ANNUAL REPORT

to the

GENERAL ASSEMBLY

North Carolina Utilities Commission
Public Staff

2021

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 2021, the Public Staff was organized into nine operating divisions: Accounting, Water/Sewer/Telephone, Consumer Services, Economic Research, Energy, Executive, Information Technology, Legal, and Transportation.

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.

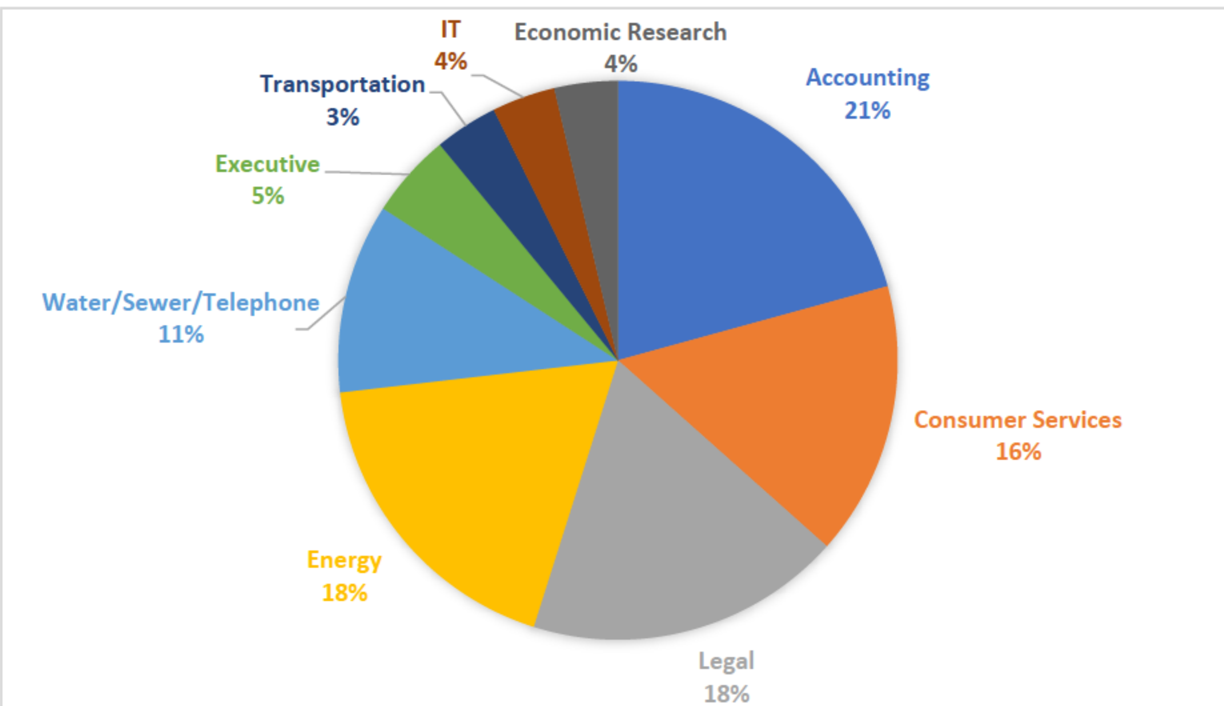
The key functions of the Public Staff are:

- 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, 2021, the Public Staff had a total of eighty-one positions allocated across nine different divisions.

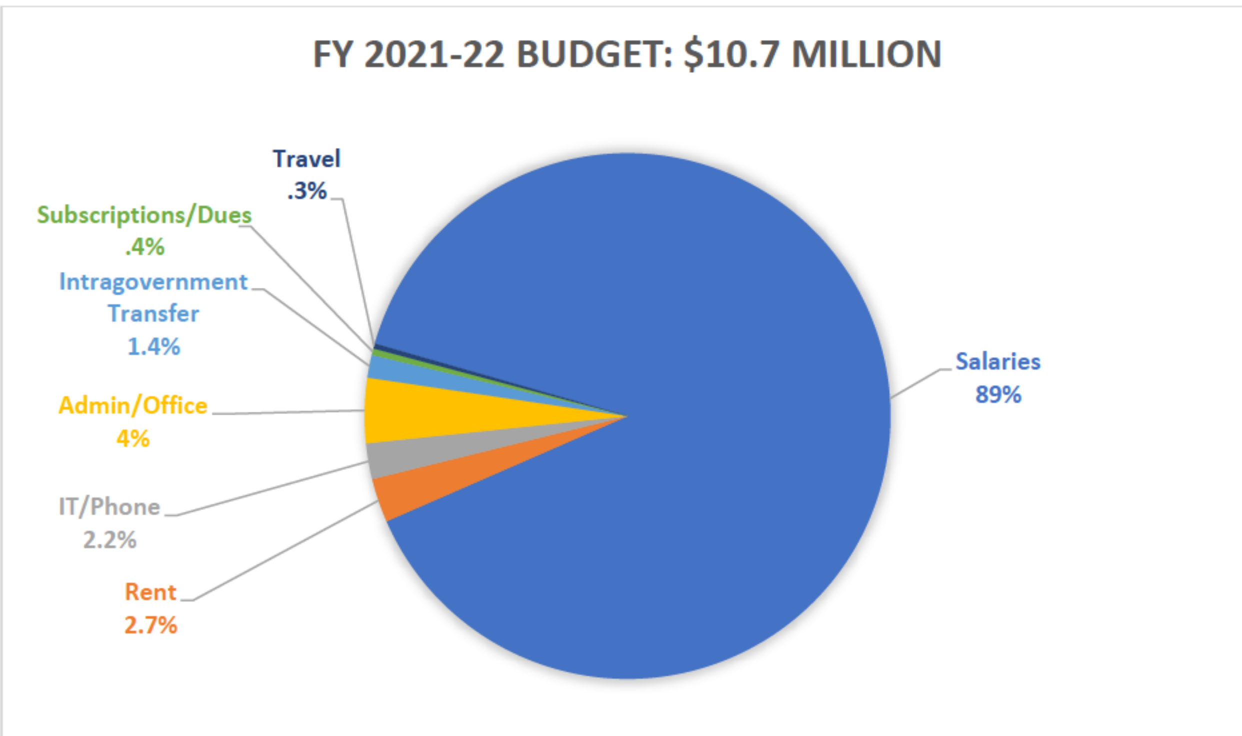
Division	Number of Positions
Accounting	17
Consumer Services	13
Legal	15
Energy	14
Water/Sewer/Telephone	9
Executive	4
Transportation	3
IT	3
Economic Research	3



PUBLIC STAFF BUDGET

The Public Staff is funded via a regulatory fee pursuant to N.C. Gen. Stat. § 62-302. For fiscal year 2021-2022, the regulatory fee was 0.13% 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 2021-2022, the Public Staff's total certified budget was approximately $10.7 million. Approximately 89% of the Public Staff's budget is dedicated to staff salaries and benefits, totaling $9.54 million. Approximately $435,000 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 $730,000 is allocated to administrative expenses, reserves, office equipment and supplies, information technology equipment and services, professional resources, temporary services, subscriptions, and travel.



PUBLIC STAFF ACTIVITIES – 2021 OVERVIEW

The Public Staff participated in 4,831 formal proceedings before the Commission through briefs, comments, expert testimony, stakeholder facilitation, audits, and investigations, including appearances at 48 hearings in contested cases. The Public Staff reviewed 24,117 filings made with the Commission and 3,199 orders issued by the Commission. The Public Staff handled over 3,096 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 2021 fuel proceedings resulted in the following changes to fuel and fuel-related charges for each of the electric public utilities:

	2021 Total Fuel Rider	Change from prior year
Dominion Energy North Carolina		
	¢ / kWh	
Residential	2.3524	0.6094
SGS & Public Authority	2.3497	0.6077
LGS	2.3306	0.6026
NS	2.2615	0.5845
6VP	2.2941	0.5941
Outdoor Lighting	2.3524	0.6094
Traffic	2.3524	0.6094
Duke Energy Carolinas		
	¢ / kWh	
Residential	1.5014	-0.1377
General Service/ Lighting	1.7371	-0.0878
Industrial	1.8634	-0.0676
Duke Energy Progress		
	¢ / kWh	
Residential	2.371	0.111
Small General Service	2.297	0.122
Medium General Service	2.404	0.08
Large General Service	2.527	0.056
Lighting	2.018	0.245

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 2021 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			2019	2020	2021
Dominion Energy North Carolina					
	DSM and EE Programs:				
		Residential	0.121	0.125	0.1078
		Small Gen. Service	0.222	0.176	0.0986
		Large Gen. Service	0.2338	0.108	0.877
	REPs:				
		Residential	0.43	0.55	
		General Service	2.34	3.08	
		Industrial	15.89	20.83	
Duke Energy Carolinas					
	DSM and EE Programs:				
		Residential	0.5320	0.4835	0.4771
		All non-residential	0.8286	0.7131	0.5286
	REPs:				
		Residential	0.07	0.87	
		General Service	1.03	4.65	
		Industrial	-6.44	21.27	
Duke Energy Progress					
	DSM and EE Programs:				
		Residential	0.644	0.554	0.721
		Commercial/General Service	0.865	0.800	0.731
	REPs:				
		Residential	1.42	1.45	
		General Service	7.96	8.25	
		Industrial	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 Company'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 (New River) 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 2022 resulted in a PPA factor of ($0.001059) per kWh (including the regulatory fee) and a CACR factor of ($0.004219) 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, 49, and 51, 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 2022 resulted in a CP Rider of ($0.01136) per kWh.

3. DEC'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, 2021, was (0.0019) cents per kWh, including the regulatory fee.

4. DEC'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 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, 2021, were (0.0127) cents per kWh and 0.0013 cents per kWh, respectively (both including the regulatory fee).

5. WCU's Mid-Year Adjustment to Purchase Power Cost Rider. Pursuant to the Commission's Order Approving Purchased Power Cost Rider issued on February 9, 2021, in Docket No. E-35, Sub 53, WCU filed a request for approval of a rate decrease to pass through a refund related to an overcollection attributable to coal ash and forecasted demand and energy charges for calendar year 2020. The mid-year adjustment completed in August 2021 resulted in a CP Rider ($0.02359) per kWh through January 2022.

6. Storm Recovery Charge for DEP and DEC. On May 10, 2021, the Commission issued Financing Orders in Docket No. E-2, Sub 1262 and Docket No. E-7, Sub 1243, pursuant to N.C. Gen. Stat. § 62-172 granting DEP and DEC, respectively, the right to finance certain specified Storm Recovery Costs by issuing and selling Storm Recovery Bonds that will be repaid by customers via a nonbypassable Storm Recovery Charge. The Financing Orders were clarified by a July 13, 2021 Order Clarifying and Correcting Financing Order in each docket.

   For DEP customers effective for service rendered on or after December 1, 2021, the incremental rate by class, including taxes and regulatory fees for the Storm Recovery Charge was set at $0.244 per kWh for residential customers, $0.263 per kWh for small general service customers, $0.040 per kWh for medium general service customers, $0.013 per kWh for large general service customers, and $0.036 per kWh for lighting customers.

   For DEC customers effective for service rendered on or after December 1, 2021, the incremental rate by class, including taxes and regulatory fees for the Storm Recovery Charge was set at $0.0493 per kWh for residential customers, $0.0137 per kWh for general service customers, $ 0.0072 per kWh for industrial customers, and $0.1176 per kWh for lighting customers.

BIENNIAL DETERMINATION OF AVOIDED COST RATES

(Docket No. E-100, Subs 167 and 175)

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, WCU and 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. On March 5, 2021, the Public Staff filed Reply Comments. On August 13, 2021, the Commission issued its Order Establishing Standard Rates and Contract Terms for QFs in Docket No. E-100, Sub 165.

On August 13, 2021, in Docket No. E-100, Sub 175, the Commission issued an Order Establishing Biennial Proceeding, Requiring Data, and Scheduling Public Hearing (Scheduling Order), which established deadlines for the filing of comments. On November 1, 2021, DEC, DEP, and DENC filed their proposed avoided cost rates, standard power purchase agreements (PPAs), and terms and conditions, consistent with the Scheduling Order. On December 21, 2021, WCU jointly with New River also made their avoided cost filings in this docket.

INTEGRATED RESOURCE PLANNING
(Docket No. E-100, Sub 165)

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.

Following the filing of the utilities' 2020 IRPs on September 1, 2020, parties, including the Public Staff filed extensive written comments. On March 9, 2021, the Commission held a technical conference on Duke's initiative to develop and implement an Integrated Systems and Operations Planning (ISOP) project, and related ISOP topics. Beginning on April 14, 2021, and continuing through May 26, 2021, the Commission, with the Public Staff's assistance, held 6 public witness hearings in which it received testimony from 129 public witnesses.

On June 29, 2021, the Commission issued its Order Waiving in Part Rule R8-60(h)(2) and Giving Notice of Additional Proceedings (June 29 Order) in which it relieved DEC and DEP of their obligation to file updated 2021 IRPs under Rule R8-60(h)(2), with the exception of: (a) their Renewable Energy and Energy Efficiency Portfolio Standard (REPS) Compliance Plans as required by Rules R8-60(h)(4) and R8-67(b); (b) their Competitive Procurement of Renewable Energy (CPRE) Program Plan update as required by Rule R8-71(g)(1); and (c) any material modifications to the short-term action plans identified in their 2020 biennial IRPs as would be required by Rule R8-60(h)(3).

On September 1, 2021, DENC filed its 2021 Update to the 2020 IRP, and DEC and DEP filed: (1) updates to their Short-Term Action Plan, (2) their 2021 REPS Compliance Plan, and (3) their 2021 CPRE Program Plan. On September 30 and October 1, 2021, the Commission held a second technical conference to hear further presentations from DEC and DEP on the following three topics: (1) the proper methodology for evaluating economic retirement of coal-fired generating units, (2) potential use of an all-source procurement process, and (3) grid impacts of different resource portfolios. On November 1, 2021, the Public Staff filed a report indicating that DENC's update report meets the requirement of Rule R8-60(k) and that the 2021 DEP and DEC updates comply with the June 29 Order.

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 North Carolina Renewable Energy and Energy Efficiency Portfolio Standard (REPS) provisions, in whole or in part, if the Commission determines it to be in the public interest to do so. On September 30, 2021, North Carolina Electric Membership Corporation, Fayetteville Public Works Commission, EnergyUnited Electric Membership Corporation, the Tennessee Valley Authority, the Town of Waynesville, Carolina Power Partners, North Carolina Eastern Municipal Power Agency, and North Carolina Eastern Municipal Power Agency Number 1 (collectively, 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 swine waste set-aside requirements of the REPS by delaying the compliance requirements for the electric membership corporations and municipalities for one year; (2) allow the electric membership corporations and municipalities to bank any swine waste-derived or poultry waste-derived renewable energy certificates (RECs) previously or subsequently acquired for use in future compliance years; (3) modify the poultry waste set-aside obligation of electric membership corporations and municipalities for calendar year 2021; and (4) allow the electric membership corporations and municipalities to replace compliance with the swine waste and poultry waste set-aside requirements in 2021 with other compliance measures in accordance with N.C. Gen. Stat. § 62-133.8(b), (c), and (d). The Joint Movants asserted that they had individually and collectively made reasonable efforts to comply with the REPS swine and poultry waste set-aside requirements and that modification of the requirements was in the public interest.

The Public Staff reviewed the joint motion, semiannual reports on compliance status, and data in the North Carolina Renewable Energy Tracking System. Also, on June 10, 2021, the Public Staff participated in stakeholder meetings held at the direction of the Commission, in which swine and poultry waste stakeholders discussed the progress made thus far toward compliance with the requirements of N.C. Gen. Stat. § 62-133.8(e) and (f), and the difficulties they encountered. The Public Staff submitted comments on the joint motion to, among other things, support the requested delay of the Joint Movants' swine waste set-aside requirement for one year and to recommend modification of the poultry waste set-aside obligations for all electric power suppliers for calendar years 2021, 2022, and 2023 and thereafter.

On March 4, 2022, the Commission issued an order finding that the state's electric membership corporations and municipalities had made reasonable efforts to comply with the 2021 statewide swine waste set-aside requirement and that all of the state's electric power suppliers had made reasonable efforts to comply with the statewide poultry waste set-aside requirement, and determining that it was in the public interest to grant the modifications requested in the joint motion. In addition, the Commission required the electric membership corporations and municipalities already subject to the requirement to file semi-annual reports on compliance efforts to continue to file such reports.

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.

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 Previsions 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.

On April 1, 2021, DEC and DEP, along with Duke Energy Florida, LLC jointly filed queue reform revisions to their Joint Open Access Transmission Tariff (OATT) at FERC. On August 6, 2021, FERC issued an Order approving queue reform. The Commission granted Duke's request to make the NCIP queue reform provisions effective as of August 20, 2021. Duke then began its transition to a cluster study approach, as opposed to the serial study approach. Duke is currently in Phase 2 of its Transition Cluster Study Process and will begin its first Definitive Interconnection System Impact Study Process in July 2022.

On October 8, 2021, the Commission issued an order revising the NCIP, as requested by the Public Staff, and ordered Duke to file a report by February 23, 2022 detailing the status of self-inspection agreements with owners of uninspected facilities. The Commission subsequently extended that deadline to May 26, 2022.

On November 22, 2021, the Commission issued an order requiring the utilities to file comments on the risks posed by inverter-based resources due to two disturbances that occurred on the bulk power system in Texas during the summer of 2021. The Commission asked the utilities to answer several questions to determine if the same issues that caused the disturbances in Texas exist in North Carolina and, if so, address them in the interest of maintaining the reliability of the electric system. The utilities responded to the Commission's questions and the Public Staff filed comments on the utilities' responses. The Public Staff asked that the Commission require Duke to discuss the revised IEEE Standard P2800 with the Technical Standards Review Group (TSRG), require comments on the extent to which the information gathered from the TSRG should become part of the NCIP and North Carolina Interconnection Agreement (NCIA), and that the Commission require Duke to bring before the TSRG all relevant NERC standards after their release to determine the extent to which these standards should become part of the NCIP and NCIA.

Also in its November 22, 2021 order, the Commission required the utilities to comment on how they will implement the portions of IEEE Standard 1547 that address generator ride-though capabilities and inverter settings in their next annual IEEE Standard 1547 report.

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 2021, 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 2021 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'S INTEGRITY MANAGEMENT RIDER (IMR)

(Docket No. G-9, Subs 788 and 795)

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, 2021, Piedmont, pursuant to the IMR mechanism, filed an IMRR bi-annual rate adjustment, effective June 1, 2021, based on the Company's IM Plant Investment through March 31, 2021. In the filing, Piedmont also proposed a true-up adjustment for the IM Deferred Account based on the actual account balance at March 31, 2021. On May 14, 2021, Piedmont filed the schedule showing the computation of the proposed IM rate adjustment for each rate schedule and the revised tariffs effective June 1, 2021. 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	Residential Rate 101	Small & Medium General Rate 102, 142, 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	$22,127,731	$10,308,967	$932,521	$789,056
IM Deferred Account Balance	($1,286,232)	($599,235)	($54,205)	($45,866)
Total Amount for recovery	$20,841,499	$9,709,732	$878,316	$743,190
Rate Case Volumes (dts)	39,305,821	32,055,951	35,121,753	29,923,758
IM Increment per dt	$0.5302	$0.3029	$0.0250	$0.0248
Remove Previous Increment	($0.5391)	($0.3080)	($0.0254)	($0.0253)
Proposed rate change per dt	($0.0089)	($0.0051)	($0.0004)	($0.0005)

On October 29, 2021, Piedmont filed its projected three-year plan of IM Plant Investment and computations of the IMRR for its biannual IMR rate adjustment. On November 15, 2021, Piedmont filed its proposed IMR rate adjustments, including an increment to collect the October 31, 2021 balance in the IM Deferred Account to be effective December 1, 2021. 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	$2,256,145	$1,051,207	$95,209	$80,476
IM Deferred Account Balance	$1,436,362	$669,160	$60,614	$51,235
Total Amount for recovery	$3,692,507	$1,720,367	$155,823	$131,711
Rate Case Volumes (dts)	39,305,821	32,055,951	35,121,753	29,923,758
IM Increment per dt	$0.0939	$0.0537	$0.0044	$0.0044
Remove Previous Increment	$0.0328	$0.0187	$0.0016	$0.0016
Change in IM Increment per dt	$0.1267	$0.0724	$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.

The Commission approved continuation of the IMR mechanism in Piedmont’s 2021 general rate case, which is discussed below.

PSNC’S INTEGRITY MANAGEMENT TRACKER (IMT)

(Docket No. G-5, Subs 628 and 636)

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 29, 2021, pursuant to Rider E, PSNC filed in Docket No. G-5, Sub 565C 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 15, 2021, PSNC filed an application requesting authority to adjust its rates effective March 1, 2021, 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 Rates 101, 102, 115**	**Commercial Rates 125, 126 127, 140**	**Firm Large General Rates 145, 175**	**Interruptible Large General Rates 135, 150, 160, 165, 180**
Rate Class Percentage	69.89%	19.92%	7.25%	2.94%
IMRR for Recovery	$22,619,236	$6,446,919	$2,346,394	$951,503
IM Deferred Account Balance	$118,985	$33,913	$12,343	$5,005
Net IMRR for Recovery	$22,738,221	$6,480,832	$2,358,737	$956,508
Rate Case Volumes (therms)	302,709,607	154,775,495	202,384,732	148,716,728
IM Rate Increment (per therm)	$0.07512	$0.04187	$0.01165	$0.00643
Current IMT Increment	$0.07093	$0.03954	$0.01101	$0.00607
Adjustment to IMT Increment	$0.00419	$0.00233	$0.00064	$0.00036

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

On July 30, 2021, PSNC filed the computation for the IMRR that supports the bi-annual IMT rate adjustment, effective September 1, 2021, based on its IM Plant Investment through June 30, 2021.

On August 13, 2021, 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, 2021.

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

Description	Residential Rates 101, 102, 115	Commercial Rates 125, 126 127, 140	Firm Large General Rates 145, 175	Interruptible Large General Rates 135, 150, 160, 165, 180
Customer Class Percentage	69.89%	19.92%	7.25%	2.94%
IMRR for Recovery	$23,427,731	$6,677,356	$2,430,263	$685,513
Rate Case Volumes (therms)	302,709,607	154,775,485	202,384,732	148,716,728
IM Rate Increment (per therm)	$0.07739	$0.04314	$0.01201	$0.00663
Current IM Increment	$0.07512	$0.04187	$0.01165	$0.00643
Adjustment to IM increment	$0.00227	$0.00127	$0.00036	$0.00020

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

The Commission approved continuation of the IMT mechanism in PSNC's 2021 general rate case, which is discussed below.

PIEDMONT'S APPLICATION FOR GENERAL RATE INCREASE

(Docket No. G-9, Subs 722, 781, and 786)[1]

On March 22, 2021, Piedmont filed an application in Docket No. G-9, Sub 781 (Sub 781 rate case) requesting authority to increase its rates and charges to produce additional overall annual North Carolina retail revenues of approximately $109 million, an increase of approximately 10.4% over then-current revenues. Piedmont further sought approval of: (1) a rate of return on common equity of 10.25%; (2) continuation of its IMR mechanism contained in Appendix E to its approved service regulations; (3) continued regulatory asset treatment for certain incremental Transmission Integrity Management Program (TIMP) and Distribution Integrity Management Program (DIMP) Operations and Maintenance (O&M) expenses, and certain incremental environmental cleanup and remediation O&M expenses; (4) continued utilization of the depreciation rates for its North Carolina and joint property assets approved in Docket No. G-9, Sub 743, its most recent general rate case in 2019 (Sub 743 rate case); (5) revised and updated amortizations and recovery of certain regulatory assets accrued since the Sub 743 rate case; (6) utilization of the lead-lag study it filed in the Sub 743 rate case; (7) adoption of a rider mechanism to allow it to recover the costs of its approved EE programs from customers or, in the alternative, authorization to defer costs associated with its approved EE programs pending amortization at the Commission's discretion at some later date; and (8) other updates and revisions to its rate schedules and service regulations.

[1] By orders issued March 16, 2021, and April 19, 2021, the Commission consolidated Docket No. G-9, Sub 781, Piedmont's general rate case application, with Docket No. G-9, Sub 722 (Sub 722), Piedmont's request for approval of a Consolidated Natural Gas and Redelivery Services Agreement between Piedmont and DEC, and Docket No. G-9, Sub 786 (Sub 786), Piedmont's Request for Modifications to Existing Energy Efficiency Program and for Approval of New Energy Efficiency Programs.

Two remote public hearings were conducted on July 14, 2021, in which nine members of the public testified.

On September 7, 2021, Piedmont, the Public Staff, and other parties (collectively, the Stipulating Parties) filed a Stipulation of Partial Settlement (Stipulation) and exhibits, settling all issues in the Sub 781 rate case, including a 9.6% return on common equity. The Stipulating Parties did not settle any issues related to Sub 722 or the allocation of proposed costs to be recovered through the EE rider in Sub 786.

On January 6, 2022, the Commission issued its Order Approving Stipulation, Granting Rate Increase, and Requiring Customer Notice. In that Order, the Commission accepted the Stipulation and approved, among other things, a 9.6% return on common equity and studies that will evaluate Piedmont's method of allocating transmission plant assets to North Carolina and South Carolina, the breakdown of system usage among customer classes and jurisdictions, and the allocation of liquified natural gas plant assets between jurisdictions. The Commission also approved the agreement filed in Sub 722.

PSNC'S APPLICATION FOR GENERAL RATE INCREASE

(Docket No. G-5, Subs 632 and 634)

On April 1, 2021, in Docket No. G-5, Sub 632, PSNC filed an application with the Commission for authority to increase its rates and charges (Application). PSNC requested that the Commission approve: (1) a general increase in its rates and charges; (2) an extension of its IMT mechanism contained in Rider E to its approved tariff; (3) continued deferral of O&M expenses associated with its TIMP and DIMP and amortization of certain deferred TIMP and DIMP O&M expenses; (4) implementation of new depreciation rates recommended in a depreciation study conducted by Gannett Fleming Valuation and Rate Consultants, LLC; (5) authority to implement three riders to address certain liabilities arising from excess deferred income taxes (EDIT) associated with federal and state income tax reductions; (6) adoption of a rider (Rider F) mechanism to allow PSNC to recover the associated costs of its conservation programs; (7) authority to implement a voluntary renewable energy (GreenTherm™) Program and approval of deferred accounting treatment and a rider (Rider G) mechanism to ensure that program costs are properly assigned to participating customers; (8) approval to fund a research and development initiative to promote environmental sustainability through an adjustment to O&M expenses and rate base treatment for this initiative; and (9) approval to update and revise certain tariff provisions.

Also on April 1, 2021, in Docket No. G-5, Sub 634, PSNC filed an Application for Approval to Modify Existing Conservation Programs and Implement New Conservation Programs (Conservation Application). The Conservation Application requested authority from the Commission to expand two existing programs, the Energy Efficiency Rebate Program and the High Efficiency Discount Rate Program, and to implement three new conservation programs, the Residential New Construction Program, the Residential Home Energy Report Program, and the Residential Low Income Program.

By Order entered May 18, 2021, the Commission granted the Public Staff's motion to consolidate the rate case Application and the Conservation Application. All proceedings were conducted under the rate case Application

After PSNC provided proper notice to customers of the proposed rate increase, no complaints or comments from customers were received. Acting on a motion filed by PSNC, and supported by the Public Staff, the Commission cancelled the August 16, 2021 remote public witness hearings.

On October 15, 2021, a Stipulation of Settlement (Stipulation) was filed. This Stipulation was supported by all parties except the Attorney General and settled all matters. The Attorney General did not oppose the Stipulation. The Commission accepted the Stipulation in its entirety and incorporated it into its January 21, 2022 Order Approving Stipulation, Granting Rate Increase, and Requiring Customer Notice.

In the Stipulation, annual margin revenues for PSNC were increased by $29,464,353. PSNC had originally requested an increase in annual margin revenues of $53,145,476. The original cost of rate base for PSNC is $1,702,058,612. Operating expenses for PSNC are $258,788,436. The Stipulation fixed PSNC's capital structure at 51.60% common equity, 47.06% long-term debt (at a cost of 4.48%), and 1.34% short-term debt (at a cost of 0.25%). PSNC's rate of return on common equity was set at 9.60%. The overall rate of return for PSNC was set at 7.07%. The IMT mechanism was renewed. Depreciation rates as proposed by PSNC were authorized. PSNC was authorized to implement three riders to its tariff to address liabilities from EDIT. PSNC's EE portfolio consisting of the Energy Efficiency Rebate Program (to be separated into Residential and Commercial programs for cost allocation purposes), Conservation Education Program, Residential New Construction Program, Residential Home Energy Report Program, and Residential Low Income Program, as a three-year pilot program to collect operational data, perform evaluation, measurement, and verification (EM&V), and assess cost-effectiveness was authorized. The GreenTherm™ Program, whereby customers voluntarily participate in the purchase of renewable natural gas, was approved. PSNC was also authorized to engage a consultant to advise the Company in the further development of hydrogen research. PSNC was authorized to update and revise certain tariff provisions in order to revise outdated language.

CAROLINA WATER SERVICE OF NORTH CAROLINA'S APPLICATION FOR GENERAL RATE INCREASE

(Docket No. W-354, Sub 384)

On July 2, 2021, Carolina Water Service of North Carolina (CWSNC) filed an application with the Commission for authority to increase its rates and charges for providing water and sewer utility service in all of its North Carolina service areas. CWSNC serves approximately 34,229 water customers and 20,995 sewer customers and operates approximately 93 water systems and 38 sewer systems in North Carolina.

In its Application, CWSNC sought a company-wide increase in its base rates and charges for North Carolina customers of $4,545,759, an 11.52% increase over its present rates. CWSNC requested a rate of return on common equity of 10.50%, an embedded long-term debt cost of 4.97% and a capital structure of 47.97% long-term debt and 10.50% for common equity. CWSNC also sought to reset its WSIC/SSIC mechanisms and requested the Commission allow it to recover $1,095,823 in water revenues and $881,697 in sewer service revenues under the WSIC/SSIC mechanisms.

CWSNC also requested the Commission approve a Water Efficiency Program under which CWSNC will offer rebates to customers who purchase efficient water fixtures. A fee-free payment program for payment of water and sewer bills by credit card was also requested by CWSNC. This program would spread the cost of credit card payments over all customers.

On November 30, 2021, CWSNC and the Public Staff (Parties) filed a Settlement Agreement and Stipulation (Settlement Agreement). This Settlement Agreement increased CWSNC's revenues by a total of $3,785,232. The authorized return on equity in the Settlement Agreement is 9.40% with a debt equity ratio of 49.80%/50.20%. CWSNC and the Public staff agreed that the rate design should be based on a 40/60 ratio of fixed/volumetric (or base/usage) for water service and 60/40 for sewer service.

The Parties agreed that CWSNC should be allowed to implement its proposed water efficiency program. This program will be treated as a pilot program and be reevaluated in CWSNC's next rate case. As part of the settlement, the Parties agreed that CWSNC should be authorized to defer and recover in a future rate case the rebates applied to customers' bills in a regulatory asset account. This regulatory asset will not earn a return or be subject to carrying charges. Annual reports about the water efficiency program will be made to the Commission. The Parties also agreed that CWSNC be authorized to implement its fee-free payment option, but for residential customers only.

The Commission accepted the Settlement Agreement in its entirety and incorporated it into its April 8, 2022 Order Granting Partial Rate Increase and Requiring Customer Notice.

OLD NORTH STATE WATER COMPANY, LLC'S APPLICATION FOR GENERAL RATE INCREASE

(Docket No. W-1300, Sub 60)

On June 29, 2021, in Docket No. W-1300, Sub 60 (Sub 60), Old North State Water Company, LLC (ONSWC), filed an application with the Commission seeking authority to increase its rates for providing water utility service in all of its service areas in North Carolina (Application). ONSWC serves approximately 1,800 water customers in water systems in eight counties. This is ONSWC's first general rate case application.

In its Application and related filings, ONSWC sought an increase in its base rates and charges of $512,619. Twelve customers testified as public witnesses.

A hearing for the purpose of receiving public witness testimony was held on October 7, 2021.

On March 8, 2022, ONSWC and the Public Staff entered into and filed a Joint Settlement Agreement and Stipulation (Stipulation). A hearing for the purpose of receiving expert testimony was held on March 8, 2022.

On June 13, 2022, the Commission issued its Order Approving Settlement Agreement and Stipulation, Granting Partial Rate Increase, and Requiring Customer Notice.

JOINT AGENCY ASSET RIDER PROCEEDING

(Docket No. E-2, Sub 1274)

On June 15, 2021, 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 $157.913 million for the prospective component of its N.C. retail revenue requirement for the period December 1, 2021 through November 30, 2022. In addition to the prospective component, DEP requested to an increase of $6.128 million through the Joint Agency Asset Rolling Recovery Factor (RRF) component of its N.C. retail revenue requirement for the same period related to the under-recovery of financing and non-fuel operating costs experienced through the test year ended December 31, 2020. On November 8, 2021, 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 an increase of $0.103 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	0.00473	0.00009	0.00482
Small General Service	SGS, SGS-TOUE	0.00516	(0.00054)	0.00426
Medium General Service	CH-TOUE, CSE, CSG	0.00441	(0.00033)	0.00408
Seasonal and Intermittent Service	SI	0.00543	0.00108	0.00651
Traffic Signal Service	TSS, TFS	0.00261	0.00016	0.00277
Outdoor Lighting Service	ALS, SLS, SLR, SFLS	-	-	-
Demand Rate Classes (dollars per kilowatt-hour)				
Medium General Service	MGS, GS-TES, AP-TES, SGS-TOU	1.42	0.09	1.51
Large General Service	LGS, LGS-TOU	1.42	0.15	1.57

*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 3 of the CPRE was approved by the Commission on December 21, 2021 as a DEC only procurement with a target of 596 MW. On January 4, 2022, the

Commission approved the Tranche 3 Request for Proposal. Tranche 3 solicited bids that are currently being evaluated through a newly created Resource Solicitation Cluster Process set out in the NCIP.

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 17, 2021, the Commission issued an order approving Residential, General Service / Lighting, and Industrial total CPRE billing factors for DEC of 0.0238 cents per kWh, 0.0224 cents per kWh, and 0.0219 cents per kWh, respectively (all including the regulatory fee), as well as DEC's CPRE Compliance Report. On November 18, 2021, 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 0.013 cents per kWh, 0.014 cents per kWh, 0.013 cents per kWh, 0.012 cents per kWh, and 0.010 cents per kWh, respectively (all including the regulatory fee), as well as DEP's CPRE Compliance Report.

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. Gen. Stat. § 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.

HOUSE BILL 951 IMPLEMENTATION

Performance-Based Ratemaking

State Law 2021-165 or House Bill 951 (HB 951) authorizes the Commission to use "performance-based regulation" for the electric public utilities operating in the State. Performance-based ratemaking is an alternative ratemaking approach that includes decoupling revenue from electricity consumption, one or more performance incentive mechanisms, and a multi-year rate plan, including an earnings sharing mechanism, or such other alternative regulatory mechanisms as may be proposed by an electric public utility. In a multi-year rate plan, the Commission will fix base rates as prescribed under the general ratemaking statute, and then add for each year of the three year plan projected incremental Commission-authorized capital investments that will be used and useful during the rate year and associated expenses, net of operating benefits.

Following the passage of HB 951, the Commission opened Docket No. E-100, Sub 178 on October 14, 2021, to establish rules to implement performance-based ratemaking. Parties filed initial comments on November 9, 2021, reply comments on December 17, 2021, and supplemental reply comments on January 5, 2022. On February 10, 2022, the Commission issued Commission Rule R1-17B, which provides the procedure for performance-based ratemaking.

Carbon Plan

HB 951 requires the Commission to “take all reasonable steps” to reduce statewide CO_2 emissions from electric generating facilities by 70% from 2005 levels by 2030, and to achieve carbon neutrality by the year 2050, while maintaining or improving upon the adequacy and reliability of the grid. By December 31, 2022, the Commission must develop a Carbon Plan, with the electric utilities and with stakeholder input, that represents the least cost path for compliance with these emission reduction goals. The Carbon Plan must be reviewed every two years and may be adjusted as necessary.

Following passage of HB 951, the Commission opened Docket No. E-100, Sub 179 for the Carbon Plan proceedings. The Commission ordered Duke Energy to hold at least three stakeholder meetings on the Carbon Plan, and to file a proposed Carbon Plan with the Commission by May 16, 2022. It also provided that intervenors may file reply comments and alternate Carbon Plan proposals by July 8, 2022, and scheduled four in-person public hearings and two remote public hearings to be held from July through August of 2022.

2022 Solar Procurement

HB 951 authorizes the Commission to direct the procurement of solar energy facilities by Duke Energy in 2022 if, after stakeholder participation and review of preliminary analysis developed in preparation of the initial Carbon Plan, it finds that such facilities will be needed to achieve HB 951's carbon reduction goals. On March 14, 2022, Duke Energy filed its proposal for a 2022 solar procurement with the Commission in Docket Nos. E-2, Sub 1297 and E-7, Sub 1268. On June 10, 2022, the Commission approved Duke's proposal subject to amendments.

Coal Plant Retirement Securitization Rulemaking

Section 5 of HB 951 prescribes the adoption of rules for coal plant retirement securitization that are "substantively identical to the provisions of Section 1 of S.L. 2019-244 [i.e., N.C. Gen. Stat. § 62-172 (the Storm Securitization Statute)], except with respect to the purposes for which securitization may be used under that section."

On October 14, 2021, the Commission issued its Order in Docket No. E-100, Sub 177, inviting the filing of comments and proposed rules. Parties filed rules and comments through January 12, 2022.

The Public Staff and other parties indicated that one of the key elements of any securitization statute, a non-impairment pledge (Statutory Pledge) as found in subsection (k) of the Storm Securitization Statute, was not directly included in HB 951. As a result, the parties suggested independent bond counsel guidance to confirm the sufficiency of rules to induce underwriting of coal plant retirement bonds in the absence of a Statutory Pledge. No such guidance has been received to date.

The Public Staff also indicated that the Carbon Plan and interrelated timing and sequencing of retirements of subcritical coal-fired generating facilities will substantially impact the securitization of coal plan retirement costs, such that securitization is a key consideration for optimal resource analyses in general, and the Carbon Plan in particular.

SENATE BILL 211 IMPLEMENTATION

On September 10, 2021, the Governor signed into law S.L. 2021-149. Section 1 of Senate Bill 211 amends Article 7 of Chapter 62 of the General Statutes by adding N.C. Gen. Stat. § 62-133.1B, which authorizes a Water and Sewer Investment Plan (WSIP) rate-making mechanism. Section 2 of Senate Bill 211 amends N.C. Gen. Stat. § 62-133.12 to make changes to the Water and Sewer System Improvement Charge mechanisms (WSIC and SSIC).

WSIP Rate-Making Mechanism

Part 1 of Senate Bill 211 authorizes the Commission, in a general rate proceeding, to set water or sewer base rates and revenue requirements through the banding of authorized returns, and to authorize annual rate changes for a three-year period based on anticipated capital investments and expenses approved under a WSIP without the need for additional base rate proceedings during that period. The law further establishes standards for the Commission's review of a WSIP and a cap on any rate adjustment authorized for years two and three of a plan. It also requires the Commission to adopt rules to implement the law and to annually review the earnings of a water or sewer utility with an approved WSIP.

On September 14, 2021, the Commission issued an Order Initiating Rulemaking and Requesting Comments in Docket No. W-100, Sub 63. Thereafter, the Public Staff, Aqua North Carolina, Inc. (Aqua), and CWSNC filed proposed rules, comments, and reply comments. On January 7, 2022, the Commission issued an order adopting Commission Rule R1-17A to implement N.C. Gen. Stat. § 62-133.1B. In its order, the Commission requested proposed revisions to the Commission's Form W-1 for a utility applying for a WSIP and to Commission Rule R1-17A to include a process for the Commission's consideration of the addition of unplanned emergency capital investments pursuant to N.C. Gen. Stat. § 62-133.1B(c). The Public Staff, Aqua, and CWSNC have filed proposed revisions and comments as requested by the Commission. On June 30, 2022, the Commission issued an order adopting revisions to Commission Rule R1-17A and NCUC Form W-1.

Changes to WSIC and SSIC

Section 2 of Senate Bill 211 amends N.C. Gen. Stat. § 62-133.12 by revising the definitions of some eligible water and sewer system improvements, raising the percentage limitation on the cumulative system improvement charges from five percent to seven and one-half percent of the total annual service revenues approved by the Commission in a utility's last general rate case, and exempting certain projects from the percentage limitation.

On December 22, 2021, the Commission issued an order in Docket No. W-100, Sub 64 requesting comments on whether Section 2 of Senate Bill 211 requires revisions to Commission Rules R7-39 and R10-26 regarding the WSIC and SSIC. The Public Staff, Aqua, and CWSNC have filed proposed revisions to the rules, comments, and reply comments.

LOW-INCOME AFFORDABILITY COLLABORATIVE (LIAC)

(Docket Nos. E-2, Sub 1219, E-7, Sub 1214, G-9, Sub 781, and G-5, Sub 632)

Pursuant to the Commission's March 31, 2021 Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice in Docket Nos. E-7, Sub 1213, E-7, Sub 1214, and E-7, Sub 1187, and the Commission's April 16, 2021 Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice in Docket Nos. E-2, Sub 1219 and E-2, Sub 1193, DEC and DEP (collectively, Duke) and the Public Staff convened a collaborative for interested stakeholders to address the affordability of electric service for low-income customers within 90 days of the orders.

After the Commission approved a list of participants, Duke issued a request for proposals for a third-party facilitator, and the Public Staff, along with Duke and other parties, selected Guidehouse, Inc. Over the course of the workshops that were held in 2021, a total of 71 individuals, excluding Guidehouse facilitators, participated in at least one of the LIAC sessions, with an average participation of 42 stakeholders per session participated in the workshops held on July 29, 2021, September 16, 2021, November 12, 2021, and December 9, 2021. A total of nine workshops are planned. Four sub-teams were also created, Subteam A – Customer Challenges, Subteam B – Affordability Metrics, Subteam C – Rates and Programs, and Subteam D – Collaborative Coordination. Several members of the Public Staff have actively participated in each sub-team. A final report from Duke and the Public Staff is due on July 29, 2022, that addresses the numerous issues set forth in the Commission's Orders including: new programs, rate schedules, and funding mechanisms that have wide or consensus support of stakeholders; an assessment of current affordability challenges facing residential customers; suggested metrics or definitions for "affordability" in the contest of the company's provision of service in its North Carolina service territory and trends in affordability; the strengths and weaknesses of existing rates, rate design, billing practices, customer assistance programs, and energy efficiency programs in addressing affordability; and collaboration with the rate design and energy efficiency collaboratives.

In their 2021 general rate case orders, the Commission approved the participation of Piedmont and PSNC in the LIAC.

JOINT PETITION OF DEC AND DEP FOR FINANCING ORDERS TO SECURITIZE STORM RECOVERY COSTS

(Docket Nos. E-7, Sub 1243 and E-2, Sub 1262)

On October 26, 2020, DEC and DEP filed a Joint Petition for Financing Orders (Joint Petition) pursuant to N.C. Gen. Stat. § 62-172 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.

On December 21, 2020, and December 22, 2020, following extensive discovery on the Companies' Joint Petition, 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 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, in advance of utility decision-making, that is independent of the Companies in the structuring, marketing, and pricing of the bonds (Storm Recovery Bonds). The Bond Advisory Team's first meeting occurred on May 27, 2021.

During the six months that followed, the Public Staff actively participated in Bond Advisory Team meetings and continued to advocate for Best Practices, many of which had been incorporated in the Commission's Financing Orders.

On November 18, 2021, the Public Staff issued its letter recommending issuance of the Storm Recovery Bonds, a recommendation enhanced by the low-interest-rate environment providing a far superior outcome for ratepayers than the higher weighted average cost of capital associated with traditional financing. The Public Staff, however, recommended incorporation of additional Best Practices for the benefit of ratepayers in future transactions, in particular incentive-based compensation, as opposed to fixed fees, for lead underwriters.

On November 24, 2021, the Storm Recovery Bonds were issued.

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 (together, Duke) filed an application with the Commission for approval of an electric transportation pilot (ET Pilots). In the application, Duke 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, Duke proposed spending $3.3 million for education and outreach, and another $2 million for ongoing operations and maintenance.

After receiving comments and proposed orders from the parties, on November 24, 2020, the Commission entered Order Approving Electric Transportation Pilot, In Part, (Phase I Order) 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. The Commission set out a detailed list of required characteristics that pilot programs must include in order to be approved.

Duke and the Public Staff hosted stakeholder meetings monthly beginning in December 2020. As a result of discussions among the stakeholders, on April 30, 2021, Duke filed a Make Ready Credit proposal as a fully commercial tariff, which would provide a credit for customers who wish to install EV charging infrastructure. The Public Staff largely supported this proposal. Additionally, and as required by the Phrase I Order, Duke filed its second phase proposal on May 24, 2021. Duke provided two proposed funding levels for Phase II: $56 million, which Duke contended was the amount necessary to permit Duke to develop enough EV charging infrastructure to fill 25% of the gap needed to meet Governor Cooper's EO 80 goal of 80,000 zero emission vehicles in the state by 2025; and $33.2 million to fill 10% of the EO 80 goal. The proposed programs included a customer operated EVSE tariff pilot, structured similarly to Duke's outdoor lighting programs, Public Level 2 Charging and Multi-Family Dwelling Charging Pilots, DCFC Charging Pilots, EV School Bus Pilots. Numerous parties filed comments on the Phase II pilots. In its comments, the Public Staff took the position that the Commission should deny the request to implement Phase II pilots because it failed to meet the required characteristics of pilots provided in the Phase I Order. Additionally, the Public Staff believed that the Phase II request was premature as Phase I was not yet implemented; that Phase II may ultimately prove to be unnecessary considering current EV adoption and capital investment trends, and that the Make Ready proposal is a better option to grow a competitive marketplace.

On February 18, 2022, the Commission entered an order approving the Make Ready Credit Programs with conditions. On February 21, 2022, the Commission entered an order directing Duke to refine and modify its Phase II Pilots to take into account the IIJA and other recently available sources of federal funds and to pursue all available funding. The Commission further directed Duke to continue to work with ET stakeholders to modify and refine the proposed Phase II Pilots, giving particular attention to continuing to apply the criteria for such pilots provided in the Phase I Order as well as data collected and analyzed from the Phase I Pilots. On May 11, 2022, Duke filed a motion to withdraw the Customer Operated Electric Vehicle Supply Equipment (EVSE) Pilot from the Phase II Pilot Request and hold the Phase II Pilot docket in abeyance. Duke stated its intent is to wait until more information is available from the Phase I Pilots and to determine how the IIJA funds could affect how the Companies plan and design EV offerings. Duke also stated that it would refile its EVSE Pilot as a standalone commercial program that will complement the MRC Credit Program.

Duke also filed a proposal for a Managed Charging Pilot where the Companies have partnered with several auto manufacturers to develop a pilot that will allow 100 participants in each utility to participate in a 12-month subscription service that will allow the qualifying participants to charge all they want up to an annual limit for a flat monthly rate but the utilities will manage the times that the participants can charge their vehicle.

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 resellers[2] 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.

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.

In early January 2021, the Public Staff, DEC, DEP and Piedmont engaged in discussions and the Public Staff provided input regarding DEC, DEP and Piedmont's proposal to expand the Commission's winter disconnection moratorium (Winter Moratorium), which begins November 1 and continues five months through March 31 of

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[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.

every year, beyond the criteria required under Commission Rules R12-11(1)(6) and R-12-10(h)(6) to include all Low-Income Energy Assistance Program (LIEAP) and Crisis Intervention Program (CIP) beneficiaries. On February 11, 2021 DEC, DEP and Piedmont 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 LIEAP, CIP and adding customers who receive assistance from the NC Housing Opportunities and Prevention of Evictions (NC HOPE) Program (collectively, vulnerable customers).

b. Required utilities to offer extended repayment plans payable over no fewer than 18 months and on-premises notices. (The Order Lifting Disconnection Moratorium provided for up to 12-month repayment plans.)

c. Provided that customers eligible to receive assistance from LIEAP, CIP or the NC HOPE Program 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, 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 31, DEP, DEC, and Piedmont 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, Piedmont, PSNC, CWSNC, 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.

On June 28, 2021, DEC, DEP, and Piedmont (collectively, the Companies) filed jointly a letter notifying the Commission that they would voluntarily extend the moratorium on disconnections for vulnerable customers, which expired on June 30, 2021, for an additional three months until October 1, 2021. On September 30, 2021, the Companies further extended their disconnection moratoriums for vulnerable customers until March 31, 2022. The Companies stated that as of September 28, 2021, they had assisted approximately 110,000 vulnerable customers through its previous voluntary extensions and expansion of the Commission's annual Winter Moratorium on disconnections for non-payment.

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. Pursuant to the Commission's April 5th Order, the Public Staff has filed 11 monthly reports on the number of complaints received by its Consumer Services Division concerning disconnections and repayment plans.

APPELLATE CASES IN WHICH THE PUBLIC STAFF PARTICIPATED

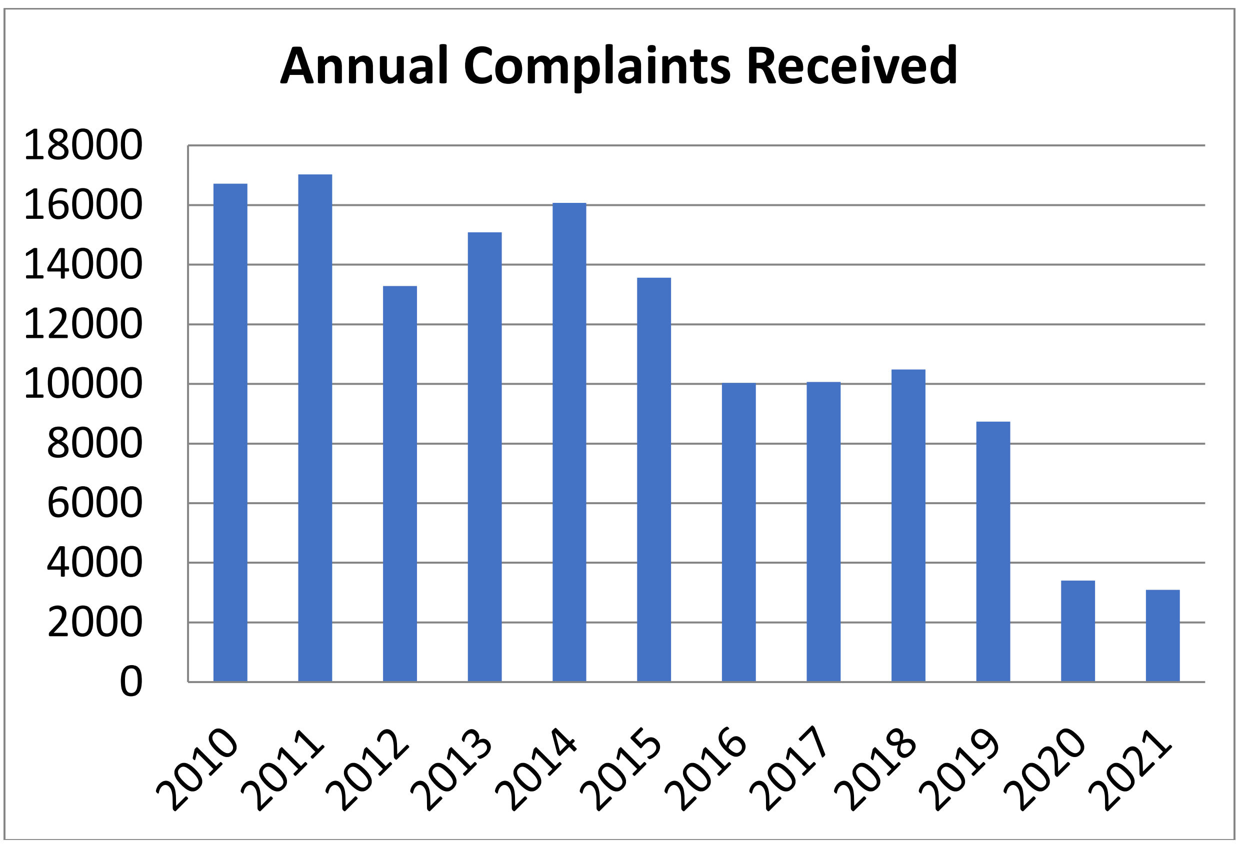
State of North Carolina Ex. Rel. Utilities Commission; Public Staff – North Carolina Utilities Commission, v. Friesian Holdings, LLC, Petitioner; North Carolina Sustainable Energy Association, Intervenor; and North Carolina Clean Energy Business Alliance, Intervenor v. Duke Energy Progress, LLC and North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

State of North Carolina ex rel. Utilities Commission; Attorney General Joshua H. Stein; Public Staff – North Carolina Utilities Commission, v. Virginia Electric and Power Company d/b/a Dominion Energy North Carolina, No. 477A20

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 2021, the Consumer Services Division processed a total of 3,096 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 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 43.

CONSUMER COMPLAINTS/INQUIRIES BY INDUSTRY

Industry	Utility	Complaints
Electric		**2,148**
	Duke Energy Carolinas	1,156
	Duke Energy Progress	897
	Dominion NC Power	30
	Other	65
Natural Gas		**227**
	Piedmont	181
	PSNC	42
	Other	4
Telephone		**265**
	AT&T	68
	Frontier	32
	CenturyLink	128
	Windstream	15
	Time Warner/Spectrum	3
	Other	19
Water/Sewer		**291**
	Aqua	94
	Water resellers	43
	Carolina Water Service	53
	Other	101
Other		**165**

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 and natural gas 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.

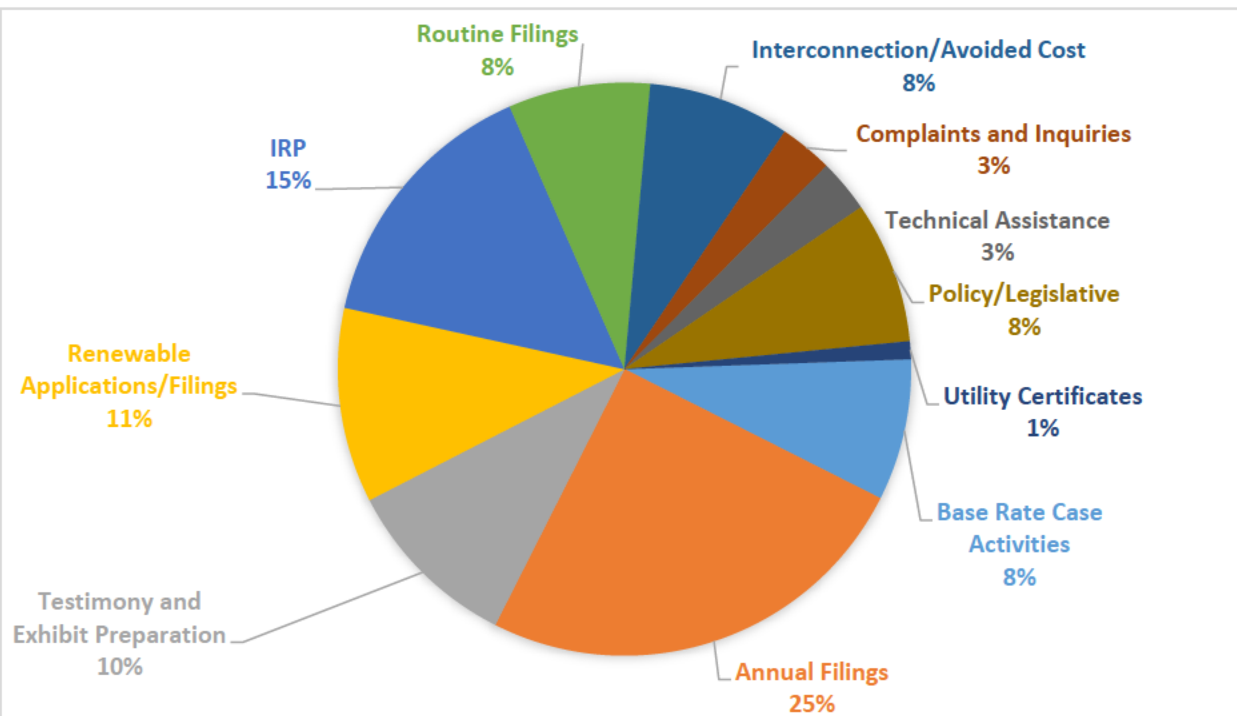
Small power producers and renewable energy facilities require reporting to, or certification by, the Commission prior to commencing operation in the State. The Energy Division reviews and processes applications and makes recommendations to the Commission related to these facilities. The status of solar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

Status of Solar Renewable Energy Facilities as of December 31, 2021				
	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	13,111	3,007	1,478	1,828
DEC	13,677	1,121	1,713	1,183
DENC	481	1,793	130	8,005
Total	27,269	5,921	3,321	11,016

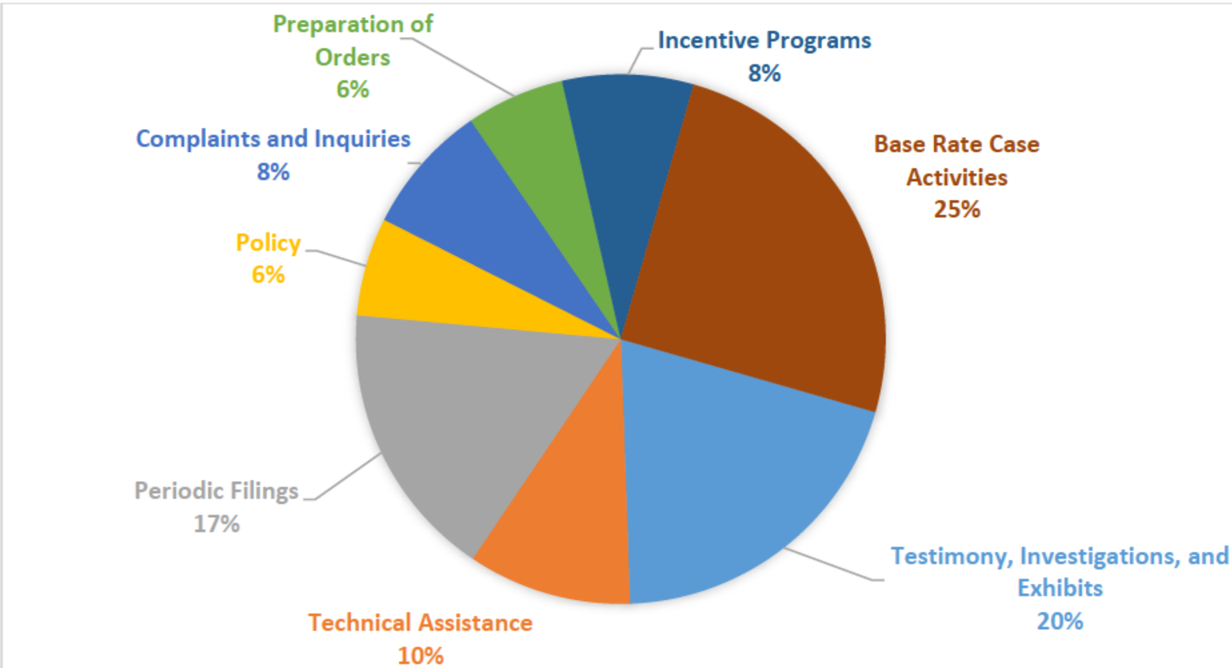
The Energy Division reviews and makes recommendations with respect to the annual REPS compliance plans and reports required by N.C. Gen. Stat. § 62-133.8(i)(1) and Commission Rule R8-67, as discussed earlier in this Report.

Electric Section Subject Matter Allocation	
Rate proceedings (Base rates and DSM/EE, fuel, REPS, JAAR riders)	33%
Interconnection/Avoided Cost	29%
SB 3/HB 589 issues/HB 951/REPS compliance/renewable facility applications	20%
Transmission, Resource Planning, and Service Reliability	15%
Customer Complaints	2%
Electric Resellers	1%

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 2021, the Division handled over 1,570 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	25%
Traditional water and wastewater utility rate case investigations/ audits/inspections and presentations before the Commission	27%
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	30%
Responding to verbal and written inquiries for information from the public, legislature, utilities, agencies, and outside professionals	6%
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	5%
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 2021, there were 340 household goods carriers holding certificates of exemption issued by the Commission, and four bus companies and eight ferry operators holding CPCNs. During 2021, the Division reviewed approximately 632 filings.

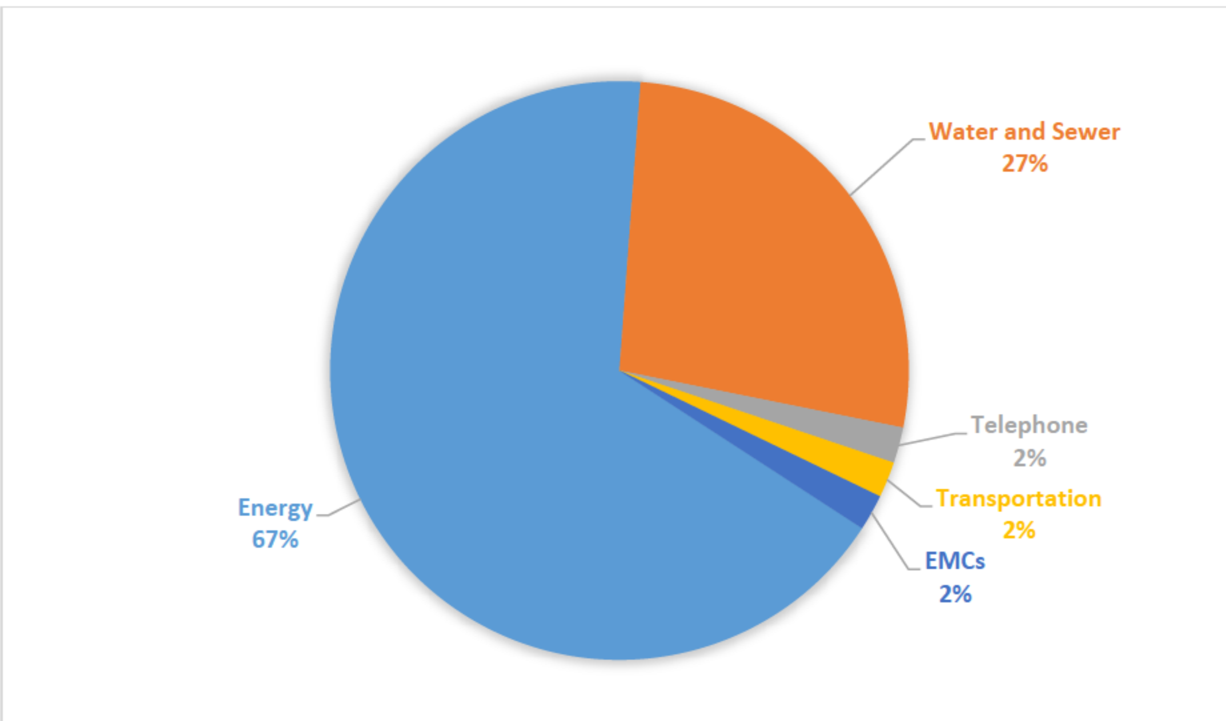
The Transportation Division investigated 81 customer complaints and responded to 1,205 inquiries relating to household goods movers and other transportation matters received by the Public Staff in 2021.

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.

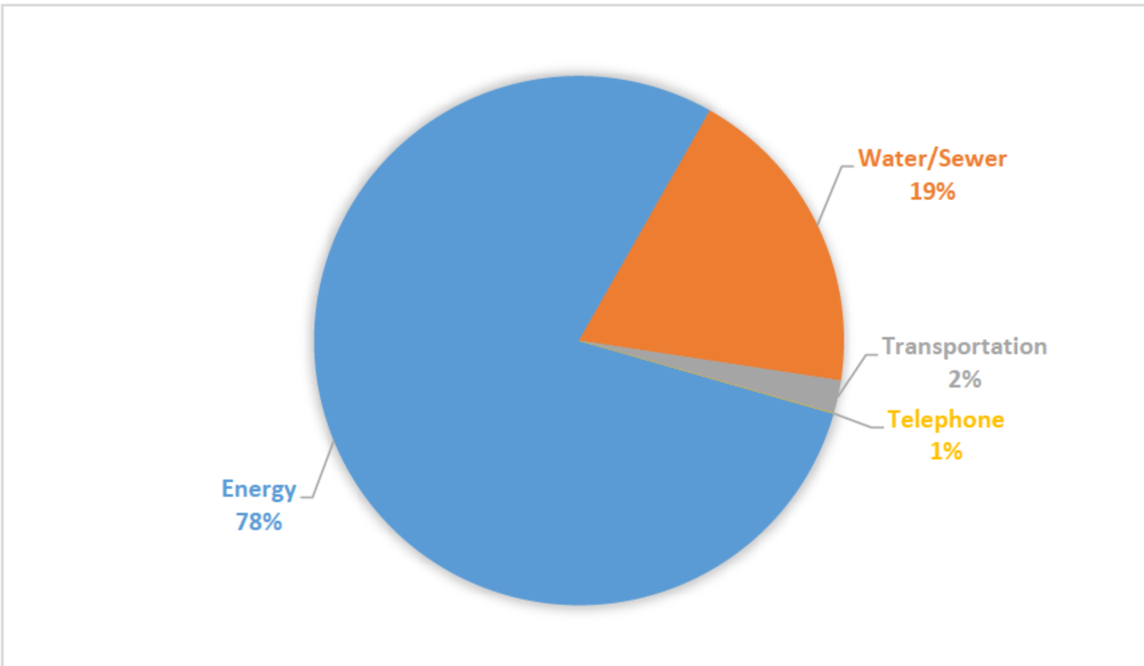
Allocation of Accounting Staff Resources



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 divisions of the Public Staff.

Approximately 50% 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 common equity and the overall cost of capital for electric, natural gas, water, and sewer utilities.

The Division reviews issues and files testimony on the issuances of new securities, nuclear decommissioning expense, and the financial viability of applicants for merchant electric generation, solar generation, and 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