

NORTH CAROLINA UTILITIES COMMISSION
MINUTES OF REGULAR COMMISSION STAFF CONFERENCE

February 28, 2022

The Regular Commission Staff Conference of the North Carolina Utilities Commission was held on Monday, February 28, 2022, at 10:00 a.m., with Chair Mitchell presiding.

The following were present:

COMMISSIONERS:

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

COMMISSION STAFF: Mr. Watson, Mr. Green, Ms. Fennell, Ms. Harrod, Ms. Hilburn, Ms. Jayasheela, Mr. Rhodes, Mr. McCoy

PUBLIC STAFF: Ms. Downey, Ms. Culpepper, Ms. Holt, Mr. Creech, Ms. Coxton, Ms. Johnson, Mr. McLawhorn, Ms. Patel, Mr. Nader, Ms. Proffitt,

ATTORNEY GENERAL:

COURT REPORTER: Ms. Vines

B. NATURAL GAS**P1. DOCKET NO. G-5, SUB 640 - APPLICATION OF PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC., FOR BI-ANNUAL ADJUSTMENT OF RATES UNDER RIDER E TO ITS TARIFF**

EXPLANATION: On February 15, 2022, Public Service Company of North Carolina, Inc. (PSNC or Company) filed an application (Application) pursuant to N.C. Gen. Stat. § 62-133.7A and PSNC's Rider E of the Company's tariffs, requesting authority to adjust its rates effective March 1, 2022, to implement new temporary increments in its rates.

Pursuant to PSNC's Integrity Management Tracker (IMT), Rider E of the Company's tariffs, PSNC is required to file a revision to its tariffs for Commission approval by February 15 and August 15 each year showing the computation of the Integrity Management (IM) Adjustment that it proposes to charge during the six-month period beginning March 1 and September 1, respectively. Additionally, PSNC is required to file by February 15 an IM True-Up Adjustment based on the balance in the IM Deferred Account as of January 31.

On February 1, 2021, PSNC filed its projected three-year plan of IM Plant Investment and computations of the IM rate adjustments that PSNC proposed to implement effective March 1, 2022. The filing reflected the IM net plant investment between July 1, 2021, and December 31, 2021, and is based on the IM Deferred Account balance as of January 31, 2022.

On February 15, 2022, PSNC filed its proposed IM rate adjustments including a true-up adjustment to collect the January 31, 2022 balance in the IM Deferred Account.

The proposed IM rate adjustments, expressed in dollars per therm (\$/therm), are as follows:

Description	Residential	Commercial	Firm Large	Interruptible
	Rates 101, 102, 115	Rates 125, 126, 127, 140	General Rates 145, 175	Large General Rates 135, 150, 160, 165, 180
Customer Class Percentage	69.99%	19.10%	8.36%	2.55%
IMRR for Recovery	\$6,833,479	\$1,864,830	\$816,229	\$248,969
IM Deferred Account Balance	<u>\$1,166,740</u>	<u>\$318,399</u>	<u>\$139,362</u>	<u>\$42,509</u>
Net IMRR for Recovery	\$8,000,219	\$2,183,229	\$955,591	\$291,478
Rate Case Volumes (therms)	332,441,182	172,905,640	256,721,533	143,316,551
IM Rate Increment (per therm)	\$0.02407	\$0.01263	\$0.00372	\$0.00203
Current IM Increment	\$0.00000	\$0.00000	\$0.00000	\$0.00000
Adjustment to IM Increment	<u>\$0.02407</u>	<u>\$0.01263</u>	<u>\$0.00372</u>	<u>\$0.00203</u>

The Public Staff has reviewed the Application and recommends approval as filed.

The Public Staff recommended that the Commission issue the proposed order approving PSNC's IM rate adjustments as filed.

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

P2 DOCKET NO. G-40, SUB 164 – APPLICATION OF FRONTIER NATURAL GAS COMPANY FOR AN ADJUSTMENT OF ITS RATES AND CHARGES TO TRACK CHANGES IN ITS WHOLESALE COSTS OF GAS

EXPLANATION: On February 15, 2022, Frontier Natural Gas Company (Frontier) filed an application pursuant to the provisions of N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3), and Appendix A of Frontier's Gas Service Rules & Regulations, seeking authority to increase its sales rates by \$3.25 per dekatherm (dt) effective March 1, 2022.

On September 15, 2021, Frontier filed an application seeking authority to increase its sales rates from \$4.45 per dt to \$5.25 per dt, an increase of \$0.80 per dt to be effective October 1, 2021, which was approved by Commission Order dated September 28, 2021, in Docket No. G-40, Sub 162.

In this application, Frontier has proposed a change in its Benchmark City Gate Delivered Cost of Gas from the current rate of \$5.25 per dt to \$8.50 per dt. Frontier states that the increase is due to significant volatility in the first of month pricing for natural gas and furthers states that it is projected to materially under-collect its cost of gas if the current Benchmark City Gate Delivered Gas Cost is not changed.

The Public Staff has reviewed the application and recommends approval as filed.

The Public Staff recommended that the Commission issue the proposed order approving the rate change proposed by Frontier.

Kristin Athens, an attorney with McGuireWoods LLP, appeared on behalf of the Applicant. Fred Steele, President and General Manager of Frontier Natural Gas Company, responded to questions from the Commission on behalf of the Applicant.

This item was taken to Executive Conference for further discussion and consideration.

C. COMMUNICATIONS**P1. FILING OF INTERCONNECTION AGREEMENT AMENDMENTS BY AT&T NORTH CAROLINA**

EXPLANATION: The following interconnection agreement amendments were filed for Commission approval between December 22, 2021, and January 28, 2022:

BellSouth Telecommunications, LLC, d/b/a AT&T North Carolina

Docket No. P-55, Sub 1913 – Amendment filed on December 22, 2021, to an existing interconnection agreement with RCLEC, Inc., approved on March 22, 2016. The amendment implements the changes mandated by the Federal Communications Commission (FCC) in WC Docket No. 18-141, by FCC Orders FCC-19-66 and FCC-19-72 (FCC UNE and Resale Forbearance Order). The amendment adds to the agreement Attachment 16b, which provides rates, terms, and conditions for Section 251(b)(1) resale services. In addition, the amendment implements changes mandated by the FCC in FCC 20-152, filed January 8, 2021, in WC Docket No. 19-308 (FCC UNE Relief Order).

Docket No. P-55, Sub 1860 – Amendment filed on January 28, 2022, to an existing interconnection agreement with DukeNet Communications, LLC, approved on June 12, 2012. The amendment implements the changes mandated by the FCC UNE and Resale Forbearance Order and adds to the agreement Attachment 16b, which provides rates, terms, and conditions for Section 251(b)(1) resale services. In addition, the amendment implements changes mandated by the FCC UNE Relief Order.

These filings were made in compliance with Commission Rule R17-4(d), and Sections 252(e) and 252(i) of the Telecommunications Act of 1996. The Act provides for the filing of such agreements and amendments with the state commission and approval or rejection by the state commission within 90 days after filing. On June 18, 1996, the Commission issued an Order in Docket No. P-100, Sub 133, allowing interim operation under negotiated agreements filed as public records prior to Commission approval of the agreements.

The Public Staff has reviewed the filings and recommends Commission approval.

The Public Staff recommended that orders be issued approving the amendments effective on the date they were filed. The Public Staff has provided proposed orders to the Commission Staff.

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

Minutes of the Regular Commission Staff Conference of February 21, 2022 were approved.

Minutes prepared by Le Anne Ackerman.