



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

October 28, 2019

Ms. Kimberley Campbell, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

Re: Docket No. E-22, Sub 578 – Application by Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina, for Approval of Renewable Energy and Energy Efficiency Portfolio Standard Cost Recovery Rider Pursuant to G.S. 62-133.8 and Commission Rule R8-67

Dear Ms. Campbell:

On October 22, 2019, the Public Staff filed the Affidavits of Public Staff witness Jenny X. Li and Tommy C. Williamson in the above-referenced docket. On October 25, 2019, Dominion Energy North Carolina (DENC or the Company) filed the supplemental testimony and exhibits of Company witnesses Alan J. Moore and Emilia L. Catron to implement a change in the Rider RP and Rider RPE revenue requirements due to corrected information regarding costs associated with the Company's microgrid research demonstration project (Microgrid Project). As noted by Company witness Moore, the change resulted in a reduction of the revenue requirement of Rider RP and Rider RPE, so the Company developed final rates to reflect the updates to the Rider RP and Rider RPE revenue requirements

The Public Staff has reviewed the Company's supplemental testimony and exhibits and agrees with the changes to the proposed revenue requirements, which results in a slight decrease from the rates originally requested by the Company and discussed in the October 22, 2019, Affidavits filed by the Public Staff. To incorporate these changes, the Public Staff respectfully requests that the Affidavits of Jenny X. Li and Tommy C. Williamson, filed on October 22, 2019, be replaced with the attached revised Affidavits.

Executive Director (919) 733-2435	Communications (919) 733-5610	Economic Research (919) 733-2267	Legal (919) 733-6110	Transportation (919) 733-7766
Accounting (919) 733-4279	Consumer Services (919) 733-9277	Electric (919) 733-2267	Natural Gas (919) 733-4326	Water (919) 733-5610

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Kimberley A. Campbell, Chief Clerk
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By copy of this letter, we are forwarding copies to all parties of record.

Sincerely,

/s/ Tim R. Dodge
Staff Attorney
tim.dodge@psncuc.nc.gov

Attachments

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-22, SUB 578

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Virginia Electric and Power)
Company, d/b/a Dominion Energy North)
Carolina, for Approval of Renewable Energy)
and Energy Efficiency Portfolio Standard Cost)
Recovery Rider Pursuant to G.S. 62-133.8 and)
Commission Rule R8-67)

REVISED AFFIDAVIT OF
JENNY X. LI

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Jenny X. Li, first being duly sworn, do depose and say:

I am a Staff Accountant with the Electric Section of 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 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 Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC or the Company), in this proceeding, based on incremental REPS compliance costs incurred and revenues recorded from July 1, 2018 through June 30, 2019 (REPS EMF period or test period).

On August 13, 2019, DENC filed its application, testimony and exhibits related to the incremental costs incurred for compliance with the REPS. DENC witness Emilia L. Catron presented the Company's proposed annual and monthly REPS EMF Rider (Rider RPE) increments for each of the North Carolina retail customer classes. Company Exhibit ELC-1, Schedule 3 set forth the proposed annual EMF increment riders of \$0.53, \$2.88, and \$19.89 per retail customer account, excluding the regulatory fee, for the residential, commercial, and industrial classes, respectively. Also set forth on Company Exhibit ELC-1, Schedule 3 are the proposed monthly EMF increment riders of \$0.04, \$0.24, and \$1.66 per retail customer account, excluding the regulatory fee, for the residential commercial, and industrial classes, respectively.

On October 25, 2019, DENC filed the Supplemental Testimony and Exhibits of Alan J. Moore and Emilia L. Catron. The purpose of DENC's supplemental testimony is to implement one change in the Rider RP and Rider RPE revenue requirements due to corrected information regarding costs associated with the Company's microgrid research demonstration project (Microgrid Project). As noted by Company witness Moore, this one change resulted in a reduction of the revenue

requirement of Rider RP and Rider RPE of \$282, and \$235, respectively. Company Supplemental Exhibit ELC-1, Schedule 3 sets forth the proposed revised annual EMF increment riders of \$0.52, \$2.88, and \$19.85 per retail customer account, excluding the regulatory fee, for the residential, commercial, and industrial classes, respectively. Also set forth on Company Supplemental Exhibit ELC-1, Schedule 3 are the proposed revised monthly EMF increment riders of \$0.04, \$0.24, and \$1.66 per customer account, including the regulatory fee (\$0.04, \$0.24, and \$1.65 excluding the regulatory fee) for the residential, commercial, and industrial classes, respectively.

The Public Staff's investigation included procedures intended to evaluate whether the Company properly determined its per books incremental compliance costs and revenues, and complied with the annual REPS revenue cap during the test period. These procedures included a review of the Company's filings 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 research and development costs. Performing the Public Staff's investigation also required the review of responses to written data requests.

Based upon the Public Staff's investigation, I am recommending that DENC's proposed revised annual and monthly REPS EMF increment riders for each customer class, as set forth on Company Supplemental Exhibit ELC-1, Schedule 3, be approved. These amounts produce annual increment REPS EMF riders of \$0.52, \$2.88, and \$19.85 per customer account, excluding the regulatory fee, and proposed monthly riders of \$0.04, \$0.24, and \$1.66 per customer account,

including the regulatory fee (\$0.04, \$0.24, and \$1.65 excluding the regulatory fee) for the residential, commercial, and industrial classes, respectively.

This completes my affidavit.

Jenny Li

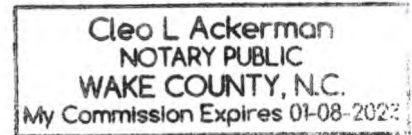
Jenny X. Li

Sworn to and subscribed before me

On this the 28th day of October, 2019.

Cleo L. Ackerman
(Printed Name)

Cleo L. Ackerman
Notary Public



My Commission Expires: 01-08-2023

QUALIFICATIONS AND EXPERIENCE

JENNY X. LI

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

I joined the Public Staff Accounting Division in August 2016 as a Staff Accountant. I am responsible for the performance of the following activities: (1) the examination and analysis of testimony, exhibits, books and records, and other data presented by utilities and other parties under the jurisdiction of the Commission or involved in Commission proceedings; and (2) the preparation and presentation to the Commission of testimony, exhibits, and other documents in those proceedings.

Since joining the Public Staff, I have filed testimony and affidavits in Duke Energy Progress, LLC (DEP) and Duke Energy Carolina, LLC (DEC) fuel cases and Dominion Energy North Carolina (DENC)'s REPS case. I have also assisted on several electric general rate cases and performed reviews in DEC's Existing DSM Program Rider and BPM/NFPTP Rider; Western Carolina University's PPA Rider and New River Light and Power Company's PPA Factor.

Prior to joining the Public Staff, I was employed by MDU Enterprises Inc. and Neusoft America Inc. My duties there varied from examining various financial statements to supervising accounting and assisting external audits.

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-22, SUB 578

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Virginia Electric and Power)
Company, d/b/a Dominion Energy North)
Carolina for Approval of Renewable Energy and)
Energy Efficiency Portfolio Standard Cost)
Recovery Rider Pursuant to G.S. 62-133.8 and)
Commission Rule R8-67)

REVISED AFFIDAVIT
OF
TOMMY C.
WILLIAMSON, JR.

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Tommy C. Williamson, Jr., being first duly sworn, do depose and say:

I am a Utilities Engineer in the Electric Division of the Public Staff – North Carolina Utilities Commission. I have attached, as Appendix A, a summary of my education and experience.

The purpose of my revised affidavit is to present the Public Staff's analysis and recommendations with respect to: 1) the Application for Approval of Renewable Energy and Energy Efficiency Portfolio Standard (REPS) Cost Recovery Rider and supporting direct testimony and exhibits of George E. Hitch, Alan J. Moore, and Emilia L. Catron (Application), filed by Virginia Electric and Power Company d/b/a Dominion Energy North Carolina (DENC or Company) on August 13, 2019; 2) the 2019 REPS Compliance Report filed as Company Exhibit GEH-1 on August 13, 2019; and 3) the supplemental testimony and exhibits of Alan J. Moore and Emilia L. Catron filed by DENC on October 25, 2019.

N.C. Gen. Stat. § 62-133.8(h) provides that electric power suppliers may recover their reasonable and prudently incurred incremental costs of compliance with the REPS through an annual rider charge. Pursuant to Commission Rule R8-67(e)(4), the REPS rider will be collected, to the extent practical, over the same period as the utility's fuel 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 the revenues realized under the REPS rider to the reasonable and prudently incurred incremental REPS compliance costs actually experienced during the test period established for each annual rider proceeding.

For 2018 compliance, DENC acquired renewable energy certificates (RECs), but not RECs and energy bundled together. DENC provides REPS compliance and reporting services for the Town of Windsor (Windsor) and maintains separate accounts for itself and Windsor in the North Carolina Renewable Energy Tracking System (NC-RETS). None of the costs of RECs assigned to Windsor were included in DENC's requested REPS cost recovery riders.

2019 REPS Compliance Report

The 2019 REPS Compliance Report includes REPS compliance activities for the calendar year 2018. For 2018, each electric power supplier needed to retire enough RECs to equal ten percent (10%) of jurisdictional retail megawatt-hour

(MWh) sales for 2017.¹ To reach compliance, DENC and Windsor were required to retire 416,745 and 4,693 RECs, respectively.

Pursuant to N.C. Gen. Stat. § 62-133.8(b)(2)(c), DENC may use energy efficiency certificates (EECs) to meet no more than twenty five percent (25%) of its total requirement. This limitation on the use of EECs to meet the total requirement does not apply to municipal suppliers such as Windsor. In addition, DENC is allowed to obtain all of its RECs from out-of-state sources,² whereas Windsor must obtain at least 75% of its RECs from in-state sources.³

DENC and Windsor pursued retirement of a total of 402,128 general requirement⁴ RECs and EECs during 2018. For itself, DENC included 370,092 RECs and 27,551 EECs from its portfolio of in-state EE programs approved pursuant to N.C. Gen. Stat. § 62-133.9, for a total of 397,643. For Windsor, DENC requested retirement of 4,485 general requirement RECs, with greater than 75% of Windsor's total RECs coming from in-state sources. Windsor did not use any EECs for compliance.

With respect to the solar requirements established by N.C. Gen. Stat. § 62-133.8(d), both DENC and Windsor were required to pursue retirement of solar

¹ 2017 North Carolina jurisdictional retail sales for DENC were 4,167,444 MWh. 2017 retail sales for Windsor were 46,928 MWh.

² N.C. Gen. Stat. § 62-133.8(b)(2)(e).

³ N.C. Gen. Stat. § 62-133.8(c)(2)(d).

⁴ The RECs or EECs that an electric power supplier is required to provide under N.C. Gen. Stat. § 62-133.8(b) or (c), exclusive of those required by the set-asides in N.C. Gen. Stat. § 62-133.8(d), (e), and (f), are customarily referred to as the "general requirement."

RECs amounting to 0.20% of their 2017 North Carolina retail sales. DENC retired a total of 8,430 solar RECs, 8,336 for itself and 94 for Windsor, in compliance with the statutory requirements.

In its October 8, 2018, *Order Modifying the Swine and Poultry Waste Set-Aside Requirements and Providing Other Relief* in Docket No. E-100, Sub 113, (“*2018 REPS Modification Order*”), the Commission, exercising the authority granted to it under N.C. Gen. Stat. § 62-133.8(i)(2), reduced the statewide poultry waste requirement in N.C. Gen. Stat. § 62-133.8(f) for 2018 to 300,000 MWh. As a result, DENC and Windsor were required to pursue retirement of their pro-rata share of the 300,000 poultry waste RECs. DENC retired a total of 10,046 poultry RECs, 9,932 for itself and 114 for Windsor, in compliance with the *2018 REPS Modification Order*.

In addition, the *2018 REPS Modification Order* required DENC to pursue retirement of swine RECs amounting to 0.02% of its 2017 North Carolina retail sales, but delayed the initial swine waste set-aside requirement for municipalities until 2019. In compliance with the *2018 REPS Modification Order*, DENC retired a total of 834 swine RECs for itself.

Based on my review, I recommend that the Commission approve the 2019 REPS Compliance Report for DENC and Windsor.

Kitty Hawk Microgrid

In 2013, the Commission approved a request by DENC to pursue a Microgrid demonstration project as a research project qualifying for REPS rider

cost recovery pursuant to N.C. Gen. Stat. § 62-133.8(h)(1)b.⁵ The Microgrid project is located at the Company's Kitty Hawk District Office. The facility commenced operation in July 2014, and a fuel cell was added to the project in July 2015. The Project was presented as a three-year demonstration project, and DENC indicated that "once the three-year demonstration period concludes, the Company intends for the NC Microgrid Project to continue to operate and offset load at the Kitty Hawk District Office."⁶ DENC filed reports on performance of the Microgrid during each year of the demonstration project for years 2015 through 2017.

In response to Public Staff data requests in this proceeding, DENC indicated that:

The Microgrid system was disconnected in August 2016 because the Kitty Hawk office was experiencing voltage issues. Since disconnecting the system, extensive inspections and troubleshooting revealed voltage harmonics issues due to an unknown source. The Company is working with internal subject matter experts and external contractor to develop a solution.⁷

DENC further indicated that it is working with an external contractor to evaluate complete recommissioning, partial recommissioning, or ultimately decommissioning the Microgrid, and that it anticipates finalizing its plan by the end of 2019.⁸ The Public Staff recommends that the Commission direct DENC to include in its 2020 REPS cost recovery proceeding testimony summarizing DENC's

⁵ *Order Approving REPS and REPS EMF Riders and 2012 REPS Compliance*, Docket No. E-22, Sub 503. (Dec. 18, 2013).

⁶ Testimony of DENC witness Gary D. Counts in Docket No. E-22, Sub 503, at page 7.

⁷ DENC Response to Public Staff Data Request No. 2-2. (September 6, 2019).

⁸ DENC Response to Public Staff Data Request No. 2-3. (September 6, 2019).

analysis of the issues experienced with the Microgrid project and any actions taken regarding whether to recommission or decommission the project. The Public Staff shared this recommendation with DENC, and DENC authorized the Public Staff to indicate that it does not object to this recommendation.

REPS Cost Recovery

The total REPS charge is based on the Rider RP, which are the costs projected for the billing period (February 1, 2020 through January 31, 2021), and the Rider RPE, which is the under-recovery from the Experience Modification Factor (EMF) period (July 1, 2018 through June 30, 2019).

I reviewed the estimated incremental costs associated with DENC's proposed REPS Rider RP in this case. Those costs are estimated to be \$1,246,279 and include costs to be incurred during the billing period related to: (1) the cost of RECs to be purchased, (2) research costs, and (3) other incremental costs (i.e., administrative costs, broker fees, Environmental Management Account (EMA) costs). DENC included only costs associated with RECs or with its management of REPS compliance for Windsor. Consistent with its allocation methodology used in the last REPS cost recovery proceeding, DENC allocated 5.0659% of the costs related to the EMA system to its North Carolina retail jurisdiction. This allocation is based on the level of energy sales assigned to the jurisdictions. All of the estimated research costs to be incurred during the billing period are associated with DENC's Microgrid demonstration project at the Company's Kitty Hawk District Office.

Public Staff Accountant Li has reviewed DENC's compliance costs for the test period and its proposed EMF charge, Rider RPE, and finds them to be reasonable.


The estimated costs of RECs to be purchased, research costs, and other incremental costs appear to be reasonable.

In its Supplemental Filing, DENC requested approval of the following monthly charges for the forecast rate and EMF rate, including the regulatory fee:

Customer Class	Forecast Rate (Rider RP)	EMF Rate (Rider RPE)	Total REPS Rate
Residential	\$0.51	\$0.04	\$0.55
General	\$2.84	\$0.24	\$3.08
Industrial	\$19.17	\$1.66	\$20.83

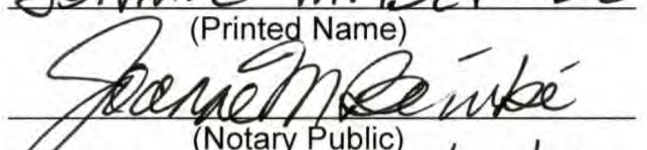
Based on my review of the Application, the Supplemental Filing, and the review of the affidavit of Public Staff witness Li, I recommend approval of DENC's proposed rates.

This completes my affidavit.



 Tommy C. Williamson, Jr.

Sworn to and subscribed before me
On this the 28th day of October, 2019.

JOANNE M. BERUBE
 (Printed Name)

 (Notary Public)
 My Commission Expires: 12/17/22

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

QUALIFICATIONS AND EXPERIENCE

Tommy C. Williamson, Jr.

I am an Engineer with the Public Staff's Electric Division. I graduated from North Carolina State University with a Bachelor in Science in Electrical Engineering. I have approximately 3 years of electrical distribution design and construction experience with Florida Power & Light Company. During that time I designed distribution circuits for overhead and underground services from the substation through to end users. This was inclusive of but not limited to; customer load analysis, feeder line loading analysis, facilities construction and installation. I then served 11 years as an Engineer with General Electric Company. In this role I represented the company with electrical design engineers, industrial and commercial end customers, and installation contractors to develop technical specifications for the procurement and use of electrical distribution equipment.

Since my employment with the Public Staff, I have reviewed customer quality of service complaints, transmission and distribution construction projects, vegetation management, small generator interconnection procedures, and filed testimony in general rate cases.