

State of North Carolina
Utilities Commission
Raleigh

NEWS RELEASE

For Release: October 23, 1996

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**UTILITIES COMMISSION AUTHORIZES PIEDMONT NATURAL GAS
COMPANY, INC., TO INCREASE ITS RATES**

The North Carolina Utilities Commission issued an Order today allowing Piedmont Natural Gas Company, Inc. (Piedmont), to increase its rates and charges by approximately \$3.1 million annually, or 0.81% overall, effective November 1, 1996.

Piedmont's application for a rate increase was filed with the Commission on May 14, 1996. In its application, Piedmont requested an increase of approximately \$9.9 million annually. The increase approved by the Commission was the result of a stipulation entered into between Piedmont and other parties to the proceeding, including the Public Staff of the North Carolina Utilities Commission.

In its application, Piedmont stated that the rate increase was needed because it has been adding customers, making capital improvements in its utility properties and obtaining new long-term capital from the sales of securities at unprecedented levels. The reasons cited by Piedmont in support of its request for a rate increase were to allow it to maintain its facilities and services in accordance with the reasonable requirements of its customers, to compete in the market for capital funds on fair and reasonable terms and to produce a fair profit for its stockholders.

The Commission notes that the increase to specific classes of customers will vary in order to have each customer class pay its fair share of the cost of providing service.

A typical year-round residential customer's annual bill will increase approximately 2.86% based on 876 therms of gas usage.