

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-5, SUB 565

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Petition of Public Service Company of North)	ORDER REQUESTING
Carolina, Inc. for a General Increase in its)	COMMENTS
Rates and Charges)	

BY THE PRESIDING COMMISSIONER: On October 28, 2016, the Commission issued an Order Approving Rate Increase and Integrity Management Tracker (Rate Order) in the above-captioned docket. The Rate Order granted the application of Public Service Company of North Carolina, Inc. (PSNC) for an increase in its base rates, and approved implementation of an Integrity Management Tracker (IMT) by PSNC effective November 1, 2016, pursuant to N.C. Gen. Stat. § 62-133.7A. In summary, the IMT is a cost recovery mechanism that allows PSNC to timely recover its costs of compliance with federal pipeline safety and integrity management requirements of the Pipeline and Hazardous Materials Safety Administration (PHMSA). The Rate Order further provided that the IMT be added as Rider E to PSNC's service regulations, and that the IMT be reviewed by the Commission within four years of its implementation, or in PSNC's next general rate case, whichever came first.

On January 24, 2018, Dominion Energy, Inc. and SCANA Corporation, parent company of PSNC, filed an application in Docket Nos. E-22, Sub 551, and G-5, Sub 585 for authorization to engage in a business combination transaction. On November 19, 2018, the Commission issued its Order Approving Merger Subject to Regulatory Conditions and Code of Conduct (Merger Order), approving the merger of SCANA Corporation with Dominion Energy, Inc. The Merger Order, among other conditions, directed that PSNC shall not file an application for a general rate case proceeding prior to April 1, 2021.

On June 29, 2020, PSNC filed a Petition requesting that the Commission review the IMT mechanism and extend it for two years, or until PSNC's next general rate case, whichever comes first. In summary, PSNC stated that because PSNC cannot file an application for a general rate case prior to April 1, 2021, the IMT will expire on November 1, 2020, unless it is reviewed and extended by order of the Commission. Further, PSNC stated that since PSNC's 2016 general rate case PSNC has made substantial capital investments in projects designed to comply with PHMSA's pipeline safety requirements, and that PSNC's capital investment projects, costs, and accounting for said costs are detailed in PSNC's biannual and monthly compliance reports filed in Docket No. G-5, Sub 565C. Moreover, PSNC cited the following reasons that it contends the IMT should be extended:

- (1) The IMT is necessary to ensure PSNC's ability to timely invest in and earn on capital expenditures required by PHMSA regulations;
- (2) The IMT enables PSNC to avoid repeatedly filing general rate cases to recover federally-required capital investments in transmission and distribution pipeline integrity management projects;
- (3) The current IMT serves the public interest by limiting the nature of the costs recoverable through the IMT, and requiring adjustments to the MIT charges every six months; and
- (4) Due to potentially expanded PHMSA regulatory requirements, it is imperative to maintain the IMT as a means of facilitating PSNC's pipeline safety investments.

Finally, PSNC stated that it has discussed this matter with the Public Staff and the Public Staff does not oppose extending the IMT for up to two years.

Based on the foregoing and the record herein, the Presiding Commissioner finds good cause to request comments and reply comments on PSNC's Petition.

IT IS, THEREFORE, ORDERED as follows:

1. That on or before July 20, 2020, the parties to this docket may file comments on PSNC's Petition; and
2. That on or before July 31, 2020, PSNC and the parties may file reply comments.

ISSUED BY ORDER OF THE COMMISSION.

This the 2nd day of July, 2020.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in dark ink, appearing to read "Joann R. Snyder", is written over a faint, larger version of the same signature.

Joann R. Snyder, Deputy Clerk