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December 12, 2018

VIA ELECTRONIC FILING

Ms. Lynn Jarvis, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

**RE: Duke Energy Progress, LLC's Proposed Notice to Customers
Docket Nos. E-2, Sub 1174 and E-2, Sub 1192**

Dear Ms. Jarvis:

Pursuant to N.C. Session Law 2017-57, a budget act that reflects the reduction in State business tax rates in addition to other matters, and also pursuant to the North Carolina Utilities Commission's ("Commission") November 29, 2018 *Order Approving DSM/EE Rider and Requiring Filing of Customer Notice* in Docket No. E-2, Sub 1174, I enclose the proposed Notice to Customers of Change in Rates. Duke Energy Progress, LLC ("DEP") plans to combine the tax rate notice with the notice for rate adjustments related to Demand-Side Management and Energy Efficiency ("DSM/EE") program costs since both rate changes become effective on January 1, 2019.

The Public Staff has reviewed the calculation of the decrement to reflect the North Carolina state income tax rate reduction effective January 1, 2019. The Public Staff informed the Company that it finds the calculation reasonable, and does not object to the Company reducing its rates to reflect the reduction in the state income tax rate. The Company plans to preserve any excess deferred income taxes ("EDIT") created by the reduction in the North Carolina state income tax rate, that is not already included in the current EDIT rider, in a regulatory liability account for disposition in the Company's next general rate case consistent with the EDIT treatment previously approved by the Commission in Docket No. M-100, Sub 138.

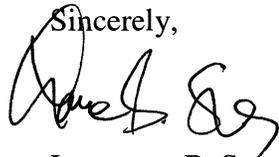
DEP respectfully requests that the Commission review and approve the proposed Customer Notice as soon as possible to allow DEP sufficient time for the design, printing and programming of the notice to be included in customer bills during January 2019.

OFFICIAL COPY

Dec 12 2018

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

Sincerely,

A handwritten signature in black ink, appearing to read "Lawrence B. Somers". The signature is written in a cursive style with a large initial "L" and "S".

Lawrence B. Somers

Enclosure

cc: Parties of Record

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1174
DOCKET NO. E-2, SUB 1192

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Application of Duke Energy Progress, LLC, for Approval)	
of Demand-Side Management and Energy Efficiency)	
Cost Recovery Rider Pursuant to N.C. Gen. Stat. § 62-)	NOTICE TO CUSTOMERS
133.9 and Commission Rule R8-69)	OF CHANGES IN RATES
)	
Implementation of S.L. 2017-57 to Reflect Reduction in)	
State Business Tax Rates)	

NOTICE IS HEREBY GIVEN that on November 29, 2018, the North Carolina Utilities Commission (Commission) entered an order in Docket No. E-2, Sub 1174 (DSM/EE Order), approving a change in the Annual Billing Adjustments Rider BA charged by Duke Energy Progress, LLC (DEP) for retail electric service in North Carolina. Rider BA is designed, in part, to collect the reasonable and prudent costs incurred by DEP to adopt and implement demand-side management (DSM) and energy efficiency (EE) measures, as well as appropriate utility incentives approved by the Commission, and to true up any under-recovery or over-recovery of costs and incentives under applicable DSM/EE riders previously in effect.

NOTICE IS ALSO HEREBY GIVEN that pursuant to Docket No. E-2, Sub 1192, DEP is adjusting rates to reflect the changes to the State corporate income tax rate effectuated by N. C. Session Law 2017-57, which became law on June 28, 2017, with an effective date of January 1, 2019.

Demand-Side Management and Energy Efficiency

On June 15, 2009, and as revised on November 25, 2009, in Docket No. E-2, Sub 931, the Commission approved an initial mechanism for recovery of costs incurred and incentives earned for implementing DSM and EE measures in accordance with North Carolina law. On January 20, 2015, also in Docket No. E-2, Sub 931, the Commission approved a revised mechanism for the same purposes. Pursuant to these mechanisms, and as a result of the DSM/EE Order, the DSM and EE rates stated in Rider BA have been revised and new rates have been placed into effect as of January 1, 2019.

The rate changes associated with DEP's DSM and EE programs followed Commission review of DEP's DSM/EE expenses and proposed utility incentives during

the test period January 1, 2017, through December 31, 2017, as well as DEP's estimates for the calendar year 2019 rate period. The net changes in the DSM and EE rates from the rates approved effective January 2018 are as follows: Residential – an increase of 0.034 cents per kilowatt hour (kWh); Small, Medium, and Large General Service (EE component) – an increase of 0.238 cents per kWh; Small, Medium, and Large General Service (DSM component) – an increase of 0.004 cents per kWh; and Lighting – a decrease of 0.006 cents per kWh.

Commercial customers with annual consumption of 1,000,000 kWh or greater in the prior calendar year and with their own energy efficiency or demand control programs, and all industrial customers with their own energy efficiency or demand control programs, may elect not to participate in DEP's DSM/EE programs and may thereby avoid paying either or both the DSM and EE charges. Because these rates are included in a customer's tariff charges, eligible commercial and industrial customers electing not to participate in DEP's programs will receive an offsetting credit on their monthly bills.

Tax Reform

The North Carolina Utilities Commission approved a decrease in electric rates of 0.002 cents per kWh for service rendered on and after January 1, 2019, to reflect the decrease in the State corporate income tax rate from 3% to 2.5%.

Summary of Rate Impact

These billing adjustments are effective January 1, 2019. The total monthly impact of the rate change for a residential customer consuming 1,000 kWh per month is an increase of \$0.32. The total monthly impact for commercial and industrial customers will vary based upon consumption and the customer's participation in DEP's demand-side management and energy efficiency programs.

ISSUED BY ORDER OF THE COMMISSION.

This the ___th day of December, 2018.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Progress, LLC's Proposed Notice to Customers, in Docket Nos. E-2, Sub 1174 and E-2, Sub 1192, has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid to the following parties:

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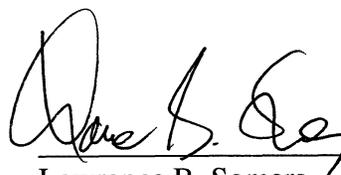
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This the 12th day of December, 2018.



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