

NORTH CAROLINA UTILITIES COMMISSION
MINUTES OF REGULAR COMMISSION STAFF CONFERENCE

October 26, 2020

The Regular Commission Staff Conference of the North Carolina Utilities Commission was held on Monday, October 26, 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, Mr. Watson, Mr. Buffkin, Ms. Jarvis, Mr. Mertz, Ms. Fennell, Ms. Cooper, Ms. Hicks, Ms. Condie, Ms. Barnes, Ms. Jones, Ms. Paschal, Ms. Hilburn, Ms. Zhang, Ms. Eastwood, Ms. Jayasheela, Ms. Burns, Mr. McCoy

PUBLIC STAFF: Mr. Ayers, Ms. Downey, Ms. Culpepper, Ms. Holt, Ms. Cummings, Ms. Edmondson, Ms. Coxton, Ms. Perry, Mr. McLawhorn, Mr. Floyd, Mr. Saillor, Mr. Gilbert, Ms. Naba, Ms. Patel, Mr. Furr, Ms. Proffitt

ATTORNEY GENERAL:

COURT REPORTER: Ms. Mitchell

B. NATURAL GAS**P1. DOCKET NO. G-5, SUB 626 - APPLICATION OF PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC., FOR AN ADJUSTMENT OF ITS RATES AND CHARGES TO TRACK CHANGES IN ITS WHOLESALE COSTS OF GAS UNDER RIDER D TO ITS TARIFF**

On October 16, 2020, Public Service Company of North Carolina, Inc. (PSNC or Company), filed an application, pursuant to N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3), and (5)(d), requesting authority to increase its sales rates by \$0.5049 per dekatherm (dt) and its transportation rates by \$0.0049 per dt effective November 1, 2020. The increase is a result of a change in PSNC's Benchmark Commodity Gas Cost from \$2.00 per dt to \$2.50 per dt as well as the change in the company use and unaccounted for gas as described in PSNC's Rider D.

Also on October 16, 2020, PSNC filed for Commission approval to remove the current rate increments applicable to the All Customers Deferred Account, which were effective for service rendered on and after May 1, 2019, as approved in Docket No. G-5, Sub 605, by Commission Order dated April 29, 2019. The Company stated that the increment was intended to avoid significant under-collection of its fixed gas cost collections by \$14.5 million. PSNC further stated that due to the Federal Energy Regulatory Commission's (FERC) settlement with Transcontinental Gas Pipe Line Company, LLC, approved on March 24, 2020, in FERC Docket No. RP18-1126-003, its annual fixed gas costs will decrease by approximately \$13.1 million. PSNC projected the All Customers Deferred Account would be significantly over-collected through the end of the Company's 12-month prudence review period ending March 2020 without the removal of the current increments.

The Public Staff has reviewed the application and recommends approval as filed.

The Public Staff recommended that the Commission issue the proposed order approving PSNC's proposed rate changes as filed.

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

P2. DOCKET NO. G-9, SUBS 774 AND 775 – PETITION OF PIEDMONT NATURAL GAS COMPANY, INC. FOR APPROVAL OF BI-ANNUAL ADJUSTMENT OF RATES UNDER APPENDIX C OF ITS SERVICE REGULATIONS AND APPLICATION FOR AN ADJUSTMENT OF ITS RATES AND CHARGES TO TRACK CHANGES IN ITS WHOLESALE COSTS OF GAS

On October 16, 2020, Piedmont Natural Gas Company, Inc. (Piedmont), filed an application pursuant to N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3), and Appendices A & C of Piedmont's North Carolina Service Regulations, which were

approved in Piedmont's last general rate case in Docket No. G-9, Sub 743. Piedmont seeks approval to adjust its rates effective November 1, 2020, reflecting (1) a change in its Margin Decoupling Tracker (MDT) Deferred Account and (2) an increase in its Benchmark Commodity Cost of Gas.

Piedmont proposes to increase the increment in its rates for Residential Service, Small General Service, and Medium General Service pursuant to the terms of its MDT mechanism set forth as Appendix C to its North Carolina Service Regulations, which is based on the MDT Deferred Account balances as of August 31, 2020.

The proposed MDT temporaries, as well as the existing MDT temporaries and the corresponding rate changes, expressed in dollars per dekatherm (\$/dt), are as follows:

Rate Description and Schedule	MDT Deferred	Proposed MDT Temporaries (\$/dt)	Existing MDT Temporaries (\$/dt)	Change In MDT Temporaries (\$/dt)
	Account Balance at 8/31/2020 (\$)			
Residential (Rate Schedule 101)	\$30,464,959	\$0.7751	\$0.6420	\$0.1331
Small Commercial (Rate Schedule 102)	\$14,691,351	\$0.5428	\$0.1126	\$0.4302
Medium Commercial	\$2,017,903	\$0.4107	\$0.0214	\$0.3893

Piedmont also requests Commission approval to increase its sales rates by \$0.5095 per dt and its transportation rates by \$0.0095 per dt effective November 1, 2020. The increases are the result of an increase in Piedmont's Benchmark Commodity Gas Cost from \$2.00 per dt to \$2.50 per dt, as well as the change in the Company's company use and unaccounted for gas as described in Piedmont's Appendix A.

The Public Staff has reviewed these proposed rate adjustments, finds them to be in compliance with Piedmont's tariffs, and recommends approval as filed.

The Public Staff recommended that the Commission issue the proposed order approving Piedmont's proposed rate changes as filed.

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

C. COMMUNICATIONS**P1. DOCKET NO. P-100, SUB 110 – TELECOMMUNICATIONS RELAY SERVICE (TRS), RELAY NORTH CAROLINA**

Pursuant to N.C. Gen. Stat. § 62-157, the Department of Health and Human Services (DHHS) is charged with administering the statewide Telecommunications Relay Service (TRS) program, including its establishment, operation, and promotion. Pursuant to N.C.G.S. § 62-157(e) and as part of its administration of the program, DHHS may contract out provision of this service for four-year periods to one or more service providers, using the bidding process prescribed in N.C.G.S. § 143-129. The present contractor is Sprint Communications Company, L.P. (Sprint). The present contract, originally scheduled to expire on June 30, 2020, has been amended to expire on December 31, 2020.

On February 18, 2020, DHHS issued a Request for Proposals (RFP) to select a vendor to provide telecommunications relay service to North Carolina citizens. The new contract will be effective from January 1, 2021, to December 31, 2024. Two companies submitted proposals in response to the RFP: Sprint and Hamilton Relay, Inc. (Hamilton). An evaluation committee reviewed the two proposals. The evaluation committee consisted of Rebecca Rosenthal, Telecommunications Resources Program Manager; Kevin Earp, Rehabilitation Program Specialist on Deafness and Communicative Disorders; Kimberly Harrell, Deaf-Blind State Coordinator & Assistive Technology Program Specialist; Tammy Koger, Director NC Assistive Technology Program; Meghan Prewett, Administrative Officer III, DHHS; George Maldonado, Systems Administrator III, DHHS Information Technology, Division of Services for the Deaf and Hard of Hearing; and Jo Ann Martin, Office of Internal Auditor, Risk Mitigation & Audit Monitoring.

In its review, the evaluation committee considered the following: technical merit, qualifications, customer service, outreach, advertising program, and costs. The evaluation committee then weighed and scored each bidding vendor's performance with regard to these considerations.

When evaluated pursuant to the considerations listed above, Sprint achieved the highest score and as a result, the evaluation committee recommends that Sprint be selected as the new contractor. The committee's recommendation and the evaluation summary, along with the vendor's proposals in response to the RFP, have been provided to, and are currently being reviewed by, the DHHS Office of Procurement, Grants, and Contract Services and a contract specialist at the Information Technology Services (ITS) Statewide Procurement Office.

The RFP was released seeking a per minute cost for TRS and Captioned Telephone Services (CTS). The RFP also allowed vendors to submit alternate costing structures. Sprint submitted an alternate cost that allows monthly reoccurring costs (MRC), and this alternate cost structure represents the best value for DHHS. The current contract's MRC is \$130,780, an amount that includes TRS, CTS, and Relay Conferencing Captioning (RCC). RCC is a free service that allows North Carolina residents who are deaf or hard

of hearing to actively participate in multi-party teleconference calls or web conferences by reading live captions through a web browser on a computer or mobile device.

Sprint's alternate cost proposal in its bid for the forthcoming contract for TRS and CTS is an MRC of \$100,000, which will include TRS Outreach, a vital ancillary to the contract; however, it does not include RCC. Sprint's bid response offers RCC at a rate of \$3.35 per minute (the current contract cost per minute is \$3.21). During 2019, RCC usage averaged 5,600 minutes per month. This amount of use is not expected to lessen because of the current pandemic conditions. The monthly cost for RCC is estimated to be \$18,760. The monthly cost for all services provided under the contract is estimated to be \$118,760. Thus, the annual cost of the contract is estimated to be \$1,425,120, or a total expenditure of \$5,700,480 over the life of the contract (4 years). After careful analysis of all Division expenditures including this new contract amount, DHHS has determined that it will not create a need for a surcharge rate change.

N.C.G.S. § 62-157(h) provides that the Commission has the same power to regulate the operation of the TRS program as it has to regulate any public utility subject to the provisions of Chapter 62. DHHS has, historically, sought the approval of the Commission prior to the selection of the new contractor. The Public Staff recommends that the Commission approve the selection of Sprint as the contractor for relay services for a four-year period beginning January 1, 2021, and ending on December 31, 2024. As noted in the preceding paragraph, approval does not require any increase in the TRS monthly surcharge at this time.

The Public Staff recommended that the proposed order be issued approving DHHS's selection of Sprint as the contractor for relay services for the four-year period beginning January 1, 2021, and ending December 31, 2024.

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

D. ELECTRIC

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

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

Duke Energy Progress, LLC:

- Docket No. SP-4667, Sub 0 – Application of Railroad Solar Farm, LLC, for an amended certificate of public convenience and necessity to construct a

4-MW solar PV facility in Robeson County, North Carolina (registration statement issued previously)

North Carolina Electric Membership Corporation:

- Docket No. SP-24887, Sub 0 – Application of Scout Solar, LLC, for a certificate of public convenience and necessity to construct a 5-MW solar PV facility in Randolph 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.G.S. §. 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 do not plan to be CPRE program participants.

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

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

Minutes of the Regular Commission Staff Conference for October 19, 2020, were approved.

Minutes prepared by Portia Barnes.