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INFORMATION SHEET

PRESIDING: Chair Mitchell, Presiding; and Commissioners Brown-Bland,
Gray, and Clodfelter

PLACE: Dobbs Building, Room 2115, Raleigh, NC

DATE: Monday, September 9, 2019

TIME: 4:10 p.m. to 5:01 p.m.

DOCKET NO.: E-2, Sub 1204

COMPANIES: Duke Energy Progress, LLC

DESCRIPTION: Application of Duke Energy Progress, LLC Pursuant to N.C.G.S. § 62-133.2 and
NCUC Rule R8-55 Relating to Fuel and Fuel-Related Charge Adjustments for Electric Utilities

VOLUME NUMBER: 1

APPEARANCES

Please see attached.

WITNESSES

Please see attached.

EXHIBITS

Please see attached.

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TRANSCRIPT COPIES ORDERED: Downey, Thompson, West and Smith

CONFIDENTIAL EXHIBITS: Downey, Thompson, West and Smith

REPORTED BY: Kim Mitchell

DATE FILED: October 3, 2019

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TOTAL PAGES: 120

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N.C. Utilities Commission

1 PLACE: Dobbs Building, Raleigh, North Carolina
2 DATE: Tuesday, September 9, 2019
3 TIME: 4:10 p.m. - 5:01 p.m.
4 DOCKET NO: E-2, Sub 1204
5 BEFORE: Chair Charlotte A. Mitchell, Presiding
6 Commissioner ToNola D. Brown-Bland
7 Commissioner Lyons Gray
8 Commissioner Daniel G. Clodfelter
9

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IN THE MATTER OF:

Application of Duke Energy Progress, LLC,
Pursuant to N.C.G.S. § 62-133.2 and NCUC Rule R8-55
Regarding Fuel and Fuel-Related Cost Adjustments for
Electric Utilities.

VOLUME 1

1 A P P E A R A N C E S:

2 FOR DUKE ENERGY PROGRESS, LLC:

3 Jack Jirak, Esq.

4 Associate General Counsel

5 410 S. Wilmington Street/NCRH 20

6 Raleigh, North Carolina 27602

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8 Dwight Allen, Esq.

9 Allen Law Offices, PLLC

10 1514 Glenwood Avenue

11 Raleigh, North Carolina 27608

12

13 FOR CAROLINA UTILITY CUSTOMERS ASSOCIATION, INC.:

14 Robert F. Page, Esq.

15 Crisp & Page, PLLC

16 4010 Barrett Drive, Suite 205

17 Raleigh, North Carolina 27609

18

19 FOR CAROLINA INDUSTRIAL GROUP FOR FAIR UTILITY

20 RATES, II:

21 Ralph McDonald, Esq.

22 Bailey & Dixon, L.L.P.

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24 Raleigh, North Carolina 27602-1351

NORTH CAROLINA UTILITIES COMMISSION

1 A P P E A R A N C E S Cont'd.:

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3 Gudrun Thompson, Esq.

4 Senior Attorney

5 Tirrill Moore, Esq.

6 Southern Environmental Law Center

7 601 West Rosemary Street, Suite 220

8 Chapel Hill, North Carolina 27516

9

10 FOR FAYETTEVILLE PUBLIC WORKS COMMISSION:

11 James West, Esq.

12 General Counsel

13 955 Old Wilmington Road

14 Fayetteville, North Carolina 28301

15

16 FOR NORTH CAROLINA SUSTAINABLE ENERGY ASSOCIATION:

17 Benjamin Smith, Esq.

18 Regulatory Counsel

19 4600 Six Forks Road, Suite 300

20 Raleigh, North Carolina 27609

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22

23

24

1 A P P E A R A N C E S Cont'd.:
2 FOR THE USING AND CONSUMING PUBLIC:
3 Dianna Downey, Esq.
4 North Carolina Utilities Commission
5 4326 Mail Service Center
6 Raleigh, North Carolina 27699-4300

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NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

DATE: 9/9/19 DOCKET NO.: E-2, Sub 1204
ATTORNEY NAME and TITLE: Jack Jirak + Dwight Allen
FIRM NAME: _____
ADDRESS: 410 S. Wilmington St
CITY: Raleigh STATE: NC ZIP CODE: 27601
APPEARING FOR: DEP

APPLICANT: COMPLAINANT: ___ INTERVENOR: ___
PROTESTANT: ___ RESPONDENT: ___ DEFENDANT: ___

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NORTH CAROLINA UTILITIES COMMISSION

APPEARANCE SLIP

DATE: September 5, 2019

DOCKET NO. E-2, 1204

NAME AND TITLE OF ATTORNEY Ralph McDonald

FIRM NAME Bailey & Dixon, L.L.P.

ADDRESS Post Office Box 1351

CITY Raleigh, NC ZIP 27602-1351

APPEARING FOR: **Carolina Industrial Group for Fair Utility Rates II (CIGFUR II)**

APPLICANT COMPLAINANT INTERVENER X
PROTESTANT RESPONDENT

ORDER FOR TRANSCRIPT OF TESTIMONY:

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*I HEREBY ORDER ASCII DISK(S) OF THE TRANSCRIPT AT \$5.00 WITH PURCHASE OF TRANSCRIPT OR PRICE OF TRANSCRIPT AT \$1.00 PER PAGE.

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**NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP**

DATE: 9/29/19 DOCKET NO.: E-2, Sub 1204

ATTORNEY NAME and TITLE: Gudrun Thompson

FIRM NAME: Southern Environmental Law Ctr.

ADDRESS: 601 W. Rosemary St, Ste 220

CITY: Chapel Hill STATE: NC ZIP CODE: 27516

APPEARING FOR: Sierra Club

APPLICANT: _____ COMPLAINANT: _____ INTERVENOR:

PROTESTANT: _____ RESPONDENT: _____ DEFENDANT: _____

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Email: GudrunThompson@gmail.com

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**NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP**

DATE: 9/9/14 DOCKET NO.: E-2, Sub 1204

ATTORNEY NAME and TITLE: Mr. Tirrell Moore

FIRM NAME: Southern Environmental Law Center

ADDRESS: 601 W Rosemary, Suite 220

CITY: Chapel Hill STATE: NC ZIP CODE: 27516

APPEARING FOR: Sierra Club

APPLICANT: ___ COMPLAINANT: ___ INTERVENOR:

PROTESTANT: ___ RESPONDENT: ___ DEFENDANT: ___

PLEASE NOTE: Non-confidential transcripts may be accessed by visiting the Commission's website at <https://ncuc.net>. Hover over the Dockets tab, select Docket Search from the drop-down menu, and enter the docket number.

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NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

DATE 09/09/19 DOCKET #: E-2 Subs 1204, 1205, 1206 & 1207
NAME AND TITLE OF ATTORNEY Robert F. Page
FIRM NAME Crisp & Page, PLLC
ADDRESS 4010 Barrett Dr., Suite 205
CITY Raleigh ZIP 27609

APPEARING FOR: Carolina Utility Customers Association, Inc.

APPLICANT _____	COMPLAINANT _____	INTERVENER <input checked="" type="checkbox"/>
PROTESTANT _____	RESPONDENT _____	DEFENDANT _____

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Signature: _____

**NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP**

DATE: 9/9/2019 DOCKET NO.: E-2 subs 1204, 1205, 1206
ATTORNEY NAME and TITLE: Benjamin Smith, Regulatory Counsel
FIRM NAME: N/A
ADDRESS: 4800 Six Forks Road, Suite 300
CITY: Raleigh STATE: NC ZIP CODE: 27609
APPEARING FOR: NCSEA

APPLICANT: ___ COMPLAINANT: ___ INTERVENOR:
PROTESTANT: ___ RESPONDENT: ___ DEFENDANT: ___

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**NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP**

DATE: 09/09/2019 DOCKET NO.: B-2, SUB 1204
ATTORNEY NAME and TITLE: James West, General Counsel
FIRM NAME: Fayetteville Public Water Commission
ADDRESS: 955 Old Wilmington Road
CITY: Fayetteville STATE: NC ZIP CODE: 28301
APPEARING FOR: Fayetteville Public Water Commission

APPLICANT: _____ COMPLAINANT: _____ INTERVENOR:
PROTESTANT: _____ RESPONDENT: _____ DEFENDANT: _____

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Email: Jamie West @ fypwc.com

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NORTH CAROLINA UTILITIES COMMISSION
PUBLIC STAFF - APPEARANCE SLIP

DATE September 9, 2019 DOCKET #: E-2, Sub 1204

PUBLIC STAFF MEMBER Dianna Downey

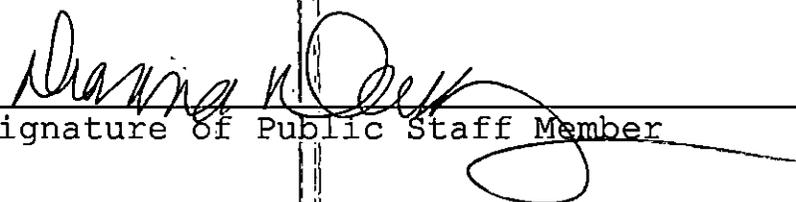
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GAS _____
TRANSPORTATION _____
ECONOMICS _____
LEGAL dianna.downey@pshcuc.nc.gov
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1 Number of copies of confidential portion of regular transcript (assuming a confidentiality agreement has been signed). Confidential pages will still be received in paper copies.

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Signature of Public Staff Member

1A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1204

In the Matter of)	
Application of Duke Energy Progress, LLC)	DUKE ENERGY PROGRESS
R8-55 Relating to Fuel and Fuel-Related)	LLC'S APPLICATION
Charge Adjustments for Electric Utilities)	

Duke Energy Progress, LLC ("DEP," "Company" or "Applicant"), pursuant to North Carolina General Statutes ("N.C. Gen. Stat.") § 62-133.2 and North Carolina Utilities Commission ("NCUC" or the "Commission") Rule R8-55, hereby makes this Application to adjust the fuel and fuel-related cost component of its electric rates. In support thereof, the Applicant respectfully shows the Commission the following:

1. The Applicant's general offices are located at 410 South Wilmington Street, Raleigh, North Carolina, and its mailing address is:

Duke Energy Progress, LLC
P. O. Box 1551
Raleigh, North Carolina 27602

2. The name and address of Applicant's attorney is:

Dwight W. Allen
Allen Law Offices, PLLC
1514 Glenwood Avenue, Suite 200
Raleigh, North Carolina 27608
Tel: (919) 838-0529
dallen@theallenlawoffices.com

Copies of all pleadings, testimony, orders, and correspondence in this proceeding should be served upon the attorney listed above.

3. NCUC Rule R8-55 provides that the Commission shall schedule annual hearings pursuant to N.C. Gen. Stat. § 62-133.2 in order to review changes in the cost of fuel and fuel-related costs since the last general rate case for each utility generating electric power by means of fossil and/or nuclear fuel for the purpose of furnishing North Carolina

retail electric service. Rule R8-55 schedules an annual cost of fuel and fuel-related costs adjustment hearing for DEP and requires that the Company use a test period of 12 months ended March 31. Therefore, the test period used in this Application for these proceedings is April 1, 2018 – March 31, 2019 (“test period”).

4. In Docket No. E-2, Sub 1173, DEP’s last fuel case, the Commission approved the following fuel and fuel-related costs factors (excluding the Experience Modification Factor (“EMF”) and regulatory fee):

Residential	2.311¢ per kWh
Small General Service	2.556¢ per kWh
Medium General Service	2.477¢ per kWh
Large General Service	1.757¢ per kWh
Lighting	2.251¢ per kWh

5. In this Application, DEP proposes fuel and fuel-related costs factors (excluding EMF and regulatory fee) of:

Residential	2.355¢ per kWh
Small General Service	2.469¢ per kWh
Medium General Service	2.432¢ per kWh
Large General Service	2.099¢ per kWh
Lighting	2.121¢ per kWh

In addition, these factors should be adjusted for the EMF by an increment/(decrement) (excluding regulatory fee) of:

Residential	0.252¢ per kWh
Small General Service	0.120¢ per kWh
Medium General Service	0.170¢ per kWh
Large General Service	0.557¢ per kWh
Lighting	0.435¢ per kWh

This results in composite fuel and fuel-related costs factors (excluding regulatory fee) of:

Residential	2.607¢ per kWh
Small General Service	2.589¢ per kWh
Medium General Service	2.602¢ per kWh

Large General Service	2.656¢ per kWh
Lighting	2.556¢ per kWh

The new fuel factors should become effective for service on or after December 1, 2019.

6. The information and data required to be filed by NCUC Rule R8-55 is contained in the testimony and exhibits of Kenneth D. Church, Kelvin Henderson, Brett Phipps, Regis Repko, and the testimony, exhibits, and workpapers of Dana M. Harrington, which are being filed simultaneously with this Application and incorporated herein by reference.

7. For comparison, in accordance with Rule R8-55(d)(1) and R8-55(e)(3), base fuel and fuel-related costs factors were also calculated based on the most recent North American Electric Reliability Corporation ("NERC") five-year national average nuclear capacity factor of 91.8% using projected billing period sales, and based on the proposed nuclear capacity factor of 94.62% using normalized test period sales. These base fuel and fuel-related costs factors are:

	<u>NERC Average</u>	<u>Normalized Sales</u>
Residential	2.650¢ per kWh	2.604¢ per kWh
Small General Service	2.639¢ per kWh	2.614¢ per kWh
Medium General Service	2.635¢ per kWh	2.615¢ per kWh
Large General Service	2.678¢ per kWh	2.643¢ per kWh
Lighting	2.645¢ per kWh	2.515¢ per kWh

WHEREFORE, Duke Energy Progress, LLC requests that the Commission issue an order approving composite fuel and fuel-related costs factors (excluding regulatory fee) of:

Residential	2.607¢ per kWh
Small General Service	2.589¢ per kWh
Medium General Service	2.602¢ per kWh
Large General Service	2.656¢ per kWh

Lighting

2.556¢ per kWh

Respectfully submitted this 11th day of June, 2019.

By: /s/ Dwight W. Allen

Dwight W. Allen

Allen Law Offices, PLLC

1514 Glenwood Avenue, Suite 200

Raleigh, North Carolina 27608

Tel: (919) 838-0529

dallen@theallenlawoffices.com

North Carolina State Bar No. 5484

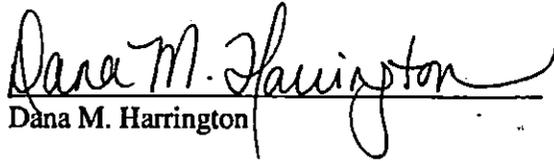
ATTORNEY FOR DUKE ENERGY PROGRESS, LLC

STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG)

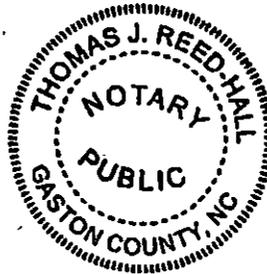
VERIFICATION

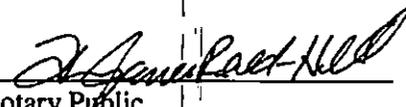
Dana M. Harrington, bring first duly sworn, deposes and says:

That she is Rates Manager for Duke Energy Progress, LLC; that she has read the foregoing Application and knows the contents thereof; that the same is true except as to the matters stated therein on information and belief; and as to those matters, she believes it to be true.


Dana M. Harrington

Sworn to and subscribed before
me this 4 day of June, 2019.

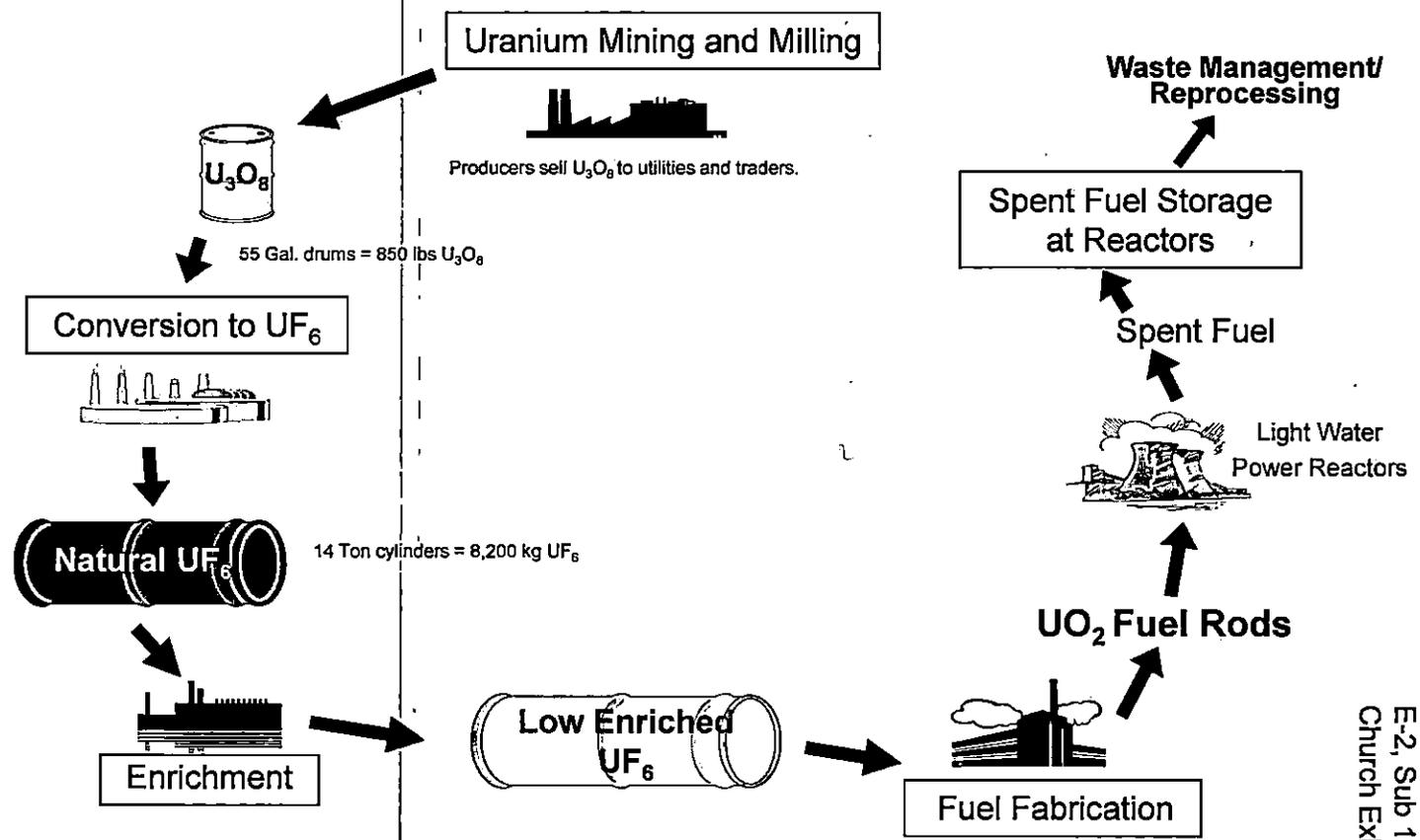



Notary Public

My Commission expires: 7-30-2022

I/A

The Nuclear Fuel Cycle



E-2, Sub 1204
Church Exhibit 1

I/A

Duke Energy Progress, LLC Nuclear Fuel Procurement Practices

The Company's nuclear fuel procurement practices are summarized below:

- Near and long-term consumption forecasts are computed based on factors such as: nuclear system operational projections given fleet outage/maintenance schedules, adequate fuel cycle design margins to key safety licensing limitations, and economic tradeoffs between required volumes of uranium and enrichment necessary to produce the required volume of enriched uranium.
- Nuclear system inventory targets are determined and designed to provide: reliability, insulation from market volatility, and sensitivity to evolving market conditions. Inventories are monitored on an ongoing basis.
- On an ongoing basis, existing purchase commitments are compared with consumption and inventory requirements to ascertain additional needs.
- Qualified suppliers are invited to make proposals to satisfy additional or future contract needs.
- Contracts are awarded based on the most attractive evaluated offer, considering factors such as price, reliability, flexibility and supply source diversification/portfolio security of supply.
- For uranium concentrates, conversion and enrichment services, long term supply contracts are relied upon to fulfill the largest portion of forward requirements. By staggering long-term contracts over time, the Company's purchases within a given year consist of a blend of contract prices negotiated at many different periods in the markets, which has the effect of smoothing out the Company's exposure to price volatility. Due to the technical complexities of changing suppliers, fabrication services are generally sourced to a single domestic supplier on a plant-by-plant basis using multi-year contracts.
- Spot market opportunities are evaluated from time to time to supplement long-term contract supplies as appropriate based on comparison to other supply options.
- Delivered volumes of nuclear fuel products and services are monitored against contract commitments. The quality and volume of deliveries are confirmed by the delivery facility to which the Company has instructed delivery. Payments for such delivered volumes are made after the Company's receipt of such delivery facility confirmations.

5/A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1204

In the Matter of)
Application of Duke Energy Progress, LLC)
Pursuant to G.S. 62-133.2 and NCUC Rule)
R8-55 Relating to Fuel and Fuel-Related)
Charge Adjustments for Electric Utilities)

KELVIN HENDERSON CONFIDENTIAL EXHIBIT 1

FILED UNDER SEAL

JUNE 11, 2019