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September 19, 2022

VIA ELECTRONIC FILING

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

RE: Duke Energy Carolinas, LLC's Competitive Procurement of Renewable Energy ("CPRE") Cost Recovery and Compliance Report - Rider Correction
Docket No. E-7, Sub 1262

Dear Ms. Dunston:

I write to notify the North Carolina Utilities Commission ("Commission") that Duke Energy Carolinas, LLC ("DEC" or "Company") discovered an error in DEC's calculation of the Experienced Modification Factor ("EMF") rates, effective September 1, 2022, pursuant to the Commission's August 19, 2022, *Order Approving CPRE Program Cost Recovery Rider and Compliance Report*. Furthermore, to provide a detailed explanation of such error, resulting customer bill impact, and the Company's corrective plan.

On or about August 11, 2022, through discovery in the context of Duke Energy Progress, LLC's CPRE Rider, Docket No. E-2, Sub 1296, the Company became aware that it had incorrectly included CPRE Tranche 3 costs in the calculation of Independent Administrator ("IA") Fees Not Recovered for the EMF period ("Excess IA Fees"). The Company has subsequently determined that \$75,767 of system level IA costs related to Tranche 3 should be removed, of which \$50,813 is included in the effective EMF rate for North Carolina retail customers. Tranche 3 is still underway¹, and any potential IA Fees are yet to be determined and, therefore, should not have been included. As such, IA Fees Not Recovered on Line 20 of Walker Exhibit No. 2 should have been \$128,281 and Total Implementation Costs identified on Line 22 should have been \$491,775.

As a related note, the Company's Application utilized the previously effective regulatory fee of 0.13%; however, pursuant to the Commission's June 30, 2022 *Order Increasing Regulatory Fee Effective July 1, 2022*, the regulatory fee for noncompetitive jurisdictional revenues is now 0.14%. The updated regulatory fee, by itself, resulted in an

¹ Duke Energy will be collecting Winner's Fees for the two projects selected in Tranche 3. The Winner's Fees along with the Bidder's Fees are intended to cover the cost of the Independent Administrator.

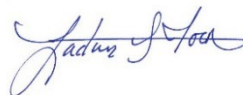
increase to the residential customer rates. When DEC removed \$50,813 from the EMF period and incorporated the 0.14% regulatory fee, the effective rates for the General/Lighting and the Industrial customer rate classes decreased, as detailed, by class, in the table below.

See table below to illustrate rate impact by class

Duke Energy Carolinas, LLC Docket No. E-7, Sub 1262 Proposed Rider CPRE (NC)									
	Revised Rates ¹		Compliance Tariff ²		Original Rates ³				
				Inc (Dec)			Inc (Dec)		
RESIDENTIAL SERVICE									
Prospective Component of CPRE	0.0412	¢/kWh	0.0412	¢/kWh	-	0.0412	¢/kWh	-	
Experience Modification Factor	(0.0045)	¢/kWh	(0.0044)	¢/kWh	(0.0001)	(0.0044)	¢/kWh	(0.0001)	
Net CPRE Rider Factor	0.0367	¢/kWh	0.0368	¢/kWh	(0.0001)	0.0368	¢/kWh	(0.0001)	
Regulatory Fee Multiplier	x	1.0014	1.0014		-	1.0013		0.0001	
CPRE Factor		0.0368	¢/kWh	0.0369	¢/kWh	(0.0001)	0.0368	¢/kWh	-
GENERAL SERVICE AND LIGHTING									
Prospective Component of CPRE	0.0395	¢/kWh	0.0395	¢/kWh	-	0.0395	¢/kWh	-	
Experience Modification Factor	(0.0048)	¢/kWh	(0.0047)	¢/kWh	(0.0001)	(0.0047)	¢/kWh	(0.0001)	
Net CPRE Rider Factor	0.0347	¢/kWh	0.0348	¢/kWh	(0.0001)	0.0348	¢/kWh	(0.0001)	
Regulatory Fee Multiplier	x	1.0014	1.0014		-	1.0013		0.0001	
CPRE Factor		0.0347	¢/kWh	0.0348	¢/kWh	(0.0001)	0.0348	¢/kWh	(0.0001)
INDUSTRIAL SERVICE									
Prospective Component of CPRE	0.0384	¢/kWh	0.0384	¢/kWh	-	0.0384	¢/kWh	-	
Experience Modification Factor	(0.0047)	¢/kWh	(0.0045)	¢/kWh	(0.0002)	(0.0045)	¢/kWh	(0.0002)	
Net CPRE Rider Factor	0.0337	¢/kWh	0.0339	¢/kWh	(0.0002)	0.0339	¢/kWh	(0.0002)	
Regulatory Fee Multiplier	x	1.0014	1.0014		-	1.0013		0.0001	
CPRE Factor		0.0337	¢/kWh	0.0339	¢/kWh	(0.0002)	0.0339	¢/kWh	(0.0002)
1 Revised to include increased Regulatory Fee and removal of Independent Administrator Fees related to Tranche 3									
2 Includes increased Regulatory Fee									
3 Approved Rates in Order for Docket E-7, Sub 1262									

Based on discussion with the Public Staff, DEC determined the least burdensome means to address this error is to make a correction in its 2023 CPRE Rider application, as the error resulted in a negligible overcharge. Further, it was not feasible to address the error, given where we are in the timeline of the 2022 CPRE Rider. Accordingly, DEC will assess the implications of the error including accounting for Tranche 3 IA Fees Not Recovered to determine the proper EMF rates to charge in the 2023 CPRE Rider proceeding. Counsel for DEC has further consulted with the Public Staff and with counsel for all other parties to this docket, and all parties agree with the Company's corrective plan to address the error in its next CPRE Rider application.

Sincerely,



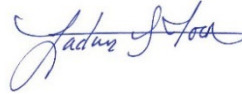
Ladawn S. Toon

cc: Parties of Record

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's Competitive Procurement of Renewable Energy ("CPRE") Cost Recovery and Compliance Report - Rider Correction, in Docket No. E-7, Sub 1262, has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid to the parties of record.

This the 19th day of September, 2022.



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