

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**STAFF CONFERENCE AGENDA  
August 31, 2020**

***IMPORTANT NOTE: STAFF CONFERENCE  
WILL BE CONDUCTED VIA WEBEX.  
INSTRUCTIONS FOR PARTICIPATION AND A LINK TO VIEW  
THE MEETING WILL BE POSTED ON THE COMMISSION'S  
WEBSITE, NCUC.NET***

**COMMISSION STAFF**

NO AGENDA ITEMS

**PUBLIC STAFF**

**B. NATURAL GAS**

- P1. DOCKET NO. G-5, SUB 585 – PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC. – PETITION FOR WAIVER OF CODE OF CONDUCT GUIDELINE EXHIBIT NO. P-1
- P2. DOCKET NO. G-5, SUB 624 – APPLICATION OF PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC., FOR BI-ANNUAL ADJUSTMENT OF RATES UNDER RIDER E TO ITS TARIFF EXHIBIT NO. P-2
- P3. DOCKET NO. G-40, SUB 157 – APPLICATION OF FRONTIER NATURAL GAS COMPANY FOR AN ADJUSTMENT OF ITS RATES AND CHARGES TO TRACK CHANGES IN ITS WHOLESALE COSTS OF GAS EXHIBIT NO. P-3

**C. COMMUNICATIONS**

- P1. FILING OF INTERCONNECTION AGREEMENT AMENDMENTS BY AT&T NORTH CAROLINA

TO: Agenda – Commission Conference – August 31, 2020

FROM: PUBLIC STAFF – North Carolina Utilities Commission

## **B. NATURAL GAS**

### **P1. DOCKET NO. G-5, SUB 585 – PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC. – PETITION FOR WAIVER OF CODE OF CONDUCT GUIDELINE**

EXPLANATION: On August 5, 2020, Public Service Company of North Carolina, Inc. (PSNC or Company) filed a petition requesting that the Commission enter an order waiving the transfer pricing guideline in Section III.D.3(a) of PSNC's Code of Conduct Governing the Relationship Among Dominion Energy North Carolina, Public Service Company of North Carolina, Inc., Their Affiliates, and Their Nonpublic Utility Operations (Code of Conduct) in connection with leases, to be entered into by the Company with affiliates Dominion Energy Southeast Services, Inc. (DESS) and Dominion Energy Services, Inc. (DES), to use space in the Company's Gastonia facility for the purpose of providing services to Utility Affiliates, as defined in the Code of Conduct. The waiver would allow the Company to lease the space to DESS and DES at PSNC's Fully Distributed Cost instead of at the higher of Market Value or Fully Distributed Cost, as the capitalized terms are defined in the Code of Conduct.

DESS is a Service Company, as defined in the Code of Conduct, providing gas dispatch services and gas measurement services for PSNC and Dominion Energy South Carolina, Inc. (DESC) from the Company's Gastonia facility. DESC is a Utility Affiliate under the Code of Conduct. DES is a Service Company that provides shared services to PSNC and its Affiliates, including Utility Affiliates. PSNC and DES intend to enter into a lease in order for DES to use the Company's Gastonia facility in connection with the provision of gas dispatch services to The East Ohio Gas Company, doing business as Dominion Energy Ohio (DEO). Because DESS and DES are Non-Utility Affiliates of PSNC, Section III.D.3(a) of the Code of Conduct requires that they pay PSNC the higher of Market Value or PSNC's Fully Distributed Cost as rent under their respective leases. The transfer pricing guideline in Section III.D.3(d) of the Code of Conduct requires that for un-tariffed goods and services provided by PSNC to Utility Affiliates, the transfer price on such transactions shall be the Affiliate's Fully Distributed Cost. Therefore, the Company requests that the Commission waive the application of the transfer pricing guideline in Code of Conduct Section III.D.3(a) and apply the guideline in Section III.D.3(d) applicable to transfers involving Utility Affiliates so that the rent can be set at PSNC's Fully Distributed Cost. PSNC further states that under these leases, DESS and DES will use the Gastonia facility only to provide services to PSNC and its Utility Affiliates and that the leases will have no negative impact on PSNC customers' rates and service and are in the public interest.

The Public Staff recognizes that pursuant to the proposed lease agreements with DES and DESS, services will be provided to PSNC's Utility Affiliates. The Public Staff believes that the proposed lease agreements are in the public interest and recommends that, subject to the conditions described below, the transfer pricing waiver requested by PSNC should be granted.

Based on its investigation, the Public Staff recommends that the Commission grant the waiver requested by PSNC subject to the following conditions, which have been agreed to by PSNC: (1) the waiver only applies to the two lease agreements filed herein, (2) if similar lease agreements arise, PSNC be required to file them with the Commission for approval, (3) PSNC maintain adequate documentation of the rent amounts charged to DESS and DES, (4) such approval does not constitute approval of the amount of any compensation paid thereunder, and (5) such approval does not prejudice the right of any party to take issue with any provision of the agreements in question in a future proceeding.

EXHIBIT: A copy of the proposed order is attached as [Exhibit No. P-1](#).

RECOMMENDATION: (Perry) That the proposed order be issued granting the waiver request.

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P2. DOCKET NO. G-5, SUB 624 – APPLICATION OF PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC., FOR BI-ANNUAL ADJUSTMENT OF RATES UNDER RIDER E TO ITS TARIFF

EXPLANATION: Pursuant to Public Service Company of North Carolina, Inc.'s (PSNC or Company) Integrity Management Tracker (IMT), Rider E of the Company's Tariff, PSNC is required to file with the Commission by January 31 and July 31 of each year information showing the computation of the Integrity Management Revenue Requirement (IMRR) that supports the bi-annual Integrity Management (IM) Adjustment of the IMT. PSNC is also required to file bi-annual adjustments to its rates based upon qualifying capital investments in integrity and safety projects as of December 31 and June 30, respectively. Rider E of the Company's tariff requires PSNC to make a filing with the Commission by February 15 and August 15 of each year showing the computation of the IM rate adjustment for each rate schedule that it proposes to charge during the six-month period beginning the following March 1 and September 1, respectively, and then file revisions to its tariffs.

On July 31, 2020, pursuant to Rider E of the Company's Tariff, PSNC filed in Docket No. G-5, Sub 565C, the computation for the IMRR that supports the bi-annual IM rate adjustment, effective September 1, 2020, based on the Company's Integrity Management (IM) Plant Investment through June 30, 2020.

On August 14, 2020, PSNC filed an Application of Public Service Company of North Carolina, Inc. for Bi-Annual Adjustment of Rates Under Rider E to its Tariff (Application), which included the schedule showing the computation of the IM rate adjustments for each rate schedule and the revised tariffs, effective for service rendered on and after September 1, 2020.

On August 19, 2020 and August 24, 2020, PSNC filed amended Applications correcting some wording and clerical errors consisting of the docket number and the address of the counsel.

The proposed IM rate adjustments, expressed in dollars per therm (\$/therm), are as follows:

Description	Residential	Commercial	Firm	Interruptible
	Rates 101, 102, 115	Rates 125, 126 127, 140	Large General Rates 145, 175	Large General Rates 135, 150, 160, 165, 180
Customer Class Percentage	69.89%	19.92%	7.25%	2.94%
IMRR for Recovery	\$21,472,194	\$6,119,990	\$2,227,406	\$903,252
Rate Case Volumes (therms)	302,709,607	154,775,485	202,384,732	148,716,728
IM Rate Increment (per therm)	\$0.07093	\$0.03954	\$0.01101	\$0.00607
Current IM Increment	\$0.06381	\$0.03557	\$0.00990	\$0.00546
Adjustment to IM increment	\$0.00712	\$0.00397	\$0.00111	\$0.00061

The Public Staff has reviewed the proposed IM rate adjustments and recommends approval as filed.

EXHIBIT: A copy of the proposed order is attached as [Exhibit No. P-2](#).

RECOMMENDATION: (Naba/Perry) That the Commission issue the proposed order approving the rate adjustments as filed by PSNC.

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P3. DOCKET NO. G-40, SUB 157 – APPLICATION OF FRONTIER NATURAL GAS COMPANY FOR AN ADJUSTMENT OF ITS RATES AND CHARGES TO TRACK CHANGES IN ITS WHOLESALE COSTS OF GAS

EXPLANATION: On August 17, 2020, Frontier Natural Gas Company (Frontier) filed an application pursuant to N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3), and Appendix A of Frontier's Gas Service Rules & Regulations seeking authority to decrease its sales rates by \$1.50 per dekatherm (dt) effective September 1, 2020. The decrease is a result of a change in Frontier's Benchmark City Gate Delivered Cost of Gas from \$4.95 per dt to \$3.45 per dt.

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

EXHIBIT: A proposed order is attached as [Exhibit No. P-3](#).

RECOMMENDATION: (Gilbert) That the Commission issue the proposed order approving the rate changes proposed by Frontier.

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## C. COMMUNICATIONS

### P1. FILING OF INTERCONNECTION AGREEMENT AMENDMENTS BY AT&T NORTH CAROLINA

EXPLANATION: The following interconnection agreement amendments were filed for Commission approval on June 19, 2020:

#### **BellSouth Telecommunications, LLC, d/b/a AT&T North Carolina (AT&T)**

Docket No. P-55, Sub 1811 – Amendment filed on June 19, 2020, to an existing interconnection agreement with Springboard Telecom, LLC, Comporium, Inc. The Commission approved the initial interconnection agreement between AT&T and Springboard Telecom, LLC, on July 16, 2010. The agreement was amended to add Comporium, Inc., an affiliate of Springboard Telecom, LLC, as a party; the Commission approved the amendment on June 20, 2016.

The present amendment implements the changes mandated by the Federal Communications Commission (FCC) in two orders issued in WC Docket No. 18-141, specifically: FCC 19-66, released on July 12, 2019, and FCC 19-72, released on August 2, 2019 (collectively, “FCC UNE and Resale Forbearance Order”).

Docket No. P-55, Sub 1829 – Amendment filed on June 19, 2020, to the existing interconnection agreement with CenturyLink Communications, LLC, f/k/a Qwest Communications Company, LLC, which the Commission approved February 23, 2011. The amendment implements changes pursuant to the *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order issued by the FCC on November 18, 2011, in FCC 11-161, and as amended on December 23, 2011, in FCC 11-189 (FCC ICC Reform Order). The amendment also modifies certain provisions related to Customer Information Services (CIS) pursuant to WC Docket No. 16-13, approved March 15, 2016.

The amendment adds Access Customer Name Abbreviations (ACNAs) and Operating Company Numbers (OCNs) to the agreement, and adds Exhibit A (Attachment 06), which specifies terms and conditions for Operator Services and Directory Assistance, formerly known as Customer Information Services (CIS), and related Pricing Sheets in Exhibit B. In addition, the amendment implements intercarrier compensation rates for the termination of all Section 251(b)(5) traffic, and deletes the rates, terms and conditions related to the unbundling of 64 kbps voice-grade channels in situations where a cooper loop has been retired. The amendment also replaces Section N of the agreement, which addresses Notices and the contact information to be used by the companies, with new language.

Docket No. P-55, Sub 1889 – Amendment filed on June 19, 2020, to an interconnection agreement with Cebridge Telecom, LLC, approved by the Commission on September 17, 2013. The amendment implements the changes mandated by the FCC UNE and Resale Forbearance Order.

Docket No. P-55, Sub 1915 – Amendment filed on June 19, 2020, to an existing interconnection agreement with RiverStreet Communications of North Carolina, Inc., which the Commission approved on April 18, 2016. The amendment implements the changes mandated by the FCC UNE and Resale Forbearance Order.

These filings were made in compliance with Commission Rule R17-4(d) and Sections 252(e) and 252(i) of the Telecommunications Act of 1996. The Act provides for the filing of such agreements and amendments with the state commission and approval or rejection by the state commission within 90 days after filing. On June 18, 1996, the Commission issued an Order in Docket No. P-100, Sub 133, allowing interim operation under negotiated agreements filed as public records prior to Commission approval of the agreements.

The Public Staff has reviewed these filings and recommends Commission approval.

RECOMMENDATION: (Proffitt/Coxton) That orders be issued approving the amendments effective on the date they were filed. The Public Staff has provided proposed orders to the Commission Staff.

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**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. G-5, SUB 585

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Petition of Application of Public Service )		ORDER APPROVING
Company of North Carolina, Inc. for Waiver )		WAIVER OF CODE OF
of Code of Conduct Provision )		CONDUCT PROVISION

BY THE COMMISSION: On August 5, 2020, Public Service Company of North Carolina, Inc. (PSNC or Company) filed a petition requesting that the Commission enter an order waiving the transfer pricing guideline in Section III.D.3(a) of PSNC’s Code of Conduct Governing the Relationship Among Dominion Energy North Carolina, Public Service Company of North Carolina, Inc., Their Affiliates, and Their Nonpublic Utility Operations (Code of Conduct) in connection with leases to be entered into by the Company with affiliates Dominion Energy Southeast Services, Inc. (DESS) and Dominion Energy Services, Inc. (DES) to use space in the Company’s Gastonia facility for the purpose of providing services to Utility Affiliates, as defined in the Code of Conduct. The waiver would allow the Company to lease the space to DESS and DES at PSNC’s Fully Distributed Cost instead of at the higher of Market Value or Fully Distributed Cost, as the capitalized terms are defined in the Code of Conduct.

DESS is a Service Company, as defined in the Code of Conduct, providing gas dispatch services and gas measurement services for PSNC and Dominion Energy South Carolina, Inc. (DESC) from the Company’s Gastonia facility. DESC is a Utility Affiliate under the Code of Conduct. DES is a Service Company that provides shared services to PSNC and its Affiliates, including Utility Affiliates. PSNC and DES intend to enter into a lease in order for DES to use the Company’s Gastonia facility in connection with the provision of gas dispatch services to The East Ohio Gas Company, doing business as Dominion Energy Ohio (DEO). Because DESS and DES are Non-Utility Affiliates of PSNC, Section III.D.3(a) of the Code of Conduct requires that they pay PSNC the higher of Market Value or PSNC’s Fully Distributed Cost as rent under their respective leases. The transfer pricing guideline in Section III.D.3(d) of the Code of Conduct requires that, for un-tariffed goods and services provided by PSNC to Utility Affiliates, the transfer price on such transactions shall be the Affiliate’s Fully Distributed Cost. Therefore, the Company requested that the Commission waive the application of the transfer pricing

guideline in Code of Conduct Section III.D.3(a) and apply the guideline in Section III.D.3(d) applicable to transfers involving Utility Affiliates so that the rent can be set at PSNC's Fully Distributed Cost. PSNC further states that under these leases, DESS and DES will use the Gastonia facility only to provide services to PSNC and its Utility Affiliates and that the leases will have no negative impact on PSNC customers' rates and service and are in the public interest.

The Public Staff presented this matter at the Commission's Staff Conference on August 31, 2020. The Public Staff recognized that pursuant to the proposed lease agreements with DES and DESS, services will be provided to PSNC's Utility Affiliates. The Public Staff stated that it believes that the proposed lease agreements are in the public interest and recommended that, subject to certain conditions, the transfer pricing waiver requested by PSNC should be granted subject to the following conditions, which have been agreed to by PSNC: (1) the waiver only applies to the DESS and DES lease agreements filed herein, (2) if similar lease agreements arise, PSNC shall file them with the Commission for approval, (3) PSNC shall maintain adequate documentation of the rent amounts charged to DESS and DES, (4) such approval does not constitute approval of the amount of any compensation paid thereunder, and (5) such approval does not prejudice the right of any party to take issue with any provision of the lease agreements in question in a future proceeding.

The Commission has closely examined the Code of Conduct waiver requested by PSNC. Based upon the Commission's review of the petition and the recommendation of the Public Staff, the Commission concludes that it should grant the waiver of the application of the transfer pricing guideline in Code of Conduct Section III.D.3(a) subject to the conditions recommended by the Public Staff and agreed to by the Company.

IT IS, THEREFORE, ORDERED as follows:

1. The waiver of PSNC's Code of Conduct Section III.D.3(a) as proposed in the Company's August 8, 2020 petition in this docket is hereby approved;
2. That the waiver only applies to the DESS and DES lease agreements filed herein;
3. That if similar lease agreements arise, PSNC shall file them with the Commission for approval;
4. That PSNC shall maintain adequate documentation of the rent amounts charged to DESS and DES;

5. That such approval does not constitute approval of the amount of any compensation paid thereunder; and

6. That such approval does not prejudice the right of any party to take issue with any provision of the lease agreements in question in a future proceeding.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_\_ day of \_\_\_\_\_, 2020.

NORTH CAROLINA UTILITIES COMMISSION

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Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. G-5, SUB 624

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application of Public Service Company of	)	ORDER APPROVING RATE
North Carolina, Inc., for Approval of Bi-Annual	)	ADJUSTMENTS EFFECTIVE
Adjustment of Rates Under Rider E of its Tariff	)	SEPTEMBER 1, 2020

BY THE COMMISSION: Pursuant to Public Service Company of North Carolina, Inc.'s (PSNC or Company) Integrity Management Tracker (IMT), Rider E of the Company's Tariff, PSNC is required to file with the Commission by January 31 and July 31 of each year information showing the computation of the Integrity Management Revenue Requirement (IMRR) that supports the bi-annual Integrity Management (IM) Adjustment of the IMT. PSNC is also required to file bi-annual adjustments to its rates based upon qualifying capital investments in integrity and safety projects as of December 31 and June 30, respectively. Rider E of the Company's tariff requires PSNC to make a filing with the Commission by February 15 and August 15 of each year showing the computation of the IM rate adjustment for each rate schedule that it proposes to charge during the six-month period beginning the following March 1 and September 1, respectively, and then file revisions to its tariffs.

On July 31, 2020, pursuant to Rider E of the Company's Tariff, PSNC filed in Docket No. G-5, Sub 565C, the computation for the IMRR that supports the bi-annual IM rate adjustment, effective September 1, 2020, based on the Company's Integrity Management (IM) Plant Investment through June 30, 2020.

On August 14, 2020, PSNC filed an Application of Public Service Company of North Carolina, Inc. for Bi-Annual Adjustment of Rates Under Rider E to its Tariff (Application), which included the schedule showing the computation of the IM rate adjustments for each rate schedule and the revised tariffs, effective for service rendered on and after September 1, 2020.

On August 19, 2020 and August 24, 2020, PSNC filed amended Applications correcting some wording and clerical errors consisting of the docket number and the address of the counsel.

The proposed IM rate adjustments, expressed in dollars per therm (\$/therm), are as follows:

Description	Residential	Commercial	Firm	Interruptible
	Rates 101, 102, 115	Rates 125, 126 127, 140	Large General Rates 145, 175	Large General Rates 135, 150, 160, 165, 180
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Rate Case Volumes (therms)	302,709,607	154,775,485	202,384,732	148,716,728
IM Rate Increment (per therm)	\$0.07093	\$0.03954	\$0.01101	\$0.00607
Current IM Increment	\$0.06381	\$0.03557	\$0.00990	\$0.00546
Adjustment to IM increment	\$0.00712	\$0.00397	\$0.00111	\$0.00061

The Public Staff presented this matter to the Commission at its August 31, 2020, Staff Conference. The Public Staff stated that it had reviewed the proposed IM rate adjustments and recommended approval as filed.

Based upon review of the Application and the recommendation of the Public Staff, the Commission is of the opinion that the proposed rate adjustments should be allowed to become effective as filed.

IT IS, THEREFORE, ORDERED as follows:

1. That PSNC is authorized to implement the proposed IM rate adjustments as contained in the body of this Order effective for service rendered on and after September 1, 2020.
2. That PSNC shall file revised tariffs consistent with Ordering Paragraph 1 within five (5) days of the date of this Order.
3. That PSNC shall give notice to its customers of the rate changes authorized in this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_\_ day of \_\_\_\_\_, 2020.

NORTH CAROLINA UTILITIES COMMISSION

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Kimberley A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. G-40, SUB 157

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application of Frontier Natural Gas Company )	ORDER ALLOWING RATE
for an Adjustment of Its Rates and Charges to )	CHANGES EFFECTIVE
Track Changes in Its Wholesale Costs of Gas )	SEPTEMBER 1, 2020

BY THE COMMISSION: On August 17, 2020, Frontier Natural Gas Company (Frontier) filed an application pursuant to N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3), and Appendix A of Frontier’s Gas Service Rules & Regulations seeking authority to decrease its sales rates by \$1.50 per dekatherm (dt) effective September 1, 2020. The decrease is a result of a change in Frontier's Benchmark City Gate Delivered Cost of Gas from \$4.95 per dt to \$3.45 per dt.

The Public Staff presented this matter to the Commission at its Regular Staff Conference on August 31, 2020. The Public Staff stated that it had reviewed the application and recommended approval as filed.

Based upon review of the application and the recommendation of the Public Staff, the Commission finds good cause to approve the proposed rate changes as filed, to become effective for service rendered on and after September 1, 2020.

IT IS, THEREFORE, ORDERED as follows:

1. That Frontier is authorized to decrease its sales rates by \$1.50 per dekatherm effective for service rendered on and after September 1, 2020.
2. That Frontier shall file revised tariffs consistent with Ordering Paragraph 1 within five (5) days of the date of this Order.
3. That Frontier shall give notice to its customers of the rate changes authorized by this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_\_ day of \_\_\_\_\_, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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