

# Holland & Knight

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Electronically Filed in TPUC Docket Room  
on September 28, 2023 at 2:49 p.m.

September 28, 2023

## **VIA ELECTRONIC MAIL**

Mr. Herbert H. Hilliard, Chairman  
c/o Ectory Lawless  
Tennessee Public Utility Commission  
502 Deaderick Street, Fourth Floor  
Nashville, Tennessee 37243

**Re: Petition of Piedmont Natural Gas Company, Inc. For Approval of its  
2023 Annual Review of Rates Mechanism Pursuant to Tenn. Code Ann.  
§ 65-5-103(d)(6)  
Docket No. 23-00035**

Dear Chairman Hilliard:

Piedmont Natural Gas Company, Inc. ("Piedmont" or the "Company") hereby submits for filing the original and four copies of the following:

1. Revised set of schedules that reflect the ARM Settlement's revised amounts and terms, as directed by the Commission at the September 11, 2023, hearing; and
2. Clean and redlined versions of Piedmont's revised TN Tariff and Service Regulations reflecting the approved ARM Base Rate Margin Rates as well as the "Eighty-Fifth Revised Sheet No. 1", which incorporates both the Settlement ARM Base Margin Rates and ARM Rider Rates as authorized in Docket No. 23-00035 and the Purchased Gas Adjustment and Actual Cost Adjustment Rates as authorized in Tariff Filing No. 2023-0074. Piedmont is implementing these billing rates for bills rendered on and after the first billing cycle of October, 2023.

This material is also being filed today by way of email to the Commission's docket manager, Ectory Lawless. Please file the original and provide a "filed" stamped copy of same via email. As per TPUC's request, we will also file via U.S. mail the original and four copies to TPUC's office for filing of same.

Atlanta | Austin | Birmingham | Boston | Century City | Charlotte | Chattanooga | Chicago | Dallas | Denver | Fort Lauderdale  
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Herbert H. Hilliard, Chairman  
September 28, 2023  
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If you have any questions regarding this letter, you may reach me at the number shown above.

Sincerely yours,

HOLLAND & KNIGHT LLP



Paul S. Davidson  
Equity Partner

PSD:jv

cc: Pia Powers  
Brian Heslin  
James H. Jeffries IV  
Brian Franklin  
Kelly Cashman-Grams  
Michelle Mairs  
David Foster  
Karen Stachowski  
Victoria Glover

**Piedmont Natural Gas Company, Inc.**

**Docket No. 23-00035**

**ARM SETTLEMENT SCHEDULES**

## **Settlement Schedule 1**

**Piedmont Natural Gas Company, Inc.**  
Results of Operations

| Line No. |   | Formula,<br>Schedule or<br>Workpaper<br>Reference | [A]<br>Reconciliation<br>of HBP<br>Ending<br>12/31/22 | [B]<br>Annual<br>Base Rate<br>Reset |
|----------|---|---|---|-------------------------------------|
| 1        | Rate Base   | Schedule 2  | \$ 1,064,455,176                                      | \$ 1,140,671,264                    |
| 2        | Net Operating Income For Return   | Schedule 9  | 65,436,266  | 56,966,021                          |
| 3        | Earned Rate of Return   | L2 / L1   | 6.15%   | 4.99%                               |
| 4        | Fair Rate of Return   | Schedule 10                                       | 6.88%   | 6.95%                               |
| 5        | Required Net Operating Income   | L4 x L1   | 73,219,678  | 79,296,774                          |
| 6        | Net Operating Income Deficiency (Sufficiency)   | L5 - L2   | 7,783,412   | 22,330,753                          |
| 7        | Gross Revenue Conversion Factor   | Schedule 11                                       | 1.308173  | 1.308173                            |
| 8        | <b>Total Revenue Requirement Deficiency (Sufficiency)</b>   | L6 x L7   | <b>\$ 10,182,049</b>                                  | <b>\$ 29,212,489</b>                |
| 9        | Carrying Costs  |   | 814,156   | n/a                                 |
| 10       | <b>Total Revenue Requirement Deficiency (Sufficiency)<br/>including HBP Reconciliation Carrying Costs</b> | L8 + L9<br>Schedule 12                            | <b>\$ 10,996,205</b>                                  | <b>\$ 29,212,489</b>                |

## **Settlement Schedule 2**

**Piedmont Natural Gas Company, Inc.**  
Rate Base

| Line No.                             |  | Formula, Schedule or Workpaper Reference | [A]<br>13 Month Average Actual Balances Ending 12/31/22 | [B]<br>Adjustments  | [C]<br>13 Month Average HBP Balances Ending 12/31/22 | [D]<br>Adjustments    | [E]<br>Annual Base Rate Reset |
|--------------------------------------|--|--|---|---------------------|--|-----------------------|-------------------------------|
| <b>Net Utility Plant Investment:</b> |  |  |   |                     |  |                       |                               |
| 1                                    | Utility Plant in Service                 | Schedule 13                              | \$ 1,678,050,432  | \$ -                | \$ 1,678,050,432                                     | \$ 96,421,940         | \$ 1,774,472,372              |
| 2                                    | Construction Work in Progress            | Schedule 15                              | 65,617,686  | (450,727)           | 65,166,960   | (8,333,705)           | 56,833,254                    |
| 3                                    | Accumulated Depreciation                 | Schedule 16                              | (509,280,216)   | -                   | (509,280,216)  | (8,883,054)           | (518,163,270)                 |
| 4                                    | Contributions in Aid of Construction     | Schedule 17                              | (5,828,754)   | -                   | (5,828,754)  | -                     | (5,828,754)                   |
| 5                                    | Accumulated Deferred Income Taxes        | Schedule 18 & Settlement Adjustment      | (190,761,628)   | 3,576,531           | (187,185,097)  | (3,564,923)           | (190,750,020)                 |
| 6                                    | Total Net Utility Plant Investment       | L1:L5                                    | <u>\$ 1,037,797,520</u>                                 | <u>\$ 3,125,804</u> | <u>\$ 1,040,923,324</u>                              | <u>\$ 75,640,258</u>  | <u>\$ 1,116,563,582</u>       |
| <b>Working Capital:</b>              |  |  |   |                     |  |                       |                               |
| 7                                    | Gas Inventory                            | Schedule 19                              | \$ 16,114,413   | \$ -                | \$ 16,114,413  | \$ -                  | \$ 16,114,413                 |
| 8                                    | Customer Deposits                        | Schedule 19                              | (4,151,101)   | -                   | (4,151,101)  | -                     | (4,151,101)                   |
| 9                                    | Accrued Interest on Customer Deposits    | Schedule 19                              | (514,209)   | -                   | (514,209)  | -                     | (514,209)                     |
| 10                                   | Materials & Supplies                     | Schedule 19                              | 485,247   | -                   | 485,247  | -                     | 485,247                       |
| 11                                   | Deferred Debits - Hedging                | Schedule 19                              | (27,146)  | -                   | (27,146)   | -                     | (27,146)                      |
| 12                                   | Deferred Debits - Deferred Environmental | Schedule 19                              | 1,121,098   | -                   | 1,121,098  | -                     | 1,121,098                     |
| 13                                   | Deferred Debits - Deferred Pension       | Schedule 19                              | 8,155,799   | -                   | 8,155,799  | -                     | 8,155,799                     |
| 14                                   | Prepaid Insurance                        | Schedule 19                              | 162,795   | -                   | 162,795  | -                     | 162,795                       |
| 15                                   | Fleets & Other Overheads                 | Schedule 19                              | 794,681   | -                   | 794,681  | -                     | 794,681                       |
| 16                                   | Accounts Payable Related to CWIP         | Schedule 19                              | (9,257,086)   | -                   | (9,257,086)  | -                     | (9,257,086)                   |
| 17                                   | Accounts Payable Related to M&S          | Schedule 19                              | (31,432)  | -                   | (31,432)   | -                     | (31,432)                      |
| 18                                   | Accrued Vacation                         | Schedule 19                              | (602,240)   | -                   | (602,240)  | -                     | (602,240)                     |
| 19                                   | Lead/Lag Study Requirement               | Schedule 3                               | n/a   | n/a                 | 10,993,372   | (2,912,817)           | 8,080,555                     |
| 20                                   | Total Working Capital                    | L7:L19                                   | <u>\$ 12,250,819</u>                                    | <u>\$ -</u>         | <u>\$ 23,244,191</u>                                 | <u>\$ (2,912,817)</u> | <u>\$ 20,331,374</u>          |
| <b>ARM Regulatory Assets:</b>        |  |  |   |                     |  |                       |                               |
| 21                                   | ARM Regulatory Asset                     | Schedule 20                              | <u>\$ 747,669</u>                                       | <u>\$ (460,008)</u> | <u>\$ 287,661</u>                                    | <u>\$ 3,488,646</u>   | <u>\$ 3,776,308</u>           |
| 22                                   | Total Rate Base                          | L6 + L20 + L21                           | <u>\$ 1,050,796,008</u>                                 | <u>\$ 2,665,796</u> | <u>\$ 1,064,455,176</u>                              | <u>\$ 76,216,088</u>  | <u>\$ 1,140,671,264</u>       |

**Piedmont Natural Gas Company, Inc.**  
Rate Base

Notes on Schedule 2

|                                 |   |
|---------------------------------|---|
| Adjustment in Col [B], Line 2:  | Adjustment needed for compliance with the Company's approved ARM Tariff (CWIP, as defined on ARM Tariff Original Page 8 of 18, item 31). See referenced Schedule or Workpaper for further details.  |
| Adjustment in Col [B], Line 5:  | Adjustment needed for compliance with the Company's approved ARM Tariff (ADIT, as defined on ARM Tariff Original Page 8 of 18, item 33). Adjustment also incorporates the approved provisions pertaining to ADIT from the 2023 Settlement Agreement (Paragraph 18 and Exhibit A, Line No. 8) filed in Docket No. 23-00035 on August 21, 2023. |
| Adjustment in Col [B], Line 21: | Adjustment needed for compliance with the Company's approved ARM Tariff (ARM Regulatory Asset, as defined on ARM Tariff Original Page 8 of 18, item 32). See referenced Schedule or Workpaper for further details.  |
| Adjustment in Col [D], Line 1:  | Adjustment needed for compliance with the Company's approved ARM Tariff (Utility Plant in Service, as defined on ARM Tariff Original Page 13 of 18, item 29). See referenced Schedule or Workpaper for further details.   |
| Adjustment in Col [D], Line 2:  | Adjustment needed for compliance with the Company's approved ARM Tariff (CWIP, as defined on ARM Tariff Original Page 13 of 18, item 31). See referenced Schedule or Workpaper for further details.   |
| Adjustment in Col [D], Line 3:  | Adjustment needed for compliance with the Company's approved ARM Tariff (Accumulated Depreciation, as defined on ARM Tariff Original Page 13 of 18, item 30). See referenced Schedule or Workpaper for further details.   |
| Adjustment in Col [D], Line 5:  | Adjustment needed for compliance with the Company's approved ARM Tariff (ADIT, as defined on ARM Tariff Original Page 13 of 18, item 33). Adjustment reflects the August 21, 2023 Settlement Agreement, Paragraph 18 and Exhibit A, Line No. 8.   |
| Adjustment in Col [D], Line 19: | Adjustment needed for compliance with the Company's approved ARM Tariff (Lead-Lag, as defined on ARM Tariff Original Page 14 of 18, item 34). See referenced Schedule or Workpaper for further details.   |
| Adjustment in Col [D], Line 21: | Adjustment needed for compliance with the Company's approved ARM Tariff (ARM Regulatory Asset, as defined on ARM Tariff Original Page 13 of 18, item 33). See referenced Schedule or Workpaper for further details.   |



## **Settlement Schedule 3**

**Piedmont Natural Gas Company, Inc.**  
Lead Lag Results

| Line No. |   | Formula, Schedule or Workpaper Reference | [A]<br>Calculation of Lead Lag Results |
|----------|---|--|--|
| 1        | Revenue Lag   | See note below                           | \$ 52.10                               |
| 2        | Expense Lead  | See note below                           | 35.69                                  |
| 3        | Net Lag   | L1 - L2                                  | 16.41                                  |
| 4        | Daily Cost of Service   | Schedule 4<br>See note below             | \$ 669,929                             |
| <b>5</b> | <b>Settlement Net Cash Working Capital Required</b>                 | <b>L3 x L4</b>                           | <b>\$ 10,993,372</b>                   |
| 6        | Piedmont as Filed HBP Net Cash Working Capital Required             | See note below                           | \$ 14,333,332                          |
| 7        | HBP Reconciliation Settlement Adjustment                            | L5 - L6<br>See note below                | \$ (3,339,960)                         |
| <b>8</b> | <b>Piedmont As Filed Annual Base Rate Reset Adjustment</b>          | <b>See note below</b>                    | <b>\$ (2,912,817)</b>                  |
| <b>9</b> | <b>Settled Annual Base Rate Reset Cash Working Capital Required</b> | <b>L6 + L7 + L9</b>                      | <b>\$ 8,080,555</b>                    |

Notes on Schedule 3

Calculation of Lead Lag results in Col [A], Lines 1, 2 and 4:

Calculation in compliance with the approved provisions pertaining to lead lag from the 2023 Settlement Agreement (Paragraph 19 and Exhibit A, Line No. 10) filed in Docket No. 23-00035 on August 21, 2023. See details from the Direct Testimony of David N. Dittmore, Exhibit DND-10.

Calculation of Lead Lag results in Col [A], Lines 6, 7 and 8:

Calculation in compliance with the approved provisions pertaining to lead lag from the 2023 Settlement Agreement (Paragraph 19 and Exhibit A, Line No. 10) filed in Docket No. 23-00035 on August 21, 2023. See details from the Direct Testimony of David N. Dittmore, Exhibit DND-4 (Line 19) and Exhibit DND-10.

## **Settlement Schedule 4**

**Piedmont Natural Gas Company, Inc.**  
Working Capital Expense Lag for the Historic Base Period

| Line No.                                  | Formula, Schedule or Workpaper Reference        | [A]<br>HBP Ending 12/31/22 |
|---|---|----------------------------|
| <b>Revenues:</b>                          |   |                            |
| 1   | Sales & Transportation Revenues                 | \$ 314,831,894             |
| 2   | Forfeited Discounts Revenue                     | 1,273,815                  |
| 3   | Other Operating Revenues                        | 2,708,593                  |
| 4   | <b>Total Revenue Lag</b>                        | <b>\$ 318,814,301</b>      |
| <b>Purchased Gas and O&amp;M Expense:</b> |   |                            |
| 5   | Purchased Gas                                   | \$ 143,664,839             |
| 6   | Employee Salaries and Wages (Labor Expense)     | 19,845,701                 |
| 7   | Incentive Pay - STIP                            | 865,914                    |
| 8   | Incentive Pay - LTIP                            | -                          |
| 9   | Pension & Other Employee Benefits               | 5,932,982                  |
| 10  | Prepaid Insurance                               | 784,477                    |
| 11  | Fleet Expense                                   | 2,223,529                  |
| 12  | Credit Card Expense                             | 1,742,913                  |
| 13  | Virtual Card Expense                            | 836,871                    |
| 14  | Service Company Charges                         | 4,542,694                  |
| 15  | Outside Services                                | 2,772,939                  |
| 16  | Regulatory Amortizations                        | 1,618,477                  |
| 17  | TPUC Fee Expense                                | 981,121                    |
| 18  | Uncollectible (Bad Debt) Expense                | 552,594                    |
| 19  | Other O&M Expenses                              | 11,824,215                 |
| 20  | <b>Depreciation Expense</b>                     | -                          |
| <b>General Taxes:</b>                     |   |                            |
| 21  | Gross Receipts Tax                              | 587,660                    |
| 22  | Franchise Tax                                   | 3,139,393                  |
| 23  | Property Tax                                    | 7,528,625                  |
| 24  | Payroll Tax                                     | 1,381,504                  |
| 25  | Allocated & Other Taxes                         | -                          |
| 26  | Amortization of Investment Tax Credit           | (8,087)                    |
| <b>Income Taxes:</b>                      |   |                            |
| 27  | State Income Taxes                              | 1,811,368                  |
| 28  | Provision for Excess Deferred Income Tax (EDIT) | 1,133,594                  |
| 29  | Federal Income Taxes                            | 9,479,869                  |
| 30  | <b>Interest on Customer Deposits</b>            | 248,154                    |
| <b>Return:</b>                            |   |                            |
| 31  | Interest on Long-Term Debt                      | 20,148,453                 |
| 32  | Interest on Short-Term Debt                     | 884,215                    |
| 33  | Income for Return                               | -                          |
| 34  | <b>Total Expense Lag</b>                        | <b>\$ 244,524,016</b>      |
| 35  | <b>Daily Cost of Service</b>                    | <b>\$ 669,929</b>          |

Notes on Schedule 4

Amounts in Col [A], Line 6 thru Line 33:

Amounts in compliance with the approved provisions pertaining to lead lag from the 2023 Settlement Agreement (Paragraph 19 and Exhibit A, Line No. 10) filed in Docket No. 23-00035 on August 21, 2023. See details from the Direct Testimony of David N. Dittmore, Exhibit DND-10.1.

## **Settlement Schedule 5**

**Piedmont Natural Gas Company, Inc.**  
**O&M Expense Summary Under Present Rates**

| Line No. | O&M Expense Category   | Formula, Schedule or Workpaper Reference | [A]<br>Per Books for the 12 ME 12/31/22 | [B]<br>Adjustments | [C]<br>HBP Ending 12/31/22 | [D]<br>Adjustments | [E]<br>Annual Base Rate Reset |
|----------|--|--|---|--------------------|----------------------------|--------------------|-------------------------------|
| 1        | <b>Other Purchased Gas Expense (excluding payroll)<sup>1</sup></b>           | Schedule 52K                             | \$ 238,781                              | \$ (191)           | \$ 238,589                 | \$ -               | \$ 238,589                    |
| 2        | <b>Gas Storage Expense (excluding payroll)<sup>1</sup></b>                   | Schedule 52L                             | 410,602                                 | (62,926)           | 347,676                    | -                  | 347,676                       |
| 3        | <b>Transmission Expense (excluding payroll)<sup>1</sup></b>                  | Schedule 52M                             | 2,494,651                               | (68,154)           | 2,426,497                  | -                  | 2,426,497                     |
| 4        | <b>Distribution Expense (excluding payroll)<sup>1</sup></b>                  | Schedule 52N                             | 6,982,258                               | (36,212)           | 6,946,046                  | -                  | 6,946,046                     |
|          | <b>Customer Accounts &amp; Service Expense:</b>                              |  |   |                    |                            |                    |                               |
| 5        | Uncollectible & Bad Debt Expense (excluding payroll) <sup>1</sup>            | Schedule 29                              | 925,987                                 | (373,394)          | 552,594                    | -                  | 552,594                       |
| 6        | Other Customer Accounts & Service Expense(excluding payroll) <sup>1</sup>    | Schedule 29                              | 3,180,642                               | (1,869)            | 3,178,774                  | -                  | 3,178,774                     |
| 7        | <b>Total Customer Accounts &amp; Service Expense</b>                         | L5 + L6                                  | 4,106,630                               | (375,262)          | 3,731,367                  | -                  | 3,731,367                     |
| 8        | <b>Sales Expense (excluding payroll)<sup>1</sup></b>                         | Schedule 52O                             | 386,427                                 | (25,764)           | 360,663                    | -                  | 360,663                       |
|          | <b>Administrative &amp; General Expense:</b>                                 |  |   |                    |                            |                    |                               |
|          | <u>Payroll Expenses</u>  |  |   |                    |                            |                    |                               |
| 9        | Employee Salaries and Wages Expense <sup>2</sup>                             | Schedule 30                              | 19,845,701                              | -                  | 19,845,701                 | -                  | 19,845,701                    |
| 10       | Employee STIP Compensation Expense <sup>2</sup>                              | Schedule 31                              | 1,731,828                               | (865,914)          | 865,914                    | -                  | 865,914                       |
| 11       | Employee LTIP Compensation Expense <sup>2</sup>                              | Schedule 32                              | 764,381                                 | (764,381)          | -                          | -                  | -                             |
| 12       | Amortization Expense for Deferred Environmental Costs                        | Schedule 33                              | 135,604                                 | -                  | 135,604                    | 335,303            | 470,907                       |
| 13       | Amortization Expense for Deferred Pension Costs                              | Schedule 34                              | 1,482,873                               | -                  | 1,482,873                  | -                  | 1,482,873                     |
| 14       | Expense for Allocated Return on DEBS Assets                                  | Schedule 35                              | 656,552                                 | (195,308)          | 461,244                    | -                  | 461,244                       |
| 15       | Other Pension Expense  | Schedule 36                              | 3,000,491                               | (3,000,491)        | -                          | -                  | -                             |
| 16       | Lobbying Expense, Charitable Contribution, Social Club Membership Adjustment | Schedule 37                              | 20,679                                  | (20,679)           | -                          | -                  | -                             |
| 17       | Advertising Expense  | Schedule 38                              | 189,377                                 | (29,236)           | 160,141                    | -                  | 160,141                       |
| 18       | Other A&G Expense  | Schedule 52P & Settlement Adjustments    | 16,044,374                              | 1,147,418          | 17,191,792                 | -                  | 17,191,792                    |
| 19       | <b>Total A&amp;G Expense</b>   | L9:L18                                   | 43,871,861                              | (3,728,592)        | 40,143,269                 | 335,303            | 40,478,572                    |
| 20       | <b>Total O&amp;M Expense</b>   | L1:4 + L7 + L8 + L19                     | \$ 58,491,208                           | \$ (4,297,102)     | \$ 54,194,107              | \$ 335,303         | \$ 54,529,410                 |

1/ Excludes employee salaries, wages and incentive compensation (STIP & LTIP) expenses recorded to accounts in these functional groups.

2/ Includes the employee salaries, wages and incentive compensation (STIP & LTIP) expenses recorded to accounts in the non-A&G functional groups listed in L1:L8.

Notes on Schedule 5

Adjustment in Col [B], Line 1:

Adjustment needed for compliance with the Company's approved ARM Tariff (Other Expense Adjustments, as defined on ARM Tariff Original Page 7 of 18, Item 18). See referenced Schedule or Workpaper for further details.

Adjustment in Col [B], Line 2:

Adjustment needed for compliance with the Company's approved ARM Tariff (Other Expense Adjustments, as defined on ARM Tariff Original Page 7 of 18, Item 18). See referenced Schedule or Workpaper for further details.

Adjustment in Col [B], Line 3:

Adjustment needed for compliance with the Company's approved ARM Tariff (Other Expense Adjustments, as defined on ARM Tariff Original Page 7 of 18, Item 18). See referenced Schedule or Workpaper for further details.

Adjustment in Col [B], Line 4:

Adjustment needed for compliance with the Company's approved ARM Tariff (Other Expense Adjustments, as defined on ARM Tariff Original Page 7 of 18, Item 18). See referenced Schedule or Workpaper for further details.

**Piedmont Natural Gas Company, Inc.**  
**O&M Expense Summary Under Present Rates**

|  |  |
|--|--|
| Adjustment in Col [B], Line 5:         | Adjustment needed for compliance with the Company's approved ARM Tariff (Uncollectible and Bad Debt Adjustments, as defined on ARM Tariff Original Page 6 of 18, Item 7). See referenced Schedule or Workpaper for further details.  |
| Adjustment in Col [B], Line 6:         | Adjustment needed for compliance with the Company's approved ARM Tariff (Other Expense Adjustments, as defined on ARM Tariff Original Page 7 of 18, Item 18). See referenced Schedule or Workpaper for further details.  |
| Adjustment in Col [B], Line 8:         | Adjustment needed for compliance with the Company's approved ARM Tariff (Other Expense Adjustments, as defined on ARM Tariff Original Page 7 of 18, Item 18). See referenced Schedule or Workpaper for further details.  |
| Adjustment in Col [B], Line 10 and 11: | Adjustment needed for compliance with the Company's approved ARM Tariff (Incentive Compensation Expense Adjustments, as defined on ARM Tariff Original Page 6 of 18, Item 10). See referenced Schedule or Workpaper for further details.   |
| Adjustment in Col [D], Line 12:        | Adjustment needed for compliance with the Company's approved ARM Tariff (Amortization Expense for Deferred Environmental Expense Adjustments, as defined on ARM Tariff Original Page 12 of 18, Item 12). See referenced Schedule or Workpaper for further details.   |
| Adjustment in Col [B], Line 13:        | Adjustment needed for compliance with the Company's approved ARM Tariff (Amortization Expense for Deferred Pension Expense Adjustments, as defined on ARM Tariff Original Page 6 of 18, Item 13). See referenced Schedule or Workpaper for further details.  |
| Adjustment in Col [B], Line 14:        | Adjustment needed for compliance with the Company's approved ARM Tariff (Expense for Allocated Return on DEBS Assets Adjustments, as defined on ARM Tariff Original Page 7 of 18, Item 15). See referenced Schedule or Workpaper for further details.  |
| Adjustment in Col [B], Line 15:        | Adjustment needed for compliance with the Company's approved ARM Tariff (Other Pension and OPEB Expense Adjustments, as defined on ARM Tariff Original Page 6 of 18, Item 14). See referenced Schedule or Workpaper for further details.   |
| Adjustment in Col [B], Line 16:        | Adjustment needed for compliance with the Company's approved ARM Tariff (Lobbying, Charitable Contributions, Social Club Membership Expense Adjustments, as defined on ARM Tariff Original Page 6 of 18, Item 8). See referenced Schedule or Workpaper for further details.  |
| Adjustment in Col [B], Line 17:        | Adjustment needed for compliance with the Company's approved ARM Tariff (Advertising Expense Adjustments, as defined on ARM Tariff Original Page 7 of 18, Item 17). See referenced Schedule or Workpaper for further details.  |
| Adjustment in Col [B], Line 18:        | Adjustment needed for compliance with the Company's approved ARM Tariff (Rate Case Expense Adjustments, Other Expense Adjustments and Home Protection Plan Expense Adjustments, as defined on ARM Tariff Original Page 6 of 18, Item 11 and Page 7 of 18, Items 17 and 18). Adjustment also incorporates the approved provisions pertaining to non-utility patrol aviation, direct lobbying expenses, and indirect lobbying expenses for supervisory labor from the 2023 Settlement Agreement (Paragraphs 15, 16, and 17 as well as Exhibit A, Line Nos. 4, 5, and 6) filed in Docket No. 23-00035 on August 21, 2023. |

## **Settlement Schedule 6A**



**Piedmont Natural Gas Company, Inc.**  
Summary of Revenue

|  |   | [A]                              | [B]            | [C]                 | [D]            | [E]                    |                |
|--|---|----------------------------------|----------------|---------------------|----------------|------------------------|----------------|
| Line No.                               | Formula, Schedule or Workpaper Reference                            | Per Books for the 12 ME 12/31/22 | Adjustments    | HBP Ending 12/31/22 | Adjustments    | Annual Base Rate Reset |                |
| Sales & Transportation Margin Revenue: |   |                                  |                |                     |                |                        |                |
| 1                                      | Sales and Transportation Margin Revenue Excluding Special Contracts | Schedules 21 & 22B               | \$ 171,167,055 | \$ -                | \$ 171,167,055 | \$ (6,429,035)         | \$ 164,738,020 |
| 2                                      | Special Contracts Margin Revenue                                    | Schedules 21 & 22B               | -              | -                   | -              | -                      | -              |
| 3                                      | Total Margin Revenue  | L1 + L2                          | 171,167,055    | -                   | 171,167,055    | (6,429,035)            | 164,738,020    |
| 4                                      | Purchased Gas Revenue   | Schedules 21 & 22B               | 158,958,244    | (15,293,405)        | 143,664,839    | (54,225,686)           | 89,439,153     |
| 5                                      | Total Sales & Transportation Revenue                                | L3 +L4                           | 330,125,299    | (15,293,405)        | 314,831,894    | (60,654,721)           | 254,177,173    |
| Other Revenue:                         |   |                                  |                |                     |                |                        |                |
| 6                                      | Home Protection Plan Operating Revenue                              | Schedule 23                      | -              | 2,238,287           | 2,238,287      | -                      | 2,238,287      |
| 7                                      | EDIT Refund Elimination   | Schedule 21                      | (2,863,651)    | 2,863,651           | -              | -                      | -              |
| 8                                      | Other Revenue - Forfeited Discounts                                 | Schedule 23                      | 1,273,815      | -                   | 1,273,815      | -                      | 1,273,815      |
| 9                                      | Other Revenue - Miscellaneous                                       | Schedule 23                      | 458,629        | 11,677              | 470,306        | (194,308)              | 275,998        |
| 10                                     | Other Revenue - Off-System Sales, Secondary Marketing, Cash-Outs    | Schedule 23                      | 1,739,198      | (1,739,198)         | -              | -                      | -              |
| 11                                     | Total Other Revenue   | L6:L10                           | 607,991        | 3,374,417           | 3,982,408      | (194,308.32)           | 3,788,099      |
| 12                                     | Total Revenue   | L5 + L11                         | \$ 330,733,290 | \$ (11,918,988)     | \$ 318,814,301 | \$ (60,849,029)        | \$ 257,965,272 |

Notes on Schedule 6A

Adjustment in Col [B], Line 4:

Adjustment needed for compliance with the Company's approved ARM Tariff (Margin Revenues, as defined on ARM Tariff Original Page 6 of 18, Item 4). See referenced Schedule or Workpaper for further details.

Adjustment in Col [B], Line 6:

Adjustment needed for compliance with the Company's approved ARM Tariff (Other Revenues, as defined on ARM Tariff Original Page 5 of 18, Item 3). See referenced Schedule or Workpaper for further details.

Adjustment in Col [B], Line 7:

Adjustment needed for compliance with the Company's approved ARM Tariff (Other Revenues, as defined on ARM Tariff Original Page 5 of 18, Item 3). See referenced Schedule or Workpaper for further details.

Adjustment in Col [B], Line 9:

Adjustment needed for compliance with the Company's approved ARM Tariff (Other Revenues, as defined on ARM Tariff Original Page 5 of 18, Item 3). See referenced Schedule or Workpaper for further details.

Adjustment in Col [B], Line 10:

Adjustment needed for compliance with the Company's approved ARM Tariff (Other Revenues, as defined on ARM Tariff Original Page 5 of 18, Item 3). See referenced Schedule or Workpaper for further details.

## **Settlement Schedule 6B**

**Piedmont Natural Gas Company, Inc.**  
Detail of Revenue for Annual Base Rate Reset

| Line<br>No. |   | Formula,<br>Schedule or<br>Workpaper<br>Reference | [A]<br><br>Annual<br>Base Rate<br>Reset |
|-------------|---|---|---|
|             | <b>Sales &amp; Transportation Margin Revenue:</b>                         |   |   |
| 1           | RS 301: Residential Service <sup>1</sup>                                  | Schedule 22B                                      | \$ 97,224,201                           |
| 2           | RS 302: Small General Service <sup>1</sup>                                | Schedule 22B                                      | 42,462,137                              |
| 3           | RS 352: Medium General Service <sup>1</sup>                               | Schedule 22B                                      | 9,673,223                               |
| 4           | RS 303: Large General Sales Service - Firm <sup>1</sup>                   | Schedule 22B                                      | 3,081,199                               |
| 5           | RS 304: Large General Sales Service - Interruptible <sup>1</sup>          | Schedule 22B                                      | 59,978                                  |
| 6           | RS 313: Large General Transportation Service - Firm <sup>1</sup>          | Schedule 22B                                      | 5,455,941                               |
| 7           | RS 314: Large General Transportation Service - Interruptible <sup>1</sup> | Schedule 22B                                      | 6,776,533                               |
| 8           | RS 310: Resale Service <sup>1</sup>                                       | Schedule 22B                                      | 4,810.30                                |
| 9           | <b>Total Margin Revenue</b>   | L1:L8   | <b>164,738,020</b>                      |
| 10          | Special Contracts   | Schedule 22B                                      | -                                       |
| 11          | <b>Total Base Rate Margin Revenue</b>                                     | L9 + L10  | <b>164,738,020</b>                      |
| 12          | Purchased Gas Revenue   | Schedule 22B                                      | 89,439,153                              |
| 13          | <b>Total Sales &amp; Transportation Revenue</b>                           | L11 + L12   | <b>254,177,173</b>                      |
|             | <b>Other Revenue:</b>   |   |   |
| 14          | Home Protection Plan Operating Revenue                                    | Schedule 23                                       | 2,238,287                               |
| 15          | EDIT Refund Elimination   | Schedule 21                                       | -                                       |
| 16          | Other Revenue - Forfeited Discounts                                       | Schedule 23                                       | 1,273,815                               |
| 17          | Other Revenue - Miscellaneous   | Schedule 23                                       | 275,998                                 |
| 18          | Other Revenue - Off-System Sales, Secondary Marketing, Cash-Outs          | Schedule 23                                       | -                                       |
| 19          | <b>Total Other Revenue</b>  | L14:L18   | <b>3,788,099</b>                        |
| 20          | <b>Total Revenue</b>  | L13 + L19   | <b>\$ 257,965,272</b>                   |

1/ Includes revenue from RS 343 billed under this corresponding rate schedule.

## **Settlement Schedule 7**

Piedmont Natural Gas Company, Inc.  
Summary of General Taxes

| Line No. |                         | Formula,<br>Schedule or<br>Workpaper<br>Reference | [A]<br>Per Books<br>for the 12 ME<br>12/31/22 | [B]<br>Adjustments       | [C]<br>HBP<br>Ending<br>12/31/22 | [D]<br>Adjustments | [E]<br>Annual<br>Base Rate<br>Reset |
|----------|-------------------------|---|---|--------------------------|----------------------------------|--------------------|-------------------------------------|
| 1        | Property Taxes          | Schedule 52V                                      | \$ 7,528,625                                  | \$ -                     | \$ 7,528,625                     | \$ -               | \$ 7,528,625                        |
| 2        | Franchise Tax           | Schedule 52V                                      | 3,139,393                                     | -                        | 3,139,393                        | -                  | 3,139,393                           |
| 3        | Gross Receipts Tax      | Schedule 52V                                      | 587,660                                       | -                        | 587,660                          | -                  | 587,660                             |
| 4        | Payroll Taxes           | Schedule 52V                                      | 1,507,212                                     | (125,708)                | 1,381,504                        | -                  | 1,381,504                           |
| 5        | Allocated & Other Taxes | Schedule 52V                                      | <u>(315,971)</u>                              | <u>315,971</u>           | <u>-</u>                         | <u>-</u>           | <u>-</u>                            |
| 6        | <b>Total</b>            | L1:L5   | <b>\$ <u>12,446,919</u></b>                   | <b>\$ <u>190,263</u></b> | <b>\$ <u>12,637,182</u></b>      | <b>\$ <u>-</u></b> | <b>\$ <u>12,637,182</u></b>         |

Notes on Schedule 7

Adjustment in Col [B], Line 4:

Adjustment needed for compliance with the Company's approved ARM Tariff (Payroll Tax Expense, as defined in ARM Tariff Original Page 7 of 18, item 21). See referenced Schedule or Workpaper for further details.

Adjustment in Col [B], Line 5:

Adjustment needed for compliance with the Company's approved ARM Tariff (Other Expense Adjustments as defined in ARM Tariff Original Page 7 of 18, item 18). See referenced Schedule or Workpaper for further details.

## **Settlement Schedule 8**

**Piedmont Natural Gas Company, Inc.**  
Excise and Income Taxes

| Line No. |  | Formula,<br>Schedule or<br>Workpaper<br>Reference | [A]<br><br>HBP<br>Ending<br>12/31/22 | [B]<br><br>Adjustments | [C]<br><br>Annual<br>Base Rate<br>Reset |
|----------|--|---|--------------------------------------|------------------------|---|
| 1        | Operating Revenues, Excluding AFUDC                | Schedule 9  | \$ 318,814,301                       | \$ (60,849,029)        | \$ 257,965,272                          |
|          | Operating Expenses:                                |   |                                      |                        |   |
| 2        | Purchased Gas Expense                              | Schedule 9  | 143,664,839                          | (54,225,686)           | 89,439,153                              |
| 3        | O&M Expense  | Schedule 9  | 54,194,107                           | 335,303.33             | 54,529,410                              |
| 4        | Depreciation Expense                               | Schedule 9  | 35,729,805                           | 4,607,473              | 40,337,278                              |
| 5        | Interest on Customer Deposits                      | Schedule 9  | 248,154                              | -                      | 248,154                                 |
| 6        | Amortization Expense for ARM Regulatory Asset      | Schedule 9  | -                                    | 75,154                 | 75,154                                  |
| 7        | Amortization of Investment Tax Credit              | Schedule 9  | -                                    | -                      | -                                       |
| 8        | General Taxes                                      | Schedule 9  | 12,637,182                           | -                      | 12,637,182                              |
| 9        | Total Operating Expenses                           | L2:L7   | 246,474,087                          | (49,207,755)           | 197,266,331                             |
| 10       | NOI Before Excise and Income Taxes                 | L1 - L8   | 72,340,215                           | (11,641,273)           | 60,698,941                              |
| 11       | AFUDC debt   | Schedule 9  | 1,283,789                            | (44,824)               | 1,238,965                               |
| 12       | Interest Expense                                   | Schedule 10                                       | (20,967,489)                         | (3,923,144)            | (24,890,633)                            |
| 13       | Permanent Tax Differences                          | Schedule 52AA                                     | 134,557                              | -                      | 134,557                                 |
| 14       | Net Income Before Income Taxes                     | L9:L11  | 52,791,072                           | (15,609,242)           | 37,181,830                              |
|          | Tennessee Excise Tax Calculation:                  |   |                                      |                        |   |
| 15       | Net Income Before Income Taxes                     | L12   | 52,791,072                           | (15,609,242)           | 37,181,830                              |
| 16       | Composite State Excise Tax Rate                    | Schedule 11                                       | 3.46%                                | 3.46%                  | 3.46%                                   |
| 17       | Excise Tax Expense                                 | L13 x L14   | 1,826,571                            | (540,080)              | 1,286,491                               |
|          | Federal Income Tax Calculation:                    |   |                                      |                        |   |
| 18       | Net Income Before Income Taxes                     | L12   | 52,791,072                           | (15,609,242)           | 37,181,830                              |
| 19       | State Excise Tax Expense                           | L15   | 1,826,571                            | (540,080)              | 1,286,491                               |
| 20       | Net Income Before Federal Income Tax               | L16 - L17   | 50,964,501                           | (15,069,162)           | 35,895,338                              |
| 21       | Federal Income Tax Rate                            | Schedule 11                                       | 21.00%                               | 21.00%                 | 21.00%                                  |
| 22       | Federal Income Tax Expense, Pre-Adjusted           | L18 x L19   | 10,702,545                           | (3,164,524)            | 7,538,021                               |
| 23       | Annual EDIT Amortization Expense for Protected PPE | Schedule 52X                                      | 1,133,594                            | -                      | 1,133,594                               |
| 24       | Net Federal Income Tax Expense                     | L20 - L21   | \$ 9,568,951                         | \$ (3,164,524)         | \$ 6,404,427                            |

## **Settlement Schedule 9**



**Piedmont Natural Gas Company, Inc.**  
Income Statement

| Line No.                             | Formula, Schedule or Workpaper Reference       | [A]                                 | [B]            | [A + B]<br>[C]         | [D]              | [E]<br>[= C + D]       | [F]               | [G]<br>[= E + F]  |                |
|--------------------------------------|--|-------------------------------------|----------------|------------------------|------------------|------------------------|-------------------|-------------------|----------------|
|                                      |  | Per Books for the 12 ME<br>12/31/22 | Adjustments    | HBP Ending<br>12/31/22 | At Present Rates |                        | At Proposed Rates |                   |                |
|                                      |  |                                     |                |                        | Adjustments      | Annual Base Rate Reset | Rate Increase     | At Proposed Rates |                |
| Operating Revenues:                  |  |                                     |                |                        |                  |                        |                   |                   |                |
| 1                                    | Gas Sales & Transportation Revenues            | Schedule 6A, L11 - L8               | \$ 330,125,299 | \$ (15,293,405)        | \$ 314,831,894   | \$ (60,654,721)        | \$ 254,177,173    | \$ 29,212,489     | \$ 283,389,662 |
| 2                                    | Forfeited Discount Revenues                    | Schedule 6A, L8                     | 1,273,815      | -                      | 1,273,815        | -                      | 1,273,814.64      | 118,194           | 1,392,008      |
| 3                                    | Other Operating Revenues                       | Schedule 6A, L11 - L8               | (665,824)      | 3,374,417              | 2,708,593        | (194,308)              | 2,514,284.57      | -                 | 2,514,285      |
| 4                                    | Total Operating Revenue                        | L1:L3                               | 330,733,290    | (11,918,988)           | 318,814,301      | (60,849,029)           | 257,965,272       | 29,330,682        | 287,295,955    |
| 5                                    | Purchased Gas Expense                          | Schedules 21 & 22B                  | 159,179,361    | (15,514,522)           | 143,664,839      | (54,225,686)           | 89,439,153        | -                 | 89,439,153     |
| 6                                    | Total Margin Operating Revenues                | L4 - L5                             | 171,553,928    | 3,595,534              | 175,149,462      | (6,623,343)            | 168,526,120       | 29,330,682        | 197,856,802    |
| 7                                    | Operating & Maintenance Expenses               | Schedule 5, L20                     | 58,491,208     | (4,297,102)            | 54,194,107       | 335,303                | 54,529,410        | 50,838            | 54,580,248     |
| Other Operating Expenses:            |  |                                     |                |                        |                  |                        |                   |                   |                |
| 8                                    | Depreciation Expense                           | Schedule 14 & Settlement Adjustment | 35,773,708     | (43,903)               | 35,729,805       | 4,607,473              | 40,337,278        | -                 | 40,337,278     |
| 9                                    | Amortization Expense for ARM Regulatory Asset  | Schedule 52Z                        | -              | -                      | -                | 75,154                 | 75,154            | -                 | 75,154         |
| 10                                   | Amortization Expense for Investment Tax Credit | Schedule 39                         | (8,087)        | -                      | (8,087)          | -                      | (8,087)           | -                 | (8,087)        |
| 11                                   | General Tax Expense                            | Schedule 7                          | 12,446,919     | 190,263                | 12,637,182       | -                      | 12,637,182        | -                 | 12,637,182     |
| 12                                   | State Excise Tax Expense                       | Schedule 8                          | 666,177        | 1,160,394              | 1,826,571        | (540,080)              | 1,286,491         | 1,013,083         | 2,299,574      |
| 13                                   | Federal Income Tax Expense                     | Schedule 8                          | 5,046,813      | 4,522,138              | 9,568,951        | (3,164,524)            | 6,404,427         | 5,936,020         | 12,340,447     |
| 14                                   | Total Other Operating Expenses                 | L8:L13                              | 53,925,530     | 5,828,892              | 59,754,423       | 978,023                | 60,732,446        | 6,949,103         | 67,681,548     |
| 15                                   | Total Operating Expenses                       | L7+L14                              | 112,416,738    | 1,531,791              | 113,948,529      | 1,313,327              | 115,261,856       | 6,999,941         | 122,261,797    |
| 16                                   | Net Operating Income                           | L6 - L15                            | 59,137,190     | 2,063,743              | 61,200,933       | (7,936,670)            | 53,264,264        | 22,330,742        | 75,595,005     |
| Adjustments to Net Operating Income: |  |                                     |                |                        |                  |                        |                   |                   |                |
| 17                                   | AFUDC - Debt                                   | Schedules 39 & 15.2                 | 584,977        | 698,812                | 1,283,789        | (44,824)               | 1,238,965         | -                 | 1,238,965      |
| 18                                   | AFUDC - Equity                                 | Schedules 39 & 15.2                 | 1,515,815      | 1,683,883              | 3,199,698        | (488,751)              | 2,710,946         | -                 | 2,710,946      |
| 19                                   | Interest on Customer Deposits                  | Schedule 39                         | (248,154)      | -                      | (248,154)        | -                      | (248,154)         | -                 | (248,154)      |
| 20                                   | Total Adjustments to Net Operating Income      | L17:L19                             | 1,852,638      | 2,382,695              | 4,235,333        | (533,576)              | 3,701,757         | -                 | 3,701,757      |
| 21                                   | Net Operating Income For Return                | L16 + L20                           | \$ 60,989,828  | \$ 4,446,438           | \$ 65,436,266    | \$ (8,470,245)         | \$ 56,966,021     | \$ 22,330,742     | \$ 79,296,763  |

Notes on Schedule 9 - for all adjustments not explained on other schedules

|  |   |
|--|---|
| Adjustment in Col [B], Line 5:         | Adjustment needed for compliance with the Company's approved ARM Tariff (Purchased Gas Expense Adjustments, as defined on ARM Tariff Original Page 6 of 18, Item 5). See referenced Schedule or Workpaper for further details.  |
| Adjustment in Col [B], Line 17 and 18: | Adjustment needed for compliance with the Company's approved ARM Tariff (AFUDC Adjustments, as defined on ARM Tariff Original Page 8 of 18, Item 27). See referenced Schedule or Workpaper for further details.   |
| Adjustment in Col [D], Line 5:         | Adjustment needed for compliance with the Company's approved ARM Tariff (Purchased Gas Expense Adjustments, as defined on ARM Tariff Original Page 11 of 18, Item 5). See referenced Schedule or Workpaper for further details.   |
| Adjustment in Col [D], Line 8:         | Adjustment needed for compliance with the Company's approved ARM Tariff (Depreciation Expense Adjustments, as defined on ARM Tariff Original Page 12 of 18, Item 19). Adjustment also incorporates the approved provisions pertaining to depreciation expense for certain vehicles from the 2023 Settlement Agreement (Paragraph 14 and Exhibit A, Line No. 2) filed in Docket No. 23-00035 on August 21, 2023. |
| Adjustment in Col [D], Line 9:         | Adjustment needed for compliance with the Company's approved ARM Tariff (Amortization Expense for ARM Regulatory Asset Adjustments, as defined on ARM Tariff Original Page 12 of 18, Item 20). See referenced Schedule or Workpaper for further details.  |
| Adjustment in Col [D], Line 17 and 18: | Adjustment needed for compliance with the Company's approved ARM Tariff (AFUDC Adjustments, as defined on ARM Tariff Original Page 13 of 18, Item 27). See referenced Schedule or Workpaper for further details.  |

## **Settlement Schedule 10A**

**Piedmont Natural Gas Company, Inc.**  
Cost of Capital Summary - HBP

| Line No.  | Formula, Schedule or Workpaper Reference | [A]<br>HBP 13-Month Avg Percent of Total | [B]<br>Applicable Cost Rate | [C] = [A * B]<br>(Fair ROR)<br>Pre-Tax Overall Cost of Capital | [D]<br>Tax Factor | [E] = [C * D]<br>Net of Tax Overall Cost of Capital |
|---|--|--|-----------------------------|--|-------------------|---|
| <b>Class Cost of Capital:</b>                               |  |  |                             |  |                   |   |
| 1   | Short-Term Debt                          | Schedule 52Y                             | 4.55%                       | 1.82%  | 0.08%             | 0.755400  |
| 2   | Long-Term Debt                           | Schedule 52Y                             | 45.36%                      | 4.16%  | 1.89%             | 0.755400  |
| 3   | Common Equity                            | Schedule 52Y                             | 50.09%                      | 9.80%  | 4.91%             | 1.000000  |
| 4   | <b>Total</b>                             | L1 + L2 + L3                             | <b>100.00%</b>              | <b>6.88%</b>   |                   | <b>6.40%</b>  |
| <b>Interest Expense of Debt for HBP Reconciliation:</b>     |  |  |                             |  |                   |   |
| 5   | Rate Base                                | Schedule 2                               | \$ 1,064,455,176            |  |                   |   |
| 6   | Short-Term Debt Interest Expense         | L1, Col C x L5                           | 881,475                     |  |                   |   |
| 7   | Long-Term Debt Interest Expense          | L2, Col C x L5                           | 20,086,014                  |  |                   |   |
| 8   | <b>Total Interest Expense</b>            | L6 + L7                                  | <b>\$ 20,967,489</b>        |  |                   |   |
| <b>Return on Equity Calculation for HBP Reconciliation:</b> |  |  |                             |  |                   |   |
| 9   | Total Rate Base                          | Schedule 2 L22 Col C                     | \$ 1,064,455,176            |  |                   |   |
| 10  | Equity Portion of Rate Base              | Line 3                                   | 50.09%                      |  |                   |   |
| 11  | Equity Rate Base                         | L9 * L10                                 | \$ 533,185,598              |  |                   |   |
| 12  | Net Operating Income for Return          | Schedule 9 L21 Col C                     | \$ 65,436,266               |  |                   |   |
| 13  | Interest Expense                         | L6 + L7                                  | 20,967,489                  |  |                   |   |
| 14  | Net Equity Income for Return             | L12 - L13                                | \$ 44,468,777               |  |                   |   |
| 15  | <b>Earned Return on Equity</b>           | L14 / L11                                | <b>8.34%</b>                |  |                   |   |
| 16  | <b>Earned Rate of Return</b>             | L12/L9                                   | <b>6.15%</b>                |  |                   |   |

## **Settlement Schedule 10B**

**Piedmont Natural Gas Company, Inc.**  
Cost of Capital Summary - Annual Base Rate Reset

| Line No.  | Formula, Schedule or Workpaper Reference | [A]<br>End of HBP<br>Percent of<br>Total | [B]<br>Cost Rate     | [C] = [A * B]<br>(Fair ROR)<br>Pre-Tax Overall<br>Cost of Capital | [D]<br>Tax Factor | [E] = [C * D]<br>Net of Tax Overall<br>Cost of Capital |
|---|--|--|----------------------|---|-------------------|--|
| <b>Class Cost of Capital:</b>                                   |  |  |                      |   |                   |  |
| 1   | Short-Term Debt                          | Schedule 52Y                             | 6.81%                | 4.52%   | 0.31%             | 0.23%  |
| 2   | Long-Term Debt                           | Schedule 52Y                             | 44.52%               | 4.21%   | 1.87%             | 1.42%  |
| 3   | Common Equity                            | Schedule 52Y                             | 48.67%               | 9.80%   | 4.77%             | 4.77%  |
| 4   | <b>Total</b>                             | L1 + L2 + L3                             | <b>100.00%</b>       | <b>6.95%</b>  | 1.000000          | <b>6.42%</b>   |
| <b>Interest Expense of Debt for Annual Base Rate Reset:</b>     |  |  |                      |   |                   |  |
| 5   | Rate Base                                | Schedule 2                               | \$ 1,140,671,264     |   |                   |  |
| 6   | Short-Term Debt Interest Expense         | L1, Col [C] x L9                         | 3,511,123            |   |                   |  |
| 7   | Long-Term Debt Interest Expense          | L2, Col [C] x L9                         | 21,379,510           |   |                   |  |
| 8   | <b>Total Interest Expense</b>            | L10 + L11                                | <b>\$ 24,890,633</b> |   |                   |  |
| <b>Return on Equity Calculation for Annual Base Rate Reset:</b> |  |  |                      |   |                   |  |
| 9   | Total Rate Base                          | Schedule 2 L22 Col [E]                   | \$ 1,140,671,264     |   |                   |  |
| 10  | Equity Portion of Rate Base              | Line 3                                   | 48.67%               |   |                   |  |
| 11  | Equity Rate Base                         | L9 * L10                                 | \$ 555,164,704       |   |                   |  |
| 12  | Net Operating Income for Return          | Schedule 9 L21 Col [E]                   | \$ 56,966,021        |   |                   |  |
| 13  | Interest Expense                         | L6 + L7                                  | 24,890,633           |   |                   |  |
| 14  | Net Equity Income for Return             | L12 - L13                                | \$ 32,075,388        |   |                   |  |
| 15  | <b>Earned Return on Equity</b>           | L14 / L11                                | <b>5.78%</b>         |   |                   |  |
| 16  | <b>Earned Rate of Return</b>             | L12/L9                                   | <b>4.99%</b>         |   |                   |  |

## **Settlement Schedule 11**

**Piedmont Natural Gas Company, Inc.**  
Revenue Conversion Factor & Tax Gross Up Factor

| Line No. |  | Formula,<br>Schedule or<br>Workpaper<br>Reference | [A]<br><br><b>Rate</b> | [B]<br><br><b>Balance</b> |
|----------|--|---|------------------------|---------------------------|
| 1        | <b>Revenue Conversion Factor:</b><br>\$1.00 of Operating Revenues  |   |                        | 1.000000                  |
| 2        | Forfeited Discounts Factor   | Schedule 9 Line 2 / Schedule 9 Line 1             | [1] 0.004046           | 0.004046                  |
| 3        | Balance  | L1 + L2   |                        | 1.004046                  |
| 4        | Uncollectible Ratio  | Schedule 29.3                                     | [2] 0.001733           | 0.001740291               |
| 5        | Balance  | L3 - L4   |                        | 1.002306                  |
| 6        | Composite State Excise Tax Rate  | Schedule 52W                                      | 0.034600               | 0.034680000               |
| 7        | Balance  | L5 - L6   |                        | 0.967626                  |
| 8        | Federal Income Tax Rate  |   | 0.210000               | 0.203201                  |
| 9        | Balance  | L7 - L8   |                        | 0.76442471                |
| 10       | <b>Revenue Conversion Factor</b>   | L1 / L9   |                        | <b>1.308173</b>           |
| 11       | <b>Tax Factor:</b><br>\$1.00 of Operating Revenues   |   |                        | 1.000000                  |
| 12       | Composite State Excise Tax Rate  | Line 6  |                        | 0.034600                  |
| 13       | Balance  | Line 11 - Line 12                                 |                        | 0.965400                  |
| 14       | Statutory Federal Income Tax Rate  | Line 8  |                        | 0.210000                  |
| 15       | <b>Tax Factor</b>  | Line 13 - Line 14                                 |                        | <b>0.755400</b>           |
| [1]      | Factor to reflect Forfeited Discount Revenues for the HBP divided by the amount of Gas Sales and Transportation Revenues for the HBP   |   |                        |                           |
| [2]      | Factor to Reflect Margin Revenue Portion of Uncollectible Write-Offs for the HBP divided by the amount of Gas Sales and Transportation Revenues + Forfeited Discount Revenues + Other Revenues for the HBP |   |                        |                           |

## **Settlement Schedule 12**



**Piedmont Natural Gas Company, Inc.**  
Carrying Cost and ARM Reconciliation Deferred Account

| Line<br>No. |   | Formula,<br>Schedule or<br>Workpaper<br>Reference | [A]           |                   |
|-------------|---|---|---------------|-------------------|
|             |   |   | <b>Amount</b> |                   |
|             | <b>Carrying Cost:</b>   |   |               |                   |
| 1           | Total HBP Revenue Requirement Deficiency (Sufficiency)                                    | Schedule 1, L8 Column [A]                         | \$            | 10,182,049        |
| 2           | Net of Tax Overall Cost of Capital  | Schedule 10A, L4 Column [E]                       |               | 6.40%             |
| 3           | Annual Carrying Cost  | L1 * L2   |               | 651,325           |
| 4           | Monthly Carrying Cost   | L 3 / 12  |               | 54,277            |
| 5           | Carrying Cost from July 1 of the HBP through September 30 of year after HBP (15 months)   | L4 * 15   |               | 814,156           |
| 6           | HBP Revenue Requirement Deficiency (Sufficiency) plus Carrying Costs                      | L1 + L5   |               | 10,996,205        |
| 7           | ARM Reconciliation Deferred Account Balance @ March 31 of year after HBP                  | N/A for this filing                               |               | -                 |
| 8           | <b>Amount to be Collected from (or Refunded to) Customers through new ARM Rider Rates</b> | L6 + L7   | \$            | <u>10,996,205</u> |

**Piedmont Natural Gas Company, Inc.**

**Docket No. 23-00035**

**CLEAN VERSION**

**TENNESSEE TARIFF AND SERVICE  
REGULATIONS**

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

## **Index of Tariff & Service Regulations**

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| <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 318</u></a> | <a href="#"><u>Annual Review Mechanism (ARM)</u></a>                        |
| <a href="#"><u>Service Schedule 319</u></a> | <a href="#"><u>GreenEdge<sup>SM</sup> Program</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>                               |

[Tennessee Service Regulations](#)

[Appendix A - Customer Agent Agreement](#)

PIEDMONT NATURAL GAS COMPANY, INC.  
Tennessee Service Territory  
Billing Rates Effective<sup>1</sup>: October 1, 2023

| Rate<br>Schedule   | Description              | Tariff<br>Base Rate<br>Docket No.<br>23-00035<br><1>     | -----Cumulative PGA-----<br>Demand<br><2> | Commodity<br><3> | -----Current ACA-----<br>Demand<br><4a> | Commodity<br><4b> | Current<br>IPA<br><5> | ARM Rider<br>Rates<br><6> | Rate Case<br>Rider <sup>2</sup><br><7> | Total<br>Adj. Factor<br>(Sum Col.2<br>thru Col.7)<br><8> | Billing<br>Rate <sup>3</sup><br>(Col.1 + Col.8)<br><9> |
|--------------------|--------------------------|--|---|------------------|---|-------------------|-----------------------|---------------------------|--|--|--|
| Residential        | Monthly Charge-Nov.-Mar. | \$17.45  |   |                  |   |                   |                       |                           |  |  | \$17.45  |
|                    | Monthly Charge-Apr.-Oct. | \$13.45  |   |                  |   |                   |                       |                           |  |  | \$13.45  |
| 301                | Nov.- Mar. per TH        | 0.68231  | 0.07577                                   | 0.33101          | (0.01933)                               | (0.07851)         | 0.00748               | 0.05164                   | 0.00101                                | 0.36907  | 1.05138  |
| 301                | Apr.- Oct. per TH        | 0.56470  | 0.07577                                   | 0.33101          | (0.01933)                               | (0.07851)         | 0.00748               | 0.05164                   | 0.00101                                | 0.36907  | 0.93377  |
| Small General      | Monthly Charge           | \$44.00  |   |                  |   |                   |                       |                           |  |  | \$44.00  |
| 302                | Nov.- Mar. per TH        | 0.68353  | 0.07577                                   | 0.33101          | (0.01933)                               | (0.07851)         | 0.00748               | 0.04273                   | 0.00085                                | 0.36000  | 1.04353  |
| 302                | Apr.- Oct. per TH        | 0.57095  | 0.07577                                   | 0.33101          | (0.01933)                               | (0.07851)         | 0.00748               | 0.04273                   | 0.00085                                | 0.36000  | 0.93095  |
| Medium General     | Monthly Charge           | \$225.00   |   |                  |   |                   |                       |                           |  |  | \$225.00   |
| 352                | Nov.- Mar. per TH        | 0.58398  | 0.07577                                   | 0.33101          | (0.01933)                               | (0.07851)         | 0.00748               | 0.04273                   | 0.00085                                | 0.36000  | 0.94398  |
| 352                | Apr.- Oct. per TH        | 0.48780  | 0.07577                                   | 0.33101          | (0.01933)                               | (0.07851)         | 0.00748               | 0.04273                   | 0.00085                                | 0.36000  | 0.84780  |
| Motor Vehicle Fuel | Monthly Charge           | varies by customer per their corresponding rate schedule |   |                  |   |                   |                       |                           |  |  |  |
| 343                | Nov.- Mar. per TH        | varies by customer per their corresponding rate schedule |   |                  |   |                   |                       |                           |  |  |  |
| 343                | Apr.- Oct. per TH        | varies by customer per their corresponding rate schedule |   |                  |   |                   |                       |                           |  |  |  |
| 303                | Monthly Charge           | \$800.00   |   |                  |   |                   |                       |                           |  |  | \$800.00   |
| Firm               | Demand Charge per TH     | 0.80000  | 0.82829                                   |                  | (0.18590)                               |                   |                       |                           |  | 0.64239  | 1.44239  |
| General Sales      | First 15,000 TH/TH       | 0.24500  |   | 0.33101          |   | (0.07851)         | 0.00748               | 0.01928                   | 0.00039                                | 0.27965  | 0.52465  |
|                    | Next 25,000 TH/TH        | 0.22050  |   | 0.33101          |   | (0.07851)         | 0.00748               | 0.01928                   | 0.00039                                | 0.27965  | 0.50015  |
|                    | Next 50,000 TH/TH        | 0.15100  |   | 0.33101          |   | (0.07851)         | 0.00748               | 0.01928                   | 0.00039                                | 0.27965  | 0.43065  |
|                    | Over 90,000 TH/TH        | 0.11300  |   | 0.33101          |   | (0.07851)         | 0.00748               | 0.01928                   | 0.00039                                | 0.27965  | 0.39265  |
| 304                | Monthly Charge           | \$800.00   |   |                  |   |                   |                       |                           |  |  | \$800.00   |
| Interruptible      | First 15,000 TH/TH       | 0.17000  |   | 0.33101          |   | (0.07851)         | 0.00748               | 0.00452                   | 0.00009                                | 0.26459  | 0.43459  |
| General Sales      | Next 25,000 TH/TH        | 0.14200  |   | 0.33101          |   | (0.07851)         | 0.00748               | 0.00452                   | 0.00009                                | 0.26459  | 0.40659  |
|                    | Next 50,000 TH/TH        | 0.10927  |   | 0.33101          |   | (0.07851)         | 0.00748               | 0.00452                   | 0.00009                                | 0.26459  | 0.37386  |
|                    | Over 90,000 TH/TH        | 0.04500  |   | 0.33101          |   | (0.07851)         | 0.00748               | 0.00452                   | 0.00009                                | 0.26459  | 0.30959  |
| 313                | Monthly Charge           | \$800.00   |   |                  |   |                   |                       |                           |  |  | \$800.00   |
| Firm               | Demand Charge per TH     | 0.80000  | 0.82829                                   |                  | (0.18590)                               |                   |                       |                           |  | 0.64239  | 1.44239  |
| Transportation     | First 15,000 TH/TH       | 0.24500  |   |                  |   |                   |                       | 0.01928                   | 0.00039                                | 0.01967  | 0.26467  |
|                    | Next 25,000 TH/TH        | 0.22050  |   |                  |   |                   |                       | 0.01928                   | 0.00039                                | 0.01967  | 0.24017  |
|                    | Next 50,000 TH/TH        | 0.15100  |   |                  |   |                   |                       | 0.01928                   | 0.00039                                | 0.01967  | 0.17067  |
|                    | Over 90,000 TH/TH        | 0.11300  |   |                  |   |                   |                       | 0.01928                   | 0.00039                                | 0.01967  | 0.13267  |
| 314                | Monthly Charge           | \$800.00   |   |                  |   |                   |                       |                           |  |  | \$800.00   |
| Interruptible      | First 15,000 TH/TH       | 0.17000  |   |                  |   |                   |                       | 0.00452                   | 0.00009                                | 0.00461  | 0.17461  |
| Transportation     | Next 25,000 TH/TH        | 0.14200  |   |                  |   |                   |                       | 0.00452                   | 0.00009                                | 0.00461  | 0.14661  |
|                    | Next 50,000 TH/TH        | 0.10927  |   |                  |   |                   |                       | 0.00452                   | 0.00009                                | 0.00461  | 0.11388  |
|                    | Over 90,000 TH/TH        | 0.04500  |   |                  |   |                   |                       | 0.00452                   | 0.00009                                | 0.00461  | 0.04961  |
| 310                | Demand Charge per TH     | 0.80000  | 0.82829                                   |                  | (0.18590)                               |                   |                       |                           |  | 0.64239  | 1.44239  |
| Resale Service     | Commodity Charge         | 0.49063  |   | 0.33101          |   | (0.07851)         | 0.00748               | 0.01928                   | 0.00039                                | 0.27965  | 0.77028  |

## NOTES:

1/ Rates effective for bills rendered on and after the first billing cycle of October 2023

2/ Rate Case Rider rates as approved by the Tennessee Public Utility Commission in the March 21, 2022 Hearing in Docket No. 20-00086. These Rider rates are effective beginning April 1, 2022, and terminate at the earlier of April 1, 2025 or when the approved rider amount has been fully recovered.

3/ In accordance with the Tennessee Public Service Commission order in Docket U-7074 customers metered inside Davidson County are required to pay an additional 6.40% for collection of the Metro Franchise Fee. Customers served by the 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><br><b><u>(November-March)</u></b> | <b><u>Summer</u></b><br><b><u>(April-October)</u></b> |
|--------------------------------|--|---|
| Monthly Charge                 | \$17.45  | \$13.45   |
| Commodity Charge (per therm)   | \$.68231   | \$.56470  |

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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.

### **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. 318, "Annual Review Mechanism (ARM)."

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><br><b><u>(November-March)</u></b> | <b><u>Summer</u></b><br><b><u>(April-October)</u></b> |
|--------------------------------|--|---|
| Monthly Charge                 | \$44.00  | \$44.00   |
| Commodity Charge (per therm)   | \$.68353   | \$.57095  |

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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. 318, "Annual Review Mechanism (ARM)."

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 |

|   |          |
|---|----------|
| Commodity Charge (per therm)                |          |
| 1 <sup>st</sup> Step (0-15,000 therms)      | \$.24500 |
| 2 <sup>nd</sup> Step (15,001-40,000 therms) | \$.22050 |
| 3 <sup>rd</sup> Step (40,001-90,000 therms) | \$.15100 |
| 4 <sup>th</sup> Step (Over 90,000 therms)   | \$.11300 |

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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.

### **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. 318, "Annual Review Mechanism (ARM)."

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.

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**BASE MARGIN RATE**

|   |          |
|---|----------|
| Monthly Charge                              | \$800.00 |
| Commodity Charge (per therm)                |          |
| 1 <sup>st</sup> Step (0-15,000 therms)      | \$.17000 |
| 2 <sup>nd</sup> Step (15,001-40,000 therms) | \$.14200 |
| 3 <sup>rd</sup> Step (40,001-90,000 therms) | \$.10927 |
| 4 <sup>th</sup> Step (Over 90,000 therms)   | \$.04500 |

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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. 318, "Annual Review Mechanism (ARM)."

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 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.

## **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 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.

## **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<br>of the Imbalance       | Short<br>(Premium) | Long<br>(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

## **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."

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."



## **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.

### **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. 318, "Annual Review Mechanism (ARM)."

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.

## **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:

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

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

**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.

**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.**

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.**

|       |   |
|-------|---|
| 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.**



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

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") 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 six (6) months or if they have not been removed from the EPP within the last six (6) 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.

## **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)      | \$.24500 |
| 2 <sup>nd</sup> Step (15,001-40,000 therms) | \$.22050 |
| 3 <sup>rd</sup> Step (40,001-90,000 therms) | \$.15100 |
| 4 <sup>th</sup> Step (Over 90,000 therms)   | \$.11300 |

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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. 318, "Annual Review Mechanism (ARM)."

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



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)      | \$.17000 |
| 2 <sup>nd</sup> Step (15,001-40,000 therms) | \$.14200 |
| 3 <sup>rd</sup> Step (40,001-90,000 therms) | \$.10927 |
| 4 <sup>th</sup> Step (Over 90,000 therms)   | \$.04500 |

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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

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. 318, "Annual Review Mechanism (ARM)."

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.

- $HSF_i =$  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 TPUC 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 NO. 318**

### **Annual Review Mechanism (ARM)**

#### **I. OVERVIEW**

##### Applicable

To service provided to customers under all Rate Schedules, including service provided to customers under approved special contracts.

##### Purpose

This Annual Review Mechanism (“ARM”) is implemented under the provisions of Tennessee Code Annotated Section 65-5-103(d)(6), which authorizes the Company to elect to opt into an annual review of the Company's rates. Pursuant to this ARM and the annual filings described herein, the Company's rates shall be adjusted to provide that the Company earns its Authorized Return on Equity on prudently incurred costs as defined by the Tennessee Public Utility Commission (“TPUC” or the “Commission”). The rate adjustments implemented under the ARM, which are to the Company's Base Margin Rates and its ARM Rider Rates, will reflect changes in the Company's jurisdictional operating revenues, cost of service, and rate base. Jurisdictional operating revenues and expenses exclude gains or losses related to gas supply hedging activities, off system sales, other gas supply and capacity secondary marketing activities, and other non-jurisdictional transactions as determined by the Commission. The ARM may be terminated or modified as provided under of Tennessee Code Annotated Section 65-5-103(d)(6)(D).

Piedmont's Base Margin Rates and ARM Rider Rates shall be reset on an annual basis pursuant to the procedures and information specified in this Tariff.

Nothing in this Tariff shall preclude intervenors or the Commission from identifying errors, omissions, or inconsistencies in the Company's ARM calculations, including adjusting such items within the determination of HBP results.

##### Global Definitions

- A. **Annual ARM Filing** shall consist of the components described below. The Company will simultaneously copy the Consumer Advocate on all Annual ARM Filings.
- B. **Annual ARM Filing Date** shall be the date the Company submits its Annual ARM Filing to the TPUC. The Annual ARM Filing Date shall be no later than May 20 of each year. The initial Annual ARM Filing shall be submitted by May 20, 2023 and shall include results for the Historical Base Period of calendar year 2022.

- C. **Annual ARM Proceeding** refers to the annual docketed proceedings in which the Company's Annual ARM Filings shall be reviewed.
- D. **Historic Base Period ("HBP")** is defined as the Company's most recently completed 12-month fiscal year ended December 31 prior to each ARM Annual Filing Date. The initial HBP shall be the 12-month fiscal year ended December 31, 2022.
- E. **Effective Date of ARM Rates** refers to the date that new ARM Rider Rates and new Base Margin Rates take effect. The Effective Date of ARM Rates shall be October 1 of each year pursuant to the Annual ARM Filing. As such, all bills rendered starting with October cycle 1 each year shall be billed under the new ARM Rider Rates and new Base Margin Rates.
- F. **2020 Rate Case Settlement** refers to the Stipulation and Settlement Agreement between Piedmont and the Consumer Advocate filed with the TPUC on February 2, 2021 in Docket No. 20-00086, which was subsequently approved by the TPUC.
- G. **Authorized Return on Equity** is defined as the 9.80% return on equity established in Docket No. 20-00086, or that which is established by the TPUC in any subsequent general rate case for the Company.
- H. **Overall Cost of Capital** is defined as the overall cost of capital for the applicable period, as stated on ARM Filing Schedule 10.
- I. **HBP Net Operating Income Deficiency (Sufficiency)** shall be computed as the difference between the net operating income for return in the HBP and the net operating income for return in the HBP that is required to produce the Authorized Return on Equity.
- J. **HBP Revenue Requirement Deficiency (Sufficiency)** shall be the HBP Net Operating Income Deficiency (Sufficiency) multiplied by the Revenue Conversion Factor.
- K. **Carrying Costs** are computed by applying an interest rate to the HBP Revenue Requirement Deficiency (Sufficiency) from the midpoint date of the HBP to the effective date of the ARM Rider Rates, which reflects a total of 15 months from July 1 of the HBP thru Sept 30 of the following year. The interest rate used shall be the net-of-tax Overall Cost of Capital rate including the Authorized Return on Equity, for the HBP.
- L. **ARM Reconciliation Deferred Account** shall be the interest-bearing regulatory asset or liability account to which the approved HBP Revenue Requirement Deficiency (Sufficiency) and Carrying Costs are recorded each October. The actual collections from customers (or refunds to customers) arising from the ARM Rider Rates shall be applied to the ARM Reconciliation Deferred Account each month in order to relieve its balance. Interest shall be accrued monthly to the ARM Reconciliation Deferred Account at a rate equivalent to the Company's net-of-tax Overall Cost of Capital under which Base Margin Rates were last established. Interest shall be applied to the average of the beginning and ending monthly balances. The ARM Reconciliation Deferred Account shall not be included in rate base for purposes of determining the HBP Net Operating Income Deficiency (Sufficiency) or the Annual Base Rate Reset Net Operating Income Deficiency (Sufficiency).
- M. **ARM Regulatory Asset** shall be the account(s) to which the Company records Interest Deferrals and Depreciation Expense Deferrals associated with plant in service that has not

yet been included in rate base. The Company shall be authorized to establish and include in rate base this ARM Regulatory Asset. The Company shall segregate its deferrals to the ARM Regulatory Asset by HBP. Upon the effective date of new Base Margin Rates each year, the Dec 31 balance of the ARM Regulatory Asset for the most recent HBP shall begin to be amortized evenly over a period of time equivalent to the depreciable life of its underlying plant assets.

- i. **Interest Deferrals:** On a monthly basis, the Company shall record deferred interest to the ARM Regulatory Asset. The rate for such deferred interest shall be the pretax Overall Cost of Capital under which Base Margin Rates were last established. Such deferred interest shall be calculated on all plant placed into service that is not yet included in rate base, and shall continue to accrue and be added to balance of the ARM Regulatory Asset during and after the HBP until such time that the underlying plant is included in rate base. The Company shall take care not to double count the application of Interest Deferrals and the recording of Allowance for Funds Used During Construction (AFUDC). The plant balance upon which the interest deferrals are calculated shall account for incremental plant additions net of a) incremental plant retirements; b) a provision adding or subtracting incremental deferred income taxes on plant assets not yet in rate base; c) a provision subtracting the increase in accumulated depreciation on assets already included in rate base; and d) a provision adding the depreciation expense deferred on assets not yet included in rate base.
  - ii. **Depreciation Expense Deferrals:** On a monthly basis, the Company shall record deferred depreciation expense to the ARM Regulatory Asset on plant not yet included in rate base. This accounting will result in a credit to depreciation expense and a debit to the ARM Regulatory Asset. The deferred depreciation expense shall be calculated on all plant placed into service that is not yet included in rate base, and shall continue to be added to the balance of the ARM Regulatory Asset during and after the HBP until such time that the underlying plant is included in rate base.
- N. **Annual Base Rate Reset Net Operating Income Deficiency (Sufficiency)** shall be computed as the difference in the net operating income for return for the Annual Base Rate Reset period under present Base Rates less the net operating income for return for the Annual Base Rate Reset period that is required to produce the Authorized Return on Equity.
- O. **Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency)** shall be the Annual Base Rate Reset Net Operating Income Deficiency (Sufficiency) multiplied by the Revenue Conversion Factor.
- P. **New Matters** refers to any issue, adjustment and/or ambiguity in or for any account, method of accounting or estimation, or ratemaking topic that would directly or indirectly affect the Annual ARM Filing for which there is no explicit prior determination by the TPUC regarding the Company since the 2020 Rate Case Settlement.
- Q. **ARM Rider Rates** refer to the customer billing rates per therm intended to relieve the ARM Reconciliation Deferred Account Balance over a 12-month period. The ARM Rider Rates will be updated each year on the Effective Date of ARM Rates. In each Annual ARM Filing, the Company shall propose new ARM Rider Rates based on the ARM

Deferred Account Balance at March 31 of the year after the HBP plus the current Annual ARM Proceeding's HBP Revenue Requirement Deficiency (Sufficiency) and Carrying Costs.

- R. **Base Rates** refer to those base rates per therm shown in Columns <1>, <2> and <3> of the Company's Tariff Sheet No. 1.
- i. **Base Margin Rates** refer to those base rates per therm shown in Column <1> of the Company's Tariff Sheet No. 1. The Base Margin Rates will be adjusted each year on the Effective Date of ARM Rates in accordance with the approved Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency).
  - ii. **Base PGA Rates** refer to those base rates per therm shown in Columns <2> and <3> of the Company's Tariff Sheet No. 1, which 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".
- S. **Applicable Rate Schedules** are the Rate Schedules for which the ARM Rider Rates and the Base Margin Rates as updated under the ARM shall apply. The Applicable Rate Schedules are Rate Schedules 301, 302, 343, 352, 303, 304, 310, 313 and 314, which represent all of Piedmont's Rate Schedules.
- T. **Revenue Conversion** Factor shall be computed consistent with the paragraph 14.m. of the 2020 Rate Case Settlement.

#### Components of the Annual ARM Filing

On the Annual ARM Filing Date each year, the Company shall file with the TPUC schedules and workpapers that calculate the HBP Revenue Requirement Deficiency (Sufficiency) and the Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency) in accordance with this tariff. The Company's Annual ARM Filing shall specifically include the following:

1. ARM Filing Schedules, described in Section IV herein.
2. Workpapers supporting the ARM Filing Schedules (in electronic, native format with formulas intact).
3. Direct Testimony supporting the ARM Filing Schedules and requested rate adjustments, and also specifically including:
  - a. An explanation of the nature and extent of incremental deferred environmental expenses, pursuant to the requirements of para. 17.i. of the 2020 Rate Case Settlement; and
  - b. An explanation and support to demonstrate that incremental pension deferral amounts were prudently incurred to meet the Company's obligation to qualified employees and retirees, pursuant to the requirements of para. 17.b. of the 2020 Rate Case Settlement.<sup>1</sup>

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<sup>1</sup> Pursuant to Commission Order issued July 25, 2022 in Docket No. 21-00135, no additional regulatory asset for pension or OPEB above the amount that was authorized for recovery in Piedmont's last rate case shall be established for ratemaking purposes unless the Company first obtains express approval from the Commission.

4. Attestation from a Company officer, signed and notarized.
5. Proposed Tariff Changes.
6. Proposed Procedural Schedule.

## **II. HBP RECONCILIATION**

The following methodologies shall be used in the ARM Filing Schedules, supporting workpapers and computations necessary to calculate the Company's HBP Revenue Requirement Deficiency (Sufficiency).

The HBP Revenue Requirement Deficiency (Sufficiency) and Carrying Costs shall be recovered through the ARM Rider Rates. The ARM Rider Rates shall be established for the Applicable Rate Schedules based on the amount of the ARM Reconciliation Deferred Account balance at March 31 of the year after the HBP plus the current Annual ARM Proceeding's HBP Revenue Requirement Deficiency (Sufficiency) and Carrying Costs.

The ARM Rider Rates shall be developed for each Applicable Rate Schedule based upon the respective customer billing determinants used in the computation of the Gas Sales and Transportation Revenues under Section III of this Tariff. In its Annual ARM Filing, Piedmont shall make a proposal for how to allocate any amount of HBP Revenue Requirement Deficiency (Sufficiency) among the Applicable Rate Schedules and the specific design for how the ARM Rider Rates are to be increased (decreased) for each Applicable Rate Schedule in accordance with the approved methodologies. Any intervenor party may make its own proposal for how the revenue deficiency (sufficiency) should be allocated to the Applicable Rate Schedules and the rate design for any increase (decrease) in the ARM Rider Rates. Based upon a final determination that the ARM Rider Rates need to be increased (decreased), the Commission shall order such increase (decrease) in the ARM Rider Rates be based upon the proposals of the parties or such other revenue allocation and rate design decision as it may find to be in the public interest.

### Operating Revenues

- 1) **Gas Sales and Transportation Revenues** shall reflect such actual revenues from Base Rates billed for service provided to customers pursuant to the provisions of the Company's TPUC-approved rates and charges (including special contracts) and recorded during the HBP.
- 2) **Forfeited Discount Revenues** shall reflect such actual revenues related to service provided to customers pursuant to the provisions of Company's TPUC-approved rates and charges (including special contracts) and recorded during the HBP.
- 3) **Other Revenues** shall reflect such actual revenues related to service provided to customers pursuant to the provisions of Company's TPUC-approved rates and charges (including special contracts) and HomeServe Warranty Program revenues as recorded during the



HBP, exclusive of revenues related to off system sales, other gas supply and capacity secondary marketing activities, and customer cash-out activities.

- 4) **Margin Revenues** shall reflect the sum of the Gas Sales and Transportation Revenues, Forfeited Discount Revenues and Other Revenues described herein, less Purchased Gas Expenses [Cost of Gas].

Operating Expenses

- 5) **Purchased Gas Expenses [Cost of Gas]** shall be set equivalent to the PGA portion of the actual Gas Sales and Transportation Revenues during the HBP. Note that the actual purchased gas expenses are recorded to general ledger account 804, and are recovered by the Company through the PGA mechanism.
- 6) **Other Purchased Gas Expenses** shall reflect such actual expenses recorded during the HBP. Note that these are expenses not eligible for recovery by the Company through the PGA mechanism.
- 7) **Uncollectible & Bad Debt Expenses** shall reflect such actual expenses recorded during the HBP.
- 8) **Lobbying Expenses** recorded during the HBP shall be entirely excluded from the computation of Operating Expense.
- 9) **Employee Salaries & Wages Expenses** shall reflect such actual expenses recorded during the HBP, exclusive of any such expenses related to lobbying activities and any such costs deemed excessive or not otherwise in the public interest.
- 10) **Employee Incentive Compensation Expenses** shall reflect such actual expenses recorded during the HBP, exclusive of any such expenses related to lobbying activities. Also, fifty percent of the STIP expenses recorded during the HBP and one hundred percent of the LTIP expenses recorded during the HBP shall be excluded from the computation of Operating Expenses, consistent with paragraph 14.h. of the 2020 Rate Case Settlement.
- 11) **Amortization Expenses for Deferred Rate Case Expenses for Docket No. 20-00086** recorded during the HBP shall be entirely excluded from the computation of Operating Expense, consistent with paragraphs 14.k. and 17.f. of the 2020 Rate Case Settlement.
- 12) **Amortization Expenses for Deferred Environmental Costs** shall reflect the unamortized portion of previously-approved deferred environmental costs in accordance with the previously-approved amortization period. The Company may seek recovery of Environmental Costs incurred during the HBP, in accordance with Section III. Annual Base Rate Reset of this Tariff, upon a showing of prudence and that such costs are not recoverable through insurance policies.
- 13) **Amortization Expenses for Deferred Pension Costs** shall reflect the annual expense for unamortized balance of the pension regulatory asset included in the agreed-upon rate base in the Company's last rate case in accordance with the approved amortization period from the Company's last rate case.
- 14) **Other Pension Expenses and OPEB Expenses** shall be the Tennessee jurisdictional portion of the actuarially-determined minimum contribution requirement. Any Pension and

OPEB expenses computed and recorded in accordance with GAAP, including actual contributions, during the HBP shall be excluded.

- 15) **Expense for Allocated Return on DEBS Assets** shall reflect such actual expenses properly incurred, and charged to the Company's Tennessee jurisdiction during the HBP, adjusted to reflect a return based on the Authorized Return on Equity, and exclusive of any such expense related to return on DEBS pension assets. Such return shall be applied to the balance of DEBS assets net of Accumulated Depreciation and Accumulated Deferred Income Taxes (ADIT). Recoverable expenses shall exclude any such expense related to the return on DEBS pension assets.
- 16) **Expense for TPUC Fee** shall reflect such actual expenses recorded during the HBP.
- 17) **Other O&M Expenses** shall reflect such actual expenses recorded during the HBP including HomeServe Warranty Program expenses, as well as recoverable promotional and advertising expenses consistent with Commission Rule 1220-04-05-.45, exclusive of any such expenses related to lobbying activities, and shall reflect costs necessary in the provision of natural gas service.
- 18) **Other Expense Adjustments** shall reflect adjustments made by the Company to exclude any known expenses improperly recorded as an Operating Expense during the HBP.
- 19) **Depreciation Expenses** shall reflect such actual expenses recorded during the HBP, net of credits recorded during the HBP related to Depreciation Expense Deferrals.
- 20) **Amortization Expenses for ARM Regulatory Asset** shall reflect such actual expenses recorded during the HBP related to relieving the ARM Regulatory Asset pursuant to approvals granted in prior Annual ARM Proceedings.
- 21) **Payroll Tax Expenses** shall reflect such actual expenses recorded during HBP, adjusted to comport with the labor and other compensation expense adjustments described herein.
- 22) **Property Tax Expenses** shall reflect such actual expenses recorded during the HBP.
- 23) **Other General Tax Expense** shall reflect such actual expenses recorded during the HBP.
- 24) **Amortization of Investment Tax Credit** shall reflect such actual expenses recorded during the HBP.
- 25) **State Excise Tax Expense** shall be computed using the Company's composite state tax rate in effect December 31 of the HBP, and in alignment with the representation of the adjusted revenues and expenses herein including synchronized interest on debt. The Company shall notify the Commission and the Consumer Advocate of any change in the state tax rates which comprise the Company's composite state tax rate.
- 26) **Federal Income Tax Expense** shall be computed using the statutory federal tax rate in effect as of December 31 of the HBP, and in alignment with the representation of the adjusted revenues and expenses herein including synchronized interest on debt. Federal Income Tax Expense shall be further adjusted for the amortized return of protected federal excess accumulated deferred income taxes ("EDIT") resulting from the 2017 Tax Act.

#### Adjustments to Net Operating Income

- 27) **AFUDC** shall reflect the 13-month average CWIP balance during the HBP multiplied by the Overall Cost of Capital in the HBP including the Authorized Return on Equity.
- 28) **Interest on Customer Deposits** shall reflect such actuals recorded during the HBP.

Rate Base

- 29) **Utility Plant in Service** shall reflect the 13-month average of the actual end-of-month (“EOM”) balances for the HBP and the month prior to the HBP. Any amount recorded to plant in service that is not truly used in providing service to customers should be removed from general ledger account 101 and either written off or reclassified to an appropriate general ledger account. The Company has the burden to demonstrate the accuracy of recordings to plant in service.
- 30) **Accumulated Depreciation** shall reflect the 13-month average of the actual EOM balances for the HBP and the month prior to the HBP.
- 31) **CWIP** shall reflect the 13-month average of the actual EOM balances, exclusive of fifty percent of STIP costs and one hundred percent of LTIP costs recorded to CWIP during the HBP and the month prior to the HBP, consistent with paragraph 14.h. of the 2020 Rate Case Settlement. Pension and OPEB cost loadings to construction projects and accounted for in CWIP shall be accounted for consistent with how such expenses are recoverable in the HBP (see above item 14 – Other Pension and OPEB expenses).
- 32) **ARM Regulatory Asset** shall reflect the 13-month average of the actual EOM balances for the HBP, excluding the components of such balance associated with the Interest Deferrals.
- 33) **ADIT** shall reflect the 13-month average of the actual EOM balances for the HBP and the month prior to the HBP, exclusive of any amounts related to unprotected federal EDIT subject to refund to customers pursuant to the TPUC's August 6, 2019 Order in Docket No. 18-00040. Items included in ADIT should be determined consistent with the inclusion/exclusion of revenue and expense items represented in the HBP. The Company shall notify the Commission and the Consumer Advocate of any change in the state tax rates which comprise the Company's composite state tax rate. Any state tax rate change will result in an excess or deficient ADIT balance and that such excess or deficiency should be preserved on the Company's books for appropriate regulatory treatment within subsequent ARM filings.
- 34) **Cash Working Capital (Lead-Lag)** shall be computed in conformity with the lag days and categories of revenue and expense in the 2020 Rate Case Settlement.
- 35) **Other Working Capital** shall reflect the 13-month average of the actual EOM balances for the HBP and the month prior to the HBP, for the following:
- a. Material and Supplies
  - b. Gas Inventory
  - c. Prepaid Insurance
  - d. Fleets & Overheads
  - e. Accounts Payables applicable to CWIP

- f. Accounts Payables applicable to Materials and Supplies
- g. Customer Deposits
- h. Interest on Customer Deposits
- i. Accrued Vacation
- j. The Company may request recovery of any Deferred Debits for Environmental Costs. The Company shall bear the burden of proof that such costs are appropriately included in rate base.
- k. Pension Costs: Piedmont shall be allowed to recover through the ARM the unamortized balance of the pension regulatory asset included in the agreed-upon rate base in the Company's last rate case in Docket No. 20-00086 through annual expense amortizations over the remaining portion of the authorized eight-year amortization period. No additional regulatory asset for pensions or OPEBs above the amount that was authorized in Piedmont's last rate case shall be established for ratemaking purposes unless the Company first obtains express approval from the Commission.

#### Capitalization

- 36) **Capital Structure** shall reflect the actual long-term debt, short-term-debt and common equity (not including the impact of goodwill) each as a percentage of total average capitalization for the 13-month period ending December 31 of the HBP.
- 37) **Long Term Debt Cost** shall reflect the actual average embedded cost of long-term debt for the 13-month period ending December 31 of the HBP. The computation of the embedded cost of long-term debt shall include an adjustment for unamortized loss on reacquired debt and credit facility fees.
- 38) **Short Term Debt Cost** shall reflect the actual average cost rate of short-term debt borrowings (Piedmont's intercompany money pool borrowings) for the 13-month period ending December 31 of the HBP.
- 39) **Authorized Return on Equity** as defined in Section I of this Tariff.

### **III. ANNUAL BASE RATE RESET**

The following methodologies shall be used in the ARM Filing Schedules, supporting workpapers and computations necessary to calculate the Company's Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency).

The updated Base Rates for each Applicable Rate Schedule shall be developed based upon the respective customer billing determinants the used in the computation of the Gas Sales and Transportation Revenues as set forth in Section III of this Tariff herein. In its Annual ARM Filing, Piedmont shall make a proposal for how to allocate any amount of Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency) among the Applicable Rate Schedules and the specific design for how the updated Base Rates are to be increased (decreased) for each Applicable

Rate Schedule in accordance with the approved methodologies. Any intervenor party may make its own proposal for how the revenue deficiency (sufficiency) should be allocated to the Applicable Rate Schedules and the rate design for any increase (decrease) in the Base Rates for the Annual Base Rate Reset. Based upon a final determination that the Base Rates need to be increased (decreased), the Commission shall order such increase (decrease) in the Base Rates be based upon the proposals of the parties or such other revenue allocation and rate design decision as it may find to be in the public interest.

### Operating Revenues

- 1) **Gas Sales and Transportation Revenues** shall be computed, as follows:
  - a. For service rendered under Rate Schedules 301 (Residential), 302 (Small General) and 352 (Medium General) respectively, the actual usage during the 12-month period comprising the HBP shall be normalized for weather. For this purpose, Normal Heating Degree Days (NHDD) shall be the average of the actual daily heating degree days experienced in the 30-year period ending December 31 of each HBP. A simple linear regression analysis<sup>2</sup> using actual heating degree days for each month of the HBP, actual usage by rate schedule for each month of the HBP, and the monthly NHDD will be performed to derive the normalized base load usage and heat-sensitive usage per customer for each rate schedule. Such normalized base load usage and heat-sensitive usage per customer for each rate schedule shall then be aligned with the monthly NHDD and actual number of bills rendered each month of the HBP to establish the total normalized customer usage by month by rate schedule. Normalized revenues shall then be computed by applying the present Base Rates (clean rates, which are the rate components shown in columns <1>, <2> and <3> on the Company's Tariff Sheet No. 1, and excluding ARM Rider Rates and all other non-base rates) to the derived normalized monthly customer usage and associated monthly customer count for each rate schedule.
  - b. For service rendered under Rate Schedules 303 (Large General Sales - Firm), 304 (Large General Sales - Interruptible), 310 (Resale Service), 313 (Large General Transportation - Firm), 314 (Large General Transportation - Interruptible) and 343 (Motor Vehicle Fuel Service), revenues shall be computed by applying the present Base Rates (clean rates, which are the rate components shown in columns <1>, <2> and <3> on the Company's Tariff Sheet No. 1, and excluding ARM Rider Rates and all other non-base rates to the actual monthly customer usage and customer count for each rate schedule during the HBP.

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<sup>2</sup> The methodology for computing and updating base load and heat sensitivity factors shall be the simple linear regression analysis methodology ordered by the Commission for Atmos Energy Corporation in Docket No. 14-00146 and Chattanooga Gas Company in Docket No. 18-00017. The updated base load and heat sensitivity factors shall be utilized for the Company's WNA for the applicable period of time immediately following the TPUC's decision on the Company's Annual ARM Filing.

- c. For service rendered under special contracts, revenues shall be the actuals recorded during the HBP. Should a special contract customer move to a tariff rate during or after the completion of the HBP, the revenue for that customer shall instead be computed pursuant to subpart a or b above, as warranted.
- 2) **Forfeited Discount Revenues** shall reflect such actual revenues related to service provided to customers pursuant to the provisions of Company's TPUC-approved rates and charges (including special contracts) and recorded during the HBP.
- 3) **Other Revenues** shall reflect such actual revenues related to service provided to customers pursuant to the provisions of Company's TPUC-approved rates and charges (including special contracts) and HomeServe Warranty revenues as recorded during the HBP, exclusive of revenues related to off system sales, other gas supply and capacity secondary marketing activities, and customer cash-out activities.
- 4) **Margin Revenues** shall reflect the sum of the Gas Sales and Transportation Revenues, Forfeited Discount Revenues and Other Revenues, net of the amount of Purchased Gas Expenses.

#### Operating Expenses

- 5) **Purchased Gas Expenses [Cost of Gas]** shall be set equivalent to the computed PGA portion of Gas Sales and Transportation Revenues.
- 6) **Other Purchased Gas Expenses** shall reflect such actual expenses recorded during the HBP. Note that these are expenses not recovered by the Company through the PGA mechanism.
- 7) **Uncollectible & Bad Debt Expenses** shall reflect such actual expenses recorded during the HBP.
- 8) **Lobbying Expenses** recorded during the HBP shall be entirely excluded from the computation of Operating Expense.
- 9) **Employee Salaries & Wages Expenses** shall reflect such actual expenses recorded during the HBP, exclusive of any such expenses related to lobbying activities and any such costs deemed excessive or not otherwise in the public interest.
- 10) **Employee Incentive Compensation Expenses** shall reflect such actual expenses recorded during the HBP, exclusive of any such expenses related to lobbying activities. Also, fifty percent of the STIP expenses recorded during the HBP and one hundred percent of the LTIP expenses recorded during the HBP shall be excluded from Operating Expenses, consistent with paragraph 14.h. of the 2020 Rate Case Settlement.
- 11) **Amortization Expenses for Deferred Rate Case Expenses for Docket No. 20-00086** recorded during the HBP shall be entirely excluded from the computation of Operating Expense, consistent with paragraphs 14.k. and 17.f. of the 2020 Rate Case Settlement.

- 12) **Amortization Expenses for Deferred Environmental Costs** shall reflect the unamortized portion of previously-approved deferred environmental costs in accordance with the previously-approved amortization period. The Company may also herein seek recovery of Environmental Costs incurred during the HBP upon a showing of prudence and that such costs are not recoverable through insurance policies, and such Environmental Costs shall be represented herein in accordance with the previously-approved amortization period.
- 13) **Amortization Expenses for Deferred Pension Costs** shall reflect the unamortized balance of the pension regulatory asset included in the agreed-upon rate base in the Company's last rate case in accordance with the approved amortization period from the Company's last rate case.
- 14) **Other Pension Expenses and OPEB Expenses** shall be the Tennessee jurisdictional portion of the actuarially-determined minimum contribution requirement. Any Pension and OPEB expenses computed and recorded in accordance with GAAP, including actual contributions, during the HBP shall be excluded.
- 15) **Expense for Allocated Return on DEBS Assets** shall reflect such actual expenses properly incurred, and charges to the Company's Tennessee jurisdiction during the HBP, adjusted to reflect a return based on the Authorized Return on Equity, and exclusive of any such expense related to return on DEBS pension assets. Such return shall apply to the balance of DEBS assets net of Accumulated Depreciation and Accumulated Deferred Income Taxes (ADIT). Recoverable expenses shall exclude any such expense related to the return on DEBS pension assets.
- 16) **Expense for TPUC Fee** shall reflect such actual expenses recorded during the HBP.
- 17) **Other O&M Expenses** shall reflect such actual expenses recorded during the HBP including HomeServe Warranty Program expenses, as well as recoverable promotional and advertising expenses consistent with Commission Rule 1220-04-05-.45, exclusive of any such expenses related to lobbying activities, and shall reflect costs necessary in the provision of natural gas service.
- 18) **Other Expense Adjustments** shall reflect adjustments made by the Company to exclude any known expenses improperly recorded as an Operating Expense during the HBP.
- 19) **Depreciation Expenses** shall be computed as annualized depreciation expense aligned with the actual December 31 HBP balance of Utility Plant in Service. Depreciation expenses shall be computed using the depreciation rates approved by the Commission in the Company's most recent general rate case or any subsequent approval.
- 20) **Amortization Expenses for ARM Regulatory Asset** shall be computed as annualized amortization expense aligned with the actual December 31 HBP balance of the ARM Regulatory Asset pursuant to approvals granted in prior Annual ARM Proceedings.
- 21) **Payroll Tax Expenses** shall reflect such actual expenses recorded during HBP, adjusted to comport with the labor and other compensation expense adjustments.
- 22) **Property Tax Expenses** shall reflect such actual expenses recorded during the HBP.

- 23) **Other General Tax Expense** shall reflect such actual expenses recorded during the HBP.
- 24) **Amortization of Investment Tax Credit** shall reflect such actual expenses recorded during the HBP.
- 25) **State Excise Tax Expense** shall be computed using the Company's composite state tax rate in effect as of December 31 of the HBP, and in alignment with the representation of the adjusted revenues and expenses as described including synchronized interest on debt. The Company shall notify the Commission and the Consumer Advocate of any change in the state tax rates which comprise the Company's composite state tax rate.
- 26) **Federal Income Tax Expense** shall be computed using the statutory federal tax rate in effect as of December 31 of the HBP, and in alignment with the representation of the adjusted revenues and expenses herein including synchronized interest on debt. Federal Income Tax Expense shall be further adjusted for the amortized return of protected federal excess accumulated deferred income taxes ("EDIT") resulting from the 2017 Tax Cuts and Jobs Act.

Adjustments to Net Operating Income

- 27) **AFUDC** shall be represented as the CWIP balance at December 31st of the HBP multiplied by the Overall Cost of Capital at December 31st of the HBP including the Authorized Return on Equity.
- 28) **Interest on Customer Deposits** shall reflect such actuals recorded during the HBP.

Rate Base

- 29) **Utility Plant in Service** shall reflect the actual December 31 HBP balance. Any amount recorded to plant in service that is not truly used in providing service to customers should be removed from Account 101 and either written off or reclassified to an appropriate account. The Company has the burden to demonstrate the accuracy of recordings to Plant in Service.
- 30) **Accumulated Depreciation** shall reflect the actual December 31 HBP balance.
- 31) **CWIP** shall reflect the actual December 31 HBP balance, exclusive of fifty percent of STIP costs and one hundred percent of LTIP costs recorded to CWIP during the HBP, consistent with paragraph 14.h. of the 2020 Rate Case Settlement. Pension and OPEB cost loadings to construction projects and accounted for in CWIP shall be accounted for consistent with how such expenses are recoverable in the HBP (see above item 14 – Other Pension and OPEB expenses).
- 32) **ARM Regulatory Asset** shall reflect the actual unamortized December 31 HBP balance.
- 33) **ADIT** shall reflect the actual December 31 HBP balance, exclusive of any amounts related to the unprotected federal EDIT subject to refund to customers pursuant to the TPUC's August 6, 2019 Order in Docket No. 18-00040. Items included in ADIT should



- be determined consistent with the inclusion/exclusion of revenue and expense items reflected in the HBP.
- 34) **Cash Working Capital (Lead-Lag)** shall be computed in conformity with the lag days and categories of revenue and expense in the 2020 Rate Case Settlement.
- 35) **Other Working Capital** shall reflect the 13-month average of the actual EOM balances for the HBP and the month prior to the HBP, for the following:
- a. Material and Supplies
  - b. Gas Inventory
  - c. Prepaid Insurance
  - d. Fleets & Overheads
  - e. Accounts Payables applicable to CWIP
  - f. Accounts Payables applicable to Materials and Supplies
  - g. Customer Deposits
  - h. Interest on Customer Deposits
  - i. Accrued Vacation
  - j. The Company may request recovery of any Deferred Debits for Environmental Costs. It shall bear the burden of proof that such costs are appropriately included in Rate Base.
  - k. Pension Costs: Piedmont shall be allowed to recover through the ARM the unamortized balance of the pension regulatory asset included in the agreed-upon rate base in the Company's last rate case in Docket No. 20-00086 through annual expense amortizations over the remaining portion of the authorized eight-year amortization period. No additional regulatory asset for pensions or OPEBs above the amount that was authorized in Piedmont's last rate case shall be established for ratemaking purposes unless the Company first obtains express approval from the Commission.

#### Capitalization Components

- 36) **Capital Structure** shall reflect the long-term debt, short-term-debt and common equity (not including the impact of goodwill) each as a percentage of total capitalization as of December 31 of the HBP.
- 37) **Long Term Debt Cost** shall reflect the actual embedded cost of long-term debt as of December 31 of the HBP. The computation of the embedded cost of long-term debt shall include an adjustment for unamortized loss on reacquired debt and credit facility fees.
- 38) **Short Term Debt Cost** shall reflect the computed average cost rate of short-term debt borrowings (Piedmont's intercompany money pool borrowings) during the HBP.
- 39) **Authorized Return on Equity** as defined in Section I of this tariff

#### **IV. ARM FILING SCHEDULES**

| <b>LEAD SCHEDULES</b> |  |
|-----------------------|--|
| 1                     | Results of Operations  |
| 2                     | Rate Base  |
| 3                     | Lead Lag Results   |
| 4A                    | Working Capital Expense Lag for HBP                            |
| 4B                    | Working Capital Expense Lag for Annual Base Rate Reset         |
| 5                     | O&M Expense Summary  |
| 6A                    | Revenue Summary  |
| 6B                    | Revenue Detail   |
| 7                     | General Tax Summary  |
| 8                     | Excise and Income Tax Summary                                  |
| 9                     | Income Statement under Present Rates & Proposed Rates          |
| 10                    | Cost of Capital Summary  |
| 11                    | Revenue Conversion Factor & Tax Gross Up Factor                |
| 12                    | Carrying Costs and ARM Reconciliation Deferred Account Balance |

| <b>RATE BASE SCHEDULES</b> |   |
|----------------------------|---|
| 13                         | Utility Plant in Service – End of Month Balances, calculation of 13 month average balance                         |
| 14                         | Depreciation Expense – Calculation of Depreciation and Amortization Expense based on HBP Utility Plant in Service |
| 15                         | Construction Work in Progress – End of Month Balances, calculation of 13 month average balance                    |
| 16                         | Accumulated Depreciation – End of Month Balances, calculation of 13 month average balance                         |
| 17                         | Contributions in Aid of Construction – End of Month Balances, calculation of 13 month average balance             |
| 18                         | ADIT – End of Month Balances, calculation of 13 month average balance   |
| 19                         | Cash Working Capital – Summary of 13 month average balance  |
| 20                         | ARM Regulatory Asset Balances and Activity by Month   |

| <b>REVENUE SCHEDULES</b> |   |
|--------------------------|---|
| 21                       | Historic Base Period Revenue Components by Rate Schedule & Special Contract     |
| 22A                      | Annual Base Rate Reset Total Revenues by Rate Schedule and Special Contract     |
| 22B                      | Annual Base Rate Reset Revenue Components by Rate Schedule and Special Contract |
| 23                       | Annual Base Rate Reset Other Revenues   |
| 24                       | Summary of Normalized Billing Determinants and Proposed Margin Revenues         |
| 25                       | Proof of Revenue at Proposed Rates  |
| 26                       | Revenue Changes by Rate Schedule  |
| 27                       | Normal Heating Degree Days  |
| 28                       | Factors for Weather Normalization Adjustment (WNA)                              |

| <b>O&amp;M EXPENSE SCHEDULES</b> |  |
|----------------------------------|--|
| 29                               | Customer Accounts & Service Expense, including uncollectible ratio calculation |
| 30                               | Employee Salary and Wage Expense   |
| 31                               | Employee Short Term Compensation Expense                                       |
| 32                               | Employee Long Term Compensation Expense  |
| 33                               | Deferred Environmental Regulatory Amortization and Cost Support                |

|    |  |
|----|--|
| 34 | Deferred Pension Regulatory Amortization and Pension Plan Contribution Support       |
| 35 | Return on Service Company (DEBS) Assets  |
| 36 | Other Pension Expense  |
| 37 | Lobbying Expense, Charitable Contribution, Social Club Membership Adjustment         |
| 38 | Promotional and Advertising Expenses, consistent with Commission Rule 1220-04-05-.45 |

| <b>FINANCIAL REPORTS</b> |   |
|--------------------------|---|
| 39                       | Tennessee Allocated Income Statement, including details of all revenues and expenses for the HomeServe Warranty Program |
| 40A                      | Total Piedmont Regulatory View Year End Income Statement  |
| 40B                      | Total Piedmont SEC View Year End Income Statement   |
| 40C                      | Parent (Duke Energy Corporation) Year End Income Statement  |
| 40D                      | Service Company (DEBS) Year End Income Statement  |
| 40E                      | Total Piedmont Regulatory View Year End Balance Sheet   |
| 40F                      | Total Piedmont SEC View Year End Balance Sheet  |
| 40G                      | Parent (Duke Energy Corporation) Year End Balance Sheet   |
| 40H                      | Service Company (DEBS) Year End Balance Sheet   |
| 41A                      | Total Piedmont Monthly Trial Balance Regulatory View  |
| 41B                      | Total Piedmont Monthly Trial Balance SEC View   |
| 41C                      | Parent (Duke Energy Corporation) Monthly Trial Balance Regulatory View  |
| 41D                      | Parent (Duke Energy Corporation) Monthly Trial Balance SEC View   |
| 41E                      | Service Company (DEBS) Monthly Trial Balance Regulatory View  |
| 41F                      | Service Company (DEBS) Monthly Trial Balance SEC View   |

| <b>OTHER INFORMATIONAL SCHEDULES</b> |   |
|--------------------------------------|---|
| 42                                   | Piedmont Capital Budget for Tennessee operations for year subsequent to HBP         |
| 43                                   | Piedmont Operating Budget for the year subsequent to the HBP                        |
| 44                                   | Piedmont Jurisdictional Allocation Factors: Composite Factors                       |
| 45                                   | Piedmont Jurisdictional Allocation Factors: Net Plant Factors                       |
| 46                                   | Cost Allocation Manual  |
| 47                                   | Corporate Organizational Structure  |
| 48                                   | List of Company Officers  |
| 49                                   | Pension and OPEB actuarial reports  |
| 50                                   | Employee Incentive Compensation Plan documents                                      |
| 51                                   | Impact of any new accounting pronouncements   |
| 52                                   | Additional workpapers as required, and referenced to applicable ARM Filing Schedule |

| <b>Schedule 52: List of Additional Workpapers</b>  |  |
|--|--|
| <b>RATE BASE WORKPAPERS</b>  |  |
| UPIS – Monthly Activity by plant account, to provide support for ARM Schedule 13 and 14  |  |
| CWIP – Actual Capital Expenditures by Category and Project Number, to provide support for ARM Schedule 15  |  |
| ACC DEPR – Monthly Activity by plant account, to provide support for ARM Schedule 16   |  |
| WC – Calculation of 13 month average balance of Working Capital by category, to provide support for ARM Schedule 19  |  |
| ARM Reg Asset – Monthly activity, to provide support for ARM Schedule 20   |  |
| <b>REVENUE WORKPAPERS</b>  |  |
| Regression Analysis for the Computation of Base Rate Reset Billing Determinants, to provide support for ARM Schedules 22A, 22B & 28                                  |  |
| Calculation of 30-year Average Heating Degree Days, to provide support for ARM Schedule 27   |  |
| Per Books for the 12ME 12/31/20 Revenue Categories, to provide support for ARM Schedule 6A Column A  |  |
| ADIT Refund Elimination, to provide support for ARM Schedule 6A, Line 7, Column A  |  |
| <b>O&amp;M EXPENSE WORKPAPERS</b>  |  |
| Other Purchased Gas Expense Excluding Payroll and Incentive Compensation, to provide support for ARM Schedule 5 Line 1   |  |
| Gas Storage Expense Excluding Payroll and Incentive Compensation, to provide support for ARM Schedule 5 Line 2   |  |
| Transmission Expense Excluding Payroll and Incentive Compensation, to provide support for ARM Schedule 5 Line 3  |  |
| Distribution Expense Excluding Payroll and Incentive Compensation, to provide support for ARM Schedule 5 Line 4  |  |
| Sales Expense Excluding Payroll and Incentive Compensation, to provide support for ARM Schedule 5 Line 8   |  |
| Other Admin & General Expense, to provide support for ARM Schedule 5 Line 18   |  |
| General Ledger transaction level detail for all O&M Charges  |  |
| General Ledger transaction level detail for all O&M Charges allocated to Tennessee operations from the Service Corporation (DEBS)                                    |  |
| Calculation of depreciation expense allocated to Tennessee operations from the Service Corporation (DEBS) pursuant to Section 17.m. of the 2020 Rate Case Settlement |  |
| <b>OTHER WORKPAPERS</b>  |  |
| Calculation of O&M Expense for Lead/Lag to provide support for ARM Schedules 4A and 4B Lines 5 through 19  |  |
| Calculation of General Taxes, to provide support for ARM Schedule 7  |  |
| Calculation of Composite Excise Tax Rate, to provide support for ARM Schedule 11 Line 6 and 12   |  |
| Calculation of Annual EDIT Amortization for Protected PPE, to provide support for ARM Schedule 8 Line 21   |  |
| Capital Structure and Cost Rates, to provide support for ARM Schedule 10   |  |
| ARM Reconciliation Deferred Account Activity by month, to provide support for ARM Schedule 12  |  |

### Other Schedules

- 53) Variance Reporting: As part of its Annual ARM filing, Piedmont shall prepare and file with the TPUC, with a copy to the Consumer Advocate, a Variance Report that identifies and explains each and every Piedmont revenue and operating expense

- account and/or subaccount for which the Tennessee amount (including amounts allocated to Tennessee) either exceeds the prior year's amount (based on amounts either as filed by Piedmont in the Annual ARM Filing or as adjusted by the TPUC under Tennessee Code Annotated Section 65-5-103(d)(6)(C) by 5% and \$30,000.
- 54) The monthly balances of short-term debt, long-term debt and equity at December 31st of the month preceding the beginning of the HBP as well as month end balances throughout the HBP.
  - 55) The amount of accrued expenses recorded in the HBP along with a full explanation identifying the nature of each accrual, further identified between direct and allocated charges.
  - 56) If not in the Cost Allocation Manual, the Company shall supply a description of each 'Operating Unit', 'Allocation Pool ID', 'Resource Type ID', 'Source CD JD', and 'Project ID CB' included within its O&M Expense workpaper: General Ledger transaction level detail for all O&M Charges allocated to Tennessee operations from DEBS.
  - 57) A description of each DEBS asset whose allocated costs to Piedmont-Tennessee operations is \$50,000 annually or more.
  - 58) A schedule of the Company's HBP accounting entries made for the 'return to provision' transaction reflecting the impacts of its filed tax return made in the year subsequent to the HBP, along with an explanation of the impact of the transaction on the regulate return in the period the entry is made.
  - 59) The following operating metrics for the HBP:
    - a. Response Time to Emergency Calls
    - b. Age of Natural Gas Leaks
    - c. Number of Natural Gas Leaks by Grade.

## **V. OTHER**

### Consumer Advocate Authority to Petition

The Consumer Advocate shall have the right in its sole discretion to file a petition or complaint asking the Commission to terminate or modify any ARM Tariff resulting from Docket No. 21-00135 or any directly or indirectly related docket or to take any other action contemplated by Tennessee Code Annotated Section 65-5-103(d)(6). The Company shall not oppose the Consumer Advocate's petition or complaint filed under this Section on the grounds that such a proceeding is not statutorily authorized or that Consumer Advocate is not authorized to bring such a proceeding; provided, however, that the Company reserves all rights with regard to the merits of any termination or modification or other relief that the Consumer Advocate may request or position that the Consumer Advocate may assert in any such proceeding.

**SERVICE SCHEDULE 319**  
**Rider for Voluntary GreenEdge<sup>SM</sup> Program**

This Rider provides certain Customers the option to offset the carbon emissions associated with their natural gas usage through direct funding of the Company's purchase of environmental attributes from renewable natural gas and carbon offsets.

**Availability**

This Rider is available on a voluntary basis to residential and non-residential Customers receiving concurrent Gas Service under an Applicable Rate Schedule from the Company who contract for one or more blocks of environmental attributes sourced by the Company from renewable natural gas and carbon offsets.

**General Provisions**

Each Customer may contract for the Company's purchase of one or more blocks of environmental attributes on their behalf. The Customer may change their monthly election of the number of blocks of environmental attributes once during any consecutive twelve-month period, unless otherwise authorized by the Company. There is no limit to the number of blocks that the Customer may contract for under this Rider.

Each block of environmental attributes is intended to fully mitigate the carbon footprint impact of 12.5 therms of natural gas usage by the Customer. The actual amount of natural gas usage by the Customer during any given month may be more or less than the number of blocks of environmental attributes for which the Customer has contracted.

The environmental attributes are represented by renewable natural gas certificates and carbon offsets. Such environmental attributes purchased and retired by the Company pursuant to this Rider will be done so on behalf of the collective participation of Customers under this Rider.

**Definitions**

"Applicable Rate Schedule(s)" under this Rider refers to Rate Schedule 301 and/or Rate Schedule 302.

**Rates and Charges**

In addition to the rates and charges provided for under the Customer's Applicable Rate Schedule, a \$3.00 monthly charge shall apply to each block of environmental attributes that the Customer elects under this Rider. The monthly charge under this Rider shall apply to the Customer's monthly utility bill regardless of the Customer's actual monthly gas usage under their Applicable Rate Schedule and regardless of any Gas Service interruptions or curtailments that the Customer may experience pursuant to their Applicable Rate Schedule.

The Company may seek, at its discretion, approval from the Commission to implement on a prospective basis changes to the per block monthly charge under this Rider that may

become necessary over time. The Company shall provide Customers participating in this Rider at least one month's advance notice of any such change through a bill message or other similar communication method.

Payment of Bills

Bills shall be due and payable as provided for under the Customer's Applicable Rate Schedule.

Late Payment Charges

No late payment charge shall be assessed to amounts not paid timely by the Customer under this Rider.

Contract Period

Either the Customer or the Company may terminate the Customer's participation under this Rider by giving at least thirty (30) days prior written notice of such termination, with exception as follows. The Company may terminate a Customer's participation under this Rider without prior notice when the Customer is 60 days or more past due on payment of amounts billed to them pursuant to this Rider, and/or upon disconnection of Gas Service to the Customer.

Failure of the Customer to pay any amounts due pursuant to this Rider shall not result in disconnection of Gas Service to the Customer.

## **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><u>Winter</u></b><br><b><u>(November-March)</u></b> | <b><u>Summer</u></b><br><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 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. 318, "Annual Review Mechanism (ARM)." 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><br><b><u>(November-March)</u></b> | <b><u>Summer</u></b><br><b><u>(April-October)</u></b> |
|--------------------------------|--|---|
| Monthly Charge                 | \$225.00   | \$225.00  |
| Commodity Charge (per therm)   | \$.58398   | \$.48780  |

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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. 318, "Annual Review Mechanism (ARM)."

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;

- 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

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;

Effective: March 1, 2021



- 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 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 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)

**Piedmont Natural Gas Company, Inc.**

**Docket No. 23-00035**

**REDLINED VERSION**

**TENNESSEE TARIFF AND SERVICE  
REGULATIONS**

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

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| <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 318</u></a> | <a href="#"><u>Annual Review Mechanism (ARM)</u></a>                        |
| <a href="#"><u>Service Schedule 319</u></a> | <a href="#"><u>GreenEdge<sup>SM</sup> Program</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>                               |

[Tennessee Service Regulations](#)

[Appendix A - Customer Agent Agreement](#)



PIEDMONT NATURAL GAS COMPANY, INC.  
Tennessee Service Territory  
Billing Rates Effective<sup>1</sup>: October 1, 2023

| Rate<br>Schedule   | Description              | Tariff<br>Base Rate<br>Docket No.<br>23-00035<br><1>     | -----Cumulative PGA-----<br>Demand<br><2> | Commodity<br><3> | -----Current ACA-----<br>Demand<br><4a> | Commodity<br><4b> | Current<br>IPA<br><5> | ARM Rider<br>Rates<br><6> | Rate Case<br>Rider <sup>2</sup><br><7> | Total<br>Adj. Factor<br>(Sum Col.2<br>thru Col.7)<br><8> | Billing<br>Rate <sup>3</sup><br>(Col.1 + Col.8)<br><9> |
|--------------------|--------------------------|--|---|------------------|---|-------------------|-----------------------|---------------------------|--|--|--|
| Residential        | Monthly Charge-Nov.-Mar. | \$17.45  |   |                  |   |                   |                       |                           |  |  | \$17.45  |
|                    | Monthly Charge-Apr.-Oct. | \$13.45  |   |                  |   |                   |                       |                           |  |  | \$13.45  |
| 301                | Nov.- Mar. per TH        | 0.68231  | 0.07577                                   | 0.33101          | (0.01933)                               | (0.07851)         | 0.00748               | 0.05164                   | 0.00101                                | 0.36907  | 1.05138  |
| 301                | Apr.- Oct. per TH        | 0.56470  | 0.07577                                   | 0.33101          | (0.01933)                               | (0.07851)         | 0.00748               | 0.05164                   | 0.00101                                | 0.36907  | 0.93377  |
| Small General      | Monthly Charge           | \$44.00  |   |                  |   |                   |                       |                           |  |  | \$44.00  |
| 302                | Nov.- Mar. per TH        | 0.68353  | 0.07577                                   | 0.33101          | (0.01933)                               | (0.07851)         | 0.00748               | 0.04273                   | 0.00085                                | 0.36000  | 1.04353  |
| 302                | Apr.- Oct. per TH        | 0.57095  | 0.07577                                   | 0.33101          | (0.01933)                               | (0.07851)         | 0.00748               | 0.04273                   | 0.00085                                | 0.36000  | 0.93095  |
| Medium General     | Monthly Charge           | \$225.00   |   |                  |   |                   |                       |                           |  |  | \$225.00   |
| 352                | Nov.- Mar. per TH        | 0.58398  | 0.07577                                   | 0.33101          | (0.01933)                               | (0.07851)         | 0.00748               | 0.04273                   | 0.00085                                | 0.36000  | 0.94398  |
| 352                | Apr.- Oct. per TH        | 0.48780  | 0.07577                                   | 0.33101          | (0.01933)                               | (0.07851)         | 0.00748               | 0.04273                   | 0.00085                                | 0.36000  | 0.84780  |
| Motor Vehicle Fuel | Monthly Charge           | varies by customer per their corresponding rate schedule |   |                  |   |                   |                       |                           |  |  |  |
| 343                | Nov.- Mar. per TH        | varies by customer per their corresponding rate schedule |   |                  |   |                   |                       |                           |  |  |  |
| 343                | Apr.- Oct. per TH        | varies by customer per their corresponding rate schedule |   |                  |   |                   |                       |                           |  |  |  |
| 303                | Monthly Charge           | \$800.00   |   |                  |   |                   |                       |                           |  |  | \$800.00   |
| Firm               | Demand Charge per TH     | 0.80000  | 0.82829                                   |                  | (0.18590)                               |                   |                       |                           |  | 0.64239  | 1.44239  |
| General Sales      | First 15,000 TH/TH       | 0.24500  |   | 0.33101          |   | (0.07851)         | 0.00748               | 0.01928                   | 0.00039                                | 0.27965  | 0.52465  |
|                    | Next 25,000 TH/TH        | 0.22050  |   | 0.33101          |   | (0.07851)         | 0.00748               | 0.01928                   | 0.00039                                | 0.27965  | 0.50015  |
|                    | Next 50,000 TH/TH        | 0.15100  |   | 0.33101          |   | (0.07851)         | 0.00748               | 0.01928                   | 0.00039                                | 0.27965  | 0.43065  |
|                    | Over 90,000 TH/TH        | 0.11300  |   | 0.33101          |   | (0.07851)         | 0.00748               | 0.01928                   | 0.00039                                | 0.27965  | 0.39265  |
| 304                | Monthly Charge           | \$800.00   |   |                  |   |                   |                       |                           |  |  | \$800.00   |
| Interruptible      | First 15,000 TH/TH       | 0.17000  |   | 0.33101          |   | (0.07851)         | 0.00748               | 0.00452                   | 0.00009                                | 0.26459  | 0.43459  |
| General Sales      | Next 25,000 TH/TH        | 0.14200  |   | 0.33101          |   | (0.07851)         | 0.00748               | 0.00452                   | 0.00009                                | 0.26459  | 0.40659  |
|                    | Next 50,000 TH/TH        | 0.10927  |   | 0.33101          |   | (0.07851)         | 0.00748               | 0.00452                   | 0.00009                                | 0.26459  | 0.37386  |
|                    | Over 90,000 TH/TH        | 0.04500  |   | 0.33101          |   | (0.07851)         | 0.00748               | 0.00452                   | 0.00009                                | 0.26459  | 0.30959  |
| 313                | Monthly Charge           | \$800.00   |   |                  |   |                   |                       |                           |  |  | \$800.00   |
| Firm               | Demand Charge per TH     | 0.80000  | 0.82829                                   |                  | (0.18590)                               |                   |                       |                           |  | 0.64239  | 1.44239  |
| Transportation     | First 15,000 TH/TH       | 0.24500  |   |                  |   |                   |                       | 0.01928                   | 0.00039                                | 0.01967  | 0.26467  |
|                    | Next 25,000 TH/TH        | 0.22050  |   |                  |   |                   |                       | 0.01928                   | 0.00039                                | 0.01967  | 0.24017  |
|                    | Next 50,000 TH/TH        | 0.15100  |   |                  |   |                   |                       | 0.01928                   | 0.00039                                | 0.01967  | 0.17067  |
|                    | Over 90,000 TH/TH        | 0.11300  |   |                  |   |                   |                       | 0.01928                   | 0.00039                                | 0.01967  | 0.13267  |
| 314                | Monthly Charge           | \$800.00   |   |                  |   |                   |                       |                           |  |  | \$800.00   |
| Interruptible      | First 15,000 TH/TH       | 0.17000  |   |                  |   |                   |                       | 0.00452                   | 0.00009                                | 0.00461  | 0.17461  |
| Transportation     | Next 25,000 TH/TH        | 0.14200  |   |                  |   |                   |                       | 0.00452                   | 0.00009                                | 0.00461  | 0.14661  |
|                    | Next 50,000 TH/TH        | 0.10927  |   |                  |   |                   |                       | 0.00452                   | 0.00009                                | 0.00461  | 0.11388  |
|                    | Over 90,000 TH/TH        | 0.04500  |   |                  |   |                   |                       | 0.00452                   | 0.00009                                | 0.00461  | 0.04961  |
| 310                | Demand Charge per TH     | 0.80000  | 0.82829                                   |                  | (0.18590)                               |                   |                       |                           |  | 0.64239  | 1.44239  |
| Resale Service     | Commodity Charge         | 0.49063  |   | 0.33101          |   | (0.07851)         | 0.00748               | 0.01928                   | 0.00039                                | 0.27965  | 0.77028  |

## NOTES:

1/ Rates effective for bills rendered on and after the first billing cycle of October 2023

2/ Rate Case Rider rates as approved by the Tennessee Public Utility Commission in the March 21, 2022 Hearing in Docket No. 20-00086. These Rider rates are effective beginning April 1, 2022, and terminate at the earlier of April 1, 2025 or when the approved rider amount has been fully recovered.

3/ In accordance with the Tennessee Public Service Commission order in Docket U-7074 customers metered inside Davidson County are required to pay an additional 6.40% for collection of the Metro Franchise Fee. Customers served by the 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.

| <b><u>BASE MARGIN RATE</u></b> | <b><u>Winter</u></b><br><b><u>(November-March)</u></b> | <b><u>Summer</u></b><br><b><u>(April-October)</u></b> |
|--------------------------------|--|---|
| Monthly Charge                 | \$17.45  | \$13.45   |
| Commodity Charge (per therm)   | \$. <del>6823153886</del>                              | \$. <del>4459856470</del>                             |

#### **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.

### **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. 318, "Annual Review Mechanism (ARM)."

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.

| <b><u>BASE MARGIN RATE</u></b> | <hr/>                              |                                   |
|--------------------------------|------------------------------------|-----------------------------------|
|                                | <b>Winter<br/>(November-March)</b> | <b>Summer<br/>(April-October)</b> |
| Monthly Charge                 | \$44.00                            | \$44.00                           |
| Commodity Charge (per therm)   | \$. <del>55659</del> <u>68353</u>  | \$. <del>46492</del> <u>57095</u> |

#### **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. 318, "Annual Review Mechanism (ARM)."

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 |

|   |                                  |
|---|----------------------------------|
| Commodity Charge (per therm)                |                                  |
| 1 <sup>st</sup> Step (0-15,000 therms)      | <del>\$.18700</del> <u>24500</u> |
| 2 <sup>nd</sup> Step (15,001-40,000 therms) | <del>\$.16800</del> <u>22050</u> |
| 3 <sup>rd</sup> Step (40,001-90,000 therms) | <del>\$.14000</del> <u>15100</u> |
| 4 <sup>th</sup> Step (Over 90,000 therms)   | <del>\$.08000</del> <u>11300</u> |

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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.

### **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. 318, "Annual Review Mechanism (ARM)."

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.

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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>.13500</del> <u>17000</u> |
| 2 <sup>nd</sup> Step (15,001-40,000 therms) | \$ <del>.11050</del> <u>14200</u> |
| 3 <sup>rd</sup> Step (40,001-90,000 therms) | \$ <del>.09100</del> <u>10927</u> |
| 4 <sup>th</sup> Step (Over 90,000 therms)   | \$ <del>.04035</del> <u>04500</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. 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. 318, "Annual Review Mechanism (ARM)."

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 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.

## **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 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.

## **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<br>of the Imbalance       | Short<br>(Premium) | Long<br>(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      OR      GasCommercialOperations@duke-energy.com  
P. O. Box 33068  
Charlotte, N.C. 28233

## **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."

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."

## **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.

### **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. 318, "Annual Review Mechanism (ARM)."

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.

## **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:

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

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

**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.

**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.**

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.**

|       |   |
|-------|---|
| 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.**

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

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") 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 six (6) months or if they have not been removed from the EPP within the last six (6) 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.



## **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)      | \$. <del>18700</del> <u>24500</u> |
| 2 <sup>nd</sup> Step (15,001-40,000 therms) | \$. <del>16800</del> <u>22050</u> |
| 3 <sup>rd</sup> Step (40,001-90,000 therms) | \$. <del>14000</del> <u>15100</u> |
| 4 <sup>th</sup> Step (Over 90,000 therms)   | \$. <del>08000</del> <u>11300</u> |

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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. 318, "Annual Review Mechanism (ARM)."

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

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)      | \$ <del>.13500</del> <u>17000</u> |
| 2 <sup>nd</sup> Step (15,001-40,000 therms) | \$ <del>.11050</del> <u>14200</u> |
| 3 <sup>rd</sup> Step (40,001-90,000 therms) | \$ <del>.09100</del> <u>10927</u> |
| 4 <sup>th</sup> Step (Over 90,000 therms)   | \$ <del>.04035</del> <u>04500</u> |

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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



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. 318, "Annual Review Mechanism (ARM)."

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.

- $HSF_i =$  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 TPUC 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 NO. 318**

### **Annual Review Mechanism (ARM)**

#### **I. OVERVIEW**

##### Applicable

To service provided to customers under all Rate Schedules, including service provided to customers under approved special contracts.

##### Purpose

This Annual Review Mechanism (“ARM”) is implemented under the provisions of Tennessee Code Annotated Section 65-5-103(d)(6), which authorizes the Company to elect to opt into an annual review of the Company's rates. Pursuant to this ARM and the annual filings described herein, the Company's rates shall be adjusted to provide that the Company earns its Authorized Return on Equity on prudently incurred costs as defined by the Tennessee Public Utility Commission (“TPUC” or the “Commission”). The rate adjustments implemented under the ARM, which are to the Company's Base Margin Rates and its ARM Rider Rates, will reflect changes in the Company's jurisdictional operating revenues, cost of service, and rate base. Jurisdictional operating revenues and expenses exclude gains or losses related to gas supply hedging activities, off system sales, other gas supply and capacity secondary marketing activities, and other non-jurisdictional transactions as determined by the Commission. The ARM may be terminated or modified as provided under of Tennessee Code Annotated Section 65-5-103(d)(6)(D).

Piedmont's Base Margin Rates and ARM Rider Rates shall be reset on an annual basis pursuant to the procedures and information specified in this Tariff.

Nothing in this Tariff shall preclude intervenors or the Commission from identifying errors, omissions, or inconsistencies in the Company's ARM calculations, including adjusting such items within the determination of HBP results.

##### Global Definitions

- A. **Annual ARM Filing** shall consist of the components described below. The Company will simultaneously copy the Consumer Advocate on all Annual ARM Filings.
- B. **Annual ARM Filing Date** shall be the date the Company submits its Annual ARM Filing to the TPUC. The Annual ARM Filing Date shall be no later than May 20 of each year. The initial Annual ARM Filing shall be submitted by May 20, 2023 and shall include results for the Historical Base Period of calendar year 2022.

- C. **Annual ARM Proceeding** refers to the annual docketed proceedings in which the Company's Annual ARM Filings shall be reviewed.
- D. **Historic Base Period ("HBP")** is defined as the Company's most recently completed 12-month fiscal year ended December 31 prior to each ARM Annual Filing Date. The initial HBP shall be the 12-month fiscal year ended December 31, 2022.
- E. **Effective Date of ARM Rates** refers to the date that new ARM Rider Rates and new Base Margin Rates take effect. The Effective Date of ARM Rates shall be October 1 of each year pursuant to the Annual ARM Filing. As such, all bills rendered starting with October cycle 1 each year shall be billed under the new ARM Rider Rates and new Base Margin Rates.
- F. **2020 Rate Case Settlement** refers to the Stipulation and Settlement Agreement between Piedmont and the Consumer Advocate filed with the TPUC on February 2, 2021 in Docket No. 20-00086, which was subsequently approved by the TPUC.
- G. **Authorized Return on Equity** is defined as the 9.80% return on equity established in Docket No. 20-00086, or that which is established by the TPUC in any subsequent general rate case for the Company.
- H. **Overall Cost of Capital** is defined as the overall cost of capital for the applicable period, as stated on ARM Filing Schedule 10.
- I. **HBP Net Operating Income Deficiency (Sufficiency)** shall be computed as the difference between the net operating income for return in the HBP and the net operating income for return in the HBP that is required to produce the Authorized Return on Equity.
- J. **HBP Revenue Requirement Deficiency (Sufficiency)** shall be the HBP Net Operating Income Deficiency (Sufficiency) multiplied by the Revenue Conversion Factor.
- K. **Carrying Costs** are computed by applying an interest rate to the HBP Revenue Requirement Deficiency (Sufficiency) from the midpoint date of the HBP to the effective date of the ARM Rider Rates, which reflects a total of 15 months from July 1 of the HBP thru Sept 30 of the following year. The interest rate used shall be the net-of-tax Overall Cost of Capital rate including the Authorized Return on Equity, for the HBP.
- L. **ARM Reconciliation Deferred Account** shall be the interest-bearing regulatory asset or liability account to which the approved HBP Revenue Requirement Deficiency (Sufficiency) and Carrying Costs are recorded each October. The actual collections from customers (or refunds to customers) arising from the ARM Rider Rates shall be applied to the ARM Reconciliation Deferred Account each month in order to relieve its balance. Interest shall be accrued monthly to the ARM Reconciliation Deferred Account at a rate equivalent to the Company's net-of-tax Overall Cost of Capital under which Base Margin Rates were last established. Interest shall be applied to the average of the beginning and ending monthly balances. The ARM Reconciliation Deferred Account shall not be included in rate base for purposes of determining the HBP Net Operating Income Deficiency (Sufficiency) or the Annual Base Rate Reset Net Operating Income Deficiency (Sufficiency).
- M. **ARM Regulatory Asset** shall be the account(s) to which the Company records Interest Deferrals and Depreciation Expense Deferrals associated with plant in service that has not

yet been included in rate base. The Company shall be authorized to establish and include in rate base this ARM Regulatory Asset. The Company shall segregate its deferrals to the ARM Regulatory Asset by HBP. Upon the effective date of new Base Margin Rates each year, the Dec 31 balance of the ARM Regulatory Asset for the most recent HBP shall begin to be amortized evenly over a period of time equivalent to the depreciable life of its underlying plant assets.

- i. **Interest Deferrals:** On a monthly basis, the Company shall record deferred interest to the ARM Regulatory Asset. The rate for such deferred interest shall be the pretax Overall Cost of Capital under which Base Margin Rates were last established. Such deferred interest shall be calculated on all plant placed into service that is not yet included in rate base, and shall continue to accrue and be added to balance of the ARM Regulatory Asset during and after the HBP until such time that the underlying plant is included in rate base. The Company shall take care not to double count the application of Interest Deferrals and the recording of Allowance for Funds Used During Construction (AFUDC). The plant balance upon which the interest deferrals are calculated shall account for incremental plant additions net of a) incremental plant retirements; b) a provision adding or subtracting incremental deferred income taxes on plant assets not yet in rate base; c) a provision subtracting the increase in accumulated depreciation on assets already included in rate base; and d) a provision adding the depreciation expense deferred on assets not yet included in rate base.
  - ii. **Depreciation Expense Deferrals:** On a monthly basis, the Company shall record deferred depreciation expense to the ARM Regulatory Asset on plant not yet included in rate base. This accounting will result in a credit to depreciation expense and a debit to the ARM Regulatory Asset. The deferred depreciation expense shall be calculated on all plant placed into service that is not yet included in rate base, and shall continue to be added to the balance of the ARM Regulatory Asset during and after the HBP until such time that the underlying plant is included in rate base.
- N. **Annual Base Rate Reset Net Operating Income Deficiency (Sufficiency)** shall be computed as the difference in the net operating income for return for the Annual Base Rate Reset period under present Base Rates less the net operating income for return for the Annual Base Rate Reset period that is required to produce the Authorized Return on Equity.
- O. **Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency)** shall be the Annual Base Rate Reset Net Operating Income Deficiency (Sufficiency) multiplied by the Revenue Conversion Factor.
- P. **New Matters** refers to any issue, adjustment and/or ambiguity in or for any account, method of accounting or estimation, or ratemaking topic that would directly or indirectly affect the Annual ARM Filing for which there is no explicit prior determination by the TPUC regarding the Company since the 2020 Rate Case Settlement.
- Q. **ARM Rider Rates** refer to the customer billing rates per therm intended to relieve the ARM Reconciliation Deferred Account Balance over a 12-month period. The ARM Rider Rates will be updated each year on the Effective Date of ARM Rates. In each Annual ARM Filing, the Company shall propose new ARM Rider Rates based on the ARM

Deferred Account Balance at March 31 of the year after the HBP plus the current Annual ARM Proceeding's HBP Revenue Requirement Deficiency (Sufficiency) and Carrying Costs.

- R. **Base Rates** refer to those base rates per therm shown in Columns <1>, <2> and <3> of the Company's Tariff Sheet No. 1.
- i. **Base Margin Rates** refer to those base rates per therm shown in Column <1> of the Company's Tariff Sheet No. 1. The Base Margin Rates will be adjusted each year on the Effective Date of ARM Rates in accordance with the approved Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency).
  - ii. **Base PGA Rates** refer to those base rates per therm shown in Columns <2> and <3> of the Company's Tariff Sheet No. 1, which 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".
- S. **Applicable Rate Schedules** are the Rate Schedules for which the ARM Rider Rates and the Base Margin Rates as updated under the ARM shall apply. The Applicable Rate Schedules are Rate Schedules 301, 302, 343, 352, 303, 304, 310, 313 and 314, which represent all of Piedmont's Rate Schedules.
- T. **Revenue Conversion** Factor shall be computed consistent with the paragraph 14.m. of the 2020 Rate Case Settlement.

#### Components of the Annual ARM Filing

On the Annual ARM Filing Date each year, the Company shall file with the TPUC schedules and workpapers that calculate the HBP Revenue Requirement Deficiency (Sufficiency) and the Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency) in accordance with this tariff. The Company's Annual ARM Filing shall specifically include the following:

1. ARM Filing Schedules, described in Section IV herein.
2. Workpapers supporting the ARM Filing Schedules (in electronic, native format with formulas intact).
3. Direct Testimony supporting the ARM Filing Schedules and requested rate adjustments, and also specifically including:
  - a. An explanation of the nature and extent of incremental deferred environmental expenses, pursuant to the requirements of para. 17.i. of the 2020 Rate Case Settlement; and
  - b. An explanation and support to demonstrate that incremental pension deferral amounts were prudently incurred to meet the Company's obligation to qualified employees and retirees, pursuant to the requirements of para. 17.b. of the 2020 Rate Case Settlement.<sup>1</sup>

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<sup>1</sup> Pursuant to Commission Order issued July 25, 2022 in Docket No. 21-00135, no additional regulatory asset for pension or OPEB above the amount that was authorized for recovery in Piedmont's last rate case shall be established for ratemaking purposes unless the Company first obtains express approval from the Commission.

4. Attestation from a Company officer, signed and notarized.
5. Proposed Tariff Changes.
6. Proposed Procedural Schedule.

## **II. HBP RECONCILIATION**

The following methodologies shall be used in the ARM Filing Schedules, supporting workpapers and computations necessary to calculate the Company's HBP Revenue Requirement Deficiency (Sufficiency).

The HBP Revenue Requirement Deficiency (Sufficiency) and Carrying Costs shall be recovered through the ARM Rider Rates. The ARM Rider Rates shall be established for the Applicable Rate Schedules based on the amount of the ARM Reconciliation Deferred Account balance at March 31 of the year after the HBP plus the current Annual ARM Proceeding's HBP Revenue Requirement Deficiency (Sufficiency) and Carrying Costs.

The ARM Rider Rates shall be developed for each Applicable Rate Schedule based upon the respective customer billing determinants used in the computation of the Gas Sales and Transportation Revenues under Section III of this Tariff. In its Annual ARM Filing, Piedmont shall make a proposal for how to allocate any amount of HBP Revenue Requirement Deficiency (Sufficiency) among the Applicable Rate Schedules and the specific design for how the ARM Rider Rates are to be increased (decreased) for each Applicable Rate Schedule in accordance with the approved methodologies. Any intervenor party may make its own proposal for how the revenue deficiency (sufficiency) should be allocated to the Applicable Rate Schedules and the rate design for any increase (decrease) in the ARM Rider Rates. Based upon a final determination that the ARM Rider Rates need to be increased (decreased), the Commission shall order such increase (decrease) in the ARM Rider Rates be based upon the proposals of the parties or such other revenue allocation and rate design decision as it may find to be in the public interest.

### Operating Revenues

- 1) **Gas Sales and Transportation Revenues** shall reflect such actual revenues from Base Rates billed for service provided to customers pursuant to the provisions of the Company's TPUC-approved rates and charges (including special contracts) and recorded during the HBP.
- 2) **Forfeited Discount Revenues** shall reflect such actual revenues related to service provided to customers pursuant to the provisions of Company's TPUC-approved rates and charges (including special contracts) and recorded during the HBP.
- 3) **Other Revenues** shall reflect such actual revenues related to service provided to customers pursuant to the provisions of Company's TPUC-approved rates and charges (including special contracts) and HomeServe Warranty Program revenues as recorded during the

HBP, exclusive of revenues related to off system sales, other gas supply and capacity secondary marketing activities, and customer cash-out activities.

- 4) **Margin Revenues** shall reflect the sum of the Gas Sales and Transportation Revenues, Forfeited Discount Revenues and Other Revenues described herein, less Purchased Gas Expenses [Cost of Gas].

Operating Expenses

- 5) **Purchased Gas Expenses [Cost of Gas]** shall be set equivalent to the PGA portion of the actual Gas Sales and Transportation Revenues during the HBP. Note that the actual purchased gas expenses are recorded to general ledger account 804, and are recovered by the Company through the PGA mechanism.
- 6) **Other Purchased Gas Expenses** shall reflect such actual expenses recorded during the HBP. Note that these are expenses not eligible for recovery by the Company through the PGA mechanism.
- 7) **Uncollectible & Bad Debt Expenses** shall reflect such actual expenses recorded during the HBP.
- 8) **Lobbying Expenses** recorded during the HBP shall be entirely excluded from the computation of Operating Expense.
- 9) **Employee Salaries & Wages Expenses** shall reflect such actual expenses recorded during the HBP, exclusive of any such expenses related to lobbying activities and any such costs deemed excessive or not otherwise in the public interest.
- 10) **Employee Incentive Compensation Expenses** shall reflect such actual expenses recorded during the HBP, exclusive of any such expenses related to lobbying activities. Also, fifty percent of the STIP expenses recorded during the HBP and one hundred percent of the LTIP expenses recorded during the HBP shall be excluded from the computation of Operating Expenses, consistent with paragraph 14.h. of the 2020 Rate Case Settlement.
- 11) **Amortization Expenses for Deferred Rate Case Expenses for Docket No. 20-00086** recorded during the HBP shall be entirely excluded from the computation of Operating Expense, consistent with paragraphs 14.k. and 17.f. of the 2020 Rate Case Settlement.
- 12) **Amortization Expenses for Deferred Environmental Costs** shall reflect the unamortized portion of previously-approved deferred environmental costs in accordance with the previously-approved amortization period. The Company may seek recovery of Environmental Costs incurred during the HBP, in accordance with Section III. Annual Base Rate Reset of this Tariff, upon a showing of prudence and that such costs are not recoverable through insurance policies.
- 13) **Amortization Expenses for Deferred Pension Costs** shall reflect the annual expense for unamortized balance of the pension regulatory asset included in the agreed-upon rate base in the Company's last rate case in accordance with the approved amortization period from the Company's last rate case.
- 14) **Other Pension Expenses and OPEB Expenses** shall be the Tennessee jurisdictional portion of the actuarially-determined minimum contribution requirement. Any Pension and

OPEB expenses computed and recorded in accordance with GAAP, including actual contributions, during the HBP shall be excluded.

- 15) **Expense for Allocated Return on DEBS Assets** shall reflect such actual expenses properly incurred, and charged to the Company's Tennessee jurisdiction during the HBP, adjusted to reflect a return based on the Authorized Return on Equity, and exclusive of any such expense related to return on DEBS pension assets. Such return shall be applied to the balance of DEBS assets net of Accumulated Depreciation and Accumulated Deferred Income Taxes (ADIT). Recoverable expenses shall exclude any such expense related to the return on DEBS pension assets.
- 16) **Expense for TPUC Fee** shall reflect such actual expenses recorded during the HBP.
- 17) **Other O&M Expenses** shall reflect such actual expenses recorded during the HBP including HomeServe Warranty Program expenses, as well as recoverable promotional and advertising expenses consistent with Commission Rule 1220-04-05-.45, exclusive of any such expenses related to lobbying activities, and shall reflect costs necessary in the provision of natural gas service.
- 18) **Other Expense Adjustments** shall reflect adjustments made by the Company to exclude any known expenses improperly recorded as an Operating Expense during the HBP.
- 19) **Depreciation Expenses** shall reflect such actual expenses recorded during the HBP, net of credits recorded during the HBP related to Depreciation Expense Deferrals.
- 20) **Amortization Expenses for ARM Regulatory Asset** shall reflect such actual expenses recorded during the HBP related to relieving the ARM Regulatory Asset pursuant to approvals granted in prior Annual ARM Proceedings.
- 21) **Payroll Tax Expenses** shall reflect such actual expenses recorded during HBP, adjusted to comport with the labor and other compensation expense adjustments described herein.
- 22) **Property Tax Expenses** shall reflect such actual expenses recorded during the HBP.
- 23) **Other General Tax Expense** shall reflect such actual expenses recorded during the HBP.
- 24) **Amortization of Investment Tax Credit** shall reflect such actual expenses recorded during the HBP.
- 25) **State Excise Tax Expense** shall be computed using the Company's composite state tax rate in effect December 31 of the HBP, and in alignment with the representation of the adjusted revenues and expenses herein including synchronized interest on debt. The Company shall notify the Commission and the Consumer Advocate of any change in the state tax rates which comprise the Company's composite state tax rate.
- 26) **Federal Income Tax Expense** shall be computed using the statutory federal tax rate in effect as of December 31 of the HBP, and in alignment with the representation of the adjusted revenues and expenses herein including synchronized interest on debt. Federal Income Tax Expense shall be further adjusted for the amortized return of protected federal excess accumulated deferred income taxes ("EDIT") resulting from the 2017 Tax Act.

Adjustments to Net Operating Income



- 27) **AFUDC** shall reflect the 13-month average CWIP balance during the HBP multiplied by the Overall Cost of Capital in the HBP including the Authorized Return on Equity.
- 28) **Interest on Customer Deposits** shall reflect such actuals recorded during the HBP.

Rate Base

- 29) **Utility Plant in Service** shall reflect the 13-month average of the actual end-of-month (“EOM”) balances for the HBP and the month prior to the HBP. Any amount recorded to plant in service that is not truly used in providing service to customers should be removed from general ledger account 101 and either written off or reclassified to an appropriate general ledger account. The Company has the burden to demonstrate the accuracy of recordings to plant in service.
- 30) **Accumulated Depreciation** shall reflect the 13-month average of the actual EOM balances for the HBP and the month prior to the HBP.
- 31) **CWIP** shall reflect the 13-month average of the actual EOM balances, exclusive of fifty percent of STIP costs and one hundred percent of LTIP costs recorded to CWIP during the HBP and the month prior to the HBP, consistent with paragraph 14.h. of the 2020 Rate Case Settlement. Pension and OPEB cost loadings to construction projects and accounted for in CWIP shall be accounted for consistent with how such expenses are recoverable in the HBP (see above item 14 – Other Pension and OPEB expenses).
- 32) **ARM Regulatory Asset** shall reflect the 13-month average of the actual EOM balances for the HBP, excluding the components of such balance associated with the Interest Deferrals.
- 33) **ADIT** shall reflect the 13-month average of the actual EOM balances for the HBP and the month prior to the HBP, exclusive of any amounts related to unprotected federal EDIT subject to refund to customers pursuant to the TPUC's August 6, 2019 Order in Docket No. 18-00040. Items included in ADIT should be determined consistent with the inclusion/exclusion of revenue and expense items represented in the HBP. The Company shall notify the Commission and the Consumer Advocate of any change in the state tax rates which comprise the Company's composite state tax rate. Any state tax rate change will result in an excess or deficient ADIT balance and that such excess or deficiency should be preserved on the Company's books for appropriate regulatory treatment within subsequent ARM filings.
- 34) **Cash Working Capital (Lead-Lag)** shall be computed in conformity with the lag days and categories of revenue and expense in the 2020 Rate Case Settlement.
- 35) **Other Working Capital** shall reflect the 13-month average of the actual EOM balances for the HBP and the month prior to the HBP, for the following:
- a. Material and Supplies
  - b. Gas Inventory
  - c. Prepaid Insurance
  - d. Fleets & Overheads
  - e. Accounts Payables applicable to CWIP

- f. Accounts Payables applicable to Materials and Supplies
- g. Customer Deposits
- h. Interest on Customer Deposits
- i. Accrued Vacation
- j. The Company may request recovery of any Deferred Debits for Environmental Costs. The Company shall bear the burden of proof that such costs are appropriately included in rate base.
- k. Pension Costs: Piedmont shall be allowed to recover through the ARM the unamortized balance of the pension regulatory asset included in the agreed-upon rate base in the Company's last rate case in Docket No. 20-00086 through annual expense amortizations over the remaining portion of the authorized eight-year amortization period. No additional regulatory asset for pensions or OPEBs above the amount that was authorized in Piedmont's last rate case shall be established for ratemaking purposes unless the Company first obtains express approval from the Commission.

#### Capitalization

- 36) **Capital Structure** shall reflect the actual long-term debt, short-term-debt and common equity (not including the impact of goodwill) each as a percentage of total average capitalization for the 13-month period ending December 31 of the HBP.
- 37) **Long Term Debt Cost** shall reflect the actual average embedded cost of long-term debt for the 13-month period ending December 31 of the HBP. The computation of the embedded cost of long-term debt shall include an adjustment for unamortized loss on reacquired debt and credit facility fees.
- 38) **Short Term Debt Cost** shall reflect the actual average cost rate of short-term debt borrowings (Piedmont's intercompany money pool borrowings) for the 13-month period ending December 31 of the HBP.
- 39) **Authorized Return on Equity** as defined in Section I of this Tariff.

### **III. ANNUAL BASE RATE RESET**

The following methodologies shall be used in the ARM Filing Schedules, supporting workpapers and computations necessary to calculate the Company's Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency).

The updated Base Rates for each Applicable Rate Schedule shall be developed based upon the respective customer billing determinants the used in the computation of the Gas Sales and Transportation Revenues as set forth in Section III of this Tariff herein. In its Annual ARM Filing, Piedmont shall make a proposal for how to allocate any amount of Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency) among the Applicable Rate Schedules and the specific design for how the updated Base Rates are to be increased (decreased) for each Applicable

Rate Schedule in accordance with the approved methodologies. Any intervenor party may make its own proposal for how the revenue deficiency (sufficiency) should be allocated to the Applicable Rate Schedules and the rate design for any increase (decrease) in the Base Rates for the Annual Base Rate Reset. Based upon a final determination that the Base Rates need to be increased (decreased), the Commission shall order such increase (decrease) in the Base Rates be based upon the proposals of the parties or such other revenue allocation and rate design decision as it may find to be in the public interest.

### Operating Revenues

- 1) **Gas Sales and Transportation Revenues** shall be computed, as follows:
  - a. For service rendered under Rate Schedules 301 (Residential), 302 (Small General) and 352 (Medium General) respectively, the actual usage during the 12-month period comprising the HBP shall be normalized for weather. For this purpose, Normal Heating Degree Days (NHDD) shall be the average of the actual daily heating degree days experienced in the 30-year period ending December 31 of each HBP. A simple linear regression analysis<sup>2</sup> using actual heating degree days for each month of the HBP, actual usage by rate schedule for each month of the HBP, and the monthly NHDD will be performed to derive the normalized base load usage and heat-sensitive usage per customer for each rate schedule. Such normalized base load usage and heat-sensitive usage per customer for each rate schedule shall then be aligned with the monthly NHDD and actual number of bills rendered each month of the HBP to establish the total normalized customer usage by month by rate schedule. Normalized revenues shall then be computed by applying the present Base Rates (clean rates, which are the rate components shown in columns <1>, <2> and <3> on the Company's Tariff Sheet No. 1, and excluding ARM Rider Rates and all other non-base rates) to the derived normalized monthly customer usage and associated monthly customer count for each rate schedule.
  - b. For service rendered under Rate Schedules 303 (Large General Sales - Firm), 304 (Large General Sales - Interruptible), 310 (Resale Service), 313 (Large General Transportation - Firm), 314 (Large General Transportation - Interruptible) and 343 (Motor Vehicle Fuel Service), revenues shall be computed by applying the present Base Rates (clean rates, which are the rate components shown in columns <1>, <2> and <3> on the Company's Tariff Sheet No. 1, and excluding ARM Rider Rates and all other non-base rates to the actual monthly customer usage and customer count for each rate schedule during the HBP.

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<sup>2</sup> The methodology for computing and updating base load and heat sensitivity factors shall be the simple linear regression analysis methodology ordered by the Commission for Atmos Energy Corporation in Docket No. 14-00146 and Chattanooga Gas Company in Docket No. 18-00017. The updated base load and heat sensitivity factors shall be utilized for the Company's WNA for the applicable period of time immediately following the TPUC's decision on the Company's Annual ARM Filing.

- c. For service rendered under special contracts, revenues shall be the actuals recorded during the HBP. Should a special contract customer move to a tariff rate during or after the completion of the HBP, the revenue for that customer shall instead be computed pursuant to subpart a or b above, as warranted.
- 2) **Forfeited Discount Revenues** shall reflect such actual revenues related to service provided to customers pursuant to the provisions of Company's TPUC-approved rates and charges (including special contracts) and recorded during the HBP.
- 3) **Other Revenues** shall reflect such actual revenues related to service provided to customers pursuant to the provisions of Company's TPUC-approved rates and charges (including special contracts) and HomeServe Warranty revenues as recorded during the HBP, exclusive of revenues related to off system sales, other gas supply and capacity secondary marketing activities, and customer cash-out activities.
- 4) **Margin Revenues** shall reflect the sum of the Gas Sales and Transportation Revenues, Forfeited Discount Revenues and Other Revenues, net of the amount of Purchased Gas Expenses.

Operating Expenses

- 5) **Purchased Gas Expenses [Cost of Gas]** shall be set equivalent to the computed PGA portion of Gas Sales and Transportation Revenues.
- 6) **Other Purchased Gas Expenses** shall reflect such actual expenses recorded during the HBP. Note that these are expenses not recovered by the Company through the PGA mechanism.
- 7) **Uncollectible & Bad Debt Expenses** shall reflect such actual expenses recorded during the HBP.
- 8) **Lobbying Expenses** recorded during the HBP shall be entirely excluded from the computation of Operating Expense.
- 9) **Employee Salaries & Wages Expenses** shall reflect such actual expenses recorded during the HBP, exclusive of any such expenses related to lobbying activities and any such costs deemed excessive or not otherwise in the public interest.
- 10) **Employee Incentive Compensation Expenses** shall reflect such actual expenses recorded during the HBP, exclusive of any such expenses related to lobbying activities. Also, fifty percent of the STIP expenses recorded during the HBP and one hundred percent of the LTIP expenses recorded during the HBP shall be excluded from Operating Expenses, consistent with paragraph 14.h. of the 2020 Rate Case Settlement.
- 11) **Amortization Expenses for Deferred Rate Case Expenses for Docket No. 20-00086** recorded during the HBP shall be entirely excluded from the computation of Operating Expense, consistent with paragraphs 14.k. and 17.f. of the 2020 Rate Case Settlement.

- 12) **Amortization Expenses for Deferred Environmental Costs** shall reflect the unamortized portion of previously-approved deferred environmental costs in accordance with the previously-approved amortization period. The Company may also herein seek recovery of Environmental Costs incurred during the HBP upon a showing of prudence and that such costs are not recoverable through insurance policies, and such Environmental Costs shall be represented herein in accordance with the previously-approved amortization period.
- 13) **Amortization Expenses for Deferred Pension Costs** shall reflect the unamortized balance of the pension regulatory asset included in the agreed-upon rate base in the Company's last rate case in accordance with the approved amortization period from the Company's last rate case.
- 14) **Other Pension Expenses and OPEB Expenses** shall be the Tennessee jurisdictional portion of the actuarially-determined minimum contribution requirement. Any Pension and OPEB expenses computed and recorded in accordance with GAAP, including actual contributions, during the HBP shall be excluded.
- 15) **Expense for Allocated Return on DEBS Assets** shall reflect such actual expenses properly incurred, and charges to the Company's Tennessee jurisdiction during the HBP, adjusted to reflect a return based on the Authorized Return on Equity, and exclusive of any such expense related to return on DEBS pension assets. Such return shall apply to the balance of DEBS assets net of Accumulated Depreciation and Accumulated Deferred Income Taxes (ADIT). Recoverable expenses shall exclude any such expense related to the return on DEBS pension assets.
- 16) **Expense for TPUC Fee** shall reflect such actual expenses recorded during the HBP.
- 17) **Other O&M Expenses** shall reflect such actual expenses recorded during the HBP including HomeServe Warranty Program expenses, as well as recoverable promotional and advertising expenses consistent with Commission Rule 1220-04-05-.45, exclusive of any such expenses related to lobbying activities, and shall reflect costs necessary in the provision of natural gas service.
- 18) **Other Expense Adjustments** shall reflect adjustments made by the Company to exclude any known expenses improperly recorded as an Operating Expense during the HBP.
- 19) **Depreciation Expenses** shall be computed as annualized depreciation expense aligned with the actual December 31 HBP balance of Utility Plant in Service. Depreciation expenses shall be computed using the depreciation rates approved by the Commission in the Company's most recent general rate case or any subsequent approval.
- 20) **Amortization Expenses for ARM Regulatory Asset** shall be computed as annualized amortization expense aligned with the actual December 31 HBP balance of the ARM Regulatory Asset pursuant to approvals granted in prior Annual ARM Proceedings.
- 21) **Payroll Tax Expenses** shall reflect such actual expenses recorded during HBP, adjusted to comport with the labor and other compensation expense adjustments.
- 22) **Property Tax Expenses** shall reflect such actual expenses recorded during the HBP.

- 23) **Other General Tax Expense** shall reflect such actual expenses recorded during the HBP.
- 24) **Amortization of Investment Tax Credit** shall reflect such actual expenses recorded during the HBP.
- 25) **State Excise Tax Expense** shall be computed using the Company's composite state tax rate in effect as of December 31 of the HBP, and in alignment with the representation of the adjusted revenues and expenses as described including synchronized interest on debt. The Company shall notify the Commission and the Consumer Advocate of any change in the state tax rates which comprise the Company's composite state tax rate.
- 26) **Federal Income Tax Expense** shall be computed using the statutory federal tax rate in effect as of December 31 of the HBP, and in alignment with the representation of the adjusted revenues and expenses herein including synchronized interest on debt. Federal Income Tax Expense shall be further adjusted for the amortized return of protected federal excess accumulated deferred income taxes ("EDIT") resulting from the 2017 Tax Cuts and Jobs Act.

Adjustments to Net Operating Income

- 27) **AFUDC** shall be represented as the CWIP balance at December 31st of the HBP multiplied by the Overall Cost of Capital at December 31st of the HBP including the Authorized Return on Equity.
- 28) **Interest on Customer Deposits** shall reflect such actuals recorded during the HBP.

Rate Base

- 29) **Utility Plant in Service** shall reflect the actual December 31 HBP balance. Any amount recorded to plant in service that is not truly used in providing service to customers should be removed from Account 101 and either written off or reclassified to an appropriate account. The Company has the burden to demonstrate the accuracy of recordings to Plant in Service.
- 30) **Accumulated Depreciation** shall reflect the actual December 31 HBP balance.
- 31) **CWIP** shall reflect the actual December 31 HBP balance, exclusive of fifty percent of STIP costs and one hundred percent of LTIP costs recorded to CWIP during the HBP, consistent with paragraph 14.h. of the 2020 Rate Case Settlement. Pension and OPEB cost loadings to construction projects and accounted for in CWIP shall be accounted for consistent with how such expenses are recoverable in the HBP (see above item 14 – Other Pension and OPEB expenses).
- 32) **ARM Regulatory Asset** shall reflect the actual unamortized December 31 HBP balance.
- 33) **ADIT** shall reflect the actual December 31 HBP balance, exclusive of any amounts related to the unprotected federal EDIT subject to refund to customers pursuant to the TPUC's August 6, 2019 Order in Docket No. 18-00040. Items included in ADIT should

- be determined consistent with the inclusion/exclusion of revenue and expense items reflected in the HBP.
- 34) **Cash Working Capital (Lead-Lag)** shall be computed in conformity with the lag days and categories of revenue and expense in the 2020 Rate Case Settlement.
- 35) **Other Working Capital** shall reflect the 13-month average of the actual EOM balances for the HBP and the month prior to the HBP, for the following:
- a. Material and Supplies
  - b. Gas Inventory
  - c. Prepaid Insurance
  - d. Fleets & Overheads
  - e. Accounts Payables applicable to CWIP
  - f. Accounts Payables applicable to Materials and Supplies
  - g. Customer Deposits
  - h. Interest on Customer Deposits
  - i. Accrued Vacation
  - j. The Company may request recovery of any Deferred Debits for Environmental Costs. It shall bear the burden of proof that such costs are appropriately included in Rate Base.
  - k. Pension Costs: Piedmont shall be allowed to recover through the ARM the unamortized balance of the pension regulatory asset included in the agreed-upon rate base in the Company's last rate case in Docket No. 20-00086 through annual expense amortizations over the remaining portion of the authorized eight-year amortization period. No additional regulatory asset for pensions or OPEBs above the amount that was authorized in Piedmont's last rate case shall be established for ratemaking purposes unless the Company first obtains express approval from the Commission.

#### Capitalization Components

- 36) **Capital Structure** shall reflect the long-term debt, short-term-debt and common equity (not including the impact of goodwill) each as a percentage of total capitalization as of December 31 of the HBP.
- 37) **Long Term Debt Cost** shall reflect the actual embedded cost of long-term debt as of December 31 of the HBP. The computation of the embedded cost of long-term debt shall include an adjustment for unamortized loss on reacquired debt and credit facility fees.
- 38) **Short Term Debt Cost** shall reflect the computed average cost rate of short-term debt borrowings (Piedmont's intercompany money pool borrowings) during the HBP.
- 39) **Authorized Return on Equity** as defined in Section I of this tariff

#### **IV. ARM FILING SCHEDULES**

| <b>LEAD SCHEDULES</b> |  |
|-----------------------|--|
| 1                     | Results of Operations  |
| 2                     | Rate Base  |
| 3                     | Lead Lag Results   |
| 4A                    | Working Capital Expense Lag for HBP                            |
| 4B                    | Working Capital Expense Lag for Annual Base Rate Reset         |
| 5                     | O&M Expense Summary  |
| 6A                    | Revenue Summary  |
| 6B                    | Revenue Detail   |
| 7                     | General Tax Summary  |
| 8                     | Excise and Income Tax Summary                                  |
| 9                     | Income Statement under Present Rates & Proposed Rates          |
| 10                    | Cost of Capital Summary  |
| 11                    | Revenue Conversion Factor & Tax Gross Up Factor                |
| 12                    | Carrying Costs and ARM Reconciliation Deferred Account Balance |

| <b>RATE BASE SCHEDULES</b> |   |
|----------------------------|---|
| 13                         | Utility Plant in Service – End of Month Balances, calculation of 13 month average balance                         |
| 14                         | Depreciation Expense – Calculation of Depreciation and Amortization Expense based on HBP Utility Plant in Service |
| 15                         | Construction Work in Progress – End of Month Balances, calculation of 13 month average balance                    |
| 16                         | Accumulated Depreciation – End of Month Balances, calculation of 13 month average balance                         |
| 17                         | Contributions in Aid of Construction – End of Month Balances, calculation of 13 month average balance             |
| 18                         | ADIT – End of Month Balances, calculation of 13 month average balance   |
| 19                         | Cash Working Capital – Summary of 13 month average balance  |
| 20                         | ARM Regulatory Asset Balances and Activity by Month   |

| <b>REVENUE SCHEDULES</b> |   |
|--------------------------|---|
| 21                       | Historic Base Period Revenue Components by Rate Schedule & Special Contract     |
| 22A                      | Annual Base Rate Reset Total Revenues by Rate Schedule and Special Contract     |
| 22B                      | Annual Base Rate Reset Revenue Components by Rate Schedule and Special Contract |
| 23                       | Annual Base Rate Reset Other Revenues   |
| 24                       | Summary of Normalized Billing Determinants and Proposed Margin Revenues         |
| 25                       | Proof of Revenue at Proposed Rates  |
| 26                       | Revenue Changes by Rate Schedule  |
| 27                       | Normal Heating Degree Days  |
| 28                       | Factors for Weather Normalization Adjustment (WNA)                              |

| <b>O&amp;M EXPENSE SCHEDULES</b> |  |
|----------------------------------|--|
| 29                               | Customer Accounts & Service Expense, including uncollectible ratio calculation |
| 30                               | Employee Salary and Wage Expense   |
| 31                               | Employee Short Term Compensation Expense                                       |
| 32                               | Employee Long Term Compensation Expense  |
| 33                               | Deferred Environmental Regulatory Amortization and Cost Support                |



|    |  |
|----|--|
| 34 | Deferred Pension Regulatory Amortization and Pension Plan Contribution Support       |
| 35 | Return on Service Company (DEBS) Assets  |
| 36 | Other Pension Expense  |
| 37 | Lobbying Expense, Charitable Contribution, Social Club Membership Adjustment         |
| 38 | Promotional and Advertising Expenses, consistent with Commission Rule 1220-04-05-.45 |

| <b>FINANCIAL REPORTS</b> |   |
|--------------------------|---|
| 39                       | Tennessee Allocated Income Statement, including details of all revenues and expenses for the HomeServe Warranty Program |
| 40A                      | Total Piedmont Regulatory View Year End Income Statement  |
| 40B                      | Total Piedmont SEC View Year End Income Statement   |
| 40C                      | Parent (Duke Energy Corporation) Year End Income Statement  |
| 40D                      | Service Company (DEBS) Year End Income Statement  |
| 40E                      | Total Piedmont Regulatory View Year End Balance Sheet   |
| 40F                      | Total Piedmont SEC View Year End Balance Sheet  |
| 40G                      | Parent (Duke Energy Corporation) Year End Balance Sheet   |
| 40H                      | Service Company (DEBS) Year End Balance Sheet   |
| 41A                      | Total Piedmont Monthly Trial Balance Regulatory View  |
| 41B                      | Total Piedmont Monthly Trial Balance SEC View   |
| 41C                      | Parent (Duke Energy Corporation) Monthly Trial Balance Regulatory View  |
| 41D                      | Parent (Duke Energy Corporation) Monthly Trial Balance SEC View   |
| 41E                      | Service Company (DEBS) Monthly Trial Balance Regulatory View  |
| 41F                      | Service Company (DEBS) Monthly Trial Balance SEC View   |

| <b>OTHER INFORMATIONAL SCHEDULES</b> |   |
|--------------------------------------|---|
| 42                                   | Piedmont Capital Budget for Tennessee operations for year subsequent to HBP         |
| 43                                   | Piedmont Operating Budget for the year subsequent to the HBP                        |
| 44                                   | Piedmont Jurisdictional Allocation Factors: Composite Factors                       |
| 45                                   | Piedmont Jurisdictional Allocation Factors: Net Plant Factors                       |
| 46                                   | Cost Allocation Manual  |
| 47                                   | Corporate Organizational Structure  |
| 48                                   | List of Company Officers  |
| 49                                   | Pension and OPEB actuarial reports  |
| 50                                   | Employee Incentive Compensation Plan documents                                      |
| 51                                   | Impact of any new accounting pronouncements   |
| 52                                   | Additional workpapers as required, and referenced to applicable ARM Filing Schedule |

| <b>Schedule 52: List of Additional Workpapers</b>  |  |
|--|--|
| <b>RATE BASE WORKPAPERS</b>  |  |
| UPIS – Monthly Activity by plant account, to provide support for ARM Schedule 13 and 14  |  |
| CWIP – Actual Capital Expenditures by Category and Project Number, to provide support for ARM Schedule 15  |  |
| ACC DEPR – Monthly Activity by plant account, to provide support for ARM Schedule 16   |  |
| WC – Calculation of 13 month average balance of Working Capital by category, to provide support for ARM Schedule 19  |  |
| ARM Reg Asset – Monthly activity, to provide support for ARM Schedule 20   |  |
| <b>REVENUE WORKPAPERS</b>  |  |
| Regression Analysis for the Computation of Base Rate Reset Billing Determinants, to provide support for ARM Schedules 22A, 22B & 28                                  |  |
| Calculation of 30-year Average Heating Degree Days, to provide support for ARM Schedule 27   |  |
| Per Books for the 12ME 12/31/20 Revenue Categories, to provide support for ARM Schedule 6A Column A  |  |
| ADIT Refund Elimination, to provide support for ARM Schedule 6A, Line 7, Column A  |  |
| <b>O&amp;M EXPENSE WORKPAPERS</b>  |  |
| Other Purchased Gas Expense Excluding Payroll and Incentive Compensation, to provide support for ARM Schedule 5 Line 1   |  |
| Gas Storage Expense Excluding Payroll and Incentive Compensation, to provide support for ARM Schedule 5 Line 2   |  |
| Transmission Expense Excluding Payroll and Incentive Compensation, to provide support for ARM Schedule 5 Line 3  |  |
| Distribution Expense Excluding Payroll and Incentive Compensation, to provide support for ARM Schedule 5 Line 4  |  |
| Sales Expense Excluding Payroll and Incentive Compensation, to provide support for ARM Schedule 5 Line 8   |  |
| Other Admin & General Expense, to provide support for ARM Schedule 5 Line 18   |  |
| General Ledger transaction level detail for all O&M Charges  |  |
| General Ledger transaction level detail for all O&M Charges allocated to Tennessee operations from the Service Corporation (DEBS)                                    |  |
| Calculation of depreciation expense allocated to Tennessee operations from the Service Corporation (DEBS) pursuant to Section 17.m. of the 2020 Rate Case Settlement |  |
| <b>OTHER WORKPAPERS</b>  |  |
| Calculation of O&M Expense for Lead/Lag to provide support for ARM Schedules 4A and 4B Lines 5 through 19  |  |
| Calculation of General Taxes, to provide support for ARM Schedule 7  |  |
| Calculation of Composite Excise Tax Rate, to provide support for ARM Schedule 11 Line 6 and 12   |  |
| Calculation of Annual EDIT Amortization for Protected PPE, to provide support for ARM Schedule 8 Line 21   |  |
| Capital Structure and Cost Rates, to provide support for ARM Schedule 10   |  |
| ARM Reconciliation Deferred Account Activity by month, to provide support for ARM Schedule 12  |  |

### Other Schedules

- 53) Variance Reporting: As part of its Annual ARM filing, Piedmont shall prepare and file with the TPUC, with a copy to the Consumer Advocate, a Variance Report that identifies and explains each and every Piedmont revenue and operating expense

- account and/or subaccount for which the Tennessee amount (including amounts allocated to Tennessee) either exceeds the prior year's amount (based on amounts either as filed by Piedmont in the Annual ARM Filing or as adjusted by the TPUC under Tennessee Code Annotated Section 65-5-103(d)(6)(C) by 5% and \$30,000.
- 54) The monthly balances of short-term debt, long-term debt and equity at December 31st of the month preceding the beginning of the HBP as well as month end balances throughout the HBP.
  - 55) The amount of accrued expenses recorded in the HBP along with a full explanation identifying the nature of each accrual, further identified between direct and allocated charges.
  - 56) If not in the Cost Allocation Manual, the Company shall supply a description of each 'Operating Unit', 'Allocation Pool ID', 'Resource Type ID', 'Source CD JD', and 'Project ID CB' included within its O&M Expense workpaper: General Ledger transaction level detail for all O&M Charges allocated to Tennessee operations from DEBS.
  - 57) A description of each DEBS asset whose allocated costs to Piedmont-Tennessee operations is \$50,000 annually or more.
  - 58) A schedule of the Company's HBP accounting entries made for the 'return to provision' transaction reflecting the impacts of its filed tax return made in the year subsequent to the HBP, along with an explanation of the impact of the transaction on the regulate return in the period the entry is made.
  - 59) The following operating metrics for the HBP:
    - a. Response Time to Emergency Calls
    - b. Age of Natural Gas Leaks
    - c. Number of Natural Gas Leaks by Grade.

## **V. OTHER**

### Consumer Advocate Authority to Petition

The Consumer Advocate shall have the right in its sole discretion to file a petition or complaint asking the Commission to terminate or modify any ARM Tariff resulting from Docket No. 21-00135 or any directly or indirectly related docket or to take any other action contemplated by Tennessee Code Annotated Section 65-5-103(d)(6). The Company shall not oppose the Consumer Advocate's petition or complaint filed under this Section on the grounds that such a proceeding is not statutorily authorized or that Consumer Advocate is not authorized to bring such a proceeding; provided, however, that the Company reserves all rights with regard to the merits of any termination or modification or other relief that the Consumer Advocate may request or position that the Consumer Advocate may assert in any such proceeding.

**SERVICE SCHEDULE 319**  
**Rider for Voluntary GreenEdge<sup>SM</sup> Program**

This Rider provides certain Customers the option to offset the carbon emissions associated with their natural gas usage through direct funding of the Company's purchase of environmental attributes from renewable natural gas and carbon offsets.

**Availability**

This Rider is available on a voluntary basis to residential and non-residential Customers receiving concurrent Gas Service under an Applicable Rate Schedule from the Company who contract for one or more blocks of environmental attributes sourced by the Company from renewable natural gas and carbon offsets.

**General Provisions**

Each Customer may contract for the Company's purchase of one or more blocks of environmental attributes on their behalf. The Customer may change their monthly election of the number of blocks of environmental attributes once during any consecutive twelve-month period, unless otherwise authorized by the Company. There is no limit to the number of blocks that the Customer may contract for under this Rider.

Each block of environmental attributes is intended to fully mitigate the carbon footprint impact of 12.5 therms of natural gas usage by the Customer. The actual amount of natural gas usage by the Customer during any given month may be more or less than the number of blocks of environmental attributes for which the Customer has contracted.

The environmental attributes are represented by renewable natural gas certificates and carbon offsets. Such environmental attributes purchased and retired by the Company pursuant to this Rider will be done so on behalf of the collective participation of Customers under this Rider.

**Definitions**

"Applicable Rate Schedule(s)" under this Rider refers to Rate Schedule 301 and/or Rate Schedule 302.

**Rates and Charges**

In addition to the rates and charges provided for under the Customer's Applicable Rate Schedule, a \$3.00 monthly charge shall apply to each block of environmental attributes that the Customer elects under this Rider. The monthly charge under this Rider shall apply to the Customer's monthly utility bill regardless of the Customer's actual monthly gas usage under their Applicable Rate Schedule and regardless of any Gas Service interruptions or curtailments that the Customer may experience pursuant to their Applicable Rate Schedule.

The Company may seek, at its discretion, approval from the Commission to implement on a prospective basis changes to the per block monthly charge under this Rider that may

become necessary over time. The Company shall provide Customers participating in this Rider at least one month's advance notice of any such change through a bill message or other similar communication method.

Payment of Bills

Bills shall be due and payable as provided for under the Customer's Applicable Rate Schedule.

Late Payment Charges

No late payment charge shall be assessed to amounts not paid timely by the Customer under this Rider.

Contract Period

Either the Customer or the Company may terminate the Customer's participation under this Rider by giving at least thirty (30) days prior written notice of such termination, with exception as follows. The Company may terminate a Customer's participation under this Rider without prior notice when the Customer is 60 days or more past due on payment of amounts billed to them pursuant to this Rider, and/or upon disconnection of Gas Service to the Customer.

Failure of the Customer to pay any amounts due pursuant to this Rider shall not result in disconnection of Gas Service to the Customer.

## **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 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. 318, "Annual Review Mechanism (ARM)." 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><br><b><u>(November-March)</u></b> | <b><u>Summer</u></b><br><b><u>(April-October)</u></b> |
|--------------------------------|--|---|
| Monthly Charge                 | \$225.00   | \$225.00  |
| Commodity Charge (per therm)   | \$ <del>4864</del> <u>558398</u>                       | \$ <del>40633</del> <u>48780</u>                      |

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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. 318, "Annual Review Mechanism (ARM)."

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;

- 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

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;

Effective: March 1, 2021

- 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 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 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)