

GREENTHERM™ PROGRAM TRACKER - RIDER G

The GreenTherm™ Program is a voluntary program that provides Customers receiving service under the Applicable Rate Schedules the option to offset the carbon emissions associated with their natural gas usage through direct funding of the Company's purchase of Green Attributes.

I. RIDER G APPENDIX

The Appendix attached hereto is incorporated by reference in this Rider G.

II. DEFINITIONS

- (a) "Applicable Rate Schedules" refers to the Company's Rate Schedules encompassing the Customers eligible to participate in the program, which are Rate Schedules 101, 102, 125, 127 and 140.
- (b) "Block" means the Green Attributes intended to fully mitigate the carbon footprint impact of 12.5 Therms of natural gas usage by a Customer. The actual amount of natural gas usage by the Customer during any given month may be more or less than the number of Blocks of Green Attributes for which the Customer has contracted.
- (c) "Carbon Offset" represents the reduction of one metric ton of carbon dioxide equivalent generated from U.S.-based projects.
- (d) "Green Attributes" means any credits, benefits, emissions reductions, offsets, and allowances attributable to RNG and Carbon Offsets.
- (e) "GreenTherm™ Deferred Account" means a deferred account established under this Rider G for the purpose of recording and reporting each month: (a) all program costs; (b) the amount of collections from participating Customers pursuant to this Rider G; and (c) interest on the deferred account balance.
- (f) "Renewable Natural Gas" or "RNG" has the same meaning as the term "Renewable Gas" as defined in Appendix B to the Service Regulations.

III. AVAILABILITY

Subject to the conditions set forth in Section IV below, participation in the program is available on a voluntary basis to Customers receiving service under the Applicable Rate Schedules from the Company who contract for one or more Blocks of Green Attributes sourced by the Company from Renewable Natural Gas and Carbon Offsets.

Issued by D. Russell Harris, Vice President and General Manager – Southern Distribution
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IV. ADMINISTRATION

Funds received from participating Customers will be used to purchase Green Attributes and to cover administrative costs of the program, including but not limited to program marketing, labor costs, and information technology.

V. PROGRAM CONDITIONS

- (a) Customers may apply to participate in the program at any time by electing to purchase one or more Blocks each month. There is no limit to the number of Blocks that the Customer may contract for under this Rider G. Unless otherwise authorized by the Company, Customers may change their monthly election once during any consecutive twelve-month period or within 30 days after any adjustment of the surcharge rate under Section VI below.
- (b) Changes to a Customer's election will take effect 30 days after election and will appear on the next bill thereafter.
- (c) Customers are not eligible to participate in the program if, within the most recent twelve-month period, they have: (a) had service terminated for nonpayment of a bill or (b) are 60 days or more past due on payment of any surcharges under this Rider G.

VI. SURCHARGE

Customers participating in the program pay a monthly surcharge calculated by multiplying the number of Blocks the Customer has agreed to purchase by the charge per Block set forth in the currently effective Summary of Rates and Charges of the Tariff. The surcharge will be based on the Customer's election and will apply regardless of their actual energy consumption.

The surcharge will be due and payable consistent with the provisions of the Customer's Applicable Rate Schedule, except that a late payment charge will not be assessed for nonpayment of any surcharges under this Rider G and Service will not be discontinued for such nonpayment.

VII. ADJUSTMENT OF SURCHARGES

Periodically, the Company may file to adjust the surcharge rate as provided for in the Appendix to this Rider G.

VIII. CONTRACT PERIOD

Either the Customer or the Company may terminate the Customer's participation under this Rider G by giving at least 30 days prior written notice of such termination, except that the Company may terminate a Customer's participation under this Rider without prior notice when the Customer is 60 days or more past due on payment of amounts billed pursuant to this Rider G, or upon disconnection of Service to the Customer.

IX. GREENTHERM™ DEFERRED ACCOUNT

Company shall maintain a GreenTherm™ Deferred Account as provided for in the Appendix to this Rider G.

X. INTEREST

Interest will be applied to the monthly balance of the GreenTherm™ Deferred Account at a net-of-tax rate of 6.57% per annum. This rate shall be reviewed annually.

Appendix to GreenTherm™ Program – Rider G
Docket No. G-5, Sub 632
Docket No. G-5, Sub 634

1. Per Book Accounting for GreenTherm™ Program

- a. Record GreenTherm™ Program revenues and costs above-the-line because GreenTherm™ is a Tariff program. However, the accounts will not be included in cost of service for base rates.
- b. Deferral Accounting Treatment for the GreenTherm™ Program – Public Service Company of North Carolina, Inc. (“PSNC”) shall maintain a GreenTherm™ Program Deferred Account for the purpose of recording and reporting each month: (i) the GreenTherm™ Program costs; (ii) the amount of collections from customers pursuant to the GreenTherm™ Program Rider Rates; and (iii) return on the GreenTherm™ Program Deferred Account. This deferred account will not be included in rate base for cost of service purposes.
- c. The balance in the GreenTherm™ Deferred Account shall accrue interest at a rate equivalent to PSNC’s annual overall net-of-tax rate of return approved in PSNC’s last general rate case, using a mid-month convention.

2. Ratemaking treatment for GreenTherm™ Program

- a. No costs for the GreenTherm™ Program are to be borne by non-participating customers, nor are non-participating customers to reap financial benefit from the GreenTherm™ Program.
- b. To ensure no cross-subsidization between participating and nonparticipating customers, all revenues and costs for the GreenTherm™ Program are to be excluded from the calculation of PSNC’s cost of service in any future general rate case proceeding.
- c. PSNC, Public Staff, or other appropriate intervenors, at their individual discretion, may request Commission approval to terminate the GreenTherm™ Program.
 - i. To the extent there is an under-recovered balance in the Deferred Account at the GreenTherm™ Program termination date, that balance shall not be recoverable from either participating or non-participating customers. If PSNC is contemplating or planning to enter into a transition period ending with termination of the GreenTherm™ Program, it will inform the Public Staff of that fact, so that it may be taken into consideration in any proposed rate modification filed pursuant to subsection 2.f below. The appropriateness, reasonableness, and extent of any recovery of transition period under-recovered balance(s) will be subject to the discretion of the Commission, taking into account the contemplated or planned termination date.
 - ii. To the extent there is an over-recovered balance in the Deferred Account at the GreenTherm™ Program termination date, the request for termination shall include a proposal for the disposition of the remaining overcollected balance in the GreenTherm™ Program Deferred Account at the time of the Program’s termination. Nothing shall restrict the right of PSNC, Public Staff or any intervenor to challenge the reasonableness of any proposal for the disposition of the remaining balance.

- d. PSNC may include in the GreenTherm™ Program Deferred Account reasonable labor, material, and capital loadings and allocations consistent with the procedures and methodologies used for purposes of determining the cost of service for base rates, as found appropriate by the Commission. If PSNC does not include such items in the GreenTherm™ Program Deferred Account, that choice will not restrict the right of the Public Staff to recommend the removal of those items from base rate cost of service in PSNC's general rate cases.
- e. With regard to marketing, informational, or other PSNC costs incurred or resources used for the GreenTherm™ Program that are not specifically assigned or otherwise allocated to the GreenTherm™ Program Deferred Account, including but not limited to the use of call center resources, PSNC and the Public Staff shall work together to propose an appropriate method to allocate costs or otherwise compensate its base rates cost of service. If such items are ultimately not included in the GreenTherm™ Program Deferred Account, that eventuality will not restrict the right of the Public Staff to recommend the removal of those items from base rate cost of service in PSNC's general rate cases.
- f. PSNC, Public Staff, or other appropriate intervenors, at their individual discretion, may request Commission approval to modify the GreenTherm™ Program rider (the rate per block) billed to participating customers prospectively under the GreenTherm™ Program.
 - i. Unless otherwise mutually agreed upon between PSNC and the Public Staff, PSNC shall provide the Public Staff at least 15 days advance notice of its intent and justification for such forthcoming rate change request filing. Prior to the first such request, PSNC and the Public Staff will work together to create a template for the filing.
 - ii. Once a rate change request filing is made, the Public Staff will strive to place the request on the Agenda for the Commission's Regular Staff Conference or, alternatively, file comments on the request, within 30 days of the filing.

3. **Regulatory Reporting for GreenTherm™ Program**

- a. PSNC shall file with the Commission monthly reports on the GreenTherm™ Program Deferred Account Activity.
 - i. Such monthly reports will be filed with the Commission by the last day of the second month following the month for which PSNC is reporting.
 - ii. Such monthly report will identify the current month's GreenTherm™ Program costs by type, and all activity recorded for the month in the GreenTherm™ Program Deferred Account.
- b. Concurrent with PSNC's filing of such monthly reports, PSNC shall provide Public Staff transaction-level detail and support of the current month's GreenTherm™ Program costs.
- c. All revenues and costs for the GreenTherm™ Program are to be separately identified in PSNC's Monthly Financial Report and GS-1 reports, where feasible.
- d. Annually, by the last day of February, PSNC shall file with the Commission a report detailing the performance of the GreenTherm™ Program as of the end of the preceding calendar year. Such annual report shall, at a minimum, include:
 - i. The number of participating customers by month and customer class (residential versus general service customers), and calculation of the monthly revenues for the historic reporting year;

- ii. The number and cost of Green Attributes purchased under the GreenTherm™ Program for each month of the historic reporting year, by type of Green Attribute;
 - iii. Calculation of the monthly interest on the GreenTherm™ Program Deferred Account balances for each month of the historic reporting year;
 - iv. The projected customer participation level and revenue amount for the 12-month period following the historic reporting year;
 - v. The projected GreenTherm™ Program costs, by type, for the 12-month period following the historic reporting year;
 - vi. Calculation of the expected monthly interest on the GreenTherm™ Program Deferred Account balances for the 12-month period following the historic reporting year;
 - vii. The projected GreenTherm™ Program Deferred Account balance for the 12-month period following the historic reporting year;
 - viii. An explanation of PSNC's plan to relieve or otherwise address the actual and projected GreenTherm™ Program Deferred Account balance as of the end of historic reporting year and as of the end of the 12-month period following the historic reporting year, respectively;
 - ix. A listing of the rate per block under the GreenTherm™ Program in effect during each month of the historic reporting year;
 - x. The makeup of the total blocks included in the program (Green Attribute, by type) and the source location of each (PSNC service territory, NC, Southeast U.S., U.S.) for the historic 12-month period and projected for the following 12-month period;
 - xi. The certifications used to verify any Carbon Offsets and the quantities of offsets verified by each for the historic 12-month period and projected for the following 12-month period;
 - xii. An explanation of any projected or otherwise anticipated need by PSNC to modify the rate per block under the GreenTherm™ Program during the 12-month period following the historic reporting year;
 - xiii. As a separate line item, the volume and percentage of the total Green Attributes purchased through the Program that were produced (a) in North Carolina and (b) in other states;
 - xiv. As a separate line item, the volume and percentage of the total Green Attributes purchased through the Greentherm™ Program that are supplied by (a) renewable natural gas and (b) other identified sources.
- e. Within 60 days of PSNC's annual report filing, the Public Staff will file a notice with the Commission regarding the status or completion of the Public Staff's review of the report and the correctness of the GreenTherm™ Program Deferred Account balance as of the end of the historic reporting year.