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OFFICIAL COPY

Dec 15 2016

December 15, 2016

**VIA ELECTRONIC FILING**

Ms. M. Lynn Jarvis, Chief Clerk  
North Carolina Utilities Commission  
Dobbs Building  
430 North Salisbury Street  
Raleigh, North Carolina 27603

**Re: Docket Nos. M-100, Sub 138; G-5, Sub 525; and G-5, Sub 565**

Dear Ms. Jarvis:

In its September 19, 2016 *Order Requiring Revised Tariff Filings, Proposed Customer Notices, and Requesting Review and Comments by the Public Staff* in M-100, Sub 138, the North Carolina Utilities Commission (“Commission”) required Public Service Company of North Carolina, Inc. (“PSNC” or “the Company”), to file its revised tariffs to address the reduction in the state corporate income tax (“SIT”) rate from 4% to 3% effective for the taxable year beginning on or after January 1, 2017. In the Company’s general rate case proceeding (Docket No. G-5, Sub 565), specifically in Section 8 of the Amended Stipulation, the Company represented that the 2017 SIT rate was being addressed through the Company’s updated base rates. The parties to the Amended Stipulation agreed to work together on determining the appropriate revenue reduction reflecting the SIT rate change and to file with the Commission notice of such reductions prior to implementation. Pursuant to that agreement attached please find Attachment 1 which sets forth the allocation of the revenue reduction and the Company’s revised tariffs reflecting the revenue reduction attributable to the reduction in the SIT rate. Also included is a statement of revised “R” factors for PSNC’s Customer Usage Tracker.

In addition to the tax changes discussed above, also affecting the rate of the customers taking compressed natural gas (“CNG”) service under the Company’s Rate Schedule 135 is the expiration of the Alternative Motor Fuel Excise Tax Credits (“tax credits”). By order dated March 1, 2016, in Docket G-5, Sub 525, the Commission authorized PSNC to implement its proposal to flow through the tax credits associated with the retail sale of CNG for motor fuel purposes for its Rate Schedule 135 through December 31, 2016, and thereafter to extend the tax credit or modify it based on any future action of the Congress. Due to the inaction of Congress, the tax credits expire

Ms. M. Lynn Jarvis, Chief Clerk  
December 15, 2016  
Page 2

December 31, 2016. Therefore, PSNC hereby notifies the Commission that it will remove the tax credit decrement applicable to Rate Schedule 135 effective January 1, 2017, as also shown in Attachment 1.

Attachment 1 does not include the Company's proposed increase to the commodity benchmark filed concurrently in Docket No. G-5, Sub 572. Those proposed rates do include the tax changes discussed herein.

Please do not hesitate to contact me if you have any questions. Thank you for your assistance in this matter.

Very truly yours,

/s/Mary Lynne Grigg

cc: Service List

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Dec 15 2016

## PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.

DOCKET NO. G-5, SUB 565

DOCKET NO. M-100, SUB 138

DOCKET NO. G-5, SUB 525

ATTACHMENT 1, PAGE 1 OF 3

Rate	Block	Current Rates \$ per therm	Adjustment to Rates \$ per therm	Proposed Rates \$ per therm
[1]				
<b>101 - Residential Service</b>				
Summer Energy Charge - Per Therm	All	\$0.81287	(\$0.00071)	\$0.81216
Winter Energy Charge - Per Therm	All	\$0.87887	(\$0.00071)	\$0.87816
<b>102 - Residential Service</b>				
Summer Energy Charge - Per Therm	All	\$0.76287	(\$0.00071)	\$0.76216
Winter Energy Charge - Per Therm	All	\$0.82887	(\$0.00071)	\$0.82816
<b>115 - Unmetered Lighting Service</b>				
Summer Energy Charge - Per Therm	All	\$0.72054	(\$0.00071)	\$0.71983
Winter Energy Charge - Per Therm	All	\$0.78654	(\$0.00071)	\$0.78583
<b>125 - Small General Service</b>				
Energy Charge - Per Therm	First 500	\$0.68538	(\$0.00050)	\$0.68488
	Next 4,500	\$0.63538	(\$0.00050)	\$0.63488
	All Over 5,000	\$0.58538	(\$0.00050)	\$0.58488
<b>126 - Small General Service - Cooling</b>				
Energy Charge - Per Therm	All	\$0.56575	(\$0.00050)	\$0.56525
<b>127 - Small General Service</b>				
Energy Charge - Per Therm	First 500	\$0.63538	(\$0.00050)	\$0.63488
	Next 4,500	\$0.58538	(\$0.00050)	\$0.58488
	All Over 5,000	\$0.53538	(\$0.00050)	\$0.53488
<b>135 - Natural Gas Vehicle Fuel</b>				
Energy Charge - Per Therm [2]		\$0.71051	\$0.39623	\$1.10674
<b>140 - Medium General Service</b>				
Energy Charge - Per Therm	First 1,000	\$0.58221	(\$0.00038)	\$0.58183
	All Over 1,000	\$0.53201	(\$0.00038)	\$0.53163
<b>145 - Large-Quantity General Service</b>				
Energy Charge - Per Therm	First 15,000	\$0.42874	(\$0.00022)	\$0.42852
	Next 15,000	\$0.40621	(\$0.00019)	\$0.40602
	Next 15,000	\$0.38608	(\$0.00015)	\$0.38593
	Next 15,000	\$0.35979	(\$0.00011)	\$0.35968
	Next 1,000,000	\$0.33791	(\$0.00007)	\$0.33784
	All Over 1,060,000	\$0.32087	(\$0.00006)	\$0.32081
<b>150 - Large-Quantity Interruptible Commercial &amp; Industrial Service</b>				
Energy Charge - Per Therm	First 15,000	\$0.36182	(\$0.00015)	\$0.36167
	Next 15,000	\$0.34024	(\$0.00011)	\$0.34013
	Next 70,000	\$0.31870	(\$0.00008)	\$0.31862
	Next 500,000	\$0.29745	(\$0.00004)	\$0.29741
	All Over 600,000	\$0.27592	(\$0.00001)	\$0.27591
<b>175 - Firm Transportation Service For Customers Qualifying For Service On Rate Schedule No. 145</b>				
Energy Charge - Per Therm	First 15,000	\$0.14467	(\$0.00022)	\$0.14445
	Next 15,000	\$0.12236	(\$0.00019)	\$0.12217
	Next 15,000	\$0.10242	(\$0.00015)	\$0.10227
	Next 15,000	\$0.07639	(\$0.00011)	\$0.07628
	Next 1,000,000	\$0.05472	(\$0.00007)	\$0.05465
	All Over 1,060,000	\$0.04715	(\$0.00006)	\$0.04709
<b>180 - Interruptible Transportation Service For Customers Qualifying For Service on Rate Schedule No. 150</b>				
Energy Charge - Per Therm	First 15,000	\$0.10170	(\$0.00015)	\$0.10155
	Next 15,000	\$0.08033	(\$0.00011)	\$0.08022
	Next 70,000	\$0.05900	(\$0.00008)	\$0.05892
	Next 500,000	\$0.03795	(\$0.00004)	\$0.03791
	All Over 600,000	\$0.01663	(\$0.00001)	\$0.01662

[1] See Page 2 of 3

[2] Includes adjustment of \$0.39683 to reflect elimination of Alternative Motor Fuel Excise Tax Credit

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.  
DOCKET NO. G-5, SUB 565  
DOCKET NO. M-100, SUB 138  
DOCKET NO. G-5, SUB 525  
ATTACHMENT 1, PAGE 2 OF 3

Rate	Block	Therms	Current Margin \$ per therm	Margin Revenue	% of Total	Rev Req Adjustment (\$328,144)	Adjusted Margin \$	Adjusted Margin \$ per therm	Adjustment to Margin \$ per therm
<b>101 - Residential Service</b>									
Summer Energy Charge - Per Therm	All	39,319,179	\$0.42462	\$16,695,710					(\$0.00071)
Winter Energy Charge - Per Therm	All	258,930,351	\$0.42462	\$109,947,006					(\$0.00071)
	Total	298,249,530		\$126,642,715	64.47%	(\$211,567)	\$126,431,149	\$0.42391	
<b>102 - Residential Service</b>									
Summer Energy Charge - Per Therm	All	674,939	\$0.37462	\$252,846					(\$0.00071)
Winter Energy Charge - Per Therm	All	3,719,441	\$0.37462	\$1,393,377					(\$0.00071)
	Total	4,394,380		\$1,646,223	0.84%	(\$3,120)	\$1,643,103	\$0.37391	
<b>115 - Unmetered Lighting Service</b>									
Summer Energy Charge - Per Therm	All	32,898	\$0.42462	\$13,969					(\$0.00071)
Winter Energy Charge - Per Therm	All	32,799	\$0.42462	\$13,927					(\$0.00071)
	Total	65,697		\$27,896	0.01%	(\$47)	\$27,850	\$0.42391	
<b>125 - Small General Service</b>									
Energy Charge - Per Therm	First 500	74,025,193	\$0.29694	\$21,981,041					(\$0.00050)
	Next 4,500	45,487,292	\$0.29694	\$13,506,996					(\$0.00050)
	All Over 5,000	1,241,216	\$0.29694	\$368,567					(\$0.00050)
	Total	120,753,701		\$35,856,604	18.25%	(\$59,901)	\$35,796,703	\$0.29644	
<b>126 - Small General Service - Cooling</b>									
Energy Charge - Per Therm	All	61,972	\$0.29694	\$18,402	0.01%	(\$31)	\$18,371	\$0.29644	(\$0.00050)
<b>127 - Small General Service</b>									
Energy Charge - Per Therm	First 500	349,618	\$0.24694	\$86,335					(\$0.00050)
	Next 4,500	602,880	\$0.24694	\$148,875					(\$0.00050)
	All Over 5,000	48,471	\$0.24694	\$11,969					(\$0.00050)
	Total	1,000,969		\$247,179	0.13%	(\$500)	\$246,679	\$0.24644	
<b>135 - Natural Gas Vehicle Fuel</b>									
Energy Charge - Per Therm		250,145	\$0.43814	\$109,599	0.06%	(\$38)	\$109,561	\$0.43799	(\$0.00015)
<b>140 - Medium General Service</b>									
Energy Charge - Per Therm	First 1,000	10,644,000	\$0.22773	\$2,423,958					(\$0.00038)
	All Over 1,000	22,314,846	\$0.22773	\$5,081,760					(\$0.00038)
	Total	32,958,846		\$7,505,718	3.82%	(\$12,539)	\$7,493,179	\$0.22735	
<b>145 - Large-Quantity General Service</b>									
Energy Charge - Per Therm	First 15,000	19,565,501	\$0.13391	\$2,620,016	1.33%	(\$4,377)	\$2,615,639	\$0.13369	(\$0.00022)
	Next 15,000	4,140,327	\$0.11160	\$462,060	0.24%	(\$772)	\$461,289	\$0.11141	(\$0.00019)
	Next 15,000	1,739,803	\$0.09166	\$159,470	0.08%	(\$266)	\$159,204	\$0.09151	(\$0.00015)
	Next 15,000	883,094	\$0.06563	\$57,957	0.03%	(\$97)	\$57,861	\$0.06552	(\$0.00011)
	Next 1,000,000	1,153,367	\$0.04396	\$50,702	0.03%	(\$85)	\$50,617	\$0.04389	(\$0.00007)
	All Over 1,060,000	0	\$0.03639	\$0	0.00%	\$0	\$0	\$0.03633	(\$0.00006)
	Total	27,482,092		\$3,350,207		(\$5,597)	\$3,344,610		
<b>150 - Large-Quantity Interruptible Commercial &amp; Industrial Service</b>									
Energy Charge - Per Therm	First 15,000	1,181,777	\$0.08945	\$105,710	0.05%	(\$177)	\$105,533	\$0.08930	(\$0.00015)
	Next 15,000	808,253	\$0.06808	\$55,026	0.03%	(\$92)	\$54,934	\$0.06797	(\$0.00011)
	Next 70,000	1,940,466	\$0.04675	\$90,717	0.05%	(\$152)	\$90,565	\$0.04667	(\$0.00008)
	Next 500,000	2,773,747	\$0.02570	\$71,285	0.04%	(\$119)	\$71,166	\$0.02566	(\$0.00004)
	All Over 600,000	0	\$0.00438	\$0	0.00%	\$0	\$0	\$0.00437	(\$0.00001)
	Total	6,704,243		\$322,738		(\$539)	\$322,199		
<b>175 - Firm Transportation Service For Customers Qualifying For Service On Rate Schedule No. 145</b>									
Energy Charge - Per Therm	First 15,000	44,808,340	\$0.13391	\$6,000,285	3.05%	(\$10,024)	\$5,990,261	\$0.13369	(\$0.00022)
	Next 15,000	23,431,061	\$0.11160	\$2,614,906	1.33%	(\$4,368)	\$2,610,538	\$0.11141	(\$0.00019)
	Next 15,000	15,198,266	\$0.09166	\$1,393,073	0.71%	(\$2,327)	\$1,390,746	\$0.09151	(\$0.00015)
	Next 15,000	11,009,530	\$0.06563	\$722,555	0.37%	(\$1,207)	\$721,348	\$0.06552	(\$0.00011)
	Next 1,000,000	78,949,457	\$0.04396	\$3,470,618	1.77%	(\$5,798)	\$3,464,820	\$0.04389	(\$0.00007)
	All Over 1,060,000	1,505,986	\$0.03639	\$54,803	0.03%	(\$92)	\$54,711	\$0.03633	(\$0.00006)
	Total	174,902,640		\$14,256,241		(\$23,816)	\$14,232,424		
<b>180 - Interruptible Transportation Service For Customers Qualifying For Service on Rate Schedule No. 150</b>									
Energy Charge - Per Therm	First 15,000	21,570,397	\$0.08945	\$1,929,472	0.98%	(\$3,223)	\$1,926,249	\$0.08930	(\$0.00015)
	Next 15,000	18,099,962	\$0.06808	\$1,232,245	0.63%	(\$2,059)	\$1,230,187	\$0.06797	(\$0.00011)
	Next 70,000	45,277,277	\$0.04675	\$2,116,713	1.08%	(\$3,536)	\$2,113,177	\$0.04667	(\$0.00008)
	Next 500,000	42,885,089	\$0.02570	\$1,102,147	0.56%	(\$1,841)	\$1,100,306	\$0.02566	(\$0.00004)
	All Over 600,000	13,929,615	\$0.00438	\$61,012	0.03%	(\$102)	\$60,910	\$0.00437	(\$0.00001)
	Total	141,762,340		\$6,441,589		(\$10,761)	\$6,430,827		
<b>Total Margin Revenue</b>				\$196,425,110	100.00%	(\$328,456)	\$196,096,654		

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.  
DOCKET NO. G-5, SUB 565  
DOCKET NO. M-100, SUB 138  
DOCKET NO. G-5, SUB 525  
ATTACHMENT 1, PAGE 3 OF 3

CUSTOMER USAGE TRACKER ADJUSTMENT MECHANISM  
BASE LOAD, HSF AND ADJUSTED R FACTORS

DESCRIPTION	RATE SCHEDULE	RATE SCHEDULE	RATE SCHEDULE	RATE SCHEDULE	RATE SCHEDULE
	NO. 101	NO. 102	NO. 125	NO. 127	NO. 140
	Residential	Residential	SGS	SGS	MGS
R <sub>i</sub> Value (\$/Therm)	\$0.42391	\$0.37391	\$0.29644	\$0.24644	\$0.22735
Heat Sensitive Factor (Therms/HDD)	0.16242	0.13615	0.51516	2.50010	5.00000
Base Load Factor (Therms/Mo.)	6.84622	7.85135	100.74130	199.69000	1,741.97200