

McGuireWoods LLP  
501 Fayetteville St.  
Suite 500  
PO Box 27507 (27611)  
Raleigh, NC 27601  
Phone: 919.755.6600  
Fax: 919.755.6699  
www.mcguirewoods.com

Mary Lynne Grigg  
Direct: 919.755.6573

McGUIREWOODS

mgrigg@mcguirewoods.com

OFFICIAL COPY

Sep 11 2020

September 11, 2020

Ms. Kimberley A. Campbell, Chief Clerk  
North Carolina Utilities Commission  
Dobbs Building  
430 North Salisbury Street  
Raleigh, North Carolina 27603

Re: *Docket No. G-5, Sub 585*

Dear Ms. Campbell:

Enclosed for filing in the above-referenced docket on behalf of Public Service Company of North Carolina, Inc., d/b/a Dominion Energy North Carolina, is its Response to Commission Questions. The corresponding notarized verification will be filed under separate cover as expeditiously as possible.

Please do not hesitate to contact me should you have any questions regarding this submittal. Thank you for your assistance with this matter.

Very truly yours,

/s/Mary Lynne Grigg

MLG:kjg

Enclosure

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**DOCKET NO. G-5, SUB 585**

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of:

Petition of Public Service Company of North Carolina, Inc., for Waiver of Code of Conduct Provision	)	<b>RESPONSE TO COMMISSION QUESTIONS</b>
	)	
	)	

Pursuant to the Order Requesting Additional Information from Applicant and Public Staff Comments issued by the North Carolina Utilities Commission (“Commission”) in the above-captioned docket on September 8, 2020, Public Service Company of North Carolina, Incorporated, doing business as Dominion Energy North Carolina (“PSNC”), submits the following answers to the Commission’s questions:

1. The reason PSNC needs the transfer pricing guideline in Code of Conduct Section III.D.3(a) to be waived and the rent for the Service Companies to be set at PSNC’s Fully Distributed Cost as it would be for Utility Affiliates under Section III.D.3(d).

**ANSWER**

**Although rent charged directly to a Utility Affiliate would be at PSNC’s Fully Distributed Cost, it is not clear that this would be the case when charged indirectly to Utility Affiliates through a Service Company. Therefore, out of an abundance of caution, PSNC is seeking a waiver in order to charge rent at Fully Distributed Cost. PSNC believes this would eliminate potential regulatory issues or questions for any Utility Affiliates receiving services from a Service Company using PSNC’s facilities and result in consistent treatment when PSNC obtains services from a Service Company using a Utility Affiliate’s facilities. In addition, a waiver would relieve PSNC of the administrative burden of having to perform market surveys.**

2. Whether PSNC or the Public Staff conducted an analysis regarding the Market Value of the proposed leases to the Service Companies.
  - a. If an analysis was conducted, disclose the Market Value and the Fully Distributed Cost.
  - b. If an analysis was not conducted, give the reason why such an analysis was not conducted.

**ANSWER**

- a. **PSNC conducted no market analysis and is not aware of any conducted by the Public Staff.**
  - b. **As indicated in the response to question 1 above, PSNC decided to seek a waiver, in part, to avoid the administrative burden of performing market surveys.**
3. The number of employees for each of the Service Companies that will occupy the leased space and the services or other business(es) in which they will be engaged.

**ANSWER**

<b>Service Company</b>	<b>Location</b>	<b>No. Employees</b>	<b>Services Performed</b>
DES	Building A	18	Gas dispatch services
DESS	Building A	17	Gas dispatch services
DESS	Building B	13	Gas measurement services (meter shop)

4. If the requested waiver is granted, whether there are any other results from the waiver other than that the leases for the Service Companies will be entered into at PSNC's Fully Distributed Cost as it would be for Utility Affiliates that might affect PSNC's revenues or expenses or its customers' rates.

**ANSWER**

**PSNC is unaware of any other results from the waiver.**

5. The basis for PSNC's statement that the "leases . . . are in the public interest" and for a finding by the Commission that the requested waivers of the Code

of Conduct related to the leases to the Service Companies are in the public interest.

**ANSWER**

**PSNC believes the waivers are in the public interest because they will promote efficient and cost-effective provision of utility service and will result in Utility Affiliates paying a share of the cost of a portion of PSNC's facilities that otherwise would be borne entirely by PSNC.**

Respectfully submitted this 11th day of September, 2020.

*/s/Mary Lynne Grigg*

Mary Lynne Grigg

McGuireWoods LLP

501 Fayetteville Street, Suite 500

PO Box 27507 (27611)

Raleigh, North Carolina 27601

Telephone: (919) 755-6600

mgrigg@mcguirewoods.com

Attorney for Public Service Company of  
North Carolina, Incorporated, d/b/a  
Dominion Energy North Carolina

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing *Response to Commission Questions*, as filed in Docket No. G-5, Sub 585, was served via electronic delivery or mailed, first-class, postage prepaid, upon all parties of record.

This, the 11<sup>th</sup> day of September, 2020.

/s/Mary Lynne Grigg

Mary Lynne Grigg

McGuireWoods LLP

501 Fayetteville Street, Suite 500

PO Box 27507 (27611)

Raleigh, North Carolina 27601

Telephone: (919) 755-6573

mgrigg@mcguirewoods.com

*Attorney for Public Service Company of  
North Carolina, Inc., d/b/a Dominion  
Energy North Carolina*