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November 30, 2015

Filled Electronically TRA  
Docket Office 11/30/15

**Via Hand-Delivery**

Executive Director Earl Taylor  
c/o Sharla Dillon  
Tennessee Regulatory Authority  
502 Deaderick Street, Fourth Floor  
Nashville, Tennessee 37423

**Re:   *Petition of Piedmont Natural Gas Company for Approval of an Integrity  
Management Rider to its Approved Rate Schedules and Service Regulations  
Docket No. 13-00118***

Dear Mr. Taylor:

Enclosed please find an original and five (5) copies of Piedmont Natural Gas Company Inc.'s ("Piedmont" or "Company") Integrity Management Rider ("IMR" or "Rider") mechanism annual filing and proposed annual rate adjustment pursuant to this Rider.

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 1<sup>st</sup> 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 31<sup>st</sup> of the preceding year.

Piedmont's IMR requires that Piedmont submit an annual filing no later than November 30<sup>th</sup> of each year.

Piedmont hereby submits its 2015 annual filing which includes the following information in accordance with Service Schedule No. 317: (a) the monthly IMR filing for October 2015, (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.

With kindest regards, I remain

Very truly yours,



R. Dale Grimes

RDG:lgb  
Enclosures

cc: Pia Powers (Piedmont)  
Bruce Barkley (Piedmont)  
Sharla Dillon (via email)  
Emily Knight (CAD)

**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**

**2015 Annual Filing**



**November 30, 2015**

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

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

Line No.	Current Vintage Year: Vintage Year 3			All Vintage Years
	October 2015 Capital Expenditure <sup>1</sup>	Prior Cumulative Capital Expenditure <sup>2</sup>	Cumulative Capital Expenditure as of October 2015 <sup>3</sup>	
TN Direct				
1	\$ 135,518.76	\$ 374,148.22	\$ 509,666.98	\$ 5,159,550.29
2	\$ 148,227.84	\$ 268,367.12	\$ 416,594.96	\$ 706,827.24
3	\$ 653,608.17	\$ 7,688,885.71	\$ 8,342,493.88	\$ 19,010,974.29
4	\$ 311,775.17	\$ 5,443,573.64	\$ 5,755,348.81	\$ 164,560,437.88
5	\$ 1,249,129.94	\$ 13,774,974.69	\$ 15,024,104.63	\$ 189,437,789.70
Joint Property: CO3-State				
6	\$ 1,489,575.26	\$ 17,424,600.01	\$ 18,914,175.27	\$ 90,041,047.88
7	18.07%			
8	\$ 269,166.25	\$ 3,148,625.21	\$ 3,417,791.46	\$ 16,185,065.10
Total Capital Expenditures [Line 5 + Line 8]				
9	\$ 1,518,296.19	\$ 16,923,599.90	\$ 18,441,896.09	\$ 205,622,854.80
10	\$ -		\$ -	\$ 32,900,000.00
11	\$ 1,518,296.19	\$ 16,923,599.90	\$ 18,441,896.09	\$ 172,722,854.80

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 Years 1 and 2, which captures amounts through 10/31/14, is \$154,280,958.71 (\$100,306,282.52 for Vintage Year 1 & \$53,974,676.19 for Vintage Year 2).



**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 2015
1	CORR-Corrosion Control	FP1733922	17	Nashville Bridge Attachments-New Co	135,518.76
2	CSNG-Casing & Remediation	FP1733739	17	Casing Removal 2719, 2738, 2790	82,558.26
3	CSNG-Casing & Remediation	FP1733743	17	Old Hickory Blvd. Casing#2766	65,669.58
4	DIMP-Distribution Integrity	FP1733765	17	McGavock Pike	4,593.43
5	DIMP-Distribution Integrity	FP1733762	17	Grandview Ave	44,780.77
6	DIMP-Distribution Integrity	FP1733761	17	Kline Ave.	13,354.95
7	DIMP-Distribution Integrity	FP1733760	17	Main St @ No 1st St	60,881.53
8	DIMP-Distribution Integrity	FP1733753	17	3rd and Hart renewal-upgrade	3,786.12
9	DIMP-Distribution Integrity	FP1734105	17	Anderson Ln	8,631.90
10	DIMP-Distribution Integrity	FP1733947	17	Nolensville Rd. Over RR S of I-440	9,073.55
11	DIMP-Distribution Integrity	FP1733946	17	State Rte 45 Over Cumberland River	43,661.23
12	DIMP-Distribution Integrity	FP1733945	17	Old Hickory Blvd. @ Logistics Way R	326,385.79
13	DIMP-Distribution Integrity	FP1733938	17	23rd Ave N @ Osage St	78,801.77
14	DIMP-Distribution Integrity	FP1733931	17	Shelby Park RR Bridge Project	59,657.13
15	TIMP-Transmission Integrity	FP1733398	17	South Nashville 20"	102,494.94
16	TIMP-Transmission Integrity	FP1733747	17	White Bridge Road at Charlotte	2,127.25
17	TIMP-Transmission Integrity	FP1733950	17	County Hospital Rd Station LNG	118,644.61
18	TIMP-Transmission Integrity	FP1733929	17	White Bridge Road @ Post Rd.	88,508.37
19	ISENP-Information Serv Enterprise	FP0026658	17	Work & Asset Management (OASIS)	\$ 1,489,575.26

**Total (unallocated)**

**\$ 2,738,705.20**

20 subtotal: TN Direct (unallocated)

\$ 1,249,129.94

21 subtotal: CO-3 (unallocated)

\$ 1,489,575.26

**\$ 2,738,705.20**

**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-15</u>
1	Beginning Balance	<i>Prior Month's IMR Report</i>	\$ (2,712,513.28)
2	IMR Revenue Recognition	<i>Prior Annual IMR Report</i>	941,052.22
3	(Collections from IM Adjustment)	<i>see Separate Schedule</i>	(610,713.89)
4	Ending Balance Before Interest	<i>sum Lines 1 thru 3</i>	(2,382,174.95)
5	Average Balance	<i>(Line 1 + Line 4) / 2</i>	(2,547,344.12)
6	Accrued Interest	<i>Line 5 * Line 9</i>	(6,898.21)
7	Ending Balance After Interest	<i>Line 4 + Line 6</i>	\$ (2,389,073.16)
8	Applicable Annual Interest Rate	<i>same as for ACA</i>	0.032500
9	Monthly Interest Rate	<i>Line 8 / 12</i>	0.002708
10	Actual GL #25351 EOM Balance	<i>per GL</i>	\$ -
11	Variance	<i>Line 7 - Line 10</i>	\$ (2,389,073.16)

**Journal Entry: To Record Revenue**

01 01 25351 3 17 6250 489	941,052.22
01 01 48010 3 17 6220 489	(561,281.19)
01 01 48110 3 17 6220 489	(293,730.63)
01 01 48120 3 17 6220 489	(12,572.46)
01 01 48300 3 17 6220 489	(263.49)
01 01 48900 3 17 6220 489	(73,204.45)
	(0.00)

**Journal Entry: To Record Interest**

01 01 25351 3 17 6250 626	(6,898.21)
01 01 43101 3 17 6220 626	6,898.21

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

Calculation of the IM Adjustment Collections:

		Oct - 2015			
Line No.		IM Adjustment (\$ per therm)	x	Usage (therms)	Collections (\$)
1	Residential (301)	0.09285		2,637,027	244,847.96
2	Small Commerical (302)	0.08111		2,218,312	179,927.29
3	Medium Commerical (352)	0.08111		651,665	52,856.55
4	Firm Lg General Sales (303)	0.03603		478,887	17,254.30
5	Firm Lg General Transportation (313)	0.03603		1,411,808	50,867.44
6	Firm Resale (310)	0.03603		21	0.76
7	Interruptible Lg General Sales (304)	0.00901		22,371	201.56
8	Interruptible Lg General Transportation (314)	0.00901		7,187,351	64,758.03
10	<b>Total</b>				<b>\$ 610,713.89</b>

Journal Entry: To Record Collections

01 01 48010 3 17 6220 489	244,847.96
01 01 48110 3 17 6220 489	179,927.29
01 01 48110 3 17 6220 489	52,856.55
01 01 48120 3 17 6220 489	17,254.30
01 01 48900 3 17 6220 489	50,867.44
01 01 48300 3 17 6220 489	0.76
01 01 48110 3 17 6220 489	201.56
01 01 48900 3 17 6220 489	64,758.03
01 01 25351 3 17 6250 489	(610,713.89)



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

PIEDMONT NATURAL GAS COMPANY, INC.  
Tennessee Service Territory  
Billing Rates Effective: January 1, 2016

Rate Schedule	Description	Tariff Rate Approved In Docket No. 11-00144	Cumulative Demand	PGA Demand	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	0.22575	0.00000	(0.01113)	(0.00076)	0.00645	0.10144	0.39752	0.71752
	Apr.- Oct. per TH	0.27000	0.07577	0.22575	0.00000	(0.01113)	(0.00076)	0.00645	0.10144	0.39752	0.68752
Small General 302	Monthly Charge	\$44.00									\$44.00
	Nov.- Mar. per TH	0.35400	0.07577	0.22575	0.00000	(0.01113)	(0.00076)	0.00645	0.08861	0.38469	0.73869
	Apr.- Oct. per TH	0.30000	0.07577	0.22575	0.00000	(0.01113)	(0.00076)	0.00645	0.08861	0.38469	0.68469
Medium General 352	Monthly Charge	\$225.00									\$225.00
	Nov.- Mar. per TH	0.35400	0.07577	0.22575	0.00000	(0.01113)	(0.00076)	0.00645	0.08861	0.38469	0.73869
	Apr.- Oct. per TH	0.30000	0.07577	0.22575	0.00000	(0.01113)	(0.00076)	0.00645	0.08861	0.38469	0.68469
Experimental Motor Vehicle Fuel 343	Monthly Charge										
	Nov.- Mar. per TH										
	Apr.- Oct. per TH										
303 Firm General Sales	Monthly Charge	\$800.00	0.82829	0.22575	0.00000	(0.19648)		0.00645	0.03936	0.63181	\$800.00
	Demand Charge per TH	0.80000			0.00000					0.27080	1.43181
	First 15,000 TH/TH	0.09692		0.22575	0.00000		(0.00076)	0.00645	0.03936	0.27080	0.36762
	Next 25,000 TH/TH	0.08953		0.22575	0.00000		(0.00076)	0.00645	0.03936	0.27080	0.36033
	Next 50,000 TH/TH	0.06450		0.22575	0.00000		(0.00076)	0.00645	0.03936	0.27080	0.33530
	Over 90,000 TH/TH	0.02764		0.22575	0.00000		(0.00076)	0.00645	0.03936	0.27080	0.29944
304 Interruptible General Sales	Monthly Charge	\$800.00									\$800.00
	First 15,000 TH/TH	0.09692		0.22575	0.00000		(0.00076)	0.00645	0.00984	0.24128	0.33810
	Next 25,000 TH/TH	0.08953		0.22575	0.00000		(0.00076)	0.00645	0.00984	0.24128	0.33081
	Next 50,000 TH/TH	0.06450		0.22575	0.00000		(0.00076)	0.00645	0.00984	0.24128	0.30578
	Over 90,000 TH/TH	0.02764		0.22575	0.00000		(0.00076)	0.00645	0.00984	0.24128	0.26892
313 Firm Transportation	Monthly Charge	\$800.00	0.82829		0.00000	(0.19648)				0.63181	\$800.00
	Demand Charge per TH	0.80000			0.00000				0.03936	0.03936	1.43181
	First 15,000 TH/TH	0.09692			0.00000				0.03936	0.03936	0.13518
	Next 25,000 TH/TH	0.08953			0.00000				0.03936	0.03936	0.12889
	Next 50,000 TH/TH	0.06450			0.00000				0.03936	0.03936	0.10386
	Over 90,000 TH/TH	0.02764			0.00000				0.03936	0.03936	0.06700
314 Interruptible Transportation	Monthly Charge	\$800.00									\$800.00
	First 15,000 TH/TH	0.09692			0.00000				0.00984	0.00984	0.10666
	Next 25,000 TH/TH	0.08953			0.00000				0.00984	0.00984	0.09937
	Next 50,000 TH/TH	0.06450			0.00000				0.00984	0.00984	0.07434
	Over 90,000 TH/TH	0.02764			0.00000				0.00984	0.00984	0.03748
310 Resale Service	Demand Charge per TH	0.80000	0.82829	0.22575	0.00000	(0.19648)		0.00645	0.03936	0.63181	1.43181
	Commodity Charge	0.09000			0.00000					0.27080	0.36080

## 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 6.49% 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%. Non-residential customers on the Ashland City system are required to pay 5%.

**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 2014 thru October 2015)**

**General Ledger Support: Integrity Management Deferred Account Adjustment**

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

Amount Due From (To) Customers per GL Account No. 2535

Amount Due From (To) Customers per GL Account No. 23322

[illegible]

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 2014 thru October 2015)  
General Ledger Support: Integrity Management Deferred Account Adjustment  
Billing Determinants & Collections from the Integrity Management Adjustment By Month

Line No.		October - 2015			Collections (\$)
		IM Adjustment (\$ per therm)	x	Usage (therms)	
1	Residential (301)	0.09285		2,637,027	244,847.96
2	Small Commercial (302)	0.08111		2,218,312	179,927.29
3	Medium Commercial (352)	0.08111		651,665	52,856.55
4	Firm Lg General Sales (303)	0.03603		478,887	17,254.30
5	Firm Lg General Transportation (313)	0.03603		1,411,808	50,867.44
6	Firm Resale (310)	0.03603		21	0.76
7	Interruptible Lg General Sales (304)	0.00901		22,371	201.56
8	Interruptible Lg General Transportation (314)	0.00901		7,187,351	64,758.03
10	<b>Total</b>				<b>\$ 610,713.89</b>

Journal Entry: To Record Collections

01 01 48010 3 17 6220 489	244,847.96
01 01 48110 3 17 6220 489	179,927.29
01 01 48110 3 17 6220 489	52,856.55
01 01 48120 3 17 6220 489	17,254.30
01 01 48900 3 17 6220 489	50,867.44
01 01 48300 3 17 6220 489	0.76
01 01 48110 3 17 6220 489	201.56
01 01 48900 3 17 6220 489	64,758.03
01 01 25351 3 17 6250 489	(610,713.89)



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

2015 IMR Annual Report  
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Schedule of Journal Entries Related to the Integrity Management Rider for the Previous Twelve Months (November 2014 thru October 2015)  
General Ledger Support: Integrity Management Deferred Account Adjustment  
Billing Determinants & Collections from the Integrity Management Adjustment By Month

Line No.		September - 2015			Collections (\$)
		IM Adjustment (\$ per therm)	x	Usage (therms)	
1	Residential (301)	0.09285		1,875,800	174,168.03
2	Small Commercial (302)	0.08111		1,785,101	144,789.54
3	Medium Commercial (352)	0.08111		513,008	41,610.08
4	Firm Lg General Sales (303)	0.03603		390,064	14,054.01
5	Firm Lg General Transportation (313)	0.03603		1,247,698	44,954.56
6	Firm Resale (310)	0.03603		-	-
7	Interruptible Lg General Sales (304)	0.00901		16,145	145.47
8	Interruptible Lg General Transportation (314)	0.00901		6,754,020	60,853.73
10	<b>Total</b>				<b>\$ 480,575.42</b>

Journal Entry: To Record Collections	
01 01 48010 3 17 6220 489	174,168.03
01 01 48110 3 17 6220 489	144,789.54
01 01 48110 3 17 6220 489	41,610.08
01 01 48120 3 17 6220 489	14,054.01
01 01 48900 3 17 6220 489	44,954.56
01 01 48300 3 17 6220 489	-
01 01 48110 3 17 6220 489	145.47
01 01 48900 3 17 6220 489	60,853.73
01 01 25351 3 17 6250 489	(480,575.42)

Piedmont Natural Gas Company, Inc.  
Integrity Management Rider  
State of Tennessee  
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2015 IMR Annual Report  
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Schedule of Journal Entries Related to the Integrity Management Rider for the Previous Twelve Months (November 2014 thru October 2015)  
General Ledger Support: Integrity Management Deferred Account Adjustment  
Billing Determinants & Collections from the Integrity Management Adjustment By Month

Line No.		August - 2015			Collections (\$)
		IM Adjustment (\$ per therm)	x	Usage (therms)	
1	Residential (301)	0.09285		1,732,161	160,831.15
2	Small Commercial (302)	0.08111		1,795,963	145,670.56
3	Medium Commercial (352)	0.08111		460,297	37,334.69
4	Firm Lg General Sales (303)	0.03603		402,407	14,498.72
5	Firm Lg General Transportation (313)	0.03603		1,137,184	40,972.74
6	Firm Resale (310)	0.03603		-	-
7	Interruptible Lg General Sales (304)	0.00901		17,849	160.82
8	Interruptible Lg General Transportation (314)	0.00901		6,896,731	62,139.55
10	<b>Total</b>				<b>\$ 461,608.23</b>

Journal Entry: To Record Collections	
01 01 48010 3 17 6220 489	160,831.15
01 01 48110 3 17 6220 489	145,670.56
01 01 48110 3 17 6220 489	37,334.69
01 01 48120 3 17 6220 489	14,498.72
01 01 48900 3 17 6220 489	40,972.74
01 01 48300 3 17 6220 489	-
01 01 48110 3 17 6220 489	160.82
01 01 48900 3 17 6220 489	62,139.55
01 01 25351 3 17 6250 489	(461,608.23)

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 2014 thru October 2015)**  
**General Ledger Support: Integrity Management Deferred Account Adjustment**  
**Billing Determinants & Collections from the Integrity Management Adjustment By Month**

Line No.		July - 2015			=	Collections (\$)
		IM Adjustment (\$ per therm)	x	Usage (therms)		
1	Residential (301)	0.09285		2,004,384		186,107.05
2	Small Commercial (302)	0.08111		1,949,581		158,130.51
3	Medium Commercial (352)	0.08111		521,087		42,265.37
4	Firm Lg General Sales (303)	0.03603		387,723		13,969.66
5	Firm Lg General Transportation (313)	0.03603		1,083,744		39,047.30
6	Firm Resale (310)	0.03603		-		-
7	Interruptible Lg General Sales (304)	0.00901		641		5.78
8	Interruptible Lg General Transportation (314)	0.00901		6,646,775		59,887.44
10	<b>Total</b>					<b>\$ 499,413.11</b>

Journal Entry: To Record Collections	
01 01 48010 3 17 6220 489	186,107.05
01 01 48110 3 17 6220 489	158,130.51
01 01 48110 3 17 6220 489	42,265.37
01 01 48120 3 17 6220 489	13,969.66
01 01 48900 3 17 6220 489	39,047.30
01 01 48300 3 17 6220 489	-
01 01 48110 3 17 6220 489	5.78
01 01 48900 3 17 6220 489	59,887.44
01 01 25351 3 17 6250 489	(499,413.11)

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 2014 thru October 2015)**  
**General Ledger Support: Integrity Management Deferred Account Adjustment**  
**Billing Determinants & Collections from the Integrity Management Adjustment By Month**

Line No.		June - 2015			=	Collections (\$)
		IM Adjustment (\$ per therm)	x	Usage (therms)		
1	Residential (301)	0.09285		2,340,039		217,272.62
2	Small Commercial (302)	0.08111		1,953,938		158,483.91
3	Medium Commercial (352)	0.08111		564,364		45,775.56
4	Firm Lg General Sales (303)	0.03603		385,446		13,887.62
5	Firm Lg General Transportation (313)	0.03603		1,115,487		40,191.00
6	Firm Resale (310)	0.03603		-		-
7	Interruptible Lg General Sales (304)	0.00901		5,132		46.24
8	Interruptible Lg General Transportation (314)	0.00901		6,468,083		58,277.43
10	<b>Total</b>					<b>\$ 533,934.38</b>

Journal Entry: To Record Collections

01 01 48010 3 17 6220 489	217,272.62
01 01 48110 3 17 6220 489	158,483.91
01 01 48110 3 17 6220 489	45,775.56
01 01 48120 3 17 6220 489	13,887.62
01 01 48900 3 17 6220 489	40,191.00
01 01 48300 3 17 6220 489	-
01 01 48110 3 17 6220 489	46.24
01 01 48900 3 17 6220 489	58,277.43
01 01 25351 3 17 6250 489	(533,934.38)

Piedmont Natural Gas Company, Inc.  
 Integrity Management Rider  
 State of Tennessee  
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2015 IMR Annual Report  
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Schedule of Journal Entries Related to the Integrity Management Rider for the Previous Twelve Months (November 2014 thru October 2015)  
General Ledger Support: Integrity Management Deferred Account Adjustment  
Billing Determinants & Collections from the Integrity Management Adjustment By Month

Line No.		May - 2015			Collections (\$)
		IM Adjustment (\$ per therm)	x	Usage (therms)	
1	Residential (301)	0.09285		3,598,743	334,143.29
2	Small Commercial (302)	0.08111		2,461,193	199,627.36
3	Medium Commercial (352)	0.08111		655,376	53,157.55
4	Firm Lg General Sales (303)	0.03603		401,669	14,472.13
5	Firm Lg General Transportation (313)	0.03603		1,182,880	42,619.17
6	Firm Resale (310)	0.03603		-	-
7	Interruptible Lg General Sales (304)	0.00901		3,534	31.84
8	Interruptible Lg General Transportation (314)	0.00901		6,533,624	58,867.95
10	<b>Total</b>				<b>\$ 702,919.29</b>

Journal Entry: To Record Collections

01 01 48010 3 17 6220 489	334,143.29
01 01 48110 3 17 6220 489	199,627.36
01 01 48110 3 17 6220 489	53,157.55
01 01 48120 3 17 6220 489	14,472.13
01 01 48900 3 17 6220 489	42,619.17
01 01 48300 3 17 6220 489	-
01 01 48110 3 17 6220 489	31.84
01 01 48900 3 17 6220 489	58,867.95
01 01 25351 3 17 6250 489	(702,919.29)



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 2014 thru October 2015)**  
**General Ledger Support: Integrity Management Deferred Account Adjustment**  
**Billing Determinants & Collections from the Integrity Management Adjustment By Month**

Line No.		April - 2015			
		IM Adjustment (\$ per therm)	x	Usage (therms)	= Collections (\$)
1	Residential (301)	0.09285		9,158,282	850,346.48
2	Small Commercial (302)	0.08111		4,462,471	361,951.02
3	Medium Commercial (352)	0.08111		1,320,938	107,141.28
4	Firm Lg General Sales (303)	0.03603		523,627	18,866.28
5	Firm Lg General Transportation (313)	0.03603		1,376,005	49,577.46
6	Firm Resale (310)	0.03603		-	-
7	Interruptible Lg General Sales (304)	0.00901		13,637	122.87
8	Interruptible Lg General Transportation (314)	0.00901		7,249,320	65,316.37
10	<b>Total</b>				<b>\$ 1,453,321.76</b>

Journal Entry: To Record Collections

01 01 48010 3 17 6220 489	850,346.48
01 01 48110 3 17 6220 489	361,951.02
01 01 48110 3 17 6220 489	107,141.28
01 01 48120 3 17 6220 489	18,866.28
01 01 48900 3 17 6220 489	49,577.46
01 01 48300 3 17 6220 489	-
01 01 48110 3 17 6220 489	122.87
01 01 48900 3 17 6220 489	65,316.37
01 01 25351 3 17 6250 489	(1,453,321.76)

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 2014 thru October 2015)  
General Ledger Support: Integrity Management Deferred Account Adjustment  
Billing Determinants & Collections from the Integrity Management Adjustment By Month

Line No.		March - 2015			
		IM Adjustment (\$ per therm)	x	Usage (therms)	= Collections (\$)
1	Residential (301)	0.09285		26,057,214	2,419,412.32
2	Small Commercial (302)	0.08111		10,651,066	863,907.96
3	Medium Commercial (352)	0.08111		2,717,177	220,390.23
4	Firm Lg General Sales (303)	0.03603		802,557	28,916.13
5	Firm Lg General Transportation (313)	0.03603		2,008,072	72,350.83
6	Firm Resale (310)	0.03603		-	-
7	Interruptible Lg General Sales (304)	0.00901		25,289	227.85
8	Interruptible Lg General Transportation (314)	0.00901		8,811,328	79,390.07
10	<b>Total</b>				<b>\$ 3,684,595.39</b>

Journal Entry: To Record Collections	
01 01 48010 3 17 6220 489	2,419,412.32
01 01 48110 3 17 6220 489	863,907.96
01 01 48110 3 17 6220 489	220,390.23
01 01 48120 3 17 6220 489	28,916.13
01 01 48900 3 17 6220 489	72,350.83
01 01 48300 3 17 6220 489	-
01 01 48110 3 17 6220 489	227.85
01 01 48900 3 17 6220 489	79,390.07
01 01 25351 3 17 6250 489	(3,684,595.39)

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 2014 thru October 2015)  
General Ledger Support: Integrity Management Deferred Account Adjustment  
Billing Determinants & Collections from the Integrity Management Adjustment By Month

Line No.		February - 2015			
		IM Adjustment (\$ per therm)	x	Usage (therms)	= Collections (\$)
1	Residential (301)	0.09285		25,707,206	2,386,914.08
2	Small Commercial (302)	0.08111		11,245,581	912,129.07
3	Medium Commercial (352)	0.08111		2,941,984	238,624.32
4	Firm Lg General Sales (303)	0.03603		1,105,499	39,831.13
5	Firm Lg General Transportation (313)	0.03603		2,527,713	91,073.50
6	Firm Resale (310)	0.03603		-	-
7	Interruptible Lg General Sales (304)	0.00901		37,863	341.15
8	Interruptible Lg General Transportation (314)	0.00901		9,089,166	81,893.39
10	<b>Total</b>				<b>\$ 3,750,806.64</b>

Journal Entry: To Record Collections	
01 01 48010 3 17 6220 489	2,386,914.08
01 01 48110 3 17 6220 489	912,129.07
01 01 48110 3 17 6220 489	238,624.32
01 01 48120 3 17 6220 489	39,831.13
01 01 48900 3 17 6220 489	91,073.50
01 01 48300 3 17 6220 489	-
01 01 48110 3 17 6220 489	341.15
01 01 48900 3 17 6220 489	81,893.39
01 01 25351 3 17 6250 489	(3,750,806.64)

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 2014 thru October 2015)  
General Ledger Support: Integrity Management Deferred Account Adjustment  
Billing Determinants & Collections from the Integrity Management Adjustment By Month

Line No.		January - 2015			Collections (\$)
		IM Adjustment (\$ per therm)	x	Usage (therms)	
1	Residential (301)	0.07018		25,622,995	1,798,221.79
2	Small Commercial (302)	0.06130		10,801,835	662,152.49
3	Medium Commercial (352)	0.06130		2,992,015	183,410.52
4	Firm Lg General Sales (303)	0.02723		1,102,811	30,029.54
5	Firm Lg General Transportation (313)	0.02723		2,516,617	68,527.48
6	Firm Resale (310)	0.02723		-	-
7	Interruptible Lg General Sales (304)	0.00681		31,615	215.30
8	Interruptible Lg General Transportation (314)	0.00681		9,626,687	65,557.74
10	<b>Total</b>				<b>\$ 2,808,114.86</b>

Journal Entry: To Record Collections

01 01 48010 3 17 6220 489	1,798,221.79
01 01 48110 3 17 6220 489	662,152.49
01 01 48110 3 17 6220 489	183,410.52
01 01 48120 3 17 6220 489	30,029.54
01 01 48900 3 17 6220 489	68,527.48
01 01 48300 3 17 6220 489	-
01 01 48110 3 17 6220 489	215.30
01 01 48900 3 17 6220 489	65,557.74
01 01 25351 3 17 6250 489	(2,808,114.86)

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Schedule of Journal Entries Related to the Integrity Management Rider for the Previous Twelve Months (November 2014 thru October 2015)  
General Ledger Support: Integrity Management Deferred Account Adjustment  
Billing Determinants & Collections from the Integrity Management Adjustment By Month

Line No.		December - 2014			Collections (\$)
		IM Adjustment (\$ per therm)	x	Usage (therms)	
1	Residential (301)	0.07018		17,949,027	1,259,662.71
2	Small Commercial (302)	0.06130		7,921,400	485,581.82
3	Medium Commercial (352)	0.06130		2,278,822	139,691.79
4	Firm Lg General Sales (303)	0.02723		831,622	22,645.07
5	Firm Lg General Transportation (313)	0.02723		2,233,427	60,816.22
6	Firm Resale (310)	0.02723		-	-
7	Interruptible Lg General Sales (304)	0.00681		34,323	233.74
8	Interruptible Lg General Transportation (314)	0.00681		9,320,663	63,473.72
10	<b>Total</b>				<b>\$ 2,032,105.07</b>

Journal Entry: To Record Collections

01 01 48010 3 17 6220 489	1,259,662.71
01 01 48110 3 17 6220 489	485,581.82
01 01 48110 3 17 6220 489	139,691.79
01 01 48120 3 17 6220 489	22,645.07
01 01 48900 3 17 6220 489	60,816.22
01 01 48300 3 17 6220 489	-
01 01 48110 3 17 6220 489	233.74
01 01 48900 3 17 6220 489	63,473.72
01 01 25351 3 17 6250 489	(2,032,105.07)



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 2014 thru October 2015)  
General Ledger Support: Integrity Management Deferred Account Adjustment  
Billing Determinants & Collections from the Integrity Management Adjustment By Month

Line No.		November - 2014			Collections (\$)
		IM Adjustment (\$ per therm)	x	Usage (therms)	
1	Residential (301)	0.07018		9,078,222	637,109.62
2	Small Commercial (302)	0.06130		4,385,534	268,833.23
3	Medium Commercial (352)	0.06130		1,472,839	90,285.03
4	Firm Lg General Sales (303)	0.02723		703,976	19,169.27
5	Firm Lg General Transportation (313)	0.02723		2,071,123	56,396.68
6	Firm Resale (310)	0.02723		-	-
7	Interruptible Lg General Sales (304)	0.00681		31,687	215.79
8	Interruptible Lg General Transportation (314)	0.00681		8,620,108	58,702.94
10	<b>Total</b>				<u><u>\$ 1,130,712.56</u></u>

Journal Entry: To Record Collections

01 01 48010 3 17 6220 489	637,109.62
01 01 48110 3 17 6220 489	268,833.23
01 01 48110 3 17 6220 489	90,285.03
01 01 48120 3 17 6220 489	19,169.27
01 01 48900 3 17 6220 489	56,396.68
01 01 48300 3 17 6220 489	-
01 01 48110 3 17 6220 489	215.79
01 01 48900 3 17 6220 489	58,702.94
01 01 25351 3 17 6250 489	(1,130,712.56)

Piedmont Natural Gas Company, Inc.  
Integrity Management Rider  
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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 2016 -Dec 31 2016</b>							
1	Customer Class Apportionment Percent	[Schedule 4]	59.6439%	31.2006%	4.9463%	4.2091%	100.0000%
2	IMRR for Recovery, excluding Refund Adjustment	[= Total from Schedule 5 x Line 1]	\$ 12,715,165	\$ 6,651,488	\$ 1,054,483	\$ 897,324	\$ 21,318,459
3	Deferred Account Adjustment	Actual Deferred Account Balance at Oct 31, 2015	\$ (1,424,937)	\$ (745,405)	\$ (118,172)	\$ (100,559)	\$ (2,389,073)
4	Total Amount for Recovery in this Rider	[= Line 2 + Line 3]	\$ 11,290,228	\$ 5,906,083	\$ 936,311	\$ 796,764	\$ 18,929,386
5	Throughput from Relevant Rate Case Order (Dekatherms)	[Schedule 4]	11,130,214	6,664,958	2,378,880	8,098,027	28,272,079
6	Rate per Dekatherm	[= Line 4 / Line 5]	\$1.01440	\$0.88610	\$0.39360	\$0.09840	
7	Proposed Integrity Management Adjustment per therm	[= Line 6 / 10 ]	\$0.10144	\$0.08861	\$0.03936	\$0.00984	
<b>Jan 1 2015 -Dec 31 2015</b>							
8	Customer Class Apportionment Percent	[Schedule 4]	59.6439%	31.2006%	4.9463%	4.2091%	100.0000%
9	IMRR for Recovery, excluding Refund Adjustment	[= Total from Schedule 5 x Line 8]	\$ 11,714,840	\$ 6,128,203	\$ 971,525	\$ 826,730	\$ 19,641,298
10	Deferred Account Adjustment	Actual Deferred Account Balance at Oct 31, 2014	\$ (1,380,560)	\$ (722,191)	\$ (114,491)	\$ (97,428)	\$ (2,314,670)
11	Total Amount for Recovery in this Rider	[= Line 9 + Line 10]	\$ 10,334,280	\$ 5,406,012	\$ 857,033	\$ 729,302	\$ 17,326,628
12	Throughput from Relevant Rate Case Order (Dekatherms)	[Schedule 4]	11,130,214	6,664,958	2,378,880	8,098,027	28,272,079
13	Rate per Dekatherm	[= Line 11 / Line 12]	\$0.92850	\$0.81110	\$0.36030	\$0.09010	
14	Proposed Integrity Management Adjustment per therm	[= Line 13 / 10 ]	\$0.09285	\$0.08111	\$0.03603	\$0.00901	

As previously approved:

Jan 1 2015 -Dec 31 2015

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

Margin	Annual Total	Allocation %	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Total
Residential (301)	\$ 62,049,925	59.64%	973,336	1,730,608	2,359,111	2,385,891	1,619,952	915,259	373,476	147,666	108,017	107,902	110,242	297,754	11,130,214
Commercial (302, 352)	32,459,219	31.20%	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)	5,145,869	4.95%	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)	4,378,934	4.21%	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>\$ 104,033,947</b>	<b>100.00%</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 (DTs)</b>															
Residential (301)															
Commercial (302, 352)															
Large General Service - Firm (303, 313, 310)															
Large General Service - Interruptible (304, 314)															
<b>Total</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>

**Summary of IMRR Computation**

Line No.	Vintage Year	Rate Period	Rate Period	Rate Period
		Jan 1 2014 - Dec 31 2014	Jan 1 2015 - Dec 31 2015	Jan 1 2016 - Dec 31 2016
1	Vintage 1	13,095,492	12,594,631	12,133,623
2	Vintage 2	n/a	7,046,667	6,777,154
3	Vintage 3	n/a	n/a	2,407,683
4	Vintage 4	n/a	n/a	n/a
5	Total	13,095,492	19,641,298	21,318,459
6	<b>Total IMRR, excluding IM Deferred Account Adjustment</b>	<b>\$ 13,095,492</b>	<b>\$ 19,641,298</b>	<b>\$ 21,318,459</b>

**Spread of Total IMRR, excluding IM Deferred Adjustment, by Month**

7	January	\$ 2,255,117	\$ 3,382,342	\$ 3,671,158.59
8	February	\$ 2,145,989	\$ 3,218,665	\$ 3,493,505.82
9	March	\$ 1,620,379	\$ 2,430,329	\$ 2,637,853.52
10	April	\$ 1,047,116	\$ 1,570,519	\$ 1,704,625.41
11	May	\$ 662,957	\$ 994,337	\$ 1,079,242.99
12	June	\$ 469,448	\$ 704,102	\$ 764,225.07
13	July	\$ 437,099	\$ 655,584	\$ 711,564.21
14	August	\$ 440,516	\$ 660,709	\$ 717,126.91
15	September	\$ 440,978	\$ 661,401	\$ 717,877.99
16	October	\$ 627,430	\$ 941,052	\$ 1,021,408.23
17	November	\$ 1,137,529	\$ 1,706,125	\$ 1,851,810.38
18	December	\$ 1,810,933	\$ 2,716,131	\$ 2,948,059.87
19	Total	<b>\$ 13,095,492</b>	<b>\$ 19,641,298</b>	<b>\$ 21,318,459.00</b>

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, 2016 - December 31, 2016**

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

	Year 1	Year 2	Year 3	Year 4	Year 5
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	12,594,631	<b>12,133,623</b>	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%



Piedmont Natural Gas Company, Inc.  
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**Annual Revenue Requirement Computation**  
**Rider Rate Period: January 1, 2016 - December 31, 2016**

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

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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			Pre-tax RORs	
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.  
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**Annual Revenue Requirement Computation**  
**Rider Rate Period: January 1, 2016 - December 31, 2016**

**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  
 Pre-rider amount of depreciation  
 Rider year BOY amount  
 Depreciation expense  
 Rider year EOY amount  
 Average accumulated depreciation

17%			
247,255			
	247,255	1,701,696	3,156,137
	1,454,441	1,454,441	1,454,441
	1,701,696	3,156,137	4,610,578
	974,476	2,428,917	3,883,358
			4,610,578
			1,454,441
			6,065,019
			7,519,461
			6,792,240

Piedmont Natural Gas Company, Inc.  
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**Annual Revenue Requirement Computation**  
**Rider Rate Period: January 1, 2016 - December 31, 2016**

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

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<u>Tax depreciation reserve</u>			
FY of completion tax depreciation	5,015,314		
Post FY tax depreciation to rider date	17%		
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	24,433,607	32,025,890
Tax period B tax depreciation	7,909,150	6,410,575	5,769,517
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
		38,857,751	35,441,821
		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.  
Integrity Management Rider  
State of Tennessee  
TRA Docket No. 13-00118

**Annual Revenue Requirement Computation**  
**Rider Rate Period: January 1, 2016 - December 31, 2016**

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

	Year 1	Year 2	Year 3	Year 4	Year 5
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	7,046,667	<b>6,777,154</b>	6,529,086	6,300,344	6,088,511

**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%

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, 2016 - December 31, 2016**

**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%
FIT rate	35.00%	35.00%	35.00%	35.00%
Composite income tax rate	39.23%	39.23%	39.23%	39.23%
Uncollectibles rate	0.0308%	0.0308%	0.0308%	0.0308%
Revenue requirement gross-up factor	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%
STD	0.093%	0.093%	0.093%	0.093%
Common equity	5.376%	8.846%	8.846%	8.846%
Total	7.976%	11.446%	11.446%	11.446%



Piedmont Natural Gas Company, Inc.  
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**Annual Revenue Requirement Computation**  
**Rider Rate Period: January 1, 2016 - December 31, 2016**

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

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



Piedmont Natural Gas Company, Inc.  
Integrity Management Rider  
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**Annual Revenue Requirement Computation**  
**Rider Rate Period: January 1, 2016 - December 31, 2016**

**Vintage Year 3 - Fiscal Year October 31, 2015**

	Year 1	Year 2	Year 3	Year 4	Year 5
Plant	18,441,896	18,441,896	18,441,896	18,441,896	18,441,896
Accumulated depreciation	(179,163)	(446,571)	(713,978)	(981,386)	(1,248,793)
Net plant	18,262,733	17,995,326	17,727,918	17,460,511	17,193,103
ADIT	(746,007)	(1,282,902)	(1,755,800)	(2,171,025)	(2,535,788)
Net investment	17,516,726	16,712,423	15,972,118	15,289,485	14,657,315
Pre-tax ROR%	11.446%	11.446%	11.446%	11.446%	11.446%
Pre-tax rate of return	2,004,908	1,912,850	1,828,117	1,749,985	1,677,629
Depreciation expense	267,407	267,407	267,407	267,407	267,407
Property Tax expense	134,626	134,626	134,626	134,626	134,626
Total, excluding uncollectibles	2,406,941	2,314,883	2,230,150	2,152,018	2,079,662
Uncollectibles gross-up factor	1.000308	1.000308	1.000308	1.000308	1.000308
Total revenue requirement	<b>2,407,683</b>	2,315,596	2,230,837	2,152,681	2,080,303

**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%

Piedmont Natural Gas Company, Inc.  
Integrity Management Rider  
State of Tennessee  
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**Annual Revenue Requirement Computation**

**Rider Rate Period: January 1, 2016 - December 31, 2016**

**Vintage Year 3 - Fiscal Year October 31, 2015**

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Plant amount	18,441,896				
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-15				
Original Rider effective date for this Vintage	1-Jan-16				
Fiscal year end for this Vintage	31-Oct-15				
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	2.506%	2.506%	2.506%	2.506%
LTD		0.093%	0.093%	0.093%	0.093%
STD		5.376%	5.376%	5.376%	5.376%
Common equity		7.976%	7.976%	7.976%	7.976%
Total		11.446%	11.446%	11.446%	11.446%

Piedmont Natural Gas Company, Inc.  
Integrity Management Rider  
State of Tennessee  
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**Annual Revenue Requirement Computation**  
**Rider Rate Period: January 1, 2016 - December 31, 2016**

**Vintage Year 3 - Fiscal Year October 31, 2015**

**MACRS 15 tax depreciation schedule**

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	Rate	Yearly	Cumulative
Tax year 1	5.00%	922,095	
Tax year 2	9.50%	1,751,980	2,674,075
Tax year 3	8.55%	1,576,782	4,250,857
Tax year 4	7.70%	1,420,026	5,670,883
Tax year 5	6.93%	1,278,023	6,948,906
Tax year 6	6.23%	1,148,930	8,097,837
Tax year 7	5.90%	1,088,072	9,185,908
Tax year 8	5.90%	1,088,072	10,273,980
Tax year 9	5.91%	1,089,916	11,363,896
Tax year 10	5.90%	1,088,072	12,451,968
Tax year 11	5.91%	1,089,916	13,541,884
Tax year 12	5.90%	1,088,072	14,629,956
Tax year 13	5.91%	1,089,916	15,719,872
Tax year 14	5.90%	1,088,072	16,807,944
Tax year 15	5.91%	1,089,916	17,897,860
Tax year 16	2.95%	544,036	18,441,896
Total	100.00%	18,441,896	

Accumulated depreciation				
Portion of year in service before rider	17%			
Pre-rider amount of depreciation	45,459			
Rider year BOY amount		45,459	312,867	847,682
Depreciation expense		267,407	267,407	267,407
Rider year EOY amount		312,867	580,274	1,115,089
Average accumulated depreciation		179,163	446,571	981,386
			713,978	1,248,793



Piedmont Natural Gas Company, Inc.  
Integrity Management Rider  
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**Annual Revenue Requirement Computation**  
**Rider Rate Period: January 1, 2016 - December 31, 2016**

**Vintage Year 3 - Fiscal Year October 31, 2015**

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Tax depreciation reserve	
FY of completion tax depreciation	922,095
Post FY tax depreciation to rider date	17%
Tax year 2 tax depreciation	1,751,980
Tax year 2 pre-rider tax depr	297,837
Rider year BOY amount	
Tax period A tax depreciation	1,219,931
Tax period B tax depreciation	1,454,144
Rider year EOY amount	268,053
Average tax depreciation reserve	2,942,128
	4,492,261
	5,888,147
	7,144,225
	8,282,809
	953,612
	1,060,759
	184,972
	195,318
	217,264
	241,404
	2,942,128
	3,717,195
	5,190,204
	6,516,186
	7,713,517

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

Accumulated deferred taxes	
Average tax depreciation reserve	2,081,030
Average book depreciation reserve	179,163
Difference	1,901,867
Composite tax rate	39.23%
Average ADIT	746,007
	1,282,902
	1,755,800
	2,171,025
	2,535,788
	39.23%
	5,534,800
	6,464,724
	981,386
	1,248,793
	1,713,978
	5,190,204
	6,516,186
	7,713,517

Note - composite tax rate ignores excess deferred tax flowback

Piedmont Natural Gas Company, Inc.  
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**Schedule of Prior Period Adjustments**

*None*

Piedmont Natural Gas Company, Inc.  
Integrity Management Rider  
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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 on November 30, 2015, a copy of the attached documents were served upon the following 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

R. D. Givens