

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**STAFF CONFERENCE AGENDA  
March 26, 2018**

**COMMISSION STAFF**

NO AGENDA ITEMS

**PUBLIC STAFF**

**B. NATURAL GAS**

- P1. DOCKET NO. G-5, SUB 588 - APPLICATION OF PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC., FOR BI-ANNUAL ADJUSTMENT OF RATES UNDER RIDER C TO ITS TARIFF AND ADJUSTMENTS UNDER RIDER D TO ITS TARIFF TO TRACK CHANGES IN ITS WHOLESALE COST OF GAS

EXPLANATION: On March 16, 2018, Public Service Company of North Carolina, Inc. (PSNC or Company), filed an application (Application), pursuant to G.S. 62-133.7, GS 62-133.4, Commission Rule R1-17(k)(3), and PSNC's Riders C and D of the Company's tariffs, requesting authority to adjust its rates effective April 1, 2018, pursuant to Rider C, to implement new temporary increments and decrements in its rates for residential, small general service and medium general service customers and to implement, pursuant to Rider D, an increase in its commodity benchmark cost of gas.

PSNC's Application is in compliance with its Rider C - Customer Usage Tracker (CUT) mechanism, which is based on the Customer Usage Deferred Account balances as of January 31, 2018.

According to the CUT, PSNC is to compare actual residential and small and medium general service margins with the margins contained in the most recent Commission approved rates. PSNC is to then apply, on a bi-annual basis, for authority to implement temporary rate increments or decrements (temporaries) to collect or refund any differences in the Customer Usage Deferred Account.

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

Description	Residential		SGS Rate 125	SGS	
	Residential Rate 101	Hi-Efficiency Rate 102		Hi-Efficiency Rate 127	MGS Rate 140
Ending Bal.Due (To)/From Customers	\$8,614,404	\$402,903	\$1,531,669	(\$40,250)	\$468,638
Rate Class Volumes (dts)	29,824,953	878,876	12,075,370	100,097	3,295,885
Increment/Decrement (\$/dts)	\$0.2888	\$0.4584	\$0.1268	(\$0.4021)	\$0.1422
Current Increment/(Decrement)(\$/dts)	\$1.1010	\$0.9084	\$0.4928	(\$0.1443)	\$0.3576
Change in Increment/Decrement (\$/dts)	(\$0.8122)	(\$0.4500)	(\$0.3660)	(\$0.2578)	(\$0.2154)

Also, in compliance with Rider D – Purchased Gas Adjustment (PGA) Procedures, PSNC is seeking authority to increase its sales rates by \$0.2524 per dt and its transportation rates by \$0.0024 per dt effective April 1, 2018. The increases are the result of a change in PSNC's Benchmark Commodity Gas Cost from \$2.750 to \$3.000 per dt.

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

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

RECOMMENDATION: (Gilbert) That the Commission issue the proposed order approving PSNC's proposed rate changes as filed.

P2. DOCKET NO. G-9, SUB 721 – APPLICATION OF PIEDMONT NATURAL GAS COMPANY, INC., FOR APPROVAL OF BI-ANNUAL ADJUSTMENT OF RATES UNDER APPENDIX C OF ITS SERVICE REGULATIONS

EXPLANATION: On March 16, 2018, Piedmont Natural Gas Company, Inc. (Piedmont), filed an application requesting authority to adjust its rates effective April 1, 2018, pursuant to its Margin Decoupling Tracker (MDT) mechanism. These adjustments are filed in compliance with Appendix C of Piedmont’s Service Regulations, which was approved in Piedmont’s last general rate case in Docket No. G-9, Sub 631, and are based on the MDT Deferred Account balance as of January 31, 2018.

According to the MDT, Piedmont is to compare actual residential and small and medium commercial margins with the margins contained in the approved rates from Docket No. G-9, Sub 631. Piedmont is then to apply for, on a bi-annual basis, authority to implement temporary rate increments and/or decrements (temporaries) to collect or refund any differences in the MDT Deferred Account.

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:

<b>Rate Description and Schedule</b>	<b>MDT Deferred Account Balance at 1/31/2018 (\$)</b>	<b>Proposed MDT Temporaries (\$/dt)</b>	<b>Existing MDT Temporaries (\$/dt)</b>	<b>Change In MDT Temporaries (\$/dt)</b>
Residential (Rate Schedule 101)	\$19,876,986	\$0.5445	\$1.0555	(\$0.5110)
Small Commercial (Rate Schedule 102)	(\$893,144)	(\$0.0390)	\$0.2329	(\$0.2719)
Medium Commercial (Rate Schedule 152)	(\$832,573)	(\$0.1839)	\$0.0600	(\$0.2439)

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

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

RECOMMENDATION: (Patel) That the Commission issue the proposed order approving Piedmont’s proposed rate changes as filed.

P3. DOCKET NO. G-39, SUB 41 – APPLICATION OF CARDINAL PIPELINE COMPANY, LLC, FOR APPROVAL OF FUEL TRACKER AND ELECTRIC POWER COST ADJUSTMENT

EXPLANATION: On February 28, 2018, Cardinal Pipeline Company, LLC (Cardinal), filed an application, pursuant to Section 1 of the General Terms and Conditions of its tariffs, seeking approval to adjust its fuel retention percentage from 0.92% to 1.05% for Zones 1A, 1B, and 2 of Rate Schedule CFT, effective April 1, 2018. In addition, pursuant to Section 2 of the General Terms and Conditions of its tariffs, Cardinal is seeking to implement an Electric Power (EP) rate of \$0.01258 per dekatherm (dt) per month (\$0.00041 per dt per day) for Zones 1A, 1B and 2 of Rate Schedule CFT, effective April 1, 2018.

Cardinal states in its application that the fuel retention percentage allows Cardinal to retain volumes of gas required for operation (GRO) and lost and unaccounted for gas. The revised fuel retention percentage, proposed to be effective April 1, 2018, is based on the actual GRO for the period January 1, 2017, through December 31, 2017, and the balance in the Deferred GRO Account as of December 31, 2017.

Cardinal further states in its application that the EP rates are designed to recover Cardinal's estimated electric power costs at Compressor Station No. 161, as adjusted by the current balance in the EP Deferred Account. The EP rates proposed to be effective April 1, 2018, are based on the estimated electric power costs for the period April 1, 2018, through March 31, 2019, plus the balance in the Electric Power Deferred Account as of January 31, 2018.

On March 7, 2018, Piedmont Natural Gas Company, Inc. (Piedmont), filed a petition with the Commission seeking to intervene in this docket. The Commission filed an order granting Piedmont's petition to intervene on March 7, 2018.

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

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

RECOMMENDATION: (Allison/Naba) That the Commission issue an order approving Cardinal's proposed revision to the fuel retention percentage and the EP rate.

P4. DOCKET NO. G-40, SUB 147 – 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 March 16, 2018, Frontier Natural Gas Company (Frontier) filed an application pursuant to the provisions of G.S. 62-133.4, Commission Rule R1-17(k)(3), and Frontier's North Carolina tariffs seeking authority to increase its sales rates by \$2.000 per dekatherm (dt) effective April 1, 2018. The increase is a result of a change in Frontier's Benchmark City Gate Delivered Gas Cost from \$4.000 to \$6.000/dt.

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

EXHIBIT: A proposed order is attached as Exhibit No. P-4.

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

## **D. ELECTRIC**

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

EXPLANATION: The following applications seeking certificates of public convenience and necessity pursuant to G.S. 62-110.1 for construction of solar photovoltaic electric generating facilities were filed pursuant to Commission Rule R8-64.

#### Duke Energy Carolinas:

- Docket No. SP-5754, Sub 0 – Application filed on January 29, 2018, by Ruff Solar, LLC, for an amended certificate to construct a 45.5-MW<sub>AC</sub> facility in Rutherford County, North Carolina
- Docket No. SP-10241, Sub 0 – Application filed on December 27, 2017, by Gallant Solar, LLC, for a certificate to construct a 45-MW<sub>AC</sub> facility in Rockingham County, North Carolina

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

The applicants also filed registration statements for new renewable energy facilities. The registration statements included 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 G.S. 62-133.8; and (4) the applicant will consent to the auditing of books and records by the Public Staff insofar as those records relate to transactions with North Carolina electric power suppliers.

RECOMMENDATION: (Lucas/Thomas) That the Commission issue orders approving the applications, and issuing the requested certificates. Proposed orders have been provided to the Commission Staff.

P2. DOCKET NO. E-34, SUB 47 – NEW RIVER LIGHT AND POWER COMPANY – REQUEST FOR APPROVAL OF PURCHASED POWER ADJUSTMENT AND COAL ASH COST RECOVERY FACTORS

EXPLANATION: On October 2, 2017, pursuant to the Commission's Order Approving Rate Increase and Annual Procedure issued on December 22, 2010, in Docket No. E-34, Sub 38 (the Sub 38 Order), New River Light and Power Company (New River or the Company) filed a request for an adjustment to its rates and charges for purchased power (the Purchased Power Adjustment or PPA). In its initial filing, New River presented a preliminary PPA factor of \$0.020344 per kilowatt-hour (kWh), excluding the North Carolina regulatory fee, or \$0.020372 per kWh, including the regulatory fee. The Company stated that this rate was the preliminary calculation of the PPA factor to be included in rates effective February 1, 2018.

On January 19, 2018, pursuant to a motion by the Public Staff, the Commission issued an Order Granting Extension of Time in this matter, extending the date on which New River's 2018 PPA factor shall become effective until April 1, 2018. The purpose of the requested extension, as stated by the Public Staff, was to allow the parties to arrive at a proposed solution in New River's pending general rate case, Docket No. E-34, Sub 46 (Sub 46), for the proper mechanism to include coal ash costs in New River's rates, and also hopefully allow the rate changes from both the general rate case and the PPA proceeding to go into effect on the same date. The Public Staff explained that New River's power supplier, Blue Ridge Electric Membership Corporation (BREMCO), was beginning to pass along to New River certain coal ash cleanup costs incurred by Duke Energy Carolinas, LLC, and passed along to BREMCO.

On March 20, 2018, New River filed its final proposed PPA factor, including an experience modification factor (EMF) based on total actual purchased power revenues and costs for the period January through December 2017. The PPA factor requested in this filing totals \$0.001005 per kWh (excluding the regulatory fee), consisting of two elements: estimated decremental purchased power costs for the period January through December 2018 of (\$0.000880) per kWh<sup>1</sup>, and an EMF increment of \$0.001885 per kWh. New River states that when calculated to include the regulatory fee, the PPA factor totals \$0.001006 per kWh, which results in an increase in total purchased power rates of \$0.001006 per kWh above the base purchased power revenues recommended in Sub 46. New River requests that the new rates be approved effective for service rendered on or after April 1, 2018.

In its March 20, 2018 filing, New River proposes to revise all of its retail rate schedules as recommended in Sub 46, including its outdoor lighting schedules, to incorporate the \$0.001006 per kWh PPA factor. The Company states that its proposed PPA factor, if

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<sup>1</sup> This purchased power cost decrement is based on the base purchased power cost rate of \$0.062846 per kWh recommended in Sub 46; if based on the base purchased power cost rate of \$0.047112 per kWh approved in New River's prior general rate case, the prospective PPA component would instead be an increment of \$0.014852 per kWh.

approved by the Commission, will increase rates for its customers over the Sub 46 base rates by a range of 1.0% (for residential customers) to 1.4% (for large commercial customers).

As part of its March 20, 2018 filing, New River is also requesting approval of a coal ash cost recovery (CACR) rider, which is designed to collect from New River's customers the coal ash costs that New River is billed pursuant to its wholesale power supply contract with BREMCO. The CACR was agreed to by New River and the Public Staff pursuant to a stipulation entered into in Sub 46, with a recommended CACR base factor of \$0.000000. The stipulation further provides that beginning in 2018, New River may begin recovering reasonable and appropriate coal ash costs charged to it by BREMCO through a separate rider or separate component of the PPA rider, structured and calculated in a manner equivalent to that used for the PPA rider, except that to eliminate significant differences in annual coal ash charges to ratepayers over the 2018 through 2021 time period, New River may defer a portion of the coal ash charges incurred in one or more of such years. Any deferred charges will accrue interest at the FERC interest rate as set forth in Section 35.19a of the FERC Regulations and published quarterly, but in no event at a rate greater than the weighted overall rate of return approved in New River's most recent general rate case at that time.

The proposed 2018 CACR factor estimate is \$0.003246 per kWh (excluding the regulatory fee). When the regulatory fee is included, the proposed CACR factor is \$0.003251 per kWh. New River has determined this estimate by dividing its current estimate of total coal ash costs through 2021, dividing that amount by 44 months, and then multiplying that monthly average by 12 months. This estimate, with any appropriate interest calculated, will be subject to true-up in future New River PPA/CACR rider proceedings. The Company states that its proposed CACR factor, if approved by the Commission, will increase rates for its customers over the Sub 46 base rates by a range of 3.1% (for residential customers) to 4.6% (for commercial demand high load factor customers).

The Public Staff has reviewed New River's calculations for the PPA, and has determined that the proposed PPA has been calculated accurately and in a reasonable manner, given the projections of purchased power costs received from BREMCO, and is consistent with previous New River pass through requests approved by the Commission. Furthermore, pursuant to the provision of the Sub 38 Order that each annual PPA factor adjustment should take into consideration, as appropriate, New River's overall level of earnings and return on rate base at that time, the Public Staff has also conducted a review of New River's 2017 earnings. For purposes of this proceeding, this review has been accomplished by virtue of the Public Staff's investigation in Sub 46. Based on the results of its review, the Public Staff is of the opinion that the requested PPA is appropriate and reasonable in that it (a) is based solely on the level of purchased power expense expected to be incurred by New River (including the EMF), and (b) when combined with the Public Staff's findings in its general rate case investigation, does not appear to be unreasonable overall.



In the current docket as well as in Sub 46, the Public Staff has reviewed the components and calculations of the estimated coal ash costs that New River seeks to collect from its retail customers as a result of this proceeding. Based on its review, the Public Staff also recommends approval of the CACR factor.

EXHIBIT: A proposed order is attached as Exhibit No. P-5.

RECOMMENDATION: (Jayasheela/Maness/Sailor) That the Commission issue the proposed order approving New River's proposed PPA and CACR riders without public hearing, subject to refund of any amounts that should subsequently be found unjust or unreasonable after a public hearing, to be effective for service rendered on or after April 1, 2018.

**E. WATER**

P1. DOCKET NO. W-933, SUB 11 – ETOWAH SEWER COMPANY, INC. –  
TRANSFER OWNER EXEMPT

EXPLANATION: On July 21, 2016, Etowah Sewer Company, Inc. (Etowah), and the City of Hendersonville, North Carolina (Hendersonville), filed an application with the Commission seeking authority to transfer Etowah's sewer utility service serving the unincorporated community of Etowah in Henderson County, North Carolina, to Hendersonville, which is exempt from Commission regulation. Attached to the application was a purchase agreement under which Hendersonville had agreed to purchase the Etowah sewer system for \$1,026,000. Etowah currently provides sewer utility service to approximately 375 residential customers and 42 commercial customers in the unincorporated community of Etowah in Henderson County. Hendersonville provides water utility service to this service area.

On November 22, 2016, the Commission issued an Order Approving Transfer to Owner Exempt, Canceling Franchise, Releasing Bond, and Requiring Customer Notice (Order Approving Transfer). The Order Approving Transfer authorized Etowah to transfer its sewer utility system to Hendersonville, required Etowah to provide written notification to the Commission within five days after the closing of the transfer of the sewer system was completed, allowed the cancellation of the franchise granted to Etowah in Docket No. W-933, Sub 0, effective on the date Etowah filed with the Commission written notification that the closing of the transfer of the sewer system had been completed, allowing the release of the \$20,000 bond and surety held by the Commission to Etowah upon receipt of written notification to the Commission that closing of the transfer of the sewer system had been completed, and requiring customer notice. Certificates of Service were filed by both Etowah and Hendersonville.

On March 2, 2018, Etowah filed a letter with the Commission requesting that the Order Approving Transfer be rescinded. In its letter, Etowah stated that after completion of negotiations with Hendersonville, it learned of an inter-local agreement between Hendersonville and Henderson County, which required County approval prior to Hendersonville providing sewer utility service within the County. At the regular County Board of Commission's meeting, on July 19, 2017, the County voted against the project. Etowah indicated that as a result, the sale of the system will not take place.

The Public Staff recommends that the Order Approving Transfer issued on November 22, 2016, be rescinded and customers notified.

EXHIBIT: A proposed order is attached as Exhibit No. P-6.

RECOMMENDATION: (Casselberry/Henry/Edmondson) That the Commission issue the Public Staff's proposed order rescinding the Order Approving Transfer and requiring customer notice.



Description	Residential		SGS	SGS	
	Residential Rate 101	Hi-Efficiency Rate 102	SGS Rate 125	Hi-Efficiency Rate 127	MGS Rate 140
Ending Bal.Due (To)/From Customers	\$8,614,404	\$402,903	\$1,531,669	(\$40,250)	\$468,638
Rate Class Volumes (dts)	29,824,953	878,876	12,075,370	100,097	3,295,885
Increment/Decrement (\$/dts)	\$0.2888	\$0.4584	\$0.1268	(\$0.4021)	\$0.1422
Current Increment/(Decrement)(\$/dts)	\$1.1010	\$0.9084	\$0.4928	(\$0.1443)	\$0.3576
Change in Increment/Decrement (\$/dts)	(\$0.8122)	(\$0.4500)	(\$0.3660)	(\$0.2578)	(\$0.2154)

Also, in compliance with Rider D – Purchased Gas Adjustment (PGA) Procedures, PSNC is seeking authority to increase its sales rates by \$0.2524/dt and its transportation rates by \$0.0024 per dt effective April 1, 2018. The increases are the result of a change in PSNC’s Benchmark Commodity Gas Cost from \$2.750 to \$3.000 per dt.

The Public Staff presented this matter to the Commission at its March 26, 2018 Staff Conference. The Public Staff stated that it had reviewed the proposed 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 change should be allowed to become effective as filed.

IT IS, THEREFORE, ORDERED as follows:

1. That PSNC is authorized to implement the requested rate changes provided in the body of this Order, based on its Customer Usage Deferred Account balances as of January 31, 2018, effective for service rendered on and after April 1, 2018.
2. That PSNC is allowed to increase its sales rates by \$0.2524 per dekatherm effective for service rendered on and after April 1, 2018.
3. That PSNC is allowed to increase its transportation rates by \$0.0024 per dekatherm effective for service rendered on and after April 1, 2018.
4. That PSNC shall file revised tariffs consistent with Ordering Paragraphs 1 through 3 within five (5) days of the date of this Order.

5. 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 \_\_\_\_\_, 2018.

NORTH CAROLINA UTILITIES COMMISSION

(SEAL)

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. G-9, SUB 721

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Application of Piedmont Natural Gas Company, ) ORDER APPROVING RATE  
Inc., for Approval of Bi-Annual Adjustment of ) ADJUSTMENTS EFFECTIVE  
Rates Under Appendix C of its Service ) APRIL 1, 2018  
Regulations )

BY THE COMMISSION: On March 16, 2018, Piedmont Natural Gas Company, Inc. (Piedmont), filed an application requesting authority to adjust its rates effective April 1, 2018, pursuant to its Margin Decoupling Tracker (MDT) mechanism. These adjustments are filed in compliance with Appendix C of Piedmont's Service Regulations, which was approved in Piedmont's last general rate case in Docket No. G-9, Sub 631, and are based on the MDT Deferred Account balance as of January 31, 2018.

According to the MDT, Piedmont is to compare actual residential and small and medium commercial margins with the margins contained in the approved rates from Docket No. G-9, Sub 631. Piedmont is then to apply for, on a bi-annual basis, authority to implement temporary rate increments and/or decrements (temporaries) to collect or refund any differences in the MDT Deferred Account.

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			
	Account Balance at 1/31/2018 (\$)	Proposed MDT Temporaries (\$/dt)	Existing MDT Temporaries (\$/dt)	Change In MDT Temporaries (\$/dt)
Residential (Rate Schedule 101)	\$19,876,986	\$0.5445	\$1.0555	(\$0.5110)
Small Commercial (Rate Schedule 102)	(\$893,144)	(\$0.0390)	\$0.2329	(\$0.2719)
Medium Commercial (Rate Schedule 152)	(\$832,573)	(\$0.1839)	\$0.0600	(\$0.2439)

The Public Staff presented this matter to the Commission at its March 26, 2018, Staff Conference. The Public Staff stated it had reviewed the proposed rate adjustments and recommended approval as filed.

Based on review of the application and the recommendation of the Public Staff, the Commission finds good cause to approve the proposed rate changes.

IT IS, THEREFORE, ORDERED as follows:

1. That Piedmont is authorized to implement the proposed rate changes as contained in the body of this Order based on its MDT Deferred Account balance as of January 31, 2018, effective for service rendered on and after April 1, 2018.
2. That Piedmont shall file its revised tariffs consistent with Ordering Paragraph 1 within five (5) days of the date of this Order.
3. That Piedmont shall give notice to its customers of the rate changes authorized by this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of March, 2018.

NORTH CAROLINA UTILITIES COMMISSION

(SEAL)

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. G-39, SUB 41

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application of Cardinal Pipeline Company, LLC, for Approval of Fuel Tracker and Electric Power Cost Adjustment	)	ORDER APPROVING FUEL TRACKER AND ELECTRIC POWER COST ADJUSTMENT

BY THE COMMISSION: On February 28, 2018, Cardinal Pipeline Company, LLC (Cardinal), filed an application, pursuant to Section 1 of the General Terms and Conditions in its tariffs, to seek approval to adjust its fuel retention percentage from 0.92% to 1.05% for Zones 1A, 1B, and 2 of Rate Schedule CFT, effective April 1, 2018. In addition, pursuant to Section 2 of the General Terms and Conditions of its tariffs, Cardinal is seeking to implement an Electric Power (EP) rate of \$0.01258 per dekatherm (dt) per month (\$0.00041 per dt per day) for Zones 1A, 1B and 2 of Rate Schedule CFT, effective April 1, 2018.

Cardinal stated in its application that the fuel retention percentage allows Cardinal to retain volumes of gas required for operation (GRO), and lost and unaccounted for gas. The fuel retention percentage, proposed to be effective April 1, 2018, is based on the actual GRO for the period January 1, 2017, through December 31, 2017, and the balance in the Deferred GRO Account as of December 31, 2017.

Cardinal further stated in its application that the EP rates are designed to recover Cardinal's estimated electric power costs at Compressor Station No. 161, as adjusted by the current balance in the EP Deferred Account. The proposed EP rates are effective from April 1, 2018, and are based on the estimated electric power costs from April 1, 2018, through March 31, 2019, and the balance in the Electric Power Deferred Account as of January 31, 2018.

The Public Staff presented this matter to the Commission at its March 26, 2018, Regular Staff Conference. The Public Staff stated that it had reviewed the application, and recommended approval as filed.

On March 7, 2018, Piedmont Natural Gas Company, Inc. (Piedmont), filed a petition with the Commission seeking to intervene in this docket. The Commission issued an order granting Piedmont's petition to intervene on March 7, 2018.



The Commission, based upon the review of the application and the recommendation of the Public Staff, is of the opinion that the proposed fuel retention percentage and the EP rate should be allowed to become effective as filed.

IT IS, THEREFORE, ORDERED as follows:

1. That Cardinal is allowed to adjust its fuel retention percentage for Rate Schedule CFT for Zones 1A, 1B, and 2 to 1.05%, effective April 1, 2018.
2. That Cardinal is allowed to adjust its Electric Power rate to \$0.01258 per dt per month (\$0.00041 per dt per day) for Rate Schedule CFT for Zones 1A, 1B, and 2, effective April 1, 2018.
3. That Cardinal shall file revised tariffs consistent with Ordering Paragraphs 1 and 2 within five (5) days of the date of this Order.
4. That Cardinal shall give notice to its customers of the changes allowed in this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_\_ day of March, 2018.

NORTH CAROLINA UTILITIES COMMISSION

(SEAL)

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. G-40, SUB 147

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 )	APRIL 1, 2018

BY THE COMMISSION: On March 16, 2018, Frontier Natural Gas Company (Frontier) filed an application pursuant to the provisions of G.S. 62-133.4, Commission Rule R1-17(k)(3), and Frontier's North Carolina tariffs seeking authority to increase its sales rates by \$2.000 per dekatherm (dt) effective April 1, 2018. The increase is a result of a change in Frontier's Benchmark City Gate Delivered Gas Cost from \$4.000/dt to \$6.000/dt.

The Public Staff presented this matter to the Commission at its Regular Staff Conference on March 26, 2018. 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 to become effective as filed.

IT IS, THEREFORE, ORDERED as follows:

1. That Frontier is authorized to increase its sales rates by \$2.000 per dekatherm effective for service rendered on and after April 1, 2018.
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 allowed in this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_\_ day of March, 2018.

NORTH CAROLINA UTILITIES COMMISSION

(SEAL)

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-34, SUB 47

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application by New River Light & Power	)	ORDER APPROVING
Company for Approval of Purchased Power	)	PURCHASED POWER
Adjustment Factor	)	ADJUSTMENT FACTOR

BY THE COMMISSION: On October 2, 2017, pursuant to the Commission’s Order Approving Rate Increase and Annual Procedure issued on December 22, 2010, in Docket No. E-34, Sub 38 (the Sub 38 Order), New River Light and Power Company (New River or the Company) filed a request for an adjustment to its rates and charges for purchased power (the Purchased Power Adjustment or PPA). In its initial filing, New River presented a preliminary PPA factor of \$0.020344 per kilowatt-hour (kWh), excluding the North Carolina regulatory fee, or \$0.020372 per kWh, including the regulatory fee. The Company stated that this rate was the preliminary calculation of the PPA factor to be included in rates effective February 1, 2018.

On January 19, 2018, pursuant to a motion by the Public Staff, the Commission issued an Order Granting Extension of Time in this matter, extending the date on which New River’s 2018 PPA factor shall become effective until April 1, 2018. The purpose of the requested extension, as stated by the Public Staff, was to allow the parties to arrive at a proposed solution in New River’s pending general rate case, Docket No. E-34, Sub 46 (Sub 46), for the proper mechanism to include coal ash costs in New River’s rates, and also hopefully allow the rate changes from both the general rate case and the PPA proceeding to go into effect on the same date. The Public Staff explained that New River’s power supplier, Blue Ridge Electric Membership Corporation (BREMCO), was beginning to pass along to New River certain coal ash cleanup costs incurred by Duke Energy Carolinas, LLC, and passed along to BREMCO.

On March 20, 2018, New River filed its final proposed PPA factor, including an experience modification factor (EMF) based on total actual purchased power revenues and costs for the period January through December 2017. The PPA factor requested in this filing totals \$0.001005 per kWh (excluding the regulatory fee), consisting of two elements: estimated decremental purchased power costs for the period January through

December 2018 of (\$0.000880) per kWh<sup>2</sup>, and an EMF increment of \$0.001885 per kWh. New River stated that when calculated to include the regulatory fee, the PPA factor totals \$0.001006 per kWh, which results in an increase in total purchased power rates of \$0.001006 per kWh above the base purchased power revenues recommended in Sub 46. New River requested that the new rates be approved for all service rendered on or after April 1, 2018.

In its March 20, 2018 filing, New River proposed to revise all of its retail rate schedules as recommended in Sub 46, including its outdoor lighting schedules, to incorporate the \$0.001006 per kWh PPA factor. The Company states that its proposed PPA factor, if approved by the Commission, will increase rates for its customers over the Sub 46 base rates by a range of 1.0% (for residential customers) to 1.4% (for large commercial customers).

As part of its March 20, 2018, filing, New River requested approval of a coal ash cost recovery (CACR) rider, which is designed to collect from New River's customers the coal ash costs that New River is billed pursuant to its wholesale power supply contract with BREMCO. The CACR was agreed to by New River and the Public Staff pursuant to a stipulation entered into in Sub 46, with a recommended CACR base factor of \$0.000000. The stipulation further provides that beginning in 2018, New River may begin recovering reasonable and appropriate coal ash costs charged to it by BREMCO through a separate rider or separate component of the PPA rider, structured and calculated in a manner equivalent to that used for the PPA rider, except that to eliminate significant differences in annual coal ash charges to ratepayers over the 2018 through 2021 time period, New River may defer a portion of the coal ash charges incurred in one or more of such years. Any deferred charges will accrue interest at the FERC interest rate as set forth in Section 35.19a of the FERC Regulations and published quarterly, but in no event at a rate greater than the weighted overall rate of return approved in New River's most recent general rate case at that time.

The proposed 2018 CACR factor estimate is \$0.003246 per kWh (excluding the regulatory fee). When the regulatory fee is included, the proposed CACR factor is \$0.003251 per kWh. New River has determined this estimate by dividing its current estimate of total coal ash costs through 2021, dividing that amount by 44 months, and then multiplying that monthly average by 12 months. This estimate, with any appropriate interest calculated, will be subject to true-up in future New River PPA/CACR rider proceedings. The Company stated that its proposed CACR factor, if approved by the

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<sup>2</sup> This purchased power cost decrement is based on the base purchased power cost rate of \$0.062846 per kWh recommended in Sub 46; if based on the base purchased power cost rate of \$0.047112 per kWh approved in New River's prior general rate case, the prospective PPA component would instead be an increment of \$0.014852 per kWh.

Commission, will increase rates for its customers over the Sub 46 base rates by a range of 3.1% (for residential customers) to 4.6% (for commercial demand high load factor customers).

The Public Staff presented this matter at the Commission's regular Staff Conference on March 26, 2018, stating that it had reviewed New River's calculations for the PPA, and determined that the proposed PPA has been calculated accurately and in a reasonable manner, given the projections of purchased power costs received from BREMCO, and is consistent with previous New River pass through requests approved by the Commission. Furthermore, pursuant to the provision of the Sub 38 Order that each annual PPA factor adjustment should take into consideration, as appropriate, New River's overall level of earnings and return on rate base at that time, the Public Staff has also conducted a review of New River's 2017 earnings. For purposes of this proceeding, this review has been accomplished by virtue of the Public Staff's investigation in Sub 46. Based on the results of its review, the Public Staff concluded that the requested PPA is appropriate and reasonable in that it (a) is based solely on the level of purchased power expense expected to be incurred by New River (including the EMF), and (b) when combined with the Public Staff's findings in its general rate case investigation, does not appear to be unreasonable overall.

In the current docket, as well as in Sub 46), the Public Staff reviewed the components and calculations of the estimated coal ash costs that New River seeks to collect from its retail customers as a result of this proceeding. Based on its review, the Public Staff recommended the approval of the CACR factor.

Based on the foregoing, the Commission concludes that the proposed PPA and CACR factors, and the accompanying pass through to New River's customers of the increased cost of purchased power and coal ash cleanup from New River's wholesale supplier should be approved without public hearing, subject to refund of any amounts subsequently found to be unjust or unreasonable upon protest and hearing, and subject to the requirements set forth in the Ordering Paragraphs below.

IT IS, THEREFORE, ORDERED as follows:

1. That, effective with service rendered on and after April 1, 2018, New River is authorized to adjust its base rates to reflect a PPA factor of \$0.001005 per kWh (excluding the regulatory fee) and \$0.001006 per kWh (including the regulatory fee), resulting in an increase of \$0.001006 per kWh in the PPA factor.

2. That, effective with service rendered on and after April 1, 2018, New River is authorized to implement the CACR factor of \$0.003246 per kWh (excluding the regulatory fee) and

\$0.003251 per kWh (including the regulatory fee), resulting in an increase of \$0.001006 per kWh in the PPA factor.

3. That the rates authorized by this Order are subject to refund of any amounts which may subsequently be found unjust and unreasonable after public hearing.

4. That New River shall file copies of its approved rates, as modified herein, within 10 days of the date of this Order.

5. That the Notice to the Public attached as Appendix A be mailed by separate mail or bill insert by New River to all its customers and that said Notice be mailed not later than 7 days after the date of this Order.

6. That the Notice to the Public be published by New River at its own expense in newspapers having general coverage in its North Carolina service area once a week for two consecutive weeks, the first Notice appearing not later than seven days following the date of this Order, and said Notice covering no less than one-quarter of a page.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

NORTH CAROLINA UTILITIES COMMISSION

(SEAL)

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

NOTICE TO THE PUBLIC

DOCKET NO. E-34, SUB 45  
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

Notice is hereby given that New River Light and Power Company (New River) has requested the North Carolina Utilities Commission (Commission) to approve an adjustment to its purchased power adjustment (PPA) factor, and the establishment of a coal ash cost recovery (CACR) factor, for service rendered on and after April 1, 2018, to pass through to its customers the increased cost of purchased power and coal ash cleanup costs from its wholesale power supplier, Blue Ridge Electric Membership Corporation (BREMCO).

The amount of the increase to New River’s customers resulting from the new PPA and CACR factors will be approximately \$873,000 per year, an increase of approximately 4.6%. The increase will be applied to New River’s customers as uniform increases to the kilowatt-hour (kWh) energy charge. The increment in revenue produced by the increase will be the same as the increase in the cost of purchased power and coal ash cleanup from BREMCO, adjusted for the effects of the utility regulatory fee. The proposed increases of \$0.001006 per kWh (PPA) and \$0.003251 per kWh (CACR) will result in an increase in the monthly bill of a residential customer using 1,000 kWh from \$103.35 to \$107.60. The approximate percentage increases in customers’ bills, by rate schedule, are as follows (actual percentages may differ depending on specific customers’ usage amounts):

Residential	4.1%
Schedule G (Commercial)	4.3%
Schedule GL (Large Commercial)	5.0%
Schedule GLH (Commercial Demand High Load Factor)	6.0%
Schedule A (App. State Univ.)	5.3%

The Commission has concluded that the PPA and CACR requested by New River are reasonable, in that they are based solely on the level of purchased power and coal ash cleanup expense expected to be incurred by New River.



EXHIBIT NO. P-5  
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APPENDIX A  
PAGE 2 OF 2

Therefore, the Commission has approved New River's requests without public hearing, subject to refund of any amounts which should subsequently be found to be unjust or unreasonable after any public hearing in this matter that may subsequently be held by the Commission, as described below.

Persons desiring to intervene in this matter as formal parties of record should file a motion under Commission Rules R1-6, R1-7, and R1-19 not later than 45 days after the date of this notice. Persons desiring to present testimony or evidence at a hearing should so advise the Commission. Persons desiring to send written statements to inform the Commission of their position in the matter should address their statements to the Chief Clerk, North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300. However, such written statements cannot be considered competent evidence unless those persons appear at a public hearing and testify concerning the information contained in their written statements. If a significant number of requests for a public hearing are received within 45 days after the date of this notice, the Commission may schedule a public hearing.

The Public Staff – North Carolina Utilities Commission is authorized by statute to represent the using and consuming public in proceedings before the Commission. Written statements to the Public Staff should include any information which the writer wishes to be considered by the Public Staff in its investigation of the matter, and such statements should be addressed to Christopher J. Ayers, Executive Director, Public Staff, 4326 Mail Service Center, Raleigh, North Carolina 27699-4300.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

NORTH CAROLINA UTILITIES COMMISSION

(SEAL)

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-933, SUB 11

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

Application by Etowah Sewer Company, Inc., )	ORDER RESCINDING
Post Office Box 1659, Etowah, North Carolina )	COMMISSION'S ORDER
28729, for Transfer of the Sewer Utility )	APPROVING TRANSFER TO
System Serving Etowah in Henderson )	OWNER EXEMPT AND
County, North Carolina, to the City of )	REQUIRING CUSTOMER
Hendersonville (Exempt From Regulation) )	NOTICE

BY THE COMMISSION: On July 21, 2016, Etowah Sewer Company, Inc. (Etowah), and the City of Hendersonville, North Carolina (Hendersonville), filed an application with the Commission seeking authority to transfer Etowah's sewer utility service serving the unincorporated community of Etowah in Henderson County, North Carolina, to Hendersonville, which is exempt from Commission regulation. Attached to the application was a purchase agreement under which Hendersonville had agreed to purchase the Etowah sewer system for \$1,026,000. Etowah currently provides sewer utility service to approximately 375 residential customers and 42 commercial customers in the unincorporated community of Etowah in Henderson County. Hendersonville provides water utility service to this service area.

On November 22, 2016, the Commission issued an Order Approving Transfer to Owner Exempt, Canceling Franchise, Releasing Bond, and Requiring Customer Notice (Order Approving Transfer). The Order Approving Transfer authorized Etowah to transfer its sewer utility system to Hendersonville, required Etowah to provide written notification to the Commission within five days after the closing of the transfer of the sewer system was completed, allowed the cancellation of the franchise granted to Etowah in Docket No. W-933, Sub 0, effective on the date Etowah filed with the Commission written notification that the closing of the transfer of the sewer system had been completed, allowing the release of the \$20,000 bond and surety held by the Commission to Etowah upon receipt of written notification to the Commission that closing of the transfer of the sewer system had been completed, and requiring customer notice. Certificates of Service were filed by both Etowah and Hendersonville.

On March 2, 2018, Etowah filed a letter with the Commission requesting that the Order Approving Transfer be rescinded. In its letter, Etowah stated that after completion of negotiations with Hendersonville, it learned of an inter-local agreement between Hendersonville and Henderson County, which required County approval prior to Hendersonville providing sewer utility service within the County. At the regular County Board of Commission's meeting, on July 19, 2017, the County voted against the project. Etowah indicated that as a result, the sale of the system will not take place.

On March 26, 2018, the Public Staff presented the matter at the Commission's Regular Staff Conference and recommended that the Order Approving Transfer be rescinded, and that customers be notified.

Based on the foregoing, the Commission is of the opinion that the Order Approving Transfer should be rescinded and that customers should be notified.

IT IS, THEREFORE, ORDERED as follows:

1. That the Order Approving Transfer to Owner Exempt, Canceling Franchise, Releasing Bond and Requiring Customer Notice, issued on November 22, 2016, is hereby rescinded effective the date of this Order.
2. That a copy of this Order shall be mailed with sufficient postage or hand delivered by Etowah to all customers affected no later than ten days after the date of this Order; and that Etowah shall submit to the Commission the attached Certificate of Service properly signed and notarized not later than 15 days after the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of March, 2018.

NORTH CAROLINA UTILITIES COMMISSION

(SEAL)

M. Lynn Jarvis, Chief Clerk

**CERTIFICATE OF SERVICE**

I, \_\_\_\_\_, mailed with sufficient postage or hand delivered to all affected customers the attached Notice to Customers issued by Order of the North Carolina Utilities Commission in Docket No. W-933, Sub 11, and said Notice to Customers was mailed or hand delivered by the date specified in the Order.

This the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

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 customer notice was mailed or hand delivered to all affected customers, as required by the Commission Order dated \_\_\_\_\_ in Docket No. W-933, Sub 11.

Witness my hand and notarial seal, this the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Printed or Typed Name

(SEAL) My Commission Expires: \_\_\_\_\_  
Date