

March 30, 2023

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

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, 2022.

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/nh

Enclosures

cc: Elizabeth Culpepper
Megan Jost
Brian Franklin
Mason Maney

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 30th day of March, 2023.

/s/ Niesha Heverly
Niesha Heverly

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

JANUARY 1, 2022 TO DECEMBER 31, 2022

BALANCE DUE TO HEARTHSTONE ON 12/31/21	\$ 824,290
INTERCOMPANY ACTIVITY	
Dividends	2,075,000
Insurance - Property	278,405
Corporate O/H and Payroll	1,105,428
IT Support/Hardware	16,140
Professional Fees	29,570
Misc	26,537
TOTAL CHARGES FROM HEARTHSTONE	<u>\$ 3,531,080</u>
PAYMENTS TO HEARTHSTONE	\$ (4,403,118)
BALANCE DUE TO HEARTHSTONE ON 12/31/22	<u>\$ (47,748)</u>

FRONTIER NATURAL GAS COMPANY 2022 SERVICE DESCRIPTION	TOTAL CORPORATE 2022	FRONTIER PORTION	ALLOCATION METHOD	OPERATING UNIT
1 BANK FEES Service fees on corporate bank accounts.	\$32,564	\$4,670	4 Factor	HEARTHSTONE
2 BENEFITS Benefits paid to Hearthstone corporate employees	\$513,283	\$73,604	4 Factor	HEARTHSTONE
3 CELL PHONES Cost of Cell phones used by corporate employees	\$18,332	\$2,629	4 Factor	HEARTHSTONE
4 DEPRECIATION Depreciation on Hearthstone corporate fixed assets.	\$207,205	\$29,713 \$0	4 Factor	HEARTHSTONE
5 ELECTRICITY	\$807	\$116	4 Factor	HEARTHSTONE
6 EMPLOYEE TRAVEL Employee meals and travel related to travel expense incurred by Hearthstone employees on company business	\$244,334	\$35,037	4 Factor	HEARTHSTONE
7 MAINTENANCE	\$0	\$0	4 Factor	HEARTHSTONE
8 FEES & DUES	\$13,663	\$1,959	4 Factor	HEARTHSTONE
9 IT SUPPORT	\$560,313	\$80,348	4 Factor	HEARTHSTONE
10 SALARIES Salaries of Hearthstone corporate employees	\$4,040,169	\$579,355	4 Factor	HEARTHSTONE
11 LEGAL FEES Hearthstone cost of outside legal services	\$70,998	\$10,181	4 Factor	HEARTHSTONE
12 MISC OTHER	\$182,268	\$26,137	4 Factor	HEARTHSTONE
13 PROFESSIONAL SERVICES Outside accounting, auditing, consulting and tax services	\$513,887	\$73,691	4 Factor	HEARTHSTONE
14 RENT REAL PROPERTY Rent for corporate offices	\$88,947	\$12,755	4 Factor	HEARTHSTONE
15 PUBL & MATERIAL Cost of publications and reference material	\$1,535	\$220	4 Factor	HEARTHSTONE
16 SHIP & POSTAGE	\$4,429	\$635	4 Factor	HEARTHSTONE
17 SUPPLIES	\$29,789	\$4,272	4 Factor	HEARTHSTONE
18 TAXES OTHER THAN INCOME	\$224,779	\$32,233	4 Factor	HEARTHSTONE
19 TRAINING	\$14,420	\$2,068	4 Factor	HEARTHSTONE
20 UTILITIES	\$8,842	\$1,268	4 Factor	HEARTHSTONE
21 WIDE AREA NETWORK	\$97,593	\$13,995	4 Factor	HEARTHSTONE
22 WORKER COMP & LIAB INSURANCE	\$100,396	\$14,397	4 Factor	HEARTHSTONE
23 SAP ACCOUNTING SYSTEM	\$740,221	\$106,147	4 Factor	HEARTHSTONE
Total Corporate Overhead	\$7,708,773	\$1,105,428		

2022 SERVICE DESCRIPTION	FRONTIER'S AMOUNT	ALLOCATION METHOD	OPERATING UNIT
1 Dividends paid to PHC	\$	2,075,000 FNGC Board Resolutions	PHC
2 Insurance - Property	\$	278,405 Property Insurance	HEARTHSTONE
3 I/T Support and Purchases for FNGC	\$	16,140 Purchases made by corporate IT in support of FNGC computer systems	HEARTHSTONE
4 Professional Fees	\$	29,570 Outside consultants for FNG paid through HUI.	HEARTHSTONE
5 Misc	\$	26,537 Fees services rendered to FNGC by Hearthstone	HEARTHSTONE
6 PAYMENTS TO HEARTHSTONE	\$	(4,403,118) Payments to HEARTHSTONE for dividends, intercompany services and expenses.	HEARTHSTONE
TOTAL OTHER TRANSACTIONS	\$	(1,977,466)	
Total Corporate Overhead	\$	1,105,428	
Due to HEARTHSTONE 1/1/2022	\$	824,290	
Balance Due to HEARTHSTONE 12/31/2022	\$	(47,748)	