STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1273

In the Matter of	)	**DIRECT TESTIMONY OF**
Application of Duke Energy Progress, LLC	)	**SHANNON R. LISTEBARGER**
for Approval of Demand-Side Management	)	**FOR**
and Energy Efficiency Cost Recovery Rider	)	**DUKE ENERGY PROGRESS,**
Pursuant to N.C. Gen. Stat. § 62-133.9 and	)	**LLC**
Commission Rule R8-69	)	

I. INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION WITH DUKE ENERGY CORPORATION.

A. My name is Shannon R. Listebarger, and my business address is 550 South Tryon Street, Charlotte, North Carolina. I am a Manager, Rates & Regulatory Strategy for Duke Energy Carolinas, LLC ("DEC"), supporting both Duke Energy Progress, LLC ("DEP" or the "Company") and DEC.

Q. PLEASE BRIEFLY STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I have a Bachelor of Business Administration from DeVry University and a Master of Business Administration from Keller Graduate School of Management. I began my career in 2001 with American Electric Power. During my time there I held a variety of positions in Corporate Accounting, Regulatory and Financial Forecasting. In 2018, I began working with Duke Energy as a lead load forecast analyst. I joined the Rates Department in 2020 as Manager, Rates and Regulatory Strategy.

Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY IN MATTERS BROUGHT BEFORE THIS COMMISSION?

A. Yes, I have provided testimony in support of DEP's previous application for approval of its DSM/EE cost recovery riders in Docket No. E-2, Sub 1252 and DEC's application for approval of its DSM/EE cost recovery riders in Docket No. E-7, Sub 1249.

Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES?

A. I am responsible for providing regulatory support for retail rates and providing guidance on DEC's and DEP's DSM/EE cost recovery process.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to explain and support DEP's proposed DSM/EE cost recovery rider and Experience Modification Factor ("EMF") and provide information required by Commission Rule R8-69.

Q. PLEASE DESCRIBE THE EXHIBITS ATTACHED TO YOUR TESTIMONY.

A. Listebarger Exhibit 1 provides a summary of the proposed annual rates by customer class. Listebarger Exhibit 2, pages 1 through 3, shows the calculation of the DSM and EE rates for the rate period, as well as the breakdown by program of the various components of the estimated revenue requirement. Listebarger Exhibit 2, pages 4 through 6, presents the calculation of the DSM EMF and EE EMF rates for the test period, as well as the breakdown by program of the various components of the final revenue requirement. Adjustments resulting from Evaluation, Measurement and Verification ("EM&V") of the Company's DSM/EE programs are also presented in Listebarger Exhibit 2, page 7. Listebarger Exhibit 3, pages 1 through 4, calculates the amount of interest or return due on over- and under-collections for Vintage 2020. Exhibit 4 shows a summary of revenue collected during calendar year 2020 by program type and customer class. Listebarger Exhibit 5, pages 1 through 7, presents the allocation factors used in the development of the rider, including the energy allocation factors applicable to DSM and EE program costs, the North Carolina and South Carolina retail allocation factors, and the lighting allocation factors.

Listebarger Exhibit 6 includes both forecasted 2022 sales from the Spring 2021 forecast and the impact of opt-outs.

Q. WERE LISTEBARGER EXHIBITS 1-6 PREPARED BY YOU OR AT YOUR DIRECTION AND SUPERVISION?

A. Yes.

II. SUMMARY OF DSM/EE COSTS

Q. CAN YOU PROVIDE A SUMMARY OF THE COSTS FOR WHICH DEP IS REQUESTING RECOVERY IN THIS PROCEEDING?

A. Yes. The DSM/EE costs DEP is requesting to recover through the rates proposed in this proceeding are associated with the costs incurred during the test period, as well as the costs forecasted to be incurred during the rate period. The test period utilized in the development of the DSM/EE EMF is January 1, 2020 through December 31, 2020. The North Carolina allocated share of recoverable DSM/EE costs for the test period is $160,435,281. For the rate period of January 1, 2022 through December 31, 2022, the North Carolina allocated share of forecasted DSM/EE costs is $183,344,499. The total North Carolina allocated share of DSM/EE costs for the test period plus the rate period is $343,779,780.

A summary of the costs associated with DEP's recovery request by period and by DSM/EE program/measure is provided in the following table:

Program/Measure	Test Period **1/1/20 through 12/31/20**	Rate Period **1/1/22 through 12/31/22**
CIG DR	$1,379,153	$2,018,114
EnergyWise	$16,902,241	$14,897,321
EnergyWise for Business	$1,789,006	$2,331,730
DSDR Implementation	$19,680,927	$29,665,823
Residential Home Advantage	$140,907	$517
Residential Smart $aver/Home Energy Improvement	$6,416,860	$3,744,221
Residential Low Income – NES	$540,495	$3,204,041
Energy Efficient Lighting	$15,422,146	$10,898,385
Appliance Recycling	$2,439,918	$31,968
My Home Energy Report	$15,595,776	$15,217,210
Small Business Energy Saver	$8,965,975	$14,091,160
Residential New Construction	$18,110,154	$16,903,342
Multi-Family EE	$2,839,491	$3,586,869
Energy Education Program for Schools	$598,122	$1,702,418
Save Energy & Water Kit	$3,058,899	$9,103,101
Residential Energy Assessments	$3,058,060	$5,203,850
Smart $aver Prescriptive	$19,453,808	$22,047,514
Smart $aver Custom	$4,684,474	$6,413,357
Smart $aver Performance Incentive	$388,449	$667,817
Administrative & General Costs	$4,974,760	$6,891,535
Carrying Cost on Balances	$14,079,746	$14,746,380
Found Revenue (total)	$(84,089)	$(22,173)
Lost Revenue Decrement		
Total Cost	$160,435,281	$183,344,499

In addition to the summary table above, Listebarger Exhibit 2, page 3, and Listebarger Exhibit 2, page 6, provide additional categorizations by cost element.

Q. ARE DEP'S PROPOSED RATES DESIGNED TO RECOVER THE TOTAL NORTH CAROLINA ALLOCATED SHARE OF $343,779,780?

A. No. Because many of the expenses incurred during the current test period to develop and implement DEP's DSM/EE programs produce benefits covering several years, a significant portion of those expenses will be deferred and recovered over varying amortization periods. A summary of the amortization periods for program expenses and Program/Portfolio Performance Incentive ("PPI")[1] is shown below:

Length of Amortization Period				
Program Name	Program Cost – batches prior to 2016	Program Cost – 2016 – present	PPI – vintages prior to 2016	PPI – 2016 – present
CIG DR	10	3	10	3
EnergyWise	10	10	10	10
EnergyWise for Business	N/A	3	N/A	1
DSDR Implementation	10	10	N/A	N/A
Residential Home Advantage	10	N/A	10	N/A
Residential Smart $aver/Home Energy Improvement	10	10	10	10
Residential Low Income – NES	10	10	10	10
Energy Efficient Lighting	5	5	10	5
Appliance Recycling	10	10	10	10
My Home Energy Report	1	1	1	1
Residential New Construction	10	10	10	10
CFL Pilot	10	N/A	10	N/A
Solar Hot Water Pilot	10	N/A	10	N/A
Multi-Family EE	5	5	5	5
Energy Education	5	5	5	5
CIG EE	10	3	10	3
Save Water & Energy Kit	N/A	5	N/A	5
Residential Energy Assessments	N/A	5	N/A	5
Small Business Energy $aver	10	3	10	3
Smart $aver Prescriptive	3	3	3	3

[1] As explained further below, for vintages prior to 2016, incentives are calculated on a program basis. Pursuant to the Commission's *Order Approving Revised Cost Recovery Mechanism and Granting Waivers* issued January 20, 2015 in Docket No. E-2, Sub 931 ("Order Approving Revised Mechanism"), which applies to Vintages 2016 and forward, incentives under the Company's revised cost recovery mechanism are calculated on a portfolio basis. For ease of reference, I will refer to both incentives as "PPI."

Length of Amortization Period				
Program Name	Program Cost – batches prior to 2016	Program Cost – 2016 – present	PPI – vintages prior to 2016	PPI – 2016 – present
Smart $aver Performance	3	3	3	3
Smart $aver Custom	3	3	3	3
Admin. & General	3	3	3	N/A

In addition to the aforementioned deferrals, DEP's proposed rates include the recognition and amortization of prior period deferrals. In total, the EMF-related calculations based on test period costs reflect an estimated under-recovery of $12,551,970. The DSM/EE rate calculations associated with rate period estimates are based on a revenue requirement of $177,186,661. The rate period and EMF revenue requirements produce a combined revenue requirement of $189,738,629. Listebarger Exhibit 2, pages 1 and 2, and Listebarger Exhibit 2, pages 4 and 5, detail the calculation of these amounts.

III. <u>EMF REVENUE REQUIREMENT</u>

Q. HOW WAS THE DSM/EE EMF UNDER-RECOVERY OF $12,551,970 DETERMINED?

A. The EMF under-recovery is a function of the sum of test period costs, including amounts relating to the amortization of deferred costs from prior periods, and credits for actual DSM/EE rider revenues for the period January 1, 2020 through December 31, 2020. The following table illustrates the relationship of these elements with respect to the determination of the DSM/EE EMF:

Rate Element	Amounts
Test Period Revenue Requirement	$166,226,042
Net DSM/EE Rate Revenue	$154,802,417
Add: Other Adjustments	($1,128,344)
Total EMF Adjustments	$153,674,073
Adjusted DSM/EE EMF Revenue Requirement	$12,551,970

Listebarger Exhibit 2, pages 4 through 7, provides additional details associated with the development of these amounts.

Q. PLEASE DESCRIBE THE ($1,128,344) THAT HAS BEEN CATEGORIZED AS "OTHER ADJUSTMENTS."

A. The ($1,128,344) in "Other Adjustments" is the sum of lines 2 through 8 on page 7 of Listebarger Exhibit 2. Line 2 is reserved for potential prospective uncollectible allowances in DEP's DSM/EE rates. DEP is not requesting a prospective uncollectible adjustment as a part of its cost recovery request in this proceeding. However, the actual uncollectibles experienced in test period 2020 exceeded amounts recovered in base rates; therefore, the incremental portion associated with EE billings has been included on Line 3. In addition, the adjustments found on lines 4 through 7 reflect the true-up of PPI for Vintage 2019 and net lost revenues for 2017, 2018 and 2019 vintage. The last of these adjustments, found on line 8, recognizes estimated interest owed to customers for revenue over- collections and interest owed to the Company for revenue under-collections during the period extending from January 1, 2020 through December 31, 2020. The Direct Testimony of Company witness Robert P. Evans provides further detail on program-specific impacts to PPI and net lost revenues.

IV. RATE PERIOD REVENUE REQUIREMENT

Q. PLEASE DESCRIBE THE BASIS FOR THE RATE PERIOD REVENUE REQUIREMENT.

A. As indicated previously, the estimated revenue requirement for the rate period is $177,186,661. This amount reflects the anticipated costs and necessary recoveries for the rate period, which extends from January 1, 2022 through December 31, 2022. The $177,186,661 revenue requirement includes: (1) $24,462,595 for anticipated rate period program expenses; (2) amortizations and carrying costs associated with deferred prior period costs totaling $74,888,773; (3) recovery of Distribution System Demand Response ("DSDR") depreciation and capital costs totaling $23,864,734; (4) net lost revenues for the rate period totaling $36,418,070 for vintage years 2019 through 2022; and (5) PPI totaling $17,552,489 associated with vintage years 2013 through 2022. In addition, under the Commission's October 20, 2020 *Order Approving Revisions to Demand-Side Management and Energy Efficiency Cost Recovery Mechanisms,* issued by the Commission in Docket Nos. E-2, Sub 931 and E-7, Sub 1032 (the "2020 Sub 1032 order"), beginning in 2022, the Income-Qualified EE and Weatherization programs are eligible to receive a Program Return Incentive ("PRI") based on shared savings achieved by these programs. Witness Evans' testimony provides additional information on this matter.

V. JURISDICTIONAL COST ALLOCATION

Q. HOW ARE DSM AND EE PROGRAM COSTS ALLOCATED TO THE NORTH CAROLINA RETAIL JURISDICTION?

A. DEP determines the total amount of recoverable costs and separates these costs into three categories: (1) DSM-related costs, (2) EE-related costs, and (3) costs that provide a system benefit in support of both DSM and EE programs. For each of these categories, different allocation methods are employed to assign those costs to the appropriate jurisdiction.

Q. HOW ARE COSTS IDENTIFIED AS EE-RELATED ALLOCATED TO NORTH CAROLINA?

A. Any program costs that are identified as being EE-related, including administrative and general ("A&G") costs, are allocated to the North Carolina retail jurisdiction based upon the ratio of North Carolina retail sales to DEP system retail sales at the point of generation. For calendar year test periods beginning in year 2016, the allocation percentage for the entire calendar year test period is based on the latest cost of service study available at the time of filing.

Q. HOW ARE DSM-RELATED COSTS ALLOCATED TO NORTH CAROLINA?

A. Any program costs that are identified as being DSM-related, including A&G costs, are allocated to the North Carolina retail jurisdiction based upon the ratio of the North Carolina retail demand to the DEP system retail demand at the hour of the annual summer system peak. For calendar year test periods beginning in year 2016, the allocation percentage for the entire calendar year test period is based on the latest cost of service study available at the time of filing.

Q. PLEASE ELABORATE ON THE METHODOLOGY USED TO ALLOCATE DSM/EE COSTS THAT OFFER A SYSTEM BENEFIT.

A. Certain A&G costs provide a system benefit in support of both DSM and EE programs and, therefore, are allocated in both categories. The allocation of these costs into either the DSM or EE category is based upon the percentage of program costs for each type of expenditure anticipated during the next forecast calendar year. For example, if 30% of direct program costs in the forecast period are EE-related, then 30% of these A&G costs will be considered EE-related costs for allocation purposes. The use of a forecast period recognizes the types of new programs DEP will offer in the immediate future that will be supported by these administrative costs. The assignment of A&G costs as either DSM- or EE- related is reviewed annually based upon forecasted program costs for the next calendar year. The A&G costs in this proceeding have been assigned to these categories based upon forecasted DSM and EE costs for 2022.

Q. IN LISTEBARGER EXHIBIT 2, PAGE 3, AND LISTEBARGER EXHIBIT 2, PAGE 6, THE DSDR PROGRAM IS SEPARATED FROM THE OTHER DSM/EE PROGRAMS. HOW IS THE DSDR PROGRAM CLASSIFIED?

A. The DSDR program has been classified by the Commission, for purposes of ratemaking, as an EE program. Due to the scope and nature of DSDR, its costs are being tracked separately. This separate tracking includes both direct costs and A&G costs associated with the program.

VI. UTILITY INCENTIVES AND NET LOST REVENUES

Q. HOW ARE THE PPI AND PRI CALCULATED?

A. The PPI is calculated pursuant to the *Order Approving Revised Mechanism* and is based on the savings achieved by the portfolio of PPI-eligible DSM/EE programs. Under the terms of the *Order Approving Revised Mechanism*, the amount of PPI to be recovered during the rate period is 11.75 percent of the net benefits produced by the portfolio of PPI-eligible programs prior to 2022. Pursuant to the related 2020 Sub 1032 Order and other orders in Docket No. E-7, Sub 1032, starting in 2022, this percentage is lowered to 10.6%. Estimated net savings for all periods are determined by multiplying the number of measurement units projected to be installed for a specific program or measure in a vintage year by the most current estimate of the annual per installation kilowatt ("kW") and kilowatt-hour ("kWh") savings over the measurement unit's life and by the annual kW and kWh avoided costs. DEP then subtracts the estimated utility costs over the measurement unit's life related to the projected installations in that vintage year and discounts the result to determine a net present value.

The PPI for each program vintage is converted into a stream of up to ten levelized annual payments. DEP's overall weighted average net-of-tax rate of return approved in DEP's most recent general rate case is used as the appropriate discount rate. Pursuant to the *Order Approving Revised Mechanism*, PPI recoveries are subject to true-up on the basis of future EM&V results. PPI calculations are based on calendar year vintages. The PPI vintage assigned to the test period in this filing encompasses calendar year 2020. These values will be trued-up on the basis of future EM&V results. The estimated PPI for the rate period used in this filing is based on calendar year 2022 and will be trued-up as a part of DEP's 2023 DSM/EE cost recovery proceeding. In addition, as discussed above, Income-Qualified EE and Weatherization programs are eligible to receive a PRI beginning in 2022. Company witness Evans further describes the specifics of the PPI and PRI calculations in his testimony. Please see Evans Exhibit 1 for additional detail by program.

Q. HOW WERE NET LOST REVENUES DETERMINED?

A. The Company determines net lost revenues, which are applicable to both DSM and EE programs, by multiplying the estimated reduction in kWh sales associated with a program or measure by a margin-based net lost revenue rate. The following formula illustrates the basic components of the net lost revenue calculations: Net Lost Revenues ($) = Lost Sales (kWh) x Net Lost Revenue Rate ($/kWh).

Lost Sales are those sales that do not occur as a result of implementation of DEP DSM/EE measures. These values are initially based on engineering estimates and/or past impact evaluations. Future periods are based on updated impact evaluations resulting from EM&V activities and are applied prospectively and in conjunction with applicable net lost revenue true-ups. The Net Lost Revenue rate represents the difference between the average retail rate applicable to the customer class impacted by the measure and the sum of (1) the embedded regulatory fees, (2) the related average customer charge component of that rate, (3) the average fuel component of the rate, and (4) the incremental variable operations and maintenance rate as filed in DEP's last Cogeneration and Small Power Producer tariff. When multiple customer classes are impacted by a DSM/EE measure, as with the DSDR program, a weighted or system-wide net lost revenue rate is employed.

Pursuant to the *Order Approving Revised Mechanism*, DEP may only recover net lost revenues for up to 36 months of an installed measure's life, and as with the PPI, recoveries are subject to true-up on the basis of future EM&V results.

Residential and non-residential lost revenues associated with participants enrolled during the test period, twelve months ending December 31, 2018, extended to May 31, 2020, of the Company's general rate case proceeding, Docket No. E-2, Sub 1219, have been adjusted based on specific enrollment dates, and a portion of these lost revenues have been removed from the prospective period as of September 1, 2020 and included in interim base rates.

Q. HAVE EXCESS DEFERRED INCOME TAXES RESULTING FROM THE TAX CUTS AND JOBS ACT BEEN INCORPORATED INTO THE CALCULATION OF NET LOST REVENUES?

A. The final order in the general rate case, issued April 16, 2021 in Docket No. E-2, Sub 1219 (the "Final Order"), directed DEP to refund certain amounts owed to customers related to excess deferred income taxes ("EDIT"), resulting from the reduction in federal corporate income taxes according to the Tax Cuts and Jobs Act, through a reduction in base rates rather than through a rider. The refunded amounts are the "protected" EDIT amounts, generally related to Property, Plant and Equipment, for which there are specific ratemaking requirements prescribed by the Internal Revenue Service. Lost revenue rates for 2020 have been trued up to reflect the Final Order, and the projected 2022 lost revenue rates also reflect the Final Order.

VII. <u>COST ALLOCATION METHODOLOGY</u>

Q. HOW ARE DSM- AND EE-RELATED COSTS ALLOCATED TO EACH RATE CLASS?

A. Costs are assigned to customer classes based on program design and participation. In other words, residential program costs are allocated solely to residential customers, general service program costs are allocated solely to general service customers, and lighting program costs are allocated solely to lighting customers. Where programs benefit multiple customer groups, the costs are allocated directly to groups receiving benefits or by employing annual energy- and/or coincident peak demand-based allocation factors.

Listebarger Exhibit 2, pages 1 and 2, and Listebarger Exhibit 2, pages 4 and 5, demonstrate how the costs associated with a specific program have been assigned to customer groups.

Q. HOW ARE SALES AND DEMAND ADJUSTED FOR THE IMPACT OF OPT-OUT CUSTOMERS?

A. Commercial customers with annual consumption of 1,000,000 kWh or greater in the billing months of the prior calendar year and all industrial customers who implement or will implement alternative DSM/EE measures may elect not to participate in DEP's DSM and/or EE programs. DEP reviewed its customer records and identified that commercial and industrial customers choosing to opt out of EE programs consumed 11,746,852,167 kWh during the year ended December 31, 2020. In addition, DEP identified that commercial and industrial customers choosing to opt out of DSM programs consumed 11,772,985,490 kWh during the year ended December 31, 2020.

DEP developed rate class allocation factors based on the assumption that customers that have elected to opt out of the Company's DSM/EE rider will remain opted out. If customers decide to change their opt-out status, revenue gains or losses will be recognized in subsequent DSM/EE EMF calculations.

Sales for the year ended December 31, 2020 for all customers electing to opt out of the DSM/EE rate are provided in Listebarger Exhibit 6.

Q. THE SALES FOR OPT-OUT CUSTOMERS ARE EASILY IDENTIFIED, BUT HOW IS THE COINCIDENT PEAK OF THESE CUSTOMERS ESTIMATED?

A. Currently installed metering for a great number of opt-out customers does not provide sufficient detail to determine their contribution to the system coincident peak hour load. Instead, the impact is estimated based upon the ratio of opt-out sales to total sales for the rate class multiplied by the rate class peak demand. This approach should accurately approximate the demand of opt-out accounts. This calculation can be seen at Listebarger Exhibit 5, page 6.

Q. AFTER ADJUSTING ENERGY AND DEMAND FOR OPT-OUT CUSTOMERS, HOW ARE THE RESULTING ALLOCATION FACTORS THEN USED TO DETERMINE THE REVENUE REQUIREMENT FOR EACH RATE CLASS?

A. Energy- and demand-based allocators are used in cases where programs or measures directly benefit multiple rate groups. When a DSM or EE program benefits multiple rate groups, DEP multiplies EE costs by rate class energy allocation factors and multiplies any associated DSM costs by rate class demand allocation factors for purposes of cost assignment.

Since usage for opt-out customers is not forecasted, the rate class energy allocation factors were developed from the forecasted rate class usage after subtracting actual sales for opt-out customers for the year ended December 31, 2020. Listebarger Exhibit 5, page 5, provides the energy allocation factors applicable to each rate class based upon the forecast of rate class sales for the rate period of January 1, 2022 through December 31, 2022.

The allocation rate class demand allocation factors are based on the summer coincident peak demand for 2020 after subtracting the estimated demand for opt-out customers as discussed above. The forecast does not provide rate class coincident peak demands; therefore, the most recent historic data was deemed to be representative of future demand impacts. Listebarger Exhibit 5, page 6, shows the demand allocation factors applicable to each rate class for the rate period.

Q. WHICH OF DEP'S PROGRAMS OR MEASURES BENEFIT MULTIPLE CUSTOMER CLASSES?

A. The Company's DSDR program benefits all customer classes. To allocate DSDR costs, DEP employs rate class energy allocation factors. These allocation procedures are elements of Listebarger Exhibit 2, pages 1 and 4. In addition, DEP's Energy Efficient Lighting Program provides benefits to both the residential and general service customer classes. These costs were allocated based on the bulbs provided to those classes using EM&V results as shown in Listebarger Exhibit 5, page 7.

Q. HOW DOES DEP DETERMINE RATE CLASS DSM/EE RATES?

A. The calculated rate class DSM and EE revenue requirements are divided by forecasted rate class sales, after adjustment for opt-out customers, to establish the rate class DSM/EE rate. Listebarger Exhibit 2, page 1, provides the derivation of the EE rate. Listebarger Exhibit 2, page 2, provides the derivation of the DSM rate.

Q. HOW DOES DEP DETERMINE RATES FOR THE DSM/EE EMF?

A. As with DSM/EE rate determination, the calculated rate class DSM and EE EMF revenue requirements, adjusted for cost recoveries, are divided by forecasted rate class sales, after adjustment for opt-out customers, to establish the rate class DSM/EE EMF rate. Listebarger Exhibit 2, page 4, provides the derivation of the EE EMF rate. Listebarger Exhibit 2, page 5, provides the derivation of the DSM EMF rate.

VIII. PROPOSED RATES

Q. WHAT RATES ARE PROPOSED FOR EACH RATE CLASS?

A. Listebarger Exhibit 1 is populated with the DSM/EE rates and EMF rates proposed in this proceeding. The DSM/EE rates recover costs forecasted to be incurred from January 1, 2022 through December 31, 2022. The DSM/EE EMF is a true-up mechanism recognizing costs and recoveries for the test period of January 1, 2020 through December 31, 2020. DEP proposes the following rates, exclusive of North Carolina regulatory fees, for each rate class:

Rate Class	DSM Rate (¢/kWh)	EE Rate (¢/kWh)	DSM EMF (¢/kWh)	EE EMF Rate (¢/kWh)	DSM/EE Annual Rider (¢/kWh)
Residential	0.114	0.549	0.001	0.056	0.720
General Service EE		0.637		0.040	0.677
General Service DSM	0.061		(0.008)		0.053
Lighting		0.119		0.005	0.124

Q. WHAT ARE THE RATES INCLUDING NORTH CAROLINA REGULATORY FEES?

A. The following table reflects the proposed billing rates, including North Carolina regulatory fees, for each rate class:

Rate Class	DSM Rate (¢/kWh)	EE Rate (¢/kWh)	DSM EMF (¢/kWh)	EE EMF (¢/kWh)	Annual DSM/EE Rider (¢/kWh)
Residential	0.114	0.550	0.001	0.056	0.721
General Service EE		0.638		0.040	0.678
General Service DSM	0.061		(0.008)		0.053
Lighting		0.119		0.005	0.124

Q. HOW WILL DEP REVISE ITS TARIFFS TO RECOVER THESE RATES?

A. The Company will update its Annual Billing Adjustment, Rider BA, to recognize these rates, adjusted for the North Carolina regulatory fees.

IX. CONCLUSION

Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?

A. Yes.