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August 10, 2021

VIA ELECTRONIC FILING

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

**RE: Duke Energy Carolina, LLC's Motion Requesting
Authorization to Discontinue Quarterly Reporting
Docket Nos. E-7, Subs 1146 and 1184**

Dear Ms. Dunston:

Enclosed for filing in the above-referenced dockets, please find Duke Energy Carolinas, LLC's Motion Requesting Authorization to Discontinue Quarterly Reporting.

If you have any questions, please do not hesitate to contact me. Thank you for your attention to this matter.

Sincerely,

Jack E. Jirak

Enclosures

cc: Parties of Record

OFFICIAL COPY

Aug 10 2021

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-7, SUB 1146
DOCKET NO. E-7, SUB 1184

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

DOCKET NO. E-7, SUB 1184)
)
Duke Energy Carolinas, LLC Filings Related to The)
Federal Tax Cuts and Jobs Act)
In the Matter of)
)
DOCKET NO. E-7, SUB 1146)
)
Application by Duke Energy Carolinas, LLC for)
Adjustment of Rates and Charges Applicable to)
Electric Utility Service in North Carolina)
)

**DUKE ENERGY
CAROLINAS, LLC'S
MOTION REQUESTING
AUTHORIZATION TO
DISCONTINUE
QUARTERLY REPORTING**

NOW COMES Duke Energy Carolinas, LLC (“DEC” or the “Company”), by and through counsel, and hereby submits this request for authorization to discontinue quarterly reporting on the Company’s deferral balances of tax savings arising from the 2017 Federal Tax Cuts and Jobs Act (“Tax Act”) (“Request”), as required by the North Carolina Utilities Commission’s (“Commission”) October 5, 2018 *Order Addressing the Impacts of the Federal Tax Cuts and Jobs Act on Public Utilities* in Docket No. M-100, Sub 148 (the “October 5, 2018 Order”).

In support of this Request, the Company shows the following:

1. The Commission in its October 5, 2018 Order directed certain utilities to “adjust their base rates to reflect the reduction in the federal corporate income tax rate to 21% for taxable years beginning after December 31, 2017, as outlined in the Tax Act.” The

October 5, 2018 Order further required that DEC and other utilities hold in a deferred regulatory liability account the difference between revenues billed under the prior federal corporate income tax rate and the federal corporate income tax rate resulting from the Tax Act, starting January 1, 2018 as previously ordered in the Commission's January 3, 2018 Order. The disposition of such regulatory liability would be considered in each utility's next general rate case proceeding or in three years, whichever occurred sooner. The Commission concluded that if DEC and other utilities had not filed an application for a general rate case proceeding by October 5, 2021, each utility shall file its proposal by that date to flow back to ratepayers the difference between revenues billed under the prior federal corporate income tax rate and the federal corporate income tax rate resulting from the Tax Act starting January 1, 2018. The October 5, 2018 Order further held that excess deferred income taxes ("EDIT") related to the decrease in the federal corporate income tax rate to 21% under the Tax Act for DEC will have been addressed in its recent general rate case proceeding. DEC is included in this decision because the issue of how to handle the provisional amounts collected since January 1, 2018 based on rates reflecting the 35% federal corporate income tax rate was not addressed in DEC's most recent rate case proceeding. These amounts will ultimately be returned to customers with interest reflected at the overall weighted cost of capital approved in each Company's last general rate case proceeding. Finally, the October 5, 2018 Order required DEC to file quarterly reports on deferred accounts associated with the Tax Act once new rates and charges were approved. The quarterly reports were to detail the status of the provisional revenues collected since January 1, 2018 and the EDIT deferred account.

2. The Commission had previously ordered DEC to begin the process to flow

back the EDIT to ratepayers no later than three years from the date of the June 22, 2018 *Order Accepting Stipulation, Deciding Contested Issues, and Requiring Revenue Reduction* in the Company's 2017 rate case, Docket No. E-7, Sub 1146. On June 27, 2018, DEC had filed a Motion for Clarification with respect to the EDIT liability as an offset to rate base and to the Commission's intent to reduce DEC's revenue requirement for amounts related to updated plant and accumulated depreciation.

3. In its *Order on Motions for Clarification* issued July 2, 2018 in Docket No. E-7, Sub 1146, the Commission clarified that all of the EDIT, including the total amount of the protected EDIT and the total amount of the unprotected EDIT resulting from the Tax Act, shall be reflected as a reduction to rate base, thereby providing customers the benefit of a return on it in current rates and eliminating the need for a separate interest accrual.

4. On September 30, 2019, DEC filed an application for a general rate case in Docket No. E-7, Sub 1214 ("2019 Rate Case"). In the Company's application and testimony by Witness Jane McManeus, DEC proposed to offset its proposed base rate increase by flowing back this Federal EDIT liability (protected and unprotected) and deferred revenues collected since January 1, 2018 through an Excess Deferred Income Tax ("EDIT") Rider ("Rider EDIT-2") over the following amortization periods:

- a) Protected Federal EDIT to be amortized at the ARAM method (2.53% in year 1)
- b) Unprotected PP&E related Federal EDIT to be amortized over 20 years
- c) Unprotected non-PP&E related Federal EDIT to be amortized over 5 years

d) Deferred Revenue over 5 years

5. Subsequently on July 31, 2020, the Company filed a Second Agreement and Stipulation of Partial Settlement between DEC and the Public Staff wherein both parties agreed to return to customers: Protected Federal EDIT in base rates using the Average Rate Assumption Method, all unprotected Federal EDIT in a five-year levelized rider and deferred revenues in a two-year levelized rider.

6. In its *Order Accepting Stipulations, Granting Partial Rate Increase and Requiring Customer Notice* issued March 31, 2021 in Docket No. E-7, Sub 1214 (“March 31, 2021 Rate Order”), the Commission approved the Company’s proposed EDIT rider as modified by the terms of the DEC and Public Staff Partial Stipulations. The order stated that all federal unprotected EDIT and provisional revenues shall be flowed back based on the amounts each rate class paid, as recommended by Public Staff witness Floyd.

7. Accordingly, DEC filed compliance rates on May 13, 2021 that included the flow back of protected Federal EDIT within base rates, the unprotected Federal EDIT within the Excess Deferred Income Tax Rider #4 (“Rider EDIT-4”) and the deferred revenues collected since January 1 2018 related to the federal tax rate change within the Excess Deferred Income Tax Rider #3 (“Rider EDIT-3”).

8. The Commission approved these proposed rate schedules and authorized DEC to implement its new rates pursuant to the March 31, 2021 Rate Order for service rendered on and after June 1, 2021 in its *Order Approving Rate Schedules and Notice to Customers of Change in Rates* issued May 21, 2021.

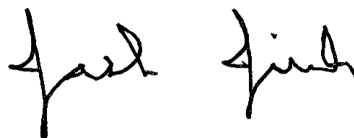
9. Based upon the foregoing, the Company submits that the Commission’s initial objectives in establishing the reporting requirements in the October 5, 2018 Order

have been fully accomplished, and further reporting on these issues is no longer necessary. The Commission has addressed the flowback of Federal EDIT and deferred revenue account balances to DEC's NC retail customers resulting from the Tax Act through its March 31, 2021 Rate Order.

10. The Company has shared the request with the Public Staff. The Public Staff is not opposed to DEC's request to discontinue its ongoing quarterly reporting requirements as discussed in this Request.

WHEREFORE, based upon the foregoing, Duke Energy Carolinas, LLC respectfully requests that the Commission authorize the Company to discontinue the quarterly reporting requirements related to Federal EDIT initially established in Ordering Paragraph 8 of the October 5, 2018 Order and grant any such other relief as the Commission deems just and reasonable.

Respectfully submitted, this the 10th day of August, 2021.



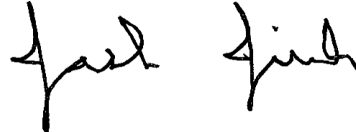
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*ATTORNEY FOR DUKE ENERGY
CAROLINAS, LLC*

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's Motion Requesting Authorization to Discontinue Quarterly Reporting, in Docket Nos. E-7 Subs 1146 and 1184, has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid, to parties of record.

This the 10th day of August, 2021.



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