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Oct 21 2021

October 21, 2021

**VIA Electronic Filing**

Ms. Shonta Dunston, Chief Clerk  
North Carolina Utilities Commission  
Dobbs Building  
430 North Salisbury Street  
Raleigh, North Carolina 27603

*Re: Joint Proposed Order of Duke Energy Progress, LLC and the Public Staff  
Approving CPRE Rider and CPRE Program Compliance Report  
Docket No. E-2, Sub 1275*

Dear Ms. Dunston:

Enclosed for filing in the above-referenced docket is the *Joint Proposed Order of Duke Energy Progress, LLC and the Public Staff*.

Please feel free to contact me if you have any questions. Thank you for your assistance in this matter.

Very truly yours,

/s/E. Brett Breitschwerdt

EBB:kjg

Enclosure

STATE OF NORTH CAROLINA  
UTILITIES COMMISSION

RALEIGH

DOCKET NO. E-2, SUB 1275

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		JOINT PROPOSED ORDER OF
Application of Duke Energy Progress, LLC, )		DUKE ENERGY PROGRESS, LLC
for Approval of CPRE Cost )		AND THE PUBLIC STAFF
Recovery Rider Pursuant to N.C. Gen. Stat.)		APPROVING CPRE RIDER AND
§ 62-110.8 and NCUC Rule R8-71 )		CPRE PROGRAM COMPLIANCE
	)	REPORT

HEARD Tuesday, September 21, 2021, at 10:06 a.m. in the Commission Hearing Room, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina

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

Hearing Examiner Erin Duffy, Presiding

APPEARANCES: Per Commission Order, counsel was not present

BY THE COMMISSION: On June 15, 2021, Duke Energy Progress, LLC (DEP or the Company) filed an application pursuant to N.C. Gen. Stat. § 62-110.8 and Commission Rule R8-71 for Approval of Competitive Procurement of Renewable Energy (CPRE) Compliance Report and CPRE Cost Recovery Rider, 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.

Petitions to intervene were filed by North Carolina Sustainable Energy Association (NCSEA) on June 25, 2021; by Carolina Industrial Group for Fair Utility

Rates, II (CIGFUR II) on July 8, 2021; and by Carolina Utility Customers Association, Inc. (CUCA) on July 19, 2021. The Commission granted NCSEA's petition to intervene on June 29, 2021, CIGFUR II's petition to intervene on July 9, 2021, and CUCA's petition to intervene on July 19, 2021. The intervention of the Public Staff is recognized pursuant to N.C.G.S. § 62-15(d) and Commission Rule R1-19(e).

On July 7, 2021, the Commission issued an *Order Scheduling Hearing, Requiring Filing of Testimony, Establishing Discovery Guidelines, and Requiring Public Notice* in which the Commission set this matter for hearing; established deadlines for the submission of intervention petitions, 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 consent to remote hearings.

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, 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 Company 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* to excuse the

DEP and Public Staff witnesses from appearing at the expert witness hearing, and to accept the expert witnesses' testimony, exhibits and affidavits into the record.

On September 17, 2021, the Commission issued a notice requiring that DEP file verified responses to the Commission's questions set forth in the Appendix by October 15, 2021, and briefs and proposed orders be filed by October 21, 2021.

On September 20, 2021, DEP filed affidavits of publication indicating that the public notice had been provided in accordance with the Commission's procedural order.

On October 15, 2021, DEP and the Public Staff filed a joint proposed order.

Based upon the Company's verified application, the testimony, workpapers, and exhibits received into evidence and the record as a whole, the Commission makes the following findings of fact:

### **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 test period for purposes of this proceeding is the 12-month period beginning on April 1, 2020, and ending on March 31, 2021 (test period or EMF period). The billing period for this proceeding is the 12-month period beginning on December 1, 2021, and ending on November 30, 2022.

3. In its application and direct testimony (including workpapers and exhibits), DEP identified \$477,795 of test period charges on a system basis incurred to implement the CPRE Program. There were no purchased power costs during the test period, \$319,385 in revenues collected from ratepayers, and \$20,000 in associated with contract fees collected from CPRE Program market participants (MPs) during the test period. Of these system level charges and revenues, DEP proposed to credit \$24,882, the difference between CPRE Program costs allocated to the North Carolina retail customer classes and CPRE Program rider revenues collected from the North Carolina retail customer classes in the test period, back to North Carolina retail customers. Also, DEP proposed a credit of \$12,328, the North Carolina retail customers' allocable share of the above-mentioned one-time system revenues associated with contract fees collected from MPs.

4. The Company's system-basis CPRE implementation charges for the test period were reasonably and prudently incurred.

5. The North Carolina retail jurisdictional allocation factors related to the capacity and energy components of purchased power costs anticipated to be incurred during the billing period in this proceeding are 60.86% and 61.84%, respectively. The capacity component is based on the 2020 production plant allocation factors, and the energy component is based on projected billing period sales. Similarly, the North Carolina retail class allocation factors related to the capacity and energy components of purchased power costs anticipated to be incurred during the billing period in this proceeding are based on the 2020

production plant allocation factors and projected billing period sales for each class, respectively. 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.

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	<u>380,260</u>
Total	38,341,063

7. DEP's North Carolina retail overrecovery of costs for the test period, or EMF period, amount 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 overrecovery by customer class are \$29,962 for the Residential class, \$1,601 for the Small General Service class, and \$1,814 for the Medium General Service class; in addition to underrecovery by customer class of \$2,349 for the Large General Service and \$418 for the Lighting class.

8. The EMF under/(over) 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 and set forth on Walker Exhibit 3, total \$5,023,980. The appropriate prospective billing period expenses for use in this proceeding are \$2,243,427 for the Residential class, \$247,357 for the Small General Service class, \$1,373,894 for the Medium General Service class, \$1,119,808 for the Large General Service class and \$39,495 for the Lighting class.

10. The appropriate monthly prospective rider component to be charged to customers is 0.013 cents per kWh for the Residential class, 0.014 cents per kWh for the Small General Service class, 0.013 cents per kWh for the Medium General Service class, 0.012 cents per kWh for the Large General Service class and 0.010 cents per kWh for the Lighting class, excluding the regulatory fee.

11. The appropriate combined monthly EMF rate component and prospective rate component to be collected during the billing period are 0.013 cents per kWh for the Residential class, 0.014 cents per kWh for the Small General Service class, 0.013 cents per kWh for the Medium General Service class, 0.012 cents per kWh for the Large General Service class and 0.010 cents per kWh for the Lighting class, excluding the regulatory fee.

12. The increase in costs DEP proposes to recover with its proposed CPRE Program Rider and EMF Rider are within the limit established in N.C.G.S. § 62-110.8.

13. 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.

#### **EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 1**

This finding of fact is essentially informational, procedural, and jurisdictional in nature and is uncontroverted.

#### **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. Commission Rule R8-71 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. The test period for purposes of Rule R8-55 is the 12 months ending March 31. Witness Walker testified that for purposes of this proceeding, DEP's proposed rider includes both an EMF rider component to adjust for the difference in DEP's costs incurred compared to revenues realized during the EMF test period, as well as a 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 proposed test period is the 12 months beginning on April 1, 2020, and ending on March 31, 2021, and the proposed billing period for the CPRE Program rider is the 12 months 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. Based on the foregoing, the Commission concludes that DEP used the appropriate test period and billing period in this proceeding.

#### **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 3-4**

The evidence for these findings of fact is contained in the direct testimony and exhibits of DEP witnesses Walker and Cathcart, and the affidavits of Public Staff witnesses Thomas and Allison.

On Walker Exhibit No. 1, DEP witness Walker identifies there were no purchased power costs on a system basis during the EMF period. As stated in the testimony of witness Walker, one Tranche 1 facility achieved commercial operation during the EMF Period, and the second winning facility is expected to achieve commercial operation by the end of the Billing Period. On Walker Exhibit No. 2, DEP witness Walker set forth 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 4 evidences \$294,503 in costs incurred during the EMF period that were allocated to the North Carolina retail jurisdiction and \$319,385 in

CPRE Program rider revenues collected during the EMF period, resulting in an overcollection of \$24,882.

Witness Walker also testified that DEP received \$20,000 in onetime revenues associated with contract fees collected from CPRE Program MPs during the test period. She further testified as to DEP's proposal that North Carolina retail customers be credited with \$12,328, their allocable share, through the proposed EMF rider component.

DEP witness Cathcart testified 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 Compliance Report.

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

Public Staff witness Allison testified 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 did 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 is requesting 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 are appropriate to be credited back to customers by DEP.

The Commission notes that DEP's CPRE 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 RFP Solicitation.

DEP witness Cathcart testified 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 prorata 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 testified 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. DEC sought recovery of its pro-rata share through its annual CPRE rider proceeding, Docket No. E-7, Sub 1247, which was approved by the Commission.

Public Staff witness Thomas testified that in DEC's prior CPRE Rider proceeding, Docket No. E-7, Sub 1231 (Sub 1231), DEC also sought recovery of IA fees that exceeded the amount collected from MPs via the Tranche 1 Program fees. Witness Thomas and DEC witness Cathcart both noted that in the Sub 1231

proceeding, DEC agreed to raise the cap on Winners' Fees in subsequent tranches from \$500,000 to \$1,000,000 to help ensure that the IA's fees were recovered from MPs. Witness Thomas also testified that, in order to provide MPs with certainty regarding Winners' Fees, the \$1,000,000 cap was stated in the Tranche 2 RFP. Finally, witness Thomas stated that the \$1,000,000 cap was believed to be sufficient to prevent a similar underrecovery in the future.

Witness Cathcart and witness Thomas each explained that from Tranche 1 to Tranche 2 there was an unanticipated, significant reduction in the number of proposals submitted that resulted in a corresponding reduction in Proposal Fees. Witness Cathcart also testified that a number of factors caused the IA's fees to exceed estimates, including extensive unanticipated stakeholder processes and reporting obligations.

Finally, witness Thomas testified that the reduction of the amount covered through Proposal Fees in Tranche 2 plus the IA's fees related to the above-described disputes arising out of the Tranche 1 CPRE process, resulted in the uncollected IA fees DEP seeks to recover here. Notwithstanding the foregoing, witness Thomas testified that DEP provided a reasonable explanation for why the IA's fees exceeded the fees recovered from MPs and did not recommend that the Commission disallow any of the excess IA fees. Proposal Fees in Tranche 2 plus the IA's fees related to the above-described disputes arising out of the Tranche 1 CPRE process, resulted in the uncollected IA fees DEP seeks to recover here. Notwithstanding the foregoing, witness Thomas testified that DEP provided a reasonable explanation for why the IA's fees exceeded the fees recovered from

MPs and did not recommend that the Commission disallow any of the excess IA fees.

The Commission has carefully considered the IA fees described herein and the explanations of DEP and the Public Staff. For the purpose of this proceeding, the Commission accepts the Public Staff's recommendations that DEP has presented a reasonable basis for why the IA's fees exceeded the fees recovered from MPs and that the Commission allow DEP to recover the uncollected IA fees incurred during the test period. The Commission further notes that relative to standard offer Public Utility Regulatory Policies Act (PURPA) contracts at avoided costs, Tranche 1 of the CPRE is projected to save ratepayers an estimated \$261,000,000 over 20 years,<sup>1</sup> and Tranche 2 is projected to save ratepayers an estimated \$98,700,000 over 20 years.<sup>2</sup> For these reasons, the Commission determines that the uncollected IA fees that DEP seeks to recover in this proceeding are in the public interest, thus warranting a deviation from the requirements of N.C.G.S. § 62-110.8(d) and Commission Rule R8-71(d)(10), which is consistent with the Commission's authority pursuant to G.S. § 62-110.8(h)(5) and Commission Rule R8-71(i)(2).

The CPRE Program continues to evolve through lessons learned with each Tranche; however, going forward, the Commission stresses its firm expectation that CPRE Program fees for future tranches will be structured to ensure that all IA

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<sup>1</sup> Tranche 1 Final Report of the Independent Administrator at 1, Docket Nos. E-2, Sub 1159 and E-7, Sub 1156 (July 23, 2019).

<sup>2</sup> Tranche 2 Final Report of the Independent Administrator at 1, Docket Nos. E-2, Sub 1159 and E-7, Sub 1156 (Feb. 12, 2021).

fees are recovered solely from MPs as is contemplated by N.C.G.S. § 62-110.8(d) and Commission Rule R8-71(d)(10). Toward this end, the Commission directs that DEP ensure that the proposed Tranche 3 program fee structure designed to recover all Tranche 3-related IA fees from Tranche 3 MPs.

Finally, the Commission reiterates its directive from the DEP proceeding that the Public Staff should 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. 5**

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 provided 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 60.86% allocation factor for capacity-related costs and the 61.84% allocation factor for energy-related costs are appropriate for use in this proceeding.

#### **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 6-7**

The evidence supporting these findings of fact is contained in the direct testimony and exhibits of DEP witness Walker and Public Staff witness Thomas.

Walker Exhibit No. 2 and Walker Exhibit No. 3 present DEP's projected North Carolina retail allocated CPRE costs of \$5,023,980 in the billing period, as well as the allocation of the system costs to the North Carolina retail jurisdiction and the North Carolina retail customer classes. DEP used 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 for its allocation of CPRE purchased and generated power costs.

Public Staff witness Thomas discussed the CPRE costs estimated for the billing period but did not recommend any adjustments. No other party presented evidence on the appropriateness of DEP's proposed billing period charges anticipated to be incurred or the allocation of these costs.

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. The Commission further 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. 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 provided DEP's projected billing period sales of 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 testified 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 did 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.

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)**

<b>Customer Class</b>	<b>EMF Rate</b>	<b>CPRE Rider Rate</b>	<b>Total CPRE Rate</b>
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

### **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.

Public Staff witnesses Thomas and Allison testified that they reviewed and analyzed the CPRE Program costs for which DEP has requested recovery in this proceeding and found them to be appropriate.

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

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 testified 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 testified 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 avoided cost cap. The Tranche 2 Final Report also recommend improvements for future CPRE tranches.

Public Staff witness Thomas testified 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 rate 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 establish an EMF rate 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;
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 proposed Tranche 3 program fee structure is designed to recover all Tranche 3-related IA fees from Tranche 3 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 \_\_\_\_ day of October, 2021.

NORTH CAROLINA UTILITIES COMMISSION

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A. Shonta Dunston, Chief Clerk

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Joint Proposed Order of Duke Energy Progress, LLC and the Public Staff as filed in Docket No. E-2, Sub 1275, was served via electronic delivery or mailed, first-class, postage prepaid, upon all parties of record.

This, the 21<sup>st</sup> day of October, 2021.

/s/E. Brett Breitschwerdt

E. Brett Breitschwerdt

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