

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. G-5, SUB 585

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Petition of Public Service Company of North Carolina, Inc., for Waiver of Code of Conduct Provision	) ) ) )	ORDER REQUESTING ADDITIONAL INFORMATION FROM APPLICANT AND PUBLIC STAFF COMMENTS

BY THE COMMISSION: On August 5, 2020, Public Service Company of North Carolina, Inc. (PSNC or Company), filed a petition requesting that the Commission enter an order waiving the transfer pricing guideline in Section III.D.3(a) of PSNC’s Code of Conduct Governing the Relationship Among Dominion Energy North Carolina, Public Service Company of North Carolina, Inc., Their Affiliates, and Their Nonpublic Utility Operations (Code of Conduct) in connection with leases to be entered into by the Company with affiliates Dominion Energy Southeast Services, Inc. (DESS), and Dominion Energy Services, Inc. (DES), to use space in the Company’s Gastonia facility for the purpose of providing services to Utility Affiliates, as defined in the Code of Conduct. The waiver would allow the Company to lease the space to DESS and DES at PSNC’s Fully Distributed Cost instead of at the higher of Market Value or Fully Distributed Cost, as the capitalized terms are defined in the Code of Conduct.

DESS is a Service Company, as defined in the Code of Conduct, providing gas dispatch services and gas measurement services for PSNC and Dominion Energy South Carolina, Inc. (DESC), from the Company’s Gastonia facility. DESC is a Utility Affiliate under the Code of Conduct. DES is a Service Company that provides shared services to PSNC and its Affiliates, including Utility Affiliates. PSNC and DES intend to enter into a lease for DES to use the Company’s Gastonia facility in connection with the provision of gas dispatch services to The East Ohio Gas Company, doing business as Dominion Energy Ohio (DEO). Because DESS and DES are Non-Utility Affiliates of PSNC, Section III.D.3(a) of the Code of Conduct requires that they pay PSNC the higher of Market Value or PSNC’s Fully Distributed Cost as rent under their respective leases. The transfer pricing guideline in Section III.D.3(d) of the Code of Conduct requires that for un-tariffed goods and services provided by PSNC to Utility Affiliates, the transfer price on such transactions shall be the Affiliate’s Fully Distributed Cost. Therefore, the Company requests that the Commission waive the application of the transfer pricing guideline in Code of Conduct Section III.D.3(a) and apply the guideline in Section III.D.3(d) applicable to transfers involving Utility Affiliates so that the rent can be set at PSNC’s Fully Distributed Cost. PSNC further states that under these leases, DESS and DES will use the Gastonia facility only to provide services to PSNC and its Utility Affiliates and that the

leases will have no negative impact on PSNC customers' rates and service and are in the public interest.

Based on the Commission's review of the petition and before ruling on PSNC's petition, the Commission will require that PSNC provide the following information:

1. The reason PSNC needs the transfer pricing guideline in Code of Conduct Section III.D.3(a) to be waived and the rent for the Service Companies to be set at PSNC's Fully Distributed Cost as it would be for Utility Affiliates under Section III.D.3(d).
2. Whether PSNC or the Public Staff conducted an analysis regarding the Market Value of the proposed leases to the Service Companies.
  - a. If an analysis was conducted, disclose the Market Value and the Fully Distributed Cost.
  - b. If an analysis was not conducted, give the reason why such an analysis was not conducted.
3. The number of employees for each of the Service Companies that will occupy the leased space and the services or other business(es) in which they will be engaged.
4. If the requested waiver is granted, whether there are any other results from the waiver other than that the leases for the Service Companies will be entered into at PSNC's Fully Distributed Cost as it would be for Utility Affiliates that might affect PSNC's revenues or expenses or its customers' rates.
5. The basis for PSNC's statement that the "leases . . . are in the public interest" and for a finding by the Commission that the requested waivers of the Code of Conduct related to the leases to the Service Companies are in the public interest.

In addition, within five days after PSNC files its verified responses, the Public Staff shall file comments along with its recommendation on the petition.

IT IS, THEREFORE, ORDERED as follows:

1. That PSNC shall file verified responses to the information requests set forth in the body of this Order;

2. That within five days after PSNC files its verified responses, the Public Staff shall file comments and its recommendation regarding whether the petition is in the public interest.

ISSUED BY ORDER OF THE COMMISSION.

This the 8th day of September, 2020.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Kimberley A. Campbell". The signature is written in a cursive, flowing style.

Kimberley A. Campbell, Chief Clerk