



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

August 31, 2021

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

Re: Docket No. E-2, Sub 1272 – Application of Duke Energy Progress, LLC, Pursuant to G.S. 62-133.2 and Commission Rule R8-55 Relating to Fuel and Fuel-Related Cost Adjustments for Electric Utilities

Dear Ms. Dunston:

Attached for filing on behalf of the Public Staff in the above-referenced docket are the following:

1. Notice of Affidavit;
2. Affidavit of Michelle M. Boswell, Accounting Manager - Electric Section, Accounting Division; and
3. Direct Testimony of Evan D. Lawrence, Utilities Engineer - Electric Section, Energy Division.

By copy of this letter, I am forwarding a copy to all parties of record by electronic delivery.

Sincerely,

Electronically submitted
s/ William E. H. Creech
Staff Attorney
zeke.creech@psncuc.nc.gov

Attachments

Executive Director
(919) 733-2435

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STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1272

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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

NOW COMES THE PUBLIC STAFF - North Carolina Utilities Commission,
by and through its Executive Director, Christopher J. Ayers, as constituted by
N.C. Gen. Stat. § 62-15, and gives notice that the Affidavit of:

Michelle M. Boswell, Accounting Manager - Electric
Accounting Division
Public Staff - North Carolina Utilities Commission
430 North Salisbury Street - Dobbs Building
4326 Mail Service Center
Raleigh, North Carolina 27699-4300

will be used in evidence at the hearing in this docket scheduled for September 21,
2021, pursuant to N.C. G. S. § 62-68. The affiant will not be called to testify orally
and will not be subject to cross-examination unless an opposing party or the
Commission demands the right of cross-examination by notice mailed or delivered
to the proponent at least five days prior to the hearing, pursuant to N.C. G. S. §
62-68.

THEREFORE, the Public Staff moves that the Affidavit of Michelle M.
Boswell be admitted into evidence in the absence of notice pursuant to N.C. G. S.
§ 62-68.

Respectfully submitted this the 31st day of August, 2021.

PUBLIC STAFF
Christopher J. Ayers
Executive Director

Dianna W. Downey
Chief Counsel

Electronically submitted
/s/ William E. H. Creech
Staff Attorney
zeke.creech@psncuc.nc.gov

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STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1272

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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

AFFIDAVIT OF
MICHELLE M.
BOSWELL

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Michelle M. Boswell, first being duly sworn, do depose and say:

I am the Accounting Manager - Electric Section of 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.

The purpose of my affidavit is to present the results of the Public Staff's investigation of the Experience Modification Factor (EMF) riders proposed by Duke Energy Progress, LLC (DEP or the Company) in this proceeding. The EMF riders are utilized to "true-up," by customer class, the recovery of fuel and fuel-related costs incurred during the test year. DEP's test year in this fuel proceeding is the twelve months ended March 31, 2021.

In its application, filed on June 15, 2021, DEP proposed EMF increment riders in cents per kilowatt-hour (kWh), excluding the North Carolina regulatory fee, for each North Carolina retail customer class, as shown in the table below:

Rate Class	EMF
Residential	0.121 ¢ per kWh
Small General Service	0.102 ¢ per kWh
Medium General Service	0.184 ¢ per kWh
Large General Service	0.396 ¢ per kWh
Lighting	0.270 ¢ per kWh

On August 27, 2021, DEP filed the Supplemental Testimony of Dana M. Harrington, with Revised Harrington Exhibits and supporting workpapers. Witness Harrington's supplemental testimony and revised exhibits reflect the impact of five updates to numbers presented in witness Harrington's direct exhibits and workpapers. A summary of those updates is as follows:

- (1) An update to the EMF increments and decrements to incorporate the fuel and fuel-related cost recovery balances for April through June 2021, pursuant to Commission Rule R8-55(d)(3). The reported underrecovery included in the update, although included in this proceeding, would be reviewed as part of next year's fuel and fuel-related cost proceeding;

- (2) Due to a system complexity issue, the Company inadvertently omitted the kWh sales for an industrial large general service real-time pricing customer from June 2020 through June 2021. The Company has updated test period sales and associated calculations that utilize the test period sales to include these kWh sales;
- (3) Correction to the weather adjustment to include missing industrial sales as well as to match the methodology utilized in DEP's most recent general rate case in Docket No. E-2, Sub 1219;
- (4) Correction of the annualized revenues calculations to depict the finalized calculations as well as to incorporate the missing industrial large general service real-time pricing kWh previously omitted; and
- (5) Correction of the allocation factor used to determine the portion of fuel rates that recover purchased power capacity costs.

In witness Harrington's Revised Exhibits filed on August 27, 2021, DEP's proposed revised underrecovery of fuel for each of the North Carolina retail customer classes is as follows:

Residential	\$41,096,455
Small General Service	\$ 3,513,037
Medium General Service	\$24,639,071

Large General Service	\$42,661,660
Lighting	\$ 1,150,209

The revised riders were calculated by dividing the fuel and fuel-related cost underrecoveries by DEP's normalized test year North Carolina retail sales of 16,764,534 megawatt-hours (MWh) for the residential class, 1,891,247 MWh for the small general service class, 10,497,319 MWh for the medium general service class, 8,403,471 MWh for the large general service class, and 341,894 MWh for the lighting class.

Revised Harrington Exhibit 1 included in witness Harrington's supplemental testimony sets forth the Company's revised proposed EMF increment riders in cents per kWh, excluding the North Carolina regulatory fee, for each North Carolina retail customer class, as shown in the table below:

Rate Class	EMF
Residential	0.245 ¢ per kWh
Small General Service	0.186 ¢ per kWh
Medium General Service	0.235 ¢ per kWh
Large General Service	0.508 ¢ per kWh
Lighting	0.336 ¢ per kWh

The Public Staff's investigation included procedures intended to evaluate whether the Company properly determined its per books fuel and fuel-related costs

and revenues during the test period. These procedures included a review of the Company's filing, prior Commission orders, the Monthly Fuel Reports filed by the Company with the Commission, and other Company data provided to the Public Staff. The Public Staff also reviewed certain specific types of expenditures impacting the Company's test year fuel and fuel-related costs, including reagents (limestone, ammonia, urea, etc.), renewable energy, and purchased power, as well as reviews of source documentation of fuel and fuel-related costs for certain selected Company generation resources. Performing the Public Staff's investigation required the review of numerous responses to written and verbal data requests, and several telephone conferences with Company representatives.

As a result of the Public Staff's investigation, I am recommending that DEP's EMF increment rates for each customer class be based on net fuel and fuel-related cost underrecoveries of \$41,096,455 for the residential class, \$3,513,037 for the small general service class, \$24,639,071 for the medium general service class, \$42,661,660 for the large general service class, and \$1,150,209 for the lighting class, and normalized North Carolina retail sales of 16,764,534 MWh for the residential class; 1,891,247 MWh for the small general service class, 10,497,319 MWh for the medium general service class, 8,403,471 MWh for the large general service class, and 341,894 MWh for the lighting class. These amounts produce the EMF increment rates for each North Carolina retail customer class (excluding the North Carolina regulatory fee) set forth in the table below:

Rate Class	EMF
Residential	0.245 ¢ per kWh
Small General Service	0.186 ¢ per kWh
Medium General Service	0.235 ¢ per kWh
Large General Service	0.508 ¢ per kWh
Lighting	0.336 ¢ per kWh

I have provided these amounts to Public Staff witness Evan D. Lawrence for incorporation into his recommended final fuel factor.

This completes my affidavit.

Michelle M. Boswell
Michelle M. Boswell

Sworn to and subscribed before me,

This the 31st day of August, 2021.

Evan D. Lawrence
Notary Public

My Commission Expires: 4/4/2024



APPENDIX A

QUALIFICATIONS AND EXPERIENCE

MICHELLE M. BOSWELL

I graduated from North Carolina State University in 2000 with a Bachelor of Science degree in Accounting. I am a Certified Public Accountant. I was promoted to Accounting Manager – Electric effective August 2020.

As a Manager with the Accounting Division of the Public Staff, I am responsible for the performance, supervision, and management of the following activities: (1) the examination and analysis of testimony, exhibits, books and records, and other data presented by utilities and other parties under the jurisdiction of the Commission or involved in Commission proceedings; and (2) the preparation and presentation to the Commission of testimony, exhibits, and other documents in those proceedings. I have been employed by the Public Staff since September 2000.

I have performed numerous audits and/or presented testimony and exhibits before the Commission regarding a wide range of electric, natural gas, and water topics. I have performed audits and/or presented testimony in DEC's 2010, 2015, 2017, 2019, and 2020 REPS Cost Recovery Rider proceedings; DEP's 2014, 2015, 2017, 2018, and 2019 REPS Cost Recovery Rider proceedings; the 2014 REPS Cost Recovery Rider proceeding for Dominion North Carolina Power (DNCP); the 2008 REPS Compliance Reports for North Carolina Municipal Power

Agency 1, North Carolina Eastern Municipal Power Agency, GreenCo Solutions, Inc., and EnergyUnited Electric Membership Corporation; four recent Piedmont Natural Gas (Piedmont) rate cases; the 2016 rate case of Public Service Company of North Carolina (PSNC); the 2012 and 2019 rate case for Dominion Energy North Carolina (DENC, formerly Dominion North Carolina Power); the 2013, 2017, and 2019 DEP rate cases; the 2017 and 2019 DEC rate cases; the 2018 fuel rider for DENC; several Piedmont, NUI Utilities, Inc. (NUI), and Toccoa annual gas cost reviews; the merger of Piedmont and NUI; and the merger of Piedmont and North Carolina Natural Gas (NCNG).

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1272

In the Matter of)	
Application by Duke Energy)	TESTIMONY OF
Progress, LLC, Pursuant to G.S. 62-)	EVAN D. LAWRENCE
133.2 and Commission Rule R8-55)	PUBLIC STAFF – NORTH
Regarding Fuel and Fuel-Related)	CAROLINA UTILITIES
Cost Adjustments for Electric)	COMMISSION
Utilities)	

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION
DOCKET NO. E-2, SUB 1272

TESTIMONY OF EVAN D. LAWRENCE
ON BEHALF OF THE PUBLIC STAFF
NORTH CAROLINA UTILITIES COMMISSION

AUGUST 31, 2021

1 Q. PLEASE STATE YOUR NAME AND ADDRESS FOR THE
2 RECORD.

3 A. My name is Evan D. Lawrence. My business address is 430 North
4 Salisbury Street, Raleigh, North Carolina.

5 Q. WHAT IS YOUR POSITION WITH THE PUBLIC STAFF?

6 A. I am an engineer with the Energy Division of the Public Staff
7 representing the using and consuming public.

8 Q. WOULD YOU BRIEFLY DISCUSS YOUR EDUCATION AND
9 EXPERIENCE?

10 A. A summary of my education and experience is outlined in detail in
11 Appendix A of my testimony.

12 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS
13 PROCEEDING?

14 A. The purpose of my testimony is to present the Public Staff's
15 recommendations regarding the proposed prospective fuel and fuel-
16 related cost factors for the residential, small general service, medium

1 general service, large general service, and lighting customers of
2 Duke Energy Progress, LLC (DEP or the Company), as set forth in
3 the Company's June 15, 2021 Application, as supplemented by the
4 Company's filing on August 27, 2021, and to present the Public
5 Staff's recommended total fuel and fuel-related cost factors
6 (including the Experience Modification Factors (EMFs)
7 recommended by Public Staff witness Boswell. I have also
8 investigated certain aspects of the Company's operations that affect
9 the EMFs, and have provided my findings to witness Boswell. I would
10 also like to make the Commission aware of a new coal delivery
11 contract the Company has entered into with Norfolk Southern that is
12 in effect for the billing period.

13 **Q. WHAT ARE THE TEST AND BILLING PERIODS FOR THIS**
14 **PROCEEDING?**

15 A. For this proceeding, the test period is April 1, 2020 through March
16 31, 2021, and the billing period is December 1, 2021 through
17 November 30, 2022.

18 **Q. PLEASE DESCRIBE THE SCOPE OF YOUR INVESTIGATION.**

19 A. My investigation of the Company's test period included a review of
20 projected fuel and fuel-related costs as well as the following: (1) the
21 Company's application, testimony, supplemental testimony, and
22 responses to Public Staff data requests; (2) documents related to the

1 performance of the Company's baseload power plants, including the
2 specific performance of the Company's nuclear facilities; (3) the
3 Company's purchased power transactions, including those from
4 renewable energy facilities;¹ (4) the Company's coal, natural gas,
5 nuclear, and reagent procurement practices and contracts; (5) the
6 current state of coal, natural gas, nuclear fuel, and reagent markets;
7 and (6) the dispatch of the Company's generation resources. The
8 Public Staff also engaged in multiple discussions and meetings with
9 Company personnel regarding these topics. I have also reviewed the
10 affidavit of Public Staff witness Boswell.

11 **Q. DID THE COMPANY MEET THE STANDARDS OF COMMISSION**
12 **RULE R8-55(K) FOR THE TEST YEAR?**

13 A. Yes. For the test year, the Company met one of the benchmarks set
14 forth in Commission Rule R8-55(k). The Company reported a single
15 year system-wide nuclear capacity factor (CF) of 93.55%, which is
16 greater than the North American Electric Reliability Corporation
17 (NERC) weighted average nuclear CF of 93.18%.

¹ Except for those costs recovered pursuant to N. C. Gen Stat. § 62.133.8(h).

1 Q. PLEASE SUMMARIZE THE RESULTS OF YOUR
2 INVESTIGATION AND YOUR RECOMMENDATIONS.

3 A. Based upon my investigation, I am not recommending any
4 adjustments to the projected fuel prices or the calculation of the total
5 fuel factor.

6 Q. PLEASE EXPLAIN DEP'S NEW RAIL CONTRACT FOR
7 DELIVERY OF COAL.

8 A. DEP witness John Verderame describes the anticipated declines in
9 expected coal burns and changes in the ability of the railroad to meet
10 significant changes in coal demand on pages 6-9 of his direct
11 testimony. He states that declining flexibility of coal transportation will
12 limit the Company's ability to effectively manage extreme burn
13 volatility and that the current Fixed/Variable contract in place does
14 not provide ongoing customer value. He further states that as an
15 alternative to returning to a flat conventional rate structure, DEP is
16 negotiating a 100 percent variable tiered pricing structure. Since the
17 filing of Verderame's testimony, the Company has entered into the
18 contract. A copy of the new pricing structure contract is attached as
19 **CONFIDENTIAL Lawrence Exhibit 1. [BEGIN CONFIDENTIAL]**

20 [REDACTED]
21 [REDACTED] **[END**

22 **CONFIDENTIAL]** Appendix A of this contract lists the variable prices
23 for coal delivery. **CONFIDENTIAL Lawrence Exhibit 2** lists the input

1 methodology, the rate structure, comparison to previous contract
2 delivered costs, and other general information related to dispatch.

3 **Q. WHAT IS THE PUBLIC STAFF'S ASSESSMENT OF DEP'S NEW**
4 **RAIL CONTRACT FOR DELIVERY OF COAL?**

5 A. The Public Staff has reviewed the contract and does not take issue
6 with the new structure. The integration of this 100 percent variable
7 tiered pricing contract, however, impacts dispatch methodology. The
8 Public Staff will review the implementation of the new contract and
9 associated costs and make applicable recommendations in DEP's
10 next fuel rider proceeding.

11 **Q. WHAT ARE THE FUEL COMPONENTS AND TOTAL FUEL**
12 **FACTORS THAT THE PUBLIC STAFF RECOMMENDS THAT THE**
13 **COMMISSION APPROVE?**

14 A. The Public Staff recommends approval of the fuel components and
15 total fuel factors (excluding the regulatory fee) shown in Exhibit 3
16 Table 1, effective for the twelve months beginning December 1,
17 2020.

18 **Q. DOES THIS COMPLETE YOUR TESTIMONY?**

19 A. Yes.

QUALIFICATIONS AND EXPERIENCE

EVAN D. LAWRENCE

I graduated from East Carolina University in Greenville, North Carolina in May 2016, earning a Bachelor of Science degree in Engineering with a concentration in Electrical Engineering. I started my current position with the Public Staff in September 2016. Since that time, my duties and responsibilities have focused on reviewing renewable energy projects, rate design, and renewable energy portfolio standards (REPS) compliance. I have filed affidavits in Dominion Energy North Carolina's 2017 and 2018 REPS cost recovery proceeding, testimony in DEP's 2019 REPS cost recovery proceeding, an affidavit in DEC's 2019 REPS cost recovery proceeding, testimony in New River Light and Power's most recent rate case proceeding, testimony in Western Carolina University's most recent rate case proceeding, and testimony in multiple dockets for requests for CPCNs. Additionally, I am currently serving as a co-chair of the National Association of State Utility and Consumer Advocates (NASUCA) DER and EE Committee.

EXHIBIT 3

Docket No. E-2, Sub 1272

Proposed Fuel and Fuel-Related Cost Factors in cents per kWh
effective December 1, 2021
(excludes regulatory fee)

TABLE 1 – Company PROPOSED Fuel and Fuel-Related Cost Factors
(¢ per kWh)

Rate Class	Base & Prospective	EMF	Total Fuel Factor
Residential	2.126	0.245	2.371
Small General Service	2.111	0.186	2.297
Medium General Service	2.169	0.235	2.404
Large General Service	2.019	0.508	2.527
Lighting	1.682	0.336	2.018

For comparison, Table 2 below provides the existing fuel and fuel-related cost factors (excluding the regulatory fee) approved in Docket No. E-2, Sub 1250:

TABLE 2- EXISTING Fuel and Fuel-Related Cost Factors (¢ per kWh)

Rate Class	Base & Prospective	EMF	Total Fuel Factor
Residential	2.080	0.180	2.260
Small General Service	2.126	0.049	2.175
Medium General Service	2.228	0.096	2.324
Large General Service	2.204	0.267	2.471
Lighting	1.392	0.381	1.773