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VIA ELECTRONIC FILING

Ms. Kimberley A. Campbell
Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

**Re: Duke Energy Progress, LLC's Agreement and Stipulation of
Settlement with Vote Solar
Docket No. E-2, Sub 1219**

Dear Ms. Campbell:

I enclose the Agreement and Stipulation of Settlement between Duke Energy Progress, LLC and Vote Solar for filing in connection with the referenced matter.

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

Sincerely,

Lawrence B. Somers

Enclosure

cc: Parties of Record

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1219

| | | |
|---|---|-----------------------|
| In the Matter of: |) | |
| |) | |
| Application of Duke Energy Progress, LLC For |) | AGREEMENT AND |
| Adjustment of Rates and Charges Applicable to |) | STIPULATION OF |
| Electric Service in North Carolina |) | SETTLEMENT |
| |) | |

Duke Energy Progress, LLC (“DEP” or the “Company”) and Vote Solar, collectively referred to herein as the “Stipulating Parties” through counsel and pursuant to N.C. Gen. Stat. § 62-69, respectfully submit the following Agreement and Stipulation of Settlement (“Stipulation”) for consideration by the North Carolina Utilities Commission (“Commission”) in the above captioned docket (the “Docket”).

I. BACKGROUND

1. On September 30, 2019, the Company filed its Notice of Intent to file a General Rate Case Application in the Docket.

2. On October 22, 2019, Vote Solar filed its Petition to Intervene. The Commission granted Vote Solar’s intervention in an order dated October 30, 2019.

3. On October 30, 2019, DEP filed its application requesting a general rate increase, pursuant to N.C.Gen. Stat. §§ 62-133 and -134 and Commission Rule R1-17, along with direct testimony and exhibits.

4. On November 14, 2019, the Commission issued an order establishing a general rate case and suspending rates. Subsequently, on December 6, 2019, the Commission issued an order scheduling investigation and hearings, establishing intervention and testimony due dates and discovery guidelines, and requiring public notice of the Company’s Application.

5. On April 13, 2020, Vote Solar filed the Direct Testimony and Exhibits of James M. Van Nostrand and Tyler Fitch. Messrs. Van Nostrand and Fitch's testimony focused on the Company's grid modernization efforts, including the Company's Grid Improvement Plan,; the importance of studying and managing climate change-related risks, and the role that demand energy resources plays in grid modernization and climate resilience.

6. On May 4, 2020, the Company filed its rebuttal testimony.

7. On June 2, 2020, DEP and the Public Staff, North Carolina Utilities Commission filed an Agreement and Stipulation of Partial Settlement as to certain issues in this Docket.

8. On June 8, 2020, DEP filed a Settlement Agreement with Harris Teeter, LLC as to certain issues in the Docket.

9. On June 9, 2020, DEP filed a Settlement Agreement with the Commercial Group as to certain issues in the Docket.

10. On June 17, 2020, the Commission issued its Order Adopting Procedures for Expert Witness Hearings, which partially consolidated the hearing in this Docket with Duke Energy Progress, LLC's general rate case proceeding, Docket No. E-7, Sub 1214.

11. On June 26, 2020, DEP filed a Settlement Agreement with CIGFUR as to certain issues in the Docket.

12. The parties to this proceeding have conducted substantial discovery on the issues raised in the Application, as well as on the direct, supplemental and rebuttal testimony of the Company and the testimony of the intervenors.

13. The Company and Vote Solar now desire to resolve and settle issues that will narrow the number of issues in controversy in this docket.

II. RATE OF RETURN AND CAPITAL STRUCTURE

The Stipulating Parties agree that the revenues to be approved in this proceeding should be adjusted to provide the Company, through sound management, the opportunity to earn an ROE of 9.75%. The Stipulating Parties further agree that this ROE should be applied to the common equity component of the stipulated ratemaking capital structure consisting of 52% equity and 48% long-term debt.

III. GRID IMPROVEMENT PLAN

1. Vote Solar supports the Company's request in the Docket for an accounting order for approval to defer GIP costs for investments in Integrated System Operations Plan ("ISOP"), Distribution System Demand Response ("DSDR"), Self-Optimizing Grid ("SOG"), Distribution Automation, Transmission System Intelligence, the Distributed Energy Resources ("DER") Dispatch Tool, and the 44 kV Line Rebuild. Vote Solar believes that these investments will directly enable and support the greater utilization of distributed energy resources ("DERs") on the Company's system. For all other GIP investments proposed by DEP in the Docket, Vote Solar does not oppose the requested deferral accounting treatment. To the extent that DEP enters into an agreement with other intervening parties agreeing to a cost cap or to limit the amount of any GIP investment category specified for deferral treatment, Vote Solar supports such cost containment measures.

2. DEP commits to develop potential pilot customer programs prior to the submission of the 2022 Integrated Resource Plan to optimize the capability of the

GIP investments to support greater utilization of DERs, including but not limited to customer-sited solar and/or storage facilities (e.g., net metering successor), microgrid systems that benefit and would be paid for by specific benefitted customers, and programmable and load controllable devices or appliances for use in residential and non-residential demand response programs. If DEP and Vote Solar mutually agree that these programs are cost-effective and meet appropriate Commission requirements, DEP agrees to file such pilot programs for approval by the Commission, and Vote Solar agrees to support such approval by the Commission. Vote Solar's support for the GIP deferral will be subject to a reservation of its rights to review and object to the reasonableness of specific project costs in future rate cases.

IV. CLIMATE-RESILIENCE PLANNING

1. Within six months from the effective date of the Commission's order in the DEP rate case, DEP agrees to convene a Climate Risk & Resilience Working Group ("Working Group") to hold meetings in the Carolinas, either separately or as part of ongoing forums for discussion (e.g., ISOP or IRP meeting) of impacts to the GIP to consult and collaborate with interested parties to:

- i. Discuss and inform the Company's development or evaluation of models and analyses to study the impacts of climate change on the Company's GIP and existing grid, including operations, planning and physical assets on its transmission and distribution systems. The models and analyses will, at a minimum, assess the vulnerability of the Companies' distribution and transmission assets and operations to current and projected physical impacts of climate change by utilizing best-practices climate modeling and scenario analysis, utilizing the scenarios identified in the North Carolina Climate Science Report.
- ii. Discuss and inform the development of ways to reflect the integration of climate change impacts into distribution and transmission system planning.

- iii. Assist in developing an implementation plan based on aforementioned analyses and study that will be filed as part of the 2024 Integrated Resource Plan proceeding, or in a proceeding otherwise designated by the Commission.

2. Within sixty days of the effective date of the Commission's order, the Company shall make an informational filing in the Docket to describe its scoping plan and proposed schedule for the Working Group. DEP shall give notice of such filing to all interested parties in all North Carolina and South Carolina dockets and stakeholder processes to which it is a party related to climate or decarbonization policy, the Grid Improvement Plan, Integrated Resource Plan, and Integrated System Operations Plan.

3. DEP agrees to fund a third-party consultant with experience developing models or analyses for quantifying climate-related impacts on the electric grid (e.g., ICF), to assist stakeholders and the Company with the working group. DEP's agreement is contingent on the Commission's approval of recovery of the costs associated with such third-party consultant and Vote Solar's commitment to support the Company's request for cost recovery.

4. DEP agrees to coordinate with the North Carolina Department of Environmental Quality to align the scope and proposed schedule of the Working Group process to avoid duplication or scheduling conflict with any forthcoming phase of the State Climate Risk Assessment and Resilience Plan that encompasses the planning and operation of the electric grid in relation to climate change-related hazards.

5. DEP agrees to fund a third-party consultant with experience developing models or analyses for quantifying climate-related impacts on the electric grid, (e.g., ICF), to assist with the working group. DEP's agreement is contingent on the Commission's

approval of cost recovery and Vote Solar's commitment to support the Company's request for cost recovery.

V. AGREEMENT IN SUPPORT OF SETTLEMENT; NON-WAIVER.

1. The Stipulating Parties shall act in good faith and use their best efforts to recommend to the Commission that this Stipulation be accepted and approved. The Stipulating Parties further agree that this Stipulation is in the public interest because it reflects a give-and take of contested issues and results in rates (with respect to the stipulated issues) that are just and reasonable. The Stipulating Parties agree that they will support the reasonableness of this Stipulation before the Commission, and in any appeal from the Commission's adoption and/or enforcement of this Stipulation.

2. Neither this Stipulation nor any of the terms shall be admissible in any court or Commission except insofar as such court or Commission is addressing litigation arising out of the implementation of the terms herein or the approval of this Stipulation. This Stipulation shall not be cited as precedent by any of the Parties regarding any issue in any other proceeding or docket before this Commission or in any court.

3. The provisions of this Stipulation do not reflect any position asserted by any of the Stipulating Parties but reflect instead the compromise and settlement among the Stipulating Parties as to all the issues covered hereby. No Party waives any right to assert any position in any future proceeding or docket before the Commission or in any court.

4. This Stipulation is a product of negotiation among the Stipulating Parties, and no provision of this Stipulation shall be strictly construed in favor of or against any Party.

VI. RECEIPT OF TESTIMONY AND WAIVER OF CROSS-EXAMINATION

The Stipulating Parties agree that pre-filed testimony and exhibits filed by the Stipulating Parties on the settled issues may be received into evidence without objection. Vote Solar agrees to waive cross examination on all issues except for rate design issues in the upcoming evidentiary hearing in the Docket and will seek to have witnesses Van Nostrand and Fitch excused from the evidentiary hearings. DEP agrees to waive cross examination of Vote Solar's witnesses. If, however, questions are asked by any Commissioner, or if questions are asked or positions are taken by any person who is not a Party, then any Party may respond to such questions by presenting testimony or exhibits and cross-examining any witness with respect to such testimony and exhibits.

VII. STIPULATION BINDING ONLY IF ACCEPTED IN ITS ENTIRETY.

This Stipulation is the product of negotiation and compromise of a complex set of issues, and no portion of this Stipulation is or will be binding on any of the Stipulating Parties unless the entire Agreement and Stipulation is accepted by the Commission. If the Commission rejects any part of this Stipulation or approves this Stipulation subject to any change or condition or if the Commission's approval of this Stipulation is rejected or conditioned by a reviewing court, the Stipulating Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Stipulation consistent with the order. No Party shall withdraw from the Stipulation prior to complying with the foregoing sentence. If any Party withdraws from the Stipulation, each Party retains the right to seek additional procedures before the Commission, including cross-examination of witnesses, with respect to issues addressed by the Stipulation and shall be bound or

prejudiced by the terms and conditions of the Stipulation.

VIII. COUNTERPARTS.

This Stipulation may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Execution by facsimile signature shall be deemed to be, and shall have the same effect as, execution by original signature.

IX. MERGER CLAUSE

This Stipulation supersedes all prior agreements and understandings between the Stipulating Parties and may not be changed or terminated orally, and no attempted change, termination or waiver of any of the provisions hereof shall be binding unless in writing and signed by the parties hereto.

The foregoing is agreed and stipulated this the 8th day of July, 2020.

Duke Energy Progress, LLC

By: /s/ Stephen G. De May

Vote Solar

By: /s/ Thaddeus B. Cullary

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Progress, LLC's Agreement and Stipulation of Settlement with Vote Solar, in Docket No. E-2, Sub 1219, 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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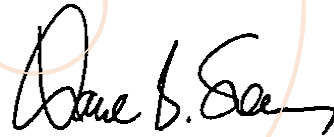
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This the 9th day of July, 2020.



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