

McGuireWoods LLP
201 North Tryon Street
Suite 3000
Charlotte, NC 28202-2146
Phone: 704.343.2000
Fax: 704.343.2300
www.mcguirewoods.com

James H. Jeffries IV
Direct: 704.343.2348

McGUIREWOODS

jjeffries@mcguirewoods.com

October 21, 2019

VIA ELECTRONIC FILING

Ms. Kimberly A. Campbell
Chief Clerk
North Carolina Utilities Commission
430 N. Salisbury Street, Dobbs Building
Raleigh, North Carolina 27603

Re: *Duke Energy Carolinas, LLC's Objections to Vote Solar's Data Request No. 1*
Docket No. E-7, Sub 1214

Dear Ms. Campbell:

Enclosed for filing on behalf of Duke Energy Carolinas, LLC in the above-referenced proceeding is its *Objections to Vote Solar's Data Request No. 1*.

Thank you for your assistance with this matter. If you have any questions regarding this filing, you may reach me at the number shown above.

Sincerely,

/s/ James H. Jeffries IV

James H. Jeffries IV

JHJ/sko

Enclosures

cc: All Parties of Record
John Burnett
Camal Robinson
Mary Lynne Grigg

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-7, SUB 1214

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Application of Duke Energy Carolinas,)	DUKE ENERGY CAROLINAS,
LLC For Adjustment of Rates and)	LLC’S OBJECTIONS TO
Charges Applicable to Electric Service)	VOTE SOLAR’S DATA
in North Carolina)	REQUEST NO. 1
)	

Duke Energy Carolinas, LLC (“DEC”), by and through counsel, pursuant to Rule R1-24 and Rule 26 of the North Carolina Rules of Civil Procedure, hereby objects to the Vote Solar’s Data Request Number 1 as follows:

Vote Solar’s Data Request Set No. 1:

2. Please refer to the Duke Energy Corporation’s “2017 Climate Report to Shareholders” (“Climate Report”) hosted on the Duke Energy website at <https://www.duke-energy.com/our-company/environment/global-climate-change>. On page 1 (Executive Summary), the report lists three types of risks Duke Energy considered in the report: (1) Physical, (2) Policy, and (3) Economic. Please provide the following in regard to Duke Energy’s analysis of these different risks:

- a. The names and titles of Duke Energy personnel and any outside contractors who were involved in developing and drafting the analysis for each type of risk.
- b. A narrative of the process used by involved personnel to identify relevant study parameters for each type of risk, including data inputs, risk models, and other components of the analysis used to develop the report.
- c. A detailed description of the review process including:
 - i. key dates and milestones in the report’s development;
 - ii. names and titles of personnel who had authority to revise or approve drafts of the report; and
 - iii. identification of the person or persons who had final approval authority for the report to be released.
- d. All documents and workpapers produced by involved personnel in developing or drafting the analysis for each type of risk.

Response:

DEC objects to Vote Solar Data Request No. 1-2, including all subparts, on the following grounds: the request is overly broad and unduly burdensome; the request is not reasonably

calculated to lead to the discovery of admissible evidence; and the request seeks information irrelevant to and unrelated to the subject matter of this general rate case proceeding. The Duke Energy 2017 Climate Report to Shareholders, which speaks for itself, is intended to “provide information on Duke Energy’s strategy and the steps [it] is taking to mitigate risks from climate change.” It does not, and was not intended, to identify actual or potential costs for which recovery is sought in this proceeding.

3. Please refer to the Climate Report, p.9, Section II. Subsection A (Physical Risks). The report states that “[p]otential changes in technology, extreme weather events, including increased frequency, duration and severity are difficult to predict, and make estimating any future financial risk with any degree of accuracy impossible.”

- a. For the Physical Risk analysis in the Climate Report, did the involved personnel undertake any probability analysis concerning the types of weather events or conditions (e.g., drought, wildfire, flooding, more extreme temperatures) that threaten the operation of specific generation assets within the Duke Energy holding company? If so:
 - i. Please describe the extent to which the analysis also specifically considered the vulnerability of generation and transmission assets within the Company’s North Carolina service territory.
 - ii. Please describe the most granular level of analysis that was performed to analyze the risk of the Company’s generation, distribution, or transmission assets to extreme weather events or conditions.
- b. Does the Company, or does Duke Energy Corporation at the enterprise level, employ or contract for the services of a person that is trained in the field of climatology for the purposes of forecasting the future risk of physical impacts of climate change? If so, please identify the name and title of such person(s), and describe the job responsibilities for such person.
- c. Did Duke Energy Corporation, attempt to develop risk modeling for this Climate Report to assess the potential or probable impacts of increased frequency, duration and severity of extreme weather events on physical assets, including generation, transmission or distribution facilities? If so, please describe the risk modeling that was developed, and provide any documents relating to the methods and output of such risk modeling.
- d. Has the Company, separate and apart from Duke Energy Corporation’s climate report or related analytical efforts on climate risk, ever developed risk modeling for its physical assets based on increased frequency, duration and severity of weather events? If so, please describe the risk modeling that was developed, and provide any documents relating to the methods and output of such risk modeling.

Response:

DEC objects to Vote Solar Data Request No. 1-3, subparts a-c, on the following grounds: the request is overly broad and unduly burdensome; the request is not reasonably calculated to lead to the discovery of admissible evidence; and the request seeks information irrelevant to and unrelated to the subject matter of this general rate case proceeding. The Duke Energy 2017 Climate

Report to Shareholders, which speaks for itself, is intended to “provide information on Duke Energy’s strategy and the steps [it] is taking to mitigate risks from climate change.” It does not, and was not intended, to identify actual or potential costs for which recovery is sought in this proceeding.

4. The Climate Report, p.9, Section II. Subsection A (Physical Risks) describes Duke Energy’s plan “to invest \$25 billion over 2017-2026 to create a smarter, more modern grid, nearly \$7 billion is included over the first five years specifically for storm hardening and targeted undergrounding.”

- a. Please itemize the categories of investments of \$25 billion contemplated over the 2017-2026 period, and describe how each category of investment would “create a smarter, more modern grid.” If these projections have changed since this document was published, please explain the extent of and reason for the change.
- b. Please itemize the categories of investments of \$7 billion contemplated over the first five years for storm hardening and targeted undergrounding, and describe how each category of investment would “create a smarter, more modern grid.” If these projections have changed since this document was published, please explain the extent of and reason for the change.

Response:

DEC objects to Vote Solar Data Request No. 1-4, including subparts, on the following grounds: the request is overly broad and unduly burdensome; the request is not reasonably calculated to lead to the discovery of admissible evidence; and the request seeks information irrelevant to and unrelated to the subject matter of this general rate case proceeding. The Duke Energy 2017 Climate Report to Shareholders, which speaks for itself, is intended to “provide information on Duke Energy’s strategy and the steps [it] is taking to mitigate risks from climate change.” It does not, and was not intended, to identify actual or potential costs for which recovery is sought in this proceeding.

5. The Climate Report, p.9, Section II. Subsection A (Physical Risks) states that “[t]hese investments are aimed at improving resiliency and hardening the grid against extreme weather to make the grid less likely to experience outages or equipment failure, and to minimize impacts to customers from outages when they do occur. Investments will include substation and transmission line upgrades, increased system automation, equipment modernization, elevating substations in flood-prone areas, replacing and strengthening utility poles, and relocating miles of hard-to-access overhead power lines underground.”

- a. For each category of investment, please explain the basis for the statement that it will “make the grid less likely to experience outages or equipment failure.” If this conclusion has changed since this document was published, please explain the extent of and reason for the change.
- b. For each category of investment, please explain the basis for the statement that it will “minimize the impacts to customers from outages when they do occur.” If this conclusion has changed since this document was published, please explain the extent of and reason for the change.

Response:

DEC objects to Vote Solar Data Request No. 1-5, including subparts, on the following grounds: the request is overly broad and unduly burdensome; the request is not reasonably calculated to lead to the discovery of admissible evidence; and the request seeks information irrelevant to and unrelated to the subject matter of this general rate case proceeding. The Duke Energy 2017 Climate Report to Shareholders, which speaks for itself, is intended to “provide information on Duke Energy’s strategy and the steps [it] is taking to mitigate risks from climate change.” It does not, and was not intended, to identify actual or potential costs for which recovery is sought in this proceeding.

6. The Climate Report, p.9, Section II. Subsection A (Physical Risks) states that “[t]hese investments will help prevent outages, especially during storms, and provide faster restoration times during outages.”

- a. For each category of investment, please explain the basis for the statement that it “will help prevent outages, especially during storms.” If this conclusion has changed since this document was published, please explain the extent of and reason for the change.
- b. For each category of investment, please explain the basis for the statement that it will “provide faster restoration times during outages.” If this conclusion has changed since this document was published, please explain the extent of and reason for the change.

Response:

DEC objects to Vote Solar Data Request No. 1-6, including subparts, on the following grounds: the request is overly broad and unduly burdensome; the request is not reasonably calculated to lead to the discovery of admissible evidence; and the request seeks information irrelevant to and unrelated to the subject matter of this general rate case proceeding. The Duke Energy 2017 Climate Report to Shareholders, which speaks for itself, is intended to “provide information on Duke Energy’s strategy and the steps [it] is taking to mitigate risks from climate change.” It does not, and was not intended, to identify actual or potential costs for which recovery is sought in this proceeding.

7. The Climate Report, p.21, Section V, Governance states that “During 2017, the Board placed particular focus on the review of climate risks at several Board meetings. Regular updates to the Corporate Governance Committee and the Board on engagements with shareholders and stakeholders, and the Corporation’s disclosures of climate risks and sustainability measures, occurred throughout the year.”

- a. Please provide copies of each of these “regular updates” conducted throughout calendar year 2017, and explain the basis for such updates.
- b. Please provide copies of each of these “regular updates” conducted throughout calendar year 2018, and explain the basis for such updates.

Response:

DEC objects to Vote Solar Data Request No. 1-7, including subparts, on the following grounds: the request is overly broad and unduly burdensome; the request is not reasonably calculated to lead to the discovery of admissible evidence; and the request seeks information irrelevant to and unrelated to the subject matter of this general rate case proceeding. The Duke Energy 2017 Climate Report to Shareholders, which speaks for itself, is intended to “provide information on Duke Energy’s strategy and the steps [it] is taking to mitigate risks from climate change.” It does not, and was not intended, to identify actual or potential costs for which recovery is sought in this proceeding.

8. The following questions are in regard to Duke Energy Corporation’s SEC Form 10-K filing for the fiscal period ended December 31, 2018.

- a. In the “Cautionary Statement Regarding Forward-Looking Information,” Duke Energy Corporation identifies “The influence of ...extreme weather associated with climate change” as a factor that may cause actual results to be materially different than suggested outcomes. Please provide any documents which describe or explain any analysis conducted by the Company or on its behalf regarding the materiality of risks from extreme weather associated with climate change.
- b. In the discussion of “Risk Factors” on page 28, Duke Energy Corporation finds that “Extreme weather ... associated with climate change could cause seasonal fluctuations to be more pronounced. As a result, the overall operating results of the Duke Energy Registrants’ businesses may fluctuate substantially.” Please explain the basis for this statement, and provide any documents that describe any analysis conducted by the Company or on its behalf discussing the impact of climate-change-associated seasonal fluctuations on the Company’s business.
- c. In the discussion of “Risk Factors” on page 28, Duke Energy Corporation finds that “Destruction caused by severe weather events ... can result in lost operating revenues due to ... additional and unexpected expenses to mitigate storm damage.” Please explain the basis for this statement, and provide any documents that relate to any analysis conducted by the Company or on its behalf discussing the impact of severe weather events on lost operating revenues associated with expenses to mitigate storm damage.
- d. In the discussion of “Risk Factors” on page 28, the 10-K Report states that: “[t]he Duke Energy Registrants’ operating results may fluctuate on a seasonal and quarterly basis and can be negatively affected by changes in weather conditions and severe weather, including extreme weather conditions associated with climate change.”
 - i. Please explain how “extreme weather conditions associated with climate change” may negatively affect the Duke Energy Registrants’ operating results.
 - ii. Please provide any documents which describe any analysis performed by or on behalf of Duke Energy Corporation relating to the impact of extreme weather conditions on operating results.
 - iii. Please provide any documents which describe any analysis performed by or on behalf of Duke Energy Corporation to attempt to quantify the impact on risk associated with the impact of extreme weather conditions on operating results.

- iv. Please provide any documents which describe any analysis performed by or on behalf of Duke Energy Corporation to attempt to identify the actions that Duke Energy Corporation could take to reduce or minimize the impact of extreme weather conditions on operating results and associated risks.
- e. In the discussion of “Risk Factors” on page 28, the 10-K Report states that: “destruction caused by severe weather events, such as hurricanes, tornadoes, severe thunderstorms, snow and ice storms, can result in lost operating revenues due to outages, property damage, including downed transmission and distribution lines, and additional and unexpected expenses to mitigate storm damage.”
 - i. Please provide any documents which describe any analysis performed by or on behalf of Duke Energy Corporation to attempt to quantify the impact on risk associated with the impact on operating results of downed transmission and distribution lines from severe weather events.
 - ii. Please provide any documents which describe any analysis performed by or on behalf of Duke Energy Corporation to attempt to identify the actions that Duke Energy Corporation could take to reduce or minimize the impact on operating results of downed transmission and distribution lines from severe weather events.
 - iii. Please provide any documents which describe any analysis performed by or on behalf of Duke Energy Corporation to attempt to quantify the impact on risk associated with the impact on operating results of additional and unexpected expenses to mitigate storm damage from severe weather events.
 - iv. Please provide any documents which describe any analysis performed by or on behalf of Duke Energy Corporation to attempt to identify the actions that Duke Energy Corporation could take to reduce or minimize the impact on operating results of additional and unexpected expenses to mitigate storm damage from severe weather events.
- f. In the discussion of “Modernizing the Power Grid” on page 41, the Form 10-K states: “Grid improvements enable successful storm response; for example, in the Carolinas, self-healing grid technologies rerouted power from damaged lines and systems to minimize outages. In 2018, we deployed 1.6 million smart meters resulting in 4.3 million customers having access to this technology across our regulated footprint.”
 - i. Please explain the basis for the statement that “grid improvements enable successful storm response.”
 - ii. Please define the term “successful” when used in this context. Please provide any documents that describe the relationship between the costs to ratepayers for grid improvements versus the benefits of a “successful” storm response, or similar analysis that attempts to quantify the benefits of grid improvements with respect to “successful” storm response.
 - iii. Please define “self-healing grid technologies.” Do these technologies provide benefits other than the described ability to reroute power from damaged lines and systems?
- g. The discussion of “Global Climate Change” on page 82 states: “The Duke Energy Registrants recognize certain groups associate severe weather events with increasing

levels of GHGs in the atmosphere and forecast the possibility these weather events could have a material impact on future results of operations, should they occur more frequently and with greater severity. However, the uncertain nature of potential changes in extreme weather events (such as increased frequency, duration, and severity), the long period of time over which any potential changes might take place, and the inability to predict potential changes with any degree of accuracy, make estimating any potential future financial risk to the Duke Energy Registrants' operations impossible.”

- i. Please explain what Duke Energy Corporation means by “certain groups” as used above.
- ii. Is it Duke Energy Corporation’s position that increasing levels of GHGs will not have a material impact on future results of operations for Duke Energy Corporation?
- iii. Is it Duke Energy Corporation’s position that increasing levels of GHGs will not have a material impact on future results of operations for DEC?
- iv. Please explain the basis for the statement that estimating any potential future financial risk to the Duke Energy operations is “impossible.”
- v. With respect to the factors that make it “impossible” to estimate any future financial risk, please describe the basis for the reference to “the uncertain nature” of potential changes in extreme weather events. In what way is the existing information with respect to “potential changes in extreme weather events” insufficient for Duke Energy Corporation to make estimates of potential future financial risk? What additional information is necessary for Duke Energy Corporation to perform an analysis?
- vi. With respect to the factors that make it “impossible” to estimate any future financial risk, please describe the basis for the reference to “the long period of time over which any potential changes might take place.” In what way is the existing information with respect to the period of time over which any potential changes might take place insufficient for Duke Energy Corporation to make estimates of potential future financial risk? What additional information is necessary for Duke Energy Corporation to perform an analysis?
- vii. Is the time period over which these potential changes may take place too long for consideration in Duke Energy Corporation’s business operations? If so, what is a suitable period of time for which Duke Energy Corporation can be expected to provide a forecast of potential financial risk associated with increased frequency, duration and severity of extreme weather events?
- viii. With respect to the factors that make it “impossible” to estimate any future financial risk, please describe the basis for the reference to the “inability to predict potential changes with any degree of accuracy.” In what way is the existing information with respect to the ability to predict potential changes insufficient for Duke Energy Corporation to make estimates of potential future financial risk? What additional information is necessary for Duke Energy Corporation to perform an analysis?

- h. The discussion of “Global Climate Change” on page 82 states: “The Duke Energy Registrants’ electric generating facilities are designed to withstand extreme weather events without significant damage.”
- i. Please explain the basis for the statement.
 - ii. Please describe the analysis used by Duke Energy Corporation to design its electric generating facilities “to withstand extreme weather events without significant damage.”
 - iii. Please provide any documents that explain or describe any analyses performed by Duke Energy Corporation with respect to the relationship between the costs to ratepayers for such design elements versus the benefits of avoiding “significant damage,” or similar analysis that attempts to quantify the benefits of designing electric generating facilities to withstand extreme weather events without significant damage versus the cost of such design elements.
- i. The discussion of Hurricane Florence on page 147 states that the Company incurred approximately \$70 million in incremental operation and maintenance (“O&M”) expenses and approximately \$5 million in capital costs resulting from the hurricane restoration efforts. The capital costs are included in included in Net property, plant and equipment on the Consolidated Balance Sheets as of December 31, 2018, while “most” of the incremental O&M expenses are deferred as regulatory assets, with the balance included in Operation, maintenance and other on the Consolidated Statements of Operations for the year ended December 31, 2018.
- ii. Please define “most,” i.e., the portion of the O&M expenses that was deferred as a regulatory asset.
 - iii. Please describe the nature of the capital costs incurred by the Company. Given the inclusion of these capital costs in Net property, plant and equipment, will incurring these capital costs have any impact on Duke Energy Corporation’s operating results? Please explain.
 - iv. While the Company cannot predict the outcome of the requested recovery of the regulatory asset in its next base rate case, assuming the Company’s is permitted to recover the entire regulatory asset related to Hurricane Florence restoration efforts in rates, please describe the impact of Hurricane Florence on Duke Energy Corporation’s operating results.
- j. The discussion of Hurricane Michael on page 147 states that the Company incurred approximately \$75 million in incremental operation and maintenance (“O&M”) expenses and approximately \$12 million in capital costs resulting from the hurricane restoration efforts. The capital costs are included in included in Net property, plant and equipment on the Consolidated Balance Sheets as of December 31, 2018, while “most” of the incremental O&M expenses are deferred as regulatory assets, with the balance included in Operation, maintenance and other on the Consolidated Statements of Operations for the year ended December 31, 2018.
- i. Please define “most,” i.e., the portion of the O&M expenses that was deferred as a regulatory asset.

- ii. Please describe the nature of the capital costs incurred by the Company. Given the inclusion of these capital costs in Net property, plant and equipment, will incurring these capital costs have any impact on Duke Energy Corporation's operating results? Please explain.
 - iii. While the Company cannot predict the outcome of the requested recovery of the regulatory asset in its next base rate case, assuming the Company's is permitted to recover the entire regulatory asset related to Hurricane Michael restoration efforts in rates, please describe the impact of Hurricane Michael on Duke Energy Corporation's operating results.
- k. The discussion of Winter Storm Diego on page 147 states that the Company incurred approximately \$60 million in incremental operation and maintenance ("O&M") expenses and approximately \$7 million in capital costs resulting from the winter storm restoration efforts. The capital costs are included in included in Net property, plant and equipment on the Consolidated Balance Sheets as of December 31, 2018, while "most" of the incremental O&M expenses are deferred as regulatory assets, with the balance included in Operation, maintenance and other on the Consolidated Statements of Operations for the year ended December 31, 2018.
- i. Please define "most," i.e., the portion of the O&M expenses that was deferred as a regulatory asset.
 - ii. Please describe the nature of the capital costs incurred by the Company. Given the inclusion of these capital costs in Net property, plant and equipment, will incurring these capital costs have any impact on Duke Energy Corporation's operating results? Please explain.
 - iii. While the Company cannot predict the outcome of the requested recovery of the regulatory asset in its next base rate case, assuming the Company's is permitted to recover the entire regulatory asset related to Winter Storm Diego restoration efforts in rates, please describe the impact of Winter Storm Diego on Duke Energy Corporation's operating results.

Response:

DEC objects to Vote Solar Data Request No. 1-8, subparts a, b, c, d, e, g, h, i, j, k, on the following grounds: the request is overly broad and unduly burdensome; the request is not reasonably calculated to lead to the discovery of admissible evidence; and the request seeks information irrelevant to and unrelated to the subject matter of this general rate case proceeding.

9. Please provide a copy of Duke Energy Corporation's "Climate Change 2019" submission to the Climate Disclosure Project or "CDP", see website:
<https://www.cdp.net/en/responses?utf8=√&queries%5Bname%5D=Duke+Energy+Corporation>

Response:

DEC objects to Vote Solar Data Request No. 1-9, including subparts, on the following grounds: the request is overly broad and unduly burdensome; the request is not reasonably

calculated to lead to the discovery of admissible evidence; and the request seeks information irrelevant to and unrelated to the subject matter of this general rate case proceeding.

10. The following questions refer to Duke Energy Corporation's response to section C1.1a in its "Climate Change 2018" submission to the CDP.

- a. Identify the members of the Board of Directors "with experience and knowledge of environmental regulations and issues in our industry" as of the filing of the Climate Change 2018 disclosure and note if any of those members are no longer on the Board.
- b. Identify the members of the Board of Directors that served on the "Regulatory Policy and Operations Committee" as of the filing of the Climate Change 2018 disclosure and note if any of those members are no longer on the Board or no longer serving on this committee.
- c. Identify the members of the Board of Directors that served on the "Corporate Governance Committee" as of the filing of the Climate Change 2018 disclosure and note if any of those members are no longer on the Board or no longer serving on this committee.
- d. Provide the resolution, and any related Board minutes, memoranda, or presentation materials related to the action of the Board to "formally tas[k] the Corporate Governance Committee with oversight of sustainability issues."
- e. Provide the Corporate Governance Committee's currently effective charter.
- f. Provide the Regulatory Policy and Operations Committee's currently effective charter.
- g. How frequent is the "regular basis" that the Chairman, President, and CEO of Duke Energy reports to the Board on "the status of climate-related issues?"
- h. Provide all Board minutes, memoranda, and presentations related to the CEO of Duke Energy's regular updates to the Board on climate-related issues from January 1, 2015 to the present. (As noted in the Instructions above, this request is of an ongoing nature and should include any updates on climate-related issues provided to the Board until the record closes in Docket No. E-7, Sub 1214.)
- i. Identify the person or persons that are responsible for final approval of the submission to CDP of Duke Energy's Climate Change 2018 disclosure.

Response:

DEC objects to Vote Solar Data Request No. 1-10, including subparts, on the following grounds: the request is overly broad and unduly burdensome; the request is not reasonably calculated to lead to the discovery of admissible evidence; and the request seeks information irrelevant to and unrelated to the subject matter of this general rate case proceeding.

11. The following questions refer to Duke Energy Corporation's response to section C1.1b (Board's oversight of climate issues) in its "Climate Change 2018" submission to the CDP.

- a. Identify all dates since January 1, 2015 where climate-related issues were scheduled as a Board agenda item and provide all agendas, minutes, memoranda, and presentation materials associated with the climate-related issues.
- b. For governance mechanisms into which climate-related issues are integrated, explain how climate is addressed and integrated for each of the following Board tasks:
 - i. Reviewing and guiding strategy

- ii. Reviewing and guiding major plans of action
- iii. Reviewing and guiding risk management policies
- iv. Reviewing and guiding annual budgets
- v. Reviewing and guiding business plans
- vi. Overseeing major capital expenditures, acquisitions and divestitures

Response:

DEC objects to Vote Solar Data Request No. 1-11, including subparts, on the following grounds: the request is overly broad and unduly burdensome; the request is not reasonably calculated to lead to the discovery of admissible evidence; and the request seeks information irrelevant to and unrelated to the subject matter of this general rate case proceeding.

12. The following questions refer to Duke Energy Corporation's response to section C1.2 and C1.2a (below Board-level responsibility for climate-related issues) in its "Climate Change 2018" submission to the CDP.

- a. Identify all dates since January 1, 2015 where the Senior Vice President of Stakeholder Strategy (or any successor position with the corresponding reporting responsibility) provided a report to the Board on climate-related issues and provide all agendas, minutes, memoranda, and presentation materials associated with the climate-related issues.
- b. Identify all dates since January 1, 2015 where the Vice President of Federal Government Affairs & Strategic Policy (or any successor position with the corresponding reporting responsibility) provided a report to the Board on climate-related issues and provide all agendas, minutes, memoranda, and presentation materials associated with the climate-related issues.
- c. According to this section, the Senior Vice President for Stakeholder Strategy & Sustainability reports out "at least twice per year" to the Corporate Governance Committee on climate-related issues. Since January 1, 2015, please provide the date of all such report outs and all associated committee agendas, minutes, memoranda, and presentation materials.
- d. Since January 1, 2015, provide the date of all instances where the Vice President of Federal Government Affairs & Strategic Policy (or any successor position with the corresponding reporting responsibility) reported out to the Regulatory Policy and Operations Committee on climate-related issues and all associated agendas, minutes, memoranda, and presentation materials.

Response:

DEC objects to Vote Solar Data Request No. 1-12, including subparts, on the following grounds: the request is overly broad and unduly burdensome; the request is not reasonably calculated to lead to the discovery of admissible evidence; and the request seeks information irrelevant to and unrelated to the subject matter of this general rate case proceeding.

13. Section C1.2a of the "Climate Change 2018" submission to the CDP states:

Because of the nature of Duke Energy's business, climate-related issues touch many aspects of our organization, making it difficult to list all the positions with responsibility for issues arising due to climate change. For example, the executive in charge of the distribution operation is responsible [sic] for managing and mitigating physical risks, such as through storm hardening and responses to hurricanes. The state presidents are responsible for management of economic risks such as recovery of costs due to storm hardening, changes in the generation mix, etc. And the executive in charge of economic development has responsibility for the climate-related opportunity of electric transportation.

- a. Identify the “executive in charge of the distribution operation” that would have responsibility for “managing and mitigating physical risks” associated with climate change and whether this position is within the Company or at the Duke Energy Corporation level.
- b. Confirm that Mr. DeMay and his predecessor as state president for DEC, Mr. Fountain, are responsible for management of the economic risks associated with climate change.
- c. What other economic risks, in addition to recovery of costs due to storm hardening and changes in the generation mix, are state presidents responsible for managing?
- d. Do state presidents also have the responsibility of mitigating the economic risks associated with climate change or does that responsibility for mitigating those risks lie with the Board and CEO of Duke Energy or some other responsible executive?
- e. Please indicate whether the state president’s responsibility for managing the economic risk of climate change imposes a duty of diligence to accurately assess the state-level company’s vulnerability to climate-related economic losses (including but not limited to storm damage, early retirement of coal-fired generation, replacement power for thermal generators during drought conditions, etc.). Please explain the basis for your response.
- f. Does Duke Energy Corporation’s Board and CEO have a duty of diligence to shareholders to assess and disclose the economic risk to Duke Energy Corporation associated with climate change? Please explain.
- g. To the extent that the extent of climate-related vulnerabilities may be specific to subsidiary companies and are not uniform across Duke Energy Corporation, are state presidents empowered to initiate a state-specific or Company-specific climate vulnerability analysis or would such a study need to be approved by the Board and Committees of the Board responsible for Duke Energy Corporation’s climate change policy?
- h. Does the particular vulnerability of a single operating company like DEC or DEP in North Carolina to economic risk of climate change impact the overall enterprise-wide risk of Duke Energy Corporation?
- i. Is a state president empowered as a means of managing the climate-related economic risk of coal-fired generation, without Board or CEO approval, to:
 - i. Seek regulatory approval to change the depreciation schedule for coal-fired generation assets? Please explain.
 - ii. Establish a retirement date for coal-fired assets before such assets are fully depreciated? Please explain.

Response:

DEC objects to Vote Solar Data Request No. 1-13, including subparts, on the following grounds: the request is overly broad and unduly burdensome; the request is not reasonably calculated to lead to the discovery of admissible evidence; the request seeks information irrelevant to and unrelated to the subject matter of this general rate case proceeding; and the request, in part, calls for a legal conclusion.

14. The following questions refer to Duke Energy Corporation's response to section C.2.2a (frequency in identifying and assessing climate-related risks) in its "Climate Change 2018" submission to the CDP.

- a. Explain how the Enterprise Risk Assessment is used to "identify potential major risks to corporate profitability and value."
 - i. What is the threshold of materiality to classify a risk as a "major risk"?
 - ii. Does this assessment include an assessment of the goodwill impairment of climate change-related impacts to the Company's profitability and value? If so, please explain how this is discussed and included in the Enterprise Risk Assessment.
 - iii. Is a separate risk assessment performed and reported within the Enterprise Risk Assessment by business segment, such as regulated electric businesses, natural gas businesses, and commercial businesses?
- b. What "risks related to the climate change issue" are included in the Enterprise Risk Assessment?
- c. What "subject matter experts" are consulted to identify and characterize key risks with the regulated electric utility businesses?
 - i. Are subject matter experts consulted within each state or subsidiary Company or is a team assembled to address the enterprise as a whole?
 - ii. For climate related issues, identify the categories of subject matter expertise that are consulted in preparing the annual Enterprise Risk Assessment, including whether outside expertise is retained for the analysis.
- d. Confirm that the characterization of the likelihood and impact of climate risks is based, at least in part, on the "opinion" of the subject matter experts.
- e. Identify the members of the Board that are members of the Finance and Risk Management Committee (FRMC)?
- f. Identify all dates, since January 1, 2015, where the Enterprise Risk Management function team or Chief Risk Officer reported out to the Finance and Risk Management Committee and all associated agendas, minutes, memoranda, and presentation materials associated with climate-related risk issues.
- g. Does the Enterprise Risk Assessment provide a Company-specific breakdown of risks that are specific to a geographical region or a state jurisdiction?
 - i. If so, please provide the excerpt of the Enterprise Risk Assessment for Duke Energy Carolinas North Carolina jurisdiction (or combined with South Carolina if that is how it is presented) that identifies "risks related to the climate change issue."

Response:

DEC objects to Vote Solar Data Request No. 1-14, including subparts, on the following grounds: the request is overly broad and unduly burdensome; the request is not reasonably calculated to lead to the discovery of admissible evidence; and the request seeks information irrelevant to and unrelated to the subject matter of this general rate case proceeding.

15. Duke Energy Corporation's response to section C.2.3a (risks identified with the potential to have a substantive financial or strategic impact on your business, increased capital costs due to physical risks) in its "Climate Change 2018" submission to the CDP states that: "Potential changes in extreme weather events, including increased frequency, duration, and severity are difficult to predict, and make estimating any future financial risk with any degree of accuracy impossible."

- a. Notwithstanding Duke Energy Corporation's statement that "estimate any future financial risk with any degree of accuracy" is "impossible," has Duke Energy Corporation made any attempt to quantify its financial risk associated with capital costs due to physical risks? Please explain.
- a. Please explain the reference to "degree of accuracy." What "degree of accuracy" for an estimate is acceptable to Duke Energy Corporation?
- b. Is it Duke Energy Corporation's position that the risk of increased capital costs associated with the impacts of climate change on its physical facilities is not a material factor that needs to be disclosed to investors and potential investors? Please explain.

Response:

DEC objects to Vote Solar Request No. 1-15, including subparts, on the following grounds: the request is overly broad and unduly burdensome; the request is not reasonably calculated to lead to the discovery of admissible evidence; the request seeks information irrelevant to and unrelated to the subject matter of this general rate case proceeding; and the request, in part, calls for a legal conclusion.

16. Duke Energy Corporation's response to section C.2.3a (risks identified with the potential to have a substantive financial or strategic impact on your business, reduced revenue from production capacity due to changes in precipitation patterns) states that the likelihood of such impact is "about as likely as not."

- a. Please explain the basis for this likelihood of risk.
- b. Duke Energy Corporation's response states that "[i]t is not possible to estimate the financial implications from uncertain future weather events such as drought." Please explain the basis for this statement, and identify the documents that Duke Energy Corporation reviewed in concluding that such estimates were "not possible."
- c. What is the role of the in-house Drought Mitigation Team with respect to analyzing the financial implications of drought conditions on production capacity? Please explain.
- d. The response states that Duke Energy Corporation has "also implemented equipment and operational changes at generating plants to reduce drought-related risks." Please explain how the costs of such equipment and operational changes at generating plants were justified for recovery in rates.

Response:

DEC objects to Vote Solar Data Request No. 1-16, including subparts, on the following grounds: the request is overly broad and unduly burdensome; the request is not reasonably calculated to lead to the discovery of admissible evidence; and the request seeks information irrelevant to and unrelated to the subject matter of this general rate case proceeding.

17. Duke Energy Corporation's response to section C2.6 (financial planning process) in its "Climate Change 2018" submission to the CDP states that access to capital has not been impacted: "We have heard from and continue to engage with our investors regarding climate-related issues. So far, we have not seen a negative impact."

- a. Please explain the basis for the statement that "[w]e have heard from ... our investors."
- b. Please explain the basis for the statement regarding a "negative impact." How does Duke Energy Corporation determine the absence of a "negative impact"? How would Duke Energy Corporation determine the presence of a positive impact?

Response:

DEC objects to Vote Solar Data Request No. 1-17, including subparts, on the following grounds: the request is overly broad and unduly burdensome; the request is not reasonably calculated to lead to the discovery of admissible evidence; and the request seeks information irrelevant to and unrelated to the subject matter of this general rate case proceeding.

18. On September 17, 2019, Duke Energy Corporation announced its enterprise-wide goal of "net-zero carbon emissions by 2050." See announcement at: <https://news.duke-energy.com/releases/duke-energy-aims-to-achieve-net-zero-carbon-emissions-by-2050>

The press release begins: "Duke Energy (NYSE: DUK) today announced an updated climate strategy with a new goal of net-zero carbon emissions from electric generation by midcentury. The company also is accelerating its near-term goal by cutting its carbon dioxide emissions by half or more from 2005 levels by 2030."

- a. Is the Company's "climate strategy" one-and-the-same as the enterprise's climate strategy?
- b. Has the Company included this announcement as an insert in customer bills or does the Company plan on including the announcement as a bill insert at any future time?
- c. Is Mr. DeMay's statement that "[t]he Company is actively working towards achieving a lower carbon future by taking steps to close the final chapters on coal ash and reduce our reliance on coal-fired generation" (DeMay Direct Testimony, p. 7, lines 7-9) intended to be a reference to the September 17, 2019 carbon reduction announcement?
- d. Please identify any direct references to the September 17, 2019 Duke Energy Corporation carbon reduction announcement in the application or direct testimony of Company witnesses.
- e. Was the Company's announcement subject to the Company's Enterprise Risk Assessment? If so, which risks or opportunities in the Enterprise Risk Assessment framework were addressed by the announcement?
- f. Please provide any analysis conducted by the Company or on its behalf on the potential risks and benefits of the Company's goal announcement.

Response:

DEC objects to Vote Solar Data Request No. 1-18, including subparts, on the following grounds: the request is overly broad and unduly burdensome; the request is not reasonably calculated to lead to the discovery of admissible evidence; and the request seeks information irrelevant to and unrelated to the subject matter of this general rate case proceeding. The Duke Energy September 17, 2019 press release, which speaks for itself, does not, and was not intended, to identify actual or potential costs for which recovery is sought in this proceeding.

19. Pursuant to Governor Cooper's Executive Order 80, the North Carolina Department of Environmental Quality released a draft "Clean Energy Plan" on August 16, 2019. The North Carolina Utilities Commission referenced the draft Clean Energy Plan in its August 27, 2019 *Order Accepting Integrated Resource Plans and REPS Compliance Plans, Scheduling Oral Argument, and Requiring Additional Analyses*.

- a. Please describe the impact of the Governor's Executive Order 80 and the now final Clean Energy Plan on the Company's operations and planning process in North Carolina.
- b. Please identify those portions of the Company's application and direct testimony that discuss Executive Order 80 or the Clean Energy Plan.
- c. In the Company's view, should the Commission consider Executive Order 80 or the Clean Energy Plan in its disposition of this case?
- d. In the Company's view, do Executive Order 80 and the Clean Energy Plan comprise a part of the energy policy of North Carolina?

Response:

DEC objects to Vote Solar Data Request No. 1-19, including subparts, on the following grounds: the request is overly broad and unduly burdensome; the request is not reasonably calculated to lead to the discovery of admissible evidence; and the request seeks information irrelevant to and unrelated to the subject matter of this general rate case proceeding.

Respectfully submitted, this the 21st day of October, 2019.

/s/James H. Jeffries IV

James H. Jeffries IV

McGuireWoods LLP

201 N. Tryon Street, Suite 3000

Charlotte, North Carolina 28202

(704) 343-2348

jjeffries@mcguirewoods.com

Attorney for Duke Energy Carolinas, LLC

BEFORE THE
NORTH CAROLINA UTILITIES COMMISSION
DOCKET E-7, SUB 1214

IN THE MATTER OF:)

Application of Duke Energy Carolinas, LLC for)
Adjustments in Electric Rate Schedules)
and Tariffs and Request for an Accounting Order)

**VOTE SOLAR'S FIRST SET OF
INTERROGATORIES AND DATA
REQUESTS TO DUKE ENERGY
CAROLINAS, LLC**

SUBMITTED: October 11, 2019
REQUESTED RESPONSE BY: October 21, 2019

INTERROGATORIES AND DATA REQUESTS

Vote Solar propounds the following interrogatories and data requests to Duke Energy Carolinas, LLC ("DEC" or "Company") to be answered under oath, in writing, within 10 days of the service date. This request is continuing in nature.

DEFINITIONS

In addition to the terms defined elsewhere, the following terms shall have the following meanings:

A. "Communications" shall mean all oral communications and all written communications, including all "documents," as defined below.

B. "Duke Energy Corporation" refers to the parent holding company of Duke Energy Carolinas, LLC, stock symbol DUK.

C. "Filing" means the application, together with the direct testimony and exhibits attached thereto, filed by DEC in this docket on September 30, 2019 together with any amendments to the application filed thereafter.

D. "Document" and "documents" shall mean all written, recorded or graphic matters whatsoever and all non-identical copies thereof, including but not limited to papers, books, records, letters, photographs, correspondence, communications, emails, telegrams, cables, telex messages, memoranda, notes, notations, work papers, transcripts, minutes, reports, recordings of telephone or other conversations, statements, summaries, opinions, studies, analyses, evaluations, contracts, agreements, jotting, agendas, bulletins, notices, announcements, advertisements, guidelines, charts, manuals, brochures, publications, schedules, price lists, subscription lists, customer lists,

journals, statistical reports, desk calendars, appointment books, diaries, lists, tabulations, newsletters, drafts, proofs, galleys, or other prepublication forms of materials, telephone lists or indexes, Rolodexes, computer printouts, data processing program libraries, data processing input and outputs, microfilm, microfiches, CD ROMs, books of account, records or invoices reflecting business operations, all records kept by electronic, photographic or mechanical means, any notes or drafts relating to any of the foregoing, and any other documents of any kind in your possession, custody or control or to which you have access or know to exist.

E. “Identify” or “identity” as used with respect to a person means to state the person’s full name and present address and his present or last known employment position and business affiliation if a natural person, and corporate or other status and address if not a natural person. “Identify” or “identity” when used in reference to a document means to state the following as to each document:

- (a) Its nature and contents;
- (b) Its date;
- (c) The date it was executed if different from the date it bears;
- (d) The name, address and position of its author or signer;
- (e) The name, address and position of its addressee, if any;
- (f) Its present location and the name, present address and position of the person or persons having present custody; and
- (g) Whether it has been destroyed, and if so, with regard to such destruction; (i) the date of destruction; (ii) the reason for destruction; and (iii) the identity of the person who destroyed the document.

F. “Person” includes any individual, sole proprietorship, partnership, corporation, association, trust, statutory trust, joint venture, or other entity.

G. “You” or “your” means DEC and its agents, employees, representatives, attorneys, experts, investigators, insurers, consultants, or anyone acting on behalf of DEC.

H. The terms “describe” and “explain” mean: describe and explain in detail each and every basis for the position taken or statement made; identify each and every statement, study, analysis, report or other documents relied upon by you in taking the position or making the statement; and provide a copy of all such identified statements, studies, analyses, reports or other documents.

INSTRUCTIONS

The following Instructions shall apply herein:

- A. In answering each Interrogatory:
- (a) State whether the answer is within the personal knowledge of the person answering the interrogatory and, if not, identify each person known to have personal knowledge of the answer;
 - (b) identify each document that was used in any way to formulate the answer;
 - (c) if you consider any document to be privileged or protected from production, then you must:
 - i. Include in your response a list of documents withheld from productions
 - ii. Identify each document by date, addressee, author, title, and subject matter
 - iii. Identify those persons who have seen the document or who were sent copies, and
 - iv. State the ground(s) upon which each such document is considered privileged or protected and all circumstances relied upon to support such claim;
 - (d) the male gender includes the female gender and the singular noun or pronoun includes the plural.
- B. As these interrogatories are continuing in nature, in the event you obtain any additional responsive information or documents at any date subsequent to the date of your responses to the discovery requests set out herein, you are requested to promptly submit supplemental or amended answers and documents.

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DUKE ENERGY CAROLINAS, LLC

Request:

Please provide an electronic copy of each data request propounded to DEC in this matter and a copy of DEC's response to the same. Additionally, please provide copies of all data requests that DEC has served on other parties in connection with this docket as well as redacted copies of DEC's confidential filings in this proceeding.

Response:

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DUKE ENERGY CAROLINAS, LLC

Request:

Please refer to the Duke Energy Corporation's "2017 Climate Report to Shareholders" ("Climate Report") hosted on the Duke Energy website at <https://www.duke-energy.com/our-company/environment/global-climate-change>. On page 1 (Executive Summary), the report lists three types of risks Duke Energy considered in the report: (1) Physical, (2) Policy, and (3) Economic. Please provide the following in regard to Duke Energy's analysis of these different risks:

- a) The names and titles of Duke Energy personnel and any outside contractors who were involved in developing and drafting the analysis for each type of risk.
- b) A narrative of the process used by involved personnel to identify relevant study parameters for each type of risk, including data inputs, risk models, and other components of the analysis used to develop the report.
- c) A detailed description of the review process including:
 - i. key dates and milestones in the report's development;
 - ii. names and titles of personnel who had authority to revise or approve drafts of the report; and
 - iii. identification of the person or persons who had final approval authority for the report to be released.
- d) All documents and workpapers produced by involved personnel in developing or drafting the analysis for each type of risk.

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DUKE ENERGY CAROLINAS, LLC

Request:

Please refer to the Climate Report, p.9, Section II. Subsection A (Physical Risks). The report states that “[p]otential changes in technology, extreme weather events, including increased frequency, duration and severity are difficult to predict, and make estimating any future financial risk with any degree of accuracy impossible.”

- a) For the Physical Risk analysis in the Climate Report, did the involved personnel undertake any probability analysis concerning the types of weather events or conditions (e.g., drought, wildfire, flooding, more extreme temperatures) that threaten the operation of specific generation assets within the Duke Energy holding company? If so:
 - i. Please describe the extent to which the analysis also specifically considered the vulnerability of generation and transmission assets within the Company’s North Carolina service territory.
 - ii. Please describe the most granular level of analysis that was performed to analyze the risk of the Company’s generation, distribution, or transmission assets to extreme weather events or conditions.
- b) Does the Company, or does Duke Energy Corporation at the enterprise level, employ or contract for the services of a person that is trained in the field of climatology for the purposes of forecasting the future risk of physical impacts of climate change? If so, please identify the name and title of such person(s), and describe the job responsibilities for such person.
- c) Did Duke Energy Corporation, attempt to develop risk modeling for this Climate Report to assess the potential or probable impacts of increased frequency, duration and severity of extreme weather events on physical assets, including generation, transmission or distribution facilities? If so, please describe the risk modeling that was developed, and provide any documents relating to the methods and output of such risk modeling.
- d) Has the Company, separate and apart from Duke Energy Corporation’s climate report or related analytical efforts on climate risk, ever developed risk modeling for its physical assets based on increased frequency, duration and severity of weather events? If so, please describe the risk modeling that was developed, and provide any documents relating to the methods and output of such risk modeling.

Response:

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The Climate Report, p.9, Section II. Subsection A (Physical Risks) describes Duke Energy's plan "to invest \$25 billion over 2017-2026 to create a smarter, more modern grid, nearly \$7 billion is included over the first five years specifically for storm hardening and targeted undergrounding."

- a) Please itemize the categories of investments of \$25 billion contemplated over the 2017-2026 period, and describe how each category of investment would "create a smarter, more modern grid." If these projections have changed since this document was published, please explain the extent of and reason for the change.
- b) Please itemize the categories of investments of \$7 billion contemplated over the first five years for storm hardening and targeted undergrounding, and describe how each category of investment would "create a smarter, more modern grid." If these projections have changed since this document was published, please explain the extent of and reason for the change.

Response:

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The Climate Report, p.9, Section II. Subsection A (Physical Risks) states that “[t]hese investments are aimed at improving resiliency and hardening the grid against extreme weather to make the grid less likely to experience outages or equipment failure, and to minimize impacts to customers from outages when they do occur. Investments will include substation and transmission line upgrades, increased system automation, equipment modernization, elevating substations in flood-prone areas, replacing and strengthening utility poles, and relocating miles of hard-to-access overhead power lines underground.”

- a) For each category of investment, please explain the basis for the statement that it will “make the grid less likely to experience outages or equipment failure.” If this conclusion has changed since this document was published, please explain the extent of and reason for the change.
- b) For each category of investment, please explain the basis for the statement that it will “minimize the impacts to customers from outages when they do occur.” If this conclusion has changed since this document was published, please explain the extent of and reason for the change.

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The Climate Report, p.9, Section II. Subsection A (Physical Risks) states that “[t]hese investments will help prevent outages, especially during storms, and provide faster restoration times during outages.”

- a) For each category of investment, please explain the basis for the statement that it “will help prevent outages, especially during storms.” If this conclusion has changed since this document was published, please explain the extent of and reason for the change.
- b) For each category of investment, please explain the basis for the statement that it will “provide faster restoration times during outages.” If this conclusion has changed since this document was published, please explain the extent of and reason for the change.

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The Climate Report, p.21, Section V, Governance states that “During 2017, the Board placed particular focus on the review of climate risks at several Board meetings. Regular updates to the Corporate Governance Committee and the Board on engagements with shareholders and stakeholders, and the Corporation’s disclosures of climate risks and sustainability measures, occurred throughout the year.”

- a) Please provide copies of each of these “regular updates” conducted throughout calendar year 2017, and explain the basis for such updates.
- b) Please provide copies of each of these “regular updates” conducted throughout calendar year 2018, and explain the basis for such updates.

Response:

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DUKE ENERGY CAROLINAS, LLC

Request:

The following questions are in regard to Duke Energy Corporation's SEC Form 10-K filing for the fiscal period ended December 31, 2018.

- a. In the "Cautionary Statement Regarding Forward-Looking Information," Duke Energy Corporation identifies "The influence of ...extreme weather associated with climate change" as a factor that may cause actual results to be materially different than suggested outcomes. Please provide any documents which describe or explain any analysis conducted by the Company or on its behalf regarding the materiality of risks from extreme weather associated with climate change.
- b. In the discussion of "Risk Factors" on page 28, Duke Energy Corporation finds that "Extreme weather ... associated with climate change could cause seasonal fluctuations to be more pronounced. As a result, the overall operating results of the Duke Energy Registrants' businesses may fluctuate substantially." Please explain the basis for this statement, and provide any documents that describe any analysis conducted by the Company or on its behalf discussing the impact of climate-change-associated seasonal fluctuations on the Company's business.
- c. In the discussion of "Risk Factors" on page 28, Duke Energy Corporation finds that "Destruction caused by severe weather events ... can result in lost operating revenues due to ... additional and unexpected expenses to mitigate storm damage." Please explain the basis for this statement, and provide any documents that relate to any analysis conducted by the Company or on its behalf discussing the impact of severe weather events on lost operating revenues associated with expenses to mitigate storm damage.

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- d. In the discussion of “Risk Factors” on page 28, the 10-K Report states that: “[t]he Duke Energy Registrants’ operating results may fluctuate on a seasonal and quarterly basis and can be negatively affected by changes in weather conditions and severe weather, including extreme weather conditions associated with climate change.”
- i. Please explain how “extreme weather conditions associated with climate change” may negatively affect the Duke Energy Registrants’ operating results.
 - ii. Please provide any documents which describe any analysis performed by or on behalf of Duke Energy Corporation relating to the impact of extreme weather conditions on operating results.
 - iii. Please provide any documents which describe any analysis performed by or on behalf of Duke Energy Corporation to attempt to quantify the impact on risk associated with the impact of extreme weather conditions on operating results.
 - iv. Please provide any documents which describe any analysis performed by or on behalf of Duke Energy Corporation to attempt to identify the actions that Duke Energy Corporation could take to reduce or minimize the impact of extreme weather conditions on operating results and associated risks.
- e. In the discussion of “Risk Factors” on page 28, the 10-K Report states that: “destruction caused by severe weather events, such as hurricanes, tornadoes, severe thunderstorms, snow and ice storms, can result in lost operating revenues due to outages, property damage, including downed transmission and distribution lines, and additional and unexpected expenses to mitigate storm damage.”
- i. Please provide any documents which describe any analysis performed by or on behalf of Duke Energy Corporation to attempt to quantify the impact on risk associated with the impact on operating results of downed transmission and distribution lines from severe weather events.
 - ii. Please provide any documents which describe any analysis performed by or on behalf of Duke Energy Corporation to attempt to identify the actions that Duke Energy Corporation could take to reduce or minimize the impact on operating results of downed transmission and distribution lines from severe weather events.
 - iii. Please provide any documents which describe any analysis performed by or on behalf of Duke Energy Corporation to attempt to quantify the impact on risk associated with the impact on operating results of additional and unexpected expenses to mitigate storm damage from severe weather events.
 - iv. Please provide any documents which describe any analysis performed by or on behalf of Duke Energy Corporation to attempt to identify the actions that Duke Energy Corporation could take to reduce or minimize the impact on operating results of additional and unexpected expenses to mitigate storm damage from severe weather events.

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- f. In the discussion of “Modernizing the Power Grid” on page 41, the Form 10-K states: “Grid improvements enable successful storm response; for example, in the Carolinas, self-healing grid technologies rerouted power from damaged lines and systems to minimize outages. In 2018, we deployed 1.6 million smart meters resulting in 4.3 million customers having access to this technology across our regulated footprint.”
- i. Please explain the basis for the statement that “grid improvements enable successful storm response.”
 - ii. Please define the term “successful” when used in this context. Please provide any documents that describe the relationship between the costs to ratepayers for grid improvements versus the benefits of a “successful” storm response, or similar analysis that attempts to quantify the benefits of grid improvements with respect to “successful” storm response.
 - iii. Please define “self-healing grid technologies.” Do these technologies provide benefits other than the described ability to reroute power from damaged lines and systems?
- g. The discussion of “Global Climate Change” on page 82 states: “The Duke Energy Registrants recognize certain groups associate severe weather events with increasing levels of GHGs in the atmosphere and forecast the possibility these weather events could have a material impact on future results of operations, should they occur more frequently and with greater severity. However, the uncertain nature of potential changes in extreme weather events (such as increased frequency, duration, and severity), the long period of time over which any potential changes might take place, and the inability to predict potential changes with any degree of accuracy, make estimating any potential future financial risk to the Duke Energy Registrants’ operations impossible.”
- i. Please explain what Duke Energy Corporation means by “certain groups” as used above.
 - ii. Is it Duke Energy Corporation’s position that increasing levels of GHGs will not have a material impact on future results of operations for Duke Energy Corporation?
 - iii. Is it Duke Energy Corporation’s position that increasing levels of GHGs will not have a material impact on future results of operations for DEC?
 - iv. Please explain the basis for the statement that estimating any potential future financial risk to the Duke Energy operations is “impossible.”
 - v. With respect to the factors that make it “impossible” to estimate any future financial risk, please describe the basis for the reference to “the uncertain nature” of potential changes in extreme weather events. In what way is the existing information with respect to “potential changes in extreme weather events” insufficient for Duke Energy Corporation to make estimates of potential future financial risk? What additional information is necessary for Duke Energy Corporation to perform an analysis?

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- vi. With respect to the factors that make it “impossible” to estimate any future financial risk, please describe the basis for the reference to “the long period of time over which any potential changes might take place.” In what way is the existing information with respect to the period of time over which any potential changes might take place insufficient for Duke Energy Corporation to make estimates of potential future financial risk? What additional information is necessary for Duke Energy Corporation to perform an analysis?
 - vii. Is the time period over which these potential changes may take place too long for consideration in Duke Energy Corporation’s business operations? If so, what is a suitable period of time for which Duke Energy Corporation can be expected to provide a forecast of potential financial risk associated with increased frequency, duration and severity of extreme weather events?
 - viii. With respect to the factors that make it “impossible” to estimate any future financial risk, please describe the basis for the reference to the “inability to predict potential changes with any degree of accuracy.” In what way is the existing information with respect to the ability to predict potential changes insufficient for Duke Energy Corporation to make estimates of potential future financial risk? What additional information is necessary for Duke Energy Corporation to perform an analysis?
- h. The discussion of “Global Climate Change” on page 82 states: “The Duke Energy Registrants’ electric generating facilities are designed to withstand extreme weather events without significant damage.”
- i. Please explain the basis for the statement.
 - ii. Please describe the analysis used by Duke Energy Corporation to design its electric generating facilities “to withstand extreme weather events without significant damage.”
 - iii. Please provide any documents that explain or describe any analyses performed by Duke Energy Corporation with respect to the relationship between the costs to ratepayers for such design elements versus the benefits of avoiding “significant damage,” or similar analysis that attempts to quantify the benefits of designing electric generating facilities to withstand extreme weather events without significant damage versus the cost of such design elements.
- i. The discussion of Hurricane Florence on page 147 states that the Company incurred approximately \$70 million in incremental operation and maintenance (“O&M”) expenses and approximately \$5 million in capital costs resulting from the hurricane restoration efforts. The capital costs are included in included in Net property, plant and equipment on the Consolidated Balance Sheets as of December 31, 2018, while “most” of the incremental O&M expenses are deferred as regulatory assets, with the balance included in Operation, maintenance and other on the Consolidated Statements of Operations for the year ended December 31, 2018.

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- i. Please define “most,” i.e., the portion of the O&M expenses that was deferred as a regulatory asset.
 - ii. Please describe the nature of the capital costs incurred by the Company. Given the inclusion of these capital costs in Net property, plant and equipment, will incurring these capital costs have any impact on Duke Energy Corporation’s operating results? Please explain.
 - iii. While the Company cannot predict the outcome of the requested recovery of the regulatory asset in its next base rate case, assuming the Company’s is permitted to recover the entire regulatory asset related to Hurricane Florence restoration efforts in rates, please describe the impact of Hurricane Florence on Duke Energy Corporation’s operating results.
- j. The discussion of Hurricane Michael on page 147 states that the Company incurred approximately \$75 million in incremental operation and maintenance (“O&M”) expenses and approximately \$12 million in capital costs resulting from the hurricane restoration efforts. The capital costs are included in included in Net property, plant and equipment on the Consolidated Balance Sheets as of December 31, 2018, while “most” of the incremental O&M expenses are deferred as regulatory assets, with the balance included in Operation, maintenance and other on the Consolidated Statements of Operations for the year ended December 31, 2018.
 - i. Please define “most,” i.e., the portion of the O&M expenses that was deferred as a regulatory asset.
 - ii. Please describe the nature of the capital costs incurred by the Company. Given the inclusion of these capital costs in Net property, plant and equipment, will incurring these capital costs have any impact on Duke Energy Corporation’s operating results? Please explain.
 - iii. While the Company cannot predict the outcome of the requested recovery of the regulatory asset in its next base rate case, assuming the Company’s is permitted to recover the entire regulatory asset related to Hurricane Michael restoration efforts in rates, please describe the impact of Hurricane Michael on Duke Energy Corporation’s operating results.
- k. The discussion of Winter Storm Diego on page 147 states that the Company incurred approximately \$60 million in incremental operation and maintenance (“O&M”) expenses and approximately \$7 million in capital costs resulting from the winter storm restoration efforts. The capital costs are included in included in Net property, plant and equipment on the Consolidated Balance Sheets as of December 31, 2018, while “most” of the incremental O&M expenses are deferred as regulatory assets, with the balance included in Operation, maintenance and other on the Consolidated Statements of Operations for the year ended December 31, 2018.

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- i. Please define “most,” i.e., the portion of the O&M expenses that was deferred as a regulatory asset.
- ii. Please describe the nature of the capital costs incurred by the Company. Given the inclusion of these capital costs in Net property, plant and equipment, will incurring these capital costs have any impact on Duke Energy Corporation’s operating results? Please explain.
- iii. While the Company cannot predict the outcome of the requested recovery of the regulatory asset in its next base rate case, assuming the Company’s is permitted to recover the entire regulatory asset related to Winter Storm Diego restoration efforts in rates, please describe the impact of Winter Storm Diego on Duke Energy Corporation’s operating results.

Response:

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DUKE ENERGY CAROLINAS, LLC

Request:

Please provide a copy of Duke Energy Corporation's "Climate Change 2019" submission to the Climate Disclosure Project or "CDP", see website:

<https://www.cdp.net/en/responses?utf8=✓&queries%5Bname%5D=Duke+Energy+Corporation>

Response:

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DUKE ENERGY CAROLINAS, LLC

Request:

The following questions refer to Duke Energy Corporation's response to section C1.1a in its "Climate Change 2018" submission to the CDP.

- a. Identify the members of the Board of Directors "with experience and knowledge of environmental regulations and issues in our industry" as of the filing of the Climate Change 2018 disclosure and note if any of those members are no longer on the Board.
- b. Identify the members of the Board of Directors that served on the "Regulatory Policy and Operations Committee" as of the filing of the Climate Change 2018 disclosure and note if any of those members are no longer on the Board or no longer serving on this committee.
- c. Identify the members of the Board of Directors that served on the "Corporate Governance Committee" as of the filing of the Climate Change 2018 disclosure and note if any of those members are no longer on the Board or no longer serving on this committee.
- d. Provide the resolution, and any related Board minutes, memoranda, or presentation materials related to the action of the Board to "formally tas[k] the Corporate Governance Committee with oversight of sustainability issues."
- e. Provide the Corporate Governance Committee's currently effective charter.
- f. Provide the Regulatory Policy and Operations Committee's currently effective charter.
- g. How frequent is the "regular basis" that the Chairman, President, and CEO of Duke Energy reports to the Board on "the status of climate-related issues?"
- h. Provide all Board minutes, memoranda, and presentations related to the CEO of Duke Energy's regular updates to the Board on climate-related issues from January 1, 2015 to the present. (As noted in the Instructions above, this request is of an ongoing nature and should include any updates on climate-related issues provided to the Board until the record closes in Docket No. E-7, Sub 1214.)
- i. Identify the person or persons that are responsible for final approval of the submission to CDP of Duke Energy's Climate Change 2018 disclosure.

Response:

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DUKE ENERGY CAROLINAS, LLC

Request:

The following questions refer to Duke Energy Corporation's response to section C1.1b (Board's oversight of climate issues) in its "Climate Change 2018" submission to the CDP.

- a. Identify all dates since January 1, 2015 where climate-related issues were scheduled as a Board agenda item and provide all agendas, minutes, memoranda, and presentation materials associated with the climate-related issues.
- b. For governance mechanisms into which climate-related issues are integrated, explain how climate is addressed and integrated for each of the following Board tasks:
 - i. Reviewing and guiding strategy
 - ii. Reviewing and guiding major plans of action
 - iii. Reviewing and guiding risk management policies
 - iv. Reviewing and guiding annual budgets
 - v. Reviewing and guiding business plans
 - vi. Overseeing major capital expenditures, acquisitions and divestitures

Response:

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DUKE ENERGY CAROLINAS, LLC

Request:

The following questions refer to Duke Energy Corporation's response to section C1.2 and C1.2a (below Board-level responsibility for climate-related issues) in its "Climate Change 2018" submission to the CDP.

- a. Identify all dates since January 1, 2015 where the Senior Vice President of Stakeholder Strategy (or any successor position with the corresponding reporting responsibility) provided a report to the Board on climate-related issues and provide all agendas, minutes, memoranda, and presentation materials associated with the climate-related issues.
- b. Identify all dates since January 1, 2015 where the Vice President of Federal Government Affairs & Strategic Policy (or any successor position with the corresponding reporting responsibility) provided a report to the Board on climate-related issues and provide all agendas, minutes, memoranda, and presentation materials associated with the climate-related issues.
- c. According to this section, the Senior Vice President for Stakeholder Strategy & Sustainability reports out "at least twice per year" to the Corporate Governance Committee on climate-related issues. Since January 1, 2015, please provide the date of all such report outs and all associated committee agendas, minutes, memoranda, and presentation materials.
- d. Since January 1, 2015, provide the date of all instances where the Vice President of Federal Government Affairs & Strategic Policy (or any successor position with the corresponding reporting responsibility) reported out to the Regulatory Policy and Operations Committee on climate-related issues and all associated agendas, minutes, memoranda, and presentation materials.

Response:

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DUKE ENERGY CAROLINAS, LLC

Request:

Section C1.2a of the “Climate Change 2018” submission to the CDP states:

Because of the nature of Duke Energy's business, climate-related issues touch many aspects of our organization, making it difficult to list all the positions with responsibility for issues arising due to climate change. For example, the executive in charge of the distribution operation is responsible [sic] for managing and mitigating physical risks, such as through storm hardening and responses to hurricanes. The state presidents are responsible for management of economic risks such as recovery of costs due to storm hardening, changes in the generation mix, etc. And the executive in charge of economic development has responsibility for the climate-related opportunity of electric transportation.

- a. Identify the “executive in charge of the distribution operation” that would have responsibility for “managing and mitigating physical risks” associated with climate change and whether this position is within the Company or at the Duke Energy Corporation level.
- b. Confirm that Mr. DeMay and his predecessor as state president for DEC, Mr. Fountain, are responsible for management of the economic risks associated with climate change.
- c. What other economic risks, in addition to recovery of costs due to storm hardening and changes in the generation mix, are state presidents responsible for managing?
- d. Do state presidents also have the responsibility of mitigating the economic risks associated with climate change or does that responsibility for mitigating those risks lie with the Board and CEO of Duke Energy or some other responsible executive?
- e. Please indicate whether the state president’s responsibility for managing the economic risk of climate change imposes a duty of diligence to accurately assess the state-level company’s vulnerability to climate-related economic losses (including but not limited to storm damage, early retirement of coal-fired generation, replacement power for thermal generators during drought conditions, etc.). Please explain the basis for your response.
- f. Does Duke Energy Corporation’s Board and CEO have a duty of diligence to shareholders to assess and disclose the economic risk to Duke Energy Corporation associated with climate change? Please explain.
- g. To the extent that the extent of climate-related vulnerabilities may be specific to subsidiary companies and are not uniform across Duke Energy Corporation, are state presidents empowered to initiate a state-specific or Company-specific climate vulnerability analysis or would such a study need to be approved by the Board and Committees of the Board responsible for Duke Energy Corporation’s climate change policy?

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- h. Does the particular vulnerability of a single operating company like DEC or DEP in North Carolina to economic risk of climate change impact the overall enterprise-wide risk of Duke Energy Corporation?
- i. Is a state president empowered as a means of managing the climate-related economic risk of coal-fired generation, without Board or CEO approval, to:
 - i. Seek regulatory approval to change the depreciation schedule for coal-fired generation assets? Please explain.
 - ii. Establish a retirement date for coal-fired assets before such assets are fully depreciated? Please explain.

Response:

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DUKE ENERGY CAROLINAS, LLC

Request:

The following questions refer to Duke Energy Corporation's response to section C.2.2a (frequency in identifying and assessing climate-related risks) in its "Climate Change 2018" submission to the CDP.

- a. Explain how the Enterprise Risk Assessment is used to "identify potential major risks to corporate profitability and value."
 - i. What is the threshold of materiality to classify a risk as a "major risk"?
 - ii. Does this assessment include an assessment of the goodwill impairment of climate change-related impacts to the Company's profitability and value? If so, please explain how this is discussed and included in the Enterprise Risk Assessment.
 - iii. Is a separate risk assessment performed and reported within the Enterprise Risk Assessment by business segment, such as regulated electric businesses, natural gas businesses, and commercial businesses?
- b. What "risks related to the climate change issue" are included in the Enterprise Risk Assessment?
- c. What "subject matter experts" are consulted to identify and characterize key risks with the regulated electric utility businesses?
 - i. Are subject matter experts consulted within each state or subsidiary Company or is a team assembled to address the enterprise as a whole?
 - ii. For climate related issues, identify the categories of subject matter expertise that are consulted in preparing the annual Enterprise Risk Assessment, including whether outside expertise is retained for the analysis.
- d. Confirm that the characterization of the likelihood and impact of climate risks is based, at least in part, on the "opinion" of the subject matter experts.
- e. Identify the members of the Board that are members of the Finance and Risk Management Committee (FRMC)?
- f. Identify all dates, since January 1, 2015, where the Enterprise Risk Management function team or Chief Risk Officer reported out to the Finance and Risk Management Committee and all associated agendas, minutes, memoranda, and presentation materials associated with climate-related risk issues.
- g. Does the Enterprise Risk Assessment provide a Company-specific breakdown of risks that are specific to a geographical region or a state jurisdiction?
 - i. If so, please provide the excerpt of the Enterprise Risk Assessment for Duke Energy Carolinas North Carolina jurisdiction (or combined with South Carolina if that is how it is presented) that identifies "risks related to the climate change issue."

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Response:

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Duke Energy Corporation's response to section C.2.3a (risks identified with the potential to have a substantive financial or strategic impact on your business, increased capital costs due to physical risks) in its "Climate Change 2018" submission to the CDP states that: "Potential changes in extreme weather events, including increased frequency, duration, and severity are difficult to predict, and make estimating any future financial risk with any degree of accuracy impossible."

- a. Notwithstanding Duke Energy Corporation's statement that "estimate any future financial risk with any degree of accuracy" is "impossible," has Duke Energy Corporation made any attempt to quantify its financial risk associated with capital costs due to physical risks? Please explain.
- b. Please explain the reference to "degree of accuracy." What "degree of accuracy" for an estimate is acceptable to Duke Energy Corporation?
- c. Is it Duke Energy Corporation's position that the risk of increased capital costs associated with the impacts of climate change on its physical facilities is not a material factor that needs to be disclosed to investors and potential investors? Please explain.

Response:

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Duke Energy Corporation's response to section C.2.3a (risks identified with the potential to have a substantive financial or strategic impact on your business, reduced revenue from production capacity due to changes in precipitation patterns) states that the likelihood of such impact is "about as likely as not."

- a. Please explain the basis for this likelihood of risk.
- b. Duke Energy Corporation's response states that "[i]t is not possible to estimate the financial implications from uncertain future weather events such as drought." Please explain the basis for this statement, and identify the documents that Duke Energy Corporation reviewed in concluding that such estimates were "not possible."
- c. What is the role of the in-house Drought Mitigation Team with respect to analyzing the financial implications of drought conditions on production capacity? Please explain.
- d. The response states that Duke Energy Corporation has "also implemented equipment and operational changes at generating plants to reduce drought-related risks." Please explain how the costs of such equipment and operational changes at generating plants were justified for recovery in rates.

Response:

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Duke Energy Corporation's response to section C2.6 (financial planning process) in its "Climate Change 2018" submission to the CDP states that access to capital has not been impacted: "We have heard from and continue to engage with our investors regarding climate-related issues. So far, we have not seen a negative impact."

- a. Please explain the basis for the statement that "[w]e have heard from ... our investors."
- b. Please explain the basis for the statement regarding a "negative impact." How does Duke Energy Corporation determine the absence of a "negative impact"? How would Duke Energy Corporation determine the presence of a positive impact?

Response:

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DUKE ENERGY CAROLINAS, LLC

Request:

On September 17, 2019, Duke Energy Corporation announced its enterprise-wide goal of “net-zero carbon emissions by 2050.” See announcement at: <https://news.duke-energy.com/releases/duke-energy-aims-to-achieve-net-zero-carbon-emissions-by-2050>

The press release begins: “Duke Energy (NYSE: DUK) today announced an updated climate strategy with a new goal of net-zero carbon emissions from electric generation by midcentury. The company also is accelerating its near-term goal by cutting its carbon dioxide emissions by half or more from 2005 levels by 2030.”

- a. Is the Company’s “climate strategy” one-and-the-same as the enterprise’s climate strategy?
- b. Has the Company included this announcement as an insert in customer bills or does the Company plan on including the announcement as a bill insert at any future time?
- c. Is Mr. DeMay’s statement that “[t]he Company is actively working towards achieving a lower carbon future by taking steps to close the final chapters on coal ash and reduce our reliance on coal-fired generation” (DeMay Direct Testimony, p. 7, lines 7-9) intended to be a reference to the September 17, 2019 carbon reduction announcement?
- d. Please identify any direct references to the September 17, 2019 Duke Energy Corporation carbon reduction announcement in the application or direct testimony of Company witnesses.
- e. Was the Company's announcement subject to the Company's Enterprise Risk Assessment? If so, which risks or opportunities in the Enterprise Risk Assessment framework were addressed by the announcement?
- f. Please provide any analysis conducted by the Company or on its behalf on the potential risks and benefits of the Company's goal announcement.

Response:

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DUKE ENERGY CAROLINAS, LLC

Request:

Pursuant to Governor Cooper's Executive Order 80, the North Carolina Department of Environmental Quality released a draft "Clean Energy Plan" on August 16, 2019. The North Carolina Utilities Commission referenced the draft Clean Energy Plan in its August 27, 2019 *Order Accepting Integrated Resource Plans and REPS Compliance Plans, Scheduling Oral Argument, and Requiring Additional Analyses*.

- a. Please describe the impact of the Governor's Executive Order 80 and the now final Clean Energy Plan on the Company's operations and planning process in North Carolina.
- b. Please identify those portions of the Company's application and direct testimony that discuss Executive Order 80 or the Clean Energy Plan.
- c. In the Company's view, should the Commission consider Executive Order 80 or the Clean Energy Plan in its disposition of this case?
- d. In the Company's view, do Executive Order 80 and the Clean Energy Plan comprise a part of the energy policy of North Carolina?

Response:

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DUKE ENERGY CAROLINAS, LLC

Request:

Explain whether and how the Company's weather normalization method accounts for the trend of warmer average temperatures year over year. In addition to average temperature increases, does the Company account for prolonged periods of consecutive high-heat days?

Response:

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DUKE ENERGY CAROLINAS, LLC

Request:

For purposes of forecasting load growth and modelling expected power flows on the distribution system, please explain whether and how the Company accounts for the trend of year-over-year warmer average temperatures. In addition to average temperature increases, does the Company account for new extremes of high and low temperatures and for prolonged periods of consecutive high-heat days?

Response:

This the 11th day of October, 2019.

/s/

Thadeus B. Culley
N.C. State Bar No. 47001
Regional Director and
Counsel for Vote Solar
1911 Ephesus Church Road
Chapel Hill, NC 27517
Telephone: (504) 616-0181
Email: thad@votesolar.org

CERTIFICATE OF SERVICE

I hereby certify that all Duke Energy Carolinas, LLC representatives on the docket service list have been served true and accurate copies of the foregoing discovery by hand delivery, first class mail deposited in the U.S. mail, postage pre-paid, or by email transmission with the party's consent.

This the 11th day of October, 2019.

/s/

Thadeus B. Culley
N.C. State Bar No. 47001
Regional Director and
Counsel for Vote Solar
1911 Ephesus Church Road
Chapel Hill, NC 27517
Telephone: (504) 616-0181
Email: thad@votesolar.org

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Duke Energy Carolinas, LLC's Objections to the Vote Solar's Data Request Number 1 filed in Docket No. E-7, Sub 1214, was served electronically or via U.S. mail, first-class postage prepaid, upon all parties of record.

This the 21st day of October, 2019.

/s/Sloane O'Hare

Sloane O'Hare

McGuireWoods LLP

201 N. Tryon Street, Suite 3000

Charlotte, North Carolina 28202

(704) 343-2348

sohare@mcguirewoods.com