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Dec 07 2021

December 7, 2021

VIA ELECTRONIC FILING

Ms. A. Shonta Dunston
Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

**RE: Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Joint
Reply on Rate Design Study Quarterly Status Report
Docket Nos. E-7, Sub 1214 and E-2, Sub 1219**

Dear Ms. Dunston:

Enclosed for filing in the above referenced dockets is the Joint Reply of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC on the Rate Design Study Quarterly Status Report for Third Quarter 2021.

Thank you for your attention to this matter. If you have any questions, please let me know.

Sincerely,

Enclosure

cc: Parties of Record

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-7, SUB 1214
DOCKET NO. E-2, SUB 1219

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1214)
)
)
 In the Matter of)
 Duke Energy Carolinas, LLC,)
 for Adjustment of Rates and Charges)
 Applicable to Electric Utility Service in)
 North Carolina)
 DOCKET NO. E-2, SUB 1219)
)
 In the Matter of)
 Duke Energy Progress, LLC,)
 for Adjustment of Rates and Charges)
 Applicable to Electric Utility Service in)
 North Carolina)

**JOINT REPLY BY DUKE
ENERGY CAROLINAS, LLC
AND DUKE ENERGY
PROGRESS, LLC ON RATE
DESIGN STUDY QUARTERLY
STATUS REPORT FOR THIRD
QUARTER 2021**

NOW COME Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP” and together with DEC, “Duke” or the “Companies”) by and through counsel, and provide this Joint Reply to NC WARN’s and Appalachian Voices’ November 15, 2021 response to the Rate Design Study Quarterly Status Report for Third Quarter 2021 (“Response”) filed in Docket Nos. E-7, Sub 1214 and E-2, Sub 1219.

While the Companies do not believe that this is the appropriate time or forum in which to assess the efficacy of the Rate Design Study process, the Companies nevertheless file this Joint Reply for clarity of the record. The Companies categorically and emphatically reject the assertions made by NC WARN and Appalachian Voices in their

Response. The Time of Use (“TOU”) and Net Metering (“NEM”) discussions that have occurred through the Comprehensive Rate Design Study have been open, constructive and consistent with the parameters established by the Commission. NC WARN’s and Appalachian Voices’ position as extreme and unreasonable voices on this and other regulatory issues is, in fact, highlighted by their Response. That is, while numerous parties have rolled up their sleeves and reached a thoughtful and creative consensus on what has historically been an immensely contentious issue, NC WARN and Appalachian Voices remain the outlier parties. Perhaps more importantly, through their Response, NC WARN and Appalachian Voices have essentially sought to couch a policy disagreement—that is, the fact that they do not support the NEM consensus approach developed by the Companies and numerous stakeholders and discussed extensively in the Rate Design Study process—as a procedural complaint. Yet their procedural complaints are belied by the fact that neither the ICF nor any other party to the stakeholder process—including Public Staff—has identified any similar process concerns to the Commission.

The Rate Design Study process has been open and inclusive and allowed all groups to present their opinions and any alternative analysis or proposals regarding NEM in North Carolina. Additionally, the Companies have been responsive to written and verbal data requests submitted by participants throughout the entire process. The study has been a collaborative and transparent process that provided numerous opportunities for all parties to express their viewpoints. Duke provided all of its modeling in support of the consensus NEM proposals and facilitated all requests for meetings to provide substantive feedback. Contrary to the assertions of NC WARN and Appalachian Voices, the Companies’ analysis

presented in the Rate Design Study did assess both the costs and benefits of solar consistent with the Commission's direction.

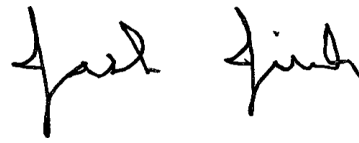
Once again, the Companies and a substantial number of stakeholders have reached a consensus approach to NEM, which approach garnered even further support through the Rate Design Study process. In fact, 80% of the respondents to the final Rate Design Study survey on NEM issues were either very supportive or supportive with minor-to-moderate modifications of the NEM proposal, with 60% of organizations indicating the highest level of support for the current proposal with minimal modifications. Similarly, 91% of organizations were either very supportive or supportive with minor-to-moderate modifications to the TOU proposal. This is a remarkable level of consensus given the divisiveness and acrimony that has typically characterized similar NEM proceedings in other states across the country. Overall, the survey results are indicative of a process and NEM proposal that have received broad support among the study participants. NC WARN and Appalachian Voices remain free to articulate their substantive policy concerns at the appropriate time, but the Companies stand behind the fairness and equity of the stakeholder process to date.

Evaluation of NEM was included in the working group labeled "Fast Track" in reference to when meetings would begin in comparison to the rest of the Rate Design Study. These were identified as high-priority topics where discussion could be kicked off sooner than other topics, but there was no set end date to conversations. The Companies and ICF held meetings until the Companies had no more material to present to the working group, there were no outstanding requests for other parties to present, and conversations had reached a natural end point.

Finally, NC WARN and Appalachian Voices criticize the Companies for allegedly seeking to bias the Rate Design Study process in favor of what NC WARN and Appalachian Voices refer to as the “South Carolina model.” What NC WARN and Appalachian Voices only vaguely acknowledge is that the “South Carolina model” is, in fact, a creative and unique consensus approach to NEM issues that was jointly developed by the Companies along with a substantial number of key stakeholders (in fact, even NC WARN and Appalachian Voices begrudgingly admit that the “South Carolina model” was supported by “several prominent participants”). The Companies are proud of the fact that they achieved consensus with numerous stakeholders in South Carolina prior to the North Carolina Rate Design Study (stemming from legislative imperatives in South Carolina) and believe that such efforts are consistent with the Commission’s desire for the Companies to seek consensus wherever possible. Moreover, given the effort and creative thinking required to achieve consensus on NEM issues in South Carolina, it should come as no surprise that the same consensus approach reached in South Carolina received similar broad support in North Carolina, particularly where such consensus involved stakeholders who frequently appear in both South Carolina and North Carolina.

In summary, the Companies reject the complaints of NC WARN and Appalachian Voices regarding the NEM portion of the Rate Design Study and stand behind both the process and outcome of the NEM portion of the Rate Design Study. Finally, the Companies note that all parties will have ample opportunity to make their voices heard regarding the substance of the NEM proposals in the context of the Companies’ petition.

Respectfully submitted this, the 7th day of December, 2021.



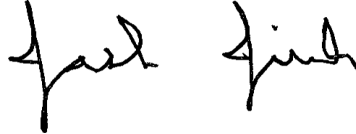
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*Counsel for Duke Energy Carolinas, LLC
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CERTIFICATE OF SERVICE

I certify that a copy of Joint Reply of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC on the Rate Design Study Quarterly Status Report for Third Quarter 2021, in Docket Nos. E-7, Sub 1214 and E-2, Sub 1219, has been served by electronic mail, hand delivery, or by depositing a copy in the United States Mail, 1st Class Postage Prepaid, properly addressed to parties of record.

This the 7th day of December, 2021.



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