

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**STAFF CONFERENCE AGENDA
February 17, 2020**

COMMISSION STAFF

NO AGENDA ITEMS

PUBLIC STAFF

D. ELECTRIC

- P1. APPLICATION FOR AMENDED CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT SOLAR FACILITY
- P2. DOCKET NO. E-34, SUB 50 – NEW RIVER LIGHT AND POWER COMPANY – REQUEST FOR APPROVAL OF PURCHASED POWER ADJUSTMENT AND COAL ASH COST RECOVERY FACTORS Exhibit No. P-1.
- P3. DOCKET NO. E-35, SUB 50 – WESTERN CAROLINA UNIVERSITY – APPLICATION FOR AUTHORITY TO RECOVER PURCHASED POWER EXPENSE Exhibit No. P-2.

E. WATER

- P1 DOCKET NO. W-1305, SUB 12 – PLURIS HAMPSTEAD, LLC – APPLICATION FOR A RATE INCREASE EXHIBIT NO. P-3.

TO: Agenda – Commission Conference – February 17, 2020

FROM: PUBLIC STAFF – North Carolina Utilities Commission

D. ELECTRIC

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

EXPLANATION: The following application seeking an amended certificate of public convenience and necessity pursuant to N.C. Gen. Stat. § 62-110.1 for construction of a solar photovoltaic electric generating facility was filed pursuant to Commission Rule R8-64.

Duke Energy Progress, LLC:

- Docket No. SP-8616, Sub 0 – Application of 1073 Onslow Solar, LLC, for an amended Certificate of Public Convenience and Necessity to Construct a 4.99-MW Solar Photovoltaic Facility in Onslow 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. Gen. Stat. § 62-110.1 and Commission Rule R8-64.

The project associated with the application is not a CPRE Program participant.

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

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P2. DOCKET NO. E-34, SUB 50 – NEW RIVER LIGHT AND POWER COMPANY – REQUEST FOR APPROVAL OF PURCHASED POWER ADJUSTMENT AND COAL ASH COST RECOVERY FACTORS

EXPLANATION: On November 6, 2019, pursuant to the Commission's *Order Approving Rate Increase and Annual Procedure* issued on December 22, 2010, in Docket No. E-34, Sub 38, its *Order Accepting Stipulation and Granting Increase in Rates* issued March 29, 2018, in Docket No. E-34, Sub 46, and its *Order Granting Extension of Time and Permanent Change in Effective Date of Purchased Power Adjustments* issued January 23, 2019, in Docket No. E-34, Sub 48 (the Sub 48 Order), New River Light and Power Company (NRLP or the Company) filed a request for an adjustment to its rates and charges for purchased power (the Purchased Power Adjustment or PPA). In its initial filing, NRLP presented a preliminary PPA factor of (\$0.009490) per kilowatt-hour (kWh), excluding the North Carolina regulatory fee, or (\$0.009503) per kWh, including the regulatory fee. The Company stated that this rate was the preliminary calculation of the PPA factor to be included in rates effective March 1, 2020. The preliminary PPA factor contained elements of the Company's proposed recovery of coal ash costs, as first approved by the Commission in Sub 46 and in subsequent annual PPA/coal ash cost recovery (CACR) rider proceedings.

On February 11, 2020, NRLP filed its final proposed PPA factor, including an experience modification factor (EMF) based on total actual purchased power revenues and costs for the period January through December 2019. The PPA factor requested in this filing is a decrement totaling (\$0.003179) per kWh (excluding the regulatory fee), consisting of two elements: 1) estimated decremental purchased power costs for the period March 2020 through February 2021 of (\$0.001891) per kWh, and 2) an EMF decrement (including interest) of (\$0.001288) per kWh. NRLP states that when calculated to include the regulatory fee, the PPA factor totals (\$0.003183) per kWh, which results in an increase in total purchased power rates of \$ 0.006834 per kWh above the PPA factor approved in Sub 48.

As part of its February 11, 2020, filing, NRLP is also requesting approval of a CACR factor of \$0.003337 per kWh (excluding the regulatory fee). When the regulatory fee is included, the proposed CACR factor is \$0.003341 per kWh, a (\$0.000450) per kWh decrease below the CACR factor currently in effect. NRLP has determined the factor by calculating (1) the sum of its actual uncollected coal ash costs through December 2019; (2) expected coal ash costs from January 2020 through December 2021; and (3) interest on the estimated cumulative uncollected balances throughout the period and then using these amounts to determine the estimated CACR factor that will reduce the uncollected balance to zero by February 28, 2022. This estimate, with any appropriate interest calculated, will be subject to adjustment in future NRLP PPA/CACR rider proceedings. The CACR factor includes estimated accrued interest on the accumulated unrecovered coal ash costs at the FERC interest rate calculated as set forth in Section 35.19a of the FERC Regulations and published quarterly.

In its February 11, 2020, filing, NRLP proposes to revise all of its retail rate schedules as approved in Sub 46, including its outdoor lighting schedules, to incorporate the (\$0.003183) per kWh PPA factor and the \$0.003341 per kWh CACR factor. The Company states that the combined proposed factors, if approved by the Commission, will increase typical monthly bills for its customers from the typical bills resulting from the rates approved in Sub 48 by a range of 6.6% (for residential customers) to 12.1% (for Appalachian State University).

The Public Staff has reviewed NRLP's calculations for the PPA and CACR factors, and has determined that the proposed factors have been calculated accurately and in a reasonable manner, given the projections of purchased power and coal ash costs, and are consistent with previous NRLP PPA and CACR factor requests approved by the Commission, as well as the stipulation between NRLP and the Public Staff approved by the Commission in Sub 46. The Public Staff has determined that the factors have been appropriately calculated to take account of the effective date of the rates of March 1, 2019, in Sub 48, and March 1, 2020, in this proceeding. Based on its review, the Public Staff recommends approval of the PPA and CACR factors. Consistent with the Sub 48 Order, the new factors should become effective for service rendered on or after March 1, 2020.

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

RECOMMENDATION: (Li/Saillor/Culpepper) That the Commission issue the proposed order approving NRLP's proposed PPA and CACR riders without public hearing, subject to refund of any amounts that should subsequently be found unjust or unreasonable after a public hearing, to be effective for service rendered on or after March 1, 2020.

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P3. DOCKET NO. E-35, SUB 50 – WESTERN CAROLINA UNIVERSITY – APPLICATION FOR AUTHORITY TO RECOVER PURCHASED POWER EXPENSE

EXPLANATION: On December 3, 2019, in compliance with Commission orders in Docket No. E-35, Subs 17, 19, and 40, Western Carolina University (WCU) filed an application for a change in its Schedule CP Purchased Power Cost Rider (Rider) to be effective for the twelve monthly billings beginning with the bills rendered in February 2020. This filing included actual purchased power cost and recovery information only for the period January 2019 through October 2019. The purchased power cost to be recovered through the Rider contained elements of WCU's proposed recovery of coal ash costs, as approved by the Commission in Docket No. E-35, Sub 48 (Sub 48).

On February 10, 2020, WCU filed its final rates for the Rider that incorporated actual purchased power and coal ash costs and revenues through December 2019.

The net PPA factor (including coal ash cost components) requested by WCU for use in Schedule CP is a decrement of \$(0.00231) per kWh. This proposed factor would replace the currently expiring factor of \$(0.00474) and would increase a typical monthly bill for a residential customer by 2.3% for 1,000 kWh of usage. The requested factor is made up of three elements. The first is an increment of \$0.00074 per kWh to recover estimated purchased power costs for the period February 2020 through January 2021. The second element is an EMF decrement of \$(0.00275) per kWh to refund purchased power costs overcollected during the period January 2019 through December 2019. The EMF decrement includes an embedded decrement to reflect the January 2019 overcollection of the EMF increment approved in Sub 48, due to the permanent one-month change in the effective date of the annual PPA approved by Commission order in Docket No. E-35, Sub 49. The third element is an EMF interest decrement of \$(0.00030) per kWh calculated in conjunction with the overcollection of purchased power and coal ash costs. The Public Staff has reviewed the calculations and documentation supporting these components and found them to be accurate.

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

RECOMMENDATION: (Saillor/Li/Little) That the Commission approve the Schedule CP Purchased Power Cost Rider decrement of \$(0.00231) per kWh for WCU, effective for the twelve monthly bills rendered on and after February 17, 2020, and before February 1, 2021. The approval of this Rider should be without prejudice to the right of any party to take issue with it in a general rate case.

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E. WATER

P1 DOCKET NO. W-1305, SUB 12 – PLURIS HAMPSTEAD, LLC – APPLICATION FOR A RATE INCREASE

EXPLANATION: On January 23, 2020, Pluris Hampstead, LLC (Pluris), filed an application with the Commission seeking authority to increase its rates for providing sewer utility service in all of its service areas in Pender County, North Carolina. Pluris serves approximately 524 flat-rate residential and 58 metered commercial sewer customers in Pender County, North Carolina.

Pluris is proposing to increase the monthly flat-rate for residential customers from \$63.95 to \$84.42 and to change the monthly base rate for commercial customers from \$25.24 for all meter sizes to a monthly rate based on the size of the meter.

In addition, Pluris is proposing to increase the commercial customers' commodity charge per 1,000 gallons from \$9.68 to \$16.50.

The Public Staff recommends that an order be issued establishing a general rate case and suspending rates. An order scheduling public hearings and requiring customer notice will be brought before the Commission at a later date.

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

RECOMMENDATION: (Casselberry/Li/Creech) That the Commission issue the proposed order establishing a general rate case and suspending rates.

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-34, SUB 50

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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|--|--|
| In the Matter of | |
| Application by New River Light & Power Company for Approval of Purchased Power Adjustment and Coal Ash Cost Recovery Factors |) ORDER APPROVING PURCHASED POWER ADJUSTMENT AND COAL ASH COST RECOVERY FACTOR |
| |) |

BY THE COMMISSION: On November 6, 2019, pursuant to the Commission's *Order Approving Rate Increase and Annual Procedure* issued on December 22, 2010, in Docket No. E-34, Sub 38, its *Order Accepting Stipulation and Granting Increase in Rates* issued March 29, 2018, in Docket No. E-34, Sub 46, and its *Order Granting Extension of Time and Permanent Change in Effective Date of Purchased Power Adjustments* issued January 23, 2019, in Docket No. E-34, Sub 48 (the Sub 48 Order), New River Light and Power Company (NRLP or the Company) filed a request for an adjustment to its rates and charges for purchased power (the Purchased Power Adjustment or PPA). In its initial filing, NRLP presented a preliminary PPA factor of (\$0.009490) per kilowatt-hour (kWh), excluding the North Carolina regulatory fee, or (\$0.009503) per kWh, including the regulatory fee. The Company stated that this rate was the preliminary calculation of the PPA factor to be included in rates effective March 1, 2020. The preliminary PPA factor contained elements of the Company's proposed recovery of coal ash costs, as first approved by the Commission in Sub 46 and in subsequent annual PPA/coal ash cost recovery (CACR) rider proceedings.

On February 11, 2020, NRLP filed its final proposed PPA factor, including an experience modification factor (EMF) based on total actual purchased power revenues and costs for the period of January through December 2019. The PPA factor requested in this filing is a decrement totaling (\$0.003179) per kWh (excluding the regulatory fee), consisting of two elements: 1) estimated decremental purchased power costs for the period March 2020 through February 2021 of (\$0.001891) per kWh, and 2) an EMF decrement (including interest) of (\$0.001288) per kWh. NRLP states that when calculated to include the regulatory fee, the PPA factor totals (\$0.003183) per kWh, which results in an increase in total purchased power rates of \$ 0.006834 per kWh above the PPA factor approved in Sub 48.

As part of its February 11, 2020 filing, NRLP is also requesting approval of a CACR factor of \$0.003337 per kWh (excluding the regulatory fee). When the regulatory fee is included, the proposed CACR factor is \$0.003341 per kWh, a (\$0.000450) per kWh decrease below the CACR factor currently in effect. NRLP has determined the factor by calculating (1) the sum of its actual uncollected coal ash costs through December 2019, (2) expected coal ash costs from January 2020 through December 2021, and (3) interest on the estimated cumulative uncollected balances throughout the period, and then using these amounts to determine the estimated CACR factor that will reduce the uncollected balance to zero by February 28, 2022. This estimate, with any appropriate interest calculated, will be subject to adjustment in future NRLP PPA/CACR rider proceedings. The CACR factor includes estimated accrued interest on the accumulated unrecovered coal ash costs at the FERC interest rate calculated as set forth in Section 35.19a of the FERC Regulations and published quarterly.

In its February 11, 2020 filing, NRLP proposes to revise all of its retail rate schedules as approved in Sub 46, including its outdoor lighting schedules, to incorporate the (\$0.003183) per kWh PPA factor and the \$0.003341 per kWh CACR factor. The Company states that the combined proposed factors, if approved by the Commission, will increase typical monthly bills for its customers from the typical bills resulting from the rates approved in Sub 48 by a range of 6.6% (for residential customers) to 12.1% (for Appalachian State University).

The Public Staff presented this matter at the Commission's regular Staff Conference on February 17, 2020, stating that it had reviewed NRLP's calculations for the PPA and CACR factors, and determined that the proposed factors have been calculated accurately and in a reasonable manner, given the projections of purchased power and coal ash costs, and are consistent with previous NRLP PPA and CACR factor requests approved by the Commission, as well as the stipulation between NRLP and the Public Staff approved by the Commission in Sub 46. The Public Staff stated that it had also determined that the factors have been appropriately calculated to take account of the effective date of the rates of March 1, 2019, in Sub 48, and March 1, 2020, in this proceeding. Based on its review, the Public Staff recommended approval of the PPA and CACR factors. The Public Staff also recommended that, consistent with the Sub 48 Order, the new factors should become effective for service rendered on or after March 1, 2020.

Based on the foregoing, the Commission concludes that the proposed PPA and CACR factors should be approved without a public hearing, subject to a refund of any amounts subsequently found to be unjust or unreasonable upon protest and hearing, and subject to the requirements set forth in the Ordering Paragraphs below.

IT IS, THEREFORE, ORDERED as follows:

1. That, effective with service rendered on and after March 1, 2020, NRLP is authorized to adjust its base rates to reflect a PPA factor of (\$0.003179) per kWh (excluding the regulatory fee) and (\$0.003183) per kWh (including the regulatory fee), resulting in an increase of \$0.006834 per kWh in the PPA factor;

2. That, effective with service rendered on and after March 1, 2020, NRLP is authorized to implement the CACR factor of \$0.003337 per kWh (excluding the regulatory fee) and \$0.003341 per kWh (including the regulatory fee), resulting in a decrease of (\$0.000450) per kWh in the CACR factor;

3. That the rates authorized by this Order are subject to the refund of any amounts which may subsequently be found unjust and unreasonable after a public hearing;

4. That NRLP shall file copies of its approved rates, as modified herein, within 10 days of the date of this Order;

5. That the Notice to the Public attached as Appendix A be mailed by separate mail or bill insert by NRLP to all its customers and that said Notice to be mailed not later than 7 days after the date of this Order; and

6. That the Notice to the Public be published by NRLP at its own expense in newspapers having general coverage in its North Carolina service area once a week for two consecutive weeks, the first Notice appearing not later than seven days following the date of this Order, and said Notice covering no less than one-quarter of a page.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of February, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

NOTICE TO THE PUBLIC

**DOCKET NO. E-34, SUB 50
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

Notice is hereby given that New River Light and Power Company (NRLP or the Company) has requested the North Carolina Utilities Commission (Commission) to approve an adjustments to its purchased power adjustment (PPA) factor, and the coal ash cost recovery (CACR) factor, for service rendered on and after March 1, 2020, to pass through to its customers the cost of purchased power and coal ash cleanup costs from its wholesale power supplier, Blue Ridge Electric Membership Corporation (BREMCO).

The amount of the increase to NRLP’s customers resulting from the combined new PPA and CACR factors will be approximately \$1,326,656 per year. The increase will be applied to NRLP’s customers as uniform increases to the kilowatt-hour (kWh) energy charge. The increment in revenue produced by the increase will be the same as the increase in the combined cost of purchased power and coal ash cleanup from BREMCO, adjusted for the effects of the utility regulatory fee. The proposed increase of \$0.006834 per kWh (PPA) and the proposed decrease of \$0.000450 per kWh (CACR) will result in an increase in the monthly bill of a residential customer using 1,000 kWh from \$96.40 to \$102.78. The approximate percentage increases in customers’ bills, by rate schedule, are as follows (actual percentages may differ depending on specific customers’ usage amounts):

| | |
|--|-------|
| Residential | 6.6% |
| Schedule G (Commercial) | 6.9% |
| Schedule GL (Large Commercial) | 9.7% |
| Schedule GLH (Commercial Demand High Load Factor) | 9.8% |
| Schedule A (App. State Univ.) | 12.1% |

The Commission has concluded that the PPA and CACR factors requested by NRLP are reasonable, in that they are based solely on the level of purchased power and coal ash cleanup expenses that have been incurred and are expected to be incurred by the Company.

Therefore, the Commission has approved NRLP's requests without a public hearing, subject to a refund of any amounts which should subsequently be found to be unjust or unreasonable after any public hearing in this matter that may subsequently be held by the Commission, as described below.

Persons desiring to intervene in this matter as formal parties of record should file a motion under Commission Rules R1-6, R1-7, and R1-19 not later than 45 days after the date of this notice. Persons desiring to present testimony or evidence at a hearing should so advise the Commission. Persons desiring to send written statements to inform the Commission of their position in the matter should address their statements to the Chief Clerk, North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300. However, such written statements cannot be considered competent evidence unless those persons appear at a public hearing and testify concerning the information contained in their written statements. If a significant number of requests for a public hearing are received within 45 days after the date of this notice, the Commission may schedule a public hearing.

The Public Staff – North Carolina Utilities Commission is authorized by statute to represent the using and consuming public in proceedings before the Commission. Written statements to the Public Staff should include any information which the writer wishes to be considered by the Public Staff in its investigation of the matter, and such statements should be addressed to Christopher J. Ayers, Executive Director, Public Staff, 4326 Mail Service Center, Raleigh, North Carolina 27699-4300.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of February, 2020.

NORTH CAROLINA UTILITIES COMMISSION

(SEAL)

Kimberley A. Campbell, Chief Clerk

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be approved effective for the twelve monthly bills rendered on and after February 17, 2020, and before February 1, 2021. In support of this recommendation, the Public Staff stated that it has reviewed the calculations and documentation supporting the Rider requested by WCU and found them to be accurate. The Public Staff further stated that the approval of this Rider should be without prejudice to the right of any party to take issue with it in a general rate case.

After careful review of WCU's proposal and upon the recommendation of the Public Staff, the Commission concludes that the adjustment factor decrement of \$(0.00231) per kWh proposed by WCU should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That WCU's Purchased Power Cost Rider, Schedule CP, attached to this order as Appendix A, is allowed to become effective for the twelve monthly bills rendered on and after February 17, 2020, and before February 1, 2021;
2. That the Purchased Power Cost Rider is approved without prejudice to the right of any party to take issue with the Rider in a general rate case;
3. That WCU shall give appropriate notice to its retail customers for the Purchased Power Cost Rider by bill insert in the bills issued in February 2020. A copy of this notice shall be filed with the Chief Clerk of the North Carolina Utilities Commission within five working days of the date of this Order; and
4. That WCU shall file appropriate rate schedules and riders with the Commission in order to implement the approved purchased power adjustment no later than ten working days from the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of February, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

APPENDIX A

WESTERN CAROLINA UNIVERSITY
DOCKET NO. E-35, SUB 50

SCHEDULE "CP"
PURCHASED POWER COST RIDER

Each customer's twelve monthly bills rendered on and after February 17, 2020, for each month between February 17, 2020, and February 1, 2021, shall be adjusted by a decremental charge of \$(0.00231) per kWh as determined to be appropriate by the North Carolina Utilities Commission.

This rate is determined as follows:

| | <u>\$/kWh</u> |
|--|--------------------|
| Factor for estimated purchased power costs for the period February 2020 through January 2021 | \$0.00074 |
| Experience Modification Factor to reflect actual results for the period January 2019 through December 2019 | (\$0.00275) |
| Experience Modification Factor Interest to reflect the over-collection of expenses for the period January 2019 through December 2019 | <u>(\$0.00030)</u> |
| TOTAL RATE | (\$0.00231) |

Effective for bills rendered on and after February 17, 2020, and before February 1, 2021.

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1305, SUB 12

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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| In the Matter of | | |
| Application by Pluris Hampstead, LLC, |) | |
| 5950 Berkshire Lane, Suite 800, Dallas, |) | ORDER ESTABLISHING |
| Texas, 75225 for Authority to Adjust and |) | GENERAL RATE CASE AND |
| Increase Rates for Sewer Utility Service in |) | SUSPENDING RATES |
| All Service Areas in Pender County, North |) | |
| Carolina |) | |

BY THE COMMISSION: On January 23, 2020, Pluris Hampstead, LLC (Pluris), filed an application with the Commission seeking authority to increase its rates for providing sewer utility service in all of its service areas in Pender County, North Carolina. Pluris serves approximately 524 residential flat-rate sewer customers and 58 metered commercial sewer customers in Pender County, North Carolina.

Pluris is proposing to increase the monthly flat-rate for residential customers from \$63.95 to \$84.42 and to change the monthly base rate for commercial customers from \$25.24 for all meter sizes to a monthly base rate based on the size of the meter.

In addition, Pluris is proposing to increase the commercial customers' commodity charge per 1,000 gallons from \$9.68 to \$16.50.

The Commission is of the opinion that the application constitutes a general rate case and that the proposed new rates should be suspended pending investigation.

IT IS, THEREFORE, ORDERED as follows:

1. That this proceeding is declared a general rate case pursuant to N.C. Gen. Stat. § 62-137;
2. That the proposed new rates are suspended for up to 270 days pursuant to N.C. Gen. Stat. § 62-134; and
3. That the test year period is established as the twelve-month period ending September 30, 2019.

4. That an order scheduling hearings and requiring customer notice shall be issued by the Commission at a later date.

ISSUED BY ORDER OF THE COMMISSION.

This the ___ day of February, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberly A. Campbell, Chief Clerk

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