

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1174

In the Matter of
Application of Duke Energy Progress,)
LLC, for Approval of Demand-Side)
Management and Energy Efficiency)
Cost Recovery Rider Pursuant to N.C.)
Gen. Stat. § 62-133.9 and Commission)
Rule R8-69)

SUPPLEMENTAL
TESTIMONY OF
MICHAEL C. MANESS
Public Staff – North Carolina
Utilities Commission

September 17, 2018

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
2 **PRESENT POSITION.**

3 A. My name is Michael C. Maness. My business address is 430 North
4 Salisbury Street, Dobbs Building, Raleigh, North Carolina. I am the
5 Director of the Accounting Division of the Public Staff – North
6 Carolina Utilities Commission (Public Staff).

7 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS**
8 **PROCEEDING?**

9 A. Yes. I filed my initial direct testimony in this proceeding on
10 September 4, 2018.

11 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL**
12 **TESTIMONY?**

13 A. The purpose of my supplemental testimony is, first, to present
14 Maness Exhibit II, which quantifies the impacts of the Public Staff's
15 recommended adjustments on the Demand-Side Management
16 (DSM) and Energy Efficiency (EE) billing rates proposed by Duke
17 Energy Progress, LLC (DEP or the Company), in the Supplemental
18 Testimony and Exhibits of Carolyn T. Miller and the Supplemental
19 Exhibits of Robert P. Evans filed in this proceeding on September
20 10, 2018. Second, I am presenting the Public Staff's conclusions
21 regarding certain adjustments proposed by the Company in its
22 September 10 filing.

1 **Q. PLEASE ELABORATE.**

2 A. In my September 4, 2018 testimony, I indicated that I planned to
3 incorporate the effects of the following Public Staff recommended
4 adjustments in an exhibit to be filed later:

- 5 (1) Avoided costs to be used in the determination of the Portfolio
6 Performance Incentive (PPI).
7 (2) Recommended termination of Residential Smart \$aver EE
8 Program.

9 Additionally, I indicated that I planned to present the Public Staff's
10 conclusions regarding the following three adjustments that the
11 Company had indicated that it planned to make in its supplemental
12 filing (the first of which was also recommended by the Public Staff):

- 13 (1) Cut-off of net lost revenues (NLR) to reflect outcome of
14 general rate case.
15 (2) Company adjustment to evaluation, measurement, and
16 verification (EM&V) results.
17 (3) Company adjustment to non-residential lost revenues.

18 The final two adjustments are described in more detail in the
19 Supplemental Testimony of Company witness Miller; the first deals
20 with the appropriate inclusion in the DSM/EE experience
21 modification factor (EMF) of the Vintage 2016 and 2017 impacts of
22 the Company's EM&V of the EnergyWise for Business Program,
23 while the second corrects the Vintage 2017 and 2019 NLR rates
24 used for the Non-Residential Energy Efficient Lighting Program
25 from residential rates to non-residential rates.

1 Finally, I indicated in my testimony that I would present the overall
2 billing factors recommended by the Public Staff.

3 **Q. HAVE ALL OF THESE IMPACTS BEEN INCLUDED IN MANESS**
4 **EXHIBIT II?**

5 A. Yes. Any unadjusted amounts set forth in Maness Exhibit II as part
6 of the basis for the Public Staff's recommended billing factors have
7 as their source the amounts set forth in DEP witness Miller's
8 supplemental exhibits, which reflect the three additional
9 adjustments proposed by the Company. I have adjusted these
10 amounts to reflect the two additional adjustments recommended by
11 the Public Staff. The overall DSM/EE billing factors recommended
12 by the Public Staff are set forth on Maness Exhibit II, Schedule 1.

13 **Q. WHAT ARE THE REVENUE REQUIREMENT IMPACTS OF THE**
14 **TWO ADJUSTMENTS RECOMMENDED BY THE PUBLIC**
15 **STAFF?**

16 A. As set forth in the footnotes on Schedules 2, 3-1, and 3-2 of
17 Maness Exhibit II, the rate period 2019 revenue requirement impact
18 of the Public Staff's recommended adjustment to terminate the
19 Residential Smart Saver EE Program is a reduction of \$512,494.
20 The rate period 2019 revenue requirement impact of the Public
21 Staff's recommended adjustment to reduce the avoided costs used
22 in the determination of the PPI to reflect a value of zero for

1 appropriate years is a reduction of \$488,550. However, if accepted
2 by the Commission, the long-term impacts of this second
3 adjustment will be significantly greater, in total, because a given
4 Vintage Year's PPI is typically amortized over several years into the
5 future; the \$488,550 represents only one of those years.

6 **Q. WHAT IS THE PUBLIC STAFF'S CONCLUSION REGARDING**
7 **THE THREE ADJUSTMENTS PROPOSED BY THE COMPANY**
8 **IN WITNESS MILLER'S SUPPLEMENTAL TESTIMONY AND**
9 **EXHIBITS?**

10 A. The Public Staff is of the opinion that the Company's three
11 additional adjustments are reasonable for purposes of this
12 proceeding.

13 **Q. WHAT IS THE STATUS OF THE PUBLIC STAFF'S REVIEW OF**
14 **2017 DSM/EE PROGRAM COSTS?**

15 A. The review is nearing completion. When it is complete, the Public
16 Staff will file the results with the Commission. To date, the Public
17 Staff has found no exceptions.

18 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

19 A. Yes, it does.