

DOCKET NO. E-2, SUB 1175

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Duke Energy Progress, LLC, for) AFFIDAVIT
Approval of Renewable Energy and Energy Efficiency) OF
Portfolio Standard Cost Recovery Rider Pursuant to) MICHELLE BOSWELL
G.S. 62-133.8 and Commission Rule R8-67)

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Michelle Boswell, first being duly sworn, do depose and say:

I am a Staff Accountant with the Accounting Division of the Public Staff - North Carolina Utilities Commission. A summary of my education and experience is attached to this affidavit as Appendix A.

N.C. Gen. Stat. § 62-133.8(h) provides that the State's electric power suppliers may recover their reasonable and prudently incurred incremental costs of compliance with the Renewable Energy and Energy Efficiency Portfolio Standard (REPS) through an annual rider charge. Pursuant to Commission Rule R8-67, the REPS rider will be recovered over the same period as the utility's fuel and fuel-related cost rider. Rule R8-67 also provides for a REPS experience modification factor (REPS EMF) rider, which is utilized to "true-up" the recovery of reasonable and prudently incurred incremental REPS compliance costs incurred during the test period established for each annual rider proceeding.

The purpose of my affidavit is to present the results of the Public Staff's investigation of the REPS EMF rider proposed by Duke Energy Progress, LLC (DEP or the Company), in this proceeding, based on incremental REPS compliance costs incurred and revenues recorded from April 2017 through March 2018 (REPS EMF period or test period).

On June 20, 2018, DEP filed its application, testimony, and exhibits related to the incremental costs incurred for compliance with the REPS. Williams Exhibit No. 4 sets forth the proposed annual and monthly EMF increment or decrement riders for each of the North Carolina retail customer classes. The proposed annual EMF increment/(decrement) riders, excluding the North Carolina regulatory fee, for the residential, general, and industrial customers, respectively, are \$1.47, \$(7.88), and \$97.35 per retail customer account. These rates are calculated by dividing the "Total EMF Costs/(Credits)" amount, as shown on Williams Exhibit No. 4 for each customer class, by the "Total Projected Number of Accounts – DEP NC Retail" for that class. The proposed monthly EMF increment/(decrement) riders, excluding the regulatory fee, for residential, general, and industrial customers, respectively, are \$0.12, \$(0.66), and \$8.11 per retail customer account.

The Public Staff's investigation included procedures intended to evaluate whether the Company properly determined its per books incremental compliance costs and revenues, as well as the annual revenue cap for REPS requirements, during the test period. These procedures included a review of the Company's filing and other Company data provided to the Public Staff. Additionally, the

procedures included a review of certain specific types of expenditures impacting the Company's costs, including labor and research and development costs. Performing the Public Staff's investigation required the review of numerous responses to written and verbal data requests, and discussions with Company personnel.

Pursuant to the Commission's November 17, 2017, *Order Approving REPS and REPS EMF Rider and Approving REPS Compliance Report*, in Docket No. E-2, Sub 1144, the Commission ordered the Public Staff and the Company to work together to evaluate "the inputs and revised methods for the allocation of EE RECs by class, as well as the allocation of the set-aside and general requirement cost categories to customer class" to identify any appropriate revisions that provided a more accurate calculation of the cost allocations to each customer class in future proceedings. On April 12, 2018, the Public Staff and the Company filed a Joint Report with the Commission in Docket No. E-2, Sub 1144 setting forth its findings. This Joint Report indicated that DEP will be able to calculate updated values for energy efficiency (EE) savings contributed by each customer class over the prior year which will allow for truing up the allocation as needed in the REPs EMF, as well as for the use of updated values in the billing period going forward. The Public Staff agreed with DEP's use of these updated values. Based on the Public Staff's review in this case, there are no adjustments to the EECs by customer class.

As a result of the Public Staff's investigation, I am recommending that DEP's proposed annual and monthly REPS EMF increment or decrement riders for each customer class be approved. These amounts produce annual increment/(decrement) REPS EMF riders of \$1.47, \$(7.88), and \$97.35, and monthly increment/(decrement) REPS EMF riders of \$0.12, \$(0.66), and \$8.11, per customer account, excluding the regulatory fee, for residential, general, and industrial customers, respectively.

This completes my affidavit.

Michelle Boswell

 Michelle Boswell

Sworn to and subscribed before me
 this the 29 day of August, 2018.

N. Patel

 Neha R. Patel
 Notary Public

My Commission Expires: 11/13/2018



Appendix A

MICHELLE M. BOSWELL

Qualifications and Experience

I graduated from North Carolina State University in 2000 with a Bachelor of Science degree in Accounting. I am a Certified Public Accountant.

I joined the Public Staff in September 2000. I have performed numerous audits and/or presented testimony and exhibits before the Commission addressing a wide range of electric, natural gas, and water topics. I have performed audits and/or presented testimony in the 2010 REPS Cost Recovery Rider for Duke Energy Carolinas, LLC (DEC); the 2008 REPS Compliance Reports for North Carolina Municipal Power Agency 1, North Carolina Eastern Municipal Power Agency, GreenCo Solutions, Inc., and EnergyUnited Electric Membership; DEC's 2017 rate case, four recent Piedmont Natural Gas (Piedmont) rate cases; the 2016 rate case of Public Service Company of North Carolina (PSNC), the 2012 rate case for Dominion Energy North Carolina (DENC, formerly Dominion North Carolina Power), Duke Energy Progress LLC 2013 and 2017 rate cases, several Piedmont, NUI Utilities, Inc. (NUI), and Toccoa annual gas cost reviews; the merger of Piedmont and NUI; and the merger of Piedmont and North Carolina Natural Gas (NCNG).

Additionally, I have filed testimony and exhibits in numerous water rate cases and performed investigations addressing a wide range of topics and issues related to the water, electric, and telephone industries.