



**PUBLIC STAFF OF THE  
NORTH CAROLINA  
UTILITIES COMMISSION**

August 23, 2022

VIA ELECTRONIC SUBMISSION ONLY

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

Re: Docket No. E-2, Sub 1295 – Application of Duke Energy Progress, LLC, for  
Approval of Joint Agency Asset Rider Pursuant to N.C. Gen. Stat. § 62-133.14  
and Commission Rule R8-70 for Recovery of Joint Agency Asset Costs

Dear Ms. Dunston:

I hope this finds you doing well. In connection with the above-referenced docket, I transmit herewith for filing on behalf of the Public Staff both the Notice of Affidavit and Affidavit of Kuei Fen Sun, Financial Analyst III, Accounting Division of the Public Staff of the North Carolina Utilities Commission.

By copy of this letter, I am serving same on all parties of record by electronic delivery.

Thank you for your attention. Please let me know if you would like additional information or to discuss this matter further.

With kind regards,

/s/ William Freeman, by electronic filing

William S. F. Freeman  
Reita D. Coxton  
Staff Attorneys

Attachments

Executive Director  
(919) 733-2435

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**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-2, SUB 1295

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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

NOW COMES THE PUBLIC STAFF of the 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:

Kuei Fen Sun, Financial Analyst III  
Accounting Division, Public Staff of the 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 14, 2022, pursuant to N.C.G.S. § 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.G.S. § 62-68.

THEREFORE, the Public Staff moves that the Affidavit of Kuei Fen Sun be admitted  
into evidence in the absence of notice pursuant to N.C.G.S. § 62-68.

Respectfully submitted this 23rd day of August, 2022.

PUBLIC STAFF

Christopher J. Ayers  
Executive Director

Lucy E. Edmondson  
Chief Counsel

/s/ William Freeman, by electronic filing  
William S. F. Freeman  
email: William.Freeman@psncuc.nc.gov  
Reita D. Coxton  
email: Reita.Coxton@psncuc.nc.gov  
Staff Attorneys

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

## CERTIFICATE OF SERVICE

I certify that I have caused to be served a copy of the foregoing 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.

Served on August 23, 2022, 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](mailto:jack.jirak@duke-energy.com)  
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/s/ William Freeman, by electronic filing  
William S. F. Freeman  
Staff Attorney



**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-2, SUB 1295

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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

STATE OF NORTH CAROLINA    )  
  )  
COUNTY OF WAKE                    )

I, Kuei Fen Sun, first being duly sworn, do depose and say:

I am a Financial Analyst III 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 1274, 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 8, 2021, in Docket No. E-2, Sub 1274 (Sub 1274 Order), which provided for recovery during the period December 1, 2021, through November 30, 2022 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 14, 2022, 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, 2022, through November 30, 2023

(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, 2021, which includes the cumulative unrecovered RRF balance as of December 31, 2020, plus the net underrecovery of costs that accrued during the test period in this proceeding (January 1, 2021, through December 31, 2021), 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,<sup>1</sup> are as follows:

<b>Rate Class</b>	<b>Prospective Incremental Rate</b>	<b>Rolling Recovery Incremental Rate</b>	<b>Combined Incremental Rate</b>
Residential (\$/kWh)	0.00509	0.00122	0.00631
Small General Service (\$/kWh)	0.00534	0.00073	0.00607
Medium General Service (\$/kWh)	0.00392	0.00071	0.00463
Seasonal & Intermittent Svc. (\$/kWh)	0.00789	0.00799	0.01588
Traffic Signal Service (\$/kWh)	0.00257	0.00076	0.00333
Outdoor Lighting Service (\$/kWh)	0.00000	0.00000	0.00000
Medium General Service (\$/kW)	1.23	0.20000	1.43
Large General Service (\$/kW)	1.33	0.26000	1.59

The prospective incremental rates reflected above were determined by the Company based on an estimated North Carolina retail JAAR revenue requirement of \$160,498,000 for the rate period, and the RRF incremental rates were

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<sup>1</sup> The Company utilized a regulatory fee rate of 0.130%, which was revised by the North Carolina General Assembly, effective July 1, 2022, to 0.140%. This change in the regulatory fee does not change the rates as filed by the Company.



determined based on a cumulative underrecovery of \$33,548,000 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 \$160,498,000 is an increase of approximately \$2.585 million above the \$157,913,000 of costs estimated for the JAAR rate period of December 2021 through November 2022. Company witness Sykes states in his testimony that the primary drivers of the increase in the estimated revenue requirement are increases in capital additions due to more assets going into service in the test year and operating and maintenance costs due to planned nuclear outages in the prospective period.

#### **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 2021. The calculated North Carolina retail fuel savings set forth on Exhibit L (approximately \$46,478,000) 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:

Rate Class	Prospective Incremental Rate	Rolling Recovery Incremental Rate	Combined Incremental Rate
Residential (\$/kWh)	0.00509	0.00122	0.00631
Small General Service (\$/kWh)	0.00534	0.00073	0.00607
Medium General Service (\$/kWh)	0.00392	0.00071	0.00463
Seasonal & Intermittent Svc. (\$/kWh)	0.00789	0.00799	0.01588
Traffic Signal Service (\$/kWh)	0.00257	0.00076	0.00333
Outdoor Lighting Service (\$/kWh)	0.00000	0.00000	0.00000
Medium General Service (\$/kW)	1.23	0.20000	1.43
Large General Service (\$/kW)	1.33	0.26000	1.59

This completes my affidavit.

  
Kuei Fen Sun

Sworn to and subscribed before me  
this the 23rd day of August, 2022.

  
Joanne M. Berubé  
Notary Public for the State of North Carolina  
My Commission Expires: December 17, 2022

Joanne M. Berubé  
NOTARY PUBLIC  
WAKE COUNTY, N.C.  
My Commission Expires 12-17-2022.



## APPENDIX A

**QUALIFICATIONS AND EXPERIENCE****KUEI FEN SUN**

I graduated from North Carolina State University, in Raleigh, North Carolina, with a Master of Science in Accountancy (with a concentration in Auditing/ERM) in 2010. Prior to joining the Public Staff, I worked in state government and the private sector for 12 years as an external and internal auditor.

I joined the Public Staff as a Financial Analyst II in September 2021 and was promoted to Financial Analyst III in August 2022. I am responsible for (1) examining and analyzing the utilities company's applications, testimony, exhibits, books and records, and other data 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 for presentation to the Commission in those proceedings.

Since joining the Public Staff, I have performed several audits and presented testimony and exhibits before the Commission regarding a range of electric and water topics. I have filed testimony and exhibits in the C&P Enterprise, Inc., water and sewer general rate case. Additionally, I have worked on electric rider rate proceedings, particularly in program cost review of demand-side management and energy efficiency programs for DEC and DEP, the Joint Agency Asset Rider proceeding, the Existing Demand Side Management Program Rider,

the Bulk Power Marketing Rider, and the review of New River Light and Power Purchase Power Adjustment.