

BEFORE THE TENNESSEE PUBLIC SERVICE COMMISSION  
Nashville, Tennessee  
March 29, 1996

**IN RE:** Application of Piedmont Natural Gas Company, Inc. for Commission Approval and Authorization to Issue and Sell up to 2,000,000 Shares of Common Stock Pursuant to the Dividend Reinvestment and Stock Purchase Plan

**Docket No.** 96-00427

**ORDER**

This matter is before the Commission upon the sworn Petition and Exhibit thereto of Piedmont Natural Gas Company, Inc. (Piedmont or the Company) filed on February 23, 1996 requesting authority to issue and sell up to 2,000,000 additional shares of Common Stock pursuant to Piedmont's Dividend Reinvestment and Stock Purchase Plan (the Plan) and to apply proceeds from the sale of the Common Stock as set forth in the Petition.

The Commission considered the matter at a Commission Conference on March 5, 1996. From a consideration of the entire record in this matter, including the request of the Company, the exhibit thereto and the investigation conducted by the Staff of this Commission, the Commission finds and concludes as follows:

1. Piedmont is incorporated under the laws of the State of North Carolina and is engaged in the business of transporting, distributing and selling gas in the States of Tennessee, South Carolina and North Carolina.
2. Piedmont is engaged in the public utility business of furnishing natural gas to customers located in Davidson County and in portions of Cheatham, Dickson, Robertson, Rutherford, Sumner, Trousdale, Williamson and Wilson Counties, Tennessee, and in certain incorporate towns therein.
3. Piedmont is subject to the regulation and supervision of the Tennessee Public Service Commission pursuant to Chapter 4 of Title 65 of the Tennessee Code Annotated.
4. The Commission has previously authorized Piedmont to issue and sell 4,800,000 shares of its Common Stock pursuant to the Plan.
5. In its petition, Piedmont seeks permission to issue and sell a maximum of 2,000,000 additional shares of its Common Stock pursuant to the Plan which is described in the draft prospectus (the "Prospectus") that will be included in the registration statement (the "Registration Statement") that will

be filed with the Securities and Exchange Commission on or about March 1, 1996. The purpose of the Plan is set forth in the Prospectus as follows:

The purpose of the Plan is to allow existing shareholders and investors with an easy and convenient method of acquiring shares of Common Stock of the Company. Investors can purchase Common Stock without payment of any brokerage commissions, fees or service charges. In addition, existing shareholders can purchase additional shares of stock by investing cash dividends and by making option cash payments without payment of any brokerage commissions, fees or service charges. Beneficial owners of shares of Common Stock whose shares are registered in names other than their own can have their cash dividends reinvested at a discounted purchase price by requesting their nominees or other holders of record to participate in the Plan on their behalf. Purchases of shares of Common Stock either initially or with optional cash payments are not on a discounted basis. Since the shares of Common Stock purchased under the Plan are acquired from the Company, the Company receives additional funds for its continuing construction program and for general corporate purposes.

6. The net proceeds from the sale of the Common Stock will be used for the purposes set forth as follows as stated under the caption "Use of Proceeds" in the Prospectus:


The proceeds from the sales of shares of Common Stock pursuant to the Plan are expected to be used for the purpose of financing the construction of additions to the Company's facilities and for general corporate purposes. The Company has no basis for estimating the number of shares of Common Stock that ultimately will be sold pursuant to the Plan or the prices at which such shares will be sold. The Company expects to continue to obtain a portion of its capital requirements through external sources with the type, amount and timing of any sales of securities to depend upon market conditions and other factors. The balance of such requirements is expected to be obtained from internally generated cash.

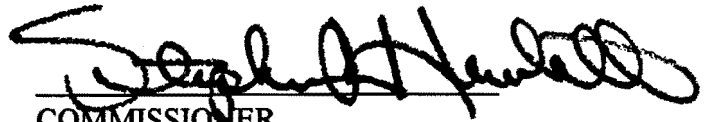
**IT IS THEREFORE ORDERED:**


1. That Piedmont Natural Gas Company, Inc., be and it hereby is, authorized, empowered, and permitted under the terms and conditions set forth in its application to offer, issue and sell up to 2,000,000 shares of Common Stock pursuant to its Dividend Reinvestment and Stock Purchase Plan under the terms and conditions set forth in the Registration Statement and the exhibits attached thereto; and to apply the proceeds from the sale of the Common Stock as set forth herein.

2. That any party aggrieved with the Commission's decision in this matter may file a Petition for Reconsideration with the Commission within (10) days from and after the date of this Order;

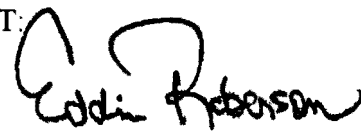
3. That any party aggrieved with the Commission's decision in this matter has the right of judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from and after the date of this Order.

  
CHAIRMAN

  
COMMISSIONER

  
COMMISSIONER

ATTEST:

  
EXECUTIVE DIRECTOR