

ANNUAL REPORT
to the
GENERAL ASSEMBLY



North Carolina Utilities Commission
Public Staff

2020

INTRODUCTION

The North Carolina Utilities Commission Public Staff (the Public Staff) was established pursuant to N.C. Gen. Stat. § 62-15 in 1977. All divisions are supervised and directed by the Public Staff's Executive Director, Christopher J. Ayers, who works to ensure that the Public Staff presents a unified position in the best interest of the customers on all issues before the Commission. The Executive Director is appointed by the Governor and confirmed by the General Assembly for a six-year term. Mr. Ayers began his first term as Executive Director on July 1, 2013 and was reappointed to a second term beginning July 1, 2019.

Under North Carolina law, the Public Staff represents the using and consuming public – the customers of certain of the State's electric, telephone, natural gas, water, sewer, and transportation utilities – in matters before the North Carolina Utilities Commission (the Commission) affecting public utility rates and service. At the end of December 2020, the Public Staff was organized into nine operating divisions: Accounting, Water/Sewer/Telephone, Consumer Services, Economic Research, Energy, Executive, Information Technology, Legal, and Transportation. In August 2019, the Public Staff merged the Electric and Natural Gas divisions to create the Energy Division.

The Public Staff is a separate and distinct entity from the Commission. The Public Staff and Commission are independent agencies with separate staffs, leadership, and budgets. The Commission does not direct or oversee the Public Staff's operations. The Public Staff appears as a party before the Commission and is subject to rules prohibiting ex parte communications with the Commission. The Public Staff does not participate in Commission decision-making.

KEY FUNCTIONS OF THE PUBLIC STAFF

The Public Staff serves as the eyes, ears, and voice of regulated utility customers on matters pending before the Commission. The Public Staff participates in virtually all Commission dockets in some manner, including reviewing filings, performing audits, filing testimony, participating in stakeholder groups, and making recommendations to the Commission. The Public Staff interfaces with the general public, media, and intervenors on utility issues and cases.

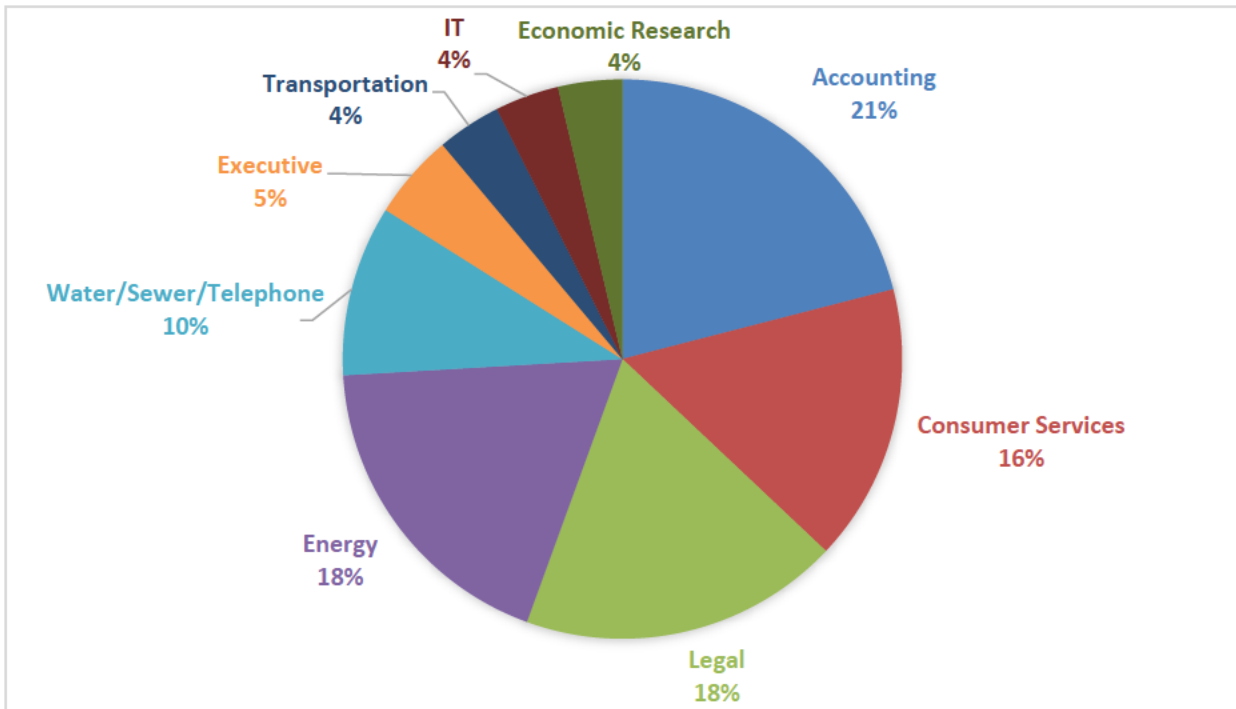
The key functions of the Public Staff are:

- Presenting testimony and recommendations to the Commission on behalf of regulated utility customers
- Investigating customer complaints
- Auditing regulated utilities in Commission investigations and proceedings
- Interfacing with the general public on utilities issues
- Assisting legislative staff and legislators regarding proposed legislation and constituent services
- Working with other State agencies, counties, and municipalities on regulated utility matters
- Providing information and guidance to parties who intervene in cases before the Commission
- Undertaking studies and making recommendations to the Commission regarding:
 - New service offerings and changes to existing services
 - Construction of new generating facilities and transmission lines
 - Mergers and acquisitions involving public utilities
- Facilitating stakeholder and working groups as requested by the Commission
- Serving as an educational resource to customers and educational institutions

PUBLIC STAFF PERSONNEL ALLOCATION

As of December 31, 2020, the Public Staff had a total of eighty-one positions allocated across nine different divisions.

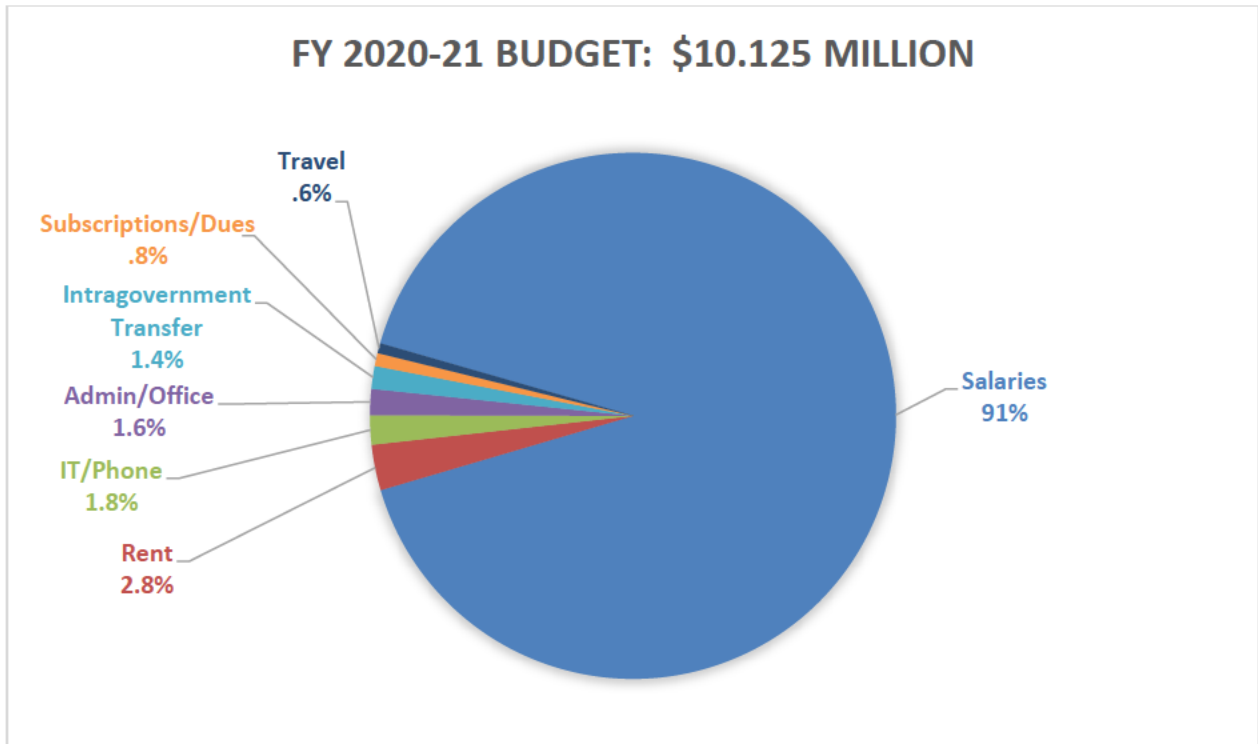
Division	Number of Positions
Accounting	17
Consumer Services	13
Legal	15
Energy	15
Water/Sewer/Telephone	8
Executive	4
Transportation	3
IT	3
Economic Research	3



PUBLIC STAFF BUDGET

The Public Staff is funded via a regulatory fee pursuant to N.C. Gen. Stat. § 62-302. For fiscal year 2020-2021, the regulatory fee was 0.14% of the noncompetitive jurisdictional revenues of public utilities regulated pursuant to Chapter 62 of the General Statutes. The receipts from the regulatory fee are allocated between the Commission and Public Staff. Following allocation of the receipts, the Public Staff's and Commission's fiscal budgets are separated.

For fiscal year 2020-2021, the Public Staff's total authorized budget was approximately \$10.125 million. Approximately 91% of the Public Staff's budget is dedicated to staff salaries and benefits, totaling \$9.21 million. Approximately \$431,000 of the budget is allocated to the Department of Commerce for human resources and budget support, as well as rental expense for office space in the Dobbs building. Approximately \$483,000 is allocated to administrative expenses, office equipment and supplies, information technology equipment and services, professional resources, subscriptions, and travel.



PUBLIC STAFF ACTIVITIES – 2020 OVERVIEW

The Public Staff participated in 2,182 formal proceedings before the Commission through briefs, comments, expert testimony, stakeholder facilitation, audits, and investigations, including appearances at 107 hearings in contested cases. The Public Staff reviewed 20,903 filings made with the Commission and 3,027 orders issued by the Commission. The Public Staff handled over 3,449 consumer complaints and inquiries throughout the year across its various divisions. A summary of major Commission proceedings and the work performed by the Public Staff follows.

ELECTRIC COST RECOVERY RIDERS

FUEL AND FUEL-RELATED COSTS

N.C. Gen. Stat. § 62-133.2 permits electric public utilities to recover changes in certain fuel and fuel-related costs through a rider to base rates. The amount of the rider is determined in annual proceedings before the Commission.

The 2020 fuel proceedings resulted in the following changes to fuel and fuel-related charges for each of the electric public utilities:

	2020 Total Fuel Rider	Change from prior year
Dominion Energy North Carolina		
	<i>¢ / kWh</i>	
Residential	1.743	-0.389
SGS & Public Authority	1.742	-0.387
LGS	1.728	-0.384
NS	1.677	-0.372
6VP	1.700	-0.378
Outdoor Lighting	1.743	-0.389
Traffic	1.743	-0.389
Duke Energy Carolinas		
	<i>¢ / kWh</i>	
Residential	1.6391	-0.3110
General Service/ Lighting	1.8249	-0.2239
Industrial	1.9310	-0.1713
Duke Energy Progress		
	<i>¢ / kWh</i>	
Residential	2.260	-0.439
Small General Service	2.175	-0.522
Medium General Service	2.324	-0.350
Large General Service	2.471	-0.231
Lighting	1.773	-0.974

**RENEWABLE ENERGY AND ENERGY EFFICIENCY PORTFOLIO
STANDARD (REPS) COMPLIANCE COSTS; DEMAND-SIDE
MANAGEMENT (DSM) AND ENERGY EFFICIENCY (EE) MEASURES,
COSTS, AND INCENTIVES**

N.C. Gen. Stat. § 62-133.8(h) permits electric power suppliers to recover the incremental costs of complying with the REPS through an annual rider to base rates. N.C. Gen. Stat. § 62-133.9 allows electric public utilities to recover the costs incurred for adoption and implementation of new DSM and EE measures through an annual rider to rates. The Commission has approved a cost recovery and incentive mechanism for each utility that provides for the recovery of DSM/EE program costs plus an incentive based on a percentage of the kWh and kW saved because of the programs. The amounts of these riders are determined in annual proceedings that are conducted at the same time as the fuel proceedings. The 2020 REPS and DSM/EE annual proceedings resulted in the following rider amounts for Dominion Energy North Carolina (DENC), Duke Energy Carolinas, LLC (DEC) and Duke Energy Progress, LLC (DEP):

REPS and DSM/EE Rider Amounts		2018	2019	2020
Dominion Energy North Carolina				
DSM and EE Programs:		¢ / kWh		
	Residential	0.120	0.121	0.125
	Small Gen. Service	0.154	0.222	0.176
	Large Gen. Service	0.118	0.2338	0.108
REPs:		\$ / month / account		
	Residential	0.49	0.43	0.55
	General Service	2.71	2.34	3.08
	Industrial	18.12	15.89	20.83
Duke Energy Carolinas				
DSM and EE Programs:		¢ / kWh		
	Residential	0.5529	0.5320	0.4835
	All non-residential	0.6238	0.8286	0.7131
REPs:		\$ / month / account		
	Residential	0.83	0.07	0.87
	General Service	3.71	1.03	4.65
	Industrial	15.15	-6.44	21.27
Duke Energy Progress				
DSM and EE Programs:		¢ / kWh		
	Residential	0.610	0.644	0.554
	Commercial/General Service	0.6239	0.865	0.800
REPs:		\$ / month / account		
	Residential	0.55	1.42	1.45
	General Service	6.42	7.96	8.25
	Industrial	58.71	73.17	59.58

ADDITIONAL ELECTRIC RATE RIDERS

By way of orders issued in various ratemaking proceedings, the Commission has established and annually updates the following rate riders:

1. New River Light and Power's annual Purchased Power Adjustment (PPA) and Coal Ash Cost Recovery (CACR) Factor. 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, New River Light and Power Company (NRLP) files an annual request for an adjustment to its rates and charges for purchased power and coal ash costs. The annual rider proceeding completed in early 2020 resulted in a PPA factor of (\$0.003183) per kWh (including the regulatory fee) and a CACR factor of \$0.003341 per kWh (including the regulatory fee).
2. Western Carolina University's annual Purchased Power Cost Rider. In compliance with Commission orders in Docket No. E-35, Subs 17, 19, and 40, Western Carolina University (WCU) files an annual application for a change in its Schedule CP Purchased Power Cost Rider (CP Rider). The annual rider proceeding completed in early 2020 resulted in a CP Rider of (\$0.00231) per kWh.
3. Duke Energy Carolinas, LLC's annual Existing DSM Program Rider (EDPR). The EDPR, first approved in Docket No. E-7, Sub 828, is adjusted annually to true up the difference between the applicable base rate amount in effect and the actual cost incurred during the then-most recent calendar year for certain legacy DSM and EE programs. The annual EDPR approved, effective July 1, 2020, was (0.0007) cents per kWh, including the regulatory fee.
4. Duke Energy Carolinas, LLC's annual Bulk Power Marketing (BPM) Prospective and True-Up Riders. The purpose of the BPM Prospective Rider and the BPM True-up Rider, as approved in Docket No. E-7, Sub 1026, is to flow back to Duke Energy Carolinas (DEC) North Carolina retail customers their jurisdictionally allocated share of 90% of DEC's BPM Net Revenues and 100% of its Non-Firm Point-to-Point Transmission (NFPTP) Revenues, on a prospective basis and subsequently on a trued-up basis. The annual BPM Prospective and True-up Riders approved, effective July 1, 2020, were (0.0049) cents per kWh and (0.0129) cents per kWh, respectively (both including the regulatory fee).

BIENNIAL DETERMINATION OF AVOIDED COST RATES **(Docket No. E-100, Subs 158, 167)**

Each electric utility is required under federal law (Section 210 of the Public Utility Regulatory Policies Act [PURPA]) to offer to purchase available electric energy from cogeneration and small power production facilities that obtain qualifying facility (QF) status under Section 210 of PURPA. For such purchases, electric utilities are required to pay rates that are just and reasonable to the ratepayers of the utility, are in the public interest, and do not discriminate against cogenerators or small power producers. Federal Energy Regulatory Commission (FERC) regulations require that the rates electric utilities pay to purchase electric energy and capacity from qualifying cogenerators and small power producers reflect the cost that the purchasing utility can avoid as a result of obtaining energy and capacity from these sources, rather than generating an equivalent amount of energy itself or purchasing the energy or capacity from other suppliers. Pursuant to FERC rules, the Commission holds biennial avoided cost proceedings to implement Section 210 of PURPA and determine the avoided cost rates to be paid by electric utilities to the QFs with which they interconnect. The Commission also reviews and approves other related matters involving the relationship between the electric utilities and QFs, such as terms and conditions of service, contractual arrangements, and interconnection charges.

On August 13, 2020, the Commission issued an order setting out the procedure for the 2020 avoided cost proceeding in Docket No. E-100, Sub 167. On October 20, 2020, DEC, DEP, and DENC notified the Commission of their intention to file streamlined 2020 avoided cost filings that will update the inputs in their avoided energy cost rates and avoided capacity rates based on the methodological guidelines and requirements approved in Docket No. E-100, Sub 158 in the Commission's *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities* issued on April 15, 2020. The utilities requested that the Commission delay, until November 2021, the more comprehensive filings that will address the solar integration services charge methodology, QFs providing ancillary services, the Performance Adjustment Factor (PAF), and other contested "policy" issues (the Sub 158 Additional Issues). Additionally, DEC, DEP and DENC proposed that, going forward, the Commission modify the timing of biennial avoided cost proceedings, by starting the next full biennial proceeding in 2021 and shifting all future proceedings to odd calendar years.

On October 30, 2020, the Commission granted the continuance (Continuance Order) and directed DEC, DEP and DENC to address the Sub 158 Additional Issues by November 2, 2021. On November 2, 2020, Duke and DENC made their streamlined filings consistent with the Continuance Order. On December 22, 2020, Western Carolina University (WCU) and New River Power and Light (New River) made their avoided cost filings.

On January 25, 2021, the Public Staff filed Initial Comments on the filings made by DEC, DEP, DENC, WCU and New River to comply with the Continuance Order. The Public Staff focused its review on ensuring that the updated inputs used by the electric utilities in calculating their avoided cost energy rates and avoided capacity rates were

reasonable and that the methodological guidelines and requirements used by the electric utilities were consistent with those approved in the Sub 158 Order. The Public Staff made several recommendations for the Commission's consideration.

INTEGRATED RESOURCE PLANNING (Docket No. E-100, Sub 157)

Integrated Resource Planning (IRP) is intended to identify those electric resource options that can be obtained at least cost to the utility and its ratepayers consistent with the provision of adequate and reliable electric service. Each utility's IRP considers demand-side alternatives, including conservation, efficiency, and load management, as well as supply-side alternatives in the selection of resource options. Commission Rule R8-60 defines an overall framework within which the IRP process takes place in North Carolina. Analysis of the long-range need for future electric generating capacity pursuant to N.C. Gen. Stat. § 62-110.1 is included in the Rule as a part of the Integrated Resource Planning process. N.C. Gen. Stat. § 62-15(d) requires the Public Staff to assist the Commission in making its analysis and plan pursuant to N.C. Gen. Stat. § 62-110.1.

The Commission conducts an annual investigation into the electric utilities' Integrated Resource Planning. Commission Rule R8-60 requires that each utility, to the extent that it is responsible for procurement of any or all of its individual power supply resources, furnish the Commission with a biennial IRP in even-numbered years that contains the specific information set out in that Rule. In odd-numbered years, each of the electric utilities must file an annual report updating its most recently filed biennial IRP. The Public Staff reviews IRP updates filed in odd years for compliance with the Rule.

On May 1, 2020, DENC filed its 2020 biennial IRP, which it supplemented on May 15, 2021.

On March 17, 2020, April 16, 2020, and June 18, 2020, DEC and DEP held IRP Forums to obtain stakeholder input and to provide guidance on how DEC and DEP were incorporating the input into their IRPs. The Public Staff participated in these forums. On September 1, 2020, DEC and DEP (collectively, Duke) filed their biennial IRPs.

With respect to DENC's, DEC's, and DEP's 2020 biennial IRPs, the Public Staff recommended, among other things, that:

- In future IRPs, Duke present a portfolio that sets a carbon limit and allows the model to economically select the necessary resources to meet that limit, as opposed to iteratively forcing resources into the model to meet a predetermined carbon goal.
- Dominion file a resource plan that neither includes forced resources, nor excludes certain resources.

- The Utilities use economically optimal endogenous plant retirement dates in future IRPs with the Encompass model, as opposed to exogenously specified retirement dates.
- Should the Commission approve accelerated coal unit retirements, Duke analyze the transmission impacts and file a more detailed plan with refined cost estimates, including timelines of required activities to aid in the transition and system production increments or decrements with the proposed replacement generation source.
- In future IRPs, the Utilities continue to evaluate the feasibility and benefits of advanced analytic techniques that incorporate sub-hourly modeling and more granular system performance data, and to the extent these advanced analytics are available at reasonable cost, utilize these resources to provide better information and understanding of reserve margin needs, as well as overall system operations.
- In future IRPs, for each capacity expansion plan presented, the Utilities: a) provide the amount of existing firm transmission import capacity; b) list the additional incremental transmission import capacity needed to support the plan; c) provide a high-level cost estimate associated with these increases; and d) include those transmission costs in their PVRR analysis.
- The Utilities attempt to include network upgrade cost estimates within the capacity expansion model in the same manner as transmission interconnection costs.
- Duke continue to include in future IRPs a discussion and evaluation of potential subsequent license renewals (SLRs) for each of its existing nuclear units, including an anticipated schedule for SLR application submission and review, and an evaluation of the risks and required costs for upgrades. Further, the Utilities should continue to reflect any such relicensing plans in future IRPs.
- The Utilities file a cost analysis to demonstrate that continued operation of each individual nuclear unit/plant is in the best economic interest of ratepayers.
- For the 2021 IRP update, Duke re-evaluate its prediction that additional interstate pipeline capacity will be available. If Duke continues to believe that adequate capacity will be available, Duke provide the Commission and stakeholders with a detailed narrative that identifies a specific timeline for completion, as well as identification of major challenges associated with potential new interstate pipelines, which require FERC approval.
- In order to assess the portfolio risk of Duke's natural gas pricing assumptions, Duke consider developing an IRP portfolio that is similar to its base case but includes natural gas import restrictions.

**REPS SWINE AND POULTRY WASTE
SET-ASIDE COMPLIANCE
(Docket No. E-100, Sub 113)**

N.C. Gen. Stat. § 62-133.8(i)(2) authorizes the Commission to modify or delay the REPS provisions, in whole or in part, if the Commission determines it to be in the public interest to do so. In September 2019, DEC, DEP, DENC, GreenCo, Fayetteville PWC, EnergyUnited EMC, TVA, the Town of Waynesville, the Town of Windsor, NCEMPA, and NCMPA1 (the Joint Movants) filed a joint motion pursuant to N.C. Gen. Stat. § 62-133.8(i)-(2), requesting that the Commission: (1) modify the requirements of N.C. Gen. Stat. § 62-133.8(e) (compliance with the REPS requirements through the use of swine waste resources) for DEC, DEP, and DENC by lowering the 2019 compliance requirement to 0.04% of prior-year retail sales, shifting the increase to 0.07% to begin in calendar year 2020, and delaying the requirements of N.C. Gen. Stat. § 62-133.8(e) for all other Joint Movants until 2020; and (2) modify the requirements of N.C. Gen. Stat. § 62-133.8(f) (compliance with REPS requirements through the use of poultry waste resources) by lowering the 2019 requirement to 500,000 MWh and shifting the increase to 700,000 MWh and 900,000 MWh to calendar years 2020 and 2021, respectively. The Joint Movants further requested that they be allowed to bank any swine and poultry waste RECs previously or subsequently acquired for use in future compliance years and to replace compliance with the swine and poultry waste requirements in 2019 with other compliance measures.

The Joint Movants asserted that they had individually and collectively taken a number of actions to comply with the REPS swine and poultry waste resource provisions, including actively engaging waste-to-energy developers, issuing requests for proposals, evaluating bids received, negotiating and executing long-term REC purchase agreements for these resources, processing interconnection requests from these generators, actively monitoring executed agreements, and, in some cases, further modifying REC purchase agreements to provide developers a reasonable opportunity for successful project execution. The Public Staff submitted comments on the joint motion and supported the requested delay.

On December 16, 2019, the Commission issued an Order finding that the State's electric power suppliers had made reasonable efforts to comply with the 2018 statewide swine and poultry waste set-aside requirements, as previously modified by the Commission, and determining that it was in the public interest to grant the modifications as requested in the Joint Motion. In addition, the Commission required all electric power suppliers to continue to file reports on their compliance efforts on a semiannual basis until the Commission orders that they be discontinued. Finally, the Commission directed the Public Staff to continue to arrange and facilitate a stakeholder meeting at least once a year to occur in the summer months. The Public Staff held these meetings on June 13, 2019 and June 12, 2020.

INTERCONNECTION STANDARDS REVISIONS

(Docket No. E-100, Sub 101)

In its August 27, 2019, *Order Requiring Queue Reform Proposal and Comments*, the Commission required Duke to file a queue reform proposal to transition to a grouping study process. Duke filed a proposal on October 15, 2019 and proposed a further stakeholder process to address specific areas of the queue reform proposal, specifically: (1) cluster timeline/predictability and restudy; (2) cost allocation; (3) interdependencies; and (4) cluster milestone payments and refunds. On May 15, 2020, Duke filed an updated queue reform proposal. In its proposal, Duke asked for a decision from the Commission by September 15, 2020, to allow queue reform efforts to be aligned in South Carolina and with the FERC. On September 3, 2020, Duke and several solar developer parties entered into an interconnection settlement agreement. The agreement settled a number of disputes under the North Carolina Interconnection Procedures (NCIP). The notice of the settlement agreement describes two major objectives: (1) resolves actual and potential disputes of over 100 Final Accounting Reports for distribution-level solar Interconnection Requests that completed construction in the period of 2018-2020; and (2) provides a path to resolve certain legacy-pending- distribution-level interconnection requests. Implementation of the settlement required limited waiver from certain NCIP requirements, which the Commission granted on October 14, 2020.

On October 15, 2020, the Commission issued its *Order Approving Queue Reform* (Queue Reform Order) approving the queue reform proposal submitted by DEP and DEC (together, Duke). In addition, the Commission directed Duke to “keep the Commission informed of its progress in securing approvals of its queue reform proposal from the South Carolina Public Service Commission and the FERC and any required adjustments to its proposed transition schedule.” On February 10, 2021, the South Carolina Public Service Commission approved the queue reform proposal. Duke has filed its proposal with the FERC, which must give approval before queue reform can be implemented. Duke has reported in the interconnection docket that it expects FERC approval in the third quarter of 2021.

The transition from a serial queue to the cluster study approach envisioned in the queue reform proposal relied in part on settling existing disputes. In its February 25, 2021, letter filed in the E-100, Sub 101 interconnection docket, Duke reported that substantial progress has been made in collaboratively administering the settlement agreement and “through implementing the cost capping and payment arrangements for nearly 100 Interconnection Customers and the achievement of significant progress on the interconnection process for pre-Interconnection Agreement settlement projects. Specifically, since execution of the Settlement Agreement, 53 System Impact Study reports, 19 Facility Study reports and 19 Interconnection Agreements have been issued to settling Interconnection Customers.”

On March 1, 2021, DEC and DEP filed an Interconnection Fee-Related Work and Post-Commercial Operation Inspection Report (2021 Report). In response to DEC and DEP’s filing, the Commission issued on March 9, 2021, an *Order Seeking Comments*

Regarding Generator Inspection Provisions of the North Carolina Generator Interconnection Standards. In lieu of comments, the Public Staff filed on March 29, 2021, a letter stating that it had reviewed Duke's 2021 Report and was in agreement with the Commission in commending the parties for their attempts to collaborate in finding efficient processes to inspect all facilities interconnected to the grid.

ANNUAL NATURAL GAS COST REVIEWS

N.C. Gen. Stat. § 62-133.4 allows the natural gas local distribution companies (LDCs) to adjust their rates from time-to-time to track changes in the cost of gas supply and transportation. These rate adjustments, which are known as purchased gas adjustments, may occur as often as monthly and do not require an evidentiary hearing. The Public Staff reviews the calculations of the adjustments and supporting documentation and makes recommendations to the Commission regarding approval.

N.C. Gen. Stat. § 62-133.4 also provides for annual proceedings to compare the LDCs' prudently incurred gas costs with the costs recovered from ratepayers during a 12-month test period. If the prudently incurred gas costs of an LDC are less than the costs recovered from ratepayers, the Commission must require the LDC to make refunds through bill credits or rate decrements. If the prudently incurred costs are greater than the costs recovered, the Commission may allow the LDC to recover the deficiency through a rate increment.

There are four LDCs in North Carolina: Public Service Company of North Carolina, Inc. (PSNC), Piedmont Natural Gas Company, Inc. (Piedmont), Frontier Natural Gas Company (Frontier), and Toccoa Natural Gas. Throughout 2020, the Public Staff reviewed the LDCs' gas costs and deferred account reports, gas procurement practices, and hedging policies. The Public Staff conducted in-depth investigations of the information submitted by the LDCs in their 2020 filings and presented its findings and recommendations regarding whether the utilities' gas purchases and hedging activities were prudent and whether the utilities properly accounted for gas costs. After considering the testimonies of the LDCs and the Public Staff, the Commission issued orders approving the gas costs incurred, the accounting for gas costs, any recommendations, and the proposed rate increments and decrements as appropriate.

PIPELINE INTEGRITY MANAGEMENT COST RECOVERY

N.C. Gen. Stat. § 62-133.7A authorizes the Commission to approve a rate adjustment mechanism to enable a natural gas LDC to recover its prudently incurred capital investment and associated costs of complying with federal gas pipeline safety requirements.

PIEDMONT NATURAL GAS COMPANY, INC.
INTEGRITY MANAGEMENT RIDER (IMR)
(Docket No. G-9, Subs 769 and 777)

The Commission approved an IMR mechanism as part of Piedmont’s 2013 general rate case, which is Appendix E of Piedmont’s Service Regulations. Appendix E states that Piedmont shall file with the Commission by October 31st its Annual IMR Report summarizing the Integrity Management (IM) Plant Investment for the 12-month period ending September 30th and the data substantiating and supporting its Integrity Management Revenue Requirement (IMRR) calculation for rates effective December 1st.

On April 30, 2020, Piedmont, pursuant to the IMR mechanism, filed an IMRR bi-annual rate adjustment, effective June 1, 2020, based on the Company’s IM Plant Investment through March 31, 2020. In the filing, Piedmont also proposed a true-up adjustment for the IM Deferred Account based on the actual account balance at March 31, 2020. On May 15, 2020, Piedmont filed the schedule showing the computation of the proposed IM rate adjustment for each rate schedule and the revised tariffs effective June 1, 2020. The Public Staff determined that these rate adjustments were properly calculated and recommended approval. The Commission approved the proposed rate adjustments.

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

Description	Small & Medium General		Firm Large General	Interruptible Large General
	Residential Rate 101	Rate 102, 142, 152	Rate 103, 113, 12 T-10, T-12	Rate 104, 114
Rate Class Percentage	64.78%	30.18%	2.73%	2.31%
IMRR	\$17,272,100	\$8,046,804	\$727,892	\$615,908
IM Deferred Account Balance	(\$1,110,461)	(\$517,347)	(\$46,798)	(\$39,598)
Total Amount for recovery	<u>\$16,161,639</u>	<u>\$7,529,458</u>	<u>\$681,094</u>	<u>\$576,310</u>
Rate Case Volumes (dts)	39,305,821	32,055,951	35,121,753	29,923,758
IM Increment per dt	\$0.4112	\$0.2349 ✓	\$0.0194 ✓	\$0.0193
Remove Previous Increment	<u>(\$0.1470)</u>	<u>(\$0.0840)</u>	<u>(\$0.0069)</u>	<u>(\$0.0069)</u>
Proposed rate change per dt	\$0.2642	\$0.1509 ✓	\$0.0125 ✓	\$0.0124

On October 30, 2020, Piedmont filed its projected three-year plan of IM Plant Investment and computations of the IMRR for its biannual IMR rate adjustment. The IMRR calculation reflected approved depreciation rates and the overall return approved in the Sub 743 Order, as applied to the net plant investment for the twelve-month period ending September 30, 2020.

On November 13, 2020, Piedmont filed its proposed IMR rate adjustments, including an increment to collect the October 31, 2020 balance in the IM Deferred Account

to be effective December 1, 2020. The proposed IMR rate adjustments, expressed in dollars per dekatherm (\$/dt), are as follows:

Description	Residential Rate 101	Small & Medium General Rate 102, 142, 144, 152	Firm Large General Rate 103, 113, 12 T-10, T-12	Interruptible Large General Rate 104, 114
Rate Class Percentage	64.78%	30.18%	2.73%	2.31%
IMRR	\$19,638,811	\$9,149,418	\$827,631	\$700,303
IM Deferred Account Balance	\$1,552,506	\$723,288	\$65,427	\$55,361
Total Amount for recovery	\$21,191,317	\$9,872,707	\$893,058	\$755,664
Rate Case Volumes (dts)	39,305,821	32,055,951	35,121,753	29,923,758
IM Increment per dt	\$0.5391	\$0.3080	\$0.0254	\$0.0253
Remove Previous Increment	(\$0.4112)	(\$0.2349)	(\$0.0194)	(\$0.0193)
Change in IM Increment per dt	\$0.1279	\$0.0731	\$0.0060	\$0.0060

The Public Staff investigated the filing and recommended approval of the proposed IMR rate adjustments. The Commission approved the rate adjustments.

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
INTEGRITY MANAGEMENT TRACKER (IMT)
(Docket No. G-5, Subs 616 and 624)

The IMT, Rider E of its tariff, requires that PSNC file an annual report summarizing the IM Plant Investment for the prior 12-month period ending December 31st and the data substantiating and supporting its IMRR calculation for the next bi-annual IMT rate adjustment. Additionally, PSNC is required to file by February 15th an IM True-Up Adjustment based on the balance in the IM Deferred Account as of January 31st. PSNC is also required to file bi-annual adjustments to its rates based upon qualifying capital investments in integrity and safety projects as of December 31st and June 30th, respectively. Rider E of its tariff requires PSNC to make a filing with the Commission by February 15th and August 15th each year showing the computation of the IMT rate adjustment that it proposes to charge during the six-month period beginning March 1st and September 1st, respectively.

On January 31, 2020, PSNC filed the computation for the IMRR that supports the bi-annual IMT rate adjustment and its projected three-year plan of IM Plant Investment. On February 14, 2020, PSNC filed an application requesting authority to adjust its rates effective March 1, 2020, to implement new temporary increments in its rates pursuant to Rider E.

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

Description	Residential	Commercial	Firm	Interruptible
	Rates 101, 102, 115	Rates 125, 126 127, 140	Large General Rates 145, 175	Large General Rates 135, 150, 160, 165, 180
Rate Class Percentage	69.89%	19.92%	7.25%	2.94%
IMRR for Recovery	\$19,443,239	\$5,541,699	\$2,016,934	\$817,901
IM Deferred Account Balance	<u>(\$128,453)</u>	<u>(\$36,611)</u>	<u>(\$13,325)</u>	<u>(\$5,404)</u>
Net IMRR for Recovery	\$19,314,786	\$5,505,088	\$2,003,609	\$812,497
Rate Case Volumes (therms)	302,709,607	154,775,495	202,384,732	148,716,728
IM Rate Increment (per therm)	\$0.06381	\$0.03557	\$0.00990	\$0.00546
Current IMT Increment	<u>\$0.04903</u>	<u>\$0.02733</u>	<u>\$0.00761</u>	<u>\$0.00420</u>
Adjustment to IMT Increment	\$0.01478	\$0.00824	\$0.00229	\$0.00126

The Public Staff determined that these rate adjustments were properly calculated, and the Commission issued an order approving them.

On July 31, 2020, PSNC filed the computation for the IMRR that supports the bi-annual IMT rate adjustment, effective September 1, 2020, based on its IM Plant Investment through June 30, 2020.

On August 14, 2020, PSNC filed the computation of the IMT rate adjustments for each rate schedule and the revised tariffs, effective for service rendered on and after September 1, 2020. PSNC filed amendments to its application on August 19 and August 24, 2020.

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

Description	Residential	Commercial	Firm	Interruptible
	Rates 101, 102, 115	Rates 125, 126 127, 140	Large General Rates 145, 175	Large General Rates 135, 150, 160, 165, 180
Customer Class Percentage	69.89%	19.92%	7.25%	2.94%
IMRR for Recovery	\$21,472,194	\$6,119,990	\$2,227,406	\$903,252
Rate Case Volumes (therms)	302,709,607	154,775,485	202,384,732	148,716,728
IM Rate Increment (per therm)	\$0.07093	\$0.03954	\$0.01101	\$0.00607
Current IM Increment	<u>\$0.06381</u>	<u>\$0.03557</u>	<u>\$0.00990</u>	<u>\$0.00546</u>
Adjustment to IM increment	<u>\$0.00712</u>	<u>\$0.00397</u>	<u>\$0.00111</u>	<u>\$0.00061</u>

The Public Staff investigated the filing and recommended approval of the proposed IMT rate adjustments. The Commission approved the rate adjustments.

AQUA NC APPLICATION FOR GENERAL RATE INCREASE

(Docket No. W-218, Sub 526)

On December 31, 2019, in Docket No. W-218, Sub 526 (Sub 526), Aqua North Carolina, Inc. (Aqua NC or Company), filed an application with the Commission seeking authority to increase its rates for providing water and sewer utility service in all of its service areas in North Carolina (Application). Aqua NC serves approximately 82,000 water customers and 20,000 sewer customers in 51 counties throughout the State. Aqua NC's last general rate case was decided by the Commission by order entered December 18, 2018, in Docket No. W-218, Sub 497.

In its Application and related filings, Aqua NC sought an increase in its base rates and charges to its North Carolina customers of \$6,819,722 along with other relief, including cost deferrals, changes to rate design, a conservation pilot program, and a consumption adjustment mechanism (CAM). The Application was based on a requested rate of return on common equity of 10.10%, an embedded long-term debt cost of 4.25%, and a capital structure of 50.00% common equity and 50.00% long-term debt.

Aqua NC sought approval to apply a conservation normalization factor to the three-year average historical consumption figures for each of the Company's three water rate divisions for the purpose of calculating average consumption for use in the rate case proceeding. Aqua NC also requested authority to implement a CAM pursuant to N.C.G.S. § 62-133.12A. The Company withdrew both of these requests during the course of the proceeding.

On July 1, 2020, Aqua NC and the Public Staff entered into and filed a Partial Settlement Agreement and Stipulation (Stipulation). The Stipulation resolved some of the issues contested by the two parties, but left unresolved the following issues: (1) conservation pilot program, (2) rate design, (3) water quality reporting, and (4) the in-service date of plant and Aqua NC's unitization process.

A hearing for the purpose of receiving expert testimony began on July 8, 2020, and recessed on July 13, 2020. The hearing was reconvened on August 3, 2020, for the purpose of receiving public witness testimony. A total of 24 customers testified as public witnesses.

By order dated October 26, 2020, the Commission approved the Stipulation, decided the unresolved issues, and granted a partial rate increase. The order set a 9.40% rate of return on common equity, a 6.81% overall return on rate base, a capital structure of 50% common equity and 50% long-term debt, and an embedded cost of debt of 4.41%. The order further provided for an increase in Aqua NC's annual level of service revenues of \$3,446,081, which corresponds to a total increase in Aqua NC's combined water and wastewater revenues of approximately 5.62% of its total service revenues, or roughly 51% of the combined rate increase requested in the application.

JOINT AGENCY ASSET RIDER PROCEEDING (Docket No. E-2, Sub 1253)

On June 9, 2020, DEP filed an application for approval of its annual Joint Agency Asset Rider (JAAR) to recover acquisition and operating costs related to facilities purchased from NCEMPA pursuant to N.C. Gen. Stat. § 62-133.14 and Commission Rule R8-70. In its application, DEP requested a total of \$154,703 million for the prospective component of its North Carolina retail revenue requirement for the period December 1, 2020 through November 30, 2021. In addition to the prospective component, DEP requested to return to ratepayers \$27.57 million through the Joint Agency Asset Rolling Recovery Factor (RRF) component of its North Carolina retail revenue requirement for the same period related to the over-recovery of financing and non-fuel operating costs experienced through the test year ended December 31, 2019. On November 30, 2020, the Commission entered an order approving the JAAR and the following JAAR rates by class. For an average residential customer using 1,000 kWh, this represents a decrease of \$0.11 per month.

Rate Class	Applicable Schedule(s)	Prospective Rate	Rolling Recovery Factor	Combined Rate*
Non-Demand Rate Class (dollars per kilowatt-hour)				
Residential	RES, R-TOUD, R-TOUE, R-TOU	0.00459	(0.00080)	0.00379
Small General Service	SGS, SGS-TOUE	0.00559	(0.00198)	0.00361
Medium General Service	CH-TOUE, CSE, CSG	0.00439	(0.00170)	0.00269
Seasonal and Intermittent Service	SI	0.00468	(0.00402)	0.0066
Traffic Signal Service	TSS, TFS	0.00255	(0.0061)	0.00194
Outdoor Lighting Service	ALS, SLS, SLR, SFLS	-	-	-
Demand Rate Classes (dollars per kilowatt-hour)				
Medium General Service	MGS, GS-TES, AP-TES, SGS-TOU	1.44	(0.38)	1.06
Large General Service	LGS, LGS-TOU	1.50	0.06	1.56

*Incremental Rates, shown above, include North Carolina regulatory fee of 0.13%.

HOUSE BILL 589 IMPLEMENTATION

House Bill 589, entitled “Competitive Energy Solutions for NC,” was enacted on July 27, 2017. It requires the implementation of several new renewable energy programs. Those programs and the status of their implementation are described below.

Competitive Procurement for Renewable Energy (CPRE) Program

Part II of House Bill 589 requires Duke Energy to procure 2,660 MW of renewable energy through a competitive procurement program. In accordance with the bill, the Commission adopted rules for the CPRE program in Docket No. E-100, Sub 150, approved CPRE programs for DEP and DEC in Docket Nos. E-2, Sub 1159, and E-7, Sub 1156, respectively, and selected an independent administrator (IA) of the program in Docket No. E-100, Sub 151.

Tranche 2 of the CPRE was open from October 15, 2019 to March 9, 2020 with a capacity target of 600 MW in DEC and 80 MW in DEP. A total of 664.40 MW were procured, with 589.40 MW in DEC and 75 MW in DEP. The IA estimates a nominal savings of \$98.66 Million over 20 years in DEC and DEP combined for Tranche 2.¹ Whether there is a Tranche 3 of the CPRE program is an outstanding issue to be resolved.

House Bill 589 and Commission Rule R8-71 also require the Commission to conduct an annual proceeding to review costs incurred or anticipated to be incurred by an electric public utility to comply with the CPRE Program and an annual compliance report filed by the electric public utility. On August 19, 2020, the Commission issued an Order approving Residential, General Service / Lighting, and Industrial total CPRE billing factors for DEC of 0.0067 cents per kWh, 0.0064 cents per kWh, and 0.0061 cents per kWh, respectively (all including the regulatory fee), as well as DEC’s CPRE Compliance Report. On November 30, 2020, the Commission issued an Order approving Residential, Small General Service, Medium General Service, Large General Service, and Lighting total CPRE billing factors for DEP of 0.007 cents per kWh, 0.007 cents per kWh, 0.007 cents per kWh, 0.006 cents per kWh, and 0.005 cents per kWh, respectively (all including the regulatory fee), as well as DEP’s CPRE Compliance Report.

Green Source Advantage (GSA) Program

Part III of House Bill 589 requires Duke Energy to file with the Commission an application for approval of a new program to procure 600 MW of renewable energy for major military installations, the University of North Carolina, and large nonresidential customers.

¹ From Tranche 1, DEC is estimated to have \$290.20 million in savings and DEP to have \$84.69 million in savings.

The program plan for the new GSA program was filed in Docket Nos. E-2, Sub 1170 and E-7, Sub 1169. Duke Energy, the Public Staff, the University of North Carolina, organizations representing potential GSA program customers and solar developers, and others took part in the proceeding. The Commission on February 1, 2019 issued an order modifying and approving the GSA Program and Duke Energy made a compliance filing containing a proposed program on March 18, 2019. The Commission approved Duke's proposed allocation of the 250 MW of "unreserved capacity" available under the GSA Program between DEC and DEP based on the load ratio share of eligible customers as follows: 160 MW in DEC and 90 MW in DEP. The remaining capacity was reserved as required by N.C. Gen. Stat. § 62-159.2 for major military installations and the University of North Carolina.

On September 30, 2019, Duke filed notice that the GSA program would open on October 1, 2019. On October 18, 2019, Duke filed a program application summary indicating that 219 MW of capacity was applied for and all applications were for facilities in the DEC service territory. On March 2, 2020, the Commission granted Duke's request to reallocate the unreserved capacity from DEP's territory to be used in either DEP's or DEC's territory on a first-come, first-served basis.

As of June 2021, the set-asides for the major military installations or the University of North Carolina system have not been used.

Solar Rebate Program

Part VIII of House Bill 589 required Duke Energy to file an application requesting approval of a program to offer reasonable incentives to residential and nonresidential customers to install small solar energy facilities. The Commission approved Duke Energy's proposed rebate program (Solar Rebate Program) in April 2018 for eligible projects that were installed on or after January 1, 2018 in Docket Nos. E-2, Sub 1167, and E-7, Sub 1166. Duke Energy will provide rebates for residential and nonresidential customers totaling an estimated \$62 million, which the utility is authorized to recover, along with program costs, under the annual REPS cost recovery rider. Under the Program in years 2018 through January 2021, residential customers were eligible for a rebate of 60 cents per watt for solar energy systems of 10 kW or less. Nonresidential customers were eligible for 50 cents per watt and non-profit customers were eligible for a rebate of 75 cents per watt for systems of 100 kW or less.

The solar rebate has been extremely popular and reached capacity limits on the first day of its release in 2019 and 2020. In 2020, both DEC and DEP residential rebates met the allotted capacity in fewer than three minutes each. Due to the first-come, first-serve nature of the program, many customers have been frustrated by their inability to secure a rebate. On November 6, 2020, the Commission issued an order modifying the fourth year of the program. The order required that Duke Energy open the program in 2021 and 2022 twice each year, in the first week of January and the first week of July. In an order issued March 23, 2021, Duke was ordered to implement a lottery process for allocating rebates rather than "first-come, first-serve."

In addition, due to evidence that prices for solar residential solar installations have decreased by 35% and commercial by 45% since 2018, the Commission also found it appropriate to reduce the amounts of the rebate. Noting that the General Assembly has tasked the Commission with offering “reasonable incentives” pursuant to N.C.G.S. § 62-155(f), the Commission found that rebates should reflect true and reasonable costs. Effective for the July 2021 enrollment window, the residential rebate is decreased by 35% to \$0.40 per watt and the commercial rebate is reduced by 45% to \$0.30 per watt, and the nonprofit rebate stays unchanged at \$0.75 per watt.

DENC’S APPLICATION FOR A GENERAL RATE INCREASE (Docket No. E-22, Sub 562)

On March 29, 2019, DENC filed an application seeking a general rate increase. In its application and initial direct testimony and exhibits, DENC originally sought a net increase of approximately \$27 million, or 10.5%, in its annual electric sales revenues from its North Carolina retail electric operations, including a rate of return on common equity of 10.75%. DENC further proposed to increase its base fuel revenues by approximately \$3 million. Together, the proposed additional base non-fuel revenue and base fuel revenue, would increase overall base revenues by approximately \$30 million or approximately 8.7%. DENC also proposed a rider to return excess deferred federal corporate income taxes (EDIT) of approximately \$7 million to its North Carolina customers over a one-year period. On August 5, 2019, DENC filed supplemental direct testimony and exhibits updating the increase sought in its non-fuel base rates and charges to its North Carolina retail customers to \$24.9 million. On September 12, 2019, DENC filed second supplemental testimony updating the increase sought to \$24.2 million.

From the filing of the application to the end of August 2019, the Public Staff and other intervenors conducted extensive discovery on DENC’s application. On September 17, 2019, DENC filed an Agreement and Stipulation of Partial Settlement with the Public Staff and testimony supporting the partial settlement. The Public Staff filed testimony supporting the settlement on September 17 and 18, 2019. The Agreement and Stipulation of Partial Settlement provided for a 9.75% rate of return on equity, based upon a capital structure of 52% equity and 48% debt, agreement to reduce the requested revenue requirement by at least approximately \$13.5 million, agreement on numerous adjustments to the Company’s cost of service, and agreements related to cost of service allocation methodology, recovery of the federal EDIT, costs of wet-to dry conversions at the Company’s Chesterfield Power Station, and the quality of service. The stipulation did not address the Company’s request to recover its deferred coal ash costs.

Public hearings were conducted in Halifax, Williamston, and Manteo. The evidentiary hearing began on September 23, 2019. Following the evidentiary hearing, the parties submitted proposed orders, and on February 24, 2020, the Commission entered its *Order Accepting Public Staff Stipulation in Part, Accepting CIGFUR Stipulation, Deciding Contested Issues, and Granting Partial Rate Increase*. The Commission declined to accept the agreement between the Public Staff and DENC regarding the

Chesterfield Power Station costs, but accepted the remainder of the terms of the Partial Settlement. The Commission concluded that DENC should be allowed to recover expenditures associated with managing coal combustion residuals and converting or closing waste ash management facilities totaling \$21.8 million. However, the Commission determined that those costs should be excluded from rate base and amortized recovery of the costs over 10 years to effect a sharing between shareholders and customers. The Commission's order resulted in an increase of approximately \$5.7 million in DENC's non-fuel annual electric sales revenues from its North Carolina retail electric operations including EDIT. An appeal to the North Carolina Supreme Court of the Commission's Order by Dominion is currently pending.

DEC'S APPLICATION FOR A GENERAL RATE INCREASE (Docket No. E-7, Sub 1214)

On September 30, 2019, DEC filed an application seeking a general rate increase. In its application and initial direct testimony and exhibits, DEC originally sought a net increase of approximately \$445.3 million, or 9.2%, in its annual electric sales revenues from its North Carolina retail electric operations, including a rate of return on common equity of 10.3%.

From the filing of the application to the beginning of 2020, the Public Staff and other intervenors conducted extensive discovery on DEC's application. On February 18, 2020, the Public Staff filed direct testimony, and on March 4, 2020, DEC filed rebuttal testimony. On March 25, 2020, DEC and the Public Staff filed a partial stipulation regarding certain revenue requirement issues, but left unresolved a number of issues, including coal ash costs, the return of excess deferred income taxes, return on equity and capital structure, and the Company's request to defer costs under its Grid Improvement Plan. The parties also agreed on the regulatory treatment and securitization of certain storm costs incurred by the Company in response to Hurricanes Florence and Michael and Winter Storm Diego.

Public hearings were conducted in Franklin, Morganton, Graham, and Charlotte.

DEC and the Public Staff entered into a Second Partial Stipulation on July 31, 2020 resolving several other issues in the proceeding, including a 9.6% return on equity and deferral of certain grid improvement plan programs. On August 24, 2020, the consolidated evidentiary hearing began, and on September 3, 2020, the DEC-specific portion of the hearing commenced.

On January 25, 2021, DEC, DEP, the Attorney General, the Public Staff, and the Sierra Club entered into a settlement agreement (coal ash settlement), which comprehensively resolved issues related to the recovery of the Companies' coal ash costs. The Commission reopened the record to include this settlement. On March 31, 2021, the Commission entered its Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice. In that Order, the Commission accepted the Stipulations between DEC and the Public Staff and the coal ash settlement. Among other

things, the Order approved a return on equity of 9.6%; deferral treatment of \$800 million of grid improvement program costs; the coal ash settlement; and studies and collaborative processes to address affordability, rate design, cost of service, and transmission and distribution climate risk and resiliency.

DEP'S APPLICATION FOR A GENERAL RATE INCREASE **(Docket No. E-2, Sub 1219)**

On October 30, 2019, DEP filed an application seeking a general rate increase. In its application and initial direct testimony and exhibits, DEP originally sought a net increase of approximately \$585.9 million, or 15.6%, in its annual electric sales revenues from its North Carolina retail electric operations, including a rate of return on common equity of 10.5%.

Public hearings were conducted in Rockingham, Raleigh, Wilmington, Snow Hill, and Asheville.

From the filing of the application to the beginning of 2020, the Public Staff and other intervenors conducted extensive discovery on DEP's application. On April 13, 2020, the Public Staff filed direct testimony, and on May 4, 2020, DEP filed rebuttal testimony. On June 2, 2020, DEP and the Public Staff filed a partial stipulation regarding certain revenue requirement issues, but left unresolved a number of issues, including coal ash costs, the return of excess deferred income taxes, return on equity and capital structure, and the Company's request to defer costs under its Grid Improvement Plan. The parties also agreed on the regulatory treatment and securitization of certain storm costs incurred by the Company in response to Hurricanes Florence and Michael and Winter Storm Diego in 2018, and Hurricane Dorian in 2019.

DEP and the Public Staff entered into a Second Partial Stipulation on July 31, 2020 resolving several other issues in the proceeding, including a 9.6% return on equity and deferral of certain grid improvement plan programs. On August 24, 2020, the consolidated evidentiary hearing began, and on September 29, 2020, the DEP-specific portion of the hearing commenced. The parties submitted post-hearing brief and proposed orders on December 4, 2020.

On January 25, 2021, DEC, DEP, the Attorney General, the Public Staff, and the Sierra Club entered into a settlement agreement, which comprehensively resolved issues related to the recovery of the Companies' coal ash costs. The Commission reopened the record to include this settlement.

On April 16, 2021, the Commission entered its Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice. In that Order, the Commission accepted the Stipulations between DEP and the Public Staff and the coal ash settlement. Among other things, the Order approved a return on equity of 9.6%; deferral treatment of \$400 million of grid improvement program costs; the coal ash

settlement; and studies and collaborative processes to address affordability, rate design, cost of service, and transmission and distribution climate risk and resiliency.

**JOINT PETITION OF DEC AND DEP FOR FINANCING
ORDERS TO SECURITIZE STORM RECOVERY COSTS**
(Docket Nos. E-2, Sub 1262 and E-7, Sub 1243)

On October 26, 2020, DEC and DEP filed a Joint Petition for Financing Orders (Joint Petition) pursuant to N.C. Gen. Stat. § 62-172 (the Securitization Statute) requesting the Commission grant authorization for the financing of the Companies' storm recovery costs due to storm recovery activities required as a result of Hurricanes Florence, Michael, and Dorian, and Winter Storm Diego (collectively, the Storms).

The Companies' Joint Petition additionally requested that the Commission find that their storm recovery costs and related financing costs are appropriately financed by debt secured by storm recovery property, and that the Commission issue orders (financing orders) for DEC and DEP by which each utility may accomplish such financing using a securitization structure authorized by the Securitization Statute, so that the Companies may recover their prudently incurred storm recovery costs.

The "storm recovery costs" consist of DEC's and DEP's incremental operation and maintenance (O&M) expenses deferred as regulatory assets, as well as the associated capital costs incurred due to the Storms and accrued carrying charges as presented in Docket No. E-7, Sub 1214 and Docket No. E-2, Sub 1219, (through January 31, 2020 and February 29, 2020, respectively), which were considered reasonable and prudent by the Public Staff in testimony and acknowledged as such in each Company's Agreement and Stipulation of Partial Settlement with the Public Staff, as well as certain post-rate case costs and credits remaining to be audited in the future. From the filing of the application to the middle of December, the Public Staff conducted extensive discovery on the Companies' Joint Petition.

On December 21, 2020, and December 22, 2020, the Public Staff filed testimony and exhibits in support of implementing certain best practices to help maximize savings for ratepayers in this first issuance in North Carolina of such AAA ratepayer-backed bonds. On January 27, 2021, the Companies and the Public Staff entered into an Agreement and Stipulation of Partial Settlement settling issues in the case relating to certain fees and financing costs, among other things. An evidentiary hearing was held the week of January 28, 2021.

On May 10, 2021, the Commission issued its Financing Orders in these two dockets. The Financing Orders required, among other things, the formation of a "Bond Advisory Team" to include the Companies, the Commission, the Public Staff, and their respective designees. The role of the Commission and the Public Staff on the Bond Advisory Team is to provide advice and input that is independent of the Companies in the

structuring, marketing, and pricing of the bonds. The Bond Advisory Team's first meeting occurred on May 27, 2021.

WESTERN CAROLINA UNIVERSITY'S APPLICATION FOR A GENERAL RATE INCREASE (Docket No. E-35, Sub 51)

On March 9, 2020, Western Carolina University (WCU) filed an application with the Commission seeking authority to increase its rates for electric service in its service area in Jackson County, North Carolina. In an order issued April 6, 2020, the Commission declared the docket to be a general rate case and suspended the proposed rates for up to 270 days. An amended application was filed on June 24, 2020. The Commission issued an order on July 17, 2020 scheduling hearings.

From the filing of the application through mid-August 2020, the Public Staff and other intervenors conducted discovery on and analysis of WCU's application. The Public Staff filed the testimony and exhibits of Sonja R. Johnson, Scott J. Saillor, Evan D. Lawrence, and Benjamin P. Lozier on August 21, 2020.

On August 27, 2020, the Public Staff filed a Notice of Settlement informing the Commission that the Parties had reached a settlement whereby WCU accepted the \$612,749 revenue requirement increase recommended by the Public Staff. The Public Staff filed the Stipulation of Western Carolina University and the Public Staff (Stipulation) on September 9, 2020. No public comments regarding the proposed rate increase were received so the Commission issued an order on September 9, 2020 cancelling the public comment hearing.

On October 29, 2020, the Commission entered its *Order Granting General Rate Increase and Accepting Stipulation*. In that Order, the Commission approved the stipulated revenue requirement increase of \$612,749, effective for bills rendered on or after December 1, 2020.

APPLICATION OF DEC AND DEP FOR APPROVAL OF PROPOSED ELECTRIC TRANSPORTATION PILOT (Docket Nos. E-7, Sub 1195 and E-2, Sub 1197)

On March 29, 2019, DEC and DEP filed an application with the Commission for approval of an electric transportation pilot (ET Pilots). In the application, the companies proposed spending \$76 million over three years on seven programs: residential electric vehicle (EV) charging, fleet EV charging, EV school bus charging, EV transit bus charging, multi-family dwelling charging stations, public level two (L2) charging stations, and fast charging stations. Additionally, the companies proposed spending \$3.3 million for education and outreach, and another \$2 million for ongoing operations and maintenance.

On April 4, 2019, the Commission issued an Order requesting comments and reply comments on the proposal. A number of parties, including the Public Staff, filed comments. The Commission conducted a hearing and requested proposed orders.

On February 28, 2020, the Public Staff and other parties filed proposed orders. The Public Staff recommended that the Commission deny the companies' application on the grounds that it is not a proof of concept program that typically characterizes a pilot. The Public Staff argued that the ET Pilots are fundamentally designed to promote EV adoption and install a foundational level of EV infrastructure, not just to collect data, and neither economical or cost-effective. Such a proposal that addresses a substantial portion of statewide infrastructure needs renders the proposal more like preapproval of infrastructure spending rather than a group of pilot projects. On November 24, 2020, the Commission filed its Order Approving Electric Transportation Pilot, In Part, allowing portions of the multi-family dwelling charging stations, public L2 charging stations, and the EV school bus charging programs. The Commission also required Duke and the Public Staff to co-host a stakeholder process to develop a second stage of the approved programs and any other pilot programs the stakeholders developed within new pilot program guidelines enumerated in the Order. These second stage and additional pilot programs were to be filed with the Commission by May 24, 2021.

**INDEPENDENT THIRD-PARTY AUDIT OF THE AFFILIATE
TRANSACTIONS OF DEC, DEP, AND PNG
(DOCKET NO. E-2, SUB 1095D)
(DOCKET NO. E-7, SUB 1100D)
(DOCKET NO. G-9, SUB 682D)**

As part of the merger of Duke Energy Corporation (Duke Energy) and Piedmont Natural Gas Company, Inc. (Piedmont), in 2016 (Merger), the Commission required independent third-party audits of the affiliate transactions of Duke Energy Carolinas, LLC (DEC), Duke Energy Progress, LLC (DEP), and Piedmont Natural Gas Company, Inc. (collectively, the Duke Utilities) no less often than every two years.

On January 15, 2020, the Public Staff proposed Schumaker & Company (Schumaker) as the third-party independent auditor for the first audit. The Duke Utilities agreed with the auditor selection. On February 24, 2020, the Commission issued an order approving Schumaker as the third-party independent auditor.

On July 28, 2020, the Public Staff filed the Report for a Management Audit of Affiliate Relationships and Transactions Involving DEC, DEP, and Piedmont and Other Affiliates or Nonpublic Utility Operations of Duke Energy submitted by Schumaker (the Audit Report). The Audit Report contained several findings and recommendations.

On August 25, 2020, based on past procedure with respect to audits pursuant to Regulatory Conditions, the Parties filed a proposed procedural schedule that provided an opportunity (1) for the Duke Utilities, the Public Staff, and Schumaker to discuss the recommendations in the Audit Report and file a statement, or separate statements, detailing their points of agreement and disagreement, (2) for interested parties to file

comments on the audit report recommendations and the statements filed by the Duke Utilities and the Public Staff; and (3) for all parties to file proposed orders. The procedural schedule was approved by the Commission on August 27, 2020.

On November 13, 2020, the Parties filed a Joint Statement regarding the Audit Report (Joint Statement). On January 25, 2021, the Parties filed an Additional Joint Statement with the Commission. The Joint and Additional Joint Statements presented the positions of the Duke Utilities and the Public Staff regarding Schumaker's findings and recommendations; agreement was reached on all of these. On January 25, 2021, the Duke Utilities and the Public Staff submitted a Joint Proposed Order.

On March 31, 2021, the Commission issued its *Order Accepting Audit Report and Compliance Measures*, in which it generally accepted the parties' positions as set forth in the Joint Proposed Order.

**FRIESIAN'S APPLICATION FOR A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY (CPCN) TO CONSTRUCT A
70-MW SOLAR FACILITY IN SCOTLAND COUNTY, NORTH
CAROLINA**
(Docket No. EMP-105, Sub 0)

On May 15, 2019, in Docket No. EMP-105, Sub 0, Friesian Holdings filed an application for a certificate of public convenience and necessity (CPCN) pursuant to Commission Rule R8-63 as a merchant generator for the construction of a 70-MW solar photovoltaic electric generating facility in Scotland County. Friesian was seeking to interconnect to the DEP transmission system and the output from the facility would be wheeled by DEP to the North Carolina Electric Membership Corporation (NCEMC) pursuant to a power purchase agreement. The Facility required extensive network upgrades estimated to cost over \$200 million and included the reconductoring of 63 miles, and uprating of 10 miles, of DEP transmission lines.

The matter came on for hearing on December 18, 2019. On June 11, 2020, the Commission issued its *Order Denying Certificate of Public Convenience and Necessity for Merchant Generating Facility*. The Commission agreed with the Public Staff and found that it may consider all costs required to construct a proposed generating facility, including the cost to construct the generating plant, the interconnection facilities, and network upgrades when considering an application for a CPCN. The Commission found the benefits alleged were too speculative and uncertain to support a determination that granting the CPCN was in the public interest. The Commission further agreed with the Public Staff and found it appropriate to defer any decision related to upgrades of the system in the southeastern region of the State pending the outcome of the activities underway to comprehensively address system challenges including the DEQ Carbon Reduction Stakeholder Group, Phase 2 of the NREL Carbon-Free Resources Integration Study, and the Queue Reform Proposal by Duke that will enable cluster studies and allow multiple facilities to share the costs of network upgrades. The Commission concluded the

IRP is the appropriate forum to consider the costs and benefits of system upgrades in the context of reliability, resilience, and affordability.

Friesian appealed the Commission's Order to the North Carolina Court of Appeals. Friesian and Appellant-Intervenors, North Carolina Sustainable Energy Association and North Carolina Clean Energy Business Alliance, filed opening briefs on March 3, 2021. The Public Staff filed its Appellee Brief on June 3, 2021.

GENERIC PROCEEDINGS

INVESTIGATION OF NECESSARY AND APPROPRIATE RESPONSES TO THE NOVEL CORONAVIRUS COVID-19

(Docket Nos. M-100, SUB 158, E-2, SUB 1228, E-7, SUB 1236, E-22, SUB 583, G-5, SUB 617, and G-9, SUB 767)

On March 19, 2020, in response to Governor Roy Cooper's Executive Order 116 declaring a State of Emergency in North Carolina to prevent the spread of the novel coronavirus, the Commission issued an *Order Suspending Utility Disconnections for Nonpayment, Allowing Reconnection, and Waiving Certain Fees* in Docket No. M-100, Sub 158. Executive Orders 124 and 142 extended the moratorium on disconnections for nonpayment, through July 29, 2020, to all utilities in the state, including those utilities not regulated by the Commission, and required all utilities to report implementation information to the Commission.

On July 29, 2020, the Commission issued an *Order Lifting Disconnection Moratorium and Allowing Collection of Arrearages Pursuant to Special Repayment Plans* in the above-captioned dockets. (Order Lifting Disconnection Moratorium). The Order Lifting Disconnection Moratorium allowed all electric, natural gas, water, and wastewater public utilities regulated by the Commission to resume customer disconnections due to nonpayment for bills first rendered on or after September 1, 2020, but maintains the waiver of the application of late fees for past due or delinquent payments by public utilities including electric and natural gas resellers² through the end of the State of Emergency or until further order of the Commission. That order also required all jurisdictional electric, natural gas, water, and wastewater public utilities, excluding resellers, to offer special repayment plans up to 12 months to customers. Finally, the order requires all jurisdictional electric, natural gas, water, and wastewater public utilities, excluding resellers, to continue to submit implementation information monthly to the Commission until further order.

² Commission Rule R18-7(a) prohibits water and wastewater resellers from charging late fees. While under normal circumstances Commission Rules R22-5(e) and R25-5(d) allow electric and natural gas resellers to charge late fees on balances in arrears after the past-due date, electric and natural gas resellers are subject to the Order's Late Fee Moratorium.

On August 11, 2020, the Commission issued an *Order Requesting Comments on COVID-19 State of Emergency Monthly Reporting Form and Requiring Submission of Designated Reporting Utility Contact Persons* (Comments Order), which noted that “[t]he Commission’s ability to monitor the impact that the State of Emergency and the coronavirus pandemic are having on public utilities and ratepayers is essential to the protection of public health and the financial viability of the Commission’s jurisdictional utilities.”

Following the receipt and review of comments, on September 9, 2020, the Commission issued an *Order Finalizing COVID-19 State of Emergency Monthly Reporting Form* (Reporting Order), which requires that until further order of the Commission, all jurisdictional electric, natural gas, water, and wastewater public utilities, excluding resellers and Class C water and wastewater public utilities, submit the mandatory COVID-19 State of Emergency Monthly Reporting Form (Monthly Reporting Form) on or before the fifteenth day of the month following the reporting period.

By order dated December 23, 2020, the Commission requested its largest regulated utilities to provide additional information on residential disconnections, arrearages, and payment plans during the COVID-19 State of Emergency. The Commission stated that it continued to diligently monitor the monthly reports submitted by utilities. Additionally, the Commission acknowledged that while utilities had resumed disconnections, the COVID-19 State of Emergency remained in effect and some customers continued to have difficulty paying their utility bills. The Commission determined it had questions regarding the utilities’ disconnection practices and experiences, bill arrearages, and payment plans that could not easily be answered via the monthly reporting survey form. Therefore, the Commission required utilities, Duke Energy Carolinas, LLC (DEC), Duke Energy Progress, LLC (DEP), Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC), Piedmont Natural Gas Company, Inc. (PNG), Public Service Company of North Carolina, Inc. d/b/a Dominion Energy North Carolina (PSNC), Carolina Water Service, Inc. of North Carolina (CWS), and Aqua North Carolina, Inc. (Aqua) to answer the Commission’s 14 enumerated questions regarding their disconnection practices, repayment plan offerings, and number of customers disconnected since the Commission’s Order Lifting Disconnection Moratorium was issued. Responses to the questions were required to be filed by January 17, 2021.

In early January 2021, the Public Staff, DEC, DEP and PNG engaged in discussions and the Public Staff provided input regarding DEC, DEP and PNG’s proposal to expand their winter disconnection moratorium beyond the criteria required under NCUC Rule R12-11(1)(6) and R-12-10(h)(6) to include all LIEAP and Crisis Intervention Program (CIP) beneficiaries. On February 11, 2021 DEC, DEP and PNG filed with the Commission their plan to expand the winter disconnection moratorium.

On February 23, 2021, the Commission issued an *Order Suspending Disconnections and Providing for Extended Repayment Plans for Certain Vulnerable Residential Customers and Requiring Door Hanger Notices* (February 23 Order). The February 23 Order:

- a. Effective immediately, for bills rendered through March 31, 2021, further expanded the winter disconnection moratorium to all of the largest regulated utilities in the state, expanding the eligibility criteria proposed by DEC, DEP and Piedmont, to LIHEAP, CIP and adding customers who receive assistance from the NC Housing Opportunities and Prevention of Evictions (NC HOPE) Program.
- b. Required utilities to offer extended repayment plans payable over no fewer than 18 months and on-premises notices. (The Commission's July 29th Order provided for up to 12-month repayment plans.)
- c. Provided that customers receiving assistance from LIHEAP, CIP and NC HOPE eligible customers be required to opt-out, as opposed to opt-in, to the 18-month repayment plans.
- d. Provided that customers may transfer an established extended special repayment plan to a new service location.

On March 24, 2021, The Commission issued an *Order Extending Door Hanger Notice Requirement* (Door Hanger Order), stating it continues to monitor the impacts of the pandemic on customers and public utilities and noting that North Carolinians continue to fall behind on their utility bills. The Commission went on to say that these issues concern the Commission and with the expiration of the winter disconnect moratorium on March 31, 2021, that it is likely residential disconnections will increase. Due to that likelihood, the Commission found good cause to extend through June 30, 2021, the requirement that its largest regulated utilities place a service disconnect door hanger at all residences within 24 to 36 hours prior to disconnection, advising residential customers of their options to avoid disconnection. The Commission also strongly urged the public utilities to be flexible in working with all customers during and after the State of Emergency, particularly the customers most vulnerable to COVID-19-related hardship and to make every possible effort to accept and enable customer use of all federal, state, and nonprofit assistance programs to limit customer disconnections to the greatest extent possible.

On March 26, 2021, the North Carolina Justice Center (Justice Center) and Legal Aid of North Carolina (Legal Aid) filed a letter urging the Commission to build upon its February 23 Order by extending the Winter Moratorium from March 31, 2021 to June 30, 2021. The Public Staff filed comments on March 29, 2021 in support of this recommendation and also raising issues related to the adequacy of the training of company customer service representatives.

On March 31, DEP, DEC, and PNG filed a letter voluntarily extending the Limited Residential Disconnection Moratorium through June 30, 2021.

On April 5, 2021, the Commission issued an *Order Reinstating Limited Residential Disconnection Moratorium* (Limited Residential Disconnection Moratorium) for customers who can establish that they are unable to pay for utility service in full and that their household is eligible to receive assistance (whether funds are then available or not) from LIEAP, the CIP, or the NC HOPE Program. The Limited Disconnection Moratorium Order applied to DEC, DEP, DENC, PNG, PSNC, CWS, and Aqua, effective immediately through June 30, 2021. The Commission also requested that the Public Staff begin filing monthly reports on the number of complaints received from customers of each utility relating to disconnections and repayment plans.

Throughout the State of Emergency, the Public Staff has continued to monitor the impact of the COVID-19 pandemic on the ability of North Carolina customers to pay their utility bills. To that end, the Public Staff has engaged in discussions with various utilities regarding their disconnection policies and procedures to ensure that they are in compliance with the rules of the Commission and to inquire as to whether additional measures might be taken to afford more grace to the more economically vulnerable customers. Since the disconnection moratorium was lifted by the Commission, the Public Staff has been paying special attention to customer complaints received by its Consumer Services Division, as well as complaints received from other organizations and state agencies relating to disconnections, pending disconnections and repayment plans due to delinquent bills. On April 15, 2021, pursuant to the Commission's April 5th Order, the Public Staff filed its first monthly report on the number of complaints received by its Consumer Services Division concerning disconnections and repayment plans.

APPELLATE CASES IN WHICH THE PUBLIC STAFF PARTICIPATED

State Of North Carolina Ex Rel. Utilities Commission; Duke Energy Progress, LLC, v. Attorney General Joshua H. Stein, Sierra Club, Public Staff – North Carolina Utilities Commission, NO. 271A18

State Of North Carolina Ex Rel. Utilities Commission; Duke Energy Carolinas, LLC, v. Attorney General Joshua H. Stein; Sierra Club; North Carolina Sustainable Energy Association; North Carolina Justice Center, North Carolina Housing Coalition, Natural Resources Defense Council, And Southern Alliance For Clean Energy; Public Staff – North Carolina Utilities Commission, NO. 401A18

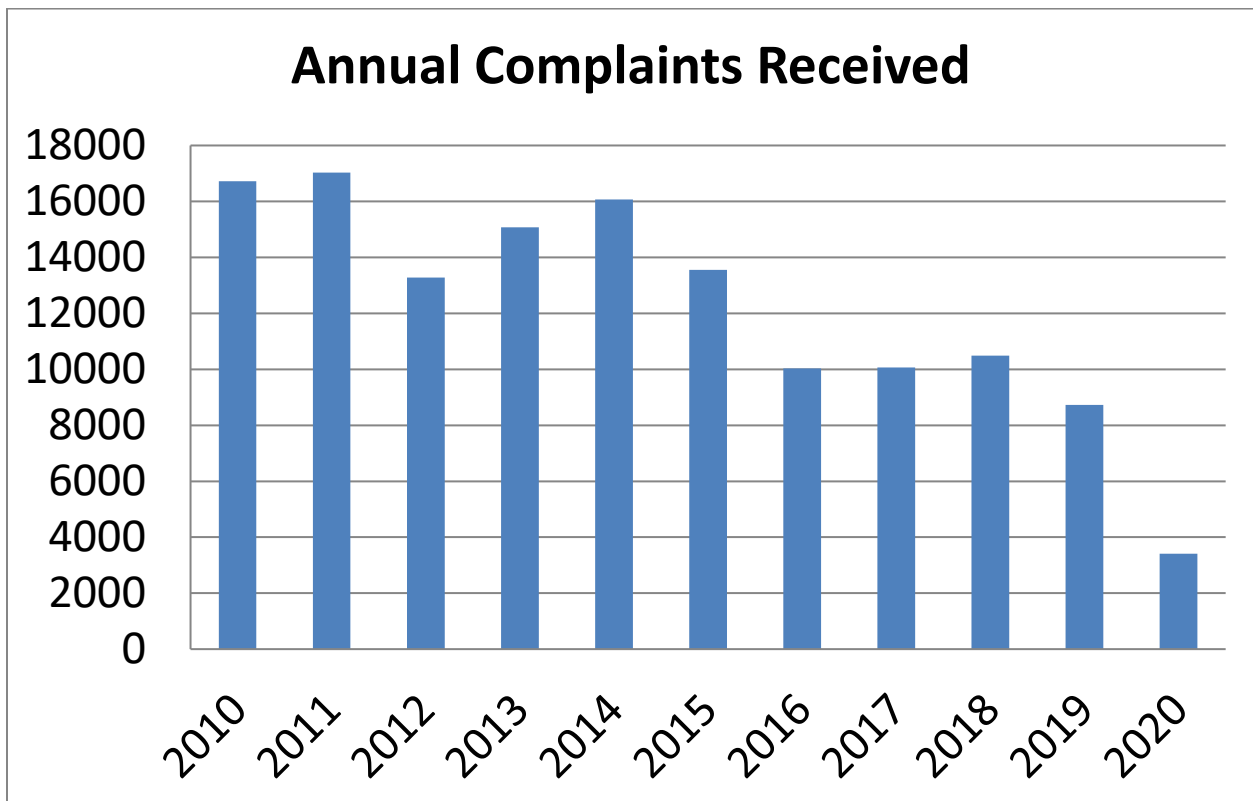
State of North Carolina Ex. Rel. Utilities Commission; Public Staff – North Carolina Utilities Commission; Fresh Air Energy II, LLC; And North Carolina Sustainable Energy Association v. Col. Francis X. De Luca USMCR (RET), NO. COA17-1339

State of North Carolina Ex. Rel. Utilities Commission; Public Staff - North Carolina Utilities Commission, v. Friesian Holdings, LLC, Petitioner; North Carolina Sustainable Energy Association, Intervenor; And North Carolina Clean Energy Business Alliance, Intervenor v. Duke Energy Progress, LLC and North Carolina Electric Membership Corporation, Intervenors, No. COA20-867.

CONSUMER SERVICES DIVISION

The Consumer Services Division facilitates the resolution of disputes between consumers and regulated utilities.³ In addition, it handles customer requests for information on utility matters and letters protesting proposed utility rate increases. Complaints and inquiries often relate to quality of service issues, billing disputes, pending disconnections, and requests for assistance in establishing alternative payment arrangements. In 2020, the Consumer Services Division processed a total of 3,449 complaints and inquiries. The significant decline in complaints from 2019 is attributed to the utility disconnect moratorium that was in-place for much of 2020. While the majority of the complaints are resolved informally, a small percentage of the complaints result in formal proceedings before the Commission.

Callers complaining about non-regulated aspects of utility services are directed to the appropriate government agency for resolution. These types of complaints include cable television services, internet, municipal utility services, cellular services, electric and telephone membership cooperative services, and those services regulated by the Federal Communications Commission (FCC).



³ The Transportation Division handles all complaints related to household goods movers separately from the Consumer Services Division. Transportation Division complaints are reported on page 42.

CONSUMER COMPLAINTS/INQUIRIES BY INDUSTRY

Industry	Utility	Complaints
Electric		2370
	Duke Energy Carolinas	1,363
	Duke Energy Progress	905
	Dominion NC Power	83
	Other	19
Natural Gas		185
	Piedmont	130
	PSNC	55
	Other	0
Telephone		293
	AT&T	65
	Frontier	46
	CenturyLink	91
	Windstream	21
	Time Warner/Spectrum	16
	Other	54
Water/Sewer		300
	Aqua	111
	Water resellers	53
	Carolina Water Service	72
	Other	64
Other		301

ENERGY DIVISION

The Energy Division is comprised of the Electric Section and Natural Gas Section. It represents the using and consuming public in matters brought before the Commission regarding regulated electric and natural gas utilities, including matters such as generation plant siting, transmission line siting, rates and tariffs, DSM/EE program approval and performance, power plant operations, fuel procurement, quality of service, REPS compliance, mergers and acquisitions, electric resellers, avoided cost, integrated resource planning, general rate cases, rider proceedings, annual gas cost reviews, purchased gas adjustment proceedings, pipeline integrity management spending and cost recovery in riders/trackers, customer usage and margin decoupling tracker mechanisms, service extension feasibility studies, and review of renewable energy facility applications. Engineers in the Division work with the Consumer Services Division to resolve electric and natural gas service complaints.

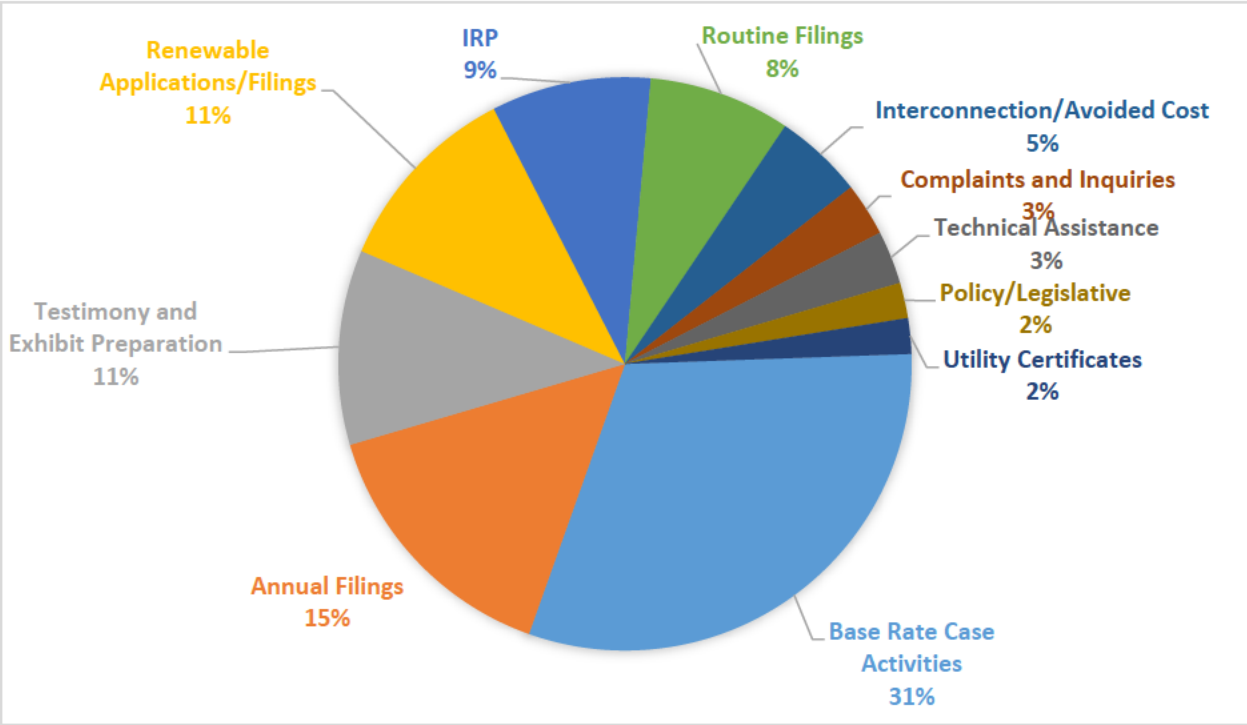
Small power producers and renewable energy facilities require reporting to, or certification by, the Commission prior to commencing operation in the State. The Energy Division reviews and processes applications and makes recommendations to the Commission related to these facilities. In 2020, the Public Staff reviewed approximately 7,200 renewable facility applications. The status of solar renewable energy facilities in electric utility territories is shown below.

Status of Solar Renewable Energy Facilities as of December 31, 2020				
	Connected Facilities		Proposed Facilities (Pre- and Under-construction)	
Electric Utility	Number of Facilities	Capacity of Facilities in MW	Number of Facilities	Capacity of Facilities in MW
DEP	9,379	2,692	1,105	3,264
DEC	10,221	996	959	2,127
DENC	353	1,529	233	7,630
Total	19,953	5,217	2,297	13,022

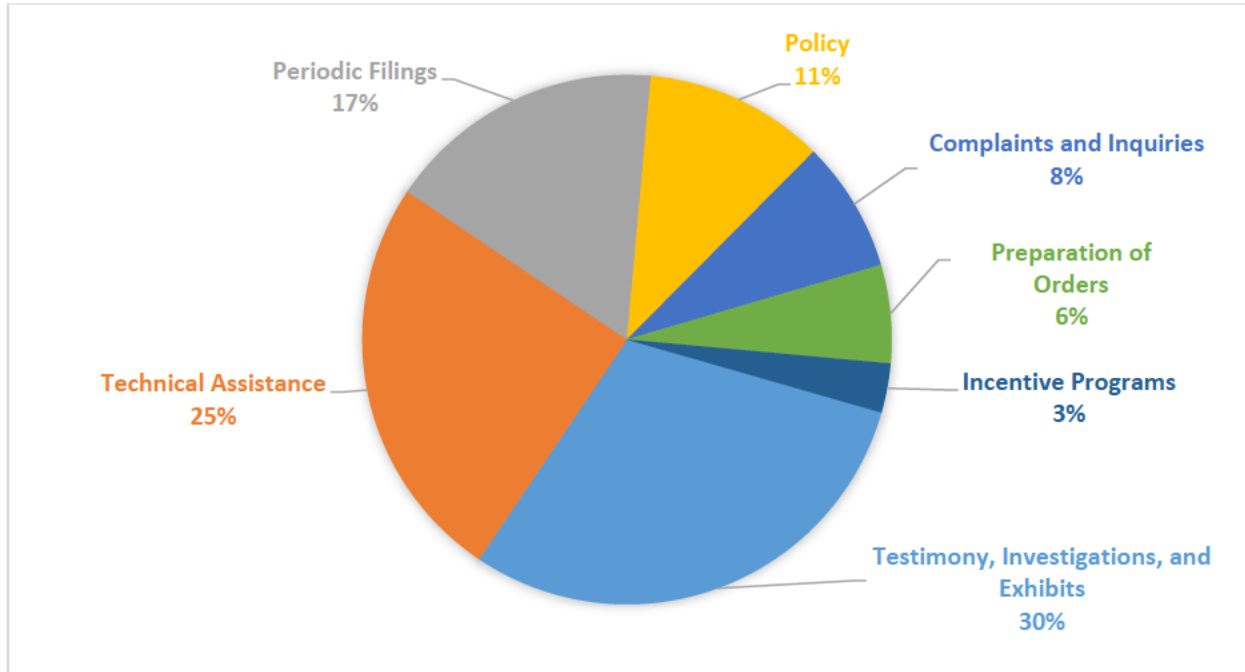
The Energy Division reviews and makes recommendations with respect to the annual REPS compliance plans and reports required by N.C. Gen. Stat. § 62-133.8(i)(1) and Commission Rule R8-67, as discussed earlier in this Report.

Electric Section Subject Matter Allocation	
Rate proceedings (Base rates and DSM/EE, fuel, REPS, JAAR riders)	46%
Interconnection/Avoided Cost	32%
SB 3/HB 589 issues/REPS compliance/renewable facility applications	11%
Transmission, Resource Planning, and Service Reliability	6%
Customer Complaints	3%
Electric Resellers	2%

Allocation of Electric Section Staff Resources (by Task)



Allocation of Natural Gas Section Staff Resources (by Task)



WATER/SEWER/TELEPHONE DIVISION

The Water, Sewer and Telephone Division represents the using and consuming public in matters brought before the Commission regarding regulated water, sewer and telephone utilities. The Division also works with the Consumer Services Division to investigate customer complaints as necessary. During 2020, the Division handled over 1,270 filings.

Water and Sewer Subject Matter Allocation	
Filings by utilities reselling water/sewer utility service in apartment complexes and mobile home parks for new/transfer/cancellation of service areas, and establishment of new rates	26%
Traditional water and wastewater utility rate case investigations/ audits/inspections and presentations before the Commission	26%
Investigations/audits of filings by water, wastewater, and telephone utilities for new/expanded franchise areas, transfers of franchises, contiguous extensions of service areas, discontinuations of service, tariff revisions, and related recommendations to the Commission	33%
Responding to verbal and written inquiries for information from the public, legislature, utilities, agencies, and outside professionals	7%
Working with Consumer Services Division to resolve utility customer complaints	3%
Resolving issues where water and/or wastewater utility customers are in danger of losing utility service	1%
Investigation/resolution of water quality issues	4%

Telephone Matters

The Division represents the using and consuming public in regulated communications matters before the Commission. The Division reviews filings and applications made by incumbent telephone companies and new entrants to the local and long distance industry. These filings include tariff filings, applications and certificates, interconnection agreements, and other general issue filings, such as universal service, competition in local/long distance markets, and unbundled network elements.

Division engineers also work directly with the Consumer Services Division to resolve service issues. While the Commission no longer has authority to order telephone companies to take corrective action in response to complaints, the Public Staff works with service providers to achieve acceptable outcomes for customers where possible.

Activities included reviewing or investigating the following matters:

- Tariff and price plan modifications
- Interconnection agreements
- Service quality
- Local and long distance telephone applications
- Customer complaints
- Access line counts
- Service outages
- Billing disputes

TRANSPORTATION DIVISION

The Transportation Division represents the using and consuming public in matters brought before the Commission regarding regulated transportation utilities. The Commission regulates the transport of passengers by motor carrier (buses) and over water (ferry service operations), as well as most movers of household goods by motor carriers over public highways within North Carolina. At the end of 2020, there were 336 household goods carriers holding certificates of exemption issued by the Commission, and two bus companies and eight ferry operators holding CPCNs. During 2020, the Division reviewed approximately 805 filings.

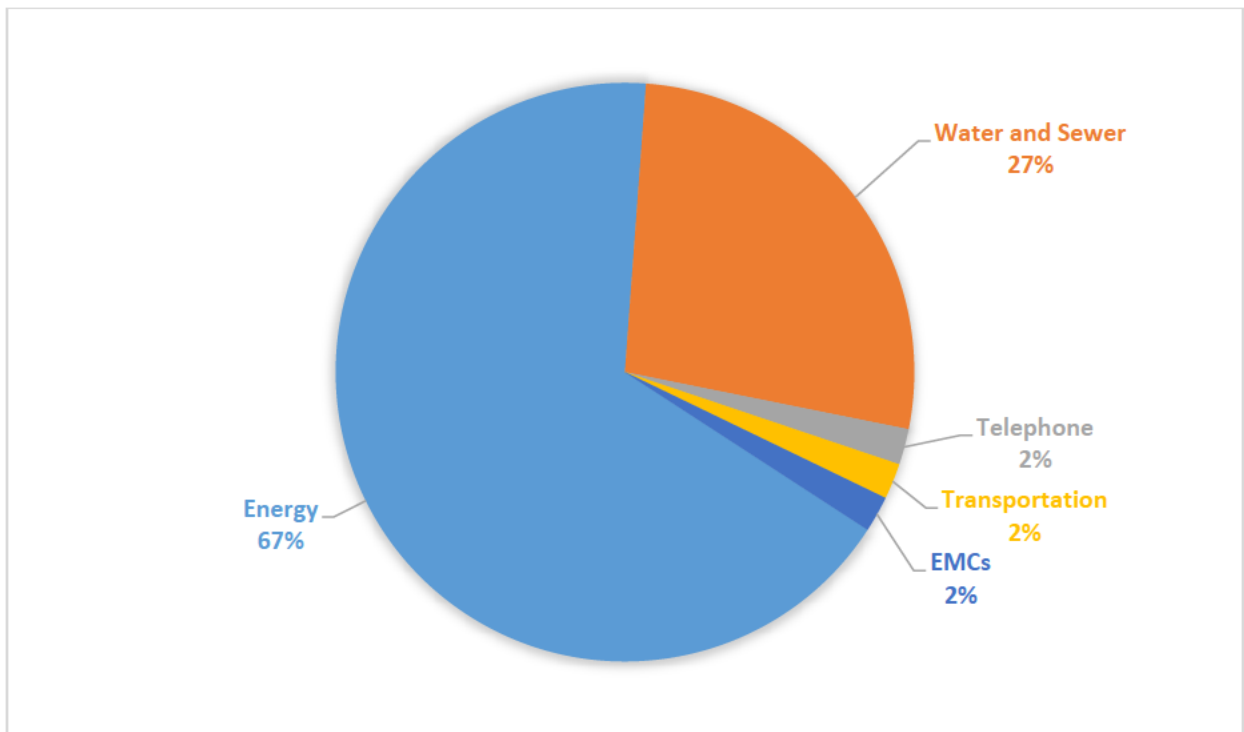
The Transportation Division investigated 43 customer complaints and responded to 450 inquiries related to household goods movers and other transportation matters received by the Public Staff in 2020

Allocation of Transportation Staff Resources	
Clarify Maximum Rate Tariff regulations and provide technical assistance to consumers and companies	25%
Investigate unauthorized companies	15%
Conduct compliance audits of regulated companies	12%
Conduct Maximum Rate Tariff seminars	12%
Certify and Process Annual Reports of companies	12%
Investigate/Resolve damage claims and complaints	10%
Preparation of filings and orders	10%
Review/Modify tariffs for ferry service operations	3%
Review filings related to bus services and brokers	1%

ACCOUNTING DIVISION

The Accounting Division represents the using and consuming public by conducting investigations of revenue requirement calculations in ratemaking proceedings, undertaking reviews of accounting issues, proposed regulatory accounting treatments, cost-benefit analyses, and providing recommendations to the Commission regarding these and other issues in utility cases. The Accounting Division also provides significant support to the other Public Staff divisions in general rate cases, merger and acquisition approval proceedings, natural gas prudence review proceedings, renewable energy, DSM/EE, and miscellaneous electric rider proceedings. The Accounting Division reviews and processes the annual reports that all regulated utilities must file with the Commission pursuant to statute.

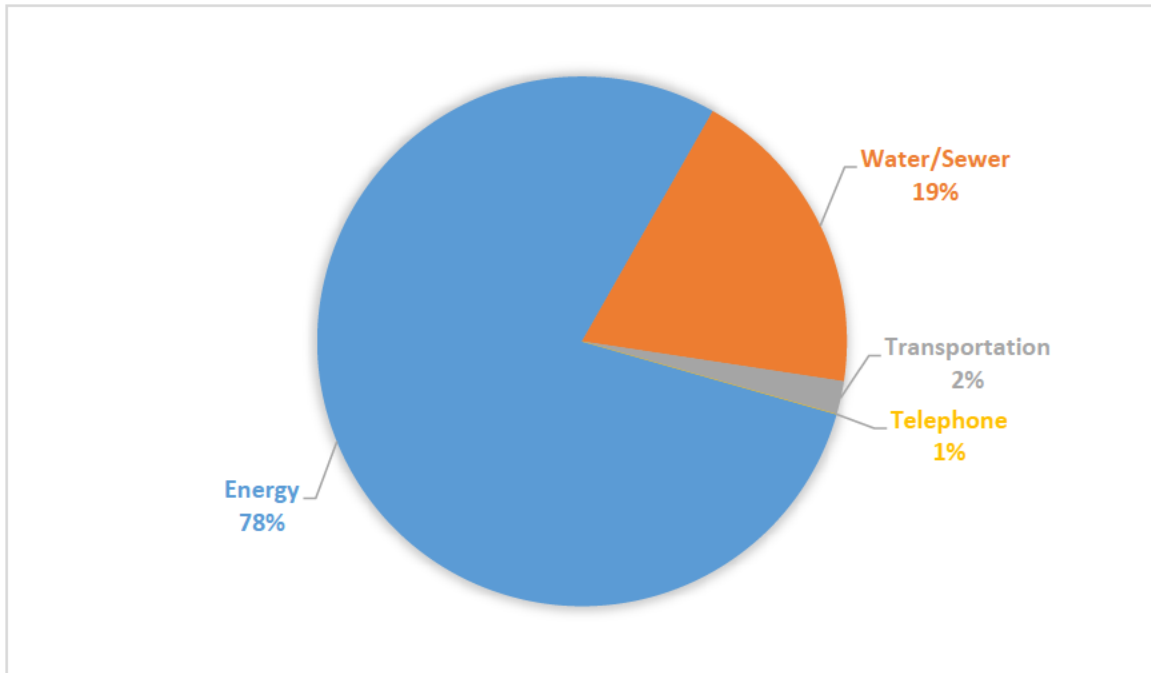
Allocation of Accounting Staff Resources



LEGAL DIVISION

The Legal Division represents the Public Staff and the using and consuming public in proceedings before the Commission and North Carolina appellate courts. The Legal Division is responsible for coordinating the preparation of reports, comments, testimony, proposed orders and other documents on behalf of the Public Staff.

Allocation of Legal Staff Resources



ECONOMIC RESEARCH DIVISION

The Economic Research Division represents the using and consuming public in matters before the Commission by providing research, analysis, and testimony on utility planning and financial matters. The Economic Research Division supports and collaborates with the other technical and professional divisions of the Public Staff.

Approximately 70% of the Economic Research Division's resources are devoted to electricity related areas with Biennial Determination of Avoided Costs and Integrated Resource Planning dockets. In addition, the Economic Research Division is responsible for recommendations on the cost of capital for electric, natural gas, water, and sewer utilities.

The Division reviews issues and files testimony on financial related matters involving the issuances of new securities, nuclear decommissioning expense, and the financial viability of applicants for merchant electric generation, solar generation, and for water and sewer utility service. The Division also conducts statistical analysis on the weather normalization of utility sales, and reviews statistical sampling plans for electric and natural gas meter testing.

Allocation of Economic Research Staff Resources

