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OFFICIAL COPY

Jan 17 2018

January 17, 2018

**VIA ELECTRONIC FILING**

Ms. M. Lynn Jarvis, Chief Clerk  
North Carolina Utilities Commission  
Dobbs Building  
430 North Salisbury Street  
Raleigh, North Carolina 27603-5918

Re: Docket No. G-5, Sub 565  
*Application to Refund Excess Deferred Income Taxes*

Dear Ms. Jarvis:

On behalf of Public Service Company of North Carolina, Inc. (the "Company"), attached is its Application of Public Service Company of North Carolina, Inc. to Refund Excess Deferred Income Taxes ("Application") for filing in the above-referenced proceeding.

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

Very truly yours,

/s/Mary Lynne Grigg

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Enclosure

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. G-5, SUB 565

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Application of Public Service Company of ) APPLICATION  
North Carolina, Inc. to Refund Excess )  
Deferred Income Taxes )

Public Service Company of North Carolina, Inc. ("PSNC" or "Company"), through counsel, respectfully submits its proposal to refund excess deferred income taxes ("EDIT") resulting from the decrease in the state corporate income tax rate from 4% to 3% effective for the taxable year beginning January 1, 2017.

**BACKGROUND**

1. In the Commission's Order Approving Rate Increase and Integrity Management Tracker issued October 28, 2016, in Docket No. G-5, Sub 565, in accordance with North Carolina Session Law 2013-316 (House Bill 998) the Commission approved an amended stipulation between the Company and the Public Staff which included a temporary decrement in rates to refund over a one-year period EDIT resulting from the change in the state corporate income tax rate from 6.9% to 4%. The Order provided for any balance remaining after twelve months to be transferred to the Company's All Customers' Deferred Account.

2. In direct testimony of Company witness Boone filed March 31, 2016, in that same case, PSNC proposed that any additional EDIT amounts resulting from future federal or state income tax rate changes be deferred and then refunded by implementing rate

decrements over a period approved by the Commission. Subsequently, on August 4, 2016, the North Carolina Department of Revenue issued a notice stating that the corporate tax rate for years beginning on or after January 1, 2017, would be decreased to 3%. As a result of the announced decrease, PSNC and the Public Staff agreed to work together to determine the appropriate amount of EDIT to be refunded. This agreement was addressed in the Public Staff's direct testimony filed on August 18, 2016, and in PSNC's supplemental testimony filed on August 25, 2016.

3. As set forth in PSNC's Application in Docket No. G-5, Sub 565, the amount of EDIT to be refunded was \$7,305,529. After twelve months, PSNC had refunded all but \$891,441 of the EDIT and as of November 30, 2017, all but \$56,167 had been refunded. The rate decrements are currently still in rates and PSNC proposes to leave them in rates through January 2018. This should enable PSNC to refund the majority of the additional \$3,640,900 of EDIT which resulted from the decrease in the state corporate income tax rate from 4% to 3%. Any balance remaining as of January 31, 2018, will be moved to the Company's All Customers' Deferred Account.

4. The Public Staff has authorized the Company to state that it has reviewed this application and does not oppose it.

Wherefore, PSNC respectfully requests that the temporary EDIT rate decrements described herein be removed from rates effective February 1, 2018, and that any remaining balance in the EDIT account be moved to the All Customers' Deferred Account.

Respectfully submitted this 17<sup>th</sup> day of January, 2018.

/s/Mary Lynne Grigg

Mary Lynne Grigg

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*Attorney for Public Service Company of  
North Carolina, Inc.*

## VERIFICATION

NORTH CAROLINA,  
GASTON COUNTY.

**Candace A. Paton**, being first duly sworn, says that (i) she is Rates & Regulatory Manager for Public Service Company of North Carolina, Inc. ("PSNC"), and, as such, she is authorized, and has been designated by PSNC, to make this proof on its behalf; (ii) she has read the foregoing application and the matters and things stated therein are true of her own knowledge, except as to those matters and things stated therein on information and belief, and as to those, she believes them to be true.

Candace A. Paton

Affiant (Candace A. Paton)

Subscribed and sworn to before me, this 16<sup>th</sup> day of January 2018.

Carol G. O'Shields

Carol G. O'Shields, Notary Public

My Commission Expires: July 2, 2020

[OFFICIAL SEAL]

Carol G O'Shields  
Notary Public  
Gaston County, NC

**CERTIFICATE OF SERVICE**

I certify that I have served a copy of the foregoing Application of Public Service Company of North Carolina, Inc. to Refund Excess Deferred Income Taxes in accordance with Commission Rule R1-39, by United States mail, first class postage prepaid; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 17<sup>th</sup> day of January, 2018.

/s/Mary Lynne Grigg

Mary Lynne Grigg

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