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October 16, 2020

**VIA ELECTRONIC FILING**

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

**RE: Joint Proposed Order of Duke Energy Progress, LLC and the  
Public Staff  
Docket No. E-2, Sub 1254**

Dear Ms. Campbell:

Please find enclosed for filing in the above-referenced docket the Joint Proposed Order of Duke Energy Progress, LLC and the Public Staff Approving CPRE Rider and CPRE Program Compliance Report. An electronic copy is being emailed to [briefs@ncuc.net](mailto:briefs@ncuc.net).

Thank you for your attention to this matter. Please do not hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Jirak", written in a cursive style.

Jack E. Jirak

Enclosure

cc: Parties of Record

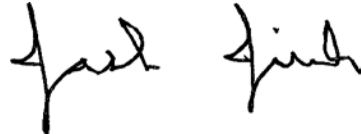
OFFICIAL COPY

Oct 16 2020

## **CERTIFICATE OF SERVICE**

I certify that a copy of the Joint Proposed Order of Duke Energy Progress, LLC and the Public Staff, in Docket No. E-2, Sub 1254, has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid to parties of record.

This the 16<sup>th</sup> day of October, 2020.

A handwritten signature in black ink, appearing to read "Jack Jirak", is positioned above a horizontal line.

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**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-2, SUB 1254

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	)	<b>JOINT PROPOSED ORDER OF</b>
Application of Duke Energy Progress,	)	<b>DUKE ENERGY PROGRESS, LLC</b>
LLC for Approval of CPRE Cost	)	<b>AND THE PUBLIC STAFF</b>
Recovery Rider Pursuant to N.C. Gen.	)	<b>APPROVING CPRE RIDER AND</b>
Stat. § 62-110.8 and NCUC Rule R8-71	)	<b>CPRE PROGRAM COMPLIANCE</b>
		<b>REPORT</b>

HEARD: Tuesday, September 15, 2020, at 10:07 a.m. (Public Witness Hearing) in the Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina

BEFORE: Chairman Charlotte A. Mitchell, Presiding; and Commissioners ToNola D. Brown-Bland, Lyons Gray, Daniel G. Clodfelter, Kimberly W. Duffley, Jeffrey A. Hughes, and Floyd B. McKissick, Jr.

APPEARANCES: Per Commission Order, counsel was not present

BY THE COMMISSION: On June 9, 2020, Duke Energy Progress, LLC (“DEP” or the “Company”) filed an application pursuant to N.C. Gen. Stat. § 62-110.8 and Commission Rule R8-71 for Approval of Competitive Procurement of Renewable Energy (CPRE) Compliance Report and CPRE Cost Recovery Rider, along with the direct testimony and exhibits of Bryan L. Sykes, Rates and Regulatory Manager, and Phillip H. Cathcart, Renewable Compliance Manager in the Business Development & Compliance Department.

Petitions to intervene were filed by Carolina Utility Customers Association, Incorporated (CUCA) on June 17, 2020; by North Carolina Sustainable Energy Association

(NCSEA) on June 25, 2020; and by Carolina Industrial Group for Fair Utility Rates, II (CIGFUR) on August 25, 2020. The Commission granted CUCA's petition to intervene on June 18, 2020, NCSEA's petition to intervene on June 26, 2020, and CIGFUR's petition to intervene on August 25, 2020. The intervention of the Public Staff is recognized pursuant to N.C. Gen. Stat. § 62-15(d) and Commission Rule R1-19(e).

On June 29, 2020, the Commission issued an *Order Scheduling Hearing, Requiring Filing of Testimony, Establishing Discovery Guidelines, and Requiring Public Notice* in which the Commission set this matter for hearing; established deadlines for the submission of intervention petitions, intervenor testimony, and DEP rebuttal testimony; required the provision of appropriate public notice; and mandated compliance with certain discovery guidelines.

On August 7, 2020, the Commission issued an *Order Scheduling Remote Witness Hearing for Expert Witness Testimony* due to the COVID-19 pandemic. All parties subsequently filed consent to remote hearings.

On August 24, 2020, DEP filed the supplemental testimony and revised exhibits and workpapers of witness Sykes. The supplemental testimony of witness Sykes presented revised rates reflecting the impacts related to two updates to numbers presented in his direct exhibits and workpapers, which resulted in lower customer rates for the billing period.

On August 25, 2020, the Public Staff filed the Testimony and Exhibit of Jeff Thomas, an engineer with the Public Staff Energy Division, and Michelle M. Boswell, Accounting Manager – Electric Section in the Public Staff Accounting Division.

On September 9, 2020, the Public Staff and DEP filed a motion to excuse all Public Staff and Company witnesses.

On September 10, 2020, the Commission issued an *Order Excusing Witnesses, Accepting Testimony, Canceling Expert Witness Hearing, and Requiring Proposed Orders* to excuse the DEP and Public Staff witnesses from appearing at the expert witness hearing, and to accept the expert witnesses' testimony and exhibits into the record.

On September 14, 2020, DEP filed affidavits of publication indicating that the public notice had been provided in accordance with the Commission's procedural order.

The case came on for public hearing as scheduled on September 15, 2020. The application, prefiled direct and supplemental testimonies, workpapers and exhibits of DEP's witnesses, and the testimony of the Public Staff's witnesses, were received into evidence. No other party presented witnesses or exhibits, and no public witnesses appeared at the hearing.

On September 10, 2020, the Commission issued a notice requiring that briefs and proposed orders be filed by October 16, 2020.

On October 16, 2020, DEP and the Public Staff filed a joint proposed order.

Based upon the Company's verified application, the testimony, workpapers, and exhibits received into evidence and the record as a whole, the Commission makes the following findings of fact:

### **FINDINGS OF FACT**

1. DEP is duly organized as a limited liability company existing under the laws of the State of North Carolina, is engaged in the business of developing, generating, transmitting, distributing, and selling electric power to the public in North Carolina; and is subject to the jurisdiction of the Commission as a public utility. DEP is lawfully before

this Commission based upon its application filed pursuant to N.C. Gen. Stat. § 62-110.8 and Commission Rule R8-71.

2. The test period for purposes of this proceeding is the 32 months ended March 31, 2020 (test period). The billing period for this proceeding is the 12-month period beginning December 1, 2020, and ending November 30, 2021.

3. In its application and its direct and supplemental testimony (including workpapers and exhibits) in this proceeding, DEP identified \$1,200,707 of test period charges on a system basis incurred to implement the CPRE Program. There were no purchased power costs during the test period. The test period charges requested by DEP were used to determine its proposed Experience Modification Factor (EMF) rider and consisted solely of CPRE Program implementation costs experienced during the test period. Of the system-basis test period charges, \$733,398 was allocated to North Carolina retail customer classes. Since this was the first CPRE Program rider filing made to comply with N.C. Gen. Stat. § 62-110.8 and Commission Rule R8-71, the full amount of the test period charges was under-recovered.

4. The Company's system-basis implementation charges for the test period were reasonably and prudently incurred.

5. The Company allocated test period and prospective period implementation charges to its North Carolina retail jurisdiction using a composite allocation factor based on the weighted average of its energy and capacity costs determined for its prospective billing period. The composite allocation factor was 61.08%.

6. The North Carolina retail test period sales, adjusted for customer growth and weather, for use in calculating the EMF are 37,852,870 megawatt-hours (MWh). The adjusted North Carolina retail customer class MWh sales are as follows:

<u>N.C. Retail Customer Class</u>	<u>Adjusted MWh Sales</u>
Residential	16,191,429
Small General Service	1,939,476
Medium General Service	10,847,985
Large General Service	8,524,536
<u>Lighting</u>	<u>349,444</u>
<b>Total</b>	<b>37,852,870</b>

7. In its application and its direct and supplemental testimony (including exhibits) in this proceeding, DEP requested a total increase of \$2,522,720, on a system basis, of billing period charges anticipated to be incurred for purchased power and ongoing implementation costs. Of the system-basis billing period charges, \$1,540,891 was allocated to the North Carolina retail jurisdiction.

8. The North Carolina retail jurisdictional allocation factors related to the capacity and energy components of purchased power costs anticipated to be incurred during the billing period in this proceeding are 60.07% and 61.35%, respectively. The capacity component is based on the 2019 production plant allocation factor, and the energy component was based on projected billing period sales. Similarly, the North Carolina retail class allocation factors related to the capacity and energy components of purchased power costs anticipated to be incurred during the billing period in this proceeding are based on 2019 production plant allocation factors and projected billing period kilowatt-hour (kWh) sales for each class, respectively. The North Carolina retail class allocation factors related to implementation charges anticipated to be incurred during the billing period and actually incurred during the test year (for purposes of calculating the EMF) are based on a

composite allocation factor calculated as the weighted average of the capacity and energy components of purchased power.

9. The projected billing period sales for use in this proceeding are 37,750,364 MWh on a North Carolina retail basis. The projected billing period for North Carolina retail customer class MWh sales are as follows:

<u>N.C. Retail Customer Class</u>	<u>Adjusted MWh Sales</u>
Residential	16,171,290
Small General Service	1,784,993
Medium General Service	10,287,749
Large General Service	9,128,353
<u>Lighting</u>	<u>377,978</u>
<b>Total</b>	<b>37,750,363</b>

10. DEP's experienced North Carolina retail under-recovery of costs for the extended initial test period, or EMF period, the 32-month period starting August 1, 2017, and ending March 31, 2020, amounts to \$733,398, excluding the regulatory fee. DEP under-recovered its CPRE EMF costs for the extended initial test period by \$321,998 for the Residential class, \$37,296 for the Small General Service class, \$202,989 for the Medium General Service class, \$165,289 for the Large General Service class, and \$5,827 for the Lighting class.

11. The appropriate monthly CPRE EMF rates to be charged to customers are 0.002 cents per kWh for the Residential class, 0.002 cents per kWh for the Small General Service class, 0.002 cents per kWh for the Medium General Service class, 0.002 cents per kWh for the Large General Service class, and 0.002 cents per kWh for the Lighting class, excluding the regulatory fee.

12. The appropriate North Carolina retail prospective billing period expenses amounted to a total of \$1,540,891, excluding the regulatory fee. The appropriate



prospective billing period expenses for use in this proceeding are \$676,527 for the Residential class, \$78,360 for the Small General Service class, \$426,486 for the Medium General Service class, \$347,277 for the Large General Service class, and \$12,242 for the Lighting class.

13. The appropriate monthly prospective CPRE Rider rates to be charged to customers are 0.005 cents per kWh for the Residential class, 0.005 cents per kWh for the Small General Service class, 0.005 cents per kWh for the Medium General Service class, 0.004 cents per kWh for the Large General Service class, and 0.003 cents per kWh for the Lighting class, excluding the regulatory fee.

14. The appropriate combined monthly EMF and CPRE Rider rates to be collected during the billing period are 0.007 cents per kWh for the Residential class, 0.007 cents per kWh for the Small General Service class, 0.007 cents per kWh for the Medium General Service class, 0.006 cents per kWh for the Large General Service class, and 0.005 cents per kWh for the Lighting class, excluding the regulatory fee.

15. The increase in costs the Company proposes to recover with its proposed EMF and CPRE Riders is within the limit established in N.C. Gen. Stat. § 62-110.8.

16. DEP is reasonably and prudently implementing the CPRE Program requirements of N.C. Gen. Stat. § 62-110.8.

#### **EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 1**

This finding of fact is essentially informational, procedural, and jurisdictional in nature and is uncontroverted.

## **EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 2**

The evidence for this finding of fact is contained in the testimony and exhibits of Company witnesses Sykes and Cathcart.

Witness Sykes testified that N.C. Gen. Stat. § 62-110.8 provides that an electric public utility shall be authorized to recover the costs of all purchases of energy, capacity, and environmental and renewable attributes from third-party renewable energy facilities and to recover the authorized revenue of any utility-owned assets that are procured through an annual rider approved by the Commission and reviewed annually. Commission Rule R8-71 prescribes that, unless otherwise ordered by the Commission, the test period for each electric public utility shall be the same as its test period for purposes of Rule R8-55. The test period for purposes of Rule R8-55 is the 12 months ending March 31. Witness Sykes testified that for the purposes of this proceeding, DEP's proposed rider includes both an EMF component to recover DEP's costs incurred during the test period as well as a component to collect costs forecasted to be incurred during the prospective 12-month period over which the proposed Rider CPRE will be in effect.

Witness Cathcart testified, however, that the Commission approved a modification to the Company's test period to be the 32-month period ending March 31, 2020, in its August 30, 2019 Order Cancelling Public Hearing, Approving Proposed Accounting Treatment, Authorizing Extended Test Period, and Approving 2018 CPRE Compliance Report in Docket No. E-2, Sub 1208.

Therefore, the Company's proposed test period in the proceeding is the 32 months beginning on August 1, 2017, and ending on March 31, 2020, and the billing period for

Rider CPRE is the 12 months beginning on December 1, 2020, and ending on November 30, 2021.

The test period and the billing period proposed by DEP were not challenged by any party. Based on the foregoing, the Commission concludes the Company used the appropriate test period and billing period for this first Rider CPRE filing.

#### **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 3 - 4**

The evidence for these findings of fact is contained in the testimony and exhibits of Company witnesses Sykes and Cathcart and the testimony and exhibits of Public Staff witnesses Thomas and Boswell.

On Exhibit No. 2, Company witness Sykes set forth the per books (system-level) implementation charges of \$1,200,707 incurred by the Company to establish the CPRE Program and the amount of under-collection for purposes of the EMF. Company witness Cathcart testified regarding the Company's actions to implement the CPRE Program and comply with the CPRE Program requirements of N.C. Gen. Stat. § 62-110.8, as described in the Company's 2019 CPRE Compliance Report. The Commission takes judicial notice of the Company's compliance report for calendar year 2018 as filed in Docket No. E-2, Sub 1208. Of the per books test period implementation charges, \$733,398 was allocated to the North Carolina retail jurisdiction based on a composite allocation factor calculated as the weighted average of the capacity and energy components of purchased power.

The testimony of Public Staff witness Thomas attested to the system-level expenses sought for recovery during the test period. Witness Thomas did not recommend any adjustments to the system-level expenses or any adjustment to the allocation of system-

basis test period charges to the North Carolina retail jurisdiction based on the composite allocation factor described above.

The testimony of Public Staff witness Boswell describes procedures taken by the Public Staff to evaluate whether the Company properly determined its per books CPRE Program costs and revenues during the test period. Witness Boswell did not recommend any adjustments to the per books costs.

No party challenged the prudence of the per books amount of \$1,200,707. Further, no party challenged the composite allocation factor used to allocate system-level test period charges to the North Carolina retail jurisdiction.

The Commission concludes the \$1,200,707 per books (system-level) costs incurred by the Company during the test period to implement the CPRE Program were reasonably and prudently incurred. Further, the Commission concludes the \$733,398 of test period charges allocated to the North Carolina retail jurisdiction is appropriate to be recovered by the Company.

#### **EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 5**

The evidence for this finding of fact is contained in the supplemental testimony and exhibits of Company witness Sykes and the testimony of Public Staff witnesses Thomas and Boswell.

In his Revised Exhibit Nos. 3 and 4, DEP witness Sykes provided DEP's North Carolina retail jurisdictional allocation factor for CPRE Program implementation charges as 61.08%, which is the composite allocation factor based on the weighted average of capacity and energy purchases for purchased power costs.

Public Staff witnesses Thomas and Boswell each note the use of this composite allocation factor approach in their separate testimonies.

No other party presented evidence on the appropriateness of the North Carolina retail jurisdictional allocation factor as the composite allocation factor.

The Commission concludes the composite allocation factor of 61.08% used to allocate CPRE Program implementation charges to the North Carolina retail jurisdiction is appropriate for use in this proceeding.

#### **EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 6**

The evidence supporting this finding of fact is contained in the testimony and exhibits of DEP witness Sykes and Public Staff witness Boswell.

In his Revised Exhibit No. 4, DEP witness Sykes provided DEP's normalized North Carolina retail sales for EMF purposes of 16,191,429 MWh for the Residential class, 1,939,476 MWh for the Small General Service class, 10,847,985 MWh for the Medium General Service class, 8,524,536 MWh for the Large General Service class, and 349,444 MWh for the Lighting class.

Public Staff witness Boswell noted these values in her testimony and stated that she did not propose any adjustments to the test period sales amounts used in this proceeding.

No other party presented evidence on the appropriateness of test period North Carolina retail sales.

The Commission concludes that the test period North Carolina retail MWh sales proposed by the Company and agreed to by the Public Staff for purposes of calculating the EMF billing factors are appropriate for use in this proceeding.

## **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 7-8**

The evidence supporting these findings of fact is contained in the testimony and exhibits of Company witness Sykes and Public Staff witness Thomas.

DEP witness Sykes presented in his Exhibit No. 2 and Revised Exhibit No. 3 DEP's projected CPRE Program costs in the billing period and the allocation of those costs to the North Carolina retail jurisdiction and the North Carolina retail customer classes. The Company used the 2019 production plant allocation factor of 60.07% for capacity costs and the projected billing period sales jurisdictional allocation factor of 61.35% for energy costs for its allocation of CPRE Program purchased power costs.

Public Staff witness Thomas stated that the Public Staff investigated DEP's estimation of system-level billing period costs and found them generally reasonable. Witness Thomas further stated that the Company's estimation of total energy production for each CPRE facility is based on one generic output profile for solar-only facilities and that the Company used the actual bid prices from each project's Power Purchase Agreement to estimate total costs.

Witness Thomas further testified that the Company requests to recover from its North Carolina retail customers its capacity costs based upon its 2019 production plant jurisdictional allocation factor of 60.07% and its energy costs based upon its projected billing period sales jurisdictional allocation factor of 61.35%. The Public Staff did not take exception to the use of these factors. The Public Staff also did not oppose the use of the 2019 production plant allocators and energy sales, respectively, to allocate North Carolina retail jurisdictional capacity and energy costs to the customer classes.

Public Staff witness Thomas also addressed the Company's use of a composite factor for allocating North Carolina retail implementation charges to the North Carolina retail customer classes. The Public Staff did not take exception to the use of a composite allocation factor.

No other party presented evidence on the appropriateness of the Company's proposed billing period charges anticipated to be incurred or the allocation of these costs to the North Carolina retail jurisdiction or customer classes.

The Commission concludes that the Company's system-level charges anticipated to be incurred during the billing period for purchased capacity and energy and ongoing implementation costs is appropriate for use in this proceeding. The Commission further concludes that the use of 60.07% for the capacity component and 61.35% for the energy component to allocate system-level CPRE Program purchased power costs to the North Carolina retail jurisdiction is appropriate for use in this proceeding and that the use of 2019 production plant and energy sales, respectively, to allocate North Carolina retail jurisdictional capacity and energy costs to the customer classes is appropriate for use in this proceeding. Further, the Commission concludes that the use of a composite factor for the allocation of North Carolina retail implementation costs to the North Carolina retail customer classes is appropriate for use in this proceeding.

#### **EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 9**

The evidence supporting this finding of fact is contained in the testimony and Revised Exhibit No. 3 of Company witness Sykes and Public Staff witness Thomas.

In his Revised Exhibit No. 3, DEP witness Sykes provided DEP's projected billing period sales of 16,171,290 MWh for the Residential class, 1,784,993 MWh for the Small

General Service class, 10,287,749 MWh for the Medium General Service class, 9,128,353 MWh for the Large General Service class, and 377,978 MWh for the Lighting class. Witness Sykes further testified that the Rider CPRE rate per customer class for purchased power is determined by dividing the sum of the billing period costs allocated to the class by the forecast billing period MWh sales for the customer class. Similarly, the Rider CPRE rate per customer class for implementation costs is determined by dividing the sum of the billing period costs allocated to the class, using a composite allocation factor determined in the purchased power calculation by the forecast billing period MWh sales for the customer class.

Public Staff witness Thomas testified as to the Company's request to recover capacity and energy costs based upon its projected billing period sales. Public Staff witness Thomas did not propose any adjustments to the projected billing period sales amounts used in this proceeding.

No other party presented evidence on the appropriateness of projected billing period North Carolina retail sales.

The Commission concludes that the Company's projected billing period sales for North Carolina retail customer classes is as follows: 16,171,290 MWh for the Residential class, 1,784,993 MWh for the Small General Service class, 10,287,749 MWh for the Medium General Service class, 9,128,353 MWh for the Large General Service class, and 377,978 MWh for the Lighting class.



## **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 10 – 14**

The evidence supporting these findings of fact appears in DEP’s Application, in the direct and supplemental testimony and exhibits of DEP witness Sykes, and in the testimony of Public Staff witnesses Thomas and Boswell.

Witness Sykes’ revised exhibits show a total of \$733,398 under-recovery of CPRE Program costs for the EMF period, the initial test period starting August 1, 2017, and ending March 31, 2020. The prospective CPRE Program costs for the billing period, as shown through witness Sykes’ revised exhibits, amounted to a total of \$1,540,891.

In supplemental testimony, witness Sykes revised the components of the proposed Total CPRE Rate to be effective December 1, 2020, and to remain in effect for the 12-month billing period ending November 30, 2021, as follows, excluding the regulatory fee:

<b>DEP’s Rider Request Filed on August 24, 2020 (cents per kWh)</b>			
<b>Customer Class</b>	<b>EMF Rate</b>	<b>CPRE Rider Rate</b>	<b>Total CPRE Rate</b>
Residential	0.002	0.005	0.007
Small General Service	0.002	0.005	0.007
Medium General Service	0.002	0.005	0.007
Large General Service	0.002	0.004	0.006
Lighting	0.002	0.003	0.005

Public Staff witnesses Thomas and Boswell testified that they reviewed and analyzed the CPRE Program costs for which DEP has requested recovery in this proceeding and found them to be appropriate.

Witness Boswell testified that the Public Staff's investigation included procedures intended to evaluate whether the Company properly determined its per books CPRE Program implementation costs and revenues during the test period. She stated that these procedures included a review of the Company's filing and other Company data provided to the Public Staff. Witness Boswell testified that performing the Public Staff's investigation required the review of numerous responses to written and verbal data requests as well as discussions with the Company.

The Commission finds the Company's proposed rates just and reasonable for purposes of this proceeding. Based on the Commission's findings in this proceeding, it is appropriate that DEP file with the Commission EMF rates and CPRE Rider rates consistent with the rulings in this Order.

#### **EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 15**

The evidence supporting this finding of fact is contained in the testimony and exhibits of Company witness Sykes and Public Staff witness Thomas.

DEP witness Sykes testified that N.C. Gen. Stat. § 62-110.8(g) limits the annual increase in costs recoverable by an electric public utility to (1%) of the electric public utility's total North Carolina retail jurisdictional gross revenues for the preceding calendar year. Further, he testified that Rule R8-71 provides that "[t]he annual increase in the aggregate costs recovered under N.C. Gen. Stat. § 62-110.8(g) in any recovery period from its North Carolina retail customers shall not exceed one percent (1%) of the electric public utility's North Carolina retail jurisdictional gross revenues for the preceding calendar year as determined as of December 31 of the previous calendar year." Witness Sykes testified

that the increase in aggregate costs DEP seeks to recover in this proceeding is less than the statutory maximum.

Public Staff witness Thomas similarly concluded that the costs the Company seeks to recover are less than 1% of DEP's total North Carolina retail jurisdictional gross revenues for 2019.

The Commission concludes that the costs the Company seeks to recover in this proceeding are not in excess of the cost cap established by N.C. Gen. Stat. § 62-110.8(g).

#### **EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 16**

The evidence supporting this finding of fact is contained in the direct and supplemental testimony and exhibits of Company witness Cathcart, including the 2019 CPRE Compliance Report.

Witness Cathcart and the 2019 CPRE Compliance Report detail the actions of the Company to implement the CPRE Program requirements of N.C. Gen. Stat. § 62-110.8. The 2019 CPRE Compliance Report describes the Company's efforts to implement the CPRE Program in collaboration with the Independent Administrator ("IA"). The IA's Final Report for Tranche 1 (Final Report) was included as Appendix A to the 2019 CPRE Compliance Report and provides substantial details regarding the Tranche 1 process and outcome. The Company was ultimately able to procure 2 projects totaling 85.72 MW at prices well below the avoided cost cap, resulting in substantial projected savings to customers relative to avoided costs.

The Final Report also describes the Company's efforts, along with the IA, to identify areas of improvement for Tranche 2, and the 2019 CPRE Compliance Report provides further details regarding the Company's plans for Tranche 2. The 2019 CPRE

Compliance Report also includes all of the information required by Commission Rule R8-71(h), including a description of the CPRE Program solicitation undertaken by DEP during the reporting year, the avoided cost rates applicable to Tranche 1, confirmation that all renewable energy resources procured through Tranche 1 were priced at or below avoided costs, certification by the IA that all public utility and third-party proposal responses were evaluated under the published CPRE Program methodology and that all proposals were treated equitably in Tranche 1 during the reporting year. The Commission takes judicial notice of the Company's compliance report for calendar year 2018 as filed in Docket No. E-2, Sub 1208.

The Public Staff did not challenge the reasonableness and prudence of the Company's implementation of the CPRE Program requirements of N.C. Gen. Stat. § 62-110.8. No other party presented evidence on this issue.

Therefore, the Commission concludes that the Company is in compliance with and has reasonably and prudently implemented the CPRE Program requirements of N.C. Gen Stat. § 62-110.8.

IT IS, THEREFORE, ORDERED as follows:

1. That DEP's request to establish a CPRE Rider is approved and that this rider shall remain in effect for a 12-month period beginning on December 1, 2020 and expiring on November 30, 2021;
2. That DEP's request to establish an EMF Rider is approved and that this rider shall remain in effect for a 12-month period beginning on December 1, 2020 and expiring on November 30, 2021;

3. That DEP shall file the appropriate rate schedules and riders with the Commission in order to implement the provisions of this Order and amounts approved herein, as soon as practicable, but not later than ten days after the date of this Order;

4. That DEP shall work with the Public Staff to prepare a notice to customers of the rate changes ordered by the Commission in this docket, as well as in Docket Nos. E-2, Subs 1250, 1251 and 1253, and the Company shall file such notice for Commission approval as soon as practicable, but not later than ten days after the Commission issues orders in all four dockets; and

5. That DEP's 2019 CPRE Compliance Report is hereby approved.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of \_\_\_\_\_, 2020.

NORTH CAROLINA UTILITIES COMMISSION

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Kimberley A. Campbell, Chief Clerk