

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-7, SUB 1146
DOCKET NO. E-7, SUB 819
DOCKET NO. E-7, SUB 1152
DOCKET NO. E-7, SUB 1110

DOCKET NO. E-7, SUB 1146)	
)	
In the Matter of)	
Application of Duke Energy Carolinas, LLC,)	
for Adjustment of Rates and Charges)	
Applicable to Electric Utility Service in North)	
Carolina)	
)	
DOCKET NO. E-7, SUB 819)	
)	
In the Matter of)	
Amended Application by Duke Energy)	
Carolinas, LLC, for Approval of Decision to)	ORDER APPROVING COMPLIANCE
Incur Nuclear Generation Project)	FILING AND CHANGE IN RATES
Development Costs)	
)	
DOCKET NO. E-7, SUB 1152)	
)	
In the Matter of)	
Petition of Duke Energy Carolinas, LLC, for)	
an Order Approving a Job Retention Rider)	
)	
DOCKET NO. E-7, SUB 1110)	
)	
In the Matter of)	
Joint Application by Duke Energy Progress,)	
LLC, and Duke Energy Carolinas, LLC, for)	
Accounting Order to Defer Environmental)	
Compliance Costs)	

BY THE COMMISSION: On June 22, 2018, the Commission issued an Order Accepting Stipulation, Deciding Contested Issues and Requiring Revenue Reduction in the above-captioned dockets authorizing Duke Energy Carolinas, LLC (DEC) to adjust its rates and charges for retail electric service in North Carolina. In addition, the Order required DEC to file for Commission approval its calculation of the annual revenue requirement consistent with the Order, rate schedules implementing the Order, and several additional schedules and information items (collectively, compliance filing).

On July 12, 2018, and July 18, 2018, DEC made the required compliance filing. DEC states that as required by the Commission's Order DEC worked with the Public Staff

to confirm the accuracy of the revenue requirement calculation, and that the Public Staff has verified the accuracy of that calculation. Further, DEC requests that the rate changes reflected in the rate schedules be effective for service rendered on and after August 1, 2018.

In addition, in compliance with the June 22, 2018 Order DEC provided the requested information showing its North Carolina Retail Operations – Statement of Rate Base and Rate of Return, Statement of Operating Income, and Statement of Capitalization and Related Costs. That information is presented in the three schedules attached hereto as Appendix A, and is incorporated herein by reference.

DEC noted that the Job Retention Rider (JRR) and Job Retention Recovery Rider will be effective December 1, 2018, and will be filed separately. DEC further noted that in compliance with the Lighting Settlement with the NCLM and the cities of Concord, Kings Mountain and Durham, Phase 2 of the lighting changes, effective September 1, 2018 will be filed separately after the implementation of Phase 1.

On July 24, 2018, DEC filed revisions to Compliance Exhibit 4 and Compliance Exhibit 6. In its cover letter, DEC explained that after discussions with the Public Staff, the Company has revised its coal inventory rider calculation, provided in Compliance Exhibit 6, and has revised Exhibit 4, based upon the revised coal inventory calculations.

On July 25, 2018, the Public Staff filed Public Staff's Comments on Compliance Filings requesting that the Commission approve the Company's Compliance Exhibits 1, 2, 3, and 5 and Revised Compliance Exhibits 4 and 6.

Based on a review of DEC's compliance filing and the record, the Commission finds good cause to approve DEC's calculation of the revenue requirement, rate schedules, and the other information included in DEC's compliance filing.

IT IS, THEREFORE, ORDERED as follows:

1. That the compliance filing made by Duke Energy Carolinas, LLC, on July 12, and 18, 2018, as revised in its July 24, 2018 filing, shall be, and is hereby, approved.
2. That the rates shown in the rate schedules filed on July 12, and 18, 2018, and as revised in its July 24, 2018 filing, by Duke Energy Carolinas, LLC, shall be, and are hereby approved, effective for service rendered on and after August 1, 2018, with the one exception that the basic facilities charge will be implemented on a "bills rendered basis" effective on or after August 13, 2018.
3. That Phase 2 of the lighting changes shall be filed after the implementation of Phase 1.

4. That Duke Energy Carolinas, LLC, shall file its JRR and Job Retention Recovery Rider within thirty (30) business days of the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the 27th day of July, 2018.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in dark ink, appearing to read "Linnetta Threatt", with a long horizontal flourish extending to the right.

Linnetta Threatt, Deputy Clerk

Commissioner Daniel G. Clodfelter dissents for the reasons stated in his separate opinion filed on June 22, 2018.

Commissioner Charlotte A. Mitchell did not participate in this decision.

SCHEDULE I

DUKE ENERGY CAROLINAS, LLC
North Carolina Retail Operations
Docket No. E-7, Sub 1146

STATEMENT OF OPERATING INCOME
For the Twelve Months Ended December 31, 2016
(000's omitted)

<u>Item</u>	<u>Present Rates</u>	<u>Approved Increase/(Decrease)¹</u>	<u>Approved Rates</u>
Electric operating revenues	<u>\$4,661,556</u>	<u>\$(12,760)</u>	<u>\$4,648,796</u>
Electric operating expenses:			
Operations and maintenance:			
Fuel used in electric generation	\$1,108,327	\$ 0	\$1,108,327
Purchased power	16,390	0	16,390
Other O&M expenses	1,215,536	(42)	1,215,494
Depreciation and amortization	914,066	0	914,066
General taxes	198,135	0	198,135
Interest on customer deposits	7,558	0	7,558
Net income taxes	204,846	(3,001)	201,845
Amortization of investment tax credit	<u>(3,529)</u>	<u>0</u>	<u>(3,529)</u>
Total electric operating expenses	<u>\$3,661,329</u>	<u>\$ (3,043)</u>	<u>\$3,658,286</u>
Net operating income for return	<u>\$1,000,227</u>	<u>\$ (9,717)</u>	<u>\$ 990,510</u>

<u>Item</u>	<u>(000's omitted)</u>
Additional base revenue requirement	\$(12,760)
Annual excess deferred income tax rider for four-year period	<u>(60,102)</u>
Approved Net Revenue Increase/(Decrease)	<u>\$(72,862)</u>

¹ Incorporating the Commission-approved annual North Carolina Excess Deferred Income Tax Rider decrement of \$60,102,000 to the base rate amount generates a total revenue decrease of \$72,862,000 for the first four years after the effective date of the decrease. Additionally, a \$1,668,000 reduction is being made to other revenues, including reconnect fees and miscellaneous charges, in addition to the \$12,760,000 reduction to the base revenue requirement.

SCHEDULE II

DUKE ENERGY CAROLINAS, LLC
North Carolina Retail Operations
Docket No. E-7, Sub 1146

STATEMENT OF RATE BASE AND RATE OF RETURN
For the Twelve Months Ended December 31, 2016
(000's omitted)

<u>Item</u>	<u>Present Rates</u>	<u>Approved Increase</u>	<u>Approved Rates</u>
Electric plant in service	\$26,509,691	\$ 0	\$26,509,691
Accumulated depr. & amort.	<u>(10,355,112)</u>	<u>0</u>	<u>(10,355,112)</u>
Net electric plant in service	16,154,579	0	16,154,579
Materials and supplies	644,106	0	644,106
Working Capital investment	1,893,038	(1,529)	1,891,508
Accumulated deferred inc. taxes	(4,928,966)	0	(4,928,966)
Operating reserves	(287,107)	0	(287,107)
Construction work in progress	0	0	0
Rounding	<u>(0)</u>	<u>0</u>	<u>(0)</u>
Total original cost rate base	<u>\$13,475,650</u>	<u>\$ (1,529)</u>	<u>\$13,474,121</u>
Rate of Return	7.42%		7.35%

SCHEDULE III

DUKE ENERGY CAROLINAS, LLC
North Carolina Retail Operations
Docket No. E-7, Sub 1146

STATEMENT OF CAPITALIZATION AND RELATED COSTS
For the Twelve Months Ended December 31, 2016
(000's omitted)

<u>Item</u>	<u>Capitalization Ratio</u>	<u>Original Cost Rate Base</u>	<u>Embedded Cost</u>	<u>Net Operating Income</u>
<u>Present Rates-Original Cost Rate Base</u>				
Long-Term Debt	48.00%	\$6,468,312	4.59%	\$296,896
Members' Equity	<u>52.00%</u>	<u>7,007,338</u>	10.04%	<u>703,331</u>
Total	<u>100.00%</u>	<u>\$13,475,650</u>		<u>\$1,000,227</u>
<u>Approved Rates – Original Cost Rate Base</u>				
Long-Term Debt	48.00%	\$6,467,578	4.59%	\$296,862
Members' Equity	<u>52.00%</u>	<u>7,006,543</u>	9.90%	<u>693,648</u>
Total	<u>100.00%</u>	<u>\$13,474,121</u>		<u>\$990,510</u>