

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1219
DOCKET NO. E-2, SUB 1193

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1219)	
)	
In the Matter of)	
Application by Duke Energy Progress, LLC, for)	
Adjustment of Rates and Charges Applicable to)	
Electric Utility Service in North Carolina)	
)	
DOCKET NO. E-2, SUB 1193)	ORDER APPROVING
)	RATE SCHEDULES AND
In the Matter of)	NOTICE TO CUSTOMERS
Application of Duke Energy Progress, LLC, for an)	OF CHANGE IN RATES
Accounting Order to Defer Incremental Storm)	
Damage Expenses Incurred as a Result of)	
Hurricanes Florence and Michael and Winter)	
Storm Diego)	

BY THE COMMISSION: On April 16, 2021, the Commission issued an Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice (Rate Order) in the above-captioned dockets authorizing Duke Energy Progress, LLC (DEP), to adjust its rates and charges for retail electric service in North Carolina. The Rate Order, among other things, directed DEP to consult with the Public Staff and file for Commission approval a proposed Notice to Customers informing its customers of the rate changes.

On May 17, 2021, DEP filed several exhibits demonstrating its calculations of base and total revenues, rate schedules, and other calculations (rate schedules), as well as a proposed Notice to Customers that was developed by DEP and the Public Staff (collectively compliance filings). DEP stated that the Public Staff had verified the accuracy of the calculations and had also reviewed and approved the proposed Notice to Customers.

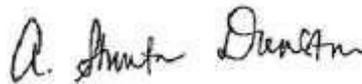
Based on a review of the compliance filings and the record, the Commission finds good cause to approve the rate schedules, and to authorize DEP to implement its new rates pursuant to the Rate Order for service rendered on and after June 1, 2021. In addition, the Commission finds good cause to approve the Notice to Customers in the form attached hereto as Appendix A, and to direct that DEP shall give notice of the rate changes to its customers in compliance with the Rate Order.

IT IS, THEREFORE, SO ORDERED.

ISSUED BY ORDER OF THE COMMISSION.

This the 21st day of May, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink, appearing to read "A. Shonta Dunston". The signature is written in a cursive, somewhat stylized font.

A. Shonta Dunston, Deputy Clerk

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Damage Expenses Incurred as a Result of)
Hurricanes Florence and Michael and Winter)
Storm Diego)

) NOTICE TO CUSTOMERS OF
) CHANGE IN RATES

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission (Commission) entered an Order on April 16, 2021, in Docket No. E-2, Sub 1219, after public hearing, approving an increase in the annual non-fuel revenues from rates and charges paid by retail customers of Duke Energy Progress, LLC (DEP or the Company), in North Carolina (Rate Order). The increase approved by the Commission and calculated herein is the increase from rates that were in effect as of the end of the test period for the rate case (December 31, 2018). The non-fuel base rate increase, which is effective June 1, 2021, will be partially offset by the Excess Deferred Income Tax (EDIT-3 and EDIT-4) decrement Riders, the rate change associated with the EDIT-1 Rider, and the Regulatory Asset and Liability (RAL) Rider of \$130.5 million during the first year, as set forth in the Commission's Rate Order, resulting in an overall increase of \$177.7 million or approximately 4.7%. In the second year, the base rate increase will be partially offset by the EDIT-3 and EDIT-4 Riders of \$135.1 million as the EDIT-1 Rider change and the RAL Rider will no longer be effective, resulting in an overall increase of \$173.1 million or approximately 4.6% during the second year. In the third, fourth, and fifth years, the base rate increase will be partially offset by the EDIT-4 Rider of \$63.4 million or approximately 6.5% in the third, fourth, and fifth years. In the sixth and subsequent years, the EDIT-4 Rider will no longer be effective, resulting in an overall increase of \$308.2 million in base rates or approximately 8.2%.

The annualized impact of this rate change on a typical residential customer using 1,000 kilowatt hours (kWh) per month is an increase of \$6.30 per month compared to the customer's current bill during the first year. Upon expiration of the EDIT-1 Rider change and the RAL Rider, the impact on a typical residential customer using 1,000 kWh per month will be a decrease of \$0.13, for a total increase of \$6.17 per month compared to the customer's current bill during the second year. Upon expiration of the EDIT-3 Rider after two years, the impact on a typical residential customer using 1,000 kWh per month will be an additional increase of \$2.46, for a total increase of \$8.63 per month compared to the customer's current bill during the third, fourth, and fifth years. Upon expiration of the EDIT-4 Rider after five years, the impact on a typical residential customer using 1,000 kWh per month will be an additional increase of \$2.18, for a total increase of \$10.81 per month during the sixth and subsequent years.

As a part of this rate change, the Commission approved the Coal Combustion Residual (CCR) cost recovery settlement between DEP, the North Carolina Attorney General's Office, the North Carolina Public Staff, and the Sierra Club (CCR Settlement). The CCR Settlement reduces the amount of coal ash management costs recovered in customer rates. The Rate Order authorizes the deferral of future CCR costs consistent with the CCR Settlement.

The Commission also deemed all storm costs incurred due to Hurricanes Florence, Michael, Dorian, and Winter Storm Diego reasonable and prudent. In Docket No. E-2, Sub 1262, the Company is seeking securitization of approved storm costs. However, the Commission approved the establishment of a contingent storm recovery rider set to \$0 as a placeholder in the event storm securitization is not approved in Docket No. E-2, Sub 1262. If the Company is unable to securitize its storm costs, the Company could seek to recover these storm costs in a future proceeding.

Additionally, the Rate Order approved a Grid Improvement Plan (GIP) deferral in accordance with various settlement agreements reached on future grid improvements to strengthen the grid, improve reliability, and enable more renewable energy.

Further, the Rate Order approves a comprehensive rate design study, a low-income collaborative, a potential income-qualified energy efficiency pilot program, a climate risk & resilience workshop, a capital project documentation collaboration, and several other initiatives. The Company is required to periodically report the status of the approved collaboratives and/or initiatives to the Commission as outlined in the Rate Order. The Rate Order also eliminates direct debit and credit card bill-paying fees for residential customers.

The Rate Order also provides that Duke Energy shareholders will contribute \$6 million over two years to the Helping Home Fund to provide energy- and cost-saving measures to North Carolina customers, and \$5 million over two years to the Duke Energy

Progress Energy Neighbor Fund program to provide billing assistance to low-income customers.

END OF TEMPORARY RATE CHANGE

On September 1, 2020, DEP increased rates and charges on a temporary basis, subject to refund, pursuant to the authority granted to the Company in N.C. Gen. Stat. § 62-135. The temporary increase reflected an increase in base revenues of approximately \$206.1 million annually. The Company also implemented a temporary Excess Deferred Income Tax (EDIT-2) Rider on September 1, 2020, which offset the base rate increase by returning approximately \$206.1 million annually of deferred federal tax liability to customers. The temporary EDIT-2 Rider was not subject to refund. The temporary rate changes that were set forth on September 1, 2020, were not final rates and were subject to the Commission's final determination of the just and reasonable rates to be charged by DEP on a permanent basis.

In the Company's Motion for Approval of Notice Required by N.C.G.S. § 62-135 to Implement Temporary Rates Subject to Refund and Authorization of EDIT Riders filed on August 7, 2020, the Company stated that the temporary rates to be recovered, subject to refund, excluded the following litigated items: the recovery of deferred coal ash compliance costs subject to asset retirement obligation accounting and implementation of new depreciation rates. The Company explained that it would not begin the amortization or implementation of these items until a final order was issued in the rate case and new permanent base rates were implemented. Further, the Company stated that these items would also be excluded when determining whether a refund of amounts collected through temporary rates is needed.

Consistent with the Commission's Rate Order approving the permanent base revenues and with the calculation methodology discussed above to determine whether a refund of amounts collected through temporary rates is needed, the Company has recalculated the temporary rates revenue requirement excluding the recovery of deferred coal ash compliance costs that were subject to asset retirement obligation accounting and implementation of new depreciation rates. The recalculation by rate class is shown in the Compliance Comparison column below:

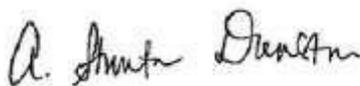
Rate Class	Temporary Rates	Compliance Comparison	(Refund) / No Refund
Residential	121,758	124,780	3,022
Small General Service	13,493	13,786	293
Small General Service - Constant Load	243	245	2
Medium General Service	46,158	47,581	1,423
Large General Service	21,182	21,528	346
Seasonal and Intermittent	298	312	14
Traffic Signal Service	29	28	0
Outdoor Lighting	2,971	3,506	534
Sports Field Lighting	4	5	0
Total NC Retail	206,136	211,770	5,635
Refund Amount			0

The Company's analysis, rounding to the nearest thousand dollars, indicates no refund of the amounts collected through temporary rates is required for the rate classes. The calculations and supporting schedules were reviewed by the Public Staff. The Public Staff agrees that no refund is due as temporary rates were just and reasonable on a rate class basis.

ISSUED BY ORDER OF THE COMMISSION.

This the 21st day of May, 2021.

NORTH CAROLINA UTILITIES COMMISSION



A. Shonta Dunston, Deputy Clerk

NOTE TO PRINTER: Duke Energy Progress, LLC, shall pay advertising costs. It is required that an Affidavit of Publication be filed with the Commission by Duke Energy Progress, LLC.