

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-7, SUB 1276
DOCKET NO. E-7, SUB 1134

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1276)
)
In the Matter of)
Application of Duke Energy Carolinas, LLC,)
For Adjustment of Rates and Charges Applicable)
to Electric Service in North Carolina and)
Performance Based Regulation)
DOCKET NO. E-7, SUB 1134)
)
In the Matter of)
Application of Duke Energy Carolinas, LLC for)
Approval to Construct a 402 MW Natural Gas-)
Fired Combustion Turbine Electric Generating)
Facility in Lincoln County)

NOTICE TO CUSTOMERS OF
CHANGE IN RATES

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission (the "Commission") entered an Order on December 15, 2023, in Docket Nos. E-7, Sub 1276 and E-7, Sub 1134, after public hearing, approving an increase in the annual non-fuel base revenues from rates and charges paid by retail customers of Duke Energy Carolinas, LLC (DEC or the "Company") in North Carolina. In the Order, the Commission also approved Performance-Based Regulation (PBR) for DEC including a Multiyear Rate Plan (MYRP), which provides for annual base rate increases over a three-year period, effective January 1 of each year (2024 – 2026), to reflect costs and savings associated with discrete and identifiable capital investments projected to be used and useful during the course of the three-year period. The increase approved by the Commission and calculated herein is the increase from rates that were in effect as of the end of the test period for the rate case (December 31, 2021), updated for certain known changes in revenue, expenses, and rate base through June 30, 2023. The Commission approved an increase in base rate service revenues of \$446.7 million in Rate Year 1 (including the traditional general rate case increase of \$324.0 million and \$122.7 million for

MYRP projects in Year 1, effective January 1, 2024¹ through December 31, 2024); base service revenues of \$620.1 million (incremental change of \$173.4 million to Rate Year 1) in Rate Year 2, effective January 1, 2025 through December 31, 2025; and base service revenues of \$778.7 million (incremental change of \$158.6 million to Rate Year 2) in Rate Year 3, effective January 1, 2026 through such time as new rates are approved by the Commission.

The following table shows the base rate increases by Rate Class for each year of the MYRP:

Rate Case	Present Base Revenues ¹ (In Thousands)	Present Base Revenues including Riders ² (In Thousands)	Interim Base Revenue Increase (In Thousands)	Interim Base Revenue Increase Percentage ³	Rate Year 1 Base Revenue Increase (In Thousands)	Rate Year 1 Base Revenue Increase Percentage ³	Rate Year 2 Base Revenue Increase (In Thousands)	Rate Year 2 Base Revenue Increase Percentage ³	Rate Year 3 Base Revenue Increase (In Thousands)	Rate Year 3 Base Revenue Increase Percentage ³
Residential	\$2,457,789	\$2,519,643	\$25,715	1.0%	\$213,459	8.5%	\$96,424	3.8%	\$89,273	3.5%
General Service	\$866,309	\$957,001	\$1,586	0.2%	\$65,074	6.8%	\$28,444	3.0%	\$26,896	2.8%
Industrial	\$154,671	\$169,130	\$2,143	1.3%	\$12,216	7.2%	\$5,132	3.0%	\$4,791	2.8%
Lighting	\$140,969	\$135,250	\$10,560	7.8%	\$21,605	16.0%	\$7,174	5.3%	\$6,524	4.8%
OPT (Business TOU)	\$1,364,424	\$1,464,753	\$6,619	0.5%	\$87,682	6.0%	\$36,242	2.5%	\$31,125	2.1%
Total Revenue/Increase	\$4,984,162	\$5,245,777	\$46,623	0.9%	\$400,036	8.0%	\$173,416	3.5%	\$158,609	3.2%

¹ Source – Compliance Exhibit No. 4_1

² Present riders include Fuel Cost Adjustment Rider, EE, EDPR, BPM Prospective and True-up, CPRE, STS, EDIT-3, and EDIT-4 clause rates. EDIT-3 was included as it was active when the rate case was initially filed.

³ Increase percentages are relative to present base revenues including riders.

When comparing to the present base rate revenues inclusive of rider revenues, the non-fuel base rate increase will be partially offset by an additional decrement to the existing Excess Deferred Income Tax (EDIT-4) Rider of \$10.1 million and the one-year only Regulatory Asset and Liability (RAL-1) Rider of \$0.5 million in the first year, will be a net overall increase of \$436.1 million or approximately 8.3%. In the second year, the base rate increase after partially offset by the decrement to the EDIT-4 Rider of \$10.5 million, will be a net overall increase of \$609.5 million or approximately 11.6% (incremental 3.3%). In the third year, the base rate increase after partially offset by the decrement to the EDIT-4 Rider of \$4.4 million through May 2026, will be a net overall increase of \$774.3 million or approximately 14.8% (incremental 3.1%).

Based on rates and riders effective January 15, 2024, the annualized impact of these changes on a typical 1,000 kWh residential customer is as follows for each Rate Year:

¹ Year 1 tariffs list an effective date for service on or after January 15, 2024. Year 2 and Year 3 tariffs list effective dates for service on or after January 1, 2025, and January 1, 2026, respectively. The PBR plan, including the multiyear rate plan (MYRP) with the earnings sharing mechanism (ESM), residential decoupling, and performance incentive mechanisms (PIMs) begins January 1, 2024, as originally requested.

	Pre-Interim	Interim	RY1	RY2	RY3
Annualized Typical Bill - 1,000 kWh	\$129.11	\$130.29	\$140.33	\$144.52	\$148.62
Incremental \$ Change	-	\$1.18	\$10.04	\$4.19	\$4.10
Incremental % Change	-	0.9%	7.7%	3.0%	2.8%
Total \$ Change	-	\$1.18	\$11.22	\$15.41	\$19.51
Total % Change	-	0.9%	8.7%	11.9%	15.1%

As a part of this rate change, the Commission approved the Revenue Requirement settlements and Performance Incentive Mechanism (PIMs) settlement between DEC, the Public Staff – North Carolina Utilities Commission (the “Public Staff”), and Carolina Industrial Group for Fair Utility Rates III. The Revenue Requirement settlements resolved most of the revenue requirement issues among the stipulating parties. The PIMs settlement provides for three PIMs, tracking metrics, and a process for DEC to work with the Public Staff to develop tariffs and programs to estimate and update revenue associated with electric vehicles.

The Commission also approved the Customer Assistance Program (CAP) for eligible low-income customers and the associated Customer Assistance Recovery Rider.

END OF TEMPORARY RATE CHANGE

On September 1, 2023, DEC increased rates and charges on a temporary basis, subject to refund, pursuant to the authority granted to the Company in N.C. Gen. Stat. § 62-135. The temporary increase reflected an increase in base revenues of approximately \$47 million annually. The temporary rate changes that were set forth on September 1, 2023, were not final rates and were subject to the Commission’s final determination of the just and reasonable rates to be charged by DEC on a permanent basis.

Consistent with the Commission’s Order approving the permanent base revenues, the Company has recalculated the temporary rates revenue requirement. The Company’s analysis indicates no refund of the amounts collected through temporary rates is required for the rate classes. The calculations and supporting schedules were reviewed by the Public Staff. The Public Staff agrees that no refund is due.

ISSUED BY ORDER OF THE COMMISSION

This the ___ day of January, 2024.

NORTH CAROLINA UTILITIES COMMISSION

Shonta Dunston, Chief Clerk

NOTE TO PRINTER: DEC shall pay advertising costs. It is required that an Affidavit of Publication be filed with the Commission by DEC.