

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION
DOCKET NO. E-34, SUB 54
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DOCKET NO. E-34, SUB 54)	
)	
In the Matter of Application for General Rate Case)	
)	
DOCKET NO. E-34, SUB 55)	OBJECTIONS TO NEW RIVER LIGHT AND POWER'S DATA REQUESTS
)	
In the Matter of Petition of Appalachian State University d/b/a New River Light and Power for an Accounting Order to Defer Certain Capital Costs and New Tax Expenses)	

Appalachian Voices, pursuant to Commission Rule R1-24 and Rule 26 of the North Carolina Rules of Civil Procedure, and the North Carolina Utilities Commission's (Commission) March 20, 2023 *Order Scheduling Hearings, Establishing Procedural and Filing Requirements, and Requiring Customer Notice*, hereby objects to New River Light and Power's (NRLP) Data Request No. 1 (Set 1) requests 6, 10, 11, 12, and Data Request No. 2 (Set 2) requests 5 and 9, as follows.

NRLP's Data Request Set 1

6. For each EE/DSM program listed in Exhibit JWH-2, please provide:
 - a. The cost to design and propose the program
 - b. The cost to implement the program
 - c. The cost to administer the program (including in separate lines the in-house utility administrative costs and the Evaluation, Measurement & Verification costs)

- d. The cost effectiveness results under Total Resource Cost and Utility Cost tests, as verified by EM&V
- e. The dates during which each program has been active
- f. The number of participants for each year of each program
- g. For heat pump and water heater programs in Exhibit JWH-2, the number of rebates have been provided for each program, broken down by each year the program(s) was(were) active, and the dollar value (both per participant and cumulatively for the program) of each rebate provided in each program
- h. And for any programs that have been discontinued, the reasons why.

Response

Person responsible: Jason Hoyle

Appalachian Voices objects to this request because it is overly burdensome, is not reasonably calculated to lead to admissible evidence, seeks publicly available information, and requires the creation of new work product. Subject to these objections, Appalachian Voices responds as follows.

Mr. Hoyle's testimony describes Exhibit JWH-2 as "a brief list of some example EE/DSM programs that are similar to those NRLP has identified" (p. 34, lines 13-14) and recommends that "NRLP should formally propose the three EE/DSM programs it has 8 already identified and listed, guided by the program designs discussed in Exhibit JWH-2, as pilot programs of limited duration." (p. 6, lines 5-7; p. 44, lines 8-10; and p. 47, lines 14-16). Mr. Hoyle recognizes that NRLP's previous wholesale power supply contracts limited its ability to offer EE/DSM programs and that as a result NRLP has very limited institutional

experience related to such programs. Exhibit JWH-2 was included as a brief list of example programs with the intent to provide NRLP an information resource upon which it may draw as NRLP further develops its own EE/DSM program proposals.

10. What are the current interest rates for the bond rating identified in the previous question (the rating for NRLP risk level), broken out by bond term (5 year, 10 year, 20 year)?

Response

Person responsible: Jason Hoyle

Appalachian Voices objects to this question because it requires the creation of new work product. Subject to that objection, as a courtesy Appalachian Voices provides the following response.

A rating of Aa3 is the lowest level of AA ratings, as explained in Moody's Investors Service Higher Education Methodology, a PDF copy of which is attached hereto as JWH DR Attachment 5. Current average yield-to-maturity rates on municipal bonds of varying terms is available from Bloomberg's United States Rates & Bonds markets webpage, a PDF copy of which, as accessed on June 13, 2023, is attached hereto as JWH DR Attachment 6. The yield curve from Bloomberg indicates an average yield for a 5-year term of 2.65% declining to an average yield for a 10-year term of 2.58% and then increasing to an average yield of 3.6% for a 30-year term. Bloomberg offers no quote for a 20-year term. The interest rate, or coupon rate, of a specific bond issue does not change, and therefore the current interest rate of a particular bond issue, regardless of the

issuer's credit rating, is the same as the coupon rate at the time the bond was issued.

11. Under Mr. Hoyle's proposed 5.39% overall rate of return, how much "net profit" or earnings would NRLP have left to contribute to the Endowment Fund of Appalachian State University, assuming retained earnings at the level for 2021 and 2022?

Response

Person responsible: Jason Hoyle

Appalachian Voices objects to this question because it requires the creation of new work product and is not relevant to Mr. Hoyle's testimony. Subject to that objection, Mr. Hoyle offers the following informal calculation for NRLP's convenience.

NRLP witness Halley identified a total rate base including adjusted revenue requirement for test year 2021 of \$30,964,515.25 before allowances for UBIT, uncollectible accounts, and regulatory commission expenses (Exhibit_(REH-13)-Version 2, page 5, line 222). The product of this total rate base and an overall rate of return of 5.39285% is an overall return of \$1,669,869.86. Since Mr. Hoyle proposes to use NRLP's actual cost of debt and actual capital structure, 4.89375% of the overall 5.39285% is attributable to equity (See Jason W. Hoyle testimony, Table JWH-1, p. 9, line 1) and the product of a total rate base of \$30,964,515.25

and a 4.89375% weighted ROE is the amount of the contribution to the Endowment Fund of ASU, or \$1,515,325,97.

12. For each of the most recent five years for which data is available, what is the average monthly residential bill (assuming 1000 kWh usage) for NRLP, for Duke Energy Progress, for Duke Energy Carolinas, and for Blue Ridge Electric Membership Corporation?

a. Please provide all sources, components and calculations used to derive the response to this question.

Response

Person responsible: Jason Hoyle

Appalachian Voices objects to this request because it is overly burdensome, is not reasonably calculated to lead to admissible evidence, seeks publicly available information, seeks information in NRLP's possession, and requires the creation of new work product.

NRLP's Data Request Set 2

5. Page 36, Lines 2 through 4 of Mr. Barnes' testimony states that designing a residential Basic Facilities Charge (BFC) on the basis of a utility's embedded costs is not and has never been an accepted rate design methodology. Please provide all North Carolina Utilities Commission Orders where the residential BFC does not consider the utility's embedded cost. Please provide the docket number for each case, the date for each such order, and reference to the page numbers of

the order that show embedded cost was rejected or otherwise not used in developing the BFC.

Response

Person responsible: Justin Barnes

Appalachian Voices objects to this request because it is unduly burdensome and requests publicly available information. Subject to these objections, Appalachian Voices responds as follows.

This question appears to be based on a misunderstanding of the cited portion of Mr. Barnes' testimony. Mr. Barnes' specific statement in full, with emphasis added, reads:

“The costs of NRLP’s shared distribution system upstream of a customer’s service drop are caused by customer demands, not the number of customers on the system. This is properly reflected in NRLP’s COSS. It is irrelevant that those demand-related costs are embedded and therefore “fixed”. Designing a residential BFC on the basis of a utility’s embedded costs irrespective of the cost causation factor associated with those costs is not and has never been an accepted rate design methodology.”

9. Page 46, Lines 10 through 12 of Mr. Barnes' testimony, states that the Basic Customer Method of deriving a residential BFC is commonly accepted throughout the nation and is arguably the single most common method of doing so. Please provide all North Carolina Utilities Commission Orders where the Basic Customer Method has been used to establish a residential BFC. Please provide

the docket number for each case, the date for each order, and reference to the page numbers showing use of the Basic Customer Method.

Response:

Person responsible: Justin Barnes

Appalachian Voices objects to this request because it is unduly burdensome, is not reasonably calculated to lead to admissible evidence, and requests publicly available information.

Subject to those objections, Mr. Barnes is not aware of an NCUC decision in which the Basic Customer Method was referred to as the specific methodological basis for setting residential BFCs.

Respectfully submitted this the 14th day of June, 2023.

/s Nicholas Jimenez

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Attorneys for Appalachian Voices

CERTIFICATE OF SERVICE

I certify that all parties of record have been served with the foregoing filing either by electronic mail or by deposit in the U.S. Mail, postage prepaid.

This the 14th day of June, 2023.

/s Nicholas Jimenez
Nicholas Jimenez

New River Light and Power Company
Docket No. E-34, Subs 54 and 55
New River Light & Power Data Request No. 1 to App Voices
Date Requested: June 9, 2023
Date Due: June 14 2023

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Topic: Part I - Instructions for responses to data requests; Part II – first set of data requests

Part I.

1. For all Data Requests, the following instructions and definitions apply:

A. Instructions

- (1) In responding to any of the questions in the Data Requests, please answer each question on a separate sheet of paper, restating the question in full. Please provide the name and title of the individual who has the responsibility for the subject matter addressed therein. Also include with each response or group of contemporaneous responses the identity of the person making the response by name, occupation, and job title.
- (2) The Data Requests should be regarded by you as continuing and requiring further and supplemental responses as any additional information within their scope is generated or becomes available to you.
- (3) With respect to any document related to any matter addressed in the Data Requests, if the document is not in your possession, but you know or believe that it exists, you are requested to identify and

indicate to the best of your ability the present or last known location of the document and its custodian.

- (4) If, to your knowledge, no documents containing the exact information exist, but documents exist that contain portions thereof or that contain substantially similar information, then the definition of “documents” to be identified shall include such documents.
- (5) For any information that you claim is unavailable, state the reason why it is unavailable, and provide any information that is available which is similar to the requested information.
- (6) If any document or other information called for is withheld on a claim of privilege, identify the document or other information withheld, including its date and a description of the subject matter, and the full name, job title, and capacity of each and every person listed as an addressor, addressee, or indicated on blind copies; identify all persons to whom the document or other information was distributed, shown, or explained; and identify the nature and legal basis of the privilege asserted. Set forth the factual and legal predicates to any claim of privilege or other immunity from discovery in sufficient detail for NRLP to ascertain your right to such treatment, and provide redacted copies of requested materials or information. If any document or other information called for is to be produced with a claim of confidentiality, please identify such document or information and explain the basis for confidentiality and provide all documentation that supports the claim of confidentiality (e.g., non-disclosure or confidentiality agreements including those binding third party sources of the requested information).
- (7) If you intend to withhold documents or other information on the basis that such documents or other information are “voluminous,” or object on the basis that the request is “overly broad,” “unduly burdensome,” or on a similar basis, provide information sufficient to enable the Commission, NRLP, and other parties to assess the true nature of the objection. Without limiting the foregoing, this information should include a description of the documents, the approximate number of pages, number and thickness of volumes, and other such identifying information. If you do provide certain information subject to and notwithstanding such objections, you should describe any information you have withheld sufficiently to enable the Commission, NRLP, and other parties to assess the true nature of the objection.
- (8) If you assert that any document related to any matter addressed in any question in the Data Requests has been destroyed or transferred beyond your control, please state the following: (a) identify by full

name, official title and address(es), any person who destroyed the document and any person involved in ordering the destruction of the document; (b) state the time, place and method of, and reasons for, the document's destruction, including any and all documents relating to the order or act of such destruction; (c) if destroyed or disposed of by operation of a document destruction program or retention policy, identify and produce a copy of the guideline, policy, or manual describing the document destruction program or retention policy; (d) if transferred, identify the person authorizing transfer, and state the time, place, and method of, and reason for, its transfer, and identify and produce any and all documents relating to the transfer; (e) identify each and every person listed as an addressor or addressee or indicated on blind copies, or to whom it was distributed, shown or explained; and (f) state or identify the date, subject matter, number of pages, attachments and appendices of the document.

- (9) In responding to each question in the Data Requests, please provide all information available to you or in your possession, including information possessed by any agent, consultant, or employee.
- (10) If a response to any of the Data Requests requires any calculations, analyses, assumptions or studies, please identify and provide copies of such calculations, analyses, assumptions or studies, and include all workpapers relating thereto.
- (11) Whenever specific information, such as a date or figure, is requested and you are unable to provide the exact information, provide your best estimate thereof and indicate that it is an estimate.
- (12) To the extent Appalachian Voices asserts that any requested information is not relevant or not material to any issue in the above-captioned matter, indicate in writing a specific basis for said assertion in the context of any issues arising in this proceeding, and provide information sufficient to enable the Commission, and other parties, to assess the true nature of the objection. Without limiting the foregoing, this information should include a description of the documents deemed not relevant or not material.
- (13) Please provide notification via electronic mail to the following when each response to a Data Request has been uploaded to the Fox Rothschild Kiteworks site or otherwise electronically delivered:

Trisha Butler: tbutler@foxrothschild.com
David Drooz: ddrooz@foxrothschild.com
Gray Styers: gstyers@foxrothschild.com

B. Definitions

- (1) “You” and “your” refers to Appalachian Voices, and all its employees, agents, consultants and experts.
- (2) “NRLP” refers to Appalachian State University doing business under the assumed name of New River Light & Power.
- (3) “Document” includes any written, recorded or graphic matter, however produced or reproduced, including, but not limited to, correspondence, telegrams, contracts, agreements, notes in any form, memoranda, charts, diaries, reports, books, ledgers, diaries, voice recording tapes, microfilms, microfiche, pictures, data processing cards or discs, computer tapes and other computer-generated and stored information or data base, workpapers, calendars, minutes of meetings or any other writings or graphic matter, including copies containing marginal notes or variations of any of the foregoing, now or previously in your possession.
- (4) “Identify,” “identity,” or “identification,” when used in reference to an individual person, means to state that person’s full name, business position, and business address, including zip code and phone number, if known, and, if not known, the last known business position, duties and business address, if known.
- (5) “Identify,” “identity,” or “identification,” when used in reference to a business organization, means to state the corporate name or other names under which said organization does business, and the location of its principal place of business.
- (6) “Identify,” “identity,” or “identification,” when used in reference to a document, means to state the type of document (e.g., computer-stored information, microfilm, letter, memorandum, policy circular, minute book, telegram, chart, etc.), or some other means of identifying it, and its present location and custodian. If any document was, but is no longer, in your possession or subject to your control, state what disposition was made of it, and, if destroyed or disposed of by operation of a retention policy, state the retention policy. For any Data Requests that request identification of documents, you may, in lieu of identification, provide copies of the requested documents. Each document so produced shall be identified by the number of the data request to which it is purportedly responsive.
- (7) The terms “describe,” “describe in detail,” “explain,” and “explain in detail” mean describe and explain in detail each and every basis for the position taken or statement made and identify each and every

statement, study, and document relied on by you and provide a copy of all such identified studies and documents.

C. Data requests and public records requests involving other parties

- (1) NRLP adopts as its own all of the public records requests and Data Requests (individually or collectively) of all other parties, whether written or oral, formal or informal, propounded to Appalachian Voices in this proceeding. All such requests should be treated by Appalachian Voices as being independently asked by NRLP as of the date such requests are received by Appalachian Voices, and Appalachian Voices initial and revised responses to such formal or informal Data Requests should be provided accordingly. This request applies to any Data Requests or public records requests that have been propounded to Appalachian Voices since the commencement of this proceeding as well as going forward.
- (2) Please provide NRLP with copies of all Data Requests (meaning all discovery requests and demands) from other parties in this proceeding when they are received by Appalachian Voices.
- (3) Please provide copies of all Appalachian Voices' responses to Data Requests and public records requests from other parties in this proceeding as soon as they are transmitted by the Public Staff to the party making the request.
- (4) Please provide NRLP with all Data Requests issued by Appalachian Voices to other parties in this proceeding as soon as they are submitted to the party.
- (5) Please provide NRLP with all responses received by Appalachian Voices to Data Requests issued by Appalachian Voices to other parties as soon as the responses are received by Appalachian Voices.
- (6) Please provide Appalachian Voices' data responses to NRLP and any other party, and Appalachian Voices' rate case filings (including testimony and exhibits) in native format (Word, Excel (with formulae intact and working macros)). Please consider this an ongoing request.

Part II. First set of data requests

General

1. Please identify and provide copies of all source documents and workpapers (including all related Excel files with working formulas and links intact) that support

or provide a basis for all testimony and exhibits filed by Appalachian Voices in this proceeding. Please consider this request ongoing.

Jason Hoyle testimony

2. Please provide a list of all utility rate case proceedings where Mr. Hoyle has testified as a witness, including
 - a. the utility name,
 - b. the state and regulatory authority where the proceeding took place,
 - c. the docket number,
 - d. the date of final order,
 - e. a copy of or link to the final order if it is not a North Carolina proceeding,
 - f. the subject matter on which Mr. Hoyle testified, and
 - g. for all cases where Mr. Hoyle testified on the appropriate cost of capital to be approved by the regulatory commission or authority,
 - i. the overall rate of return, rate of return on equity, long term debt rate, and capital structure recommended by Mr. Hoyle, and
 - ii. the overall rate of return, rate of return on equity, long term debt rate, and capital structure approved by the commission or other regulatory authority if not a commission.

3. How does Mr. Hoyle propose that NRLP fund the three DSM/EE programs that NRLP has identified, if grant funding does not become available?

4. How does Mr. Hoyle propose that NRLP fund any other DSM/EE planning and program development?

5. Does Mr. Hoyle agree that DSM/EE programs to be offered by NRLP should achieve a benefit-to-cost score of 1.0 or greater on the Utility Cost Test?
 - a. If not, why not?
 - b. Please respond to the same question for each of the other tests set out in the California Standard Practice Manual, and explain the reasons if you believe a score of 1.0 or greater is not needed.

6. For each EE/DSM program listed in Exhibit JWH-2, please provide:
 - a. The cost to design and propose the program
 - b. The cost to implement the program
 - c. The cost to administer the program (including in separate lines the in-house utility administrative costs and the Evaluation, Measurement & Verification costs)
 - d. The cost effectiveness results under Total Resource Cost and Utility Cost tests, as verified by EM&V
 - e. The dates during which each program has been active
 - f. The number of participants for each year of each program
 - g. For heat pump and water heater programs in Exhibit JWH-2, the number of rebates have been provided for each program, broken down by each year the program(s) was(were) active, and the dollar value (both per participant and cumulatively for the program) of each rebate provided in each program
 - h. And for any programs that have been discontinued, the reasons why.

7. Where NRLP customers are tenants rather than property owners, how does Mr. Hoyle propose that the property owners be incentivized to invest in weatherization and any other physical improvements to achieve DSM or EE?

8. Is Mr. Hoyle's proposed 5.39% overall rate of return based on:
 - a. The current actual capital structure, and
 - b. The current embedded cost of debt for NRLP, and
 - c. An equity component that is based on a 5% bond rate during the past 10 years for municipal bonds rated Baa or better, plus an additional 1.25% for debt service coverage?

- d. If any of the foregoing components are not a correct reflection of Mr. Hoyle's recommendation, please explain why and provide the corrected components.

9. What bond rating most closely corresponds to the credit risk for NRLP?
 - a. What is the basis for determining that such rating is applicable to NRLP?

10. What are the current interest rates for the bond rating identified in the previous question (the rating for NRLP risk level), broken out by bond term (5 year, 10 year, 20 year)?

11. Under Mr. Hoyle's proposed 5.39% overall rate of return, how much "net profit" or earnings would NRLP have left to contribute to the Endowment Fund of Appalachian State University, assuming retained earnings at the level for 2021 and 2022?

12. For each of the most recent five years for which data is available, what is the average monthly residential bill (assuming 1000 kWh usage) for NRLP, for Duke Energy Progress, for Duke Energy Carolinas, and for Blue Ridge Electric Membership Corporation?
 - a. Please provide all sources, components and calculations used to derive the response to this question.

13. Please identify all regulated utilities that Mr. Hoyle considers to be comparable in risk to NRLP. "Comparable in risk" means all risks normally taken into consideration when determining a cost of capital for a regulated utility.

- a. For each such utility, please provide their ratings from credit rating agencies and other risk measures (e.g., beta coefficients) used to determine comparability.
- b. Please explain the basis for saying those risk values are comparable to the risk for NRLP.

New River Light and Power Company
Docket No. E-34, Subs 54 and 55
New River Light & Power Data Request No. 2 to App Voices
Date Requested: June 11, 2023
Date Due: June 16, 2023

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Topic: questions on prefiled testimony of Justin Barnes

Please follow the Instructions in Data Request No. 1 for all responses to this Data Request No. 2.

1. Page 20, Lines 1 through 5, of Mr. Barnes' testimony states that the inclusion of distribution capacity costs as a category of potential avoidable costs is nearly universal. Please provide all North Carolina Utilities Commission Orders in the past ten years where avoided costs have included distribution costs. Please provide the docket number for each case, the date for each order, and the pages of the order that show distribution costs included in the avoided costs.
2. Page 21, Lines 3 through 5, of Mr. Barnes' testimony states that NRLP's embedded distribution costs are "quite high." Please provide all supporting analysis and comparisons of comparable electric distribution systems that support this statement.
3. Page 21, Line 6, of Mr. Barnes' testimony states that NRLP's embedded distribution costs for the residential class are \$227.37 per average peak kW-year.
 - a. Please provide the calculations that establish this dollar amount.

- b. Assuming the total distribution costs for the residential class are a part of these calculations in 3.a., please provide the total amount of these costs that NRLP would not incur if a solar facility were generating.
4. Please provide the working Excel model (formulas intact, no hidden tabs or data) containing Exhibit JRB-2 that supports the values summarized in Table 3: Customer-Sited PV Value by Capacity Contribution Scenario on Page 28 of Mr. Barnes' testimony.
 - a. For the values represented in the row titled "Estimated Avoided Distribution Cost Rate (\$/kWh)," please provide the total distribution costs assumed and explain how NRLP would not incur these costs.
5. Page 36, Lines 2 through 4 of Mr. Barnes' testimony states that designing a residential Basic Facilities Charge (BFC) on the basis of a utility's embedded costs is not and has never been an accepted rate design methodology. Please provide all North Carolina Utilities Commission Orders where the residential BFC does not consider the utility's embedded cost. Please provide the docket number for each case, the date for each such order, and reference to the page numbers of the order that show embedded cost was rejected or otherwise not used in developing the BFC.
6. Please provide the supporting calculations and assumptions for the values summarized in Table 4: Allocation of Revenue Requirement Reduction to BFCs on Page 38 of Mr. Barnes' testimony.
 - a. For the values represented in the column titled "Reduction in Revenue Requirement", please explain how NRLP would not incur these costs.
7. Please provide the supporting calculations and assumptions for the values summarized in Table 5: Customer Related Classification in COSS on Page 40 of Mr. Barnes' testimony.
8. Please provide the working Excel model (formulas intact, no hidden data or tabs) containing Exhibit JRB-3 that supports the values summarized in Table 6: Adjusted Customer Related Classification in COSS on Page 45 of Mr. Barnes' testimony.
9. Page 46, Lines 10 through 12 of Mr. Barnes' testimony, states that the Basic Customer Method of deriving a residential BFC is commonly accepted throughout the nation and is arguably the single most common method of doing so. Please provide all North Carolina Utilities Commission Orders where the Basic Customer Method has been used to establish a residential BFC. Please provide the docket number for each case, the date for each order, and reference to the page numbers showing use of the Basic Customer Method.

10. Please provide the supporting data, calculations and assumptions used in Exhibit JRB-4 that is summarized in Table 7: Residential BFC – Basic customer Method on Page 47 of Mr. Barnes' testimony.