

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

STAFF CONFERENCE AGENDA
November 20, 2023
Commission Hearing Room 2115, 10:00 a.m.

ELECTRIC

AFFILIATE AGREEMENTS

Dominion Energy North Carolina

1. Docket No. E-22, Sub 659 - Application of DENC for approval of an inventory purchase and sale agreement between DENC and future solar affiliates (*Boswell/Freeman*)
2. Docket No. E-22, Sub 671 - Application of DENC for approval of an inventory services agreement between DENC and Dominion Privatization Holdings, Inc. (*Cofield/Freeman*)

ENERGY EFFICIENCY PROGRAMS

Duke Energy Progress, LLC and Duke Energy Carolinas, LLC

3. Docket No. E-2, Subs 936 and 1174, and Docket No. E-7, Subs 1032 and 1164 – Applications of DEP and DEC for approval of modifications to existing Commission-approved residential Smart Saver Energy Efficiency Programs pursuant to Commission Rule R8-68 (*T. Williamson/Keyworth*)

NATURAL GAS

CORPORATE REORGANIZATION

Public Service Company of North Carolina, Inc.

4. Docket No. G-5, Sub 664 - Application of PSNC for approval of a corporate reorganization resulting in PSNC becoming a wholly owned direct subsidiary of Fall North Carolina Holdco, LLC (*Johnson/Patel/Culpepper*)

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

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-22, SUB 659

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Petition by Virginia Electric and Power	)	JOINT PROPOSED ORDER
Company, d/b/a Dominion Energy North	)	APPROVING INVENTORY
Carolina, to Enter Into an Inventory Purchase	)	PURCHASE AND SALE
and Sale Agreement	)	AGREEMENT

BY THE COMMISSION: On November 29, 2022, Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC or the Company), filed an Application (Application) for Approval of Inventory Purchase and Sale Agreement (Agreement) for the purchase and sale of materials, equipment, supplies, and capitalized spare parts between DENC and existing and future affiliate solar project companies and such companies' existing and future subsidiaries that own solar generation or energy storage facilities (Solar Affiliates) in the operation of their respective businesses on an as-needed basis under N.C. Gen. Stat. § 62-153(b) and Regulatory Condition 3.1(a) as approved by the Order Approving Merger Subject to Regulatory Conditions and Code of Conduct issued by the North Carolina Utilities Commission (Commission) on November 19, 2018, in Docket Nos. E-22, Sub 551 and G-5, Sub 585 (Merger Order).

DENC's Application states that the Company and the Solar Affiliates each purchase and maintain an inventory (Inventory) of various materials, equipment, supplies, and capitalized spare parts (Assets) used in the operation and maintenance of their respective facilities. The Company explains that, from time to time, the Company or the Solar Affiliates may not have a specific Asset in their Inventory needed for the maintenance of a particular facility, including transmission and distribution facilities. In such situations, the Company states that DENC or the Solar Affiliates typically must obtain the Asset from a third-party supplier at prevailing market prices, which may involve long lead times that could jeopardize the reliable operation of their facilities. The Company states further that the Agreement would enhance operational reliability to the extent that the Company or the Solar Affiliates would be able to utilize the Assets in each other's Inventory in the timeframe in which such Assets are needed, particularly in times of supply chain delays and equipment shortages.

The Application states that purchases by the Company from the Solar Affiliates pursuant to the Agreement will occur at the lower of cost or market price, and sales by the Company to the Solar Affiliates will occur at the higher of cost or market price. The Company represents that the provisions of the Agreement therefore meet the transfer pricing requirements of the Company's Code of Conduct as approved by the Merger Order and the Solar Affiliates will not be unduly benefitted or cross-subsidized at the Company's or its customers' expense by approval of the Agreement.

In light of its review, the Public Staff recommended that the Commission approve the Agreement between DENC and the Solar Affiliates, subject to the following conditions:

1. DENC's participation in this Agreement is voluntary. DENC is not obligated to take or provide services or make any purchases or sales pursuant to this Agreement, and DENC may elect to discontinue its participation in this Agreement after giving notice under Section 5(a) of the Agreement.
2. DENC shall file and maintain in this Docket a list identifying all current and future Solar Affiliates that may be parties to this Agreement. No transfer of any service, Inventory, Assets, or thing of value shall be made to a Solar Affiliate which has not been on said list for at least 30 days.
3. This Agreement is subject to annual renewal. DENC shall file notification of its intent to renew with the Commission at least 90 calendar days in advance of the yearly renewal date. The Agreement will automatically renew unless the Public Staff files concerns with the Commission.
4. At the time that it files the notice of its intent to renew the Agreement, DENC shall provide to the Public Staff the total amount by FERC account of any payments made by DENC under the Agreement and any amounts received by DENC under the Agreement over the prior year.
5. The Company shall be required to maintain records demonstrating that any purchases made under the proposed Agreement are at the lower of cost or market and any sales under the proposed Agreement are at the higher of cost or market. DENC shall bear the burden of proving, in any rate proceeding, that it paid the Solar Affiliates the lower of cost or market for any goods or services received and received the higher of cost or market for any goods or services sold under the proposed Agreement.
6. The Commission's approval of the Agreement shall have no accounting or ratemaking implications.
7. DENC may not make or incur a charge under this Agreement except in accordance with North Carolina law and the rules, regulations, and orders of the Commission promulgated thereunder.
8. The Commission's approval of the 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 or from DENC under the Agreement.

9. DENC will not assert in any forum that the Commission's authority to assign, allocate, make pro-forma adjustments to, or disallow revenues and costs for retail ratemaking and regulatory accounting and reporting purposes is preempted and will bear the full risk of any preemptive effects of federal law with respect to this Agreement.
10. The annual aggregate limit on all transfers of good or services under this Agreement shall be \$1.5 million. The \$1.5 million aggregate annual limit is not per entity but instead is calculated on the basis of all transfers regardless of entities. Additionally, to facilitate monitoring of this requirement DENC shall work with the Public Staff to maintain a single document that sets forth all transfers of all goods and services under this Agreement (whether to or from DENC) in a manner that reasonably informs the Public Staff of all transactions (both current and historical) and the aggregate limit remaining under this Agreement.
11. DENC shall retain all appropriate documentation verifying compliance with the terms of this Agreement for Public Staff and Commission review.
12. DENC shall submit to the Commission for approval any changes in the terms and conditions of this Agreement.
13. DENC shall include all transactions associated with the Agreement in its Annual Report of Affiliate Transactions (ARAT).
14. For ratemaking purposes, the Commission's approval of DENC's participation in this Agreement does not constitute approval of the amount of compensation paid with respect to transactions pursuant to the Agreement and that the authority granted by the Commission is without prejudice to the right of any party to take issue with any provision of the Agreement or with any transaction pursuant thereto in a future proceeding.

Based on the foregoing and the record, the Commission concludes that pursuant to N.C.G.S. § 62-153(b), the Agreement should be approved, subject to the conditions recommended by the Public Staff, as set forth above.

IT IS, THEREFORE, ORDERED as follows:

That the Inventory Purchase and Sale Agreement is approved, subject to the conditions recommended by the Public Staff, as enumerated in the body of this order.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of November, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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**STATE OF NORTH CAROLINA
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RALEIGH**

DOCKET NO. E-22, SUB 671

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application for Approval of Affiliate Services)	
Agreement Pursuant to N.C. Gen. Stat. § 62-	)	ORDER APPROVING
153(b) by Virginia Electric and Power	)	SERVICES AGREEMENT AND
Company, d/b/a Dominion Energy North	)	SETTING CONDITIONS
Carolina)	

BY THE COMMISSION: On September 21, 2023, Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC or the Company), filed a Notice of Affiliate Services Agreement 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).

Dominion Privatization Holdings, Inc. (DPHI), DENC's affiliate, was formed as a holding company for the privatization project companies held by Dominion Energy Inc. (DEI). DENC seeks to leverage DPHI's expertise for the benefit of federal agency customers by entering into the DPHI Services Agreement (Agreement) to permit DPHI to perform work on behalf of the Company as a subcontractor to provide utility infrastructure services as set forth in Exhibit A to the Company's Areawide Public Utilities Contract with the federal government (Areawide Contract). Additionally, from time to time, the Company may engage DPHI as a subcontractor for the purpose of responding to requests for qualifications (RFQs) for utility energy services contracts to provide services as set forth in Exhibit B to the Areawide Contract.

Under the Agreement, DPHI will provide energy and utility infrastructure services for federal customers on behalf of the Company pursuant to the Areawide Contract and may serve as a subcontractor for the Company. The federal government will pay DENC the costs of those services plus a margin. DENC would then pay DPHI the costs of performing the requested work, and DENC would retain the margin. The Company stated that the transactions would be recorded below the line with no impact to DENC's jurisdictional customers.

The Virginia State Corporation Commission (VSCC) approved the Agreement on May 30, 2023, subject to certain requirements.

The Public Staff has reviewed the Agreement filed with the Commission and the VSCC as well as the order of the VSCC.

The Public Staff presented this item at the Commission's Regular Staff Conference on November 13, 2023. The Public Staff stated that it had completed its review of the Agreement and the order of VSCC. Considering its review, the Public Staff recommended that the Commission accept the Agreement between DPHI and DENC, subject to the following conditions.

- (1) DENC shall file with the Commission a signed and executed copy of the DPHI Services Agreement approved in this case within 60 days of the effective date of the Order in this case;
- (2) The Commission's approval shall be limited to the specific Uses and Services listed and described in Exhibits A and B of the Agreement. If DENC wishes to contract DPHI for additional services not specifically identified and described in Agreement, a separate approval shall be required;
- (3) A separate Commission approval shall be required for any changes in the terms and conditions of the Agreement;
- (4) The Commission reserves the right to examine the books and records of any affiliate in connection with the Agreement, whether or not such affiliate is regulated by the Commission;
- (5) The Commission's approval of the Agreement shall have no accounting or ratemaking implications;
- (6) The Commission's approval of the 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;
- (7) The authority granted by the Commission in its 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; and
- (8) DENC shall include all transactions associated with the Agreement in its Annual Report of Affiliate Transactions (ARAT).

Based on the foregoing and the record, the Commission concludes that pursuant to N.C.G.S. § 62-153(b), the Agreement should be accepted, subject to the conditions recommended by the Public Staff, as set forth above.

IT IS, THEREFORE, ORDERED as follows:

That the DPHI Services Agreement is approved, subject to the conditions recommended by the Public Staff, as enumerated in the body of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of November, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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**STATE OF NORTH CAROLINA
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E-2, Sub 936
E-2, Sub 1174
E-7, Sub 1032
E-7, Sub 1164

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 936

In the Matter of
Application of Duke Energy Progress, LLC, for
Approval of Modifications to Residential Smart
Saver Energy Efficiency Program

DOCKET NO. E-2, SUB 1174

In the Matter of
Application of Duke Energy Progress, LLC, for
Approval of Demand-Side Management and
Energy Efficiency Cost Recovery Rider
Pursuant to Gen. Stat. § 62-133.9 and
Commission Rule R8-69

DOCKET NO. E-7, SUB 1032

In the Matter of
Application by Duke Energy Carolinas, LLC, for
Approval of Modifications to Residential Smart
Saver Energy Efficiency Program

DOCKET NO. E-7, SUB 1164

In the Matter of
Application of Duke Energy Carolinas, LLC, for
Approval of Demand-Side Management and
Energy Efficiency Cost Recovery Rider
Pursuant to N.C. Gen. Stat. § 62-133.9 and
Commission Rule R8-69

**ORDER APPROVING
PROGRAM MODIFICATIONS
AND EXPANSION**

BY THE COMMISSION: On September 11, 2023, Duke Energy Carolinas, LLC (DEC), and Duke Energy Progress, LLC (DEP and, together with DEC, Duke Energy or the Companies) filed a request for approval of Proposed Modifications

to the Existing Commission-Approved Residential Smart \$aver Energy Efficiency Program (Program(s)) in the above-captioned dockets pursuant to Commission Rule R8-68 (Modification Proposals).¹ The Programs are intended to encourage and assist residential customers with the installation of energy efficiency (EE) measures to reduce energy usage.

In the Modification Proposals, Duke Energy explained that the Companies will (1) expand the Programs' availability to multi-family residential customers; (2) update the HVAC measures so that eligible measures must be above the federal baseline updated on January 1, 2023; and (3) require duct sealing to be part of the HVAC replacement measure where applicable. In addition, the Companies' proposed tariffs demonstrate the addition of a provision that incentive payments shall be determined by the Company in an amount not to exceed 50 percent of the installed cost difference between standard equipment or service and higher efficiency equipment or service.² According to the Companies, the expansion to multi-family residential customers and the change to the customers' incentive payment will increase the Programs' participation and savings, and the changes collectively will drive increased EE savings to the benefit of all customers.

The Companies' Proposals request that the Commission (1) approve the Programs, provided as Attachment G to the Companies' Proposals, at the Commission's earliest convenience; (2) find that the Programs meet the requirements of "new" EE programs consistent with Commission Rule R8-69; (3) find that the costs of the Programs continue to be eligible for recovery through the respective company's annual DSM/EE riders in accordance with Commission Rule R8-69(b); and (4) approve the proposed utility incentives for inclusion in the annual DSM/EE riders in accordance with Commission Rule R8-69.

On October 11, 2023, the Public Staff filed a letter stating that it reviewed the Proposed Modifications and that Duke Energy has been complying with the updated federal baseline since the change became effective on January 1, 2023. In addition, the Public Staff noted that the modifications sought by the Companies would result in increased participation and energy savings of approximately 2.5 percent for both metrics. In the Public Staff's view, the changes proposed have the potential to encourage EE, are consistent with the Companies' integrated resource

¹ DEP's Program was initially approved as the Home Energy Improvement Program on April 30, 2009, in Docket No. E-2, Sub 936, and was later modified pursuant to the Commission's Order Approving Program Modifications issued on September 11, 2017, in Docket No. E-2, Sub 936; and the Commission's Order Approving Program Modifications issued on February 27, 2019, in Docket No. E-7, Subs 936 and 1174. DEC's Program was initially approved as the Heating Ventilation and Air Conditioning (HVAC) Energy Efficiency Program on October 29, 2013, in Docket No. E-7, Sub 1032, and was later modified pursuant to the Commission's Order Approving Program Modifications issued on September 11, 2017, in Docket No. E-7, Sub 1032; and the Commission's Order Approving Program Modifications issued on January 7, 2019, in Docket No. E-7, Subs 1032 and 1164.

² The Companies note that the update to the HVAC measures and duct sealing requirement will not necessitate changes to the tariff because the tariff language provides the Companies the flexibility to institute this type of update.

plans, are in the public interest, and should be approved as “new” EE Programs pursuant to Commission Rule R8-68. On November 20, 2023, the Public Staff presented this item at the Commission’s regularly held Staff Conference and recommended approval of the requested modifications as filed.

Based on the foregoing, the Commission is of the opinion that the Modification Proposals to the Programs should be approved.

IT IS, THEREFORE, ORDERED:

1. That the Companies’ proposed modifications to the Residential Smart \$aver Energy Efficiency Programs are hereby approved;
2. That the Companies’ Residential Smart \$aver Energy Efficiency Programs are eligible for recovery of program costs and incentives, in accordance with N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-69;
3. That the proposed utility incentives be included in the annual DSM/EE rider in accordance with Commission Rule R8-69;
4. That the Commission shall determine the appropriate ratemaking treatment for the Residential Smart \$aver Energy Efficiency Programs, including program costs and utility incentives, in the Companies’ respective annual cost recovery riders, in accordance with N.C.G.S. § 62-133.9 and Commission Rule R8-69; and
5. That the Companies shall file with the Commission, within 10 days following the date of this order, revised tariffs showing the effective date of the tariffs.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of November, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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**STATE OF NORTH CAROLINA
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DOCKET NO. G-5, SUB 664

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application of Public Service Company of	)	ORDER APPROVING
North Carolina, Inc., for Approval of Corporate	)	CORPORATE
Reorganization	)	REORGANIZATION

BY THE COMMISSION: On September 8, 2023, Public Service Company of North Carolina, Inc. (PSNC or the Company) filed an Application for Approval of Corporate Reorganization (Application) pursuant to N.C. Gen. Stat. § 62-111 and Rule R1-5 of the Rules and Regulations of the North Carolina Utilities Commission (Commission), requesting expedited Commission approval of its proposed reorganization that will result in PSNC becoming a wholly-owned direct subsidiary of a new holding company, Fall North Carolina Holdco, LLC (NC Holdco).

The Application stated that PSNC is currently a wholly-owned direct operating subsidiary of SCANA Corporation (SCANA). The Application further stated that SCANA is a direct wholly-owned subsidiary of Dominion Energy, Inc. (Dominion Energy), and Dominion Energy is the ultimate indirect corporate parent of PSNC. In support of its Application, PSNC stated that Dominion Energy intends to sell its ownership interest in PSNC and retain ownership of the other entities held by SCANA, PSNC's current holding company. The Application further provided that the proposed reorganization will facilitate the sale of PSNC and that Commission approval of the reorganization would have no impact on the Commission's authority to review the eventual sale of PSNC. PSNC requested that the Commission approve the Application within 60 days to facilitate the sale of PSNC.

In the Application, PSNC stated that the proposed reorganization would be in the public interest, as it would have no adverse effect on PSNC's customers, the Commission's ability to exercise its jurisdiction, or the service and rates of PSNC, and that PSNC, SCANA, and Dominion Energy would continue to be subject to the Regulatory Conditions and Code of Conduct 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. PSNC stated that the Company would file a separate application with the Commission seeking approval to transfer NC Holdco, including PSNC, to an unaffiliated third-party buyer, Enbridge, Inc. (Enbridge).

On September 14, 2023, the Commission issued an order stating all parties may file comments by October 26, 2023. The Public Staff filed comments in the docket on October 26, 2023.

The Public Staff presented this matter to the Commission at its November 20, 2023, Staff Conference. The Public Staff stated it had reviewed the application and responses to the Public Staff data requests, 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 reorganization should be allowed to become effective as filed.

IT IS, THEREFORE, ORDERED as follows:

1. That the proposed reorganization of PSNC's relationship with its corporate parents whereby PSNC will become a wholly-owned direct subsidiary is authorized; and
2. That PSNC shall give notice to its customers of the reorganization authorized in this Order.

IT IS, THEREFORE, SO ORDERED.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of November, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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