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July 24, 2020

**VIA ELECTRONIC FILING**

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

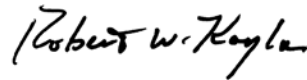
**RE: Joint Proposed Order of Duke Energy Carolinas, LLC and the Public Staff  
Docket No. E-7, Sub 1229**

Dear Ms. Campbell:

Enclosed for filing with the Commission is the Joint Proposed Order of Duke Energy Carolinas, LLC and the Public Staff in the referenced matter. An electronic copy is being emailed to [briefs@ncuc.net](mailto:briefs@ncuc.net).

If you have any questions, please do not hesitate to contact me.

Sincerely,



Robert W. Kaylor, P.A.

Enclosure

cc: Parties of Record

OFFICIAL COPY

JUL 24 2020

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**DOCKET NO. E-7, SUB 1229**

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 )	<b>JOINT PROPOSED ORDER OF</b>
Standard (REPS) Compliance Report )	<b>DUKE ENERGY CAROLINAS, LLC</b>
and Cost Recovery Rider Pursuant to )	<b>AND THE PUBLIC STAFF</b>
North Carolina General Statute § 62- )	
133.8 and Commission Rule R8-67 )	

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HEARD: Tuesday, June 9, 2020 at 9:33 a.m. (for Public Witnesses) in the Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina and Evidentiary Hearing starting at 1:00 p.m. via WebEx

BEFORE: Commissioner Daniel G. Clodfelter, Presiding  
Chair Charlotte A. Mitchell  
Commissioner ToNola D. Brown-Bland  
Commissioner Lyons Gray  
Commissioner Kimberly W. Duffley  
Commissioner Jeffrey Hughes  
Commissioner Floyd B. McKissick, Jr.

APPEARANCES:

**For Duke Energy Carolinas, LLC:**

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**For Carolina Utility Customers Association, Inc.:**

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**For Carolina Industrial Group for Fair Utility Rates III:**

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**For North Carolina Sustainable Energy Association:**

Benjamin Smith, Regulatory Counsel  
North Carolina Sustainable Energy Association  
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**For the Using and Consuming Public:**

Tim R. Dodge, Staff Attorney  
Gina C. Holt, Staff Attorney  
Nadia L. Luhr, Staff Attorney  
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4326 Mail Service Center  
Raleigh, North Carolina 27699-4300

BY THE COMMISSION: On February 25, 2020, Duke Energy Carolinas, LLC (“DEC” or “the Company”) filed its 2019 REPS Compliance Report and application seeking an adjustment to its North Carolina retail rates and charges pursuant to N.C. Gen. Stat. § 62-133.8(h) and Commission Rule R8-67, which require the Commission to conduct an annual proceeding for the purpose of determining whether a rider should be established to permit the recovery of the incremental costs incurred to comply with the requirements

of the Renewable Energy and Energy Efficiency Portfolio Standard (“REPS”), N.C. Gen. Stat. § 62-133.8(b), (d), (e) and (f), and to true up any under-recovery or over-recovery of compliance costs. DEC’s application was accompanied by the testimony and exhibits of Megan W. Jennings, Renewable Compliance Manager, and Veronica I. Williams, Rates and Regulatory Strategy Manager. In its application and pre-filed testimony, DEC sought approval of its proposed REPS Rider, which incorporated the Company’s proposed adjustments to its North Carolina retail rates.

On March 17, 2020, the Commission issued an *Order Scheduling Hearing, Requiring Filing of Testimony, Establishing Discovery Guidelines and Requiring Public Notice*, in which the Commission set this matter for hearing; established deadlines for the submission of intervention petitions, intervenor testimony, and DEC rebuttal testimony; required the provision of appropriate public notice; and mandated compliance with certain discovery guidelines.

The North Carolina Sustainable Energy Association (“NCSEA”), the Carolina Industrial Group for Fair Utility Rates III, and the Carolina Utility Customers Association, Inc. filed separate petitions to intervene in this docket, and the interventions were allowed by the Commission. The intervention and participation by the Public Staff is recognized pursuant to N.C. Gen. Stat. § 62-15(d) and Commission Rule R1-19(e).

On May 15, 2020, DEC filed the supplemental testimony and revised exhibits of witnesses Jennings and Williams.

On May 18, 2020, the Public Staff filed the affidavit of Michelle M. Boswell, Staff Accountant in the Accounting Division of the Public Staff, and the testimony of Jay B. Lucas, Utilities Engineer in the Electric Division of the Public Staff.

On May 20, 2020, DEC and the Public Staff filed a joint motion to excuse all witnesses from the evidentiary hearing. On June 2, 2020, the Commission granted the motion.

On May 29, 2020, the Commission issued an *Order Scheduling Remote Hearings for Expert Witness Testimony* due to the COVID-19 pandemic. All parties subsequently filed consent to remote hearings.

On June 5, 2020, and June 25, 2020, DEC filed the required affidavits of publication for the public notice in accordance with the Commission's March 17, 2020 Order.

The matter came on for hearing by WebEx on June 9, 2020. DEC presented the testimony and exhibits of Ms. Jennings and Ms. Williams, and the Public Staff presented the affidavit and testimony of Ms. Boswell and Mr. Lucas, respectively. All pre-filed testimony, affidavits, and exhibits from the DEC and Public Staff witnesses were received into evidence.

On June 25, 2020, the Commission issued a notice requiring that briefs and proposed orders be filed by July 24, 2020.

On July 24, 2020, DEC and the Public Staff filed a joint proposed order.

Based upon the foregoing, the testimony and exhibits introduced at the hearing, and the entire record in this proceeding, the Commission now makes the following:

#### **FINDINGS OF FACT**

1. DEC is a duly organized limited liability company existing under the laws of the State of North Carolina, is engaged in the business of developing, generating, transmitting, distributing, and selling electric power to the public in North Carolina, and is subject to the jurisdiction of the North Carolina Utilities Commission as a public utility.

DEC is lawfully before this Commission based upon its application filed pursuant to N.C. Gen. Stat. § 62-133.8 and Commission Rule R8-67.

2. For calendar year 2019, the Company must generally supply an amount of at least 10% of its previous year's North Carolina ("NC") retail electric sales ("Total Requirement") by a combination of renewable energy and energy reductions due to the implementation of energy efficiency measures. Also in 2019, energy in the amount of at least 0.20% of the previous year's total electric power sold by DEC to its North Carolina retail customers must be supplied by solar energy resources ("Solar Set-Aside Requirement").

3. Beginning in 2012, N.C. Gen. Stat. § 62-133.8(e) and (f) require DEC and the other electric suppliers of North Carolina, in the aggregate, to procure a certain portion of their renewable energy requirements from electricity generated from swine and poultry waste, with the poultry waste requirement being based on each electric power supplier's respective pro-rata share derived from the ratio of its North Carolina retail sales as compared to total Statewide North Carolina retail sales. In its December 16, 2019 *Order Modifying the Swine and Poultry Waste Set-Aside Requirements and Providing Other Relief*, and its February 13, 2020 *Errata Order*, ("2019 Delay Orders"), issued in Docket No. E-100, Sub 113, the Commission modified the 2019 swine waste set-aside requirement for DEC, Duke Energy Progress, LLC ("DEP") and Dominion Energy North Carolina to 0.04% of prior year North Carolina retail sales, and delayed for one year the scheduled increases to the requirement ("Swine Waste Set-Aside Requirement"). The 2019 Delay Orders eliminated the 2019 swine waste set-aside requirement for electric membership corporations and municipalities, and delayed scheduled increases for one year. In addition,

the 2019 Delay Orders modified the 2019 Statewide poultry waste set-aside requirement to 500,000 MWh, and delayed the subsequent scheduled increases by one year (“Poultry Waste Set-Aside Requirement”).

4. Pursuant to N.C. Gen. Stat. § 62-133.8(c)(2)(e), DEC has agreed to provide compliance services, including the procurement of renewable energy certificates (“RECs”), to the following electric power suppliers: Blue Ridge Electric Membership Corporation (“EMC”), the Town of Dallas, the Town of Forest City, the Town of Highlands, and Rutherford EMC (collectively the “Wholesale Customers”).

5. DEC complied with the 2019 Solar Set-Aside Requirement, for itself and the Wholesale Customers for which DEC provided compliance services for the 2019 compliance year, by submitting for retirement 124,357 RECs procured or generated from solar electric facilities and metered solar thermal energy facilities. DEC also complied with the 2019 Poultry Waste Set-Aside Requirement, for itself and the Wholesale Customers for which DEC provides compliance services, by submitting for retirement 176,285 poultry waste RECs and 23,822 Senate Bill 886 RECs (which count as 47,644 poultry waste RECs), for a total of 223,929 poultry waste RECs. The Company complied with the 2019 Swine Waste Set-Aside Requirement that applied to electric public utilities only, and did not apply to the Wholesale Customers, by submitting for retirement 23,793 swine waste RECs. Finally, DEC submitted for retirement 5,845,612 general requirement (“General Requirement”) RECs, representing the 2019 Total Requirement for DEC North Carolina retail and the Wholesale Customers, net of the Solar Set-Aside Requirement, Swine Waste Set-Aside Requirement, and Poultry Waste Set-Aside Requirement detailed above.

6. DEC and the Wholesale Customers for which DEC provided compliance services met their 2019 REPS obligations, except for those from which they had been relieved under the Commission's orders in Docket No. E-100, Sub 113.

7. The Company's ability to comply with its 2020 Poultry Waste Set-Aside Requirement is dependent on the performance of current poultry waste-to-energy contracts, several of which are ramping up production in 2020. In addition, new poultry waste-to-energy projects are scheduled to come online during 2021 to meet future requirements.

8. DEC's ability to comply with the 2020 Swine Waste Set-Aside Requirement is dependent on the performance swine waste-to-energy developers on current contracts, particularly achievement of projected delivery requirements and commercial operation milestones.

9. DEC's REC inventory available for future use properly includes RECs generated from net metering customers receiving electric service under schedules other than a time-of-use schedule with demand rates ("NMNTD customers").

10. DEC has RECs in its inventory that were generated by its own hydroelectric ("hydro") facilities that it cannot use to meet its REPS requirements because those hydro facilities are renewable energy facilities, but not new renewable energy facilities. DEC exchanged a portion of these hydro RECs for an equal number of RECs in the inventory of the North Carolina Electric Membership Corporation ("NCEMC") that are qualified to meet DEC's general compliance requirement. DEC executed contracts with NCEMC for the REC exchanges pursuant to the Commission's conclusion that the exchanges are reasonable and serve the public interest in its August 17, 2018 *Order Approving REPS and REPS EMF Riders and 2017 REPS Compliance Report* in Docket No. E-7, Sub 1162.



11. The Company complied with the Commission’s August 15, 2019 *Order Approving REPS and REPS EMF Riders and 2018 REPS Compliance Report* (“2019 REPS Order”), directing the Company and Public Staff to work together to evaluate sales prices of set-aside RECs sold by DEC, and include the results of the evaluation and resolution of any issues in DEC’s direct testimony in this current DEC cost recovery proceeding. In addition, the Company properly accounted for the amount held in abeyance from last year’s REPS proceeding in this year’s current REPS cost recovery filing.

12. For purposes of DEC’s annual rider pursuant to N.C. Gen. Stat. § 62-133.8(h), the test period for this proceeding is the calendar year 2019 (“Test Period”). The billing period for this proceeding is the 12-month period beginning September 1, 2020 and ending August 31, 2021 (“Billing Period”).

13. DEC’s other incremental REPS compliance costs and its Solar Rebate Program costs are recoverable under N.C. Gen. Stat. § 62-133.8(h)(1)(a) and N.C. Gen. Stat. § 62-133.8(h)(1)(d), respectively, and will be approved for this proceeding.

14. The research activities funded by DEC during the Test Period are recoverable under N.C. Gen. Stat. § 62-133.8(h)(1)(b), and within the statute’s \$1 million annual limit.

15. No costs associated with the implementation of DEC’s Competitive Procurement of Renewable Energy (“CPRE”) Program are included for recovery in this REPS proceeding. DEC’s costs associated with procurement of CPRE renewable energy resources and for the implementation of the Company’s CPRE Program were submitted for recovery in its pending CPRE rider in Docket No. E-7, Sub 1231.

16. N.C. Gen. Stat. § 62-133.8(h) authorizes an electric power supplier to recover the “incremental costs” of compliance with the REPS requirement through an annual REPS rider. The “incremental costs,” as defined in N.C. Gen. Stat. § 62-133.8(h)(1), include the reasonable and prudent costs of compliance with REPS “that are in excess of the electric supplier’s avoided costs other than those costs recovered pursuant to N.C. Gen. Stat. § 62-133.9.” The term “avoided costs” includes both avoided energy costs and avoided capacity costs.

17. Under Commission Rule R8-67(e)(2), the total costs reasonably and prudently incurred during the Test Period to purchase unbundled RECs constitute incremental costs. The projected costs to purchase such RECs during the Billing Period constitute forecasted incremental costs.

18. DEC appropriately calculated its avoided costs and incremental REPS compliance costs for the Test Period and Billing Period, including those avoided and incremental costs specifically related both to the Company’s Solar Photovoltaic Distributed Generation (“Solar PVDG”) Program and to DEC’s other owned solar facilities as required by the following Commission orders: (1) *Order Granting Certificate of Public Convenience and Necessity with Conditions*, issued December 31, 2008, and its *Order on Reconsideration*, issued May 8, 2009, in Docket No. E-7, Sub 856; (2) *Order Transferring Certificate of Public Convenience and Necessity*, issued May 16, 2016, in Docket No. E-7, Sub 1079; (3) *Order Transferring Certificate of Public Convenience and Necessity*, issued May 16, 2016, in Docket No. E-7, Sub 1098; and (4) *Order Granting Certificate of Public Convenience and Necessity* (“Woodleaf Order”) issued June 16, 2016, in Docket

No. E-7, Sub 1101. Collectively these orders are referred to herein as the “*DEC Solar PV Orders.*”

19. DEC properly complied with the reporting conditions of the Woodleaf Order in this proceeding.

20. For purposes of establishing the REPS experience modification factor (“EMF”) rider in this proceeding, the Company’s incremental costs for the combined DEC and Wholesale Customer REPS compliance during the Test Period are \$32,466,491, and these costs were reasonably and prudently incurred. The Company’s projected incremental costs for the combined DEC and Wholesale Customer REPS compliance for the Billing Period are \$31,994,020, DEC’s Test Period REPS expense under-collections were \$260,340 for the residential class and \$111,738 for the general service class, and an over-collection of \$(108,375) for the industrial class. In addition, the Company credited to customers amounts received from REC suppliers during the Test Period related to contract amendments, penalties, and other conditions of the supply agreements. Contract-related receipts credited to each customer class are \$(588,889) for residential, \$(423,261) for general service, and \$(34,022) for industrial. Total net Test Period credits, including credits for contract-related receipts, for the residential and general service are \$(328,549) and \$(531,636), respectively. Total net Test Period cost, including an offsetting credit amount for contract-related receipts, is \$77,716 for the industrial class. All amounts exclude the North Carolina regulatory fee (“regulatory fee”).

21. DEC’s North Carolina retail prospective Billing Period expenses for use in this proceeding are \$16,899,388, \$12,011,561, and \$919,782, for the residential, general service, and industrial classes, respectively, excluding the regulatory fee.

22. The appropriate monthly REPS EMF riders, excluding regulatory fee, to be (credited to) / charged to customer accounts during the upcoming Billing Period are \$(0.02) for residential accounts, \$(0.18) for general service accounts, and \$1.37 for industrial accounts, excluding the regulatory fee.

23. The appropriate prospective REPS riders per customer account, excluding the regulatory fee, to be collected during the Billing Period are \$0.80 for residential accounts, \$3.99 for general service accounts, and \$16.18 for industrial accounts.

24. The combined REPS and REPS EMF rider charges per customer account, excluding the regulatory fee, to be collected each month during the Billing Period are \$0.78 for residential accounts, \$3.81 for general service accounts, and \$17.55 for industrial accounts. Including the regulatory fee, the combined monthly REPS and REPS EMF rider charges per customer account to be collected during the Billing Period are \$0.78 for residential accounts, \$3.81 for general service accounts, and \$17.57 for industrial accounts.

25. DEC's REPS incremental cost rider, including the regulatory fee, to be charged to each customer account for the twelve-month Billing Period is within the annual cost cap established for each class in N.C. Gen. Stat. § 62-133.8(h)(4).

#### **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 1-4**

The evidence supporting these findings of fact appears in DEC's 2019 REPS Compliance Report, in the direct testimony and exhibits of DEC witnesses Jennings and Williams, in the testimony of Public Staff witness Lucas, and in the affidavit of Public Staff witness Boswell. These findings of fact are essentially informational, jurisdictional and procedural in nature and are not contested.

N.C. Gen. Stat. § 62-133.8(b)(1) establishes a REPS requirement for all electric power suppliers in the State. The statute requires each electric public utility to provide a certain percentage of its North Carolina retail sales from various renewable energy or energy efficiency resources, including the following: (a) generating electric power at a new renewable energy facility; (b) using a renewable energy resource to generate electric power at a generating facility other than the generation of electric power from waste heat derived from the combustion of fossil fuel; (c) reducing energy consumption through the implementation of energy efficiency measures; (d) purchasing electric power from a new renewable energy facility; (e) purchasing RECs from a new renewable energy facility; (f) using electric power that is supplied by a new renewable energy facility or saved due to the implementation of an energy efficiency measure that exceeds the requirements of the REPS in any calendar year as a credit toward the requirements of the REPS in the following calendar year; or (g) electricity demand reduction. Each of these measures is subject to additional limitations and conditions. For 2019, DEC was required to meet a total REPS requirement of 10% of its previous year's North Carolina retail electric sales by a combination of these measures.

N.C. Gen. Stat. § 62-133.8(d) requires a certain percentage of the total electric power sold to retail electric customers in the State, or an equivalent amount of energy, to be supplied by a combination of new solar electric facilities and new metered solar thermal energy facilities. The percentage requirement for solar resources in 2019 is 0.20%.

N.C. Gen. Stat. §§ 62-133.8(e) and (f) require DEC and the other North Carolina electric suppliers, in the aggregate, to procure a certain portion of their renewable energy requirements from electricity generated from swine and poultry waste. The swine waste

energy requirement is based on a percentage of retail sales, similar to the solar energy requirement. The poultry waste energy requirement is based on each electric power supplier's respective pro-rata share derived from the ratio of its North Carolina retail sales as compared to the total North Carolina retail sales. Pursuant to the Commission's *Order on Pro-Rata Allocation of Aggregate Swine and Poultry Waste Set-Aside Requirements and Motion for Clarification*, issued on March 31, 2010, in Docket No. E-100, Sub 113, DEC's share of the aggregate Statewide set-aside requirements for energy from swine and poultry waste is based on the ratio of its North Carolina retail kilowatt-hour sales for the previous year divided by the previous year's total North Carolina retail kilowatt-hour sales. In its 2019 Delay Orders, the Commission modified the 2019 Swine Waste Set-Aside Requirement to require only the electric public utilities to comply, set the requirement at 0.04% of North Carolina retail sales, and delayed for one year the scheduled increases in the requirement for all electric power suppliers. In addition, the 2019 Delay Orders also modified the 2019 Statewide Poultry Waste Set-Aside requirement to 500,000 MWh, and delayed by one year the scheduled increases in the requirement.

In its 2019 REPS Compliance Report, DEC stated that it provided energy resources and compliance reporting services for Blue Ridge EMC, the Town of Dallas, the Town of Forest City, the Town of Highlands, and Rutherford EMC, as allowed by N.C. Gen. Stat. § 62-133.8(c)(2)(e). (T. Vol. 2 at pp. 72-73)

#### **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 5-8**

The evidence supporting these findings of fact appears in DEC's 2019 REPS Compliance Report, in the direct testimony and exhibits of DEC witness Jennings, and in the testimony of Public Staff witness Lucas. In addition, the Commission takes judicial

notice of the information contained in the North Carolina Renewable Energy Tracking System (“NC-RETS”). DEC’s 2019 REPS Compliance Report was admitted into evidence as Jennings Exhibit No. 1.

Witness Jennings testified that the 2019 REPS Compliance Report provided the information required by Commission Rule R8-67(c) in the aggregate for DEC and the Wholesale Customers for which DEC has agreed to provide REPS compliance services. (T. Vol. 2 at p. 18)

Witness Jennings further testified that, on behalf of DEC and its Wholesale Customers, the Company submitted for retirement 6,170,047 RECs, which includes 23,822 Senate Bill 886 (“SB 886”) RECs, each of which counts for two poultry waste and one general REC, to meet its Total Requirement of 6,217,691 RECs. Within this total, the Company submitted for retirement: 124,357 RECs to meet the Solar Set-Aside Requirement; 176,285 RECs, along with 23,822 SB 886 RECs (which count as 47,644 poultry waste set-aside RECs), to meet the Poultry Waste Set-Aside Requirement of 223,929 RECs; and 23,793 RECs to meet the Swine Waste Set-Aside Requirement (T. Vol. 2 at p. 19)

Witness Jennings’ testimony states that the Billing Period for this Application covers two separate compliance reporting periods with different requirements for each period. In 2020, the Company estimates that it will be required to submit for retirement 6,126,401 RECs to meet its Total Requirement. Within this total, the Company expects to be required to retire the following: 122,532 solar RECs, 42,888 swine waste RECs, and 313,499 poultry waste RECs, to meet the requirements set out in N.C. Gen. Stat. §§ 62-133.8(d), (e), and (f), respectively. In 2021, the Company estimates that it will be required

to submit for retirement 7,563,137 RECs to meet its Total Requirement. Within this total, the Company expects to be required to retire the following: 122,064 solar RECs, 42,725 swine waste RECs, and 403,068 poultry waste RECs, to meet the requirements set out in N.C. Gen. Stat. §§ 62-133.8(d), (e), and (f), respectively. (T. Vol. 2 at p. 19)

Witness Jennings testified that DEC met its 2019 Solar Set-Aside Requirement by procuring and producing 124,357 solar RECs and that, pursuant to the NC-RETS Operating Procedures, the Company submitted these RECs for retirement by transferring these RECs from the Duke Energy Electric Power Supplier Account to the Duke Energy Compliance Sub-Account and the Sub-Accounts of its Wholesale Customers. (T. Vol. 2 at p. 25)

Witness Jennings testified that DEC met the modified 2019 Poultry Waste Set-Aside Requirement of 223,929 RECs. Pursuant to NC-RETS Operating Procedures, the Company submitted for retirement 176,285 poultry RECs and 23,822 SB 886 RECs (which count as 47,644 poultry waste RECs). Accordingly, the equivalent of 223,929 RECs were submitted for retirement by transferring them from the Duke Energy Electric Power Supplier Account to the Duke Energy Compliance Sub-Account and the Sub-Accounts of its Wholesale Customers. (T. Vol. 2 at p. 27)

Witness Jennings testified that DEC met the modified 2019 Swine Waste Set-Aside Requirement of 23,793 swine waste RECs. The modified 2019 requirement was applicable to DEC only, not the Wholesale Customers. Pursuant to NC-RETS Operating Procedures, the Company submitted these RECs for retirement by transferring these RECs from the Duke Energy Electric Power Supplier Account to the Duke Energy Compliance Sub-Account. (T. Vol. 2 at p. 29)



Witness Jennings further testified that the Company complied with its General Requirement for 2019 by submitting 5,845,612 RECs, pursuant to NC-RETS Operating Procedures. The RECs were transferred from the NC-RETS Duke Energy Electric Power Supplier account to the Duke Energy Compliance Sub-Account and the Sub-Accounts of the Wholesale Customers. (T. Vol. 2 at p. 20)

Witness Jennings testified that future compliance with both the Poultry Waste Set-Aside Requirement and the Swine Waste Set-Aside Requirement is dependent on the performance of energy developers on current contracts and new waste-to-energy projects scheduled to come online. She further testified that production associated with several poultry waste contracts is anticipated to ramp up during 2020, and four new poultry waste-to-energy facilities are currently scheduled to come online in 2021. (T. Vol. 2 at pp. 27-28)

Regarding expected compliance with future Swine Waste Set-Aside requirements, witness Jennings reported that current swine waste-to-energy facilities have encountered numerous difficulties in achieving full contractual REC output, but the Company has continued to engage in a variety of actions to procure or develop swine waste-to-energy resources to meet its future requirements, including: negotiations for in-state and out-of-state supplies; working extensively with potential suppliers to overcome production risks and/or amend contracts to accommodate changing circumstances; and pursuing new biomass and biogas swine resource options; among other efforts. (T. Vol. 2 at pp. 29-31)

Public Staff witness Lucas recommended that the Commission approve DEC's 2019 REPS Compliance Report. (T. Vol. 2 at p. 94) Specifically, he testified that for 2019 compliance, DEC needed to obtain a sufficient number of RECs and energy efficiency

certificates (“EECs”) derived from any eligible sources so that the total equaled 10% of the 2018 North Carolina retail electricity sales of itself and the Wholesale Customers. Witness Lucas additionally stated that DEC needed to pursue retirement of sufficient solar RECs to match 0.20% of retail sales in 2018 for itself and the Wholesale Customers. In addition, the 2019 Delay Orders modified the requirements for swine and poultry energy established in N.C. Gen. Stat. § 62-133.8 (e) and (f), requiring retirement of a quantity of swine waste-derived RECs equal to 0.04% of 2018 DEC retail sales, and retirement of an amount of poultry waste-derived RECs matching the pro-rata share of the 500,000 MWh (or the thermal equivalent) Statewide requirement allocated to DEC and the Wholesale Customers. (T. Vol. 2 at pp. 93-94)

No party disputed that DEC had fully complied with the applicable REPS requirements, or argued that DEC’s 2019 REPS Compliance Report should not be approved.

Based on the evidence presented and the entire record herein, the Commission finds and concludes that DEC and the five Wholesale Customers for which it is providing REPS compliance services have fully complied with the REPS requirements for 2019, as modified by the Commission’s 2019 Delay Orders, and that DEC’s 2019 REPS Compliance Report should be approved. The Commission further concludes that the RECs and EECs in the related NC-RETS compliance sub-accounts should be permanently retired.

**EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 9-10**

The evidence supporting these findings of fact is found in the testimony of DEC witness Jennings. In addition, the Commission takes judicial notice of its 2019 REPS Order.

Witness Jennings explained that under the current Net Metering for Renewable Energy Facilities Rider offered by DEC (Rider NM), a customer receiving electric service under a schedule other than a time-of-use schedule with demand rates shall provide any RECs to DEC at no cost. She further stated the Company performed site visits and complied with the other measurement, verification, and reporting requirements set out by the Commission in its June 5, 2018 *Order Approving Rider and Granting Waiver Request* in Docket Nos. E-2, Sub 1106 and E-7, Sub 1113, and the RECs associated with these net metering facilities are currently in DEC's REC inventory and available for use in meeting future compliance requirements. (T. Vol. 2 at pp. 21-24) No party to this proceeding contested this finding of fact.

Witness Jennings testified that DEC has hydro RECs in its inventory that it cannot use for its own REPS compliance efforts because they were generated by specific hydro generating facilities owned by the Company. In its *Order Accepting Registration of Renewable Energy Facilities*, Docket No. E-7, Subs 886, 887, 888, 900, 903, and 904, issued July 31, 2009 ("July 31, 2009 Order"), and its *Order Accepting Registration of Renewable Energy Facilities*, Docket No. E-7, Subs 942, 943, 945 and 946, issued December 9, 2010, the Commission accepted the registration of these specific hydro facilities as renewable energy facilities, but not as *new* renewable energy facilities. The Commission so concluded because these utility-owned facilities did not meet the delivery requirement of N.C. Gen. Stat. § 62-133.8(a)(5)(c), which requires the delivery of electric power to an electric power supplier, such as DEC, by an entity other than the electric power supplier itself to qualify as a new renewable energy facility. (T. Vol. 2 at pp. 34-35) In each of its previous two REPS cost recovery proceedings in Docket No. E-7, Subs 1162

and 1191, the Company proposed exchanging a portion of these hydroelectric RECs for RECs within the inventory of the North Carolina Electric Membership Corporation (“NCEMC”). The exchanges were at no cost to either party, and resulted in DEC acquiring RECs it could use to meet its General Requirement, and in NCEMC obtaining an equal number of RECs it could use to meet its REPS compliance requirements. In its August 17, 2018 *Order Approving REPS and REPS EMF Riders and 2017 REPS Compliance Report*, the Commission concluded the proposed transfer was reasonable and served the public interest. In its 2019 REPS Order, the Commission concluded the RECs acquired by DEC in exchange for its own hydroelectric RECs were properly included in the Company’s inventory of RECs available for future use. Witness Jennings stated the Company has again executed contracts with NCEMC exchanging a portion of these hydroelectric RECs for an equal number of General Requirement RECs in NCEMC’s inventory that DEC can use for REPS compliance. (T. Vol. 2 at pp. 35-36)

Based on the foregoing, the Commission finds and concludes that the RECs generated by the net metering facilities as described above, and the RECs acquired in exchange for its own hydroelectric RECs, are properly included in DEC’s inventory of RECs available for future REPS compliance use.

#### **EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 11**

The evidence supporting this finding of fact is found in the direct testimony and supplemental testimony of DEC witness Jennings, the supplemental testimony of DEC witness Williams, the testimony of Public Staff witness Jay Lucas, and the affidavit of Public Staff witness Michelle Boswell.

Witness Jennings' direct testimony noted the Commission's requirement in its 2019 REPS Order that the Company and the Public Staff work together to evaluate sales prices of set-aside RECs sold by DEC. The Commission directed the Company to include the results of the evaluation, and any resolution of issues, in its direct testimony in this current DEC cost recovery proceeding. She described the five REC sales price considerations to be addressed, as recommended by the Public Staff in Docket No. E-7, Sub 1191, and accepted by the Commission in its 2019 REPS Order:

- (1) overhead costs associated with obtaining the REC and subsequent sale of the REC;
- (2) an amount to mitigate the interest DEC may pay ratepayers on any REPS EMF overcollection that results from the sale of set-aside RECs;
- (3) an amount to ensure that DEC's customers do not bear any risk of REC contracts not materializing or resulting in lower quantities of RECs being generated;
- (4) an amount to provide a price signal to other electric power suppliers to encourage them to continue to participate in the development of swine and poultry waste-to-energy resources without relying solely on DEC to provide the needed set-aside RECs; and
- (5) an amount to encourage DEC to sell RECs, when available, to other North Carolina electric power suppliers for the purpose of assisting with their compliance with the REPS requirements. (T. Vol. 2 at pp. 32-33)

Witness Jennings testified that the Company submitted the following proposals to the Public Staff. When selling set-aside RECs to other electric suppliers, the sale price of these RECs will be determined by taking a weighted average price of all contracts in the combined portfolio of DEC and DEP that were executed for compliance with the respective set-aside for which RECs are being sold, which is the same practice the Company has followed for past REC sales. In addition to this weighted average price, the Company proposed two adders to address items (1) through (4). To address item (2), the Company proposed an adder in an amount to mitigate the interest DEC is required to pay customers on any REPS EMF overcollection that includes the proceeds from the sale of set-aside

RECs. This adder would be retained by the Company to mitigate interest paid to customers in the event of an overcollection for the EMF period, and would be credited in full to customers in the REPS rider calculation if the Company did not over-collect during the EMF period. The second adder would be charged to REC buyers to address items (1), (3), and (4) and would be credited to customers in the relevant REPS EMF rider calculation. Regarding item (5), the Company proposed no specific adder to create an incentive to sell RECs. (T. Vol. 2 at pp 33-34)

In her supplemental testimony, witness Jennings explained that the Company and the Public Staff continued to work together to evaluate set-aside REC sales prices after her direct testimony was filed. She stated that the Company and the Public Staff had come to an agreement on a proposed REC sales price calculation that will be used when DEC or DEP sell animal waste RECs to other electric suppliers to help those suppliers comply with N.C. Gen. Stat. §§ 62-133.8(e) and (f). She explained that the Public Staff recommended calculating the weighted average price of RECs from only those contracted facilities that were operational in the combined portfolio, rather than all executed contracts. In addition, the Public Staff recommended a revision to the sales price adder proposed by the Company to mitigate the interest DEC is required to pay customers on any REPS EMF overcollection that includes the proceeds from the sale of set-aside RECs. The Public Staff proposed a reduction to the over-collection interest mitigation factor equal to the Company's prior-year short-term borrowing rate, to recognize the value received by DEC from holding the sales proceeds pending crediting them to customers. The Company agreed with both recommendations of the Public Staff. (T. Vol. 2 at pp. 55-57)

Public Staff witness Lucas testified that DEC had periodically sold set-aside RECs to other electric power suppliers to assist with their REPS compliance, and described the method previously used by the Company to determine the sales prices of the RECs sold. He further explained, as discussed in DEC witness Jennings' supplemental testimony, that the Public Staff reached an agreement with DEC on a revision to DEC's originally proposed sales price component, which would result in the Company calculating the price based on a weighted average of REC prices from all contracted and operational facilities in DEC's and DEP's combined portfolio for each respective set-aside REC type. (T. Vol. 2 at pp. 97-99)

In her affidavit, Public Staff witness Boswell confirmed efforts by the Company and the Public Staff to work together to evaluate the sales prices of set-aside RECs, as directed by the Commission in its 2019 REPS Order. She stated the Public Staff and the Company agreed on the proposed method to calculate the sales price as reflected in the supplemental testimony of DEC witness Jennings, and the supplemental testimony of DEC witness Williams. Witness Boswell stated that based on her review of the sales price calculation, revised as discussed above, she believes the proposed calculation (a) appropriately accounts for and balances the costs associated with the sales, and (b) addresses concerns raised by the Public Staff in the 2019 REPS proceeding in Docket No. E-7, Sub 1191. She further recommended the calculation be reviewed on an annual basis to verify it is working as designed. (T. Vol. 2 at pp. 105-106)

In her supplemental testimony, Company witness Williams addressed the amount related to set-aside RECs sold that was held in abeyance from the prior year REPS cost recovery proceeding, in accordance with the 2019 REPS Order. She stated that the amount

held in abeyance is not included in the calculation of REPS compliance costs used to compute the REPS riders in the current docket. This ratemaking treatment is consistent with DEC's proposed method of calculating REC sales prices as described in DEC witness Jennings' direct and supplemental testimony, and was agreed upon by the Company and the Public Staff. (T. Vol. 2 at pp. 88-90) In her affidavit, Public Staff witness Boswell stated that she reviewed the Company's proposal regarding REC sales prices, and recommended the Commission approve the Company's proposal to exclude the amount held in abeyance in the 2019 REPS cost recovery proceeding from the rider calculations in the current cost recovery proceeding. (T. Vol. 2 at p. 106)

Based on the foregoing, the Commission finds and concludes the Company properly complied with the Commission's 2019 REPS Order with respect to working with the Public Staff to evaluate set-aside REC sales prices, including specifically addressing the Public Staff's five recommended considerations enumerated above, and including the results of the evaluation, and any resolution of issues, in its direct testimony in this current DEC cost recovery proceeding. The Company will calculate sales prices for any animal waste RECs sold to assist other electric power suppliers comply with N.C. Gen. Stat. §§ 62-133.8(e) and (f) in accordance with the method agreed upon with the Public Staff, as described above, and the calculation will be reviewed on an annual basis as applicable REC sales occur. In addition, DEC's ratemaking treatment of the amount held in abeyance from the prior year REPS cost recovery in the 2019 REPS proceeding in Docket No. E-7, Sub 1191 is appropriate and final.



## **EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 12**

The evidence supporting this finding is procedural in nature, found in the testimony and exhibits of DEC witness Williams, the testimony of Public Staff witness Lucas, and affidavit of Public Staff witness Boswell, and is not contested.

Commission Rule R8-67(e)(3) provides that the test period for REPS rider proceedings shall be the same as that used by the utility in its fuel charge adjustment proceedings, which is specified in Commission Rule R8-55(c) for DEC to be the 12 months ending December 31 of each year. Company witness Williams testified that the Test Period or EMF period used for this proceeding was the twelve months beginning on January 1, 2019 and ending December 31, 2019. (T. Vol. 2 at p. 60) Commission Rule R8-67(e)(5) provides that “the REPS EMF rider will reflect the difference between reasonable and prudently incurred incremental costs and the revenues that were actually realized during the test period under the REPS rider then in effect.” Witness Williams further stated that the rider includes the REPS EMF component to recover the difference between the compliance costs incurred and revenues realized during the Test Period. (T. Vol. 2 at p. 62) Witness Williams also testified that the Billing Period for the REPS rider requested in the Company’s application is the twelve months beginning on September 1, 2019 and ending on August 31, 2020. (T. Vol. 2 at p. 60) Witness Williams stated that, in addition to an EMF component, the current proposed rider includes a component to recover the costs expected to be incurred for the Billing Period. (T. Vol. 2 at p. 62) The Test Period and the Billing Period proposed by DEC were not challenged by any party.

Based on the foregoing, the Commission concludes that, consistent with Commission Rule R8-67(e)(3), the Test Period for this proceeding is the twelve months from January 1, 2019 through December 31, 2019.

#### **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 13-14**

The evidence for these findings of fact can be found in the testimony and exhibits of DEC witnesses Jennings and Williams, the testimony of Public Staff witness Lucas, and the affidavit of Public Staff witness Boswell.

Witness Jennings sponsored Confidential Revised Jennings Exhibit Nos. 2 and 3 to her testimony, wherein she identified the renewable energy and REC costs, as well as “Other Incremental,” “Solar Rebate Program,” and “Research” costs that the Company has incurred or projects to incur in association with REPS compliance. With respect to research costs, Confidential Revised Williams Exhibit No. 1 shows that the research costs are under the \$1 million per year cap established in N.C. Gen. Stat. § 62-133.8(h)(1)(b).

Consistent with the Commission’s orders in prior REPS proceedings, witness Jennings provided testimony and exhibits on the results and status of various studies, the costs of which DEC is including for recovery as research in its incremental REPS cost for the 2019 Test Period. (T. Vol. 2 at pp. 42-51) In his testimony, witness Lucas discussed the research costs submitted by the Company and stated the costs were within the \$1,000,000 maximum annual limit allowed, and met the definition of costs qualified to be incurred for research as defined by N.C. Gen. Stat. § 62-133.8(h)(1)(b). (T. Vol. 2 at p. 94-95)

Witness Jennings describes in her testimony “Other Incremental” costs of REPS compliance as including labor costs associated with REPS compliance activities and non-

labor costs associated with administration of REPS compliance. Among the non-labor costs associated with REPS compliance are the Company's subscription to NC-RETS, and accounting and tracking tools related to RECs, reduced by agreed-upon liquidated damages paid by sellers for failure to meet contractual milestones, and amounts paid for administrative contractual amendments requested by sellers. (T. Vol. 2 at p. 37)

Witness Jennings also testified that, pursuant to N.C. Gen. Stat. § 62-155(f), DEC developed a Solar Rebate Program, and she discusses the processes in place to pay rebates, and the resulting effect on the payments made each year. (T. Vol. 2 at pp. 37-39) She further testified that the incremental costs incurred to "provide incentives to customers, including program costs, incurred pursuant to N.C. Gen. Stat. § 62-155(f)" are allowed to be recovered under N.C. Gen. Stat. § 62-133.8(h). Therefore, DEC has included for recovery in this filing costs incurred during the EMF period, and projected to be incurred in the Billing Period, related to the implementation of the Solar Rebate Program. These costs include the annual amortization of incentives paid to customers and program administration costs, which include labor, information technology and marketing costs. (T. Vol. 2 at pp. 39-40) Other Incremental and Solar Rebate Program costs included for recovery in the REPS EMF and REPS riders in this proceeding were not contested by any party.

The Commission concludes that the research activities funded by DEC during the Test Period are renewable research costs recoverable under N.C. Gen. Stat. § 62-133.8(h)(1)(b), and that such research costs included in the Test Period are within the \$1 million annual limit provided in that statute. The Commission further concludes that the Company has complied with the prior Commission orders requiring filing results of such

research studies. In addition, the Commission finds that the research information DEC provided is helpful. Therefore, the Commission finds that DEC should continue to file this information with future REPS compliance reports and to provide procedures for third parties to access the results of studies that are subject to confidentiality agreements. For research projects sponsored by Electric Power Research Institute, DEC should provide the overall program number and specific project number for each project, as well as an internet address or mailing address that will enable third parties to inquire about the terms and conditions for access to any portions of the study results that are proprietary.

The Commission also concludes the costs identified as Other Incremental and Solar Rebate Program are properly recoverable in the REPS EMF and REPS riders calculated in this proceeding.

#### **EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 15**

The evidence for this finding of fact is found in the testimony of DEC witness Jennings and in the testimony of Public Staff witness Lucas.

In her direct testimony, witness Jennings describes how the CPRE Program will affect DEC's future compliance with its General Requirement, and how the program is reflected in compliance planning. She states that because the Company will use the RECs acquired through the CPRE Program for REPS compliance, CPRE Program implementation costs could be recovered through the REPS rider. She also notes, however, that the Company has elected to recover reasonable and prudently incurred costs incurred to implement the CPRE Program through the CPRE rider in Docket No. E-7, Sub 1231, as contemplated under Commission Rule R8-71(j). (T. Vol. 2 at pp. 24-25)

In his testimony, witness Lucas confirms DEC is not requesting recovery of CPRE Program costs in this current REPS proceeding, and that he generally does not agree with the recovery of any CPRE costs in a REPS rider. He does agree, however, that it is difficult to definitively make such a conclusion before the Commission fully considers CPRE costs in CPRE Program Rider filings or other proceedings. He further cites comments filed jointly by DEC and DEP in Docket No. E-100, Sub 150 (page 13) specifically addressing cost recovery of bundled CPRE Program RECs through the CPRE Program rider mechanism, and reflecting CPRE Program generated RECs used for REPS compliance at zero cost in REPS proceedings. Witness Lucas confirmed the Public Staff's position that it is appropriate to recover CPRE Program implementation costs in a CPRE Program Rider filing pursuant to Rule R8-71(j). (T. Vol. 2 at pp. 95-97)

The Commission concludes that the matter of the inclusion of any CPRE Program implementation costs in the REPS rider is more appropriately considered in the current CPRE Program cost recovery proceeding currently in process in Docket No. E-7, Sub 1231.

#### **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 16-18**

The evidence for these findings of fact is found in DEC's Application and in the testimony and exhibits of DEC witnesses Jennings and Williams, the testimony of Public Staff witness Lucas, and the affidavit of Public Staff witness Boswell.

N.C. Gen. Stat. § 62-133.8(h)(4) requires the Commission to allow an electric power supplier to recover all of its incremental costs incurred to comply with N.C. Gen. Stat. § 62-133.8 through an annual rider. N.C. Gen. Stat. § 62-133.8(h)(1) provides that "incremental costs" means all reasonable and prudent costs incurred by an electric power supplier to comply with the REPS requirements that are in excess of the electric power

supplier's avoided costs other than those costs recovered pursuant to N.C. Gen. Stat. § 62-133.9. The term "avoided costs" includes both avoided energy and avoided capacity costs. Commission Rule R8-67(e)(2) provides that the "cost of an unbundled renewable energy certificate to the extent that it is reasonable and prudently incurred is an incremental cost and has no avoided cost component."

DEC witness Williams testified regarding the calculation of DEC's various incremental costs of compliance with REPS requirements, based on detailed incurred and projected costs provided by witness Jennings. (T. Vol. 2 at pp. 62-64) Witness Williams also described in detail the methods used by the Company to determine the appropriate avoided cost to apply to REPS compliance purchased power agreements, the Company's Solar PVDG Program, and its newer utility-owned solar facilities, in order to calculate the incremental costs for recovery through the REPS rider. She testified that the Company limited cost recovery in this proceeding for its four newer solar facilities as required by the Commission in its DEC Solar PV Orders. (T. Vol. 2 at pp. 64-65) Confidential Revised Williams Exhibit No. 1, page 1, identified total incremental costs incurred during the Test Period for DEC North Carolina retail and the Wholesale Customers as \$32,466,491, and Confidential Williams Exhibit No. 1, page 2, showed estimated incremental costs for the Billing Period as \$31,994,020.

In her affidavit, witness Boswell described the Public Staff's investigation and review of the Company's filing, including its evaluation of DEC's per books incremental costs and revenues, as well as the annual revenue cap for REPS requirements, for the Test Period. (T. Vol. 2 at p. 105) Based on her review of costs submitted for recovery, witness Boswell recommended approval of DEC's proposed monthly and annual REPS EMF

decrement riders for the residential and general service customer classes, and DEC's proposed EMF increment rider for the industrial customer class, as filed with its supplemental testimony. (T. Vol. 2 at pp. 106-107) As described by witness Boswell, the items included in the Company's supplemental testimony and exhibits that affected the EMF riders proposed were: 1) correction of an error in the incremental costs in the EMF period; 2) correction of an error in the calculation of the Solar Rebate Program amortization cost; and 3) update to the percentage of energy efficiency RECs supplied by class. (T. Vol. 2 at p. 104) In his testimony, witness Lucas stated that the Public Staff agreed with the rates in the supplemental testimony filed by DEC witness Williams on May 15, 2020, and recommended approval of the Billing and EMF components of the total REPS rate as filed therein. (T. Vol. 2 at p. 100)

Based on the foregoing, the Commission concludes that the correct incremental costs for the adjusted EMF period of January 1, 2019 through December 31, 2019 are \$32,466,491. The Commission further concludes the estimated incremental costs for the Billing Period are \$31,994,020.

#### **EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 19**

The evidence supporting this finding of fact is found in the testimony of DEC witness Williams.

Witness Williams testified that in its June 16, 2016 *Order Granting Certificate of Public Convenience and Necessity* ("Woodleaf Order") for the Company's Woodleaf solar facility in Docket No. E-7, Sub 1101, the Commission included two conditions related to cost recovery that are relevant to this proceeding. First, the Company agreed to the condition limiting the cost recovery amount in its annual REPS rider filing to

the standard offer REC price that DEC was offering to new renewable energy facilities at the time of execution of the Woodleaf construction contract. The second condition relates to DEC's ability to realize certain tax benefits included in the Company's revenue requirements analysis for facility as presented during the Woodleaf CPCN proceeding. The condition provides that, in the appropriate REPS rider and general rate case proceedings, DEC will separately itemize the actual monetization of the tax benefits listed in the Commission's order within its calculation of the levelized revenue requirement per MWh for each facility, so that it may be compared with the monetization of such tax benefits included in the Company's revenue requirement analysis of each facility presented during the CPCN proceedings. To the extent the Company fails to fully realize the tax benefits it originally assumed in its estimated revenue requirements, costs associated with the increased revenue requirements (with a limited exception) will be presumed to be imprudent and unreasonably incurred. The condition further provides that DEC may rebut this presumption with evidence supporting the reasonableness and prudence of its actual monetization of the tax credits. (T. Vol. 2 at pp. 65-66)

Witness Williams testified the Company's Woodleaf solar facility was placed in service in December 2018, and recovery of costs for the facility have been requested in the pending DEC general rate case, Docket No. E-7, Sub 1214. She further stated the Company had updated its revenue requirement calculation in this current REPS rider proceeding, including its current estimates regarding the realization of the tax benefits enumerated in the Woodleaf Order. She described the results of the Company's analysis of the updated tax monetization estimates and other relevant inputs, and indicated the resulting calculated annual revenue requirement was below the original CPCN estimate. With respect to the



condition restricting Woodleaf cost recovery in the annual REPS rider, witness Williams testified that the Company limited the amount included for recovery in the rider proposed in this REPS proceeding to the percentage of annual levelized cost equivalent to the standard offer REC price established in the Woodleaf CPCN proceeding. (T. Vol. 2 at pp. 67-70)

Based on the foregoing, the Commission concludes DEC properly complied in this proceeding with the reporting and cost recovery conditions of the Woodleaf Order.

#### **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 20-25**

The evidence supporting these findings of fact appears in DEC's Application, in the testimony and exhibits of DEC witnesses Jennings and Williams, the testimony of Public Staff witness Lucas, and the affidavit of Public Staff witness Boswell.

Revised Williams Exhibit No. 2, Page 3 shows EMF Period under-collections of \$260,340 for the residential class and \$111,738 for the industrial class, and an EMF over-collection including interest of \$(108,375) for the general service class. Revised Williams Exhibit No. 4 shows additional credits for contract receipts by customer class of \$(588,889) for residential, \$(423,261) for general service, and \$(34,022) for industrial. The total EMF period over-collections including interest and contract-related credits, by customer class, are \$(328,549) for residential and \$(531,636) for general service. The EMF period under-collection net of contract-related credits is \$77,716 for the industrial class. As reflected on Revised Williams Exhibit No. 4, witness Williams calculated monthly per-account REPS EMF credits (excluding regulatory fee) of \$(0.02) for residential accounts and \$(0.18) for general service accounts, and a monthly per-account REPS EMF charge (excluding regulatory fee) of \$1.37 for industrial accounts. Also on Revised Williams Exhibit No. 4,

she calculated the projected REPS costs for the Billing Period of \$16,899,388 for the residential class, \$12,011,561 for the general service class, and \$919,782 for the industrial class. Revised Williams Exhibit No. 4 shows that the proposed monthly prospective REPS riders per customer account, excluding the regulatory fee, to be collected during the Billing Period are \$0.80 for residential accounts, \$3.99 for general service accounts, and \$16.18 for industrial accounts. The combined monthly REPS and REPS EMF rider charges per customer account, excluding regulatory fee, to be collected during the Billing Period are \$0.78 for residential accounts, \$3.81 for general service accounts, and \$17.55 for industrial accounts. Including the regulatory fee, the combined monthly REPS and REPS EMF rider charges per customer account to be collected during the Billing Period are \$0.78 for residential accounts, \$3.81 for general service accounts, and \$17.57 for industrial accounts. Witness Williams testified that the Company's REPS incremental cost rider to be charged to each customer account for the twelve-month Billing Period is within the annual cost cap established for each customer class in N.C. Gen. Stat. § 62-133.8(h)(4).

Public Staff witness Boswell stated in her affidavit that as a result of its investigation, the Public Staff is recommending annual REPS EMF increment/(decrement) riders of \$(0.19), \$(2.12), and \$16.41, per customer account for DEC's residential, general service, and industrial customers, respectively, excluding the North Carolina regulatory fee. Excluding regulatory fee, the corresponding monthly REPS EMF decrement rider amounts are \$(0.02) and \$(0.18) for residential and general service customers, respectively, and a monthly REPS EMF increment rider of \$1.37 for industrial customers (T. Vol. 2 at pp. 106-107)

Public Staff witness Lucas recommended the Company's proposed prospective monthly REPS rider amounts per customer account, excluding regulatory fee, of \$0.80 for residential accounts, \$3.99 for general service accounts, and \$16.18 for industrial accounts be approved. Combined with the monthly EMF rider amounts recommended by witness Boswell, witness Lucas recommended approval of the following total monthly REPS charge per customer account, excluding regulatory fee: \$0.78 for residential accounts, \$3.81 for general service accounts, and \$17.55 for industrial accounts. (T. Vol. 2 at p. 100)

The Commission concludes that DEC's calculations of its REPS and REPS EMF riders are reasonable and appropriate. Accordingly, the Commission finds that the Company's test period REPS costs and associated monthly REPS EMF riders, as well as the projected Billing Period REPS costs and the corresponding monthly REPS riders, as set out on Revised Williams Exhibit No. 4, are appropriate. Finally, the Commission finds that these amounts are below the respective annual per-account cost caps as established in N.C. Gen. Stat. § 62-133.8(h)(4).

IT IS, THEREFORE, ORDERED as follows:

1. That DEC shall establish a REPS rider as described herein, in the amounts approved herein, and that this rider shall remain in effect for a 12-month period beginning on September 1, 2020 and expiring on August 31, 2021;
2. That DEC shall establish an EMF rider as described herein, in the amounts approved herein, and that this rider shall remain in effect for a 12-month period beginning on September 1, 2020 and expiring on August 31, 2021;
3. That DEC shall file the appropriate rate schedules and riders with the Commission in order to implement the provisions of this Order as soon as practicable, but

not later than ten (10) days after the date that the Commission issues orders in this docket as well as in Docket Nos. E-7, Sub 1228 and E-7, Sub 1231;

4. That DEC shall work with the Public Staff to prepare a joint notice to customers of the rate changes ordered by the Commission in this docket, as well as in Docket Nos. E-7, Sub 1228 and E-7, Sub 1231, and the Company shall file such notice for Commission approval as soon as practicable, but not later than ten (10) days after the Commission issues orders in all three dockets;

5. That DEC's 2019 REPS Compliance Report is hereby approved, and the RECs in DEC's 2019 compliance sub-accounts in NC-RETS shall be retired;

6. That DEC shall file in all future REPS rider applications the results of studies the costs of which were or are proposed to be recovered via its REPS EMF and rider and, for those studies that are subject to confidentiality agreements, information regarding whether and how parties can access the results of those studies; and

7. That DEC shall continue to file a worksheet explaining the discrete costs that DEC includes as "other incremental costs" in all future REPS rider proceedings.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_ day of \_\_\_\_\_, 2020.

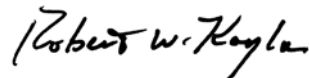
NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

## CERTIFICATE OF SERVICE

I certify that a copy of the Joint Proposed Order of Duke Energy Carolinas, LLC and the Public Staff, in Docket No. E-7, Sub 1229, has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid to the parties of record.

This is the 24<sup>th</sup> day of July, 2020.



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