

**BASS BERRY + SIMS** PC

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December 1, 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 an Integrity Management Rider to its Approved Rate Schedules and Service Regulations***  
**Docket No. ~~1300118~~ 14-00147**

Dear Mr. Taylor:

I am enclosing an original and five (5) copies of Piedmont Natural Gas Company Inc.'s ("Piedmont" or "Company") Integrity Management Rider ("IMR") mechanism annual filing.

Under Piedmont's IMR mechanism, Service Schedule No. 317 as approved by the Authority Order on May 13, 2014, Piedmont will adjust its rates effective January 1st of each year in order to recover, on an intra-rate case basis, the costs associated with integrity management capital investment spending not reflected in Piedmont's base rates as of October 31st of the preceding year.

Piedmont's IMR requires that Piedmont submit an annual filing no later than November 30 of each year to assist the Authority in determining the prudence and necessity of the costs submitted for recovery.

Piedmont hereby submits its 2014 annual filing which includes the following information in accordance with Service Schedule No. 317: (a) the monthly IMR filing for October, (b) a schedule of all journal entries made related to this Rider for the previous 12 months, (c) billing determinants for the prior 12 months as used in the computation of the Deferred Account Adjustment, (d) capitalization policy effective for the prior 12 months, (e) the computation calculating the IMRR and all supporting schedules, (f) a schedule of any proposed prior period adjustments, and (g) a statement of whether the Company is aware of any changing conditions that may affect whether the rider is still in the public interest, including the identification of those factors.

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

The Honorable Earl Taylor  
December 1, 2014  
Page Two

With kindest regards, I remain

Very truly yours,

A handwritten signature in blue ink, appearing to read "R. Dale Grimes". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

R. Dale Grimes

Enclosures

**Before the  
Tennessee Regulatory Authority**

**Docket No. 13-00118**

**Petition of Piedmont Natural Gas Company, Inc.  
For Approval of an Integrity Management Rider to its  
Approved Rate Schedules and Service Regulations**

**Integrity Management Rider**

**2014 Annual Filing**



**December 1, 2014**

**Docket No. 13-00118**  
**Integrity Management Rider**  
**October Monthly Report**

Piedmont Natural Gas Company, Inc.  
Integrity Management Rider  
State of Tennessee  
TRA Docket No. 13-00118

IMR Monthly Filing for Oct 2014  
Schedule 1

**Cumulative Integrity Management Investment Amount**  
**Actual Integrity Management Investment, by Integrity Project Type**

Line No.		Current Vintage Year: Vintage Year 2			All Vintage Years
		October 2014 Capital Expenditure <sup>1</sup>	Prior Cumulative Capital Expenditure <sup>2</sup>	Cumulative Capital Expenditure as of <u>October 2014</u> <sup>3</sup>	Cumulative Capital Expenditure as of <u>October 2014</u> <sup>6</sup>
	<i>TN Direct</i>				
1	Corrosion Control	\$ (19,971.72)	\$ 1,164,996.03	\$ 1,145,024.31	\$ 4,649,883.31
2	Casing Remediation	\$ 25,722.42	\$ 264,204.34	\$ 289,926.76	\$ 290,232.28
3	Distribution Integrity	\$ 1,218,358.05	\$ 4,881,579.32	\$ 6,099,937.37	\$ 10,668,480.41
4	Transmission Integrity	\$ 1,009,715.18	\$ 40,043,557.56	\$ 41,053,272.74	\$ 158,805,089.07
5	Total	\$ 2,233,823.93	\$ 46,354,337.25	\$ 48,588,161.18	\$ 174,413,685.07
	<i>Joint Property: CO3-State</i>				
6	OASIS Project (Work & Asset Management System)	\$ 1,836,342.51	\$ 28,172,097.64	\$ 30,008,440.15	\$ 71,126,872.61
7	TN % of CO-3 for Current Month <sup>4</sup>	17.95%			
8	Total Allocated to TN	\$ 329,623.48	\$ 5,056,891.53	\$ 5,386,515.01	\$ 12,767,273.64
9	Total Capital Expenditures [Line 5 + Line 8]	\$ 2,563,447.41	\$ 51,411,228.78	\$ 53,974,676.19	\$ 187,180,958.71
10	Less: Amount Included in the Attrition Period <sup>5</sup>	\$ -		\$ -	\$ 32,900,000.00
11	<b>Total Integrity Management Investment</b>	<b>\$ 2,563,447.41</b>	<b>\$ 51,411,228.78</b>	<b>\$ 53,974,676.19</b>	<b>\$ 154,280,958.71</b>

1/ Represents, for the current month, the actual Integrity Management Investment that is subject to this Rider

2/ Represents, as of the prior month, the cumulative Integrity Management Investment for the current Vintage Year that is subject to this Rider; this amount is shown in the prior month's report

3/ Represents, for the current Vintage Year through the current month, the cumulative Integrity Management Investment that is subject to this Rider

4/ Represents the TN% of Total Company Gas Plant Excluding Joint Property, which is updated annually

5/ Amount being recovered in existing base rates, per the Relevant Rate Order in Docket 11-00144

6/ Represents, for all Vintage Years through the current month, the cumulative Integrity Management Investment that is subject to this Rider. The cumulative Integrity Management Investment for Vintage Year 1, which captures amounts through 10/31/13, is \$100,306,282.52.



**Detail of Current Month's Integrity Management Investment Amount**  
**Actual Capital Investment for Current Month, by Capital Funding Project**

Line No.	Capital Project Type	Funding Project Number	District	Funding Project Description	October 2014
1	CORR-Corrosion Control	FP1733548	17	Nashville Distribution New Coating	\$ (290.85)
2	CORR-Corrosion Control	FP1733567	17	Nashville Bridge New Coating-Dist	\$ (19,380.29)
3	CORR-Corrosion Control	FP1733568	17	Nashville Bridge New Coating-Trans	\$ (300.58)
4	CSNG-Casing & Remediation	FP1733393	17	Whites Creek Pike Casing Mitig	\$ (20.19)
5	CSNG-Casing & Remediation	FP1733739	17	Casings #2719,2738,2720,2772	\$ 25,742.61
6	DIMP-Distribution Integrity	FP1733603	17	Hogan Road - Main Replacement	\$ 19,445.96
7	DIMP-Distribution Integrity	FP1733752	17	Murfreesboro Rd. Fessler to Menzler	\$ 144,745.06
8	DIMP-Distribution Integrity	FP1733753	17	3rd and Hart Upgrade	\$ 133,461.89
9	DIMP-Distribution Integrity	FP1733754	17	South 12th (14th St. and Seiver St.	\$ 3,909.13
10	DIMP-Distribution Integrity	FP1733755	17	Wheeler Ave. and Hewlett Dr.	\$ 36,507.89
11	DIMP-Distribution Integrity	FP1733756	17	Foster Ave, Murfreesboro to Lyle	\$ 111,193.46
12	DIMP-Distribution Integrity	FP1733757	17	Gallatin Pk at Due West (Madison)	\$ 141,588.86
13	DIMP-Distribution Integrity	FP1733827	17	Elm Hill Pike Bridge Replaceme	\$ 93,833.93
14	DIMP-Distribution Integrity	FP1733885	17	2nd Ave North 14" Replacement	\$ 530,712.50
15	DIMP-Distribution Integrity	FP1733904	17	lakewood relocates	\$ 2,959.37
16	TIMP-Transmission Integrity	FP1733363	17	ILI Retrofit - Line J	\$ 8,890.92
17	TIMP-Transmission Integrity	FP1733398	17	South Nashville 20"	\$ 773,833.56
18	TIMP-Transmission Integrity	FP1733461	17	Nashville ILI Retrofit Holtsholder	\$ 2,365.55
19	TIMP-Transmission Integrity	FP1733462	17	Nashville ILI Retrofit-Holtsholder2	\$ 90,055.23
20	TIMP-Transmission Integrity	FP1733747	17	White Bridge Rd at Charlotte Pk	\$ 69,098.10
21	TIMP-Transmission Integrity	FP1733929	17	White Bridge Road @ Post Rd. r	\$ 39,876.79
22	TIMP-Transmission Integrity	FP1733950	17	County Hospital Station Upgrade	\$ 3,161.55
23	TIMP-Transmission Integrity	FP1733989	17	Line 310 T Cut Out R1	\$ 22,433.48
24	ISENP-Information Serv Enterprise	FP0026658	00	Work & Asset Management (OASIS)	\$ 1,836,342.51
25	<b>Total (unallocated)</b>				<b>\$ 4,070,166.44</b>
26	<i>subtotal: TN Direct (unallocated)</i>				<i>\$ 2,233,823.93</i>
27	<i>subtotal: CO-3 (unallocated)</i>				<i>\$ 1,836,342.51</i>
					<b>\$ 4,070,166.44</b>

Piedmont Natural Gas Company, Inc.  
Integrity Management Rider  
State of Tennessee  
TRA Docket No. 13-00118

IMR Monthly Filing for Oct 2014  
Schedule 3

Schedule Detailing the Integrity Management Deferred Account Adjustment Recorded for the Month

Calculation of the IM Deferred Account Balance

Amount Due From (To) Customers per GL Account No. 25351

<u>Line No.</u>			<u>Oct-14</u>
1	Beginning Balance	Prior Month's IMR Report	\$ (2,502,067.11)
2	IMR Revenue Recognition	Prior Annual IMR Report	627,430.12
3	(Collections from IM Adjustment)	see Separate Schedule	(433,520.04)
4	Ending Balance Before Interest	sum Lines 1 thru 3	(2,308,157.03)
5	Average Balance	(Line 1 + Line 4) / 2	(2,405,112.07)
6	Accrued Interest	Line 5 * Line 9	(6,513.04)
7	Ending Balance After Interest	Line 4 + Line 6	\$ (2,314,670.07)
8	Applicable Annual Interest Rate	same as for ACA	0.032500
9	Monthly Interest Rate	Line 8 / 12	0.002708
10	Actual GL #25351 EOM Balance	per GL	\$ (2,314,670.07)
11	Variance	Line 7 - Line 10	\$ -

Journal Entry: To Record Revenue

01 01 25351 3 17 6250 489	627,430.12
01 01 48010 3 17 6220 489	(374,224.42)
01 01 48110 3 17 6220 489	(195,839.76)
01 01 48120 3 17 6220 489	(8,382.47)
01 01 48300 3 17 6220 489	(175.68)
01 01 48900 3 17 6220 489	(48,807.79)

Journal Entry: To Record Interest

01 01 25351 3 17 6250 626	(6,513.04)
01 01 43101 3 17 6220 626	6,513.04

Piedmont Natural Gas Company, Inc.  
 Integrity Management Rider  
 State of Tennessee  
 TRA Docket No. 13-00118

IMR Monthly Filing for Oct 2014  
 Schedule 4

**General Ledger Support**  
**Integrity Management Deferred Account Adjustment Recorded for the Month**

Calculation of the IM Adjustment Collections:

October - 2014				
Line No.	IM Adjustment (\$ per therm)	x	Usage (therms)	= Collections (\$)
1 Residential (301)	0.07018		2,407,152	168,933.93
2 Small Commercial (302)	0.06130		2,116,972	129,770.38
3 Medium Commercial (352)	0.06130		669,128	41,017.55
4 Firm Lg General Sales (303)	0.02723		349,673	9,521.60
5 Firm Lg General Transportation (313)	0.02723		1,435,407	39,086.13
6 Firm Resale (310)	0.02723		-	-
7 Interruptible Lg General Sales (304)	0.00681		20,723	141.12
8 Interruptible Lg General Transportation (314)	0.00681		6,615,173	45,049.33
10 Total				\$ 433,520.04

Journal Entry: To Record Collections

01 01 48010 3 17 6220 489	168,933.93
01 01 48110 3 17 6220 489	129,770.38
01 01 48110 3 17 6220 489	41,017.55
01 01 48120 3 17 6220 489	9,521.60
01 01 48900 3 17 6220 489	39,086.13
01 01 48300 3 17 6220 489	-
01 01 48110 3 17 6220 489	141.12
01 01 48900 3 17 6220 489	45,049.33
01 01 25351 3 17 6250 489	(433,520.04)



**Docket No. 13-00118**  
**Integrity Management Rider**  
**Billing Rates**

PIEDMONT NATURAL GAS COMPANY, INC.  
Tennessee Service Territory  
Billing Rates Effective: January 1, 2015

Rate Schedule	Description	Tariff Rate Approved In Docket No. 11-00144	Cumulative Demand	PGA Demand	Commodity	Current Refund	Current ACA Demand	Commodity	Current IPA	Current IM Adjustment	Total Adj. Factor (Sum Col.2 thru Col.7)	Proposed Billing Rate (Col. 1+Col.8)
		<1>	<2>	<3>	<4>	<5a>	<5b>	<6>	<7>	<8>	<9>	
Residential 301	Monthly Charge-Nov.-Mar.	\$17.45										\$17.45
	Monthly Charge-Apr.-Oct.	\$13.45										\$13.45
	Nov.- Mar. per TH	0.32000	0.07577	0.48704	0.00000	(0.02370)	0.06475	0.00663	0.09285	0.70334	0.70334	1.02334
Small General 302	Monthly Charge	\$44.00										\$44.00
	Nov.- Mar. per TH	0.35400	0.07577	0.48704	0.00000	(0.02370)	0.06475	0.00663	0.08111	0.69160	0.69160	1.04560
	Apr.- Oct. per TH	0.30000	0.07577	0.48704	0.00000	(0.02370)	0.06475	0.00663	0.08111	0.69160	0.69160	0.99160
Medium General 352	Monthly Charge	\$225.00										\$225.00
	Nov.- Mar. per TH	0.35400	0.07577	0.48704	0.00000	(0.02370)	0.06475	0.00663	0.08111	0.69160	0.69160	1.04560
	Apr.- Oct. per TH	0.30000	0.07577	0.48704	0.00000	(0.02370)	0.06475	0.00663	0.08111	0.69160	0.69160	0.99160
Natural Gas Vehicle Fuel 342	Monthly Charge	\$40.00										\$40.00
	Rate per TH	0.23109	0.07577	0.48704	0.00000	(0.02370)	0.06475	0.00663	0.08109	0.84158	0.84158	1.06039
	Rate per GGE	0.29117	0.09547	0.61367	0.00000	(0.02986)	0.08159	0.00935	0.76922	1.06039	1.06039	
303 Firm General Sales	Monthly Charge	\$800.00										\$800.00
	Demand Charge per TH	0.80000	0.82829	0.48704	0.00000	(0.44184)	0.06475	0.00663	0.03603	0.38645	0.38645	1.18645
	First 15,000 TH/TH	0.08682		0.48704	0.00000		0.06475	0.00663	0.03603	0.59445	0.59445	0.69127
	Next 25,000 TH/TH	0.08953		0.48704	0.00000		0.06475	0.00663	0.03603	0.59445	0.59445	0.68386
	Next 50,000 TH/TH	0.08450		0.48704	0.00000		0.06475	0.00663	0.03603	0.59445	0.59445	0.65895
304 Interruptible General Sales	Over 90,000 TH/TH	0.02764		0.48704	0.00000		0.00000	0.00663	0.03603	0.52970	0.52970	0.55734
	Monthly Charge	\$800.00										\$800.00
	First 15,000 TH/TH	0.09682		0.48704	0.00000		0.06475	0.00663	0.00901	0.56743	0.56743	0.66425
	Next 25,000 TH/TH	0.08953		0.48704	0.00000		0.06475	0.00663	0.00901	0.56743	0.56743	0.65698
	Next 50,000 TH/TH	0.08450		0.48704	0.00000		0.06475	0.00663	0.00901	0.56743	0.56743	0.63183
313 Firm Transportation	Over 90,000 TH/TH	0.02764		0.48704	0.00000		0.00000	0.00663	0.00901	0.50268	0.50268	0.53032
	Monthly Charge	\$800.00										\$800.00
	Demand Charge per TH	0.80000	0.82829	0.48704	0.00000	(0.44184)	0.06475	0.00663	0.03603	0.38645	0.38645	1.18645
	First 15,000 TH/TH	0.08682		0.48704	0.00000		0.06475	0.00663	0.03603	0.59445	0.59445	0.69127
	Next 25,000 TH/TH	0.08953		0.48704	0.00000		0.06475	0.00663	0.03603	0.59445	0.59445	0.68386
314 Interruptible Transportation	Next 50,000 TH/TH	0.08450		0.48704	0.00000		0.06475	0.00663	0.03603	0.59445	0.59445	0.65895
	Over 90,000 TH/TH	0.02764		0.48704	0.00000		0.00000	0.00663	0.03603	0.52970	0.52970	0.55734
	Monthly Charge	\$800.00										\$800.00
	First 15,000 TH/TH	0.08682		0.48704	0.00000		0.06475	0.00663	0.00901	0.56743	0.56743	0.66425
	Next 25,000 TH/TH	0.08953		0.48704	0.00000		0.06475	0.00663	0.00901	0.56743	0.56743	0.65698
310 Resale Service	Next 50,000 TH/TH	0.08450		0.48704	0.00000		0.06475	0.00663	0.00901	0.56743	0.56743	0.63183
	Over 90,000 TH/TH	0.02764		0.48704	0.00000		0.00000	0.00663	0.00901	0.50268	0.50268	0.53032
	Monthly Charge	\$800.00										\$800.00
	Demand Charge per TH	0.80000	0.82829	0.48704	0.00000	(0.44184)	0.06475	0.00663	0.03603	0.38645	0.38645	1.18645
	Commodity Charge	0.09000			0.00000					0.59445	0.59445	0.68445

## 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, Harpless, 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%. Non-residential 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.

**Docket No. 13-00118**  
**Integrity Management Rider**  
**Annual Report**

**Schedule of Journal Entries Related to the Integrity Management Rider for the Previous Twelve Months (November 2013 thru October 2014)**

### Calculation of the IM Deferred Account Balance By Month

percentage of the total sample, 2.1% of the sample was not included in the analysis.

Line No.		Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
1	Beginning Balance	n/a	n/a	\$	-\$ (834,234.28)	\$	(2,031,681.48)	\$	(2,885,695.72)	\$	(2,680,552.91)	\$	(2,502,067.11)
2	NMA Revenue Recognition	n/a	n/a		2,145,988.96		1,620,375.30		662,956.83		437,099.30		627,430.12
3	Prior Annual NMA Report see Separate Schedule	n/a	n/a		(3,088,228.66)		(2,214,391.80)		(469,447.78)		(2,754,982.30)		(374,224.42)
4	Ending Balance Before Interest	n/a	n/a		(833,065.25)		(2,625,935.98)		(858,578.16)		(355,320.15)		(347,445.38)
5	Average Balance	n/a	n/a		(415,535.13)		(2,431,020.28)		(2,808,417.05)		(2,673,205.15)		(2,495,183.51)
6	Accrued Interest	n/a	n/a		(1,128.03)		(6,306.36)		(2,894,056.39)		(2,714,056.71)		(2,501,112.07)
7	Ending Balance After Interest	n/a	n/a		-\$ (834,234.28)		-\$ (2,031,681.48)		-\$ (2,885,695.72)		-\$ (2,680,552.91)		-\$ (2,502,067.11)
8	Applicable Annual Interest Rate	n/a	n/a		0.032500		0.032500		0.032500		0.032500		0.032500
9	Monthly Interest Rate	n/a	n/a		0.002708		0.002708		0.002708		0.002708		0.002708
10	Actual GL #25351 EOM Balance	n/a	n/a		-\$ (834,234.28)		-\$ (2,031,681.48)		-\$ (2,885,695.72)		-\$ (2,680,552.91)		-\$ (2,502,067.11)
11	Variance	n/a	n/a		\$		\$		\$		\$		\$
Journal Entry: To Record Revenue													
	01 01 25351 3 17 6250 489	n/a	n/a		2,255,117.41		2,145,988.96		1,620,375.30		1,047,116.42		662,956.83
	01 01 48010 3 17 6220 489	n/a	n/a		(1,945,041.22)		(1,279,953.65)		(966,459.02)		(624,342.12)		(393,541.38)
	01 01 48110 3 17 6220 489	n/a	n/a		(303,889.80)		(669,827.54)		(505,766.99)		(326,336.45)		(207,988.37)
	01 01 48120 3 17 6220 489	n/a	n/a		(70,128.37)		(28,670.41)		(17,598.48)		(13,989.48)		(8,582.47)
	01 01 48130 3 17 6220 489	n/a	n/a		(631.43)		(600.88)		(453.71)		(323.39)		(175.08)
	01 01 48900 3 17 6220 489	n/a	n/a		(175,425.59)		(166,936.48)		(81,455.18)		(34,001.96)		(34,303.66)
Journal Entry: To Record Interest													
	01 01 25351 3 17 6250 626	n/a	n/a		(1,128.03)		(3,875.20)		(7,461.13)		(7,349.76)		(6,513.04)
	01 01 43101 3 17 6220 626	n/a	n/a		1,128.03		3,875.20		7,461.13		7,349.76		6,513.04

Piedmont Natural Gas Company, Inc.  
Integrity Management Rider  
State of Tennessee  
TRA Docket No. 13-00118

Schedule of Journal Entries Related to the Integrity Management Rider for the Previous Twelve Months (November 2013 thru October 2014)  
General Ledger Support: Integrity Management Deferred Account Adjustment  
Billing Determinants & Collections from the Integrity Management Adjustment By Month

Line No.		October - 2014			
		IM Adjustment (\$ per therm)	x	Usage (therms)	= Collections (\$)
1	Residential (301)	0.07018		2,407,152	168,933.93
2	Small Commercial (302)	0.06130		2,116,972	129,770.38
3	Medium Commercial (352)	0.06130		669,128	41,017.55
4	Firm Lg General Sales (303)	0.02723		349,673	9,521.60
5	Firm Lg General Transportation (313)	0.02723		1,435,407	39,086.13
6	Firm Resale (310)	0.02723		-	-
7	Interruptible Lg General Sales (304)	0.00681		20,723	141.12
8	Interruptible Lg General Transportation (314)	0.00681		6,615,173	45,049.33
10	<b>Total</b>				<b>\$ 433,520.04</b>

Journal Entry: To Record Collections

01 01 48010 3 17 6220 489	168,933.93
01 01 48110 3 17 6220 489	129,770.38
01 01 48110 3 17 6220 489	41,017.55
01 01 48120 3 17 6220 489	9,521.60
01 01 48900 3 17 6220 489	39,086.13
01 01 48300 3 17 6220 489	-
01 01 48110 3 17 6220 489	141.12
01 01 48900 3 17 6220 489	45,049.33
01 01 25351 3 17 6250 489	(433,520.04)



Piedmont Natural Gas Company, Inc.  
 Integrity Management Rider  
 State of Tennessee  
 TRA Docket No. 13-00118

Schedule of Journal Entries Related to the Integrity Management Rider for the Previous Twelve Months (November 2013 thru October 2014)  
General Ledger Support: Integrity Management Deferred Account Adjustment  
Billing Determinants & Collections from the Integrity Management Adjustment By Month

Line No.		September - 2014			
		IM Adjustment (\$ per therm)	x	Usage (therms)	= Collections (\$)
1	Residential (301)	0.07018		1,796,926	126,108.27
2	Small Commercial (302)	0.06130		1,756,489	107,672.78
3	Medium Commercial (352)	0.06130		523,060	32,063.58
4	Firm Lg General Sales (303)	0.02723		293,458	7,990.86
5	Firm Lg General Transportation (313)	0.02723		1,165,486	31,736.18
6	Firm Resale (310)	0.02723		-	-
7	Interruptible Lg General Sales (304)	0.00681		10,204	69.49
8	Interruptible Lg General Transportation (314)	0.00681		6,138,654	41,804.23
10	<b>Total</b>				<b>\$ 347,445.39</b>

Journal Entry: To Record Collections

01 01 48010 3 17 6220 489	126,108.27
01 01 48110 3 17 6220 489	107,672.78
01 01 48110 3 17 6220 489	32,063.58
01 01 48120 3 17 6220 489	7,990.86
01 01 48900 3 17 6220 489	31,736.18
01 01 48300 3 17 6220 489	-
01 01 48110 3 17 6220 489	69.49
01 01 48900 3 17 6220 489	41,804.23
01 01 25351 3 17 6250 489	(347,445.39)

Piedmont Natural Gas Company, Inc.  
Integrity Management Rider  
State of Tennessee  
TRA Docket No. 13-00118

Schedule of Journal Entries Related to the Integrity Management Rider for the Previous Twelve Months (November 2013 thru October 2014)

General Ledger Support: Integrity Management Deferred Account Adjustment

Billing Determinants & Collections from the Integrity Management Adjustment By Month

Line No.		August - 2014			Collections (\$)
		IM Adjustment (\$ per therm)	x	Usage (therms)	
1	Residential (301)	0.07018		1,797,861	126,173.88
2	Small Commercial (302)	0.06130		1,731,995	106,171.29
3	Medium Commercial (352)	0.06130		500,245	30,665.02
4	Firm Lg General Sales (303)	0.02723		280,443	7,636.46
5	Firm Lg General Transportation (313)	0.02723		1,105,289	30,097.02
6	Firm Resale (310)	0.02723		-	-
7	Interruptible Lg General Sales (304)	0.00681		18,476	125.82
8	Interruptible Lg General Transportation (314)	0.00681		5,974,280	40,684.85
10	<b>Total</b>				<b>\$ 341,554.34</b>

Journal Entry: To Record Collections	
01 01 48010 3 17 6220 489	126,173.88
01 01 48110 3 17 6220 489	106,171.29
01 01 48110 3 17 6220 489	30,665.02
01 01 48120 3 17 6220 489	7,636.46
01 01 48900 3 17 6220 489	30,097.02
01 01 48300 3 17 6220 489	-
01 01 48110 3 17 6220 489	125.82
01 01 48900 3 17 6220 489	40,684.85
01 01 25351 3 17 6250 489	(341,554.34)

Piedmont Natural Gas Company, Inc.  
Integrity Management Rider  
State of Tennessee  
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**Schedule of Journal Entries Related to the Integrity Management Rider for the Previous Twelve Months (November 2013 thru October 2014).**

General Ledger Support: Integrity Management Deferred Account Adjustment

Billing Determinants & Collections from the Integrity Management Adjustment By Month

Line No.		July - 2014			Collections (\$)
		IM Adjustment (\$ per therm)	x	Usage (therms)	
1	Residential (301)	0.07018		1,868,447	131,127.61
2	Small Commercial (302)	0.06130		1,858,978	113,955.35
3	Medium Commercial (352)	0.06130		520,714	31,919.77
4	Firm Lg General Sales (303)	0.02723		288,118	7,845.45
5	Firm Lg General Transportation (313)	0.02723		1,117,265	30,423.13
6	Firm Resale (310)	0.02723		1,302	35.45
7	Interruptible Lg General Sales (304)	0.00681		20,696	140.94
8	Interruptible Lg General Transportation (314)	0.00681		5,854,986	39,872.45
10	<b>Total</b>				<b>\$ 355,320.15</b>

Journal Entry: To Record Collections	
01 01 48010 3 17 6220 489	131,127.61
01 01 48110 3 17 6220 489	113,955.35
01 01 48110 3 17 6220 489	31,919.77
01 01 48120 3 17 6220 489	7,845.45
01 01 48900 3 17 6220 489	30,423.13
01 01 48300 3 17 6220 489	35.45
01 01 48110 3 17 6220 489	140.94
01 01 48900 3 17 6220 489	39,872.45
01 01 25351 3 17 6250 489	(355,320.15)

Piedmont Natural Gas Company, Inc.  
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**Schedule of Journal Entries Related to the Integrity Management Rider for the Previous Twelve Months (November 2013 thru October 2014)**  
**General Ledger Support: Integrity Management Deferred Account Adjustment**  
**Billing Determinants & Collections from the Integrity Management Adjustment By Month**

Line No.		June - 2014			Collections (\$)
		IM Adjustment (\$ per therm)	x	Usage (therms)	
1	Residential (301)	0.07018		2,430,711	170,587.30
2	Small Commercial (302)	0.06130		1,956,588	119,938.84
3	Medium Commercial (352)	0.06130		591,242	36,243.13
4	Firm Lg General Sales (303)	0.02723		273,807	7,455.76
5	Firm Lg General Transportation (313)	0.02723		1,096,348	29,853.56
6	Firm Resale (310)	0.02723		2,825	76.92
7	Interruptible Lg General Sales (304)	0.00681		22,292	151.81
8	Interruptible Lg General Transportation (314)	0.00681		5,354,303	36,462.80
10	<b>Total</b>				<b>\$ 400,770.12</b>

Journal Entry: To Record Collections	
01 01 48010 3 17 6220 489	170,587.30
01 01 48110 3 17 6220 489	119,938.84
01 01 48110 3 17 6220 489	36,243.13
01 01 48120 3 17 6220 489	7,455.76
01 01 48900 3 17 6220 489	29,853.56
01 01 48300 3 17 6220 489	76.92
01 01 48110 3 17 6220 489	151.81
01 01 48900 3 17 6220 489	36,462.80
01 01 25351 3 17 6250 489	(400,770.12)

Piedmont Natural Gas Company, Inc.  
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**Schedule of Journal Entries Related to the Integrity Management Rider for the Previous Twelve Months (November 2013 thru October 2014)**  
**General Ledger Support: Integrity Management Deferred Account Adjustment**  
**Billing Determinants & Collections from the Integrity Management Adjustment By Month**

Line No.		May - 2014		
		IM Adjustment (\$ per therm)	x Usage (therms)	= Collections (\$)
1	Residential (301)	0.07018	4,189,393	294,011.60
2	Small Commercial (302)	0.06130	2,573,926	157,781.66
3	Medium Commercial (352)	0.06130	843,170	51,686.32
4	Firm Lg General Sales (303)	0.02723	331,131	9,016.70
5	Firm Lg General Transportation (313)	0.02723	1,272,261	34,643.67
6	Firm Resale (310)	0.02723	4,109	111.89
7	Interruptible Lg General Sales (304)	0.00681	5,429	36.97
8	Interruptible Lg General Transportation (314)	0.00681	5,637,203	38,389.35
10	<b>Total</b>			<b>\$ 585,678.16</b>

Journal Entry: To Record Collections	
01 01 48010 3 17 6220 489	294,011.60
01 01 48110 3 17 6220 489	157,781.66
01 01 48110 3 17 6220 489	51,686.32
01 01 48120 3 17 6220 489	9,016.70
01 01 48900 3 17 6220 489	34,643.67
01 01 48300 3 17 6220 489	111.89
01 01 48110 3 17 6220 489	36.97
01 01 48900 3 17 6220 489	38,389.35
01 01 25351 3 17 6250 489	(585,678.16)



Piedmont Natural Gas Company, Inc.  
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Schedule of Journal Entries Related to the Integrity Management Rider for the Previous Twelve Months (November 2013 thru October 2014).  
General Ledger Support: Integrity Management Deferred Account Adjustment  
Billing Determinants & Collections from the Integrity Management Adjustment By Month

Line No.		April - 2014		
		IM Adjustment (\$ per therm)	x Usage (therms)	= Collections (\$)
1	Residential (301)	0.07018	11,440,614	802,902.29
2	Small Commercial (302)	0.06130	4,898,764	300,294.23
3	Medium Commercial (352)	0.06130	1,571,835	96,353.49
4	Firm Lg General Sales (303)	0.02723	429,491	11,695.04
5	Firm Lg General Transportation (313)	0.02723	1,461,059	39,784.64
6	Firm Resale (310)	0.02723	7,462	203.19
7	Interruptible Lg General Sales (304)	0.00681	21,568	146.88
8	Interruptible Lg General Transportation (314)	0.00681	6,133,761	41,770.91
10	<b>Total</b>			<b>\$ 1,293,150.67</b>

Journal Entry: To Record Collections

01 01 48010 3 17 6220 489	802,902.29
01 01 48110 3 17 6220 489	300,294.23
01 01 48110 3 17 6220 489	96,353.49
01 01 48120 3 17 6220 489	11,695.04
01 01 48900 3 17 6220 489	39,784.64
01 01 48300 3 17 6220 489	203.19
01 01 48110 3 17 6220 489	146.88
01 01 48900 3 17 6220 489	41,770.91
01 01 25351 3 17 6250 489	(1,293,150.67)

Piedmont Natural Gas Company, Inc.  
 Integrity Management Rider  
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**Schedule of Journal Entries Related to the Integrity Management Rider for the Previous Twelve Months (November 2013 thru October 2014)**  
**General Ledger Support: Integrity Management Deferred Account Adjustment**  
**Billing Determinants & Collections from the Integrity Management Adjustment By Month**

Line No.		March - 2014			Collections (\$)
		IM Adjustment (\$ per therm)	x	Usage (therms)	
1	Residential (301)	0.07018		20,066,499	1,408,266.90
2	Small Commercial (302)	0.06130		8,303,869	509,027.17
3	Medium Commercial (352)	0.06130		2,543,767	155,932.92
4	Firm Lg General Sales (303)	0.02723		844,293	22,990.10
5	Firm Lg General Transportation (313)	0.02723		2,201,958	59,959.32
6	Firm Resale (310)	0.02723		22,487	612.32
7	Interruptible Lg General Sales (304)	0.00681		33,413	227.54
8	Interruptible Lg General Transportation (314)	0.00681		8,454,557	57,575.53
10	<b>Total</b>				<b>\$ 2,214,591.80</b>

Journal Entry: To Record Collections

01 01 48010 3 17 6220 489	1,408,266.90
01 01 48110 3 17 6220 489	509,027.17
01 01 48110 3 17 6220 489	155,932.92
01 01 48120 3 17 6220 489	22,990.10
01 01 48900 3 17 6220 489	59,959.32
01 01 48300 3 17 6220 489	612.32
01 01 48110 3 17 6220 489	227.54
01 01 48900 3 17 6220 489	57,575.53
01 01 25351 3 17 6250 489	(2,214,591.80)

Piedmont Natural Gas Company, Inc.  
 Integrity Management Rider  
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**Schedule of Journal Entries Related to the Integrity Management Rider for the Previous Twelve Months (November 2013 thru October 2014).**  
**General Ledger Support: Integrity Management Deferred Account Adjustment**  
**Billing Determinants & Collections from the Integrity Management Adjustment By Month**

Line No.		February - 2014		
		IM Adjustment (\$ per therm)	x Usage (therms)	= Collections (\$)
1	Residential (301)	0.07018	31,323,345	2,198,272.35
2	Small Commercial (302)	0.06130	12,487,904	765,508.52
3	Medium Commercial (352)	0.06130	3,637,196	222,960.11
4	Firm Lg General Sales (303)	0.02723	1,003,822	27,334.07
5	Firm Lg General Transportation (313)	0.02723	2,477,223	67,454.78
6	Firm Resale (310)	0.02723	29,798	811.40
7	Interruptible Lg General Sales (304)	0.00681	31,609	215.26
8	Interruptible Lg General Transportation (314)	0.00681	8,370,700	57,004.47
10	<b>Total</b>			<b>\$ 3,339,560.96</b>

Journal Entry: To Record Collections

01 01 48010 3 17 6220 489	2,198,272.35
01 01 48110 3 17 6220 489	765,508.52
01 01 48110 3 17 6220 489	222,960.11
01 01 48120 3 17 6220 489	27,334.07
01 01 48900 3 17 6220 489	67,454.78
01 01 48300 3 17 6220 489	811.40
01 01 48110 3 17 6220 489	215.26
01 01 48900 3 17 6220 489	57,004.47
01 01 25351 3 17 6250 489	(3,339,560.96)

Piedmont Natural Gas Company, Inc.  
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**Schedule of Journal Entries Related to the Integrity Management Rider for the Previous Twelve Months (November 2013 thru October 2014)**  
**General Ledger Support: Integrity Management Deferred Account Adjustment**  
**Billing Determinants & Collections from the Integrity Management Adjustment By Month**

Line No.		January 2014			
		IM Adjustment (\$ per therm)	x	Usage (therms)	Collections (\$)
1	Residential (301)	0.07018		27,986,071	1,964,062.46
2	Small Commercial (302)	0.06130		11,809,960	723,950.55
3	Medium Commercial (352)	0.06130		3,603,556	220,897.98
4	Firm Lg General Sales (303)	0.02723		1,284,198	34,968.71
5	Firm Lg General Transportation (313)	0.02723		2,952,561	80,398.24
6	Firm Resale (310)	0.02723		43,638	1,188.26
7	Interruptible Lg General Sales (304)	0.00681		38,796	264.20
8	Interruptible Lg General Transportation (314)	0.00681		9,176,686	62,493.23
10	<b>Total</b>				<b>\$ 3,088,223.63</b>

Journal Entry: To Record Collections	
01 01 48010 3 17 6220 489	1,964,062.46
01 01 48110 3 17 6220 489	723,950.55
01 01 48110 3 17 6220 489	220,897.98
01 01 48120 3 17 6220 489	34,968.71
01 01 48900 3 17 6220 489	80,398.24
01 01 48300 3 17 6220 489	1,188.26
01 01 48110 3 17 6220 489	264.20
01 01 48900 3 17 6220 489	62,493.23
01 01 25351 3 17 6250 489	(3,088,223.63)

Piedmont Natural Gas Company, Inc.  
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Schedule of Journal Entries Related to the Integrity Management Rider for the Previous Twelve Months (November 2013 thru October 2014).  
General Ledger Support: Integrity Management Deferred Account Adjustment  
Billing Determinants & Collections from the Integrity Management Adjustment By Month

*The first IM Deferred Account Adjustment will occur January 2014, which is the first month that IM Adjustment (i.e. billing rate) is in effect. Therefore, there is no general ledger support to provide for the month of December 2013.*



Piedmont Natural Gas Company, Inc.  
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**Schedule of Journal Entries Related to the Integrity Management Rider for the Previous Twelve Months (November 2013 thru October 2014)**  
**General Ledger Support: Integrity Management Deferred Account Adjustment**  
**Billing Determinants & Collections from the Integrity Management Adjustment By Month**

*The first IM Deferred Account Adjustment will occur January 2014, which is the first month that IM Adjustment (i.e. billing rate) is in effect. Therefore, there is no general ledger support to provide for the month of November 2013.*

**Computation of the Integrity Management 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>Jan 1 2015 -Dec 31 2015</b>							
1	Customer Class Apportionment Percent	[Page 2]	59.6439%	31.2006%	4.9463%	4.2091%	100.0000%
2	IMRR for Recovery, excluding Refund Adjustment	[= Total from Page 3 x Line 1]	\$ 11,714,840	\$ 6,128,203	\$ 971,525	\$ 826,730	\$ 19,641,298
3	Refund Adjustment	Actual Deferred Account Balance at Oct 31, 2014	\$ (1,380,560)	\$ (722,191)	\$ (114,491)	\$ (97,428)	\$ (2,314,670)
4	Total Amount for Recovery in this Rider	[= Line 2 + Line 3]	\$ 10,334,280	\$ 5,406,012	\$ 857,033	\$ 729,302	\$ 17,326,628
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]	\$0.92850	\$0.81110	\$0.36030	\$0.09010	
7	Proposed Integrity Management Adjustment per therm	[= Line 6 / 10]	\$0.09285	\$0.08111	\$0.03603	\$0.00901	
<b>As previously approved:</b>							
<b>Jan 1 2014 -Dec 31 2014</b>							
8	Customer Class Apportionment Percent	[Page 2]	59.6439%	31.2006%	4.9463%	4.2091%	100.0000%
9	IMRR for Recovery, excluding Refund Adjustment	[= Total from Page 3 x Line 8]	\$ 7,810,665	\$ 4,085,872	\$ 647,747	\$ 551,208	\$ 13,095,492
10	Refund Adjustment	n/a	n/a	n/a	n/a	n/a	n/a
11	Total Amount for Recovery in this Rider	[= Line 9 + Line 10]	\$ 7,810,665	\$ 4,085,872	\$ 647,747	\$ 551,208	\$ 13,095,492
12	Throughput from Relevant Rate Case Order (Dekatherms)	[Page 2]	11,130,214	6,664,958	2,378,880	8,098,027	28,272,079
13	Rate per Dekatherm	[= Line 11 / Line 12]	\$0.70180	\$0.61300	\$0.27230	\$0.06810	
14	Proposed Integrity Management Adjustment per therm	[= Line 13 / 10]	\$0.07018	\$0.06130	\$0.02723	\$0.00681	

Piedmont Natural Gas Company, Inc.  
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Allocators from the Relevant Rate Case Order (Docket 11-00144)

Margin	Annual Total	Allocation %	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Total
Residential (301)	\$ 62,049,925	59.64%	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)	32,459,219	31.20%	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)	5,145,869	4.95%	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)	4,379,934	4.21%	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>\$ 104,033,947</b>	<b>100.00%</b>												
Throughput (DTs)														
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>
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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2014 IMR Annual Report  
Schedule 5

**Summary of IMRR Computation**

Line No.	Vintage Year	Rate Period	Rate Period
		Jan 1 2014 - Dec 31 2014	Jan 1 2015 - Dec 31 2015
1	Vintage 1	13,095,492	12,594,631
2	Vintage 2	n/a	7,046,667
3	Vintage 3	n/a	n/a
4	Vintage 4	n/a	n/a
5	Total	<u>13,095,492</u>	<u>19,641,298</u>
6	Total IMRR, excluding Refund Adjustment	<u>\$ 13,095,492</u>	<u>\$ 19,641,298</u>

Spread of Total IMRR, excluding Refund Adjustment, by Month

7	January	\$ 2,255,117	\$ 3,382,342
8	February	\$ 2,145,989	\$ 3,218,665
9	March	\$ 1,620,379	\$ 2,430,329
10	April	\$ 1,047,116	\$ 1,570,519
11	May	\$ 662,957	\$ 994,337
12	June	\$ 469,448	\$ 704,102
13	July	\$ 437,099	\$ 655,584
14	August	\$ 440,516	\$ 660,709
15	September	\$ 440,978	\$ 661,401
16	October	\$ 627,430	\$ 941,052
17	November	\$ 1,137,529	\$ 1,706,125
18	December	<u>\$ 1,810,933</u>	<u>\$ 2,716,131</u>
19	Total	<u>\$ 13,095,492</u>	<u>\$ 19,641,298</u>

Piedmont Natural Gas Company, Inc.  
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**Annual Revenue Requirement Computation**  
**Rider Rate Period: January 1, 2015 - December 31, 2015**

**Vintage Year 1 - Fiscal Year October 31, 2013**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Plant	100,306,283	100,306,283	100,306,283	100,306,283	100,306,283
Accumulated depreciation	(974,476)	(2,428,917)	(3,883,358)	(5,337,799)	(6,792,240)
Net plant	99,331,807	97,877,366	96,422,925	94,968,484	93,514,043
ADIT	(4,057,566)	(6,977,762)	(9,549,872)	(11,808,303)	(13,792,262)
Net investment	95,274,242	90,899,604	86,873,053	83,160,182	79,721,781
Pre-tax ROR%	11.446%	11.446%	11.446%	11.446%	11.446%
Pre-tax rate of return	10,904,782	10,404,075	9,943,209	9,518,245	9,124,697
Depreciation expense	1,454,441	1,454,441	1,454,441	1,454,441	1,454,441
Property Tax expense	732,236	732,236	732,236	732,236	732,236
Total, excluding uncollectibles	13,091,459	12,590,752	12,129,886	11,704,922	11,311,374
Uncollectibles gross-up factor	1.000308	1.000308	1.000308	1.000308	1.000308
Total revenue requirement	13,095,492	<b>12,594,631</b>	12,133,623	11,708,529	11,314,859

**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%



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**Annual Revenue Requirement Computation**  
**Rider Rate Period: January 1, 2015 - December 31, 2015**

**Vintage Year 1 - Fiscal Year October 31, 2013**

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Page 2

Plant amount	100,306,283				
Book depreciation rate	1.45%				
Property Tax Rate	0.73%				
Tax depreciation	MACRS 15	assumed no bonus depreciation			
Plant in service date for this Vintage	31-Oct-13				
Original Rider effective date for this Vintage	1-Jan-14				
Fiscal year end for this Vintage	31-Oct-13				
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				
LTD	2.506%	2.506%	2.506%	2.506%	2.506%
STD	0.093%	0.093%	0.093%	0.093%	0.093%
Common equity	5.376%	8.846%	8.846%	8.846%	8.846%
Total	7.976%	11.446%	11.446%	11.446%	11.446%

Piedmont Natural Gas Company, Inc.  
Integrity Management Rider  
State of Tennessee  
TRA Docket No. 13-00118

**Annual Revenue Requirement Computation**  
**Rider Rate Period: January 1, 2015 - December 31, 2015**

**Vintage Year 1 - Fiscal Year October 31, 2013**

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**MACRS 15 tax depreciation schedule**

	Rate	Yearly	Cumulative
Tax year 1	5.00%	5,015,314	
Tax year 2	9.50%	9,529,097	14,544,411
Tax year 3	8.55%	8,576,187	23,120,598
Tax year 4	7.70%	7,723,584	30,844,182
Tax year 5	6.93%	6,951,225	37,795,407
Tax year 6	6.23%	6,249,081	44,044,489
Tax year 7	5.90%	5,918,071	49,962,560
Tax year 8	5.90%	5,918,071	55,880,630
Tax year 9	5.91%	5,928,101	61,808,732
Tax year 10	5.90%	5,918,071	67,726,802
Tax year 11	5.91%	5,928,101	73,654,904
Tax year 12	5.90%	5,918,071	79,572,974
Tax year 13	5.91%	5,928,101	85,501,076
Tax year 14	5.90%	5,918,071	91,419,146
Tax year 15	5.91%	5,928,101	97,347,248
Tax year 16	2.95%	2,959,035	100,306,283
Total	100.00%	100,306,283	

Accumulated depreciation					
Portion of year in service before rider	17%				
Pre-rider amount of depreciation	247,255				
Rider year BOY amount		247,255	1,701,696	3,156,137	4,610,578
Depreciation expense		1,454,441	1,454,441	1,454,441	1,454,441
Rider year EOY amount		1,701,696	3,156,137	4,610,578	6,065,019
Average accumulated depreciation		974,476	2,428,917	3,883,358	5,337,799
					6,792,240

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 Rider Rate Period: January 1, 2015 - December 31, 2015**

**Vintage Year 1 - Fiscal Year October 31, 2013**

<u>Tax depreciation reserve</u>		2014 IMR Annual Report	
FY of completion tax depreciation	5,015,314	Schedule 6	
Post FY tax depreciation to rider date	17%	Page 4	
Tax year 2 tax depreciation	9,529,097		
Tax year 2 pre-rider tax depr	1,619,946		
Rider year BOY amount			
Tax period A tax depreciation	6,635,261	16,002,363	24,433,607
Tax period B tax depreciation	7,909,150	7,118,235	6,410,575
Rider year EOY amount	1,457,952	1,313,009	1,181,708
	16,002,363	24,433,607	32,025,890
	11,318,812	20,217,985	28,229,749
Average tax depreciation reserve			35,441,821
			38,857,751
			5,186,738
			1,006,072
			45,050,561
			41,954,156

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

<u>Accumulated deferred taxes</u>			
Average tax depreciation reserve	11,318,812	20,217,985	28,229,749
Average book depreciation reserve	974,476	2,428,917	3,883,358
Difference	10,344,336	17,789,069	24,346,391
Composite tax rate	39.23%	39.23%	39.23%
Average ADIT	4,057,566	6,977,762	9,549,872
			11,808,303
			13,792,262

Note - composite tax rate ignores excess deferred tax flowback

Piedmont Natural Gas Company, Inc.  
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**Annual Revenue Requirement Computation**  
**Rider Rate Period: January 1, 2015 - December 31, 2015**

**Vintage Year 2 - Fiscal Year October 31, 2014**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Plant	53,974,676	53,974,676	53,974,676	53,974,676	53,974,676
Accumulated depreciation	(524,364)	(1,306,997)	(2,089,630)	(2,872,262)	(3,654,895)
Net plant	53,450,312	52,667,679	51,885,047	51,102,414	50,319,781
ADIT	(2,183,371)	(3,754,724)	(5,138,773)	(6,354,032)	(7,421,597)
Net investment	51,266,941	48,912,955	46,746,273	44,748,382	42,898,184
Pre-tax ROR%	11.446%	11.446%	11.446%	11.446%	11.446%
Pre-tax rate of return	5,867,848	5,598,419	5,350,427	5,121,755	4,909,987
Depreciation expense	782,633	782,633	782,633	782,633	782,633
Property Tax expense	394,015	394,015	394,015	394,015	394,015
Total, excluding uncollectibles	7,044,496	6,775,067	6,527,075	6,298,403	6,086,635
Uncollectibles gross-up factor	1.000308	1.000308	1.000308	1.000308	1.000308
Total revenue requirement	<b>7,046,667</b>	<b>6,777,154</b>	<b>6,529,086</b>	<b>6,300,344</b>	<b>6,088,511</b>

**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: January 1, 2015 - December 31, 2015**

**Vintage Year 2 - Fiscal Year October 31, 2014**

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Plant amount	53,974,676				
Book depreciation rate	1.45%				
Property Tax Rate	0.73%				
Tax depreciation	MACRS 15	assumed no bonus depreciation			
Plant in service date for this Vintage	31-Oct-14				
Original Rider effective date for this Vintage	1-Jan-15				
Fiscal year end for this Vintage	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
<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>					
<u>Overall</u>		<u>Pre-tax RORs</u>			
LTD	2.506%	2.506%	2.506%	2.506%	2.506%
STD	0.093%	0.093%	0.093%	0.093%	0.093%
Common equity	5.376%	8.846%	8.846%	8.846%	8.846%
Total	7.976%	11.446%	11.446%	11.446%	11.446%



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**Vintage Year 2 - Fiscal Year October 31, 2014**

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**MACRS 15 tax depreciation schedule**

	Rate	Yearly	Cumulative
Tax year 1	5.00%	2,698,734	
Tax year 2	9.50%	5,127,594	7,826,328
Tax year 3	8.55%	4,614,835	12,441,163
Tax year 4	7.70%	4,156,050	16,597,213
Tax year 5	6.93%	3,740,445	20,337,658
Tax year 6	6.23%	3,362,622	23,700,280
Tax year 7	5.90%	3,184,506	26,884,786
Tax year 8	5.90%	3,184,506	30,069,292
Tax year 9	5.91%	3,189,903	33,259,195
Tax year 10	5.90%	3,184,506	36,443,701
Tax year 11	5.91%	3,189,903	39,633,605
Tax year 12	5.90%	3,184,506	42,818,111
Tax year 13	5.91%	3,189,903	46,008,014
Tax year 14	5.90%	3,184,506	49,192,520
Tax year 15	5.91%	3,189,903	52,382,423
Tax year 16	2.95%	1,592,253	53,974,676
Total	100.00%	53,974,676	

**Accumulated depreciation**

Portion of year in service before rider  
Pre-rider amount of depreciation  
Rider year BOY amount  
Depreciation expense  
Rider year EOY amount  
Average accumulated depreciation

17%  
133,048

133,048	915,680	1,698,313	2,480,946	3,263,579
782,633	782,633	782,633	782,633	782,633
915,680	1,698,313	2,480,946	3,263,579	4,046,212
524,364	1,306,997	2,089,630	2,872,262	3,654,895



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<u>Tax depreciation reserve</u>					
FY of completion tax depreciation					
Post FY tax depreciation to rider date	2,698,734				
Tax year 2 tax depreciation	17%				
Tax year 2 pre-rider tax depr	5,127,594				
Rider year BOY amount	871,691				
Tax period A tax depreciation	3,570,425	8,610,850	13,147,691	17,233,089	20,909,304
Tax period B tax depreciation	4,255,903	3,830,313	3,449,522	3,104,569	2,790,977
Rider year EOY amount	784,522	706,529	635,876	571,646	541,366
Average tax depreciation reserve	8,610,850	13,147,691	17,233,089	20,909,304	24,241,646
	6,090,637	10,879,271	15,190,390	19,071,196	22,575,475

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

<u>Accumulated deferred taxes</u>					
Average tax depreciation reserve	6,090,637	10,879,271	15,190,390	19,071,196	22,575,475
Average book depreciation reserve	524,364	1,306,997	2,089,630	2,872,262	3,654,895
Difference	5,566,273	9,572,274	13,100,760	16,198,934	18,920,580
Composite tax rate	39.23%	39.23%	39.23%	39.23%	39.23%
Average ADIT	2,183,371	3,754,724	5,138,773	6,354,032	7,421,597

Note - composite tax rate ignores excess deferred tax flowback

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**Schedule of Prior Period Adjustments (Adjustments to those Amounts shown on the Prior Year's IMR Annual Report)**

None

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**Statement of Public Interest**

*Piedmont is not aware of any changes in the market conditions or other factors that affect whether this Rider is still in the public interest.*

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**GUIDELINES FOR SYSTEM INTEGRITY PROJECTS**

Purpose is to ensure a safe and reliable steel infrastructure that meets regulations set by the US Department of Transportation.

**OPERATIONS & MAINTENANCE (O&M) EXPENSE:**

O&M is basically defined as any work done on an asset that deals with a component that is less than a retirement unit. All routine maintenance should be expensed as incurred. Piedmont further defines O&M System Integrity as follows:

- Cathodic Protection (CP) technicians monitor and maintain the CP system
  - o CP readings at testing stations and casings
  - o Troubleshoot interference issues
  - o AC Mitigation results
- Rectifier monitoring and troubleshooting
- Transmission Integrity Management Program (TIMP) support
  - o Annual High Consequence Areas (HCA) field verification
  - o Engineering overall
  - o Bell hole examinations in support of the following work:
    - External Corrosion Direct Assessment (ECDA)
    - Internal Corrosion Direct Assessment (ICDA)
    - Confirmatory Direct Assessment (CDA)
    - Inline Inspection (ILI)
      - Pig runs including equipment and labor
      - Labor & equipment for chemical cleaning, foam pigs
      - Survey Above Ground Marker (AGM) locations
      - Inspection support
      - Contractor support – during tool run only
      - Engineering support interpreting data
      - Engineering, survey, digs, assessment
      - Mowing for Close Interval Pipe-To-Soil Survey (CIS)
      - CIS for those transmission lines being pigged
      - Pipe-to-soil
      - Soil resistivity
      - Depth of cover
      - Ultrasonic thickness (UT)
      - External pit depth measurements
      - TCAT
      - Soil pH
      - Coating inspections
      - Defect analysis and remediation determining defect classification and repair method

**CAPITAL EXPENDITURE:**

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

- Remediation of CIS findings
- Regulator station upgrade projects Distribution Integrity Management Program (DIMP)
- Linear anode installations
- AC mitigation projects
- Conventional ground bed installation
- TIMP remediation
  - o Labor, equipment & material for cutouts of  $\geq 40$ ft
  - o Survey
  - o X-ray

**DEFINITIONS:**

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

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

**CERTIFICATE OF SERVICE**

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

Emily Knight  
Office of the Attorney General  
Consumer Advocate and Protection Division  
Post Office Box 20207  
Nashville, Tennessee 37202  
Emily.Knight@ag.tn.gov

This the 1<sup>st</sup> day of December, 2014.

P. D. Munn