

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1300

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application of Duke Energy Progress, LLC,)	NOTICE TO
for Adjustment of Rates and Charges)	CUSTOMERS OF
Applicable to Electric Service in North)	CHANGE IN RATES
Carolina and Performance-Based)	
Regulation)	

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission (the "Commission") entered an Order on August 18, 2023, in Docket No. E-2, Sub 1300, after public hearing, approving an increase in the annual non-fuel base revenues from rates and charges paid by retail customers of Duke Energy Progress, LLC (DEP" or the "Company) in North Carolina. In the Order, the Commission also approved Performance-Based Regulation (PBR) for DEP including a Multiyear Rate Plan (MYRP), which provides for annual base rate increases over a three-year period, effective October 1 of each year (2023 – 2025), to reflect costs and savings associated with discrete and identifiable capital investments projected to be used and useful during the course of the three-year period. The increase approved by the Commission and calculated herein is the increase from rates that were in effect as of the end of the test period for the rate case (December 31, 2021), updated for certain known changes in revenue, expenses, and rate base through March 31, 2023. The Commission approved an increase in base rate service revenues of \$245.7 million in Rate Year 1 (including the traditional general rate case increase of \$148.2 million and \$97.6 million for MYRP projects in Year 1, effective October 1, 2023 through September 30, 2024); base service revenues of \$368.6 million (incremental change of \$122.9 million to Rate Year 1) in Rate Year 2, effective October 1, 2024 through September 30, 2025; and base service revenues of \$503.8 million (incremental change of \$135.2 million to Rate Year 2) in Rate Year 3, effective October 1, 2025 through such time as new rates are approved by the Commission.

The following table shows the base rate increases by Rate Class for each year of the MYRP:

Rate Class	Present Base Revenues* (In Thousands)	Present Base Revenues, Including Riders** (In Thousands)	Interim Base Revenue Increase (In Thousands)	Interim Base Revenue Increase Percentage	Rate Year 1 Base Revenue Increase (In Thousands)	Rate Year 1 Base Revenue Increase Percentage	Rate Year 2 Base Revenue Increase (In Thousands)	Rate Year 2 Base Revenue Increase Percentage	Rate Year 3 Base Revenue Increase (In Thousands)	Rate Year 3 Base Revenue Increase Percentage
Residential	\$1,966,768	\$2,156,664	\$57,575	2.9%	\$96,928	4.9%	\$76,122	3.9%	\$83,684	4.3%
Small General Service	\$240,910	\$271,771	\$4,150	1.7%	\$10,395	4.3%	\$8,105	3.4%	\$8,896	3.7%
Small General Service Constant Load	\$6,545	\$7,776	\$63	1.0%	\$279	4.3%	\$217	3.3%	\$235	3.6%
Medium General Service	\$810,595	\$908,596	\$13,165	1.6%	\$28,166	3.5%	\$21,976	2.7%	\$24,553	3.0%
Large General Service	\$503,680	\$560,188	\$4,167	0.8%	\$15,011	3.0%	\$11,625	2.3%	\$12,960	2.6%
Seasonal	\$4,054	\$4,426	\$347	8.5%	\$282	7.0%	\$218	5.4%	\$241	6.0%
Traffic Signal Service	\$483	\$574	\$2	0.4%	\$20	4.2%	\$14	2.8%	\$15	3.2%
Outdoor Lighting	\$102,904	\$100,880	\$7,348	7.1%	\$7,555	7.3%	\$4,599	4.5%	\$4,495	4.4%
Sports Field Lighting	\$309	\$309	\$195	63.0%	\$84	27.2%	\$64	20.6%	\$70	22.7%
Total Revenue/Increase	\$3,636,249	\$4,011,185	\$87,012	2.4%	\$158,721	4.4%	\$122,939	3.4%	\$135,150	3.7%

*/**Source – Reed Compliance Exhibit No.4_1

**Present riders include Fuel EMF, DSM, EE, EDIT-3, EDIT-4, Joint Agency Asset, and Competitive Procurement of Renewable Energy clause rates. EDIT-3 was included as it was active when the rate case was initially filed.

When comparing to the present rate base revenues inclusive of rider revenues, the non-fuel base rate increase will be partially offset by an additional decrement to the existing Excess Deferred Income Tax (EDIT-4) Rider of \$8.5 million and the one-year only Regulatory Asset and Liability (RAL) Rider of \$3.2 million in the first year, will be a net overall increase of \$234.0 million or approximately 5.8%. In the second year, the base rate increase after partially offset by the decrement to the EDIT-4 Rider of \$8.5 million, will be a net overall increase of \$360.2 million or approximately 9.0% (incremental 3.2%). In the third year, the base rate increase after partially offset by the decrement to the EDIT-4 Rider of \$5.7 million through May 2026, will be a net overall increase of \$498.2 or approximately 12.4% (incremental 3.4%).

Based on rates and riders effective October 1, 2023, the annualized impact of these changes on a typical 1,000 kWh residential customer is as follows for each Rate Year:

	Pre-Interim	Interim	RY1	RY2	RY3
Annualized Typical Bill - 1,000 kWh	\$138.21	\$144.12	\$152.16	\$156.83	\$161.98
Incremental \$ Change	-	\$5.91	\$8.04	\$4.67	\$5.15
Incremental % Change	-	4.3%	5.6%	3.1%	3.3%
Total \$ Change	-	\$5.91	\$13.95	\$18.62	\$23.77
Total % Change	-	4.3%	10.1%	13.5%	17.2%

As a part of this rate change, the Commission approved the Revenue Requirement settlement and Performance Incentive Mechanism (PIMs) settlement between DEP, the Public Staff – North Carolina Utilities Commission (the “Public Staff”), and Carolina Industrial Group for Fair Utility Rates II. The Revenue Requirement settlement resolved most of the revenue requirement issues among the stipulating parties. The PIMs settlement provides for three PIMs, three tracking metrics, and a process for DEP to work with the Public Staff to develop tariffs and programs to estimate and update revenue associated with electric vehicles.

The Commission also approved a Customer Assistance Program (CAP) for eligible low-income customers and the associated CAP Rider and Customer Assistance Recovery Rider.

END OF TEMPORARY RATE CHANGE

On June 1, 2023, DEP increased rates and charges on a temporary basis, subject to refund, pursuant to the authority granted to the Company in N.C. Gen. Stat. § 62-135. The temporary increase reflected an increase in base revenues of approximately \$87 million annually. The temporary rate changes that were set forth on June 1, 2023, were not final rates and were subject to the Commission’s final determination of the just and reasonable rates to be charged by DEP on a permanent basis.

Consistent with the Commission’s Order approving the permanent base revenues, the Company has recalculated the temporary rates revenue requirement. The Company’s analysis, rounding to the nearest thousand dollars, indicates no refund of the amounts collected through temporary rates is required for the rate classes. The calculations and supporting schedules were reviewed by the Public Staff. The Public Staff agrees that no refund is due.

ISSUED BY ORDER OF THE COMMISSION

This the ___ day of September, 2023.

NORTH CAROLINA UTILITIES COMMISSION

Shonta Dunston, Chief Clerk

NOTE TO PRINTER: DEP shall pay advertising costs. It is required that an Affidavit of Publication be filed with the Commission by DEP.