

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-22, SUB 590

In the Matter of  
Application by Virginia Electric and )  
Power Company, d/b/a Dominion )  
Energy North Carolina, for Authority to )  
Adjust its Electric Rates and Charges )  
and Revise its Fuel Factor Pursuant to )  
N.C. Gen. Stat. § 62-133.2 and NCUC )  
Rule R8-55 )

TESTIMONY OF  
JENNY X. LI  
PUBLIC STAFF – NORTH  
CAROLINA UTILITIES  
COMMISSION

**BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

**DOCKET NO. E-22, SUB 590**

**Testimony of Jenny X. Li**

**On Behalf of the Public Staff**

**North Carolina Utilities Commission**

**November 2, 2020**

1    **Q.    PLEASE STATE FOR THE RECORD YOUR NAME, ADDRESS,**  
2            **AND PRESENT POSITION.**

3    A.    My name is Jenny X. Li. My business address is 430 North Salisbury  
4            Street, Raleigh, North Carolina. I am a Staff Accountant with the  
5            Public Staff Accounting Division.

6    **Q.    WOULD YOU BRIEFLY DISCUSS YOUR EDUCATION AND**  
7            **EXPERIENCE?**

8    A.    My education and experience are summarized in Appendix A.

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

10   A.    The purpose of my testimony is to present the results of the Public  
11            Staff's investigation of the Experience Modification Factor (EMF)  
12            rider proposed by Dominion Energy North Carolina (DENC or the  
13            Company) in this proceeding.

1   **Q.   PLEASE DESCRIBE THE EXPERIENCE MODIFICATION**  
2       **FACTOR.**

3   A.   The EMF rider is utilized to “true-up,” by customer class, the over- or  
4       under-recovery of fuel and fuel-related costs (fuel costs) experienced  
5       during the test year, which is determined by comparing the revenues  
6       collected during the test year to recover previous estimated fuel costs  
7       (fuel revenues) to the actual amount of fuel costs incurred during the  
8       test year. DENC’s test year in this fuel proceeding is the twelve  
9       months ended June 30, 2020.

10   **Q.   PLEASE DESCRIBE THE PUBLIC STAFF’S INVESTIGATION OF**  
11       **THE FUEL EMF RIDERS.**

12   A.   The Public Staff’s investigation included procedures to evaluate  
13       whether the Company properly determined its per books fuel costs  
14       and fuel revenues during the test period. These procedures included  
15       a review of the Company’s filing, prior Commission orders, the  
16       Monthly Fuel Reports filed by the Company with the Commission,  
17       and other Company data provided to the Public Staff. Additionally,  
18       the procedures included review of certain specific types of  
19       expenditures affecting the Company’s test year fuel costs, payments  
20       to non-utility generators (NUGs), and payments for purchases of  
21       power from the markets administered by PJM Interconnection, LLC  
22       (PJM). The Public Staff’s procedures also included a review of  
23       source documentation of fuel costs for certain selected Company

1 generation resources. Finally, the Public Staff's investigation  
2 included the review of numerous responses to written data requests,  
3 as well as several telephone conferences with Company  
4 representatives.

5 Furthermore, I verified that effective February 1, 2020, as approved  
6 by the Commission in Docket E-22, Sub 562, the Company began  
7 using a 71% Marketer Percentage for power purchased through  
8 markets administered by PJM and from dispatchable NUGs that did  
9 not provide DENC with the actual fuel costs for the purchases to  
10 arrive at a fuel cost component.

11 **Q. PLEASE EXPLAIN THE FUEL EMF RIDERS ORIGINALLY**  
12 **PROPOSED BY DENC IN THIS PROCEEDING.**

13 A. In its application filed on August 11, 2020, DENC proposed an EMF  
14 decrement rider (Rider B) of (\$0.00117) per kilowatt-hour (kWh), both  
15 including and excluding the North Carolina regulatory fee for all North  
16 Carolina retail customer classes. To calculate this EMF decrement  
17 rider, DENC took its test year fuel cost over-recovery of \$4,049,129  
18 and added interest of \$641,112 for a total net over-recovery of  
19 \$4,690,241. This amount was then divided by the Company's pro-  
20 forma North Carolina retail sales of 4,015,131,356 kWh to produce  
21 the proposed decrement rider.

1    **Q.     PLEASE DESCRIBE THE COMPANY’S ERRATA FILING OF**  
2           **WITNESS BEASLEY’S TESTIMONY AND EXHIBIT GGB-1.**

3    A.    On October 23, 2020, DENC filed the Errata Filing of Company  
4           Witness Beasley’s Testimony and Exhibit GGB-1. The filing provided  
5           corrected versions of Witness Beasley’s direct testimony and Exhibit  
6           GGB-1 reflecting the impact of two corrections presented in witness  
7           Beasley’s direct exhibit and schedules. They are as follows:

8           (1)   Correct the test year North Carolina retail kWh sales presented  
9                 on Exhibit GGB-1 to reconcile with the Company’s witness  
10            Ronnie T. Campbell’s exhibit RC-1, Schedule 3. This update  
11            results in an increase of 120,437,016 kWh to the test year’s  
12            North Carolina retail kWh sales included in Exhibit GGB-1.

13          (2)   Correct the Class Expansion Factors for customer class  
14                 Schedules NS and 6VP. The two factors were erroneously  
15                 switched in witness Beasley’s direct exhibit.

16          The corrections of the aforementioned items reduced the total  
17          decrement fuel rate for all North Carolina retail customer classes by  
18          \$0.00004 per kWh from the amount presented in Mr. Beasley’s direct  
19          exhibit.

20    **Q.     WHAT DID COMPANY WITNESS BEASLEY PROPOSE IN HIS**  
21           **ERRATA FILING?**

1 A. DENC Witness Beasley proposed a revised decrement rider (Rider  
2 B) of (\$0.00113) per kWh, both including and excluding the North  
3 Carolina regulatory fee, for all North Carolina retail customer classes.  
4 To calculate this EMF decrement rider, DENC took its test year fuel  
5 cost over-recovery of \$4,049,129 and added interest of \$641,112 for  
6 a total net fuel cost over-recovery of \$4,690,241. This amount was  
7 then divided by the corrected Company normalized North Carolina  
8 retail sales of 4,135,568,372 kWh to produce the proposed revised  
9 decrement rider (Rider B).

10 **Q. ARE THERE ANY MATTERS YOU WOULD LIKE TO DISCUSS AS**  
11 **IT RELATES TO THE TEST PERIOD EMF INVESTIGATION?**

12 A. Yes, as addressed in Public Staff witness Maness' testimony, the  
13 Public Staff is currently investigating the North Carolina retail share  
14 of the fuel costs associated with PJM off system sales, margin and  
15 whether a margin is embedded in the fuel factor. The Public Staff will  
16 address this issue in more detail in the next annual fuel rider.

17 **Q. ARE YOU PROPOSING ANY ADJUSTMENTS TO DENC'S**  
18 **CORRECTED TEST YEAR KWH SALES?**

19 A. No. I am not proposing any change to the corrected normalized North  
20 Carolina retail kWh sales as proposed in the Company's Errata Filing  
21 of 1,597,302 MWh for the Residential class; 775,762 MWh for the  
22 SGS & PA class; 651,616 MWh for the LGS class; 838,114 MWh for

1 the Schedule NS class; 246,776 MWh for the 6VP class; 25,584  
2 MWh for the Outdoor Lighting class; and 414 MWh for the Traffic  
3 class, as set forth in DENC witness Beasley's errata testimony.

4 **Q. WHAT ARE THE EMF OVER-RECOVERY AMOUNTS YOU ARE**  
5 **PROPOSING FOR THE ALL CUSTOMER CLASSES?**

6 A. I recommend a total EMF decrement rider in the amount of  
7 (\$0.00113) per kWh, both including and excluding regulatory fee, for  
8 each customer class. This EMF decrement rider is based on a net  
9 total fuel expense over-recovery amount of \$4,690,241 divided by  
10 normalized North Carolina retail sales of 4,135,568,372. This  
11 recommendation is reflected in Li Exhibit 1, Schedule 1. Schedule 2  
12 sets forth the Jurisdictional Voltage Differentiated EMF rate by class  
13 (Rider B) as follows:

14

Residential	\$ (0.00115)
SGS & PA	(0.00114)
LGS	(0.00114)
Schedule NS	(0.00110)
6VP	(0.00112)
Outdoor Lighting	(0.00115)
Traffic	(0.00115)

15 I have provided these amounts to Public Staff witness Evan  
16 Lawrence for incorporation into his recommended final fuel factor.  
17 Therefore, I recommend that the total decrement Rider B in the  
18 amount of (\$0.00113) per kWh, both including and excluding  
19 regulatory fee, be approved.

- 1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?
- 2 A. Yes, it does.



**QUALIFICATIONS AND EXPERIENCE**

**JENNY X. LI**

I graduated from North Carolina State University with a Bachelor of Science degree in Accounting.

I joined the Public Staff Accounting Division in August 2016 as a Staff Accountant. I am responsible for the performance 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.

Since joining the Public Staff, I have filed affidavits and testimony in Duke Energy Progress, LLC (DEP), Duke Energy Carolinas, LLC (DEC), and Dominion Energy North Carolina (DENC) fuel rider proceedings, as well as Dominion Energy North Carolina REPS rider proceeding. I have also assisted on several electric cases and performed reviews in DEC and DEP rate cases. I have also performed reviews of DEC's Existing DSM Program Rider and BPM/NFPTP Rider; Western Carolina University's PPA Rider and New River Light and Power Company's PPA Factor.

Prior to joining the Public Staff, I was employed by MDU Enterprises Inc. and Neusoft America Inc. My duties there varied from examining various financial statements to supervising accounting and assisting external audits.



**DOMINON NORTH CAROLINA POWER**  
**Docket E-22 Sub 590**  
**North Carolina Annual Fuel Expenses**  
**PUBLIC STAFF CALCULATION OF EXPERIENCE MODIFICATION FACTOR - COMPOSITE NC RETAIL**  
**Test Period Ended June 30, 2020**

Line No.	Month	Fuel Cost Incurred <sup>1/</sup> \$ (a)	Composite Fuel Cost Billed ¢/kwh (b) (b) = (d) / (c)	kwh Sales <sup>1/</sup> (c)	Fuel Cost Collections \$ <sup>1/</sup> (d)	Reported Over (Under) Recovery (e)	Company Corrections & Adjustments (f)	Company Adjusted Over(Under) Recovery (g)	Public Staff Adjustments (h)	Public Staff Adjusted Over(Under) Recovery (i) (i) = (g) + (h)
						(e) = (d) - (a)		(g) = (e) + (f)		
1	July-16	\$8,282,649	0.02148	419,006,549	\$ 8,998,512	\$ 715,863	-	\$ 715,863	-	\$ 715,863
2	August-16	\$6,455,876	0.02151	346,934,588	7,461,944	1,006,068	-	1,006,068	-	1,006,068
3	September-16	\$7,144,159	0.02140	391,868,863	8,386,983	1,242,824	-	1,242,824	-	1,242,824
4	October-16	\$5,385,472	0.02141	299,324,279	6,408,171	1,022,699	-	1,022,699	-	1,022,699
5	November-16	\$6,417,762	0.01606	290,756,962	4,669,745	(1,748,017)	-	(1,748,017)	-	(1,748,017)
6	December-16	\$9,713,755	0.01688	456,560,069	7,706,220	(2,007,535)	-	(2,007,535)	-	(2,007,535)
7	January-17	\$7,198,437	0.01724	335,062,773	5,775,406	(1,423,032)	-	(1,423,032)	-	(1,423,032)
8	February-17	\$8,047,536	0.01714	385,617,008	6,609,780	(1,437,755)	-	(1,437,755)	-	(1,437,755)
9	March-17	\$4,413,294	0.01720	281,305,023	4,837,264	423,970	-	423,970	-	423,970
10	April-17	\$3,486,715	0.02502	228,172,902	5,709,665	2,222,950	-	2,222,950	-	2,222,950
11	May-17	\$6,386,527	0.02066	423,653,000	8,751,498	2,364,971	-	2,364,971	-	2,364,971
12	June-17	\$4,245,599	0.02115	279,564,000	5,911,722	1,666,123	-	1,666,123	-	1,666,123
13	Total Test Period	<u>\$ 77,177,781</u>		<u>4,137,826,016</u>	<u>\$ 81,226,910</u>	<u>\$ 4,049,129</u>	<u>\$ -</u>	<u>\$ 4,049,129</u>	<u>-</u>	<u>\$ 4,049,129</u>
14	Public Staff Adjusted Over-Recovery									\$ 4,049,129
15	Normalized North Carolina KWH Sales									<u>4,135,568,372</u>
16	Experience Modification Decrement									<u>\$ (0.00098)</u>
17	Annual Interest Rate									10%
18	Monthly Interest Rate									0.8330%
19	Number of Months: mid-point of test period to mid-point of billing period									19
20	Interest Amount									\$ 641,112
21	EMF Interest Decrement									<u>(0.00016)</u>
22	Net Total Over-Recovery (L14+L20)									\$ 4,690,241
23	Total EMF Rate (Decrement)									(0.00113)
24	NCUC Regulatory Fee Factor									<u>1.00130</u>
25	Total EMF Rate (Decrement), including Regulatory Fee									<u>(0.00113)</u>

1/ Monthly Fuel Report, Schedule 4.

# **CALCULATION OF FUEL COST RIDER B BY CUSTOMER CLASS**

Test Period Ended June 30, 2020

Billing Period February 1, 2021 - January 31, 2022

## **EMF RATES INCLUDING NCUC REGULATORY FEE**

Line No.	Customer Class	Adjusted NC Retail kWh Sales A Revised Exh GGB-1, Sch 3	NC Jurisdictional EMF including NCUC Reg Fee B Li Ex 1, Sch 1	Fuel Collection Uniform Rate C C= A x B	Class Expansion Factor D Revised Exh GGB-1, Sch 3	Class kWh @ Generation Level E C= A x D	Jurisdictional Voltage Differentiated EMF Rate @ Sales Level (Rider B) <sup>1/</sup> F Uniform rate X D
1	Residential	1,597,301,652	\$ (0.00113)	\$ (1,804,951)	1.05111700	1,678,950,921	\$ (0.00115)
2	SGS & PA	775,761,960	(0.00113)	(876,611)	1.04999590	814,546,877	(0.00114)
3	LGS	651,616,167	(0.00113)	(736,326)	1.04171877	678,800,793	(0.00114)
4	Schedule NS	838,113,978	(0.00113)	(947,069)	1.01053200	846,940,994	(0.00110)
5	6VP	246,776,422	(0.00113)	(278,857)	1.02505300	252,958,912	(0.00112)
6	Outdoor Lighting	25,584,162	(0.00113)	(28,910)	1.05111700	26,891,947	(0.00115)
7	Traffic	414,032	(0.00113)	(468)	1.05111700	435,196	(0.00115)
8	NC Retail	4,135,568,372		(4,673,192)		4,299,525,640	
Jurisdictional Uniform Rate @ Generation Level						(0.00109)	

1/ Public Staff Recommended EMF rider by customer class (Rider B)