

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-7, SUB 1213
DOCKET NO. E-7, SUB 1214
DOCKET NO. E-7, SUB 1187
DOCKET NO. E-2, SUB 1219

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1213

In the Matter of
Petition of Duke Energy Carolinas, LLC, for
Approval of Prepaid Advantage Program

DOCKET NO. E-7, SUB 1214

In the Matter of
Application by Duke Energy Carolinas, LLC, for
Adjustment of Rates and Charges Applicable to
Electric Utility Service in
North Carolina

DOCKET NO. E-7, SUB 1187

In the Matter of
Application of Duke Energy Carolinas, LLC for an
Accounting Order to Defer Incremental Storm
Damage Expenses Incurred as a Result of
Hurricanes Florence and Michael and Winter
Storm Diego

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

ORDER REQUIRING DUKE
ENERGY CAROLINAS, LLC, AND
DUKE ENERGY PROGRESS, LLC,
TO FILE ADDITIONAL
TESTIMONY ON GRID
IMPROVEMENT PLANS AND
COAL COMBUSTION RESIDUAL
COSTS

BY THE PRESIDING COMMISSIONERS: On September 30, 2019, Duke Energy Carolinas, LLC (DEC), filed an application for a general rate case in Docket No. E-7, Sub 1214 (Sub 1214).

On October 30, 2019, Duke Energy Progress, LLC (DEP), filed an application for a general rate case in Docket No. E-2, Sub 1219 (Sub 1219).

In Sub 1214 and Sub 1219 (collectively, rate case dockets), DEC and DEP filed testimony and exhibits in support of their requests to defer costs for implementing a Grid Improvement Plan (GIP), and their costs for remediation of coal combustion residuals (CCR).

The expert witness hearings in the rate case dockets were initially scheduled to begin on March 23, 2020, and May 4, 2020, respectively. Separate hearings for DEC and DEP have been postponed due to the COVID-19 pandemic. A consolidated hearing to receive testimony on several topics is now scheduled to be held remotely beginning on July 27, 2020. The GIP costs are one topic to be addressed in the consolidated hearing. The CCR remediation costs will be addressed in the separate hearings.

ADDITIONAL TESTIMONY AND EXHIBITS

Based on the foregoing and the records in these dockets, the Presiding Commissioners find good cause to require DEC and DEP (collectively, Duke or Companies) to provide additional testimony and exhibits on the GIP and CCR costs.

GIP

The Companies shall provide an estimate of the North Carolina annual revenue requirement impact of each Company's GIP expenditures assuming that the Commission grants the requested deferral of GIP costs and that each Company files a general rate case in 2023. In addition, the Companies shall provide an estimate of the North Carolina revenue requirement impact of each Company's GIP expenditures assuming that the Commission denies the requested deferral of GIP costs and that each Company files a general rate case in 2023. Further, each Company shall include assumptions about how it would adjust the pace of its GIP spending in response to the denial of the deferral.

For clarity, the first estimate should include the impact of the deferral, and both estimates should include the full impacts of the 2020-2022 GIP spending, as well as incremental operating and maintenance (O&M) costs associated with that GIP spending. Further, the estimates shall be provided in spreadsheet form, with the formulas intact, showing each major line item and explaining how it was calculated for each impacted year (2023, 2024, 2025, etc.), going out ten years. Moreover, each Company shall list all assumptions and use the return on common equity, capital structure, and cost allocation methodology that each Company has advocated in the present rate case dockets. Finally, each revenue requirement shall be broken down by customer class, and show the rate impacts that would result under each scenario.

The above-described testimony and exhibits shall be filed by DEC and DEP on or before July 28, 2020.

CCR

On March 22, 2018, in Docket No. E-7, Sub 1146, the last previous DEC rate case, DEC witness Kerin filed a Revised Exhibit 11. In summary, Kerin Revised Exhibit 11 showed DEC's projected CCR remediation costs from 2017 through 2057. The projected

costs were shown on a plant-by-plant basis, and included a break-down of costs for various remediation activities, and a North Carolina retail cost allocation based on a demand factor.

The Presiding Commissioners find good cause to direct that DEC and DEP file updated CCR testimony and exhibits that include the following information: (1) projected annual CCR remediation costs on a plant-by-plant basis from 2019 through 2057; (2) for each plant and year, a break-down of the costs by remediation activities; (3) for each remediation activity a designation of whether such cost is a capital cost, operating cost, or maintenance cost; and (4) for each plant's annual total cost an allocation to North Carolina retail based on the applicable energy factor. Further, the above information shall be provided in spreadsheet form, with the formulas intact.

In addition, as testified to by DEP, the basins at the Mayo and Roxboro plants were previously classified as low-risk, and therefore conceivably could have been dewatered and closed and capped in place under CAMA. In April 2019, however, and after having reviewed Duke Energy's Closure Options Analysis Reports, NC DEQ ordered Duke Energy to excavate all remaining coal ash impoundments in North Carolina, including the basins at Mayo and Roxboro. Although Duke appealed the DEQ Order, it subsequently entered into a settlement agreement with several environmental parties, which among other things requires Duke Energy to excavate a majority of the coal ash at the Mayo and Roxboro basins and place it in a lined landfill.

In response to this Order, Duke shall provide testimony stating whether Duke has the ability to reasonably identify the incremental costs that it incurred as a result of the decision to excavate its CCR basins rather than close and cap in place. That is, can it reasonably identify the difference in costs incurred in contrast to those costs it would have incurred had it been allowed to close and cap in place these basins? If so, can Duke provide an estimate of these incremental costs for all basins and broken down to the best of its ability into certain remediation activity categories (e.g., including but not exclusive to environmental, health, and safety, closure, engineering and design, support projects, and permitting costs)? If so, please include an explanation of any additional assumptions made.

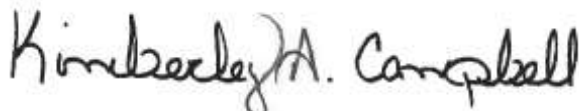
The above-described CCR testimony and exhibits shall be filed by DEC and DEP on or before August 28, 2020.

IT IS, THEREFORE, SO ORDERED.

ISSUED BY ORDER OF THE COMMISSION.

This the 23rd day of July, 2020.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Kimberley A. Campbell". The signature is written in a cursive, flowing style.

Kimberley A. Campbell, Chief Clerk