

State of North Carolina  
Utilities Commission  
Raleigh

NEWS RELEASE

For Release: October 25, 1996

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**UTILITIES COMMISSION AWARDS A CERTIFICATE TO  
PIEDMONT NATURAL GAS COMPANY, INC., TO PROVIDE  
NATURAL GAS SERVICE TO SOUTHWEST STOKES COUNTY**

The North Carolina Utilities Commission issued an Order today awarding Piedmont Natural Gas Company, Inc. (Piedmont) a certificate to provide natural gas service to the southwestern portion of Stokes County including King, North Carolina.

On December 29, 1995, both Piedmont and Pennsylvania & Southern Gas Company, a division of NUI Corporation, d/b/a North Carolina Gas Service (NC Gas) filed competing applications to serve all or portions of Stokes County. The Commission consolidated the two applications for hearings in May, 1996, in Danbury, North Carolina, and in June, 1996, in Raleigh, North Carolina.

NC Gas, which is already franchised to serve the southeastern corner of Stokes County, requested a certificate to serve the entire unfranchised portion of Stokes County. NC Gas proposed to serve the King area by a connection with the Frontier Utilities of North Carolina, Inc. (Frontier) system that is planned to serve Pilot Mountain. This route would consist of 8.5 miles of transmission main beginning at the Surry/Stokes County line and running along Highway 52 until its intersection with King. The distribution system would incorporate 27.6 miles of distribution main in the King area.

Piedmont requested a certificate for only the southwestern corner of Stokes County. Piedmont proposed to provide natural gas service to King and later to other areas in southwestern Stokes County by constructing 9 miles of transmission main cross-county from its twelve-inch line located north of Winston-Salem to a point near Rural Hall and then up Highway 52 and on to King. The distribution system that Piedmont plans for King is composed of 20.5 miles of distribution main running down King-Tobaccoville Road and South Main Street through downtown and then onto North Main Street with laterals to several residential subdivisions and an industrial park along the route. Piedmont plans to provide service to RJ Reynolds and CRES facilities located in Tobaccoville off the six-inch main planned for its expansion into King. Piedmont estimates that it will have gas service to southwestern Stokes County within 16 months of being awarded a certificate.

In the order issued today, the Commission granted Piedmont's application and denied the application of NC Gas. In granting Piedmont's application, the Commission cited the following reasons: First, the Commission concluded that it would not be in the public interest to split the franchise for the King area between two utilities along the county line. Most of King is in Stokes County, but a small portion is in Forsyth County where Piedmont already has a certificate. Second, the Commission stated that Piedmont is well-positioned to extend service to Stokes County since its proposed route up Highway 52 into King and Stokes County reaches the area most likely to develop economically and is therefore the most logical route for delivering gas service to the King area. Third, NC Gas' proposal is contingent on making a connection to the Frontier system for gas supply. It is therefore subject to potential delays since the Commission's order granting a franchise to Frontier has been appealed by Piedmont and even if the appeal is decided in Frontier's favor, Frontier must still complete its construction before NC Gas could connect to its system. Finally, the Commission cited Piedmont's intention to use traditional financing methods for its proposal. NC Gas proposed to apply to establish and to use an expansion fund for its proposal to serve Stokes County. Use of traditional financing leaves the expansion fund monies available for other projects.

Commissioner Judy Hunt dissented from today's order on grounds that it is premature. She wrote that the Commission should not assign a part of Stokes County to any gas company until the issues presented by the Frontier/Piedmont appeal have been resolved by the North Carolina Supreme Court. She felt that the expansion fund's purpose and long-term public policy are at issue in both cases.

Since Piedmont requested a certificate for only the southwestern corner of Stokes County, the Commission's order leaves the remaining unfranchised portion of Stokes County unassigned. The Commission issued a separate order today calling for comments by November 15, 1996, as to how the remaining unfranchised portion of Stokes County should be assigned and stating that it would make an assignment after receiving the comments. The Commission noted that state law requires the Commission to issue franchises for natural gas service for all areas of the State which have not previously been franchised by January 1, 1997.