

March 28, 2024

**VIA ELECTRONIC FILING**

Ms. A. Shonta Dunston  
Chief Clerk  
North Carolina Utilities Commission  
430 N. Salisbury Street, Dobbs Building  
Raleigh, North Carolina 27603

**Re: Docket No. G-40, Sub 160 – Annual Affiliated Transactions Report**

Dear Ms. Dunston:

On November 22, 2021, the North Carolina Utilities Commission (“Commission”) issued its Order Approving Merger Subject to Regulatory Conditions in Docket No. G-40, Sub 160. Regulatory Condition No. 35 attached to that Order requires Frontier Natural Gas Company (“Frontier” or the “Company”) to file an annual report of affiliated transactions with the Commission each March 31st. This electronic filing constitutes Frontier’s annual report for the year ended December 31, 2023.

Thank you for your assistance with this matter. If you have any questions regarding this filing, you may reach me at the number shown above.

Sincerely,

/s/ James H. Jeffries IV  
James H. Jeffries IV

JHJ:cm

Enclosures

cc: Elizabeth Culpepper  
Megan Jost  
Brian Franklin  
Mason Maney

**FRONTIER NATURAL GAS COMPANY**

**DOCKET NO. G-40, SUB 160**

**ANNUAL AFFILIATED  
TRANSACTIONS REPORT**

**DECEMBER 31, 2023**

**FRONTIER NATURAL GAS COMPANY  
REPORT OF AFFILIATED TRANSACTIONS  
BETWEEN FRONTIER NATURAL GAS & PARENT HOPE UTILITIES INC.**

**JANUARY 1, 2023 TO DECEMBER 31, 2023**

<b>BALANCE DUE TO HOPE UTILITIES ON 12/31/22</b>		<b>\$ (47,748)</b>
<b>INTERCOMPANY ACTIVITY</b>		
Dividends		2,375,000
Insurance - Property		0
Corporate O/H and Payroll		222,440
IT Support/Hardware		40,332
Professional Fees		13,232
Employee Benefits & Expense		1,418,938
Income Tax Adjustments		96,714
Interest		1,167,340
Misc		5,619
<b>TOTAL CHARGES FROM HOPE UTILITIES</b>		<b>\$ 5,339,616</b>
<b>PAYMENTS TO HOPE UTILITIES</b>		<b>\$ (5,033,714)</b>
<b>BALANCE DUE TO HOPE UTILITIES ON 12/31/23</b>		<b>\$ 258,154</b>

FRONTIER NATURAL GAS COMPANY 2023 SERVICE DESCRIPTION	TOTAL CORPORATE 2023	FRONTIER PORTION	ALLOCATION METHOD	OPERATING UNIT
<b>1</b> BANK FEES Service fees on corporate bank accounts.	30,429	\$4,571	4 Factor	HOPE UTILITIES
<b>2</b> BENEFITS Benefits paid to Hearthstone corporate employees	6,144	\$923	4 Factor	HOPE UTILITIES
<b>3</b> CELL PHONES Cost of Cell phones used by corporate employees	447	\$67	4 Factor	HOPE UTILITIES
<b>4</b> DEPRECIATION Depreciation on Hearthstone corporate fixed assets.	229,896	\$34,535 \$0	4 Factor	HOPE UTILITIES
<b>5</b> ELECTRICITY	(75)	(\$11)	4 Factor	HOPE UTILITIES
<b>9</b> EMPLOYEE TRAVEL Employee meals and travel related to travel expense incurred by Hearthstone employees on company business	36,471	\$5,479	4 Factor	HOPE UTILITIES
<b>7</b> MAINTENANCE	-	\$0	4 Factor	HOPE UTILITIES
<b>8</b> FEES & DUES	5,459	\$820	4 Factor	HOPE UTILITIES
<b>9</b> IT SUPPORT	213,463	\$32,066	4 Factor	HOPE UTILITIES
<b>10</b> SALARIES Salaries of Hearthstone corporate employees	87,211	\$13,101	4 Factor	HOPE UTILITIES
<b>11</b> LEGAL FEES Hearthstone cost of outside legal services	67,922	\$10,203	4 Factor	HOPE UTILITIES
<b>12</b> MISC OTHER	7,376,173	\$1,108,047	4 Factor	HOPE UTILITIES
<b>13</b> PROFESSIONAL SERVICES Outside accounting, auditing, consulting and tax services	422,452	\$63,461	4 Factor	HOPE UTILITIES

<b>14</b> RENT REAL PROPERTY Rent for corporate offices	7,970	\$1,197	4 Factor	HOPE UTILITIES
<b>15</b> PUBL & MATERIAL Cost of publications and reference material	3,000	\$451	4 Factor	HOPE UTILITIES
<b>16</b> SHIP & POSTAGE	26	\$4	4 Factor	HOPE UTILITIES
<b>17</b> SUPPLIES	12,912	\$1,940	4 Factor	HOPE UTILITIES
<b>18</b> TAXES OTHER THAN INCOME	1,345	\$202	4 Factor	HOPE UTILITIES
<b>19</b> TRAINING	-	\$0	4 Factor	HOPE UTILITIES
<b>20</b> UTILITIES	2	\$0	4 Factor	HOPE UTILITIES
<b>21</b> WIDE AREA NETWORK	25,460	\$3,825	4 Factor	HOPE UTILITIES
<b>22</b> WORKER COMP & LIAB INSURANCE	67,361	\$10,119	4 Factor	HOPE UTILITIES
<b>23</b> SAP ACCOUNTING SYSTEM	195,785	\$29,411	4 Factor	HOPE UTILITIES
<b>Total Corporate Overhead</b>	<b><u>\$8,789,852</u></b>	<b><u>\$1,320,409</u></b>		
	8,789,852	15.02%		
	-	0		
		1,320,409		
		15.02%		
Recorded Overhead		<b><u>\$222,440</u></b>		
Difference		<b><u>\$1,097,969</u></b>		

In anticipation of a future affiliate agreement filing, on which work is underway, Hope Utilities, Inc. did not allocate certain corporate overhead and payroll expenses to Frontier in 2023.

2023 SERVICE DESCRIPTION	FRONTIER'S AMOUNT	ALLOCATION METHOD	OPERATING UNIT
1 Dividends paid to PHC	\$ 2,375,000	FNGC Board Resolutions	PHC
2 Insurance - Property	\$ -	Property Insurance	HOPE UTILITIES
3 I/T Support and Purchases for FNGC	\$ 40,332	Purchases made by corporate IT in support of FNGC computer systems	HOPE UTILITIES
4 Professional Fees	\$ 13,232	Outside consultants for FNG paid through HUI.	HOPE UTILITIES
5 Employee Benefits & Expense	\$ 1,418,938	Benefits related to FNGC employees	HOPE UTILITIES
6 Income Tax Adjustments	\$ 96,714	Tax provisions and settlements for FNGC	HOPE UTILITIES
7 Interest	\$ 1,167,340	Interest on LT and ST debt	HOPE UTILITIES
8 Misc	\$ 5,619	Fees services rendered to FNGC by Hearthstone	HOPE UTILITIES
9 PAYMENTS TO HEARTHSTONE	\$ (5,033,714)	Payments to HEARTHSTONE for dividends, intercompany services and expenses.	HOPE UTILITIES
<b>TOTAL OTHER TRANSACTIONS</b>	<b>\$ <u>83,462</u></b>		
<b>Total Corporate Overhead</b>	<b>\$ 222,440</b>		
<b>Due to HEARTHSTONE 1/1/2023</b>	<b>\$ (47,748)</b>		
<b>Balance Due to HEARTHSTONE 12/31/2023</b>	<b>\$ <u><u>258,154</u></u></b>		

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the attached is being served this date upon all of the parties to this docket electronically or by depositing a copy of the same in the United States Mail, First Class Postage Prepaid, at the addresses contained in the official service list in this proceeding.

This, the 28th day of March, 2024.

/s/ Cindy Maimone  
Cindy Maimone