

**NORTH CAROLINA UTILITIES COMMISSION**  
**MINUTES OF REGULAR COMMISSION STAFF CONFERENCE**

**February 27, 2023**

The Regular Commission Staff Conference of the North Carolina Utilities Commission was held on Monday, February 27, 2023, at 10:00 a.m., with Chair Mitchell presiding.

The following were present:

**COMMISSIONERS:**

Commissioner Brown-Bland  
Commissioner Clodfelter  
Commissioner Duffley  
Commissioner Hughes  
Commissioner McKissick  
Commissioner Kemerait

**COMMISSION STAFF:** Mr. Watson, Mr. Green, Ms. Fennell, Ms. Duffy, Ms. Jarvis, Ms. Harrod, Ms. Hilburn, Mr. Barber, Ms. Jayasheela, Mr. Gajda, Mr. Hardy, Mr. McCoy

**PUBLIC STAFF:** Ms. Edmondson, Ms. Holt, Ms. Jost, Mr. Josey, Mr. Freeman, Ms. Keyworth, Mr. Felling, Ms. Boswell, Mr. Lentz, Ms. Zhang, Mr. McLawhorn, Mr. Floyd, Mr. Saillor, Mr. D. Williamson, Mr. Lucas, Mr. Michna, Ms. Patel

**ATTORNEY GENERAL:**

**COURT REPORTER:** Ms. Mitchell

**ELECTRIC***PURCHASED POWER ADJUSTMENT AND RENEWABLE ENERGY RIDER TRUE-UP***New River Light and Power Company**

1. Docket No. E-34, Sub 56 – Application of Appalachian State University d/b/a New River Light and Power Company for approval of its Purchased Power Adjustment and Renewable Energy Rider True-up (*Lentz/Sailor/Felling*)

On November 16, 2022, New River Light and Power Company (NRLP or the Company) filed its annual initial request for an adjustment to its purchased power rates and charges (the Purchased Power Adjustment or PPA). On November 17, 2022, NRLP filed a corrected version of the filing.

On February 21, 2023, NRLP filed its final proposed PPA factor, including an experience modification factor (EMF) based on total actual purchased power revenues and costs for the period January through December 2022. As part of its February 21, 2023 filing, NRLP also 1) requested approval of a decrement CACR factor; 2) proposed to revise all of its retail rate schedules as approved in Docket No. E-34, Sub 46; and 3) requested that it be allowed to deliver the customer notice of the PPA change (a) by e-mail for customers who have provided an e-mail address to NRLP, and (b) for customers who have not provided an e-mail address to NRLP, by a bill insert in the next billing cycle after the Commission's Order (instead of a separate first-class letter notice).

In addition, NRLP filed contemporaneously for its annual true-up on Rider RER as directed by Order Approving Renewable Energy Rider (RER), issued by the Commission on July 19, 2021, in Docket No. E-34, Sub 52. NRLP requests the Commission allow it to purchase increments of additional renewable energy over the next few years to gradually reduce the over-collection balance from 2022.

The Public Staff stated that it reviewed NRLP's calculations for the PPA and CACR factors and determined that the proposed factors have been appropriately calculated, given the projection of purchased power and coal ash costs, and are consistent with previous NRLP PPA and CACR factor requests approved by the Commission, as well as the stipulation between NRLP and the Public Staff approved by the Commission in Docket No. E-34, Sub 46. Further, the Public Staff stated that it does not object to NRLP's proposal to true up the 2022 cost savings from Rider RER in increments given that it would be commercially challenging for NRLP to secure all the renewable energy owed to the RER participants in just one year. Finally, the Public Staff also stated that it does not object to NRLP's proposal regarding customer notice.

It was moved and passed that the Public Staff's recommendation be adopted.

*CLOSURE OF DSM/EE PROGRAM***Dominion Energy North Carolina**

2. Docket No. E-22, Sub 465 – Motion of DENC to close its Air Conditioner Cycling Program (Floyd/Keyworth)

On January 19, 2023, Virginia Electric and Power Company, d/b/a/ Dominion Energy North Carolina (DENC or the Company), filed a request for approval to close its Air Conditioner Cycling Program (Program), effective March 31, 2023, and to withdraw its rate schedule AC as of the closure date of the Program.

The Public Staff stated that it reviewed the request and investigated the challenges of maintaining the Program, program participation, and cost-effectiveness. The Public Staff noted that the technology enabling the Program was becoming obsolete and that the general shift toward more year-round DR was more cost-effectively provided through the Company's Residential Smart Thermostat DR Program, which, unlike the AC Cycling Program, provides both summer and winter season peak demand reductions. The Public Staff indicated that the Program had 2,324 North Carolina participants and 1 MW of peak load capacity reduction in North Carolina as of December 31, 2022. (The Company's analogous Virginia program (VSCC Case Nos. PUE-2009-00081 and PUR-2019-00201) had 54,568 participants as of December 31, 2022.) Finally, the Public Staff stated the Program's cost-effectiveness in 2021 for the combined North Carolina and Virginia programs as calculated by DENC was 0.42 under the Utility Cost and Ratepayer Impact Method tests and 1.00 under the Total Resource Cost test, none of which indicate that the Program is cost-effective. As a result, the Public Staff recommended that the Company's motion to close the Program and withdraw its rate schedule AC, effective March 31, 2023, be granted.

It was moved and passed that the Public Staff's recommendation be adopted.

*RESIDENTIAL INCOME-QUALIFIED PROGRAMS***Duke Energy Progress, Inc.**

3. Docket No. E-2, Sub 1299 – Application of Duke Energy Progress, Inc. for approval of its Residential Income-Qualified Energy Efficiency and Weatherization Program (Floyd/Freeman)

On June 13, 2022, Duke Energy Progress, LLC (DEP or the Company), filed an application (Application) for approval of the Residential Income-Qualified Energy Efficiency and Weatherization Program (Program) and accompanying tariff "Program IWZ-1" (provided as Attachment G to the Application).

On August 31, 2022, the Public Staff filed comments in support of the Program. The Public Staff stated its investigation included review of the Application with respect to: (a) N.C.G.S. § 62-133.9; (b) Commission Rule R8-68; (c) and the Commission's Order Approving

Revisions to Demand-side Management and Energy Efficiency Cost Recovery Mechanism, issued October 20, 2020, in Docket No. E-2, Sub 931, and the accompanying Cost Recovery Mechanism (the Mechanism). The Public Staff's investigation also involved submission of data requests to DEP regarding the Program and review of the responses.

The Public Staff recommended that the Commission approve the Program as a "new" EE program pursuant to Commission Rule R8-68, determine that the Program was eligible for consideration of recovery of program costs, net lost revenues, and PRI related to the Program in accordance with the Mechanism, and determine the appropriate recovery of program costs, net lost revenues, and PRI associated with the Program in the annual DSM/EE rider proceeding consistent with N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-69.

The Public Staff also recommended that in the annual DSM/EE rider proceeding, DEP include a summary of the number of customers receiving measures, the number of measures delivered, the general location (counties or cities) of the participants receiving measures, and using a sampling of actual installations, calculation of the energy burdens associated with each sampled participant receiving measures pre- and post-installation.

The Public Staff further recommended that DEP file its EM&V evaluation plan within 12 months following initiation of the Program and include a thorough description the methodology used to establish the baseline against which DEP proposes to calculate energy savings for each measure offered in the Program.

It was moved and passed that the Public Staff's recommendation be adopted.

4. Docket No. E-7, Sub 1272 – Application by Duke Energy Carolinas, LLC for approval of its proposed Residential Income-Qualified High-Energy Use Pilot (Floyd/Freeman)

On June 30, 2022, Duke Energy Carolinas, LLC (DEC or the Company) filed an application (Application) for approval of the Residential Income-Qualified High-Energy Pilot (Pilot) and accompanying tariff (provided as Attachment G to the Application). The Application specifically requested the Commission: (1) approve the Pilot as an energy efficiency (EE) program under N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68; (2) find that the Pilot meets the requirements of a "new" EE program consistent with Commission Rule R8-69; (3) find that all costs of the Pilot and associated utility incentives are eligible for recovery through DEC's annual Rule R8-69(b) rider; and (4) approve the Pilot for recovery of net lost revenues and Program Return Incentive (PRI) associated with the Pilot.

On September 9, 2022, the Public Staff filed comments in support of the Pilot. The Public Staff recommended that the Commission: (1) approve the Pilot as a "new" EE program pursuant to Commission Rule R8-68; (2) determine that the Pilot was eligible for consideration of recovery of program costs, net lost revenues, and PRI related to the Pilot in accordance with the Mechanism; (3) and determine the appropriate recovery of

program costs, net lost revenues, and PRI associated with the Pilot in the annual DSM/EE rider proceeding, consistent with N.C.G.S. § 62-133.9 and Commission Rule R8-69.

The Public Staff also recommended that, in the annual DSM/EE rider proceeding, DEC include a summary of the number of customers receiving measures and the number of measures delivered and that DEC file its EM&V evaluation plan within 12 months following initiation of the Pilot, including a thorough description the methodology used to establish the baseline against which DEC proposes to calculate energy savings per measure unit for each measure offered in the Pilot. The Public Staff further recommended that the Commission approve the Pilot for a three-year period and that three months prior to expiration, DEC file a request to extend or cancel the Pilot or transition the Pilot into a full program. The Public Staff also requested that DEC include a report with its filing that includes a number of items that would inform DEC's request for cancellation, continuation, or developing the Pilot into a full program, including calculations of electricity burdens associated with each sampled participant receiving measures pre- and post-installation.

Kendrick Fentress, Associate General Counsel at Duke Energy Corporation; and Tim Duff, General Manager, Retail Customer and Regulatory Strategy at Duke Energy Corporation, responded to questions from the Commission on behalf of the Applicant.

It was moved and passed that the Public Staff's recommendation be adopted, with two minor corrections to the proposed draft order.

## **NATURAL GAS**

### *ADJUSTMENT TO BENCHMARK COST OF NATURAL GAS AND INTEGRITY MANAGEMENT TRACKERS*

#### **Public Service Company of North Carolina, Inc.**

5. Docket No. G-5, Sub 659 – Application of Public Service Company of North Carolina for authority to adjust rates and charges to track changes in wholesale costs of gas (Rider D) and integrity management (Rider E) (Nader/Holt)

On February 15, 2023, Public Service Company of North Carolina, Inc. (PSNC or Company) filed an application (Application), pursuant to N.C. Gen. Stat. § 62-133.7A and § 62-133.4, Commission Rule R1-17(k)(3), and Riders E and D of the Company's tariffs, requesting authority to adjust its rates effective March 1, 2023, to implement: (1) new temporary increments in its rates pursuant to Rider E; and (2) a decrease in its commodity benchmark cost of gas pursuant to Rider D.

The Public Staff stated that it had reviewed the Application.

The Public Staff recommended approval as filed.

It was moved and passed that the Public Staff's recommendation be adopted.

**Piedmont Natural Gas Company, Inc.**

6. Docket No. G-9, Sub 823 – Petition of Piedmont Natural Gas for authority to adjust rates and charges to track changes in wholesale costs of gas (Appendix A) (Michna/Jost)

On February 14, 2023, Piedmont Natural Gas Company, Inc. (Piedmont or Company) filed an application, pursuant to N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3), and Appendix A of Piedmont's North Carolina Service Regulations, seeking authority to decrease its Benchmark Cost of Gas from the current rate of \$4.00 per dekatherm (dt) to a rate of \$3.50 per dt.

The Public Staff stated that it had reviewed the proposed rate changes.

The Public Staff recommended approval as filed.

It was moved and passed that the Public Staff's recommendation be adopted.

The Minutes of the Regular Commission Staff Conference of February 6, 2023, were approved.

**ELECTRIC BRIEFING***BRIEFING BY DOMINION ENERGY NORTH CAROLINA ON WINTER STORM ELLIOTT*

Lauren Biskie, Senior Counsel at Dominion Energy; Mary Lynne Grigg, Partner at McGuireWoods LLP; Cedric Green Senior Vice President-Generation; Jacki Vitiello Director Power Generation Regulated Operations; Mike Barmer Manager of Electric Transmission System Operations Planning; Scott Gaskill, General Manager of Regulatory Affairs; and Dale Hinson, Manager of Market Origination at Dominion Energy appeared before the Commission.

Minutes prepared by Le Anne Ackerman.