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OFFICIAL COPY

FILED

NOV 13 2009

Clerk's Office  
N.C. Utilities Commission

November 13, 2009

**VIA HAND DELIVERY**

Ms. Renné Vance, Chief Clerk  
North Carolina Utilities Commission  
430 N. Salisbury Street  
Raleigh, NC 27611

**Re: Docket No. G-5, Sub 495**

Dear Ms. Vance:

Enclosed please find the original and thirty-one (31) copies of Public Service Company of North Carolina, Inc.'s (PSNC) "Petition to Terminate Residential Rate Increment" in the above referenced proceeding. Also enclosed is one additional copy to be file-stamped and returned with our courier.

If you have any questions or comments regarding this filing, please do not hesitate to call me. Thank you in advance for your assistance and cooperation.

Very truly yours,

McGUIRE WOODS LLP

Mary Lynne Grigg

Enclosures

BEFORE  
THE NORTH CAROLINA UTILITIES COMMISSION

Docket No. G-5, Sub 495

**FILED**

**NOV 13 2009**

Clerk's Office  
N.C. Utilities Commission

|  |   |                       |
|--|---|-----------------------|
| In the Matter of                           | ) |                       |
| Application of Public Service Company of   | ) | PETITION TO TERMINATE |
| North Carolina, Incorporated for a General | ) | RESIDENTIAL RATE      |
| Increase in its Rates and Charges          | ) | INCREMENT             |

Public Service Company of North Carolina, Incorporated, d/b/a PSNC Energy ("PSNC" or the "Company") hereby requests North Carolina Utilities Commission ("Commission") authority to terminate the residential rate increment approved by the Commission in its October 24, 2008 Order Approving Partial Rate Increase and Requiring Conservation Program Filing and Reporting in the above-referenced docket and to record any remaining debit or credit balance in the Company's All Customers Deferred Account. PSNC respectfully shows unto the Commission:

1. On October 23, 2006, the Commission issued an Order Approving Partial Rate Increase in Docket No. G-5, Sub 481 which established a residential rate design comprised of a Residential Value Rate ("Rate 105") and a Residential Standard Rate ("Rate 110"). Rate 105 was applicable to customers who used at least 24 therms over the three summer months of June, July and August. The rate for this service was approximately \$0.12 less per therm than the rate applicable to Rate 110.

2. Subsequent to the implementation of the Standard and Value rate structure the Company became aware that customers potentially could increase their summer consumption solely to qualify for the Value Rate. To address the unintended consequences of this rate design, the Company filed a Petition to Amend Order and Defer Rate

Differentials. The Company requested to bill all residential customers on Rate 105 and to defer the per-therm difference between the Rate 105 and Rate 110 billing rates until an Order was issued in a subsequent general rate case proceeding.

3. On May 21, 2007 the Commission issued its Order on Reconsideration Amending Order and Scheduling New Hearing. This Order authorized PSNC to begin billing all residential customers on Rate 105 effective June 1, 2007 and authorized PSNC to create a separate Residential Rate Differential Deferred Account as of June 1, 2007 to record the per-therm rate differential between Rates 105 and 110 for a period no longer than November 1, 2007. Additionally the Commission required the Company to file a petition proposing a new residential rate design by July 6, 2007.

4. On October 19, 2007 the Commission issued its Order on Reconsideration approving PSNC's proposed Residential Rate 101 which has a Summer/Winter rate differential.

5. In Docket No. G-5, Sub 495, Application of Public Service Company of North Carolina, Inc., for a General Increase in its Rates and Charges, the Company proposed an increment of \$0.00136 per therm in order to recover the projected balance of \$381,330 in the Residential Rate Differential Deferred Account as of October 31, 2008. In its October 24, 2008 Order Approving Partial Rate Increase and Requiring Conservation Program Filing and Reporting the Commission approved the requested increment.

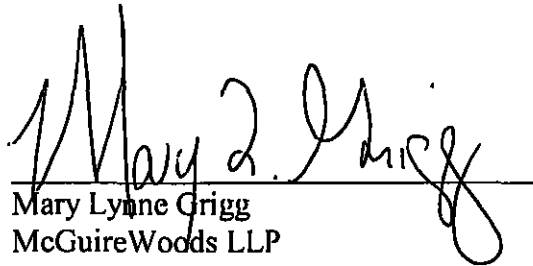
6. During the hearing in Docket No. G-5, Sub 495 the Company indicated that any over or under-collected amounts would be flowed through to customers but stated that the Company and the Public Staff had not addressed the final disposition in the Settlement. Pursuant to recent conversations with the Public Staff, the Company proposes that the

increment be terminated effective with service rendered on and after December 1, 2009. The Company anticipates a credit balance in the Residential Rate Differential Deferred Account of approximately \$17,000 as of November 30, 2009 as shown on Schedule A attached hereto. The actual remaining balance will be transferred to the All Customers Deferred Account.

WHEREFORE, PSNC respectfully requests that the Commission approve the termination of the Residential Rate Differential increment effective with service rendered on and after December 1, 2009 and the transfer of any remaining balance in the Residential Rate Differential Deferred Account as of November 30, 2009 to the All Customers Deferred Account.

Respectfully submitted, this the 13<sup>th</sup> day of November, 2009.

PUBLIC SERVICE COMPANY OF  
NORTH CAROLINA, INCORPORATED

A handwritten signature in black ink, appearing to read "Mary L. Grigg", is written over a horizontal line.

Mary Lynne Grigg  
McGuireWoods LLP  
PO Box 27507  
Raleigh, NC 27611

**VERIFICATION**

STATE OF NORTH CAROLINA

COUNTY OF GASTON COUNTY

**Candace A. Paton**, being first duly sworn, says that (i) she is Rates & Regulatory Manager for Public Service Company of North Carolina, Inc. ("PSNC"), and, as such, she is authorized, and has been designated by PSNC, to make this proof on its behalf; (ii) she has read the foregoing application and the matters and things stated therein are true of her own knowledge, except as to those matters and things stated therein on information and belief, and as to those, she believes them to be true.

*Candace A. Paton*

Affiant (Candace A. Paton)

Subscribed and sworn to before me, this 12<sup>th</sup> day of November 2009.

*Carol G. O'Shields*

Carol G. O'Shields, Notary Public

My Commission Expires: July 2, 2010  
[OFFICIAL SEAL]

Public Service Company of North Carolina  
Docket No. G-5, Sub 495  
Residential Rate Differential Deferral  
Account 182.3050

Schedule A

|                           | Nov-08    | Dec-08    | Jan-09    | Feb-09    | Mar-09    | Apr-09   | May-09   | Jun-09   | Jul-09   | Aug-09   | Sep-09   | Oct-09   | Nov-09        |
|---------------------------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|----------|----------|----------|---------------|
| Beginning Balance         | \$381,330 | \$335,274 | \$277,204 | \$195,234 | \$136,526 | \$91,626 | \$74,418 | \$67,699 | \$65,599 | \$60,563 | \$55,446 | \$49,778 | \$33,955      |
| Current Month Collections | (48,270)  | (60,025)  | (83,478)  | (59,665)  | (45,628)  | (17,720) | (7,174)  | (2,512)  | (5,439)  | (5,486)  | (5,994)  | (16,090) | (51,323)      |
| Balance Before Interest   | \$333,060 | \$275,249 | \$193,726 | \$135,569 | \$90,898  | \$73,905 | \$67,245 | \$65,187 | \$60,160 | \$55,076 | \$49,453 | \$33,688 | (\$17,369)    |
| Interest                  | \$2,214   | \$1,955   | \$1,508   | \$957     | \$728     | \$513    | \$454    | \$412    | \$403    | \$370    | \$325    | \$267    | \$51          |
| Ending Balance:           | \$335,274 | \$277,204 | \$195,234 | \$136,526 | \$91,626  | \$74,418 | \$67,699 | \$65,599 | \$60,563 | \$55,446 | \$49,778 | \$33,955 | (\$17,318) 1/ |

Current Month Collections:

|                |              |              |              |              |              |              |             |             |             |             |             |              |               |
|----------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|--------------|---------------|
| Rate 101 Sales | 35,492,958   | 44,135,841   | 61,380,910   | 43,871,607   | 33,550,018   | 13,028,770   | 5,272,347   | 1,845,975   | 3,996,583   | 4,030,777   | 4,402,995   | 11,816,861   | 37,737,857 2/ |
| Rate 102 Sales |              |              |              |              |              | 742          | 2,418       | 1,202       | 2,764       | 3,095       | 4,223       | 13,988       |               |
| Total          | 35,492,958   | 44,135,841   | 61,380,910   | 43,871,607   | 33,550,018   | 13,029,512   | 5,274,765   | 1,847,177   | 3,999,347   | 4,033,872   | 4,407,218   | 11,830,849   | 37,737,857    |
| Increment      | \$ 0.00136   | \$ 0.00136   | \$ 0.00136   | \$ 0.00136   | \$ 0.00136   | \$ 0.00136   | \$ 0.00136  | \$ 0.00136  | \$ 0.00136  | \$ 0.00136  | \$ 0.00136  | \$ 0.00136   | \$ 0.00136    |
| Collections    | \$ 48,270.42 | \$ 60,024.74 | \$ 83,478.04 | \$ 59,665.39 | \$ 45,628.02 | \$ 17,720.14 | \$ 7,173.68 | \$ 2,512.16 | \$ 5,439.11 | \$ 5,486.07 | \$ 5,993.82 | \$ 16,089.95 | \$ 51,323.49  |

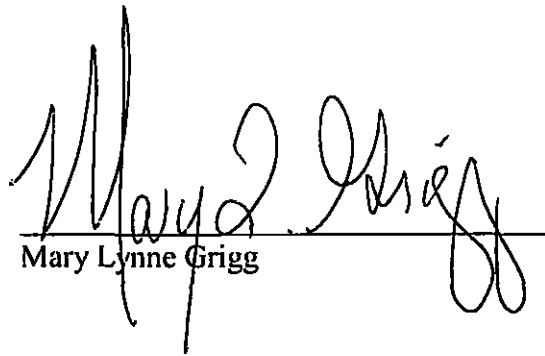
1/ Projected balance as of November 30, 2009

2/ Actual sales for November 2008 were used to estimate November 2009 sales and collections

## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the attached *Petition to Terminate Residential Rate Increment* is being served upon the parties to this docket by depositing a copy of the same in the United States Mail, First Class, Postage Prepaid, at the addresses contained in the official service list in this proceeding.

This the 13<sup>th</sup> day of November 2009.



Mary Lynne Grigg