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VIA ELECTRONIC FILING

Ms. M. Lynn Jarvis, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

**RE: Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's
Response to Commission Questions
Docket Nos. E-7, Sub 1169 and E-2, Sub 1170**

Dear Ms. Jarvis:

Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC ("DEP" and together with DEC, the "Companies") collectively make this filing in the above referenced dockets to respond to questions posed by the North Carolina Utilities Commission ("Commission") during the oral argument held on September 4, 2018.

The questions and responses are as follows:

1. **Question:** Why does the Walmart Settlement pricing structure use Day Ahead Hourly Lambda rather than the actual hourly price (as is the case in Georgia Power Company's commercial and industrial program)? (Tr. 41, Lines 2-24).

Response: The Day Ahead Hourly Lambda is being used for the following primary reasons:

- Provides alignment with the manner in which real time pricing ("RTP") tariffs are calculated for both DEP and DEC. Furthermore, for Green Source Advantage ("GSA") customers on the RTP tariffs, this alignment will allow for a true hedge in that the GSA bill credit ("Bill Credit") received by the GSA customer will move in sync with the RTP price.

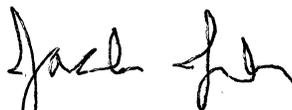
- Use of the Day Ahead Hourly Lambdas minimizes the administrative burden of calculating the Bill Credit and reduces the opportunities for mathematical error because the Companies can leverage the data already generated for purposes of the RTP tariff.
2. **Question:** Under the Walmart Settlement structure, is it likely that the Bill Credit will include a capacity amount in particular hours? (Tr. 51, Line 22 – Tr. 53, Line 5).

Response: Yes. The Bill Credit for both utilities includes a capacity credit and the GSA Customer would receive the capacity credit in the Bill Credit in the same hours that the capacity charges are triggered for RTP customers. The following table details the number of hours over the last three years in which a capacity charge was triggered for RTP customers. Note, however, that the 2018 information represents data available through June 2018, and additional hours of capacity credit have occurred in 2018.

| YEAR | DEC | DEP |
|------|-----|-----|
| 2016 | 48 | 20 |
| 2017 | 14 | 30 |
| 2018 | 3 | 60 |

If you have any questions, please do not hesitate to contact me. Thank you for your assistance with this matter.

Sincerely,



Jack E. Jirak

c: Parties of Record

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Response to Commission Questions, in Docket Nos. E-7, Sub 1169 and E-2, Sub 1170, has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid, properly addressed to parties of record.

This the 8th day of October, 2018.



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