



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

May 9, 2023

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

Re: Docket No. E-7, Sub 1281 – Application of Duke Energy Carolinas, LLC, for Approval of CPRE Program Compliance Report and CPRE Cost Recovery Rider Pursuant to N.C.G.S § 62-110.8 and Commission Rule R8-71

Dear Ms. Dunston:

Attached for filing on behalf of the Public Staff in the above-referenced docket please find the Testimony and Exhibit of Darrus K. Cofield, Public Utility Regulatory Analyst, Accounting Division.

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

Sincerely,

Electronically submitted

/s/ Robert B. Josey

Staff Attorney

robert.josey@psncuc.nc.gov

/s/ Thomas J. Felling

Staff Attorney

thomas.felling@psncuc.nc.gov

Attachments

Executive Director
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Accounting
(919) 733-4279

Consumer Services
(919) 733-9277

Economic Research
(919) 733-2267

Energy
(919) 733-2267

Legal
(919) 733-6110

Transportation
(919) 733-7766

Water/Telephone
(919) 733-5610

CERTIFICATE OF SERVICE

I certify that a copy of this Testimony has been served on all parties of record or their attorneys, or both, in accordance with Commission Rule R1-39, by United States Mail, first class or better; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 9th day May, 2023.

Electronically submitted
/s/ Thomas J. Felling
Staff Attorney

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1281

| | | |
|--|---|-----------------------------|
| In the Matter of |) | |
| Application of Duke Energy Carolinas, LLC, |) | TESTIMONY OF |
| for Approval of CPRE Program Compliance |) | DARRUS K. COFIELD |
| Report and CPRE Cost Recovery Rider |) | PUBLIC STAFF – |
| Pursuant to N.C.G.S § 62-110.8 and |) | NORTH CAROLINA |
| Commission Rule R8-71 |) | UTILITIES COMMISSION |

May 9, 2023

1 **Q. Please state your name, business address, and present**
2 **position.**

3 A. My name is Darrus K. Cofield. My business address is 430 North
4 Salisbury Street, Raleigh, North Carolina. I am a Public Utility
5 Regulatory Analyst in the Accounting Division of the Public Staff -
6 North Carolina Utilities Commission

7 **Q. Please briefly state your qualifications and duties.**

8 A. My qualifications and duties are included in Appendix A to my
9 testimony.

10 **Q. What is the purpose of your testimony?**

11 A. The purpose of my testimony is to present the results of the Public
12 Staff's investigation regarding the CPRE EMF Rider revenue
13 requirements and calculations proposed by Duke Energy Carolinas,
14 LLC (DEC or the Company) in its application filed in this proceeding
15 on February 28, 2023 (Application) and the Company's supplemental
16 testimony and exhibits filed on May 3, 2023 (Supplemental), based on
17 the incremental CPRE Program implementation costs and revenue
18 requirements incurred and revenues recorded during the January 1,
19 2022, through December 31, 2022 period (CPRE EMF period or test
20 period).

21 North Carolina Gen. Stat. § 62-110.8 states that "[e]ach electric
22 public utility shall file for Commission approval a program for the

1 competitive procurement of energy and capacity from renewable
2 energy facilities with the purpose of adding renewable energy to the
3 State's generation portfolio in a manner that allows the State's
4 electric public utilities to continue to reliably and cost-effectively
5 serve customers' future energy needs."

6 North Carolina Gen. Stat. § 62-110.8(g) further states that "[a]n
7 electric public utility shall be authorized to recover the costs of all
8 purchases of energy, capacity, and environmental and renewable
9 attributes from third-party renewable energy facilities" procured
10 pursuant to the statute, "and to recover the authorized revenue of
11 any utility-owned assets pursuant to [the statute] through a
12 Competitive Procurement of Renewable Energy (CPRE) annual rider
13 approved by the Commission and reviewed annually." Commission
14 Rule R8-71 also provides the following: (1) that the CPRE rider will
15 be recovered over the same period as the utility's fuel and fuel-
16 related cost rider; and (2) that the costs or authorized revenue will be
17 modified through the use of a CPRE Program experience
18 modification factor (CPRE EMF) rider. The CPRE EMF rider is
19 utilized to "true-up" the recovery of reasonable and prudently
20 incurred CPRE Program costs incurred during the test period
21 established for each annual rider proceeding.

3 A. In its Application, DEC proposed CPRE EMF decrement riders in
4 cents per kilowatt-hour (kWh), excluding North Carolina regulatory
5 fee for each North Carolina retail customer class as follows:

| | | |
|---|------------|------------------------|
| 8 | Industrial | (0.0091) cents per kWh |
|---|------------|------------------------|

| | | |
|----|------------|------------------------|
| 13 | Industrial | (0.0007) cents per kWh |
|----|------------|------------------------|

20 In the Company's supplemental filing on May 3, 2023, the Company
21 updated its proposed CPRE EMF decrement riders in cents per

1 kilowatt-hour (kWh), excluding North Carolina regulatory fee for each
2 North Carolina retail customer class as follows:

| | |
|----------------------------|------------------------|
| 3 Residential | (0.0119) cents per kWh |
| 4 General Service/Lighting | (0.0129) cents per kWh |
| 5 Industrial | (0.0087) cents per kWh |

6 DEC also proposed EMF interest decrement riders for each North
7 Carolina retail customer class as follows:

| | |
|------------------------------|------------------------|
| 8 Residential | (0.0009) cents per kWh |
| 9 General Service & Lighting | (0.0012) cents per kWh |
| 10 Industrial | (0.0006) cents per kWh |

11 The Company filed supplemental testimony and exhibits to reflect (1)
12 the impact of a correction made to the CPRE Revenues Realized
13 during the test period and (2) the inclusion of credits for liquidated
14 damages of terminated CPRE PPAs in the billing period. The
15 Company's revised riders were calculated by dividing the "Total
16 CPRE EMF Amount including Contract Fees," as shown on Walker
17 Exhibit No. 4 for each customer class, by DEC's N.C. projected billing
18 period megawatt-hours (MWh) retail sales of 23,477,265 MWh for
19 residential, 24,077,007 MWh for general service/lighting class, and
20 13,270,457 MWh for the industrial class.

1 **Q. Please describe the Public Staff's investigation of the CPRE**
2 **EMF Riders.**

3 A. The Public Staff's investigation included procedures intended to
4 evaluate whether the Company properly determined its per books
5 CPRE costs and revenues during the test period. These procedures
6 included a review of the Company's filing and other Company data
7 provided to the Public Staff. The Public Staff also reviewed certain
8 specific types of expenditures impacting the Company's test year
9 CPRE Program implementation costs, including Company internal
10 labor, and outside services expenses.

11 **Q. What CPRE EMF Riders are you proposing for DEC'S customer**
12 **classes in this proceeding?**

13 A. Based on Public Staff witness Thomas' recommendation regarding
14 his proposed adjustment, I have calculated the EMF rates for each
15 North Carolina retail customer class shown on Cofield Exhibit 1.
16 I am recommending that DEC's CPRE EMF riders for each customer
17 class be calculated based on a total of over-recoveries and contract
18 fees of (3,380,686) for the residential class, (3,679,203) for the
19 general service/lighting class, and (1,424,197) for the industrial
20 class, interest on over collection in the amount of \$(215,702) for the
21 residential class, \$(281,344) for the general service/lighting class,
22 and \$(79,320) for the industrial class, and North Carolina retail
23 projected billing period retail sales of 23,477,265 MWh for the

1 residential class, 24,077,007 MWh for the general service/lighting
2 class, and 13,270,457 MWh for the industrial class, as proposed by
3 the Company. These amounts produce EMF decrement riders before
4 interest for each North Carolina retail customer class as follows,
5 (excluding the North Carolina regulatory fee):

| | |
|----------------------------|------------------------|
| 6 Residential | (0.0144) cents per kWh |
| 7 General Service/Lighting | (0.0153) cents per kWh |
| 8 Industrial | (0.0107) cents per kWh |

9 I also calculated EMF interest decrement riders in cents per kilowatt-
10 hour (kWh), for each North Carolina retail customer class, as follows
11 (excluding the regulatory fee):

| | |
|-------------------------------|------------------------|
| 12 Residential | (0.0009) cents per kWh |
| 13 General Service & Lighting | (0.0012) cents per kWh |
| 14 Industrial | (0.0006) cents per kWh |

15 I have provided these amounts to Public Staff witness Thomas for
16 incorporation into his recommended final CPRE factors.

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

18 **A.** Yes, it does.

APPENDIX A**QUALIFICATIONS AND EXPERIENCE****DARRUS K. COFIELD**

I am a graduate of Capella University, with a Master of Business Administration with a concentration in Finance, and of East Carolina University, with a Bachelor of Science Degree in Economics and Business minor.

I joined the Public Staff on January 9, 2023, and my current duties consist of: (1) the examination and analysis of testimony, exhibits, books and records, and other data presented by utilities and other parties involved in Commission proceedings; and (2) the preparation and presentation to the Commission of testimony, exhibits, and other documents in those proceedings. I have worked on water and sewer contiguous extension applications, electric securitization riders, electric affiliate and land sales contracts, and electric rate cases.

Prior to joining the Public Staff, I worked for the North Carolina Department of State Treasurer as a Financial Analyst for the State and Local Government Commission. I have over five years of governmental finance experience assisting municipalities, counties, school boards, and other governmental units with the financing of projects throughout the State of North Carolina. Those projects consisted of Installment Purchase Contracts, USDA Revenue Bond, Revenue Bond, State Revolving Loans, State Obligation Bonds, and several other financing instruments.

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1281

| <u>Line No.</u> | <u>Description</u> | <u>Residential</u> (a) | <u>General Service and Lighting</u> (b) | <u>Industrial</u> (c) | <u>Total</u> (d) |
|-----------------|--|---------------------------|--|--------------------------|---------------------|
| 1 | CPRE (Over)/Under Collection | \$ (1,294,215) | \$ (1,688,066) | \$ (475,919) | \$ (3,458,200) |
| 2 | CPRE Contract Fees by Customer Class | (2,086,470) | (1,991,138) | (948,278) | (5,025,887) |
| 3 | Total over collection | (3,380,686) | (3,679,203) | (1,424,197) | (8,484,086) |
| 4 | NC Projected Billing Period MWh Sales | 23,477,265 | 24,077,007 | 13,270,457 | 60,824,729 |
| 5 | EMF Rider Amount before interest ¢/kWh (L3/ | (0.0144) | (0.0153) | (0.0107) | (0.0139) |
| 6 | Interest on over collection | (215,702) | (281,344) | (79,320) | (576,366) |
| 7 | NC Projected Billing Period MWh Sales: | 23,477,265 | 24,077,007 | 13,270,457 | 60,824,729 |
| 8 | EMF Interest on Over Collection ¢/kWh (L6/L7/ | (0.0009) | (0.0012) | (0.0006) | (0.0009) |
| 9 | Total EMF rates ¢/kWh | (0.0153) | (0.0165) | (0.0113) | (0.0148) |