

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1324

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Duke Energy Progress, LLC,)
for Approval of a Joint Agency Asset Rider)
for Recovery of Joint Agency Asset Costs) NOTICE OF AFFIDAVIT
Pursuant to N.C. Gen. Stat. § 62-133.14)
and Commission Rule R8-70)

NOW COMES THE PUBLIC STAFF of the North Carolina Utilities Commission (Public Staff) as constituted by N.C. Gen. Stat. § 62-15, by and through its Executive Director, Christopher J. Ayers, and gives notice that pursuant to N.C.G.S. § 62-68 that the Affidavit of:

Meredith Strickland, Public Utilities Regulatory Analyst
Public Staff, Accounting Division
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 Tuesday, September 19, 2023, at 9:00 a.m. in Hearing Room 2115 of the North Carolina Utilities Commission. 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 Meredith Strickland be admitted into evidence in the absence of notice pursuant to N.C.G.S. § 62-68.

Respectfully submitted this 28th day of August, 2023.

PUBLIC STAFF

Christopher J. Ayers
Executive Director

Lucy E. Edmondson
Chief Counsel

/s/ William Freeman, by electronic filling
William S. F. Freeman
Staff Attorney

430 North Salisbury Street - Dobbs Building
4326 Mail Service Center
Raleigh, North Carolina 27699
Telephone: (919) 733-6110
Email: William.Freeman@psncuc.nc.gov

CERTIFICATE OF SERVICE

I certify that I have caused to be delivered and served a copy of the foregoing together with the affidavit of Meredith Strickland on all the parties of record on the date set forth below in the manner set forth below on the person(s) set forth below and in accordance with the applicable jurisprudence, especially Commission Rule R1-39 and N.C.G.S. § 62-68.

Served on August 28, 2023, via email electronic delivery by agreement of the receiving party, upon those persons identified in the Commission's online docket's service list as follows:

jack.jirak@duke-energy.com
bkaylor@rwkaylorlaw.com
cress@bdixon.com
cshauer@brookspierce.com
mtrathen@brookspierce.com
bbreitschwerdt@mcguirewoods.com
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dconant@bdixon.com
cdodd@brookspierce.com

/s/ William Freeman, by electronic filing
William S. F. Freeman
Staff Attorney

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and Commission Rule R8-70)

AFFIDAVIT OF
MEREDITH STRICKLAND

STATE OF NORTH CAROLINA)
)
COUNTY OF WAKE)

I, Meredith Strickland, first being duly sworn, do depose and say:

I am a Public Utilities Regulatory Analyst with the Accounting Division of the Public Staff of the North Carolina Utilities Commission. A summary of my education and work 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 application of Duke Energy Progress, LLC (DEP or the Company), to revise the Joint Agency Asset Rider (JAAR) rates last approved by the Commission in Docket No. E-2, Sub 1295, pursuant to N.C. Gen. Stat. § 62-133.14 and Commission Rule R8-70. North Carolina Gen. Stat. § 62-133.14 allows DEP to recover the North Carolina retail portion of all reasonable and prudent costs (Joint Unit Costs) incurred to acquire, finance, operate, and maintain the

proportional interest in the generating units purchased from the North Carolina Eastern Municipal Power Agency (NCEMPA).

The portions of the generating facilities that can be recovered through the JAAR are DEP's acquired percentages of NCEMPA's prior ownership interests of 18.33% in Units 1 and 2 of the Brunswick Steam Electric Plant, 12.94% in Unit 4 of the Roxboro Steam Electric Plant, 3.77% in the Roxboro Plant Common Facilities, 16.17% in Unit 1 of the Mayo Electric Generating Plant, and 16.17% in Unit 1 of the Shearon Harris Nuclear Plant.

The Current JAAR Rates

DEP's current JAAR rates were approved by the Commission in its Order Approving Joint Agency Asset Rider, issued on November 9, 2022, in Docket No. E-2, Sub 1295 (Sub 1295 Order), which provided for recovery during the period December 1, 2022, through November 30, 2023 of (a) estimated Joint Unit Costs applicable to or expected to be incurred during that period and (b) a Rolling Recovery Factor (RRF) true-up of applicable costs actually incurred as compared to JAAR revenues recovered.

The Proposed JAAR Rates

The Company filed its initial application on June 13, 2023, and requested approval of prospective JAAR rates to recover the levelized acquisition costs and other estimated and annually apportioned costs that are (a) associated with the acquired ownership interests from NCEMPA and (b) applicable to or expected to be incurred during the period December 1, 2023, through November 30, 2024

(Rate Period). The application also requested approval of a proposed RRF to return the under-recovery of the same categories of costs as of December 31, 2022, which includes the cumulative unrecovered RRF balance as of December 31, 2021, plus the net underrecovery of costs that accrued during the test period in this proceeding (January 1, 2022, through December 31, 2022), and the credit financing costs accruing during the test period. The specific rates requested by the Company to become effective for the rate period, including the North Carolina regulatory fee (of 0.140%) are as follows:

Rate Class	Prospective Incremental Rate	Rolling Recovery Incremental Rate	Combined Incremental Rate
Residential (\$/kWh)	0.00500	0.00148	0.00648
Small General Service (\$/kWh)	0.00529	0.00087	0.00616
Medium General Service (\$/kWh)	0.00386	(0.00178)	0.00208
Seasonal & Intermittent Svc. (\$/kWh)	0.00291	0.00422	0.00713
Traffic Signal Service (\$/kWh)	0.00278	0.00057	0.00335
Outdoor Lighting Service (\$/kWh)	-	-	-
Medium General Service (\$/kW)	1.27	(0.15000)	1.12
Large General Service (\$/kW)	1.38	0.05000	1.43

The prospective incremental rates reflected above were determined by the Company based on an estimated North Carolina retail JAAR revenue requirement of \$158,540,000 for the rate period, and the RRF incremental rates were determined based on a cumulative underrecovery of \$23,300,000 in Joint Unit Costs as of the end of the test period.

The Company's proposed prospective JAAR annual revenue requirement in the current proceeding of \$158,540,000 is a decrease of approximately \$1.958 million below the \$160,498,000 of costs estimated for the JAAR rate period of December 2022 through November 2023. Company witness Sykes stated in his testimony that the primary driver of the decrease in the estimated revenue requirement is due to lower returns due to the Company for nuclear fuel inventory partially offset by increases in capital additions and operating expenses.

Fuel Savings

As required by Commission Rule R8-70(e)(1)(vi), Company witness Sykes's Exhibit L sets forth the fuel savings associated with the repurchase of the NCEMPA undivided ownership interest for the twelve-month period from January through December 2022. The calculated North Carolina retail fuel savings set forth on Exhibit L (approximately \$68,976,814) have been or will be (through the fuel cost true-up process) flowed through to DEP's customers through its fuel and fuel-related cost rider. Although flowed through in that rider, those fuel savings are effectively an offset to the JAAR, as they represent a benefit of the Company's acquisition of NCEMPA's undivided ownership interest.

Investigation of Proposed Rates


The Public Staff's investigation in this proceeding included a review of DEP's application, testimony, and exhibits filed in this docket as well as the JAAR monthly reports.

The Public Staff reviewed the underlying capital additions added to the calculation of the JAAR rider in this proceeding but did not perform a full-scale investigation of the prudence and reasonableness of all such additions. Commission Rule R8-70(b)(4) provides that the Commission is to determine the reasonableness and prudence of the cost of capital additions or operating costs incurred related to the acquired plant in a general rate proceeding. However, should the Public Staff discover imprudent or unreasonable costs in a JAAR proceeding, it will recommend an adjustment in that proceeding; and in that case, it would also recommend that the impact of any disallowance also be reflected in the Company's cost of service in a general rate case.

Based on the investigation of the Company's filing, the Public Staff has not found any adjustments that should be made to the calculations of either the prospective or RRF revenue requirement. Therefore, the Public Staff recommends that the rates requested by the Company, including the regulatory fee, to become effective for the rate period are as follows:

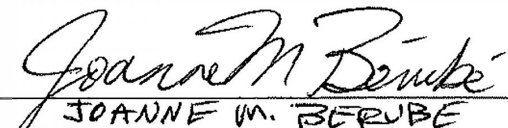
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Medium General Service (\$/kW)	1.27	(0.15000)	1.12
Large General Service (\$/kW)	1.38	0.05000	1.43

This completes my affidavit.



Meredith Strickland

Sworn to and subscribed before me this the 28th day of August, 2023.


 JOANNE M. BERUBE
 Notary Public for the State of North Carolina
 My Commission Expires: 12/17/2027



QUALIFICATIONS AND EXPERIENCE

MEREDITH STRICKLAND

I graduated from The University of North Carolina at Chapel Hill with a Bachelor of Arts in Economics and East Carolina University with a Master of Business Administration. Prior to joining the Public Staff, I worked in state government for 11 years in various finance and tax roles.

I joined the Public Staff as a Public Utilities Regulatory Analyst in May 2023. I am responsible for (1) examining and analyzing the applications, testimony, exhibits, books and records, and other data or information presented by utilities and other parties under jurisdiction of the Commission or involved in Commission proceedings; and (2) preparing and presenting testimony, exhibits, and other documents or information for presentation to the Commission in those proceedings.