



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

August 31, 2021

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

Re: Docket No. E-2, Sub 1275 – Application of Duke Energy Progress, LLC for Approval of CPRE Cost Recovery Rider Pursuant to N.C.G.S. § 62-110.8 and Commission Rule R8-71

Dear Ms. Dunston:

In connection with the above-referenced docket, I transmit herewith for filing on behalf of the Public Staff the following:

1. Notice of Affidavits;
2. Affidavit of Jeff T. Thomas, Utilities Engineer, Operations and Planning Section, Energy Division; and
3. Affidavit of R. Tyler Allison, Staff Accountant, Accounting Division.

By copy of this letter, we are forwarding copies to all parties of record

Sincerely,

Electronically submitted
s/ Layla Cummings
Staff Attorney
layla.cummings@psncuc.nc.gov

Attachments

Executive Director
(919) 733-2435

Accounting
(919) 733-4279

Consumer Services
(919) 733-9277

Economic Research
(919) 733-2267

Energy
(919) 733-2267

Legal
(919) 733-6110

Transportation
(919) 733-7766

Water/Telephone
(919) 733-5610

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1275

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Duke Energy Progress, LLC, for)
Approval of CPRE Cost Recovery Rider)
Pursuant to N.C.G.S. § 62-110.8 and) NOTICE OF AFFIDAVITS
Commission Rule R8-71)

NOW COMES THE PUBLIC STAFF - North Carolina Utilities Commission,
by and through its Executive Director, Christopher J. Ayers, as constituted by
N.C. Gen. Stat. § 62-15, and gives notice that the Affidavits of:

Jeff T. Thomas, Utilities Engineer, Electric Section – Operations
and Planning, Energy Division
R. Tyler Allison, Staff Accountant, Accounting Division
Public Staff - North Carolina Utilities Commission
430 North Salisbury Street - Dobbs Building
4326 Mail Service Center
Raleigh, North Carolina 27699-4300

will be used in evidence at the hearing in this docket scheduled for
September 21, 2021, pursuant to N.C.G.S. § 62-68. The affiants will not be called
to testify orally and will not be subject to cross-examination unless an opposing
party or the Commission demands the right of cross-examination by notice mailed
or delivered to the proponent at least five days prior to the hearing, pursuant to
N.C.G.S. § 62-68.

THEREFORE, the Public Staff moves that the Affidavits of Jeff T. Thomas and R. Tyler Allison be admitted into evidence in the absence of notice pursuant to N.C.G.S. § 62-68.

Respectfully submitted this the 31st day of August, 2021.

PUBLIC STAFF
Christopher J. Ayers
Executive Director

Dianna W. Downey
Chief Counsel

Electronically submitted
/s/ Layla Cummings
Staff Attorney
layla.cummings@psncuc.nc.gov

430 North Salisbury Street - Dobbs Building
4326 Mail Service Center
Raleigh, North Carolina 27699-4300
Telephone: (919) 733-6110

CERTIFICATE OF SERVICE

I certify I have this day served a copy of the foregoing Notice of Affidavit and Affidavit on each of the parties of record in this proceeding or their attorneys of record by causing a copy to be deposited in the United States Mail, postage prepaid, properly addressed to each or by electronic delivery upon agreement from the parties.

This the 31st day of August, 2021.

Electronically submitted
/s/ Layla Cummings

DOCKET NO. E-2, SUB 1275

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, Jeff T. Thomas, first being duly sworn, do depose and say:

I am an Engineer in the Operations and Planning section of the Public Staff's Energy Division. A summary of my duties, education, and experience is attached to this affidavit as Appendix A.

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

N.C.G.S. § 62-110.8(g) further states that an electric public utility shall be authorized to recover the costs of all purchases of energy, capacity, and environmental and renewable attributes from third-party renewable energy facilities procured pursuant to the statute, and to recover the authorized revenue of any utility-owned assets selected pursuant to the statute through a Competitive Procurement of Renewable Energy (CPRE) annual rider approved by the

Commission and reviewed annually. Commission Rule R8-71(j) also require the following: (1) that the CPRE rider will be recovered over the same period as the utility's fuel and fuel-related cost rider, and (2) that the costs or authorized revenue will be modified through the use of a CPRE Program experience modification factor (CPRE EMF) rider. The CPRE EMF rider is utilized to "true-up" the recovery of reasonable and prudently incurred CPRE Program costs incurred during the test period established for each annual rider proceeding.

The purpose of my affidavit is to present the results of the Public Staff Energy Division's investigation of the CPRE Rider revenue requirements and calculations proposed by Duke Energy Progress, LLC (DEP or the Company), in its application filed in this proceeding on June 15, 2021. The Energy Division's investigation reviews the prospective component of the CPRE Rider, including the costs and revenue projected for the December 1, 2021 through November 30, 2022 period (Billing Period). Furthermore, I support and assist the Public Staff Accounting Division's investigation of the CPRE EMF rider. I will also present the results of the Public Staff's review of the CPRE Compliance Report, filed pursuant to Commission Rule R8-71(h).

The Public Staff Energy Division's specific responsibilities in this CPRE rider proceeding are to: (1) review the Company's application and proposed prospective rates for compliance with N.C.G.S. § 62-110.8 and Commission Rule R8-71; (2) review the CPRE Compliance Report and address any deficiencies pursuant to Commission Rule R8-71(h) and Commission Orders; and (3) make

recommendations regarding changes to the Company's calculations of the proposed prospective rates, if any.

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

DEP's Rider Request – Direct Testimony Filed on June 15, 2021 (cents per kWh)			
Customer Class	EMF Rate	Billing Period Rate	Total CPRE Rate
Residential	0.000	0.013	0.013
Small General Service	0.000	0.014	0.014
Medium General Service	0.000	0.013	0.013
Large General Service	0.000	0.012	0.012
Lighting	0.000	0.010	0.010

DEP calculated the Billing Period rates by dividing the projected North Carolina Retail portion of energy, capacity, and CPRE implementation costs for each customer class, as shown on Walker Exhibit No. 3, by DEP's North Carolina projected billing period retail sales of 16,610,751 megawatt-hours (MWh) for the residential class, 1,792,730 MWh for the small general service class, 10,332,062 MWh for the medium general service class, 9,225,261 MWh for the large general service class, and 380,260 MWh for the industrial class. I am not recommending any adjustment to Billing Period projected costs. Therefore, I recommend that the Commission approve the Billing Period rates in the Company's application, as filed on June 15, 2021.

I have also reviewed the CPRE Compliance Report, included as Cathcart Exhibit No. 1. The report provides the information required by Commission Rule R8-71(h) and the Commission’s February 21, 2018 *Order Modifying and Approving Joint CPRE Program*. In the report, DEP states that it expects a future Tranche 3 to consist of between 112 MW and 435 MW across both DEP and Duke Energy Carolinas, LLC (DEC), depending on the amount of Transition MW¹ realized. The report also indicated that [BEGIN CONFIDENTIAL] [REDACTED] [REDACTED] [END CONFIDENTIAL].

During my investigation, I also discovered that [BEGIN CONFIDENTIAL]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

¹ Transition MWs is the term used to refer to projects that qualify under N.C. Gen. Stat. § 62-110.8(b)(1) as having executed PPAs and interconnection agreements within the DEC and DEP Balancing Authorities that are not subject to economic dispatch or curtailment and were not procured under the Green Source Advantage program. Pursuant to the statute, should the level of Transition MWs exceed 3,500 MW, the aggregate CPRE target of 2,660 MW will be reduced by such excess capacity.

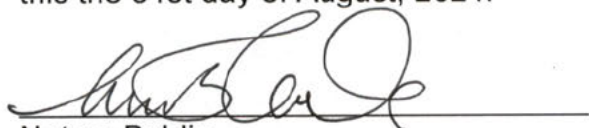
[REDACTED]
[REDACTED] [END CONFIDENTIAL].

In addition, the Public Staff notes that the Marley Solar project was studied with over 4,000 MW of earlier-queued projects removed from the base case to create a more realistic base case, using DEP's engineering judgement.² Depending on which of those removed projects progress to commercial operation, DEP identified as much as [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] in network upgrade costs that could be triggered by Marley Solar. To date, nearly half of that capacity has been withdrawn from the interconnection queue. In order for Marley Solar to trigger additional upgrades, enough earlier-queued projects would need to interconnect to bring several transmission lines to the brink of overloading without triggering any network upgrades. Based on my analysis of the size and status of the remaining projects, I believe this is unlikely, but the Public Staff will continue to monitor this issue.

This completes my affidavit.


Jeff T. Thomas

Sworn to and subscribed before me
this the 31st day of August, 2021.


Notary Public

My Commission Expires: April 4, 2026



² The Commission recognized the issues related to a "bloated base case" in its 2019 CPRE Order, at 18-19, stating that this issue merits monitoring and potentially further consideration prior to the opening of Tranche 3.

QUALIFICATIONS AND EXPERIENCE

JEFF T. THOMAS

I graduated from the University of Illinois Champaign-Urbana in 2009, earning a Bachelor of Science in General Engineering. From 2009 to 2015, I worked in various operations management roles for General Electric, United Technologies Corporation, and Danaher Corporation. I left manufacturing in 2015 to attend North Carolina State University, earning a Master of Science degree in Environmental Engineering. At NC State, I performed cost-benefit analysis evaluating smart grid components, such as solid-state transformers and grid edge devices, at the Future Renewable Energy Electricity Delivery and Management Systems Engineering Research Center. My master's thesis focused on electric power system modeling, capacity expansion planning, linear optimization, and the effect of various state and national energy policies on North Carolina's generation portfolio and electricity costs. After obtaining my degree, I joined the Public Staff in November 2017. In my current role, I have filed testimony in avoided cost proceedings, general rate cases, and CPCN applications, and have been involved in the implementation of HB 589 programs, utility cost recovery, renewable energy program management, customer complaints, and other aspects of utility regulation. I received my Professional Engineering license in April 2020 after passing the Principles and Practice of Engineering exam in Electrical and Computer Engineering: Power.

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Approval of CPRE Cost Recovery Rider)	<u>OF</u>
Pursuant to N.C.G.S. § 62-110.8 and)	<u>R. TYLER ALLISON</u>
Commission Rule R8-71)	

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, R. Tyler Allison, first being duly sworn, do depose and say:

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

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

N.C.G.S. § 62-110.8(g) further states that an electric public utility shall be authorized to recover the costs of all purchases of energy, capacity, and environmental and renewable attributes from third-party renewable energy facilities procured pursuant to the statute, and to recover the authorized revenue of any utility-owned assets selected pursuant to the statute through a Competitive Procurement of Renewable Energy (CPRE) annual rider approved

by the Commission and reviewed annually. Commission Rule R8-71(j) also provides the following: (1) that the CPRE rider will be recovered over the same period as the utility's fuel and fuel-related cost rider, and (2) that the costs or authorized revenue will be modified through the use of a CPRE Program experience modification factor (CPRE EMF) rider. The CPRE EMF rider is utilized to "true-up" the recovery of reasonable and prudently incurred CPRE Program costs incurred during the test period established for each annual rider proceeding.

The purpose of my affidavit is to present the results of the Public Staff Accounting Division's investigation of the CPRE Rider revenue requirements and calculations proposed by Duke Energy Progress, LLC (DEP or the Company), in its application filed in this proceeding on June 15, 2021. The Accounting Division's investigation pays particular attention to the CPRE EMF Rider revenue requirements and calculations proposed by DEP, based on the incremental CPRE Program implementation costs and revenue requirements incurred and revenues recorded during the April 1, 2020 through March 31, 2021 period (CPRE EMF period or test period).

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

Residential	(0.000) cents per kWh
Small General Service	(0.000) cents per kWh
Medium General Service	(0.000) cents per kWh

Large General Service	(0.000) cents per kWh
Lighting	(0.000) cents per kWh

In witness Walker's Exhibits, DEP's proposed over- or underrecovery of CPRE costs for each of the North Carolina retail customer classes is as follows:

Residential	\$ (29,962)
Small General Service	\$ (1,601)
Medium General Service	\$ (1,814)
Large General Service	\$ 2,349
Lighting	\$ 418

DEP also proposed EMF interest decrement riders for three North Carolina retail customer classes from which DEP overrecovered, as follows:

Residential	(0.000) cents per kWh
Small General Service	(0.000) cents per kWh
Medium General Service	(0.000) cents per kWh

The riders were calculated by dividing the "Adjusted CPRE (Over)/Under Collection," as shown on Walker Exhibit No. 4 for each customer class by DEP's N.C. projected billing period retail sales of 16,610,751 megawatt-hours (MWh) for the residential class, 1,792,730 MWh for the small general service class, 10,332,062 MWh for the medium general service class, 9,225,261 MWh for the large general service class, and 380,260 MWh for the lighting class. DEP states in its testimony and exhibits that during the EMF Period, only one of the Tranche 1 facilities began generating power. Due to a delay in obtaining and establishing

billing data, the generator was not paid during the EMF Period, and DEP is not seeking recovery of the costs of power generated during the EMF Period in this proceeding, instead only seeking recovery of the implementation costs as shown in Walker Exhibit No. 2.

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

As a result of the Accounting Division's investigation, I am recommending that DEP's CPRE EMF riders for each customer class be based on over- and underrecoveries of \$(29,962) for the residential class, \$(1,601) for the small general service class, \$(1,814) for the medium general service class, \$2,349 for the large general service class, and \$418 for the lighting class, and North Carolina retail projected billing period retail sales of 16,610,751 MWh for the residential class, 1,792,730 MWh for the small general service class, 10,332,062 MWh for the medium general service class, 9,225,261 for the large general service class, and 380,260 MWh for the lighting class, as proposed by the Company in its filing. These amounts produce EMF decrement riders for each North Carolina retail customer class as follows, excluding the regulatory fee:

Small General Service	(0.000) cents per kWh
Medium General Service	(0.000) cents per kWh
Large General Service	(0.000) cents per kWh
Lighting	(0.000) cents per kWh

I also recommend an EMF interest decrement rider for the three North Carolina retail customer classes from which DEP over-recovered, excluding the regulatory fee, resulting from the overrecovered CPRE amounts from each class:

Residential	(0.000) cents per kWh
Small General Service	(0.000) cents per kWh
Medium General Service	(0.000) cents per kWh

I have provided these amounts to Public Staff witness Jeff Thomas for incorporation into the Public Staff's recommended CPRE rider calculation.

This completes my affidavit.

R. Tyler Allison
R. Tyler Allison

Sworn to and subscribed before me
this the 31st day of August, 2021.

Aaron Blackmon
Notary Public

My Commission Expires: April 4, 2026



QUALIFICATIONS AND EXPERIENCE

R. TYLER ALLISON

I graduated from North Carolina State University with a Master of Accounting degree. I am also an actively licensed Certified Public Accountant in the State of North Carolina.

I joined the Public Staff Accounting Division as a Staff Accountant in October 2017. I am responsible for (1) the examination and analysis of testimony, exhibits, books and records, and other data presented by utilities and other parties involved in Commission proceedings; and (2) the preparation and presentation to the Commission of testimony, exhibits, and other documents in those proceedings.

Prior to joining the Public Staff, I accumulated more than three years of auditing experience in public accounting and with the U.S. Environmental Protection Agency, and about one year of general accounting experience.

Since joining the Public Staff, I have performed various supporting accounting tasks in various electric, natural gas, and water utility proceedings. I have filed testimony and affidavits in both natural gas and water rate case proceedings. I have also performed reviews in conjunction with (1) Integrity Management Rider programs, (2) Demand Side Management and Energy Efficiency Rider proceedings, and (3) cash working capital studies in natural gas and electric general rate cases.