

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

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

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1214

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| In the Matter of |) | |
| Application of Duke Energy Carolinas, LLC, for |) | |
| an Adjustment of Rates and Charges |) | |
| Applicable to Electric Utility Service in North |) | |
| Carolina |) | |
| |) | ORDER DIRECTING THE |
| DOCKET NO. E-7, SUB 1213 |) | PUBLIC STAFF TO FILE |
| |) | TESTIMONY |
| In the Matter of |) | |
| Petition of Duke Energy Carolinas, LLC, for |) | |
| Approval of Prepaid Advantage Program |) | |

BY THE CHAIR: On September 30, 2019, Duke Energy Carolinas, LLC (DEC) filed an application with the Commission in Docket No. E-7, Sub 1214 (Sub 1214) requesting authority to adjust and increase its rates for retail electric service in North Carolina. On October 29, 2019, in the same docket, the Commission issued its Order Establishing General Rate Case, Suspending Rates, Scheduling Hearings and Requiring Public Notice (Scheduling Order). The Scheduling Order established that the direct testimony and exhibits of the Public Staff and other intervenors be filed on or before February 18, 2020, and that the rebuttal testimony of DEC, if any, be filed on or before March 4, 2020. At this time, the Chair finds good cause to direct the Public Staff to file direct testimony, on or before February 18, 2020, addressing the following topics.

Cost of Service Methodologies

On June 22, 2018, in Docket No. E-7, Sub 1146, the Commission issued an Order Accepting Stipulation, Deciding Contested Issues, and Requiring Revenue Reduction (2018 Rate Order), adjusting the retail electric rates of Duke Energy Carolinas, LLC. Among other things, the 2018 Rate Order directed DEC to file cost of service studies based on the Winter Coincident Peak, Summer Coincident Peak and Summer/Winter Peak and Average cost of service allocation methodologies (collectively, COS methodologies), in its next general rate case.

Accordingly, DEC included in its application filed in the instant docket the COS methodologies required by the 2018 Rate Order.

In addition to the testimony, exhibits and workpapers the Public Staff will file in support of its proposed COS methodology, the Chair finds good cause to require the Public Staff's testimony to include information similar to that included in Public Staff witness Floyd's testimony in Docket No. E-7, Sub 1146, in which witness Floyd summarized the differences between each of the COS methodologies. To be clear, each of the COS methodologies referenced above should be included in the Public Staff's summary. Additionally, the Public Staff shall file alternate sets of exhibits incorporating each of the COS methodologies. These alternate exhibits should be filed in electronic format.

Affordability

The Public Staff shall investigate DEC's analysis of affordability of electricity within its service territory as well as programs available to DEC's customers that address affordability with a particular focus on residential energy customers. For example, DEC's current Residential Service Tariff (Schedule RS) states that "For customers receiving Supplemental Security Income (SSI) under the program administered by the Social Security Administration and who are blind, disabled, or 65 years of age or over, the rate for the first 350 kWh used per month shall be 7.8829 cents per kWh. This is an experimental rate authorized by the North Carolina Utilities Commission on August 31, 1978. The present maximum discount to customers being served under this experiment is \$2.92 per month." The Public Staff should provide its analysis and opinion of the current SSI rate and its effectiveness, including making direct comparisons to other tariffs available to customers that address affordability issues. In addition, the Chair finds good cause to direct the Public Staff to include in its testimony an overview of the rate plans that address affordability that are currently available in each jurisdiction where a Duke affiliate provides electric service (i.e. Florida, Indiana, Kentucky, Ohio and South Carolina), such as the Residential Service – Low Income Tariff offered to Duke Energy Ohio customers. The Public Staff's testimony shall also provide an overview of Lifeline Rates and whether this approach would be appropriate in North Carolina. See *Lifeline Electric Rates and Alternative Approaches to the Problems of Low-Income Ratepayers*, published in July 1980 for the U.S. Department of Energy – DOE/RG/10066-02.

Finally, the Chair finds good cause to direct the Public Staff to investigate and present testimony concerning the merits of using the "minimum bill" concept, in lieu of the current fixed customer charge.

Depreciation and Decommissioning of Coal Plants

The Chair finds good cause to require the Public Staff to investigate and report on each of DEC's depreciation studies going back to 2000 with respect to whether any costs for coal ash impoundment closures were included in net salvage for decommissioning of DEC's coal plants. If so, the Public Staff shall provide workpapers or other analyses showing the amounts included, by coal ash basin and by FERC account, if possible. Further, the Public Staff is instructed to investigate behind the face of the depreciation studies themselves to explore whether or not DEC and/or its consultants ever discussed,

memorialized, or corresponded - such as in reports, memos, or email messages - about impoundment closure costs being included in net salvage.

Costs of Coal Combustion Residual Remediation

In addition, the Chair finds good cause to direct the Public Staff to provide a total estimated cost, including an estimated breakdown of the costs, for coal combustion residuals (CCR) remediation for each site and for each impoundment as initially proposed by DEC, and a total estimated cost, including an estimated breakdown of the costs, for CCR remediation for each site and for each impoundment pursuant to the settlement agreement entered into by and between DEC and the Department of Environmental Quality.

The Chair notes that discovery deadlines, as well as testimony filing deadlines, are impending. Thus, it is expected that the parties shall work together to accomplish additional discovery, if any, necessary to cover these topics in pre-filed testimony. Finally, the Commission expects DEC to respond to the testimony of the Public Staff on these topics in its pre-filed rebuttal testimony.

IT IS, THEREFORE, SO ORDERED.

ISSUED BY ORDER OF THE COMMISSION.

This the 22nd day of January, 2020.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Kimberley A. Campbell". The signature is written in a cursive, flowing style.

Kimberley A. Campbell, Chief Clerk