

NORTH CAROLINA UTILITIES COMMISSION
MINUTES OF REGULAR COMMISSION STAFF CONFERENCE
AUGUST 30, 2021

The Regular Commission Staff Conference of the North Carolina Utilities Commission was held on Monday, August 30, 2021, at 10:00 a.m., with Chair Mitchell, presiding. The remote meeting was conducted by use of simultaneous communication (via Webex) pursuant to N.C. Gen. Stat. § 166A-19.24, streamed live online, and available to the public.

The following were present during the entirety of the remote meeting:

COMMISSIONERS:

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

COMMISSION STAFF: Ms. Henderson, Ms. Fennell, Ms. Duffy,
Ms. Webb-Shackleford, Ms. Barnes, Ms. Hilburn, Ms. Paschal, Ms. Zhang,
Ms. Jayasheela, Ms. Burns, Ms. Needham, Mr. Warren, Mr. McCoy

PUBLIC STAFF: Ms. Downey, Ms. Culpepper, Mr. Creech, Ms. Coxton,
Mr. Magarira, Mr. Dorgan, Mr. Saillor, Mr. Metz, Ms. Patel, Ms. Casselberry, Ms. Darden,
Ms. Proffitt

ATTORNEY GENERAL:

COURT REPORTER: Ms. Mitchell

B. NATURAL GAS**P1. DOCKET NO. G-5, SUB 636 - APPLICATION OF PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC., FOR BI-ANNUAL ADJUSTMENT OF RATES UNDER RIDER E TO ITS TARIFF**

Pursuant to Public Service Company of North Carolina, Inc.'s (PSNC or Company) Integrity Management Tracker (IMT), Rider E of the Company's Tariff, PSNC is required to file with the North Carolina Utilities Commission (Commission) by January 31 and July 31 of each year information showing the computation of the Integrity Management Revenue Requirement (IMRR) that supports the bi-annual Integrity Management (IM) Adjustment of the IMT. PSNC is also required to file bi-annual adjustments to its rates based upon qualifying capital investments in integrity and safety projects as of December 31 and June 30, respectively. Rider E of the Company's tariff requires PSNC to make a filing with the Commission by February 15 and August 15 of each year showing the computation of the IM rate adjustments for each rate schedule that it proposes to charge during the six-month period beginning the following March 1 and September 1, respectively, and then file revisions to its tariffs.

On July 30, 2021, pursuant to Rider E of the Company's Tariff, PSNC filed in Docket No. G-5, Sub 565C, the computation for the IMRR that supports the bi-annual IM rate adjustments, effective September 1, 2021, based on the Company's IM Plant Investment through June 30, 2021.

On August 13, 2021, PSNC filed an Application of Public Service Company of North Carolina, Inc. for Bi-Annual Adjustment of Rates Under Rider E to its Tariff (Application), which included the schedule showing the computation of the IM rate adjustments for each rate schedule and the revised tariffs, effective for service rendered on and after September 1, 2021.

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

Description	Residential Rates 101, 102, 115	Commercial Rates 125, 126 127, 140	Firm Large General Rates 145, 175	Interruptible Large General Rates 135, 150, 160, 165, 180
Customer Class Percentage	69.89%	19.92%	7.25%	2.94%
IMRR for Recovery	\$23,427,729	\$6,677,356	\$2,430,262	\$985,513
Rate Case Volumes (therms)	302,709,607	154,775,495	202,384,732	148,716,728
IM Rate Increment (per therm)	\$0.07739	\$0.04314	\$0.01201	\$0.00663
Current IMT Increment	<u>\$0.07512</u>	<u>\$0.04187</u>	<u>\$0.01165</u>	<u>\$0.00643</u>
Adjustment to IMT increment	<u>\$0.00227</u>	<u>\$0.00127</u>	<u>\$0.00036</u>	<u>\$0.00020</u>

The Public Staff has reviewed the proposed IM rate adjustments and recommends approval as filed.

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

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

C. COMMUNICATIONS

P1. DOCKET NO. P-100, SUB 110 – TELECOMMUNICATIONS RELAY SERVICE (TRS), RELAY NORTH CAROLINA

Pursuant to N.C. Gen. Stat. § 62-157, the Department of Health and Human Services (DHHS) is charged with administering the statewide Telecommunications Relay Service (TRS) program, including its establishment, operation, and promotion. As part of its administration of the program, DHHS is authorized to contract out provision of this service for four-year periods to one or more service providers, using the State bidding process prescribed in N.C.G.S. § 143-129.

Sprint Communications Company, LP (Sprint) is the current vendor and is performing in this role under the terms of a contract that began on July 1, 2016 and originally ended on June 30, 2020 (2016 Contract). The contract period was extended until December 31, 2020 (Contract Extension No. 1) by a contract amendment dated March 10, 2020. An extension was necessary because DHHS was still in the process of evaluating bids received in response to the Request for Proposals (RFP) it released on February 18, 2020 seeking bids for TRS service provider(s) for the four year period beginning on January 1, 2021 and ending on December 31, 2024. The contract period was extended six additional months on December 22, 2020 (Contract Extension No. 2); following this second extension, the 2016 Contract terminated on June 30, 2021. Contract Extension No. 2 was necessary because of the protracted Statewide IT Procurement process. Both extensions were executed to ensure that TRS was in place for the State of North Carolina as mandated by the Federal Communications Commission (FCC).

At the North Carolina Utilities Commission's Regular Staff Conference on October 26, 2020, the Public Staff – North Carolina Utilities Commission (Public Staff) presented the findings of DHHS's evaluation of the RFP bids, and recommended that the North Carolina Utilities Commission (Commission) approve DHHS's selection of Sprint as the vendor for relay services for the four-year period beginning on January 1, 2021, and ending on December 31, 2024.

DHHS recommended Sprint's Alternate Cost Proposal, under which Sprint would provide TRS and CTS (Captioned Telephone Services) at an estimated monthly recurring cost of \$100,000, (\$1,200,000 annually, or a total of \$4,800,000 over 4 years), plus an additional \$900,480 to pay for Relay Conference Captioning (RCC) over the four year contract term, for a total cost of \$5,700,480 over the life of the contract. DHHS stated that the aforementioned contract cost would not create a need for a surcharge rate change. On October 26, 2020, the Commission issued an order in this docket approving DHHS's selection (Approval Order).

On July 21, 2021, DHHS filed a letter with the Commission to provide notice of Contract Extension No. 2 and ask the Commission to amend its Approval Order in the following ways: (i) change the contract period from January 1, 2021, through December 31, 2024 to July 1, 2021 through June 30, 2025 and (ii) increase the total contract cost to \$6,084,400. According to DHHS, the change in the contract period is necessary to align the 2016 Contract termination date, as extended by Contract Extensions No. 1 and No. 2, with the start of the Approval Order.

With regards to the increased total contract cost, DHHS, in response to Public Staff data requests, explained that the change in the total contract cost is required by the Statewide IT Procurement Office and is a result of their effort to address estimated RCC usage.

In response to DHHS's filing, the Public Staff requested additional information about the revised total contract cost of \$6,084,400, and DHHS stated that the original \$5,700,480 included the annual cost for TRS and CTS ($\$1,200,000 \times 4 \text{ years} = \$4,800,000$), plus an additional amount of \$900,480 to pay for RCC over the four year contract period. Because of the pandemic and the expanded use of RCC, the actual bid award made by the Statewide IT Procurement Office is \$6,084,400; the increase of \$383,920 is to be used to fund additional use of RCC. This equates to \$1,284,400 to cover the cost of future RCC use. This increase in use has resulted in Sprint making the application available for extended hours daily and adding Saturday availability. DHHS further stated that neither one of the requested changes will create the need for a TRS surcharge rate change.

The Public Staff's Accounting Division has reviewed the TRS surcharge monthly reports filed with the Commission and determined that the reserve account balance, with the current TRS surcharge rate of \$0.08 per access line, is sufficient to absorb the increase in the contract cost. As such, the Public Staff agrees that amending the order to increase the total contract cost will not create the need for a TRS surcharge rate change. Further, the Public Staff sees no harm in amending the previously approved contract period as requested by DHHS in its July 21, 2021 letter to the Commission.

The Public Staff recommended that the Commission issue an amended order increasing the total contract cost to \$6,084,400, and changing the contract period to the four-year period beginning on July 1, 2021, and ending on June 30, 2025.

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

D. ELECTRIC**P1. APPLICATIONS FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT SOLAR FACILITIES**

The following applications seek to renew certificates of public convenience and necessity for construction of solar photovoltaic (PV) electric generating facilities pursuant to N.C. Gen. Stat. § 62-110.1 and Commission Rule R8-64.

Duke Energy Carolinas, LLC:

- Docket No. SP-6990, Sub 0 – Application of Moyer Solar, LLC, to renew the certificate of public convenience and necessity to construct a 4.99-MW solar PV facility in Rockingham County, North Carolina. (registration statement issued previously).
- Docket No. SP-8213, Sub 0 – Application of Tarpey Farm, LLC, to renew the certificate of public convenience and necessity to construct a 5-MW solar PV facility in Granville County, North Carolina. (registration statement issued previously).

The Public Staff has reviewed the applications and determined that they comply with the requirements of N.C.G.S. § 62-110.1 and Commission Rule R8-64.

The Public Staff recommended that the Commission issue orders approving the applications and issuing the requested renewed certificates for the facilities. Proposed orders have been provided to the Commission Staff.

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

E. WATER**P1. DOCKET NO. W-354, SUB 388 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA – REQUEST FOR TARIFF REVISION**

On July 28, 2021, Carolina Water Service, Inc. of North Carolina (CWSNC), filed a letter with the North Carolina Utilities Commission (Commission) pursuant to N.C. Gen. Stat. § 62-133.11, requesting authority to amend its tariff for the purpose of passing along to sewer customers in the Kings Grant service area in Gaston County an increase in the cost of purchasing sewage treatment from Two Rivers Utilities. N.C.G.S. § 62-133.11(a) provides that the Commission shall allow a water or sewer utility to adjust its

rates approved pursuant to N.C.G.S. § 62-133 to reflect changes in its costs based solely on changes in the rates imposed by third-party suppliers of purchased water or sewer service.

CWSNC states that Two Rivers Utilities increased its usage charge for sewage treatment by \$0.41 per 1,000 gallons, increasing the rate from \$3.98 to \$4.39 per 1,000 gallons. The change was effective on July 1, 2021.

The Public Staff – North Carolina Utilities Commission (Public Staff) has reviewed Two Rivers Utilities' current rates and recommends that CWSNC's request for a tariff revision be approved.

The new rates will increase the average residential monthly sewer bill (< 1 inch meter) from \$56.53 to \$58.10, based on an average usage of 3,841 gallons. The average usage was determined in Exhibit 18 of the Testimony of Gina Y. Casselberry, Advanced Utilities Engineer, Public Staff Water, Sewer, and Telephone Division, filed on November 4, 2019, in Docket No. W-354, Sub 364.

The Public Staff recommended that the proposed order be issued approving the recommended tariff revision.

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

P2. DOCKET NO. W-354, SUB 389 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA – REQUEST FOR TARIFF REVISION

On July 28, 2021, Carolina Water Service, Inc. of North Carolina (CWSNC), filed a letter with the North Carolina Utilities Commission (Commission) pursuant to N.C. Gen. Stat. § 62-133.11, requesting authority to amend its tariff for the purpose of passing along to water customers in its Whispering Pines service area in Moore County an increase in the cost of purchasing water service from the Town of Southern Pines. N.C.G.S. § 62-133.11(a) provides that the Commission shall allow a water or sewer utility to adjust its rates approved pursuant to N.C.G.S. § 62-133 to reflect changes in its costs based solely on changes in the rates imposed by third-party suppliers of purchased water or sewer service.

CWSNC states that the Town of Southern Pines increased its usage charge for water service by \$0.14 per 1,000 gallons, increasing the rate from \$3.38 to \$3.52 per 1,000 gallons. The change was effective on July 1, 2021.

The Public Staff – North Carolina Utilities Commission (Public Staff) has reviewed the Town of Southern Pines' current rates and recommends that CWSNC's request for a tariff revision be approved.

The new rate would increase the average residential monthly water bill (< 1 inch meter) from \$44.65 to \$45.30, based on an average usage of 4,654 gallons. The average usage was determined in Exhibit 17 of the Testimony of Gina Y. Casselberry, Advanced Utilities Engineer, Public Staff Water, Sewer, and Telephone Division, filed on November 4, 2019, in Docket No. W-354, Sub 364.

The Public Staff recommended that the proposed order be issued approving the recommended tariff revision.

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

P3. DOCKET NO. W-354, SUB 390 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA – REQUEST FOR TARIFF REVISION

On July 28, 2021, Carolina Water Service, Inc. of North Carolina (CWSNC or Company), filed a letter with the Commission pursuant to N.C. Gen. Stat. § 62-133.11, requesting authority to amend its tariff for the purpose of passing along to water customers in Zemosa Acres in Cabarrus County an increase in the cost of purchasing water service from the City of Concord. N.C.G.S. § 62-133.11(a) provides that the Commission shall allow a water or sewer utility to adjust its rates approved pursuant to N.C.G.S. § 62-133 to reflect changes in its costs based solely on changes in the rates imposed by third-party suppliers of purchased water or sewer service.

CWSNC states that effective July 1, 2021, the City of Concord will be increasing its usage charge for water service by \$0.11 per 1,000 gallons, increasing the rate from \$5.41 to \$5.52 per 1,000 gallons.

The Public Staff has reviewed the City of Concord's current rates and recommends that CWSNC's request for a tariff revision be approved.

The new rate would increase the average residential monthly water bill (< 1 inch meter) from \$50.24 to \$50.67, based on an average usage of 3,941 gallons. The average usage was determined in Exhibit 17 of the Testimony of Gina Y. Casselberry, Advanced Utilities Engineer, Public Staff Water, Sewer, and Telephone Division, filed on November 4, 2019, in Docket No. W-354, Sub 364.

The Public Staff recommended that the proposed order be issued approving the recommended tariff revision.

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

P4. DOCKET NO. W-354, SUB 394 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA – REQUEST FOR TARIFF REVISION

On July 28, 2021, Carolina Water Service, Inc. of North Carolina (CWSNC or Company), filed a letter with the Commission pursuant to N.C. Gen. Stat. § 62-133.11, requesting authority to amend its tariff for the purpose of passing along to water customers in its Riverpointe service area in Mecklenburg County an increase in the cost of purchasing water service from Charlotte Water. N.C.G.S. § 62-133.11(a) provides that the Commission shall allow a water or sewer utility to adjust its rates approved pursuant to N.C.G.S. § 62-133 to reflect changes in its costs based solely on changes in the rates imposed by third-party suppliers of purchased water or sewer service.

CWSNC states that effective July 1, 2021, Charlotte Water will be increasing its usage charge for water service by \$0.33 per 1,000 gallons, increasing the rate from \$6.74 to \$7.07 per 1,000 gallons.

The Public Staff – North Carolina Utilities Commission (Public Staff) has reviewed Charlotte Water's current rates and recommends that CWSNC's request for a tariff revision be approved.

The new rates will increase the average residential monthly water bill (<1 inch meter) from \$70.52 to \$72.56, based on an average usage of 6,172 gallons. The average usage was determined in Exhibit 17 of the Testimony of Gina Y. Casselberry, Advanced Utilities Engineer, Public Staff Water, Sewer, and Telephone Division, filed on November 4, 2019, in Docket No. W-354, Sub 364.

The Public Staff recommended that the proposed order be issued approving the recommended tariff revision.

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

P5. DOCKET NO. W-354, SUB 395 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA – REQUEST FOR TARIFF REVISION

On July 28, 2021, Carolina Water Service, Inc. of North Carolina (CWSNC or Company), filed a letter with the Commission pursuant to N.C. Gen. Stat. § 62-133.11. In pertinent part, CWSNC requests authority to amend its tariff for the purpose of passing along (1) an increase in the cost of purchasing water service from Johnston County Department of Public Utilities (Johnston County) to water customers in the White Oak Plantation, Lee Forest, Winston Plantation, and Winston Pointe service areas; (2) an increase in the cost of purchasing sewer service from Johnston County to sewer customers in the White Oak Plantation, Lee Forest, and Winston Pointe service areas in Johnston County; and (3) an increase in Johnston County's bulk capacity fee to customers in the Winston Pointe service area by increasing the water connection charge. N.C.G.S. § 62-133.11(a)

provides that the Commission shall allow a water or sewer utility to adjust its rates approved pursuant to N.C.G.S. § 62-133 to reflect changes in its costs based solely on changes in the rates imposed by third-party suppliers of purchased water or sewer service.

CWSNC stated that effective September 1, 2021, Johnston County's bulk water commodity charge increases \$0.17 per 1,000 gallons, increasing the rate from \$2.85 to \$3.02 per 1,000 gallons and the bulk sewer commodity charge increases \$0.30 per 1,000 gallons, increasing the rate from \$6.15 to \$6.45 per 1,000 gallons. CWSNC also stated that effective October 1, 2021, Johnston County's bulk water capacity fee increases from \$6.25 per gallons per day (gpd) of average capacity to \$7.00 per gpd of average capacity. According to CWSNC, it charges a current connection charge per single family equivalent (SFE) in its Winston Pointe subdivision of \$1,125, which is based on the \$6.25 per gpd of average capacity. The increase to \$7.00 per gpd of average capacity results in a new connection charge of \$1,260 per SFE.

The Public Staff – North Carolina Utilities Commission (Public Staff) has reviewed Johnston County's current rates and recommends that CWSNC's request for a tariff revision be approved.

The new rates will increase the average residential monthly water bill from \$39.40 to \$40.03 based on an average usage of 3,678 gallons and increase the average residential monthly sewer bill from \$63.10 to \$64.17 based on an average usage of 3,555 gallons. The average usage was determined in Exhibit 17 and Exhibit 18 of the Testimony of Gina Y. Casselberry, Advanced Utilities Engineer, Public Staff Water, Sewer, and Telephone Division, filed on November 4, 2019, in Docket No. W-354, Sub 364.

The Public Staff recommended that the proposed order be issued approving the recommended tariff revision.

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

Minutes of the Regular Commission Staff Conference of August 16, 2021, were approved.

Minutes prepared by Portia Barnes.