

**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, LLC,)	ORDER ESTABLISHING
for Adjustment of Rates and Charges)	GENERAL RATE CASE,
Applicable to Electric Service in North)	SUSPENDING RATES,
Carolina)	SCHEDULING HEARINGS, AND
)	REQUIRING PUBLIC NOTICE

BY THE COMMISSION: On September 30, 2019, Duke Energy Carolinas, LLC (DEC or the Company), filed an application with the Commission requesting authority to adjust and increase its rates for retail electric service in North Carolina effective October 30, 2019. The proposed rate increase is based on a test period ending December 31, 2018. The Company states that it intends to update its application with estimates of changes to revenues, expenses, rate base, and cost of capital through January 31, 2020. In addition, DEC's application includes a request for accounting orders approving the establishment of certain regulatory assets and the continued deferral of certain costs related to environmental compliance, storm costs, grid improvement investments, and employee severance.

In its application, DEC proposes to increase its rates and charges to produce an additional \$445.3 million in retail base revenues, which would result in an overall increase of approximately 9.2%. DEC further proposes to partially offset the increase in revenues by refunding \$154.6 million, related to certain tax benefits resulting from the Federal Tax Cut and Jobs Act, through a proposed rider. The net revenue increase with the rider is \$290.8 million, which represents an approximate overall 6.0% increase in annual revenues.

In support of the requested rate increase, DEC states that its request is driven by investments made by the Company since its 2017 rate case in Docket No. E-7, Sub 1146, including: a) the further implementation of DEC's generation modernization program, which consists of retiring, replacing and upgrading generation plants; b) the Company's continued investments to modernize and maintain the Company's transmission and distribution systems; c) costs incurred to restore service to customers after Hurricanes Florence and Michael and Winter Storm Diego; d) the deployment of Advanced Metering Infrastructure, which includes smart meters; e) investments needed to comply with environmental regulations related to coal combustion residuals, including ash basin closure activities necessary to satisfy federal and state regulatory requirements; f) depreciation rate changes from the most recent depreciation study, including efforts to further reduce the Company's reliance on coal by accelerating the expected remaining lives of some of the Company's coal-fired generation facilities for depreciation purposes,

and g) other costs incurred by DEC to provide reliable, efficient, and high quality power to North Carolina customers.

In the event that the Commission suspends DEC's proposed rates for up to 270 days, pursuant to N.C. Gen. Stat. § 62-134, DEC requested that new permanent base rates become effective no later than August 1, 2020.

Based upon the foregoing and the record in this proceeding, the Commission is of the opinion that the application constitutes a general rate case and that the proposed new rates should be suspended pending investigation. In addition, the Commission hereby establishes the procedural schedule, including filing requirements of DEC and other parties, and requires public notice.

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, or as agreed to by the parties should the Company require depositions. 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 evidentiary 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. N.C.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 general rate case application and the Company's pre-filed direct and supplemental 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, facsimile, or electronic delivery with the Company's agreement, no later than two calendar 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 business 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 Commission urges all parties to work in a cooperative manner and to try 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.

Further, the Commission finds good cause to require DEC and all other parties who file exhibits and workpapers that include tables of numbers and calculations to provide the Commission Staff, Public Staff, and any other party upon request from such party an electronic version of all such exhibits and workpapers, with formulas intact.

In addition, the Commission finds good cause to take judicial notice pursuant to N.C.G.S. § 62-65 of all evidence, decisions and other matters of record pertaining to coal combustion residuals (CCRs), Advanced Metering Infrastructure (AMI), and Power Forward in DEC's last general rate case, Docket No. E-7, Sub 1146 (Sub 1146). The scope of the judicial notice shall include discovery requests and responses pertaining to CCRs, AMI, and Power Forward that were propounded and received by the parties in Sub 1146, if such were received into evidence in Sub 1146 or are proffered and received into evidence in this docket.

Finally, the Commission will require the Company to consult with all other parties and file, no later than March 16, 2020, a list of witnesses to be called at the hearing, the order of witnesses, and the estimated time for cross-examination. If the parties cannot agree, the remaining parties shall, no later than March 20, 2020, make a filing indicating their points of disagreement with the Company's filing.

IT IS, THEREFORE, ORDERED as follows:

1. That this proceeding is hereby declared a general rate case pursuant to N.C.G.S. § 62-137.

2. That the proposed new rates are hereby suspended for up to 270 days pursuant to N.C.G.S. § 62-134.

3. That the Commission hereby takes judicial notice pursuant to N.C.G.S. § 62-65 of all evidence, decisions, and other matters of record pertaining to coal combustion residuals, Advanced Metering Infrastructure, and Power Forward in DEC's last general rate case, Docket No. E-7, Sub 1146, as more fully specified in the body of this Order.

4. That DEC and all other parties filing exhibits and workpapers that include tables of numbers and calculations shall provide the Commission Staff, Public Staff, and any other party upon request from such party an electronic version of all such exhibits and workpapers, with formulas intact.

5. That the hearings on the application are scheduled as follows:

Wednesday, January 15, 2020, at 7:00 p.m.
Macon County Courthouse,
5 West Main Street,
Franklin, North Carolina 27834

Thursday, January 16, 2020, at 7:00 p.m.
Burke County Courthouse
201 South Green Street
Morganton, North Carolina 28655

Wednesday, January 29, 2020, at 7:00 p.m.
Alamance County Historic Courthouse
1 SE Court Square
Graham, North Carolina 27253

Thursday, January 30, 2020, at 7:00 p.m.
Mecklenburg County Courthouse
832 East 4th Street
Courtroom 5350
Charlotte, North Carolina 28202

Monday, March 23, 2020, at 2:00 p.m.
Dobbs Building, Hearing Room 2115
430 North Salisbury Street
Raleigh, North Carolina 27603

6. That the hearings on January 15, January 16, January 29, and January 30, 2020, will be solely for the purpose of receiving 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 hearings will resume in Raleigh on March 23, 2020, at 2:00 p.m., and will continue as required for testimony and cross-examination of witnesses for the Company, the Public Staff, and other intervenors.

7. 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.

8. That the test period to be used by all parties in this proceeding shall be the twelve-month period ending December 31, 2018, with appropriate adjustments.

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

10. That all parties filing supporting exhibits in Excel format shall provide the Commission copies of the exhibits filed in native Excel format, including all of the supporting tabs and formulas, within three days of the filing of such exhibits.

11. That the Company shall, at its own expense, publish in newspapers having general coverage in its service area the Public Notice of Hearings on Rate Increase Application attached as Appendix A, once a week for two consecutive weeks, at least 30 days in advance of the first hearing set herein. The Notice shall cover no less than one-fourth of a page.

12. That the Company shall mail to each of its customers a copy of the Public Notice of Hearings on Rate Increase no later than 30 days in advance of the first hearing set herein.

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

14. That the Company shall file no later than the first day of the public hearing an affidavit of publication and a certificate of service showing that it provided notice as required herein.

15. That petitions to intervene in this proceeding shall be filed pursuant to Commission Rules R1-5 and R1-19 not later than February 5, 2020.

16. That the Company's updates to its actual revenues, expenses, rate base, and cost of capital for the period ending January 31, 2020, shall be filed on or before February 14, 2020.

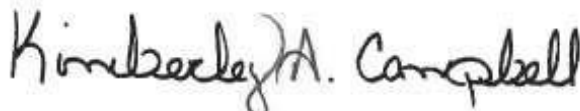
17. That direct testimony and exhibits of the Public Staff and other intervenors shall be filed on or before February 18, 2020, and that the rebuttal testimony of DEC, if any, shall be filed on or before March 4, 2020.

18. That the Company shall consult with all other parties and file, not later than March 16, 2020, a list of witnesses to be called at the hearing, the order of witnesses, and the estimated time for cross-examination. If the parties cannot reach agreement, the remaining parties shall, no later than March 20, 2020, make a filing indicating their points of disagreement with the Company's filing.

ISSUED BY ORDER OF THE COMMISSION.

This the 29th day of October, 2019.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Kimberley A. Campbell". The signature is written in a cursive style with a large initial 'K'.

Kimberley A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-7, SUB 1214

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

PUBLIC NOTICE OF
HEARINGS ON RATE
INCREASE APPLICATION

NOTICE IS HEREBY GIVEN that on September 30, 2019, Duke Energy Carolinas, LLC (DEC or Company), filed an application with the North Carolina Utilities Commission requesting authority to adjust and increase its rates for retail electric service in North Carolina effective on October 30, 2019. On October 29, 2019, the Commission issued an Order Establishing General Rate Case, Suspending Rates, Scheduling Hearings, and Requiring Public Notice.

In its application, DEC proposes to increase its rates and charges to produce an additional \$445.3 million in retail base revenues, which would result in an overall increase of approximately 9.2%. DEC further proposes to partially offset the increase in revenues by refunding \$154.6 million, related to certain tax benefits resulting from the Federal Tax Cut and Jobs Act, through a proposed rider. The net revenue increase with the rider is \$290.8 million, which represents an approximately overall 6.0% increase in annual revenues.

Additionally, the Company is seeking accounting orders related to ongoing costs for environmental compliance, storm costs, grid improvement investments, and employee severance costs.

The proposed rate increase is based on a test period ending December 31, 2018. DEC requests that new permanent base rates become effective no later than August 1, 2020.

In support of the requested rate increase, DEC states that its request is driven by investments made by the Company since its 2017 rate case in Docket No. E-7, Sub 1146, including: a) the further implementation of DEC's generation modernization program, which consists of retiring, replacing and upgrading generation plants; b) the Company's continued investments to modernize and maintain the Company's transmission and distribution systems; c) costs incurred to restore service to customers after Hurricanes Florence and Michael and Winter Storm Diego; d) the deployment of Advanced Metering Infrastructure, which includes smart meters; e) investments needed to comply with environmental regulations related to coal combustion residuals, including ash basin

closure activities necessary to satisfy federal and state regulatory requirements; f) depreciation rate changes from the most recent depreciation study, including efforts to further reduce the Company's reliance on coal by accelerating the expected remaining lives of some of the Company's coal-fired generation facilities for depreciation purposes, and g) other costs incurred by DEC to provide reliable, efficient and high quality power to North Carolina customers.

The Commission has issued an order suspending the proposed rate increases for up to 270 days from the proposed effective date of October 30, 2019, and setting the application for a general rate increase for hearings, as follows:

Wednesday, January 15, 2020, at 7:00 p.m.
Macon County Courthouse,
5 West Main Street,
Franklin, North Carolina 27834

Thursday, January 16, 2020, at 7:00 p.m.
Burke County Courthouse
201 South Green Street
Morganton, North Carolina 28655

Wednesday, January 29, 2020, at 7:00 p.m.
Alamance County Historic Courthouse
1 SE Court Square
Graham, North Carolina 27253

Thursday, January 30, 2020, at 7:00 p.m.
Mecklenburg County Courthouse
832 East 4th Street
Courtroom 5350
Charlotte, North Carolina 28202

Monday, March 23, 2020, at 2:00 p.m.
Dobbs Building, Hearing Room 2115
430 North Salisbury Street
Raleigh, North Carolina 27603

The hearings on January 15, January 16, January 29, and January 30, 2020, will be solely for the purpose of receiving the testimony of public witnesses. Public witness testimony will be received in accordance with Commission Rule R1-21(g).

The hearings will resume in Raleigh on March 23, 2020, and will continue as required for testimony and cross-examination of expert witnesses for the Company, the Public Staff, and other intervenors.

Below is a table with the proposed North Carolina retail base revenue increase¹ by customer class:

Customer Class	Present Revenues with all Riders	Proposed Revenues with all Riders	Percentage Change
Residential Service	\$2,326,818,464	\$2,485,258,020	6.8%
General Service (Non-TOU)	907,523,388	952,904,743	5.0%
OPT	1,434,098,020	1,514,443,785	5.6%
Industrial	158,105,140	1163,328,035	3.3%
Lighting	<u>119,404,751</u>	<u>134,309,480</u>	<u>12.5%</u>
Overall	\$4,945,946,765	\$5,250,244,063	6.2%

The increases within the above-listed rate classes vary depending on individual rate schedule.

EFFECT OF RATES

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

Existing (\$/month)	Proposed (\$/month)	Change (\$) (\$/month)	Change (%)
\$102.71	\$108.43	\$5.72	5.6%

The dollar amount and percentage change noted above will vary with each customer's level of electricity usage and the rate schedule by which they receive service.

PROPOSED RATE DESIGN/RATE SCHEDULE CHANGES

The Commission may 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. In no event, however, will the Commission approve any increase in total revenues beyond the total increase in revenues requested by the Company.

¹ The table shows the revenue increase resulting from the general rate case. Both revenue columns include revenues associated with the Company's various riders in effect September 30, 2019, or proposed as part of this case. Those riders include: Fuel Cost Adjustment Rider, Energy Efficiency Rider, Existing DSM Program Costs Adjustment Rider, BPM Prospective and True-Up Riders, and Excess Deferred Income Tax Riders 1 and 2.

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 North Carolina Utilities 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, the pre-filed testimony and exhibits of all parties, the transcripts of all hearings, briefs, and proposed orders, may be viewed as they become available on the Commission's web site at www.ncuc.net. Click on "Docket Search" and search for docket number E-7 SUB 1214.

In addition, a detailed list that compares DEC's present and proposed rates is available on the Public Staff Electric Division's website at: <http://files.nc.gov/pubstaff/DE2019ratecase.pdf>

Persons desiring to present testimony for the record should appear at one of the public hearings. Persons desiring 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 1214. 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. Customers can also email the Commission a statement about DEC's rate request via the Commission's website at <https://www.ncuc.net/contactus.html>. In either case, consumer statements will be placed in Docket No. E-7, Sub 1214CS and may be accessed by searching that docket number via the Commission's website.

Persons having an interest in the investigation and desiring to intervene in the matter as formal parties of record may file their petitions to intervene not later than February 5, 2020. These petitions should reference Docket No. E-7, Sub 1214 and should be filed with the Chief Clerk of the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300. All parties to this proceeding planning to present expert testimony must pre-file their testimony and exhibits not later than February 18, 2020.

The Public Staff is authorized by statute to represent consumers in proceedings before the Commission. Written statements to the Public Staff should include any information which the writers wish to be considered by the Public Staff in its investigation

of the matter. Such statements should be addressed to:

Mr. Christopher J. Ayers
Executive Director
Public Staff-NC Utilities Commission
4326 Mail Service Center
Raleigh, North Carolina 27699-4300

The Attorney General is also authorized by statute to represent consumers 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, North Carolina 27699-9001

This the 29th day of October, 2019.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Kimberley A. Campbell". The signature is written in a cursive, flowing style.

Kimberley A. Campbell, Chief Clerk

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