BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1249

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

I. INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Shannon R. Listebarger, and my business address is 550 South Tryon Street, Charlotte, North Carolina, 28202.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am a Rates Manager for Duke Energy Carolinas, LLC ("DEC" or the "Company" supporting both DEC and Duke Energy Progress, LLC ("DEP").

Q. PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL QUALIFICATIONS.

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. WHAT ARE YOUR PRESENT RESPONSIBILITIES FOR DEC?

A. I am responsible for providing regulatory support and guidance on DEC's demand-side management ("DSM") and energy efficiency ("EE") cost recovery process.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?

A. Yes. I have provided testimony in support of DEP's Rider 12 application for approval of its DSM/EE cost recovery rider in Docket No. E-2, Sub 1252.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to explain and support DEC's proposed DSM/EE cost recovery rider (Rider 13), including prospective and Experience Modification Factor ("EMF") components, and provide information required by Commission Rule R8-69.

Q. PLEASE DESCRIBE THE EXHIBITS ATTACHED TO YOUR TESTIMONY.

A. Listebarger Exhibit 1 summarizes the individual rider components for which DEC requests approval in this filing. Listebarger Exhibit 2 shows the calculation of revenue requirements for each vintage, with separate calculations for non-residential DSM and EE programs within each vintage. Listebarger Exhibit 3 presents the return calculations for Vintages 2017, 2018, 2019 and 2020. Listebarger Exhibit 4 shows the actual and estimated prospective amounts collected from customers via Riders 8-12 pertaining to Vintages 2017 through 2021. Listebarger Exhibit 5 provides the calculation of the allocation factors used to allocate system DSM and EE costs to DEC's North Carolina retail jurisdiction. Listebarger Exhibit 6 presents the forecasted sales for the rate period (2022) and the estimated sales related to customers that have opted out of various vintages. These amounts are used to determine the forecasted sales to which the Rider 13 amounts will apply. Listebarger Exhibit 7 is the proposed tariff sheet for Rider 13.

Q. WERE LISTEBARGER EXHIBITS 1-7 PREPARED BY YOU OR AT YOUR DIRECTION AND SUPERVISION?

A. Yes.

II. <u>GENERAL STRUCTURE OF RIDERS</u>

Q. PLEASE DESCRIBE THE STRUCTURE OF RIDER 13.

A. Rider 13 was calculated in accordance with the Company's currently effective cost recovery and incentive mechanism ("Mechanism") and portfolio of programs approved in the Commission's *Order Approving DSM/EE Programs and Stipulation of Settlement* issued on October 29, 2013 ("the Stipulation"), in Docket No. E-7, Sub 1032 and the prospective Mechanism approved in the Commission's *Order Approving Revisions to Demand-Side Management and Energy Efficiency Cost Recovery Mechanisms* issued on October 20, 2020, in Docket Nos. E-2, Sub 931 and E-7, Sub 1032 ("2020 Sub 1032 Order").[1]

The approved cost recovery mechanism is designed to allow DEC to collect revenue equal to its incurred program costs[2] for a rate period plus a Portfolio Performance Incentive ("PPI") based on shared savings achieved by DEC's DSM/EE programs, and to recover net lost revenues for EE programs only. In addition, per the 2020 Sub 1032 order, beginning in 2022 the Income-

[1] The Stipulation is still currently in effect; however, the new Mechanism applies prospectively to costs projected in 2022. Therefore, this cost recovery proceeding falls under the Commission's orders approving both Mechanisms in Docket No. E-7, Sub 1032 (Sub 1032 Orders).

[2] Program costs are defined under Rule R8-68(b)(1) as all reasonable and prudent expenses expected to be incurred by the electric public utility, during a rate period, for the purpose of adopting and implementing new DSM and EE measures previously approved pursuant to Rule R8-68.

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.

The Company is allowed to recover net lost revenues associated with a particular vintage of an EE measure for the lesser of 36 months or the life of the measure, and provided that the recovery of net lost revenues shall cease upon the implementation of new rates in a general rate case to the extent that the new rates are set to recover net lost revenues.

The Company's cost recovery mechanism employs a vintage year concept based on the calendar year.[3] In each of its annual rider filings, DEC performs an annual true-up process for the prior calendar year vintages. The true-up will reflect actual participation and verified Evaluation, Measurement and Verification ("EM&V") results for completed vintages, applied in the same manner as agreed upon by DEC, SACE, and the Public Staff, and approved by the Commission in its *Order Approving DSM/EE Rider and Requiring Filing of Proposed Customer Notice* issued on November 8, 2011, in Docket No. E-7, Sub 979 ("EM&V Agreement"). In accordance with the 2020 Sub 1032 Order, DEC continues to apply EM&V in accordance with the EM&V Agreement.

The Company has implemented deferral accounting for over- and under-recoveries of costs that are eligible for recovery through the annual DSM/EE rider. The balance in the deferral account(s), net of deferred income taxes, may accrue a return at the net-of-tax rate of return rate approved in DEC's

[3] Each vintage is referred to by the calendar year of its respective rate period (*e.g.*, Vintage 2020).

then most recent general rate case. The methodology used for the calculation of interest shall be the same as that typically utilized for DEC's Existing DSM Program rider proceedings. Pursuant to Commission Rule R8-69(c)(3), DEC will not accrue a return on net lost revenues or the PPI. Listebarger Exhibit 3, pages 1 through 16, shows the calculation performed as part of the true-up of Vintage 2017, Vintage 2018, Vintage 2019, and Vintage 2020.

The Company expects that most EM&V will be available in the time frame needed to true-up each vintage in the following calendar year. If any EM&V results for a vintage are not available in time for inclusion in DEC's annual rider filing, however, then the Company will make an appropriate adjustment in the next annual filing.

DEC calculates one integrated (prospective) DSM/EE rider and one integrated DSM/EE EMF rider for the residential class, to be effective each rate period. The integrated residential DSM/EE EMF rider includes all true-ups for each applicable vintage year. Given that qualifying non-residential customers can opt out of DSM and/or EE programs, DEC calculates separate DSM and EE billing factors for the non-residential class. Additionally, the non-residential DSM and EE EMF billing factors are determined separately for each applicable vintage year, so that the factors can be appropriately charged to non-residential customers based on their opt-in/out status and participation for each vintage year.

Q. WHAT ARE THE COMPONENTS OF RIDER 13?

A. The prospective components of Rider 13 include: (1) a prospective Vintage 2022 component designed to collect program costs and the PPI for DEC's 2022 vintage of DSM programs; (2) a prospective Vintage 2022 component to collect program costs, PPI, PRI, and the first year of net lost revenues for DEC's 2022 vintage of EE programs; (3) a prospective Vintage 2021 component designed to collect the second year of estimated net lost revenues for DEC's 2021 vintage of EE programs; (4) a prospective Vintage 2020 component designed to collect the third year of estimated net lost revenues for DEC's 2020 vintage of EE programs; and (5) a prospective Vintage 2019 component designed to collect the fourth year of estimated lost revenues for DEC's 2019 vintage of EE programs. The EMF components of Rider 13 include: (1) a true-up of Vintage 2017 lost revenues; (2) a true-up of Vintage 2018 lost revenues, PPI and participation for DSM/EE programs based on additional EM&V results received; (3) a true-up of Vintage 2019 lost revenues, PPI and participation for DSM/EE programs based on additional EM&V results received; and (4) a true-up of Vintage 2020 lost revenues, program costs and PPI for DSM/EE programs.

Q. HOW DOES DEC CALCULATE THE PROPOSED BILLING FACTORS?

A. The billing factor for residential customers is computed by dividing the combined revenue requirements for DSM and EE programs by the forecasted sales for the rate period. For non-residential rates, the billing factors are computed by dividing the revenue requirements for DSM and EE programs separately by forecasted sales for the rate period. The forecasted sales exclude the estimated sales to customers who have elected to opt out of Rider EE. Because non-residential customers are allowed to opt out of DSM and/or EE programs separately in an annual election, non-residential billing factors are computed separately for each vintage.

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

Q. HOW DOES DEC ALLOCATE REVENUE REQUIREMENTS TO THE NORTH CAROLINA RETAIL JURISDICTION AND TO THE RESIDENTIAL AND NON-RESIDENTIAL RATE CLASSES?

A. The Company allocates the revenue requirements related to program costs and incentives for EE programs targeted at retail residential customers across North Carolina and South Carolina to its North Carolina retail jurisdiction based on the ratio of North Carolina retail kWh sales (grossed up for line losses) to total retail kWh sales (grossed up for line losses), and then recovers them only from North Carolina residential customers. The revenue requirements related to EE programs targeted at retail non-residential customers across North Carolina and South Carolina are allocated to the North Carolina retail jurisdiction based on the ratio of North Carolina retail kWh sales (grossed up for line losses) to total retail kWh sales (grossed up for line losses), and then recovered from only North Carolina retail non-residential customers. The portion of revenue requirements related to net lost revenues for EE programs is not allocated to the North Carolina retail jurisdiction, but rather is specifically computed based on the kW and kWh savings of North Carolina retail customers.

For DSM programs, because residential and non-residential programs are similar in nature, the aggregated revenue requirement for all retail DSM programs targeted at both residential and non-residential customers across North Carolina and South Carolina are allocated to the North Carolina retail jurisdiction based on North Carolina's contribution to total retail peak demand. Both residential and non-residential customer classes are allocated a share of total system DSM revenue requirements based on each group's contribution to total retail peak demand.

The allocation factors used in DSM/EE EMF true-up calculations for each vintage are based on DEC's most recently filed Cost of Service studies at the time that the Rider EE filing incorporating the initial true-up for each vintage is made. If there are subsequent true-ups for a vintage, DEC will use the same allocation factors as those used in the original DSM/EE EMF true-up calculations.

IV. UTILITY INCENTIVES AND NET LOST REVENUES

Q. HOW DOES DEC CALCULATE THE PPI AND PRI?

A. Pursuant to the Stipulation, DEC calculates the dollar amount of PPI by multiplying the shared savings achieved by the system portfolio of DSM/EE programs by 11.5% prior to 2022. Pursuant to the related 2020 Sub 1032 and other Sub 1032 orders, starting in 2022, this percentage is lowered to 10.6%. In addition, as discussed above, Income-Qualified EE and Weatherization programs are eligible to receive a PRI.

Company witness Evans further describes the specifics of the PPI and PRI calculations in his testimony. In addition, Evans Exhibit 1, pages 1 through 4, shows the revised PPI for Vintage 2017, Vintage 2018, Vintage 2019, and Vintage 2020, respectively, based on updated EM&V results, and Evans Exhibit 1, page 5, shows the estimated PPI and PRI by program type and customer class for Vintage 2022. The system amount of PPI and PRI is then allocated to North Carolina retail customer classes to derive customer rates.

Q. HOW DOES DEC CALCULATE THE NET LOST REVENUES FOR THE PROSPECTIVE COMPONENTS OF RIDER EE?

A. For the prospective components of Rider EE, net lost revenues are estimated by multiplying the portion of DEC's tariff rates that represent the recovery of fixed costs by the estimated North Carolina retail kW and kWh reductions applicable to EE programs by rate schedule, and reducing this amount by estimated found revenues. The Company calculates the portion of North Carolina retail tariff rates (including certain riders) representing the recovery of fixed costs by deducting the recovery of fuel and variable operation and maintenance ("O&M") costs from its tariff rates. The lost revenues totals for residential and non-residential customers are then reduced by North Carolina retail found revenues computed using the weighted average lost revenue rates for each customer class. The testimony and exhibits of Company witness Evans provide information on the actual and estimated found revenues which offset lost revenues.

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-7, Sub 1214, have been adjusted based on specific enrollment dates, and a portion of these lost revenues have been removed from the prospective period as of August 24, 2020 and included in interim base rates.

Q. HOW DOES DEC CALCULATE THE NET LOST REVENUES FOR THE EMF COMPONENTS OF RIDER EE?

A. For the EMF components of Rider EE, DEC calculates the net lost revenues by multiplying the portion of its tariff rates that represent the recovery of fixed costs by the actual and verified North Carolina retail kW and kWh reductions applicable to EE programs by rate schedule, then reducing this amount by actual found revenues.

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

A. In the first partial settlement between the Company and the Public Staff ("Stipulating Parties"), filed on March 25, 2020 in Docket No. E-7, Sub 1214, the Stipulating Parties agreed that DEC would 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 IRS. Lost revenue rates for 2020 have been trued up to reflect the settlement, and the projected 2022 lost revenue rates also reflect the settlement. If the mechanism for returning EDIT to customers changes as part of the final outcome in Docket No. E-7, Sub 1214, the Company will file supplemental exhibits incorporating the appropriate adjustments.

V. OPT-OUT PROVISIONS

Q. PLEASE EXPLAIN THE OPT-OUT PROCESS FOR NON-RESIDENTIAL CUSTOMERS.

A. Pursuant to the Commission's *Order Granting Waiver, in Part, and Denying Waiver, in Part* ("Waiver Order") issued April 6, 2010, in Docket No. E-7, Sub 938 and the Sub 1032 Orders, the Company is allowed to permit qualifying non-residential customers[4] to opt out of the DSM and/or EE portion of Rider EE during annual election periods. If a customer opts into a DSM program (or never opted out), the customer is required to participate for three years in the approved DSM programs and rider. If a customer chooses to participate in an EE program (or never opted out), that customer is required to pay the EE-related program costs, shared savings incentive and the net lost revenues for the corresponding vintage of the programs in which it participated. Customers that opt out of DEC's DSM and/or EE programs remain opted-out unless they choose to opt back in during any of the succeeding annual election periods,

[4] Individual commercial customer accounts with annual energy usage of not less than 1,000,000 kWh and any industrial customer account.

which occur from November 1 to December 31 each year, or any of the succeeding annual opt-in periods in March as described below. If a customer participates in any vintage of programs, the customer is subject to all true-up provisions of the approved Rider EE for any vintage in which the customer participates.

DEC provides an additional opportunity for qualifying customers to opt in to DEC's DSM and/or EE programs during the first five business days of March. Customers who choose to begin participating in DEC's EE and DSM programs during the special "opt-in period" during March of each year will be retroactively billed the applicable Rider EE amounts back to January 1 of the vintage year, such that they will pay the appropriate Rider EE amounts for the full rate period.

Q. DOES DEC ADJUST THE RATE FOR NON-RESIDENTIAL CUSTOMERS TO ACCOUNT FOR THE IMPACT OF "OPT-OUT" CUSTOMERS?

A. Yes. The impact of opt-out results is considered in the development of the Rider EE billing rates for non-residential customers. Since the revenue requirements will not be recovered from non-residential customers that opt out of DEC's programs, the forecasted sales used to compute the rate per kWh for non-residential rates exclude sales to customers that have opted out of the vintage to which the rate applies. This adjustment is shown on Listebarger Exhibit 6.

VI. PROSPECTIVE COMPONENTS

Q. WHAT IS THE RATE PERIOD FOR THE PROSPECTIVE COMPONENTS OF RIDER 13?

A. In accordance with the Commission's *Order on Motions for Reconsideration* issued on June 3, 2010, in Docket No. E-7, Sub 938 ("Second Waiver Order") and the 2020 Sub 1032 Order, DEC has calculated the prospective components of Rider 13 using the rate period January 1, 2022 through December 31, 2022.

Q. PLEASE DESCRIBE THE BASIS FOR THE RATE PERIOD REVENUE REQUIREMENTS RELATING TO VINTAGE 2019.

A. The Company determines the estimated revenue requirements for Vintage 2019 separately for residential and non-residential customer classes and bases them on the fourth year of net lost revenues for its Vintage 2019 EE programs. The amounts are based on estimated North Carolina retail kW and kWh reductions and DEC's interim rates, which became effective August 24, 2020, per Commission order in Docket No. E-7, Sub 1214 on August 6, 2020, adjusted as described above to only recover the fixed cost component.

Certain residential and non-residential lost revenues through the updated test period June 1, 2019 through May 31, 2020 of Docket No. E-7, Sub 1214, "*Application for General Rate Case,*" have been removed from the prospective period as of August 24, 2020, as new interim base rates recover the net lost revenues associated with those specific kWh sales reductions.

Q. PLEASE DESCRIBE THE BASIS FOR THE RATE PERIOD REVENUE REQUIREMENTS RELATING TO VINTAGE 2020.

A. The Company determines the estimated revenue requirements for Vintage 2020 separately for residential and non-residential customer classes and bases them on the third year of net lost revenues for its Vintage 2020 EE programs. The amounts are based on estimated North Carolina retail kW and kWh reductions and DEC's interim rates, which became effective August 24, 2020, per Commission order in Docket No. E-7, Sub 1214 on August 6, 2020, adjusted as described above to only recover the fixed cost component.

Certain residential and non-residential lost revenues through the updated test period June 1, 2019 through May 31, 2020 of Docket No. E-7, Sub 1214, *"Application for General Rate Case,"* have been removed from the prospective period as of August 24, 2020, assuming new interim base rates recover the net lost revenues associated with those specific kWh sales reductions.

Q. PLEASE DESCRIBE THE BASIS FOR THE RATE PERIOD REVENUE REQUIREMENTS RELATING TO VINTAGE 2021.

A. The Company determines the estimated revenue requirements for Vintage 2021 separately for residential and non-residential customer classes and bases them on the second year of net lost revenues for its Vintage 2021 EE programs. The amounts are based on estimated North Carolina retail kW and kWh reductions and DEC's interim rates which became effective August 24, 2020, per Commission order in Docket No. E-7, Sub 1214 on August 6, 2020, adjusted as described above to only recover the fixed cost component.

Certain residential and non-residential lost revenues through the updated test period June 1, 2019 through May 31, 2020 of Docket No. E-7, Sub 1214, *"Application for General Rate Case,"* have been removed from the prospective period as of August 24, 2020, assuming new interim base rates recover the net lost revenues associated with those specific kWh sales reductions.

Q. PLEASE DESCRIBE THE BASIS FOR THE RATE PERIOD REVENUE REQUIREMENTS RELATING TO VINTAGE 2022.

A. The estimated revenue requirements for Vintage 2022 EE programs include program costs, PPI, PRI and the first year of net lost revenues determined separately for residential and non-residential customer classes. The estimated revenue requirements for Vintage 2022 DSM programs include program costs and PPI. The program costs and shared savings incentive are computed at the system level and allocated to North Carolina based on the allocation methodologies discussed earlier in my testimony. The amounts are based on estimated North Carolina retail kW and kWh reductions and DEC's interim rates which became effective August 24, 2020, per Commission order in Docket No. E-7, Sub 1214 on August 6, 2020, adjusted as described above to only recover the fixed cost component.

VII. EMF

Q. WHAT IS THE TEST PERIOD FOR THE EMF COMPONENT?

A. Pursuant to the Second Waiver Order and the Stipulation, the test period for the EMF component is defined as the most recently completed vintage year at the time of DEC's Rider EE cost recovery application filing date, which in this case is Vintage 2020 (January 1, 2020 through December 31, 2020). In addition, the Second Waiver Order allows the EMF component to cover multiple test periods, so the EMF component for Rider 13 includes Vintage 2017 (January 2017 through December 2017), Vintage 2018 (January 2018 through December 2018) and Vintage 2019 (January 2019 through December 2019) as well.

Q. WHAT IS BEING TRUED UP FOR VINTAGE 2020?

A. The chart below demonstrates which components of the Vintage 2020 estimate filed in 2019 are being trued up in the Vintage 2020 EMF component of Rider 13. Listebarger Exhibit 2, page 4 contains the calculation of the true-up for Vintage 2020. The second year of net lost revenues for Vintage 2020, which are a component of Rider 12 billings during 2021, will be trued up to actual amounts during the next rider filing.

	Vintage 2020 Estimate (2020) As Filed (Filed 2019)	**Vintage 2020 True-Up (2020) (Filed February 2021)**
	Rider 11	**Rider 13 EMF**
Participation	Estimated participation using half-year convention	Update for actual participation for January – December 2020
EM&V	Initial assumptions of load impacts	Updated according to Commission-approved EM&V Agreement
Lost Revenues	Estimated 2020 participation using half-year convention	Update for actual participation for January – December 2020 and actual 2020 lost revenue rates
Found Revenues	Estimated according to Commission-approved guidelines	Update for actual according to Commission-approved guidelines
New Programs	Only includes programs approved prior to estimated filing	Update for any new programs and pilots approved and implemented since estimated filing

In addition, DEC has implemented deferral accounting for the under/over collection of program costs and calculated a return at the net-of-tax rate of return rate approved in DEC's most recent general rate case. The methodology used for the calculation of return is the same as that typically utilized for DEC's Existing DSM Program rider proceedings. Pursuant to Commission Rule R8-69(c)(3), DEC is not accruing a return on net lost revenues or the PPI. Please see Listebarger Exhibit 3, pages 1 through 16 for the calculation performed as part of the true-up of Vintage 2017 Vintage 2018, Vintage 2019 and Vintage 2020.

Q. HOW WERE THE LOAD IMPACTS UPDATED?

A. For DSM programs, the contracted amounts of kW reduction capability from participants are considered to be components of actual participation. As a result, the Vintage 2020 true-up reflects the actual quantity of demand reduction capability for the Vintage 2020 period. The load impacts for EE programs were updated in accordance with the Commission-approved EM&V Agreement.

Q. HOW WERE ACTUAL NET LOST REVENUES COMPUTED FOR THE VINTAGE 2020 TRUE-UP?

A. Net lost revenues for year one (2020) of Vintage 2020 were calculated using actual kW and kWh savings by North Carolina retail participants by customer class based on actual participation and load impacts reflecting EM&V results applied according to the EM&V Agreement. The actual kW and kWh savings were as experienced during the period January 1, 2020 through December 31, 2020. The rates applied to the kW and kWh savings are the retail rates that were in effect for the period January 1, 2020 through December 31, 2020 reduced by fuel and other variable costs. The lost revenues were then offset by actual found revenues for year one of Vintage 2020 as explained by Company witness Evans. The calculation of net lost revenues was performed by rate schedule within the residential and non-residential customer classes.

Q. WHAT IS BEING TRUED UP FOR VINTAGE 2019?

A. Avoided costs for Vintage 2019 DSM programs are being trued up to update EM&V participation results. Avoided costs for Vintage 2019 EE programs are also being trued up based on updated EM&V results. Net lost revenues for all years were trued up for updated EM&V participation results and impacts of Docket No. E-7, Sub 1214. The actual kW and kWh savings were as experienced during the period January 1, 2019 through December 31, 2019. The rates applied to the kW and kWh savings are the retail rates that were in effect during each period the lost revenues were earned, reduced by fuel and other variable costs.

Q. WHAT IS BEING TRUED UP FOR VINTAGE 2018?

A. Net lost revenues for all years were trued up for updated EM&V results. The actual kW and kWh savings were as experienced during the period January 1, 2018 through December 31, 2018. The rates applied to the kW and kWh savings are the retail rates that were in effect during each period the lost revenues were earned, reduced by fuel and other variable costs.

Q. WHAT IS BEING TRUED UP FOR VINTAGE 2017?

A. Net lost revenues for all years were trued up for updated EM&V results. The actual kW and kWh savings were as experienced during the period January 1, 2017 through December 31, 2017. The rates applied to the kW and kWh savings are the retail rates that were in effect during each period the lost revenues were earned, reduced by fuel and other variable costs.

VIII. PROPOSED RATES

Q. WHAT ARE THE PROPOSED INITIAL BILLING FACTORS APPLICABLE TO NORTH CAROLINA ELECTRIC CUSTOMERS FOR THE PROSPECTIVE COMPONENTS OF RIDER 13?

A. The Company's proposed initial billing factor for the Rider 13 prospective components is 0.4255 cents per kWh for DEC's North Carolina retail residential customers. For non-residential customers, the amounts differ depending upon customer elections of participation. The following chart depicts the options and rider amounts:

Non-Residential Billing Factors for Rider 13 Prospective Components	¢/kWh
Vintage 2019 EE participant	0.0122
Vintage 2020 EE participant	0.0411
Vintage 2021 EE participant	0.0813
Vintage 2022 EE participant	0.4102
Vintage 2022 DSM participant	0.1038

Q. WHAT ARE DEC'S PROPOSED EMF BILLING FACTORS APPLICABLE TO NORTH CAROLINA ELECTRIC CUSTOMERS FOR THE TRUE-UP COMPONENTS OF RIDER 13?

A. The Company's proposed EMF billing factor for the true-up components of Rider 13 is 0.0517 cents per kWh for DEC's North Carolina retail residential customers. For non-residential customers, the amounts differ depending upon customer elections of participation. The following chart depicts the options and rider amounts:

Non-Residential Billing Factors for Rider 13 EMF Components	**¢/kWh**
Vintage 2020 EE Participant	(0.0856)
Vintage 2020 DSM Participant	(0.0113)
Vintage 2019 EE Participant	(0.0422)
Vintage 2019 DSM Participant	(0.0015)
Vintage 2018 EE participant	0.0030
Vintage 2018 DSM participant	0.0019
Vintage 2017 EE participant	0.0157
Vintage 2017 DSM participant	(0.0000)

IX. CONCLUSION

Q. PLEASE SUMMARIZE THE SPECIFIC RATE MAKING APPROVAL REQUESTED BY DEC.

A. DEC seeks approval of the Rider 13 billing factors to be effective throughout 2022. As discussed above, Rider 13 contains (1) a prospective component, which includes the fourth year of net lost revenues for non-residential Vintage 2019, the third year of net lost revenues for Vintage 2020, the second year of net lost revenues for Vintage 2021, and the revenue requirements for Vintage

2022; and (2) an EMF component which represents a true-up of Vintage 2017, Vintage 2018, Vintage 2019, and Vintage 2020. Consistent with the Stipulation, for DEC's North Carolina residential customers, the Company calculated one integrated prospective billing factor and one integrated EMF billing factor for Rider 13. Also in accordance with the Stipulation, the non-residential DSM and EE billing factors have been determined separately for each vintage year and will be charged to non-residential customers based on their opt-in/out status and participation for each vintage year.

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

A. Yes.