

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**STAFF CONFERENCE AGENDA  
February 5, 2018**

**COMMISSION STAFF**

NO AGENDA ITEMS

**PUBLIC STAFF**

**D. ELECTRIC**

P1. DOCKET NO. E-2, SUB 927 – DUKE ENERGY PROGRESS, LLC – REQUEST FOR APPROVAL TO MODIFY RESIDENTIAL ENERGYWISE PROGRAM

EXPLANATION: On December 28, 2017, Duke Energy Progress, LLC (DEP or the Company), filed notice of proposed modifications to its Residential EnergyWise Program (Program) and associated tariff under Commission Rule R8-68. The Program was originally approved on October 14, 2008, and allows the Company to install load control switches at customers' premises to control electric central air conditioning and the air conditioning portion of electric heat pumps remotely.

The proposed modifications to the Program would allow the Company to use a participating customer's thermostat as a means of direct load control. The Company's specific request is to: 1) include eligible customer-owned "smart" thermostats and related incentives and service charge, and 2) allow DEP to issue incentive payments in a variety of ways, including, but not limited to, bill credits, checks, and prepaid credit cards.

The application includes estimates of the Program's impacts, costs, and benefits used to calculate the cost-effectiveness of the Program. DEP's calculations indicate that the Program will remain cost-effective under the Total Resource Cost, the Utility Cost, and the Rate Impact Measure tests.

The Public Staff has reviewed the Company's request, including the Program costs and cost-effectiveness test results associated with the Program. Based on its review, the Public Staff concludes that the Program has the potential to continue to encourage energy efficiency, appears to continue to be cost effective, will be included in future DEP IRPs, and is in the public interest.

EXHIBIT: A proposed Order is attached as Exhibit No. P-1.

RECOMMENDATION: (D. Williamson) That the Commission issue the proposed order approving the modifications to the Residential EnergyWise Program as filed.

P2. DOCKET NO. E-7, SUB 961 – DUKE ENERGY CAROLINAS, LLC – APPLICATION TO TERMINATE SMART ENERGY IN OFFICES PROGRAM

EXPLANATION: On December 18, 2017, Duke Energy Carolinas, LLC (DEC or the Company), filed a letter seeking approval to terminate its Smart Energy in Offices Program (SEIO or the Program). The Smart Energy Now Program (or SEN Pilot) was initially approved as a three-year pilot on February 14, 2011. The SEIO program was approved as an energy efficiency (EE) program on August 13, 2014.

The Program was designed to provide to the owners and occupants of office buildings with detailed energy consumption data for their respective buildings. This information was designed to encourage participants to take actions that would drive behavioral changes and lead to reduced energy consumption. The Program was available to any non-residential customer throughout DEC's entire North Carolina service territory that either occupied or provided commercial office space in buildings with a minimum of 10,000 square feet and with at least 50% of the space designated as office space.

DEC requested termination of this Program due to the initial results of a recent evaluation, measurement, and verification (EM&V) report that indicated lower than anticipated energy savings.

The Public Staff has reviewed the request and notes that although the Program was cost-effective under the Total Resource Cost test (5.84), Utility Cost Test (3.75), and the Ratepayer Impact Method Test (1.69), for the rate period in the 2017 DSM/EE cost recovery proceeding, analysis of the Program in preparation for the upcoming 2018 DSM/EE rider proceeding indicates the Program is no longer cost-effective.

Based upon our review, the Public Staff recommends approval of the request. The Public Staff believes there is insufficient evidence and uncertainty that the Program can continue to produce cost-effective energy savings without significant changes to the Program itself.

The Public Staff further recommends that the appropriate recovery of program costs, net lost revenues, and performance incentives associated with the Program be addressed in the Company's 2018 DSM/EE rider proceeding consistent with G.S. 62-133.9, Commission Rule R8-69, and the Company's DSM/EE cost recovery mechanism.

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

RECOMMENDATION: (D. Williamson) That the Commission issue the proposed order approving DEC's request to terminate the Smart Energy in Offices Program as filed.

P3 DOCKET NO. E-7, SUB 1032 – DUKE ENERGY CAROLINAS, LLC – REQUEST FOR APPROVAL TO MODIFY RESIDENTIAL POWER MANAGER PROGRAM

EXPLANATION: On December 28, 2017, Duke Energy Carolinas, LLC (DEC or the Company) filed notice of proposed modifications to its Residential Power Manager Program (Program) and associated tariff under Commission Rule R8-68.. The Program was originally approved on October 29, 2013, and is a voluntary demand response program that allows the Company to limit the run time of participating customers' central air conditioning systems.

The proposed modifications to the Program would allow the Company to use a participating customer's thermostat to limit the run time of the customer's central air conditioning system. The Company's specific request is to: 1) include eligible customer-owned "smart" thermostats and related incentives and service charge, and 2) allow DEC to issue incentive payments in a variety of ways, including, but not limited to, bill credits, checks, and prepaid credit cards.

The application includes estimates of the Program's impacts, costs, and benefits used to calculate the cost-effectiveness of the Program. DEC's calculations indicate that the Program will remain cost-effective under the Total Resource Cost, the Utility Cost , and the Rate Impact Measure tests.

The Public Staff has reviewed the Company's request, including the Program costs and cost-effectiveness test results associated with the Program. Based on its review, the Public Staff concludes that the Program has the potential to continue to encourage energy efficiency, appears to continue to be cost effective, will be included in future DEC IRPs, and is in the public interest.

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

RECOMMENDATION: (D. Williamson) That the Commission issue the proposed order approving the modifications to the Residential Power Manager Program as filed.

P4. DOCKET NO. E-7, SUB 1141 – DUKE ENERGY CAROLINAS, LLC – APPLICATION TO TERMINATE SMART ENERGY IN HEALTHCARE PILOT PROGRAM

EXPLANATION: On December 18, 2017, Duke Energy Carolinas, LLC (DEC or Company), filed a letter seeking approval to terminate its Smart Energy in Healthcare Pilot Program (Pilot), effective December 31, 2017. The Pilot was originally approved as an energy efficiency (EE) program on July 17, 2017.

The Pilot was designed to increase the EE performance of targeted non-residential customers in the healthcare industry sector of its North Carolina service territory through increased community engagement, which would drive behavioral changes and lead to reduced energy consumption. DEC based its initial estimates of energy savings on the 2014 evaluation, measurement, and verification report associated with the Smart Energy Now (SEN) Program.<sup>1</sup> The Company stated that they incorporated a similar energy savings percentage that was used to develop the evaluation, measurement, and verification (EM&V) of the commercial office sector of the SEN Program.

DEC requested termination of the Pilot due to the initial results of a recent EM&V report for the SEN program that indicate lower than anticipated energy savings.

The Public Staff has reviewed the Company's request and the recent EM&V report for the SEN program. The Public Staff also reviewed additional information provided by DEC that indicated that as of December 18, 2017, the Company had spent approximately \$107,774 in direct program costs. The Pilot has no participation, therefore, there are no lost revenues or utility incentives to address.

Based upon our review, the Public Staff recommends approval of the request. The Public Staff further recommends that the appropriate recovery of program costs associated with the Pilot be addressed in the Company's 2018 DSM/EE rider proceeding consistent with G.S. 62-133.9, Commission Rule R8-69, and the Company's DSM/EE cost recovery mechanism.

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

RECOMMENDATION: (D. Williamson) That the Commission issue the proposed order approving DEC's request to terminate the Smart Energy in Healthcare Pilot as filed.

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<sup>1</sup> DEC filed its EM&V report for the Smart Energy Now Pilot with its application in Docket No. E-7, Sub 1073, as Ham Exhibit B.

P5. DOCKET NO. E-48, SUB 9 – NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY – APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING INSTALLATION OF PEAK SHAVING GENERATORS

EXPLANATION: On November 6, 2017, North Carolina Eastern Municipal Power Agency (NCEMPA or Applicant) filed an application for Commission approval of certain determinations of NCEMPA's Board of Directors pursuant to G.S. 159B-11 and for a certificate of public convenience and necessity, pursuant to G.S. 62-100.1, authorizing NCEMPA to construct up to 18 megawatts (MW) of diesel electric generating capacity to be located near the City of Greenville, North Carolina.

According to NCEMPA, the purpose of the application is to: (1) request, pursuant to G.S. 159B-11, approval by the Commission of NCEMPA's determination that its proposed 18 MW diesel electric generating facility (Diesel Generating Project) is required to provide for the projected needs of NCEMPA for power and energy from and after the date of completion of the Diesel Generating Project and for a reasonable period of time thereafter; and (2) obtain a certificate for the Diesel Generating Project. The Applicant states the Diesel Generating Project will enable NCEMPA to generate its own electricity and provide the same to the customer at the time of the monthly coincident peak with Duke Energy Progress, LLC, (DEP) at the time when the Applicant experiences its highest costs for purchased power. As a result, NCEMPA will reduce purchases of electricity during peak periods and otherwise enhance its ability to obtain lower wholesale costs, and retail customers will experience lower retail costs.

The Applicant states that approval of the application is in the public interest as the power costs of its customers will be reduced. Further, the Applicant states that the generators are financed through available reserve revenues and repaid through the cost savings experienced. The acquisition of the generators does not increase the long-term debt of NCEMPA.

The Public Staff has reviewed the application and agrees that the certificate is in the public interest as it lowers costs to NCEMPA's customers. The Public Staff recommends approval of the application, subject to the same restrictions and requirements previously imposed by the Commission's Order in Docket No. E-48, Sub 7, on February 7, 2017.

EXHIBIT: A proposed order is attached as Exhibit No. P-5.

RECOMMENDATION: (D. Williamson/Holt) That the Commission issue the proposed order granting the Certificate authorizing the installation of 18 MW of diesel electric generation capacity, subject to the same restrictions and requirements previously imposed.

**E. WATER**

P1. DOCKET NO. W-1075, SUB 12 – KRJ UTILITIES COMPANY– APPLICATION FOR RATE INCREASE

EXPLANATION: On January 10, 2018, KRJ Utilities Company (KRJ or Applicant) filed an application seeking authority to increase its rates for water utility service in Southern Trace Subdivision and water and sewer utility service in Rockbridge Subdivision in Wake, County, North Carolina. KRJ serves approximately 428 metered water customers and 236 flat rate sewer customers. The present rates have been in effect since approved by the Commission for Southern Trace in general rate case Order dated January 14, 2005, in Docket No. W-1075, Sub 4, and for Rockbridge in the Order Granting Certificate of Public Convenience and Necessity and Approving Rates dated November 30, 2006, in Docket No. W-1075, Sub 5. The approved rates for both Southern Trace and Rockbridge were subsequently reduced for the repeal of the gross receipts tax and corporate tax rate reductions.

On January 25, 2018, the Public Staff filed with the Commission a letter pursuant to Commission Rule R1-17(f)(1) notifying KRJ that it was necessary for the Company to file certain specified information in order to complete its general rate increase application. On January 30, 2018, KRJ filed the additional information requested by the Public Staff in compliance with applicable provisions of Commission Rule R1-17(b). The Public Staff has reviewed the information provided by the Applicant and believes the rate increase application is now complete.

The Applicant’s present and proposed rates are as follows:

**Southern Trace Subdivision**

	<u>Present Rates</u>	<u>Proposed Rates</u>
<u>Monthly Metered Water Rates:</u>		
Base charge, zero usage (minimum)	\$19.12	\$ 34.82
Usage charge, per 1,000 gallons	\$ 2.66	\$ 4.84

The proposed rates would increase the average residential monthly water bill from \$32.81 to \$59.72, an 80.02% increase, based on an average monthly usage of 5,145 gallons.

**Rockbridge Subdivision**

	<u>Present Rates</u>	<u>Proposed Rates</u>
<u>Monthly Metered Water Rates:</u>		
Base charge, zero usage	\$14.40	\$ 34.55
Usage charge, per 1,000 gallons	\$ 1.49	\$ 3.57
<u>Monthly Flat Sewer Rates: (Per REU)</u>	\$68.33	\$105.37

The proposed rates would increase the average residential monthly water bill from \$22.07 to \$52.92, a 139.78% increase, based on an average monthly usage of 5,145 gallons, and the monthly flat sewer rate from \$68.33 to \$105.37, a 54.21% increase.

EXHIBIT: A proposed order is attached as Exhibit No. P-6.

RECOMMENDATION: (Casselberry/Morgan/Grantmyre) That the Commission issue the proposed order establishing a general rate case, suspending rates, scheduling hearings, and requiring customer notice.



**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-2, SUB 927

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application by Duke Energy Progress, LLC, for Approval of Residential EnergyWise Program	) ) )	ORDER APPROVING PROGRAM MODIFICATIONS

BY THE COMMISSION: On December 28, 2017, Duke Energy Progress, LLC (DEP or the Company), filed an application seeking approval of its proposed modifications to its Residential EnergyWise Program (Program) and associated tariff under Commission Rule R8-68. The Program was originally approved on October 14, 2008, and allows the Company to install load control switches at customers' premises to control electric central air conditioning and the air conditioning portion of electric heat pumps remotely.

The proposed modifications to the Program would allow the Company to use a participating customer's thermostat as a means of direct load control. The Company's specific request is to: 1) include eligible customer-owned "smart" thermostats and related incentives and service charge, and 2) allow DEP to issue incentive payments in a variety of ways, including, but not limited to, bill credits, checks, and prepaid credit cards.

The application includes estimates of the Program's impacts, costs, and benefits used to calculate the cost-effectiveness of the Program. DEP's calculations indicate that the Program will remain cost-effective under the Total Resource Cost, the Utility Cost, and the Rate Impact Measure tests.

The Public Staff presented this matter at the Commission's Regular Staff Conference on February 5, 2018. The Public Staff stated that the Program has the potential to continue to encourage energy efficiency, appears to continue to be cost effective, will be included in future DEP IRPs, and is in the public interest. Therefore, the Public Staff recommended that the Commission approve the Program modifications.

Based on the foregoing and the entire record in this proceeding, the Commission finds good cause to approve the Program modifications. The Commission further finds and concludes that the appropriate ratemaking treatment for the Program, including program costs, net lost revenues, and performance incentives, should be determined in

DEP's next annual cost recovery rider to be considered pursuant to Commission Rule R8-69.

IT IS, THEREFORE, ORDERED as follows:

1. That the proposed modifications to the Program are hereby approved pursuant to Commission Rule R8-68.

2. That the Commission shall determine the appropriate ratemaking treatment for the Program, including program costs, net lost revenues, and incentives, in DEP's annual cost recovery rider, in accordance with G.S. 62-133.9 and Commission Rule R8-69.

3. 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.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_ day of February, 2018.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-7, SUB 961

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application by Duke Energy Carolinas, LLC, for Approval of Smart Energy in Offices Program	) ) )	ORDER TERMINATING PROGRAM

BY THE COMMISSION: On December 18, 2017, Duke Energy Carolinas, LLC (DEC or the Company), filed a letter seeking approval to terminate its Smart Energy in Offices Program (SEIO or the Program). The Program was approved as an energy efficiency (EE) program on August 13, 2014.

The Program was designed to provide to the owners and occupants of office buildings with detailed energy consumption data for their respective buildings. This information was designed to encourage participants to take actions that would drive behavioral changes and lead to reduced energy consumption. The Program was available to any non-residential customer throughout DEC’s entire North Carolina service territory that either occupied or provided commercial office space in buildings with a minimum of 10,000 square feet and with at least 50% of the space designated as office space.

DEC requested termination of this program due to the initial results of a recent evaluation, measurement, and verification (EM&V) report that indicated lower than anticipated energy savings.

The Public Staff presented this matter at the Commission’s Regular Staff Conference on February 5, 2018. The Public Staff stated that it had reviewed the request and noted that, although the Program was cost-effective under the Total Resource Cost test (5.84), Utility Cost Test (3.75), and the Ratepayer Impact Method Test (1.69), for the rate period in the 2017 DSM/EE cost recovery proceeding, analysis of the Program in preparation for the upcoming 2018 DSM/EE rider proceeding indicated the Program is no longer cost-effective. The Public Staff also stated it believes there is insufficient evidence and uncertainty that the Program can continue to produce cost-effective energy savings without significant changes to the Program itself. Based upon its review, the Public Staff recommended approval of the Company’s request to terminate the Program.

The Public Staff further recommended that the appropriate recovery of program costs, net lost revenues, and performance incentives associated with the Program be addressed in the Company's 2018 DSM/EE rider proceeding consistent with G.S. 62-133.9, Commission Rule R8-69, and the Company's DSM/EE cost recovery mechanism.

Based on the foregoing and the entire record in this proceeding, the Commission finds good cause to approve DEC's request to terminate the Program.

Further, the Commission finds and concludes that the appropriate ratemaking treatment for the Program, including program costs, and refund of net lost revenues, and performance incentives, should be determined in DEC's 2018 cost recovery rider approved pursuant to Commission Rule R8-69.

IT IS, THEREFORE, ORDERED as follows:

1. That the Program is hereby allowed to be terminated effective June 30, 2018.
2. That the Commission shall determine the appropriate ratemaking treatment for the Program, including program costs, and the refund of net lost revenues, and performance incentives, in DEC's cost recovery rider, filed in 2018 in accordance with G.S. 62-133.9 and Commission Rule R8-69.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_\_ day of February, 2018.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

IT IS, THEREFORE, ORDERED as follows:

1. That the Program is hereby allowed to be terminated effective June 30, 2018.
2. That the Commission shall determine the appropriate ratemaking treatment for the Program, including program costs, and the refund of net lost revenues, and performance incentives, in DEC's cost recovery rider, filed in 2018 in accordance with G.S. 62-133.9 and Commission Rule R8-69.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_\_ day of February, 2018.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-7, SUB 1032

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application by Duke Energy Carolinas,	)	ORDER APPROVING
LLC, for Approval of Residential Power	)	PROGRAM
Manager Program	)	MODIFICATIONS

BY THE COMMISSION: On December 28, 2017, Duke Energy Carolinas, LLC (DEC or the Company), filed an application seeking approval of its proposed modifications to its Residential Power Manager Program (Program) and associated tariff under Commission Rule R8-68. The Program was originally approved on October 29, 2013, and is a voluntary demand response program that allows the Company to limit the run time of participating customers' central air conditioning systems.

The proposed modifications to the Program would allow the Company to use a participating customer's thermostat to limit the run time of the customer's central air conditioning system. The Company's specific request is to: 1) include eligible customer-owned "smart" thermostats and related incentives and service charge, and 2) allow DEC to issue incentive payments in a variety of ways, including, but not limited to, bill credits, checks, and prepaid credit cards.

The application includes estimates of the Program's impacts, costs, and benefits used to calculate the cost-effectiveness of the Program. DEC's calculations indicate that the Program will remain cost-effective under the Total Resource Cost, the Utility Cost, and the Rate Impact Measure tests.

The Public Staff presented this matter at the Commission's Regular Staff Conference on February 5, 2018. The Public Staff stated that the Program has the potential to continue to encourage energy efficiency, appears to continue to be cost effective, will be included in future DEC IRPs, and is in the public interest. Therefore, the Public Staff recommended that the Commission approve the Program modifications.

Based on the foregoing and the entire record in this proceeding, the Commission finds good cause to approve the Program modifications. The Commission further finds and concludes that the appropriate ratemaking treatment for the Program, including program costs, net lost revenues, and performance incentives, should be determined in

DEC's next annual cost recovery rider to be considered pursuant to Commission Rule R8-69.

IT IS, THEREFORE, ORDERED as follows:

1. That the proposed modifications to the Program are hereby approved pursuant to Commission Rule R8-68.

2. That the Commission shall determine the appropriate ratemaking treatment for the Program, including program costs, net lost revenues, and incentives, in DEC's annual cost recovery rider, in accordance with 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.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_ day of February, 2018.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-7, SUB 1141

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application by Duke Energy Carolinas, LLC, for Approval of Smart Energy in Healthcare Pilot Program	) ) )	ORDER TERMINATING PILOT PROGRAM

BY THE COMMISSION: On December 18, 2017, Duke Energy Carolinas, LLC (DEC or the Company), filed a letter seeking approval to terminate its Smart Energy in Healthcare Pilot Program (Pilot), effective December 31, 2017. The Pilot was approved as an energy efficiency (EE) program on July 17, 2017.

The Pilot was designed to increase the EE performance of targeted non-residential customers in the healthcare industry sector of its North Carolina service territory through increased community engagement, which would drive behavioral changes and lead to reduced energy consumption. DEC based its initial estimates of energy savings on the 2014 evaluation, measurement, and verification report associated with the Smart Energy Now (SEN) Program.<sup>2</sup> The Company stated that they incorporated a similar energy savings percentage that was used to develop the evaluation, measurement, and verification (EM&V) of the commercial office sector of the SEN Program.

DEC requested termination of the Pilot due to the initial results of a recent EM&V report for the SEN program that indicated lower than anticipated energy savings.

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<sup>2</sup> DEC filed its EM&V report for the Smart Energy Now Pilot with its application in Docket No. E-7, Sub 1073, as Ham Exhibit B.



The Public Staff presented this matter at the Commission's Regular Staff Conference on February 5, 2018. The Public Staff stated it had reviewed the Company's request, the recent EM&V report for the SEN program, and additional information provided by DEC that indicated that, as of December 18, 2017, the Company had spent approximately \$107,774 in direct program costs. The Public Staff noted that since the Pilot has no participation, there are no lost revenues or utility incentives to address. The Public Staff concluded that, based on its review, it recommended approval of the Company's request to terminate the Pilot.

The Public Staff further recommended that the appropriate recovery of program costs associated with the Pilot be addressed in the Company's 2018 DSM/EE rider proceeding consistent with G.S. 62-133.9, Commission Rule R8-69, and the Company's DSM/EE cost recovery mechanism.

Based on the foregoing and the entire record in this proceeding, the Commission finds good cause to approve DEC's request to terminate the Pilot.

Further, the Commission finds and concludes that the appropriate ratemaking treatment for the Pilot, including program costs, should be determined in DEC's 2018 cost recovery rider approved pursuant to Commission Rule R8-69.

IT IS, THEREFORE, ORDERED as follows:

1. That the Pilot is hereby allowed to be terminated, nunc pro tunc, effective December 31, 2017.
2. That the Commission shall determine the appropriate ratemaking treatment for the Pilot, including program costs, in DEC's cost recovery rider, filed in 2018 in accordance with G.S. 62-133.9 and Commission Rule R8-69.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_\_ day of February, 2018.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-48, SUB 9

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	)	
Application for a Certificate of Public	)	ORDER ISSUING CERTIFICATE
Convenience and Necessity To Install	)	AUTHORIZING INSTALLATION
an 18 MW Diesel Generator Facility to	)	OF PEAK SHAVING
be Owned by North Carolina Eastern	)	GENERATORS
Municipal Power Agency	)	

BY THE COMMISSION: On November 6, 2017, North Carolina Eastern Municipal Power Agency (NCEMPA or Applicant) filed an application for Commission approval of certain determinations of NCEMPA’s Board of Directors pursuant to G.S. 159B-11 and for a certificate of public convenience and necessity, pursuant to G.S. 62-100.1, authorizing NCEMPA to construct up to 18 megawatts (MW) of diesel electric generating capacity to be located near the City of Greenville, North Carolina.

NCEMPA states that the proposed diesel generating project will consist of individual diesel generators, each presently expected to have a nameplate capacity of 2.5 MW or less, and have a combined maximum nameplate capacity of 18 MW.

According to NCEMPA, the purpose of the application is to: (1) request, pursuant to G.S. 159B-11, approval by the Commission of NCEMPA’s determination that its proposed 18 MW diesel electric generating facility (Diesel Generating Project) is required to provide for the projected needs of NCEMPA for power and energy from and after the date of completion of the Diesel Generating Project and for a reasonable period of time thereafter; and (2) obtain a certificate for the Diesel Generating Project. The Applicant stated the Diesel Generating Project will enable NCEMPA to generate its own electricity and provide the same to the customer at the time of the monthly coincident peak with Duke Energy Progress, LLC, (DEP) at the time when the Applicant experiences its highest costs for purchased power. As a result, NCEMPA will reduce purchases of electricity

during peak periods and otherwise enhance its ability to obtain lower wholesale costs, and retail customers will experience lower retail costs.

The Applicant stated that approval of the application is in the public interest as the power costs of its customers will be reduced. Further, the Applicant stated that the generators are financed through available reserve revenues and repaid through the cost savings experienced. The acquisition of the generators does not increase the long-term debt of NCEMPA.

On November 8, 2017, the Commission issued an Order Requiring Publication of Notice.

On December 21, 2017 and January 16, 2018, the State Clearinghouse filed comments. Because of the nature of the comments, the cover letters indicated that no further State Clearinghouse review action by the Commission was required for compliance with the North Carolina Environmental Policy Act.

January 5, 2018, the Applicant filed an affidavit of publication from the Daily Reflector (Greenville, North Carolina) stating that the publication of notice was completed on December 13, 2017. No complaints have been received.

The Public Staff presented this matter to the Commission at its Regular Staff Conference on February 5, 2018. The Public Staff stated that it had reviewed the application, agreed that the certificate is in the public interest as it lowers costs to NCEMPA's customers, and recommended approval of the application, subject to the same restrictions and requirements as previous certificates granted to the Applicant.

After careful consideration, based on the application and the recommendation of the Public Staff, the Commission finds good cause to approve the application and issue the attached certificate for the proposed 18 MWs of diesel electric generating capacity, with each facility having a maximum capacity of 2.5 MW or less and located near the City of Greenville, North Carolina.

IT IS, THEREFORE, ORDERED as follows:

1. That the requested certificate should be, and hereby is, granted as limited and provided in this Order and by Appendix A attached hereto.
2. That Applicant shall annually file with the Commission on each January 1 a Certificate Facilities Report showing the initial installed location of

each generator and any subsequent relocations of the generators. The reporting form is attached as Appendix B.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of February, 2018.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-48, SUB 9

North Carolina Eastern Municipal Power Agency  
1427 Meadow Wood Boulevard,  
Raleigh, North Carolina 27604,

are issued this

**CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY  
PURSUANT TO G.S. 62-110.1**

authorizing construction and operation of a total of 18 MW  
of generating capacity to be built near  
the City of Greenville, North Carolina  
for the purpose of reducing purchases  
of electricity during peak periods and otherwise enhancing  
NCEMPA's ability to provide a reliable and  
economic power supply, each facility with a capacity of 2.5 MW or less  
and subject to the reporting requirements of  
G.S. 62-110.1(f) and all orders, rules,  
regulations and conditions now or hereafter lawfully  
made by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of February, 2018.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-48, SUB 9

North Carolina Eastern Municipal Power Agency  
and its Participants

**ANNUAL REPORT**

<u>CUSTOMER</u>	<u>CITY &amp;</u>	<u>SIZE</u>	<u>INSTALLATION</u>	<u>OPERATION</u>
<u>NAME</u>	<u>ADDRESS</u>	<u>(KW)</u>	<u>DATE</u>	<u>DATE</u>

TOTAL (KW)

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-1075, SUB 12

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by KRJ Utilities Company, )	
Post Office Box 2369, Swansboro, North )	ORDER ESTABLISHING GENERAL
Carolina 28584, for Authority to Increase )	RATE CASE, SUSPENDING RATES,
Rates for Water and Sewer Utility Service )	SCHEDULING HEARINGS, AND
in its Southern Trace and Rockbridge )	REQUIRING CUSTOMER NOTICE
Subdivisions in Wake County, North )	
Carolina	

BY THE COMMISSION: On January 10, 2018, KRJ Utilities Company (KRJ or Applicant) filed an application with the Commission seeking authority to increase its rates for water utility service in Southern Trace Subdivision and water and sewer utility service in Rockbridge Subdivision in Wake, County, North Carolina. KRJ serves approximately 428 metered water customers and 236 flat rate sewer customers. The present rates have been in effect since approved by the Commission for Southern Trace in general rate case Order dated January 14, 2005, in Docket No. W-1075, Sub 4, and for Rockbridge in the Order Granting Certificate of Public Convenience and Necessity and Approving Rates dated November 30, 2006, in Docket No. W-1075, Sub 5. The approved rates for both Southern Trace and Rockbridge were subsequently reduced for the repeal of the gross receipts tax and corporate tax rate reductions.

On January 25, 2018, the Public Staff filed with the Commission a letter pursuant to Commission Rule R1-17(f)(1) notifying KRJ that it was necessary for the Company to file certain specified information in order to complete its general rate increase application. On January 30, 2018, KRJ filed the additional information requested by the Public Staff in compliance with applicable provisions of Commission Rule R1-17(b). The Public Staff stated it had reviewed the information provided by the Applicant and believed the rate increase application to be complete.

The Applicant’s present and proposed rates are as follows:

**Southern Trace Subdivision**

	<u>Present Rates</u>	<u>Proposed Rates</u>
<u>Monthly Metered Water Rates:</u>		
Base charge, zero usage (minimum)	\$19.12	\$ 34.82
Usage charge, per 1,000 gallons	\$ 2.66	\$ 4.84

The Applicant’s proposed rates would increase the average residential monthly water bill from \$32.81 to \$59.72, an 80.02% increase, based on an average monthly usage of 5,145 gallons.

**Rockbridge Subdivision**

	<u>Present Rates</u>	<u>Proposed Rates</u>
<u>Monthly Metered Water Rates:</u>		
Base charge, zero usage	\$14.40	\$ 34.55
Usage charge, per 1,000 gallons	\$ 1.49	\$ 3.57
<u>Monthly Flat Sewer Rates: (Per REU)</u>	\$68.33	\$105.37

The Applicant’s proposed rates would increase the average residential monthly water bill from \$22.07 to \$52.92, a 139.78% increase, based on an average monthly usage of 5,145 gallons and the monthly flat sewer rate from \$68.33 to \$105.37 a 54.21 % increase.

The Commission is of the opinion that KRJ’s rate increase application is complete pursuant to Commission Rule R1-17(b), the application constitutes a general rate case, the proposed new rates should be suspended pending investigation, the matter should be scheduled for hearings, and that customers be notified.

IT IS, THEREFORE, ORDERED as follows:

1. That this proceeding is declared a general rate case pursuant to G.S. 62-137.
2. That the proposed new rates are suspended for up to 270 days pursuant to G.S. 62-134.



3. That the test period is established as the 12-month period ended May 30, 2016, with appropriate adjustments.

4. That the following hearing is scheduled for only customer testimony:

Raleigh, North Carolina: at 7:00 p.m., on Tuesday, May 15, 2018, Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street.

5. That the application is scheduled for evidentiary hearing as follows:

Raleigh, North Carolina: at 9:30 a.m., on Wednesday, June 20, 2018, and will continue as necessary until conclusion, Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street.

6. That the hearing scheduled for May 15, 2018, shall be for the purpose of receiving only customer testimony. The hearing scheduled for June 20, 2018, shall be for the purpose of receiving testimony of the Applicant, the Public Staff, and any other parties of record. Customers who are unable to attend the hearing on May 15, 2018, may testify at the Wednesday, June 20, 2018, hearing.

7. That the Applicant is required to file all direct testimony on which it will rely at hearing on or before May 8, 2018. The Public Staff and intervenors shall prefile testimony on or before May 23, 2018; and the Applicant shall prefile any rebuttal testimony no later than May 31, 2018.

8. All parties wishing to intervene shall petition to do so by May 23, 2018.

9. That the Applicant is required to notify the Public Staff of all updates and supporting data by April 20, 2018. This requirement shall not apply to events that are neither foreseeable or not within the Applicant's control.

10. That an officer or representative of the Applicant is required to appear in person before the Commission at the time and place of the hearing to testify concerning any of the information contained in the application. If the Applicant desires to cross-examine any witnesses at the hearing, the Applicant shall be represented by legal counsel at this hearing.

11. That the Notice to Customers, attached as Appendix A, be mailed with sufficient postage or hand delivered by the Applicant to all customers affected by the proposed new rates; that the Notice to Customers be mailed or hand delivered no later than 14 days after the date of this Order; and that the Applicant submit to the Commission

the attached Certificate of Service properly signed and notarized not later 30 days after the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of February, 2018.

NORTH CAROLINA UTILITIES COMMISSION

(SEAL)

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**NOTICE TO CUSTOMERS  
DOCKET NO. W-1075, SUB 12  
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

Notice is given that KRJ Utilities Company, Post Office Box 2369, Swansboro, North Carolina 28584, filed an application with the North Carolina Utilities Commission on January 10, 2018, for authority to increase its rates for water utility service in Southern Trace Subdivision and water and sewer utility service in Rockbridge Subdivision in Wake, County, North Carolina. The present rates have been in effect since December 7, 2016 and October 13, 2015, respectively.

The Applicant's present and proposed rates are as follows:

**Southern Trace Subdivision**

	<u>Present Rates</u>	<u>Proposed Rates</u>
<u>Monthly Metered Water Rates:</u>		
Base charge, zero usage (minimum)	\$19.12	\$ 34.82
Usage charge, per 1,000 gallons	\$ 2.66	\$ 4.84
Average monthly bill (Based on an average usage of 5,145 gallons)	\$32.81	\$ 59.72

**Rockbridge Subdivision**

	<u>Present Rates</u>	<u>Proposed Rates</u>
<u>Monthly Metered Water Rates:</u>		
Base charge, zero usage	\$14.40	\$ 34.55
Usage charge, per 1,000 gallons	\$ 1.49	\$ 3.57
Average monthly bill (Based on an average usage of 5,145 gallons)	\$22.07	\$ 52.92
<u>Monthly Flat Sewer Rates: (Per REU)</u>	\$68.33	\$105.37

The Commission may consider additional or alternative rate design proposals which were not included in the original application and may order increases or decreases in the rates which differ from those proposed by the Applicant. However, any rate structure

considered will not generate more overall revenues than requested.

### EFFECT OF RATES

The proposed rates in **Southern Trace Subdivision** would increase the average residential monthly water bill from \$32.81 to \$59.72, an 80.02% increase, based on an average monthly usage of 5,145 gallons.

The proposed rates in **Rockbridge Subdivision** would increase the average residential monthly water bill from \$22.07 to \$52.92, a 139.78% increase, based on an average monthly usage of 5,145 gallons and the monthly flat sewer rate from \$68.33 to \$105.37 a 54.21 % increase.

### PUBLIC HEARING

The Commission has scheduled the application for public hearings as follows:

Raleigh, North Carolina: at 7:00 p.m., on Tuesday May 15, 2018, in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street.

Raleigh, North Carolina: at 9:30 a.m., on Wednesday, June 20, 2018, and will continue as necessary until conclusion, Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street.

That the hearing scheduled for May 15, 2018, shall be for the purpose of receiving only customer testimony. The hearing scheduled for June 20, 2018, shall be for the purpose of receiving testimony of the Applicant, the Public Staff, and any other parties of record. Customers who are unable to attend the hearing on May 15, 2018, may testify at the hearing on Wednesday, June 20, 2018. Correspondence concerning the proposed rate increase, service problems, or the public hearing should be directed to the Public Staff.

The Public Staff is authorized by statute to represent consumers in proceedings before the Commission. Written statements to the Public Staff should include the name of the customer, subdivision, contact information, and any information that the writer wishes to be considered by the Public Staff in its investigation of the matter, and these statements should be addressed to Mr. Christopher J. Ayers, Executive Director, Public Staff, 4326 Mail Service Center, Raleigh, North Carolina 27699-4326. Written statements can also be faxed to (919) 715-6704 or e-mailed to gina.casselberry@psncuc.nc.gov.

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

Written statements are not evidence unless those persons submitting the statements appear at a public hearing and testify concerning the information contained in their written statements.

Persons desiring to present testimony concerning their opinion on this application, or any service problems they may be experiencing, may appear at this public hearing and give such testimony.

Persons desiring to intervene in the matter as formal parties of record should file a motion under North Carolina Utilities Commission Rules R1-6, R1-7, and R1-19 no later than May 23, 2018. Any such motion should be filed with the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4325.

The details of the proposed new rates have been filed with the North Carolina Utilities Commission. A copy of the application and all filings in this matter are available for review by the public at the Office of the Chief Clerk, 430 North Salisbury Street, Raleigh, North Carolina. Information regarding this proceeding can also be accessed from the Commission's website at [www.ncuc.net](http://www.ncuc.net) under the docket number of this proceeding.

This the \_\_\_\_ day of February, 2018.

NORTH CAROLINA UTILITIES COMMISSION

(SEAL)

M. Lynn Jarvis, Chief Clerk

**CERTIFICATE OF SERVICE**

I, \_\_\_\_\_, mailed with sufficient postage or hand delivered to all affected customers the attached Order Establishing General Rate Case, Suspending Rates, Scheduling Hearings, and Requiring Customer Notice issued by the North Carolina Utilities Commission in Docket No. W-1075, Sub 12, by the date specified in the Order.

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

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

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

The above named Applicant, \_\_\_\_\_, personally appeared before me this day and, being first duly sworn, says that the Order Establishing General Rate Case, Suspending Rates, Scheduling Hearings and Requiring Customer Notice was mailed or hand delivered to all affected customers, as required by the Commission Order dated \_\_\_\_\_ in Docket No. W-1075, Sub 12.

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

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

\_\_\_\_\_  
Address

(SEAL) My Commission Expires: \_\_\_\_\_  
Date