

STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

DOCKET NO. E-7, SUB 1283

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of )

)  
Application of Duke Energy Carolinas, LLC )  
for Approval of Renewable Energy and )  
Energy Efficiency Portfolio Standard (REPS) )  
Compliance Report and Cost Recovery Rider )  
Pursuant to N.C. Gen. Stat. § 62-133.8 and )  
Commission Rule R8-67 )

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**DIRECT TESTIMONY OF  
VERONICA I. WILLIAMS  
FOR DUKE ENERGY  
CAROLINAS, LLC**

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

2     A.     My name is Veronica I. Williams, and my business address is 526 South  
3             Church Street, Charlotte, North Carolina.

4     **Q.     PLEASE STATE YOUR POSITION WITH DUKE ENERGY AND**  
5             **DESCRIBE YOUR CURRENT RESPONSIBILITIES.**

6     A.     In my capacity as Rates and Regulatory Strategy Manager, I am responsible  
7             for providing regulatory support related to retail and wholesale rates,  
8             providing guidance on Renewable Energy and Energy Efficiency Portfolio  
9             Standard (“REPS”) compliance and cost recovery for Duke Energy  
10            Carolinas, LLC (“Duke Energy Carolinas,” “DEC,” or the “Company”) and  
11            Duke Energy Progress, LLC (“Duke Energy Progress” or “DEP”), and  
12            preparing and filing testimony and exhibits in annual DEC and DEP REPS  
13            rider proceedings.

14    **Q.     PLEASE BRIEFLY SUMMARIZE YOUR EDUCATIONAL**  
15             **BACKGROUND, BUSINESS BACKGROUND AND**  
16             **PROFESSIONAL AFFILIATIONS.**

17    A.     I received a Bachelor of Science degree in Business from the University of  
18             North Carolina at Charlotte. I am a certified public accountant licensed in  
19             the state of North Carolina. I began my career with Duke Power Company  
20             (now known as Duke Energy Carolinas) as an internal auditor and  
21             subsequently worked in various departments in the finance organization. I  
22             joined the Rates Department in 2001.

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

3    A.    Yes. I most recently provided testimony in Docket No. E-2, Sub 1293  
4           regarding Duke Energy Progress' 2021 REPS compliance report and  
5           application for approval of its REPS cost recovery rider, and in Docket No.  
6           E-7, Sub 1264 regarding Duke Energy Carolinas' 2021 REPS compliance  
7           report and application for approval of its REPS cost recovery rider.

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

9    A.    The purpose of my testimony is to describe the calculation of and present  
10          the support for the REPS rider proposed by Duke Energy Carolinas under  
11          N.C. Gen. Stat. ("G.S.") § 62-133.8 and to present the information and data  
12          required by Commission Rule R8-67 as set forth in Williams Exhibit Nos.  
13          1 through 4. The test period used in supplying this information and data is  
14          the twelve months beginning on January 1, 2022 and ending on December  
15          31, 2022 ("Test Period" or "EMF Period"), and the billing period for the  
16          REPS rider requested in the Company's application is the twelve months  
17          beginning on September 1, 2023 and ending on August 31, 2024 ("Billing  
18          Period").

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

20   A.    Williams Confidential Exhibit No. 1 ("Williams Exhibit No. 1") identifies  
21          the total REPS compliance costs for which the Company seeks recovery  
22          from Duke Energy Carolinas' North Carolina Retail ("NC Retail")  
23          customers and from the Company's wholesale customers that receive REPS

1 compliance services from the Company (“Wholesale”). Williams Exhibit  
2 No. 2 shows the allocation of the total REPS compliance costs, identified in  
3 Williams Exhibit No. 1, to the Company’s NC Retail customers for the Test  
4 Period. Williams Exhibit No. 3 shows the allocation of the total expected  
5 REPS compliance costs, identified on Williams Exhibit No. 1, to the  
6 Company’s NC Retail customers for the Billing Period. Williams Exhibit  
7 No. 4 shows the total REPS rider amounts proposed, including the REPS  
8 Experience Modification Factor (“EMF”), by customer class, compared to  
9 the cost cap for each customer class. Williams Exhibit No. 5 is the tariff  
10 sheet for the proposed REPS Rider. Williams Exhibit No. 6 is a worksheet  
11 detailing the Company’s energy efficiency certificate (“EEC”) inventory  
12 balance as of December 31, 2022.

13 **Q. WERE THESE EXHIBITS PREPARED BY YOU OR AT YOUR**  
14 **DIRECTION AND UNDER YOUR SUPERVISION?**

15 A. Yes.

16 **Q. WHAT COSTS ARE INCLUDED IN DUKE ENERGY CAROLINAS’**  
17 **PROPOSED REPS RIDER?**

18 A. The proposed REPS rider intends to recover Duke Energy Carolinas’  
19 incremental costs of compliance with the renewable energy requirements  
20 pursuant to G.S. § 62-133.8. The costs incurred by the Company to comply  
21 with its REPS compliance requirements are described comprehensively in  
22 the testimony of Company witness Presson, and detailed in Presson  
23 Confidential Exhibit Nos. 2 and 3, filed in this docket. The costs incurred

1 during the Test Period are presented in this filing to demonstrate their  
2 reasonableness and prudence as provided in North Carolina Utilities  
3 Commission (“Commission”) Rule R8-67(e).

4 The rider includes the REPS EMF component to recover the  
5 difference between the compliance costs incurred and revenues realized  
6 during the Test Period. In addition to an EMF component, the proposed  
7 rider includes a component to recover the costs expected to be incurred for  
8 the Billing Period.

9 **Q. PLEASE DESCRIBE THE METHOD DUKE ENERGY CAROLINAS**  
10 **USED TO CALCULATE THE INCREMENTAL COSTS OF**  
11 **COMPLIANCE WITH THE REPS REQUIREMENTS.**

12 A. Company witness Presson describes the costs Duke Energy Carolinas  
13 incurred during the Test Period and the costs the Company projects to incur  
14 during the Billing Period to comply with its REPS requirements. G.S. § 62-  
15 133.8(h)(1) provides that “incremental costs” means “all reasonable and  
16 prudent costs incurred by an electric power supplier” to comply with the  
17 REPS requirements “that are in excess of the electric power supplier’s  
18 avoided costs other than those costs recovered pursuant to G.S. § 62-133.9.”

19 For purchased power agreements with a renewable energy facility,  
20 the Company subtracted its avoided cost from the total cost associated with  
21 the renewable energy purchase to arrive at the incremental cost for the  
22 renewable energy purchase during the period in question. Consistent with  
23 Rule R8-67(e)(2), which provides that the cost of an unbundled renewable

1 energy certificate (“REC”) “is an incremental cost and has no avoided cost  
2 component,” the total costs incurred during the Test Period for REC  
3 purchases are included in incremental costs. Further, the projected costs for  
4 REC purchases during the Billing Period are included as incremental costs.

5 With respect to the Company’s utility-owned solar generating  
6 facilities, an annual revenue requirement, including capital and operations  
7 and maintenance costs, was calculated for each facility for the period  
8 covering the expected service life of the project. The present value of the  
9 total facility revenue requirement was levelized over the asset life to  
10 produce a levelized annual revenue requirement that was compared to  
11 avoided cost to determine annual incremental cost subject to cost recovery  
12 through the REPS rider. For biogas purchases used to generate renewable  
13 energy at the Company’s generating stations, the incremental cost is  
14 calculated by subtracting the applicable avoided cost from the total biogas  
15 cost associated with the MWhs generated. Similar calculations are made to  
16 estimate the incremental biogas costs for the prospective Billing Period.

17 As described by Company witness Presson in her direct testimony  
18 filed in this docket, the REPS EMF and Billing Period components of the  
19 proposed REPS rider also include compliance-related incremental  
20 administration costs, labor costs, and costs related to research incurred  
21 during the 2022 EMF Period and estimated to be incurred during the Billing  
22 Period, respectively. Net incremental administration costs for the EMF  
23 Period include a credit (cost reduction) for proceeds from the poultry waste

1 REC sales described in witness Presson's testimony. An additional  
2 component of the total REC sales proceeds (detailed in Presson Confidential  
3 Exhibit No. 4) is an amount charged to the REC purchasers to mitigate the  
4 interest the Company pays in the event the Company is over-collected for  
5 the EMF Period, as REC sales proceeds contribute to any total over-  
6 collection. The Company retained the amount required to offset interest  
7 incurred on the current EMF Period over-collection, and credited the  
8 remainder of the proceeds for this component to customers in the rider  
9 calculations on Williams Exhibit No. 4. Finally, as explained by witness  
10 Presson in her testimony, amounts reflecting the amortization of Solar  
11 Rebate Program costs incurred pursuant to G.S. § 62-155(f) applicable to the  
12 EMF and Billing Periods are included for recovery in the proposed REPS rider.

13 **Q. PLEASE EXPLAIN FURTHER THE CALCULATION OF**  
14 **INCREMENTAL COST RELATED TO THE COMPANY'S SOLAR**  
15 **GENERATING FACILITIES PROPOSED FOR RECOVERY IN ITS**  
16 **REPS RIDER.**

17 A. The revenue requirements for recovery of capital and operating costs for the  
18 Duke Energy North Carolina Solar Photovoltaic Distributed Generation  
19 Program ("Duke Energy PV DG Program" or "Solar PVDG Program") are  
20 levelized and then reduced by avoided cost to determine incremental cost.  
21 The incremental cost for which the Company seeks recovery through the  
22 REPS rider is limited, in compliance with the Commission's May 6, 2009  
23 *Order on Reconsideration* in Docket No. E-7, Sub 856 and the

1 Commission's August 23, 2011 *Order Approving REPS and REPS EMF*  
2 *Riders and 2010 REPS Compliance* in Docket No. E-7, Sub 984.

3 On May 16, 2016, the Commission issued orders approving the  
4 transfers of the certificates of public convenience and necessity to DEC for  
5 both the Company's Mocksville solar facility ("Mocksville," Docket No. E-  
6 7, Sub 1098) and the Company's Monroe solar facility ("Monroe," Docket  
7 No. E-7, Sub 1079). On June 16, 2016, the Commission issued its Order  
8 Granting Certificate of Public Convenience and Necessity ("*Woodleaf*  
9 *Order*") in Docket No. E-7, Sub 1101, approving the certificate of public  
10 convenience and necessity ("CPCN") for construction of Woodleaf.  
11 Collectively, these orders are referred to herein as the "*DEC Solar PV*  
12 *Orders*" and collectively, Mocksville, Monroe, and Woodleaf are referred  
13 to herein as the "DEC Solar PV facilities." In its *DEC Solar PV Orders*,  
14 the Commission limited cost recovery for the DEC Solar PV facilities  
15 through the Company's REPS rider to the equivalent of the standard REC  
16 offer price that DEC was offering to new renewable energy facilities at the  
17 time the purchase agreements were executed for the facilities. The current  
18 annual levelized total revenue requirement per megawatt hour ("MWh") for  
19 each facility is greater than the applicable levelized avoided cost per MWh,  
20 as was the case when each project was submitted for approval in the  
21 applicable CPCN proceeding. Accordingly, the Company limits its REPS  
22 rider cost recovery for these facilities to the percentage of annual levelized



1 total cost equivalent to the standard REC offer price as approved by the  
2 Commission in its *DEC Solar PV Orders*.

3 **Q. HOW DID DUKE ENERGY CAROLINAS DETERMINE THE**  
4 **AVOIDED COST ASSOCIATED WITH REPS COMPLIANCE**  
5 **COSTS?**

6 A. In all cases where Duke Energy Carolinas determined incremental  
7 compliance costs as the excess amount above avoided cost, the Company  
8 applied an avoided cost rate in cents per kilowatt-hour (“kWh”) to the  
9 expected kWh of renewable energy for each compliance initiative. In  
10 determining the avoided costs associated with purchased power agreements,  
11 Rule R8-67(a)(2) provides that:

12 “Avoided cost rates” mean an electric power supplier’s most  
13 recently approved or established avoided cost rates in this  
14 state, as of the date the contract is executed, for purchases of  
15 electricity from qualifying facilities pursuant to Section 210  
16 of the Public Utility Regulatory Policies Act of 1978. If the  
17 Commission has approved an avoided cost rate for the  
18 electric power supplier for the year when the contract is  
19 executed, applicable to contracts of the same nature and  
20 duration as the contract between the electric power supplier  
21 and the seller, that rate shall be used as the avoided cost.  
22 Therefore, for example, for a contract by an electric public  
23 utility with a term of 15 years, the avoided cost rate  
24 applicable to that contract would be the comparable,  
25 Commission-approved, 15-year, long-term, levelized rate in  
26 effect at the time the contract was executed. In all other  
27 cases, the avoided cost shall be a good faith estimate of the  
28 electric power supplier’s avoided cost, levelized over the  
29 duration of the contract, determined as of the date the  
30 contract is executed, taking into consideration the avoided  
31 cost rates then in effect as established by the Commission.  
32 In any event, when found by the Commission to be  
33 appropriate and in the public interest, a good faith estimate  
34 of an electric public utility’s avoided cost, levelized over the  
35 duration of the contract, determined as of the date the

1 contract is executed, may be used in a particular REPS cost  
2 recovery proceeding. Determinations of avoided costs,  
3 including estimates thereof, shall be subject to continuing  
4 Commission oversight and, if necessary, modification  
5 should circumstances so require.  
6

7 For executed purchased power agreements where the price of the  
8 REC and energy are bundled, the Company used (or will use) annualized  
9 combined capacity and energy rates approved by the Commission as shown  
10 in Appendix 2 to the Company's 2022 REPS Compliance Report filed as  
11 Presson Confidential Exhibit No. 1 in this docket. For purchased power  
12 agreements with terms that do not correspond with the durational terms for  
13 which rates were established in the avoided cost proceedings (i.e., two-,  
14 five-, ten-, or fifteen-year durations), the Company computed avoided cost  
15 rates for the particular terms of the purchased power agreements  
16 incorporating the same inputs and methodology used to calculate the  
17 approved rates. The same method applies for determining avoided cost  
18 related to biogas purchases used to generate renewable energy at the  
19 Company's generating stations. The avoided cost components of energy  
20 and REC purchased power agreements and biogas purchases, effective  
21 during the prospective billing period, were estimated in the same manner.

22 For the Duke Energy PV DG Program, the Company determined the  
23 avoided cost using a process like that described above for a purchased  
24 power agreement with a non-standard duration. The inputs and  
25 methodology used for the Schedule PP rates approved in Docket No. E-100,  
26 Sub 117 were used to determine the annualized combined capacity and

1 energy rates for a twenty-year term, corresponding to the expected life of  
2 the solar facilities. The Company calculated its avoided cost and  
3 incremental cost in a similar fashion for its DEC Solar PV facilities.

4 **Q. DOES DUKE ENERGY CAROLINAS PROVIDE SERVICES TO**  
5 **WHOLESALE CUSTOMERS TO MEET THEIR REPS**  
6 **REQUIREMENTS?**

7 A. Yes. As part of its 2022 REPS Compliance Plan, Duke Energy Carolinas  
8 continues to provide services to native load priority wholesale customers  
9 that contract with the Company for REPS compliance services, including  
10 delivery of renewable energy resources and compliance planning and  
11 reporting. These wholesale customers, including distribution cooperatives  
12 and municipalities, rely on the Company to provide this renewable energy  
13 delivery service in accordance with G.S. § 62-133.8(c)(2)e. For REPS  
14 compliance year 2022, the Company provided renewable energy resources  
15 and compliance reporting services for the following native load priority  
16 wholesale customers: Blue Ridge Electric Membership Corporation (“Blue  
17 Ridge EMC”), Rutherford Electric Membership Corporation (“Rutherford  
18 EMC”), Town of Dallas, Town of Forest City, and Town of Highlands.

19 **Q. PLEASE EXPLAIN HOW THE COMPANY ALLOCATES**  
20 **INCREMENTAL REPS COSTS BETWEEN ITS RETAIL**  
21 **CUSTOMERS AND ITS WHOLESALE CUSTOMERS RECEIVING**  
22 **THIS SERVICE.**

1     A.     The incremental cost of REPS compliance represents the cost to meet the  
2           combined total MWh requirement for native load customers, based on the  
3           sum of Duke Energy Carolinas' NC Retail sales and Wholesale NC retail  
4           sales. To properly allocate incremental costs between Duke Energy  
5           Carolinas and its Wholesale customers, the class allocation methodology is  
6           performed using a combined aggregate cost cap as shown on Williams  
7           Exhibit Nos. 2 and 3 for the EMF Period and the Billing Period,  
8           respectively. The class allocation methodology combines the number of  
9           accounts subject to a REPS charge by customer class for both DEC NC  
10          Retail accounts and Wholesale NC retail accounts. In the cases where a  
11          Wholesale customer self-supplies a portion of its annual REPS requirement  
12          (for example, using its Southeastern Power Administration allocation to  
13          partially meet the requirement as provided in G.S. § 62-133.8(c)), or where  
14          the Company meets its compliance requirement by reduced energy  
15          consumption through implementation of energy efficiency ("EE")  
16          measures, the combined total number of accounts on which the cost  
17          allocation is based is adjusted on a pro-rata basis. This adjustment  
18          recognizes that a portion of the compliance requirement is not supplied by  
19          RECs generated or acquired by Duke Energy Carolinas as part of the  
20          combined total requirements. The adjusted totals by class are multiplied by  
21          the per-account cost caps to determine the combined total cost cap dollar  
22          amounts by customer class and in total. Each customer class is allocated its  
23          share of the incremental costs based on its pro-rata share of the customer

1 cost cap dollar amounts. The cost allocated to each customer class is  
2 divided by the total adjusted number of accounts within each customer class  
3 to arrive at an annual per-account charge. The annual per-account charge  
4 for each customer class is multiplied by the Company's NC Retail adjusted  
5 number of accounts within each customer class and totaled to arrive at the  
6 incremental cost to be allocated to Duke Energy Carolinas' NC Retail  
7 customers. Costs related to the Company's Solar Rebate Program,  
8 described in Company witness Presson's direct testimony, are not related to  
9 the Company's provision of REPS compliance services to its Wholesale  
10 customers, and are allocated in total to DEC's NC Retail customers.

11 **Q. PLEASE ALSO DESCRIBE HOW DUKE ENERGY CAROLINAS**  
12 **ALLOCATES ITS EE SAVINGS AMONG ITS CUSTOMER**  
13 **CLASSES FOR REPS AND REPS EMF RIDER PURPOSES.**

14 A. Incremental costs assigned to Duke Energy Carolinas' NC Retail customers  
15 are separated into two categories: costs related to solar, poultry and swine  
16 compliance requirements, and research, other incremental and Solar Rebate  
17 Program costs ("Set-Aside and Other Incremental Costs"); and costs related  
18 to the General Requirement<sup>1</sup> ("General Incremental Costs"). This  
19 separation is based on the percentage of Set-Aside and Other Incremental  
20 Costs and General Incremental Costs calculated on Williams Exhibit No. 1.

21 Set-Aside and Other Incremental Costs are allocated among  
22 customer classes based on per-account cost caps. General Incremental

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<sup>1</sup> The Company generally refers to the "General Requirement" as its overall REPS requirement, set forth in G.S. § 62-133.8(b), net of the three set-asides.

1 Costs are allocated among customer classes in a manner that gives credit for  
2 EE RECs (for which there are no General Incremental Costs) according to  
3 the relative energy reduction contributed by each customer class. As a  
4 result, General Incremental Costs are allocated among customer classes  
5 based on each class' pro-rata share of requirements for non-EE general  
6 RECs. The calculations for allocating General Incremental Costs are  
7 updated to reflect the modifications recommended by the Public Staff, and  
8 accepted by the Commission in its August 17, 2021 *Order Approving REPS*  
9 *and REPS EMF Riders and 2020 REPS Compliance Report*, in DEC's 2021  
10 REPS rider filing in Docket No. E-7, Sub 1246. The Company notes that  
11 any deviation from allocating costs according to the statutory per-account  
12 cost cap ratios creates the potential for the resulting charges computed for  
13 one or more classes to exceed the per-account cost cap(s). If that occurs,  
14 the Company would continue to reallocate the costs in excess of the cap for  
15 the affected customer class to the other customer classes to the extent  
16 required to produce charges for all classes that do not exceed the respective  
17 caps.

18 **Q. PLEASE DESCRIBE HOW DUKE ENERGY CAROLINAS**  
19 **CALCULATED THE PROJECTED PORTION OF THE REPS**  
20 **RIDER THAT THE COMPANY PROPOSES FOR THE BILLING**  
21 **PERIOD.**

22 **A.** Using the allocation methods described above, and as shown on Williams  
23 Exhibit No. 3, the Set-Aside and Other Incremental Costs and the General

1 Incremental Costs are calculated by customer class for the Company's NC  
2 Retail customers. The Set-Aside and Other Incremental Costs and General  
3 Incremental Costs are summed for the Billing Period by customer class to  
4 arrive at a total REPS cost to be collected from the Company's NC Retail  
5 customers. On Williams Exhibit No. 4, the cost allocated to each customer  
6 class is then divided by the total projected number of Duke Energy  
7 Carolinas' NC Retail accounts within each customer class to arrive at the  
8 total annual cost to be recovered from each account over the Billing Period.  
9 The monthly NC Retail REPS rider for each customer class is one-twelfth  
10 of the total annual cost.

11 **Q. PLEASE EXPLAIN THE CALCULATION OF THE PROPOSED**  
12 **REPS EMF.**

13 A. Using the allocation methods described above, and as shown on Williams  
14 Exhibit No. 2, the Set-Aside and Other Incremental Costs and the General  
15 Incremental Costs are calculated by customer class for the Company's NC  
16 Retail customers. The Set-Aside and Other Incremental Costs and General  
17 Incremental Costs are summed for the Test Period by customer class to  
18 illustrate the total REPS costs assigned to the Company's NC Retail  
19 customers. The actual NC Retail revenues realized during the Test Period  
20 by customer class are then subtracted from the total REPS costs by customer  
21 class to arrive at the EMF for each class. On Williams Exhibit No. 4, the  
22 total EMF over/under collection to be recovered from each customer class  
23 is adjusted to include any credits to customers not considered a refund of

1 amounts advanced by customers, and then divided by the total projected  
2 number of Duke Energy Carolinas' NC Retail accounts within each  
3 customer class to arrive at the total EMF to be recovered from each account  
4 over the Billing Period. The monthly EMF for each customer class is one-  
5 twelfth of the total EMF.

6 **Q. HOW DOES DUKE ENERGY CAROLINAS DEFINE A**  
7 **CUSTOMER ACCOUNT FOR PURPOSES OF REPS BILLING?**

8 A. In its December 15, 2010 *Order Approving REPS Riders*, in Docket No. E-  
9 7, Sub 872, the Commission approved Duke Energy Carolinas' proposed  
10 method of determining the number of customer accounts. The Company  
11 defines "account" as an "agreement" or "tariff rate" between Duke Energy  
12 Carolinas and a customer to determine the per-account REPS charge with  
13 certain exceptions, which are listed below. The following service schedules  
14 are not considered accounts for purposes of the per-account charge because  
15 of the near certainty that customers served under these schedules already  
16 will pay a per-account charge under another residential, general service, or  
17 industrial service agreement and because they represent small auxiliary  
18 service loads. The following agreements fall within this exception:

- 19 • Outdoor Lighting Service (Schedule OL)
- 20 • Street and Public Lighting Service (Schedule PL)
- 21 • Nonstandard Lighting (Schedule NL)
- 22 • Non-demand, nonresidential service, provided on Schedule
- 23 SGS, at the same premises, with the same service address, and
- 24 with the same account name as an agreement for which a
- 25 monthly REPS charge has been applied.
- 26



1           Within Wholesale, Blue Ridge EMC, Rutherford EMC, and Town  
2           of Forest City have a methodology for determining Wholesale year-end  
3           number of accounts that is generally consistent with that used by Duke  
4           Energy Carolinas. The modifications and exclusions are similarly intended  
5           to avoid charging customers twice, as in the case of customers with  
6           additional lighting accounts, or to exclude small auxiliary service loads.  
7           Town of Highlands and Town of Dallas define an account in the manner the  
8           information is reported to the Energy Information Administration for annual  
9           electric sales and revenue reporting.

10   **Q.   DOES DUKE ENERGY CAROLINAS PROJECT THE REPS**  
11       **CHARGE TO EACH CUSTOMER ACCOUNT FOR THE BILLING**  
12       **PERIOD TO BE WITHIN THE ANNUAL COST CAPS DEFINED IN**  
13       **G.S. § 62-133.8?**

14   A.   Yes. The annual total of the monthly REPS and REPS EMF charges  
15       proposed by the Company for each customer class are shown on Williams  
16       Exhibit No. 4. For purposes of comparing the annual charges for REPS  
17       compliance costs to the per-account caps defined in G.S. § 62-133.8(h)(4),  
18       the exhibit also presents annual charges calculated to exclude Solar Rebate  
19       Program costs. This calculation demonstrates that REPS compliance costs  
20       to be collected from customers are within the per-account cost caps.

21   **Q.   HOW DOES DUKE ENERGY CAROLINAS PROPOSE TO**  
22       **COLLECT THE REPS CHARGES FROM EACH CUSTOMER**  
23       **CLASS?**

1 A. Duke Energy Carolinas' proposed Renewable Energy Portfolio Standard  
 2 Rider ("REPS-NC") is attached as Williams Exhibit No. 5. As shown on  
 3 the rider, Duke Energy Carolinas proposes that a fixed monthly charge be  
 4 added to the bill for each class of customer.

5 **Q. WHAT IS THE MONTHLY REPS CHARGE PROPOSED BY THE**  
 6 **COMPANY FOR EACH CUSTOMER CLASS?**

7 A. The Company proposes the following monthly REPS charges to be effective  
 8 September 1, 2023.

Customer class	Per Month – excluding regulatory fee	Per Month – including regulatory fee	Total annual REPS charge – including regulatory fee	Annual per-account cost cap
Residential	\$0.81	\$0.81	\$9.72	\$ 27.00
General	\$4.00	\$4.01	\$48.12	\$ 150.00
Industrial	\$22.67	\$22.70	\$272.40	\$ 1,000.00

9

10 **Q. WHAT IS THE MONTHLY CHANGE IN REPS CHARGE**  
 11 **PROPOSED BY THE COMPANY FOR EACH CUSTOMER CLASS?**

12 Excluding the regulatory fee, the following table shows the EMF and rider  
 13 components of the proposed rider and the currently effective riders  
 14 established in Docket No. E-7, Sub 1246:

15 *Proposed* *Current* *Change*

Customer class	EMF	Rider	Total	EMF	Rider	Total	EMF	Rider	Total
Residential	<b>\$(0.04)</b>	<b>\$0.85</b>	<b>\$0.81</b>	\$0.14	\$0.90	\$1.04	\$(0.18)	\$(0.05)	\$(0.23)
General	<b>\$(0.27)</b>	<b>\$4.27</b>	<b>\$4.00</b>	\$0.87	\$4.66	\$5.53	\$(1.14)	\$(0.39)	\$(1.53)
Industrial	<b>\$2.09</b>	<b>\$20.58</b>	<b>\$22.67</b>	\$7.62	\$22.67	\$30.29	\$(5.53)	\$(2.09)	\$(7.62)

16

17 **Q. PLEASE DESCRIBE THE EEC INVENTORY DETAILS**  
 18 **PRESENTED IN WILLIAMS EXHIBIT NO. 6.**

1     A.     Williams Exhibit No. 6 shows a reconciliation of the Company's EEC  
2           inventory balance available for REPS compliance as of December 31, 2022  
3           as well as references to the evaluation, measurement, and verification  
4           ("EM&V") reports the results of which are incorporated into current EEC  
5           balances. The Company annually determines the level of EECs generated  
6           and available for REPS compliance, and this update includes the results of  
7           any periodic EM&V performed to-date, adjustments identified during the  
8           Company's ongoing analysis of energy efficiency program effectiveness, as  
9           well as any other corrections. The updated cumulative level of EECs  
10          generated to date is compared to the number of EECs previously reported  
11          for compliance, less any EECs used for compliance, to determine the EECs  
12          to be added to inventory for the most recent calendar year. Williams Exhibit  
13          No. 6 shows the calculation for EECs added to inventory for 2022, including  
14          details of the adjustments incorporated therein.

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

16    A.     Yes.