

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**STAFF CONFERENCE AGENDA
August 2, 2021**

COMMISSION STAFF

NO AGENDA ITEMS

PUBLIC STAFF

D. ELECTRIC

- P1. DOCKET NO. E-22, SUB 600 – DOMINION ENERGY NORTH CAROLINA –
APPLICATION FOR APPROVAL OF AN EQUIPMENT SALE AND TRANSFER
AGREEMENT **EXHIBIT NO. P-1**

TO: Agenda – Commission Conference – August 2, 2021

FROM: PUBLIC STAFF – North Carolina Utilities Commission

D. ELECTRIC

P1. DOCKET NO. E-22, SUB 600 – DOMINION ENERGY NORTH CAROLINA – APPLICATION FOR APPROVAL OF AN EQUIPMENT SALE AND TRANSFER AGREEMENT

EXPLANATION: On April 13, 2021, Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC or the Company), filed an application for approval of an Equipment Sale and Transfer Agreement (Agreement) for the sale by Atlantic Coast Pipeline, LLC (ACP) of certain telecommunications equipment to the Company under 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). The Company represents that it has identified a need for the equipment for planned microwave system updates in Virginia; and that these updates would need to occur in the next one to two years, because the Company's existing microwave radio system is obsolete and near the end of its useful life. DENC states that the purchase price agreed to for the equipment is equivalent to the reasonably depreciated book value of the equipment, adjusted for certain other costs. DENC further states that the Company and its customers will benefit from the use of this existing equipment to update its microwave radio system insofar as the Company will not be required to obtain new telecommunications equipment at a higher market price.

The Virginia State Corporation Commission (VSCC) approved the Agreement on June 2, 2021, subject to certain requirements.

The Public Staff has reviewed the Equipment Sale and Transfer Agreement filed with the Commission and the VSCC, as well as the order of the VSCC. The Public Staff agrees with the opinion of the VSCC pertaining to the requirements for the approval of the sale and transfer. Furthermore, the Public Staff believes that it is reasonable for the Commission to approve the sale and transfer pursuant to the Regulatory Conditions approved as part of the Merger Order, subject to the additional conditions set forth below. In light of its review, the Public Staff recommends that the Commission approve the Agreement between ACP and DENC, subject to the following conditions, many of which are also included in the VSCC's order:

- (1) The Commission's approval of the Agreement shall have no accounting or ratemaking implications;

- (2) 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;
- (3) DENC shall provide a report within 60 days after the consummation of the sale and transfer, which shall include (1) the effective date of the transfer, (2) DENC's actual accounting entries, including any tax-related entries, to record the transfer, and (3) a schedule of the actual transferred equipment by asset description, quantity, and dollar amount, in accordance with the Federal Energy Regulatory Commission Uniform System of Accounts for electric utilities;
- (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) DENC shall file with the Commission signed and executed copies of the Agreement within 60 days of the date of an order approving the Agreement;
- (6) For ratemaking purposes, the Commission's approval of the Agreement does not constitute approval of any amount paid by DENC under the Agreement; and
- (7) 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.

DENC has agreed to the conditions proposed by the Public Staff.

EXHIBIT: The Public Staff's proposed order is attached as [Exhibit No. P-1](#).

RECOMMENDATION: (Maness/Holt) That the Commission issue the proposed order approving the sale and transfer of certain telecommunications equipment from ACP to DENC pursuant to the Agreement, subject to the conditions set forth herein.

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-22, SUB 600

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application of Virginia Electric and)
Power Company, d/b/a Dominion)
Energy North Carolina for Approval)
of an Equipment Sale and Transfer)
Agreement	ORDER APPROVING THE EQUIPMENT SALE AND TRANSFER AGREEMENT

BY THE COMMISSION: On April 13, 2021, Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC or the Company), filed an application for approval of an Equipment Sale and Transfer Agreement (Agreement) for the sale by Atlantic Coast Pipeline, LLC (ACP) of certain telecommunications equipment to the Company under 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). The Company represents that it has identified a need for the equipment for planned microwave system updates in Virginia; these updates would need to occur in the next one to two years, because the Company's existing microwave radio system is obsolete and near the end of its useful life. DENC states that the purchase price agreed to for the equipment is equivalent to the reasonably depreciated book value of the equipment, adjusted for certain other costs. DENC further states that the Company and its customers will benefit from the use of this existing equipment to update its microwave radio system insofar as the Company will not be required to obtain new telecommunications equipment at a higher market price.

The Virginia State Corporation Commission (VSCC) approved the Agreement on June 2, 2021, subject to certain requirements.

The Public Staff has reviewed the Revised Services 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 August 2, 2021, Regular Staff Conference. The Public Staff stated that it had completed its review of the revised agreement and the order of VSCC and agreed with the opinion of the VSCC pertaining to the requirements for the approval of the sale and transfer. In light of its review, the Public

Staff recommended that the Commission approve the Agreement between ACP and DENC, subject to the following conditions.

- (8) The Commission's approval of the Agreement shall have no accounting or ratemaking implications;
- (9) 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;
- (10) DENC shall provide a report within 60 days after consummation of the sale and transfer, which shall include (1) the effective date of the transfer, (2) DENC's actual accounting entries, including any tax-related entries, to record the transfer, and (3) a schedule of the actual transferred equipment by asset description, quantity, and dollar amount, in accordance with the Federal Energy Regulatory Commission Uniform System of Accounts for electric utilities;
- (11) 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;
- (12) DENC shall file with the Commission signed and executed copies of the Agreement within 60 days of the date of an order approving the Agreement;
- (13) For ratemaking purposes, the Commission's approval of the Agreement does not constitute approval of the any amount paid by DENC under the Agreement; and
- (14) 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.

The Public Staff stated that the Company has agreed to the conditions proposed by the Public Staff.

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

IT IS, THEREFORE, ORDERED as follows:

1. That the Equipment Sales and Transfer 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 _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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