

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**STAFF CONFERENCE AGENDA
FEBRUARY 25, 2019**

COMMISSION STAFF

NO AGENDA ITEMS

PUBLIC STAFF

B. NATURAL GAS

- P1. DOCKET NO. G-5, SUB 602 - APPLICATION OF PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC., FOR BI-ANNUAL ADJUSTMENT OF RATES UNDER RIDER E TO ITS TARIFF AND FOR AN ADJUSTMENT OF ITS RATES AND CHARGES TO TRACK CHANGES IN ITS WHOLESALE COSTS OF GAS UNDER RIDER D TO ITS TARIFF

EXPLANATION: On February 14, 2019, Public Service Company of North Carolina, Inc. (PSNC or Company) filed an application (Application), pursuant to N.C. Gen. Stat. § 62-133.7A and N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3), and PSNC's Riders E and D of the Company's tariffs, requesting authority to adjust its rates effective March 1, 2019, to implement (1) new temporary increments in its rates pursuant to Rider E, and (2) a decrease in its commodity benchmark cost of gas pursuant to Rider D.

Pursuant to PSNC's Integrity Management Tracker (IMT), Rider E of the Company's Tariff, PSNC is required to file a revision to its tariff for Commission approval by February 15 and August 15 each year showing the computation of the Integrity Management Adjustment that it proposes to charge during the six-month period beginning March 1 and September 1, respectively. Additionally, PSNC is required to file by February 15 an Integrity Management True-Up Adjustment based on the balance in the Integrity Management Deferred Account as of January 31.

The proposed IMT rate adjustments, expressed in dollars per therm (\$/therm), are as follows:

Description	Residential	Commercial	Firm	Interruptible
	Rates 101, 102, 115	Rates 125, 126 127, 140	Large General Rates 145, 175	Large General Rates 135, 150, 160, 165, 180
Rate Class Percentage	69.89%	19.92%	7.25%	2.94%
IMRR for Recovery	\$14,529,696	\$4,141,244	\$1,507,230	\$611,208
IM Deferred Account Balance	<u>(\$548,537)</u>	<u>(\$156,344)</u>	<u>(\$56,902)</u>	<u>(\$23,075)</u>
Net IMRR for Recovery	\$13,981,159	\$3,984,900	\$1,450,328	\$588,133
Rate Case Volumes (therms)	302,709,607	154,775,495	202,384,732	148,716,728
IM Rate Increment (per therm)	\$0.04619	\$0.02575	\$0.00717	\$0.00395
Current IMT Increment	<u>\$0.04229</u>	<u>\$0.02357</u>	<u>\$0.00656</u>	<u>\$0.00362</u>
Adjustment to IMT Increment	\$0.00390	\$0.00218	\$0.00061	\$0.00033

Also, in compliance with Rider D – Purchased Gas Adjustment (PGA) Procedures, PSNC is seeking authority to decrease its sales rates by \$0.7573 per dekatherm (dt) and its transportation rates by \$0.0073 per dt effective March 1, 2019. The decreases are the result of a change in PSNC’s Benchmark Commodity Gas Cost from \$3.750 per dt to \$3.000 per dt as well as the change in the company use and unaccounted for gas as described in PSNC’s Rider D.

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

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

RECOMMENDATION: (Patel, Johnson) That the Commission issue the proposed order approving PSNC’s proposed rate adjustments as filed.

P2. DOCKET NO. G-9, SUB 742 – APPLICATION OF PIEDMONT NATURAL GAS COMPANY, INC., FOR AN ADJUSTMENT OF ITS RATES AND CHARGES TO TRACK CHANGES IN ITS WHOLESALE COSTS OF GAS

EXPLANATION: On February 15, 2019, Piedmont Natural Gas Company, Inc. (Piedmont) filed an application pursuant to N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3), and Appendix A of Piedmont's North Carolina Service Regulations seeking authority to decrease its sales rates by \$1.0190 per dekatherm (dt) and its transportation rates by \$0.0190 per dt effective March 1, 2019. The decrease is a result of a change in its Benchmark Cost of Gas from the current rate of \$3.75 per dt to \$2.75 per dt.

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

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

RECOMMENDATION: (Gilbert) That the Commission issue the proposed order approving the rate changes proposed by Piedmont.

P3. DOCKET NO. G-40, SUB 151 – APPLICATION OF FRONTIER NATURAL GAS COMPANY FOR AN ADJUSTMENT OF ITS RATES AND CHARGES TO TRACK CHANGES IN ITS WHOLESALE COSTS OF GAS

EXPLANATION: On February 15, 2019, Frontier Natural Gas Company (Frontier) filed an application pursuant to the provisions of N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3), and Appendix A of Frontier's Gas Service Rules & Regulations seeking authority to decrease its sales rates by \$2.050 per dekatherm (dt) effective March 1, 2019. The decrease is a result of a change in Frontier's Benchmark City Gate Delivered Gas Cost from \$6.000 per dt to \$3.950 per dt.

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

EXHIBIT: A proposed order is attached as Exhibit No. P-3.

RECOMMENDATION: (Naba) That the Commission issue the proposed order approving the rate change proposed by Frontier.

D. ELECTRIC

P1. APPLICATIONS FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT SOLAR FACILITIES

EXPLANATION: The following applications seeking certificates of public convenience and necessity pursuant to N.C. Gen. Stat. § 62-110.1 for construction of solar photovoltaic electric generating facilities were filed pursuant to Commission Rule R8-64.

Duke Energy Carolinas:

- Docket No. SP-9590, Sub 0 – Application of Stanly Solar, LLC, for an amended Certificate of Public Convenience and Necessity to Construct a 50-MW Solar Photovoltaic Facility in Stanly County, North Carolina (registration statement issued previously)

North Carolina Electric Membership Corporation:

- Docket Nos. SP-9822, Sub 1, and SP-9823, Sub 1 – Application of Panda Solar 1, LLC, and Panda Solar 2, LLC, for a Certificate of Public Convenience and Necessity to Construct a 2.99-MW Solar Photovoltaic Facility in Robeson County, North Carolina

The Public Staff has reviewed the applications and determined that they comply with the requirements of N.C. Gen. Stat. § 62-110.1 and Commission Rule R8-64.

RECOMMENDATION: (Saillor/Lawrence) That the Commission issue orders approving the applications and issuing the requested certificates for these facilities. Proposed orders have been provided to the Commission Staff.

P2. DOCKET NO. E-2, SUBS 936 AND 1174 – REQUEST OF DUKE ENERGY PROGRESS, LLC, FOR APPROVAL OF MODIFICATIONS TO RESIDENTIAL SMART \$AVER ENERGY EFFICIENCY PROGRAM

EXPLANATION: On December 18, 2018, Duke Energy Progress, LLC (DEP or Company), filed a request seeking approval to modify its Residential Smart \$aver Energy Efficiency Program (Program).

The proposed modifications were made in response to the Commission's *Order Approving DSM/EE Rider and Requiring Filing of Customer Notice* issued on November 29, 2018, in Docket No. E-2, Sub 1174, where the Commission ordered the Company to propose modifications to the Program no later than December 31, 2018, with the goal of restoring the TRC score to 1.0 or greater. In its application, DEP indicates that the modifications to the Program are intended to increase its overall cost-effectiveness. DEP's proposed modifications to the Program include: acknowledging lower actual incremental customer costs; improving trade ally participation to make it more streamlined and less costly; reducing program administration costs; implementing a three-year transition period to a referral-only channel; and introducing an online channel. The Company also proposes to eliminate from the tariff the listing of the maximum incentives for the measures, as well as to reduce the maximum incentive for HVAC (Heating, Ventilation, and Air Conditioning) equipment from \$600 to \$400. DEP's application indicates that the effect of these proposed modifications would be a Total Resource Cost Test (TRC) score of 1.35.

DEP's application requests that the Commission: (1) approve the Program and tariff as modified; (2) find that the Program continues to meet the requirements of a "new" energy efficiency program pursuant to Commission Rule R8-69; (3) find that all costs of the Program will be eligible for cost recovery; and (4) approve the proposed utility incentives for inclusion in the annual DSM/EE rider.

The Public Staff filed comments on February 4, 2019, regarding the Company's proposal. The Public Staff does not oppose the first four modifications as proposed. However, the Public Staff believes that the online channel should be separate and distinct from the HVAC-related measures and that the performance of the Program should be accounted for separately in the Company's annual rider proceedings. The Public Staff states that if the compliance tariff is amended as recommended by the Public Staff, it is not opposed to the approval of the online channel for the Program. The Public Staff also recommends that the Commission request that the parties address the issue of what measures are appropriate for inclusion in a particular program during the upcoming review of the Company's cost recovery mechanism.

On February 13, 2019, the Company filed a letter stating that while the Company did not necessarily agree that the inclusion of the online channel within the Program is inappropriate, for purposes of this proceeding, the Company agrees with the Public Staff's recommendation that the Commission approve the first four modifications as part of the Residential Smart \$aver Program and require the Company to file a separate compliance

tariff for the online channel. The Company also agrees to report the performance of the HVAC-related measures and the online channel-related measures separately in the Company's annual rider proceedings.

EXHIBIT: A proposed order is attached as Exhibit No. P-4.

RECOMMENDATION: (D. Williamson/Edmondson) That the Commission issue the Public Staff's proposed order on DEP's request to modify the Residential Smart \$aver EE Program.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-5, SUB 602

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application of Public Service Company of North Carolina, Inc., for Bi-Annual Adjustment of Rates Under Rider E to its Tariff and for an Adjustment of its Rates and Charges in Its Wholesale Cost of Gas Under Rider D to Its Tariff)))))
	ORDER APPROVING RATE ADJUSTMENTS EFFECTIVE MARCH 1, 2019

BY THE COMMISSION: On February 14, 2019, Public Service Company of North Carolina, Inc. (PSNC or Company) filed an application (Application), pursuant to N.C. Gen. Stat. § 62-133.7A and N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3), and PSNC's Riders E and D of the Company's tariffs, requesting authority to adjust its rates effective March 1, 2019, to implement (1) new temporary increments in its rates pursuant to Rider E, and (2) a decrease in its commodity benchmark cost of gas pursuant to Rider D.

Pursuant to PSNC's Integrity Management Tracker (IMT), Rider E of the Company's Tariff, PSNC is required to file a revision to its tariff for Commission approval by February 15 and August 15 each year showing the computation of the Integrity Management Adjustment that it proposes to charge during the six-month period beginning March 1 and September 1, respectively. Additionally, PSNC is required to file by February 15 an Integrity Management True-Up Adjustment based on the balance in the Integrity Management Deferred Account as of January 31.

The proposed IMT rate adjustments, expressed in dollars per therm (\$/therm), are as follows:

Description	Residential	Commercial	Firm	Interruptible
	Rates 101, 102, 115	Rates 125, 126 127, 140	Large General Rates 145, 175	Large General Rates 135, 150, 160, 165, 180
Rate Class Percentage	69.89%	19.92%	7.25%	2.94%
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IM Deferred Account Balance	<u>(\$548,537)</u>	<u>(\$156,344)</u>	<u>(\$56,902)</u>	<u>(\$23,075)</u>
Net IMRR for Recovery	\$13,981,159	\$3,984,900	\$1,450,328	\$588,133
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Current IMT Increment	<u>\$0.04229</u>	<u>\$0.02357</u>	<u>\$0.00656</u>	<u>\$0.00362</u>
Adjustment to IMT Increment	\$0.00390	\$0.00218	\$0.00061	\$0.00033

Also, pursuant to Rider D – Purchased Gas Adjustment (PGA) Procedures, PSNC is seeking authority to decrease its sales rates by \$0.7573 per dekatherm (dt) and its transportation rates by \$0.0073 per dt effective March 1, 2019. The decreases are the result of a change in PSNC’s Benchmark Commodity Gas Cost from \$3.750 per dt to \$3.000 per dt as well as the change in the company use and unaccounted for gas as described in PSNC’s Rider D

The Public Staff presented this matter to the Commission at its February 25, 2019, Staff Conference. The Public Staff stated that it had reviewed the application 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 IMT rate adjustments as contained in the body of this Order effective for service rendered on and after March 1, 2019.
2. That PSNC is allowed to decrease its sales rates by \$0.7573 per dt effective for service rendered on and after March 1, 2019.
3. That PSNC is allowed to decrease its transportation rates by \$0.0073 per dt effective for service rendered on and after March 1, 2019.
4. That PSNC shall file revised tariffs consistent with Ordering Paragraphs 1

through 3 within five (5) days of the date of this Order.

5. 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 _____, 2019.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-9, SUB 742

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application of Piedmont Natural Gas Company, Inc., for an Adjustment of its Rates and Charges to Track Changes in its Wholesale Costs of Gas) ORDER APPROVING RATE ADJUSTMENTS EFFECTIVE MARCH 1, 2019
)

BY THE COMMISSION: On February 15, 2019, Piedmont Natural Gas Company, Inc. (Piedmont), filed an application pursuant to N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3), and Appendix A of Piedmont’s North Carolina Service Regulations, seeking authority to decrease its sales rates by \$1.0190 per dekatherm (dt) and its transportation rates by \$0.0190 per dt effective March 1, 2019. The decrease is a result of a change in its Benchmark Cost of Gas from the current rate of \$3.75 per dt to \$2.75 per dt.

The Public Staff presented this matter to the Commission at its February 25, 2019, Regular Staff Conference. The Public Staff stated it had reviewed the application and recommended approval as filed.

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

IT IS, THEREFORE, ORDERED as follows:

1. That Piedmont is authorized to decrease its sales rates by \$1.0190 per dt effective for service rendered on and after March 1, 2019.
2. That Piedmont is authorized to decrease its transportation rates by \$0.0190 per dt effective for service rendered on and after March 1, 2019.
3. That Piedmont shall file revised tariffs consistent with Ordering Paragraphs 1 and 2 within five (5) days of the date of this Order.
4. 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 _____, 2019.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-40, SUB 151

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application of Frontier Natural Gas Company)	ORDER ALLOWING RATE
for an Adjustment of Its Rates and Charges to)	CHANGES EFFECTIVE
Track Changes in Its Wholesale Costs of Gas)	MARCH 1, 2019

BY THE COMMISSION: On February 15, 2019, Frontier Natural Gas Company (Frontier) filed an application pursuant to the provisions of N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3), and Appendix A of Frontier’s Gas Service Rules & Regulations seeking authority to decrease its sales rates by \$2.050 per dekatherm (dt) effective March 1, 2019. The decrease is a result of a change in Frontier's Benchmark City Gate Delivered Gas Cost from \$6.000 per dt to \$3.950 per dt.

The Public Staff presented this matter to the Commission at its Regular Staff Conference on February 25, 2019. The Public Staff stated that it had reviewed the application and recommended approval as filed.

Based upon review of the application and the recommendation of the Public Staff, the Commission finds good cause to approve the proposed rate change to become effective as filed.

IT IS, THEREFORE, ORDERED as follows:

1. That Frontier is authorized to decrease its sales rates by \$2.050 per dekatherm effective for service rendered on and after March 1, 2019.
2. That Frontier shall file revised tariffs consistent with Ordering Paragraph 1 within five (5) days of the date of this Order.
3. That Frontier shall give notice to its customers of the rate change allowed in this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of _____, 2019.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 936
DOCKET NO. E-2, SUB 1174

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 936

In the Matter of
Application of Duke Energy Progress, LLC, for)
Approval of Modifications to Residential Smart \$aver)
Energy Efficiency Program)

DOCKET NO. E-2, SUB 1174)

In the Matter of)
Application of Duke Energy Progress, LLC, for)
Approval of Demand-Side Management and Energy)
Efficiency Cost Recovery Rider Pursuant to Gen.)
Stat. § 62-133.9 and Commission Rule R8-69)

ORDER APPROVING
PROGRAM
MODIFICATIONS

BY THE COMMISSION: On December 18, 2018, Duke Energy Progress, LLC (DEP or Company), filed a request seeking approval to modify its Residential Smart \$aver Energy Efficiency Program (Program).

The proposed modifications were filed in response to the Commission's *Order Approving DSM/EE Rider and Requiring Filing of Customer Notice* issued on November 29, 2018, in Docket No. E-2, Sub 1174, where the Commission ordered the Company to propose modifications to the Program no later than December 31, 2018, with the goal of restoring the TRC score to 1.0 or greater. In its application, DEP indicated that the modifications to the Program are intended to increase its overall cost-effectiveness. DEP's proposed modifications to the Program include: acknowledging lower actual incremental customer costs; improving trade ally participation to make it more streamlined and less costly; reducing program administration costs; implementing a three-year transition period to a referral-only channel; and introducing an online channel. The Company also proposed to eliminate from the tariff the listing of the maximum incentives for the measures, as well as to reduce the maximum incentive for HVAC (Heating, Ventilation, and Air Conditioning) equipment from \$600 to \$400.

DEP's application indicated that the effect of these proposed modifications would be a Total Resource Cost Test (TRC) score of 1.35.

DEP's application requested that the Commission: (1) approve the Program and tariff as modified; (2) find that the Program continues to meet the requirements of a "new" energy efficiency program pursuant to Commission Rule R8-69; (3) find that all costs of the Program will be eligible for cost recovery; and (4) approve the proposed utility incentives for inclusion in the annual DSM/EE rider.

The Public Staff filed comments on February 4, 2019, regarding the Company's proposal. The Public Staff did not oppose the first four modifications as proposed. However, the Public Staff recommended that the online channel be separate and distinct from the HVAC-related measures and that the performance of the Program be accounted for separately in the Company's annual rider proceedings. The Public Staff stated that if the compliance tariff is amended, it is not opposed to the approval of the online channel for the Program. The Public Staff also recommended that the Commission request that the parties address the issue of what measures are appropriate for inclusion in a particular program during the upcoming review of the Company's cost recovery mechanism.

On February 13, 2019, the Company filed a letter stating that while the Company did not necessarily agree that the inclusion of the online channel within the Program is inappropriate, for purposes of this proceeding, the Company agreed with the Public Staff's recommendation that the Commission approve the first four modifications as part of the Residential Smart Saver Program and require the Company to file a separate compliance tariff for the online channel. The Company also agreed to report the performance of the HVAC-related measures and the online channel-related measures separately in the Company's annual rider proceedings.

The Public Staff presented this matter to the Commission at its Regular Staff Conference on February 25, 2019. The Public Staff summarized its filed comments and recommended that the Commission issue its proposed order on the Company's request.

Based on the foregoing, the Commission is of the opinion that the proposed modifications to the Program should be approved, the Company should be directed to file a separate compliance tariff for the online channel, and the Company should report the performance of the HVAC-related measures and the online channel-related measures separately in the Company's annual rider proceedings.

IT IS, THEREFORE, ORDERED:

1. That DEP's proposed modifications to the Residential Smart \$aver Energy Efficiency Program are hereby approved.
2. That DEP shall file a separate compliance tariff for the online channel.
3. That DEP shall report the performance of the HVAC-related measures and the online channel-related measures separately in the Company's annual rider proceedings.
4. That the Residential Smart \$aver Energy Efficiency 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.
5. That DEP shall file with the Commission, within 10 days following the date of this order, a revised tariff showing the effective date of the tariff.
6. That the parties shall address the issues of what measures are appropriate for inclusion in a particular program during the upcoming review of the Company's cost recovery mechanism.

ISSUED BY ORDER OF THE COMMISSION.

This the ___ day of February, 2019.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk