



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

April 3, 2018

M. Lynn Jarvis, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

Re: Docket No. M-100, Sub 148 – The Federal Tax Cuts and Jobs Act

Dear Ms. Jarvis:

On March 27, 2018, Duke Energy Progress, LLC (DEP), filed Supplemental Comments in the above docket. The Supplemental Comments outline DEP's proposal to implement the impacts of the Federal Tax Cuts and Job Act (the Act).

The Commission's initial Order in this docket provided utilities and interested parties the opportunity to file initial comments and reply comments. DEP has twice filed supplemental comments in this docket after the Commission's deadline for filing comments has passed. Should the Commission choose to consider DEP's late-filed comments, the Public Staff requests the Commission to reopen the docket in order to allow all parties to file additional comments.

The Public Staff believes ratepayers should receive the benefit of the tax reductions from the Act as soon as possible. As requested in our Reply Comments, we request the Commission (1) direct the DEP to reduce its rates to reflect any and all cost savings resulting from the reduction in the federal income tax expense component of the cost of providing utility service as soon as practicable, (2) direct DEP to flow back the protected EDIT as soon as practicable in accordance with Federal tax normalization rules, and (3) address the unprotected EDIT in the next general rate case filed by DEP.

DEP's Supplemental Comments recommend that all of the impacts of the Act be addressed in its next general rate case, but DEP provides an alternative proposal should the Commission decide to take action in this docket.

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The Public Staff believes the issue of the flow back of the unprotected EDIT is more appropriately handled in a general rate case and not in a general rulemaking proceeding. The Public Staff is also opposed to DEP's proposal to create a false category of unprotected EDIT to delay the flowback of the benefits of the Act to ratepayers over a period of 20 years. The Public Staff also opposes the proposal to "smooth out rate volatility" by slowing the flowback of benefits to ratepayers by accelerating the depreciation of some unknown assets in the amount of \$100 million.

Sincerely,

Electronically submitted
/s/ Heather D. Fennell
Staff Attorney
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c: Parties of Record