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1 PLACE: Dobbs Building, Raleigh, North Carolina  
2 DATE: Monday, November 12, 2019  
3 TIME: 1:48 p.m. - 1:54 p.m.  
4 DOCKET NO: E-22, Sub 578  
5 BEFORE: Commissioner Daniel G. Clodfelter, Presiding  
6 Chair Charlotte A. Mitchell  
7 Commissioner ToNola D. Brown-Bland  
8 Commissioner Lyons Gray  
9

10 **IN THE MATTER OF:**

11 Application of Virginia Electric and Power Company,  
12 d/b/a Dominion Energy North Carolina for  
13 Approval of Renewable Energy and Energy Efficiency  
14 Portfolio Standard Cost Rider Pursuant to  
15 G.S. § 62-133.8 and NCUC Rule R8-67.  
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NORTH CAROLINA UTILITIES COMMISSION

1 A P P E A R A N C E S:

2 FOR VIRGINIA ELECTRIC and POWER COMPANY, d/b/a

3 DOMINION ENERGY NORTH CAROLINA:

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NORTH CAROLINA UTILITIES COMMISSION

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T A B L E O F C O N T E N T S

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(Confidential pages filed under seal)

## 1 P R O C E E D I N G S

2 COMMISSIONER CLODFELTER: Good afternoon,  
3 we'll come back to order and we'll call now for  
4 hearing Docket E-22, Sub 578. I'm Commissioner Dan  
5 Clodfelter and I've been assigned to preside over this  
6 docket. Together with me this afternoon are  
7 Commission Chair Charlotte Mitchell, and Commissioners  
8 ToNola Brown-Bland and Lyons Gray.

9 We'll open the hearing on Docket E-22, Sub  
10 578, which is In The Matter of Application of Virginia  
11 Electric Power Company, d/b/a Dominion Energy North  
12 Carolina for Approval of Renewable Energy and Energy  
13 Efficiency Portfolio Standard Cost Recovery Rider  
14 pursuant to N.C. General Statute 62-133.8 and  
15 Commission Rule R8-67.

16 In compliance with the requirements of the  
17 State Government Ethics Act, I remind Commissioners of  
18 our duty to avoid conflicts of interest, and at this  
19 time inquire whether any member of the Commission has  
20 a known conflict of interest with respect to the  
21 matter?

22 (No response)

23 Madam Court Reporter, let the record reflect  
24 that no Commissioner has identified any conflicts in

1 the matter.

2 We're going to do the short form this  
3 afternoon. So let me call for appearances by counsel  
4 first, beginning with the Applicant.

5 MS. KELLS: Good afternoon, Presiding  
6 Commissioner Clodfelter, Commissioners. Andrea Kells  
7 with the Law Firm of McGuireWoods appearing on behalf  
8 of Dominion Energy North Carolina. Also here with me  
9 here today is Ms. Lauren Biskie, in-house counsel with  
10 the Company.

11 COMMISSIONER CLODFELTER: Great. Thank you.

12 MS. FENNEL: Good afternoon. Heather  
13 Fennell with the Public Staff on behalf of The Using  
14 and Consuming Public.

15 COMMISSIONER CLODFELTER: Thank you. And  
16 there are no intervenors in the docket so we -- let me  
17 ask counsel who have entered an appearance, have you  
18 had an adequate opportunity to examine the docket  
19 maintained by the Clerk and are you satisfied that the  
20 Clerk's docket is complete, that all filings are in  
21 order, that there are no omissions or corrections  
22 needed to the filings as shown on the Clerk's docket,  
23 and that all matters have been properly designated for  
24 confidentiality purposes?

1 MS. KELLS: Yes, sir.

2 COMMISSIONER CLODFELTER: Ms. Fennell?

3 MS. FENNELL: Yes, sir.

4 COMMISSIONER CLODFELTER: Great. Okay. Let  
5 the record reflect that counsel have all responded  
6 positively to the question. That being the case, then  
7 unless there is some objection, and I'll here you on  
8 any objections if there are any, the Commission will  
9 now admit into evidence the same as if presented at  
10 the hearing today, we will admit the Application filed  
11 by Dominion Energy on August 13. We will admit all  
12 prefiled testimony by all witnesses who prefiled  
13 testimony including all exhibits, supplements, and  
14 appendices thereto, including the confidentiality  
15 designations which will be maintained the same as  
16 filed with the Clerk's Office. We will also admit  
17 without objection all affidavits and appendices to  
18 those affidavits filed of record in the Clerk's  
19 Office.

20 In addition to that, we will admit  
21 Dominion's Affidavits of Publication of public notice  
22 filed on December -- on October 30th, 2019, and  
23 Dominion's Letter in Lieu of Rebuttal Testimony filed  
24 on October 31st, 2019.

1 (WHEREUPON, DENC Exhibits 1, 2 and  
2 3 are admitted into evidence.)  
3 (WHEREUPON, Company Exhibits GEH-1  
4 and GEH-2, Schedules 1 and 2, are  
5 marked for identification as  
6 prefiled and received into  
7 evidence. Confidential pages  
8 filed under seal.)  
9 (WHEREUPON, the prefiled direct  
10 testimony and Appendix A of GEORGE  
11 E. HITCH is copied into the record  
12 as if given orally from the  
13 stand.)  
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**DIRECT TESTIMONY  
OF  
GEORGE E. HITCH  
ON BEHALF OF  
DOMINION ENERGY NORTH CAROLINA  
BEFORE THE  
NORTH CAROLINA UTILITIES COMMISSION  
DOCKET NO. E-22, SUB 578**

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AUG 13 2019

1 **Q. Please state your name, business address and position with Virginia**  
2 **Electric and Power Company (“Dominion Energy North Carolina” or the**  
3 **“Company”).**

4 **A. My name is George E. Hitch, and my business address is 5000 Dominion**  
5 **Boulevard, Glen Allen, Virginia. I am a Senior Market Originator for**  
6 **Dominion Energy North Carolina and Dominion Energy Virginia.**

7 **Q. Please describe your current responsibilities for the Company.**

8 **A. I am part of the team responsible for developing Dominion Energy North**  
9 **Carolina’s compliance strategy for the North Carolina Renewable Energy and**  
10 **Energy Efficiency Portfolio Standard (“REPS”), as well as the Virginia**  
11 **Renewable Energy Portfolio Standards. My responsibilities include**  
12 **developing the Company’s Rule R8-67(b) REPS Compliance Plan and Rule**  
13 **R8-67(c) REPS Compliance Report. I am also responsible for managing the**  
14 **Company’s capacity, energy, and renewable energy certificate (“REC”)**  
15 **portfolios.**

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

17 **A. My testimony supports the Company’s request to recover all reasonable and**  
18 **prudent incremental REPS compliance costs. More specifically, the purpose.**



1 of my testimony is to describe the Company's REPS compliance activities  
2 under review in this proceeding and the costs the Company has incurred, or  
3 will incur, in support of its compliance efforts with North Carolina's REPS  
4 under N.C. Gen. Stat. § 62-133.8. My testimony supports the Company's  
5 incremental REPS compliance costs incurred for calendar year 2018 and  
6 future years' compliance, and also forecasts the incremental REPS costs the  
7 Company expects to incur during the February 1, 2020 through January 31,  
8 2021 rate period ("Rate Period").

9 **Q. Are you sponsoring any exhibits or schedules in support of your**  
10 **testimony?**

11 A. Yes. Company Exhibit GEH-1 is the Company's 2019 REPS Compliance  
12 Report for calendar year 2018 REPS compliance. Company Exhibit GEH-2  
13 consists of two schedules, Schedule 1 and 2. (Exhibits GEH 1-2 provided in  
14 public and confidential versions filed under seal). Both the Company's 2019  
15 REPS Compliance Report and my Schedules 1 and 2 were prepared by me  
16 and are accurate and complete to the best of my knowledge and belief.  
17 Schedule 1 provides actual REPS compliance costs, by source, that the  
18 Company has incurred during the July 1, 2018 to June 30, 2019, experience  
19 modification factor true up period ("EMF True Up Period"), as further  
20 described in the Company's Application and later in my testimony. My  
21 Schedule 2 provides REPS compliance costs, by source, that the Company  
22 projects to incur during the Rate Period in support of compliance with the  
23 REPS.

1 Q. Can you please describe the Company's REPS obligations under N.C.  
2 Gen. Stat. § 62-133.8?

3 A. Pursuant to N.C. Gen. Stat. § 62-133.8,<sup>1</sup> as an electric power supplier, the  
4 Company<sup>2</sup> is required to comply with the overall REPS requirement ("Total  
5 Obligation") by submitting for retirement a total volume of RECs in each  
6 calendar year that is equivalent to the following percentages of its North  
7 Carolina retail sales in the prior year:

- 8 • In 2012, 2013, and 2014, three percent (3%);
- 9 • In 2015, 2016, and 2017, six percent (6%);
- 10 • In 2018, 2019, and 2020, ten percent (10%); and
- 11 • In 2021 and thereafter, twelve and one-half percent (12.5%).

12 Furthermore, each electric power supplier must comply with the requirements  
13 of N.C. Gen. Stat. § 62-133.8(d), (e), and (f) (individually referred to as the  
14 "Solar Set-Aside," "Swine Waste Set-Aside," and "Poultry Waste Set-Aside,"  
15 respectively). These provisions of the overall REPS require that within the  
16 Total Obligation described above, each electric power supplier is to ensure  
17 that specific quantities of qualifying solar RECs, swine waste RECs, and  
18 poultry waste RECs are also submitted for retirement. The Company

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<sup>1</sup> In its *Order Clarifying Electric Power Suppliers' Annual REPS Requirements*, issued on November 26, 2008, in Docket No. E-100, Sub 113, the Commission clarified that the calculation of these requirements for each year shall be based upon the electric utility's North Carolina retail sales for the prior year.

<sup>2</sup> As discussed later in my testimony, the REPS requirements described in this testimony and accompanying Schedules reflect the REPS requirements of the Company's retail customers only.

1 generally refers to its Total Obligation net of the three set-asides as its  
2 “General Requirement.”

3 To comply with the Solar Set-Aside, each electric power supplier is required  
4 to submit for retirement a volume of qualifying solar RECs equivalent to the  
5 following percentages of its North Carolina retail sales in the prior year:

- 6 • In 2010 and 2011, two-hundredths of one percent (0.02%);
- 7 • In 2012, 2013, and 2014, seven-hundredths of one percent (0.07%);
- 8 • In 2015, 2016, and 2017, fourteen-hundredths of one percent (0.14%);
- 9 and
- 10 • In 2018 and thereafter, two-tenths of one percent (0.2%).

11 To comply with the Swine Waste Set-Aside, each electric power supplier is  
12 also required to submit for retirement a volume of qualifying swine waste  
13 RECs equivalent to its pro-rata share of total retail electric power sold in  
14 North Carolina multiplied by the statewide, aggregate swine set-aside  
15 requirement.<sup>3</sup> The Company’s Swine Waste Set-Aside requirements, as  
16 recently modified by the Commission,<sup>4</sup> are as follows:

<sup>3</sup> In its *Order on Pro Rata Allocation of Aggregate Swine and Poultry Waste Set-Aside Requirements and Motion for Clarification* in Docket No. E-100, Sub 113 (March 31, 2010), the Commission approved the electric power suppliers’ proposed pro-rata allocation of the statewide aggregate swine and poultry waste set-aside requirements, such that the aggregate requirements will be allocated among the electric power suppliers based on the ratio of each electric power supplier’s prior year retail sales to the total statewide retail sales.

<sup>4</sup> On October 8, 2018, the Commission issued an Order reducing the initial swine waste set-aside requirement to 0.02% for the electric public utilities and delaying the initial Swine Waste Set-Aside requirement until 2019 for municipalities. The Commission also modified the poultry waste set-aside aggregate requirement to 300,000 MWh. *Order Modifying the Swine and Poultry Waste Set-Aside Requirements and Providing Other Relief*, Docket No. E-100, Sub 113 (October 8, 2018) (“2018 REPS Modification Order”).

<sup>5</sup> In its *Order Establishing Method of Allocating the Aggregate Poultry Waste Resource Set-Aside Requirement*, issued on April 18, 2016, in Docket No. E-100, Sub 113, the Commission ordered that,

- 1           • In 2018, its pro-rata share of two-hundredths of one percent (0.02%) of  
2           the total retail electric power sold in North Carolina in the year prior;
- 3           • In 2019 and 2020, its pro-rata share of seven-hundredths of one  
4           percent (0.07%) of total retail electric power sold in North Carolina in  
5           the year prior; and
- 6           • In 2021, 2022, and 2023, its pro-rata share of fourteen-hundredths of  
7           one percent (0.14%) of total retail electric power sold in North  
8           Carolina in the year prior; and
- 9           • In 2024 and thereafter, its pro-rata share of two-tenths of one percent  
10          (0.2%) of total retail electric power sold in North Carolina in the year  
11          prior.

12          Finally, each electric power supplier is also to submit for retirement a volume  
13          of qualifying poultry waste-to-energy RECs equivalent to its pro-rata share of  
14          the aggregate poultry set-aside obligation. The Company's Poultry Waste  
15          Set-Aside requirements, as modified by the Commission in the 2018 REPS  
16          Modification Order, are as follows:

- 17           • In 2018, its pro-rata share of 300,000 MWh;
- 18           • In 2019, its pro-rata share of 700,000 MWh; and
- 19           • In 2020 and each year thereafter, its pro-rata share of 900,000 MWh.<sup>5</sup>

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starting with calendar year 2016, the calculation of the requirements for each compliance year shall be based upon the electric utility's North Carolina retail sales for the prior 3 years and held constant for 3 years.

<sup>6</sup> *Order Addressing Poultry Compliance Shortfall and Requesting Comments on New Allocation Method* at 7, Docket No. E-100, Sub 113 (October 19, 2015).

1 The Company's pro-rata share will be determined by averaging three years of  
2 historic retail sales.<sup>6</sup> The resulting allocation will be held constant for three  
3 years. For example, in 2019, 2020, and 2021, the Company's pro-rata share  
4 will be the average of 2016, 2017, and 2018 retail sales. The North Carolina  
5 Renewable Energy Tracking System ("NC-RETS") administrator calculates  
6 each electric power supplier's proportionate share of the Poultry Waste Set-  
7 Aside Obligation using this methodology.<sup>7</sup>

8 **Q. Please describe the Company's historical REPS compliance.**

9 A. The Company has fully complied with its prior years' REPS compliance  
10 obligations, including the 2015-2017 Poultry Waste Set-Aside compliance  
11 obligation, the 2010-2017 Solar Set-Aside compliance obligation and the  
12 2013-2017 Total Obligations, for the 2010 through 2017 REPS compliance  
13 periods. The Commission approved the Company's 2011, 2012, 2013, 2014,  
14 2015, 2016, 2017, and 2018 REPS Compliance Reports in Orders issued on  
15 December 15, 2011,<sup>8</sup> December 11, 2012,<sup>9</sup> December 18, 2013,<sup>10</sup> December

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<sup>7</sup> *Order Establishing 2016, 2017, and 2018 Poultry Waste Set-Aside Requirement Allocation*, Docket No. E-100, Sub 113 (Aug. 5, 2016).

<sup>8</sup> *Order Approving 2010 REPS Compliance*, Docket No. E-22, Sub 475 (Dec. 15, 2011).

<sup>9</sup> *Order Approving 2011 REPS Compliance*, Docket No. E-22, Sub 487 (Dec. 11, 2012).

<sup>10</sup> *Order Approving REPS and REPS EMF Riders and 2012 REPS Compliance*, Docket No. E-22, Sub 503 (Dec. 18, 2013) ("2013 REPS Order").

1 18, 2014,<sup>11</sup> December 16, 2015,<sup>12</sup> December 20, 2016,<sup>13</sup> December 13,  
2 2017,<sup>14</sup> and January 4, 2019,<sup>15</sup> respectively.

3 **Q. Please discuss the Company's REPS obligations during the 2018**  
4 **Compliance Period under review and during the 2020 Compliance**  
5 **Period.**

6 A. For purposes of the 2018 compliance year, the Company has submitted for  
7 retirement a total of 389,194 RECs and 27,551 Energy Efficiency Credits  
8 ("EECs") to meet its 2018 Total Obligation. Within this total, the Company  
9 has submitted for retirement 8,336 RECs to meet the Solar Set-Aside  
10 requirement. The Company will submit for retirement 9,932 RECs to meet  
11 the Poultry Waste Set-Aside requirement. The Company will also submit for  
12 retirement 834 RECs for compliance with the Swine-Waste Set Aside  
13 requirement.

14 For purposes of the 2020 Compliance Period, the Company estimates that it  
15 will be required to submit for retirement a total of 426,500 RECs to meet its  
16 2020 Total Obligation. Within this total, the Company estimates that it will

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<sup>11</sup> *Order Approving REPS and REPS EMF Riders and 2013 REPS Compliance*, Docket No. E-22, Sub 514 (Dec. 11, 2014) ("2014 REPS Order").

<sup>12</sup> *Order Approving REPS and REPS EMF Riders and 2014 REPS Compliance*, Docket No. E-22, Sub 525 (Dec. 16, 2015) ("2015 REPS Order").

<sup>13</sup> *Order Approving REPS and REPS EMF Riders and 2015 REPS Compliance*, Docket No. E-22, Sub 535 (Dec. 20, 2016) ("2016 REPS Order").

<sup>14</sup> *Order Approving REPS and REPS EMF Riders and 2016 REPS Compliance*, Docket No. E-22, Sub 544 (Dec. 13, 2017) ("2017 REPS Order").

<sup>15</sup> *Order Approving REPS and REPS EMF Riders and 2017 REPS Compliance*, Docket No. E-22, Sub 557 (Jan. 4, 2019) ("2018 REPS Order").

1 be required to retire approximately 8,530 solar RECs, 2,986 swine waste  
2 RECs, and approximately 29,796 poultry waste RECs.

3 **Q. Has the Company complied with its Solar Set-Aside obligation for 2018?**

4 A. Yes. The Company met the 2018 Solar Set-Aside requirement of 8,336 solar  
5 RECs. Pursuant to the NC-RETS Operating Procedures, the Company has  
6 submitted for retirement 8,336 solar RECs. Specifically, the RECs to be used  
7 for 2018 compliance have been transferred from the NC-RETS Dominion  
8 Energy North Carolina Electric Power Supplier account to the Dominion  
9 Energy North Carolina Compliance Sub-Account. As in past years, upon  
10 completion of this regulatory proceeding and approval of the Company's  
11 Compliance Report, the Commission will finalize retirement of the RECs.

12 **Q. Has the Company complied with its Poultry Waste Set-Aside obligation  
13 for 2018?**

14 A. Yes. The Company has met the 2018 Poultry Waste Set-Aside requirement of  
15 9,932 poultry waste RECs. Pursuant to the NC-RETS Operating Procedures,  
16 the Company has submitted for retirement 9,932 poultry waste RECs. Again,  
17 the RECs to be used for 2018 compliance have been transferred from the NC-  
18 RETS Dominion Energy North Carolina Electric Power Supplier account to  
19 the Dominion Energy North Carolina Compliance Sub-Account.

1 **Q. Has the Company complied with its General Requirement obligation for**  
2 **2018?**

3 A. Yes. The Company has met the 2018 General Requirement of 397,643 RECs.  
4 Pursuant to NC-RETS Operating Procedures, the Company has submitted for  
5 retirement 370,092 RECs and 27,551 EECs in a similar manner to that  
6 described above. Upon completion of this regulatory proceeding, the  
7 Commission will finalize retirement of these RECs for 2018 compliance.

8 **Q. Is Dominion Energy North Carolina positioned to comply with its REPS**  
9 **requirements in 2019?**

10 A. The Company currently has sufficient RECs in NC-RETS to comply with its  
11 Solar Set-Aside, Poultry Waste Set-Aside, Swine Waste Set-Aside and  
12 General Requirements in 2019.<sup>16</sup> However, the Company anticipates some  
13 Electric Power Suppliers may file a joint motion to request a delay in or  
14 modification of the 2019 Swine Waste Set Aside and a modification of the  
15 2019 Poultry Waste Set Aside.

16 **Q. Please summarize the actions Dominion Energy North Carolina has**  
17 **undertaken to satisfy its current and future REPS requirements.**

18 A. The Company continues to procure unbundled RECs to satisfy its REPS  
19 obligations. Specifically, the Company has taken the following actions: (1)  
20 introduced additional energy efficiency programs that will generate savings

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<sup>16</sup> In 2019, the Company estimates that it will be required to submit for retirement 440,079 RECs to meet its Total Obligation. Within this total, the Company is also required to retire the following: 8,802 solar RECs; 3,081 swine waste RECs; and 23,174 poultry waste RECs.



1 that can be counted towards the Company's REPS obligation; (2) executed  
2 and continued negotiations for additional REC purchase agreements with  
3 renewable facilities; (3) solicited renewable energy proposals of various types,  
4 namely for swine waste-to-energy and poultry waste-to-energy resources; (4)  
5 participated in joint procurement activities with other electric power suppliers,  
6 including the Poultry Waste REC Buyers Group and the Swine Waste REC  
7 Buyers Group; and (5) participated in the annual and bi-annual stakeholder  
8 meetings organized by the Public Staff to facilitate discussion regarding  
9 Swine Waste and Poultry Waste Set-Aside compliance. The Company  
10 intends to contract for Poultry and Swine REC supply in excess of the initial  
11 Swine Waste and Poultry Waste Set-Aside compliance requirements to  
12 compensate for the experienced high failure rate of animal waste to energy  
13 projects. The Company will evaluate the banking or sale of Swine or Poultry  
14 RECs in excess of its compliance obligations to manage any significant  
15 inventories that may develop.

16 **Q. More specifically, what actions has Dominion Energy North Carolina**  
17 **taken to procure or develop swine waste-to-energy resources to meet its**  
18 **Swine Waste Set-Aside requirements?**

19 **A.** In an ongoing effort to comply with the Swine Waste Set-Aside, the Company  
20 has attempted to obtain swine waste RECs from facilities in Virginia, North  
21 Carolina and across the continental United States. The Company has  
22 contacted digester owners and operators, hog producers and REC

1 marketers/brokers to determine if any swine waste RECs are available for  
2 purchase by the Company.

3 In January 2016, the Company executed a contract with Orion Energy  
4 Marketing & Consulting, Inc. ("Orion") for sufficient swine waste RECs to  
5 meet compliance during the period 2017 to 2021. Orion is currently meeting  
6 all contractual obligations. The Company continues to work with the Swine  
7 Waste REC Buyers Group to secure additional swine RECs that could be  
8 banked for future use or used for compliance.

9 **Q. Also, what actions has Dominion Energy North Carolina undertaken to**  
10 **procure or develop poultry waste-to-energy resources in order to satisfy**  
11 **its Poultry Waste Set-Aside requirements?**

12 **A. The Company has worked actively and diligently to comply with its Poultry**  
13 **Set-Aside requirements for the Company and the Town of Windsor. The**  
14 **Company, after searching the REC market for available in-state RECs,**  
15 **concluded that joining the Poultry Waste REC Buyers Group was the most**  
16 **prudent way to meet the Town of Windsor's Poultry Waste Set-Aside**  
17 **requirement.**

18 The Poultry Waste REC Buyers Group executed three (3) long-term poultry  
19 waste contracts and the Company, as a part of this group, executed three (3)  
20 long-term contracts for the Town of Windsor's in-state requirements. One  
21 (1) of these contracts was terminated by mutual agreement with the supplier  
22 in September 2013. Prestage Ag Energy ("Prestage") started making regular

1 monthly deliveries in November 2019. Prestage is currently meeting all  
2 contractual obligations. The remaining long-term contract will not produce  
3 any significant poultry waste RECs until fall of 2019. At this time, the  
4 Company has sufficient RECs in NC-RETS meet the Town of Windsor's in-  
5 state Poultry Waste Set-Aside requirement for 2019 and 2020. The Company  
6 also believes it is likely to have sufficient RECs for Town of Windsor's in-  
7 state Poultry Waste Set-Aside requirement for 2021.

8 The Company has sufficient poultry waste RECs in NC-RETS to comply  
9 with both Dominion Energy North Carolina's and Town of Windsor's out-  
10 of-state Poultry Waste Set-Aside requirements for years 2019-2021.

11 **Q. Please also provide an update on the Company's efforts to comply with its**  
12 **General Requirement in 2019.**

13 A. The Company is well-positioned to comply with its General Requirement, and  
14 Total Obligation, in 2019. The Company's efforts to comply with the General  
15 Requirement and Total Obligation include its continued implementation of  
16 energy efficiency programs and the purchase of RECs from renewable energy  
17 facilities. As allowed by Senate Bill 3, Dominion Energy North Carolina  
18 continues to find that purchasing out-of-state RECs to achieve all aspects of  
19 its Total Obligation is the most cost-effective REPS compliance option for the  
20 Company and its customers.

1 The Company has sufficient RECs in NC-RETS to comply with both  
2 Dominion Energy North Carolina's and Town of Windsor's General  
3 Requirements for 2019.

4 **Q. Please also provide an update on the Company's efforts to comply with its**  
5 **Solar Set-Aside requirement in 2019.**

6 A. The Company is well-positioned to comply with its Solar Set-Aside  
7 requirement in 2019. The Company has also purchased enough RECs to  
8 comply with in-state Solar Set-Aside requirements for the Town of Windsor  
9 in 2019-2021.

10 **Q. Is the Company continuing to execute additional REC purchase**  
11 **agreements?**

12 A. Yes. The Company continues to execute additional REC purchase  
13 agreements, as needed, to meet its future REPS General Obligation and set-  
14 aside requirements. The Company addresses its REPS compliance strategy in  
15 its 2019 REPS Compliance Plan, which will be filed with the Company's  
16 2019 Integrated Resource Plan Update in September 2019.

17 **Q. What are the Company's costs associated with REPS compliance during**  
18 **the EMF True Up Period and the upcoming Rate Period?**

19 A. Costs requested to be recovered include REC costs, as well as other  
20 incremental REPS compliance expenses (e.g., Renewable Energy Tracking  
21 System fees) (collectively, "Other Incremental Costs"). Both REC expenses  
22 and Other Incremental Expenses incurred after June 30, 2019, will be trued up

1 and recovered as part of the Company's EMF in its 2020 REPS cost recovery  
2 proceeding. My Exhibit 2, Schedule 1 presents the Company's reasonable  
3 and prudently-incurred incremental REPS Compliance Costs during the EMF  
4 True Up Period. My Exhibit 2, Schedule 2 presents the Company's forecasted  
5 incremental REPS compliance costs projected to be incurred during the Rate  
6 Period.

7 **Q. Has the Company made any purchases of renewable energy as part of its**  
8 **compliance strategy?**

9 A. No, the Company has not made any bundled renewable energy purchases to  
10 date. For this reason, 100 percent of the Company's incurred REC costs are  
11 "incremental costs" recoverable through the REPS Rider. While the  
12 Company will present its avoided cost capacity and energy rates in its 2019  
13 REPS Compliance Plan, these avoided costs were not required to determine  
14 the incremental costs of Dominion Energy North Carolina's REC purchases  
15 for recovery in this proceeding.

16 **Q. In addition to REC costs, please explain the Other Incremental Costs of**  
17 **REPS compliance that the Company seeks to recover in this proceeding.**

18 A. My Exhibit 2, Schedules 1 and 2 identify the Other Incremental Costs  
19 that the Company has incurred in association with REPS compliance.  
20 Other Incremental Costs represent the Company's direct and non-labor  
21 costs associated with REPS compliance, including the Company's  
22 subscription to NC-RETS, internal REC tracking software costs, and  
23 REC broker fees. The Company is not seeking to recover any

1 incremental internal labor costs associated with administration of  
2 REPS compliance for either the EMF True Up Period or forecasted  
3 Rate Period in this proceeding.<sup>17</sup>

4 The Company is also seeking to recover maintenance and fuel costs  
5 associated with its NC Microgrid Project located at its Kitty Hawk  
6 District Office. The Microgrid was dedicated and local operation  
7 commenced in July 2014, and a small-scale fuel cell was added in July  
8 2015. As further explained by Company Witness Alan J. Moore, the  
9 Company is requesting to recover the ongoing operations and  
10 maintenance costs associated with the NC Microgrid Project during  
11 the Rate Period.

12 **Q. Please describe Dominion Energy North Carolina's internal REC**  
13 **Portfolio Management System noted above.**

14 A. The Company uses the Environmental Management Account ("EMA") RECs  
15 system developed by APX to support the Company's REPS compliance  
16 efforts. The EMA system is a REC asset management tool, which includes  
17 multiple REPS compliance functionalities, including supporting the  
18 Company's REC portfolio management and valuation, allowing connectivity  
19 to NC-RETS, as well as managing post-trade settlement, credit, delivery, and  
20 compliance, and invoicing services.

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<sup>17</sup> The Company continues to review how to most appropriately track and allocate such costs and may seek to recover such incremental internal REPS labor costs in future REPS cost recovery cases.

1 **Q. What portion of the EMA costs is the Company requesting to recover**  
2 **from its North Carolina customers as an incremental cost of REPS**  
3 **compliance?**

4 A. Consistent with the approach since the 2014 REPS Order, the Company has  
5 allocated the regulated portion of EMA system costs between Virginia and  
6 North Carolina because the EMA system will also be used for REC  
7 management in the Company's Virginia jurisdiction. Company Witness  
8 Emilia L. Catron supports the two-state factor 3 allocation approach, which  
9 allocates 5.0659 percent of the regulated portion of the EMA system costs and  
10 maintenance fees to the North Carolina jurisdiction. Company Witness  
11 Moore presents the EMA costs included for recovery on Page 2 of his  
12 Schedule 1 for the Rate Period Rider RP revenue requirement, and Page 3 of  
13 his Schedule 2 for the True-up Period EMF Rider RPE revenue requirement.

14 **Q. Do the costs presented in your Exhibit No. 2, Schedules 1 and 2 also**  
15 **include REC costs incurred by the Company attributable to the Town of**  
16 **Windsor?**

17 A. No. The incremental REPS costs presented in my Schedules 1 and 2 are net  
18 of the REC costs incurred by the Company for Town of Windsor's REPS  
19 compliance. As I have noted previously, the Company is uniquely situated in  
20 that it is statutorily authorized to use 100 percent out-of-state RECs to achieve  
21 REPs compliance. In most instances, the Company has found purchasing out-  
22 of-state RECs to be more cost effective than almost all other REPS  
23 compliance options, even including using its utility-owned renewable

1 generating facilities for North Carolina REPS compliance.<sup>18</sup> In contrast to the  
2 Company, Town of Windsor is required to obtain 75% of its RECs from in-  
3 state renewable resources. Thus, the Company has been required to purchase  
4 in-state RECs that are specifically designated for Town of Windsor's REPS  
5 compliance. For this reason, the Company has directly assigned specific REC  
6 costs to Town of Windsor that may be used for its REPS compliance, and has  
7 excluded them from the REPS costs that the Company is requesting to recover  
8 from the North Carolina retail jurisdiction in this proceeding.

9 **Q. Are the REPS Costs incurred for Town of Windsor's REPS compliance**  
10 **presented in the Company's REPS Plan and Report?**

11 A. Yes.

12 **Q. Do the costs presented in your Exhibit No. 2, Schedules 1 and 2 include**  
13 **non-REC costs incurred by the Company attributable to the Town of**  
14 **Windsor?**

15 A. No. The Company's Other Incremental Costs requested to be recovered in  
16 this proceeding do not include non-REC costs reasonably attributable to Town  
17 of Windsor. While Town of Windsor's compliance obligation accounts for a  
18 very small percent of Dominion Energy North Carolina's non-REC costs of  
19 REPS compliance, Town of Windsor is still responsible for certain of these  
20 costs. The Company has either assigned or allocated these costs to Town of

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<sup>18</sup> For example, the Company has found it more cost-effective to purchase out-of-state RECs for North Carolina REPS compliance and to sell the biomass RECs generated by the Company's biomass-fueled generating facilities at a higher price into other renewable energy compliance markets. The revenue generated from such REC sales is then credited back to North Carolina customers through base rates.



1 Windsor. For example, broker's fees attributable to REC transactions for  
2 Town of Windsor's REPS compliance are directly assigned to Town of  
3 Windsor. For any Other Incremental Costs not directly assignable to Town of  
4 Windsor, the Company has adopted NC-RETS' approach of allocating its  
5 costs based upon each electric power supplier's load-ratio share determined on  
6 an energy basis for the prior calendar year. As Town of Windsor is  
7 approximately 1.2 percent of the Company's total load-ratio share, the  
8 Company feels that this percentage of its Other Incremental Cost of REPS  
9 compliance should be attributable to Town of Windsor and should not be  
10 recovered from North Carolina retail customers. My Exhibit 2, Schedules 1  
11 and 2 specifically exclude Other Incremental Costs assigned or allocated to  
12 Town of Windsor.

13 **Q. Are you satisfied that the Company's REPS compliance costs incurred**  
14 **during the EMF True Up Period have been prudently incurred, and that**  
15 **the projected Rate Period costs will be prudently incurred?**

16 **A.** Yes. The Company has incurred and also projects to incur all of its costs  
17 associated with REPS compliance in a prudent manner. For example,  
18 Dominion Energy North Carolina has effectively evaluated its options and  
19 negotiated with counter-parties to procure reasonably-priced out-of-state  
20 RECs for compliance with the Solar, Swine Waste and Poultry Waste Set-  
21 Asides. This also holds true for the General Requirements RECs. Dominion  
22 Energy North Carolina has significant experience and expertise within the  
23 national REC market, and the Company has taken full advantage of its

1 statutory ability to procure its full REC requirements from out-of-state  
2 facilities. As noted above, this strategy has resulted in very reasonable  
3 compliance costs for our customers.

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

5 A. Yes.

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Aug 13 2019

**APPENDIX A****BACKGROUND AND QUALIFICATIONS  
OF  
GEORGE E. HITCH**

I joined Dominion Energy North Carolina (the "Company") in 2002 as an Hourly Trader. I have a Bachelor of Science Degree from Virginia Tech. I have been an Hourly Trader, Coordinator Hourly Trading and Generation Asset Trader at both the regulated utilities and Dominion Energy Marketing. I have traded physical and financial power, capacity and RECs in the spot and forward markets.

I am currently a Senior Market Originator and part of the group responsible for managing the Company's regulated capacity, energy and REC portfolios, and developing and executing compliance strategies for the Company's North Carolina Renewable Energy and Energy Efficiency Portfolio Standards and the Virginia Renewable Energy Portfolio Standards.

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(WHEREUPON, Company Exhibit AJM-1, Schedules 1 and 2, and Company Supplemental Exhibit AJM-1, Schedules 1 and 2, are marked for identification as prefiled and received into evidence.

Confidential pages filed under seal.)

(WHEREUPON, the prefiled direct and supplemental testimony and Appendix A of ALAN J. MOORE is copied into the record as if given orally from the stand.)

**DIRECT TESTIMONY  
OF  
ALAN J. MOORE  
ON BEHALF OF  
DOMINION ENERGY NORTH CAROLINA  
BEFORE THE  
NORTH CAROLINA UTILITIES COMMISSION  
DOCKET NO. E-22, SUB 578**

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Aug 13 2019

- 1 **Q. Please state your name, position, and business address with Virginia**  
2 **Electric and Power Company (“Dominion Energy North Carolina,” or**  
3 **the “Company”).**
- 4 **A. My name is Alan J. Moore. I am a Regulatory Analyst III in the Regulatory**  
5 **Accounting Department for Virginia Electric and Power Company doing**  
6 **business in North Carolina as Dominion Energy North Carolina. My business**  
7 **address is 701 East Cary Street, Richmond, Virginia 23219. A statement of**  
8 **my background and qualifications is attached as Appendix A.**
- 9 **Q. Please describe your area of responsibility with the Company.**
- 10 **A. I am responsible for analyzing and calculating revenue requirements for the**  
11 **Company.**
- 12 **Q. What is the purpose of your testimony in this proceeding?**
- 13 **A. My testimony supports the Company’s request to recover all reasonable and**  
14 **prudent incremental Renewable Energy and Energy Efficiency Portfolio**  
15 **Standard (“REPS”) compliance costs. North Carolina General Statute (“N.C.**  
16 **Gen. Stat.”) § 62-133.8(h)(1) provides that the recoverable “incremental cost”**  
17 **of REPS compliance includes “all reasonable and prudent costs incurred by an**  
18 **electric power supplier” to comply with its REPS obligations “that are in**

1 excess of the electric power supplier's avoided costs other than those costs  
2 recovered [through the demand side management rider] pursuant to N.C.G.S.  
3 § 62-133.9." North Carolina Utilities Commission ("NCUC" or the  
4 "Commission") Rule R8-67(e)(2) states that "[t]he cost of an unbundled  
5 renewable energy certificate, to the extent that it is reasonable and prudently-  
6 incurred, is an incremental cost and has no avoided cost component," and is,  
7 therefore, eligible for full recovery through the REPS Rider. In addition to  
8 recovery of all reasonable and prudent REPS compliance costs, N.C. Gen.  
9 Stat. § 62-133.8(h)(1)(b) provides that an electric power supplier may also  
10 recover any investments in "research that encourages the development of  
11 renewable energy, energy efficiency, or improved air quality, provided those  
12 costs do not exceed one million dollars (\$1,000,000) per year."

13 The purpose of my testimony is to address the development of the Company's  
14 REPS Riders RP and RPE updated revenue requirements in support of the  
15 Company's Application. Specifically, my testimony presents: (i) the  
16 Company's forecasted revenue requirement for the February 1, 2020 through  
17 January 31, 2021 rate period ("Rate Period") to be recovered through the  
18 Company's updated REPS rider, Rider RP; and (ii) the Company's revenue  
19 requirement for the Company's experience modification factor ("EMF") true-  
20 up period of July 1, 2018, through June 30, 2019 ("EMF True Up Period"), to  
21 be recovered through the Company's updated REPS EMF rider, Rider RPE.  
22 The Company's Application and the pre-filed direct testimony of Company  
23 Witness George E. Hitch support the Company's request to recover all

1 reasonable and prudently-incurred REPS compliance costs incurred during the  
2 EMF True Up Period and projected to be incurred during the Rate Period.

3 **Q. Mr. Moore, are you sponsoring any exhibits or schedules in connection**  
4 **with your testimony?**

5 A. Yes. Company Exhibit AJM-1, consisting of Schedules 1-2 (Schedules 1-2  
6 provided in public and confidential versions filed under seal), was prepared  
7 under my supervision and direction, and is accurate and complete to the best  
8 of my knowledge and belief. My Schedule 1 supports the projected Rate  
9 Period revenue requirement for Rider RP. My Schedule 2 presents the  
10 revenue requirement for EMF Rider RPE for the True Up Period.

11 **Q. Please summarize the key components of the Rate Period Rider RP**  
12 **revenue requirement presented in this case.**

13 A. The testimony and schedules of Company Witness Hitch provide the  
14 forecasted Rate Period incremental costs related to the Company's compliance  
15 with the REPS requirements of N.C. Gen. Stat. § 62-133.8(b), (d), (e), and (f).  
16 I have used these cost projections to calculate the forecasted revenue  
17 requirement for the REPS Rider RP to be recovered during the Rate Period in  
18 this proceeding.

1 **Q. Is it your understanding that the cost information used to develop the**  
2 **revenue requirements in this proceeding includes only Dominion Energy**  
3 **North Carolina's incremental retail REPS compliance expenses and does**  
4 **not include costs associated with any wholesale customers' REPS**  
5 **compliance?**

6 **A. Yes. Although the Company does provide REPS compliance services for the**  
7 **Town of Windsor, as described by Company Witness Hitch in his pre-filed**  
8 **direct testimony, his Exhibit 2, Schedules 1 and 2 present the Company's**  
9 **retail incremental REPS compliance costs, net of the costs assigned or**  
10 **allocated to the Town of Windsor. Consistent with previous REPS rider**  
11 **filings, the Company is not allocating any costs associated with the**  
12 **Company's microgrid research demonstration project located at the**  
13 **Company's Kitty Hawk District Office ("NC Microgrid Project") to the Town**  
14 **of Windsor.**

15 **Q. Can you comment on the tax credits being refunded back to the**  
16 **Company's customers?**

17 **A. Yes. The final 20% amortization of the North Carolina Renewable Energy**  
18 **Tax Credits ("RETC") was recognized in January 2018, which was included**  
19 **in the 2018 REPS cost recovery proceeding, Docket No. E-22, Sub 547, for**  
20 **the rate year of February 1, 2019 through January 31, 2020. Therefore the**



1 current filing does not include any RETC with the projected costs for the Rate  
2 Period, or the EMF True Up period.<sup>1</sup>

3 **Q. Please describe the recovery of previously incurred costs during the EMF**  
4 **True Up Period through the REPS EMF Rider RPE requested in this**  
5 **case.**

6 A. As noted above, the Company is requesting to fully recover its reasonable and  
7 prudently-incurred incremental REPS compliance costs incurred during the  
8 July 1, 2018, through June 30, 2019 EMF True Up Period. As described by  
9 Company Witness Hitch, the EMF True Up Period costs proposed to be  
10 recovered include: (i) incremental REPS costs incurred during the current  
11 EMF True Up Period to achieve REPS compliance for the current and future  
12 reporting years; (ii) the Company's "Other Incremental Costs" of REPS  
13 compliance; and (iii) actual costs and investment tax credits incurred through  
14 the end of the True Up Period related to the Company's NC Microgrid  
15 Project.

16 **Q. What is the total revenue requirement for Riders RP and RPE?**

17 A. As summarized on Page 1 of my Schedule 1, through Rider RP, the Company  
18 is requesting recovery of projected REPS compliance costs of \$1,246,561. In  
19 addition, as summarized on Page 1 of my Schedule 2, the Company's EMF  
20 Rider RPE is presenting a revenue requirement in the amount of \$106,060.

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<sup>1</sup> N.C. Gen. Stat. § 105-129.16A. requires the RETC to be taken in five equal installments beginning with the taxable year in which the property is placed in service. The Company credited the final one-fifth of the North Carolina RETC to retail customers through the REPS Rider filing for the 2018 Rate Period.

1           The combined revenue requirements for the two riders, Rider RP and Rider  
2           RPE totals \$1,352,621, representing a \$312,915 increase over the rates  
3           currently in effect.

4   **Q.    Does this conclude your pre-filed direct testimony?**

5   **A.    Yes, it does.**

**BACKGROUND AND QUALIFICATIONS  
OF  
ALAN J. MOORE**

Alan J. Moore received his undergraduate degree from Longwood University with a Bachelor of Science in Business Administration with an Accounting concentration in 2007. Mr. Moore received his Master's of Business Administration degree from Longwood University in 2015. Mr. Moore was hired by the Company in 2007 as an Internal Auditor prior to joining the Regulatory Accounting Department in April 2014. His current position of Regulatory Analyst III in the Regulatory Accounting Department includes responsibility for analyzing and calculating revenue requirements for Dominion Energy North Carolina rate proceedings.

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AUG 13 2019

**SUPPLEMENTAL TESTIMONY  
OF  
ALAN J. MOORE  
ON BEHALF OF  
DOMINION ENERGY NORTH CAROLINA  
BEFORE THE  
NORTH CAROLINA UTILITIES COMMISSION  
DOCKET NO. E-22, SUB 578**

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Oct 25 2019

1 **Q. Please state your name, business address, and position with Virginia**  
2 **Electric and Power Company (“Dominion Energy North Carolina” or the**  
3 **“Company”).**

4 **A.** My name is Alan J. Moore. My business address is 120 Tredegar Street,  
5 Richmond, Virginia 23219. I am a Regulatory Analyst III in the Regulatory  
6 Accounting Department for Dominion Energy North Carolina.

7 **Q. Are you the same Alan J. Moore who previously prefiled direct**  
8 **testimony, including schedules, in this proceeding?**

9 **A.** Yes. I prefiled direct testimony and Company Exhibit AJM-1, consisting of  
10 Schedules 1-2, on August 13, 2019, in support of the Company’s Application  
11 to recover the reasonable and prudently incurred cost of its North Carolina  
12 Renewable Energy and Efficiency (“REPS”) incremental costs, through its  
13 updated Rider RP, as well as the Company’s experience modification factor  
14 (“EMF”) rider, Rider RPE (“Application”).

15 **Q. What is the purpose of your supplemental testimony in this proceeding?**

16 **A.** The purpose of my supplemental testimony is to support a change in the Rider  
17 RP and Rider RPE revenue requirements due to corrected information  
18 regarding costs associated with the Company’s microgrid research

1 demonstration project located at the Company's Kitty Hawk District Office  
2 ("NC Microgrid Project").

3 **Q. Mr. Moore, are you sponsoring any exhibits or schedules in connection**  
4 **with your supplemental testimony?**

5 A. Yes. Company Supplemental Exhibit AJM-1, consisting of updated Schedule  
6 1 and Schedule 2 (provided in public version and confidential version filed  
7 under seal), was prepared under my supervision and direction and is accurate  
8 and complete to the best of my knowledge and belief. My Company  
9 Supplemental Exhibit AJM-1 presents the updated revenue requirements for  
10 Rider RP for the rate period and for EMF Rider RPE for the EMF true-up  
11 period.

12 **Q. Would you please explain the corrected information reflected in your**  
13 **revised schedules?**

14 A. Yes. In responding to the Public Staff's data requests, it was noted that the  
15 costs for the NC Microgrid Project included in the Rider RP and Rider RPE  
16 revenue requirement were higher than expected. During discussions with the  
17 Public Staff, it came to the Company's attention that due to the process being  
18 used to accumulate these costs to use in the revenue requirement calculation,  
19 each payment was being counted twice. The corrected schedules eliminate the  
20 double counting error and show the true costs associated with the NC  
21 Microgrid Project for Rider RPE and updated projected NC Microgrid Project  
22 costs used in the Rider RP calculation.

1 **Q. Mr. Moore, does the correction that you discuss above change the**  
2 **revenue requirements of Rider RP and Rider RPE that were presented in**  
3 **your direct testimony?**

4 **A. Yes. I have updated the Rider RP and EMF Rider RPE true-up revenue**  
5 **requirements to correct for the reduced NC Microgrid Project costs. The**  
6 **changes can be found on page 2, line 3 of Schedule 1, and page 2, line 3 of**  
7 **Schedule 2. These changes resulted in a reduction of the revenue**  
8 **requirements of Rider RP and Rider RPE of \$282, and \$235, respectively.**

9 **Q. Mr. Moore, are you presenting any other changes to the development of**  
10 **the updated Rider RP and Rider RPE revenue requirements at this time?**

11 **A. No, I am not.**

12 **Q. What is the result of the changes identified above?**

13 **A. The updated Rider RP revenue requirement of \$1,246,279 as calculated in my**  
14 **Supplemental Schedule 1 reflects a \$282 decrease to the original Rider RP**  
15 **revenue requirement amount of \$1,246,561. The updated Rider RPE under**  
16 **recovery of \$105,825 as calculated in my Supplemental Schedule 2 reflects a**  
17 **decrease of \$235 to the original Rider RPE under recovery amount of**  
18 **\$106,060. These decreases result in a total combined revenue requirement for**  
19 **Rider RP and Rider RPE of \$1,352,104, representing a \$312,398 increase over**  
20 **the rates currently in effect.**

1 **Q. Has the Company developed final rates to reflect the updates to the Rider**  
2 **RP and Rider RPE revenue requirements described above?**

3 **A. Yes. Company Witness Emilia L. Catron has developed final rates to reflect**  
4 **the updates to the Rider RP and Rider RPE revenue requirements. These rates**  
5 **will be filed in Company Witness Catron's Supplemental Testimony and**  
6 **Exhibit.**

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

8 **A. Yes, it does.**

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Oct 25 2019

1 (WHEREUPON, Company Exhibit ELC-1,  
2 Schedules 1-7, and Company  
3 Supplemental Exhibit ELC-1,  
4 Schedules 1-7, are marked for  
5 identification as prefiled and  
6 received into evidence.)  
7 (WHEREUPON, the prefiled direct  
8 and supplemental testimony and  
9 Appendix A of EMILIA L. CATRON is  
10 copied into the record as if given  
11 orally from the stand.)  
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**DIRECT TESTIMONY  
OF  
EMILIA L. CATRON  
ON BEHALF OF  
DOMINION ENERGY NORTH CAROLINA  
BEFORE THE  
NORTH CAROLINA UTILITIES COMMISSION  
DOCKET NO. E-22, SUB 578**

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AUG 13 2019

1 **Q. Please state your name, business address, and your position with Virginia**  
2 **Electric and Power Company (“Dominion Energy North Carolina” or the**  
3 **“Company”).**

4 **A. My name is Emilia L. Catron and I am a Regulatory Analyst for the Company.**  
5 **My business address is One James River Plaza, 701 East Cary Street,**  
6 **Richmond, Virginia 23219. A statement of my background and qualifications**  
7 **is attached as Appendix A.**

8 **Q. What is the purpose of your testimony in this case?**

9 **A. My testimony supports the Company’s request to recover all reasonable and**  
10 **prudent incremental Renewable Energy and Energy Efficiency Portfolio**  
11 **Standard (“REPS”) compliance costs. The purpose of my testimony is to:**  
12 **(i) describe the Company’s approach to defining a “customer account” for**  
13 **purposes of calculating the REPS riders; (ii) explain the Company’s system-**  
14 **level allocation approach for allocating the cost of the Environmental**  
15 **Management Account RECs (“EMA”) software; and (iii) present the**  
16 **calculation of the Company’s updated REPS rider, Rider RP, and the updated**  
17 **Experience Modification Factor (“EMF”) rider, Rider RPE. Proposed Rider**  
18 **RP is designed to recover the Company’s reasonable and prudent incremental**

1 REPS costs forecasted to be incurred during the proposed February 1, 2020 –  
2 January 31, 2021 rate period (“Rate Period”). Proposed Rider RPE is  
3 designed to recover the Company’s reasonable and prudent incremental REPS  
4 costs incurred during the July 1, 2018, to June 30, 2019 EMF true up period  
5 (“EMF True Up Period”), as described in the Company’s Application and the  
6 prefiled direct testimony of Company Witness George E. Hitch. The  
7 Company is requesting that the proposed Rider RP and Rider RPE become  
8 effective for usage on February 1, 2020.

9 **Q. Ms. Catron, are you sponsoring any exhibits or schedules in connection**  
10 **with your testimony?**

11 A. Yes. Company Exhibit ELC-1, consisting of Schedules 1 through 7, was  
12 prepared under my supervision and is accurate and complete to the best of my  
13 knowledge and belief.

14 **Q. How has Dominion Energy North Carolina defined a “customer” for the**  
15 **purposes of developing Rider RP and Rider RPE?**

16 A. The Company has followed the same approach that the Commission approved  
17 in the Company’s most recent REPS Rider cost recovery proceeding and prior  
18 cases. For purposes of developing the per-account REPS charges, the  
19 Company has defined a “customer account” as a “service point” or  
20 “application of a tariff.” The following rate schedules are not considered  
21 “accounts” for purposes of the per-account charge because these rate  
22 schedules are generally secondary accounts and customers on these rate

1 schedules will pay a per-account charge under another primary tariff  
2 connected with these rate schedules.

- 3 • Residential Time Controlled Storage Water Heating (Schedule 1W)
- 4 • Residential Dual Fuel (Schedule 1DF)
- 5 • Outdoor Lighting (Schedule 26)
- 6 • County, Municipal or State – Traffic Control (Schedule 30T)
- 7 • Commercial Electric Heating (Schedule 7)
- 8 • Commercial Schedule SG (Schedule SG)

9 Further, if a customer has a service point on contiguous property with the  
10 same service address, premise and name, that account may be deemed to be  
11 auxiliary and not subject to the REPS Riders RP and RPE. If the Company  
12 identifies an account as an auxiliary account or if the Company is notified by  
13 the customer that an account should be classified as an auxiliary account or  
14 upon written notification from the customer, accounts meeting these criteria  
15 will be coded in the billing system to allow the customer to be charged only a  
16 single monthly REPS charge at the customer's primary service point. A  
17 governmental customer for purposes of the application of the REPS charge is  
18 considered a commercial account.

19 **Q. In determining the Company's incremental REPS compliance costs to be**  
20 **recovered through its REPS Riders, has the Company addressed**  
21 **allocation of any system-level costs to the North Carolina jurisdiction?**

22 **A.** Yes. While incremental REPS compliance costs are generally assigned to and  
23 fully recoverable from the Company's North Carolina jurisdiction, the  
24 Company has also recognized that, in certain unique circumstances, capital  
25 investments made by the Company at a system level that are allocated

1 between the Company's respective jurisdictions and are incremental to North  
2 Carolina REPS compliance should also be allocated between the Company's  
3 respective jurisdictions. The Company has determined that allocation of the  
4 costs of its investment in the EMA system represents an instance where such  
5 allocation is appropriate.

6 **Q. Would you please explain the method used to allocate these system-level**  
7 **EMA costs between Virginia and North Carolina jurisdictional**  
8 **customers?**

9 A. Consistent with the approach first approved by the Commission in Docket  
10 E-22, Sub 503 and followed in the Company's most recent cost recovery  
11 proceeding, the Company has used its two-state Factor 3 energy allocation  
12 approach to determine the proper amount of EMA system costs to be allocated  
13 to the North Carolina jurisdiction. This is an allocation factor based upon  
14 relative energy sales between the customers served in Virginia and customers  
15 served in North Carolina and is based on the twelve months ending December  
16 31, 2018. The North Carolina energy sales component excludes the Town of  
17 Windsor. Using this approach, the Company's Rider RP revenue requirement  
18 for the forecasted Rate Period includes an allocated 5.0659% share of the  
19 regulated portion of EMA costs for recovery from the Company's North  
20 Carolina jurisdictional customers.

- 1 **Q. Would you please discuss the calculation of the proposed Rider RPE to**  
2 **collect for the EMF True Up Period?**
- 3 **A. Rider RPE is calculated using the Rider RPE revenue requirement provided**  
4 **by Company Witness Alan J. Moore, as shown in my Schedule 1. My**  
5 **Schedule 2 presents the allocation of the Rider RPE revenue requirement**  
6 **amongst the Company's residential, commercial, and industrial customer**  
7 **classes. The annual revenue cap was calculated by multiplying the revised**  
8 **applicable cost caps for each customer class by the Company's forecasted**  
9 **average adjusted number of customer accounts for the rate year. A cost cap**  
10 **allocation factor was then calculated by dividing the annual REPS revenue**  
11 **cap for each class by the total annual revenue cap established for all classes.**  
12 **This allocation factor was then used to allocate the Company's REPS**  
13 **compliance requirement to each of the three customer classes.**
- 14 **The Company also incorporated an adjustment to allocate Energy Efficiency**  
15 **Credit ("EEC") RECs to the customer class that created the EEC savings. The**  
16 **EEC RECs can only be used to meet the Company's General Obligation REC**  
17 **requirement; therefore, Schedule 2 and Schedule 4 have been divided between**  
18 **General Obligation REC costs and all costs other than for General Obligation**  
19 **RECs. Once the EECs were deducted according to the class that created the**  
20 **EE savings, a new adjusted allocation factor was calculated and the Rider**  
21 **RPE revenue requirement from my Schedule 1 was allocated to the customer**  
22 **classes based on the newly calculated allocation factor.**

1 **Q. Would you please discuss the calculation of the monthly RPE per**  
2 **customer charges?**

3 A. My Schedule 3 presents the total annual Rider RPE and then calculates the  
4 monthly per-account customer charge for each customer class by dividing the  
5 annual value by 12. This charge is then adjusted to account for the North  
6 Carolina regulatory fee to calculate the final per-account customer charges  
7 that will be shown for the residential, commercial, and industrial customer  
8 classes in the rider.

9 **Q. Would you please discuss the calculation of the proposed Rider RP to**  
10 **collect during the Rate Period?**

11 A. My Schedule 4 shows the total projected REPS compliance calculation for  
12 Rider RP during the Rate Period. The methodology is the same as the  
13 calculations for Rider RPE that I have just described, but uses forecasted EEC  
14 savings, as well as a forecasted revenue requirement for the Rate Period. My  
15 Schedule 1 shows the forecasted Rate Period revenue requirement to be  
16 recovered through Rider RP. My Schedule 5 then calculates the monthly per-  
17 account customer charge for each customer class. This charge is then adjusted  
18 for the North Carolina regulatory fee to calculate the final per-account  
19 customer charges that will be shown in the Rider RP.

1 **Q. Have you confirmed that the Company's proposed total monthly REPS**  
2 **per-account customer charges to be recovered through Riders RP and**  
3 **RPE do not exceed the per-account cost caps established in N.C. Gen.**  
4 **Stat. § 62-133.8(h)(4)?**

5 **A. Yes. My Schedule 6 presents the total monthly REPS per-account customer**  
6 **charges to be recovered through Riders RP and RPE. These per-account**  
7 **charges do not exceed the caps on allowable per-account annual charge**  
8 **established in N.C. Gen. Stat. § 62-133.8(h)(4), as amended by Session Law**  
9 **2017-192, and satisfy the requirements of Commission Rule R8-67(e)(9).**

10 **Q. Have you included the Company's proposed Riders RP and RPE in**  
11 **Schedule 7 of your pre-filed direct testimony?**

12 **A. Yes. Schedule 7 comprises the tariff sheets showing the proposed Riders RP**  
13 **and RPE, which, if approved as proposed, would be applicable for usage on**  
14 **and after February 1, 2020.**

15 **Q. Would you explain how the proposed Riders RP and RPE will impact**  
16 **customers' bills?**

17 **A. Per my Schedule 6, customers served on a residential rate will see a total**  
18 **REPS charge on their bill of \$0.55 which is an increase of \$0.12 per month**  
19 **from the previous monthly REPS charge. Commercial customers will see a**  
20 **\$3.08 charge per month on their bills resulting in an increase of \$0.73 per**  
21 **month from the previous monthly REPS charge, and an industrial customer**  
22 **will see a charge of \$20.84 per month resulting in an increase of \$4.95 per**  
23 **month from the previous monthly REPS charge. Monthly billing schedules**

1 will be prorated only if the number of days in the billing month is less than 26  
2 or greater than 40.

3 **Q. Does this conclude your prefiled direct testimony?**

4 **A. Yes, it does.**

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AUG 13 2019



**BACKGROUND AND QUALIFICATIONS  
OF  
EMILIA L. CATRON**

Emilia L. Catron received a Bachelor of Science degree in Computational and Applied Mathematics and Statistics and Psychology from the College of William and Mary in 2018. Ms. Catron joined the Customer Rates Department in 2016, beginning as an intern and then becoming a full time employee as a Regulatory Analyst I in 2018. In August of 2019, Ms. Catron was promoted to her current position as a Regulatory Analyst II. Her responsibilities include providing support and analysis for the Company's regulatory filings in Virginia and North Carolina. Ms. Catron has previously presented testimony before the State Corporation Commission of Virginia.

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AUG 13 2019

**SUPPLEMENTAL TESTIMONY  
OF  
EMILIA L. CATRON  
ON BEHALF OF  
DOMINION ENERGY NORTH CAROLINA  
BEFORE THE  
NORTH CAROLINA UTILITIES COMMISSION  
DOCKET NO. E-22, SUB 578**

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Oct 25 2019

1 **Q. Please state your name, business address, and your position with Virginia**  
2 **Electric and Power Company (“Dominion Energy North Carolina” or the**  
3 **“Company”).**

4 **A. My name is Emilia L. Catron and I am a Regulatory Analyst for the Company.**  
5 **My business address is 120 Tredegar Street, Richmond, Virginia 23219.**

6 **Q. Did you previously file direct testimony and an exhibit in this**  
7 **proceeding?**

8 **A. Yes. I prefiled direct testimony and Company Exhibit ELC-1, consisting of**  
9 **Schedules 1-7, on August 13, 2019, in support of the Company’s Application**  
10 **to recover all reasonable and prudent incremental Renewable Energy and**  
11 **Energy Efficiency Portfolio Standard (“REPS”) compliance costs through its**  
12 **updated Rider RP, as well as the Company’s experience modification factor**  
13 **(“EMF”) rider, Rider RPE (“Application”).**

14 **Q. What is the purpose of your supplemental testimony in this proceeding?**

15 **A. The purpose of my supplemental testimony is to support the updated Rider RP**  
16 **and Rider RPE revenue requirements presented by Company Witness Alan J.**  
17 **Moore and to develop updated Rider RP rates, to be effective for usage on and**

1 after February 1, 2020. I will also discuss the impact the revised rates will  
2 have on customer bills.

3 **Q. Ms. Catron, are you sponsoring any exhibits or schedules in connection**  
4 **with your supplemental testimony?**

5 A. Yes. Company Supplemental Exhibit ELC-1, consisting of Schedules 1  
6 through 7, was prepared under my supervision and is accurate and complete to  
7 the best of my knowledge and belief.

8 **Q. Please summarize the revised rates that the Company is requesting the**  
9 **Commission approve through this supplemental filing.**

10 A. In addition to the Rider RPE rates that were proposed in its August 13, 2019  
11 Application, the Company requests Commission approval of updated RP rates  
12 as follows (all shown on a dollars per account basis):

<u>Customer Class</u>	<u>Rider RP</u> Customer Class Rate (updated)	<u>Rider RPE</u> Customer Class Rate (unchanged)	<u>Total Riders RP &amp; RPE</u> Customer Class Rate (updated)
Residential	\$ 0.51	\$0.04	\$0.55
Commercial	\$ 2.84	\$0.24	\$3.08
Industrial	\$ 19.17	\$1.66	\$20.83

13 The only Rider RP rate change is that the Industrial Rider RP rate decreases  
14 by one cent to \$19.17 from \$19.18. These proposed Rider RP and Rider RPE  
15 rates are requested to be in effect for the twelve-month period from February  
16 1, 2020, through January 31, 2021, the proposed Rate Period.

- 1 **Q. Have you included the Company's updated Rider RP in Schedule 7 of**  
2 **your supplemental testimony?**
- 3 **A. Yes. Page 2 of my supplemental Schedule 7 presents an updated tariff sheet**  
4 **for the updated Rider RP, which, if approved as proposed, would be**  
5 **applicable for usage on and after February 1, 2020.**
- 6 **Q. Does this conclude your prefiled supplemental testimony?**
- 7 **A. Yes, it does.**

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Oct 25 2019

1 (WHEREUPON, the revised affidavit  
2 and Appendix A of JENNY X. LI is  
3 copied into the record as if given  
4 orally from the stand.)  
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STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

DOCKET NO. E-22, SUB 578

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Application by Virginia Electric and Power )  
Company, d/b/a Dominion Energy North )  
Carolina, for Approval of Renewable Energy )  
and Energy Efficiency Portfolio Standard Cost )  
Recovery Rider Pursuant to G.S. 62-133.8 and )  
Commission Rule R8-67 )

REVISED AFFIDAVIT OF  
JENNY X. LI

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Jenny X. Li, first being duly sworn, do depose and say:

I am a Staff Accountant with the Electric Section of the Accounting Division of the Public Staff - North Carolina Utilities Commission. A summary of my education and experience is attached to this affidavit as Appendix A.

N.C. Gen. Stat. 62-133.8(h) provides that the State's electric power suppliers may recover their reasonable and prudently incurred incremental costs of compliance with the Renewable Energy and Energy Efficiency Portfolio Standard (REPS) through an annual rider charge. Pursuant to Commission Rule R8-67, the REPS rider will be recovered over the same period as the utility's fuel cost rider. Rule R8-67 also provides for a REPS experience modification factor (REPS EMF) rider, which is utilized to "true-up" the recovery of reasonable and prudently incurred incremental REPS compliance costs incurred during the test period established for each annual rider proceeding.

The purpose of my affidavit is to present the results of the Public Staff's investigation of the REPS EMF rider proposed by Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC or the Company), in this proceeding, based on incremental REPS compliance costs incurred and revenues recorded from July 1, 2018 through June 30, 2019 (REPS EMF period or test period).

On August 13, 2019, DENC filed its application, testimony and exhibits related to the incremental costs incurred for compliance with the REPS. DENC witness Emilia L. Catron presented the Company's proposed annual and monthly REPS EMF Rider (Rider RPE) increments for each of the North Carolina retail customer classes. Company Exhibit ELC-1, Schedule 3 set forth the proposed annual EMF increment riders of \$0.53, \$2.88, and \$19.89 per retail customer account, excluding the regulatory fee, for the residential, commercial, and industrial classes, respectively. Also set forth on Company Exhibit ELC-1, Schedule 3 are the proposed monthly EMF increment riders of \$0.04, \$0.24, and \$1.66 per retail customer account, excluding the regulatory fee, for the residential commercial, and industrial classes, respectively.

On October 25, 2019, DENC filed the Supplemental Testimony and Exhibits of Alan J. Moore and Emilia L. Catron. The purpose of DENC's supplemental testimony is to implement one change in the Rider RP and Rider RPE revenue requirements due to corrected information regarding costs associated with the Company's microgrid research demonstration project (Microgrid Project). As noted by Company witness Moore, this one change resulted in a reduction of the revenue

requirement of Rider RP and Rider RPE of \$282, and \$235, respectively. Company Supplemental Exhibit ELC-1, Schedule 3 sets forth the proposed revised annual EMF increment riders of \$0.52, \$2.88, and \$19.85 per retail customer account, excluding the regulatory fee, for the residential, commercial, and industrial classes, respectively. Also set forth on Company Supplemental Exhibit ELC-1, Schedule 3 are the proposed revised monthly EMF increment riders of \$0.04, \$0.24, and \$1.66 per customer account, including the regulatory fee (\$0.04, \$0.24, and \$1.65 excluding the regulatory fee) for the residential, commercial, and industrial classes, respectively.

The Public Staff's investigation included procedures intended to evaluate whether the Company properly determined its per books incremental compliance costs and revenues, and complied with the annual REPS revenue cap during the test period. These procedures included a review of the Company's filings and other Company data provided to the Public Staff. Additionally, the procedures included a review of certain specific types of expenditures impacting the Company's costs, including research and development costs. Performing the Public Staff's investigation also required the review of responses to written data requests.

Based upon the Public Staff's investigation, I am recommending that DENC's proposed revised annual and monthly REPS EMF increment riders for each customer class, as set forth on Company Supplemental Exhibit ELC-1, Schedule 3, be approved. These amounts produce annual increment REPS EMF riders of \$0.52, \$2.88, and \$19.85 per customer account, excluding the regulatory fee, and proposed monthly riders of \$0.04, \$0.24, and \$1.66 per customer account,



including the regulatory fee (\$0.04, \$0.24, and \$1.65 excluding the regulatory fee) for the residential, commercial, and industrial classes, respectively.

This completes my affidavit.

Jenny Li

Jenny X. Li

Sworn to and subscribed before me

On this the 28<sup>th</sup> day of October, 2019.

Cleo L. Ackerman

(Printed Name)

Cleo L. Ackerman

Notary Public

Cleo L Ackerman  
NOTARY PUBLIC  
WAKE COUNTY, N.C.  
My Commission Expires 01-08-2022

My Commission Expires: 01-08-2023

## APPENDIX A

## QUALIFICATIONS AND EXPERIENCE

JENNY X. LI

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

I joined the Public Staff Accounting Division in August 2016 as a Staff Accountant. I am responsible for the performance of the following activities: (1) the examination and analysis of testimony, exhibits, books and records, and other data presented by utilities and other parties under the jurisdiction of the Commission or involved in Commission proceedings; and (2) the preparation and presentation to the Commission of testimony, exhibits, and other documents in those proceedings.

Since joining the Public Staff, I have filed testimony and affidavits in Duke Energy Progress, LLC (DEP) and Duke Energy Carolina, LLC (DEC) fuel cases and Dominion Energy North Carolina (DENC)'s REPS case. I have also assisted on several electric general rate cases and performed reviews in DEC's Existing DSM Program Rider and BPM/NFPTP Rider; Western Carolina University's PPA Rider and New River Light and Power Company's PPA Factor.

Prior to joining the Public Staff, I was employed by MDU Enterprises Inc. and Neusoft America Inc. My duties there varied from examining various financial statements to supervising accounting and assisting external audits.

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Oct 28 2019

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(WHEREUPON, the revised affidavit  
and Appendix A of TOMMY C.  
WILLIAMSON, JR., is copied into  
the record as if given orally from  
the stand.)

STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

DOCKET NO. E-22, SUB 578

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Application of Virginia Electric and Power )  
Company, d/b/a Dominion Energy North )  
Carolina for Approval of Renewable Energy and )  
Energy Efficiency Portfolio Standard Cost )  
Recovery Rider Pursuant to G.S. 62-133.8 and )  
Commission Rule R8-67 )

REVISED AFFIDAVIT  
OF  
TOMMY C.  
WILLIAMSON, JR.

STATE OF NORTH CAROLINA  
COUNTY OF WAKE

I, Tommy C. Williamson, Jr., being first duly sworn, do depose and say:

I am a Utilities Engineer in the Electric Division of the Public Staff – North Carolina Utilities Commission. I have attached, as Appendix A, a summary of my education and experience.

The purpose of my revised affidavit is to present the Public Staff's analysis and recommendations with respect to: 1) the Application for Approval of Renewable Energy and Energy Efficiency Portfolio Standard (REPS) Cost Recovery Rider and supporting direct testimony and exhibits of George E. Hitch, Alan J. Moore, and Emilia L. Catron (Application), filed by Virginia Electric and Power Company d/b/a Dominion Energy North Carolina (DENC or Company) on August 13, 2019; 2) the 2019 REPS Compliance Report filed as Company Exhibit GEH-1 on August 13, 2019; and 3) the supplemental testimony and exhibits of Alan J. Moore and Emilia L. Catron filed by DENC on October 25, 2019.

N.C. Gen. Stat. § 62-133.8(h) provides that electric power suppliers may recover their reasonable and prudently incurred incremental costs of compliance with the REPS through an annual rider charge. Pursuant to Commission Rule R8-67(e)(4), the REPS rider will be collected, to the extent practical, over the same period as the utility's fuel cost rider. Rule R8-67 also provides for a REPS experience modification factor (REPS EMF) rider, which is utilized to true up the recovery of the revenues realized under the REPS rider to the reasonable and prudently incurred incremental REPS compliance costs actually experienced during the test period established for each annual rider proceeding.

For 2018 compliance, DENC acquired renewable energy certificates (RECs), but not RECs and energy bundled together. DENC provides REPS compliance and reporting services for the Town of Windsor (Windsor) and maintains separate accounts for itself and Windsor in the North Carolina Renewable Energy Tracking System (NC-RETS). None of the costs of RECs assigned to Windsor were included in DENC's requested REPS cost recovery riders.

#### 2019 REPS Compliance Report

The 2019 REPS Compliance Report includes REPS compliance activities for the calendar year 2018. For 2018, each electric power supplier needed to retire enough RECs to equal ten percent (10%) of jurisdictional retail megawatt-hour

(MWh) sales for 2017.<sup>1</sup> To reach compliance, DENC and Windsor were required to retire 416,745 and 4,693 RECs, respectively.

Pursuant to N.C. Gen. Stat. § 62-133.8(b)(2)(c), DENC may use energy efficiency certificates (EECs) to meet no more than twenty five percent (25%) of its total requirement. This limitation on the use of EECs to meet the total requirement does not apply to municipal suppliers such as Windsor. In addition, DENC is allowed to obtain all of its RECs from out-of-state sources,<sup>2</sup> whereas Windsor must obtain at least 75% of its RECs from in-state sources.<sup>3</sup>

DENC and Windsor pursued retirement of a total of 402,128 general requirement<sup>4</sup> RECs and EECs during 2018. For itself, DENC included 370,092 RECs and 27,551 EECs from its portfolio of in-state EE programs approved pursuant to N.C. Gen. Stat. § 62-133.9, for a total of 397,643. For Windsor, DENC requested retirement of 4,485 general requirement RECs, with greater than 75% of Windsor's total RECs coming from in-state sources. Windsor did not use any EECs for compliance.

With respect to the solar requirements established by N.C. Gen. Stat. § 62-133.8(d), both DENC and Windsor were required to pursue retirement of solar

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<sup>1</sup> 2017 North Carolina jurisdictional retail sales for DENC were 4,167,444 MWh. 2017 retail sales for Windsor were 46,928 MWh.

<sup>2</sup> N.C. Gen. Stat. § 62-133.8(b)(2)(e).

<sup>3</sup> N.C. Gen. Stat. § 62-133.8(c)(2)(d).

<sup>4</sup> The RECs or EECs that an electric power supplier is required to provide under N.C. Gen. Stat. § 62-133.8(b) or (c), exclusive of those required by the set-asides in N.C. Gen. Stat. § 62-133.8(d), (e), and (f), are customarily referred to as the "general requirement."

RECs amounting to 0.20% of their 2017 North Carolina retail sales. DENC retired a total of 8,430 solar RECs, 8,336 for itself and 94 for Windsor, in compliance with the statutory requirements.

In its October 8, 2018, *Order Modifying the Swine and Poultry Waste Set-Aside Requirements and Providing Other Relief* in Docket No. E-100, Sub 113, ("*2018 REPS Modification Order*"), the Commission, exercising the authority granted to it under N.C. Gen. Stat. § 62-133.8(i)(2), reduced the statewide poultry waste requirement in N.C. Gen. Stat. § 62-133.8(f) for 2018 to 300,000 MWh. As a result, DENC and Windsor were required to pursue retirement of their pro-rata share of the 300,000 poultry waste RECs. DENC retired a total of 10,046 poultry RECs, 9,932 for itself and 114 for Windsor, in compliance with the *2018 REPS Modification Order*.

In addition, the *2018 REPS Modification Order* required DENC to pursue retirement of swine RECs amounting to 0.02% of its 2017 North Carolina retail sales, but delayed the initial swine waste set-aside requirement for municipalities until 2019. In compliance with the *2018 REPS Modification Order*, DENC retired a total of 834 swine RECs for itself.

Based on my review, I recommend that the Commission approve the 2019 REPS Compliance Report for DENC and Windsor.

#### Kitty Hawk Microgrid

In 2013, the Commission approved a request by DENC to pursue a Microgrid demonstration project as a research project qualifying for REPS rider

cost recovery pursuant to N.C. Gen. Stat. § 62-133.8(h)(1)b.<sup>5</sup> The Microgrid project is located at the Company's Kitty Hawk District Office. The facility commenced operation in July 2014, and a fuel cell was added to the project in July 2015. The Project was presented as a three-year demonstration project, and DENC indicated that "once the three-year demonstration period concludes, the Company intends for the NC Microgrid Project to continue to operate and offset load at the Kitty Hawk District Office."<sup>6</sup> DENC filed reports on performance of the Microgrid during each year of the demonstration project for years 2015 through 2017.

In response to Public Staff data requests in this proceeding, DENC indicated that:

The Microgrid system was disconnected in August 2016 because the Kitty Hawk office was experiencing voltage issues. Since disconnecting the system, extensive inspections and troubleshooting revealed voltage harmonics issues due to an unknown source. The Company is working with internal subject matter experts and external contractor to develop a solution.<sup>7</sup>

DENC further indicated that it is working with an external contractor to evaluate complete recommissioning, partial recommissioning, or ultimately decommissioning the Microgrid, and that it anticipates finalizing its plan by the end of 2019.<sup>8</sup> The Public Staff recommends that the Commission direct DENC to include in its 2020 REPS cost recovery proceeding testimony summarizing DENC's

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<sup>5</sup> *Order Approving REPS and REPS EMF Riders and 2012 REPS Compliance*, Docket No. E-22, Sub 503. (Dec. 18, 2013).

<sup>6</sup> Testimony of DENC witness Gary D. Counts in Docket No. E-22, Sub 503, at page 7.

<sup>7</sup> DENC Response to Public Staff Data Request No. 2-2. (September 6, 2019).

<sup>8</sup> DENC Response to Public Staff Data Request No. 2-3. (September 6, 2019).



analysis of the issues experienced with the Microgrid project and any actions taken regarding whether to recommission or decommission the project. The Public Staff shared this recommendation with DENC, and DENC authorized the Public Staff to indicate that it does not object to this recommendation.

#### REPS Cost Recovery

The total REPS charge is based on the Rider RP, which are the costs projected for the billing period (February 1, 2020 through January 31, 2021), and the Rider RPE, which is the under-recovery from the Experience Modification Factor (EMF) period (July 1, 2018 through June 30, 2019).

I reviewed the estimated incremental costs associated with DENC's proposed REPS Rider RP in this case. Those costs are estimated to be \$1,246,279 and include costs to be incurred during the billing period related to: (1) the cost of RECs to be purchased, (2) research costs, and (3) other incremental costs (i.e., administrative costs, broker fees, Environmental Management Account (EMA) costs). DENC included only costs associated with RECs or with its management of REPS compliance for Windsor. Consistent with its allocation methodology used in the last REPS cost recovery proceeding, DENC allocated 5.0659% of the costs related to the EMA system to its North Carolina retail jurisdiction. This allocation is based on the level of energy sales assigned to the jurisdictions. All of the estimated research costs to be incurred during the billing period are associated with DENC's Microgrid demonstration project at the Company's Kitty Hawk District Office.

Public Staff Accountant Li has reviewed DENC's compliance costs for the test period and its proposed EMF charge, Rider RPE, and finds them to be reasonable.

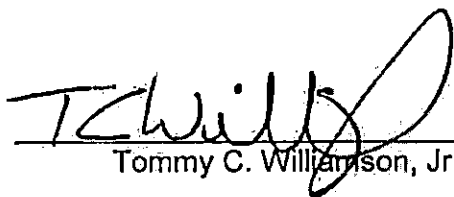
The estimated costs of RECs to be purchased, research costs, and other incremental costs appear to be reasonable.

In its Supplemental Filing, DENC requested approval of the following monthly charges for the forecast rate and EMF rate, including the regulatory fee:

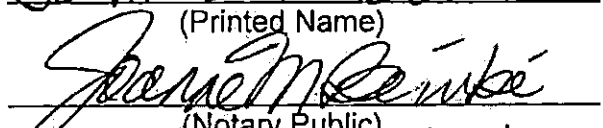
Customer Class	Forecast Rate (Rider RP)	EMF Rate (Rider RPE)	Total REPS Rate
Residential	\$0.51	\$0.04	\$0.55
General	\$2.84	\$0.24	\$3.08
Industrial	\$19.17	\$1.66	\$20.83

Based on my review of the Application, the Supplemental Filing, and the review of the affidavit of Public Staff witness Li, I recommend approval of DENC's proposed rates.

This completes my affidavit.

  
 \_\_\_\_\_  
 Tommy C. Williamson, Jr.

Sworn to and subscribed before me  
On this the 28<sup>th</sup> day of October, 2019.

JOANNE M. BERUBE  
 (Printed Name)  
  
 \_\_\_\_\_  
 (Notary Public)  
 My Commission Expires: 12/17/22

Joanne M. Berube  
 NOTARY PUBLIC  
 WAKE COUNTY, N.C.  
 My Commission Expires 12-17-2022

## APPENDIX A

## QUALIFICATIONS AND EXPERIENCE

Tommy C. Williamson, Jr.

I am an Engineer with the Public Staff's Electric Division. I graduated from North Carolina State University with a Bachelor in Science in Electrical Engineering. I have approximately 3 years of electrical distribution design and construction experience with Florida Power & Light Company. During that time I designed distribution circuits for overhead and underground services from the substation through to end users. This was inclusive of but not limited to; customer load analysis, feeder line loading analysis, facilities construction and installation. I then served 11 years as an Engineer with General Electric Company. In this role I represented the company with electrical design engineers, industrial and commercial end customers, and installation contractors to develop technical specifications for the procurement and use of electrical distribution equipment.

Since my employment with the Public Staff, I have reviewed customer quality of service complaints, transmission and distribution construction projects, vegetation management, small generator interconnection procedures, and filed testimony in general rate cases.

1           COMMISSIONER CLODFELTER: Is there any other  
2 matters that need to be moved into the record?

3           MS. KELLS: No.

4           MS. FENNELL: (Shakes head no).

5           COMMISSIONER CLODFELTER: Hearing none from  
6 counsel, let me turn to counsel for the Public Staff  
7 and ask are you aware of any public witnesses who wish  
8 to testify in the docket?

9           MS. FENNELL: No.

10          COMMISSIONER CLODFELTER: Is there any party  
11 here in the audience that wishes to present testimony  
12 on this docket this afternoon?

13          MS. FENNELL: No.

14          COMMISSIONER CLODFELTER: If not, let me ask  
15 counsel for the Applicant, are there any further  
16 matters that we need to take up in the hearing today?

17          MS. KELLS: No. I think that covered it.

18          COMMISSIONER CLODFELTER: Counsel for Public  
19 Staff?

20          MS. FENNELL: No. We're good.

21          COMMISSIONER CLODFELTER: Is there any  
22 reason to keep the record open for any purpose?

23          MS. FENNELL: No.

24          MS. KELLS: No.

1                   COMMISSIONER CLODFELTER: Great. All right.  
2 We will now close the record on the hearing. And  
3 we'll -- let's ask for proposed orders. We had two  
4 different dates to ask for so we'll ask for the same  
5 date as you file your proposed orders in the fuel  
6 rider docket. Okay?

7                   MS. KELLS: Yes, sir.

8                   MS. FENNELL: (Nods head in agreement).

9                   COMMISSIONER CLODFELTER: Great. That  
10 concludes the hearing. Thank you.

11                   (The proceedings were adjourned)

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C E R T I F I C A T E

I, KIM T. MITCHELL, DO HEREBY CERTIFY that  
the Proceedings in the above-captioned matter were  
taken before me, that I did report in stenographic  
shorthand the Proceedings set forth herein, and the  
foregoing pages are a true and correct transcription  
to the best of my ability.

Kim T. Mitchell

Kim T. Mitchell  
Court Reporter

NOTARIAL PUBLIC  
STATE OF NORTH CAROLINA  
My Commission Expires 12/31/2014

**FILED**

**DEC 02 2019**

Clerk's Office  
**N.C. Utilities Commission**