

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1173
DOCKET NO. E-2, SUB 1175
DOCKET NO. E-2, SUB 1176
DOCKET NO. E-2, SUB 1142
DOCKET NO. E-2, SUB 1188

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1173)
In the Matter of)
Application of Duke Energy Progress, LLC Pursuant to)
N.C.G.S. § 62-133.2 and Commission Rule R8-55 Relating to)
Fuel and Fuel-Related Costs Adjustments for Electric Utilities)
DOCKET NO. E-2, SUB 1175)
In the Matter of)
Application of Duke Energy Carolinas, LLC for Approval of)
Renewable Energy and Energy Efficiency Portfolio Standard)
Cost Recovery Rider Pursuant to N.C.G.S. § 62-133.8 and)
Commission Rule R8-67)
DOCKET NO. E-2, SUB 1176)
In the Matter of)
Application of Duke Energy Progress, LLC, Pursuant to)
N.C.G.S. § 62-133.14 and Commission Rule R8-70 for)
Approval of a Joint Agency Asset Rider for Recovery of Joint)
Agency Asset Costs)
DOCKET NO. E-2, SUB 1142)
In the Matter of)
Application of Duke Energy Progress, LLC, for Adjustment of)
Rates and Charges Applicable to Electric Utility Service in)
North Carolina)
DOCKET NO. E-2, SUB 1188)
In the Matter of)
The Federal Tax Cuts and Jobs Act – Duke Energy)
Progress, LLC’s Compliance Filing)

ORDER APPROVING
NOTICE TO CUSTOMERS
OF CHANGES IN RATES

BY THE PRESIDING COMMISSIONERS: On November 8, 2018, the Commission issued an Order in Docket No. E-2, Sub 1173 (Fuel Order), that approved a fuel charge adjustment rate rider for Duke Energy Progress, LLC (DEP). In addition, the Commission issued an Order in Docket No. E-2, Sub 1176 that approved a rate rider to allow DEP to recover the costs associated with DEP's purchase of the ownership interests of North

Carolina Eastern Municipal Power Agency in five electric generating plants. Further, the Commission issued an Order in Docket No. E-2, Sub 1175 that approved a change in the Renewable Energy and Energy Efficiency Portfolio Standard (REPS) rate rider for DEP to allow DEP to recover its costs of providing electricity produced by renewable energy resources. The above-described changes in DEP's rates are effective for service rendered on and after December 1, 2018.

In addition, in the Commission's February 23, 2018 order in Docket No. E-2, Sub 1142 approving new base rates for DEP and in the Fuel Order, the Commission authorized DEP to adjust rates to remove the Coal Inventory Rider and to recover certain costs through a fuel experience modification factor (EMF) rate.

Finally, on November 26, 2018, in Docket No. E-2, Sub 1188, the Commission issued an order authorizing DEP to reduce rates to reflect the reduction in the federal corporate income tax rate.

On November 27, 2018, DEP filed a proposed Notice to Customers of Changes in Rates that was developed by DEP and the Public Staff to reflect the rate changes approved by the Commission in the above noted orders.

The Presiding Commissioners in the above-referenced dockets have reviewed the proposed Notice to Customers of Changes in Rates and find good cause to approve it in the form attached hereto as Appendix A.

IT IS, THEREFORE, SO ORDERED.

ISSUED BY ORDER OF THE COMMISSION.

This the 28th day of November, 2018.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in cursive script, appearing to read "Janice H. Fulmore".

Janice H. Fulmore, Deputy Clerk

STATE OF NORTH CAROLINA
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DOCKET NO. E-2, SUB 1173
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BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1176)
In the Matter of)
Application of Duke Energy Progress, LLC, Pursuant to G.S.)
62-133.14 and Commission Rule R8-70 for Approval of a)
Joint Agency Asset Rider for Recovery of Joint Agency Asset)
Costs)
DOCKET NO. E-2, SUB 1175)
In the Matter of)
Application of Duke Energy Progress, LLC for Approval of)
Renewable Energy and Energy Efficiency Portfolio Standard)
Cost Recovery Rider Pursuant to G.S. 62-133.8 and)
Commission Rule R8-67)
DOCKET NO. E-2, SUB 1173)
In the Matter of)
Application of Duke Energy Progress, LLC Pursuant to G.S.)
62-133.2 and Commission Rule R8-55 Relating to Fuel and)
Fuel-Related Costs Adjustments for Electric Utilities)
DOCKET NO. E-2, SUB 1142)
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Rates and Charges Applicable to Electric Utility Service in)
North Carolina)
DOCKET NO. E-2, SUB 1188)
In the Matter of)
The Federal Tax Cuts and Jobs Act – Duke Energy)
Progress, LLC’s Compliance Filing)

NOTICE TO CUSTOMERS
OF CHANGES IN RATES

NOTICE IS GIVEN that, as required by legislation passed by the North Carolina General Assembly, the North Carolina Utilities Commission (Commission) has authorized Duke Energy Progress, LLC (DEP), to adjust its rates to recover

certain costs associated with its costs of fuel, purchasing renewable energy, and costs associated with its purchase of the ownership interests of the North Carolina Eastern Municipal Power Agency in several DEP generating plants. The Commission's orders regarding these adjustments were issued on November 8, 2018, in Docket Nos. E-2, Subs 1173, 1175 and 1176, respectively.

NOTICE IS FURTHER GIVEN that the Commission authorized DEP to adjust rates to remove the Coal Inventory Rider and to recover certain costs with a fuel experience modification factor (EMF) rate. The Commission's orders regarding these adjustments were issued on February 23, 2018 in DEP's most recent base rate case, Docket No. E-2, Sub 1142 (Base Rate Order), and on November 8, 2018 in Docket No. E-2, Sub 1173, respectively.

FINALLY, NOTICE IS GIVEN that the Commission authorized DEP to reduce rates to reflect the reduction in the federal corporate income tax rate. The Commission's order in this matter was issued on November 26, 2018, in Docket No. E-2, Sub 1188.

Fuel-related Rate Change

The rate change associated with DEP's fuel costs followed Commission review of DEP's fuel and fuel-related expenses during the 12-month period ended March 31, 2018, and forecasted costs through November 30, 2019. The increase for each rate class is as follows: Residential – 0.708 cents per kilowatt hour (kWh); Small General Service – 0.800 cents per kWh; Medium General Service – 0.562 cents per kWh; Large General Service – 0.378 cents per kWh; and Lighting – 1.481 cents per kWh, all including the regulatory fee.

Renewable Energy and Energy Efficiency Portfolio Standard (REPS) Rate Change

The rate change associated with DEP's obligation to purchase energy produced by renewable resources followed Commission review of DEP's renewable energy costs for the 12-month period ended March 31, 2018, and forecasted costs through November 30, 2019. The increase in the monthly charge per customer authorized by the Commission for each class of customers is as follows: Residential – \$0.87; General Commercial – \$1.54; Industrial – \$14.46, all including the regulatory fee. For purposes of this rate, a "customer" is defined as all accounts (metered and unmetered) serving the same person or company of the same revenue classification located on the same or contiguous properties. Upon written notification from a customer to DEP, accounts meeting these criteria shall be coded to receive only one monthly REPS charge, regardless of the class of customer.

Joint Agency Asset Rider

The rate change associated with DEP's purchase of certain generating plants from North Carolina Eastern Municipal Power Agency followed Commission review

of DEP's costs through the 12-month period ended December 31, 2017, and forecasted costs through November 30, 2019. The change in the monthly charge for residential customers is a decrease of 0.035 cents per kWh, including the regulatory fee. The impact on other customers varies based upon their rate schedules. Fuel savings associated with DEP's purchase of the generating plants are passed through to customers in DEP's fuel and fuel-related rates.

Fuel Deficiency Rider

The rate change associated with DEP's under-collection of fuel EMF revenues is due to a clerical mistake in the calculation of compliance rates in the Base Rate Order. The fuel EMF deficiency rider for each rate class is as follows: Residential – 0.022 cents per kilowatt hour (kWh); Small General Service – 0.052 cents per kWh; Medium General Service – 0.068 cents per kWh; Large General Service – 0.002 cents per kWh; and Lighting – (0.046) cents per kWh, all including the regulatory fee.

Coal Inventory Rider

The rate reduction of 0.001 cents per kWh results from the expiration of the Coal Inventory Rider established pursuant to the Commission's Base Rate Order. The rider was approved in DEP's general rate case and continued until its coal inventory level returned to 35 days on a sustained basis.

Federal Income Tax Adjustment

The rate change associated with the reduction in the corporate federal income tax rate from 35% to 21% is effective for taxable years after December 31, 2017. The reduction in rates applicable to all customers is 0.278 cents per kWh, including the regulatory fee.

Summary of Rate Impact

All of these billing adjustments are effective December 1, 2018. The total monthly impact of all rate changes for a residential customer consuming 1,000 kWh per month is an increase of \$5.03. The total monthly impact for commercial, industrial, and lighting class customers will vary based upon consumption.

ISSUED BY ORDER OF THE COMMISSION.

This the 28th day of November, 2018.

NORTH CAROLINA UTILITIES COMMISSION



Janice H. Fulmore, Deputy Clerk