



**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 1276 – Application of Duke Energy Progress, LLC, for
Approval of REPS Compliance Report and REPS Cost Recovery Rider
Pursuant to N.C. Gen. Stat. § 62-133.8 and Commission Rule R8-67

Dear Ms. Dunston:

Attached for filing in the above-referenced docket are the following:

1. Notice of Affidavit;
2. Affidavit of Jay B. Lucas, Manager, Electric Section – Operations and Planning, Public Staff Energy Division; and
3. Confidential Direct Testimony of Charles A. Akpom, Staff Accountant, Public Staff Accounting Division, and Michelle M. Boswell, Accounting Manager – Electric Section, Public Staff Accounting Division.

By copy of this letter, I am forwarding a copy of the redacted version to all parties of record by electronic delivery. The confidential version will be provided to those parties that have entered into a confidentiality agreement.

Sincerely,

Electronically submitted

/s/ Megan Jost

Staff Attorney

megan.jost@psncuc.nc.gov

/s/ Munashe Magarira

Staff Attorney

munashe.magarira@psncuc.nc.gov

Attachments

Executive Director
(919) 733-2435

Accounting
(919) 733-4279

Consumer Services
(919) 733-9277

Economic Research
(919) 733-2267

Energy
(919) 733-2267

Legal
(919) 733-6110

Transportation
(919) 733-7766

Water/Telephone
(919) 733-5610

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1276

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Duke Energy Progress, LLC, for)
Approval of Renewable Energy and Energy)
Efficiency Portfolio Standard Compliance) NOTICE OF AFFIDAVIT
Report and Cost Recovery Rider Pursuant to)
N.C. Gen. Stat. § 62-133.8 and Commission)
Rule R8-67)

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:

Jay B. Lucas, Manager, Electric Section – Operations and
Planning, Energy 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 Jay B. Lucas 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/ Megan Jost
Staff Attorney
megan.jost@psncuc.nc.gov

/s/ Munashe Magarira
Staff Attorney
Munashe/magarira@psncuc.nc.gov

430 North Salisbury Street - Dobbs Building
4326 Mail Service Center
Raleigh, North Carolina 27699-4300
Telephone: (919) 733-6110

CERTIFICATE OF SERVICE

I certify I have this day served a copy of the foregoing Notice of Affidavit and Affidavit on each of the parties of record in this proceeding or their attorneys of record by causing a copy to be deposited in the United States Mail, postage prepaid, properly addressed to each or by electronic delivery upon agreement from the parties.

This the 31st day of August, 2021.

Electronically submitted
/s/ Megan Jost
Staff Attorney
megan.jost@psncuc.nc.gov

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1276

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Duke Energy Progress, LLC, for)
Approval of Renewable Energy and Energy) AFFIDAVIT OF
Efficiency Portfolio Standard Cost Recovery) JAY B. LUCAS
Rider Pursuant to N.C. Gen. Stat. § 62-133.8)
and Commission Rule R8-67)

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Jay B. Lucas, first being duly sworn, do depose and say:

I am Manager of the Electric Section – Operations and Planning in the Public Staff's Energy Division. A summary of my education and experience is attached to this affidavit as Appendix A.

The purpose of my affidavit is to make recommendations to the Commission on the Renewable Energy and Energy Efficiency Portfolio Standard (REPS) Compliance Report and proposed REPS cost recovery rider filed by Duke Energy Progress, LLC (DEP or the Company), on June 15, 2021. My recommendations are based on the Company's application, the testimony filed by the Company's witnesses, Megan W. Jennings and Veronica I Williams, the Company's REPS Compliance Report, the Company's newly-signed renewable energy contracts, the Company's responses to Public Staff data requests, reports

generated from within the North Carolina Renewable Energy Tracking System (NC-RETS), and the joint testimony of Public Staff witnesses Charles A. Akpom and Michelle M. Boswell (Joint Testimony).

REPS Compliance Report

DEP is legally obligated to acquire renewable energy certificates (RECs) in accordance with N.C. Gen. Stat. § 62-133.8 to comply with REPS. For 2020 compliance, DEP obtained a sufficient number of general RECs,¹ energy efficiency certificates (EECs), and RECs derived from other eligible sources such that the total equaled 10% of its 2019 North Carolina retail electricity sales. As part of the 10% requirement, DEP needed to pursue retirement of sufficient solar RECs to match 0.20% of its retail sales in 2019 (solar set-aside), sufficient swine waste RECs to match 0.07% of its retail sales in 2019 (swine waste set-aside), and sufficient poultry waste RECs to match its pro-rata share of the state-wide 700,000 poultry waste RECs required by the poultry set-aside. The swine waste and poultry waste REC requirements were determined by the Commission in its December 16, 2019 *Order Modifying the Swine and Poultry Waste Set-Aside Requirements and Providing Other Relief* and *Errata Order* dated February 13, 2020, issued in Docket No. E-100, Sub 113.

Based on its review, the Public Staff has determined that DEP's REPS Compliance Report meets the requirements of N.C.G.S. § 62-133.8 and

¹ General RECs include all RECs other than those used to meet the solar, swine waste, and poultry waste set-asides. General RECs and EECs are largely interchangeable for REPS compliance purposes, with the exception that EECs are limited to 25% of the total compliance requirement for 2020.

Commission Rule R8-67(c). Accordingly, the Public Staff recommends that the Commission approve DEP's 2020 REPS Compliance Report.

Allocation of EECs

In this year's REPS cost recovery case for Duke Energy Carolinas, LLC (DEC), in Docket No. E-7, Sub 1246, DEC and the Public Staff reached an agreement on revising the credit for EECs and the allocation of EECs among customer classes when calculating the REPS rates for each customer class. In that proceeding, DEC filed the supplemental testimony of witness Veronica I. Williams with revised REPS rate calculations on May 5, 2021. The Public Staff filed my testimony on May 10, 2021, in which I agreed with DEC's revised rates. On August 17, 2021, the Commission issued an order accepting the revised rates.

In the instant proceeding, DEP's June 15, 2021 filing provided a revised process for determining credit for EECs and allocation of EECs among customer classes to match DEC's revised process. The Public Staff agrees with DEP's revision.

Proposed REPS Rider Charges

The proposed REPS rider is based on the projected costs and projected number of accounts subject to a REPS charge in the billing period (December 1, 2021, through November 30, 2022). The Experience Modification Factor (EMF) is based on the incremental costs in the EMF period (April 1, 2020, through March

31, 2021) and the average number of accounts subject to a REPS charge in the billing period. The EMF is discussed more fully in the Joint Testimony.

In its filing on June 15, 2021, DEP requested the following monthly rates for the EMF and billing period components and the total REPS rates, excluding the regulatory fee:

Customer Class	Billing Period Rate	EMF Rate	Total REPS Rate
Residential	\$ 1.20	\$ 0.21	\$ 1.41
General Service	\$ 6.97	\$ 0.42	\$ 7.39
Industrial	\$ 48.91	\$ 0.47	\$ 49.38

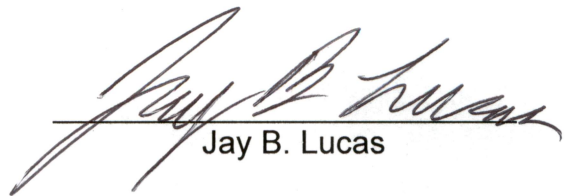
The Public Staff has reviewed the costs that produce the proposed rates listed above and, apart from the REPS EMF riders that are discussed in more detail in the Joint Testimony, takes no issue with them. Accordingly, subject to the recommendations set forth in the Joint Testimony, the Public Staff recommends the following REPS rates for residential, general service, and industrial customers:

Customer Class	Billing Period Rate	EMF Rate	Total REPS Rate
Residential	\$ 1.20	\$ 0.21	\$ 1.41
General Service	\$ 6.97	\$ 0.42	\$ 7.39
Industrial	\$ 48.91	\$ 0.45	\$ 49.36

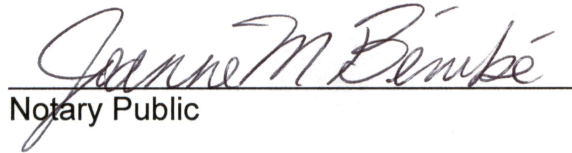
For comparison, the table below provides the EMF and billing period components and the total REPS rates (excluding the regulatory fee) that the Commission approved in Docket No. E-2, Sub 1251, on December 4, 2020.

Customer Class	Billing Period Rate	EMF Rate	Total REPS Rate
Residential	\$ 1.29	\$ 0.00	\$ 1.29
General Service	\$ 7.71	\$ (0.74)	\$ 6.97
Industrial	\$ 54.49	\$ (6.67)	\$ 47.82

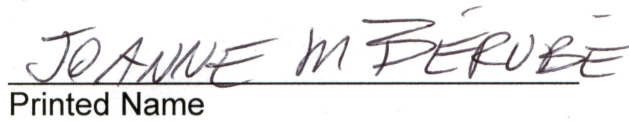
This completes my affidavit.


Jay B. Lucas

Sworn to and subscribed before me
this the 31st day of August, 2021.


Notary Public

Joanne M. Berube
NOTARY PUBLIC
WAKE COUNTY, N.C.
My Commission Expires 12-17-2022.


Printed Name

My Commission Expires: 12/17/2022

OFFICIAL COPY

Aug 31 2021

Jay B. Lucas

I graduated from the Virginia Military Institute in 1985, earning a Bachelor of Science Degree in Civil Engineering. Afterwards, I served for four years as an officer in the U.S. Air Force performing many civil and environmental engineering tasks. I left the Air Force in 1989 and attended the Virginia Polytechnic Institute and State University (Virginia Tech), earning a Master of Science degree in Environmental Engineering. After completing my graduate degree, I worked for an engineering consulting firm and worked for the North Carolina Department of Environmental Quality in its water quality programs. Since joining the Public Staff in January 2000, I have worked on utility cost recovery, renewable energy program management, customer complaints, and other aspects of utility regulation. I am a licensed Professional Engineer in North Carolina.

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION
DOCKET NO. E-2, SUB 1276

JOINT TESTIMONY OF CHARLES A. AKPOM AND MICHELLE M.
BOSWELL
ON BEHALF OF THE PUBLIC STAFF
NORTH CAROLINA UTILITIES COMMISSION

August 31, 2021

1 **Q. MR. AKPOM, PLEASE STATE YOUR NAME AND ADDRESS**
2 **FOR THE RECORD.**

3 A. My name is Charles A. Akpom. 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 accountant with the Accounting Division of the Public Staff
7 – North Carolina Utilities Commission.

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

10 A. Yes. My education and experience are summarized in Appendix A.

11 **Q. MS. BOSWELL, PLEASE STATE YOUR NAME AND ADDRESS**
12 **FOR THE RECORD.**

13 A. My name is Michelle M. Boswell. My business address is 430 North
14 Salisbury Street, Raleigh, North Carolina.

15 **Q. WHAT IS YOUR POSITION WITH THE PUBLIC STAFF?**

1 A. I am the Accounting Manager – Electric Section with the Accounting
2 Division of the Public Staff – North Carolina Utilities Commission.

3 **Q. WOULD YOU BRIEFLY DISCUSS YOUR EDUCATION AND**
4 **EXPERIENCE?**

5 A. Yes. My education and experience are summarized in Appendix B.

6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

7 A. The purpose of our testimony is to make a recommendation
8 regarding the results of the Public Staff's investigation of the
9 Renewable and Energy Efficiency Portfolio Standard (REPS)
10 Experience Modification Factor (EMF) rider proposed by Duke
11 Energy Progress, LLC (DEP or the Company), in its application and
12 testimony filed in this proceeding on June 15, 2021. The REPS
13 EMF rider is based on the difference between incremental REPS
14 compliance costs incurred and REPS rider revenues billed from
15 April 1, 2020, through March 31, 2021 (REPS EMF period or test
16 period). The REPS EMF rider is utilized to "true-up" the recovery of
17 reasonable and prudently incurred incremental REPS compliance
18 costs incurred during the test period.

19 **Q. PLEASE EXPLAIN THE REPS EMF RIDERS BEING PROPOSED**
20 **BY DEP IN THIS PROCEEDING.**

1 A. The testimony of DEP witness Veronica I. Williams addresses the
2 incremental costs the Company contends it incurred for compliance
3 with the REPS. Williams Exhibit No. 4 indicates that DEP under-
4 recovered its incremental REPS compliance costs for the test
5 period by \$3,247,824 for the residential class, \$1,030,284 for the
6 general service class, and \$9,901 for the industrial class. These
7 amounts, when divided by the number of customer accounts in
8 each class, produce proposed annual North Carolina retail REPS
9 EMF increments of \$2.52, \$5.01, and \$5.59, and proposed monthly
10 North Carolina retail REPS EMF riders of \$0.21, \$0.42, and \$0.47,
11 per customer account, excluding the North Carolina regulatory fee,
12 for the residential, general service, and industrial customers,
13 respectively.

14 **Q. PLEASE DESCRIBE THE PUBLIC STAFF’S INVESTIGATION OF**
15 **THE REPS EMF RIDERS.**

16 A. The Public Staff’s investigation included procedures intended to
17 evaluate whether the Company properly determined its per book
18 incremental compliance costs for the test period ended March 31,
19 2021. These procedures included a review of the Company’s filing
20 and other Company data provided to the Public Staff as well as a
21 review of certain specific types of expenditures impacting the

1 Company's costs, and the review of numerous responses to written
2 data requests.

3 **Q. AS A RESULT OF YOUR INVESTIGATION, DO YOU**
4 **RECOMMEND ANY ADJUSTMENTS TO DEP'S PROPOSED**
5 **REPS EMF RIDERS?**

6 A. Yes. DEP included, as part of its REPS rider costs, "Other
7 Incremental costs" of [BEGIN CONFIDENTIAL] [REDACTED] [END
8 CONFIDENTIAL] for the EMF period.¹ Other Incremental costs
9 include internal and external labor costs and non-labor costs
10 associated with REPS compliance activities. [BEGIN
11 CONFIDENTIAL] [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [END CONFIDENTIAL]. We recommend that the REPS EMF riders
17 be adjusted to reflect the Public Staff adjustment to remove that
18 amount.

19 **Q. PLEASE EXPLAIN WHY YOU MADE THIS ADJUSTMENT.**

20 A. [BEGIN CONFIDENTIAL] [REDACTED],
21 [REDACTED]

¹ Williams Exhibit No. 1, Page 1 of 2, Line 8.

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]. [END CONFIDENTIAL]

17 Commission Rule R8-67(e)(2) states that electric public utilities
18 may charge a rider to recover “the reasonable incremental costs
19 prudently incurred to comply with G.S. 62-133.8(b), (d), (e) and (f).”

20 [BEGIN CONFIDENTIAL] [REDACTED]
21 [REDACTED]
22 [REDACTED]

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]

5 [REDACTED]. [END CONFIDENTIAL] The
6 Public Staff is not recommending that DEP be denied recovery of
7 these costs altogether at this time. Because these costs were not
8 incurred for REPS compliance, the Company should record the
9 expense in the base rate cost of service in the year incurred,
10 subject to an audit of prudence and reasonableness in a general
11 rate case proceeding.

12 **Q. BASED ON THE PUBLIC STAFF'S PROPOSED ADJUSTMENT,**
13 **WHAT REPS EMF RIDERS IS THE PUBLIC STAFF**
14 **RECOMMENDING?**

15 A. As a result of the Public Staff's investigation, we are recommending
16 annual North Carolina retail REPS EMF riders of \$2.51, \$4.98, and
17 \$5.44, per customer account, excluding the North Carolina
18 regulatory fee, for DEP's residential, general service, and industrial
19 customers, respectively. The corresponding monthly rider amounts
20 are \$0.21, \$0.42, and \$0.45, per customer account.

21 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

22 A. Yes, it does.

APPENDIX A

QUALIFICATIONS AND EXPERIENCE

CHARLES A. AKPOM

I graduated from Southern University and A&M College, Baton Rouge, Louisiana in 1987 with an MBA in Accounting. I am a Certified Public Accountant.

I joined the Public Staff in September 2020. I am responsible for (1) examining and analyzing 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) preparing and presenting testimony, exhibits, and other documents for presentation to the Commission.

Prior to joining the Public Staff, I was a Controller with BB&T for eleven years, responsible for accounting, finance, human resources, IT, and communications for the organization. Additionally, I worked as an accountant and auditor in corporate accounting and the federal government, with increasing responsibility levels in the supervision of accounting and performance of audit engagements.

Since joining the Public Staff, I have worked on the Western Carolina University PPA, DEC 2021 REPS rider, DEC and DEP's storm securitization audit, and the Clarke Utilities water rate case.

APPENDIX B

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.

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).