

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**STAFF CONFERENCE AGENDA  
March 29, 2021**

***IMPORTANT NOTE: STAFF CONFERENCE  
WILL BE CONDUCTED VIA WEBEX.  
INSTRUCTIONS FOR PARTICIPATION AND A LINK TO VIEW  
THE MEETING WILL BE POSTED ON THE COMMISSION'S  
WEBSITE, NCUC.NET***

**COMMISSION STAFF**

NO AGENDA ITEMS

**PUBLIC STAFF**

**B. NATURAL GAS**

- P1. DOCKET NO. G-5, SUB 633 – APPLICATION OF PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC., FOR APPROVAL OF BI-ANNUAL ADJUSTMENT OF RATES UNDER RIDER C TO ITS TARIFF **EXHIBIT NO. P-1**
- P2. DOCKET NO. G-9, SUB 785 – APPLICATION OF PIEDMONT NATURAL GAS COMPANY, INC., FOR APPROVAL OF BI-ANNUAL ADJUSTMENT OF RATES UNDER APPENDIX C OF ITS SERVICE REGULATIONS **EXHIBIT NO. P-2**
- P3. DOCKET NO. G-39, SUB 45 – APPLICATION OF CARDINAL PIPELINE COMPANY, LLC, FOR APPROVAL OF FUEL TRACKER AND ELECTRIC POWER COST ADJUSTMENT **EXHIBIT NO. P-3**
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**D. ELECTRIC**

- P1. APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT SOLAR FACILITY

- P2. DOCKET NO. E-2, SUB 1264 – DUKE ENERGY PROGRESS, LLC; DOCKET NO. E-7, SUB 1244 – DUKE ENERGY CAROLINAS, LLC – REVISIONS TO LANDLORD AGREEMENT REVERT TO OWNER PROGRAM **EXHIBIT NO. P-5**
- P3. DOCKET NO. E-7, SUB 1032 – DUKE ENERGY CAROLINAS, LLC – MODIFICATION OF POWER MANAGER LOAD CONTROL SERVICE PROGRAM **EXHIBIT NO. P-6**
- P4. DOCKET NO. E-22, SUB 465–DOMINION ENERGY NORTH CAROLINA–MODIFICATION OF AIR CONDITIONER CYCLING PROGRAM **EXHIBIT NO. P-7**
- P5. DOCKET NO. E-101, SUB 0 – WEAVING WATER, LLC – REQUEST FOR WAIVER OF MASTER METERING PROHIBITION IN N.C. GEN. STAT. § 143-151.42 **EXHIBIT NO. P-8**

**E. WATER**

- P1. DOCKET NO. W-354, SUB 364A – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA. – REQUEST FOR APPROVAL OF WATER AND SEWER SYSTEM IMPROVEMENT CHARGES **EXHIBIT NO. P-9**

TO: Agenda – Commission Conference – March 29, 2021

FROM: PUBLIC STAFF – North Carolina Utilities Commission

## **B. NATURAL GAS**

P1. DOCKET NO. G-5, SUB 633 – APPLICATION OF PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC., FOR APPROVAL OF BI-ANNUAL ADJUSTMENT OF RATES UNDER RIDER C TO ITS TARIFF

EXPLANATION: On March 18, 2021, Public Service Company of North Carolina, Inc. (PSNC or Company), filed an application requesting approval to implement temporary increments and decrements in its rates for residential, small general service, and medium general service customers, effective April 1, 2021, 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 January 31, 2021.

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:

<b>Rate Class and Schedule</b>	<b>Customer Usage Deferred Account Balance at 1/31/2021 (\$)</b>	<b>Rate Case Volumes (dts)</b>	<b>Proposed CUT Temporaries (\$/dts)</b>	<b>Existing CUT Temporaries (\$/dts)</b>	<b>Change in CUT Temporaries (\$/dts)</b>
<b>Residential (101)</b>	\$16,222,700	29,824,953	\$0.5439	\$0.7412	(\$0.1973)
<b>Residential Hi-Efficiency (102)</b>	\$30,940	439,438	\$0.0704	\$0.5504	(\$0.4800)
<b>Sm Gen Service (125)</b>	\$4,442,474	12,075,370	\$0.3679	\$0.4370	(\$0.0691)
<b>Sm Gen Service Hi-Efficiency (127)</b>	(\$3,236)	100,097	(\$0.0323)	\$0.0894	(\$0.1217)
<b>Med.Gen. Service(140)</b>	\$715,222	3,295,885	\$0.2170	\$0.2693	(\$0.0523)

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

EXHIBIT: A proposed order is attached as [Exhibit No. P-1](#).

RECOMMENDATION: (Naba/Johnson) That the Commission issue the proposed order approving PSNC's proposed rate changes as filed.

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P2. DOCKET NO. G-9, SUB 785 – APPLICATION OF PIEDMONT NATURAL GAS COMPANY, INC., FOR APPROVAL OF BI-ANNUAL ADJUSTMENT OF RATES UNDER APPENDIX C OF ITS SERVICE REGULATIONS

EXPLANATION: On March 18, 2021, Piedmont Natural Gas Company, Inc. (Piedmont), filed an application requesting authority to adjust its rates effective April 1, 2021, pursuant to its Margin Decoupling Tracker (MDT) mechanism. These adjustments are filed in compliance with Appendix C of Piedmont's Service Regulations, which was approved in Piedmont's last general rate case in Docket No. G-9, Sub 743, and are based on the Margin Decoupling Deferred Account balance as of January 31, 2021.

According to the MDT, Piedmont is to compare actual residential, small general and medium general commercial margins with the margins contained in the approved rates from Docket No. G-9, Sub 743. Piedmont is then to apply for, on a bi-annual basis, authority to implement temporary rate increments and/or decrements (temporaries) to collect or refund any differences in the Margin Decoupling Deferred Account.

The proposed MDT temporaries, as well as the existing MDT temporaries and the corresponding rate changes, expressed in dollars per dekatherm (\$/dt), are as follows:

<b>Rate Description and Schedule</b>	<b>Margin Decoupling Deferred Account Balance at 1/31/2021 (\$)</b>	<b>Proposed MDT Temporaries (\$/dt)</b>	<b>Existing MDT Temporaries (\$/dt)</b>	<b>Change In MDT Temporaries (\$/dt)</b>
Residential (Rate Schedule 101)	\$42,591,372	\$1.0836	\$0.7751	\$0.3085
Small Commercial (Rate Schedule 102)	\$21,682,256	\$0.8011	\$0.5428	\$0.2583
Medium Commercial (Rate Schedule 152)	\$3,032,474	\$0.6171	\$0.4107	\$0.2064

The Public Staff has reviewed these proposed rate adjustments and recommends approval as filed.

EXHIBIT: A proposed order is attached as [Exhibit No. P-2](#).

RECOMMENDATION: (Gilbert/Johnson) That the Commission issue the proposed order approving Piedmont's proposed rate changes as filed.

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P3. DOCKET NO. G-39, SUB 45 – APPLICATION OF CARDINAL PIPELINE COMPANY, LLC, FOR APPROVAL OF FUEL TRACKER AND ELECTRIC POWER COST ADJUSTMENT

EXPLANATION: On March 1, 2021, Cardinal Pipeline Company, LLC (Cardinal), filed an application, pursuant to Section 1 of the General Terms and Conditions of its tariffs, requesting approval to adjust its fuel retention percentage from 0.83% to 0.88% for Zones 1A, 1B, and 2 of Rate Schedule CFT effective April 1, 2021. In addition, pursuant to Section 2 of the General Terms and Conditions of its tariffs, Cardinal is requesting approval to implement an Electric Power (EP) rate of \$0.01194 per dekatherm (dt) per month (\$0.00039 per dt per day) for Zones 1A, 1B, and 2 of Rate Schedule CFT effective April 1, 2021.

Cardinal states in its application that the fuel retention percentage allows Cardinal to retain volumes of gas required for operation (GRO) and lost and unaccounted for gas. The revised fuel retention percentage proposed to be effective April 1, 2021 is based on the actual GRO for the period January 1, 2020, through December 31, 2020, and the balance in the Deferred GRO Account as of December 31, 2020.

Cardinal further states in its application that the EP rates are designed to recover Cardinal's estimated electric power costs at Compressor Station No. 161, as adjusted by the current balance in the EP Deferred Account. The EP rates proposed to be effective April 1, 2021, are based on the estimated electric power costs for the period April 1, 2021 through March 31, 2022, plus the balance in the EP Deferred Account as of January 31, 2021.

The Public Staff has reviewed the application and recommends approval as filed.

EXHIBIT: A proposed order is attached as [Exhibit No. P-3](#).

RECOMMENDATION: (Gilbert/Coleman) That the Commission issue the proposed order approving Cardinal's proposed revisions to the fuel retention percentage and the Electric Power rate.

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P4. DOCKET NO. G-40, SUB 160 – APPLICATION OF FRONTIER NATURAL GAS COMPANY AND ULLICO INFRASTRUCTURE HEARTHSTONE HOLDCO, LLC FOR APPROVAL OF THE SALE AND TRANSFER OF STOCK

EXPLANATION: On January 27, 2021, Frontier Natural Gas Company (Frontier) and Ullico Infrastructure Hearthstone Holdco, LLC (UIHH) (collectively, the Applicants), filed an application pursuant to N.C. Gen. Stat. § 62-111 for (1) approval of a transaction whereby Hearthstone Utilities Inc. (HUI) and its subsidiaries, including Frontier, will become wholly owned subsidiaries of UIHH, and (2) authorization and/or waiver as is necessary and appropriate to effect the proposed transaction. Attached to the application are the following exhibits: the Stock Purchase and Sales Agreement (SPSA); financial statements for Frontier as of September 30, 2020; an organizational chart; and a cost-benefit analysis. The Applicants also filed direct testimony with the application.

In the application, the Applicants state the following: (1) Frontier is a wholly owned subsidiary of PHC Utilities, Inc. (PHC), which is wholly owned by HUI; (2) HUI is owned by GEP Bison Holdings, Inc. (GBH), which is owned by an infrastructure fund managed by an investment management subsidiary of BlackRock, Inc.;<sup>1</sup> (3) UIHH, a special purpose entity established for the purpose of acquiring GBH and its subsidiaries, is a wholly-owned subsidiary of Ullico Infrastructure Master Fund, L.P., which, along with its general partner UIF GP, LLC, are referred to as Ullico Infrastructure Fund (UIF or the Fund); (4) UIF has experience owning and financing a mixture of energy related firms, including investments in regulated utility assets; (5) UIF's investment vehicle is an open-ended investment fund that makes investments in infrastructure businesses that provide essential services to communities, governments, and businesses; (6) UIF made its first equity investment in November 2012 and has since secured more than \$3 billion in commitments from investors; (7) UIF has made 18 investments across the transportation, energy, and utilities sectors, providing geographic and sector diversification, including ownership in a water and wastewater utility, a high-voltage submarine transmission cable, four combined-cycle generation plants, several solar and wind farms, and a natural gas transmission pipeline system.

Additionally, the Applicants indicate that the proposed transaction would not affect the Commission's regulatory jurisdiction over Frontier, or the rates, service requirements, financing arrangements, or any orders previously issued by the Commission currently applicable to Frontier. Further, the Applicants represent that the proposed transaction will result not in any changes to Frontier's rates, services, operations or regulatory policies.

The Commission's Order Requiring Filing of Analyses issued November 2, 2000, in Docket No. M-100, Sub 129 (M-100, Sub 129 Order), requires that merger applications be accompanied by a market power analysis and a cost-benefit analysis. The Applicants submitted a cost-benefit analysis. According to the application, given the relative size of Frontier's North Carolina operations and the lack of any other UIF-owned operations served by or in proximity to Frontier's service territory, there is no possibility that the proposed

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<sup>1</sup> GBH's current controlling owner, GEPIF II ECHO AIV, L.P., entered into the SPSA with UIHH.

transaction will enhance or increase either Frontier's or UIF's market power in any relevant retail or wholesale market. Frontier, therefore, requests a waiver of the requirement to file a market power analysis.

The Public Staff has reviewed the application and additional information provided by the Applicants, and recommends that an order be issued setting the application for hearing, establishing deadlines for petitions to intervene and the filing of testimony, establishing appropriate discovery rules, and requiring public notice. The Public Staff further recommends that the order grant the waiver of the requirement to file a market power analysis and state that the Application satisfies the requirements of the M-100, Sub 129 Order.

EXHIBIT: A proposed order is attached as [Exhibit No. P-4](#).

RECOMMENDATION: (Perry/Patel/Craig/Culpepper/Jost) That the proposed order be issued setting the application for hearing, establishing deadlines for petitions to intervene and the filing of testimony, establishing appropriate discovery rules, requiring public notice, granting the requested waiver, and finding that the application satisfies the requirements of the M-100, Sub 129 Order.

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## **D. ELECTRIC**

### **P1. APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT SOLAR FACILITY**

EXPLANATION: 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 Progress:

- Docket No. SP-8510, Sub 0 – Application of Cabin Creek Solar, LLC, for an amended certificate of public convenience and necessity to construct a 70.2-MW solar PV facility in Montgomery 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.

RECOMMENDATION: (Saillor) That the Commission issue an order approving the application and issuing the requested amended certificate for the facility. A proposed order has been provided to the Commission Staff.

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P2. DOCKET NO. E-2, SUB 1264 – DUKE ENERGY PROGRESS, LLC; DOCKET NO. E-7, SUB 1244 – DUKE ENERGY CAROLINAS, LLC – REVISIONS TO LANDLORD AGREEMENT REVERT TO OWNER PROGRAM

EXPLANATION: On March 1, 2021, Duke Energy Progress, LLC (DEP), and Duke Energy Carolinas, LLC (DEC) (collectively “Companies”), filed an application seeking approval to revise the Companies’ Landlord Agreement Revert to Owner Programs. These programs allow a landlord to avoid a lapse in service by automatically placing electric service in the landlord's name in the event a tenant voluntarily vacates the property.

In 1995, the Commission approved the original Landlord Revert to Owner Agreement to DEP’s predecessor’s service regulations in Docket No. E-2, Sub 671. DEC has had a landlord reversion program similar to that of DEP since at least 2003.

In the current application, the Companies state that they are revising and aligning their respective programs as part of the rollout of Customer Connect to provide uniform rules for their customers. DEC will deploy Customer Connect in April 2021 and DEP in November 2021. The following table summarizes the current programs and proposed changes to program attributes.

Program Attributes	Current State		Future State	
	DEC	DEP	DEC	DEP
Signed contract for enrollment	Yes	Yes	Yes	Yes
Notary requirement for contract signature	No	Yes	No	No
Residential rental properties	Yes	Yes	Yes	Yes
Non-residential properties	Yes	No	Yes	Yes
Minimum number of contiguous properties	No	Yes	No	No
Connection charge when service reverts to landlord	Yes	Yes	Yes	Yes
Deposit required for Revert to Owner properties	No	Yes	No (except for Disconnect-No Pay (DNP))	No (except DNP)
Deposit calculation methodology	N/A	Deposit - \$40 per residential rental unit covered each Landlord Agreement	According to Rules	According to Rules

The Public Staff recommends that the Commission approve the modifications as filed.

EXHIBIT: A proposed order is attached as [Exhibit No. P-5](#).

RECOMMENDATION: (Williamson, T/Edmondson.) That the Commission issue the proposed order approving DEC's and DEP's proposed modifications to their Landlord Agreement Revert to Owner Programs as filed.

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P3. DOCKET NO. E-7, SUB 1032 – DUKE ENERGY CAROLINAS, LLC –  
MODIFICATION OF POWER MANAGER LOAD CONTROL SERVICE  
PROGRAM

EXPLANATION: On March 9, 2021, Duke Energy Carolinas, LLC (DEC), filed a request for approval to modify its Residential Power Manager Load Control Service program (Program). The proposed modifications, if approved, would allow customers who receive service under the Small Customer Generator Rider (SCG Rider) or Net Metering Rider (Rider NM) customers to participate. DEC indicates that future growth of the Program is now winter-focused making the prohibition unnecessary.

The Program was originally approved on February 26 2009, in Docket No. E-7 Sub 831, as a demand side management (DSM) program pursuant to N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68. Similar prohibitions were imposed on other non-residential curtailable or interruptible customers who owned supplemental or standby generation resources (Riders IS and SG) in new demand side programs.

The Public Staff notes that each of DEC's DSM programs and other load curtailable or interruptible riders have historically focused on summer-peaking load reductions. The shift to winter-focused load control also reduces any concern that Rider SCG and NM customers would adversely impact such load reducing resources. In other words, customers would receive incentives/credits for loads that would otherwise be satisfied by customer-owned generation. The net effect would be that DEC would see no net load reduction when a load reduction event was called.

The Public Staff inquired about the participation and load reduction potential expected, as well as the cost effective of the modified Program. DEC indicated that it had not quantified these attributes of the Program. However, the Public Staff does not expect any significant differences in the expected load reduction potential on a per participant basis or in the cost effectiveness of the Program that are not already being observed as a result from the shift of DEC's peak demand from a summer to a winter peak.<sup>2</sup> DEC also indicated that approximately 1,700 Riders SCG and NM customers had requested to participate in the Program, highlighting the need for the proposed modifications.

The Public Staff is interested in understanding any differences in the load reduction potential for Rider SCG and NM participants as opposed to participants receiving service under other rate schedules and will work with DEC to address how future evaluation, measurement, and verification of the Program's savings can address these differences.

The Public Staff recommends that the Commission approve the modifications as filed. The Public Staff further recommends that DEC remove language from its Riders SCG and NM that similarly excludes customers from participating in those riders who are also participants in the Program, and refile amended versions of those riders in its compliance filing.

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<sup>2</sup> See Evans Exhibit No. 7, in Docket No. E-7, Sub 1249. The Program remains very cost effective (Total Resource Cost Test result of 8.99 and Utility Cost Test of 4.26).

EXHIBIT: A proposed order is attached as [Exhibit No. P-6](#).

RECOMMENDATION: (Floyd) That the Commission issue the proposed order approving DEC's proposed modification to its Power Manager Load Control Service program as filed.

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P4. DOCKET NO. E-22, SUB 465 – DOMINION ENERGY NORTH CAROLINA –  
MODIFICATION OF AIR CONDITIONER CYCLING PROGRAM

EXPLANATION: On February 17, 2021, Dominion Energy North Carolina (DENC) filed a request for approval to modify its Air Conditioner Cycling Program (Program). The proposed modification would reduce the participant incentive from \$40 to \$35 per participant per season, aligning the incentive with that offered by DENC's affiliate company in Virginia for the same program.

The Program was originally approved on February 22, 2011, as a demand side management (DSM) program pursuant to N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68. The Program has 70,624 participants (2,772 North Carolina participants) as of January 2021.

DENC states that the Program has been a highly utilized resource during summer peak demand times (20 events in 2020). However, DENC's shift from a summer to winter peaking utility has resulted in a degradation of the Program's cost effectiveness. The proposed modification marginally improves the cost effectiveness, though the Program is still not cost effective (Total Resource Cost test of 0.03 and Utility Cost Test of 0.01).<sup>3</sup> The Company's analysis also assumes no new participation in the Program.

The Public Staff continues to be concerned with programs that are not cost effective and do not seem capable of achieving cost effectiveness in the future. ; however, the Public Staff is reluctant to suggest ending DSM programs that obviously provide reliable capacity benefits when called upon as designed. The Program continues to provide valuable capacity benefits during the summer season, though the value of those benefits is diminished with the emphasis in system planning shifting to winter. If the Program were not available, other summer capacity resources would be needed in its place to sustain adequate reserves. For these reasons, the Public Staff recommends that the Commission approve the modification as filed.

EXHIBIT: A proposed order is attached as [Exhibit No. P-7](#).

RECOMMENDATION: (Floyd) That the Commission issue the proposed order approving DENC's proposed modification to its Air Conditioner Cycling Program as filed.

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<sup>3</sup> From Company Exhibit DRK-1, Schedule 4, in Docket No. E-22, Sub 589.

P5. DOCKET NO. E-101, SUB 0 – WEAVING WATER, LLC – REQUEST FOR  
WAIVER OF MASTER METERING PROHIBITION IN N.C. GEN. STAT. § 143-  
151.42

EXPLANATION: On February 4, 2021, Weaving Water, LLC (Weaving Water), filed a request for approval of the use of master metering for central heat, air conditioning, and hot water systems that accomplish greater energy conservation than separate systems for each residential unit. In support of its request, Weaving Water stated that it is developing a cohousing neighborhood consisting of 24 condominium units at 3912 Rivermont Road in Durham, North Carolina. The units have full kitchens but are supplemented by shared community facilities such as a central kitchen, dining room, and laundry room. Weaving Water plans to start construction in March or April 2021.

N.C. Gen. Stat. § 143-151.42 provides, in part, as follows:

From and after September 1, 1977, in order that each occupant of an apartment or other individual dwelling unit may be responsible for his own conservation of electricity and gas, it shall be unlawful for any new residential building, as hereinafter defined, to be served by a master meter for electric service or natural gas service. Each individual dwelling unit shall have individual electric service with a separate electric meter and, if it has natural gas, individual natural gas service with a separate natural gas meter, which service and meters shall be in the name of the tenant or other occupant of said apartment or other dwelling unit.

The prohibition on master meters has several possible exemptions and exceptions. Weaving Water requests approval pursuant to the following:

Provided, however, that any owner or builder of a multi-unit residential building who desires to provide central heat or air conditioning or central hot water from a central furnace, air conditioner or hot water heater which incorporates solar assistance or other designs which accomplish greater energy conservation than separate heat, hot water, or air conditioning for each dwelling unit, may apply to the North Carolina Utilities Commission for approval of said central heat, air conditioning or hot water system, which may include a central meter for electricity or gas used in said central system, and the Utilities Commission shall promptly consider said application and approve it for such central meters if energy is conserved by said design.

Weaving Water has integrated energy-saving mechanical systems into the residential development, including ground-source heat pumps with a shared geothermal well field that will utilize a community loop to feed the individual heat pumps and water heaters of each dwelling. Solar photovoltaic panels along with battery storage will power the pumps circulating the fluid in the geothermal loop to all of the homes.

For electric service, Weaving Water proposes to use one master meter for all electrical usage, including common areas, not provided by the solar photovoltaic system. The residents will pay their electric bill through the community's homeowners association (HOA). Seventy percent of a resident's electric bill will be based on the square footage of each residential unit divided by the total square footage of the community's residential units. The remaining thirty percent of the total bill will be based on the number of full-time residents living in each unit divided by the total number of full-time residents in the community. The HOA will annually assess each homeowner in advance as part of its annual budget. The electric bill will be adjusted up or down each year based on the previous year's actual billing.

Accordingly, Weaving Water is requesting a ruling by the Commission that it is exempt from the requirements of N.C.G.S. § 143-151.42 prohibiting the use of master meters and for approval of its master metering plan.

The Public Staff reviewed Weaving Water's request and recommends that the request be granted. The Public Staff agrees that Weaving Water will achieve greater energy conservation than separate heating, air conditioning, and hot water systems for each residential unit and the common areas. Therefore, the proposed central systems should be approved because the statutory goal of energy conservation is met and the residents remain financially responsible for energy usage through their homeowner fees.

EXHIBIT: A proposed order is attached as [Exhibit No. P-8.](#)

RECOMMENDATION: (Lucas) That the Commission issue the proposed order allowing a waiver of the master metering prohibition in N.C.G.S. § 143-151.42.

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## **E. WATER**

### **P1. DOCKET NO. W-354, SUB 364A – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA. – REQUEST FOR APPROVAL OF WATER AND SEWER SYSTEM IMPROVEMENT CHARGES**

EXPLANATION: On January 29, 2021, Carolina Water Service, Inc. of North Carolina (CWSNC), filed an application for approval of Water System Improvement Charge (WSIC) and Sewer System Improvement Charge (SSIC) rate adjustments effective April 1, 2021, pursuant to N.C. Gen. Stat. § 62-133.12, Commission Rules R7-39 and R10-26, and the WSIC and SSIC mechanisms, which were approved in CWSNC's general rate case, in Docket No. W-354, Sub 336 (Sub 336 Rate Case) and in the Commission's prior Orders approving WSIC and SSIC mechanisms for CWSNC and the other Utilities, Inc. companies that have been merged into CWSNC.

The WSIC and SSIC procedures allow for semi-annual adjustments to CWSNC's rates every April 1 and October 1, based upon reasonable and prudently incurred investment in eligible system improvements completed and placed in service prior to the filing of the request. Eligible system improvements are water and sewer system improvements set forth in N.C.G.S. § 62-133.12(b), (c), and (d) and shall include only those prudent and reasonable improvements found necessary by the Commission to enable the water or sewer utility to provide safe, reliable, and efficient service in accordance with applicable water quality and effluent standards.

CWSNC's WSIC and SSIC percentages were reset to zero as of March 31, 2020, the effective date of CWSNC's new base rates in its last general rate case, Docket No. W-354, Sub 364 (Sub 364 Rate Case). This is CWSNC's second filing to implement charges under the WSIC and SSIC mechanism since the Sub 364 Rate Case.

CWSNC's request includes WSIC and SSIC projects completed and placed in service during the six months ending December 31, 2020. These projects consist of the following:

Electric pump equip. WTP	\$22,210
Electric pump equip. trans. dist.	4,894
Water treatment equipment	472,146
Dist. Resv. and standpipes	3,107
Transmission & distribution mains	45,554
Meters	88,491
Hydrants	<u>18,430</u>
Total WSIC plant additions	<u>\$654,832</u>

Struct. and improve. pump plant	\$340,252
Sewer force main	6,755
Sewer gravity main	29,582
Manholes	900
Pumping equipment pump plant	136,015

Pumping equipment reclaim WTP	5,500
Treat/Disp. equip. treat. plant	19,482
Reuse transmission and dist.	<u>15,788</u>
Total SSIC plant additions	<u>\$554,274</u>

CWSNC's proposed WSIC and SSIC percentages to be implemented on April 1, 2021, are as follows:

	Previously Approved WSIC/SSIC <u>Percentage</u>	Net Change To WSIC/SSIC <u>Percentage</u>	Cumulative WSIC/SSIC <u>Percentage</u>
Uniform Water	0.42%	0.36%	0.78%
Uniform Sewer	0.24%	0.39%	0.63%
BF/FH/TC Water	0.09%	0.09%	0.18%
BF/FH Sewer	0.28%	0.51%	0.79%

The WSIC and SSIC percentages above do not include the Experience Modification Factor (EMF) adjustments from the 2019 annual WSIC and SSIC revenue review, which went into effect on October 1, 2020. The impact of the 2019 EMF on CWSNC's requested WSIC and SSIC percentages are as follows:

	2019 Experience Modification <u>Factor</u>	Proposed WSIC/SSIC <u>Percentage</u>	Cumulative WSIC/SSIC <u>Percentage</u>
Uniform Water	0.00%	0.78%	0.78%
Uniform Sewer	0.01%	0.63%	0.64%
BF/FH/TC Water	0.00%	0.18%	0.18%
BF/TC Sewer	0.00%	0.79%	0.79%

The cumulative WSIC and SSIC revenue requirements after CWSNC's proposed increases are as follows:

	Previously Approved WSIC/SSIC Revenue <u>Requirement</u>	Net Change to WSIC/SSIC Revenue <u>Requirement</u>	Cumulative WSIC/SSIC Revenue <u>Requirement</u>
Uniform Water	\$79,377	\$71,727	\$151,104
Uniform Sewer	\$37,488	\$63,074	\$100,562
BF/FH/TC Water	\$1,243	\$1,242	\$2,485
BF/TC Sewer	\$6,236	\$11,421	\$17,657

CWSNC's cumulative WSIC and SSIC revenue requirement is comprised of the calculated WSIC/SSIC revenue requirement for the current review period, plus updates to previously approved WSIC and SSIC revenue requirements, which became effective on December 17, 2020, and have been updated through March 31, 2021. The updates include a roll forward of accumulated depreciation and accumulated deferred income taxes.

Pursuant to N.C.G.S. § 62-133.12(g), the cumulative WSIC & SSIC percentages are capped at 5% of the total annual service revenues approved by the Commission in the Sub 364 Rate Case, resulting in the following maximum revenue requirement for CWSNC's water and sewer operations:

	<u>Service Revenues</u>	<u>Cap Percentage</u>	<u>WSIC/SSIC Cap</u>
Uniform Water	\$19,271,785	X 5%	\$963,589
Uniform Sewer	\$15,904,852	X 5%	\$795,243
BF/FH/TC Water	\$ 1,402,009	X 5%	\$70,100
BF/FH Sewer	\$ 2,243,027	X 5%	\$112,151

CWSNC's proposed revenue requirement does not exceed the maximum WSIC and SSIC revenue requirement listed above.

As stated by the Commission in its Order adopting Rules R7-39 and R10-26 issued on June 6, 2014, in Docket No. W-100, Sub 54, the Public Staff is to review all infrastructure improvements proposed for recovery for eligibility and reasonableness prior to making its recommendation to the Commission on WSIC or SSIC rate adjustments. Furthermore, any WSIC or SSIC rate adjustments will be allowed to become effective, but not unconditionally approved. The adjustments may be rescinded retroactively in the Company's subsequent general rate case, at which time the adjustment may be further examined for a determination of its justness and reasonableness.

The Public Staff has carefully reviewed CWSNC's stated WSIC and SSIC improvements, including reviewing in detail construction work in progress ledgers and transactions, invoices, work orders, engineering certifications and other accounting records. Based on this review, the Public Staff recommends adjustments to remove non-eligible water and sewer system improvement costs from CWSNC's WSIC and SSIC revenue requirement.

**Remove Non-Eligible Water and Sewer System Improvement Projects** - After carefully reviewing invoices provided by the Company in response to our data requests, the Public Staff has concluded that some of the water and sewer system improvement projects included in the Company's application were not eligible system improvement projects subject to WSIC and SSIC recovery. Our examination of the invoices revealed that the non-eligible WSIC and SSIC projects were 1) projects that did not include documentation supporting the cost of parts taken from inventory, 2) projects that did not include documentation supporting in-house capitalized time, 3) spare/extra pumps and parts not yet in service, and therefore not used and useful, and 4) projects described as replacements, which included smaller repair parts but not the full replacement of the item. In addition, the Public Staff removed two invoices for a Florida project that had been

inadvertently coded to an eligible SSIC project and another invoice that was a duplicate amount billed for the same project. Each adjustment described above, were not water and sewer system improvements as defined in N.C.G.S. § 62-133.12(b), (c) and (d).

Based on our investigation, the Public Staff recommends the following adjustments to the WSIC and SSIC percentages proposed by CWSNC:

	WSIC/SSIC Percentages Including EMF Per CWSNC	WSIC/SSIC Revenue Requirement Per Public Staff	Impact of Public Staff Adjustments	WSIC/SSIC Percentage Including EMF Per Public Staff
Uniform Water	0.78%	\$145,339	(0.03%)	0.75%
Uniform Sewer	0.64%	\$88,307	(0.07%)	0.57%
BF/FH/TC Water	0.18%	\$2,487	0.00%	0.18%
BF/TC Sewer	0.79%	\$15,718	(0.09%)	0.70%

The Public Staff has discussed its recommended adjustments with CWSNC and based on those discussions, CWSNC has agreed to accept the Public Staff's position to exclude from the WSIC and SSIC rate adjustment the non-eligible water and sewer system improvement costs.

The Public Staff will continue to review the justness, prudence, and reasonableness of these improvements during its review of CWSNC's future WSIC and SSIC filings and in CWSNC's next general rate case.

The Public Staff recommends that CWSNC be allowed to implement the Public Staff's recommended WSIC and SSIC percentages, effective for service rendered on or after April 1, 2021, subject to true-up.

EXHIBIT: A proposed order is attached as [Exhibit No. P-9](#).

RECOMMENDATION: (Henry/Darden/Holt) That the Commission issue the proposed order approving the Public Staff's recommended water and sewer system improvement charges, effective for service rendered on or after April 1, 2021, subject to true-up.

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**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. G-5, SUB 633

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Application of Public Service Company of North Carolina, Inc., for Approval of Bi-Annual Adjustment of Rates Under Rider C to Its Tariff ) ORDER APPROVING  
 ) RATE ADJUSTMENTS  
 ) EFFECTIVE APRIL 1, 2021

BY THE COMMISSION: On March 18, 2021, Public Service Company of North Carolina, Inc. (PSNC or Company), filed an application requesting approval to implement temporary increments and decrements in its rates for residential, small general service, and medium general service customers, effective April 1, 2021, 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 January 31, 2021.

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 1/31/2021 (\$)	Rate Case Volumes (dts)	Proposed CUT Temporaries (\$/dts)	Existing CUT Temporaries (\$/dts)	Change in CUT Temporaries (\$/dts)
<b>Residential (101)</b>	\$16,222,700	29,824,953	\$0.5439	\$0.7412	(\$0.1973)
<b>Residential Hi-Efficiency (102)</b>	\$30,940	439,438	\$0.0704	\$0.5504	(\$0.4800)
<b>Sm Gen Service (125)</b>	\$4,442,474	12,075,370	\$0.3679	\$0.4370	(\$0.0691)
<b>Sm Gen Service Hi-Efficiency (127)</b>	(\$3,236)	100,097	(\$0.0323)	\$0.0894	(\$0.1217)
<b>Med.Gen. Service(140)</b>	\$715,222	3,295,885	\$0.2170	\$0.2693	(\$0.0523)

The Public Staff presented this matter to the Commission at its March 29, 2021 Staff Conference. The Public Staff stated it had reviewed the application and proposed rate adjustments and found them to be in compliance with Rider C of PSNC's tariffs, and recommended approval as filed.

Based upon review of the application and the recommendation of the Public Staff, the Commission is of the opinion that the proposed rate adjustments should be allowed to become effective as filed.

IT IS, THEREFORE, ORDERED as follows:

1. That PSNC is authorized to implement the proposed rate changes as contained in the body of this Order based on its Customer Usage Deferred Account balances as of January 31, 2021, effective for service rendered on and after April 1, 2021.
2. That PSNC shall file its revised tariffs consistent with Ordering Paragraph 1 within five (5) days of the date of this Order.
3. That PSNC shall give notice to its customers of the rate changes authorized in this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_\_ day of \_\_\_\_\_, 2021

NORTH CAROLINA UTILITIES COMMISSION

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Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. G-9, SUB 785

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application of Piedmont Natural Gas )	ORDER APPROVING RATE
Company, Inc., for Approval of Bi-Annual )	ADJUSTMENTS EFFECTIVE
Adjustment of Rates Under Appendix C of its )	APRIL 1, 2021
Service Regulations )	

BY THE COMMISSION: On March 18, 2021, Piedmont Natural Gas Company, Inc. (Piedmont), filed an application requesting authority to adjust its rates effective April 1, 2021, pursuant to its Margin Decoupling Tracker (MDT) mechanism. These adjustments are filed in compliance with Appendix C of Piedmont's Service Regulations, which was approved in Piedmont's last general rate case in Docket No. G-9, Sub 743, and are based on the Margin Decoupling Deferred Account balance as of January 31, 2021.

According to the MDT, Piedmont is to compare actual residential, small general and medium general commercial margins with the margins contained in the approved rates from Docket No. G-9, Sub 743. Piedmont is then to apply for, on a bi-annual basis, authority to implement temporary rate increments and/or decrements (temporaries) to collect or refund any differences in the Margin Decoupling Deferred Account.

The proposed MDT temporaries, as well as the existing MDT temporaries and the corresponding rate changes, expressed in dollars per dekatherm (\$/dt), are as follows:

Rate Description and Schedule	Margin Decoupling			
	Deferred Account Balance at 1/31/2021 (\$)	Proposed MDT Temporaries (\$/dt)	Existing MDT Temporaries (\$/dt)	Change In MDT Temporaries (\$/dt)
Residential (Rate Schedule 101)	\$42,591,372	\$1.0836	\$0.7751	\$0.3085
Small Commercial (Rate Schedule 102)	\$21,682,256	\$0.8011	\$0.5428	\$0.2583
Medium Commercial (Rate Schedule 152)	\$3,032,474	\$0.6171	\$0.4107	\$0.2064



The Public Staff presented this matter to the Commission at its March 29, 2021, Staff Conference. The Public Staff stated it had reviewed the proposed rate adjustments and recommended approval as filed.

Based on the review of the application and the recommendation of the Public Staff, the Commission finds good cause to approve the proposed rate changes.

IT IS, THEREFORE, ORDERED as follows:

1. That Piedmont is authorized to implement the proposed rate changes as contained in the body of this Order based on its Margin Decoupling Deferred Account balance as of January 31, 2021, effective for service rendered on and after April 1, 2021.
2. That Piedmont shall file its revised tariffs consistent with Ordering Paragraph 1 within five (5) days of the date of this Order.
3. That Piedmont shall give notice to its customers of the rate changes authorized by this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of \_\_\_\_\_, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. G-39, SUB 45

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

Application of Cardinal Pipeline Company, )	ORDER APPROVING FUEL
LLC, for Approval of Fuel Tracker and )	TRACKER AND ELECTRIC POWER
Electric Power Cost Adjustment )	COST ADJUSTMENT

BY THE COMMISSION: On March 1, 2021, Cardinal Pipeline Company, LLC (Cardinal), filed an application, pursuant to Section 1 of the General Terms and Conditions of its tariffs, requesting approval to adjust its fuel retention percentage from 0.83% to 0.88% for Zones 1A, 1B, and 2 of Rate Schedule CFT effective April 1, 2021. In addition, pursuant to Section 2 of the General Terms and Conditions of its tariffs, Cardinal requested approval to implement an Electric Power (EP) rate of \$0.01194 per dekatherm (dt) per month (\$0.00039 per dt per day) for Zones 1A, 1B, and 2 of Rate Schedule CFT effective April 1, 2021.

Cardinal stated in its application that the fuel retention percentage allows Cardinal to retain volumes of gas required for operation (GRO) and lost and unaccounted for gas. The fuel retention percentage proposed to be effective April 1, 2021 is based on the actual GRO for the period January 1, 2020, through December 31, 2020, and the balance in the Deferred GRO Account as of December 31, 2020.

Cardinal further stated in its application that the EP rates are designed to recover Cardinal's estimated electric power costs at Compressor Station No. 161, as adjusted by the current balance in the EP Deferred Account. The EP rates proposed to be effective from April 1, 2021, are based on the estimated electric power costs from April 1, 2021 through March 31, 2022, and the balance in the EP Deferred Account as of January 31, 2021.

The Public Staff presented this matter to the Commission at its March 29, 2021, regular Staff Conference. The Public Staff stated that it had reviewed the application, and recommended approval as filed.

The Commission, based upon the review of the application and the recommendation of the Public Staff, is of the opinion that the proposed fuel retention percentage and EP rate should be allowed to become effective as filed.

IT IS, THEREFORE, ORDERED as follows:

1. That Cardinal is allowed to adjust its fuel retention percentage for Rate Schedule CFT for Zones 1A, 1B, and 2 to 0.88% effective April 1, 2021.
2. That Cardinal is allowed to adjust its Electric Power rate to \$0.01194 per dt per month (\$0.00039 per dt per day) for Rate Schedule CFT for Zones 1A, 1B, and 2 effective April 1, 2021.
3. That Cardinal shall file revised tariffs consistent with Ordering Paragraphs 1 and 2 within five (5) days of the date of this Order.
4. That Cardinal shall give notice to its customers of the changes allowed in this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_\_ day of March, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. G-40, SUB 160

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Joint Application of Frontier Natural Gas	) ORDER SCHEDULING HEARING,
Company and Ullico Infrastructure	) ESTABLISHING PROCEDURAL
Hearthstone Holdco, LLC for Approval of the	) DEADLINES AND REQUIRING
Sale and Transfer of Stock	) PUBLIC NOTICE

BY THE COMMISSION: On January 27, 2021, Frontier Natural Gas Company (Frontier) and Ullico Infrastructure Hearthstone Holdco, LLC (UIHH) (collectively, the Applicants), filed an application pursuant to N.C. Gen. Stat. § 62-111 for (1) approval of a transaction whereby Hearthstone Utilities Inc. (HUI) and its subsidiaries, including Frontier, will become wholly owned subsidiaries of UIHH, and (2) authorization and/or waiver as is necessary and appropriate to effect the proposed transaction. Attached to the application are the following exhibits: the Stock Purchase and Sales Agreement (SPSA); financial statements for Frontier as of September 30, 2020; an organizational chart; and a cost-benefit analysis. The Applicants also filed direct testimony with the application.

In the application, the Applicants state the following: (1) Frontier is a wholly owned subsidiary of PHC Utilities, Inc. (PHC), which is wholly owned by HUI; (2) HUI is owned by GEP Bison Holdings, Inc. (GBH), which is owned by an infrastructure fund managed by an investment management subsidiary of BlackRock, Inc.;<sup>4</sup> (3) UIHH, a special purpose entity established for the purpose of acquiring GBH and its subsidiaries, is a wholly-owned subsidiary of Ullico Infrastructure Master Fund, L.P., which, along with its general partner UIF GP, LLC, are referred to as Ullico Infrastructure Fund (UIF or the Fund); (4) UIF has experience owning and financing a mixture of energy related firms, including investments in regulated utility assets; (5) UIF's investment vehicle is an open-ended investment fund that makes investments in infrastructure businesses that provide essential services to communities, governments, and businesses; (6) UIF made its first equity investment in November 2012 and has since secured more than \$3 billion in commitments from investors; (7) UIF has made 18 investments across the transportation, energy, and utilities sectors, providing geographic and sector diversification, including ownership in a water and wastewater utility, a high-voltage submarine transmission cable,

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<sup>4</sup> GBH's current controlling owner, GEPIF II ECHO AIV, L.P., entered into the SPSA with UIHH.

four combined-cycle generation plants, several solar and wind farms, and a natural gas transmission pipeline system.

Additionally, the Applicants indicate that the proposed transaction would not affect the Commission's regulatory jurisdiction over Frontier, or the rates, service requirements, financing arrangements, or any orders previously issued by the Commission currently applicable to Frontier. Further, the Applicants represent that the proposed transaction will not result in any changes to Frontier's rates, services, operations or regulatory policies.

The Commission's Order Requiring Filing of Analyses issued November 2, 2000, in Docket No. M-100, Sub 129 (M-100, Sub 129 Order), requires that merger applications be accompanied by a market power analysis and a cost-benefit analysis. The Applicants submitted a cost-benefit analysis. According to the application, given the relative size of Frontier's North Carolina operations and the lack of any other UIF-owned operations served by or in proximity to Frontier's service territory, there is no possibility that the proposed transaction will enhance or increase either Frontier's or UIF's market power in any relevant retail or wholesale market. Frontier, therefore, requests a waiver of the requirement to file a market power analysis.

The Public Staff presented this matter at the Commission's Staff Conference on March 29, 2021, and recommended that an order be issued setting the application for hearing, establishing deadlines for petitions to intervene and the filing of testimony, establishing appropriate discovery rules, and requiring public notice. The Public Staff further recommended that the order grant the waiver of the requirement to file a market power analysis, and state that the application satisfies the requirements of the M-100, Sub 129 Order.

Based upon a review of the application and the Public Staff's recommendations, the Commission finds good cause to set the application for hearing, establish deadlines for petitions to intervene and the filing of testimony, establish appropriate discovery rules, and require public notice. Further, the Commission grants a waiver of the requirement to file a market power analysis, and finds and concludes that the application satisfies the requirements of the M-100, Sub 129 Order.

The guidelines regarding discovery in this docket, subject to modification for good cause shown, are as follows:

1. Any deposition shall be taken before the deadline for the filing of Public Staff and other intervenor testimony. A notice of deposition shall be served on all parties at least seven calendar days prior to the taking of the deposition.
2. Any motion for subpoena of a witness to appear at the expert witness hearing shall be filed with the Commission before the deadline for the filing of the Public

Staff and other intervenor testimony, shall be served by hand delivery or facsimile to the person sought to be subpoenaed at or before the time of filing with the Commission, and shall make a reasonable showing that the evidence of such person will be material and relevant to an issue in the proceeding. N.C.G.S. § 62-62. Unless an objection is filed, the Chief Clerk shall issue the requested subpoena within one business day after the filing of such motion.

3. Formal discovery requests related to the application and the Applicants' pre-filed direct testimony shall be served on the Applicants by hand delivery, facsimile, or electronic delivery (with the Applicants' agreement) no later than 14 calendar days prior to the filing of Public Staff and intervenor testimony. The party served shall have up to ten calendar days to file with the Commission objections to the discovery requests on an item-by-item basis, but in no event shall objections be filed later than ten calendar days prior to the deadline for the filing of Public Staff and other intervenor testimony.

4. Formal discovery requests of the Public Staff or other intervenors shall be served by hand delivery, facsimile, or electronic delivery (with the agreement of the receiving party) no later than four calendar days after the filing of that party's testimony. The party served shall have up to three business days to file with the Commission objections to the discovery requests on an item-by-item basis, but in no event shall objections be filed later than ten calendar days after the filing of that party's testimony.

5. Formal discovery requests related to prefiled rebuttal testimony shall be served by hand delivery or facsimile no later than two calendar days after the filing of such testimony. The party served shall have up to two business days to file with the Commission objections to the discovery requests on an item-by-item basis, but in no event shall objections be filed later than four business days after the filing of such rebuttal testimony. Discovery related to rebuttal testimony shall be limited to new material introduced in such rebuttal testimony and will be carefully scrutinized upon objection that such discovery should have been sought during the initial period of discovery.

6. Discovery requests need not be filed with the Commission when served; however, any party filing objections shall attach a copy of the relevant discovery request to the objections. Each discovery request, or part thereof, to which no objection is filed shall be answered by the time objections are due, subject to other agreement of the affected parties or other order of the Commission. Upon the filing of objections, the party seeking discovery shall have two business days to file with the Commission a motion to compel, and the party objecting to discovery shall have one business day thereafter to file a response. All objections, motions to compel, and responses shall be served on the other affected party by hand delivery, facsimile, or electronic delivery (with the agreement of the receiving party) at or before the time of filing with the Commission.

7. A party shall not be granted an extension of time to pursue discovery because of that party's late intervention or other delay in initiating discovery.

The Commission urges all parties to work in a cooperative manner to accommodate discovery within the time available. The Commission recognizes that in the past most discovery has been conducted in an informal manner without the need for Commission involvement or enforcement, and that such discovery has been generally successful. The above guidelines are without prejudice to the parties conducting informal discovery or exchanging information by agreement at any time with the understanding that such will not be enforceable by the Commission if outside the guidelines.

IT IS, THEREFORE, ORDERED as follows:

1. That a public witness hearing on the application of Frontier and UIHH shall be, and is hereby, scheduled for Tuesday, June 22, 2021, at 1:30 p.m., and shall be held remotely via Webex. A link to view the hearing will be available at [www.ncuc.net](http://www.ncuc.net). Members of the public that would like to testify must register in advance of the hearing, no later than 5:00 p.m. on Monday, June 14, 2021, by contacting the Public Staff via email at [FrontierPublicHearing@psncuc.nc.gov](mailto:FrontierPublicHearing@psncuc.nc.gov) or by calling 919-733-6110. Individuals registering to testify must provide their name, the docket number (G-40, Sub 160), the telephone number they will use to participate in the hearing, and the topic of their testimony.

**Only individuals registered with the Public Staff by 5:00 p.m. on Monday, June 14, 2021, will be allowed to testify at the hearing.**

2. That the remote hearing will resume on Wednesday, June 23, 2021, at 10:00 a.m., and will continue as required for testimony and cross-examination of witnesses for the Applicants, the Public Staff, and other intervenors.

3. That a waiver of the requirement to file a market power analysis is granted and the application satisfies the requirements of the M-100, Sub 129 Order.

4. That the Public Staff and other intervenors shall file their testimony not later than May 24, 2021.

5. That petitions to intervene in the proceeding shall be filed pursuant to Commission Rules R1-5 and R1-19 not later than May 24, 2021.

6. That rebuttal testimony of the Applicants shall be filed not later than June 9, 2021.

7. That the parties shall comply with the discovery guidelines established in this Order.

8. That Frontier shall, at its expense, publish in newspapers having general coverage in its North Carolina service territory the Notice attached hereto as Appendix A once a week for two consecutive weeks, with the first publication occurring not later than 20 days after the date of this Order. The published notice shall cover no less than one fourth of a page. Frontier shall file affidavits of publication with the Commission prior to the scheduled hearing.

9. That Frontier shall mail the attached notice to its customers, as a bill insert or by separate mail, in conjunction with its next billing cycle and shall file a certificate of service prior to the scheduled hearing.

10. That the Applicants shall consult with all other parties and file, not later than June 16, 2021, a joint list and order of witnesses to be called to testify at the hearing and estimated times for cross-examination of those witnesses. If the parties cannot reach agreement, the remaining parties shall, no later than June 18, 2021, make a filing indicating their points of disagreement with the Applicants' filing.

11. That the parties participating in the expert witness portion of the remote hearing will be subject to the following conditions:

- (1) On or before Tuesday, June 8, 2021, all parties shall file a statement consenting to hold the hearing by remote means, or a statement objecting to the same;
- (2) On or before Friday, June 11, 2021, each party shall send the name, phone number, and email address of each attorney and witness that will participate in the hearing on the party's behalf directly to the Commission via email at [ncucwebex@ncuc.net](mailto:ncucwebex@ncuc.net);
- (3) On or before Wednesday, June 16, 2021, parties shall file a list of potential cross-examination exhibits and provide copies of the exhibits, pre-marked but not numbered, to the other parties and to the Commission via email at [ncucexhibits@ncuc.net](mailto:ncucexhibits@ncuc.net);
- (4) On or before Friday, June 18, 2021, the parties shall file a list of potential redirect examination exhibits and provide copies of the exhibits, pre-marked but not numbered, to the other parties and the Commission via email at [ncucexhibits@ncuc.net](mailto:ncucexhibits@ncuc.net);



- (5) On or before Friday, June 18, 2021, the parties shall provide a copy of witness testimony summaries to the other parties and the Commission via email at [ncucexhibits@ncuc.net](mailto:ncucexhibits@ncuc.net);
- (6) Within two business days after the expert hearing, parties shall file their cross-examination and redirect exhibits used in the hearing marked as indicated during the hearing; and
- (7) Parties and witnesses will be required to refrain from disclosing confidential information during the hearing, including during direct examination, cross examination, and redirect examination. If a party believes that this requirement will materially affect the party's presentation of evidence or examination of a witness, the party shall bring this to the attention of the Presiding Commissioner at the beginning of the hearing.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of \_\_\_\_\_, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. G-40, SUB 160

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	)	
Joint Application of Frontier Natural Gas	)	NOTICE OF HEARING ON
Company and Ullico Infrastructure	)	APPLICATION TO ENTER INTO
Hearthstone Holdco, LLC for Approval of the	)	A BUSINESS COMBINATION
Sale and Transfer of Stock	)	

NOTICE IS HEREBY GIVEN that on January 27, 2021, Frontier Natural Gas Company (Frontier) and Ullico Infrastructure Hearthstone Holdco, LLC (UIHH) (collectively, the Applicants), filed an application pursuant to N.C. Gen. Stat. § 62-111 for (1) approval of a transaction whereby Hearthstone Utilities Inc. (HUI) and its subsidiaries, including Frontier, will become wholly owned subsidiaries of UIHH, and (2) authorization and/or waiver as is necessary and appropriate to effect the proposed transaction.

The application, as well as prefiled testimony and exhibits of the parties, hearing transcripts, post-hearing briefs and proposed orders, may be viewed as they become available on the Commission's website at [www.ncuc.net](http://www.ncuc.net), by clicking on "Docket Search" and typing in Docket No. G-40, Sub 160.

The Commission has instituted an investigation into the application, and has scheduled the matter for a public witness hearing for Tuesday, June 22, 2021, at 1:30 p.m. The hearing will be conducted remotely via Webex with telephonic access. A link to the Webex hearing for public viewing will be available at [www.ncuc.net](http://www.ncuc.net).

The hearing on June 22, 2021, will be solely for the purpose of receiving the testimony of public witnesses in accordance with Commission Rule R1-21(g). The Commission reserves the right to limit testimony at the public witness hearing pursuant to Commission Rule R1-21(g)(5).

Members of the public that would like to testify must register in advance of the hearing, no later than 5:00 p.m. on Monday, June 14, 2021, by contacting the Public Staff via email at [FrontierPublicHearing@psncuc.nc.gov](mailto:FrontierPublicHearing@psncuc.nc.gov) or by calling 919-733-6110. When

registering, provide your name, docket number (G-40, Sub 160), telephone number you will use to participate in the hearing, and the topic of your testimony.

**Only individuals registered with the Public Staff by 5:00 p.m. on Monday, June 14, 2021, will be allowed to testify at the hearing.**

The remote hearing will resume on Wednesday, June 23, 2021, at 10:00 a.m., and will continue as required for testimony and cross-examination of witnesses for the Applicants, the Public Staff, and other intervenors.

Persons having an interest in this matter and desiring to intervene as formal parties of record may file their motions to intervene not later than May 24, 2021, and in accordance with Rules R1-5 and R1-19 of the Commission's Rules and Regulations. These motions should reference Docket No. G-40, Sub 160, and should be filed with the Chief Clerk of the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300. All intervenors who wish to present testimony in the proceeding must prefile their testimony not later than May 24, 2021.

Persons desiring to send written statements to inform the Commission of their positions in the matter should address their statements to the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300 and reference Docket No. G-40, Sub 160. However, such written statements cannot be considered competent evidence unless those persons appear at the hearing and testify concerning the information contained in their written statements. Persons can also email the Commission a statement about the application via the Commission's website at [www.ncuc.net/contactus.html](http://www.ncuc.net/contactus.html). In either case, consumer statements will be placed in Docket No. G-40, Sub 160, and may be accessed by searching that docket number via the Commission's website.

The Public Staff is authorized by statute to represent the using and consuming public in proceedings before the Commission. Written statements to the Public Staff should be addressed to Mr. Christopher J. Ayers, Executive Director, Public Staff – North Carolina Utilities Commission, 4326 Mail Service Center, Raleigh, North Carolina 27699-4326.

The Attorney General is also authorized by statute to represent the using and consuming public in proceedings before the Commission. Written statements to the Attorney General should be addressed to The Honorable Josh Stein, Attorney General, 9001 Mail Service Center, Raleigh, North Carolina 27699-9001.

EXHIBIT NO. P-4  
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APPENDIX A  
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***The Commission may cancel the public witness hearing if no substantial written statements regarding the application are received by the Commission's Chief Clerk on or before Monday, June 14, 2021, and if no substantial registrations to provide testimony at the public witness hearing are received by Monday, June 14, 2021.***

This the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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NOTE TO THE PRINTER: Frontier shall pay advertising costs. It is required that the affidavit of publication be filed with the Commission by Frontier.

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-2, Sub 1264  
DOCKET NO. E-7, Sub 1244

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of:

Application of Duke Energy Progress, LLC and	)	ORDER
Duke Energy Carolinas, LLC to Revise its	)	GRANTING
Landlord Agreement Revert to Owner Program	)	APPROVAL

BY THE COMMISSION: On March 1, 2021, Duke Energy Progress, LLC (DEP) and Duke Energy Carolinas, LLC (DEC) (collectively “Companies”), filed an application seeking approval to revise the Companies’ Landlord Agreement Revert to Owner Program. This program allows landlords who own rental properties to avoid lapse in service by automatically placing electric service in the landlords name in the event a tenant voluntarily vacates the property.

In 1995, the Commission approved the original Landlord Revert to Owner Agreement to DEP’s predecessor’s service regulations in Docket No. E-2, Sub 671.

DEC has had a landlord reversion program similar to DEP since at least 2003.

The Companies indicate that they are revising and aligning their respective programs as part of the rollout of Customer Connect to provide uniform rules for customers across DEP and DEC. DEC will deploy Customer Connect in April 2021 and DEP in November 2021. The following table summarizes the current programs and proposed changes to program attributes:

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	Current State		Future State	
Program Attributes	DEC	DEP	DEC	DEP
Signed contract for enrollment	Yes	Yes	Yes	Yes
Notary requirement for contract signature	No	Yes	No	No
Residential rental properties	Yes	Yes	Yes	Yes
Non-residential properties	Yes	No	Yes	Yes
Minimum number of contiguous properties	No	Yes	No	No
Connection charge when service reverts to landlord	Yes	Yes	Yes	Yes
Deposit required for Revert to Owner properties	No	Yes	No (except for Disconnect-No Pay (DNP))	No (except DNP)
Deposit calculation methodology	N/A	Deposit - \$40 per residential rental unit covered each Landlord Agreement	According to Rules	According to Rules

The Public Staff presented this matter to the Commission at its Regular Staff Conference on March 29, 2021, recommending approval of the application. The Public Staff stated that it had reviewed the application and determined the changes to be reasonable, and believed that it would be beneficial to customers to have a common set of rules for DEP and DEC.

After careful consideration, the Commission finds good cause to approve the application.

IT IS, THEREFORE, ORDERED as follows:

1. That the application of Duke Energy Progress, LLC, and Duke Energy Carolinas, LLC, to revise their Landlord Agreement Revert to Owner Programs shall be, and is hereby, approved as filed.

2. This Order shall be effective as of April 1, 2021, for Duke Energy Carolinas, LLC, and November 1, 2021, for Duke Energy Progress, LLC.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of March, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-7, SUB 1032

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	)	
Petition by Duke Energy Carolinas,	)	ORDER APPROVING
LLC, for Approval of Power Manager	)	PROGRAM
Load Control Service Program	)	MODIFICATION

BY THE COMMISSION: On March 9, 2021, Duke Energy Carolinas, LLC (DEC), filed a request for approval to modify its Residential Power Manager Load Control Service program (Program). The proposed modifications, if approved, would allow customers who receive service under the Small Customer Generator Rider (SCG Rider) or Net Metering Rider (Rider NM) customers to participate. DEC indicates that future growth of the Program is now winter-focused making the prohibition unnecessary.

The Public Staff presented this matter to the Commission at its Regular Staff Conference on March 29, 2021. The Public Staff stated that the Program was originally approved on February 26 2009, in Docket No. E-7 Sub 831, as a demand side management (DSM) program pursuant to N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68. . The Public Staff stated that the exclusion was consistent with the prohibitions imposed on other non-residential curtailable or interruptible customers who owned supplemental or standby generation resources (Riders IS and SG) in new demand side programs.

The Public Staff noted that each of DEC's DSM programs and other load curtailable or interruptible riders have historically focused on summer-peaking load reductions. The shift to winter-focused load control also reduces any concern that Rider SCG and NM customers would adversely impact such load reducing resources. In other words, customers would receive incentives/credits for loads that would otherwise be satisfied by customer-owned generation. The net effect would be that DEC would see no net load reduction when a load reduction event was called.

The Public Staff inquired about the participation and load reduction potential expected, as well as the cost effectiveness of the modified Program. DEC informed the Public Staff that no quantification of these attributes was made for purposes of the proposed modification. The Public Staff stated that it did not expect any significant



differences in the expected load reduction potential on a per participant basis or in the cost effectiveness of the Program that are not already being observed as a result from the shift of DEC's peak demand from a summer to a winter peak.<sup>5</sup> DEC also indicated that approximately 1,700 Rider SCG and NM customers had requested to participate in the Program, highlighting the need for the proposed modifications.

The Public Staff stated that it was interested in understanding any differences in the load reduction potential for Rider SCG and NM participants as opposed to participants receiving service under other rate schedules and stated that they would work with DEC to address how future evaluation, measurement, and verification of the Program's savings can address these differences.

The Public Staff concluded by recommending that the Commission approve the modifications as filed. The Public Staff further recommended that DEC remove language from its Riders SCG and NM that similarly excludes customers from participating in those riders who are also participants in the Program, and refile amended versions of those riders in its compliance filing.

Based on the foregoing, the Commission is of the opinion that DEC's request to modify the Power Manager Load Control Service program should be approved as filed.

IT IS, THEREFORE, ORDERED:

1. That DEC's proposed modifications to the Power Manager Load Control Service program are hereby approved as filed, effective this date.
2. That the Power Manager Load Control Service program continues to be eligible for recovery of program costs and incentives, in accordance with N.C.G.S. § 62-133.9 and Commission Rule R8-69.
3. That DEC shall file with the Commission, within 10 days following the date of this order, a revised tariff showing the effective date of the tariff.
4. That DEC shall file with the Commission, within 10 days following the date of this order, revised Schedules SCG and NM that eliminate reference to Rider PM.

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<sup>5</sup> See Evans Exhibit No. 7, in Docket No. E-7, Sub 1249. The Program remains very cost effective (Total Resource Cost Test result of 8.99 and Utility Cost Test of 4.26).

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_ day of March, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-22, SUB 465

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	)	
Petition by Dominion Energy North	)	ORDER APPROVING
Carolina, for Approval of Air	)	PROGRAM
Conditioner Cycling Program	)	MODIFICATION

BY THE COMMISSION: On February 17, 2021, Dominion Energy North Carolina (DENC) filed a request for approval to modify its Air Conditioner Cycling Program (Program). The proposed modification would reduce the participant incentive from \$40 to \$35 per participant per season, aligning the incentive with that offered by DENC's affiliate company in Virginia for the same program.

The Program was originally approved on February 22, 2011, as a demand side management (DSM) program pursuant to N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68. The Program has 70,624 participants (2,772 North Carolina participants) as of January 2021.

DENC states that the Program has been a highly utilized resource during summer peak demand times (20 events in 2020). However, DENC's shift from a summer to winter peaking utility has resulted in a degradation of the Program's cost effectiveness. The proposed modification marginally improves the cost effectiveness, though the Program is still not cost effective (Total Resource Cost test of 0.03 and Utility Cost Test of 0.01).<sup>6</sup> The Company's analysis also assumes no new participation in the Program.

The Public Staff presented this matter to the Commission at its Regular Staff Conference on March 29, 2021. The Public Staff stated that it continues to be concerned with programs that are not cost effective and do not seem capable of achieving cost effectiveness in the future. However, the Public Staff stated that is reluctant to recommend ending DSM programs that obviously provide reliable capacity benefits when called upon as designed. The Program continues to provide valuable capacity benefits during the summer season, though the value of those benefits is diminished with the emphasis in system planning shifting to winter. The Public Staff further stated that if the Program were not available, other summer capacity resources would be needed in its place to sustain adequate reserves. For these reasons, the Public Staff recommended that the Commission approve the modification as filed.

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<sup>6</sup> From Company Exhibit DRK-1, Schedule 4, in Docket No. E-22, Sub 589.

Based on the foregoing, the Commission is of the opinion that DENC's request to modify the Air Conditioner Cycling Program should be approved as filed.

IT IS, THEREFORE, ORDERED:

1. That DEC's proposed modification to the Air Conditioner Cycling Program is hereby approved as filed, effective this date.

2. That the Air Conditioner Cycling Program continues to be eligible for recovery of program costs and incentives, in accordance with N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-69.

3. That DENC shall file with the Commission, within 10 days following the date of this order, a revised tariff showing the effective date of the tariff.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_ day of March, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-101, Sub 0

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Request of Weaving Water, LLC, for Waiver of )	ORDER GRANTING
Master Meter Prohibition in N.C. Gen. Stat. § )	REQUEST
143-151.42	

BY THE COMMISSION: On February 4, 2021, Weaving Water, LLC (Weaving Water), filed a request for approval of the use of master metering for central heat, air conditioning, and hot water systems that accomplish greater energy conservation than separate systems for each residential unit. In support of its request, Weaving Water stated that it is developing a cohousing neighborhood consisting of 24 condominium units at 3912 Rivermont Road in Durham, North Carolina. The units have full kitchens but are supplemented by shared community facilities such as a central kitchen, dining room, and laundry room. Weaving Water plans to start construction in March or April 2021.

N.C. Gen. Stat. § 143-151.42 provides, in part, as follows:

From and after September 1, 1977, in order that each occupant of an apartment or other individual dwelling unit may be responsible for his own conservation of electricity and gas, it shall be unlawful for any new residential building, as hereinafter defined, to be served by a master meter for electric service or natural gas service. Each individual dwelling unit shall have individual electric service with a separate electric meter and, if it has natural gas, individual natural gas service with a separate natural gas meter, which service and meters shall be in the name of the tenant or other occupant of said apartment or other dwelling unit.

The prohibition on master meters has several possible exemptions and exceptions. Weaving Water requests approval pursuant to the following:

Provided, however, that any owner or builder of a multi-unit residential building who desires to provide central heat or air conditioning or central hot water from a central furnace, air conditioner or hot water heater which incorporates solar assistance or other designs which accomplish greater

energy conservation than separate heat, hot water, or air conditioning for each dwelling unit, may apply to the North Carolina Utilities Commission for approval of said central heat, air conditioning or hot water system, which may include a central meter for electricity or gas used in said central system, and the Utilities Commission shall promptly consider said application and approve it for such central meters if energy is conserved by said design.

Weaving Water has integrated energy-saving mechanical systems into the residential development, including ground-source heat pumps with a shared geothermal well field that will utilize a community loop to feed the individual heat pumps and water heaters of each dwelling. Solar photovoltaic panels along with battery storage will power the pumps circulating the fluid in the geothermal loop to all of the homes.

For electric service, Weaving Water proposes to use one master meter for all electrical usage, including common areas, not provided by the solar photovoltaic system. The residents will pay their electric bill through the community's homeowners association (HOA). Seventy percent of a resident's electric bill will be based on the square footage of each residential unit divided by the total square footage of the community's residential units. The remaining thirty percent of the total bill will be based on the number of full-time residents living in each unit divided by the total number of full-time residents in the community. The HOA will annually assess each homeowner in advance as part of its annual budget. The electric bill will be adjusted up or down each year based on the previous year's actual billing.

Accordingly, Weaving Water is requesting a ruling by the Commission that it is exempt from the requirements of N.C.G.S. § 143-151.42 prohibiting the use of master meters and for approval of its master metering plan.

The Public Staff presented this matter at the Commission's Regular Staff Conference on March 29, 2021, and recommended that the request be granted. The Public Staff stated that it agrees that Weaving Water will achieve greater energy conservation than separate heating, air conditioning, and hot water systems for each residential unit and the common areas. Therefore, the proposed central systems should be approved because the statutory goal of energy conservation is met and the residents remain financially responsible for energy usage through their homeowner fees.

Based upon the foregoing, after careful consideration, the Commission concludes that Weaving Water's request should be granted. Weaving Water's residential development will achieve greater energy conservation through common or centralized electrical loads than would be accomplished through separate metering. The conservation purpose of the statute is additionally met because the residents remain directly responsible for the electric bills through their HOA. The Commission notes that the determination in this Order is based on the particular facts and circumstances presented herein.

IT IS, THEREFORE, ORDERED as follows:

1. That Weaving Water's requests for approval of its master electric metering plan for its 24 housing units in Durham, North Carolina, is approved.
2. That this determination is based on the facts and representations set forth in the request filed by Weaving Water, and the Commission reserves the right to change or alter its ruling if the development is operated differently than described in the requests or in this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of March, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-354, SUB 364A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Application by Carolina Water Service, Inc. )  
of North Carolina, 4944 Parkway Plaza ) ORDER APPROVING WATER AND  
Boulevard, Suite 375, Charlotte, North ) SEWER SYSTEM IMPROVEMENT  
Carolina 28217, for Authority to Implement ) CHARGES ON A PROVISIONAL  
Water and Sewer System Improvement ) BASIS, AND REQUIRING CUSTOMER  
Surcharge Rate Adjustments Pursuant to ) NOTICE  
G.S. 62-133.12 )

BY THE COMMISSION: On January 29, 2021, Carolina Water Service, Inc. of North Carolina (CWSNC), filed an application for approval of Water System Improvement Charge (WSIC) and Sewer System Improvement Charge (SSIC) rate adjustments effective April 1, 2021, pursuant to N.C. Gen. Stat. § 62-133.12, Commission Rules R7-39 and R10-26, and the WSIC and SSIC mechanisms, which were approved in CWSNC's general rate case, in Docket No. W-354, Sub 336 (Sub 336 Rate Case) and in the Commission's prior Orders approving WSIC and SSIC mechanisms for CWSNC and the other Utilities, Inc. companies that have been merged into CWSNC.

On March 12, 2021, the Public Staff filed Notice of Public Staff's Plan to Present Comments and Recommendations at the Commission's March 29, 2021, Regular Staff Conference, which it did on that date.

On the basis of CWSNC's verified application, the records of the Commission, and the comments and recommendations of the Public Staff, the Commission makes the following:

**FINDINGS OF FACT**

1. CWSNC is a corporation duly organized under the laws of and is authorized to do business in the State of North Carolina. CWSNC is a franchised public utility providing water and sewer utility service to customers in North Carolina.



2. In CWSNC's Sub 336 Rate Case, the Commission by Order dated March 10, 2014, approved CWSNC's request to utilize a Water and Sewer System Improvement Charge (WSIC and SSIC) mechanism pursuant to N.C.G.S. § 62-133.12, concluding the mechanism is in the public interest, and established WSIC and SSIC procedures for CWSNC.

3. The WSIC and SSIC procedures allow for semi-annual adjustments to CWSNC's rates every April 1 and October 1 based upon reasonable and prudently incurred investment in eligible system improvements completed and placed in service prior to the filing of the request. Eligible system improvements are water and sewer system improvements set forth in N.C.G.S. § 62-133.12(b), (c), and (d) and shall include only those prudent and reasonable improvements found necessary by the Commission to enable the water or sewer utility to provide safe, reliable, and efficient service in accordance with applicable water quality and effluent standards.

4. CWSNC's WSIC and SSIC percentages were reset to zero as of March 31, 2020, the effective date of CWSNC's new base rates in its last general rate case in Docket No. W-354, Sub 364 (Sub 364 Rate Case).

5. This is CWSNC's second filing to implement charges under the WSIC and SSIC mechanism since the Sub 364 Rate Case. CWSNC's request includes WSIC and SSIC projects completed and placed in service during the six months ending December 31, 2020.

6. CWSNC's proposed WSIC and SSIC percentages to be implemented on April 1, 2021, are as follows:

	<u>Previously Approved WSIC/SSIC Percentage</u>	<u>Net Change To WSIC/SSIC Percentage</u>	<u>Cumulative WSIC/SSIC Percentage</u>
Uniform Water	0.42%	0.36%	0.78%
Uniform Sewer	0.24%	0.39%	0.63%
BF/FH/TC Water	0.09%	0.09%	0.18%
BF/FH Sewer	0.28%	0.51%	0.79%

7. Pursuant to N.C.G.S. § 62-133.12(g), the cumulative WSIC & SSIC percentages are capped at 5% of the total annual service revenues approved by the Commission in the Sub 364 Rate Case, resulting in the following maximum revenue requirement for CWSNC's water and sewer operations:

	<u>Service Revenues</u>	<u>Cap Percentage</u>	<u>WSIC/SSIC Cap</u>
Uniform Water	\$19,271,785	X 5%	\$963,589
Uniform Sewer	\$15,904,852	X 5%	\$795,243
BF/FH/TC Water	\$ 1,402,009	X 5%	\$70,100
BF/FH Sewer	\$ 2,243,027	X 5%	\$112,151

8. CWSNC's proposed revenue requirement does not exceed the maximum WSIC and SSIC revenue requirement listed above.

9. As stated by the Commission in its Order adopting Rules R7-39 and R10-26 issued on June 6, 2014, in Docket No. W-100, Sub 54, the Public Staff is to review all infrastructure improvements proposed for recovery for eligibility and reasonableness prior to making its recommendation to the Commission on WSIC or SSIC rate adjustments. Furthermore, any WSIC or SSIC rate adjustments will be allowed to become effective, but not unconditionally approved. The adjustments may be rescinded retroactively in the Company's subsequent general rate case, at which time the adjustment may be further examined for a determination of its justness and reasonableness.

10. After carefully reviewing invoices provided by the Company in response to data requests, the Public Staff concluded that some of the water and sewer system improvement projects included in the Company's application were not eligible system improvement projects subject to WSIC and SSIC recovery. Specifically, the Public Staff's examination of the invoices revealed that the non-eligible WSIC and SSIC projects were 1) projects that did not include documentation supporting the cost of parts taken from inventory, 2) projects that did not include documentation supporting in-house capitalized time, 3) spare/extra pumps and parts not yet in service, and therefore not used and useful, and 4) projects described as replacements, which included smaller repair parts but not the full replacement of the item. In addition, the Public Staff removed two invoices for a Florida project that had been inadvertently coded to an eligible SSIC project and another invoice that was a duplicate amount billed for the same project. Based on this review, the Public Staff concluded that the adjustments described above, were not water and sewer system improvements as defined in N.C.G.S. § 62-133.12(b), (c) and (d).

11. Based on its investigation, the Public Staff recommended the following adjustments to the WSIC and SSIC percentages proposed by CWSNC:

	WSIC/SSIC Percentages Including EMF Per CWSNC	WSIC/SSIC Revenue Requirement Per Public Staff	Impact of Public Staff Adjustments	WSIC/SSIC Percentage Including EMF Per Public Staff
Uniform Water	0.78%	\$145,339	(0.03%)	0.75%
Uniform Sewer	0.64%	\$88,307	(0.07%)	0.57%
BF/FH/TC Water	0.18%	\$2,487	0.00%	0.18%
BF/TC Sewer	0.79%	\$15,718	(0.09%)	0.70%

12. The Public Staff discussed its recommended adjustments with CWSNC and based on those discussions, CWSNC agreed to accept the Public Staff's position to exclude from the WSIC and SSIC rate adjustment the non-eligible water and sewer system improvement costs.

13. The WSIC and SSIC percentages recommended by the Public Staff result in the following increases to the average monthly metered and flat rate customer bill:

	Public Staff Recommended WSIC/SSIC <u>Surcharge</u>	Average Gallons Per Month	Average Monthly Bill	Monthly Surcharge	Monthly Bill With WSIC/SSIC <u>Surcharge</u>
Uniform Water - Metered	0.75%	3,608	\$58.76	\$0.44	\$59.20
Uniform Water - Flat	0.75%	N/A	\$58.54	\$0.44	\$58.98
Uniform Sewer - Metered	0.57%	3,569	\$75.29	\$0.43	\$75.72
Uniform Sewer - Flat	0.57%	N/A	\$73.73	\$0.42	\$74.15
BF/FH/TC Water - Metered	0.18%	4,128	\$34.64	\$0.06	\$34.70
BF/TC Sewer - Flat	0.70%	N/A	\$53.91	\$0.38	\$54.29

14. The Public Staff further stated that it will continue to review the justness, prudence, and reasonableness of the improvements during its review of CWSNC's future WSIC and SSIC filings and in CWSNC's next general rate case.

Based upon the results of the Public Staff's comprehensive investigation, the Commission concludes that the Public Staff's adjustments are reasonable and CWSNC should be allowed to implement the Public Staff's recommended WSIC and SSIC percentages, effective for service rendered on or after April 1, 2021, subject to true-up.

IT IS, THEREFORE, ORDERED as follows:

1. That CWSNC is authorized to implement the proposed Water and Sewer System Improvement Charges set forth in the attached Appendix A-3 to CWSNC's Schedule of Rates effective for service rendered on and after April 1, 2021, subject to true-up.
2. That the attached Appendix A-3 is approved and is deemed filed with the Commission pursuant to N.C.G.S. § 62-138.
3. That CWSNC shall mail to each of its affected customers with the next regularly scheduled customer billing the Commission approved customer notice.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of \_\_\_\_\_, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

*APPENDIX A-3*

**CAROLINA WATER SERVICE INC. OF NORTH CAROLINA  
WATER AND SEWER SYSTEM IMPROVEMENT CHARGES**

**WATER SYSTEM IMPROVEMENT CHARGE**

All CWSNC Uniform water systems	0.75% <sup>1/</sup>
Bradfield Farms/Fairfield Harbour/Treasure Cove	0.18% <sup>1/</sup>

**SEWER SYSTEM IMPROVEMENT CHARGE**

All CWSNC Uniform sewer systems	0.57% <sup>2/ and 3/</sup>
Bradfield Farms/Fairfield Harbour	0.70% <sup>2/</sup>

Notes

- 1/ The Water System Improvement Charge will be applied to the total water utility bill of each customer under the Company's applicable rates and charges.
- 2/ The Sewer System Improvement Charge will be applied to the total sewer utility bill of each customer under the Company's applicable rates and charges.
- 3/ These Water and Sewer Improvement Charges include the Experience Modification Factors that went into effect on October 1, 2020, and will cease on September 30, 2021

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Issued in Accordance with Authority Granted by the North Carolina Utilities Commission  
in Docket No. W-354, Sub 364A on this the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

EXHIBIT NO. P-9  
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ATTACHMENT A  
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**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-354, SUBS 364A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Application by Carolina Water Service, Inc. )  
of North Carolina, 4944 Parkway Plaza )  
Boulevard, Suite 375, Charlotte, North ) NOTICE TO  
Carolina 28217, for Authority to Implement ) CUSTOMERS  
Water and Sewer System Improvement )  
Surcharge Rate Adjustments Pursuant to  
N.C. Gen. Stat. § 62-133.12

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission (Commission) has issued an Order dated March \_\_, 2021, pursuant to N.C. Gen. Stat. § 62-133.12 and Commission Rule R7-39 and R10-26, authorizing Carolina Water Service Inc. of North Carolina (CWSNC) to implement a Water System Improvement Charge (WSIC) and Sewer System Improvement Charge (SSIC) for service rendered on and after April 1, 2021, in all its service areas in North Carolina.

By Order entered in Docket No. W-354, Sub 336 on March 10, 2014, the Commission approved CWSNC's request, pursuant to N.C.G.S. § 62-133.12, for authority to implement a semi-annual water and sewer system improvement charge (WSIC and SSIC) adjustment mechanism designed to recover the incremental costs associated with eligible investments in certain water and sewer infrastructure improvement projects completed and placed in service between general rate case proceedings. The WSIC and SSIC mechanism is subject to Commission approval and to audit and refund provisions. Any cumulative system improvement charge recovered pursuant to the WSIC and SSIC mechanism may not exceed 5% of the total annual service revenues approved by the Commission in CWSNC's last general rate case.

Commission Rules R7-39(h) and R10-26(h) specify that the WSIC and SSIC shall be applied to the total utility bill of each customer under the utility's applicable service rates and charges.

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ATTACHMENT A  
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The Public Staff has carefully reviewed CWSNC's stated WSIC and SSIC improvements, including, reviewing in detail, construction work in progress ledgers and transactions, invoices, work orders, engineering certifications, and other accounting records, and recommended that the Public Staff's WSIC and SSIC charges be approved.

The WSIC and SSIC percentages recommended by the Public Staff result in the following increase to the average monthly metered and flat rate customer bill:

	Public Staff Recommended WSIC/SSIC <u>Surcharge</u>	Average Gallons <u>Per Month</u>	Average Monthly <u>Bill</u>	Monthly <u>Surcharge</u>	Monthly Bill With WSIC/SSIC <u>Surcharge</u>
Uniform Water - Metered	0.75%	3,608	\$58.76	\$0.44	\$59.20
Uniform Water - Flat	0.75%	N/A	\$58.54	\$0.44	\$58.98
Uniform Sewer - Metered	0.57%	3,569	\$75.29	\$0.43	\$75.72
Uniform Sewer - Flat	0.57%	N/A	\$73.73	\$0.42	\$74.15
BF/FH/TC Water - Metered	0.18%	4,128	\$34.64	\$0.06	\$34.70
BF/TC Sewer - Flat	0.70%	N/A	\$53.91	\$0.38	\$54.29

Additional information regarding the WSIC and SSIC mechanism is contained in the Commission's Order dated March 10, 2014, in Docket No. W-354, Sub 336, the Commission's Order Adopting Rules to Implement N.C.G.S. § 62-133.12, dated June 6, 2014, in Docket No. W-100, Sub 54, the CWSNC WSIC and SSIC Application filed January 29, 2021, the March 12, 2021 Public Staff Notice, and the March \_\_\_, 2021 Commission Order in Docket No. W-354, Sub 364A, all of which can be accessed from the Commission's website at [www.ncuc.net](http://www.ncuc.net), under Docket Portal, using the Docket Search feature for the docket numbers stated above (i.e., for Docket No. key: W-354 Sub 364A).

Parties interested in receiving notice of these filings may subscribe to the Commission's electronic notification system through the Commission's website at [www.ncuc.net](http://www.ncuc.net).

EXHIBIT NO. P-9  
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ATTACHMENT A  
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ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_\_ day of March 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk



CERTIFICATE OF SERVICE

I, \_\_\_\_\_, mailed with sufficient postage or hand delivered to all affected customers the attached Notice to Customers issued by the North Carolina Utilities Commission in Docket No. W-354, Sub 364A, and the Notices were mailed or hand delivered by the date specified in the Order.

This the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

By: \_\_\_\_\_

Signature

\_\_\_\_\_  
Name of Utility Company

The above named Applicant, \_\_\_\_\_, personally appeared before me this day and, being first duly sworn, says that the required Notices to Customers were mailed or hand delivered to all affected customers, as required by the Commission Order dated \_\_\_\_\_, 2021, in Docket No. W-354, Sub 364A.

Witness my hand and notarial seal, this the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Printed Name

(SEAL) My Commission Expires:

\_\_\_\_\_  
Date

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