

**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 for)	ORDER APPROVING PUBLIC
Adjustment of Rates and Charges Applicable)	NOTICE OF TEMPORARY RATES
to Electric Service in North Carolina and for)	SUBJECT TO REFUND AND
Performance-Based Regulation)	FINANCIAL UNDERTAKING AND
)	EXPIRATION OF EDIT-3 RIDER

BY THE COMMISSION: On October 6, 2022, Duke Energy Progress, LLC (DEP) filed an application with the Commission seeking authority to increase its retail base rates and for performance-based regulation pursuant to N.C. Gen. Stat. § 62-133.16 and Commission Rule R1-17B. On October 31, 2022, the Commission issued an Order Establishing General Rate Case and Suspending Rates, which declared this proceeding to be a general rate case and suspended the proposed rates for up to 300 days pursuant to N.C.G.S. § 62-133.16.

On December 16, 2022, the Commission issued an Order Scheduling Investigation and Hearings, Establishing Intervention and Testimony Due Dates, and Discovery Guidelines, and Requiring Public Notice which, among other things, set this matter for expert witness hearing to begin on May 1, 2023.

On April 26, 2023, DEP filed an Agreement and Stipulation of Partial Settlement between itself and the Public Staff – North Carolina Public Utilities Commission (Public Staff), which resolved several revenue requirement issues in this proceeding (Partial Revenue Requirement Settlement). On April 27, 2023, in light of the Partial Revenue Requirement Settlement, the Commission issued an Order Continuing Hearing and Modifying Dates for Additional Hearing Procedures which, among other things, postponed the expert witness hearing in this proceeding until May 4, 2023.

The hearing began on May 4, 2023, as scheduled.

On May 16, 2023, DEP filed Notice of Intent to Place Temporary Rates in Effect Subject to an Undertaking to Refund Pursuant to N.C.G.S. § 62-135 and Request for Approval of Notice and Undertaking (Notice). In summary, the Notice states that DEP intends to exercise its statutory right to place into effect temporary rates pending a final order by the Commission approving permanent rates. DEP states that its proposed temporary rates would be effective for service rendered on and after June 1, 2023. DEP further states in the Notice that the temporary rates sought to be recovered, subject to refund, are based on and consistent with the base rate revenue requirement component of the Partial Revenue Requirement Settlement with several adjustments, reduced by 50%.

DEP provides that its proposed temporary rates will be implemented subject to an Undertaking to Refund (Undertaking) and that by these rates, the Company will increase its current rates and charges by \$86.9 million annually.

The Notice also explains that effective June 1, 2023, DEP's Excess Deferred Income Tax Rider 3 (EDIT-3 Rider) will expire, which will result in a rate increase of \$71.7 million annually. Together, DEP states that the temporary rate increase and expiration of the EDIT-3 Rider result in a total rate increase of \$158.6 million annually beginning on and after June 1, 2023.

On May 16 and 17, 2023, DEP filed revisions to Appendix A of the Notice to correct erroneous references.

Based upon the foregoing and the entire record, the Commission concludes that good cause exists to approve the Public Notice, attached to this Order as Appendix A, and accept DEP's Undertaking, attached to the Notice as Appendix B.

IT IS, THEREFORE, ORDERED as follows:

1. That the Public Notice of Temporary Rates shall be, and is hereby, approved in the form attached hereto as Appendix A, effective for service rendered on and after June 1, 2023;
2. That the financial Undertaking filed by DEP on May 16, 2023, shall be, and is hereby, approved;
3. That DEP shall be, and is hereby obligated, to refund to its customers any amount of temporary rates made effective on and after June 1, 2023, that are finally determined by the Commission to be excessive, plus up to 10% interest per annum, and to make any refunds in a manner consistent with any additional terms and conditions imposed by the Commission in subsequent orders; and
4. That DEP shall, at its own expense, publish in newspapers having general coverage in its service area, the Public Notice of Temporary Rates attached as Appendix A.

ISSUED BY ORDER OF THE COMMISSION.

This the 17th day of May, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink, reading "Tamika D. Conyers". The signature is fluid and cursive, with the first name "Tamika" being the most prominent.

Tamika D. Conyers, Deputy Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1300

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	NOTICE TO CUSTOMERS OF
Application of Duke Energy Progress, LLC for)	TEMPORARY RATE INCREASE
Adjustment of Rates and Charges Applicable)	SUBJECT TO UNDERTAKING TO
to Electric Service in North Carolina and for)	REFUND AND EXPIRATION OF
Performance-Based Regulation)	THE EXCESS DEFERRED INCOME
)	TAX RIDER

TEMPORARY RATES SUBJECT TO UNDERTAKING TO REFUND

NOTICE IS HEREBY GIVEN that on and after June 1, 2023, increased rates and charges of Duke Energy Progress, LLC (DEP) shall become effective on a temporary basis, subject to refund, pursuant to authority granted to the Company in N.C. Gen. Stat. § 62-135. The temporary increase will reflect an increase in base revenues of approximately \$86.9 million annually. Additionally, effective on and after June 1, 2023, the Company's Excess Deferred Income Tax (EDIT) Rider (EDIT-3 Rider) will expire. The expiration of the EDIT-3 Rider will result in a rate increase of \$71.7 million annually. Together, the temporary rate increase and expiration of the EDIT-3 Rider result in a total rate increase of \$158.6 million annually beginning on and after June 1, 2023.

On October 6, 2022, the Company filed its Application to Adjust Retail Base Rates and for Performance-Based Regulation, and Request for an Accounting Order, along with supporting direct testimony and exhibits, and Commission Form E-1, Rate Case Information Report – Electric Companies (Application). The Application requested a base rate increase in the Company's retail revenues of approximately \$623.5 million (exclusive of all riders except fuel), an increase of approximately 18.0% over current base revenues. In the Application, DEP requested to increase its retail electric base rates and charges in three steps that include a general base rate increase and a three-year multi-year rate plan (MYRP) filed pursuant to N.C. Gen. Stat. § 62-133.16 and Commission Rule R1-17B. Specifically, DEP requested that the Commission allow it to recover total additional base rate service revenues of \$334.3 million in Rate Year 1 (including the traditional general rate case increase of \$227.6 million and \$106.6 million for MYRP projects in Year 1), effective October 1, 2023, through September 30, 2024; base service revenues of \$485.1 million (incremental change of \$150.8 million) in Rate Year 2, effective October 1, 2024, through September 30, 2025; and base service revenues of \$623.5 million (incremental change of \$138.3 million) in Rate Year 3, effective October 1, 2025, through such time as new rates are approved by the Commission. The Application explained that the requested increases are partially offset by a \$8.5 million refund of EDIT resulting from the 2017 Federal Tax Cuts and Job Act and a reduction in North Carolina's state-corporate tax rate, which results in a proposed net revenue increase of \$325.8 million for Rate Year 1,

an additional \$150.8 million for Rate Year 2, and an additional \$138.3 million for Rate Year 3, totaling \$615 million. In addition, the Application notified the Commission of the Company's intent to update its Application with estimates of changes to revenues, expenses, rate base, and cost of capital up to the time the hearing is closed. DEP further stated that if the Commission suspended rates in this proceeding, that the Company intended to implement interim rates on a temporary basis subject to refund on and after June 1, 2023.

On February 13, 2023, the Company filed its First Supplemental Filing. DEP's First Supplemental Filing, among other things, provided updates to the Company's cost of debt rate, rate of return on member's equity and certain accounting and pro forma adjustments; updated certain projections contained in the Application with actuals through December 31, 2022; updated or presented adjustments based on circumstances and events that had occurred since the Company filed its Application; and updated the revenue requirement associated with the MYRP project costs included in the Company's MYRP. While the Company's First Supplemental Filing changed the proposed amount of electric operating revenues for all rate years, it did not change the revenue requirement sought by the Company in the Application or affect the Company's requested rate increase.

On March 17, 2023, the Company filed its Second Supplemental Filing. The Company's Second Supplemental Filing, among other things, provided updates to the Company's cost of debt rate and certain accounting and pro forma adjustments; updated certain projections contained in the Application with actuals through February 28, 2023; updated or presented adjustments based on circumstances and events that had occurred since the Company filed its Supplemental Direct Testimony and Exhibits; and updated the Company's MYRP revenue requirement as a result of an updated cost of debt rate and other minor updates to the revenue requirement calculation. While the Company's Second Supplemental Filing changed the proposed amount of electric operating revenues for all rate years, it did not change the revenue requirement sought by the Company in the Application or affect the Company's requested rate increase.

On April 18, 2023, the Company filed its Third Supplemental Filing. The Company's Third Supplemental Filing, among other things, provided updates to the Company's cost of debt rate and certain accounting and pro forma adjustments; updated certain projections contained in the Application with actuals through March 31, 2023; updated or presented adjustments based on circumstances and events that had occurred since the Company filed its Second Supplemental Filing; and updated the Company's MYRP revenue requirement as a result of an updated cost of debt rate and updated five MYRP project cost estimates. While the Company's Third Supplemental Filing increased the Company's as-filed revenue requirement for all rate years, it did not change the revenue requirement sought by the Company in the Application or affect the Company's requested rate increase.

The Commission held public hearings on the Application in Waynesville on March 6, 2023, Roxboro on March 13, 2023, Raleigh on March 14, 2023, Snow Hill on March 20, 2023, and Lumberton on March 21, 2023.

On April 26, 2023, the Company filed an Agreement and Stipulation of Partial Settlement between itself and the Public Staff – North Carolina Public Utilities Commission (Public Staff), which resolved several revenue requirement issues in this proceeding (Partial Revenue Requirement Settlement). On May 2, 2023, DEP filed an Amended Partial Revenue Requirement Stipulation to include Carolina Industrial Group for Fair Utility Rates II as a stipulating party and to reflect the resolution of an additional issue.

The temporary rate changes are not final rates and remain subject to the Commission's final determination of the just and reasonable rates to be charged by the Company on a permanent basis. On May 17, 2023, the Commission issued an Order approving DEP's financial undertaking to make refunds to customers of any amount of temporary rates determined by the Commission in its final Order to be excessive.

The Company's temporary rates are as follows:

EFFECT OF TEMPORARY RATE CHANGE

Rate Class	Present Base Revenues* (In Thousands)	Present Base Revenues, Including Riders** (In Thousands)	Interim Rates Base Revenue Increase* (In Thousands)	Interim Rates Percentage Increase
Residential	\$1,852,165	\$2,042,101	\$57,575	2.8%
Small General Service	\$222,223	\$253,099	\$4,150	1.6%
Small General Service Constant Load	\$6,034	\$7,267	\$63	0.9%
Medium General Service	\$768,827	\$866,821	\$13,165	1.5%
Large General Service	\$493,700	\$550,221	\$4,167	0.8%
Traffic Signal Service	\$437	\$528	\$2	0.4%
Outdoor Lighting	\$97,015	\$94,992	\$7,348	7.7%
Sports Field Lighting**	\$284	\$284	\$57	20.0%
Seasonal	\$3,920	\$4,293	\$347	8.1%
Total Revenue/Increase	\$3,444,606	\$3,819,604	\$86,874	2.3%

*Numbers are shown in thousands.

**Unadjusted Sports Field Lighting Interim Rate Impacts were capped at a 20% increase per N.C. Gen. Stat. § 62-135(b).

EFFECT OF TEMPORARY RATE CHANGE AND THE EXPIRATION OF EDIT-3 RIDER

Rate Class	Present Base Revenues (In Thousands)	Present Base Revenues, Including Riders* (In Thousands)	Interim Rates and EDIT-3 Expiration Base Revenue Increase (In Thousands)	Interim Rates Percentage Increase
Residential	\$1,852,165	\$2,042,101	\$98,133	4.8%
Small General Service	\$222,223	\$253,099	\$8,944	3.5%
Small General Service Constant Load	\$6,034	\$7,267	\$193	2.7%
Medium General Service	\$768,827	\$866,821	\$28,677	3.3%
Large General Service	\$493,700	\$550,221	\$12,213	2.2%
Traffic Signal Service	\$437	\$528	\$10	1.9%
Outdoor Lighting	\$97,015	\$94,992	\$9,878	10.4%
Sports Field Lighting**	\$284	\$284	\$63	22.2%
Seasonal	\$3,920	\$4,293	\$460	10.7%
Total Revenue/ Increase	\$3,444,606	\$3,819,604	\$158,571	4.2%

*Present riders include EDIT-3, EDIT-4, DSM/EE, Fuel EMF, REPS, JAAR, and CPRE.

**Unadjusted Sports Field Lighting Interim Rate Impacts were capped at a 20% increase per N.C. Gen. Stat. § 62-135(b) with the additional 2.2% coming from the expiration of Rider EDIT-3.

PROPOSED RATE DESIGN/RATE SCHEDULE CHANGES

The temporary rate change will be based on the Company's current rate design and tariff structure. The Company will defer implementation of proposed modifications to the Company's tariffs until a final Order is issued.

OTHER MATTERS

A list of present rates, together with details of the temporary rate change, can be obtained at the business offices of DEP or at the Office of the Chief Clerk of the North Carolina Utilities Commission, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina, where a copy of the application is available for review. These materials, as well as pleadings, the pre-filed testimony and exhibits of all parties, the transcripts of all hearings, briefs, and proposed orders, may be viewed as they become available on the Commission's web site at www.ncuc.gov. Click on "Docket Search" and search for docket number E-2 Sub 1300.

In addition, a detailed list that compares DEP's present and proposed rates is available on the Public Staff Energy Division, Electric Section's website at <https://publicstaff.nc.gov/public-staff-divisions/energy-division/electric-section>.

Persons desiring to send written statements to inform the Commission of their positions in the matter should address their statements to the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300 and reference Docket No. E-2, Sub 1300. Customers can also email the Commission a statement about DEP's rate request via the Commission's website at <https://www.ncuc.gov/contactus.html>. In either case, consumer statements will be placed in Docket No. E-2, Sub 1300CS and may be accessed by searching that docket number via the Commission's website.

The Public Staff is authorized by statute to represent consumers in proceedings before the Commission. Written statements to the Public Staff should include any information which the writers wish to be considered by the Public Staff in its investigation of the matter. Such statements should be addressed to:

Mr. Christopher J. Ayers
Executive Director
Public Staff – North Carolina Utilities Commission
4326 Mail Service Center
Raleigh, North Carolina 27699-4300

The Attorney General is also authorized by statute to represent consumers in proceedings before the Commission. Statements to the Attorney General should be addressed to:

The Honorable Josh Stein
Attorney General of North Carolina
c/o Consumer Protection – Utilities
9001 Mail Service Center
Raleigh, North Carolina 27699-9001

This the 17th day of May, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink, reading "Tamika D. Conyers". The signature is written in a cursive, flowing style.

Tamika D. Conyers, Deputy Clerk

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