

NORTH CAROLINA UTILITIES COMMISSION
MINUTES OF REGULAR COMMISSION STAFF CONFERENCE

June 28, 2021

The Regular Commission Staff Conference of the North Carolina Utilities Commission was held on Monday, June 28, 2021, at 10:00 a.m., with Chair Mitchell, presiding. The remote meeting was conducted by use of simultaneous communication (via Webex) pursuant to N.C. Gen. Stat. § 166A-19.24, streamed live online, and available to the public.

The following were present during the entirety of the remote meeting:

COMMISSIONERS

Commissioner Brown-Bland
Commissioner Gray
Commissioner Clodfelter
Commissioner Duffley
Commissioner Hughes
Commissioner McKissick

COMMISSION STAFF: Ms. Henderson, Ms. Fennell, Ms. Jarvis, Ms. Webb-Shackleford, Ms. Duffy, Ms. Swenson, Ms. Barnes, Ms. Worley, Ms. Snyder, Ms. Gupton, Ms. Hilburn, Ms. Paschal, Ms. Zhang, Ms. Li, Ms. Jayasheela, Ms. Burns, Ms. Needham, Mr. Hardy, Mr. McCoy, Ms. Blue

PUBLIC STAFF: Ms. Downey, Ms. Culpepper, Ms. Holt, Ms. Jost, Mr. Creech, Ms. Coxton, Mr. Josey, Mr. Maness, Ms. Perry, Ms. Boswell, Mr. Floyd, Ms. Patel, Mr. Singer, Ms. Proffitt

ATTORNEY GENERAL:

COURT REPORTER: Ms. Garrett

B. NATURAL GAS**P1. DOCKET NO. G-9, SUB 790 – APPLICATION OF PIEDMONT NATURAL GAS COMPANY, INC., FOR AN ADJUSTMENT OF ITS RATES AND CHARGES TO TRACK CHANGES IN ITS WHOLESALE COSTS OF GAS**

On June 17, 2021, Piedmont Natural Gas Company, Inc. (Piedmont), filed an application pursuant to N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3)(a), and Appendix A of Piedmont's North Carolina Service Regulations, seeking authority to increase its sales rates by \$0.7643 per dekatherm (dt) and its transportation rates by \$0.0143 per dt effective July 1, 2021. The increase is a result of a change in its Benchmark Cost of Gas from the current rate of \$2.50 per dt to \$3.25 per dt, as well as a change in the company use and unaccounted for gas as provided for in Appendix A.

The Public Staff has reviewed the application and recommends approval as filed.

The Public Staff recommended that the Commission issue the proposed order approving the rate changes proposed by Piedmont.

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

C. COMMUNICATIONS**P1. FILING OF INTERCONNECTION AGREEMENTS AND AMENDMENTS BY AT&T NORTH CAROLINA, VERIZON SOUTH, FRONTIER COMMUNICATIONS, AND SERVICE TELEPHONE COMPANY**

The following interconnection agreements and amendments were filed for Commission approval between April 22, 2021, and May 3, 2021:

BellSouth Telecommunications, LLC, d/b/a AT&T North Carolina

Docket No. P-55, Sub 1544 – Amendment filed on April 22, 2021, to an existing interconnection agreement with USCOC of Greater North Carolina, LLC, d/b/a U.S. Cellular, formerly United States Cellular Corporation, which the Commission approved on May 27, 2005. The amendment modifies certain provisions of the agreement related to robocalling and prohibited traffic.

Docket No. P-55, Sub 1792 – Agreement with CBTS Technology Solutions LLC, filed on April 22, 2021.

Docket Nos. P-55, Sub 1946 – Agreement with DISH Wireless, L.L.C., filed on April 23, 2021.

Verizon South Inc.

Docket No. P-19, Sub 520 – Amendment filed on April 26, 2021, to an existing interconnection agreement with Wholesale Carrier Services, Inc., which the Commission approved on March 27, 2008. The amendment implements changes mandated by the Federal Communications Commission (FCC) in FCC 20-152, released October 28, 2020, in WC Docket No. 19-308 (the FCC 2020 UNE Order). The FCC 2020 UNE Order eliminates legacy unbundling of certain network elements, subject to certain conditions and multiyear transition periods and resale rules where they stifle technology transitions and broadband deployment.

Docket No. P-19, Sub 455 – Amendment filed on April 26, 2021, to an existing interconnection agreement with BullsEye Telecom, Inc., which the Commission approved on February 6, 2003. The amendment implements the changes mandated by the FCC 2020 UNE Order.

Frontier Communications of the Carolinas LLC

Docket No. P-1488, Sub 49 – Agreement with Teliax, Inc., filed on May 3, 2021.

Service Telephone Company

Docket No. P-60, Sub 90 – Agreement with Atlantic Telecom Multimedia Consolidated, LLC, filed on May 3, 2021.

These filings were made in compliance with Commission Rule R17-4(d) and Sections 252(e) and 252(i) of the Telecommunications Act of 1996. The Act provides for the filing of such agreements and amendments with the state commission and approval or rejection by the state commission within 90 days after filing. On June 18, 1996, the Commission issued an Order in Docket No. P-100, Sub 133 allowing interim operation under negotiated agreements filed as public records prior to Commission approval of the agreements.

The Public Staff has reviewed the filings and recommends Commission approval.

The Public Staff recommended that orders be issued approving the agreements and amendments effective on the date they were filed. The Public Staff has provided proposed orders to the Commission Staff.

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

D. ELECTRIC**P1. DOCKET NO. E-22, SUB 563 – DOMINION ENERGY NORTH CAROLINA – APPLICATION FOR APPROVAL OF A REVISED AFFILIATE SERVICES AGREEMENT**

On May 30, 2019, Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC or the Company), filed an application for approval of a revised services agreement (2019 Application) under which the Company and Dominion Energy South Carolina, Inc. (DESC) (formerly South Carolina Electric & Gas Company, or SCE&G), will both provide and receive certain enumerated services on an as-needed basis (Current Agreement). A copy of the Current Agreement was provided as an exhibit to the 2019 Application.

On October 2, 2019, the Public Staff filed a letter recommending that the North Carolina Utilities Commission (Commission) accept the Current Agreement for filing and allow DENC to pay compensation to its affiliate for services received pursuant to the agreement. The Public Staff recommended that, consistent with the then-current services agreement, the Company be required to obtain approval from the Commission before it receives or provides a service that is not presently encompassed in the then-current services agreement or the Current Agreement. Further, the Public Staff recommended several conditions to approval of the Current Agreement, which it stated had been agreed to by DENC. Three of the recommendations were that: (1) the Current Agreement be accepted and payment thereunder authorized for two years from April 19, 2019, to April 18, 2021, with DENC being authorized to pay the affiliate for services, subject to adjustment if found appropriate by the Commission upon its own motion, or upon a petition by the Public Staff or another party; (2) if the Company wishes to extend the Current Agreement beyond the two-year period authorized herein, the Company shall be required to obtain separate Commission approval; and (3) no changes may be made to the Current Agreement without prior approval by the Commission. Additionally, DENC was required to file any proposed amendments prior to the execution of the Current Agreement and prior to any payment for services thereunder.

By Order dated November 5, 2019, the Commission accepted the Current Agreement for filing and authorized DENC to make payments thereunder subject to the conditions recommended by the Public Staff, as enumerated in the body of the Order.

On April 1, 2021, Virginia Electric and Power Company (Dominion Energy Virginia) and DESC, in Case No. PUR-2021-00070, applied to the Virginia State Corporation Commission (VSCC) for approval of revisions to the Current Agreement (Revised Services Agreement). By separate motion, Dominion Energy Virginia and DESC also requested expedited interim authority to operate under the Revised Services Agreement while their application was pending before the VSCC. The VSCC granted the requested interim authority by order dated April 6, 2021.

On April 6, 2021, the Company filed with the Commission an Application for Approval of Revised Services Agreement and Request for Interim Authority (Application). The Company requests Commission approval of the Revised Services Agreement, which amends the Current Agreement approved by the Commission on November 5, 2019. The Company represents that, other than adjusting the term to three years, the Revised Services Agreement makes only one change to the service category descriptions. The change is to the description of the category of service relating to Accounting, which was revised to make minor wording improvements and to be more explicit and descriptive. No changes were made to the selected services. The Company states, however, that the provision of services may result in the exchange of certain confidential system operation information (CSOI) or customer information. The Company also notes that the revised Code of Conduct for the Company, approved by the Commission in its *Order Approving Merger Subject to Regulatory Conditions and Code of Conduct* issued November 19, 2018, in Docket Nos. E-22, Sub 551 and G-5, Sub 585 (Merger Order), provides that CSOI may be disclosed to an affiliate pursuant to an agreement filed with the Commission if the agreement specifically describes the types of CSOI to be disclosed. To that end, the Revised Services Agreement includes the addition of a confidentiality provision. A redlined version of the Revised Services Agreement reflecting changes from the Current Agreement is attached as Attachment B to the Company's Application. In the Application, the Company explains that since the Current Agreement with DESC was set to expire on April 18, 2021, the Company was also requesting that the Commission issue an order, on an expedited basis, granting the Company interim authority to operate under the Revised Services Agreement, beginning on April 19, 2021, and until such time as the Commission has an opportunity to act upon the Company's Application.

On April 12, 2021, the Public Staff presented this matter to the Commission at its Regularly Scheduled Staff Conference. The Public Staff indicated that the Public Staff was in the process of its investigation and review of the Application to verify the assertions made by the Company regarding the Revised Services Agreement. The Public Staff, however, indicated that it did not object to allowing the Company to continue to participate, on an interim basis, in the Revised Services Agreement, pending the issuance of an order from the VSCC regarding the Revised Services Agreement. The Public Staff indicated that it would bring its final recommendations to the Commission, via either a further filing or placement of the matter on a future Staff Conference Agenda. The Public Staff also recommended that the Commission approve the interim authority requested by the Company, and that the Commission's Order state, for ratemaking purposes, its action does not constitute approval of the amount of compensation paid pursuant to the interim authority, and that the authority granted by the Order is without prejudice to the right of any party to take issue with any provision of the interim authority in a future proceeding.

On April 13, 2021, the Commission granted the interim authority requested by the Company.

On May 13, 2021, the VSCC issued its order approving the Revised Services Agreement. The Public Staff has reviewed the Revised Services Agreements filed with the Commission and the VSCC as well as the order of the VSCC. The Public Staff agrees

with the opinion of the VSCC pertaining to the future exchange of additional services that are not currently selected in the Revised Service Agreements. In light of its review, the Public Staff recommends that the Commission accept for filing the Revised Services Agreement and allow DENC to pay its affiliate pursuant to the Revised Services Agreement, subject to the following conditions, which have been agreed to by DENC:

- (1) That the Revised Services Agreement be accepted and payment thereunder authorized for three years from April 18, 2021, to April 17, 2024, with DENC's ability to pay the affiliate subject to adjustment if found appropriate by the Commission upon its own motion, or a petition by the Public Staff or another party;
- (2) That if the Company wishes to extend the Revised Services Agreement beyond the three-year period, separate Commission approval will be required;
- (3) No changes may be made to the Revised Services Agreement without prior filing with the Commission, including changes in the terms and conditions, allocation methodologies, service category descriptions, and successors or assigns. DENC is required to file any proposed amendments prior to the execution of the amended agreement and prior to any payment for services thereunder;
- (4) The Commission's acceptance of the Revised Services Agreement and approval of payment thereunder shall have no accounting or ratemaking implications;
- (5) The Commission's acceptance of the Revised Services Agreement and approval of payment thereunder shall be limited to the specific services identified and marked on the Services Selected list attached to the Revised Services Agreement. Should DENC wish to obtain additional services from its affiliate other than those specifically identified and marked on the Services Selected list attached to the Revised Services Agreement, separate Commission approval shall be required;
- (6) Separate Commission approval shall be required for DENC to provide services to, or receive services from affiliated third parties (other than DESC) under the Revised Services Agreement;
- (7) All terms of the Revised Services Agreement and the activities conducted pursuant thereto remain subject to DENC's compliance with its Regulatory Conditions and Code of Conduct approved by the Commission in the Merger Order;
- (8) All services provided by each affiliate pursuant to the Revised Services Agreement shall be at the lower of cost or market. Supporting documentation

for such transactions shall be made available for Public Staff and Commission review upon request, including the periodically-conducted market price studies required by Regulatory Condition No. 4.2;

- (9) DENC shall have the burden of proving that any and all goods and services procured from its affiliate have been procured on the most favorable terms and conditions reasonably available in the relevant market, which shall include a showing that such goods and services could not have been procured at a lower cost from non-affiliate sources or that DENC could not have provided the services or goods for itself on the same basis at a lower cost, as required by Regulatory Condition 4.2(a). Records of such investigations and comparisons shall be made available for Public Staff and Commission review upon request;
- (10) The Commission's approval of the Revised Services Agreement 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 agreement;
- (11) All terms of the Revised Services Agreement and the activities conducted pursuant thereto remain subject to ongoing review as to their appropriateness and reasonableness and to modification by the Commission upon its own motion, or upon a motion by the Public Staff or another party;
- (12) All goods and services rendered pursuant to the Revised Services Agreement and the costs and benefits directly charged, assigned, and allocated in connection with such services, and the determination or calculation of the bases and factors utilized to assign or allocate such costs and benefits remain subject to ongoing review as to their appropriateness and reasonableness and to further action by Commission Order upon its own motion or upon the motion of any party;
- (13) DENC shall include all transactions under the Revised Services Agreement in its ARAT filed with the Commission. The report of the transactions should include the docket number in which the Revised Services Agreement was approved, the name and type of activity performed by each direct and indirect affiliate or future affiliate to the Revised Services Agreement, and a schedule in Excel electronic spreadsheet format, with formulas intact, listing the prior years' transactions by month, type of service, FERC account, and the dollar amount (as the transaction is recorded on the Company's books);
- (14) The Commission's acceptance of the Revised Services Agreement shall not be deemed to constitute the approval of any specific charges under the Revised Services Agreement, or a guarantee of any recovery of costs directly or indirectly related to the agreement;

- (15) The Commission reserves the right to examine the books and records of DENC and DESC in connection with the Revised Services Agreement, whether or not such affiliate is regulated by the Commission;
- (16) DENC shall file with the Commission signed and executed copies of the Revised Services Agreement within 30 days of the date of an order approving the agreement; and
- (17) The Commission's acceptance of the Revised Services Agreement and authorization for DENC to make payments pursuant to the agreement does not constitute approval of the amount of fees or compensation paid by DENC under the agreement for ratemaking purposes, and the authority granted by the Commission in this 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.

The Public Staff recommended that the Commission issue the proposed order accepting for filing the Revised Services Agreement and allowing DENC to pay its affiliate pursuant to the agreement, subject to the conditions set forth herein.

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

Minutes of the Regular Commission Staff Conference of June 21, 2021, were approved.

Minutes prepared by Portia Barnes.