



Camal O. Robinson
Associate General Counsel

Duke Energy
550 South Tryon St
DEC45A
Charlotte, NC 28202

o: 980.373.2631
f: 704.382.4439

camal.robinson@duke-energy.com

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Apr 23 2021

April 23, 2021

VIA ELECTRONIC FILING

Office of the Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4335

**Re: Joint Motion for Clarification or, in the Alternative, Reconsideration
Docket Nos. E-2, Sub 1219 and E-2, Sub 1193**

Dear Ms. Campbell:

Enclosed for filing in the above-referenced proceedings on behalf of Duke Energy Progress, LLC and the Public Staff of the North Carolina Utilities Commission is their Joint Motion for Clarification or, in the Alternative, Reconsideration.

Please feel free to contact me with any questions or concerns, and thank you for your assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to be "Camal O. Robinson", written over a horizontal line.

Camal O. Robinson

COR:sjg

Enclosure

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1219
DOCKET NO. E-2, SUB 1193

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1219

In the Matter of
Petition of Duke Energy Progress,
LLC, for Adjustment of Rates and
Charges Applicable to Electric
Service in North Carolina

DOCKET NO. E-2, SUB 1193

In the Matter of
Application of Duke Energy
Progress, LLC for an Accounting
Order to Defer Incremental Storm
Damage Expenses Incurred as a
Result of Hurricanes Florence and
Michael and Winter Storm Diego

**JOINT MOTION FOR
CLARIFICATION OR, IN THE
ALTERNATIVE,
RECONSIDERATION**

NOW COME Duke Energy Progress, LLC (DEP or the Company) and the Public Staff—North Carolina Utilities Commission (Public Staff) (Movants), and hereby jointly file, pursuant to N.C. Gen. Stat. § 62-80 and North Carolina Utilities Commission (Commission) Rule R1-7, this joint motion for clarification or, in the alternative, reconsideration of the Commission's Order Accepting Stipulation, Granting Partial Rate Increase, and Requiring Customer Notice (Order) issued on April 16, 2021 in the above-captioned dockets (Motion).

In support of this Motion, the Movants show as follows:

1. On October 30, 2019, DEP filed an Application to Adjust Retail Rates and Request for an Accounting Order, along with the required Rate Case Information Report, Form E-1, and the direct testimony and exhibits of numerous witnesses.

2. On April 13, 2020, the Public Staff and numerous other parties filed the direct testimony and exhibits of their witnesses. On April 23, 2020, the Public Staff filed the supplemental testimony of several witnesses.

3. On May 4, 2020, DEP filed the rebuttal testimony and exhibits of several witnesses.

4. On June 2, 2020, DEP and the Public Staff entered into and filed an Agreement and Stipulation of Partial Settlement (First Partial Stipulation) settling some issues in the case.

5. On June 8, 2020, DEP and Harris Teeter entered into and filed a Settlement Agreement (Harris Teeter Stipulation or HT Stipulation).

6. On June 9, 2020, DEP and the Commercial Group entered into and filed a Settlement Agreement (Commercial Group Stipulation or CG Stipulation).

7. On July 31, 2020, DEP and the Public Staff entered into and filed a Second Agreement and Stipulation of Partial Settlement (Second Partial Stipulation) settling additional issues in the case.

8. On August 24, 2020, the matter came on for a consolidated expert witness hearing with Duke Energy Carolinas, LLC.

9. On December 4, 2020, parties to the dockets submitted post-hearing briefs and proposed orders. The Public Staff and the Company, in addition to each filing its own proposed order, also filed a Joint Proposed Order (JPO).

10. On April 16, the Commission issued its Order.

Request for Clarification or, in the Alternative, Reconsideration of Storm Costs Discussion and Conclusions

11. Finding of Fact No. 60 on page 20 of the Order states:

60. A ten-year normalized adjustment to DEP's revenue request to account for anticipated storm expenses that are too small to securitize is appropriate for use in this proceeding. (emphasis added).

12. However, the Commission's Storm Costs Discussion and Conclusions section supporting Finding of Fact No. 60 beginning on page 189 of the Order states:

The Commission also accepts DEP's decision to remove its Storm Costs from the revenue requirement requested in this proceeding in favor of a separate securitization filing, and the Commission further accepts the fifteen-year normalized adjustment to DEP's revenue requirement to account for anticipated storm expenses that are not large enough in size to securitize. (emphasis added).

13. As illustrated by the above-cited language, the Order's conclusions related to Finding of Fact No. 60 states that a fifteen-year normalized adjustment, as opposed to a ten-year normalized adjustment, is acceptable for use in this proceeding for DEP's revenue request to account for anticipated storm expenses that are too small to securitize.

14. Based on Finding of Fact No. 60 and the Storm Costs Summary of the Evidence sections discussed below, Movants believe that the Commission

intended to find in the Storm Costs Discussion and Conclusions section that a ten-year normalized adjustment, and not a fifteen-year normalized adjustment, is acceptable for use in this proceeding.

15. For example, the Storm Costs Summary of the Evidence section correctly states that “[Public Staff] witness Dorgan adjusted DEP’s revenue request in the rate case to allow for a ten-year normalization of storm costs not sufficient to support a separate securitization filing.”¹

16. The Storm Costs Summary of the Evidence section also correctly states that in the First Partial Stipulation, DEP and the Public Staff agreed to adjustments “to remove the capital and O&M costs associated with the Storms and to reflect a 10-year normalized level of storm expense for storms that would not otherwise be large enough for the Company to securitize.”²

17. Moreover, Movants’ JPO Storm Costs Discussions and Conclusions section stated:

The Commission also accepts the decision of DEP, as agreed to by the Public Staff, to remove the Company’s Storm Costs from the revenue requirement requested in this general rate case in favor of a separate anticipated securitization filing and further accepts the ten-year normalized adjustment to DEP’s requested revenue requirement to account for anticipated storm expenses that are too small to securitize.³

18. *State ex rel. Utilities Comm’n v. North Carolina Gas Service*, 128 N.C. App. 288, 293-294, 494 S.E.2d 621, 626, rev. denied, 348 N.C. 78, 505

¹ Order, at 187 (citing Tr. vol 15, 749).

² Order, at 188 (citing First Partial Stipulation, § III.1.).

³ JPO, at 54.

S.E.2d 886 (1998) states that a Commission may only modify its order “due to a change of circumstances requiring it for the public interest. In the absence of any additional evidence or a change in conditions, the Commission has no power to reopen a proceeding and modify or set aside an order made by it.” (internal citations omitted). *State ex rel. Utilities Comm’n v. Edmisten* 291 N.C. 575, 584, 232 S.E.2d 177 (1977) further states that the Commission may also modify its order due to “misapprehension of the facts, or disregard of facts.”

19. Accordingly, Movants request that the Commission clarify or, in the alternative, reconsider that the Order’s Storm Costs Discussion and Conclusions section supporting Finding of Fact No. 60 was intended to conclude that a ten-year normalization of storm costs, as opposed to a fifteen-year normalization of storm costs, is appropriate for use in this proceeding for storm expenses that are too small to securitize. Attachment A to this Motion includes a revised Storm Costs Discussion and Conclusions section correctly accepting a ten-year normalization of storm costs not large enough in size to securitize.

Request for Clarification Regarding Rate Design for Schedules CSE and CSG

20. Ordering Paragraph No. 36 on page 203 of the Order states:

That the rates for the CSE and CSG rate schedules shall be adjusted to affect a gradual movement in aligning rates with costs consistent with the guidance detailed above.

21. Movants were unable to locate the “guidance detailed above” in the Order. Movants believe the Commission intended to adopt Public Staff witness Floyd’s recommendation with respect to the CSE and CSG rate schedules, but

inadvertently omitted discussion thereof from the Evidence and Conclusions for Finding of Fact No. 51 (which relates to Rate Design) in the Commission's Order.

22. In his direct testimony, DEP witness Pirro discussed the changes to the rates within the Medium General Service (MGS) category, which include Schedules CSE and CSG. He stated that the CSE and CSG schedules, which are frozen, were increased by 15% more than the other schedules within the MGS class to encourage migration to another schedule. He noted that these schedules had been closed to new participants since 1977.⁴

23. Public Staff witness Floyd testified that Schedules CSE and CSG provide service to churches and church schools, respectively. While some customers have migrated to other schedules since these schedules were closed in 1977, there remain 44 customers on Schedule CSE and one customer on Schedule CSG. Witness Floyd pointed out that Schedules CSE and CSG were under-recovering their costs, and recommended that these rates be gradually brought into line with other schedules in the MGS class. He recommended that DEP adjust their rates to decrease the revenue gap between these schedules and the MGS class schedules by 33% in this case, with an adjustment of 50% of any remaining differential in the next rate case, and 100% of any remaining differential in the following rate case.⁵

24. The Company did not file any testimony in rebuttal to Mr. Floyd's recommendation or otherwise take a position with respect to his proposal. The

⁴ See Tr. vol. 11, 1096, 1098.

⁵ See Tr. vol. 15, 960-62.

Public Staff filed a separate proposed order, which, among other things, supported Mr. Floyd's recommendation with respect to Schedules CSE and CSG. No other parties addressed Mr. Floyd's proposal.

25. The Stipulations between the Company and the Public Staff did not address these particular rates or Mr. Floyd's proposal; however, as the Commission notes on pages 25 and 178 of the Order, the Company's Stipulations with Harris Teeter and the Commercial Group provide that DEP shall have the right to adjust the rates for Rate Schedule CSE and Rate Schedule CSG more than the percentage base rate increase for Rate Schedule MGS as may be necessary to address concerns raised by the Public Staff.

26. Accordingly, in light of these facts, the Movants request that the Commission clarify the rate design section of the Order by adding (1) a summary of Mr. Floyd's testimony relating to Schedules CSG and CSE to the summary of the Public Staff's rate design testimony beginning on page 173 of the Order, and (2) a sentence to the Rate Design Discussion and Conclusions section of the Order beginning on page 179, to support Ordering Paragraph No. 36 and provide the guidance referenced therein. Attachment B to this Motion provides a revised summary of the Public Staff's testimony relating to rate design to as well as a revised Rate Design Discussion and Conclusions section to the Order.

27. Counsel for Movants has contacted counsel for other parties to this proceeding regarding this joint motion for clarification or, in the alternative, reconsideration. No party has advised that it objects to this Motion.

CONCLUSION

THEREFORE, Duke Energy Progress, LLC and the Public Staff respectfully move:

1. That the Commission clarify or, in the alternative, reconsider the Storm Costs Discussion and Conclusions section of the Order to conclude that a ten-year normalized adjustment to DEP's revenue request to account for anticipated storm expenses that are too small to securitize is appropriate for use in this proceeding;

2. That the Commission clarify the Rate Design section of the Order to include additional record evidence supporting the conclusion reached in Ordering Paragraph 36, as requested herein.

Respectfully submitted this, the 23rd day April, 2021.



Camal O. Robinson
Associate General Counsel
Duke Energy Corporation
550 South Tryon Street
Charlotte, North Carolina 28202
(980) 373-2631
camal.robinson@duke-energy.com

PUBLIC STAFF
Christopher J. Ayers
Executive Director

Electronically submitted
/s/ Dianna W. Downey
Chief Counsel
4326 Mail Service Center
Raleigh, North Carolina 27699-4300
(919) 733-0976; (919) 733-0979
dianna.downey@psncuc.nc.gov

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Apr 23 2021

Attachment A

Revisions to Storm Costs Discussion and Conclusions Section (beginning on page 189 of Order):

Discussion and Conclusions

Based upon the evidence and the record, the Commission finds good cause to conclude that DEP's actual costs incurred to respond to and recover from Hurricanes Florence, Michael, Dorian, and Winter Storm Diego, totaling \$714.0 million, and consisting of approximately \$567.3 million in actually incurred or projected storm response O&M costs, approximately \$68.6 million in capital investments, and approximately \$78.1 million in carrying costs (calculated using the Company's approved weighted average cost of capital through August 31, 2020), were reasonably and prudently incurred, to the extent such costs represent actual amounts as of May 31, 2020. Any estimated costs as of that date or incurred afterward should remain subject to review in the financing proceeding conducted pursuant to SB 559, or to consideration for recovery in a future general rate case proceeding, pursuant to the provisions of N.C.G.S. § 62-172(a)(16)(c). Any updates to the deferred Storm Costs projections for storm recovery activities that occurred after the hearings in this docket will be addressed in the securitization proceeding.

The Commission also accepts DEP's decision to remove its Storm Costs from the revenue requirement requested in this proceeding in favor of a separate securitization filing, and the Commission further accepts the ~~fifteen~~ten-year normalized adjustment to DEP's revenue requirement to account for anticipated storm expenses that are not large enough in size to securitize.

The Commission gives substantial weight to the Storm Cost provisions of the First Partial Stipulation and concludes that it is appropriate and consistent with SB 559 that DEP continue to defer its Storm Costs intended to be securitized in a regulatory asset account until the date on which the storm recovery bonds are issued pursuant to an approved financing order in accordance with N.C.G.S. § 62-172 or alternative cost recovery is sought by the Company. The amounts recorded in the regulatory asset account will be subject to review by intervening parties and the Commission in the securitization proceeding. Further, it is appropriate and consistent with the statute that DEP continue to accrue and record carrying costs, at the Company's approved weighted average cost of capital, on the deferred balances in its Storm Costs recovery deferred account pending recovery through securitization, again subject to review by intervening parties and the Commission in the securitization proceeding.

The Commission also does not object to the Company using the assumptions the Public Staff and DEP agreed to in the First Partial Stipulation to demonstrate quantifiable benefits to customers, in accordance with N.C.G.S. § 62-172(b)(1). However, the Commission makes no determination in this proceeding as to whether the assumptions and conditions agreed to by the parties are appropriate for use in the calculation of the

quantifiable benefits to customers. Instead, the Commission concludes that the appropriateness of the provisions of the First Partial Stipulation regarding the assumptions and methods to be utilized in the demonstration of quantifiable benefits to customers in accordance with N.C.G.S. § 62-172(b)(1) are matters to be decided in connection with the Company's joint petition with Duke Energy Carolinas, LLC, for financing orders in Docket No. E-2, Sub 1262 (Securitization Docket). In addition, the Commission accepts the parties' agreement to file a joint petition for rulemaking to establish the standards and procedures that will govern future securitization petitions under N.C.G.S. § 62-172.

The Commission also finds appropriate and reasonable the provisions of the First Partial Stipulation regarding the filing procedure for the securitization proceeding, the agreed-to delay in beginning the amortization of securitized costs, the provisions for establishing a provisional deferral of the storm costs pending the outcome in the securitization docket, and the commitment to pursue a rulemaking proceeding for future securitizations. The Commission concludes that these provisions serve to protect the interests of the Company and its ratepayers.

Finally, the Commission accepts the provision of the First Partial Stipulation to adopt a contingent Storm Cost Recovery Rider, set at \$0, as a place holder in the event that securitization of DEP's costs is denied and recognizes that DEP and the Public Staff have reserved their rights to argue their respective positions regarding the appropriate ratemaking treatment for the Storm Costs.

Attachment B

(1) Revisions to Description of Public Staff's Rate Design Testimony (beginning on p. 173 of Order):

Public Staff Testimony

Witness Floyd testified that the Company made very few modifications to any of its rate schedules other than to increase individual rate elements within each schedule to accomplish the revenue increase assigned to the rate class itself, including retaining the same relationships between the summer and winter rates. Tr. vol. 15, 957. He noted that the current rates had not yet been updated to incorporate new AMI data analytics and the Company should begin incorporating AMI data into its load research efforts supporting rate design. *Id.* at 957, 966-67. However, witness Floyd stated that notwithstanding his testimony highlighting the status quo nature of the Company's rate schedules, he is generally supportive of the few proposed changes to rate schedules and service regulations discussed by witness Pirro. *Id.* at 958, 1008.

Witness Floyd pointed out that Schedules CSE and CSG were under-recovering their costs, and recommended that these rates be gradually brought into line with other schedules in the MGS class. *Id.* at 961. He recommended that DEP adjust its rates to decrease the revenue gap between these schedules and the MGS class schedules by 33% in this case, with an adjustment of 50% of any remaining differential in the next rate case, and 100% of any remaining differential in the following rate case. *Id.* at 961-62.

With respect to the Company's lighting rate schedules, witness Floyd indicated that he reviewed the cost data provided by the Company regarding the proposed changes to individual rates under each lighting schedule and believes the changes in rates and the related lighting services are reasonable and should be approved. *Id.* at 963. With respect to the contract terms and the application of the lighting service regulations to Schedule SLR, he concluded that both changes are reasonable attempts to consolidate the terms and conditions applicable to lighting services and each lighting rate schedule. *Id.*

Witness Floyd also stated that it is appropriate for DEP to begin working on new EV rates and to discuss design options with stakeholders. Tr. vol 15, 958. He proposed that the Commission require DEP to develop and propose EV rate designs as part of his recommended larger rate design study.

Witness Floyd further stated that the Public Staff does not object to the Company's proposal to leave BCCs at current levels for purposes of this proceeding. See *id.* at 1045-47, 1095-96.

Witness Floyd also testified that the Public Staff believes the Company should undertake a comprehensive rate design study prior to the filing of its next rate case to allow stakeholders the opportunity to participate in the discussion and he articulated six broad principles he believed were appropriate for future rate designs. *Id.* at 968-69. Witness Floyd provided several examples of utility services that justify the need for a

comprehensive study, including net metering and other distributed generation resources, microgrids, energy storage, and electric vehicles (EVs). *Id.* at 969-70.

Finally, witness Floyd testified that the Public Staff supports convening a stakeholder process address affordability issues, including the appropriate amount of the BCC.

(2) Revisions to Discussions and Conclusions (beginning on p. 179 of Order):

Discussion and Conclusions

The Commission concludes that the Company's proposed portfolio of rate designs as modified by this Order, specifically including the rate design provisions outlined in §§ IV.C and D of the Public Staff Second Partial Stipulation, are just and reasonable for purposes of this proceeding. The Commission further concludes that Schedules CSE and CSG should be adjusted as recommended by Public Staff witness Floyd to decrease the revenue gap between these schedules and the MGS class schedules by 33% in this case. Nonetheless, as the Company and customers adopt new technologies and uses of the electric system change, rate design must evolve in order to maximize the efficiency and effectiveness of these new technologies and ensure usage of the electric system that is consistent with the public interest. The Commission recognizes the impact the results of a comprehensive rate study may have on future utility services, customers, and the economy of the State. That said, the Commission concludes that it is in the public interest to direct the Company to conduct a comprehensive rate design study (Rate Design Study) as outlined in § IV.E of the Second Partial Stipulation and further described in the testimony of witnesses Floyd and Huber, and as expanded upon herein. Based on the evidence in the record, the Commission provides the following guidance.

With respect to scope, the Rate Design Study should address, at a minimum, those rate design questions set forth in § IV.E(1)–(6) of the Second Partial Stipulation, including firm and non-firm utility services, various types of end uses (EVs, microgrids, energy storage, and DERs), the formats of future rate schedules, marginal cost versus average cost rate designs and pricing, unbundling of average rates into the various functions of utility services, and socialization of costs versus categorization of specific costs. The Rate Design Study should include but not be limited to these topics. The Commission is persuaded that in depth evaluation, debate, and discussion by and among stakeholders regarding cost to serve, rate design, and making the most efficient use of the electric system is necessary to achieve results that are in the public interest, and the Commission directs the Company to ensure that all necessary and appropriate topics are considered, to this end. For example, the Commission notes that § V.E of the CIGFUR Stipulation includes commitments by the Company in the event that the Commission directs the Company to undertake a comprehensive rate design study. Notwithstanding the foregoing, the Commission directs the Company and all parties that participate in the Rate Design Study to work cooperatively, productively, and efficiently to ensure that resources are efficiently expended on this endeavor and that the outcome aligns with the public interest.

In response to Commission questions, witness Huber confirmed that the issue of the rates and charges for services for net metering customers would be a part of the Rate Design Study. Tr. vol. 11, 1164. Thus, the Commission anticipates and expects that net metering will be considered in the Rate Design Study and that consistent with N.C.G.S. § 62-126.4(b), the Rate Design Study will address the costs and benefits of customer-sited generation.

With respect to the recommendations of NCSEA witness Barnes regarding EV charging rates, the Commission determines that the development of such rates is most appropriately evaluated in the context of the Rate Design Study as opposed to in a separate proceeding. Thus, the Commission directs the Company to include the investigation of EV rate designs in the Rate Design Study.

Similarly, with respect to the recommendations of CUCA regarding the development of interruptible rates for large industrial customers, the Commission concludes that the development of such rates is most appropriately evaluated in the context of the Rate Design Study.

Witness Floyd testified that rate design should follow the same cost causation approach underlying the COSS, such that each customer class, or customer, is responsible for an appropriate share of the costs that are planned for and incurred in order to serve them. This includes both fixed and variable costs. Witness Floyd testified that the Company's rate schedule portfolio does not align with its COSS in this proceeding. He stated that the Company continues to rely on its historical use of the SCP COSS methodology which is inconsistent with the winter peaking characteristics of the Company's overall system. However, according to witness Floyd DEP's existing rate schedule portfolio remains oriented around summer peaking utility service. Tr. vol. 15, 955-956.

Witness Floyd also testified that a comprehensive study should encompass the issues facing the utility of the future, particularly those issues discussed in testimony. Witness Floyd noted that the Company is already conducting a study of its cost-of-service. A study of rate designs should follow soon thereafter. According to witness Floyd, both are inextricably related. Rate designs should be rooted in a few broad principles that require rates to:

- (1) Be forward-looking and reflect long-run marginal costs.
- (2) Be focused on the usage components of service that are the most cost- and price-sensitive.
- (3) Be simple and understandable.
- (4) Recover system costs in proportion to how much electricity consumers use, and when they use it.
- (5) Give consumers appropriate information and the opportunity to respond to that information by adjusting their usage.
- (6) Where possible, be dynamic.

These guiding principles must allow consumers and users of the electric system to connect to the utility system for no more than the cost of connecting to the grid; pay for utility service in proportion to how much they use the system; and receive fair and just compensation for the energy they supply to the utility system. *Id.* at 968-69. Thus, the

Commission directs the Company to undertake the Rate Design Study through the process envisioned by witness Floyd.

Further, as recommended by witness Floyd, the Commission finds that the Rate Design Study should: (1) include an analysis of each rate schedule to determine whether the schedule remains pertinent to current utility service, including whether the schedule should remain the same, be modified, or be replaced; (2) address the potential for new schedules to address the changes affecting utility service; (3) provide more rate design choices for customers; and (4) explore the feasibility of consolidating the rates offered by DEC and DEP. *Id.* at 968.

CIGFUR in its post-hearing brief stated that the rate design provisions contained within the CIGFUR Stipulation serve the public interest in that they will allow for collaborative, constructive conversations between CIGFUR and the Company in furtherance of the goal to design rates that: (1) more accurately reflect fuel costs by time of day and season and charge customers for the actual cost of fuel in a more precise manner than an annual average uniform charge on all energy; (2) promote demand-response mechanisms that offer lower rates for metered decreases in demand when reductions in demand are in the economic and operating interests of the Company and, thus, the financial interests of ratepayers; (3) allow for trade-offs between reliability and economic considerations that industrial, high-load factor ratepayers can weigh through interruptible rates, benefitting both the Company and all classes of ratepayers; (4) include real-time pricing with attendant options and risk variations; and (5) reflect that some industrial, high-load factor ratepayers have independent backup and/or cogeneration resources. The Commission finds that these goals articulated by CIGFUR will serve the public interest and should inform the work of the rate design effort.

Company witness Huber indicated that the Company is open to a third-party facilitator for the stakeholder portion of the Rate Design Study. Tr. vol. 11, 1212. The Commission agrees that the use of an independent facilitator would be appropriate and, thus, directs the Company to engage a third party for this purpose.

The Commission declines to adopt Hornwood witness Coughlan's recommended changes to expand the availability the LGS-RTP rate schedule in this case. Witnesses Pirro and Floyd both offered convincing testimony that while this issue warrants additional study, it would be inappropriate to open the LGS-RTP rate to additional customers at this time. In particular, the Commission gives weight to their testimony relating to the burden of administering the rate, the fact that the original rate was designed for large customers, and importance of examining the greater economic implications. Tr. vol. 11, 1318-32; tr. vol. 15, 1131-32. The Commission agrees it would be more appropriate to reevaluate this rate schedule in the broader context of examining RTP and TOU opportunities during the comprehensive rate design study, and in view of the implementation of Customer Connect.

The Commission also concludes that it is premature to order the Company to propose a multi-site aggregation pilot in its next rate case, as proposed by Harris Teeter witness Bieber. Tr. vol. 15, 229-30, 252-55. The Commission agrees with DEP, however, that it is appropriate that a multi-site aggregate commercial offering be considered in the comprehensive rate design study, including the purpose of the aggregation, the impact on cost of service, the potential for revenue realignments, and the implications for other aspects of utility service outside of base revenues.

The Commission recognizes that both witness Floyd and witness Huber provided testimony about how cost of service informs and translates into rate design. The Company has agreed to consider and prepare cost of service studies using a number of methodologies in its settlements with CIGFUR and the Public Staff, however, the Commission finds that these cost of service studies are separate and apart from the comprehensive rate design study. While a rate design study would necessarily include analysis and discussion of how rate designs align with different cost of service metrics, the Commission determines that stakeholder discussion of the appropriate allocation methods (e.g., cost of service allocators) need not be included in the rate design study. Instead, the focus of the comprehensive rate design study should remain on the guidance outlined above.

All parties to the rate case proceeding should be afforded the opportunity to participate as stakeholders in the Rate Design Study. The Commission directs the Company to initiate the Rate Design Study with stakeholders no later than 30 days following the issuance of this Order.

With respect to timing, as indicated by witness Huber's testimony that the Rate Design Study will yield a detailed "roadmap" within a year, Tr. vol. 11, 1273, the Commission directs the Company to file a comprehensive roadmap and timeline for proposing new rate designs and identifying areas for additional study within 12 months of this Order. In addition, the Commission directs the Company to file quarterly status reports in the instant docket, providing, in detail, the work of the Rate Design Study participants over the previous quarter, including objectives achieved, and anticipated work to be undertaken going forward, including objectives to be achieved.

Finally, the Commission recognizes that the Rate Design Study and the affordability collaborative described hereinafter are separate but parallel efforts. To the extend the parties participating in the affordability collaborative recommend the design of new rates to offer to low-income customers, the parties should present those recommendations to the rate design study participants for consideration. Additionally, the Commission does not intend for the stakeholder processes for affordability and the Rate Design study to be mutually exclusive or contingent upon the completion of either stakeholder process.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Joint Motion for Clarification or, in the Alternative, Reconsideration as filed in Docket No. E-2, Subs 1219 and 1193 and were served via electronic delivery or mailed, first-class, postage prepaid, upon all parties of record.

This, the 23rd day of April, 2021.

/s/Kristin M. Athens

Kristin M. Athens

McGuireWoods LLP

501 Fayetteville Street, Suite 500

PO Box 27507 (27611)

Raleigh, North Carolina 27601

Telephone: (919) 835-5909

kathens@mcguirewoods.com

Attorney for Duke Energy Progress, LLC