



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

August 24, 2022

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

Re: Docket No. E-2, Sub 1296 – Application of Duke Energy Progress, LLC for Approval of CPRE Cost Recovery Rider Pursuant to N.C.G.S. § 62-110.8 and Commission Rule R8-71

Dear Ms. Dunston:

Attached for filing on behalf of the Public Staff in the above-referenced docket are the following:

1. Notice of Affidavit of Hemanth Meda, Financial Analyst II, Accounting Division;
2. Affidavit of Hemanth Meda, Financial Analyst II, Accounting Division;
3. Notice of Affidavit of Jeff T. Thomas, Engineer, Energy Division; and
4. Redacted Affidavit of Jeff T. Thomas, Engineer, Energy Division.

By copy of this letter, I am forwarding a copy to all parties of record by electronic delivery.

Sincerely,

Electronically submitted

/s/ Robert Josey

Manager, Electric Section – Legal Division

robert.josey@psncuc.nc.gov

Attachments

cc: Parties of Record

Executive Director
(919) 733-2435

Accounting
(919) 733-4279

Consumer Services
(919) 733-9277

Economic Research
(919) 733-2267

Energy
(919) 733-2267

Legal
(919) 733-6110

Transportation
(919) 733-7766

Water/Telephone
(919) 733-5610

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1296

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Application of Duke Energy Progress, LLC,)	
for Approval of CPRE Cost Recovery Rider)	NOTICE OF AFFDAVIT
Pursuant to N.C.G.S. § 62-110.8 and)	
Commission Rule R8-71)	

NOW COMES THE PUBLIC STAFF of the North Carolina Utilities Commission, by and through its Executive Director, Christopher J. Ayers, as constituted by N.C. Gen. Stat. § 62-15, and gives notice that the Affidavit of:

Hemanth Meda, Financial Analyst II, Accounting Division
Public Staff of the North Carolina Utilities Commission
430 North Salisbury Street – Dobbs Building
4326 Mail Service Center
Raleigh, North Carolina 27699-4300

will be used in evidence at the hearing in this docket scheduled for September 14, 2022, pursuant to N.C.G.S. § 62-68. The affiant will not be called to testify orally and will not be subject to cross-examination unless an opposing party or the Commission demands the right of cross-examination by notice mailed or delivered to the proponent at least five days prior to the hearing, pursuant to N.C.G.S. § 62-68.

THEREFORE, the Public Staff moves that the Affidavit of Hemanth Meda be admitted into evidence in the absence of notice pursuant to N.C.G.S. § 62-68.

Respectfully submitted this 24th day of August 2022.

PUBLIC STAFF

Christopher J. Ayers
Executive Director

Lucy E. Edmondson
Chief Counsel

/s/ Robert Josey, by electronic filling
Robert Josey
email: robert.josey@psncuc.nc.gov
Manager, Electric Section – Legal Division

Telephone: (919) 733-6110
430 North Salisbury Street - Dobbs Building
4326 Mail Service Center
Raleigh, North Carolina 27699

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1296

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Duke Energy Progress, LLC,)
for Approval of CPRE Cost Recovery Rider)
Pursuant to N.C.G.S. § 62-110.8 and) **AFFIDAVIT OF**
Commission Rule R8-71) **HEMANTH MEDA**

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Hemanth Meda, first being duly sworn, do depose and say:

I am a Financial Analyst II with the Accounting Division of the Public Staff - North Carolina Utilities Commission. A summary of my duties, education, and experience is attached to this affidavit as Appendix A.

North Carolina Gen. Stat. § 62-110.8(a) states that each electric public utility shall file for Commission approval a program for the competitive procurement of energy and capacity from renewable energy facilities, with the purpose of adding renewable energy to the State's generation portfolio in a manner that allows the State's electric public utilities to continue to reliably and cost-effectively serve customers' future energy needs.

North Carolina Gen. Stat. § 62-110.8(g) further states that 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 procured pursuant to the statute, and to recover the authorized revenue of any utility-owned assets selected pursuant to the statute through a Competitive Procurement of Renewable Energy (CPRE) annual rider approved by the Commission and reviewed annually. Commission Rule R8-71(j) also provides the following: (1) that the CPRE rider will be recovered over the same period as the utility's fuel and fuel-related cost rider; and (2) that the costs or authorized revenue will be modified through the use of a CPRE Program experience modification factor (CPRE EMF) rider. The CPRE EMF rider is utilized to "true-up" the recovery of reasonable and prudently incurred CPRE Program costs incurred during the test period established for each annual rider proceeding.

The purpose of my affidavit is to present the results of the Public Staff Accounting Division's investigation of the CPRE Rider revenue requirements and calculations proposed by Duke Energy Progress, LLC (DEP or the Company) in its application filed in this proceeding on June 14, 2022, based on the incremental CPRE Program implementation costs and revenue requirements incurred and revenues recorded during the April 1, 2021, through March 31, 2022, period (CPRE EMF period or test period).

In its application, DEP proposed EMF decrement riders in cents per kilowatt-hour (kWh), excluding the North Carolina regulatory fee, for each North Carolina retail customer class as follows:

Residential	(0.001) cents per kWh
Small General Service	(0.001) cents per kWh

Medium General Service	(0.002) cents per kWh
Large General Service	(0.001) cents per kWh
Lighting	(0.001) cents per kWh

The riders were calculated by dividing the “CPRE (Over)/Under Collection,” as shown on Walker Exhibit No. 4 for each customer class by DEP’s N.C. projected billing period retail sales of 16,637,596 megawatt-hours (MWh) for the residential class, 1,797,603 MWh for the small general service class, 10,360,942 MWh for the medium general service class, 9,189,937 MWh for the large general service class, and 379,481 MWh for the lighting class.

On August 17, 2022, DEP filed the Supplemental Testimony of Christy J. Walker, along with Revised Walker Exhibits and supporting workpapers. Witness Walker’s supplemental testimony and revised exhibits reflect the impact of three updates to numbers presented in witness Walker’s direct exhibits and workpapers. A summary of those updates is as follows:

- (1) A correction of the calculation of total internal labor and labor-related benefits for the billing period to remove estimated costs associated with a Tranche 3 RFP.
- (2) Update the Independent Administrators Fee Not Recovered for the EMF period to reflect a correction of the calculation to exclude costs associated with Tranche 3 in the present case;
and

(3) Update the regulatory fee from 0.13% to 0.14% per the Commission's June 30, 2022, Order in Docket No. M-100, Sub 142.

In witness Walker's Revised Exhibits filed on August 17, 2022, DEP's proposed revised over recovery of CPRE costs for each of the North Carolina retail customer classes is as follows:

Residential	\$ (189,772)
Small General Service	\$ (24,744)
Medium General Service	\$ (163,524)
Large General Service	\$ (119,865)
Lighting	\$ (3,359)

In Witness Walker's supplemental testimony, DEP proposed EMF decrement riders in cents per kilowatt-hour (kWh), excluding the North Carolina regulatory fee, for each North Carolina retail customer class as follows:

Residential	(0.001) cents per kWh
Small General Service	(0.001) cents per kWh
Medium General Service	(0.002) cents per kWh
Large General Service	(0.001) cents per kWh
Lighting	(0.001) cents per kWh

The Public Staff Accounting Division's specific responsibilities in this CPRE rider proceeding are (1) to participate in the overall Public Staff investigation of the Company's filing and proposed rates; (2) to review the

incurred costs (including labor, outside services, and IA fees) and received revenues proposed for inclusion in the CPRE EMF rider; and (3) to investigate the Company's calculations of the proposed CPRE EMF rates and present the calculations of the Public Staff's recommended CPRE EMF rates. Additionally, the Public Staff has reviewed the IA invoices regarding the Stanley and Orion disputes and find the costs to be reasonable for recovery in the present case. The Public Staff will continue to monitor any additional invoices to determine appropriateness.

As a result of the Accounting Division's investigation, I am recommending that DEP's CPRE EMF riders for each customer class be based on over- and under recoveries of \$(189,772) for the residential class, \$(24,744) for the small general service class, \$(163,524) for the medium general service class, \$(119,865) for the large general service class, and \$(3,359) for the lighting class, and North Carolina retail projected billing period retail sales of 16,637,596 MWh for the residential class, 1,797,603 MWh for the small general service class, 10,360,942 MWh for the medium general service class, 9,189,937 for the large general service class, and 379,481 MWh for the lighting class, as proposed by the Company in its filing. These amounts produce EMF decrement riders for each North Carolina retail customer class as follows, excluding the regulatory fee:

Residential	(0.001) cents per kWh
Small General Service	(0.001) cents per kWh
Medium General Service	(0.002) cents per kWh

Large General Service (0.001) cents per kWh
Lighting (0.001) cents per kWh

I have provided these amounts to Public Staff witness Jeff T. Thomas for incorporation into the Public Staff's recommended CPRE rider calculation.

This completes my affidavit.



Hemanth Meda

Sworn to and subscribed before me
this the 24th day of August 2022.



Notary Public JOANNE M. BERUBE

Joanne M. Berube
NOTARY PUBLIC
WAKE COUNTY, N.C.
My Commission Expires 12-17-2022

My Commission Expires: 12/17/2022

QUALIFICATIONS AND EXPERIENCE

HEMANTH MEDA

I graduated from University of Wollongong, Australia with a Master of Professional Accounting degree. I also received Master of Commerce and Bachelor of Commerce degrees from Osmania University, Hyderabad, India.

I am licensed Certified Public Accountant in the State of North Carolina.

I re-joined the Public Staff Accounting Division as a Financial Analyst II in May 2022. Prior to re-joining the Public Staff, I was employed as Senior Financial Analyst with Swissport USA. I have over twenty years of progressive experience in accounting and finance across various industries.

Since joining the Public Staff, I am responsible for: (1) the examination and analysis of testimony, exhibits, books and records, and other data presented by utilities and other parties involved in Commission proceedings; and (2) the preparation and presentation to the Commission of testimony, exhibits, and other documents in those proceedings.

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1296

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Application of Duke Energy Progress, LLC,)	
for Approval of CPRE Cost Recovery Rider)	NOTICE OF AFFDAVIT
Pursuant to N.C.G.S. § 62-110.8 and)	
Commission Rule R8-71)	

NOW COMES THE PUBLIC STAFF of the North Carolina Utilities Commission, by and through its Executive Director, Christopher J. Ayers, as constituted by N.C. Gen. Stat. § 62-15, and gives notice that the Affidavit of:

Jeff T. Thomas, Engineer, Energy Division
Public Staff of the North Carolina Utilities Commission
430 North Salisbury Street – Dobbs Building
4326 Mail Service Center
Raleigh, North Carolina 27699-4300

will be used in evidence at the hearing in this docket scheduled for September 14, 2022, pursuant to N.C.G.S. § 62-68. The affiant will not be called to testify orally and will not be subject to cross-examination unless an opposing party or the Commission demands the right of cross-examination by notice mailed or delivered to the proponent at least five days prior to the hearing, pursuant to N.C.G.S. § 62-68.

THEREFORE, the Public Staff moves that the Affidavit of Jeff T. Thomas be admitted into evidence in the absence of notice pursuant to N.C.G.S. § 62-68.

Respectfully submitted this 24th day of August, 2022.

PUBLIC STAFF

Christopher J. Ayers
Executive Director

Lucy E. Edmondson
Chief Counsel

/s/ Robert Josey, by electronic filling
Robert Josey
email: robert.josey@psncuc.nc.gov
Manager, Electric Section – Legal Division

Telephone: (919) 733-6110
430 North Salisbury Street - Dobbs Building
4326 Mail Service Center
Raleigh, North Carolina 27699

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1296

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Duke Energy Progress, LLC,)
for Approval of CPRE Cost Recovery Rider)
Pursuant to N.C.G.S. § 62-110.8 and) AFFIDAVIT OF
Commission Rule R8-71) JEFF T. THOMAS

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Jeff T. Thomas, first being duly sworn, do depose and say:

I am an Engineer in the Operations and Planning section of the Public Staff's Energy Division. A summary of my duties, education, and experience is attached to this affidavit as Appendix A.

North Carolina. Gen. Stat. § 62-110.8(a) states that each electric public utility shall file for Commission approval a program for the competitive procurement of energy and capacity from renewable energy facilities, with the purpose of adding renewable energy to the State's generation portfolio in a manner that allows the State's electric public utilities to continue to reliably and cost-effectively serve customers' future energy needs.

North Carolina Gen. Stat. § 62-110.8(g) further states that 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 procured pursuant to the statute, and to recover the authorized revenue of any utility-owned assets selected pursuant to the statute through a Competitive Procurement of Renewable Energy (CPRE) annual rider approved by the Commission and reviewed annually. Commission Rule R8-71(j)(3) and (4) also require the following: (1) that the CPRE rider will be recovered over the same period as the utility's fuel and fuel-related cost rider, and (2) that the costs or authorized revenue will be modified through the use of a CPRE Program experience modification factor (CPRE EMF) rider. The CPRE EMF rider is utilized to "true-up" the recovery of reasonable and prudently incurred CPRE Program costs incurred during the test period established for each annual rider proceeding.

The purpose of my affidavit is to present the results of the Public Staff Energy Division's investigation of the CPRE Rider revenue requirements and calculations proposed by Duke Energy Progress, LLC (DEP or the Company) in its application filed in this proceeding on June 14, 2022, as well as its supplemental filing on August 17, 2022. The Energy Division's investigation reviews the prospective component of the CPRE Rider, including the costs and revenue projected for the December 1, 2022, through November 30, 2023, period (Billing Period). Furthermore, I support and assist the Public Staff Accounting Division's investigation of the CPRE EMF rider. I will also present the results of the Public Staff's review of the CPRE Compliance Report, filed pursuant to Commission Rule R8-71(h).

The Public Staff Energy Division's specific responsibilities in this CPRE rider proceeding are to: (1) review the Company's application and proposed prospective

rates for compliance with N.C.G.S. 62-110.8 and Commission Rule R8-71; (2) review the CPRE Compliance Report and address any deficiencies pursuant to Commission Rule R8-71(h) and Commission Orders; and (3) make recommendations regarding changes to the Company's calculations of the proposed prospective rates.

In its application, DEP proposed EMF and Billing Period increment riders in cents per kilowatt-hour (kWh), excluding the North Carolina regulatory fee, for each North Carolina retail customer class as follows:

DEP's Rider Request – Supplemental Testimony Filed on August 17, 2022 (cents per kWh)			
Customer Class	EMF Rate	Billing Period Rate	Total CPRE Rate
Residential	(0.001)	0.014	0.013
Small General Service	(0.001)	0.014	0.013
Medium General Service	(0.002)	0.013	0.011
Large General Service	(0.001)	0.013	0.012
Lighting	(0.001)	0.011	0.010

DEP calculated the Billing Period rates by dividing the projected North Carolina Retail portion of energy, capacity, and CPRE implementation costs for each customer class, as shown on Walker Exhibit No. 3, by DEP's North Carolina projected billing period retail sales of 16,637,596 megawatt-hours (MWh) for the residential class, 1,797,603 MWh for the small general service class, 10,360,942 MWh for the medium general service class, 9,189,937 MWh for the large general service class, and 379,481 MWh for the industrial class. I am not recommending any adjustment to Billing Period projected costs. Therefore, I recommend that the

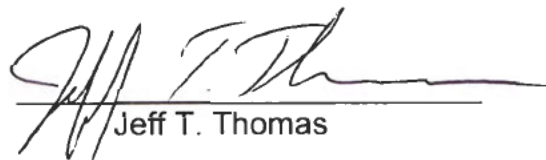
Commission approve the Billing Period rates in the Company's supplemental testimony filed on August 17, 2022.

I have also reviewed the CPRE Compliance Report, included as Tabor Exhibit No. 1. The report provides the information required by Commission Rule R8-71(h) and the Commission's February 21, 2018, *Order Modifying and Approving Joint CPRE Program*. The CPRE Compliance Report details activities in 2021 and the first quarter of 2022. Tranche 2 concluded with the execution of a Purchase Power Agreement with the sole DEP winning project on October 15, 2020. Activities in 2021 and 2022 primarily focused on the determination of Tranche 3 capacity and preparation for integrating Tranche 3 with ongoing queue reform implementation. The Tranche 3 request for proposals opened on January 4, 2022, and closed on February 3, 2022.

During my investigation, I also discovered that the winning Tranche 2 project, Marley Solar, LLC, was assigned network upgrade costs during the CPRE evaluation process, which will be recovered from ratepayers via base rates, estimated at approximately **[BEGIN CONFIDENTIAL]** [REDACTED] **[END CONFIDENTIAL]**. In Docket No. E-2, Sub 1275, DEP provided an updated cost estimate based upon the Facilities Study Report of **[BEGIN CONFIDENTIAL]** [REDACTED] **[END CONFIDENTIAL]**. In this proceeding, DEP provided an updated cost estimate based upon the Interconnection Agreement of **[BEGIN CONFIDENTIAL]** [REDACTED]
[REDACTED]
[REDACTED]

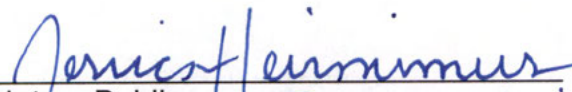
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] [END CONFIDENTIAL].

This completes my affidavit.



Jeff T. Thomas

Sworn to and subscribed before me
this the 24th day of August, 2022.



Notary Public Jessica Heironimus

My Commission Expires: May 10, 2023



QUALIFICATIONS AND EXPERIENCE

JEFF T. THOMAS

I graduated from the University of Illinois Champaign-Urbana in 2009, earning a Bachelor of Science in General Engineering. Afterwards, I worked in various operations management roles for General Electric, United Technologies Corporation, and Danaher Corporation. I left manufacturing in 2015 to attend North Carolina State University, earning a Master of Science degree in Environmental Engineering. At NC State, I performed cost-benefit analysis evaluating smart grid components, such as solid-state transformers and grid edge devices, at the Future Renewable Energy Electricity Delivery and Management Systems Engineering Research Center. My master's thesis focused on electric power system modeling, capacity expansion planning, linear programming, and the effect of various state and national energy policies on North Carolina's generation portfolio and electricity costs. After obtaining my degree, I joined the Public Staff in November 2017. In my current role, I have filed testimony in avoided cost proceedings, general rate cases and riders, CPCN applications, and have been involved in the implementation of HB 589 programs, integrated resource planning, customer complaints, and other aspects of utility regulation. I received my Professional Engineering license in April 2020.