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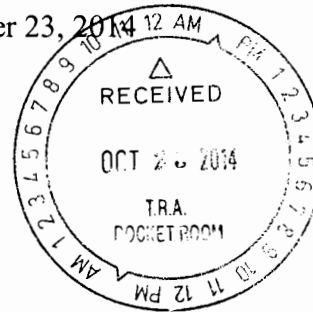
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October 23, 2014



**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 enclose and original and five (5) copies of Piedmont Natural Gas Company, Inc.'s Responses to the Tennessee Fuel and Convenience Store Association's First Set of Data Requests, as well as four non-confidential disks.

This material is also being filed by way of email to the Tennessee Regulatory Authority Docket Manager, Sharla Dillon. Filed along with this material are four copies of the Confidential material responsive to the Data Requests, submitted under seal, containing Confidential Responses 40 and 48, as well as four confidential disks in a separate envelope.

Please file the original and four copies of the non-confidential version of this filing 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.

With kindest regards, I remain

Very truly yours,

R. Dale Grimes

Enclosures

cc: Melvin Malone, Esq.  
Wayne Irvin, Esq.  
Sharla Dillon (via email)

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**CNG IR**  
**TRA DOCKET NO. 14-00086**  
**TENNESSEE FUEL AND CONVENIENCE STORE ASSOC. DISCOVERY REQUEST**  
**Date Issued: October 14, 2014**

1. State whether CNG is a regulated commodity.

**Response:** Piedmont's provision of CNG sales/transportation service to the public is currently regulated in Tennessee, North Carolina and South Carolina. Piedmont is aware that other natural gas local distribution public utilities around the country also provide CNG sales/transportation service to the public on a regulated basis. CNG sales/transportation service is also regulated, to some extent, by the Federal Energy Regulatory Commission.

Response provided by Piedmont Natural Gas on October 23, 2014.

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2. How much CNG has Piedmont sold as alternative fuel over the past ten (10) years?

**Response:** Piedmont has sold CNG for motor fuel purposes under Rate Schedule 342 of its TRA-approved tariff since March 2012. Through June 30, 2014, Piedmont has sold 56,671.8DT of natural gas under Rate Schedule 342. These sales have yielded approximately \$604,500 in total revenues (TRA-regulated revenues). Piedmont's CNG facilities at its Resource Center on Century Boulevard went into service in June 2010. Between that time and February 29, 2012, Piedmont did allow the public to use its CNG facilities for fuel refilling given the lack of alternate CNG fuel refilling options in the Nashville area; sales revenues during this interim period totaled approximately \$42,000.

Response provided by Piedmont Natural Gas on October 23, 2014.

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3. Over the past five (5) years, what percentage of Piedmont's revenue resulted from and/or related to CNG?

**Response:** Piedmont has sold CNG for motor fuel purposes under Rate Schedule 342 of its TRA-approved tariff since March 2012. In the 12-months ended June 30th 2014, revenues under Rate Schedule 342 have represented approximately 0.2% of its Utility Revenues in Tennessee. In each of the four prior years, this percentage ranged from 0% to 0.07% of Utility Revenues.

Response provided by Piedmont Natural Gas on October 23, 2014.

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4. Explain in detail how existing CNG infrastructure is treated. For instance, state whether CNG expenses are reported as regulated expenses, whether any part of CNG operations are considered non-regulated, whether CNG is excluded from rate base, etc.

**Response:** Piedmont's CNG infrastructure is wholly included on the Company's Utility Balance Sheet. Piedmont's capital investment in CNG facilities is included in its General Ledger -- GL account 10100 (Utility Plant in Service), GL account 10600 (Completed Construction Not Classified), GL account 10700 (Construction Work in Progress), and GL account 10800 -- Accumulated Depreciation. These accounts are, for TRA-regulated ratemaking purposes in Tennessee, included in rate base.

Response provided by Piedmont Natural Gas on October 23, 2014.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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5. What is Piedmont's total existing CNG booked investment? With your response, please identify original plant-in-service and accumulated depreciation by year.

**Response:** See attachment.

Response provided by Piedmont Natural Gas on October 23, 2014.

The following file has been produced in native format:

TFCA DR - Response 5 Attachment.xlsx

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**CNG IR**  
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6. State whether there are any CNG stations currently in rate base.

**Response:** Yes. Piedmont's CNG facilities at its Resource Center on Century Boulevard (prior to the expansion and improvements at these facilities, as referenced in Piedmont's petition in this docket) were included in the rate base amount underlying the rates approved by the TRA in the Company's last general rate proceeding.

Response provided by Piedmont Natural Gas on October 23, 2014.



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7. Identify Piedmont's CNG competitors (or potential competitors) in Tennessee. Please include resellers competing directly with Piedmont, but for the purposes of this response, do not include electric, gasoline, diesel, or any fuel type other than CNG.

**Response:** Trillium CNG and Waste Management currently have stations in Nashville which serve the public.

Anyone could be a potential competitor.

Response provided by Piedmont Natural Gas on October 23, 2014.

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8. Identify any matters (and provide copies of filings and orders for each) in which a Commission, Court, Judge and/or any other regulating authority approved or denied CNG cost recovery mechanisms or their equivalents.

**Response:** Piedmont currently offers CNG service in Tennessee, North Carolina and South Carolina as a fully regulated utility service and has done so for many years; nothing in this docket seeks to change that. In each of these States, the rate schedule under which Piedmont has and continues to provide CNG sales/transportation service was approved by the applicable state public service commissions. In Tennessee CNG sales service was approved in Docket No. 11-00144 by Authority Order dated April 8, 2012. In NC and SC, CNG service has been available as a tariffed utility service since at least the 1990s (Piedmont has not been able to locate the precise dockets in which CNG rate schedules were first approved in NC and SC).

Response provided by Piedmont Natural Gas on October 23, 2014.

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9. Identify how Piedmont accounts for its two (2) existing CNG stations. In responding to this request, please explain the proposed accounting treatment for revenue generated by CNG operations.

**Response:** With respect to the accounting of the capital investment, see the Company's response to Item 4 of this data request.

Piedmont has sold CNG for motor fuel purposes under Rate Schedule 342 of its TRA-approved tariff since March 2012. Since that time, Piedmont has recorded its revenues associated with sales service under this rate schedule to GL account 48105 (Revenue – Sales of Gas – CNG) and to GL account 48150 (Revenues – Sales of Gas (CNG billed through S2k)). The revenues associated with the Rate Schedule 342 sales service provided at Piedmont's two existing public stations are booked to GL account 48105, whereas the Rate Schedule 342 sales service provided at customer-sited CNG facilities are billed through the Company's customer information system (i.e. through monthly utility bills rendered to the customer) with revenues recorded to GL 48150.

All cost of gas, including that which supplies service to Piedmont's customers under Rate Schedule 342, is recorded to GL account 80400. Depreciation expense associated with all of Piedmont's assets, including Piedmont's two existing CNG stations, is recorded to GL account 40300. Tax expenses (income tax, property tax, general taxes) are recorded to GL accounts 408XX and 409XX. Operations and maintenance expenses associated with CNG activities (e.g. labor expense, general administrative expense) are recorded to GL accounts 89001 and 91625.

The proposal in Piedmont's petition in Docket No. 14-00086 (as well as the proposal in Piedmont's petition in Docket 14-00087) would not change the accounting treatment of the revenues, expenses and capital investment on Piedmont's books associated with Piedmont's two existing CNG stations.

Response provided by Piedmont Natural Gas on October 23, 2014.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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10. Refer to Piedmont's Petition, p. 8. Piedmont asserts that the IR will recover "some (but not all) of the costs associated with its investment..." Please identify all costs that will not be recovered by the proposed IR.

**Response:** : The proposed CNG IR is designed to recover the return on the capital investment for its CNG assets (i.e. return on gross plant, net of accumulated depreciation and accumulated deferred income taxes) that is not included in current base rates. Additionally, the proposed CNG IR is designed to recover depreciation expense and property tax expense associated with its CNG assets not included in current base rates. Any other expenses associated with Piedmont's CNG activities will not be recovered through the proposed CNG IR.

Response provided by Piedmont Natural Gas on October 23, 2014.

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11. If Piedmont had developed and finalized its projection to invest \$4.6 million in capital investments in CNG during its last rate case, would it have included it in rate base?

**Response:** No, because the projected \$4.6 million in capital investments would not have been closed to plant in time to be included in attrition period rates.

Response provided by Piedmont Natural Gas on October 23, 2014.

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12. Witness Powers states that "This capital investment and costs are not being recovered in Piedmont's currently approved rates, and are not fully offset by any incremental revenues...." Please provide a schedule of the dollar amounts and percentages of costs that are being currently offset.

**Response:** See the attachment, which is an excel version of Piedmont's Conditional CNG Infrastructure Rider annual filing, as filed with the TRA on September 30, 2014. This filing showed that the return on Piedmont's capital investment for its CNG assets as of June 30th 2014 (i.e. return on gross plant, net of accumulated depreciation and accumulated deferred income taxes) that is not included in current base rates, plus the depreciation expense and property tax expense associated with its CNG assets not included in current base rates, yield a revenue requirement of \$557,502. In other words, had these investments and costs been included in current base rates, Piedmont's base rates would be set to collect an additional \$557,502 of revenue a year. Piedmont's CNG-related revenues do not fully offset this incremental revenue requirement.

Response provided by Piedmont Natural Gas on October 23, 2014.

The following file has been produced in native format:

TFCA DR - Response 12 Attachment.xlsx

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**CNG IR**  
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13. Is the CNG market across the country regulated or non-regulated? Please provide response in a schedule by jurisdiction.

**Response:** Please see response to question 1. Piedmont has not conducted a comprehensive study of the nature of CNG sales across the United States and, therefore, cannot provide the requested schedule. Piedmont is aware, however, that the existing CNG market is served by a combination of utility offered services, privately owned and unregulated CNG fueling stations offering service to the public, and privately owned and unregulated CNG fueling stations dedicated to serving commercial truck fleets but which do not offer service to the public.

Response provided by Piedmont Natural Gas on October 23, 2014.



**PIEDMONT NATURAL GAS COMPANY, INC.**  
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14. Witness Valentine states that since 2011 Tennessee customers saved over \$1 million in fuel costs by purchasing CNG instead of gasoline. What were the total expenditures made by Piedmont to generate savings and when is the forecast breakeven and profit time periods?

**Response:** To date, Piedmont has invested approximately \$5.3 million to serve CNG demand in Nashville.

Piedmont has not forecasted a breakeven or profit time period.

Response provided by Piedmont Natural Gas on October 23, 2014.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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15. Please provide a copy of Piedmont's projections, business plan, notes, marketing materials, proposals and/or other documents that identify when other third-party CNG station will accessible.

**Response:** Please see the response to Request No. 7.

Response provided by Piedmont Natural Gas on October 23, 2014.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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16. Witness Valentine states that at least one public filling station will be owned and operated at an existing commercial site. How will Piedmont account for the development of such a commercial site and how will profits be shared? Will Piedmont seek to recover costs in IR?

**Response:** If we are able to site a public station at an existing commercial site, we would expect it to be owned by Piedmont as utility property like our other public stations. As such, Piedmont would earn its allowed return on its investment to serve the CNG market by recovering costs either via the IR mechanism (if approved) and/ or in a general rate case. Rent paid to lease space for the station from the existing commercial owner would be part of the overall cost of providing service.

Response provided by Piedmont Natural Gas on October 23, 2014.

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17. Witness Valentine states that the IR is in the public interest because it creates a partial and interim bridge to recover costs of new capital investments. Does Piedmont propose a full recovery solution and/or a permanent recovery solution?

**Response:** The proposed IR mechanism is similar in operation to Piedmont's approved IMR mechanism in that it allows accelerated earnings on capital investment prior to the inclusion of that investment in Piedmont's rate base for ratemaking purposes (i.e. in a general rate case). With respect to any discrete CNG capital investment, this mechanism only operates until the next rate case in which the investment is included in Piedmont's rate base for ratemaking purposes.

Response provided by Piedmont Natural Gas on October 23, 2014.

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18. To the extent not previously provided, please provide electronic copies (on CD) of all tables, charts, diagrams, schedules, and exhibits (collectively, "Exhibits") contained in the testimony of Pia K. Powers of Piedmont. Please include all workpapers, schedules, underlying computations and supporting documentation used and/or relied upon Witness Powers in the preparation of her testimony, including the preparation of all Exhibits. Please provide all electronic spreadsheets with cell formulas, cell references, macros and VBA code intact.

**Response:** See the attachments provided in response to Items 5 and 12 of this data request.

Response provided by Piedmont Natural Gas on October 23, 2014.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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19. To the extent not previously provided, please provide electronic copies (on CD) of all tables, charts, diagrams, schedules, and exhibits (collectively, "Exhibits") contained in the testimony of Ken Valentine of Piedmont. Please include all workpapers, schedules, underlying computations and supporting documentation used and/or relied upon Witness Valentine in the preparation of his testimony, including the preparation of all Exhibits. Please provide all electronic spreadsheets with cell formulas, cell references, macros and VBA code intact.

**Response:** Piedmont has no documents responsive to this request.

Response provided by Piedmont Natural Gas on October 23, 2014.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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20. Refer to Piedmont's Petition, page 3, ¶ 5; Please explain the basis and support for the statement relative to "the growing demand for natural gas as an alternative motor vehicle transportation fuel in Tennessee."

**Response:** Natural gas delivered by Piedmont for CNG usage in Tennessee has grown from approximately 59,000 Gasoline Gallon Equivalent volumes (GGEs) for the 12 months ended October 2012 to 104,000 GGEs for period ended October 2013, and to 536,000 GGEs for the 11 months ended September 2014. Current trends indicate the last number could double for the annual period next year.

Response provided by Piedmont Natural Gas on October 23, 2014.

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21. To the extent not previously provided, please provide copies of all schedules and underlying computations, workpapers, analysis, studies, reports and any other materials which support Piedmont's conclusion that there is growing demand for natural gas as an alternative motor vehicle transportation fuel in Tennessee, as alleged in the Petition.

**Response:** Piedmont's conclusion that there is a growing demand for natural gas as an alternative motor transportation fuel in Tennessee is based upon growing demand reflected in Piedmont's increasing sales figures under Rate Schedule 342 as well as Piedmont's experience in and observation of the developing CNG market in and around Nashville.

Response provided by Piedmont Natural Gas on October 23, 2014.



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22. Refer to Piedmont's Petition, p. 5, ¶ 8; Please explain in detail the basis and support Piedmont's contention that "Transit and school bus fleets, taxi fleets, shuttle bus fleets, courier and delivery fleets, utility fleets, distributions fleets, commuters, and vocational trucks...could and currently do benefit from natural gas vehicles."

**Response:** Across its system, Piedmont currently serves refuse trucks, school buses, delivery fleets, distribution fleets, Piedmont's own utility fleet, individually-owned passenger cars, plumbing company trucks and communication company trucks, and will begin serving a transit bus company in 2015.

Response provided by Piedmont Natural Gas on October 23, 2014.

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23. To the extent not previously provided, please provide copies of all schedules and underlying computations, workpapers, analysis, studies, reports and any other materials used, developed or produced to support the statement and response in the request directly above.

**Response:** There are no specific schedules and underlying computations, workpapers, analysis, studies, reports or any other materials used to support the statement and response in the request directly above.

Response provided by Piedmont Natural Gas on October 23, 2014.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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24. Refer to Piedmont's Petition, p. 5, ¶ 8. With respect to the phrase "match the increase in number of NGVs," please explain in detail the basis and support for this language.

**Response:** It simply means that as more and larger vehicles began using the station at our operations resource center facility, it was necessary to both upgrade the compression capability of the station to handle the increased demands of delivering more CNG more quickly at the required pressure, and to alter the site to handle more and larger vehicles safely and securely behind our security fence. Eventually it became apparent that it made sense to build a new station with even greater access and capacity to handle the bulk of the increasing customer traffic and it locate away from our resource center and closer to major highways.

Response provided by Piedmont Natural Gas on October 23, 2014.

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25. To the extent not previously provided, please provide copies of all schedules and underlying computations, workpapers, analysis, studies, reports and any other materials used, developed or produced to support the statement and response in the request directly above.

**Response:** There are no specific schedules and underlying computations, workpapers, analysis, studies, reports or any other materials used to support the statement and response in the request directly above.

Response provided by Piedmont Natural Gas on October 23, 2014.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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26. Refer to Piedmont's Petition, p. 5, ¶ 8. With respect to the phrase "to serve the growing number of large NGVs," please explain in detail the basis and support for this language.

**Response:** Many fleets with heavy-duty vehicles which log many miles a day but get low miles per gallon are finding it makes economic sense to make new fleet purchases CNG-capable. For example, roughly 60% of new refuse truck orders are now NGVs. As new and bigger CNG engines have been produced, local and regional haulers are moving to natural gas to fuel their tractor trailers and delivery trucks. We are serving more and more of these types of vehicles across our system.

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27. To the extent not previously provided, please provide copies of all schedules and underlying computations, workpapers, analysis, studies, reports and any other materials used, developed or produced to support the statement and response in the request directly above.

**Response:** There are no specific schedules and underlying computations, workpapers, analysis, studies, reports or any other materials used to support the statement and response in the request directly above.

Response provided by Piedmont Natural Gas on October 23, 2014.

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28. Refer to Piedmont's Petition, p. 6, ¶ 10. With respect to the phrase "to meet the needs of the rapidly growing CNG market," please explain in detail the basis and support for this language.

**Response:** Please see the responses to Request Nos. 20, 24 and 26.

Response provided by Piedmont Natural Gas on October 23, 2014.

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29. To the extent not previously provided, please provide copies of all schedules and underlying computations, workpapers, analysis, studies, reports and any other materials used, developed or produced to support the statement and response in the request directly above.

**Response:** There are no specific schedules and underlying computations, workpapers, analysis, studies, reports or any other materials used to support the statement and response in the request directly above.

Response provided by Piedmont Natural Gas on October 23, 2014.



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30. Refer to Piedmont's Petition, p. 6, ¶ 10. With respect to the phrase "As the CNG market in the greater Nashville area is expected to continue its growth," please explain in detail the basis and support for this language.

**Response:** Please see the responses to Request Nos. 20, 24 and 26.

Response provided by Piedmont Natural Gas on October 23, 2014.

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31. To the extent not previously provided, please provide copies of all schedules and underlying computations, workpapers, analysis, studies, reports and any other materials used, developed or produced to support the statement and response in the request directly above.

**Response:** There are no specific schedules and underlying computations, workpapers, analysis, studies, reports or any other materials used to support the statement and response in the request directly above.

Response provided by Piedmont Natural Gas on October 23, 2014.

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32. Refer to Piedmont's Petition, p. 6, ¶ 10. With respect to the phrase "near-term market interest driven projects," please explain in detail the basis and support for this language.

**Response:** Over the next few years, Piedmont believes that there is enough interest in the local transportation market that there is a good chance that we will be able to locate a station at an existing convenience-store or travel-plaza site, and that it is likely that more fleet customers will want a CNG station onsite that we will be able to build and/or serve.

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33. To the extent not previously provided, please provide copies of all schedules and underlying computations, workpapers, analysis, studies and any other materials used, developed or produced to support the statement and response in the request directly above.

**Response:** Please see the attached study, a high level report from 2012 of public information on some large convenience store chains with sites in Piedmont's general service territory.

Response provided by Piedmont Natural Gas on October 23, 2014.

The following file has been produced in native format:

TFCA DR - Response 33 Attachment.pptx

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**TENNESSEE FUEL AND CONVENIENCE STORE ASSOC. DISCOVERY REQUEST**  
**Date Issued: October 14, 2014**

34. Refer to Piedmont's Petition, p. 6, ¶ 11. With respect to the phrase "higher usage usually takes time to ramp up," to the extent not previously provided, please provide copies of all schedules and underlying computations, workpapers, analysis, studies, reports and any other materials used, developed or produced to support the statement and response.

**Response:** There are no specific schedules and underlying computations, workpapers, analysis, studies, reports or any other materials used to support the statement and response in the request directly above. As noted in the petition, the most economical way for companies to incorporate CNG vehicles into their fleets is to pilot test a few vehicles to ascertain engine performance, durability, fuel and maintenance costs, etc., and then begin replacing vehicles with NGVs per the normal vehicle turnover cycles.

Response provided by Piedmont Natural Gas on October 23, 2014.

**PIEDMONT NATURAL GAS COMPANY, INC.  
CNG IR  
TRA DOCKET NO. 14-00086  
TENNESSEE FUEL AND CONVENIENCE STORE ASSOC. DISCOVERY REQUEST  
Date Issued: October 14, 2014**

35. Refer to Piedmont's Petition, p. 6, ¶ 11. With respect to the phrase "required to respond to the market demand," is Piedmont referring specifically to market demand in Piedmont's service territory?

**Response:** Yes.

Response provided by Piedmont Natural Gas on October 23, 2014.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**CNG IR**  
**TRA DOCKET NO. 14-00086**  
**TENNESSEE FUEL AND CONVENIENCE STORE ASSOC. DISCOVERY REQUEST**  
**Date Issued: October 14, 2014**

36. If the answer to the request directly above is in the affirmative, to the extent not previously provided, please provide copies of all schedules and underlying computations, workpapers, analysis, studies, reports and any other materials used, developed or produced to support the statement and response in the request directly above.

**Response:** There are no specific schedules and underlying computations, workpapers, analysis, studies, reports or any other materials used to support the statement and response in the request directly above.

Response provided by Piedmont Natural Gas on October 23, 2014.



**PIEDMONT NATURAL GAS COMPANY, INC.**  
**CNG IR**  
**TRA DOCKET NO. 14-00086**  
**TENNESSEE FUEL AND CONVENIENCE STORE ASSOC. DISCOVERY REQUEST**  
**Date Issued: October 14, 2014**

37. Refer to Piedmont's Petition, p. 6-7, ¶12. To the extent not previously provided, please provide copies of all schedules and underlying computations, workpapers, analysis, studies and any other materials upon which Piedmont is relying to support the conclusion that "Utilization of an IR mechanism will promote the continuance of economic development in the region by assisting Piedmont's efforts to respond to consumer need."

**Response:** Piedmont has not conducted any discrete studies of the type requested. Instead, Piedmont is relying on its experience in Tennessee (as well as North Carolina and South Carolina) as to the growing need and desire for additional CNG fueling infrastructure which is being driven primarily by the significant cost differential between gasoline/diesel and CNG on a gallon of gas equivalent basis.

Response provided by Piedmont Natural Gas on October 23, 2014.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**CNG IR**  
**TRA DOCKET NO. 14-00086**  
**TENNESSEE FUEL AND CONVENIENCE STORE ASSOC. DISCOVERY REQUEST**  
**Date Issued: October 14, 2014**

38. Refer to Piedmont's Petition, p. 7, ¶ 12 and p. 7 ¶ 13. With respect to the word "challenges" and as used in the context of said paragraphs within which the word is cited and with the context of Piedmont's Petition, please explain in detail and with specificity what Piedmont means.

**Response:** Any time Piedmont expands its facilities in order to provide natural gas service to unserved customers, it must conduct an economic analysis of the feasibility of providing that service. This typically involves examining the projected costs of such expansions and comparing them to the projected revenues expected to result from such an expansion. As a general statement, Piedmont will not expand its facilities if the result of that comparison shows that the expansion will be significantly negative in economic terms. Constructing CNG facilities involves not only providing for the underlying transmission, distribution and metering facilities common to all Piedmont service but also requires the construction of compression and delivery facilities. The challenges referred to in paragraphs 12 and 13 of Piedmont's Petition in this docket, are overcoming the economic barriers to expanding CNG infrastructure in a newly developing market.

Response provided by Piedmont Natural Gas on October 23, 2014.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**CNG IR**  
**TRA DOCKET NO. 14-00086**  
**TENNESSEE FUEL AND CONVENIENCE STORE ASSOC. DISCOVERY REQUEST**  
**Date Issued: October 14, 2014**

39. To the extent not previously provided, please provide copies of all schedules and underlying computations, workpapers, analysis, studies, reports and any other materials used or developed to support the response in the request directly above.

**Response:** Piedmont has no generic studies responsive to this request. Any analysis of the economic feasibility of expanding facilities to provide CNG service is highly location specific and based upon specific competitively sensitive usage assumptions, often provided by Piedmont's customers on a confidential basis.

Response provided by Piedmont Natural Gas on October 23, 2014.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**CNG IR**  
**TRA DOCKET NO. 14-00086**  
**TENNESSEE FUEL AND CONVENIENCE STORE ASSOC. DISCOVERY REQUEST**  
**Date Issued: October 14, 2014**

40. Presently, how much money does Piedmont forecast investing in CNG infrastructure and equipment for the provision of alternative motor vehicle transportation fuel in its service territory over the next three (3) years?

**Response:** Approximately \$4.6 million. See CONFIDENTIAL attachment.

Response provided by Piedmont Natural Gas on October 23, 2014.

The following file has been produced in native format:

TFCA DR - Response 40 CONFIDENTIAL Attachment.xlsx

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**CNG IR**  
**TRA DOCKET NO. 14-00086**  
**TENNESSEE FUEL AND CONVENIENCE STORE ASSOC. DISCOVERY REQUEST**  
**Date Issued: October 14, 2014**

41. To the extent not previously provided, please provide copies of all schedules and underlying computations, workpapers, analysis, studies, reports and any other materials used or developed to support the response in the request directly above.

**Response:** See the attachment provided in response to Item 40 of this data request.

Response provided by Piedmont Natural Gas on October 23, 2014.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**CNG IR**  
**TRA DOCKET NO. 14-00086**  
**TENNESSEE FUEL AND CONVENIENCE STORE ASSOC. DISCOVERY REQUEST**  
**Date Issued: October 14, 2014**

42. To the extent not previously provided, please provide copies of all schedules and underlying computations, workpapers, analysis, studies, reports and any other materials used, relied upon, developed or produced by Piedmont with respect to the market demand and growth for CNG for alternative motor vehicle transportation fuel, now or in the future, in Piedmont's service territory and in other areas in the State of Tennessee.

**Response:** See response to Question 21.

Response provided by Piedmont Natural Gas on October 23, 2014.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**CNG IR**  
**TRA DOCKET NO. 14-00086**  
**TENNESSEE FUEL AND CONVENIENCE STORE ASSOC. DISCOVERY REQUEST**  
**Date Issued: October 14, 2014**

43. Please describe, in detail and with specificity, (a) the types of CNG facilities that Piedmont intends to construct, develop and/or invest in, including ownership structure, business/operations model, and (b) whether Piedmont would be a wholesale or retail provider of CNG in each different type of scenario described.

**Response:** Piedmont intends to invest in utility-owned CNG stations, as it currently does, where it would be a retail provider of CNG. We may also bid to build a station for a customer without investing in it (we would just be hired as a contractor), and then provide natural gas service to the CNG station. Typically, customer-sited stations are large-volume customers that qualify for transportation, meaning the customer then arranges to purchase its own natural gas which we will transport to the site.

Response provided by Piedmont Natural Gas on October 23, 2014.



**PIEDMONT NATURAL GAS COMPANY, INC.**  
**CNG IR**  
**TRA DOCKET NO. 14-00086**  
**TENNESSEE FUEL AND CONVENIENCE STORE ASSOC. DISCOVERY REQUEST**  
**Date Issued: October 14, 2014**

44. Please refer to the testimony of Witness Valentine, p. 4. To the extent not previously provided, please provide copies of all schedules and underlying computations, workpapers, analysis, studies, reports and any other materials used, relied upon or developed by Piedmont to support the conclusion that Tennessee NGV customers have saved over \$1 million in fuel costs by purchasing CNG instead of gasoline and diesel from Piedmont's stations and third-party stations served by Piedmont.

**Response:** The \$1 million in customer savings reflected in Mr. Valentine's testimony was a rough approximation of customer savings based upon the prevailing price differential of approximately \$1.50 between CNG and gasoline/diesel applied to customer volumes.

Response provided by Piedmont Natural Gas on October 23, 2014.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**CNG IR**  
**TRA DOCKET NO. 14-00086**  
**TENNESSEE FUEL AND CONVENIENCE STORE ASSOC. DISCOVERY REQUEST**  
**Date Issued: October 14, 2014**

45. To the extent not previously provided, please provide copies of all schedules and underlying computations, workpapers, analysis, studies, reports and any other materials used, relied upon, developed or produced by Piedmont with respect to the time period within which the revenues generated by Piedmont's provision of CNG for alternative motor vehicle transportation fuel will exceed the costs of service associated with this service.

**Response:** There are no specific schedules and underlying computations, workpapers, analysis, studies, reports or any other materials used to support the statement and response in the request directly above.

Response provided by Piedmont Natural Gas on October 23, 2014.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**CNG IR**  
**TRA DOCKET NO. 14-00086**  
**TENNESSEE FUEL AND CONVENIENCE STORE ASSOC. DISCOVERY REQUEST**  
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46. If Piedmont's Petition is approved as submitted, is there a possibility that such an approval might have a negative impact on the future ability of non-public utility entities to compete on a level playing field in the provision of CNG for alternative motor vehicle transportation fuel? Please explain in detail and with specificity.

**Response:** Piedmont is fully cognizant that at some future time, if the CNG market develops as hoped, that tension could arise between the provision of CNG service on a regulated basis (as Piedmont is and has provided it for some time) and the unregulated offering of that service by competitors. In the event of such eventuality then Piedmont believes that those concerns could be addressed in one of two ways: (1) by ensuring that Piedmont's CNG services are provided on a pure cost basis, or (2) by converting Piedmont's sales of CNG to the public to an unregulated service.

Response provided by Piedmont Natural Gas on October 23, 2014.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**CNG IR**  
**TRA DOCKET NO. 14-00086**  
**TENNESSEE FUEL AND CONVENIENCE STORE ASSOC. DISCOVERY REQUEST**  
**Date Issued: October 14, 2014**

47. If Piedmont's Petition is approved as submitted, and market demand for CNG for alternative motor vehicle transportation fuel in its service territory does not sufficiently develop as projected by Piedmont, and the revenues generated from the service do not remotely approach the costs of providing the service, what is the impact in such a scenario upon the ratepayers? Please explain in detail and with specificity.

**Response:** The impact on customers from a failure of the CNG market to develop as projected will be small to non-existent. Piedmont will not invest in CNG infrastructure if the economic feasibility of doing so is significantly adverse, whether or not the IR mechanism is approved in this proceeding. That is not the purpose of the IR mechanism. The IR mechanism simply provides for accelerated rate base treatment of capital investment in CNG facilities and does not provide any material incentive to invest in infeasible projects.

Response provided by Piedmont Natural Gas on October 23, 2014.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**CNG IR**  
**TRA DOCKET NO. 14-00086**  
**TENNESSEE FUEL AND CONVENIENCE STORE ASSOC. DISCOVERY REQUEST**  
**Date Issued: October 14, 2014**

48. To the extent not previously provided, please provide copies of all schedules and underlying computations, workpapers, analysis, studies, reports and any other materials used, relied upon, developed or produced by Piedmont to project or forecast CNG for alternative motor vehicle transportation fuel sales.

**Response:** Please see CONFIDENTIAL attachment; data not pertaining to Tennessee has been redacted

Response provided by Piedmont Natural Gas on October 23, 2014.

The following file has been produced in native format:

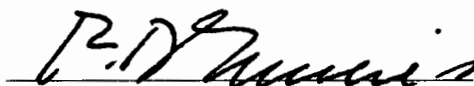
TFCA DR - Response 48 CONFIDENTIAL Attachment.xlsx

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the attached document was 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:

<b>Counsel for Tennessee Fuel &amp; Convenience Store Assoc.</b>  Melvin J. Malone Butler Snow Suite 1600 150 Third Avenue South Nashville, TN 37201	<b>Counsel for the Consumer Advocate and Protection Division of the Office of the Attorney General</b>  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 23 day of October, 2014.



		Balance <u>@ 6/30/14</u>	Balance <u>@ 6/30/13</u>	Balance <u>@ 6/30/12</u>	Balance <u>@ 2/29/12</u>
10100	Utility Plant in Service - CNG Facilities in TN	\$ 329,472	\$ 329,472	\$ 327,662	\$ 327,662
10600	Completed Construction Not Classified - CNG Facilities in TN	\$ 4,697,357	\$ 720,521	\$ 708,213	\$ -
10700	CWIP - CNG Facilities in TN	\$ 2,684	\$ 1,529,344	\$ 370,220	\$ 7,944
10800	Accumulated Depreciation - CNG Facilities in TN	\$ 372,018	\$ 120,677	\$ 68,177	\$ 27,305.16



**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
<b>Nov 1 2014 -Oct 31 2015</b>							
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	\$ <b>557,502</b>
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	\$ <b>557,502</b>
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

Page 3

**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		<u>557,502</u>
6	<b>Total CNGIRR, excluding Refund Adjustment</b>	<b>\$</b>	<b><u>557,502</u></b>

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	\$	<u>77,095</u>
19	Total	<b>\$</b>	<b><u>557,502</u></b>

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

Page 3

**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		<u>557,502</u>
6	<b>Total CNGIRR, excluding Refund Adjustment</b>	<b>\$</b>	<b><u>557,502</u></b>

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	\$	<u>77,095</u>
19	Total	<b>\$</b>	<b><u>557,502</u></b>

# Fueling Stations - Overview

Company	Estimated # of Stations	Estimated # in SE <sup>1</sup>	SE States Operating In	Estimated # of Truck/Travel Centers (vs. regular gas stations)	Affiliated Brands	Headquarters	Type of Company	Revenue
<b>WilcoHess</b>	410 (no CNG)	402	NC, SC, TN, GA, AL, VA, FL	72 - US 71 - SE	WilcoHess, Wilco Trademart, Wilco Travel Plazas, Wilco To-Go	Winston-Salem, NC	Privately Held	Not Available
<b>Hess/Hess Express</b> (not including WilcoHess)	950 (no CNG)	331	SC, VA, FL	0 - US 0 - SE	Hess, Hess Express	New York, NY	NYSE: HES	\$38.4 B
<b>Pilot Flying J</b>	627 (no CNG, referred to Clean Energy website)	151	NC, SC, TN, GA, AL, VA, KY	627 - US 151 - SE	Pilot, Pilot Travel Center, Flying J, (few other misc names)	Knoxville, TN	Privately Held	\$29.2 B <sup>2</sup>
<b>Spinx</b>	65 (no CNG)	65	NC, SC	0 - US 0 - SE	Spinx	Greenville, SC	Privately Held	Not Available
<b>Love's</b>	300 (includes about 12 CNG stations in OK)	54	NC, SC, TN, GA, AL, VA, KY	300 - US 54 - SE	Love's Country Stores, Love's Travel Stops	Oklahoma City, OK	Privately Held	\$22.0 B <sup>2</sup>
<b>TravelCenters of America / Petro</b>	240 (no CNG)	50	NC, SC, TN, GA, AL, KY, VA, FL	240 - US 50 - SE	TravelCenters of America, Petro	Westlake, OH	NYSE: TA	\$8.0 B
<b>Roady's</b>	300 (no CNG)	49	NC, SC, TN, AL, KY, VA, FL	253 - US 25 - SE	Individually named truck stops or travel centers for each location	New Plymouth, ID	Privately Held; stations independently owned/operated	Not Available
<b>QuikTrip</b>	663 (no CNG)	159	NC, SC, GA	2 in US; 2 in SE	QuikTrip	Tulsa, OK	Privately Held	\$10.7 B <sup>2</sup>
<b>Delek US Holdings</b>	377 (no CNG)	350	TN, GA, AL, KY, VA	15 in US; 13 in SE	MAPCO Express, MAPCO Mart, Fast Food/Fuel, Favorite Markets, Delta Express, Food Mart	Brentwood, TN	NYSE: DK	\$8.7 B

<sup>1</sup>Southeast States based on North Carolina, South Carolina, Tennessee, Georgia, Alabama, Virginia, Kentucky, Florida

<sup>2</sup>Based on Forbes estimated revenues, November 2012

# Station Location Maps

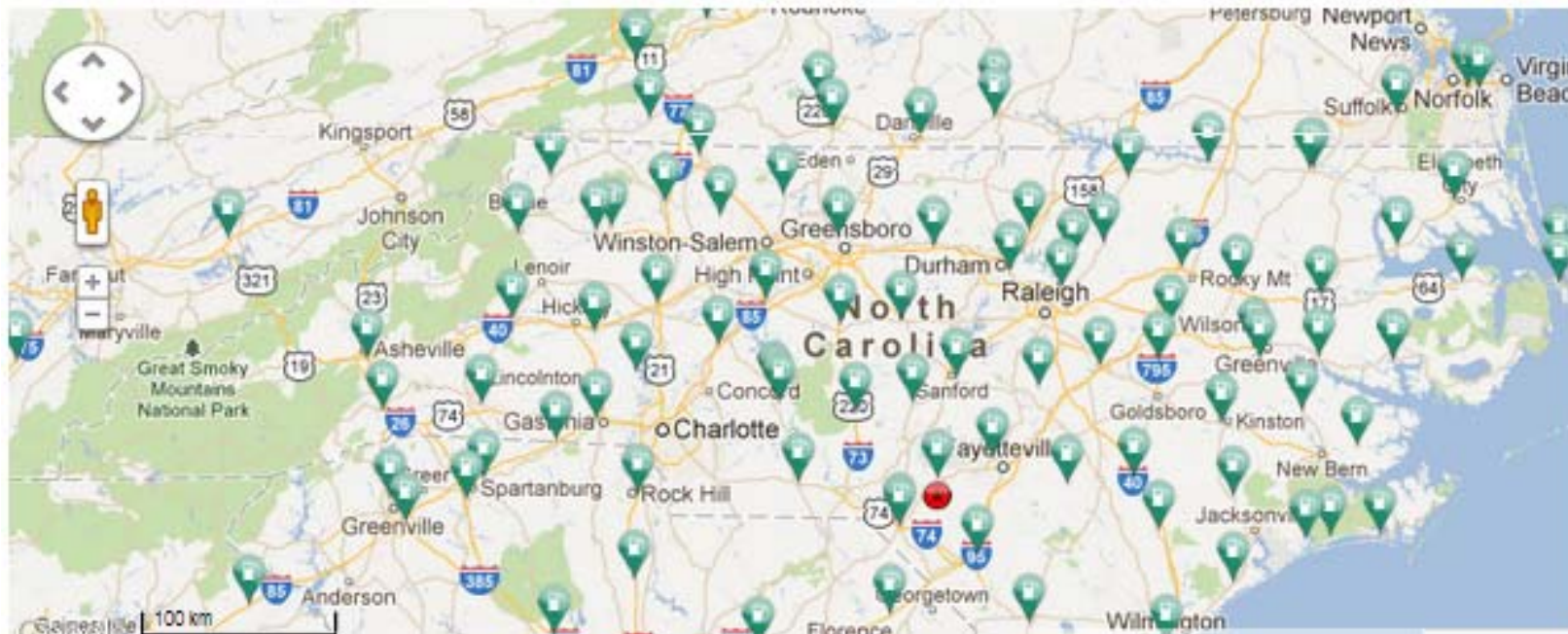
Station location maps are shown on subsequent slides. Based on map scaling some locations only show area graphical representation and some examples include a smaller scale version showing actual specific area stations.

# WilcoHess Only

Overview of station area locations  
(doesn't show all actual stations)



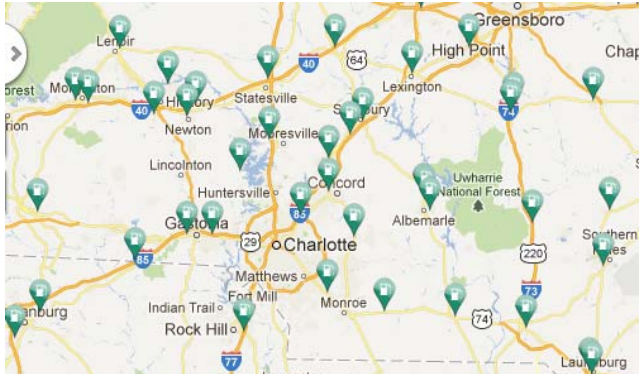
Zoom-In overview of station area locations in NC



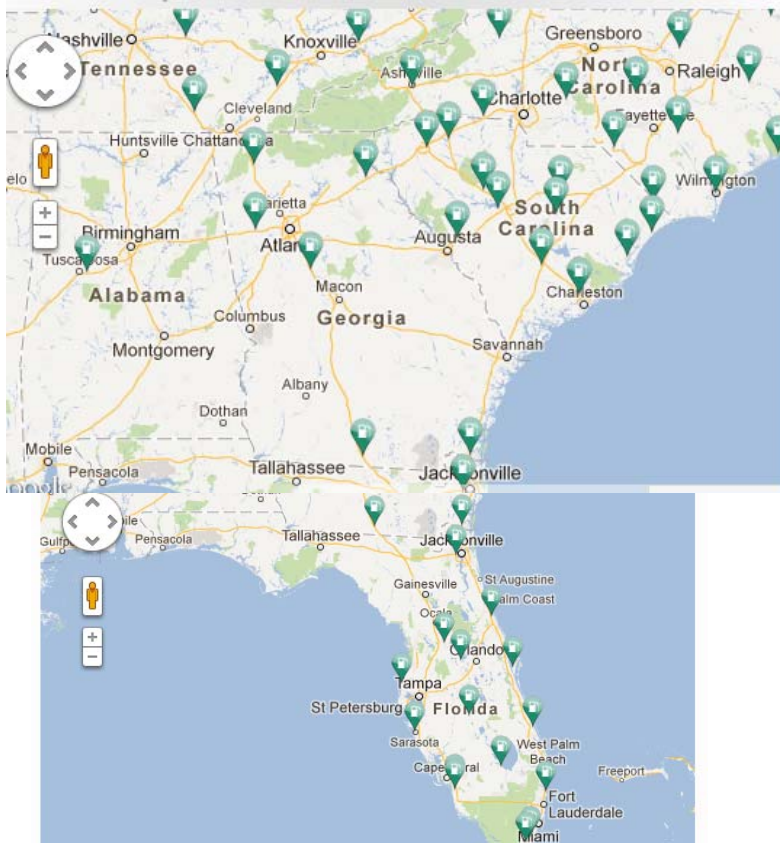


# Hess (including WilcoHess)

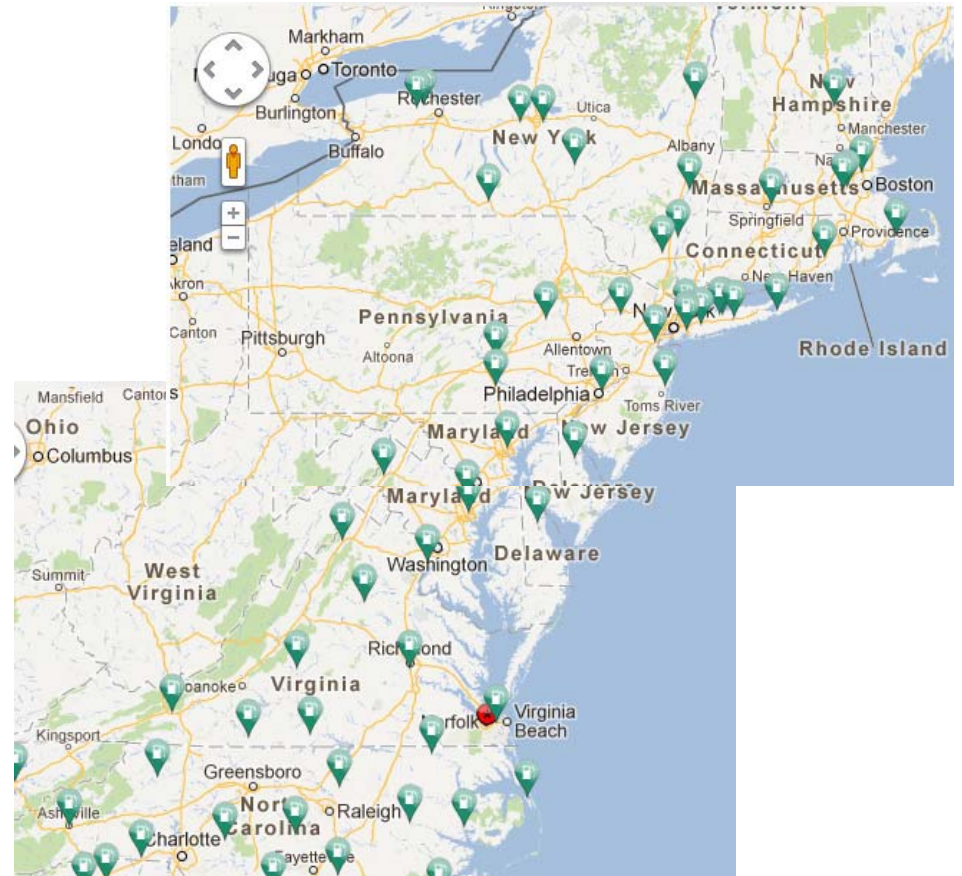
Zoom-In overview of station area locations around Charlotte



Overview of station area locations  
(doesn't show all actual stations)



Overview of station area locations  
(doesn't show all actual stations)



# Pilot Flying J

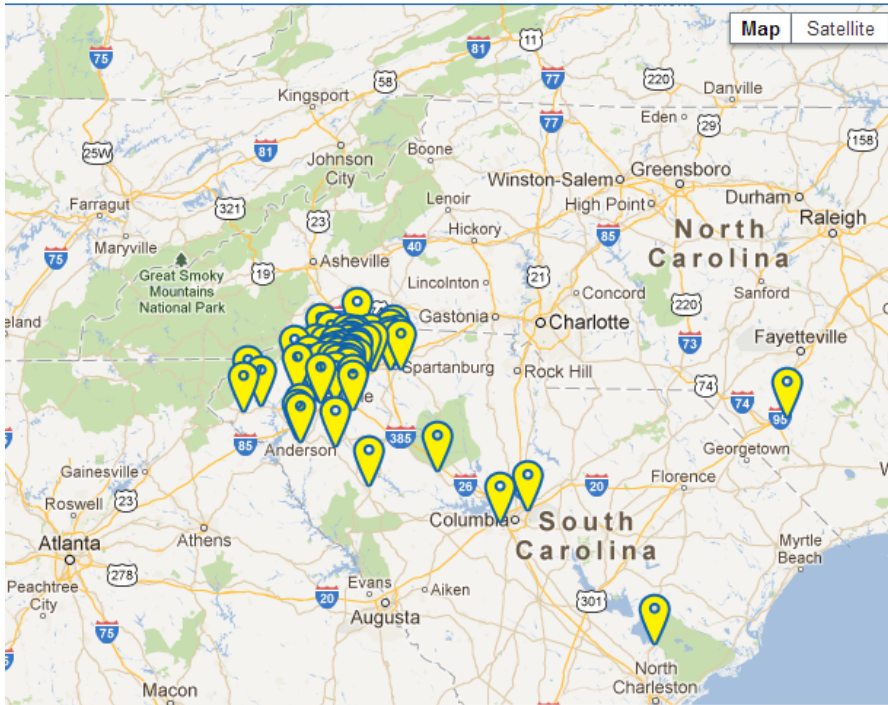
Actual station area locations



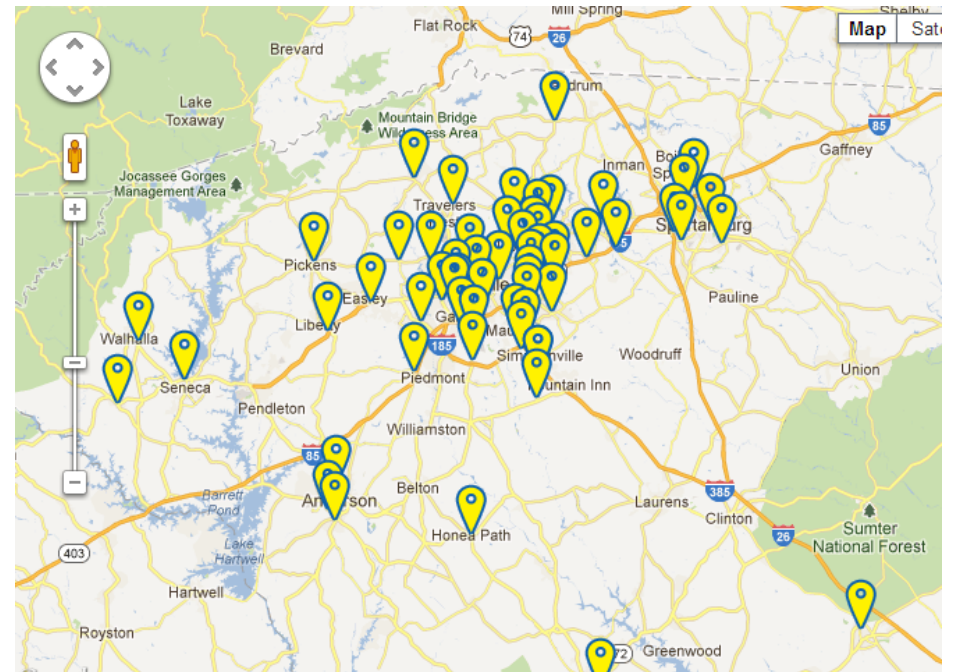


# Spinx

**Overview of station area locations**  
*(doesn't show all actual stations)*

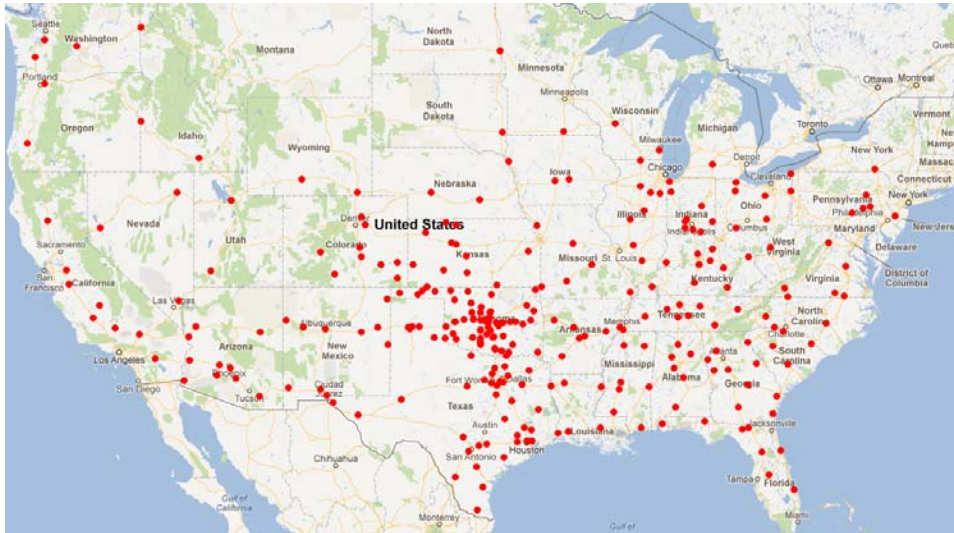


**Zoom-In overview of station area locations around Greenville, SC**

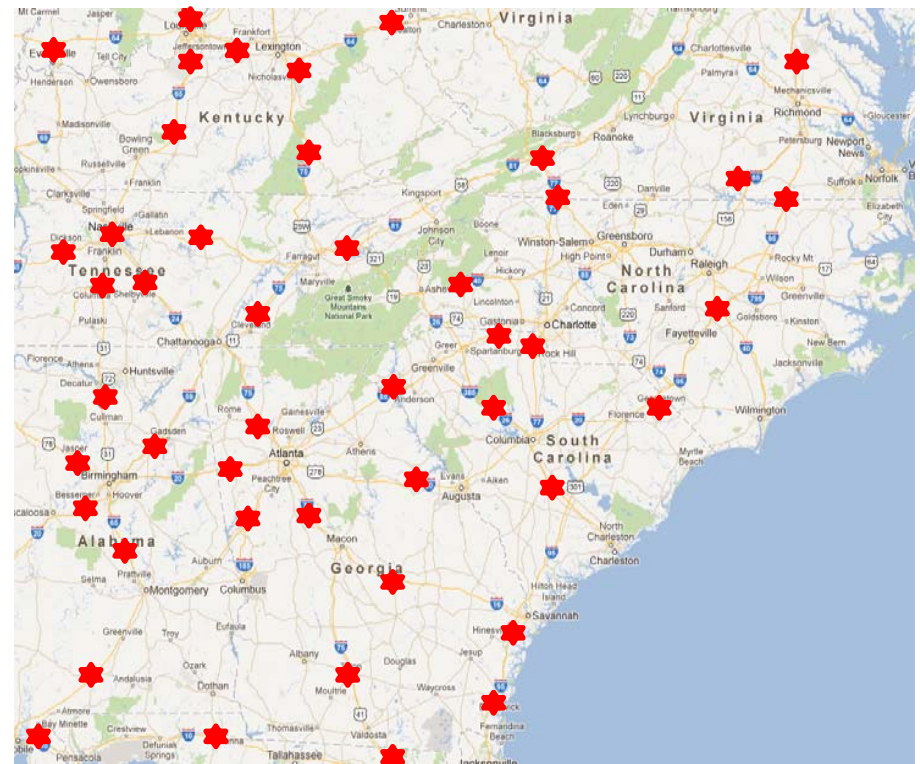


# Love's

**Overview of station area locations  
(doesn't show all actual stations)**



**Zoom-In overview of station area locations in the Southeast**

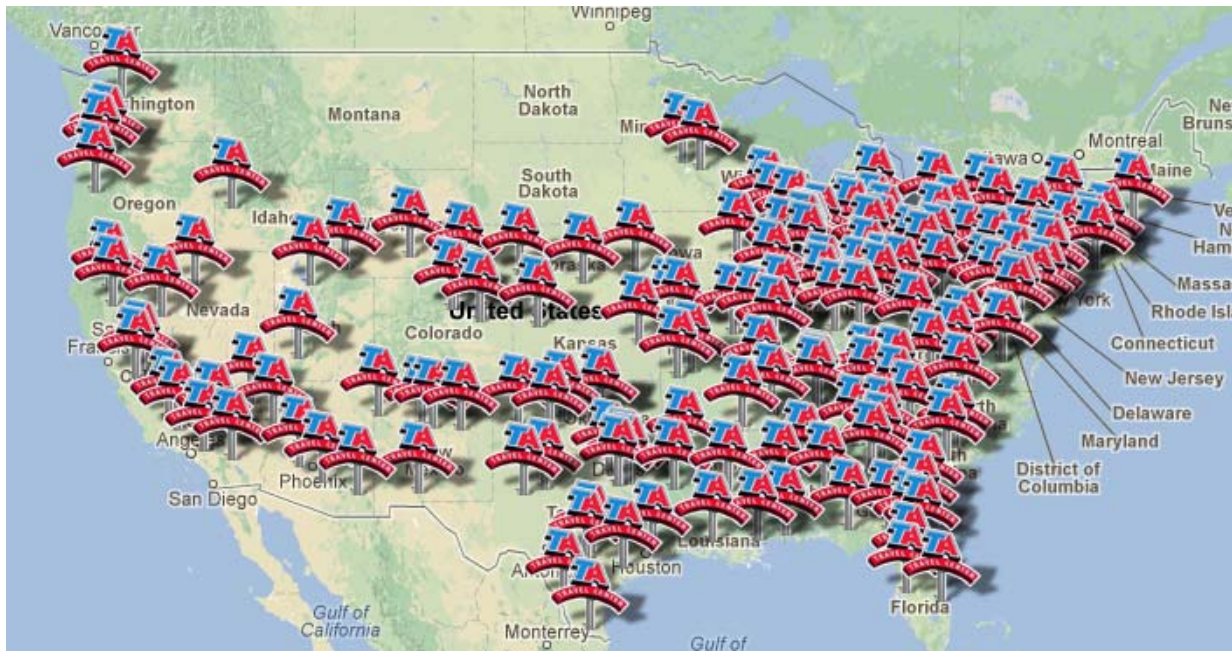




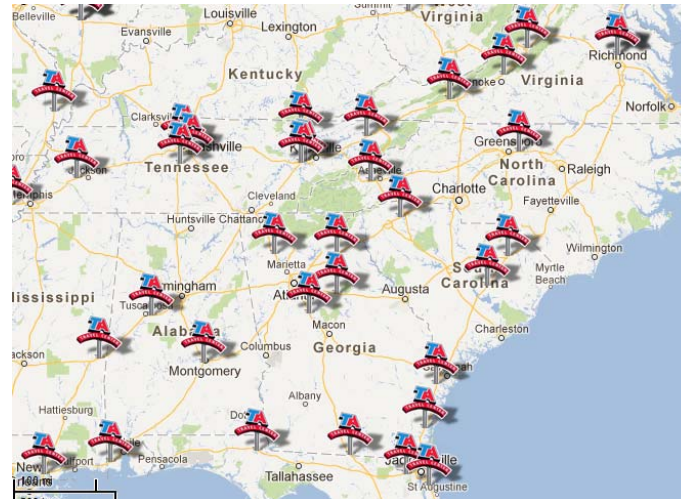
# TravelCenters of America/Petro

## (TravelCenters only)

Overview of station area locations  
(doesn't show all actual stations)



Zoom-In overview of station area locations in the Southeast



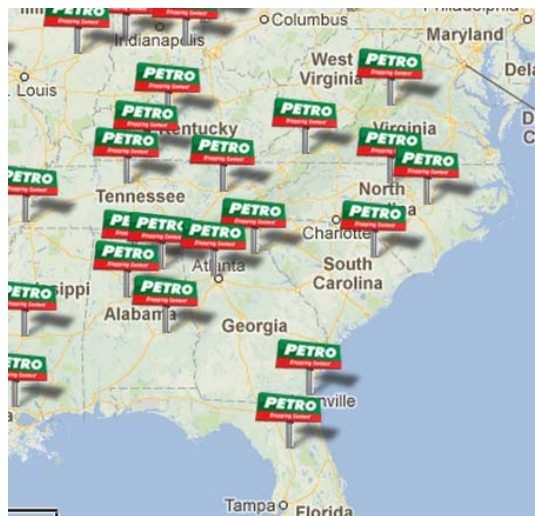
# TravelCenters of America/Petro

## (Petro only)

Overview of station area locations  
(doesn't show all actual stations)



Zoom-In overview of station area locations in the Southeast



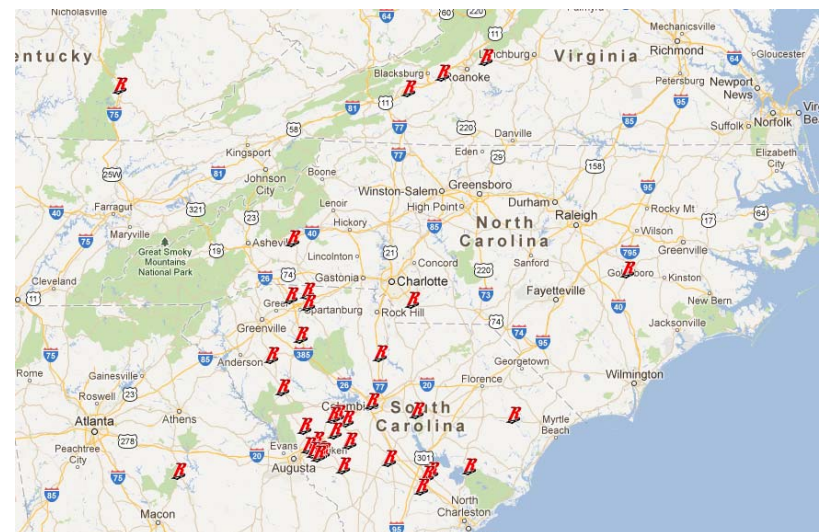


# Roady's Truck Stops

Overview of station area locations  
(doesn't show all actual stations)

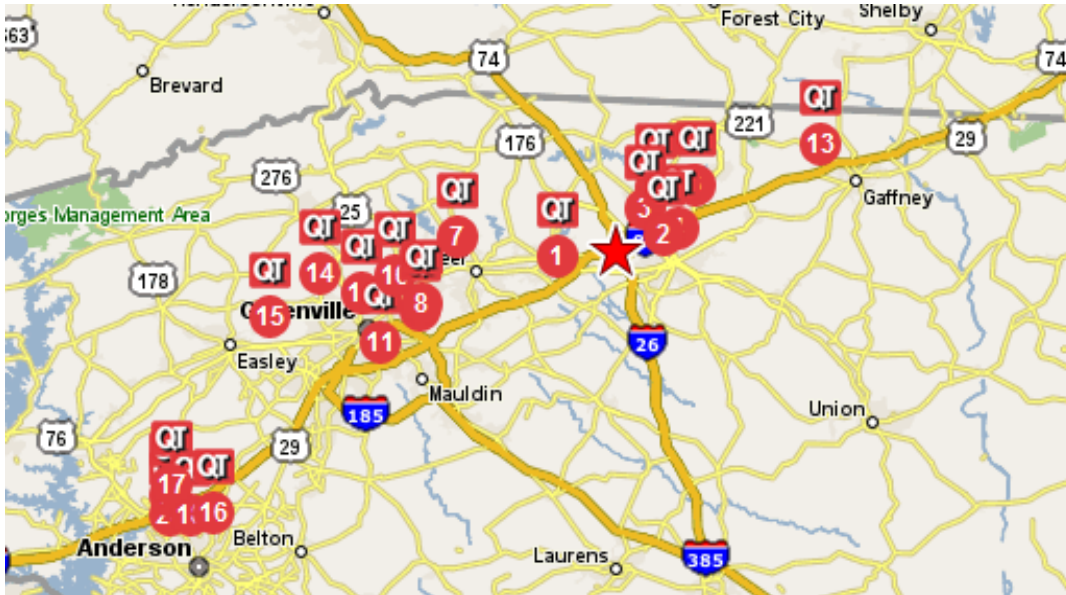


Zoom-In overview of station area locations in the Southeast

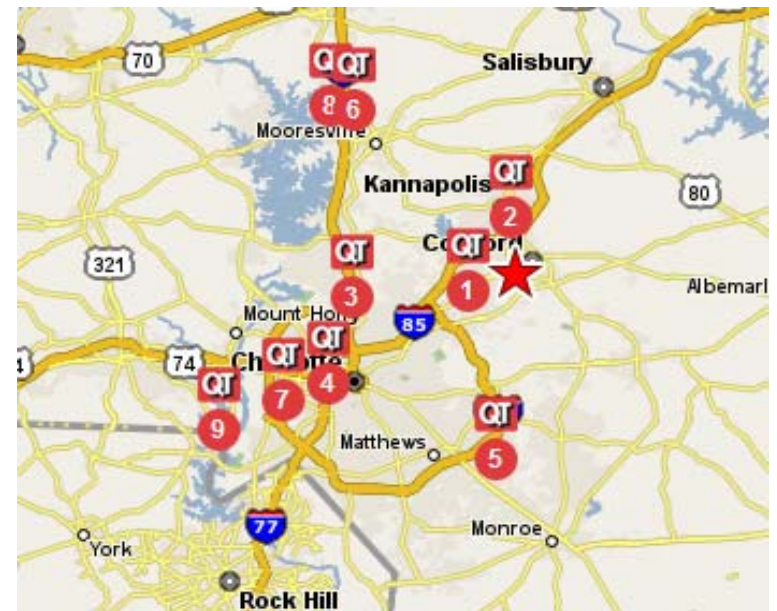


# QuikTrip

Greenville/Spartanburg/Anderson area (20 stations)



Charlotte area (9 stations)

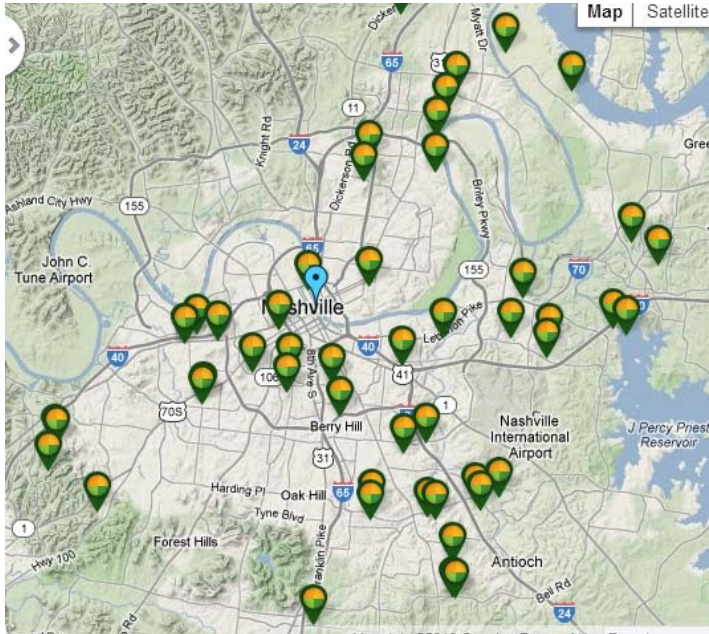




# Delek US

Their website search is limited to 50 stations so only showing some graphical regions/cities

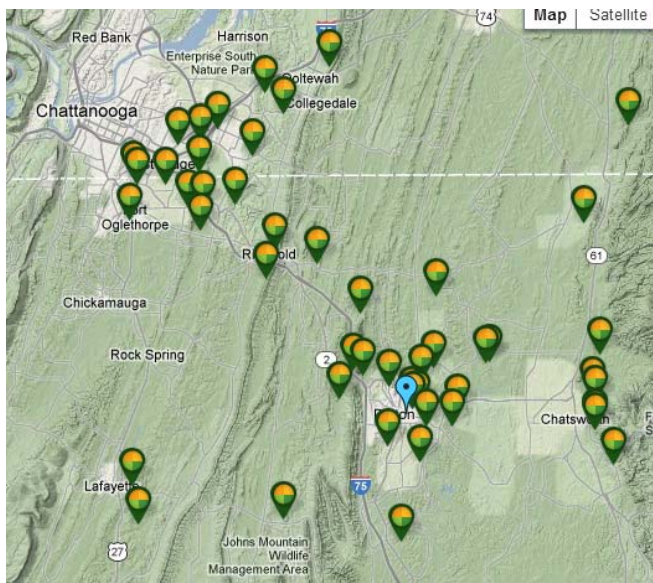
Nashville area



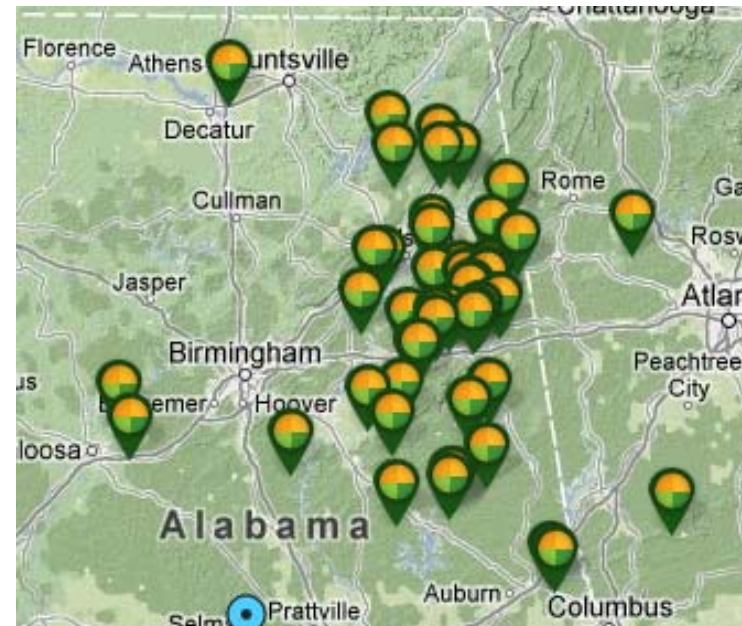
Memphis area



Chattanooga / Dalton, GA area



Alabama area



# APPENDIX



<b><u>Company</u></b>	<b><u>Background / Additional Information</u></b>
<b>WilcoHess</b>	WilcoHess is a leading operator of 400+ convenience stores, travel plazas and restaurants in the Southeastern United States. This year, they will sell over 1 billion gallons of fuel. Hess Corporation has been the primary supplier of petroleum products to WilcoHess since its founding in 1963. In 2001, Ameradas Hess and A T Williams Oil Company formed a Joint Venture relationship. The Partnership was further expanded in 2005, when Trade Oil Company joined as a partner of WilcoHess, LLC. WilcoHess has no plans to offer franchise rights at this time. WilcoHess is a privately held, family owned and operated company.
<b>Hess/Hess Express (not including WilcoHess)</b>	Retail Marketing is the leading independent gasoline convenience store retailer on the East Coast with 1,360 Hess branded locations. Annual convenience store revenues in 2011 excluding petroleum products were approximately \$1.2 billion, a decrease of 2 percent from 2010. Overall store gross margins, however, increased in 2011 versus the prior year, driven by improved store offerings including development of a new fresh food concept and testing of nationally branded quick-serve restaurant concepts. The Corporation had 1,360 HESS® gasoline stations at December 31, 2011, including stations owned by its WilcoHess joint venture (Hess 44%). Approximately 92% of the gasoline stations are operated by the Corporation or WilcoHess. Of the operated stations, 95% have convenience stores on the sites. The Corporation has a contingent purchase obligation to acquire the remaining interest in WilcoHess, a retail gasoline station joint venture. This contingent obligation, which expires in April 2014, was approximately \$205 million at December 31, 2011
<b>Pilot Flying J</b>	Pilot Flying J has over 600 retail locations and is the largest operator of travel centers and travel plazas in North America. The Pilot Flying J network provides customers with access to over 60,000 parking spaces for trucks, over 4,400 showers and over 4,000 diesel lanes. Pilot Flying J subsidiary Maxum Petroleum is one of the largest independent energy logistics companies in North America, selling and distributing over 1.3 billion gallons of refined petroleum products and serving over 15,000 customers. Together, Pilot Flying J and Maxum Petroleum employ over 25,000 people and generate sales of 9 billion gallons of petroleum annually. According to Clean Energy, many of the new natural gas fueling stations will be co-located at Pilot-Flying J Travel Centers already serving goods movement trucking through an exclusive agreement with Pilot to build, own and operate natural gas fueling facilities at agreed-upon travel centers.
<b>Spinx</b>	Stewart Spinks formed Spinx Oil Company in 1972 with a home heating oil delivery service and one convenience store in Greenville, SC. Today, The Spinx Company operates over 65 convenience stores in South Carolina and North Carolina and employs over 700 associates through its stores, food operations and related businesses.
<b>Love's</b>	Started in Watonga, Oklahoma in 1964 and it is privately held by the Love family. They also have ownership in Gemini Motor Transport – petroleum fuel hauler and Love's Truck Tire Care – tire care and roadside assistance. They have retail stores in 39 states nationwide and they have approximately 10,000 employees. Love's Travel Stops has agreed to purchase 50 new Freightliner Cascadia trucks with the Cummins Westport 12-liter compressed natural gas (CNG) engine for its fleet of fuel haulers, operating under the Gemini Transport brand. Gemini, a sister company to Love's, has been testing the 12-liter CNG engine in one of its Freightliner fuel trucks since September 2012.

Continued...

<u>Company</u>	<u>Background / Additional Information</u>
<b>TravelCenters of America / Petro</b>	<p>As of December 31, 2011, TravelCenter's business included 237 travel centers located in 41 states in the U.S. and the province of Ontario, Canada. Their travel centers included 168 operated under the "TravelCenters of America" or "TA" brand names, including 144 that they operated and 24 that franchisees operated, and 69 that were operated under the "Petro" brand name, including 50 that they operated and 19 that franchisees operated. They have lease and franchise agreements with lessees and owners of travel centers. They collect rent and franchise, royalty and other fees under these agreements. As of December 31, 2011, 43 of their travel centers were operated by their franchisees. Ten of these travel centers are leased by them from Hospitality Properties Trust and subleased by TA to a franchisee. Thirty three of these travel centers are owned, or leased from others, by TA franchisees. TA is currently evaluating possible expansion into natural gas as a motor fuel. TA is currently negotiating an agreement with Shell to construct natural gas fueling lanes at certain TA locations. TA does not have a binding agreement with Shell, material terms continue to be negotiated, TA and Shell may not achieve agreement and a binding agreement might not be entered (Feb 2013).</p>
<b>Roady's</b>	<p>Roady's Truck Stops is the largest branded network of independently owned truck stops in the United States with nearly 300 locations in forty-three states. Headquartered in New Plymouth, Idaho, Roady's offers fuel marketing services to truck stops and c-stores. The Roady's Truck Stop network allows independent truck stop and c-store locations to leverage fuel marketing and corporate buying power to get maximum return. In 2012, a Dallas-based company, AmericaCNG, announced that they will be equipping 300 Roady's Truck Stops with natural gas fueling equipment.</p>
<b>QuikTrip</b>	<p>QuikTrip Corporation is a privately held company headquartered in Tulsa, Oklahoma. Founded in 1958, QuikTrip has grown to a more than \$10 billion company with 600+ stores in eleven states. Those revenues place QuikTrip high on the Forbes listing of largest privately held companies. QuikTrip's strategy is to be the dominant convenience/gasoline retailer in each market and to reach that level not through sheer numbers of stores, but through key, high-volume locations. With nearly 13,000 employees.</p>
<b>Delek US Holdings</b>	<p>Delek US Holdings is a diversified downstream energy company with operations in three primary business segments: petroleum refining, marketing &amp; supply and convenience store retailing. They are headquartered in TN and employ more than 3,000 people. The Refining segment operates a 60,000 barrel-per-day refinery in Tyler, TX and an 80,000 barrel-per-day refinery in El Dorado, AR. The Marketing &amp; Supply segment transports and sells refined products on a wholesale basis in through company-owned and third-party operated terminals. The Retail segment markets gasoline, diesel and other refined products through a network of approximately 377 company-operated fuel and convenience stores located in seven states under a number of regional brands.</p>

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

<b>Margin</b>	<b>Annual Total</b>	<b>Allocation %</b>
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%
<b>Total</b>	<b>\$ 104,033,947</b>	<b>100.00%</b>

<b>Throughput (DTs)</b>	<b><u>Nov</u></b>	<b><u>Dec</u></b>	<b><u>Jan</u></b>	<b><u>Feb</u></b>	<b><u>Mar</u></b>	<b><u>Apr</u></b>	<b><u>May</u></b>	<b><u>Jun</u></b>	<b><u>Jul</u></b>	<b><u>Aug</u></b>	<b><u>Sep</u></b>	<b><u>Oct</u></b>	<b><u>Total</u></b>
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
<b>Total</b>	<b>2,455,831</b>	<b>3,909,653</b>	<b>4,868,611</b>	<b>4,633,012</b>	<b>3,498,264</b>	<b>2,260,637</b>	<b>1,431,269</b>	<b>1,013,499</b>	<b>943,661</b>	<b>951,038</b>	<b>952,034</b>	<b>1,354,569</b>	<b>28,272,079</b>
<b>Throughput Apportionment</b>	<b>8.69%</b>	<b>13.83%</b>	<b>17.22%</b>	<b>16.39%</b>	<b>12.37%</b>	<b>8.00%</b>	<b>5.06%</b>	<b>3.58%</b>	<b>3.34%</b>	<b>3.36%</b>	<b>3.37%</b>	<b>4.79%</b>	<b>100.00%</b>

Piedmont Natural Gas Company, Inc.  
 CNG Infrastructure Rider - Rate Schedule 318  
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### Annual Revenue Requirement Computation

Rider Rate Period: November 1, 2014 - October 31, 2015

#### Vintage Year 1 - Through June 30, 2014

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
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	484,662	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.

Net of tax rate of return	6.96%	6.96%	6.96%	6.96%	6.96%
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**Annual Revenue Requirement Computation**

**Rider Rate Period: November 1, 2014 - October 31, 2015**

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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%	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%
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%

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

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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 service 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

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**Annual Revenue Requirement Computation**

**Rider Rate Period: November 1, 2014 - October 31, 2015**

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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 depreciation	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