

STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

DOCKET NO. E-7, SUB 1306

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of )

)  
Application of Duke Energy Carolinas, LLC )  
for Approval of Clean Energy and Energy )  
Efficiency Portfolio Standard (CEPS) )  
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**

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

2 A. My name is Veronica I. Williams, and my business address is 525 South  
3 Tryon 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 (“CEPS”) 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 CEPS  
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 1320  
4 regarding Duke Energy Progress' 2022 CEPS compliance report and  
5 application for approval of its CEPS cost recovery rider, and in Docket No.  
6 E-7, Sub 1283 regarding Duke Energy Carolinas' 2022 CEPS compliance  
7 report and application for approval of its CEPS 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 CEPS 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, 2023 and ending on December  
15 31, 2023 ("Test Period" or "EMF Period"), and the billing period for the  
16 CEPS rider requested in the Company's application is the twelve months  
17 beginning on September 1, 2023 and ending on August 31, 2025 ("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 CEPS 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 CEPS

1 compliance services from the Company (“Wholesale”). Williams Exhibit  
2 No. 2 shows the allocation of the total CEPS 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 CEPS 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 CEPS rider amounts proposed, including the CEPS  
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 CEPS Rider. Williams Exhibit No. 6 is a worksheet  
11 detailing the Company’s energy efficiency certificate (“EEC”) inventory  
12 balance as of December 31, 2023.

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 CEPS RIDER?**

18 A. The proposed CEPS rider intends to recover Duke Energy Carolinas’  
19 incremental costs of compliance with the clean energy requirements  
20 pursuant to G.S. § 62-133.8. The costs incurred by the Company to comply  
21 with its CEPS 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 CEPS 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 METHODOLOGY DUKE ENERGY**  
10 **CAROLINAS USED TO CALCULATE THE INCREMENTAL**  
11 **COSTS OF COMPLIANCE WITH THE CEPS 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 CEPS 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 CEPS 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 CEPS 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 in detail by Company witness Presson in her direct  
18 testimony and exhibits filed in this docket, the CEPS EMF and Billing  
19 Period components of the proposed CEPS rider also include compliance-  
20 related incremental administration costs, labor costs, and costs related to  
21 research incurred during the 2023 EMF Period and estimated to be incurred  
22 during the Billing Period, respectively. As further detailed in the testimony  
23 and exhibits of Company witness Presson, amounts reflecting the

1 amortization of Solar Rebate Program costs incurred pursuant to G.S. § 62-  
2 155(f) and the amortization of PowerPair<sup>SM</sup> Pilot Program costs, applicable to  
3 the EMF and Billing Periods, are included for recovery in the proposed CEPS  
4 rider.

5 **Q. PLEASE EXPLAIN FURTHER THE CALCULATION OF**  
6 **INCREMENTAL COST RELATED TO THE COMPANY'S SOLAR**  
7 **GENERATING FACILITIES PROPOSED FOR RECOVERY IN ITS**  
8 **CEPS RIDER.**

9 A. The revenue requirements for recovery of capital and operating costs for the  
10 Duke Energy North Carolina Solar Photovoltaic Distributed Generation  
11 Program ("Solar PVDG Program") are levelized and then reduced by  
12 avoided cost to determine incremental cost. Individual installations that  
13 have been removed from service or expected to be removed from service  
14 during the Test Period and Billing Period, respectively, are excluded from  
15 the cost recovery calculations. The incremental cost for which the Company  
16 seeks recovery through the CEPS rider is limited, in compliance with the  
17 Commission's May 6, 2009 *Order on Reconsideration* in Docket No. E-7,  
18 Sub 856 and the Commission's August 23, 2011 *Order Approving CEPS*  
19 *and CEPS EMF Riders and 2010 CEPS Compliance* in Docket No. E-7,  
20 Sub 984.

21 On May 16, 2016, the Commission issued orders approving the  
22 transfers of the certificates of public convenience and necessity to DEC for  
23 both the Company's Mocksville solar facility ("Mocksville," Docket No. E-  
24 7, Sub 1098) and the Company's Monroe solar facility ("Monroe," Docket

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

19 **Q. HOW DID DUKE ENERGY CAROLINAS DETERMINE THE**  
20 **AVOIDED COST ASSOCIATED WITH CEPS COMPLIANCE**  
21 **COSTS?**

22 A. In all cases where Duke Energy Carolinas determined incremental  
23 compliance costs as the excess amount above avoided cost, the Company

1 applied an avoided cost rate in cents per kilowatt-hour (“kWh”) to the  
2 expected kWh of renewable energy for each compliance initiative. In  
3 determining the avoided costs associated with purchased power agreements,  
4 Rule R8-67(a)(2) provides that:

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

34  
35 Duke Energy Carolinas’ approved avoided cost rates are set forth in  
36 its Purchased Power Non-Hydroelectric, Schedule PP-N, Purchased Power  
37 Hydroelectric, Schedule PP-H, and Schedule PP rate schedules (collectively  
38 “Schedule PP”). For executed purchased power agreements where the price

1 of the REC and energy are bundled, the Company used (or will use)  
2 annualized combined capacity and energy rates approved by the  
3 Commission as shown in Appendix 1 to the Company's 2023 CEPS  
4 Compliance Report filed as Presson Confidential Exhibit No. 1 in this  
5 docket. For purchased power agreements with terms that do not correspond  
6 with the durational terms for which rates were established in the avoided  
7 cost proceedings (i.e., two, five, ten, or fifteen year durations), the Company  
8 computed avoided cost rates for the particular terms of the purchased power  
9 agreements incorporating the same inputs and methodology used to  
10 calculate the approved rates. The same method applies for determining  
11 avoided cost related to biogas purchases used to generate renewable energy  
12 at the Company's generating stations. The avoided cost components of  
13 energy and REC purchased power agreements and biogas purchases,  
14 effective during the prospective billing period, were estimated in the same  
15 manner.

16 For the Solar PVDG Program, the Company determined the avoided  
17 cost using a process like that described above for a purchased power  
18 agreement with a non-standard duration. The inputs and methodology used  
19 for the Schedule PP rates approved in Docket No. E-100, Sub 117 were used  
20 to determine the annualized combined capacity and energy rates for a  
21 twenty-year term, corresponding to the expected life of the solar facilities.  
22 The Company calculated its avoided cost and incremental cost in a similar  
23 fashion for its DEC Solar PV facilities.

1 **Q. DOES DUKE ENERGY CAROLINAS PROVIDE SERVICES TO**  
2 **WHOLESALE CUSTOMERS TO MEET THEIR CEPS**  
3 **REQUIREMENTS?**

4 A. Yes. As part of its 2023 CEPS Compliance Plan, Duke Energy Carolinas  
5 continues to provide services to native load priority wholesale customers  
6 that contract with the Company for CEPS compliance services, including  
7 delivery of renewable energy resources and compliance planning and  
8 reporting. These wholesale customers, including distribution cooperatives  
9 and municipalities, rely on the Company to provide this renewable energy  
10 delivery service in accordance with G.S. § 62-133.8(c)(2)e. For CEPS  
11 compliance year 2023, the Company provided renewable energy resources  
12 and compliance reporting services for the following native load priority  
13 wholesale customers: Blue Ridge Electric Membership Corporation (“Blue  
14 Ridge EMC”), Rutherford Electric Membership Corporation (“Rutherford  
15 EMC”), Town of Dallas, Town of Forest City, and Town of Highlands.

16 **Q. PLEASE EXPLAIN HOW THE COMPANY ALLOCATES**  
17 **INCREMENTAL CEPS COSTS BETWEEN ITS RETAIL**  
18 **CUSTOMERS AND ITS WHOLESALE CUSTOMERS RECEIVING**  
19 **THIS SERVICE.**

20 A. The incremental cost of CEPS compliance represents the cost to meet the  
21 combined total MWh requirement for native load customers, based on the  
22 sum of Duke Energy Carolinas’ NC Retail sales and Wholesale NC retail  
23 sales. To properly allocate incremental costs between Duke Energy

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

1 number of accounts within each customer class and totaled to arrive at the  
2 incremental cost to be allocated to Duke Energy Carolinas' NC Retail  
3 customers. Costs related to the Company's Solar Rebate Program its  
4 PowerPair<sup>SM</sup> Pilot Program, described in Company witness Presson's direct  
5 testimony, are not related to the Company's provision of CEPS compliance  
6 services to its Wholesale customers, and are allocated in total to DEC's NC  
7 Retail customers.

8 **Q. PLEASE ALSO DESCRIBE HOW DUKE ENERGY CAROLINAS**  
9 **ALLOCATES ITS EE SAVINGS AMONG ITS CUSTOMER**  
10 **CLASSES FOR CEPS AND CEPS EMF RIDER PURPOSES.**

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

18 Set-Aside and Other Incremental Costs are allocated among  
19 customer classes based on per-account cost caps. General Incremental  
20 Costs are allocated among customer classes in a manner that gives credit for  
21 EE RECs (for which there are no General Incremental Costs) according to  
22 the relative energy reduction contributed by each customer class. As a

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

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

15 **Q. PLEASE DESCRIBE HOW DUKE ENERGY CAROLINAS**  
16 **CALCULATED THE PROJECTED PORTION OF THE CEPS**  
17 **RIDER THAT THE COMPANY PROPOSES FOR THE BILLING**  
18 **PERIOD.**

19 A. Using the allocation methods described above, and as shown on Williams  
20 Exhibit No. 3, the Set-Aside and Other Incremental Costs and the General  
21 Incremental Costs are calculated by customer class for the Company's NC  
22 Retail customers. The Set-Aside and Other Incremental Costs and General  
23 Incremental Costs are summed for the Billing Period by customer class to

1 arrive at a total CEPS cost to be collected from the Company's NC Retail  
2 customers. On Williams Exhibit No. 4, the cost allocated to each customer  
3 class is then divided by the total projected number of Duke Energy  
4 Carolinas' NC Retail accounts within each customer class to arrive at the  
5 total annual cost to be recovered from each account over the Billing Period.  
6 The monthly NC Retail CEPS rider for each customer class is one-twelfth  
7 of the total annual cost.

8 **Q. PLEASE EXPLAIN THE CALCULATION OF THE PROPOSED**  
9 **CEPS EMF.**

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

1 over the Billing Period. The monthly EMF for each customer class is one-  
2 twelfth of the total EMF.

3 **Q. HOW DOES DUKE ENERGY CAROLINAS DEFINE A**  
4 **CUSTOMER ACCOUNT FOR PURPOSES OF CEPS BILLING?**

5 A. In its December 15, 2010 *Order Approving CEPS Riders*, in Docket No. E-  
6 7, Sub 872, the Commission approved Duke Energy Carolinas' proposed  
7 method of determining the number of customer accounts. The Company  
8 defines "account" as an "agreement" or "tariff rate" between Duke Energy  
9 Carolinas and a customer to determine the per-account CEPS charge with  
10 certain exceptions, which are listed below. The following service schedules  
11 are not considered accounts for purposes of the per-account charge because  
12 of the near certainty that customers served under these schedules already  
13 will pay a per-account charge under another residential, general service, or  
14 industrial service agreement and because they represent small auxiliary  
15 service loads. The following agreements fall within these exceptions:

- 16
- 17 • Outdoor Lighting Service (Schedule OL)
  - 18 • Street and Public Lighting Service (Schedule PL)
  - 19 • Nonstandard Lighting (Schedule NL)
  - 20 • Non-demand, nonresidential service, provided on Schedule SGS, at  
21 the same premises, with the same service address, and with the same  
22 account name as an agreement for which a monthly CEPS charge  
has been applied.

23 The Wholesale customers use a method for determining number of  
24 accounts for CEPS purposes that is generally consistent with that used by  
25 Duke Energy Carolinas, or the same as used by the customers to report

1 annual electric sales and account information to the Energy Information  
2 Administration.

3 **Q. DOES DUKE ENERGY CAROLINAS PROJECT THE CEPS**  
4 **CHARGE TO EACH CUSTOMER ACCOUNT FOR THE BILLING**  
5 **PERIOD TO BE WITHIN THE ANNUAL COST CAPS DEFINED IN**  
6 **G.S. § 62-133.8?**

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

14 **Q. HOW DOES DUKE ENERGY CAROLINAS PROPOSE TO**  
15 **COLLECT THE CEPS CHARGES FROM EACH CUSTOMER**  
16 **CLASS?**

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

21 **Q. WHAT IS THE MONTHLY CEPS CHARGE PROPOSED BY THE**  
22 **COMPANY FOR EACH CUSTOMER CLASS?**

- 1 A. The Company proposes the following monthly CEPS charges to be effective  
2 September 1, 2024.

Customer class	Per Month – excluding regulatory fee	Per Month – including regulatory fee	Total annual CEPS charge – including regulatory fee	Annual per-account cost cap
Residential	\$1.25	\$1.25	\$15.00	\$ 27.00
General	\$6.86	\$6.87	\$82.44	\$ 150.00
Industrial	\$40.96	\$41.02	\$492.24	\$ 1,000.00

3

- 4 **Q. WHAT IS THE MONTHLY CHANGE IN CEPS CHARGE**  
5 **PROPOSED BY THE COMPANY FOR EACH CUSTOMER CLASS?**

6 Excluding the regulatory fee, the following table shows the EMF and rider  
7 components of the proposed rider and the currently-effective riders  
8 established in Docket No. E-7, Sub 1283:

9

Customer class	<i>Proposed</i>			<i>Current</i>			<i>Change</i>		
	EMF	Rider	Total	EMF	Rider	Total	EMF	Rider	Total
Residential	<b>\$0.11</b>	<b>\$1.14</b>	<b>\$1.25</b>	\$(0.04)	\$0.85	\$0.81	\$0.15	\$0.29	\$0.44
General	<b>\$0.75</b>	<b>\$6.11</b>	<b>\$6.86</b>	\$(0.27)	\$4.27	\$4.00	\$1.02	\$1.84	\$2.86
Industrial	<b>\$6.32</b>	<b>\$34.64</b>	<b>\$40.96</b>	\$2.09	\$20.58	\$22.67	\$4.23	\$14.06	\$18.29

10

- 11 **Q. PLEASE DESCRIBE THE EEC INVENTORY DETAILS**  
12 **PRESENTED IN WILLIAMS EXHIBIT NO. 6.**

13 A. Williams Exhibit No. 6 shows a reconciliation of the Company's EEC  
14 inventory balance available for CEPS compliance as of December 31, 2023  
15 as well as references to the evaluation, measurement and verification  
16 ("EM&V") reports the results of which are incorporated into current EEC  
17 balances. The Company annually determines the level of EECs generated  
18 and available for CEPS compliance, and this update includes the results of

1 any periodic EM&V performed to-date, adjustments identified during the  
2 Company's ongoing analysis of energy efficiency program effectiveness, as  
3 well as any other corrections. The updated cumulative level of EECs  
4 generated to date is compared to the number of EECs previously reported  
5 for compliance, less any EECs used for compliance, to determine the EECs  
6 to be added to inventory for the most recent calendar year. Williams Exhibit  
7 No. 6 shows the calculation for EECs added to inventory for 2023, including  
8 details of the adjustments incorporated therein.

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

10 A. Yes.