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March 25, 2020

**VIA ELECTRONIC FILING**

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

**RE: Duke Energy Progress, LLC's Compliance Notification Regarding  
Materials and Supplies Inventory Procedures  
Docket No. E-2, Sub 1142**

Dear Ms. Campbell:

Pursuant to the Commission's February 23, 2018 *Order Accepting Stipulation, Deciding Contested Issues and Granting Partial Rate Increase* (the "Order") in the referenced docket, I write to notify the Commission that Duke Energy Progress, LLC ("DEP" or the "Company") has taken actions toward conforming its practices and procedures for managing materials and supplies, both nuclear and non-nuclear, to the current practices and procedures utilized by Duke Energy Carolinas, LLC, with the goal to ensure that proper levels of inventory are maintained. The attached report provides more detail on the current status.

The Order required completion of this action within 24 months, or February 21, 2020; however, due to the retirement of certain personnel with responsibilities for this compliance item and subsequent internal miscommunications, DEP did not timely submit this report. The Company apologizes for any inconvenience this delay may have caused, and respectfully asks the Commission to excuse this late filing and accept it as compliant with the Commission's order.

Thank you for your attention to this matter. If you have any questions, please let me know.

Sincerely,

Lawrence B. Somers

cc: Parties of Record

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Mar 25 2020

Duke Energy Progress, LLC Report on Materials and Supplies Inventory Procedures  
Docket No. E-2, Sub 1142  
March 25, 2020

Company efforts to address “on hold” inventory in DEP nuclear warehouses since the 2017 rate case have resulted in a reduction of 26% (end of 2016 test year vs. end of 2018 test year). Work remains, and the effort is continuing.

Procedural changes have also been implemented that place stronger requirements on the return to stock of material that has been issued but not used. Before the project or work order can be credited with the value of returned material, the organization requesting the return and associated credit must confirm that the material continues to have valid applications before it can be accepted back into inventory.

An initiative is currently underway to combine two separate Supply Chain directives; *SCDP-401 Material Acquisition (Procurement)* which applies to DEP and *SCD-280 Catalog Information for QA Condition* which governs DEC. This initiative was previously scheduled to complete by May 31, 2020, but resources have been impacted by the Company’s response to the COVID-19 pandemic. The initiative is now scheduled to complete by July 21, 2020. Once these two directives are combined, this effort, along with actions already completed, will result in full compliance with the order for the Nuclear Generation Department.

Inventory policies and processes governing DEC and DEP activities in the Fossil/Hydro Department were aligned shortly after the Duke Energy / Progress Energy merger and remain aligned today. No actions are required.

## CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Progress, LLC's Compliance Notification Regarding Materials and Supplies Inventory Procedures, in Docket No. E-2, Sub 1142, has been served by hand delivery, depositing a copy in the United States Mail, first class postage prepaid, or by electronic mail, properly addressed to the following parties of record:

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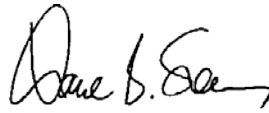
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This the 25<sup>th</sup> day of March, 2020.



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