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August 28, 2014

Mr. Herb Hillard, Chairman  
c/o Sharla Dillon – Docket Room  
Tennessee Regulatory Authority  
502 Deaderick Street, 4<sup>th</sup> Floor  
Nashville, TN 37243

14-00082

Re: Piedmont Natural Gas Company, Inc., Performance Incentive Plan Report for the period July 1, 2013 – June 30, 2014

Dear Chairman Hillard:

In accordance with the reporting provisions of Service Schedule No. 316, Performance Incentive Plan, ("Plan"), Piedmont Natural Gas Company, Inc. ("Company"), submits the accompanying annual report of shared gas cost savings for the period July 1, 2013 through June 30, 2014.

As the enclosed Gain/Loss Summary page indicates the annual accumulated total gains and savings under the Plan total \$19,067,897. Under the Plan's sharing formula, \$17,467,897 of these gains and savings is allocated to the Company's Tennessee ratepayers. The remaining \$1,600,000 is reflected as the Company's share. Detailed calculations supporting the amounts shown on the Gain/Loss Summary page are provided in this filing. Please note that all enclosures provided in this filing, with the exception of the Gain/Loss Summary page itself, contain CONFIDENTIAL INFORMATION.

Should you need any additional information or have any questions please contact me at (704) 731-4560.

Sincerely,

A handwritten signature in black ink, appearing to read "Jenny Furr".

Jenny Furr  
Manager, Regulatory Reporting

cc: Michelle Ramsey  
Tiffany Underwood

**Piedmont Natural Gas Company, Inc.**

**Gain / Loss Summary**

**Report on Performance Incentive Plan**

**July 2013 - June 2014**

Month	Year	Gas Procurement Incentive Mechanism Gain/(Loss) 1/	25% Company GPI Sharing Gain/(Loss) 2/	75% TN Ratepayer GPI Sharing Gain/(Loss)	Capacity Management Incentive Mechanism Gain/(Loss)	25% Company CMI Sharing Gain/(Loss)	75% TN Ratepayer CMI Sharing Gain/(Loss)	Total Gain/(Loss)	25% Total Company Gain/(Loss) 3/	75% Total TN Ratepayer Gain/(Loss) 3/
July	2013	\$ 19,165	\$ 4,791	\$ 14,373	\$ 133,333	\$ 33,333	\$ 100,000	\$ 152,498	\$ 38,124	\$ 114,373
August	2013	\$ 43,637	\$ 10,909	\$ 32,728	\$ 133,625	\$ 33,406	\$ 100,219	\$ 177,262	\$ 44,316	\$ 132,947
September	2013	\$ 27,430	\$ 6,857	\$ 20,572	\$ 133,333	\$ 33,333	\$ 100,000	\$ 160,763	\$ 40,191	\$ 120,572
October	2013	\$ 60,724	\$ 15,181	\$ 45,543	\$ 136,278	\$ 34,070	\$ 102,209	\$ 197,003	\$ 49,251	\$ 147,752
November	2013	\$ 261,480	\$ 65,370	\$ 196,110	\$ 33,333	\$ 8,333	\$ 25,000	\$ 294,814	\$ 73,703	\$ 221,110
December	2013	\$ 405,451	\$ 101,363	\$ 304,088	\$ 77,416	\$ 19,354	\$ 58,062	\$ 482,867	\$ 120,717	\$ 362,150
January	2014	\$ 5,225,733	\$ 1,306,433	\$ 3,919,300	\$ 33,333	\$ 8,333	\$ 25,000	\$ 5,259,067	\$ 1,233,698	\$ 4,025,368
February	2014	\$ 4,637,471	\$ 1,159,368	\$ 3,478,103	\$ 56,189	\$ 14,047	\$ 42,142	\$ 4,693,660	\$ -	\$ 4,693,660
March	2014	\$ 7,146,229	\$ 1,786,557	\$ 5,359,672	\$ 33,333	\$ 8,333	\$ 25,000	\$ 7,179,562	\$ -	\$ 7,179,562
April	2014	\$ 249,291	\$ 62,323	\$ 186,969	\$ 54,088	\$ 13,522	\$ 40,566	\$ 303,380	\$ -	\$ 303,380
May	2014	\$ 53,107	\$ 13,277	\$ 39,831	\$ 33,333	\$ 8,333	\$ 25,000	\$ 86,441	\$ -	\$ 86,441
June	2014	\$ 47,247	\$ 11,812	\$ 35,436	\$ 33,333	\$ 8,333	\$ 25,000	\$ 80,581	\$ -	\$ 80,581
		<u>\$ 18,176,966</u>	<u>\$ 4,544,241</u>	<u>\$ 13,632,724</u>	<u>\$ 890,931</u>	<u>\$ 222,733</u>	<u>\$ 668,198</u>	<u>\$ 19,067,897</u>	<u>\$ 1,600,000</u>	<u>\$ 17,467,897</u>

1/ The monthly gain or loss set forth in this column reflects total gains or losses calculated under the gas procurement mechanism.

2/ Company GPI sharing reflects 25% of gains or losses calculated under the gas procurement mechanism.

3/ The Company is subject to a cap on overall gains or losses of \$1.6 million annually. Any gains above this cap will be reflected in the Total TN Ratepayer Gain/(Loss) column.