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June 30, 2021

VIA ELECTRONIC FILING

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

RE: Partial Joint Proposed Order of Duke Energy Carolinas, LLC and the Public Staff Approving CPRE Rider and CPRE Program Compliance Report; Duke Energy Carolinas, LLC Supplement to Partial Joint Proposed Order Docket No. E-7, Sub 1247

Dear Ms. Campbell:

Please find enclosed for filing in the above-referenced docket the *Partial Joint Proposed Order of Duke Energy Carolinas, LLC and the Public Staff Approving CPRE Rider and CPRE Program Compliance Report*.

In addition, Duke Energy Carolinas, LLC ("DEC") also hereby submits its Supplement to Partial Joint Proposed Order.

An electronic copy of both documents is being emailed to briefs@ncuc.net.

Thank you for your attention to this matter. Please do not hesitate to contact me if you have any questions.

Sincerely,

Jack E. Jirak

Enclosures

cc: Parties of Record

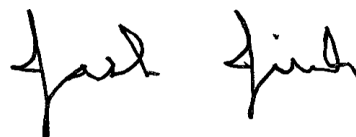
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JUN 30 2021

CERTIFICATE OF SERVICE

I certify that a copy of the Partial Joint Proposed Order of Duke Energy Carolinas, LLC and the Public Staff and DEC's Supplement to Partial Joint Proposed Order, in Docket No. E-7, Sub 1247, has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid to parties of record.

This the 30th day of June, 2021.

A handwritten signature in black ink, appearing to read "Jack Jirak", written in a cursive style.

Jack E. Jirak
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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-7, SUB 1247

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

Application of Duke Energy Carolinas,)	PARTIAL JOINT PROPOSED ORDER OF DUKE ENERGY CAROLINAS, LLC AND THE PUBLIC STAFF APPROVING CPRE RIDER AND CPRE PROGRAM COMPLIANCE REPORT
LLC for Approval of CPRE Cost)	
Recovery Rider Pursuant to N.C.G.S. 62-)	
110.8 and NCUC Rule R8-71)	
)	
)	

BY THE COMMISSION: On February 23, 2021, Duke Energy Carolinas, LLC (“DEC,” or the “Company”) filed an application pursuant to N.C. Gen. Stat. § 62-110.8 and Commission Rule R8-71 for Approval of CPRE Compliance Report and CPRE Cost Recovery Rider, along with the direct testimony and exhibits of Janet A. Jones, Rates and Regulatory Manager, and Phillip H. Cathcart, Compliance Manager with the Business & Compliance Department. The testimony of witness Cathcart included the DEC Competitive Procurement of Renewable Energy (“CPRE”) Compliance Report for calendar year 2020 as Exhibit No. 1 (“CPRE Compliance Report”).

Petitions to intervene were filed by Carolina Industrial Group for Fair Utility Rates III (CIGFUR III) on April 22, 2021; by North Carolina Sustainable Energy Association (NCSEA) on April 8, 2021; and by Carolina Utility Customers Association, Inc. (CUCA) on April 5, 2020. The Commission granted CIGFUR’s petition to intervene on April 23, 2021, NCSEA’s petition to intervene on April 12, 2021, and CUCA’s petition to intervene

on April 8, 2021. The intervention of the Public Staff is recognized pursuant to N.C. Gen. Stat. § 62-15(d) and Commission Rule R1-19(e).

On March 18, 2021, the Commission issued an *Order Scheduling Hearing, Requiring Filing of Testimony, Establishing Discovery Guidelines, and Requiring Public Notice* in which the Commission set this matter for hearing; established deadlines for the submission of intervention petitions, intervenor testimony, and DEC rebuttal testimony; required the provision of appropriate public notice; and mandated compliance with certain discovery guidelines.

On May 3, 2021, DEC filed the supplemental testimony and exhibits of witnesses Jones and Cathcart. The supplemental testimony of witness Jones presented revised rates reflecting the impacts related to updates to numbers presented in her direct exhibits and workpapers, which resulted in lower customer rates for the billing period. In accordance with the requirement of Commission Rule R8-71(j)(1), witness Jones addressed the Company's proposal to recover costs on market basis for the Company-owned facilities. The supplemental testimony of witness Cathcart provided an update on the status of Tranche 2 winning projects and presented revised commercial operation dates for Tranche 1 winning projects.

On May 13, 2021, the Public Staff filed the affidavit of R. Tyler Allison and the direct testimony of Jeff Thomas recommending approval of the Company's revised rates set forth in DEC's supplemental testimony, and agreeing with the Company that market-based cost recovery is appropriate for Company-owned facilities in lieu of cost-of service based recovery. Public Staff witness Thomas further recommended that the Commission require DEC to seek market-based recovery after the initial term.

On May 21, 2021, DEC filed the rebuttal testimony of Janet A. Jones acknowledging the Public Staff's recommendation to approve the Company's rates as proposed in its supplemental testimony. Witness Jones further testified that it is unnecessary to resolve the issue of post-term recovery for Company-owned facilities at this time.

On May 24, 2021, Public Staff filed a motion to excuse all Public Staff and DEC witnesses.

On May 25, 2021, the Commission issued an *Order Excusing Witnesses, Accepting Testimony, Canceling Expert Witness Hearing, and Requiring Proposed Orders*.

On May 25, 2021 and May 27, 2021, DEC filed affidavits of publication indicating that the initial and second public notice had been provided in accordance with the Commission's procedural order.

On May 27, 2021, DEC filed a motion to cancel the Public Hearing. On May 28, 2021, the Commission issued an *Order Cancelling Public Hearings*.

On June 30, 2021, DEC and the Public Staff filed a joint proposed order. The Public Staff and DEC also separately filed an additional finding of fact on the issue of post-term cost recovery for Company-owned facilities.

Based upon the Company's verified application, the testimony, workpapers and exhibits received into evidence and the record as a whole, the Commission makes the following findings of fact:

FINDINGS OF FACT

1. DEC is a duly limited liability company existing under the laws of the State of North Carolina, is engaged in the business of developing, generating, transmitting, distributing, and selling electric power to the public in North Carolina, and is subject to the jurisdiction of the North Carolina Utilities Commission as a public utility. DEC is lawfully before this Commission based upon its application filed pursuant to N.C. Gen. Stat. § 62-110.8 and Commission Rule R8-71.

2. The test period for purposes of this proceeding is the 12 months ended December 31, 2020 (“test period” or “EMF period”). The billing period for this proceeding is the 12-month period September 1, 2021 and ending August 31, 2022.

3. In its application, direct, and supplemental testimony (including workpapers and exhibits) in this proceeding, DEC identified \$55,105 of test period charges on a system basis for purchased and generated power, \$488,499 to implement the CPRE Program, revenues collected during the test period of \$767,203, and one-time system revenues of \$2,254,000. Of the system level charges and revenues, \$403,378 was determined to be the credit to give back to North Carolina retail customers for the difference between CPRE Program costs allocated to the North Carolina retail customers and CPRE Program rider revenues collected from the North Carolina retail customer classes in the test period. In addition, for the system level one-time revenues related to the CPRE process, \$1,508,565 was determined to be the North Carolina retail customer’s allocable share to include in the proposed EMF rate.

4. The Company’s purchased or generated power costs and the CPRE implementation charges for the test period were reasonably and prudently incurred.

5. The North Carolina retail jurisdictional allocation factors related to the capacity and energy components of purchased and generated power costs incurred during the test period in this proceeding were 67.09% and 66.90%, respectively. The capacity component was based on the 2019 production plant allocator, and the energy component was based on test period sales. Similarly, the North Carolina retail class allocation factors related to the capacity and energy components of purchased and generated power costs incurred during the test period in this proceeding were based on the 2019 production plant and test period sales for each class, respectively. The North Carolina retail class allocation factors related to implementation charges incurred during the test period were based on a composite rate calculated as the weighted average of the capacity and energy components of purchased and generated power.

6. The North Carolina retail test period sales used in calculating the EMF are 55,511,864 MWh. The adjusted North Carolina retail customer class MWh sales were as follows:

<u>N.C. Retail Customer Class</u>	<u>Adjusted MWh Sales</u>
Residential	21,396,039
General Service/Lighting	22,718,144
<u>Industrial</u>	<u>11,397,681</u>
Total	55,511,864

7. In its supplemental testimony including exhibits in this proceeding, DEC requested \$15,205,457, on a North Carolina retail basis, of billing period charges anticipated to be incurred for purchased and generated power and ongoing implementation costs.

8. The North Carolina retail jurisdictional allocation factors related to the capacity and energy components of purchased and generated power costs anticipated to be

incurred during the billing period in this proceeding were 66.90% and 65.99%, respectively. The capacity component was based on the 2020 peak demand, and the energy component was based on projected billing period sales. Similarly, the North Carolina retail class allocation factors related to the capacity and energy components of purchased and generated power costs anticipated to be incurred during the billing period in this proceeding were based on the 2020 peak demand and projected billing period sales for each class, respectively. The North Carolina retail class allocation factors related to implementation charges anticipated to be incurred during the billing period were based on a composite rate calculated as the weighted average of the capacity and energy components of purchased and generated power.

9. The projected billing period sales for use in this proceeding are 57,967,737 MWh on a North Carolina retail basis. The projected billing period North Carolina retail customer class MWh sales are as follows:

<u>N.C. Retail Customer Class</u>	<u>Adjusted MWh Sales</u>
Residential	21,803,077
General Service/Lighting	24,128,419
<u>Industrial</u>	<u>12,036,241</u>
Total	57,967,737

10. DEC's North Carolina retail one time revenue credits and overrecovery of costs for the test period, or EMF period, amount to \$1,911,943 excluding interest and the regulatory fee, as set forth on Jones Revised Exhibit 4. These one time revenue credits and overrecovery by customer class were \$752,156 for the Residential class, \$774,038 for the General Service/Lighting class, and \$385,749 for the Industrial class.

11. The appropriate CPRE EMF rates to be credited to customers are (0.0035) cents per kWh for the Residential class, (0.0033) cents per kWh for the General Service/Lighting class, and (0.0033) cents per kWh for the Industrial class, including interest related to the overcollection (excluding the regulatory fee).

12. The appropriate North Carolina retail prospective billing period expenses, as adjusted and set forth on Jones Revised Exhibit 3, amounted to a total of \$15,205,457. The appropriate prospective billing period expenses for use in this proceeding are \$5,943,227 for the Residential class, \$6,220,902 for the General Service/Lighting class, and \$3,041,327 for the Industrial class.

13. The appropriate monthly prospective CPRE Rider rates to be charged to customers are 0.0273 cents per kWh for the Residential class, 0.0257 cents per kWh for the General Service/Lighting class, and 0.0252 cents per kWh for the Industrial class, excluding the regulatory fee.

14. The appropriate combined monthly EMF and CPRE Rider rates to be collected during the billing period are 0.0238 cents per kWh for the Residential class, 0.0224 cents per kWh for the General Service/Lighting class, and 0.0219 cents per kWh for the Industrial class, excluding the regulatory fee.

15. The increase in costs the Company proposes to recover with its proposed CPRE Program Rider and EMF Rider are within the limit established in N.C. Gen. Stat. § 62-110.8.

16. DEC is reasonably and prudently implementing the CPRE Program requirements of N.C. Gen. Stat. § 62-110.8.

17. *[Note: Finding of Fact No. 17 regarding post-term cost recovery for Company-owned facilities to be proposed separately by Public Staff and DEC.]*

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 1

This finding of fact is essentially informational, procedural, and jurisdictional in nature and is uncontroverted.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 2

The evidence for this finding of fact is contained in the direct and supplemental testimony and exhibits of Company witness Jones.

N.C. Gen. Stat. § 62-110.8 provides 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 and to recover the authorized revenue of any utility-owned assets that are procured through an annual rider approved by the Commission and reviewed annually. Commission Rule R8-71 prescribes that unless otherwise ordered by the Commission, the test period for each electric public utility shall be the same as its test period for purposes of Rule R8-55. The test period for purposes of Rule R8-55 is the 12 months ending December 31. Witness Jones testified that for purposes of this proceeding, DEC's proposed rider includes both an EMF rider component to adjust for the difference in DEC's costs incurred compared to revenues realized during the EMF test period, as well as a rider component to collect costs forecasted to be incurred during the prospective twelve-month period over which the proposed CPRE Program rider will be in effect.

The Company's proposed test period is the twelve months beginning on January 1, 2020 and ending on December 31, 2020, and the proposed billing period for the CPRE

Program rider is the twelve months beginning on September 1, 2021 and ending on August 31, 2022.

The test period and the billing period proposed by DEC were not challenged by any party. Based on the foregoing, the Commission concludes the Company used the appropriate test period and billing period for this first CPRE Rider filing.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 3 - 4

The evidence for these findings of fact is contained in the direct and supplemental testimonies and exhibits of Company witnesses Jones and Cathcart and the testimony and exhibits of Public Staff witness Thomas and affidavit of Public Staff witness Allison.

On Revised Jones Exhibit No. 1, Company witness Jones identifies \$55,105 on a system basis of purchased power costs and authorized revenue for Company-owned facilities in the EMF Period. As stated in the testimony of witness Jones, these costs originate from one Company-owned facility achieving commercial operation during the EMF Period and a second providing precommercial generation during testing. On Jones Exhibit No. 2, Company witness Jones set forth the per books implementation charges of \$488,499 incurred by the Company on a system basis to implement the CPRE Program during the test period.

On Revised Jones Exhibit 4, a total of \$363,825 in costs incurred on Jones Revised Exhibit 1 and Jones Exhibit 2 in the EMF period were allocated to the North Carolina retail jurisdiction and compared to \$767,203 CPRE Program rider revenues collected during the EMF Period to determine the overcollection of \$403,378.

In addition, per witness Jones, the Company received \$2,254,000 in one-time revenue related to the CPRE process, and North Carolina retail customers are credited with

\$1,508,565 for their allocable share through the proposed EMF rider rate. Company witness Cathcart testified regarding the Company's actions to implement the CPRE Program and comply with the CPRE Program requirements of N.C. Gen. Stat. § 62-110.8, as described in the Company's CPRE Compliance Report.

The testimony of Public Staff witness Thomas noted the system-level expenses sought for recovery during the test period. Witness Thomas did not recommend any adjustments to the system-level expenses.

Public Staff witness Allison describes procedures taken by the Public Staff to evaluate whether the Company properly determined its per books CPRE Program costs and revenues during the test period. Witness Allison did not recommend any adjustments to the DEC EMF rider. No parties challenged the prudence of the total amount of \$1,911,943, which excludes interest that the Company is requesting to credit back to customers.

The Commission concludes that the \$1,911,943 North Carolina retail level overcollection and one-time revenue credits collected by the Company during the EMF period for the CPRE program were reasonably and prudently incurred and are appropriate to be credited back to customers by the Company.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 5

The evidence for this finding of fact is contained in the supplemental testimony and exhibits of Company witness Jones and the affidavit of Public Staff witness Allison.

In Revised Jones Exhibit 4, DEC witness Jones provided DEC's North Carolina retail jurisdictional allocation factor for capacity related costs as 67.09%, energy related costs as 66.90% and CPRE Program implementation charges as 66.93%, which is the

composite allocation factor based on the weighted average of capacity and energy purchases for purchased power costs.

As noted in the affidavit of Public Staff witness Allison, in its supplemental filing the Company has updated the capacity allocator on Jones Revised Exhibit 4 at the request of the Public Staff to reflect the production plant allocator from the 2019 Cost of Service study, consistent with the DEC fuel filing. For CPRE this change also impacts the composite allocation factor used for implementation costs. No other party presented evidence on the appropriateness of the North Carolina retail jurisdictional allocation factors.

The Commission concludes that the 67.09% allocation factor for capacity related costs and 66.90% allocation factor for energy related costs, are appropriate for use in this proceeding.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 6

The evidence supporting this finding of fact is contained in the direct and supplemental testimony and exhibits of DEC witness Jones.

In her Workpaper No. 4, DEC witness Jones provided DEC's North Carolina retail sales for EMF purposes of 21,396,039 MWh for the Residential class; 22,718,144 MWh for the General Service/Lighting class, and 11,397,681 MWh for the Industrial class. No other party presented evidence on the appropriateness of test period North Carolina retail sales.

The Commission concludes that the test period North Carolina retail MWh sales proposed by the Company for purposes of calculating the EMF billing factors are appropriate for use in this proceeding.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 7-8

The evidence supporting these findings of fact is contained in the direct and supplemental testimony and exhibits of Company witness Jones and Public Staff witness Thomas.

DEC witness Jones presented in her Jones Exhibit No. 2 and Jones Revised Exhibit No. 3, DEC's projected North Carolina retail allocated CPRE costs of \$15,205,457 in the billing period, as well as the allocation of the system costs to the North Carolina retail jurisdiction and the North Carolina retail customer classes. The Company used the 2020 peak demand jurisdictional allocation factor of 66.90% for capacity costs and the projected billing period sales jurisdictional allocation factor of 65.99% for energy costs for its allocation of CPRE purchased and generated power costs.

In testimony, Public Staff witness Thomas notes the CPRE costs in the billing period and does not recommend adjustments. No other party presented evidence on the appropriateness of the Company's proposed billing period charges anticipated to be incurred or the allocation of these costs.

The Commission concludes that the Company's North Carolina retail allocated charges of \$15,205,457 anticipated to be incurred during the billing period for purchased and generated capacity and energy and ongoing implementation costs are appropriate for use in this proceeding. The Commission further concludes that the use of 66.90% for the capacity component and 65.99% for the energy component to allocate system-level CPRE purchased and generated power costs to the North Carolina retail jurisdiction is appropriate for use in this proceeding, and that the use of peak demand and energy sales, respectively, to allocate North Carolina retail jurisdictional capacity and energy costs to the customer

classes is appropriate for use in this proceeding. Further, the Commission concludes that the use of a composite rate for the allocation of North Carolina retail implementation costs to the North Carolina retail customer classes is appropriate for use in this proceeding.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 9

The evidence supporting this finding of fact is contained in the direct and supplemental testimony and exhibits of Company witness Jones.

In Revised Exhibit No. 3, DEC witness Jones provided DEC's projected billing period sales of 21,803,077 MWh for the Residential class, 24,128,419 MWh for the General Service/Lighting class, and 12,036,241 MWh. Witness Jones further testified that the Rider CPRE rate per customer class for purchased and generated power is determined by dividing the sum of the billing period costs allocated to the class by the forecast billing period MWh sales for the customer class. Similarly, the Rider CPRE rate per customer class for implementation costs is determined by dividing the sum of the billing period costs allocated to the class, using a composite rate determined in the purchased and generated power calculation, above, by the forecast billing period MWh sales for the customer class.

The Public Staff witnesses did not propose any adjustments to the projected billing period sales amounts used in this proceeding. No other party presented evidence on the appropriateness of projected billing period North Carolina retail sales.

The Commission concludes that the Company's projected billing period sales for North Carolina retail customer classes are as follows: 21,803,077 MWh for the Residential class, 24,128,419 MWh for the General Service/Lighting class, and 12,036,241 MWh for the Industrial class.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 10-14

The evidence supporting these findings of fact appears in DEC's application, in the direct and supplemental testimony and exhibits of DEC witness Jones, and in the testimony and exhibits of Public Staff witness Thomas and affidavit of Public Staff witness Allison.

Revised Jones Exhibit 4 calculates for North Carolina retail customers a total overrecovery of \$403,378 in CPRE Program costs for the EMF period, and one time revenue credits of \$1,508,565 for a total credit of \$1,911,943 before interest. The prospective North Carolina retail customer share of CPRE Program costs for the billing period, as shown through witness Jones Revised Exhibit 3, amounted to a total of \$15,205,457.

In testimony, Company witness Jones and Public Staff witness Thomas present the components of the proposed Total CPRE Rate as follows, excluding the regulatory fee:

DEC's Rider Request Filed on May 3, 2021 (cents per kWh)			
Customer Class	EMF Rate	CPRE Rider Rate	Total CPRE Rate
Residential	(0.0035)	0.0273	0.0238
General Service/Lighting	(0.0033)	0.0257	0.0224
Industrial	(0.0033)	0.0252	0.0219

Public Staff witness Allison recommends the EMF decrement rider rate and Public Staff witness Thomas recommends these rates be approved. No other party presented

evidence on the appropriateness of the rates. The Commission finds the rates just and reasonable for purposes of this proceeding.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 15

The evidence supporting this finding of fact is contained in the testimony and exhibits of Company witness Jones and the testimony of Public Staff witness Thomas.

DEC witness Jones testified that N.C. Gen. Stat. § 62-110.8(g) limits the annual increase in costs recoverable by an electric public utility to (1%) of the electric public utility's total North Carolina retail jurisdictional gross revenues for the preceding calendar year. Further, she testified that Rule R8-71 provides that “[t]he annual increase in the aggregate costs recovered under G.S. 62-110.8(g) in any recovery period from its North Carolina retail customers shall not exceed one percent (1%) of the electric public utility’s North Carolina retail jurisdictional gross revenues for the preceding calendar year as determined as of December 31 of the previous calendar year.” Witness Jones testified that the increase in aggregate costs DEC seeks to recover in this proceeding is less than the statutory maximum.

Public Staff witness Thomas similarly concludes that the costs the Company seeks to recover are less than 1% of DEC’s total North Carolina retail jurisdictional gross revenues for 2020.

The Commission concludes that the costs the Company seeks to recover in this proceeding are not in excess of the cost cap established by N.C. Gen. Stat. § 62-110.8(g).

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 16

The evidence supporting this finding of fact is contained in the direct and supplemental testimony and exhibits of Company witness Cathcart, including the CPRE Compliance Report, and the testimony and exhibits of Public Staff witness Thomas.

Witness Cathcart and the 2020 CPRE Compliance Report detail the actions of the Company to implement the CPRE Program requirements of N.C.G.S. § 62-110.8. The 2020 CPRE Compliance Report describes the Company's efforts to implement the CPRE Program in collaboration with the Independent Administrator ("IA"). The IA's Final Report for Tranche 2 ("Final Report") was included as Appendix A to the 2020 CPRE Compliance Report and provides substantial details regarding the Tranche 2 process and outcome. The Company was ultimately able to procure 10 projects totaling 589 MW at prices below the avoided cost cap.

The Final Report also describes the Company's efforts, along with the IA, to identify areas of improvements for any future CPRE tranche. The 2020 CPRE Compliance Report also includes all of the information required by Commission Rule R8-71(h), including a description of the CPRE Program solicitation undertaken by DEC during the reporting year, the avoided cost rates applicable to Tranche 2, confirmation that all renewable energy resources procured through Tranche 2 were priced at or below avoided costs, certification by the IA that all public utility and third-party proposal responses were evaluated under the published CPRE Program methodology and that all proposals were treated equitably in Tranche 2 during the reporting year.

The Public Staff did not challenge the reasonableness and prudence of the Company's implementation of the CPRE Program requirements of N.C.G.S. § 62-110.8.

Public Staff witness Thomas states that the 2020 CPRE Compliance Report provides adequate information that satisfies the requirements of Commission Rule R8-71(h). No other party presented evidence on this issue.

Therefore, the Commission concludes that the Company is in compliance with and has reasonably and prudently implemented the CPRE Program requirements of N.C. Gen. Stat. § 62-110.8.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO.17

[To be provided separately by DEC and Public Staff in supplemental filings.]

IT IS, THEREFORE, ORDERED, as follows:

1. That DEC's request to establish a CPRE Rider as described herein, in the amounts approved herein, is approved and that this rider shall remain in effect for a 12-month period beginning on September 1, 2021, and expiring on August 31, 2022;
2. That DEC's request to establish an EMF Rider as described herein, in the amounts approved herein, is approved and that this rider shall remain in effect for a 12-month period beginning on September 1, 2021, and expiring on August 31, 2022;
3. That DEC shall file the appropriate rate schedules and riders with the Commission in order to implement the provisions of this Order as soon as practicable, but not later than ten (10) days after the date of this Order;
4. That DEC shall work with the Public Staff to prepare a notice to customers of the rate changes ordered by the Commission in this docket, as well as in Docket Nos. E-7, Sub 1250 and E-7, Sub 1246, and the Company shall file such notice for Commission

approval as soon as practicable, but not later than ten (10) days after the Commission issues orders in all three dockets; and

5. That DEC's 2020 CPRE Compliance Report is hereby approved.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Interim Chief Clerk

Duke Energy Carolinas, LLC Supplement to Partial Joint Proposed Order

Docket No. E-7, Sub 1247

Duke Energy Carolinas, LLC (“DEC” or the “Company”) submits the following supplement to the *Partial Joint Proposed Order of Duke Energy Carolinas, LLC and the Public Staff Approving CPRE Rider and CPRE Program Compliance Report*.

Finding of Fact No. 17:

In the case of the two DEC-owned facilities, the Commission approves the Company’s request to recover costs for the DEC-owned CPRE facilities on a market basis in lieu of cost-of-service recovery. Specifically, the Company will recover the costs associated with these DEC-owned facilities at the \$/MWh price at which those facilities bid into CPRE Tranche 1 RFP and were selected by the IA. The issue of post-term recovery is already addressed by Commission Rule R8-71(l)(4) and it is not necessary to further address this issue in the context of this CPRE rider proceeding.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 17

The evidence supporting this finding of fact is contained in DEC’s Application and the direct, supplemental and rebuttal testimony of Company witness Jones and the direct testimony of Public Staff witness Thomas.

The CPRE Rider rates proposed by the Company in its application included costs for certain DEC-owned facilities that were selected as winning bidders in CPRE Tranche 1. The Company proposed that cost recovery for the DEC-owned facilities be established on a market

basis in lieu of cost-of-service for the full 20 year CPRE term. Specifically, the costs associated with DEC-owned CPRE facilities were included in the CPRE Rider rates at the price at which those facilities bid into the Tranche 1 RFP and were selected by the IA as winning projects. No party to this proceeding has contested this form of cost recovery, and Public Staff witness Thomas supported the Company's proposal to recover costs on a market basis in lieu of cost-of-service recovery.

In supplemental testimony, witness Jones further testified that the Company's recommendation for recovery on a market basis for these two particular solar facilities is not necessarily representative of the optimal outcome for customers for future Company-owned solar facilities selected through CPRE. Given the post-term cost uncertainty that comes with market-based prices, the Company believes a diverse portfolio of market-based and cost-of-service based solar resources better mitigates long-term price risks to customers than an all market-based portfolio by reducing the uncertainty of future costs.

While agreeing with the Company's proposed cost recovery for the DEC-owned facilities, Public Staff witness Thomas further recommends that, in this CPRE rider proceeding, the Commission require that DEC continue to seek market-based recovery of its DEC-owned CPRE facilities after the initial 20 year CPRE term. Witness Jones responded to this issue in rebuttal testimony by asserting that the Commission has already addressed the issue of post-term cost recovery for Company-owned CPRE facilities. Specifically, Commission Rule R8-71(l)(4) established guidelines with respect to post-term cost recovery options for both Company-owned and third-party owned CPRE facilities. Furthermore, witness Jones noted that the purpose of this proceeding is to establish the Rider CPRE rates for the billing period that runs through August 31, 2022 and that it is unnecessary at this time to address post-term cost recovery that will not be

determined until after 2040. Finally, witness Jones noted that, as stated in the CPRE Tranche 1 and Tranche 2 RFPs, the Company priced its facilities based on the assumption that it would be entitled to continue to receive market-based recovery after the initial CPRE term.

Based on the foregoing, the Commission approves the Company's proposal to recover its costs for the two DEC-owned facilities selected in Tranche 1 on a market basis in lieu of cost recovery. The Commission's determination in this respect is not dispositive with respect to future similar scenarios and the Commission reserves the right to evaluate in the future whether cost-of-service recovery is more beneficial to customers than market-based cost recovery. It is not necessary or appropriate to further address post-term cost recovery at this time in light of the purpose of this proceeding and the fact that such issues are already addressed by Commission Rules, which speak for themselves.