

NORTH CAROLINA UTILITIES COMMISSION
MINUTES OF REGULAR COMMISSION STAFF CONFERENCE

December 6, 2021

The Regular Commission Staff Conference of the North Carolina Utilities Commission was held on Monday, December 6, 2021, 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, Ms. Fennell, Ms. Jarvis, Ms. Hicks, Ms. Hilburn, Mr. Hardy, Mr. McCoy

PUBLIC STAFF: Mr. Ayers, Ms. Jost, Mr. Grantmyre, Ms. Cummings, Mr. Lucas, Mr. Saillor, Mr. Junis, Mr. Franklin

ATTORNEY GENERAL:

COURT REPORTER: Ms. Vines

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

The following applications regard certificates of public convenience and necessity for construction of solar photovoltaic generating facilities, pursuant to N.C. Gen. Stat. § 62-110.1 and Commission Rule R8-64.

Duke Energy Progress, LLC:

- Docket No. SP-4920, Sub 0 – Application of Cedar Grove Solar, LLC, for renewal and amendment of a certificate of public convenience and necessity to construct a 4.998-MW solar PV facility in Robeson County, North Carolina. An amendment is requested to update the facility's E911 address. The applicant informed the Public Staff that construction of the facility is expected to begin in the first or second quarter of 2023 (registration statement accepted previously).
- Docket No. SP-7776, Sub 0 – Application of Country Club Solar, LLC, for renewal of a certificate of public convenience and necessity to construct a 4.999-MW solar PV facility in Duplin County, North Carolina. The applicant indicates that construction of the facility is expected to begin in the fourth quarter of 2022 (registration statement accepted previously).
- Docket No. SP-8116, Sub 0 – Application of Slender Branch Solar, LLC, for renewal of a certificate of public convenience and necessity to construct an 80-MW solar PV facility in Bladen County, North Carolina. The applicant informed the Public Staff that construction of the facility is expected to begin on October 1, 2023 (registration statement accepted 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 certificates. The Public Staff has provided proposed orders to the Commission Staff.

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

E. WATER**P1. DOCKET NO. W-1328, SUB 7 – ORDER ACCEPTING AND APPROVING BOND, GRANTING FRANCHISE, APPROVING RATES, AND REQUIRING CUSTOMER NOTICE**

On November 5, 2020, Red Bird Utility Operating Company, LLC (Red Bird), filed with the Commission an Application for a Certificate of Public Convenience and Necessity (CPCN) and for Approval of Rates (Application) to provide wastewater utility service to the Ocean Terrace, Pine Knoll Townes I, Pine Knoll Townes II, and Pine Knoll Townes III townhome communities in Carteret County, North Carolina. Each of the four townhome communities has its own wastewater utility system owned by its homeowners' association. Red Bird filed with the Commission supplemental and additional documentation in support of its Application on February 19, February 22, and May 13, 2021.

On July 27, 2021, the Commission issued its Order Requiring Customer Notice, specifying that the matter may be determined without public hearing if no significant protests are received subsequent to customer notice. By its certificate of service dated July 29, 2021, and filed with the Commission on August 2, 2021, Red Bird stated that the Notice to Customers was mailed or hand delivered to the four respective homeowners' associations. As of November 29, 2021, no customer protests had been received by the Public Staff.

Upon acquisition, Red Bird proposes charging monthly flat rates of \$60 per residence, or a total of \$1,920, to the Ocean Terrace homeowners' association, \$40 per residence, or a total of \$1,840, to the Pine Knoll Townes II homeowners' association, and \$20 per residence, or a total of \$920, to each of the Pine Knoll Townes I and III homeowners' associations. The Public Staff believes the proposed rates to be just and reasonable.

The Public Staff recommended that the Commission require posting a \$300,000 bond for the Ocean Terrace and Pine Knoll Townes I, II, and III service areas. Red Bird posted the required bond amount and filed the appropriate bond documents in the above captioned docket on November 19, 2021. All filing requirements for a bond secured by a commercial surety have been met.

Red Bird has filed all exhibits required with the Application.

On November 29, 2021, the Public Staff filed the Affidavit of D. Michael Franklin. The Affidavit discusses \$336,915 in unreimbursed expenses Red Bird asserts it incurred to provide temporary wastewater service to the Ocean Terrace homeowners' association and intends to seek recovery of in rates. The Affidavit also sets out the Public Staff's position that the unreimbursed expenses should not be included in rate base.

On December 2, 2021, Red Bird filed its Response Regarding Public Staff Affidavit. In its Response, Red Bird opposes the Public Staff's position that the unreimbursed expenses should not be included in rate base and asserts that the Commission should determine this issue in Red Bird's initial rate case.

The Public Staff is of the opinion that Red Bird has the technical, managerial, and financial capacity to provide wastewater utility service in Ocean Terrace and Pine Knoll Townes I, II, and III service areas. The Public Staff recommends that the bond be accepted and approved, the CPCN to provide wastewater utility service be granted to Red Bird effective upon the closing of the sale of the Ocean Terrace and Pine Knoll Townes I, II, and III wastewater utility system assets to Red Bird, and approval of rates. Further, the Public Staff recommends that Red Bird be required to provide notice to customers.

The Public Staff recommended that the Commission issue the proposed order accepting and approving bond, granting franchise, approving rates, and requiring customer notice. The Public Staff further recommended that the Commission reserve the issues of whether Red Bird should be permitted to include in rate base the unreimbursed expenses it incurred to provide temporary wastewater service to the Ocean Terrace homeowners' association is appropriate for determination in Red Bird's initial rate case.

Daniel C. Higgins, attorney for Red Bird, appeared on its behalf to respond to Commission questions, confirmed that Red Bird understood that the issue of unreimbursed expenses incurred to provide temporary wastewater service to the Ocean Terrace homeowners' association was reserved for consideration as part of its next rate case, and to introduce Red Bird's management in attendance to the Commission.

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

Minutes of the Regular Commission Staff Conference of November 29, 2021, were approved.

Minutes prepared by Portia Barnes.