

NORTH CAROLINA UTILITIES COMMISSION
MINUTES OF REGULAR COMMISSION STAFF CONFERENCE

January 25, 2021

The Regular Commission Staff Conference of the North Carolina Utilities Commission was held on Monday, January 25, 2021, 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. Henderson, Mr. Buffkin, Mr. Mertz, Ms. Fennell, Ms. Cooper, Ms. Condie, Ms. Barnes, Ms. Kennedy, Ms. Hilburn, Ms. Paschal, Ms. Zhang, Mr. Wood, Mr. Hardy, Mr. McCoy

PUBLIC STAFF: Ms. Downey, Mr. Dodge, Ms. Jost, Mr. Creech, Mr. Maness, Mr. Henry, Ms. Li, Ms. Perry, Mr. Allison, Ms. Boswell, Mr. Akpom, Mr. McLawhorn, Mr. Sailor, Mr. Lucas, Mr. Metz, Mr. Furr, Mr. Franklin

ATTORNEY GENERAL:

COURT REPORTER: Ms. Mitchell

D. ELECTRIC**P1. APPLICATION FOR 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 (PV) electric generating facility, pursuant to N.C. Gen. Stat. § 62-110.1 and Commission Rule R8-64.

Duke Energy Carolinas:

- Docket No. SP-8746, Sub 0 – Application of Pelham Solar, LLC, for an amended certificate of public convenience and necessity to construct a 35-MW solar PV facility in Caswell County, North Carolina (registration statement issued previously)

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

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

P2. DOCKET NO. E-22, SUBS 476 AND 477 – DOMINION ENERGY NORTH CAROLINA – PETITIONS FOR APPROVAL OF REVISED SERVICES AGREEMENT AND REVISED AFFILIATE SERVICES AGREEMENTS

On October 6, 2020, Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC or the Company), filed two petitions requesting approval of certain revised affiliate agreements. In Docket No. E-22, Sub 476, DENC requested that the Commission approve a revised services agreement under which Dominion Energy Services, Inc. (DES), would continue to provide accounting, legal, human resources, information technology, management, and other centralized services to DENC. In Docket No. E-22, Sub 477, DENC requested approval of four revised separate affiliate services agreements. DENC also requested approval of a revised form affiliates services agreement under which future affiliates would be permitted to provide limited services to the Company subject to certain cost caps.

On December 8, 2020, the Company filed an Amended Revised DES Services Agreement, four Amended Revised Affiliate Services Agreements, and an Amended Form Affiliates Services Agreement, collectively referred to herein as the amended

revised affiliate agreements. The Company indicated that the amended revised affiliate agreements should supersede and replace the versions of the agreements filed with its petitions on October 6, 2020.

On December 16, 2020, the Commission issued an Order on Affiliate Agreements. In summary, based on the recommendation of the Public Staff, the Commission accepted the amended revised affiliate agreements for filing and the payment of compensation thereunder on an interim basis, with several conditions. The Commission noted that the Public Staff was in the process of its investigation and review of the amended revised affiliate agreements and was awaiting receipt of the final orders of the Virginia State Corporations Commission (VSCC) in this matter and would provide its final recommendations to the Commission when its review was complete.

The Public Staff has completed its review of the amended revised affiliate agreements, which included a review of DENC's petitions, DENC's Regulatory Conditions and Code of Conduct approved by the Commission in its Order Approving Merger Subject to Regulatory Conditions and Code of Conduct (Dominion/SCANA Merger Order), in Docket No. E-22, Sub 551 (November 19, 2018), and responses to data requests. The Public Staff has also reviewed the orders approving the amended revised affiliate agreements issued by the VSCC on December 17, 2020, in Case No. PUR-2020-00228, and on December 21, 2020, in Case No. PUR-2020-00229.

Based on its review, the Public Staff recommends the following to the Commission¹:

- 1) That the amended revised affiliate agreements be accepted for filing and payment thereunder authorized for three years, from January 1, 2021, through December 31, 2023, with DENC's ability to pay these affiliates subject to adjustment if found appropriate by the Commission upon its own motion or petition by the Public Staff or another party.
- 2) If the Company wishes to extend the amended revised affiliate agreements beyond the three-year period, separate Commission approval will be required.
- 3) No changes may be made to any of the amended revised affiliate agreements without prior filing with the Commission, including changes in the terms and conditions, allocation methodologies, service category descriptions, and successors or assigns. DENC shall file any proposed amendments prior to the execution of amended agreements and prior to any payment for services pursuant to an amended agreement.
- 4) The Commission's acceptance of the amended revised affiliate agreements and approval of payment thereunder shall have no accounting or ratemaking implications.

¹ The majority of the Public Staff's recommendations were approved by order of the Commission filed on January 18, 2019, in Docket Nos. E-22, Sub 476, and Sub 477. Additional recommendations were approved by the VSCC in its orders issued December 17, 2020, in Case No. PUR-2020-00228, and December 21, 2020, in Case No. PUR-2020-00229.

5) The Commission's acceptance of the amended revised affiliate agreements and approval of payment thereunder shall be limited to the specific services identified in the amended revised affiliate agreements. Should DENC wish to obtain additional services from affiliates other than those specifically identified in the amended revised affiliate agreements, separate Commission approval shall be required.

6) DENC shall provide written notice to the Commission within 15 days of any election, by either DENC or the affiliates, of new services not currently selected in each of the respective amended revised affiliate agreements that it intends to take pursuant to such agreements, regardless of the cost of such services. If new services are selected, DENC shall include that information in its Annual Report of Affiliated Transactions (ARAT) filed in Docket No. E-22, Sub 551A.

7) All terms of the amended revised affiliate agreements and the activities conducted pursuant thereto shall remain subject to DENC's compliance with its Regulatory Conditions and Code of Conduct approved by the Commission in the Dominion/SCANA Merger Order.

8) All services provided by each of the affiliates pursuant to the amended revised affiliate agreements shall be at the lower of cost or market. Supporting documentation for such transactions shall be made available for Public Staff and Commission review upon request, including the periodically-conducted market price studies required by Regulatory Condition No. 4.2.

9) DENC shall have the burden of proving that any and all goods and services procured from its affiliates have been procured on the most favorable terms and conditions reasonably available in the relevant market, which shall include a showing that such goods and services could not have been procured at a lower price from qualified non-affiliate sources, or that DENC could not have provided the services or goods for itself on the same basis at a lower cost, as required by Regulatory Condition No. 4.2(a). Records of such investigations and comparisons shall be made available for Public Staff and Commission review upon request.

10) The Commission's acceptance of the amended revised services agreements and authorization of payment thereunder shall not be deemed in connection with any future proceeding before the Commission to determine and establish DENC's retail rates or for any other purpose, or to constitute Commission approval of any level of charges directly charged, assigned, or allocated to DENC under the agreements.

11) All terms of the amended revised affiliate agreements and the activities conducted pursuant thereto remain subject to ongoing review as to their appropriateness and reasonableness and to modification by the Commission upon its own motion, or upon a motion by the Public Staff or another party.

12) All goods and services rendered pursuant to the amended revised affiliate agreements and the costs and benefits directly charged, assigned, and/or allocated in connection with such services, and the determination or calculation of the bases and factors utilized to assign or allocate such costs and benefits, remain subject to ongoing review as to their appropriateness and reasonableness and to further action by the Commission upon its own motion or upon the motion of any party.

13) DENC shall include all transactions under the amended revised affiliate agreements in its ARAT filed with the Commission. The report of the transactions should include the docket number in which the amended revised affiliate agreements were approved, the name and type of activity performed by each direct and indirect affiliate/future affiliate to the agreements, and a schedule in Excel electronic spreadsheet format, with formulas intact, listing the prior year's transactions by month, type of service, FERC account, and the dollar amount (as the transaction is recorded on the Company's books).

14) DENC shall continue to involve the Public Staff in the ongoing work the VSCC required DENC to engage in regarding the verification and auditing of DES charges.

15) DENC shall continue to include a Status Report in its ARAT describing DENC's progress toward implementing the DENC-prepared Detailed Report's measures/recommendations set forth in Attachment D to DENC's application for approval of the current DES services agreement filed in Docket No. E-22, Sub 476, on October 30, 2018. DENC shall maintain records that shall be made available to the Public Staff and Commission upon request to support any statement or claims made in the Detailed Report and the Status Report.

16) The Commission's acceptance of the amended revised affiliate agreements and authorization of payment thereunder shall not be deemed to constitute the approval of any specific charges under the amended revised affiliate agreements, or a guarantee of any recovery of costs directly or indirectly related to the amended revised affiliate agreements.

17) DENC is exempted from the requirement to file pursuant to N.C. Gen. Stat. § 62-153 any affiliate services agreements with any future affiliates that bill (a) less than \$500,000 per service per year and (b) no more than \$2 million total per year on a system wide basis to DENC, provided that the future affiliate executes the form agreement in the form as filed herein, with DENC having the burden of monitoring such billings and filing, pursuant to N.C.G.S. § 62-153, prior to such billing exceeding either of the caps set forth in (a) and (b) above. Any such agreement, once executed, shall be filed with DENC's next occurring ARAT, along with a report of any charges that have been incurred under such agreement.

18) The Commission reserves the right to revoke the exemption stated in the above paragraph at any time such revocation is deemed to be in the public interest.

19) The Commission reserves the right to examine the books and records of DENC and any affiliate in connection with the amended revised affiliate agreements, whether or not such affiliate is regulated by this Commission.

20) Commission approval is required for DES or another services company to provide centralized services to DENC under the amended revised affiliate agreements by the engagement of affiliated third parties.

21) All requirements regarding the amended revised affiliate agreements shall also apply to transactions between DENC and future affiliates to which exemption from the filing and prior approval requirements apply.

22) DENC shall file with the Commission signed and executed copies of each of the amended revised affiliate agreements within 30 days of the date of this order.

23) The foregoing conditions shall not replace, supersede, or modify the conditions previously approved by the Commission in Docket No. E-22, Sub 434, with respect to the currently effective Fuel Purchase, Sale and Services Agreement filed in that docket and in Docket No. E-22, Sub 512.

24) The Commission's acceptance of the amended revised affiliate agreements and the authorization of DENC to make payments pursuant to the agreements does not constitute approval of the amount of fees or compensation paid by DENC under the agreements for ratemaking purposes, and the authority granted is without prejudice to the right of any party to take issue with any provision of the agreements in a future proceeding.

DENC has agreed to the conditions recommended by the Public Staff.

The Public Staff recommended that the Commission issue the proposed order (1) accepting for filing the Amended Revised DES Services Agreement, four Amended Revised Affiliate Services Agreements, and Amended Revised Form Affiliates Services Agreement; (2) authorizing DENC to make payments under the amended revised affiliate agreements in accordance with their terms; and (3) stating that the Commission's acceptance for filing and authorization of DENC to make payments under the amended revised affiliate agreements shall be subject to the conditions recommended by the Public Staff enumerated in the proposed order and described above.

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

E. WATER**P1. DOCKET NO. W-1314, SUB 4 – PLURIS WEBB CREEK, LLC – ORDER APPROVING TRANSITIONAL BILLING ARRANGEMENTS IN 2021 AND REQUIRING CUSTOMER NOTICE**

On August 8, 2016, in Docket No. W-864, Sub 11, the Commission issued an Order Appointing Emergency Operator, Approving Increased Rates, and Requiring Customer Notice. In that Order, Pluris Webb Creek, LLC (Pluris Webb Creek or the Company), was appointed emergency operator of Webb Creek Water and Sewage, Inc.'s wastewater utility system in Onslow County, North Carolina. The Schedule of Provisional Rates for Webb Creek Water and Sewage, Inc. (Pluris Webb Creek, LLC, Emergency Operator), attached as Appendix A to the August 8, 2016 Order, continued the billing frequency previously used by Webb Creek and stated that the billing frequency "[s]hall be monthly for service in arrears."

On March 26, 2019, in Docket Nos. W-864, Sub 11, W-864, Sub 14, and W-1314, Sub 1, the Commission issued an Order Revoking Webb Creek Water and Sewage, Inc.'s Franchise, Granting Certificate of Public Convenience and Necessity to Pluris Webb Creek, LLC, Continuing Interim Rates, Discharging Emergency Operator, and Requiring Customer Notice. The Schedule of Provisional Interim Rates for Pluris Webb Creek, LLC, attached as Appendix B to the March 26, 2019 Order, stated that the billing frequency "[s]hall be monthly for service in arrears."

On November 14, 2019, in Docket Nos. W-822, Sub 3, W-1314, Sub 0, and W-1314, Sub 2, the Commission issued an Order Canceling Temporary Operating Authority, Approving Transfer, Granting Franchise, Approving Interim Rates, Requiring Undertaking, and Requiring Customer Notice. The Schedule of Interim Provisional Rates for Pluris Webb Creek, LLC, attached as Appendix B to the November 14, 2019 Order, stated that the billing frequency "[s]hall be monthly for service in arrears".

On April 27, 2020, in Docket No. W-1314, Sub 4, Pluris Webb Creek filed an Application for a general increase in wastewater utility service rates in all its service area in Onslow County, North Carolina.

On December 17, 2020, in Docket No. W-1314, Sub 4, the Commission issued an Order Approving Agreement and Stipulation, Granting Rate Increase, and Requiring Customer Notice (December 17, 2020 Order). The Schedule of Rates for Pluris Webb Creek, LLC, attached as Appendix A to the December 17, 2020 Order, stated that the billing frequency for Flat Rate Residential Customers "[s]hall be monthly for service in advance".¹

On January 8, 2021, in Docket No. W-1314, Sub 4, Pluris Webb Creek filed with the Commission a Request for Approval of Transitional Billing Arrangements in 2021. In its request, the Company provided a suggested billing method to reduce the impact to Pluris

¹ Pluris Webb Creek's affiliates, Pluris, LLC, (W-1282) and Pluris Hampstead, LLC, (W-1305) both bill their flat rate residential customers in advance, as provided for in their respective Commission-approved Tariffs.

Webb Creek's residential customers in transitioning from monthly billing in arrears to monthly billing in advance to comply with the December 17, 2020 Order.

Pluris Webb Creek billed all customers for service provided in December 2020, in arrears, based on its prior approved rates, adjusted to reflect the rate increase approved in the December 17, 2020 Order. The Company plans to bill customers for service provided in January 2021, in arrears, at the newly approved rate. Pluris Webb Creek proposes to transition billing residential customers monthly in advance beginning in February 2021. To lessen the residential customer impact of this transition, the Company will not bill its residential flat rate customers at the same time both for service in arrears during the month of January 2021, and for service in advance for the month of February. Rather, as for the in-advance billing for February, the Company proposes to defer the monthly bill amount of \$73.38 over a period of eleven months to be accomplished by billing 1/11th of the \$73.38 monthly billing charge in the remaining eleven months of 2021 (February through December 2021), which equates to \$6.67 per month.

Under Pluris Webb Creek's requested approach, on February 1, 2021, the Company will send two separate wastewater utility bills to its residential customers. One bill will be for monthly wastewater utility service billed in arrears from January 1, 2021 through January 31, 2021, in the amount of \$73.38. The second bill will be for \$6.67, which is 1/11th of the February 1, 2021 through February 28, 2021 monthly billing charge of \$73.38 billed in advance. Beginning on March 1, 2021, residential wastewater customers will be billed in advance one monthly bill in the amount of \$80.05, consisting of \$73.38 for the month of March and \$6.67 for the fractional amount due for the month of February. This billing method will continue for the remainder of 2021. Beginning with the January 1, 2022 monthly billing, Pluris Webb Creek will have completed the transition of residential flat rate customers from monthly billing in arrears to monthly billing in advance and residential wastewater utility service will be billed in advance at the Commission approved residential flat rate of \$73.38 on a going forward basis as set forth in the December 17, 2020 Order.

The Public Staff has reviewed the proposed transitional billing arrangements and agrees with the proposal as described herein.

The Public Staff recommended that the Commission issue the proposed order approving transitional billing arrangements in 2021 and provide customer notice.

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

Minutes of the Regular Commission Staff Conference for January 11, 2021, were approved.

Minutes prepared by Portia Barnes.