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May 4, 2023

VIA ELECTRONIC FILING

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

**RE: Docket No. E-2, Sub 1300
Docket No. E-7, Sub 1276**

Dear Ms. Dunston:

Enclosed for filing with the North Carolina Utilities Commission please find the Agreement and Stipulation of Partial Settlement Regarding Low-Income/Affordability Performance Incentive Mechanism and Affordability Issues between Duke Energy Progress, LLC, Duke Energy Carolinas, LLC, Sierra Club, the North Carolina Justice Center, the North Carolina Housing Coalition, the Natural Resources Defense Council, the Southern Alliance for Clean Energy, and Vote Solar, and the Public Staff – North Carolina Utilities Commission.

If you have any questions, please do not hesitate to contact me.

Sincerely,

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-2, SUB 1300
DOCKET NO. E-7, SUB 1276

In the Matter of:)	
)	
Application of Duke Energy Progress, LLC for)	AGREEMENT AND
Adjustment of Rates and Charges Applicable to)	STIPULATION OF
Electric Service in North Carolina and)	PARTIAL SETTLEMENT
Performance-Based Regulation)	REGARDING LOW-
)	INCOME/AFFORDABILITY
Application of Duke Energy Carolinas, LLC for)	PERFORMANCE
Adjustment of Rates and Charges Applicable to)	INCENTIVE MECHANISM
Electric Service in North Carolina and)	AND AFFORDABILITY
Performance-Based Regulation)	ISSUES

Duke Energy Progress, LLC (“DEP”), Duke Energy Carolinas, LLC (“DEC” and collectively, the “Companies”), Sierra Club, the North Carolina Justice Center, the North Carolina Housing Coalition, the Natural Resources Defense Council, the Southern Alliance for Clean Energy, and Vote Solar (collectively referred to as “NCJC et al.”), 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 Agreement and Stipulation of Partial Settlement Regarding Low-Income/Affordability Performance Incentive Mechanism (“PIM”) and Affordability Issues (“Affordability Stipulation”) for consideration by the North Carolina Utilities Commission (“Commission”) in the above captioned dockets (the “Dockets”).

I. BACKGROUND

1. On October 6, 2022, DEP filed its Application to Adjust Retail Base Rates and for Performance-Based Regulation, and Request for an Accounting Order, in Docket No. E-2, Sub 1300, along with supporting direct testimony and exhibits, and Commission Form E-1, Rate Case Information Report – Electric Companies (“Application”).

2. On October 31, 2022, the Commission issued its Order Establishing General Rate Case and Suspending Rates which declared the DEP 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 December 16, 2022, 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 February 13, 2023, DEP filed its First Supplemental Filing and on March 17, 2023, DEP filed its Second Supplemental Filing.

4. On March 27, 2023, the Public Staff, and the other intervenors in the DEP proceeding, filed testimony. On April 14, 2023, DEP filed its rebuttal testimony.

5. On April 18, 2023, DEP filed its Third Supplemental Filing.

6. On January 19, 2023, DEC 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.

7. On February 16, 2023, the Commission issued its Order Establishing General Rate Case and Suspending Rates which declared the DEC 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 DEC's Application.

8. The parties to the proceedings conducted substantial discovery on the issues raised in the Applications, as well as on the testimonies of the Companies and the Company conducted substantial discovery of the direct testimonies of the Public Staff and intervenors in the DEP Docket.

9. The Stipulating Parties now desire to resolve and settle issues that will narrow the number of issues in controversy in these Dockets.

10. The Stipulating Parties agree and stipulate as follows:

II. RESOLVED ISSUES

Low-Income/Affordability PIM

1. The Companies agree to withdraw the Low-Income/Affordability PIMs they proposed in the Dockets.

2. In lieu of the Low-Income/Affordability PIMs proposed by DEC and DEP, or proposed by Sierra Club and NCJC et al., the Companies agree to make the following shareholder financial contributions totaling \$16 million over three years:

- a. Shareholder contribution to the Share the Light Fund of \$2 million per year (shared between DEP and DEC) for three years (for a total of \$3 million each for DEC and DEP, aggregate total of \$6 million), which will not affect rates.
- b. Shareholder contribution to support health and safety repairs to address issues that currently prevent low-income residences from qualifying for

weatherization or other energy efficiency improvement, DEP and DEC agree to provide a joint, total contribution of \$10 million (\$5 million from DEP and \$5 million from DEC) over three years, which will not affect rates.

- c. The Companies will track and report how these funds for health and safety repairs are spent.
3. The Companies agree to collect and report the following data:

Monthly Residential Payments Ratio

- a. (# RES Payments remitted divided by # of active RES accounts)
- b. DEC and DEP shall file this data annually in Docket No. M-100 Sub 179, and will provide the first annual report before March 31, 2024. The first report would include data for the full months that are subsequent to the NCUC order in the respective rate case docket.

Customer Assistance Program Pilot

4. Sierra Club, NCJC et al. and the Public Staff agree to withdraw their recommended changes to the Customer Assistance Program (“CAP”) in the Dockets that are inconsistent with this Affordability Stipulation and agree that the CAP program should be deemed a three-year pilot with a flat bill credit to eligible customers as proposed in the Dockets. The Stipulating Parties acknowledge and agree that the Commission must determine whether the Companies’ proposed CAP is consistent with existing law and the public interest. If CAP is approved by the Commission, the Companies will prepare and file an evaluation with the Commission during the third year that includes a recommendation on any potential changes to the CAP based on initial program implementation and feedback from stakeholders.

5. The Stipulating Parties support exploring a tiered customer assistance program based on income levels if that feature can be incorporated into the design of CAP in the future, depending on the full costs and impacts on ratepayers and full review. Accordingly, if CAP is approved by the Commission, the Companies agree to convene a stakeholder engagement process that invites the North Carolina Department of Health and Human Services and other interested intervenors in the Dockets to participate. The findings and recommendations of this stakeholder engagement process shall be incorporated in the “third-year report” to further inform continuing CAP and any potential changes.

- a. The stakeholder group will also consider data collection and reporting issues that may be necessary for CAP.
- b. The stakeholder group will consider metrics and inputs used to assess the CAP pilot program as well as any adjustments that may be needed to assess any changes to the CAP program.
- c. The Companies agree to update the Commission on the stakeholder engagement process regularly.

III. 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 Stipulation be accepted and approved. The Stipulating Parties further agree that this 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 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 Stipulation. This 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 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 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.

IV. RECEIPT OF TESTIMONY AND WAIVER OF CROSS-EXAMINATION

The pre-filed testimony and exhibits or portions thereof of the Stipulating Parties on Resolved Issues 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. More specifically, Sierra Club and NCJC et al. agree to waive cross examination of DEP Witness Quick's Direct Testimony, DEP Witness Harris's Direct Testimony, and the Rebuttal Testimony of the DEP Low-Income Panel (Witnesses Barnes, Quick, and Harris) along with any other DEP or DEC witness regarding Resolved Issues, and Public Staff witness Williamson regarding Resolved Issues; the Companies agree to waive cross examination of Sierra Club witness Roger Colton, NCJC et al. witness John Howat, and Public Staff witness David Williamson regarding Resolved Issues; and the Public Staff

agrees to waive cross examination of DEP Witness Quick's Direct Testimony, DEP Witness Harris's Direct Testimony, and the Rebuttal Testimony of the DEP Low-Income Panel (Witnesses Barnes, Quick, and Harris) along with any other DEP or DEC witness regarding Resolved Issues and Sierra Club witness Roger Colton, NCJC et al. witness John Howat. 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.

V. STIPULATION BINDING ONLY IF ACCEPTED IN ITS ENTIRETY

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

VI. COUNTERPARTS

This 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.

VII. MERGER CLAUSE

This Stipulation supersedes all prior agreements and 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.

The foregoing is agreed and stipulated this the 3rd day of May, 2023.

DUKE ENERGY PROGRESS, LLC

DUKE ENERGY CAROLINAS, LLC

By: 

Kendal Bowman, North Carolina President

PUBLIC STAFF – NORTH CAROLINA UTILITIES COMMISSION

By: _____

SIERRA CLUB

By: _____

Justin Somelofske, Associate Attorney

THE NORTH CAROLINA JUSTICE CENTER

THE NORTH CAROLINA HOUSING COALITION

THE NATURAL RESOURCES DEFENSE COUNCIL

THE SOUTHERN ALLIANCE FOR CLEAN ENERGY

VOTE SOLAR

By: _____

David L. Neal, Senior Attorney

DUKE ENERGY PROGRESS, LLC

DUKE ENERGY CAROLINAS, LLC

By: _____

Kendal Bowman, North Carolina President

PUBLIC STAFF – NORTH CAROLINA UTILITIES COMMISSION

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VOTE SOLAR

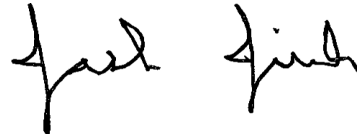
By:  _____

David L. Neal, Senior Attorney

CERTIFICATE OF SERVICE

I certify that a copy of the Agreement and Stipulation of Partial Settlement Regarding Low-Income/Affordability Performance Incentive Mechanism and Affordability Issues 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 4th day of May, 2023.



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Deputy General Counsel
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