

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1275

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Application of Duke Energy Progress, LLC, Pursuant to N.C.G.S. § 62-110.8 and Commission Rule R8-71 for Approval of CPRE Program Cost Recovery Rider and 2020 CPRE Program Compliance Report))))))	ORDER APPROVING CPRE PROGRAM COST RECOVERY RIDER AND CPRE PROGRAM 2020 COMPLIANCE REPORT
--	----------------------------	---

HEARD: Tuesday, September 21, 2021, at 10:00 a.m., in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina (Public Witness Hearing, Hearing Examiner Erin Duffy, Presiding)

BEFORE: Commissioner Kimberly W. Duffley, Presiding; Chair Charlotte A. Mitchell; and Commissioners ToNola D. Brown-Bland, Lyons Gray, Daniel G. Clodfelter, Jeffrey A. Hughes, and Floyd B. McKissick, Jr.

APPEARANCES:

For Duke Energy Carolinas, LLC:

Jack E. Jirack, Associate General Counsel, Duke Energy Corporation,
P.O. Box 1551, Raleigh, North Carolina 27602

E. Brett Breitschwerdt, McGuireWoods LLP, P.O. Box 27507, Raleigh,
North Carolina 27611

For the Carolina Industrial Group for Fair Utility Rates III:

Christina D. Cress, Bailey & Dixon, LLP, P.O. Box 1351, Raleigh,
North Carolina 27602

For Carolina Utility Customers Association, Inc:

Marcus W. Trathen and Craig D. Schauer, Brooks, Pierce, McLendon,
Humphrey & Leonard, LLP, P.O. Box 1800, Raleigh, NC 27602

For the North Carolina Sustainable Energy Association:

Peter H. Ledford and Benjamin Smith, 4800 Six Forks Road, Suite 300,
Raleigh, North Carolina 27609

BY THE COMMISSION: On June 15, 2021, Duke Energy Progress, LLC (DEP) filed an application pursuant to N.C. Gen. Stat. § 62-110.8 and Commission Rule R8-71 for Approval of its Competitive Procurement of Renewable Energy (CPRE) Program Cost Recovery Rider and 2020 CPRE Program Compliance Report, along with the direct testimony and exhibits of Christy J. Walker, Rates and Regulatory Strategy Manager, and Phillip H. Cathcart, Renewable Compliance Manager in the Business Development & Compliance Department.

The intervention of the Public Staff is recognized pursuant to N.C.G.S. § 62-15(d) and Commission Rule R1-19(e). Further, by various orders, the Commission permitted the intervention of the North Carolina Sustainable Energy Association (NCSEA), the Carolina Industrial Group for Fair Utility Rates II (CIGFUR II), and the Carolina Utility Customers Association, Inc. (CUCA).

On July 7, 2021, the Commission issued an Order Scheduling Hearing, Requiring Filing of Testimony, Establishing Discovery Guidelines, and Requiring Public Notice (July 7, 2021 Order) in which the Commission scheduled this matter for hearing; established deadlines for the filing of interventions, intervenor testimony, and DEP rebuttal testimony; required the provision of appropriate public notice; and mandated compliance with certain discovery guidelines.

On August 31, 2021, the Commission issued an Order Changing Expert Witness Hearings to be Remotely Held and Setting Procedures. All parties subsequently filed their consent to the remote hearing.

On August 31, 2021, the Public Staff filed the Affidavits of Jeff T. Thomas, a Utilities Engineer with the Public Staff Energy Division, and R. Tyler Allison, a Staff Accountant with the Public Staff Accounting Division.

On September 13, 2021, the Public Staff and DEP filed a joint motion to excuse all Public Staff and DEP witnesses.

On September 17, 2021, the Commission issued an Order Excusing Witnesses, Accepting Testimony, Canceling Expert Witness Hearing, Requiring Proposed Orders, and Requiring Answers to Commission Questions (September 17, 2021 Order), which excused the DEP and Public Staff witnesses from appearing at the expert witness hearing; accepted the expert witnesses' testimony, exhibits, and affidavits into the record; required DEP to respond to written Commission questions by October 15, 2021; and set a deadline of October 21, 2021, for the filing of proposed orders and briefs.

On September 20, 2021, DEP filed affidavits of publication attesting that it had provided public notice in accordance with the July 7, 2021 Order.

The matter came on for public witness hearing as scheduled on September 20, 2021, however, no public witnesses appeared.

On October 15, 2021, DEP filed its verified response to the Commission's written questions posed via the September 17, 2021 Order (Verified Response to Order Requiring Additional Information).

Finally, on October 21, 2021, DEP and the Public Staff filed a joint proposed order. No other party submitted a brief or proposed order for the Commission's consideration.

Based upon DEP's verified application, the testimony, workpapers, exhibits, affidavits, and verified responses to Commission questions received into evidence and the record as a whole, the Commission makes the following

FINDINGS OF FACT

1. DEP is a duly organized limited liability company existing under the laws of the State of North Carolina, is engaged in the business of developing, generating, transmitting, distributing, and selling electric power to the public in North Carolina, and is subject to the Commission's jurisdiction as a public utility. DEP is lawfully before this Commission based upon its application filed pursuant to N.C.G.S. § 62-110.8 and Commission Rule R8-71.

2. The retrospective test period for purposes of this proceeding is the 12-month period beginning on April 1, 2020, and ending on March 31, 2021. The prospective billing period for this proceeding is the 12-month period beginning on December 1, 2021, and ending on November 30, 2022.

3. The North Carolina retail customers are allocated their jurisdictional share (split with the South Carolina retail jurisdiction) of the system total of DEP's purchased power costs based on estimated capacity and energy components, which DEP anticipates the North and South Carolina jurisdictions will incur during the billing period. The North Carolina retail class allocation factors related to implementation charges anticipated to be incurred during the billing period and actually incurred during the test period are based on a composite rate calculated as the weighted average of the capacity and energy components of purchased power. The North Carolina retail capacity component, 60.86%, is based on the 2020 production plant allocation factors. The North Carolina retail energy component, 61.84% is based on projected billing period sales. Similarly, DEP allocates purchased power costs amongst the North Carolina retail customer classes based on the estimated capacity and energy components that DEP anticipates each will incur during the billing period, which are based on the 2020 production plant allocation factors and projected billing period sales for each class, respectively.

4. There were no purchased power costs during the test period; however, purchased power costs attributable to the two winning Tranche 1 projects are anticipated to be incurred during the billing period.

5. During the test period, DEP incurred \$477,795 in CPRE Program implementation costs on a system-wide basis. North Carolina retail customers are allocated their jurisdictional share of the system total of DEP's CPRE Program implementation costs, which amounted to \$294,503 for the test period. DEP's system-basis CPRE Program implementation charges for the test period were reasonable and prudently incurred. Also, during the test period, DEP recognized \$319,385 in CPRE Program revenues, resulting in an overcollection of \$24,882. It is reasonable and appropriate for the test period overcollection to be refunded to ratepayers. Test period revenues also included \$20,000 in revenues associated with contract fees collected from CPRE Program market participants (MPs); DEP proposed to credit \$12,328, the North Carolina retail customers' allocable share of the system revenues associated with contract fees collected from MPs. It is reasonable and appropriate for this sum to be refunded to ratepayers.

6. The projected billing period sales for use in this proceeding are 38,341,063 MWh on a North Carolina retail basis. The projected billing period North Carolina retail customer class MWh sales are as follows:

<u>N.C. Retail Customer Class</u>	<u>Adjusted MWh Sales</u>
Residential	16,610,751
Small General Service	1,792,730
Medium General Service	10,332,062
Large General Service	9,225,261
Lighting	380,260

7. DEP's North Carolina adjusted retail overrecovery of costs for the test period, or experience modification factor (EMF) period, amounts to \$30,610, excluding interest and the regulatory fee, and includes contract fees of \$12,328 related to change in control and \$20,000 for credited contract fees, as set forth on Walker Exhibit 4. The net over/(under) recovery by customer class is:

<u>N.C. Retail Customer Class</u>	<u>Net Over/(Under) Recovery</u>
Residential	\$29,962
Small General Service	\$1,601
Medium General Service	\$1,814
Large General Service	(\$2,349)
Lighting	(\$418)

8. The EMF over/(under) recovery calculation resulted in no EMF rider component. As a result, the EMF adjustment for each customer class is 0.000 cents per kWh.

9. The appropriate North Carolina retail prospective billing period expenses, as adjusted, total \$5,023,980. For the purpose of this proceeding, the appropriate prospective billing period expense for each customer class is:

<u>N.C. Retail Customer Class</u>	<u>Billing Period Expense</u>
Residential	\$2,243,427
Small General Service	\$247,357
Medium General Service	\$1,373,894
Large General Service	\$1,119,808
Lighting	\$39,495

10. The appropriate monthly prospective rider component to be charged to each customer class, excluding the regulatory fee, is:

<u>N.C. Retail Customer Class</u>	<u>Prospective Rider Component</u>
Residential	0.013 ¢/kWh
Small General Service	0.014 ¢/kWh
Medium General Service	0.013 ¢/kWh
Large General Service	0.012 ¢/kWh
Lighting	0.010 ¢/kWh

11. When netted the monthly EMF rider component and monthly prospective rider component result in an appropriate total CPRE Program Rider rate to be collected during the billing period. The appropriate total CPRE Program Rider rate per each customer class, excluding regulatory fee, is:

<u>N.C. Retail Customer Class</u>	<u>Total CPRE Rider Rate</u>
Residential	0.013 ¢/kWh
Small General Service	0.014 ¢/kWh
Medium General Service	0.013 ¢/kWh
Large General Service	0.012 ¢/kWh
Lighting	0.010 ¢/kWh

12. DEP’s proposed total CPRE Program Rider rates do not exceed the limit established by N.C.G.S. § 62-110.8.

13. The information provided by DEP in its 2020 CPRE Program Compliance Report satisfies the requirements of Commission Rule R8-71(h), and for the reporting period, it is reasonable and appropriate for the Commission to find that DEP implemented the CPRE Program in compliance with the requirements of N.C.G.S. § 62-110.8.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 1

This finding of fact is essentially informational, jurisdictional, and procedural in nature and are not contested.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 2

The evidence for this finding of fact is contained in the direct testimony and exhibits of DEP witnesses Walker and Cathcart.

Pursuant to N.C.G.S. § 62-110.8, an electric public utility shall be authorized to recover the costs of all purchases of energy, capacity, and environmental and renewable attributes from third-party renewable energy facilities, and to recover the authorized revenue of any utility-owned assets that are procured through an annual rider approved by the Commission and reviewed annually. Further, Commission Rule R8-71 allows each electric public utility to charge an increment or decrement rider to recover the reasonable and prudent costs, (1) incurred during a retrospective test period and (2) anticipated to be incurred during a prospective billing period, to implement its CPRE Program and to comply with N.C.G.S. § 62-110.8. Commission Rule R8-71 also prescribes that, unless otherwise ordered by the Commission, the test period for each electric public utility shall be the same as its test period for purposes of Rule R8-55. Pursuant to Commission Rule R8-55, DEP's test period is the 12-month period ending March 31. Witness Walker states that for purposes of this proceeding, DEP's proposed rider includes both a retrospective rider component, called the EMF, to adjust for the difference in DEP's costs incurred compared to revenues realized during the test period, as well as a prospective billing period rider component to collect costs forecasted to be incurred during the prospective 12-month period over which the proposed CPRE Program rider will be in effect.

DEP's application proposes a 12-month test period beginning on April 1, 2020, and ending on March 31, 2021. DEP further proposes to bill the CPRE Program rider to ratepayers for the 12-month period beginning on December 1, 2021, and ending on November 30, 2022.

The test period and the billing period proposed by DEP were not challenged by any party and are consistent with the provisions of N.C.G.S. § 62-110.8 and Commission Rule R8-71. Based on the foregoing, the Commission finds good cause to conclude that DEP used the appropriate test period and billing period in this proceeding.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 3

The evidence for this finding of fact is contained in the direct testimony and exhibits of DEP witness Walker and the affidavit of Public Staff witness Allison.

In Walker Exhibit 4, DEP witness Walker provides DEP's North Carolina retail jurisdictional allocation factors, including 60.86% for capacity-related costs and 61.84% for energy-related costs. The CPRE Program implementation charges allocation factor — which is a composite allocation factor based on the weighted average of capacity and energy purchases for purchased power costs — is 61.64%. Pursuant to the affidavit of Public Staff witness Allison, the capacity allocator reflects the production plant allocator from DEP's 2020 Cost of Service study and is consistent with DEP's fuel filing.

The composite implementation charges allocation factor also reflects the production plant allocator from DEP's 2020 Cost of Service study and is consistent with DEP's fuel filing.

No other party presented evidence on the appropriateness of the North Carolina retail jurisdictional allocation factors.

The Commission concludes that the use of 60.86% for the capacity component and 61.84% for the energy component to allocate system-level CPRE purchased power costs to the North Carolina retail jurisdiction is appropriate for use in this proceeding, and that the use of production plant and energy sales, respectively, to allocate North Carolina retail jurisdictional capacity and energy costs to the customer classes is appropriate for use in this proceeding. Further, the Commission concludes that the use of a composite rate for the allocation of North Carolina retail implementation costs to the North Carolina retail customer classes is appropriate for use in this proceeding.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 4

The evidence for these findings of fact is contained in the direct testimony and exhibits of DEP witnesses Walker. Walker Exhibit No. 1 demonstrates that there were no purchased power costs on a system basis during the test period. Witness Walker further states that one Tranche 1 facility achieved commercial operation during the test period. The second winning facility is expected to achieve commercial operation by the end of the billing period according to witness Walker.

No other party disputed the testimony of witness Walker pertaining to purchased power costs incurred during the test period, nor DEP's estimate of purchased power costs anticipated to be incurred during the billing period. Therefore, the Commission finds it reasonable to conclude that DEP's purchased power costs for the test and billing periods are consistent with the amounts described by witness Walker.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 5

The evidence for these findings of fact is contained in the direct testimony and exhibits of DEP witnesses Walker and Cathcart, the affidavits of Public Staff witnesses Thomas and Allison and in DEP's Verified Response to Order Requiring Additional Information.

Walker Exhibit No. 2 itemizes the per books implementation charges of \$477,795 incurred by DEP on a system basis to implement the CPRE Program during the test period.

Walker Exhibit No. 4 evidences \$294,503 in costs incurred during the test period that were allocated to the North Carolina retail jurisdiction and \$319,385 in CPRE Program rider revenues collected during the test period, resulting in an overcollection of \$24,882.

Witness Walker also testifies that DEP received \$20,000 in onetime revenues associated with contract fees collected from CPRE Program MPs during the test period.

Further, Witness Walker testifies that DEP proposed that North Carolina retail customers be credited with \$12,328, their allocable share, through the proposed EMF rider component.

DEP witness Cathcart testifies regarding DEP's actions to implement the CPRE Program and comply with the CPRE Program requirements of N.C.G.S. § 62-110.8, as described in DEP's CPRE Program Compliance Report.

Public Staff witness Thomas discusses the system-level expenses sought to be recovered by DEP, but he does not recommend any adjustments to the system-level expenses.

Public Staff witness Allison testifies as to the procedures taken by the Public Staff to evaluate whether DEP properly determined its per-books CPRE Program costs and revenues during the test period. Witness Allison does not recommend any adjustments to the proposed EMF rider component. No parties challenged the prudence of the total amount of \$30,610, which excludes interest, which DEP seeks to credit back to customers.

The Commission concludes that the \$30,610 North Carolina retail level overcollection and onetime revenue credits collected by DEP during the EMF period for the CPRE Program were reasonably and prudently incurred, and that it is appropriate for DEP credit this sum back to ratepayers.

The Commission notes that DEP's CPRE Program implementation charges of \$477,795 include \$179,552 of Independent Administrator Fees. Pursuant to N.C.G.S. § 62-110.8(d) the CPRE Program must be administered by an independent, third-party administrator (Independent Administrator or IA). The IA's "reasonable and prudent administrative and related expenses incurred to implement [the CPRE Program] shall be recovered from market participants through administrative fees levied upon those that participate in the competitive bidding process, as approved by the Commission." N.C.G.S. § 62-110.8(d). Commission Rule R8-71(d)(10) provides that:

The Independent Administrator's fees shall be funded through reasonable proposal fees collected by the electric public utility. The electric public utility shall be authorized to collect proposal fees up to \$10,000 per proposal to defray its costs of evaluating the proposals. In addition, the electric public utility may charge each participant an amount equal to the estimated total cost of retaining the Independent Administrator divided by the reasonably anticipated number of proposals. To the extent that insufficient funds are collected through these methods to pay of the total cost of retaining the Independent Administrator, the electric public utility shall pay the balance and subsequently charge the winning participants in the CPRE Program RFP Solicitation.

DEP witness Cathcart testifies that for Tranche 2 of the CPRE Program, DEP and Duke Energy Carolinas, LLC (DEC, and collectively, Duke), elected to structure program

fees pursuant to Commission Rule R8-71(d)(10) as follows. First, all proposals were charged a Proposal Fee of \$500/MW, based on the facility's nameplate capacity, up to a maximum of ten thousand dollars (\$10,000). Duke collected a total of \$519,765 in Proposal Fees to off-set the IA's fees. Second, Winners' Fees were collected on a pro rata basis from each winning proposal up to a predetermined total cap of \$1,000,000.

The Tranche 2 Winners' Fees were determined upon conclusion of the RFP and were calculated based on the amount of the IA's costs that were not recovered through the Proposal Fees. The Winners' Fees were then allocated among all winning proposals selected by both DEC and DEP on a pro rata, per-MW basis. Duke collected a total of \$1,000,000 (the maximum allowable amount) from Winners' Fees. In total, Duke collected \$1,519,765 in Tranche 2 of CPRE Program fees to fund the IA's associated fees.

DEP witness Cathcart also testifies that for Tranche 2 of the CPRE Program, the IA's actual expenses were approximately \$1,700,000, which exceeded the total Tranche 2 CPRE Program fees collected by approximately \$242,000. Further, as of this rider filing, the IA also incurred and submitted additional expenses of approximately \$57,000, of which \$30,000 is related to Tranche 1 of the CPRE Program and DEPs 50% share will be included for recovery in next year's filing. In total, the uncollected IA fees for the test period were \$359,000, which Duke split equally between DEC and DEP. For the purposes of this proceeding, DEP seeks to recover its pro rata share of the uncollected IA fees, \$179,552 in total.

DEP's Verified Response to Order Requiring Additional Information explains that "greater than expected IA fees have resulted from a scope of work that has substantially expanded due largely to factors that were outside of the control of Duke or the IA."

DEC sought recovery of its pro rata share through its annual CPRE Program Rider proceeding, Docket No. E-7, Sub 1247 (Sub 1247 Proceeding), and the Commission authorized DEC to recover its pro rata share of the IA's excess fees. Order Approving CPRE Rider and CPRE Program Compliance Report (August 17, 2021). In allowing the recovery, the Commission found persuasive the Public Staff's recommendations that Duke had presented a reasonable basis for why the IA's fees exceeded the fees recovered from MPs.

In the present docket, the Commission is persuaded by DEP's verified statement that the excess IA fees are the result of an expanded scope of work outside the control of DEP and the IA. The Commission concludes that it is reasonable and appropriate to treat DEP's allocation of the excess IA fees consistent with the Commission's prior ruling in Sub 1247. Further consistent with the Sub 1247 Proceeding ruling, the Commission reiterates its directives that Duke ensure that future CPRE Program procurements are designed to recover all IA fees from MPs, and that the Public Staff receive copies of all IA invoices at the time that they are submitted to Duke for payment so that the Public Staff is able to carefully review the excess charges to ensure that they are justified, reasonable, prudent, and in the public interest.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 6

The evidence supporting this finding of fact is contained in the direct testimony and exhibits of DEP witness Walker.

In Exhibit No. 3, DEP witness Walker provides DEP's projected billing period sales for each North Carolina retail customer class: 16,610,751 MWh for the Residential class, 1,792,730 MWh for the Small General Service class, 10,332,062 for the Medium General Service class, 9,225,261 for the Large General Service class, and 380,260 MWh for the Lighting class. Witness Walker further testifies that the rate per customer class for purchased power is determined by dividing the sum of the billing period costs allocated to the class by the forecast billing period MWh sales for the customer class. Similarly, the rate per customer class for implementation costs is determined by dividing the sum of the billing period costs allocated to the class, using a composite rate determined in the purchased power calculation, above, by the forecast billing period MWh sales for the customer class.

The Public Staff witnesses do not propose any adjustments to the projected billing period sales amounts used in this proceeding. No other party presented evidence on the appropriateness of the projected billing period North Carolina retail sales.

The Commission concludes that DEP's projected billing period sales for North Carolina retail customer classes are as follows: 16,610,751 MWh for the Residential class, 1,792,730 MWh for the Small General Service class, 10,332,062 for the Medium General Service class, 9,225,261 for the Large General Service class, and 380,260 MWh for the Lighting class.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 7-11

The evidence supporting these findings of fact is contained in DEP's application, the direct testimony and exhibits of DEP witness Walker, and the affidavits of Public Staff witnesses Thomas and Allison.

Walker Exhibit No. 2 and Walker Exhibit No. 3 present DEP's projected North Carolina retail CPRE Program and system costs, as well as DEP's proposed customer class allocations. DEP projects \$5,023,980 in CPRE Program costs during the billing period for the North Carolina retail jurisdiction. DEP uses the 2020 production plant jurisdictional allocation factor of 60.86% for capacity costs and the projected billing period sales jurisdictional allocation factor of 61.84% for energy costs to allocate CPRE Program purchased and generated power costs.

In his affidavit, Public Staff witness Thomas discusses his review of DEP's projected billing period CPRE Program costs, but does not recommend any adjustments. No other party presented evidence on the appropriateness of DEP's projected billing period charges or the proposed allocation of these costs.

Walker Exhibit 4 calculates for North Carolina retail customers a total over-recovery of \$24,882 in CPRE Program costs for the EMF period, adjustment for timing of rate implementation of \$6,600 and onetime revenue credits of \$12,328, resulting in a total credit of \$30,610 before interest. The North Carolina retail customer share of CPRE Program costs for the prospective billing period, as shown through witness Walker Exhibit 3, amounts to a total of \$5,023,980. Walker Exhibit 5 details the following rates:

DEP's Rider Request (cents per kWh)			
Customer Class	EMF Rider Component	Prospective Rider Component	Total CPRE Program Rider Rate
Residential	0.000	0.013	0.013
Small General Service	0.000	0.014	0.014
Medium General Service	0.000	0.013	0.013
Large General Service	0.000	0.012	0.012
Lighting	0.000	0.010	0.010

Witness Allison testifies that the Public Staff's investigation included procedures intended to evaluate whether DEP properly determined its per books CPRE Program implementation costs and revenues during the test period. He states that these procedures included a review of DEP's filing and other DEP data provided to the Public Staff. Witness Allison testifies that performing the Public Staff's investigation required the review of numerous responses to written and verbal data requests.

Public Staff witnesses Thomas and Allison testify that the CPRE Program costs that DEP requests to recovery in this proceeding and found them to be appropriate.

The Commission concludes that DEP's North Carolina retail allocated charges of \$5,023,980 anticipated to be incurred during the billing period for purchased capacity and energy and ongoing implementation costs are appropriate for use in this proceeding. Based on the foregoing, the Commission finds good cause to find that DEP's proposed rates are just and reasonable for purposes of this proceeding.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 12

The evidence supporting this finding of fact is contained in the testimony and exhibits of DEP witness Walker and the affidavit of Public Staff witness Thomas.

DEP witness Walker testifies that N.C.G.S. § 62-110.8(g) and Commission Rule R8-71 limits the annual increase in CPRE Program-related costs recoverable by an electric public utility to 1% of the electric public utility's total North Carolina retail jurisdictional gross revenues for the preceding calendar year. Witness Walker testifies that the increase in aggregate costs DEP seeks to recover in this proceeding is less than the statutory maximum.

For the reasons stated herein, the Commission concludes that the costs DEP seeks to recover in this proceeding are not in excess of the cost cap established by N.C.G.S. § 62-110.8(g).

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 13

The evidence supporting this finding of fact is contained in the direct testimony and exhibits of DEP witness Cathcart, including the CPRE Compliance Report, and the affidavit of Public Staff witness Thomas.

The testimony of DEP witness Cathcart and the 2020 CPRE Compliance Report, which accompanied his testimony, detail DEP's actions to implement the CPRE Program requirements of N.C.G.S. § 62-110.8 in collaboration with the IA. The 2020 CPRE Compliance Report includes all of the information required by Commission Rule R8-71(h), including a description of the CPRE Program solicitation undertaken by DEP during the reporting year, the avoided cost rates applicable to Tranche 2, confirmation that all renewable energy resources procured through Tranche 2 were priced at or below avoided costs, certification by the IA that all public utility and third-party proposal responses were evaluated under the published CPRE Program methodology, and that all proposals were treated equitably in Tranche 2 during the reporting year.

The IA's Final Report for Tranche 2 (Tranche 2 Final Report) is included as Appendix A to the 2020 CPRE Compliance Report and provides substantial details regarding the Tranche 2 process and outcome. DEP was ultimately able to procure one project totaling 75 MW at a price below the statutory avoided cost cap. The Tranche 2 Final Report also recommends improvements for future CPRE tranches.

Public Staff witness Thomas' affidavit states that the 2020 CPRE Compliance Report provides adequate information that satisfies the requirements of Commission Rule R8-71(h). No other party presented evidence on this issue.

In light of the testimony received, the Commission concludes that the 2020 CPRE Compliance Report provides adequate information that satisfies the requirements of Commission Rule R8-71(h), and for the reporting period, DEP implemented the CPRE Program in compliance with the requirements of N.C.G.S. § 62-110.8.

IT IS, THEREFORE, ORDERED, as follows:

1. That DEP's request to establish a prospective rider component as described herein is approved and that this rider shall remain in effect for a 12-month period beginning on December 1, 2021, and expiring on November 30, 2022;
2. That DEP's request to set the EMF rider component at 0.000 cents per kWh is approved for the 12-month period beginning on December 1, 2021, and expiring on November 30, 2022;

3. That DEP shall file the appropriate rate schedules and riders with the Commission in order to implement the provisions of this Order as soon as practicable, but not later than ten days after the date of this Order;

4. That DEP shall work with the Public Staff to prepare a notice to customers of the rate changes ordered by the Commission in this docket, as well as in Docket Nos. E-2, Subs 1272, 1274, and 1276, and DEP shall file such notice for Commission approval as soon as practicable, but not later than ten days after the Commission issues orders in all four dockets;

5. That DEP's 2020 CPRE Compliance Report is hereby approved;

6. That DEP shall ensure that its future CPRE Program procurement fee structures are designed to recover all IA fees from MPs; and

7. That DEP shall furnish the Public Staff with copies of all IA invoices upon receipt.

ISSUED BY ORDER OF THE COMMISSION.

This the 18th day of November, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Erica N. Green". The signature is written in a cursive, flowing style.

Erica N. Green, Deputy Clerk