



Respectfully submitted this the 20th day of May, 2024.

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Electronically submitted  
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STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

DOCKET NO. E-7, SUB 1307

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application of Duke Energy Carolinas, LLC,	)	
for Approval of CPRE Cost Recovery Rider	)	<b>AFFIDAVIT OF</b>
Pursuant to N.C.G.S. § 62-110.8 and	)	<b>DARRUS COFIELD</b>
Commission Rule R8-71	)	

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Darrus Cofield, first being duly sworn, do depose and say:

I am a Public Utility Regulatory Analyst with the Accounting Division of the Public Staff - North Carolina Utilities Commission (Public Staff). A summary of my duties, education, and experience is attached to this affidavit as Appendix A.

North Carolina General Statute § 62-110.8(a) states that each electric public utility shall file for Commission approval a program for the competitive procurement of energy and capacity from renewable energy facilities, with the purpose of adding renewable energy to the State's generation portfolio in a manner that allows the State's electric public utilities to continue to reliably and cost-effectively serve customers' future energy needs.

North Carolina General Statute § 62-110.8(g) further states that an electric public utility shall be authorized to recover the costs of all purchases of energy,

capacity, and environmental and renewable attributes from third-party renewable energy facilities procured pursuant to the statute, and to recover the authorized revenue of any utility-owned assets selected pursuant to the statute through a Competitive Procurement of Renewable Energy (CPRE) annual rider approved by the Commission and reviewed annually. Commission Rule R8-71(j) also provides the following: (1) that the CPRE rider will be recovered over the same period as the utility's fuel and fuel-related cost rider; and (2) that the costs or authorized revenue will be modified through the use of a CPRE Program experience modification factor (CPRE EMF) rider. The CPRE EMF rider is utilized to "true-up" the recovery of reasonable and prudently incurred CPRE Program 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 Accounting Division's investigation of the CPRE Rider revenue requirements and calculations proposed by Duke Energy Carolinas, LLC (DEC or the Company), in its application filed in this proceeding on February 27, 2024, based on the incremental CPRE Program implementation costs and revenue requirements incurred and revenues recorded during the January 1, 2023, through December 31, 2023, period (CPRE EMF period or test period).

In its application, DEC proposed EMF decrement riders in cents per kilowatt-hour (kWh), excluding the North Carolina regulatory fee, for each North Carolina retail customer class as follows:

Residential	(0.0373) cents per kWh
General Service/Lighting	(0.0373) cents per kWh
Industrial	(0.0242) cents per kWh

DEC also proposed EMF interest decrement riders for each North Carolina Retail Customer class as follows:

Residential	(0.0013) cents per kWh
General Service/Lighting	(0.0018) cents per kWh
Industrial	(0.0000) cents per kWh

The riders were calculated by dividing the “Total CPRE EMF Amount including Contract Fees” as shown on Walker Exhibit No. 4 for each customer class by DEC’s NC projected billing period retail sales of 22,870,391 megawatt-hours (MWh) for the residential class, 24,590,927 MWh for the general service/lighting class, and 12,348,188 MWh for the industrial class.

On May 8, 2024, DEC filed Supplemental Testimony, Exhibits, and Supporting Workpapers of Christy J. Walker (Supplemental Filing). The Supplemental Filing provided corrections to the Company’s CPRE Revenues Realized During the Test Period and Contract Fees being credited in the CPRE Rider. In its initial filing, the Company calculated the test year realized revenue

(revenue collected) by multiplying the overall total CPRE revenue recorded by the weighted percentages of prospective rates approved by the Commission in the previous year's CPRE rider proceeding. The weighted percentages were calculated by the weight of each prospective or EMF rate to the total net CPRE rates approved for each customer class. This methodology of calculating the revenue collection for each rate component is flawed in that the revenue realized is impacted by the prior EMF rates, which is not related to the current EMF true-up as the EMF is not a rolling balance, but a one-time recovery of under- or overrecovered amounts. As such, the Public Staff recommended that the Company utilize a methodology similar to the EMF true-up for the annual fuel rider. That methodology similarly does not have a rolling balance and the EMF is a one-time true-up of under- or overrecovered amounts that calculates the revenue collection by multiplying the kWh sales by the prospective rates approved by the Commission in the applicable period. The Company agreed to the Public Staff's recommendation and revised its calculation in the Supplemental Filing. In its Supplemental Filing, DEC proposed revised EMF decrement riders in cents per kilowatt-hour (kWh), excluding the North Carolina regulatory fee, for each North Carolina retail customer class as follows:

Residential	(0.0360) cents per kWh
General Service/Lighting	(0.0359) cents per kWh
Industrial	(0.0333) cents per kWh

The revised proposed EMF interest decrement riders for each North Carolina retail customer class are as follows:

Residential	(0.0012) cents per kWh
General Service/Lighting	(0.0017) cents per kWh
Industrial	(0.0016) cents per kWh

The Public Staff Accounting Division's specific responsibilities in this CPRE rider proceeding are (1) to participate in the overall Public Staff investigation of the Company's filing and proposed EMF rates; (2) to review the incurred costs (including labor, outside services, and independent administrator fees and received revenues proposed for inclusion in the CPRE EMF rider; and (3) to investigate the Company's calculations of the proposed CPRE EMF rates and present the Public Staff's recommended CPRE EMF rates and underlying calculations.

As a result of my investigation, I am recommending that DEC's CPRE EMF riders for each customer class be based on overrecoveries of \$(8,241,023) for the residential class, \$(8,832,250) for the general service/lighting class, and \$(4,117,757) for the industrial class, and North Carolina retail projected billing period sales of 22,870,391 MWh for the residential class, 24,590,927 MWh for the general service/lighting class, and 12,348,188 MWh for the industrial class. These amounts produce EMF decrement riders for each North Carolina retail customer class as follows, excluding the regulatory fee:



Residential	(0.0360) cents per kWh
General Service/Lighting	(0.0359) cents per kWh
Industrial	(0.0333) cents per kWh

I also recommend an EMF interest decrement rider for each North Carolina retail customer class as follows, excluding the regulatory fee, resulting from the overrecovered CPRE amounts from each class:


Residential	(0.0012) cents per kWh
General Service/Lighting	(0.0017) cents per kWh
Industrial	(0.0016) cents per kWh

I have provided these amounts to Public Staff witness Jeff T. Thomas for incorporation into the Public Staff's recommended CPRE rider calculation.

This completes my affidavit.

  
Darrus Cofield

Sworn to and subscribed before me  
this the 20<sup>th</sup> day of May 2024.

  
Notary Public

My Commission Expires: 2/13/2026





**QUALIFICATIONS AND EXPERIENCE**

Darrus K. Cofield

I am a graduate of Capella University, with a Master of Business Administration with a concentration in Finance, and of East Carolina University, with a Bachelor of Science Degree in Economics and Business minor.

I joined the Public Staff in January 2023, and my current duties consist of: (1) the examination and analysis of testimony, exhibits, books and records, and other data presented by utilities and other parties involved in Commission proceedings; and (2) the preparation and presentation to the Commission of testimony, exhibits, and other documents in those proceedings. I have worked on water and sewer contiguous extension applications, electric securitization riders, CPCN applications, electric affiliate agreements and land sales contracts, CPRE cost recovery riders, JAAR (Joint Agency Asset) riders, and electric rate case adjustments.

Prior to joining the Public Staff, I worked for the North Carolina Department of State Treasurer as a Financial Analyst for the State and Local Government Commission. I have over five years of governmental finance experience assisting municipalities, counties, school boards, and other governmental units with the financing of projects throughout the State of North Carolina. Those projects consisted of Installment Purchase Contracts, USDA Revenue Bond, Revenue Bond, State Revolving Loans, State Obligation Bonds, and several other financing instruments.



## CERTIFICATE OF SERVICE

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

This the 20th day May, 2024.

Electronically submitted  
/s/ Thomas J. Felling  
Staff Attorney