BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Duke Energy Carolinas, LLC, for Adjustment of Rates and Charges Applicable to Electric Utility Service in North Carolina

) AMENDED ORDER SCHEDULING
) INVESTIGATION AND HEARINGS,
) ESTABLISHING INTERVENTION AND TESTIMONY DUE DATES AND
) DISCOVERY GUIDELINES, AND
) REQUIRING PUBLIC NOTICE

BY THE CHAIRMAN: On August 25, 2017, Duke Energy Carolinas, LLC (DEC or the Company), filed an application with the Commission requesting authority to adjust and increase its rates and charges for retail electric service in North Carolina. The Company serves approximately 2 million retail customers in North Carolina. On September 19, 2017, the Commission issued an Order Establishing General Rate Case and Suspending Rates.

In its application, DEC requested authority to increase its rates and charges to produce additional overall annual North Carolina retail revenues of approximately $611 million, an increase of approximately 12.8% over current revenues. Further, DEC is seeking approval of a rate of return on common equity of 10.75%.

DEC states that recent work to (1) modernize its electric system, (2) generate cleaner power (including exploring nuclear development), (3) responsibly manage and close coal ash basins, (4) improve reliability, and (5) continually improve service to its customers are the primary drivers behind the Company's request to increase its rates. The Company also proposes a Grid Reliability and Resiliency Rider (GRR Rider) to recover ongoing costs related to the modernization of the grid known as Power/Forward Carolinas.

The Company outlines that investments in generating plant additions and plant-related expenses, nuclear development work, investments in T&D and meters, based upon the Company's proposed return, and a new billing system account for the majority of the request. In particular, $101 million of the request is related to new and existing generation facilities such as the Lee CC plant and two new large solar facilities; $53 million is related to the Lee Nuclear Project, and $182 million represents further post test year additions as well as capital costs.

The Company also states in its application that it has started complying with recently adopted federal and state rules regarding the handling of coal ash and closure of coal ash basins. The Company stated that $135 million of the requested $611 million
was intended to recover ash basin closure compliance costs incurred since January 1, 2015, to comply with these rules. The Company is also requesting to recover $201 million toward ongoing ash basin closure compliance costs, with any difference from the requested amount to be deferred until a future base rate case.

The Company states that the remaining $60 million of the requested rate increase is intended to recover costs related to DEC’s meter replacement program and a new Customer Information System (CIS). These annual cost increases are partially offset by the return of a deferred tax liability of $64 million as well as a net reduction of $57 million related to other changes in revenue.

In addition and apart from the above-stated request for an increase in annual revenues, the Company is requesting approval of the proposed GRR Rider, which will recover approximately $36 million for the first year of the Rider’s operation to recoup costs related to improving the reliability of the Company’s grid infrastructure and modernize aging facilities. Including the GRR Rider, the Company’s requested annual increase is approximately $647 million or a 13.6 percent increase across all customer classes.

Additionally, the Company is requesting an accounting order to establish regulatory assets or liabilities for: (1) coal ash basin closure costs over or under the amount established in this proceeding and those costs incurred between the cut-off date for this rate case and the effective date of new rates; (2) the deferral of Lee Nuclear Project costs incurred through the rate effective date; (3) the deferral of post in-service costs for the W.S. Lee Combined Cycle Plant; and (4) smart meter investments that will replace existing meters pursuant to the Company’s Advanced Metering Infrastructure program. The Company has also requested to recover costs associated with the beneficial reuse of coal ash disposal through its annually adjusted fuel clause mechanism.

Lastly, the Company is requesting that its Project Cancellation Request filed in this Docket, as well as in Docket No. E-7, Sub 819, Application for Authority to Recover Necessary Nuclear Generation Development Expenses and Request for Expedited Treatment, be consolidated into this Docket and considered simultaneously with the Application to adjust rates.

Based upon a review of DEC’s application and the record, the Chairman finds good cause to set DEC’s application for a series of public hearings, establish procedural and filing requirements for DEC and other parties, and require DEC to provide public notice of its application.

The guidelines regarding discovery in this docket, subject to modification for good cause shown, are as follows:

1. Any deposition shall be taken before the deadline for the filing of Public Staff and other intervenor testimony. A notice of deposition shall be served on all parties at least seven business days prior to the taking of the deposition.

2. Any motion for subpoena of a witness to appear at the expert witness
hearing shall be filed with the Commission before the deadline for the filing of the Public Staff and other intervenor testimony, shall be served by hand delivery or facsimile to the person sought to be subpoenaed at or before the time of filing with the Commission, and shall make a reasonable showing that the evidence of such person will be material and relevant to an issue in the proceeding. G.S. 62-62. Unless an objection is filed, the Chief Clerk shall issue the requested subpoena within one business day of the filing of such motion.

3. Formal discovery requests related to the application and the Company’s prefiled direct testimony shall be served on the Company by hand delivery, facsimile, or electronic delivery (with the Company’s agreement), no later than 14 calendar days prior to the filing of Public Staff and other intervenor testimony. The Company shall have up to ten calendar days to file with the Commission objections to the discovery requests on an item-by-item basis, but in no event shall objections be filed later than ten calendar days prior to the deadline for the filing of Public Staff and other intervenor testimony.

4. Formal discovery requests of the Public Staff or other intervenors shall be served by hand delivery, facsimile, or electronic delivery (with the agreement of the receiving party), no later than five calendar days after the filing of that party’s testimony. The party served shall have up to three business days to file with the Commission objections to the discovery requests on an item-by-item basis, but in no event shall objections be filed later than nine calendar days after the filing of that party’s testimony.

5. Formal discovery requests related to pre-filed rebuttal testimony shall be served by hand delivery or facsimile no later than two business days after the filing of such testimony. The party served shall have up to two calendar days to file with the Commission objections to the discovery requests on an item-by-item basis, but in no event shall objections be filed later than three business days after the filing of such rebuttal testimony. Discovery related to rebuttal testimony shall be limited to new material introduced in such rebuttal testimony and will be carefully scrutinized upon objection that such discovery should have been sought during the initial period of discovery.

6. Discovery requests need not be filed with the Commission when served; however, any party filing objections shall attach a copy of the relevant discovery request to the objections. Each discovery request, or part thereof, to which no objection is filed shall be answered by the time objections are due, subject to other agreement of the affected parties or other order of the Commission. Upon the filing of objections, the party seeking discovery shall have two business days to file with the Commission a motion to compel, and the party objecting to discovery shall have one day thereafter to file a response. All objections, motions to compel, and responses shall be served on the other affected party by hand delivery, facsimile, or electronic delivery (with the agreement of the receiving party), at or before the time of filing with the Commission.

7. A party shall not be granted an extension of time to pursue discovery due to that party’s late intervention or other delay in initiating discovery.
The Chairman urges all parties to work in a cooperative manner and to attempt to accommodate discovery within the time available. The Commission recognizes that in the past most discovery has been conducted in an informal manner without the need for Commission involvement or enforcement, and that such has been generally successful. The above guidelines are without prejudice to the parties conducting informal discovery or exchanging information by agreement at any time with the understanding that such will not be enforceable by the Commission if outside the guidelines.

Finally, the Chairman finds good cause to require the Company to consult with all of the parties and file, no later than February 13, 2018, a list of witnesses to be called at the expert witness hearing, the order of witnesses, and each party’s estimated time for cross-examination of each witness. If the parties cannot agree, the remaining parties shall, no later than February 15, 2018, make a filing indicating their points of disagreement with the Company’s filing.

IT IS, THEREFORE, ORDERED as follows:

1. That the hearings on DEC’s application are hereby scheduled as follows:
   
   **Franklin:** Tuesday, January 16, 2018, at 7:00 p.m.
   Macon County Courthouse
   5 W. Main Street
   Courtroom A
   Franklin, NC 28734
   
   **Greensboro:** Wednesday, January 24, 2018, at 7:00 p.m.
   Guilford County Courthouse
   201 S. Eugene Street
   Courtroom 1C
   Greensboro, NC 27401
   
   **Charlotte:** Tuesday, January 30, 2018, at 6:30 p.m.
   Mecklenburg County Courthouse
   832 E. 4th Street
   Charlotte, NC 28202
   
2. That the hearings on January 16, January 24, and January 30, 2018, shall be for the purpose of receiving only the testimony of public witnesses in accordance with Commission Rule R1-21(g). The Commission reserves the right to limit testimony at the public witness hearings. The hearing will resume in Raleigh on February 19, 2018, at 2:00 p.m., and continue as required for testimony and cross-examination of expert witnesses for the Company, the Public Staff, and other intervenors.

3. That the Commission will determine not only the justness and reasonableness of the Company's overall requested changes in rates, but also the appropriate level of rates to be established for each individual rate class.
4. That the test period to be used by all parties in this proceeding shall be the twelve-month period ending December 31, 2016, with appropriate adjustments.

5. That the parties shall comply with the discovery guidelines established herein and shall work in a cooperative manner as to discovery.

6. That the Company shall consult with all other parties and file, not later than February 13, 2018, a list of witnesses to be called at the expert witness hearing, the order of witnesses, and each party’s estimated time for cross-examination of each witness. If the parties cannot reach agreement, the remaining parties shall, no later than February 15, 2018, make a filing indicating their points of disagreement with the Company’s filing.

7. That the Company shall, at its own expense, publish in newspapers having general coverage in its service area, the Notice of Hearings attached as Appendix A, once a week for two consecutive weeks, at least forty-five (45) days in advance of the hearing set herein. The Notice shall cover no less than one-fourth of a page.

8. That the Company shall mail to each of its customers a copy of the Notice of Hearings no later than forty-five (45) days in advance of the first hearing set herein.

9. That the Company shall make a copy of the Notice of Hearings prominently available on its website, and provide an email with an electronic link to the Notice of Hearings for all customers receiving bills electronically.

10. That the Company shall file an affidavit of publication and certificate of service no later than the first day of the expert witness hearing.

11. That petitions to intervene in this proceeding shall be filed pursuant to Commission Rules R1-5, R1-6, R1-7, and R1-19 not later than January 8, 2018.

12. That direct testimony and exhibits of intervenors and the Public Staff shall be filed on or before January 19, 2018, and that the rebuttal testimony and exhibits of the Company, if any, shall be filed on or before February 2, 2018.

ISSUED BY ORDER OF THE COMMISSION.

This the 20th day of October, 2017.

NORTH CAROLINA UTILITIES COMMISSION

Janice H. Fulmore, Deputy Clerk
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

Application of Duke Energy Carolinas, LLC, for Adjustment of Rates and Charges Applicable to Electric Utility Service in North Carolina

PUBLIC NOTICE OF HEARINGS ON RATE INCREASE APPLICATION

NOTICE IS HEREBY GIVEN that on August 25, 2017, Duke Energy Carolinas, LLC (DEC or the Company), filed an application with the Commission requesting authority to adjust and increase its rates and charges for retail electric service in North Carolina. The Company serves approximately 2 million retail customers in North Carolina. On September 19, 2017, the Commission issued an Order Establishing General Rate Case and Suspending Rates.

In its application, DEC requested authority to increase its rates and charges to produce additional overall annual North Carolina retail revenues of approximately $611 million, an increase of approximately 12.8% over current revenues. Further, DEC is seeking approval of a rate of return on common equity of 10.75%.

DEC states that recent work to (1) modernize its electric system, (2) generate cleaner power (including exploring nuclear development), (3) responsibly manage and close coal ash basins, (4) improve reliability, and (5) continually improve service to its customers are the primary drivers behind the Company’s request to increase its rates. The Company also proposes a Grid Reliability and Resiliency Rider (GRR Rider) to recover ongoing costs related to the modernization of the grid known as Power/Forward Carolinas.

The Company outlines that investments in generating plant additions and plant-related expenses, nuclear development work, investments in T&D and meters, based upon the Company’s proposed return, and a new billing system account for the majority of the request. In particular, $101 million of the request is related to new and existing generation facilities such as the Lee CC plant and two new large solar facilities; $53 million is related to the Lee Nuclear Project, and $182 million represents further post test year additions as well as capital costs.

The Company also states in its application that it has started complying with recently adopted federal and state rules regarding the handling of coal ash and closure of coal ash basins. The Company stated that $135 million of the requested $611 million was intended to recover ash basin closure compliance costs incurred since January 1,
2015, to comply with these rules. The Company is also requesting to recover $201 million toward ongoing ash basin closure compliance costs, with any difference from the requested amount to be deferred until a future base rate case.

The Company states that the remaining $60 million of the requested rate increase is intended to recover costs related to DEC’s meter replacement program and a new Customer Information System (CIS). These annual cost increases are partially offset by the return of a deferred tax liability of $64 million as well as a net reduction of $57 million related to other changes in revenue.

In addition and apart from the above-stated request for an increase in annual revenues, the Company is requesting approval of the proposed GRR Rider, which will recover approximately $36 million for the first year of the Rider’s operation to recoup costs related to improving the reliability of the Company’s grid infrastructure and modernize aging facilities. Including the GRR Rider, the Company’s requested annual increase is approximately $647 million or a 13.6 percent increase across all customer classes.

Additionally, the Company is requesting an accounting order to establish regulatory assets or liabilities for: (1) coal ash basin closure costs over or under the amount established in this proceeding and those costs incurred between the cut-off date for this rate case and the effective date of new rates; (2) the deferral of Lee Nuclear Project costs incurred through the rate effective date; (3) the deferral of post in-service costs for the W.S. Lee Combined Cycle Plant; and (4) smart meter investments that will replace existing meters pursuant to the Company’s Advanced Metering Infrastructure program. The Company has also requested to recover costs associated with the beneficial reuse of coal ash disposal through its annually adjusted fuel clause mechanism.

Lastly, the Company is requesting that its Project Cancellation Request filed in this Docket, as well as in Docket No. E-7, Sub 819, Application for Authority to Recover Necessary Nuclear Generation Development Expenses and Request for Expedited Treatment, be consolidated into this Docket and considered simultaneously with the Application to adjust rates.
Below is a table with the proposed North Carolina retail revenue increase\(^1\) by customer class:

<table>
<thead>
<tr>
<th>Customer Class</th>
<th>Present Revenues with all Riders</th>
<th>Proposed Revenues with all Riders</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Service</td>
<td>$2,200,476,870</td>
<td>$2,567,103,461</td>
<td>16.7%</td>
</tr>
<tr>
<td>General Service (Non-TOU)</td>
<td>853,276,536</td>
<td>949,201,869</td>
<td>11.2%</td>
</tr>
<tr>
<td>OPT</td>
<td>1,431,409,544</td>
<td>1,588,648,744</td>
<td>11.0%</td>
</tr>
<tr>
<td>Industrial</td>
<td>156,662,963</td>
<td>170,684,990</td>
<td>9.0%</td>
</tr>
<tr>
<td>Lighting</td>
<td>126,035,462</td>
<td>139,642,877</td>
<td>10.8%</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td><strong>$4,767,861,375</strong></td>
<td><strong>$5,415,281,941</strong></td>
<td><strong>13.6%</strong></td>
</tr>
</tbody>
</table>

The increases within the above-listed rate classes would vary by rate schedule.

The Company requested that the proposed rates become effective on September 25, 2017; however, the Commission has issued an order suspending the Company's proposed rate changes for a period of up to 270 days or on after September 25, 2017.

**EFFECT OF RATES**

For existing residential customers, the proposed rates (including the effects of all riders) would change the bill of a residential customer using 1,000 kWh a month, as follows:

<table>
<thead>
<tr>
<th>Existing ($/month)</th>
<th>Proposed ($/month)</th>
<th>Change ($)</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$103.96</td>
<td>$122.68</td>
<td>$18.72</td>
<td>18.0%</td>
</tr>
</tbody>
</table>

The dollar amount and percentage change will vary with each customer’s level of electricity usage.

The increases shown above include a basic customer charge increase from $11.80 to $17.79 for most residential customers. The basic customer charge would increase from $19.39 to $23.38 for most small general service customers; would decrease from $23.91 to $23.70 for most large general service customers; and would decrease from $32.17 to $23.57 for OPT customers. Other customers would experience increases or

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\(^1\) The table shows the revenue increase resulting from the general rate case. Both revenue columns includes revenues associated with the Company's various riders in effect July 1, 2017 or proposed as part of this case. Those riders include: Fuel Cost Adjustment Rider, Energy Efficiency Rider, Existing DSM Program Costs Adjustment Rider, Non-Fuel Purchased Power Cost Rider, BPM Prospective and True-Up Riders, Nuclear Decommissioning Rider, and the proposed Grid Reliability and Resiliency Rider.
decreases in their monthly bills based upon their particular rate schedule and usage level.

The Commission will consider additional or alternative rate design proposals that were not included in the Company’s application and may order increases or decreases in individual rate schedules that differ from those proposed by the Company.

OTHER MATTERS

A list of present rates, together with details of the proposed adjustments in rates, can be obtained at the business offices of DEC, or at the Office of the Chief Clerk of the Commission, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina, where a copy of the application is available for review. These materials, as well as pleadings, pre-filed testimony and exhibits of other parties, hearings transcripts, briefs, and proposed orders, may be viewed as they become available on the Commission’s website at www.ncuc.commerce.state.nc.us. Click on “Docket Search” and type in the docket (E-7) and sub docket (1146) numbers.

Upon written request, the Commission will place copies of the application and prefiled testimony in centrally located public libraries if the name and location of the library are identified in the request.

The Commission has suspended the proposed rate changes and has scheduled the application for investigation and hearing. Persons who desire to present testimony for the record should appear at one of the public hearings. Persons who desire to send written statements to inform the Commission of their positions in the matter should address their statements to the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300, and reference Docket No. E-7, Sub 1146. However, such written statements cannot be considered competent evidence unless those persons appear at the hearing and testify concerning the information contained in their written statements.

FURTHER NOTICE IS GIVEN that the North Carolina Utilities Commission has set the hearings for the application for a general rate increase as follows:

Franklin: Tuesday, January 16, 2018, at 7:00 p.m.
Macon County Courthouse
5 W. Main Street
Courtroom A
Franklin, NC 28734

Greensboro: Wednesday, January 24, 2018, at 7:00 pm.
Guilford County Courthouse
201 S. Eugene Street
Courtroom 1C
Greensboro, NC 27401
Charlotte: Tuesday, January 30, 2018, at 6:30 p.m.
Mecklenburg County Courthouse
832 E. 4th Street
Charlotte, NC 28202

The hearings on January 16, January 24, and January 30, 2018, shall be for the purpose of receiving only the testimony of public witnesses in accordance with Commission Rule R1-21(g). The Commission reserves the right to limit testimony at the public witness hearings. The hearing will resume in Raleigh on February 19, 2018, at 2:00 p.m., and continue as required for testimony and cross-examination of expert witnesses for the Company, the Public Staff, and other intervenors.

Persons having an interest in the investigation and desiring to intervene in the matter as formal parties of record may file their motions to intervene not later than January 8, 2018, and in accordance with Rules R1-5, R1-6, R1-7, and R1-19 of the Commission's Rules and Regulations. These motions should reference Docket No. E-7, Sub 1146, and should be filed with the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300. All parties and intervenors to this proceeding planning to present testimony must prefile their testimony and exhibits not later than January 19, 2018.

The Public Staff — North Carolina Utilities Commission, through its Executive Director, is required by statute to represent the using and consuming public in proceedings before the Commission. Statements to the Executive Director should be addressed to:

Mr. Christopher J. Ayers
Executive Director of Public Staff - NCUC
4326 Mail Service Center
Raleigh, NC 27699-4300

The Attorney General is also authorized to represent the using and consuming public in proceedings before the Commission. Statements to the Attorney General should be addressed to:

The Honorable Josh Stein
Attorney General of North Carolina
c/o Consumer Protection - Utilities
9001 Mail Service Center
Raleigh, NC 27699-9001

This the 20th day of October, 2017.

NORTH CAROLINA UTILITIES COMMISSION

Janice H. Fulmore, Deputy Clerk