



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

August 19, 2019

Ms. Janice H. Fulmore, Deputy Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

Re: Docket No. E-2, Sub 1207 – Application of Duke Energy Progress, LLC pursuant to G.S. 62-133.14 and Commission Rule R8-70 for Approval of Joint Agency Asset Rider

Dear Ms. Fulmore:

In connection with the above-referenced docket, I transmit herewith for filing on behalf of the Public Staff the Notice of Affidavit and Affidavit of Darlene P. Peedin, Manager, Electric Section, Accounting Division.

By copy of this letter, we are forwarding copies to all parties of record.

Sincerely,

/s/ Heather D. Fennell
Staff Attorney
heather.fennell@psncuc.nc.gov

Executive Director
(919) 733-2435

Communications
(919) 733-5610

Economic Research
(919) 733-2267

Legal
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Natural Gas
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Water
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Aug 19 2019

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1207

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application of Duke Energy Progress, LLC,)	
Pursuant to N.C.G.S. § 62-133.14 and)	NOTICE OF
Commission Rule R8-70 for Approval of a)	AFFIDAVIT
Joint Agency Asset Rider for Recovery of)	
Joint Agency Asset Costs)	

NOW COMES THE PUBLIC STAFF - North Carolina Utilities Commission,
by and through its Executive Director, Christopher J. Ayers, as constituted by
N.C. Gen. Stat. § 62-15, and gives notice that the Affidavit of:

Darlene P. Peedin, Manager, Electric Section, Accounting Division
Public Staff - North Carolina Utilities Commission
430 North Salisbury Street - Dobbs Building
4326 Mail Service Center
Raleigh, North Carolina 27699-4326

will be used in evidence at the hearing in this docket scheduled for September 9,
2019, pursuant to N.C. Gen. Stat. § 62-68. The affiant will not be called to testify
orally and will not be subject to cross-examination unless an opposing party or the
Commission demands the right of cross-examination by notice mailed or delivered
to the proponent at least five days prior to the hearing, pursuant to N.C. Gen.
Stat. § 62-68.

THEREFORE, the Public Staff moves that the Affidavit of Darlene P.
Peedin, be admitted into evidence in the absence of notice pursuant to N.C. Gen.
Stat. § 62-68.

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Aug 19 2019

Respectfully submitted this the 19th day of August, 2019.

PUBLIC STAFF
Christopher J. Ayers
Executive Director

David T. Drooz
Chief Counsel

Electronically submitted
/s/ Heather D. Fennell
Staff Attorney

430 North Salisbury Street - Dobbs Building
4326 Mail Service Center
Raleigh, North Carolina 27699-4300
Telephone: (919) 733-6110
Email: heather.fennell@psncuc.nc.gov

CERTIFICATE OF SERVICE

I certify I have this day served a copy of the foregoing Notice of Affidavit and Affidavit on each of the parties of record in this proceeding or their attorneys of record by causing a copy to be deposited in the United States Mail, postage prepaid, properly addressed to each or by electronic delivery upon agreement from the parties.

This the 19th day of August, 2019.

Electronically submitted
/s/ Heather D. Fennell

DOCKET NO. E-2, SUB 1207

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)
Application of Duke Energy Progress, LLC,)
for Approval of a Joint Agency)
Asset Rider for Recovery of Joint Agency Asset)
Costs Pursuant to G.S. 62-133.14 and)
Commission Rule R8-70)

AFFIDAVIT
OF
Darlene P. Peedin

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Darlene P. Peedin, first being duly sworn, do depose and say:

I am the Accounting Manager – Electric Section of the Accounting Division of the Public Staff. I am responsible for the performance, supervision, and management of the following activities: (1) the examination and analysis of testimony, exhibits, books and records, and other data presented by public 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. 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 application of Duke Energy Progress, LLC (DEP or the Company), to revise the Joint Agency Asset Rider (JAAR) rates approved by the Commission in Docket No. E-2, Sub 1143, pursuant to N.C. Gen. Stat. § 62-133.14

and Commission Rule R8-70. N.C. Gen. Stat. § 62-133.14 allows DEP to recover the North Carolina retail portion of all reasonable and prudent costs incurred to acquire, finance, operate, and maintain the proportional interest in the generating units purchased from the North Carolina Eastern Municipal Power Agency, or NCEMPA (Joint Unit Costs).

The portions of the generating facilities that can be recovered through the JAAR are DEP's acquired percentages of NCEMPA's ownership interests of 18.33% in the Brunswick Nuclear Plant, 12.94% in Unit No. 4 of the Roxboro Steam Plant, 3.77% in the Roxboro Plant Common Facilities, 16.17% in Unit No. 1 of the Mayo Steam Plant, and 16.17% in the Shearon Harris Nuclear Plant.

The Current JAAR Rates

DEP's current JAAR rates were approved by the Commission in its *Order Approving Joint Agency Asset Rider Adjustment*, issued on November 8, 2018, in Docket No. E-2, Sub 1176 (Sub 1176 Order), which provided for recovery during the period December 1, 2018, through November 30, 2019 of (a) estimated Joint Unit Costs applicable to or expected to be incurred during that period and (b) a Rolling Recovery Factor (RRF) true-up of applicable costs actually incurred as compared to JAAR revenues recovered.

The Proposed JAAR Rates

The Company filed its initial application on June 11, 2019, and requested approval of prospective JAAR rates to recover the levelized acquisition costs and other estimated and annually apportioned costs that are (a) associated with the

acquired ownership interests from NCEMPA and (b) applicable to or expected to be incurred during the period December 1, 2019, through November 30, 2020 (rate period). The application also requested approval of a proposed RRF to return the over-recovery of the same categories of costs as of December 31, 2018, which includes the cumulative unrecovered RRF balance as of December 31, 2017 plus the net over-recovery of costs that accrued during the test period in this proceeding (January 1, 2018, through December 31, 2018). The specific rates requested by the Company, including the North Carolina regulatory fee, to become effective for the rate period, are as follows:

Rate Class	Prospective Incremental Rate	Rolling Recovery Incremental Rate	Combined Incremental Rate¹
Residential (\$/kWh)	0.00474	(0.00084)	0.00390
Small General Service (\$/kWh)	0.00522	(0.00179)	0.00343
Medium General Service (\$/kWh)	0.00415	(0.00162)	0.00253
Seasonal & Intermittent Svc. (\$/kWh)	0.00251	(0.00423)	(0.00172)
Traffic Signal Service (\$/kWh)	0.00236	(0.00065)	0.00171
Outdoor Lighting Service (\$/kWh)	0.00000	0.00000	0.00000
Medium General Service (\$/kW)	1.37	(0.49)	0.88
Large General Service (\$/kW)	1.45	(0.08)	1.37

The prospective incremental rates reflected above were determined by the

¹ The Company utilized a regulatory fee rate of 0.140%, which was revised by the North Carolina General Assembly, effective July 1, 2019, to 0.130%. This change in the regulatory fee does not change the rates as filed by the Company.

Company based on an estimated North Carolina retail JAAR revenue requirement of \$152,923,000 for the rate period, and the RRF incremental rates were determined based on an over-recovery of \$33,618,000 in test period Joint Unit Costs.

The Company's proposed prospective JAAR annual revenue requirement in the current proceeding of \$152,923,000 is an increase of approximately \$5.269 million above the \$147,654,000 of costs estimated for the JAAR rate period of December 2018 through November 2019. Company witness Jiggetts states in her testimony that the primary drivers of the increase in the estimated revenue requirement are: (1) increases in capital additions and (2) increases in operating and maintenance costs.

Fuel Savings

As required by Commission Rule R8-70(e)(1)(vi), Company witness Jiggetts' Exhibit L sets forth the fuel savings associated the repurchase of the NCEMPA undivided ownership interest for the twelve-month period from January through December 2018. The calculated North Carolina retail fuel savings set forth on Exhibit L (approximately \$50,496,000) have been or will be (through the fuel cost true-up process) flowed through to DEP's customers through its fuel and fuel-related cost rider. Although flowed through in that rider, those fuel savings are effectively an offset to the JAAR, as they represent a benefit of the Company's acquisition of NCEMPA's undivided ownership interest.

Investigation of Proposed Rates

The Public Staff's investigation in this proceeding included a review of

DEP's application, testimony, and exhibits filed in this docket as well as the JAAR monthly reports. Additionally, the Public Staff's investigation included the review of responses to written data requests.

The Public Staff reviewed the underlying capital additions and operating costs added to the calculation of the JAAR rider in this proceeding but did not perform a full-scale investigation of the prudence and reasonableness of all such additions or expenses. Commission Rule R8-70(b)(4) provides that the Commission is to determine the reasonableness and prudence of the cost of capital additions or operating costs incurred related to the acquired plant in a general rate proceeding. However, should the Public Staff discover imprudent or unreasonable costs in a JAAR proceeding, it will recommend an adjustment in that proceeding; in that case, it would also recommend that the impact of any disallowance also be reflected in the Company's cost of service in a general rate case.

Based on its investigation of the Company's filing, the Public Staff has not found any adjustments that should be made to the calculations of either the prospective or RRF revenue requirement. Therefore, the Public Staff recommends that the rates requested by the Company, including the regulatory fee, to become effective for the rate period are as follows:

Rate Class	Prospective Incremental Rate	Rolling Recovery Incremental Rate	Combined Incremental Rate
Residential (\$/kWh)	0.00474	(0.00084)	0.00390
Small General Service (\$/kWh)	0.00522	(0.00179)	0.00343
Medium General Service (\$/kWh)	0.00415	(0.00162)	0.00253
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Outdoor Lighting Service (\$/kWh)	0.00000	0.00000	0.00000
Medium General Service (\$/kW)	1.37	(0.49)	0.88
Large General Service (\$/kW)	1.45	(0.08)	1.37

This completes my affidavit.

Darlene P. Peedin
Darlene P. Peedin

Sworn to and subscribed before me
this the 19 day of August, 2019.

Joanne M. Berube

Joanne Berube - Notary Public

Joanne M. Berube
NOTARY PUBLIC
WAKE COUNTY, N.C.
My Commission Expires 12-17-2022.

My Commission Expires: 12/17/2022

APPENDIX A

DARLENE P. PEEDIN

I am a 1989 graduate of Campbell University with a Bachelor of Business Administration degree in Accounting. I am a Certified Public Accountant and a member of the North Carolina Association of Certified Public Accountants.

Since joining the Public Staff in September 1990, I have filed testimony or affidavits in several general and fuel clause rate cases of utilities currently organized as Duke Energy Carolinas, LLC, Duke Energy Progress, LLC, Virginia Electric and Power Company (Dominion Energy North Carolina), Nantahala Power & Light Company, Western Carolina University, and Shipyard Power and Light Company, as well as in several water and sewer general rate cases. I have also filed testimony or affidavits in other proceedings, including applications for certificates of public convenience and necessity for the construction of generating facilities and applications for the approval of cost recovery for Renewable Energy and Energy Efficiency Portfolio Standard (REPS) cases.

I was promoted to Accounting Manager with responsibility for electric matters in January 2017. I have had supervisory responsibility over the Electric Section of the Accounting Division since 2009.

Prior to joining the Public Staff, I was employed by the North Carolina Office of the State Auditor. My duties included the performance of financial, compliance, and operational audits of state agencies, community colleges, and Clerks of Court.