

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-2, SUB 1219  
DOCKET NO. E-7, SUB 1214

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1219	)	
	)	MOTION OF THE ATTORNEY
In the Matter of	)	GENERAL'S OFFICE FOR
	)	ADMISSION OF
Application by Duke Energy Progress,	)	SUPPLEMENTAL EXPERT
LLC for Adjustment of Rates and Charges	)	TESTIMONY
Applicable to Electric Utility Service in	)	
North Carolina	)	
	)	
DOCKET NO. E-7, SUB 1214	)	
	)	
In the Matter of	)	
	)	
Application of Duke Energy Carolinas,	)	
LLC, for Adjustment of Rates and	)	
Charges Applicable to Electric Utility	)	
Service in North Carolina	)	

NOW COMES the North Carolina Attorney General's Office (the "AGO") and moves the Commission to accept the supplemental testimony of Richard A. Baudino, expert witness presented by the AGO on the cost of capital for Duke Energy Carolinas ("Duke Carolinas" or "DEC") and Duke Energy Progress ("Duke Progress" or "DEP") in these cases.

1. Direct testimony was pre-filed for Mr. Baudino on February 18, 2020, in the Duke Carolinas rate case to address the allowed rate of return on equity, capital structure, and overall rate of return on rate base for DEC's regulated electric operations. The deadline for pre-filing the testimony was set in the Commission's October 29, 2019 scheduling order in the DEC case, which also ordered the filing

of rebuttal testimony by DEC on or before March 4, 2020, and set the evidentiary hearing to begin on March 23, 2020. Then, on March 16, 2020, the Commission postponed the expert witness hearing indefinitely in response to a Motion filed by DEC relating to the declaration by the Governor of a state of emergency due to the COVID-19 pandemic. Mr. Baudino's testimony in the DEC case has not been updated since it was presented in February.

2. The December 6, 2019 scheduling order in the DEP case directed parties to pre-file intervenor testimony on March 25, 2020, and rebuttal testimony on April 14, 2020, in advance of the expert witness hearings scheduled to begin May 4, 2020. Then, on March 24, 2020, the Commission suspended the procedural schedule, including the dates for the filing of intervenor and rebuttal testimonies, and continued the expert witness hearing indefinitely. Again, the suspension of the schedule was due to the COVID-19 pandemic. Thereafter, on April 3, 2020, DEP requested that the Commission resume the procedural schedule to order the filing of intervenor and rebuttal testimony, although DEP agreed that the indefinite postponement of the evidentiary hearing was proper to attempt to avoid or slow the transmission of COVID-1. The AGO objected to DEP's request, and noted that the testimony from expert economic witnesses would likely need to be supplemented and updated closer in time to the hearing, particularly given the extraordinary developments related to the pandemic. The Commission allowed Duke's request that the pre-filing of testimony resume and set April 13, 2020 as the deadline for intervenor testimony and May 4, 2020 as the deadline for rebuttal

testimony. Mr. Baudino's pre-filed testimony in the DEP case was filed on April 14, 2020 as ordered and has not been updated since it was presented in April.

3. On June 17, 2020, the Commission issued an Order Adopting Procedures for Expert Witness Hearings and set a consolidated hearing to start on June 17, 2020, which will include testimony on rate of return on common equity and capital structure of both DEC and DEP.

4. Mr. Baudino believes that his testimonies from February and April should be updated to reflect and explain his analysis based on more recent economic data, and to discuss changing economic conditions as they relate to investors and utility customers.

5. The testimony is material to show the impact of economic developments occurring closer in time to the evidentiary hearing, as is allowed by N.C. Gen. Stat; § 62-133(c). The extraordinary developments from COVID-19 are pertinent considerations in the rate cases, particularly as they affect the establishment of a fair rate of return.

6. The AGO has not entered into a stipulation or other agreement limiting the submission of this testimony.

7. The supplemental testimony and exhibits are attached to this motion, and Mr. Baudino's spreadsheets are included for reference and use by the parties and the Commission.

Accordingly, the AGO requests that the Commission grant this motion and accept the supplemental testimony of Richard A. Baudino.

Respectfully submitted, this the 10<sup>th</sup> day of July, 2020.

JOSHUA H. STEIN  
ATTORNEY GENERAL

/s/  
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#### CERTIFICATE OF SERVICE

I certify that I have served a copy of the foregoing MOTION OF THE ATTORNEY GENERAL'S OFFICE FOR ADMISSION OF SUPPLEMENTAL EXPERT TESTIMONY on all parties of record in accordance with Commission Rule R1-39, by electronic delivery upon agreement of the receiving party.

This the 10<sup>th</sup> day of July, 2020.

Electronically submitted  
/s/ Margret A. Force