STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-7, SUB 1146
DOCKET NO. E-7, SUB 1213
DOCKET NO. E-7, SUB 1214
DOCKET NO. E-7, SUB 1187
DOCKET NO. E-2, SUB 1142
DOCKET NO. E-2, SUB 1219
DOCKET NO. E-2, SUB 1193

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Applications of Duke Energy Carolinas,	)	
LLC, and Duke Energy Progress, LLC,	)	ORDER REQUIRING RESPONSES
for Adjustment of Rates and Charges	)	TO COMMISSION QUESTIONS
Applicable to Electric Utility Service in	)	
North Carolina	)	

BY THE COMMISSION: On January 25, 2021, Duke Energy Carolinas, LLC (DEC), Duke Energy Progress, LLC (DEP), the Public Staff, North Carolina Office of the Attorney General, and Sierra Club (collectively, Settling Parties), filed a Coal Combustion Residuals Settlement Agreement (CCR Agreement), in the above-captioned dockets (rate case dockets).

On February 1, 2021, DEC and DEP filed testimony and exhibits (testimony) in support of the CCR Agreement, and on February 5, 2021, the Public Staff filed testimony in support of the CCR Agreement.

Based on the CCR Agreement, supporting testimony, and the records in these dockets, the Commission finds good cause to direct that DEC or DEP, or both if appropriate, file verified written responses to the Commission Questions attached hereto as Attachment A on or before Tuesday, February 23, 2021.

IT IS, THEREFORE, SO ORDERED.

ISSUED BY ORDER OF THE COMMISSION.

This the 17th day of February, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston

A. Shonta Dunston, Deputy Clerk

COMMISSION QUESTIONS

1. In Section III, Paragraph E, Subsections iii. and iv., on pages 8-9 of the CCR Agreement, the Settling Parties agree to reduce the 2019 NC Rate Case deferred CCR balances as of December 31, 2020 by $224 million for DEC and $261 million for DEP.

(a) State the journal entries that will be recorded on each respective Company's books to reduce the deferred CCR balance as of December 31, 2020, and to reduce the related financing costs accrued during the deferral period. Also, state when these actual journal entries will be made on the Companies' books.

(b) Regarding the recovery of the remaining balance of CCR Costs and Financing Costs accrued during the Deferral Period, state the journal entries that were recorded on each respective Company's books to reflect the accrual of Financing Costs during the Deferral Period. Also, state when these actual journal entries were recorded on the Companies' books.

(c) Concerning the five-year Amortization Period of the remaining balance of the CCR costs, state the journal entries that will be recorded on the Companies' books to amortize the deferred CCR balance and to record the applicable Financing Costs during the Amortization Period.

(d) Provide a written narrative to explain the journal entries provided in response to Items (a) – (c) above such that the impacts of the CCR Agreement on the respective Company's financial statements (income statement and balance sheet) is clearly set forth.

2. In Section III, Paragraph F, Subsections i. and ii., on pages 9-10 of the CCR Agreement, with respect to Future CCR Costs, the Settling Parties agree that DEC and DEP will forbear from seeking recovery of $108 million and $162 million, respectively, on any regulatory asset it establishes and is found by the Commission to be prudently incurred and reasonable in order to defer for recovery Future CCR Costs. On page 10 the CCR Agreement states that the $108 million and $162 reductions "shall be applied to the balance of Future CCR Costs and Financing Costs accrued through December 31, 2020, that the Companies would otherwise seek to recover in a future rate case".

(a) State the journal entries to record the $108 million and $162 million forbearance for DEC and DEP, respectively. Also state when these journal entries will be recorded on the Companies' respective books.

(b) Provide a written narrative as necessary to explain the journal entries provided in (a) such that the impacts of the CCR Agreement on the respective Company's financial statements (income statement and balance sheet) is clearly set forth.

3. In Section III, Paragraph F, Subsection iii., on page 10 of the CCR Agreement, with respect to the recovery of the remaining Future CCR Costs, the Settling

Parties agree on the various assumptions to calculate Financing Costs during the Deferral Periods and during the Amortization Period.

(a) State the journal entries that will be recorded on each respective Company's books to reflect the accrual of Financing Costs for the Future CCR Costs during the Deferral Periods. Also, state when these actual journal entries will be recorded on the Companies' books.

(b) State the journal entries that will be recorded on the Companies' books when the Future CCR Costs deferred balances are amortized. Also, state the journal entries that will be made to record the applicable Financing Costs during the Amortization Period.

(c) Provide a written narrative as necessary to explain the journal entries provided in response to items (a) and (b) above such that the impacts of the CCR Agreement on the respective Company's financial statements (income statement and balance sheet) is clearly set forth.

4. The Settling Parties proposed the use of a levelized amortization for the refund of excess deferred income taxes (EDIT) in these proceedings. Did the Settling Parties discuss the use of a levelized amortization for deferred CCR costs as well?

(a) If so, why did the Settling Parties decide to not propose a levelized amortization for deferred CCR costs for approval by the Commission?

(b) If the Settling Parties did not discuss use of a levelized amortization for deferred CCR costs, state your position as to why or why not use of a levelized amortization would be appropriate in these proceedings.

5. Provide the calculation supporting the statement on page 4, lines 12-14 of DEC and DEP witness De May's CCR Settlement Testimony which states that "DEP and DEC will together absorb approximately $1.1 billion (on a North Carolina system basis) in CCR-related costs over the time period covered by the Agreement."

6. Provide the calculation supporting the statement on page 4, lines 15-17 of DEC and DEP witness De May's CCR Settlement Testimony which states that "on a North Carolina retail basis, the net present value of the savings to customers from forgone CCR cost recovery (including applicable financing costs) amounts to in excess of $900 million.