

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1297

In the Matter of
Application of Duke Energy Carolinas, LLC,)
for a Certificate of Public Convenience and)
Necessity to Construct an 850 MW Natural)
Gas-Fired Combustion Turbine Electric)
Generating Facility in Catawba County,)
North Carolina)

**TESTIMONY OF
DARRELL BROWN
PUBLIC STAFF –
NORTH CAROLINA
UTILITIES COMMISSION**

June 24, 2024

1 **Q. Please state your name, business address, and present**
2 **position.**

3 A. My name is Darrell Brown. My business address is 430 North
4 Salisbury Street, Raleigh, North Carolina. I am a Public Utility
5 Regulatory Analyst with the Accounting Division of the Public Staff –
6 North Carolina Utilities Commission (Public Staff). A summary of my
7 qualifications, duties, education, and experience is attached to this
8 testimony as Appendix A.

9 **Q. What is the mission of the Public Staff?**

10 A. The Public Staff represents the concerns of the using and consuming
11 public in all public utility matters that come before the North Carolina
12 Utilities Commission (Commission). Pursuant to N.C. Gen. Stat. §
13 62-15(d), it is the Public Staff's duty and responsibility to review,
14 investigate, and make appropriate recommendations to the
15 Commission regarding the following utility matters: (1) retail rates
16 charged, service furnished, and complaints filed, regardless of retail
17 customer class; (2) applications for certificates of public convenience
18 and necessity; (3) transfers of franchises, mergers, consolidations,
19 and combinations of public utilities; and (4) contracts of public utilities
20 with affiliates or subsidiaries. The Public Staff is also responsible for

1 appearing before State and federal courts and agencies in matters
2 affecting public utility service.

3 **Q. What is the purpose of your testimony in this proceeding?**

4 A. The purpose of my testimony is to present to the Commission the
5 Public Staff's recommendation concerning the recovery of
6 construction work in progress (CWIP) and potential cost
7 disallowances for the proposed facility in a future rate case
8 proceeding related to the application (Application) filed by Duke
9 Energy Carolinas, LLC (DEC or the Company), on March 14, 2024,
10 in Docket No. E-7, Sub 1297, for a certificate of public convenience
11 and necessity (CPCN) to construct two 425 megawatt (MW) natural
12 gas-fired simple cycle combustion turbine (CT) electric generating
13 units in Catawba County, North Carolina, at the site of the existing
14 Marshall Steam Station (Marshall).

15 **Q. What is your concern regarding CWIP in this proceeding?**

16 A. In its Application, the Company stated that CWIP for the proposed
17 facility will not be included in rate base but will instead accrue
18 Allowance for Funds Used During Construction (AFUDC).

19 The Public Staff notes that the decision to include CWIP into rate
20 base should be considered on a case-by-case basis during a general
21 rate case proceeding in which the Company has provided necessary

1 supporting documentation for inclusion of the reasonable and
2 prudent expenditures, and the Public Staff and other intervenors
3 have had the opportunity to audit such documentation.

4 Further, the Public Staff notes that if CWIP cost recovery during
5 construction is allowed to be included in base rates in a future rate
6 case proceeding, the Company will be required to discontinue
7 capitalization of the composite carrying cost of capital funds used to
8 finance construction (i.e., AFUDC) on the CWIP included in its rate
9 base upon the effective date of the first and each subsequent general
10 rate order issued.

11 **Q. Please state the Public Staff's position regarding cost**
12 **disallowances for the proposed facility in a future cost recovery**
13 **proceeding.**

14 A. The joint testimony of Public Staff witnesses Lawrence and Metz
15 discusses the Marshall CT in detail. To the extent that there are any
16 unreasonable or imprudent actions or omissions related to the
17 project, the Public Staff would, as required by the public interest,
18 seek a corresponding disallowance, or removal, of the unreasonable
19 or imprudent costs in a future cost recovery proceeding.

20 **Q. Does this conclude your testimony?**

21 A. Yes, it does.

QUALIFICATIONS AND EXPERIENCE

DARRELL BROWN

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

Prior to joining the Public Staff, I was employed by Lumen (FKA CenturyLink, Inc.) as a Regulatory Operations Manager. My duties included preparation and review of federal and state regulatory financial and compliance report filings; analyzing and interpreting federal and state commission and legislative policies, rulemakings, and statutes; providing analytical support and guidance necessary for federal and state regulatory policy development, investigations, and internal and external audit requests; coordination of regulated accounting and reporting policy changes; and managing accounting and pricing functions.

I joined the Public Staff in May 2021 as a Public Staff Accountant. Since joining the Public Staff, I have performed investigations and prepared testimony and exhibits in support of electric, natural gas, and water utility rate cases and performed various other investigations and compliance reviews related to electric, gas, telecommunications, and water utilities.

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 June 24, 2024, via email electronic delivery by agreement of the receiving party, upon those persons identified in the filed documents or in the Commission's online docket's service list at the following addresses:

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