



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

August 25, 2020

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

Re: Docket No. E-2, Sub 1250 – Application of Duke Energy Progress, LLC Pursuant to G.S. 62-133.2 and Commission Rule R8-55 Relating to Fuel and Fuel-Related Charge Adjustments for Electric Utilities

Dear Ms. Campbell:

In connection with the above-referenced docket, I transmit herewith for filing on behalf of the Public Staff the following:

1. Testimony and exhibit of Dustin R. Metz, Utilities Engineer, Electric Section, Energy Division;
2. Notice of Affidavit; and
3. Affidavit of Jenny X. Li, Staff Accountant, Accounting Division.

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

Sincerely,

s/ John D. Little
Staff Attorney
john.little@psncuc.nc.gov

Attachments

Executive Director (919) 733-2435	Communications (919) 733-5610	Economic Research (919) 733-2267	Legal (919) 733-6110	Transportation (919) 733-7766
Accounting (919) 733-4279	Consumer Services (919) 733-9277	Electric (919) 733-2267	Natural Gas (919) 733-4326	Water (919) 733-5610

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1250

In the Matter of)	
Application by Duke Energy)	TESTIMONY OF
Progress, LLC Pursuant to G.S. 62-)	DUSTIN R. METZ
133.2 and Commission Rule R8-55)	PUBLIC STAFF – NORTH
Regarding Fuel and Fuel-Related)	CAROLINA UTILITIES
Costs Adjustments for Electric)	COMMISSION
Utilities)	

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

3 A. My name is Dustin R. Metz. My business address is 430 North
4 Salisbury Street, Raleigh, North Carolina.

5 **Q. WHAT IS YOUR POSITION WITH THE PUBLIC STAFF?**

6 A. I am an engineer with the Energy Division¹ of the Public Staff
7 representing the using and consuming public.

8 **Q. WOULD YOU BRIEFLY DISCUSS YOUR EDUCATION AND**
9 **EXPERIENCE?**

10 A. A summary of my education and experience is outlined in detail in
11 Appendix A of my testimony.

12 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
13 **PROCEEDING?**

14 A. The purpose of my testimony is to present the Public Staff's
15 recommendations regarding the proposed fuel and fuel-related cost
16 factors for the residential, small general service, medium general
17 service, large general service, and lighting customers of Duke
18 Energy Progress, LLC (DEP or the Company), as set forth in the
19 Company's June 9, 2020, Application and the Company's
20 August 21, 2020 supplemental filing.

¹ On August 1, 2020, the Public Staff merged the Electric Division and the Natural Gas Division to form the Public Staff Energy Division.

1 **Q. WHAT ARE THE TEST AND BILLING PERIODS FOR THIS**
2 **PROCEEDING?**

3 A. For this proceeding, the test period is April 1, 2019 through March
4 31, 2020, and the billing period is December 1, 2020 through
5 November 30, 2021.

6 **Q. PLEASE DESCRIBE THE SCOPE OF THE PUBLIC STAFF'S**
7 **INVESTIGATION.**

8 A. The Public Staff's investigation included a review of the Company's
9 test period and projected fuel and fuel-related costs and also the
10 following: (1) the Company's application, testimony, and responses
11 to Public Staff data requests; (2) documents related to the
12 performance of the Company's baseload power plants, including the
13 specific performance of the Company's nuclear facilities; (3) the
14 Company's purchased power transactions, including from
15 renewable energy facilities;² (4) the Company's coal, natural gas,
16 nuclear, and reagent procurement practices and contracts; (5) the
17 current state of coal, natural gas, nuclear fuel, and reagent markets;
18 and (6) the dispatch of the Company's generation resources. The
19 Public Staff also engaged in multiple discussions and meetings with
20 Company personnel regarding these topics. I have also reviewed
21 the affidavit of Public Staff witnesses Jenny Li.

² Except for those costs recovered pursuant to N. C. Gen Stat. § 62.133.8(h).

1 **Q. PLEASE SUMMARIZE THE RESULTS OF YOUR**
2 **INVESTIGATION AND YOUR RECOMMENDATIONS.**

3 A. For the test year, the Company did not meet the standard found in
4 Commission Rule R8-55(k). Based on my review of the specifics
5 that caused and or contributed to the outages, Hurricane Dorian
6 related outages, and Company actions from both a technical and
7 commercial aspect, the overall costs and plant performance for the
8 test period were adequate.

9 **Commission Rule R8-55(k) Standard**

10 **Q. DURING THE TEST YEAR, DID THE COMPANY ACHIEVE**
11 **EITHER OF THE TWO BENCHMARKS SET FORTH IN**
12 **SUBSECTION (K) OF COMMISSION RULE R8-55?**

13 A. No. For the test year, the Company did not meet either of the two
14 benchmarks set forth in Commission Rule R8-55(k). The Company
15 reported a single year system-wide nuclear capacity factor of
16 91.79%, which was less than the NERC (North American Electric
17 Reliability Corporation) weighted average nuclear capacity factor.
18 Additionally, the Company reported its two-year simple average of
19 its system-wide nuclear capacity factor of 90.5%, which was also
20 less than the NERC weighted average nuclear capacity factor (CF).
21 Therefore, a rebuttable presumption was created that DEP
22 imprudently incurred the resulting increased fuel costs during the
23 test year.

1 **Q. WHAT IS THE MOST RECENT NORTH AMERICAN ELECTRIC**
2 **RELIABILITY CORPORATION'S (NERC) GENERATING**
3 **AVAILABILITY REPORT (GAR) CAPACITY FACTOR (CF)?**

4 A. The annual capacity factor, appropriately weighted for the size and
5 type of plants that are equivalent to the Company's, is 92.72%.

6 **Q. IN THE COMPANY'S PREVIOUS FUEL CASE, DOCKET NO. E-2,**
7 **SUB 1205, YOU EXPRESSED CONCERNS ABOUT HOW THE**
8 **COMPANY DETERMINED THE MAXIMUM DEPENDABLE**
9 **CAPACITY (MDC) OF ITS NUCLEAR UNITS. DO YOU STILL**
10 **HAVE THOSE CONCERNS IN THIS CASE?**

11 A. Overall, I continue to have similar concerns, given the current
12 structure of Rule R8-55(k) requires measurement and comparison
13 of the one- and two-year averages. However, in this proceeding, the
14 overall concern is a moot point, as both the "as filed" one-year and
15 two-year averages triggered the rebuttable presumption. I would
16 also like to note that DEP witness Henderson, on page 7, footnote
17 2 of his direct testimony, does note the Public Staff's MDC concern,
18 and reports on the overall impact in this filing. While the overarching
19 concern remains unresolved at this time, the Public Staff is
20 committed to continue working with the Company to seek resolution.

1 **Q. DID THE PUBLIC STAFF REVIEW THE BILLING PERIOD OR**
2 **PROJECTED FUEL AND FUEL-RELATED COSTS AS SET**
3 **FORTH BY THE COMPANY IN THIS FILING?**

4 A. Yes. Based upon my investigation, I determined that the projected
5 fuel and reagent costs are reasonable and were calculated
6 appropriately. The projected cost of fuel and fuel-related costs are
7 affected by minor projected fluctuations in nuclear fuel, coal, and
8 natural gas costs. DEP's proposed fuel and fuel-related costs are
9 based on a 94.46% system nuclear capacity factor, which is what
10 the Company anticipates for the billing period.

11 **Q. PLEASE DISCUSS THE PUBLIC STAFF'S INVESTIGATION OF**
12 **THE TEST PERIOD EXPERIENCE MODIFICATION FACTOR**
13 **(EMF).**

14 A. Public Staff witness Jenny X. Li describes the Public Staff's review
15 of the test period EMF in her affidavit.

16 **Q. WHAT ARE THE FUEL COMPONENTS AND TOTAL FUEL**
17 **FACTORS THAT THE PUBLIC STAFF RECOMMENDS THAT**
18 **THE COMMISSION APPROVE?**

19 A. The Public Staff recommends approval of the fuel components and
20 total fuel factors (excluding the regulatory fee) shown in Exhibit 1
21 Table 1, effective for the twelve months beginning December 1, 2020.

- 1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?
- 2 A. Yes, this concludes my testimony.

QUALIFICATIONS AND EXPERIENCE

DUSTIN R. METZ

Through the Commonwealth of Virginia Board of Contractors, I hold a current Tradesman License certification of Journeyman and Master within the electrical trade, awarded in 2008 and 2009 respectively. I graduated from Central Virginia Community College, receiving Associates of Applied Science degrees in Electronics and Electrical Technology (Magna Cum Laude) in 2011 and 2012 respectively, and an Associates of Arts in Science in General Studies (Cum Laude) in 2013. I graduated from Old Dominion University in 2014, earning a Bachelor of Science degree in Engineering Technology with a major in Electrical Engineering and a minor in Engineering Management.

I have over 12 years of combined experience in engineering, electromechanical system design, troubleshooting, repair, installation, commissioning of electrical and electronic control systems in industrial and commercial nuclear facilities, project planning and management, and general construction experience, including six years with direct employment with Framatome, where I provided onsite technical support, craft oversight, engineer change packages and participated in root cause analysis teams at commercial nuclear power plants, including plants owned by both Duke and Dominion.

I joined the Public Staff in the fall of 2015. Since that time, I have worked on general rate cases, fuel cases, applications for certificates of public convenience and necessity, service and power quality, customer complaints, North American Electric Reliability Corporation (NERC) Reliability Standards, nuclear decommissioning, National Electric Safety Code (NESC) Subcommittee 3 (Electric Supply Stations) member, avoided costs and PURPA, interconnection procedures and power plant performance evaluations; I have also participated in multiple technical working groups and been involved in other aspects of utility regulation.

EXHIBIT 1

Docket No. E-2, Sub 1250

Proposed Fuel and Fuel-Related Cost Factors in cents per kWh
effective December 1, 2020
(excludes regulatory fee)

TABLE 1 – Company PROPOSED Fuel and Fuel-Related Cost Factors

(¢ per kWh)

Rate Class	Base & Prospective	EMF	EMF Interest	Total Fuel Factor
Residential	2.080	0.180	0	2.260
Small General Service	2.126	0.049	0	2.175
Medium General Service	2.228	0.096	0	2.324
Large General Service	2.204	0.267	0	2.471
Lighting	1.392	0.381	0	1.773

For comparison, Table 2 below provides the existing fuel and fuel-related cost factors (excluding the regulatory fee) approved in Docket No. E-2, Sub 1204:

TABLE 2– EXISTING Fuel and Fuel-Related Cost Factors (¢ per kWh)

Rate Class	Base & Prospective	EMF	EMF Interest	Total Fuel Factor
Residential	2.326	0.373	0	2.699
Small General Service	2.499	0.198	0	2.697
Medium General Service	2.456	0.218	0	2.674
Large General Service	2.054	0.648	0	2.702
Lighting	2.217	0.530	0	2.747

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1250

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Duke Energy Progress, LLC,)
Pursuant to N.C.G.S. § 62-133.2 and)
Commission Rule R8-55 Regarding Fuel and) NOTICE OF AFFIDAVIT
Fuel-Related Cost Adjustments for Electric)
Utilities)

NOW COMES THE PUBLIC STAFF - 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:

Jenny X. Li, Staff Accountant, Accounting Division
Public Staff - 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 15, 2020, pursuant to N.C. Gen. Stat. § 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. Gen. Stat. § 62-68.

THEREFORE, the Public Staff moves that the Affidavit of Jenny X. Li be
admitted into evidence in the absence of notice pursuant to N.C. Gen. Stat. § 62-68.

Respectfully submitted this the 25th day of August, 2020.

PUBLIC STAFF
Christopher J. Ayers
Executive Director

Dianna W. Downey
Chief Counsel

Electronically submitted
/s/ John D. Little
Staff Attorney
john.little@psncuc.nc.gov

430 North Salisbury Street - Dobbs Building
4326 Mail Service Center
Raleigh, North Carolina 27699-4300
Telephone: (919) 733-6110

CERTIFICATE OF SERVICE

I certify I have this day served a copy of the foregoing Notice of Affidavit and Affidavit on each of the parties of record in this proceeding or their attorneys of record by causing a copy to be deposited in the United States Mail, postage prepaid, properly addressed to each or by electronic delivery upon agreement from the parties.

This the 25th day of August, 2020.

Electronically submitted
/s/ John D. Little
Staff Attorney

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1250

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Duke Energy Progress, LLC,)
Pursuant to N.C.G.S. § 62-133.2 and) **AFFIDAVIT OF**
Commission Rule R8-55 Relating to Fuel and) **JENNY X. LI**
Fuel-Related Charge Adjustments for Electric)
Utilities)

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Jenny X. Li, first being duly sworn, do depose and say:

I am a Staff Accountant with the Electric Section of the Accounting Division of the Public Staff - North Carolina Utilities Commission. A summary of my education and experience is attached to this affidavit as Appendix A.

The purpose of my affidavit is to present the results of the Public Staff's investigation of the Experience Modification Factor (EMF) riders proposed by Duke Energy Progress, LLC (DEP or the Company) in this proceeding. The EMF riders are utilized to "true-up," by customer class, the recovery of fuel and fuel-related costs incurred during the test year. DEP's test year in this fuel proceeding is the twelve months ended March 31, 2020.

In its application, filed on June 9, 2020, DEP proposed EMF increment riders in cents per kilowatt-hour (kWh), excluding the North Carolina regulatory fee, for each North Carolina retail customer class, as shown in the table below:

Rate Class	EMF
Residential	0.180 ¢ per kWh
Small General Service	0.049 ¢ per kWh
Medium General Service	0.096 ¢ per kWh
Large General Service	0.267 ¢ per kWh
Lighting	0.381 ¢ per kWh

On August 21, 2020 DEP filed the Supplemental Testimony of Dana M. Harrington with Revised Harrington Exhibits and supporting workpapers. Witness Harrington's supplemental testimony and revised exhibits reflect the impact of three updates to numbers presented in witness Harrington's direct exhibits and workpapers. They are as follows:

- (1) To update the 2019 production plant allocator applied to renewable and qualifying facility capacity costs for the purpose of determining the billing period over or under collection.
- (2) To include a \$100,000 credit to the test period fuel expense as a reasonable adjustment to the replacement power cost associated with the Harris unit 1 outage.

- (3) To correct a typographical error presented in Harrington's direct Workpaper 8 and a mislabel error as Workpaper 12 was mislabeled as Workpaper 11.

Revised Harrington Exhibit 1 included in witness Harrington's supplemental testimony sets forth the Company's revised proposed EMF increment riders in cents per kilowatt-hour(kWh), excluding the North Carolina regulatory fee, for each North Carolina retail customer class, as shown in the table below:

Rate Class	EMF
Residential	0.180 ¢ per kWh
Small General Service	0.049 ¢ per kWh
Medium General Service	0.096 ¢ per kWh
Large General Service	0.267 ¢ per kWh
Lighting	0.381 ¢ per kWh

In witness Harrington's Revised Exhibits filed on August 21, 2020, DEP proposed revised under-recovery of fuel for each of the North Carolina retail customer classes is as follows:

Residential	\$29,153,931
Small General Service	\$863,226
Medium General Service	\$10,505,756
Large General Service	\$22,900,801
Light	\$1,330,678

The revised riders were calculated by dividing the fuel and fuel-related cost under-recoveries by DEP's normalized test year North Carolina retail sales of 16,191,429 megawatt-hours (MWh) for the residential class, 1,777,668 MWh for the small general service class, 10,949,334 MWh for the medium general service class, 8,584,996 MWh for the large general service class, and 349,444 MWh for the lighting class.

The Public Staff's investigation included procedures intended to evaluate whether the Company properly determined its per books fuel and fuel-related costs and revenues during the test period. These procedures included a review of the Company's filing, prior Commission orders, the Monthly Fuel Reports filed by the Company with the Commission, and other Company data provided to the Public Staff. The Public Staff also reviewed certain specific types of expenditures impacting the Company's test year fuel and fuel-related costs, including reagents (limestone, ammonia, urea, etc.), renewable energy, and purchased power, as well as reviews of source documentation of fuel and fuel-related costs for certain selected Company generation resources. Performing the Public Staff's investigation required the review of numerous responses to written and verbal data requests, and several telephone conferences with Company representatives.

As a result of the Public Staff's investigation, I am recommending that DEP's EMF increment rates for each customer class be based on net fuel and fuel-related cost under-recoveries of \$29,153,931 for the residential class, \$863,226 for the small general service class, \$10,505,756 for the medium general service class, \$22,900,801 for the large general service class, and \$1,330,678 for the lighting

class, and normalized North Carolina retail sales of 16,191,429 MWh for the residential class; 1,777,668 MWh for the small general service class, 10,949,334 MWh for the medium general service class, 8,584,996 MWh for the large general service class, and 349,444 MWh for the lighting class. These amounts produce the EMF increment rates for each North Carolina retail customer class (excluding the North Carolina regulatory fee) set forth in the table below:

Rate Class	EMF
Residential	0.180 ¢ per kWh
Small General Service	0.049 ¢ per kWh
Medium General Service	0.096 ¢ per kWh
Large General Service	0.267 ¢ per kWh
Lighting	0.381 ¢ per kWh

I have provided these amounts to Public Staff witness Dustin R. Metz for incorporation into his recommended final fuel factor.

This completes my affidavit.

Jenny Li

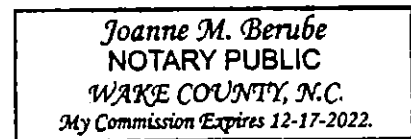
Jenny X. Li

Sworn to and subscribed before me,

This the 25th day of August, 2020.

Joanne M. Berube
Notary Public JOANNE M. BERUBE

My Commission Expires: 12/17/2022



QUALIFICATIONS AND EXPERIENCE

JENNY X. LI

I graduated from North Carolina State University with a Bachelor of Science degree in Accounting.

I joined the Public Staff Accounting Division in August 2016 as a Staff Accountant. I am responsible for the performance of the following activities: (1) the examination and analysis of testimony, exhibits, books and records, and other data presented by utilities and other parties under the jurisdiction of the Commission or involved in Commission proceedings; and (2) the preparation and presentation to the Commission of testimony, exhibits, and other documents in those proceedings.

Since joining the Public Staff, I have filed affidavits in Duke Energy Carolinas, LLC (DEC) fuel rider, Duke Energy Progress, LLC (DEP) fuel rider, Dominion Energy North Carolina REPS rider. I have also assisted on several electric cases and performed reviews in Duke Energy Carolinas, LLC (DEC), Duke Energy Progress, LLC (DEP) rate cases. I have also performed reviews of DEC's Existing DSM Program Rider and BPM/NFPTP Rider; Western Carolina University's PPA Rider and New River Light and Power Company's PPA Factor.

Prior to joining the Public Staff, I was employed by MDU Enterprises Inc. and Neusoft America Inc. My duties there varied from examining various financial statements to supervising accounting and assisting external audits.