

**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

DOCKET NO. E-2, SUB 1174

|   |   |                     |
|---|---|---------------------|
| In the Matter of                                    | ) |                     |
| Application of Duke Energy Progress, LLC, for       | ) |                     |
| Approval of Demand-Side Management and Energy       | ) |                     |
| Efficiency Cost Recovery Rider Pursuant to          | ) | ORDER APPROVING     |
| N.C.G.S. § 62-133.9 and Commission Rule R8-69       | ) | RATE ADJUSTMENT AND |
|   | ) | NOTICE TO CUSTOMERS |
| DOCKET NO. E-2, SUB 1192                            | ) |                     |
|   | ) |                     |
| In the Matter of                                    | ) |                     |
| Implementation of S.L. 2017-57 to Reflect Reduction | ) |                     |
| in State Business Tax Rates                         | ) |                     |

BY THE COMMISSION: On November 29, 2018, in Docket No. E-2, Sub 1174, the Commission issued an order (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.

On December 12, 2018, DEP filed a request in Docket No. E-2, Sub 1192 to reduce its rates effective January 1, 2019, based on a reduction in North Carolina's corporate income tax rate from 3% to 2.5%, as enacted by the General Assembly in Session Law 2017-57. In addition, DEP filed a proposed Customer Notice to be inserted in customer bills in order to inform customers of the rate changes effectuated by the DSM/EE Order and the state income tax reduction.

The rate reduction requested by DEP associated with the income tax reduction would decrease DEP's electric rates by 0.002 cents per kilowatt hour (kWh) for service rendered on and after January 1, 2019. DEP stated that the Public Staff has reviewed the calculations of the proposed rate decrement, has found the calculations to be reasonable, and does not object to DEP reducing its rates to reflect the reduction in the State corporate income tax. In addition, DEP stated that it plans to preserve any excess deferred income taxes (EDIT) created by the State tax reduction in a regulatory liability account for disposition in DEP's next general rate case, consistent with the disposition approved by

the Commission in Docket No. M-100, Sub 138. Finally, DEP requested approval of the income tax rate change and Customer Notice on an expedited basis to allow sufficient time for printing the Customer Notice and including it in customers' bills in January 2019.

Based on the foregoing and the record, the Commission finds good cause to approve DEP's request to reduce rates effective January 1, 2019, based on the reduction in North Carolina's corporate income tax from 3% to 2.5%. In addition, the Commission notes that the Commission's approval is being granted at the request of DEP to make a voluntary reduction in its rates outside of a general rate case, and should not be cited in future proceedings as precedential. Further, the Commission finds good cause to approve the Customer Notice proposed by DEP in the form attached hereto as Appendix A.

IT IS, THEREFORE, SO ORDERED.

ISSUED BY ORDER OF THE COMMISSION.

This the 17<sup>th</sup> day of December, 2018.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in cursive script, appearing to read "Janice H. Fulmore".

Janice H. Fulmore, Deputy Clerk

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BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1174

|   |   |                     |
|---|---|---------------------|
| In the Matter of                                  | ) |                     |
| Application of Duke Energy Progress, LLC, for     | ) |                     |
| Approval of Demand-Side Management and            | ) |                     |
| Energy Efficiency Cost Recovery Rider Pursuant to | ) | NOTICE TO CUSTOMERS |
| N.C.G.S. § 62-133.9 and Commission Rule R8-69     | ) | OF CHANGES IN RATES |
|   | ) |                     |
| DOCKET NO. E-2, SUB 1192                          | ) |                     |
|   | ) |                     |
| In the Matter of                                  | ) |                     |
| 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 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 an order issued by the Commission on December 17, 2018, in Docket No. E-2, Sub 1192, DEP is adjusting its 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 Commission approved a decrease in electric rates of 0.002 cents per kilowatt hour (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 17<sup>th</sup> day of December, 2018.

NORTH CAROLINA UTILITIES COMMISSION



Janice H. Fulmore, Deputy Clerk