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September 30, 2014

Via Hand-Delivery

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

Re: ***Petition of Piedmont Natural Gas, Inc. for Approval of a CNG Infrastructure Rider to Its Approved Rate Schedules and Service Regulations***
Docket No. 14-00086

Dear Mr. Taylor:

I am enclosing an original and five (5) copies of Piedmont Natural Gas Company's conditional CNG Infrastructure Rider annual filing.

Under the CNG Infrastructure Rider, if approved by the Authority, Piedmont will adjust its rates effective November 1st of each year in order to recover – on an intra-rate case basis – the costs associated with CNG infrastructure capital investment spending not reflected in Piedmont's base rates as of June 30th of the preceding year. The date for filing the annual filing under this mechanism is September 30th of each year.

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

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

With kindest regards, I remain

Very truly yours,

R. D Grimes

R. Dale Grimes

Enclosures

Before the
Tennessee Regulatory Authority

Docket No. 14-00086

Petition of Piedmont Natural Gas Company, Inc.
For Approval of a CNG Infrastructure Rider to its
Approved Rate Schedules and Service Regulations

CNG Infrastructure Rider

2014 Annual Report

Piedmont
Natural Gas

September 30, 2014

Piedmont Natural Gas Company, Inc.
CNG Infrastructure Rider - Rate Schedule 318
State of Tennessee

Computation of the CNG Infrastructure Adjustment

Line No.	Rider Rate Period	Reference	Residential (301)	Commercial (302,352)	Large General - Firm (303,313,310)	Large General - Interruptible (304,314)	Total
	Nov 1 2014 -Oct 31 2015						
1	Customer Class Apportionment Percent	[Page 2]	59.6439%	31.2006%	4.9463%	4.2091%	100.0000%
2	CNGIRR for Recovery, excluding Refund Adjustment	[= Total from Page 3 x Line 1]	$ 332,516	$ 173,944	$ 27,576	$ 23,466	$ **557,502**
3	Refund Adjustment	n/a	n/a	n/a	n/a	n/a	n/a
4	Total Amount for Recovery in this Rider	[= Line 2 + Line 3]	$ 332,516	$ 173,944	$ 27,576	$ 23,466	$ **557,502**
5	Throughput from Relevant Rate Case Order (Dekatherms)	[Page 2]	11,130,214	6,664,958	2,378,880	8,098,027	28,272,079
6	Rate per Dekatherm	[= Line 4 / Line 5]	$0.02990	$0.02610	$0.01160	$0.00290	
7	Proposed CNG Infrastructure Adjustment per therm	[= Line 6 / 10]	$0.00299	$0.00261	$0.00116	$0.00029	

Piedmont Natural Gas Company, Inc.
CNG Infrastructure Rider - Rate Schedule 318
State of Tennessee

Allocators from the Relevant Rate Case Order (Docket 11-00144)

Margin	Annual Total	Allocation %
Residential (301)	$ 62,049,925	**59.64%**
Commercial (302, 352)	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)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Total
Residential (301)	973,336	1,730,608	2,359,111	2,385,891	1,619,952	916,259	373,476	147,666	108,017	107,902	110,242	297,754	11,130,214
Commercial (302, 352)	584,122	941,038	1,236,854	1,246,332	886,901	542,351	290,661	185,427	166,853	166,553	166,151	251,717	6,664,958
Large General Service - Firm (303, 313, 310)	215,868	357,459	373,276	272,366	238,238	161,907	152,836	108,789	110,733	112,060	121,273	154,075	2,378,880
Large General Service - Interruptible (304, 314)	682,506	880,548	899,370	728,423	753,173	640,120	614,296	571,617	558,058	564,523	554,369	651,023	8,098,027
Total	2,455,831	3,909,653	4,868,611	4,633,012	3,498,264	2,260,637	1,431,269	1,013,499	943,661	951,038	952,034	1,354,569	28,272,079
Throughput Apportionment	**8.69%**	**13.83%**	**17.22%**	**16.39%**	**12.37%**	**8.00%**	**5.06%**	**3.58%**	**3.34%**	**3.36%**	**3.37%**	**4.79%**	**100.00%**

Piedmont Natural Gas Company, Inc.
CNG Infrastructure Rider - Rate Schedule 318
State of Tennessee

Summary of CNGIRR Computation

Line No.	Vintage Year		Rate Period Nov 1 2014 - Oct 31 2015
1	Vintage 1		557,502
2	Vintage 2		n/a
3	Vintage 3		n/a
4	Vintage 4		n/a
5	Total		557,502
6	**Total CNGIRR, excluding Refund Adjustment**	**$**	**557,502**
	Spread of Total CNGIRR, excluding Refund Adjustment, by Month		
7	January	$	96,005
8	February	$	91,359
9	March	$	68,983
10	April	$	44,578
11	May	$	28,223
12	June	$	19,985
13	July	$	18,608
14	August	$	18,754
15	September	$	18,773
16	October	$	26,711
17	November	$	48,427
18	December	$	77,095
19	Total	**$**	**557,502**

Piedmont Natural Gas Company, Inc.
CNG Infrastructure Rider - Rate Schedule 318
State of Tennessee

Annual Revenue Requirement Computation
Rider Rate Period: November 1, 2014 - October 31, 2015

Vintage Year 1 - Through June 30, 2014

	Year 1	Year 2	Year 3	Year 4	Year 5
Plant	4,736,707	4,736,707	4,736,707	4,736,707	4,736,707
Accumulated depreciation	(1,194)	(2,615)	(4,036)	(5,457)	(6,878)
Net plant	4,735,513	4,734,092	4,732,671	4,731,250	4,729,829
ADIT	(180,684)	(347,809)	(498,212)	(633,565)	(755,262)
Net investment	4,554,829	4,386,283	4,234,459	4,097,685	3,974,567
Pre-tax ROR%	11.446%	11.446%	11.446%	11.446%	11.446%
Pre-tax rate of return	521,331	502,040	484,562	469,008	454,916
Depreciation expense	1,421	1,421	1,421	1,421	1,421
Property Tax expense	34,578	34,578	34,578	34,578	34,578
Total, excluding uncollectibles	557,330	538,039	520,661	505,007	490,915
Uncollectibles gross-up factor	1.000308	1.000308	1.000308	1.000308	1.000308
Total revenue requirement	557,502	538,205	520,822	505,162	491,066

Assumptions and calculations:
Rider computed each year.
Normal depreciation and AFUDC practices apply, AFUDC ends and depreciation begins when plant goes into service.

	Year 1	Year 2	Year 3	Year 4	Year 5
Net of tax rate of return	6.96%	6.96%	6.96%	6.96%	6.96%

Piedmont Natural Gas Company, Inc.
CNG Infrastructure Rider - Rate Schedule 318
State of Tennessee

Annual Revenue Requirement Computation
Rider Rate Period: November 1, 2014 - October 31, 2015

Plant amount	4,736,707					
Book depreciation rate	0.03%					
Property Tax Rate	0.73%					
Tax depreciation	MACRS 15	assumed no bonus depreciation				
Plant in service date	30-Jun-14					
Rider effective date	1-Nov-14					
Fiscal year end	31-Oct-14					
SIT rate		6.50%	6.50%	6.50%	6.50%	6.50%
FIT rate		35.00%	35.00%	35.00%	35.00%	35.00%
Composite income tax rate		39.23%	39.23%	39.23%	39.23%	39.23%
Uncollectibles rate		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
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	Pre-tax RORs				
LTD	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%
Common equity	5.376%	8.846%	8.846%	8.846%	8.846%	8.846%
Total	7.976%	11.446%	11.446%	11.446%	11.446%	11.446%

Piedmont Natural Gas Company, Inc.
CNG Infrastructure Rider - Rate Schedule 318
State of Tennessee

Annual Revenue Requirement Computation
Rider Rate Period: November 1, 2014 - October 31, 2015

MACRS 15 tax depreciation schedule

	Rate	Yearly	Cumulative
Tax year 1	5.00%	236,835	
Tax year 2	9.50%	449,987	686,822
Tax year 3	8.55%	404,988	1,091,811
Tax year 4	7.70%	364,726	1,456,537
Tax year 5	6.93%	328,254	1,784,791
Tax year 6	6.23%	295,097	2,079,888
Tax year 7	5.90%	279,466	2,359,354
Tax year 8	5.90%	279,466	2,638,819
Tax year 9	5.91%	279,939	2,918,759
Tax year 10	5.90%	279,466	3,198,224
Tax year 11	5.91%	279,939	3,478,164
Tax year 12	5.90%	279,466	3,757,629
Tax year 13	5.91%	279,939	4,037,569
Tax year 14	5.90%	279,466	4,317,034
Tax year 15	5.91%	279,939	4,596,974
Tax year 16	2.95%	139,733	4,736,707
Total	100.00%	4,736,707	

Accumulated depreciation						
Portion of year in sevice before rider	34%					
Pre-rider amount of depreciation	483					
Rider year BOY amount		483	1,904	3,325	4,746	6,167
Depreciation expense		1,421	1,421	1,421	1,421	1,421
Rider year EOY amount		1,904	3,325	4,746	6,167	7,588
Average accumulated depreciation		1,194	2,615	4,036	5,457	6,878

Piedmont Natural Gas Company, Inc.
CNG Infrastructure Rider - Rate Schedule 318
State of Tennessee

Annual Revenue Requirement Computation
Rider Rate Period: November 1, 2014 - October 31, 2015

Tax depreciation reserve						
FY of completion tax depreciation	236,835					
Post FY tax depreciation to rider date	0%					
Tax year 2 tax depreciation	449,987					
Tax year 2 pre-rider tax depr	-					
Rider year BOY amount		236,835	686,822	1,091,811	1,456,537	1,784,791
Tax period A tax depreciaion		449,987	404,988	364,726	328,254	295,097
Tax period B tax depreciation		-	-	-	-	-
Rider year EOY amount		686,822	1,091,811	1,456,537	1,784,791	2,079,888
Average tax depreciation reserve		461,829	889,317	1,274,174	1,620,664	1,932,339

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

Accumulated deferred taxes					
Average tax depreciation reserve	461,829	889,317	1,274,174	1,620,664	1,932,339
Average book depreciation reserve	1,194	2,615	4,036	5,457	6,878
Difference	460,635	886,702	1,270,138	1,615,207	1,925,462
Composite tax rate	39.23%	39.23%	39.23%	39.23%	39.23%
Average ADIT	180,684	347,809	498,212	633,565	755,262

Note - composite tax rate ignores excess deferred tax flowback

PIEDMONT NATURAL GAS COMPANY, INC.
CAPITAL EXPENDITURE POLICY

Capital Expenditures are major expenditures on assets that last longer than a year and improve or lengthen the expected useful life of the overall property from original expectations that are recoverable in utility rate base. As a general Company rule, projects costing less than $1,500 are not capitalized (see section 3.0 of the Company's Corporate Accounting Manual). New additions consist of retirement unit installations that did not currently exist in the system. Replacements are the installation of retirement units where one existed before the new one was installed (see 40 ft rule for the Replacement of Mains under section 3.5 of the Company's Corporate Accounting Manual). In conjunction with a replacement, a retirement is required of the original retirement unit no longer useful.

DEFINITIONS:

Retirement Unit – A Retirement Unit is the smallest distinct component of property that is identified and costed individually in the plant records.

Property Unit - A Property Unit is an item or group of items that constitutes the minimum division of plant that is continuously associated with its cost in the plant records. It may include one or more retirement units and associated minor items. It is capitalized when placed in service and retired when no longer "used and useful".

CERTIFICATE OF SERVICE

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

Counsel for Tennessee Fuel & Convenience Store Assoc. Melvin J. Malone Butler Snow Suite 1600 150 Third Avenue South Nashville, TN 37201	**Counsel for the Consumer Advocate and Protection Division of the Office of the Attorney General** Wayne Irvin Assistant Attorney General Office of the Tennessee Attorney General Consumer Advocate and Protection Division P. O. Box 20207 Nashville, TN 37202-0207

This the 30th day of September, 2014.

R.D. Mannes