

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE**

IN RE:)	
)	
PETITION OF PIEDMONT NATURAL GAS)	
COMPANY, INC. FOR AUTHORIZATION)	DOCKET NO. 14-00017
TO AMORTIZE AND REFUND TO)	
CUSTOMERS EXCESS ACCUMULATED)	
DEFERRED INCOME TAXES)	

STIPULATION AND SETTLEMENT AGREEMENT

Piedmont Natural Gas Company, Inc. (“Piedmont” or “Company”) and the Consumer Protection and Advocate Division of the Office of Tennessee Attorney General (“Consumer Advocate”) (collectively the “Stipulating Parties”), constituting all of the parties of record to the above-captioned docket and in comprehensive settlement of the matters at issue therein, do hereby stipulate and agree as follows:

BACKGROUND

1. Piedmont is incorporated under the laws of the State of North Carolina and is duly domesticated and engaged in the business of transporting, distributing and selling natural gas in the States of Tennessee, North Carolina and South Carolina. Piedmont’s principal office and place of business is located at 4720 Piedmont Row Drive, Charlotte, North Carolina.

2. Piedmont is a public utility in Tennessee and its natural gas distribution business is subject to regulation and supervision by the Tennessee Regulatory Authority (“Authority” or “TRA”) pursuant to Chapter 4 of Title 65 of the Tennessee Code Annotated.

3. On February 21, 2014, Piedmont filed a petition requesting authorization from the Authority to amortize and refund to customers excess Accumulated Deferred Income Taxes

(“ADIT”) that Piedmont was maintaining on its books. In its Petition, Piedmont calculated excess ADIT in the amount of \$2,836,621. When calculated as a revenue requirement adjustment, the resulting customer refund amount proposed by Piedmont is \$4,667,413.

4. On February 28, 2014, the Consumer Advocate filed a Petition to Intervene in this proceeding which was granted by Authority Order dated April 15, 2014, without an objection from Piedmont.

5. From July 2014 through September 2015, the Consumer Advocate engaged in extensive discovery and settlement discussions regarding the matters at issue in this Docket.

6. Following the provision of multiple sets of written answers to the Consumer Advocate’s discovery requests and discussions of the Stipulating Parties regarding the issues in and status of this Docket, Piedmont and the Consumer Advocate have reached a proposed resolution of this Docket which they recommend to the Authority.

SETTLEMENT

7. Piedmont shall credit to its customers the amount of \$4,667,413, amortized over a period of twelve months, beginning with the first billing cycle of the month following approval of this Stipulation and Settlement by the Authority.

8. The amount of customer credits described in immediately preceding Paragraph 7 shall be reflected as a decrement to Piedmont’s per therm usage rates during the twelve month amortization period.

9. The calculation of the per therm decrement to usage rates, by customer class, is shown on Settlement Exhibit A attached hereto and incorporated herein by reference.

10. The rate decrements shown on Settlement Exhibit A are designed to return to customers the agreed refund amount of \$4,667,413 and are based upon projected customer usage

during the 12 month amortization period. The Stipulating Parties agree that it is the intent of this Stipulation that actual refunds to customers during this period be exactly \$4,667,413 but recognize that such refunds may vary from this amount during this period because of variations in actual customer usage from the projected usage utilized to calculate rate decrements. In order to ensure that the appropriate refund amount of \$4,667,413 is returned to customers, the Stipulating Parties agree that any under-payment or over-payment of this refund amount that exists at the end of the 12 month amortization period shall be credited or debited to Piedmont's Annual Cost Adjustment account, as appropriate.

11. The settlement terms reflected above represent a comprehensive and complete resolution of all issues, claims or defenses raised or that could have been raised by the Stipulating Parties in this proceeding and represent a good faith compromise and settlement between the Stipulating Parties resolving all issues in this Docket, subject to the terms and conditions of this Stipulation and Settlement Agreement and approval by the TRA of this Stipulation and Settlement Agreement.

12. The Parties agree to support this Stipulation and Settlement Agreement before the Authority and in any hearing, proposed order, or brief conducted or filed in this proceeding; provided, however, that the settlement of any issue provided for herein shall not be cited as precedent by any of the Stipulating Parties hereto in any unrelated proceeding or docket before the Authority, except as expressly provided for herein. The resolution of issues reflected herein is the result of give and take negotiations between the Stipulating Parties and does not necessarily reflect the position of any single Stipulating Party on any discrete issue. None of the signatories hereto shall be deemed to have acquiesced in any ratemaking or procedural principle, including without limitation, any cost of service determination or cost allocation or revenue

related methodology and none of the Stipulating Parties waives its right to take other positions with respect to matters similar to those settled herein in future proceedings before the Authority. This Stipulation and Settlement Agreement shall not have any precedential effect in any future proceeding or be binding upon any of the Stipulating Parties in this or any other jurisdiction, except to the extent necessary to implement the provisions hereof and as expressly contemplated herein.

13. The Stipulating Parties agree that all filed testimony and exhibits of the Stipulating Parties (including filed supplemental testimony and exhibits supporting this Stipulation and Settlement Agreement) may be admitted into evidence without objection and the Stipulating Parties hereby waive their right to cross-examine all witnesses with respect to such filed testimony and exhibits; provided, however, that should questions be asked of such witnesses by any person at the hearing of this matter (including any questions by Directors), the Stipulating Parties may cross-examine any witness with respect to such questions consistent with the agreements set forth in this Stipulation and Agreement.

14. The provisions of this Stipulation and Settlement Agreement are agreements reached in compromise and settlement and solely for the purpose of resolving this Docket without the need for further litigation.

15. The stipulations agreed to in this Stipulation and Settlement Agreement, which are the product of negotiations and substantial communication and compromise between the Parties, are just and reasonable and in the public interest. The Stipulating Parties jointly recommend that the Authority issue an order adopting this Stipulation and Settlement Agreement in its entirety without modification.

16. In the event that the TRA does not approve this Stipulation and Settlement Agreement in its entirety, each of signatories to this Stipulation and Settlement Agreement will retain the right to terminate this Stipulation and Settlement Agreement by written notice to the TRA and other Stipulating Parties within ten (10) business days of the issuance of an order by the TRA not approving this Stipulation and Settlement Agreement in its entirety. Should this Stipulation and Settlement Agreement terminate, it would be considered void and have no binding effect, and the signatories to this Stipulation and Settlement Agreement would reserve their rights to fully participate in all relevant proceedings notwithstanding their agreement to the terms and conditions of this Stipulation and Settlement Agreement.

17. The provisions of this Stipulation and Settlement Agreement are not severable.

18. By agreeing to this Stipulation and Settlement Agreement, no Stipulating Party waives any right to continue litigating this matter should the Stipulation and Settlement Agreement be rejected by the TRA in whole or in part.

19. No provision of this Stipulation and Settlement Agreement shall be deemed an admission of any Stipulating Party.

20. The provisions of this Stipulation and Settlement Agreement do not necessarily reflect the positions asserted by any Stipulating Party, and no Stipulating Party waives the right to assert any position in this Docket, or in any future proceeding, except as expressly stipulated and agreed herein.

21. The acceptance of this Stipulation and Settlement Agreement by the Attorney General shall not be deemed approval by the Attorney General of any of the Company's practices.

22. This Stipulation and Settlement Agreement may only be enforced by the Stipulating Parties or the TRA.

23. The Consumer Advocate's agreement to this Stipulation and Settlement is expressly premised upon the truthfulness, accuracy and completeness of the information provided by the Company to the Consumer Advocate throughout the course of this Docket, which information was relied upon by the Consumer Advocate in negotiating and agreeing to the terms and conditions of this Stipulation and Settlement Agreement.

24. This Stipulation and Settlement Agreement shall be governed by and construed under the laws of the State of Tennessee, notwithstanding the conflict of law provisions thereof.

25. The Stipulating Parties agree that this Stipulation and Settlement Agreement constitutes the complete understanding among the Parties concerning the resolution of issues and matters under this TRA Docket 14-00017 and any oral statements, representations or agreements concerning such issues and matters made prior to the execution of this Stipulation and Settlement Agreement have been merged into this Stipulation and Settlement Agreement.

26. Each signatory to this Stipulation and Settlement Agreement represents and warrants that it/he/she has informed, advised and otherwise consulted with the Stipulating Party for whom it/he/she signs regarding the contents and significance of this Stipulation and Settlement Agreement and has obtained authority to sign on behalf of such Stipulating Party, and based upon those communications, each signatory represents and warrants that it/he/she is authorized to execute this Stipulation and Settlement Agreement on behalf of its/his/her respective Stipulating Party.

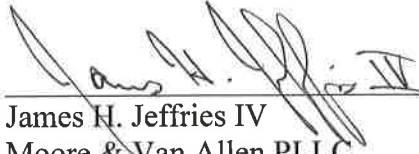
27. The Stipulating Parties agree that this Stipulation and Settlement Agreement may be executed in multiple counterparts and by copies provided by facsimile or in .pdf format.

The foregoing is agreed and stipulated to this 30th day of November, 2015.

PIEDMONT NATURAL GAS COMPANY, INC.

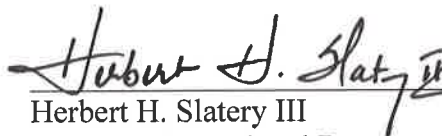


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Settlement
Exhibit A

1	Total Proposed Excess Deferred Taxes to Refund	\$	(4,667,413)
2	Amortization Period in years	\$	1
3	Amount per Year	\$	<u>(4,667,413)</u>

	Reference	Residential (301)	Commercial (302,352)	Large General - Firm (303,313,310)	Large General - Interruptible (304,314)	Total
4	Customer Class Apportionment Percent					
5	Annual Refund Amount	\$	\$	\$	\$	\$
6	Throughput (Dekatherms)	11,130,214	6,664,958	2,378,880	8,098,027	28,272,079
7	Rate per Dekatherm	\$	\$	\$	\$	\$
8	Proposed Rate per therm	\$	\$	\$	\$	\$

Allocators from the Last General Rate Case, As Approved (Docket No. 11-00144) :

	Annual Margin	Total	Allocation %
9	Residential (301)	\$ 62,049,925	59.64%
10	Commercial (302, 352)	32,459,219	31.20%
11	Large General Service - Firm (303, 313, 310)	5,145,869	4.95%
12	Large General Service - Interruptible (304, 314)	4,378,934	4.21%
13	Total	\$ 104,033,947	100.00%
Annual Throughput (DIs)			
14	Residential (301)	11,130,214	
15	Commercial (302, 352)	6,664,958	
16	Large General Service - Firm (303, 313, 310)	2,378,880	
17	Large General Service - Interruptible (304, 314)	8,098,027	
18	Total	28,272,079	