

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION  
NASHVILLE, TENNESSEE**

**IN RE:** )  
 )  
**PIEDMONT NATURAL GAS COMPANY,** )  
**INC. PETITION FOR AN ADJUSTMENT** )  
**OF RATES, CHARGES, AND TARIFFS** ) **Docket No. 20-00086**  
**APPLICABLE TO SERVICE IN** )  
**TENNESSEE** )  
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**STIPULATION AND SETTLEMENT AGREEMENT**

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Piedmont Natural Gas Company, Inc. ("Piedmont" or "the Company") and Herbert H. Slatery III, the Tennessee Attorney General and Reporter, through the Consumer Advocate Unit in the Financial Division ("Consumer Advocate") (collectively, the "Parties") constituting all of the parties to the above-captioned general rate proceeding and in comprehensive settlement of the matters at issue therein, do hereby stipulate and agree as follows:

**BACKGROUND**

1. Piedmont is a subsidiary of Duke Energy Corporation and is incorporated under the laws of the State of North Carolina. Piedmont is engaged in the business of transporting, distributing, and selling natural gas in the states of Tennessee, North Carolina, and South Carolina. Piedmont's principal office and place of business is located at 4720 Piedmont Row Drive, Charlotte, North Carolina.

2. Piedmont is a public utility under the laws of Tennessee, and its public utility operations in Tennessee are subject to regulation and supervision by the Tennessee Public Utility Commission ("TPUC" or "Commission") pursuant to Chapter 4 of Title 65 of the Tennessee Code Annotated.

3. Piedmont is engaged in the business of distributing natural gas to customers located

in Nashville and the remainder of Davidson County as well as portions of the adjoining counties of Cheatham, Dickson, Robertson, Rutherford, Sumner, Trousdale, Williamson, and Wilson and in certain incorporated towns and cities located therein. Piedmont currently provides natural gas service to approximately 191,000 residential, commercial, and industrial customers in Tennessee.

4. On July 2, 2020, Piedmont filed a Petition for an Adjustment of Rates, Charges, and Tariffs Applicable to Service in Tennessee ("Petition") in the instant docket. In its Petition, Piedmont sought an increase in its annual operating revenues of \$29,919,130, representing an increase of 14.7% to total operating revenues or alternatively viewed as an increase of 19.8% to margin operating revenues.

5. On July 30, 2020, the Consumer Advocate filed a Petition to Intervene in the instant proceeding. On August 24, 2020, the Commission issued an order granting the Consumer Advocate's request to intervene. No other entity has sought or been granted party status in this proceeding.

6. Since the filing of Piedmont's Petition, the Parties have engaged in substantial discovery, informal information exchanges, and extensive communication. In addition to the information provided pursuant to the Commission's Minimum Filing Requirements, Piedmont responded to one data request from Commission Staff and three sets of data requests, consisting of multiple items, from the Consumer Advocate. The Consumer Advocate responded to one data request from Commission Staff and a set of discovery requests from the Company. Piedmont representatives and representatives from the Consumer Advocate have also spent a significant amount of time discussing the various aspects of Piedmont's rate case.

7. On November 30, 2020, the Consumer Advocate filed direct testimony in this proceeding challenging numerous aspects of Piedmont's Petition, including the requested revenue

increase. In this testimony, witnesses for the Consumer Advocate recommended a number of changes to the relief sought by Piedmont, including a proposed reduction in Piedmont's attrition period revenue requirement. The Consumer Advocate initially proposed a revenue decrease of \$3,795,187.

8. On December 16, 2020, Piedmont filed rebuttal testimony addressing concerns raised in the direct testimony of the Consumer Advocate. In rebuttal testimony, the Company also revised its requested increase in this proceeding from \$29,919,130 (representing a 14.7% and 19.8% requested increase to total operating revenues and margin operating revenues, respectively) to \$25,802,067 (representing a 12.1% and 17.0% requested increase to total operating revenues and margin operating revenues, respectively) in agreement with certain findings of the Consumer Advocate. Such revised requested increase was explained in the rebuttal testimony of Piedmont witnesses Quynh Bowman and Kally Couzens.

9. On December 23, 2020, the Consumer Advocate filed its Updated Testimony of David N. Dittmore which included a correction to the Consumer Advocate's pre-filed direct testimony. The correction resulted in an updated proposed revenue requirement of \$244,888.

10. On November 6, 2020, Piedmont submitted its Notice of Intent to Implement Rates Subject to Refund Pursuant to Tenn. Code Ann. § 65-5-103(b)(1) ("Notice"), and the Consumer Advocate filed a response to Piedmont's Notice on December 3, 2020. The Commission held a hearing on Piedmont's Notice on December 14, 2020, and issued an oral decision based on the parties' arguments. On January 2, 2021, the Tariff Base Rates proposed by the Company and as reflected in column <1> on Rebuttal Exhibit\_(KAC-4) of Piedmont witness Kally Couzens, which are designed to recover an additional \$25.8 million in revenue, took effect for customer billings. Pursuant to the TPUC's approved motion at its December 14, 2020 Remote Commission

Conference, this revenue increase is subject to refund based on the final rates approved by the Commission in this proceeding.

### **SETTLEMENT**

11. Following Piedmont's review of the Consumer Advocate's testimony, representatives of Piedmont and the Consumer Advocate engaged in extensive discussions, by telephone and electronic mail, to discuss the differences in position reflected in their respective testimony filings and to explore the possibility of a settlement in this proceeding.

12. Based on the exchange of information and discussions described above, and in order to resolve all disputed issues in this case through settlement and avoid the need for further litigation, Piedmont and the Consumer Advocate have agreed to certain adjustments to Piedmont's Petition, including adjustments to its proposed revenues, expenses, net operating income, net operating income for return, rate base, and return on rate base, among others. Piedmont and the Consumer Advocate have also agreed to the disposition of a variety of non-rate matters at issue in this proceeding. Piedmont's and the Consumer Advocate's agreements encompass the matters discussed below.

13. **Attrition Period.** Piedmont and the Consumer Advocate agree that the appropriate attrition period for use in this proceeding is the 12 months ended December 31, 2021.

14. **Revenue Requirement.** Piedmont and the Consumer Advocate agree that Piedmont's attrition period cost of service should include the components set forth on Attachments A and B hereto, which the parties agree can be adopted by the Commission for purposes of settlement:

- a. Required Net Operating Income for Return of \$61,451,135;

- b. A rate base of \$897,267,145;
- c. An overall rate of return of 6.85%;
- d. A return on common equity of 9.80%;
- e. A capital structure consisting of 50.50% common equity, 4.00% short-term debt, and 45.50% long-term debt;
- f. A cost of short-term debt of 0.40%; and
- g. A cost of long-term debt of 4.14%.

The stipulated Revenue Requirement embeds the following matters that were specifically agreed to by the Parties:

- h. Employee Incentive Compensation. 50% of the incentive compensation costs for the Company's short-term incentive plan (STIP) and 100% of the incentive compensation costs for the Company's long-term incentive plan (LTIP) shall be removed from operating expense and rate base.
- i. Deferred Pension Expense. The Company's unamortized deferred pension expense balance of \$11,862,981 in this proceeding shall be amortized to operating expense over a period of 8 years and recovered from customers in base rates. The Attrition Period deferred debits balance for pension included in rate base shall be aligned with the stipulated amortization of the unamortized deferred pension balance, as further reduced by an amount equivalent to one year's deferred pension expense amortization.
- j. GTI Program Funding. No costs for funding of GTI programs shall be included in Piedmont's base rates agreed to herein.
- k. Rate Case Expense. No externally incurred costs related to the preparation

and litigation of this rate case proceeding (rate case expense) shall be included in Piedmont's base rates agreed to herein.

- l. Lead-Lag Study. The lead-lag value included in the rate base shall be calculated consistent with the manner supported by Piedmont witness Paul M. Normand.
- m. Revenue Conversion Factor. The revenue conversion factor shall be calculated consistent with the methodology advocated by Consumer Advocate witness Novak.
- n. HomeServe Revenues. Home Serve revenues and expenses shall be treated below the line for purposes of calculating Attrition Period Revenues in this proceeding.
- o. Forfeited Discount Revenue. The Consumer Advocate's level of Forfeited Discount revenue for the Attrition Period is appropriate for use in setting rates in this proceeding.
- p. Unless otherwise expressed in this Stipulation, all other components used in the computation of the stipulated Revenue Requirement for this proceeding shall reflect the amounts and/or methodologies supported by Company in its filed Rebuttal position.

15. **Revenue Deficiency**. The adjustments to Piedmont's filed case described in paragraph 14 above collectively reduce Piedmont's Attrition Period revenue deficiency from \$25,802,067<sup>1</sup> to \$16,250,000. Subject to Commission approval, Piedmont and the Consumer Advocate agree that this reduction in Piedmont's attrition period revenue deficiency is appropriate

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<sup>1</sup> Per Piedmont's Rebuttal position.

for resolution of this case. The Company and Consumer Advocate agree that the methodologies used to reach this revenue deficiency, as reflected in this Agreement and the attachments hereto, are appropriate for use in this proceeding and should be approved.

16. **Rates.** Piedmont and the Consumer Advocate agree that the rates, billing determinants, WNA Factors, and HDDs reflected on Attachments D and C are appropriate for use in this proceeding. The Parties further agree that, subject to Commission approval, the proposed base tariff rates set forth on Attachment D shall be effective for bills rendered on and after the first day of the month following approval of such rates by the Commission and shall be used to calculate refunds due Piedmont's customers as provided in paragraph 17.p. below.

17. Piedmont and the Consumer Advocate further stipulate and agree as follows:

- a. Rate Design. The rate design underlying the rates set forth on Attachment B hereto, including the constituent components of rates for each of Piedmont's customer classes, which is based on a pro rata allocation of the agreed revenue deficiency between each of Piedmont's customer classes, is appropriate for use in this proceeding.
- b. Future Pension Deferrals. . The Company may capitalize future pension contributions as a deferred debit. The deferral of such contributions does not limit the right of the Consumer Advocate or other parties to contest the amount of incremental deferred pension costs that the Company seeks to recover in future rate proceedings. Furthermore, in future rate adjustment applications, the Company shall provide explanation and support to demonstrate its position that such incremental pension deferral amounts were prudently incurred to meet the Company's obligation to qualified

employees and retirees and shall bear the burden of rate recovery in future rate proceedings. Going forward, the Company will preserve all relevant documents pertaining to incremental deferred pension costs necessary to justify cost recovery, including but not limited to actuarial reports, for use by the parties and the Commission in evaluating the Company's pension contributions.

- c. HomeServe Revenues. The Parties reserve all rights in future rate proceedings to argue the extent to which HomeServe revenues and expenses should be considered above the line for ratemaking purposes.
- d. Information Sharing. Piedmont does not object to a future generic Commission proceeding to address policy issues raised by the Consumer Advocate in its testimony, including but not limited to whether it is appropriate to share customer information with third parties without customer consent, absent a legal requirement to do so.
- e. Minimum Margin Agreements. No refunds and/or penalties shall be made or imposed upon the Company related to service rendered under the two existing Minimum Margin Agreements. On a going forward basis, Piedmont shall be entitled to continue to operate under existing Minimum Margin Agreements but shall file any new proposed Minimum Margin Agreements with the Commission for review.
- f. Rate Case Expense. Rate Case expense shall be limited to no more than \$900,000 in actual rate case costs and shall be amortized over a three (3) year period and collected through a separate rider mechanism. The rates of



such rider mechanism shall be approved by the Commission upon the filing of invoices supporting such expense and the audit and approval thereof. At the conclusion of the three-year rider period, any amount that is over collected or under collected under this rider shall be refunded to or collected from customers by transferring such overcollection or under collection to Piedmont's Actual Cost Adjustment account. The Consumer Advocate reserves its right to review the rate case invoices provided by Piedmont and file comments concerning the information for consideration by the Commission.

- g. Tariff. Piedmont agrees to continue to publish its base rates in each of its Rate Schedules. All other tariff changes proposed by Piedmont in this case should be approved. Attachments F and G reflect all the tariff changes, as agreed to by the Parties.
- h. Annual Review Mechanism ("ARM"). The Consumer Advocate reserves its right to challenge whether any ARM filing made by Piedmont subsequent to this proceeding is in the public interest or otherwise should be approved by the Commission. Piedmont may identify and propose that the methodologies incorporated within the revenue requirement, if approved by the Commission, constitute the methodologies that should be utilized to implement any approved ARM mechanism for Piedmont. If Piedmont petitions for an alternative regulatory mechanism, the methodologies adopted in this case should be reviewed for appropriateness, and the Consumer Advocate reserves all rights in that future proceeding.

- i. Future Environmental Deferrals. Piedmont agrees that in future rate proceedings, to the extent its environmental expenses for which recovery is sought exceed \$100,000, it will submit testimony fully explaining the nature and extent of its request.
- j. Billing Determinants. The Parties agree that Piedmont's Attrition Period billing determinants are appropriate for use in setting rates in this proceeding. Such Attrition Period billing determinants are set forth in Attachment B hereto.
- k. PGA Billing Demand Rates. No changes to PGA billing demand rates shall be made in this proceeding. These charges are removed from base rates and instead are considered rates to be recovered within the PGA mechanism.
- l. Special Contract. The existing Bridgestone Special Contract shall expire at the end of its current renewal term.
- m. Depreciation Study on Piedmont common assets. Piedmont agrees to submit to the Commission a depreciation study of Piedmont common assets no later than December 31, 2022. In the event that this depreciation study is addressed by the Commission, Piedmont does not object to the Consumer Advocate's participation in the proceeding.
- n. Allocated Depreciation Expense from Service Company. Piedmont agrees that in future rate proceedings it will clearly and separately present detailed support for the underlying depreciation rates embedded in the depreciation expense allocated from the Service Company (Duke Energy Business Service – DEBS). Further the Company will provide support for the assets

whose depreciation expenses are allocated to Piedmont's Tennessee operations.

- o. Depreciation Rates on Piedmont Tennessee direct assets. The depreciation rates set forth in the depreciation study filed by Piedmont witness Dane A. Watson and applied to the Company's Tennessee direct property are appropriate for use in this proceeding and should be approved by the Commission.
- p. Refunds. Piedmont shall fully credit its customer's accounts for refunds due and required by Tenn. Code Ann. § 65-5-103-(b)(1) no later than 90 days following the entry of a Commission order approving this Stipulation. Such refunds shall include interest accrued at the Company's overall rate of return, as shown in paragraph 14c herein and shall be calculated to ensure that the overcharge, calculated based upon specific customer usage, shall be the amount refunded to such customer.

18. The Parties hereby agree that the revised rates, tariffs, rate schedules, and service regulations agreed to herein, both individually and in the aggregate, are acceptable for purposes of settlement to all customer classes and will provide Piedmont with a reasonable opportunity to recover the agreed upon operating revenue requirement and a reasonable rate of return on investment.

19. The resolution of issues reflected herein is the result of give-and-take negotiations between the Parties and does not necessarily reflect the position of any single Party on any discrete issue, and no Party waives the right to assert any position in any future proceeding.

20. None of the Parties waives its right to take other positions with respect to matters

similar to those settled herein in future proceedings before the Commission.

21. Except to the limited extent necessary to allow the Commission to implement or evaluate whether an ARM pursuant to Tenn. Code Ann. § 65-5-103(d)(6) is appropriate, conforms with statutory requirements, and is in the public interest, the Parties acknowledge and agree as follows:

- a. This Settlement Agreement shall not have any precedential effect in any other proceeding or be binding upon any of the Parties in this or any other jurisdiction;
- b. None of the signatories hereto shall be deemed to have acquiesced in any ratemaking or procedural principle, including without limitation, any cost of service determination or cost allocation or revenue related methodology; and
- c. No provision of this Settlement Agreement shall be deemed an admission of any Party. Further, no provision of this Settlement Agreement shall be deemed a waiver of any position asserted by a Party in this Docket or any other docket.

22. The Parties agree that all pre-filed testimony and exhibits of the Parties may be admitted into evidence without objection and the Parties hereby waive their right to cross-examine all witnesses with respect to such pre-filed testimony and exhibits; provided, however, that should questions be asked of such witnesses by any person at the hearing of this matter (including any questions by Directors or Commission staff), the Parties may cross-examine any witness with respect to such questions consistent with the agreements set forth in this Stipulation and Agreement.

23. The Parties jointly agree that the provisions in this Stipulation and Settlement Agreement are appropriate for purposes of global resolution of this matter. The Parties jointly recommend that the Commission issue an order adopting this Stipulation and Settlement Agreement in its entirety without modification.

24. If the Commission does not accept the Stipulation and Settlement Agreement in whole and as full and final settlement of the issues in this Docket, this Stipulation and Settlement Agreement shall terminate and the Parties shall not be bound by any position set forth in this Stipulation and Settlement Agreement. Should this Stipulation and Settlement Agreement terminate, it will be considered void and have no binding effect, and the signatories to this Stipulation and Settlement Agreement reserve their rights to fully participate in all relevant proceedings notwithstanding their agreement to the terms of this Stipulation and Settlement Agreement. The provisions of this Stipulation and Settlement Agreement are not severable.

25. By agreeing to this Stipulation and Settlement Agreement, no Party waives any right to continue litigating this matter should the Stipulation and Settlement Agreement be rejected by the Commission in whole or in part.

26. The Parties agree to support this Stipulation and Settlement Agreement in any proceeding before the Commission in this Docket; however, the Parties further agree and request the Commission to order that the settlement of any issue pursuant to this Stipulation and Settlement Agreement shall not be cited by the Parties or any other entity as binding precedent in any other proceeding before the Commission or any court, state or federal.

27. The acceptance of this Settlement Agreement by the Attorney General shall not be deemed approval by the Attorney General of any of the Company's acts or practices.

28. This Stipulation and Settlement Agreement shall be governed by and construed

under the laws of the State of Tennessee, notwithstanding conflict of law provisions.

29. The Parties agree that this Stipulation and Settlement Agreement constitutes the complete understanding among the Parties and any and all oral statements, representations, or agreements made prior to the execution of this Stipulation and Settlement Agreement shall be null and void and shall be deemed to have been merged into this Stipulation and Settlement Agreement.

30. The signatories to this Stipulation and Settlement Agreement warrant that they have informed, advised, and otherwise consulted with the parties for whom they sign regarding the contents and significance of this Stipulation and Settlement Agreement, and, based upon those communications, the signatories represent they are authorized to execute this Stipulation and Settlement Agreement on behalf of the parties.

31. The date set forth immediately following shall be the Effective Date for purposes of this Settlement Agreement.

The foregoing is agreed and stipulated to this 2nd day of February, 2021.

**PIEDMONT NATURAL GAS  
COMPANY, INC.**



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*TPUC Docket No. 20-00086*  
*Stipulation and Settlement Agreement*

# **Attachment A**



Piedmont Natural Gas Company, Inc.  
TPUC Docket No. 20-00086  
12-Months Ending December 31, 2021 (Attrition Period)

Reconciliation of Settled Revenue Increase to Piedmont's Requested Increase per Rebuttal Position

<u>Settlement Adjustments</u>	<u>PNG Rebuttal Position</u>	<u>Settlement Position</u>	<u>Settlement Adjustment Amount</u>	<u>Settlement Impact to Revenue Deficiency</u>
<b>Revenue Deficiency per Piedmont Rebuttal Position</b>			<b>\$</b>	<b>25,802,067</b>
<u>Return on Equity and Capital Structure</u>				
Reduce Return on Equity from 10.30% to 9.80%				(3,017,718)
<u>Revenues and Expenses</u>				
Adopt CA's amount for Attrition Period Forfeited Discount Revenues	816,982	1,747,193	930,211	(932,084)
Remove 50% STIP and 100% LTIP Incentive Compensation Expense from Attrition Period	2,392,687	854,016	(1,538,670)	(1,541,668)
Eliminate GTI Expense from Attrition Period	100,000	-	(100,000)	(100,194)
Lengthen Amortization Period for Deferred Pension Expense from 3 years to 8 years	3,954,327	1,482,873	(2,471,454)	(2,476,381)
Eliminate deferred rate case expenses (to be recovered through separate rider instead)	307,333	-	(307,333)	(307,927)
Calibration adjustment to O&M expense to achieve settled revenue requirement	-	(116,611)	(116,611)	(117,113)
<u>Rate Base</u>				
Remove 50% STIP and 100% LTIP Attrition Period Incentive Compensation Costs from CWIP	42,271,971	42,007,504	(264,467)	(22,230)
Update Attrition Period deferred pension in working capital for settled amortization period, plus remove one year of amortization from working capital balance	9,885,818	9,638,672	(247,146)	(20,774)
Eliminate OPEB assets and liabilities from working capital	12,028,380	-	(12,028,380)	(1,010,987)
Eliminate deferred rate case expenses from working capital	768,333	-	(768,333)	(64,578)
Update revenue conversion factors for settled Attrition Period Forfeited Discounts Revenues				1,078
Updated lead lag requirement for settlement adjustments	10,525,589	11,217,372	691,784	58,510
<b>Revenue Deficiency Per Settlement</b>			<b>\$</b>	<b>16,250,000</b>

*TPUC Docket No. 20-00086*  
*Stipulation and Settlement Agreement*

# **Attachment B**

**Piedmont Natural Gas Company**  
Results of Operations  
For the 12 Months Ending December 31, 2021 (Attrition Period)

Line No.		<u>Per Settlement</u>
1	Average Rate Base	\$ 897,267,145 <b>A/</b>
2	Operating Income At Current Rates	49,082,469 <b>B/</b>
3	Earned Rate Of Return	5.47%
4	Fair Rate Of Return	6.85% <b>C/</b>
5	Required Operating Income	61,451,135
6	Operating Income Deficiency (Surplus)	12,368,666
7	Gross Revenue Conversion Factor	<u>1.300889</u> <b>D/</b>
8	Gas Sales & Transportation Revenue Deficiency (Surplus)	16,090,261
9	Other Revenues - Forfeited Discounts	159,739 <b>B/</b>
10	<b>Total Revenue Deficiency (Surplus)</b>	<b>\$ <u><u>16,250,000</u></u></b>

A/ Schedule 3.  
B/ Schedule 6.  
C/ Schedule 13.  
D/ Schedule 14.

**Piedmont Natural Gas Company**  
Average Rate Base  
For the 12 Months Ending December 31, 2021 (Attrition Period)

Line No.		Test Period	Adjustments	Attrition Period
	<b>Net Plant Investment:</b>			
1	Utility Plant in Service	\$ 1,316,834,205	\$ 224,779,637	\$ 1,541,613,842
2	Construction Work in Progress	54,974,331	-12,966,827	42,007,504
3	Accumulated Depreciation	-462,673,218	-38,852,211	-501,525,429
4	Contributions in Aid of Construction	-5,828,754	0	-5,828,754
5	Accumulated Deferred Income Taxes	<u>-191,462,556</u>	<u>-1,372,022</u>	<u>-192,834,578</u>
6	<b>Total Net Plant Investment</b>	<b>\$ <u>711,844,007</u></b>	<b>\$ <u>171,588,578</u></b>	<b>\$ <u>883,432,585</u></b>
	<b>Working Capital:</b>			
7	Gas Inventory	\$ 8,374,205	\$ 0	\$ 8,374,205
8	Customer Deposits	-4,244,585	-123,012	-4,367,597
9	Accrued Interest on Customer Deposits	-303,252	-8,788	-312,040
10	Cash Working Funds	-559,657	559,657	0
11	Materials & Supplies	166,593	10,267	176,859
12	Deferred Debits	16,209,584	-5,744,332	10,465,252
13	Prepaid Insurance	209,503	-64,966	144,537
14	Deferred Pension & Other Post-Employment Expenses	19,663,434	-19,663,434	0
15	Fleets & Overheads	122,544	5,449	127,993
16	Accounts Payable Related to CWIP	-9,193,005	-364,771	-9,557,776
17	Accounts Payable Related to M&S	-20,492	-813	-21,305
18	Accrued Vacation	-2,305,163	-107,777	-2,412,940
19	Lead/Lag Study Requirement	<u>2,318,927</u>	<u>8,898,445</u>	<u>11,217,372</u> A/
20	<b>Total Working Capital</b>	<b>\$ <u>30,438,636</u></b>	<b>\$ <u>-16,604,075</u></b>	<b>\$ <u>13,834,560</u></b>
21	<b>Rate Base</b>	<b>\$ <u>742,282,643</u></b>	<b>\$ <u>154,984,503</u></b>	<b>\$ <u>897,267,145</u></b>

**Piedmont Natural Gas Company**  
Comparative Rate Base (13-month Average)  
For the 12 Months Ending December 31, 2021 (Attrition Period)

Line No.		<u>Per Settlement</u>	A/
	<b>Net Plant Investment:</b>		
1	Utility Plant in Service	\$ 1,541,613,842	
2	Construction Work in Progress	42,007,504	
3	Accumulated Depreciation	-501,525,429	
4	Contributions in Aid of Construction	-5,828,754	
5	Accumulated Deferred Income Taxes	<u>-192,834,578</u>	
6	<b>Total Net Plant Investment</b>	<b><u>\$ 883,432,585</u></b>	
	<b>Working Capital:</b>		
7	Gas Inventory	\$ 8,374,205	
8	Customer Deposits	-4,367,597	
9	Accrued Interest on Customer Deposits	-312,040	
10	Cash Working Funds	0	
11	Materials & Supplies	176,859	
12	Deferred Debits	10,465,252	
13	Prepaid Insurance	144,537	
14	Deferred Pension & Other Post-Employment Expenses	0	
15	Fleets & Overheads	127,993	
16	Accounts Payable Related to CWIP	-9,557,776	
17	Accounts Payable Related to M&S	-21,305	
18	Accrued Vacation	-2,412,940	
19	Lead/Lag Study Requirement	<u>11,217,372</u>	
20	<b>Total Working Capital</b>	<b><u>\$ 13,834,560</u></b>	
21	<b>Rate Base</b>	<b><u>\$ 897,267,145</u></b>	

**Piedmont Natural Gas Company**  
Lead Lag Results  
For the 12 Months Ending December 31, 2021 (Attrition Period)

<u>Line No.</u>		<u>Per Settlement</u>
1	Revenue Lag	52.13 <b>A/</b>
2	Expense Lead	<u>34.34 <b>A/</b></u>
3	<b>Net Lag</b>	<b>17.79</b>
4	Daily Cost of Service	\$ <u>630,536 <b>A/</b></u>
5	<b>Net Cash Working Capital Required</b>	\$ <u><u>11,217,372</u></u>

A/ Schedule 5.

A/ Schedule 5.

**Piedmont Natural Gas Company**  
Working Capital Expense Lag  
For the 12 Months Ending December 31, 2021 (Attrition Period)

Line No.		<u>Proposed Amount</u> A/	<u>Lag</u>	<u>Dollar Days</u>
	<b>Revenues:</b>			
1	Sales & Transportation Revenues	\$ 227,935,416	52.22	\$ 11,902,183,925
2	Warranty Revenues	0	0.00	0
3	Other Revenues	2,210,226	42.80	94,604,670
4	<b>Total Revenue Lag</b>	<b>\$ 230,145,642</b>	<b>52.13</b>	<b>\$ 11,996,788,595</b>
	<b>Operation &amp; Maintenance Expense:</b>			
5	Purchased Gas	\$ 61,273,479	38.57	\$ 2,363,141,695
6	Labor	18,601,265	10.03	186,478,744
7	Incentive Pay - STIP	854,016	256.15	218,755,293
8	Incentive Pay - LTIP	0	621.50	0
9	Employee Pension & Benefits	5,039,041	11.55	58,211,113
10	Prepaid Insurance - Other Injuries & Damages	415,481	0.00	0
11	Prepaid Insurance - Property Insurance	58,922	0.00	0
12	Prepaid Insurance - Liability Insurance	217,627	0.00	0
13	Fleet Expense	752,537	38.54	29,001,925
14	Credit Card Expense	1,988,901	31.63	62,917,709
15	Virtual Company Charges	978,522	31.55	30,871,111
16	Service Company Charges	3,312,491	20.66	68,439,135
17	Outside Services	3,289,810	71.95	236,701,497
18	Regulatory Commission Amortization	-2,315,850	0.00	0
19	Regulatory Commission Expense	867,158	270.00	234,132,660
20	Uncollectible Expense	443,683	0.00	0
21	Other O&M Expenses	17,344,918	42.25	732,898,420
22	<b>Depreciation Expense</b>	<b>34,785,468</b>	<b>0.00</b>	<b>0</b>
	<b>General Taxes:</b>			
23	Gross Receipts Tax	548,912	-158.50	-87,002,490
24	Franchise Tax	2,511,721	45.00	113,027,460
25	Property Tax	6,657,411	228.98	1,524,393,978
26	Payroll Tax	1,514,050	28.49	43,136,763
27	Sales & Use Tax	-6,699	35.21	-235,870
28	Amortization of Investment Tax Credit	-5,077	0.00	0
	<b>Income Taxes:</b>			
29	State Income Taxes	1,950,846	45.00	87,788,070
30	Provision for Deferred Income Tax	-1,075,590	0.00	0
31	Federal Income Taxes	11,430,719	37.50	428,651,963
32	<b>Interest on Customer Deposits</b>	<b>262,056</b>	<b>0.00</b>	<b>0</b>
	<b>Return:</b>			
33	Interest on Long-Term Debt	16,901,821 A/	92.94	1,570,916,264
34	Interest on Short-Term Debt	143,563 A/	1.49	213,523
35	Income for Return	41,404,440	0.00	0
36	<b>Total Expense Lag</b>	<b>\$ 230,145,642</b>	<b>34.34</b>	<b>\$ 7,902,438,963</b>
37	<b>Daily Cost of Service</b>	<b>\$ 630,536</b>		

A/ Schedule 13.

**Piedmont Natural Gas Company**  
Income Statement at Current Rates  
For the 12 Months Ending December 31, 2021 (Attrition Period)

Line No.		Test Period	Adjustments	Attrition Amount
	<b>Operating Revenues:</b>			
1	Gas Sales & Transportation Revenues and IMR Revenues	\$ 204,501,277	\$ 7,343,878	\$ 211,845,155 <b>A/</b>
2	Other Revenues	2,141,270	-90,783	2,050,487 <b>A/</b>
3	AFUDC	3,152,246	-150,936	3,001,310
4	<b>Total Operating Revenue</b>	<b>\$ 209,794,793</b>	<b>\$ 7,102,159</b>	<b>\$ 216,896,951</b>
	<b>Operating &amp; Maintenance Expenses:</b>			
5	Purchased Gas Expense	\$ 68,307,024	\$ -7,033,545	\$ 61,273,479
6	Operations & Maintenance Expense	53,648,240	-1,832,047	51,816,193 <b>B/</b>
7	<b>Total Operating &amp; Maintenance Expenses</b>	<b>\$ 121,955,263</b>	<b>\$ -8,865,591</b>	<b>\$ 113,089,672</b>
	<b>Other Expenses:</b>			
8	Depreciation Expense	\$ 31,366,960	\$ 3,418,508	\$ 34,785,468
9	Interest on Customer Deposits	254,689	7,367	262,056
10	Amortization of Investment Tax Credit	-2,906	-2,172	-5,077
11	General Taxes	11,103,405	121,990	11,225,394 <b>C/</b>
12	State Excise Taxes	733,225	656,490	1,389,715 <b>D/</b>
13	Federal Income Taxes	-1,580,594	8,647,849	7,067,255 <b>D/</b>
14	<b>Total Other Expenses</b>	<b>\$ 41,874,779</b>	<b>\$ 12,850,032</b>	<b>\$ 54,724,811</b>
15	<b>Total Operating Expenses</b>	<b>\$ 163,830,042</b>	<b>\$ 3,984,441</b>	<b>\$ 167,814,483</b>
16	<b>Utility Operating Income</b>	<b>\$ 45,964,751</b>	<b>\$ 3,117,718</b>	<b>\$ 49,082,469</b>

A/ Schedule 8.

B/ Schedule 9.

C/ Schedule 10.

D/ Schedule 11.



**Piedmont Natural Gas Company**  
Comparative Income Statement at Current Rates  
For the 12 Months Ending December 31, 2021 (Attrition Period)

Line No.		<u>Per Settlement</u> A/
	<b>Operating Revenues:</b>	
1	Gas Sales & Transportation Revenues	\$ 211,845,155
2	Other Revenues	2,050,487
3	AFUDC	3,001,310
4	<b>Total Operating Revenue</b>	<b>\$ <u>216,896,951</u></b>
	<b>Operating &amp; Maintenance Expenses:</b>	
5	Purchased Gas Expense	\$ 61,273,479
6	Operations & Maintenance Expense	51,816,193
7	<b>Total Operating &amp; Maintenance Expenses</b>	<b>\$ <u>113,089,672</u></b>
	<b>Other Expenses:</b>	
8	Depreciation Expense	\$ 34,785,468
9	Interest on Customer Deposits	262,056
10	Amortization of Investment Tax Credit	-5,077
11	General Taxes	11,225,394
12	State Excise Taxes	1,389,715
13	Federal Income Taxes	7,067,255
15	<b>Total Other Expenses</b>	<b>\$ <u>54,724,811</u></b>
16	<b>Total Operating Expenses</b>	<b>\$ <u>167,814,483</u></b>
17	<b>Utility Operating Income</b>	<b>\$ <u>49,082,469</u></b>

A/ Schedule 6.

**Piedmont Natural Gas Company**  
Comparative Revenue Summary  
For the 12 Months Ending December 31, 2021 (Attrition Period)

<b>Line No.</b>	<b>Customer Class</b>	<b>Per Settlement</b>
	<b>Sales &amp; Transportation Base Rate Margin:</b>	
1	(301) Residential	\$ 67,883,267
2	(302) Small General Service	27,865,410
3	(352) Medium General Service	8,478,174
4	(303) Large General Service	1,870,648
5	(304) Interruptible Service	42,011
6	(313) Firm Transportation Service	3,996,638
7	(314) Interruptible Transportation Service	4,306,604
8	(310) Resale Service	16,734
9	Special Contracts	259,159
10	<b>Total Base Rate Margin</b>	<b>\$ 114,718,645</b>
11	PGA Revenues	61,273,479
12	<b>Total Base Rate &amp; PGA Revenue</b>	<b>\$ 175,992,125</b>
	<b>Other Revenue:</b>	
13	HomeServe Warranty Operating Margin	\$ 0
14	IMR Rider Elimination	35,853,030
15	ADIT Refund Elimination	0
16	Other Revenue - Forfeited Discounts	1,747,193
17	Other Revenue - Miscellaneous	303,294
18	<b>Total Other Revenue</b>	<b>\$ 37,903,517</b>
19	<b>Total Revenue</b>	<b>\$ 213,895,642</b>

**Piedmont Natural Gas Company**  
Comparative O&M Expense Summary  
For the 12 Months Ending December 31, 2021 (Attrition Period)

<b>Line No.</b>	<b>Expense</b>	<b>Per Settlement</b>
1	Other Purchased Gas Expense	\$ 423,962
2	Gas Storage Expense	1,460,062
3	Transmission Expense	3,947,156
4	Distribution Expense	16,840,592
5	Customer Accounts & Service Expense	4,387,512
6	Sales Expense	1,075,638
7	Administrative & General Expense	<u>23,681,271</u>
8	<b>Total O&amp;M Expense</b>	<b>\$ <u>51,816,193</u></b>

**Piedmont Natural Gas Company**  
Taxes Other than Income Income Taxes  
For the 12 Months Ending December 31, 2021 (Attrition Period)

Line No.		<b>Per Settlement</b>
1	Property Taxes	\$ 6,657,411
2	Franchise Tax	2,511,721
3	Gross Receipts Tax	548,912
4	Payroll Taxes	1,514,050
5	Allocated & Other Taxes	<u>-6,699</u>
6	<b>Total</b>	<b>\$ <u>11,225,394</u></b>

**Piedmont Natural Gas Company**  
Excise and Income Taxes  
For the 12 Months Ending December 31, 2021 (Attrition Period)

Line No.		<u>Per Settlement</u>
1	<b>Operating Revenues</b>	\$ <b><u>213,895,642</u></b> <b>A/</b>
	<b>Operating Expenses:</b>	
2	Purchased Gas Expense	\$ 61,273,479 <b>A/</b>
3	O&M Expense	51,816,193 <b>A/</b>
4	Depreciation Expense	34,785,468 <b>A/</b>
5	Interest on Customer Deposits	262,056 <b>A/</b>
6	Amortization of Investment Tax Credit	0 <b>B/</b>
7	General Taxes	11,225,394 <b>A/</b>
8	<b>Total Operating Expenses</b>	\$ <b><u>159,362,590</u></b>
9	<b>NOI Before Excise and Income Taxes</b>	\$ <b>54,533,051</b>
10	AFUDC	2,677,500 <b>C/</b>
11	Interest Expense	-17,045,384 <b>D/</b>
12	<b>Net Income Before Income Taxes</b>	\$ <b><u>40,165,167</u></b>
	<b>Tennessee Excise Tax Calculation:</b>	
13	Net Income Before Income Taxes	\$ 40,165,167
14	Composite Excise Tax Rate	3.46%
15	<b>Excise Tax Expense</b>	\$ <b><u>1,389,715</u></b>
	<b>Federal Income Tax Calculation:</b>	
16	Net Income Before Income Taxes	\$ 40,165,167
17	Net Excise Tax Expense	<u>1,389,715</u>
18	<b>Net Income Before Federal Income Tax</b>	\$ <b><u>38,775,452</u></b>
19	FIT Rate	21.00%
20	<b>Federal Income Tax Expense-Pre-Adjusted</b>	\$ <b><u>8,142,845</u></b>
21	Less EDFIT Amortization	-1,075,590 <b>E/</b>
22	<b>Net Federal Income Tax Expense</b>	\$ <b><u>7,067,255</u></b>

A/ Schedule 6.

B/ Tax calculation does not include amortization of investment tax credit of \$-5,077.

C/ This amount excludes the equity portion of AFUDC. See discussion in Rebuttal Testimony of Piedmont witness Quynh Bowman pages 26-27.

D/ Schedule 13.

E/ Schedule 5 Row 30.

**Piedmont Natural Gas Company**  
Income Statement at Proposed Rates  
For the 12 Months Ending December 31, 2021 (Attrition Period)

Line No.		Current Rates	A/	Rate Increase	B/	Proposed Rates
	<b>Operating Revenues:</b>					
1	Gas Sales & Transportation Revenues	\$ 211,845,155		\$ 16,090,261		\$ 227,935,416
2	Other Revenues	2,050,487		159,739		2,210,226
3	AFUDC	3,001,310		0		3,001,310
4	<b>Total Operating Revenue</b>	<b>\$ 216,896,952</b>		<b>\$ 16,250,000</b>		<b>\$ 233,146,952</b>
	<b>Operating &amp; Maintenance Expenses:</b>					
5	Purchased Gas Expense	\$ 61,273,479		\$ 0		\$ 61,273,479
6	Operations & Maintenance Expense	51,816,193		32,329		51,848,522
7	<b>Total Operating &amp; Maintenance Expenses</b>	<b>\$ 113,089,672</b>		<b>\$ 32,329</b>		<b>\$ 113,122,001</b>
	<b>Other Expenses:</b>					
8	Depreciation Expense	\$ 34,785,468		\$ 0		\$ 34,785,468
9	Interest on Customer Deposits	262,056		0		262,056
10	Amortization of Investment Tax Credit	-5,077		0		-5,077
11	General Taxes	11,225,394		0		11,225,394
12	State Excise Taxes	1,389,715		561,131		1,950,846
13	Federal Income Taxes	7,067,255		3,287,874		10,355,129
14	<b>Total Other Expenses</b>	<b>\$ 54,724,811</b>		<b>\$ 3,849,005</b>		<b>\$ 58,573,816</b>
15	<b>Total Operating Expenses</b>	<b>\$ 167,814,483</b>		<b>\$ 3,881,334</b>		<b>\$ 171,695,817</b>
16	<b>Utility Operating Income</b>	<b>\$ 49,082,470</b>		<b>\$ 12,368,666</b>		<b>\$ 61,451,135</b>

A/ Schedule 6.

B/ Schedule 1.

**Piedmont Natural Gas Company**  
Rate of Return Summary  
For the 12 Months Ending December 31, 2021 (Attrition Period)

Line No.	Class of Capital	Per Settlement		
		Percent of Total	Cost Rate	Weighted Cost Rate
1	Short-Term Debt	4.00%	0.40%	0.02%
2	Long-Term Debt	45.50%	4.14%	1.88%
3	Common Equity	50.50%	9.80%	4.95%
4	<b>Total</b>	<b>100.00%</b>		<b>6.85%</b>
<b>Interest Expense Short-Term Debt:</b>				
5	Rate Base			\$ 897,267,145 A/
6	Short-Term Weighted Debt Cost			0.02%
7	<b>Short-Term Debt Interest Expense</b>			<b>\$ 143,563</b>
<b>Interest Expense Long-Term Debt:</b>				
8	Rate Base			\$ 897,267,145 A/
9	Long-Term Weighted Debt Cost			1.88%
10	<b>Long-Term Debt Interest Expense</b>			<b>\$ 16,901,821</b>
11	<b>Total Interest Expense</b>			<b>\$ 17,045,384</b>

A/ Schedule 2.

**Piedmont Natural Gas Company**  
Revenue Conversion Factor  
For the 12 Months Ending December 31, 2021 (Attrition Period)

Line No.		<u>Amount</u>	<u>Balance</u>
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	0.009928	<u>0.009928</u>
3	Balance		1.009927677
4	Uncollectible Ratio	0.001990	<u>0.002009551</u>
5	Balance		1.007918126
6	State Excise Tax (Company's composite effective rate)	0.034600 <b>A/</b>	<u>0.034874000</u>
7	Balance		0.973044
8	Federal Income Tax	0.210000 <b>A/</b>	<u>0.204339</u>
9	Balance		<u><u>0.768705</u></u>
10	<b>Revenue Conversion Factor (Line 1 / Line 9)</b>		<u><u><b>1.300889</b></u></u>

A/ Schedule 11



*TPUC Docket No. 20-00086*  
*Stipulation and Settlement Agreement*

# **Attachment C**

**Piedmont Natural Gas Company, Inc.**  
**TPUC Docket No. 20-00086**  
**Proposed Revenue Change, as Settled**

<b>Changes to Operating Revenue by Class</b>				
<b>Revenue Class</b>	<b>Attrition Period Revenues at Current "Clean" Rates</b>	<b>Proposed Revenue Increase</b>	<b>Revenues at Proposed "Clean" Rates</b>	<b>% Change</b>
301 - Residential	124,565,600	9,539,221	134,104,821	7.7%
302 - Small General	53,085,300	3,936,320	57,021,619	7.4%
352 - Medium General	16,778,748	1,142,761	17,921,509	6.8%
303 - Large General Sales	4,591,960	251,086	4,843,045	5.5%
304 - Interruptible General Sales	96,741	4,987	101,728	5.2%
313 - Firm Transportation	6,608,846	564,361	7,173,207	8.5%
314 - Interruptible Transportation	5,810,997	620,970	6,431,967	10.7%
310 - Resale Service	47,805	2,861	50,666	6.0%
Special Contract	259,159	27,694	286,853	10.7%
<b>Sales &amp; Transportation Revenue</b>	<b>\$ 211,845,155</b>	<b>\$ 16,090,261</b>	<b>\$ 227,935,416</b>	<b>7.6%</b>
Other Revenue - Forfeited Discounts	1,747,193	159,739	1,906,932	9.1%
Other Revenue - Miscellaneous <sup>1</sup>	303,294	-	303,294	0.0%
<b>Total Operating Revenue</b>	<b>\$ 213,895,642</b>	<b>\$ 16,250,000</b>	<b>\$ 230,145,642</b>	<b>7.6%</b>

1/ Represents various other regulated operating revenues, including returned check charges and reconnect fees. These revenues do not include unregulated revenues recorded below-the-line.

**Piedmont Natural Gas Company, Inc.**  
**TPUC Docket No. 20-00086**  
**Proposed Revenue Change, as Settled**

<b>Changes to Operating Revenue by Class and Type</b>				
<b>Revenue Class and Type</b>	<b>Attrition Period Revenues at Current "Clean" Rates</b>	<b>Proposed Revenue Increase</b>	<b>Revenues at Proposed "Clean" Rates</b>	<b>% Change</b>
301 - Residential Margin	89,267,448	9,539,221	98,806,670	10.7%
302 - Small General Margin	36,835,838	3,936,320	40,772,158	10.7%
352 - Medium General Margin	10,693,891	1,142,761	11,836,653	10.7%
303 - Large General Sales Margin	2,349,644	251,086	2,600,730	10.7%
304 - Interruptible General Sales Margin	46,672	4,987	51,659	10.7%
313 - Firm Transportation Margin	5,281,252	564,361	5,845,613	10.7%
314 - Interruptible Transportation Margin	5,810,997	620,970	6,431,967	10.7%
310 - Resale Service Margin	26,773	2,861	29,634	10.7%
Special Contract Margin	259,159	27,694	286,853	10.7%
<b>Sales &amp; Transportation Margin Revenue</b>	<b>\$ 150,571,675</b>	<b>\$ 16,090,261</b>	<b>\$ 166,661,936</b>	<b>10.7%</b>
Sales & Transportation PGA Revenue	61,273,479	-	61,273,479	0.0%
<b>Sales &amp; Transportation Revenue (Margin + PGA)</b>	<b>\$ 211,845,155</b>	<b>\$ 16,090,261</b>	<b>\$ 227,935,416</b>	<b>7.6%</b>
Other Revenue - Forfeited Discounts	1,747,193	159,739	1,906,932	9.1%
Other Revenue - Miscellaneous <sup>1</sup>	303,294	-	303,294	0.0%
<b>Total Operating Revenue</b>	<b>\$ 213,895,642</b>	<b>\$ 16,250,000</b>	<b>\$ 230,145,642</b>	<b>7.6%</b>

1/ Represents various other regulated operating revenues, including returned check charges and reconnect fees. These revenues do not include unregulated revenues recorded below-the-line.

*TPUC Docket No. 20-00086*  
*Stipulation and Settlement Agreement*

# **Attachment D**

**Piedmont Natural Gas Company**  
**TPUC Docket No. 20-00086**  
**Summary of Attrition Period Billing Determinants & Proposed Margin Revenues per Settlement**

Rate Class	Number of Customer Bills			Normalized Customer Usage				Annual Tariff Base Revenues	
	Winter (Nov - Mar)	Summer (Apr - Oct)	Annual	Winter Therms (Nov - Mar)	Summer Therms (Nov - Mar)	Annual Therms	%	\$	%
301 - Residential Service	879,725	1,224,674	2,104,399	100,207,954	29,117,728	129,325,682	37.93%	98,806,670	59.29%
302 - Small General Service	89,300	123,505	212,805	40,688,172	18,846,749	59,534,921	17.46%	40,772,158	24.46%
352 - Medium General Service	2,862	3,958	6,820	15,520,069	6,773,684	22,293,753	6.54%	11,836,653	7.10%
303 - Large General Service Sales Service	262	357	619	4,915,032	3,056,502	7,971,534	2.34%	2,600,730	1.56%
304 - Interruptible General Sales Service	10	14	24	145,390	108,546	253,936	0.07%	51,659	0.03%
313 - Firm Transportation Service	382	546	928	10,960,930	10,070,485	21,031,415	6.17%	5,845,613	3.51%
314 - Interruptible Transportation Service	245	343	588	45,786,344	48,687,879	94,474,223	27.71%	6,431,967	3.86%
310 - Resale Service	10	14	24	25,383	5,667	31,050	0.01%	29,634	0.02%
Special Contract Service	5	7	12	2,470,419	3,562,690	6,033,109	1.77%	286,853	0.17%
<b>Total</b>	<b>972,801</b>	<b>1,353,418</b>	<b>2,326,219</b>	<b>220,719,693</b>	<b>120,229,930</b>	<b>340,949,623</b>	<b>100.00%</b>	<b>166,661,936</b>	<b>100.00%</b>

**Piedmont Natural Gas Company**  
**TPUC Docket No. 20-00086**  
**Attrition Period Billing Determinants and Proposed Revenues per Settlement**

(dekatherms)	Attrition Period Billing Determinants (1)	Proposed "Clean" Billing Rates (2)	Proposed Revenues (3)	Proposed Margin Rates (4)	Proposed Margin Revenues (5)	PGA Demand Rates <sup>1</sup> (6)	PGA Demand Revenues (7)	PGA Commodity Rates <sup>1</sup> (8)	PGA Commodity Revenues (9)	Proposed Rate Case Expense Rider Rates (10)	Proposed Rate Case Expense Rider Revenues (11)
Rate Schedule											
<b>Residential Service - 301</b>											
Bills - winter (Nov - Mar)	879,725	\$17.45	\$15,351,201	\$17.45	\$15,351,201						
Bills - summer (Apr - Oct)	1,224,674	\$13.45	\$16,471,865	\$13.45	\$16,471,865						
Winter (Nov - Mar)	10,020,795	\$8.1180	\$81,348,817	\$5.3886	\$53,998,058	\$0.7577	\$7,592,757	\$1.9717	\$19,758,002	\$0.0000	\$0
Summer (Apr - Oct)	2,911,773	\$7.1892	\$20,933,317	\$4.4598	\$12,985,924	\$0.7577	\$2,206,250	\$1.9717	\$5,741,142	\$0.0000	\$0
Total	12,932,568		\$134,105,201		\$98,807,049		\$9,799,007		\$25,499,145		\$0
<b>Total Residential Service</b>											
Bills	2,104,399		\$31,823,067		\$31,823,067		\$0		\$0		\$0
DTs	12,932,568		\$102,282,134		\$66,983,982		\$9,799,007		\$25,499,145		\$0
<b>Small General Service - 302</b>											
Bills	212,805	\$44.00	\$9,363,420	\$44.00	\$9,363,420						
Winter (Nov - Mar)	4,058,817	\$8.2953	\$33,752,059	\$5.5659	\$22,646,530	\$0.7577	\$3,082,943	\$1.9717	\$8,022,487	\$0.0000	\$0
Summer (Apr - Oct)	1,884,675	\$7.3786	\$13,906,262	\$4.6492	\$8,762,231	\$0.7577	\$1,428,018	\$1.9717	\$3,716,014	\$0.0000	\$0
Total	5,953,492		\$57,021,742		\$40,772,280		\$4,510,961		\$11,738,500		\$0
<b>Medium General Service - 352</b>											
Bills	6,820	\$225.00	\$1,534,500	\$225.00	\$1,534,500						
Winter (Nov - Mar)	1,552,007	\$7.5939	\$11,785,785	\$4.8645	\$7,549,738	\$0.7577	\$1,175,956	\$1.9717	\$3,060,092	\$0.0000	\$0
Summer (Apr - Oct)	677,368	\$6.7927	\$4,601,160	\$4.0633	\$2,752,351	\$0.7577	\$513,242	\$1.9717	\$1,335,567	\$0.0000	\$0
Total	2,229,375		\$17,921,446		\$11,836,589		\$1,689,198		\$4,395,659		\$0
<b>Total Small / Medium General Service</b>											
Bills	219,625		\$10,897,920		\$10,897,920		\$0		\$0		\$0
DTs	8,182,867		\$74,943,187		\$52,608,869		\$6,200,159		\$16,134,160		\$0
<b>Large General Sales Service - 303</b>											
Bills	619	\$800.00	\$495,200	\$800.00	\$495,200						
Demand dt	80,958	\$16.2829	\$1,318,233	\$8.0000	\$647,665	\$8.2829	\$670,568		\$0		\$0
First 1,500 dt	570,665	\$3.8417	\$2,192,325	\$1.8700	\$1,067,144		\$0	\$1.9717	\$1,125,181	\$0.0000	\$0
Next 2,500 dt	217,725	\$3.6517	\$795,065	\$1.6800	\$365,777		\$0	\$1.9717	\$429,288	\$0.0000	\$0
Next 5,000 dt	8,763	\$3.3717	\$29,548	\$1.4000	\$12,269		\$0	\$1.9717	\$17,279	\$0.0000	\$0
Over 9,000 dt	0	\$2.7717	\$0	\$0.8000	\$0		\$0	\$1.9717	\$0	\$0.0000	\$0
Minimum Margin Revenues			\$13,505		\$13,505						
Total	797,153		\$4,843,875		\$2,601,560		\$670,568		\$1,571,747		\$0
<b>Interruptible Sales Service - 304</b>											
Bills	24	\$800.00	\$19,200	\$800.00	\$19,200						
First 1,500 dt	18,010	\$3.3217	\$59,822	\$1.3500	\$24,313		\$0	\$1.9717	\$35,559	\$0.0000	\$0
Next 2,500 dt	7,384	\$3.0767	\$22,719	\$1.1050	\$8,159		\$0	\$1.9717	\$14,559	\$0.0000	\$0
Next 5,000 dt	0	\$2.8817	\$0	\$0.9100	\$0		\$0	\$1.9717	\$0	\$0.0000	\$0
Over 9,000 dt	0	\$2.3752	\$0	\$0.4035	\$0		\$0	\$1.9717	\$0	\$0.0000	\$0
Total	25,394		\$101,741		\$51,672		\$0		\$50,069		\$0
<b>Firm Transportation Service - 313</b>											
Bills	928	\$800.00	\$742,400	\$800.00	\$742,400						
Demand dt	160,281	\$16.2829	\$2,609,844	\$8.0000	\$1,282,250	\$8.2829	\$1,327,594		\$0		\$0
First 1,500 dt	1,075,090	\$1.8700	\$2,010,418	\$1.8700	\$2,010,418		\$0		\$0	0.00000	\$0
Next 2,500 dt	643,262	\$1.6800	\$1,080,680	\$1.6800	\$1,080,680		\$0		\$0	0.00000	\$0
Next 5,000 dt	305,047	\$1.4000	\$427,066	\$1.4000	\$427,066		\$0		\$0	0.00000	\$0
Over 9,000 dt	79,743	\$0.8000	\$63,794	\$0.8000	\$63,794		\$0		\$0	0.00000	\$0
Minimum Margin Revenues			\$238,800		\$238,800						
Total	2,103,142		\$7,173,003		\$5,845,409		\$1,327,594		\$0		\$0
<b>Interruptible Transportation Service - 314</b>											
Bills	588	\$800.00	\$470,400	\$800.00	\$470,400						
First 1,500 dt	828,004	\$1.3500	\$1,117,805	\$1.3500	\$1,117,805		\$0		\$0	0.00000	\$0
Next 2,500 dt	1,092,995	\$1.1050	\$1,207,760	\$1.1050	\$1,207,760		\$0		\$0	0.00000	\$0
Next 5,000 dt	1,182,198	\$0.9100	\$1,075,800	\$0.9100	\$1,075,800		\$0		\$0	0.00000	\$0
Over 9,000 dt	6,344,226	\$0.4035	\$2,559,895	\$0.4035	\$2,559,895		\$0		\$0	0.00000	\$0
Total	9,447,422		\$6,431,660		\$6,431,660		\$0		\$0		\$0
<b>Total Large Volume Service</b>											
Bills	2,159		\$1,727,200		\$1,727,200		\$0		\$0		\$0
Demand	241,239		\$3,928,077		\$1,929,915		\$1,998,162		\$0		\$0
DTs	12,373,111		\$18,550,278		\$14,930,301		\$1,998,162		\$1,621,816		\$0
<b>Resale Service - 310</b>											
Bills	24		\$0		\$0						
Demand	1,800	\$16.2829	\$29,309	\$8.0000	\$14,400	\$8.2829	\$14,909		\$0		\$0
Commodity	3,105	\$6.8780	\$21,356	\$4.9063	\$15,234		\$0	\$1.9717	\$6,122	\$0.0000	\$0
<b>Special Contract Service</b>											
Bills	12		\$0		\$0		\$0		\$0		\$0
DTs	603,311		\$286,853		\$286,853		\$0		\$0		\$0
<b>TOTAL THROUGHPUT - SALES CUSTOMERS</b>	21,941,088		\$214,044,669		\$154,098,784		\$16,684,643		\$43,261,242		\$0
<b>TOTAL THROUGHPUT - TRANSPORTATION CUSTOMERS</b>	11,550,564		\$13,604,662		\$12,277,068		\$1,327,594		\$0		\$0
<b>TOTAL THROUGHPUT - SPECIAL CONTRACTS</b>	603,311		\$286,853		\$286,853		\$0		\$0		\$0
<b>TOTAL</b>	34,094,962		\$227,936,185		\$166,662,706		\$18,012,237		\$43,261,242		\$0
<b>OTHER REVENUES</b>											
<b>GRAND TOTAL OPERATING REVENUES</b>			\$230,146,411		\$168,872,932		\$18,012,237		\$43,261,242		\$0
<b>ATTRITION PERIOD OPERATING REVENUES AT CURRENT RATES</b>											
<b>REVENUE ADJUSTMENT FOR FORFEITED DISCOUNTS</b>			\$213,895,642		\$152,622,163		\$18,012,237		\$43,261,242		\$0
<b>REVENUE ADJUSTMENT FOR SALES &amp; TRANSPORTATION REVENUES<sup>2</sup></b>			\$159,739		\$159,739		\$0		\$0		\$0
<b>GRAND TOTAL OPERATING REVENUES</b>			\$160,091,030		\$160,091,030		(\$0)		(\$0)		\$0
<b>GRAND TOTAL OPERATING REVENUES</b>			\$230,146,411		\$168,872,932		\$18,012,237		\$43,261,242		\$0

<sup>1/</sup> No changes have been proposed to these rate components as part of this Settlement Agreement.

<sup>2/</sup> The proposed revenue increase for Sales & Transportation Revenue as reflected on Settlement Attachment C is \$16,090,261. The \$769 variance from the revenue adjustment reflected herein is due to rounding.

*TPUC Docket No. 20-00086*  
*Stipulation and Settlement Agreement*

# **Attachment E**





**Piedmont Natural Gas Company**  
**TPUC Docket No. 20-00086**  
**Normal Heating Degree Days<sup>1,3</sup>**

Effective with January 2021 cycle bills

DAY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1	25.1	22.9	17.4	9.9	2.8	0.5	0.0	0.0	0.0	1.8	9.5	19.5	
2	24.0	23.4	18.1	7.9	2.4	0.2	0.0	0.0	0.0	2.1	10.6	19.1	
3	24.3	24.3	21.8	7.8	3.3	0.2	0.0	0.0	0.0	2.5	11.6	18.7	
4	25.0	24.8	19.2	9.9	4.0	0.1	0.0	0.0	0.0	2.3	11.4	18.4	
5	26.0	25.1	18.0	10.9	3.6	0.1	0.0	0.0	0.1	2.1	11.2	21.8	
6	26.6	23.6	17.3	9.8	2.4	0.1	0.0	0.0	0.3	2.5	12.5	23.1	
7	27.1	22.9	16.6	8.0	1.7	0.1	0.0	0.0	0.1	3.7	13.3	23.1	
8	26.6	23.6	15.7	7.9	0.9	0.0	0.0	0.0	0.1	3.1	14.6	22.6	
9	24.5	24.6	15.6	7.9	0.8	0.0	0.0	0.0	0.0	3.0	13.6	21.3	
10	23.5	24.4	15.7	6.6	1.4	0.0	0.0	0.0	0.0	3.8	14.2	23.5	
11	22.7	23.3	16.9	4.9	1.4	0.0	0.0	0.0	0.1	4.2	13.7	23.5	
12	21.7	24.8	15.2	6.1	1.4	0.0	0.0	0.0	0.1	3.9	16.6	22.9	
13	24.0	25.5	14.8	7.0	2.1	0.0	0.0	0.1	0.3	3.4	16.4	21.1	
14	26.0	23.0	15.2	5.0	2.0	0.0	0.0	0.0	0.1	3.9	15.7	20.6	
15	27.3	22.5	13.7	5.9	2.2	0.0	0.0	0.0	0.1	4.4	16.5	21.2	
16	27.8	22.6	13.7	6.0	2.0	0.0	0.0	0.0	0.3	6.2	16.0	20.3	
17	27.2	23.2	12.4	5.9	1.5	0.0	0.0	0.0	0.2	6.5	15.9	21.1	
18	29.4	21.4	11.1	4.2	1.8	0.0	0.0	0.0	0.1	6.3	15.7	23.5	
19	28.9	20.4	12.0	4.4	1.2	0.0	0.0	0.0	0.4	8.1	14.5	24.1	
20	26.2	17.0	12.4	4.2	0.8	0.0	0.0	0.0	0.4	7.1	15.2	24.1	
21	26.3	15.6	13.8	5.1	1.3	0.0	0.0	0.0	0.6	5.9	15.0	21.9	
22	25.8	18.7	13.7	4.4	1.2	0.0	0.0	0.0	0.8	6.3	16.7	21.6	
23	26.1	17.7	11.7	4.7	0.3	0.0	0.0	0.0	1.1	7.1	17.0	23.0	
24	27.0	18.6	11.3	4.4	0.3	0.0	0.0	0.0	0.9	7.9	17.7	25.7	
25	27.4	19.3	11.6	3.4	0.5	0.0	0.0	0.0	0.9	7.9	17.5	28.2	
26	25.2	21.0	11.1	4.6	0.2	0.0	0.0	0.0	1.2	7.4	17.7	25.9	
27	24.5	19.7	10.5	5.1	0.3	0.0	0.0	0.0	1.4	8.7	18.2	23.3	
28	24.5	18.9	9.4	4.3	0.5	0.0	0.0	0.0	1.1	9.7	18.6	22.6	
29	24.0	4.2	11.1	3.5	0.2	0.0	0.0	0.0	1.9	10.0	17.2	22.4	
30	25.7	0.0	10.7	2.5	0.2	0.0	0.0	0.0	2.3	8.3	16.8	23.3	
31	24.9	0.0	10.4	0.0	0.2	0.0	0.0	0.0	0.0	7.6	0.0	23.4	
<b>Calendar Total</b>	<b>795.3</b>	<b>617.0</b>	<b>438.1</b>	<b>182.2</b>	<b>44.9</b>	<b>1.3</b>	<b>0.0</b>	<b>0.1</b>	<b>14.9</b>	<b>167.7</b>	<b>451.1</b>	<b>694.8</b>	<b>3,407.4</b>
<b>Cycle Total</b>	<b>748.8</b>	<b>779.6</b>	<b>509.5</b>	<b>302.4</b>	<b>99.1</b>	<b>13.8</b>	<b>0.0</b>	<b>0.1</b>	<b>1.3</b>	<b>60.3</b>	<b>322.4</b>	<b>570.1</b>	<b>3,407.4</b>

<b>30-YEAR AVERAGE TOTAL</b>	<b>3,407.4</b>
<b>NON-LEAP YEAR TOTAL</b>	<b>3,403.2</b>
<b>LEAP YEAR TOTAL<sup>2</sup></b>	<b>3,420.0</b>

1/ Consistent with the requirements of the Company's billing system, daily heating degree days are reflected out to one decimal place.

2/ The Heating Degree Day value for February 29 is 16.8 (= 4.2 x 4).

3/ The values herein reflect the 30-year average degree days for the period ended March 31, 2020.

*TPUC Docket No. 20-00086*  
*Stipulation and Settlement Agreement*

# **Attachment F**

**Piedmont Natural Gas Company, Inc.**  
**Tennessee**

**Index of Tariff & Service Regulations**

<a href="#"><u>Tariff Sheet No. 1</u></a>	<a href="#"><u>Rate Components by Rate Schedule</u></a>
<a href="#"><u>Rate Schedule 301</u></a>	<a href="#"><u>Residential Service</u></a>
<a href="#"><u>Rate Schedule 302</u></a>	<a href="#"><u>Small General Service</u></a>
<a href="#"><u>Rate Schedule 303</u></a>	<a href="#"><u>Large General Sales Service - Firm</u></a>
<a href="#"><u>Rate Schedule 304</u></a>	<a href="#"><u>Large General Sales Service - Interruptible</u></a>
<a href="#"><u>Service Schedule 306</u></a>	<a href="#"><u>Schedule for Limiting and Curtailing Service</u></a>
<a href="#"><u>Service Schedule 307</u></a>	<a href="#"><u>Balancing, Cash-Out, and Agency Authorization</u></a>
<a href="#"><u>Rate Schedule 309</u></a>	<a href="#"><u>Special Availability Service</u></a>
<a href="#"><u>Rate Schedule 310</u></a>	<a href="#"><u>Resale Service</u></a>
<a href="#"><u>Service Schedule 311</u></a>	<a href="#"><u>Purchased Gas Adjustment (PGA) Rider</u></a>
<a href="#"><u>Service Schedule 312</u></a>	<a href="#"><u>Equal Payment Plan (EPP)</u></a>
<a href="#"><u>Rate Schedule 313</u></a>	<a href="#"><u>Large General-Transportation Service - Firm</u></a>
<a href="#"><u>Rate Schedule 314</u></a>	<a href="#"><u>Large General Transportation Service - Interruptible</u></a>
<a href="#"><u>Service Schedule 315</u></a>	<a href="#"><u>Weather Normalization Adjustment (WNA) Rider</u></a>
<a href="#"><u>Service Schedule 316</u></a>	<a href="#"><u>Performance Incentive Plan</u></a>
<a href="#"><u>Service Schedule 317</u></a>	<a href="#"><u>Integrity Management Rider</u></a>
<a href="#"><u>Rate Schedule 343</u></a>	<a href="#"><u>Motor Vehicle Fuel Service</u></a>
<a href="#"><u>Rate Schedule 352</u></a>	<a href="#"><u>Medium General Service</u></a>
 <a href="#"><u>Tennessee Service Regulations</u></a>	
<a href="#"><u>Appendix A - Customer Agent Agreement</u></a>	

PIEDMONT NATURAL GAS COMPANY, INC.  
Tennessee Service Territory  
Billing Rates Effective: January 2, 2021

Rate Schedule	Description	Tariff Base Rate Docket No. 20-00086 <1>	Temporary Decrements Approved in Docket No.18-00040									Total Adj. Factor (Sum Col.2 thru Col.9)	Billing Rate <sup>1</sup> (Col.1+Col.10)
			-----Cumulative PGA-----		-----Current ACA-----		Current IPA	Current IM Adjustment	Deferred Base Revenue Refund	Unprotected Excess ADIT Refund	Rate Case Rider		
			Demand	Commodity	Demand	Commodity							
			<2>	<3>	<4a>	<4b>							
Residential 301 301	Monthly Charge-Nov.-Mar.	\$17.45											\$17.45
	Monthly Charge-Apr.-Oct.	\$13.45											\$13.45
	Nov.- Mar. per TH	0.53886	0.07577	0.19717	(0.01181)	(0.01044)	0.00830	(0.03699)	(0.01958)	(0.04211)	0.00000	0.16031	0.69917
	Apr.- Oct. per TH	0.44598	0.07577	0.19717	(0.01181)	(0.01044)	0.00830	(0.03699)	(0.01958)	(0.04211)	0.00000	0.16031	0.60629
Small General 302 302	Monthly Charge	\$44.00											\$44.00
	Nov.- Mar. per TH	0.55659	0.07577	0.19717	(0.01181)	(0.01044)	0.00830	(0.03231)	(0.01710)	(0.03678)	0.00000	0.17280	0.72939
	Apr.- Oct. per TH	0.46492	0.07577	0.19717	(0.01181)	(0.01044)	0.00830	(0.03231)	(0.01710)	(0.03678)	0.00000	0.17280	0.63772
Medium General 352 352	Monthly Charge	\$225.00											\$225.00
	Nov.- Mar. per TH	0.48645	0.07577	0.19717	(0.01181)	(0.01044)	0.00830	(0.03231)	(0.01710)	(0.03678)	0.00000	0.17280	0.65925
	Apr.- Oct. per TH	0.40633	0.07577	0.19717	(0.01181)	(0.01044)	0.00830	(0.03231)	(0.01710)	(0.03678)	0.00000	0.17280	0.57913
Motor Vehicle Fuel 343 343	Monthly Charge	varies by customer per their corresponding rate schedule											
	Nov.- Mar. per TH	varies by customer per their corresponding rate schedule											
	Apr.- Oct. per TH	varies by customer per their corresponding rate schedule											
303 Firm General Sales	Monthly Charge	\$800.00											\$800.00
	Demand Charge per TH	0.80000	0.82829		(0.18957)							0.63872	1.43872
	First 15,000 TH/TH	0.18700		0.19717		(0.01044)	0.00830	(0.01435)	(0.00319)	(0.00685)	0.00000	0.17064	0.35764
	Next 25,000 TH/TH	0.16800		0.19717		(0.01044)	0.00830	(0.01435)	(0.00319)	(0.00685)	0.00000	0.17064	0.33864
	Next 50,000 TH/TH	0.14000		0.19717		(0.01044)	0.00830	(0.01435)	(0.00319)	(0.00685)	0.00000	0.17064	0.31064
	Over 90,000 TH/TH	0.08000		0.19717		(0.01044)	0.00830	(0.01435)	(0.00319)	(0.00685)	0.00000	0.17064	0.25064
304 Interruptible General Sales	Monthly Charge	\$800.00											\$800.00
	First 15,000 TH/TH	0.13500		0.19717		(0.01044)	0.00830	(0.00359)	(0.00319)	(0.00685)	0.00000	0.18140	0.31640
	Next 25,000 TH/TH	0.11050		0.19717		(0.01044)	0.00830	(0.00359)	(0.00319)	(0.00685)	0.00000	0.18140	0.29190
	Next 50,000 TH/TH	0.09100		0.19717		(0.01044)	0.00830	(0.00359)	(0.00319)	(0.00685)	0.00000	0.18140	0.27240
	Over 90,000 TH/TH	0.04035		0.19717		(0.01044)	0.00830	(0.00359)	(0.00319)	(0.00685)	0.00000	0.18140	0.22175
313 Firm Transportation	Monthly Charge	\$800.00											\$800.00
	Demand Charge per TH	0.80000	0.82829		(0.18957)							0.63872	1.43872
	First 15,000 TH/TH	0.18700						(0.01435)	(0.00319)	(0.00685)	0.00000	(0.02439)	0.16261
	Next 25,000 TH/TH	0.16800						(0.01435)	(0.00319)	(0.00685)	0.00000	(0.02439)	0.14361
	Next 50,000 TH/TH	0.14000						(0.01435)	(0.00319)	(0.00685)	0.00000	(0.02439)	0.11561
	Over 90,000 TH/TH	0.08000						(0.01435)	(0.00319)	(0.00685)	0.00000	(0.02439)	0.05561
314 Interruptible Transportation	Monthly Charge	\$800.00											\$800.00
	First 15,000 TH/TH	0.13500						(0.00359)	(0.00319)	(0.00685)	0.00000	(0.01363)	0.12137
	Next 25,000 TH/TH	0.11050						(0.00359)	(0.00319)	(0.00685)	0.00000	(0.01363)	0.09687
	Next 50,000 TH/TH	0.09100						(0.00359)	(0.00319)	(0.00685)	0.00000	(0.01363)	0.07737
	Over 90,000 TH/TH	0.04035						(0.00359)	(0.00319)	(0.00685)	0.00000	(0.01363)	0.02672
310 Resale Service	Demand Charge per TH	0.80000	0.82829		(0.18957)							0.63872	1.43872
	Commodity Charge	0.49063		0.19717		(0.01044)	0.00830	(0.01435)	(0.00970)	(0.02086)	0.00000	0.15012	0.64075

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 6.25% for collection of the Metro Franchise Fee. Customers served by the Ashland City, Fairview, Franklin, Greenbrier, Hartsville, Mt. Juliet and White House systems are required to pay 5.0%. Customers served by the Nolensville system are required to pay 3%.

## **RATE SCHEDULE NO. 301**

### **Residential Service**

#### **AVAILABILITY**

Gas Service under this Rate Schedule is available in the area served by the Company in the State of Tennessee, upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations, to any full requirements single private residences, including the separate private units of apartment houses and other multiple dwellings, actually used for residential purposes, which are separately metered where the Company's distribution mains are suitable for supplying the desired ~~service~~Service.

#### **CHARACTER OF SERVICE**

The nature of Service provided by Company to Customer under this Rate Schedule is firm sales Service. This Rate Schedule ~~301~~ applies to all residential Customers.

<b><u>BASE MARGIN RATE</u></b>	<b>Winter</b>	<b>Summer</b>
	<b><u>(November-March)</u></b>	<b><u>(April-October)</u></b>
Monthly Charge	\$17.45	\$13.45
Commodity Charge (per therm)	\$ <del>.32000</del> <u>53886</u>	
	<del>\$.27000</del> <u>44598</u>	

#### **MONTHLY CHARGE**

A charge will be billed monthly to all Customers for the availability of gas ~~service~~Service. This charge will be in addition to the Commodity Charge for gas delivered. The Monthly Charge will be billed from the date of initial ~~service~~Service until ~~service~~Service is terminated at the Customer's request.

#### **COMMODITY CHARGE**

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer's premises.

#### **BACKUP SERVICE**

~~When gas service is being supplied for use as a Backup Service for the dual fuel heat pump or for similar use where the Customer's equipment is specifically designed by the manufacturer or is modified by the Customer or others for the purpose of using natural gas as the equipment's backup energy source, there shall be payable monthly in addition to all and other charges under this Rate Schedule a Backup Service Demand Charge individually determined for each Customer based upon the Customer's applicable gas equipment input rating. The per therm Demand Charge shall be equal to the unit Demand Charge applicable to the Company's firm industrial rate schedules.~~

~~Input shall be based upon individual Customer's applicable gas equipment rating in:~~

$$\frac{\text{BTU/Hour} \times 10 \text{ hours}}{100,000 \text{ BTU}} = \text{TH}$$

### **SERVICE AGREEMENTS**

All Customers ~~purchasing gas~~served pursuant to this ~~Rate s~~Service Schedule shall be subject to the Company's standard contracts and/or ~~service~~Service applications and subject to the Company's Service Regulations ~~as filed with the TRA.~~

### **PAYMENT TERMS**

All bills for ~~service~~Service are due upon presentation and the net rates are applicable if payment is made on- or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

### **RETURNED CHECK CHARGE**

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

### **ADJUSTMENTS**

Bills for ~~service~~Service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider," Rule No. 1220 4-1.12 of the TRA Rules and Regulations and the operation of Rate Schedule No. 316, "Performance Incentive Plan," Gas Service under this schedule is subject to the provisions contained within Service Schedule No. 315, "Weather Normalization Adjustment (WNA) Rider," and Service Schedule No. 317, "Integrity Management Rider (IMR)."

~~Purchased gas~~All adjustments and ~~all~~ applicable taxes and fees are in addition to the above stated margin rates in accordance with The Rules, Regulations and Orders of the ~~TRA-Tennessee Public Utility Commission~~ and Laws of the State of Tennessee.

### **SERVICE AVAILABILITY**

All requests for new and additional ~~service~~Service or the transfer of existing ~~service~~Service to a higher priority end use will be considered based upon the Company's judgment as to the available gas supply, Customer's ~~load~~ factor or use pattern, end use, impact on the local economy, the Company's Service Regulations, and The Rules, Regulations, and Orders of the ~~TRA-Tennessee Public Utility Commission~~ and Laws of the State of Tennessee.

### **SERVICE INTERRUPTION AND CURTAILMENT**

Gas ~~service~~Service under this schedule is subject to the provisions contained within ~~TRA~~Service Schedule No. 306, "Schedule for Limiting and Curtailing ~~Service~~Service" and the Company's Service Regulations.

### **WEATHER NORMALIZATION ADJUSTMENT**

~~Gas service under this schedule is subject to the provisions contained within TRA Schedule No. 315, "Weather Normalization Adjustment Rider."~~

**APPLICABLE DOCUMENTS DEFINING OBLIGATIONS OF THE COMPANY AND ITS CUSTOMERS**

The applicable documents defining the obligations of the Company and its Customers are those described in Section 1 of the Company's Service Regulations.

## **RATE SCHEDULE NO. 302**

### **Small General Service**

#### **AVAILABILITY**

Gas Service under this Rate Schedule is available in the area served by the Company in the State of Tennessee to any full requirements non-residential Customer, upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations, whose average daily usage is less than 20 dekatherms per day. Average daily gas usage will be based on the Customer's usage during the most recent past calendar year ended on December 31. Availability of this Rate Schedule for new Customers or for Customers without at least one full year of usage history will be based on reasonably anticipated usage.

#### **CHARACTER OF SERVICE**

The nature of Service provided by Company to Customer under this Rate Schedule is firm sales Service. Any reclassification or change in quantity or character of Service to Customer will be subject to procedures set forth in the Company's Service Regulations.

<b><u>BASE MARGIN RATE</u></b>	<b>Winter</b>	<b>Summer</b>
	<b><u>(November-March)</u></b>	<b><u>(April-October)</u></b>
Monthly Charge	\$44.00	\$44.00
Commodity Charge (per therm)	\$ <del>35400</del> <u>55659</u>	\$ <del>30000</del> <u>46492</u>

#### **MONTHLY CHARGE**

A charge will be billed monthly to all Customers for the availability of gas ~~s~~Service. This charge will be in addition to the Commodity Charge for gas delivered. The Monthly Charge will be billed from the date of initial ~~service-Service~~ until ~~service~~Service is terminated at the Customer's request.

#### **COMMODITY CHARGE**

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer's premises.

#### **BACKUP SERVICE**

~~When gas service is being supplied for use as a Backup Service for the dual fuel heat pump or for similar use where the Customer's equipment is specifically designed by the manufacturer or is modified by the Customer or others for the purpose of using natural gas as the equipment's backup energy source, there shall be payable monthly in addition to all and other charges under this Rate~~



~~Schedule a Backup Service Demand Charge individually determined for each Customer based upon the Customer's applicable gas equipment input rating. The per therm Demand Charge shall be equal to the unit Demand Charge applicable to the Company's firm industrial rate schedules.~~

~~Input shall be based upon individual Customer's applicable gas equipment rating in:~~

$$\frac{\text{BTU/Hour} \times 10 \text{ hours}}{100,000 \text{ BTU}} = \text{TH}$$

### **SERVICE AGREEMENTS**

All Customers ~~purchasing gas pursuant to served under~~ this ~~Rate Schedule schedule~~ shall be subject to the Company's standard contracts and/or ~~service-Service~~ applications and subject to the Company's Service Regulations ~~as filed with the TRA.~~

### **PAYMENT TERMS**

All bills for ~~Service-service~~ are due upon presentation and the net rates are applicable if payment is made on- or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

### **RETURNED CHECK CHARGE**

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

### **ADJUSTMENTS**

Bills for ~~service-Service~~ are subject to adjustment caused by changes in the cost of purchased gas in accordance with ~~Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider" Rule No. 1220 4-1 .12 of the TRA Rules and Regulations~~ and the operation of ~~Rate-Service~~ Schedule No. 316, "Performance Incentive Plan." Gas Service under this Rate Schedule is also subject to the provisions contained within Service Schedule No. 315, "Weather Normalization Adjustment (WNA) Rider" and Service Schedule No. 317, "Integrity Management Rider (IMR)."

~~Purchased~~All gas-adjustments and ~~all~~ applicable taxes and fees are in addition to the above stated margin rates in accordance with The Rules, Regulations and Orders of the ~~TRA-Tennessee Public Utility Commission~~ and Laws of the State of Tennessee.

### **SERVICE AVAILABILITY**

All requests for new and additional ~~Service-service~~ or the transfer of existing ~~service-Service~~ to a higher priority end use will be considered based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, the Company's Service Regulations, ~~and~~ The Rules, Regulations, and Orders of the ~~TRA Tennessee Public Utility Commission~~ and Laws of the State of Tennessee.

### **SERVICE INTERRUPTION AND CURTAILMENT**

Gas ~~service~~Service under this ~~schedule~~Rate Schedule is subject to the provisions contained within ~~TRA Service~~ Schedule No. 306, "Schedule for Limiting and Curtailing Service" and the Company's Service Regulations.

**~~WEATHER NORMALIZATION ADJUSTMENT~~**

~~Gas service under this schedule is subject to the provisions contained within TRA Schedule No. 315, "Weather Normalization Adjustment Rider."~~

**APPLICABLE DOCUMENTS DEFINING OBLIGATIONS OF THE COMPANY AND ITS CUSTOMERS**

The applicable documents defining the obligations of the Company and its Customers are those described in Section 1 of the Company's Service Regulations.

## **RATE SCHEDULE NO. 303**

### **Large General Sales Service - Firm**

#### **AVAILABILITY**

Gas ~~service-Service~~ under this Rate Schedule is available in the area served by the Company in the State of Tennessee to any full requirements non-residential Customer whose average daily gas usage is reasonably anticipated to equal or exceed 500 therms per day. All Service under this Rate Schedule shall be contingent upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations. Upon commencement of Service under this Rate Schedule, any reclassification or change in quantity or character of Service to Customer shall be subject to the provisions of this Rate Schedule ~~303~~ and the procedures set forth in the Company's Service Regulations. Service under this Rate Schedule is contingent upon the installation by the Company of telemetering equipment that reports daily consumption.

#### **CHARACTER OF SERVICE**

The nature of Service provided by Company to Customer under this Rate Schedule is firm sales Service. Any reclassification or change in quantity or character of Service to Customer will be subject to procedures set forth in the Company's Service Regulations.

Once a qualified Customer elects ~~service-Service~~ under this Rate Schedule, all ~~services-Service~~ will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive ~~service-Service~~ under Rate Schedule No. 309, "Special Availability Service," concurrent with ~~service-Service~~ provided under ~~the this~~ Rate Schedule. Subject to the requirements set forth above, a Customer may, subject to the consent of the Company, elect to discontinue ~~service-Service~~ under this Rate Schedule and receive ~~service-Service~~ under Rate Schedule No. 313, "Large General Transportation Service - Firm," by giving written notice to the Company prior to March 1 of any year.

The Company will not withhold such consent provided (a) the Company continues to offer ~~large general~~ firm general transportation Service under Rate Schedule No. 313, (b) the Company is able to provide Service under Rate Schedule No. 313 under commercially reasonable terms and conditions, and (c) the analyses applicable to reclassifications or changes in Service set forth in the Company's Service Regulations support such consent. If timely notice is received from Customer and consent is provided by Company, the Customer shall discontinue ~~service-Service~~ under this Rate Schedule and Company shall provide Service under Rate Schedule No. 313 effective the first June 1 following the notice.

All gas delivered pursuant to this Rate Schedule shall be metered by the Company separately from any gas delivered to Customer under any of the Company's other Rate Schedules.

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#### **BASE MARGIN RATE**

Monthly Charge	\$800.00
Demand Charge (per therm of billing demand)	\$.80000
Commodity Charge (per therm)	
1 <sup>st</sup> Step (0-15,000 therms)	<del>\$.09682</del> 18700
2 <sup>nd</sup> Step (15,001-40,000 therms)	<del>\$.08953</del> 16800
3 <sup>rd</sup> Step (40,001-90,000 therms)	<del>\$.06450</del> 14000
4 <sup>th</sup> Step (Over 90,000 therms)	<del>\$.02764</del> 08000

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#### **MONTHLY MINIMUM BILL**

The minimum monthly bill shall be the Monthly Charge plus the monthly Demand Charge.

#### **MONTHLY CHARGE**

A charge will be billed monthly to all Customers for the availability of gas ~~Service-service~~. This charge will be in addition to the Commodity Charge. The Monthly Charge will be billed from the date of initial ~~service-Service~~ until ~~serviceService~~ is terminated at the Customer's request.

#### **BILLING DEMAND**

The billing demand shall be determined as follows:

A Customer's billing demand determinant shall be the highest daily usage during the period from November 1 to March 31 of the previous winter period as metered and reported to the Company by the telemetering equipment installed by the Company. Changes to the Customer's billing demand determinant will become effective June 1 of each year. ~~The per unit demand charge may be adjusted from time to time to reflect rate changes, including, but not limited to, a general change in system rates or a change in pipeline capacity charges billed to the Company.~~

For Customers commencing initial gas ~~serviceService~~ under this Rate Schedule and who do not have a consumption history from other ~~sServices~~ provided by the Company, the billing demand determinant shall be the greater of: 1) the month of highest consumption for the period to date multiplied by six percent (6%), or 2) 500 therms. If a Customer has received gas ~~service-Service~~ from the Company prior to receiving ~~serviceService~~ under this ~~rate-scheduleRate Schedule~~, but does not have daily telemetered records to determine peak day usage as described above, the Company shall determine a billing demand based upon the highest monthly level of consumption during the previous winter period multiplied by six percent (6%).

#### **COMMODITY CHARGE**

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer's premises.

#### **SERVICE AGREEMENTS**

All Customers ~~purchasing gas-served~~ under this Rate Schedule shall be subject to the Company's standard contracts and/or ~~serviceService~~ applications and subject to the Company's ~~ServiceRules and Regulations-as filed with the TRA.~~

#### **PAYMENT TERMS**

All bills for ~~service-Service~~ are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

#### **RETURNED CHECK CHARGE**

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

#### **ADJUSTMENTS**

Bills for ~~service-Service~~ are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider," Rule No. 1220 4-1-12 of the TRA Rules and Regulations and the operation of Service Rate Schedule No. 316, "Performance Incentive Plan." Gas Service under this Rate Schedule is also subject to the provisions contained within Service Schedule No. 317, "Integrity Management Rider (IMR)."

~~Purchased gas~~All adjustments and ~~all~~ applicable taxes and fees are in addition to the above stated margin rates in accordance with The Rules, Regulations and Orders of the ~~TRA-Tennessee Public Utility Commission~~ and Laws of the State of Tennessee.

#### **SERVICE AVAILABILITY**

All requests for new or additional ~~service-Service~~ or the transfer of existing ~~service-Service~~ to a higher priority end use will be considered based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, the Company's Service Regulations, ~~and~~ The Rules, Regulations, and Orders of the ~~TRA-Tennessee Public Utility Commission~~ and Laws of the State of Tennessee.

#### **SERVICE INTERRUPTION AND CURTAILMENT**

Gas ~~service-Service~~ under this Rate Scheduleschedule is subject to the provisions contained within TRA-RateService Schedule No. 306, "Schedule for Limiting and Curtailing Service" and the Company's Service Regulations.

#### **APPLICABLE DOCUMENTS DEFINING OBLIGATIONS OF THE COMPANY AND ITS CUSTOMERS**

The applicable documents defining the obligations of the Company and its Customers are those described in Section 1 of the Company's Service Regulations.

## RATE SCHEDULE NO. 304

### **Interruptible-Large General Sales Service - Interruptible**

#### **AVAILABILITY**

Gas ~~service-Service~~ under this ~~rate-schedule-Rate Schedule~~ is available in the area served by the Company in the State of Tennessee **ON AN INTERRUPTIBLE BASIS** to any full requirements non-residential Customer whose average daily gas usage is reasonably anticipated to equal or exceed 500 therms per day. All Service under this Rate Schedule shall be contingent upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations. Upon commencement of Service under this Rate Schedule, any reclassification or change in quantity or character of Service to Customer shall be subject to the provisions of this Rate Schedule~~304~~ and the procedures set forth in the Company's Service Regulations. Service under this Rate Schedule is contingent upon the installation by the Company of telemetering equipment that reports daily consumption.

#### **CHARACTER OF SERVICE**

The nature of Service provided by the Company to Customer under this Rate Schedule is interruptible sales ~~service-Service~~. Any reclassification or change in quantity or character of Service to Customer will be subject to procedures set forth in the Company's Service Regulations.

Once a qualified Customer elects ~~service-Service~~ under this Rate Schedule, all ~~services-Services~~ will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive ~~service-Service~~ under Rate Schedule No. 309, "Special Availability Service," concurrent with ~~service-Service~~ provided under this Rate Schedule. Subject to the requirements set forth above, a Customer may, subject to the consent of the Company, elect to discontinue ~~service-Service~~ under this Rate Schedule and receive ~~service-Service~~ under Rate Schedule No. 314, "Large General Transportation Service – Interruptible," by giving written notice to the Company prior to March 1 of any year. The Company will not withhold such consent provided (a) the Company continues to offer ~~large general-interruptible~~ transportation Service under Rate Schedule ~~No. 314~~~~313~~, (b) the Company is able to provide Service under Rate Schedule ~~No. 313~~~~314~~ under commercially reasonable terms and conditions, and (c) the analyses applicable to reclassifications or changes in Service set forth in the Company's Service Regulations support such consent. If timely notice is received from Customer and consent is provided by Company, the Customer shall discontinue ~~service-Service~~ under this Rate Schedule and Company shall provide Service under Rate Schedule ~~No. 314~~ effective the first June 1 following the notice.

Customers ~~purchasing-gas~~served pursuant to this ~~schedule-Rate Schedule~~ shall maintain, in useable condition, alternate-fuel facilities with ample on-site alternate fuel capability for supplying 100% of the establishment's gas requirements during periods of gas interruption or curtailment. Such interruption or curtailment shall be immediately effective upon verbal or written notification by the Company, and Customer shall refrain from using gas until permitted to do so by the Company. It is understood and agreed that the Company will have the right to suspend gas ~~service-Service~~ without further notice to the Customer in the event Customer fails to interrupt or curtail Customer's use of gas in accordance with the Company's notice of interruption or curtailment.

All gas delivered pursuant to this Rate Schedule shall be metered by the Company separately from any gas delivered to Customer under any of the Company's other Rate Schedules.

~~Reclassification of customers between rate schedules will be based upon procedures set forth in the Company's Service Regulations as approved by the Tennessee Regulatory Authority.~~

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#### **BASE MARGIN RATE**

Monthly Charge	\$800.00
Commodity Charge (per therm)	
1 <sup>st</sup> Step (0-15,000 therms)	<del>\$.09682</del> <u>13500</u>
2 <sup>nd</sup> Step (15,001-40,000 therms)	<del>\$.08953</del> <u>11050</u>
3 <sup>rd</sup> Step (40,001-90,000 therms)	<del>\$.06450</del> <u>09100</u>
4 <sup>th</sup> Step (Over 90,000 therms)	<del>\$.02764</del> <u>04035</u>

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#### **MONTHLY MINIMUM BILL**

The minimum monthly bill shall be the Monthly Charge.

#### **MONTHLY CUSTOMER CHARGE**

A charge will be billed monthly to all Customers for the availability of gas ~~service~~Service. This charge will be in addition to the Commodity Charge for gas delivered. The Monthly Charge will be billed from the date of initial ~~service~~Service until ~~service~~Service is terminated at the Customer's request.

#### **COMMODITY CHARGE**

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer.

#### **SERVICE AGREEMENTS**

All Customers ~~served purchasing gas~~ pursuant to this ~~Rate Scheduleschedule~~ shall be subject to the Company's standard contracts and/or ~~service~~Service applications and subject to the Company's ~~ServiceRules and Regulations as filed with the TRA.~~

#### **PAYMENT TERMS**

All bills for ~~service~~Service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

#### **RETURNED CHECK CHARGE**

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

#### **ADJUSTMENTS**

Bills for ~~service~~Service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider," Rule No.

~~1220-4-1-.12 of the TRA Rules and Regulations~~ and the operation of ~~Rate Service~~ Schedule ~~No.~~ 316, "Performance Incentive Plan." Gas Service under this Rate Schedule is also subject to the provisions contained within Service Schedule No. 317, "Integrity Management Rider (IMR)."

~~Purchased gas-~~All adjustments and ~~all~~-applicable taxes and fees are in addition to the above stated margin rates in accordance with The Rules, Regulations and Orders of the ~~TRA-Tennessee Public Utility Commission~~ and Laws of the State of Tennessee.

#### **SERVICE AVAILABILITY**

All requests for new and additional ~~service-~~Service or the transfer of existing ~~service-~~Service to a higher priority end use will be supplied based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, the Company's Service Regulations and The Rules, Regulations, and Orders of the ~~TRA-Tennessee Public Utility Commission~~ and Laws of the State of Tennessee.

#### **SERVICE INTERRUPTION AND CURTAILMENT**

Gas ~~service-~~Service under ~~this-~~this Rate Schedule schedule is subject to the provisions contained within ~~TRA-~~Service Schedule No. 306, "Schedule for Limiting and Curtailing Service" and the Company's Service Regulations.

#### **APPLICABLE DOCUMENTS DEFINING OBLIGATIONS OF THE COMPANY AND ITS CUSTOMERS**

The applicable documents defining the obligations of the Company and its Customers are those described in Section 1 of the Company's Service Regulations.



## **SERVICE SCHEDULE NO. 306**

### **Schedule for Limiting and Curtailing Service**

This Service Schedule defines the types of Service interruptions and curtailment that the Company may invoke from time to time due to the occurrence of extreme weather conditions, operating conditions or force majeure events, and describes the process and procedures to be followed in the implementation of gas Sservice restrictions.

#### **DISTRIBUTION PRESSURE INTERRUPTIONS AND CURTAILMENTS**

Due to extreme weather conditions, operating conditions or force majeure events as defined in the Company's Tennessee Service Regulations, Rules and Regulations Governing Supply and Consumption of Gas, or the demands of the Company's firm Customers as the same may ~~ea~~ffect the Company's ability to provide interruptible Sservice, the Company may experience localized pressure deficiencies. During such times and within the areas affected, the Company will interrupt or curtail Sservice to interruptible Customers served under Rate Schedule Nos. 304, ~~Rate Schedule No. 309~~; or ~~Rate Schedule~~ 314, by priority of their margin contribution to the Company (interrupting or curtailment Customers with the lowest margin rate first) until the pressure situation can be alleviated. In the unlikely event that further interruption or curtailment is required, the Company will proceed with interruption or curtailment by margin contribution considering end use, impact on the local economy, and The Rules, Regulations, and Orders of the TRA-Tennessee Public Utility Commission and Laws of the State of Tennessee.

#### **SUPPLY OR CAPACITY RELATED INTERRUPTIONS AND CURTAILMENTS**

In situations when supply and capacity Sservices contracted by the Company are not sufficient to meet the full requirements of Customers desiring sales Sservices from the Company, the Company will first curtail Sservice to interruptible sales Customers receiving sSservice under Rate Schedule No. 304 by priority of their margin contribution to the Company. Customers receiving discounted sales sSservice under Rate Schedule No. 309 will also be curtailed according to the discounted rates. The Company reserves the right at the Company's discretion to purchase quantities being delivered to the Company by Customers under Rate Schedule 314 at market prices in order to serve Customers without operable alternative fuel capability. In the unlikely event that further interruption is required, the Company will proceed with curtailment by margin contribution considering end use, impact on the local economy, and The Rules, Regulations, and Orders of the TRA-Tennessee Public Utility Commission and Laws of the State of Tennessee.

#### **EMERGENCY SERVICE**

~~The Company will make every reasonable effort to deliver plant protection volumes to industrial and commercial Customers that do not have standby fuel systems sufficient to prevent damage to facilities or danger to personnel, or to Customers that find it impossible to continue operations on the Customer's standby or alternate energy source as a result of a bona fide existing or threatened emergency. This includes the protection of such existing material in process that would otherwise be destroyed, or deliveries required to maintain plant production.~~ All emergency gas sSservice is of a discretionary nature and implies no present or future obligation of the Company to any Customer to provide such sSservice on either a temporary or continuing basis. Deliveries of gas hereunder shall be made pursuant only to advance operating arrangements between the Company's authorized personnel and the Customer and shall be subject to curtailment and interruption at any time should the Company deem it necessary.

### **RATE FOR EMERGENCY SERVICE**

If the Company has authorized the Customer to consume limited quantities of emergency gas as provided in the above paragraph, then all gas consumed by the Customer will be at a rate of \$1.00 per therm plus the higher of two gas commodity indices, "Monthly Contract" and "Daily Price", until otherwise notified that either (1) further gas sales will be under the Customer's regular rate schedule or (2) complete curtailment is unavoidable and that further gas sales will be considered unauthorized. "Monthly Contract" shall be defined as the monthly contract index price for the applicable calendar month as published in Gas Daily under the designation, "Monthly Bidweek Spot Gas Prices" and indicated specifically under "Northeast" for "Tennessee, zone 6 del." "Daily Price" shall be defined as the daily price for gas defined by Gas Daily as stated in the "Daily Price Survey", "Northeast", "Tennessee, zone 6 del.", "Midpoint" price. For Days of consumption when the "Monthly Contract Index" is not published, the "Monthly Contract Index" shall equal the corresponding "Daily Price" published for the first day of the month of flow. For days of consumption when the "Daily Price" is not published, the "Daily Price" shall equal the average of the corresponding index prices as published on the nearest preceding and nearest subsequent day by Gas Daily. Revenues realized from emergency ~~s~~Service transactions will be credited to the Actual Cost Adjustment (ACA) account as recovery of gas costs.

### **UNAUTHORIZED OVER RUN PENALTY**

If at any time a Customer exceeds specified contract entitlements or if during any curtailment period, any affected Customer takes, without the Company's advance written approval, a volume of natural gas in excess of the curtailment period quantity entitlement applicable to such Customer, said volume shall constitute an unauthorized over run volume. For each therm of such unauthorized over run volume taken by such Customer, such Customer shall pay to the Company a rate of \$1.50 per therm plus the higher of two gas commodity indices, "Monthly Contract" and "Daily Price". "Monthly Contract" shall be defined as the monthly contract index price for the applicable calendar month as published in Gas Daily under the designation, "Monthly Bidweek Spot Gas Prices" and indicated specifically under "Northeast" for Tennessee, zone 6 del." "Daily Price" shall be defined as the daily price for gas defined by Gas Daily as stated in the "Daily Price Survey", "Northeast", "Tennessee zone 6 del.", "Midpoint" price. For Days of consumption when the "Monthly Contract Index" is not published, the "Monthly Contract Index" shall equal the corresponding "Daily Price" published for the first day of the month of flow. For days of consumption when the "Daily Price" is not published, the "Daily Price" shall equal the average of the corresponding index prices as published on the nearest preceding and nearest subsequent day by Gas Daily. The Customer shall be liable for the above charges together with and in addition to any incremental charges or assessments (including, but not limited to penalties) by the interstate pipeline during the time of the unauthorized usage by such Customer. The payment of a penalty for unauthorized over run volumes shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run volumes, nor shall such payment be considered as a substitute for any other remedies available to the Company or any other Customer against the offending Customer for failure to adhere to its obligations under the provisions of this Rate Schedule. Revenues realized from unauthorized over run penalties will be credited to the Actual Cost Adjustment (ACA) account as recovery of gas costs.

### **PAYMENT TERMS**

All bills for ~~s~~Service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

### **RETURNED CHECK CHARGE**

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

### **ADJUSTMENTS**

Bills for ~~s~~Service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No. 311. "Purchased Gas Adjustment (PGA) Rider,"~~Rule No. 1220-4-1-12 of the TRA Rules and Regulations~~ and the operation of ~~Rate~~Service Schedule No. 316, "Performance Incentive Plan."

~~Purchased~~All gas adjustments and ~~all~~ applicable taxes and fees are in addition to the above stated margin rates in accordance with The Rules, Regulations and Orders of the ~~TRA-Tennessee Public Utility Commission~~ and Laws of the State of Tennessee.

## **~~RATE~~ SERVICE SCHEDULE NO. 307**

### **Balancing, Cash-Out, and Agency Authorization**

#### **APPLICABILITY**

The provisions of this ~~Rate-Service~~ Schedule ~~307~~ shall apply to all ~~tariffed~~ transportation ~~s~~Services provided by the Company under Rate Schedules ~~Nos.~~ 313 and 314, as well as all transportation ~~Service~~ special contracts, unless expressly provided otherwise therein.

#### **LIMITATIONS ON INTRA-MONTH IMBALANCES**

Receipts and deliveries of gas hereunder shall be at uniform rates of flow with no significant fluctuations or imbalances. Customers (or its Agent) are responsible to match daily gas deliveries into the Company's system with daily gas consumption by Customer as closely as possible. Any imbalances shall be corrected by the Customer (or its Agent), insofar as practicable, during the month in which they occur. Customers (or its Agent) are expected to proactively manage intra-month imbalances. Customer (or its Agent) may adjust its daily nominations during a month in order to correct any accumulated imbalance and maintain a monthly balance subject to the operating limitations of the Company. The Company reserves the right to limit the amount of such imbalances to avoid operating problems, comply with balancing requirements of the upstream pipeline(s), and to mitigate the need to acquire additional daily supply at prices that would adversely affect sales customers. The Customer (or its Agent) will be responsible for any imbalance charges assessed by upstream pipeline(s) in connection with any gas transported by the Customer under this Rate Schedule.

In the event Customer (or its Agent) fails to abide by the requirements set forth above, the Company shall have the right to curtail deliveries to Customer (Customers in a transportation pool operated by a single Agent will be curtailed on a pro rata basis based on nominated quantities) if an imbalance is negative or reducing Customer's nominated quantities if an imbalance is positive. The Customer will be responsible for any imbalance charges assessed by upstream pipeline(s) in connection with any gas transported by the Customer. The Company reserves the right to take other reasonable action to mitigate system operational problems. The Company will use its reasonable efforts to notify the Customer or the Customer's Agent before proceeding with a unilateral nomination reduction or delivery curtailment and will notify Customer of any reduction to Customer's nomination that has been instituted by the Company. The Company reserves the right to initiate Standby Sales Service if elected by the Customer pursuant to Rate Schedule No. 313 when, in the judgment of the Company, such action is necessary to reduce or eliminate operational problems resulting from the gas imbalances of the Customer. The Company will use reasonable efforts to notify the Customer or the Customers' Agent before initiating Standby Sales Service hereunder.

No later than one-hour prior to the NAESB deadline for the timely nomination cycle on the fifth business day prior to the beginning of each month, the Customer must inform the Company of the nominating Agent for gas to be transported. If no notification to the contrary is provided, the Agent providing ~~s~~Service during the prior month shall be deemed to be the nominating Agent by default. No later than one-hour prior to the NAESB deadline for the timely nomination cycle on the fourth business day prior to the beginning of each month, the Customer shall submit a timely and valid nomination for transportation. Changes to nominations for gas transportation within the month are due to the Company no later than one-hour prior to the NAESB deadline for the timely

nomination cycle on the business day prior to gas flow. The Company will have no obligation to accommodate "late" or "next day intraday" or "intraday" nomination changes.

#### **BALANCING ON UPSTREAM PIPELINE(S)**

It shall be the Customer's responsibility to remain in balance on a daily and monthly basis with upstream pipeline(s) to avoid any assessment of penalties by such pipeline(s) against the Company. If the Company is assessed a penalty by an upstream pipeline, the Company shall have the right to pass-through all such penalties to the Customer or its Agent if the Customer has had an imbalance with the Company during the period for which the penalty was assessed.

#### **MONTHLY IMBALANCE RESOLUTION**

Any differences between the monthly quantities delivered to the Company's city gate facilities for the account of the Customer, and the monthly quantities consumed by the Customer as metered by the Company, shall be the monthly imbalance. The Percentage of Imbalance is defined as the monthly imbalance divided by the monthly quantities consumed by the ~~e~~Customer. Unless the Company and Customer agree to correct imbalances "in kind," the imbalance shall be resolved monthly by "cashing out" the imbalances as they are known to exist at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency, and the Company will sell the amount of the deficiency to the Customer by charging the price as specified below. If the Customer consumes less gas than has been delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus from the Customer by paying the price as specified below.

If Customer's monthly imbalance is less than or equal to 2% of the total monthly volume consumed or if the total aggregated monthly imbalance for the Agent is less than or equal to 2% of the total monthly volume consumed by all of the Agent's Customers in that transportation pool, and such imbalance or aggregated monthly imbalance is long, then the price paid by the Company will be the sum of (a) the average of the weekly "Weighted Index Price" as defined below plus (b) the pipelines Rate Schedule FT variable charges at the applicable pipeline percentages that comprise the "Weighted Index Price," including applicable fuel and surcharges, for delivery to the Company's city gate.

If Customer's monthly imbalance is less than or equal to 2% of the total monthly volume consumed, or if the total aggregated monthly imbalance for the Agent is less than or equal to 2% of the total monthly volume consumed by all of Agent's Customers in that transportation pool, and such imbalance is short, then the price paid by the Customer (or Agent) will be the sum of (a) the average of the weekly "Weighted Index Price" as defined below plus (b) the pipelines Rate Schedule IT charges at the applicable pipeline percentages that comprise the "Weighted Index Price," including applicable fuel and surcharges, for delivery to the Company's city gate.

If the Customer (or Agent) is "short" by more than 2% of the monthly volume consumed, the price paid by the Customer (or Agent) to the Company for each dekatherm of the total deficiency will be equal to the highest "Weighted Index Price" for any week beginning in the calendar month as published in *Natural Gas Week*, plus the pipelines Rate Schedule IT charges at the

applicable pipeline percentages that comprise the “Weighted Index Price,” including applicable fuel and surcharges, and deliver to the Company’s city gate, times the premium percentage corresponding to the percentage of the deficiency listed in the table below.

If the Customer (or Agent) is "long" by more than 2% of the monthly volume consumed, the price paid by the Company to the Customer (or Agent) for each dekatherm of the total surplus will be equal to the lowest “Weighted Index Price” for any week beginning in the calendar month as published in *Natural Gas Week*, plus the pipelines Rate Schedule FT variable charges, including applicable fuel and surcharges, at the applicable pipeline percentages that comprise the “Weighted Index Price” and deliver to the Company’s city gate, times the premium percentage corresponding to the percentage of the deficiency listed in the table below.

Percentage of the Imbalance	Short (Premium)	Long (Discount)
Over 2% & equal to or less than 5%	110%	90%
Over 5% & equal to or less than 10%	120%	80%
Over 10% & equal to or less than 15%	130%	70%
Over 15% & equal to or less than 20%	140%	60%
Over 20%	150%	50%

The “Weighted Index Price” shall be derived from the prices published in *Natural Gas Week* in the table Natural Gas Weekly Spot Prices for the following pipeline designations and weighted by the corresponding percentages set forth below:

GULF COAST, Tenn 500 So LA Z1	X	.5
+		
GULF COAST, Tenn 800 So LA Z1	X	.5

If an index listed in the table above fails to publish, the Company will use an average of the published corresponding Gas Daily indexes for the corresponding dates not published in *Natural Gas Week*.

The Company will collect gross receipts tax on the incremental gas related charges.

Any difference between the actual cost of gas incurred by the Company and the Index price as defined in the previous paragraph will be accounted for in the Actual Cost Adjustment account in a manner consistent with Service Schedule No. 311, “Purchased Gas Adjustment (PGA) Rider.” ~~Rule No. 1220-4-1-12 of the TRA Rules and Regulations.~~ Increments or decrements which may result from the PGA adjustments will not apply to the cash-out of imbalances.

#### **AGENCY AUTHORIZATION FORM**

Certain Rate Schedules permit a Customer to appoint a Customer’s Agent to act on its behalf with respect to nominations, imbalance resolution, and/or billing. Customer shall authorize a Customer’s Agent by executing an Agency Authorization Form in the form attached to this Rate Schedule. In order to be considered a Customer’s Agent, a third-party must execute and be in compliance with all of the terms of the Customer Agent Agreement form set forth in Appendix A to the Company’s Service Regulations. To the extent that the Agent appointed by the Customer

is common to other Customers of the Company, the Company will permit such Agent to aggregate all such qualifying Customers' transportation quantities for purposes of administering ~~s~~Service to such Agent. Once a Customer has designated an Agent, the Agent is then authorized to act on behalf of that Customer and as such, the Agent will be considered as the Customer in all corresponding references contained within this Rate Schedule. The Customer may not change Agents within the calendar month without the permission of the Company, unless the Agent's right to conduct business on the Company's system has been suspended by the Company, in which case, the Customer may act without an Agent or may provide written notice to the Company of the new Customer's Agent designated by the Customer. The Company will provide reasonable notice to Customer in the event of any suspension of Customer's Agent and will provide copies to Customer, on an expeditious basis and by electronic or other means, of any formal notices issued to the Customer's Agent. All Agents must utilize the electronic means made available by the Company in order to submit nominations. The Company may recover from the Agent all costs incurred in providing the Agent access to the electronic bulletin board.

**APPLICABLE DOCUMENTS DEFINING OBLIGATIONS OF THE COMPANY AND ITS CUSTOMERS**

The applicable documents defining the obligations of the Company and its Customers are those described in Section 1 of the Company's Service Regulations.



**AGENCY AUTHORIZATION FORM**

**EFFECTIVE DATE** \_\_\_\_\_

**CUSTOMER** \_\_\_\_\_

**NAME OF FACILITY** \_\_\_\_\_

**ACCOUNT NUMBER (S)** \_\_\_\_\_

**AGENT** \_\_\_\_\_

**AGENT CONTACT** \_\_\_\_\_

**AGENT PHONE #** \_\_\_\_\_

This is to advise Piedmont Natural Gas Company that \_\_\_\_\_ (**Customer**) has authorized \_\_\_\_\_ (**Agent**) to act on its behalf for the following transactions:

\_\_\_\_\_ nominations.  
\_\_\_\_\_ imbalance resolution.  
\_\_\_\_\_ billing.

of gas for the above listed account(s). Piedmont Natural Gas Company is hereby authorized to deal with the Agent directly, and the **CUSTOMER AND THE AGENT UNDERSTAND THAT THEY ARE RESPONSIBLE, JOINTLY AND SEVERALLY, FOR ANY AMOUNTS DUE PIEDMONT NATURAL GAS COMPANY ARISING UNDER THIS RATE SCHEDULE, PIEDMONT'S TENNESSEE SERVICE REGULATIONS, OR AGENT'S CUSTOMER AGENT AGREEMENT** which are not paid on these accounts. Customer will provide Piedmont Natural Gas Company with a revised "AGENCY AUTHORIZATION FORM" at least five (5) business days prior to the beginning of the month for the accounts designated, unless the Agent's right to conduct business has been suspended by Piedmont Natural Gas Company without prior notice.

\_\_\_\_\_  
CUSTOMER AUTHORIZED SIGNATURE

\_\_\_\_\_  
AGENT AUTHORIZED SIGNATURE

**Please Print:**

AGENT'S NAME \_\_\_\_\_ TITLE \_\_\_\_\_

PHONE # \_\_\_\_\_ ~~FAX #~~ EMAIL \_\_\_\_\_

~~MAILING ADDRESS~~

Please submit completed form to:

~~End User Transportation~~ Citygate Operations  
—Piedmont Natural Gas Company —OR— GasCommercialOperations@duke-energy.com



~~Fax Number: (704) 364-8320~~  
— P. O. Box 33068  
— Charlotte, N.C. 28233

## **RATE SCHEDULE NO. 309**

### **Special Availability Service**

#### **AVAILABILITY**

Gas ~~S~~service under this ~~rate~~ Rate Schedule is available to any Customer served under TRA-Rate Schedule No. 303, 304, 313, or 314, ~~Customer~~ when the Company has gas supplies or ~~S~~services that it cannot sell at its established fixed rates where the Company's distribution mains are suitable for supplying the desired ~~S~~service. On such occasions, the opportunity is lost to the Company and its Customers. This Rate Schedule is designed to permit the Company to provide ~~sell~~ such gas ~~and~~ ~~S~~services at special rates for the purpose of enabling the Company to compete with alternative fuels and ~~S~~Services available for use by its Customers.

Gas ~~s~~Service under this Rate Schedule is available on a limited term basis to Customers who are connected to the Company's distribution system and would otherwise qualify for ~~commercial and industrial sales or transportation~~ large general-gas Sservice. Gas ~~s~~Service may be provided under this Rate Schedule only in the event that the Company has available supplies or ~~s~~Services that cannot competitively be provided under other ~~R~~ate ~~s~~Schedules. Service under this Rate Schedule is temporary and the Company has the right to discontinue such ~~s~~Service. Gas ~~s~~Service under this ~~R~~ate ~~s~~Schedule will be curtailed prior to ~~s~~Service under any other comparable ~~R~~ate ~~s~~Schedule.

In the event a Customer has zero consumption during any billing month, this ~~tariff~~ Rate Schedule will not apply and ~~s~~Service shall be rendered pursuant to the Customer's ~~company's~~ regular ~~R~~ate ~~s~~Schedules for the class of ~~s~~Service indicated for the purpose of determining a minimum bill and qualifying provisions.

#### **BASE RATE**

The Customer shall pay the Company for all gas supplied or ~~s~~Services provided under this ~~s~~Rate ~~S~~chedule at a predetermined rate negotiated prior to delivery for limited term periods up to seven consecutive months.

#### **SERVICE AGREEMENTS**

All Customers purchasing gas pursuant to this Rate Schedule shall be subject to the Company's standard contracts and/or ~~s~~Service applications and subject to the Company's Service Regulations ~~as filed with the TRA~~.

#### **PAYMENT TERMS**

All bills for ~~s~~Service are due upon presentation and the above stated net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

#### **RETURNED CHECK CHARGE**

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

#### **ADJUSTMENTS**

Bills for ~~s~~Service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider," ~~Rule No. 1220-4-1-.12 of the TRA Rules and Regulations~~ and the operation of ~~Rate~~Service Schedule ~~No.~~ 316, "Performance Incentive Plan."

All Purchased gas adjustments and ~~all~~ applicable taxes and fees are in addition to the above stated base rates in accordance with The Rules, Regulations and Orders of the ~~TRA~~Tennessee Public Utility Commission and Laws of the State of Tennessee.

#### **SERVICE AVAILABILITY**

All requests for new and additional ~~s~~Service or the transfer of existing ~~s~~Service to a higher priority end use will be supplied based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use priority as specified by the Federal Energy Regulatory Commission (FERC), impact on the local economy, the Company's Service Regulations, and The Rules, Regulations, and Orders of the ~~TRA~~Tennessee Public Utility Commission and Laws of the State of Tennessee.

#### **SERVICE INTERRUPTION AND CURTAILMENT**

Gas ~~s~~Service under this schedule is subject to the provisions contained within ~~TRA~~Service Schedule No. 306, "Schedule for Limiting and Curtailing Service" and the Company's Service Regulations.

#### **TREATMENT OF NEGOTIATED MARGIN LOSSES**

Margin losses under this ~~Rate~~ ~~s~~Schedule shall be recovered by the Company through the Company's Actual Cost Adjustment (ACA) as provided in the Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider"~~Company's Purchased Gas Adjustment (PGA) Rider (TRA Service Schedule No. 311).~~

## **RATE SCHEDULE NO. 310**

### **Resale Service**

#### **AVAILABILITY**

Sales for ~~Resale~~-resale Service is available under this rate schedule to any qualified local distribution company who purchases natural gas for the purpose of reselling same, where the Company's distribution mains are suitable for supplying the desired ~~S~~service.

#### **CHARACTER OF SERVICE**

The nature of Service provided by Company to Customer under this Rate Schedule ~~310~~ is firm sales for resale Service.

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#### **BASE MARGIN RATE**

Demand Charge (per therm of billing demand) \$.80000

Commodity Charge (per therm) \$.~~09000~~49063

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#### **MONTHLY MINIMUM BILL**

The minimum monthly bill shall be the monthly demand charge.

#### **BILLING DEMAND**

Demand determinants shall be those agreed to in the contract.

#### **COMMODITY CHARGE**

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer's premises.

#### **SERVICE AGREEMENTS**

All ~~C~~eustomers purchasing gas pursuant to this schedule shall be subject to the Company's standard contracts and/or ~~s~~Service applications and subject to the Company's Service Rules and Regulations-as ~~filed with the TRA.~~

#### **PAYMENT TERMS**

All bills for ~~s~~Service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

#### **RETURNED CHECK CHARGE**

EFFECTIVE: ~~March 1, 2012~~

In the event a ~~e~~Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the ~~C~~eustomer will be assessed a charge of \$20.00.

### **ADJUSTMENTS**

Bills for ~~S~~service are subject to adjustment caused by changes in the cost of purchased gas in accordance with ~~Service Schedule No. 31, "Purchased Gas Adjustment (PGA) Rider," Rule No. 1220-4-1-.12 of the TRA Rules and Regulations~~ and the operation of ~~Service Rate~~ Schedule No. 316, "Performance Incentive Plan." Gas Service under this Rate Schedule is also subject to the provisions contained within Service Schedule No. 317, "Integrity Management Rider (IMR)."

~~Purchased gas~~ All adjustments and ~~all~~ applicable taxes and fees are in addition to the above stated margin rates in accordance with The Rules, Regulations and Orders of the ~~TRA~~Tennessee Public Utility Commission and Laws of the State of Tennessee.

### **SERVICE AVAILABILITY**

All requests for new and additional ~~S~~service or the transfer of existing ~~S~~service to higher priority end use will be supplied based upon the Company's judgement as to the available gas supply, ~~e~~Customer's load factor or use pattern, end use priority as specified by the Federal Energy Regulatory Commission (FERC), impact on the local economy, ~~the~~ Company's Service Regulations, and The Rules, Regulations, and Orders of the ~~TRA~~Tennessee Public Utility Commission and Laws of the State of Tennessee.

### **SERVICE INTERRUPTION AND CURTAILMENT**

Gas ~~S~~service under this schedule is subject to the curtailment provisions contained within ~~TRA~~Service Schedule No. 306, "Schedule for Limiting and Curtailing Service" and ~~the~~ Company's Service Regulations.

### **APPLICABLE DOCUMENTS DEFINING OBLIGATIONS OF THE COMPANY AND ITS CUSTOMERS**

The applicable documents defining the obligations of the Company and its Customers are those described in Section 1 of the Company's Service Regulations.

## SERVICE SCHEDULE NO. 311

### Purchased Gas Adjustment (PGA) Rider

#### I. General Provisions.

- A. This Purchased Gas Adjustment (PGA) Rider is intended to permit the Company to recover, in a timely fashion, the total cost of gas purchased for delivery to its Customers and to assure that the Company does not over-collect or under-collect Gas Costs from its eCustomers.
- B. This Rider is intended to apply to all Gas Costs incurred in connection with the purchase, transportation and/or storage of gas purchased for general system supply, including, but not limited to, natural gas purchased from interstate pipeline transmission companies, producers, brokers, marketers, associations, intrastate pipeline transmission companies, joint ventures, providers of liquefied natural gas (LNG), liquefied petroleum gas (LPG), compressed natural gas (CNG), renewable natural gas (RNG), substitute, supplemental or synthetic natural gas (SNG), and other hydrocarbons used as feed-stock, other distribution companies and end-users, whether or not the Gas Costs are regulated by the Federal Energy Regulatory Commission and whether or not the provider of the gas, transportation or storage is affiliated with the Company.
- C. To the extent practicable, any revision in the PGA shall be filed with the Authority Commission no less than thirty (30) days in advance of the proposed effective date and shall be accompanied by the computations and information required by this Rider. It is recognized, however, that in many instances the Company receives less than 30 days notice from its Suppliers and that other conditions may exist which may prevent the Company from providing 30 days advance notice. Therefore, should circumstances occur where information necessary for the determination of an adjustment under this Rider is not available to the Company so that the thirty (30) days requirement may be met, the Company may, upon good cause shown, be permitted to place such rates into effect with shorter advance notice.
- D. The rates for gas Service set forth in all of the Rate Schedules of the Company shall be adjusted pursuant to the terms of the PGA, or any -specified portion of the PGA as determined by individual Rate Schedule(s).
- E. No provision of this Rider shall supersede any provision of a Special Contract approved by the Authority Commission.

#### II. Definitions.

- A. "Gas Costs" shall mean the total delivered cost of gas paid or to be paid to Suppliers, including, but not limited to, all commodity/gas charges, demand charges, peaking charges, surcharges, emergency gas purchases, over-run charges, capacity charges, standby charges, gas inventory charges, minimum bill charges, minimum take charges, take-or-pay charges and take-and-pay charges (except as provided below), storage charges, service fees and transportation charges and any other similar charges which are paid by the Company to its gas suppliers in connection with the purchase, storage or transportation of gas for the Company's system supply, including Company use and lost and unaccounted for gas..

- B. **"Fixed Gas Costs"** shall mean all Gas Costs based on the Company's right to demand gas or transportation on a daily or seasonal peak; but unless otherwise ordered by the ~~Authority~~Commission, shall not include other charges paid for gas reserve dedication (e.g., reservation fees and gas inventory charges), minimum bill charges, minimum take charges, over-run charges, emergency gas charges, take-or-pay charges or take-and-pay charges (all of which shall be considered commodity costs).
- C. **"Gas Charge Adjustment"** shall mean the per unit amount billed by the Company to its ~~e~~Customers solely for Gas Costs. The Gas Charge Adjustment shall be separately stated for firm ~~e~~Customers and for non-firm ~~C~~eustomers.
- D. **"Suppliers"** shall mean any person or entity, including affiliates of the Company, who locates, purchases, sells, stores and/or transports natural gas or its equivalent for or on behalf of the Company. Suppliers may include, but not be limited to, interstate pipeline transmission companies, producers, brokers, marketers, associations, intrastate pipeline transmission companies, joint ventures, providers of LNG, LPG, ~~CNG, RNG,~~SNG, and other hydrocarbons used as feed-stock, other distribution companies and end-users.
- E. **"Computation Period"** shall mean the twelve (12) month period utilized to compute Gas Costs. Such period shall be the twelve (12) month period ending on the last day of a month which is no more than 62 days prior to the filing date of a PGA.
- F. **"Demand Billing Determinants"** shall mean the annualized volumes for which the Company has contracted with Suppliers as of the first day of the Filing Month.
- G. **"Commodity Billing Determinants"** shall mean the total metered throughput, regardless of source, during the Computation Period, adjusted for known and measurable changes. Should the Company expect to purchase commodity gas from several Suppliers, the Company shall allocate to each supplier a percentage of the total metered throughput, regardless of source, during the Computation Period, adjusted for known and measurable changes. The percentage used to allocate among Suppliers shall be based on historical takes during the Computation Period, if appropriate; otherwise it shall be based upon the best estimate of the Company.
- H. **"Filing Month"** shall mean the month in which a proposed revision is to become effective.

### III. Computation and Application of the PGA.

The PGA shall consist of three major components: (1) the Gas Charge Adjustment; (2) the Refund Adjustment; and (3) the Actual Cost Adjustment (ACA).

#### A. **Computation of Gas Charge Adjustment.**

The Company shall compute the jurisdictional Gas Charge Adjustment at such time that the Company determines that there is a significant change in its Gas Costs.

1. **Formulas.** The following formulas shall be used to compute the Gas Charge Adjustment:

$$Firm\ GCA = \left[ \left( \frac{D \pm DACA}{SF} \right) - DB \right] + \left[ \left( \frac{P + T + SR \pm CACA}{ST} \right) - CB \right]$$

$$Non - Firm\ GCA = \left( \frac{P + T + SR \pm CACA}{ST} \right) - CB$$

1. **Definitions of Formula Components.**

GCA =	The Gas Charge Adjustment in dollars per Ccf/Therm, rounded to no more than five decimal places.
D =	The sum of all fixed Gas Costs.
DACA =	The demand portion of the ACA.
P =	The sum of all commodity/gas charges.
T =	The sum of all transportation charges.
SR =	The sum of all FERC approved surcharges.
CACA =	The commodity portion of the ACA.
DB =	The per unit rate of demand costs or other fixed charges included in base rates in the most recently completed general rate case (which may be zero if the Company so elects and the <del>Authority-Commission</del> so approves).
CB =	The per unit rate of variable Gas Costs included in base rates in the most recently completed general rate case (which may be zero if the Company so elects and the <del>Authority-Commission</del> so approves).
SF =	Firm sales.
ST =	Total sales.

2. **Determination of Factors for Gas Charge Adjustment.**

a. **Demand Charges (Factor D)**



All fixed Gas Costs that do not vary with the amount of gas purchased or transported, including, but not limited to, the product resulting from the multiplication of (1) the respective Demand Billing Determinants by (2) the demand rates effective the first day of the Filing Month and (3) any fixed storage charges.

**b. Demand Actual Cost Adjustment (Factor DACA)**

See Subsection C of Section III.

**c. Purchased Commodity Charges (Factor P)**

All commodity or other variable gas costs associated with the amount of gas purchased or transported including, but not limited to, the product resulting from the multiplication of (1) the respective Commodity Billing Determinants by (2) the respective supplier's commodity/gas rate which are known, or if not known which are reasonably anticipated, to be in effect on the first day of the Filing Month.

**d. Transportation Charges (Factor T)**

The transportation charges actually invoiced to the Company during the Computation Period or expected to be invoiced to the Company during the current period.

**e. FERC Approved Surcharges (Factor SR)**

The sum of all FERC approved surcharges, including gas inventory charges or its equivalent, actually invoiced or expected to be invoiced to the Company during the Computation Period or to be effective the first day of the Filing Month by respective Suppliers.

**f. Actual Cost Adjustment (Factor ACA)**

See Subsection C of Section III.

**g. Firm Sales (Factor SF)**

Total volumes billed to the Company's firm ~~C~~eustomers during the Computation Period, regardless of source, adjusted for known and measurable changes.

**h. Total Sales (Factor ST)**

Total volumes billed to all the Company's ~~e~~Ccustomers during the Computation Period, regardless of source, adjusted for known measurable changes.

**3. Modification of Formulas.**

The formulas set forth above are not designed for use with two-part demand/commodity rate schedules; therefore, the formulas may be modified for use with such rate schedules. In addition, the formulas may be modified from time to time to carry out the intent of this PGA Rider. Any amendment to the formulas shall be effective on the proposed effective date of the amendment unless the Authority Commission shall act to suspend the proposed amendment within thirty days after the filing of the proposed amendment, in which case the proposed amendment shall be subject to notice and hearing.

**4. Filing with the Commission~~Authority~~.**

The computation of the Gas Charge Adjustment shall be filed in accordance with the notice requirements specified in Subsection C of Section I of this Rider, and shall remain in effect until a revised Gas Charge Adjustment is computed and filed pursuant to this Rider.

The Company shall file with the Authority Commission a transmittal letter, an exhibit showing the computation of the Gas Charge Adjustment, a PGA tariff sheet, and any applicable revised tariff sheets issued by Suppliers. The transmittal letter shall state the PGA tariff sheet number, the Sservice area(s), the primary reasons for revision, and the effective date.

If the Company proposes to recover any Gas Costs relating to (1) any payments to an affiliate or (2) any payments to a non-affiliate for emergency gas, over-run charges, take-or-pay charges and take-or-pay charges (except as provided below) or (3) the payment of any demand or fixed charges in connection with an increase in contract demand, the Company must file with the Authority Commission a statement setting forth the reasons why such charges were incurred and sufficient information to permit the Authority Commission to determine if such payments were prudently made under the conditions which existed at the time the purchase decisions were made.

Any filing of a rate change under this Rider shall be effective on the proposed effective date unless the Authority Commission shall act to suspend the proposed change within thirty day after the filing, in which case the filing shall be subject to notice and hearing.

The recovery of pipeline take-or-pay charges which were the subject of Docket No. U-87-7590 shall continue to be handled under procedures approved by the Authority Commission in that docket until such time as such procedures may be modified or amended by further order of the Authority Commission.

**B. Refund Adjustment.**

The Refund Adjustment shall be separately stated for firm and non-firm Ceustomers, and may be either positive or negative.

**1. Computation of Refund Adjustment.**

The Company shall compute a Refund Adjustment on the last day of each calendar quarter using the following formulas:

$$Firm\ RA = \left( \frac{DR1 - DR2}{SFR} \right) + \left( \frac{CR1 - CR2 \pm CR3 \pm i}{STR} \right)$$

$$Non - Firm\ RA = \left( \frac{CR1 - CR2 \pm CR3 \pm i}{STR} \right)$$

## 2. Definitions of Formula Components.

RA =	The Refund Adjustment in dollars per Ccf/therm, rounded to no more than five decimal places.
DR1 =	Demand refund not included in a currently effective Refund Adjustment, and received from Suppliers by check, wire transfer, or credit memo.
DR2 =	A demand surcharge from a Supplier not includable in the Gas Charge Adjustment, and not included in a currently effective Refund Adjustment.
CR1 =	Commodity refund not included in a currently effective Refund Adjustment, and received from Suppliers by check, wire transfer, or credit memo.
CR2 =	A commodity surcharge from a supplier not includable in the Gas Charge Adjustment, and not included in a currently effective Refund Adjustment.
CR3 =	The residual balance of an expired Refund Adjustment.
I =	Interest on the "Refund Due Customers' Account," using the average monthly balance based on the beginning and ending monthly balances. The interest rates for each calendar quarter used to compute such interest shall be a rate 2% below the arithmetic mean (to the nearest one-hundredth of one percent) of the prime rate value published in the "Federal Reserve Bulletin" or in the Federal Reserve's "Selected Interest Rates" for the 4th, 3rd, and 2nd months preceding the 1st month of the calendar quarter
SFR =	Firm sales as defined in the Gas Charge Adjustment computation, less sales under a transportation or negotiated rate schedule.
STR =	Total sales as defined in the Gas Charge Adjustment computation, less sales under a transportation or negotiated rate schedule.

## 3. Modification of Formula.

The formulas set forth above are not designed for use with two-part demand/commodity rate schedules; therefore, the formulas may be modified for use with such rate schedules. In addition, the formulas may be modified from time to time to carry out the intent of this PGA Rider. Any amendment to the formulas shall be effective on the proposed effective date of the amendment unless the Authority Commission shall act to suspend the proposed amendment within thirty days after the filing of the proposed amendment, in which case the proposed amendment shall be subject to notice and hearing.

**4. Filing with the Authority Commission.**

The computation of the Refund Adjustment shall be filed in accordance with the notice requirements specified in Subsection C of Section I this Rider, and shall remain in effect for a period of twelve (12) months or for such longer or shorter period of time as required to appropriately refund the applicable refund amount.

The Company shall file with the Authority Commission a transmittal letter, exhibits showing the computation of the Refund Adjustment and interest calculations, and a PGA tariff sheet. The transmittal letter shall state the PGA tariff sheet number, the Service area(s), the reason for adjustment, and the effective date. Should the Company have a Gas Charge Adjustment filing to become effective the same date as a Refund Adjustment, a separate transmittal letter and PGA tariff sheet shall not be necessary.

**C. Actual Cost Adjustment.**

Commencing with the initial effective date of this Rider, the Company shall calculate the ACA monthly. The Company may, at its option, file monthly to include the ACA in its calculation of the Gas Charge Adjustment but shall be required to do so at least annually. The ACA shall be the difference between (1) revenues billed Customers by means of the Gas Charge Adjustment and (2) the cost of gas invoiced the Company by Suppliers plus margin loss (if allowed by order of the Authority Commission in another docket) as reflected in the Deferred Gas Cost account. The balance of said account shall be adjusted for interest at the rate provided for the calculation of interest with respect to the Refund Adjustment. The ACA shall be segregated into demand and commodity, and shall be added to or deducted from, as appropriate, the respective demand and commodity costs included in the Gas Charge Adjustment. Supplemental sheets showing the calculations of margin losses and cost savings shall also be provided.

**D. Adjustments to Prior Period ACAs.**

In the event that circumstances warrant a correction to or restatement of a prior period ACA, such correction or restatement shall be made in accordance with the ACA calculation in effect for the time period(s) to which the correction or restatement relates. The resulting adjustment shall then be added to or deducted from the appropriate ACA in the next ensuing ACA filing with the Authority Commission.

**E. Annual Filing with the Authority Commission.**

Each year, the Company shall file with the Authority Commission an annual report reflecting the transactions in the Deferred Gas Cost Account. Unless the Authority Commission provides written notification to the Company within 180 days, the Deferred Gas Cost Adjustment Account shall be deemed in compliance with the provisions of this Rider.

**IV. Gas Cost Accounting.**

To appropriately match revenues with cost of purchased gas as contemplated under this rule, the Company shall originally record the cost of purchased gas in a "Deferred Gas Cost" account. Monthly, the Company shall debit "Natural Gas Purchases" with an amount equal to any gas cost component included in the Company's base tariff rates (base rate) plus the PGA rate, as calculated hereunder, multiplied by the appropriate sales volumes billed to Customers. The corresponding monthly credit entry shall be made to the "Deferred Gas Cost" account.

## SERVICE SCHEDULE NO. 312

### Equal Payment Plan (EPP)

#### AVAILABILITY

The Equal Payment Plan (“EPP” ~~or “Plan”~~) is available to ~~e~~Cu~~s~~tomers~~s~~ receiving ~~s~~Service under Rate Schedules ~~Nos. 301, and 302 and 352~~ whose accounts are in good standing. For purposes of the EPP, a Customer shall be considered in Ggood standing shall be defined as if they have not had gas Service terminated for non-payment of bills during the last twelve (12) months or if they have not having been removed from the Plan-EPP within the last twelve (12) months for non-payment of bills.

The ~~Plan-EPP~~ is designed to provide the ~~e~~Cu~~s~~tom~~e~~r the option of paying equal payments over a twelve-month period and is available during any month of the year. The Company shall have the discretion, but shall not be required, to include existing balances in the calculation of monthly EPP payments -Under circumstances where a eCustomer has a difficult time paying his-their monthly bills. In circumstances where an existing balance exists, the Company may require that EPP may be used to catch up the past due balance. The customer will be asked to pay as much of the old balance as possible be paid up front in order to help keep future payments as low as possible.

#### GENERAL TERMS AND CONDITIONS

At the ~~C~~eustomer’s election, the Company will calculate payments under the ~~Plan-EPP~~ based on the ~~C~~eustomer’s actual consumption history during the past 12-months adjusted for normal weather. The estimated monthly usage will be priced at the Company’s currently approved margin rates plus an estimated purchased gas adjustment factor based on the forward-looking NYMEX gas futures prices for upcoming 12-month period. Applicable franchise fees and ~~sales-taxes~~ are then added to arrive at the estimated annual billing amount. If the ~~C~~eustomer has an outstanding balance and, the Company agrees to include some or all of that balance under the EPP, it will be added to the estimated annual amount. ~~The monthly EPP payment will be calculated by dividing the estimated annual billing amount by twelve. After 11 payments have been made, the eCustomer will be sent a twelfth-month “true-up” bill reflecting any underage or overage of the total of the past 11 payments. Underages will be treated as debits and overages will be treated as credits and applied to the next billing. Refunds may be made by check if the overage exceeds \$25.00. Unless otherwise requested, the customer-Customer will remain on EPP after the twelfth bill with a new monthly EPP amount calculated.~~

#### MID-YEAR ADJUSTMENTS

In order to avoid unusually large debit or credit balances to the ~~e~~Cu~~s~~tom~~e~~r’s account, the Company may make mid-year adjustments to the EPP payments. During periods of highly volatile wholesale gas prices, more frequent EPP adjustments may be required to avoid unusually large debit or credit balances. The Company will notify the ~~e~~Cu~~s~~tom~~e~~r with a notation on the bill, bill insert or

EFFECTIVE:

March 1, 2012

separate mailing of any adjustments to payments.

EFFECTIVE:

~~March 1, 2012~~

## RATE SCHEDULE NO. 313

### ~~Firm-Large General~~ Transportation Service - ~~Firm~~

#### AVAILABILITY

Gas ~~service-Service~~ under this Rate Schedule is available in the area served by the Company in the State of Tennessee to any full requirements non-residential Customer whose average daily gas usage is reasonably anticipated to equal or exceed 500 therms per day. All Service under this Rate Schedule shall be contingent upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations. Upon commencement of Service under this Rate Schedule, any reclassification or change in quantity or character of Service to Customer shall be subject to the provisions of this Rate Schedule ~~313~~ and the procedures set forth in the Company's Service Regulations. Service under this Rate Schedule is contingent upon the installation by the Company of telemetering equipment that reports daily consumption.

#### CHARACTER OF SERVICE

The nature of ~~s~~Service provided by Company to Customer under this Rate Schedule is firm transportation Service. Any reclassification or change in quantity or character of Service to Customer will be subject to procedures set forth in the Company's Service Regulations.

Once a qualified Customer elects ~~service-Service~~ under this Rate Schedule, all ~~services-Services~~ will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive ~~serviceService~~ under Rate Schedule No. 309, "Special Availability Service," concurrent with ~~serviceService~~ provided under this Rate Schedule. Subject to the requirements set forth above, a Customer may, subject to the consent of the Company, elect to discontinue ~~serviceService~~ under this Rate Schedule and receive ~~S~~service under Rate Schedule No. 303, "Large General Sales Service – Firm," by giving written notice to the Company prior to March 1 of any year. The Company will not withhold such consent provided (a) the Company continues to offer ~~Large-large G~~general ~~S~~sales Service under Rate Schedule No. 303, (b) the Company is able to provide Service under Rate Schedule No. 303 under commercially reasonable terms and conditions, and (c) the analyses applicable to reclassifications or changes in Service set forth in the Company's Service Regulations support such consent. If timely notice is received from Customer and consent is provided by Company, the Customer shall discontinue ~~service-Service~~ under this Rate Schedule and Company shall provide Service under Rate Schedule No. 303 effective the first June 1 following the notice.

All gas delivered to pursuant to this Rate Schedule shall be metered by the Company separately from any gas delivered to Customer under any of the Company's other Rate Schedules.

The Company will redeliver gas received by Company from upstream pipeline(s) for the Customer's account under this Rate Schedule in accordance with the Customer's scheduled and confirmed nominations and subject to the Company's Operating Conditions.

#### APPLICABILITY

Transportation ~~service-Service~~ is available under this Rate Schedule to any qualified Customer connected to the Company's system who has obtained an independent supply of natural gas and has arranged to have this supply delivered to one of the Company's existing delivery points for transportation by the Company to the Customer's facilities.



The Company will deliver gas previously transported by a connected pipeline for the Customer's account under this Rate Schedule on a day-to-day basis in accordance with the Customer's scheduled and confirmed nominations, subject to such maximum allowable daily deliveries as may be specified in the Gas Service Contract. The Company reserves the right to suspend ~~service-Service~~ on any day when, in the Company's sole opinion, its operating conditions are such that suspension of ~~service-Service~~ is necessary. The Company reserves the right to limit, allocate, or direct third party gas nominations among the interstate pipelines serving the Company's distribution system, when, in the Company's sole opinion, such action is necessary to maintain the operational integrity of the system.

### **STANDBY SALES SERVICE**

At the option of the Customer, an election may be made monthly to receive Standby Sales Service from the Company under this Rate Schedule for delivery to the Customer at the Company's city gate. The Customer will also receive Standby Sales Service as a default if the Customer or the Customer's agent fails to submit a timely and valid nomination for transportation ~~S~~service. In addition to paying the Monthly Standby Index Price set forth below for Standby Sales Service hereunder, the Customer will utilize the transportation ~~services~~ ~~Services~~ and incur the charges otherwise applicable under this Rate Schedule to cause such gas supplies to be delivered to the Customer's meter. The price which the Customer shall pay for the gas supplied under this paragraph will be the "Monthly Standby Index Price" defined as follows: The weighted average index price for the applicable month as published in the first *Natural Gas Week* for such month in the table "Natural Gas Weekly Spot Prices" indicated specifically under the "Bid Week" column for:

GULF COAST, Tenn 500 So LA Z1	X	.5
+		
GULF COAST, Tenn 800 So LA Z1	X	.5

If the Customer nominates transportation ~~service-Service~~ hereunder and purchases gas supplies from a third--party supplier, and such Customer's consumption exceeds actual deliveries to the Company from such third party supplier to the point where operational problems are created for the Company, then the Company shall have the right, at its sole discretion, to initiate Standby Sales Service to the Customer. The price for such ~~serviceService~~ shall be the same as set forth above except when the Company is required by such imbalance shortfall to purchase incremental volumes of gas supplies. In this case the Customer receiving Standby Sales Service will pay the higher of (on a daily basis) the "Monthly Standby Index Price" or the "Daily Standby Index Price" defined as follows:

The "Daily Standby Index Price" will be equal to the "Midpoint" daily index price as published in Gas Daily for the day of consumption as stated in the "Daily Price Survey", "Louisiana/Southeast", "Tennessee, 500 Leg." For days of consumption when the Gas Daily is not published, the Gas Daily price shall equal the average of the corresponding index prices as published on the nearest preceding and nearest subsequent day by Gas Daily.

For Days of consumption when any component of the "Monthly Standby Index Price" is not published, the component of the "Monthly Standby Index Price" that was not published shall equal the corresponding midpoint daily index price as published in Gas Daily for the first day of the month of flow. For days of consumption when the "Daily Standby Index Price" is not

published, the "Daily Price" shall equal the average of the corresponding index prices as published on the nearest preceding and nearest subsequent day by Gas Daily.

Applicable firm transportation tariff commodity charges, fuel and any other surcharges as defined in the above transporters' FERC approved tariffs will be added to the above standby index prices. The Company will collect gross receipts tax on the incremental gas related charges.

Any difference between the actual cost of gas incurred by the Company and the Index price as defined in the previous paragraph will be accounted for in accordance with Service Schedule No. 311, "Purchased Gas Adjustment Rider."~~in the Actual Cost Adjustment account in a manner consistent with Rule No. 1220 4-1-12 of the TRA Rules and Regulations.~~ Increments or decrements which may result from the PGA rider adjustments will not apply to the standby index prices.

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### **BASE MARGIN RATE**

Monthly Charge	\$800.00
Demand Charge (per therm of billing demand)	\$.80000
Commodity Charge (per therm)	
1 <sup>st</sup> Step (0-15,000 therms)	\$. <del>09682</del> <u>18700</u>
2 <sup>nd</sup> Step (15,001-40,000 therms)	\$. <del>08953</del> <u>16800</u>
3 <sup>rd</sup> Step (40,001-90,000 therms)	\$. <del>06450</del> <u>14000</u>
4 <sup>th</sup> Step (Over 90,000 therms)	\$. <del>02764</del> <u>08000</u>

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### **MONTHLY MINIMUM BILL**

The minimum monthly bill shall be the Monthly Charge plus the Demand Charge~~multiplied by the billing demand determined as described below.~~

### **MONTHLY CHARGE**

A charge will be billed monthly to all Customers for the availability of gas ~~service~~Service. This charge will be in addition to the Commodity Charge. The Monthly Charge will be billed from the date of initial ~~service~~Service until ~~service~~Service is terminated at the Customer's request.

### **BILLING DEMAND**

The billing demand shall be determined as follows:

Customer billing demand determinate shall be the highest daily usage during the period from November 1 to March 31 of the previous winter period as metered and reported to the Company by the telemetering equipment installed by the Company. Changes to the Customer's billing demand determinate will become effective June 1 of each year. ~~The per unit charge may be adjusted from time to time to reflect rate changes, including, but not limited to, a general change in system rates or a change in pipeline capacity charges billed to the Company.~~

For Customers commencing initial gas ~~service~~ Service under this Rate Schedule and who do not have a consumption history from other ~~s~~Services provided by the Company, the billing demand determinate shall be based upon a reasonable assumption of usage considering the connected load. If a Customer has received gas ~~service~~ Service from the Company prior to receiving ~~service~~ Service under this Rate Schedule but does not have daily telemetered records to determine peak day usage as described above, the Company shall determine a billing demand based on the greater of: 1) the month of highest consumption for the period to date multiplied by six percent (6%), or 2) 500 therms.

#### **COMMODITY CHARGE**

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer's premises.

#### **SERVICE AGREEMENTS**

All Customers ~~served receiving service~~ under this Rate Schedule shall be required to execute the Company's standard contracts and/or ~~service~~ Service applications and shall be subject to the Company's ~~Rules and Service~~ Regulations ~~as filed with and approved by the Tennessee Regulatory Authority (TRA).~~

### **PAYMENT TERMS**

All bills for ~~service~~ Service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

### **RETURNED CHECK CHARGE**

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

### **ADJUSTMENTS**

Bills for ~~transportation-s~~ Service are subject to adjustment caused by changes in the cost of purchased gas in accordance with- Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider." ~~Rule No. 1220-4-1-12 of the TRA Rules and Regulations.~~ Service under this Rate Schedule is also subject to the provisions contained within Service Schedule No. 317, "Integrity Management Rider (IMR)."

~~Purchased gas~~ All adjustments and ~~all~~ applicable taxes and fees are in addition to the above stated margin rates in accordance with the Rules, Regulations and Orders of the ~~TRA-Tennessee~~ Public Utility Commission and the Laws of the State of Tennessee.

### **SERVICE AVAILABILITY**

All requests for new or additional ~~service~~ Service or the transfer of existing ~~service~~ Service to a higher priority end use will be considered based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, the Company's Service Regulations, the ~~TRA-Rules, -and~~ Regulations, ~~and~~ Orders of the ~~TRA-Tennessee~~ Public Utility Commission and the Laws of the State of Tennessee.

### **SERVICE INTERRUPTION AND CURTAILMENT**

Gas ~~s~~ Service under this Rate Schedule ~~schedule~~ is subject to the provisions contained within ~~TRA-Service~~ Schedule No. 306, "Schedule for Limiting and Curtailing Service" and the Company's Service Regulations.

### **BALANCING, CASH-OUT, AND AGENCY AUTHORIZATION**

Service under this Rate Schedule shall be subject to all of the provisions and requirements of ~~Rate-Service~~ Schedule No. 307, "Balancing, Cash-Out, and Agency Authorization."

### **APPLICABLE DOCUMENTS DEFINING OBLIGATIONS OF THE COMPANY AND ITS CUSTOMERS**

The applicable documents defining the obligations of the Company and its Customers are those described in Section 1 of the Company's Service Regulations.

# RATE SCHEDULE NO. 314

## **INTERRUPTIBLE TRANSPORTATION**

### **SERVICE Large General Transportation Service - Interruptible**

#### **AVAILABILITY**

Gas ~~s~~Service under this Rate Schedule is available in the area served by the Company in the State of Tennessee **ON AN INTERRUPTIBLE BASIS** to any full requirements non-residential Customer whose average daily gas usage is reasonably anticipated to equal or exceed 500 therms per day. All Service under this Rate Schedule shall be contingent upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations. Upon commencement of Service under this Rate Schedule, any reclassification or change in quantity or character of Service to Customer shall be subject to the provisions of this Rate Schedule ~~314~~ and the procedures set forth in the Company's Service Regulations. Service under this Rate Schedule is contingent upon the installation by the Company of telemetering equipment that reports daily consumption.

#### **CHARACTER OF SERVICE**

The nature of Service provided by Company to Customer under this Rate Schedule is interruptible transportation ~~S~~service. Any reclassification or change in quantity or character of Service to Customer will be subject to procedures set forth in the Company's Service Regulations.

Once a qualified Customer elects ~~service~~ Service under this Rate Schedule, all ~~S~~services will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive ~~s~~Service under Rate Schedule No. 309, "Special Availability Service," concurrent with ~~s~~Service provided under this Rate Schedule. Subject to the requirements set forth above, a Customer may, subject to the consent of the Company, elect to discontinue ~~s~~Service under this Rate Schedule and receive ~~s~~Service under Rate Schedule No. 304, "Large General Sales Service – Interruptible," and/or ~~310~~ by giving written notice to the Company prior to April 1 of any year. The Company will not withhold such consent provided (a) the Company continues to offer ~~Interruptible-interruptible~~ ~~G~~general ~~S~~sales Service under Rate Schedule No. 304, (b) the Company is able to provide Service under Rate Schedule No. 304 under commercially reasonable terms and conditions, and (c) the analyses applicable to reclassifications or changes in Service set forth in the Company's Service Regulations support such consent. If timely notice is received from Customer and consent is provided by Company, the Customer shall discontinue ~~S~~service under this Rate Schedule and Company shall provide Service under Rate Schedule No. 304/~~310~~, as applicable, effective the first June 1 following the notice.

All gas delivered to pursuant to this Rate Schedule shall be metered by the Company separately from any gas delivered to Customer under any of the Company's other Rate Schedules.

The Company will redeliver gas received by Company from upstream pipeline(s) for the

Customer's account under this Rate Schedule in accordance with the Customer's scheduled and confirmed nominations and subject to the Company's Operating Conditions.

Customers ~~receiving services underserved pursuant to~~ this Rate Schedule shall maintain, in useable condition, alternate-fuel facilities with ample on-site alternate fuel capability for supplying 100% of the establishment's gas requirements during periods of gas interruption or curtailment. Such interruption or curtailment shall be immediately effective upon verbal or written notification by the Company, and Customer shall refrain from using gas until permitted to do so by the Company. It is understood and agreed that the Company will have the right to suspend gas ~~s~~Service without further notice to the Customer in the event Customer fails to interrupt or curtail Customer's use of gas in accordance with the Company's notice of interruption or curtailment.

#### **APPLICABILITY**

Transportation ~~S~~service is available under this Rate Schedule to any qualified Customer connected to the Company's system who has obtained an independent supply of natural gas and has arranged to have this supply delivered to one of the Company's existing delivery points for transportation by the Company to the Customer's facilities.

The Company will deliver **ON AN INTERRUPTIBLE BASIS** gas previously transported by a connected pipeline for the Customer's account under this Rate Schedule on a day-to-day basis in accordance with the Customer's scheduled and confirmed nominations. The Company reserves the right to suspend ~~S~~service on any day when, in the Company's sole opinion, its operating conditions are such that suspension of ~~s~~Service is necessary. The Company reserves the right to limit, allocate, or direct third party gas nominations among the interstate pipelines serving the Company's distribution system, when, in the Company's sole opinion, such action is necessary to maintain the operational integrity of the system.

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#### **BASE MARGIN RATE**

Monthly Charge	\$800.00
Commodity Charge (per therm)	
1 <sup>st</sup> Step (0-15,000 therms)	<u>\$.0968213500</u>
2 <sup>nd</sup> Step (15,001-40,000 therms)	<u>\$.0895311050</u>
3 <sup>rd</sup> Step (40,001-90,000 therms)	<u>\$.0645909100</u>
4 <sup>th</sup> Step (Over 90,000 therms)	<u>\$.04035</u>

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\$.02764

#### **MONTHLY MINIMUM BILL**

The minimum monthly bill shall be the Monthly Charge.

#### **MONTHLY CHARGE**

A charge will be billed monthly to all Customers for the availability of gas ~~s~~Service. This charge will be in addition to the Commodity Charge. The Monthly Charge will be billed from the date of initial ~~s~~Service until ~~s~~Service is terminated at the Customer's request.

#### **COMMODITY CHARGE**

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer's premises.

### **SERVICE AGREEMENTS**

All Customers receiving ~~s~~Service pursuant to this Rate Schedule shall be required to execute the Company's standard contracts and/or ~~S~~service applications and shall be subject to the Company's ~~Rules and Service~~ Regulations ~~as filed with and approved by the Tennessee Regulatory Authority (TRA).~~

### **PAYMENT TERMS**

All bills for ~~s~~Service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

### **RETURNED CHECK CHARGE**

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

### **ADJUSTMENTS**

Bills for ~~transportation~~ ~~S~~service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider." ~~Rule No. 1220 4-1-12 of the TRA Rules and Regulations.~~ Gas Service under this Rate Schedule is also subject to the provisions contained within Service Schedule No. 317, "Integrity Management Ride (IMR)r."

~~Purchase gas~~All adjustments and ~~all~~ applicable taxes and fees are in addition to the above stated margin rates in accordance with the Rules, Regulations and Orders of the ~~TRA~~Tennessee Public Utility Commission and the Laws of the State of Tennessee.

### **SERVICE AVAILABILITY**

All requests for new or additional ~~s~~Service or the transfer of existing ~~s~~Service to a higher priority end use will be considered based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, the Company's Service Regulations, the ~~TRA~~Rules, ~~and~~ Regulations, ~~the and~~ Orders of the ~~TRA~~Tennessee Public Utility Commission, and the Laws of the State of Tennessee.

### **SERVICE INTERRUPTION AND CURTAILMENT**

Gas ~~S~~service under this schedule is interruptible and is subject to the provisions contained within ~~TRA~~Service Schedule No. 306, "Schedule for Limiting and Curtailing Service" and the Company's Service Regulations.

### **BALANCING, CASH-OUT, AND AGENCY AUTHORIZATION**

Service under this Rate Schedule shall be subject to all of the provisions and requirements of ~~Rate~~Service Schedule No. 307, "Balancing, Cash-Out, and Agency Authorization."

### **APPLICABLE DOCUMENTS DEFINING OBLIGATIONS OF THE COMPANY AND ITS CUSTOMERS**

The applicable documents defining the obligations of the Company and its Customers are those

described in Section 1 of the Company's Service Regulations.



## **SERVICE SCHEDULE NO. 315**

### **Weather Normalization Adjustment**

### **(WNA) Rider**

#### **I. Provision for Adjustment**

The base rates per therm (100,000 Btu) for gas ~~s~~Service set forth in any ~~r~~Rate ~~s~~Schedules utilized by the ~~Authority~~Commission in determining normalized test period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment".

The Weather Normalization Adjustment will be applicable for bills rendered on and after October 1 and continuing through the final billing cycle in April of each year.

#### **II. Definitions**

For the purposes of this Rider:

"~~Authority~~Commission" means the Tennessee ~~Regulatory Authority~~Public Utility Commission.

"Relevant Rate Order" means the final order of the ~~Authority~~Commission in the most recent litigated rate case of the Company or Annual Review Mechanism of the Company authorized by the Commission pursuant to T.C.A. § 65-5-103(d)(6), fixing the rates of the Company, or the most recent final order of the ~~Authority~~Commission specifically prescribing or fixing the factors and procedures to be used in the application of this Rider.

#### **III. Computation of Weather Normalization Adjustment**

The Weather Normalization Adjustment shall be computed to the nearest one-hundredth cent per therm by the following formula:

$$WNA_i = R_i \quad * \quad \frac{(HSF_i(NDD-ADD))}{(BL_i + (HSF_i \times ADD))}$$

Where:

I = any particular rate schedule or billing classification within any particular rate schedule that contains more than one billing classification.

$WNA_i$  = Weather Normalization Adjustment Factor for the  $i^{th}$  rate schedule or classification expressed in cents per therm.

$R_i$  = weighted average base rate (base rate less any embedded gas cost) of temperature sensitive sales for the  $i^{th}$  schedule or classification utilized by the ~~Authority~~Commission in the Relevant Rate Order for the purpose of

determining normalized test year revenues.

$HSF_i$  = heat sensitive factor for the  $i^{th}$  schedule or classification utilized by the ~~Authority~~ Commission in the Relevant Rate Order for the purpose of determining normalized test year revenues.

NDD = normal billing cycle heating degree days utilized by the ~~Authority~~ Commission in the Relevant Rate Order for the purpose of determining normalized test year revenues.

ADD = actual billing cycle heating degree days.

$BL_i$  = base load sales for the  $i^{th}$  schedule or classification utilized by the ~~Authority~~ Commission in the Relevant Rate Order for the purpose of determining normalized test year revenues.

#### IV. Filing with ~~Authority~~ Commission

The Company will file as directed by the ~~Authority~~ Commission (a) a copy of each computation of the Weather Normalization Adjustment, (b) a schedule showing the effective date of each such Weather Normalization Adjustment, and a schedule showing the factors or values derived from the Relevant Rate Order used in calculating such Weather Normalization Adjustment.

## SERVICE SCHEDULE NO. 316

### Performance Incentive Plan

#### Applicability

The Performance Incentive Plan (the Plan) replaces the annual reasonableness or prudence review of the Company's gas purchasing activities overseen by the Tennessee ~~Public Utility Commission Regulatory Authority~~ (~~Authority Commission~~ or ~~TRA-TPUC~~). The Plan does not preclude the ~~Authority Commission~~ from conducting an independent investigation into or examination of any aspect of the Plan or the Company's conduct thereunder. The Plan is designed to provide incentives to the Company in a manner that will produce rewards for its customers and its stockholders and improvements in the Company's gas procurement and capacity management activities. Each plan year (Plan Year) will begin July 1st. The annual provisions and filings herein would apply to this annual period. The Plan will continue until the Plan is either (a) terminated at the end of a Plan Year by not less than 90 days notice by the Company to the ~~Authority Commission~~ or (b) the Plan is modified, amended or terminated by the ~~Authority Commission~~ on a prospective basis.

#### Overview of Structure

The Plan establishes a predefined benchmark index to which the Company's commodity cost of gas is compared. It also addresses the recovery of gas supply reservation fees and the treatment of off-system sales and wholesale interstate sale for resale transactions. The net incentive benefits or costs will be shared between the Company's customers and the Company on a 75%-customers / 25%- stockholders basis for the Plan Year commencing on July 1, 2006.

The Plan also is designed to encourage the Company to actively market off-peak unutilized transportation and storage capacity on pipelines in the secondary market. It also addresses the sharing of asset management fees paid by asset managers, and other forms of compensation received by the Company for the release and/or utilization of the Company's transportation and storage assets by third-parties. The Company shall notify the ~~TRA-TPUC~~ Staff and the Consumer Advocate and Protection Division of the Office of the Attorney General (CAD) of all "other forms of compensation" prior to inclusion of such compensation in the Plan. The net incentive benefits or costs of such activities will be shared between the Company's customers and the Company utilizing a 75%-customers / 25%-stockholders formula commencing on July 1, 2006.

Every three years the Company's activities under the Plan will be reviewed comprehensively by an independent consultant. The first triennial review shall occur in the autumn of 2008. The scope of the review may include all transactions and activities related to the Performance Incentive Plan, including, but not limited to, natural gas procurement, capacity management, storage, hedging, reserve margins, and off-system sales.

The Company is subject to a cap on overall incentive gains or losses of \$1.6 million annually. In connection with the Performance Incentive Plan, the Company shall file with the ~~Authority~~ TPUC Staff,

and supply a copy to the ~~Consumer Advocate and Protection Division of the Tennessee Attorney General~~ (CAD), and update each year, a Three Year Supply Plan. The Company will negotiate/obtain firm capacity, interruptible capacity and/or gas supply pursuant to such plan.

### **Commodity Costs**

Each month the Company will compare its *total city gate commodity and cost of gas*<sup>1</sup> to a benchmark dollar amount. The benchmark gas cost will be computed by multiplying total actual purchase quantities for the month by a price index. The monthly price index is defined as:

$$I = F_f(P_0K_0 + P_1K_1 + P_cK_c + \dots P_\alpha K_\alpha) + F_0O + F_dD; \text{ where} \\ F_r + F_0 + F_d = 1; \text{ and}$$

I = the monthly city gate commodity gas cost index.

F<sub>f</sub> = the fraction of gas supplies purchased in the first-of-the-month market which are transported to the city gate under the Company's FT, negotiated FT, and IT service agreements.

P = the Inside FERC Gas Market Report price index for the first-of-the-month edition for a geographic pricing region, where subscript 0 denotes Tennessee Gas Pipeline (TGP) Rate Zone 0; subscript 1 denotes TGP Rate Zone 1; subscript C denotes Columbia Gulf Transmission (CGT) - mainline, and subscript α denotes new incremental firm services to which the Company may subscribe in the future.<sup>2</sup> The indices used for calculating Midwestern capacity shall be those produced by Natural Gas Intelligence for monthly purchases and Gas Daily for daily purchases. The commodity index prices will be adjusted to include the appropriate pipeline

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<sup>1</sup> Gas purchases associated with service provided under Texas Eastern Transmission Company Rate Schedule SCT shall be excluded from the incentive mechanism. The Company will continue to recover 100 percent of these costs through its PGA with no profit or loss potential. Extension or replacement of such contract shall be subject to the same competitive bidding procedures that will apply to other firm gas supply agreements. In addition, the Plan will measure storage gas supplies against the benchmark index during the months such quantities are purchased for injection. For purposes of comparing such gas purchase costs against the monthly city gate index price, the Company will exclude any commodity costs incurred downstream of the city gate to storage so that the Company's actual costs and the benchmark index are calculated on the same basis.

<sup>2</sup> To the extent that the Company renegotiates existing reservation fee supply contracts or executes new reservation fee supply contracts with commodity pricing provisions at a discount to the first-of-the-month price index, the Company shall modify the monthly commodity price index to reflect such discount.

firm transportation (FT) and interruptible transportation (IT) commodity transportation charges and fuel retention to the city gate under the Company's FT, negotiated FT, and IT service agreements.<sup>3</sup>

$K$  = the fraction (relative to total maximum daily contract entitlement) of the Company's total firm, negotiated firm, and interruptible transportation capacity under contract in a geographic pricing region, where the subscripts are as above.<sup>4</sup>

$F_o$  = the fraction of gas supplies purchased in the first-of-the-month spot market which are delivered to the Company's system using transportation arrangements other than the Company's FT, negotiated FT, and IT contracts.

$O$  = the weighted average of Inside FERC Gas Market Report first-of-the-month price indices, plus applicable IT rates and fuel retention, from the source of the gas to the city gate, where the weights are computed based on actual purchases of gas supplies purchased by the Company and delivered to the Company's system using transportation arrangements other than the Company's FT, negotiated FT, and IT contracts.

$F_d$  = the fraction of gas supplies purchased in the daily spot market.

$D$  = the weighted average of daily average index commodity prices taken from Gas Daily for the appropriate geographic pricing regions, where the weights are computed based on actual purchases made during the month. The commodity index prices will be adjusted to include the appropriate transportation commodity charges and fuel retention to the city gate.

### **Gas Supply Reservation Fees**

The Company will continue to recover 100% of gas supply reservation fee costs through its PGA with no profit or loss potential. For new contracts and/or contracts subject to renegotiation during the Plan Year, the Company will solicit bids for gas supply contracts containing a reservation fee.

### **Off-System Sales And Sale For Resale Transactions**

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<sup>3</sup> Capacity released for a month shall be excluded from the benchmark calculation for that month, excluding capacity released under an agreement where the Company maintains city gate delivery rights for the released capacity during such month.

<sup>4</sup> Because the aggregate maximum daily contract quantities in the Company's FT contract portfolio vary by month over the course of the year, the weights will be recalculated each month to reflect actual contract demand quantities for such month. The contract weights, and potentially the price indices used, will also vary as the Company renegotiates existing or adds new FT contracts. As new contracts are negotiated, the Company shall modify the index to reflect actual contract demand quantities and the commodity price indices appropriate for the supply regions reached by such FT agreements. Citygate benchmark calculations shall be computed utilizing the Company's Design Day delivery requirements (deliveries required on a peak day).

Margin on off-system sales and wholesale sale-for-resale transactions using the Company's firm, negotiated firm, and interruptible transportation and capacity entitlements (the costs of which are recovered from the Company's ratepayers) shall be credited to the Plan and will be shared with ratepayers. Margin on such sales will be defined as the difference between the sales proceeds and the total variable costs incurred by the Company in connection with the transaction, including transportation and gas costs, taxes, fuel, or other costs. For purposes of gas costs, the Company will impute such costs for its related supply purchases at the benchmark first-of-the-month or daily index, as appropriate, on the pipeline and in the zone in which the sale takes place. The difference between the Company's actual costs and such index price is taken into account under the Plan. After deducting the total transaction costs from the sales proceeds, any remaining margin will be credited to commodity gas costs and shared with customers on a 75%- customer / 25%-stockholders basis.

### **Capacity Management**

To the extent the Company is able to release transportation or storage capacity, or generate transportation or storage margin associated with off-system or wholesale sales-for-resale, the associated cost savings and/or asset management fees, or other forms of compensation associated with such activities, shall be shared by the Company and customers according to the following sharing formula: 75%-customers / 25%-stockholders. The Company shall notify the ~~TRA~~-TPUC Staff and the Consumer Advocate and Protection Division of the Office of the Attorney General (CAD) of all "other forms of compensation" prior to inclusion of such compensation in the Plan.

### **Hedging Activities**

The Company may engage in hedging transactions<sup>5</sup> within the PGA/ACA mechanism. Costs related to hedging transactions may be recovered through the ACA account; provided, however, that such costs recovered through the ACA account shall not exceed one percent (1%) of total annual gas costs.<sup>6</sup> Costs related to hedging transactions recoverable through the ACA account shall be defined as all direct, transaction related costs arising from the Company's prudent efforts to stabilize or hedge its commodity gas costs including, without limitation, brokerage fees, and the costs of financial instruments.

All costs related to hedging transactions, in addition to all gains and losses from hedging transactions, shall be credited/debited to the ACA account in the respective month that each hedging transaction closes. Costs related to hedging transactions that are incurred prior to the month that the hedging transaction closes shall be temporarily recorded in a separate, non-interest-bearing account for tracking purposes.

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<sup>5</sup> Hedging transactions, as used herein, shall include but not be limited to futures contracts, financial derivative products, storage swap arrangements, or other private agreements to hedge, manage or reduce gas costs.

<sup>6</sup> One percent (1%) of total annual gas costs, for the purposes of establishing a recovery cap, shall be computed from the most current audited and approved gas costs for the Company in a TRA docket as of the first day of the month, 12 months prior to the first day of the period under audit.

### **Determination of Shared Saving**

Each month during the term of the Plan, the Company will compute any gains or losses in accordance with the Plan. If the Company earns a gain, a separate Incentive Plan Account (IPA) will be debited with such gain. If the Company incurs a loss, that same IPA will be credited with such loss. During a Plan Year, the Company will be limited to overall gains or losses totaling \$1.6 million. Interest shall be computed on balances in the IPA using the same interest rate and methods as used in the Company's Actual Cost Adjustment (ACA) account. The offsetting entries to IPA gains or losses will be recorded to income or expense, as appropriate. At its option, however, the Company may temporarily record any monthly gains in a non-regulatory deferred credit balance sheet account until results for the entire Plan Year are available.

Gains or losses accruing to the Company under the Plan will form the basis for a rate increment or decrement to be filed and placed into effect separate from any other rate adjustments to recover or refund such amount over a prospective twelve-month period. The Company is subject to a cap on overall incentive gains or losses of \$1.6 million annually.

Each year, effective November 1, the rates for all customers, excluding transportation customers who receive no direct benefit from any gas cost reductions resulting from the Plan, will be increased or decreased by a separate rate increment or decrement designed to amortize the collection or refund of the June 30 IPA balance over the succeeding twelve-month period. The increment or decrement will be established by dividing the June 30 IPA balance by the appropriate volumetric billing determinants for the twelve months ended June 30. During the twelve-month amortization period, the amount collected or refunded each month will be computed by multiplying the billed volumetric determinants for such month by the increment or decrement, as applicable. The product will be credited or debited to the IPA, as appropriate. The balance in the IPA will be tracked as a separate collection mechanism. Subject to approval by the ~~TRA~~TPUC, the Company may also propose to refund positive IPA balances on an intra-year basis by making direct bill credits to all customers (except transportation customers) where such direct bill credit would be beneficial to customers.

### **Filing with the ~~Authority~~Commission**

The Company will file calculations of shared savings and shared costs quarterly with the ~~Authority~~Commission not later than 60 days after the end of each interim fiscal quarter and will file an annual report not later than 60 days following the end of each Plan Year. Unless the ~~Authority~~Commission provides written notification to the Company within 180 days of the annual reports, the Incentive Plan Account shall be deemed in compliance with the provisions of this Service Schedule. The ~~Authority~~TPUC Staff may expand the time for consideration of the annual reports by up to an additional sixty (60) days upon written notification to the Company or longer by mutual agreement or upon a showing of good cause.

### **Periodic Index Revisions**

Because of changes in the natural gas marketplace, the price indices utilized by the Company,



and the composition of the Company's purchased gas portfolio may change. The Company shall, within sixty (60) days of identifying a change to a significant component of the mechanism, provide notice of such change to the ~~Authority~~Commission. Unless the ~~Authority~~Commission provides written justification to the Company within sixty (60) days of such notice, the price indices shall be deemed approved as proposed by the Company.

### **Gas Supply Incentive Compensation Program**

~~The Company has in place a Gas Supply Incentive Compensation Program (the Program) designed to provide incentive compensation to selected Gas Supply non-executive employees involved in the implementation of the Company's Incentive Plan and Secondary Marketing Programs in a manner consistent with the benefits achieved for customers and shareholders through improvements in gas procurement and secondary marketing activities. Participants in the program receive incentive compensation as recognition for their contribution to the customers and shareholders of the Company through lower gas costs and gains related thereto. Performance measures are established for the Program each year.~~

~~During the time this tariff is in effect, the Company will continue to have in place the Gas Supply Incentive Compensation Program, as detailed to the Authority, as it relates to the Company's Incentive Plan. The Company will advise the Authority in writing of any changes to the Program, and unless the Company is advised within 60 days, said changes will become effective. The Authority may expand the time for consideration of such changes upon written notification to the Company. No filing for prior approval is required for changes in the performance measures.~~

### **Triennial Review**

A comprehensive review of the transactions and activities related to the Performance Incentive Plan shall be conducted by an independent consultant once every three years. The initial triennial review shall be conducted in the autumn of 2008 and subsequent triennial reviews shall be conducted every third year thereafter. The ~~TRA-TPUC~~ Staff, the CAD, and the Company shall make an effort to maintain a list of no less than five (5) mutually agreeable independent consultants or consulting firms qualified to conduct the aforementioned review. Any dispute concerning whether an independent consultant shall be added to the list shall be resolved by the ~~TRA-TPUC~~ Staff, after consultation with the Company and the CAD. For each review, the ~~TRA-TPUC~~ Staff shall select three (3) prospective independent consultants from that list. Each such consultant shall possess the expertise necessary to conduct the review. The ~~TRA-TPUC~~ Staff shall provide the list of prospective independent consultants to the Company and the CAD via e-mail. The Company and the CAD shall have the right, but not the obligation, to strike one (1) of the prospective independent consultants from the list by identifying the stricken consultant in writing to the ~~TRA-TPUC~~ Staff within thirty (30) days from the date the list is e-mailed. The ~~TRA-TPUC~~ Staff shall select the independent consultant from those remaining on the list after the Company's and the CAD's rights to strike have expired. The cost of the review shall be reasonable in relation to its scope. Any and all relationships between the independent



consultant and the Company, the ~~TRA-TPUC~~ Staff, and/or the CAD shall be disclosed, and the independent consultant shall have had no prior relationship with either the Company, the ~~TRA-TPUC~~ Staff, or the CAD for at least the preceding five (5) years unless the Company, the ~~TRA-TPUC~~ Staff and the CAD agree in writing to waive this requirement. The ~~TRA-TPUC~~ Staff, the CAD and the Company may consult amongst themselves during the selection process; provided, however, that all such communications between the parties shall be disclosed to any party not involved in such communication so that each party may participate fully in the selection process.

The scope of the triennial reviews may include all transactions and activities related either directly or indirectly to the Performance Incentive Plan as conducted by the Company or its affiliates, including, but not limited to, the following areas of transactions and activities: (a) natural gas procurement; (b) capacity management; (c) storage; (d) hedging; (e) reserve margins; and (f) off-system sales. The scope of each triennial review shall include a review of each of the foregoing matters as well as such additional matters as may be reasonably identified by the Company, the ~~TRA-TPUC~~ Staff, or the CAD relative to the operation or results of the Performance Incentive Plan.

The Company, the ~~TRA-TPUC~~ Staff, or the CAD may present documents and information to the independent consultant for the independent consultant's review and consideration. Copies of all such documents and information shall be presented simultaneously to the independent consultant and all other parties.

The independent consultant shall make findings of fact, as well as identify and describe areas of concern and improvement, if any, that in the consultant's opinion warrant further consideration; however, the independent consultant shall not propose changes to the structure of the Performance Incentive Plan itself. The independent consultant shall complete and issue a written report of its findings and conclusions by July 1 of the year immediately following the triennial review. The report deadline may be waived by the written consent of the ~~TRA-TPUC~~ Staff, the Company, and the CAD.

The independent consultant shall not propose changes to the structure of the Performance Incentive Plan itself; however, the ~~TRA-TPUC~~ Staff, the Company, or the CAD may use the report of the independent consultant as grounds for making recommendations or proposed changes to the ~~AuthorityCommission~~, and the ~~TRA-TPUC~~ Staff, the Company, or the CAD may support or oppose such recommendations or proposed changes. Any proposed changes to the structure of the Performance Incentive Plan resulting from the initial triennial review or subsequent triennial reviews, whether adopted by agreement or pursuant to a ruling of the ~~AuthorityCommission~~, shall be implemented on a prospective basis only beginning with the incentive Plan Year immediately following such agreement or ruling.

The cost of the triennial reviews shall be paid initially by the Company and recovered through the ACA account. The ~~TRA-TPUC~~ Staff may continue its annual audits of the IPA and the ACA account, and the triennial reviews shall not in any way limit the scope of such annual audits.

The CAD retains all of its statutory rights, and the triennial reviews shall not in any way affect such rights.

**SERVICE SCHEDULE 317**  
**Integrity Management Rider**

1. Provision for Adjustment

The base rates per therm (100,000 Btu) for gas service set forth in Rate Schedules 301, 302, 303, 304, 310, 313, 314, and 352 (“Applicable Rate Schedules”) of Piedmont Natural Gas Company (“Company”) shall be adjusted by an amount hereinafter described which amount is referred to as the “Integrity Management Adjustment.” The Integrity Management Adjustment shall be calculated as an increment and applied to Applicable Rate Schedules to recover the “Integrity Management Revenue Requirement” (IMRR), and the balance in the “Integrity Management Deferred Account.” The Integrity Management Deferred Account shall be established by a monthly adjustment hereinafter described, which monthly adjustment is referred to as the “Integrity Management Deferred Account Adjustment” and shall track the Company’s recovery of the IMRR.

2. Definitions

For the purposes of this Rider:

“Authority” means the Tennessee Regulatory Authority.

“DIMP” means the regimen referred to as the distribution integrity management planning under Subpart P of Part 192 of the United States Department of Transportation (“U.S. DOT”) regulations.

“Integrity Management Deferred Account” means the account reflecting the cumulative difference between the amounts authorized for collection pursuant to this Rider and the collections actually received. The over or under collected amount is a result of the billing determinants used to establish the billing increment associated with this Rider for each Applicable Rate Schedule.

“Integrity Management Investment Amount” means the approved amount of actual capital investment of the Company resulting from prevailing state and federal standards for pipeline integrity and safety for complying with DIMP and TIMP regulations and not otherwise included in current base rates. At the time of the Company’s next general rate case proceeding, all prudently incurred Integrity Management Investment Amounts associated with this Rider shall be included in base rates.

“Refund Adjustments” means the adjustment to the IMRR applicable to the coming annual period for the net amount of over or under collections in the Integrity Management Deferred Account, as adjusted for Interest.

“Relevant Rate Order” means the final order of the Authority in the most recent rate case of the Company fixing the rates of the Company or the most recent final order of the Authority specifically prescribing or fixing the factors and procedures to be used in the application of this Rider.

“TIMP” means the regimen referred to as the transmission integrity management planning under Subpart O of Part 192 of the U.S. DOT regulations.

“Vintage Year” means the fiscal year during which the Integrity Management Investment Amount is made.

### 3. Computation of Integrity Management Revenue Requirement

The total revenue requirement will be calculated for each Vintage Year, as follows:

Integrity Management Investment Amount	\$X,XXX,XXX
Less: Accumulated Depreciation	XXX,XXX
Less: Accumulated Deferred Income Taxes	<u>XXX,XXX</u>
Net Investment	\$X,XXX,XXX
Pre-Tax ROR set forth in the Relevant Rate Order	X.XX%
Allowed Pre-Tax Return	\$X,XXX,XXX
Plus: Depreciation Expense	XXX,XXX
Plus: Property Taxes	<u>XXX,XXX</u>
Total, Excluding Uncollectibles	\$X,XXX,XXX
Multiplied by: Uncollectibles Gross-Up Factor	<u>X.XXXXX</u>
Total Revenue Requirement, Excluding Refund Adjustments	\$X,XXX,XXX

Where:

Accumulated Depreciation	=	Accumulated depreciation calculated using rates approved in Relevant Rate Order
Accumulated Deferred Income Taxes	=	An average of the actual accumulated deferred income taxes at the beginning and end of the year
Depreciation Expense	=	Approved actual Integrity Management Investment Amount x Depreciation Rates approved in the Relevant Rate Order

Property Taxes	=	Composite property tax rate approved in the Relevant Rate Order
Uncollectibles Gross-Up Factor	=	Uncollectibles gross-up factor used and approved in the Relevant Rate Order

The total of the revenue requirements for each Vintage Year is the IMRR. The total amount to be recovered through the Integrity Management Adjustment is the IMRR plus the Refund Adjustment.

4. Computation of Integrity Management Deferred Account Adjustment

Each month the Company will record in the Integrity Management Deferred Account the portion of the IMRR that corresponds to that month, based on the monthly allocation of throughput consistent with the Relevant Rate Order. Furthermore, each month the Company will make an offsetting entry to the Integrity Management Deferred Account for the amount of the Integrity Management Adjustment collected from customers. The amount of the Integrity Management Adjustment collected from customers will be computed by multiplying the Integrity Management Adjustment billing increment for each Applicable Rate Schedule by the corresponding actual terms of usage billed to customers for the month. The Company shall also record in the Integrity Management Deferred Account each month the interest due from or to customers related to the cumulative under or over collection of the IMRR, pursuant to the terms described in Section 6 of this Rider. An illustration of the monthly journal entries described above is as follows:

	<u>Debit</u>	<u>Credit</u>
1. To record revenue:		
Integrity Management Deferred Account	\$XXX,XXX	
Income		\$XXX,XXX
2. To record collections:		
Accounts Receivable	\$XXX,XXX	
Integrity Management Deferred Account		\$XXX,XXX
3. To record interest:		

If the Integrity Management Deferred Account has a net debit balance, which reflects net under-collections:

Integrity Management Deferred Account	\$X,XXX	
Interest Income		\$X,XXX

If the Integrity Management Deferred Account has a net credit balance, which reflects net over-collections:

Interest Expense	\$X,XXX	
Integrity Management Deferred Account		\$X,XXX

#### 5. Computation of Integrity Management Adjustment

The Integrity Management Adjustment will be adjusted annually using 1) actual Integrity Management Investment Amounts that the Authority has found to be reasonable, prudent, and necessary to comply with the safety regulations approved for recovery through this Rider, and 2) the Refund Adjustment recognizing the actual balance in the Integrity Management Deferred Account.

Effective for the first day of January's Bill Cycle Month, the Integrity Management Adjustment shall be calculated for each customer class to the nearest one-thousandth cent per therm, by the following formula:

Customer Class Integrity Management Adjustment	=	(Allocated portion of the Integrity Management Deferred Account Balance / Customer Class Annual Therms)
	+	(Allocated portion of the IMRR/Customer Class Annual Therms)

Where:

Integrity Management Deferred Account Balance	=	Balance at October 31
Allocated portion of the Integrity Management Deferred Account Balance	=	Integrity Management Deferred Account Balance
	x	(Customer Class allocated margin revenue responsibility from Relevant Rate Order / total margin revenue requirement for Applicable Rate Schedules from Relevant Rate Order)

Allocated portion of the IMRR	=	IMRR
	x	(Customer Class allocated margin revenue responsibility from Relevant Rate Order / total margin revenue requirement for Applicable Rate Schedules from Relevant Rate Order)
Customer Class Annual Therms	=	Annualized and Normalized throughput assigned to the respective Customer Classes in the Relevant Rate Order
Residential Customer Class	=	Rate Schedule 301
Commercial Customer Class	=	Rate Schedules 302 and 352
Firm Large General Customer Class	=	Rate Schedules 303, 313 and 310
Interruptible Large General Customer Class	=	Rate Schedules 304 and 314

6. Interest

The Company may recover interest on the “Integrity Management Deferred Account” based on the average monthly balance based on the beginning and ending monthly balances. The interest rates for each calendar quarter used to compute such interest shall be a rate equal to the rate used to compute interest on the “Refund Due Customers’ Account” as prescribed by TRA Rule 1220-4-7-.03.

7. Monthly Filing with Authority

The Company will file monthly as directed by the Authority (a) detail of the current month’s Integrity Management Investment Amount, (b) the cumulative Integrity Management Investment subject to this Rider, (c) a schedule detailing the Integrity Management Deferred Account Adjustment recorded for the month, and (d) any related general ledger support. Such reports will be filed within 45 days after the end of the month for which the report is being filed.

8. Annual Filing with Authority

The Company will include in its Annual Filing made not later than each November 30<sup>th</sup> the following information: (a) the monthly filing (pursuant to Section 7 of this Rider) for October, (b) a schedule of all journal entries made related to this Rider

for the previous 12 months, (c) actual billing determinants for the prior 12 months as used in the computation of the Integrity Management 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) an affirmative statement of whether the Company is aware of any changes in the market conditions or other factors that may affect whether the Rider is still in the public interest, including the identification of such factors if they exist.

The Company will simultaneously copy the Consumer Advocate on its Annual Filing.

9. Notice Requirements

The Company will file revised tariffs for Authority approval upon 30 days' notice to implement a decrement or an increment each January. With the filing, the Company will include a copy of the computation of the Integrity Management Adjustment. The Company will simultaneously copy the Consumer Advocate on this filing.

10. Expansion of the Rider Beyond DIMP and TIMP Costs

If the Company wants to expand the recoverable capital investments allowed in the Integrity Management Investment Amount for safety regulations that are not related to DIMP or TIMP compliance, the Company is required to file a request, not less than 120 days prior to the Annual Filing discussed in Section 8 of this Rider, for the Authority to determine that cost recovery of capital investments under the safety regulations other than DIMP and TIMP are in the public interest prior to recovery of such costs in the Rider. The Company will simultaneously copy the Consumer Advocate on all such requests.

11. Public Interest Review

After a period of three years from the initial effective date of this Rider, the Consumer Advocate or other interested parties may file petitions seeking the Authority to reconsider whether the Rider remains in the public interest. Notwithstanding the aforementioned, the Consumer Advocate or any other interested party may file a petition for the Authority to reconsider the public interest of the Rider within the 3-year period upon a material change in conditions affecting the public interest.



## **RATE SCHEDULE NO. 343**

### **Motor Vehicle Fuel Service**

#### **APPLICABILITY AND CHARACTER OF SERVICE**

Gas Service under this Rate Schedule is available in the area served by the Company in the State of Tennessee to all existing and qualified potential Customers under Rate Schedules Nos. 301, 302, 303, 304, 310, 313, 314, and 352 seeking to purchase or transport ~~Natural Gas~~gas for use as a motor vehicle fuel. All requests for Service under this Rate Schedule shall be subject to application and consent by the Company to such Service, as provided in the Company's Service Regulations.

#### **CHARACTER OF SERVICE**

The nature of Service provided by Company to Customer under this Rate Schedule shall be commensurate with the nature of Service for which the Customer is qualified under the applicable Rate Schedule identified above. Gas received under the provisions of this Rate Schedule shall be used for motor vehicle fuel purposes only.

All gas delivered pursuant to this Rate Schedule shall be metered and billed by the Company separately from any gas delivered to Customer under any of the Company's other Rate Schedules for non-motor vehicle fuel purposes.

<b><u>BASE MARGIN RATE</u></b> <b><u>October)</u></b>	<b>Winter</b>		<b>Summer</b>	
	<b><u>(November-March)</u></b>		<b><u>(April-</u></b>	
Monthly Charge (\$)	_____		varies by customer	
<del>Commodity Charge (\$ r</del> Rate per T <del>therm)</del>	_____		per	
their corresponding				
<del>Commodity Charge (\$ r</del> Rate per GGE)	_____		Rate	
Schedule, as listed above				

The base margin rates and charges to be charged for Gas Service pursuant to this Rate Schedule ~~343~~ shall be those ~~rates and charges (and components and riders thereof)~~ applicable to the corresponding individual Rate Schedule under which the Customer qualifies for Service. These rates and charges are set forth on the Company's Tariff Sheet No. 1. Those Customers under this Rate Schedule ~~343~~ using Company owned and maintained compression facilities and related equipment shall be billed at a maximum rate of \$0.50 per therm, in addition to the margin rate for Service under this Rate Schedule ~~343~~.

The Company may at its discretion offer a rate discount on a not unduly discriminatory basis to customers, up to the per therm compression charge referenced above, in order to compete with

alternative fuel providers and further develop the market demand for natural gas vehicular fuel or the facilities available to serve such demand.

### **MOTOR VEHICLE FUEL TAXES**

The rates to be charged for gas Service pursuant to this Rate Schedule do not include applicable Federal, State and/or local highway motor fuel use taxes and fees. Customer shall be solely and exclusively responsible for the payment of any local, state, or federal road tax, motor fuel tax, or similar tax, fee or charge attributable to or arising out of the utilization of Gas delivered hereunder as a motor vehicle fuel.

### **SERVICE AGREEMENTS**

All Customers receiving gas pursuant to this Rate Schedule shall be subject to the Company's standard contracts and/or ~~service~~Service applications and shall be subject to the Company's Service Regulations ~~as filed with and approved by the TRA.~~

### **PAYMENT TERMS**

All bills for Service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is five percent (5%) greater than the net billing.

### **RETURNED CHECK CHARGE**

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

### **ADJUSTMENTS**

Bills for ~~service~~Service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider," and the provisions of Service Schedule No. 317, "Integrity Management Rider (IMR)." ~~Rule No. 1220-4-1-.12 of the TRA Rules and Regulations and Depending on the corresponding individual Rate Schedule under which the Customer qualifies for Service, bills for Service are also subject to adjustment in accordance with~~ the operation of ~~Rate Service~~ Schedule No. -316, "Performance Incentive Plan."

~~Purchased gas~~All adjustments and ~~all~~ applicable taxes and fees are in addition to the above stated margin rates in accordance with The Rules, Regulations and Orders of the ~~TRA-Tennessee Public Utility Commission~~ and Laws of the State of Tennessee.

### **SERVICE AVAILABILITY**

All requests for new and additional ~~service~~Service or the transfer of existing ~~service~~Service to a higher priority end use will be supplied based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use priority as specified by the Federal Energy Regulatory Commission (FERC), impact on the local economy, the Company's Service Regulations, and The Rules, Regulations, and Orders of the ~~TRA-Tennessee Public Utility Commission~~ and Laws of the State of Tennessee.

### **RESALE**

Gas delivered to the Customer under the provision and authority of this Rate Schedule, except for Customers receiving gas for motor vehicle fuel purposes under Rate Schedule No. 301, "Residential Service," may be resold solely for use as a motor vehicle fuel.

**SERVICE INTERRUPTION AND CURTAILMENT**

Gas Service under this Rate Schedule is subject to the provisions contained within ~~Rate~~Service Schedule No. 306, "Schedule for Limiting and Curtailing Service," and the Company's Service Regulations.

**BALANCING, CASH-OUT, AND AGENCY AUTHORIZATION**

Service under this Rate Schedule shall be subject to all of the provisions and requirements of ~~Rate~~Service Schedule No. 307, "Balancing, Cash-Out, and Agency Authorization."

**APPLICABLE DOCUMENTS DEFINING OBLIGATIONS OF THE COMPANY AND ITS CUSTOMERS**

The applicable documents defining the obligations of the Company and its Customers are those described in Section 1 of the Company's Service Regulations.

**TREATMENT OF GAS QUANTITIES RECEIVED PURSUANT TO THIS RATE SCHEDULE**

All quantities of Gas delivered to Customer for use as a motor fuel pursuant to this Rate Schedule ~~343~~ during any Annual Review Period shall be aggregated with quantities of Gas received by Customers under any of the Rate Schedules identified above solely for the purposes of establishing Customer's eligibility for continued Service from Company as provided in Section 1, Customer Classifications, of the Company's Service Regulations.

## **RATE SCHEDULE NO. 352**

### **Medium General Service**

#### **AVAILABILITY**

Gas ~~service~~Service under this Rate Schedule is available in the area served by the Company in the State of Tennessee to any full requirements non-residential Customer, upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations, whose average daily usage is equal to or greater than 20 dekatherms per day but less than 50 dekatherms per day. Average daily gas usage will be based on the Customer's usage during the most recent calendar year ended on December 31 and adjusted for cycle length. Availability of this Rate Schedule for new Customers or for Customers without at least one full year of usage history will be based on reasonably anticipated usage.

#### **CHARACTER OF SERVICE**

The nature of Service provided by Company to Customer under this Rate Schedule is firm sales Service. Any reclassification or change in quantity or character of Service to Customer will be subject to procedures set forth in the Company's Service Regulations.

<b><u>BASE MARGIN RATE</u></b> <b><u>October</u></b>	<b>Winter</b> <b>- <u>(November-March)</u></b>	<b>Summer</b> <b>- <u>(April-</u></b>
Monthly Charge	—\$225.00	\$225.00
Commodity Charge (per therm)	\$ <del>.35400</del> <u>48645</u>	\$ <del>.30000</del> <u>40633</u>

#### **MONTHLY CHARGE**

A charge will be billed monthly to all Customers for the availability of gas ~~service~~Service. This charge will be in addition to the Commodity Charge for gas delivered. The Monthly Charge will be billed from the date of initial ~~service~~Service until ~~service~~Service is terminated at the Customer's request.

#### **COMMODITY CHARGE**

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer's premises.

#### **BACKUP SERVICE**

~~When gas service is being supplied for use as a Backup Service for the dual fuel heat pump or for similar use where the Customer's equipment is specifically designed by the manufacturer or is modified by the Customer or others for the purpose of using natural gas as the equipment's backup energy source, there shall be payable monthly in addition to all and other charges under this Rate Schedule a Backup Service Demand Charge individually determined for each Customer based upon the Customer's applicable gas equipment input rating. The per therm Demand Charge~~

~~shall be equal to the unit Demand Charge applicable to the Company's firm industrial rate schedules.~~

~~Input shall be based upon individual Customer's applicable gas equipment rating in:~~

$$\frac{\text{BTU/Hour} \times 10 \text{ hours}}{100,000 \text{ BTU}} = \text{TH}$$

### **SERVICE AGREEMENTS**

All Customers ~~purchasing gas pursuant to served under~~ this ~~Rate Schedule schedule~~ shall be subject to the Company's standard contracts and/or ~~service~~Service applications and subject to the Company's ~~Rules and Service~~ Regulations ~~as filed with the TRA~~.

### **PAYMENT TERMS**

All bills for ~~service~~Service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

### **RETURNED CHECK CHARGE**

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

### **ADJUSTMENTS**

Bills for ~~Services~~service are subject to adjustment caused by changes in the cost of purchased gas in accordance with ~~Rule No. 1220 4-1-12 of the TRA Rules and Regulations Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider,"~~ and the operation of ~~Rate Service~~ Schedule No. 316, "Performance Incentive Plan." Gas Service under this Rate Schedule is also subject to the provisions contained within Service Schedule No. 315, "Weather Normalization Adjustment (WNA) Rider" and Service Schedule No. 317, "Integrity Management Rider (IMR)."

~~Purchased gas~~All adjustments and ~~all~~ applicable taxes and fees are in addition to the above stated margin rates in accordance with The Rules, Regulations and Orders of the ~~TRA-Tennessee Public Utility Commission~~ and Laws of the State of Tennessee.

### **SERVICE AVAILABILITY**

All requests for new and additional ~~service~~Service or the transfer of existing ~~service~~Service to a higher priority end use will be considered based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, the Company's Service Regulations, and The Rules, Regulations; and Orders of the ~~TRA-Tennessee Public Utility Commission~~ and Laws of the State of Tennessee.

### **SERVICE INTERRUPTION AND CURTAILMENT**

Gas ~~service~~ Service under this ~~Rate Schedule schedule~~ is subject to the provisions contained within ~~TRA Service~~ Schedule No. 306, "Schedule for Limiting and Curtailing Service" and the Company's Service Regulations.

### **WEATHER NORMALIZATION ADJUSTMENT**

~~Gas service under this schedule is subject to the provisions contained within TRA Schedule No. 315, "Weather Normalization Adjustment Rider".~~

**APPLICABLE DOCUMENTS DEFINING OBLIGATIONS OF THE COMPANY AND ITS CUSTOMERS**

The applicable documents defining the obligations of the Company and its Customers are those described in Section 1 of the Company's Service Regulations.

# Company's Tennessee Service Regulations

## Section 1 - General

### Definitions

Except where the context indicated a different meaning or intent, the following terms when used in the Company's Service Regulations, Rate Schedule and Service Schedules, shall have the following meaning:

- "Commission" or "TPUC" shall mean the Tennessee Public Utility Commission.
- "Company" or "Piedmont" shall mean Piedmont Natural Gas Company, Inc.
- "Customer" shall mean any person, firm, association, partnership, joint venture, limited liability company, or corporation, or any agency of the Federal, State or local government receiving Service from the Company.
- "Customer's Agent" shall mean a person or other entity authorized to act for on behalf of a Customer.
- "Meter", without other qualification, shall mean any device or instrument which is used by the Company in measuring a quantity of gas.
- "Operating Conditions" shall mean the prevailing conditions on the Company's system as they relate to conditions under which Piedmont is providing or attempting to provide Service, including the impact of any modifications, tests or scheduled or unscheduled repairs to the Company's distribution system, which in the Company's discretion are necessary or appropriate to maintain the integrity of the Company's distribution system, which in the Company's discretion are necessary or appropriate to maintain the integrity of the Company's distribution system or to provide for the safety of the Company or the public.
- "Operational Order" shall mean an order by the Company's dispatcher or other Company representative acting on behalf of the Company's dispatcher, to limit, modify, curtail or interrupt the use of gas as required or permitted by the Commission's Rules, the Company's Service Regulations, special contracts, Rate Schedule and Service Schedules.
- "Service(s)" shall mean any sales, transportation, redelivery or other service provided by the Company to a Customer pursuant to the provisions of the Company's Rate Schedules, Service Schedules, Service Regulations and special contracts.
- "Service Territory" shall mean the area of Tennessee for which Piedmont is authorized by the Commission to provide Service to Customers.
- "Tariff" shall mean the Company's Rate Schedule, Service Schedules and Service Regulations, as approved by the Commission.

### **Applicable Documents Defining Obligations of the Company and its Customers**

The obligations of the Company to provide Service and the obligations of the Customer upon receipt of Service are governed by and set forth in (a) applicable statutes, including those set forth in Chapter 65 of the Tennessee Code Annotated, (b) applicable ~~Tennessee Regulatory Authority~~Commission Rules, Regulations, and Orders, (c) applicable tariffs or Rate Schedule(s), (d) these Service Regulations, (e) any application, agreement, Special Contract, or similar document executed by Customer and approved, as necessary, by the ~~Authority-Commission~~ pertaining to such ~~s~~Service, and (f) any standard operating procedures of the Company reasonably necessary for the provision of such Service and administered on a nondiscriminatory basis. Copies of Chapter 65 of the Tennessee Code Annotated, applicable ~~Authority-Commission~~ Rules, Rate Schedules, and these Service Regulations are available from the Company for public inspection, as are copies of forms of applications, agreements, and other documents approved by the ~~Authority-Commission~~. A copy of the ~~Authority-Commission's~~ Rules are available at the ~~Authority's-Commission's~~ Web Site at ~~www.tn.gov/tpuc-www.state.tn.us/tra/~~. Unofficial copies of the Company's Rate Schedules and Service Regulations are also available at the Company's Web Site at ~~www.piedmontng.com~~. The Company shall provide all new non-residential Customers with a copy of the applicable Rate Schedule(s) and written application for Service and/or other documents executed by the Company and the Customer pertaining to such Service. After a Customer has executed a written application and/or contract, no promise, statement or representation by an employee or agent of the Company or by any other person inconsistent with the written application and/or contract shall bind the Company to provide Service or to change the terms and conditions upon which Service will be rendered unless the same is in writing and is executed by an authorized representative of the Company. In the event there is a conflict between these Service Regulations and the provisions of the applicable currently effective Rate Schedule, the provisions of the Rate Schedule shall govern. The ~~Authority-Commission~~ Rules shall govern in the event of a conflict with these Service Regulations. The Company may not make any representation that conflicts with ~~Authority-Commission~~ Rules, its Rate Schedules or these Service Regulations.

Commented [PPK1]: The original version of this paragraph was previously shown later in Section 1.

### **Applicable Documents Subject to Change**

All of the documents defining the obligations of the Company to provide Service and the obligations of the Customer upon the receipt of Service are subject to change from time to time upon order of or approval by the ~~Authority-Commission~~ and by other duly constituted governmental authorities. The Company does not undertake to advise any Customer of any such change except as may be required by the Commission or other duly constituted governmental authority.

Commented [PPK2]: The original version of this paragraph was previously shown later in Section 1.

### **Process for Obtaining Consent to New or Changed Service**

Effective: ~~March 1, 2012~~



All Customers shall be required to make application to the Company for new or changed Service under any of the Company's Rate Schedules in such form and manner as may reasonably be required by the Company. Such applications shall be required in order to initiate Service under any Rate Schedule irrespective of whether Customer is then receiving ~~service~~Service under any other Company Rate Schedule and for changes in the quantity of Service to be provided under an existing Rate Schedule. At a minimum, such application shall set forth the date of the application, the name of the ~~Applicant~~applicant, the location of the ~~Premises~~premises for which Service is requested, the type of Service applied for and estimated gas consumption. Prior to being obligated to provide Service to Customer pursuant to such application, Company shall conduct an examination and review of Customer's application for Service to determine: (1) that the Company has the operational ability to provide the Service requested, including the requisite upstream supply and/or capacity assets; (2) that the requested Service will not impede or interfere with the Company's ability to maintain Service to existing Customers with the same or a higher priority of ~~service~~Service; (3) that provision of the requested Service will not have a materially adverse impact on the Company's ability to recover its approved margin; (4) that provision of the requested Service is economically feasible; ~~and~~ (5) that Customer is creditworthy as determined in accordance with the Commission's Rules and the Company's procedures, and (6) reasonable verification of the identity of the applicant, as required by the federal Fair and Accurate Credit Transactions Act and/or other federal and state law. Provided that the Company's review and analysis indicates that Service can be provided as requested, the Company will then approve the requested Service. Company shall have no obligation to provide the requested Service absent such approval.

When the requested Service is to be provided to a Residential, Small or Medium General Service Customer, and the provision of such Service is economically feasible, the application and the Company's acceptance thereof may be oral at the Company's option. In such event, the Company's applicable Rate Schedules and these Service Regulations shall become effective and applicable to any Service rendered to such ~~Applicant~~applicant in the same manner as if the Company's standard written form of application for Service had been signed by the ~~Applicant~~applicant and accepted by the Company. Upon the provision of Service by the Company to such Customer, such oral ~~service~~Service agreement shall be presumed to exist in any case where there is no written application accepted in writing by the Company.

In the event a Customer receiving Service under the Company's ~~commercial or industrial~~ (large general) sales Rate Schedules anticipates a significant reduction in its gas consumption, it shall provide prompt notice thereof to Company.

### **Customer Classifications**

Residential Rate Service Classification. All Residential Rate Service shall be provided pursuant to the Company's Rate Schedule 301.

Commercial-Small or Medium General Rate Service Classification. All ~~Commercial Rate~~Small or Medium General Service shall be provided pursuant to the Company's Rate Schedules 302 and 352. Classification between Rate Schedules 302 and 352 shall be

Effective: ~~March 1, 2012~~

Commented [PPK3]: The original version of these paragraphs was previously shown later in Section 1.

based on the following criteria:

A. Definitions: As used ~~in the Small and Medium General-Commercial Rate~~ Service Classification, the following terms shall have the meanings assigned below:

- (1) "Annual Review Period" shall mean the twelve (12) months ended on December 31 of each year.
- (2) "Actual Monthly Usage" shall mean the actual natural gas volumes consumed by the Customer during the highest month of consumption during the Annual Review Period as reflected on the Company's invoices for the Customer.
- (3) "Classification Usage" shall mean the usage criteria that establishes the minimum and/or maximum average daily usage that must be maintained in order to receive ~~S~~service under a rate schedule. The classification usage for Rate Schedule 302 shall be less than an average of 20 dekatherms per day. The classification usage for Rate Schedule 352 shall equal or exceed an average of 20 dekatherms per day but be less than an average of 50 dekatherms per day.
- (4) "Involuntary Curtailment Days" shall mean those days or portions of days in the highest month of consumption during a given Annual Review Period where curtailment of the Customer's natural gas ~~s~~Service was imposed by the Company's decision to curtail.
- (5) "Service Days" shall mean 30 days less the number of Involuntary Curtailment Days.
- (6) "Average Daily Usage" shall be the Customer's Actual Monthly Usage within the Annual Review Period divided by the number of Service Days.

B. Procedures:

- (1) At the conclusion of the Annual Review Period of each year and prior to June 1<sup>st</sup> of the ensuing year, the Company will determine for each customer served under Rate Schedules 302 and 352 that Customer's Average Daily Usage.
- (2) Those customers currently receiving ~~s~~Service under Rate Schedule 302 whose Average Daily Usage is equal to or exceeds 20 Dekatherms a day, will be transferred to Rate Schedule 352, effective on the first day of June following the most recent Annual Review Period.

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- (3) Those customers currently receiving ~~S~~service under Rate Schedule 352- whose Average Daily Usage in each of the most recent two (2) Annual Review Periods is less than 20 Dekatherms a day, will be transferred to Rate Schedule 302 effective on the first day of June following the second, and most recent, Annual Review Period.
  - (4) Those customers currently receiving ~~S~~service under Rate Schedule 302 or 352 whose Average Daily Usage in each of the most recent two (2) Annual Review Periods is equal to or greater than 110% of 50 dekatherms per day will be transferred to Rate Schedule 303, 304, 313, or 314 as applicable.
- C. Exceptions: If a customer currently being billed under Rate Schedule 302 adds natural gas equipment that increases the Customer's Average Daily Usage to the point where the customer will qualify for Rate Schedule 352 the Company may, upon notification from the Customer and subject to installation verification by the Company, transfer the Customer to the new Rate Schedule prior to June 1 of that year.

~~Industrial Rate~~ Large General Service Classification. Rate ~~s~~Service classification under the Company's Rate Schedules, 303, 304, 313 and 314 shall be based on the following criteria:

- A. Definitions: As used in rate ~~S~~service classification, the following terms shall have the meanings assigned below:
- (1) "Annual Review Period" shall mean the twelve (12) months ended on December 31 of each year or the regularly scheduled meter reading nearest December 31.
  - (2) "Actual Monthly Usage" shall mean the actual natural gas volumes sold or transported for the Customer by the Company during the highest month of consumption during the Annual Review Period as reflected on the Company's invoices for the Customer.
  - (3) "Classification Usage" shall mean the usage criteria that establishes the minimum and/or maximum average usage that must be maintained in order to receive ~~S~~service under any rate schedule. For existing Customers, the classification usage for Rate Schedule 302 ~~or, 332, 352, 362~~ shall not exceed an average usage of 55 dekatherms per day. For existing Customers, the classification usage for Rate Schedules 303, 304, 313 and 314 shall exceed an average usage of 45 dekatherms per day.
  - (4) "Involuntary Curtailment Days" shall mean those days or portions of days in the highest month of consumption during a given Annual Review Period where interruption or curtailment of the Customer's

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natural gas ~~S~~service was imposed by the Company's decision to ~~interrupt or~~ curtail.

- (5) "Service Days" shall mean 30 days less the number of Involuntary Curtailment Days plus the number of days that Customer consumed an alternative fuel to natural gas.
- (6) "Average Dekatherm per Day" shall be the Customer's Actual Monthly Usage within the Annual Review Period divided by the number of Service Days.

B. Procedure:

Step 1. During January and February of each year, the Company will determine for each Customer served under Rate Schedules, 303, 304, 313 and 314 the Customer's Average Dekatherm per Day usage for each of the two most recent Review Periods.

Step 2. A Rate Schedule 302 or 352 Customer whose usage is 110% of the 50 dekatherms threshold in the two most recent Review periods will be transferred to Rate Schedule 303, 304, 313 or 314, as applicable. A Rate Schedule 303, 304, 313 or 314 Customer whose usage is equal to or less than 90% of the 50 dekatherms threshold in both of the most recent two Review Periods will be transferred to the appropriate Small or Medium General Service Rate Schedule. Customers receiving ~~s~~Service under Rate Schedules 303 or 304 shall be eligible to elect transportation ~~S~~service to be effective with the rate reclassification.

All changes in rate classification under this section shall be effective on the first day of June following the review.

Step 3. Customers who are reclassified shall be notified of the change in rate schedule, and receive- a copy of the tariff sheets applicable to ~~his-their~~ old and new rate schedules at least 21 days prior to the effective date of the change.

- C. Exceptions: If a Customer adds or retires a major piece of gas-burning equipment, changes the hours of operations or otherwise materially alters the Customer's business that will clearly increase, or decrease, the Customer's consumption on an ongoing basis to a level that will change the Customer's ability to qualify the Customer for a particular rate schedule, the Customer shall report such changes to the Company and afford the Company an opportunity to inspect the change in equipment and to meet with the Customer to review and discuss the anticipated future level of consumption. If, after such inspection and meeting, the Company is satisfied that reclassification is appropriate, the reclassification will occur within two months after the new equipment is in place and operational, or the retirement is completed, and the first meter reading reflects the higher anticipated usage

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resulting from the new equipment or the lower anticipated usage resulting from the retirement. Any reclassification pursuant to this paragraph is subject to correction if actual experience so warrants. If the reclassification results in qualification for ~~S~~service under Rate ~~Schedule~~ 303 or 304, the Customer shall provide an election form one week prior to reclassification if a transportation election is desired. Otherwise, ~~s~~Service will be provided under Rate Schedule 303 or 304, dependent upon rate qualification.

Requirements: Upon reclassification from Rate Schedules 302 or 352 to either Rate Schedule 303, 304, 313, or 314, Customer will be responsible for installing and maintaining, at the Customer's expense, a dedicated 110v electrical service in a location suitable to provide electrical service for the Company's telemetering equipment.

Commented [PPK4]: The original version of these paragraphs was previously shown later in Section 1.

#### **Priority of Service**

The Company has established the following categories of ~~S~~service in order of priority:

1. Residential, small commercial (less than 50 MCF on a peak day), school, hospital, police protection, fire protection, sanitation, or correctional facility requirements
2. Essential agricultural requirements
3. Large commercial requirements (50 MCF or more on a peak day), firm industrial requirements for plant protection, feedstock and process needs, pipeline customer storage injection requirements, and firm industrial sales up to 300 MCF per day
4. All industrial requirements not specified in 2, 3, 5, 6, 7, 8, 9 or 10
5. Firm industrial requirements for boiler fuel use at less than 3,000 MCF per day, but more than 1,500 MCF per day, where alternate fuel capabilities can meet such requirements
6. Firm industrial requirements for large volume (3,000 MCF or more per day) boiler fuel use where alternate fuel capabilities can meet such requirements
7. Limited Availability requirements of less than 300 MCF per day, where alternate fuel capabilities can meet such requirements
8. Limited Availability requirements of more than 300 MCF per day but less than 1,500 MCF per day, where alternate fuel capabilities can meet such requirements
9. Limited Availability requirements of intermediate volumes (from 1,500 MCF per day through 3,000 MCF per day), where alternate fuel capabilities can meet such requirements
10. Limited Availability requirements of more than 3,000 MCF per day, but less than 10,000 MCF per day, where alternate fuel capabilities can meet such requirements
11. Limited Availability requirements of more than 10,000 MCF per day, where alternate fuel capabilities can meet such requirements.

Commented [PPK5]: The original version of this paragraph was previously shown later in Section 1.

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~~Piedmont Natural Gas Company, Inc. (hereinafter referred to as "the Company"), in its Tennessee service territory, will make free service calls, within certain broad guidelines, around the clock on customer appliances connected to our mains. Those service requests requiring immediate attention will be answered as soon as possible. Those of less urgent nature will be answered on a scheduled basis according to the workload. In either case, the Company will make every effort to answer each customer's call promptly and to leave all appliances operating at maximum efficiency.~~

#### **Free Services (1220-4-5-.06(iii))**

The Company provides the following ~~services~~ Services at no charge to the ~~customer~~ Customer during normal working hours (Mon – Fri, 8am – 5pm, excluding Holidays):

- Install gas meters and regulators for new customers
- Turn-on, turn-off, & service gas meters;
- Check for gas leaks;
- Investigate the possible presence of carbon monoxide;
- Cut off pilots;
- Disconnect appliances (disconnect & cap existing pipe only) in connection with a meter turn-off;
- ~~Food Service equipment service including leveling, adjusting, or calibrating~~
- Diagnostic time or time to provide an estimate for jobbing work;
- Quotes for appliance installation;
- ~~Seasonal~~ The first light-up of the heating season on central furnaces; ~~(a flat charge applies for each additional light up)~~
- Gaslight turn-on and re-lighting;
- ~~Service leased water heaters~~
- Service appliances other than central heating systems ~~or gas air conditioners~~ (no parts needed) including:
  - Service calls to diagnose problems
  - Check gas pressure
  - Adjust burners
  - Clean air mixers
  - Light pilots
  - Clean & adjust pilots
  - Examine flue connections & check draft
  - Check and calibrate thermostats & controls
  - Check appliance wiring & other electrical components
- Service non-central heating systems where safe and ready access is available including floor furnaces, wall furnaces, space heaters and unit heaters including:
  - Service calls to diagnose problems
  - Gas and air adjustments on burners and pilot assemblies
  - Adjustments of controls and thermostats
  - Minor electrical repairs that do not require materials
- ~~Service Arkla, Bryant, and other gas-fired air conditioners including:~~
  - ~~Service calls to diagnose problems~~

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- ~~• Gas and air adjustments on burners and pilot assemblies~~
- ~~• Checks of controls and thermostats~~
- ~~• Pumping of water-cooled units to maintain operation~~
- ~~• Purging of non-condensables from air-cooled units~~

Note: When an appliance is not operating, every effort will be made to answer the call without delay, and in most circumstances, on the same day. Should repair work be required, parts needed to complete the repair will be ordered from the manufacturer and installed if the ~~customer~~Customer so desires. There is, however, a charge for this ~~servicework~~.

The ~~company~~Company will ~~also~~ provide immediate response to any hazardous situation ~~in its Service Territory or where Company otherwise owns or operates facilities in Tennessee in connection with the provision of Service to Customers~~ that might cause threat to life or property ~~after normal working hours (Mon — Fri, 5pm — 8am; Sat; Sun; & Holidays)~~ at no charge, including:

- Fire or explosion;
- Gas leak;
- Damaged gas main or ~~s~~Service lines (charges for parts & labor may apply);
- Gas appliance that won't cut off;
- ~~• Carbon monoxide investigation;~~
- ~~• Leased water heater service within 24 hours~~

### **Services For Which There Are Charges**

- ~~• Installation or connection of gas appliances~~
- ~~• Reconnects of gas appliances~~
- ~~• Disconnects of gas appliances except when performed in connection with a meter turn-off~~
- ~~• Repair of gas appliances where parts are needed (except central systems)~~
- ~~• Repair or replacement parts, electrical equipment, or thermostats on Arkla or Bryant gas air conditioners beyond Service/Warranty Contract~~
- ~~• Cleaning condensers and condensate lines on gas A/C units~~
- ~~• Gaslight repairs and reconditioning~~
- ~~• Miscellaneous pipe work~~
- ~~• Change outs and reconnects of food service equipment~~
- ~~• Repair of gas air conditioning units installed after January 1, 1975; units on which the Warranty/Service Contract has expired; and units or installations not approved by the Company's Service Department~~
- ~~• Work involving replacement of filters and out-of-warranty parts~~
- ~~• After hours work that requires a repair including commercial cooking and water heating equipment (the customer may be given the option for jobbing repair at the current overtime rate, if time and workload permits)~~

### **Work the Company Does Not Provide**

- Replacement of filters in central heating equipment;
- Installation, connection, or repair of unit heaters and central heating equipment;

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- Repair or replacement of unit heaters and other equipment requiring an electrician;
- Repair or installation of any equipment that has not been tested and approved by applicable US safety standards or where gas appliances are not used in accordance with the manufacturer's listing;
- Repairs on heating equipment that requires parts will not be made except on those units sold by the Company prior to May 1, 1974. In addition, the Company does not install furnace filters;
- No work will be performed on electrical air conditioning units installed with a gas furnace (this work will be referred to the installer or mechanical contractor).

### **Charges for Work**

Unless a charge for work contemplated by this Section 1 is specified herein, all work performed for Customers, on or related to appliances, fuel and gas lines (behind the Company's meter), gas lights or other equipment shall be performed at the Company's standard rates and charges. Such charges may be modified or adjusted from time to time at the Company's discretion.

### **Use of Credit Cards by Customers**

Company will accept credit card payments from residential ~~C~~customers receiving ~~S~~service under Rate Schedule ~~No. 301~~ and from natural gas vehicle fuel customers receiving service, at Company owned facilities, under Rate Schedule 342. Company will not accept credit card payment of bills from Customers receiving ~~S~~service under any other Rate Schedule or contract.

## **Termination Policy**

### **Reasons for Termination of Service or Denial of Service (1220-4-5-18)**

~~Service may be refused or discontinued for any of the reasons listed below. Unless otherwise stated, the customer shall be allowed a reasonable time in which to comply with the rule before service is discontinued.~~

- ~~1. Without notice in the event of a condition determined by the utility to be hazardous~~
- ~~2. Without notice in the event of customer use of equipment or the utility's service to others~~
- ~~3. Without notice in the event of tampering with the equipment furnished and owned by the utility~~
- ~~4. Without notice in the event of unauthorized use~~
- ~~5. For violation of and/or non-compliance with the utility's rules on file with and approved by the Tennessee Regulatory Authority~~
- ~~6. For failure of the customer to fulfill his contractual obligations for service and/or facilities subject to regulation by the Tennessee Regulatory Authority~~
- ~~7. For failure of the customer to permit the utility reasonable access to its equipment~~

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- ~~8. For non-payment of bill provided that the utility has made a reasonable attempt to effectively collect and has given the customer written notice that he has at least five (5) days, excluding Sundays and holidays, in which to make settlement on his account or have his service denied~~
- ~~9. For failure of the customer to provide the utility with a deposit as authorized by 1220-4-5-.14 of the Tennessee Regulatory Authority Statutes~~
- ~~10. For failure of the customer to furnish such services, equipment, permits, certificates, and/or rights of way, as shall have been specified by the utility as a condition to obtaining service, or in the event such equipment or permission are withdrawn or terminated.~~

### **Insufficient Reasons for Denying Service** ~~(1220-4-5-.19)~~

~~The following shall not constitute sufficient cause for refusal of service to a present or prospective customer:~~

- ~~1. Delinquency in payment for service by a previous occupant of the premises to be served~~
- ~~2. Failure to pay for merchandise purchased from the utility~~
- ~~3. Failure to pay for a different type of class of public utility service~~
- ~~4. Failure to pay the bill of another customer as guarantor thereof~~
- ~~5. Failure to pay a back bill rendered in accordance 1220-4-5-.17(a) of Tennessee Regulatory Authority Statutes.~~

**Commented [PPK6]:** These paragraphs are being removed because they are duplicative of certain requirements laid out in TPUC Rules 1220-04-05-.18 and 1220-04-05-.19.

### **Disconnection Termination of Service**

The Company has the right to ~~shut off gas from~~terminate Service to any ~~consumer~~Customer who may be in arrears for a longer period than twenty (20) days in paying for gas Service furnished hereunder or under any other prior or subsequent agreement, or for gas Service ~~furnished to~~used by the ~~consumer~~Customer at the ~~consumer's~~Customer's present or any prior subsequent address. The said twenty-day period commences to run from the date the bill was rendered. Notice of termination of Service to the Customer will be provided by the Company in accordance with Commission Rules, Regulations and Orders. ~~The Company will not shut off gas for non-payment without first mailing a notice to the consumer giving him seven (7) calendar days to pay the bill in arrears.~~

In addition to Commission Rules, Regulations and Orders prescribing the reasons under which the Company may terminate or deny Service to a Customer, the Company may terminate Service for any material misrepresentation of the identity of the Customer receiving Service, or where there is clear, documented evidence of action taken by the Customer with the intent to unlawfully evade payment for Service.

The Company will not terminate ~~S~~service during any 24-hour period, as measured from 8:00 am on the planned date of termination, where the forecasted low temperature, as determined by the National Weather Service, is 32 degrees Fahrenheit or below.

### **Reinstating Service**

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If natural gas service is disconnected for nonpayment, ~~service~~ Service will be restored after the ~~C~~eustomer has paid the total amount past due, paid the reconnection charge (~~the amount of which is listed in Section 6 of the Company's Service Regulations~~) and paid a deposit.

### **Third-Party Notification**

At the ~~e~~Customer's request, the Company will send a copy of any ~~disconnection~~ termination notice to a designated third party. However, the designated third party is not responsible for paying the bill.

### **Medical Emergencies and Life Support Devices**

~~In accordance with Commission Rules, Regulations and Order, the~~ The Company will delay ~~disconnection termination~~ of gas ~~s~~Service for 30 days if a physician, public health officer or social service official certifies in writing that discontinuing gas ~~s~~Service will worsen an existing medical emergency for a permanent resident of the premises where ~~s~~Services are rendered. ~~A prompt request is important.~~ During ~~such the 30-day~~ extension, payment of the bill must be guaranteed by another person or entity that is acceptable to the Company.

The Company will not ~~disconnect-terminate~~ Sservice at the Sservice address if there are natural gas appliances that are critical to maintaining the health of one or more permanent residents. The ~~Customer-Service Department~~ Company must be contacted to determine whether a gas appliance is considered a life-support device.

### **Notice of Rights and Remedies**

Should the Customer request help in paying ~~his~~their natural gas bill, the Company will provide the ~~C~~eustomer with a list of community agencies that provide aid in paying their natural gas bill. The ~~C~~eompany will also, in some cases, ~~make-offer~~ alternative pay arrangements if the ~~C~~eustomer is temporarily unable to pay ~~his~~their natural gas bill. However, if such an agreement is made, the ~~C~~eustomer gives up their right to dispute the amount due under the agreement. If the ~~C~~eustomer does not fulfill the terms of the agreement, the Company may ~~disconnect-terminate~~ sService and a new pay agreement will not be offered before ~~we the Company terminates~~ disconnect sService.

If the Customer wants to appeal an unfavorable decision regarding a natural gas bill, they may contact the Tennessee ~~Regulatory Authority~~ Public Utility's Complaint Division, ~~460 502 Deadrick Street, James Robertson Parkway,~~ Nashville, TN 37243 ~~37249~~ (615-741-2904 ~~3939~~ or 800-342-8359). This must be done before the net due date if the dispute involves a ~~disconnection-termination~~ notice. The Company will not ~~disconnect-terminate~~ Sservice for non-payment of the disputed portion of the bill while it is being reviewed. The Customer's right to appeal will not expire if delay on the Company's part makes it

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impossible to contact the ~~TRA~~Commission within the required time period. The Customer also has the right to suspend payment of the disputed portion of the bill while the dispute procedures mentioned above are in progress.

#### **Process for Obtaining Consent to New or Changed Service**

~~All Customers shall be required to make application to the Company for new or changed Service under any of the Company's Rate Schedules in such form and manner as may reasonably be required by the Company. Such applications shall be required in order to initiate Service under any Rate Schedule irrespective of whether Customer is then receiving service under any other Company Rate Schedule and for changes in the quantity of Service to be provided under an existing Rate Schedule. At a minimum, such application shall set forth the date of the application, the name of the Applicant, the location of the Premises for which Service is requested, the type of Service applied for and estimated gas consumption. Prior to being obligated to provide Service to Customer pursuant to such application, Company shall conduct an examination and review of Customer's application for Service to determine: (1) that the Company has the operational ability to provide the Service requested, including the requisite upstream supply and/or capacity assets; (2) that the requested Service will not impede or interfere with the Company's ability to maintain Service to existing Customers with the same or a higher priority of service; (3) that provision of the requested Service will not have a materially adverse impact on the Company's ability to recover its approved margin; (4) that provision of the requested Service is economically feasible; and (5) that Customer is creditworthy as determined in accordance with the Commission's Rules and the Company's procedures. Provided that the Company's review and analysis indicates that Service can be provided as requested, the Company will then approve the requested Service. Company shall have no obligation to provide the requested Service absent such approval.~~

~~When the requested Service is to be provided to a Residential, Small or Medium General Service Customer, and the provision of such Service is economically feasible, the application and the Company's acceptance thereof may be oral at the Company's option. In such event, the Company's applicable Rate Schedules and these Service Regulations shall become effective and applicable to any Service rendered to such Applicant in the same manner as if the Company's standard written form of application for Service had been signed by the Applicant and accepted by the Company. Upon the provision of Service by the Company to such Customer, such oral service agreement shall be presumed to exist in any case where there is no written application accepted in writing by the Company.~~

~~In the event a Customer receiving Service under the Company's commercial or industrial (large general) sales Rate Schedules anticipates a significant reduction in its gas consumption, it shall provide prompt notice thereof to Company.~~

#### **Customer Classifications**

~~**Residential Rate Service Classification.** All Residential Rate Service shall be provided pursuant to the Company's Rate Schedule 301.~~

~~Commercial Rate Service Classification. All Commercial Rate Service shall be provided pursuant to the Company's Rate Schedules 302 and 352. Classification between Rate Schedules 302 and 352 shall be based on the following criteria:~~

~~A. Definitions: As used in Commercial Rate Service Classification, the following terms shall have the meanings assigned below:~~

- ~~(7) "Annual Review Period" shall mean the twelve (12) months ended on December 31 of each year.~~
- ~~(8) "Actual Monthly Usage" shall mean the actual natural gas volumes consumed by the Customer during the highest month of consumption during the Annual Review Period as reflected on the Company's invoices for the Customer.~~
- ~~(9) "Classification Usage" shall mean the usage criteria that establishes the minimum and/or maximum average daily usage that must be maintained in order to receive service under a rate schedule. The classification usage for Rate Schedule 302 shall be less than an average of 20 dekatherms per day. The classification usage for Rate Schedule 352 shall equal or exceed an average of 20 dekatherms per day but be less than an average of 50 dekatherms per day.~~
- ~~(10) "Involuntary Curtailment Days" shall mean those days or portions of days in the highest month of consumption during a given Annual Review Period where curtailment of the Customer's natural gas service was imposed by the Company's decision to curtail.~~
- ~~(11) "Service Days" shall mean 30 days less the number of Involuntary Curtailment Days.~~
- ~~(12) "Average Daily Usage" shall be the Customer's Actual Monthly Usage within the Annual Review Period divided by the number of Service Days.~~

~~B. Procedures:~~

- ~~(5) At the conclusion of the Annual Review Period of each year and prior to June 1<sup>st</sup> of the ensuing year, the Company will determine for each customer served under Rate Schedules 302 and 352 that Customer's Average Daily Usage.~~
- ~~(6) Those customers currently receiving service under Rate Schedule 302 whose Average Daily Usage is equal to or exceeds 20 Dekatherms a day, will be transferred to Rate Schedule 352, effective on the first day of June following the most recent Annual Review Period.~~

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~~(7) Those customers currently receiving service under Rate Schedule 352 whose Average Daily Usage in each of the most recent two (2) Annual Review Periods is less than 20 Dekatherms a day, will be transferred to Rate Schedule 302 effective on the first day of June following the second, and most recent, Annual Review Period.~~

~~(8) Those customers currently receiving service under Rate Schedule 302 or 352 whose Average Daily Usage in each of the most recent two (2) Annual Review Periods is equal to or greater than 110% of 50 dekatherms per day will be transferred to Rate Schedule 303, 304, 313, or 314 as applicable.~~

~~D. Exceptions: If a customer currently being billed under Rate Schedule 302 adds natural gas equipment that increases the Customer's Average Daily Usage to the point where the customer will qualify for Rate Schedule 352 the Company may, upon notification from the Customer and subject to installation verification by the Company, transfer the Customer to the new Rate Schedule prior to June 1 of that year.~~

~~Industrial Rate Service Classification. Rate service classification under the Company's Rate Schedules, 303, 304, 313 and 314 shall be based on the following criteria:~~

~~D. Definitions: As used in rate service classification, the following terms shall have the meanings assigned below:~~

~~(7) "Annual Review Period" shall mean the twelve (12) months ended on December 31 of each year or the regularly scheduled meter reading nearest December 31.~~

~~(8) "Actual Monthly Usage" shall mean the actual natural gas volumes sold or transported for the Customer by the Company during the highest month of consumption during the Annual Review Period as reflected on the Company's invoices for the Customer.~~

~~(9) "Classification Usage" shall mean the usage criteria that establishes the minimum and/or maximum average usage that must be maintained in order to receive service under any rate schedule. For existing Customers, the classification usage for Rate Schedule 302, 332, 352, 362 shall not exceed an average usage of 55 dekatherms per day. For existing Customers, the classification usage for Rate Schedules 303, 304, 313 and 314 shall exceed an average usage of 45 dekatherms per day.~~

~~(10) "Involuntary Curtailment Days" shall mean those days or portions of days in the highest month of consumption during a given Annual~~

~~Review Period where curtailment of the Customer's natural gas service was imposed by the Company's decision to curtail.~~

(11) ~~"Service Days" shall mean 30 days less the number of Involuntary Curtailment Days plus the number of days that Customer consumed an alternative fuel to natural gas.~~

(12) ~~"Average Dekatherm per Day" shall be the Customer's Actual Monthly Usage within the Annual Review Period divided by the number of Service Days.~~

~~E. Procedure:~~

~~Step 1. During January and February of each year, the Company will determine for each Customer served under Rate Schedules, 303, 304, 313 and 314 the Customer's Average Dekatherm per Day usage for each of the two most recent Review Periods.~~

~~Step 2. A Rate Schedule 302 or 352 Customer whose usage is 110% of the 50 dekatherms threshold in the two most recent Review periods will be transferred to Rate Schedule 303, 304, 313 or 314, as applicable. A Rate Schedule 303, 304, 313 or 314 Customer whose usage is equal to or less than 90% of the 50 dekatherms threshold in both of the most recent two Review Periods will be transferred to the appropriate Small or Medium General Service Rate Schedule. Customers receiving service under Rate Schedules 303 or 304 shall be eligible to elect transportation service to be effective with the rate reclassification.~~

~~All changes in rate classification under this section shall be effective on the first day of June following the review.~~

~~Step 3. Customers who are reclassified shall be notified of the change in rate schedule, and receive a copy of the tariff sheets applicable to his old and new rate schedules at least 21 days prior to the effective date of the change.~~

~~F. Exceptions: If a Customer adds or retires a major piece of gas burning equipment, changes the hours of operations or otherwise materially alters the Customer's business that will clearly increase, or decrease, the Customer's consumption on an ongoing basis to a level that will change the Customer's ability to qualify the Customer for a particular rate schedule, the Customer shall report such changes to the Company and afford the Company an opportunity to inspect the change in equipment and to meet with the Customer to review and discuss the anticipated future level of consumption. If, after such inspection and meeting, the Company is satisfied that reclassification is appropriate, the reclassification will occur within two months after the new equipment is in place and operational, or the retirement is completed, and the first meter reading reflects the higher anticipated usage resulting from the new equipment or the lower anticipated usage resulting~~

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~~from the retirement. Any reclassification pursuant to this paragraph is subject to correction if actual experience so warrants. If the reclassification results in qualification for service under Rate 303 or 304, the Customer shall provide an election form one week prior to reclassification if a transportation election is~~

~~desired. Otherwise, service will be provided under Rate Schedule 303 or 304, dependent upon rate qualification.~~

~~Requirements: Upon reclassification from Rate Schedules 302 or 352 to either Rate Schedule 303, 304, 313, or 314, Customer will be responsible for installing and maintaining, at the Customer's expense, a dedicated 110v electrical service in a location suitable to provide electrical service for the Company's telemetering equipment.~~

**Commented [PPK7]:** These paragraphs were moved to earlier in Section 1, then updated.

## **Applicable Documents Defining Obligations of the Company and its Customers**

~~The obligations of the Company to provide Service and the obligations of the Customer upon receipt of Service are governed by and set forth in (a) applicable statutes, including those set forth in Chapter 65 of the Tennessee Code Annotated, (b) applicable Tennessee Regulatory Authority Rules, Regulations, and Orders, (c) applicable tariffs or Rate Schedule(s), (d) these Service Regulations, (e) any application, agreement, Special Contract, or similar document executed by Customer and approved, as necessary, by the Authority pertaining to such service, and (f) any standard operating procedures of the Company reasonably necessary for the provision of such Service and administered on a nondiscriminatory basis. Copies of Chapter 65 of the Tennessee Code Annotated, applicable Authority Rules, Rate Schedules, and these Service Regulations are available from the Company for public inspection, as are copies of forms of applications, agreements, and other documents approved by the Authority. A copy of the Authority's Rules are available at the Authority's Web Site at [www.state.tn.us/tra/](http://www.state.tn.us/tra/). Unofficial copies of the Company's Rate Schedules and Service Regulations are also available at the Company's Web Site at [www.piedmontng.com](http://www.piedmontng.com). The Company shall provide all new non-residential Customers with a copy of the applicable Rate Schedule(s) and written application for Service and/or other documents executed by the Company and the Customer pertaining to such Service. After a Customer has executed a written application and/or contract, no promise, statement or representation by an employee or agent of the Company or by any other person inconsistent with the written application and/or contract shall bind the Company to provide Service or to change the terms and conditions upon which Service will be rendered unless the same is in writing and is executed by an authorized representative of the Company. In the event there is a conflict between these Service Regulations and the provisions of the applicable currently effective Rate Schedule, the provisions of the Rate Schedule shall govern. The Authority Rules shall govern in the event of a conflict with these Service Regulations. The Company may not make any representation that conflicts with Authority Rules, its Rate Schedules or these Service Regulations.~~

## **Applicable Documents Subject to Change**

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~~All of the documents defining the obligations of the Company to provide Service and the obligations of the Customer upon the receipt of Service are subject to change from time to time upon order of or approval by the Authority and by other duly constituted governmental authorities. The Company does not undertake to advise any Customer of any such change except as may be required by the Commission or other duly constituted governmental authority.~~

Commented [PPK8]: These paragraphs were moved to earlier in Section 1, then updated.

#### Priority of Service

~~The Company has established the following categories of service in order of priority:~~

- ~~9. Residential, small commercial (less than 50 MCF on a peak day), school, hospital, police protection, fire protection, sanitation, or correctional facility requirements~~
- ~~10. Essential agricultural requirements~~
- ~~11. Large commercial requirements (50 MCF or more on a peak day), firm industrial requirements for plant protection, feedstock and process needs, pipeline customer storage injection requirements, and firm industrial sales up to 300 MCF per day~~
- ~~12. All industrial requirements not specified in 2, 3, 5, 6, 7, 8, 9 or 10~~
- ~~13. Firm industrial requirements for boiler fuel use at less than 3,000 MCF per day, but more than 1,500 MCF per day, where alternate fuel capabilities can meet such requirements~~
- ~~14. Firm industrial requirements for large volume (3,000 MCF or more per day) boiler fuel use where alternate fuel capabilities can meet such requirements~~
- ~~15. Limited Availability requirements of less than 300 MCF per day, where alternate fuel capabilities can meet such requirements~~
- ~~16. Limited Availability requirements of more than 300 MCF per day but less than 1,500 MCF per day, where alternate fuel capabilities can meet such requirements~~
- ~~12. Limited Availability requirements of intermediate volumes (from 1,500 MCF per day through 3,000 MCF per day), where alternate fuel capabilities can meet such requirements~~
- ~~13. Limited Availability requirements of more than 3,000 MCF per day, but less than 10,000 MCF per day, where alternate fuel capabilities can meet such requirements~~
- ~~14. Limited Availability requirements of more than 10,000 MCF per day, where alternate fuel capabilities can meet such requirements.~~

Commented [PPK9]: This paragraph was moved to earlier in Section 1, then updated.

#### Meter Turn On

There is no charge for meter turn on for a new ~~C~~eustomer. There will be a flat charge for meter turn on for an existing ~~e~~eCustomer or member of same family or household. For ~~turning on meters~~reinstating Service to Customers whose Service was previously terminated shut-off for non-payment of bills, there will be a flat charge for meter turn on plus payment of all past due bills. The Company may also secure an additional customer deposit. If an existing ~~e~~eCustomer requests that ~~his/her~~their meter be turned off for the summer to avoid minimum bills (monthly charges) during the summer period and then requests the Company to turn the meter back on, the flat charge for meter turn on will

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apply. Such flat charges for meter turn-ons referenced herein are "Reconnection Charges," the amount of which is listed in Section 6 of the Company's Service Regulations.

#### **Gas Wastage** ~~(1220-4-5-.06(iv))~~

~~Excessive gas consumption without knowledge by the customer-Customer may possibly be the result of from improper and/or inefficient operation of gas appliances downstream of the meter or for gas leaks on facilities downstream of the meter gas leakage or appliance malfunction. Gas bill adjustments generally will not be permitted for such circumstances improper and/or inefficient operation of gas appliances or for gas leaks. Adjustments for all special cases will be based upon individual merit dependent upon such factors as prompt action by the customer, the nature of the problem, maintenance of facilities by the customer, the time period involved, etc. An example might possibly be a hot water relief valve stuck open or a broken hot water line on a gas water heater. All such special adjustments shall not exceed 35% of the wastage and shall be approved by the Director of Customer Service (residential) or the General Manager of Marketing (commercial). Wastage shall be based on Service Department inspection or Customer Service Department researches. The Director of Customer Service shall determine consumption rates. Duration of the adjustment shall not exceed 30 days. Where such gas appliance malfunction or gas leakage was directly caused by actions of Company personnel or occurred within 30 days of the date the work was performed by Company personnel, the Company will grant 100% credit of wastage to the customer. The amount of wastage will be approved by the Director of Customer Service and not exceed a period of 30 days.~~

#### **Title to Facilities**

The title to all facilities including mains, gas service lines, meters, and accessory equipment up to and including the outlet of the meter assembly shall be vested in the Company, notwithstanding any charge which may be made to the ~~customer-Customer~~ for extending ~~Service~~.

#### **Natural Gas Appliance Classifications**

The following classification of natural gas appliances shall apply throughout the Company's Tennessee Service Regulations:

- Major appliances:
  - ~~natural~~ gas heating systems utilized as primary heating source in the structure;
  - ~~gas air conditioners~~
  - gas water heaters.
- Minor appliances:
  - clothes dryers;

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- o gas fireplaces;
- o ~~gaslights;~~
- o ~~generators;~~
- o ~~grills;~~
- o incinerators;
- o log starters;
- o logs;
- o ranges;
- o swimming pool gas water heaters.

## **~~General Installation / Connection & Repair Policy~~**

~~The Company will provide equipment, labor, and materials to install, repair, and service gas-fired equipment. Such installations, repair, or service shall be charged at Company's standard rates and charges. The installations and repairs will be performed in accordance with all applicable codes and licensing requirements. The Company reserves the right to decline such work, on a non-discriminatory basis, if the conditions involved in such work are not consistent with the safe or efficient completion of such work. All natural gas appliance installations on Company lines shall comply with the current version of the International Fuel Gas Code adopted by local authorities. All appliances installed, repaired or serviced by Company must also be tested and approved by US safety standards and used in accordance with the manufacturer's listing. The Company reserves the right to refuse to connect those appliances which, in its judgment, do not conform to appropriate safety requirements.~~

### **~~Water Heaters~~**

~~The Company will install and repair, including dip tube replacement, residential water heaters on the basis of its standard rates and charges. For repairs of commercial gas water heaters, the customer is to be referred to local dealer or plumber.~~

### **~~Dryers~~**

~~The Company will install and repair residential dryers on the basis of the Company's standard rates and charges. Repair requests on commercial gas clothes dryers, other thermocouples or other parts normally stocked by our storeroom, will be referred to the appropriate dealer for servicing.~~

### **~~Gas Grills~~**

~~The Company, as part of its free service program, will make burner air and gas adjustments, check controls, and assist in problem diagnosis on a no-charge basis. Installations of and repairs on gas grills will be charged on the basis of the Company's standard rates and charges. Cleaning and painting of the grill will be the responsibility of~~

~~customer. The Company may also perform the following on the basis of the Company's standard rates and charges:~~

- ~~1. Post Replacement;~~
- ~~2. Repairs to Cut or Damaged Tubing;~~
- ~~3. All Other Repairs.~~

## Gaslights

~~With regard to gaslights, the Company will turn on, re-light and replace mantles without charge to the residential customer. Should the residential customer wish to replace the mantles himself, the Company will, upon request, mail to him replacement mantles for residential use in his gaslights without charge. Residential customers may also pick up free replacement mantles for use only in their gaslights at the Company's storeroom. The same gaslight service policies apply to commercial/industrial customers except they will be charged for the mantles. Subdivision entrances and multi-family developments do not qualify for residential use. Services do not include the painting of gaslights or glass cleaning; these are considered the owner's responsibilities.~~

~~The Company will recondition the customer's gaslight, including replacement of mantles, cleaning and/or replacement of glass panes as required, and painting repair of gaslight as necessary, for a flat labor charge plus cost of replacement parts (other than mantles). In the case of multiple gaslights on the same piece of property, the labor charge shall apply only to the first light. For each additional light on the same property, an additional charge plus parts (other than mantles) will apply. The same policy applies to commercial customers except they will also be charged for mantles. Installation of and repairs on gaslights, including those listed below, will be charged on the basis of the Company's standard rates and charges. The Company may also perform the following:~~

- ~~1. Post and/or Light Head Replacement: All customers needing to purchase a gaslight head will be referred to the Home Energy Center;~~
- ~~2. Repairs to Cut or Damaged Tubing: A service representative can sometimes perform this work, but generally a three-man fitting crew is required.~~
- ~~3. Complete Replacement: The customer shall be referred to the Company's Home Energy Center. If the customer provides a replacement light head and post of the same basic type, the Company will connect the replacement;~~
- ~~4. All Other Repairs.~~

## Gas Logs & Log Starters

~~All installations of or repairs on gas logs and log starters will be charged on the basis of the Company's standard rates and charges.~~

## Other Miscellaneous Residential Gas Appliances

~~All installations of or repairs on other approved gas appliances will be charged on the basis of the Company's standard rates and charges.~~

## **~~Appliance Parts Broken by Company Personnel~~**

~~From time to time when our service personnel are repairing a customer's gas appliance, other adjacent parts become broken during the course of the repair. Such instances leave a question as to whether the customer should be charged for that additional part. Such decisions shall be at the discretion of the supervisor involved. The following guidelines should be of assistance.~~

### **~~No Charge to Customer~~**

- ~~1. Breakage caused by negligence on part of our personnel. In such cases, the employee will be counseled to avoid repetition.~~
- ~~2. Accidental breakage of part considered "relatively new" and our representative was using care and attention to work procedures.~~

### **~~Charge to Customer~~**

- ~~1. Parts that may be broken after customer first being warned that we will use care in repair but the customer will be responsible for all parts involved. If the service representative has doubts about the condition of the appliance, he should so warn the customer initially.~~
- ~~2. Any parts broken which are not "relatively new" and in process of normal repair with our representative using reasonable care in work procedures. Where we make a mistake we'll stand behind it, but we will not unilaterally absorb the cost of other parts broken, they will be considered part of the job.~~

## **~~Sales to Employees~~**

~~The following is applicable for active permanent employees, retired employees and retiree's surviving wife or husband until such time as survivor remarries:~~

- ~~1. Employees may purchase Natural Gas Appliances and accessories at cost from the Company. Appliances must be purchased for use only in the employee's own home.~~
- ~~2. Pipe, pipe fittings and similar material carried in stock by the Company may be purchased by employees at warehouse cost, but these also must be used in the employee's own home and all such purchases must be approved by the Company.~~

~~There is no intent in these rules for employees to unfairly benefit from Company discounts. The giving of false information to obtain a discount from the Company will be considered a cause for discipline.~~

## **Liquid Propane Conversion to Natural Gas**

Any new conversion ~~C~~customer converting from liquid propane (LP) to natural gas will receive gas ~~service~~Service line and meter installation on the same basis as any other residential or ~~commercial-non-residential~~ Ccustomer.

### **Residential**

~~Conversion of residential gas dryers, grills, logs, furnaces or other appliances shall be performed on the basis of the Company's standard rates and charges.~~

**Commercial**

~~Conversion of AGA approved residential gas appliances or commercial gas appliances in a commercial structure will be performed on shall be performed on the basis of the Company's standard rates and charges.~~

**~~Temporary Conversions to Liquid Propane~~**

~~When deemed necessary by the Company, new construction and conversion customers will be temporarily converted to liquid propane at no charge. The conversion back to natural gas will also be performed by the Company at no charge.~~

# Company's Tennessee Service Regulations

## Section 2 – Meters

### Installation & Location

The Company performs standard meter installation at no charge to the ~~customer~~Customer. However, a ~~e~~Customer desiring an underground meter installation will be charged for the additional cost. The most desirable and serviceable location for a new residential meter installation is on the outside of the structure, approximately four feet past the front wall, where it is not subject to damage from automobiles. The new meter shall be so located unless it is physically impractical or it interferes with Customer's use of ~~his~~their property.

The ~~proper-targeted~~ meter location for large outside commercial or industrial meters, especially those having multiple structures, is at the property line wherever possible. Under no circumstances shall a meter be located within 10 feet of a combustion air intake. Further, meters shall not be located within 3 feet of an ignition source such as heating or air conditioning equipment, water heaters, electric meters, switch gear, electric panels, etc.

The ~~e~~Customer or property-owner must at all times provide a proper and accessible location for all meters and regulators. The following rules apply as well:

1. All meters installed on high-pressure services must be installed outdoors.
2. All "farm tap" meters shall be located at the main.
3. All meters served from standard and medium pressure mains shall be installed outdoors, except in those instances in which it is extremely difficult to do so or is very undesirable from the Customer's viewpoint. In such cases, the meter may be installed indoors, at the discretion of the Company, if the installation conforms to applicable codes.
4. If a ~~e~~ustomer desires to use gas solely for swimming pool water heating, the meter shall be located at the house and the fuel line run from this point to the pool heater.
5. If located indoors, the meter shall not be located:
  - a. Above the ground floor (with the exception of vertical mains, which are installed at the Company's discretion);
  - b. Less than 3 feet from a hot air furnace or boiler;
  - c. Less than 3 feet from a gas oven or hot water heater;
  - d. On or under stairways;
  - e. In bathrooms or adjoining clothes closets;

~~f.~~ In small, unvented, or confined spaces;

~~g-f.~~

~~h-g.~~ Where subject to damage, extreme high temperature, or corrosion;

~~i-h.~~ In entrances or exits so as to obstruct passage in any way;

~~j-i.~~ Less than 10 feet from boilers or other sources of heat, if the meter capacity is 80B or larger.

### **Meter Relocation**

Outside meters will be relocated when requested by the ~~e~~Customer, however, the ~~customer~~ Customer will be charged on a Time and Materials basis.

### **Meter Testing**

The Company maintains a regular program of periodic meter testing and change-out to insure metering accuracy. Upon written request from the ~~C~~ustomer for a special test of his meter, the Company will inspect the meter at a reasonable time in accordance with provisions of the Commission's Rules, Regulations and Orders. ~~Statutes Governing Public Utilities as issued by the Tennessee Regulatory Authority.~~ Such meters will be considered to register correctly if the error is not greater than plus or minus two percent (2%). If the meter is found to be registering incorrectly, the meter will be repaired or adjusted to conform to standards with no charge to the ~~C~~ustomer for testing or repair. If the meter is registering correctly, there will be a meter testing charge to the ~~e~~Customer.

### **Meter Tampering or By-pass**

The term "metered gas" is defined as "all gas that has passed through the ~~C~~ustomer's meter." It is Company policy to prosecute those persons involved where the Company finds evidence of meter tampering or by-pass. Such acts are illegal, as well as extremely dangerous, and Tennessee State Law provides for substantial punishment. In such cases, the ~~e~~Customer or party involved will be charged for all gas used and the cost of meter repair including travel time and all other related expenses on a "Time and Materials" basis. At the Company's option, gas ~~service~~ Service may also be terminated.

### **Meter Damage**

The ~~C~~ustomer has a responsibility to provide reasonable protection for the Company's metering facilities from damage by members of their household, guests, ~~his~~ their employees, ~~customers,~~ and the general public. ~~It is not, however, his equipment and he cannot be expected to provide security such as guards, surveillance, enclosures, etc. to protect the Company's meters from acts of vandalism or from the general public.~~ The Company selects and approves meter locations. If a location is in a drive, parking lot, alley,



etc. where damage is likely, then it is the Company's responsibility to provide adequate protection such as posts, etc. In cases where the Company's metering facilities are damaged, with regard to actual damage responsibility, the following applies:

1. If the ~~e~~Customer or ~~his~~their employees cause damage (accidentally or purposely), then the ~~e~~Customer should be billed for damages.
2. If a visitor, commercial vehicle, or general public vehicle damages a meter, damage relief should come from that person or ~~firm-party~~ causing the damage. Damage relief shall not come from the ~~customer~~Customer, unless it can be proven that the damage by a third party resulted from negligence on the ~~e~~Customer's part.

# Company's Tennessee Service Regulations

## Section 3 – Fuel Lines

Customer gas fuel lines installed on Company mains shall comply with all applicable codes and provisions of the current version of the International Fuel Gas Code adopted by the county in which the gas facilities operate. The care and maintenance of all customer-owned underground fuel lines is the responsibility of the ~~e~~Customer. All piping carrying metered gas is considered a fuel line. When in place in a finished building, hidden from view and not easily accessible, the piping is considered a concealed fuel line. All fuel lines will be (a) standard threaded and coupled or welded steel minimum schedule 40 pipe (depending on operating pressure), ~~or~~ (b) plastic pipe or tubing of the following types: TR-418 PE 2306 -- orange color, Drisco 7000 or 8000 PE 3406 -- black color, or approved equal, or (c) other piping meeting code and deemed acceptable by the Company.

### Fuel Lines May

- Be installed underground in accordance with applicable codes to include corrosion protection.
- Be installed to serve any number of buildings if all the buildings are located on a single or continuous tract of land with common ownership.
- Be concealed if installed in accordance with applicable codes.

### Fuel Lines May Not

- ~~Be smaller than 1-1/4" coated steel or 1-1/8" x.090 wt Polyethylene (PE) tubing if installed underground (unless serving only gaslights, grills, or logs). Fuel lines to remote heating units may be smaller as approved by the Service Department. The Service Department will determine the size of fuel lines for mobile homes.~~
- Extend to or across property under different ownership.
- Cross any public street, alley, or highway. Fuel lines shall be sized to have a minimum pressure drop between the meter outlet and any appliance of 0.3-inch water column. Those fuel lines served from standard pressure distribution systems will be sized on 0.2-inch water column pressure drop.

### Installation Charges

All fuel lines will be installed at the ~~C~~ustomer's expense with one exception: when determined necessary, the Company may choose to install a fuel line instead of a ~~s~~Service line. In this event, ownership with maintenance responsibility shall remain with the customer. In such cases, footage of fuel line installed shall be equal to the footage of ~~service-Service~~ line that would be "free service" if the ~~e~~Customer were served in the usual manner (a "farm tap" customer is an example). Charges for residential underground fuel

lines will be on the basis of the Company's standard rates and charges. Pre-installation estimates may be obtained from the ~~Company Service Department (for plastic tubing) or the Construction Department (for all other underground fuel lines)~~. The ~~C~~ustomer at ~~his~~their expense will replace any sidewalk or pavement cut. The ~~customer~~Customer will be charged on the basis of the Company's standard rates and charges for all fuel line repairs made by the Company.

#### **Commercial or Industrial Fuel Lines**

Commercial or Industrial fuel line piping work will be performed by the Company according to applicable codes and licensing requirements. If the Company installs a ~~customer's~~Customer's underground fuel line, the charges will be based on the Company's standard rates and charges.

# Company's Tennessee Service Regulations

## Section 4 – Service Lines

Service ~~l~~ines are pipes used to carry unmetered gas from the main to the ~~e~~Customer's meter. The preferred route of the ~~service-Service~~ line will be from the nearest adequate main to four (4) feet beyond the customer's nearest building wall. Service lines, ~~S~~service relocations, and extensions may be installed in accordance with applicable codes by either the Company or by a contractor approved by the Company. The complete installation must be inspected and approved, prior to being backfilled, by the appropriate Company representative. In general, ~~S~~service lines should not be laid on vacant property adjoining the building to be served if there is likelihood that a building will be constructed on the vacant property. Service line installation policies are subject to conditions of gas supply and the Company's limited service attachment programs.

### Residential

The Company will install free of charge 100 feet of ~~s~~Service line for one major appliance, as defined in Section 1, where no main extension is required. The gas ~~service-Service~~ line must extend along the route selected by the Company. In the event that the above conditions are not met, the ~~service-Service~~ line installed for the customer must provide a reasonable return to the Company. If the customer wishes the facilities to be constructed along a route other than the route selected by the Company and/or if the gas ~~service-Service~~ line is more than the length allowed above and/or the ~~service Service~~ to be rendered to the ~~customer-Customer~~ will not produce a reasonable return to the Company, the Company may require the ~~customer-Customer~~ to pay the excess cost of constructing the facilities along the alternate route or in excess of the footage allowed and/or to make a contribution which will permit the Company to earn a reasonable return. In all cases any pavement or sidewalk cut will be replaced by and at the ~~customer's-Customer's~~ expense.

### Commercial or Industrial

For permanent use and where revenues provide a reasonable return to the Company, the Company will install free of charge 100 feet of ~~S~~service line measured from ~~customer's-Customer's~~ property line or four feet past the nearest building wall, whichever is less.

### Exceptions

In cases where there is exceptional cost due to length of ~~s~~Service line, high pressure main, paving (such as crossing major street), rock, etc., these ~~s~~Service orders shall be

reviewed by ~~Piedmont the Engineering Department~~ on a case-by-case basis to determine if they meet the main extension policy provided in Section 5.

### **Excess Service**

Excess ~~service-Service~~ refers to that portion of the total cost of a ~~s~~Service line installed for a ~~e~~Customer that is in excess of the Company's justifiable investment and is that portion of ~~S~~service line cost paid for by the customer.

### **Repairs**

Repairs to ~~service-Service~~ lines damaged by others shall be charged at the Company's actual repair costs.

### **Service Extensions**

A ~~S~~service extension includes all piping carrying unmetered gas from the termination of the previous ~~s~~Service line to the inlet of the meter. Service extensions and relocations shall be installed at the ~~e~~Customer's expense.

### **Excess Flow Valves**

Customer has the right to request the placement of an Excess Flow Valve ("EFV") on any Service Line that does not already have such a valve installed. Company shall work with the Customer to reasonably determine the date of such installation. The installation will not be made where it will interfere with or jeopardize the Company's Service either to the Customer desiring the installation or to any other Customer or Customers. As a precondition to installation of an EFV, Customer shall be required to enter into a written agreement with Company reflecting the terms of such installation and assuming responsibility for all of the actual costs of such installation. Company shall be entitled to collect a deposit on such costs prior to initiating installation of the EFV in the amount of the estimated cost of installation.

### **Branch Services**

Branch ~~S~~services will be permitted only when the point of junction of the two ~~services~~ ~~Service lines~~ is either in the public right-of-way or on a ~~customer's-Customer's~~ property. In the latter case, written and notarized permission of the property owner must be obtained and filed with the Register of Deeds of the appropriate county. In the case of ~~services-Service lines~~ requiring in-line valves, the ~~s~~Service ~~line~~ must be branched in the public right-of-way, and ~~the Construction Department~~~~Piedmont~~ must confirm presence of a valve in each branch.

### **Multiple Buildings on Same Lot**

In those cases where two or more buildings are located on the same lot in such a manner as to be reasonably suited to subdividing, the Company will, if requested, run separate ~~service-Service~~ lines to these buildings. However, if the buildings are not so situated (e.g. garage apartments or combination commercial and residential buildings),

the Company will not run separate Sservices except where the full cost of the additional Sservice from main to meter, including paving, is borne by the Customer.

### **Service Line Enlargements**

If the load through an existing Sservice is so increased as to require a larger service Service line, the Company will enlarge the existing sService to a point four (4) feet beyond the eCustomer's nearest outside building wall without charge. Any enlargement of the sService line beyond this point will be at the eCustomer's expense. Any fuel line changes will be at the eCustomer's expense.

### **Shopping Centers**

A shopping center shall be considered as a single structure containing a minimum of 7,500 square feet of floor space and a minimum of four (4) tenants or business stores operating within the structure. The Company shall install one Sservice line and one bank of gas meters for each 12,000 square feet of floor space. The final number of meter banks shall be at the discretion of the Company, based upon the size and layout of the particular shopping center under consideration.

# Company's Tennessee Service Regulations

## Section 5 – Mains

The Company has a policy of extending its main(s) to serve a new eCustomer (or eCustomers) provided such main extension is determined to be economically feasible. The criteria for economic feasibility shall be met when the total annual net revenue to be obtained from the eCustomer (or eCustomers) provides a rate of return that is equal to or greater than the overall cost of capital established in the Company's last general rate case.

The determination of the anticipated rate of return on the main extension will be based on a net present value (NPV) computation utilizing the following parameters:

1. Net revenues will be calculated by applying the applicable tariff margin rate to the estimated annual total usage and, where applicable, potential for future growth may be considered.
2. Estimated annual total usage shall be based on those appliances that will be in use during the first five (5) years of Sservice, except as provided in paragraph 3 under "Main Extension Contract".
3. The required investment will be based upon engineering cost estimates as determined by the Company and will include the costs of all facilities required for providing service Service including material and labor costs associated with the installation of mains, sService lines, metering and regulating equipment, easements, rights of way, street crossings, and all other required equipment or facilities.
4. The discount rate shall be equal to the overall cost of capital allowed in the Company's last general rate case adjusted for taxes and depreciation.
5. The discount period shall be equal to the economic useful life of the investment in the mains and sServices lines.
6. Main extensions producing a positive net present value at the end of the discount period shall be considered economically feasible.

### Main Extension Contract

To the extent the net present value computation produces a negative result:

1. The eCustomer shall pay to the Company an amount equal to the negative net present value at the end of the discount period, plus any additional funds required to provide for the payment of resulting taxes. This payment may be made in a lump sum or in periodic payments (without interest) -- annual, monthly, etc.
2. If within three (3) years after the original installation, the Ceustomer making the payment adds additional major or minor appliances, the Company will refund to the Ceustomer (if

paid in advance or credit his account if on extended terms), upon written request, an amount equal to the net annual revenues anticipated to be realized from the usage of the additional appliance(s).

3. In no case shall the ~~customer~~Customer making the payment be refunded more than he paid.

The above provisions assume that only one ~~e~~Customer will make the payments. If two or more ~~e~~Customers make the payments, the contract will be adjusted to reflect this fact; for example, if two ~~e~~Customers made equal payments and a refund is due because one of the two has added an additional appliance, then the entire refund shall be paid to him.

### **Exceptions**

The Company may make exceptions to the main extension rule when system improvements are realized by the extension.

### **Main Relocation**

If a ~~e~~Customer requests a re-routing or relocation of a main located on a public right-of-way, the ~~e~~Customer will be charged for this work. If the main is located on private property, such as an easement, railroad right-of-way, ~~Piedmont the case will be referred to the Engineering Department for~~make a determination as to whether a charge shall be ~~made~~assessed. The same will apply to relocations or re-routings requested by a contractor. Repairs to mains damaged by a contractor will be charged to the contractor on a "Time and Materials" basis.

### **Above-~~g~~Ground Facilities**

If the above-ground facilities (such as post regulators, vent pipe, etc.) are so located that they seriously interfere with, or make impracticable, the owner's use of this property, the relocation of such facility will be done at no cost to the ~~e~~Customer. An example of serious interference would be when the aboveground facility was located in front of a proposed narrow driveway. In all other cases, the cost of relocation will be charged to the ~~e~~Customer. The charge, unless specified for any of the above items, will ~~—~~be either of the following, at the ~~e~~Customer's option, prior to commencement of work:

1. Estimated cost as determined by the ~~Construction Department~~Company;
2. Actual cost.



## Piedmont's Tennessee Service Regulations

### Section 6 -- Other Rules & Regulations ~~Governing Supply & Consumption of Gas~~

The ~~consumer~~Customer agrees to the following rules and regulations, having made proper application and deposit for ~~s~~Service with the Company.

1. ~~Consumer~~Customer is responsible for damage to any gas meter or equipment belonging to the Company placed on the premises occupied by the ~~consumer~~Customer and will immediately reimburse the Company for all costs of repairing or replacing same. In accordance with ~~Item (1), Section 1220-4-5-. 18, Reasons for Denial of Service of the Tennessee Regulatory Authority's Commission Rules, and Regulations and Orders, a consumer the Company may b~~terminate or refuse ~~s~~Service if ~~Customer~~consumer has damaged the Company's equipment or tampered with the lock on a meter. The Company will charge its standard rates and charges for a broken meter lock.
2. ~~Customer~~consumer will use gas supplied through Company's meter only. Use of other metering devices or bypassing equipment and tampering or adjustments on ~~company~~Company-owned metering facilities by ~~consumer~~Customer are prohibited. The Company will not permit secondary meter billing.
3. In case the meter has failed to register the quantity of gas consumed, in whole or in part, the ~~consumer~~Company may hold the Customer responsible for will pay such reasonable sum as is ascertained to be due for the period involved in accordance with Commission Rules, Regulations and Orders.
4. The Company's authorized agents shall have access to ~~consumer's~~Customer's premises at all reasonable times for the purpose of checking, reading, servicing, replacing or and disconnecting the meter; shutting off gas; and for such other purposes as the Company may deem advisable to protect its interests.
5. The Company shall be under no duty to inspect, repair, or maintain the ~~s~~Service of other pipes, connections, equipment, or appliances located beyond the meter outlet on the premises of the ~~consumer~~Customer.
6. The ~~Customer~~consumer shall be liable and shall pay for all gas passing through the meter until it is turned off. When termination of ~~s~~Service is requested, ~~consumer~~Customer must ensure that the Company receives either written or verbal notice at least two business days prior to the desired date of termination. Access to the meter must be provided.
7. The ~~consumer~~Customer is entitled to the usual discount allowed by the Company if bills are paid within the first ~~twelve~~twenty-five (25) days following the date bills are rendered. All gas bills are due when rendered and they will be considered as rendered when mailed to the address specified by the ~~Customer~~consumer. A residential, head of household ~~consumer~~Customer dependent on social security or

other retirement check may request a net to gross discount waiver. Qualified ~~consumers~~ Customers will be granted a net to gross discount waiver and the account will be monitored for continuing compliance.

~~8. The Company shall have the right to shut off gas from any consumer who may be in arrears for a longer period than twenty days in paying for gas furnished hereunder or under any other prior or subsequent agreement, or for gas used by consumer at consumer's present or any prior or subsequent address, it being understood hereby that said twenty day period commences to run from date the bill is rendered as above defined. The Company will not shut off gas for non-payment without first mailing a notice to the consumer giving him seven days to pay for the bill in arrears. The Company will not terminate service during any 24-hour period, as measured from 8:00 am on the planned date of termination, where the forecasted low temperature, as determined by the National Weather Service, is 32 degrees Fahrenheit or below.~~

~~9-8.~~ The Company is authorized to require the ~~consumer~~ Customer to make a deposit, or increase any existing deposit, in such amount as the Company deems proper for its protection before restoring gas ~~S~~service. The deposit amount will not exceed two consecutive billing periods or ninety (90) days, whichever is less.

~~10-9.~~ Interest on Customer Deposits: All ~~consumer~~ Customer deposits will accrue simple interest on the principal at the rate approved by the ~~Authority~~ Commission.

~~11.~~ Reconnection Charge: The Company will charge \$55.00 during the months of February through August and \$85 for the months of September through January for turning on a meter for an existing ~~residential or non-residential consumer~~ Customer or member of the same family, ~~or household or business~~ at same address. This charge applies only to those ~~consumers~~ Customers who have previously elected to have the meter turned off without discontinuing ~~s~~Service (seasonal turn-off) or whose ~~Service has been previously terminated for account has been closed because of non-payment of a bill.~~

~~12.~~ ~~In the event gas is shut off because of consumer's failure to pay, a charge will be made for each restoration. The Company will charge \$55.00 during the months of February through August and \$85 for the months of September through January plus payment of past due gas bills for turning on meters shut off for non-payment of bill. The Company will not be liable for damages for shutting off gas or for delay in restoring Sservice. An additional deposit may also be required.~~

~~13-10.~~ At the Company's option, special discounts may be offered to the approved reconnect fee to encourage ~~C~~customers to have their ~~S~~service reinstated during non-peak turn-on periods. Such special discounts will be made upon a 1-day notice to the ~~Authority~~ Commission and will be available on a nondiscriminatory basis within the classifications ~~stated herein of Sections 11 and 12 above.~~ Notification will include the time period during which the promotion will be conducted as well as the terms and conditions of the promotion.

~~14-11.~~ The ~~consumer~~ Customer agrees to notify ~~the~~ Company in advance of any planned change in physical premise or environment around meter or ~~S~~service to determine impact on safety cases, meter reading, and meter maintenance.

Commented [PPK1]: Paragraph removed because it is duplicative of terms already described in Section 1 of the Service Regulations.

Commented [PPK2]: Removed because it is a duplicative of terms already previously described.

~~15.12.~~ 12. In the event the Company is unable, wholly or in part, by reason of force majeure to carry out its obligations to provide ~~Service~~, the obligations of the Company so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch. The term "force majeure" as employed above shall mean acts of God; extreme weather conditions; strikes, lockouts, or other industrial disturbances; acts of the public enemy; war; blockades; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests and restraints of governments and people; civil disturbances; explosions; breakage of or accidents to machinery, lines of pipe, or the Company's peak shaving plants; freezing of wells or lines of reduction in gas pressure by its suppliers; inability to obtain rights-of-way, permits, materials, equipment, or supplies for use in the Company's peak shaving plants; and any other causes whether of the kind herein enumerated or otherwise, not within control of the Company, and which by the exercise of due diligence the Company is unable to prevent or overcome. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the Company, and the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts when such course is inadvisable in the discretion of the Company.

~~16.13.~~ When the Company in its discretion determines that it is necessary to interrupt or curtail ~~Service~~ to maintain the integrity of its distribution system or to provide for its or the public's safety, the Company shall have the right to interrupt or curtail ~~delivery of gas~~ Service to any ~~consumer~~ Customer.

~~17.14.~~ 14. In the event of a failure or interruption of ~~Service~~, the Company shall use all reasonable diligence to remove the cause or causes thereof, but the Company shall not be liable for any loss or damage resulting from such failure or interruption due to accidents, force majeure, extreme weather conditions, or causes beyond its control.

## APPENDIX A

### CUSTOMER AGENT AGREEMENT

This Customer Agent Agreement ("Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between Piedmont Natural Gas Company, Inc. ("Piedmont") and \_\_\_\_\_ ("Agent").

WHEREAS, Piedmont's natural gas transportation tariffs provide for the ability of Customers receiving Piedmont's transportation services to designate and utilize a third-party agent for purposes of making nominations for and delivering natural gas to Piedmont on behalf of such Customers and managing imbalances on the Piedmont system resulting from such activities; and

WHEREAS, in undertaking such activities on behalf of Piedmont's Customers, such Agents have the capacity to create material economic and operational risks for Piedmont and its Customers; and

WHEREAS, Agent desires to act as a Customer Agent on Piedmont's system; and

WHEREAS, Piedmont is willing to permit Agent to operate on its system under the terms and conditions set forth herein and under the parameters of Piedmont's approved tariffs and service regulations.

NOW, THEREFORE, in consideration of the premises, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Piedmont and Agent agree as follows:

1. Establishment and Maintenance of Creditworthiness. Each Agent must establish credit with Piedmont in the form of a Letter of Credit, escrow deposit, parental guaranty, or otherwise, in form and substance acceptable to Piedmont, in an amount equal to or greater than the dollar value obtained by the following formula at all times:

The higher of Agent's average daily load for the previous month or Agent's First-of-Month confirmed daily nomination quantity for the new month x 3 days x (NYMEX prompt month close) x 1.25.

Each month, prior to nominating transactions for the first of the month business, an evaluation will be made to ensure that the established credit does not fall below the value obtained from the formula shown above. In the event Agent's established credit falls below the value obtained through application of the formula shown above, either during this monthly evaluation or at any other time, Piedmont may require that the value of said Letter of Credit, escrow deposit, parental guaranty, or other form of assurance be changed at any time in order to reestablish adequate creditworthiness hereunder. In the event Agent fails to establish creditworthiness as set forth above, or fails to comply within 5 days with directions from Piedmont to increase the amount of its credit instruments as provided herein, then Agent's right to conduct business on the Piedmont system shall be suspended until such time as Agent shall be in compliance with the

creditworthiness provisions set forth herein (including any requirements to increase said creditworthiness).

2. Customer Agent Imbalance Restrictions. Agent shall not create a cumulative intra-month imbalance which exceeds three times Agent's aggregate First-of-Month confirmed daily nomination quantity. If this cumulative month-to-date imbalance restriction is exceeded at any time, then Agent's authorization to conduct business on Piedmont's system shall be immediately suspended except to the extent of transactions designed to reduce Agent's cumulative month-to-date imbalance. Upon any such suspension, Agent's authorization to conduct business on the Piedmont system shall not be restored until such time as Agent is in full compliance with the provisions hereof and all applicable provisions of Piedmont's tariffs and service regulations.

3. Allocation of Imbalance Quantities/Penalties. Concurrent with the submission of monthly nominations, Agent shall provide Piedmont with a schedule of allocated nominations for ~~C~~ustomers to be served by Agent for the following month. This allocation shall serve as the basis for resolving imbalances with Agent's ~~e~~ustomers-Customers to the extent those imbalances are not resolved by Agent. In the event Agent fails to submit such schedule, and further fails to resolve any monthly imbalance during the term hereof, those imbalances and any attendant penalties shall be allocated to Agent's ~~e~~ustomers, *pro rata*, based upon the actual usage of each such ~~e~~Customer during the month to which the unresolved imbalance and/or penalties is attributable.

4. Failure to Comply with Operational Notices, and Agent Creditworthiness and Imbalance Requirements. If Agent fails to adhere to the imbalance and credit requirements set forth above, or to obey specific instructions issued by Piedmont and designed to preserve the operational integrity of Piedmont's system, Agent (a) shall be subject to the Unauthorized Over Run Penalty provisions of Piedmont's ~~Rate-Service~~ Schedule ~~No.~~ 306, and (b) shall have its right to transact business on Piedmont's system suspended.

5. Term. This Agreement shall become effective as of the date first written above and shall continue in full force or effect until terminated by either party hereto upon sixty (60) days written notice.

6. Supplemental Nature of Agreement. This Agreement is supplemental to the provisions of Piedmont's approved tariffs and service regulations, the provisions of which shall also apply to services rendered hereunder. As such, the restrictions and requirements set forth herein are cumulative in nature and in addition to any other imbalance or penalty provisions set forth in Piedmont's approved tariffs and service regulations.

7. Billing and Payment. Billings to Agent for any amounts due hereunder, and payments by Agent on such billings, shall be made in a manner consistent with the billing and payment provisions of the underlying transportation tariffs pursuant to which service is rendered.

8. Miscellaneous.

- A. Modification. This Agreement may not be modified or amended except by the execution of a written agreement by the parties hereto.
- B. Waiver. No failure by any party to enforce this agreement with respect to any default in the performance of any of the provisions of this Agreement shall operate or be construed to operate as a waiver thereof or of any similar future default.
- C. Assignment. This Agreement may not be assigned by any party hereto without the express written consent of the other party hereto.
- D. Jurisdiction. This Agreement and the respective obligations of the parties hereto are subject to all valid laws, orders, rules and regulations of the Tennessee ~~Regulatory Authority~~ Public Utility Commission and any other governmental bodies having jurisdiction.
- E. Conflict of Laws. The construction, interpretation, and performance of this Agreement shall be in accordance with the substantive laws of the State of Tennessee without regard to any conflicts of laws provisions thereof.

IN WITNESS WHEREOF, the undersigned parties have executed this agreement as of the year and date first written above.

AGENT

PIEDMONT NATURAL GAS COMPANY, INC.

By: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

MAILING ADDRESS

Please submit to: ~~Transportation & Pipeline Services~~ Citygate Operations  
Piedmont Natural Gas Company  
P.O. Box 33068  
Charlotte, N.C. 28233

OR

EFFECTIVE:

GasCommercialOperations@duke-energy.com~~Transportation & Pipeline~~  
~~Services~~  
~~Fax Number: (704) 364-8320~~

*TPUC Docket No. 20-00086*  
*Stipulation and Settlement Agreement*

# **Attachment G**



**Piedmont Natural Gas Company, Inc.**  
**Tennessee**

**Index of Tariff & Service Regulations**

<a href="#"><u>Tariff Sheet No. 1</u></a>	<a href="#"><u>Rate Components by Rate Schedule</u></a>
<a href="#"><u>Rate Schedule 301</u></a>	<a href="#"><u>Residential Service</u></a>
<a href="#"><u>Rate Schedule 302</u></a>	<a href="#"><u>Small General Service</u></a>
<a href="#"><u>Rate Schedule 303</u></a>	<a href="#"><u>Large General Sales Service - Firm</u></a>
<a href="#"><u>Rate Schedule 304</u></a>	<a href="#"><u>Large General Sales Service - Interruptible</u></a>
<a href="#"><u>Service Schedule 306</u></a>	<a href="#"><u>Schedule for Limiting and Curtailing Service</u></a>
<a href="#"><u>Service Schedule 307</u></a>	<a href="#"><u>Balancing, Cash-Out, and Agency Authorization</u></a>
<a href="#"><u>Rate Schedule 309</u></a>	<a href="#"><u>Special Availability Service</u></a>
<a href="#"><u>Rate Schedule 310</u></a>	<a href="#"><u>Resale Service</u></a>
<a href="#"><u>Service Schedule 311</u></a>	<a href="#"><u>Purchased Gas Adjustment (PGA) Rider</u></a>
<a href="#"><u>Service Schedule 312</u></a>	<a href="#"><u>Equal Payment Plan (EPP)</u></a>
<a href="#"><u>Rate Schedule 313</u></a>	<a href="#"><u>Large General-Transportation Service - Firm</u></a>
<a href="#"><u>Rate Schedule 314</u></a>	<a href="#"><u>Large General Transportation Service - Interruptible</u></a>
<a href="#"><u>Service Schedule 315</u></a>	<a href="#"><u>Weather Normalization Adjustment (WNA) Rider</u></a>
<a href="#"><u>Service Schedule 316</u></a>	<a href="#"><u>Performance Incentive Plan</u></a>
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<a href="#"><u>Rate Schedule 343</u></a>	<a href="#"><u>Motor Vehicle Fuel Service</u></a>
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 <a href="#"><u>Tennessee Service Regulations</u></a>	
<a href="#"><u>Appendix A - Customer Agent Agreement</u></a>	

PIEDMONT NATURAL GAS COMPANY, INC.  
Tennessee Service Territory  
Billing Rates Effective: January 2, 2021

Rate Schedule	Description	Tariff Base Rate Docket No. 20-00086 <1>	Temporary Decrements Approved in Docket No.18-00040									Total Adj. Factor (Sum Col.2 thru Col.9)	Billing Rate <sup>1</sup> (Col.1+Col.10)
			-----Cumulative PGA-----		-----Current ACA-----		Current IPA	Current IM Adjustment	Deferred Base Revenue Refund	Unprotected Excess ADIT Refund	Rate Case Rider		
			Demand	Commodity	Demand	Commodity							
			<2>	<3>	<4a>	<4b>							
Residential 301 301	Monthly Charge-Nov.-Mar.	\$17.45											\$17.45
	Monthly Charge-Apr.-Oct.	\$13.45											\$13.45
	Nov.- Mar. per TH	0.53886	0.07577	0.19717	(0.01181)	(0.01044)	0.00830	(0.03699)	(0.01958)	(0.04211)	0.00000	0.16031	0.69917
	Apr.- Oct. per TH	0.44598	0.07577	0.19717	(0.01181)	(0.01044)	0.00830	(0.03699)	(0.01958)	(0.04211)	0.00000	0.16031	0.60629
Small General 302 302	Monthly Charge	\$44.00											\$44.00
	Nov.- Mar. per TH	0.55659	0.07577	0.19717	(0.01181)	(0.01044)	0.00830	(0.03231)	(0.01710)	(0.03678)	0.00000	0.17280	0.72939
	Apr.- Oct. per TH	0.46492	0.07577	0.19717	(0.01181)	(0.01044)	0.00830	(0.03231)	(0.01710)	(0.03678)	0.00000	0.17280	0.63772
Medium General 352 352	Monthly Charge	\$225.00											\$225.00
	Nov.- Mar. per TH	0.48645	0.07577	0.19717	(0.01181)	(0.01044)	0.00830	(0.03231)	(0.01710)	(0.03678)	0.00000	0.17280	0.65925
	Apr.- Oct. per TH	0.40633	0.07577	0.19717	(0.01181)	(0.01044)	0.00830	(0.03231)	(0.01710)	(0.03678)	0.00000	0.17280	0.57913
Motor Vehicle Fuel 343 343	Monthly Charge	varies by customer per their corresponding rate schedule											
	Nov.- Mar. per TH	varies by customer per their corresponding rate schedule											
	Apr.- Oct. per TH	varies by customer per their corresponding rate schedule											
303 Firm General Sales	Monthly Charge	\$800.00											\$800.00
	Demand Charge per TH	0.80000	0.82829		(0.18957)							0.63872	1.43872
	First 15,000 TH/TH	0.18700		0.19717		(0.01044)	0.00830	(0.01435)	(0.00319)	(0.00685)	0.00000	0.17064	0.35764
	Next 25,000 TH/TH	0.16800		0.19717		(0.01044)	0.00830	(0.01435)	(0.00319)	(0.00685)	0.00000	0.17064	0.33864
	Next 50,000 TH/TH	0.14000		0.19717		(0.01044)	0.00830	(0.01435)	(0.00319)	(0.00685)	0.00000	0.17064	0.31064
	Over 90,000 TH/TH	0.08000		0.19717		(0.01044)	0.00830	(0.01435)	(0.00319)	(0.00685)	0.00000	0.17064	0.25064
304 Interruptible General Sales	Monthly Charge	\$800.00											\$800.00
	First 15,000 TH/TH	0.13500		0.19717		(0.01044)	0.00830	(0.00359)	(0.00319)	(0.00685)	0.00000	0.18140	0.31640
	Next 25,000 TH/TH	0.11050		0.19717		(0.01044)	0.00830	(0.00359)	(0.00319)	(0.00685)	0.00000	0.18140	0.29190
	Next 50,000 TH/TH	0.09100		0.19717		(0.01044)	0.00830	(0.00359)	(0.00319)	(0.00685)	0.00000	0.18140	0.27240
	Over 90,000 TH/TH	0.04035		0.19717		(0.01044)	0.00830	(0.00359)	(0.00319)	(0.00685)	0.00000	0.18140	0.22175
313 Firm Transportation	Monthly Charge	\$800.00											\$800.00
	Demand Charge per TH	0.80000	0.82829		(0.18957)							0.63872	1.43872
	First 15,000 TH/TH	0.18700						(0.01435)	(0.00319)	(0.00685)	0.00000	(0.02439)	0.16261
	Next 25,000 TH/TH	0.16800						(0.01435)	(0.00319)	(0.00685)	0.00000	(0.02439)	0.14361
	Next 50,000 TH/TH	0.14000						(0.01435)	(0.00319)	(0.00685)	0.00000	(0.02439)	0.11561
	Over 90,000 TH/TH	0.08000						(0.01435)	(0.00319)	(0.00685)	0.00000	(0.02439)	0.05561
314 Interruptible Transportation	Monthly Charge	\$800.00											\$800.00
	First 15,000 TH/TH	0.13500						(0.00359)	(0.00319)	(0.00685)	0.00000	(0.01363)	0.12137
	Next 25,000 TH/TH	0.11050						(0.00359)	(0.00319)	(0.00685)	0.00000	(0.01363)	0.09687
	Next 50,000 TH/TH	0.09100						(0.00359)	(0.00319)	(0.00685)	0.00000	(0.01363)	0.07737
	Over 90,000 TH/TH	0.04035						(0.00359)	(0.00319)	(0.00685)	0.00000	(0.01363)	0.02672
310 Resale Service	Demand Charge per TH	0.80000	0.82829		(0.18957)							0.63872	1.43872
	Commodity Charge	0.49063		0.19717		(0.01044)	0.00830	(0.01435)	(0.00970)	(0.02086)	0.00000	0.15012	0.64075

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 6.25% for collection of the Metro Franchise Fee. Customers served by the Ashland City, Fairview, Franklin, Greenbrier, Hartsville, Mt. Juliet and White House systems are required to pay 5.0%. Customers served by the Nolensville system are required to pay 3%.

## **RATE SCHEDULE NO. 301**

### **Residential Service**

#### **AVAILABILITY**

Gas Service under this Rate Schedule is available in the area served by the Company in the State of Tennessee, upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations, to any full requirements single private residences, including the separate private units of apartment houses and other multiple dwellings, actually used for residential purposes, which are separately metered where the Company's distribution mains are suitable for supplying the desired Service.

#### **CHARACTER OF SERVICE**

The nature of Service provided by Company to Customer under this Rate Schedule is firm sales Service. This Rate Schedule applies to all residential Customers.

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<b><u>BASE MARGIN RATE</u></b>	<b><u>Winter</u></b> <b><u>(November-March)</u></b>	<b><u>Summer</u></b> <b><u>(April-October)</u></b>
Monthly Charge	\$17.45	\$13.45
Commodity Charge (per therm)	\$.53886	\$.44598

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#### **MONTHLY CHARGE**

A charge will be billed monthly to all Customers for the availability of gas Service. This charge will be in addition to the Commodity Charge for gas delivered. The Monthly Charge will be billed from the date of initial Service until Service is terminated at the Customer's request.

#### **COMMODITY CHARGE**

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer's premises.

#### **SERVICE AGREEMENTS**

All Customers served pursuant to this Rate Schedule shall be subject to the Company's standard contracts and/or Service applications and subject to the Company's Service Regulations.

#### **PAYMENT TERMS**

All bills for Service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

#### **RETURNED CHECK CHARGE**

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

EFFECTIVE:

### **ADJUSTMENTS**

Bills for Service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider," and the operation of Rate Schedule No. 316, "Performance Incentive Plan." Gas Service under this schedule is subject to the provisions contained within Service Schedule No. 315, "Weather Normalization Adjustment (WNA) Rider," and Service Schedule No. 317, "Integrity Management Rider (IMR)."

All adjustments and applicable taxes and fees are in addition to the above stated margin rates in accordance with The Rules, Regulations and Orders of the Tennessee Public Utility Commission and Laws of the State of Tennessee.

### **SERVICE AVAILABILITY**

All requests for new and additional Service or the transfer of existing Service to a higher priority end use will be considered based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, the Company's Service Regulations, and The Rules, Regulations and Orders of the Tennessee Public Utility Commission and Laws of the State of Tennessee.

### **SERVICE INTERRUPTION AND CURTAILMENT**

Gas Service under this schedule is subject to the provisions contained within Service Schedule No. 306, "Schedule for Limiting and Curtailing Service" and the Company's Service Regulations.

### **APPLICABLE DOCUMENTS DEFINING OBLIGATIONS OF THE COMPANY AND ITS CUSTOMERS**

The applicable documents defining the obligations of the Company and its Customers are those described in Section 1 of the Company's Service Regulations.

## **RATE SCHEDULE NO. 302**

### **Small General Service**

#### **AVAILABILITY**

Gas Service under this Rate Schedule is available in the area served by the Company in the State of Tennessee to any full requirements non-residential Customer, upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations, whose average daily usage is less than 20 dekatherms per day. Average daily gas usage will be based on the Customer's usage during the most recent past calendar year ended on December 31. Availability of this Rate Schedule for new Customers or for Customers without at least one full year of usage history will be based on reasonably anticipated usage.

#### **CHARACTER OF SERVICE**

The nature of Service provided by Company to Customer under this Rate Schedule is firm sales Service. Any reclassification or change in quantity or character of Service to Customer will be subject to procedures set forth in the Company's Service Regulations.

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<b><u>BASE MARGIN RATE</u></b>	<b><u>Winter</u></b> <b><u>(November-March)</u></b>	<b><u>Summer</u></b> <b><u>(April-October)</u></b>
Monthly Charge	\$44.00	\$44.00
Commodity Charge (per therm)	\$.55659	\$.46492

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#### **MONTHLY CHARGE**

A charge will be billed monthly to all Customers for the availability of gas Service. This charge will be in addition to the Commodity Charge for gas delivered. The Monthly Charge will be billed from the date of initial Service until Service is terminated at the Customer's request.

#### **COMMODITY CHARGE**

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer's premises.

#### **SERVICE AGREEMENTS**

All Customers served under this Rate Schedule shall be subject to the Company's standard contracts and/or Service applications and subject to the Company's Service Regulations.

#### **PAYMENT TERMS**

All bills for Service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

#### **RETURNED CHECK CHARGE**

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient

EFFECTIVE:

Funds) the Customer will be assessed a charge of \$20.00.

### **ADJUSTMENTS**

Bills for Service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider" and the operation of Service Schedule No. 316, "Performance Incentive Plan." Gas Service under this Rate Schedule is also subject to the provisions contained within Service Schedule No. 315, "Weather Normalization Adjustment (WNA) Rider" and Service Schedule No. 317, "Integrity Management Rider (IMR)."

All adjustments and applicable taxes and fees are in addition to the above stated margin rates in accordance with The Rules, Regulations and Orders of the Tennessee Public Utility Commission and Laws of the State of Tennessee.

### **SERVICE AVAILABILITY**

All requests for new and additional Service or the transfer of existing Service to a higher priority end use will be considered based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, the Company's Service Regulations, The Rules, Regulations and Orders of the Tennessee Public Utility Commission and Laws of the State of Tennessee.

### **SERVICE INTERRUPTION AND CURTAILMENT**

Gas Service under this Rate Schedule is subject to the provisions contained within Service Schedule No. 306, "Schedule for Limiting and Curtailing Service" and the Company's Service Regulations.

### **APPLICABLE DOCUMENTS DEFINING OBLIGATIONS OF THE COMPANY AND ITS CUSTOMERS**

The applicable documents defining the obligations of the Company and its Customers are those described in Section 1 of the Company's Service Regulations.

## **RATE SCHEDULE NO. 303**

### **Large General Sales Service - Firm**

#### **AVAILABILITY**

Gas Service under this Rate Schedule is available in the area served by the Company in the State of Tennessee to any full requirements non-residential Customer whose average daily gas usage is reasonably anticipated to equal or exceed 500 therms per day. All Service under this Rate Schedule shall be contingent upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations. Upon commencement of Service under this Rate Schedule, any reclassification or change in quantity or character of Service to Customer shall be subject to the provisions of this Rate Schedule and the procedures set forth in the Company's Service Regulations. Service under this Rate Schedule is contingent upon the installation by the Company of telemetering equipment that reports daily consumption.

#### **CHARACTER OF SERVICE**

The nature of Service provided by Company to Customer under this Rate Schedule is firm sales Service. Any reclassification or change in quantity or character of Service to Customer will be subject to procedures set forth in the Company's Service Regulations.

Once a qualified Customer elects Service under this Rate Schedule, all Service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive Service under Rate Schedule No. 309, "Special Availability Service," concurrent with Service provided under this Rate Schedule. Subject to the requirements set forth above, a Customer may, subject to the consent of the Company, elect to discontinue Service under this Rate Schedule and receive Service under Rate Schedule No. 313, "Large General Transportation Service - Firm," by giving written notice to the Company prior to March 1 of any year. The Company will not withhold such consent provided (a) the Company continues to offer firm general transportation Service under Rate Schedule No. 313, (b) the Company is able to provide Service under Rate Schedule No. 313 under commercially reasonable terms and conditions, and (c) the analyses applicable to reclassifications or changes in Service set forth in the Company's Service Regulations support such consent. If timely notice is received from Customer and consent is provided by Company, the Customer shall discontinue Service under this Rate Schedule and Company shall provide Service under Rate Schedule No. 313 effective the first June 1 following the notice.

All gas delivered pursuant to this Rate Schedule shall be metered by the Company separately from any gas delivered to Customer under any of the Company's other Rate Schedules.

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#### **BASE MARGIN RATE**

Monthly Charge	\$800.00
Demand Charge (per therm of billing demand)	\$.80000

EFFECTIVE:

Commodity Charge (per therm)	
1 <sup>st</sup> Step (0-15,000 therms)	\$ .18700
2 <sup>nd</sup> Step (15,001-40,000 therms)	\$ .16800
3 <sup>rd</sup> Step (40,001-90,000 therms)	\$ .14000
4 <sup>th</sup> Step (Over 90,000 therms)	\$ .08000

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#### **MONTHLY MINIMUM BILL**

The minimum monthly bill shall be the Monthly Charge plus the monthly Demand Charge.

#### **MONTHLY CHARGE**

A charge will be billed monthly to all Customers for the availability of gas Service. This charge will be in addition to the Commodity Charge. The Monthly Charge will be billed from the date of initial Service until Service is terminated at the Customer's request.

#### **BILLING DEMAND**

The billing demand shall be determined as follows:

A Customer's billing demand determinant shall be the highest daily usage during the period from November 1 to March 31 of the previous winter period as metered and reported to the Company by the telemetering equipment installed by the Company. Changes to the Customer's billing demand determinant will become effective June 1 of each year.

For Customers commencing initial gas Service under this Rate Schedule and who do not have a consumption history from other Services provided by the Company, the billing demand determinant shall be the greater of: 1) the month of highest consumption for the period to date multiplied by six percent (6%), or 2) 500 therms. If a Customer has received gas Service from the Company prior to receiving Service under this Rate Schedule but does not have daily telemetered records to determine peak day usage as described above, the Company shall determine a billing demand based upon the highest monthly level of consumption during the previous winter period multiplied by six percent (6%).

#### **COMMODITY CHARGE**

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer's premises.

#### **SERVICE AGREEMENTS**

All Customers served under this Rate Schedule shall be subject to the Company's standard contracts and/or Service applications and subject to the Company's Service Regulations.

#### **PAYMENT TERMS**

All bills for Service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

#### **RETURNED CHECK CHARGE**

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

EFFECTIVE:



### **ADJUSTMENTS**

Bills for Service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider," and the operation of Service Schedule No. 316, "Performance Incentive Plan." Gas Service under this Rate Schedule is also subject to the provisions contained within Service Schedule No. 317, "Integrity Management Rider (IMR)."

All adjustments and applicable taxes and fees are in addition to the above stated margin rates in accordance with The Rules, Regulations and Orders of the Tennessee Public Utility Commission and Laws of the State of Tennessee.

### **SERVICE AVAILABILITY**

All requests for new or additional Service or the transfer of existing Service to a higher priority end use will be considered based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, the Company's Service Regulations, The Rules, Regulations and Orders of the Tennessee Public Utility Commission and Laws of the State of Tennessee.

### **SERVICE INTERRUPTION AND CURTAILMENT**

Gas Service under this Rate Schedule is subject to the provisions contained within Service Schedule No. 306, "Schedule for Limiting and Curtailing Service" and the Company's Service Regulations.

### **APPLICABLE DOCUMENTS DEFINING OBLIGATIONS OF THE COMPANY AND ITS CUSTOMERS**

The applicable documents defining the obligations of the Company and its Customers are those described in Section 1 of the Company's Service Regulations.

## **RATE SCHEDULE NO. 304**

### **Large General Sales Service - Interruptible**

#### **AVAILABILITY**

Gas Service under this Rate Schedule is available in the area served by the Company in the State of Tennessee **ON AN INTERRUPTIBLE BASIS** to any full requirements non-residential Customer whose average daily gas usage is reasonably anticipated to equal or exceed 500 therms per day. All Service under this Rate Schedule shall be contingent upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations. Upon commencement of Service under this Rate Schedule, any reclassification or change in quantity or character of Service to Customer shall be subject to the provisions of this Rate Schedule and the procedures set forth in the Company's Service Regulations. Service under this Rate Schedule is contingent upon the installation by the Company of telemetering equipment that reports daily consumption.

#### **CHARACTER OF SERVICE**

The nature of Service provided by the Company to Customer under this Rate Schedule is interruptible sales Service. Any reclassification or change in quantity or character of Service to Customer will be subject to procedures set forth in the Company's Service Regulations.

Once a qualified Customer elects Service under this Rate Schedule, all Services will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive Service under Rate Schedule No. 309, "Special Availability Service," concurrent with Service provided under this Rate Schedule. Subject to the requirements set forth above, a Customer may, subject to the consent of the Company, elect to discontinue Service under this Rate Schedule and receive Service under Rate Schedule No. 314, "Large General Transportation Service – Interruptible," by giving written notice to the Company prior to March 1 of any year. The Company will not withhold such consent provided (a) the Company continues to offer interruptible transportation Service under Rate Schedule No. 314, (b) the Company is able to provide Service under Rate Schedule No. 314 under commercially reasonable terms and conditions, and (c) the analyses applicable to reclassifications or changes in Service set forth in the Company's Service Regulations support such consent. If timely notice is received from Customer and consent is provided by Company, the Customer shall discontinue Service under this Rate Schedule and Company shall provide Service under Rate Schedule No. 314 effective the first June 1 following the notice.

Customers served pursuant to this Rate Schedule shall maintain, in useable condition, alternate-fuel facilities with ample on-site alternate fuel capability for supplying 100% of the establishment's gas requirements during periods of gas interruption or curtailment. Such interruption or curtailment shall be immediately effective upon verbal or written notification by the Company, and Customer shall refrain from using gas until permitted to do so by the Company. It is understood and agreed that the Company will have the right to suspend gas Service without further notice to the Customer in the event Customer fails to interrupt or curtail Customer's use of gas in accordance with the Company's notice of interruption or curtailment.

All gas delivered pursuant to this Rate Schedule shall be metered by the Company separately from any gas delivered to Customer under any of the Company's other Rate Schedules.

EFFECTIVE:

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**BASE MARGIN RATE**

Monthly Charge	\$800.00
Commodity Charge (per therm)	
1 <sup>st</sup> Step (0-15,000 therms)	\$.13500
2 <sup>nd</sup> Step (15,001-40,000 therms)	\$.11050
3 <sup>rd</sup> Step (40,001-90,000 therms)	\$.09100
4 <sup>th</sup> Step (Over 90,000 therms)	\$.04035

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**MONTHLY MINIMUM BILL**

The minimum monthly bill shall be the Monthly Charge.

**MONTHLY CUSTOMER CHARGE**

A charge will be billed monthly to all Customers for the availability of gas Service. This charge will be in addition to the Commodity Charge for gas delivered. The Monthly Charge will be billed from the date of initial Service until Service is terminated at the Customer's request.

**COMMODITY CHARGE**

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer.

**SERVICE AGREEMENTS**

All Customers served pursuant to this Rate Schedule shall be subject to the Company's standard contracts and/or Service applications and subject to the Company's Service Regulations.

**PAYMENT TERMS**

All bills for Service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

**RETURNED CHECK CHARGE**

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

**ADJUSTMENTS**

Bills for Service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider," and the operation of Service Schedule No. 316, "Performance Incentive Plan." Gas Service under this Rate Schedule is also subject to the provisions contained within Service Schedule No. 317, "Integrity Management Rider (IMR)."

All adjustments and applicable taxes and fees are in addition to the above stated margin rates in accordance with The Rules, Regulations and Orders of the Tennessee Public Utility Commission and Laws of the State of Tennessee.

**SERVICE AVAILABILITY**

All requests for new and additional Service or the transfer of existing Service to a higher priority end use will be supplied based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, the Company's Service Regulations

EFFECTIVE:

and The Rules, Regulations and Orders of the Tennessee Public Utility Commission and Laws of the State of Tennessee.

**SERVICE INTERRUPTION AND CURTAILMENT**

Gas Service under this Rate Schedule is subject to the provisions contained within Service Schedule No. 306, "Schedule for Limiting and Curtailing Service" and the Company's Service Regulations.

**APPLICABLE DOCUMENTS DEFINING OBLIGATIONS OF THE COMPANY AND ITS CUSTOMERS**

The applicable documents defining the obligations of the Company and its Customers are those described in Section 1 of the Company's Service Regulations.

EFFECTIVE:

## **SERVICE SCHEDULE NO. 306**

### **Schedule for Limiting and Curtailing Service**

This Service Schedule defines the types of Service interruptions and curtailment that the Company may invoke from time to time due to the occurrence of extreme weather conditions, operating conditions or force majeure events, and describes the process and procedures to be followed in the implementation of gas Service restrictions.

#### **DISTRIBUTION PRESSURE INTERRUPTIONS AND CURTAILMENTS**

Due to extreme weather conditions, operating conditions or force majeure events as defined in the Company's Tennessee Service Regulations, Rules and Regulations Governing Supply and Consumption of Gas, or the demands of the Company's firm Customers as the same may affect the Company's ability to provide interruptible Service, the Company may experience localized pressure deficiencies. During such times and within the areas affected, the Company will interrupt or curtail Service to interruptible Customers served under Rate Schedule Nos. 304, 309 or 314, by priority of their margin contribution to the Company (interrupting or curtailing Customers with the lowest margin rate first) until the pressure situation can be alleviated. In the unlikely event that further interruption or curtailment is required, the Company will proceed with interruption or curtailment by margin contribution considering end use, impact on the local economy, and The Rules, Regulations and Orders of the Tennessee Public Utility Commission and Laws of the State of Tennessee.

#### **SUPPLY OR CAPACITY RELATED INTERRUPTIONS AND CURTAILMENTS**

In situations when supply and capacity Services contracted by the Company are not sufficient to meet the full requirements of Customers desiring sales Services from the Company, the Company will first curtail Service to interruptible sales Customers receiving Service under Rate Schedule No. 304 by priority of their margin contribution to the Company. Customers receiving discounted sales Service under Rate Schedule No. 309 will also be curtailed according to the discounted rates. The Company reserves the right at the Company's discretion to purchase quantities being delivered to the Company by Customers under Rate Schedule 314 at market prices in order to serve Customers without operable alternative fuel capability. In the unlikely event that further interruption is required, the Company will proceed with curtailment by margin contribution considering end use, impact on the local economy, and The Rules, Regulations and Orders of the Tennessee Public Utility Commission and Laws of the State of Tennessee.

#### **EMERGENCY SERVICE**

All emergency gas Service is of a discretionary nature and implies no present or future obligation of the Company to any Customer to provide such Service on either a temporary or continuing basis. Deliveries of gas hereunder shall be made pursuant only to advance operating arrangements between the Company's authorized personnel and the Customer and shall be subject to curtailment and interruption at any time should the Company deem it necessary.

#### **RATE FOR EMERGENCY SERVICE**

If the Company has authorized the Customer to consume limited quantities of emergency gas as provided in the above paragraph, then all gas consumed by the Customer will be at a rate of \$1.00 per therm plus the higher of two gas commodity indices, "Monthly Contract" and "Daily Price", until otherwise notified that either (1) further gas sales will be under the Customer's regular rate schedule or (2) complete curtailment is unavoidable and that further gas sales will be considered unauthorized. "Monthly Contract" shall be defined as the monthly contract index price for the applicable calendar month as published in Gas Daily under the designation, "Monthly Bidweek Spot Gas Prices" and

EFFECTIVE:

indicated specifically under “Northeast” for “Tennessee, zone 6 del.” “Daily Price” shall be defined as the daily price for gas defined by Gas Daily as stated in the “Daily Price Survey”, “Northeast”, “Tennessee, zone 6 del.”, “Midpoint” price. For Days of consumption when the “Monthly Contract Index” is not published, the “Monthly Contract Index” shall equal the corresponding “Daily Price” published for the first day of the month of flow. For days of consumption when the “Daily Price” is not published, the “Daily Price” shall equal the average of the corresponding index prices as published on the nearest preceding and nearest subsequent day by Gas Daily. Revenues realized from emergency Service transactions will be credited to the Actual Cost Adjustment (ACA) account as recovery of gas costs.

#### **UNAUTHORIZED OVER RUN PENALTY**

If at any time a Customer exceeds specified contract entitlements or if during any curtailment period, any affected Customer takes, without the Company’s advance written approval, a volume of natural gas in excess of the curtailment period quantity entitlement applicable to such Customer, said volume shall constitute an unauthorized over run volume. For each therm of such unauthorized over run volume taken by such Customer, such Customer shall pay to the Company a rate of \$1.50 per therm plus the higher of two gas commodity indices, “Monthly Contract” and “Daily Price”. “Monthly Contract” shall be defined as the monthly contract index price for the applicable calendar month as published in Gas Daily under the designation, “Monthly Bidweek Spot Gas Prices” and indicated specifically under “Northeast” for Tennessee, zone 6 del.” “Daily Price” shall be defined as the daily price for gas defined by Gas Daily as stated in the “Daily Price Survey”, “Northeast”, “Tennessee zone 6 del.”, “Midpoint” price. For Days of consumption when the “Monthly Contract Index” is not published, the “Monthly Contract Index” shall equal the corresponding “Daily Price” published for the first day of the month of flow. For days of consumption when the “Daily Price” is not published, the “Daily Price” shall equal the average of the corresponding index prices as published on the nearest preceding and nearest subsequent day by Gas Daily. The Customer shall be liable for the above charges together with and in addition to any incremental charges or assessments (including, but not limited to penalties) by the interstate pipeline during the time of the unauthorized usage by such Customer. The payment of a penalty for unauthorized over run volumes shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run volumes, nor shall such payment be considered as a substitute for any other remedies available to the Company or any other Customer against the offending Customer for failure to adhere to its obligations under the provisions of this Rate Schedule. Revenues realized from unauthorized over run penalties will be credited to the Actual Cost Adjustment (ACA) account as recovery of gas costs.

#### **PAYMENT TERMS**

All bills for Service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

#### **RETURNED CHECK CHARGE**

In the event a Customer’s check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

#### **ADJUSTMENTS**

Bills for Service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No, 311. “Purchased Gas Adjustment (PGA) Rider,” and the operation of Service Schedule No. 316, “Performance Incentive Plan.”

All gas adjustments and applicable taxes and fees are in addition to the above stated margin rates in accordance with The Rules, Regulations and Orders of the Tennessee Public Utility Commission and Laws of the State of Tennessee.

EFFECTIVE:

## **SERVICE SCHEDULE NO. 307**

### **Balancing, Cash-Out, and Agency Authorization**

#### **APPLICABILITY**

The provisions of this Service Schedule shall apply to all transportation Services provided by the Company under Rate Schedule Nos. 313 and 314, as well as all transportation Service special contracts unless expressly provided otherwise therein.

#### **LIMITATIONS ON INTRA-MONTH IMBALANCES**

Receipts and deliveries of gas hereunder shall be at uniform rates of flow with no significant fluctuations or imbalances. Customers (or its Agent) are responsible to match daily gas deliveries into the Company's system with daily gas consumption by Customer as closely as possible. Any imbalances shall be corrected by the Customer (or its Agent), insofar as practicable, during the month in which they occur. Customers (or its Agent) are expected to proactively manage intra-month imbalances. Customer (or its Agent) may adjust its daily nominations during a month in order to correct any accumulated imbalance and maintain a monthly balance subject to the operating limitations of the Company. The Company reserves the right to limit the amount of such imbalances to avoid operating problems, comply with balancing requirements of the upstream pipeline(s), and to mitigate the need to acquire additional daily supply at prices that would adversely affect sales customers. The Customer (or its Agent) will be responsible for any imbalance charges assessed by upstream pipeline(s) in connection with any gas transported by the Customer under this Rate Schedule.

In the event Customer (or its Agent) fails to abide by the requirements set forth above, the Company shall have the right to curtail deliveries to Customer (Customers in a transportation pool operated by a single Agent will be curtailed on a pro rata basis based on nominated quantities) if an imbalance is negative or reducing Customer's nominated quantities if an imbalance is positive. The Customer will be responsible for any imbalance charges assessed by upstream pipeline(s) in connection with any gas transported by the Customer. The Company reserves the right to take other reasonable action to mitigate system operational problems. The Company will use its reasonable efforts to notify the Customer or the Customer's Agent before proceeding with a unilateral nomination reduction or delivery curtailment and will notify Customer of any reduction to Customer's nomination that has been instituted by the Company. The Company reserves the right to initiate Standby Sales Service if elected by the Customer pursuant to Rate Schedule No. 313 when, in the judgment of the Company, such action is necessary to reduce or eliminate operational problems resulting from the gas imbalances of the Customer. The Company will use reasonable efforts to notify the Customer or the Customers' Agent before initiating Standby Sales Service hereunder.

No later than one-hour prior to the NAESB deadline for the timely nomination cycle on the fifth business day prior to the beginning of each month, the Customer must inform the Company of the nominating Agent for gas to be transported. If no notification to the contrary is provided, the Agent providing Service during the prior month shall be deemed to be the nominating Agent by default. No later than one-hour prior to the NAESB deadline for the timely nomination cycle on the fourth business day prior to the beginning of each month, the Customer shall submit a timely and valid nomination for transportation. Changes to nominations for gas transportation within the month are due to the Company no later than one-hour prior to the NAESB deadline for the timely



nomination cycle on the business day prior to gas flow. The Company will have no obligation to accommodate "late" or "next day intraday" or "intraday" nomination changes.

#### **BALANCING ON UPSTREAM PIPELINE(S)**

It shall be the Customer's responsibility to remain in balance on a daily and monthly basis with upstream pipeline(s) to avoid any assessment of penalties by such pipeline(s) against the Company. If the Company is assessed a penalty by an upstream pipeline, the Company shall have the right to pass-through all such penalties to the Customer or its Agent if the Customer has had an imbalance with the Company during the period for which the penalty was assessed.

#### **MONTHLY IMBALANCE RESOLUTION**

Any differences between the monthly quantities delivered to the Company's city gate facilities for the account of the Customer, and the monthly quantities consumed by the Customer as metered by the Company, shall be the monthly imbalance. The Percentage of Imbalance is defined as the monthly imbalance divided by the monthly quantities consumed by the Customer. Unless the Company and Customer agree to correct imbalances "in kind," the imbalance shall be resolved monthly by "cashing out" the imbalances as they are known to exist at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency, and the Company will sell the amount of the deficiency to the Customer by charging the price as specified below. If the Customer consumes less gas than has been delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus from the Customer by paying the price as specified below.

If Customer's monthly imbalance is less than or equal to 2% of the total monthly volume consumed or if the total aggregated monthly imbalance for the Agent is less than or equal to 2% of the total monthly volume consumed by all of the Agent's Customers in that transportation pool, and such imbalance or aggregated monthly imbalance is long, then the price paid by the Company will be the sum of (a) the average of the weekly "Weighted Index Price" as defined below plus (b) the pipelines Rate Schedule FT variable charges at the applicable pipeline percentages that comprise the "Weighted Index Price," including applicable fuel and surcharges, for delivery to the Company's city gate.

If Customer's monthly imbalance is less than or equal to 2% of the total monthly volume consumed, or if the total aggregated monthly imbalance for the Agent is less than or equal to 2% of the total monthly volume consumed by all of Agent's Customers in that transportation pool, and such imbalance is short, then the price paid by the Customer (or Agent) will be the sum of (a) the average of the weekly "Weighted Index Price" as defined below plus (b) the pipelines Rate Schedule IT charges at the applicable pipeline percentages that comprise the "Weighted Index Price," including applicable fuel and surcharges, for delivery to the Company's city gate.

If the Customer (or Agent) is "short" by more than 2% of the monthly volume consumed, the price paid by the Customer (or Agent) to the Company for each dekatherm of the total deficiency will be equal to the highest "Weighted Index Price" for any week beginning in the calendar month as published in *Natural Gas Week*, plus the pipelines Rate Schedule IT charges at the applicable pipeline percentages that comprise the "Weighted Index Price," including applicable fuel and surcharges, and deliver to the Company's city gate, times the premium percentage corresponding to the percentage of the deficiency listed in the table below.

If the Customer (or Agent) is "long" by more than 2% of the monthly volume consumed, the price paid by the Company to the Customer (or Agent) for each dekatherm of the total surplus will be equal to the lowest "Weighted Index Price" for any week beginning in the calendar month as published in *Natural Gas Week*, plus the pipelines Rate Schedule FT variable charges, including applicable fuel and surcharges, at the applicable pipeline percentages that comprise the "Weighted Index Price" and deliver to the Company's city gate, times the premium percentage corresponding to the percentage of the deficiency listed in the table below.

Percentage of the Imbalance	Short (Premium)	Long (Discount)
Over 2% & equal to or less than 5%	110%	90%
Over 5% & equal to or less than 10%	120%	80%
Over 10% & equal to or less than 15%	130%	70%
Over 15% & equal to or less than 20%	140%	60%
Over 20%	150%	50%

The "Weighted Index Price" shall be derived from the prices published in *Natural Gas Week* in the table Natural Gas Weekly Spot Prices for the following pipeline designations and weighted by the corresponding percentages set forth below:

GULF COAST, Tenn 500 So LA Z1	X	.5
+		
GULF COAST, Tenn 800 So LA Z1	X	.5

If an index listed in the table above fails to publish, the Company will use an average of the published corresponding Gas Daily indexes for the corresponding dates not published in *Natural Gas Week*.

The Company will collect gross receipts tax on the incremental gas related charges.

Any difference between the actual cost of gas incurred by the Company and the Index price as defined in the previous paragraph will be accounted for in the Actual Cost Adjustment account in a manner consistent with Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider.". Increments or decrements which may result from the PGA adjustments will not apply to the cash-out of imbalances.

#### **AGENCY AUTHORIZATION FORM**

Certain Rate Schedules permit a Customer to appoint a Customer's Agent to act on its behalf with respect to nominations, imbalance resolution, and/or billing. Customer shall authorize a Customer's Agent by executing an Agency Authorization Form in the form attached to this Rate Schedule. In order to be considered a Customer's Agent, a third-party must execute and be in compliance with all of the terms of the Customer Agent Agreement form set forth in Appendix A to the Company's Service Regulations. To the extent that the Agent appointed by the Customer is common to other Customers of the Company, the Company will permit such Agent to aggregate all such qualifying Customers' transportation quantities for purposes of administering Service to such Agent. Once a Customer has designated an Agent, the Agent is then authorized to act on behalf of that Customer and as such, the Agent will be considered as the Customer in all corresponding references contained within this Rate Schedule. The Customer may not change Agents within the calendar month without the permission of the Company, unless the Agent's

right to conduct business on the Company's system has been suspended by the Company, in which case, the Customer may act without an Agent or may provide written notice to the Company of the new Customer's Agent designated by the Customer. The Company will provide reasonable notice to Customer in the event of any suspension of Customer's Agent and will provide copies to Customer, on an expeditious basis and by electronic or other means, of any formal notices issued to the Customer's Agent. All Agents must utilize the electronic means made available by the Company in order to submit nominations. The Company may recover from the Agent all costs incurred in providing the Agent access to the electronic bulletin board.

**APPLICABLE DOCUMENTS DEFINING OBLIGATIONS OF THE COMPANY AND ITS CUSTOMERS**

The applicable documents defining the obligations of the Company and its Customers are those described in Section 1 of the Company's Service Regulations.

**AGENCY AUTHORIZATION FORM**

**EFFECTIVE DATE** \_\_\_\_\_

**CUSTOMER** \_\_\_\_\_

**NAME OF FACILITY** \_\_\_\_\_

**ACCOUNT NUMBER (S)** \_\_\_\_\_

**AGENT** \_\_\_\_\_

**AGENT CONTACT** \_\_\_\_\_

**AGENT PHONE #** \_\_\_\_\_

This is to advise Piedmont Natural Gas Company that \_\_\_\_\_ (**Customer**) has  
authorized \_\_\_\_\_ (**Agent**) to act on its behalf for the following transactions:

\_\_\_\_\_ nominations.  
\_\_\_\_\_ imbalance resolution.  
\_\_\_\_\_ billing.

of gas for the above listed account(s). Piedmont Natural Gas Company is hereby authorized to deal with the Agent directly, and the **CUSTOMER AND THE AGENT UNDERSTAND THAT THEY ARE RESPONSIBLE, JOINTLY AND SEVERALLY, FOR ANY AMOUNTS DUE PIEDMONT NATURAL GAS COMPANY ARISING UNDER THIS RATE SCHEDULE, PIEDMONT'S TENNESSEE SERVICE REGULATIONS, OR AGENT'S CUSTOMER AGENT AGREEMENT** which are not paid on these accounts. Customer will provide Piedmont Natural Gas Company with a revised "AGENCY AUTHORIZATION FORM" at least five (5) business days prior to the beginning of the month for the accounts designated, unless the Agent's right to conduct business has been suspended by Piedmont Natural Gas Company without prior notice.

\_\_\_\_\_  
CUSTOMER AUTHORIZED SIGNATURE

\_\_\_\_\_  
AGENT AUTHORIZED SIGNATURE

**Please Print:**

AGENT'S NAME \_\_\_\_\_ TITLE \_\_\_\_\_

PHONE # \_\_\_\_\_ EMAIL \_\_\_\_\_

**Please submit completed form to:**

Citygate Operations  
Piedmont Natural Gas Company  
P. O. Box 33068  
Charlotte, N.C. 28233

OR GasCommercialOperations@duke-energy.com

EFFECTIVE:

## **RATE SCHEDULE NO. 309**

### **Special Availability Service**

#### **AVAILABILITY**

Gas Service under this Rate Schedule is available to any Customer served under Rate Schedule No. 303, 304, 313, or 314 when the Company has gas supplies or Services that it cannot sell at its established fixed rates where the Company's distribution mains are suitable for supplying the desired Service. On such occasions, the opportunity is lost to the Company and its Customers. This Rate Schedule is designed to permit the Company to provide such gas Services at special rates for the purpose of enabling the Company to compete with alternative fuels and Services available for use by its Customers.

Gas Service under this Rate Schedule is available on a limited term basis to Customers who are connected to the Company's distribution system and would otherwise qualify for large general gas Service. Gas Service may be provided under this Rate Schedule only in the event that the Company has available supplies or Services that cannot competitively be provided under other Rate Schedules. Service under this Rate Schedule is temporary and the Company has the right to discontinue such Service. Gas Service under this Rate Schedule will be curtailed prior to Service under any other comparable Rate Schedule.

In the event a Customer has zero consumption during any billing month, this Rate Schedule will not apply and Service shall be rendered pursuant to the Customer's regular Rate Schedule for the class of Service indicated for the purpose of determining a minimum bill and qualifying provisions.

#### **BASE RATE**

The Customer shall pay the Company for all gas supplied or Services provided under this Rate Schedule at a predetermined rate negotiated prior to delivery for limited term periods up to seven consecutive months.

#### **SERVICE AGREEMENTS**

All Customers purchasing gas pursuant to this Rate Schedule shall be subject to the Company's standard contracts and/or Service applications and subject to the Company's Service Regulations.

#### **PAYMENT TERMS**

All bills for Service are due upon presentation and the above stated net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

#### **RETURNED CHECK CHARGE**

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

#### **ADJUSTMENTS**

Bills for Service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider," and the operation of Service Schedule No. 316, "Performance Incentive Plan."

EFFECTIVE:

All adjustments and applicable taxes and fees are in addition to the above stated base rates in accordance with The Rules, Regulations and Orders of the Tennessee Public Utility Commission and Laws of the State of Tennessee.

**SERVICE AVAILABILITY**

All requests for new and additional Service or the transfer of existing Service to a higher priority end use will be supplied based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use priority as specified by the Federal Energy Regulatory Commission (FERC), impact on the local economy, the Company's Service Regulations, and The Rules, Regulations and Orders of the Tennessee Public Utility Commission and Laws of the State of Tennessee.

**SERVICE INTERRUPTION AND CURTAILMENT**

Gas Service under this schedule is subject to the provisions contained within Service Schedule No. 306, "Schedule for Limiting and Curtailing Service" and the Company's Service Regulations.

**TREATMENT OF NEGOTIATED MARGIN LOSSES**

Margin losses under this Rate Schedule shall be recovered by the Company through the Company's Actual Cost Adjustment (ACA) as provided in the Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider."

EFFECTIVE:

## **RATE SCHEDULE NO. 310**

### **Resale Service**

#### **AVAILABILITY**

Sales for resale Service is available under this rate schedule to any qualified local distribution company who purchases natural gas for the purpose of reselling same, where the Company's distribution mains are suitable for supplying the desired Service.

#### **CHARACTER OF SERVICE**

The nature of Service provided by Company to Customer under this Rate Schedule is firm sales for resale Service.

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#### **BASE MARGIN RATE**

Demand Charge (per therm of billing demand)	\$ .80000
Commodity Charge (per therm)	\$ .49063

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#### **MONTHLY MINIMUM BILL**

The minimum monthly bill shall be the monthly demand charge.

#### **BILLING DEMAND**

Demand determinants shall be those agreed to in the contract.

#### **COMMODITY CHARGE**

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer's premises.

#### **SERVICE AGREEMENTS**

All Customers purchasing gas pursuant to this schedule shall be subject to the Company's standard contracts and/or Service applications and subject to the Company's Service Regulations.

#### **PAYMENT TERMS**

All bills for Service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

#### **RETURNED CHECK CHARGE**

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

EFFECTIVE:

### **ADJUSTMENTS**

Bills for Service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No. 31, "Purchased Gas Adjustment (PGA) Rider," and the operation of Service Schedule No. 316, "Performance Incentive Plan." Gas Service under this Rate Schedule is also subject to the provisions contained within Service Schedule No. 317, "Integrity Management Rider (IMR)."

All adjustments and applicable taxes and fees are in addition to the above stated margin rates in accordance with The Rules, Regulations and Orders of the Tennessee Public Utility Commission and Laws of the State of Tennessee.

### **SERVICE AVAILABILITY**

All requests for new and additional Service or the transfer of existing Service to higher priority end use will be supplied based upon the Company's judgement as to the available gas supply, Customer's load factor or use pattern, end use priority as specified by the Federal Energy Regulatory Commission (FERC), impact on the local economy, the Company's Service Regulations, and The Rules, Regulations and Orders of the Tennessee Public Utility Commission and Laws of the State of Tennessee.

### **SERVICE INTERRUPTION AND CURTAILMENT**

Gas Service under this schedule is subject to the curtailment provisions contained within Service Schedule No. 306, "Schedule for Limiting and Curtailing Service" and the Company's Service Regulations.

### **APPLICABLE DOCUMENTS DEFINING OBLIGATIONS OF THE COMPANY AND ITS CUSTOMERS**

The applicable documents defining the obligations of the Company and its Customers are those described in Section 1 of the Company's Service Regulations.

EFFECTIVE:



## **SERVICE SCHEDULE NO. 311**

### **Purchased Gas Adjustment (PGA) Rider**

#### **I. General Provisions.**

- A. This Purchased Gas Adjustment (PGA) Rider is intended to permit the Company to recover, in a timely fashion, the total cost of gas purchased for delivery to its Customers and to assure that the Company does not over-collect or under-collect Gas Costs from its Customers.
- B. This Rider is intended to apply to all Gas Costs incurred in connection with the purchase, transportation and/or storage of gas purchased for general system supply, including, but not limited to, natural gas purchased from interstate pipeline transmission companies, producers, brokers, marketers, associations, intrastate pipeline transmission companies, joint ventures, providers of liquefied natural gas (LNG), liquefied petroleum gas (LPG), compressed natural gas (CNG), renewable natural gas (RNG), substitute, supplemental or synthetic natural gas (SNG), and other hydrocarbons used as feed-stock, other distribution companies and end-users, whether or not the Gas Costs are regulated by the Federal Energy Regulatory Commission and whether or not the provider of the gas, transportation or storage is affiliated with the Company.
- C. To the extent practicable, any revision in the PGA shall be filed with the Commission no less than thirty (30) days in advance of the proposed effective date and shall be accompanied by the computations and information required by this Rider. It is recognized, however, that in many instances the Company receives less than 30 days notice from its Suppliers and that other conditions may exist which may prevent the Company from providing 30 days advance notice. Therefore, should circumstances occur where information necessary for the determination of an adjustment under this Rider is not available to the Company so that the thirty (30) days requirement may be met, the Company may, upon good cause shown, be permitted to place such rates into effect with shorter advance notice.
- D. The rates for gas Service set forth in all of the Rate Schedules of the Company shall be adjusted pursuant to the terms of the PGA, or any specified portion of the PGA as determined by individual Rate Schedule(s).
- E. No provision of this Rider shall supersede any provision of a Special Contract approved by the Commission.

#### **II. Definitions.**

- A. "**Gas Costs**" shall mean the total delivered cost of gas paid or to be paid to Suppliers, including, but not limited to, all commodity/gas charges, demand charges, peaking charges, surcharges, emergency gas purchases, over-run charges, capacity charges, standby charges, gas inventory charges, minimum bill charges, minimum take charges, take-or-pay charges and take-and-pay charges (except as provided below), storage charges, service fees and transportation charges and any other similar charges which are paid by the Company to its gas suppliers in connection with the purchase, storage or transportation of gas for the Company's system supply, including Company use and lost and unaccounted for gas..

- B. **"Fixed Gas Costs"** shall mean all Gas Costs based on the Company's right to demand gas or transportation on a daily or seasonal peak; but unless otherwise ordered by the Commission, shall not include other charges paid for gas reserve dedication (e.g., reservation fees and gas inventory charges), minimum bill charges, minimum take charges, over-run charges, emergency gas charges, take-or-pay charges or take-and-pay charges (all of which shall be considered commodity costs).
- C. **"Gas Charge Adjustment"** shall mean the per unit amount billed by the Company to its Customers solely for Gas Costs. The Gas Charge Adjustment shall be separately stated for firm Customers and for non-firm Customers.
- D. **"Suppliers"** shall mean any person or entity, including affiliates of the Company, who locates, purchases, sells, stores and/or transports natural gas or its equivalent for or on behalf of the Company. Suppliers may include, but not be limited to, interstate pipeline transmission companies, producers, brokers, marketers, associations, intrastate pipeline transmission companies, joint ventures, providers of LNG, LPG, CNG, RNG, SNG, and other hydrocarbons used as feed-stock, other distribution companies and end-users.
- E. **"Computation Period"** shall mean the twelve (12) month period utilized to compute Gas Costs. Such period shall be the twelve (12) month period ending on the last day of a month which is no more than 62 days prior to the filing date of a PGA.
- F. **"Demand Billing Determinants"** shall mean the annualized volumes for which the Company has contracted with Suppliers as of the first day of the Filing Month.
- G. **"Commodity Billing Determinants"** shall mean the total metered throughput, regardless of source, during the Computation Period, adjusted for known and measurable changes. Should the Company expect to purchase commodity gas from several Suppliers, the Company shall allocate to each supplier a percentage of the total metered throughput, regardless of source, during the Computation Period, adjusted for known and measurable changes. The percentage used to allocate among Suppliers shall be based on historical takes during the Computation Period, if appropriate; otherwise it shall be based upon the best estimate of the Company.
- H. **"Filing Month"** shall mean the month in which a proposed revision is to become effective.

### **III. Computation and Application of the PGA.**

The PGA shall consist of three major components: (1) the Gas Charge Adjustment; (2) the Refund Adjustment; and (3) the Actual Cost Adjustment (ACA).

#### **A. Computation of Gas Charge Adjustment.**

The Company shall compute the jurisdictional Gas Charge Adjustment at such time that the Company determines that there is a significant change in its Gas Costs.

1. **Formulas.** The following formulas shall be used to compute the Gas Charge Adjustment:

**EFFECTIVE:**

$$Firm\ GCA = \left[ \left( \frac{D \pm DACA}{SF} \right) - DB \right] + \left[ \left( \frac{P + T + SR \pm CACA}{ST} \right) - CB \right]$$

$$Non - Firm\ GCA = \left( \frac{P + T + SR \pm CACA}{ST} \right) - CB$$

## 1. Definitions of Formula Components.

GCA =	The Gas Charge Adjustment in dollars per Ccf/Therm, rounded to no more than five decimal places.
D =	The sum of all fixed Gas Costs.
DACA =	The demand portion of the ACA.
P =	The sum of all commodity/gas charges.
T =	The sum of all transportation charges.
SR =	The sum of all FERC approved surcharges.
CACA =	The commodity portion of the ACA.
DB =	The per unit rate of demand costs or other fixed charges included in base rates in the most recently completed general rate case (which may be zero if the Company so elects and the Commission so approves).
CB =	The per unit rate of variable Gas Costs included in base rates in the most recently completed general rate case (which may be zero if the Company so elects and the Commission so approves).
SF =	Firm sales.
ST =	Total sales.

## 2. Determination of Factors for Gas Charge Adjustment.

### a. Demand Charges (Factor D)

All fixed Gas Costs that do not vary with the amount of gas purchased or transported, including, but not limited to, the product resulting from the multiplication of (1) the respective Demand Billing Determinants by (2) the demand rates effective the first day of the Filing Month and (3) any fixed storage charges.

**EFFECTIVE:**

**b. Demand Actual Cost Adjustment (Factor DACA)**

See Subsection C of Section III.

**c. Purchased Commodity Charges (Factor P)**

All commodity or other variable gas costs associated with the amount of gas purchased or transported including, but not limited to, the product resulting from the multiplication of (1) the respective Commodity Billing Determinants by (2) the respective supplier's commodity/gas rate which are known, or if not known which are reasonably anticipated, to be in effect on the first day of the Filing Month.

**d. Transportation Charges (Factor T)**

The transportation charges actually invoiced to the Company during the Computation Period or expected to be invoiced to the Company during the current period.

**e. FERC Approved Surcharges (Factor SR)**

The sum of all FERC approved surcharges, including gas inventory charges or its equivalent, actually invoiced or expected to be invoiced to the Company during the Computation Period or to be effective the first day of the Filing Month by respective Suppliers.

**f. Actual Cost Adjustment (Factor ACA)**

See Subsection C of Section III.

**g. Firm Sales (Factor SF)**

Total volumes billed to the Company's firm Customers during the Computation Period, regardless of source, adjusted for known and measurable changes.

**h. Total Sales (Factor ST)**

Total volumes billed to all the Company's Customers during the Computation Period, regardless of source, adjusted for known measurable changes.

**3. Modification of Formulas.**

The formulas set forth above are not designed for use with two-part demand/commodity rate schedules; therefore, the formulas may be modified for use with such rate schedules. In addition, the formulas may be modified from time to time to carry out the intent of this PGA Rider. Any amendment to the formulas shall be effective on the proposed effective date of the amendment unless the Commission shall act to suspend the proposed amendment within thirty days after the filing of the proposed amendment, in which case the proposed amendment shall be subject to notice and hearing.

**4. Filing with the Commission.**

**EFFECTIVE:**

The computation of the Gas Charge Adjustment shall be filed in accordance with the notice requirements specified in Subsection C of Section I of this Rider, and shall remain in effect until a revised Gas Charge Adjustment is computed and filed pursuant to this Rider.

The Company shall file with the Commission a transmittal letter, an exhibit showing the computation of the Gas Charge Adjustment, a PGA tariff sheet, and any applicable revised tariff sheets issued by Suppliers. The transmittal letter shall state the PGA tariff sheet number, the Service area(s), the primary reasons for revision, and the effective date.

If the Company proposes to recover any Gas Costs relating to (1) any payments to an affiliate or (2) any payments to a non-affiliate for emergency gas, over-run charges, take-or-pay charges and take-or-pay charges (except as provided below) or (3) the payment of any demand or fixed charges in connection with an increase in contract demand, the Company must file with the Commission a statement setting forth the reasons why such charges were incurred and sufficient information to permit the Commission to determine if such payments were prudently made under the conditions which existed at the time the purchase decisions were made.

Any filing of a rate change under this Rider shall be effective on the proposed effective date unless the Commission shall act to suspend the proposed change within thirty day after the filing, in which case the filing shall be subject to notice and hearing.

The recovery of pipeline take-or-pay charges which were the subject of Docket No. U-87-7590 shall continue to be handled under procedures approved by the Commission in that docket until such time as such procedures may be modified or amended by further order of the Commission.

## **B. Refund Adjustment.**

The Refund Adjustment shall be separately stated for firm and non-firm Customers, and may be either positive or negative.

### **1. Computation of Refund Adjustment.**

The Company shall compute a Refund Adjustment on the last day of each calendar quarter using the following formulas:

$$Firm\ RA = \left( \frac{DR1 - DR2}{SFR} \right) + \left( \frac{CR1 - CR2 \pm CR3 \pm i}{STR} \right)$$

$$Non - Firm\ RA = \left( \frac{CR1 - CR2 \pm CR3 \pm i}{STR} \right)$$

### **2. Definitions of Formula Components.**

**EFFECTIVE:**

RA =	The Refund Adjustment in dollars per Ccf/therm, rounded to no more than five decimal places.
DR1 =	Demand refund not included in a currently effective Refund Adjustment, and received from Suppliers by check, wire transfer, or credit memo.
DR2 =	A demand surcharge from a Supplier not includable in the Gas Charge Adjustment, and not included in a currently effective Refund Adjustment.
CR1 =	Commodity refund not included in a currently effective Refund Adjustment, and received from Suppliers by check, wire transfer, or credit memo.
CR2 =	A commodity surcharge from a supplier not includable in the Gas Charge Adjustment, and not included in a currently effective Refund Adjustment.
CR3 =	The residual balance of an expired Refund Adjustment.
I =	Interest on the "Refund Due Customers' Account," using the average monthly balance based on the beginning and ending monthly balances. The interest rates for each calendar quarter used to compute such interest shall be a rate 2% below the arithmetic mean (to the nearest one-hundredth of one percent) of the prime rate value published in the "Federal Reserve Bulletin" or in the Federal Reserve's "Selected Interest Rates" for the 4th, 3rd, and 2nd months preceding the 1st month of the calendar quarter
SFR =	Firm sales as defined in the Gas Charge Adjustment computation, less sales under a transportation or negotiated rate schedule.
STR =	Total sales as defined in the Gas Charge Adjustment computation, less sales under a transportation or negotiated rate schedule.

### **3. Modification of Formula.**

The formulas set forth above are not designed for use with two-part demand/commodity rate schedules; therefore, the formulas may be modified for use with such rate schedules. In addition, the formulas may be modified from time to time to carry out the intent of this PGA Rider. Any amendment to the formulas shall be effective on the proposed effective date of the amendment unless the Commission shall act to suspend the proposed amendment within thirty days after the filing of the proposed amendment, in which case the proposed amendment shall be subject to notice and hearing.

### **4. Filing with the Commission.**

**EFFECTIVE:**

The computation of the Refund Adjustment shall be filed in accordance with the notice requirements specified in Subsection C of Section I this Rider, and shall remain in effect for a period of twelve (12) months or for such longer or shorter period of time as required to appropriately refund the applicable refund amount.

The Company shall file with the Commission a transmittal letter, exhibits showing the computation of the Refund Adjustment and interest calculations, and a PGA tariff sheet. The transmittal letter shall state the PGA tariff sheet number, the Service area(s), the reason for adjustment, and the effective date. Should the Company have a Gas Charge Adjustment filing to become effective the same date as a Refund Adjustment, a separate transmittal letter and PGA tariff sheet shall not be necessary.

**C. Actual Cost Adjustment.**

Commencing with the initial effective date of this Rider, the Company shall calculate the ACA monthly. The Company may, at its option, file monthly to include the ACA in its calculation of the Gas Charge Adjustment but shall be required to do so at least annually. The ACA shall be the difference between (1) revenues billed Customers by means of the Gas Charge Adjustment and (2) the cost of gas invoiced the Company by Suppliers plus margin loss (if allowed by order of the Commission in another docket) as reflected in the Deferred Gas Cost account. The balance of said account shall be adjusted for interest at the rate provided for the calculation of interest with respect to the Refund Adjustment. The ACA shall be segregated into demand and commodity, and shall be added to or deducted from, as appropriate, the respective demand and commodity costs included in the Gas Charge Adjustment. Supplemental sheets showing the calculations of margin losses and cost savings shall also be provided.

**D. Adjustments to Prior Period ACAs.**

In the event that circumstances warrant a correction to or restatement of a prior period ACA, such correction or restatement shall be made in accordance with the ACA calculation in effect for the time period(s) to which the correction or restatement relates. The resulting adjustment shall then be added to or deducted from the appropriate ACA in the next ensuing ACA filing with the Commission.

**E. Annual Filing with the Commission.**

Each year, the Company shall file with the Commission an annual report reflecting the transactions in the Deferred Gas Cost Account. Unless the Commission provides written notification to the Company within 180 days, the Deferred Gas Cost Adjustment Account shall be deemed in compliance with the provisions of this Rider.

**IV. Gas Cost Accounting.**

To appropriately match revenues with cost of purchased gas as contemplated under this rule, the Company shall originally record the cost of purchased gas in a "Deferred Gas Cost" account. Monthly, the Company shall debit "Natural Gas Purchases" with an amount equal to any gas cost component included in the Company's base tariff rates (base rate) plus the PGA rate, as calculated hereunder, multiplied by the

**EFFECTIVE:**

appropriate sales volumes billed to Customers. The corresponding monthly credit entry shall be made to the "Deferred Gas Cost" account.

**EFFECTIVE:**



## **SERVICE SCHEDULE NO. 312**

### **Equal Payment Plan (EPP)**

#### **AVAILABILITY**

The Equal Payment Plan ("EPP") is available to Customers receiving Service under Rate Schedule Nos. 301, 302 and 352 whose accounts are in good standing. For purposes of the EPP, a Customer shall be considered in good standing if they have not had gas Service terminated for non-payment of bills during the last twelve (12) months or if they have not been removed from the EPP within the last twelve (12) months for non-payment of bills. The EPP is designed to provide the Customer the option of paying equal payments over a twelve-month period and is available during any month of the year. The Company shall have the discretion, but shall not be required, to include existing balances in the calculation of monthly EPP payments where a Customer has a difficult time paying their monthly bills. In circumstances where an existing balance exists, the Company may require that as much of the old balance as possible be paid up front in order to help keep future payments as low as possible.

#### **GENERAL TERMS AND CONDITIONS**

At the Customer's election, the Company will calculate payments under the EPP based on the Customer's actual consumption history during the past 12-months adjusted for normal weather. The estimated monthly usage will be priced at the Company's currently approved margin rates plus an estimated purchased gas adjustment factor based on the forward-looking NYMEX gas futures prices for upcoming 12-month period. Applicable franchise fees and taxes are then added to arrive at the estimated annual billing amount. If the Customer has an outstanding balance and the Company agrees to include some or all of that balance under the EPP, it will be added to the estimated annual amount. The monthly EPP payment will be calculated by dividing the estimated annual billing amount by twelve. After 11 payments have been made, the Customer will be sent a twelfth-month "true-up" bill reflecting any underage or overage of the total of the past 11 payments. Underages will be treated as debits and overages will be treated as credits and applied to the next billing. Refunds may be made by check if the overage exceeds \$25.00. Unless otherwise requested, the Customer will remain on EPP after the twelfth bill with a new monthly EPP amount calculated.

#### **MID-YEAR ADJUSTMENTS**

In order to avoid unusually large debit or credit balances to the Customer's account, the Company may make mid-year adjustments to the EPP payments. During periods of highly volatile wholesale gas prices, more frequent EPP adjustments may be required to avoid unusually large debit or credit balances. The Company will notify the Customer with a notation on the bill, bill insert or separate mailing of any adjustments to payments.

EFFECTIVE:

## **RATE SCHEDULE NO. 313**

### **Large General Transportation Service - Firm**

#### **AVAILABILITY**

Gas Service under this Rate Schedule is available in the area served by the Company in the State of Tennessee to any full requirements non-residential Customer whose average daily gas usage is reasonably anticipated to equal or exceed 500 therms per day. All Service under this Rate Schedule shall be contingent upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations. Upon commencement of Service under this Rate Schedule, any reclassification or change in quantity or character of Service to Customer shall be subject to the provisions of this Rate Schedule and the procedures set forth in the Company's Service Regulations. Service under this Rate Schedule is contingent upon the installation by the Company of telemetering equipment that reports daily consumption.

#### **CHARACTER OF SERVICE**

The nature of Service provided by Company to Customer under this Rate Schedule is firm transportation Service. Any reclassification or change in quantity or character of Service to Customer will be subject to procedures set forth in the Company's Service Regulations.

Once a qualified Customer elects Service under this Rate Schedule, all Services will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive Service under Rate Schedule No. 309, "Special Availability Service," concurrent with Service provided under this Rate Schedule. Subject to the requirements set forth above, a Customer may, subject to the consent of the Company, elect to discontinue Service under this Rate Schedule and receive Service under Rate Schedule No. 303, "Large General Sales Service – Firm," by giving written notice to the Company prior to March 1 of any year. The Company will not withhold such consent provided (a) the Company continues to offer large general sales Service under Rate Schedule No. 303, (b) the Company is able to provide Service under Rate Schedule No. 303 under commercially reasonable terms and conditions, and (c) the analyses applicable to reclassifications or changes in Service set forth in the Company's Service Regulations support such consent. If timely notice is received from Customer and consent is provided by Company, the Customer shall discontinue Service under this Rate Schedule and Company shall provide Service under Rate Schedule No. 303 effective the first June 1 following the notice.

All gas delivered to pursuant to this Rate Schedule shall be metered by the Company separately from any gas delivered to Customer under any of the Company's other Rate Schedules.

The Company will redeliver gas received by Company from upstream pipeline(s) for the Customer's account under this Rate Schedule in accordance with the Customer's scheduled and confirmed nominations and subject to the Company's Operating Conditions.

#### **APPLICABILITY**

Transportation Service is available under this Rate Schedule to any qualified Customer connected to the Company's system who has obtained an independent supply of natural gas and has arranged to have this supply delivered to one of the Company's existing delivery points for transportation by the Company to the Customer's facilities.

The Company will deliver gas previously transported by a connected pipeline for the

Customer's account under this Rate Schedule on a day-to-day basis in accordance with the Customer's scheduled and confirmed nominations, subject to such maximum allowable daily deliveries as may be specified in the Gas Service Contract. The Company reserves the right to suspend Service on any day when, in the Company's sole opinion, its operating conditions are such that suspension of Service is necessary. The Company reserves the right to limit, allocate, or direct third party gas nominations among the interstate pipelines serving the Company's distribution system, when, in the Company's sole opinion, such action is necessary to maintain the operational integrity of the system.

### **STANDBY SALES SERVICE**

At the option of the Customer, an election may be made monthly to receive Standby Sales Service from the Company under this Rate Schedule for delivery to the Customer at the Company's city gate. The Customer will also receive Standby Sales Service as a default if the Customer or the Customer's agent fails to submit a timely and valid nomination for transportation Service. In addition to paying the Monthly Standby Index Price set forth below for Standby Sales Service hereunder, the Customer will utilize the transportation Services and incur the charges otherwise applicable under this Rate Schedule to cause such gas supplies to be delivered to the Customer's meter. The price which the Customer shall pay for the gas supplied under this paragraph will be the "Monthly Standby Index Price" defined as follows: The weighted average index price for the applicable month as published in the first *Natural Gas Week* for such month in the table "Natural Gas Weekly Spot Prices" indicated specifically under the "Bid Week" column for:

GULF COAST, Tenn 500 So LA Z1	X	.5
+		
GULF COAST, Tenn 800 So LA Z1	X	.5

If the Customer nominates transportation Service hereunder and purchases gas supplies from a third-party supplier, and such Customer's consumption exceeds actual deliveries to the Company from such third party supplier to the point where operational problems are created for the Company, then the Company shall have the right, at its sole discretion, to initiate Standby Sales Service to the Customer. The price for such Service shall be the same as set forth above except when the Company is required by such imbalance shortfall to purchase incremental volumes of gas supplies. In this case the Customer receiving Standby Sales Service will pay the higher of (on a daily basis) the "Monthly Standby Index Price" or the "Daily Standby Index Price" defined as follows:

The "Daily Standby Index Price" will be equal to the "Midpoint" daily index price as published in Gas Daily for the day of consumption as stated in the "Daily Price Survey", "Louisiana/Southeast", "Tennessee, 500 Leg." For days of consumption when the Gas Daily is not published, the Gas Daily price shall equal the average of the corresponding index prices as published on the nearest preceding and nearest subsequent day by Gas Daily.

For Days of consumption when any component of the "Monthly Standby Index Price" is not published, the component of the "Monthly Standby Index Price" that was not published shall equal the corresponding midpoint daily index price as published in Gas Daily for the first day of the month of flow. For days of consumption when the "Daily Standby Index Price" is not published, the "Daily Price" shall equal the average of the corresponding index prices as published on the nearest preceding and nearest subsequent day by Gas Daily.

Applicable firm transportation tariff commodity charges, fuel and any other surcharges as defined in the above transporters' FERC approved tariffs will be added to the above standby index prices. The Company will collect gross receipts tax on the incremental gas related charges.

Any difference between the actual cost of gas incurred by the Company and the Index price as defined in the previous paragraph will be accounted for in accordance with Service Schedule No. 311, "Purchased Gas Adjustment Rider." Increments or decrements which may result from the PGA rider adjustments will not apply to the standby index prices.

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### **BASE MARGIN RATE**

Monthly Charge	\$800.00
Demand Charge (per therm of billing demand)	\$.80000
Commodity Charge (per therm)	
1 <sup>st</sup> Step (0-15,000 therms)	\$.18700
2 <sup>nd</sup> Step (15,001-40,000 therms)	\$.16800
3 <sup>rd</sup> Step (40,001-90,000 therms)	\$.14000
4 <sup>th</sup> Step (Over 90,000 therms)	\$.08000

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### **MONTHLY MINIMUM BILL**

The minimum monthly bill shall be the Monthly Charge plus the Demand Charge.

### **MONTHLY CHARGE**

A charge will be billed monthly to all Customers for the availability of gas Service. This charge will be in addition to the Commodity Charge. The Monthly Charge will be billed from the date of initial Service until Service is terminated at the Customer's request.

### **BILLING DEMAND**

The billing demand shall be determined as follows:

Customer billing demand determinate shall be the highest daily usage during the period from November 1 to March 31 of the previous winter period as metered and reported to the Company by the telemetering equipment installed by the Company. Changes to the Customer's billing demand determinate will become effective June 1 of each year.

For Customers commencing initial gas Service under this Rate Schedule and who do not have a consumption history from other Services provided by the Company, the billing demand determinate shall be based upon a reasonable assumption of usage considering the connected load. If a Customer has received gas Service from the Company prior to receiving Service under this Rate Schedule but does not have daily telemetered records to determine peak day usage as described above, the Company shall determine a billing demand based on the greater of: 1) the month of highest consumption for the period to date multiplied by six percent (6%), or 2) 500 therms.

### **COMMODITY CHARGE**

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer's premises.

### **SERVICE AGREEMENTS**

All Customers served under this Rate Schedule shall be required to execute the Company's standard contracts and/or Service applications and shall be subject to the Company's Service Regulations.

### **PAYMENT TERMS**

All bills for Service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

### **RETURNED CHECK CHARGE**

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

### **ADJUSTMENTS**

Bills for Service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider." Service under this Rate Schedule is also subject to the provisions contained within Service Schedule No. 317, "Integrity Management Rider (IMR)."

All adjustments and applicable taxes and fees are in addition to the above stated margin rates in accordance with the Rules, Regulations and Orders of the Tennessee Public Utility Commission and the Laws of the State of Tennessee.

### **SERVICE AVAILABILITY**

All requests for new or additional Service or the transfer of existing Service to a higher priority end use will be considered based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, the Company's Service Regulations, the Rules, Regulations and Orders of the Tennessee Public Utility Commission and the Laws of the State of Tennessee.

### **SERVICE INTERRUPTION AND CURTAILMENT**

Gas Service under this Rate Schedule is subject to the provisions contained within Service Schedule No. 306, "Schedule for Limiting and Curtailing Service" and the Company's Service Regulations.

### **BALANCING, CASH-OUT, AND AGENCY AUTHORIZATION**

Service under this Rate Schedule shall be subject to all of the provisions and requirements of Service Schedule No. 307, "Balancing, Cash-Out, and Agency Authorization."

### **APPLICABLE DOCUMENTS DEFINING OBLIGATIONS OF THE COMPANY AND ITS CUSTOMERS**

The applicable documents defining the obligations of the Company and its Customers are those described in Section 1 of the Company's Service Regulations.

## **RATE SCHEDULE NO. 314**

### **Large General Transportation Service - Interruptible**

#### **AVAILABILITY**

Gas Service under this Rate Schedule is available in the area served by the Company in the State of Tennessee **ON AN INTERRUPTIBLE BASIS** to any full requirements non-residential Customer whose average daily gas usage is reasonably anticipated to equal or exceed 500 therms per day. All Service under this Rate Schedule shall be contingent upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations. Upon commencement of Service under this Rate Schedule, any reclassification or change in quantity or character of Service to Customer shall be subject to the provisions of this Rate Schedule and the procedures set forth in the Company's Service Regulations. Service under this Rate Schedule is contingent upon the installation by the Company of telemetering equipment that reports daily consumption.

#### **CHARACTER OF SERVICE**

The nature of Service provided by Company to Customer under this Rate Schedule is interruptible transportation Service. Any reclassification or change in quantity or character of Service to Customer will be subject to procedures set forth in the Company's Service Regulations.

Once a qualified Customer elects Service under this Rate Schedule, all Services will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive Service under Rate Schedule No. 309, "Special Availability Service," concurrent with Service provided under this Rate Schedule. Subject to the requirements set forth above, a Customer may, subject to the consent of the Company, elect to discontinue Service under this Rate Schedule and receive Service under Rate Schedule No. 304, "Large General Sales Service – Interruptible," by giving written notice to the Company prior to April 1 of any year. The Company will not withhold such consent provided (a) the Company continues to offer interruptible general sales Service under Rate Schedule No. 304, (b) the Company is able to provide Service under Rate Schedule No. 304 under commercially reasonable terms and conditions, and (c) the analyses applicable to reclassifications or changes in Service set forth in the Company's Service Regulations support such consent. If timely notice is received from Customer and consent is provided by Company, the Customer shall discontinue Service under this Rate Schedule and Company shall provide Service under Rate Schedule No. 304, as applicable, effective the first June 1 following the notice.

All gas delivered to pursuant to this Rate Schedule shall be metered by the Company separately from any gas delivered to Customer under any of the Company's other Rate Schedules.

The Company will redeliver gas received by Company from upstream pipeline(s) for the Customer's account under this Rate Schedule in accordance with the Customer's scheduled and confirmed nominations and subject to the Company's Operating Conditions.

Customers served pursuant to this Rate Schedule shall maintain, in useable condition, alternate-fuel facilities with ample on-site alternate fuel capability for supplying 100% of the establishment's gas requirements during periods of gas interruption or curtailment. Such interruption or curtailment shall be immediately effective upon verbal or written notification by

EFFECTIVE:

the Company, and Customer shall refrain from using gas until permitted to do so by the Company. It is understood and agreed that the Company will have the right to suspend gas Service without further notice to the Customer in the event Customer fails to interrupt or curtail Customer's use of gas in accordance with the Company's notice of interruption or curtailment.

#### **APPLICABILITY**

Transportation Service is available under this Rate Schedule to any qualified Customer connected to the Company's system who has obtained an independent supply of natural gas and has arranged to have this supply delivered to one of the Company's existing delivery points for transportation by the Company to the Customer's facilities.

The Company will deliver **ON AN INTERRUPTIBLE BASIS** gas previously transported by a connected pipeline for the Customer's account under this Rate Schedule on a day-to-day basis in accordance with the Customer's scheduled and confirmed nominations. The Company reserves the right to suspend Service on any day when, in the Company's sole opinion, its operating conditions are such that suspension of Service is necessary. The Company reserves the right to limit, allocate, or direct third party gas nominations among the interstate pipelines serving the Company's distribution system, when, in the Company's sole opinion, such action is necessary to maintain the operational integrity of the system.

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#### **BASE MARGIN RATE**

Monthly Charge	\$800.00
Commodity Charge (per therm)	
1 <sup>st</sup> Step (0-15,000 therms)	\$1.13500
2 <sup>nd</sup> Step (15,001-40,000 therms)	\$1.11050
3 <sup>rd</sup> Step (40,001-90,000 therms)	\$0.09100
4 <sup>th</sup> Step (Over 90,000 therms)	\$0.04035

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#### **MONTHLY MINIMUM BILL**

The minimum monthly bill shall be the Monthly Charge.

#### **MONTHLY CHARGE**

A charge will be billed monthly to all Customers for the availability of gas Service. This charge will be in addition to the Commodity Charge. The Monthly Charge will be billed from the date of initial Service until Service is terminated at the Customer's request.

#### **COMMODITY CHARGE**

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer's premises.

#### **SERVICE AGREEMENTS**

All Customers receiving Service pursuant to this Rate Schedule shall be required to execute the Company's standard contracts and/or Service applications and shall be subject to the Company's Service Regulations.

#### **PAYMENT TERMS**

All bills for Service are due upon presentation and the net rates are applicable if payment is

EFFECTIVE:

made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

**RETURNED CHECK CHARGE**

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

**ADJUSTMENTS**

Bills for Service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider." Gas Service under this Rate Schedule is also subject to the provisions contained within Service Schedule No. 317, "Integrity Management Ride (IMR)r."

All adjustments and applicable taxes and fees are in addition to the above stated margin rates in accordance with the Rules, Regulations and Orders of the Tennessee Public Utility Commission and the Laws of the State of Tennessee.

**SERVICE AVAILABILITY**

All requests for new or additional Service or the transfer of existing Service to a higher priority end use will be considered based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, the Company's Service Regulations, the Rules, Regulations and Orders of the Tennessee Public Utility Commission and the Laws of the State of Tennessee.

**SERVICE INTERRUPTION AND CURTAILMENT**

Gas Service under this schedule is interruptible and is subject to the provisions contained within Service Schedule No. 306, "Schedule for Limiting and Curtailing Service" and the Company's Service Regulations.

**BALANCING, CASH-OUT, AND AGENCY AUTHORIZATION**

Service under this Rate Schedule shall be subject to all of the provisions and requirements of Service Schedule No. 307, "Balancing, Cash-Out, and Agency Authorization."

**APPLICABLE DOCUMENTS DEFINING OBLIGATIONS OF THE COMPANY AND ITS CUSTOMERS**

The applicable documents defining the obligations of the Company and its Customers are those described in Section 1 of the Company's Service Regulations.



## **SERVICE SCHEDULE NO. 315**

### **Weather Normalization Adjustment**

### **(WNA) Rider**

#### **I. Provision for Adjustment**

The base rates per therm (100,000 Btu) for gas Service set forth in any Rate Schedules utilized by the Commission in determining normalized test period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment".

The Weather Normalization Adjustment will be applicable for bills rendered on and after October 1 and continuing through the final billing cycle in April of each year.

#### **II. Definitions**

For the purposes of this Rider:

"Commission" means the Tennessee Public Utility Commission.

"Relevant Rate Order" means the final order of the Commission in the most recent litigated rate case of the Company or Annual Review Mechanism of the Company authorized by the Commission pursuant to T.C.A. § 65-5-103(d)(6), fixing the rates of the Company, or the most recent final order of the Commission specifically prescribing or fixing the factors and procedures to be used in the application of this Rider.

#### **III. Computation of Weather Normalization Adjustment**

The Weather Normalization Adjustment shall be computed to the nearest one-hundredth cent per therm by the following formula:

$$WNA_i = R_i \quad * \quad \frac{(HSF_i(NDD-ADD))}{(BL_i + (HSF_i \times ADD))}$$

Where:

I = any particular rate schedule or billing classification within any particular rate schedule that contains more than one billing classification.

$WNA_i$  = Weather Normalization Adjustment Factor for the  $i^{th}$  rate schedule or classification expressed in cents per therm.

$R_i$  = weighted average base rate (base rate less any embedded gas cost) of temperature sensitive sales for the  $i^{th}$  schedule or classification utilized by the Commission in the Relevant Rate Order for the purpose of determining normalized test year revenues.

EFFECTIVE:

- $HSF_i =$  heat sensitive factor for the  $i^{th}$  schedule or classification utilized by the Commission in the Relevant Rate Order for the purpose of determining normalized test year revenues.
- $NDD =$  normal billing cycle heating degree days utilized by the Commission in the Relevant Rate Order for the purpose of determining normalized test year revenues.
- $ADD =$  actual billing cycle heating degree days.
- $BL_i =$  base load sales for the  $i^{th}$  schedule or classification utilized by the Commission in the Relevant Rate Order for the purpose of determining normalized test year revenues.

#### IV. Filing with Commission

The Company will file as directed by the Commission (a) a copy of each computation of the Weather Normalization Adjustment, (b) a schedule showing the effective date of each such Weather Normalization Adjustment, and a schedule showing the factors or values derived from the Relevant Rate Order used in calculating such Weather Normalization Adjustment.

## **SERVICE SCHEDULE NO. 316**

### **Performance Incentive Plan**

#### **Applicability**

The Performance Incentive Plan (the Plan) replaces the annual reasonableness or prudence review of the Company's gas purchasing activities overseen by the Tennessee Public Utility Commission (Commission or TPUC). The Plan does not preclude the Commission from conducting an independent investigation into or examination of any aspect of the Plan or the Company's conduct thereunder. The Plan is designed to provide incentives to the Company in a manner that will produce rewards for its customers and its stockholders and improvements in the Company's gas procurement and capacity management activities. Each plan year (Plan Year) will begin July 1st. The annual provisions and filings herein would apply to this annual period. The Plan will continue until the Plan is either (a) terminated at the end of a Plan Year by not less than 90 days notice by the Company to the Commission or (b) the Plan is modified, amended or terminated by the Commission on a prospective basis.

#### **Overview of Structure**

The Plan establishes a predefined benchmark index to which the Company's commodity cost of gas is compared. It also addresses the recovery of gas supply reservation fees and the treatment of off-system sales and wholesale interstate sale for resale transactions. The net incentive benefits or costs will be shared between the Company's customers and the Company on a 75%-customers / 25%- stockholders basis for the Plan Year commencing on July 1, 2006.

The Plan also is designed to encourage the Company to actively market off-peak unutilized transportation and storage capacity on pipelines in the secondary market. It also addresses the sharing of asset management fees paid by asset managers, and other forms of compensation received by the Company for the release and/or utilization of the Company's transportation and storage assets by third-parties. The Company shall notify the TPUC Staff and the Consumer Advocate and Protection Division of the Office of the Attorney General (CAD) of all "other forms of compensation" prior to inclusion of such compensation in the Plan. The net incentive benefits or costs of such activities will be shared between the Company's customers and the Company utilizing a 75%-customers / 25%-stockholders formula commencing on July 1, 2006.

Every three years the Company's activities under the Plan will be reviewed comprehensively by an independent consultant. The first triennial review shall occur in the autumn of 2008. The scope of the review may include all transactions and activities related to the Performance Incentive Plan, including, but not limited to, natural gas procurement, capacity management, storage, hedging, reserve margins, and off-system sales.

The Company is subject to a cap on overall incentive gains or losses of \$1.6 million annually. In connection with the Performance Incentive Plan, the Company shall file with the TPUC Staff,

and supply a copy to the CAD, and update each year, a Three Year Supply Plan. The Company will negotiate/obtain firm capacity, interruptible capacity and/or gas supply pursuant to such plan.

### **Commodity Costs**

Each month the Company will compare its *total city gate commodity and cost of gas*<sup>1</sup> to a benchmark dollar amount. The benchmark gas cost will be computed by multiplying total actual purchase quantities for the month by a price index. The monthly price index is defined as:

$$I = F_f(P_0K_0 + P_1K_1 + P_cK_c + \dots P_\alpha K_\alpha) + F_0O + F_dD; \text{ where} \\ F_r + F_0 + F_d = 1; \text{ and}$$

I = the monthly city gate commodity gas cost index.

F<sub>f</sub> = the fraction of gas supplies purchased in the first-of-the-month market which are transported to the city gate under the Company's FT, negotiated FT, and IT service agreements.

P = the Inside FERC Gas Market Report price index for the first-of-the-month edition for a geographic pricing region, where subscript 0 denotes Tennessee Gas Pipeline (TGP) Rate Zone 0; subscript 1 denotes TGP Rate Zone 1; subscript C denotes Columbia Gulf Transmission (CGT) - mainline, and subscript α denotes new incremental firm services to which the Company may subscribe in the future.<sup>2</sup> The indices used for calculating Midwestern capacity shall be those produced by Natural Gas Intelligence for monthly purchases and Gas Daily for daily purchases. The commodity index prices will be adjusted to include the appropriate pipeline firm transportation (FT) and interruptible transportation (IT) commodity transportation charges and fuel retention to the city gate under the Company's FT, negotiated FT, and IT service agreements.<sup>3</sup>

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<sup>1</sup> Gas purchases associated with service provided under Texas Eastern Transmission Company Rate Schedule SCT shall be excluded from the incentive mechanism. The Company will continue to recover 100 percent of these costs through its PGA with no profit or loss potential. Extension or replacement of such contract shall be subject to the same competitive bidding procedures that will apply to other firm gas supply agreements. In addition, the Plan will measure storage gas supplies against the benchmark index during the months such quantities are purchased for injection. For purposes of comparing such gas purchase costs against the monthly city gate index price, the Company will exclude any commodity costs incurred downstream of the city gate to storage so that the Company's actual costs and the benchmark index are calculated on the same basis.

<sup>2</sup> To the extent that the Company renegotiates existing reservation fee supply contracts or executes new reservation fee supply contracts with commodity pricing provisions at a discount to the first-of-the-month price index, the Company shall modify the monthly commodity price index to reflect such discount.

<sup>3</sup> Capacity released for a month shall be excluded from the benchmark calculation for that month, excluding capacity released under an agreement where the Company maintains city gate delivery rights for the released capacity during such month.

$K$  = the fraction (relative to total maximum daily contract entitlement) of the Company's total firm, negotiated firm, and interruptible transportation capacity under contract in a geographic pricing region, where the subscripts are as above.<sup>4</sup>

$F_o$  = the fraction of gas supplies purchased in the first-of-the-month spot market which are delivered to the Company's system using transportation arrangements other than the Company's FT, negotiated FT, and IT contracts.

$O$  = the weighted average of Inside FERC Gas Market Report first-of-the-month price indices, plus applicable IT rates and fuel retention, from the source of the gas to the city gate, where the weights are computed based on actual purchases of gas supplies purchased by the Company and delivered to the Company's system using transportation arrangements other than the Company's FT, negotiated FT, and IT contracts.

$F_d$  = the fraction of gas supplies purchased in the daily spot market.

$D$  = the weighted average of daily average index commodity prices taken from Gas Daily for the appropriate geographic pricing regions, where the weights are computed based on actual purchases made during the month. The commodity index prices will be adjusted to include the appropriate transportation commodity charges and fuel retention to the city gate.

### **Gas Supply Reservation Fees**

The Company will continue to recover 100% of gas supply reservation fee costs through its PGA with no profit or loss potential. For new contracts and/or contracts subject to renegotiation during the Plan Year, the Company will solicit bids for gas supply contracts containing a reservation fee.

### **Off-System Sales And Sale For Resale Transactions**

Margin on off-system sales and wholesale sale-for-resale transactions using the Company's firm, negotiated firm, and interruptible transportation and capacity entitlements (the costs of which are recovered from the Company's ratepayers) shall be credited to the Plan and will be shared with ratepayers. Margin on such sales will be defined as the difference between the sales proceeds and the total variable costs incurred by the Company in connection with the transaction, including transportation and gas costs, taxes, fuel, or other costs. For purposes of gas costs, the Company will impute such costs for its related

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<sup>4</sup> Because the aggregate maximum daily contract quantities in the Company's FT contract portfolio vary by month over the course of the year, the weights will be recalculated each month to reflect actual contract demand quantities for such month. The contract weights, and potentially the price indices used, will also vary as the Company renegotiates existing or adds new FT contracts. As new contracts are negotiated, the Company shall modify the index to reflect actual contract demand quantities and the commodity price indices appropriate for the supply regions reached by such FT agreements. Citygate benchmark calculations shall be computed utilizing the Company's Design Day delivery requirements (deliveries required on a peak day).

supply purchases at the benchmark first-of-the-month or daily index, as appropriate, on the pipeline and in the zone in which the sale takes place. The difference between the Company's actual costs and such index price is taken into account under the Plan. After deducting the total transaction costs from the sales proceeds, any remaining margin will be credited to commodity gas costs and shared with customers on a 75%- customer / 25%-stockholders basis.

### **Capacity Management**

To the extent the Company is able to release transportation or storage capacity, or generate transportation or storage margin associated with off-system or wholesale sales-for-resale, the associated cost savings and/or asset management fees, or other forms of compensation associated with such activities, shall be shared by the Company and customers according to the following sharing formula: 75%-customers / 25%-stockholders. The Company shall notify the TPUC Staff and the Consumer Advocate and Protection Division of the Office of the Attorney General (CAD) of all "other forms of compensation" prior to inclusion of such compensation in the Plan.

### **Hedging Activities**

The Company may engage in hedging transactions<sup>5</sup> within the PGA/ACA mechanism. Costs related to hedging transactions may be recovered through the ACA account; provided, however, that such costs recovered through the ACA account shall not exceed one percent (1%) of total annual gas costs.<sup>6</sup> Costs related to hedging transactions recoverable through the ACA account shall be defined as all direct, transaction related costs arising from the Company's prudent efforts to stabilize or hedge its commodity gas costs including, without limitation, brokerage fees, and the costs of financial instruments.

All costs related to hedging transactions, in addition to all gains and losses from hedging transactions, shall be credited/debited to the ACA account in the respective month that each hedging transaction closes. Costs related to hedging transactions that are incurred prior to the month that the hedging transaction closes shall be temporarily recorded in a separate, non-interest-bearing account for tracking purposes.

### **Determination of Shared Saving**

Each month during the term of the Plan, the Company will compute any gains or losses in accordance with the Plan. If the Company earns a gain, a separate Incentive Plan Account (IPA) will be debited with such gain. If the Company incurs a loss, that same IPA will be credited with such loss. During a Plan Year, the Company will be limited to overall gains or losses totaling \$1.6 million. Interest shall be computed on balances in the IPA using the same interest rate and methods as used in the Company's Actual Cost Adjustment (ACA) account. The offsetting

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<sup>5</sup> Hedging transactions, as used herein, shall include but not be limited to futures contracts, financial derivative products, storage swap arrangements, or other private agreements to hedge, manage or reduce gas costs.

<sup>6</sup> One percent (1%) of total annual gas costs, for the purposes of establishing a recovery cap, shall be computed from the most current audited and approved gas costs for the Company in a TRA docket as of the first day of the month, 12 months prior to the first day of the period under audit.

entries to IPA gains or losses will be recorded to income or expense, as appropriate. At its option, however, the Company may temporarily record any monthly gains in a non-regulatory deferred credit balance sheet account until results for the entire Plan Year are available.

Gains or losses accruing to the Company under the Plan will form the basis for a rate increment or decrement to be filed and placed into effect separate from any other rate adjustments to recover or refund such amount over a prospective twelve-month period. The Company is subject to a cap on overall incentive gains or losses of \$1.6 million annually.

Each year, effective November 1, the rates for all customers, excluding transportation customers who receive no direct benefit from any gas cost reductions resulting from the Plan, will be increased or decreased by a separate rate increment or decrement designed to amortize the collection or refund of the June 30 IPA balance over the succeeding twelve-month period. The increment or decrement will be established by dividing the June 30 IPA balance by the appropriate volumetric billing determinants for the twelve months ended June 30. During the twelve-month amortization period, the amount collected or refunded each month will be computed by multiplying the billed volumetric determinants for such month by the increment or decrement, as applicable. The product will be credited or debited to the IPA, as appropriate. The balance in the IPA will be tracked as a separate collection mechanism. Subject to approval by the TPUC, the Company may also propose to refund positive IPA balances on an intra-year basis by making direct bill credits to all customers (except transportation customers) where such direct bill credit would be beneficial to customers.

#### **Filing with the Commission**

The Company will file calculations of shared savings and shared costs quarterly with the Commission not later than 60 days after the end of each interim fiscal quarter and will file an annual report not later than 60 days following the end of each Plan Year. Unless the Commission provides written notification to the Company within 180 days of the annual reports, the Incentive Plan Account shall be deemed in compliance with the provisions of this Service Schedule. The TPUC Staff may expand the time for consideration of the annual reports by up to an additional sixty (60) days upon written notification to the Company or longer by mutual agreement or upon a showing of good cause.

#### **Periodic Index Revisions**

Because of changes in the natural gas marketplace, the price indices utilized by the Company, and the composition of the Company's purchased gas portfolio may change. The Company shall, within sixty (60) days of identifying a change to a significant component of the mechanism, provide notice of such change to the Commission. Unless the Commission provides written justification to the Company within sixty (60) days of such notice, the price indices shall be deemed approved as proposed by the Company.

### **Triennial Review**

A comprehensive review of the transactions and activities related to the Performance Incentive Plan shall be conducted by an independent consultant once every three years. The initial triennial review shall be conducted in the autumn of 2008 and subsequent triennial reviews shall be conducted every third year thereafter. The TPUC Staff, the CAD, and the Company shall make an effort to maintain a list of no less than five (5) mutually agreeable independent consultants or consulting firms qualified to conduct the aforementioned review. Any dispute concerning whether an independent consultant shall be added to the list shall be resolved by the TPUC Staff, after consultation with the Company and the CAD. For each review, the TPUC Staff shall select three (3) prospective independent consultants from that list. Each such consultant shall possess the expertise necessary to conduct the review. The TPUC Staff shall provide the list of prospective independent consultants to the Company and the CAD via e-mail. The Company and the CAD shall have the right, but not the obligation, to strike one (1) of the prospective independent consultants from the list by identifying the stricken consultant in writing to the TPUC Staff within thirty (30) days from the date the list is e-mailed. The TPUC Staff shall select the independent consultant from those remaining on the list after the Company's and the CAD's rights to strike have expired. The cost of the review shall be reasonable in relation to its scope. Any and all relationships between the independent consultant and the Company, the TPUC Staff, and/or the CAD shall be disclosed, and the independent consultant shall have had no prior relationship with either the Company, the TPUC Staff, or the CAD for at least the preceding five (5) years unless the Company, the TPUC Staff and the CAD agree in writing to waive this requirement. The TPUC Staff, the CAD and the Company may consult amongst themselves during the selection process; provided, however, that all such communications between the parties shall be disclosed to any party not involved in such communication so that each party may participate fully in the selection process.

The scope of the triennial reviews may include all transactions and activities related either directly or indirectly to the Performance Incentive Plan as conducted by the Company or its affiliates, including, but not limited to, the following areas of transactions and activities: (a) natural gas procurement; (b) capacity management; (c) storage; (d) hedging; (e) reserve margins; and (f) off-system sales. The scope of each triennial review shall include a review of each of the foregoing matters as well as such additional matters as may be reasonably identified by the Company, the TPUC Staff, or the CAD relative to the operation or results of the Performance Incentive Plan.

The Company, the TPUC Staff, or the CAD may present documents and information to the independent consultant for the independent consultant's review and consideration. Copies of all such documents and information shall be presented simultaneously to the independent consultant and all other parties.

The independent consultant shall make findings of fact, as well as identify and describe areas of concern and improvement, if any, that in the consultant's opinion warrant further consideration; however, the independent consultant shall not propose changes to the structure of the



Performance Incentive Plan itself. The independent consultant shall complete and issue a written report of its findings and conclusions by July 1 of the year immediately following the triennial review. The report deadline may be waived by the written consent of the TPUC Staff, the Company, and the CAD.

The independent consultant shall not propose changes to the structure of the Performance Incentive Plan itself; however, the TPUC Staff, the Company, or the CAD may use the report of the independent consultant as grounds for making recommendations or proposed changes to the Commission, and the TPUC Staff, the Company, or the CAD may support or oppose such recommendations or proposed changes. Any proposed changes to the structure of the Performance Incentive Plan resulting from the initial triennial review or subsequent triennial reviews, whether adopted by agreement or pursuant to a ruling of the Commission, shall be implemented on a prospective basis only beginning with the incentive Plan Year immediately following such agreement or ruling.

The cost of the triennial reviews shall be paid initially by the Company and recovered through the ACA account. The TPUC Staff may continue its annual audits of the IPA and the ACA account, and the triennial reviews shall not in any way limit the scope of such annual audits. The CAD retains all of its statutory rights, and the triennial reviews shall not in any way affect such rights.

**SERVICE SCHEDULE 317**  
**Integrity Management Rider**

1. Provision for Adjustment

The base rates per therm (100,000 Btu) for gas service set forth in Rate Schedules 301, 302, 303, 304, 310, 313, 314, and 352 (“Applicable Rate Schedules”) of Piedmont Natural Gas Company (“Company”) shall be adjusted by an amount hereinafter described which amount is referred to as the “Integrity Management Adjustment.” The Integrity Management Adjustment shall be calculated as an increment and applied to Applicable Rate Schedules to recover the “Integrity Management Revenue Requirement” (IMRR), and the balance in the “Integrity Management Deferred Account.” The Integrity Management Deferred Account shall be established by a monthly adjustment hereinafter described, which monthly adjustment is referred to as the “Integrity Management Deferred Account Adjustment” and shall track the Company’s recovery of the IMRR.

2. Definitions

For the purposes of this Rider:

“Authority” means the Tennessee Regulatory Authority.

“DIMP” means the regimen referred to as the distribution integrity management planning under Subpart P of Part 192 of the United States Department of Transportation (“U.S. DOT”) regulations.

“Integrity Management Deferred Account” means the account reflecting the cumulative difference between the amounts authorized for collection pursuant to this Rider and the collections actually received. The over or under collected amount is a result of the billing determinants used to establish the billing increment associated with this Rider for each Applicable Rate Schedule.

“Integrity Management Investment Amount” means the approved amount of actual capital investment of the Company resulting from prevailing state and federal standards for pipeline integrity and safety for complying with DIMP and TIMP regulations and not otherwise included in current base rates. At the time of the Company’s next general rate case proceeding, all prudently incurred Integrity Management Investment Amounts associated with this Rider shall be included in base rates.

“Refund Adjustments” means the adjustment to the IMRR applicable to the coming annual period for the net amount of over or under collections in the Integrity Management Deferred Account, as adjusted for Interest.

“Relevant Rate Order” means the final order of the Authority in the most recent rate case of the Company fixing the rates of the Company or the most recent final order of the Authority specifically prescribing or fixing the factors and procedures to be used in the application of this Rider.

“TIMP” means the regimen referred to as the transmission integrity management planning under Subpart O of Part 192 of the U.S. DOT regulations.

“Vintage Year” means the fiscal year during which the Integrity Management Investment Amount is made.

### 3. Computation of Integrity Management Revenue Requirement

The total revenue requirement will be calculated for each Vintage Year, as follows:

Integrity Management Investment Amount	\$X,XXX,XXX
Less: Accumulated Depreciation	XXX,XXX
Less: Accumulated Deferred Income Taxes	<u>XXX,XXX</u>
Net Investment	\$X,XXX,XXX
Pre-Tax ROR set forth in the Relevant Rate Order	X.XX%
Allowed Pre-Tax Return	\$X,XXX,XXX
Plus: Depreciation Expense	XXX,XXX
Plus: Property Taxes	<u>XXX,XXX</u>
Total, Excluding Uncollectibles	\$X,XXX,XXX
Multiplied by: Uncollectibles Gross-Up Factor	<u>X.XXXXX</u>
Total Revenue Requirement, Excluding Refund Adjustments	\$X,XXX,XXX

Where:

Accumulated Depreciation	=	Accumulated depreciation calculated using rates approved in Relevant Rate Order
Accumulated Deferred Income Taxes	=	An average of the actual accumulated deferred income taxes at the beginning and end of the year
Depreciation Expense	=	Approved actual Integrity Management Investment Amount x Depreciation Rates approved in the Relevant Rate Order

Property Taxes	=	Composite property tax rate approved in the Relevant Rate Order
Uncollectibles Gross-Up Factor	=	Uncollectibles gross-up factor used and approved in the Relevant Rate Order

The total of the revenue requirements for each Vintage Year is the IMRR. The total amount to be recovered through the Integrity Management Adjustment is the IMRR plus the Refund Adjustment.

4. Computation of Integrity Management Deferred Account Adjustment

Each month the Company will record in the Integrity Management Deferred Account the portion of the IMRR that corresponds to that month, based on the monthly allocation of throughput consistent with the Relevant Rate Order. Furthermore, each month the Company will make an offsetting entry to the Integrity Management Deferred Account for the amount of the Integrity Management Adjustment collected from customers. The amount of the Integrity Management Adjustment collected from customers will be computed by multiplying the Integrity Management Adjustment billing increment for each Applicable Rate Schedule by the corresponding actual terms of usage billed to customers for the month. The Company shall also record in the Integrity Management Deferred Account each month the interest due from or to customers related to the cumulative under or over collection of the IMRR, pursuant to the terms described in Section 6 of this Rider. An illustration of the monthly journal entries described above is as follows:

	<u>Debit</u>	<u>Credit</u>
1. To record revenue:		
Integrity Management Deferred Account	\$XXX,XXX	
Income		\$XXX,XXX
2. To record collections:		
Accounts Receivable	\$XXX,XXX	
Integrity Management Deferred Account		\$XXX,XXX
3. To record interest:		

If the Integrity Management Deferred Account has a net debit balance, which reflects net under-collections:

Integrity Management Deferred Account	\$X,XXX	
Interest Income		\$X,XXX

If the Integrity Management Deferred Account has a net credit balance, which reflects net over-collections:

Interest Expense	\$X,XXX	
Integrity Management Deferred Account		\$X,XXX

##### 5. Computation of Integrity Management Adjustment

The Integrity Management Adjustment will be adjusted annually using 1) actual Integrity Management Investment Amounts that the Authority has found to be reasonable, prudent, and necessary to comply with the safety regulations approved for recovery through this Rider, and 2) the Refund Adjustment recognizing the actual balance in the Integrity Management Deferred Account.

Effective for the first day of January's Bill Cycle Month, the Integrity Management Adjustment shall be calculated for each customer class to the nearest one-thousandth cent per therm, by the following formula:

Customer Class Integrity Management Adjustment	=	(Allocated portion of the Integrity Management Deferred Account Balance / Customer Class Annual Therms)
	+	(Allocated portion of the IMRR/Customer Class Annual Therms)

Where:

Integrity Management Deferred Account Balance	=	Balance at October 31
Allocated portion of the Integrity Management Deferred Account Balance	=	Integrity Management Deferred Account Balance
	x	(Customer Class allocated margin revenue responsibility from Relevant Rate Order / total margin revenue requirement for Applicable Rate Schedules from Relevant Rate Order)

Allocated portion of the IMRR	=	IMRR
	x	(Customer Class allocated margin revenue responsibility from Relevant Rate Order / total margin revenue requirement for Applicable Rate Schedules from Relevant Rate Order)
Customer Class Annual Therms	=	Annualized and Normalized throughput assigned to the respective Customer Classes in the Relevant Rate Order
Residential Customer Class	=	Rate Schedule 301
Commercial Customer Class	=	Rate Schedules 302 and 352
Firm Large General Customer Class	=	Rate Schedules 303, 313 and 310
Interruptible Large General Customer Class	=	Rate Schedules 304 and 314

6. Interest

The Company may recover interest on the “Integrity Management Deferred Account” based on the average monthly balance based on the beginning and ending monthly balances. The interest rates for each calendar quarter used to compute such interest shall be a rate equal to the rate used to compute interest on the “Refund Due Customers’ Account” as prescribed by TRA Rule 1220-4-7-.03.

7. Monthly Filing with Authority

The Company will file monthly as directed by the Authority (a) detail of the current month’s Integrity Management Investment Amount, (b) the cumulative Integrity Management Investment subject to this Rider, (c) a schedule detailing the Integrity Management Deferred Account Adjustment recorded for the month, and (d) any related general ledger support. Such reports will be filed within 45 days after the end of the month for which the report is being filed.

8. Annual Filing with Authority

The Company will include in its Annual Filing made not later than each November 30<sup>th</sup> the following information: (a) the monthly filing (pursuant to Section 7 of this Rider) for October, (b) a schedule of all journal entries made related to this Rider

for the previous 12 months, (c) actual billing determinants for the prior 12 months as used in the computation of the Integrity Management 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) an affirmative statement of whether the Company is aware of any changes in the market conditions or other factors that may affect whether the Rider is still in the public interest, including the identification of such factors if they exist.

The Company will simultaneously copy the Consumer Advocate on its Annual Filing.

9. Notice Requirements

The Company will file revised tariffs for Authority approval upon 30 days' notice to implement a decrement or an increment each January. With the filing, the Company will include a copy of the computation of the Integrity Management Adjustment. The Company will simultaneously copy the Consumer Advocate on this filing.

10. Expansion of the Rider Beyond DIMP and TIMP Costs

If the Company wants to expand the recoverable capital investments allowed in the Integrity Management Investment Amount for safety regulations that are not related to DIMP or TIMP compliance, the Company is required to file a request, not less than 120 days prior to the Annual Filing discussed in Section 8 of this Rider, for the Authority to determine that cost recovery of capital investments under the safety regulations other than DIMP and TIMP are in the public interest prior to recovery of such costs in the Rider. The Company will simultaneously copy the Consumer Advocate on all such requests.

11. Public Interest Review

After a period of three years from the initial effective date of this Rider, the Consumer Advocate or other interested parties may file petitions seeking the Authority to reconsider whether the Rider remains in the public interest. Notwithstanding the aforementioned, the Consumer Advocate or any other interested party may file a petition for the Authority to reconsider the public interest of the Rider within the 3-year period upon a material change in conditions affecting the public interest.

## **RATE SCHEDULE NO. 343**

### **Motor Vehicle Fuel Service**

#### **APPLICABILITY**

Gas Service under this Rate Schedule is available in the area served by the Company in the State of Tennessee to all existing and qualified potential Customers under Rate Schedules Nos. 301, 302, 303, 304, 310, 313, 314, and 352 seeking to purchase or transport gas for use as a motor vehicle fuel. All requests for Service under this Rate Schedule shall be subject to application and consent by the Company to such Service, as provided in the Company's Service Regulations.

#### **CHARACTER OF SERVICE**

The nature of Service provided by Company to Customer under this Rate Schedule shall be commensurate with the nature of Service for which the Customer is qualified under the applicable Rate Schedule identified above. Gas received under the provisions of this Rate Schedule shall be used for motor vehicle fuel purposes only.

All gas delivered pursuant to this Rate Schedule shall be metered and billed by the Company separately from any gas delivered to Customer under any of the Company's other Rate Schedules for non-motor vehicle fuel purposes.

<b><u>BASE MARGIN RATE</u></b>	<b>Winter</b>	<b>Summer</b>
	<b><u>(November-March)</u></b>	<b><u>(April-October)</u></b>
Monthly Charge (\$)	varies by customer	
Commodity Charge (\$ rate per therm)	per their corresponding	
Commodity Charge (\$ rate per GGE)	Rate Schedule, as listed above	

The base margin rates and charges to be charged for Gas Service pursuant to this Rate Schedule shall be those applicable to the corresponding individual Rate Schedule under which the Customer qualifies for Service. These rates and charges are set forth on the Company's Tariff Sheet No. 1. Those Customers under this Rate Schedule using Company owned and maintained compression facilities and related equipment shall be billed at a maximum rate of \$0.50 per therm, in addition to the margin rate for Service under this Rate Schedule.

The Company may at its discretion offer a rate discount on a not unduly discriminatory basis to customers, up to the per therm compression charge referenced above, in order to compete with alternative fuel providers and further develop the market demand for natural gas vehicular fuel or the facilities available to serve such demand.

#### **MOTOR VEHICLE FUEL TAXES**

The rates to be charged for gas Service pursuant to this Rate Schedule do not include applicable Federal, State and/or local highway motor fuel use taxes and fees. Customer shall be solely and exclusively responsible for the payment of any local, state, or federal road tax, motor fuel tax, or

EFFECTIVE:



similar tax, fee or charge attributable to or arising out of the utilization of Gas delivered hereunder as a motor vehicle fuel.

### **SERVICE AGREEMENTS**

All Customers receiving gas pursuant to this Rate Schedule shall be subject to the Company's standard contracts and/or Service applications and shall be subject to the Company's Service Regulations.

### **PAYMENT TERMS**

All bills for Service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is five percent (5%) greater than the net billing.

### **RETURNED CHECK CHARGE**

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

### **ADJUSTMENTS**

Bills for Service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider," and the provisions of Service Schedule No. 317, "Integrity Management Rider (IMR)." Depending on the corresponding individual Rate Schedule under which the Customer qualifies for Service, bills for Service are also subject to adjustment in accordance with the operation of Service Schedule No. 316, "Performance Incentive Plan,"

All adjustments and applicable taxes and fees are in addition to the above stated margin rates in accordance with The Rules, Regulations and Orders of the Tennessee Public Utility Commission and Laws of the State of Tennessee.

### **SERVICE AVAILABILITY**

All requests for new and additional Service or the transfer of existing Service to a higher priority end use will be supplied based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use priority as specified by the Federal Energy Regulatory Commission (FERC), impact on the local economy, the Company's Service Regulations, and The Rules, Regulations and Orders of the Tennessee Public Utility Commission and Laws of the State of Tennessee.

### **RESALE**

Gas delivered to the Customer under the provision and authority of this Rate Schedule, except for Customers receiving gas for motor vehicle fuel purposes under Rate Schedule No. 301, "Residential Service," may be resold solely for use as a motor vehicle fuel.

### **SERVICE INTERRUPTION AND CURTAILMENT**

Gas Service under this Rate Schedule is subject to the provisions contained within Service Schedule No. 306, "Schedule for Limiting and Curtailing Service," and the Company's Service Regulations.

### **BALANCING, CASH-OUT, AND AGENCY AUTHORIZATION**

Service under this Rate Schedule shall be subject to all of the provisions and requirements of Service Schedule No. 307, "Balancing, Cash-Out, and Agency Authorization."

**APPLICABLE DOCUMENTS DEFINING OBLIGATIONS OF THE COMPANY AND ITS CUSTOMERS**

The applicable documents defining the obligations of the Company and its Customers are those described in Section 1 of the Company's Service Regulations.

**TREATMENT OF GAS QUANTITIES RECEIVED PURSUANT TO THIS RATE SCHEDULE**

All quantities of Gas delivered to Customer for use as a motor fuel pursuant to this Rate Schedule during any Annual Review Period shall be aggregated with quantities of Gas received by Customers under any of the Rate Schedules identified above solely for the purposes of establishing Customer's eligibility for continued Service from Company as provided in Section 1, Customer Classifications, of the Company's Service Regulations.

## **RATE SCHEDULE NO. 352**

### **Medium General Service**

#### **AVAILABILITY**

Gas Service under this Rate Schedule is available in the area served by the Company in the State of Tennessee to any full requirements non-residential Customer, upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations, whose average daily usage is equal to or greater than 20 dekatherms per day but less than 50 dekatherms per day. Average daily gas usage will be based on the Customer's usage during the most recent calendar year ended on December 31 and adjusted for cycle length. Availability of this Rate Schedule for new Customers or for Customers without at least one full year of usage history will be based on reasonably anticipated usage.

#### **CHARACTER OF SERVICE**

The nature of Service provided by Company to Customer under this Rate Schedule is firm sales Service. Any reclassification or change in quantity or character of Service to Customer will be subject to procedures set forth in the Company's Service Regulations.

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<b><u>BASE MARGIN RATE</u></b>	<b><u>Winter</u></b> <b><u>(November-March)</u></b>	<b><u>Summer</u></b> <b><u>(April-October)</u></b>
Monthly Charge	\$225.00	\$225.00
Commodity Charge (per therm)	\$.48645	\$.40633

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#### **MONTHLY CHARGE**

A charge will be billed monthly to all Customers for the availability of gas Service. This charge will be in addition to the Commodity Charge for gas delivered. The Monthly Charge will be billed from the date of initial Service until Service is terminated at the Customer's request.

#### **COMMODITY CHARGE**

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer's premises.

#### **SERVICE AGREEMENTS**

All Customers served under this Rate Schedule shall be subject to the Company's standard contracts and/or Service applications and subject to the Company's Service Regulations.

#### **PAYMENT TERMS**

All bills for Service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

#### **RETURNED CHECK CHARGE**

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

### **ADJUSTMENTS**

Bills for Service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider," and the operation of Service Schedule No. 316, "Performance Incentive Plan." Gas Service under this Rate Schedule is also subject to the provisions contained within Service Schedule No. 315, "Weather Normalization Adjustment (WNA) Rider" and Service Schedule No. 317, "Integrity Management Rider (IMR)."

All adjustments and applicable taxes and fees are in addition to the above stated margin rates in accordance with The Rules, Regulations and Orders of the Tennessee Public Utility Commission and Laws of the State of Tennessee.

### **SERVICE AVAILABILITY**

All requests for new and additional Service or the transfer of existing Service to a higher priority end use will be considered based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, the Company's Service Regulations, and The Rules, Regulations and Orders of the Tennessee Public Utility Commission and Laws of the State of Tennessee.

### **SERVICE INTERRUPTION AND CURTAILMENT**

Gas Service under this Rate Schedule is subject to the provisions contained within Service Schedule No. 306, "Schedule for Limiting and Curtailing Service" and the Company's Service Regulations.

### **APPLICABLE DOCUMENTS DEFINING OBLIGATIONS OF THE COMPANY AND ITS CUSTOMERS**

The applicable documents defining the obligations of the Company and its Customers are those described in Section 1 of the Company's Service Regulations.

# Company's Tennessee Service Regulations

## Section 1 - General

### Definitions

Except where the context indicated a different meaning or intent, the following terms when used in the Company's Service Regulations, Rate Schedule and Service Schedules, shall have the following meaning:

- "Commission" or "TPUC" shall mean the Tennessee Public Utility Commission.
- "Company" or "Piedmont" shall mean Piedmont Natural Gas Company, Inc.
- "Customer" shall mean any person, firm, association, partnership, joint venture, limited liability company, or corporation, or any agency of the Federal, State or local government receiving Service from the Company.
- "Customer's Agent" shall mean a person or other entity authorized to act for on behalf of a Customer.
- "Meter", without other qualification, shall mean any device or instrument which is used by the Company in measuring a quantity of gas.
- "Operating Conditions" shall mean the prevailing conditions on the Company's system as they relate to conditions under which Piedmont is providing or attempting to provide Service, including the impact of any modifications, tests or scheduled or unscheduled repairs to the Company's distribution system, which in the Company's discretion are necessary or appropriate to maintain the integrity of the Company's distribution system, which in the Company's discretion are necessary or appropriate to maintain the integrity of the Company's distribution system or to provide for the safety of the Company or the public.
- "Operational Order" shall mean an order by the Company's dispatcher or other Company representative acting on behalf of the Company's dispatcher, to limit, modify, curtail or interrupt the use of gas as required or permitted by the Commission's Rules, the Company's Service Regulations, special contracts, Rate Schedule and Service Schedules.
- "Service(s)" shall mean any sales, transportation, redelivery or other service provided by the Company to a Customer pursuant to the provisions of the Company's Rate Schedules, Service Schedules, Service Regulations and special contracts.
- "Service Territory" shall mean the area of Tennessee for which Piedmont is authorized by the Commission to provide Service to Customers.
- "Tariff" shall mean the Company's Rate Schedule, Service Schedules and Service Regulations, as approved by the Commission.

### **Applicable Documents Defining Obligations of the Company and its Customers**

The obligations of the Company to provide Service and the obligations of the Customer upon receipt of Service are governed by and set forth in (a) applicable statutes, including those set forth in Chapter 65 of the Tennessee Code Annotated, (b) applicable Commission Rules, Regulations, and Orders, (c) applicable tariffs or Rate Schedule(s), (d) these Service Regulations, (e) any application, agreement, Special Contract, or similar document executed by Customer and approved, as necessary, by the Commission pertaining to such Service, and (f) any standard operating procedures of the Company reasonably necessary for the provision of such Service and administered on a nondiscriminatory basis. Copies of Chapter 65 of the Tennessee Code Annotated, applicable Commission Rules, Rate Schedules, and these Service Regulations are available from the Company for public inspection, as are copies of forms of applications, agreements, and other documents approved by the Commission. A copy of the Commission's Rules are available at the Commission's Web Site at [www.tn.gov/tpuc](http://www.tn.gov/tpuc). Unofficial copies of the Company's Rate Schedules and Service Regulations are also available at the Company's Web Site at [www.piedmontng.com](http://www.piedmontng.com). The Company shall provide all new non-residential Customers with a copy of the applicable Rate Schedule(s) and written application for Service and/or other documents executed by the Company and the Customer pertaining to such Service. After a Customer has executed a written application and/or contract, no promise, statement or representation by an employee or agent of the Company or by any other person inconsistent with the written application and/or contract shall bind the Company to provide Service or to change the terms and conditions upon which Service will be rendered unless the same is in writing and is executed by an authorized representative of the Company. In the event there is a conflict between these Service Regulations and the provisions of the applicable currently effective Rate Schedule, the provisions of the Rate Schedule shall govern. The Commission Rules shall govern in the event of a conflict with these Service Regulations. The Company may not make any representation that conflicts with Commission Rules, its Rate Schedules or these Service Regulations.

### **Applicable Documents Subject to Change**

All of the documents defining the obligations of the Company to provide Service and the obligations of the Customer upon the receipt of Service are subject to change from time to time upon order of or approval by the Commission and by other duly constituted governmental authorities. The Company does not undertake to advise any Customer of any such change except as may be required by the Commission or other duly constituted governmental authority.

### **Process for Obtaining Consent to New or Changed Service**

All Customers shall be required to make application to the Company for new or changed Service under any of the Company's Rate Schedules in such form and manner as may reasonably be required by the Company. Such applications shall be required in order to initiate Service under any Rate Schedule irrespective of whether Customer is then receiving Service under any other Company Rate Schedule and for changes in the quantity of Service to be provided under an existing Rate Schedule. At a minimum, such application

shall set forth the date of the application, the name of the applicant, the location of the premises for which Service is requested, the type of Service applied for and estimated gas consumption. Prior to being obligated to provide Service to Customer pursuant to such application, Company shall conduct an examination and review of Customer's application for Service to determine: (1) that the Company has the operational ability to provide the Service requested, including the requisite upstream supply and/or capacity assets; (2) that the requested Service will not impede or interfere with the Company's ability to maintain Service to existing Customers with the same or a higher priority of Service; (3) that provision of the requested Service will not have a materially adverse impact on the Company's ability to recover its approved margin; (4) that provision of the requested Service is economically feasible; (5) that Customer is creditworthy as determined in accordance with the Commission's Rules and the Company's procedures, and (6) reasonable verification of the identity of the applicant, as required by the federal Fair and Accurate Credit Transactions Act and/or other federal and state law. Provided that the Company's review and analysis indicates that Service can be provided as requested, the Company will then approve the requested Service. Company shall have no obligation to provide the requested Service absent such approval.

When the requested Service is to be provided to a Residential, Small or Medium General Service Customer, and the provision of such Service is economically feasible, the application and the Company's acceptance thereof may be oral at the Company's option. In such event, the Company's applicable Rate Schedules and these Service Regulations shall become effective and applicable to any Service rendered to such applicant in the same manner as if the Company's standard written form of application for Service had been signed by the applicant and accepted by the Company. Upon the provision of Service by the Company to such Customer, such oral Service agreement shall be presumed to exist in any case where there is no written application accepted in writing by the Company.

In the event a Customer receiving Service under the Company's large general sales Rate Schedules anticipates a significant reduction in its gas consumption, it shall provide prompt notice thereof to Company.

### **Customer Classifications**

Residential Service Classification. All Residential Rate Service shall be provided pursuant to the Company's Rate Schedule 301.

Small or Medium General Service Classification. All Small or Medium General Service shall be provided pursuant to the Company's Rate Schedules 302 and 352. Classification between Rate Schedules 302 and 352 shall be based on the following criteria:

- A. Definitions: As used in the Small and Medium General Service Classification, the following terms shall have the meanings assigned below:

- (1) "Annual Review Period" shall mean the twelve (12) months ended on December 31 of each year.

- (2) "Actual Monthly Usage" shall mean the actual natural gas volumes consumed by the Customer during the highest month of consumption during the Annual Review Period as reflected on the Company's invoices for the Customer.
- (3) "Classification Usage" shall mean the usage criteria that establishes the minimum and/or maximum average daily usage that must be maintained in order to receive Service under a rate schedule. The classification usage for Rate Schedule 302 shall be less than an average of 20 dekatherms per day. The classification usage for Rate Schedule 352 shall equal or exceed an average of 20 dekatherms per day but be less than an average of 50 dekatherms per day.
- (4) "Involuntary Curtailment Days" shall mean those days or portions of days in the highest month of consumption during a given Annual Review Period where curtailment of the Customer's natural gas Service was imposed by the Company's decision to curtail.
- (5) "Service Days" shall mean 30 days less the number of Involuntary Curtailment Days.
- (6) "Average Daily Usage" shall be the Customer's Actual Monthly Usage within the Annual Review Period divided by the number of Service Days.

B. Procedures:

- (1) At the conclusion of the Annual Review Period of each year and prior to June 1<sup>st</sup> of the ensuing year, the Company will determine for each customer served under Rate Schedules 302 and 352 that Customer's Average Daily Usage.
- (2) Those customers currently receiving Service under Rate Schedule 302 whose Average Daily Usage is equal to or exceeds 20 Dekatherms a day, will be transferred to Rate Schedule 352, effective on the first day of June following the most recent Annual Review Period.
- (3) Those customers currently receiving Service under Rate Schedule 352 whose Average Daily Usage in each of the most recent two (2) Annual Review Periods is less than 20 Dekatherms a day, will be transferred to Rate Schedule 302 effective on the first day of June following the second, and most recent, Annual Review Period.
- (4) Those customers currently receiving Service under Rate Schedule 302 or 352 whose Average Daily Usage in each of the most recent two (2) Annual Review Periods is equal to or greater than 110% of 50 dekatherms per day will be transferred to Rate Schedule 303, 304,



313, or 314 as applicable.

- C. Exceptions: If a customer currently being billed under Rate Schedule 302 adds natural gas equipment that increases the Customer's Average Daily Usage to the point where the customer will qualify for Rate Schedule 352 the Company may, upon notification from the Customer and subject to installation verification by the Company, transfer the Customer to the new Rate Schedule prior to June 1 of that year.

Large General Service Classification. Rate Service classification under the Company's Rate Schedules 303, 304, 313 and 314 shall be based on the following criteria:

- A. Definitions: As used in rate Service classification, the following terms shall have the meanings assigned below:
- (1) "Annual Review Period" shall mean the twelve (12) months ended on December 31 of each year or the regularly scheduled meter reading nearest December 31.
  - (2) "Actual Monthly Usage" shall mean the actual natural gas volumes sold or transported for the Customer by the Company during the highest month of consumption during the Annual Review Period as reflected on the Company's invoices for the Customer.
  - (3) "Classification Usage" shall mean the usage criteria that establishes the minimum and/or maximum average usage that must be maintained in order to receive Service under any rate schedule. For existing Customers, the classification usage for Rate Schedule 302 or 352 shall not exceed an average usage of 55 dekatherms per day. For existing Customers, the classification usage for Rate Schedules 303, 304, 313 and 314 shall exceed an average usage of 45 dekatherms per day.
  - (4) "Involuntary Curtailment Days" shall mean those days or portions of days in the highest month of consumption during a given Annual Review Period where interruption or curtailment of the Customer's natural gas Service was imposed by the Company's decision to interrupt or curtail.
  - (5) "Service Days" shall mean 30 days less the number of Involuntary Curtailment Days plus the number of days that Customer consumed an alternative fuel to natural gas.
  - (6) "Average Dekatherm per Day" shall be the Customer's Actual Monthly Usage within the Annual Review Period divided by the number of Service Days.

B. Procedure:

Step 1. During January and February of each year, the Company will determine for each Customer served under Rate Schedules 303, 304, 313 and 314 the Customer's Average Dekatherm per Day usage for each of the two most recent Review Periods.

Step 2. A Rate Schedule 302 or 352 Customer whose usage is 110% of the 50 dekatherms threshold in the two most recent Review periods will be transferred to Rate Schedule 303, 304, 313 or 314, as applicable. A Rate Schedule 303, 304, 313 or 314 Customer whose usage is equal to or less than 90% of the 50 dekatherms threshold in both of the most recent two Review Periods will be transferred to the appropriate Small or Medium General Service Rate Schedule. Customers receiving Service under Rate Schedules 303 or 304 shall be eligible to elect transportation Service to be effective with the rate reclassification.

All changes in rate classification under this section shall be effective on the first day of June following the review.

Step 3. Customers who are reclassified shall be notified of the change in rate schedule, and receive a copy of the tariff sheets applicable to their old and new rate schedules at least 21 days prior to the effective date of the change.

- C. Exceptions: If a Customer adds or retires a major piece of gas-burning equipment, changes the hours of operations or otherwise materially alters the Customer's business that will clearly increase, or decrease, the Customer's consumption on an ongoing basis to a level that will change the Customer's ability to qualify the Customer for a particular rate schedule, the Customer shall report such changes to the Company and afford the Company an opportunity to inspect the change in equipment and to meet with the Customer to review and discuss the anticipated future level of consumption. If, after such inspection and meeting, the Company is satisfied that reclassification is appropriate, the reclassification will occur within two months after the new equipment is in place and operational, or the retirement is completed, and the first meter reading reflects the higher anticipated usage resulting from the new equipment or the lower anticipated usage resulting from the retirement. Any reclassification pursuant to this paragraph is subject to correction if actual experience so warrants. If the reclassification results in qualification for Service under Rate Schedule 303 or 304, the Customer shall provide an election form one week prior to reclassification if a transportation election is desired. Otherwise, Service will be provided under Rate Schedule 303 or 304, dependent upon rate qualification.

Requirements: Upon reclassification from Rate Schedule 302 or 352 to either Rate Schedule 303, 304, 313, or 314, Customer will be responsible for installing and maintaining, at the Customer's expense, a dedicated 110v

electrical service in a location suitable to provide electrical service for the Company's telemetering equipment.

### **Priority of Service**

The Company has established the following categories of Service in order of priority:

1. Residential, small commercial (less than 50 MCF on a peak day), school, hospital, police protection, fire protection, sanitation, or correctional facility requirements
2. Essential agricultural requirements
3. Large commercial requirements (50 MCF or more on a peak day), firm industrial requirements for plant protection, feedstock and process needs, pipeline customer storage injection requirements, and firm industrial sales up to 300 MCF per day
4. All industrial requirements not specified in 2, 3, 5, 6, 7, 8, 9 or 10
5. Firm industrial requirements for boiler fuel use at less than 3,000 MCF per day, but more than 1,500 MCF per day, where alternate fuel capabilities can meet such requirements
6. Firm industrial requirements for large volume (3,000 MCF or more per day) boiler fuel use where alternate fuel capabilities can meet such requirements
7. Limited Availability requirements of less than 300 MCF per day, where alternate fuel capabilities can meet such requirements
8. Limited Availability requirements of more than 300 MCF per day but less than 1,500 MCF per day, where alternate fuel capabilities can meet such requirements
9. Limited Availability requirements of intermediate volumes (from 1,500 MCF per day through 3,000 MCF per day), where alternate fuel capabilities can meet such requirements
10. Limited Availability requirements of more than 3,000 MCF per day, but less than 10,000 MCF per day, where alternate fuel capabilities can meet such requirements
11. Limited Availability requirements of more than 10,000 MCF per day, where alternate fuel capabilities can meet such requirements.

### **Free Services**

The Company provides the following Services at no charge to the Customer:

- Install gas meters and regulators for new customers
- Turn-on, turn-off, & service gas meters;
- Check for gas leaks;
- Investigate the possible presence of carbon monoxide;
- Cut off pilots;
- Disconnect appliances (disconnect & cap existing pipe only) in connection with a meter turn-off;
- Diagnostic time or time to provide an estimate for jobbing work;
- Quotes for appliance installation;
- Seasonal light-up on central furnaces;
- Gaslight turn-on and re-lighting;

Effective:

- Service appliances other than central heating systems (no parts needed) including:
  - Service calls to diagnose problems
  - Check gas pressure
  - Adjust burners
  - Clean air mixers
  - Light pilots
  - Clean & adjust pilots
  - Examine flue connections & check draft
  - Check and calibrate thermostats & controls
  - Check appliance wiring & other electrical components
- Service non-central heating systems where safe and ready access is available including floor furnaces, wall furnaces, space heaters and unit heaters including:
  - Service calls to diagnose problems
  - Gas and air adjustments on burners and pilot assemblies
  - Adjustments of controls and thermostats
  - Minor electrical repairs that do not require materials

Note: When an appliance is not operating, every effort will be made to answer the call without delay, and in most circumstances, on the same day. Should repair work be required, parts needed to complete the repair will be ordered from the manufacturer and installed if the Customer so desires. There is, however, a charge for this work.

The Company will provide immediate response to any hazardous situation in its Service Territory or where Company otherwise owns or operates facilities in Tennessee in connection with the provision of Service to Customers that might cause threat to life or property at no charge, including:

- Fire or explosion;
- Gas leak;
- Damaged gas main or Service lines (charges for parts & labor may apply);
- Gas appliance that won't cut off;
- Carbon monoxide investigation.

#### **Work the Company Does Not Provide**

- Replacement of filters in central heating equipment;
- Installation, connection, or repair of unit heaters and central heating equipment;
- Repair or replacement of unit heaters and other equipment requiring an electrician;
- Repair or installation of any equipment that has not been tested and approved by applicable US safety standards or where gas appliances are not used in accordance with the manufacturer's listing;
- Repairs on heating equipment that requires parts will not be made except on those units sold by the Company prior to May 1, 1974. In addition, the Company does not install furnace filters;
- No work will be performed on electrical air conditioning units installed with a gas furnace (this work will be referred to the installer or mechanical contractor).

### **Charges for Work**

Unless a charge for work contemplated by this Section 1 is specified herein, all work performed for Customers, on or related to appliances, fuel and gas lines (behind the Company's meter), gas lights or other equipment shall be performed at the Company's standard rates and charges. Such charges may be modified or adjusted from time to time at the Company's discretion.

### **Use of Credit Cards by Customers**

Company will accept credit card payments from residential Customers receiving Service under Rate Schedule No. 301. Company will not accept credit card payment of bills from Customers receiving Service under any other Rate Schedule or contract.

### **Termination of Service**

The Company has the right to terminate Service to any Customer who may be in arrears for a longer period than twenty (20) days in paying for gas Service furnished hereunder or under any other prior or subsequent agreement, or for gas Service furnished to the Customer at the Customer's present or any prior subsequent address. The said twenty-day period commences to run from the date the bill was rendered. Notice of termination of Service to the Customer will be provided by the Company in accordance with Commission Rules, Regulations and Orders.

In addition to Commission Rules, Regulations and Orders prescribing the reasons under which the Company may terminate or deny Service to a Customer, the Company may terminate Service for any material misrepresentation of the identity of the Customer receiving Service, or where there is clear, documented evidence of action taken by the Customer with the intent to unlawfully evade payment for Service.

The Company will not terminate Service during any 24-hour period, as measured from 8:00 am on the planned date of termination, where the forecasted low temperature, as determined by the National Weather Service, is 32 degrees Fahrenheit or below.

### **Reinstating Service**

If natural gas service is disconnected for nonpayment, Service will be restored after the Customer has paid the total amount past due, paid the reconnection charge (the amount of which is listed in Section 6 of the Company's Service Regulations) and paid a deposit.

### **Third-Party Notification**

At the Customer's request, the Company will send a copy of any termination notice to a designated third party. However, the designated third party is not responsible for paying the bill.

### **Medical Emergencies and Life Support Devices**

In accordance with Commission Rules, Regulations and Order, the Company will delay termination of gas Service for 30 days if a physician, public health officer or social service official certifies in writing that discontinuing gas Service will worsen an existing medical emergency for a permanent resident of the premises where Services are rendered. During

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such extension, payment of the bill must be guaranteed by another person or entity that is acceptable to the Company.

The Company will not terminate Service at the Service address if there are natural gas appliances that are critical to maintaining the health of one or more permanent residents. The Company must be contacted to determine whether a gas appliance is considered a life-support device.

### **Notice of Rights and Remedies**

Should the Customer request help in paying their natural gas bill, the Company will provide the Customer with a list of community agencies that provide aid in paying their natural gas bill. The Company will also, in some cases, offer alternative pay arrangements if the Customer is temporarily unable to pay their natural gas bill. However, if such an agreement is made, the Customer gives up their right to dispute the amount due under the agreement. If the Customer does not fulfill the terms of the agreement, the Company may terminate Service and a new pay agreement will not be offered before the Company terminates Service.

If the Customer wants to appeal an unfavorable decision regarding a natural gas bill, they may contact the Tennessee Public Utility's Complaint Division, 502 Deadrick Street, Nashville, TN 37243 (615-741-2904 or 800-342-8359). This must be done before the net due date if the dispute involves a termination notice. The Company will not terminate Service for non-payment of the disputed portion of the bill while it is being reviewed. The Customer's right to appeal will not expire if delay on the Company's part makes it impossible to contact the Commission within the required time period. The Customer also has the right to suspend payment of the disputed portion of the bill while the dispute procedures mentioned above are in progress.

### **Meter Turn On**

There is no charge for meter turn on for a new Customer. There will be a flat charge for meter turn on for an existing Customer or member of same family or household. For reinstating Service to Customers whose Service was previously terminated for non-payment of bills, there will be a flat charge for meter turn on plus payment of all past due bills. The Company may also secure an additional customer deposit. If an existing Customer requests that their meter be turned off for the summer to avoid minimum bills (monthly charges) during the summer period and then requests the Company to turn the meter back on, the flat charge for meter turn on will apply. Such flat charges for meter turn-ons referenced herein are "Reconnection Charges," the amount of which is listed in Section 6 of the Company's Service Regulations.

### **Gas Wastage**

Excessive gas consumption without knowledge by the Customer may result from improper and/or inefficient operation of gas appliances downstream of the meter or for gas leaks on facilities downstream of the meter. Gas bill adjustments generally will not be permitted for such circumstances.

### **Title to Facilities**

The title to all facilities including mains, gas service lines, meters, and accessory equipment up to and including the outlet of the meter assembly shall be vested in the Company, notwithstanding any charge which may be made to the Customer for extending Service.

### **Natural Gas Appliance Classifications**

The following classification of natural gas appliances shall apply throughout the Company's Tennessee Service Regulations:

- Major appliances:
  - gas heating systems utilized as primary heating source in the structure;
  - gas water heaters.
- Minor appliances:
  - clothes dryers;
  - gas fireplaces;
  - gaslights;
  - generators;
  - grills;
  - incinerators;
  - log starters;
  - logs;
  - ranges;
  - swimming pool gas water heaters.

### **Liquid Propane Conversion to Natural Gas**

Any new conversion Customer converting from liquid propane (LP) to natural gas will receive gas Service line and meter installation on the same basis as any other residential or non-residential Customer.

# Company's Tennessee Service Regulations

## Section 2 – Meters

### Installation & Location

The Company performs standard meter installation at no charge to the Customer. However, a Customer desiring an underground meter installation will be charged for the additional cost. The most desirable and serviceable location for a new residential meter installation is on the outside of the structure, approximately four feet past the front wall, where it is not subject to damage from automobiles. The new meter shall be so located unless it is physically impractical or it interferes with Customer's use of their property.

The targeted meter location for large outside commercial or industrial meters, especially those having multiple structures, is at the property line wherever possible. Under no circumstances shall a meter be located within 10 feet of a combustion air intake. Further, meters shall not be located within 3 feet of an ignition source such as heating or air conditioning equipment, water heaters, electric meters, switch gear, electric panels, etc.

The Customer or property-owner must at all times provide a proper and accessible location for all meters and regulators. The following rules apply as well:

1. All meters installed on high-pressure services must be installed outdoors.
2. All "farm tap" meters shall be located at the main.
3. All meters served from standard and medium pressure mains shall be installed outdoors, except in those instances in which it is extremely difficult to do so or is very undesirable from the Customer's viewpoint. In such cases, the meter may be installed indoors, at the discretion of the Company, if the installation conforms to applicable codes.
4. If a customer desires to use gas solely for swimming pool water heating, the meter shall be located at the house and the fuel line run from this point to the pool heater.
5. If located indoors, the meter shall not be located:
  - a. Above the ground floor (with the exception of vertical mains, which are installed at the Company's discretion);
  - b. Less than 3 feet from a hot air furnace or boiler;
  - c. Less than 3 feet from a gas oven or hot water heater;
  - d. On or under stairways;
  - e. In bathrooms or adjoining clothes closets;
  - f. In small, unvented, or confined spaces;
  - g. Where subject to damage, extreme high temperature, or corrosion;
  - h. In entrances or exits so as to obstruct passage in any way;
  - i. Less than 10 feet from boilers or other sources of heat, if the meter capacity is 80B or larger.



### **Meter Relocation**

Outside meters will be relocated when requested by the Customer, however, the Customer will be charged on a Time and Materials basis.

### **Meter Testing**

The Company maintains a regular program of periodic meter testing and change-out to insure metering accuracy. Upon written request from the Customer for a special test of his meter, the Company will inspect the meter at a reasonable time in accordance with provisions of the Commission's Rules, Regulations and Orders. Such meters will be considered to register correctly if the error is not greater than plus or minus two percent (2%). If the meter is found to be registering incorrectly, the meter will be repaired or adjusted to conform to standards with no charge to the Customer for testing or repair. If the meter is registering correctly, there will be a meter testing charge to the Customer.

### **Meter Tampering or By-pass**

The term "metered gas" is defined as "all gas that has passed through the Customer's meter." It is Company policy to prosecute those persons involved where the Company finds evidence of meter tampering or by-pass. Such acts are illegal, as well as extremely dangerous, and Tennessee State Law provides for substantial punishment. In such cases, the Customer or party involved will be charged for all gas used and the cost of meter repair including travel time and all other related expenses on a Time and Materials basis. At the Company's option, gas Service may also be terminated.

### **Meter Damage**

The Customer has a responsibility to provide reasonable protection for the Company's metering facilities from damage by members of their household, guests, their employees and the general public. The Company selects and approves meter locations. If a location is in a drive, parking lot, alley, etc. where damage is likely, then it is the Company's responsibility to provide adequate protection such as posts, etc. In cases where the Company's metering facilities are damaged, with regard to actual damage responsibility, the following applies:

1. If the Customer or their employees cause damage (accidentally or purposely), then the Customer should be billed for damages.
2. If a visitor, commercial vehicle, or general public vehicle damages a meter, damage relief should come from that person or party causing the damage. Damage relief shall not come from the Customer, unless it can be proven that the damage by a third party resulted from negligence on the Customer's part.

# **Company's Tennessee Service Regulations**

## **Section 3 – Fuel Lines**

Customer gas fuel lines installed on Company mains shall comply with all applicable codes and provisions of the current version of the International Fuel Gas Code adopted by the county in which the gas facilities operate. The care and maintenance of all customer-owned underground fuel lines is the responsibility of the Customer. All piping carrying metered gas is considered a fuel line. When in place in a finished building, hidden from view and not easily accessible, the piping is considered a concealed fuel line. All fuel lines will be (a) standard threaded and coupled or welded steel minimum schedule 40 pipe (depending on operating pressure), (b) plastic pipe or tubing of the following types: TR-418 PE 2306 -- orange color, Drisco 7000 or 8000 PE 3406 -- black color, or approved equal, or (c) other piping meeting code and deemed acceptable by the Company.

### **Fuel Lines May**

- Be installed underground in accordance with applicable codes to include corrosion protection.
- Be installed to serve any number of buildings if all the buildings are located on a single or continuous tract of land with common ownership.
- Be concealed if installed in accordance with applicable codes.

### **Fuel Lines May Not**

- Extend to or across property under different ownership.
- Cross any public street, alley, or highway. Fuel lines shall be sized to have a minimum pressure drop between the meter outlet and any appliance of 0.3-inch water column. Those fuel lines served from standard pressure distribution systems will be sized on 0.2-inch water column pressure drop.

### **Installation Charges**

All fuel lines will be installed at the Customer's expense with one exception: when determined necessary, the Company may choose to install a fuel line instead of a Service line. In this event, ownership with maintenance responsibility shall remain with the customer. In such cases, footage of fuel line installed shall be equal to the footage of Service line that would be "free service" if the Customer were served in the usual manner (a "farm tap" customer is an example). Charges for residential underground fuel lines will be on the basis of the Company's standard rates and charges. Pre-installation estimates may be obtained from the Company. The Customer at their expense will replace any sidewalk or pavement cut. The Customer will be charged on the basis of the Company's standard rates and charges for all fuel line repairs made by the Company.

### **Commercial or Industrial Fuel Lines**

Commercial or Industrial fuel line piping work will be performed by the Company according to applicable codes and licensing requirements. If the Company installs a Customer's underground fuel line, the charges will be based on the Company's standard rates and charges.

# **Company's Tennessee Service Regulations**

## **Section 4 – Service Lines**

Service Lines are pipes used to carry unmetered gas from the main to the Customer's meter. The preferred route of the Service line will be from the nearest adequate main to four (4) feet beyond the customer's nearest building wall. Service lines, Service relocations, and extensions may be installed in accordance with applicable codes by either the Company or by a contractor approved by the Company. The complete installation must be inspected and approved, prior to being backfilled, by the appropriate Company representative. In general, Service lines should not be laid on vacant property adjoining the building to be served if there is likelihood that a building will be constructed on the vacant property. Service line installation policies are subject to conditions of gas supply and the Company's limited service attachment programs.

### **Residential**

The Company will install free of charge 100 feet of Service line for one major appliance, as defined in Section 1, where no main extension is required. The gas Service line must extend along the route selected by the Company. In the event that the above conditions are not met, the Service line installed for the customer must provide a reasonable return to the Company. If the customer wishes the facilities to be constructed along a route other than the route selected by the Company and/or if the gas Service line is more than the length allowed above and/or the Service to be rendered to the Customer will not produce a reasonable return to the Company, the Company may require the Customer to pay the excess cost of constructing the facilities along the alternate route or in excess of the footage allowed and/or to make a contribution which will permit the Company to earn a reasonable return. In all cases any pavement or sidewalk cut will be replaced by and at the Customer's expense.

### **Commercial or Industrial**

For permanent use and where revenues provide a reasonable return to the Company, the Company will install free of charge 100 feet of Service line measured from Customer's property line or four feet past the nearest building wall, whichever is less.

### **Exceptions**

In cases where there is exceptional cost due to length of Service line, high pressure main, paving (such as crossing major street), rock, etc., these Service orders shall be reviewed by Piedmont on a case-by-case basis to determine if they meet the main extension policy provided in Section 5.

### **Excess Service**

Excess Service refers to that portion of the total cost of a Service line installed for a Customer that is in excess of the Company's justifiable investment and is that portion of Service line cost paid for by the customer.

### **Repairs**

Repairs to Service lines damaged by others shall be charged at the Company's actual repair costs.

### **Service Extensions**

A Service extension includes all piping carrying unmetered gas from the termination of the previous Service line to the inlet of the meter. Service extensions and relocations shall be installed at the Customer's expense.

### **Excess Flow Valves**

Customer has the right to request the placement of an Excess Flow Valve ("EFV") on any Service Line that does not already have such a valve installed. Company shall work with the Customer to reasonably determine the date of such installation. The installation will not be made where it will interfere with or jeopardize the Company's Service either to the Customer desiring the installation or to any other Customer or Customers. As a precondition to installation of an EFV, Customer shall be required to enter into a written agreement with Company reflecting the terms of such installation and assuming responsibility for all of the actual costs of such installation. Company shall be entitled to collect a deposit on such costs prior to initiating installation of the EFV in the amount of the estimated cost of installation.

### **Branch Services**

Branch Services will be permitted only when the point of junction of the two Service lines is either in the public right-of-way or on a Customer's property. In the latter case, written and notarized permission of the property owner must be obtained and filed with the Register of Deeds of the appropriate county. In the case of Service lines requiring in-line valves, the Service line must be branched in the public right-of-way, and Piedmont must confirm presence of a valve in each branch.

### **Multiple Buildings on Same Lot**

In those cases where two or more buildings are located on the same lot in such a manner as to be reasonably suited to subdividing, the Company will, if requested, run separate Service lines to these buildings. However, if the buildings are not so situated (e.g. garage apartments or combination commercial and residential buildings), the Company will not run separate Services except where the full cost of the additional Service from main to meter, including paving, is borne by the Customer.

### **Service Line Enlargements**

If the load through an existing Service is so increased as to require a larger Service line, the Company will enlarge the existing Service to a point four (4) feet beyond the Customer's nearest outside building wall without charge. Any enlargement of the Service line beyond this point will be at the Customer's expense. Any fuel line changes will be at the Customer's expense.

### **Shopping Centers**

A shopping center shall be considered as a single structure containing a minimum of 7,500 square feet of floor space and a minimum of four (4) tenants or business stores operating within the structure. The Company shall install one Service line and one bank of gas meters for each 12,000 square feet of floor space. The final number of meter banks shall be at the discretion of the Company, based upon the size and layout of the particular shopping center under consideration.

# Company's Tennessee Service Regulations

## Section 5 – Mains

The Company has a policy of extending its main(s) to serve a new Customer (or Customers) provided such main extension is determined to be economically feasible. The criteria for economic feasibility shall be met when the total annual net revenue to be obtained from the Customer (or Customers) provides a rate of return that is equal to or greater than the overall cost of capital established in the Company's last general rate case.

The determination of the anticipated rate of return on the main extension will be based on a net present value (NPV) computation utilizing the following parameters:

1. Net revenues will be calculated by applying the applicable tariff margin rate to the estimated annual total usage and, where applicable, potential for future growth may be considered.
2. Estimated annual total usage shall be based on those appliances that will be in use during the first five (5) years of Service, except as provided in paragraph 3 under "Main Extension Contract".
3. The required investment will be based upon engineering cost estimates as determined by the Company and will include the costs of all facilities required for providing Service including material and labor costs associated with the installation of mains, Service lines, metering and regulating equipment, easements, rights of way, street crossings, and all other required equipment or facilities.
4. The discount rate shall be equal to the overall cost of capital allowed in the Company's last general rate case adjusted for taxes and depreciation.
5. The discount period shall be equal to the economic useful life of the investment in the mains and Service lines.
6. Main extensions producing a positive net present value at the end of the discount period shall be considered economically feasible.

### **Main Extension Contract**

To the extent the net present value computation produces a negative result:

1. The Customer shall pay to the Company an amount equal to the negative net present value at the end of the discount period, plus any additional funds required to provide for the payment of resulting taxes. This payment may be made in a lump sum or in periodic payments (without interest) -- annual, monthly, etc.
2. If within three (3) years after the original installation, the Customer making the payment adds additional major or minor appliances, the Company will refund to the Customer (if

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paid in advance or credit his account if on extended terms), upon written request, an amount equal to the net annual revenues anticipated to be realized from the usage of the additional appliance(s).

3. In no case shall the Customer making the payment be refunded more than he paid.

The above provisions assume that only one Customer will make the payments. If two or more Customers make the payments, the contract will be adjusted to reflect this fact; for example, if two Customers made equal payments and a refund is due because one of the two has added an additional appliance, then the entire refund shall be paid to him.

### **Exceptions**

The Company may make exceptions to the main extension rule when system improvements are realized by the extension.

### **Main Relocation**

If a Customer requests a re-routing or relocation of a main located on a public right-of-way, the Customer will be charged for this work. If the main is located on private property, such as an easement, railroad right-of-way, Piedmont will make a determination as to whether a charge shall be assessed. The same will apply to relocations or re-routings requested by a contractor. Repairs to mains damaged by a contractor will be charged to the contractor on a "Time and Materials" basis.

### **Above-Ground Facilities**

If the above-ground facilities (such as post regulators, vent pipe, etc.) are so located that they seriously interfere with, or make impracticable, the owner's use of this property, the relocation of such facility will be done at no cost to the Customer. An example of serious interference would be when the aboveground facility was located in front of a proposed narrow driveway. In all other cases, the cost of relocation will be charged to the Customer. The charge, unless specified for any of the above items, will be either of the following, at the Customer's option, prior to commencement of work:

1. Estimated cost as determined by the Company;
2. Actual cost.



# **Piedmont's Tennessee Service Regulations**

## **Section 6 – Other Rules & Regulations**

The Customer agrees to the following rules and regulations, having made proper application and deposit for Service with the Company.

1. Customer is responsible for damage to any gas meter or equipment belonging to the Company placed on the premises occupied by the Customer and will immediately reimburse the Company for all costs of repairing or replacing same. In accordance with Commission Rules, Regulations and Orders, the Company may terminate or refuse Service if Customer has damaged the Company's equipment or tampered with the lock on a meter. The Company will charge its standard rates and charges for a broken meter lock.
2. Customer will use gas supplied through Company's meter only. Use of other metering devices or bypassing equipment and tampering or adjustments on Company-owned metering facilities by Customer are prohibited. The Company will not permit secondary meter billing.
3. In case the meter has failed to register the quantity of gas consumed, in whole or in part, the Company may hold the Customer responsible for such reasonable sum as is ascertained to be due for the period involved in accordance with Commission Rules, Regulations and Orders.
4. The Company's authorized agents shall have access to Customer's premises at all reasonable times for the purpose of checking, reading, servicing, replacing or disconnecting the meter; shutting off gas; and for such other purposes as the Company may deem advisable to protect its interests.
5. The Company shall be under no duty to inspect, repair, or maintain the Service of other pipes, connections, equipment, or appliances located beyond the meter outlet on the premises of the Customer.
6. The Customer shall be liable and shall pay for all gas passing through the meter until it is turned off. When termination of Service is requested, Customer must ensure that the Company receives either written or verbal notice at least two business days prior to the desired date of termination. Access to the meter must be provided.
7. The Customer is entitled to the usual discount allowed by the Company if bills are paid within the first twenty-five (25) days following the date bills are rendered. All gas bills are due when rendered and they will be considered as rendered when mailed to the address specified by the Customer. A residential, head of household Customer dependent on social security or other retirement check may request a net to gross discount waiver. Qualified Customers will be granted a net to gross discount waiver and the account will be monitored for continuing compliance.
8. The Company is authorized to require the Customer to make a deposit, or increase any existing deposit, in such amount as the Company deems proper for its

protection before restoring gas Service. The deposit amount will not exceed two consecutive billing periods or ninety (90) days, whichever is less.

9. Interest on Customer Deposits: All Customer deposits will accrue simple interest on the principal at the rate approved by the Commission.
10. Reconnection Charge: The Company will charge \$55 during the months of February through August and \$85 for the months of September through January for turning on a meter for an existing residential or non-residential Customer or member of the same family, household or business at same address. This charge applies only to those Customers who have previously elected to have the meter turned off without discontinuing Service (seasonal turn-off) or whose Service has been previously terminated for non-payment. The Company will not be liable for damages for shutting off gas or for delay in restoring Service. At the Company's option, special discounts may be offered to the approved reconnect fee to encourage Customers to have their Service reinstated during non-peak turn-on periods. Such special discounts will be made upon a 1-day notice to the Commission and will be available on a nondiscriminatory basis within the classifications stated herein. Notification will include the time period during which the promotion will be conducted as well as the terms and conditions of the promotion.
11. The Customer agrees to notify the Company in advance of any planned change in physical premise or environment around meter or Service to determine impact on safety cases, meter reading, and meter maintenance.
12. In the event the Company is unable, wholly or in part, by reason of force majeure to carry out its obligations to provide Service, the obligations of the Company so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch. The term "force majeure" as employed above shall mean acts of God; extreme weather conditions; strikes, lockouts, or other industrial disturbances; acts of the public enemy; war; blockades; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests and restraints of governments and people; civil disturbances; explosions; breakage of or accidents to machinery, lines of pipe, or the Company's peak shaving plants; freezing of wells or lines of reduction in gas pressure by its suppliers; inability to obtain rights-of-way, permits, materials, equipment, or supplies for use in the Company's peak shaving plants; and any other causes whether of the kind herein enumerated or otherwise, not within control of the Company, and which by the exercise of due diligence the Company is unable to prevent or overcome. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the Company, and the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts when such course is inadvisable in the discretion of the Company.
13. When the Company in its discretion determines that it is necessary to interrupt or curtail Service to maintain the integrity of its distribution system or to provide for its or the public's safety, the Company shall have the right to interrupt or curtail Service to any Customer.

14. In the event of a failure or interruption of Service, the Company shall use all reasonable diligence to remove the cause or causes thereof, but the Company shall not be liable for any loss or damage resulting from such failure or interruption due to accidents, force majeure, extreme weather conditions, or causes beyond its control.

## APPENDIX A

### CUSTOMER AGENT AGREEMENT

This Customer Agent Agreement ("Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between Piedmont Natural Gas Company, Inc. ("Piedmont") and \_\_\_\_\_ ("Agent").

WHEREAS, Piedmont's natural gas transportation tariffs provide for the ability of Customers receiving Piedmont's transportation services to designate and utilize a third-party agent for purposes of making nominations for and delivering natural gas to Piedmont on behalf of such Customers and managing imbalances on the Piedmont system resulting from such activities; and

WHEREAS, in undertaking such activities on behalf of Piedmont's Customers, such Agents have the capacity to create material economic and operational risks for Piedmont and its Customers; and

WHEREAS, Agent desires to act as a Customer Agent on Piedmont's system; and

WHEREAS, Piedmont is willing to permit Agent to operate on its system under the terms and conditions set forth herein and under the parameters of Piedmont's approved tariffs and service regulations.

NOW, THEREFORE, in consideration of the premises, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Piedmont and Agent agree as follows:

1. Establishment and Maintenance of Creditworthiness. Each Agent must establish credit with Piedmont in the form of a Letter of Credit, escrow deposit, parental guaranty, or otherwise, in form and substance acceptable to Piedmont, in an amount equal to or greater than the dollar value obtained by the following formula at all times:

The higher of Agent's average daily load for the previous month or Agent's First-of-Month confirmed daily nomination quantity for the new month x 3 days x (NYMEX prompt month close) x 1.25.

Each month, prior to nominating transactions for the first of the month business, an evaluation will be made to ensure that the established credit does not fall below the value obtained from the formula shown above. In the event Agent's established credit falls below the value obtained through application of the formula shown above, either during this monthly evaluation or at any other time, Piedmont may require that the value of said Letter of Credit, escrow deposit, parental guaranty, or other form of assurance be changed at any time in order to reestablish adequate creditworthiness hereunder. In the event Agent fails to establish creditworthiness as set forth above, or fails to comply within 5 days with directions from Piedmont to increase the amount of its credit instruments as provided herein, then Agent's right to conduct business on the Piedmont system shall be suspended until such time as Agent shall be in compliance with the

creditworthiness provisions set forth herein (including any requirements to increase said creditworthiness).

2. Customer Agent Imbalance Restrictions. Agent shall not create a cumulative intra-month imbalance which exceeds three times Agent's aggregate First-of-Month confirmed daily nomination quantity. If this cumulative month-to-date imbalance restriction is exceeded at any time, then Agent's authorization to conduct business on Piedmont's system shall be immediately suspended except to the extent of transactions designed to reduce Agent's cumulative month-to-date imbalance. Upon any such suspension, Agent's authorization to conduct business on the Piedmont system shall not be restored until such time as Agent is in full compliance with the provisions hereof and all applicable provisions of Piedmont's tariffs and service regulations.

3. Allocation of Imbalance Quantities/Penalties. Concurrent with the submission of monthly nominations, Agent shall provide Piedmont with a schedule of allocated nominations for Customers to be served by Agent for the following month. This allocation shall serve as the basis for resolving imbalances with Agent's Customers to the extent those imbalances are not resolved by Agent. In the event Agent fails to submit such schedule, and further fails to resolve any monthly imbalance during the term hereof, those imbalances and any attendant penalties shall be allocated to Agent's Customers, *pro rata*, based upon the actual usage of each such Customer during the month to which the unresolved imbalance and/or penalties is attributable.

4. Failure to Comply with Operational Notices, and Agent Creditworthiness and Imbalance Requirements. If Agent fails to adhere to the imbalance and credit requirements set forth above, or to obey specific instructions issued by Piedmont and designed to preserve the operational integrity of Piedmont's system, Agent (a) shall be subject to the Unauthorized Over Run Penalty provisions of Piedmont's Service Schedule No. 306, and (b) shall have its right to transact business on Piedmont's system suspended.

5. Term. This Agreement shall become effective as of the date first written above and shall continue in full force or effect until terminated by either party hereto upon sixty (60) days written notice.

6. Supplemental Nature of Agreement. This Agreement is supplemental to the provisions of Piedmont's approved tariffs and service regulations, the provisions of which shall also apply to services rendered hereunder. As such, the restrictions and requirements set forth herein are cumulative in nature and in addition to any other imbalance or penalty provisions set forth in Piedmont's approved tariffs and service regulations.

7. Billing and Payment. Billings to Agent for any amounts due hereunder, and payments by Agent on such billings, shall be made in a manner consistent with the billing and payment provisions of the underlying transportation tariffs pursuant to which service is rendered.

8. Miscellaneous.

A. Modification. This Agreement may not be modified or amended except by the execution of a written agreement by the parties hereto.

- B. Waiver. No failure by any party to enforce this agreement with respect to any default in the performance of any of the provisions of this Agreement shall operate or be construed to operate as a waiver thereof or of any similar future default.
- C. Assignment. This Agreement may not be assigned by any party hereto without the express written consent of the other party hereto.
- D. Jurisdiction. This Agreement and the respective obligations of the parties hereto are subject to all valid laws, orders, rules and regulations of the Tennessee Public Utility Commission and any other governmental bodies having jurisdiction.
- E. Conflict of Laws. The construction, interpretation, and performance of this Agreement shall be in accordance with the substantive laws of the State of Tennessee without regard to any conflicts of laws provisions thereof.

IN WITNESS WHEREOF, the undersigned parties have executed this agreement as of the year and date first written above.

AGENT

PIEDMONT NATURAL GAS COMPANY, INC.

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

Please submit to: Citygate Operations  
Piedmont Natural Gas Company  
P.O. Box 33068  
Charlotte, N.C. 28233

OR

[GasCommercialOperations@duke-energy.com](mailto:GasCommercialOperations@duke-energy.com)

EFFECTIVE: