



STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH  
DOCKET NO. E-2, SUB 1300

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Application of Duke Energy Progress, LLC for Adjustment of Rates and Charges Applicable to Electric Service in North Carolina

PUBLIC NOTICE OF HEARINGS ON  
RATE INCREASE APPLICATION

NOTICE IS HEREBY GIVEN that on October 6, 2022, Duke Energy Progress, LLC (DEP) filed an application with the Commission requesting authority to adjust and increase its rates and charges for retail electric service in North Carolina. DEP supplies retail electric service to approximately 1.5 million customers in North Carolina. In its application, DEP requests authority to increase its rates and charges to produce additional overall annual North Carolina base revenues of approximately \$623.5 million (exclusive of all riders), an increase of approximately 17.7% over current base revenues. DEP has requested this increase to take place in steps over the course of three years as further described below. This application also includes a request for approval of a Performance Based Regulation (PBR) application pursuant to N.C. Gen. Stat. § 62-133.16 and North Carolina Utilities Commission (Commission) Rule R1-17B, including proposed changes in customer rates authorized by the statute and rule. More specifically, the application includes (1) a residential Decoupling Ratemaking Mechanism (Commission) Rule R1-17B, to or collect from the residential class of customers amounts based on any difference between actual and target revenues per residential customer established in this case; (2) a Multiyear Rate Plan (MYRP), which increases base rates each year to reflect costs and savings associated with discrete and identifiable capital investments projected to be used and useful during the course of the three-year PBR period; (3) an Earnings Sharing Mechanism that would require sharing of earnings over a certain threshold each year of the multiyear period; and (4) four Performance Incentive Mechanisms that would penalize or reward DEP based on its achievement of, or failure to achieve, Commission-approved policy goals.

In addition to the refund of EDIT-4 revenues, DEP has requested approval of the following riders:

- Earnings Sharing Mechanism (ESM) Rider
- Residential Decoupling Mechanism (RDM) Rider
- Performance Incentive Mechanism (PIM) Rider
- Customer Assistance Program (CAP) Rider
- Customer Assistance Recovery (CAR) Rider

Further, DEP is seeking approval of a rate of return on common equity of 10.2%.

DEP states that the primary drivers behind its request to increase rates are the costs incurred for: (1) distribution and transmission projects intended to modernize its electric grid; (2) improvements to reliability through a balanced portfolio of storage, solar, and other generation projects to continue the clean energy transition; (3) closure of coal ash basins; (4) implementation of new billing and customer information systems; (5) maintenance of DEP's nuclear fleet; and (6) DEP's COVID-19 response.

Specifically, DEP states that its request is driven by investments made by DEP since its 2019 rate case, including: (1) investments in existing nuclear plants to enhance safety, reliability, and efficiency, and to preserve performance and reliability of these plants throughout their extended life operations; (2) new investments in traditional and renewable generation and storage assets; (3) continued investments to maintain remaining coal-fired generation and hydroelectric generation; (4) the addition of three battery installations; (5) ongoing work to retire and close existing coal-fired units; (6) adding new carbon-free technologies such as solar and storage; and (7) upgrading transmission and distribution systems to be more reliable, resilient, and supportive of renewable technologies.

Additionally, DEP is requesting an accounting orders related to for approval to: (1) ongoing regulatory asset treatment of the costs for environmental compliance related to the closure of coal ash basins; (2) continued deferral of bad debt expense related to the COVID-19 pandemic; (3) deferral of a portion of the impact associated with updated depreciation rates for its coal plants; (4) deferral of costs associated with implementing customer service programs; (5) deferral of storm costs; and (6) deferral of certain costs related to a new performance incentive mechanism dashboard.

DEP is also proposing new programs to that are intended to benefit customers including a customer assistance program for low-income customers, a tariffed-on-bill program, and the Payment Navigator Program.

The Commission has issued an order suspending the proposed rate increases and setting the application for a general rate increase for hearing, as follows:

**PUBLIC HEARINGS**

The Commission has scheduled the application for hearings as follows:

Monday, March 6, 2023, at 7:00 p.m.  
Haywood County Courthouse  
285 N. Main Street  
Courtroom 2-A  
Waynesville, North Carolina 28786

Monday, March 20, 2023, at 7:00 p.m.  
Greene County Courthouse  
301 N. Green Street  
Courtroom 1  
Snow Hill, North Carolina 28580

Monday, March 13, 2023, at 7:00 p.m.  
Person County Courthouse  
105 S. Main Street  
Superior Courtroom  
Roxboro, North Carolina 27573

Tuesday, March 21, 2023, at 7:00 p.m.  
Robeson County Courthouse  
500 N. Elm Street  
Courtroom B  
Lumberton, North Carolina 28359

Tuesday, March 14, 2023, at 7:00 p.m.  
North Carolina Utilities Commission  
430 N. Salisbury Street  
Commission Hearing Room 2115  
Raleigh, North Carolina 27603

ings on March 6, 13, 14, 20, and 21, 2023, will be solely for the purpose of receiving the testimony of public witnesses in accordance with Commissioner Rule R1-21(g). The Commission the right to limit testimony at the public witness hearings pursuant to Commission Rule R1-21(g)(5).

Customer Class	Present Base Fuel Rate	Present Fuel Adjustment Rate	Proposed Base Fuel Rate	Proposed Fuel Adjustment Rate
Residential	\$0.02083	\$0.00046	\$0.02129	\$0.00050
Small General Service	\$0.02129	\$0.00019	\$0.02148	\$0.00020
Medium General Service	\$0.02231	\$0.00059	\$0.02272	\$0.00059
Large General Service	\$0.02207	\$0.00185	\$0.02322	\$0.00089
Lighting	\$0.01394	\$0.00290	\$0.01484	\$0.00099

The proposed revenues stated above do not include the impacts from various riders that have been approved by the Commission in separate proceedings (except for the forward-looking component of the annual fuel and fuel-related costs rider), or that may be approved in future annual proceedings. The following list of riders in effect at the time of this notice are applicable to DEP's rate schedules pursuant to existing law and the Commission's rules and orders applicable to each rider:

- Excess Deferred Income Tax Rider EDIT-3
- Excess Deferred Income Tax Rider EDIT-4
- Billing Adjustments (BA) Rider
  - Fuel and Fuel-Related Adjustment
  - Demand Side Management and Energy Efficiency Adjustment
  - Renewable Energy Portfolio Standard (REPS)
- Competitive Procurement of Renewable Energy (CPRE) Rider
- Joint Agency Asset (JAA) Rider
- Storm Cost Recovery (SCR) Rider
- Storm Securitization (STS) Rider

The current amounts of the riders listed above can be found at DEP's website at:

<https://www.duke-energy.com/home/billing/rates> (select North Carolina and the applicable utility on the top navigation bar)

In addition to the current riders listed above, DEP is also proposing the following new riders:

- Earnings Sharing Mechanism (ESM) Rider
- Residential Decoupling Mechanism (RDM) Rider
- Performance Incentive Mechanism (PIM) Rider
- Economic Development (EC) Rider
- Non-Residential Solar Choice (NSC) Rider
- Customer Assistance Program (CAP) Rider
- Customer Assistance Recovery (CAR) Rider

As part of the Annual Review of DEP's PBR plan, DEP will adjust rates as authorized by the Residential Decoupling Mechanism, the Earnings Sharing Mechanism, and the Performance Incentive Mechanism(s) in accordance with the applicable statutory and regulatory requirements associated with each Mechanism.

#### EFFECT OF RATES<sup>3</sup>

**RESIDENTIAL** – The proposed total monthly bill for a residential customer served under Schedule RES using 1,000 kWh per month, including base rates and all such rate riders in effect at the time of this notice as currently approved (except for the effects of any Customer Affordability Recovery Riders, Earnings Sharing Mechanism Riders, Residential Decoupling Mechanism Riders, or Performance Incentive Mechanism Riders) would be as follows:

Year	Current (\$/month)	Proposed (\$/month)	Change (\$) (\$/month)	Change (%)
Rate Year 1	\$126.43	\$139.58	\$13.15	10.4%
Rate Year 2	\$139.58	\$145.20	\$5.62	4.0%
Rate Year 3	\$145.20	\$150.41	\$5.21	3.6%

The amount and percentage change noted above will vary with each customer's level of electricity usage and rate schedule by which they receive service.

DEP is also proposing a Customer Assistance Program that will provide a flat, monthly bill credit of \$42 to eligible low-income residential customers. The cost of providing this program is recovered through the proposed Customer Assistance Recovery Rider.

**NON-RESIDENTIAL (General Service and Industrial Service)** – The proposed total monthly bill for a nonresidential general or industrial service customer served under one of the schedules listed below, including base rates and all such rate riders as currently approved (except for the effects of any Earnings Sharing Mechanism Riders, Decoupling Riders, or Performance Incentive Mechanism Riders) would be as follows for the specific customers using the levels of demand and energy service under specific schedules: **NON-RESIDENTIAL (General Service and Industrial Service)** – The proposed total monthly bill for a non-residential general or industrial service customer served under one of the schedules listed below, including base rates and all such rate riders in effect at the time of this notice as currently approved (except for the effects of any Customer Assistance Recovery Riders, Earnings Sharing Mechanism Riders, or Performance Incentive Mechanism Riders) would be as follows for customers using the levels of demand and energy service under specific schedules:

using 25 kW demand and 3,000 kWh:

Year	Current (\$/month)	Proposed (\$/month)	Change (\$) (\$/month)	Change (%)
Rate Year 1	\$335.28	\$362.44	\$27.16	8.1%
Rate Year 2	\$362.44	\$377.86	\$15.42	4.3%
Rate Year 3	\$377.86	\$392.06	\$14.20	3.8%

<sup>3</sup> Data used to determine the effect of rate are taken from Reed Exhibits 5 for each year of the MYRP as filed October 6, 2022. These exhibits include the 12/2021 Fuel EMF, DSM, EE, EDIT-3, EDIT-4 (including prop

Year	Current (\$/month)	Proposed (\$/month)	Change (\$) (\$/month)	Change (%)
Rate Year 1	\$18,203	\$19,378	\$1,175	6.5%
Rate Year 2	\$19,378	\$19,941	\$563	2.9%
Rate Year 3	\$19,941	\$20,471	\$530	2.7%

include LGS using 10,000 kW demand and 5,800,000 kWh:

Year	Current (\$/month)	Proposed (\$/month)	Change (\$) (\$/month)	Change (%)
Rate Year 1	\$457,431	\$487,483	\$30,052	6.6%
Rate Year 2	\$487,483	\$497,743	\$10,260	2.1%
Rate Year 3	\$497,743	\$506,559	\$8,816	1.8%

Amount and percentage change noted above will vary with each customer's level of electricity usage and rate schedule by which they receive service.

The Commission may consider additional or alternative rate design proposals that were not included in the DEP's application and may order increases or decreases in individual rate schedules that are not those proposed by the DEP, but the Commission will not consider any increase in total revenues beyond that requested by DEP.

#### NOTICES

Interested parties, together with details of the proposed adjustments in rates, can be obtained at the business offices of DEP or at the Office of the Chief Clerk of the North Carolina Utilities Commission, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina, where a copy of the application is available for review. These materials, as well as pleadings, the pre-filed testimony of all parties, the transcripts of all hearings, briefs, and proposed orders, may be viewed as they become available on the Commission's web site at [www.ncuc.gov](http://www.ncuc.gov). Click on "Docket Search" and search for docket number E-2 SUB 1300.

As a result of the Commission's suspension of the proposed rate changes and its scheduling of the application for investigation and hearing, persons desiring to present testimony for the record should do so at one of the public hearings. Persons desiring to send written statements to inform the Commission of their positions in the matter should address their statements to the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300 and reference Docket No. E-2, Sub 1300. However, such written statements cannot be considered competent evidence unless those persons appear at the hearing and testify concerning the information contained in their written statements. Customers can also email the Commission a statement about DEP's application via the Commission's website at [www.ncuc.net/contactus.html](http://www.ncuc.net/contactus.html). In either case, consumer statements will be placed in Docket No. E-2, Sub 1300CS and may be accessed by searching that docket via the Commission's website.

Persons with an interest in the investigation and desiring to intervene in the matter as formal parties of record may file their petitions to intervene not later than March 17, 2023. These petitions should be filed with the Chief Clerk of the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300. All persons proceeding to present expert testimony must prefile their testimony and exhibits not later than March 27, 2023.

The Commission is authorized by statute to represent consumers in proceedings before the Commission. Written statements to the Public Staff should include any information which the writers wish to be considered by the Public Staff in its investigation of the matter. Such statements should be addressed to:

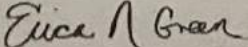
Stephen J. Ayers  
 Director  
 — North Carolina Utilities Commission  
 Mail Service Center  
 Raleigh, North Carolina 27699-4300

The Commission is also authorized by statute to represent consumers in proceedings before the Commission. Statements to the Attorney General should be addressed to:

Josh Stein  
 Attorney General of North Carolina  
 Office of Consumer Protection — Utilities  
 Mail Service Center  
 Raleigh, North Carolina 27699-9001

This the 16th day of December, 2022.

NORTH CAROLINA UTILITIES COMMISSION

  
 Erica N. Green, Deputy Clerk