

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**STAFF CONFERENCE AGENDA
NOVEMBER 26, 2018**

COMMISSION STAFF

NO AGENDA ITEMS

PUBLIC STAFF

B. NATURAL GAS

- P1. DOCKET NO. G-9, SUB 734 – APPLICATION OF PIEDMONT NATURAL GAS COMPANY, INC., FOR APPROVAL OF ADJUSTMENT OF RATES UNDER APPENDIX E OF ITS SERVICE REGULATIONS

EXPLANATION: On November 23, 2015, in Docket No. G-9, Subs 631 and 642, the Commission approved a revised Integrity Management Rider (IMR) mechanism for Piedmont Natural Gas Company, Inc. (Piedmont or Company), which is Appendix E of Piedmont's North Carolina Service Regulations (Revised IMR). The Revised IMR requires that Piedmont file an annual report with the Commission every October 31st summarizing the Integrity Management (IM) Plant Investment for the prior twelve-month period ending September 30th and the data substantiating and supporting its Integrity Management Revenue Requirement (IMRR) calculation for the next bi-annual Integrity Management Adjustment.

On October 31, 2018, Piedmont filed its projected three-year plan of IM Plant Investment and computations of the IMR rate adjustments that Piedmont proposes to implement effective December 1, 2018. On November 15, 2018, Piedmont filed its proposed IM rate adjustments including a true-up adjustment to refund the October 31, 2018 balance in the IM Deferred Account. The proposed IM rate adjustments, expressed in dollars per dekatherm (\$/dt), are as follows:

Description	Small & Medium General		Firm	Interruptible
	Residential Rate 101	Rate 102, 142, 152	Large General Rate 103, 113, 12 T-10, T-12	Large General Rate 104, 114
Rate Class Percentage	64.64%	29.43%	2.67%	3.26%
IMRR	\$52,247,466	\$23,787,793	\$2,158,118	\$2,635,005
IM Deferred Account Balance	<u>(\$5,083,683)</u>	<u>(\$2,314,554)</u>	<u>(\$209,985)</u>	<u>(\$256,386)</u>
Total Amount for recovery	\$47,163,783	\$21,473,239	\$1,948,133	\$2,378,619
Rate Case Volumes (dts)	36,504,751	27,448,263	30,188,509	34,669,378
IM Increment per dt	\$1.2920	\$0.7823	\$0.0645	\$0.0686
Remove Previous Increment	(\$1.0836)	(\$0.6562)	(\$0.0541)	(\$0.0575)
Change in IM Increment per dt	\$0.2084	\$0.1261	\$0.0104	\$0.0111

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

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

RECOMMENDATION: (Gilbert/Jayasheela) That the Commission issue the proposed order approving the IM rate adjustments proposed by Piedmont.

D. ELECTRIC

P1. DOCKET NO. E-2, SUB 1187 – DUKE ENERGY PROGRESS, LLC – APPLICATION FOR NON-PROFIT LOW-INCOME WEATHERIZATION PAY FOR PERFORMANCE PILOT PROGRAM

EXPLANATION: On October 8, 2018, Duke Energy Progress, LLC (DEP or the Company), filed a request for approval of the Non-Profit Low-Income Weatherization Pay for Performance Pilot Program (Pilot) as an energy efficiency (EE) program under N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68. DEP is also seeking approval to recover program costs and net lost revenues pursuant to its cost recovery mechanism approved pursuant to Commission Rule R8-69.

DEP states that the Pilot would provide monetary incentives to local non-profit weatherization assistance organizations involved in weatherizing residential low income households. DEP also would validate whether additional funding would impact the measures that are installed by weatherization assistance organizations. The Pilot is proposed for a 36-month period and limited to 50 dwellings per year in the Buncombe County area.

DEP also states that incentive payments would be made to weatherization assistance organizations based on the kilowatt-hours (kWhs) saved from the additional EE measures installed. EE measures such as attic or wall insulation, air sealing, refrigerator replacement, lighting, and water measures would be eligible for the incentives. The amount of the incentives would be based on the accepted kWh savings for the measure being installed from the Company's currently available evaluation, measurement, and verification (EM&V) results.

Eligible participants would be selected by participating weatherization assistance organizations using the current qualifications for the North Carolina Weatherization Assistance Program.

On November 9, 2018, Blue Horizons Project, the North Carolina Sustainable Energy Association (NCSEA), and the Public Staff filed comments in support of the Pilot. NCSEA recommended expansion of the Pilot to broaden the area in which the Pilot would be available, increase the number of participating non-profit organizations, and add additional measures such as thermostat replacement, HVAC replacement, and HVAC tune up to the mix of measure available through the Pilot. The Public Staff stated that the Pilot appeared to be cost effective and recommended that the Pilot be approved and found to be eligible for cost recovery in accordance with DEP's cost recovery mechanism approved in Docket No. E-2, Sub 931. It also recommended that EM&V of the Pilot capture only savings from incentivized measures and that DEP make annual reports of the Pilot's measures installed and activities.

The Public Staff recommends that the Commission approve the Pilot for a three-year period, find that the Pilot is a “new” EE program pursuant to Commission Rule R8-68, determine that the Pilot is eligible for consideration of recovery of program costs and net lost revenues related to the Pilot in accordance with DEP's cost recovery mechanism, and determine the appropriate recovery of program costs and net lost revenues associated with the Pilot in the annual DSM/EE rider proceeding consistent with N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-69. The Public Staff further recommends that (1) DEP ensure that its EM&V and performance tracking of the Pilot capture savings only from incentivized measures; and (2) in its annual DSM/EE rider proceeding, DEP provide a summary of activities associated with the Pilot, including the number of additional homes receiving EE measures through the Pilot, a summary of the measures installed, the costs to the Pilot, and provide an evaluation of the Pilot's potential for expansion into a fully-commercialized EE program, including the potential to broaden the availability across DEP's service territory and incorporating additional weatherization assistance organizations and additional measures as described by NCSEA.

EXHIBIT: The Public Staff's proposed order is attached as Exhibit No. P-2.

RECOMMENDATION: (Floyd) That the Commission issue the Public Staff's proposed order approving the Non-Profit Low-Income Weatherization Pay for Performance Pilot Program.

P2. DOCKET NO. E-7, SUB 1032 – DUKE ENERGY CAROLINAS, LLC – MODIFICATION OF POWERSHARE® NONRESIDENTIAL LOAD CURTAILMENT PROGRAM

EXPLANATION: On November 7, 2018, Duke Energy Carolinas, LLC (DEC), filed a request for approval to modify its PowerShare® Nonresidential Load Curtailment Program (Program). The proposed modification would remove the 50 megawatt limit on the maximum curtailable demand of the Program. No other modifications are proposed.

On November 14, 2018, DEC filed a Request for Waiver of Commission Rule R8-68. The Company stated that the filing requirements of Commission Rule R8-68 had already been satisfied with its March 6, 2013 filing and that the only modification being requested was the removal of the cap on the maximum curtailable demand from the Program. By Order dated November 15, 2018, the Commission granted the requested waiver of Commission Rule R8-68.

The Program was originally approved by order dated February 26, 2009 in Docket No. E-7, Sub 831. The Program was reauthorized by order dated October 29, 2013, as a demand side management (DSM) program pursuant to N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68. The Program provides incentives to nonresidential customers to encourage them to reduce or maintain customer load at a specified level consistent with the curtailment option selected by the customer. This could include shifting load to customer-owned generation or reducing load as requested by DEC.

DEC states that the current maximum curtailable demand cap is preventing the Company from enrolling customers who have expressed an interest in the Program and have curtailable loads that exceed the per customer limit on curtailable demands.

The Public Staff has reviewed DEC's request and did not discover any information that would suggest that the removal of the curtailable demand cap would adversely impact the cost effectiveness or savings from the Program. The Public Staff therefore recommends that the Commission approve DEC's request, including DEC's request to continue recovering the costs and incentives as provided by Commission Rule R8-69.

EXHIBIT: The Public Staff's proposed order is attached as Exhibit No. P-3.

RECOMMENDATION: (Floyd) That the Commission issue the Public Staff's proposed order approving DEC's proposed modification to its PowerShare® Nonresidential Load Curtailment Program as filed.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-9, SUB 734

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Piedmont Natural Gas)
Company, Inc., for Approval of Adjustment of)
Rates Under Appendix E of Its Service)
Regulations)
ORDER APPROVING RATE
ADJUSTMENTS EFFECTIVE
DECEMBER 1, 2018

BY THE COMMISSION: On November 23, 2015, in Docket No. G-9, Subs 631 and 642, the Commission approved a revised Integrity Management Rider (IMR) mechanism for Piedmont Natural Gas Company, Inc. (Piedmont or Company), which is Appendix E of Piedmont’s North Carolina Service Regulations (Revised IMR).

The Revised IMR requires that Piedmont file by October 31st an annual report summarizing the Integrity Management (IM) Plant Investment for the prior twelve-month period ending September 30th and the data substantiating and supporting its Integrity Management Revenue Requirement (IMRR) calculation for the next bi-annual Integrity Management Adjustment. On October 31, 2018, Piedmont filed its projected three-year plan of IM Plant Investment and computations of the IM rate adjustments that Piedmont proposes to implement effective December 1, 2018. On November 15, 2018, Piedmont filed its proposed IM rate adjustments including a true-up adjustment to refund the October 31, 2018 balance in the IM Deferred Account.

The proposed IM rate adjustments, expressed in dollars per dekatherm (\$/dt), are as follows:

Description	Small & Medium General		Firm	Interruptible
	Residential Rate 101	Rate 102, 142, 152	Large General Rate 103, 113, 12 T-10, T-12	Large General Rate 104, 114
Rate Class Percentage	64.64%	29.43%	2.67%	3.26%
IMRR	\$52,247,466	\$23,787,793	\$2,158,118	\$2,635,005
IM Deferred Account Balance	(\$5,083,683)	(\$2,314,554)	(\$209,985)	(\$256,386)
Total Amount for recovery	\$47,163,783	\$21,473,239	\$1,948,133	\$2,378,619
Rate Case Volumes (dts)	36,504,751	27,448,263	30,188,509	34,669,378
IM Increment per dt	\$1.2920	\$0.7823	\$0.0645	\$0.0686
Remove Previous Increment	(\$1.0836)	(\$0.6562)	(\$0.0541)	(\$0.0575)
Change in IM Increment per dt	\$0.2084	\$0.1261	\$0.0104	\$0.0111

The Public Staff presented this matter to the Commission at its November 26, 2018, Regular Staff Conference. The Public Staff stated it had reviewed the proposed IM rate adjustments and recommended approval as filed.

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

IT IS, THEREFORE, ORDERED as follows:

1. That Piedmont is authorized to implement the proposed IM rate adjustments as contained in the body of this Order, including its IM Deferred Account balance as of October 31, 2018, effective for service rendered on and after December 1, 2018.

2. That Piedmont shall file revised tariffs consistent with Ordering Paragraph 1 within five (5) days of the date of this Order.

3. That Piedmont shall give notice to its customers of the rate changes authorized by this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2018.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1187

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by Duke Energy Progress, Inc.)	
for Approval of Non-Profit Low-Income)	ORDER APPROVING
Weatherization Pay for Performance Pilot)	PROGRAM
Program)	

BY THE COMMISSION: On October 8, 2018, Duke Energy Progress, LLC (DEP or the Company), filed a request for approval of the Non-Profit Low-Income Weatherization Pay for Performance Pilot Program (Pilot) as an energy efficiency (EE) program under N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68. DEP is also seeking approval to recover the program costs and net lost revenues pursuant to its cost recovery mechanism approved pursuant to Commission Rule R8-69.

DEP stated that the Pilot would provide monetary incentives to local non-profit weatherization assistance organizations involved in weatherizing residential low income households. DEP also would validate whether additional funding would impact the measures that are installed by weatherization assistance organizations. The Pilot is proposed for a 36-month period and limited to 50 dwellings per year in the Buncombe County area.

DEP also stated that incentive payments would be made to weatherization assistance organizations based on the kilowatt-hours (kWhs) saved from the additional EE measures installed. EE measures such as attic or wall insulation, air sealing, refrigerator replacement, lighting, and water measures would be eligible for the incentives. The amount of the incentives would be based on the accepted kWh savings for the measure being installed from the Company's currently available evaluation, measurement, and verification (EM&V) results.

Eligible participants would be selected by participating weatherization assistance organizations using the current qualifications for the North Carolina Weatherization Assistance Program.

On November 9, 2018, Blue Horizons Project, the North Carolina Sustainable Energy Association (NCSEA), and the Public Staff filed comments in support of the Pilot. NCSEA recommended expansion of the Pilot to broaden the area in which the Pilot would be available, increase the number of participating non-profit organizations, and add additional measures such as thermostat replacement, HVAC replacement or tune up to the mix of measure available through the Pilot.

The Public Staff stated in its comments that the Pilot appeared to be cost effective under the Total Resource Cost and Utility Cost tests, but not cost effective under Ratepayer Impact Measure test. In addition, the Public Staff concluded that the Pilot had the potential to encourage EE, was consistent with DEP's Integrated Resource Plan, was in the public interest, and should be approved as a "new" EE program pursuant to Commission Rule R8-68. The Public Staff recommended that the Pilot be declared eligible for consideration of recovery of program costs and net lost revenues in accordance with DEP's cost recovery mechanism approved in Docket No. E-2, Sub 931. The Public Staff also recommended that DEP should ensure that the EM&V for the Pilot count only incentivized measures toward Pilot savings.

The Public Staff presented this matter at the Commission's November 26, 2018 Staff Conference. The Public Staff recommended that the Commission approve the Pilot as a "new" EE program pursuant to Commission Rule R8-68, for a three-year period, determine that the Pilot is eligible for consideration of recovery of program costs and net lost revenues related to the Pilot in accordance with DEP's cost recovery mechanism, and determine the appropriate recovery of program costs and net lost revenues associated with the Pilot, in the annual DSM/EE rider proceeding consistent with N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-69. The Public Staff further recommended that (1) DEP ensure that its EM&V and performance tracking of the Pilot capture savings only from incentivized measures; and (2) in its annual DSM/EE rider proceeding, DEP provide a summary of activities associated with the Pilot, including but not limited to the number of additional homes receiving EE measures through the Pilot, a summary of the measures installed, the costs to the Pilot, and provide an evaluation of the Pilot's potential for expansion into a fully-commercial EE program, including the potential to broaden the availability across DEP's service territory and incorporating additional weatherization assistance organizations and measures as described by NCSEA.

Based on the foregoing, the Commission finds and concludes that the Pilot should be approved. Additionally, the Commission finds the recommendations of NCSEA and the Public Staff to be reasonable and therefore, will require DEP to include information regarding the EM&V, Pilot performance, and possible expansion of the Pilot in its annual DSM/EE rider proceeding for the next three years.

IT IS, THEREFORE, ORDERED as follows:

1. That the Non-Profit Low-Income Weatherization Pay for Performance Pilot Program is hereby approved as a new EE program;
2. That the Commission shall determine the appropriate ratemaking treatment for the Non-Profit Low-Income Weatherization Pay for Performance Pilot Program, including program costs and net lost revenues, in DEP's annual cost recovery rider, in accordance with N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-69;
3. That DEP shall ensure that its EM&V only counts incentivized measures toward program savings;
4. That DEP shall provide a summary of activities associated with the Pilot, including but not limited to the number of additional homes receiving EE measures through the Pilot, a summary of the measures installed, the costs to the Pilot, and include an evaluation of the Pilot's potential for expansion into a fully-commercial EE program, including the potential to broaden the availability across DEP's service territory and incorporating additional weatherization assistance organizations and measures as described by NCSEA.
5. That DEP shall file with the Commission, within 10 days following the date of this order, a revised tariff compliant with this order and showing the effective date of the tariff.

ISSUED BY ORDER OF THE COMMISSION.

This the ___ day of November, 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)	ORDER APPROVING
Petition by Duke Energy Carolinas, LLC,)	PROGRAM
for Approval of PowerShare®)	MODIFICATION
Nonresidential Load Curtailment Program)	

BY THE COMMISSION: On November 7, 2018, Duke Energy Carolinas, LLC (DEC), filed a request for approval to modify its PowerShare® Nonresidential Load Curtailment Program (Program). The proposed modification would remove the 50 megawatt limit on the maximum curtailable demand of the Program. No other modifications are proposed. In its request, DEC included calculations that showed the impact of the proposed modification on the cost-effectiveness of the Program.

On November 14, 2018, DEC filed a Request for Waiver of Commission Rule R8-68. The Company stated that it had filed comprehensive information on the Program in compliance with Commission Rule R8-68 on March 6, 2013, and that the only modification being requested was the removal of the cap on the maximum curtailable demand from the Program. The Commission granted DEC's request to waive the filing requirements of Commission Rule R8-68 by Order entered on November 15, 2018.

The Program was originally approved by order dated February 26, 2009 in Docket No. E-7, Sub 831. The Program was reauthorized by order dated October 29, 2013, as a demand side management (DSM) program pursuant to N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68. The Program provides incentives to nonresidential customers to encourage them to reduce or maintain customer load at a specified level consistent with the curtailment option selected by the customer, including shifting load to customer-owned generation or reducing load as requested by DEC.

DEC stated that the current maximum curtailable demand cap is preventing the Company from enrolling customers who have expressed an interest in the Program and have curtailable loads that exceed the per customer limit on curtailable demands.

The Public Staff presented this matter to the Commission at its Regular Staff Conference on November 26, 2018. The Public Staff stated that it had reviewed the request to modify the Program and had not discovered any information that would suggest that the removal of the curtailable demand cap would adversely impact the cost effectiveness or savings from the Program. The Public Staff therefore recommended that

the Commission approve DEC's request to remove the limit on the maximum curtailable demand, including DEC's request to continue recovering the costs and incentives as provided by Commission Rule R8-69.

Based on the foregoing, the Commission is of the opinion that DEC's request to modify the PowerShare® Nonresidential Load Curtailment Program should be approved as filed.

IT IS, THEREFORE, ORDERED:

1. That DEC's proposed modification to the PowerShare® Nonresidential Load Curtailment Program is hereby approved as filed, effective as of the date of this Order;

2. That the PowerShare® Nonresidential Load Curtailment Program continues to be eligible for recovery of program costs and incentives, in accordance with N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-69;

3. That 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 November, 2018.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk