



Lawrence B. Somers
Deputy General Counsel

Mailing Address:
NCRH 20 / P.O. Box 1551
Raleigh, NC 27602

o: 919.546.6722
f: 919.546.2694

bo.somers@duke-energy.com

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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 Agreement and Stipulation of
Settlement with Stipulating Parties
Docket No. E-2, Sub 1219**

Dear Ms. Campbell:

I enclose the Agreement and Stipulation of Settlement between Duke Energy Progress, LLC and the North Carolina Sustainable Energy Association, the North Carolina Justice Center, the North Carolina Housing Coalition, the Natural Resources Defense Council, and the Southern Alliance for Clean Energy (collectively, the "Stipulating Parties") for filing in connection with the referenced matter.

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

Sincerely,

Lawrence B. Somers

Enclosure

cc: Parties of Record

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1219

In the Matter of:)	
)	
Application of Duke Energy Progress, LLC For)	AGREEMENT AND
Adjustment of Rates and Charges Applicable to)	STIPULATION OF
Electric Service in North Carolina)	SETTLEMENT
)	

Duke Energy Progress, LLC (“DEP” or the “Company”) and the North Carolina Sustainable Energy Association (“NCSEA”), the North Carolina Justice Center (“NCJC”), the North Carolina Housing Coalition (“NCHC”), the Natural Resources Defense Council (“NRDC”), and the Southern Alliance for Clean Energy (“SACE”) (collectively the “NCSEA/NCJC et al.”) (and together with DEP, the “Stipulating Parties”), through counsel and pursuant to N.C. Gen. Stat. § 62-69, respectfully submit the following Agreement and Stipulation of Settlement (“Stipulation”) for consideration by the North Carolina Utilities Commission (“Commission”) in the above captioned docket (the “Docket”).

I. BACKGROUND

1. On September 30, 2019, the Company filed its Notice of Intent to file a General Rate Case Application in the Docket.

2. On October 3, 2019, the North Carolina Sustainable Energy Association (“NCSEA”) filed its Petition to Intervene. The Commission granted NCSEA’s intervention in an order dated October 4, 2019.

3. On January 10, 2020, the North Carolina Justice Center, the North Carolina Housing Coalition, the Natural Resources Defense Council, and the Southern Alliance for Clean Energy (“NCJC et al.”) filed a Petition to Intervene. The Commission granted NCJC et al.’s intervention in an order dated January 15, 2020.

4. On October 30, 2019, DEP filed its application requesting a general rate increase, pursuant to N.C. Gen. Stat. §§ 62-133 and -134 and Commission Rule R1-17, along with direct testimony and exhibits.

5. On November 14, 2019, the Commission issued an order establishing a general rate case and suspending rates. Subsequently, on December 6, 2019, the Commission issued an order scheduling investigation and hearings, establishing intervention and testimony due dates and discovery guidelines, and requiring public notice of the Company's Application.

6. On April 13, 2020, NCSEA/NCJC et al. filed the Direct Testimony and Exhibits of Paul J. Alvarez and Dennis Stephens in the Docket. The subject of Mr. Alvarez's and Mr. Stephen's respective testimonies was the Company's grid modernization efforts, including the Company's specific Grid Improvement Plan ("GIP") proposals in the Docket.

7. Also on April 13, 2020, NCJC et al. filed the Direct Testimony and Exhibits of John Howat in the Docket. The subject of Mr. Howat's testimony was affordability of electric service for DEP's customers, as well as rate designs, policies and programs to improve affordability.

8. Also on February 18, 2020, NCSEA filed the Direct Testimony and Exhibits of Justin Barnes in the Docket. The subject of Mr. Barnes's testimony was to advocate for the establishment of new rate designs specifically targeting electric vehicle ("EV") charging both in the residential and commercial context.

9. On May 4, 2020, the Company filed its rebuttal testimony.

10. On June 2, 2020, DEP and the Public Staff, North Carolina Utilities Commission filed an Agreement and Stipulation of Partial Settlement as to certain issues in this Docket.

11. On June 8, 2020, DEP filed a Settlement Agreement with Harris Teeter, LLC as to certain issues in the Docket.

12. On June 9, 2020, DEP filed a Settlement Agreement with the Commercial Group as to certain issues in the Docket.

13. On June 17, 2020, the Commission issued its Order Adopting Procedures for Expert Witness Hearings, which partially consolidated the hearing in this Docket with Duke Energy Carolinas, LLC's general rate case proceeding, Docket No. E-7, Sub 1214.

14. On June 26, 2020, DEP filed a Settlement Agreement with CIGFUR as to certain issues in the Docket.

15. On July 9, 2020, DEP filed a Settlement Agreement with Vote Solar as to certain issues in the Docket.

16. The parties to this proceeding have conducted substantial discovery on the issues raised in the Application, as well as on the direct, supplemental and rebuttal testimony of the Company and the testimony of the intervenors.

15. The Company and NCSEA/NCJC et al. now desire to resolve and settle certain issues that will narrow the number of issues in controversy in this docket.

II. RATE OF RETURN AND CAPITAL STRUCTURE

The Stipulating Parties agree that the revenues to be approved in this proceeding should be adjusted to provide the Company, through sound management, the opportunity to earn a return on equity ("ROE") of 9.75%. The Stipulating Parties further agree that

this ROE should be applied to the common equity component of the stipulated ratemaking capital structure consisting of 52% equity and 48% long-term debt.

III. GRID IMPROVEMENT PLAN

NCSEA/NCJC et al. support the Company's request in the Docket for an accounting order for approval to defer GIP costs for investments in Integrated System Operations Planning ("ISOP"), Distribution System Demand Response ("DSDR"), Self-Optimizing Grid ("SOG"), Distribution Automation, Transmission System Intelligence, the Distributed Energy Resources ("DER") Dispatch Tool, and the 44 kilovolt Line Rebuild. NCSEA/NCJC et al. believe that these investments will directly enable and support the greater utilization of distributed energy resources ("DERs") on the Company's system. For all other GIP investments proposed by DEP in the Docket, NCSEA/NCJC et al. do not oppose the requested deferral accounting treatment. To the extent that DEP enters into an agreement with other intervening parties agreeing to a cost cap or to limit the amount of any GIP investment category specified for deferral treatment, NCSEA/NCJC et al. support such cost containment measures. NCSEA/NCJC et al.'s support for the GIP deferral will be subject to a reservation of their rights to review and object to the reasonableness of specific project costs in future rate cases.

DEP agrees that congestion relief will be a primary criterion in planning and decision-making regarding future transmission and distribution investments.

IV. HELPING HOME FUND

DEP agrees to provide, in conjunction with the concurrent commitment of Duke Energy Carolinas, LLC ("DEC"), an aggregate combined shareholder-funded contribution to the Helping Home Fund of \$3 million per year for two years (for a total of \$6 million).

The Helping Home Fund is a program administered by the North Carolina Community Action Association and offered through a network of community action agencies that serve households in DEP and DEC service territories. The Helping Home Fund program delivers weatherization services, heating and cooling system repairs, appliance replacements and critical health and safety repairs at no cost to DEP and DEC customer households at or below 200 percent of federal poverty guidelines.

V. LOW-INCOME EE/DSM

Within six months of the effective date of this Stipulation, in addition to the low-income collaborative proposed by DEP, the Stipulating Parties agree to collaborate to design additional low-income EE/DSM program pilots to present to the DEC and DEP EE/DSM Collaborative for consideration. On the condition that the majority of EE/DSM Collaborative participants, as listed on pages 9-10 in the Direct Testimony of Robert P. Evans, filed June 9, 2020 in Docket No. E-2, Sub 1252, including DEP and DEC, support the program pilots, DEP agrees to file for approval of the program pilots in North Carolina and South Carolina. If the Stipulating Parties mutually agree to programs for filing on a non-pilot basis, the Stipulating Parties agree to jointly file a petition for approval to implement the mutually agreed upon programs.

VI. TARIFFED ON-BILL PILOT PROGRAM

Within six months of the effective date of this agreement, the Stipulating Parties agree to collaborate to design a tariffed on-bill pilot program, which shall include a Pay-As-You-Save® or other mutually agreeable alternative program design, for customers in North Carolina, addressing issues including but not limited to: (1) customer eligibility; (2) terms of the tariff and arrangement with the customer; (3) program safeguards for all

customers and the Company; (4) utility company incentives; (5) ensuring a program would not result in DEP, or any parent or affiliate companies, becoming subject to state or federal banking, financial or similar laws or regulations; (6) ensuring that equipment can be tied to a meter, obligating a subsequent resident at that location to pay; (7) the Company's rights in the event the customer does not pay the cost-recovery charge; (8) possible relevance of Commission Rule R8-68; (9) consequences of a customer removing the equipment before the upgrades are paid; (10) deployment of the pilot program post-deployment of the Company's Customer Connect program; and (11) ownership of the equipment if the customer pays the electric bill but is renting from the property owner.

Within 18 months of the effective date of this agreement, DEP agrees to either (1) file the pilot for approval with the Commission, provided the Stipulating Parties mutually agree to the terms of the pilot program that is not less than three years in length and, in conjunction with the concurrent commitment of DEC, includes a combined total of no fewer than 700 but no more than 1000 residential customers, or (2) file a status report with the Commission in this Docket.

VII. DISTRIBUTED GENERATION GUIDANCE MAP/HOSTING CAPACITY ANALYSES

1. DEP will preview a Distributed Generation Guidance Map for North Carolina with the Distributed Energy Resource ("DER") Interconnection Technical Standards Review Group ("TSRG") in the TSRG Meeting during the third quarter of 2020, as well as in the August 2020 Integrated System & Operations Planning ("ISOP") stakeholder meeting, after which DEP will incorporate TSRG and ISOP stakeholder input as appropriate and publish the Distributed Generation Guidance Map for North Carolina.

2. DEP will also include, in its 2021 Integrated Resource Plan (“IRP”), details about how both existing and new DERs and non-wires applications will be examined in its ISOP as means to defer traditional capital investments in the system.

3. DEP will implement the basic elements of the ISOP process in the 2022 IRP.

4. Following the 2024 IRP, but no later than December 31, 2024, DEP agrees to provide hosting capacity analyses for a representative sample of DEP North Carolina circuits. The hosting capacity analyses will include both peak and hourly loading data inputs for analyzed circuits and existing distributed energy resources and non-wires applications. DEP agreement is contingent on the Commission’s approval of recovery of the costs associated with the hosting capacity analyses.

5. If any events occur that are beyond DEP control and that interfere with DEP compliance with the requirements of this Section, DEP may petition the Commission for a reasonable modification or extension of time of such requirements as may be appropriate given the particular facts and circumstances or, if agreed to in writing by the Stipulating Parties, may invoke such reasonable modification or extension of time without petitioning the Commission.

6. DEP will reasonably include the Stipulating Parties for input and feedback at material points in its selection process as it identifies the tools and capabilities necessary for ISOP implementation. DEP will also reasonably consider and, where appropriate, incorporate input from the Stipulating Parties with regard to the parameters that ISOP will use to assess issues such as distribution investment needs; the use of existing and future distributed energy resources and non-wires applications; load forecasts; pricing

assumptions; and modeling inputs, keeping in mind the overall objective of developing investment plans that meet customer needs and preferences by capturing efficiencies from being a vertically integrated electric utility.

7. For purposes of this agreement, “distributed energy resources” includes but is not limited to distributed solar photovoltaic generation, distributed energy storage, distributed natural gas generation, and customer-sited advanced energy management solutions; “non-wires applications” includes but is not limited to any methods used to meet the operational needs of the distribution system beyond the construction and operation of conventional grid assets.

VIII. AGREEMENT IN SUPPORT OF SETTLEMENT; NON-WAIVER

1. The Stipulating Parties shall act in good faith and use their best efforts to recommend to the Commission that this Stipulation be accepted and approved. The Stipulating Parties further agree that this Stipulation is in the public interest because it reflects a give-and take of contested issues and results in rates (with respect to the stipulated issues) that are just and reasonable. The Stipulating Parties agree that they will support the reasonableness of this Stipulation before the Commission, and in any appeal from the Commission's adoption and/or enforcement of this Stipulation.

2. Neither this Stipulation nor any of the terms shall be admissible in any court or Commission except insofar as such court or Commission is addressing litigation arising out of the implementation of the terms herein or the approval of this Stipulation. This Stipulation shall not be cited as precedent by any of the Parties regarding any issue in any other proceeding or docket before this Commission or in any court.

3. The provisions of this Stipulation do not reflect any position asserted by

any of the Stipulating Parties but reflect instead the compromise and settlement among the Stipulating Parties as to all the issues covered hereby. No Party waives any right to assert any position in any future proceeding or docket before the Commission or in any court.

4. This Stipulation is a product of negotiation among the Stipulating Parties, and no provision of this Stipulation shall be strictly construed in favor of or against any Party.

IX. RECEIPT OF TESTIMONY AND WAIVER OF CROSS-EXAMINATION

The Stipulating Parties agree that pre-filed testimony and exhibits filed by the Stipulating Parties on the settled issues may be received into evidence without objection. NCSEA/NCJC et al. agree to waive cross examination of DEP's witnesses and DEP agrees to waive cross examination of NCSEA/NCJC et al.'s witnesses in the upcoming evidentiary hearing in the Docket on all issues except 1) cost of service, cost allocation, the Company's use of the minimum system method, the amount of revenue increase to the residential class, and the basic facilities charge; and 2) rate design for electric vehicle charging tariffs. If, however, questions are asked by any Commissioner, or if questions are asked or positions are taken by any person who is not a Stipulating Party, then any Stipulating Party may respond to such questions by presenting testimony or exhibits and cross-examining any witness with respect to such testimony and exhibits.

X. STIPULATION BINDING ONLY IF ACCEPTED IN ITS ENTIRETY

This Stipulation is the product of negotiation and compromise of a complex set of issues, and no portion of this Stipulation is or will be binding on any of the Stipulating Parties unless the entire Agreement and Stipulation is accepted by the Commission. If the

Commission rejects any part of this Stipulation or approves this Stipulation subject to any change or condition or if the Commission's approval of this Stipulation is rejected or conditioned by a reviewing court, the Stipulating Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Stipulation consistent with the order. No Party shall withdraw from the Stipulation prior to complying with the foregoing sentence. If any Party withdraws from the Stipulation, each Party retains the right to seek additional procedures before the Commission, including cross-examination of witnesses, with respect to issues addressed by the Stipulation and shall be bound or prejudiced by the terms and conditions of the Stipulation.

XI. COUNTERPARTS.

This Stipulation may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Execution by facsimile signature shall be deemed to be, and shall have the same effect as, execution by original signature.

XII. MERGER CLAUSE

This Stipulation supersedes all prior agreements and understandings between the Stipulating Parties and may not be changed or terminated orally, and no attempted change, termination or waiver of any of the provisions hereof shall be binding unless in writing and signed by the parties hereto.

The foregoing is agreed and stipulated this the 23rd day of July, 2020.

Duke Energy Progress, LLC

By: /s/ Stephen G. De May

The North Carolina Justice Center

The North Carolina Housing Coalition

The Natural Resources Defense Council

The Southern Alliance for Clean Energy

By: [Signature]

The North Carolina Sustainable Energy Association

By: [Signature]

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Progress, LLC's Agreement and Stipulation of Settlement with Stipulating Parties, in Docket No. E-2, Sub 1219, has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid to the following parties:

Camal Robinson
Brian Heslin
Duke Energy Corporation
550 S. Tryon St.
Charlotte, NC 28202
camal.robinson@duke-energy.com
brian.heslin@duke-energy.com

Dwight Allen
The Allen Law Offices, PLLC
4030 Wake Forest Road, Ste. 115
Raleigh, NC 27609
dallen@theallenlawoffices.com

Dianna Downey
William Grantmyre
Lucy Edmondson
William E. H. Creech
Elizabeth Culpepper
Public Staff
North Carolina Utilities Commission
4326 Mail Service Center
Raleigh, NC 27699-4326
dianna.downey@psncuc.nc.gov
william.grantmyre@psncuc.nc.gov
lucy.edmondson@psncuc.nc.gov
zeke.creech@psncuc.nc.gov
elizabeth.culpepper@psncuc.nc.gov

Brett E. Breitschwerdt
Andrea R Kells
James Jeffries
Mary Lynne Grigg
McGuire Woods, LLP
501 Fayetteville Street, Ste. 500
Raleigh, NC 27601
bbreitschwerdt@mcguirewoods.com
akells@mcguirewoods.com
jjeffries@mcguirewoods.com
mgrigg@mcguirewoods.com

David Tsai
Duke Energy
PO Box 1551, NC 20
Raleigh, NC 27602
David.Tsai@duke-energy.com

Kendrick Fentress
Duke Energy
PO Box 1551, NC 20
Raleigh, NC 27602
Kendrick.fentress@duke-energy.com

Melinda L. McGrath
McGuire Woods, LLP
201 North Tryon Street, Ste 3000
Charlotte, NC 28202
Telephone: 1 (704) 373-8988
mmcgrath@mcguirewoods.com

Robert W. Kaylor
Law Office of Robert W. Kaylor
Suite 260
353 Six Forks Road
Raleigh, NC 27609-7882
bkaylor@rwkaylorlaw.com

Molly Jagannathan
Kiran Mehta
Troutman Peppers Hamilton Sanders LLP
301 South College Street, Ste. 3400
Charlotte, NC 28202
molly.jagannathan@troutman.com
kiran.mehta@troutman.com

Christina D. Cress
Bailey & Dixon, LLP
Counsel for CIGFUR
PO Box 1351
Raleigh, NC 27602-1351
ccress@bdixon.com

Matthew Quinn
Lewis & Roberts PLLC
3700 Glenwood Ave., Ste. 410
Raleigh, NC 27612
mdq@lewis-roberts.com

Kevin Martin
Carolina Utility Customers Assn.
1708 Trawick Rd., Ste., 210
Raleigh, NC 27604
kmartin@cucainc.org

Steve Miller
Booth & Associates, Inc.
5811 Glenwood Avenue, Ste. 109
Raleigh, NC 27612
MillerSA@booth-assoc.com

Paul A. Raaf
Office of the Forscom SJA
4700 Knox St.
Fort Bragg, NC 28310-001
paul.a.raaf.civ@mail.mil

Benjamin Smith
Peter H. Ledford
NC Sustainable Energy Assn.
4800 Six Forks Rd., Ste. 300
Raleigh, NC 27609
ben@energync.org
peter@energync.org

Robert Page
Counsel for CUCA
Crisp, Page & Currin, LLP
4010 Barrett Dr., Ste. 205
Raleigh, NC 27609-6622
rpage@crisppage.com

Robert K. Koger
North Carolina Advance Energy
Corporation
Suite 2100
909 Capability Drive
Raleigh, NC 27606
bkoger@advanceenergy.org

Alan R. Jenkins
Jenkins at Law, LLC
2950 Yellowtail Ave.
Marathon, FL 33050
aj@jenkinsatlaw.com

F. Bryan Brice, Jr.
Catherine Cralle Jones
Law Offices of F. Bryan Brice, Jr.
127 W. Hargett St., Ste., 600
Raleigh, NC 27602
bryan@attybryanbrice.com
cathy@attbryanbrice.com

Janessa Goldstein
Utility Mgmt. Svcs. Inc.
6317 Oleander Drive, Ste. C
Wilmington, NC 28403
jgoldstein@utilmanagement.com

Thadeus Culley
Vote Solar
1911 Ephesus Church Road
Chapel Hill, NC 27517
thad@votesolar.org

Ben M. Royster
Royster & Royster
851 Marshall Street
Mt. Airy, NC 27030
benroyster@roysterlaw.com

Kurt J. Boehm
Jody Kyler Cohn
Boehm, Kurtz & Lowry
36 E. Seventh St., Ste. 1510
Cincinnati, OH 45202
kboehm@BKLawfirm.com
jkylercohn@BKLawfirm.com

Karen M. Kemerait
Deborah Ross
Fox Rothschild
434 Fayetteville St., Ste. 2800
Raleigh, NC 27601
kkemerait@foxrothschild.com
deborahross@foxrothschild.com

Tirrill Moore
David Neal
Gudrun Thompson
Southern Environmental Law Center
601 W. Rosemary St., Ste. 220
Chapel Hill, NC 27516
tmoore@selcnc.org
dneal@selcnc.org
gthompson@selcnc.org

Bridget Lee
Sierra Club
50 F St., Floor 8
Washington, DC 20001
bridget.lee@sierraclub.org

Jennifer T. Harrod, Special Deputy
Attorney General
Margaret Force, Asst. Attorney General
Teresa L. Townsend, Asst. Attorney
General
NC Department of Justice
PO Box 629
Raleigh, NC 27602-0629
pforce@ncdoj.gov
ttownsend@ncdoj.gov
jharrod@ncdoj.gov

Justin Bieber
Energy Strategies, LLC
215 S. State St.
Ste. 200
Salt Lake City, UT 84111
jbieber@energystrat.com

Emily W. Medlyn
U.S. Army Legal Services Agency
ELD Division, Suite 4300
9275 Gunston Road
Fort Belvoir, Virginia 22060-4446
emily.w.medlyn.civ@mail.mil

James P. West
Fayetteville Public Works Comm.
PO Box 1089
Fayetteville, NC 28302
james.west@faypwc.com

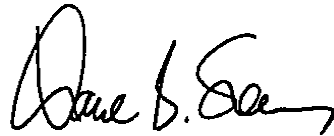
Sarah Collins
NC League of Municipalities
PO Box 3069
Raleigh, NC 27602
scollins@ncml.org

Richard Feathers
NC EMC
PO Box 27306
Raleigh, NC 27611-7306
rick.feathers@ncemcs.com

Brian Beverly
Young Moore & Henderson PA
PO Box 31627
Raleigh, NC 27622
brian.beverly@youngmoorelaw.com

Chris Carmody
NCCEBA
811 Ninth St., Ste. 120-15B
Durham, NC 27705
director@nceeba.com

This the 23rd day of July, 2020.



Lawrence B. Somers
Deputy General Counsel
Duke Energy Corporation
P.O. Box 1551/NCRH 20
Raleigh, North Carolina 27602
Tel: 919.546.6722
bo.somers@duke-energy.com