Piedmont
Natural Gas

RECEIVED
2003 JUN 30 PM 12:12
T.R.A. DOCKET ROOM

RECEIVED
JUN 30 2003
SARA KYLE, COMMISSIONER
TN REGULATORY AUTHORITY

June 27, 2003

Office of the Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TM 37243-0505

Re: Nashville Gas Company, Docket No. 99-00207

Dear Chairman Kyle:

In accordance with the reporting provisions of Service Schedule No. 14, Performance Incentive Plan, as approved in the above captioned docket, Nashville Gas Company ("Nashville") submits the accompanying quarterly report of shared gas cost savings for the period July 1, 2002 through April 30, 2003.

As the summary indicates, the accumulated total gains and savings under the plan for this reporting period total \$3,754,667. Under the Plan's sharing formulas, \$2,108,541 of these gains and savings will be allocated to the Company's ratepayers. The remaining \$1,646,126 of the gains and savings is reflected as the Company's share; however, the Company acknowledges that under the terms of the Plan, the annual cap is \$1,600,000 and will be reflected in the annual filing.

Detailed calculations supporting the amounts shown on the summary are provided in this filing subject to the execution of non-disclosure agreements.

I am enclosing one additional copy of the summary that I would appreciate your stamping "filed" and returning to me in the enclosed envelope.

Sincerely,

Bill R. Morris

Bill R. Morris
Director-Corporate Planning and Development Services

Enclosures

c: Russell Perkins, Deputy Attorney General
Mike Gaines, Tennessee Regulatory Authority

Report on Nashville Incentive Plan
July 2002 - June 2003

Month	Year	Gas Procurement Incentive Mechanism Gain/(Loss) 1/	Nashville GPI Sharing Gain/(Loss) 2/	Ratepayer GPI Sharing Gain/(Loss)	Capacity Management Incentive Mechanism Gain/(Loss)	Nashville CMI Sharing Gain/(Loss) 3/	Ratepayer CMI Sharing Gain/(Loss) 3/	Total Gain/(Loss)	Total Nashville Gain/(Loss) 4/	Total Ratepayer Gain/(Loss)
July	2002	$ (3,754)	$ -	$ (3,754)	$ -	$ -	$ -	$ (3,754)	$ -	$ (3,754)
August	2002	$ (1,844)	$ -	$ (1,844)	$ -	$ -	$ -	$ (1,844)	$ -	$ (1,844)
September	2002	$ 11,399	$ -	$ 11,399	$ 16,205	$ -	$ 16,205	$ 27,604	$ -	$ 27,604
October	2002	$ 55,097	$ 9,213	$ 45,884	$ 32,887	$ -	$ 32,887	$ 87,984	$ 9,213	$ 78,771
November	2002	$ 6,103	$ -	$ 6,103	$ 11,250	$ -	$ 11,250	$ 17,353	$ -	$ 17,353
December	2002	$ 1,183,399	$ 524,736	$ 658,664	$ 75,173	$ 4,154	$ 71,019	$ 1,258,573	$ 528,890	$ 729,682
January	2003	$ 407,007	$ 120,044	$ 286,963	$ 177,915	$ 44,493	$ 133,421	$ 584,922	$ 164,537	$ 420,385
February	2003	$ 124,930	$ -	$ 124,930	$ 127,139	$ 63,570	$ 63,570	$ 252,069	$ 63,570	$ 188,499
March	2003	$ (179,314)	$ (627)	$ (178,687)	$ 1,761,085	$ 880,542	$ 880,542	$ 1,581,771	$ 879,916	$ 701,855
April	2003	$ (50,010)	$ -	$ (50,010)	$ -	$ -	$ -	$ (50,010)	$ -	$ (50,010)
May	2003	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
June	2003	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ 1,553,013	$ 653,366	$ 899,647	$ 2,201,654	$ 992,760	$ 1,208,894	$ 3,754,667	$ 1,646,126	$ 2,108,541

1/ The monthly gain or loss set forth in this column reflects total gains or losses calculated under the gas procurement mechanism, including gains or losses within the one percent deadband.

2/ Nashville GPI sharing reflects 50% of gains or losses calculated under the gas procurement mechanism after application of the one percent monthly deadband .

3/ Nashville sharing percentages range from 0% (up to 1% of annual demand savings), to 10% (1% - 2% savings), to 25% (2% - 3% savings), and to 50% (> 3% savings). Total capacity demand costs for the period are based on estimated annual costs for the plan year. These sharing amounts shall be adjusted based on the actual demand costs incurred, taking into account refunds or surcharges from pipeline and storage supplies.
(See Service Schedule No. 14, page 5)

4/ Nashiville is subject to a cap on overall gains or losses of $1.6 million annually