

1 PLACE: Dobbs Building, Raleigh, North Carolina
2 DATE: Tuesday, June 7, 2022
3 TIME: 10:00 a.m. - 10:45 a.m.
4 DOCKET NO: E-7, Sub 1262
5 BEFORE: Commissioner Kimberly W. Duffley, Presiding
6 Chair Charlotte A. Mitchell
7 Commissioner ToNola D. Brown-Bland
8 Commissioner Daniel G. Clodfelter
9 Commissioner Jeffrey A. Hughes
10 Commissioner Floyd B. McKissick, Jr.
11 Commissioner Karen M. Kemerait
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15 IN THE MATTER OF:
16 Application of Duke Energy Carolinas, LLC,
17 Pursuant to N.C.G.S. § 62-110.8
18 and Commission Rule R8-71
19 for Approval of CPRE Cost Recovery Rider
20 and Compliance Report
21
22
23
24

NORTH CAROLINA UTILITIES COMMISSION

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P R O C E E D I N G S

COMMISSIONER DUFFLEY: Good morning, everyone. Let's come to order and please go on the record. I am Commissioner Kimberly W. Duffley, and with me today are Chair Charlotte A. Mitchell, and Commissioners ToNola D. Brown-Bland, Daniel G. Clodfelter, Jeffrey A. Hughes, Floyd B. McKissick, Jr., and Karen M. Kemerait.

I now call for hearing at this time Docket Number E-7, Sub 1262, which is the Application of Duke Energy Carolinas, LLC, hereinafter DEC, for Approval of Its Competitive Procurement of Renewable Energy, or CPRE, Program Compliance Report and CPRE Program Cost Recovery Rider Pursuant to North Carolina General Statute § 62-110.8 and Commission Rule R8-71.

On March 1st, 2022, DEC filed its Application for approval of the CPRE Program Cost Recovery Rider and the 2021 CPRE Program Compliance Report, along with the testimony and exhibits of Christy J. Walker and Angela M. Tabor, portions of which were filed as confidential.

On March 10th, 2022, the Commission issued an Order requiring the update on the status of Bid B

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1 from Tranche 1 of the CPRE procurement.

2 On March 14th, 2022, the Commission issued
3 an Order Scheduling a Public Hearing, Requiring
4 Filing of Testimony, Establishing Discovery
5 Deadlines and Requiring Public Notice.

6 Timely Petitions to Intervene in this
7 docket were filed by the Carolina Utility Customer
8 Association, Inc., or CUCA; the North Carolina
9 Sustainable Energy Association, hereinafter NCSEA;
10 and the Carolina Industrial Group for Fair Utility
11 Rates III, hereinafter CIGFUR III. The Commission
12 granted these Petitions to Intervene.

13 The intervention and participation by the
14 Public Staff is recognized pursuant to North
15 Carolina General Statute § 62-15.

16 On March 17th, 2022, DEC filed an Update
17 of the status of the PPA offer to Bid B.

18 On May 2nd, 2022, DEC filed another Update
19 on the status of the PPA offer to Bid B. In
20 addition, DEC filed the supplemental testimony and
21 exhibits of Angela M. Tabor. Parts of the
22 supplemental testimony were designated as
23 confidential.

24 On May 17th 2022, the Public Staff filed

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1 the direct testimony of Jeff Thomas, Utilities
2 Engineer, Electric Division, including confidential
3 portions, and the Affidavit of Lynn Feasel,
4 Financial Analyst III, Accounting Division.

5 On May 26th, 2022, DEC filed the rebuttal
6 testimony of Angela M. Tabor.

7 On May 31st, 2022, the Commission issued
8 an Order Providing Notice of Commission Questions
9 and Requiring Supplemental Exhibits.

10 And then on June 3rd 2022, pursuant to the
11 Order, the Public Staff filed Supplemental Feasel
12 Exhibits 1 and 2, which include confidential
13 information.

14 Also, on June 3rd, 2022, Duke Energy
15 Carolinas filed the required Affidavit of
16 Publication of Notice.

17 In compliance with the State Ethics Act, I
18 remind members of the Commission of our
19 responsibility to avoid conflicts of interest, and I
20 inquire whether any member has any known conflict of
21 interest with respect to the matter before us this
22 morning?

23 (No response)

24 The record will reflect that no conflicts

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1 were identified.

2 Has the Public Staff identified public
3 witnesses that wish to testify this morning?

4 MR. JOSEY: We have not.

5 COMMISSIONER DUFFLEY: Is there anyone in
6 the audience that wishes to testify as a public
7 witness?

8 (No response)

9 Let the record reflect that no public
10 witnesses have been identified and no public
11 witnesses have come forward.

12 I now call for the appearance of counsel,
13 beginning with DEC.

14 MS. TOON: Good morning, presiding
15 Commissioner Duffley. Commission, Ladawn Toon,
16 Associate General Counsel, on behalf of Duke Energy
17 Carolinas, LLC.

18 COMMISSIONER DUFFLEY: Good morning.

19 MR. BREITSCHWERDT: Good morning,
20 presiding Commissioner Duffley, Chair Mitchell, and
21 Members of the Commission. Brett Breitschwerdt and
22 with the Law Firm of McGuireWoods on behalf of Duke
23 Energy Carolinas, and with me today is my co-counsel
24 Kristin Athens with the firm of McGuireWoods. It's

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1 nice to be here with you this morning.

2 COMMISSIONER DUFFLEY: Nice to see you.

3 MR. JOSEY: Good morning, Commissioners.
4 Robert Josey with the Public Staff on behalf of the
5 Using and Consuming Public.

6 MS. CRESS: Good morning, presiding
7 Commissioner Duffley, Chair Mitchell, and Members of
8 the Commission. Christina Cress with the Law Firm
9 of Bailey & Dixon appearing on behalf of CIGFUR III.

10 MR. SCHAUER: Good morning. Craig Schauer
11 with the Law Firm of Brooks Pierce on behalf of the
12 Carolina Utility Customers Association.

13 MR. LEDFORD: Good morning, Commissioner
14 Duffley. Peter Ledford on behalf of the North
15 Carolina Sustainable Energy Association. With me is
16 my co-counsel Taylor Jones.

17 COMMISSIONER DUFFLEY: Good morning, and
18 welcome, Ms. Jones.

19 So, do the parties have any preliminary
20 matters before we begin?

21 (No response)

22 Hearing none, Duke, if you want to call
23 your panel.

24 MS. TOON: Thank you. Duke Energy now

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1 calls Christy J. Walker and Angie M. Tabor to the
2 stand. Unless there's an objection, Ms. Walker and
3 Ms. Tabor will appear as a panel before the
4 Commission to answer any questions you might have.

5 COMMISSIONER DUFFLEY: Any objection?

6 (No response)

7 That will be fine.

8 Before we get started, I'll swear you in
9 or would either of you like to affirm? Okay.

10 As a panel,

11 CHRISTY J. WALKER and ANGELA M. TABOR;

12 having been duly sworn,

13 testified as follows:

14 DIRECT EXAMINATION BY MS. TOON:

15 Q Starting with Ms. Walker, would you please
16 state your name and business address for the
17 record?

18 A Good morning, presiding Commissioner Duffley,
19 Chair Mitchell, and Commissioners. My name is
20 Christy J. Walker and my business address is
21 526 South Church Street, Charlotte, North
22 Carolina.

23 Q By whom are you employed and in what capacity?

24 A I am a Rates and Regulatory Strategy Manager

NORTH CAROLINA UTILITIES COMMISSION

1 for Duke Energy Carolinas, LLC.

2 Q Did you cause to be prefiled in this docket on
3 March 1st, 2022, 13 pages of direct testimony
4 and six exhibits including workpapers?

5 A I did.

6 Q Do you have any changes or corrections to your
7 direct testimony or exhibits?

8 A I do not.

9 Q If I were to ask you the same questions that
10 appear in your direct testimony today, would
11 your answers be the same?

12 A Yes, they would.

13 Q Ms. Walker, did you prepare a summary of your
14 direct testimony?

15 A I did.

16 Q Would you please present your summary for the
17 Commission?

18 A Yes. The purpose of my testimony is to
19 describe the calculation of, and support Duke
20 Energy Carolinas, LLC's or DEC's Rider CPRE,
21 which recovers CPRE Program-related costs as
22 allowed by N.C. General Statute § 62-110.8(g).
23 I also present in my testimony the information
24 and data related to CPRE Program costs as

1 required by North Carolina Utilities Commission
2 Rule R8-71, which is set forth in my Walker
3 Exhibit Nos. 1 through 6.

4 As explained in my testimony,
5 the test period used for purposes of this
6 proceeding is the twelve months beginning on
7 January 1, 2021, and ending on December 31,
8 2021. The billing period for purposes of this
9 proceeding is twelve months beginning
10 September 1, 2022 and ending on August 31,
11 2023. DEC's proposed Rider CPRE is included in
12 my Walker Exhibit No. 6. As shown on the
13 Rider, DEC proposes that a cents per kWh rate
14 be applied to all NC Retail kWh sales for the
15 twelve-month Billing Period.

16 Rider CPRE is proposed to be
17 effective September 1, 2022, and remain in
18 effect for the twelve-month Billing Period.
19 The total CPRE Program Rider rate, including
20 regulatory fee, for a residential customer is
21 0.0238 cents per kWh. As illustrated in the
22 Public Staff's testimony and affidavit, the
23 Public Staff's investigation into DEC's filing
24 resulted in a finding that the Company's

1 proposed Rider CPRE and Experience Modification
2 Factor rates were reasonable and should be
3 approved. Thank you.

4 Q Thank you, Ms. Walker.

5 MS. TOON: Presiding Commissioner Duffley,
6 at this time I move that the prefiled direct
7 testimony of Ms. Walker be copied into the record as
8 if given orally from the stand.

9 COMMISSIONER DUFFLEY: Go ahead.

10 MS. TOON: Oh no, I'll let you go.

11 COMMISSIONER DUFFLEY: Any objection?

12 (No response)

13 The motion is allowed.

14 MS. TOON: And since there are no cross
15 examination to my understanding of speaking with the
16 parties, I'd also move that her six direct exhibits
17 and supporting workpapers be moved into evidence as
18 well.

19 COMMISSIONER DUFFLEY: Any objection?

20 (No response)

21 So moved. The testimony and exhibits are
22 admitted into the record.

23 MS. TOON: Thank you.

24 (WHEREUPON, Walker Exhibits

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1 - 6 and Walker Workpapers
1 - 6 are marked for
identification as prefiled
and received into evidence.)
(WHEREUPON, the prefiled
direct testimony of CHRISTY
J. WALKER is copied into the
record as if given orally
from the stand.)

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-7, SUB 1262

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

Application of Duke Energy Carolinas, LLC
Pursuant to G.S. 62-110.8 and Commission
Rule R8-71 for Approval of CPRE
Compliance Report and CPRE Cost
Recovery Rider

**DIRECT TESTIMONY OF
CHRISTY J. WALKER**

OFFICIAL COPY

JUN 23 2022

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Christy J. Walker, and my business address is 526 South Church
3 Street, Charlotte, North Carolina.

4 **Q. WHAT IS YOUR POSITION WITH DUKE ENERGY CAROLINAS,**
5 **LLC?**

6 A. I am a Rates and Regulatory Strategy Manager for Duke Energy Carolinas,
7 LLC (“DEC” or the “Company”).

8 **Q. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATIONAL**
9 **BACKGROUND, BUSINESS BACKGROUND AND**
10 **PROFESSIONAL AFFILIATIONS.**

11 A. I received a Bachelor of Science Degree in Accounting from the West
12 Virginia University. I am a certified public accountant licensed in the state
13 of North Carolina. I began my career with Duke Energy in 2001. Since that
14 time, I have held various manager and analyst positions within the
15 accounting department before transitioning to the Rates Department. My
16 current role is Rates and Regulatory Strategy Manager.

17 **Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES AT DEC?**

18 A. I am responsible for providing guidance on compliance with, and cost
19 recovery related to, the program for competitive procurement of renewable
20 energy (“CPRE Program”) established by North Carolina General Statute
21 (“N.C. Gen. Stat.”) § 62-110.8 and applicable to both DEC and Duke
22 Energy Progress, LLC (“DEP”).

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NORTH**
2 **CAROLINA UTILITIES COMMISSION?**

3 A. Yes. I filed direct testimony DEP’s 2021 CPRE Rider proceeding, as filed
4 in Docket E-2, Sub 1275.

5 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

6 A. The purpose of my testimony is to describe the calculation of and present
7 the support for DEC’s CPRE Program rider (“Rider CPRE”) filed for
8 recovery of CPRE Program-related costs under N.C. Gen. Stat. § 62-
9 110.8(g). I present the information and data required by North Carolina
10 Utilities Commission (“Commission”) Rule R8-71 as set forth in Walker
11 Exhibit Nos. 1 through 6.

12
13 N.C. Gen. Stat. § 62-110.8(g) authorizes recovery of CPRE Program costs,
14 including authorized revenue for Company-owned facilities, and limits the
15 annual increase in the aggregate amount of these costs that are recoverable
16 by an electric public utility from its North Carolina retail (“NC Retail”)
17 customers to an amount not to exceed one percent (1%) of the electric public
18 utility’s total NC Retail jurisdictional gross revenues for the preceding
19 calendar year. Rule R8-71(j)(2) states “[t]he Commission shall permit each
20 electric public utility to charge an increment or decrement as a rider to its
21 rates to recover in a timely manner the reasonable and prudent costs
22 incurred and anticipated to be incurred to implement its CPRE Program and
23 to comply with G.S. 62-110.8.” Rule R8-71(j)(5) describes the CPRE

1 Program experience modification factor (“EMF”) component of the CPRE
2 Program rider as the difference between CPRE Program costs actually
3 incurred and CPRE Program revenues actually realized during the EMF test
4 period, representing a true-up increment or decrement related to CPRE
5 Program revenues collected during the EMF test period. In this CPRE
6 Program rider filing, the rider proposed by the Company includes both an
7 EMF rider component to adjust for the difference in DEC’s costs incurred
8 compared to revenues realized during the EMF test period, as well as a
9 prospective billing period rider component to collect costs forecasted to be
10 incurred during the prospective twelve-month period over which the
11 proposed CPRE Program rider will be in effect.

12 **Q. PLEASE IDENTIFY THE EMF TEST PERIOD AND THE**
13 **PROSPECTIVE BILLING PERIOD APPLICABLE TO THE CPRE**
14 **PROGRAM RIDER PROPOSED BY THE COMPANY.**

15 A. The test period used in supplying the information and data included in my
16 testimony and exhibits is the twelve months beginning on January 1, 2021
17 and ending on December 31, 2021 (“Test Period” or “EMF Period”), and
18 the billing period for the CPRE Program rider requested in the Company’s
19 application is the twelve months beginning on September 1, 2022 and
20 ending on August 31, 2023 (“Billing Period”).

21 **Q. PLEASE DESCRIBE THE EXHIBITS TO YOUR TESTIMONY.**

22 A. Walker Confidential Exhibit No. 1 identifies purchased power costs and
23 authorized revenue on a system basis, in both the EMF Period and in the

1 Billing Period for facilities that were selected in Tranches 1 and 2 of the
2 CPRE Program. Maiden Creek achieved commercial operation during the
3 EMF Period. Gaston Solar Power Plant achieved commercial operation in
4 December, 2020. Certain of the winning facilities from Tranches 1 and 2
5 are expected to achieve commercial operation by the end of the Billing
6 Period, and the capacity and energy components of purchased and generated
7 power have been calculated based on the forecasted megawatt hour
8 (“MWh”) production of each facility.

9
10 Walker Confidential Exhibit No. 2 identifies DEC’s total CPRE Program
11 implementation costs, on a system basis, for both the EMF Period and the
12 Billing Period.

13
14 Walker Exhibit No. 3 shows the calculation of the Rider CPRE amounts for
15 the Billing Period proposed by customer class: residential, general service
16 and lighting, and industrial. The Rider CPRE rates per customer class for
17 purchased and generated power is determined by dividing the sum of the
18 Billing Period costs allocated to the class by the forecast Billing Period
19 kWh sales for the customer class, resulting in a cents per kilowatt hour rate.
20 The Rider CPRE rate per customer class for implementation costs is
21 determined by dividing the sum of the Billing Period costs allocated to the
22 class, by the forecast Billing Period kWh sales for the customer class.

23

1 Walker Exhibit No. 4 shows the calculation of the Rider CPRE amounts for
2 the EMF Period proposed by customer class: residential, general service and
3 lighting, and industrial. The EMF Period rider amount represents the
4 difference between CPRE Program costs incurred and CPRE Program rider
5 revenues collected for the EMF Period. The Company over-collected about
6 \$2.0 million during the EMF Period. In addition, the Company received
7 \$70,000 in one-time revenue related to the change of control fees during the
8 CPRE process. The Company is crediting North Carolina retail customers
9 an allocable share of these fees, approximately \$47,000, through its
10 proposed EMF rate. The customer credits are not considered a refund of
11 amounts advanced by customers and accordingly are not included in the
12 computation of interest on the over-collection. The Rider CPRE rate per
13 customer class, in cents per kWh, is determined by dividing the sum of the
14 EMF Period amounts for each customer class by the forecast Billing Period
15 kWh sales for the customer class.

16
17 Walker Exhibit No. 5 summarizes the components of the proposed "Rider
18 CPRE (NC)" calculated in Walker Exhibit Nos. 3 and 4. It shows the total
19 proposed CPRE Program rider as the sum of the estimated CPRE Program
20 rider and the CPRE Program EMF rider applicable to the Billing Period.

21
22 Walker Exhibit No. 6 is the tariff sheet for the Rider CPRE. The applicable
23 regulatory fee factor is applied to each rate per customer class described

1 above to determine the final rates proposed by customer class, as displayed
2 on Walker Exhibit No. 6.

3
4 **Q. WERE THESE EXHIBITS PREPARED BY YOU OR AT YOUR**
5 **DIRECTION AND UNDER YOUR SUPERVISION?**

6 A. Yes.

7 **Q. WHAT COSTS ARE INCLUDED IN DEC'S PROPOSED CPRE**
8 **PROGRAM RIDER?**

9 A. The proposed Rider CPRE is designed to recover DEC's costs to implement
10 the CPRE Program pursuant to N.C. Gen. Stat. § 62-110.8, in compliance
11 with the requirements of Commission Rule R8-71. As described above,
12 Rider CPRE includes the CPRE Program EMF component to recover the
13 difference between the implementation costs and purchased or generated
14 power costs incurred, and revenues realized during the EMF Period. The
15 costs incurred during the EMF Period are presented in this filing to
16 demonstrate their reasonableness and prudence as provided in Commission
17 Rule R8-71(j). The proposed Rider CPRE also includes a prospective
18 component to recover the costs expected to be incurred for the Billing
19 Period.

20

21 The costs the Company proposes to recover are described in the direct
22 testimony of Company witness Tabor, and detailed in Walker Confidential
23 Exhibits No. 1 and 2. The costs that are included for recovery in this

1 proposed CPRE Program rider are the energy and capacity components of
2 purchased or generated power as well as incremental internal Company
3 labor, contract labor including legal fees, and other related costs of
4 implementing the CPRE Program. As discussed later in my testimony, for
5 Company-owned facilities, costs to be recovered are “authorized revenue”
6 as allowed under N.C. Gen. Stat. § 62-110.8(g).

7
8 The Company expects to incur increased costs in the Billing Period for the
9 procurement of power to meet CPRE Program requirements as additional
10 CPRE Program facilities achieve commercial operation, as detailed in
11 Walker Confidential Exhibit No. 1. Accordingly, DEC, has included
12 forecasted costs of CPRE purchased and owned generation in the Billing
13 Period cost recovery total.

14
15 Fees paid to the Independent Administrator (“IA”) and costs incurred by the
16 Company’s designated evaluation team for bid evaluation work, are not
17 included for recovery in the proposed CPRE Program rider, except as noted
18 on Walker Confidential Exhibit No. 2 for unanticipated regulatory
19 proceedings and litigation related to Tranches 1 and 2, as described in
20 witness Tabor’s testimony. As also discussed by Witness Tabor,
21 prospective costs for administering Tranche 3 are funded through proposal
22 fees collected by the Company from the participants in the Company’s
23 CPRE solicitation process.

1 **Q. PLEASE DESCRIBE THE METHOD USED BY DEC TO**
2 **ALLOCATE CPRE PROGRAM COSTS AMONG CUSTOMER**
3 **CLASSES FOR THE PURPOSE OF CALCULATING THE CPRE**
4 **PROGRAM RIDER FOR EACH CUSTOMER CLASS.**

5 A. Walker Exhibit Nos. 3 and 4 show the calculation of the Rider CPRE for
6 each customer class for the Billing Period and EMF Period, respectively.
7 CPRE Program costs, including purchased and generated power costs and
8 implementation costs, are incurred by the Company in its efforts to procure
9 capacity and energy from renewable energy facilities, pursuant to N.C. Gen.
10 Stat. § 62-110.8.

11
12 The capacity component of purchased power and generation cost is
13 allocated to NC Retail and among customer classes based on the final 2020
14 cost of service production plant allocators since the 2021 cost of service
15 study is not available at the time of filing. During the billing period, when
16 DEC computes its actual CPRE capacity related costs for comparison to
17 capacity related revenues realized, DEC will use the production plant
18 allocator from the 2021 cost of service study in determining North Carolina
19 retail's share of actual costs by customer class. Also, when the 2021
20 production plant allocator becomes known, DEC may elect to make a
21 supplemental filing to adjust its proposed billing period rates, if the
22 estimated rates are materially impacted. The energy component of

1 purchased power and generation cost is allocated to each customer class
2 based on MWh sales by class.

3 To allocate the reasonable and prudent implementation costs incurred and
4 anticipated to be incurred to implement its CPRE Program the Company is
5 using a composite capacity and energy allocation factor derived from the
6 allocations of purchased and generated power amounts described above.

7
8 **Q. HOW DOES THE COMPANY PROPOSE TO RECOVER ENERGY**
9 **AND CAPACITY ASSOCIATED WITH COMPANY-OWNED**
10 **FACILITIES?**

11 A. The costs associated with Company-owned CPRE facilities, Gaston and
12 Maiden Creek Solar Power Plants, have been included at the price in which
13 those facilities bid into the Tranche 1 RFP and determined by the IA to be
14 among the most cost-competitive resources. There were no Company-
15 owned CPRE facilities selected in the CPRE Tranche 2 RFP.

16
17 Gaston Solar Power Plant achieved commercial operation in December
18 2020, prior to the beginning of the EMF period. Maiden Creek Solar Power
19 Plant, generated test energy and achieved commercial operation in January
20 2021. In this rider filing, the Company is seeking recovery for all energy
21 generated by both Gaston and Maiden Creek.

22 **Q. IS THE COMPANY REQUESTING RECOVERY OF**
23 **AUTHORIZED REVENUE FOR UTILITY-OWNED FACILITIES**

1 **ON A MARKET BASIS IN LIEU OF COST-OF-SERVICE BASED**
2 **RECOVERY AS PROVIDED BY NC GEN. STAT. §62-110.8?**

3 A. Yes. In 2021, in Docket E-7, Sub 1247, the Commission approved DEC's
4 request to recover costs for DEC-owned Gaston and Maiden Creek Solar
5 Power Plants, on a market basis in lieu of cost-of-service recovery.
6 Specifically, the Commission authorized recovery of the costs associated
7 with these facilities at the \$/MWh price at which those facilities bid into
8 CPRE Tranche 1 RFP and were selected by the Independent Administrator.

9 **Q. IS THE ANNUAL INCREASE IN COSTS THE COMPANY**
10 **PROPOSES TO RECOVER WITH ITS PROPOSED CPRE**
11 **PROGRAM RIDER AND EMF RIDER WITHIN THE LIMIT**
12 **ESTABLISHED IN N.C. GEN. STAT. § 62-110.8?**

13 A. Yes. N.C. Gen. Stat. § 62-110.8(g) limits the annual increase in costs
14 recoverable by an electric public utility to (1%) of the electric public utility's
15 total North Carolina retail jurisdictional gross revenues for the preceding
16 calendar year. Further, Rule R8-71 provides that "[t]he annual increase in
17 the aggregate costs recovered under G.S. 62-110.8(g) in any recovery
18 period from its North Carolina retail customers shall not exceed one percent
19 (1%) of the electric public utility's North Carolina retail jurisdictional gross
20 revenues for the preceding calendar year as determined as of December 31
21 of the previous calendar year. Any amount in excess of that limit shall be
22 carried over and recovered in the next recovery period when the annual
23 increase in the aggregate amount of costs to be recovered is less than one

1 percent (1%)". The increase in aggregate costs DEC seeks to recover
 2 pursuant to its proposed CPRE Program rider and CPRE Program EMF
 3 rider is less than the statutory maximum.

4 **Q. HOW DOES DEC PROPOSE TO COLLECT THE CPRE**
 5 **PROGRAM RIDERS FROM EACH CUSTOMER CLASS?**

6 A. DEC's proposed Rider CPRE is attached as Walker Exhibit No. 6. As
 7 shown on the rider, DEC proposes that a cents per kWh rate be applied to
 8 all NC Retail kWh sales for the twelve-month Billing Period.

9 **Q. WHAT IS THE CPRE PROGRAM RIDER PROPOSED BY THE**
 10 **COMPANY FOR EACH CUSTOMER CLASS?**

11 A. The Company proposes the following CPRE Program rider to be effective
 12 September 1, 2022, and to remain in effect for the twelve-month Billing
 13 Period ending August 31, 2023.

14 *Excluding regulatory fee:*

Cents per kWh					
Customer class	CPRE Program EMF rider	CPRE Program rider	Total CPRE Program rider	Current total CPRE Program rider	CPRE Program rider increase
Residential	(0.0044)	0.0412	0.0368	0.0238	0.0130
General Service	(0.0047)	0.0395	0.0348	0.0224	0.0124
Industrial	(0.0045)	0.0384	0.0339	0.0219	0.0120

15 *Including regulatory fee:*

Cents per kWh					
Customer class	CPRE Program EMF rider	CPRE Program rider	Total CPRE Program rider	Current CPRE Program rider	CPRE Program rider increase
Residential	(0.0044)	0.0412	0.0368	0.0238	0.0130
General Service	(0.0047)	0.0395	0.0348	0.0224	0.0124
Industrial	(0.0045)	0.0384	0.0339	0.0219	0.0120

1 *Totals may not foot due to rounding*

2 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

3 **A. Yes.**

1 my supplemental testimony.

2 Q Did you also cause to be prefiled in this
3 docket on May 2nd, 2022, 10 pages of
4 supplemental testimony and one exhibit which
5 was an updated CPRE Compliance Report?

6 A Yes, I did.

7 Q Do you have any changes or corrections to your
8 supplemental testimony or exhibit?

9 A I do not.

10 Q If I were to ask your same questions that
11 appear in your supplemental testimony today,
12 would your answers be the same?

13 A Yes, they would.

14 Q Ms. Tabor, did you also cause to be prefiled in
15 this docket on May 26th, 2022, 11 pages of
16 rebuttal testimony?

17 A Yes, I did.

18 Q Do you have any changes or corrections to your
19 rebuttal testimony?

20 A I do not.

21 Q And if I were to ask you the same questions
22 that appear in your rebuttal testimony today,
23 would your answers be the same?

24 A Yes, they would.

1 Q Ms. Tabor, did you prepare a summary of your
2 testimonies?

3 A Yes.

4 Q Would you please now present your summary for
5 the Commission?

6 A Yes. Good morning. In my direct testimony, I
7 describe Duke Energy Carolinas, or DEC's, costs
8 and activities in connection with
9 implementation of the CPRE Program during the
10 Test Period and Billing Period. My testimony
11 explains that there are three types of costs
12 that were and will likely continue to be
13 incurred by DEC to implement the CPRE Program:
14 (1) the fees for the Independent Administrator,
15 or IA, and internal Company labor costs for bid
16 proposal evaluation; (2) purchased power and
17 potential authorized revenues of utility-owned
18 generation related to the CPRE Program
19 renewable resources; (3) internal labor,
20 contract labor including legal fees, and other
21 related costs of implementing the CPRE Program.
22 I testify that DEC has reasonably and prudently
23 incurred costs in each of these categories to
24 implement the CPRE Program.

1 occurred after the initial March 1, 2022
2 filing, including information on certain
3 projects dropping out, or proposing to drop
4 out, of the CPRE Program.

5 Most recently, I filed rebuttal
6 testimony to address the Public Staff's request
7 that DEC provide suggestions on how to address
8 the shortfall of projects bidding into CPRE
9 Tranche 3. My rebuttal explains that DEC is
10 committed to achieving the CPRE Program
11 requirements and that the Carbon Plan recently
12 filed with the Commission selects solar beyond
13 the volume of resources required by CPRE. My
14 rebuttal testimony also explains that DEC
15 agrees with Public Staff's comment that the
16 CPRE Program shortfall could be filled through
17 the planned 2022 Solar Procurement or
18 additional procurements under the Carbon Plan
19 and that the Company's plan to engage the
20 Public Staff and interested stakeholders about
21 ways to address the CPRE shortfall in the near
22 future. Thank you.

23 Q Thank you, Ms. Tabor.

24 MS. TOON: Presiding Commissioner Duffley,

1 at this time I move that the prefiled direct,
2 supplemental and rebuttal testimonies of Ms. Tabor
3 be copied into the record as if orally given from
4 the stand. And again, since there's no cross
5 examination, that Ms. Tabor's supplemental and
6 direct exhibits be moved into evidence as well.

7 COMMISSIONER DUFFLEY: Any objection?

8 (No response)

9 So moved. Ms. Tabor's direct,
10 supplemental and rebuttal testimony will be
11 introduced into the record as well as all exhibits.

12 MS. TOON: Thank you.

13 (WHEREUPON, Tabor Exhibit 1
14 and Appendix A, and
15 Confidential Tabor
16 Supplemental Exhibit 1 and
17 Supplemental Appendix A are
18 marked for identification as
19 prefiled and received into
20 evidence.)

21 (WHEREUPON, the prefiled
22 direct, supplemental and
23 rebuttal testimony of ANGELA
24 M. TABOR is copied into the

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record as if given orally
from the stand.)

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-7, SUB 1262

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
)	
)	
Application of Duke Energy Carolinas, LLC)	DIRECT TESTIMONY OF ANGELA M. TABOR
Pursuant to G.S. 62-110.8 and Commission)	
Rule R8-71 for Approval of CPRE)	
Compliance Report and CPRE Cost)	
Recovery Rider)	

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1 2004. In 2010, I joined Progress Energy as a Senior Auditor working on the
2 Operational Audit team. In 2012, after the merger of Duke Energy and Progress
3 Energy, I worked in the NERC Corporate Compliance group managing audits with
4 external regulators. In 2018, I became a Wholesale Renewable Manager in the
5 Distributed Energy Technology Department working with interconnection customers
6 of the Companies. In October of 2021, I moved to my current position as Renewable
7 Compliance Manager in the Business Development & Compliance Department.

8 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NORTH CAROLINA**
9 **UTILITIES COMMISSION?**

10 A. No.

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

12 A. The purpose of my testimony is to describe DEC's activities in connection with
13 implementation of the CPRE Program and to describe DEC's costs incurred to
14 implement the CPRE Program and to comply with N.C. Gen. Stat. § 62-110.8 during
15 the twelve months beginning on January 1, 2021 and ending on December 31, 2021
16 ("EMF Period" or "Test Period"). My testimony also supports DEC's purchased power
17 and generated power costs projected to be incurred during the CPRE Program rider
18 billing period, which is the twelve month period beginning on September 1, 2022 and
19 ending on August 31, 2023 ("Billing Period").

20 **Q. PLEASE DESCRIBE THE EXHIBIT TO YOUR TESTIMONY.**

21 A. My testimony includes one exhibit. Tabor Exhibit No. 1 is the Company's 2021 CPRE
22 Compliance Report, which is being submitted in this docket in compliance with
23 Commission Rule R8-71(h). The Compliance Report describes the Company's and

1 DEP's ongoing joint efforts to procure renewable energy resources under the CPRE
2 Program and ongoing actions to comply with the requirements of N.C. Gen. Stat. § 62-
3 110.8 during the reporting period, including a summary of key activities during the
4 reporting period, costs incurred to administer the CPRE Program, cost incurred and
5 fees collected by the Independent Administrator, and the current status of CPRE
6 Program requirements.

7 **Q. WAS THIS EXHIBIT PREPARED BY YOU OR AT YOUR DIRECTION AND**
8 **UNDER YOUR SUPERVISION?**

9 A. Yes. Tabor Exhibit No. 1 was prepared by me or under my supervision. Tabor Exhibit
10 No. 1, along with one of the appendices to Tabor Exhibit No. 1, contains confidential
11 and proprietary information and is being filed with the Commission under seal. A
12 redacted version suitable for public filing is attached to my testimony.

13

14 **Compliance with CPRE Program Requirements**

15 **Q. PLEASE PROVIDE BACKGROUND REGARDING THE ESTABLISHMENT**
16 **OF THE CPRE PROGRAM.**

17 A. On July 27, 2017, House Bill 589 was signed into law, thereby enacting several
18 amendments to the Public Utilities Act. Part II of the Act enacted N.C. Gen. Stat. § 62-
19 110.8, which mandates that Duke obtain Commission approval to implement a CPRE
20 Program to competitively procure 2,660 megawatts ("MW") of additional renewable
21 energy resource capacity (subject to adjustment) over a 45 month period commencing
22 from the date of Commission approval of the CPRE Program, to be accomplished
23 through a series of distinct Requests for Proposals ("RFPs") referred to as "Tranches."

1 N.C. Gen. Stat. § 62-110.8(g) establishes an annual CPRE rider cost recovery
2 mechanism to recover the costs incurred by DEC and DEP to implement the CPRE
3 Program.

4 **Q. HAS THE COMPANY RECENTLY FILED AN UPDATED 2021 CPRE**
5 **PROGRAM PLAN?**

6 A. Yes, the Company filed an updated CPRE Program Plan on September 1, 2021 in
7 Docket E-100, Sub 165, as required by Commission Rule R8-71(g).

8 One of the key updates provided in that plan was to provide an update on projected
9 “Transition MW,” which has the potential to reduce the total amount of MW to be
10 procured through the CPRE Program. The Companies’ 2021 CPRE Program Plan
11 identified that additional MW were needing to be procured under the CPRE Program
12 based on Tranches 1 and 2 and current estimates of Transition MWs and indicated that
13 they would update the Commission on the final amount of capacity remaining to be
14 procured in order to meet their obligations under the CPRE Program. prior to the end
15 of the 45-month procurement period. The Companies’ 2021 CPRE Program Plan was
16 found to be in compliance with the CPRE Rule and accepted for filing by Commission
17 Order dated February 23, 2022.

18 **Q. PLEASE EXPLAIN WHAT YOU MEAN BY TRANSITION MW.**

19 A. N.C. Gen. Stat. § 62-110.8(b)(1) provides that if prior to the end of the initial 45-month
20 competitive procurement period, the Companies have executed PPAs and
21 interconnection agreements for renewable energy capacity within their Balancing
22 Authorities (“BAs”) that are not subject to economic dispatch or curtailment and were
23 not procured under the Green Source Advantage program pursuant to N.C. Gen. Stat.

1 § 62-159.2 (“Transition MW” or “Transition MW Projects”) having an aggregate
2 capacity in excess of 3,500 MW, the Commission shall reduce the aggregate targeted
3 competitive procurement amount (2,660 MW) by the amount of such exceedance (such
4 adjusted targeted procurement amount, the “CPRE Targeted Amount”). If the
5 aggregate capacity of such Transition MW Projects is less than 3,500 MW at the end
6 of the initial 45-month competitive procurement period, the Commission shall require
7 the Companies to conduct an additional competitive procurement in the amount of such
8 deficit.

9 **Q. HAVE THE COMPANIES PROVIDED THE COMMISSION AN UPDATE ON**
10 **THE TOTAL TRANSITION MW?**

11 A. Yes. On November 21, 2021, the 45-month CPRE Program Procurement Period ended.
12 On December 3, 2021, the Companies filed a Petition for Determination of Final CPRE
13 Program Procurement Amount in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156,
14 requesting the Commission determine the aggregate number of MW to be
15 competitively procured through the CPRE Program based on the exceedance of
16 Transition MW over the 45-month CPRE Procurement Period, and approve the
17 resulting Tranche 3 target MW amount of 596 MW. The Companies’ filing indicated
18 that the current total of Transition MW was 4,378 MW.

19 On December 20, 2021, the Commission issued its *Order Determining Adjusted CPRE*
20 *Program Procurement Target, Requiring Tranche 3 CPRE Program Procurement*
21 *Solicitation, Approving Resource Solicitation Cluster, and Requiring Responses to*
22 *Commission Questions Regarding Pro Forma PPA*. The Commission’s Order
23 authorized DEC to implement Tranche 3 of the CPRE Program through a Resource

1 Solicitation Cluster, and determined that the current CPRE Program procurement target
2 is 1,782 MW as reduced in accordance with N.C.G.S. § 62-110.8(b)(1).

3 My Table 1 below summarizes the current total number of Transition MW, MW
4 procured through CPRE Tranches 1 and 2, and MW to be procured through CPRE
5 Tranche 3.¹

6 **Table 1 DEC and DEP CPRE and Transition MW**

Transition Capacity as of November 22, 2021 (MWs)	DEC	DEP	Carolinas
Solar Connected	813	2,657	3,470
Solar Not Connected with both IA and PPA	167	455	621
Non-Solar Connected	142	145	287
Total Transition Capacity	1,121	3,257	4,378
CPRE Tranche 1	435	86	521
CPRE Tranche 2	589	75	664
Total CPRE	1,025	161	1,185
Total Transition + CPRE			5,564
Target			6,160
Shortfall to Target			596

7
8
9 **Q. HAS TRANCHE 3 OF THE CPRE RFP BEEN ISSUED?**

10 A. Yes. DEC issued the CPRE Tranche 3 RFP on January 5, 2022, seeking to procure 596
11 MW of renewable capacity in DEC. The bid window for CPRE Tranche 3 closed on
12 February 3, 2022. Bid proposals are currently undergoing Step 1 evaluation by the IA.
13 A summary and timeline of CPRE Tranche 3 Milestone activities completed in 2021 is
14 as follows:

CPRE Tranche 3 Milestones in 2021	
September Stakeholder Session 1	09/17/2021
Release RFP Documents	09/20/2021
September Stakeholder Session 2	09/24/2021
October Stakeholder Session 3	10/14/2021

¹ As explained in Tabor Exhibit No. 1, the 596 MW Tranche 3 target amount may be reduced as a result the Commission's *Order Granting Petition for Relief* issued in Docket No. SP-13695, Sub 1 on November 2, 2022.

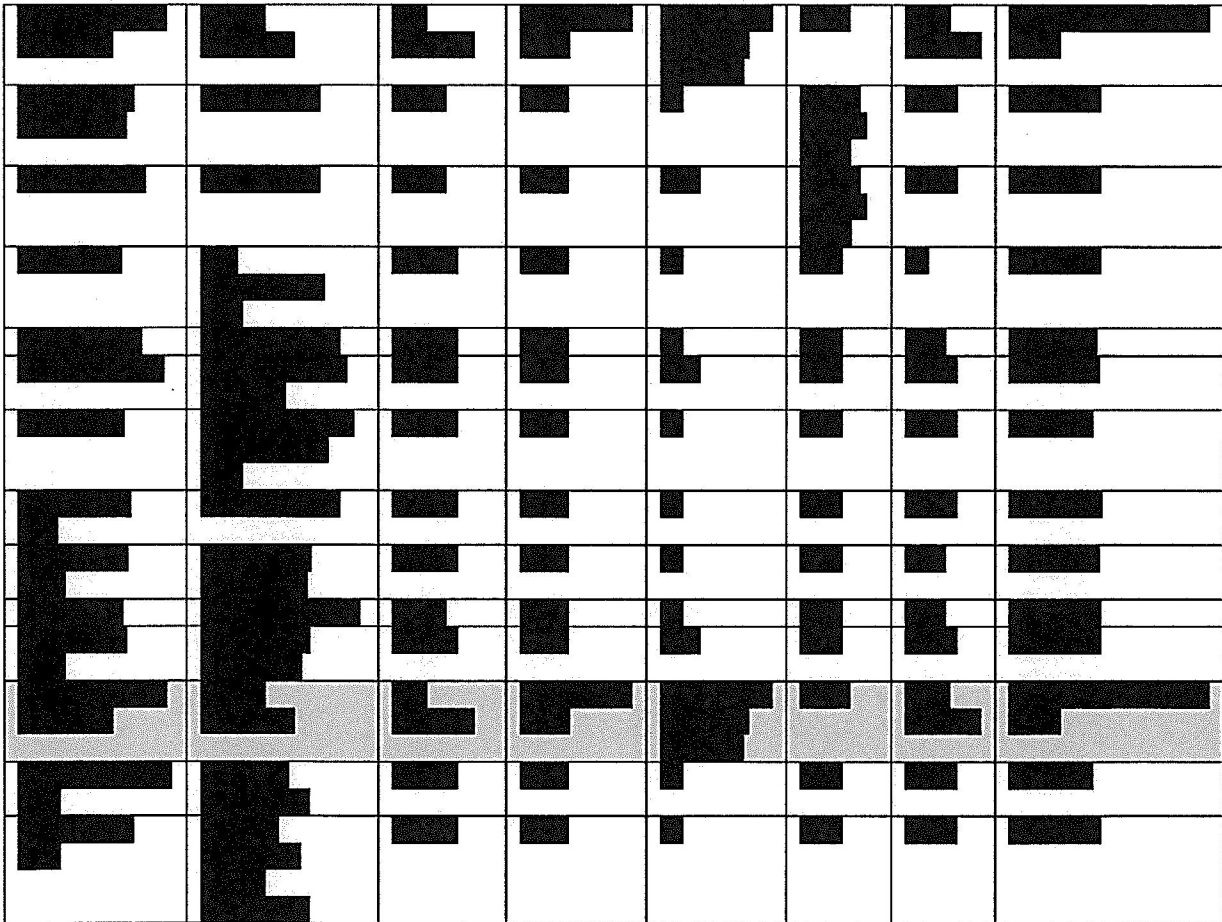
November Stakeholder Session 4	11/04/2021
Release of updated RFP Documents	11/11/2021
PPA filed with NCUC	12/02/2021
Accion Group Report of the Independent Administrator	12/02/2021
CPRE Tranche 3 RFP filed with the NCUC	12/28/2021

1

2 **Q. CAN YOU PROVIDE THE CURRENT EXPECTED COMMERCIAL**
3 **OPERATION DATES FOR ALL TRANCHE 1 AND TRANCHE 2 WINNING**
4 **PROPOSALS?**

5 **A. Yes.** As of the filing date in this docket, Tranche 1 and Tranche 2 winning projects
6 have the following estimated commercial operation dates:

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1 timely manner the reasonable and prudent costs incurred and anticipated to be incurred
2 to implement its CPRE Program and to comply with N.C. Gen. Stat. § 62- 110.8.”

3 Subsection (j)(3) of the CPRE Rule further provides that, “[u]nless otherwise ordered
4 by the Commission,” the CPRE Program Rider test period shall be the same as the
5 annual fuel factor test period, which, for DEC, is the calendar year, January 1 through
6 December 31. The forecasted Billing Period is also the same as DEC’s annual fuel
7 factor, extending September 1, 2022 to August 31, 2023.

8 **Q. IS THE COMPANY PROJECTING TO INCUR CPRE PROGRAM**
9 **PURCHASED POWER EXPENSES OR POTENTIAL AUTHORIZED**
10 **REVENUE OF UTILITY-OWNED CPRE ASSETS THAT WOULD BE**
11 **RECOVERABLE DURING THE BILLING PERIOD AT ISSUE IN THIS**
12 **PROCEEDING?**

13 A. Yes. Nine DEC projects selected in the Tranche 1 RFP and one DEC project selected
14 in the Tranche 2 RFP are included in the billing period forecast. Estimated purchased
15 power expenses and authorized revenue of utility-owned CPRE asset estimates are
16 described in the direct testimony of Company witness Walker and detailed in Walker
17 Exhibit No. 1.

18 **Q. PLEASE DESCRIBE THE CATEGORIES OF COSTS INCURRED OR**
19 **POTENTIALLY EXPECTED TO BE INCURRED TO IMPLEMENT THE**
20 **REQUIREMENTS OF THE CPRE PROGRAM.**

21 A. The following is a summary of the types of costs that were and will likely continue to
22 be incurred to implement the CPRE Program and comply with the procurement
23 requirements of N.C. Gen. Stat. § 62-110.8:

- 1 • Fees for the Independent Administrator and internal Company labor costs for bid
- 2 proposal evaluation
- 3 • Purchased power and potential authorized revenues of utility-owned generation
- 4 related to CPRE Program renewable resources
- 5 • Internal Company labor, contract labor including legal fees, and other related
- 6 costs of implementing the CPRE Program

7 **Q. PLEASE DESCRIBE HOW COSTS FOR RETAINING THE INDEPENDENT**

8 **ADMINISTRATOR AND FOR INTERNAL COMPANY LABOR TO**

9 **EVALUATE PROPOSALS WILL BE RECOVERED.**

10 A. Subsection (d)(10) of the CPRE Rule provides that the Companies' estimated expense

11 to retain the IA to administer the CPRE Program RFP should be recovered from market

12 participants through proposal fees. To the extent that the total cost of retaining the IA

13 exceeds the proposal fees recovered from market participants, the Companies are

14 required to pay the IA the balance owed for services rendered and subsequently charge

15 the winning participants in the CPRE RFP solicitation.

16 The CPRE Rule also authorizes the Companies to collect proposal fees up to \$10,000

17 per proposal to defray its costs of evaluating CPRE proposals. As provided for in

18 subsection (f)(3) of the CPRE Rule, the Companies have established a designated

19 internal evaluation team specifically assigned to the CPRE proposal evaluation process.

20 In Tranche 3 of the RFP, DEC elected to structure the Proposal Fees and Winners' Fees

21 as follows:

22 1) Proposal Fees were required of each proposal submitted on the Independent

23 Administrators website, including Asset Acquisition proposals. This fee was set

1 at \$500/MW, based on the facility's nameplate capacity, up to a maximum of ten
2 thousand dollars (\$10,000). Total proposal fees are not yet known for Tranche 3.

3 2) In addition, Winners' Fee will be collected on a pro-rata basis from each winning
4 proposal. This fee will be calculated on the amount of the IA costs as well as any
5 Duke costs related to proposal evaluation (i.e., costs incurred in the Step 2
6 evaluation process as described in the RFP) that was not recovered from the
7 Proposal Fees. The Winners' Fee will be determined upon conclusion of the RFP
8 and upon completion of contracting. Any such Winners' Fees will be allocated
9 among all winning proposals selected by both DEC and DEP on a pro-rata basis
10 on a per MW basis. The total of the Winners' Fees shall not exceed one million
11 five hundred thousand dollars (\$1,500,000). Winner's Fees for CPRE Tranche 3
12 are not yet known, and DEC notes that the Winners' Fees \$1.5 million limit is an
13 increase over the \$1 million not-to-exceed amount used for Tranches 1 and 2, in
14 order to better ensure all IA expenses are recovered.

15 Q. **IS THE COMPANY SEEKING TO RECOVER ANY REMAINING IA FEES**
16 **RELATING TO ADMINISTRATION OF TRANCHES 1 AND 2 THROUGH**
17 **THE CPRE RIDER IN THIS PROCEEDING?**

18 A. Yes. Walker Exhibit 2 details the limited IA fees sought for recovery in this
19 proceeding. These IA fees were incurred as a result of and following the conclusion
20 of the IA's administration of CPRE Tranches 1 and 2, and stem from the IA's
21 participation in unanticipated Commission proceedings and litigation related to CPRE
22 Tranches 1 and 2 – not from Tranche 1 or 2 CPRE Program implementation. Due to
23 the timing of when these expenses were incurred by the IA and subsequently invoiced

1 to DEC, they were not recoverable from bidders or Tranche 1 and Tranche 2 winners.
2 The Companies therefore consider these limited IA fees to be appropriate for
3 recovery through the CPRE Rider.

4 **Q. WHAT ARE THE IA'S ESTIMATED FEES FOR CPRE TRANCHE 3?**

5 Actual IA expenses for Tranche 3 are not yet known. However, in the Commission's
6 *Order Approving CPRE Rider and CPRE Program Compliance Report* issued in
7 Docket No. E-7, Sub 1247 on August 17, 2021, the Commission directed DEC and
8 DEP to work with the IA to develop a Tranche 3 scope of work and an IA fee estimate
9 based on the IA's proposed scope of work, in order to ensure that the proposed Tranche
10 3 program fee structure is reasonably designed to recover all Tranche 3-related IA fees
11 from market participants. On November 24, 2021, the Companies filed the IA scope of
12 work and Tranche 3 fee estimate developed by the IA and based on a 300 MW
13 procurement with the Commission. However, shortly after filing, and as explained
14 above, the Commission determined a 596 MW target was appropriate for CPRE
15 Tranche 3. As a result of the increased capacity to be procured in the Tranche 3
16 solicitation, the IA revised its estimated fees to approximately \$943,839. Assuming the
17 IA's updated fee estimates are reasonably accurate and there are no significant post
18 solicitation expenses (identified as Exclusions in the IA's scope of work filed
19 November 24, 2021), the Tranche 3 program fee structure of Proposal Fees and
20 Winners' Fees continues to be reasonably designed to recover all Tranche 3-related IA
21 fees from Tranche 3 market participants.

22 **Q. PLEASE DESCRIBE THE COMPANY'S COSTS ASSOCIATED WITH THE**
23 **CPRE PROGRAM INCURRED DURING THE EMF PERIOD.**

1 A. DEC's costs associated with implementing its CPRE Program include internal labor
2 associated with development of the CPRE Program Plan and the Tranche 3 RFP
3 documents, as well as interaction with the Independent Administrator and the execution
4 of the Tranche 3 RFP process. In addition to internal labor, costs were incurred for
5 external legal support for CPRE program implementation, and for mandatory media
6 publishings.

7 **Q. PLEASE PROVIDE DETAIL FOR THE INTERNAL LABOR COSTS**
8 **INCURRED TO IMPLEMENT THE CPRE PROGRAM THAT WERE**
9 **INCURRED DURING THE EMF PERIOD.**

10 A. DEC includes only the incremental cost of CPRE Program compliance for recovery
11 through its CPRE rider. Company employees that work to implement the requirements
12 of N.C. Gen. Stat. § 62-110.8 charge only that portion of their labor hours to CPRE
13 accounting codes.

14 **Q. HOW ARE EXTERNAL CPRE-RELATED IMPLEMENTATION COSTS**
15 **BEING ALLOCATED BETWEEN DEC AND DEP?**

16 A. These costs have been allocated equally between DEC and DEP. While the overall
17 CPRE Program is expected to procure significantly more total megawatts for DEC
18 versus DEP, these costs related to implementing the CPRE Program are associated with
19 administrative activities that benefit DEC and DEP equally. Thus, the Company's
20 proposed CPRE rider in this docket appropriately reflects recovery of one half of the
21 shared outside administrative costs incurred.

1 **Q. ARE YOU SATISFIED THAT THE ACTUAL COSTS DEC HAS INCURRED**
2 **DURING THE EMF PERIOD ARE REASONABLE AND HAVE BEEN**
3 **PRUDENTLY INCURRED?**

4 **A. Yes.**

5 **Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?**

6 **A. Yes.**

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1262

In the Matter of)

)
Application of Duke Energy Carolinas, LLC)
Pursuant to G.S. 62-110.8 and Commission)
Rule R8-71 for Approval of CPRE)
Compliance Report and CPRE Cost)
Recovery Rider)

**SUPPLEMENTAL
TESTIMONY OF
ANGELA M. TABOR**

OFFICIAL COPY

JULY 23 2022

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Angela M. Tabor, and my business address is 410 South
3 Wilmington Street, Raleigh, North Carolina.

4 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS**
5 **PROCEEDING?**

6 A. Yes. I filed direct testimony in this proceeding on March 1, 2022. My
7 direct testimony included an exhibit, Tabor Exhibit No. 1, which presented
8 Duke Energy Carolinas, LLC's ("DEC" or the "Company") Competitive
9 Procurement of Renewable Energy ("CPRE") Compliance Report, in
10 accordance with North Carolina Utilities Commission (the "Commission")
11 Rule R8-71(h).

12 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL**
13 **TESTIMONY IN THIS PROCEEDING?**

14 A. The purpose of my supplemental testimony is to (1) make a correction to
15 the Tranche 1 Winner's Fee amount described on page 12 at line 13 of my
16 direct testimony and (2) present and support as compliant with NCUC
17 Commission Rule R8-71(h) the Company's Updated 2021 CPRE
18 Compliance Report, which provides new information about the CPRE
19 Program having occurred after the initial March 1, 2022 filing.

20 **Q. DOES YOUR SUPPLEMENTAL TESTIMONY INCLUDE AN**
21 **EXHIBIT?**

22 A. Yes. The Company's Updated 2021 CPRE Compliance Report is included
23 as Tabor Supplemental Exhibit No.1 to my supplemental testimony. The

1 Company's Updated 2021 CPRE Compliance Report is being submitted in
2 this docket in compliance with Commission Rule R8-71(h). As explained
3 in my direct testimony, the Compliance Report describes the Company's
4 and Duke Energy Progress, LLC's ("DEP") ongoing joint efforts to procure
5 renewable energy resources under the CPRE Program and ongoing actions
6 to comply with the requirements of N.C. Gen. Stat. § 62-110.8 during the
7 reporting period, including a summary of key activities during the reporting
8 period, costs incurred to administer the CPRE Program, cost incurred and
9 fees collected by the Independent Administrator ("IA"), and the current
10 status of CPRE Program requirements.

11 **Q. WAS THIS EXHIBIT PREPARED BY YOU OR AT YOUR**
12 **DIRECTION AND UNDER YOUR SUPERVISION?**

13 A. Yes. Tabor Supplemental Exhibit No. 1 was prepared by me or under my
14 supervision. Tabor Supplemental Exhibit No. 1, along with one of the
15 appendices to Tabor Supplemental Exhibit No. 1, contains confidential and
16 proprietary information and is being filed with the Commission under seal.
17 A redacted version suitable for public filing is attached to my testimony.

18 **Correction to Direct Testimony**

19 **Q. ARE THERE ANY CORRECTIONS THAT YOU WOULD LIKE TO**
20 **MAKE TO YOUR DIRECT TESTIMONY?**

21 A. Yes. I have a correction on page 12 at line 13 of my direct testimony
22 concerning the Tranche 1 Winners' Fee amount.

1 **Q. PLEASE ELABORATE.**

2 A. On page 12 of my direct testimony at lines 11 – 14, I stated the following:

3 Winner's Fees for CPRE Tranche 3 are not yet
4 known, and DEC notes that the Winners' Fees \$1.5
5 million limit is an increase over the \$1 million not-
6 to-exceed amount used for Tranches 1 and 2, in order
7 to better ensure all IA expenses are recovered.

8 The Tranche 1 Winners' Fee not-to-exceed amount in my direct testimony
9 is incorrect. The Tranche 1 Winners' Fee not-to exceed amount was
10 \$500,000. The Winners' Fee Tranche 2 not-to-exceed amount was
11 \$1,000,000 and is correctly stated.

12 **Q. HOW SHOULD THIS SENTENCE IN YOUR DIRECT TESTIMONY**
13 **HAVE READ WITHOUT THE CLERICAL ERROR?**

14 A. My direct testimony at page 12, lines 11 – 14 should have stated the
15 following:

16 Winner's Fees for CPRE Tranche 3 are not yet
17 known, and DEC notes that the Winners' Fees \$1.5
18 million limit is an increase over the \$1 million not-
19 to-exceed amount used for Tranche 2 and \$500,000
20 not-to-exceed amount used for Tranche 1, in order to
21 better ensure all IA expenses are recovered.

22 **Q. WITH THAT CORRECTION TO THE DESCRIPTION OF THE**
23 **TRANCHE 1 WINNERS' FEE AMOUNT, IS YOUR DIRECT**
24 **TESTIMONY, CORRECT?**

25 A. Yes.

26 **Q. DO YOU HAVE ANY ADDITIONAL CHANGES TO YOUR**
27 **DIRECT TESTIMONY AT THIS TIME?**

28 A. No, I do not.

Updated CPRE Compliance Report

Q. PLEASE PROVIDE AN OVERVIEW OF THE UPDATES PRESENTED IN THE COMPANY'S UPDATED 2021 CPRE COMPLIANCE REPORT.

A. The Company is updating three sections in the 2021 CPRE Compliance Report to provide new information about the CPRE Program having occurred after March 1, 2022, through April 30, 2022. These updates are as follows:

Section II: Summary of PPAs and Utility-Owned Assets Procured During the Reporting Year (R8-72(h)(2)(ii)) is being updated to account for a Tranche 2 Power Purchase Agreement ("PPA") termination, a potential Tranche 2 PPA termination, and to account for changes in certain projects' estimated commercial operation dates ("COD");

Section VII. Status of Compliance with CPRE Program Requirements (R8-71(h)(2)(vii)) is also being updated to account for the Tranche 2 PPA termination and potential Tranche 2 termination, as well as "Bid B" not executing a PPA by April 30, 2022, and

Section VIII. Independent Administrator and Evaluation Costs (R8-71(h)(2)(viii)) is being updated to include a copy of the IA contract amendment that extends the Company's and DEP's

1 engagement of Accion, LLC as IA of the CPRE Program through
2 the completion of Tranche 3.

3 **Q. PLEASE ELABORATE ON THE TRANCHE 2 PPA**
4 **TERMINATION.**

5 A. After the filing of my direct testimony, a project selected in Tranche 2
6 terminated its Tranche 2 PPA with DEC and withdrew from the
7 interconnection queue effective March 10, 2022. In accordance with the
8 Tranche 2 PPA and as a result of Winners' elective termination, the
9 Tranche 2 Winner paid DEC [BEGIN CONFIDENTIAL] [REDACTED]
10 [REDACTED] [END CONFIDENTIAL] These liquidated
11 damages revenues will be used to offset CPRE Program costs in DEC's
12 2023 CPRE Rider proceeding, though no changes to the rates proposed in
13 this proceeding are necessary at this time.

14 **Q. PLEASE ELABORATE ON THE TRANCHE 2 POTENTIAL PPA**
15 **TERMINATION.**

16 A. One Tranche 2 project has not signed the Interconnection Agreement
17 offered by DEC as of the required Interconnection Agreement execution
18 due date, April 19, 2022. A ten (10) business day cure period was offered
19 to the project on April 19, 2022; however, as of April 28, 2022, no
20 Interconnection Agreement has been signed. DEC expects that this project
21 will terminate its Tranche 2 PPA in the near future.

1 **Q. WHAT UPDATES WERE MADE TO THE 2021 CPRE**
2 **COMPLIANCE REPORT TO ACCOUNT FOR THE TRANCHE 2**
3 **PPA TERMINATION AND TRANCHE 2 POTENTIAL PPA**
4 **TERMINATION?**

5 A. Updates were made to Sections II and III of the CPRE Compliance Report
6 to account for the Tranche 2 project termination and potential Tranche 2
7 project termination. Section II provides a summary of PPA and utility-
8 owned assets procured during the reporting period and includes a
9 confidential table identifying all projects procured in CPRE Tranches 1 and
10 2, along with those projects' actual or estimated commercial operation
11 dates. This Section II table has been updated to indicate that the above-
12 described CPRE Tranche 2 project has terminated its PPA and will no longer
13 achieve commercial operation. This Section II table has also been updated
14 to note that another Tranche 2 project has not signed its Interconnection
15 Agreement as of the required due date and will likely terminate its PPA in
16 the near future.

17 Section IV provides an overview of DEC's status of compliance with CPRE
18 Program requirements. This section has also been updated to indicate the
19 Tranche 2 PPA termination and potential Tranche 2 PPA termination.

20 **Q. PLEASE PROVIDE A BRIEF UPDATE ON THE STATUS OF THE**
21 **BID B PROJECT.**

22 A. As background, on March 10, 2022, the Commission issued its *Order*
23 *Requiring Update on the Status of Bid B* ("Order"), directing that the Bid B

1 Tranche 1 PPA “be resolved before the final Tranche 3 PPAs [are]
2 awarded.”¹ In response to the Order, DEC and DEP filed a letter with the
3 Commission on March 14, 2022. The letter stated that DEC expected to
4 execute a Tranche 1 PPA with Bid B on or before April 14, 2022, and that
5 this date was being chosen due to the CPRE Tranche 3 Step 2 study
6 beginning on May 2, 2022.

7 Bid B did not execute the Tranche 1 PPA by April 14, 2022, and
8 instead requested an extension of time to sign the Tranche 1 PPA. The
9 Company agreed to a limited extension through April 29, 2022. Despite
10 diligent efforts by both parties over the past few months, Bid B informed
11 the Company that it would not be able to execute the Tranche 1 PPA on the
12 timeline required due to current market uncertainty, the need to reconfigure
13 the project as the design submitted for the CPRE RFP in 2018 is now several
14 years old and the equipment specified was no longer available, as well as
15 other factors. Accordingly, DEC has terminated further negotiations with
16 Bid B. However, DEC has also communicated to Bid B that it may elect to
17 submit the project into the upcoming 2022 Solar Procurement Program RFP
18 opening in June.

¹ Order at 2.

1 **Q. WHAT UPDATES WERE MADE TO THE 2021 CPRE**
2 **COMPLIANCE REPORT TO ADDRESS BID B NOT EXECUTING**
3 **A TRANCHE 1 PPA?**

4 A. Section IV of the CPRE Compliance Report, which reports on DEC's status
5 of compliance with the CPRE Program requirements, has been updated to
6 indicate that Bid B did not execute a Tranche 1 PPA. As a result, DEC has
7 updated this section to indicate that the Tranche 3 596 MW target will not
8 be reduced as originally contemplated by the Commission in its December
9 20, 2021 *Order Determining Adjusted CPRE Program Procurement*
10 *Solicitation, Approving Resource Solicitation Cluster, and Requiring*
11 *Response to Commission Questions Regarding Pro Forma PPA.*

12 **Q. PLEASE EXPLAIN THE UPDATES PROVIDED IN SECTION VII.**
13 **OF THE CPRE COMPLIANCE REPORT REGARDING THE IA**
14 **CONTRACT AMENDMENT.**

15 A. Section VII. of the CPRE Compliance Report addresses the IA and IA
16 evaluation costs. In DEC's original Compliance Report filed March 1,
17 2022, DEC indicated that it was in the process of negotiating an amendment
18 to the IA's contract to extend Accion, LLC's engagement as IA of the CPRE
19 Program completion of CPRE Tranche 3.

20 On April 13, 2022, the IA, DEC, and DEP executed an amendment
21 to the IA's CPRE Program contract to extend through January, 2023. A
22 copy of this contract amendment is included as a confidential appendix to
23 the Updated 2021 CPRE Compliance Report.

1 **Q. ARE THERE ANY ADDITIONAL UPDATES TO THE 2021 CPRE**
2 **COMPLIANCE REPORT?**

3 A. Yes. Since the filing of the Company's Application, several projects in
4 Tranches 1 and 2 have either amended their Interconnection Agreements to
5 account for changes to their estimated COD or notified DEC of a change in
6 their estimated COD. Specifically, one project in Tranche 1 notified DEC
7 that its estimated COD would be May 2022 as opposed to March 2022, and
8 two projects in Tranche 2 amended their IAs to change their estimated
9 CODs from Q1 of 2024 to November 2024.

10 **Q. HAS DEC PREPARED THE UPDATED 2021 CPRE COMPLIANCE**
11 **REPORT AS REQUIRED BY SECTION (H) OF THE CPRE RULE?**

12 A. Yes. DEC renews its request that the Commission find that the Company's
13 ongoing actions to implement the CPRE Program requirements, as
14 described in the Updated 2021 CPRE Compliance Report, are reasonable,
15 prudent, and in accordance with NCUC Rule R8-71(i)(l).

16 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

17 A. Yes.

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1262

In the Matter of)
Application of Duke Energy Carolinas, LLC)
Pursuant to G.S. 62-110.8 and Commission)
Rule R8-71 for Approval of CPRE)
Compliance Report and CPRE Cost)
Recovery Rider)

**REBUTTAL
TESTIMONY OF
ANGELA M. TABOR**

OFFICIAL COPY

MAY 23 2022

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Angela M. Tabor, and my business address is 410 South
3 Wilmington Street, Raleigh, North Carolina.

4 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS**
5 **PROCEEDING?**

6 A. Yes. I filed direct testimony in this proceeding on March 1, 2022. My
7 direct testimony included an exhibit, Tabor Exhibit No. 1, which presented
8 Duke Energy Carolinas, LLC's ("DEC" or the "Company") Competitive
9 Procurement of Renewable Energy ("CPRE") Program 2021 Compliance
10 Report, in accordance with North Carolina Utilities Commission (the
11 "Commission") Rule R8-71(h). I also filed supplemental testimony in this
12 proceeding on May 2, 2022. Similar to my direct testimony, my
13 supplemental testimony included an exhibit, Supplemental Tabor Exhibit
14 No. 1, which presented DEC's Updated 2021 CPRE Compliance Report
15 and provided new information about the CPRE Program having occurred
16 after the Company's initial March 1, 2022, filing.

17 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN**
18 **THIS PROCEEDING?**

19 A. The purpose of my rebuttal testimony is to respond to the Public Staff's
20 request that the Company provide suggestions on how the CPRE shortfall,
21 which I define below, should be resolved. My testimony does not address
22 any other issues as the Public Staff's investigation into the Company's filing
23 resulted in (1) a finding that the Company's proposed CPRE rider and

1 experience modification factor rates were reasonable and should be
2 approved by the Commission; and (2) a finding that the Company's
3 Updated 2021 CPRE Compliance Report satisfies the requirements of
4 Commission Rule R8-71(h) and the Commission's *Order Modifying and*
5 *Approving Joint CPRE Program* issued in Docket Nos. E-7, Sub 1156 and
6 E-2, Sub 1159.

7 **Q. ARE YOU PROVIDING ANY EXHIBITS IN SUPPORT OF YOUR**
8 **REBUTTAL TESTIMONY IN THIS PROCEEDING?**

9 A. No, I am not.

10 **Background on CPRE Procurement Target**

11 **Q. PLEASE PROVIDE BACKGROUND ON THE CPRE**
12 **PROCUREMENT REQUIREMENTS.**

13 A. N.C. Gen. Stat. § 62-110.8 establishes and governs the CPRE Program, and
14 requires DEC and Duke Energy Progress, LLC ("DEP" and together with
15 DEC, "Duke Energy" or the "Companies") to competitively procure a
16 specific amount of energy and capacity from new renewable energy
17 facilities during a 45-month timeframe which ended on November 21, 2021.
18 Under the statute, DEC and DEP are required to add a total of 6,160 MW
19 of renewable energy through a combination of (1) CPRE Program
20 procurement ("CPRE Program MW") and (2) the execution of power
21 purchase agreements and interconnection agreements for renewable energy
22 capacity within the DEC and DEP Balancing Authority Areas that are not
23 subject to economic dispatch or curtailment and were not procured pursuant

1 to the Green Source Advantage program (projects satisfying such criteria,
2 “Transition MW”). Under the statute, 2,660 MW of this 6,160 MW total
3 was targeted to be procured through the CPRE Program and the remaining
4 3,500 MW was targeted to be non-CPRE Transition MW capacity.
5 However, the CPRE Statute further provides that, if during the 45-month
6 timeframe, DEC and DEP contract for Transition MW in excess of 3,500
7 MW, the Commission shall reduce the CPRE Program procurement target
8 by the amount of such exceedance.

9 **Q. HOW MANY CPRE PROGRAM MW HAVE DEC AND DEP**
10 **PROCURED THROUGH TRANCHES 1 AND 2 AND HOW MANY**
11 **TRANSITION MW HAVE DEC AND DEP PROCURED?**

12 A. As explained by Public Staff witness Jeff Thomas, on December 3, 2021,
13 DEC and DEP filed a Petition for Determination of Final CPRE Program
14 Procurement Amount in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156.
15 The filing explained that DEC and DEP had procured a total of 4,378 of
16 Transition MW and 1,185 CPRE Program MW through Tranches 1 and 2.

17 **Q. WHAT IS THE CURRENT CPRE PROCUREMENT TARGET?**

18 A. As determined in the Commission’s December 20, 2021 *Order Determining*
19 *Adjusted CPRE Program Procurement Solicitation, Approving Resource*
20 *Solicitation Cluster, and Requiring Response to Commission Questions*
21 *Regarding Pro Forma PPA* (“Order”) issued in Docket Nos. E-2, Sub 1159
22 and E-7, Sub 1156, the current CPRE Program procurement target is 1,782

1 MW, as the original 2,660 MW required target was reduced by an excess
2 878 Transition MW procured through the CPRE Procurement Period.

3 **Q. WHAT IS THE CPRE TRANCHE 3 PROCUREMENT TARGET?**

4 A. As also determined in the Commission's Order, the CPRE Tranche 3 target
5 is 596 MW.

6 **Q. WHAT IS THE CURRENT STATUS OF CPRE TRANCHE 3?**

7 A. Tranche 3 is currently underway, having opened on January 5, 2022. The
8 Request for Proposal ("RFP") window closed on February 3, 2022. As
9 noted by Witness Thomas, only 520.79 MW of projects bid into Tranche 3,
10 which is short of the 596 MW target procurement volume. As also noted
11 by the Public Staff, several projects have since withdrawn from Tranche 3,
12 and bidders remaining in Tranche 3 have expressed concerns to the CPRE
13 Program Independent Administrator, Accion Inc. (the "IA" or "Accion"),
14 regarding market uncertainty and rising solar development costs.
15 DEC and DEP continue to diligently implement Tranche 3 with the goal of
16 procuring as many CPRE Program MW as reasonably possible. Recently,
17 on May 2, 2022, the Companies, after consulting with the IA, agreed to
18 provide remaining bidders the option to defer Step 2 Proposal Security
19 required under the Tranche 3 RFP if they committed to proceed to the Step 2
20 evaluation and paid a non-refundable fee (\$1/kW) to contribute to covering
21 the cost of the IA. Only two Proposals totaling 155 MW elected to proceed
22 to Step 2 of the Tranche 3 evaluation process.

1 Anticipated CPRE Shortfall

2 **Q. PLEASE EXPLAIN WHY THE PUBLIC STAFF HAS REQUESTED**
3 **DEC FILE REBUTTAL TESTIMONY.**

4 A. As I just explained, the number of MW that now remain in the RFP is below
5 the 596 MW Tranche 3 target. Due to this “shortfall” of projects bidding
6 into Tranche 3, DEC and DEP will not achieve the current 1,782 MW CPRE
7 procurement target at the close of Tranche 3. As also noted by the Public
8 Staff and explained in my supplemental testimony, several Tranche 2
9 projects have also withdrawn, or may withdraw in the future from the CPRE
10 Program and forego commercial operation. Based on these facts, the Public
11 Staff has requested DEC file rebuttal testimony to explain the ways DEC
12 and DEP may resolve this CPRE procurement target shortfall.

13 **Q. DOES THE COMPANY CONCUR WITH THE PUBLIC STAFF**
14 **THAT A CPRE SHORTFALL WILL RESULT AFTER TRANCHE 3**
15 **CONCLUDES LATER THIS SUMMER?**

16 A. Yes.

17 **Q. DOES THE COMPANY BELIEVE THIS DEC CPRE RIDER**
18 **PROCEEDING IS THE APPROPRIATE PROCEEDING TO**
19 **DETERMINE A SOLUTION TO THE ANTICIPATED CPRE**
20 **SHORTFALL?**

21 A. No. As an initial matter, this issue concerns both DEC and DEP and should
22 therefore be addressed in a docket in which both utilities are participating,
23 as opposed to this DEC-specific rider proceeding. Second, Tranche 3 is not

1 yet complete, and DEC believes any decision as to how to resolve the
2 anticipated shortfall would be premature. Third, and as explained below,
3 DEC believes it is appropriate to discuss this issue in greater detail with the
4 Public Staff and stakeholders following the close of Tranche 3 Step 2.
5 Fourth, and as also explained further below, the CPRE Rule outlines a
6 specific regulatory process—the annual CPRE Program Plan filing—that
7 requires DEC and DEP to update the Commission on CPRE Program MW
8 and any unprocured amounts each year during and in the year following
9 expiration of the CPRE Program Procurement Period. DEC therefore
10 believes this issue is best addressed in the CPRE Program dockets through
11 the required CPRE Program Plan filing; however, DEC preliminarily
12 responds to the Public Staff testimony as follows.

13 **Q. DOES THE PUBLIC STAFF OFFER ANY POSSIBLE**
14 **RESOLUTIONS TO THE CPRE SHORTFALL?**

15 A. Yes, in part. Public Staff witness Thomas' testimony caveats that at this
16 time, it is unclear how the CPRE shortfall can be resolved. However, he
17 suggests that "[t]heoretically, the CPRE capacity shortfall would be
18 compensated for in future Carbon Plan filings by reducing the amount of
19 mandated solar. The Carbon Plan would then presumably select additional
20 economic solar to replace the CPRE shortfall, as it is assumed that the total
21 solar required to meet the carbon reduction goals is a sum of the mandated
22 solar and the economically selected solar."¹ Public Staff witness Thomas

¹ Testimony of Jeff Thomas, Public Staff – North Carolina Utilities Commission, at 14, Docket No. E-7, Sub 1247 (filed May 17, 2022).

1 goes on to state that although the Carbon Plan may offer a solution, due to
2 limits on the amount of solar resources that DEC and DEP may be able to
3 interconnect annually, the Carbon Plan model may be “unable to make up
4 for the CPRE shortfall,” due to such interconnection constraints.²

5 **Q. IS THE PUBLIC STAFF CORRECT THAT THE CARBON PLAN**
6 **ASSUMES SOLAR RESOURCES PROCURED UNDER CPRE ARE**
7 **INTERCONNECTED EARLIER THAN ECONOMICALLY**
8 **SELECTED SOLAR?**

9 A. Yes. The Carbon Plan assumes 1,185 MW of solar resources are connected,
10 or will connect, under CPRE Tranches 1 and 2. Additionally, the Carbon
11 Plan assumes that 596 MW of solar resources will be procured and
12 connected under CPRE Tranche 3 earlier than economically selected solar
13 resources.

14 **Q. WHEN ARE CPRE TRANCHES 1, 2, AND 3 MW ASSUMED TO BE**
15 **ADDED TO THE SYSTEM IN THE CARBON PLAN?**

16 A. As shown in Table 1 below, all CPRE solar is assumed to interconnect by
17 the end of 2025 in the Carbon Plan. This forecasted or “mandated” solar
18 includes the following CPRE MW:

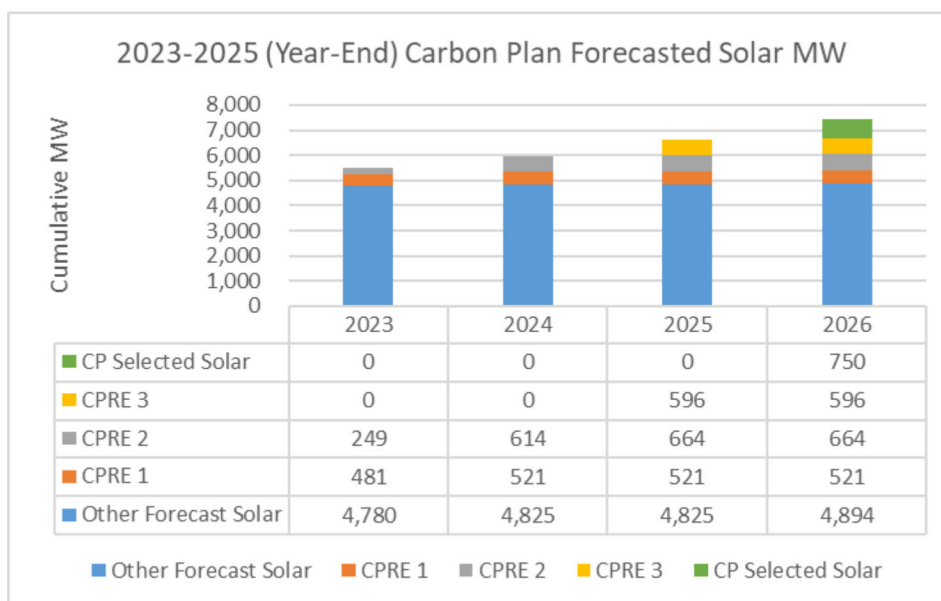
- 19 • 521 MW of Tranche 1 solar resources are forecasted to connect by
20 the end of year 2024,
- 21 • 614 of the procured 664 MW of Tranche 2 solar resources are
22 forecasted to interconnect by the end of 2024,

² *Id.*

- The remaining Tranche 2 (50 MW) and all 596 MW of Tranche 3 solar resources are forecasted to be connected by the end of year 2025.

The first economically selected solar resources in the Carbon Plan (750 MW) are forecasted to interconnect by the end of 2026.

Table 1



Q. WHAT ARE THE IMPLICATIONS TO THE CARBON PLAN WHEN THE CPRE SHORTFALL OCCURS?

A. The Carbon Plan model selects solar above and beyond the forecasted CPRE Program and other solar resource amounts in order to meet the 70% CO₂ reduction target in all portfolios. Therefore, any shortfall in the forecasted CPRE Program or other solar resource amounts will need to be made up by additional solar procurements to execute the Carbon Plan in the near-term and to achieve the Carbon Plan emissions reduction targets. The timing and mechanism of such procurements (i.e., procurements occurring

1 under N.C. Gen. Stat. § 62-110.8 or pursuant to the Carbon Plan) is yet to
2 be determined.

3 **Q. DO DEC AND DEP AGREE THAT THE PUBLIC STAFF'S**
4 **PROPOSED SOLUTION OF PROCURING THE CPRE**
5 **SHORTFALL THROUGH THE 2022 SOLAR PROCUREMENT**
6 **PROGRAM MAY BE FEASIBLE?**

7 A. Yes. Although the Public Staff raises concerns over differences between
8 CPRE procurement and future Carbon Plan procurements, DEC agrees that
9 there exists the potential for the CPRE Program MW shortfall to be
10 procured through additional, competitive procurements in accordance with
11 the Carbon Plan.

12 **Q. IS DUKE ENERGY AMENABLE TO OTHER POSSIBLE**
13 **SOLUTIONS TO SOLVING THE CPRE SHORTFALL?**

14 A. Yes. DEC, along with DEP, plans to engage with the Public Staff and
15 interested stakeholders to determine possible solutions to the CPRE
16 shortfall.

17 **Q. WHEN WILL THE COMPANY DEFINITELY UPDATE THE**
18 **COMMISSION ON THE STATUS OF THE CPRE PROCUREMENT**
19 **TARGET AND RESOLUTION TO ACHIEVE SUCH TARGET?**

20 A. Pursuant to NCUC Rule R8-71(g), DEC and DEP are required to file their
21 annual CPRE Program Plan with the Commission by September 1, 2022.
22 DEC and DEP therefore plan to provide the Commission an update in the

1 CPRE Program Plan as to how the CPRE shortfall will be resolved at that
2 time.

3 **Q. IS DEC COMMITTED TO ACHIEVING THE HB 589**
4 **PROCUREMENT TARGET OF ADDING AT LEAST 6,160 MW OF**
5 **NEW SOLAR RESOURCE TO THE COMPANIES' SYSTEMS?**

6 A. Yes. As demonstrated by the Carbon Plan and Table 1 above, the
7 Companies are committed to procuring substantially more new solar
8 resources to achieve State energy policy under HB 589, and now under
9 Session Law 2021-165, as Duke Energy pursues the least cost pathway to
10 achieving carbon neutrality by 2050.

11 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

12 A. Yes.

1 MS. TOON: Presiding Commissioner Duffley,
2 Ms. Walker and Ms. Tabor are available for
3 Commission questions.

4 COMMISSIONER DUFFLEY: Okay. So we have a
5 few Commission staff questions that we would like to
6 ask the two of you. So I'll direct this one to
7 Ms. Walker but both please chime in.

8 EXAMINATION BY COMMISSIONER DUFFLEY:

9 Q To date, do you know what the total amount of
10 fees recovered from Tranche 3 market
11 participants is?

12 A (Ms. Walker) To date, I am not aware of what's
13 available for Tranche 3. However, in this
14 proceeding, we are only asking for recovery
15 from Tranche 1 and Tranche 2.

16 Q But do you have an opinion about whether the
17 Tranche 3 IA fees are going to be sufficient at
18 the present time?

19 A I'm going to defer that question to Ms. Tabor.
20 She may be better prepared to answer that.

21 A (Ms. Tabor) Presiding Commissioner Duffley,
22 my -- can you repeat the question one more time
23 just so I'm clear?

24 Q Sure. So, there have been some overages, IA

1 overages in both Tranche 1 and Tranche 2, and
2 so I'd like to know the current status of the
3 collection of the IA fees for Tranche 3 and, if
4 at the present time you find that they are
5 sufficiently being collected, to cover those IA
6 fees.

7 A I don't have a total number prepared for today.
8 But I can say that as we develop the RFP for
9 Tranche 3, we did have in mind the concerns
10 that have been in place for Tranche 1 and
11 Tranche 2, and we did increase the amount we
12 could collect for Winner's fees, and we also
13 considered that in what's been going on with
14 the market right now and as we've been trying
15 to get participants in Tranche 3 which, as you
16 guys know, is a little short, and we went ahead
17 and collected a nonrefundable
18 dollar-per-kilowatt fee from the participants
19 that did remain in, really in order to help
20 offset the fees of the IA. So, we are
21 sensitive to your question and we are
22 responsive to your question, but I don't have
23 the exact numbers in front of me today.

24 Q Thank you. And let's talk a little bit about

1 Tranche 3. Can you provide any known details
2 as to why Tranche 3 seems to be a bit
3 undersubscribed?

4 A Yeah, that's a question and something we've
5 been talking about internally and we've also
6 been discussing with the IA. I'm not a solar
7 market participant and so they may be able to
8 better to tell you their business plans and why
9 they are participating or not participating.
10 But what I've heard is that prices for avoided
11 costs for Tranche 3 are lower than what they
12 were for Tranche 2, and there are significant
13 market pressures on costs - costs for panels,
14 costs for racking, just supply chain
15 challenges - that they're facing. Those are
16 some of the things that we've heard just
17 through conversations with the IA and with the
18 market participants.

19 Q Thank you. And with respect, going to Tranche
20 2, the testimony and also there's confidential
21 information within the testimony and exhibits.
22 If any party hears any question regarding
23 confidential information, please speak up and
24 object. But with respect to Tranche 2, you've

1 indicated that there's one bid that has
2 terminated its PPA and then there is a
3 potential anticipated second termination, and
4 can you provide some more details around both
5 of those projects?

6 A Yes. I'll try to keep it not into the
7 confidential pieces of information for this
8 panel. But you are correct that we have had a
9 Tranche 2 project that has terminated the PPA,
10 and they have paid the LDs that are due under
11 the PPA, and that won't show up until next
12 year's filing just due to the timing and, you
13 know, the test period and the billing period
14 for this versus the next one.

15 The second project we, Duke
16 Energy, offered an Interconnection Agreement to
17 that project, once all the studies were
18 complete, that's the normal course for the
19 North Carolina Interconnection Procedures, that
20 market participant did not sign the
21 Interconnection Agreement. They were given the
22 normal cure period of time and still did not
23 sign the Interconnection Agreement. The PPA at
24 termination is being drafted. It's not yet

1 finalized. We are working with that market
2 participant and we are aware that they are not
3 building that project.

4 Q And will the termination fees be the same,
5 around the same as the one that has
6 previously --

7 A They are similar.

8 Q -- terminated?

9 A (Nods head in agreement).

10 Q Okay. And any other details you can provide as
11 to why these two projects are not moving
12 forward?

13 A The first one, the one that the termination is
14 final on, some conversations have been had
15 between the teams, and our understanding is
16 they are going to use the land in another way.
17 They have another development that they are
18 going to do on the land instead of moving
19 forward with building a solar site at that
20 spot.

21 The second one is more related
22 to what we were talking about with some of the
23 market challenges that are ongoing with supply
24 chain. I mean, there are just significant cost

1 pressures. And when those bids for Tranche 2
2 were put in, that was March of 2020, and I
3 think a lot of you are aware and as we are
4 seeing things with Covid-19 have impacted
5 supply chain, they have impacted costs, and
6 that company had said that they cannot build
7 for what they thought they would be able to and
8 did not sign the Interconnection Agreement.

9 Q And it sounds like the first project has
10 totally dropped out of the queue and they will
11 not be reentering the interconnection queue.

12 A Right.

13 Q Is that the same set of facts for the second
14 project?

15 A As far as we're aware today, yes.

16 Q Thank you. And then going back to the cost
17 overruns, is there -- does Duke have an
18 internal metric or is there an industry
19 standard benchmark about when cost overages
20 become unreasonable?

21 A Ms. Walker, do you want to take that one?

22 A (Ms. Walker) I do not think so. I'm not
23 prepared to answer that question, but we can
24 get back to you on that one.

1 Q Thank you.

2 A (Ms. Tabor) I can chime in and just say that
3 as we get the monthly invoices from the IA, we
4 do review them. We look at what we're being
5 billed for and what was going on during that
6 month. I mean, we're aware of what meetings we
7 were in with the IA and which activities are
8 happening, and we can see a breakdown of what
9 the expenses are for and what the bill rates
10 are, and we do review them before making the
11 payments to the IA. So, there is some work
12 done internally.

13 Q Okay. Thank you.

14 A (Ms. Walker) I will chime in and say we do
15 believe the costs are reasonably incurred and
16 they're prudent and that they should
17 be approved for recovery.

18 COMMISSIONER DUFFLEY: Okay. Thank you.
19 Any other questions? Questions, Chair Mitchell?

20 CHAIR MITCHELL: Good morning. Just a few
21 questions for y'all.

22 EXAMINATION BY CHAIR MITCHELL:

23 Q So, following up on Commissioner Duffley's
24 questions about the IA fees, I understand y'all

1 review the monthly invoices and ensure that the
2 time recorded reflects y'all's understanding of
3 the work done. Has the Company ever asked the
4 IA to downward adjust his -- their invoice for
5 any reason?

6 A (Ms. Tabor) We have had instances where we've
7 seen errors on an invoice where we've sent it
8 back and gotten a correction done, and it was
9 not specifically due to hours but maybe the
10 rate that we were charged, and so we do review
11 based on that.

12 Q Okay. And so there have been instances where
13 you've had to go back and say fix this; correct
14 the amount ultimately charged?

15 A Correct.

16 Q Okay. Thank you. Question on -- following up
17 on Commissioner Duffley's questions about the
18 two projects that have withdrawn from Tranche
19 2, it sounds like the first project is a done
20 deal, not going to develop solar on that land,
21 and going to go in a different direction.
22 That's what I'm understanding from your
23 testimony. The second project didn't sign the
24 IA; is that correct?

1 A That is correct.

2 Q And it was your testimony that at this point in
3 time, you-all don't know what -- the Company
4 doesn't know what that developer is going to do
5 next.

6 A We are not aware of the developer's specific
7 business plans for the property. It is in
8 North Carolina and -- but we don't have the
9 specifics of that. Our understanding, simply
10 from the conversations, has been that it's not
11 a good business plan for them at this time with
12 everything that they are seeing in the market,
13 between the cost pressures, the avoided cost
14 cap, just a step down, the tax credit there,
15 there are just many factors that have been
16 piling up --

17 Q Understood. Understood. And the -- are you
18 aware of the interconnection -- are you aware
19 of the terms and conditions of the
20 Interconnection Agreement that was tendered to
21 that project developer?

22 A That would be the interconnection team that
23 developed that. And the account manager,
24 and -- you know, Scott Reynolds/Ken Jennings

1 team --

2 Q Yes.

3 A -- that developed it. It is a standard North
4 Carolina Interconnection. They followed the
5 procedures for North Carolina Interconnection
6 to tender that agreement, but I'm not aware of
7 the specifics of the appendices of the
8 agreement.

9 Q So you don't know whether that agreement
10 involved upgrades on the transmission system?

11 A I do not know that. No.

12 Q Okay. In your testimony that you provided
13 today, I see it, I'm not sure which of your
14 testimonies it's in, but I heard you say it in
15 summary just a minute ago, you all have -- the
16 Company has discussed with the Public Staff the
17 possibility of using future procurements to
18 satisfy CPRE shortfalls. My question for the
19 Company is this and either one of y'all can
20 answer it. Ms. Tabor, it's probably coming to
21 you, though. The CPRE Statute involves an
22 avoided cost cap threshold; does it not?

23 A It does. That is one of the differences that
24 exists between CPRE and the upcoming 2022 solar

1 procurement.

2 Q Right. So, if the solar 2022 procurement does
3 not involve an avoided cost cap threshold, then
4 how could 2022 procurement solar be used to
5 fill gaps in the CPRE targets?

6 A Yeah, that's a great question. We have had
7 internal discussions. We are trying to work
8 out what a good strategy will be to overcome
9 the shortfall that exists for CPRE. We
10 understand the differences between solar
11 procurement and CPRE with the avoided cost cap,
12 and one of the things about the solar
13 procurement is it is a competitive procurement.
14 So, although there is no avoided cost cap
15 prescribed, there is competition. And those
16 developers that are working to come up with
17 projects are all vying for that 25-year PPA
18 that they could get under 2022 solar
19 procurement, so we do see that. And I would
20 just say that it would be challenging to have
21 the parallel path of CPRE and 2022 procurement
22 at the same time, I believe, just from a
23 timeline perspective. We are aligning with
24 DISIS, and DISIS is our cluster study model,

1 and the DISIS window does close June 29th for
2 these projects.

3 So, there are many factors that
4 go into how we're going to do it. We are
5 working to figure it out. There's a filing
6 that will come later this year, I think it's
7 September 1st, and we will look to answer some
8 of those questions as we can develop our
9 internal answers. So, for now, I would say we
10 know we have the shortfall and we are committed
11 to figuring out how to get to where we need to
12 get. It's just not developed yet.

13 Q Understood. You mentioned it would be
14 problematic to have a CPRE Tranche ongoing at
15 the same time as the 2022 procurement. Is that
16 not, sort of, the case with Tranche 3? I
17 recognize they are not exactly aligned in time.

18 A They are not exactly the same. And with
19 Tranche 3, our big window was open from January
20 to February, and the RFP had clear rules about
21 if they were selected for the next step in CPRE
22 or not selected for the next step in CPRE. So,
23 if they didn't move onto step two, they are
24 automatically withdrawn from the queue versus

1 2022 solar procurement, they're going to
2 participate in line with DISIS. Obviously,
3 we've got folks working on the 2022 solar
4 procurement RFP and the ink's not quite dry on
5 that yet, so I'm cause about saying too much
6 right now.

7 Q Okay. And there's also the critical difference
8 between 3 and 2022, which is that avoided cost
9 cap in the Statute just doesn't exist for the
10 2022 procurement?

11 A Right.

12 Q Thank you, Ms. Tabor, for your responses.

13 CHAIR MITCHELL: I have nothing further.

14 COMMISSIONER DUFFLEY: Any other
15 questions?

16 (No response)

17 Questions on Commission questions?

18 MR. JOSEY: None from the Public Staff.

19 MS. CRESS: No questions.

20 MR. SCHAUER: No questions.

21 MR. LEDFORD: No questions.

22 MS. TOON: Pardon me, presiding
23 Commissioner Duffley, I would like to enter the
24 Company's Application into evidence in this

1 proceeding. I apologize for not noting that
2 earlier.

3 COMMISSIONER DUFFLEY: Any objection?

4 (No response)

5 So moved. The Application is introduced
6 into the record.

7 (WHEREUPON, Application of
8 Duke Energy Carolinas, LLC,
9 is admitted into evidence.)

10 COMMISSIONER DUFFLEY: Do you have
11 questions?

12 MS. TOON: No. No further questions.

13 COMMISSIONER DUFFLEY: Thank you. Thank
14 you very much for your testimony today. You may
15 step down.

16 Public Staff?

17 MR. JOSEY: The Public Staff calls Lynn
18 Feasel and Jeff Thomas to the stand, please.

19 COMMISSIONER DUFFLEY: Do either of you
20 want to affirm?

21 (No response)

22 As a panel,

23 LYNN FEASEL and JEFF THOMAS;

24 having been duly sworn,

NORTH CAROLINA UTILITIES COMMISSION

1 testified as follows:

2 MR. JOSEY: I'll start with Ms. Feasel.

3 DIRECT EXAMINATION BY MR. JOSEY:

4 Q Please state your name, position and business
5 address for the record.

6 A My name is Lynn Feasel. My position is
7 Financial Analyst III. My business address is
8 430 North Salisbury Street, Raleigh, North
9 Carolina 27603.

10 Q And did you cause to be prefiled in this docket
11 on or about May 17th, 2022, an affidavit
12 consisting of five pages and one appendix?

13 A Yes.

14 Q And did you cause to be prefiled in this docket
15 on or about June 3rd, 2022, two supplemental
16 confidential exhibits?

17 A Yes, I did.

18 Q And do you have any corrections or additions to
19 your affidavit or the supplemental testimony?

20 A Yes.

21 Q Or supplemental exhibits?

22 A Yes. On both my Supplemental Feasel Exhibit 1
23 and Feasel Exhibit 2, on the last line of the
24 title, it should read "For the Test Year Ended

1 December 31st, 2021" instead of 2022.

2 MR. JOSEY: I'll move on to Mr. Thomas at
3 this time.

4 Q Mr. Thomas, can you please state your name,
5 position and business address for the record?

6 A Yes. My name is Jeff Thomas. I'm a Public
7 Utilities Engineer in the Electric Division.
8 And my address is 430 North Salisbury in
9 Raleigh, North Carolina.

10 Q And did you can cause to be prefiled in this
11 docket on and about May 17th, 2022, testimony
12 in question and answer form consisting of 16
13 pages and one appendix?

14 A I did.

15 Q And do you have any additions or corrections to
16 your testimony?

17 A I do not.

18 Q If I were to ask you those same questions
19 today, would your answers be the same?

20 A They would.

21 MR. JOSEY: Presiding Commissioner
22 Duffley, I request that the testimony and affidavit
23 of Ms. Feasel and Mr. Thomas, and the supplemental
24 exhibits of Ms. Feasel be copied into the record as

1 if given orally from the stand and be identified and
2 premarked and admitted into evidence.

3 COMMISSIONER DUFFLEY: Any objection?

4 (No response)

5 So moved and introduced into the record.

6 (WHEREUPON, Confidential
7 Feasel Supplemental Exhibits
8 1 and 2 are marked for
9 identification as prefiled
10 and received into evidence.)

11 (WHEREUPON, the prefiled
12 Affidavit and Appendix A of
13 LYNN FEASEL is copied into
14 the record as if given
15 orally from the stand.)
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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-7, SUB 1262

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application of Duke Energy Carolinas, LLC, for)	
Approval of CPRE Cost Recovery Rider)	<u>AFFIDAVIT OF</u>
Pursuant to N.C.G.S. § 62-110.8 and)	<u>LYNN FEASEL</u>
Commission Rule R8-71)	

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Lynn Feasel, first being duly sworn, do depose and say:

I am a Financial Analyst III in the Accounting Division of the Public Staff - North Carolina Utilities Commission. A summary of my duties, education, and experience is attached to this affidavit as Appendix A.

N.C. Gen. Stat. § 62-110.8 states that each electric public utility shall file for Commission approval a program for the competitive procurement of energy and capacity from renewable energy facilities, with the purpose of adding renewable energy to the State's generation portfolio in a manner that allows the State's electric public utilities to continue to reliably and cost-effectively serve customers' future energy needs.

N.C.G.S. § 62-110.8(g) further states that an electric public utility shall be authorized to recover the costs of all purchases of energy, capacity, and environmental and renewable attributes from third-party renewable energy

OFFICIAL COPY

JULY 23 2022

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

Residential	(0.0006) cents per kWh
General Service/Lighting	(0.0007) cents per kWh
Industrial	(0.0006) cents per kWh

The riders were calculated by dividing the “Total CPRE EMF Amount including Contract Fees,” as shown on Walker Exhibit No. 4 for each customer class, by DEC’s N.C. projected billing period retail sales of 22,809,193 megawatt-hours (MWh) for the residential class, 23,222,537 MWh for the general service/lighting class, and 12,202,704 MWh for the industrial class.

On May 9, 2022, DEC filed the Supplemental Testimony and Exhibits of Bryan L. Sykes in Docket No, E-7, Sub 1263. In that docket, the Company updated the production plant allocator from the 2020 allocator to the 2021 factor. DEC utilizes the 2020 production plant allocation factor to allocate NC CPRE purchased and generated power across customer classes. The Company provided calculations of the impact of updating the production plant allocator in the CPRE case and depicted the update would not impact rates. The Public Staff reviewed the calculations and agreed that the small change in the production plant allocator would not have an impact on the rates sought in the present docket.

The Public Staff Accounting Division’s specific responsibilities in this CPRE rider proceeding are: (1) to participate in the overall Public Staff investigation of the Company’s filing and proposed rates; (2) to review the

purchased and generated power cost, the incurred costs (including labor, outside services, and IA Fees), and received revenues proposed for inclusion in the CPRE EMF rider; and (3) to investigate the Company's calculations of the proposed rates and present the calculations of the Public Staff's recommended rates. Additionally, the Public Staff has reviewed the IA invoices regarding the Stanley and Orion disputes and find the costs to be reasonable for recovery in the present case. The Public Staff will continue to monitor any invoices recorded after December 31, 2021, to determine appropriateness.

As a result of the Public Staff's investigation, I am recommending that DEC's CPRE EMF riders for each customer class be based on over-recoveries of \$(860,682) for the residential class, \$(924,941) for the general service/lighting class, and \$(477,345) for the industrial class, and North Carolina retail projected billing period retail sales of 22,809,193 MWh for the residential class, 23,222,537 MWh for the general service/lighting class, and 12,202,704 MWh for the industrial class, as proposed by the Company in its filing. These amounts produce EMF decrement riders for each North Carolina retail customer class as follows, excluding the regulatory fee:

Residential	(0.0038) cents per kWh
General Service/Lighting	(0.0040) cents per kWh
Industrial	(0.0039) cents per kWh

I also recommend an EMF interest decrement rider for each North Carolina retail customer class as follows, excluding the regulatory fee, resulting from the over-recovered CPRE amounts from each class:

Residential	(0.0006) cents per kWh
General Service/Lighting	(0.0007) cents per kWh
Industrial	(0.0006) cents per kWh

I have provided these amounts to Public Staff witness Jeff Thomas for incorporation into his recommended CPRE rider calculation.

This completes my affidavit.

Lynn Feasel

Lynn Feasel

Sworn to and subscribed before me
this the 17th day of May, 2022.

Jessica Heironimus
Notary Public

My Commission Expires: May 10, 2023



APPENDIX A**LYNN FEASEL****Qualifications And Experience**

I am a graduate of Baldwin Wallace University with a Master of Business Administration degree in Accounting. I am a Certified Public Accountant licensed in the State of North Carolina. Prior to joining the Public Staff, I was employed by Franklin International in Columbus, Ohio until June 2013. Additionally, I worked for ABB Inc. from September 2013 until October 2016. I joined the Public Staff as a Staff Accountant in November 2016. Since joining the Public Staff, I have worked on rate cases involving water and sewer and natural gas companies, supervised and audited workflow for my team, filed testimony and affidavits in various general rate cases, prepared exhibits and presented my investigation results to the Commission. I have audited and examined Aqua and CWSNC Water and Sewer Improvement Charge application, coordinated with the engineering team to finalize adjustments for the potentially non-eligible for recovery capital projects, drafted notice, agenda, and proposed order to present the investigation results to the Commission. For Piedmont and PSNC companies, I have audited the biannual IMT filings for accuracy and I have also reviewed and examined TIMP and DIMP expenses in the 2021 rate cases. For DEC and DEP, I have assisted in reviewing the annual Competitive Procurement of Renewable Energy Rider, Joint Dispatch Agreement, and the Joint Agency Asset Rider. I have participated in the drafting and providing comments to certain regulations, such as W-100, Sub 63 and W-100 Sub 64. I have also calculated quarterly

earnings for Carolina Water Service, Inc. of North Carolina and Aqua North Carolina, Inc., calculated quarterly earnings for various natural gas companies, calculated refunds to consumers from AH4R and Progress Residential and reviewed franchise, transfer and contiguous filings for multiple water and sewer companies.

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(WHEREUPON, the prefiled
direct testimony and
Appendix A of JEFF THOMAS is
copied into the record as if
given orally from the
stand.)

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**DOCKET NO. E-7, SUB 1262****TESTIMONY OF JEFF THOMAS
ON BEHALF OF THE PUBLIC STAFF
NORTH CAROLINA UTILITIES COMMISSION****MAY 17, 2022**

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
2 **PRESENT POSITION.**

3 A. My name is Jeff Thomas. My business address is 430 North
4 Salisbury Street, Dobbs Building, Raleigh, North Carolina. I am an
5 engineer with the Energy Division of the Public Staff – North Carolina
6 Utilities Commission.

7 **Q. BRIEFLY STATE YOUR QUALIFICATIONS AND DUTIES.**

8 A. My qualifications and duties are included in Appendix A.

9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

10 A. The purpose of my testimony is to make recommendations to the
11 Commission regarding the Public Staff's investigation of the application
12 for recovery of costs associated with the implementation of the
13 Competitive Procurement of Renewable Energy (CPRE) Program filed
14 by Duke Energy Carolinas, LLC (DEC or the Company) on March 1,
15 2022. My review also includes the supplemental testimony and exhibits
16 filed by DEC on May 2, 2022.

1 The Public Staff Energy Division's specific responsibilities in this
2 CPRE rider proceeding are to: (1) review the Company's application
3 and proposed rates for compliance with N.C. Gen. Stat. § 62-110.8
4 and Commission Rule R8-71; (2) review the CPRE Compliance
5 Report and address any deficiencies pursuant to Commission Rule
6 R8-71(h) and Commission Orders; and (3) make recommendations
7 regarding changes to the Company's calculations of the proposed
8 rates.

9 **Q. HOW IS YOUR TESTIMONY ORGANIZED?**

10 A. My testimony summarizes the CPRE Program Rider request and the
11 CPRE Compliance Report and presents the results of the Public
12 Staff's investigation.

13 **Q. ARE YOU RECOMMENDING ANY ADJUSTMENTS IN YOUR**
14 **TESTIMONY?**

15 A. No.

16 A. Overview of DEC's CPRE Rider Request

17 **Q. WHAT COSTS DOES DEC SEEK TO RECOVER ASSOCIATED**
18 **WITH THE CPRE PROGRAM IMPLEMENTATION?**

19 A. As described in the direct and supplemental testimony of DEC
20 witness Walker, DEC seeks to recover \$567,542 in implementation
21 costs (system) incurred during the test period from January 1, 2021,

1 through December 31, 2021, (Experience Modification Factor or
2 EMF Period). These costs include internal company labor and
3 associated costs, outside consulting and legal services, and
4 \$204,048 in Independent Administrator (IA) fees and T&D Sub-
5 Team¹ costs not recovered from Market Participant (MP) fees. DEC
6 has also included a \$70,000 credit to ratepayers associated with
7 Change Of Control fees collected from MPs in the EMF Period.² DEC
8 forecasts ongoing system implementation costs of \$311,830 from
9 September 1, 2022, through August 31, 2023, (Billing Period),
10 associated with internal labor and external consulting.

11 **Q. HOW DOES DEC ALLOCATE THESE IMPLEMENTATION**
12 **COSTS?**

13 A. In its application, DEC allocates implementation costs to NC retail
14 customer classes using a weighted average of the energy and
15 capacity allocation factors ("Composite Factor"), calculated
16 separately for the EMF Period and the Billing Period, as described
17 by witness Walker on page 10 of her direct testimony.

¹ As defined in Commission Rule R8-71(b)(16).

² Section 24.6 of the Power Purchase Agreement (PPA) states that "Without limiting Buyer's rights under this Section 24, to the extent Buyer agrees to a request from Seller for one or more consent(s) to Assignment or Change of Control under this Agreement, Seller shall pay Buyer ten thousand dollars (\$10,000) prior to Buyer processing Seller's request."

1 **Q. WHAT REVENUE REQUIREMENTS DOES DEC SEEK TO**
2 **RECOVER ASSOCIATED WITH PURCHASES OF ENERGY AND**
3 **CAPACITY FROM WINNING PROJECTS?**

4 A. Within the EMF Period, DEC seeks recovery of \$5.3 million in system
5 purchased power revenue requirements associated with operational
6 Tranche 1 projects, which generated 141,762 MWh, which equates
7 to an average cost of \$37.61 per MWh. The North Carolina retail
8 portion of this total revenue requirement is \$3.5 million. The DEC-
9 owned Gaston Solar generation facility³ and the DEC-owned Maiden
10 Creek Solar generation facility⁴ were the only two Tranche 1 projects
11 in service in the EMF Period.

12 DEC estimates that during the Billing Period it will incur a total of
13 approximately \$34.8 million (system) in purchased and generated
14 power,⁵ consisting of \$5.5 million in capacity and \$29.3 million in
15 energy associated with 911,819 MWh of generation from Tranche 1
16 and Tranche 2 projects, which equates to an average cost of \$38.20
17 per MWh. The North Carolina retail portion of these total revenue
18 requirements is approximately \$23 million. The Public Staff has

³ Docket No. E-7, Sub 1216.

⁴ Docket No. E-7, Sub 1215.

⁵ Purchased power refers to energy generated by third-parties, including unregulated Duke affiliates, that have entered into PPAs with DEC. Generated power refers to DEC-owned facilities that are seeking market-based recovery through this rider at the as-bid price.

1 reviewed DEC's forecasts of billing period expenses and finds them
2 reasonable, while also noting that continued project delays may
3 result in over-recovery in DEC's 2023 CPRE rider EMF Period.

4 **Q. WHAT ISSUES DID DEC IDENTIFY IN ITS SUPPLEMENTAL**
5 **FILING?**

6 A. In its Supplemental Filing, DEC indicated that a project that
7 terminated its Tranche 2 PPA was responsible for liquidated
8 damages and another proposal may also withdraw. The Public Staff
9 does not recommend that DEC refile because both matters should
10 be resolved by DEC's 2023 CPRE rider proceeding and the damages
11 should be credited back to customers within the EMF Rider at that
12 time. In addition, while not mentioned in the Supplemental Filing, on
13 May 3, 2022, the North Carolina Court of Appeals affirmed⁶ the
14 Commission's *Order Denying Motion for Return of CPRE Proposal*
15 *Security*.⁷ If this ruling stands, an additional \$1 million credit will be
16 refunded to DEC customers in DEC's 2023 CPRE rider proceeding.

17 **Q. PLEASE PROVIDE AN OVERVIEW OF DEC'S CPRE**
18 **COMPLIANCE REPORT.**

⁶ *State of North Carolina Ex Rel. Utilities Commission; Duke Energy Progress, LLC; Duke Energy Carolinas, LLC; Accion Group, LLC v. Stanly Solar, LLC*, 2022-NCCOA-286.

⁷ Filed in Docket Nos. E-2, Sub 1262 and E-7, Sub 1156, on October 20, 2020.

1 A. DEC filed its 2021 CPRE Compliance Report pursuant to
2 Commission Rule R8-71(h) and included information required for
3 calendar year 2021. The Compliance Report provides an overview
4 of activity in Tranches 1, 2, and 3. The Compliance Report also
5 provides average pricing for each of the selected proposals, avoided
6 cost thresholds, costs and authorized revenue, network upgrade
7 costs on a per-project basis, and a certification from the IA describing
8 its activities to prepare for and execute Tranche 3.

9 **Q. DOES THE COMPLIANCE REPORT PROVIDE ANY**
10 **INFORMATION ON THE STATUS OF THE 30% UTILITY-OWNED**
11 **LIMIT IN N.C. GEN. STAT. § 62-110.8(b)(4)?**

12 A. No. The Public Staff found that in Tranches 1 and 2, approximately
13 16% of capacity procured is owned by DEC, Duke Energy Progress,
14 LLC (DEP, and collectively with DEC, Duke), or Duke Energy
15 affiliates. In DEC's Supplemental Testimony, it noted that one project
16 has already terminated its Tranche 2 PPA and another facility is likely
17 to do so in the near future. If the second facility terminates its PPA,
18 Duke and Duke affiliates will own 18.3% of the total capacity
19 procured in Tranches 1 and 2.

20 **Q. DOES THE PUBLIC STAFF BELIEVE DEC'S CPRE**
21 **COMPLIANCE REPORT SATISFIES THE REQUIREMENTS OF**
22 **COMMISSION RULE R8-71(H)?**

1 A. Yes. Based upon the Public Staff's review, DEC's CPRE Compliance
2 Report provides adequate information that satisfies both the
3 requirements of Commission Rule R8-71(h) and the Commission's
4 February 21, 2018 *Order Modifying and Approving Joint CPRE*
5 *Program* in Docket Nos. E-7, Sub 1156, and E-2, Sub 1159 (CPRE
6 Order).

7 B. CPRE Rider Investigation

8 **Q. DO THE TOTAL REVENUE REQUIREMENTS DEC SEEKS TO**
9 **RECOVER IN THIS PROCEEDING EXCEED THE COST CAP**
10 **ESTABLISHED BY N.C. GEN. STAT. § 62-110.8(g)?**

11 A. No. The total revenue requirements sought for recovery in this
12 proceeding are less than 1% of DEC's total North Carolina retail
13 jurisdictional gross revenues for 2021.

14 **Q. DURING THE IMPLEMENTATION OF THE CPRE PROGRAM,**
15 **THE PUBLIC STAFF RAISED CONCERNS REGARDING**
16 **"PHANTOM UPGRADES" THAT MAY ARISE DUE TO THE WAY**
17 **THE GROUPING STUDY BASELINE WAS DEFINED. HAS THE**
18 **PUBLIC STAFF INVESTIGATED THIS MATTER?**

19 A. Yes. Approximately 24 projects (representing 1,011 MW of capacity)
20 that were included in the CPRE Tranche 2 grouping study baseline
21 have since withdrawn their interconnection requests. The withdrawn

1 projects are entirely solar facilities. However, DEC confirmed that no
2 winning CPRE project was dependent on any upgrades that were
3 assigned to the withdrawn projects, and that no additional upgrades
4 impacting winning Tranche 2 projects were triggered by the
5 withdrawal of these projects.

6 **Q. DOES THE PUBLIC STAFF HAVE ANY INFORMATION**
7 **REGARDING THE ACCURACY OF NETWORK UPGRADE**
8 **COSTS USED IN THE CPRE EVALUATION PROCESS?**

9 A. Yes. While DEC is not seeking recovery of any network upgrade
10 costs in this proceeding, the Public Staff has monitored the latest
11 network upgrade costs for CPRE winning projects to determine if
12 they are reasonably accurate relative to the initial estimates used in
13 the evaluation process. Overall, the Public Staff found that the
14 difference between network upgrade estimates used in the
15 evaluation and the most recent network upgrade costs was
16 reasonable, although some projects had significant variance. Across
17 all Tranche 1 winning projects, the total initial network upgrade cost
18 estimates used in the evaluation process was **[BEGIN**
19 **CONFIDENTIAL]** [REDACTED] **[END CONFIDENTIAL]**. The most
20 recent estimates to interconnect all winning Tranche 1 projects is
21 **[BEGIN CONFIDENTIAL]** [REDACTED]
22 [REDACTED] **[END CONFIDENTIAL]**. Across all Tranche 2 winning
23 projects, the initial network upgrade cost estimates used in the

1 evaluation process was [BEGIN CONFIDENTIAL] [REDACTED]
 2 [END CONFIDENTIAL]. The most recent estimates to interconnect
 3 all winning Tranche 2 projects is [BEGIN CONFIDENTIAL] [REDACTED]
 4 [REDACTED]
 5 [REDACTED]
 6 [REDACTED] [END
 7 CONFIDENTIAL]. The Public Staff will investigate the
 8 reasonableness and prudence of these network upgrade costs in
 9 DEC's next general rate case, at which time the Public Staff will
 10 determine if it is appropriate to seek to apply the Commission's "limit
 11 in the nature of a presumption that costs in excess of 25% of the
 12 estimated costs, are unreasonably incurred and not recoverable."⁸

13 **Q. PLEASE EXPLAIN THE STATUS OF TRANCHE 3.**

14 A. On December 3, 2021, DEC filed its Petition for Determination of
 15 Final CPRE Program Procurement Amount in Docket Nos. E-2, Sub
 16 1159 and E-7, Sub 1156. Based on the total Transition MW of 4,378,
 17 DEC requested a Tranche 3 target of 596 MW, to be procured in
 18 DEC only. On December 20, 2021, the Commission issued its *Order*
 19 *Determining Adjusted CPRE Program Procurement Target,*
 20 *Requiring Tranche 3 CPRE Program Procurement Solicitation,*

⁸ See the Commission's Order Modifying and Accepting CPRE Program Plan, filed in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156, at 18, on July 2, 2019.

1 *Approving Resource Solicitation Cluster, and Requiring Responses*
2 *to Commission Questions Regarding Pro Forma PPA* authorizing
3 Tranche 3. Tranche 3 opened on January 5, 2022, and the RFP
4 window closed on February 3, 2022. Tranche 3 proposals are
5 currently in Step 1 of the evaluation process.⁹

6 **Q. IS THE PUBLIC STAFF AWARE OF ANY ISSUES WITH**
7 **TRANCHE 3 PROJECTS?**

8 A. Yes. The Public Staff has been in communication with the IA
9 regarding the status of Tranche 3. While the bid evaluation process
10 is proceeding as expected, the Public Staff is closely following the
11 procurement process for Tranche 3. The total capacity of projects
12 bidding into Tranche 3 was 520.79 MW, short of the 596 MW target
13 procurement. As of April 5, 2022, the Public Staff was informed that
14 several projects had withdrawn from Tranche 3, bringing the total
15 capacity being evaluated to 446 MW. In addition, the Public Staff has
16 been made aware of issues advancing projects to Step 2 of the
17 evaluation process. MPs have requested to extend the deadline for
18 submission of Step 2 Proposal Security to April 29, 2022, largely due
19 to market uncertainty and rising prices. Duke, the IA, and MPs are

⁹ Due to the recent integration of CPRE with queue reform of the North Carolina Interconnection Procedures, Step 2 of the evaluation process will be carried out in the ongoing Resource Solicitation Cluster (RSC) study. This study is pending the results of the Transitional Cluster Study (TCS) Phase 2 study, which may include a power flow restudy that will form the basis for the RSC.

1 working together to provide a revised Step 2 collateral requirement,
2 with Duke recently agreeing to extend the date to May 6, 2022.

3 **Q. DOES THE PUBLIC STAFF EXPECT THE TOTAL CPRE**
4 **CAPACITY PROCURED TO MEET THE TARGET?**

5 A. No. The final CPRE target, after adjustment for the Transition MW,
6 is 1,781 MW. To date, Tranches 1 and 2 of the CPRE procured
7 approximately 1,185 MW. The withdrawal of one (and potentially a
8 second) project from Tranche 2, as identified in DEC's Supplemental
9 Filing, will reduce that figure to **[BEGIN CONFIDENTIAL]** [REDACTED]
10 **[END CONFIDENTIAL]**. Even if all 446 MW currently in Tranche 3
11 were to go on to sign PPAs, the final procured capacity would still fall
12 short of the target by approximately **[BEGIN CONFIDENTIAL]** [REDACTED]
13 [REDACTED] **[END CONFIDENTIAL]**. Given its experience with prior
14 tranches, the Public Staff considers it unlikely that all projects
15 currently in Tranche 3 will sign a PPA and achieve commercial
16 operation under a CPRE PPA.

17 **Q. HOW SHOULD THE ANTICIPATED CPRE SHORTFALL BE**
18 **RESOLVED?**

19 A. At this time, it is unclear how this shortfall can be resolved. While HB
20 589 included a provision that allowed the offering of a new renewable
21 energy resources competitive procurement after the termination of

1 the initial 45 month procurement period,¹⁰ this provision was
2 repealed with the passage of HB 951. HB 951 provided for the
3 procurement of solar resources in 2022 if the Commission finds that
4 such solar energy facilities will be needed in accordance with the
5 carbon reduction goals laid out in HB 951; however, the 2022 Solar
6 RFP is currently under review by the Commission¹¹ and is
7 fundamentally different from the CPRE in many ways, not least of
8 which is the lack of an avoided cost cap required for CPRE in
9 N.C.G.S. § 62-110.8(b)(2).

10 Duke filed its Carbon Plan on May 16, 2022.¹² The Public Staff, at
11 this time, has not reviewed the details of the Carbon Plan but through
12 stakeholder meetings and conversations with Duke, the Public Staff
13 understands that the Carbon Plan will include mandated solar
14 resources that are “forced in” to Duke’s planning model, which should
15 then economically select additional solar as needed to meet HB
16 951’s carbon reduction goals. These mandated solar resources
17 include those required by statute, and would therefore include the
18 target CPRE capacity. Because Duke’s assumptions regarding the
19 amount of mandated solar to be included in the Carbon Plan may not

¹⁰ N.C.G.S. § 62-110.8(a).

¹¹ See Docket Nos. E-2, Sub 1297 and E-7, Sub 1268.

¹² Docket No. E-100, Sub 179.

1 reflect underprocurement in Tranches 2 and 3, the CPRE shortfall
2 might be reflected in Duke's Carbon Plan, with Duke forcing 1,781
3 MW of CPRE capacity into the model, while actually procuring less
4 capacity due to projects withdrawing from Tranche 2, and DEC
5 missing the procurement target in Tranche 3. This may reduce the
6 amount of economically selected solar, which may in turn reduce the
7 amount of solar to be procured in the 2022 Solar RFP.

8 Theoretically, the CPRE capacity shortfall would be compensated for
9 in future Carbon Plan filings by reducing the amount of mandated
10 solar. The Carbon Plan would then presumably select additional
11 economic solar to replace the CPRE shortfall, as it is assumed that
12 the total solar required to meet the carbon reduction goals is a sum
13 of the mandated solar and the economically selected solar.¹³
14 However, Duke has indicated that it will impose limits on the amount
15 of solar that can be interconnected annually. If the Carbon Plan
16 economically selects solar up to that limit in each year through 2030,
17 the model will be unable to make up for the CPRE shortfall due to
18 these constraints.

¹³ The total amount of solar needed to meet the carbon reduction goals is assumed to be constant. Therefore, if the mandated solar is reduced, the amount of economically selected solar would increase.

1 In addition, as noted previously, the CPRE is different from the
2 ongoing 2022 Solar RFP because CPRE was capped at the avoided
3 cost rate while the 2022 Solar RFP is not. This may result in third-
4 party solar procured through an annual solar RFP entering into a
5 PPA at a higher cost than the CPRE shortfall it is replacing, should
6 those bids come in above the administratively determined avoided
7 cost. However, this result may be unavoidable. The Public Staff is
8 aware of increasing price pressures on solar developers, and also
9 notes that the CPRE Tranche 3 avoided cost cap is based on
10 avoided cost inputs and methodology approved in Docket No. E-100,
11 Sub 167. This avoided cost filing likely did not anticipate the increase
12 in natural gas prices or other costs, and therefore there is a
13 disconnect between the administratively determined avoided cost
14 cap and the escalating costs faced by solar developers.

15 C. Public Staff Recommendations

16 **Q. WHAT ARE YOUR RECOMMENDATIONS TO THE COMMISSION**
17 **REGARDING DEC'S APPLICATION?**

18 A. The Public Staff recommends that the Commission accept the rates
19 as filed in DEC's March 1, 2022 application. The Public Staff also
20 asks that Duke provide suggestions in its rebuttal testimony on how
21 the CPRE shortfall should be resolved.

1 **Q. WHAT RATES HAS DEC REQUESTED FOR ITS EMF AND CPRE**
 2 **RIDER?**

3 A. In its Supplemental Testimony, DEC requested the following charges
 4 (excluding regulatory fee). The EMF Rate includes an interest
 5 component. The Public Staff recommends these rates be approved.

DEC's Rider Request – Supplemental Filing Filed on May 3, 2022 (cents per kWh)			
Customer Class	EMF Rate	CPRE Rider Rate	Total CPRE Rate
Residential	(0.0044)	0.0412	0.0368
General Service	(0.0047)	0.0395	0.0348
Industrial	(0.0045)	0.0384	0.0339

6 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

7 A. Yes, it does.

APPENDIX A

QUALIFICATIONS AND EXPERIENCE

JEFF T. THOMAS, P.E.

I graduated from the University of Illinois Champaign-Urbana in 2009, earning a Bachelor of Science in General Engineering. From 2009 to 2015, I worked in various operations management roles for General Electric, United Technologies Corporation, and Danaher Corporation. I left manufacturing in 2015 to attend North Carolina State University, earning a Master of Science degree in Environmental Engineering. At NC State, I performed cost-benefit analysis evaluating smart grid components, such as solid-state transformers and grid edge devices, at the Future Renewable Energy Electricity Delivery and Management Systems Engineering Research Center. My master's thesis focused on electric power system modeling, capacity expansion planning, linear optimization, and the effect of various state and national energy policies on North Carolina's generation portfolio and electricity costs. After obtaining my degree, I joined the Public Staff in November 2017. In my current role, I have filed testimony in avoided cost proceedings, general rate cases, and CPCN applications, and have been involved in the implementation of HB 589 programs, utility cost recovery, renewable energy program management, customer complaints, and other aspects of utility regulation. I received my Professional Engineering license in April 2020 after passing the Principles and Practice of Engineering exam in Electrical and Computer Engineering: Power.

1 MR. JOSEY: The witnesses do not have
2 summaries. And as the parties have previously
3 agreed to waive cross examination, these witness are
4 now available for Commission questions.

5 COMMISSIONER DUFFLEY: Any Commissioner
6 questions?

7 EXAMINATION BY COMMISSIONER CLODFELTER:

8 Q Ms. Feasel, I have a question for you. It
9 relates to your Supplemental Exhibit 1. Can
10 you bring that up in front of you?

11 A Okay.

12 Q Do you have that?

13 A Yes.

14 Q I'm going to try to ask the question in a way
15 that doesn't elicit any confidential response.
16 So, let's see if we can do that. And if I
17 don't succeed, I'm sure somebody will be on
18 their feet about it.

19 So, you -- on Supplemental
20 Exhibit 1, I understand line item 1, I
21 understand line item 2, and I understand line
22 item 3. My question relates to line item
23 number 4. Do you have that?

24 A Yes, I have them.

1 Q And I'll tell you what I'm trying to find out,
2 is why line item 4 is broken out and shown
3 separately from line item number 1. To ask the
4 question a different way is, does the Public
5 Staff believe that there is some contractual
6 basis or some basis in law why the
7 recoverability in this rider of line item 4 is
8 different from the recoverability of everything
9 that's included in line item number 1? Are you
10 showing line 4 just for illustrative purposes
11 or do you believe there's some difference for
12 purposes of this rider for number 4 and number
13 1?

14 A I separate line number 4 because from the
15 Company's response, yes for item 7, they
16 separate out the expenses for web design,
17 housing and support. I personally do not know
18 that there is any legal reason why they
19 separate it out. I don't know what I --

20 Q You were just following the method in which the
21 Company had laid out in the data in its own
22 presentation?

23 A That's correct.

24 Q That's an answer -- that's the answer to my

1 question. Thank you very much.

2 A Thank you.

3 COMMISSIONER DUFFLEY: Any other
4 questions? Chair Mitchell?

5 EXAMINATION BY CHAIR MITCHELL:

6 Q Mr. Thomas, you heard my questions to the Duke
7 panel about filling a shortfall, sort of a
8 procurement shortfall from CPRE with other
9 solar. What about the avoided cost cap? How
10 do you do that?

11 A Well, I didn't hear those questions to the
12 other witnesses. And I do -- it is a
13 challenge. It will be a challenge. And we
14 look forward to working with Duke in advance of
15 the September 1st CPRE Program plan filing to
16 try to work out those details. But don't have
17 any -- we have a plan to make a plan at this
18 point and no set strategy.

19 Q Okay. Thank you, Mr. Thomas.

20 COMMISSIONER DUFFLEY: Any other
21 questions?

22 (No response)

23 We have some Commission staff questions as
24 well.

1 EXAMINATION BY COMMISSIONER DUFFLEY:

2 Q So, going back to the IA cost overruns. I'm
3 not sure if you heard the questions to the DEC
4 witnesses, but when Public Staff was looking at
5 those costs, can you just explain a little more
6 of your analysis finding those costs as
7 reasonable for recovery? And do you within
8 Public Staff have an industry standard or
9 benchmark for that finding of reasonableness?

10 A (Ms. Feasel) Is that a question for -- okay. I
11 can answer part of the question. So, for the
12 part of the IA fees that is related to the
13 Orion dispute, we reviewed the invoices that
14 were provided by the Company, and we determined
15 that these invoices were the legal fees
16 incurred to prepare for and attending the
17 hearing -- the hearings, as well as the
18 post-hearing briefs, and review of the orders
19 related to the Orion dispute issue. So, per
20 the advice from the Public Staff Legal counsel,
21 we believe that reasonable legal fees incurred
22 that is related to the IA fees that represent
23 legal representation is recoverable expenses.
24 As for the other type of expenses, I have to

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1 defer the questions to Mr. Thomas.

2 A (Mr. Thomas) And I can add a little bit to
3 that. You know, the Energy Division has been
4 relatively closely involved with the CPRE
5 Tranche 3 and the whole process. So, we do
6 have somewhat of an understanding of how much
7 time the IA has been spending, working on
8 certain aspects of Tranche 3 developing the RFP
9 and the stakeholder meetings that have been
10 held. So, we do assist Accounting Division in
11 reviewing some of those invoices to a certain
12 extent, particularly since they've been sent to
13 the Public Staff generally, I believe monthly.

14 Q Thank you. And moving on to -- Witness Tabor's
15 rebuttal talked about economic solar versus
16 mandated solar. And in her rebuttal testimony
17 she defined mandated solar and economic solar,
18 and I just want to make sure that the Public
19 Staff is in agreement with these definitions.
20 If you could explain to me, Mr. Thomas, what
21 your view of mandated solar versus economic
22 solar, what the definitions of each?

23 A Yeah, I would say I generally agree with
24 Witness Tabor's characterization. Mandated

1 solar is that solar which is forced into the
2 model, the capacity expansion model used in
3 Integrated Resource Plans and the Carbon Plan,
4 and that generally reflects statutory figure
5 such as Green Source Advantage and the CPRE
6 Program. And as Witness Tabor stated, the
7 entire quantity of CPRE Tranche 3, all 596
8 megawatts was at the time of the Carbon Plan
9 modeling forced in as mandated solar.

10 And then economically-selected
11 solar would be that solar which the model
12 selects to meet carbon reduction goals and
13 least cost mandate of the capacity expansion.
14 So, generally I agree with Witness Tabor.

15 COMMISSIONER DUFFLEY: Thank you. Does
16 anyone have anymore questions?

17 COMMISSIONER CLODFELTER: Follow up.

18 COMMISSIONER DUFFLEY: Commissioner
19 Clodfelter?

20 COMMISSIONER CLODFELTER: I would like to
21 follow up on one of Commissioner Duffley's
22 questions.

23 FURTHER EXAMINATION BY COMMISSIONER CLODFELTER:

24 Q Ms. Feasel, with respect to the Orion expenses,

1 the IA's expenses related to the Orion dispute,
2 thank you for your answer. The Public Staff
3 did not object to the recovery of those
4 expenses, correct?

5 A That's correct.

6 Q Would I be safe in assuming that the Public
7 Staff made inquiry into whether or not Duke
8 might have any contractual basis for refusing
9 to pay those fees to Orion? Did the Public
10 Staff consider that question?

11 A Not quite aware of that.

12 Q But at least as far as your investigation did
13 go you did not conclude that there was any
14 basis on which Duke could refuse to pay those
15 fees?

16 A All we -- just for me, I just reviewed the
17 invoices to check the accuracy for the fees.

18 Q Okay. Thank you. Mr. Thomas, anything to add
19 on that question?

20 A No, I don't believe so.

21 COMMISSIONER CLODFELTER: Thank you.
22 That's all.

23 COMMISSIONER DUFFLEY: Questions on
24 Commission questions?

1 MS. TOON: No questions.

2 COMMISSIONER DUFFLEY: Thank you both for
3 your testimony. You may step down.

4 Are there any other matters?

5 (Pause).

6 Hearing none. Proposed orders, 30 days
7 from the transcript. Anything else?

8 MS. TOON: Understood. Nothing else.
9 Thank you.

10 COMMISSIONER DUFFLEY: Thank you. We are
11 adjourned.

12 (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

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