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PUBLIC/REDACTED

February 27, 2024

VIA ELECTRONIC FILING

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

**Re: Application of Duke Energy Carolinas, LLC (“DEC”) for Approval of
CPRE Cost Recovery Rider
Docket No. E-7, Sub 1307**

Dear Ms. Dunston:

Enclosed for filing with the North Carolina Utilities Commission (the “Commission”) is the Application of Duke Energy Carolinas, LLC for Approval of CPRE Cost Recovery Rider pursuant to N.C. Gen. Stat. § 62-110.8 and Commission Rule R8-71, together with the testimony and exhibits of Ms. Christy J. Walker and Ms. Angela M. Tabor. As clarified with your office on February 27, 2024, twelve (12) paper copies of this filing will be delivered to the Clerk’s Office by close of business on February 28, 2024.

Certain information contained in the testimony and exhibits of Ms. Walker and Ms. Tabor is considered trade secret, and therefore confidential, proprietary, and commercially sensitive information. For that reason, this information is being filed under seal pursuant to N.C. Gen. Stat. § 132-1.2. Parties to the docket may contact the Company regarding obtaining copies pursuant to an appropriate confidentiality agreement.

Please feel free to contact me if you have any questions. Thank you for your assistance in this matter.

Sincerely,

Ladawn S. Toon

cc: Parties of Record

OFFICIAL COPY

Feb 27 2024

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-7, SUB 1307

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

Application Pursuant to G.S. 62-110.8 and Commission Rule R8-71 for Approval of CPRE Cost Recovery Rider))))	APPLICATION FOR APPROVAL OF CPRE COST RECOVERY RIDER
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Duke Energy Carolinas, LLC (“DEC,” the “Company,” or “Applicant”), pursuant to North Carolina General Statute (“N.C. Gen. Stat.”) § 62-110.8(g) and North Carolina Utilities Commission (“NCUC” or the “Commission”) Rule R8-71(j), hereby submits this Application requesting approval of Rider CPRE to recover the costs incurred to implement the Competitive Procurement of Renewable Energy (“CPRE”) Program and comply with N.C. Gen. Stat. § 62-110.8. In support thereof, the Applicant respectfully shows the Commission the following:

1. The Applicant’s general offices are located at 525 South Tryon Street, Charlotte, North Carolina, and its mailing address is:

Duke Energy Carolinas, LLC
P. O. Box 1006
Charlotte, North Carolina 28201-1006

2. The name and address of Applicant’s attorneys are:

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Copies of all pleadings, testimony, orders, and correspondence in this proceeding should be served upon the attorneys listed above.

3. N.C. Gen. Stat. § 62-110.8 requires North Carolina's electric public utilities to file for Commission approval of 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. The statute specifically requires electric public utilities to issue requests for proposals to procure energy and capacity from renewable energy over a term of 45 months beginning when the Commission approves the program. N.C. Gen. Stat. § 62-110.8(a).

4. N.C. Gen. Stat. § 62-110.8(b) provides that electric public utilities may jointly or individually implement the aggregate competitive procurement requirements and may satisfy certain requirements set forth in N.C. Gen. Stat. § 62-110.8 for the procurement of renewable energy capacity to be supplied by renewable energy facilities through any of the following: (i) renewable energy facilities to be acquired from third parties and subsequently owned and operated by the soliciting public utility or utilities; (ii) renewable energy facilities to be constructed, owned, and operated by the soliciting public utility or utilities subject to certain limitations set forth in N.C. Gen. Stat. § 62-110.8; or (iii) the purchase of renewable energy, capacity, and environmental and renewable attributes from renewable energy facilities owned and operated by third parties that commit to allow the

procuring public utility rights to dispatch, operate, and control the solicited renewable energy facilities in the same manner as the utility's own generating resources.

5. N.C. Gen. Stat. § 62-110.8(g) 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 through an annual rider approved by the Commission and reviewed annually.

6. N.C. Gen. Stat. § 62-110.8(h) provides that the Commission shall adopt rules to implement the requirements of the competitive procurement of renewable energy program. The Commission adopted and subsequently authorized amendments to Rule R8-71 to implement N.C. Gen. Stat. § 62-110.8 by orders issued November 6, 2017 and April 9, 2018, in Docket No. E-100, Sub 150.¹

7. Rule R8-71(j)(1) provides that the Commission shall schedule an annual public hearing pursuant to N.C. Gen. Stat. § 62-110.8(g) to review the costs incurred or anticipated to be incurred by the electric public utility to comply with N.C. Gen. Stat. § 62-110.8.

8. Rule R8-71(j)(2) provides that the Commission shall permit each electric public utility to charge an increment or decrement as a rider to its rates to recover in a timely manner the reasonable and prudent costs incurred and anticipated to be incurred to implement its CPRE Program and to comply with N.C. Gen. Stat. § 62-110.8. The costs and authorized revenue will be further modified through the use of a CPRE Program experience modification factor ("CPRE EMF") rider. The CPRE EMF rider will reflect

¹ See *Order Adopting and Amending Rules*, Docket No. E-100, Sub 150 (Nov. 6, 2017); *Order Amending Commission Rule R8-71*, Docket No. E-100, Sub 150 (April 9, 2018).

the difference between reasonable and prudently-incurred CPRE Program actual costs and authorized revenue, and the revenues that were actually realized during the test period under the CPRE Program rider then in effect.

9. Between 2018 and 2021, the Commission oversaw DEC and Duke Energy Progress, LLC's ("DEP") implementation of Tranches 1 and 2 of the CPRE Program, which resulted in the procurement of 1,185 MW over the 45-month procurement period established by N.C. Gen. Stat. 62-110.8. On December 20, 2021, the Commission directed DEC to target 596 MW in a CPRE Tranche 3 pursuant to N.C.G.S. § 62-110.8.4.² 155 MW were procured by DEC through Tranche 3. On November 1, 2022, the Commission granted the Companies authority to procure the remaining CPRE Program MW through the 2022 Solar Procurement Program.³ DEC and DEP procured 286 MW of controllable CPRE Program solar resources through the 2022 Solar Procurement. Additional details regarding the 2022 Solar Procurement are described in the direct testimony of DEC witness Angela M. Tabor.

10. On December 12, 2023, the Commission issued an *Order Accepting CPRE Program Plan, Concluding CPRE Program, and Granting Waiver of Commission Rules R8-71(g) and R8-71(h)* ("Program Closure Order"). The Program Closure Order formally closed the CPRE Program and excused DEC and DEP from "continued compliance with

² *Order Determining Adjusted CPRE Program Procurement Target, Requiring Tranche 3 CPRE Program Procurement Solicitation, Approving Resource Solicitation Cluster, and Requiring Responses to Commission Questions Regarding Pro Forma PPA*, Docket Nos. E-2, Sub 1159 and E-7 Sub 1156.

³ *Order Permitting Additional CPRE Program Procurement and Establishing Target Procurement Volume for the 2022 Solar Procurement*, Docket No. E-2, Subs 1159 and 1297 and E-7, Subs 1156 and 1268.

Rules R8-71(g) and R8-71(h)⁴.”⁵ As discussed in the Program Closure Order, DEC and DEP have reasonably and prudently implemented the CPRE Program requirements pursuant to N.C. Gen. Stat. § 62-110.8, procuring over 1,500 MW through CPRE procurements.

11. Pursuant N.C. Gen. Stat. § 62-110.8(g) and Commission Rule R8-71(j), DEC hereby requests Commission approval of the Rider CPRE to recover the Company’s reasonable and prudently incurred costs to comply with the CPRE Program. More specifically, the Company requests to give back to DEC’s North Carolina retail customers, through the CPRE EMF rider, (\$20,687,106) related to the actual CPRE costs incurred and other credits for the test period and to collect \$25,000,608 for CPRE costs projected to be incurred during the period from September 1, 2024 through August 31, 2025 (“Billing Period”). The Rider CPRE will be in effect for the twelve-month period September 1, 2024 and ending on August 31, 2025.

12. In this Application, DEC proposes a CPRE Rider amount (excluding regulatory fee) of:

Residential –0.0435¢/kWh

General Service & Lighting – 0.0410¢/kWh

Industrial – 0.0403¢/kWh

And DEC proposes an EMF decrement (excluding regulatory fee) of:

Residential – (0.0386)¢/kWh

⁴ Rule R8-71(h) provides that each electric public utility shall file an annual CPRE Program compliance report on the same date that it files its application to recover costs pursuant to Rule R8-71(j). However, pursuant to the Program Closure Order, DEC is no longer submitting a CPRE Program Compliance Report with its Application for Approval of CPRE Cost Rider.

⁵ Ordering Paragraphs 2 and 3, Docket Nos. E-2, Sub 1159 and E-7, Sub 1156.

General Service & Lighting – (0.0391)¢/kWh

Industrial – (0.0242) ¢/kWh

This results in composite CPRE factors (excluding regulatory fee) of:

Residential – 0.0049¢/kWh

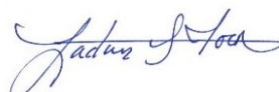
General Service & Lighting – 0.0019¢/kWh

Industrial – 0.0161¢/kWh

13. The information and data required to be filed by NCUC Rule R8-71 in connection with this application is contained in the testimony and exhibits of DEC witnesses Angela M. Tabor and Christy J. Walker, which are being filed simultaneously with this Application and incorporated herein by reference.

WHEREFORE, Duke Energy Carolinas, LLC requests that the Commission issue an order approving Rider CPRE and finding the Company to have reasonably and prudently implemented the CPRE Program requirements of N.C. Gen. Stat. § 62-110.8.

Respectfully submitted this 27th day of February, 2024.

By: _____

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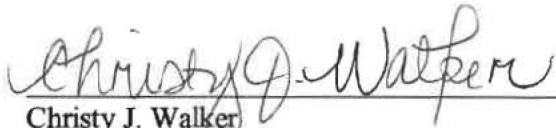
Attorneys for Duke Energy Carolinas, LLC

VERIFICATION

STATE OF NORTH CAROLINA)
) DOCKET NO. E-7, SUB 1307
COUNTY OF CABARRUS)

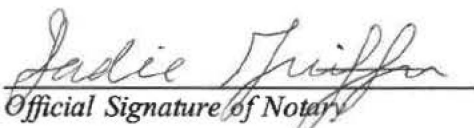
Christy J. Walker, being first duly sworn, deposes and says:

That she is Rates and Regulatory Strategy Manager for Duke Energy Carolinas, LLC; that she has read the foregoing Application and knows the contents thereof; that the same is true except as to the matters stated therein on information and belief; and as to those matters, she believes it to be true.


Christy J. Walker

Signed and sworn to before me this day by Christy Walker
Name of principal

Date: 2-22-2024


Official Signature of Notary

(Official Seal)

Sadie Griffin, Notary Public
Notary's printed or typed name

My commission expires: 12-05-2028

Sadie Griffin
Notary Public
Cabarrus County, North Carolina
My Commission Expires: 12/05/2028

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)	DIRECT TESTIMONY OF
Pursuant to G.S. 62-110.8 and Commission)	CHRISTY J. WALKER
Rule R8-71 for Approval of CPRE Cost)	
Recovery Rider)	
)	

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Christy J. Walker, and my business address is 525 South Tryon
3 Street, Charlotte, North Carolina.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am a Rates and Regulatory Strategy Manager for Duke Energy Carolinas,
6 LLC (“DEC” or the “Company”).

7 **Q. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATIONAL AND
8 PROFESSIONAL BACKGROUND.**

9 A. I received a Bachelor of Science Degree in Accounting from the West
10 Virginia University. I am a certified public accountant licensed in the state
11 of North Carolina. I began my career with Duke Energy in 2001. Since that
12 time, I have held various manager and analyst positions within the
13 Accounting Department before transitioning to the Rates Department. My
14 current role is Rates and Regulatory Strategy Manager.

15 **Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES AT DEC?**

16 A. I am responsible for providing guidance on compliance with, and cost
17 recovery related to, the program for competitive procurement of renewable
18 energy (“CPRE Program”) established by North Carolina General Statute
19 (“N.C. Gen. Stat.”) § 62-110.8 and applicable to both DEC and Duke
20 Energy Progress, LLC (“DEP”) (together, the “Companies”).

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NORTH**
2 **CAROLINA UTILITIES COMMISSION?**

3 A. Yes. I filed testimony in the Companies' CPRE Rider proceedings in
4 Docket Nos. E-2, Sub 1275 and E-7 Sub 1262 and have filed testimony or
5 appeared before the Commission in each of the Companies' annual CPRE
6 Rider proceedings thereafter.

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

8 A. The purpose of my testimony is to describe the calculation of, and present
9 the support for, DEC's CPRE Program rider ("Rider CPRE") filed for
10 recovery of CPRE Program-related costs under N.C. Gen. Stat. § 62-
11 110.8(g). I present the information and data required by North Carolina
12 Utilities Commission ("Commission") Rule R8-71 as set forth in Walker
13 Exhibit Nos. 1 through 6.

14 N.C. Gen. Stat. § 62-110.8(g) authorizes recovery of CPRE Program
15 costs, including authorized revenue for Company-owned facilities, and
16 limits the annual increase in the aggregate amount of these costs that are
17 recoverable by an electric public utility from its North Carolina retail ("NC
18 Retail") customers to an amount not to exceed one percent (1%) of the
19 electric public utility's total NC Retail jurisdictional gross revenues for the
20 preceding calendar year. Rule R8-71(j)(2) states "[t]he Commission shall
21 permit each electric public utility to charge an increment or decrement as a
22 rider to its rates to recover in a timely manner the reasonable and prudent
23 costs incurred and anticipated to be incurred to implement its CPRE

1 Program and to comply with G.S. 62-110.8.” Rule R8-71(j)(5) describes
2 the CPRE Program experience modification factor (“EMF”) component of
3 the CPRE Program rider as the difference between CPRE Program costs
4 actually incurred and CPRE Program revenues actually realized during the
5 EMF test period, representing a true-up increment or decrement related to
6 CPRE Program revenues collected during the EMF test period. In this
7 CPRE Program rider filing, the rider proposed by the Company includes
8 both an EMF rider component to adjust for the difference in DEC’s costs
9 incurred compared to revenues realized during the EMF test period, as well
10 as a prospective billing period rider component to collect costs forecasted
11 to be incurred during the prospective twelve-month period over which the
12 proposed CPRE Program rider will be in effect.

13 **Q. PLEASE IDENTIFY THE EMF TEST PERIOD AND THE**
14 **PROSPECTIVE BILLING PERIOD APPLICABLE TO THE CPRE**
15 **PROGRAM RIDER PROPOSED BY THE COMPANY.**

16 A. The test period used in supplying the information and data included in my
17 testimony and exhibits is the twelve months beginning on January 1, 2023
18 and ending on December 31, 2023 (“Test Period” or “EMF Period”), and
19 the billing period for the CPRE Program rider requested in the Company’s
20 application is the twelve months beginning on September 1, 2024 and
21 ending on August 31, 2025 (“Billing Period”).

1 **Q. PLEASE DESCRIBE THE EXHIBITS TO YOUR TESTIMONY.**

2 A. Walker Confidential Exhibit No. 1 identifies purchased power costs and
3 authorized revenue on a system basis, in both the EMF Period and in the
4 Billing Period for facilities that were selected in Tranches 1 and 2 of the
5 CPRE Program. Walker Confidential Exhibit No. 2 identifies DEC's total
6 CPRE Program implementation costs, on a system basis, for both the EMF
7 Period and the Billing Period.

8 Walker Exhibit No. 3 shows the calculation of the Rider CPRE
9 amounts for the Billing Period proposed by customer class: residential,
10 general service and lighting, and industrial. The Rider CPRE rates per
11 customer class for purchased and generated power are determined by
12 dividing the sum of the Billing Period costs allocated to the class by the
13 forecasted Billing Period kilowatt hour (kWh) sales for the customer class,
14 resulting in a cents per kWh rate. The Rider CPRE rates per customer class
15 for implementation costs are determined by dividing the sum of the Billing
16 Period costs allocated to the class, by the forecasted Billing Period kWh
17 sales for the customer class. In addition, the Company collected liquidated
18 damages in the amount of \$1,000,000 from a certain CPRE bid winner in
19 February, 2024. Although the receipt of this payment occurred outside of
20 the EMF Period and the Prospective Billing Period, the Company included
21 the collection of the liquidated damage in this CPRE Rider for immediate
22 benefit to customers. The Company is crediting DEC North Carolina retail

1 customers with an allocable share of these revenues of approximately \$0.7
2 million through its proposed rates.

3 Walker Exhibit No. 4 shows the calculation of the Rider CPRE
4 amounts for the EMF Period proposed by customer class: residential,
5 general service and lighting, and industrial. The EMF Period rider amount
6 represents the difference between CPRE Program costs incurred and CPRE
7 Program rider revenues collected for the EMF Period. The Company over
8 collected approximately \$1.8 million in the Residential class, \$2.7 million
9 in the General Service/Lighting class and under collected \$23 thousand in
10 the Industrial class during the EMF Period. In addition, the Company
11 received \$24.4 million in one-time revenues related to liquidated damages
12 collected during the test period. The Company is crediting DEC North
13 Carolina retail customers an allocable share of these revenues,
14 approximately \$16.3 million, through its proposed EMF rates. These credits
15 are not considered a refund of amounts advanced by customers and
16 accordingly are not included in the computation of interest on the over-
17 collection. The Rider CPRE rates per customer class, in cents per kWh, are
18 determined by dividing the sum of the EMF Period amounts for each
19 customer class by the forecasted Billing Period kWh sales for the customer
20 class.

21 Walker Exhibit No. 5 summarizes the components of the proposed
22 “Rider CPRE (NC)” calculated in Walker Exhibit Nos. 3 and 4. It shows
23 the total proposed CPRE Program rider as the sum of the estimated CPRE

1 Program rider and the CPRE Program EMF rider applicable to the Billing
2 Period.

3 Walker Exhibit No. 6 is the tariff sheet for the Rider CPRE. The
4 applicable regulatory fee factor is applied to each rate per customer class
5 described above to determine the final rates proposed by customer class, as
6 displayed on Walker Exhibit No. 6.

7 **Q. WERE THESE EXHIBITS PREPARED BY YOU OR AT YOUR**
8 **DIRECTION AND UNDER YOUR SUPERVISION?**

9 A. Yes.

10 **Q. WHAT COSTS ARE INCLUDED IN DEC'S PROPOSED RIDER**
11 **CPRE?**

12 A. The proposed Rider CPRE is designed to recover DEC's costs to implement
13 the CPRE Program pursuant to N.C. Gen. Stat. § 62-110.8, in compliance
14 with the requirements of Commission Rule R8-71. As described above,
15 Rider CPRE includes the CPRE Program EMF component to recover the
16 difference between the implementation costs and purchased or generated
17 power costs incurred, and revenues realized, during the EMF Period. The
18 costs incurred during the EMF Period are presented in this filing to
19 demonstrate their reasonableness and prudence as provided in Commission
20 Rule R8-71(j). The proposed Rider CPRE also includes a prospective
21 component to recover the costs expected to be incurred for the Billing
22 Period.

1 The costs the Company proposes to recover are described in the
2 direct testimony of Company Witness Tabor, and detailed in Walker
3 Confidential Exhibits No. 1 and 2. The costs that are included for recovery
4 in this proposed CPRE Program rider are the energy and capacity
5 components of purchased or generated power as well as incremental internal
6 Company labor, contract labor including legal fees, and other related costs
7 of implementing the CPRE Program. As discussed later in my testimony,
8 for Company-owned facilities, costs to be recovered are “authorized
9 revenue” as allowed under N.C. Gen. Stat. § 62-110.8(g).

10 Fees paid to the Independent Administrator (“IA”) are not included
11 for recovery in the proposed CPRE Program rider, as they were instead
12 recovered through the CPRE Tranche 3 Winner’s Fees. The Companies
13 over collected approximately \$20,000 in Winner’s Fees, which amount was
14 split equally between DEC and DEP. As noted in Confidential Walker
15 Exhibit 2, the over collection of additional Winner’s Fees will reduce total
16 implementation costs for DEC’s customers by approximately \$10,000.

17 **Q. PLEASE DESCRIBE THE METHOD USED BY DEC TO**
18 **ALLOCATE CPRE PROGRAM COSTS AMONG CUSTOMER**
19 **CLASSES FOR THE PURPOSE OF CALCULATING THE CPRE**
20 **PROGRAM RIDER FOR EACH CUSTOMER CLASS.**

21 A. Walker Exhibit Nos. 3 and 4 show the calculation of the Rider CPRE for
22 each customer class for the Billing Period and EMF Period, respectively.
23 CPRE Program costs, including purchased and generated power costs and

1 implementation costs, are incurred by the Company in its efforts to procure
2 capacity and energy from renewable energy facilities, pursuant to N.C. Gen.
3 Stat. § 62-110.8.

4 The capacity component of purchased power and generation cost is
5 allocated to NC Retail and among customer classes based on the final 2022
6 cost of service production demand allocators since the 2023 cost of service
7 study is not available as of the time of this filing. Also, when the 2023
8 production demand allocator becomes known, DEC may elect to make a
9 supplemental filing to adjust its proposed Billing Period rates, if the
10 estimated rates are materially impacted. The energy component of
11 purchased power and generation cost is allocated to each customer class
12 based on MWh sales by class.

13 To allocate the reasonable and prudent implementation costs
14 incurred and anticipated to be incurred to implement its CPRE Program the
15 Company is using a composite capacity and energy allocation factor derived
16 from the allocations of purchased and generated power amounts described
17 above.

18 **Q. HOW DOES THE COMPANY PROPOSE TO RECOVER ENERGY**
19 **AND CAPACITY ASSOCIATED WITH COMPANY-OWNED**
20 **FACILITIES?**

21 A. The costs associated with Company-owned CPRE facilities, Gaston and
22 Maiden Creek Solar Power Plants, have been included at the price those

1 facilities bid into the Tranche 1 RFP and were determined by the IA to be
2 among the most cost-competitive resources.

3 In this rider filing, the Company is seeking recovery for capacity
4 and energy generated by both the Gaston and Maiden Creek Solar Power
5 Plants during the Billing Period using the allocation methods described
6 above.

7 **Q. IS THE COMPANY REQUESTING RECOVERY OF**
8 **AUTHORIZED REVENUE FOR UTILITY-OWNED FACILITIES**
9 **ON A MARKET BASIS IN LIEU OF COST-OF-SERVICE BASED**
10 **RECOVERY AS PROVIDED BY NC GEN. STAT. § 62-110.8?**

11 A. Yes. Since Docket No. E-7, Sub 1247, the Commission approved DEC's
12 request to recover costs for DEC-owned Gaston and Maiden Creek Solar
13 Power Plants, on a market basis in lieu of cost-of-service recovery.
14 Specifically, the Commission authorized recovery of the costs associated
15 with these facilities at the \$/MWh price at which those facilities bid into
16 CPRE Tranche 1 RFP and were selected by the IA.

17 **Q. IS THE ANNUAL INCREASE IN COSTS THE COMPANY**
18 **PROPOSES TO RECOVER WITH ITS PROPOSED CPRE**
19 **PROGRAM RIDER AND EMF RIDER WITHIN THE LIMIT**
20 **ESTABLISHED IN N.C. GEN. STAT. § 62-110.8?**

21 A. Yes. N.C. Gen. Stat. § 62-110.8(g) limits the annual increase in costs
22 recoverable by an electric public utility to (1%) of the electric public utility's
23 total North Carolina retail jurisdictional gross revenues for the preceding

1 calendar year. Further, Rule R8-71 provides that “[t]he annual increase in
2 the aggregate costs recovered under G.S. 62-110.8(g) in any recovery
3 period from its North Carolina retail customers shall not exceed one percent
4 (1%) of the electric public utility’s North Carolina retail jurisdictional gross
5 revenues for the preceding calendar year as determined as of December 31
6 of the previous calendar year. Any amount in excess of that limit shall be
7 carried over and recovered in the next recovery period when the annual
8 increase in the aggregate amount of costs to be recovered is less than one
9 percent (1%)”. The increase in aggregate costs DEC seeks to recover
10 pursuant to its proposed CPRE Program rider and CPRE Program EMF
11 rider is less than the statutory maximum.

12 **Q. HOW DOES DEC PROPOSE TO COLLECT THE CPRE**
13 **PROGRAM RIDERS FROM EACH CUSTOMER CLASS?**

14 A. DEC’s proposed Rider CPRE is attached as Walker Exhibit No. 6. As
15 shown on the rider, DEC proposes that a cents per kWh rate be applied to
16 all NC Retail kWh sales for the twelve-month Billing Period.

17 **Q. WHAT IS THE CPRE PROGRAM RIDER PROPOSED BY THE**
18 **COMPANY FOR EACH CUSTOMER CLASS?**

19 A. The Company proposes the following CPRE Program rider to be effective
20 September 1, 2024, and to remain in effect for the twelve-month Billing
21 Period ending August 31, 2025

1 *Excluding regulatory fee:*

Cents per kWh					
Customer class	CPRE Program EMF rider	CPRE Program rider	Total CPRE Program rider	Current total CPRE Program rider	CPRE Program rider increase (decrease)
Residential	(0.0386)	0.0435	0.0049	0.0143	(0.0094)
General Service	(0.0391)	0.0410	0.0019	0.0120	(0.0101)
Industrial	(0.0242)	0.0403	0.0161	0.0160	0.0001

2

3 *Including regulatory fee:*

Cents per kWh					
Customer class	CPRE Program EMF rider	CPRE Program rider	Total CPRE Program rider	Current total CPRE Program rider	CPRE Program rider increase (decrease)
Residential	(0.0387)	0.0436	0.0049	0.0143	(0.0094)
General Service	(0.0392)	0.0411	0.0019	0.0120	(0.0101)
Industrial	(0.0242)	0.0404	0.0161	0.0160	0.0001

4

5 *Totals may not foot due to rounding*

6 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

7 **A. Yes.**

CONFIDENTIAL DATA REDACTED						EMF Period January 1, 2023 - December 31, 2023				Reference	Billing Period September 1, 2024 - August 31, 2025				Reference	
						Purchased and Generated Power ¹					Purchased and Generated Power ¹				Input	
						Capacity Factor Energy Factor					Capacity Factor Energy Factor					
						17% 83%										
Line No.	Market Participant	Facility Name	Location	Tranche No.	Nameplate Capacity (MW)	Capacity	Energy	Total		Capacity	Energy	Total				
1			Bessemer City, NC (Gaston Co.)	1	25				Workpaper 1 (Totals Only)				Workpaper 2 (Totals Only)			
2			Moorestboro, NC (Cleveland Co.)	1	50											
3			Midland, NC (Cabarrus Co.)	1	22.6											
4			Dobson, NC (Surry Co.)	1	22.6											
5			Woodruff, SC (Spartanburg Co.)	1	20											
6			Elkin, NC (Surry Co.)	1	50											
7			Maiden, NC (Catawba Co.)	1	69.3											
8			Yadkinville, NC (Yadkin Co.)	1	60											
9			Rutherfordton, NC (Rutherford Co.)	1	75											
10	Sub-Total Tranche 1 Facilities				394.5	\$ 7,781,238	\$ 11,492,828	\$ 19,274,066	\$ 4,509,565	\$ 22,017,286	\$ 26,526,851					
11							Purchased and Generated Power ¹				Purchased and Generated Power ¹					
12							Capacity Factor Energy Factor				Capacity Factor Energy Factor					
13							7% 93%									
14							Purchased and Generated Power ¹				Purchased and Generated Power ¹					
15							Capacity Energy Total				Capacity Energy Total					
16			Cherryville, NC (Gaston Co.)	2	50				Workpaper 1 (Totals Only)				Workpaper 2 (Totals Only)			
17			Albemarle, NC (Stanly Co.)	2	50											
18			Misenheimer, NC (Stanly Co.)	2	74.5											
19	Sub-Total Tranche 2 Facilities				174.5	\$ 321,722	\$ 3,051,258	\$ 3,372,980	\$ 818,053	\$ 10,868,413	\$ 11,686,466					
20																
21																
22																
23	Total of Tranche 1 and Tranche 2						\$ 8,102,960	\$ 14,544,086	\$ 22,647,046	\$ 5,327,617	\$ 32,885,699	\$ 38,213,317				

Note: Rounding differences may occur

¹ Duke-owned facilities are considered generated power rather than purchased power. The cost for Duke owned facilities is authorized revenue as provided by G.S. 62-110.8(g).

CONFIDENTIAL DATA REDACTED		EMF Period		Billing Period		
		January 1, 2023 - December 31, 2023		September 1, 2024 - August 31, 2025		
Line No.	Implementation Cost / Activity	Reference				
1		Company Records			-	
2				\$	-	
3				\$	-	
4				\$	-	
5				\$	-	
6	Total Internal Labor and Labor-Related Taxes and Benefits		\$	268,373	\$	281,792 *
7					-	
8				\$	-	
9				\$	-	
10				\$	-	
11				\$	-	
12				\$	-	
13				\$	-	
14				\$	-	
15				\$	-	
16	Total Outside Services		\$	172,366	\$	55,000 *
17						
18	Total Employee-Related Expenses	\$	796	\$	900 *	
19						
20	Independent Administrator Fees Over Recovered	\$	(9,992)	\$	-	
21						
22	Total Implementation Costs	L6 + L16 + L18 + L20	\$	431,543	\$	337,692 *

Note: Rounding differences may occur

* Represents an estimate of implementation charges expected to be incurred in the prospective Billing Period.

Allocation of Prospective Billing Period CPRE Charges to Customer Classes

Line No.	Description	Reference	General Service and				Total
			Residential	Lighting	Industrial		
<u>Allocation of CPRE Purchased and Generated Power by Customer Class (Prospective Billing Period)</u>							
1	CPRE Purchased and Generated Power - Capacity	Exhibit 1, L23				\$	5,327,617
2	NC Retail Jurisdictional % Based on 2022 Production Demand	Input					67.12%
3	NC Retail Portion - CPRE Purchased and Generated Power - Capacity	L1 * L2				\$	3,575,856
4							
5	NC Retail 2022 Production Demand Allocation Factors	Input	49.05%	35.73%	15.22%		100.00%
6							
7	NC CPRE Purchased and Generated Power - Capacity Allocated Based on 2022 Production Demand	L3 * L5	\$ 1,754,035	\$ 1,277,647	\$ 544,174	\$	3,575,856
8							
9	CPRE Purchased and Generated Power - Energy	Exhibit 1, L23				\$	32,885,699
10	NC Retail Jurisdictional % Based on Projected Billing Period Sales	Workpaper 3					66.49%
11	NC Retail Portion - CPRE Purchased and Generated Power - Energy	L9 * L10 [Total Only]				\$	21,865,702
12							
13	Allocation Factor- MWh Sales	Workpaper 3	38.24%	41.12%	20.65%		100.00%
14							
15	NC CPRE Purchased and Generated Power - Energy Allocated on MWh Sales	L11* L13	\$ 8,361,165	\$ 8,990,174	\$ 4,514,362	\$	21,865,702
16							
17	Total of NC CPRE Purchased and Generated Power - Capacity and Energy	L7 + L15	\$ 10,115,200	\$ 10,267,821	\$ 5,058,536	\$	25,441,557
18							
19	% of NC CPRE Purchased and Generated Power - Capacity and Energy		39.76%	40.36%	19.88%		100.00%
20							
21	Contract Fees Being Credited in CPRE Rider	Workpaper 5				\$	(1,000,000)
22	NC Retail Jurisdictional % Based on Composite of Energy and Capacity	(L3 + L11) ÷ (L1 + L9) [Total Only]					66.58%
23	CPRE Contract Fees - NC Retail Portion	L21 * L22				\$	(665,777)
24							
25	CPRE Contract Fees by Customer Class	L23 * L19	\$ (264,704)	\$ (268,697)	\$ (132,376)	\$	(665,777)
			Residential	Lighting	Industrial	Total	
<u>Allocation of CPRE Implementation Costs by Customer Class (Prospective Billing Period)</u>							
26	CPRE Implementation Costs - Total	Exhibit 2, L22				\$	337,692
27	NC Retail Jurisdictional % Based on Composite of Energy and Capacity	L22					66.58%
28	CPRE Implementation Costs - NC Retail Portion	L26 * L27				\$	224,828
29							
30	Total of NC CPRE Purchased and Generated Power - Capacity and Energy	L19	39.76%	40.36%	19.88%		100.00%
31							
32	CPRE Implementation Costs by Customer Class	L28 * L30	\$ 89,388	\$ 90,737	\$ 44,702	\$	224,828
33							
34	Total of NC CPRE Purchased and Generated Capacity and Energy + Implementation Cost + Contract Fees Credit	L17+ L25+ L32	\$ 9,939,885	\$ 10,089,860	\$ 4,970,862	\$	25,000,608
35							
36	NC Projected Billing Period MWh Sales	Workpaper 3	22,870,391	24,590,927	12,348,188		59,809,506
37							
38	NC CPRE Implementation Cost CPRE Charge ¢/kWh	L34 ÷ L36 ÷ 10	0.0435	0.0410	0.0403		0.0418

Note: Rounding differences may occur

Allocation of Experience Modification Factor (EMF) Period Charges to Customer Classes

Line No.	Description	Reference	Residential	General Service and Lighting	Industrial	Total
<u>Allocation of CPRE Purchased and Generated Power by Customer Class (EMF Period)</u>						
1	CPRE Purchased and Generated Power - Capacity	Exhibit 1, L23				\$ 8,102,960
2	NC Retail Jurisdictional % Based on 2022 Production Demand	Exhibit 3, L 2				67.12%
3	NC Retail Portion - CPRE Purchased and Generated Power - Capacity	L1 * L2				\$ 5,438,644
4						
5	NC Retail 2022 Production Demand Allocation Factors	Exhibit 3, L 5	49.05%	35.73%	15.22%	100.00%
6						
7	NC CPRE Purchased and Generated Power - Capacity Allocated Based on 2022 Production Demand	L3 * L5	\$ 2,667,774	\$ 1,943,217	\$ 827,653	\$ 5,438,644
8						
9	CPRE Purchased and Generated Power - Energy	Exhibit 1, L23				\$ 14,544,086
10	NC Retail Jurisdictional % Based on EMF Period Sales	Workpaper 4				66.51%
11	NC Retail Portion - CPRE Purchased and Generated Power - Energy					\$ 9,672,731
12						
13	NC Retail Portion - CPRE Purchased and Generated Power - Energy	L15 * L11 [Total Only]	\$ 3,622,360	\$ 4,087,407	\$ 1,962,965	\$ 9,672,731
14						
15	NC EMF Period MWh Sales	Workpaper 4	21,544,402	24,310,321	11,674,957	57,529,680
16						
17	Total of NC CPRE Purchased and Generated Power - Capacity and Energy	L7 + L13	\$ 6,290,134	\$ 6,030,624	\$ 2,790,617	\$ 15,111,376
18						
19	% of NC CPRE Purchased and Generated Power - Capacity and Energy		41.63%	39.91%	18.47%	100%
<u>Allocation of CPRE Implementation Costs by Customer Class (EMF Period)</u>						
		Reference	Residential	General Service and Lighting	Industrial	Total
20	CPRE Implementation Costs - Total	Exhibit 2, L22				\$ 431,543
21	NC Retail Jurisdictional % Based on Composite of Energy and Capacity	(L3 + L13) ÷ (L1 + L9) [Total Only]				66.73%
22	CPRE Implementation Costs - NC Retail Portion	L20 * L21				\$ 287,950
23						
24	Total of NC CPRE Purchased and Generated Power - Capacity and Energy	L19	41.63%	39.91%	18.47%	100.00%
25						
26	CPRE Implementation Costs by Customer Class	L22 * L24	\$ 119,859	\$ 114,914	\$ 53,176	\$ 287,950
27						
28	Total of NC CPRE Purchased and Generated Power - Capacity and Energy and Implementation costs	L17 + L26	\$ 6,409,993	\$ 6,145,539	\$ 2,843,793	\$ 15,399,325
29						
30						
31	CPRE Revenues Realized During the Test Period	Input	\$ 8,173,292	\$ 8,807,687	\$ 2,821,064	\$ 19,802,043
32						
33	CPRE (Over)/Under Collection	L28 - L31	\$ (1,763,298)	\$ (2,662,148)	\$ 22,729	\$ (4,402,718)
34						
35	Contract Fees Being Credited in CPRE Rider	Workpaper 5				\$ (24,405,011)
36	NC Retail Jurisdictional % Based on Composite of Energy and Capacity	L21				66.73%
37	CPRE Contract Fees - NC Retail Portion	L35 * L36				\$ (16,284,388)
38						
39	CPRE Contract Fees by Customer Class	L37 * L24	\$ (6,778,402)	\$ (6,498,748)	\$ (3,007,238)	\$ (16,284,388)
40						
41	Total CPRE EMF Amount including Contract Fees	L33 + L39	\$ (8,541,700)	\$ (9,160,897)	\$ (2,984,509)	\$ (20,687,106)
42						
43	NC Projected Billing Period MWh Sales	Exhibit 3, L 30	22,870,391	24,590,927	12,348,188	59,809,506
44						
45	NC CPRE EMF Rider Amount ¢/kWh	L41 ÷ L43 ÷ 10	(0.0373)	(0.0373)	(0.0242)	(0.0346)
46						
47	Annual Interest Rate		10%	10%	10%	10%
48						
49	Monthly Interest Rate	L47 ÷ 12	0.83%	0.83%	0.83%	0.83%
50						
51	Number of Months (July 1, 2023 - February 28, 2025)		20	20	20	20
52						
53	Interest	L33 * L49 * L51	\$ (293,883)	\$ (443,691)	\$ -	\$ (733,786)
54						
55	EMF Interest on Over Collection	L53 ÷ L43 ÷ 10	(0.0013)	(0.0018)	-	(0.0012)

Line No.	Description	Reference	Residential ¢/kWh	General Service and Lighting ¢/kWh	Industrial ¢/kWh	Composite ¢/kWh
1	Prospective Billing Period Rider Charge					
2	NC CPRE Implementation Cost CPRE Charge ¢/kWh	Exhibit 3, L32	0.0435	0.0410	0.0403	0.0418
3						
4	Experience Modification Factor Period Rider Charge					
5	EMF Increment/(Decrement) ¢/kWh	Exhibit 4, L45	(0.0373)	(0.0373)	(0.0242)	(0.0346)
6	EMF Interest Decrement ¢/kWh	Exhibit 4, L55	(0.0013)	(0.0018)	-	(0.0012)
7						
8	Total Proposed CPRE Rider Charge ¢/kWh	L2+ L5+ L6	0.0049	0.0019	0.0161	0.0060

Note: This exhibit excludes the impact of the regulatory fee

Duke Energy Carolinas, LLC

Electricity No. 4
North Carolina Fourth Revised (Proposed) Leaf No. 127
Superseding North Carolina Original Leaf No. 127

RIDER CPRE (NC)
COMPETITIVE PROCUREMENT OF RENEWABLE ENERGY RIDER

APPLICABILITY (North Carolina Only)

Service supplied under the Company's rate schedules is subject to approved adjustments to recover costs associated with implementation of the Company's Competitive Procurement of Renewable Energy (CPRE) Program. Adjustments are made pursuant to North Carolina General Statute 62-110.8(g) and North Carolina Utilities Commission Rule R8-71 as ordered by the North Carolina Utilities Commission.

CPRE PROSPECTIVE COMPONENT AND EXPERIENCE MODIFICATION FACTOR

All service supplied under the Company's rate schedules is subject to an increment per kilowatt hour as set forth below. This adjustment is not included in the Rate Schedules of the Company and therefore, must be applied to the bill as calculated under the applicable rate.

RESIDENTIAL SERVICE

Prospective Component of CPRE	0.0435 ¢/kWh
Experience Modification Factor	<u>(0.0386) ¢/kWh</u>
Net CPRE Rider Factor	0.0049 ¢/kWh
Regulatory Fee Multiplier	x <u>1.001477</u>
CPRE Factor	0.0049 ¢/kWh

GENERAL SERVICE AND LIGHTING

Prospective Component of CPRE	0.0410 ¢/kWh
Experience Modification Factor	<u>(0.0391) ¢/kWh</u>
Net CPRE Rider Factor	0.0019 ¢/kWh
Regulatory Fee Multiplier	x <u>1.001477</u>
CPRE Factor	0.0019 ¢/kWh

INDUSTRIAL SERVICE

Prospective Component of CPRE	0.0403 ¢/kWh
Experience Modification Factor	<u>(0.0242) ¢/kWh</u>
Net CPRE Rider Factor	0.0161 ¢/kWh
Regulatory Fee Multiplier	x <u>1.001477</u>
CPRE Factor	0.0161 ¢/kWh

North Carolina Fourth Revised (Proposed) Leaf No. 127
Effective for service rendered on and after September 1, 2024
NCUC Docket No. E-7, Sub 1307, Order dated _____

Line No.	CPRE Generation (MWh)	Tranche No.	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
1		1													
2		1													
3		1													
4		1													
5		2													
6		1													
7		1													
8		1													
9		1													
10		1													
11	Total DEC		30,042	31,082	58,018	52,357	61,021	64,042	71,404	65,468	59,303	47,513	36,763	32,844	609,857
12															
13															
14	CPRE Generation (\$)	Tranche No.	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
15															
16		1													
17		1													
18		1													
19		1													
20		2													
21		1													
22		1													
23		1													
24		1													
25		1													
26	Total DEC		\$1,227,608	\$1,239,357	\$2,238,353	\$1,771,615	\$2,226,113	\$2,269,603	\$2,634,339	\$2,450,559	\$2,102,635	\$1,689,749	\$1,364,627	\$1,432,489	\$22,647,046
27															
28															
29	CPRE Capacity (\$)	Tranche No.	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
30															
31		1													
32		1													
33		1													
34		1													
35		2													
36		1													
37		1													
38		1													
39		1													
40		1													
41	Total DEC		\$498,190	\$472,078	\$911,366	\$502,628	\$775,429	\$755,747	\$922,868	\$886,797	\$683,918	\$551,112	\$488,222	\$654,605	\$8,102,960
42															
43	CPRE Energy (\$)	Tranche No.	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
44															
45		1													
46		1													
47		1													
48		1													
49		2													
50		1													
51		1													
52		1													
53		1													
54		1													
55	Total DEC		\$729,418	\$767,279	\$1,326,987	\$1,268,987	\$1,450,684	\$1,513,856	\$1,711,471	\$1,563,762	\$1,418,716	\$1,138,637	\$876,405	\$777,884	\$14,544,086

CONFIDENTIAL DATA REDACTED

Line No.	CPRE Generation (MWh)	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Total
1	Tranche No. 1													
2														
3														
4														
5														
6														
7														
8														
9														
10														
11	Tranche No. 2													
12														
13														
14														
15	Total DEC	84,287	77,259	61,501	49,786	57,972	61,167	85,680	96,276	105,640	104,503	104,513	96,450	985,035
16														
17														
18	CPRE Generation (\$)	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Total
19														
20	Tranche No. 1													
21														
22														
23														
24														
25														
26														
27														
28														
29														
30														
31	Tranche No. 2													
32														
33														
34														
35	Total DEC	\$3,010,045	\$3,031,272	\$2,499,848	\$2,124,245	\$2,478,794	\$2,671,281	\$3,395,740	\$3,734,355	\$4,126,852	\$3,741,794	\$3,874,759	\$3,524,330	\$38,213,317

Fall 2023 Forecast
Billed Sales Forecast
Sales Forecast - MWhs (000)

	Reference	Remove Impact of SC		
		Projected Sales for the Billing Period	DERP Net Metered Generation	Adjusted Sales
North Carolina				
Residential		22,870,391	-	22,870,391
General		24,349,887	-	24,349,887
Industrial		12,348,188	-	12,348,188
Lighting		241,040	-	241,040
North Carolina Retail		59,809,506	-	59,809,506
South Carolina				
Residential		7,051,738		7,051,738
General		5,570,198		5,570,198
Industrial		8,525,790		8,525,790
Lighting		48,602	-	48,602
South Carolina Retail	Company Records	21,196,328	150,334	21,346,662
Total Retail				
Residential		29,922,129	-	29,922,129
General		29,920,085	-	29,920,085
Industrial		20,873,978	-	20,873,978
Lighting		289,642	-	289,642
Total Retail Sales		81,005,834	150,334	81,156,168
Wholesale		8,800,590.26	-	8,800,590
Projected System MWh Sales for Fuel Factor		89,806,424	150,334	89,956,758
NC as a percentage of total		66.60%		66.49%
SC as a percentage of total		23.60%		23.73%
Wholesale as a percentage of total		9.80%		9.78%
		100.00%		100.00%

Note: Rounding differences may occur

Residential	38.24%
General Service and Lighting	41.12%
Industrial	20.65%
Total NC Retail	100.00%

Duke Energy Carolinas, LLC

Docket No. E-7, Sub 1307

North Carolina Retail Actual MWh Sales in the Experience Modification Factor (EMF) Period

Walker Workpaper No. 4

Line No.	Description	Reference	North Carolina			
			Total Company (MWh)	Retail (MWh)	Residential (MWh)	General Service/Lighting (MWh)
1	Test Period MWh Sales (excluding inter system sales)	Company Records	86,502,621	57,529,680	21,544,402	24,310,321
2						
3	NC Percentage of Total Company Unadjusted Sales	66.51%				
4	SC Percentage of Total Company Unadjusted Sales	23.87%				
5	Wholesale Percentage of Total Company Unadjusted Sales	9.62%				
		100.00%				

Note: Rounding differences may occur

CONFIDENTIAL DATA REDACTED

Line No.	Facility Name	Type of Fee	Date Paid	Amount Collected EMF Period ¹	Amount Collected Subsequent to EMF Period ²
1					
2					
3					
4					
5					
6					
7					
8	Total			\$ 24,405,011	\$ 1,000,000

¹ These Contract Fees were received during the test period but were not included in the DEC CPRE supplemental filing made on May 3, 2023 in Docket No. E-7, Sub 1281.

² This amount was received outside both the EMF & Prospective Billing period but is being applied in the Prospective Billing Period.

Per Rule R8-71 (j)(9) "the annual increase in the aggregate amount of 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 total North Carolina retail jurisdictional gross revenues for the preceding calendar year determined as of December 31 of the previous calendar year. Any amount in excess of that limit shall be carried over and recovered in the next recovery period when the annual increase in the aggregate amount of costs to be recovered is less than one percent (1%)."

Line No.	Description	EMF Period (Exhibit 4, L41)	Billing Period (Exhibit 3, L3+L11 + L22)	Total	NC Retail Gross Revenues
1	Amount Approved in 2022 Docket E-7, Sub 1281	\$ (7,064,326)	\$ 15,990,005	\$ 8,925,679	
2	Amount Proposed in current Docket	\$ (20,687,106)	\$ 25,666,385	\$ 4,979,279	
3	Annual Increase/(Decrease)			\$ (3,946,400)	
4					
5	1% of 2023 NC Retail Gross Revenues			\$ 54,172,935	\$ 5,417,293,543
6					
7	Excess of Current Docket over 1% NC Retail Gross Revenues			N/A	

Note: Rounding differences may occur

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1307

In the Matter of

Application Pursuant to G.S. 62-110.8 and
Commission Rule R8-71 for Approval of
CPRE Cost Recovery Rider

**DIRECT TESTIMONY OF
ANGELA M. TABOR**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Angela M. Tabor, and my business address is 410 South
3 Wilmington Street, Raleigh, North Carolina.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am a Renewable Compliance Manager for Duke Energy Carolinas, LLC
6 (“DEC” or the “Company”) within the Business Development &
7 Compliance Department.

8 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND**
9 **PROFESSIONAL BACKGROUND.**

10 A. I received a Bachelor of Science in Mechanical Engineering from North
11 Carolina State University. I am a licensed Professional Engineer in North
12 Carolina. I worked as a mechanical engineer from 2001 to 2002 and 2004-
13 2010 at Black & Veatch. I worked as a hardware engineer at Lockheed
14 Martin Aeronautics from 2002-2004. In 2010, I joined Progress Energy as
15 a Senior Auditor working on the Operational Audit team. In 2012, after the
16 merger of Duke Energy and Progress Energy, I worked in the NERC
17 Corporate Compliance group managing audits with external regulators. In
18 2018, I became a Wholesale Renewable Manager in the Distributed Energy
19 Technology Department working with interconnection customers of the
20 Companies. In October of 2021, I moved to my current position as
21 Renewable Compliance Manager in the Business Development &
22 Compliance Department.

1 **Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES AT DUKE**
2 **ENERGY?**

3 A. In my current position, I am responsible for the implementation of the
4 competitive procurement of renewable energy program (“CPRE Program”)
5 established by Session Law 2017-192’s (“House Bill 589” or the “Act”)
6 enactment of North Carolina General Statute (“N.C. Gen. Stat.”) § 62-110.8
7 and applicable to both DEC and Duke Energy Progress, LLC (“DEP” and
8 together with DEC, “the Companies”). My responsibilities include
9 compliance with CPRE Program requirements as well as interface with the
10 North Carolina Utilities Commission (“Commission”) approved CPRE
11 Program independent administrator, Accion Group, LLC (“Accion Group”,
12 “Independent Administrator”, or “IA”), on behalf of DEC and DEP.

13 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NORTH**
14 **CAROLINA UTILITIES COMMISSION?**

15 A. Yes. I have filed testimony in several of the Companies’ CPRE Rider
16 proceedings, most recently in Docket Nos. E-7, Sub 1281 and E-2, Sub
17 1323.

18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
19 **PROCEEDING?**

20 A. The purpose of my testimony is to describe DEC’s activities in connection
21 with implementation of the CPRE Program and to describe DEC’s costs
22 incurred to implement the CPRE Program and to comply with N.C. Gen.
23 Stat. § 62-110.8 during the twelve months beginning on January 1, 2023

1 and ending on December 31, 2023 (“EMF Period” or “Test Period”). My
2 testimony also supports DEC’s purchased power and generated power costs
3 projected to be incurred during the CPRE Program rider billing period,
4 which is the twelve-month period beginning on September 1, 2024 and
5 ending on August 31, 2025 (“Billing Period”).

6 **Q. ARE YOU SUBMITTING ANY EXHIBITS WITH YOUR**
7 **TESTIMONY?**

8 A. No.

9 **Compliance with CPRE Program Requirements**

10 **Q. PLEASE PROVIDE BACKGROUND REGARDING THE**
11 **ESTABLISHMENT OF THE CPRE PROGRAM.**

12 A. On July 27, 2017, House Bill 589 was signed into law, thereby enacting
13 several amendments to the Public Utilities Act. Part II of the Act enacted
14 N.C. Gen. Stat. § 62-110.8, which mandates that the Companies obtain
15 Commission approval to implement a CPRE Program to competitively
16 procure 2,660 megawatts (“MW”) of additional renewable energy resource
17 capacity (subject to adjustment) over a 45-month period commencing from
18 the date of Commission approval of the CPRE Program, to be accomplished
19 through a series of distinct Requests for Proposals (“RFPs”) referred to as
20 “Tranches.” N.C. Gen. Stat. § 62-110.8(g) establishes an annual CPRE
21 rider cost recovery mechanism to recover the costs incurred by DEC and
22 DEP to implement the CPRE Program.

1 **Q. HAS THE COMPANY RECENTLY FILED AN UPDATED 2023**
2 **CPRE PROGRAM PLAN?**

3 A. Yes. The Company filed an updated, final CPRE Program Plan on
4 September 1, 2023 in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156, as
5 required by Commission Rule R8-71(g). As detailed in the final CPRE
6 Program Plan, through the 2022 Solar Procurement, which included an
7 additional CPRE Program procurement or Tranche 4 completed in 2023,
8 DEC and DEP procured an additional 286 MW of controllable CPRE
9 resources.

10 Additional details of the Company's CPRE Program compliance are
11 contained in the Program Plan, which was accepted by the Commission's
12 *Order Accepting CPRE Program Plan, Concluding CPRE Program, and*
13 *Granting Waiver of Commission Rules R8-71(g) and R8-71(h).* As
14 explained in the Company's Application, the Commission's Order also
15 formally closed the CPRE Program and excused DEC and DEP from filing
16 CPRE Compliance Reports.¹

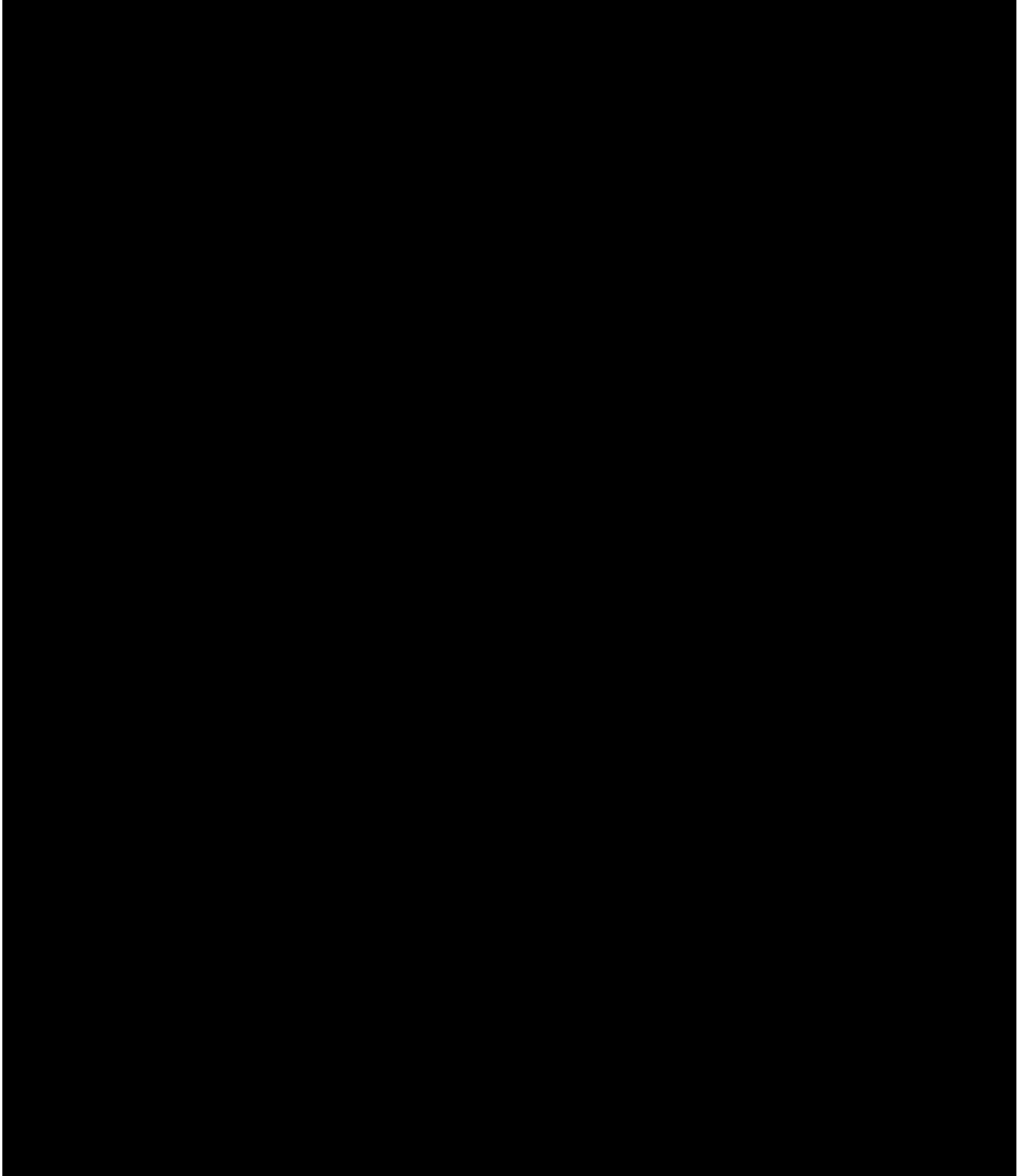
17 **Q. CAN YOU PROVIDE THE CURRENT EXPECTED COMMERCIAL**
18 **OPERATION DATES (“COD”) FOR CPRE WINNING**
19 **PROPOSALS?**

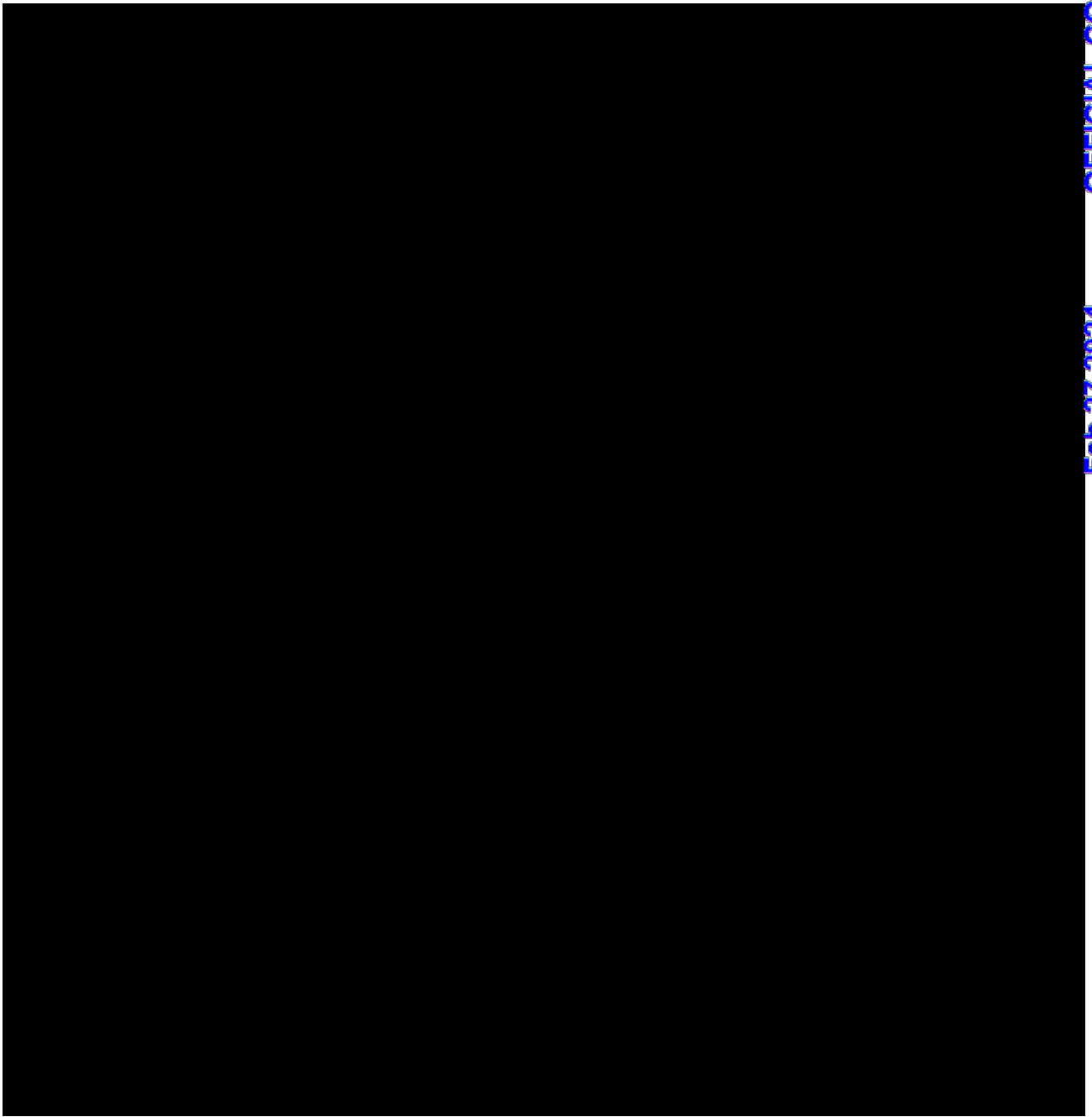
20 A. Yes. As of the filing date in this docket, all Tranche 1 projects are either in
21 service or have terminated the PPA and paid liquidated damages. The

¹ Application, at ¶ 10.

1 Tranche 2 and Tranche 3 winning projects have the following estimated
2 COD or have terminated the PPA and paid liquidated damages:

3 **BEGIN CONFIDENTIAL**





1

2

END CONFIDENTIAL

3

Generation from winning projects currently in operation or forecasted to

4

commence operation by November 30, 2024, are included in the forecast

5

billing period.

1 **Q. PLEASE EXPLAIN WHETHER ANY PROJECTS HAVE**
2 **CHANGED THEIR ESTIMATED COD SINCE THE FILING OF**
3 **DEC’S 2023 CPRE COMPLIANCE REPORT.**

4 A. One CPRE Tranche 2 winning project has notified DEC of delays. The
5 Company estimates its COD to now be around the end of Q1 2026. Once
6 more information is available, the Company will work with the developer
7 to amend the Interconnection Agreement and PPA to achieve commercial
8 operation as a Tranche 2 CPRE project.

9 **Costs of CPRE Program Compliance**

10 **Q. PLEASE DESCRIBE THE PERIOD OF COST RECOVERY**
11 **UNDER REVIEW IN THIS PROCEEDING.**

12 A. The CPRE Program rider authorized under subsection (j) of the CPRE Rule
13 allows the Company to establish “an increment or decrement as a rider to
14 its rates to recover in a timely manner the reasonable and prudent costs
15 incurred and anticipated to be incurred to implement its CPRE Program and
16 to comply with N.C. Gen. Stat. § 62- 110.8.”

17 Subsection (j)(3) of the CPRE Rule further provides that, “[u]nless
18 otherwise ordered by the Commission,” the CPRE Program Rider test
19 period shall be the same as the annual fuel factor test period, which, for
20 DEC is January 1, 2023 through December 31, 2023. The forecasted Billing
21 Period is also the same as DEC’s annual fuel factor.

1 **Q. IS DEC SEEKING RECOVERY OF INDEPENDENT**
2 **ADMINISTRATOR FEES IN THIS PROCEEDING?**

3 A. No. However, DEC did incur IA fees during the test period, but those fees
4 were covered by the CPRE Tranche 3 Winner's Fees collected September
5 14, 2023. As illustrated in Walker Exhibit 2, the amount of Winner's Fees
6 collected were more than the charges incurred from the IA. Accordingly,
7 and as also illustrated in Walker Exhibit 2, the over collection of additional
8 Winner's Fees will reduce total implementation costs for DEC's customers.
9 DEC notes that no additional charges from the IA will be incurred due to
10 the formal closure of the CPRE Program.

11 **Q. IS THE COMPANY PROJECTING TO INCUR CPRE PROGRAM**
12 **PURCHASED POWER EXPENSES OR POTENTIAL**
13 **AUTHORIZED REVENUE OF UTILITY-OWNED CPRE ASSETS**
14 **THAT WOULD BE RECOVERABLE DURING THE BILLING**
15 **PERIOD AT ISSUE IN THIS PROCEEDING?**

16 A. Yes. Eight DEC projects selected in the Tranche 1 RFP and two of the three
17 DEC projects selected in the Tranche 2 RFP are included in the billing
18 period forecast. Estimated purchased power expenses and authorized
19 revenue of utility-owned CPRE asset estimates are described in the direct
20 testimony of Company Witness Walker and detailed in Walker Exhibit No.
21 1.

1 **Q. PLEASE DESCRIBE THE CATEGORIES OF COSTS INCURRED**
2 **OR POTENTIALLY EXPECTED TO BE INCURRED TO**
3 **IMPLEMENT THE REQUIREMENTS OF THE CPRE PROGRAM.**

4 A. The following is a summary of the types of costs that were and will likely
5 continue to be incurred to implement the CPRE Program and comply with
6 the procurement requirements of N.C. Gen. Stat. § 62-110.8:

- 7 • Purchased power and potential authorized revenues of utility-owned
- 8 generation related to CPRE Program renewable resources; and
- 9 • Internal Company labor, contract labor including legal fees, and other
- 10 related costs of implementing and managing the CPRE Program.

11 **Q. PLEASE DESCRIBE THE COMPANY'S COSTS ASSOCIATED**
12 **WITH THE CPRE PROGRAM INCURRED DURING THE EMF**
13 **PERIOD.**

14 A. DEC's costs associated with implementing its CPRE Program include
15 internal labor associated with development of the CPRE Program Plan and
16 the CPRE Additional Procurement conducted through the 2022 Solar
17 Procurement. In addition to internal labor, costs were incurred for external
18 legal support for CPRE program implementation.

19 **Q. PLEASE PROVIDE DETAIL FOR THE INTERNAL LABOR COSTS**
20 **INCURRED TO IMPLEMENT THE CPRE PROGRAM THAT**
21 **WERE INCURRED DURING THE EMF PERIOD.**

22 A. DEC includes only the incremental cost of CPRE Program compliance for
23 recovery through its CPRE rider. Company employees that work to

1 implement the requirements of N.C. Gen. Stat. § 62-110.8 charge only that
2 portion of their labor hours to CPRE accounting codes.

3 **Q. HOW ARE EXTERNAL CPRE-RELATED IMPLEMENTATION**
4 **COSTS BEING ALLOCATED BETWEEN DEC AND DEP?**

5 A. These costs have been allocated equally between DEC and DEP. Although
6 the overall CPRE Program procured significantly more total megawatts for
7 DEC versus DEP, the costs related to implementing the CPRE Program are
8 associated with administrative activities that benefit DEC and DEP equally.
9 Thus, the Company's proposed CPRE rider in this docket appropriately
10 reflects recovery of one half of the shared outside administrative costs
11 incurred.

12 **Q. ARE YOU SATISFIED THAT THE ACTUAL COSTS DEC HAS**
13 **INCURRED DURING THE EMF PERIOD ARE REASONABLE**
14 **AND HAVE BEEN PRUDENTLY INCURRED?**

15 A. Yes.

16 **Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT**
17 **TESTIMONY?**

18 A. Yes.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Application of Duke Energy Carolinas, LLC for Approval of CPRE Cost Recovery Rider, as filed in Docket No. E-7, Sub 1307 were served electronically or via U.S. mail, first-class, postage prepaid, upon all parties of record.

This, the 27th day of February, 2024

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