

DOCKET NO. E-7, SUB 1162

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application of Duke Energy Carolinas, LLC, for)
Approval of Renewable Energy and Energy Efficiency)
Portfolio Standard Cost Recovery Rider Pursuant to)
G.S. 62-133.8 and Commission Rule R8-67)

AFFIDAVIT
OF
SONJA R. JOHNSON

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Sonja R. Johnson, first being duly sworn, do depose and say:

I am an accountant in the Accounting Division of the Public Staff - North Carolina Utilities Commission. A summary of my education and experience is attached to this affidavit as Appendix A.

G.S. 62-133.8(h) provides that the State's electric power suppliers may recover their reasonable and prudently incurred incremental costs of compliance with the Renewable Energy and Energy Efficiency Portfolio Standard (REPS) through an annual rider charge. Pursuant to Commission Rule R8-67, the REPS rider will be recovered over the same period as the utility's fuel and fuel-related cost rider. Commission Rule R8-67 also provides for a REPS experience modification factor (REPS EMF) rider, which is utilized to "true-up" the recovery of reasonable and prudently incurred incremental REPS compliance costs incurred during the test period established for each annual rider proceeding.

The purpose of my affidavit is to present the results of the Public Staff's investigation of the REPS EMF rider proposed by Duke Energy Carolinas, LLC

(DEC or the Company), in its application filed in this proceeding on March 7, 2018, based on incremental REPS compliance costs incurred and revenues recorded from January 2017 through December 2017 (REPS EMF period or test period).

On March 28, 2018, DEC filed the Supplemental Testimony and Revised Exhibits of Megan W. Jennings and Veronica I. Williams in which it corrected a formula error resulting in an understatement in total costs in the amount of \$810,659, comprising an avoided cost component of \$772,148 and an incremental REPS recovery cost component of \$38,511 which affected the January 1, 2017 through December 31, 2017 test period amounts only.

On May 21, 2018, DEC filed Additional Supplemental Testimony and Revised Exhibit No. 3 of Megan W. Jennings and Additional Supplemental Testimony of Veronica Williams along with 2nd Revised Williams Exhibit Nos. 1, 2, 4, and 5. The purpose of DEC's Additional Supplemental Testimony and the revised exhibits was to: 1) to correct an error in the categorization of labor costs, which have no impact on the total incremental costs in this proceeding, and, 2) to update the EMF decrement to incorporate DEC's over-recovery of incremental costs for the months of January through April 2018, as allowed by Commission Rule R8-67(e)(5). The proposed annual EMF decrement riders requested in the Additional Supplemental Testimony, excluding the regulatory fee, for the residential, general, and industrial customers, respectively, are \$(8.06), \$(33.44), and \$(228.49) per retail customer account. These rates are calculated by dividing the "Total EMF Costs/Credits" amount, as shown on 2nd Revised

Williams Exhibit No. 4 for each customer class, by the "Total Projected Number of Accounts – Duke Retail" for that class. The proposed monthly EMF decrement riders for residential, general, and industrial customers, respectively, are \$(0.67), \$(2.79), and \$(19.04) per retail customer account, excluding the regulatory fee. Although the January through April 2018 over-recovery is included in this proceeding as allowed by Commission Rule, the amounts included in the Additional Supplemental filing will be reviewed as part of next year's REPS cost recovery proceeding.

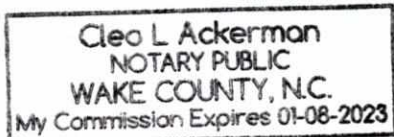
The Public Staff's investigation included procedures intended to evaluate whether the Company properly determined its per books incremental compliance costs and revenues, as well as the annual revenue cap for REPS requirements, during the test period. These procedures included a review of the Company's filings and other Company data provided to the Public Staff. Additionally, the procedures included a review of certain specific types of expenditures impacting the Company's costs, including labor costs and research and development costs. Performing the Public Staff's investigation required the review of numerous responses to written and verbal data requests, as well as discussions with the Company.

The Public Staff also reviewed the Company's efforts to remove all interconnection-related costs from recovery through REPS in this filing. DEC indicated it had reviewed all employee labor and overheads and had a high confidence level that all interconnection-related labor costs were removed in accordance with Company guidelines. The Public Staff reviewed the information

provided by DEC, and believes that the Company's efforts to remove interconnection-related costs were reasonable.


Based upon the Public Staff's investigation, including information received from the Company and the recommendation of Public Staff witness Lucas, I am recommending that DEC's proposed annual and monthly REPS EMF decrement riders for each customer class be approved. These amounts produce annual REPS EMF decrement riders of \$(8.06), \$(33.44), and \$(228.49), and monthly REPS EMF decrement riders of \$(0.67), \$(2.79), and \$(19.04), per customer account, excluding the regulatory fee, for residential, general, and industrial customers, respectively.

This completes my affidavit.



Sonja R. Johnson

Sworn to and subscribed before me
this the 23rd day of May, 2018.


Notary Public

My Commission Expires: 1-8-2023

APPENDIX A**SONJA R. JOHNSON**

I am a graduate of North Carolina State University with a Bachelor of Science and Master of Science degree in Accounting. I was initially an employee of the Public Staff from December 2002 until May 2004, and rejoined the Public Staff in January 2006.

I am responsible for analyzing testimony, exhibits, and other data presented by parties before this Commission. I have the further responsibility of performing and supervising the examinations of books and records of utilities involved in proceedings before the Commission, and summarizing the results into testimony and exhibits for presentation to the Commission.

Since initially joining the Public Staff in December 2002, I have filed testimony or affidavits in several water and sewer general rate cases. I have also filed testimony in applications for certificates of public convenience and necessity to construct water and sewer systems and noncontiguous extension of existing systems. My experience also includes filing affidavits in several fuel and fuel-related charge adjustment proceedings and Renewable Energy and Energy Efficiency Portfolio Standard (REPS) cost recovery cases for the utilities currently organized as Duke Energy Carolinas, LLC, Duke Energy Progress, LLC, and Virginia Electric and Power Company d/b/a Dominion Energy North Carolina.

While away from the Public Staff, I was employed by Clifton Gunderson, LLP. My duties included the performance of cost report audits of nursing homes, hospitals, federally qualified health centers, intermediate care

facilities for the mentally retarded, residential treatment centers and home health agencies.