

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH
STAFF CONFERENCE AGENDA
February 12, 2024
Commission Hearing Room 2115, 10:00 a.m.**

ELECTRIC

*CERTIFICATE OF ENVIRONMENTAL COMPATABILITY AND PUBLIC CONVENIENCE
AND NECESSITY*

Wake EMC

1. Docket No. EC-47, Sub 55 – Application by Wake EMC for a Certificate of Environmental Compatibility and Public Convenience and Necessity to Construct New Tap Line in Durham County, North Carolina (*Michna/Creech*)

PURCHASED POWER ADJUSTMENT

Western Carolina University

2. Docket No. E-35, Sub 57 – Application of WCU for approval of annual PPA adjustment effective for bills rendered after February 1, 2024 (*Brown/Lucas/Felling*)

AFFILIATE AGREEMENTS

Dominion Energy North Carolina

3. Docket No. E-22, Sub 677 – Application of DENC for approval to enter into bills of sale and assignment agreements for the sale and conveyance of two solar photovoltaic electric generating facilities to DENC (*Strickland/Metz/Freeman*)

WATER AND WASTEWATER

ORDER ESTABLISHING GENERAL RATE CASE AND SUSPENDING RATES

Fairfield Water Company

4. Docket No. W-1226, Sub 4 – Application for Authority to Adjust and Increase Rates for Water Utility Service in Fairfield Water System in Henderson County, North Carolina (*Bhatta/Sun/Coxton/Newell*)

The Public Staff recommends approval of these agenda items as described above and reflected in proposed orders provided to the Commission Staff.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. EC-47, SUB 55

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application of Wake Electric Membership)	
Corporation for a Certificate of Environmental)	
Compatibility and Public Convenience and)	
Necessity and Motion for Waiver of Notice and	)	ORDER WAIVING NOTICE AND
Hearing Pursuant to N.C. Gen. Stat. § 62-100	)	HEARING REQUIREMENT AND
<i>et seq.</i> to Construct Approximately 1,400 feet	)	ISSUING CERTIFICATE
of New 230 kV Transmission Line in Durham)	
County, North Carolina)	

BY THE COMMISSION: On November 7, 2023, pursuant to N.C. Gen. Stat. § 62-101 and 102, Wake Electric Membership Corporation (Wake EMC) filed with the Commission a letter of intent to file for a waiver of the notice and hearing requirements of N.C.G.S. §§ 62-102 and 104. On the same date, pursuant to Commission Rule R8-62(k), Wake EMC prefled with the Public Staff an application for a certificate of environmental compatibility and public convenience and necessity (CEPCN) to construct a new 230-kilovolt (kV) transmission line (Line) of approximately 1,400 feet in length in Durham County, North Carolina. The application stated that this Line would allow Wake EMC to improve electric service and reliability due to load growth in the southeast Durham County area. Wake EMC will tap into an existing Duke Energy Progress, LLC (DEP), 230-kV transmission line and install a new Wake EMC-owned and operated 230-115 kV step-down substation. As detailed in the application, Wake EMC will construct the Line on property that either will be owned by Wake EMC or on which Wake EMC has obtained easement rights from the property owner, and the property owner does not object to a waiver of the notice and notice requirements of N.C.G.S. §§ 62-102 and 104.

On November 9, 2023, Wake EMC filed an amended letter of intent that corrected the voltage of the Line from 115 kV to 230 kV.

On November 27, 2023, pursuant to N.C.G.S. §§ 62-101 and 102, Wake EMC formally filed the application for a CEPCN and request for waiver of notice and hearing.

On December 22, 2023, Wake EMC filed supplemental information and a letter stating that it will file an entire updated environmental report. In its letter filing, Wake EMC indicated that while Commission Rule R8-62(k) states the Commission shall rule on the waiver request within 30 days after the date of filing, Wake EMC and the Public Staff were engaging in discussions concerning this matter such that Wake EMC requested that the

Commission delay its ruling on the waiver as necessary to allow further discussions between Wake EMC and the Public Staff.

On February 2, 2024, Wake EMC filed the updated environmental report conducted on the Line.

North Carolina General Statute § 62-101(d)(1) authorizes the Commission to waive the notice and hearing requirements of N.C.G.S. §§ 62-102 and 104 when it finds that the owners of the land to be crossed by the proposed transmission line do not object to the waiver and either the transmission line is less than one mile long or will connect an existing transmission line to a substation, another public utility, or a public utility customer when any of these is in proximity to the existing transmission line. The application states that Wake EMC has acquired an easement from the owner of the property on which Wake EMC will construct the Line, that the property owner does not object to the waiver of notice or hearing, and that the total length of the Line is approximately 1,400 feet. Thus, the conditions of N.C.G.S. § 62-101(d)(1) for a waiver of notice and hearing have been met.

The Public Staff presented this matter at the Commission's regular Staff Conference on February 12, 2024. The Public Staff stated that the application meets the requirements of N.C.G.S. § 62-102 and Commission Rule R8-62 for a certificate and the conditions of N.C.G.S. § 62-101(d)(1) for waiver of the notice and hearing requirements of N.C.G.S. §§ 62-102 and 104. The Public Staff recommended that the Commission grant the motion for waiver and issue the requested certificate.

Based on the foregoing and the recommendation of the Public Staff, the Commission finds and concludes that the notice and hearing requirements of N.C.G.S. §§ 62-102 and 104 should be waived as allowed by N.C.G.S. § 62-101(d)(1) and that a CECPCN should be issued for the proposed construction of a new 230-kV transmission line.

IT IS, THEREFORE, ORDERED as follows:

1. That, pursuant to N.C.G.S. § 62-101, the requirement for publication of notice and hearing is waived.

2. That, pursuant to N.C.G.S. § 62-102, a Certificate of Environmental Compatibility and Public Convenience and Necessity is issued to construct approximately 1,400 feet of new 230-kV transmission line in Durham County, North Carolina, as described in Wake EMC's application, and the same is attached as Appendix A.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of February, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

APPENDIX A

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. EC-47, SUB 55

Know All People by These Presents, That

Wake Electric Membership Corporation

is hereby issued this

**CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AND PUBLIC
CONVENIENCE AND NECESSITY PURSUANT TO G.S. 62-102**

to construct approximately 1,400 feet of new 230-kV transmission line to connect the proposed Wake EMC step-down substation to Duke Energy Progress, LLC's Method - DPC East Durham 230- kV Transmission line in Durham County, North Carolina

subject to receipt of all federal and state permits as required by existing and future regulations prior to beginning construction and further subject to all other orders, rules, regulations, and conditions as are now or may hereafter be lawfully made by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of February, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-35, SUB 57

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application by Western Carolina University for	)	ORDER APPROVING
Approval of Purchased Power Adjustment	)	PURCHASED POWER COST
Factor	)	RIDER AND PROCEDURAL
	)	CHANGE

BY THE COMMISSION: On December 15, 2023, in compliance with Commission orders in Docket No. E-35, Subs 17, 19, and 51, Western Carolina University (WCU) filed an application for a change in its Schedule CP Purchased Power Cost Rider (Rider) to be effective for monthly billings beginning with the bills rendered in February 2023. This filing included actual purchased power cost and recovery information only for the period of January 2023 through October 2023.

On January 19, 2024, WCU filed a Motion for Approval of Purchased Power Adjustment (PPA) and Procedural Change. The motion included WCU's final rates for the Rider, incorporating actual purchased power costs and revenues through December 2023.

The net PPA factor requested by WCU for use in Schedule CP is a decrement of (\$0.028714) per kWh. This proposed factor would replace the currently expiring factor of \$0.024081 and would decrease a 1,000 kilowatt-hour (kWh) monthly bill for a residential customer by 35.4%. The requested factor is made up of two rate elements. The first is a decrement of (\$0.006265) per kWh to recover estimated purchased power costs for the period of January 2024 through December 2024. The second element is an Experience Modification Factor (EMF) decrement of (\$0.022449) per kWh calculated due to the overcollection of purchased power costs during the period of January 2023 through December 2023.

Additionally, WCU requested that the effective date for its next annual PPA filing be applicable to bills rendered on and after March 1, 2025. WCU stated that the February 1 date has been difficult for the parties because WCU would not receive the prior December final purchased power costs until mid-January, and then calculations and communications between the parties take additional time. By changing the applicable "bills rendered" date for new PPA factors to be effective March 1, WCU and the Public Staff will have the necessary time to update and review the PPA calculations and avoid the timing problem that currently exists for obtaining Commission approval prior to the February 1 effective date. WCU did not request a change in the date for filing its preliminary PPA. WCU also stated that any over- or undercollection due to the proposed

effective date change will be addressed in the EMF for the 2025 PPA factor.

The Public Staff presented this item at the Commission's regular Staff Conference on February 12, 2024. The Public Staff stated that it had completed its review of the calculations and documentation supporting the Rider requested by WCU and found them to be accurate. The Public Staff agreed with WCU's request to change its future annual PPAs to be applicable to bills rendered on and after March 1, beginning with the next PPA filing. The Public Staff recommended that the proposed Rider decrement be approved effective for monthly bills rendered on and after February 1, 2024, and before March 1, 2025. The Public Staff further stated that the approval of this Rider should be without prejudice to the right of any party to take issue with it in a general rate case.

After careful review of WCU's proposal and upon the recommendation of the Public Staff, the Commission concludes that the adjustment factor decrement of (\$0.028714) per kWh proposed by WCU should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That WCU's Purchase Power Cost Rider, Schedule CP, attached to this order as Appendix A, is allowed to become effective for monthly bills rendered on and after February 1, 2024, and before March 1, 2025;
2. That the Purchased Power Cost Rider is approved without prejudice to the right of any party to take issue with the Rider in a general rate case;
3. That the Notice to the Public attached as Appendix B shall be delivered by bill insert in the bills issued in February 2024; and
4. That WCU shall file appropriate rate schedules and riders with the Commission in order to implement the approved PPA no later than ten working days from the date of this Order.
5. That beginning with the next annual purchased power adjustment, WCU is authorized to apply the PPA factor to bills rendered on and after March 1, instead of February 1.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of February, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

APPENDIX A

WESTERN CAROLINA UNIVERSITY
DOCKET NO. E-35, SUB 57

SCHEDULE "CP"
PURCHASED POWER COST RIDER

Each residential and commercial customer's monthly bill rendered on and after February 1, 2024, for each month between February 1, 2024, and February 28, 2025, shall be adjusted by an incremental charge of \$(0.028714) per kWh as determined to be appropriate by the North Carolina Utilities Commission.

This rate is determined as follows:

	<u>\$/kWh</u>
Factor for estimated purchased power costs for the period January 2024 through December 2024	\$(0.006265)
Experience Modification Factor to reflect actual results for the period January 2023 through December 2023	<u>\$(0.022449)</u>
TOTAL RATE	\$(0.028714)

Effective for bills rendered on and after February 1, 2024, and before March 1, 2025.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

NOTICE TO THE PUBLIC

**DOCKET NO. E-35, SUB 57
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

Notice is hereby given that Western Carolina University (WCU or the Company) has requested the North Carolina Utilities Commission (Commission) to approve an adjustment to its purchased power adjustment (PPA) factor, to be effective for the monthly billings in the 2024 PPA billing cycle, beginning with the bills rendered in February 2024, to pass through to its customers the cost of purchased power from its wholesale power supplier.

The amount of the decrease to WCU's customers resulting from the new PPA factor will be approximately \$(2,470,935). The decrease will be applied to WCU's customers as uniform decreases to the kilowatt-hour (kWh) energy charge. The proposed decrease of \$(0.0527950) per kWh will result in a decrease in the monthly bill of a residential customer using 1,000 kWh from \$149.11 to \$96.32. The approximate percentage decreases in customers' bills, by rate schedule, are as follows (actual percentages may differ depending on specific customers' usage amounts):

Residential	(35.4)%
Commercial	(33.4)%

The Commission has concluded that the PPA factor requested by WCU is reasonable, in that it is based solely on the level of purchased power that has been incurred and is expected to be incurred by the Company.

Therefore, the Commission has approved WCU's request without public hearing, subject to refund of any amounts which should subsequently be found to be unjust or unreasonable after any public hearing in this matter that may subsequently be held by the Commission, as described below.

Persons desiring to intervene in this matter as formal parties of record should file a motion under Commission Rules R1-6, R1-7, and R1-19 not later than 45 days after the date of this notice. Persons desiring to present testimony or evidence at a hearing should so advise the Commission. Persons desiring to send written statements to inform the Commission of their position in the matter should address their statements to the Chief Clerk, North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300. However, such written statements cannot be considered competent evidence unless those persons appear at a public hearing and testify concerning the information contained in their written statements. If a significant number of requests for a public hearing are received within 45 days after the date of this notice, the Commission may schedule a public hearing.

The Public Staff – North Carolina Utilities Commission is authorized by statute to represent the using and consuming public in proceedings before the Commission. Written statements to the Public Staff should include any information which the writer wishes to be considered by the Public Staff in its investigation of the matter, and such statements should be addressed to Christopher J. Ayers, Executive Director, Public Staff, 4326 Mail Service Center, Raleigh, North Carolina 27699-4300.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of February, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-22, SUB 677

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by Virginia Electric and Power)
Company, d/b/a Dominion Energy North)
Carolina for Approval of Affiliate Agreement to)
Enter into Bills of Sale and Assignment)
Agreements)
	ORDER APPROVING AFFILIATE AGREEMENT

BY THE COMMISSION: On September 1, 2023, Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC or Company) filed, pursuant to N.C. Gen. Stat. § 62-153(b) and Regulatory Condition 3.1(a) as approved by the North Carolina Utilities Commission's (Commission) Order Approving Merger Subject to Regulatory Conditions and Code of Conduct issued on November 19, 2018, in Docket Nos. E-22, Sub 551, and G-5, Sub 585, an application requesting the Commission's approval to enter into affiliate Bills of Sale and Assignment Agreements (Agreements) for the sale and conveyance by Bellflower Holdings, LLC (Bellflower Holdings), to the Company of the Bellflower Solar project in Brunswick County, Virginia, and for the sale and conveyance by Chicory Holdings, LLC (Chicory Holdings), to the Company of the Chicory Solar Project in Mecklenburg County, Virginia.

Bellflower Holdings and Chicory Holdings are North Carolina limited liability companies that hold assets related to the Bellflower Solar Project and Chicory Solar Project, respectively. As indirect, wholly owned subsidiaries of Dominion Energy, Inc., both Bellflower Holdings and Chicory Holdings are affiliates of DENC for the purposes of N.C.G.S. § 62-153.

In its application, the Company stated that Bellflower Solar Project is located in the northwest corner of Brunswick County, Virginia. The project site consists of approximately 7,800 acres under lease option with approximately 2,500 acres in use for solar production. The project is being developed as four separate solar systems, each delivering 150 megawatt alternating current (MWac) into a common substation for interconnection with the existing 500 kilovolt (kV) transmission system that traverses Brunswick County in the project area. DENC further stated that the Chicory Solar Project, owned by Chicory Holdings, is located in Mecklenburg County, Virginia, and consists of approximately 673 acres. The project is being developed to deliver 69.5 MWac via interconnection to the South Hill – Broadnax 115 kV line.

The Company stated that the sale and conveyance of both solar projects and related interests to the Company by Bellflower Holdings and Chicory Holdings for future

use by the Company will assist the Company in complying with Virginia Clean Energy Act renewable energy requirements and achieving its own clean energy goals.

The Agreements further provide for the assignment of all rights, title, and interests in and to agreements related to the 7,800-acre property in Brunswick County, Virginia for the Bellflower Solar Project, and the 673-acre property in Mecklenburg County, Virginia for Chicory Solar Project.

The Company indicated the purchase prices for the Solar Projects are the net book value of the projects as of the effective date of the Agreements. The Company provided via a confidential filing the net book values (as of July 31, 2023) of the Bellflower Solar Project and the Chicory Solar Project. DENC stated that by the time the Commission approves the transfer, the incremental increase in net book value is conservatively estimated to be approximately \$1.3 million for the Bellflower Solar Project and \$265,000 for the Chicory Solar Project. With the estimated incremental increase, the final purchase price will be less than the market price.

The Public Staff reviewed the application, the Company's responses to data requests, the Agreements, and held discussions with the Company. The Public Staff agrees the net book value is estimated to be less than the market value for similar projects that DENC has acquired. Therefore, the net book value as of the effective date of the Agreements should still be lower than the market price for similar projects.

The Virginia State Corporation Commission (VSCC) approved the Agreements on November 9, 2023, subject to certain conditions. The Public Staff reviewed the order of the VSCC and largely agreed with the opinion of the VSCC pertaining to the conditions for approval of the Agreements.

The Public Staff presented this item at the Commission's February 12, 2024 Regular Staff Conference. Based on its review, the Public Staff recommends that the Commission approve the Agreements between DENC and Bellflower Holdings and Chicory Holdings, subject to the following conditions.

- (1) The Company shall file the final purchase price for each solar project within 30 days of closing;
- (2) The Commission's approval of the Agreements shall have no accounting or ratemaking implications;
- (3) The Commission's approval shall be limited to the specific activities and transactions described in the Agreements. If DENC wishes to take part in activities or transactions not specifically identified and described in the Agreements, separate approval shall be required;

- (4) Separate Commission approval shall be required for DENC to take part in activities and transactions under the Agreements that involve the engagement of any affiliated third parties;
- (5) Separate Commission approval shall be required for any changes in the terms and conditions of the Agreements;
- (6) The Commission reserves the right to examine the books and records of any affiliate in connection with the Agreements, whether or not such affiliate is regulated by this Commission;
- (7) DENC shall file with the Commission a signed and executed copy of the Agreements approved in this case within 30 days of the effective date of the Agreements;
- (8) DENC shall include all transactions associated with the approved Agreements in its Annual Report of Affiliate Transactions (ARAT);
- (9) The Commission's approval of the Agreements shall not be deemed, in connection with any future proceeding before the Commission, to determine and establish DENC's retail rates or for any other purpose, or to constitute Commission approval of any level of charges directly charged, assigned, or allocated to DENC under the Agreements;
- (10) For ratemaking purposes, the Commission's approval of the Agreements does not constitute approval of any amount paid by DENC under the Agreements; and
- (11) 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.

Based on the foregoing and the record, the Commission concludes that pursuant to N.C. Gen. Stat. § 62-153(b), the Agreements should be approved, subject to the conditions recommended by the Public Staff, as set forth above.

IT IS, THEREFORE, ORDERED as follows:

That the Agreements are approved, subject to the conditions recommended by the Public Staff, as enumerated in the body of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of February, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1226, SUB 4

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application by Fairfield Water Company, 932)	
Hendersonville Road, Suite 201, Asheville,	)	ORDER ESTABLISHING
North Carolina 28803, for Authority to Adjust	)	GENERAL RATE CASE AND
and Increase Rates for Water Utility Service in	)	SUSPENDING RATES
Fairfield Water System in Henderson County,)	
North Carolina)	

BY THE COMMISSION: On January 16, 2024, Fairfield Water Company (Applicant) filed an application with the Commission seeking authority to increase its rates for providing water utility service in Fairfield Water System in Henderson County, North Carolina. The Applicant provides water utility service to 12 customers (11 metered quadraplexes and one meter located at a church).

The present water utility rates have been in effect since October 23, 2019, pursuant to the Commission's Order in Docket No. W-1226, Sub 3.

The Commission finds that the application constitutes a general rate case and concludes that the proposed new rates should be suspended pending investigation.

IT IS, THEREFORE, ORDERED as follows:

1. That this proceeding is declared a general rate case pursuant to N.C. Gen. Stat. § 62-137;
2. That the proposed new rates are suspended for up to 270 days pursuant to N.C.G.S. § 62-134;
3. That the test year period is established as the 12-month period ending December 31, 2022; and
4. That the Commission shall issue an order establishing discovery guidelines, scheduling hearings, and requiring customer notice at a later date.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of _____, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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