STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. G-40, SUB 175

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application of Frontier Natural Gas Company for Annual Review of Gas Costs Pursuant to N.C. Gen. Stat. § 62-133.4(c) and Commission Rule R1-17(k)(6)	))))	ORDER ON ANNUAL REVIEW OF GAS COSTS

HEARD: Tuesday, March 5, 2024, at 9:00 a.m., in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina

BEFORE: Commissioner Floyd B. McKissick, Jr., Presiding; Commissioner Kimberly W. Duffley, and Commissioner William M. Brawley

APPEARANCES:

For Frontier Natural Gas Company:

Mason E. Maney, McGuire Woods LLP, 501 Fayetteville Street, Suite 500, Raleigh, North Carolina 27601

For the Using and Consuming Public:

Elizabeth D. Culpepper, Staff Attorney, Public Staff – North Carolina Utilities Commission, 4326 Mail Service Center, Raleigh, North Carolina 27699-4326

BY THE COMMISSION: On December 1, 2023, pursuant to N.C. Gen. Stat. § 62-133.4(c) and Commission Rule R1-17(k)(6), Frontier Natural Gas Company (Frontier) filed the direct testimony and exhibits of Jason Lemmon, Regional Controller, and Taylor B. Younger, Manager of Compliance and Operations, in connection with the annual review of Frontier's gas costs for the 12-month period ended September 30, 2023.

On December 8, 2023, the Commission issued its Order Scheduling Hearing, Requiring Filing of Testimony, Establishing Discovery Guidelines, and Requiring Public Notice (Scheduling Order). The Scheduling Order set a public hearing date of March 5, 2024, at 9:00 a.m. for the annual review of Frontier's gas costs, set prefiled testimony dates, and required Frontier to publish notice to its customers of the hearing on this matter.

On December 21, 2023, Frontier filed the supplemental direct testimony and exhibit of Jason Lemmon.

On February 7, 2024, Frontier filed an Errata to Frontier witness Lemmon's Schedule Nos. 3 and 10.

On February 12, 2024, Frontier filed its Affidavits of Publication as required by the Scheduling Order.

On February 19, 2024, the Public Staff filed the testimony of Andrew R. S. Puglisi, Public Utilities Engineer in the Natural Gas Section of the Energy Division, and the testimony of Sonja R. Johnson, Public Utilities Regulatory Supervisor with the Accounting Division.

No other party intervened in this docket.

On February 21, 2024, Frontier and the Public Staff filed a joint motion requesting that all expert witnesses be excused from attending the hearing scheduled for March 5, 2024, and requesting that the prefiled testimony and exhibits of all witnesses be received into the record without the appearance of the witnesses.

On February 26, 2024, the Commission issued its Order Excusing Expert Witnesses, Canceling Expert Witness Hearing, and Requiring Proposed Orders, which canceled the expert witness hearing, determined that the public witness hearing shall be held as scheduled on March 5, 2024, and admitted all expert witnesses' prefiled testimony and exhibits into evidence.

On March 5, 2024, this matter came on for a public witness hearing as scheduled. No public witnesses appeared at the hearing.

On March 26, 2024, Frontier and the Public Staff filed a Joint Proposed Order.

Based upon the testimony and exhibits received into evidence and the record as a whole, the Commission makes the following

FINDINGS OF FACT

1. Frontier is a public utility as defined by N.C.G.S. § 62-3(23), organized and existing under the laws of the State of North Carolina with its headquarters in Elkin, North Carolina.

2. Frontier is a natural gas local distribution company (LDC), primarily engaged in the business of purchasing, transporting, distributing, and selling natural gas to approximately 4,950 customers in North Carolina, as of September 30, 2023.

3. Frontier filed with the Commission and submitted to the Public Staff all information required by N.C.G.S. § 62-133.4(c) and Commission Rule R1-17(k) and has complied with the procedural requirements of such statute and rule.

4. The review period in this proceeding is the 12 months ended September 30, 2023.

5. During the review period, Frontier incurred total gas supply costs of $12,970,838, comprised of pipeline demand charges of $1,334,082, gas supply costs of $10,878,653, and other gas costs of $758,103.

6. The appropriate Deferred Gas Cost account balance at September 30, 2023, is a debit balance of $342,026 owed to Frontier by its customer.

7. Frontier properly accounted for its gas costs during the review period.

8. Frontier's hedging decisions during the review period were reasonable and prudent as part of its overall Gas Supply Procurement Policy.

9. Frontier has supply and transportation contracts with interstate pipelines and other providers for the supply and transportation of gas to Frontier’s system.

10. Frontier utilized Asset Management Agreements (AMAs) with Gas South, LLC (Gas South), which covers up to 20,000 dekatherms (dts) a day of additional gas supply and capacity during the review period.

11. Frontier met its supply and capacity needs for the review period.

12. Frontier has continued its "Best Evaluated Cost" gas supply strategy policy.

13. Frontier’s gas costs during the review period were prudently incurred, and Frontier should be permitted to recover 100% of its prudently incurred gas costs.

14. Frontier should not be required to implement a rate adjustment in this docket.

15. It is appropriate for Frontier to use the net-of-tax overall rate of return of 4.63% as the applicable interest rate on all amounts over-collected or under-collected from customers reflected in its Deferred Gas Cost Account and to continue to review the interest rate and file for approval of any necessary adjustments.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 1-2

The evidence supporting these findings of fact is contained in the official files and records of the Commission; the testimony and exhibits of Frontier witnesses Lemmon and

Younger; and the testimony of Public Staff witnesses Puglisi and Johnson. These findings are informational, procedural, or jurisdictional and are based on uncontested evidence.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 3-4

The evidence supporting these findings of fact is contained in the testimony of Frontier witnesses Younger and Lemmon; the testimony of Public Staff witnesses Puglisi and Johnson; and the provisions of N.C.G.S. § 62-133.4(c) and Commission Rule R1-17(k)(6).

Pursuant to N.C.G.S. § 62-133.4(c), each natural gas utility is required to submit information and data for a historical 12-month review period concerning the utility's actual cost of gas, volumes of purchased gas, sales volumes, negotiated sales volumes, and transportation volumes. Commission Rule R1-17(k)(6)(a) establishes September 30, 2023, as the end date of the annual review period for Frontier in this proceeding. Commission Rule R1-17(k)(6)(c) requires the filing of work papers, direct testimony, and exhibits supporting the information.

Frontier witness Lemmon testified that Frontier is required to submit, on or before December 1 of each year, certain information for the 12-month test period ended September 30 as required by Commission Rule R1-17(k). Public Staff witnesses Puglisi and Johnson confirmed that the Public Staff reviewed the monthly reports filed by Frontier.

Based on the foregoing, the Commission concludes that Frontier has complied with all procedural requirements of N.C.G.S. § 62-133.4(c) and Commission Rule R1-17(k) for the review period.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 5-7

The evidence supporting these findings of fact is contained in the testimony and exhibits of Frontier witness Lemmon; and the testimony of Public Staff witness Johnson.

Based on Frontier witness Lemmon's Errata Schedule 3 filing on February 7, 2024, Schedule 1 should have reflected that Frontier incurred total gas costs of $12,970,838 during the review period, which was comprised of demand and storage costs of $1,334,082 and commodity costs of $10,878,653, offset by other gas costs of $758,103.

Public Staff witness Johnson testified that she reviewed the testimony and exhibits of Frontier's witnesses, Frontier's monthly Deferred Gas Cost Account reports, monthly financial and operating reports, the gas supply and pipeline transportation contracts, and Frontier's responses to Public Staff data requests.

Frontier witness Lemmon testified that as of September 30, 2023, Frontier's Deferred Gas Cost Account had an ending debit balance of $342,026, owed to Frontier from customers, as shown on Frontier witness Lemmon’s Schedule 8. Additionally, Frontier witness Lemmon testified that Frontier’s Deferred Gas Cost Account consisted of the following activity: a beginning balance of $1,056,261, Commodity True-up of ($580,792), Transportation Balancing True-up of ($106,517), Interest of $43,869, and Supplier Refund & Corrections of ($70,795).

Public Staff witness Johnson stated that every month the Public Staff reviews the Deferred Gas Cost Account reports filed by Frontier for accuracy and reasonableness and performs several audit procedures on the calculations. Public Staff witness Johnson also testified that Frontier properly accounted for its gas costs during the review period.

Based on the foregoing, the Commission concludes that the appropriate Deferred Gas Cost Account balance at September 30, 2023, is a debit balance of $342,026, owed to Frontier by its customers, and that Frontier properly accounted for its gas costs incurred during the review period.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 8

The evidence supporting this finding of fact is contained in the testimony and exhibits of Frontier witnesses Lemmon and Younger; the testimony of Public Staff witness Johnson; and the Commission's final Order on Annual Review of Gas Costs issued May 3, 2022, in Docket No. G-40, Sub 163 (Sub 163 Order).

The Sub 163 Order requires Frontier and the Public Staff to continue to work together to discuss Frontier's Gas Supply Procurement Policy, including hedging and other price mitigation strategies, as changes to the policy are contemplated.

Frontier witness Younger stated that Frontier met with the Public Staff and the Commission's Pipeline Safety Section on June 4, 2019, to discuss Frontier's updated Gas Supply Procurement Policy and focused on Frontier's plan to utilize its Procurement Policy going forward. Witness Younger testified that, after conversations with the Public Staff in April 2020, Frontier slightly revised the Gas Supply Procurement Policy. Both Public Staff witness Johnson and Frontier witness Younger testified that Frontier met with the Public Staff again on June 22, 2022, to discuss its procurement strategies for the upcoming winter. Witness Younger testified that this meeting included discussions on hedging and other price mitigation strategies to protect customers from gas cost volatility. Witness Younger also stated that as a result of that meeting, Frontier again slightly revised its procurement policy, which she included as Exhibit_(TBY-1) to her direct testimony in this proceeding.

Frontier witness Younger further testified that Frontier is under a contract with Marquette Energy Analytics (Marquette), which provides Frontier with an annual report showing a monthly forecast for the upcoming year including an expected daily average flow and an expected daily maximum flow for each month of the upcoming year. Witness Younger stated that the report as provided by Marquette is derived from actual historical usage, historical weather patterns, and projected customer growth and affirmed that

Frontier's supply planning for each review period is based off of this forecast. The annual report, which is received each March, helps Frontier make hedging decisions for the upcoming winter. Frontier witness Younger testified that in order to ensure a best cost scenario without speculation, Frontier made plans to make 1/6 of its total planned hedge purchases in each month of April to September to cover gas supply purchases for the months of November through March.

Frontier witness Younger testified that Frontier, on average, used 6,454 dts/day in the coldest months of December 2022 and January and February of 2023. Witness Younger further testified that Frontier has firm interstate pipeline capacity rights that cover demand up to 8,613 dts/day, adding that on most days of the year, this baseload interstate capacity is sufficient to meet customer demand.

Witness Younger testified that Frontier has the support of its parent company, Hearthstone Holdings, Inc. d/b/a/ Hope Utilities, Inc. (Hope Utilities), to assist in its gas supply functions, which currently includes daily gas supply tracking activities for Frontier. Frontier expects that Hope Utilities' gas supply group, led by Jeff Nehr, Senior Vice President Corporate Development for Frontier and Hope Utilities, will continue to bolster Frontier's gas supply planning function as prescribed in Docket No. G-40, Sub 149. Utilizing Mr. Nehr's and his team's broad gas supply expertise is expected to provide Frontier with access to resources necessary for successful gas supply procurement and planning.

Frontier witness Younger stated that Frontier is only able to swing on the portion of its Zone 3 firm transportation capacity that is firm primary to its City Gate, and that 3,613 dts of its 8,613 dts capacity is currently delivered on a firm primary basis to its City Gate, with the remaining 5,000 dts delivered under a firm contract which has a firm primary delivery point south of City Gate. Frontier witness Younger clarified that Frontier will either need to hedge the 5,000 dts for each day of the month or purchase it for the month at a first-of-month (FOM) index price.

Frontier witness Younger also stated that pursuant to its current gas supply policy, Frontier targeted up to 60% of this amount to be hedged, with the rest being purchased at an FOM index price. Frontier witness Younger explained that if the remainder of the 3,613 dts capacity is needed on top of the total nominated daily gas amount made up of Zone 3 hedged gas, Zone 3 FOM index priced gas, Zone 5 hedged gas, and Zone 5 FOM index priced gas, Frontier will purchase it at the Zone 3 Daily index price. Frontier witness Younger also testified that the minimum quantity of Zone 5 gas to be Forward Hedged will depend on the expected maximum day flow for each winter month and that current firm Zone 3 transportation capacity of 8,613 dts should be subtracted from the expected maximum day flow to conclude how much Zone 5 gas Frontier should purchase for that month. Witness Younger further testified that when the estimated peak day requirements for a month indicate that no Zone 5 purchases are anticipated, there will be no required Zone 5 hedge volume. Witness Younger confirmed that Frontier will review Zone 5 Forward Hedged quantity annually and re-establish it based on changes in system needs. Frontier witness Younger further explained that Frontier will base Zone 5 FOM purchase quantity upon considerations of the current market prices and the most current weather forecast at the time FOM nominations are due.

Public Staff witness Johnson testified that the appropriate standard for the review of hedging decisions by LDCs is set forth in the Commission's February 26, 2002, Order on Hedging in Docket No. G-100, Sub 84 (Hedging Order). In the Hedging Order, the Commission concluded that the purpose of hedging is to reduce the volatility of commodity costs, noting that hedging involves costs and risks and that it is possible that the long-term cost of hedged gas will be higher than gas bought at market prices. The Commission noted its understanding that with the use of hedging mechanisms, costs and risks are accepted in exchange for reduced volatility. The Commission further concluded that hedging is an option that must be considered in connection with an LDC's gas purchasing practices, and that an LDC's decision to make no effort to mitigate price spikes, including a decision not to hedge, would be a decision subject to review in the LDC's annual gas cost prudency review proceeding just as much as a decision to hedge.

In the Hedging Order, the Commission also concluded that if an LDC decides to hedge in some fashion, prudently incurred costs in connection with hedging should be treated as gas costs under N.C.G.S. § 62-133.4. The Commission recognized that the review of the prudency of a decision to hedge or not to hedge should be made on the basis of the information available at the time each decision is made, not on the basis of the information available at the time of the prudency review proceeding. The Commission then determined that each LDC should address its current hedging policy and program in its testimony in each annual gas cost prudency review, explaining why and how it hedged or why it did not hedge during the test period.

Public Staff witness Johnson testified that based on what was reasonably known or should have been known at the time Frontier made its hedging decisions affecting the review period, as opposed to the outcome of those decisions, her analysis leads her to conclude that Frontier's decisions were prudent.

Based on the Public Staff's investigation and review of the data filed in this docket, the Commission concludes that Frontier's hedging decisions during the review period were reasonable and prudent. The Commission directs Frontier to continue to work with the Public Staff to discuss its Gas Supply Procurement Policy, including hedging and other price mitigation strategies, as changes to the policy are contemplated.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 9-13

The evidence for these findings of fact is contained in the testimony and exhibits of Frontier witnesses Younger and Lemmon; and the testimony Public Staff witnesses Puglisi and Johnson.

Frontier witness Younger testified that Frontier entered into a new AMA with Gas South as of April 1, 2023, with terms more favorable than those available under the UGI Energy Services, LLC (UGI) AMA. The Gas South AMA covers Frontier for up to

20,000 dts per day and has no fees associated with Zone 3 or Zone 5 purchases. Witness Younger further testified that Frontier also receives a credit against its Transco demand charges for potential unused capacity. Witness Younger explained that in January of 2023, Frontier was covered up to 12,148 daily dts through a combination of forward hedged Zone 3 and Zone 5 gas, Zone 3 and Zone 5 FOM nominations, and the peaking plan. The 12,148 dts covered the potential maximum daily use as forecasted by Marquette. The goal was to avoid being subject to volatile Zone 5 daily pricing.

Witness Younger stated that Frontier continuously met its firm customers' demands for gas throughout the 2022/2023 winter heating season, without curtailment or interruption of any firm customers, and explained that in the past few years, Frontier has witnessed Operational Flow Order penalties being assessed to other parties for being too far over or under their daily nominations. Frontier witness Younger further stated that Frontier closely monitored daily weather forecasts during the winter and made intraday Zone 5 purchases if it was anticipated that Frontier may exceed its coverage amounts. Since the weather was unpredictable, witness Younger stated that Frontier insured that peaking gas was available as needed in January and February 2023 to meet projected peak demand by activating a peaking plan with UGI. Frontier resumed physically hedging gas in October and November of 2022 to ensure coverage as it relates to the Marquette expected peak for each winter month.

Public Staff witness Puglisi confirmed Frontier witness Younger's testimony that Frontier: (1) operated under the AMA with UGI through March 31, 2023; (2) commenced its new AMA with Gas South in April of 2023, which has more favorable terms than those available to Frontier under the UGI AMA; and (3) under the new contract with Gas South, Frontier will have no fees associated with Zone 3 or Zone 5 purchases and will also receive a refund each month for potential unused capacity. Witness Puglisi testified that he reviewed the testimony and exhibits of Frontier's witnesses, Frontier's monthly Deferred Gas Cost Account reports, monthly operating reports, and Frontier's responses to Public Staff data requests. He explained that the responses to the Public Staff's data requests contained information related to Frontier's gas purchasing philosophies, customer requirements, design day analysis, and gas portfolio mixes.

Witness Puglisi testified that Frontier's peak day during the review period was December 25, 2022, with firm customers utilizing 13,176 dts, which represents Frontier's total firm peak system flow over the past decade. Public Staff witness Puglisi explained that this peak is 9.2% higher than the modeled peak of 12,065 dts in the prior review period, is higher than the peak day of 13,110 dts that Frontier modeled for Year 1, and is 71% of the peak day modeled for Year 5.

Public Staff witness Puglisi affirmed Frontier witness Younger's statement regarding Marquette's provision of an annual forecast report to Frontier that aids supply planning. This annual report outlines monthly forecasts for the upcoming year, predicting maximum and average flow in dts on Frontier's system, which Frontier uses in determining peak demand requirements for firm customer load. Witness Puglisi confirmed his evaluation of this report, noting its reasonable forecast of Frontier's peak-day demand, using reasonable assumptions, such as Heating Degree Days (HDDs) and frequency of occurrence of cold weather events. For the current review period, Frontier used Marquette's monthly expected maximum flow plus a growth factor based on historical five-year averages to project the peak day flow for each month of the next five years. Public Staff witness Puglisi testified that as stated by Frontier witness Younger, Frontier ensured the availability of peaking gas to its customers during January 2023 and February 2023 to meet projected peak demand, considering the unpredictability of weather conditions. Based on the application of the Marquette report, witness Puglisi testified that Frontier has adequate capacity to serve its firm customers on its peak day. Witness Puglisi further testified that he evaluated the report provided by Marquette and found that it provides a reasonable forecast of Frontier's peak-day demand using reasonable assumptions, such as HDDs and frequency of occurrence of cold weather events.

Public Staff witness Puglisi stated that Frontier indicated in data request responses that, since the prior annual review period, it continues to evaluate different options mainly for system redundancy, not necessarily for system capacity, including additional interstate pipeline connections and liquified natural gas (LNG) options. Frontier also indicated that, due to the expense of building additional pipelines for redundancy, it would begin focusing more on LNG options. However, Frontier did not evaluate any storage options during the current review period.

Witness Puglisi asserted that during the ongoing review period, Frontier experienced a 6.11% increase in customer count, aligning with Frontier's projections in Docket No. G-40, Sub 171, its previous annual review of gas costs proceeding. In comparison to the previous review period, sales volumes rose by 3.12%, while overall Sales and Transportation volumes decreased by 0.57%. In his testimony, Public Staff witness Puglisi stated that there was a 1.97% increase in HDD during the review period compared to the prior review period. Witness Puglisi concluded that these findings suggest the growth in customer count during the current review period was largely attributable to system expansion efforts.

Based on the Public Staff's review of Frontier's monthly filings in Docket No. G-100, Sub 24A, witness Puglisi concluded that Frontier is likely to maintain its projected growth rate for the foreseeable future, and that Frontier's gas costs during the review period were prudently incurred.

Based on the Public Staff's investigation and review of the data filed in this docket, the Commission concludes that Frontier's gas purchasing policies and practices during the review period were reasonable and prudent, that its gas costs during the review period were prudently incurred, and that Frontier should be permitted to recover 100% of its prudently incurred gas costs.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 14

The evidence supporting this finding of fact is contained in the testimony and exhibits of Frontier witness Lemmon; and the testimony of Public Staff witnesses Puglisi and Johnson.

Frontier witness Lemmon did not propose any temporary rate increments or decrements in this proceeding.

Frontier witness Lemmon stated that Frontier strategically works to minimize adjustments in pricing while simultaneously working to maintain a reasonable balance in its Deferred Gas Cost Account, and as of September 30, the balance owed to Frontier was $342,026.

Public Staff witness Johnson testified that she agreed with Frontier's Deferred Gas Cost Account debit balance of $342,026, owed to Frontier by the customers.

Public Staff witness Puglisi testified that in response to a Public Staff data request dated January 22, 2024, Frontier stated that it anticipates filing for a decrease in its commodity cost of gas in April 2024. Although Frontier experienced a colder December and January than last year, they were still relatively mild. Additionally, Public Staff witness Puglisi stated that Frontier noted in its response that the current deferred account balances could be impacted by the potential occurrence of a cold snap that could drive market volatility impacting the expected April 2024 filing.

Witness Puglisi noted that the deferred account balances vary between winter and summer months, as gas costs are typically over-collected during the winter period when throughput is higher due to heating load and under-collected during the summer due to lower throughput. Witness Puglisi recommended that Frontier monitor the deferred account balance, and if necessary, file an application for authority to adjust its benchmark delivered cost of gas through its Purchased Gas Adjustment (PGA) mechanism in order to keep the deferred account balance at a reasonable level. Public Staff witness Puglisi testified that he believes Frontier is actively managing its deferred account through the PGA procedures and did not recommend any temporary rate increments or decrements.

Based on the foregoing, the Commission concludes that Frontier should not be required to implement a rate adjustment in this proceeding. The Commission agrees that Frontier should monitor the deferred account balance and, if needed, file an application for authority to implement new temporary increments or decrements through the PGA mechanism in order to keep the deferred account balance at a reasonable level.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 15

The evidence for this finding of fact is contained in the testimony and exhibit of Frontier witness Lemmon; and the testimony of Public Staff witness Johnson.

Frontier witness Lemmon filed supplemental direct testimony and exhibits calculating the annual interest rate approved in the Commission's Order on Annual Review of Gas Costs issued April 13, 2023, in Docket No. G-40, Sub 171; and determined that an adjustment to the interest rate was necessary. Witness Lemmon provided Frontier's calculated net-of-tax interest rate of 4.63% for all deferred accounts, adjusted as appropriate for income taxes which will be applicable to the deferred account balances, to become effective on January 1, 2024, upon Commission approval in this docket as provided in Frontier's tariff.

Public Staff witness Johnson testified that she reviewed Frontier's interest rate calculations and found that it was appropriate for Frontier to change its interest rates from 5.67% to 4.63%. Witness Johnson stated that the Public Staff will continue to review the interest rate each month to determine if an adjustment is needed.

Based on the foregoing, the Commission concludes that it is appropriate for Frontier to use the net-of-tax overall rate of return of 4.63% as the applicable interest rate on all amounts over-collected or under-collected from customers reflected in its Deferred Gas Cost Account.

IT IS, THEREFORE, ORDERED as follows:

1. That Frontier's accounting for gas costs for the 12-month period ended September 30, 2023, is approved;

2. That the gas costs incurred by Frontier during the 12-month period ended September 30, 2023, were reasonably and prudently incurred, and Frontier is hereby authorized to recover 100% of its gas costs incurred during the period of review;

3. That Frontier's hedging activities during the review period were reasonable and prudent;

4. That Frontier shall not implement any temporary rate changes in this docket;

5. That Frontier and the Public Staff shall continue to work together to discuss its Gas Supply Procurement Policy, including hedging and other price mitigation strategies, as changes to the policy are contemplated;

6. That Frontier shall continue to monitor the balance in its Deferred Gas Cost Account and, if necessary, file an application for authority to adjust its benchmark delivered cost of gas through the PGA mechanism to avoid significant over-collections or under-collections of its gas costs;

7. That Frontier shall use the net-of-tax overall rate of return of 4.63% as the applicable interest rate on all amounts over-collected or under-collected from customers reflected in its Deferred Gas Cost Account effective January 1, 2024; and

8. That the Public Staff shall continue to review the interest rate each month to determine if an adjustment is warranted.

ISSUED BY ORDER OF THE COMMISSION.

This the 24th day of May, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk