

NORTH CAROLINA UTILITIES COMMISSION
MINUTES OF REGULAR COMMISSION STAFF CONFERENCE

June 19, 2023

The Regular Commission Staff Conference of the North Carolina Utilities Commission was held on Monday, June 19, 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. Duffy, Ms. Jarvis, Ms. Harrod, Ms. Hilburn, Ms. Forrest; Mr. Barley; Mr. Keshar; Mr. Hardy

PUBLIC STAFF: Ms. Edmondson, Ms. Jost, Mr. Josey, Ms. Keyworth, Mr. Felling, Mr. Bernier, Ms. Boswell, Mr. Lentz, Mr. Meda; Mr. Lawrence, Mr. Junis, Mr. Houser, Mr. Franklin

ATTORNEY GENERAL:

COURT REPORTER: Ms. Vines

ELECTRIC*RIDER ADJUSTMENTS***Duke Energy Carolinas, LLC**

1. Docket No. E-7, Sub 1026 – Application of DEC for an adjustment to its Bulk Power Marketing (BPM) True-up Rider and BPM Prospective Rider (*Lentz/Zhang/Keyworth*)

On May 1, 2023, Duke Energy Carolinas, LLC (DEC or the Company) filed a proposed Bulk Power Marketing (BPM) True-up Rider and a BPM Prospective Rider, to be effective for the period July 1, 2023, through June 30, 2024. The purpose of the BPM Prospective Rider and the BPM True-up Rider is to flow back to DEC's North Carolina (NC) retail customers their jurisdictionally allocated share of 90% of the Company's BPM Net Revenues and 100% of its Non-Firm Point-to-Point Transmission (NFPTP) Revenues, on a prospective basis and subsequently on a trued-up basis. Pursuant to the May 1 filing, the proposed BPM True-up Rider consists of a rate decrement of (0.0071) cents per kilowatt-hour (kWh),¹ based on a comparison of DEC's actual BPM Net Revenues and NFPTP Revenues earned in calendar year 2022 with the amounts credited to NC retail customers during 2022 for those two categories. In the filing, DEC also proposed a BPM Prospective Rider consisting of a rate decrement of (0.0128) cents per kWh.

The Public Staff stated that it had reviewed DEC's calculation of the proposed riders, including the supporting workpapers submitted with the filings and information provided by the Company in response to a Public Staff data request, and had concluded that the proposed riders are reasonable.

The Public Staff recommended that DEC's proposed riders be approved. The Public Staff also indicated that including the North Carolina regulatory fee does not cause a change in the Riders in this case.

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

2. Docket No. E-7, Subs 487, 828, 1026, 1146, and 1214 – Application of DEC for an adjustment to its Existing DSM Program Rider (EDPR) (*Lentz/Zhang/Keyworth*)

On March 31, 2023, Duke Energy Carolinas, LLC (DEC or the Company) made a filing proposing its annual change to the Existing DSM Program Rider (EDPR) based on the December 31, 2022 legacy demand-side management (DSM) deferral account balance. The Company requested that the EDPR be effective beginning July 1, 2023.

¹ Except as otherwise indicated, all proposed rates exclude the North Carolina regulatory fee.

The Public Staff stated it had reviewed DEC's calculation of the proposed EDPR, including the supporting workpapers submitted with the filings and information provided by the Company in response to a Public Staff data request. Based on its review, the Public Staff concluded that the proposed rate decrement is reasonable.

The Public Staff recommended that DEC's proposed EDPR be approved, effective for the period July 1, 2023, through June 30, 2024.

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

ELECTRIC AND NATURAL GAS

AFFILIATE AGREEMENTS

Duke Energy Progress, LLC and Piedmont Natural Gas Company, Inc.

3. Docket Nos. E-2, Sub 1260 and G-9, Sub 773 – Application of DEP and PNG for approval of an affiliate agreement pursuant to N. C. Gen. Stat. § 62-153(b) (*Meda/Zhang/Felling*)

On May 18, 2023, Duke Energy Progress, LLC (DEP) and Piedmont Natural Gas Company, Inc. (Piedmont) (collectively the Companies) filed an application for the approval of an affiliate agreement pursuant to N.C. Gen. Stat. § 62-153(b) and Regulatory Condition 3.1(a) as approved by the Commission's Order Granting Motion to Amend Regulatory Conditions issued on August 24, 2018, in Docket Nos. E-7, Sub 1100A; E-2, Sub 1095A; and G-9, Sub 682A for the proposed lease agreement between DEP and Piedmont (Agreement), where Piedmont is seeking a laydown yard for an upcoming project and will compensate DEP for the leased land. On May 19, 2023, DEP and Piedmont updated the filing to include the proposed lease agreement. On June 1, 2023, the Companies filed a letter of correction to the May 19, 2023 filing along with clarification that, upon Commission approval of the Affiliate Agreement, the lease term contained in the proposed lease will be amended to reflect the effective date of the lease agreement.

The Public Staff stated it had reviewed the initial filing, updated Agreement, including the proposed lease agreement, and correction letter.

The Public Staff recommended approval subject to the following conditions:

- (1) The Commission's approval of the Agreement shall not be deemed, in connection with any future proceeding before the Commission, to determine and establish DEP or Piedmont retail rates or for any other purpose, or to constitute an approval of any level of charges directly charged, assigned, or allocated to DEP or Piedmont under the Agreement;

(2) The authority granted by the Commission in its Order shall be without prejudice to the right of any party to take issue with any provision of the Agreement in question in a future proceeding;

(3) The Companies shall file with the Commission signed and executed copies of the Agreement within 30 days of its execution.

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

WATER AND WASTEWATER

ORDER SCHEDULING HEARINGS, ESTABLISHING DISCOVERY GUIDELINES, AND REQUIRING CUSTOMER NOTICE

Red Bird Utility Operating Company, LLC and Total Environmental Solutions, Inc.

4. Docket Nos. W-1328 Sub 10 and W-1146 Sub 13 – Application for Authority to Transfer the Total Environmental Solutions, Inc. water and wastewater utility systems and Public Utility Franchise in Franklin and Nash Counties, North Carolina to Red Bird Utility Operating Company, LLC and approval of rates (*Franklin/Houser/Feasel/Jost*)

On June 7, 2021, Red Bird Utility Operating Company, LLC (Red Bird), and Total Environmental Solutions, Inc. (TESI), filed with the Commission an Application for Transfer of Public Utility Franchise and for Approval of Rates (Application) seeking authority to transfer the water and wastewater utility systems and public utility franchise serving Lake Royale Subdivision (Lake Royale) in Franklin and Nash Counties, North Carolina, from TESI to Red Bird and approval of rates. Red Bird filed with the Commission supplemental and additional materials in support of the Application on June 8, 2021, and January 24, August 2, and September 8, 2022.

The Public Staff recommended that the matter be scheduled for a public witness hearing for the sole purpose of receiving testimony from customers; that the matter should also be scheduled for an expert witness hearing for the sole purpose of receiving expert witness testimony from Red Bird, the Public Staff, and other intervenors, if any; and that Red Bird should be required to provide notice to all affected customers of the Application, including the applied for rates and the scheduled hearings.

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

The Minutes of the Regular Commission Staff Conference of May 30, 2023, were approved.

Minutes prepared by Le Anne Ackerman.