

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-7, SUB 1304

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)
Application of Duke Energy Carolinas, LLC) **REBUTTAL TESTIMONY OF**
Pursuant to G.S. 62-133.2 and NCUC Rule) **JOHN D. SWEZ**
R8-55 Relating to Fuel and Fuel-Related) **DUKE ENERGY CAROLINAS, LLC**
Charge Adjustments for Electric Utilities)

1 **Q. PLEASE STATE YOUR NAME, TITLE AND BUSINESS ADDRESS.**

2 A. My name is John D. Swez, and I am Managing Director, Trading and Dispatch.
3 My business address is 525 S. Tryon Street, Charlotte, North Carolina 28202.

4 **Q. DID YOU PREVIOUSLY FILE DIRECT TESTIMONY IN SUPPORT OF**
5 **DEC'S APPLICATION IN THIS DOCKET?**

6 A. Yes, on February 27, 2024, I caused to be pre-filed with the Commission my direct
7 testimony and 3 exhibits.

8 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

9 A. The purpose of my testimony is to update projected coal and natural gas burns and
10 costs for the billing period based on the April 2024 fuels forecast in support of the
11 recalculated prospective component of the fuel rate discussed in the Rebuttal
12 Testimony of Sigourney Clark.

13 **Q. WHAT ARE THE PROJECTED COAL AND NATURAL GAS**
14 **CONSUMPTIONS AND COSTS FOR THE BILLING PERIOD?**

15 A. Based on the most recently completed forecast for use in this filing, which used
16 market prices as of April 11, 2024, DEC's coal burn projection for the billing
17 period is 5.4 million tons, compared to 3.6 million tons consumed during the test
18 period. DEC's billing period projections for coal generation may be impacted due
19 to changes from, but not limited to, the following factors: (1) delivered natural gas
20 prices versus the average dispatch cost of coal; (2) volatile power prices; and (3)
21 electric demand. Combining coal and transportation costs, DEC projects average
22 delivered coal costs of approximately \$102.99 per ton for the billing period
23 compared to \$126.23 per ton in the test period. Coal commodity costs have
24 continued to decline in response to sustained low natural gas prices and lower

1 domestic demand. This includes an average projected total transportation cost of
2 \$32.17 per ton for the billing period, compared to \$40.82 per ton in the test period.
3 This projected delivered cost, however, is subject to change based on, but not
4 limited to, the following factors: (1) exposure to market prices and their impact on
5 open coal positions; (2) the amount of Central Appalachian coal DEC is able to
6 purchase and deliver and the non-Central Appalachian coal DEC is able to
7 consume; (3) changes in transportation rates; (4) performance of contract
8 deliveries by suppliers and railroads which may not occur despite DEC's strong
9 contract compliance monitoring process; and (5) potential additional costs
10 associated with suppliers' compliance with legal and statutory changes, the effects
11 of which can be passed on through coal contracts.

12 DEC's current natural gas burn projection for the billing period is
13 approximately 204.2 million MBtu, which is a decrease from the 225.8 million
14 MBtu consumed during the test period. The current average forward Henry Hub
15 price for the billing period is \$3.19 per MMBtu, compared to \$2.74 per MMBtu
16 in the test period. Projected natural gas burn volumes will vary on factors such as,
17 but not limited to, changes in actual delivered fuel costs and weather driven
18 demand.

19 **Q. DOES THIS CONCLUDE YOUR PRE-FILED REBUTTAL**
20 **TESTIMONY?**

21 **A.** Yes, it does.