

# NORTH CAROLINA UTILITIES COMMISSION

## MINUTES OF REGULAR COMMISSION STAFF CONFERENCE

**April 18, 2022**

The Regular Commission Staff Conference of the North Carolina Utilities Commission was held on Monday, April 18, 2022, at 10:00 a.m., with Chair Mitchell presiding.

The following were present:

**COMMISSIONERS:**

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

**COMMISSION STAFF:** Mr. Watson, Mr. Green, Ms. Fennell, Ms. Duffy, Ms. Jarvis, Ms. Hilburn, Ms. Zhang, Mr. Barber, Mr. Hardy, Mr. McCoy

**PUBLIC STAFF:** Mr. Ayers, Ms. Downey, Ms. Holt, Ms. Jost, Mr. Creech, Mr. Maness, Ms. Boswell, Mr. Akpom, Mr. McLawhorn, Mr. Floyd, Mr. Junis, Ms. Proffitt, Ms. Bhatta

**ATTORNEY GENERAL:**

**COURT REPORTER:** Ms. Mitchell

**ELECTRIC***AFFILIATE AGREEMENT (Akpom/Boswell/Holt/Coxton)***Dominion Energy North Carolina**

1. Docket No. E-22, Sub 613 – Application for approval of inventory purchase and sale agreement between Dominion Energy North Carolina and Dominion Privatization South Carolina.

On January 27, 2022, Virginia Electric and Power Company d/b/a Dominion Energy North Carolina (DENC) filed, pursuant to N.C. Gen. Stat. § 62-153(b) 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), an application for approval of an inventory purchase and sale agreement (Agreement) between Dominion Privatization South Carolina, LLC (DPSC) and DENC for the purchase and sale of various spare parts, equipment, and materials utilized in the operation of each entity's operating fleet from time to time on an as-needed basis. DENC stated that the Agreement is in the public interest because the provisions of the agreement meet the transfer pricing requirements of Section III.D.3 of DENC's Code of Conduct as approved by the Merger Order, and DPSC will not be unduly benefitted or cross-subsidized at DENC's or its customers' expense.

The Public Staff stated that it has completed its review of the Agreement and the order of VSCC and agreed with the opinion of the VSCC pertaining to the conditions for approval of the Agreement.

The Public Staff recommended that the Commission approve the Agreement between DPSC and DENC, subject to conditions listed in their Proposed Order Approving Inventory Purchase And Sale Agreement.

Andrea Kells, counsel at McGuireWoods LLP, responded to questions from the Commission on behalf of the Applicant.

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

*MODIFICATION TO SERVICE REGULATIONS (Floyd/Edmondson)***Duke Energy Carolinas, LLC**

2. Docket No. E-7, Sub 1251 – Application for approval to revise service regulations to allow certain customers who were on customized meter reading schedules prior to the deployment of Customer Connect to retain those schedules.

On March 25, 2022, Duke Energy Carolinas, LLC (DEC), filed a request for approval to revise its Service Regulations to allow certain customers who were on customized meter

reading schedules prior to deployment of the Customer Connect billing system to retain those schedules.

The Public Staff stated that it has reviewed the request and believes it to be a reasonable accommodation for the single customer who would be adversely impacted by the Waiver Order, as well as providing an additional billing option for other customers with similar circumstances. The Public Staff further stated that it agrees with the Company's approach to revise the service regulations, rather than request a waiver of the service regulations for customer-specific reasons,<sup>1</sup> as waiving Commission-approved service regulations or other conditions of utility service for specific customer needs can result in a piecemeal approach to regulatory conditions of service.

The Public Staff recommended that DEC's proposed modification to the Service Regulations be approved as filed, effective this date, and that DEC shall file with the Commission, within 10 days following the date of the order, a revised Service Regulations showing the effective date.

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

## **WATER AND WASTEWATER**

### *APPROVING CONSERVATION PILOT PROGRAM REVENUE RECONCILIATION SURCREDIT AND REQUIRING CUSTOMER NOTICE (Junis/Henry/Jost)*

#### **Aqua North Carolina, Inc.**

3. Docket No. W-218 Sub 526A – Request for a Conservation Pilot Program annual revenue reconciliation surcredit.

The item was withdrawn by the Public Staff.

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<sup>1</sup> Revision rather than waiver of the service regulations is consistent with the dissent of Commissioner Hughes to the Waiver Order where he noted that he believed "the better option to be revision of the existing rules to better accommodate new billing systems and new billing approaches, in contrast to these grants of limited waivers."

*APPROVING SECONDARY WATER QUALITY IMPROVEMENT PROJECTS  
(Darden/Jost)*

**Aqua North Carolina, Inc.**

4. Docket No. W-218 Sub 526A – Application for approval to implement secondary water quality system improvement project for Foxboro Estates Well No. 3.

On November 9, 2021, Aqua filed an application for approval to implement secondary water quality system improvement projects pursuant to N.C.G.S. § 62-133.12 and Commission Rule R7-39 (Application).

The Public Staff stated that it has reviewed the filter project proposed by Aqua.<sup>1</sup> Based upon its review of documents and other information provided by Aqua and discussions with Aqua's engineers and operations managers, the Public Staff stated that the proposed filter is necessary for Aqua to provide adequate secondary standard water quality.

The Public Staff recommended that Aqua North Carolina, Inc., be authorized to implement the filtration project proposed in its November 9, 2021 Application to comply with secondary water quality standards.

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

*ESTABLISHING GENERAL RATE CASE AND SUSPENDING RATES  
(Darden/Allison/Culpepper)*

**HISCO East, LLC**

5. Docket No. W-1297 Sub 16 – Application seeking authority to increase its rates for providing sewer utility service at Harker's Island in Carteret County, North Carolina.

On March 28, 2022, HISCO East, LLC (HISCO East, formerly known as Harkers Island Sewer Company LLC), filed an application with the Commission seeking authority to increase its rates for providing sewer utility service at Westbay, James Creek, By the Bay, Harkers Point, Harkers Village Phases I and II, Cape Lookout National Seashore, Island Road Extension, and Beach Hammock service areas in Carteret County, North Carolina (Application). The Application states that HISCO East serves approximately 133 flat rate

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<sup>1</sup> The Public Staff has previously filed a Secondary Water Quality Report and Recommendations regarding Aqua's applications for approval to implement secondary water quality system improvement projects. The Public Staff stated that it maintains its positions set forth in those reports regarding the appropriate use of filtration. However, because these reports typically provide the same information as previously filed versions, the Public Staff plans to discontinue the filing of these reports prior to presenting its recommendations at Staff Conference unless Aqua's applications are materially different or otherwise necessitate a more detailed discussion by the Public Staff.

sewer customers. This is the first time HISCO East has come before the Commission requesting an adjustment and increase in its rates.

The Public Staff recommended that the Commission issue an order establishing a general rate case and suspending rates.

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

Charles Junis, Director of the Water, Sewer, and Telephone Division at the North Carolina Public Staff - Utilities Commission introduced their new team member to the Commission, Shashi Bhatta, Public Utilities Engineer.

Jack Jirack, Deputy General Counsel at Duke Energy Corporation introduced their new team member to the Commission, Jason Higginbotham, Associate General Counsel.

Minutes of the Regular Commission Staff Conference of March 28, 2022 were approved.

Minutes prepared by Le Anne Ackerman.