

**NORTH CAROLINA UTILITIES COMMISSION**  
**MINUTES OF REGULAR COMMISSION STAFF CONFERENCE**

**November 30, 2020**

The Regular Commission Staff Conference of the North Carolina Utilities Commission was held on Monday, November 30, 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, Ms. Lazo, Ms. Jarvis, Ms. Fennell, Ms. Cooper, Ms. Hicks, Ms. Condie, Ms. Swenson, Ms. Jones, Ms. Paschal, Ms. Hilburn, Ms. Zhang, Ms. Jayasheela, Ms. Burns, Ms. Needham, Mr. Hardy, Mr. McCoy

**PUBLIC STAFF:** Ms. Downey, Ms. Holt, Mr. Josey, Ms. Coxton, Mr. Maness, Mr. Henry, Ms. Perry, Ms. Johnson, Mr. Allison, Mr. McLawhorn, Mr. Saillor, Ms. Patel, Mr. Furr, Ms. Casselberry

**ATTORNEY GENERAL:**

**COURT REPORTER:** Ms. Mitchell

**B. NATURAL GAS****P1. DOCKET NO. G-9, SUBS 743, 776, 777 – APPLICATION OF PIEDMONT NATURAL GAS COMPANY, INC., FOR APPROVAL OF BI-ANNUAL ADJUSTMENT OF RATES UNDER APPENDIX E OF ITS SERVICE REGULATIONS AND AUTHORIZATION TO DISCONTINUE THE RATE DECREMENT THROUGH ITS APPROVED TAX RIDER**

On November 13, 2020, Piedmont Natural Gas Company, Inc. (Piedmont) filed an application requesting authority to (1) implement its proposed Integrity Management (IM) rate adjustments including a true-up adjustment to collect the October 31, 2020 balance in the IM Deferred Account in Schedule B (Application), as well as (2) remove the rate decrement through the approved provisional tax rider, which was approved in Docket No. G-9, Sub 743 and extended in Docket No. G-9, Sub 776, shown in Schedule A (Application).

The Integrity Management Rider (IMR) was approved by the Commission in Piedmont's most recent rate case proceeding in Docket No. G-9, Sub 743, in its Order Approving Stipulation, Granting Partial Rate Increase, Line 343 Revenue Rider, EDIT Riders, Provisional Revenues Rider, and Requiring Customer Notice (Rate Case Order). The IMR Mechanism requires that Piedmont file by October 31<sup>st</sup> an annual report summarizing the Integrity Management (IM) Plant Investment for the prior twelve-month period ending September 30<sup>th</sup> and the data substantiating and supporting its Integrity Management Revenue Requirement (IMRR) calculation for the next bi-annual IM Adjustment.

On October 30, 2020, Piedmont filed its projected three-year plan of IM Plant Investment that contained the computation for the proposed IMRR biannual rate adjustment, effective December 1, 2020, as required by Appendix E of Piedmont's North Carolina Service Regulations.

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

Description	Residential Rate 101	Small & Medium General	Firm Large General	Interruptible Large General
		Rate 102, 142, 144, 152	Rate 103, 113, 12 T-10, T-12	Rate 104, 114
Rate Class Percentage	64.78%	30.18%	2.73%	2.31%
IMRR	\$19,638,811	\$9,149,418	\$827,631	\$700,303
IM Deferred Account Balance	\$1,552,506	\$723,288	\$65,427	\$55,361
Total Amount for recovery	\$21,191,317	\$9,872,707	\$893,058	\$755,664
Rate Case Volumes (dts)	39,305,821	32,055,951	35,121,753	29,923,758
IM Increment per dt	\$0.5391	\$0.3080	\$0.0254	\$0.0253
Remove Previous Increment	(\$0.4112)	(\$0.2349)	(\$0.0194)	(\$0.0193)
Change in IM Increment per dt	\$0.1279	\$0.0731	\$0.0060	\$0.0060

On October 16, 2020, Piedmont filed a petition in Docket No. G-9, Sub 776 requesting Commission approval for (1) authorization to continue the provisional tax rider that refunded excess federal income taxes resulting from a decrease in the federal corporate income tax rate, which was approved in Ordering Paragraph No. 8 of the Rate Case Order, which included corresponding interest, for a one-year period beginning November 1, 2019, and continuing through October 31, 2020 (Tax Rider) for an additional month, and (2) authorization to promptly deposit any remaining balance from the deferred regulatory liability account owed to ratepayers at the end of the one-month extension into Piedmont's All Customers Deferred Gas Cost Account. The Commission approved this request on October 27, 2020. Schedule A, filed in Docket No. G-9, Sub 777, reflects the removal of decrements as approved in that Order.

The Public Staff has reviewed the proposed IM rate adjustments as proposed on Schedule B, as well as the rate changes reflected on Schedule A, effective December 1, 2020, and recommends approval as filed.

The Public Staff recommended that the Commission issue the proposed order approving the rate adjustments proposed by Piedmont.

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

## **E. WATER**

### **P1. DOCKET NO. W-354, SUB 340 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA - NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS SERVICE AREA**

On October 14, 2020, Carolina Water Service, Inc. of North Carolina (CWSNC or Company), filed a notification of intention to begin water and sewer utility operations in Southcrest Development (Southcrest), which is contiguous to the Applicant's present Lamplighter South-Danby/Bridlestone service area in Mecklenburg County, North Carolina.

CWSNC proposes to charge the rates currently approved in Docket No. W-354, Sub 364, under its Uniform Water and Sewer Rate Division. The Company states that it is currently serving eight customers in Southcrest.

CWSNC has entered into a water and sanitary sewer service agreement, dated May 5, 2014, with Carolina Development Services, LLC (Developer), which requires the Developer to construct and install the complete central distribution facility and wastewater collection system within the property at no cost to CWSNC. The Developer agrees to convey the water and sewer systems to CWSNC. The Developer understands that any lot or service requiring a residential pump station shall meet additional requirements for

sanitary sewer and that any residential pump station within the lot boundaries shall remain the sole property and responsibility of the lot owner. The Developer will pay to CWSNC, CWSNC's approved uniform water and sewer connection fee/tap fee for each equivalent single-family dwelling.

The North Carolina Department of Environment Quality, Division of Water Resources (DWR), has approved water system improvements for a total of eight connections, under serial number 14-00443, dated July 10, 2014.

DWR has issued to CWSNC Permit No. WQ003716, dated June 16, 2016 to construct and operate a wastewater collection extension to serve eight residential units.

On August 26, 2019, in Docket No. W-100, Sub 57, the Commission issued an Order that required in Ordering paragraph 2 that "all certificated water and wastewater utilities shall collect from contributors the income tax on CIAC for new contributions contracted for on or after October 5, 2018, using the full gross up method."

The Agreement between CWSNC and the Developer in this matter was executed May 5, 2014, and is therefore not subject to the full gross-up requirements in the Commission's August 26, 2019 Order.

The Public Staff is of the opinion that CWSNC has the technical, managerial, and financial capacity to provide water and sewer utility service in Southcrest and recommends that the contiguous extension be recognized.

The Public Staff further recommends that the Commission require posting of a \$10,000 bond for water and \$10,000 bond for sewer for the contiguous extension in Southcrest. CWSNC currently has \$4,020,000 of bonds posted with the Commission. Of this amount, \$3,740,000 of the bond is assigned to specific subdivisions, and \$280,000 of the bond remains unassigned.

The Public Staff recommended that its proposed order be issued accepting and approving bond; recognizing the contiguous extension; and approving rates.

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

Minutes of the Regular Commission Staff Conference for November 23, 2020, were approved.

Minutes prepared by Portia Barnes.