

BEFORE THE TENNESSEE REGULATORY AUTHORITY

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IN RE:

PETITION OF PIEDMONT NATURAL
GAS COMPANY, INC. FOR
ACCOUNTING ORDER

)
)
) DOCKET NO. 13-00119
)
)

PARTY STAFF'S OBJECTION TO PIEDMONT NATURAL GAS, INC.'S

MOTION FOR SUMMARY JUDGMENT

Comes now the Tennessee Regulatory Authority ("TRA" or "Authority") Staff Participating as a Party ("Party Staff") by and through counsel and respectfully submits the following objection to the Piedmont Natural Gas, Inc.'s ("Piedmont") Motion for Summary Judgment. Party Staff requests that Piedmont's Motion for Summary Judgment be denied.

1. Piedmont has asserted that they are entitled to summary judgment because the adjustments requested in their Petition for Accounting Order ("Petition") have never previously been reviewed by the Authority and as such are entirely new claims that the TRA should grant without audit review upon Piedmont's request.

I. Facts

2. Staff contends and has always contended that any adjustment must be made through the Actual Cost Adjustment ("ACA") audit process. To allow Piedmont or any company to simply claim costs from a prior audit period without first testing those claimed costs through the audit procedure would violate the Authority's rules and standard practice.¹
3. Contrarily Piedmont contends that these adjustments should be allowed without audit.²

¹ Tenn. Comp. R. & Reg. 1220-4-7-.03(1)(c).

² *Petition of Piedmont Natural Gas Company, Inc. for an Accounting Order*, Docket No. 13-00119, p. 7

4. Piedmont requests five adjustments in their Petition. These adjustments are each distinct and cannot be lumped together nor should they be examined collectively.
5. Piedmont's first requested adjustment is based upon an invoice from Midwestern Gas Transmission. This invoice was not presented in Docket No. 07-00174.³ Party Staff does not contend that this adjustment should be denied. Instead Party Staff asserts that Piedmont should present this adjustment for consideration in the next ACA audit.
6. Piedmont's second requested adjustment is based upon Piedmont's assertion that they "inappropriately included in the ACA filing the December 2005 estimate to actual variance."⁴ The 2005 ACA filing had been approved on an actual cost basis.⁵ Finding number 2 of the Audit Report in Docket No. 06-00087 states that when the balance for December 31, 2005, was finalized audit staff had removed all accruals and recorded all gas costs in the months they were incurred.⁶ Additionally, Piedmont adopted this balance for January 1, 2006, in Docket No. 07-00174.⁷ This reflects that Piedmont was aware of this amount and had an opportunity to challenge the balance in both the 06-00087 and 07-00174 dockets and neglected to do so.
7. Party Staff contends that the information provided in the Petition is insufficient to determine how the costs requested in adjustment 3 and adjustment 4 are different in that they are based upon invoices from Tennessee Gas Pipeline over the same time period.⁸ Party staff asserts that these invoices were presented in Docket No. 07-00174 and that Piedmont has failed to present any new documentation supporting these requests.⁹

³ *Affidavit of Pat Murphy*, paragraph 8.

⁴ *Petition of Piedmont*, p. 4

⁵ *Id.*

⁶ *Affidavit of Pat Murphy*, paragraph 11.

⁷ *Id.* at paragraph 12.

⁸ *Id.* at paragraph 15.

⁹ *Id.* at paragraph 13.

Further, finding number 15 of the 07-00174 Audit Report addressed adjustment 3 and Piedmont agreed with this finding.¹⁰

8. Finding number 7 of staff's Audit Report in Docket No. 07-00174 addressed adjustment 5 and Piedmont agreed with that finding.¹¹
9. Piedmont was aware during the audit and audit negotiations of Docket No. 07-00174 that they had the right to a hearing over any disputes between audit staff and Piedmont before the Authority.
10. Piedmont did not request a hearing and instead entered into a Joint Final Report of Audit Staff and Piedmont Natural Gas Company resolving "**all pending issues** between Audit Staff and Piedmont" in Docket No. 07-00174.¹² This Joint Final Report was the result of negotiations between Piedmont and audit staff.¹³ "This process was fruitful and resulted in the Company understanding the manner in which Audit Staff requires ACA account gas costs to be reported."¹⁴

II. Collateral Estoppel

11. Party Staff contends that the doctrine of collateral estoppel precludes the consideration of adjustments 2, 3, 4, and 5. Collateral estoppel is a legal doctrine that precludes parties from litigating previously resolved issues.¹⁵
12. Piedmont relies upon dicta from the Authority decision in *AT&T v. Halo* Docket No. 11-00119 to establish the elements of collateral estoppel in Tennessee. This reliance is misplaced as that case dealt with a telecommunications interconnection agreement and

¹⁰ *Id.* at paragraph 14.

¹¹ *Id.* at paragraph 16.

¹² *Joint Final Report of Audit Staff and Piedmont Natural Gas Co.*, Docket No. 07-00174, p. 1 (emphasis added).

¹³ *Id.* at p. 2

¹⁴ *Id.*

¹⁵ *Mullins v. State of Tennessee*, 294 S.W.3d, 529 at 534 (Tenn. 2009).

the authority was therefore reviewing the issues using a federal standard for collateral estoppel.¹⁶ The correct standard in Tennessee for collateral estoppel when dealing with state law issues is set forth by the Tennessee Supreme Court in *Mullins v. State of Tennessee*.

13. In Tennessee the party asserting collateral estoppel has the burden to prove five elements:
 - 1) that the issue to be precluded is identical to an issue decided in an earlier proceeding,
 - 2) that the issue to be precluded was actually raised, litigated, and decided on the merits in the earlier proceeding,
 - 3) that the judgment in the earlier proceeding has become final,
 - 4) that the party against whom collateral estoppel is asserted was a party to the earlier proceeding, and
 - 5) that the party against whom collateral estoppel is asserted had a full and fair opportunity in the earlier proceeding to contest the issue now sought to be precluded.¹⁷
14. It is important to note that the second element does not require that the issue was actually litigated in a full hearing instead the requirement is “generally satisfied if the issue was properly raised by the pleadings or otherwise placed in issue and was actually determined in the prior proceeding.”¹⁸ Therefore, in order to prove this element it is only necessary for Party Staff to establish that audit staff or Piedmont raised the underlying costs as issues in a prior audit and that those issues were resolved in the prior audit docket.
15. In the present case there is no doubt that Piedmont was a party to Docket No. 07-00174 and that the Order Adopting ACA Audit Report of Tennessee Regulatory Authority’s Utilities Division in Docket No. 07-00174 which adopted the Joint Final Report of Audit

¹⁶Order, *In re: BellSouth Telecommunications, LLC d/b/a AT&T Tennessee v. Halo Wireless, Inc.*, Docket No. 11-00119, at p. 5 (2012)

¹⁷ *Id.* at p. 535.

¹⁸ *Id.* at p. 536.

Staff and Piedmont Natural Gas Co. has become a final order. Piedmont has not asserted that they were not given the opportunity to have all issues in the prior audit heard before the Authority in a contested case proceeding.

16. Piedmont claims that Party Staff has not met the remaining two elements of collateral estoppel. Piedmont's claims fail upon consideration of the facts in this case.
17. Adjustment 2 is premised upon Piedmont's claim that they were ignorant that audit staff had adjusted Piedmont's 2005 ACA filings which resulted in Piedmont leaving estimated costs in its filings.¹⁹ Piedmont's claims fail upon consideration of the fact that Piedmont itself used the approved balance as the beginning balance for January 1, 2006.²⁰ Further Piedmont was advised in finding #2 of audit staff's Audit Report in Docket No. 06-00087 that audit staff adjusted Piedmont's "filing to remove all accruals and properly record actual gas costs in the months they were incurred."²¹ There is no evidence that conflicts with this assertion that Piedmont was on notice of this change and in fact the evidence is clear that Piedmont acted in accordance with this change.
18. Adjustments 3 & 4 are based upon documentation that was presented by Piedmont in Docket No. 07-00174.²² Specifically, adjustment 3 was addressed in finding #15 to Staff's Audit Report in Docket No. 07-00174 that Piedmont agreed with.²³ Adjustments 3 & 4 are indistinguishable based upon the information provided by Piedmont.²⁴ Piedmont has provided no additional documentation nor has Piedmont provided anything other than a naked assertion that these costs were not already considered in Docket No. 07-00174.

¹⁹ *Affidavit of Pat Murphy*, at paragraph 10.

²⁰ *Id.* at paragraph 12.

²¹ *Id.* at paragraph 11.

²² *Id.* at paragraph 13.

²³ *Id.* at paragraph 14.

²⁴ *Id.* at paragraph 15.

19. Adjustment 5 was addressed by finding #7 to Staff's Audit Report in Docket No. 07-00174.²⁵ Piedmont agreed with this finding.²⁶
20. The evidence shows that these issues were previously raised in Docket No. 07-00174 and that Piedmont had an opportunity to have these issues litigated before the Authority and elected to settle with audit staff instead.

III. Fairness

21. In their Brief in Support Piedmont ignores Party Staff's claim that fairness precludes these adjustments as clearly as the doctrine of collateral estoppel. The Authority is charged by statute to ensure that utilities deal with customers in a fair manner.²⁷
22. To accept Piedmont's claims about these adjustments is to find that there is no finality to a negotiated settlement to an audit. Party Staff concedes that adjustment 1 has never been considered by audit staff and that it is reasonable to consider it as part of an audit. However, audit staff urges the Authority to ensure that future negotiated settlements are entitled to finality.
23. If a negotiated settlement to an audit is subject to attack years later it is unfair to customers, the utility, and the Authority. Imagine the chaos that would ensue if TRA staff or the Consumer Advocate were to decide to review prior audits in order to find additional moneys that should be returned to customers. Gas companies would rightfully object that they had negotiated in good faith with audit staff to resolve issues.
24. All parties deserve finality to a negotiated settlement and these settlements should not be overturned because one of the parties to the agreement failed to adequately perform its accounting function.

²⁵ *Id.* at paragraph 16.

²⁶ *Id.*

²⁷ See *Tenn. Code Ann.* §§65-4-115; 65-4-117(a)(3); 65-4-122; 65-5-103(a); and 65-5-104.

25. In addition to attempting to renege on a prior agreement because they believe they have corrected six year old accounting errors, Piedmont also seeks to penalize consumers by attempting to collect interest on their own errors. There is no regulatory or other legal basis for this demand, but Piedmont persists in asserting that its customers were the unjust beneficiaries of Piedmont's accounting errors and therefore the customers should pay six years' worth of interest for Piedmont's errors. If Piedmont succeeds in recovering interest from customers for these failures what incentive does Piedmont have to ensure accurate accounting in future audits?
26. Piedmont also demands that the Authority make these adjustments, as well as the corresponding interest charges, without having these adjustments tested in an audit. It appears that Piedmont's position is that the Authority should simply trust that Piedmont has finally, after six years, achieved a correct accounting of its gas costs. This position is unfair to the Authority and to the consumers. The consumers and the TRA are entitled to have Piedmont's claims tested in an audit and it is wholly unfair to deny them that opportunity.

IV. Summary Judgment

27. Piedmont's request for summary judgment is inappropriate.
28. Summary judgment is appropriate only if "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law."²⁸
29. The moving party bears the burden of establishing that summary judgment is appropriate

²⁸ Tenn. R. Civ. P. 56.04.

as a matter of law because no genuine issues of material fact are in dispute.²⁹

30. In adjudicating motions for summary judgment, courts must view the evidence in the light most favorable to the nonmoving party and resolve doubts concerning the existence of genuine issues of material fact in favor of the nonmoving party.³⁰ “A disputed fact is material if it must be decided in order to resolve the substantive claim or defense at which the motion is directed.”³¹
31. Party Staff asserts that adjustments 2, 3, 4, & 5 were previously litigated and settled in Docket No. 07-00174 and as such collateral estoppel precludes Piedmont from recovering these adjustments. Piedmont disagrees and it is difficult to imagine facts more material to a determination of those issues than whether these adjustments were in fact negotiated away in Docket No. 07-00174.
32. Party Staff asserts that based upon Piedmont’s history of accounting for these adjustments that Piedmont should be precluded from recovering any interest based upon these adjustments. Further Party Staff asserts that Piedmont’s accounting failures demonstrate a lack of reliability that should preclude any recovery absent a thorough audit of the claims. These assertions are premised upon the requirement that the Authority act in fairness to all parties, customers as well as utilities. Piedmont’s position appears to be that there are no facts that indicate that the adjustments would be unfair. There are obviously material facts in dispute about whether fairness precludes the adjustments.

V. Conclusion

Party Staff has demonstrated that there are material facts at issue in this case. All facts even those

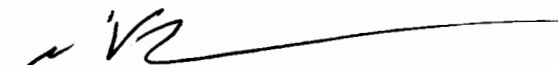
²⁹ *Byrd v. Hall*, 847 S.W.2d 208, 215 (Tenn. 1993).

³⁰ *Martin v. Norfolk S. Ry.*, 271 S.W.3d 76, 84 (Tenn.2008).

³¹ *Byrd*, at 215.

where the parties are in agreement must be viewed in the light most favorable to Party Staff and therefore there is no basis for granting Piedmont's Motion for Summary Judgment.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Shiva K. Bozarth', is written over a horizontal line.

Shiva K. Bozarth, BPR No.22685
Legal Counsel
Tennessee Regulatory Authority
Andrew Jackson State Office Building
502 Deaderick Street, 4th Floor
Nashville, Tennessee 37243

CERTIFICATE OF SERVICE

The undersigned hereby certifies that I have served a copy of the foregoing document on the following persons by U.S. Mail:

Jane Lewis-Raymond
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Piedmont Natural Gas Company, Inc.
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Moore & Van Allen PLLC
100 North Tyron Street, Suite 4700
Charlotte, North Carolina 28202

This the 10th day of March, 2014.



Shiva K. Bozarth

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

March 10, 2014

IN RE:)	
)	
PETITION OF PIEDMONT NATURAL GAS)	Docket No. 13-00119
COMPANY, INC. TO ADJUST THE JUNE 30, 2012)	
ACA ENDING BALANCE FOR PRIOR PERIOD)	
ADJUSTMENTS)	

AFFIDAVIT OF PAT MURPHY

I, Pat Murphy, being duly sworn, do hereby depose and state as follows:

1. My name is Pat Murphy, and I am employed by the Tennessee Regulatory Authority, 502 Deaderick Street, Nashville, Tennessee on a part time basis. Prior to my Retirement in August of 2012, I was Deputy Chief of the Utilities Division. I have worked for the Authority since 1996. From 1991 to 1996, I was employed by the Authority's predecessor, the Tennessee Public Service Commission.

2. I received a B.A. degree in Mathematics from Southern Adventist University in Collegedale, Tennessee in 1967. Between 1988 and 1990 I completed twenty-seven (27) credit hours in Accounting at Belmont University in Nashville, Tennessee.

3. I have been a Certified Public Accountant in Tennessee since 1992.

4. During my employment with the Authority, I either performed or directly supervised all audits conducted for the regulated gas utilities, which includes Piedmont Natural Gas (“Piedmont”). These audits include Incentive Plan Account audits¹ of three (3) gas companies, Actual Cost Adjustment (“ACA”) audits² of five (5) gas companies, and Weather Normalization Adjustment (“WNA”) audits³ of three (3) gas companies.

5. On November 8, 2013, I was appointed Party Staff in this Docket. I have had no verbal or written communications with the TRA Directors regarding this case.

6. As Manager of Energy and Water at the time, I directly supervised the audit process and participated in the post-audit negotiations between Piedmont and TRA audit staff in Docket No. 07-00174.

7. It is my position that the final ending balance in the ACA account at December 31, 2006, as agreed to by Piedmont and audit staff, was reached following audit staff’s removal of all accruals and Piedmont’s extensive research of all disputed adjustments.

Adjustment 1

¹ An Incentive Plan audit determines whether the balance in the IPA account at the end of a plan year is accurate and calculated in accordance with the terms of the Incentive Plan tariff.

² An ACA audit is a true of gas costs paid versus gas costs recovered from customers. It is performed annually to ensure that customers do not pay more or less than the actual cost of gas paid by the company.

³ WNA audits are performed to verify that the WNA adjustments are calculated according to tariff provisions and that they are properly billed to customers. These adjustments are made to align a company’s revenue stream with the normalized sales volumes forecasted in its last rate case, based on 30-year average of normal weather.

8. I have reviewed the Midwestern Gas Transmission invoice presented as documentation for adjustment #1 and believe it to be a new invoice that was not presented for recovery in Docket No. 07-00174 or in subsequent review periods.

9. In its Motion for Summary Judgment filed on February 26, 2014, Piedmont addressed another Midwestern invoice for December 2006 that was filed in Docket No. 08-00227 as a prior period adjustment, which was accepted by audit staff.⁴ Piedmont appears to suggest that staff is somehow inconsistent. “The second adjustment discussed above (Docket No. 08-00227) is particularly noteworthy in this docket because it represents an adjustment to the same period Staff now argues is closed to adjustments as a result of the Joint Audit Report.”⁵ The referenced invoice was one inadvertently omitted from the ACA filing in Docket No. 07-00174 and filed as a prior period adjustment in January 2007. Adjustment #1 is the same scenario and Party Staff does not oppose it. Staff consistently accepts new invoices that have been paid, but not presented for recovery in an ACA filing.

Adjustment 2

10. Paragraph #11⁶ of Mandi J. King’s affidavit states in part that “At the time of this change, Piedmont did not realize that Staff had adjusted Piedmont’s 2005 filing to remove the estimated-to-actual- variance adjustment. Therefore, an adjustment was

⁴ Brief in Support of Piedmont Natural Gas Company, Inc.’s Motion for Summary Judgment, pages 8 and 9.

⁵ Id at page 9.

included in January 2006 for the estimate to actual variance from December 2005 in error.”

11. Finding #2 in audit staff’s Audit Report in Docket No. 06-00087⁷ (page 7) clearly states that audit staff adjusted the filing to remove all accruals and properly record actual gas costs in the months they were incurred. While Piedmont disagreed, in part, with audit staff’s finding, the Authority approved the report and the resultant ending balance at December 31, 2005.

12. Further, Piedmont’s ACA filing for the period January 1, 2006 through December 31, 2006 used the approved ending balance at December 31, 2005 as its beginning balance at January 1, 2006.⁸

Adjustments 3 & 4

13. I have reviewed the pipeline invoices presented in this docket as documentation for Piedmont’s adjustments #3 and #4. These invoices were also presented as supporting documentation for the transactions reported in the ACA filing for calendar year 2006 and subsequent reconciliation schedules during the post-audit negotiations in Docket No. 07-00174. Piedmont has not provided any additional

⁶ Paragraph #11 addresses the justification for proposed adjustment #2.

⁷ ACA audit docket covering the review period January 1, 2005 through December 31, 2005.

⁸ The filing in Docket No. 07-00174 was a re-filing for this review period. The original filing in Docket No. 07-00147 was withdrawn, per letter from Pia Powers on June 28, 2007. The withdrawal was to permit the Company to revise its ACA filing for the twelve months ending December 31, 2006, “in a manner consistent with the Authority’s June 14 Order.” The referenced letter is attached as Attachment 1.

documents in this docket that were not provided and available for analysis at the time of negotiations in Docket No. 07-00174.

14. Staff's Audit Report in Docket No. 07-00174 contained eighteen (18) findings. Finding #15 addressed adjustment #3. Piedmont did not oppose and agreed with this finding.

15. Adjustments #3 and #4 are both based on invoices from Tennessee Gas Pipeline over approximately the same period of time. It is impossible to differentiate between the two adjustments, based on the written explanations provided.

Adjustment 5

16. I have reviewed the inventory schedules and revised ACA schedules purporting to support adjustment #5. Staff's Audit Report in Docket No. 07-00174 contained eighteen (18) findings. Finding #7 addressed adjustment #5. Piedmont did not oppose and agreed with this finding.

17. It is my accounting opinion that, based on Piedmont's accounting difficulties, a detailed true up of all inventory balances needs to take place in the next ACA audit, so that audit staff may properly review the true-up and assure the Authority once and for all that the balances are current, correct and reconciled to pipeline balances and the GL balance.

18. In its Motion for Summary Judgment filed on February 26, 2014, Piedmont addressed three (3) prior period adjustments made by the Company in its ACA

filings that were accepted by TRA staff.⁹ There are notable differences between two (2) of those prior period adjustments¹⁰ and the adjustments proposed in this docket. First, the adjustments were made in a subsequent ACA filing for review by audit staff. Second, Piedmont represented that annually its Gas Supply Department reaches an agreement with its asset manager of the storage facility as to the correct balances and subsequently adjusts its storage schedules to reflect the agreed upon balances. They are not the correction of Piedmont's internal accounting errors. These retroactive adjustments are appropriate when filed in the next ACA filing for review and approval by the audit staff.

19. I have reviewed the Affidavit of Robert L. Thornton. With regard to paragraph #8, I also reviewed the Public Service Commission of South Carolina ("PSCSC") Docket No. 2012-4-G. This docket was the annual review of the Purchased Gas Adjustment and Gas Purchasing Policies of Piedmont Natural Gas, which is similar to the ACA audit of Piedmont's deferred gas cost account in Tennessee. The prior period adjustment referenced was presented for approval in the context of this review, not as an adjustment to the ending balance of the prior period. The adjustment was duly reviewed by commission staff and subsequently approved as part of a Settlement Agreement.

20. The Authority's Purchased Gas Adjustment (PGA) Rules allow for prior period adjustments, if warranted, and specify that the "resulting adjustment shall then be

⁹ Brief in Support of Piedmont Natural Gas Company, Inc.'s Motion for Summary Judgment, pages 8 and 9.

¹⁰ First and third bullet points.

added to or deducted from the appropriate ACA in the next ensuing ACA filing with the Authority.”¹¹ This is consistent with the action taken by the PSCSC.

21. The PGA Rules do not contain a provision for the retroactive calculation of interest on prior period adjustments.¹²

22. Based on my review of Piedmont’s petition in this docket, the following recommendations are appropriate:

- a. Proposed adjustments #1 and #5 should be included in the next ACA filing with the Authority to be reviewed and substantiated by the audit staff;
- b. Proposed adjustment #2 should be denied since the Company knew, based on the evidence provided in this affidavit, that the 2005 filing had been revised by audit staff to remove all unnecessary accruals and replaced by actual costs in the months incurred;
- c. Proposed adjustments #3 and #4 should be denied since there have been no new documents or new third party supplier information presented. All information was available to Piedmont at the time of the audit and post-audit negotiations in Docket No. 07-00174;


¹¹ PGA Rule 1220-4-7-.03(1)(c)3.

¹² Id.

- d. The calculation of interest on approved adjustments should not be allowed, since the PGA Rules do not contain a provision for the retroactive calculation of interest on prior period adjustments;
- e. Should the Authority determine that any or all of proposed adjustments #2, #3 and #4 are appropriate prior period adjustments, these adjustments should also be included in the next ACA filing for review and possible acceptance by the audit staff; and
- f. Piedmont should be instructed to submit proof of reconciliation between its ACA account and its General Ledger account with every ACA filing to the Authority.

23. All of these opinions are made within a reasonable degree of professional certainty and are based upon my years of training, education and experience.

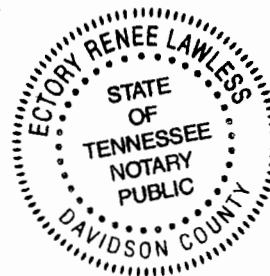
FURTHER AFFIANT SAYETH NOT.



Pat Murphy
Utility Consultant
Utilities Division
For Staff as a Party

Subscribed and sworn to before me this 6th day of March, 2014.

Rebecca R. Lawless
Notary Public
My Commission Expires: 3-9-2018





**Piedmont
Natural Gas**

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T.R.A. DOCKET ROOM

June 28, 2007

The Honorable Sara Kyle
Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Re: Docket 07-00147, Nashville Gas Company, a Division of Piedmont Natural Gas Company, Inc. – Actual Cost Adjustment Account Filing

Dear Chairman Kyle:

On May 31, 2007, Nashville Gas Company ("Nashville Gas" or "Company") submitted its Actual Cost Adjustment Account filing for the twelve months ending December 31, 2006, as required by the Tennessee Regulatory Authority ("Authority"). The Company developed its May 31 filing in a form consistent with recent historical practice. On June 14, 2007, the Authority issued its *Order Adopting ACA Audit Report of the Tennessee Regulatory Authority's Utilities Division*, under Docket 06-00087. In order to comply with the orders contained therewithin and pursuant to subsequent discussion with Authority Staff, Nashville Gas hereby requests that its May 31 filing be withdrawn. The Company is currently in the process of revising its Actual Cost Adjustment Account filing for the twelve months ending December 31, 2006, in a manner consistent with the Authority's June 14 Order. The Company intends to resubmit its Actual Cost Adjustment Account filing for this period on or before July 16, 2007.

Nashville Gas appreciates the Authority's immediate consideration of this request. If there are any questions regarding this matter, I can be reached at (704) 731-4259.

Sincerely,

Pia Powers
Manager – Regulatory Affairs

ATTACHMENT 1