

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-22, SUB 675

In the Matter of
Application by Virginia Electric and Power)
Company, d/b/a Dominion Energy North)
Carolina, for Authority to Adjust its Electric)
Rates and Charges and Revise its Fuel)
Factor Pursuant to N.C. Gen. Stat. § 62-)
133.2 and NCUC Rule R8-55)

**TESTIMONY OF
DARRELL BROWN
PUBLIC STAFF –
NORTH CAROLINA
UTILITIES COMMISSION**

NOVEMBER 7, 2023

1 **Q. Please state for the record your name, address, and present**
2 **position.**

3 A. My name is Darrell Brown. My business address is 430 North
4 Salisbury Street, Raleigh, North Carolina. I am a Public Utilities
5 Regulatory Analyst with the Accounting Division of the Public Staff –
6 North Carolina Utilities Commission.

7 **Q. Briefly state your qualifications and duties?**

8 A. My qualifications and duties are summarized in Appendix A.

9 **Q. What is the purpose of your testimony?**

10 A. The purpose of my testimony is to present the results of the Public
11 Staff's investigation of the Experience Modification Factor (EMF)
12 riders proposed by Dominion Energy North Carolina (DENC, or the
13 Company) in this proceeding. Unlike typical fuel riders, in this
14 proceeding the EMF consists of two components, denominated
15 Rider B and Rider B1.

16 In addition to recovery of the EMF, the Company also seeks recovery
17 of its anticipated future fuel costs, which is referred to as Rider A. My
18 testimony does not focus on Rider A, which is addressed at greater
19 length in Public Staff witness Lawrence's testimony.

20 **Q. Please describe the Experience Modification Factor.**

21 A. The EMF rider is utilized to "true-up," by customer class, the under-
22 or over-recovery of fuel and fuel-related costs (fuel costs)

1 experienced during the test year. This is determined by comparing
2 the revenues collected during the test year to recover previously
3 estimated fuel costs (fuel revenues) to the actual amount of fuel costs
4 incurred during the test year. DENC's test year in this fuel proceeding
5 is the twelve months ending June 30, 2023. Additionally, the
6 Company excluded the amount of under-recovery for July through
7 August 2022, as the amount was included in the EMF factors
8 approved in Docket E-22, Sub 644, pursuant to Commission Rule
9 R8-55(d)(3).

10 **Q. Please describe the Public Staff's investigation of the fuel EMF**
11 **riders.**

12 A. The Public Staff's investigation included procedures to evaluate
13 whether the Company properly determined its per books fuel costs
14 and fuel revenues during the test period. These procedures included
15 a review of the Company's original and supplemental filings, prior
16 Commission orders, the Monthly Fuel Reports filed by the Company
17 with the Commission, and other Company data provided to the Public
18 Staff. Additionally, the procedures included review of certain specific
19 types of expenditures affecting the Company's test year fuel costs,
20 any payments to non-utility generators (NUGs), and payments for
21 purchases of power from the markets administered by PJM
22 Interconnection, LLC. The Public Staff's procedures also included a
23 review of source documentation of fuel costs for certain selected

1 Company generation resources. Finally, the Public Staff's
2 investigation included the review of numerous responses to written
3 data requests, as well as many conferences with Company
4 representatives.

5 **Q. Please explain the fuel EMF riders originally proposed by DENC**
6 **in this proceeding.**

7 A. In its application filed on August 15, 2023, DENC proposed a uniform
8 EMF increment rider (Rider B) of \$0.004386 per kilowatt-hour (kWh)
9 after being adjusted for the North Carolina regulatory fee for all North
10 Carolina jurisdictional retail customer classes under traditional full
11 recovery.

12 To calculate the total EMF increment rider (Rider B), DENC divided
13 its test year fuel cost under-recovery of \$17,578,384 by the
14 Company's normalized North Carolina retail sales of 4,013,280,667
15 kWh to produce the proposed increment rider.

16 The Company also proposed a uniform EMF increment rider (Rider
17 B1) to recover the remaining under-recovery deferred balance
18 resulting from the Stepped Mitigation Proposal approved by the
19 Commission in Docket No. E-22, Sub 644 fuel proceeding. The
20 Company's projected Rider B1 under-recovery remaining balance as
21 of the billing period ending January 31, 2024, is \$26,638,591. To
22 recover this balance, DENC proposed a uniform Rider B1 of

1 \$0.006647 per kilowatt-hour (kWh) after being adjusted for the North
2 Carolina regulatory fee for all North Carolina jurisdictional retail
3 customer classes.

4 For the proposed Rider B1, DENC divided the projected under-
5 recovery remaining balance of \$26,638,591 by the Company's
6 normalized North Carolina retail sales of 4,013,280,667 kWh to
7 produce the proposed increment rider.

8 **Q. Please describe the Company's supplemental testimony.**

9 A. On November 3, 2023, DENC filed supplemental testimony and
10 exhibits updating the Rider B1 to allocate the estimated remaining
11 deferred under-recovery balance by retail customer class in the
12 same proportion as the total under-recovery amounts by retail
13 customer class per the Stipulated Settlement Agreement filed with
14 the Commission in Docket No. E-22, Sub 644.

15 **Q. What did Company witness Stuller propose in his supplemental**
16 **filing?**

17 A. DENC Witness Stuller proposed revised Rider B1 rates per kWh,
18 including the North Carolina regulatory fee for all North Carolina retail
19 customer classes as follows:

Rate Class	Rider B1
Residential	\$0.006666
Small General Service & PA	\$0.006466
Large General Service	\$0.006663
Schedule NS	\$0.006874
6VP	\$0.006450
Outdoor Lighting	\$0.006180
Traffic	\$0.006430

1 DENC calculated these revised Rider B1 rates based on the
2 stipulated class responsibility for the initial under-recovery of
3 \$66,729,993 approved in the 2022 fuel proceeding, Docket No. E-
4 22, Sub 644. These proposed rates were calculated using the
5 projected remaining Rider B1 under-recovery balance of
6 \$26,677,883 (inclusive of regulatory fee) as of January 31, 2024,
7 prorated to each NC Retail customer class. The remaining NC Retail
8 customer class balance was then divided by each respective
9 customer class's normalized North Carolina retail sales to determine
10 the revised Rider B1 rates.

- 1 **Q. What EMF increment rates are you recommending for the**
2 **updated EMF period?**
- 3 A. As a result of the Public Staff's investigation, I am recommending
4 that DENC's EMF Rider B increment rates for each customer class
5 be based on total net fuel and fuel-related cost under-recoveries of
6 \$17,578,384, and normalized North Carolina retail sales of
7 1,577,824 MWh for the Residential class; 762,251 MWh for the SGS
8 & PA class; 631,266 MWh for the LGS class; 733,864 MWh for the
9 Schedule NS class; 284,559 MWh for the 6VP class; 23,122 MWh
10 for the Outdoor Lighting class; and 395 MWh for the Traffic class for
11 the current period. After adjusting for the North Carolina regulatory
12 fee, these amounts produce the Jurisdictional Voltage Differentiated
13 EMF rate by rate class (Rider B) as follows:

Rate Class	Rider B
Residential	\$0.004431
Small General Service & PA	\$0.004427
Large General Service	\$0.004396
Schedule NS	\$0.004260
6VP	\$0.004321
Outdoor Lighting	\$0.004431
Traffic	\$0.004431

1 Additionally, I am recommending that DENC's Rider B1 increment
2 rates for each customer class be based on the remaining projected
3 under-recovery deferred balance of \$26,677,883 and normalized
4 North Carolina retail sales for each class mentioned in the previous
5 paragraph. The calculations are shown on DENC witness Stuller's
6 Supplemental Company Exhibit TPS-1 Schedule 5. After adjusting
7 for the North Carolina regulatory fee, these amounts produce the
8 following Rider B1 rates by rate class:

Rate Class	Rider B1
Residential	\$0.006666
Small General Service & PA	\$0.006466
Large General Service	\$0.006663
Schedule NS	\$0.006874
6VP	\$0.006450
Outdoor Lighting	\$0.006180
Traffic	\$0.006430

9 **Q. Are there any additional items you want to bring to the**
10 **Commission's attention in this fuel proceeding?**

11 A. Yes. Witness Stuller stated in his supplemental testimony that the
12 Company proposes to establish Rider B1 rates to recover or refund
13 any final over or under-recovery of the stipulated recovery balance
14 in the next fuel proceeding. Prior to the proceeding, the Public Staff

1 will work with the Company on the final true-up for Rider B1 to ensure
2 that the total amount recovered by retail customer class complies
3 with the amounts approved in the Stipulated Settlement Agreement
4 filed with the Commission in Docket No. E-22, Sub 644. The
5 Company has agreed to meet prior to the next fuel filing for this
6 purpose.

7 **Q. Does this conclude your testimony?**

8 **A.** Yes, it does.

QUALIFICATIONS AND EXPERIENCE

DARRELL BROWN

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

Prior to joining the Public Staff, I was employed by Lumen (FKA CenturyLink, Inc.), as a Regulatory Operations Manager. My duties included preparation and review of federal and state regulatory financial and compliance report filings; analyzing and interpreting federal and state commission and legislative policies, rulemakings, and statutes; providing analytical support and guidance necessary for federal and state regulatory policy development, investigations, and internal and external audit requests; coordination of regulated accounting and reporting policy changes; and managing accounting and pricing functions.

I joined the Public Staff in May 2021 as a Public Staff Accountant. Since joining the Public Staff, I have performed investigations and prepared testimony and exhibits in support of electric, natural gas, and water utilities rate cases. I also performed various other investigations and compliance reviews related to electric, gas, telecommunications, and water utilities. I filed testimony on Duke Energy Carolinas, LLC 2023 fuel proceeding in Docket No. E-7, Sub 1282 and Duke Energy Progress, LLC's 2023 fuel proceeding in Docket No. E-2, Sub 1321.

CERTIFICATE OF SERVICE

I certify that I have served a copy of the foregoing on all parties of record or to the attorney of record of such party in accordance with Commission Rule R1-39, by United States mail, postage prepaid, first class; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 7th day of November, 2023.

Electronically submitted
/s/William Freeman