STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-7, SUB 1276

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Application of Duke Energy Carolinas, LLC, for Adjustment of Rates and Charges Applicable to Electric Service in North Carolina	)))))	PARTIAL PROPOSED ORDER OF THE NORTH CAROLINA SUSTAINABLE ENERGY ASSOCIATION

BY THE COMMISSION:

On September 8, 2022, Duke Energy Carolinas, LLC (DEC) filed its Request to Initiate Technical Conference Regarding Transmission and Distribution Projects to be included in DEC's Performance-based Regulation Application.

On October 18, 2022, the North Carolina Sustainable Energy Association filed a Petition to Intervene and Notice of Intent to Participate, which was granted by the Commission on October 25, 2022.

On December 7, 2022, DEC filed its Performance-based Regulation Application Pre-filing Notice.

On January 19, 2023, DEC filed its Application for Adjustment of Rates and Charges Applicable to Electric Service in North Carolina (DEC's Application) before the Commission, pursuant to N.C.G.S. § 62-133.16. The Commission established a general rate case and suspended rates on February 16, 2023.

On March 16, 2023, the Commission issued its Order Scheduling Investigation and Hearings, Establishing Intervention and Testimony Due Dates and Discovery Guidelines, and Requiring Public Notice.

On July 19, 2023, various intervenors and the Public Staff filed direct testimony and exhibits.

On July 26, 2023, the Commission issued its Order Rescheduling Hearing and Providing Additional Hearing Procedures.

On August 4, 2023, DEC filed rebuttal testimony.

On August 28, 2023, the evidentiary hearing for this case commenced for the purpose of receiving expert witness testimony. Over the course of several days

DEC's witnesses, the Public Staff's witnesses, and intervenors' witnesses were questioned extensively by other parties and the Commission. The evidentiary hearing concluded on September 5, 2023.

The reports, testimony, and exhibits of the witnesses run to several thousand pages. The Commission has read and given due consideration to the entire record in this proceeding. In this Order, however, the Commission will not attempt to provide summaries or recitations of each of the points made by the parties in their filings, established during the expert witness hearing, or made at the public hearings or in consumer statements of position.

Based on the entire record in this proceeding, the Commission now makes the following:

FINDINGS OF FACT

Non-Residential Net Energy Metering

1. DEC's Application included proposed changes to nonresidential net energy metering ("NEM") tariffs. These changes are included in tariffs Rider NM, Rider NSC, and detailed within the written and oral testimony of Mr. Byrd.

2. Under DEC's proposed rate tariffs, customers that install new behind-the-meter renewable energy generation must take service under Rider NSC. Nonresidential customers currently taking service under Rider NM may continue to do so until December 31, 2033.

3. The nonresidential customer segment in DEC includes many types of entities, including Fortune 500 companies, large industrial and manufacturing companies, retail companies ranging from small businesses to grocery stores to big box stores, local government buildings from police stations to water treatment facilities, and nonprofit organizations including hospitals, houses of faith, and providers of affordable housing. The facilities operated by these entities vary widely in how they use the energy provided to them by DEC.

4. DEC has submitted insufficient evidence of its investigation of the costs and benefits of customer-sited nonresidential generation, as required by N.C.G.S. § 62-126.4(b), to support its proposed changes to nonresidential NEM and ensure such rates are nondiscriminatory.

5. In developing new nonresidential NEM tariffs, DEC failed to conduct adequate stakeholder engagement considering the breadth and complexity of the nonresidential customer segment across its service territory.

6. A failure to substantively engage key stakeholders prior to significant rate design changes presents a substantial risk to Duke's ability to convey accurate information to all customers when new rate designs are implemented.

7. Considering the complexity of the changes to nonresidential NEM proposed by DEC and the heterogeneity of the nonresidential customer class, it is appropriate for Rider NSC to be implemented across an extended timeframe.

8. Considering the complexity of the changes to nonresidential NEM proposed by DEC and the heterogeneity of the nonresidential customer class, it is appropriate to require DEC to develop and make publicly available a customer bill savings calculator comparable to that required in Docket No. E-100 Sub 180.

Securitization

9. Session Law 2021-165 (HB 951), as interpreted by the Commission's Order Adopting Rule R8-74, allows DEC to submit a petition for a financing order that securitizes fifty percent (50%) of the remaining net book value of subcritical coal-fired electric generating facilities to be retired to achieve HB 951's carbon reduction goals.

10. HB 951's carbon reduction goals include a mandate "to achieve the least cost path consistent with this section to achieve compliance."

11. A general rate case is an appropriate proceeding in which to determine the costs that may be eligible for securitization as well as the timing of securitization.

12. For the purposes of evaluating securitizable coal-fired generation plant retirement costs, remaining net book value may be determined once an eligible facility has a retirement schedule approved by the Commission in an appropriate proceeding, such as a general rate case or a proceeding associated with the Carbon Plan. The eligible facility need not actually be retired at that time.

13. Securitizable coal-fired generation plant retirement costs are derived from the remaining net book value of eligible facilities and are not limited to the impact of accelerating the depreciation of such facilities from their current retirement dates.

14. Generally, the greater the net book value of a coal-fired generation plant securitized, the greater the ratepayer savings attributed to that plant's retirement costs compared to traditional depreciation accounting.

15. The securitization proposal introduced by NCSEA Witness Kaufman in this proceeding maximizes potential ratepayer savings while representing a reasonable interpretation of applicable laws and regulations.

16. The securitization proposal agreed to by DEC and the Public Staff, while permissible under applicable laws and regulations, fails to maximize potential ratepayer savings.

Depreciation Issues

17. The Commission is responsible for determining what are proper and adequate charges for depreciation.

18. It is not necessary to escalate decommissioning costs to ensure that DEC fully recovers its decommissioning costs.

19. The escalation of decommissioning costs raises inter-generational equity concerns that may violate the equal benefit, equal contribution to cost standard.

20. Alternative methods exist to ensure recovery of decommissioning costs other than escalation that both more accurately tie recovery to the amount of money actually paid by the utility and mitigate inter-generational equity concerns.

21. It is appropriate to use a 20-year average net salvage cost for the following accounts: Account 31X Steam Production (interim net salvage), Account 34X Other Production (Excluding Solar and Account 343.10), Account 356 Overhead Conductors, Account 373 Street Lighting, Account 390 Structures and Improvements, Accounts 392.XX Transportation Equipment, and Accounts 396.XX Power Operated Equipment. It is also appropriate to use fifty percent (50%) of the 20-year average interim net salvage cost to calculate net salvage rates for Account 343.10 Other production Prime Movers (Rotatable Parts).

22. Analysis of the appropriateness of individual survivor curves requires a balancing of statistical considerations with other factors endogenous to that individual account. The amount and quality of historical data available is an important consideration in conducting this analysis.

23. For Account 344.66 (Solar Generators), the 30-S3 curve represents the best fit to the historical data and is consistent with industry expectations.

24. Considering the historical data and reasonable expectations for future operations, the 132-S6 curve is appropriate to use for the following Rights of Way Accounts: 310, 320, 330, 340, 350, 360, 360.2, 389, and 389.2.

25. For Account 354 (Towers and Fixtures), the 75-R2.5 curve represents the best fit to the historical data and is consistent with industry expectations.

26. For Accounts 368 and 368.10 (Line Transformers), the 50-R1.5 curve represents the best fit to the historical data and is consistent with industry expectations.

27. For Account 369 (Service), the 65-R1.5 curve represents the best fit to the historical data and is consistent with industry expectations.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 1 – 4

The evidence for these findings of fact is found in the Commission's Order Approving Revised Net Metering Tariffs in Docket No. E-100 Sub 180, DEC's Application, the testimony and exhibits for DEC's witnesses, and the entire record in this proceeding.

Summary of Evidence

DEC's Application, filed January 19, 2023, includes proposed changes to nonresidential NEM tariffs, including Rider NM, Rider NSC, and associated time-of-use ("TOU") based tariffs. DEC Application, Exhibit B, E-7 Sub 1276, (Jan. 19, 2023). NEM tariff reform has been included in recent statutes enacted by the North Carolina General Assembly, including HB 589 and HB 951.

House Bill 589 ("HB 589") was passed into law in 2017 with explicit requirements related to NEM. The Commission has interpreted HB 589 as requiring

> that "[e]ach electric public utility shall file for Commission approval revised net metering rates' and that such rates should be 'established only after an investigation of the costs and benefits of customer-sited generation." N.C.G.S. § 62-126.4(a)–(b). [HB] 589 further requires the Commission to "establish net metering rates under all tariff designs that ensure that the net metering retail customer pays its full fixed cost of service." N.C.G.S. § 62-126.4(b). Although HB 589 mandates that Duke file revised NEM rates, it permits existing NEM customers to take service under existing programs until January 1, 2027. N.C.G.S. § 62-126.4(c).

Order Approving Revised Net Metering Tariffs, E-100 Sub 180, 4–5 (Mar. 23, 2023). House Bill 951 ("HB 951") was signed into law in October 2021 and required, among other things, that the Commission evaluate and modify as necessary NEM rates. *Id*. at 5.

DEC is proposing a new tariff for all new nonresidential renewable energy installations using NEM in its service territory, Rider NSC. In its Application, DEC "proposes to freeze Rider NM to new customers as of January 1, 2024, and allow existing NEM customers to continue service under Rider NM until they request service under Rider NSC or until December 31, 2033, at which point all nonresidential NEM customers receiving service under Rider NM will be moved to Rider NSC or another appropriate tariff, as available at that time." Official Tr., Vol. 10, at 103.

Rider NSC provides that "Customers applying for service under this Rider must be served under an approved general service or industrial rate schedule that includes time-of-use (TOU) periods." DEC Application, Exhibit B, at 98. Related to

the requirement to take concurrent service under a TOU-based rate schedule, Rider NSC also includes a new three-part demand charge structure. The standby charge would be eliminated for customers with systems with generation capacity of 100 kW or less, and for customers served under a TOU demand rate schedule with systems larger than 100 kW with a planning capacity factor 60% or lower. *Id.* at 99. Though the size limit for leased facilities remains the same as before, "[f]or Customer-owned generation installations, the Company is proposing to increase the size limit to the lesser of 100% of the Customer's contract demand or 5,000 kilowatts (kW)." Official Tr., Vol. 10, at 102–03.

Rider NSC also would net customers' exported energy against their usage within each TOU period on a monthly basis. "Net electricity will be calculated for each TOU period, in descending order by price. Any net excess energy from one TOU period will be applied to the next TOU period, as applicable. After net electricity has been calculated for all TOU periods, the Customer-Generator shall be credited for any remaining net excess energy at the Monthly Credit rate," which is set at $0.0335 per kWh. DEC Application, Exhibit B, at 98–99. Witness Byrd testifies that these changes were included in DEC's Comprehensive Rate Design Study ("CRDS") and the following Roadmap for consideration within a later rate case. Official Tr., Vol. 10, at 103.

DEC is also proposing to change the application of TOU rates, as discussed in Witness Byrd's testimony and shown within Byrd Exhibit 1. Witness Byrd acknowledges that though DEC believes these changes are necessary in this current rate case, "[f]requent changes to TOU periods are inadvisable and potentially burdensome as customers use price periods to evaluate energy investments and program load management devices (e.g., thermostats, EV chargers). Accordingly, [DEC] has relied upon net peak forecasts stretching close to a decade beyond the current period for the development of the new TOU periods." *Id.* at 96.

Witness Byrd's testimony describes how some of these changes are meant to address the issue of cost causation: "The new TOU periods properly align price signals to the cost differences that exist across seasons and hours, encouraging peak load reduction and efficient system usage." *Id.* at 97. With respect to the proposed demand charge changes within TOU rates, "[t]he analysis showed that shifting a portion of fixed cost recovery from energy charges to demand charges improved alignment to cost causation across a wide spectrum of customer energy usage profiles." *Id.* at 101.

DEC is also proposing to modify the seasonal designation of TOU periods, such that May through September will be treated as summer months. "Rider NM presently resets accumulated Excess Energy to zero at the beginning of each summer season, currently June 1. The Company proposes to change the reset date to April 30 to correspond with the season definitions in the Company's proposed TOU rates." *Id.* at 104.

DEC's proposed changes to TOU periods would impact the following rate schedules: "the redesigned RT schedule and the redesigned OPT-V schedule. Schedules RSTC, RETC, and SGSTC already use the proposed periods and will not be impacted." *Id.* at 97. DEC's proposed changes to demand charge structures would only impact rate schedule OPT-V. *Id.* at 101. Neither proposed change is specific to nonresidential customers with renewable energy generation seeking to use NEM.

When it comes to estimating the impact of DEC's proposed changes to nonresidential customers with renewable energy generation seeking to use NEM, the record is insufficiently developed. DEC acknowledges that nonresidential customers are a heterogeneous class of customers that "have a variety of usage profiles [and] load factors." Official Tr., Vol. 11, at 27. However, DEC does not demonstrate through competent evidence how the Company accounted for these variances among nonresidential customers when determining the costs and benefits of the proposed changes. DEC's sole evidence to justify the changes in Rider NSC is the Company convening the stakeholder process that produced the CRDS. *See* Official Tr., Vol. 10, at 102–04, 215–22; Official Tr., Vol. 11, at 14–35; Official Tr., Vol. 15, at 1110. Though DEC does discuss presentations regarding nonresidential NEM that occurred during the development of the CRDS and roadmap, DEC's participation during these presentations is not discussed and the actual results of the CRDS are not present in the record for this proceeding. Official Tr., Vol. 10, at 219–20. Also, though topics that were discussed were included in the CRDS Roadmap, it provided no indication of how such reforms would be comprehensively implemented by the utility, as emphasized by DEC's choice not to propose changes in all of the included categories. *Id.*

In its Order Approving Revised Net Metering Tariffs in Docket No. E-100 Sub 180, this Commission recently interpreted the requirements of HB 589 and reached several conclusions relevant to the present docket. While discussing the requirements found in HB 589, the Commission found that "[t]he most natural reading of the language of subsection 126.4(b) is that the Commission is to ensure that under whatever tariff designs net metering is being offered the rates set must be sufficient to recover all fixed costs of service . . . the fundamental operative requirement expressly advanced by the General Assembly is to ensure that NEM customers pay their 'full fixed cost of service.'" Order Approving Revised Net Metering Tariffs, 34.

The Commission also interpreted HB 589 to not require the simultaneous filing of different proposals to modify NEM across customer classes. In reaching this conclusion, the Commission noted the position of both DEC and the Public Staff that there is a lower risk of cross subsidization for the nonresidential customer class. The Commission also noted that DEC, via a signed Memorandum of Understanding with several stakeholders, "has agreed to work collaboratively with stakeholders on this issue." As such, the Commission determined that it was appropriate to wait and "address the merits of the proposed nonresidential NEM tariffs in Docket Nos. E-2, Sub 1300 and E-7, Sub 1276, and decline[d] to order a

separate study" at that time. *Id.* at 34–35.

In its Order, the Commission also discussed HB 589's requirement for, and the sufficiency of, DEC's "investigation of the costs and benefits of customer-sited generation." First, the Commission found that "[w]hile the statute provides the Commission with the ability to direct an investigation, nothing in the plain language of the statute requires the Commission, itself, to conduct the investigation . . . Nor does the statute require that the 'investigation' be in any particular format or using any particular procedure" *Id.* at 35.

The Commission found "that the 2018 test year for the cost-of-service ("COS") study and the embedded and marginal cost analyses were sufficient to determine the need for the proposed NEM tariffs"—basing this conclusion on the recency of the COS study and a finding that "[t]he analyses in the embedded and marginal cost studies that Duke conducted as part of its Rate Design Study capture the majority, if not all, of the known and verifiable benefits of solar generation." *Id.* at 35–36. "The embedded cost analysis estimated a potential monthly subsidy in favor of each NEM customer between . . . $35 and $40 for DEC. The marginal cost framework estimated a potential monthly subsidy in favor of each NEM customer between . . . $58 and $63 for DEC." *Id.* at 5–6. Finally, the Commission concluded that, based on all the materials in the record in docket E-100 Sub 180, "[DEC], through its [CRDS] and stakeholder process, properly conducted an investigation of the costs and benefits of customer-sited generation as required by HB 589." *Id.* at 37.

The nonresidential customer class is widely varied and includes Fortune 500 companies, large industrial and manufacturing companies, retail companies ranging from small businesses to grocery stores to big box stores, local government buildings from police stations to water treatment facilities, and nonprofit organizations including hospitals, houses of faith, and providers of affordable housing. When it comes to these different facilities' use of electricity, "[g]enerally, nonresidential customers are less homogenous than residential." Official Tr., Vol. 11, at 26 (Witness Byrd recalling his testimony in DEP PBR rate case, Docket E-2 Sub 1300.). Reflecting the complexity of this customer class, well over half (12 out of 21) of DEC's proposed rate schedules fall into this category. DEC Application, Exhibit B, 1. Local governments and the Southeast Sustainability Directors Network ("SSDN") exemplify the complexity of this customer class, as well as the need for robust stakeholder engagement. Comments of North Carolina Local Governments on DEC's Application, E-7 Sub 1276CS (August 29, 2023).

Discussion and Conclusions

NEM has been a hotly contested issue before this Commission for quite some time, with many interested stakeholders intervening to participate in E-100 Sub 180. First HB 589 and later HB 951 required this Commission to consider how NEM rates have historically been applied in North Carolina and to reevaluate such rates to ensure that any cross-subsidy is reduced to the maximum extent

practicable and that each retail customer pays its full fixed cost of service. These changes must be implemented by Jan. 1, 2027.

In Docket E-100 Sub 180, the comment and reply comment process led to a complete and fulsome record from which the Commission could then render its Order. The record included specific evidence as to the amount of embedded and marginal cross subsidy in DEC's territory that existed in favor of residential NEM customers. These analyses included the known and verifiable benefits of solar generation. The record included evidence explaining how the results of the 2018 COS study specifically implicated residential NEM customers. Though the Commission found the CRDS and corresponding stakeholder process to be sufficient for the purposes of N.C.G.S. § 62-126.4, it relied upon the specific evidence within the record as to the results of that process to find the proposed changes necessary. No such evidence exists in the record in this present case as it pertains to nonresidential NEM customers.

In this docket, DEC mentions that the proposed changes were discussed within the CRDS process. There is very little evidence in this docket as to which issues were discussed and what level of consensus was achieved with stakeholders participating in those discussions. As to the elimination of potential cross-subsidies in favor of certain nonresidential NEM customers, Witness Byrd points to DEC's proposed changes to TOU periods and demand charge structures. However, these changes do not apply specifically to customers using NEM, they are applied generally across the nonresidential customer class. There is no evidence distinguishing how these changes are tailored to eliminate cross subsidies for nonresidential NEM customers specifically. Similarly, there is no evidence as to how the potential benefits of behind-the-meter renewable energy generation were taken into account. Finally, these changes only apply to customers currently taking service under TOU rates or ones that will in the future. Under DEC's proposed changes, existing customers may continue to be served under Rider NM, and thus use non-TOU rate schedules, into 2033. There is no evidence as to why this length of time is appropriate or as to the level of cross-subsidy these customers may continue to receive until that time.

While DEC may propose changes to rates generally within a rate case, as to NEM rates, HB 589's requirement that "rates shall be nondiscriminatory and established only after an investigation of the costs and benefits of customer-sited generation" must still be satisfied. Though the Commission has previously held that the CRDS and corresponding stakeholder process satisfies the requirement that an "investigation" be conducted, evidence as to the results of that investigation is required for the Commission to ensure such rates are in fact nondiscriminatory. The current record in this case has incomplete evidence to such effect and thus provides an insufficient basis for the Commission to make such a finding; therefore, DEC's proposed changes to nonresidential NEM tariffs must be denied. However, as they apply generally across the nonresidential customer class, this conclusion does not reach DEC's proposed changes to TOU periods or demand charge structures. The Commission is only rejecting the TOU periods and demand charge

structures to the extent they are offered as evidence that 1) the proposed revisions to Rider NM and Rider NSC are nondiscriminatory and 2) that DEC completed an investigation of the costs and benefits of customer-sited generation.

The Commission further finds it appropriate to open a new docket and direct DEC to file proposed changes to nonresidential NEM with further evidence as is consistent with the reasoning of this Order within 90 days. This docket shall be open to interested parties to intervene and submit comments; however, it will not include a separate evidentiary hearing.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 5 – 8

The evidence for these findings of fact is found in the Commission's Order Approving Revised Net Metering Tariffs in Docket No. E-100 Sub 180, DEC's Application, the testimony and exhibits for DEC's witnesses, the entire record in this proceeding, and the same evidence as the findings of fact relied upon in the previous section.

Summary of Evidence

Witness Byrd testified that during the course of DEC's CRDS process, several working sessions were held on nonresidential rate design, during which NEM rates for nonresidential customers were addressed. During the CRDS process, stakeholders were able to present their ideas and DEC collected that feedback, as well as feedback received in follow-up conversations around the time the CRDS roadmap was filed. Official Tr., Vol. 10, at 87–88, 218–22; Official Tr., Vol. 11, at 17–18. Witness Byrd testified that representatives of stakeholders from various customer groups and classes were involved in discussions on developing Rider NSC. Official Tr., Vol. 10, at 218–22. Though nonresidential NEM changes were discussed in the CRDS process, Witness Byrd was not able to adequately speak to the level of consensus achieved among stakeholders that were present. *Id*. at 220–21. Of the examples Witness Byrd cited praising the consensus CRDS process, none of the examples related to the costs and benefits or impacts of the proposed rate design of nonresidential NEM customers. *Id.* Only one example related to Rider NSC, and it was Public Staff's Witness Nader's isolated and qualified support of the Company's proposal.

Discussion and Conclusions

In designing Rider NSC, Duke relied almost exclusively on the CRDS process and the organizations willing and able to participate within that process. Though DEC used the CRDS process and related stakeholder engagements to inform their proposed changes to TOU periods, demand charge structures, and Rider NSC itself, there is no evidence that Rider NSC was developed within the CRDS process or that the changes proposed in Rider NSC were, in aggregate, discussed with stakeholders during the CRDS process. Instead, DEC took

stakeholder proposals and discussions on nonresidential net metering rate design from the CRDS into consideration when later developing Rider NSC. Further, there is no evidence that DEC solicited feedback from stakeholders on Rider NSC once it had in fact been designed.

By contrast, DEC's Rider RSC was developed in a deliberatively collaborative manner, wherein many parties across multiple agreements found consensus positions between and among the utilities, environmental and policy advocates, and impacted industry. Stakeholder engagement yielded substantive changes designed to smooth implementation and provide customers with accurate information. Even considering the extensive stakeholder involvement in developing DEC's Rider RSC, parties raised concerns that the complexity of the tariffs would make it difficult for customers to estimate solar benefits and would erode confidence in the industry, leading to a loss of credibility. Order Approving Revised NEM Rates, 23–24. Accordingly, this Commission found good cause exists and granted an extension "to implement the approved residential NEM tariffs and an extension . . . to develop the online savings calculator." Order Granting Extension of Time to Develop an Online Savings Calculator and Implement Net Energy Metering Tariffs, Docket No. E-100 Sub 180 (May 17, 2023).

When instituting "massive change" to rate designs, it is important to understand how that change will impact all of the implicated customers. With respect to the nonresidential customer class and NEM, Witness Byrd testified to the uncertainty in identifying the various impacts for nonresidential NEM customers. Official Tr., Vol. 11, at 26–30. It is also important that DEC can accurately convey the impact of these changes to the impacted ratepayers. While DEC is undertaking extensive efforts to train all their representatives on the changes proposed in this rate case, certain customers will necessarily be advantaged by this approach. Specifically, LGS class customers have access to individualized account managers while other nonresidential customers will have to rely on DEC's more general customer services. The disparate treatment of nonresidential customers could be mitigated by having a core team trained to be intimately familiar with Rider NSC and all of the changes it entails for NEM; however, this is not the approach DEC has elected to pursue at this time. Considering the complexity of the nonresidential customer class and the highly varied energy usage needs of such customers, accurate customer communications is very important to maintaining consumer confidence. Therefore, good cause exists for the development of an online savings calculator as part of any processes to accurately communicate with nonresidential customers on Rider NSC.

In contrast to the development process DEC used for Rider NSC, Rider RSC was developed with a group of stakeholders as "a collaborative working with a lot of groups to come up with." Even after DEC's initial introduction of new residential NEM tariffs, the Company continued to seek, and found, common ground with interested parties—including solar installation companies. Further, the calculator and bridge rate included in the Commission's Order in E-100 Sub 180

served to mitigate the risk of inaccurate information in the marketplace for residential NEM customers.

Substantive stakeholder engagement prior to the implementation of rate changes is an effective way to ensure accurate information exists in the marketplace, which is essential to providing adequate consumer protection. Therefore, the Commission finds good cause to require additional stakeholder engagement to all nonresidential NEM customers to mitigate the potential material risks to customer protection in the nonresidential behind-the-meter solar market and ensure the provision of accurate information.

The Commission further finds it appropriate to adopt an extended timeline for implementation of the Rider NSC beyond January 1, 2024. The Commission also concludes due to the complexity of the changes to nonresidential NEM proposed by DEC and the heterogeneity of the nonresidential customer class, it is appropriate to require DEC to develop and make publicly available a customer bill savings calculator comparable to that required in Docket No. E-100 Sub 180.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 9 – 16

The evidence for these findings of fact is found in the HB 951, Commission's Order Adopting Rule R8-74 in Docket No. E-100 Sub 177, DEC's Application, the testimony and exhibits for DEC's witnesses, the testimony and exhibits of NCSEA Witness Kaufman, the testimony and exhibits of Public Staff Witnesses Lucas and Michna, and the entire record in this proceeding.

Summary of Evidence

In its application, DEC requested that the Company be allowed "[t]o establish a regulatory asset to defer 50% of the impact of the accelerated depreciation of the Company's sub-critical coal plants for North Carolina retail to reserve the ability to recover these costs through securitization." Official Tr., Vol. 12, at 148. This request was later revised to "75% of the impact of accelerating the depreciation of the Company's subcritical coal plants from the current retirement dates" in a settlement agreement with the Public Staff. Official Ex., Vol. 7., at 97.

The Public Staff submitted testimony relating to the closure and securitization of coal plants that primarily focused on DEC's Dual-Fuel Optionality (DFO) upgrade projects and their impacts on depreciation. Official Tr., Vol. 15, at 55–60. Primarily due to these impacts, the Public Staff recommends—for ratemaking purposes only—using retirement dates that are later than those proposed by DEC or approved in the 2022 Carbon Plan for the following units: Belews Creek 1 & 2, Cliffside 5, and Marshall 1 through 4. Official Tr., Vol. 13, at 126–27. In proposing these delayed retirement dates, the Public Staff recognized that "[t]he subcritical plants will have less value to securitize in the long–term, thereby muting the benefit of securitization to ratepayers." *Id.* at 128. The Public Staff and DEC reached a settlement agreement to retire Cliffside 5 by January 1,

2031.

Regarding securitization, NCSEA submitted a proposal that would "[d]efer 50 percent of the return on rate base . . . [and] 50 percent of depreciation expense associated with subcritical coal plants that are expected to be retired early." Official Tr., Vol. 15, at 1157. These expenses would then be securitized at a later date while the remaining 50 percent of each, along with other expenses including operations and maintenance, would continue to be recovered. Official Tr., Vol. 16, at 323.

DEC submitted rebuttal testimony that reiterated support for its own proposal while critiquing NCSEA's recommendation. *Id.* at 268.

Discussion and Conclusions

HB 951 required the Commission to "develop rules to determine costs to be securitized at fifty percent (50%) of the remaining net book value of all subcritical coal-fired electric generating facilities to be retired to achieve the authorized carbon reduction goals set forth in Section 1." S.L. 2021-165, Part III, Section 5. It also required that these rules "be substantively identical to the provisions of Section 1 of S.L. 2019-244," (*Id.*), and that the authorized carbon reduction goals be achieved using the "least cost path" to compliance. *Id.* at Part I, Section 1(1).

The Commission considered HB 951's securitization provisions in Docket No E-100 Sub 177 and issued its Order Adopting Rule R8-74 on April 5, 2022. Consistent with the language of S.L. 2019-244, the Commission included permissive language in Rule R8-74—meaning that many of the details of securitization, including the decision to utilize these provisions at all, are the utility's to make. Order Adopting Rule R8-74, at 5. The Commission found that the "appropriate amount of coal plant retirement costs to be securitized under HB 951 and the appropriate timing of securitization will be determined based on a fully developed factual record," *id.*; such as "a general rate case." *Id.* at 7.

Considering the testimony and evidence offered on this issue in this docket, three primary issues related to securitization are contended between the parties: (1) determining when a facility's remaining net book value may be calculated for purposes of securitization, (2) the scope of eligibility of coal plant retirement costs, and (3) the ratepayer impact of securitization.

Timing of Determination of Net Book Value

DEC contends that the language of HB 951 only allows for an eligible facility's remaining net book value to be determined once that facility is retired. In contrast, NCSEA argues that the language of HB 951, the Order Adopting Rule R8-74, and Rule R8-74, all provide that net book value may be determined once an eligible facility is "to be retired." The Commission finds the evidence offered by NCSEA persuasive and finds that the remaining net book value of a facility eligible

for securitization may be determined once that facility has an approved retirement schedule.

HB 951 provides that,

> With respect to securitization of costs associated with early retirement of subcritical coal-fired electric generating facilities, the Commission shall develop rules to determine costs to be securitized at fifty percent (50%) of the remaining net book value of all subcritical coal-fired electric generating facilities to be retired to achieve the authorized carbon reduction goals set forth in Section 1 of this act, with any remaining non-securitized costs to be recovered through rates.

At issue is the Commission's interpretation of the following statutory language: "facilities to be retired to achieve the authorized carbon reduction goals." DEC argues that "facilities to be retired" is qualified by "to achieve the authorized carbon reduction goals." Therefore, DEC argues HB 951's language is limiting the eligibility for securitization to facilities that are already retired to comply with HB 951. NCSEA, however, asserts that "to be retired" incorporates a temporal component that includes facilities that are in the process of being retired as eligible. NCSEA's interpretation allows remaining net book value to be determined before an eligible facility is retired, including when the Commission approves a plan for the facility "to be retired." The General Assembly intentionally includes the phrase "to be retired," and the Commission is obligated to give that phrase its plain meaning. As "to be retired" incorporates a temporal component that plainly anticipates eligibility prior to the act of a facility retiring, the Commission concludes that the Company may begin securitization accounting once an eligible facility has a retirement schedule approved by the Commission.

Rule R8-74 supports this conclusion. Rule R8-74, which defines coal plant retirement costs to include, "Fifty percent (50%) of the remaining net book value of all of a public utility's subcritical coal-fired electric generating facilities retired early or to be retired early to achieve the authorized carbon reduction goals. . . ." This language also underscores the permissive nature of Rule R8-74, when determining coal plant retirement costs eligible for securitization, 50% of the remaining net book value of facilities either that have been retired early or that will be retired early to achieve the authorized carbon reduction goals are eligible.

As discussed above, HB 951 requires an eligible facility to be retired "to achieve the authorized carbon reduction goals." Accordingly, to allow for the remaining net book value to be determined for securitization purposes of an eligible facility that is still operating, it is necessary to require that such a facility have a retirement schedule approved by the Commission in an appropriate proceeding, like a general rate case or the Carbon Plan IRP and other associated proceedings.

Scope of Eligibility of Coal Plant Retirement Costs

The settlement between DEC and the Public Staff limits deferral to "the impact of accelerating the depreciation of [DEC]'s subcritical coal plants from the current retirement dates." In contrast, NCSEA proposes to defer fully fifty percent of DEC's return on rate base and the associated depreciation expense for eligible facilities. The Commission finds no language in applicable laws or regulations that limits eligible costs for securitization to the impact of accelerating retirement and declines to adopt such a restriction in the current proceeding. NCSEA's proposal represents a reasonable interpretation of applicable law and regulation regarding the scope of coal plant retirement costs that are eligible for securitization.

Ratepayer Impact of Securitization

HB 951 requires utilities to follow the "least cost path . . . to achieve compliance with the authorized carbon reduction goals." Session Law 2021-165, Part I, Section 1(1). Therefore, HB 951's least cost mandate favors a permissive reading of the statute to maximize possible savings to ratepayers through securitization; provided the utility earns a fair return on its full investment for its subcritical coal-fired generating facilities. The Commission concludes that a reasonable interpretation of Part III, Section 5 of HB 951 is that the statute, read in its entirety, favors greater savings to ratepayers.

The Public Staff concedes that—with respect to securitization—its proposal to delay the coal-fired generation plant retirement dates for ratemaking purposes will result in muted benefits to ratepayers. Official Tr., Vol. 13, at 128. However, Public Staff believes that there is greater financial benefit to delaying the retirement dates of coal-fired generation units that have received DFO upgrades to allow for greater use of these upgrades. *Id.* The Public Staff settled with DEC to only delay the retirement date of Cliffside 5. Official Ex., Vol. 7, at 97.

NCSEA also offered evidence on the ratepayer impact of securitization. By determining the net present value of an eligible coal-fired generation facility when that facility has a retirement schedule approved, rather than waiting for the facility to retire, NCSEA calculated approximately $71 to $82 million in finance savings. Official Tr., Vol. 15, at 1162–63. Additionally, NCSEA's proposal to defer 50% of depreciation expenses would result in an annual deferral of $46.8 million greater than DEC's proposal, which only defers the impact of accelerating depreciation for retiring facilities. *Id.* at 1166.

Importantly, NCSEA's contends that its and Public Staff's recommendations are not incongruent. NCSEA argues that altering the timing of retirements effects neither the costs eligible for securitization nor DEC's ability to recover its costs as an eligible facility to be retired continues to operate. Ratepayers will enjoy the benefits of recently upgraded facilities, per Public Staff's concerns, while the Company contemporaneously defers 50% of remaining net book value and depreciation expenses into a regulatory asset. Altering the retirement dates only

alters the dates that regulatory asset may be securitized. In commissioner questions probing the ratepayer impacts of securitization, Commissioner Clodfelter asked DEC Witness Spanos how the depreciation study is affected by altering coal-fired generation facility retirements for "ratemaking purposes." Official Tr., Vol. 10, at 75–76. In response, Witness Spanos acknowledged that several components factoring into calculating the weighted net salvage will be changing. However, Witness Spanos testified that, within the calculation, "the actual rate for each [coal-fired generation unit] may be slightly different . . . the overall impact is not gonna (*sic.*) be much of a change. *Id.* at 77.

Based on the record in this proceeding, the Commission concludes that the recommendations by NCSEA's Witness Kaufman represent a reasonable interpretation of applicable law as they maximize potential ratepayer savings. Further, the Commission finds that adjusting retirement dates of coal-fired generation units for ratemaking purposes does not affect the deferment of costs to be securitized or the Company's ability to recover costs of eligible facilities to be retired that continue to operate in the interim. Accordingly, any impact to the depreciation study caused by adjusting retirement dates will be negligible, and the Commission, therefore, approves DEC's and Public Staff's agreement to delay the retirement of Cliffside 5 for ratemaking purposes. However, since the provisions regarding securitization in HB 951 and Rule R8-74 are permissive in nature, the Commission cannot require DEC to effectuate the deferment of costs to be securitized in any particular manner. The Commission finds that should DEC securitize costs consistent with NCSEA's recommendations, including 50% of the remaining net book value of facilities with approved retirement schedules and eligible depreciation costs not limited to the impact of acceleration due to early retirement, this represents significant ratepayer savings and the least-cost path to compliance with HB 951's requirements. The Commission will duly consider the eligibility of specific costs, in line with the determinations made in the present docket, upon the Company's submission of a petition for financing order.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 17 – 27

The evidence for these findings of fact is found in DEC's Application, the testimony and exhibits for DEC's witnesses, the testimony and exhibits of NCSEA Witness Kaufman, the testimony and exhibits of Public Staff Witness McCullar, and the entire record in this proceeding.

Summary of Evidence

DEC Witness Spanos conducted a comprehensive depreciation study on behalf of the Company. Witness Spanos submitted this comprehensive depreciation study with his direct testimony in support of DEC's application. *See* Official Ex., Vol. 10 Part 2 of 2, at 46–689; Official Tr., Vol. 9, at 186–224. Witness Spanos also submitted supplemental testimony and rebuttal testimony. Official Tr., Vol. 9, at 225–78.

The Public Staff submitted testimony relating to depreciation and its recommendations are summarized in the direct testimony and Exhibit 2 of Witness McCullar. *See* Official Ex., Vol. 15 Part 1 of 2, at 132–73; Official Tr., Vol. 15, at 224–25. The Public Staff settled with DEC regarding depreciation issues including the retirement date of Cliffside 5, deferral of depreciation expenses related to securitization, and certain corrected depreciation rates as set forth in DEC Witness Spanos's rebuttal testimony. Official Ex., Vol. 7., at 97

NCSEA submitted testimony regarding depreciation in the Direct Testimony of Dr. Lance Kaufman. *See* Official Tr., Vol. 15, at 1167–80. These recommendations specifically address DEC's proposed escalation of decommissioning costs, average interim net salvage across various accounts, and smoothed survivor curves for specific accounts. *Id*. DEC Witness Spanos's rebuttal testimony disputes NCSEA's proposed recommendations. Official Tr., Vol. 9, at 228–72. NCSEA also conducted cross examination of DEC Witness Spanos regarding depreciation issues. *Id.* at 279–318; Official Tr., Vol. 10, at 13–69.

Discussion and Conclusions

As DEC and the Public Staff have settled their disputes concerning depreciation costs, the Commission presently only finds it necessary to discuss the issues contended between DEC and NCSEA in depth. Particularly, the Commission must conclude whether the escalation of decommissioning costs is necessary to ensure proper utility recovery, the ideal average interim net salvage rate for certain accounts, and the best fitting smoothed survivor curve for specific accounts.

Escalation of Decommissioning Costs

DEC and NCSEA reach separate conclusions regarding the escalation of decommissioning costs in interpreting the guidance provided the Uniform System of Accounts (USOA) and the National Association of Regulatory Utility Commissioners (NARUC). Official Tr., Vol. 9, at 243; Official Tr., Vol. 15, at 1167–69. While DEC Witness Spanos believes that escalation is needed for the utility to appropriately recover depreciation expenses, NCSEA Witness Kaufman suggests other methods comply with the relevant authorities and likely lead to a more accurate recovery of costs. *Id.*

Regarding decommissioning costs, the USOA provides that, "Net salvage value means the salvage value of property retired less the cost of removal," Official Tr., Vol. 9, at 268, and "[c]ost means the amount of money actually paid for property or services." *Id.* at 269. The USOA also provides, and DEC and NCSEA agree, that two customers receiving equal benefit from an asset should pay an equal share of decommissioning costs. *Id.* at 284–85.

DEC interprets these provisions to require escalating decommissioning costs such that net salvage cost estimates represent the cost the utility may pay in

the future (to recover "the amount of money actually paid"). *Id.* at 269. DEC also recommends that each customer pay an equal amount of the decommissioning costs according to the benefit received, regardless of the year in which the customer takes service (so long as the asset is in operation during that time). *Id.* at 243.

NCSEA acknowledges that this is one acceptable method of recovery, but suggests other methods more closely adhere to the language of the USOA. *Id*. at 294–95, 297–99. NCSEA emphasizes the periodic nature of depreciation studies to suggest that estimating future net salvage costs through escalation may jeopardize recovery of "the amount of money actually paid." While the utility must be allowed to recover its full decommissioning costs, it is more appropriate to allow depreciation costs to be regularly updated according to verifiable information in future depreciation studies, rather than using a blunt tool like escalation to estimate these future costs today—risking over- or under-recovery.

NCSEA also asserts that equal payment by customers taking service in different years is not the same as customers making an equal contribution to cover net salvage costs. DEC's escalation proposal requires estimating the total future costs of net salvage and apportioning those costs equally to customers over the remaining life of the facility. However, a customer that contributes $100 towards these costs today will likely be contributing significantly more than a customer paying $100 in 2030 due to inflationary impacts. While each customer is nominally paying the same amount through escalation, in practice, the impacts of the contribution are not. Updating decommissioning costs with each successive depreciation study minimizes any inter-year customer subsidization to the greatest extent practicable and results in rates that are more just and reasonable.

This Commission has previously approved using escalation for the full recovery of decommissioning costs in the past. However, we find that it is not necessary to do so again as the public interest requires the balancing of the costs and benefits of decommissioning costs to customers regardless of when a customer takes service. The Commission directs DEC to update its decommissioning cost estimates to comply with this order and to make any necessary adjustments to ensure cost estimates are accurately reflected in compliance filings.

Average Net Salvage

NCSEA proposes to use a 20-year average net salvage cost for the following accounts: Account 31X Steam Production (interim net salvage), Account 34X Other Production (Excluding Solar and Account 343.10), Account 356 Overhead Conductors, Account 373 Street Lighting, Account 390 Structures and Improvements, Accounts 392.XX Transportation Equipment, and Accounts 396.XX Power Operated Equipment. NCSEA Witness Kaufman "also recommend[s] that 50 percent of the 20-year average interim net salvage cost be used to calculate net salvage rates for Account 343.10 Other production Prime

Movers (Rotatable Parts)." Official Tr., Vol. 15, at 1171. These recommendations are based on data for both recent and long-term net salvage as well as overall trends in the industry. *Id.* DEC Witness Spanos disputes these recommendations in favor of his own in his rebuttal testimony. Official Tr., Vol. 9, at 277–78.

As seen in NCSEA Witness Kaufman's Table 7 (Comparison of 20-year Average Net Salvage and DEC Proposed Net Salvage), Official Tr., Vol. 15, at 1171, NCSEA's recommendations result in a significantly closer fit to the data pertaining to these accounts compared to DEC's recommendations. Moreover, for Account 343.10, DEC offers no explanation for its deviation from the data, whereas NCSEA Witness Kaufman explains his recommendation. *Id.* at 1172. According to the evidence found in the record, the Commission concludes it is appropriate to require DEC to use a 20-year average net salvage cost for Account 31X, Account 34X (Excluding Solar and Account 343.10), Account 356, Account 373, Account 390, Accounts 392.XX, and Accounts 396.XX, as well as using 50 percent of the 20-year average interim net salvage cost to calculate net salvage rates for Account 343.10.

Survivor Curves for Specific Accounts

NCSEA Witness Kaufman provides specific smooth survivor curve recommendations for Account 344.66 Solar Generators, for certain Rights of Way Accounts, for Account 354 Towers and Fixtures, for Accounts 368 and 368.10 Line Transformers, and Account 369 Services. *Id.* at 1173–80. DEC Witness Spanos disputed these recommendations in favor of his own in both rebuttal testimony and while on the stand. Official Tr., Vol. 9, at 244, 304–18; Official Tr., Vol. 10, at 13–79.

With respect to Account 344.66 Solar Generators, NCSEA proposes a 30-S3 curve while DEC proposes a 25-S2.5 curve with a forced truncation at 30 years. Though NCSEA's recommended curve was derived from academic research regarding time to 20% degradation for solar panels, because some panels will operate beyond this level of degradation its proposed curve must also include other reasons for interim retirement. Therefore, relying on solar panel degradation data to generate a survivor curve for this account, which includes other related assets, does not by itself disqualify its usage.

The parties agreed that both solar panels and racking have a 25-year standard warranty and that, combined, they make up most of the value in Account 344.66. NCSEA asserts that DEC's proposed curve, which shows only fifty percent of facilities surviving to Year 25, is unreasonable. NCSEA also asserts that because DEC uses a 35-year life for new projects, Official Tr., Vol. 10, at 51–52, and Georgia Power uses a 35-year life for all solar assets with no projected interim retirements, Official Ex., Vol. 10 Part 1 of 2, at 1368, that DEC's proposed forced truncation at 30 years of age is unreasonable. Considering the data and full record of this proceeding, the Commission finds that the 30-S3 curve presents the better fit for Account 344.66.

With respect to the Rights of Way Accounts disputed by NCSEA, Witness Kaufman recommends using the 132-S6 curve for Rights of Way Accounts 310, 320, 330, 340, 350, 360, 360.2, 389, and 389.2, while DEC recommends using various curves for these accounts. There is considerable discussion in the record concerning the relationship between a right of way and the underlying asset it exists to support. According to DEC, the utility "does not expect or plan to abandon all or most of it rights of way at the end of the associated plant's life cycles." Official Ex., Vol. 10 Part 1 of 2, at 773. Therefore, it would be reasonable to expect more than half of rights of way to be used for multiple life cycles of associated assets.

The historical data for the relevant Rights of Way Accounts show very high rates of survival, with over 90% of facilities surviving past 100 years. Official Tr., Vol. 15, at 1175. The survivor curves proposed by DEC for these accounts all significantly overstate retirements as compared to this historical data without proving justification—particularly considering its plans to reuse a considerable percentage of them. Therefore, considering the data and full record of this proceeding, the Commission finds that the 132-S6 curve presents the better fit for the Rights of Way Accounts listed above.

With respect to Account 354 Towers and Fixtures, NCSEA proposes a 75-R2.5 curve while DEC recommends a 70-R2.5 curve. The historic plant data for Account 354 does not lend itself to linear regression, which makes creating a smooth survivor curve that is representative over the entire lifecycle virtually impossible. This forces a tradeoff between a curve that minimizes overall error or one that fits portions of the data well but results in a larger error for other portions. Considering the data and full record of this proceeding, the Commission finds that the 75-R2.5 curve presents the better fit for Account 354 by balancing these considerations.

With respect to Accounts 368 and 368.10 Line Transformers, NCSEA proposes a 50-R1.5 curve while DEC recommends a 45-R1.5 curve. While there is sufficient underlying historical data to create a complete survivor curve, some abnormalities exist, particularly between the ages of 50 and 61. Official Tr., Vol. 15, at 1177. Visually, NCSEA's proposed curve matches the data well for the first 50 years and minimizes error for later years as compared to DEC's proposed curve, which overestimates retirements over nearly every year. Mathematically, NCSEA's proposed curve results in a significantly lower residual measure than DEC's. Considering the data and full record of this proceeding, the Commission finds that the 50-R1.5 curve presents the better fit for Accounts 368 and 368.10.

With respect to Account 369 Services, NCSEA proposes a 65-R1.5 curve while DEC recommends using a 55-R1.7 curve. The underlying historical data for Account 369 is limited to a maximum age of 62 years due to limited retirement experience, which may not allow the data to sufficiently estimate the rate of older retirements. Visually, DEC's proposed curve only fits the data well through the first 20 to 30 years, while NCSEA's proposed curve matches the data well through the first 40 years and only marginally deviates from the data for years 40–62.

Mathematically, NCSEA's proposed curve results in a significantly lower residual measure than DEC's. Considering the data and full record of this proceeding, the Commission finds that the 65-R1.5 curve presents the better fit for Account 369.

IT IS, THEREFORE, ORDERED as follows:

Nonresidential Net Energy Metering

1. That DEC's proposed changes to nonresidential NEM rates, as outlined in tariffs Rider NM and Rider NSC, are hereby denied.

2. That DEC is directed to file proposed changes to nonresidential NEM rates in a separate docket before this Commission no later than 90 days after this Order takes effect. DEC may submit further evidence in support of their proposed changes. Once that docket has been opened and DEC's filing received, it shall be open to intervention and comment by interested parties; however, it shall not include an evidentiary hearing.

3. That DEC is directed to implement the proposed changes to nonresidential NEM rates, as outlined in tariffs Rider NM and Rider NSC, no earlier than April 1, 2024, but no later than July 1, 2024, to afford for continued stakeholder engagement and provide sufficient time to provide accurate and complete information to customers on the impacts of the proposed changes.

4. That DEC is directed to develop and make publicly available a customer bill savings calculator, comparable to that required in Docket No. E-100 Sub 180, prior to the implementation of the proposed changes to nonresidential NEM rates, as outlined in tariffs Rider NM and Rider NSC.

Securitization of Coal Facilities

5. That DEC may, at the Company's discretion, file a petition for financing order for the purposes of securitizing eligible coal-fired generation facilities per HB 951. When submitting its petition, the Commission finds that DEC may securitize 50 percent of the remaining net book value of facilities with approved retirement schedules and that eligible depreciation costs are not limited to the impact of acceleration due to early retirement.

6. That, to ensure eligible costs may be securitized at a later date, DEC may differ 50 percent of the return on rate base and 50 percent of depreciation expense associated with subcritical coal-fired generation plants that are expected to be retired early into a regulatory asset.

Depreciation Issues

7. That DEC is directed to remove the escalation of decommissioning

costs from its depreciation expenses and conduct the necessary calculations to ensure such costs are not included in ratepayer charges. DEC shall update its decommissioning costs in successive multiyear rate plans and performance based regulation applications to ensure that costs recovered reflect the amount of money actually paid by the Company to the greatest extent possible.

8. That a 20-year interim net salvage cost is appropriate for the following accounts: Account 31X Steam Production, Account 34X Other Production (Excluding Solar and Account 343.10), Account 356 Overhead Conductors, Account 373 Street Lighting, Account 390 Structures and Improvements, Accounts 392.XX Transportation Equipment, and Accounts 396.XX Power Operated Equipment. It is also appropriate to use 50 percent of the 20-year average interim net salvage cost to calculate net salvage rates for Account 343.10. DEC is directed to implement these rates and conduct the necessary calculations to ensure the accuracy of customer charges considering these changes.

9. That the following survivor curves should be associated with these specific accounts: 30-S3 for Account 344.66; 132-S6 for Accounts 310, 320, 330, 340, 350, 360, 360.2, 389, and 389.2; 75-R1.5 for Account 354; 50-R1.5 for Accounts 368 and 368.10, and 65-R1.5 for Account 369. DEC is directed to implement these curves and conduct the necessary calculations to ensure the accuracy of customer charges considering these changes.

ISSUED BY ORDER OF THE COMMISSION.

This the ___ day of _____, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk