



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

September 1, 2023

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 1321 – Application of Duke Energy Progress, LLC, Pursuant to N.C.G.S. § 62-133.2 and Commission Rule R8-55 Relating to Fuel and Fuel-Related Charge Adjustments for Electric Utilities

Dear Ms. Dunston:

Attached for filing, on behalf of the Public Staff in the above-referenced docket, is the testimony of Darrell Brown, Public Utility Regulatory Analyst with the Accounting Division of the Public Staff – North Carolina Utilities Commission.

By copy of this letter, I am forwarding a copy to all parties of record by electronic delivery.

Sincerely,

/s/ William S.F. Freeman, by electronic filling

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CERTIFICATE OF SERVICE

I certify that I have served a copy of the following testimony on all parties of record in accordance with Commission Rule R1-39, by United States mail, postage prepaid, first class; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 1st day of September, 2023.

Electronically submitted
/s/ William S. F. Freeman

1 **Q. Mr. Brown, please state your name, business address, and**
2 **present position.**

3 A. My name is Darrell Brown. My business address is 430 North
4 Salisbury Street, Raleigh, North Carolina. I am a Public Utility
5 Regulatory Analyst with the Accounting Division of the Public Staff –
6 North Carolina Utilities Commission.

7 **Q. Briefly state your qualifications and duties.**

8 A. My qualifications and duties are attached as Appendix A.

9 **Q. Mr. Brown what is the purpose of your testimony in this**
10 **proceeding?**

11 A. The purpose of my testimony is to present the results of the Public
12 Staff's investigation of the Experience Modification Factor (EMF)
13 riders proposed by Duke Energy Progress, LLC (DEP or the
14 Company) in this proceeding. The EMF riders are utilized to "true-
15 up," by customer class, the recovery of fuel and fuel-related costs
16 incurred during the test year. DEP's test year in this fuel proceeding
17 is the twelve months ending March 31, 2023. Additionally, the
18 Company excluded the amount of under-recovery for April through
19 June 2022 as the amount was included in the EMF factors approved
20 in Docket E-2, Sub 1292.

1 **Q. What are the incremental EMF riders proposed by the Company**
2 **in this proceeding?**

3 A. In its application, filed with supporting testimony and exhibits on June
4 13, 2023, DEP proposed EMF increment riders in cents per kilowatt-
5 hour (kWh), excluding the North Carolina regulatory fee, for each
6 North Carolina retail customer class, as follows:

| Rate Class | EMF |
|------------------------|-----------------|
| Residential | 1.187 ¢ per kWh |
| Small General Service | 1.040 ¢ per kWh |
| Medium General Service | 1.080 ¢ per kWh |
| Large General Service | 1.243 ¢ per kWh |
| Lighting | 1.681 ¢ per kWh |

7 On August 28, 2023, DEP filed the Supplemental Testimony of Dana
8 M. Harrington with Revised Exhibits and supporting workpapers.
9 Witness Harrington's supplemental testimony and revised exhibits
10 reflect the impact of four adjustments, with first three directly
11 impacting the calculation of the proposed EMF riders: (1) an
12 adjustment to the weather normalization computation; (2) revised
13 allocation of purchase power capacity costs; (3) an adjustment to the

1 North Carolina retail share of replacement costs associated with a
2 Robinson Nuclear Station outage; and (4) an adjustment to billing
3 period projections consistently with an update in the pending
4 Renewable Energy Portfolio Standard (“REPS”) Docket E-2,
5 Sub 1320. Revised Harrington Exhibits 3B – 3F set forth the
6 Company’s revised proposed EMF increment riders in cents per
7 kWh, excluding the North Carolina regulatory fee, for each North
8 Carolina retail customer class, as follows:

| Rate Class | EMF |
|------------------------|-----------------|
| Residential | 1.191 ¢ per kWh |
| Small General Service | 1.050 ¢ per kWh |
| Medium General Service | 1.090 ¢ per kWh |
| Large General Service | 1.249 ¢ per kWh |
| Lighting | 1.680 ¢ per kWh |

9 In witness Harrington’s Revised Exhibits, DEP’s proposed revised
10 under-recovery of fuel for each of the North Carolina retail customer
11 classes is as follows:

| | | |
|---|------------------------|---------------|
| 1 | Residential | \$198,458,092 |
| 2 | Small General Service | \$ 20,080,608 |
| 3 | Medium General Service | \$115,027,848 |
| 4 | Large General Service | \$105,463,134 |
| 5 | Lighting | \$ 5,750,159 |

6 The riders were calculated by dividing the fuel and fuel-related cost
7 under-recovery amounts by DEP's normalized test year North
8 Carolina retail sales of 16,660,473 megawatt-hours (MWh) for the
9 residential class; 1,911,733 MWh for the small general service class;
10 10,553,483 MWh for the medium general service class; 8,443,198
11 MWh for the large general service class; and 342,287 MWh for the
12 lighting class.

13 **Q. Please describe the scope of your investigation.**

14 A. The Public Staff's investigation included evaluating whether the
15 Company properly determined its per books fuel and fuel-related
16 costs and revenues during the test period. These procedures
17 included a review of the Company's filing, prior Commission orders,
18 the Monthly Fuel Reports filed by the Company with the Commission,
19 and other Company data provided to the Public Staff. The Public

1 Staff also reviewed specific types of expenditures impacting the
2 Company's test year fuel and fuel-related costs, including reagents
3 (e.g., limestone, ammonia, urea, etc.), renewable energy, and
4 purchased power, as well as reviews of source documentation of fuel
5 and fuel-related costs for certain selected Company generation
6 resources. Performing the Public Staff's investigation required the
7 review of numerous responses to written and verbal data requests,
8 and conferences with Company representatives.

9 **Q. What updated EMF riders do the Public Staff propose for this**
10 **proceeding?**

11 A. As a result of the Public Staff's investigation, I am recommending
12 that DEP's EMF riders for each customer class be based on net fuel
13 and fuel-related cost under-recoveries of \$198,458,092 for the
14 residential class; \$20,080,608 for the small general service class;
15 \$115,027,848 for the medium general service class; \$105,463,134
16 for the large general service class; and \$5,750,159 for the lighting
17 class; and normalized North Carolina retail sales of 16,660,473 MWh
18 for the residential class; 1,911,733 MWh for the small general service
19 class; 10,553,483 MWh for the medium general service class;
20 8,443,198 MWh for the large general service class; and 342,287
21 MWh for the lighting class. These amounts produce the EMF

1 increment rates for each North Carolina retail customer class
2 (excluding the North Carolina regulatory fee) set forth in the table
3 below:

| Rate Class | EMF |
|------------------------|-----------------|
| Residential | 1.191 ¢ per kWh |
| Small General Service | 1.050 ¢ per kWh |
| Medium General Service | 1.090 ¢ per kWh |
| Large General Service | 1.249 ¢ per kWh |
| Lighting | 1.680 ¢ per kWh |

4 I have provided the recommended EMF rider amounts to Public Staff
5 witness Lawrence for incorporation into his recommended final
6 fuel factors.

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

8 A. Yes, it does.

QUALIFICATIONS AND EXPERIENCE

DARRELL BROWN

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

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

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