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November 14, 2013

FILED

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Clerk's Office
N.C. Utilities Commission

Ms. Gail Mount
Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, NC 27699-4325

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**RE: Docket No. E-100, Sub 136
In the Matter of Biennial Determination of Avoided Cost Rates for
Electric Utility Purchases from Qualifying Facilities - 2012**

Dear Ms. Mount:

This letter is in reference to the stipulation and settlement agreement (“settlement agreement”) entered into by Duke Energy Carolinas, LLC (“DEC”), Duke Energy Progress, Inc. (“DEP”) (collectively, the “Companies”) and the Public Staff of the North Carolina Utilities Commission (“Public Staff”) and the settlement in principle with the Renewable Energy Group (“REG”) and the North Carolina Sustainable Energy Association (“NCSEA”) in Docket No. E-100, Sub 136. The settlement agreement resolved the two main issues pending before the Commission in Docket No. E-100, Sub 136 – the installed cost of a combustion turbine (“CT”) and the application of the Option B rate schedule to DEP. The settlement agreement also provided that each stipulating party waived the right to cross-examine the other stipulating party's witnesses with respect to their pre-filed testimony and other documents filed in the proceeding on the matters resolved in the agreement. REG and NCSEA agreed in principle that they would join the settlement agreement on the issue of the CT cost alone. This intent of this letter to clarify for the record that DEC and DEP fully support the settlement agreement.

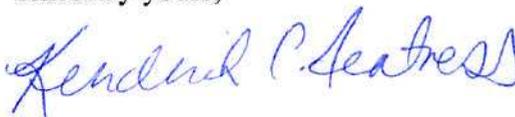
In her opening statement, counsel for the Companies described the terms and conditions of the settlement agreement and urged approval of it on the grounds that it was a fair and reasonable resolution of the issues in this matter, consistent with the Public Utility Regulatory Policies Act of 1978, and in the public interest. Consistent with the settlement agreement, the Public Staff and the Companies stipulated their pre-filed testimony into the record, and the Public Staff, the Companies, REG and NCSEA waived cross-examination on the issue of CT cost. None of the pre-filed testimony was modified to reflect the settlement agreement. As such, the pre-filed testimony of the witnesses in this matter still reflected their fully-developed and well-documented positions on the issue of the appropriate CT cost. Before presenting their direct testimony, however, witnesses on behalf of the Companies – Kendal C. Bowman and Glen A. Snider - read

summary statements into the record in support of the settlement agreement. Mr. Snider also testified in support of the settlement agreement with regard to the CT cost.

Mr. Snider's pre-filed rebuttal testimony, however, did dispute portions of the intervenors' testimony, and Mr. Snider's summary of that testimony did not reference the settlement agreement. After the evidentiary hearing, the Public Staff expressed concern about the impression that Mr. Snider's summary may have left regarding the Companies' support for settlement agreement, and the Companies agreed to send this letter to the Commission to clarify its intent. The Companies' only intent in having Mr. Snider read his summary of his rebuttal testimony into the record was to conform to the Commission's practice in admitting pre-filed testimony, and Mr. Snider's summary was not intended in any way to indicate a lack of support for the CT cost included in the settlement agreement. Moreover, the Companies believe that the evidence adduced at the hearing strongly supports its settlement agreement on the CT cost. Therefore, the Companies continue to maintain that the settlement agreement in its entirety is just and reasonable and should be approved.

Please do not hesitate to contact me if you have any questions.

Sincerely yours,



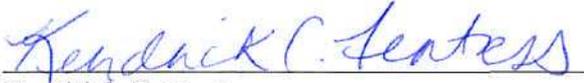
Kendrick C. Fentress

cc: Parties of Record

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC and Duke Energy Progress, Inc.'s Clarification Letter in Docket No. E-100, Sub 136, has been served on all parties of record either by hand delivery, email or by depositing said copy in the United States mail, postage prepaid.

This the 14th day of November, 2013.


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