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October 13, 2023

VIA ELECTRONIC FILING

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

**RE: Supplemental Revenue Requirement Stipulation
Duke Energy Carolinas, LLC's Application to Adjust Retail Base
Rates and for Performance-Based Regulation, and Request for an
Accounting Order
Docket No. E-7, Sub 1276**

Dear Ms. Dunston:

Enclosed for filing with the North Carolina Utilities Commission is the Supplemental Agreement and Stipulation of Partial Settlement between Duke Energy Carolinas, LLC ("DEC") and the Public Staff—North Carolina Utilities Commission ("Supplemental Revenue Requirement Stipulation"). The Supplemental Revenue Requirement Stipulation resolves all issues with respect to the Public Staff's audit of DEC's May and June Supplemental updates.

As noted in the Supplemental Revenue Requirement Stipulation, there are three remaining Unresolved Issues under the initial Revenue Requirement Stipulation that impact the recommended base period and multiyear rate plan ("MYRP") revenue requirements. For the benefit of the Commission and all parties, DEC and the Public Staff have separately prepared exhibits that will be filed with their respective settlement testimonies presenting a consolidated summary of the adjustments to the base period and MYRP revenue requirements in this case based on the adjustments agreed to in the Revenue Requirement Stipulation and this Supplemental Revenue Requirement Stipulation. The respective exhibits of the Public Staff and DEC will also reflect the impact of each party's respective position on the Unresolved issues on the base period and MYRP revenue requirement.

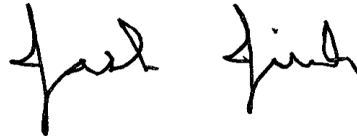
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Shonta A. Dunston Chief Clerk
August 4, 2023
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If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack E. Jirak". The signature is written in a cursive, flowing style with a large initial "J".

Jack E. Jirak

cc: Christopher J. Ayers, Executive Director, Public Staff
Lucy Edmondson, Chief Counsel, Public Staff

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1276

In the Matter of:)	
)	
Application of Duke Energy Carolinas, LLC for)	SUPPLEMENTAL
Adjustment of Rates and Charges Applicable to)	AGREEMENT AND
Electric Service in North Carolina and)	STIPULATION OF
Performance-Based Regulation)	PARTIAL SETTLEMENT

Duke Energy Carolinas, LLC (“DEC” or the “Company”) and the Public Staff – North Carolina Utilities Commission (the “Public Staff”), collectively referred to herein as the “Stipulating Parties” through counsel and pursuant to N.C. Gen. Stat. § 62-69, respectfully submit the following Supplemental Agreement and Stipulation of Settlement regarding the Company’s May and June Supplemental Update (“Supplemental Revenue Requirement Stipulation”) for consideration by the North Carolina Utilities Commission (“Commission”) in the above captioned docket.

I. BACKGROUND

1. On January 19, 2023, the Company filed its Application to Adjust Retail Base Rates and for Performance-Based Regulation, and Request for an Accounting Order, in Docket No. E-7, Sub 1276, along with supporting direct testimony and exhibits, and Commission Form E-1, Rate Case Information Report – Electric Companies (“Application”).

2. On February 16, 2023, the Commission issued its Order Establishing General Rate Case and Suspending Rates, which declared this proceeding to be a general

rate case and suspended the proposed rates for up to 300 days pursuant to N.C. Gen. Stat. § 62-133.16. On March 16, 2023, the Commission entered an order scheduling hearings, establishing due dates for intervention, discovery, and testimony, and requiring public notice of the Company's Application.

3. On May 19, 2023, the Company filed its First Supplemental Filing, on June 19, 2023, the Company filed its Second Supplemental Filing, covering the month of May, and on July 18, 2023, the Company filed its Third Supplemental Filing, covering the month of June.

4. On July 19, 2023, the Public Staff and the other intervenors in this proceeding filed testimony. On August 4, 2023, the Company filed its rebuttal testimony.

5. The parties to the proceeding conducted substantial discovery on the issues raised in the Application, as well as on the direct, first supplemental, second supplemental, and rebuttal testimonies of the Company and the Company conducted substantial discovery on the direct testimonies of the Public Staff and intervenors.

6. On August 22, 2023, the Stipulating Parties executed and filed an Agreement and Stipulation of Partial Settlement and filed supporting Settlement Testimony on August 24, 2023.

7. On August 28, 2023, the Stipulating Parties executed and filed an Amended Agreement and Stipulation of Partial Settlement (as so amended, the "Revenue Requirement Stipulation"), and the Company filed supporting Supplemental Settlement Testimony.

8. The Revenue Requirement Stipulation specified that it "does not prevent the Public Staff from completing its audit of DEC's Second and Third Supplemental

Updates filed in this docket or making proposed adjustments to the updated revenue requirements based on such audit, which will be presented in the Public Staff's Supplemental Testimony to be filed in this docket." The Public Staff has now completed its audit of all supplemental filings and the Stipulating Parties hereby agree to the additional adjustments identified herein as full resolution of such audit, with the continuing exception of the Unresolved Issues previously identified in the Revenue Requirement Stipulation.

9. For the benefit of the Commission and all parties, the Stipulating Parties have each prepared an exhibit that will be filed with their respective settlement testimonies presenting a consolidated summary of the adjustments to the base period and MYRP revenue requirements in this case based on the adjustments agreed to in the Revenue Requirement Stipulation and this Supplemental Revenue Requirement Stipulation. Those exhibits also present the impact on the base period and MYRP revenue requirement of the respective Stipulating Parties' positions on the Unresolved issues.

10. The Stipulating Parties agree and stipulate as follows:

II. UNRESOLVED ISSUES

The Stipulating Parties have not reached a compromise on the issues identified in the Revenue Requirement Stipulation as "Unresolved Issues"¹ and therefore continue to agree that such issues should be determined by the Commission.

III. RESOLVED ISSUES

The Stipulating Parties have reached an agreement regarding the following issues specific to the Company's May and June Supplemental Filing. Aside from those

¹ Amended Agreement and Stipulation of Partial Settlement, at § II, Docket No. E-7, Sub 1276 (filed August 28, 2023).

adjustments identified herein and those adjustments identified in the Revenue Requirement Stipulation, no further adjustments will be made to the Company's base period or Multiyear Rate Plan ("MYRP") revenue requirement. The areas of agreement are as follows:

Allen 230 kV Transformer Project (Plant in Service)

1. The Stipulating Parties agree that for purposes of this proceeding only, the Company shall remove from rate base the Allen 230 kV Transformer Project, resulting in a decrease of \$5,024,146 from Plant in Service on a system basis, but shall move such project to MYRP Rate Year 1 and adjust the MYRP revenue requirement accordingly.

Apex Solar Additional Facilities Charge (Revenue)

2. The Stipulating Parties agree to apply annualized extra facilities revenue of \$310,987 related to the Apex Solar facility to the base period revenue requirement.

Durham Main Spill Prevention, Control, and Countermeasure ("SPCC") Project (Plant in Service)

3. The Stipulating Parties agree that DEC will reclassify from distribution to transmission plant the \$2,834,492 system amount related to a portion of the Durham Main SPCC project that is included in the base period.

4. The Stipulating Parties agree to remove from rate base costs related to a portion of the Durham Main SPCC that was prematurely closed to plant, resulting in a decrease of \$751,724 from Plant in Service in the base period on a system basis. The Stipulating Parties further agree that this portion of the Durham Main SPCC project was eligible to have been included in the MYRP; however, as part of settlement, the Stipulating Parties agree that no adjustment will be made to the MYRP revenue requirement in

connection with this portion of the Durham Main SPCC project.

Rosman – SS – Quebec Project (Plant in Service)

5. The Stipulating Parties agree that DEC will reclassify the \$418,751 system amount related to the Rosman SS – Quebec 44 kV OCB Replacement project from Distribution FERC to Transmission FERC.

Misenheimer Solar

6. The Stipulating Parties agree that the Company shall remove \$853,150 from Plant in Service on a system basis related to the Misenheimer Solar project.

Rate Case Expense

7. The Stipulating Parties agree that DEC may update its rate case expense with expense incurred through the date of filing of supplemental proposed orders, with all such expenses subject to audit by the Public Staff. Any remaining costs will not be included for recovery from ratepayers either in a future rate case nor included in the unamortized balance for this case.

Ernst and Young (“E&Y”) Contract

8. The Stipulating Parties agree that, for reporting purpose only, DEC, along with Duke Energy Progress, LLC, shall track and report in the next base rate case the following information on a system and allocated basis: (i) test period labor costs included in the revenue requirement in this rate case that were impacted by the E&Y contract, including payroll, labor, fringe benefits, pensions & benefits, incentives, outside services, and employee expenses (for employee expenses, the Stipulating Parties will consult to determine) as well as any additional categories the Company has included in its calculation of the \$15M savings over the next five years; and (ii) the actual costs incurred under the

E&Y contract. For purposes of reporting of both savings and costs, the allocations assumed in this rate case would also be utilized for reporting (*i.e.*, allocations between capital / O&M; service company / operating company; and operating company / retail).

IV. 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 Supplemental Revenue Requirement Stipulation be accepted and approved. The Stipulating Parties further agree that this Supplemental Revenue Requirement 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 intend to support the reasonableness of this Stipulation in any hearing before the Commission and any proposed order or brief in this docket.

2. Neither this Supplemental Revenue Requirement 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 Supplemental Revenue Requirement Stipulation. This Supplemental Revenue Requirement 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 Supplemental Revenue Requirement 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 Supplemental Revenue Requirement 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.

V. RECEIPT OF TESTIMONY AND WAIVER OF CROSS-EXAMINATION

The pre-filed testimony and exhibits or portions thereof of the Stipulating Parties on this Supplemental Revenue Requirement Stipulation may be received in evidence without objection, and each Party waives all right to cross examine any witness with respect to such pre-filed testimony and exhibits. If, however, questions are asked by any Commissioner, or if questions are asked or positions are taken by any person who is not a Stipulating Party, then any Stipulating Party may respond to such questions by presenting testimony or exhibits and cross-examining any witness with respect to such testimony and exhibits.

VI. STIPULATION BINDING ONLY IF ACCEPTED IN ITS ENTIRETY

This Supplemental Revenue Requirement 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 Supplemental Revenue Requirement Stipulation is accepted by the Commission. If the Commission rejects any part of this Supplemental Revenue Requirement Stipulation or approves this Supplemental Revenue Requirement Stipulation subject to any change or condition or if the Commission's approval of this Supplemental Revenue Requirement 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 Supplemental Revenue Requirement Stipulation consistent with the order. No Party shall withdraw from the Supplemental Revenue Requirement Stipulation prior to complying with the foregoing sentence. If any Party withdraws from the Supplemental Revenue Requirement 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 Supplemental Revenue Requirement Stipulation and shall be bound or prejudiced by the terms and conditions of the Supplemental Revenue Requirement Stipulation.

VII. COUNTERPARTS

This Supplemental Revenue Requirement 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 electronic signature shall be deemed to be, and shall have the same effect as, execution by original signature.

VIII. MERGER CLAUSE

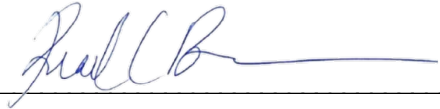
This Supplemental Revenue Requirement Stipulation should be read in concert with the Revenue Requirement Stipulation and all prior understandings between the Stipulating Parties as to the issues discussed herein and may not be changed or terminated orally, and no attempted change, termination, or waiver of any of the provisions hereof shall be binding unless in writing and signed by the parties hereto. Any conflict between this agreement and all prior agreements should be read in favor of the terms in this Supplemental Revenue Requirement Stipulation.

The foregoing is agreed and stipulated this the 13th day of October, 2023.

[Signatures on following page]

IN WITNESS WHEREOF, the Parties have signed and executed as of the date set forth above.

DUKE ENERGY CAROLINAS, LLC

By: _____

PUBLIC STAFF – NORTH CAROLINA UTILITIES COMMISSION

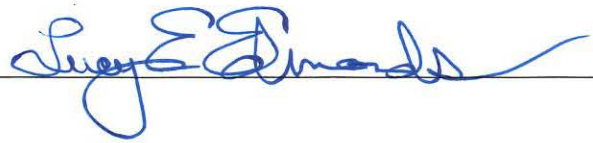
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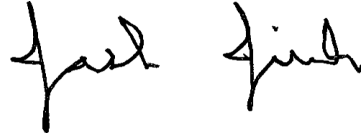
PUBLIC STAFF – NORTH CAROLINA UTILITIES COMMISSION

By: _____

CERTIFICATE OF SERVICE

I certify that a copy of the Supplemental Agreement and Stipulation of Partial Settlement has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid, to parties of record.

This the 13th day of October, 2023.

A handwritten signature in black ink, appearing to read "Jack Jirak", written in a cursive style.

Jack E. Jirak
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