

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**STAFF CONFERENCE AGENDA
NOVEMBER 30, 2020**

***IMPORTANT NOTE: STAFF CONFERENCE
WILL BE CONDUCTED VIA WEBEX.
INSTRUCTIONS FOR PARTICIPATION AND A LINK TO VIEW
THE MEETING WILL BE POSTED ON THE COMMISSION'S
WEBSITE, NCUC.NET***

COMMISSION STAFF

NO AGENDA ITEMS

PUBLIC STAFF

B. NATURAL GAS

- P1. [DOCKET NO. G-9, SUBS 743, 776, 777 – APPLICATION OF PIEDMONT NATURAL GAS COMPANY, INC., FOR APPROVAL OF BI-ANNUAL ADJUSTMENT OF RATES UNDER APPENDIX E OF ITS SERVICE REGULATIONS AND AUTHORIZATION TO DISCONTINUE THE RATE DECREMENT THROUGH ITS APPROVED TAX RIDER EXHIBIT NO. P-1](#)

E. WATER

- P1. [DOCKET NO. W-354, SUB 340 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA - NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS SERVICE AREA EXHIBIT NO. P-2](#)

TO: Agenda – Commission Conference – November 30, 2020

FROM: PUBLIC STAFF – North Carolina Utilities Commission

B. NATURAL GAS

P1. DOCKET NO. G-9, SUBS 743, 776, 777 – APPLICATION OF PIEDMONT NATURAL GAS COMPANY, INC., FOR APPROVAL OF BI-ANNUAL ADJUSTMENT OF RATES UNDER APPENDIX E OF ITS SERVICE REGULATIONS AND AUTHORIZATION TO DISCONTINUE THE RATE DECREMENT THROUGH ITS APPROVED TAX RIDER

EXPLANATION: On November 13, 2020, Piedmont Natural Gas Company, Inc. (Piedmont) filed an application requesting authority to (1) implement its proposed Integrity Management (IM) rate adjustments including a true-up adjustment to collect the October 31, 2020 balance in the IM Deferred Account in Schedule B, as well as (2) remove the rate decrement through the approved provisional tax rider, which was approved in Docket No. G-9, Sub 743 and extended in Docket No. G-9, Sub 776, shown in Schedule A (Application).

The Integrity Management Rider (IMR) was approved by the Commission in Piedmont's most recent rate case proceeding in Docket No. G-9, Sub 743, in its Order Approving Stipulation, Granting Partial Rate Increase, Line 343 Revenue Rider, EDIT Riders, Provisional Revenues Rider, and Requiring Customer Notice (Rate Case Order). The IMR Mechanism requires that Piedmont file by October 31st an annual report summarizing the Integrity Management (IM) Plant Investment for the prior twelve-month period ending September 30th and the data substantiating and supporting its Integrity Management Revenue Requirement (IMRR) calculation for the next bi-annual IM Adjustment.

On October 30, 2020, Piedmont filed its projected three-year plan of IM Plant Investment that contained the computation for the proposed IMRR biannual rate adjustment, effective December 1, 2020, as required by Appendix E of Piedmont's North Carolina Service Regulations.

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

Description	Residential Rate 101	Small & Medium General Rate 102, 142, 144, 152	Firm Large General Rate 103, 113, 12 T-10, T-12	Interruptible Large General Rate 104, 114
Rate Class Percentage	64.78%	30.18%	2.73%	2.31%
IMRR	\$19,638,811	\$9,149,418	\$827,631	\$700,303
IM Deferred Account Balance	\$1,552,506	\$723,288	\$65,427	\$55,361
Total Amount for recovery	\$21,191,317	\$9,872,707	\$893,058	\$755,664
Rate Case Volumes (dts)	39,305,821	32,055,951	35,121,753	29,923,758
IM Increment per dt	\$0.5391	\$0.3080	\$0.0254	\$0.0253
Remove Previous Increment	(\$0.4112)	(\$0.2349)	(\$0.0194)	(\$0.0193)
Change in IM Increment per dt	\$0.1279	\$0.0731	\$0.0060	\$0.0060

On October 16, 2020, Piedmont filed a petition in Docket No. G-9, Sub 776 requesting Commission approval for (1) authorization to continue the provisional tax rider that refunded excess federal income taxes resulting from a decrease in the federal corporate income tax rate, which was approved in Ordering Paragraph No. 8 of the Rate Case Order, which included corresponding interest, for a one-year period beginning November 1, 2019, and continuing through October 31, 2020 (Tax Rider) for an additional month, and (2) authorization to promptly deposit any remaining balance from the deferred regulatory liability account owed to ratepayers at the end of the one-month extension into Piedmont's All Customers Deferred Gas Cost Account. The Commission approved this request on October 27, 2020. Schedule A, filed in Docket No. G-9, Sub 777, reflects the removal of decrements as approved in that Order.

The Public Staff has reviewed the proposed IM rate adjustments as proposed on Schedule B, as well as the rate changes reflected on Schedule A, effective December 1, 2020, and recommends approval as filed.

EXHIBIT: A proposed order is attached as [Exhibit No. P-1](#).

RECOMMENDATION: (Patel, Johnson) That the Commission issue the proposed order approving the rate adjustments proposed by Piedmont.

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E. WATER

P1. DOCKET NO. W-354, SUB 340 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA - NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS SERVICE AREA

EXPLANATION: On October 14, 2020, Carolina Water Service, Inc. of North Carolina (CWSNC or Company), filed a notification of intention to begin water and sewer utility operations in Southcrest Development (Southcrest), which is contiguous to the Applicant's present Lamplighter South-Danby/Bridlestone service area in Mecklenburg County, North Carolina.

CWSNC proposes to charge the rates currently approved in Docket No. W-354, Sub 364, under its Uniform Water and Sewer Rate Division. The Company states that it is currently serving eight customers in Southcrest.

CWSNC has entered into a water and sanitary sewer service agreement, dated May 5, 2014, with Carolina Development Services, LLC (Developer), which requires the Developer to construct and install the complete central distribution facility and wastewater collection system within the property at no cost to CWSNC. The Developer agrees to convey the water and sewer systems to CWSNC. The Developer understands that any lot or service requiring a residential pump station shall meet additional requirements for sanitary sewer and that any residential pump station within the lot boundaries shall remain the sole property and responsibility of the lot owner. The Developer will pay to CWSNC, CWSNC's approved uniform water and sewer connection fee/tap fee for each equivalent single-family dwelling.

The North Carolina Department of Environment Quality, Division of Water Resources (DWR), has approved water system improvements for a total of eight connections, under serial number 14-00443, dated July 10, 2014.

DWR has issued to CWSNC Permit No. WQ003716, dated June 16, 2016 to construct and operate a wastewater collection extension to serve eight residential units.

On August 26, 2019, in Docket No. W-100, Sub 57, the Commission issued an Order that required in Ordering paragraph 2 that "all certificated water and wastewater utilities shall collect from contributors the income tax on CIAC for new contributions contracted for on or after October 5, 2018, using the full gross up method."

The Agreement between CWSNC and the Developer in this matter was executed May 5, 2014, and is therefore not subject to the full gross-up requirements in the Commission's August 26, 2019 Order.

The Public Staff is of the opinion that CWSNC has the technical, managerial, and financial capacity to provide water and sewer utility service in Southcrest, and recommends that the contiguous extension be recognized.

The Public Staff further recommends that the Commission require posting of a \$10,000 bond for water and \$10,000 bond for sewer for the contiguous extension in Southcrest. CWSNC currently has \$4,020,000 of bonds posted with the Commission. Of this amount, \$3,740,000 of the bond is assigned to specific subdivisions, and \$280,000 of the bond remains unassigned.

EXHIBIT: A copy of the proposed order is attached as [Exhibit No. P- 2](#).

RECOMMENDATION: (Casselberry/Morgan/Holt) That the Public Staff's proposed order be issued accepting and approving bond; recognizing the contiguous extension; and approving rates.

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-9, SUB 743
DOCKET NO. G-9, SUB 776
DOCKET NO. G-9, SUB 777

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application of Piedmont Natural Gas)	ORDER APPROVING RATE
Company, Inc., for Approval of Bi-Annual)	ADJUSTMENTS EFFECTIVE
Adjustment of Rates Under Appendix E of its)	DECEMBER 1, 2020
Service Regulations and Authorization to)	
Discontinue the Rate Decrement Through Its	
Approved Tax Rider	

BY THE COMMISSION: On November 13, 2020, Piedmont Natural Gas Company, Inc. (Piedmont) filed an application requesting authority to (1) implement its proposed Integrity Management (IM) rate adjustments including a true-up adjustment to collect the October 31, 2020 balance in the IM Deferred Account in Schedule B, and (2) remove the rate decrement through the approved provisional tax rider which was approved in Docket No. G-9, Sub 743 and extended in Docket No. G-9, Sub 776, shown in Schedule A (Application).

The Integrity Management Rider (IMR) was approved by the Commission in Piedmont's most recent rate case proceeding in Docket No. G-9, Sub 743, in its Order Approving Stipulation, Granting Partial Rate Increase, Line 343 Revenue Rider, EDIT Riders, Provisional Revenues Rider, and Requiring Customer Notice (Rate Case Order). The IMR Mechanism requires that Piedmont file by October 31st an annual report summarizing the Integrity Management (IM) Plant Investment for the prior twelve-month period ending September 30th and the data substantiating and supporting its Integrity Management Revenue Requirement (IMRR) calculation for the next bi-annual IM Adjustment.

On October 30, 2020, Piedmont filed its projected three-year plan of IM Plant Investment that contained the computation for the proposed IMRR biannual rate adjustment, effective December 1, 2020, as required by Appendix E of Piedmont's North Carolina Service Regulations.

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

Description	Residential Rate 101	Small & Medium General Rate 102, 142, 144, 152	Firm Large General Rate 103, 113, 12 T-10, T-12	Interruptible Large General Rate 104, 114
Rate Class Percentage	64.78%	30.18%	2.73%	2.31%
IMRR	\$19,638,811	\$9,149,418	\$827,631	\$700,303
IM Deferred Account Balance	\$1,552,506	\$723,288	\$65,427	\$55,361
Total Amount for recovery	\$21,191,317	\$9,872,707	\$893,058	\$755,664
Rate Case Volumes (dts)	39,305,821	32,055,951	35,121,753	29,923,758
IM Increment per dt	\$0.5391	\$0.3080	\$0.0254	\$0.0253
Remove Previous Increment	(\$0.4112)	(\$0.2349)	(\$0.0194)	(\$0.0193)
Change in IM Increment per dt	\$0.1279	\$0.0731	\$0.0060	\$0.0060

On October 16, 2020, Piedmont filed a petition in Docket No. G-9, Sub 776 requesting Commission approval for (1) authorization to continue the provisional tax rider that refunded excess federal income taxes resulting from a decrease in the federal corporate income tax rate which was approved in Ordering Paragraph No. 8 of the Rate Case Order, which included corresponding interest, for a one-year period beginning November 1, 2019, and continuing through October 31, 2020 (Tax Rider) for an additional month, and (2) authorization to promptly deposit any remaining balance from the deferred regulatory liability account owed to ratepayers at the end of the one-month extension into Piedmont's All Customers Deferred Gas Cost Account. The Commission approved this request on October 27, 2020. Schedule A, filed in Docket No. G-9, Sub 777, reflects the removal of decrements as approved in that Order.

The Public Staff presented the matter at the Commission's November 30, 2020, Regular Staff Conference. The Public Staff stated it has reviewed the proposed IM rate adjustments as proposed on Piedmont's Schedule B, as well as the rate changes reflected on Schedule A, and recommended approval as filed.

Based on review of the application and the recommendation of the Public Staff, the Commission is of the opinion that the proposed IM rate adjustments as proposed on Schedule B, as well as the rate changes reflected on Schedule A, should be allowed to become effective as filed.

IT IS, THEREFORE, ORDERED as follows:

1. That Piedmont shall remove the decrement in rates approved in Docket No. G-9, Sub 743, and extended in Docket No. G-9, Sub 776, used to refund the over collection of federal income taxes through the approved provisional tax rider.
2. That Piedmont shall implement the proposed IM rate adjustments as contained in the body of this Order, including its IM Deferred Account balance as of October 31, 2020, effective for service rendered on and after December 1, 2020.
3. That Piedmont shall file revised tariffs consistent with Ordering Paragraphs 1 and 2 within five (5) days of the date of this Order.
4. That Piedmont shall give notice to its customers of the rate changes authorized by this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-354, SUB 340

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

Notification by Carolina Water Service, Inc. of)
North Carolina, Inc., 4944 Parkway Plaza)
Boulevard, Suite 375, Charlotte, North Carolina)
28217, of Intention to Begin Operations in an)
Area Contiguous to Present Service Area)
Providing Water and Sewer Utility Service in)
Southcrest Development, in Mecklenburg)
County, North Carolina)

**ORDER RECOGNIZING
CONTIGUOUS EXTENSION,
APPROVING BOND, AND
APPROVING RATES**

BY THE COMMISSION: October 14, 2020, Carolina Water Service, Inc. of North Carolina (CWSNC or Company), filed a notification of intention to begin water and sewer utility operations in Southcrest Development (Southcrest), which is contiguous to the Company's present Lamplighter South-Danby/Bridlestone service area in Mecklenburg County, North Carolina.

The Public Staff presented this matter at the Commission's Staff Conference on November 30, 2020. The Public Staff recommended that the Commission issue an order accepting and approving bond; recognizing the contiguous extension; and approving rates.

Based upon the verified application and the entire record in this matter, the Commission makes the following

FINDINGS OF FACT

1. CWSNC is currently serving approximately 30,725 water and 20,105 sewer customers in North Carolina, and its record of service is satisfactory.
2. CWSNC proposes to charge the rates currently approved in Docket No. W-354, Sub 364, under its Uniform Water and Sewer Rate Division, which is currently serving eight customers.

3. The North Carolina Department of Environmental Quality, Division of Water Resources (DWR) has approved water system improvements for a total of eight connections, under serial number 14-00443, dated July 10, 2014.

4. DWR has issued to CWSNC Permit No. WQ003716, dated June 16, 2016 to construct and operate a wastewater collection extension to serve eight residential units.

5. CWSNC has entered into a water and sanitary sewer service agreement, dated February 6, 2017, with Carolina Development Services, LLC (Developer), which requires the Developer to construct and install the complete central distribution facility and wastewater collection system within the property at no cost to CWSNC. The Developer agrees to convey the water and sewer systems to CWSNC. The Developer understands that any lot or service requiring a residential pump station shall meet additional requirements for sanitary sewer and that any residential pump station within the lot boundaries shall remain the sole property and responsibility of the lot owner. The Developer will pay to CWSNC, CWSNC's approved uniform water and sewer connection fee/tap fee for each equivalent single-family dwelling.

6. CWSNC has filed all exhibits required with the application.

7. CWSNC has the technical, managerial, and financial capacity to provide water and sewer utility service in Southcrest.

8. The Public Staff recommends that the Commission require posting of a \$10,000 bond for water and \$10,000 bond for sewer for the contiguous extension in Southcrest Development. CWSNC currently has \$4,020,000 of bonds posted with the Commission. Of this amount, \$3,740,000 of the bond is assigned to specific subdivisions, and \$280,000 of the bond remains unassigned.

CONCLUSIONS

Based on the foregoing, the record in its entirety, and the recommendations of the Public Staff, the Commission is of the opinion that \$20,000 of CWSNC's unassigned bond surety should be assigned to Southcrest; that the notification to provide water and sewer service at Southcrest should be recognized; and that the rates approved in Docket No. W-354, Sub 364 should be approved for service to Southcrest.

IT IS, THEREFORE, ORDERED as follows:

1. That \$20,000 of CWSNC's unassigned surety bond is assigned to Southcrest Development. The remaining unassigned bond surety shall be \$260,000.
2. That the contiguous extension of water and sewer utility service in Southcrest Development, in Mecklenburg County, North Carolina, is hereby recognized as meeting the Commission's criteria for the extension.
3. That Appendix A constitutes the Certificate of Public Convenience and Necessity covering the contiguous extension.
4. That the Schedule of Rates approved for CWSNC in Docket No. W-354, Sub 364, dated March 30, 2020 is recognized as being applicable for service and is approved for service at Southcrest Development, Mecklenburg County, North Carolina.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberly A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-354, SUB 340

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA

is granted this

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

to provide water and sewer utility service

in

SOUTHCREST DEVELOPMENT

Mecklenburg County, North Carolina,

subject to any orders, rules, regulations,
and conditions now or hereafter lawfully made
by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberly A. Campbell, Chief Clerk

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