

**ANNUAL REPORT**  
**to the**  
**GENERAL ASSEMBLY**



**North Carolina Utilities Commission**  
**Public Staff**

**2023**

# 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 regulated utility customers on all issues before the North Carolina Utilities Commission (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 Commission affecting public utility rates and service. The Public Staff is 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.

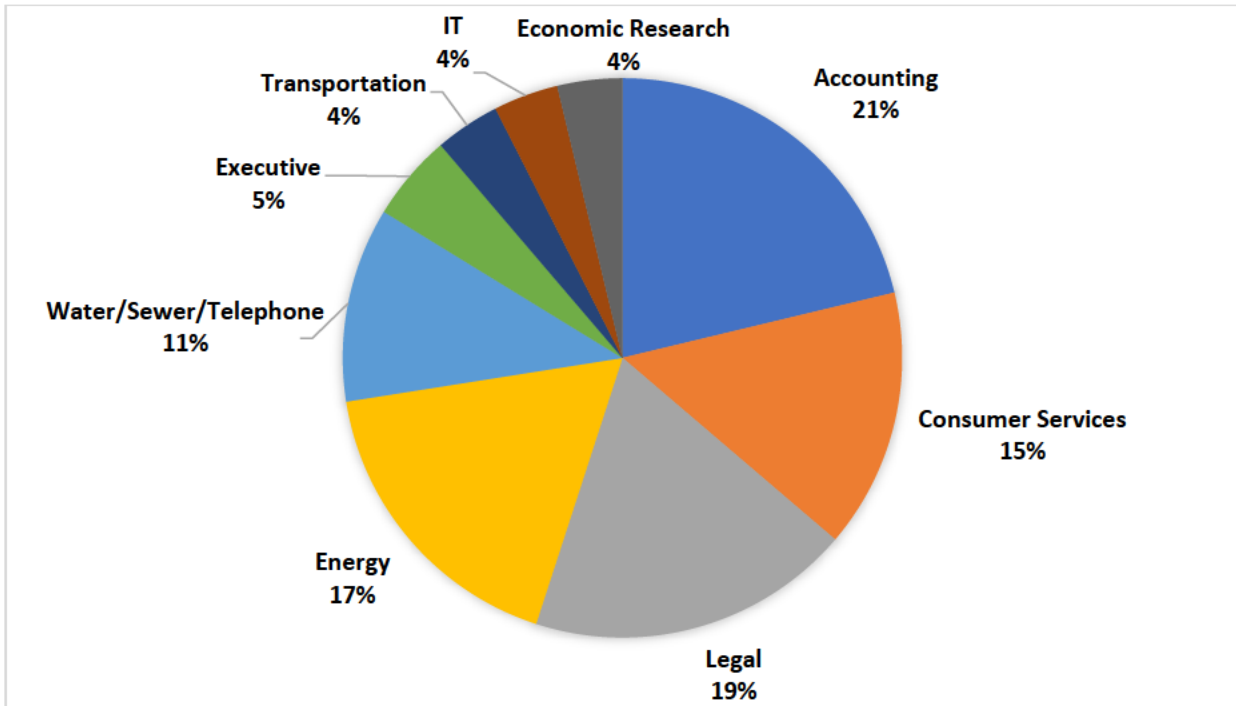
The key functions of the Public Staff are:

- 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 regarding regulated utilities issues
- Assisting legislative staff and legislators with 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

As of December 31, 2023, the Public Staff had a total of eighty positions allocated across nine different divisions.

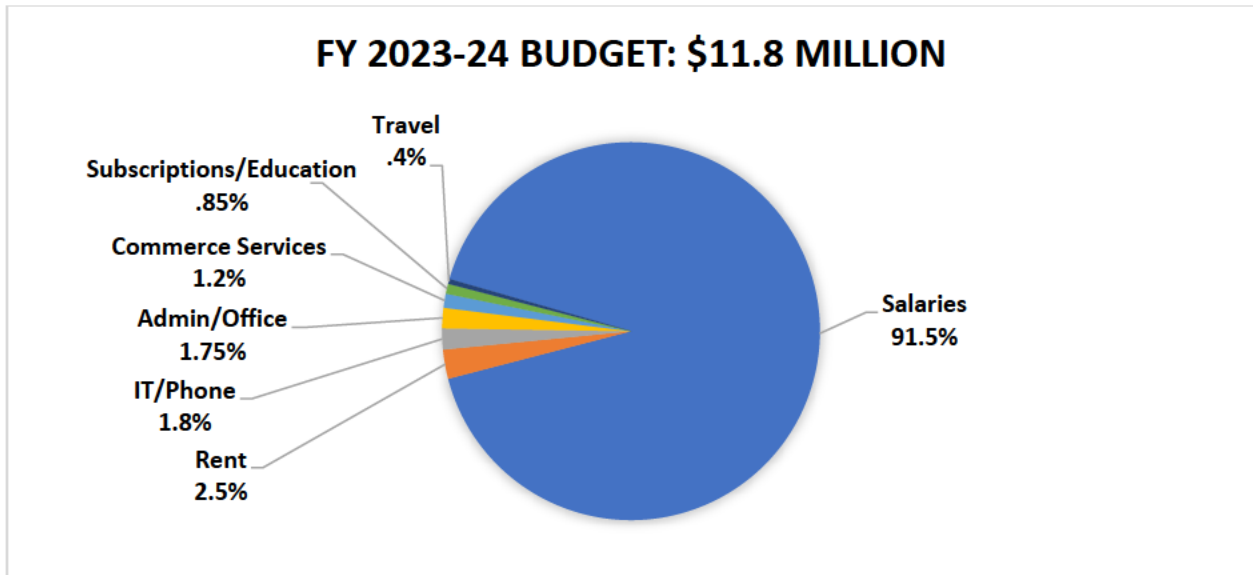
Division	Number of Positions
Accounting	17
Consumer Services	12
Legal	15
Energy	14
Water/Sewer/Telephone	9
Executive	4
Transportation	3
IT	3
Economic Research	3



# PUBLIC STAFF BUDGET

The Public Staff is funded via a regulatory fee pursuant to N.C. Gen. Stat. § 62-302. For fiscal year 2023-2024, the regulatory fee was 0.1475% 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 2023-2024, the Public Staff's total certified budget was approximately \$11.8 million. Approximately 91.5% of the Public Staff's budget is dedicated to staff salaries and benefits, totaling \$10.8 million. Approximately \$435,100 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 \$563,300 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 – 2023 OVERVIEW**

The Public Staff participated in 15,378 formal proceedings before the Commission through briefs, comments, expert testimony, stakeholder facilitation, audits, and investigations, including appearances at 73 hearings in contested cases. The Public Staff reviewed 29,398 filings made with the Commission and 266 orders issued by the Commission. The Public Staff handled over 6,613 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 2023 fuel proceedings resulted in the following changes to fuel and fuel-related charges<sup>1</sup> for each of the electric public utilities:

	2023 Total Fuel Rider	Change
<b>Dominion Energy North Carolina</b>		
	<i>¢ / kWh</i>	
<b>Residential</b>	4.3086	(0.4102)
<b>SGS &amp; Public Authority</b>	4.2864	(0.4261)
<b>LGS</b>	4.2789	(0.3991)
<b>NS</b>	4.1860	(0.3506)
<b>6VP</b>	4.1968	(0.4050)
<b>Outdoor Lighting</b>	4.2627	(0.4561)
<b>Traffic</b>	4.2863	(0.4325)
<b>Duke Energy Carolinas</b>		
	<i>¢ / kWh</i>	
<b>Residential</b>	3.8950	1.4084
<b>General Service/ Lighting</b>	3.5020	1.0549
<b>Industrial</b>	3.2422	0.8300
<b>Duke Energy Progress</b>		
	<i>¢ / kWh</i>	
<b>Residential</b>	4.079	0.617
<b>Small General Service</b>	4.341	0.790
<b>Medium General Service</b>	3.659	0.489
<b>Large General Service</b>	3.366	0.326
<b>Lighting</b>	5.739	1.523

<sup>1</sup> These significant changes were driven in large part by the significant increases in commodity natural gas costs for fuel used in electric power generation, which resulted from global conflicts.

*RENEWABLE ENERGY AND ENERGY EFFICIENCY PORTFOLIO  
STANDARD (REPS)<sup>2</sup> 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 REPS through an annual rider to base rates. North Carolina 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 2023 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) for cost recovery during calendar year 2023:

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<sup>2</sup> The Renewable Energy Portfolio Standard was renamed the Clean Energy Portfolio Standard pursuant to Session Law 2023-138.



<b>REPS and DSM/EE Rider Amounts</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Dominion Energy North Carolina</b>			
DSM and EE Programs: (¢/kWh)			
Residential	0.1078	0.1963	0.1317
Small Gen. Service	0.0986	0.1704	0.1787
Large Gen. Service	0.0877	0.1475	0.1616
REPs: (\$ per customer)			
Residential	0.25	0.16	0.57
General Service	1.37	0.82	3.18
Industrial	9.12	5.73	21.20
<b>Duke Energy Carolinas</b>			
DSM and EE Programs: (¢/kWh)			
Residential	0.4771	0.3389	0.3775
All non-residential	0.5286	0.6242	0.4343
REPs: (\$ per customer)			
Residential	0.94	1.04	0.81
General Service	5.14	5.54	4.01
Industrial	29.03	30.33	22.7
<b>Duke Energy Progress</b>			
DSM and EE Programs: (¢/kWh)			
Residential	0.721	0.640	0.629
Commercial/General Service	0.731	0.466	0.387
REPs: (\$ per customer)			
Residential	1.20	1.55	1.22
General Service	6.97	8.42	6.52
Industrial	48.91	57.42	43.49

**JOINT AGENCY ASSET RIDER PROCEEDING**  
(Docket No. E-2, Sub 1324)

On June 13, 2023, Duke Energy Progress, LLC (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 \$158.540 million for the prospective component of its N.C. retail revenue requirement for the period December 1, 2023, through November 30, 2024. In addition to the prospective component, DEP requested an increase of \$23.300 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, 2022. On November 3, 2023, the Commission entered an order approving the JAAR and the following JAAR rates by class. Effective as of December 1, 2023, the change in the monthly charge for residential customers is an increase of 0.017¢/kWh, including the regulatory fee. The impact on other customer classes varies based upon their rate schedules. For an average residential customer using 1,000 kWh, this represents an increase of \$0.17 per month.

Rate Class	Applicable Schedule(s)	Prospective Rate	Rolling Recovery Factor	Combined Rate*
<b>Non-Demand Rate Class (dollars per kilowatt-hour)</b>				
Residential	RES, R-TOUD, R-TOUE, R-TOU	0.00500	0.00148	0.00648
Small General Service	SGS, SGS-TOUE	0.00529	0.00087	0.00616
Medium General Service	CH-TOUE, CSE, CSG	0.00386	(0.00178)	0.00208
Seasonal and Intermittent Service	SI	0.00291	0.00422	0.00713
Traffic Signal Service	TSS, TFS	0.00278	0.00057	0.00335
Outdoor Lighting Service	ALS, SLS, SLR, SFLS	-	-	-
<b>Demand Rate Classes (dollars per kilowatt-hour)</b>				
Medium General Service	MGS, GS-TES, AP-TES, SGS-TOU	1.27	(0.15)	1.12
Large General Service	LGS, LGS-TOU	1.38	0.05	1.43

\*Incremental Rates, shown above, include North Carolina regulatory fee of 0.1475%.

## *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 2023 resulted in a PPA factor of \$0.022313 per kWh (including the regulatory fee) and a CACR factor of (\$0.000396) 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 2023 resulted in a CP Rider of \$0.024081 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, 2023, was (0.0022) 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, 2022, were (0.0031) cents per kWh and (0.0120) cents per kWh, respectively (both including the regulatory fee).
5. 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. On

November 24, 2021, the Storm Recovery Bonds were issued. Since the issuance of the Storms Recovery Bonds, and as allowed under the Commission's Financing Orders to ensure the recovery of revenues sufficient to provide timely payments to bondholders, DEP and/or DEC have filed true-up adjustment letters on February 28, 2022, May 31, 2022 (amended for DEC on June 14, 2022), August 31, 2022, and November 21, 2022 (DEC only).

Pursuant to the Commission's Order Approving Storm Cost Recovery Charges on December 20, 2022, in Docket No. E-2, Sub 1262, 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 0.219 cents per kWh for Residential customers, 0.282 cents per kWh for Small General Services customers, 0.046 cents per kWh for Medium General Services customers, 0.014 cents per kWh for Large General Services customers, and 0.042 cents per kWh for Lighting customers, to be effective on and after January 1, 2023. On February 22, 2023, May 22, 2023, and November 1, 2023, DEP filed additional true-up adjustment letters to further modify these charges effective April 1, 2023, July 1, 2023, and January 1, 2024, respectively.

Pursuant to the Commission's Order Approving Storm Cost Recovery Charges on December 20, 2022, in Docket No. E-7, Sub 1243, 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 0.0438 cents per kWh for Residential customers, 0.0144 cents per kWh for General Services customers, 0.0077 cents per kWh for Industrial customers, and 0.1595 cents per kWh for Lighting customers, to be effective on and after January 1, 2023. On May 22, 2023, and November 21, 2023, DEC filed additional true-up adjustment letters to further modify these charges effective July 1, 2023, and January 1, 2024, respectively.

5. Customer Assistance Recovery Rider for DEP and DEC. In their most recent general rates cases, DEP (Docket No. E-2, Sub 1300) and DEC (Docket No. E-7, Sub 1276) proposed a new Customer Assistance Program (CAP) to provide a \$42 bill credit to eligible low-income ratepayers. The stated purpose of the CAP is to reduce the number of service disconnects for nonpayment and the number of customers with bills in arrears. DEP and DEC credited the prior work of the Low-Income Affordability Collaborative (LIAC) as the genesis of the CAP. DEP and DEC proposed to recover the costs for the CAP through the Customer Assistance Recovery Rider (CAR Rider). The CAP and CAR Rider were approved by the Commission in each rate case as a three-year pilot to run concurrently with each rate year. CAP enrollment commenced in early 2024 along with the CAR Rider. As part of the CAP Pilot, the Commission ordered interested stakeholders to participate in an Affordability Stakeholder Group (ASG) to monitor the progress of the CAP and to report back to the Commission on an annual basis with data and recommendations. The Public Staff will participate in the ASG on an ongoing basis.

## **BIENNIAL DETERMINATION OF AVOIDED COST RATES** **(Docket No. E-100, Sub 194)**

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 November 1, 2023, DEP and DEC filed their Joint Initial Statement, DENC filed its Initial Statement, and WCU and New River filed their Joint Comments and Proposed Rates.

On February 21, 2024, the Public Staff filed Initial Comments on the filings made by DEC, DEP, DENC, WCU and New River. The Public Staff focused its review and Comments on issues discussed in the previous avoided cost docket, E-100, Sub 175, including the inclusion of solar and wind generator outage data in the performance adjustment factor (PAF), inclusion of the Carbon Plan in avoided cost rates, provision of ancillary services by inverter-based resources, and direct current revenue-grade meters and energy storage system retrofits. The new issues the Public Staff commented on were the continued use of the Peaker Method and type of peaking resource, the Net Excess Energy Credit (NEEC), the PAF for hydroelectric QFs, and the reduction in number and capacity of new QFs. Finally, the Public Staff reviewed and commented on the utilities' proposed rates and modifications to their tariffs and terms and conditions. The Public Staff then filed reply comments addressing issues raised by other intervenors' initial comments. The Commission issued an Order Requiring the Filing of Proposed Orders and Briefs on April 10, 2024.

## **INTEGRATED RESOURCE PLANNING**

**(Docket No. E-100, Subs 190 and 192)**

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 Rules R8-60 and R8-60A define an overall framework within which the IRP process takes place in North Carolina. Commission Rule R8-60 governs the IRP process for DENC, and Commission Rule R8-60A governs the new Carbon Plan and IRP (CPIRP) process for DEC and DEP. Analysis of the long-range need for future electric generating capacity pursuant to N.C. Gen. Stat. § 62-110.1 is included in the Rules as a part of the IRP process. North Carolina 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' IRP. Commission Rules R8-60 and R8-60A require 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 the relevant Rule. Commission Rule R8-60 requires that, in odd-numbered years, DENC file an annual report updating its most recently filed biennial IRP. There is no requirement for a biennial update filing for DEC and DEP under Commission Rule R8-60A. The Public Staff reviews IRP updates filed in odd years for compliance with the Rule.

In its December 30, 2022 Order Adopting Initial Carbon Plan and Providing Direction for Future Planning, the Commission ordered that Duke file for the first time a proposed, consolidated CPIRP no later than September 1, 2023. On August 17, 2023, Duke filed its proposed CPIRP, and on September 1, 2023, Duke filed its supporting testimony and exhibits. Public hearings, the filing of testimony by intervenors and the Public Staff, and the evidentiary hearing in this proceeding will take place in 2024, with an order being issued by the Commission no later than December 31, 2024.

On February 28, 2022, the Commission issued an Order Granting Motion to Revise Integrated Resource Filing Schedule in Docket No. E-100, Sub 182, permitting DENC to file an IRP update, rather than a full IRP, in 2022.

On May 1, 2023, DENC filed a full biennial IRP in Docket No. E-100, Sub 192. In its filing, DENC stated that due to a change in Virginia law, it will be filing another full IRP in 2024. Dominion then petitioned the Commission to amend Commission Rule R8-60 to allow DENC to file full IRPs on October 15 of every other year beginning in 2024 and file IRP Updates every other year beginning in 2025. The Public Staff reviewed the request and recommended that the Commission approve DENC's petition. The Commission granted the request on February 8, 2024. The Public Staff filed comments on DENC's 2023 IRP on January 29, 2024, addressing issues including load forecasting

and resource adequacy, ultimately stating that the Commission should not approve any of the plans put forth by DENC but should require DENC to incorporate several of the Public Staff's planning recommendations into developing its next IRP due on October 15, 2024.

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

On June 15, 2023, the Public Staff held stakeholder meetings 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.

Between August and October 2023, electric membership corporations (EMCs) and municipalities filed their 2022 Compliance Reports and 2023 REPS Compliance Plans.

North Carolina 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. In September 2023, a number of EMCs and municipalities, as well as Dominion, DEC, and DEP, filed a motion pursuant to N.C. Gen. Stat. § 62-133.8(i)(2) and Commission Rule R8-67(c)(5), requesting that the Commission (1) modify the obligation of DEC, DEP, and Dominion by lowering the 2023 swine waste set-aside requirement to 0.05% of prior-year retail sales; (2) delay the obligation of EMCs and municipalities to comply with the swine waste set-aside requirement until calendar year 2024; (3) allow the moving parties to bank any swine-waste-derived renewable energy certificates (RECs) previously or subsequently acquired for use in future compliance years; and (4) allow the moving parties to replace compliance with the swine waste set-aside requirements in 2023 with other compliance measures in accordance with N.C. Gen. Stat. § 62-133.8(b), (c), and (d) (Swine Waste Delay Motion). The moving parties asserted that they had individually and collectively made reasonable efforts to comply with the REPS swine waste set-aside requirements and that modification of the requirements was in the public interest. Upon its review of the joint motion, the Public Staff submitted comments generally supporting the Swine Waste Delay Motion. Montauk Renewables, LLC filed comments in response to the Swine Waste Delay Motion asking the Commission to retain the Swine-Waste Set Aside requirements as set forth in the Commission's 2022 Delay Order for future years; that power suppliers apply any already-acquired swine-waste RECS to the supplier's current year pro rata obligation; and that if a power supplier does not have sufficient swine-waste RECs to comply with the current year's pro-rata obligation, that the shortfall be carried forward to the supplier's subsequent years' pro rata obligations. The North Carolina Pork Council filed comments in response to the Swine Waste Delay Motion asking that the Motion be denied and arguing in essence that the need for delaying the requirements was the fault of the moving parties and that the moving parties were not acting diligently to acquire swine-waste RECS.

On December 11, 2023, the Commission entered an order finding (1) that the state's EMCs and municipalities had made reasonable efforts to comply with the 2023 statewide swine waste set-aside requirement, (2) that all of the state's electric power suppliers had made reasonable efforts to comply with the statewide swine waste set-aside requirement, and (3) determining that it was in the public interest to grant the modifications requested in the Swine Waste Delay Motion. In addition, the Commission required the EMCs and municipalities already subject to the requirement to file semi-annual reports on compliance efforts to continue to file such reports.

## **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 in order 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 2023, 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 2023 filings and presented its findings and recommendations regarding whether the LDCs' gas purchases and hedging activities were prudent and whether the LDCs 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, various recommendations, and the proposed rate increments and decrements as appropriate.



# PIPELINE INTEGRITY MANAGEMENT COST RECOVERY

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

## PIEDMONT NATURAL GAS COMPANY, INC. INTEGRITY MANAGEMENT RIDER (IMR)

(Docket No. G-9, Subs 829 and 835)

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. Piedmont is also required to file bi-annual adjustments to its rates every December 1st and June 1st based upon qualifying capital investments in integrity and safety projects as of October 31st and March 31st, respectively.

On April 28, 2023, Piedmont, pursuant to the IMR mechanism, filed an IMRR bi-annual rate adjustment, effective June 1, 2023, based on the Company’s IM Plant Investment through March 31, 2023. In the filing, Piedmont also proposed a true-up adjustment for the IM Deferred Account based on the actual account balance at March 31, 2023. On May 15, 2023, Piedmont filed the schedule showing the computation of the proposed IM rate adjustment for each rate schedule and the revised tariffs effective June 1, 2023. The Public Staff determined that these rate adjustments were properly calculated and recommended approval. The Commission approved the proposed rate adjustments.

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

Line No.	Description	Residential Rate 101	Small & Medium General Rate 102, 142, 144, 152	Firm Large General Rate 103, 113, T-10	Interruptible Large General Rate 104, 114
1	Rate Class Percentage	64.72%	30.34%	2.96%	1.98%
2	IMRR	\$24,289,905	\$11,386,831	\$1,110,910	\$743,109
3	IM Deferred Account Balance	\$161,518	\$75,718	\$7,387	\$4,941
4	Total Amount for recovery	\$24,451,423	\$11,462,549	\$1,118,297	\$748,050
5	Rate Case Volumes (dts)	39,264,450	30,085,644	36,569,388	29,466,652
6	IM Increment per dt	\$0.6227	\$0.3810	\$0.0306	\$0.0254
	Remove Previous Increment	( <u>\$0.3526</u> )	( <u>\$0.2157</u> )	( <u>\$0.0173</u> )	( <u>\$0.0144</u> )
	Change in IM Increment per dt	\$0.2701	\$0.1653	\$0.0133	\$0.0110

On October 31, 2023, 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, 2023, Piedmont filed its proposed IMR rate adjustments to collect the October 31, 2023 balance in the IM Deferred Account to be effective December 1, 2023. The Company proposed the following IMR rate adjustments, expressed in dollars per dekatherm (\$/dt):

Description	Residential Rate 101	Small & Medium General Rate 102, 142, 144, 152	Firm Large General Rate 103, 113, T-10	Interruptible Large General Rate 104, 114
Rate Class Percentage	64.72%	30.34%	2.96%	1.98%
IM RR	\$27,398,490	\$12,844,101	\$1,253,083	\$838,211
IM Deferred Account Balance	\$2,825,705	\$1,324,659	\$129,235	\$86,448
Total Amount for recovery	\$30,224,196	\$14,168,759	\$1,382,318	\$924,659
Rate Case Volumes (dts)	39,264,450	30,085,644	36,569,388	29,466,652
IM Increment per dt	\$0.7698	\$0.4709	\$0.0378	\$0.0314
Remove Previous Increment	<u>(\$0.6227)</u>	<u>(\$0.3810)</u>	<u>(\$0.0306)</u>	<u>(\$0.0254)</u>
Change in IM Increment per dt	\$0.1471	\$0.0899	\$0.0072	\$0.0060

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

## **PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC. INTEGRITY MANAGEMENT TRACKER (IMT) (Docket No. G-5, Subs 659 and 663)**

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

On January 31, 2023, pursuant to Rider E of the Company's Tariff, 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, 2023, PSNC filed an application requesting authority to adjust its rates effective March 1, 2023, to implement new temporary increments in its rates pursuant to Rider E.

The Company proposed the following IMT rate adjustments, expressed in dollars per dekatherm (\$/dt):

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	69.99%	19.10%	8.36%	2.55%
IMRR for Recovery	\$6,833,479	\$1,864,830	\$816,229	\$248,969
IMT DA balance	\$1,166,740	\$318,399	\$139,362	\$42,509
Net IMRR for Recovery	\$8,000,219	\$2,183,229	\$955,591	\$291,478
Rate Case Volumes (dts)	33,244,118	17,290,564	25,672,153	14,331,655
IM Rate Increment (dts)	\$0.2407	\$0.1263	\$0.0372	\$0.0203
Current IMT Increment	<u>\$0.0000</u>	<u>\$0.0000</u>	<u>\$0.0000</u>	<u>\$0.0000</u>
Adjustment to IMT increment	<u>\$0.2407</u>	<u>\$0.1263</u>	<u>\$0.0372</u>	<u>\$0.0203</u>

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	69.99%	19.10%	8.36%	2.55%
IMRR for Recovery	\$7,583,184	\$2,069,421	\$905,778	\$276,284
IMT Deferred Account Balance	<u>\$1,472,450</u>	<u>\$401,826</u>	<u>\$175,878</u>	<u>\$53,647</u>
Net IMRR for Recovery	\$9,055,634	\$2,471,247	\$1,081,656	\$329,931
Rate Case Volumes (therms)	332,441,182	172,905,640	256,721,533	143,316,551
IM Rate Increment (per therm)	\$0.02724	\$0.01429	\$0.00421	\$0.00230
Current IMT Increment	<u>\$0.02162</u>	<u>\$0.01134</u>	<u>\$0.00334</u>	<u>\$0.00183</u>
Adjustment to IMT increment	<u>\$0.00562</u>	<u>\$0.00295</u>	<u>\$0.00087</u>	<u>\$0.00047</u>

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

On July 31, 2023, PSNC filed the computation for the IMRR that supports the biannual IMT rate adjustment, effective September 1, 2023, based on its IM Plant Investment through June 30, 2023.

On August 15, 2023, 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, 2023.

The Company proposed the following IMT rate adjustments, expressed in dollars per dekatherm (\$/dt):

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	69.99%	19.10%	8.36%	2.55%
IMRR for Recovery	\$8,726,925	\$2,381,544	\$1,042,393	\$317,955
Rate Case Volumes (therms)	332,441,182	172,905,640	256,721,533	143,316,551
IM Rate Increment (per therm)	\$0.02625	\$0.01377	\$0.00406	\$0.00222
Current IMT Increment	\$0.02724	\$0.01429	\$0.00421	\$0.00230
Adjustment to IMT Increment	<u>(\$0.00099)</u>	<u>(\$0.00052)</u>	<u>(\$0.00015)</u>	<u>(\$0.00008)</u>

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

## **AQUA NORTH CAROLINA'S APPLICATION FOR GENERAL RATE INCREASE**

**(Docket No. W-218, Sub 573)**

On June 30, 2022, Aqua North Carolina, Inc. (Aqua), 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 and for approval of a Water and Sewer Investment Plan (WSIP). Aqua serves approximately 84,000 water customers and 21,000 sewer customers in 51 counties throughout North Carolina.

The WSIP requested by Aqua allows Aqua to recover the reasonably known and measurable capital investments and anticipated reasonable and prudent expenses approved under the WSIP for a three-year period without the need for a general rate case proceeding. Aqua proposed in its application to increase rates and charges to produce in its base case an additional \$13,655,146 in gross revenues, or a 19.2% increase over its existing rates. Aqua further proposed to increase its rates and charges to produce an additional \$18,064,678 in gross revenues over existing rate revenues, or an increase of approximately 25.4%, in Rate Year 1, inclusive of the base case increase; an additional \$4,303,037 in gross revenues, or an increase of approximately 4.8%, in Rate Year 2; and an additional \$4,579,353 in gross revenues, or an increase of approximately 4.9%, in Rate Year 3.

The Public Staff's investigation of Aqua's application included over 120 formal discovery requests and numerous meetings with company representatives. In December 2022, the Public Staff filed the testimony of six individual witnesses and two panels of witnesses detailing the results of the Public Staff's investigation and its recommendations regarding Aqua's application. Also in December 2022, Aqua filed rebuttal testimony in response to the testimony of the Public Staff witnesses.

Beginning on January 9, 2023, the Commission held an expert witness hearing on Aqua's application. On February 19, 2023, Aqua placed temporary rates into effect subject to an undertaking to refund any overcollected amounts. On March 31, 2023, following settlement discussions, the parties filed a Joint Partial Settlement Agreement and Stipulation (Stipulation). Pursuant to the Stipulation, the parties agreed that Aqua should be authorized to implement a WSIP according to certain parameters, including agreed upon adjustments to operations and maintenance expenses and rate base items, debt to equity structure and cost of debt, appropriate upper and lower bands for return on equity, certain Performance-Based Metrics, and a third-party audit to review the company's staffing needs. A number of issues not addressed by the Stipulation, including the appropriate return on equity, were addressed by the parties in their respective proposed orders. On April 10, 2023, the Commission reconvened the evidentiary hearing for the purpose of examining the terms of the Stipulation.

On June 5, 2023, the Commission issued its Order Approving Partial Settlement Agreement and Stipulation, Deciding Contested Issues, Approving Water and Sewer Investment Plan, Granting Partial Rate Increases, and Requiring Customer Notice. Among other things, the Commission authorized a return on equity of 9.80% and an overall rate of return of 6.885%. The order results in an approximately 15.35% increase in uniform Aqua Water revenue and an 18.51% rate increase in uniform Aqua Sewer revenue for Rate Year 1, with other rate division revenue increases ranging between 37.79% and 56.25% in Rate Year 1. The Commission ordered Aqua to refund temporary rates and charges in excess of the approved rates and charges approved by the Commission.

## **CAROLINA WATER SERVICE OF NORTH CAROLINA'S APPLICATIONS FOR DETERMINATION OF FAIR VALUE AND ACQUISITION OF CARTERET COUNTY WATER SYSTEM (Docket No. W-354, Sub. 398 & Sub 399)**

On July 26, 2022, and supplemented on August 11, 2022, Carolina Water Service, Inc. of North Carolina (CWSNC) filed in Docket No. W-354, Sub 398 an Application for Determination of Fair Value of Utility Assets Pursuant to N.C. Gen. Stat. § 62-133.1A and Establishing Rate Base for Acquisition of the Carteret County Water System (Fair Value Application).

On August 2, 2022, and supplemented on August 26, 2022, CWSNC filed in Docket No. W-354, Sub 399 an Application for a Certificate of Public Convenience and Necessity and for Approval of Rates to provide water utility service to the Carteret County Water System in Carteret County, North Carolina (CPCN Application).

On February 10, 2023, the Commission issued its Order approving the Fair Value Application. The Commission found that the reasonable and appropriate fair value of the Carteret County Water System assets being acquired by CWSNC, as adjusted in the public interest, is \$8,728,039, inclusive of \$312,039 in reasonable fees paid to the utility valuation experts, reasonable transaction, and closing costs.

The Commission held an evidentiary hearing on CWSNC's CPCN Application on June 20, 2023. On August 29, 2023, the Commission issued its Order granting the CPCN Application, and on October 16, 2023, the Commission issued its Order Establishing Bond, Approving Rate Schedule, and Approving Customer Notice. On December 19, 2023, CWSNC filed a letter with the Commission formally giving notice that the transaction closing was completed on December 15, 2023.

## **CAROLINA WATER SERVICE OF NORTH CAROLINA'S APPLICATION FOR GENERAL RATE INCREASE (Docket No. W-354, Sub 400)**

On July 1, 2022, Carolina Water Service of North Carolina, Inc. (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 34,565 water customers and 21,469 sewer customers in North Carolina and operates approximately 93 water systems and 38 sewer systems spanning 38 counties in the State.

CWSNC requested approval of a Water and Sewer Investment Plan (WSIP) pursuant to N.C. Gen. Stat. § 62-133-1B(a). The WSIP allows CWSNC to forecast its capital investment and revenue requirements three years into the future. CWSNC requested a return on equity of 10.70%. The rate impact in the first year would be a 19.70% increase for customers if approved by the Commission. CWSNC also requested the Commission allow it to continue the Water Efficiency Program that was approved in the previous rate case, Docket No. W-354, Sub 384. A new sewer use rule to protect CWSNC's wastewater systems from damaging industrial and nondomestic contaminants was also requested.

On November 11, 2022, a Joint Partial Settlement Agreement and Stipulation (Settlement Agreement) was filed by CWSNC and the Public Staff. In the Settlement Agreement, CWSNC and the Public Staff agreed to implement a WSIP. To safeguard the using and consuming public, the Settlement Agreement incorporates performance metrics and penalties that CWSNC must meet. The Settlement Agreement did not address CWSNC's return on equity, which was presented to the Commission at the evidentiary hearing. On January 31, 2023, CWSNC placed temporary rates into effect subject to refunding any overcollected amounts.

On April 26, 2023, the Commission issued its Order Approving Partial Settlement Agreement and Stipulation, Deciding Contested Issues, Granting Partial Rate Increase, Approving Water and Sewer Investment Plan, and Requiring Customer Notice. Among other things, the Commission authorized a return on equity of 9.80% and an authorized overall rate of return of 7.22%. The order results in an approximately 11.97% increase in uniform CWSNC Water revenue and an 18.97% increase in uniform CWSNC Sewer revenue from the present rates to Rate Year 1, with other rate division increases ranging

between 13.94% and 24.34%. Ordering Paragraph No. 12 of the Commission's April 26th Order directed the Company to file a plan of refund for any excess partial, temporary rates and charges collected from customers. The final rates and charges were confirmed on May 12, 2023, when the Commission issued its Order Approving Schedules of Rates, Schedules of Connection Fees, and Customer Notices. On July 12, 2023, the Commission approved the Refund Plan.

## **DUKE ENERGY PROGRESS, LLC'S APPLICATION FOR ADJUSTMENT OF RATES AND PERFORMANCE BASED REGULATION (Docket No. E-2, Sub 1300)**

On June 6, 2022, pursuant to Commission Rule R1-17B(c), DEP advised the Commission of its intent to file a general rate case application, including a performance-based regulation (PBR) application as authorized under N.C. Gen. Stat. § 62-133.16, and requested that the Commission initiate a technical conference regarding the projected transmission and distribution projects that would be included in the Company's PBR application. The technical conference was held on July 25, 2022.

On October 6, 2022, DEP filed its application for Adjustment of Rates and Charges Applicable to Electric Service in North Carolina and Performance Based Regulation. DEP requested a 10.2% ROE, later increased to a 10.4% ROE, and a capital structure of 53% equity and 47% debt. DEP also requested the approval of performance incentive mechanisms and a multi-year rate plan that included more than 1,000 projects with a total estimated cost of \$4.8 billion.

The Public Staff filed testimony on March 27, 2023, recommending an ROE of 9.25% in the event the multi-year rate plan is approved, and an ROE of 9.45% otherwise. On April 26, 2023, DEP and the Public Staff filed an Agreement and Stipulation of Partial Settlement setting forth resolution on a number of items in the revenue requirement. On May 2, 2023, DEP and the Public Staff filed an Amended Agreement and Stipulation of Partial Settlement to include an additional party and reflect resolution of an additional issue. DEP and the Public Staff, along with several other parties, also entered into settlement agreements on performance incentive mechanisms, transmission cost allocation, affordability, and the cost allocation methodology for production and transmission demand costs. An evidentiary hearing began on May 4, 2023.

The Commission issued its Order Accepting Stipulation, Granting Partial Rate Increase, and Requiring Public Notice on August 18, 2023. Among other things, the Commission authorized a rate of return on equity of 9.8% and a capital structure consisting of 53% equity and 47% long-term debt. The order also approved DEP's multi-year rate plan, a set of performance incentive mechanisms, a decoupling mechanism, and an earnings-sharing mechanism. For the residential class of customers, base rates

will increase by approximately<sup>3</sup> 7.9% for Rate Year 1 (first 12 months of new rates), an additional 3.6% effective October 1, 2024, for Rate Year 2 (second 12 months of the new rates), and an additional 3.8% effective October 1, 2025, for Rate Year 3 (third 12 months of the new rates). As of March 31, 2024, DEP reported an undercollection of approximately \$68.2 million that would be subject to the annual decoupling true-up mechanism in addition to the increased rates.

<b>DEP - Residential Bill Based on 1,000 kWh Usage</b>			
	<b>Jan. 2023</b>	<b>Jan. 2024</b>	<b>% Change</b>
Basic Charge	\$14.00	\$14.00	0%
Energy Charge	\$96.16	\$114.61	19%
REPS	\$1.55	\$1.22	-21%
Rider Charges*	\$24.18	\$26.64	10%
<b>Total</b>	<b>\$135.89</b>	<b>\$156.47</b>	<b>15%</b>

\* Rider Charges include all applicable riders that are charged on a variable rate

## **DUKE ENERGY CAROLINAS, LLC'S APPLICATION FOR ADJUSTMENT OF RATES AND PERFORMANCE BASED REGULATION (Docket No. E-7, Sub 1276)**

On September 8, 2022, pursuant to Commission Rule R1-17B(c), DEC advised the Commission of its intent to file a general rate case application, including a performance-based regulation (PBR) application as authorized under N.C. Gen. Stat. § 62-133.16, and requested that the Commission initiate a technical conference regarding the projected transmission and distribution projects that would be included in the Company's PBR application. The technical conference was held on November 2, 2022.

On January 19, 2023, DEC filed its application for Adjustment of Rates and Charges Applicable to Electric Service in North Carolina and Performance Based Regulation. DEC requested a 10.4% ROE and a capital structure of 53% equity and 47% debt. DEC also requested the approval of performance incentive mechanisms and a multi-year rate plan that included more than 1,100 projects with a total estimated cost of \$6.2 billion.

The Public Staff filed testimony on July 19, 2023, recommending an ROE of 9.35% in the event the multi-year rate plan is approved, and an ROE of 9.55% otherwise. On August 22, 2023, DEC and the Public Staff filed an Agreement and Stipulation of Partial Settlement setting forth resolution on a number of items in the revenue requirement. On August 28, 2023, DEC and the Public Staff filed an Amended Agreement and Stipulation

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<sup>3</sup> The residential class is comprised of several different residential tariffs—Flat Rate, Time-of-Use, Time-of-Use Demand, and Time-of-Use Critical Peak Pricing.



of Partial Settlement. Lastly, on October 13, 2023, DEC and the Public Staff filed a Supplemental Agreement and Stipulation of Partial Settlement resolving issues with respect to the Public Staff’s audit of DEC’s May and June supplemental updates. DEC and the Public Staff, along with several other parties, also entered into settlement agreements on performance incentive mechanisms, transmission cost allocation, affordability, and the cost allocation methodology for production and transmission demand costs. An evidentiary began on August 28, 2023.

The Commission issued its Order Accepting Stipulation, Granting Partial Rate Increase, and Requiring Public Notice on December 15, 2023. Among other things, the Commission authorized a rate of return on equity of 10.1% and a capital structure consisting of 53% equity and 47% long-term debt. The order also approved DEC’s multi-year rate plan, a set of performance incentive mechanisms, a decoupling mechanism, and an earnings-sharing mechanism. For the residential class of customers, base rates will increase by approximately<sup>4</sup> 9.7% for Rate Year 1 (first 12 months of new rates), an additional 3.6% effective January 1, 2025, for Rate Year 2 (second 12 months of the new rates), and an additional 3.2% effective January 1, 2026, for Rate Year 3 (third 12 months of the new rates). As of March 31, 2024, DEC reported an undercollection of approximately \$54 million that would be subject to the annual decoupling true-up mechanism in addition to the increased rates.

<b>DEC - Residential Bill Based on 1,000 kWh Usage</b>			
	<b>Jan. 2023</b>	<b>Jan. 2024</b>	<b>% Change</b>
Basic Charge	\$14.00	\$14.00	0%
Energy Charge	\$93.83	\$114.31	22%
REPS	\$1.04	\$0.81	-22%
Rider Charges*	\$6.14	\$13.00	112%
<b>Total</b>	<b>\$115.01</b>	<b>\$142.12</b>	<b>24%</b>

*New base rates took effect for DEC on January 15, 2024. The table above reflects those new rates.*

\* Rider Charges include all applicable riders that are charged on a variable rate

## **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 megawatts (MW) of renewable energy through a competitive procurement program. In accordance with the

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<sup>4</sup> The residential class is comprised of several different residential tariffs—Flat Rate, Time-of-Use, Time-of-Use Demand, and Time-of-Use Critical Peak Pricing.

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.

House Bill 589 and Commission Rule R8-71 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 16, 2023, the Commission issued an order approving Residential, General Service / Lighting, and Industrial total CPRE rates for DEC of 0.0143 cents per kWh, 0.0120 cents per kWh, and 0.0160 cents per kWh, respectively (all including the regulatory fee), as well as DEC's CPRE Compliance Report. On November 17, 2023, the Commission issued an order approving Residential, Small General Service, Medium General Service, Large General Service, and Lighting total CPRE billing rates for DEP of 0.013 cents per kWh, 0.012 cents per kWh, 0.011 cents per kWh, 0.011 cents per kWh, and 0.010 cents per kWh, respectively (all including the regulatory fee), as well as DEP's CPRE Compliance Report.

On September 1, 2023, Duke filed a Motion to Conclude its CPRE Programs and Discontinue the Programs' Planning and Reporting Requirements. The Public Staff filed comments stating that there was no longer a need for the program planning requirements because the procurements have been completed with the completion of the 2022 Solar Procurement, which included CPRE Tranche 4. The Public Staff also stated that there is value in continuing to receive the information the Commission requested in R8-71(g) and (h), but that the information submitted in the compliance report was also submitted to the Commission as part of each Companies' CPRE Rider application. On December 12, 2023, the Commission issued an Order Accepting CPRE Program Plan, Concluding CPRE Program, and Granting Waiver of Commission Rules R8-71(g) and (h).

## **HOUSE BILL 951 IMPLEMENTATION**

### **Carbon Plan**

House Bill 951 requires the Commission to "take all reasonable steps" to reduce statewide CO<sub>2</sub> 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. House Bill 951 required the Commission, by December 31, 2022, to 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. On December 30, 2022, in Docket No. E-100, Sub 179, the Commission issued its Order Adopting Initial Carbon Plan and Providing Direction for Future Planning. This order also required that Duke file its next proposed Carbon Plan in conjunction with its next IRP.

On August 17, 2023, Duke filed its proposed Carbon Plan and IRP (CPIRP), and on September 1, 2023, Duke filed its supporting testimony and exhibits. Public hearings, the filing of testimony by intervenors and the Public Staff, and the evidentiary hearing in this proceeding will take place in 2024, with an order being issued by the Commission no later than December 31, 2024.

### **On-Bill Repayment Program for Energy Efficiency Investments**

In September 2022, Duke proposed a residential tariffed on-utility-bill financing program that would facilitate energy efficiency investments by allowing residential customers and landlords to install energy efficiency upgrades under a loan that is associated with the meter rather than the customer. The loan would be structured to ensure that the customer's monthly on-bill tariff charge will not exceed the customer's projected average monthly energy savings. On August 23, 2023, in Docket Nos. E-7, Sub 1279 and E-2, Sub 1309, the Commission issued an order approving the on-bill financing program with modifications and requiring annual reporting.

### **Revision of Net Metering Rates**

On March 23, 2023, in Docket No. E-100, Sub 180, the Commission issued an order approving revised net metering tariffs designed to ensure that net metering retail customers pay their full fixed cost of service. The revised net metering riders became effective on October 1, 2023, for residential customers and incorporate a minimum monthly bill, non-bypassable charges for storm recovery and cyber security costs, and a grid access fee for systems of a certain size. Most customers will also be required to take service under a Time-of-Use with Critical Peak Pricing rate schedule. Residential customers with existing net metered systems are eligible to continue taking service under the previous net metering tariff until December 31, 2026.

## **Voluntary Customer Renewable Energy Purchase Programs**

On January 27, 2023, DEC and DEP each filed Petitions for Approval for two voluntary customer programs: (1) the Green Source Advantage Choice Program, which would allow for commercial and industrial customers to either purchase Clean Energy Environmental Attributes or to directly contract with renewable developers for the output of their facility; and (2) the Clean Energy Impact Program, which would allow residential customers to purchase Clean Energy Environmental Attributes.

House Bill 951 requires that customers who do not participate in these programs be held harmless and be neither advantaged nor disadvantaged by the impacts of the renewable energy procured on behalf of the program customer. The Public Staff and intervenors have filed comments on these programs, and these proceedings are ongoing.

## **HOUSE BILL 455 IMPLEMENTATION**

On June 30, 2023, North Carolina Session Law 2023-67 entitled “An Act to Expedite Transfer of Water or Wastewater Public Utilities” (the Transfer Act) was signed into law by Governor Roy Cooper, having been previously ratified by the North Carolina General Assembly. The Transfer Act amended N.C. Gen. Stat. § 62-111 to provide timelines for the Commission’s consideration of applications for grant or transfer of certificates of public convenience and necessity (CPCN) for certain water and wastewater systems.

New subsection (f) to N.C. Gen. Stat. § 62-111 adds three requirements: (1) a pre-application conference; (2) a deadline to determine whether the application is complete; and (3) a deadline for approval of the application. Section 1.(b) of the Transfer Act applies to applications for grant or transfer of CPCNs for water and wastewater systems pending before the Commission as of June 30, 2023. Among other things, this section requires the Commission to provide notice by July 31, 2023, whether any pending applications are complete. The Transfer Act also specifies that the Commission shall approve a completed application, “upon finding that the proposed grant or transfer, including adoption of existing or proposed rates for the transferring utility, is in the public interest, will not adversely affect service to the public under any existing franchise, and the person acquiring said franchise or certificate of public convenience and necessity has the technical, managerial, and financial capabilities necessary to provide public utility service to the public.”

On June 30, 2023, the Commission issued an Order Requiring Report of the Public Staff and Initiating Rulemaking Proceeding which, in part, directed the Public Staff to file on or before July 25, 2023, a notice whether each application identified by the Public Staff as subject to the provisions of Section 1.(b) of the Transfer Act is complete and identifying any deficiency in any identified application that is not complete. The Order also provided for parties to file comments and proposed rules on the implementation of the revisions to N.C. Gen. Stat. § 62-111 as enacted by Section 2 1.(a) of the Transfer Act and established

August 29, 2023, as the deadline for filing petitions to intervene and proposed rules and comments, and September 28, 2023, for filing reply comments. On August 29, 2023, the Commission issued an order extending the deadlines for comments to September 12, 2023, and for reply comments to October 12, 2023.

The Public Staff identified and reviewed 21 pending CPCN applications and 15 transfer/merger applications for compliance with the Transfer Act, and filed with the Commission a list identifying those applications on July 20, 2023. On July 25, 2023, the Public Staff filed a letter with the Commission identifying six dockets that were complete and stating that the other applications listed in the report the Public Staff filed on July 20, 2023, as well as the application filed in Docket No. W-1333, Sub 1, were incomplete. Thereafter, the Commission issued orders finding the listed applications complete or incomplete as recommended by the Public Staff.

On September 12, 2023, the Public Staff filed its Comments and Proposed Rules with the Commission. Both Aqua North Carolina, Inc., and Carolina Water Service, Inc. of North Carolina filed their respective comments and proposed rules.

## **HOUSE BILL 600 IMPLEMENTATION**

On October 10, 2023, North Carolina Session Law 2023-137 became law. Among many things, Section 24 amended N.C. Gen. Stat. § 62-110.3 to increase the minimum bond required before a franchise can be granted to a water or sewer utility company and streamlining the procedure for the appointment of an emergency operator. The Public Staff has implemented the new minimum bond requirement as part of its applicable recommendations to the Commission.

**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, Duke filed an application with the Commission for approval of an electric transportation pilot. 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.

On January 6, 2023, Duke filed its second status report on its Phase II Pilot Programs. On February 20, 2023, Duke filed its first status report on its Make Ready Credit programs. On March 22, 2023, the Commission issued an order accepting Duke's second status report on its Phase II Pilot Programs and requiring that Duke file its third status report on its Phase II Pilot Programs by September 5, 2023. On August 8, 2023, the Commission approved Duke's Electric Vehicle Supply Equipment Programs subject to conditions. On August 21, 2023, Duke filed its second status report on its Make Ready Credit Programs. On September 5, 2023, Duke filed its third status report on its Phase II Pilot Programs and sought approval to file an additional update by March 5, 2024, including information regarding federal funding applications and funding availability. On October 11, 2023, Duke requested an extension of its Phase I Public Charging Pilot Programs by one year to November 24, 2024, which the Commission allowed. On November 2, 2023, the Commission required that Duke continue to include updates on its Phase I Charging Pilots in its status reports on the Phase II Pilot Programs, and that in the EM&V for the Phase I Charging Pilots, Duke include – to the extent such information is available to Duke – the following information: (a) the details of the rate structures that pilot participants have been using in the Phase I Charging Pilots; and (b) information about the extent to which the Multi-Family Dwelling Charging Pilot has been deployed in residential housing that includes income-qualified housing or units.

On April 11, 2023, in Docket No. E-7, Sub 1275, the Commission approved DEC's V2G Pilot subject to conditions. DEC subsequently sought and received an extension for the implementation date of the V2G Pilot from January 1, 2024, until January 1, 2025.

# **FERRY TRANSPORTATION PROCEEDINGS**

## **Request for Determination of Utility Status of Bald Head Island Transportation, Inc. and Bald Head Island Limited, LLC (Docket No A-41, Sub 21)**

Bald Head Island Transportation, Inc., has provided ferry services to Bald Head Island in Brunswick County pursuant to Commission-issued common carrier authority (Certificate) since 1995.

On February 16, 2022, in Docket No. A-41, Sub 21 (Sub 21), the Village of Bald Head Island (VBHI or Village) filed with the Commission a Complaint and Request for Determination of Public Utility Status (Complaint) against Bald Head Island Transportation, Inc. (BHIT), and its parent company Bald Head Island Limited, LLC (BHIL), as Respondents. The Complaint requested that the Commission determine whether the parking lot facilities and operations located adjacent to the mainland Deep Point Marina, owned by BHIL (Parking Operations), and the tugboat and barge operations, also owned by BHIL (Barge Operations), are subject to the Commission's jurisdiction and regulatory authority. On May 17, 2022, BHIT and BHIL entered into an Asset Purchase Agreement with SharpVue Capital, LLC (SharpVue), for the sale and purchase of Parking and Barge Operations and certain other assets. Thereafter, SharpVue was made a party (as an additional Respondent) to the Sub 21 Complaint proceeding.

On December 30, 2022, the Commission issued its Order Ruling on Complaint and Request for Determination of Utility Status (Sub 21 Order) pursuant to which the Commission ordered that the Parking and Barge Operations are subject to the Commission's jurisdiction and regulatory authority. On January 27, 2023, the Respondents appealed the Sub 21 Order to the North Carolina Court of Appeals and oral arguments have been held. A decision of the court is pending.

## **Bald Head Island Transportation Application for Transfer (Docket No. A-41, Sub 22)**

On July 14, 2022, BHIT, BHIL, and a SharpVue-related entity Bald Head Island Ferry Transportation, LLC (BHIFT), requested Commission approval, pursuant to N.C. Gen. Stat. § 62-111, to transfer BHIT's Certificate to BHIFT to operate the passenger ferry transportation services to and from Bald Head Island (Ferry Operations), the tram services on the island (Tram Operations), Parking Operations, and Barge Operations (collectively, the Transfer). On August 22, 2023, the Commission issued its Order Approving Application Subject to Conditions (Sub 22 Order) pursuant to which the Commission approved the Transfer subject to all of the terms, conditions, and provisions of the Sub 22 Order, including the Regulatory Conditions. On October 20, 2023, the Village appealed the Sub 22 Order to the North Carolina Court of Appeals, where the matter is pending.

**Study of Rates and Charges of Passenger Ferry Public Utilities  
(Docket No. A-100, Sub 1)**

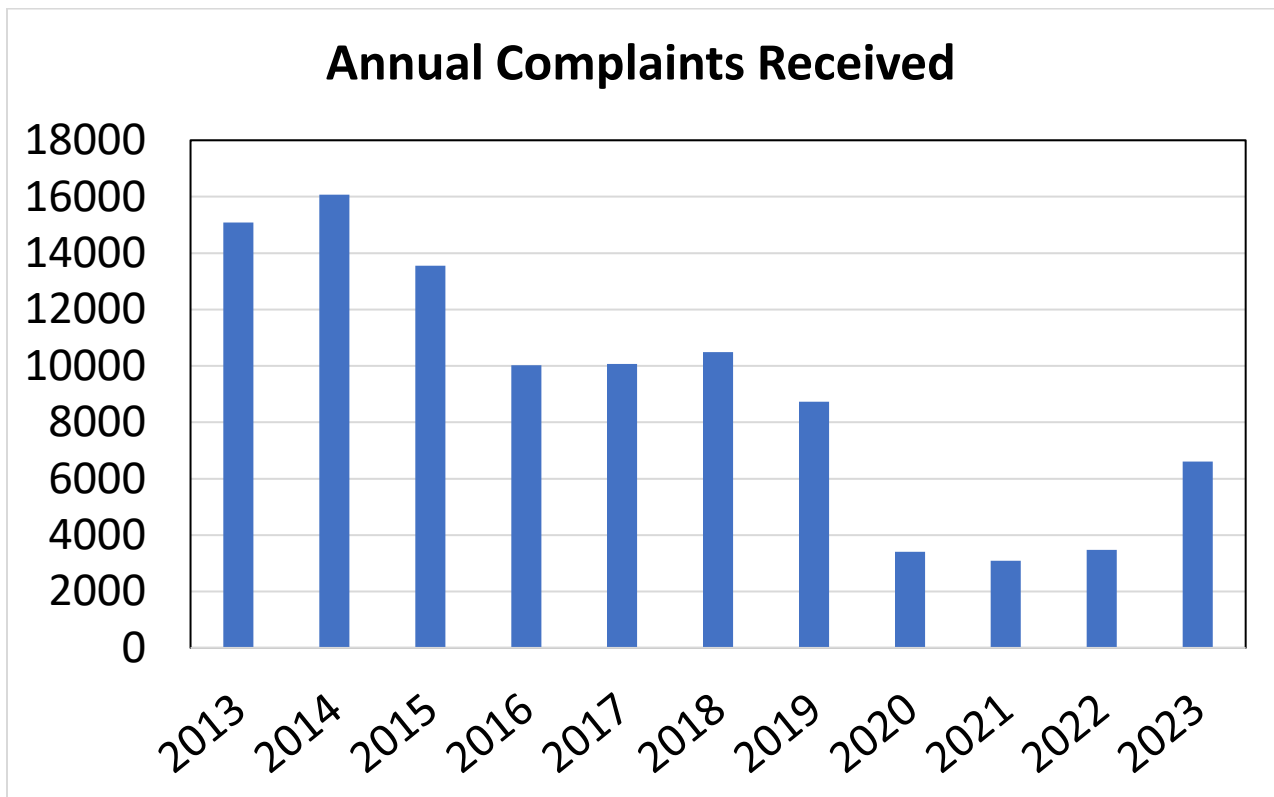
The Commission currently regulates eight passenger ferries. On October 4, 2023, in NCUC Docket No. A-100, Sub 1, the Commission issued its Order Requiring Filing of Rates and Allowing Comments (Initiating Order) to initiate the study of rates and charges of passenger ferry public utilities. The Initiating Order required each of the eight currently authorized passenger ferries to file a copy of their current tariffs of rates, charges, and timetables and allowed the regulated passenger ferries, the Public Staff, and any other interested parties to file comments on the Commission's ratemaking treatment of passenger ferry rates and charges. Without intending to limit the scope of parties' comments, the Commission specifically requested that the parties address whether the Commission's current ratemaking treatment of passenger ferry rates and charges complies with state law; whether lesser regulation of rates and charges is appropriate for passenger ferries, particularly those offering competitive leisure service; factors to be considered in determining whether proposed rates and charges are just and reasonable; and whether changes should be made to the Commission's rules or procedures. On March 1, 2024, the Public Staff, BHIT, and the Village each filed initial comments and on March 15, 2024, BHIT and the Village each filed reply comments. The proceeding remains open.



# CONSUMER SERVICES DIVISION

The Consumer Services Division facilitates the resolution of disputes between consumers and regulated utilities.<sup>5</sup> 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 2023, the Consumer Services Division processed a total of 6,613 jurisdictional complaints and inquiries. The significant decline in complaints from 2019 to 2020 is attributed to the utility disconnect moratorium that was in place for parts of 2020 and 2021. While the majority of 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).



<sup>5</sup> The Transportation Division handles all complaints related to household goods movers separately from the Consumer Services Division.

## CONSUMER COMPLAINTS/INQUIRIES BY INDUSTRY

Industry	Utility	Complaints
<b>Electric</b>		<b>5,322</b>
	Duke Energy Carolinas	3,020
	Duke Energy Progress	2,200
	Dominion NC Power	97
	Other	5
<b>Natural Gas</b>		<b>594</b>
	Piedmont	435
	PSNC	155
	Other	4
<b>Telephone</b>		<b>329</b>
	AT&T	109
	Frontier	32
	CenturyLink / Brightspeed	124
	Windstream	15
	Time Warner/Spectrum	37
	Other	12
<b>Water/Sewer</b>		<b>338</b>
	Aqua	148
	Carolina Water Service	76
	Water resellers	41
	Total Environmental Solutions	4
	Other	69
<b>Other</b>		<b>30</b>

## ENERGY DIVISION

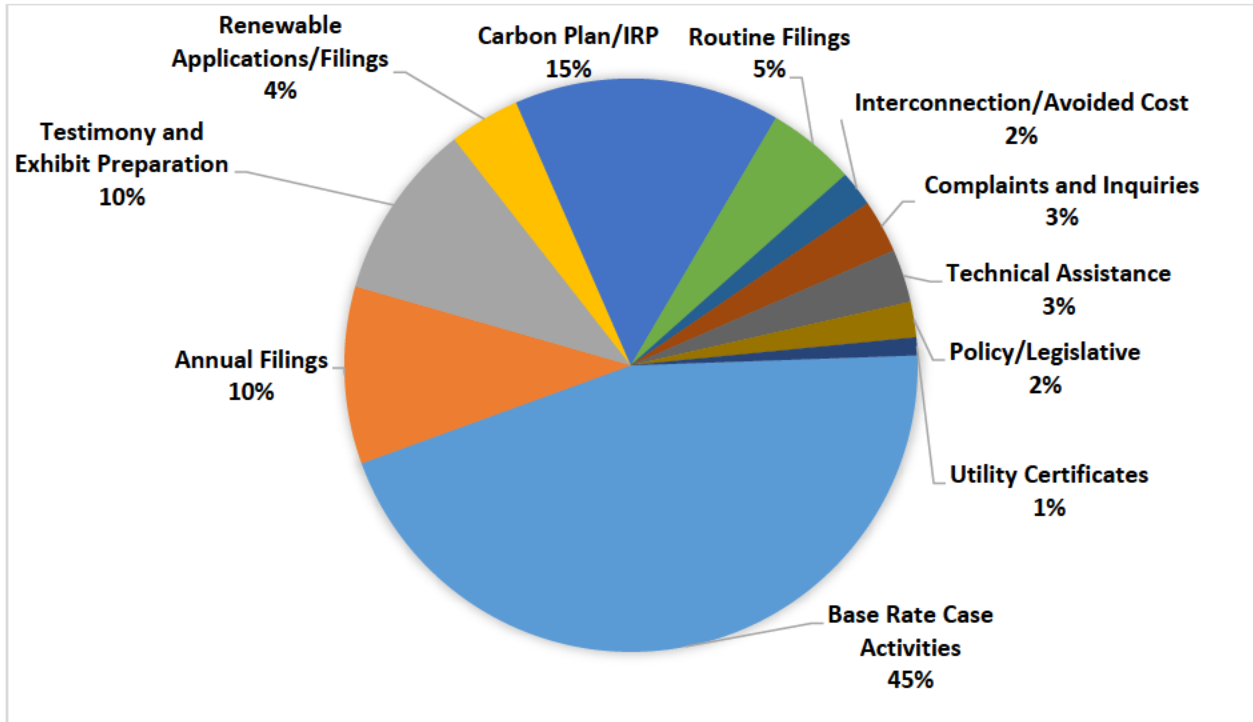
The Energy Division is comprised of the Electric Section and Natural Gas Section. It represents the using and consuming public in matters brought before the Commission regarding regulated electric and natural gas utilities, including matters such as generation plant siting; transmission line siting; 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.

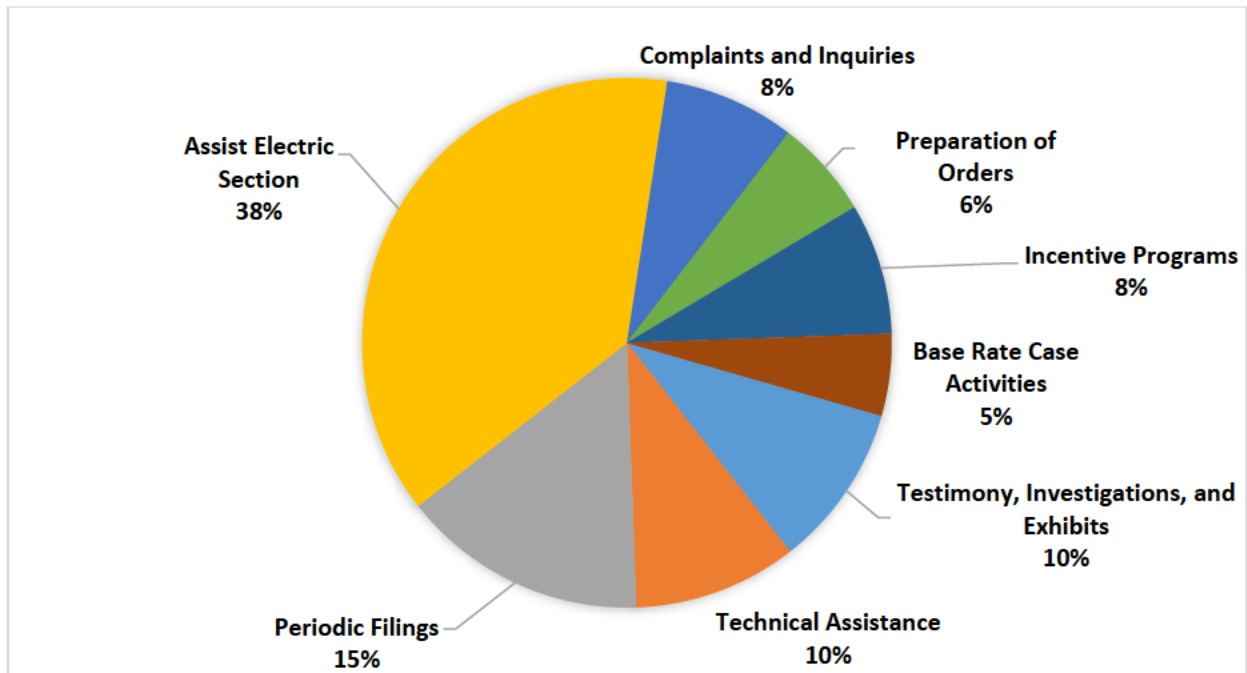
Status of Solar Renewable Energy Facilities as of December 31, 2023				
	Connected Facilities		Proposed Facilities (Pre- and Under-construction)	
Electric Utility	Number of Facilities	Capacity of Facilities in MW	Number of Facilities	Capacity of Facilities in MW
DEP	22,653	3,385	1,644	703
DEC	23,359	1,560	1,921	630
DENC	709	1,998	96	73
Total	46,721	6,943	3,661	1,406

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.

## Allocation of Electric Section Staff Resources



## Allocation of Natural Gas Section Staff Resources



## 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 2023, the Division handled approximately 2,000 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	16%
Traditional water and wastewater utility rate case investigations/ audits/inspections and presentations before the Commission	33%
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	7%
Working with Consumer Services Division to resolve utility customer complaints	3%
Resolving issues where water and/or wastewater utility customers are in danger of losing utility service	6%
Investigation/resolution of water quality issues	5%

## 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 for certificates, interconnection agreements, and other general issue filings, such as universal service, competition in local/long distance markets, and unbundled network elements.

The Division also works directly with the Consumer Services Division to investigate customer complaints as necessary. 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 2023, there were 368 household goods carriers holding certificates of exemption issued by the Commission, and three bus companies and eight ferry operators holding CPCNs. During 2023, the Division reviewed approximately 1,230 filings.

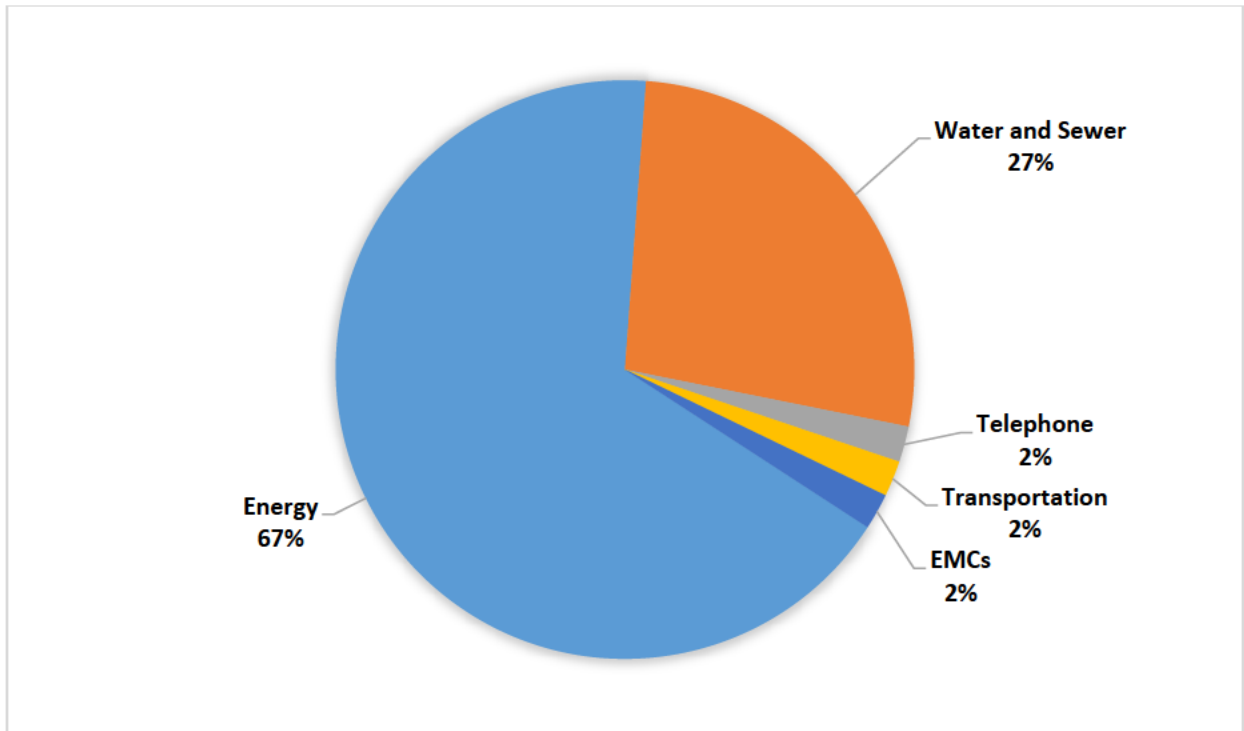
The Transportation Division investigated 118 jurisdictional customer complaints and responded to 974 inquiries relating to household goods movers, transportation of passengers via ferryboat and bus, and various other transportation matters in 2023.

<b>Allocation of Transportation Staff Resources</b>	
Provide technical assistance to consumers and companies regarding transportation topics and applicable guidelines, particularly Maximum Rate Tariff (MRT) regulations	25%
Conduct compliance audits of regulated companies	15%
Investigate unauthorized HHG companies	15%
Conduct MRT seminars / Educate consumers on MRT rules and consumer rights	15%
Investigate/Resolve damage claims and complaints	15%
Preparation of filings and orders	10%
Review tariffs and filings of ferry service operators, bus operators, and brokers	5%

# 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

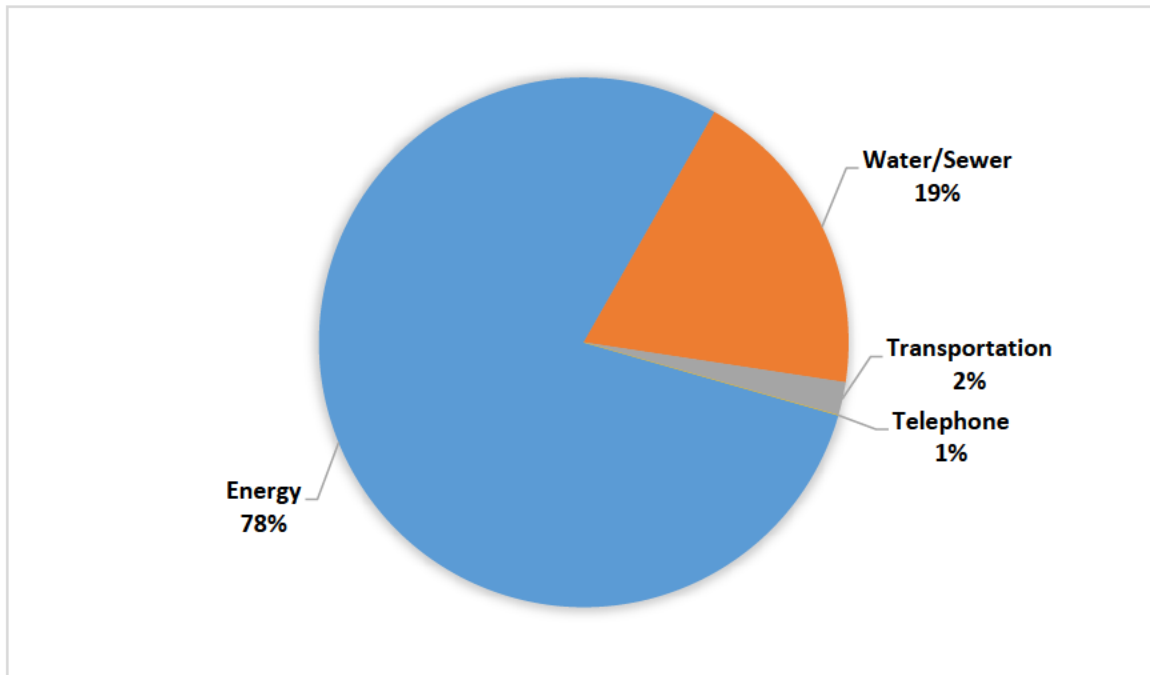




# LEGAL DIVISION

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 expenses, 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

