



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

September 8, 2020

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

Re: Docket No. E-7, Sub 1213 – Application for Approval of Proposed Prepaid Advantage Program; Docket No. E-7, Sub 1214 – Application for General Rate Case; and E-7, Sub 1187 – Petition of Duke Energy Carolinas, LLC for an Accounting Order to Defer Incremental Storm Damage Expenses Incurred as a Result of Hurricanes Florence and Michael and Winter Storm Diego

Dear Ms. Campbell:

In connection with the above-referenced dockets, I transmit herewith for filing on behalf of the Public Staff the second supplemental testimony of Dustin R. Metz, Utilities Engineer, Electric Division.

By copy of this letter, we are forwarding copies to all parties of record.

Sincerely,

/s/ Dianna W. Downey
Chief Counsel
dianna.downey@psncuc.nc.gov

DWD/cia

Attachment

Executive Director
(919) 733-2435

Communications
(919) 733-5610

Economic Research
(919) 733-2267

Legal
(919) 733-6110

Transportation
(919) 733-7766

Accounting
(919) 733-4279

Consumer Services
(919) 733-9277

Electric
(919) 733-2267

Natural Gas
(919) 733-4326

Water
(919) 733-5610

4326 Mail Service Center • Raleigh, North Carolina 27699-4300
An Equal Opportunity / Affirmative Action Employer

OFFICIAL COPY

Sep 08 2020

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1187

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

DOCKET NO. E-7, SUB 1213

In the Matter of
Petition of Duke Energy Carolinas, LLC,
for Approval of Prepaid Advantage
Program

DOCKET NO. E-7, SUB 1214

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

SECOND
SUPPLEMENTAL
TESTIMONY OF
DUSTIN R. METZ
PUBLIC STAFF – NORTH
CAROLINA UTILITIES
COMMISSION

**BEFORE THE NORTH CAROLINA UTILITIES COMMISSION
DOCKET NO. E-7, SUB 1187**

**DOCKET NO. E-7, SUB 1213
AND
DOCKET NO. E-7, SUB 1214**

**SECOND SUPPLEMENTAL TESTIMONY OF DUSTIN R. METZ
ON BEHALF OF THE PUBLIC STAFF
NORTH CAROLINA UTILITIES COMMISSION**

SEPTEMBER 8, 2020

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
2 **PRESENT POSITION.**

3 A. My name is Dustin Ray Metz. My business address is 430 North
4 Salisbury Street, Dobbs Building, Raleigh, North Carolina. I am an
5 Engineer with the Electric Division of the Public Staff – North Carolina
6 Utilities Commission.

7 **Q. ARE YOU THE SAME DUSTIN METZ WHO FILED TESTIMONY IN**
8 **THIS DOCKET ON FEBRUARY 18, 2020, AND MARCH 23, 2020?**

9 A. Yes.

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

11 A. The purpose of my testimony is to provide to the Commission the
12 results of my investigation into certain plant-related capital costs

1 included in Duke Energy Carolinas LLC's (DEC or the Company)
2 second supplemental direct testimony filed on July 2, 2020 for the
3 purpose of updating certain known and measurable changes to rate
4 base through May 31, 2020 (May 2020 Update) in Docket No. E-7,
5 Sub 1214.

6 **Q. PLEASE SUMMARIZE YOUR ADDITIONAL SUPPLEMENTAL**
7 **TESTIMONY.**

8 A. As a result of my investigation, I recommend that the capital costs
9 associated with the Lincoln County Combustion Turbine 17 (LCCT
10 17) project be removed from rate base at this time. In addition, I
11 recommend that the capital costs associated with Project Focal Point
12 also be removed from rate base.

13 **Q. PLEASE EXPLAIN WHY YOU ARE RECOMMENDING REMOVAL**
14 **OF THE LCCT 17 PROJECT COSTS AT THIS TIME.**

15 A. The Commission's order approving the LCCT 17 CPCN in Docket
16 No. E-7, Sub 1134 on December 7, 2017 states in part:

17 That the Application filed in this docket should be, and the
18 same hereby is, approved and a Certificate of Public
19 Convenience and Necessity for the nominal 402 MW Lincoln
20 County CT Project and associated transmission lines is
21 hereby granted with the condition that DEC will not seek cost
22 recovery before the later of December 1, 2024, or the date by
23 which DEC has taken care, custody and control and placed

1 the unit into commercial operation, and this Order shall
2 constitute the certificate;¹

3 The plain language of the order, that no costs of the LCCT 17 and
4 associated transmission lines should be included for rate recovery
5 prior to December 1, 2024, is unambiguous. Based on the responses
6 to data requests and discussions with Company personnel, I found
7 that DEC included certain costs associated with the support and
8 operation of LCCT 17 in rate base in the May 2020 Update. It is my
9 understanding that the Company agrees that, pursuant to the
10 Commission's Sub 1134 Order, these costs should not have been
11 included in rate base at this time.

12 **Q. WHAT IS THE AMOUNT THAT YOU ARE RECOMMENDING FOR**
13 **LCCT 17 DISALLOWANCE?**

14 A. I recommend that \$14,295,381.65 (system) be removed from rate
15 base at this time. Once the project meets the conditions set forth in
16 the Commission's Sub 1134 order, the project cost(s) may be
17 properly included in any general rate case request for cost recovery
18 at that time. However, I take no position regarding the
19 reasonableness and prudence of any of these costs at this time. I
20 have provided this adjustment to Public Staff witness Boswell.

¹ Order Issuing Certificate of Public Convenience and Necessity with Conditions in Docket No. E-7, Sub 1134, ordering paragraph 1, at 43.

1 **Q. WHAT IS PROJECT FOCAL POINT?**

2 A. This project is a corporate-wide initiative to replace and upgrade
3 older monitoring and recording equipment (e.g., cameras) with
4 modern, state of the art equipment. This project, once completed, is
5 intended to be an overall upgrade to Duke Energy Corporation's
6 security system.

7 **Q. WHY YOU ARE RECOMMENDING COST DISALLOWANCE OF**
8 **THIS PROJECT?**

9 A. The May 2020 Update costs for Project Focal Point included in rate
10 base in this proceeding are largely for the purchase of equipment
11 that has yet to be fully installed and operational. After discussions
12 with the Company on this particular project, the Company is
13 agreeable to not seek cost recovery of this project in this rate case.

14 **Q. WHAT AMOUNT OF PROJECT FOCAL POINT ARE YOU**
15 **RECOMMENDING FOR DISALLOWANCE IN THIS CASE?**

16 A. I recommend that \$3,715,121.40 (system) be removed at this time.
17 Once the project and any subparts of the project are successfully
18 installed, tested, commissioned and working per their designed
19 state, the Company may seek cost recovery at that time. The
20 reasonableness and prudence of the project will be reviewed in more
21 detail at that time. I have provided this adjustment to Public Staff
22 witness Boswell for incorporation in her exhibits and schedules.

1 **Q. MR. METZ, HAVE YOU REVIEWED THE BASE FUEL FACTOR AS**
2 **IT APPLIES TO THIS CASE AND DO YOU HAVE ANY**
3 **RECOMMENDATIONS?**

4 A. Yes, I have reviewed the base fuel factor. Under the Second
5 Agreement and Stipulation of Partial Settlement between the
6 Company and the Public Staff, filed July 31, 2020, the parties agreed
7 that should a Commission order be issued in the fuel rider
8 proceeding in Docket No, E-7, Sub 1228 (Sub 1228) prior to the date
9 the proposed orders are due in this general rate case proceeding,
10 the total of the approved base fuel and fuel related cost factors, by
11 customer class, will be the sum of the respective base fuel and fuel
12 related cost factors set in Docket No. E-7, Sub 1146 and the annual
13 non-EMF fuel and fuel related cost riders approved by the
14 Commission in Sub 1228. On August 19, 2020, the Commission
15 approved new fuel and fuel related cost riders in the Sub 1228
16 proceeding; accordingly, I have calculated the updated fuel and fuel
17 related cost factors to be utilized in this proceeding. I have provided
18 this recommendation to Public Staff witnesses Boswell for
19 incorporation in her schedules and exhibits.

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

21 A. Yes.

QUALIFICATIONS AND EXPERIENCE

DUSTIN R. METZ

Through the Commonwealth of Virginia Board of Contractors, I hold a current Tradesman License certification of Journeyman and Master within the electrical trade, awarded in 2008 and 2009 respectively. I graduated from Central Virginia Community College, receiving Associate of Applied Science degrees in Electronics and Electrical Technology (Magna Cum Laude) in 2011 and 2012 respectively, and an Associate of Arts in Science in General Studies (Cum Laude) in 2013. I graduated from Old Dominion University in 2014, earning a Bachelor of Science degree in Engineering Technology with a major in Electrical Engineering and a minor in Engineering Management.

I have over twelve years of combined experience in engineering, electromechanical system design, troubleshooting, repair, installation, commissioning of electrical and electronic control systems in industrial and commercial nuclear facilities, project planning and management, and general construction experience. My general construction experience includes six years of employment with Framatome, where I provided onsite technical support, craft oversight, and engineer design change packages, as well as participated in root cause analysis teams at commercial nuclear

power plants, including plants owned by both Duke and Dominion and an additional six years of employment with an industrial and commercial construction company, where I provided field fabrication and installation of electrical components that ranged from low voltage controls to medium voltage equipment, project planning and coordination with multiple work groups, craft oversight, and safety inspections.

I joined the Public Staff in the fall of 2015. Since that time, I have worked on general rate cases, fuel cases, applications for certificates of public convenience and necessity, service and power quality, customer complaints, North American Electric Reliability Corporation (NERC) Reliability Standards, nuclear decommissioning, National Electric Safety Code (NESC) Subcommittee 3 (Electric Supply Stations), avoided costs and PURPA, interconnection procedures, integrated resource planning, and power plant performance evaluations. I have also participated in multiple technical working groups and been involved in other aspects of utility regulation.