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February 23, 2010

VIA HAND DELIVERY

Chairman Sara Kyle
c/o Ms. Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

filed electronically in docket office on 02/23/10

Re: *Application of Piedmont Natural Gas Company, Inc. for Approval of Negotiated Gas Redelivery Agreement with Bridgestone/Firestone*
Docket No. 10-00015

Dear Chairman Kyle:

Enclosed please find an original and five (5) copies of the public version of Piedmont Natural Gas Company, Inc.'s Responses to TRA Data Requests dated February 9, 2010. Filed along with this is a confidential version, submitted under seal. Also enclosed is a CD of these items for staff use, as requested. Please note that the CD is Confidential and Proprietary and also should be filed under seal.

Please stamp one copy of the document as "filed" and return it to me by way of our courier.

Should you have any questions concerning any of the enclosed, please do not hesitate to contact me.

With kindest regards, I remain

Very truly yours,



R. Dale Grimes

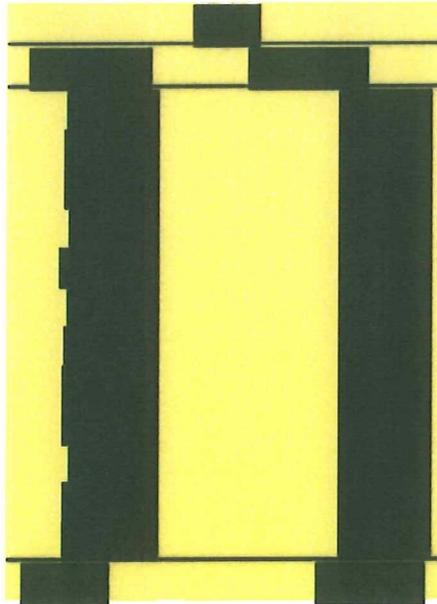
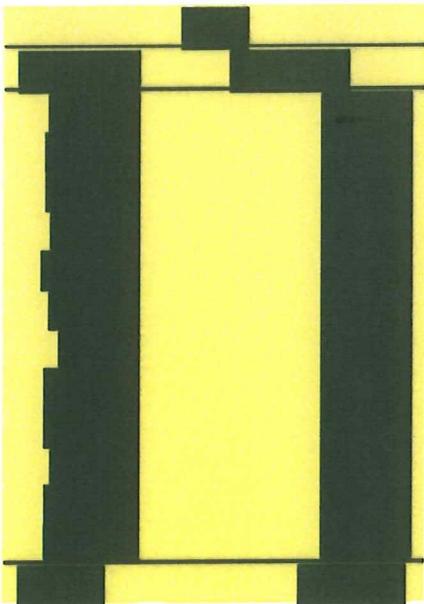
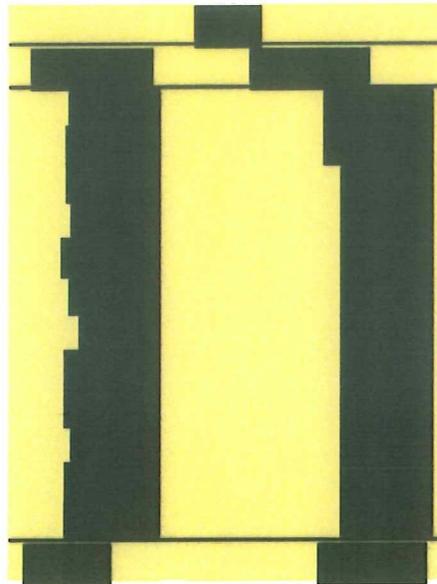
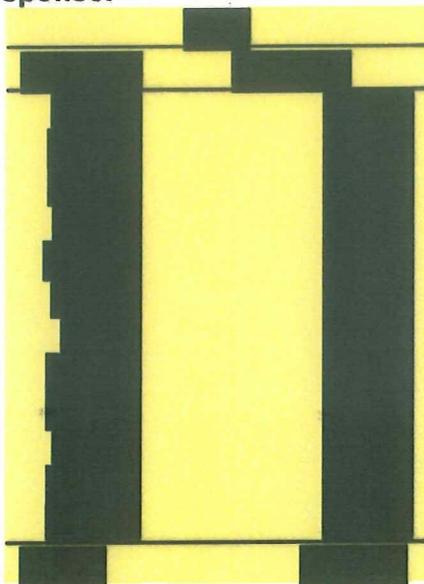
RDG/smb

Enclosures

**PIEDMONT NATURAL GAS COMPANY, INC.
BRIDGESTONE/FIRESTONE NEGOTIATED GAS REDELIVERY AGREEMENT
DOCKET NO. 10-00015
TRA STAFF DATA REQUEST NO. 1
February 9, 2010**

1. Provide usage volumes by month for Bridgestone/Firestone for the years 2006-2009.

Response:



Response provided by Piedmont Natural Gas on February 23, 2010.

**PUBLIC VERSION
REDACTED**

**PIEDMONT NATURAL GAS COMPANY, INC.
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2. For the Negotiated Gas Redelivery Agreement with Bridgestone/Firestone approved in Docket No. 98-00339, Piedmont's fixed cost of servicing Bridgestone/Firestone was \$5,803. Please provide an updated calculation of the cost of servicing Bridgestone/Firestone.

Response: Using "Summary of Economic Information of a Direct Delivery Pipeline by Piedmont," January 8, 2003 as a guide:

| | |
|---------------------------------------|------------|
| Direct Delivery Facility Capital Cost | [REDACTED] |
| Operating Days/Yr | [REDACTED] |
| Throughout MMBtu/Year | [REDACTED] |
| Throughput MMBtu/day | [REDACTED] |
| Financed Percentage | [REDACTED] |
| Amount Financed | [REDACTED] |
| Useful Life of Bypass Investment | [REDACTED] |
| Interest Rate | [REDACTED] |
| Operating Cost/Yr | [REDACTED] |
| Current Average Rate 113 | [REDACTED] |
| Effective Proposed Rate | [REDACTED] |
| Savings from Timing Difference | [REDACTED] |
| Annual Cost of Bypass | [REDACTED] |
| Monthly Demand | [REDACTED] |
| Variable Rate | [REDACTED] |

Response provided by Piedmont Natural Gas on February 23, 2010.

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DOCKET NO. 10-00015
TRA STAFF DATA REQUEST NO. 1
February 9, 2010

3. Is Bridgestone/Firestone still located approximately four miles from the nearest interstate pipeline? If not, please update the Company's location.

Response: Yes, Bridgestone's location relative to the nearest interstate pipeline has not changed. It is approximately 3.7 miles.

Response provided by Piedmont Natural Gas on February 23, 2010.

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TRA STAFF DATA REQUEST NO. 1
February 9, 2010

4. Has Bridgestone/Firestone updated its cost of by-pass and pay back analysis since the original contract with Piedmont was approved in 1999? If so, please provide a copy of these calculations.

Response: Yes, Bridgestone has updated its cost analysis. As indicated in the report provided by Bridgestone titled "Feasibility Study of Proposed Natural Gas Pipeline, Bridgestone/Firestone, La Vergne, Tennessee Plant, October, 2008."

Response provided by Piedmont Natural Gas on February 23, 2010.

Attachment to Response to No. 4 is not included.

The entire attachment is REDACTED.

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DOCKET NO. 10-00015
TRA STAFF DATA REQUEST NO. 1
February 9, 2010**

5. Please provide a detailed schedule in Excel with working formulas showing Piedmont's monthly margin loss for the most recent forty-eight (48) months under the current contract with Bridgestone/Firestone.

Response: Please see the attached schedules.

Response provided by Piedmont Natural Gas on February 23, 2010.

**Attached Schedules to Response to No. 5 are
not included.**

**All Schedules
REDACTED.**

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DOCKET NO. 10-00015
TRA STAFF DATA REQUEST NO. 1
February 9, 2010

6. Please provide a detailed calculation in Excel, with working formulas, of Piedmont's projected monthly margin loss under the proposed negotiated gas redelivery agreement for the next twenty-four months, using the most recent twenty-four months usage data.

Response: The new Bridgestone contract was negotiated at the equivalent of Piedmont's tariff rates but with additional service flexibility that is not provided under Piedmont's tariffs. As a result, Piedmont does not anticipate any significant margin losses from the contract, although the possibility of such losses exists if throughput under the contract is substantially lower than the current usage upon which the rates were calculated or if Piedmont's base rates are changed in a general rate proceeding during the term of the agreement. The calculations on the attached schedules, which show a slight margin contribution from the contract, are based on current and projected usage levels.

Response provided by Piedmont Natural Gas on February 23, 2010.

**Attached Schedules to Response to No. 6 are
not included.**

**All Schedules
REDACTED.**

PIEDMONT NATURAL GAS COMPANY, INC.
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TRA STAFF DATA REQUEST NO. 1
February 9, 2010

7. Please provide a detailed calculation in Excel, with working formulas, of the margin cost per customer resulting from the proposed special contract between the Company and Bridgestone/Firestone that would be recovered through the ACA, if recovery is approved by the Authority.

Response: Based on the analysis provided in response to question #6, Piedmont does not project a margin loss under the proposed special contract agreement. Accordingly, Piedmont does not anticipate any "margin cost" per customer from the Bridgestone contract.

Response provided by Piedmont Natural Gas on February 23, 2010.

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TRA STAFF DATA REQUEST NO. 1
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8. The proposed contract was entered into on October 27, 2009 ("Effective Date"). Please explain why the contract was not brought before the Authority for approval until February 2010.

Response: The delay in presenting the Bridgestone contract to the Authority for approval is attributable to a number of factors. These include: (1) a slight delay in receiving the fully executed agreement back at Piedmont's corporate headquarters in Charlotte, (2) the time required to research and draft a petition for submittal of the contract to the Authority, (3) the intense focus of Piedmont's regulatory staff and counsel on proceedings in Docket No. 09-00104 during most of the months of December and January, and (4) the potential discovery of a similarly situated industrial customer and resolution of discussions over whether new contracts for these two customers should be submitted together or separately.

Response provided by Piedmont Natural Gas on February 23, 2010.

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TRA STAFF DATA REQUEST NO. 1
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9. Has Piedmont begun billing Bridgestone/Firestone under the terms of the proposed contract? If so, when did the new rates take affect?

Response: Piedmont began charging Bridgestone the contract rates in November, 2009, on a conditional basis subject to Authority approval of the contract.

Response provided by Piedmont Natural Gas on February 23, 2010.

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DOCKET NO. 10-00015
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10. Piedmont's petition states at paragraph 11 that Piedmont has been recovering 100% of its margin losses associated with the Bridgestone/Firestone negotiated rates. Regarding this statement, please answer the following questions:

- a. The Authority's orders in Docket 98-00339 and Docket 02-01271 allow Piedmont to recover 90% of its margin losses associated with the negotiated rates in the Bridgestone/Firestone contract. Please provide a copy of the Authority's order that Piedmont is relying on that allows Piedmont to recover 100% of its margin losses;
- b. What month and year did Piedmont start recovering 100% of its margin losses from other customers;
- c. Please explain the recovery mechanism that Piedmont uses to recover these margin losses from the other customers;
- d. If these margin losses are recovered in the ACA, please explain in detail how the dollars are charged to the ACA Account.

Response:

a. Piedmont's petition should have referenced the Authority's orders in Docket 98-00339 and Docket 02-01271 which allow Piedmont to recover 90% (not 100%) of its margin losses associated with the negotiated rates in the Bridgestone/Firestone contract. The reference to 100% of margin losses was a drafting error by Piedmont's counsel in the Petition. Further, while Piedmont does not presently anticipate margin losses under this special contract, to the extent any such losses may occur in the future, Piedmont is requesting the continuation of the currently approved treatment for margin losses associated with the Bridgestone contract, which is 90% recovery.

b. See response to c.

c. Revenues and margin contribution from the Bridgestone contract were incorporated into Piedmont's overall revenue requirements and base rate calculations approved in the Company's last general rate case proceeding (Docket 03-00313). These rates went into effect November 1, 2003. As a result, there are no separately identifiable margin losses (or recovery from customers) from the Bridgestone contract, but the margin effect of that contract is included in Piedmont's overall rates.

d. There are no charges made to the ACA account to recovery margin losses under the current Bridgestone contract.

Response provided by Piedmont Natural Gas on February 23, 2010.