

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. M-100, Sub 163

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Investigation Regarding the Ability of)	
North Carolina's Electricity, Natural Gas,)	
and Water/Wastewater Systems to Operate)	PUBLIC STAFF'S
Reliably During Extreme Cold Weather)	REPLY COMMENTS

NOW COMES THE PUBLIC STAFF – North Carolina Utilities Commission (Public Staff), by and through its Executive Director, Christopher J. Ayers, and respectfully submits the following reply comments pursuant to the Commission's May 12, 2022 Order Requesting Comments in the above-referenced docket.

BACKGROUND

1. On January 26, 2022, the Commission issued an Order Opening Investigation, Scheduling Technical Conferences, Requiring Responses, and Allowing Comments and Reply Comments, concerning whether North Carolina's major electric, natural gas, water, and wastewater utilities have taken appropriate steps to assure reliable operations during extreme cold weather events.

2. The Commission made Dominion Energy North Carolina (DENC), Duke Energy Carolinas, LLC, and Duke Energy Progress, LLC (collectively, Duke), Piedmont Natural Gas Company, Inc. (Piedmont), Public Service Company of NC, Inc. (PSNC), Frontier Natural Gas Company (Frontier), Aqua North Carolina, Inc.

(Aqua), and Carolina Water Service, Inc. of North Carolina (CWSNC) (collectively, the Utilities) parties to this proceeding.

3. Technical conferences were held on March 15, 2022, and April 19, 2022, at which witnesses from each of the Utilities presented information and responses to questions from the Commission and from the Public Staff.

4. On May 12, 2022, the Commission issued its Order Requesting Comments, in which it directed the parties to file their comments on or before June 29, 2022, and their reply comments on or before July 27, 2022.

5. On June 29, 2022, initial comments were filed by Aqua, CWSNC, DENC, Duke, Frontier, PSNC, and the Public Staff.

6. On July 22, 2022, Piedmont filed a motion for extension of time by which to submit reply comments, seeking to extend the deadline for reply comments to August 26, 2022.

7. On July 26, 2022, the Commission granted Piedmont's extension motion and ordered that all parties may file reply comments on or before August 26, 2022.

DISCUSSION

A. Electric Utilities

8. In its initial comments, Duke asserts that its responses to Commission questions and its presentation at the April 19 Technical Conference

“demonstrated that substantive revisions to the Commission’s rules are not required to ensure that North Carolina’s electric utilities can operate reliably during extreme cold weather events.” Duke Initial Comments at 5. More specifically, Duke notes its sophisticated weather forecasting tools, its maintenance of a Transmission Reliability Margin which allows the Companies to import or deliver power along the grid in the event that additional capacity is required because of an unplanned generator outage, its robust training on responding to emergency events for electric and gas system operators, its coordination with natural gas utilities to ensure that the Companies can operate reliably during extreme cold weather, and its provision of communication to customers during emergency events. Duke Initial Comments at 5-9.

9. In addition, Duke suggests that the Commission review the results of the North American Electric Reliability Corporation’s (NERC) “Project 2021-07 Extreme Cold Weather Grid Operations, Preparedness, and Coordination” (Project 2021-07) – a proceeding initiated by NERC to develop new and modify existing Reliability Standards in response to directives from the Federal Energy Regulatory Commission – prior to proposing new reliability rules, on the basis that Commission action prior to the finalization of the new NERC Reliability Standards “could result in administrative inefficiencies, redundant reporting, or potential federal and state jurisdictional issues.” Duke Initial Comments at 9-10.

10. Finally, Duke contends that the Commission should consider the benefits of concurrent reporting, and proposes that, “for any new reporting

requirements borne out of Project 2021-07, the Commission [should] consider whether it would be useful for utilities to provide copies of those reports to the Commission.” Duke Initial Comments at 11-12.

11. DENC also suggests that rule revisions are not necessary to ensure reliable utility operations during extreme cold weather. DENC Initial Comments at 3. Concerning Commission Rule R8-40, DENC states that it has email contacts for individuals at the Commission who will be notified when there is a reportable event as defined in Commission Rule R8-40, that it has not had any actual reportable events in approximately 20 years, and that the Company maintains telephone numbers for the Operations Division of the Commission Staff and the Energy Division of the Public Staff to provide notification of an actual reportable event. DENC Initial Comments at 3-4.

12. Regarding Commission Rule R8-41, DENC notes that it has consistently filed its DENC-PJM Coordinated Emergency Plan in Docket No. E-100, Sub 10A, and contends that this is an effective way to keep the Commission apprised of the Company’s procedures during certain load reduction and emergency events. In addition, the Company’s Power Generation Regulatory Compliance (PGRC) team has drafted an Emergency Preparedness and Operations Program document that outlines the NERC Reliability Standard EOP-011 and has been assessing existing facilities’ conformance to such standard; worked with the Company’s Power Generation Operations Excellence team to create a Cold Weather Preparedness Program that will ensure each of its power

generation facilities has updated and uses its facility-specific cold weather procedure that will meet the NERC requirements, effective April 1, 2023; and is developing a training module to make sure all personnel are ready for cold weather, which it intends to have in place for the 2022 winter season. DENC Initial Comments at 4-5.

13. The purpose of the revisions proposed by the Public Staff to Commission Rules R8-40, 40A, and 41 is twofold: (a) to bring the Rules into alignment with modern technologies; and (b) to clarify metrics for reporting of events. While the Public Staff acknowledges the process and function of NERC, the proposed revisions do not involve planning for events, and thus would not interfere with NERC's jurisdiction. As such, the Public Staff continues to advocate for the proposed revisions as set forth in Appendices A and B of its Initial Comments.

B. Gas Utilities

14. In its Initial Comments, PSNC states that it does not recommend any revisions to Commission Rule R6-19.2 at this time. In support thereof, PSNC states that it "has had adequate supply in the winter months and has not had to curtail firm customers due to cold weather events," and that, while "there may be circumstances that occur which cause the Rule to be difficult to precisely implement, (for example, third-party damages to its system, or Transco's inability to deliver contracted supply)," "generally speaking, the Rule serves PSNC and its customers well" in its current form. PSNC Initial Comments at 3.

15. Frontier declined to file comments, stating, instead, that it “has no comments as to the potential need for revisions to Commission Rules in order to ensure reliability of service but reserves the right to file reply comments consistent with the Commission’s Order.” Frontier letter dated June 29, 2022. However, in response to a data request, Frontier indicated that it has not previously had to curtail firm sales customers due to winter weather, while noting that it has had to curtail large transportation customers for line hits and in-line inspection.

16. Piedmont requests several discrete changes to Commission Rule R6-19.2: explicit clarification that interruptible customers will be curtailed before service is curtailed to any firm customer; the addition of the phrase “to the extent practicable” to subparagraph (a) as a modifier to the utility’s obligation to prioritize curtailment by margin in light of its assertion that the physical curtailment approach is “not workable as a general strategy” and that, “in some circumstances[,] a strict application of curtailment by margin may not be possible or even necessary”; an expansion of the applicability of subsection (e) to include military gas systems for the reason that such systems, like municipalities, may have multiple categories of customers served from the military system facilities; and the addition of the phrase “to the extent practicable” to subparagraph (e) to allow for the fact that Piedmont has neither sufficient knowledge nor the legal rights necessary to control gas usage by customers served by municipal and military gas distribution systems. Piedmont Initial Comments at 5-7.

17. The Public Staff has reviewed Piedmont's proposed revisions to Commission Rule R6-19.2 and finds these proposed revisions to be reasonable and aligned with current practices. As such, the Public Staff recommends that the Commission adopt the changes as set forth in Piedmont's Exhibit A.

18. The Public Staff continues to support the revisions to Commission Rule R6-36 as proposed in Appendix D of its Initial Comments. These proposed revisions would bring Commission Rule R6-36 into alignment with modern technologies and provide insight into how a utility's system reacts during an event.

C. *Water and Wastewater Utilities*

19. The Public Staff recommended in its initial comments that the Commission add to its annual report forms for water and wastewater utilities a question requiring the utilities to verify that their contact information is current with their electric service providers and that service addresses and critical infrastructure have been accurately identified for prioritization of restoration. In their verified responses, Aqua and CWSNC opined that it is not necessary to revise the Commission's rules to ensure their reliable water and wastewater utility operations during extreme cold weather.

20. The Public Staff has reviewed the verified responses filed by Aqua and CWSNC and maintains the recommendations as set forth in its initial comments.

CONCLUSION

WHEREFORE, the Public Staff respectfully requests that the Commission take these reply comments into consideration in reaching its decision in this proceeding.

Respectfully submitted this 9th day of August, 2022.

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CERTIFICATE OF SERVICE

I certify that I have served a copy of the foregoing Comments on all parties of record in accordance with Commission Rule R1-39, by United States mail, postage prepaid, first class; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 9th day of August, 2022.

Electronically submitted
/s/ Anne M. Keyworth