,311)	(6,390,795)	(7,108,337)
Net investment	39,038,146	37,245,660	35,595,801	34,074,470	32,665,603	31,330,169	30,016,676
Pre-tax ROR%	11.446%	11.446%	11.446%	11.446%	11.446%	11.446%	11.446%
Pre-tax rate of return	4,468,180	4,263,018	4,074,180	3,900,054	3,738,799	3,585,950	3,435,612
Depreciation expense	595,950	595,950	595,950	595,950	595,950	595,950	595,950
Property Tax expense	300,030	300,030	300,030	300,030	300,030	300,030	300,030
Total, excluding uncollectibles	5,364,160	5,158,998	4,970,160	4,796,034	4,634,779	4,481,930	4,331,592
Uncollectibles gross-up factor	1.000308	1.000308	1.000308	1.000308	1.000308	1.000308	1.000308
Total revenue requirement	5,365,813	5,160,587	4,971,692	4,797,511	4,636,207	4,483,311	4,332,928

Assumptions and calculations:

Rider computed each year.

Normal depreciation and AFUDC practices apply. AFUDC ends and depreciation begins when plant goes into service.

Plant amount	41,100,000
Book depreciation rate	1.45%
Property Tax Rate	0.73%
Tax depreciation	MACRS 15 assumed no bonus depreciation
Plant in service date	31-Oct-14
Rider effective date	1-Jan-15
Fiscal year end	31-Oct-14
SIT rate	6.50%
FT rate	35.00%
Composite income tax rate	39.23%
Uncollectibles rate	0.0308%
Revenue requirement gross-up factor	1.000308
Capital structure assumptions (rate case):	
LTD	41.42%
STD	5.87%
Common equity	52.71%
Capital cost rate assumptions (rate case):	
LTD	6.05%
STD	1.59%
Common equity	10.20%
Overall and pre-tax RORs	
Overall	
LTD	2.506%
STD	0.093%
Common equity	5.376%
Total	7.976%

MACRS 15 tax depreciation schedule

	Rate	Yearly	Cumulative
Tax year 1	5.00%	2,055,000	2,055,000
Tax year 2	9.50%	3,904,500	5,959,500
Tax year 3	8.55%	3,514,050	9,473,550
Tax year 4	7.70%	3,164,700	12,638,250
Tax year 5	6.93%	2,848,230	15,486,480
Tax year 6	6.23%	2,560,530	18,047,010
Tax year 7	5.90%	2,424,900	20,471,910
Tax year 8	5.90%	2,424,900	22,896,810
Tax year 9	5.91%	2,429,010	25,325,820
Tax year 10	5.90%	2,424,900	27,750,720
Tax year 11	5.91%	2,429,010	30,179,730
Tax year 12	5.90%	2,424,900	32,604,630
Tax year 13	5.91%	2,429,010	35,033,640
Tax year 14	5.90%	2,424,900	37,458,540
Tax year 15	5.91%	2,429,010	39,887,550
Tax year 16	2.95%	1,212,450	41,100,000
Total	100.00%	41,100,000	

Accumulated depreciation	
Portion of year in service before rider	17%
Pre-rider amount of depreciation	101,312
Rider year BOY amount	101,312
Depreciation expense	595,950
Rider year EOY amount	697,262
Average accumulated depreciation	399,287
Tax depreciation reserve	
FY of completion tax depreciation	2,055,000
Post FY tax depreciation to rider date	17%
Tax year 2 tax depreciation	3,904,500
Tax year 2 pre-rider tax depr	663,765
Rider year BOY amount	2,718,765
Tax period A tax depreciation	3,240,735
Tax period B tax depreciation	597,389
Rider year EOY amount	6,556,889
Average tax depreciation reserve	4,637,827

Note - gap between fiscal year and rider year addressed by tax period A and tax period B.

Accumulated deferred taxes	
Average tax depreciation reserve	4,637,827
Average book depreciation reserve	399,287
Difference	4,238,540
Composite tax rate	39.23%
Average ADIT	1,662,567

Note - composite tax rate ignores excess deferred tax flowback

Piedmont Natural Gas Company, Inc.
Integrity Management Rider
State of Tennessee

Illustration of Annual Revenue Requirement Computation

Rider Rate Period: January 1, 2016 - December 31, 2016

Vintage Year 2 - Fiscal year October 31, 2015

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>
Plant	5,700,000	5,700,000	5,700,000	5,700,000	5,700,000	5,700,000
Accumulated depreciation	(55,376)	(138,026)	(220,676)	(303,326)	(385,976)	(468,626)
Net plant	5,644,625	5,561,975	5,479,325	5,396,675	5,314,025	5,231,375
ADIT	(230,575)	(396,518)	(542,681)	(671,018)	(783,758)	(886,315)
Net investment	5,414,049	5,165,457	4,936,644	4,725,656	4,530,266	4,345,060
Pre-tax ROR%	11.446%	11.446%	11.446%	11.446%	11.446%	11.446%
Pre-tax rate of return	619,675	591,221	565,032	540,883	518,520	497,322
Depreciation expense	82,650	82,650	82,650	82,650	82,650	82,650
Property Tax expense	41,610	41,610	41,610	41,610	41,610	41,610
Total, excluding uncollectibles	743,935	715,481	689,292	665,143	642,780	621,582
Uncollectibles gross-up factor	1.000308	1.000308	1.000308	1.000308	1.000308	1.000308
Total revenue requirement	744,164	715,702	689,505	665,348	642,978	621,773

Assumptions and calculations:

Rider computed each year.

Normal depreciation and AFUDC practices apply, AFUDC ends and depreciation begins when plant goes into service.

Plant amount 5,700,000
Book depreciation rate 1.45%
Property Tax Rate 0.73%

Tax depreciation	MACRS 15	assumed no bonus depreciation					
Plant in service date	31-Oct-15						
Rider effective date	1-Jan-16						
Fiscal year end	31-Oct-15						
SIT rate		6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
FIT rate		35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
Composite income tax rate		39.23%	39.23%	39.23%	39.23%	39.23%	39.23%
Uncollectibles rate		0.0308%	0.0308%	0.0308%	0.0308%	0.0308%	0.0308%
Revenue requirement gross-up factor		1.000308	1.000308	1.000308	1.000308	1.000308	1.000308
<u>Capital structure assumptions (rate case):</u>							
LTD		41.42%					
STD		5.87%					
Common equity		52.71%					
<u>Capital cost rate assumptions (rate case):</u>							
LTD		6.05%					
STD		1.59%					
Common equity		10.20%					
<u>Overall and pre-tax RORs</u>							
	Overall	Pre-tax RORs					
LTD	2.506%	2.506%	2.506%	2.506%	2.506%	2.506%	2.506%
STD	0.093%	0.093%	0.093%	0.093%	0.093%	0.093%	0.093%
Common equity	5.376%	8.846%	8.846%	8.846%	8.846%	8.846%	8.846%
Total	7.976%	11.446%	11.446%	11.446%	11.446%	11.446%	11.446%

MACRS 15 tax depreciation schedule

	Rate	Yearly	Cumulative
Tax year 1	5.00%	285,000	
Tax year 2	9.50%	541,500	826,500
Tax year 3	8.55%	487,350	1,313,850
Tax year 4	7.70%	438,900	1,752,750
Tax year 5	6.93%	395,010	2,147,760
Tax year 6	6.23%	355,110	2,502,870
Tax year 7	5.90%	336,300	2,839,170

Tax year 8	5.90%	336,300	3,175,470
Tax year 9	5.91%	336,870	3,512,340
Tax year 10	5.90%	336,300	3,848,640
Tax year 11	5.91%	336,870	4,185,510
Tax year 12	5.90%	336,300	4,521,810
Tax year 13	5.91%	336,870	4,858,680
Tax year 14	5.90%	336,300	5,194,980
Tax year 15	5.91%	336,870	5,531,850
Tax year 16	2.95%	168,150	5,700,000
Total	100.00%	5,700,000	

Accumulated depreciation

Portion of year in service before rider	17%					
Pre-rider amount of depreciation	14,051					
Rider year BOY amount	14,051	96,701	179,351	262,001	344,651	427,301
Depreciation expense	82,650	82,650	82,650	82,650	82,650	82,650
Rider year EOY amount	96,701	179,351	262,001	344,651	427,301	509,951
Average accumulated depreciation	55,376	138,026	220,676	303,326	385,976	468,626

Tax depreciation reserve

FY of completion tax depreciation	285,000					
Post FY tax depreciation to rider date	17%					
Tax year 2 tax depreciation	541,500					
Tax year 2 pre-rider tax depr	92,055					
Rider year BOY amount	377,055	909,350	1,388,463	1,819,902	2,208,129	2,560,041
Tax period A tax depreciaion	449,445	404,501	364,287	327,858	294,741	279,129
Tax period B tax depreciation	82,850	74,613	67,152	60,369	57,171	57,171
Rider year EOY amount	909,350	1,388,463	1,819,902	2,208,129	2,560,041	2,896,341
Average tax depreciation reserve	643,202	1,148,906	1,604,182	2,014,015	2,384,085	2,728,191

Note - gap between fiscal year and rider year addressed by tax period A and tax period B.

Accumulated deferred taxes

Average tax depreciation reserve	643,202	1,148,906	1,604,182	2,014,015	2,384,085	2,728,191
Average book depreciation reserve	55,376	138,026	220,676	303,326	385,976	468,626
Difference	587,827	1,010,881	1,383,507	1,710,690	1,998,109	2,259,566
Composite tax rate	39.23%	39.23%	39.23%	39.23%	39.23%	39.23%
Average ADIT	230,575	396,518	542,681	671,018	783,758	886,315

Note - composite tax rate ignores excess deferred tax flowback

Year 7

5,700,000

(551,276)

5,148,725

(985,828)

4,162,897

11.446%

476,472

82,650

41,610

600,732

1.000308

600,917

6.50%
35.00%
39.23%
0.0308%
1.000308

2.506%
0.093%
8.846%
11.446%

509,951
82,650
<hr/>
592,601
<hr/>
551,276

2,896,341
279,129
57,268
<hr/>
3,232,738
<hr/>
3,064,539

3,064,539

551,276

2,513,264

39.23%

985,828

Piedmont Natural Gas Company, Inc.
Integrity Management Rider
State of Tennessee

Illustration of Annual Revenue Requirement Computation

Rider Rate Period: January 1, 2017 - December 31, 2017

Vintage Year 4 - Fiscal year October 31, 2016

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>
Plant	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000
Accumulated depreciation	(35,946)	(89,596)	(143,246)	(196,896)	(250,546)	(304,196)
Net plant	3,664,055	3,610,405	3,556,755	3,503,105	3,449,455	3,395,805
ADIT	(149,672)	(257,389)	(352,266)	(435,573)	(508,755)	(575,327)
Net investment	3,514,383	3,353,016	3,204,488	3,067,531	2,940,699	2,820,478
Pre-tax ROR%	11.446%	11.446%	11.446%	11.446%	11.446%	11.446%
Pre-tax rate of return	402,245	383,775	366,775	351,100	336,583	322,823
Depreciation expense	53,650	53,650	53,650	53,650	53,650	53,650
Property Tax expense	27,010	27,010	27,010	27,010	27,010	27,010
Total, excluding uncollectibles	482,905	464,435	447,435	431,760	417,243	403,483
Uncollectibles gross-up factor	1.000308	1.000308	1.000308	1.000308	1.000308	1.000308
Total revenue requirement	483,054	464,578	447,573	431,893	417,371	403,607

Assumptions and calculations:

Rider computed each year.

Normal depreciation and AFUDC practices apply, AFUDC ends and depreciation begins when plant goes into service.

Plant amount 3,700,000
Book depreciation rate 1.45%
Property Tax Rate 0.73%

Tax depreciation	MACRS 15	assumed no bonus depreciation					
Plant in service date	31-Oct-16						
Rider effective date	1-Jan-17						
Fiscal year end	31-Oct-16						
SIT rate		6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
FIT rate		35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
Composite income tax rate		39.23%	39.23%	39.23%	39.23%	39.23%	39.23%
Uncollectibles rate		0.0308%	0.0308%	0.0308%	0.0308%	0.0308%	0.0308%
Revenue requirement gross-up factor		1.000308	1.000308	1.000308	1.000308	1.000308	1.000308
<u>Capital structure assumptions (rate case):</u>							
LTD		41.42%					
STD		5.87%					
Common equity		52.71%					
<u>Capital cost rate assumptions (rate case):</u>							
LTD		6.05%					
STD		1.59%					
Common equity		10.20%					
<u>Overall and pre-tax RORs</u>							
	Overall	Pre-tax RORs					
LTD	2.506%	2.506%	2.506%	2.506%	2.506%	2.506%	2.506%
STD	0.093%	0.093%	0.093%	0.093%	0.093%	0.093%	0.093%
Common equity	5.376%	8.846%	8.846%	8.846%	8.846%	8.846%	8.846%
Total	7.976%	11.446%	11.446%	11.446%	11.446%	11.446%	11.446%

MACRS 15 tax depreciation schedule

	Rate	Yearly	Cumulative
Tax year 1	5.00%	185,000	
Tax year 2	9.50%	351,500	536,500
Tax year 3	8.55%	316,350	852,850
Tax year 4	7.70%	284,900	1,137,750
Tax year 5	6.93%	256,410	1,394,160
Tax year 6	6.23%	230,510	1,624,670
Tax year 7	5.90%	218,300	1,842,970

Tax year 8	5.90%	218,300	2,061,270
Tax year 9	5.91%	218,670	2,279,940
Tax year 10	5.90%	218,300	2,498,240
Tax year 11	5.91%	218,670	2,716,910
Tax year 12	5.90%	218,300	2,935,210
Tax year 13	5.91%	218,670	3,153,880
Tax year 14	5.90%	218,300	3,372,180
Tax year 15	5.91%	218,670	3,590,850
Tax year 16	2.95%	109,150	3,700,000
Total	100.00%	3,700,000	

Accumulated depreciation

Portion of year in service before rider	17%					
Pre-rider amount of depreciation	9,121					
Rider year BOY amount		9,121	62,771	116,421	170,071	223,721
Depreciation expense		53,650	53,650	53,650	53,650	53,650
Rider year EOY amount		62,771	116,421	170,071	223,721	277,371
Average accumulated depreciation		35,946	89,596	143,246	196,896	250,546

Tax depreciation reserve

FY of completion tax depreciation	185,000					
Post FY tax depreciation to rider date	17%					
Tax year 2 tax depreciation	351,500					
Tax year 2 pre-rider tax depr	59,755					
Rider year BOY amount		244,755	590,280	901,283	1,181,340	1,433,347
Tax period A tax depreciaion		291,745	262,571	236,467	212,820	191,323
Tax period B tax depreciation		53,780	48,433	43,590	39,187	37,111
Rider year EOY amount		590,280	901,283	1,181,340	1,433,347	1,661,781
Average tax depreciation reserve		417,517	745,781	1,041,311	1,307,343	1,547,564

Note - gap between fiscal year and rider year addressed by tax period A and tax period B.

Accumulated deferred taxes

Average tax depreciation reserve	417,517	745,781	1,041,311	1,307,343	1,547,564	1,770,931
Average book depreciation reserve	35,946	89,596	143,246	196,896	250,546	304,196
Difference	381,572	656,186	898,066	1,110,448	1,297,018	1,466,736
Composite tax rate	39.23%	39.23%	39.23%	39.23%	39.23%	39.23%
Average ADIT	149,672	257,389	352,266	435,573	508,755	575,327

Note - composite tax rate ignores excess deferred tax flowback

Year 7

3,700,000

(357,846)

3,342,155

(639,923)

2,702,231

11.446%

309,289

53,650

27,010

389,949

1.000308

390,069

6.50%
35.00%
39.23%
0.0308%
1.000308

2.506%
0.093%
8.846%
11.446%

331,021
53,650
<hr/>
384,671
<hr/>
357,846

1,880,081
181,189
37,173.90
<hr/>
2,098,444
<hr/>
1,989,262

1,989,262

357,846

1,631,417

39.23%

639,923

Piedmont Natural Gas Company, Inc.
Integrity Management Rider
State of Tennessee

Illustration of Annual Revenue Requirement Computation

Rider Rate Period: January 1, 2018 - December 31, 2018
Vintage Year 5 - Fiscal year October 31, 2017

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>
Plant	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Accumulated depreciation	(43,718)	(108,968)	(174,218)	(239,468)	(304,718)	(369,968)
Net plant	4,456,283	4,391,033	4,325,783	4,260,533	4,195,283	4,130,033
ADIT	(182,033)	(313,041)	(428,432)	(529,751)	(618,757)	(699,722)
Net investment	4,274,250	4,077,992	3,897,350	3,730,781	3,576,526	3,430,310
Pre-tax ROR%	11.446%	11.446%	11.446%	11.446%	11.446%	11.446%
Pre-tax rate of return	489,217	466,754	446,078	427,013	409,358	392,622
Depreciation expense	65,250	65,250	65,250	65,250	65,250	65,250
Property Tax expense	32,850	32,850	32,850	32,850	32,850	32,850
Total, excluding uncollectibles	587,317	564,854	544,178	525,113	507,458	490,722
Uncollectibles gross-up factor	1.000308	1.000308	1.000308	1.000308	1.000308	1.000308
Total revenue requirement	587,498	565,028	544,346	525,275	507,614	490,873

Assumptions and calculations:

Rider computed each year.

Normal depreciation and AFUDC practices apply, AFUDC ends and depreciation begins when plant goes into service.

Plant amount 4,500,000
Book depreciation rate 1.45%
Property Tax Rate 0.73%

Tax depreciation	MACRS 15	assumed no bonus depreciation					
Plant in service date	31-Oct-17						
Rider effective date	1-Jan-18						
Fiscal year end	31-Oct-17						
SIT rate		6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
FIT rate		35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
Composite income tax rate		39.23%	39.23%	39.23%	39.23%	39.23%	39.23%
Uncollectibles rate		0.0308%	0.0308%	0.0308%	0.0308%	0.0308%	0.0308%
Revenue requirement gross-up factor		1.000308	1.000308	1.000308	1.000308	1.000308	1.000308
<u>Capital structure assumptions (rate case):</u>							
LTD		41.42%					
STD		5.87%					
Common equity		52.71%					
<u>Capital cost rate assumptions (rate case):</u>							
LTD		6.05%					
STD		1.59%					
Common equity		10.20%					
<u>Overall and pre-tax RORs</u>							
	Overall	Pre-tax RORs					
LTD	2.506%	2.506%	2.506%	2.506%	2.506%	2.506%	2.506%
STD	0.093%	0.093%	0.093%	0.093%	0.093%	0.093%	0.093%
Common equity	5.376%	8.846%	8.846%	8.846%	8.846%	8.846%	8.846%
Total	7.976%	11.446%	11.446%	11.446%	11.446%	11.446%	11.446%

MACRS 15 tax depreciation schedule

	Rate	Yearly	Cumulative
Tax year 1	5.00%	225,000	
Tax year 2	9.50%	427,500	652,500
Tax year 3	8.55%	384,750	1,037,250
Tax year 4	7.70%	346,500	1,383,750
Tax year 5	6.93%	311,850	1,695,600
Tax year 6	6.23%	280,350	1,975,950
Tax year 7	5.90%	265,500	2,241,450

Tax year 8	5.90%	265,500	2,506,950
Tax year 9	5.91%	265,950	2,772,900
Tax year 10	5.90%	265,500	3,038,400
Tax year 11	5.91%	265,950	3,304,350
Tax year 12	5.90%	265,500	3,569,850
Tax year 13	5.91%	265,950	3,835,800
Tax year 14	5.90%	265,500	4,101,300
Tax year 15	5.91%	265,950	4,367,250
Tax year 16	2.95%	132,750	4,500,000
Total	100.00%	4,500,000	

Accumulated depreciation

Portion of year in service before rider	17%					
Pre-rider amount of depreciation	11,093					
Rider year BOY amount	11,093	76,343	141,593	206,843	272,093	337,343
Depreciation expense	65,250	65,250	65,250	65,250	65,250	65,250
Rider year EOY amount	76,343	141,593	206,843	272,093	337,343	402,593
Average accumulated depreciation	43,718	108,968	174,218	239,468	304,718	369,968

Tax depreciation reserve

FY of completion tax depreciation	225,000					
Post FY tax depreciation to rider date	17%					
Tax year 2 tax depreciation	427,500					
Tax year 2 pre-rider tax depr	72,675					
Rider year BOY amount	297,675	717,908	1,096,155	1,436,765	1,743,260	2,021,085
Tax period A tax depreciaion	354,825	319,343	287,595	258,836	232,691	220,365
Tax period B tax depreciation	65,408	58,905	53,015	47,660	45,135	45,135
Rider year EOY amount	717,908	1,096,155	1,436,765	1,743,260	2,021,085	2,286,585
Average tax depreciation reserve	507,791	907,031	1,266,460	1,590,012	1,882,172	2,153,835

Note - gap between fiscal year and rider year addressed by tax period A and tax period B.

Accumulated deferred taxes

Average tax depreciation reserve	507,791	907,031	1,266,460	1,590,012	1,882,172	2,153,835
Average book depreciation reserve	43,718	108,968	174,218	239,468	304,718	369,968
Difference	464,074	798,064	1,092,242	1,350,545	1,577,455	1,783,868
Composite tax rate	39.23%	39.23%	39.23%	39.23%	39.23%	39.23%
Average ADIT	182,033	313,041	428,432	529,751	618,757	699,722

Note - composite tax rate ignores excess deferred tax flowback

Year 7

4,500,000

(435,218)

4,064,783

(778,285)

3,286,497

11.446%

376,162

65,250

32,850

474,262

1.000308

474,408

6.50%
35.00%
39.23%
0.0308%
1.000308

2.506%
0.093%
8.846%
11.446%

402,593
65,250
<hr/> 467,843
<hr/> 435,218

2,286,585
220,365
45,211.50
<hr/> 2,552,162
<hr/> 2,419,373

2,419,373

435,218

1,984,156

39.23%

778,285

Piedmont Natural Gas Company, Inc.
Integrity Management Rider
State of Tennessee

Illustration of Annual Revenue Requirement Computation

Rider Rate Period: January 1, 2019 - December 31, 2019
Vintage Year 6 - Fiscal year October 31, 2018

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>
Plant	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000
Accumulated depreciation	(63,148)	(157,398)	(251,648)	(345,898)	(440,148)	(534,398)
Net plant	6,436,853	6,342,603	6,248,353	6,154,103	6,059,853	5,965,603
ADIT	(262,936)	(452,170)	(618,846)	(765,196)	(893,760)	(1,010,710)
Net investment	6,173,916	5,890,433	5,629,506	5,388,906	5,166,093	4,954,893
Pre-tax ROR%	11.446%	11.446%	11.446%	11.446%	11.446%	11.446%
Pre-tax rate of return	706,646	674,200	644,335	616,797	591,294	567,121
Depreciation expense	94,250	94,250	94,250	94,250	94,250	94,250
Property Tax expense	47,450	47,450	47,450	47,450	47,450	47,450
Total, excluding uncollectibles	848,346	815,900	786,035	758,497	732,994	708,821
Uncollectibles gross-up factor	1.000308	1.000308	1.000308	1.000308	1.000308	1.000308
Total revenue requirement	848,608	816,151	786,277	758,730	733,220	709,039

Assumptions and calculations:

Rider computed each year.

Normal depreciation and AFUDC practices apply, AFUDC ends and depreciation begins when plant goes into service.

Plant amount 6,500,000
Book depreciation rate 1.45%
Property Tax Rate 0.73%

Tax depreciation	MACRS 15	assumed no bonus depreciation					
Plant in service date	31-Oct-18						
Rider effective date	1-Jan-19						
Fiscal year end	31-Oct-18						
SIT rate		6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
FIT rate		35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
Composite income tax rate		39.23%	39.23%	39.23%	39.23%	39.23%	39.23%
Uncollectibles rate		0.0308%	0.0308%	0.0308%	0.0308%	0.0308%	0.0308%
Revenue requirement gross-up factor		1.000308	1.000308	1.000308	1.000308	1.000308	1.000308
<u>Capital structure assumptions (rate case):</u>							
LTD		41.42%					
STD		5.87%					
Common equity		52.71%					
<u>Capital cost rate assumptions (rate case):</u>							
LTD		6.05%					
STD		1.59%					
Common equity		10.20%					
<u>Overall and pre-tax RORs</u>							
	Overall	Pre-tax RORs					
LTD	2.506%	2.506%	2.506%	2.506%	2.506%	2.506%	2.506%
STD	0.093%	0.093%	0.093%	0.093%	0.093%	0.093%	0.093%
Common equity	5.376%	8.846%	8.846%	8.846%	8.846%	8.846%	8.846%
Total	7.976%	11.446%	11.446%	11.446%	11.446%	11.446%	11.446%

MACRS 15 tax depreciation schedule

	Rate	Yearly	Cumulative
Tax year 1	5.00%	325,000	
Tax year 2	9.50%	617,500	942,500
Tax year 3	8.55%	555,750	1,498,250
Tax year 4	7.70%	500,500	1,998,750
Tax year 5	6.93%	450,450	2,449,200
Tax year 6	6.23%	404,950	2,854,150
Tax year 7	5.90%	383,500	3,237,650

Tax year 8	5.90%	383,500	3,621,150
Tax year 9	5.91%	384,150	4,005,300
Tax year 10	5.90%	383,500	4,388,800
Tax year 11	5.91%	384,150	4,772,950
Tax year 12	5.90%	383,500	5,156,450
Tax year 13	5.91%	384,150	5,540,600
Tax year 14	5.90%	383,500	5,924,100
Tax year 15	5.91%	384,150	6,308,250
Tax year 16	2.95%	191,750	6,500,000
Total	100.00%	6,500,000	

Accumulated depreciation

Portion of year in service before rider	17%						
Pre-rider amount of depreciation	16,023						
Rider year BOY amount	16,023	110,273	204,523	298,773	393,023	487,273	
Depreciation expense	94,250	94,250	94,250	94,250	94,250	94,250	
Rider year EOY amount	110,273	204,523	298,773	393,023	487,273	581,523	
Average accumulated depreciation	63,148	157,398	251,648	345,898	440,148	534,398	

Tax depreciation reserve

FY of completion tax depreciation	325,000						
Post FY tax depreciation to rider date	17%						
Tax year 2 tax depreciation	617,500						
Tax year 2 pre-rider tax depr	104,975						
Rider year BOY amount	429,975	1,036,978	1,583,335	2,075,327	2,518,042	2,919,345	
Tax period A tax depreciaion	512,525	461,273	415,415	373,874	336,109	318,305	
Tax period B tax depreciation	94,478	85,085	76,577	68,842	65,195	65,195	
Rider year EOY amount	1,036,978	1,583,335	2,075,327	2,518,042	2,919,345	3,302,845	
Average tax depreciation reserve	733,476	1,310,156	1,829,331	2,296,684	2,718,693	3,111,095	

Note - gap between fiscal year and rider year addressed by tax period A and tax period B.

Accumulated deferred taxes

Average tax depreciation reserve	733,476	1,310,156	1,829,331	2,296,684	2,718,693	3,111,095
Average book depreciation reserve	63,148	157,398	251,648	345,898	440,148	534,398
Difference	670,329	1,152,759	1,577,683	1,950,787	2,278,546	2,576,698
Composite tax rate	39.23%	39.23%	39.23%	39.23%	39.23%	39.23%
Average ADIT	262,936	452,170	618,846	765,196	893,760	1,010,710

Note - composite tax rate ignores excess deferred tax flowback

Year 7

6,500,000

(628,648)

5,871,353

(1,124,190)

4,747,163

11.446%

543,345

94,250

47,450

685,045

1.000308

685,256

6.50%
35.00%
39.23%
0.0308%
1.000308

2.506%
0.093%
8.846%
11.446%

581,523
94,250
<hr/>
675,773
<hr/>
628,648

3,302,845
318,305
65,305.50
<hr/>
3,686,456
<hr/>
3,494,650

3,494,650

628,648

2,866,003

39.23%

1,124,190

Piedmont Natural Gas Company, Inc.
TRA Docket #11-00144
Proposed Rates and Revenues by Rate Schedule

Settlement Attachment B
Schedule 1

(dekatherms) Rate Schedule	Attrition Period Billing Determinants (1)	"Clean" Billing Rates (2)	Proposed Revenues (3)	Proposed Margin Rates (4)	Proposed Margin (5)	Proposed PGA Demand Rates (6)	Proposed PGA Demand (7)	Current PGA Commodity Rates (8)	Current PGA Commodity (9)
Residential - 301									
Bills - winter (Nov - Mar)	760,041	17.45	\$13,262,715	17.45	\$13,262,715				
Bills - summer (Apr - Oct)	1,055,850	13.45	\$14,201,183	13.45	\$14,201,183				
Winter (Nov - Mar)	9,068,898	8.29400	\$75,217,440	3.20000	\$29,020,474	0.32800	\$2,974,599	4.76600	\$43,222,368
Summer (Apr - Oct)	2,081,316	7.79400	\$16,065,897	2.70000	\$5,565,553	0.32800	\$676,112	4.76600	\$9,824,232
Total	11,130,214		\$118,747,235		\$62,049,925		\$3,650,711		\$53,046,600
Total Residential									
Bills	1,815,891		\$27,463,898		\$27,463,898		\$0		\$0
DTs	11,130,214		\$91,283,337		\$34,586,027		\$3,650,711		\$53,046,600
Small General - 302									
Bills	198,023	44.00	\$8,713,012	44.00	\$8,713,012				
Winter (Nov - Mar)	3,744,501	8.63400	\$32,330,022	3.54000	\$13,255,534	0.32800	\$1,228,196	4.76600	\$17,846,292
Summer (Apr - Oct)	1,353,699	8.09400	\$10,956,840	3.00000	\$4,061,097	0.32800	\$444,013	4.76600	\$6,451,729
Total	5,098,200		\$51,999,874		\$26,029,643		\$1,672,209		\$24,298,021
Medium General - 352									
Bills	4,924	225.00	\$1,107,900	225.00	\$1,107,900				
Winter (Nov - Mar)	1,150,745	8.63400	\$9,935,532	3.54000	\$4,073,637	0.32800	\$377,444	4.76600	\$5,484,451
Summer (Apr - Oct)	416,013	8.09400	\$3,367,209	3.00000	\$1,248,039	0.32800	\$136,452	4.76600	\$1,982,718
Total	1,566,758		\$14,410,641		\$6,429,576		\$513,896		\$7,467,169
Total Commercial									
Bills	202,947		\$9,820,912		\$9,820,912		\$0		\$0
DTs	6,864,958		\$66,418,516		\$32,459,219		\$2,166,105		\$31,765,190
Large General Sales Service - 303									
Bills	475	800.00	\$380,000	800.00	\$380,000				
Demand dt	61,947	12.92520	\$800,679	8.00000	\$495,577	4.92520	\$305,102	0.00000	\$0
First 1,500 dt	373,595	5.73420	\$2,142,268	0.9682	\$361,715		\$0	4.76600	\$1,780,554
Next 2,500 dt	136,761	5.66130	\$774,245	0.8953	\$122,442		\$0	4.76600	\$651,803
Next 5,000 dt	43,004	5.41100	\$232,695	0.6450	\$27,738		\$0	4.76600	\$204,957
Over 9,000 dt	9,488	5.04240	\$47,842	0.2764	\$2,622		\$0	4.76600	\$45,220
Total	562,848		\$4,377,729		\$1,390,094		\$305,102		\$2,682,534
Interruptible Sales Service - 304									
Bills	15	800.00	\$12,000	800.00	\$12,000				
First 1,500 dt	1,928	5.73420	\$11,056	0.9682	\$1,867		\$0	4.76600	\$9,189
Next 2,500 dt	0	5.66130	\$0	0.8953	\$0		\$0	4.76600	\$0
Next 5,000 dt	0	5.41100	\$0	0.6450	\$0		\$0	4.76600	\$0
Over 9,000 dt	0	5.04240	\$0	0.2764	\$0		\$0	4.76600	\$0
Total	1,928		\$23,056		\$13,967		\$0		\$9,189
Firm Transportation Service - 313									
Bills	1,021	800.00	\$816,800	800.00	\$816,800				
Demand dt	157,725	12.92520	\$2,038,623	8.00000	\$1,261,798	4.92520	\$776,826	0.00000	\$0
First 1,500 dt	1,080,164	0.96820	\$1,045,815	0.9682	\$1,045,815		\$0	0.00000	\$0
Next 2,500 dt	548,397	0.89530	\$490,980	0.8953	\$490,980		\$0	0.00000	\$0
Next 5,000 dt	170,738	0.64500	\$110,126	0.6450	\$110,126		\$0	0.00000	\$0
Over 9,000 dt	6,421	0.27640	\$1,775	0.2764	\$1,775		\$0	0.00000	\$0
Total	1,805,720		\$4,504,119		\$3,727,294		\$776,826		\$0
Interruptible Transportation Service - 314									
Bills	653	800.00	\$522,400	800.00	\$522,400				
First 1,500 dt	863,471	0.96820	\$838,013	0.9682	\$838,013		\$0	0.00000	\$0
Next 2,500 dt	973,339	0.89530	\$871,430	0.8953	\$871,430		\$0	0.00000	\$0
Next 5,000 dt	1,099,176	0.64500	\$708,969	0.6450	\$708,969		\$0	0.00000	\$0
Over 9,000 dt	5,160,113	0.27640	\$1,426,255	0.2764	\$1,426,255		\$0	0.00000	\$0
Total	8,096,099		\$4,365,067		\$4,365,067		\$0		\$0
Total Large Volume									
Bills	2,164		\$1,731,200		\$1,731,200		\$0		\$0
Demand	219,672		\$2,839,302		\$1,757,375		\$1,081,828		\$0
DTs	10,466,595		\$13,269,971		\$9,496,322		\$1,081,828		\$2,691,723
Retail Service - 310									
Bills	31								
Demand	2,400	12.92520	\$31,020	8.00000	\$19,200	4.92520	\$11,820	0.00000	\$0
Commodity	10,312	5.66600	\$58,428	0.90000	\$9,281		\$0	4.76600	\$49,147
Special Contracts (1)									
Bills	544,713		\$607,737		\$489,532		\$118,205		
TOTAL THROUGHPUT - SALES CUSTOMERS									
	18,370,260		\$189,647,983		\$95,941,586		\$6,153,738		\$87,552,660
TOTAL THROUGHPUT - TRANSPORTATION CUSTOMERS									
	9,901,819		\$9,869,156		\$9,992,361		\$776,826		\$0
TOTAL THROUGHPUT - SPECIAL CONTRACTS									
	544,713		\$607,737		\$489,532		\$118,205		\$0
TOTAL	28,816,792		\$199,124,906		\$104,523,479		\$7,048,769		\$87,552,660
OTHER REVENUES									
			\$1,980,666		\$1,980,666				
GRAND TOTAL OPERATING REVENUES									
			\$201,105,572		\$106,504,145				
PROFORMA OPERATING REVENUES PER WILLIAM H. NOVAK (2)									
			\$189,205,584		\$94,603,962				
REVENUE ADJUSTMENT									
			\$11,899,988		\$11,900,183				

(1) Includes only the two Tennessee Regulatory Authority ("Authority") approved special contracts currently in place, which are Bridgestone and DuPont. These special contracts were approved by the Authority, respectively, in Docket Nos. 10-00015 and 10-00142.

(2) Attrition Period Revenue per William H. Novak Direct Testimony, Attachment WHN-4, Schedule 1, Line 14.