



incurred to restore service to customers after Hurricanes Florence, Michael, and Dorian and Winter Storm Diego; (4) the continued deployment of advanced metering infrastructure (AMI), which includes smart meters; (5) investments needed to comply with environmental regulations related to coal combustion residuals (CCRs), including ash basin closure activities necessary to satisfy federal and state regulatory requirements; (6) depreciation rate changes from the Company's 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 (7) other costs incurred by DEP to provide reliable, efficient and high quality power to North Carolina customers.

Additionally, the Company is requesting an accounting order for approval to: (1) continue the deferral for environmental CCR compliance costs incurred after the February 29, 2020 cut-off date for this rate case; (2) establish a regulatory asset for the deferral of all costs, not included in this case, related to the Grid Improvement Plan beginning January 1, 2020, for cost recovery consideration in future general rate cases; (3) establish a regulatory asset to defer a North Carolina retail amount of \$34.9 million of severance costs beginning when rates go into effect, to be amortized over a three-year period; (4) establish a regulatory asset to defer Hurricane Dorian's incremental storm costs; (5) establish a regulatory asset for the deferral of the remaining net book value of the Roxboro Wastewater Treatment plant determined at the time of its anticipated early retirement in mid-to-late 2020; and (6) establish a regulatory asset to defer the incremental operations and maintenance (O&M) expenses, depreciation expense, property taxes, and return associated with the Asheville Combined Cycle plant from the date the plant is expected to go into service, December 2019, until new rates go into effect.

Based upon a review of DEP's application and the record, the Chair finds good cause to set DEP's application for a series of public hearings, establish procedural and filing requirements for DEP and other parties, and require DEP 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. N.C. Gen. Stat. § 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 pre-filed 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 Chair 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.

Further, the Chair finds good cause to require DEP 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 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 CCRs, AMI, and Power Forward in DEP's last general rate case, Docket No. E-2, Sub 1142 (Sub 1142). 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 1142, if such were received into evidence in Sub 1142 or are proffered and received into evidence in this docket.

Finally, the Chair finds good cause to require the Company to consult with all of the parties and file, no later than April 27, 2020, 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 May 1, 2020, make a filing indicating their points of disagreement with the Company's filing.

IT IS, THEREFORE, ORDERED as follows:

1. That hearings on DEP's application are scheduled, as follows:

Raleigh:	Monday, February 3, 2020, at 7:00 p.m. Commission Hearing Room 2115, Dobbs Building 430 North Salisbury Street
Asheville:	Thursday, February 20, 2020, at 7:00 p.m. Buncombe County Courthouse, Courtroom 1A 60 Court Plaza
Rockingham:	Thursday, February 27, 2020, at 7:00 p.m. Richmond County Judicial Center Jury Assembly Room, 3rd Floor 105 West Franklin Street
Wilmington:	Tuesday, March 3, 2020, at 7:00 p.m. New Hanover County Courthouse, Courtroom 317 316 Princess Street
Snow Hill:	Wednesday, March 4, 2020, at 7:00 p.m. Greene County Courthouse 301 North Greene Street

Raleigh: Monday, May 4, 2020, at 2:00 p.m.  
Commission Hearing Room 2115, Dobbs Building  
430 North Salisbury Street;

2. That the hearings on February 3, February 20, February 27, March 3, and March 4, 2020, shall be solely for the purpose of receiving the testimony of public witnesses in accordance with Commissioner Rule R1-21(g). The hearing will resume in Raleigh on May 4, 2020, at 2:00 p.m., and will 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, 2018, 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, 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 scheduled herein. The Public Notice shall cover no less than one-fourth of a page;

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

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

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

10. That petitions to intervene in this proceeding shall be filed pursuant to Commission Rules R1-5 and R1-19 not later than Friday, March 13, 2020;

11. That the Company's updates to its actual revenues, expenses, rate base, and cost of capital for the period ending February 29, 2020, shall be filed on or before Friday, March 13, 2020;

12. That the direct testimony and exhibits of intervenors and the Public Staff shall be filed on or before Wednesday, March 25, 2020, and that the rebuttal testimony and exhibits of the Company, if any, shall be filed on or before Tuesday, April 14, 2020;

13. That the Company shall consult with all other parties and file, not later than April 27, 2020, 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 May 1, 2020, make a filing indicating their points of disagreement with the Company's filing;


14. That all parties filing supporting exhibits in Excel format shall provide to the Commission Staff electronic versions 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; and that DEP and all other parties filing exhibits and workpapers that include tables of numbers and calculations shall provide the Public Staff and any other party upon request an electronic version of all such exhibits and workpapers, with formulas intact; and

15. That the Commission 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 DEP's last general rate case, Docket No. E-2, Sub 1142, as more fully specified in the body of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the 6<sup>th</sup> day of December, 2019.

NORTH CAROLINA UTILITIES COMMISSION

Handwritten signature of Kimberley A. Campbell in black ink.

Kimberley A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-2, SUB 1219

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Application of Duke Energy Progress, )  
LLC, for Adjustment of Rates and ) PUBLIC NOTICE OF HEARINGS ON  
Charges Applicable to Electric Service ) RATE INCREASE APPLICATION  
in North Carolina )

NOTICE IS HEREBY GIVEN that on October 30, 2019, Duke Energy Progress, LLC (DEP or 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 supplies retail electric service to approximately 1.4 million customers in North Carolina.

In its application, DEP requests authority to increase its rates and charges to produce additional overall annual North Carolina retail revenues of approximately \$585.9 million, an increase of approximately 15.6% over current revenues. This requested increase is partially offset by additional rider adjustments, including (1) a net rate reduction of \$120.2 million to refund certain tax benefits resulting from the 2017 Federal Tax Cuts and Job Act (Tax Act) and the reduction in the North Carolina corporate tax rate, through a change to the existing excess deferred income taxes (EDIT) rider (EDIT-1) and the proposed implementation of a new EDIT rider (EDIT-2); and (2) a rate reduction of \$2.1 million related to the proposed Regulatory Asset and Liability Rider, which results in a proposed net revenue increase of \$463.6 million, or approximately 12.3%. Further, DEP is seeking approval of a rate of return on common equity of 10.5%.

DEP states that costs incurred to (1) maintain and modernize its electric system, (2) generate cleaner power, (3) improve reliability, (4) efficiently restore service to customers after major storm damage, (5) responsibly close coal ash basins and operate active coal plants, (6) reduce the Company's reliance on coal, and (7) continually enhance service to its customers are the primary drivers behind the Company's request to increase its rates.

Specifically, DEP states that its request is driven by investments made by the Company since its 2017 rate case, including: (1) the further implementation of DEP's generation modernization program, which consists of retiring, replacing, and upgrading generation plants, including the upcoming retirement of the Asheville Steam Electric Generating Plant in December 2019; (2) the Company's continued investments to modernize and maintain its transmission and distribution (T&D) systems; (3) costs incurred to restore service to customers after Hurricanes Florence, Michael, and Dorian and Winter Storm Diego; (4) the continued deployment of advanced metering

infrastructure (AMI), which includes smart meters; (5) investments needed to comply with environmental regulations related to coal combustion residuals (CCRs), including ash basin closure activities necessary to satisfy federal and state regulatory requirements; (6) depreciation rate changes from the Company's 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 (7) other costs incurred by DEP to provide reliable, efficient and high quality power to North Carolina customers.

Additionally, the Company is requesting an accounting order for approval to: (1) continue the deferral for environmental CCR compliance costs incurred after the February 29, 2020 cut-off date for this rate case; (2) establish a regulatory asset for the deferral of all costs, not included in this case, related to the Grid Improvement Plan beginning January 1, 2020, for cost recovery consideration in future general rate cases; (3) establish a regulatory asset to defer a North Carolina retail amount of \$34.9 million of severance costs beginning when rates go into effect, to be amortized over a three-year period; (4) establish a regulatory asset to defer Hurricane Dorian's incremental storm costs; (5) establish a regulatory asset for the deferral of the remaining net book value of the Roxboro Wastewater Treatment plant determined at the time of its anticipated early retirement in mid-to-late 2020; and (6) establish a regulatory asset to defer the incremental operations and maintenance (O&M) expenses, depreciation expense, property taxes and return associated with the Asheville Combined Cycle plant from the date the plant is expected to go into service, December 2019, until new rates go into effect.

The Commission has issued an order suspending the proposed rate increases for up to 270 days from the proposed effective date of November 29, 2019, and setting the application for a general rate increase for hearing, as follows:

Raleigh:	Monday, February 3, 2020, at 7:00 p.m. Commission Hearing Room 2115, Dobbs Building 430 North Salisbury Street
Asheville:	Thursday, February 20, 2020, at 7:00 p.m. Buncombe County Courthouse, Courtroom 1A 60 Court Plaza
Rockingham:	Thursday, February 27, 2020, at 7:00 p.m. Richmond County Judicial Center Jury Assembly Room, 3rd Floor 105 West Franklin Street
Wilmington:	Tuesday, March 3, 2020, at 7:00 p.m. New Hanover County Courthouse, Courtroom 317 316 Princess Street



Snow Hill: Wednesday, March 4, 2020, at 7:00 p.m.  
Greene County Courthouse  
301 North Greene Street

Raleigh: Monday, May 4, 2020, at 2:00 p.m.  
Commission Hearing Room 2115, Dobbs Building  
430 North Salisbury Street;

The hearings on February 3, February 20, February 27, March 3, and March 4, 2020, shall be solely for the purpose of receiving the testimony of public witnesses in accordance with Commissioner Rule R1-21(g). The hearing will resume in Raleigh on May 4, 2020, at 2:00 p.m., 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 increase<sup>1</sup> by customer class:

<b>Customer Class</b>	<b>Present Revenues</b>	<b>Proposed Revenues</b>	<b>Percentage Change</b>
Residential Service	\$1,892,109,000	\$2,232,355,000	18.0%
Small General Service	\$ 236,037,000	\$ 276,878,000	17.3%
Small General Service (Constant Load)	\$ 4,280,000	\$ 4,996,000	16.7%
Medium General Service	\$ 967,534,000	\$1,089,118,000	12.6%
Large General Service	\$ 559,424,000	\$ 627,295,000	12.1%
Seasonal or Intermittent Service	\$ 5,890,000	\$ 6,497,000	10.3%
Traffic Signal Service	\$ 569,000	\$ 650,000	14.3%
Outdoor Lighting Service	\$ 93,383,000	\$ 107,369,000	15.0%
Sports Field Lighting Service	\$ 222,000	\$ 249,000	12.2%
<b>Overall</b>	<b>\$3,759,447,000</b>	<b>\$4,345,409,000</b>	<b>15.6%</b>

<sup>1</sup> The table shows the base revenue increase resulting from the general rate case. Both revenue columns includes revenues associated with the Company's current riders in effect October 30, 2019. Those riders include: Demand Side Management and Energy Efficiency Rider, Renewable Portfolio Standard Rider, Joint Agency Asset Recovery Rider, Experience Modification Fuel Rider, Excess Deferred Income Tax Rider EDIT-1, and Fuel EMF Deficiency Rider.

The Company has also requested approval of two additional riders in this proceeding (EDIT-2 Rider and the Regulatory Asset and Liability Rider) and an adjustment to the EDIT-1 rider that would have an additional impact on the base revenue increase as illustrated in the following table:

<b>Customer Class</b>	<b>Proposed Revenues</b>	<b>Impacts from Additional Riders<sup>2</sup></b>	<b>Net Percentage Change</b>
Residential Service	\$2,232,355,000	\$ (69,474,000)	14.3%
Small General Service	\$ 276,878,000	\$ (8,381,000)	13.8%
Small General Service (Constant Load)	\$ 4,996,000	\$ (135,000)	13.6%
Medium General Service	\$1,089,118,000	\$ (26,070,000)	9.9%
Large General Service	\$ 627,295,000	\$ (13,317,000)	9.8%
Seasonal or Intermittent Service	\$ 6,497,000	\$ (174,000)	7.4%
Traffic Signal Service	\$ 650,000	\$ (15,000)	11.6%
Outdoor Lighting Service	\$ 107,369,000	\$ (4,767,000)	9.9%
Sports Field Lighting Service	\$ 249,000	\$ (8,000)	8.6%
<b>Overall</b>	<b>\$4,345,409,000</b>	<b>\$ (122,342,000)</b>	<b>12.3%</b>

The actual increases within the above-listed rate classes will vary by rate schedule and individual customer usage characteristics.

### EFFECT OF RATES

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

<b>Existing (\$/month)</b>	<b>Proposed (\$/month)</b>	<b>Change (\$) (\$/month)</b>	<b>Change (%)</b>
\$120.44	\$137.73	\$17.29	14.4%

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<sup>2</sup> Impacts are related to the Company's proposed EDIT-2 and Regulatory Asset and Liability riders and the proposed adjustment to EDIT-1 rider.

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

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, but the Commission will not consider any increase in total revenues beyond that requested 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 DEP 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](http://www.ncuc.net). Click on "Docket Search" and search for docket number E-2 SUB 1219.

As stated above, the Commission has suspended the proposed rate changes and has scheduled the application for investigation and hearing. 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-2, Sub 1219. 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 DEP's rate request via the Commission's website at [www.ncuc.net/contactus.html](http://www.ncuc.net/contactus.html). In either case, consumer statements will be placed in Docket No. E-2, Sub 1219CS 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 Friday, March 13, 2020. These petitions should reference Docket No. E-2, Sub 1219 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 Wednesday, March 25, 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 – North Carolina 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 6<sup>th</sup> day of December, 2019.

NORTH CAROLINA UTILITIES COMMISSION

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

Kimberley A. Campbell, Chief Clerk

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