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February 25, 2020

VIA ELECTRONIC FILING AND HAND DELIVERY

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

**Re: Duke Energy Carolinas, LLC's REPS Cost Recovery Rider and 2019
Compliance Report
Docket No. E-7, Sub 1229**

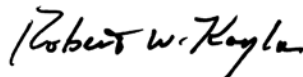
Dear Ms. Campbell:

Enclosed for filing with the North Carolina Utilities Commission ("Commission") please find the Application of Duke Energy Carolinas, LLC ("DEC" or the "Company") pursuant to N.C. Gen. Stat. §62-133.8 and Commission Rule R8-67 relating to incremental costs for compliance with the renewable energy and energy efficiency portfolio standard ("REPS") for electric utilities, together with the testimony and exhibits of Megan W. Jennings and Veronica I. Williams containing the information required by Commission Rule R8-67. DEC's 2019 REPS Compliance Report, filed pursuant to N.C. Gen. Stat. §62-133.8 and Commission Rule R8-67(c), is attached as Exhibit No. 1 to Ms. Jennings' testimony in support of the Application. I will deliver fifteen (15) paper copies of the filing to the Clerk's Office by close of business on February 26, 2020.

Certain information contained in the exhibits of Ms. Williams and Ms. Jennings is a trade secret, and confidential, proprietary, and commercially sensitive information. For that reason, it is being filed under seal pursuant to N.C. Gen. Stat. §132-1.2. Parties to the docket may contact the Company regarding obtaining copies pursuant to an appropriate confidentiality agreement.

Please do not hesitate to contact me if you have any questions.

Sincerely,



Robert W. Kaylor

Enclosure

cc: David Drooz (w/ attachments)

OFFICIAL COPY

Feb 25 2020

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1229

In the Matter of:)
)
Application of Duke Energy Carolinas, LLC)
for Approval of Renewable Energy and) **APPLICATION FOR APPROVAL**
Energy Efficiency Portfolio Standard) **OF REPS COST RECOVERY**
(REPS) Compliance Report and Cost) **RIDER AND 2019 REPS**
Recovery Rider Pursuant to N.C. Gen. Stat.) **COMPLIANCE REPORT**
§ 62-133.8 and Commission Rule R8-67)

Duke Energy Carolinas, LLC (“DEC” or the “Company”), pursuant to N.C. Gen. Stat. § 62-133.8 and Rule R8-67 of the Rules and Regulations of the North Carolina Utilities Commission (“Commission”), hereby makes this Application (1) for approval of its 2019 Renewable Energy Portfolio Standard (“REPS”) Compliance Report, and (2) to implement a monthly charge to recover the incremental costs associated with compliance with the REPS. In support of this Application, the Company respectfully shows the following:

1. The Company is a public utility operating in the states of North Carolina and South Carolina where it is engaged in the generation, transmission, distribution, and sale of electricity for compensation. Its general offices are located at 550 South Tryon Street, Charlotte, North Carolina, and its mailing address is DEC 45A, 550 South Tryon Street, Charlotte, North Carolina 28202.

2. The attorneys for the Company, to whom all communications and pleadings should be addressed, are:

Kendrick C. Fentress
Associate General Counsel
Duke Energy Corporation
P.O. Box 1551

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919.546.6733
Kendrick.Fentress@duke-energy.com

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3. N.C. Gen. Stat. § 62-133.8 requires North Carolina’s electric power suppliers to supply ten (10) percent of their North Carolina retail kilowatt hours (“kWh”) sales from “renewable energy resources,” as that term is defined by N.C. Gen. Stat. § 62-133.8(a)(8), for calendar year 2019. In addition, N.C. Gen. Stat. § 62-133.8(d) requires that the electric power suppliers supply 0.20 percent of their North Carolina retail kWh sales from solar photovoltaic or thermal solar resources in 2019. Further, N.C. Gen. Stat. § 62-133.8(e) and (f) require that the electric power suppliers also obtain their allocated share of the state-wide requirement of 0.20 percent of the total North Carolina retail kWh sold from swine waste resources and 900,000 megawatt hours (“MWh”) of the total electric power sold to North Carolina retail customers from poultry waste resources, respectively, in 2019.¹

4. N.C. Gen. Stat. § 62-133.8(h) provides that the electric public utilities shall be allowed to recover the incremental costs² associated with complying with N.C.

¹ Both the Poultry Waste and Swine Waste Set-Aside Requirements established by N.C. Gen. Stat. § 62-133.8 have been modified by Commission order pursuant to N.C. Gen. Stat. § 62-133.8(i)(2), as discussed herein.

² “Incremental costs” include (1) all reasonable and prudent costs incurred by an electric utility to meet the solar and renewable generation requirements of the statute that are in excess of the utility’s avoided costs, (2) costs associated with research that encourages the development of renewable energy, energy efficiency, or improved air quality provided those research costs do not exceed one million dollars (\$1,000,000) per year, and (3) costs, including program costs, incurred to provide incentives to customers pursuant to N.C.Gen. Stat. § 62-155(f) (solar rebate program costs and incentives).

Gen. Stat. § 62-133.8 through an annual rider not to exceed the following per-account charges:

<u>Customer Class</u>	<u>2008-2011</u>	<u>2012-2014</u>	<u>2015 and thereafter</u>
Residential per account	\$ 10.00	\$ 12.00	\$ 27.00
Commercial per account	\$ 50.00	\$ 150.00	\$ 150.00
Industrial per account	\$ 500.00	\$ 1,000.00	\$1,000.00

The statute provides that the Commission shall ensure that the incremental costs to be recovered from individual customers on a per-account basis are in the same proportion as the per-account annual charges for each customer class set out in the chart above.

5. Rule R8-67(c) requires the Commission to conduct an annual proceeding for each electric public utility to review the utility's costs to comply with N.C. Gen. Stat. § 62-133.8 and establish the electric public utility's annual rider to recover such costs in a timely manner. The Commission shall also establish an experience modification factor ("EMF") to collect the difference between the electric public utility's actual reasonable and prudent REPS costs incurred during the test period and the actual revenues realized during the test period. Rule R8-67(c) further provides that the Commission shall consider each electric public utility's REPS compliance report at the hearing provided for in Rule R8-67(e) and shall determine whether the electric public utility has complied with N.C. Gen. Stat. § 62-133.8(b), (d), (e) and (f).

6. According to Rules R8-67(c) and (e), the electric public utility is to file its application for recovery of its REPS costs, as well as its REPS compliance report, at the same time it files the information required by Rule R8-55, and the Commission is to conduct an annual rider hearing as soon as practicable after the hearing required by Rule R8-55.

7. Pursuant to the provisions of N.C. Gen. Stat. § 62-133.8 and Commission Rule R8-67(e), DEC requests the Commission to establish a rider to recover its reasonable and prudent forecasted REPS compliance costs to be incurred during the rate period. As provided in Rule R8-67(e), the Company requests to return to DEC’s retail customers, through the EMF, \$1,956,331 of REPS costs incurred and other credits for the period beginning January 1, 2019 through December 31, 2019 (“EMF Period”) and collect from DEC’s retail customers \$34,984,948 for REPS costs to be incurred during the rate period from September 1, 2020 through August 31, 2021 (“Billing Period”). The REPS rider and EMF will be in effect for the twelve-month period September 1, 2020 through August 31, 2021.

8. Pursuant to the provisions of N.C. Gen. Stat. § 62-133.8 and Rule R8-67, DEC requests Commission approval of the annual billing statements, including both the REPS monthly charge and the EMF monthly charge, for each customer class as follows:

Customer Class	REPS Monthly Charge (excl. regulatory fee)	Monthly EMF (excl. regulatory fee)	Total REPS Monthly Charge (excl. regulatory fee)	Total REPS Monthly Charge (incl. regulatory fee)
Residential	\$ 0.79	\$ (0.01)	\$ 0.78	\$ 0.78
General ³	\$ 3.99	\$ (0.15)	\$ 3.84	\$ 3.84
Industrial	\$16.67	\$ 1.84	\$18.51	\$18.53

The calculation of these rates is set forth in Exhibit No. 4 of the direct testimony of Veronica I. Williams filed with this Application.

³ Duke Energy Carolinas’ General Service rate schedule generally covers the class of customers intended to be captured by the “Commercial” class included within N.C. Gen. Stat. § 62-133.8. The Company does not have a rate schedule for “Commercial” customers.

9. Further, pursuant to the provisions of N.C. Gen. Stat. § 62-133.8 and Commission Rule R8-67(c), the Company requests Commission approval of its 2019 REPS Compliance Report, attached as an exhibit to the direct testimony of Megan Jennings filed in support of this Application. As described by Ms. Jennings' testimony, and illustrated in DEC's 2019 REPS Compliance Report, the Company has complied with the requirements of N.C. Gen. Stat. § 62-133.8(b) and (d) for 2019. In its December 16, 2019 *Order Modifying the Swine and Poultry Waste Set-Aside Requirements and Providing Other Relief* and its February 13, 2020 *Errata Order*, in Docket No. E-100, Sub 113, the Commission lowered the 2019 Poultry Waste Set-Aside Requirement (N.C. Gen. Stat. § 62-133.8(f)) to 500,000 MWh and delayed by one year the scheduled increases in that requirement. The Commission also lowered the Swine Waste Set-Aside Requirement for DEC, Duke Energy Progress, LLC and Dominion Energy North Carolina to 0.04% of prior-year retail sales, delaying the scheduled increase to 0.07% of prior-year retail sales to begin in calendar year 2020-2021, and delaying future increases by one year.⁴ The Company has complied with these modified Poultry Waste and Swine Waste Set-Aside Requirements.

⁴ In its *Order Modifying the Poultry and Swine Waste Set-Aside and Granting Other Relief* issued in Docket No. E-100, Sub 113 (November 29, 2012), the Commission eliminated the Swine Waste Set-Aside Requirement for 2012 and delayed for one year the Poultry Waste Set-Aside Requirement. In its March 26, 2014, *Final Order Modifying the Poultry and Swine Waste Set-Aside Requirements and Providing Other Relief*, the Commission delayed the Swine and Poultry Waste Set-Aside Requirements for an additional year. In its November 13, 2014 *Order Modifying the Swine Waste Set-Aside Requirement and Providing Other Relief*, the Commission directed that Swine Waste Set-Aside Requirement remain at 0.07 percent for the years 2015-2016. Subsequently, in its December 1, 2015 *Order Modifying the Swine and Poultry Waste Set-Aside Requirements and Providing Other Relief*, the Commission directed that the Swine Waste Set-Aside Requirement for 2015 be delayed an additional year and that the 2015 Poultry Waste Set-Aside Requirement would be the same as the 2014 level. In its October 17, 2016 *Order Modifying the Swine and Poultry Waste Set-Aside Requirements and Providing Other Relief*, the Commission directed that the 2016 Swine Waste Set-Aside Requirement be delayed an additional year and that the 2016 Poultry Waste Set-

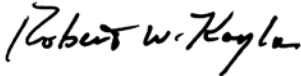
10. The information and data required to be filed under Commission Rule R8-67 is contained in the direct testimony and exhibits of Witnesses Jennings and Williams, which are being filed simultaneously with this Application and incorporated herein by reference.

WHEREFORE, the Company respectfully prays:

That consistent with this Application, the Commission approves the Company's 2019 REPS Compliance Report and allows the Company to implement the rate riders as set forth above.

Aside Requirement remain at the same level as the 2015 requirement and delayed by one year the scheduled increases in that requirement. In its October 16, 2017 *Order Modifying the Swine and Poultry Waste Set-Aside Requirements and Providing Other Relief*, in Docket No. E-100, Sub 113, the Commission directed that the 2017 Swine Waste Set-Aside Requirement be delayed an additional year and that the 2017 Poultry Waste Set-Aside Requirement (N.C. Gen. Stat. § 62-133.8(f)) remain at the same level as the 2016 requirement, which the Commission had previously approved at 170,000 MWh, and delayed by one year the scheduled increases in that requirement. In its October 8, 2018 *Order Modifying the Swine and Poultry Waste Set-Aside Requirements And Providing Other Relief* in Docket No. E-100, Sub 113, the Commission modified the 2018 Swine Waste Set-Aside Requirement for electric public utilities to 0.02% and delayed by one year the scheduled increases to the requirement. The Commission also modified the 2018 Poultry Waste Set-Aside Requirement to 300,000 MWh, and delayed by one year the scheduled increases in the requirement.

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



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ATTORNEYS FOR DUKE ENERGY CAROLINAS, LLC

VERIFICATION

STATE OF NORTH CAROLINA)
)
 COUNTY OF MECKLENBURG) DOCKET NO. E-7, SUB 1229

Veronica I. Williams, being first duly sworn, deposes and says:

That she is Rates and Regulatory Strategy Manager for Duke Energy Carolinas, LLC; that she has read the foregoing Application and knows the contents thereof; that the same is true except as to those matters stated on information and belief; and as to those matters, she believes them to be true.



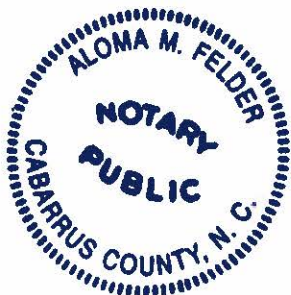
 Veronica I. Williams

Sworn to and subscribed before me
this the 24th day of February, 2020.



 Notary Public Aloma M. Felder

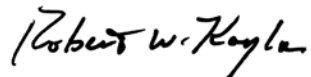
My Commission Expires: July 21, 2020



CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's REPS Cost Recovery Rider and 2019 Compliance Report, in Docket No. E-7, Sub 1229, has been served by electronic mail, hand delivery, or by depositing a copy in the United States Mail, 1st Class Postage Prepaid, properly addressed to parties of record.

This the 25th day of February, 2020.



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