

NORTH CAROLINA UTILITIES COMMISSION
MINUTES OF REGULAR COMMISSION STAFF CONFERENCE

September 28, 2020

The Regular Commission Staff Conference of the North Carolina Utilities Commission was held on Monday, September 28, 2020, at 10:00 a.m., with Chair Mitchell, presiding. The remote meeting was conducted by use of simultaneous communication (via Webex) pursuant to N.C. Gen. Stat. § 166A-19.24, streamed live online, and available to the public.

The following were present during the entirety of the remote meeting:

COMMISSIONERS

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

COMMISSION STAFF: Ms. Lowell, Mr. Mertz, Ms. Hicks, Ms. Condie, Ms. Kennedy, Ms. Hilburn, Ms. Jayasheela, Mr. McCoy, and Mr. Warren

PUBLIC STAFF: Ms. Downey, Ms. Luhr, Ms. Coxton, Mr. Maness, Mr. Akpom, Ms. Perry, Mr. Lawhorn, Mr. Saillor, Ms. Naba, Ms. Patel, Mr. Furr, Ms. Proffitt, and Mr. Franklin

ATTORNEY GENERAL:

COURT REPORTER: Ms. Mitchell

B. NATURAL GAS**P1. DOCKET NO. G-5, SUB 625 – APPLICATION OF PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC., FOR APPROVAL OF BI-ANNUAL ADJUSTMENT OF RATES UNDER RIDER C TO ITS TARIFF**

On September 17, 2020, Public Service Company of North Carolina, Inc. (PSNC or Company), filed an application (Application) requesting approval to implement temporary increments and decrements in its rates for residential, small general service, and medium general service customers, effective October 1, 2020, pursuant to N.C. Gen. Stat. § 62-133.7 and Rider C of the Company's Tariff. Rider C is PSNC's Customer Usage Tracker (CUT) mechanism. PSNC stated that its Application is based on the Customer Usage Deferred Account balances as of July 31, 2020.

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:

Rate Class and Schedule	Customer Usage Deferred Account Balance at 7/31/2020 (\$)	Rate Case Volumes (dts)	Proposed CUT Temporaries (\$/dts)	Existing CUT Temporaries (\$/dts)	Change in CUT Temporaries (\$/dts)
Residential (101)	\$22,105,021	29,824,953	\$0.7412	\$0.4733	\$0.2679
Residential Hi-Efficiency (102)	\$241,873	439,438	\$0.5504	\$0.3691	\$0.1813
Sm Gen Service (125)	\$5,276,732	12,075,370	\$0.4370	\$0.1487	\$0.2883
Sm Gen Service Hi-Efficiency (127)	(\$8,951)	100,097	(\$0.0894)	(\$0.3181)	\$0.2287
Med.Gen. Service(140)	\$887,512	3,295,885	\$0.2693	\$0.0689	\$0.2004

The Public Staff has reviewed the Application and the proposed CUT rate adjustments and finds them to be in compliance with Rider C of PSNC's tariffs and recommends approval as filed.

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

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

C. COMMUNICATIONS**P1. FILING OF INTERCONNECTION AGREEMENT AMENDMENTS BY AT&T NORTH CAROLINA**

The following interconnection agreement amendments were filed for Commission approval on July 2, 2020:

BellSouth Telecommunications, LLC, d/b/a AT&T North Carolina

Docket No. P-55, Sub 1791 – Amendment filed on July 2, 2020, to an interconnection agreement with BCM One, Inc., formerly McGraw Communications, Inc., approved by the Commission on March 19, 2010. The 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”). Also, the amendment replaces Section 20 of the agreement, which addresses notices and the contact information to be used by the companies, with new language.

Docket No. P-55, Sub 1923 – Amendment filed on July 2, 2020, to an interconnection agreement with Ready Telecom, Inc., approved by the Commission on September 26, 2016. The amendment implements the changes mandated by the FCC UNE and Resale Forbearance Order.

Docket No. P-55, Sub 1633 – Amendment to an existing interconnection agreement with IDT America, Corp., approved by the Commission on June 6, 2006. The amendment implements the changes mandated by the FCC UNE and Resale Forbearance Order. The amendment was erroneously filed in Docket No. P-55, Sub 1494 on July 2, 2020. The error was corrected on September 18, 2020, when it was properly filed in this docket.

Docket No. P-55, Sub 1924 – Amendment filed on July 2, 2020, to an interconnection agreement with Wholesale Carrier Services, Inc., approved by the Commission on October 25, 2016. The amendment implements the changes mandated by the FCC UNE and Resale Forbearance Order.

Docket No. P-55, Sub 1895 – Amendment filed on July 2, 2020, to an existing interconnection agreement with Zayo Group, LLC, approved by the Commission on January 15, 2014. The amendment implements the changes mandated by the FCC UNE and Resale Forbearance Order.

Docket No. P-55, Sub 1930 – Amendment filed on July 2, 2020, to an existing interconnection agreement with Airespring, Inc., approved by the

Commission on April 18, 2017. The amendment implements the changes mandated by the FCC UNE and Resale Forbearance Order.

Docket No. P-55, Sub 1726 – Amendment filed on July 2, 2020, to an existing interconnection agreement with Level 3 Telecom of North Carolina, LP, formerly tw telecom of north carolina l.p., which the Commission approved on February 29, 2008. The amendment implements the FCC Third Report and Order and Declaratory Ruling, FCC No. 18-111, modifying existing pole attachment rules.

The amendment deletes portions of the Structure Access (SA) section of the existing agreement and adds Exhibit B, Attachment 03B, to the agreement, setting forth terms, conditions, and procedures under which the Attaching Party shall have access to AT&T poles, ducts, conduits, and rights-of-way. The amendment also adds relevant rates to the agreement in Exhibit C- Pricing Sheets.

Docket No. P-55, Sub 1628 – Amendment filed on July 2, 2020, to an existing interconnection agreement with TelCove Operations, LLC, formerly Telcove Operations, Inc., which the Commission approved on June 6, 2006. The amendment implements the FCC Third Report and Order and Declaratory Ruling, FCC No. 18-111, modifying existing pole attachment rules.

The amendment deletes portions of the SA section of the existing agreement and adds Exhibit B, Attachment 03B to the agreement, setting forth terms, conditions, and procedures under which the Attaching Party shall have access to AT&T poles, ducts, conduits, and rights-of-way. The amendment also adds relevant rates to the agreement in Exhibit C- Pricing Sheets.

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.

The Public Staff recommended that orders be issued approving the amendments effective on the date they were filed.

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

D. ELECTRIC**P1. APPLICATION FOR AMENDED CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT SOLAR FACILITY**

The following application seeks an amended certificate of public convenience and necessity for construction of a solar photovoltaic electric generating facility, pursuant to N.C. Gen. Stat. § 62-110.1 and Commission Rule R8-64.

Duke Energy Carolinas, LLC:

- Docket No. SP-8135, Sub 0 – Application of Quail Holdings, LLC, for an amended certificate of public convenience and necessity to construct a 30-MW solar photovoltaic facility in Davie County, North Carolina (amended registration statement)

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

The applicant has filed an amended registration statement for a new renewable energy facility. The registration statement includes certified attestations, as required by Commission Rule R8-66(b), that: (1) the facility is in substantial compliance with all federal and state laws, regulations, and rules for the protection of the environment and conservation of natural resources; (2) the facility will be operated as a new renewable energy facility; (3) the applicant will not remarket or otherwise resell any renewable energy certificates sold to an electric power supplier to comply with N.C.G.S. §. 62-133.8; and (4) the applicant will consent to the auditing of its books and records by the Public Staff insofar as those records relate to transactions with North Carolina electric power suppliers.

The Public Staff inquired of the Applicant whether the project was planned for participation in the Competitive Procurement of Renewable Energy (CPRE) Program pursuant to N.C.G.S. § 62-110.8, and the Applicant responded that it plans for the project to be bid into current or future CPRE Program tranches.

The Public Staff recommended that the Commission issue an order approving the amended application and issuing the requested certificate for the facility.

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

E. WATER**P1. DOCKET NO. W-218, SUB 533 – AQUA NORTH CAROLINA, INC. – NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS SERVICE AREA**

On April 13, 2020, Aqua North Carolina, Inc. (Aqua) filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide sewer utility service to the commercial properties known as TA Property, including the existing Transportation Impact Commercial Building and any future buildings, and TB Property in Carteret County, North Carolina. TA Property and TB Property are contiguous to Aqua's Emerald Plantation Subdivision service area, part of the Emerald Plantation Wastewater System in Carteret County, North Carolina. Aqua filed an amendment to the notification on August 10, 2020. Aqua proposes to charge the rates currently approved for its other franchised service areas. The service area is shown on plans filed with the Notification.

The North Carolina Department of Health and Human Services (DHHS), Division of Public Health, has issued a plan approval letter dated June 26, 2020 for TA Property and TB Property.

Per the Carteret County Health Department Operation Permit VI-25-10, issued December 16, 2010, the permitted capacity of the Emerald Plantation Wastewater System is 55,000 gallons per day (gpd). According to Aqua, the 38,807 gpd current design total flow of the Emerald Plantation wastewater treatment plant combined with the 8,680 gpd reserved by the Developer results in potential usage of 47,487 gpd, which is less than the permitted capacity of 55,000 gpd.

Aqua has entered into an Agreement dated March 28, 2020, including Addendum No. 1 to the Agreement, dated July 22, 2020, with THATSAWFUL, LLC and THATBOTHERSME, LLC (collectively, Developer), under which Developer is installing the wastewater utility system. Aqua is purchasing the wastewater utility system for \$0.

The Agreement states that Aqua shall collect from the Developer a Wastewater Capacity Reserve Payment of \$142,000 for the reservation of 8,680 gpd of wastewater system capacity. The payment is to be made in five installments, with all monies paid in full prior to closing and Aqua providing utility service. Additionally, the Agreement states that prior to closing, the Developer shall pay to Aqua the grossed-up tax payment attributable to Contributions in Aid of Construction (CIAC). Aqua will not close and will not provide services until it receives such grossed-up tax payment. If Developer constructs in phases that are approved by Aqua, then the Agreement requirements associated with Tax Gross Up for CIAC shall apply to each phase.

Aqua presently holds sewer franchises serving approximately 16,686 wastewater customers throughout North Carolina. Aqua's record of service is satisfactory.

Aqua has filed all exhibits required with the Notification.

Based on the foregoing, the Public Staff is of the opinion that Aqua has the technical, managerial, and financial capacity to provide wastewater utility service in this contiguous area and recommends that the contiguous extension be recognized. The Public Staff further recommends that the Commission require posting of a \$10,000 bond for the contiguous extension. Aqua currently has \$13,000,000 of bonds posted with the Commission, which includes sufficient unassigned funds to provide the bond recommended in this docket.

The Public Staff recommended that the Commission issue the proposed order recognizing the contiguous extension.

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

P2. DOCKET NO. W-1148, SUB 18 – MOUNTAIN AIR UTILITIES CORPORATION – REQUEST FOR TARIFF REVISION

On September 8, 2020, Mountain Air Utilities Corporation (Mountain Air) filed a verified petition with the Commission pursuant to N.C. Gen. Stat. § 62-133.11 requesting authority to amend its tariff for the purpose of passing along to its approximately 424 residential and 25 commercial sewer customers in Mountain Air Development in Yancey County, North Carolina, the increase in costs of purchasing sewer services from the Town of Burnsville (Burnsville).

Effective July 1, 2020, Burnsville increased its minimum monthly sewer rates to Mountain Air from \$43.00 to \$44.28. Mountain Air's current rates have been in effect since August 19, 2019, when they were approved by the Commission in its Order Approving Tariff Revision and Requiring Customer Notice issued in Docket No. W-1148, Sub 17.

The Public Staff has reviewed the current rates and recommends that Mountain Air be allowed to increase both the residential sewer flat rate and commercial sewer base charge by \$1.28 per month for the increased cost of purchasing sewer treatment from Burnsville. The present and proposed rates are as follows:

	<u>Present</u>	<u>Proposed</u>
<u>Monthly Metered Commercial Sewer Rates:</u>		
Base Charge, includes 2,000 gallons	\$ 67.97	\$ 69.25
Usage Charge, per 1,000 gallons:		
From 2,000 to 6,000 gallons	\$ 4.76	\$ 4.76
Above 6,000 gallons	\$ 5.24	\$ 5.24
<u>Monthly Flat Rate for Residential Sewer Service:</u>	\$ 69.88	\$ 71.16

The Public Staff recommended that the proposed order be issued approving the requested tariff revision.

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

Minutes of the Regular Commission Staff Conference for August 31, 2020, were approved.

Minutes prepared by Portia Barnes.