

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**STAFF CONFERENCE AGENDA
February 27, 2023
Commission Hearing Room 2115, 10:00 a.m.**

ELECTRIC

PURCHASED POWER ADJUSTMENT AND RENEWABLE ENERGY RIDER TRUE-UP

New River Light and Power Company

1. Docket No. E-34, Sub 56 – Application of Appalachian State University d/b/a New River Light and Power Company for approval of its Purchased Power Adjustment and Renewable Energy Rider True-up (*Lentz/Sailor/Felling*)

CLOSURE OF DSM/EE PROGRAM

Dominion Energy North Carolina

2. Docket No. E-22, Sub 465 – Motion of DENC to close its Air Conditioner Cycling Program (*Floyd/Keyworth*)

RESIDENTIAL INCOME-QUALIFIED PROGRAMS

Duke Energy Progress, Inc.

3. Docket No. E-2, Sub 1299 – Application of Duke Energy Progress, Inc. for approval of its Residential Income-Qualified Energy Efficiency and Weatherization Program (*Floyd/Freeman*)
4. Docket No. E-7, Sub 1272 – Application by Duke Energy Progress, Inc. for approval of its proposed Residential Income-Qualified High-Energy Use Pilot (*Floyd/Freeman*)

NATURAL GAS

ADJUSTMENT TO BENCHMARK COST OF NATURAL GAS AND INTEGRITY MANAGEMENT TRACKERS

Public Service Company of North Carolina, Inc.

5. Docket No. G-5, Sub 659 – Application of Public Service Company of North Carolina for authority to adjust rates and charges to track changes in wholesale costs of gas (Rider D) and integrity management (Rider E) (*Nader/Holt*)

Piedmont Natural Gas Company, Inc.

6. Docket No. G-9, Sub 823 – Petition of Piedmont Natural Gas for authority to adjust rates and charges to track changes in wholesale costs of gas (Appendix A) (*Michna/Jost*)

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

DOMINION ENERGY NORTH CAROLINA BRIEFING

Briefing by Dominion North Carolina on Winter Storm Elliott

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-34, SUB 56

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

| | | |
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| In the Matter of | | |
| Application by New River Light & Power Company for Approval of Purchased Power Adjustment, Coal Ash Cost Recovery Refund, and Renewable Energy Rider True-Up |) | ORDER APPROVING PURCHASED POWER ADJUSTMENT, COAL ASH COST RECOVERY REFUND, AND RENEWABLE ENERGY RIDER TRUE-UP |

BY THE COMMISSION: On November 16, 2022, New River Light and Power Company (NRLP or the Company) filed its annual initial request for an adjustment to its purchased power rates and charges (the Purchased Power Adjustment or PPA), pursuant to the Commission’s Order Approving Rate Increase and Annual Procedure issued on December 22, 2010, in Docket No. E-34, Sub 38, its Order Accepting Stipulation and Granting Increase in Rates issued March 29, 2018, in Docket No. E-34, Sub 46, and its Order Granting Extension of Time and Permanent Change in Effective Date of Purchased Power Adjustments issued January 23, 2019, in Docket No. E-34, Sub 48. On November 17, 2022, NRLP filed a corrected version of the filing. In its corrected filing, NRLP presented a preliminary PPA factor of \$0.045689 per kilowatt-hour (kWh), excluding the North Carolina regulatory fee, or \$0.045753 per kWh, including the regulatory fee. The Company stated that this rate was the preliminary calculation of the PPA factor to be included in rates effective March 1, 2023. The preliminary PPA factor contained elements of the Company’s proposed recovery of coal ash costs, as first approved by the Commission in Docket No. E-34, Sub 46, and in subsequent annual PPA/coal ash cost recovery (CACR) rider proceedings.

On February 21, 2023, NRLP filed its final proposed PPA factor, including an experience modification factor (EMF) based on total actual purchased power revenues and costs for the period January through December 2022. The PPA factor requested in the final filing is an increment totaling \$0.022282 per kWh (excluding the regulatory fee), consisting of three elements: (1) a decrement of \$(0.001007) per kWh to refund estimated purchased power costs for the period March 2023 through February 2024; (2) an EMF increment of \$0.017348 per kWh; and (3) a 2022 Mid-Year EMF increment of \$0.005941 per kWh. NRLP states that when calculated to include the regulatory fee, the PPA factor totals \$0.022313 per kWh, which results in an increase in total purchased power rates of \$0.000711 per kWh above the PPA factor approved by the Commission in the last PPA proceeding, Docket No. E-34, Sub 53.

As part of its February 21, 2023 filing, NRLP also requested approval of a decrement CACR factor of (\$0.000395) per kWh (excluding the regulatory fee). When the regulatory fee is included, the proposed decrement CACR factor is (\$0.000396) per kWh, a \$0.003823 per kWh increase over the CACR factor currently in effect. NRLP has determined the factor by calculating the overcollection of the CACR rider with interest on the estimated cumulative over-collected balance throughout the period due to the refund of coal ash costs from Duke Energy Carolinas, LLC (DEC) from the coal ash settlement approved in DEC's most recent general rate case. The CACR factor includes estimated accrued interest on the accumulated unrecovered and over-recovered coal ash costs at the FERC interest rate calculated as set forth in Section 35.19a of the FERC Regulations and published quarterly.

In its February 21, 2023 filing, NRLP also proposed to revise all of its retail rate schedules as approved in Docket No. E-34, Sub 46, including its outdoor lighting schedules, to incorporate the \$0.022313 per kWh PPA factor and the (\$0.000396) per kWh CACR factor, both including the regulatory fee. The Company states that the combined proposed factors, if approved by the Commission, will increase typical monthly bills for its customers from the rates approved in Docket No. E-34, Sub 53, by a range of 3.8% (for residential customers) to 5.1% (for Commercial Demand – High Load Factor customers).

Finally, NRLP also requested that it be allowed to deliver the customer notice of the PPA change (1) by e-mail for customers who have provided an e-mail address to NRLP, and (2) for customers who have not provided an e-mail address to NRLP, by a bill insert in the next billing cycle after the Commission's Order (instead of a separate first-class letter notice). NRLP requested these delivery methods because, for this size utility, it is very burdensome - and costly - for the utility to mail notice of the rate change by first class mail to all its customers within the short time normally required after the Commission issues its Order. NRLP notes that some customers do not even get paper bills, as they have chosen to receive their bills and make payment online. The Public Staff does not object to this proposal.

In addition, NRLP filed contemporaneously for its annual true-up on Rider RER as directed by Order Approving Renewable Energy Rider (RER), issued by the Commission on July 19, 2021, in Docket No. E-34, Sub 52. The first true-up period covers August 2021 through December 2022 and calculates an effective Block Size in 2023 to be 301 kWh. NRLP stated that the actual 2022 cost of energy from its wholesale supplier Carolina Power Partners (CPP) turned out to be much higher than was projected, therefore resulting in cost savings for renewable energy purchases. The initial design of the program was to roll the entire over or under-kWh volumes from the previous year into the immediate next year through an annual true-up. However, as shown in the filings, the total cost savings from renewable energy would have established a total block size for 2023 at unreasonably high levels and in fact, is commercially unavailable from NRLP's renewable energy supply source. Therefore, NRLP requests the Commission allow it to purchase increments of additional renewable energy over the next few years to gradually reduce the over-collection balance from 2022.

The Public Staff presented this item at the Commission's February 27, 2023 Regular Staff Conference. The Public Staff stated that it reviewed NRLP's calculations for the PPA and CACR factors and determined that the proposed factors have been appropriately calculated, given the projection of purchased power and coal ash costs, and are consistent with previous NRLP PPA and CACR factor requests approved by the Commission, as well as the stipulation between NRLP and the Public Staff approved by the Commission in Docket No. E-34, Sub 46. Further, the Public Staff stated that it does not object to NRLP's proposal to true up the 2022 cost savings from Rider RER in increments given that it would be commercially challenging for NRLP to secure all the renewable energy owed to the RER participants in just one year. Finally, the Public Staff also stated that it does not object to NRLP's proposal regarding customer notice.

Based on the foregoing, the Commission concludes that the proposed PPA and CACR factors should be approved and that the 2022 cost savings from the RER is allowed to true up in increments without public hearing, subject to refund of any amounts subsequently found to be unjust or unreasonable upon protest and hearing, and subject to the requirements set forth in the Ordering Paragraphs below.

IT IS, THEREFORE, ORDERED as follows:

1. That, effective with service rendered on and after March 1, 2023, NRLP is authorized to adjust its base rates to reflect a PPA factor of \$0.022282 per kWh (excluding the regulatory fee) and \$0.022313 per kWh (including the regulatory fee), resulting in an increase of \$.000711 per kWh in the PPA factor including regulatory fee.
2. That, effective with service rendered on and after March 1, 2023, NRLP is authorized to implement the CACR factor of (\$0.000395) per kWh (excluding the regulatory fee) and (\$0.000396) per kWh (including the regulatory fee), resulting in an increase of \$0.003823 per kWh in the CACR factor.
3. That the rates authorized by this Order are subject to refund of any amounts which may subsequently be found unjust and unreasonable after public hearing.
4. That the 2022 cost savings for the Renewable Energy Rider is allowed to be trued up in increments gradually over the next few years.
5. That NRLP shall file copies of its approved rates, as modified herein, within 10 days of the date of this Order.
5. That the Notice to the Public attached as Appendix A be either (1) delivered by email for customers who have provided an email address to NRLP, or (2) mailed by bill insert in the next billing cycle after the Commission's Order.
6. That the Notice to the Public be published by NRLP at its own expense in newspapers having general coverage in its North Carolina service area once a week for

two consecutive weeks, the first Notice appearing not later than seven days following the date of this Order and said Notice covering no less than one-quarter of a page.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of _____, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

NOTICE TO THE PUBLIC

DOCKET NO. E-34, SUB 56
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

Notice is hereby given that New River Light and Power Company (NRLP or the Company) has requested the North Carolina Utilities Commission (Commission) to approve an adjustment to its purchased power adjustment (PPA) factor, and the coal ash cost recovery (CACR) factor, for service rendered on and after March 1, 2023, to pass through to its customers the cost of purchased power and coal ash cleanup costs from its wholesale power supplier.

The amount of the increase to NRLP's customers resulting from the combined new PPA and CACR factors will be approximately \$968,448 per year. The increase will be applied to NRLP's customers as uniform increases to the kilowatt-hour (kWh) energy charge. The increment in revenue produced by the increase will be the same as the increase in the combined cost of purchased power and coal ash cleanup, adjusted for the effects of the utility regulatory fee. The proposed increase of \$0.000711 per kWh (PPA) and the proposed increase of \$0.003823 per kWh (CACR) will result in an increase in the monthly bill of a residential customer using 1,000 kWh from \$120.01 to \$124.54. The approximate percentage increases in customers' bills, by rate schedule, are as follows (actual percentages may differ depending on specific customers' usage amounts):

| | |
|--|------|
| Residential | 3.8% |
| Schedule G (Commercial) | 3.9% |
| Schedule GL (Large Commercial) | 5.1% |
| Schedule GLH (Commercial Demand -High Load Factor) | 5.1% |
| Schedule A (App. State Univ.) | 4.7% |

The Commission has concluded that the PPA and CACR factors requested by NRLP are reasonable, in that they are based solely on the level of purchased power and coal ash cleanup expenses that have been incurred and are expected to be incurred by the Company.

Notice is hereby given that New River Light and Power Company (NRLP or the Company) has requested the North Carolina Utilities Commission (Commission) to approve its annual true-up of Rider RER as directed by Order Approving Renewable Energy Rider (RER), issued by the Commission on July 19, 2021 in Docket No. E-34, Sub 52. The first true-up period covers August 2021 through December 2022 and

calculates an effective Block Size in 2023 to be 301 kWh.

The increase in block size for 2023 is a result of the actual 2022 cost of energy purchased from NRLP's wholesale supplier being much higher than projected, therefore, resulting cost savings for renewable energy purchases. The initial design of the program was to roll the entire over- or under-kWh volumes from the previous year into the immediate next year through an annual true-up. However, the total cost savings from renewable energy would establish a total block size for 2023 at unreasonably high levels that is not commercially available from NRLP's renewable energy supply source. Therefore, NRLP requested the Commission allow it to purchase increments of additional renewable energy over the next few years to gradually reduce the over-collection balance from 2022.

The Commission has concluded that the request by NRLP to purchase increments of renewable energy over the next few years to gradually reduce the 2022 cost savings is reasonable.

Therefore, the Commission has approved NRLP's requests 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 _____, 2023.

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 465

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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| In the Matter of |) | |
| Application by Virginia Electric and |) | |
| Power Company, d/b/a Dominion |) | ORDER CANCELING |
| Energy North Carolina for Approval of |) | PROGRAM |
| Air Conditioner Cycling Program |) | |

BY THE COMMISSION: On January 19, 2023, Virginia Electric and Power Company, d/b/a/ Dominion Energy North Carolina (DENC or the Company), filed a request for approval to close its Air Conditioner Cycling Program (Program), effective March 31, 2023, and to withdraw its rate schedule AC as of the closure date of the Program. The Program was originally approved on February 22, 2011, as a demand side management (DSM) program pursuant to N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68. The Program, as originally approved, sought to reduce peak load impacts by cycling the participant's central air conditioning and heat pump systems via an external radio frequency cycling switch installed on or near the participant's outdoor unit.

In support of its motion, DENC states that the Company has evaluated the long-term strategy and usefulness of the Program in light of the aging technology and the Commission's approval of the Company's DSM Phase VII Residential Smart Thermostat Demand Response (DR) Program on February 9, 2021, in Docket No. E-22, Sub 594. As a result of its evaluation, DENC has determined that the Program has exhausted its operational program life and should be closed.

DENC states that there are an increasing number of inoperable switches as the Program's technology ages and as HVAC technicians upgrade customers' units to more efficient systems or disconnect the switches when repairing outdoor units, and that the Company does not have a way to detect issues with the switches without recurring field inspections. Moreover, the one-way communication technology that the Program relies upon has largely been replaced by cell phones, such that upgrading this technology for the Program alone would be cost prohibitive.

In addition, DENC states that its Residential Smart Thermostat DR Program provides an annual incentive to customers to have their smart thermostats remotely adjusted during specific DR events called by the Company, thereby serving as a viable alternative for customers seeking to enroll in a DSM program. DENC further states that, on August 10, 2022, the Virginia State Corporation Commission (VSCC) approved the Company's request for approval for future closure of the Virginia program and cost

recovery through 2023 when the program winds down in Virginia.¹ Finally, DENC states that it evaluated maintaining the Program on a North Carolina-only basis but has determined that the Program cannot be cost-effectively offered only in North Carolina.

The Public Staff presented this matter to the Commission at its Regular Staff Conference on February 27, 2023. The Public Staff stated that it reviewed the request and investigated the challenges of maintaining the Program, program participation, and cost-effectiveness. The Public Staff noted that the technology enabling the Program was becoming obsolete and that the general shift toward more year-round DR was more cost-effectively provided through the Company's Residential Smart Thermostat DR Program, which, unlike the AC Cycling Program, provides both summer and winter season peak demand reductions. The Public Staff indicated that the Program had 2,324 North Carolina participants and 1 MW of peak load capacity reduction in North Carolina as of December 31, 2022.² Finally, the Public Staff stated the Program's cost-effectiveness in 2021 for the combined North Carolina and Virginia programs as calculated by DENC was 0.42 under the Utility Cost and Ratepayer Impact Method tests and 1.00 under the Total Resource Cost test, none of which indicate that the Program is cost-effective. As a result, the Public Staff recommended that the Company's motion to close the Program and withdraw its rate schedule AC, effective March 31, 2023, be granted.

Based on the foregoing, the Commission concludes that DENC's request to close the Air Conditioner Cycling Program, effective March 31, 2023, should be approved, and that the Company may withdraw its rate schedule AC, effective March 31, 2023.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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¹ See VSCC Case No. PUR-2021-00247.

² The Company's analogous Virginia program (VSCC Case Nos. PUE-2009-00081 and PUR-2019-00201) had 54,568 participants as of December 31, 2022.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1299

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Duke Energy Progress, Inc. for) ORDER APPROVING
Approval of Residential Income-Qualified) PROGRAM
Energy Efficiency and Weatherization Program)

BY THE COMMISSION: On June 13, 2022, Duke Energy Progress, LLC (DEP or the Company), filed an application (Application) for approval of the Residential Income-Qualified Energy Efficiency and Weatherization Program (Program) and accompanying tariff “Program IWZ-1” (provided as Attachment G to the Application).

DEP requested that the Commission: (1) approve the Program as an energy efficiency (EE) program under N. C. Gen. Stat. § 62-133.9 and Commission Rule R8-68; (2) find that the Program meets the requirements of a “new” EE program consistent with Commission Rule R8-69; (3) find that the costs of the Program are eligible for recovery through DEP’s annual Rule R8-69(b) rider; and (4) approve the Program for recovery of net lost revenues and Program Return Incentive (PRI) associated with the Program.

On July 8, 2022, the Southern Environmental Law Center (SELC) filed comments in support of the Program on behalf of itself and the North Carolina Justice Center, the North Carolina Housing Coalition, and the Southern Alliance for Clean Energy. Each of these parties are members of DEP’s EE Collaborative.

On July 28, 2022, the Public Staff filed a motion to extend the deadline for comments to August 31, 2022. The Commission granted this motion on July 29, 2022.

On August 31, 2022, the Public Staff filed comments in support of the Program. The Public Staff stated its investigation included review of the Application with respect to: (a) N.C.G.S. § 62-133.9; (b) Commission Rule R8-68; (c) and the Commission’s Order Approving Revisions to Demand-side Management and Energy Efficiency Cost Recovery Mechanism, issued October 20, 2020, in Docket No. E-2, Sub 931, and the accompanying Cost Recovery Mechanism (the Mechanism). The Public Staff’s investigation also involved submission of data requests to DEP regarding the Program and review of the responses.

The Application included a request that the Program be approved retroactively to July 1, 2022, to avoid a lapse in DEP’s Low-Income Weatherization Pay for Performance Pilot that expired June 30, 2022, pursuant to Commission’s November 3, 2021, Order Extending Program Approval in Docket No. E-2, Sub 1187. DEP’s request noted that the

Program and the Pay for Performance pilot were similar in structure, offered measures, and implementation. The Public Staff stated that DEP confirmed that it had discontinued accepting new applications for participation in the Pay for Performance pilot as of June 30, 2022, and that the Company's request for approval of the Program retroactive to July 1, 2022, would avoid a disruption in funding that could cause adverse concerns for outside agencies that provide the weatherization services and EE measures offered by the Pay for Performance pilot. That said, the Company has met and confirmed with the Public Staff that at this time, DEP wishes to rescind its request for retroactive approval to July 1, 2022, given the time that has lapsed since filing its application.

DEP stated that the Program is based on a similar program offered by Duke Energy Carolinas, LLC (DEC), which was approved by the Commission on October 29, 2013, in Docket No. E-7, Sub 1032. The Program is intended to work alongside North Carolina's Weatherization Assistance Program (NCWAP) providers to allow them to use NCWAP funding to address health and safety issues that typically prevent EE measures from being installed in a home. Customers who are eligible under the NCWAP guidelines,¹ *i.e.*, residential customers who have household incomes of less than 200% of the federal poverty guidelines, would be eligible to participate in the Program.

DEP further stated that qualifying customers will be eligible to receive an energy audit which will identify any opportunities for deeper EE measures such as HVAC system replacement (SEER 15 and greater), refrigerator replacement, and weatherization improvements based on a tiered system that measures the energy usage per square foot of the home to determine the amount of the incentive.² These measures will be offered at no cost to the participants, with incentives to be paid to NCWAP providers.

In its comments, the Public Staff discussed the incentives that were proposed for each measure of the Program and the amount of the incentives that were included in the Company's modeling to determine the Program's cost-effectiveness. The Public Staff noted two small differences between the Program and the DEC program. First, the HVAC measure is slightly more efficient (SEER rating of at least 15) and provides a slightly greater incentive than the corresponding DEC program due to improvements in the EE standards applicable to HVAC and the increased cost of installing the HVAC measure that have occurred since DEC's program was approved in 2013. Second, the refrigerator replacement measure offers a slightly smaller incentive than found in the corresponding DEC program.

The Public Staff also noted that DEP projected the installation of approximately 2,800 measures over the next five years across its North and South Carolina service territories with approximately 75% of those measures to be installed in North Carolina.

¹ Families with incomes below 200 percent of the federal poverty guidelines or those receiving cash assistance payments under Work First or Supplemental Security Income are eligible for weatherization services. Customers who are elderly, have disabilities, or are in families with children are given priority. See <https://deq.nc.gov/energy-climate/energy-group/weatherization-assistance-program/eligibility-guidelines>.

² Tier 1 homes use on average 7 kWh per square foot or less. Tier 2 homes use more than 7 kWh per square foot.

While DEP did not project the number of customers those measures would serve in its Application or discovery responses, the Public Staff noted the difficulty of determining the number of customers expected to receive measures from the Program because each customer could receive a variety of measures depending on the measures identified as being appropriate in the energy audit and the measures selected. The measures installed and the number of customers receiving the measures are contingent upon an individual customer’s circumstances and housing quality. The Public Staff noted that DEC reported 976 homes participated in its program in 2021, and stated that it had no reason to believe the participation rate for DEP would be significantly different from that experienced by DEC.³

DEP’s Application estimates the market potential to be nearly 464,000 customers, which DEP identified as the number of system-wide customers who are at or below 200% of the federal poverty guidelines (not the number of customers meeting the Weatherization Assistance Program (WAP) eligibility criteria). Both homeowners and renters may participate, with eligibility to be determined by NCWAP providers. DEP estimated that as many as 40% of eligible customers cannot participate in utility-sponsored EE programs due to significant health and safety issues with their residential dwellings. The Public Staff noted that participation in WAP-related programs is typically limited due to the unavailability of non-utility funding. While DEP funding is not unlimited, the Company seeks to leverage the Program to offer deeper EE measures to a sector of customers who experience high energy burdens.

Attachments B and C to the Application provide the estimated costs and benefits⁴ on a system-level. According to Attachment C, the total projected costs for the first five years for the total system are as follows:

| Cost | Total System |
|-----------------------------|---------------------|
| Implementation Costs | \$1,363,250 |
| Administrative (EM&V) Costs | \$521,560 |
| Participant Incentives | \$8,597,540 |
| Other Utility Costs | \$470,000 |
| Total Costs | \$10,952,750 |

According to Attachment B, DEP projects the total net present value of benefits over the next five years of the Program to be \$4,310,063. The Public Staff noted that approximately 43% of the system-level avoided cost benefits are derived from energy savings, 24% from capacity savings, and 33% from transmission and distribution (T&D) savings. These avoided energy and capacity benefits were valued using the avoided cost rates derived from Docket No. E-100, Sub 167. The avoided T&D benefits were valued

³ See page 19 of Evans Exhibit 6 in Docket No. E-7, Sub 1265.

⁴ Costs and benefits in Attachment B are given on a net present value basis.

using the rates approved in DEP's latest DSM/EE rider, Docket No. E-2, Sub 1294, pursuant to an agreement between DEP and the Public Staff.

As illustrated on Attachment B, DEP projects present value of net lost revenues for the five-year period to be \$3,040,849, net of fuel.

DEP also seeks approval to include the recovery of program costs, net lost revenues, and a PRI (applicable to low-income programs) in its annual DSM/EE rider. The Public Staff noted that DEP's estimates of program costs, net lost revenues, and PRI conform to the requirements of the Mechanism.

Attachment B provides the calculation of cost-effectiveness as required by N.C.G.S. § 62-133.9(c) and Commission Rule R8-68. Rule R8-68(c)(2)(iv) provides that an electric public utility filing for approval of a DSM or EE measure must provide economic justification for each proposed measure or program, including the results of at least four cost-effectiveness tests: the Total Resource Cost (TRC) Test, the Utility Cost (UC) Test, the Ratepayer Impact Measure (RIM) Test, and the Participant Test.

DEP's calculations indicate that the Program is not expected to produce cost-effective energy savings. The Public Staff noted that the measures in the Program are expensive, and participants are not required to pay any of the costs of the measures. The Public Staff also noted that as with other low-income programs, the purpose of the Program is to deliver energy saving measures to a group of customers who would not otherwise be likely to participate in another EE program that requires participants to bear a large portion of the costs. SELC stated in its comments that participants would save an average of 1,621 kWh per year or \$275.

The Public Staff stated that DEP based its design, modeling, and calculations on inputs that were consistent with the evaluation, measurement, and verification (EM&V) report for DEC's program.⁵ The estimates of cost-effectiveness incorporate these data and conform to the requirements of the Mechanism. The cost-effectiveness results from the Program are summarized below and indicate the Program is only cost-effective under the Participant Test.

| | |
|-------------------------------|------|
| Utility Cost Test | 0.44 |
| Total Resource Cost Test | 0.44 |
| Ratepayer Impact Measure Test | 0.34 |
| Participant Test | 1.61 |

⁵ See Evans Exhibit F in Docket No. E-7, Sub 1192, filed February 26, 2019.

The Public Staff also stated that: (1) both the EE Collaborative and the Low-Income Affordability Collaborative had expressed support and have offered comments and suggestions regarding the design and implementation of the Program; (2) no information had been discovered suggesting that the Program would affect a customer's decision to install natural gas or electric service; (3) DEP's and DEC's Proposed Carbon Plan⁶ indicated that DEP would be filing the Program for approval; and (4) DEP would include the projected demand and energy savings from the Program in future integrated resource plans.

The Public Staff also discussed whether DEP would use an "as-found" baseline methodology to measure savings. The Public Staff stated that previous applications for DSM and EE programs, as well as comments offered by the Public Staff, did not address the specific methodologies or specific EM&V approaches at the time of program application.⁷ The Public Staff further stated that it was appropriate to require the Company to provide more specific information about the methodology it intends to use to determine the energy savings from the measures that comprise the Program. This more specific information is typically available through evaluation plans the Company develops with its third-party EM&V evaluator. However, such EM&V evaluation plans are typically not available at the time of program approval. The Public Staff stated that it was appropriate to require these evaluation plans to be filed with the Commission as soon as they become available, or within 12 months following program implementation, and that the evaluation plans identify the baseline methodology that will be employed for each measure in the Program.

The Public Staff recommended that the Commission approve the Program as a "new" EE program pursuant to Commission Rule R8-68, determine that the Program was eligible for consideration of recovery of program costs, net lost revenues, and PRI related to the Program in accordance with the Mechanism, and determine the appropriate recovery of program costs, net lost revenues, and PRI associated with the Program in the annual DSM/EE rider proceeding consistent with N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-69.

The Public Staff also recommended that in the annual DSM/EE rider proceeding, DEP include a summary of the number of customers receiving measures, the number of measures delivered, the general location (counties or cities) of the participants receiving measures, and using a sampling of actual installations, calculation of the energy burdens associated with each sampled participant receiving measures pre- and post-installation.

The Public Staff further recommended that DEP file its EM&V evaluation plan within 12 months following initiation of the Program and include a thorough description the methodology used to establish the baseline against which DEP proposes to calculate energy savings for each measure offered in the Program.

⁶ See Duke Energy's Proposed Carbon Plan filed on May 16, 2022, in Docket No. E-100, Sub 179, p. 34 of Chapter 4 (Execution Plan).

⁷ See sections (c)(3)(ii) of the Filing Requirements, which are consistent with past EE program approval filings made pursuant to Commission Rule R8-68.

On September 12, 2022, DEP filed Reply Comments in response to the Public Staff's Comments. DEP stated that the Application did not include a request for approval of the use of an "as-found" baseline to calculate incentives and energy savings as discussed in the Proposed Carbon Plan. DEP explained that it was using the same impact assumptions as those in the existing DEC program.

DEP indicated in the Reply Comments that the Public Staff's request for reporting on the number of customers, measures installed, and the general location of the participants raises concerns over customer data privacy. DEP agreed that such information is required to be included in the annual DSM/EE rider proceeding, but that the locational information being requested combined with the other information requested by the Public Staff could potentially raise Code of Conduct and customer privacy concerns. DEP concluded by stating such data should be tracked but not disclosed publicly in its annual rider filings. DEP reiterated its position that the Program would follow the same EM&V process that has been established for DEC's program. DEP further noted the Commission's October 29, 2013, order approving DEC's program and DEP's intent to leverage DEC's EM&V for the Program to reduce administrative costs of both programs.

The Public Staff presented this matter at the Commission's February 27, 2023, Staff Conference and summarized the record in this proceeding.

Based on the foregoing, the Commission finds and concludes that the Program should be approved as filed. The Commission especially notes DEP's statement that the Program does not include the "as-found" methodology and that DEP will adopt the same EM&V process for the Program that is currently being used for DEC's program. The Commission further adopts the Public Staff's recommendations that evaluation plans should be filed with the Commission as soon as they become available, no later than 12 months following program implementation, and that the evaluation plans identify the baseline methodology that will be employed for each measure in the Program.

The Commission agrees with the Public Staff that in its annual DSM/EE rider filing, DEP should include a summary of the number of customers receiving measures, the number of measures delivered, and the county of residence of the participants receiving measures. Reporting the number of measures installed by North Carolina county should avoid the potential for the reporting of locational data associated with participants to conflict with DEP's Code of Conduct. Additionally, to the extent information is reasonably obtainable, DEP should provide the change in the electricity burden and electricity intensity pre- and post-installation for a reasonable sample of participants receiving measures. The Commission further finds it appropriate for DEP to work with the Public Staff and other stakeholders to develop more specific reporting conditions that can inform the Commission about the success of low-income programs to mitigate electricity burdens, including ways that DEP can increase participation in the Program across its North Carolina service territory, while protecting customer privacy and complying with its North Carolina Code of Conduct. DEP should report on these efforts in its 2024 Annual DSM/EE rider proceeding filing.

IT IS, THEREFORE, ORDERED as follows:

1. That the Residential Income-Qualified EE and Weatherization Program is hereby approved as a new EE Program;
2. That the Commission shall determine the appropriate ratemaking treatment for the Residential Income-Qualified EE and Weatherization Program (including program costs, net lost revenues, and Program Return Incentive) in DEP's annual cost recovery rider, in accordance with N.C.G.S. § 62-133.9 and Commission Rule R8-69;
3. That DEP shall track the number of participants, number of measures (by individual measure) installed, a summary listing of health and safety-related measures that are also addressed in dwellings receiving Program-related measures, change in electricity burden and intensity (to the extent feasible), and calculations of the electricity usage and savings associated with participants, including some examples of the Program's impact on individual customers;
4. That DEP, interested intervening parties, and the Public Staff shall work to develop a reporting format that will protect customer data privacy and comply with the Company's Carolina Code of Conduct and include that report in the next annual cost recovery rider as part the Program's EM&V evaluation;
5. That any future EM&V applicable to the Residential Income-Qualified EE and Weatherization Program shall describe the methodology by which DEP calculates the electricity savings from the Program, including but not limited to, identifying the appropriate baseline standards used to measure savings or alternatively, the measures removed from the premise; and
6. That DEP shall file with the Commission, within 10 days following the date of this order, a revised tariff compliant with this order and showing the effective date of the tariff.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-7, SUB 1272

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Duke Energy Progress,)
Inc. for Approval of Proposed Residential) ORDER APPROVING PILOT
Income-Qualified High-Energy Use Pilot)

BY THE COMMISSION: On September 23, 2022, Duke Energy Carolinas, LLC (DEC or the Company) filed an application (Application) for approval of the Residential Income-Qualified High-Energy Pilot (Pilot) and accompanying tariff (provided as Attachment G to the Application). The Application specifically requested the Commission: (1) approve the Pilot as an energy efficiency (EE) program under N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68; (2) find that the Pilot meets the requirements of a “new” EE program consistent with Commission Rule R8-69; (3) find that all costs of the Pilot and associated utility incentives are eligible for recovery through DEC’s annual Rule R8-69(b) rider; and (4) approve the Pilot for recovery of net lost revenues and Program Return Incentive (PRI) associated with the Pilot.

DEC stated that the Pilot will install deep retrofit EE measures at no cost to the participants with the purpose of improving the home’s performance and energy efficiency. The Pilot will target customers who own or rent their dwellings in Forsyth, Guilford, and Mecklenburg Counties with annual consumption of greater than 17,800 kilowatt-hours (kWh) and household incomes less than 200% of the federal poverty guidelines.

DEC also stated that qualifying customers would be eligible to receive an energy audit which will identify any opportunities for deeper EE measures such as HVAC system replacement (SEER 15 and greater), refrigerator replacement, comprehensive air and duct sealing, insulation, heat pump water heaters, lighting, and water heating measures. Approximately 18,000 measures are projected to be installed in the first five years of the Pilot. Incentives for each type of measure will be determined on a case-by-case basis and will use a competitive bidding process to determine the best pricing and quality available.

On September 9, 2022, the Southern Environmental Law Center (SELC) filed comments in support of the Pilot on behalf of itself and the North Carolina Justice Center, the North Carolina Housing Coalition, the Southern Alliance for Clean Energy, Natural Resources Defense Council (NRDC), and the North Carolina Sustainable Energy Association (NCSEA). Each of these parties are members of DEC’s EE Collaborative. SELC highlighted that participation was targeted toward customers who met DEC’s definition of “arrears struggling” as it is defined by the Low-Income Affordability

Collaborative (LIAC) in the “Joint North Carolina Low-Income Affordability Collaborative Final Report,” (LIAC Final Report). SELC noted the collaboration and agreement with DEC to pursue commitments and approvals for programs like the Pilot that build on DEC’s current Residential Income-Qualified Energy Efficiency and Weatherization Assistance Program (WAP), approved on October 29, 2013, in Docket No. E-7, Sub 1032.

SELC stated that the Pilot aims to expand the reach of EE program offerings by providing deep efficiency retrofits to qualifying low-income customers with high monthly electricity consumption. Due to these customers’ higher than average usage, SELC opined that the anticipated efficiency improvements are likely to yield even more energy savings than the measures would do for a typical house, thereby providing even greater financial benefit to the customer, which in turn strengthens the cost-effectiveness of the Pilot. SELC also noted several research questions that would provide an understanding of the success of the Pilot to deliver deep energy efficiency to low-income customers.

On July 28, 2022, the Public Staff filed a motion to extend the deadline for comments to September 9, 2022. The Commission granted this motion on July 29, 2022.

On September 9, 2022, the Public Staff filed comments in support of the Pilot. The Public Staff stated its investigation included review of the Application with respect to: (a) N.C.G.S. § 62-133.9; (b) Commission Rule R8-68; (c) and the Commission’s Order Approving Revisions to Demand-side Management and Energy Efficiency Cost Recovery Mechanism, issued October 20, 2020, in Docket No. E-7, Sub 1032, and the accompanying Cost Recovery Mechanism (the Mechanism).

The Public Staff discussed information regarding the participant qualifications, the measures and incentives offered, and the sufficiency of scale and scope of the Pilot to inform a future determination regarding extending the Pilot across DEC’s entire service territory. While the Pilot is expected to ramp up over two years, the Public Staff noted that the Pilot would add new participants over a five-year period.

The Public Staff noted the market potential to be nearly 33,000 customers in the three counties selected for the Pilot who are at or below 200% of the federal poverty guidelines and use 17,800 kWh or more per year. The Public Staff highlighted that DEC’s use of the criteria of annual usage of 17,800 kWh or more (representing the top 50% of income-qualified customers) could provide sufficient participation to evaluate the Pilot, while targeting customers with the highest energy burdens.

The Public Staff also noted DEC’s calculations of cost-effectiveness indicated the Pilot was not expected to produce cost-effective energy savings except under the Participant Test. The Public Staff further noted that the measures in the Pilot were expensive, but participants were not required to pay any of the costs of the measures. The Public Staff explained that as with other low-income programs, the purpose of the Pilot is to deliver energy saving measures to a group of customers who experience high energy burdens and would not otherwise be likely to participate in another EE program that requires participants to bear a large portion of the costs. The Public Staff also stated

that DEC's cost-effectiveness modeling (including the per measure participant incentives used by DEC, and the calculations of inputs) were consistent with the DEC evaluation, measurement, and verification (EM&V) report for DEC's WAP.¹

The Public Staff stated that: (1) both the EE Collaborative and the LIAC had expressed support and have offered comments and suggestions regarding the design and implementation of the Pilot prior to DEC's filing; (2) no information had been discovered suggesting that the Pilot would affect a customer's decision to install natural gas or electric service; (3) DEC's Proposed Carbon Plan² indicated that DEC would be filing a low-income pilot for approval; and (4) DEC would include the projected demand and energy savings from the Pilot in future integrated resource plans.

The Public Staff also stated that its review of the Application considered the use of an "as-found" baseline methodology to measure the energy savings of measures for equipment replacement. The Public Staff noted concerns regarding the baseline against which energy savings would be measured and the need for more detailed description of the EM&V work that will determine the energy savings attributable to the Pilot. The Public Staff recommended that the Company provide more specific information about the methodology the Company intends to use to determine the energy savings from the measures that comprise the Pilot. This more specific information is typically available through evaluation plans the Company develops with its third-party EM&V evaluator. However, such EM&V evaluation plans are typically not available at the time of program approval. The Public Staff recommended that these evaluation plans be filed with the Commission as soon as they become available, or within 12 months following program implementation, and that the evaluation plans identify the baseline methodology that will be employed for each measure in the Pilot.

The Public Staff recommended that the Commission: (1) approve the Pilot as a "new" EE program pursuant to Commission Rule R8-68; (2) determine that the Pilot was eligible for consideration of recovery of program costs, net lost revenues, and PRI related to the Pilot in accordance with the Mechanism; (3) and determine the appropriate recovery of program costs, net lost revenues, and PRI associated with the Pilot in the annual DSM/EE rider proceeding, consistent with N.C.G.S. § 62-133.9 and Commission Rule R8-69.

The Public Staff also recommended that, in the annual DSM/EE rider proceeding, DEC include a summary of the number of customers receiving measures and the number of measures delivered and that DEC file its EM&V evaluation plan within 12 months following initiation of the Pilot, including a thorough description the methodology used to establish the baseline against which DEC proposes to calculate energy savings per measure unit for each measure offered in the Pilot. The Public Staff further recommended that the Commission approve the Pilot for a three-year period and that three months prior to expiration, DEC file a request to extend or cancel the Pilot or transition the Pilot into a

¹ See Evans Exhibit F in Docket No. E-7, Sub 1192, filed February 26, 2019.

² See Duke Energy's Proposed Carbon Plan filed on May 16, 2022, in Docket No. E-100, Sub 179, p. 34 of Chapter 4 (Execution Plan).

full program. The Public Staff also requested that DEC include a report with its filing that includes a number of items that would inform DEC's request for cancellation, continuation, or developing the Pilot into a full program, including calculations of electricity burdens associated with each sampled participant receiving measures pre- and post-installation.

On September 20, 2022, DEC filed a motion for an extension of time to September 23, 2022, to file reply comments. The Commission granted this motion on September 21, 2022.

On September 23, 2022, DEC filed Reply Comments in response to the Public Staff's Comments. DEC stated that the Application incorporates the use of "as-found" baseline methodology to determine energy savings from the Pilot. DEC stated that the as-found baseline of Pilot participant's existing equipment accurately represents the potential savings and value of reducing the participant's energy consumption. DEC further stated that the traditional method for calculating energy savings assumes a participant would have installed appliances at the current energy standards at the time of the Pilot audit. However, the financial constraints of participants make it highly unlikely that the customer would have invested in efficiency replacement or upgrades absent a financial incentive to do so, therefore continuing the use of inefficient technology. DEC also stated that a consumption analysis would appropriately assess electric savings and that using an as-found baseline methodology was appropriate when targeting low-income customers with high electricity usage.

DEC also stated that it did not have adequate data to calculate electricity burdens of participants and that obtaining the needed household income data to make the calculation to the extent feasible would have to be obtained at the time the measures were being installed.

The Public Staff presented this matter at the Commission's February 27, 2023, Staff Conference and summarized the record in this proceeding.

Based on the foregoing, the Commission finds and concludes that the Pilot should be approved for a three-year term. The Commission finds DEC's use of a baseline methodology that incorporates the conditions and equipment found at the time the new EE measure is installed to be reasonable for the Pilot. The Commission further acknowledges the Public Staff's concerns and recommendations regarding EM&V evaluation plans and will require DEC to file its EM&V evaluation plan with the Commission no later than 12 months following program implementation. That filing should identify the baseline methodology that will be employed for each measure in the Pilot and a schedule of evaluation.

The Commission agrees with the Public Staff that it is important to quantify how the Pilot and other low-income programs will mitigate electricity burdens of low-income households and thus will require DEC to collect household income data from a sampling of participants and provide examples of reduced electricity burden in its annual DSM/EE rider proceeding filing. Further, in its annual DSM/EE rider filing, DEC should include a

summary of the number of customers receiving measures, the number and type of measures delivered, and, to the extent information is reasonably obtainable, the change in the electricity burden and electricity intensity pre- and post-installation for a reasonable sample of participants receiving measures. The Commission further finds it appropriate for DEC to work with the Public Staff and other stakeholders to develop more specific reporting conditions that can provide information to determine the impact of this and other low-income programs on mitigating electricity burdens. DEC should file a report on these efforts in its 2024 DSM/EE rider proceeding filing.

IT IS, THEREFORE, ORDERED as follows:

1. That the Residential Income-Qualified High-Energy Use Pilot is hereby approved as a new EE Program pursuant to Commission Rule R8-68;

2. That the Commission shall determine the appropriate ratemaking treatment for the Residential Income-Qualified High-Energy Use Pilot including Pilot costs, net lost revenues, and Program Return Incentive, in DEC's annual cost recovery rider, in accordance with N.C.G.S. § 62-133.9 and Commission Rule R8-69;

3. That DEC shall track the number of participants, number of measures (by individual measure) installed, a summary listing of health and safety-related measures that are also addressed in dwellings receiving Pilot-related measures, and calculations of the electricity usage and savings associated with participants, including some examples of the Program's impact on individual customers;

4. That DEC, SELC, Public Staff, or any other interested stakeholder may work to the extent feasible to incorporate the research objectives and questions identified by SELC into DEC's EM&V plan for the Program;

5. That any future EM&V applicable to the Residential Income-Qualified High-Energy Use Pilot shall describe the methodology used to calculate the electricity savings from the Pilot, including but not limited to, identifying the appropriate baseline standards used to measure savings or alternatively, the measures removed from the premise and the health and safety conditions DEC observes and remedies pre- and post-installation; and

6. That DEC shall file with the Commission, within 10 days following the date of this order, a revised tariff compliant with this order and showing the effective date of the tariff.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-5, SUB 659

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

| | | |
|---|---|-------------------------|
| In the Matter of | | |
| Application of Public Service Company of |) | |
| North Carolina, Inc., for Bi-Annual Adjustment |) | ORDER APPROVING |
| of Rates Under Rider E to its Tariff and for an |) | RATE ADJUSTMENTS |
| Adjustment of its Rates and Charges in its |) | EFFECTIVE MARCH 1, 2023 |
| Wholesale Cost of Gas Under Rider D to its |) | |
| Tariff |) | |

BY THE COMMISSION: On February 15, 2023, Public Service Company of North Carolina, Inc. (PSNC or Company) filed an application (Application), pursuant to N.C. Gen. Stat. § 62-133.7A and § 62-133.4, Commission Rule R1-17(k)(3), and Riders E and D of the Company's tariffs, requesting authority to adjust its rates effective March 1, 2023, to implement: (1) new temporary increments in its rates pursuant to Rider E; and (2) a decrease in its commodity benchmark cost of gas pursuant to Rider D.

Pursuant to PSNC's Integrity Management Tracker (IMT), Rider E of the Company's Tariff, PSNC is required to file a revision to its tariff for Commission approval by February 15 and August 15 each year showing the computation of the Integrity Management Adjustment that it proposes to charge during the six-month period beginning March 1 and September 1, respectively. Additionally, PSNC is required to file by February 15 an Integrity Management True-Up Adjustment based on the balance in the Integrity Management Deferred Account as of January 31.

The proposed IMT rate adjustments, expressed in dollars per therm (\$/therm), are as follows:

| Description | Residential Rates 101, 102, 115 | Commercial Rates 125, 126 127, 140 | Firm Large General Rates 145, 175 | Interruptible Large General Rates 135, 150, 160, 165, 180 |
|-------------------------------|---------------------------------------|--|---|--|
| Customer Class Percentage | 69.99% | 19.10% | 8.36% | 2.55% |
| IMRR for Recovery | \$7,583,184 | \$2,069,421 | \$905,778 | \$276,284 |
| IMT Deferred Account Balance | <u>\$1,472,450</u> | <u>\$401,826</u> | <u>\$175,878</u> | <u>\$53,647</u> |
| Net IMRR for Recovery | \$9,055,634 | \$2,471,247 | \$1,081,656 | \$329,931 |
| Rate Case Volumes (therms) | 332,441,182 | 172,905,640 | 256,721,533 | 143,316,551 |
| IM Rate Increment (per therm) | \$0.02724 | \$0.01429 | \$0.00421 | \$0.00230 |
| Current IMT Increment | <u>\$0.02162</u> | <u>\$0.01134</u> | <u>\$0.00334</u> | <u>\$0.00183</u> |
| Adjustment to IMT increment | <u>\$0.00562</u> | <u>\$0.00295</u> | <u>\$0.00087</u> | <u>\$0.00047</u> |

Pursuant to its Rider D – Purchased Gas Adjustment (PGA) Procedures, PSNC is seeking authority to decrease its sales rates by \$1.0098 per dekatherm (dt) and its transportation rates by \$0.0098 per dt effective March 1, 2023. The decreases are the result of a change in PSNC’s Benchmark Commodity Gas Cost from \$4.25 per dt to \$3.25 per dt as well as the change in the company use and unaccounted for gas as described in PSNC’s Rider D.

The Public Staff presented this matter to the Commission at its February 27, 2023, Staff Conference. The Public Staff stated that it had reviewed the Application and recommended approval as filed.

Based upon review of the Application and the recommendation of the Public Staff, the Commission is of the opinion that the proposed rate adjustments should be allowed to become effective as filed.

IT IS, THEREFORE, ORDERED as follows:

1. That PSNC is authorized to implement the proposed IMT rate adjustments as contained in the body of this Order effective for service rendered on and after March 1, 2023.
2. That PSNC is allowed to decrease its sales rates by \$1.0098 per dt effective for service rendered on and after March 1, 2023.
3. That PSNC is allowed to decrease its transportation rates by \$.0098 per dt effective for service rendered on and after March 1, 2023.
4. That PSNC shall file revised tariffs consistent with Ordering Paragraphs 1 through 3 within five days of the date of this Order.
5. That PSNC shall give notice to its customers of the rate changes authorized in this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of _____, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-9, SUB 823

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

| | |
|--|--|
| In the Matter of Application of Piedmont Natural Gas Company,)) Inc., for an Adjustment of its Rates and) Charges to Track Changes in its Wholesale) Costs of Gas) | ORDER APPROVING RATE ADJUSTMENTS EFFECTIVE MARCH 1, 2023 |
|--|--|

BY THE COMMISSION: On February 14, 2023, Piedmont Natural Gas Company, Inc. (Piedmont or Company) filed an application, pursuant to N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3), and Appendix A of Piedmont’s North Carolina Service Regulations, seeking authority to decrease its Benchmark Cost of Gas from the current rate of \$4.00 per dekatherm (dt) to a rate of \$3.50 per dt.

Piedmont states that it projects it will materially over-collect its commodity cost of gas at its currently approved Benchmark Cost of Gas rate based on the wholesale cost of gas as reported by the New York Mercantile Exchange (NYMEX) and forecasted normalized throughput levels. To mitigate such an over-collection, Piedmont proposes to decrease its Benchmark Cost of Gas from \$4.00 per dt to \$3.50 per dt. Data supporting the computation of the proposed rate changes based on this revised Benchmark Cost of Gas is set forth on Schedules A and B of the application.

The Public Staff presented this matter to the Commission at its Regular Staff Conference on February 27, 2023. The Public Staff stated that it had reviewed the proposed rate changes and recommended approval as filed.

Based on the review of the application and the recommendation of the Public Staff, the Commission concludes that the proposed rate changes should be allowed to become effective as filed.

IT IS, THEREFORE, ORDERED as follows:

1. That Piedmont is authorized to decrease its Benchmark Cost of Gas from \$4.00 per dt to \$3.50 per dt effective for service rendered on and after March 1, 2023;
2. That Piedmont shall file its revised tariffs consistent with Ordering Paragraph 1 within five days of the date of this Order; and
3. That Piedmont shall give notice to its customers of the rate changes authorized in this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the ___ day of _____, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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