

STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

DOCKET NO. E-7, SUB 1190

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Application of Duke Energy Carolinas, LLC     )  
Pursuant to N.C.G.S. § 62-133.2 and         )  
Commission Rule R8-55 Relating to Fuel and     )  
Fuel-Related Charge Adjustments for Electric   )  
Utilities   )  
AFFIDAVIT  
OF  
JENNY X. LI

STATE OF NORTH CAROLINA  
COUNTY OF WAKE

I, Jenny X. Li, first being duly sworn, do depose and say:

I am a Staff Accountant with the Electric Section of the Accounting Division 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 Experience Modification Factor (EMF) riders proposed by Duke Energy Carolinas, LLC (DEC or the Company) in this proceeding. The EMF riders are utilized to "true-up," by customer class, the recovery of fuel and fuel-related costs incurred during the test year. DEC's test year in this fuel proceeding is the twelve months ended December 31, 2018.

In its application, filed on February 26, 2019, DEC proposed EMF increment riders in cents per kilowatt-hour (kWh), excluding the North Carolina regulatory fee, for each North Carolina retail customer class, as follows:

Residential	0.1108 cents per kWh
General Service/Lighting	0.0632 cents per kWh
Industrial	0.1476 cents per kWh

On April 30, 2019, DEC filed the Supplemental Testimony of Kimberly D. McGee with Revised McGee Exhibits and supporting workpapers. Witness McGee's supplemental testimony and revised exhibits reflect the impact of six updates to numbers presented in witness McGee's direct exhibits and workpapers. They are as follows:

- (1) Update the wholesale weather normalization adjustment used in the calculation of normalized test period sales. The update to the weather normalization relates to an error in the model's calculation of wholesale coefficients and has no impact on customer rates in this case;
- (2) Update the Customer Growth adjustment. This update results in a change of 87,739 in total N.C. retail MWh;
- (3) Correct the under-collected balance for the residential class in the amount of \$26,999, due to an inadvertent scrivener's error shown in Exhibit 3, Pages 1 and 2;
- (4) Update the EMF increment to incorporate the fuel and fuel-related cost recovery balance for January through March 2019, pursuant to Commission Rule R8-55(d)(3). The reported over/under-recovery included in the update, although included in this proceeding, would

be reviewed as part of next year's fuel and fuel-related cost proceeding;

- (5) Reflect the final total system peak kW of 18,875,799 set forth on Exhibit 4; and
- (6) Include a revised December 2018 Schedule – 3 Purchased Power and Interchange System Report, page 3 of 4.

On May 15, 2019, DEC filed the Second Supplemental Testimony of Kimberly D. McGee with Revised McGee Exhibits and supporting workpapers. Witness McGee's second supplemental testimony and revised exhibits reflect a correction of the over/under-recovery balance for the months of September 2018 through December 2018. The Company's monthly fuel filing Schedule 4 had incorrectly used the total fuel factor in its calculation of monthly fuel revenues collected for purposes of determining over/under-recovery of monthly fuel costs, instead of the prospective, or forward-looking, fuel factor. The revised calculations have corrected the error. The Company has also elected to withdraw its prior request set forth in the first supplemental filing to include the update period of January 2019 through March 2019.

Revised McGee Exhibit 1 included in witness McGee's second supplemental testimony sets forth the Company's revised proposed EMF increment riders in cents per kilowatt-hour (kWh), excluding the North Carolina regulatory fee, for each North Carolina retail customer class, as follows:

Residential	0.1375 cents per kWh
General Service/Lighting	0.0927 cents per kWh
Industrial	0.2089 cents per kWh

In computing these EMF riders, the Company excluded the over/under-recovery for the months of January 2018 through March 2018 (because it was included in last year's EMF calculation), and included the under-recovery related to the coal inventory rider established in Ordering Paragraph 27 of the Commission's June 22, 2018 *Order Accepting Stipulation, Deciding Contested Issue and Requiring Revenue Reduction* in Docket No. E-7, Sub 1146. The coal inventory rider was terminated effective for service on and after December 1, 2018.

In witness McGee's Revised Exhibits filed on May 15, 2019, DEC's proposed revised under-recovery of fuel for each of the North Carolina retail customer classes is as follows:

Residential	\$30,299,742
General Service/Lighting	\$21,853,594
Industrial	\$26,041,062

The revised riders were calculated by dividing the fuel cost under-recoveries by DEC's normalized test year N.C. retail sales of 22,043,791 megawatt-hours (MWh) for the residential class, 23,564,462 MWh for the general service/lighting class, and 12,465,801 MWh for the industrial class.

The Public Staff's investigation included procedures intended to evaluate whether the Company properly determined its per books fuel and fuel-related costs and revenues during the test period. These procedures included a review of the

Company's filing, prior Commission orders, the Monthly Fuel Reports filed by the Company with the Commission, and other Company data provided to the Public Staff. The Public Staff also reviewed certain specific types of expenditures impacting the Company's test year fuel and fuel-related costs, including reagents (limestone, ammonia, urea, etc.), renewable energy, and purchased power, as well as reviews of source documentation of fuel and fuel-related costs for certain selected Company generation resources. Performing the Public Staff's investigation required the review of numerous responses to written and verbal data requests, site visits to the Company's offices, and several telephone conferences with Company representatives.

As a result of the Public Staff's investigation, I am recommending that DEC's EMF riders for each customer class be based on net fuel and fuel-related cost under-recoveries of \$30,299,742 for the residential class, \$21,853,594 for the general service/lighting class, and \$26,041,062 for the industrial class, and normalized North Carolina retail sales of 22,043,791 MWh for the residential class, 23,564,462 MWh for the general service/lighting class, and 12,465,801 MWh for the industrial class, as proposed by the Company. These amounts produce EMF increment riders for each North Carolina retail customer class as follows, excluding the regulatory fee:

Residential	0.1375 cents per kWh
General Service/Lighting	0.0927 cents per kWh
Industrial	0.2089 cents per kWh

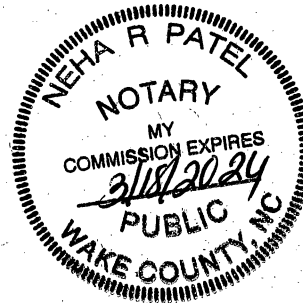
I have provided these amounts to Public Staff witness Jay Lucas for incorporation into his recommended final fuel factor.

This completes my affidavit.

*Jenny Li*

Jenny X. Li

Sworn to and subscribed before me  
this the 20 day of May, 2019.



*NR Patel*

Notary Public

My Commission Expires:

3/18/2024

**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 in Duke Energy Progress, LLC (DEP) fuel rider Dominion Energy North Carolina REPS rider. I have also assisted on several electric cases and performed reviews in Duke Energy Carolinas, LLC (DEC), Duke Energy Progress, LLC (DEP) rate cases and fuel 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.