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October 23, 2014

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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 TRA'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 Responses 1, 2, 15 and 25, 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,

Ginger Yetter

Virginia M. Yetter

Enclosures

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

PIEDMONT NATURAL GAS COMPANY, INC.
CNG IR
TRA DOCKET NO. 14-00086
TRA STAFF DISCOVERY REQUEST
Date Issued: October 14, 2014

3. Is CNG currently being sold by other commercial providers in Tennessee and are there any statutes precluding commercial providers from selling CNG to end users?

Response: Yes, Trillium CNG and Waste Management have stations in Tennessee which serve the public. Piedmont is unaware of any statutes precluding commercial providers from selling CNG to end users.

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

PIEDMONT NATURAL GAS COMPANY, INC.
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4. Assuming approval of Piedmont's tariff allowing customers to resell CNG, discuss whether these commercial providers' sales of CNG will be regulated by the Tennessee Regulatory Authority, some other governmental agency, the competitive marketplace or a combination thereof. Please disregard government regulations relating to safety.

Response: Piedmont is not aware of any legal authority that would support TRA jurisdiction over the sale of CNG by commercial entities that are not otherwise public utilities under the laws of Tennessee.

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

PIEDMONT NATURAL GAS COMPANY, INC.
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5. Assuming that the sale and resell of CNG by commercial providers are unregulated (ignoring safety requirements), please discuss in detail the rationale and basis for Piedmont's proposed inclusion of CNG facilities into regulated operations rather than non-regulated operations. In your response, please distinguish between distribution facilities (gas lines and meters) and other CNG facilities (gas meter to dispenser).

Response: The state of the CNG market in Tennessee (and in other states where Piedmont operates) is nascent but also rife with potential if the barriers to development of that market can be overcome. These barriers include the scarcity of fueling infrastructure and, to a somewhat lesser degree, the limited types and quantities of available natural gas vehicles for purchase or lease. Currently, only a very limited number of public CNG fueling stations offer CNG for sale to the public as a motor vehicle fuel within Piedmont's service territory. Piedmont is authorized to provide natural gas sales and redelivery service to the public within its service territory in Tennessee and CNG is natural gas. The only distinguishing characteristic of CNG is that it is compressed to a level necessary to allow its use as a motor vehicle fuel. The only additional facilities needed to provide CNG service beyond those utilized to provide normal sales/distribution service are compression and dispensing equipment. Given the lack of a competitive market for CNG within Piedmont's service territory, Piedmont's status as a regulated provider of natural gas to the public within its service territory, and the intrinsically identical nature of CNG and natural gas, it is Piedmont's position that retail CNG service is appropriately offered to the public by Piedmont as a utility service (at least under current market conditions). It is also Piedmont's position that it is appropriate for Piedmont to provide underlying wholesale gas service to third-party's who wish to compress natural gas and sell it to the public as CNG. This reasoning has been implicitly affirmed to some degree by the fact that Piedmont has been authorized to offer CNG sales service to the public under its existing Rate Schedule 342 since that rate schedule was approved in TRA Docket No. 11-00144. Inasmuch as CNG sales for vehicular fuel use have been authorized by the Authority as a regulated utility service pursuant to Piedmont's Rate Schedule 342 since April, 2012, Piedmont believes that it is appropriate to include such sales within its regulated operations. Finally, Piedmont would point out that it also authorized to provide CNG sales and/or transportation service as a regulated utility service by both the North Carolina Utilities Commission and the Public Service Commission of South Carolina.

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

6. Assuming the proposed CNG facilities do not recover their associated costs, discuss in detail the rationale and basis for Piedmont's remaining customers subsidizing this loss via higher rates/new riders in a competitive environment.

Response: There are two justifications for spreading any cost under-recovery for CNG service across Piedmont's total customer base. The first is that this is a developing market with significant potential to contribute to Piedmont's future rate case revenue requirements thereby reducing the costs of future service to all Piedmont's customers. This market is not likely to develop (or will develop much more slowly) without mechanisms to support the development of this market. To the extent this market does not develop or develops more slowly than it could, all of Piedmont's ratepayers will be harmed by paying a higher percentage of Piedmont's revenue requirement than they otherwise might pay. Second, Piedmont's regulated utility rates are not based solely on cost. Instead, as part of the ratemaking process the Company proposes and the Authority approves rates by customer class based upon a number of factors. These factors include, but are not limited to, the relative costs attributed to and revenue contribution of Piedmont's various rate classes. Even within customer classes, however, costs to provide service are not equal. For example, the cost of providing residential service to high density housing facilities located near Piedmont transmission lines are typically much lower than providing residential service to single family dwellings in more rural environments. Nonetheless, these costs are aggregated and spread across all residential customers for purposes of rate making. It is also true that costs are not equally allocated between Piedmont's various rate classes which also creates the potential for subsidization of one rate class by others. As an example of this, residential customers have historically paid rates that are less than fully compensatory to Piedmont (when viewed strictly on the basis of costs) while industrial customers have paid rates that are more than fully compensatory. It is always the case then that large numbers of individual Piedmont customers could be considered to be subsidized by other customers when viewed on an individual and "cost only" perspective. Piedmont views the potential "subsidization" of CNG facilities (which would be very small on a per customer basis in any case) to be a reasonable and transitory cost for the potential development of a market that could substantially reduce future rates to non-CNG customers. Finally, Piedmont would note that the purpose of its IR mechanism is not to subsidize CNG service but to accelerate the ability to earn on capital invested in CNG related equipment. Further, much of the service Piedmont proposes to offer to customers under its revised CNG tariffs (and particularly proposed Rate Schedule 343) will be wholesale service to customers providing their own compression equipment.

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

PIEDMONT NATURAL GAS COMPANY, INC.
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7. Are Piedmont's stockholders funding any portion of the existing CNG operations? If so, please state all amounts provided by stockholders to date; If not, discuss why they have not. Are Piedmont's stockholders funding any portion of the proposed CNG operations? If so, please indicate how much stockholders intend to fund; If not, discuss why they will not.

Response: Piedmont provides CNG service in Tennessee, North Carolina, and South Carolina exclusively on a regulated basis. As such, all the costs and revenues associated with CNG service are treated as jurisdictional in nature. Under prevailing ratemaking principles in each of these States, all of Piedmont's costs of service and rates are established by the supervising state public service commission or authority and are allocated to Piedmont's customers receiving service under its various rate schedules. These costs include a return on the capital Piedmont has invested in CNG equipment. The capital for this investment is provided, in part, by Piedmont's shareholders.

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

PIEDMONT NATURAL GAS COMPANY, INC.
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8. Has Piedmont sought or received any funding via government grants for its CNG projects? If so, identify all funding received. If grants are available and Piedmont has chosen not to apply, please state the rationale for not seeking such funds.

Response: Piedmont has not received any grant funding for any of its CNG stations. Piedmont considers any available grant money as a good aid for new customers looking to invest in pilot project vehicles to learn about CNG fueling and benefits.

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

PIEDMONT NATURAL GAS COMPANY, INC.
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9. Does Piedmont have or propose any measures and/or safeguards to ensure that it provides CNG to its own facilities at the same rates, terms and conditions of service provided to Piedmont's customers that desire to resell CNG? If so, provide a complete list and description of each measure and/or safeguard; If not, discuss the rationale for not having such measures.

Response: Piedmont uses its CNG facilities to provide vehicle fuel to its own fleet of utility vehicles. Piedmont's use of natural gas, including the use of natural gas in compressed form, is referred to as 'Company use' and accordingly accounted for as 'Company use' in the computation of the ACA.

As background, in the normal course of business, Piedmont incurs Company use of natural gas as a result of Piedmont's operation of gas-fired backup power generation at our LNG facility, gas-fired pipeline heaters at regulator stations on our system, gas-fired space heating for our buildings, and our CNG-fueled fleet vehicles (mainly service trucks). All Company use of natural gas is metered. There is no revenue generated with Company use because Piedmont does not render bills onto itself for Company use incurred.

The cost that Piedmont incurs with Company use gas is the actual cost incurred by the Company to purchase and deliver natural gas from upstream Suppliers on interstate pipelines for the Company's system supply. These costs are not recovered in Piedmont's base margin rates. Rather, they are recovered thru the ACA since all gas purchased for the Company's system supply (including Company use gas) is accounted for in the ACA. Service Schedule 311 (Purchased Gas Adjustment Rider) defines "Gas Costs" as "the total delivered cost of gas paid or to be paid to Suppliers, including, but not limited to, all commodity/gas charges, demand charges, peaking charges, surcharges, emergency gas purchases, over-run charges, capacity charges, standby charges, gas inventory charges, minimum bill charges, minimum take charges, take-or-pay charges and take-and-pay charges (except as provided below), storage charges, service fees and transportation charges and any other similar charges which are paid by the Company to its gas suppliers in connection with the purchase, storage or transportation of gas for the Company's system supply, including Company use and lost and unaccounted for gas." Considering the existing treatment of Company use natural gas as described above, the rates, terms and conditions of service that Piedmont may provide to its customers desiring to resell natural gas as a motor fuel under proposed Rate Schedule 343 has no bearing or relevance on the natural gas that Piedmont uses for its own CNG-fueled vehicle fleet.

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

PIEDMONT NATURAL GAS COMPANY, INC.
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10. Tenn. Code Ann. § 65-5-103(d)(3)(A)(iii) states "Infrastructure that will provide opportunities for economic development benefits in the area to be directly served by the infrastructure." Please discuss and quantify all such economic benefits that will be generated if Docket 14-00086 is approved.

Response: If Piedmont's Petition in Docket No. 14-00086 is approved, it will facilitate Piedmont's expansion of CNG service to the public. Increasing the availability of this alternative motor vehicle fuel to the public will facilitate increased utilization of CNG vehicles which will demonstrably reduce fuel costs to individuals and businesses adopting that fuel. The increased savings by these individuals and companies, which will be local in nature, will then be available for investment in other enterprises or for consumption, thereby increasing economic opportunities within the area in which these persons/companies operate. To the extent Piedmont's expanded natural gas fueling facilities are located at new or existing gas stations or convenience stores, they will enhance revenue opportunities for those stores by providing an alternate and additional fuel source for sale to the public. Finally, to the extent the rider facilitates the expansion of natural gas motor vehicle fueling facilities within Nashville, then additional design and construction related work will be required in order to bring those facilities into service. Piedmont has not attempted to quantify the individual impacts of these benefits to local economies at this time.

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

PIEDMONT NATURAL GAS COMPANY, INC.
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11. Discuss all other alternative fuel technologies that Piedmont has invested in.

Response: Piedmont in the late 1980s developed a business interest in propane as a transportation fuel at a time when the company also had propane delivery unregulated business interests. The business interest was in providing conversions of gasoline vehicles (mostly municipal vehicles) to use propane. The conversion business lasted for less than 2 years, and was shut down as gasoline prices declined to the point that such conversions were not economical. Since that time, Piedmont divested itself of its propane delivery business, and has made no other investment in alternative fuel technologies other than CNG.

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

PIEDMONT NATURAL GAS COMPANY, INC.
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12. Provide all studies conducted by Piedmont that support investment in alternative fuel stations.

Response: There are no studies specific to Tennessee (or to Piedmont's other jurisdictions) that were relied upon to support investment in the Nashville market.

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

PIEDMONT NATURAL GAS COMPANY, INC.
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13. Provide all requisite site requirements that Piedmont considers necessary before a CNG station is built.

Response: Piedmont would consider such factors as: the size of the lot to accommodate the CNG facilities and provide an adequate turning radius for tractor trailers and refuse trucks; space available for runoff control and any retention ponds necessary; the potential traffic count and types of vehicles that frequent the areas; existing traffic speeds and lines of sight that would impact customers being able to enter and exit the site safely; the proximity of the location to customer fleet bases, truck distribution facilities, and interstates and major highways; the proximity of the site to Piedmont's natural gas mains; the relative location to other existing Piedmont or third party CNG stations; and the probability of attracting anchor loads as soon as possible.

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

PIEDMONT NATURAL GAS COMPANY, INC.
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14. Provide the name(s) of all affiliated companies that Piedmont will utilize in providing service at CNG stations.

Response: Piedmont does not use any affiliated companies to provide service at its CNG stations.

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

PIEDMONT NATURAL GAS COMPANY, INC.
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16. Is it Piedmont's position that it can build CNG stations outside of its service territory? If so, indicate Piedmont's proposed plans for building stations outside of its service territory.

Response: Piedmont has no plans to build and operate CNG stations to provide service to the public outside of its service territory.

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

PIEDMONT NATURAL GAS COMPANY, INC.
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17. Provide the current CNG retail rate at Piedmont's CNG station, including each cost component used to derive such rate.

Response: Piedmont currently provides CNG retail service to the public at its existing CNG stations. The rate for this service is the current tariff rate approved by the TRA for service under Rate Schedule 342.

Current Billing Rate (October 2014):

			Rate Per Therm		Rate Per GGE
Line 1	Rate Schedule 342	$	0.83911	$	1.05728
Line 2	Rate Schedule 342 charge for Company-owned compressor facilities (margin)	$	0.50000	$	0.63000
Line 3	Federal Excise Fuel Tax	$	0.14524	$	0.18300
Line 4	TN Road Tax	$	0.10317	$	0.13000
Line 5	Nashville Metro Franchise Fee	$	0.05370	$	0.06767
Line 6	Sales Tax	$	0.09750	$	0.12285
Line 7	Total Rate calibrated to dispenser	$	1.73872	$	2.19079

See the attachment, which provides the components which comprise the amount shown on Line 1 in the table above.
(GGE = Gallon of Gas Equivalent)

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

The following file has been produced in native format:

Staff DR – Response 17 Attachment.xlsx

PIEDMONT NATURAL GAS COMPANY, INC.
CNG IR
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18. Provide electronic Excel files with working formulas for all workpapers (pages 1 through 4d) in the Computation of the CNG Infrastructure Adjustment.

Response: See attachment.

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

The following file has been produced in native format:

Staff DR – Response 18 Attachment.xlsx

PIEDMONT NATURAL GAS COMPANY, INC.
CNG IR
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19. How were the original capital costs associated with the CNG filling station located at Piedmont's Nashville Resource Center on Century Boulevard prior to the expansion and improvements occurring after March 2012 booked?

Response: The original capital costs (gross plant) associated with Piedmont's CNG facilities at its Resource Center on Century Boulevard prior to the expansion and improvements occurring after March 2012 are recorded in GL account 10100 – Utility Plant in Service, utility plant account 39400. These costs totaled $327,662.

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

PIEDMONT NATURAL GAS COMPANY, INC.
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20. In what year was the existing CNG infrastructure on Century Boulevard built?

Response: Piedmont's original CNG facilities at its Resource Center on Century Boulevard were placed into service in June 2010 for the purpose of fueling Piedmont service vehicles.

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

PIEDMONT NATURAL GAS COMPANY, INC.
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Date Issued: October 14, 2014

21. What is the current level of participation in the CNG market of residential customers under Rate Schedule 301?

Response: Piedmont does not currently provide natural gas for motor vehicle fuel purposes to any customer served under Rate Schedule 301.

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

PIEDMONT NATURAL GAS COMPANY, INC.
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22. See page 1 of the Company's workpapers computing the CNG Infrastructure Adjustment. Explain the Company's rationale for the using the customer class allocation percentage from the last rate case, which places 59.64% of the cost on the residential class, to distribute recovery of the CNG capital costs.

Response: The Company's rationale is that this customer class apportionment is consistent with the overall allocation of Piedmont's Cost of Service to its customer classes. CNG as a vehicular fuel is a nascent and developing market. At this point in time, Piedmont has no other basis upon which to determine the appropriate customer class assignment of the CNG Infrastructure costs.

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

PIEDMONT NATURAL GAS COMPANY, INC.
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23. Explain the Company's rationale for not charging the Infrastructure Adjustment to the Special Contract customers.

Response: Whereas the CNG Infrastructure Adjustments will occur annually each November, the term of Special Contracts do not occur with such frequency. For existing Special Contracts Piedmont does not currently have an opportunity to adjust rates.

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

PIEDMONT NATURAL GAS COMPANY, INC.
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24. Provide a complete calculation of the Common Equity percentage of 8.846% used in the Pre-tax ROR calculation of 11.446% on page 4b of the Company's workpapers.

Response: See the excel worksheet provided as an attachment in response to Item 18 of this data request. In summary, the rate of 8.846% is calculated as:

[(Common Equity Capitalization of 52.71% from the Company's 2011 Rate Case) x (10.2% Common Equity Cost in the Company's 2011 Rate Case)] ÷ (1 – Composite income tax rate of 39.23%)

The Common Equity Capitalization ratio of 52.71% and the 10.2% Common Equity Cost were both shown in the Relevant Rate Case Order – see the TRA's 4/18/12 Order in Docket No. 11-00144, Attachment A, Schedule 8.

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

PIEDMONT NATURAL GAS COMPANY, INC.
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26. Provide the Account No. of the CNG Infrastructure Deferred Account.

Response: Piedmont has not yet established the CNG Infrastructure Deferred Account. Upon TRA approval of the CNG Infrastructure, Piedmont will establish this deferred account as a current liability account (FERC account 253XX).

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

PIEDMONT NATURAL GAS COMPANY, INC.
CNG IR
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27. Will the CNG Infrastructure Deferred Account operate similar to the Actual Cost Adjustment Deferred Gas Cost Account? Will the CNG Infrastructure Adjustment per therm be calculated on the ending balance in the CNG Infrastructure Deferred Account at June 30 (inclusive of interest) based on the allocation percentages established for the customer classes?

Response: The CNG Infrastructure Deferred Account will operate similar to the Integrity Management Deferred Account described in the Company's Service Schedule 317:

The annual CNG Infrastructure Adjustment will be calculated as the sum of two components below:

a. The total CNG Infrastructure Revenue Requirement ("CNGIRR"), excluding Refund Adjustments. This amount is shown on Line 6 of Page 3 of the annual CNG Infrastructure Rider filing...see Page 3 of the attachment in the response provided to Item 18 of this data request.

Plus

b. The Refund Adjustments. The Refund Adjustments is the ending balance in the CNG Infrastructure Deferred Account at each June 30 (inclusive of interest). After the first year of operation of the CNG Infrastructure Rider, this amount will be shown on Line 3 of Page 1 of the annual CNG Infrastructure Rider filing...see Page 1 of the attachment in the response provided to Item 18 of this data request.

Each of these components will be allocated to customer classes based on the margin revenue allocation percentages established for the customer classes from the Relevant Rate Case Order. The current Relevant Rate Case Order is the 4/18/2012 TRA Order in Docket No. 11-00144. These margin revenue allocation percentages are shown on Page 2 of the annual CNG Infrastructure Rider filing...see Page 2 of the attachment in the response provided to Item 18 of this data request. On a per therm basis, the annual CNG Infrastructure Adjustment allocated to each customer class, as described above, is divided by the annual throughput from the Relevant Rate Case Order. The current Relevant Rate Case Order is the 4/18/2012 TRA Order in Docket No. 11-00144. The annual throughput (in dekatherms) is shown on Page 2 of the annual CNG Infrastructure Rider filing...see Page 2 of the attachment in the response provided to Item 18 of this data request.

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

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:

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 23 day of October, 2014.

Hegie Yetter

Forty-First Revised Sheet No. 1

PIEDMONT NATURAL GAS COMPANY, INC.
Tennessee Service Territory
Billing Rates Effective: May 1, 2014

Rate Schedule	Description	Tariff Rate Approved In Docket No. 11-00144 <1>	---------Cumulative PGA---------- Demand <2>	Commodity <3>	Current Refund <4>	--------------Current ACA------------- Demand <5a>	Commodity <5b>	Current IPA <6>	Current IM Adjustment <7>	Total Adj. Factor (Sum Col.2 thru Col.6) <8>	Proposed Billing Rate (Col.1+Col.7) <9>
	Monthly Charge-Nov.-Mar.	$17.45									$17.45
Residential	Monthly Charge-Apr.-Oct.	$13.45									$13.45
301	Nov.- Mar. per TH	0.32000	0.07577	0.48704	0.00000	(0.02370)	0.06475	0.00416	0.07018	0.67820	0.99820
301	Apr.- Oct. per TH	0.27000	0.07577	0.48704	0.00000	(0.02370)	0.06475	0.00416	0.07018	0.67820	0.94820
Small General	Monthly Charge	$44.00									$44.00
302	Nov.- Mar. per TH	0.35400	0.07577	0.48704	0.00000	(0.02370)	0.06475	0.00416	0.06130	0.66932	1.02332
302	Apr.- Oct. per TH	0.30000	0.07577	0.48704	0.00000	(0.02370)	0.06475	0.00416	0.06130	0.66932	0.96932
Medium General	Monthly Charge	$225.00									$225.00
352	Nov.- Mar. per TH	0.35400	0.07577	0.48704	0.00000	(0.02370)	0.06475	0.00416	0.06130	0.66932	1.02332
352	Apr.- Oct. per TH	0.30000	0.07577	0.48704	0.00000	(0.02370)	0.06475	0.00416	0.06130	0.66932	0.96932
Natural Gas Vehicle Fuel	Monthly Charge	$40.00									$40.00
342	Rate per TH	0.23109	0.07577	0.48704	0.00000	(0.02370)	0.06475	0.00416		0.60802	0.83911
342	Rate per GGE	0.29117	0.09547	0.61367	0.00000	(0.02986)	0.08159	0.00524		0.76611	1.05728
303	Monthly Charge	$800.00									$800.00
Firm	Demand Charge per TH	0.80000	0.82829		0.00000	(0.44184)				0.38645	1.18645
General Sales	First 15,000 TH/TH	0.09682		0.48704	0.00000		0.06475	0.00416	0.02723	0.58318	0.68000
	Next 25,000 TH/TH	0.08953		0.48704	0.00000		0.06475	0.00416	0.02723	0.58318	0.67271
	Next 50,000 TH/TH	0.06450		0.48704	0.00000		0.06475	0.00416	0.02723	0.58318	0.64768
	Over 90,000 TH/TH	0.02764		0.48704	0.00000		0.00000	0.00416	0.02723	0.51843	0.54607
304	Monthly Charge	$800.00									$800.00
Interruptible	First 15,000 TH/TH	0.09682		0.48704	0.00000		0.06475	0.00416	0.00681	0.56276	0.65958
General Sales	Next 25,000 TH/TH	0.08953		0.48704	0.00000		0.06475	0.00416	0.00681	0.56276	0.65229
	Next 50,000 TH/TH	0.06450		0.48704	0.00000		0.06475	0.00416	0.00681	0.56276	0.62726
	Over 90,000 TH/TH	0.02764		0.48704	0.00000		0.00000	0.00416	0.00681	0.49801	0.52565
313	Monthly Charge	$800.00									$800.00
Firm	Demand Charge per TH	0.80000	0.82829		0.00000	(0.44184)				0.38645	1.18645
Transportation	First 15,000 TH/TH	0.09682			0.00000				0.02723	0.02723	0.12405
	Next 25,000 TH/TH	0.08953			0.00000				0.02723	0.02723	0.11676
	Next 50,000 TH/TH	0.06450			0.00000				0.02723	0.02723	0.09173
	Over 90,000 TH/TH	0.02764			0.00000				0.02723	0.02723	0.05487
314	Monthly Charge	$800.00									$800.00
Interruptible	First 15,000 TH/TH	0.09682			0.00000				0.00681	0.00681	0.10363
Transportation	Next 25,000 TH/TH	0.08953			0.00000				0.00681	0.00681	0.09634
	Next 50,000 TH/TH	0.06450			0.00000				0.00681	0.00681	0.07131
	Over 90,000 TH/TH	0.02764			0.00000				0.00681	0.00681	0.03445
310	Demand Charge per TH	0.80000	0.82829		0.00000	(0.44184)				0.38645	1.18645
Resale Service	Commodity Charge	0.09000		0.48704	0.00000		0.06475	0.00416	0.02723	0.58318	0.67318

NOTES:

1) In accordance with the Tennessee Public Service Commission order in Docket U-7074 customers metered inside Davidson County are required to pay an additional 6.40% for collection of the Metro Franchise Fee. Customers served by the Fairview, Greenbrier, Hartsville, Mt. Juliet and White House systems are required to pay 5.0%. Customers served by the Franklin and Nolensville systems are required to pay 3%. Commercial customers on the Ashland City system are required to pay 5%.

2) The Monthly Charge for Rate Schedule 342 is not applicable to gas service provided at the Company's Premises. The Company may bill in units of Gas Gallon Equivalent ("GGE") for gas service provided at the Company's Premises under Rate Schedule 342. The rates convert 1.26 Therms to 1 GGE.

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	

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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%**

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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.
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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	484,662	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.

	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.
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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
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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
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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