

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**STAFF CONFERENCE AGENDA  
APRIL 30, 2018**

**COMMISSION STAFF**

NO AGENDA ITEMS

**PUBLIC STAFF**

**C. COMMUNICATIONS**

- P1. DOCKET NO. P-100, SUB 110 – NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES – PETITION TO REVISE THE TELECOMMUNICATIONS RELAY SERVICE SURCHARGE

EXPLANATION: On March 8, 2018, the North Carolina Department of Health and Human Services (DHHS) filed a petition requesting that the Commission approve a decrease of the monthly Telecommunications Relay Service (TRS) surcharge pursuant to G.S. 62-157(b) and (c) from \$0.10 to \$0.08. TRS enables an individual with a hearing or speech disability to communicate by telephone with a person without such a disability. G.S. 62-157(b) and (c) direct the Commission to require local service providers to impose a monthly surcharge (set by the Commission) on qualified access lines to fund the implementation and operation of a relay service and an equipment distribution program, including a “reasonable margin for reserve.”<sup>1</sup> G.S. 62-157(i) authorizes wireless providers to impose the same monthly surcharge on each wireless connection. The relay service and equipment distribution service comprise the Telecommunications Resources Program (TRP), which is administered by the Division of Services for the Deaf and Hard of Hearing, a division of DHHS. G.S. 62-157 provides that the funds from the surcharge on access lines are available to DHHS to operate and promote the service. The Commission set the current surcharge by Order dated July 23, 2015, in which the Commission approved an increase in the surcharge to the current rate of \$0.10 per access line.

DHHS states in its petition that the reserve margin, as of the date of its filing, is approximately \$10.8 million above the \$6.5 million set by the Commission, due to actual expenditures being less than had been projected. In addition, DHHS projects that, under the current surcharge, TRP will continue to experience an increase in revenues over expenditures, thus resulting in the continuing increase in the reserve over the authorized margin. Accordingly, DHHS requests a decrease in the surcharge to \$0.08 to allow for continued operations and to reduce the reserve to \$6.5 million.

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<sup>1</sup> The current reserve margin of \$6.5 million was approved by the Commission on July 7, 2010.

On March 15, 2018, the Commission issued an *Order Seeking Comments Regarding Surcharge Decrease* in which it requested interested parties to file comments regarding the proposed reduction in the TRS surcharge as requested by DHHS. No comments were filed.

The Public Staff has reviewed the petition. Based on an analysis of current and projected expenditures and of projected access line and wireless line growth, the Public Staff believes that the \$0.10 surcharge will result in continued growth of the excess over the \$6.5 million reserve margin set by the Commission and recommends approval of the decrease to \$0.08, as requested by DHHS. The Public Staff recommends that the effective date be set for July 1, 2018, to ensure carriers have sufficient time to implement the rate change.

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

RECOMMENDATION: (Henry/Fennell) That the Commission issue the proposed order approving a decrease in the monthly surcharge to \$0.08 effective on July 1, 2018, and requiring notice to customers.

## **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 Progress:

- Docket No. SP-2665, Sub 54 – Application of Fresh Air Energy II, LLC, for a Certificate of Public Convenience and Necessity to Construct a 26-MW Solar Photovoltaic Facility in Nash County, North Carolina
- Docket No. SP-6050, SUB 0 – Application of Fox Creek Farm Solar, LLC, for an amended Certificate of Public Convenience and Necessity to Construct a 50.2-MW Solar Facility in Franklin County, North Carolina (registration statement previously issued)

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.

Unless otherwise indicated above, the applicants also filed registration statements for new renewable energy facilities pursuant to Commission Rule R8-66(b). The registration statements included certified attestations 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: (Thomas/Lucas) That the Commission issue orders approving the applications and issuing the requested amended certificates. Proposed orders have been provided to the Commission Staff.

P2. DOCKET NO. E-22, SUB 550 – VIRGINIA ELECTRIC AND POWER COMPANY, D/B/A DOMINION ENERGY NORTH CAROLINA – PETITION FOR APPROVAL TO ENTER INTO A BILL OF SALE AGREEMENT

EXPLANATION: On January 12, 2018, Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC or Company), and an affiliate, Dominion Energy Services, Inc. (DES) (collectively, Petitioners), filed a petition for approval to enter into a Bill of Sale Agreement pursuant to G.S. 62-153(b). This Bill of Sale Agreement contemplates the sale of chemical lab assets to DENC. The assets to be sold are, essentially, fixtures in a building owned by the generation business unit of DENC, that were previously used in connection with testing performed by DES for the Company's generation and transmission business units. DES, a direct, wholly-owned subsidiary of Dominion Energy, Inc. (DEI), provides accounting, legal, human resources, information technology, management, and other centralized services to DEI and its subsidiaries as a subsidiary services company. DENC is also an operating subsidiary of DEI.

The Petitioners state that since 1984, DES has operated a chemical laboratory located in a building owned by the Company in Chester, Virginia for the purpose of conducting testing for the generation and transmission business units of DENC. The laboratory conducted environmental water testing, environmental soil testing, hazardous waste testing, process control testing, and transformer oil testing for the Company.

In March 2016, DES decided to outsource the majority of the testing it performed for DENC, including, but not limited to, testing related to environmental permitting and compliance for the generating units, and, thus, no longer needed the laboratory or the fixtures. During the years that DES operated the laboratory, it updated and remodeled the laboratory and installed several fixtures that are physically attached to the building. Specifically, the Chemical Lab Assets that are the subject of this application include a heating, ventilation, and air conditioning (HVAC) system located on the roof of the building, a water purifying system, a walk-in hood, and several workstations.

On July 1, 2016, DENC took over the lab work from DES and began performing the testing of transformer oil that was used in scheduling the preventative maintenance of transformers on the Company's system. All of the laboratory assets that are not permanently affixed to the building or otherwise needed to support the testing of transformer oil have already been sold to unaffiliated third parties. Only the Chemical Lab Assets remain in the laboratory.

The Petitioners state that the Company and its customers will benefit from acquiring this existing equipment from DES, because the Company will not be required to obtain new laboratory equipment at market value or otherwise outsource the transformer oil testing it intends to perform in the laboratory.

The Petitioners further state that the purchase price of the Chemical Lab Assets proposed for sale to the Company is based on the net book value of those assets at November 30, 2017, totaling \$222,052. The Bill of Sale Agreement and resulting one-time transaction

have also been evaluated and determined to be consistent with the lower of cost or market value standard in the Company's Code of Conduct. The Company indicated that it is not aware of the existence of a market for the Chemical Lab Assets in their current used condition.

Pursuant to a data request of the Public Staff, the Company provided the most current net book value of the Chemical Lab Assets that are the subject of this Petition. The Company provided in its response that the net book value of the Chemical Lab Assets as of March 31, 2018, is \$216,765.

The Public Staff has reviewed the Agreement and the Regulatory Conditions and Code of Conduct approved by the Commission in Docket No. E-22, Sub 380. Based upon its review, the Public Staff recommends that the Commission accept the Agreement for filing and authorize DENC to enter into the Bill of Sale Agreement for the purchase of the Chemical Lab Assets as set forth in its petition, at the net book value as of March 31, 2018, in the amount of \$216,765. The Public Staff further recommends that the order state that for ratemaking purposes, this action does not constitute approval of the amount of compensation paid pursuant to the Agreement, and that the authority granted by the order is without prejudice to the right of any party to take issue with any provision in a future proceeding.

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

RECOMMENDATION: (Peedin and Holt) That the Commission issue the proposed order.

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. P-100, SUB 110

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Telecommunications Relay Service )	ORDER DECREASING THE	
(TRS), Relay North Carolina )	TELECOMMUNICATIONS RELAY	
)	SERVICE SURCHARGE	

BY THE COMMISSION: On March 8, 2018, the North Carolina Department of Health and Human Services (DHHS) filed a petition requesting that the Commission approve a decrease in the monthly Telecommunications Relay Service (TRS) surcharge pursuant to G.S. 62-157(b) and (c) from \$0.10 to \$0.08. TRS enables an individual with a hearing or speech disability to communicate by telephone with a person without such a disability. G.S. 62-157(b) and (c) direct the Commission to require local service providers to impose a monthly surcharge (set by the Commission) on qualified access lines to fund the implementation and operation of a relay service and an equipment distribution program, including a “reasonable margin for reserve.”<sup>2</sup> G.S. 62-157(i) authorizes wireless providers to impose the same monthly surcharge on each wireless connection. The relay service and equipment distribution service comprise the Telecommunications Resources Program (TRP), which is administered by the Division of Services for the Deaf and Hard of Hearing, a division of DHHS. G.S. 62-157 provides that the funds from the surcharge on access lines are available to DHHS to operate and promote the service.

The Commission set the current surcharge by Order dated July 23, 2015, in which the Commission approved an increase in the surcharge to the current rate of \$0.10 per access line.

DHHS stated in its petition that the reserve margin, as of the date of its filing, is approximately \$10.8 million above the \$6.5 million set by the Commission, due to actual expenditures being less than had been projected. In addition, DHHS projects that, under the current surcharge, TRP will continue to experience an increase of revenues versus expenditures, thus resulting in the continuing increase in the reserve over the authorized margin. DHHS requested that the surcharge be decreased to \$0.08 to allow continued operations and reduce the reserve to the required amount.

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<sup>2</sup> The current reserve margin of \$6.5 million was approved by the Commission on July 7, 2010.

On March 15, 2018, the Commission issued an *Order Seeking Comments Regarding Surcharge Decrease* in which it requested interested parties to file comments regarding the proposed reduction in the TRS surcharge as requested by DHHS. No comments were filed.

The Public Staff presented this matter at the Commission's Regular Staff Conference on April 30, 2018. The Public Staff stated that it had reviewed the petition and, based on an analysis of current and projected expenditures and of projected access line and wireless line growth, it believed that the \$0.10 will result in continued growth of the excess over the \$6.5 million reserve margin set by the Commission. Based upon its review, the Public Staff recommended approval of the decrease to \$0.08, as requested by DHHS.

The Public Staff recommended that the effective date be set for July 1, 2018, to ensure carriers have sufficient time to implement the rate change.

Based on the foregoing, and entire record in this matter, the Commission is of the opinion that the TRS surcharge should be decreased as requested by DHHS effective July 1, 2018, and that notice should be given to customers of this decrease.

IT IS, THEREFORE, ORDERED as follows:

1. That the monthly TRS surcharge shall be decreased from \$0.10 per access line to \$0.08 per access line effective for bills issued on or after July 1, 2018. The decrease shall be reflected on customers' bills issued on or after July 1, 2018.
2. That the bill message/insert as set forth in Appendix A shall appear on all customers' bills issued in the billing cycle immediately prior to the July 1, 2018 decrease.
3. That DHHS shall revise the TRS surcharge remittance form to reflect the decrease in the surcharge and shall post the revised form on the Telecommunications Resource Program website so as to make it available for downloading.

ISSUED BY ORDER OF THE COMMISSION.

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

NORTH CAROLINA UTILITIES COMMISSION

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M. Lynn Jarvis, Chief Clerk

NOTICE OF TELECOMMUNICATIONS RELAY SERVICE (TRS)  
SURCHARGE DECREASE

Effective with telephone bills issued on or after July 1, 2018, the Telecommunications Relay Service (TRS) surcharge is \$0.08 per access line, per month. On April \_\_\_\_, 2018, the North Carolina Utilities Commission authorized a decrease in the monthly TRS surcharge amount from \$0.10 to \$0.08 to maintain adequate funding for Division of Services for the Deaf and Hard of Hearing (DSDHH), including the Telecommunications Resource Program (TRP) and the Regional Resource Centers within DSDHH. TRP is a program within the North Carolina Department of Health and Human Services consisting of a telecommunications relay service that enables persons with hearing, speech, and vision impairments to communicate with others by telephone and an equipment distribution program. Regional Resource Centers provide a wide spectrum of services, including: (1) advocacy, consultation, workshops and training on a wide variety of topics pertaining to hearing loss; (2) communication support; (3) information and referral services; (4) assistance with selection, application for and set-up of equipment, training, and technical assistance as part of the equipment distribution service; and (5) outreach regarding available resources.



**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-22, SUB 550

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Request of Virginia Electric and Power Company	)	ORDER ON
d/b/a Dominion Energy North Carolina Power for Approval	)	AFFILIATE
to Enter In To a Bill of Sale Agreement	)	AGREEMENT

BY THE COMMISSION: On January 12, 2018, Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC or Company), and an affiliate, Dominion Energy Services, Inc. (DES) (collectively, Petitioners), filed a petition for approval to enter into a Bill of Sale Agreement pursuant to G.S. 62-153(b). This Bill of Sale Agreement contemplates the sale of chemical lab assets to DENC. The assets to be sold are, essentially, fixtures in a building owned by the generation business unit of DENC, that were previously used in connection with testing performed by DES for the Company's generation and transmission business units. DES, a direct, wholly-owned subsidiary of Dominion Energy, Inc. (DEI), provides accounting, legal, human resources, information technology, management, and other centralized services to DEI and its subsidiaries as a subsidiary services company. DENC is also an operating subsidiary of DEI.

The Petitioners state that since 1984, DES has operated a chemical laboratory located in a building owned by the Company in Chester, Virginia for the purpose of conducting testing for the generation and transmission business units of DENC. The laboratory conducted environmental water testing, environmental soil testing, hazardous waste testing, process control testing, and transformer oil testing for the Company.

In March 2016, DES decided to outsource the majority of the testing it performed for DENC, including, but not limited to, testing related to environmental permitting and compliance for the generating units, and, thus, no longer needed the laboratory or the fixtures. During the years that DES operated the laboratory, it updated and remodeled the laboratory and installed several fixtures that are physically attached to the building. Specifically, the Chemical Lab Assets that are the subject of this application include a heating, ventilation, and air conditioning (HVAC) system located on the roof of the building, a water purifying system, a walk-in hood, and several workstations.

On July 1, 2016, DENC took over the lab work from DES and began performing the testing of transformer oil that was used in scheduling the preventative maintenance of transformers on the Company's system. All of the laboratory assets that are not permanently affixed to the building or otherwise needed to support the testing of transformer oil have already been sold to unaffiliated third parties. Only the Chemical Lab Assets remain in the laboratory.

The Petitioners state that the Company and its customers will benefit from acquiring this existing equipment from DES, because the Company will not be required to obtain new laboratory equipment at market value or otherwise outsource the transformer oil testing it intends to perform in the laboratory.

The Petitioners further state that the purchase price of the Chemical Lab Assets proposed for sale to the Company is based on the net book value of those assets at November 30, 2017, totaling \$222,052. The Bill of Sale Agreement and resulting one-time transaction have also been evaluated and determined to be consistent with the lower of cost or market value standard in the Company's Code of Conduct. The Company indicated that it is not aware of the existence of a market for the Chemical Lab Assets in their current used condition.

Pursuant to a data request of the Public Staff, the Company provided the most current net book value of the Chemical Lab Assets that are the subject of this Petition. The Company provided in its response that the net book value of the Chemical Lab Assets as of March 31, 2018, is \$216,765.

The Public Staff presented this Agreement at the Commission's April 30, 2018, Staff Conference and indicated that it had reviewed the Agreement and the Regulatory Conditions and Code of Conduct approved by the Commission in Docket No. E-22, Sub 380. Based upon its review, the Public Staff recommended that the Commission accept the Agreement for filing and authorize DENC to enter into the Bill of Sale Agreement for the purchase of the Chemical Lab Assets as set forth in its petition, at the net book value as of March 31, 2018, in the amount of \$216,765. The Public Staff further recommended that the order state that for ratemaking purposes, this action does not constitute approval of the amount of compensation paid pursuant to the Agreement, and that the authority granted by the order is without prejudice to the right of any party to take issue with any provision in a future proceeding.

Based upon the foregoing, the Commission concludes that the Public Staff's recommendations should be accepted.

IT IS, THEREFORE, ORDERED as follows:

1. That DENC may enter into the Bill of Sale Agreement for the purchase of Chemical Lab Assets, at the net market value as of March 31, 2018, in the amount of \$216,765; and,

2. That for ratemaking purposes, this action does not constitute approval of the amount fees or compensation paid under this agreement, and that the authority granted is without prejudice to the right of any party to take issue with any provision of that agreement in a future proceeding.

ISSUED BY ORDER OF THE COMMISSION.

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

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk