

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**STAFF CONFERENCE AGENDA
July 15, 2019**

COMMISSION STAFF

NO AGENDA ITEMS

PUBLIC STAFF

B. NATURAL GAS

- P1. DOCKET NO. G-5, SUB 610 – PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC. - PETITION TO AMEND FORM TRANSPORTATION POOLING AGREEMENT OF ITS TARIFF

EXPLANATION: On June 19, 2019, Public Service Company of North Carolina, Inc. (PSNC or Company), filed a petition pursuant to N.C. Gen. Stat. §62-138 and Commission Rules R1-5 and R6-5.1 seeking Commission authorization to amend the form Transportation Pooling Agreement of its Tariff (Petition).

PSNC states that all service provided under its transportation rate schedules (Rate Schedules Nos. 175 and 180) are subject to a Transportation Pooling Agreement, which is set forth in Appendix A to the Rules and Regulations of the Company's Tariff. Article V of the Transportation Pooling Agreement addresses pool balancing procedures, which, among other things, allows PSNC to issue an Operational Order when deemed necessary to protect the integrity of the Company's system or operations or service to firm customers. Article V also sets forth the penalties for violations of an Operational Order, requiring a pooler that violates an Operational Order to pay a penalty based upon the amount that the pooler's imbalance, during the Operational Order, exceeds five percent of the pooler's approved nomination.

PSNC states that its decision to issue an Operational Order on a given day is often driven by conditions on the Transcontinental Gas Pipeline Company, LLC ("Transco") system, and whether Transco has imposed an operational flow order ("OFO") that requires daily and cumulative balancing of receipts and deliveries on its system in accordance with the terms of its rate schedules ("Imbalance OFO") or that requires gas quantities to be received and delivered where scheduled ("Scheduling OFO"). PSNC further states that in recent months, Transco has increased the frequency of the issuance of Imbalance and Scheduling OFOs in Zone 5, the area of Transco's system where the Company's delivery points are located. PSNC's observations have led to the conclusion that these OFOs do

not appear to be associated with any critical conditions that exist on the Transco system, but rather seem to be issued during normal operating conditions, are often of indefinite duration, and are for both long and short imbalances. The OFOs are subject to tolerances that vary between five percent and twenty percent. Currently, Transco is PSNC's only interstate provider.

The frequency and nature of the OFOs being issued by Transco has caused PSNC to consider how it can respond to these OFOs more effectively and, in addition, to review its own pool balancing procedures. PSNC has determined that it would be beneficial to have more flexibility in the implementation of Operational Orders under its Tariff, and, therefore, proposes to change the five percent tolerance, which Article V of the Transportation Pooling Agreement now provides for all Operational Orders, to "the percentage tolerance specified in the Operational Order." PSNC states that this change will enhance the Company's ability to tailor its Operational Orders to address the particular conditions requiring pooler action—whether those conditions are on Transco, a future interconnecting pipeline, or PSNC's system.

In addition to the proposed changes to Article V described above, PSNC has changed all references to PSNC Energy to PSNC because the Company no longer uses PSNC Energy as its assumed name. All of these proposed changes were attached to the Petition as Exhibit A—Proposed Modifications to Transportation Pooling Agreement.

PSNC requests that the Commission make the changes proposed in its Petition applicable to all existing and future Transportation Pooling Agreements. The Company anticipates executing new agreements with poolers once these changes become effective.

The Public Staff has reviewed the Petition and recommends approval of the amended tariff.

EXHIBIT: A proposed order is attached as Exhibit No. P-1.

RECOMMENDATION: (Larsen) That the Commission issue the proposed order approving PSNC's amended tariff.

E. WATER

P1. DOCKET NO. W-1315, SUB 4 – DFHC CORPORATION, INC. – REQUEST FOR TARIFF REVISION

EXPLANATION: On June 24, 2019, DFHC Corporation, Inc. (“DFHC”), filed a petition with the Commission requesting authority to amend its tariff for the purpose of passing along to its customers in Gardner Hill Station in Guilford County an increase in the cost of purchasing water service from the City of Greensboro (“City”). On June 27, 2019, DFHC filed its verification of the petition pursuant to N.C. Gen. Stat. § 62-133.11.

Effective July 1, 2019, the City increased its water billing and availability fees charged to DFHC by \$1.97 per month from \$49.13 per month to \$51.10 per month and water usage rate by \$0.40 per 1,000 gallons from \$10.07 per 1,000 gallons (equal to \$7.53 per CCF) to \$10.47 per 1,000 gallons (equal to \$7.83 per CCF).

DFHC’s current purchased water base charge and usage rate per 1,000 gallons related to its purchased water service from the City and its sewer usage rate per 1,000 gallons related to its purchased sewer service from the Town of Jamestown (“Town”) have been in effect since July 23, 2018, when they were approved by the Commission in its *Order Approving Tariff Revision and Requiring Customer Notice* issued in Docket No. W-1315, Sub 3. After taking into account the effect of the 0.13% regulatory fee, DFHC has requested authority to increase its water base charge from \$12.30 to \$12.79 and its water usage rate from \$10.08 to \$10.48 per 1,000 gallons to reflect the increase in the cost of purchasing water service from the City. The Town has made no adjustments to its sewer usage rate charged to DFHC and as a result DFHC requested no change from the previously approved \$5.69 per 1,000 gallons.

The Public Staff has reviewed DFHC's request and recommends that the requested tariff revision be approved.

EXHIBIT: A proposed order is attached as Exhibit No. P-2.

RECOMMENDATION: (Junis/Morgan/Creech) That the Commission issue the proposed order approving the requested tariff revision and require customer notice.

P2. DOCKET NO. W-354, SUB 364 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA – APPLICATION FOR A RATE INCREASE

EXPLANATION: On June 28, 2019, Carolina Water Service, Inc. of North Carolina (CWSNC or Applicant) filed an application with the Commission seeking authority to increase its rates for providing water and sewer utility service in all of its service areas in North Carolina, including the approved acquisition of Riverbend Estates in Docket No. W-354, Sub 358, and the pending acquisition of Pace Utilities Group, Inc. (Pace Utilities), in Docket No. W-354, Sub 361. The Applicant serves approximately 34,915 water customers and 21,403 sewer customers in 38 counties throughout the State of North Carolina.

CWSNC's uniform water and sewer rates, Treasure Cove/Bradfield Farms/Fairfield Harbour water rates, and Treasure Cove/Bradfield Farms/Fairfield Harbour sewer rates have been in effect since February 21, 2019. Riverbend Estates present water rates are the same as CWSNC's uniform water rates and have been in effect since May 16, 2019. In CWSNC's pending acquisition of Pace Utilities, CWSNC proposed using the current rates for Treasure Cove/Bradfield Farms/Fairfield Harbour water and Treasure Cove/Bradfield Farms/Fairfield Harbour sewer.

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.

EXHIBIT: A proposed order is attached as Exhibit No. P-3.

RECOMMENDATION: (Casselberry/Feasel/Little) That the Commission issue the proposed order establishing a general rate case and suspending rates.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-5, SUB 610

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Petition of Public Service Company of North) ORDER GRANTING PETITION
Carolina, Inc., to Amend Form Transportation) TO AMEND TARIFF
Pooling Agreement of its Tariff)

BY THE COMMISSION: On June 19, 2019, Public Service Company of North Carolina, Inc. (PSNC or Company), filed a petition pursuant to N.C. Gen. Stat. § 62-138 and Commission Rules R1-5 and R6-5.1 seeking Commission authorization to amend the form Transportation Pooling Agreement of its Tariff (Petition).

In its Petition, PSNC stated that all service provided under its transportation rate schedules (Rate Schedules Nos. 175 and 180) are subject to a Transportation Pooling Agreement, which is set forth in Appendix A to the Rules and Regulations of the Company's Tariff. Article V of the Transportation Pooling Agreement addresses pool balancing procedures, which, among other things, allows PSNC to issue an Operational Order when deemed necessary to protect the integrity of the Company's system or operations or service to firm customers. Article V also sets forth the penalties for violations of an Operational Order, requiring a pooler that violates an Operational Order to pay a penalty based upon the amount that the pooler's imbalance, during the Operational Order, exceeds five percent of the pooler's approved nomination.

PSNC stated that its decision to issue an Operational Order on a given day is often driven by conditions on the Transcontinental Gas Pipeline Company, LLC ("Transco") system, and whether Transco has imposed an operational flow order ("OFO") that requires daily and cumulative balancing of receipts and deliveries on its system in accordance with the terms of its rate schedules ("Imbalance OFO") or that requires gas quantities to be received and delivered where scheduled ("Scheduling OFO"). PSNC further stated that in recent months, Transco has increased the frequency of the issuance of Imbalance and Scheduling OFOs in Zone 5, the area of Transco's system where the Company's delivery points are located. PSNC's observations have led to the conclusion that these OFOs do not appear to be associated with any critical conditions that exist on the Transco system but rather seem to be issued during normal operating conditions, are often of indefinite duration, and are for both long and short imbalances.

The OFOs are subject to tolerances that range from five percent to twenty percent. Currently, Transco is PSNC's only interstate provider.

The frequency and nature of the OFOs being issued by Transco caused PSNC to consider how it can respond to these OFOs more effectively and, in addition, to review its own pool balancing procedures. PSNC determined that it would be beneficial to have more flexibility in the implementation of Operational Orders under its Tariff, and, therefore, proposed to change the five percent tolerance, which Article V of the Transportation Pooling Agreement now provides for all Operational Orders, to "the percentage tolerance specified in the Operational Order." PSNC stated that this change will enhance the Company's ability to tailor its Operational Orders to address the particular conditions requiring pooler action—whether those conditions are on Transco, a future interconnecting pipeline, or PSNC's system.

In addition to the proposed changes to Article V described above, PSNC changed all references to PSNC Energy to PSNC because the Company no longer uses PSNC Energy as its assumed name. All of these proposed changes were attached to the Petition as Exhibit A – Proposed Modifications to Transportation Pooling Agreement.

PSNC requested that the Commission make the changes proposed in its Petition applicable to all existing and future Transportation Pooling Agreements. The Company anticipates executing new agreements with poolers once these changes become effective.

The Public Staff presented this matter to the Commission at its Regular Staff Conference on July 15, 2019. The Public Staff stated that it had reviewed the Petition and recommended approval.

Based on its review of the filing and the recommendation of the Public Staff, the Commission concludes that PSNC's request to amend its tariff should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That PSNC is authorized to amend the Form Transportation Pooling Agreement of its Tariff as described in the body of this Order.
2. That PSNC shall file its amended Form Transportation Pooling Agreement as authorized in Paragraph 1 of this Order.
3. That PSNC shall notify all of its transportation customers and poolers of the changes authorized in this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of July, 2019.

NORTH CAROLINA UTILITIES COMMISSION

Janice Fulmore, Deputy Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1315, SUB 4

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by DFHC Corporation, Inc., 2432)	
Andrews Store Road, Pittsboro, North Carolina)	ORDER APPROVING
27312, for Authority to Amend Its Tariff to Increase)	TARIFF REVISION
Rates for Water Utility Service for the Increased Cost)	AND REQUIRING
of Purchased Water from the City of Greensboro in)	CUSTOMER NOTICE
Gardner Hill Station in Guilford County, North)	
Carolina)	

BY THE COMMISSION: On June 24, 2019, DFHC Corporation, Inc. (“DFHC”), filed a petition with the Commission requesting authority to amend its tariff for the purpose of passing along to its customers in Gardner Hill Station in Guilford County an increase in the cost of purchasing water service from the City of Greensboro (“City”). On June 27, 2019, DFHC filed its verification of the petition pursuant to N.C. Gen. Stat. § 62-133.11.

Effective July 1, 2019, the City increased its water billing and availability fees charged to DFHC by \$1.97 per month from \$49.13 per month to \$51.10 per month and water usage rate by \$0.40 per 1,000 gallons from \$10.07 per 1,000 gallons (equal to \$7.53 per CCF) to \$10.47 per 1,000 gallons (equal to \$7.83 per CCF).

DFHC’s current purchased water base charge and usage rate per 1,000 gallons related to its purchased water service from the City and its sewer usage rate per 1,000 gallons related to its purchased sewer service from the Town of Jamestown (“Town”) have been in effect since July 23, 2018, when they were approved by the Commission in its *Order Approving Tariff Revision and Requiring Customer Notice* issued in Docket No. W-1315, Sub 3. After taking into account the effect of the 0.13% regulatory fee, DFHC has requested authority to increase its water base charge from \$12.30 to \$12.79 and its water usage rate from \$10.08 to \$10.48 per 1,000 gallons to reflect the increase in the cost of purchasing water service from the City. The Town has made no adjustments to its sewer usage rate charged to DFHC and as a result DFHC requested no change from the previously approved \$5.69 per 1,000 gallons.

This matter was presented at the Commission's Regular Staff Conference on July 15, 2019. The Public Staff – North Carolina Utilities Commission (Public Staff) stated that it had reviewed DFHC's request and recommended that the requested tariff revision be approved. The Public Staff is of the opinion that the tariff revision would allow DFHC to recover additional revenues that do not exceed the additional expenses.

Based upon the foregoing, the Commission finds that DFHC should be allowed to pass through the costs associated with the increased purchased water expense.

IT IS, THEREFORE, ORDERED as follows:

1. That DFHC Corporation, Inc., is granted a revision to Appendix B of its tariff for water and sewer utility service in Gardner Hill Station in Guilford County, in which it purchases and resells water from the City of Greensboro and sewer from the Town of Jamestown, as set forth herein.

2. That the revised Appendix B attached hereto is approved and is deemed filed with the Commission pursuant to N.C. Gen. Stat. § 62-138. This Schedule of Rates shall become effective for bills rendered on and after the date of this Order.

3. That the Notice to Customers, attached hereto as Appendix C, shall be mailed with sufficient postage or hand delivered by DFHC to all of its affected customers in the Gardner Hill Station contemporaneously with the next billing of customers; and that the Applicant submit to the Commission the Certificate of Service, attached hereto as Appendix D, properly signed and notarized, no later than 10 days after the date of the next billing.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of July, 2019.

NORTH CAROLINA UTILITIES COMMISSION

Janice Fulmore, Deputy Chief Clerk

SCHEDULE OF RATES

for

DFHC CORPORATION, INC.

for providing water and sewer utility service

in

GARDNER HILL STATION

Guilford County, North Carolina

Monthly Metered Water Rates:

Base Charge, zero usage	\$ 12.79
Usage Charge, per 1,000 gallons	\$ 10.48

Monthly Metered Sewer Rates:

Usage Charge, per 1,000 gallons	\$ 5.69
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Billing Service Charge: \$ 3.75

Reconnection Fee: \$320.25

New Customer Account Fee: \$ 15.00

Returned Check Charge: \$ 25.00

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

Issued in Accordance with Authority Granted by the North Carolina Utilities Commission
in Docket No. W-1315, Sub 4 on this the _____ day of July, 2019.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1315, SUB 4

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by DFHC Corporation, Inc., 2432)
Andrews Store Road, Pittsboro, North Carolina)
27312, for Authority to Amend Its Tariff to Increase)
Rates for Water Utility Service for the Increased Cost)
of Purchased Water from the City of Greensboro in)
Gardner Hill Station in Guilford County, North)
Carolina)

NOTICE TO
CUSTOMERS OF
NEW RATES

BY THE COMMISSION: Notice is given that the North Carolina Utilities Commission has granted DFHC Corporation, Inc. (DFHC), an increase in its water and sewer rates charged to customers in Gardner Hill Station in Guilford County. DFHC filed a verified petition, pursuant to N.C. Gen. Stat. § 62-133.11, with the Commission on June 24, 2019, requesting authority to amend its tariff for the purpose of passing along to its customers, the July 1, 2019, increase in the cost of purchasing water service from the City of Greensboro.

The new rates are as follows:

	<u>Old</u> <u>Rates</u>	<u>New</u> <u>Rates</u>
Water Utility Service		
Monthly base facility charge for zero usage	\$12.30	\$12.79
Usage charge per 1,000 gallons	\$10.08	\$10.48
Sewer Utility Service		
Usage charge per 1,000 gallons	\$ 5.69	\$ 5.69

The Public Staff – North Carolina Utilities Commission (Public Staff) reviewed DFHC's request and recommended that the requested tariff revision be approved. The Public Staff stated that the tariff revision will allow DFHC to recover additional revenues that do not exceed the additional expenses.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of July, 2019.

NORTH CAROLINA UTILITIES COMMISSION

Janice Fulmore, Deputy Chief Clerk

CERTIFICATE OF SERVICE

I, _____, mailed with sufficient postage or hand delivered to all affected customers the attached Notice to Customers issued by the North Carolina Utilities Commission in Docket No. W-1315, Sub 4, and the Notice was mailed or hand delivered by the date specified in the Order.

This the ____ day of _____, 2019.

By:

Signature

Name of Utility Company

The above named Applicant, _____, personally appeared before me this day and, being first duly sworn, says that the required Notice to Customers was mailed or hand delivered to all affected customers, as required by the Commission Order dated _____ in Docket No. W-1315, Sub 4.

Witness my hand and notarial seal, this the ____ day of _____, 2019.

Notary Public

Printed Name

(SEAL) My Commission Expires:

Date

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-354, SUB 364

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Carolina Water Service, Inc.)
of North Carolina, Post Office Box 240908,) ORDER ESTABLISHING
Charlotte, North Carolina 28244 for) GENERAL RATE CASE AND
Authority to Adjust and Increase Rates for) SUSPENDING RATES
Water and Sewer Utility Service in All)
Service Areas in North Carolina)

BY THE COMMISSION: On June 28, 2019, Carolina Water Service, Inc. of North Carolina (CWSNC or Applicant) filed an application with the Commission seeking authority to increase its rates for providing water and sewer utility service in all of its service areas in North Carolina, including the approved acquisition of Riverbend Estates in Docket No. W-354, Sub 358, and the pending acquisition of Pace Utilities Group, Inc. (Pace Utilities), in Docket No. W-354, Sub 361. The Applicant serves approximately 34,915 water customers and 21,403 sewer customers in 38 counties throughout the State of North Carolina.

CWSNC's uniform water and sewer rates, Treasure Cove/Bradfield Farms/Fairfield Harbour water rates and Treasure Cove/Bradfield Farms/Fairfield Harbour sewer rates have been in effect since February 21, 2019. Riverbend Estates present water rates are the same as CWSNC's uniform water rates and have been in effect since May 16, 2019. In CWSNC's pending acquisition of Pace Utilities, CWSNC proposed using the current rates for Treasure Cove/Bradfield Farms/Fairfield Harbour water and Treasure Cove/Bradfield Farms/Fairfield Harbour sewer.

The Commission is of the opinion that the application constitutes a general rate case and that the proposed new rates should be suspended pending investigation.

IT IS, THEREFORE, ORDERED as follows:

1. That this proceeding is declared a general rate case pursuant to N.C. Gen. Stat. § 62-137.
2. That the proposed new rates are suspended for up to 270 days pursuant to N.C. Gen. Stat. § 62-134.

3. That the test year period is established as the twelve-month period ending March 31, 2019.

4. That an order scheduling hearings and requiring customer notice shall be issued by the Commission at a later date.

ISSUED BY ORDER OF THE COMMISSION.

This the ___ day of July, 2019.

NORTH CAROLINA UTILITIES COMMISSION

Janice Fulmore, Deputy Chief Clerk