**STATE OF NORTH CAROLINA**
**UTILITIES COMMISSION**
**RALEIGH**

DOCKET NO. E-22, SUB 676

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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| In the Matter of<br>Application by Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina, for Approval of Demand-Side Management and Energy Efficiency Cost Recovery Rider under N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-69 | )<br>)<br>)<br>)<br>)<br>) | ORDER APPROVING DSM/EE RIDER AND REQUIRING FILING OF PROPOSED CUSTOMER NOTICE |

HEARD: Tuesday, November 28, 2023, in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina 27603 (Public Witness Hearing, Hearing Examiner Warren Hicks presiding)

BEFORE: Commissioner ToNola D. Brown-Bland, Presiding, Chair Charlotte A. Mitchell and Commissioners Kimberly W. Duffley, Jeffrey A. Hughes, Floyd B. McKissick, Jr., and Karen M. Kemerait[1]

APPEARANCES:

For Dominion Energy North Carolina:

Andrea R. Kells, McGuireWoods, LLP, 501 Fayetteville Street, Suite 500, Raleigh, North Carolina 27601

For the Carolina Industrial Group for Fair Utility Rates I:

Christina D. Cress and Douglas E. Conant, Bailey & Dixon, LLP, 434 Fayetteville Street, Suite 2500, P.O. Box 1351, Raleigh, North Carolina 27601

For the Carolina Utility Customers Association, Inc.:

Marcus W. Trathen, Matthew B. Tynan, and Christopher B. Dodd, Brooks, Pierce, McLendon, Humphrey & Leonard, LLP, Suite 1700, Well Fargo Capitol Center, 150 Fayetteville Street, P.O. Box 1800, Raleigh, North Carolina 27601

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[1] The term of Commissioner ToNola D. Brown-Bland ended prior to the decision in this docket and, therefore, she did not participate in the decision.

For the Using and Consuming Public:

Anne M. Keyworth and Nadia L. Luhr, Public Staff – North Carolina Utilities Commission, 4326 Mail Service Center, Raleigh, North Carolina 27699-4300

BY THE COMMISSION: North Carolina General Statute § 133.9(d) authorizes the Commission to approve an annual rider to the rates of electric utilities to recover all reasonable and prudent costs incurred for the adoption and implementation of new demand-side management and energy efficiency (DSM/EE) programs. In accordance with Commission Rule R8-69(b), such rider consists of the utility's reasonable and appropriate estimate of expenses expected to be incurred during the rate period and a DSM/EE experience modification factor (EMF) rider to collect or refund the difference between the utility's actual reasonable and prudent costs incurred during the test period and actual revenues realized during the test period under the DSM/EE rider then in effect. The Commission is also authorized to approve incentives to electric utilities for adopting and implementing new DSM/EE programs, including appropriate incentives based on the sharing of savings achieved by the programs. These utility incentives are added to the utility's reasonable and appropriate estimate of expenses expected to be incurred during the rate period and DSM/EE EMF riders described above.

Further, Commission Rule R8-69(b) provides that, each year, the Commission will conduct a proceeding for each electric utility to establish an annual DSM/EE rider to recover DSM/EE related costs and utility incentives. Commission Rule R8-69(e) provides that the annual DSM/EE cost recovery rider hearing for each public utility will be scheduled as soon as practicable after the annual fuel and fuel-related charge adjustment proceeding held by the Commission for the electric public utility under Commission Rule R8-55.

On August 15, 2023, Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC or Company), filed in this docket its Application for Approval of Demand-Side Management and Energy Efficiency Cost Recovery Rider Programs (Application), seeking approval of new DSM/EE rider rates to recover the Company's reasonable and prudent DSM/EE costs, net lost revenues (NLR), and a DSM/EE Portfolio Performance Incentive (PPI).

**Pertinent Proceedings in Prior Dockets**

On October 14, 2011, in Docket No. E-22, Sub 464, the Commission issued its Order Approving Agreement and Stipulation of Settlement, Approving DSM/EE Rider, and Requiring Compliance Filing (2010 Cost Recovery Order). In the 2010 Cost Recovery Order, the Commission approved the Agreement and Stipulation of Settlement between the Public Staff and the Company (Stipulation), filed on March 2, 2011, as well as the Cost Recovery and Incentive Mechanism (Mechanism), attached as Stipulation Exhibit 1 to the Stipulation (collectively, Stipulation and Mechanism).

On December 13, 2011, in Docket No. E-22, Sub 473, the Commission issued its Order Approving DSM/EE Rider and Requiring Customer Notice in DENC's 2011 DSM/EE cost recovery proceeding (2011 Cost Recovery Order). The 2011 Cost Recovery Order also approved a first Addendum to the Stipulation and Mechanism

(Addendum I) related to jurisdictional allocation of DSM/EE costs. Addendum I was then incorporated as part of the Stipulation and Mechanism.

On April 29, 2013, in Docket No. E-22, Sub 486, the Commission issued its Order Granting Conditional Approval of Cost Assignment Proposal that approved a cost assignment methodology for allocating 100% of the incremental costs of DENC's prospective North Carolina-only Commercial Lighting Program and HVAC Upgrade Program to the North Carolina retail jurisdiction. On December 18, 2013, in Docket No. E-22, Sub 494, the Commission approved this cost assignment methodology for programs offered only in North Carolina as the second Addendum to the Stipulation and Mechanism (Addendum II). Addendum II was then incorporated as part of the Stipulation and Mechanism.

On May 7, 2015, in Docket No. E-22, Sub 464, the Commission issued its Order Approving Revised Cost Recovery and Incentive Mechanism and Granting Waiver (Order on Revised Mechanism). The Order on Revised Mechanism approved an updated Cost Recovery and Incentive Mechanism for Demand-Side Management and Energy Efficiency Programs (Revised Mechanism). The Revised Mechanism was effective for projected DSM/EE costs and utility incentives on and after January 1, 2016, and for true-up of DSM/EE costs and utility incentives for the period beginning July 1, 2014, through December 31, 2014, and on a lagging calendar year basis thereafter. The Revised Mechanism replaced the similar Mechanism that had been in effect since 2011. However, it also contained a provision stating that, beginning with 2017, DENC would switch the calculation of the bonus utility incentive approved for inclusion in its DSM/EE and DSM/EE EMF riders from a Program Performance Incentive to a Portfolio Performance Incentive.

On May 22, 2017, in Docket No. E-22, Sub 464, the Commission issued its Order Approving Revised Cost Recovery and Incentive Mechanism (2017 Mechanism), which implemented the change to the PPI. The 2017 Mechanism became effective as of May 22, 2017, for projected costs and utility incentives beginning January 1, 2018, and for true-ups of costs and utility incentives beginning January 1, 2017, and it is used in this proceeding to calculate the Rider CE billing rates related to DSM and EE measures implemented during Vintage Year 2022.

On March 22, 2022, in Docket No. E-22, Sub 464, the Commission issued its Order Approving Revised Demand-Side Management and Energy Efficiency Cost Recovery and Incentive Mechanism (2022 Mechanism). The 2022 Mechanism adapted the methodology of the 2017 Mechanism with revisions as enumerated in the Public Staff's September 16, 2021, update report in Docket No. E-22, Sub 464. The 2022 Mechanism adds specification that DENC's recovery of PPI in the percentages listed in the 2022 Mechanism are subject to a different determination by the Commission in DENC's annual DSM/EE rider proceedings as well as the addition of a cap and floor on PPI based on margin of PPI revenue over program costs. The 2022 Mechanism is effective for vintage years beginning January 1, 2023, and will remain in effect until a new mechanism is established. The 2022 Mechanism will be used in this rider proceeding to determine the Rider C billing rates related to DSM and EE measures projected to be installed during Vintage Year 2024.

The Commission most recently approved DENC's recovery of its reasonable and prudent DSM/EE costs and utility incentives by Order issued on January 17, 2023, in Docket No. E-22, Sub 645 (2023 Order).

**Proceedings in the Present Docket**

On August 15, 2023, with its Application, DENC filed the direct testimony of Michael T. Hubbard, and the direct testimonies and exhibits of Edmund J. Hall, Jarvis E. Bates, Justin A. Wooldridge, Christopher C. Hewett, and Casey R. Lawson. In summary, DENC's Application seeks recovery of DENC's reasonable and appropriate estimate of expenses and utility incentives expected to be incurred during the rate period (Rider C) and a DSM/EE EMF rider (Rider CE) to collect or refund the difference between DENC's actual reasonable and prudent costs and utility incentives incurred during the test period and actual revenues realized during the test period under the DSM/EE rider then in effect.

The intervention and participation in this docket by the Public Staff is recognized pursuant to N.C.G.S. § 62-15(d) and Commission Rule R1-19(e).

On August 23, 2023, the Carolina Utility Customers Association, Inc. (CUCA) filed a Petition to Intervene. The Commission granted this petition to intervene on August 28, 2023.

On August 25, 2023, the Carolina Industrial Group for Fair Utility Rates I (CIGFUR I) filed a Petition to Intervene. The Commission granted this petition to intervene on August 28, 2023.

On August 30, 2023, the Commission issued an Order Scheduling Hearing, Requiring Filing of Testimony, Establishing Discovery Guidelines, and Requiring Public Notice, which was amended by order issued September 7, 2023 (Amended Order). In the Amended Order, the Commission established deadlines for the filing of petitions to intervene, intervenor testimony and exhibits, and Company rebuttal testimony and exhibits. The Commission's Amended Order scheduled the hearing in this proceeding for Tuesday, November 28, 2023.

On October 11, 2023, DENC filed an Affidavit of Publication indicating that it had provided notice of the hearing in newspapers of general circulation in its service territory.

On November 7, 2023, the Public Staff filed the testimony and exhibits of Thomas C. Williamson, Jr., and the notice of affidavit and the affidavit of Hemanth Meda. No other intervening party filed testimony.

On November 16, 2023, DENC filed a letter in lieu of rebuttal testimony.

On November 17, 2023, DENC and the Public Staff filed a Joint Motion to Excuse Witnesses and Cancel Evidentiary Hearing.

On November 21, 2023, the Commission issued its Order Excusing Witnesses, Accepting Testimony, Canceling Expert Witness Hearing, and Setting Date for Briefs and Proposed Orders. In the Order, the Commission found good cause to excuse all

DENC and Public Staff witnesses from testifying at the expert witness hearing, to receive the witnesses' pre-filed testimony, exhibits, and affidavit into evidence, and to cancel the expert witness hearing scheduled for November 28, 2023. The Commission also directed that proposed orders should be filed on or before December 28, 2023.

This matter came on for public hearing as scheduled on November 28, 2023, before Hearing Examiner Warren Hicks. No public witnesses appeared at the hearing.

On December 21, 2023, DENC and the Public Staff filed a Joint Proposed Order.

Based upon DENC's Application, the testimony, exhibits, and affidavit received into evidence, and the record as a whole, the Commission makes the following:

## FINDINGS OF FACT

1. Virginia Electric and Power Company operates in the State of North Carolina as DENC. DENC is engaged in the business of generating, transmitting, distributing, and selling electric power and energy to the public for compensation in North Carolina, and is subject to the jurisdiction of the Commission as a public utility.

2. DENC is lawfully before the Commission based upon its Application filed pursuant to N.C.G.S. § 62-133.9 and Commission Rule R8-69.

3. The test period for purposes of this proceeding is the 12-month period of January 1, 2022, through December 31, 2022.

4. The rate period for purposes of this proceeding is the 12-month period of February 1, 2024, through January 31, 2025.

5. DENC has requested rate period recovery of costs and utility incentives (PPI) related to the following previously approved DSM/EE programs: (a) the Phase I Residential Air Conditioner Cycling Program; (b) the Phase V Non-Residential Small Business Improvement Program; (c) the Phase VI Non-Residential Prescriptive Program; (d) the Phase VII Programs: Non-Residential Heating and Cooling Efficiency Program, Non-Residential Lighting Systems & Controls Program, Non-Residential Window Film Program, Non-Residential Office Program, Non-Residential Small Manufacturing Program, Residential Appliance Recycling Program, Residential Home Energy Assessment Program, and Residential Efficient Products Marketplace Program; (e) the Phase VIII Programs: Residential Smart Thermostat EE Program, Residential Smart Thermostat DR Program, Residential Energy Efficiency Kits Program, Residential Home Retrofit Program, Small Business Enhanced Program, and Non-Residential New Construction Program; (f) the Phase IX Programs: Residential Income Age Qualifying Program, Residential Smart Home Program, Residential Virtual Audit Program, Residential Water Savings Energy Efficiency Program, Residential Water Savings Demand Response Program, Non-Residential Building Automatic Program, Non-Residential Building Optimization Program, Non-Residential Engagement Program, and Non-Residential Enhanced Prescriptive Program; and (g) the Phase X Non-Residential Lighting Systems and Controls Program.

6. In addition, DENC has requested test period recovery of costs and utility incentives (NLR and PPI) related to the following approved DSM/EE Programs: (a) the Phase I DSM/EE Programs: Residential Air Conditioner Cycling Program and Commercial Lighting Program; (b) the Phase III DSM/EE Programs: Non-Residential Lighting Systems and Controls Program, Non-Residential Heating and Cooling Efficiency Program, and Non-Residential Window Film Program; (c) the Phase IV Income and Age Qualifying Home Improvement Program; (d) the Phase V Non-Residential Small Business Improvement Program; (e) the NC-only Residential Retail LED Lighting Program; (f) the Phase VI Non-Residential Prescriptive Program; (g) the Phase VII Programs: Non-Residential Heating and Cooling Efficiency Program, Non-Residential Lighting Systems & Controls Program, Non-Residential Window Film Program, Non-Residential Office Program, Non-Residential Small Manufacturing Program, Residential Appliance Recycling Program, Residential Home Energy Assessment Program, and Residential Efficient Products Marketplace Program; (h) the Phase VIII Programs: Residential Smart Thermostat EE Program, Residential Smart Thermostat DR Program, Residential Energy Efficiency Kits Program, Residential Home Retrofit Program, Small Business Enhanced Program, and Non-Residential New Construction Program; and (i) the Phase IX Programs: Residential Income Age Qualifying Program, Residential Smart Home Program, Residential Virtual Audit Program, Residential Water Savings Energy Efficiency Program, Residential Water Savings Demand Response Program, Non-Residential Building Automatic Program, Non-Residential Building Optimization Program, Non-Residential Engagement Program, and Non-Residential Enhanced Prescriptive Program.

7. Recovery of DENC's forecasted DSM/EE program costs, common costs, NLR, and PPI is subject to the terms of the 2022 Mechanism. Recovery of the true-up of DENC's test period DSM/EE program costs, common costs, NLR, and PPI, is subject to the terms of the 2017 Mechanism. DENC should be allowed to recover its projected rate period and actual test period costs and utility incentives associated with offering each of its approved programs as requested in its Application. The requested cost recovery of program costs, common costs, NLR, and PPI is reasonable and consistent with the 2017 and 2022 Mechanisms.

8. DENC is not seeking recovery of projected rate period NLR in Rider C, and its request to true up NLR in Rider CE in future proceedings is reasonable.

9. DENC's proposed North Carolina retail DSM/EE Rider C rate period revenue requirement of $3,285,714, consisting of DSM/EE program costs, common costs, and a PPI, is reasonable.

10. For purposes of determining its DSM/EE EMF, Rider CE, DENC's reasonable and prudent North Carolina retail total revenue requirement for the DSM/EE EMF test period, consisting of DSM/EE program costs, common costs, and utility incentives, as reduced by Rider C revenues collected for the test year, is a net under-recovery of $732,474.

11. Rider C as proposed in the Application is reasonable and appropriate and consists of the following increment customer class billing factors, including the North Carolina regulatory fee: Residential – 0.1029 ¢/kilowatt-hour (kWh); Small General Service and Public Authority – 0.1536 ¢/kWh; Large General Service – 0.1389 ¢/kWh;

and no charge for 6VP, NS, Outdoor Lighting, and Traffic Lighting. It is reasonable and appropriate for Rider C to become effective for usage on and after February 1, 2024.

12. Rider CE as proposed in the Application is reasonable and appropriate and consists of the following increment customer class billing factors, including the North Carolina regulatory fee: Residential – 0.0288 ¢/kWh; Small General Service and Public Authority – 0.0251 ¢/kWh; Large General Service – 0.0227 ¢/kWh; and no charge for 6VP, NS, Outdoor Lighting, and Traffic Lighting. It is reasonable and appropriate for Rider CE to become effective for usage on and after February 1, 2024.

13. DENC requested the recovery of NLR in the amount of $517,147 and PPI in the amount of $319,624 for the test period, and a projected PPI of $332,683, but no NLR, for the rate period. DENC's calculation and proposed recovery of NLR and a PPI is consistent with both the 2017 and 2022 Mechanisms and is appropriate for recovery in this proceeding.

14. The jurisdictional and customer class cost allocations for Rider C and Rider CE included in the testimony and exhibits of Company witness Hewett are acceptable for purposes of this proceeding and are consistent with the 2017 and 2022 Mechanisms.

15. DENC satisfactorily explained its Company sponsorship and consumer education and awareness activities and the volume of activity associated with such initiatives during the test period, as directed by the Commission in its final order issued in the Company's 2016 DSM/EE cost recovery proceeding. It is appropriate for DENC to continue to provide such information to the Commission in future rider proceedings.

16. The evaluation, measurement, and verification (EM&V) analyses and reports prepared by DENC are reasonable for purposes of this proceeding. The EM&V data provided by DENC and reviewed by the Public Staff for Vintage Year 2022 and earlier vintages are sufficient to consider those vintage years complete for all programs operating in those years.

## EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 1-4

These findings of fact are essentially informational, procedural, and jurisdictional in nature and are uncontroverted. The test period used by DENC is consistent with the 2017 and 2022 Mechanisms and Commission Rule R8-69. In addition, the February 1, 2024, through January 31, 2025, rate period proposed by DENC is consistent with the Commission's Order Approving DSM/EE Rider and Requiring Filing of Proposed Customer Notice in Docket No. E-22, Sub 556 (January 10, 2019).

## EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 5-8

The evidence for these findings of fact is contained in DENC's Application; the direct testimony and exhibits of Company witnesses Hubbard, Hall, Bates, and Wooldridge; and the testimony of Public Staff witness Williamson.

Company witness Wooldridge testified that he included in the Rider C (rate period) revenue requirement certain projected costs associated with the following previously approved DSM/EE programs: (a) the Phase I Air Conditioner Cycling Program; (b) the Phase VI Non-Residential Prescriptive Program; (c) the Phase VII Programs: Residential Appliance Recycling Program, Residential Efficient Products Marketplace Program, Residential Home Energy Assessment Program, Non-Residential Lighting Systems & Controls Program, Non-Residential Heating and Cooling Efficiency Program, Non-Residential Window Film Program, Non-Residential Small Manufacturing Program, and Non-Residential Office Program; (d) the Phase VIII Programs: Residential Energy Efficiency Kit Program, Residential Smart Thermostat Management Demand Response Program, Residential Smart Thermostat Management Energy Efficiency Program, Residential Home Retrofit Program, Non-Residential New Construction Program, and Small Business Improvement Enhanced Program; (e) the Phase IX Programs: Residential Income Age Qualifying Program, Residential Smart Home Program, Residential Virtual Audit Program, Residential Water Savings Energy Efficiency Program, Residential Water Savings Demand Response Program, Non-Residential Building Automation Program, Non-Residential Building Optimization Program, Non-Residential Engagement Program, and the Non-Residential Enhanced Prescriptive Program; and (f) the Phase X Non-Residential Lighting Systems and Controls Program.

Company witness Wooldridge also testified that the Rider CE revenue requirement in the present case includes true-ups for the Phase I, Phase III, Phase IV, Phase V, Phase VI, Phase VII, Phase VIII, and Phase IX Programs during the January 1, 2022, through December 31, 2022, test period, incorporating actual costs, NLR, and PPI.

Company witness Bates identified and explained the nature of common costs that are incurred to support DSM/EE programs generally but are not tied to specific programs.

Company witness Hall presented testimony and exhibits setting forth the Company's estimated Utility Cost Test (UCT) and Total Resource Cost (TRC) results for Vintage Year 2024 for the active DSM and EE programs that are not subject to closure or suspension. He explained that because the Company's system for modeling projected costs and benefits is based on the calendar year, he applied the projected costs for calendar year 2024 to the proposed February 1, 2024, through January 31, 2025, rate period.

Company witness Hubbard also testified that DENC has not projected NLR for the rate period, consistent with its approach in the DSM/EE cost recovery riders since 2014. He explained that the Company proposes to true up NLR in future proceedings. Witness Hubbard also stated that the Company had not identified any found revenues. The Commission finds the DENC approach to recovery of NLR and found revenues to be reasonable in this proceeding.

Public Staff witness Williamson concurred with the programs listed by DENC for cost and incentive recovery in this proceeding.

Consistent with the Commission's previous orders approving DENC's DSM/EE programs and the evidence in the record, the Commission concludes that DENC should be allowed to recover its projected rate period and actual test period costs and utility incentives (NLR and PPI) associated with offering each of its approved Programs as requested in its Application and its direct testimony and exhibits. The Commission also concludes that the requested recovery of program costs, common costs, NLR, and PPI is consistent with the 2017 and 2022 Mechanisms. Further, the Commission concludes that DENC's request to true up NLR in Rider CE in future proceedings is reasonable.

## EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 9-14

The evidence for these findings of fact is contained in the Company's Application; the direct testimony and exhibits of Company witnesses Hubbard, Hall, Wooldridge, Bates, Hewett, and Lawson; and the affidavit of Public Staff affiant Meda.

Company witness Bates determined the system-wide program and common costs for the DSM/EE programs in the rate period and in the test period. He also calculated the PPI for each program.

Company witness Hewett allocated the common costs among the DSM/EE programs. He then allocated a share of the system-wide program costs (including common costs as allocated to the individual programs) to the North Carolina retail jurisdiction. Pursuant to the 2017 and 2022 Mechanisms, DSM costs were allocated on the basis of the Company's coincident peak, and EE costs were allocated on the basis of energy. Finally, witness Hewett allocated the North Carolina retail jurisdictional costs among the North Carolina retail customer classes pursuant to the methodology set out in the 2017 and 2022 Mechanisms.

Company witness Wooldridge used the operating expenses, capital costs, and PPI as provided by witness Bates, and as allocated jurisdictionally by witness Hewett, to develop a rate period revenue requirement for Rider C. Witness Wooldridge indicated the Company was not requesting any projected NLR amount be included in Rider C for recovery during the rate period. For capital costs, he used the 9.75% rate of return on common equity as provided in the Company's June 30, 2023, NCUC ES-1 Report.

Likewise, witness Wooldridge developed the test period true-up revenue requirement for Rider CE by comparing the test period actual revenues, received from the Company's accounting department, with the test period costs, NLR, and PPI, as provided by witness Bates and as allocated jurisdictionally by witness Hewett. For Rider CE, he determined the amount of NLR by taking the applicable monthly non-fuel average base rates provided by witness Lawson, and the jurisdictional energy savings as provided by witness Hall, and then excluding lost revenues (1) outside the 36-month window established in the 2017 Mechanism, and (2) already recognized through non-fuel base rates. Further, he determined the carrying costs on deferrals and the financing costs on any over- or under-recoveries.

On Company Exhibit JAW-1, Schedule 1, page 1, witness Wooldridge calculated DENC's requested North Carolina retail rate period (February 1, 2024, through January 31, 2025) revenue requirement (for Rider C) as follows:

| | |
|---|---|
| Projected Operating Expense | $2,889,378 |
| Projected Capital Cost | $63,653 |
| Projected NLR | $0 |
| Projected PPI | $332,683 |
| Total Rider C revenue requirement | $3,285,714 |

On Company Exhibit JAW-1, Schedule 2 (and as also reflected in the affidavit of Public Staff affiant Meda), witness Wooldridge calculated DENC's requested North Carolina retail test period DSM/EE EMF (January 1, 2022, through December 31, 2022) revenue requirement (for Rider CE) as follows:

| | |
|---|---|
| Program Costs (including common costs) | $2,596,858 |
| NLR | $517,147 |
| PPI | $319,624 |
| Test period Rider C revenues | ($2,712,057) |
| Carrying costs | $10,903 |
| Total Rider CE revenue requirement | $732,475 |

Company witness Hewett, in Exhibit CCH-1, Schedule 3, pages 2 and 4, allocated the Rider C and Rider CE revenue requirements among the North Carolina retail customer classes. The results of his allocations are shown below:

| Rate Class | Rider C Amount | Rider CE Amount |
|---|---|---|
| Residential | $1,677,599 | $469,328 |
| SGS Co & Muni | $1,154,609 | $188,936 |
| LGS | $453,506 | $74,210 |
| 6VP | $0 | $0 |
| NS | $0 | $0 |
| ST & Outdoor Lighting | $0 | $0 |
| Traffic Lighting | $0 | $0 |

Company witness Lawson discussed how she calculated the Rider C and Rider CE rates proposed for the rate period. She determined the North Carolina retail forecasted net kWh sales for the rate period by revenue class, and further allocated those forecasted sales down to customer (rate) classes, less the kWh sales for customers who have opted out of the DSM/EE rider. Witness Lawson testified that she then divided the customer class revenue requirements by customer class forecasted kWh sales to calculate Rider C. She used the same methodology to calculate Rider CE for the test period.

Company witness Lawson also testified that she provided witness Wooldridge with the monthly non-fuel average base rates for his use in determining lost revenues.

The Application; witness Lawson's Company Exhibit CRL-1, Schedule 1, page 11; and Company Exhibit CRL-1, Schedule 4, page 2, support the following customer class Rider C and Rider CE billing factors to be put into effect on February 1, 2024:

| CUSTOMER CLASS | RIDER C RATE (cents/kWh) | RIDER CE RATE (cents/kWh) |
|---|---|---|
| Residential | 0.1029 | 0.0288 |
| Small General Service & Public Authority | 0.1536 | 0.0251 |
| Large General Service | 0.1389 | 0.0227 |
| 6VP | 0 | 0 |
| NS | 0 | 0 |
| Outdoor Lighting | 0 | 0 |
| Traffic Lighting | 0 | 0 |

The billing factors include the Regulatory Fee.

Public Staff affiant Meda did not oppose the Company's proposed revenue requirements or billing factors and stated that his investigation of DENC's filing in this proceeding focused on determining whether the proposed DSM/EE and DSM/EE EMF billing rates were calculated in accordance with the 2022 Mechanism, and otherwise adhered to sound ratemaking concepts and principles. He stated that among the other procedures performed by the Public Staff, the investigation included a review of the actual DSM/EE program costs incurred by DENC during the 12-month period ended December 31, 2022, including the sampling of source documentation for test year costs for which the Company seeks recovery. Affiant Meda recommended approval of the Rider C and CE rates as proposed by DENC in its Application and that billing rates be approved subject to any true-ups in future cost recovery proceedings consistent with the 2022 Mechanism, N.C.G.S. § 62-133.9, Commission Rule R8-69, and future Commission Orders.

Based upon the evidence presented above and the entire record in this proceeding, the Commission concludes that the DSM/EE EMF revenue requirement and proposed Rider CE billing factors to be charged during the rate period, as proposed in DENC's Application and direct testimony, are appropriate. The Commission also concludes that the projected DSM/EE rate period revenue requirement and Rider C billing factors to be charged during the rate period, as proposed in DENC's Application, are appropriate. With regard to the requested recovery of NLR and PPI, the Commission concludes that the amounts as proposed by the Company are appropriate for recovery in this proceeding and are calculated in a manner consistent with the 2017 and 2022 Mechanisms.

**EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 15**

The evidence for this finding of fact is contained in the direct testimony of Company witness Bates.

In response to Ordering Paragraph No. 5 of the Commission's 2023 Order, which required DENC to continue to provide a listing of its event sponsorship and consumer education and awareness initiatives during the test period in future DSM/EE rider proceedings, Company witness Bates provided information on consumer education and awareness initiatives conducted by the Company's Energy Conservation (EC) department during the test period. He explained that most of the

Company's communication and outreach activities are tied directly to specific DSM/EE programs, so actual costs for general education and awareness are limited. The EC department relies heavily on online tools for general education; its web pages received around 230,000 visits in the test period, and the web pages for the implementation contractor, Honeywell, also received over 220,000 visits. Witness Bates stated that the Company is continually growing its social media presence, gaining over 156,000, 65,000, and 11,000 followers on Facebook, Twitter, and Instagram, respectively.

The Public Staff did not oppose DENC's consumer education and awareness activities or costs.

Based on the evidence presented above and all the information in the record, the Commission concludes that DENC's consumer education and awareness activities and costs are reasonable for purposes of this proceeding. Further, the Commission concludes that the Company shall continue to include a list of consumer education and awareness activities and the volume of activity associated with each during the test period in its annual DSM/EE cost recovery filing.

**EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 16**

The evidence for this finding of fact is contained in the direct testimony and schedules of Company witness Hall; the EM&V report filed by DENC on June 15, 2023, in Docket No. E-22, Sub 645; and the testimony of Public Staff witness Williamson.

DENC witness Hall testified to the Company's projected EM&V costs during calendar year 2024 and actual EM&V costs during the 2022 test period. Witness Hall noted that DENC plans to continue to file its annual EM&V report with the Commission on June 15 each year.

Public Staff witness Williamson testified that he had reviewed DENC's 2023 EM&V report for calendar year 2022 with the assistance of GDS Associates, Inc. Based on the Public Staff's review, witness Williamson did not raise any issues concerning the Company's EM&V Report, and stated that through a meeting with the Company and additional sampling, he confirmed that the information in the 2023 EM&V Report flows into the PPI calculations of both Riders C and CE, and the NLR calculations included in Rider CE. Based on this information, he testified that DENC appropriately incorporated the results of its EM&V efforts into its DSM/EE rider calculations.

Based on the foregoing, the Commission concludes that the EM&V analyses and reports prepared by DENC are reasonable for purposes of this proceeding.

IT IS, THEREFORE, ORDERED as follows:

1. That the appropriate annual DSM/EE rider, Rider C, to become effective on and after February 1, 2024, consists of the following customer class billing factor increments (including Regulatory Fee): Residential – 0.1029 ¢/kWh; Small General Service and Public Authority – 0.1536 ¢/kWh; Large General Service – 0.1389 ¢/kWh; and no charge for 6VP, NS, Outdoor Lighting, and Traffic Lighting;

2. That the appropriate annual DSM/EE EMF rider, Rider CE, to become effective on and after February 1, 2024, consists of the following customer class increment billing factors (including Regulatory Fee): Residential – 0.0288 ¢/kWh; Small General Service and Public Authority – 0.0251 ¢/kWh; Large General Service – 0.0227 ¢/kWh; and no increment for 6VP, NS, Outdoor Lighting, and Traffic Lighting;

3. That DENC shall work with the Public Staff to prepare a joint notice to customers of the rate changes ordered by the Commission in this docket, as well as in Docket Nos. E-22, Subs 674 and 675, and the Company shall file such notice for Commission approval as soon as practicable, but not later than five working days after the Commission issues the last of its orders in the above-referenced dockets;

4. That DENC shall file appropriate rate schedules and riders with the Commission to implement the provisions of this Order as soon as practicable; and

5. That DENC shall continue to provide a listing of the Company's event sponsorship and consumer education and awareness initiatives during the test period in future DSM/EE rider proceedings.

ISSUED BY ORDER OF THE COMMISSION.

This the 17th day of January, 2024.

NORTH CAROLINA UTILITIES COMMISSION

Taylor C. Berry

Taylor C. Berry, Deputy Clerk

Commissioners William M. Brawley and Tommy Tucker did not participate in the decision in this docket.