

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**STAFF CONFERENCE AGENDA  
OCTOBER 15, 2018**

**COMMISSION STAFF**

NO AGENDA ITEMS

**PUBLIC STAFF**

**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-5754, Sub 0 – Application of Ruff Solar, LLC, for an amended Certificate of Public Convenience and Necessity to Construct a 45.5-MW Solar Photovoltaic Facility in Rutherford County, North Carolina (registration statement issued previously)
- Docket No. SP-8774, Sub 0 – Application of Aquadale Solar, LLC, for an amended Certificate of Public Convenience and Necessity to Construct a 50-MW Solar Photovoltaic Facility in Rutherford County, North Carolina (registration statement issued previously)
- Docket No. SP-11726, Sub 0 – Application of China Grove Solar, LLC, for a Certificate of Public Convenience and Necessity to Construct a 65-MW Solar Photovoltaic Facility in Rowan County, North Carolina (no registration statement)
- Docket No. SP-11727, Sub 0 – Application of Two Hearted Solar, LLC, for a Certificate of Public Convenience and Necessity to Construct a 22-MW Solar Photovoltaic Facility in Yadkin County, North Carolina (no registration statement)

- Docket No. SP-11809, Sub 0 – Application of Williamsburg Solar, LLC, for a Certificate of Public Convenience and Necessity to Construct a 80-MW Solar Photovoltaic Facility in Rockingham County, North Carolina

- Docket No. SP-12976, Sub 0 – Application of Begonia Solar Farm, LLC, for a Certificate of Public Convenience and Necessity to Construct a 10.9-MW Solar Photovoltaic Facility in Cabarrus County, North Carolina

Duke Energy Progress:

- Docket No. SP-11956, Sub 0 – Application of Uzzell Solar, LLC, for a Certificate of Public Convenience and Necessity to Construct a 80-MW Solar Photovoltaic Facility in Person County, North Carolina (no registration statement)
- Docket No. SP-12900, Sub 0 – Application of Mila Solar, LLC, for a Certificate of Public Convenience and Necessity to Construct a 5-MW Solar Photovoltaic Facility in Person County, North Carolina (no registration statement)

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.

Unless otherwise indicated above, the applicants also filed registration statements for new renewable energy facilities pursuant to Commission Rule R8-66(b). The registration statements included certified attestations that: (1) the facility is in substantial compliance with all federal and state laws, regulations, and rules for the protection of the environment and conservation of natural resources; (2) the facility will be operated as a new renewable energy facility; (3) the applicant will not remarket or otherwise resell any renewable energy certificates sold to an electric power supplier to comply with N.C. Gen. Stat. § 62-110.1; and (4) the applicant will consent to the auditing of books and records by the Public Staff insofar as those records relate to transactions with North Carolina electric power suppliers.

**RECOMMENDATION:** (Lawrence/Metz/Thomas) 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-22, SUB 507 – DOMINION ENERGY NORTH CAROLINA–  
APPLICATION FOR APPROVAL OF NORTH CAROLINA-ONLY NON-  
RESIDENTIAL HEATING AND COOLING EFFICIENCY PROGRAM

EXPLANATION: On August 16, 2018, Virginia Electric and Power Company d/b/a Dominion Energy North Carolina (DENC or the Company), filed an application seeking approval of its North Carolina-only Non-Residential Heating and Cooling Efficiency Program (Program) as a new energy efficiency (EE) program under N. C. Gen. Stat. § 62-133.9 and Commission Rule R8-68.

The Program is a continuation of the current system-wide program that was approved October 27, 2014. No changes to the incentives or incentive structure are proposed.

The Company states that the system-wide program is set to expire in Virginia pursuant to an order issued by the State Corporation Commission of Virginia (VSCC)<sup>1</sup>. The Company stated that it does not plan to seek an extension of the system-wide program in Virginia, but will file a new program in October 2018, that will include new non-residential heating and cooling measures. If approved by the VSCC, the Company would also seek approval of the program in North Carolina.

DENC evaluated the Program and determined that the Program can continue to be cost-effectively offered on a North Carolina-only basis. DENC would operate the Program on a North Carolina-only basis, and 100% of the benefits and costs of the Program would flow to North Carolina.

The application includes estimates of the Program's impacts, costs, and benefits used to calculate the cost-effectiveness of the Program. DENC's calculations indicate that the Program will be cost-effective under the Total Resource Cost, the Utility Cost, and the Participant tests, but not under the Rate Impact Measure test.

On October 4, 2018, DENC filed revisions to certain pages and tables in the application. The Company stated that the revisions were needed to correct the benefits and costs associated with the Program, and to more appropriately align the application with the assumptions used the Company's 2018 Integrated Resource Plan.

The Public Staff has reviewed the application and believes it contains the information required by Commission Rule R8-68(c) and is consistent with N. C. Gen. Stat. § 62-133.9, R8-68(c), and the Cost Recovery and Incentive Mechanism for Demand-Side Management and Energy Efficiency Programs, approved by Order dated May 22, 2017, in Docket No. E-22, Sub 464. The Public Staff also believes that DENC's estimates of program costs, net lost revenue, and performance incentive appear to be consistent with the requirements of the Mechanism.

Based on our review, the Public Staff has concluded that the Program has the potential to encourage EE, is consistent with DENC's integrated resource plan, and is in the public

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<sup>1</sup> Order dated April 29, 2014 in Docket No. PUE-2013-00072.

interest. The Public Staff recommends that the Commission approve the Program, and determine the appropriate recovery of program costs, net lost revenues, and performance incentives associated with the Program in the annual DSM/EE rider proceeding consistent with N. C. Gen. Stat. § 62-133.9, Commission Rule R8-69, and the current DSM/EE cost recovery mechanism.

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

RECOMMENDATION: (Floyd) That the Commission issue the proposed order approving DENC's proposed North Carolina-only Non-Residential Heating and Cooling Efficiency Program as filed.

P3. DOCKET NO. E-22, SUB 508 – DOMINION ENERGY NORTH CAROLINA–  
APPLICATION FOR APPROVAL OF NORTH CAROLINA-ONLY NON-  
RESIDENTIAL LIGHTING SYSTEMS AND CONTROLS PROGRAM

EXPLANATION: On August 16, 2018, Virginia Electric and Power Company d/b/a Dominion Energy North Carolina (DENC or the Company), filed an application seeking approval of its North Carolina-only Non-Residential Lighting Systems and Controls Program (Program) as a new energy efficiency (EE) program under N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68.

The Program is a continuation of the current system-wide program that was approved October 27, 2014. No changes to the incentives or incentive structure are proposed.

The Company states that the system-wide program is set to expire in Virginia pursuant to an order issued by the State Corporation Commission of Virginia (VSCC)<sup>1</sup>. The Company stated that it does not plan to seek extension of the system-wide program in Virginia, but will file a new program in October 2018, that will include new non-residential lighting measures. If approved by the VSCC, the Company would also seek approval of the program in North Carolina.

DENC evaluated the Program and determined that the Program can continue to be cost-effectively offered on a North Carolina-only basis. DENC would operate the Program on a North Carolina-only basis, and 100% of the benefits and costs of the Program would flow to North Carolina.

The application includes estimates of the Program's impacts, costs, and benefits used to calculate the cost-effectiveness of the Program. DENC's calculations indicate that the Program will be cost-effective under the Total Resource Cost, the Utility Cost, and the Participant tests, but not under the Rate Impact Measure test.

On October 4, 2018, DENC filed revisions to certain pages and tables in the application. The Company stated that the revisions were needed to correct the benefits and costs associated with the Program, and to more appropriately align the application with the assumptions used the Company's 2018 Integrated Resource Plan.

The Public Staff has reviewed the application and believes it contains the information required by Commission Rule R8-68(c) and is consistent with N.C. Gen. Stat. § 62-133.9, R8-68(c), and the Cost Recovery and Incentive Mechanism for Demand-Side Management and Energy Efficiency Programs, approved by Order dated May 22, 2017, in Docket No. E-22, Sub 464. The Public Staff also believes that DENC's estimates of program costs, net lost revenue, and performance incentive appear to be consistent with the requirements of the Mechanism.

Based on our review, the Public Staff has concluded that the Program has the potential to encourage EE, is consistent with DENC's integrated resource plan, and is in the public

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<sup>1</sup> Order dated April 29, 2014 in Docket No. PUE-2013-00072.

interest. The Public Staff recommends that the Commission approve the Program, and determine the appropriate recovery of program costs, net lost revenues, and performance incentives associated with the Program in the annual DSM/EE rider proceeding consistent with N.C. Gen. Stat. § 62-133.9, Commission Rule R8-69, and the current DSM/EE cost recovery mechanism.

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

RECOMMENDATION: (Floyd) That the Commission issue the proposed order approving DENC's proposed North Carolina-only Non-Residential Lighting Systems and Controls Program as filed.

P4. DOCKET NO. E-22, SUB 509 – DOMINION ENERGY NORTH CAROLINA–  
MOTION TO CLOSE NON-RESIDENTIAL WINDOW FILM PROGRAM

EXPLANATION: On August 16, 2018, Virginia Electric and Power Company (VEPCO), operating in North Carolina as Dominion Energy North Carolina (DENC), filed a motion to close its Non-Residential Window Film Program (Program), originally approved by the Commission on October 27, 2014, as an energy efficiency (EE) program under N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68.

The Company stated that it is not planning to seek an extension of the Program, but instead plans to replace it with a new program that is currently under development. DENC will request Commission approval for the new program after approval of the program in Virginia. VEPCO plans to file for approval from the State Corporation Commission of Virginia (VSCC) for this new program in October 2018, with an anticipated approval by June of 2019.

The Company stated that its EE program portfolio is designed to be managed and operated on a consolidated, system-wide basis in both North Carolina and Virginia jurisdictions in order to minimize program costs and optimize deployment.

The Company further stated that it is not seeking approval of the Program on a North Carolina-only basis due to the lack of participation and savings from the Program. Since initial program approval, only one customer in North Carolina has participated.

The Non-Residential Window Film program was initially offered on a system wide basis for a period of five years as required by the VSCC. As with other system wide EE programs, the VSCC has limited approval of EE programs to a spending cap or a certain amount of time, whichever occurs first.

The Public Staff has reviewed the Company's request and agrees with the Company's conclusion that a North Carolina-only version of the Program is not anticipated to be cost-effective. The limitations required by the VSCC continue to impact how the Company delivers its EE portfolio in North Carolina.

The Public Staff also reviewed the Company's annual evaluation, measurement, and verification report filed May 1, 2018, in Docket No. E-22, Sub 545, regarding participation and savings. The results of the EM&V report indicate the Program has only achieved 15% and 13% of the projected participation and savings for the Program, respectively.

Based on this review, the Public Staff believes that the Company's request to close the Program effective December 31, 2018, and wind down the Program through March 29, 2019 is reasonable. The period of time between January 1 and March 29, 2019, is needed to allow DENC to complete processing any rebate applications received prior to closure of the Program.

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

RECOMMENDATION: (Floyd) That the Commission issue the proposed order granting the Company's request to close the Non-Residential Window Film Program as filed.

P5. DOCKET NO. E-22, SUB 539 – DOMINION ENERGY NORTH CAROLINA – MOTION TO CLOSE RESIDENTIAL RETAIL LED LIGHTING PROGRAM

EXPLANATION: On August 16, 2018, Virginia Electric and Power Company (VEPCO), operating in North Carolina as Dominion Energy North Carolina (DENC), filed a motion to close its Residential Retail LED (light emitting diode) Lighting Program (Program), which was originally approved by the Commission on December 20, 2016, as an energy efficiency (EE) program under N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68.

The Program was initially approved for a two-year period through the end of 2018. In its October 31, 2016, application letter filed by DENC's predecessor, Dominion North Carolina Power, the Company stated that "Assuming Commission approval, the program is planned to be offered in North Carolina through the end of 2018, with the intent of including LED upgrades as a measure rather than a stand-alone program in a future North Carolina Program approval application prior to the end of 2018." To date, no new EE program has been filed. However, the Company has indicated that it is preparing to file a new round of EE programs with the State Corporation Commission of Virginia (VSCC) in October 2018. In response to the Public Staff's data request, one of those programs could be a residential energy assessment program that could include LED lighting measures, if federal standards for lighting are not implemented. DENC will request Commission approval for the new program after approval of the program in Virginia.

The Company stated that its EE program portfolio is designed to be managed and operated on a consolidated, system-wide basis in both North Carolina and Virginia jurisdictions in order to minimize program costs and optimize deployment. VEPCO plans to file for approval from the VSCC for its new EE programs in October 2018 with an anticipated approval by June of 2019.

The Public Staff has reviewed the Company's request and does not object to the proposed closure. Through June 2018, the Program has cost-effectively<sup>1</sup> provided approximately 173,000 LED bulbs to customers in North Carolina. However, as the Public Staff has stated in other EE rider proceedings, beginning January 1, 2020, the standards associated with general service lighting (approximately 86% of the bulbs delivered by the Program) are expected to diminish the cost-effectiveness of general service lighting. Considering the pending changes to lighting standards, as well as the market transformation toward LED lighting, it is the Public Staff's opinion that continuation of the Program is not in the public interest.

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

RECOMMENDATION: (Floyd) That the Commission issue the proposed order granting the Company's request to close the Residential Retail LED Lighting Program as filed.

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<sup>1</sup> See Docket No. E-22, Sub 545, Exhibit DRK-1, Schedule 2, page 7 of 9.

P6. DOCKET NO. E-22, SUB 559 – VERIFIED JOINT NOTICE AND REQUEST FOR APPROVAL TO TRANSFER THE CPCN TO CONSTRUCT A 74.9-MW SOLAR FACILITY FROM CHESTNUT SOLAR, LLC, TO DENC

EXPLANATION: On April 24, 2018, in Docket No. SP-5436, Sub 0, the Commission issued a certificate of public convenience and necessity (CPCN) to Chestnut Solar, LLC (Chestnut), for the construction of a 74.9-MW<sub>AC</sub> solar photovoltaic electric generating facility in Halifax County, North Carolina.

On August 23, 2018, Chestnut and Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC) (collectively, the Applicants), filed a verified joint notice and request for approval (Joint Notice) to transfer the CPCN from Chestnut to DENC. DENC is an operating subsidiary of Dominion Energy, Inc.

The Applicants requested expedited approval of the transfer so that the Chestnut facility can achieve commercial operation under DENC's ownership while allowing sufficient time for the Chestnut facility to be constructed and construction milestones to be met in accordance with the Asset Purchase Agreement entered into between Chestnut and DENC.

According to the Joint Notice, DENC plans to acquire the Chestnut facility and its associated rights and assets. DENC plans to sell the entire energy output of Chestnut into the PJM Interconnection, L.L.C. (PJM) market and sell 100% of the Renewable Energy Certificates (RECs) and environmental attributes (EAs) to a third party customer (Customer) that is currently served by Virginia Electric and Power Company in its Virginia service territory.

Construction has not started on the Chestnut facility. Interconnection service to the facility will be provided pursuant to an interconnection service agreement (ISA) previously entered into between and among PJM, Chestnut, and DENC. The ISA, which was filed with the Federal Energy Regulatory Commission (FERC) on May 30, 2017, and accepted by FERC on July 20, 2017, allows for up to 74.9 MW of solar generation to be connected, which is expected to occur November 1, 2019.

The original intent of Chestnut was to enter into a power purchase agreement with DENC or another buyer for sale of the output. DENC selected the Chestnut facility as the best option that would enable it to provide RECs and EAs to the Customer in a timely and economical manner. On August 3, 2018, the Applicants executed an Asset Purchase Agreement (APA) for the Chestnut facility and related assets. DENC will transfer 100% of the RECs associated with Chestnut's output to the Customer. RECs will be tracked and retired using the PJM Environmental Information Services Generation Attribute Tracking System or other similar tracking system. DENC will not use the RECs associated with the Chestnut facility to comply with its own obligations under the North Carolina Renewable Energy and Energy Efficiency Portfolio Standard (REPS), nor will it use energy or RECs acquired for its own REPS compliance for the Customer.

The electric output of the Chestnut facility will be sold into PJM under DENC's market-based rate authorization for wholesale sales of electric energy. DENC's purchase and operation of the Chestnut facility will not impact North Carolina customers, who will be held harmless from any costs associated with the Chestnut facility, as the Chestnut facility will be "ring fenced" so that none of its costs are included in DENC's rate base or cost of service for ratemaking purposes. Specifically, all costs incurred by DENC pursuant to the APA and Engineering, Procurement, and Construction Agreements or in the potential provision of RECs and EAs to the Customer will be directly assigned to the Customer through the rate it pays for the RECs and EAs. Further, DENC will directly assign or allocate costs and benefits as necessary to ensure that its North Carolina customers are in the same position they would have been had DENC not acquired the Chestnut facility or met the needs of the Customer as proposed.

The Public Staff has reviewed the Joint Notice and believes DENC's accounting procedures and internal controls can identify costs associated with the Chestnut facility and isolate these costs from the cost of serving DENC's North Carolina retail ratepayers, including costs in DENC's fuel rider. These costs can be appropriately reviewed during the course of applicable ratemaking or other future proceedings.

Based on our review, the Public Staff has concluded that the proposed transfer of the CPCN from Chestnut to DENC is justified by the public convenience and necessity and should be approved subject to certain conditions. The conditions are the same as those included in the Commission's *Order Approving Transfer of Certificate Subject to Conditions* for Pecan Solar, LLC, and Johannes Gutenberg Solar, LLC, issued on December 8, 2017, in Docket No. E-22, Sub 548. The conditions are sufficient to ensure that DENC's North Carolina retail ratepayers will be held harmless from any costs associated with DENC's ownership and operation of Chestnut as proposed in the Joint Notice. The conditions recommended by the Public Staff to be imposed on the transfer of the certificate for the Chestnut facility are the following:

1. (Accounting Conditions) DENC shall utilize appropriate mechanisms in its accounting system and internal controls to identify, capture, and report all costs associated with the Chestnut facility in sufficient detail such that these costs are excluded from its North Carolina retail cost of service.

2. (Cost of Service Conditions) DENC shall allocate system level costs, including the costs associated with the Chestnut facility, to the Customer such that DENC's ownership and operation of the Chestnut facility will have no impact on the costs allocated to its North Carolina retail operations. This allocation procedure shall be used consistently in all DENC general rate case and rider proceedings such that there will be no impact on DENC's North Carolina retail ratepayers as a result of DENC's ownership or operation of the Chestnut facility.

3. (Fuel Cost Conditions) DENC shall exclude from its fuel factor calculations any impacts of the Chestnut facility on total system energy volumes and system fuel costs such that DENC's ownership of the Chestnut facility will have no impact on its North Carolina retail fuel factors.

4. (REPS Conditions) DENC shall transfer all of the RECs earned by the Chestnut facility to the Customer, shall not apply the RECs associated with the Chestnut facility to its own REPS compliance obligation, and shall not seek to recover any costs associated with providing this service to the Customer from its North Carolina retail cost of service, including through its Rider RP and Rider RPE.

5. (Reporting Conditions) Upon commencing operation of the Chestnut facility, and annually thereafter, DENC shall file documentation in conjunction with its annual cost of service filings showing that DENC's North Carolina ratepayers are held harmless from any impacts resulting from DENC's ownership and operation of the Chestnut facility.

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

RECOMMENDATION: (Lucas/Peedin/Holt) That the Commission issue the proposed order approving the transfer of the certificate for the Chestnut facility to DENC subject to the conditions listed above.

## **E. WATER**

### **P1. DOCKET NO. W-1300, SUB 24 – OLD NORTH STATE WATER COMPANY, LLC– APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

EXPLANATION: On November 13, 2017, Old North State Water Company, LLC (Old North State), filed an amended application seeking a certificate of public convenience and necessity to provide water and wastewater utility service in Rocklyn Subdivision in Davidson County, North Carolina, and approval of rates. Old North State will be purchasing bulk water and bulk wastewater treatment services from the City of Winston-Salem. Old North State proposes to charge water and wastewater service rates based on the current City of Winston-Salem rates. Old North State expects eventually to serve 77 water and wastewater customers in Rocklyn Subdivision. The service area is shown on plans filed with the Application.

The North Carolina Department of Environmental Quality (NCDEQ), Division of Water Resources (DWR), Public Water Supply Section, has issued a plan approval letter for Rocklyn Subdivision. The plans are approved under serial number 16-00593, dated October 25, 2016. NCDEQ, DWR, Water Quality Regional Operations Section, has issued a wastewater collection system extension permit for the Rocklyn Subdivision under Permit No. WQ0038647, dated August 9, 2016.

Old North State has entered into a Water Agreement and a Wastewater Agreement with Morganford Group, LLC, (Developer), under which Developer is installing at Developer's cost the water distribution system and the wastewater collection system and the lift station. Old North State is requesting a meter installation fee of \$70. Old North State is not requesting a connection fee. Old North State is purchasing the water system for \$500 per SFRE from Developer, payable quarterly based upon the number of water service meters installed during the previous quarter. The wastewater system does not have a purchase price.

Old North State presently holds water franchises serving approximately 406 customers and wastewater franchises serving approximately 2,643 customers in North Carolina. Old North State's record of service is satisfactory.

Old North State has filed all exhibits required with the application.

The Public Staff is of the opinion that Old North State has the technical, managerial, and financial capacity to provide water and wastewater utility service in this franchise location and recommends that the certificate of public convenience and necessity be issued. The Public Staff recommends approval of the meter installation fee of \$70. The Public Staff further recommends that the Commission require posting of a \$20,000 bond for the franchise in Rocklyn Subdivision. Old North State currently has \$600,000 of bonds posted with the Commission, which includes \$140,000 of unassigned funds, from which \$20,000 may be assigned to provide the bond recommended in this docket.

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

RECOMMENDATION: (Darden/Feasel/Grantmyre) That the Commission issue the proposed order granting the franchise and approving the proposed rates.

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-22, SUB 507

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application of Virginia Electric and Power )	
Company, d/b/a Dominion Energy North )	ORDER APPROVING
Carolina for Approval of Non-Residential )	PROGRAM
Heating and Cooling Efficiency Program )	

BY THE COMMISSION: On August 16, 2018, Virginia Electric and Power Company d/b/a Dominion Energy North Carolina (DENC or the Company), filed an application seeking approval of its North Carolina-only Non-Residential Heating and Cooling Efficiency Program (Program) as a new energy efficiency (EE) program under N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68.

The Program is a continuation of the current system-wide program that was approved October 27, 2014. No changes to the incentives or incentive structure are proposed.

The Company stated that the system-wide program is set to expire in Virginia pursuant to an order issued by the State Corporation Commission of Virginia (VSCC)<sup>1</sup>. The Company stated that it does not plan to seek extension of the system-wide program in Virginia, but will file a new program in October 2018, that includes new non-residential heating and cooling measures. If approved by the VSCC, the Company would also seek approval of the program in North Carolina.

DENC evaluated and determined that the Program can continue to be cost-effectively offered on a North Carolina-only basis. DENC would operate the Program on a North Carolina-only basis, and 100% of the benefits and the costs of the Program would flow to North Carolina.

The application includes estimates of the Program’s impacts, costs, and benefits used to calculate the cost-effectiveness of the Program. DENC’s calculations indicate that the Program will be cost-effective under the Total Resource Cost, the Utility Cost, and the Participant tests, but not under the Rate Impact Measure test.

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<sup>1</sup> Order dated April 29, 2014 in Docket No. PUE-2013-00072.

On October 4, 2018, DENC filed revisions to certain pages and tables in the application. The Company stated that the revisions were needed to correct the benefits and costs associated with the Program, and to more appropriately align the application with the assumptions used the Company's 2018 Integrated Resource Plan.

The Public Staff presented this matter at the Commission's Regular Staff Conference on October 15, 2018. The Public Staff stated that it had reviewed the application and believed it contained the information required by Commission Rule R8-68(c) and is consistent with N.C. Gen. Stat. § 62-133.9, R8-68(c), and the Cost Recovery and Incentive Mechanism for Demand-Side Management and Energy Efficiency Programs, approved by Order dated May 22, 2017, in Docket No. E-22, Sub 464. The Public Staff also stated that DENC's estimates of program costs, net lost revenue, and performance incentive appeared to be consistent with the requirements of the Mechanism.

The Public Staff concluded by stating that the Program had the potential to encourage EE, was consistent with DENC's integrated resource plan, and was in the public interest. The Public Staff recommended that the Commission approve the Program, and determine the appropriate recovery of program costs, net lost revenues, and performance incentives associated with the Program in the annual DSM/EE rider proceeding consistent with N.C. Gen. Stat. § 62-133.9, Commission Rule R8-69, and the current DSM/EE cost recovery mechanism.

Based on the foregoing and the entire record in this proceeding, the Commission finds good cause to approve the Program as filed. 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 DENC's annual cost recovery rider approved pursuant to Commission Rule R8-69.

IT IS, THEREFORE, ORDERED as follows:

1. That the Program meets the requirements of a "new" energy efficiency program pursuant to Commission Rule R8-68, and is hereby approved effective January 1, 2019.
2. That the Commission shall determine the appropriate ratemaking treatment for the Program, including program costs, net lost revenues, and performance incentives, in DENC's annual cost recovery rider, in accordance with N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-69.

3. That in its annual cost recovery rider proceeding, DENC shall allocate 100% of the costs and benefits associated with the Program to DENC's North Carolina retail jurisdiction and non-residential customer classes that will be participating in the Program and receiving the benefits.

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

ISSUED BY ORDER OF THE COMMISSION.

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

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-22, SUB 508

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application of Virginia Electric and Power )	
Company, d/b/a Dominion Energy North )	ORDER APPROVING
Carolina for Approval of Non-Residential )	PROGRAM
Lighting Systems and Controls Program )	

BY THE COMMISSION: On August 16, 2018, Virginia Electric and Power Company d/b/a Dominion Energy North Carolina (DENC or the Company), filed an application seeking approval of its North Carolina-only Non-Residential Lighting Systems and Controls Program (Program) as a new energy efficiency (EE) program under N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68.

The Program is a continuation of the current system-wide program that was approved October 27, 2014. No changes to the incentives or incentive structure are proposed.

The Company stated that the system-wide program is set to expire in Virginia pursuant to an order issued by the State Corporation Commission of Virginia (VSCC)<sup>1</sup>. The Company stated that it does not plan to seek extension of the system-wide program in Virginia, but will file a new program in October 2018, that will include new non-residential lighting measures. If approved by the VSCC, the Company would also seek approval of the program in North Carolina.

DENC evaluated the Program and determined that the Program can continue to be cost-effectively offered on a North Carolina-only basis. DENC would operate the Program on a North Carolina-only basis, and 100% of the benefits and costs of the Program would flow to North Carolina.

The application includes estimates of the Program’s impacts, costs, and benefits used to calculate the cost-effectiveness of the Program. DENC’s calculations indicate that the Program will be cost-effective under the Total Resource Cost, the Utility Cost, and the Participant tests, but not under the Rate Impact Measure test.

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<sup>1</sup> Order dated April 29, 2014 in Docket No. PUE-2013-00072.

On October 4, 2018, DENC filed revisions to certain pages and tables in the application. The Company stated that the revisions were needed to correct the benefits and costs associated with the Program, and to more appropriately align the application with the assumptions used the Company's 2018 Integrated Resource Plan.

The Public Staff presented this matter at the Commission's Regular Staff Conference on October 15, 2018. The Public Staff stated that it had reviewed the application and believed it contained the information required by Commission Rule R8-68(c) and is consistent with N.C. Gen. Stat. § 62-133.9, R8-68(c), and the Cost Recovery and Incentive Mechanism for Demand-Side Management and Energy Efficiency Programs, approved by Order dated May 22, 2017, in Docket No. E-22, Sub 464. The Public Staff also stated that DENC's estimates of program costs, net lost revenue, and performance incentive appeared to be consistent with the requirements of the Mechanism.

The Public Staff concluded by stating that the Program had the potential to encourage EE, was consistent with DENC's integrated resource plan, and was in the public interest. The Public Staff recommended that the Commission approve the Program, and determine the appropriate recovery of program costs, net lost revenues, and performance incentives associated with the Program in the annual DSM/EE rider proceeding consistent with N.C. Gen. Stat. § 62-133.9, Commission Rule R8-69, and the current DSM/EE cost recovery mechanism.

Based on the foregoing and the entire record in this proceeding, the Commission finds good cause to approve the Program as filed. 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 DENC's annual cost recovery rider approved pursuant to Commission Rule R8-69.

IT IS, THEREFORE, ORDERED as follows:

1. That the Program meets the requirements of a "new" energy efficiency program pursuant to Commission Rule R8-68, and is hereby approved effective January 1, 2019.
2. That the Commission shall determine the appropriate ratemaking treatment for the Program, including program costs, net lost revenues, and performance incentives, in DENC's annual cost recovery rider, in accordance with N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-69.

3. That in its annual cost recovery rider proceeding, DENC shall allocate 100% of the costs and benefits associated with the Program to DENC's North Carolina retail jurisdiction and non-residential customer classes that will be participating in the Program and receiving the benefits.

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

ISSUED BY ORDER OF THE COMMISSION.

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

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-22, SUB 509

In the Matter of		
Application by Virginia Electric and Power	)	
Company d/b/a Dominion Energy North	)	ORDER CANCELING
Carolina, for Approval of Non-Residential	)	PROGRAM
Window Film Program	)	

BY THE COMMISSION: On August 16, 2018, Virginia Electric and Power Company d/b/a Dominion Energy North Carolina (Company) filed a motion seeking approval to close its Non-Residential Window Film Program (Program). The Program was originally approved as an energy efficiency program on October 27, 2014 under N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68.

The Company stated that it is not planning to seek an extension of the Program, but instead plans to replace it with a new program that is currently under development. DENC has stated that VEPCO plans to file for approval from the State Corporation Commission of Virginia (VSCC) for this new program in Virginia in October 2018 with an anticipated approval by June of 2019.

The Company stated that its EE program portfolio is designed to be managed and operated on a consolidated, system-wide basis in both North Carolina and Virginia jurisdictions in order to minimize program costs and optimize deployment.

The Company further stated that it is not seeking approval of the Program on a North Carolina-only basis due to the lack of participation and savings from the Program. Since the initial program approval, only one customer in North Carolina has participated.

The Non-Residential Window Film program was initially offered on a system wide basis for a period of five years as required by the Virginia State Corporation Commission (VSCC). As with other system wide EE programs, the VSCC has limited approval of EE programs to a spending cap or a certain amount of time, whichever occurs first.

The Public Staff presented this matter to the Commission at its Regular Staff Conference on October 15, 2018. The Public Staff stated that it had reviewed the

Company's request, and agreed with the Company's conclusion that a North Carolina-only version of the Program would likely not be cost-effective. The Public Staff noted that the limitations required by the VSCC continue to impact how the Company delivers its EE portfolio in North Carolina.

The Public Staff also reviewed the Company's annual evaluation, measurement, and verification report filed May 1, 2018, in Docket No. E-22, Sub 545, regarding participation and savings. The results of the EM&V report indicate the Program has only achieved 15% and 13% of the projected participation and savings for the Program, respectively.

The Public Staff concluded by stating that the Company's request to close the Program effective December 31, 2018, and wind down the Program through March 29, 2019, was reasonable, and that the period of time between January 1 and March 29, 2019, was needed to allow DENC to complete processing any rebate applications received prior to closure of the Program.

Based on the foregoing, the Commission is of the opinion that the Company's request to close the Non-Residential Window Film program is reasonable and should be approved as filed.

IT IS, THEREFORE, ORDERED.

1. That DENC is hereby authorized to close the Non-Residential Window Film Program effective December 31, 2018.

2. That DENC shall file a revised tariff stating that (1) the Program will close effective December 31, 2018, (2) that applications for rebates through the Program must be submitted by February 11, 2019, and (3) that the tariff will end effective March 29, 2019.

ISSUED BY ORDER OF THE COMMISSION.

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

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-22, SUB 539

In the Matter of		
Application by Virginia Electric and Power	)	
Company d/b/a Dominion Energy North	)	ORDER CANCELING
Carolina, for Approval of Residential Retail	)	PROGRAM
LED Lighting Program	)	

BY THE COMMISSION: On August 16, 2018, Virginia Electric and Power Company d/b/a Dominion Energy North Carolina (Company) filed a motion seeking approval to close its Residential Retail LED (light emitting diode) Lighting Program (Program). The Program was originally approved as an energy efficiency program on December 20, 2016 under N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68.

The Public Staff presented this matter to the Commission at its Regular Staff Conference on October 15, 2018. The Public Staff stated that the Program was initially approved for a two-year period through the end of 2018. In its October 31, 2016, application letter filed by DENC's predecessor, Dominion North Carolina Power, the Company stated that "Assuming Commission approval, the program is planned to be offered in North Carolina through the end of 2018, with the intent of including LED upgrades as a measure rather than a stand-alone program in a future North Carolina Program approval application prior to the end of 2018." To date, no new EE program has been filed. However, the Public Staff indicated that the Company was preparing to file a new round of EE programs with the State Corporation Commission of Virginia (VSCC) in October 2018. The Public Staff further stated that one of those programs could be a residential energy assessment program that could include LED lighting measures if federal standards for lighting are not implemented. DENC will request Commission approval for the new program after approval of the program in Virginia.

The Company stated that its EE program portfolio is designed to be managed and operated on a consolidated, system-wide basis in both North Carolina and Virginia jurisdictions in order to minimize program costs and optimize deployment. VEPCO plans to file for approval from the VSCC for its new EE programs in October 2018 with an anticipated approval by June of 2019.

The Public Staff stated it had reviewed the Company's request and did not object to the proposed closure. Through June 2018, the Program has cost-effectively<sup>1</sup> provided approximately 173,000 LED bulbs to customers in North Carolina. However, as the Public Staff has stated in other EE rider proceedings, beginning January 1, 2020, the standards associated with general service lighting (approximately 86% of the bulbs delivered by the Program) are expected to diminish the cost-effectiveness of general service lighting. Considering the pending changes to lighting standards, as well as the market transformation toward LED lighting, the Public Staff stated that, in its opinion, continuation of the Program was not in the public interest.

Based on the foregoing, the Commission is of the opinion that the Company's request to close the Residential Retail LED Lighting program is reasonable and should be approved as filed.

IT IS, THEREFORE, ORDERED, that DENC is hereby authorized to close the Residential Retail LED Lighting Program effective December 31, 2018.

ISSUED BY ORDER OF THE COMMISSION.

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

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

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<sup>1</sup> See Docket No. E-22, Sub 545, Exhibit DRK-1, Schedule 2, page 7 of 9.



Construction has not started on the Chestnut facility. Interconnection service to the facility will be provided pursuant to an interconnection service agreement (ISA) previously entered into between and among PJM, Chestnut, and DENC. The ISA, which was filed with the Federal Energy Regulatory Commission (FERC) on May 30, 2017, and accepted by FERC on July 20, 2017, allows for up to 74.9 MW of solar generation to be connected, which is expected to occur November 1, 2019.

The original intent of Chestnut was to enter into a power purchase agreement with DENC or another buyer for sale of the output. DENC selected the Chestnut facility as the best option that would enable it to provide RECs and EAs to the Customer in a timely and economical manner. On August 3, 2018, the Applicants executed an Asset Purchase Agreement (APA) for the Chestnut facility and related assets. DENC will transfer 100% of the RECs associated with Chestnut's output to the Customer. RECs will be tracked and retired using the PJM Environmental Information Services Generation Attribute Tracking System or other similar tracking system. DENC will not use the RECs associated with the Chestnut facility to comply with its own obligations under the North Carolina Renewable Energy and Energy Efficiency Portfolio Standard (REPS), nor will it use energy or RECs acquired for its own REPS compliance for the Customer.

The electric output of the Chestnut facility will be sold into PJM under DENC's market-based rate authorization for wholesale sales of electric energy. DENC's purchase and operation of the Chestnut facility will not impact North Carolina customers, who will be held harmless from any costs associated with the Chestnut facility, as the Chestnut facility will be "ring fenced" so that none of its costs are included in DENC's rate base or cost of service for ratemaking purposes. Specifically, all costs incurred by DENC pursuant to the APA and Engineering, Procurement, and Construction Agreements or in the potential provision of RECs and EAs to the Customer will be directly assigned to the Customer through the rate it pays for the RECs and EAs. Further, DENC will directly assign or allocate costs and benefits as necessary to ensure that its North Carolina customers are in the same position they would have been had DENC not acquired the Chestnut facility or met the needs of the Customer as proposed.

The Public Staff presented this matter at the Commission's Regular Staff Conference on October 15, 2018. The Public Staff stated that it reviewed the Joint Notice and believes DENC's accounting procedures and internal controls can identify costs associated with the Chestnut facility and isolate these costs from the cost of serving DENC's North Carolina retail ratepayers, including costs in DENC's fuel rider. These costs can be appropriately reviewed during the course of applicable ratemaking or other future proceedings.

Based on its review, the Public Staff concluded that the proposed transfer of the CPCN from Chestnut to DENC is justified by the public convenience and necessity and should be approved subject to certain conditions. The conditions are the same as those included in the Commission's *Order Approving Transfer of Certificate Subject to Conditions* for Pecan Solar, LLC, and Johannes Gutenberg Solar, LLC, issued on December 8, 2017, in Docket No. E-22, Sub 548. The conditions are sufficient to ensure that DENC's North Carolina retail ratepayers will be held harmless from any costs associated with DENC's ownership and operation of Chestnut as proposed in the Joint Notice. The conditions recommended by the Public Staff to be imposed on the transfer of the certificate for the Chestnut facility are the following:

1. (Accounting Conditions) DENC shall utilize appropriate mechanisms in its accounting system and internal controls to identify, capture, and report all costs associated with the Chestnut facility in sufficient detail such that these costs are excluded from its North Carolina retail cost of service.

2. (Cost of Service Conditions) DENC shall allocate system level costs, including the costs associated with the Chestnut facility, to the Customer such that DENC's ownership and operation of the Chestnut facility will have no impact on the costs allocated to its North Carolina retail operations. This allocation procedure shall be used consistently in all DENC general rate case and rider proceedings such that there will be no impact on DENC's North Carolina retail ratepayers as a result of DENC's ownership or operation of the Chestnut facility.

3. (Fuel Cost Conditions) DENC shall exclude from its fuel factor calculations any impacts of the Chestnut facility on total system energy volumes and system fuel costs such that DENC's ownership of the Chestnut facility will have no impact on its North Carolina retail fuel factors.

4. (REPS Conditions) DENC shall transfer all of the RECs earned by the Chestnut facility to the Customer, shall not apply the RECs associated with the Chestnut facility to its own REPS compliance obligation, and shall not seek to recover any costs associated with providing this service to the Customer from its North Carolina retail cost of service, including through its Rider RP and Rider RPE.

5. (Reporting Conditions) Upon commencing operation of the Chestnut facility, and annually thereafter, DENC shall file documentation in conjunction with its annual cost of service filings showing that DENC's North Carolina ratepayers are held harmless from any impacts resulting from DENC's ownership and operation of the Chestnut facility.

Based on the foregoing, and the entire record in this matter, the Commission finds that the proposed transfer of the CPCN from Chestnut to DENC as proposed in the Joint Notice is justified by the public convenience and necessity and should be approved, subject to the conditions listed above.

IT IS, THEREFORE, ORDERED as follows:

1. That the transfer of the CPCN from Chestnut to DENC is approved.
2. That this approval is subject to Condition Nos. 1 through 5 as set forth above.
3. That DENC shall file a motion with the Commission informing the Commission of the date on which DENC's acquisition of the Chestnut facility is consummated and requesting a transfer of the CPCN to DENC.

ISSUED BY ORDER OF THE COMMISSION.

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

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-1300, SUB 24

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Application by Old North State Water Company, LLC, )  
4700 Homewood Court, Suite 108, Raleigh, NC 27609, ) ORDER GRANTING  
for a Certificate of Public Convenience and Necessity ) FRANCHISE AND  
to Provide Water Utility Service in Rocklyn Subdivision ) APPROVING RATES  
in Davidson County, North Carolina )

BY THE COMMISSION: On November 13, 2017, Old North State Water Company, LLC (Old North State), filed an amended application seeking a certificate of public convenience and necessity to provide water and wastewater utility service in Rocklyn Subdivision in Davidson County, North Carolina, and approval of rates. Old North State proposes to charge service rates based on the current City of Winston-Salem rates.

The Public Staff presented this matter at the Commission’s Regular Staff Conference on October 15, 2018.

Based upon the verified application and the entire record in this matter, the Commission makes the following

**FINDINGS OF FACT**

1. Old North State presently holds water franchises serving approximately 406 customers and wastewater franchises serving approximately 2,643 customers in North Carolina. Old North State’s record of service is satisfactory.

2. Old North State expects eventually to serve 77 water and wastewater customers in Rocklyn Subdivision. The service area is shown on plans filed with the application.

3. The North Carolina Department of Environmental Quality (NCDEQ), Division of Water Resources (DWR), Public Water Supply Section, has issued a plan approval letter for Rocklyn Subdivision. The plans are approved under serial number 16-00593, dated October 25, 2016.

4. NCDEQ, DWR, Water Quality Regional Operations Section, has issued a wastewater collection system extension permit for the Rocklyn Subdivision under Permit No. WQ0038647, dated August 9, 2016.

5. Old North State will purchase bulk water and bulk wastewater treatment services from the City of Winston-Salem.

6. Old North State has entered into a Water and a Wastewater Agreement dated September 12, 2017, with Morganford Group, LLC (Developer), under which Developer is installing at Developer's cost the water distribution system and the wastewater collection system and lift station. Old North State is requesting a meter installation fee of \$70. Old North State is purchasing the water system for \$500 per SFRE from Developer, payable quarterly based upon the number of water service meters installed during the previous quarter. The wastewater system does not have a purchase price.

7. Old North State has filed all exhibits required with the application.

8. Old North State has the technical, managerial, and financial capacity to provide water utility service in this franchise location.

9. The Public Staff has recommended that Old North State be required to post a \$20,000 bond for Rocklyn Subdivision. Old North State currently has \$600,000 of bonds posted with the Commission. Of this amount, \$460,000 of bond surety is assigned to specific subdivisions, and \$140,000 of bond surety is unassigned.

#### CONCLUSIONS

Based on the foregoing and the recommendations of the Public Staff, the Commission concludes that \$20,000 of Old North State's unassigned bond surety should be assigned to Rocklyn Subdivision; that the water and wastewater utility franchise requested by Old North State in Rocklyn Subdivision should be granted; that the meter installation fee of \$70 should be approved; and that the requested rates should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That \$20,000 of Old North State's unassigned surety bond is assigned to Rocklyn Subdivision. The remaining unassigned bond surety shall be \$120,000.

2. That Old North State is granted a certificate of public convenience and necessity to provide water and wastewater utility service in Rocklyn Subdivision in Davidson County, North Carolina.

3. That Appendix A constitutes the Certificate of Public Convenience and Necessity.

4. That the Schedule of Rates attached as Appendix B is approved for Old North State in Rocklyn Subdivision.

5. That a meter installation fee of \$70 is approved for Rocklyn Subdivision.

ISSUED BY ORDER OF THE COMMISSION.

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

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-1300, SUB 24

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

OLD NORTH STATE WATER COMPANY, LLC

is granted this

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

to provide water and wastewater utility service

in

Rocklyn Subdivision

Davidson County, North Carolina,

subject to any 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 \_\_\_\_\_, 2018.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

SCHEDULE OF RATES

for

OLD NORTH STATE WATER COMPANY, LLC

for providing water and wastewater utility service in

ROCKLYN SUBDIVISION

Davidson County, North Carolina

<u>Water Monthly Base Rate (zero usage):</u>	\$	25.00
<u>Water Usage Rate:</u>	\$	5.50 per 1,000 gallons
<u>Wastewater Monthly Base Rate (zero usage):</u>	\$	20.00
<u>Wastewater Usage Rate:</u>	\$	7.00 per 1,000 gallons
<u>Connection Fee:</u>	\$	Zero
<u>Meter Installation Fee:</u>	\$	70.00
<u>New Account Fee:</u>	\$	20.00
<u>Reconnection Charge if Service is Discontinued by Utility:</u>		\$30.00
<u>Reconnection Charge if Service is Discontinued by Customer:</u>		\$15.00
<u>Bills Due:</u>		On billing date
<u>Bills Past Due:</u>		15 days after billing date
<u>Billing Frequency:</u>		Shall be monthly for service in arrears
<u>Finance Charges for Late Payment:</u>		1.0% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.

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Issued in Accordance with Authority Granted by the North Carolina Utilities Commission in Docket No. W-1300, Sub 24, on this the \_\_\_\_ day of \_\_\_\_\_, 2018.