STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-7, SUB 1213
DOCKET NO. E-7, SUB 1214
DOCKET NO. E-7, SUB 1187
DOCKET NO. E-7, SUB 1152
DOCKET NO. E-7, SUB 1146

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1213 In the Matter of Petition by Duke Energy Carolinas, LLC, for Approval of Prepaid Advantage Program DOCKET NO. E-7, SUB 1214 In the Matter of Application by Duke Energy Carolinas, LLC, for Adjustment of Rates and Charges Applicable to Electric Utility Service in North Carolina DOCKET NO. E-7, SUB 1187 In the Matter of Application of Duke Energy Carolinas, LLC for an Accounting Order to Defer Incremental Storm Damage Expenses Incurred as a Result of Hurricanes Florence and Michael and Winter Storm Diego DOCKET NO. E-7, SUB 1152 In the Matter of Petition of Duke Energy Carolinas, LLC, for an Order Approving a Job Retention Rider DOCKET NO. E-7, SUB 1146 In the Matter of Application by Duke Energy Carolinas, LLC, for Adjustment of Rates and Charges Applicable to Electric Utility Service in North Carolina	)	ORDER APPROVING RATE SCHEDULES AND NOTICE TO CUSTOMERS OF CHANGE IN RATES

BY THE COMMISSION: On March 31, 2021, the Commission issued an Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice (Rate Order), in the above-captioned dockets authorizing Duke Energy Carolinas, LLC (DEC) to adjust its rates and charges for retail electric service in North Carolina. The Rate Order, among other things, also directed DEC to consult with the Public Staff and file for Commission approval a proposed Notice to Customers informing its customers of the rate changes.

On May 13, 2021, DEC filed several exhibits demonstrating its calculations of base and total revenues, rate schedules, and other calculations (rate schedules), as well as a proposed Notice to Customers that was developed by DEC and the Public Staff (collectively compliance filings). DEC stated that the Public Staff had verified the accuracy of DEC's calculations and had also reviewed and approved the proposed Notice to Customers.

Based on a review of the compliance filings and the record, the Commission finds good cause to approve the rate schedules, and to authorize DEC to implement its new rates pursuant to the Rate Order for service rendered on and after June 1, 2021. In addition, the Commission finds good cause to approve the Notice to Customers in the form attached hereto as Appendix A, and to direct that DEC shall give notice of the rate changes to its customers in compliance with the Rate Order.

IT IS, THEREFORE, SO ORDERED.

ISSUED BY ORDER OF THE COMMISSION.

This the 21st day of May, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston

A. Shonta Dunston, Deputy Clerk

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NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission (Commission) entered an Order on March 31, 2021, in Docket No. E-7, Sub 1214, after public hearing, approving an increase in the annual revenues from rates and charges paid by retail customers of Duke Energy Carolinas, LLC (DEC" or Company) in North Carolina. The increase approved by the Commission and calculated herein is the increase from the rates that were in effect as of the end of the test period for the rate case, December 31, 2018. The non-fuel base rate increase, which is effective June 1, 2021, will be partially offset by the Excess Deferred Income Tax (EDIT-3 and EDIT-4) decrement riders of $295.4 million in the first two years, as set forth in the Commission's Order, resulting in an overall increase of $33.0 million or approximately 0.7% in the first and second years. In the third, fourth and fifth years, the EDIT-3 Rider will no longer be in effect, and the base rate increase will be partially offset by the EDIT-4 Rider of $212.3 million per year, resulting in an overall increase of $116.0 million or approximately 2.4% in years three, four and five. In the sixth and subsequent years, the EDIT-4 Rider will no longer be in effect, resulting in an overall increase of $328.3 million in base rates or approximately 7.0%.

The annualized impact of this rate change on a typical residential customer using 1,000 kilowatt hours (kWh) of electricity per month is an increase of $1.71 per month compared to the customer's current bill. Upon expiration of the EDIT-3 Rider after two years, the impact on a typical residential customer using 1,000 kWh per month will be an additional increase of $1.89, for a total increase of $3.61 per month compared to the customer's current bill. Upon expiration of the EDIT-4 Rider after five years, the impact on a typical residential customer using 1,000 kWh per month will be an additional increase of $4.84, for a total increase of $8.45 per month compared to the customer's current bill.

As a part of this rate change, the Commission approved the Coal Combustion Residual (CCR) cost recovery settlement between DEC, the North Carolina Attorney General's Office, the North Carolina Public Staff, and the Sierra Club. The CCR settlement reduces the amount of coal ash management costs recovered in customer rates. The Order also authorizes the deferral of future CCR costs consistent with the CCR settlement.

The Commission also deemed all storm costs incurred due to Hurricanes Florence and Michael and Winter Storm Diego reasonable and prudent. In Docket No. E-7, Sub 1243, the Company is seeking securitization of approved storm costs. However, the Commission approved the establishment of a contingent storm recovery rider set to $0 as a placeholder in the event storm securitization is not approved in Docket No. E-7, Sub 1243. If the Company is unable to securitize its storm costs, the Company could seek to recover these storm costs in a future proceeding.

Additionally, the Order approved a Grid Improvement Plan (GIP) deferral in accordance with various settlement agreements reached on future grid improvements to strengthen the grid, improve reliability and enable the use of more renewable energy.

Further, the Order approved a comprehensive rate design study, a low income collaborative, a cost of service study, consideration of potential income-qualified energy efficiency pilot programs, a climate risk and resilience workshop, and several other initiatives. The Company is required to periodically report the status of the approved collaboratives and/or initiates to the Commission as outlined in the Order. The Order also approved DEC's proposed Prepaid Advantage Program, subject to conditions, and eliminated direct debit and credit card bill-paying fees for residential customers.

The Order also provided that Duke Energy Corporation's shareholders will contribute $6 million over two years to the Helping Home Fund to provide energy and cost saving measures to North Carolina customers, and $5 million over two years to the Share the Warmth Fund program to provide billing assistance to low income customers.

END OF TEMPORARY RATE CHANGE

On August 24, 2020, DEC increased rates and charges on a temporary basis, subject to refund, pursuant to the authority granted to the Company in N.C. Gen. Stat. §62-135. The temporary increase reflected an increase in base revenues of approximately $238.2 million annually. The Company also implemented a temporary Excess Deferred Income Tax (EDIT-2) Rider on August 24, 2020, which offset the base rate increase by returning approximately $238.2 million annually of deferred federal tax liability to customers. The temporary EDIT-2 Rider was not subject to refund. The temporary rate changes that were set forth on August 24, 2020, were not final rates and were subject to the Commission's final determination of the just and reasonable rates to be charged by DEC on a permanent basis.

In the Company's Amended Motion for Approval of Undertaking to Implement Temporary Rates filed on August 4, 2020, the Company stated that the temporary rates to be recovered, subject to refund, excluded the following litigated items: the recovery of deferred coal ash compliance costs subject to asset retirement obligation accounting, implementation of new depreciation rates, and amortization of the hydro station sale. The Company explained that it would not begin the amortization or implementation of these items until a final order was issued in the rate case and new permanent base rates were implemented. Further, the Company stated that these items would also be excluded when determining whether a refund of amounts collected through temporary rates is needed.

Consistent with the Commission's Order approving the permanent base revenues and with the calculation methodology discussed above to determine whether a refund of amounts collected through temporary rates is needed, the Company has recalculated the temporary rates revenue requirement excluding the recovery of deferred coal ash compliance costs that were subject to asset retirement obligation accounting, implementation of new depreciation rates, and amortization of the hydro station sale. The recalculation by rate class is shown in the Compliance Comparison column below:

	Temporary Rates	Compliance Comparison	No Refund / (Refund)
Rate RS	124,671	125,994	1,323
Rate GS	29,274	29,655	381
Rate LT	13,476	13,599	123
Rate I	2,415	2,479	64
Rate OPT	65,426	65,988	562
Total Retail	**235,262**	**237,715**	**2,453**
Total Refund			0

The Company's analysis indicates that no refund of the amounts collected through temporary rates is required. The calculations and supporting schedules were reviewed by the Public Staff. The Public Staff agreed that no refund is due as temporary rates were just and reasonable on a rate class basis.

END OF JOB RETENTION RECOVERY RIDER

The Job Retention Rider (JRR) was approved in the Company's 2018 general rate case in Docket No. E-7, Sub 1146 to support a one-year pilot program intended to retain industrial jobs in North Carolina. The JRR expired on November 30, 2019. Revenues over-recovered in Rider JRR were refunded to customers over a 12-month period beginning June 1, 2020 through the Job Retention Recovery Rider (JRRR-2), as approved by the Commission in Docket No. E-7, Sub 1152. Rider JRRR-2 will terminate and no longer be applicable for service on or after June 1, 2021. The end of this refund of program costs will result in a $0.35 increase in the monthly bill for a typical residential customer using 1,000 kWh.

ISSUED BY ORDER OF THE COMMISSION

This the 21st day of May, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston

A. Shonta Dunston, Deputy Clerk

NOTE TO PRINTER: Duke Energy Carolinas shall pay advertising costs. It is required that an Affidavit of Publication be filed with the Commission by Duke Energy Carolinas.