

NORTH CAROLINA UTILITIES COMMISSION

MINUTES OF REGULAR COMMISSION STAFF CONFERENCE

January 31, 2022

The Regular Commission Staff Conference of the North Carolina Utilities Commission was held on Monday, January 31, 2022, at 10:00 a.m., with Chair Mitchell presiding. The remote meeting was conducted by use of simultaneous communication (via Webex) pursuant to N.C. Gen. Stat. § 166A-19.24, streamed live online, and available to the public.

The following were present:

COMMISSIONERS:

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

COMMISSION STAFF: Ms. Lazo, Ms. Henderson, Ms. Fennell, Ms. Duffy, Ms. Ackerman, Ms. Green, Ms. Hilburn, Ms. Jayasheela, Ms. Burns, Mr. Gajda, Mr. Hardy, Mr. McCoy

PUBLIC STAFF: Mr. Creech, Ms. Edmondson, Ms. Luhr, Mr. Josey, Mr. Little, Mr. Floyd, Mr. Saillor, Mr. D. Williamson, Mr. Lucas, Mr. T. Williamson, Mr. Lawrence

ATTORNEY GENERAL:

COURT REPORTER: Ms. Vines

D. ELECTRIC**P1. DOCKET NO. EMP-112, SUB 1 – OAK SOLAR, LLC – APPLICATION FOR A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AND PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT A 230-KV TRANSMISSION TAP LINE IN NORTHAMPTON AND HALIFAX COUNTIES, NORTH CAROLINA**

EXPLANATION: On October 7, 2021, pursuant to N.C. Gen. Stat. §§62-101 and 62-102, Oak Solar, LLC (Oak Solar), filed with the Commission a letter of intent to file an application for a Certificate of Environmental Compatibility and Public Convenience and Necessity (CEPCN) for a new transmission tap line (Tap Line) and a waiver of the notice and hearing requirements of N.C.G.S. §§ 62-102 and 62-104.

On October 28, 2021, pursuant to Commission Rule R8-62(k), Oak Solar filed an application for a CEPCN to construct the new 230-kV Tap Line in Northampton and Halifax Counties, North Carolina. The Tap Line will connect Oak Solar's new 120-megawatt solar photovoltaic generating facility to the Thelma substation owned by Dominion Energy North Carolina (DENC).

On December 22, 2021, Oak Solar filed more legible exhibits depicting the Tap Line route.

On January 20, 2022, Oak Solar filed a letter explaining the current status of the easement necessary to construct the Tap Line that will require FERC approval.

N.C.G.S. § 62-101(d)(1) authorizes the Commission to waive the notice and hearing requirements of N.C.G.S. §§ 62-102 and 62-104 when it finds that the owners of the land to be crossed by the proposed transmission line do not object to the waiver and either the transmission line is less than one mile long or to connect an existing transmission line to a substation, to another public utility, or to a public utility customer when any of these is in proximity to the existing transmission line. The application states that the total length of the Tap Line is approximately 4,350 feet in length and will be located only on property owned by DENC, which does not object to the waiver. Thus, the conditions of N.C.G.S. § 62-101(d)(1) for a waiver of notice and hearing have been met. The application is also supported by an environmental report, which satisfies the requirements of N.C.G.S. § 62-102(a).

The Public Staff believes that the application meets the requirements of N.C.G.S. § 62-102 and Commission Rule R8-62 for a certificate and the conditions of N.C.G.S. § 62-101(d)(1) for waiver of the notice and hearing requirements of N.C.G.S. §§ 62-102 and 62-104. The Public Staff recommends that the Commission grant the motion for waiver and issue the requested certificate. The Public Staff also recommends that the Commission include a condition requiring Oak Solar to acquire all necessary easements before commencing construction of the Tap Line.

The Public Staff recommended that the Commission issue the Public Staff's proposed order waiving notice and hearing and issuing the certificate.

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

P2. DOCKET NO. E-2, SUB 927 – DUKE ENERGY PROGRESS, LLC –
MODIFICATION OF RESIDENTIAL SERVICE LOAD CONTROL PROGRAM

EXPLANATION: On December 29, 2021, Duke Energy Progress, LLC (DEP), filed a request for approval to modify its Residential Service Load Control Program (Program). The proposed modification would remove the limits on availability of the Program and open it to all residential customers. No other modifications are proposed.

The Program was originally approved October 14, 2008, as a demand-side management (DSM) program pursuant to N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68. The current Program is designed to allow DEP to control various equipment related to the participant's HVAC system. While the current Program still employs some summer-oriented load control, the present focus is intended to reduce winter peak demands.

The present tariff limits availability to residential customers served under Schedules RES, R-TOUD, and R-TOU. The modification would eliminate this limitation and allow all customers on any residential rate schedule to participate, including the recently approved Schedule R-TOU-CPP (Docket No. E-2, Sub 1280).

The Public Staff has reviewed the request and did not discover any information that would suggest the proposed modification would adversely impact the cost effectiveness or savings from the Program.

The Public Staff recommended that the Commission issue the Public Staff's proposed order approving DEP's proposed modification to its Residential Service Load Control Program as filed.

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

P3. DOCKET NO. E-2, SUB 1219 – DUKE ENERGY PROGRESS, LLC –
MODIFICATION OF SERVICE REGULATIONS

EXPLANATION: On December 16, 2021, Duke Energy Progress, LLC (DEP), filed a request to modify its Service Regulations to eliminate the minimum bill provision related to contract demand. The modification would clarify that new customers and customers modifying their contract demands would not be billed on the basis of contract demand in the first twelve months of service following the initiation or modification of service loads. No other modifications are proposed.

DEP states that with the implementation of the Customer Connect billing system, it found that new customers or customers amending their contract demands could immediately be charged a minimum bill based on their contract demands, rather than their actual billing demands. The modification would allow these customers to receive bills for the first 12 months of service based on their actual billing demands rather than contract demands.

This proposed modification would allow non-residential customers time to ramp-up loads to their new contract demands without being adversely impacted during the initial 12-month

ramp-up period. In other words, the proposed modifications provide a 12-month grace period for customer loads to grow into the contract demand before the contract demand provisions of the minimum bill apply.

The Public Staff also makes the following observations about the proposed modification:

1. During investigation in the Sub 1219 rate case, data indicated that approximately 800 non-residential customers were impacted by the provisions of minimum bill. While the record from the rate case did not distinguish between minimum bill impacts on new customers versus existing customers, the Public Staff believes that the proposed modification would have minimal impact on the non-residential customer classes and revenues.
2. In Docket No. E-7, Sub 1214, Duke Energy Carolinas, LLC (DEC), made a similar filing to modify its rate schedules to allow a similar ramp-up over four months. The Public Staff asked why DEC and DEP were requesting differing ramp-up period lengths and DEP indicated that due to the differing structures of the non-residential rate schedules for each Company, it was not necessary to align these minimum bill ramp-up periods. As currently structured, DEC's non-residential schedules reflect changes in customer loads and load factors sooner than DEP's non-residential schedules. In other words, the minimum bill provisions impact DEP's customers sooner, thus necessitating a modification to allow a longer ramp-up period. The next general rate cases for each Company will provide an opportunity for further alignment of their respective ramp-up periods.

DEP's tariffs invoke the minimum bill provision based on a minimum peak demand of 25 kW or 75% of contract demand, whichever is greater, while DEC's tariffs generally base the minimum bill on a peak demand of 30 kW or 50% of the contract demand, whichever is greater. DEC's Schedule OPT is similar but also includes an "economy demand" charge that is the difference between the on-peak billing demand and the greater of the maximum 15-minute demand or 50% of the contract demand.

Based upon its review, the Public Staff believes the modification is reasonable. The Public Staff also believes that a general rate case is the most appropriate venue to make more substantive structural changes in each Company's rate schedules.

The Public Staff recommended that the Commission issue the Public Staff's proposed order approving DEP's proposed modification to its Service Regulations as filed.

Teresa Reed appeared on behalf of Duke Energy Carolinas, LLC, and Duke Energy Progress, LLC, and responded to questions from the Commission.

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

P4. DOCKET NO. E-7, SUB 1032 – DUKE ENERGY CAROLINAS, LLC –
MODIFICATION OF POWER MANAGER LOAD CONTROL PROGRAM

EXPLANATION: On December 29, 2021, Duke Energy Carolinas, LLC (DEC), filed a request for approval to modify its Power Manager Load Control Program (Program). The proposed modification would remove the limits on availability of the Program and open it to all residential customers. No other modifications are proposed.

The Program was originally approved on February 26, 2009, in Docket No. E-7, Sub 831, as a demand side management (DSM) program pursuant to N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68. The current Program is designed to allow DEC to control various equipment related to the participant's HVAC system. While the current Program still employs some summer-oriented load control, the present focus is intended to reduce winter peak demands.

The present tariff limits availability to residential customers served under Schedules RS, RE, RT, and ES. The modification would eliminate this limitation and allow all customers on any residential rate schedule to participate, including Schedules RSTC and RETC (Docket No. E-7, Sub 1253).

The Public Staff has reviewed the request and did not discover any information that would suggest the proposed modification would adversely impact the cost effectiveness or savings from the Program.

The Public Staff recommended that the Commission issue the Public Staff's proposed order approving DEC's proposed modification to its Power Manager Load Control Program as filed.

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

P5. DOCKET NO. E-7, SUB 1214 – DUKE ENERGY CAROLINAS, LLC –
MODIFICATION OF SERVICE REGULATIONS AND CERTAIN RATE
SCHEDULES

EXPLANATION: On December 16, 2021, Duke Energy Carolinas, LLC (DEC), filed a request to: (1) modify certain residential rate schedules to remove the eligibility requirement that residential dwellings be constructed on permanent foundations; and (2) eliminate the minimum bill provision related to contract demand in its Service Regulations.

The first modification would modify the Service Regulations to allow certain residential dwellings to be eligible for service under the residential rate schedules. The modification would extend eligibility for the rate schedules to heretofore non-qualifying dwellings, like "tiny homes," that are not built on a permanent foundation.

The second modification would clarify that new customers and customers modifying their contract demands would not be billed on the basis of contract demand in the first four months of service following the initiation or modification of service loads.

DEC states that with the implementation of the Customer Connect billing system, it found that new customers or customers amending their contract demands could immediately be charged a minimum bill based their contract demands, rather than their actual billing demands. The modification would allow these customers to receive bills for the first four months of service based on their actual billing demands rather than contract demands.

The modification to allow certain residential dwellings to be eligible under residential rate schedules, would align DEC's requirements for residential service qualification with similar requirements already in effect for Duke Energy Progress, LLC (DEP). The proposed minimum bill modification would allow non-residential customers time to ramp-up loads to their new contract demands without being adversely impacted during the initial four-month ramp-up period. In other words, the proposed modifications provide a four-month grace period for customer loads to grow into the contract demand before the contract demand provisions of the minimum bill apply.

The Public Staff also makes the following observations about the proposed minimum bill modification:

1. During investigation into the Sub 1214 rate case, data indicated that approximately 245 non-residential customers were impacted by the provisions of minimum bill. While the record from the rate case did not distinguish between minimum bill impacts on new customers versus existing customers, the Public Staff believes that the proposed modification would have minimal impact on the non-residential customer classes and revenues.
2. In Docket No. E-2 Sub 1219, DEP made a similar filing to modify its service regulations to allow a similar ramp-up over 12 months. The Public Staff asked why DEC and DEP were requesting differing ramp-up period lengths, and DEC indicated that due to the differing structures of the non-residential rate schedules for DEC and DEP, it was not necessary to align these minimum bill ramp-up periods. As currently structured, DEC's non-residential schedules reflect changes in customer loads and load factors sooner than do DEP's non-residential schedules. In other words, the minimum bill provisions impact DEP's customers sooner, thus necessitating a modification to allow a longer ramp-up period. The next general rate case for each Company will provide an opportunity for further alignment of their respective ramp-up periods.

DEP's tariffs invoke the minimum bill provision based on a minimum peak demand of 25 kW or 75% of contract demand, whichever is greater, while DEC's tariffs generally base the minimum bill on a peak demand of 30 kW or 50% of the contract demand, whichever is greater. DEC's Schedule OPT is similar but also includes an "economy demand" charge that is the difference between the on-peak billing demand and the greater of the maximum 15-minute demand or 50% of the contract demand.

Based upon its review the Public Staff believes both of the requested changes are reasonable. The Public Staff also believes that a general rate case is the most appropriate venue to make more substantive structural changes in each Company's rate schedules.

The Public Staff recommended that the Commission issue the Public Staff's proposed order approving DEC's proposed modification to its Service Regulations as filed.

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

P6. DOCKET NO. E-2, SUB 1285 – DUKE ENERGY PROGRESS, LLC – APPLICATION FOR CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AND PUBLIC CONVENIENCE AND NECESSITY AND MOTION FOR WAIVER OF NOTICE AND HEARING

EXPLANATION: On December 1, 2021, pursuant to N.C. Gen. Stat. §§ 62-101 and 62-102, Duke Energy Progress, LLC (DEP or the Company), filed with the Commission a letter of intent to file for a waiver of the notice and hearing requirements of N.C.G.S. §§ 62-102 and 62-104. On the same date, pursuant to Commission Rule R8-62(k), DEP prefiled with the Public Staff an application for a certificate of environmental compatibility and public convenience and necessity to construct a new 230-kV transmission tap line (Tap Line) approximately 1,300 feet in length to support the load needs of a new aircraft manufacturing customer in Asheville, North Carolina. The prefiled application stated that the proposed Tap Line will connect the existing Asheville Plant-Enka 230-kV transmission line to a new 230-kV/24-kV industrial substation. As detailed in DEP's prefiled application, the Company will construct the Tap Line on all new right-of-way on the customer's property or within the existing 170-foot-wide DEP easement.

On December 28, 2021, DEP formally filed the application for a certificate and motion for waiver of notice and hearing. On January 21, 2022, DEP submitted the easement documentation referenced in its application.

N.C.G.S. § 62-101(d)(1) authorizes the Commission to waive the notice and hearing requirements of N.C.G.S. §§ 62-102 and 62-104 when it finds that the owners of the land to be crossed by the proposed transmission line do not object to the waiver and either the transmission line is less than one mile long or connects an existing transmission line to a substation, to another public utility, or to a public utility customer when any of these are in proximity to the existing transmission line. DEP's application states that the Company will construct the Tap Line on all new right-of-way on the customer's property or within the existing 170-foot-wide DEP easement and that the total length of the line is approximately 1,300 feet. Thus, the conditions of N.C.G.S. § 62-101(d)(1) for a waiver of notice and hearing have been met. The application is also supported by a Certificate Application Report. This report satisfies the requirements of N.C.G.S. § 62-102(a).

Based on its review, the Public Staff has determined that the application meets the requirements of N.C.G.S. § 62-102 and Commission Rule R8-62 for a certificate and the conditions of N.C.G.S. § 62-101(d)(1) for waiver of the notice and hearing requirements

of N.C.G.S. §§ 62-102 and 62-104. The Public Staff, therefore, recommends that the Commission grant the motion for waiver and issue the requested certificate.

The Public Staff recommended that the Commission issue an order waiving the notice and hearing requirements of N.C.G.S. §§ 62-102 and 62-104 and issue the requested certificate for the construction of the Tap Line.

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

P7. APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT SOLAR FACILITY

EXPLANATION: The following application regards a certificate of public convenience and necessity for construction of a solar photovoltaic generating facility, pursuant to N.C. Gen. Stat. § 62-110.1 and Commission Rule R8-64.

Duke Energy Progress, LLC:

- Docket No. SP-8753, Sub 0 – Application of Marley Solar, LLC, for renewal of a certificate of public convenience and necessity to construct a 75-MW solar photovoltaic facility in Lenoir County, North Carolina (registration statement accepted previously).

The Public Staff has reviewed the application and determined that it complies with the requirements of N.C.G.S. § 62-110.1 and Commission Rule R8-64.

The Public Staff recommended that the Commission issue an order approving the application and issuing the requested certificate. The Public Staff has provided a proposed order to the Commission Staff.

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

Minutes prepared by Le Anne Ackerman.