



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

February 5, 2021

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

Re: Docket Nos. E-2, Sub 1131 Petition of DEP, LLC for an Account Order to Defer Incremental Storm Damage Expenses Incurred in 2016; E-2, Sub 1103 – Notification of Establishment of Regulatory Assets Associated with AROs; E-2, Sub 1142 - Application of Duke Energy Progress, LLC for Adjustment of Rates and Charges Applicable to Electric Service in North Carolina; E-2, Sub 1153 - Petition of Duke Energy Progress, LLC for an Order Approving a Job Retention Rider

Dear Ms. Campbell:

In connection with the above-referenced dockets, I transmit herewith for filing on behalf of the Public Staff the testimony of Michael C. Maness, Director, Accounting Division.

By copy of this letter, we are forwarding copies to all parties of record.

Sincerely,

/s/ Lucy E. Edmondson
Staff Attorney
lucy.edmondson@psncuc.nc.gov

LEE/cla

Attachment

Executive Director
(919) 733-2435

Accounting
(919) 733-4279

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Economic Research
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(919) 733-5610

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1131
DOCKET NO. E-2, SUB 1142
DOCKET NO. E-2, SUB 1103
DOCKET NO. E-2, SUB 1153

In the Matter of:

DOCKET NO. E-2, SUB 1131

Application of Duke Energy Progress, LLC for an Accounting Order to Defer Incremental Storm Damage Expenses

DOCKET NO. E-2, SUB 1142

Application of Duke Energy Progress, LLC For Adjustment of Rates and Charges Applicable to Electric Utility Service in North Carolina

DOCKET NO. E-2, SUB 1103

Joint Application by Duke Energy
Progress, LLC and Duke Energy
Carolinas, LLC , for
Accounting Order to Defer
Environmental
Compliance Costs

DOCKET NO. E-2, SUB 1153

Petition of Duke Energy Progress, LLC
for an Order Approving a Job Retention
Rider

TESTIMONY
SUPPORTING COAL
COMBUSTION
RESIDUALS
SETTLEMENT
AGREEMENT OF
MICHAEL C. MANESS
PUBLIC STAFF – NORTH
CAROLINA UTILITIES
COMMISSION

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUBS 1131, 1142, 1103, and 1153

Testimony Supporting Coal Combustion Residuals Settlement

Agreement of Michael C. Maness

On Behalf of the Public Staff

North Carolina Utilities Commission

February 5, 2021

1 **Q PLEASE STATE FOR THE RECORD YOUR NAME, ADDRESS,**
2 **AND PRESENT POSITION.**

3 A. My name is Michael C. Maness. My business address is 430 North
4 Salisbury Street, Raleigh, North Carolina. I am the Director of the
5 Public Staff – Accounting Division.

6 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS CASE?**

7 A. Yes. I filed Direct Testimony and Exhibits on September 22, 2017,
8 and Settlement Supporting testimony and Exhibits on November 22,
9 2017.

10 **Q. MR. MANESS, WHAT IS THE PURPOSE OF YOUR TESTIMONY**
11 **FILED TODAY?**

12 A. The purpose of my testimony is to support the Coal Combustion
13 Residuals Settlement Agreement (CCR Settlement Agreement)

1 entered into by the North Carolina Office of the Attorney General, the
2 Sierra Club, Duke Energy Carolinas, LLC (DEC), Duke Energy
3 Progress, LLC (DEP), and the Public Staff that was filed with the
4 Commission on January 25, 2021.

5 **Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF THE CCR**
6 **SETTLEMENT AGREEMENT.**

7 A. The CCR Settlement Agreement seeks to comprehensively resolve
8 issues involving the costs DEC and DEP may recover in connection
9 with their management, handling, and remediation of CCR (CCR
10 Costs) and the financing costs incurred while those costs were
11 deferred and as they are recovered (Financing Costs) from January
12 1, 2015, through January 31, 2030, for DEC and February 28, 2030,
13 for DEP. It would resolve: (1) issues pending before the Commission
14 in this and DEC's 2017 general rate case, Docket No. E-7, Sub 1146
15 (2017 rate cases), which were recently remanded to the Commission
16 by the North Carolina Supreme Court in *State ex rel. Utils. Comm'n*
17 *v. Stein* ("Stein"), Nos. 271A18 and 401A18, 2020 WL 7294770 (N.C.
18 Dec. 11, 2020); as well as (2) issues in DEC's pending 2019 general
19 rate case, Docket No. E-7, Sub 1214, and in DEP's pending 2019
20 general rate case, Docket No. E-2, Sub 1219. The CCR Settlement
21 Agreement also addresses the treatment of CCR Costs incurred by
22 DEC from February 1, 2020, through January 31, 2030, and by DEP
23 from March 1, 2020, through February 28, 2030, along with

1 associated Financing Costs. The Agreement also addresses how
2 any proceeds received from insurance litigation related to CCR costs
3 would be shared by ratepayers, DEC, and DEP.

4 **Q. WHAT BENEFITS DOES THE CCR SETTLEMENT AGREEMENT**
5 **PROVIDE FOR RATEPAYERS?**

6 A. From the perspective of the Public Staff, among the most important
7 benefits provided by the CCR Settlement Agreement are:

8 (1) the agreement of DEC and DEP to forego recovery of CCR Costs
9 and associated Financing Costs in excess of \$900 million (combined
10 DEC and DEP), on a present value basis, over the period from
11 January 1, 2015, through January 31, 2030 (DEC), and February 28,
12 2030 (DEP), resulting in a significant reduction in the proposed
13 revenue increase in this case;

14 (2) the agreement to allocate any proceeds of CCR insurance
15 litigation;

16 (3) and the avoidance of protracted litigation over CCR and
17 Financing Costs into 2030 among the parties to the Agreement and
18 possibly the appellate courts.

19 Based on these ratepayer benefits, the Public Staff believes the CCR
20 Settlement Agreement is in the public interest and should be
21 approved.

1 **Q. DOES THIS COMPLETE YOUR TESTIMONY?**

2 A. Yes, it does.