

February 15, 2024

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's and Duke Energy Progress, LLC's
Updates to Avoided Cost Rates
Docket No. E-100, Sub 194**

Dear Ms. Dunston:

In their February 6, 2024 letter in this docket, Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP” and together with DEC, the “Companies”) notified the North Carolina Utilities Commission (the “Commission”) and the parties of their plans to update their respective standard offer avoided cost rates, filed in this proceeding pursuant to N.C.G.S. § 62-156(b)(1), to reflect the new P3 Fall Base reference portfolio identified in the Companies’ Supplemental Planning Analysis as recently filed in Docket No. E-100, Sub 190.¹ The Companies have now completed these updates to their avoided cost rates and are hereby submitting for the Commission’s consideration and approval the following updated exhibits to replace the ones originally filed with their Joint Initial Statement on November 1, 2023 (the “initial filing”):

1. DEC Updated Exhibit 1 presents clean and redlined² copies of DEC’s updated Purchased Power Schedule PP (“Schedule PP”).
2. DEC Updated Exhibit 2 (Confidential) presents supporting calculations for the energy and capacity credits, inflation rates, and discount rates used to derive DEC’s updated proposed avoided capacity and energy cost rates.
3. DEC Updated Exhibit 5 presents DEC’s updated annualized rates.

¹ Supplemental Planning Analysis to the Carolinas Resource Plan at 7, 32, Docket No. E-100, Sub 190 (filed Jan. 31, 2023).

² The redlined version of DEC’s Schedule PP compares DEC Updated Exhibit 1 to the original DEC Exhibit 1 filed on November 1, 2023.

4. DEC Updated Exhibit 11 presents DEC's updated Net Energy Excess Credit ("NEEC") rates.

DEP Updated Exhibits 1, 2, 5, & 11 present the same information for DEP as described above for DEC.

The Companies' updated avoided cost rates incorporate input changes to align with new reference Portfolio P3 Fall Base while utilizing the same standardized methodology and approach used to calculate the rates filed on November 1, 2023. DEC's avoided cost rates have also been updated to incorporate the Company's updated rate of return on equity as recently approved in Docket No. E-7, Sub 1276 and to make a minor correction to the working capital factor identified by the Public Staff in discovery. As compared to the avoided cost rates filed with the Companies' Joint Initial Statement, DEC's avoided cost rates have increased by 10%, while DEP's avoided cost rates have increased by 1%. The larger increase to DEC's avoided cost rates is largely due to a shift in DEC's first year of avoidable capacity need from 2028 in the Companies' initial filing to 2025 in this updated filing to align with the Supplemental Planning Analysis. In contrast, DEP's first year of avoidable capacity need remained constant at 2024.

The Companies have designated portions of DEC Updated Exhibit 2 and DEP Updated Exhibit 2 as confidential and trade secret information to be maintained under seal. Pursuant to N.C. Gen. Stat. § 132-1.2, the Companies respectfully request that the Commission protect this data from public disclosure. The Companies' respective Updated Exhibits 2 disclose estimated costs to procure additional energy, as well as the projected cost of new utility-owned generation. Public disclosure could hinder the Companies from obtaining the most cost-effective energy and capacity necessary to meet the needs of their customers. The Companies will make this information available to the parties pursuant to an appropriate confidentiality agreement.

Concurrent to this filing, the Companies are also providing workpapers supporting their updated avoided cost rates to the Public Staff and other intervenors via the ongoing discovery process in this docket.

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

Very truly yours

/s/ E. Brett Breitschwerdt

EBB/sc

cc: Parties of Record

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's and Duke Energy Progress, LLC's Updates to Avoided Cost Rates, in Docket No. E-100, Sub 194, has been served electronically to all parties of record.

This the 15th day of February, 2024.

/s/ E. Brett Breitschwerdt

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