

NORTH CAROLINA UTILITIES COMMISSION
MINUTES OF REGULAR COMMISSION STAFF CONFERENCE

July 20, 2020

The Regular Commission Staff Conference of the North Carolina Utilities Commission was held on Monday, July 20, 2020, 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 during the entirety of the remote meeting:

COMMISSIONERS

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

COMMISSION STAFF: Ms. Lowell, Ms. Lazo, Ms. Henderson, Mr. Watson, Mr. Buffkin, Ms. Jarvis, Mr. Mertz, Ms. Cooper, Ms. Hicks, Ms. Condie, Ms. Swenson, Ms. Jones, Ms. Paschal, Ms. Hilburn, Ms. Zhang, Mr. Sessoms, Ms. Eastwood, Ms. Jayasheela, Mr. Wood, Mr. Barber, Mr. Warren

PUBLIC STAFF: Ms. Downey, Ms. Cummings, Mr. Dodge, Mr. Creech, Ms. Luhr, Mr. Maness, Mr. Henry, Mr. Allison, Ms. Perry, Ms. Coleman, Mr. McLawhorn, Mr. Lawrence, Mr. Saillor, Mr. Furr, Ms. Casselberry, Mr. Larsen, Ms. Patel, Ms. Naba

ATTORNEY GENERAL:

COURT REPORTER: Ms. Mitchell

B. NATURAL GAS**P1. DOCKET NO. G-9, SUB 666 – PETITION OF PIEDMONT NATURAL GAS COMPANY, INC., FOR APPROVAL OF A COMPRESSED NATURAL GAS FUEL PURCHASE AGREEMENT**

On March 17, 2020, Piedmont Natural Gas Company, Inc. (Piedmont), filed a petition requesting Commission approval of (1) a CNG Fuel Services Termination Agreement (Termination Agreement) and (2) a new CNG Fuel Purchase Agreement (New Fuel Agreement) between Piedmont and EVO Transportation & Energy Services, Inc. (EVO), as successor to Sheehy Mail Contractors, Inc. (Sheehy). The New Fuel Agreement provides EVO with compressed natural gas (CNG) fuel service pursuant to Piedmont's Rate Schedule 142. Piedmont submitted the Termination Agreement and the New Fuel Agreement under seal on the grounds that they are confidential and proprietary and have been designated as such pursuant to N.C. Gen. Stat. § 132-1.2.

On June 2, 2015, in this docket, the Commission approved a Compressed Natural Gas Fuel Purchase Agreement between Piedmont and Sheehy, which provided for CNG fuel purchase services to Sheehy under Piedmont's Rate Schedule 142. On October 22, 2018, in this docket, the Commission approved a new agreement with Sheehy allowing Sheehy to qualify for rebates across a small tiered matrix of usage set out in Piedmont's standard CNG rebate matrix (Renegotiated Agreement).

In its petition, Piedmont states that EVO purchased Sheehy in 2019. Following EVO's acquisition of Sheehy, Piedmont and EVO discussed the possibility of expanding EVO's CNG utilization within Piedmont's service territories. As a result of those discussions, EVO increased the number of trucks within Piedmont's service territories, which in turn placed EVO into a new tiered rebate level.

Piedmont states that EVO entered into the New Fuel Agreement so that EVO's affiliated entities would be covered under applicable fuel rebate terms. In conjunction with the execution of the New Fuel Agreement, Piedmont and EVO entered into the Termination Agreement to terminate the Renegotiated Agreement.

The Public Staff has reviewed the Termination Agreement, the New Fuel Agreement, and other information provided by Piedmont in response to Public Staff data requests. Based on its investigation, the Public Staff determined that the terms of the New Fuel Agreement are within the parameters set forth in N.C.G.S. § 62-140. The Public Staff recommends that the Commission issue an order: (1) allowing the Termination Agreement to become effective as filed; (2) concluding that the New Fuel Agreement is not unlawful and does not violate the rules and regulations of the Commission; and (3) allowing the New Fuel Agreement to become effective as filed and authorizing Piedmont to provide service to EVO pursuant to the New Fuel Agreement. The Public Staff also recommends that the Commission's order state that the Commission's acceptance of the New Fuel Agreement neither constitutes approval of the amount of any compensation paid thereunder nor

prejudices the right of any party to take issue with any provision of the New Fuel Agreement in question in a future proceeding.

The Public Staff recommended that the Commission issue the proposed order allowing the Termination Agreement and New Fuel Agreement to become effective as filed, and authorizing Piedmont to provide CNG service pursuant to the New Fuel Agreement.

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

D. ELECTRIC

P1. APPLICATION FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT SOLAR FACILITIES

The following applications seek certificates of public convenience and necessity for construction solar photovoltaic electric generating facilities, pursuant to N.C. Gen. Stat. § 62-110.1 and Commission Rule R8-64.

Duke Energy Carolinas, LLC:

- Docket No. SP-2665, Sub 55 – Application of Fresh Air Energy II, LLC, for a certificate of public convenience and necessity to construct a 75-MW solar photovoltaic facility in Rutherford County, North Carolina
- Docket No. SP-16480, Sub 0 – Application of Broad River Solar, LLC, for an amended certificate of public convenience and necessity to construct a 51-MW solar photovoltaic facility in Cleveland County, North Carolina (registration statement issued previously)
- Docket No. SP-22330, Sub 0 – Application of Bear Branch Solar LLC for a certificate of public convenience and necessity to construct a 35-MW solar photovoltaic facility in Stokes County, North Carolina

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

Unless otherwise noted, each applicant has filed a registration statement for a new renewable energy facility. The registration statements include certified attestations, as required by Commission Rule R8-66(b), that: (1) the facility is in substantial compliance with all federal and state laws, regulations, and rules for the protection of the environment and conservation of natural resources; (2) the facility will be operated as a new renewable energy facility; (3) the applicant will not remarket or otherwise resell any renewable

energy certificates sold to an electric power supplier to comply with N.C. Gen. Stat. §. 62-133.8; and (4) the applicant will consent to the auditing of its books and records by the Public Staff insofar as those records relate to transactions with North Carolina electric power suppliers.

The projects associated with the applications are CPRE program participants.

The Public Staff recommended that the Commission issue orders approving the applications and issuing the requested certificates for these facilities.

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

E. WATER

P1. DOCKET NO. W-1136, SUB 3 – JAARS, INC. – APPLICATION FOR A RATE INCREASE

On June 23, 2020, JAARS, Inc. (JAARS or Applicant) filed an application with the Commission seeking authority to increase its rates for providing water utility service in all of its service areas in Union County, North Carolina. The test year period is the 12 months ending December 31, 2019.

JAARS is a charitable, educational, nonprofit 501(c) corporation. JAARS provides water utility service to the JAARS Center, the Lydia House, Waxhaw Apartments, and approximately 67 residential customers in the Aerowood, Dogwood, and Radin Subdivisions.

On July 8, 2020, JAARS amended its application, clarifying the rates. The Applicant is proposing to increase the monthly flat rate from \$20.00 per residential equivalent (REU) to \$28.57 per REU. The present rates have been in effect since March 17, 2009.

The Applicant's present and proposed rates are shown below.

<u>Monthly Water Service:</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
Flat Rate per REU		
Residential customer (1.0 REU)	\$ 20.00	\$ 28.57
JAARS, Inc. (97.7 REU's)	\$1,954.00	\$2,791.29
Lydia House (1.3 REU's)	\$ 26.00	\$ 37.14
Waxhaw Court Apartments (6.0 REU's)	\$ 120.00	
Waxhaw Court Apartments (20.7 REU's)	\$ 591.40	

The Public Staff recommends that an order be issued establishing a general rate case and suspending rates. An order scheduling public hearings and requiring customer notice will be brought before the Commission at a later date.

The Public Staff recommended that the Commission issue the proposed order establishing a general rate case and suspending rates.

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

Minutes of the Regular Commission Staff Conference for June 22, 2020, were approved.

Minutes prepared by Portia Barnes.