STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-100, SUB 190

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Biennial Consolidated Carbon Plan and Integrated Resource Plans of Duke Energy Carolinas, LLC, and Duke Energy Progress, LLC, Pursuant to N.C.G.S. § 62-110.9 and § 62-110.1(c)	)))))))	**REBUTTAL TESTIMONY OF LAURA BATEMAN AND MARK GOETTSCH ON BEHALF OF DUKE ENERGY CAROLINAS, LLC AND DUKE ENERGY PROGRESS, LLC**

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I. INTRODUCTION AND OVERVIEW

Q. MS. BATEMAN, PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION WITH DUKE ENERGY CORPORATION.

My name is Laura A. Bateman, and my business address is 411 Fayetteville Street, Raleigh, North Carolina 27601. I am employed by Duke Energy Carolinas, LLC ("DEC") as Vice President of Carolinas Rates and Regulatory Strategy. I am providing rebuttal testimony on behalf of DEC and Duke Energy Progress, LLC ("DEP" and together with DEC, "Duke Energy" or the "Companies") together with Mark Goettsch as the "Carolinas Utility Operations Panel."

Q. ARE YOU THE SAME LAURA A. BATEMAN THAT FILED DIRECT TESTIMONY IN THIS CASE AS PART OF THE CAROLINAS UTILITY OPERATIONS PANEL?

A. Yes.

Q. MR. GOETTSCH, PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION WITH DUKE ENERGY CORPORATION.

A. My name is Mark Goettsch, and my business address is 411 Fayetteville Street, Raleigh, North Carolina 27601. I am employed by DEC as a Project Director in our Grid Planning and Integration group.

Q. PLEASE BRIEFLY DESCRIBE YOUR DUTIES AS PROJECT DIRECTOR IN GRID PLANNING AND INTEGRATION.

A. The Grid Strategy, Planning and Integration group handles a variety of strategic projects for the enterprise. My current responsibility is to manage several of the Carolinas One Utility Merger projects currently under development.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL QUALIFICATIONS.

A. I graduated from Clemson University with a Bachelor of Science degree in Electrical Engineering and a Master of Science degree in Electrical and Computer Engineering from The Georgia Institute of Technology. I am a registered professional engineer in the state of North Carolina. I have 20 years of experience in the electric utility industry, primarily in system operations. I began working at Duke Energy in 2004, joining one of its predecessor companies, Progress Energy, Inc. Over the past 20 years, I have had various roles of increasing responsibility in system planning and operations, as well as the Distribution Control Center. Prior to my current role, I was the Manager - System Operations at the DEP Energy Control Center. In this role I managed the team of real-time operators in the safe, reliable, and efficient operation of the DEP bulk electric system.

Q. WHAT ARE YOUR RESPONSIBILITIES IN YOUR CURRENT POSITION?

A. I am a Project Director in our Grid Planning and Integration group. Our team handles a variety of strategic projects for the enterprise; the current focus is leading several of the DEC/DEP One Utility Merger projects.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NORTH CAROLINA UTILITIES COMMISSION ("COMMISSION")?

A. No. However, I am adopting the Direct Testimony provided by Nelson Peeler in this proceeding and providing rebuttal testimony as part of the Utility Operations Panel.

Q. IS THE CAROLINAS UTILITY OPERATIONS PANEL INTRODUCING ANY EXHIBITS IN SUPPORT OF THE REBUTTAL TESTIMONY?

A. No.

Q. MS. BATEMAN, ON BEHALF OF THE PANEL, PLEASE BRIEFLY SUMMARIZE THE PANEL'S REBUTTAL TESTIMONY.

A. The Carolinas Utilities Operations Panel rebuttal testimony responds to targeted testimony of Public Staff - North Carolina Utilities Commission ("Public Staff") witnesses Dustin Metz, Michelle Boswell, and David Williamson; Carolina Industrial Group for Fair Utility Rates II and III ("CIGFUR") witnesses Bradford D. Muller and Brian C. Collins; and North Carolina Electric Membership Corporation ("NCEMC") Witness Amadou Fall.

II. BASE LINE RESIDENTIAL RATES

Q. MS. BATEMAN, DO YOU AGREE WITH PUBLIC STAFF WITNESS WILLIAMSON'S STATEMENT THAT THE COMPANIES' BILL IMPACTS PROVIDED IN THEIR JANUARY 2024 SUPPLEMENTAL PLANNING ANALYSIS ("SPA") ARE "MISLEADINGLY LOW?"[1]

A. No. Witness Williamson questioned why the Companies did not update the typical bill starting points used to calculate bill impacts in its SPA. As Mr. Williamson stated, the Companies used the most recently available data,

[1] Public Staff Williamson Direct Testimony at 34.

including typical bill amounts, at the time of preparing the customer rate impacts included in its initial Carbon Plan and Integrated Resource Plan ("CPIRP") filing.

As background, the Companies filed the SPA to inform the Commission's consideration of their 2023-2024 CPIRP as initially filed in light of the recent material increase to the Companies' load forecast, so the only updated assumptions included in the SPA customer bill impact calculations were related to the updated costs to include for recovery and the updated load growth. This, in turn, enabled a more "apples to apples" comparison between the initial filing and the SPA and minimized the new inputs that intervenors would need to review and audit. The Companies' approach was therefore intentional and intended to facilitate clear understanding of the changes in bill impacts driven by the SPA.

If the Companies took the approach recommended by witness Williamson to update the typical bill starting point, then the other inputs from the cost-of-service study ("COSS") – particularly the current retail revenue requirement – would need to be updated as well. For purposes of this rebuttal testimony, the Companies have updated the bill impact in the manner recommended by witness Williamson. Contrary to witness Williamson's assertion, a full update of these inputs actually decreases the presented customer bill impacts. The below table shows the bill impacts from the SPA, and those same impacts updated to inputs for more recent typical bills (based on the rates in effect as of February 1, 2024), and COSS reports (showing both 2022 reports and recently filed 2023 reports).

Figure 1: Bill Impact Snapshots for Portfolios P3 Fall Base, 2033 and 2038; Combined DEC and DEP

	SPA As filed	Updated with February 2024 Typical Bill and 2022 COSS Inputs[1]	Updated with February 2024 Typical Bill and 2023 COSS Inputs
2033			
CAGR	4.1%	3.5%	3.3%
Typical Bill Impact	$54	$53	$50
2038			
CAGR	3.6%	3.1%	3.0%
Typical Bill Impact	$80	$79	$75

[1] This column is consistent with Public Staff witness Williamson's Corrected Testimony.

The table shows that the bill impacts were not understated or "misleadingly low." Quite the opposite, by following witness Williamson's recommendation and increasing the starting point, the CAGR percent increases are reduced.

III. MERGER AND ADDRESSING RATE EQUITY AND DIFFERENCES

Q. MS. BATEMAN, CAN YOU ADDRESS THE CURRENT RATE DIFFERENCES BETWEEN DEC AND DEP COMPARED TO WHERE THEY WERE TWO YEARS AGO IN THE 2022 CARBON PLAN PROCEEDING?

A. Yes. The chart below shows the typical residential bills for both DEC and DEP since the 2022 Carbon Plan Proceeding.

Figure 2: NC Typical Bill for Residential Customer Using 1000 kwh

	DEC	DEP	Variance	% Variance
1/1/2022	$105.34	$124.89	$19.55	19%
1/1/2023	$115.01	$137.56	$22.55	20%
1/15/2024	$142.12	$157.30	$15.18	11%

Note: 1/15/2024 used for 2024 due to delay in implementing DEC rate case rates

As evidenced in the chart, the rate differences have not increased since the 2022 Carbon Plan proceeding. In addition, I referenced in my direct testimony that both DEP and DEC had filed rate cases with three-year multiyear rate plans and that the requested three-year increases were very similar for the two utilities. Since my direct testimony, the Commission has issued orders in both of those rate cases, and the final approved three-year increases were 12.4 percent and 14.8 percent for DEP and DEC, respectively. Although rates will still fluctuate due to annual riders, this is further support that the rate differences for the base rate portion of the bill will not increase between now and the time of the planned merger of the utilities.

Q. DO YOU AGREE WITH PUBLIC STAFF WITNESS DUSTIN METZ'S CLAIM THAT THE PORTFOLIOS[2] FILED BY THE COMPANIES WOULD INCREASE THEIR CURRENT RATE DIFFERENCES?

A. No. The residential bill impact analysis that the Companies calculated for the recommended P3 Fall Base portfolio and included in its SPA does not support such a claim. In fact, the Companies' SPA P3 Fall Base portfolio bill impact analysis demonstrated that the average annual rate percentage increases for DEC standalone are slightly higher than for the DEP standalone as of 2033 and 2038, as reflected in Figure SPA 3-6 and in the table below.

[2] Public Staff Metz Direct Testimony at 149.

Figure 3: CAGR Bill Impact Snapshots for Portfolios P3 Fall Base, 2033 and 2038

	SPA As Filed		Updated with February 2024 Typical Bill and 2022 COSS Inputs[1]		Updated with February 2024 Typical Bill and 2023 COSS Inputs	
	2033	2038	2033	2038	2033	2038
DEP	4.0%	3.4%	3.2%	2.8%	3.3%	2.9%
DEC	4.1%	3.7%	3.6%	3.3%	3.3%	3.1%
Combined	4.1%	3.6%	3.5%	3.1%	3.3%	3.0%

[1] This column is consistent with Public Staff Witness Williamson's Corrected Testimony.

As a result, the rate difference actually declines as of 2038 when layering in the impacts of the P3 Fall Base portfolio. This is very different from the 2022 Carbon Plan Proceeding, where the portfolios showed widening rate differences over the periods shown.

Q. HOW DO YOU RESPOND TO PUBLIC STAFF WITNESS METZ'S RECOMMENDATION THAT THE COMPANIES PROPOSE ALTERNATIVES TO A MERGER TO ADDRESS RATE DIFFERENCES BETWEEN DEC AND DEP IN THIS PROCEEDING?[3]

A. A merger of DEC and DEP provides significant benefits and is the best solution to address several of the concerns raised by Public Staff, including rate differences between DEC and DEP and potential cross subsidization. As explained further by Witness Goettsch below, the Companies have been performing substantial work internally to progress the merger project and believe the proposed merger will not only address these issues but also provide significant benefits to customers. The Companies have also taken additional steps to address rate differences as outlined in my direct testimony. One of these

[3] Public Staff Metz Direct Testimony at 150-51.

was the Transmission Cost Allocation Agreement and Stipulation ("TCA Stipulation"), entered into by the Companies and Public Staff in the most recent DEP and DEC base rate cases. The TCA Stipulation is effective until the sooner of the effective date of rates in DEP's or DEC's next general rate case or the effective date of a full merger of DEC and DEC, or otherwise by order of the Commission. As part of the TCA Stipulation, if the merger is not approved, there is a provision to negotiate in good faith regarding a revised approach. Therefore, I believe the TCA Stipulation is an existing alternative that meets Public Staff witness Metz's criteria. As the Commission is aware, the TCA Stipulation is currently being appealed before the Supreme Court of North Carolina, and the results of the appeal will provide more clarity on this alternative.

I believe a significant driver for Witness Metz's recommendation to develop alternatives to the merger is because it will require approval by regulators in all three jurisdictions within which the Companies operate (i.e., this Commission, the Public Service Commission of South Carolina ("PSCSC"), and the Federal Energy Regulatory Commission ("FERC")), which could increase risk. However, some of the other alternatives that could address Witness Metz's concerns with rate differences and power flows under the Joint Dispatch Agreement ("JDA") (*e.g.*, restructuring of the JDA, combining balancing authorities, etc.) also require approval by regulators in all three jurisdictions within which DEC and DEP operate as well (*i.e.*, this Commission, the PSCSC, and the FERC). Therefore, these alternatives do not carry any less risk of being achieved than the proposed merger. Accordingly, because the merger is the optimal solution that provides the most benefits, the Companies believe this is the solution they should bring forward for approval in each of our three jurisdictions.

Q. MR. GOETTSCH, SEVERAL INTERVENORS IN THIS PROCEEDING HAVE DISCUSSED THE COMPANIES' PLANNED MERGER. CAN YOU ELABORATE ON THE COMPANIES' EFFORTS TO-DATE?

A. As stated in this panel's direct testimony, the Companies launched an enterprise-wide study of merging DEC and DEP in 2023. The initial study concluded in early 2024 but was refreshed with the additional information from the SPA. The refreshed analysis focused on updating the modeling of the benefits, and the studies affirmed substantial system benefits from fully merging DEC and DEP. The Companies have undertaken significant efforts utilizing hundreds of employees across 12 business functions, 11 Information Technology organizations, and 5 Customer Service departments to further identify, develop, and plan the requirements needed to merge DEC and DEP and are devoting tremendous resources towards the merger. The legal day one timing of the merger is still targeted for January 1, 2027, and we continue to believe the merger will be beneficial for all customers and provides the best solution to addressing rate differences.

IV. DUAL-STATE SYSTEM AND CONTINUED STATE ALIGNMENT

Q. MS. BATEMAN, HOW DO YOU RESPOND TO CONCERNS ABOUT THE COMPANIES' ABILITY TO CONTINUE TO OPERATE A DUAL-STATE SYSTEM AND MAINTAIN STATE ALIGNMENT?

A. The Companies have successfully operated dual-state systems for more than a century and we believe maintaining a dual-state system is best for all customers. The dual-state system for both DEC and DEP has delivered benefits for the utilities' respective customers for more than 100 years, and we believe that it will continue to do so, while also providing the most efficient pathway for the Companies' energy transition. However, the Companies agree there should be clarity on which state jurisdictional customers will receive the benefits of and pay for facilities.

Q. PLEASE COMMENT ON THE PENDING INTEGRATED RESOURCE PLAN PROCEEDING IN SOUTH CAROLINA.

A. As the Commission is aware, the Companies' Plan, including the modifications reflected in the SPA, were filed in parallel in South Carolina and is now under consideration by the PSCSC.[4] The Companies continue to believe that dual-state planning is in the best interest of customers and are hopeful the decision from the PSCSC on the pending Plan will reflect the value the dual state system brings to customers in both states. A decision is expected in

[4] Duke Energy Progress, LLC's 2023 Integrated Resource Plan (IRP), Docket No. 2023-8-E; Duke Energy Carolinas, LLC's 2023 Integrated Resource Plan (IRP), Docket No. 2023-10-E.

November and the Companies will assess any further actions needed after such decision is issued.

Q. PLEASE COMMENT ON THE POSITION TAKEN BY CIGFUR THAT NORTH CAROLINA SHOULD NOT BE REALLOCATED COSTS THAT WOULD HAVE OTHERWISE BEEN ALLOCATED TO SOUTH CAROLINA.

A. As previously stated, maintaining a dual-state system has and will continue to deliver benefits to customers. As noted in my direct testimony, the Companies allocated the costs to all jurisdictions in calculating the bill impacts because we believe the CPIRP meets the resource needs, statutory requirements, and energy policy objectives of both North Carolina and South Carolina with respect to resource planning. However, should a state jurisdiction choose to opt out of a resource that the other state wants to include in its resource plan, then the Companies would directly assign the retail costs and the benefits, including 100% of the retail generation output from the resource to that state. If the capital investments identified by the Commission in its order in this docket are needed to meet the requirements of retail customers and applicable laws, it is appropriate that the costs of those investments be included in retail rate base. It would be inappropriate for the Commission to approve a plan and then prohibit the Companies from recovering the prudent costs of executing the plan.

Q. NCEMC WITNESS FALL ASSERTS THAT TO "THE EXTENT INCREMENTAL COSTS RESULT FROM DUKE'S COMPLIANCE WITH THE CARBON REDUCTION GOALS IN H951, THOSE

INCREMENTAL COSTS SHOULD NOT BE ALLOCATED TO CUSTOMERS TO WHICH THE CARBON REDUCTION GOALS DO NOT APPLY."[5] DO YOU AGREE WITH THIS TESTIMONY?

A. No. I disagree with witness Fall's testimony in this respect. In response, I would make the following three points.

First, as an initial matter, the Commission does not exercise any jurisdiction regarding wholesale power rates; therefore, it is not clear why an NCEMC witness, representing wholesale power customers, would raise this issue in this proceeding.

Second, I find it impossible to square this statement with witness Fall's other testimony. Throughout his testimony, witness Fall offers comprehensive support for the Companies' proposed CPIRP. For instance, witness Fall definitively agrees that the CPIRP comports with North Carolina law, stating specifically that the Companies' "short-term action plan builds on the foundation for compliance with the carbon reduction goals originally established in the 2022 Carbon Plan Proceeding in a reasonable manner that is consistent with least-cost principles while maintaining system reliability[.]"[6] witness Fall then confirms that the Companies are appropriately maintaining reliability,[7] and even asserts that "NCEMC supports Duke's efforts to take an 'all of the above' and 'replace before retire' strategy to ensure reliability is

[5] NCEMC Fall Direct Testimony at 16.

[6] NCEMC Fall Direct Testimony at 8.

[7] *Id.*

maintained in a least cost manner while working towards attainment with the carbon reduction goals established in H951."[8] Given that NCEMC essentially supports the entirety of the Companies CPIRP and that the CPIRP represents the Companies' statutorily mandated resource planning process, it is difficult to understand why NCEMC then determines that it is reasonable to assert that NCEMC should not have to pay for its allocated share of the resulting system.

Third, I disagree with the notion that cost allocation should be premised on the extent to which a particular law applies to a particular customer. This would be like arguing that NCEMC should not have to pay for the costs of employment law or tax law compliance obligations that apply to the Companies simply because those employment or tax laws do not apply to NCEMC. The Companies plan their system and provide service in a manner that is consistent with all applicable law, and it is inappropriate for a wholesale customer to try to avoid paying for actual, reasonable, and prudent costs of the power they receive.

V. INCLUSION OF CONSTRUCTION WORK IN PROGRESS ("CWIP") IN RATE BASE

Q. PLEASE BRIEFLY DESCRIBE THE CONCEPT OF CWIP IN RATE BASE.

A. CWIP is a balance sheet account under the FERC Uniform System of Accounts where a utility accumulates costs on a plant during the construction period. Once the plant is placed in service, the CWIP balance is transferred to a plant

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[8] NCEMC Fall Direct Testimony at 11.

in-service balance sheet account. Typically, during the construction period the financing costs are accumulated and compounded in this CWIP account, and those financing costs are referred to as Allowance for Funds Used During Construction ("AFUDC"). Under this treatment, the AFUDC is compounded during the construction period and then collected from customers after the plant is placed in service.

An alternative treatment, referred to as CWIP in rate base, has long been allowed in certain circumstances under North Carolina statute. As Public Staff Witness Boswell references, N.C.G.S § 62-133(b)(1)(a) and (b) states that CWIP may be included in the cost of the public utility's property for reasonable and prudent expenditures for baseload electric generating facilities or if doing so is in the public interest and necessary to the financial stability of the utility. Under this CWIP in rate base treatment, the financing cost or AFUDC is collected from customers during the construction period. This treatment is particularly useful for resources with long construction periods in that it reduces compounding, reduces the overall financing costs for customers over the life of the facility, and can partially mitigate the rate impact when the facility is placed in service.

Q. PUBLIC STAFF WITNESS BOSWELL STATES THAT THE COMPANIES ASSUMED INCLUSION OF CWIP IN RATE BASE IN THEIR RATE CALCULATIONS. DID THE COMPANIES INCLUDE CWIP IN RATE BASE IN THEIR CALCULATIONS FOR ALL CPIRP INVESTMENTS?

A. No. The Companies only assumed CWIP in rate base treatment for long lead-time investments—advanced nuclear (small modular reactors and advanced nuclear reactors), pumped storage hydro, and offshore wind.

Q. WHY DID THE COMPANIES INCLUDE CWIP IN RATE BASE FOR THESE INVESTMENTS IN THEIR CUSTOMER BILL IMPACT CALCULATIONS?

A. The Companies assumed CWIP in rate base treatment with respect to these long lead-time investments because the investments are so large that the Companies would need to be able to recover the financing costs during the construction period in order to build and finance the generation. The Companies' EIR and CWIP Panel explains further the Companies' need to recover the financing during the construction period for these large investments.

Since this recovery treatment is necessary to construct these facilities, the Companies thought it appropriate to include CWIP in rate base for these investments in the customer bill impacts shown in this proceeding. The Companies also think it is important information for the Commission to understand when approving the inclusion of these investments in the CPIRP.

Q. HOW DO YOU RESPOND TO PUBLIC STAFF WITNESS BOSWELL'S ASSERTION THAT INCLUSION OF CWIP INTO RATE BASE SHOULD ONLY BE CONSIDERED ON A CASE-BY-CASE BASIS DURING A GENERAL RATE CASE PROCEEDING?

A. I agree that the inclusion of specific amounts of CWIP in rate base should be considered during a general rate case proceeding. However, given the necessity of CWIP in rate base treatment to the Companies' ability to construct the referenced long lead-time facilities, I also think it is appropriate for the Commission to approve the general treatment of CWIP in rate base at the time it approves the construction of the facilities.

VI. ASSURANCE OF COST RECOVERABILITY OF NEAR-TERM ACTION PLAN COSTS

Q. DO YOU AGREE WITH PUBLIC STAFF WITNESS BOWSELL'S CHARACTERIZATION THAT THE COMPANIES WERE ASKING FOR PRE-APPROVAL OF RECOVERY OF FUTURE ABANDONED PLANT COSTS RELATED TO THE CARBON PLAN?

A. No.

Q. WHAT DID THE COMPANIES MEAN BY ASKING THAT "LONG LEAD TIME RESOURCES" ULTIMATELY DETERMINED NOT TO BE NECESSARY TO ACHIEVE THE ENERGY TRANSITION AND THE CO_2 EMISSION REDUCTION TARGETS OF HB 951 BE RECOVERABLE THROUGH BASE RATES?

A. The Companies are asking that the Commission approve the near-term project development activities as described in the Companies' Second Amended Petition filed on April 30, 2024, and approve the reasonable assurance of recoverability of these costs consistent with the Order Adopting Initial Carbon Plan and Providing Direction for Future Planning, in on December 30, 2022, in Docket No. E-100, Sub 179 ("Carbon Plan Order"), which states that "the Commission concludes that where it approves a request from Duke Energy to incur initial project development costs for purposes of execution of the Carbon

Plan, the Commission's approval constitutes reasonable assurance of recoverability in a future cost recovery proceeding, even if the resource is ultimately not selected by the Commission for the Carbon Plan."[9]

The Companies were asking for reasonable assurance of cost recoverability in a future cost recovery proceeding of the near-term project development activities, even in the event they do not lead to a specific resource ultimately determined to be necessary, and therefore not converted to CWIP. If such an event were to occur, the Companies are asking for approval to defer these initial project development costs to be able to bring them forward in a future general rate case proceeding in which the Companies have provided the necessary supporting documentation that the Public Staff and other intervenors would have the opportunity to audit and provided the Commission the opportunity to review for reasonableness and prudency of the expenditures. witness Boswell seems to support this request earlier in her testimony, when she states that the Commission should approve that Companies' request to incur project development costs[10] and that she believes the Commission's approval constitutes reasonable assurance of cost recoverability in a future cost recovery proceeding.[11]

[9] Carbon Plan Order at 29.

[10] Public Staff Boswell Direct Testimony at 4.

[11] Public Staff Boswell Direct Testimony at 5-6.

VII. PHASE IN RECOVERY

Q. WHAT IS YOUR RESPONSE TO CIGFUR WITNESSES MULLER AND COLLINS' RECOMMENDATION THAT THE COMMISSION ESTABLISH RATE MITIGATION MEASURES AND WITNESS COLLINS' SUGGESTION THAT THEY BE IN THE FORM OF PHASE-IN RECOVERY OF THE CPIRP IMPLEMENTATION?

A. While I understand their perspective, under United States Generally Accepted Accounting Principles ("GAAP") accounting rules, regulated utilities are not permitted to "phase in" customer rate impacts for a large newly constructed plant. This accounting standard was issued in the 1980s and applies to major plants constructed after January 1, 1988. The penalties for triggering a phase in plan are severe, and as such, utilities and regulators have sought to avoid triggering a phase in plan since the accounting standard was issued. For these reasons, the Commission should reject Witnesses Muller and Collins' recommendation.

VIII. ALL IN-RATE IMPACTS

Q. PLEASE COMMENT ON CIGUR WITNESSES MULLER'S AND COLLINS' CONCERN THAT THE COMPANIES HAVE NOT PROVIDED "ALL-IN" PROJECTED RATE IMPACTS.

A. The Commission rejected this same recommendation in the 2022 Carbon Plan and it should be rejected once again in this proceeding for the same reasons. The Companies do not prepare a forecast that projects costs and revenues out for 10 or 15 years and is not aware of a utility that does such all-inclusive projections. In discovery, we asked CIGFUR to provide any such forecasts that they were aware of from other utilities. To date, CIGUR has failed to provide any such forecasts.

The projected rate impacts were never intended to try to predict exactly what a customer's all-in rate will be in 10 or 15 years, but instead were meant to be a valuable tool for comparing alternative resource plans. In the Carbon Plan Order, the Commission gave "significant weight" to the Companies' testimony that "that there are substantial uncertainties associated with projecting all-in costs for an extended future period[,]" and concluded "that the PVRR and bill impact analyses provided by Duke are sufficient for evaluating and comparing the relative benefits of the various portfolios Duke presents in the Carbon Plan proposal."[12]

IX. PUBLIC STAFF 2021 BILL IMPACTS

Q. PLEASE COMMENT ON CIGFUR WITNESS MULLER'S COMPARISON OF THE PUBLIC STAFF'S BILL IMPACT ANALYSIS PROVIDED TO THE NC GENERAL ASSEMBLY IN 2021 AND THE COMPANIES' BILL IMPACT ANALYSIS FILED IN THIS PROCEEDING.

A. Witness Muller's comparison of the Public Staff's 2021 bill impact analysis provided to the North Carolina General Assembly and the Companies' bill impact analysis filed in this proceeding is misleading. The Public Staff's 2021 analysis was based on an earlier draft of the HB 951 bill that was drastically

[12] Carbon Plan Order at 129.

different from the version that ultimately passed. The earlier version of the bill focused on retirement of certain coal units with specific replacement generation and was very different from the legislation that was ultimately enacted. In addition, the Public Staff's 2021 bill impact analysis did not contemplate the significant growth and economic development that we have seen in the state recently, driving growth in electricity needs.

X. CONCLUSION

Q. DOES THIS CONCLUDE THE PANEL'S PRE-FILED REBUTTAL TESTIMONY?

A. Yes.