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JUN 25 2008

Clerk's Office
N.C. Utilities Commission

RECEIVED

June 25, 2008

Ms. Renné Vance
Chief Clerk
North Carolina Utilities Commission
430 N. Salisbury Street
Raleigh, NC 27611

Re: Docket No. G-5, Sub 495

Dear Ms. Vance:

Please find enclosed the original Affidavits of Publication of public notice in the above-referenced matter.

If you have questions or comments regarding this filing, please do not hesitate to contact me at 919-836-2336.

Very truly yours,

Gail M. Peele
Governmental Affairs

Enclosures

(ST)
Kirby
ps-legal
GAS } cover letter

The Charlotte Observer Publishing Co.
Charlotte, NC
Affidavit of Publication

North Carolina } ss
Mecklenburg County }

THE CHARLOTTE OBSERVER

GAIL PEELE
1312 ANNAPOLIS DR STE 200
RALEIGH NC 27608

REFERENCE: 30031782
6176387 PSNC Energy Appl

Before the undersigned, a Notary Public of said County and State, duly authorized to administer oaths affirmations, etc., personally appeared, being duly sworn or affirmed according to law, doth depose and say that he/she is a representative of The Charlotte Observer Publishing Company, a corporation organized and doing business under the laws of the State of Delaware, and publishing a newspaper known as The Charlotte Observer in the city of Charlotte, County of Mecklenburg, and State of North Carolina and that as such he/she is familiar with the books, records, files, and business of said Corporation and by reference to the files of said publication, the attached advertisement was inserted. The following is correctly copied from the books and files of the aforesaid Corporation and Publication.

Please See Enclosed

PUBLISHED ON: 05/08 05/15

AD SPACE: 555 LINE
FILED ON: 05/20/08

NAME: Valerie Robinson

TITLE: Accounting Clerk

DATE: MAY 21 2008

In Testimony Whereof I have hereunto set my hand and affixed my seal, the day and year aforesaid.

Notary: Seamus M. Shinn

My Commission Expires: __/__/__

My Commission Expires May 27, 2011

**NOTICE OF HEARING
PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
DOCKET NO. G-5, SUB 495**

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

NOTICE IS GIVEN that on March 31, 2008, Public Service Company of North Carolina, Inc., d/b/a PSNC Energy (PSNC or the Company), filed an application with the Commission requesting approval of (a) an increase of \$20,441,501 in revenue in PSNC's rates and charges for natural gas utility service; (b) certain changes to the cost allocations and rate designs underlying existing rates for the Company; (c) certain revisions to the current tariff; (d) amortization of certain deferred account balances; (e) implementation of a customer usage tracker (CUT); and (f) the implementation of a cost recovery mechanism for customer conservation programs. The requested increase in annual revenue of \$20,441,501 represents an overall increase of 3.0%. The Company further states that on a pro forma basis, it earned an annual rate of return of only 7.65% during the test year ended December 31, 2007. The Company proposes to place the new rates into effect on May 1, 2008.

In support of the requested increase, the Company states that it has greatly expanded natural gas service in its rapidly growing service territory since its last general increase in rates and charges, effective November 1, 2006. Since the end of that test period, the Company states it has installed over 929 miles of transmission and distribution mains and 41,492 service lines, added 31,812 customers, and made approximately \$188 million of capital investment in its utility property.

PSNC further states that while the number of customers it serves continues to grow significantly, the weather-normalized throughput per residential customer continues to decrease based on more efficient appliances, better insulated homes and office buildings, and volatile natural gas prices, which have caused customers to conserve. PSNC states that its volumetric rate structure along with declining usage is causing a reduction in margins that it should be receiving. Also, PSNC contends that this volumetric rate design creates a disincentive for the Company to implement energy efficiency and conservation initiatives for its customers. PSNC is requesting approval of the CUT, a decoupling mechanism, which will make periodic adjustments to volumetric rates in order to recover revenues based on the per-customer volume levels approved by the Commission in the rate case. Finally, if the CUT is approved, PSNC intends to file for approval of three conservation programs and discontinue its weather normalization adjustment mechanism.

Below is a table with the proposed revenue increase by customer class:

**Proposed Changes in Operating Revenues
For Public Service Company of North Carolina, Inc.**

Customer Class	Pro Forma Revenue	Proposed Revenue	Change in Revenue	Percentage Change
Residential	\$434,869,578	\$449,983,977	\$15,114,399	3.48%
Small Commercial	176,189,684	179,869,153	3,679,469	2.09%
Large Quantity Service:				
Commercial - Firm	34,244,749	34,696,876	452,127	1.32%
Commercial/Industrial-Interruptible	42,016,315	43,211,815	1,195,500	2.85%
Overall	\$687,320,326	\$707,761,821	\$20,441,495	2.97%

The Company requested the Commission to allow the proposed rates to become effective on May 1, 2008. The Commission, by order, suspended the Company's proposed general rate changes for a period of up to 270 days from and after May 1, 2008.

OTHER MATTERS

The Company has also requested an increase in its facilities charges as follows:

Monthly Basic Facilities Charge	Present Charge	Proposed Charge
Residential	\$10.00	\$12.00
Small Commercial	\$17.50	\$20.00

In addition, PSNC is proposing two new rate schedules: Rate 102 - High Efficiency Residential Service and Rate 127 - High-Efficiency Small General Service. This new Rate 102 would be similar to the existing Rate 101 - Residential Service, except it would provide a \$0.05/therm discount on energy charges. Likewise, new Rate 127 would be similar to the existing Rate 125 - Small General Service, except it, too, would have a \$0.05/therm discount on energy charges.

These two new rate schedules are available to customers whose residence is certified to meet the standards of the Energy Star Program of the U.S. Department of Energy and the U.S. Environmental Protection Agency or whose commercial building is LEED-certified by the U.S. Green Building Council. In order to receive service on either of these two new discounted rates, customers must provide to PSNC the certification that the customer's residence/building meets the applicable standards.

EFFECT OF RATES

For existing residential customers, the proposed rates would change the average bill as follows:

	Existing Rates	Proposed Rates	Change (\$)	Change (%)
Season				
Winter	\$143.42	\$147.09	\$3.67	2.6%
Summer	\$31.75	\$34.03	\$2.28	7.2%
Average	\$87.59	\$90.56	\$2.96	3.4%

The Winter Season is from November through April is based on an average usage of 94 therms per month. The Summer Season is from May through October and is based on an average usage of 16 therms per month. In addition, the typical average bill includes the state excise tax of \$0.047 per therm.

Commercial, firm industrial and interruptible customers would experience increases in their monthly bills based upon their particular rate schedule and usage level.

The Commission will consider additional or alternative rate design proposals that were not included in the original application and may order increases or decreases in individual rate schedules that differ from those proposed by the Company but will not consider any increase in total revenues beyond that requested by the Company.

A list of present rates, together with details of the proposed adjustments in rates, can be obtained at the business offices of PSNC or at the Office of the Chief Clerk of the Commission, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina, where a copy of the proposed application is available for review by any interested person. Also, a detailed list that compares present and proposed rates is available on the Public Staff - Natural Gas Division's web site at the following web address: <http://www.pubstaff.commerce.state.nc.us/psngas/home/G005s495.pdf>. Upon written request, the Commission will place copies of the application and prefilled testimony in centrally located public libraries. The name and location of the library must be identified in the request.

The Commission ordered the Company to inform its customers of the following procedures by which comments regarding the rate application can be made part of the record of the case upon which the Commission must base its decision. Persons desiring to present testimony for the record should appear at one of the public hearings.

Persons desiring to send written statements to inform the Commission of their positions in the matter should address their statements to the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4325 and reference Docket No. G-5, Sub. 495. However, such written statements cannot be considered competent evidence unless those persons appear at the hearing and testify concerning the information contained in their written statements.

Notice is given that the North Carolina Utilities Commission has set the hearings for the application for a general rate increase as follows:

Statesville: July 8, 2008, at 2:00 p.m., in the Iredell County Hall of Justice, Courtroom C, 221 Water Street, Statesville, North Carolina

Asheville: July 8, 2008, at 7:00 p.m., in the Public Works Building, Conference Rooms A-109 and A-111, 161 S. Charlotte Street, Asheville, North Carolina

Gastonia: July 9, 2008, at 2:00 p.m., in the Gaston County Courthouse, Courtroom 4B, 325 N. Marietta Street, Gastonia, North Carolina

Durham: July 10, 2008, at 2:00 p.m. in the Greater Durham Chamber of Commerce Board Room, 14th Floor, Suite 1400, 300 W. Morgan Street, Durham, North Carolina

Raleigh: July 14, 2008, at 7:00 p.m., in the Commission Hearing Room No. 2115, Second Floor, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina

Raleigh: August 26, 2008, at 9:30 a.m., in the Commission Hearing Room No. 2115, Second Floor, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina

The hearings on July 8, July 9, July 10 and July 14, 2008, will be for the purpose of receiving the testimony of public witnesses only. The hearing will resume in Raleigh on August 26, 2008, at 9:30 a.m. and continue as required for further testimony of public witnesses and testimony and cross-examination of witnesses for the Company, the Public Staff, and other intervenors.

Persons having an interest in the investigation and desiring to intervene in the matter as formal parties of record may file their protests or interventions not later than August 6, 2008 and in accordance with Rules R1-5, R1-6, R1-7, and R1-19 of the Commission's Rules and Regulations. The burden of proof shall be upon the Company to show that the proposed rates applied for are just and reasonable.

The Public Staff of the Utilities Commission, through the Executive Director, is required by statute to represent the using and consuming public in proceedings before the Commission. Statements to the Executive Director should be addressed to:

Mr. Robert P. Gruber
Executive Director
Public Staff - NCUC
4326 Mail Service Center
Dobbs Building
Raleigh, NC 27699-4326

The Attorney General is also authorized to represent the using and consuming public in proceedings before the Commission. Statements to the Attorney General should be addressed to:

The Honorable Roy Cooper
Attorney General of North Carolina
c/o Utilities Division
P.O. Box 629
Raleigh, NC 27602

This the 30th day of April, 2008.

NORTH CAROLINA UTILITIES COMMISSION
Gail L. Mount, Deputy Clerk