

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1173

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Duke Energy Progress, LLC,)
Pursuant to G.S. 62-133.2 and Commission)
Rule R8-55 Relating to Fuel and Fuel-Related)
Cost Adjustments for Electric Utilities)
AFFIDAVIT
OF
JENNY X. LI

STATE OF NORTH CAROLINA

COUNTY OF WAKE

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

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

The purpose of my affidavit is to present the results of the Public Staff's investigation of the Experience Modification Factor (EMF) rates proposed by Duke Energy Progress, LLC (DEP or the Company) in this proceeding. The EMF rates are utilized to "true-up," by customer class, the recovery of fuel and fuel-related costs incurred during the test year. DEP's test year in this fuel proceeding is the twelve months ended March 31, 2018.

In its application filed on June 20, 2018, DEP proposed EMF increment rates (excluding the North Carolina regulatory fee) for each North Carolina retail customer class, as shown in the table below:

DEP Proposed – EMF Rates (¢ per kWh)

Rate Class	EMF
Residential	0.575 ¢ per kWh
Small General Service	0.363 ¢ per kWh
Medium General Service	0.343 ¢ per kWh
Large General Service	1.038 ¢ per kWh
Lighting	0.885 ¢ per kWh

The EMF rates are based on DEP's calculated and reported North Carolina retail fuel and fuel-related cost underrecovery of \$182.5 million for the current test period, and the previously deferred underrecovery of \$41.9 million, from the prior year fuel filing in Docket No. E-2, Sub 1146, for a total underrecovery amount of \$224.3 million. This results in underrecoveries of \$89,796,902 for the residential class, \$6,865,500 for the small general service class, \$37,833,573 for the medium general service class, \$86,641,717 for the large general service class, and \$3,196,403 for the lighting class, for the twelve months ended March 31, 2018. The rates were calculated by dividing these fuel and fuel-related cost underrecoveries by DEP's normalized test year North Carolina retail sales of 15,621,843 MWh for the residential class, 1,891,451 MWh for the small general service class, 11,038,646 MWh for the medium general service class, 8,346,128 MWh for the large general service class, and 361,235 MWh for the lighting class.

In addition, the Company proposed a Fuel EMF Deficiency Rider (excluding the North Carolina regulatory fee) to recover a revenue deficiency related to a fuel EMF that expired and was removed from billed rates on November 30, 2017, but was inadvertently included in the calculation of compliance rates filed in Docket No. E-2, Sub 1142, effective March 16, 2018. The Fuel EMF Deficiency Rider will recover the undercollection (without interest) for the time period March 16, 2018 through May 30, 2018. This rider will remain in effect for a twelve-month period expiring on November 30, 2019. The proposed rates are set forth in the table below:

DEP Proposed - Fuel EMF Deficiency Rider (¢ per kWh)

Rate Class	Rate Adjustment Factor
Residential	0.022 ¢ per kWh
Small General Service	0.052 ¢ per kWh
Medium General Service	0.068 ¢ per kWh
Large General Service	0.002 ¢ per kWh
Lighting	(0.046) ¢ per kWh

The Public Staff's investigation of the EMF rates included procedures intended to evaluate whether the Company properly determined its per books fuel and fuel-related costs and revenues during the test period. These procedures included a review of the Company's filing, prior Commission orders, the Monthly Fuel Reports filed by the Company with the Commission, and other Company data provided to the Public Staff. Additionally, they included review of certain specific

types of expenditures impacting the Company's test year fuel and fuel-related costs, including renewable energy and Session Law 2017-192 (HB 589) PURPA purchases, as well as reviews of source documentation of fuel and fuel-related costs for certain selected Company generation resources. Performing the Public Staff's investigation required the review of numerous responses to written and verbal data requests, as well as a site visit to the Company's offices and several telephone conferences with Company representatives.

As a result of the Public Staff's investigation, I am recommending that DEP's EMF increment rates for each customer class be based on net fuel and fuel-related cost underrecoveries of \$89,796,902 for the residential class, \$6,865,500 for the small general service class, \$37,833,573 for the medium general service class, \$86,641,717 for the large general service class, and \$3,196,403 for the lighting class, and normalized North Carolina retail sales of 15,621,843 megawatt-hours (MWh) for the residential class; 1,891,451 MWh for the small general service class, 11,038,646 MWh for the medium general service class, 8,346,128 MWh for the large general service class, and 361,235 MWh for the lighting class. These amounts produce the EMF increment rates for each North Carolina retail customer class (excluding the North Carolina regulatory fee) set forth in the table below:

Public Staff Recommended – EMF Rates (¢ per kWh)

Rate Class	EMF
Residential	0.575 ¢ per kWh
Small General Service	0.363 ¢ per kWh
Medium General Service	0.343 ¢ per kWh
Large General Service	1.038 ¢ per kWh
Lighting	0.885 ¢ per kWh

I am also recommending that DEP's Fuel EMF Deficiency Rider for each North Carolina retail customer class (excluding the North Carolina regulatory fee) set forth in the table below be approved to recover the undercollection (without interest) incurred for the time period March 16, 2018 through May 30, 2018. This rider will remain in effect for a twelve-month period expiring on November 30, 2019.

Public Staff Recommended– Fuel EMF Deficiency Rider (¢ per kWh)

Rate Class	Rate Adjustment Factor
Residential	0.022 ¢ per kWh
Small General Service	0.052 ¢ per kWh
Medium General Service	0.068 ¢ per kWh
Large General Service	0.002 ¢ per kWh
Lighting	(0.046) ¢ per kWh

I have provided these amounts to Public Staff witness Dustin R. Metz for incorporation into his recommended final fuel factor.

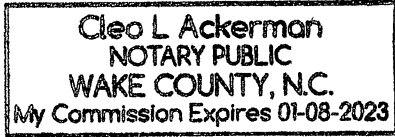
This completes my affidavit.

Jenny Li
Jenny X. Li

Sworn to and subscribed before me,

This the 29th day of August, 2018.

Cleo L. Ackerman
Notary Public
Cleo L. Ackerman



My Commission Expires: 01-08-2023

Jenny X. Li

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

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

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

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