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September 1, 2022

VIA ELECTRONIC FILING

Ms. A. Shonta Dunston, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

**RE: Duke Energy Progress, LLC's Rebuttal Testimony
Docket No. E-2, Sub 1296**

Dear Ms. Dunston:

Please find enclosed Duke Energy Progress, LLC's Rebuttal Testimony of Angela M. Tabor, in the above-referenced proceeding.

If you have any questions, please do not hesitate to contact me. Thank you for your assistance with this matter.

Sincerely,

A handwritten signature in blue ink that reads "Ladawn S. Toon".

Ladawn S. Toon

Enclosure

cc: Parties of Record

OFFICIAL COPY

Sep 01 2022

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1296

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)
Application of Duke Energy Progress, LLC)
Pursuant to G.S. 62-110.8 and Commission)
Rule R8-71 for Approval of CPRE)
Compliance Report and CPRE Cost)
Recovery Rider)

**REBUTTAL
TESTIMONY OF
ANGELA M. TABOR**

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

2 A. My name is Angela M. Tabor, and my business address is 410 South
3 Wilmington Street, Raleigh, North Carolina.

4 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS**
5 **PROCEEDING?**

6 A. Yes. I filed direct testimony in this proceeding on June 14, 2022. My direct
7 testimony included an exhibit, Tabor Exhibit No. 1, which presented Duke
8 Energy Progress, LLC's ("DEP" or the "Company") Competitive
9 Procurement of Renewable Energy ("CPRE") Program 2021 Compliance
10 Report, in accordance with North Carolina Utilities Commission (the
11 "Commission") Rule R8-71(h).

12 **Q. ARE YOU PROVIDING ANY EXHIBITS IN SUPPORT OF YOUR**
13 **REBUTTAL TESTIMONY IN THIS PROCEEDING?**

14 A. No.

15 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN**
16 **THIS PROCEEDING?**

17 A. The purpose of my rebuttal testimony is to respond to the Affidavit of Jeff
18 Thomas of the Public Staff dated August 24, 2022 alleging that DEP
19 unreasonably incurred network upgrade costs associated with a Tranche 2
20 winning project, Marley Solar, LLC, and that such costs should therefore
21 not be recoverable.

1 **Q. WHY DOES PUBLIC STAFF WITNESS THOMAS ARGUE THAT**
2 **THE NETWORK UPGRADE COSTS ASSOCIATED WITH**
3 **MARLEY SOLAR, LLC WERE UNREASONABLY INCURRED?**

4 A. Witness Thomas states that the cost estimates provided to Marley Solar,
5 LLC in the Interconnection Customer’s Facilities Study Report and
6 Interconnection Agreement exceed the original estimate provided to Marley
7 Solar, LLC in the CPRE evaluation process by more than 25%, and are
8 therefore unreasonable. He cites to the Commission’s July 2, 2019, *Order*
9 *Modifying and Accepting CPRE Program Plan* (“CPRE Program Order”)
10 filed in Docket No. E-2, Sub 1159 to argue that any CPRE network upgrade
11 costs that exceed DEP’s original network upgrade cost estimate provided to
12 a CPRE bid winner by more than 25% shall be considered unreasonable and
13 unauthorized for recovery in a future rate case.

14 **Q. DOES THE CPRE PROGRAM ORDER PROVIDE THE COMPANY**
15 **AN OPPORTUNITY TO PROVE THAT ANY NETWORK**
16 **UPGRADE COSTS EXCEEDING THE ORIGINAL COST**
17 **ESTIMATE BY MORE THAN 25% ARE IN FACT REASONABLE**
18 **AND PRUDENT?**

19 A. Yes. The CPRE Program Order states that the 25% limit shall be applied
20 “in the nature of a presumption,” and that the “utility may rebut this
21 presumption by competent, material, and substantive evidence.” CPRE
22 Program Order, at 18.

1 **Q. HAS DEP ACTUALLY INCURRED ANY NETWORK UPGRADE**
2 **COSTS ASSOCIATED WITH MARLEY SOLAR, LLC?**

3 A. No. The construction of Marley Solar, LLC is not yet complete, as detailed
4 in Tabor Exhibit No. 1. Accordingly, actual network upgrade costs
5 associated with this project are not yet known, and cannot be compared to
6 the original cost estimate provided to Marley Solar, LLC to confirm whether
7 or not they exceed the original cost estimate by 25% or more.

8 **Q. ARE MARLEY SOLAR, LLC'S CURRENT NETWORK UPGRADE**
9 **COST ESTIMATES REASONABLE, DESPITE BEING GREATER**
10 **THAN 25% ABOVE THE ORIGINAL COST ESTIMATE?**

11 A. Yes. However, as an initial matter, it is important to understand that cost
12 estimates evolve over time, and because Marley Solar, LLC is still under
13 construction, the actual costs of Marley Solar, LLC's network will remain
14 unknown until the project is actually completed. That said, the greater than
15 25% cost increases in the estimates provided to Marley Solar, LLC were,
16 and still are, reasonable and prudent.

17 First, the economic conditions existing when the original cost
18 estimate¹ was provided to Marley Solar, LLC in 2020 have drastically
19 changed. Since that time, market prices and inflation have dramatically
20 increased, correspondingly causing material and labor costs for network
21 upgrades to also increase. Additionally, to account for these market

¹ Note also that this original cost estimate was based on historical market prices for network upgrade labor and materials, further leading to discrepancies in cost estimates provided in early 2020 as compared to now.

1 conditions, DEP has determined it reasonable and prudent to include greater
2 construction contingencies in its network upgrade cost estimates.

3 Second, the nature of the interconnection study process evolves over
4 time and requires increasingly in-depth review of projects, which can lead
5 to additional network upgrades (and costs) being identified throughout the
6 study process that were not originally, reasonably known, or even
7 technologically feasible. For example, in the time between performing the
8 Facilities Study and Marley Solar, LLC signing the Interconnection
9 Agreement, the utilization of more technologically advanced line switches
10 became standard practice for DEP, which in part led to increased network
11 upgrade costs. Specifically, remote line switches became available, which
12 allow transmission lines to be remotely sectionalized, thus minimizing the
13 customer impact of faults as well as their impact on generation resources.
14 This technology improves reliability for customers as well as reduces the
15 duration that the transmission system is isolated from generation resources
16 such as solar.

17 In summary, DEP has reasonably and prudently managed the
18 ongoing construction and interconnection process of Marley Solar, LLC,
19 and DEP's engineers have calculated increasingly refined network upgrade
20 cost estimates based upon the best available information and equipment at
21 the time such estimates were provided.

1 **Q. IS DEP COMMITTED TO PROVIDING MARLEY SOLAR, LLC**
2 **REASONABLE COST ESTIMATES, AND ONLY INCURRING**
3 **REASONABLE AND PRUDENT NETWORK UPGRADE COSTS?**

4 A. Yes. DEP is committed to monitoring the cost of construction and will
5 ensure that all network upgrade costs are reasonably and prudently incurred
6 for Marley Solar, LLC. Moreover, Marley Solar, LLC has an assigned
7 project manager whose job is to specifically monitor the project's timeline,
8 construction, and costs. Additionally, all projects undergo a final
9 accounting report once construction activities are complete and the facility
10 reaches commercial operation. Marley Solar, LLC will undergo this same
11 exercise with the Duke Energy Technology's Business Controls team once
12 completed to ensure all costs are appropriately incurred and accounted for.

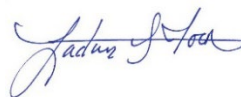
13 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

14 A. Yes.

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Progress, LLC's Rebuttal Testimony, in Docket No. E-2, Sub 1296, 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 the 1st day of September, 2022.



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