

NORTH CAROLINA UTILITIES COMMISSION
MINUTES OF REGULAR COMMISSION STAFF CONFERENCE

September 26, 2022

The Regular Commission Staff Conference of the North Carolina Utilities Commission was held on Monday, September 26, 2022, at 10:00 a.m., with Chair Mitchell presiding.

The following were present:

COMMISSIONERS:

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

COMMISSION STAFF: Mr. Watson, Ms. Fennell, Ms. Duffy, Ms. Hilburn,
Mr. Gajda, Mr. Hardy

PUBLIC STAFF: Mr. Ayers, Ms. Edmondson, Ms. Holt, Ms. Jost, Mr. Creech,
Mr. Freeman, Ms. Keyworth, Ms. Johnson, Ms. Zhang, Mr. McLawhorn, Mr. Floyd,
Mr. D. Williamson, Mr. Nader, Ms. Patel

ATTORNEY GENERAL:

COURT REPORTER: Ms. Mitchell

ELECTRIC*WAIVER OF COMMISSION RULE***Duke Energy Progress, LLC and Duke Energy Carolinas, LLC**

1. Docket No. E-2, Sub 1214 and Docket No. E-7, Sub 1210 – Request for extension of waiver of Commission Rule R12-11(m)(2) regarding premise disconnection visits (*McLawhorn/Holt/Josey*)

On August 31, 2022, Duke Energy Progress, LLC (DEP), and Duke Energy Carolinas, LLC (DEC), (collectively, “the Companies” or “Duke”) filed a Motion for Further Extension of Waiver.

The Public Staff stated that it had reviewed the Company's request, as well as the Effectiveness Report, and recommended that the Commission grant the further extension for the limited waiver of Rule R12-11(m)(2) until June 30, 2024, as filed.

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

*ADJUSTMENT FOR STORM RECOVERY***Duke Energy Progress, LLC**

2. Docket No. E-2, Sub 1262 – Application for approval of storm recovery charge true-up adjustment (*Zhang/Creech*)

On August 31, 2022, Duke Energy Progress, LLC (DEP or Company), as Servicer of the Senior Secured Series A Storm Recovery Bonds (Storm Recovery Bonds), filed a request for an adjustment to the storm cost recovery charges pursuant to the Commission's May 10, 2021 Financing Order, as clarified by the July 13, 2021 Order Clarifying and Correcting Financing Order in this docket (Financing Order).

The Public Staff stated that it had reviewed the filing for mathematical and clerical errors and is satisfied there are no such errors contained in the filing. The Public Staff has not fully reviewed the ongoing financing costs or servicing fees in the present adjustment and reserves its rights to review these amounts in the semi-annual true-up adjustment to be filed by the Company.

The Public Staff recommended that the Company's proposed storm cost recovery charges filed on August 31, 2022, be approved, effective for the period October 1, 2022, through December 31, 2022.

Kathleen Richard, Regulatory Counsel at Duke Energy Corporation, introduced Tom Heath, Director of Corporate Finance; Heather Ford, Senior Accounting Analyst; and

Morgan Beveridge, Manager of Rates and Regulatory Strategy. Mr. Heath responded to questions from the Commission on behalf of the Applicant.

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

Duke Energy Carolinas, LLC

3. Docket No. E-7, Sub 1243 – Application for approval of storm recovery charge true-up adjustment (*Zhang/Creech*)

On August 31, 2022, Duke Energy Carolinas, LLC (DEC or Company), as Servicer of the Senior Secured Series A Storm Recovery Bonds (Storm Recovery Bonds), filed a request for an adjustment to the storm cost recovery charges pursuant to the Commission's May 10, 2021 Financing Order, as clarified by the July 13, 2021 Order Clarifying and Correcting Financing Order in this docket (Financing Order).

The Public Staff stated that it had reviewed the filing for mathematical and clerical errors and is satisfied there are no such errors contained in the filing. The Public Staff has not fully reviewed the ongoing financing costs or servicing fees in the present adjustment and reserves its rights to review these amounts in the semi-annual true-up adjustment to be filed by the Company.

The Public Staff recommended that the Company's proposed storm cost recovery charges filed on August 31, 2022, be approved, effective for the period October 1, 2022, through December 31, 2022.

Kathleen Richard, Regulatory Counsel at Duke Energy Corporation, introduced Tom Heath, Director of Corporate Finance; Heather Ford, Senior Accounting Analyst; and Morgan Beveridge, Manager of Rates and Regulatory Strategy. Mr. Heath responded to questions from the Commission on behalf of the Applicant.

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

DEMAND SIDE MANAGEMENT AND ENERGY EFFICIENCY PROGRAMS

Duke Energy Progress, LLC

4. Docket Nos. E-2, Sub 1304 and E-7, Sub 1274 – Application for approval of proposal to modify and expand availability of EnergyWise Business Program (*Floyd/Keyword*)

On June 30, 2022, Duke Energy Carolinas, LLC (DEC), and Duke Energy Progress, LLC (DEP), (collectively, the Companies) filed proposals (Proposals) to modify and expand the availability of the EnergyWise for Business Programs (Programs) as "new" demand-side management (DSM) programs.

The Public Staff reiterated its conclusions and recommendations as contained within its August 31, 2022 comments; stated that the Proposals contained the information required by Commission Rule R8-68 and were consistent with N.C.G.S. § 62-133.9; and indicated that the Companies' estimates of program costs, net lost revenue, and performance incentive appeared to be consistent with the requirements of the currently approved DSM/EE cost recovery mechanisms.

The Public Staff further stated that, after the Public Staff filed its comments, the Companies provided information indicating that the addition of the BYOkW Option would increase the overall cost-effectiveness of both Programs. The increase is a result of the BYOkW Option's higher UCT results (2.62 and 2.50 for DEC and DEP, respectively). Overall, the modifications increase the UCT results of the Programs from 1.54 to 1.88 for DEC's Program, and from 0.87 to 1.38 for DEP's Program. The Public Staff also stated that the BYOkW Option would provide the Companies with additional winter peaking DSM resources.

The Public Staff recommended that the Commission approve the Companies' Proposals.

This item was taken to Executive Conference for further discussion and consideration.

Duke Energy Carolinas, LLC

5. Docket No. E-7, Sub 1032 – Application for approval of proposal to modify residential Power Manager Load Control Service – Rider PM (*Floyd/Keyworth*)

On August 5, 2022, Duke Energy Carolinas, LLC (DEC or the Company), filed a proposal (Proposal) to modify and expand its Residential Power Manager Load Control Service Program (Program) as a "new" demand-side management (DSM) program.

The Public Staff reiterated its conclusions and recommendations as contained within its September 9, 2022 comments and stated that the Proposal contained the information required by Commission Rule R8-68, was consistent with N.C.G.S. § 62-133.9, and provided estimates of program costs, net lost revenue, and performance incentive that appeared to be consistent with the requirements of the currently approved DSM/EE cost recovery mechanism.

The Public Staff further stated that, after the Public Staff filed its comments, DEC provided information indicating that the addition of the Heating LCD Option would slightly decrease the overall cost-effectiveness of the Program. The Heating LCD Option's Utility Cost Test (UCT) results (1.91) bring the UCT of the Program, as modified, from 5.28 to 5.12. The Public Staff also stated that modifications were intended to provide DEC additional winter peaking DSM resources and that the reduction in cost-effectiveness was acceptable.

The Public Staff recommended that the Commission approve the Company's Proposal.

This item was taken to Executive Conference for further discussion and consideration.

AFFILIATE AGREEMENTS

Dominion Energy North Carolina

6. Docket No. E-22, Sub 642 – Notice of affiliate agreements with Dominion Privatization Virginia, LLC and Dominion Privatization Holdings, Inc. (*Zhang/Freeman*)

On June 9, 2022, Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC or the Company), filed a Notice of Affiliate Transactions pursuant to N.C. Gen. Stat. § 62-153(a) and Regulatory Condition 3.1(a) as approved by the Commission's 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).

The Public Staff recommended that the Commission accept the Agreement between DPV and DENC and the Agreements between DPHI and DENC, subject to the following conditions:

- (1) The Commission's acceptance of the proposed Military Asset Transfer Agreement shall extend for three years from the effective date of the order granting acceptance in this docket. If the transfer does not close within that period, a separate acceptance or, as needed, approval shall be required;
- (2) DENC shall be required to file a notice with the Commission within 30 days of the closing of the Military Asset Transfer. The notice shall include the transfer closing date, the names of the parties to the transfer, the transfer price, and the accounting journal entries for the transfer as recorded by DENC;
- (3) The Commission's acceptance of the proposed System Usage Agreement shall extend for five years from the effective date of the order in this case. If the Applicants wish to continue the System Usage Agreement beyond that date, a separate acceptance or, as needed, approval shall be required;
- (4) DENC shall file with the Commission a signed and executed copy of the approved System Usage Agreement within 60 days of the effective date of the Order;
- (5) A separate Commission acceptance or, as needed, approval shall be required for DENC to supply Uses or Services to DPHI under the System Usage Agreement through the engagement of any affiliated third parties;
- (6) The Commission's acceptance shall be limited to the specific Uses and Services listed and described in the System Usage Agreement. If DENC wishes to supply additional Uses or Services not specifically identified and

described in the System Usage Agreement, a separate acceptance shall be required;

- (7) A separate Commission acceptance or, as needed, approval shall be required for any changes in the terms and conditions of the System Usage Agreement;
- (8) DENC shall maintain records, which are available to the Commission and Public Staff upon request, to verify that DPHI's use of DENC's Systems complies with DEI's security protocols, and that DENC customer information is kept secure;
- (9) 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 the Commission;
- (10) The Commission's acceptance of the Agreements shall have no accounting or ratemaking implications;
- (11) The Commission's acceptance 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;
- (12) 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;
- (13) DENC shall include all transactions associated with the System Usage Agreement in its Annual Report of Affiliate Transactions (ARAT); and
- (14) DENC shall file the annual new CIS System costs to be used in the calculation of the monthly charge to DPHI with the Commission and Public Staff once the new CIS system is in place and final costs are known.

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

*WAIVER OF CODE OF CONDUCT***Dominion Energy North Carolina**

7. Docket No. E-22, Sub 634 – Petition for limited waiver of Sections III.A.2(b) and (g) of Company's Code of Conduct (*Zhang/Freeman*)

On May 25, 2022, Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC or Company), filed a petition for a limited waiver of Sections III.A.2(b) and (g) of the Company's Code of Conduct (Code of Conduct), which was approved by the Commission on November 19, 2018, in Docket Nos. E-22, Sub 551 and G-5, Sub 585.

The Public Staff presented this item at the Commission's September 26, 2022 Regular Staff Conference and stated that the circumstances set forth by DENC in support of its request justify the requested limited waiver. The Public Staff, therefore, recommended that the Commission grant DENC's request subject to the following conditions:

1. The Public Staff and Commission will have ongoing review as to the appropriateness and reasonableness of the limited waiver, including, but not limited to DENC's compliance with the Code of Conduct and all regulatory conditions placed upon it by the Commission, as currently approved, and as may be revised in the future;
2. All terms of the limited waiver will remain subject to ongoing review as to their appropriateness and reasonableness and to modification by Commission order, upon the Commission's own motion or upon the motion of any party;
3. The authority granted by the Commission in this proceeding will be without prejudice to the right of any party to take issue with the limited waiver in a future proceeding;
4. The limited waiver granted herein shall expire on the in-service date of the CIS; however, DENC may petition to extend this deadline if needed;
5. The Company will distribute a summary of all the specific rules and prohibitions concerning access to, and use of, CBMS and Customer Information to the Transferred Employees (and successor employees who hold these position) who are granted access to CBMS, notify the Commission of such distribution, and provide the Commission with a copy of the documentation provided to the Transferred Employees within 30 days of such distribution;
6. Access to the CBMS system containing the Customer Information will be restricted to only DPHI employees with a work-related need to use the CBMS system;

7. Access to CBMS will not be provided to other employees of DPHI, other DENC affiliates, or DENC's Nonpublic Utility Operations;
8. DENC will run weekly reports of these DPHI employees' usage of CBMS indicating if any of the employees viewed Customer Information;
9. In the event any inappropriate viewing or use of Customer Information occurs at any time related to the limited waiver, DENC will file a statement with the Commission in this docket as soon as possible describing the facts and circumstances surrounding the inappropriate disclosure, the information disclosed, the results of the disclosure, and the mitigating and other steps taken to address the disclosure;
10. DPHI employees will not use any inappropriately viewed Customer Information to discuss, market, or sell any product or service to DENC Customers;
11. DPHI employees will not use inappropriately viewed Customer Information to contact Customers;
12. The Transferred Employees will be prohibited from directing or encouraging any actions based on any inappropriately viewed Customer Information by other employees of DPHI, other DENC affiliates, or DENC's Nonpublic Utility Operations; and
13. DENC will file notice in this docket when the CIS with the security measures is in place and the limited waiver is no longer necessary.

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

NATURAL GAS

COMPRESSED NATURAL GAS SERVICE TAX CREDIT ADJUSTMENT

Piedmont Natural Gas Company Inc.

8. Docket No. G-9, Sub 812 – Application for authorization to flow-through alternative tax credits to compressed natural gas retail sales customers (*Patel/Brown/Jost*)

On September 1, 2022, Piedmont Natural Gas Company, Inc. (Piedmont), filed a petition pursuant to Commission Rules R1-4 and R1-5 seeking authorization for the flow-through of certain Alternative Motor Vehicle Fuel Excise Tax Credits to its customers receiving compressed natural gas service through a reduction in rates applicable to service under its Rate Schedule 142 and Commission-approved special contract fleet fueling agreements.

The Public Staff stated it had reviewed the petition, proposed rate adjustments, and other information provided by Piedmont.

The Public Staff recommended approval as filed.

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

GAS COST ADJUSTMENTS

Public Service Company of North Carolina, Inc.

9. Docket No. G-5, Sub 652 – Petition for rate adjustments resulting from increase in Benchmark Cost of Gas, effective October 1, 2022 (*Nader/Brown/Holt*)

On September 16, 2022, Public Service Company of North Carolina, Inc. (PSNC), filed an application pursuant to N.C. Gen. Stat. § 62-133.7 and § 62-133.4, and Rule R1-17(k)(3) and (5)(d) of the Rules of Practice and Procedure of the North Carolina Utilities Commission and Rider C and D of the Company's Tariffs requesting authority to adjust its rates effective October 1, 2022, pursuant to Rider C, to implement new temporary increments in its rates for residential, small general service, and medium general service customers and to implement, pursuant to Rider D, an increase in its commodity benchmark cost of gas.

The Public Staff stated it had reviewed the application and proposed rate adjustments and found them to be in compliance with PSNC's tariffs.

The Public Staff recommended approval as filed.

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

Piedmont Natural Gas Company Inc.

10. Docket No. G-9, Sub 813 – Petition for rate adjustments resulting from increase in commodity Benchmark Cost of Gas, effective October 1, 2022 (*Patel/Brown/Jost*)

On September 16, 2022, Piedmont Natural Gas Company, Inc. filed a petition, pursuant to N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3), and Appendix A of its North Carolina Service Regulations, requesting authority to increase its rates and charges, effective October 1, 2022, as a result of the net effect of (1) a proposed increase in its Benchmark Cost of Gas from the current \$6.00 per dekatherm (dt) to a rate of \$8.25 per dt; and (2) a reduction in the demand charge component of its rates.

The Public Staff stated it had reviewed the proposed rate changes.

The Public Staff recommended approval as filed.

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

Minutes of the Regular Commission Staff Conference of September 19, 2022 were approved.

Minutes prepared by Le Anne Ackerman.