

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. G-5, SUB 565

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Petition of Public Service Company of	)	ORDER APPROVING
North Carolina, Inc. for a General	)	EXTENSION OF INTEGRITY
Increase in its Rates and Charges	)	MANAGEMENT TRACKER

BY THE COMMISSION: On October 28, 2016, the Commission issued an Order Approving Rate Increase and Integrity Management Tracker (Rate Order) in the above-captioned docket. The Rate Order granted the application of Public Service Company of North Carolina, Inc. (PSNC) for an increase in its base rates, and approved implementation of an Integrity Management Tracker (IMT) by PSNC effective November 1, 2016, pursuant to N.C. Gen. Stat. § 62-133.7A. In summary, the IMT is a cost recovery mechanism that allows PSNC to timely recover its costs of compliance with federal pipeline safety and integrity management requirements of the Pipeline and Hazardous Materials Safety Administration (PHMSA). The Rate Order further provided that the IMT be added as Rider E to PSNC's service regulations, and that the IMT be reviewed by the Commission within four years of its implementation, or in PSNC's next general rate case, whichever came first.

On January 24, 2018, Dominion Energy, Inc. and SCANA Corporation, parent company of PSNC, filed an application in Docket Nos. E-22, Sub 551, and G-5, Sub 585 for authorization to engage in a business combination transaction. On November 19, 2018, the Commission issued its Order Approving Merger Subject to Regulatory Conditions and Code of Conduct (Merger Order), approving the merger of SCANA Corporation with Dominion Energy, Inc. The Merger Order, among other conditions, directed that PSNC shall not file an application for a general rate case proceeding prior to April 1, 2021.

On June 29, 2020, PSNC filed a Petition requesting that the Commission review the IMT mechanism and extend it for two years, or until PSNC's next general rate case, whichever comes first. In summary, PSNC stated that because PSNC cannot file an application for a general rate case prior to April 1, 2021, the IMT will expire on November 1, 2020, unless it is reviewed and extended by order of the Commission. Further, PSNC stated that since PSNC's 2016 general rate case PSNC has made substantial capital investments in projects designed to comply with PHMSA's pipeline safety requirements, and that PSNC's capital investment projects, costs, and accounting for said costs are detailed in PSNC's biannual and monthly compliance reports filed in Docket No. G-5, Sub 565C. Moreover, PSNC cited several reasons that it contended the IMT should be extended:

- (1) The IMT is necessary to ensure PSNC's ability to timely invest in and earn on capital expenditures required by PHMSA regulations;
- (2) The IMT enables PSNC to avoid repeatedly filing general rate cases to recover federally-required capital investments in transmission and distribution pipeline integrity management projects;
- (3) The current IMT serves the public interest by limiting the nature of the costs recoverable through the IMT, and requiring adjustments to the MIT charges every six months; and
- (4) Due to potentially expanded PHMSA regulatory requirements, it is imperative to maintain the IMT as a means of facilitating PSNC's pipeline safety investments.

Finally, PSNC stated that it had discussed this matter with the Public Staff and the Public Staff does not oppose extending the IMT for up to two years.

On July 2, 2020, the Commission issued an Order requesting interested parties to file comments on PSNC's proposed extension of the IMT on or before July 20, 2020, and reply comments on or before July 31, 2020.

No party filed comments or reply comments.

On July 31, 2020, PSNC filed a letter with the Commission noting that no party filed comments, and stating that no party has ever commented on the Company's monthly or biannual IMT compliance reports, or requested that Rider E be modified or terminated. As a result, PSNC renewed its request that the Commission extend the IMT until the earlier of the Company's next general rate case or two years from November 1, 2020.

Based on the foregoing and the record herein, the Commission finds good cause to grant PSNC's request to postpone a full review of the IMT mechanism and extend the current IMT.

IT IS, THEREFORE, ORDERED as follows:

1. That a full review of PSNC's IMT mechanism shall be, and is hereby, postponed, and the current IMT is extended; and

2. That the IMT mechanism shall be reviewed by the Commission at the earlier of November 1, 2022, or in PSNC's next general rate case, after which review the IMT mechanism may be extended, modified, or terminated.

ISSUED BY ORDER OF THE COMMISSION.

This the 10th day of August, 2020.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in dark ink, appearing to read "Jan H. Ful", is written over a faint, circular official stamp.

Janice H. Fulmore, Deputy Clerk