

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-7, SUB 1213  
DOCKET NO. E-7, SUB 1214  
DOCKET NO. E-7, SUB 1187

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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	)	ORDER ACCEPTING
	)	COMPLIANCE FILING AND
In the Matter of	)	CLARIFYING RATE ORDER,
Application by Duke Energy Carolinas, LLC,	)	AND ERRATA TO PARTIAL
for Adjustment of Rates and Charges	)	PRIOR DISSENTING
Applicable to Electric Utility Service in	)	OPINION
North Carolina	)	
	)	
DOCKET NO. E-7, SUB 1187	)	
	)	
In the Matter of	)	
Application 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	)	

BY THE COMMISSION: On March 31, 2021, the Commission issued an Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice (Rate Order), in the above-captioned dockets authorizing Duke Energy Carolinas, LLC (DEC) to adjust its rates and charges for retail electric service in North Carolina. In addition, the Rate Order required DEC to file for Commission approval its calculation of the annual revenue requirement consistent with the Rate Order (compliance filing).

On April 12, 2021, DEC made the required compliance filing. DEC stated that as required by the Commission's Rate Order DEC worked with the Public Staff to confirm the accuracy of the revenue requirement calculations, and that the Public Staff has verified the accuracy of the calculations. Further, DEC stated that after the Commission issues an order approving the final revenue requirement numbers DEC will timely file a request for Commission approval of revised rate schedules designed to comply with the Rate Order and revenue requirement, and will submit a proposed customer notice.

In addition, on April 12, 2021, DEC and the Public Staff (Movants) filed a Joint Motion for Clarification or, in the Alternative, Reconsideration (Motion for Clarification) of the Rate Order. Movants stated that they need clarification of the Rate Order's discussion of two subjects: (1) other production interim net salvage, and (2) vegetation management cost per mile.

### **Other Production Interim Net Salvage**

Finding of Fact No. 9 on page 13 of the Rate Order states:

Use of an interim net salvage percentage of zero for Accounts 342, 343, 344, 345, and 346 is reasonable.

The Commission's discussion and conclusions related to Finding of Fact No. 9 begins on page 38 of the Rate Order, under the subheading *Other Production Interim Net Salvage* (Net Salvage subheading). The Commission's conclusion under the Net Salvage subheading states:

Based on the above evidence, the Commission finds that the Public Staff's proposal of a future net salvage percent of -10% for Account 366, Underground Conduit, is reasonable since it is within the range of the historic net salvage percentage, Spanos Ex. 1 at 342, and builds a reserve for future removal costs, tr. vol. 16, 623-24, while balancing the interests of current versus future ratepayers.

Rate Order at 40.

Movants observed that the above conclusion contains no conclusion about the reasonableness of an interim net salvage percentage of zero for Accounts 342, 343, 344, 345, and 346, but instead makes a conclusion regarding a different DEC account, Account 366, which does not utilize a zero interim net salvage percentage or involve other production interim net salvage percentages. Movants further noted that Account 366 is addressed in Finding of Fact No. 11, the discussion and conclusion subsection titled *Mass Property Future Net Salvage* beginning on page 43 of the Rate Order, and Ordering Paragraph No. 7. Movants also noted that Ordering Paragraph No. 5 on page 199 of the Rate Order states:

That DEC shall use an interim net salvage percentage of zero for Accounts 342, 343, 344, 345, and 346.

Movants acknowledged that Finding of Fact No. 9 and Ordering Paragraph No. 5 require DEC to utilize an interim net salvage percentage of zero for Accounts 342, 343, 344, 345, and 346, and that they agree with this result. Nonetheless, they expressed concern that the absence of any discussion on this point under the Net Salvage subheading, along with the unrelated reference to Account 366, creates the potential for confusion. As a result, Movants requested that the Commission delete the reference to

Account 366, and add a conclusion supporting Finding of Fact No. 9 and Ordering Paragraph No. 5. They attached to their motion a proposed revised conclusion under the Net Salvage subheading.

### **Vegetation Management Cost per Mile**

Finding of Fact No. 69 on page 19 of the Rate Order states:

DEC's annual target for distribution system vegetation management has increased from 6,177 to 6,187 miles. DEC's annual target for distribution system vegetation management of 6,187 miles is an increase from the 5,559 miles trimmed in the test year. DEC's outside labor expense for vegetation management contract work has increased by 3%. It is therefore appropriate to adjust DEC's vegetation management annual expense for these factors, *subject to the Public Staff's corrected cost per mile adjustment.* [Emphasis added.]

The emphasized final phrase in the last sentence of Finding of Fact No. 69 is identical to that of Movants' Joint Proposed Order (JPO) Finding of Fact No. 54, at page 25. In their motion, Movants stated that they erroneously included the phrase "subject to the Public Staff's corrected cost per mile adjustment" in JPO Finding of Fact No. 54. Additionally, Movants stated that they inadvertently omitted relevant evidence in the corresponding discussion and conclusion section of their JPO explaining why the Public Staff's cost per mile adjustment is no longer necessary. They stated that DEC witness McManeus' rebuttal testimony provides background as to why the Public Staff's initially proposed cost per mile adjustment should no longer be included in Finding of Fact No. 69 or the Rate Order's corresponding *Vegetation Management* discussion and conclusions section starting on page 193. According to Movants, witness McManeus' testimony explains how the Company's initial discovery response to a data request regarding vegetation management did not properly include accounting accruals booked in DEC's test year, and that the Public Staff relied on the costs provided in DEC's initial response to propose the test year cost per mile vegetation management adjustment. Tr. vol. 11, 522. However, Movants stated that after the Company supplemented its vegetation management discovery response to properly include the accounting accruals, the Public Staff no longer proposed a cost per mile adjustment and found the Company's vegetation management adjustment to be proper. Further, according to Movants this result was detailed in Public Staff witness Boswell's Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(d), reflecting no change to the Company's vegetation management adjustment.

Movants cited two North Carolina cases in support of the Commission's authority to rescind, alter or amend a Commission order pursuant to N.C. Gen. Stat. § 62-80. According to Movants, *State ex rel. Utilities Comm'n v. North Carolina Gas Service*, 128 N.C. App. 288, 293-294, 494 S.E.2d 621, 626, *rev. denied*, 348 N.C. 78, 505 S.E.2d 886 (1998), holds that the Commission may modify an order "due to a change of circumstances requiring it for the public interest," and *State ex rel. Utilities Comm'n v.*

*Edmisten*, 291 N.C. 575, 584, 232 S.E.2d 177 (1977), states that the Commission also may modify an order due to “misapprehension of the facts, or disregard of facts.” Movants requested that the Commission clarify or, in the alternative, reconsider the record in this docket by removing from Finding of Fact No. 69 the clause “subject to the Public Staff’s corrected cost per mile adjustment,” as the adjustment is no longer proposed by the Public Staff or supported by the record evidence. In addition, Movants requested that the Commission further clarify or, in the alternative, reconsider the record by adding a summary of the evidence under the *Vegetation Management* discussion and conclusions subheading, beginning on page 193 of the Rate Order, to support the revised Finding of Fact No. 69. They attached to their motion a revised Finding of Fact No. 69 and a revised *Vegetation Management* discussion and conclusions section.

Finally, Movants stated that they contacted counsel for other parties to this proceeding regarding their Motion for Clarification, and that no party had advised Movants that it objects to the motion.

## **DISCUSSION AND CONCLUSIONS**

### **Motion for Clarification**

Based on Movants' motion and the record, the Commission finds good cause under N.C.G.S. § 62-80 to make the revisions to the Rate Order requested by DEC and the Public Staff. Specifically, the Rate Order shall be revised by:

- (1) Deleting the following paragraph on page 40:

Based on the above evidence, the Commission finds that the Public Staff’s proposal of a future net salvage percent of -10% for Account 366, Underground Conduit, is reasonable since it is within the range of the historic net salvage percentage, Spanos Ex. 1 at 342, and builds a reserve for future removal costs, tr. vol. 16, 623-24, while balancing the interests of current versus future ratepayers.

- (2) Replacing the above deleted paragraph with the following paragraph:

Based on the above evidence, the Commission finds that DEC’s use of an interim net salvage percentage of zero for Accounts 342, 343, 344, 345, and 346 is reasonable.

- (3) Revising Finding of Fact No. 69 by deleting the phrase “subject to the Public Staff’s corrected cost per mile adjustment.”

(4) Deleting the following paragraph at the bottom of page 193:

DEC did not dispute the Public Staff's adjustment, and no other party presented evidence on DEC's annual vegetation management costs or cross-examined the Company's witnesses on this issue.

(5) Replacing the above deleted paragraph with the following paragraphs:

In her rebuttal testimony, Company witness McManeus stated that the Company responded to a data request providing a detailed view of the costs included in the cost-per-mile calculation but did not include accounting accruals booked in the test year in its original response. She stated that the Public Staff relied on the detailed view of the costs provided in the data request to propose an adjustment to the Company's vegetation management to use a test year cost per mile of \$8,699. Witness McManeus further stated that the Company supplemented its response to the data request to include the accounting accruals, which supports a test year cost per mile of \$9,041. Tr. vol. 11, 522.

In Public Staff witness Boswell's Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(d), she reflected no change to the Company's above-described adjustment. Official Exhibits vol. 22, 86.

No other party presented evidence on DEC's annual vegetation management costs or cross-examined the Company's witness on this issue. Based on the evidence, the Commission concludes that DEC's annual vegetation management costs are reasonable and should be approved.

### **Revenue Requirement Compliance Filing**

Based on a review of DEC's compliance filing and the record, the Commission finds good cause to approve DEC's calculation of the revenue requirement.

IT IS, THEREFORE, ORDERED as follows:

1. That the Rate Order shall be clarified by making the changes and additions requested by DEC and the Public Staff, as discussed in the body of this Order; and

2. That the compliance filing made by DEC on April 12, 2021, shall be, and is hereby, approved.

ISSUED BY ORDER OF THE COMMISSION.

This the 30th day of April, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Kimberley A. Campbell". The signature is written in a cursive style with a large initial 'K'.

Kimberley A. Campbell, Chief Clerk

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Errata to Dissenting Opinion of Commissioner Daniel G. Clodfelter

On March 31, 2021, my partial dissent was included in the Commission's Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice issued in the above-captioned dockets. It has come to my attention that a statement in the Grid Improvement Plan portion of my dissent included a mistaken reference to the Second Partial Stipulation between Duke Energy Carolinas, LLC, and the Public Staff. On page five, my dissenting opinion states:

In his direct testimony Public Staff witness Maness stated that the Public Staff would not object if the Commission determined that the ROE impacts from the GIP programs covered by the Second Partial Settlement fall within the range of leniency that the Commission intended in the Sub 1146 Order.

Upon further review, this statement should be revised to read:

In his supplemental direct testimony Public Staff witness Maness stated that the Public Staff would not object to deferral of the capital costs and the associated incremental expenses of the six GIP programs identified in his testimony if the Commission determined that the estimated ROE impacts fall within the range of leniency that the Commission intended in the Sub 1146 Order. Tr. vol. 20, 538-39.

/s/ Daniel G. Clodfelter  
Commissioner Daniel G. Clodfelter