

STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

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**NEWS RELEASE**

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**NORTH CAROLINA UTILITIES COMMISSION SCHEDULES MEETING  
WITH GAS UTILITIES ON WHOLESALE GAS PRICE INCREASES**

Wholesale natural gas costs have been increasing steadily since hitting a low point over a year ago. As a result, the North Carolina natural gas Local Distribution Companies (LDCs) recently asked the Utilities Commission for permission to pass through their increased wholesale cost of gas to their customers, as allowed by law.

The market price of natural gas continues to rise. In the past week, the New York Mercantile Exchange's month-ahead natural gas futures contract (one measure of wholesale gas costs) rose 7% one trading day, 38% the next day, and almost 5% more the next day -- reaching a closing price of \$9.577 per dekatherm. As recently as last July, the month-ahead natural gas futures contract was trading at less than \$3.00 per dekatherm. Although these latest increases will not hit North Carolina consumers' bills immediately, the LDCs will accrue their increased wholesale gas costs in deferred accounts, to be passed through to customers at some later date.

The Utilities Commission has asked the three major natural gas LDCs in North Carolina -- Piedmont Natural Gas, Public Service Company of North Carolina and North Carolina Natural Gas Corporation -- to meet with the Commission March 17, 2003, to discuss this increase in natural gas costs. The Commission recognizes that the wholesale cost of gas is set by the free market and is therefore beyond the direct control of the LDCs. The purpose of this meeting is to gather information on why wholesale costs have increased so sharply, so quickly and to get ideas as to what steps can be taken to mitigate the impact of this increase on consumers.

This meeting will be open to the public; however, it will not be for the purpose of receiving public comments. The meeting will be held on Monday, March 17, 2003, at 2:00 p.m., in the Commission Hearing Room, Room 2115, the Dobbs Building, 430 North Salisbury Street, Raleigh.