



**NORTH CAROLINA  
PUBLIC STAFF  
UTILITIES COMMISSION**

February 5, 2021

Ms. Kimberley A. Campbell, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4300

Re: Docket Nos. E-7, Sub 1146 – Application for General Rate Case; E-7, Sub 819 – Application for Authority to Recover Necessary Nuclear Generation Development Expenses and Request for Expedited Treatment; E-7, Sub 1110 - Notification of Establishment of Regulatory Assets Associated with AROs; and E-7, Sub 1152 – Petition of Duke Energy Carolinas, LLC for an Order Approving a Job Retention Rider

Dear Ms. Campbell:

In connection with the above-referenced dockets, I transmit herewith for filing on behalf of the Public Staff the testimony and exhibit of Michael C. Maness, Director, Accounting Division.

By copy of this letter, we are forwarding copies to all parties of record.

Sincerely,

/s/ Lucy E. Edmondson  
Staff Attorney  
[lucy.edmondson@psncuc.nc.gov](mailto:lucy.edmondson@psncuc.nc.gov)

LEE/cla

Attachment

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Economic Research  
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Water/Telephone  
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BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

**DOCKET NO. E-7, SUB 1146**  
**DOCKET NO. E-7, SUB 819**  
**DOCKET NO. E-7, SUB 1152**  
**DOCKET NO. E-7, SUB 1110**

In the Matter of: )

**DOCKET NO. E-7, SUB 1146** )

Application of Duke Energy Carolinas, )  
LLC For Adjustment of Rates and )  
Charges Applicable to Electric Utility )  
Service in North Carolina )

**DOCKET NO. E-7, SUB 819** )

Amended Application by Duke Energy )  
Carolinas, LLC for Approval of Decision )  
to Incur Nuclear Generation Project )  
Development Costs )

**DOCKET NO. E-7, SUB 1152** )

Petition of Duke Energy Carolinas, LLC )  
for an for an Order Approving a Job )  
Retention Rider )

**DOCKET NO. E-7, SUB 1110** )

Joint Application by Duke Energy )  
Progress, LLC and Duke Energy )  
Carolinas, LLC , for Accounting Order to )  
Defer Environmental Compliance Costs )

TESTIMONY  
SUPPORTING COAL  
COMBUSTION  
RESIDUALS  
SETTLEMENT  
AGREEMENT OF  
MICHAEL C. MANESS  
PUBLIC STAFF – NORTH  
CAROLINA UTILITIES  
COMMISSION

**BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

**DOCKET NO. E-7, SUBS 1146, 819, 1152, and 1110**

**Testimony Supporting Coal Combustion Residuals Settlement**

**Agreement of Michael C. Maness**

**On Behalf of the Public Staff**

**North Carolina Utilities Commission**

**February 5, 2021**

1       **Q PLEASE STATE FOR THE RECORD YOUR NAME, ADDRESS,**  
2       **AND PRESENT POSITION.**

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

6       **Q.     HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS CASE?**

7       A.     Yes. I filed Direct Testimony and Exhibits on January 23, 2018,  
8             Supplemental Testimony and Exhibits on February 18, 2018, and  
9             Settlement Supporting Testimony and Exhibits on March 1, 2018.

10      **Q.     MR. MANESS, WHAT IS THE PURPOSE OF YOUR TESTIMONY**  
11            **FILED TODAY?**

12      A.     The purpose of my testimony is to support the Coal Combustion  
13            Residuals Settlement Agreement (CCR Settlement Agreement)

1 entered into by the North Carolina Office of the Attorney General, the  
2 Sierra Club, Duke Energy Carolinas, LLC (DEC), Duke Energy  
3 Progress, LLC (DEP), and the Public Staff that was filed with the  
4 Commission on January 25, 2021.

5 **Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF THE CCR**  
6 **SETTLEMENT AGREEMENT.**

7 A. The CCR Settlement Agreement seeks to comprehensively resolve  
8 issues involving the costs DEC and DEP may recover in connection  
9 with their management, handling, and remediation of CCR (CCR  
10 Costs) and the financing costs incurred while those costs were  
11 deferred and as they are recovered (Financing Costs) from January  
12 1, 2015, through January 31, 2030, for DEC and February 28, 2030,  
13 for DEP. It would resolve: (1) issues pending before the Commission  
14 in this and DEP's 2017 general rate case, Docket No. E-2, Sub 1142  
15 (2017 rate cases), which were recently remanded to the Commission  
16 by the North Carolina Supreme Court in *State ex rel. Utils. Comm'n*  
17 *v. Stein* ("Stein"), Nos. 271A18 and 401A18, 2020 WL 7294770 (N.C.  
18 Dec. 11, 2020); as well as (2) issues in DEC's pending 2019 general  
19 rate case, Docket No. E-7, Sub 1214, and in DEP's pending 2019  
20 general rate case, Docket No. E-2, Sub 1219. The CCR Settlement  
21 Agreement also addresses the treatment of CCR Costs incurred by  
22 DEC from February 1, 2020, through January 31, 2030, and by DEP  
23 from March 1, 2020, through February 28, 2030, along with

1 associated Financing Costs. The Agreement also addresses how  
2 any proceeds received from insurance litigation related to CCR costs  
3 would be shared by ratepayers, DEC, and DEP.

4 **Q. WHAT BENEFITS DOES THE CCR SETTLEMENT AGREEMENT**  
5 **PROVIDE FOR RATEPAYERS?**

6 A. From the perspective of the Public Staff, among the most important  
7 benefits provided by the CCR Settlement Agreement are:

8 (1) the agreement of DEC and DEP to forego recovery of CCR Costs  
9 and associated Financing Costs in excess of \$900 million (combined  
10 DEC and DEP), on a present value basis, over the period from  
11 January 1, 2015, through January 31, 2030 (DEC), and February 28,  
12 2030 (DEP), resulting in a significant reduction in the proposed  
13 revenue increase in this case;

14 (2) the agreement to allocate any proceeds of CCR insurance  
15 litigation; and

16 (3) the avoidance of protracted litigation over CCR and Financing  
17 Costs into 2030 among the parties to the Agreement and possibly  
18 the appellate courts.

19 Based on these ratepayer benefits, the Public Staff believes the CCR  
20 Settlement Agreement is in the public interest and should be  
21 approved.

1 Q. DOES THIS COMPLETE YOUR TESTIMONY?

2 A. Yes, it does.