



**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 1274 – Application of Duke Energy Progress, LLC,
for Approval of Joint Agency Asset Rider Pursuant to N.C. Gen. Stat. §
62-133.14 and Commission Rule R8-70 for Recovery of Joint Agency
Asset Costs

Dear Ms. Dunston:

In connection with the above referenced docket, I transmit herewith for filing on behalf of the Public Staff the Notice of Affidavit and Affidavit of Michelle M. Boswell, Manager of the Accounting Division – Electric Section of the Public Staff – North Carolina Utilities Commission.

By copy of this letter, I am forwarding copies to all parties of record.

Sincerely,

Electronically submitted
/s/ Reita D. Coxton
Staff Attorney
reita.coxton@psncuc.nc.gov

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

Attachments

Executive Director
(919) 733-2435

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(919) 733-4279

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STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1274

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Duke Energy Progress, LLC, for)
Approval of Joint Agency Asset Rider Pursuant)
to N.C. Gen. Stat. § 62-133.14 and Commission) NOTICE OF AFFDAVIT
Rule R8-70 for Recovery of Joint Agency Asset)
Costs)

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, Manager of the Accounting Division –
Electric Section
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/ Reita D. Coxton
Staff Attorney
reita.coxton@psncuc.nc.gov

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

430 North Salisbury Street - Dobbs Building
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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/ Reita D. Coxton
Staff Attorney
reita.coxton@psncuc.nc.gov

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1274

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Duke Energy Progress, LLC,)
for Approval of Joint Agency Asset Rider) AFFIDAVIT OF
Pursuant to N.C. Gen. Stat. § 62-133.14 and) MICHELLE M.
Commission Rule R8-70 for Recovery of) BOSWELL
Joint Agency Asset Costs)

STATE OF NORTH CAROLINA

COUNTY OF WAKE

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

I am the Manager of the Accounting Division – Electric Section 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 application of Duke Energy Progress, LLC (DEP or the Company), to revise the Joint Agency Asset Rider (JAAR) rates last approved by the Commission in Docket No. E-2, Sub 1253, pursuant to N.C. Gen. Stat. § 62-133.14 and Commission Rule R8-70. N.C.G.S. § 62-133.14 allows DEP to recover the North Carolina retail portion of all reasonable and prudent costs (Joint Unit Costs) incurred to acquire, finance, operate, and maintain the proportional interest

in the generating units purchased from the North Carolina Eastern Municipal Power Agency, or NCEMPA.

The portions of the generating facilities that can be recovered through the JAAR are DEP's acquired percentages of NCEMPA's prior ownership interests of 18.33% in the Brunswick Nuclear Plant, 12.94% in Unit No. 4 of the Roxboro Steam Plant, 3.77% in the Roxboro Plant Common Facilities, 16.17% in Unit No. 1 of the Mayo Steam Plant, and 16.17% in the Shearon Harris Nuclear Plant.

The Current JAAR Rates

DEP's current JAAR rates were approved by the Commission in its *Order Approving Joint Agency Asset Rider Adjustment*, issued on November 30, 2020, in Docket No. E-2, Sub 1253 (Sub 1253 Order), which provided for recovery during the period December 1, 2020, through November 30, 2021 of (a) estimated Joint Unit Costs applicable to or expected to be incurred during that period and (b) a Rolling Recovery Factor (RRF) true-up of applicable costs actually incurred as compared to JAAR revenues recovered.

The Proposed JAAR Rates

The Company filed its initial application on June 15, 2021, and requested approval of prospective JAAR rates to recover the levelized acquisition costs and other estimated and annually apportioned costs that are (a) associated with the acquired ownership interests from NCEMPA and (b) applicable to or expected to be incurred during the period December 1, 2021, through November 30, 2022 (rate period). The application also requested approval of a proposed RRF to return the

overrecovery of the same categories of costs as of December 31, 2020, which includes the cumulative overrecovered RRF balance as of December 31, 2019, plus the net underrecovery of costs that accrued during the test period in this proceeding (January 1, 2020, through December 31, 2020), and the credit financing costs accruing during the test period. The specific rates requested by the Company to become effective for the rate period, including the North Carolina regulatory fee, are as follows:

Rate Class	Prospective Incremental Rate	Rolling Recovery Incremental Rate	Combined Incremental Rate
Residential (\$/kWh)	0.00473	0.00009	0.00482
Small General Service (\$/kWh)	0.00516	(0.00054)	0.00462
Medium General Service (\$/kWh)	0.00441	(0.00033)	0.00408
Seasonal & Intermittent Svc. (\$/kWh)	0.00543	0.00108	0.00651
Traffic Signal Service (\$/kWh)	0.00261	0.00016	0.00277
Outdoor Lighting Service (\$/kWh)	0.00000	0.00000	0.00000
Medium General Service (\$/kW)	1.42	0.09000	1.51
Large General Service (\$/kW)	1.42	0.15000	1.57

The prospective incremental rates reflected above were determined by the Company based on an estimated North Carolina retail JAAR revenue requirement of \$157,913,000 for the rate period, and the RRF incremental rates were determined based on a cumulative underrecovery of \$6,128,000 in Joint Unit Costs as of the end of the test period.

The Company's proposed prospective JAAR annual revenue requirement in the current proceeding of \$157,913,000 is an increase of approximately \$3.210 million above the \$154,703,000 of costs estimated for the JAAR rate period of December 2020 through November 2021. Company witness Jiggetts states in her testimony that the primary drivers of the increase in the estimated revenue requirement are increases in capital additions and operating and maintenance costs.

Fuel Savings

As required by Commission Rule R8-70(e)(1)(vi), Company witness Jiggetts' Exhibit L sets forth the fuel savings associated with the repurchase of the NCEMPA undivided ownership interest for the twelve-month period from January through December 2020. The calculated North Carolina retail fuel savings set forth on Exhibit L (approximately \$38,993,000) have been or will be (through the fuel cost true-up process) flowed through to DEP's customers through its fuel and fuel-related cost rider. Although flowed through in that rider, those fuel savings are effectively an offset to the JAAR, as they represent a benefit of the Company's acquisition of NCEMPA's undivided ownership interest.

Investigation of Proposed Rates

The Public Staff's investigation in this proceeding included a review of DEP's application, testimony, and exhibits filed in this docket as well as the JAAR monthly reports. Additionally, the Public Staff's investigation included the review of responses to written data requests.

The Public Staff reviewed the underlying capital additions added to the calculation of the JAAR rider in this proceeding but did not perform a full-scale investigation of the prudence and reasonableness of all such additions. Commission Rule R8-70(b)(4) provides that the Commission is to determine the reasonableness and prudence of the cost of capital additions or operating costs incurred related to the acquired plant in a general rate proceeding. However, should the Public Staff discover imprudent or unreasonable costs in a JAAR proceeding, it will recommend an adjustment in that proceeding; and in that case, it would also recommend that the impact of any disallowance also be reflected in the Company's cost of service in a general rate case.

Based on its investigation of the Company's filing, the Public Staff has not found any adjustments that should be made to the calculations of either the prospective or RRF revenue requirement. Therefore, the Public Staff recommends that the rates requested by the Company, including the regulatory fee, to become effective for the rate period are as follows:

Rate Class	Prospective Incremental Rate	Rolling Recovery Incremental Rate	Combined Incremental Rate
Residential (\$/kWh)	0.00473	0.00009	0.00482
Small General Service (\$/kWh)	0.00516	(0.00054)	0.00462
Medium General Service (\$/kWh)	0.00441	(0.00033)	0.00408
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Medium General Service (\$/kW)	1.42	0.09000	1.51
Large General Service (\$/kW)	1.42	0.15000	1.57

This completes my affidavit.

Michelle M. Boswell
 Michelle M. Boswell

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

Aaron Blackmon
 Notary Public



My Commission Expires: April 4, 2024

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 cases 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).