ANNUAL REPORT

to the

GENERAL ASSEMBLY

North Carolina Utilities Commission Public Staff

2022

INTRODUCTION

The North Carolina Utilities Commission Public Staff (the Public Staff) was established pursuant to N.C. Gen. Stat. § 62-15 in 1977. All divisions are supervised and directed by the Public Staff's Executive Director, Christopher J. Ayers, who works to ensure that the Public Staff presents a unified position in the best interest of the customers on all issues before the Commission. The Executive Director is appointed by the Governor and confirmed by the General Assembly for a six-year term. Mr. Ayers began his first term as Executive Director on July 1, 2013, and was reappointed to a second term beginning July 1, 2019.

Under North Carolina law, the Public Staff represents the using and consuming public – the customers of certain of the State's electric, telephone, natural gas, water, sewer, and transportation utilities – in matters before the North Carolina Utilities Commission (the Commission) affecting public utility rates and service. At the end of December 2022, the Public Staff was organized into nine operating divisions: Accounting, Water/Sewer/Telephone, Consumer Services, Economic Research, Energy, Executive, Information Technology, Legal, and Transportation.

The Public Staff is a separate and distinct entity from the Commission. The Public Staff and Commission are independent agencies with separate staffs, leadership, and budgets. The Commission does not direct or oversee the Public Staff's operations. The Public Staff appears as a party before the Commission and is subject to rules prohibiting ex parte communications with the Commission. The Public Staff does not participate in Commission decision-making.

KEY FUNCTIONS OF THE PUBLIC STAFF

The Public Staff serves as the eyes, ears, and voice of regulated utility customers on matters pending before the Commission. The Public Staff participates in virtually all Commission dockets in some manner, including reviewing filings, performing audits, filing testimony, participating in stakeholder groups, and making recommendations to the Commission. The Public Staff interfaces with the general public, media, and intervenors on utility issues and cases.

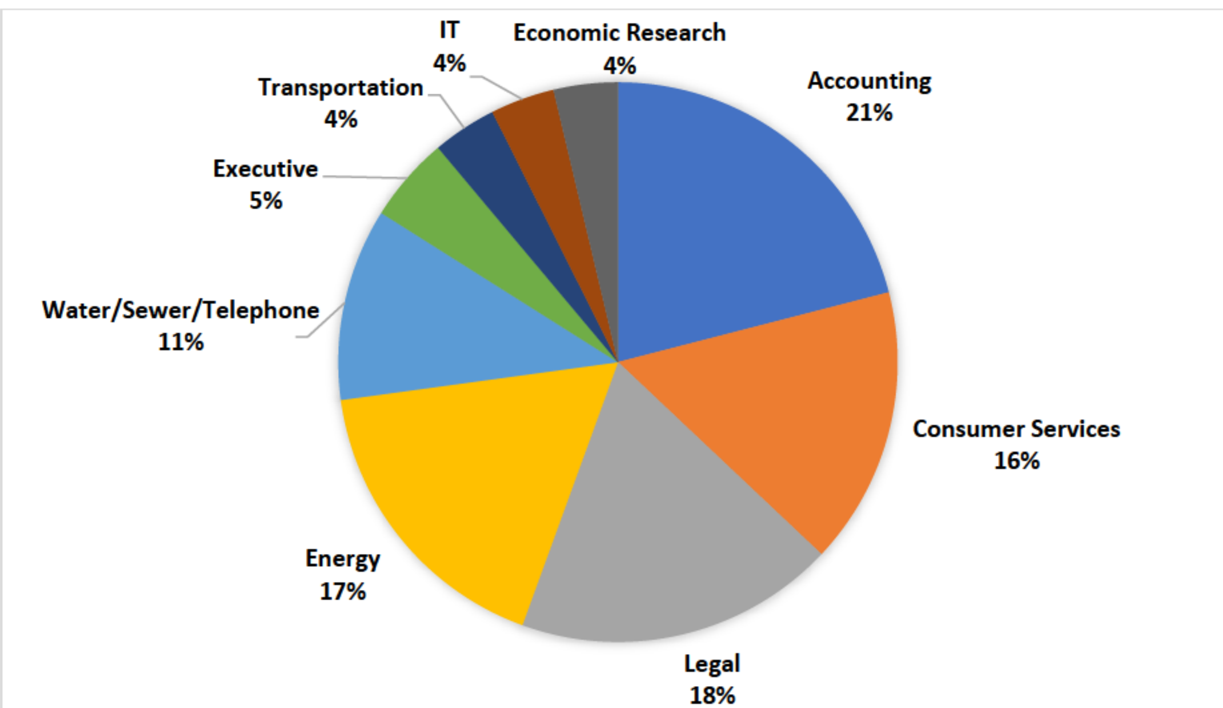
The key functions of the Public Staff are:

- Presenting testimony and recommendations to the Commission on behalf of regulated utility customers
- Investigating customer complaints
- Auditing regulated utilities in Commission investigations and proceedings
- Interfacing with the general public regarding regulated utilities issues
- Assisting legislative staff and legislators with proposed legislation and constituent services
- Working with other State agencies, counties, and municipalities on regulated utility matters
- Providing information and guidance to parties who intervene in cases before the Commission
- Undertaking studies and making recommendations to the Commission regarding:
    - New service offerings and changes to existing services
    - Construction of new generating facilities and transmission lines
    - Mergers and acquisitions involving public utilities
- Facilitating stakeholder and working groups as requested by the Commission
- Serving as an educational resource to customers and educational institutions

PUBLIC STAFF PERSONNEL ALLOCATION

As of December 31, 2022, the Public Staff had a total of eighty-one positions allocated across nine different divisions.

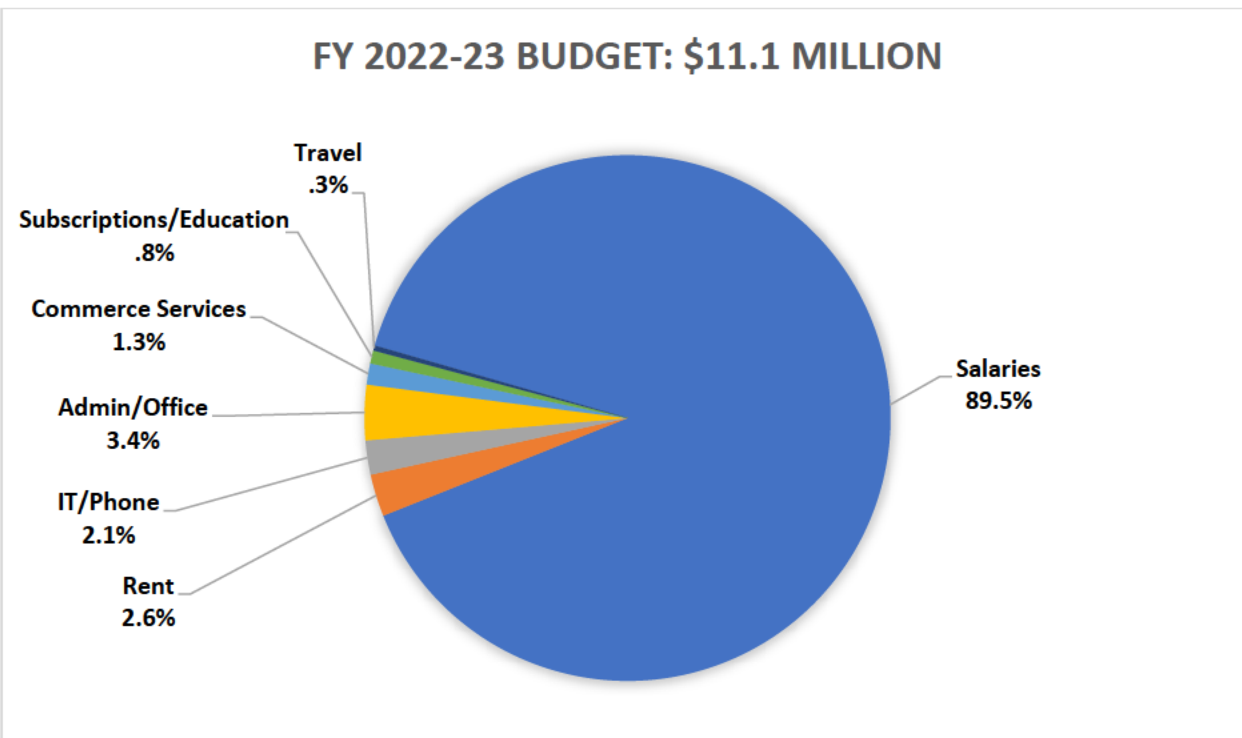
Division	Number of Positions
Accounting	17
Consumer Services	13
Legal	15
Energy	14
Water/Sewer/Telephone	9
Executive	4
Transportation	3
IT	3
Economic Research	3



PUBLIC STAFF BUDGET

The Public Staff is funded via a regulatory fee pursuant to N.C. Gen. Stat. § 62-302. For fiscal year 2022-2023, the regulatory fee was 0.14% of the noncompetitive jurisdictional revenues of public utilities regulated pursuant to Chapter 62 of the General Statutes. The receipts from the regulatory fee are allocated between the Commission and Public Staff. Following allocation of the receipts, the Public Staff's and Commission's fiscal budgets are separated.

For fiscal year 2022-2023, the Public Staff's total certified budget was approximately $11.1 million. Approximately 89.5% of the Public Staff's budget is dedicated to staff salaries and benefits, totaling $9.9 million. Approximately $523,500 of the budget is allocated to the Department of Commerce for human resources and budget support, as well as rental expense for office space in the Dobbs building. Approximately $665,000 is allocated to administrative expenses, reserves, office equipment and supplies, information technology equipment and services, professional resources, temporary services, subscriptions, and travel.



PUBLIC STAFF ACTIVITIES – 2022 OVERVIEW

The Public Staff participated in 15,845 formal proceedings before the Commission through briefs, comments, expert testimony, stakeholder facilitation, audits, and investigations, including appearances at 99 hearings in contested cases. The Public Staff reviewed 29,752 filings made with the Commission and 3,566 orders issued by the Commission. The Public Staff handled over 3,473 consumer complaints and inquiries throughout the year across its various divisions. A summary of major Commission proceedings and the work performed by the Public Staff follows.

ELECTRIC COST RECOVERY RIDERS

FUEL AND FUEL-RELATED COSTS

N.C. Gen. Stat. § 62-133.2 permits electric public utilities to recover changes in certain fuel and fuel-related costs through a rider to base rates. The amount of the rider is determined in annual proceedings before the Commission.

The 2022 fuel proceedings resulted in the following changes to fuel and fuel-related charges for each of the electric public utilities:

	2022 Total Fuel Rider	Change from prior year
Dominion Energy North Carolina		
	¢ / kWh	
Residential	4.7188	2.3664
SGS & Public Authority	4.7125	2.3628
LGS	4.6780	2.3474
NS	4.5366	2.2751
6VP	4.6018	2.3077
Outdoor Lighting	4.7188	2.3664
Traffic	4.7188	2.3664
Duke Energy Carolinas		
	¢ / kWh	
Residential	2.4866	0.9852
General Service/ Lighting	2.4471	0.7100
Industrial	2.4122	0.5488
Duke Energy Progress		
	¢ / kWh	
Residential	3.457	1.086
Small General Service	3.546	1.249
Medium General Service	3.166	0.762
Large General Service	3.036	0.509
Lighting	4.210	2.192

RENEWABLE ENERGY AND ENERGY EFFICIENCY PORTFOLIO STANDARD (REPS) COMPLIANCE COSTS; DEMAND-SIDE MANAGEMENT (DSM) AND ENERGY EFFICIENCY (EE) MEASURES, COSTS, AND INCENTIVES

N.C. Gen. Stat. § 62-133.8(h) permits electric power suppliers to recover the incremental costs of complying with the REPS through an annual rider to base rates. N.C. Gen. Stat. § 62-133.9 allows electric public utilities to recover the costs incurred for adoption and implementation of new DSM and EE measures through an annual rider to rates. The Commission has approved a cost recovery and incentive mechanism for each utility that provides for the recovery of DSM/EE program costs plus an incentive based on a percentage of the kWh and kW saved because of the programs. The amounts of these riders are determined in annual proceedings that are conducted at the same time as the fuel proceedings. The 2022 REPS and DSM/EE annual proceedings resulted in the following rider amounts for Dominion Energy North Carolina (DENC), Duke Energy Carolinas, LLC (DEC) and Duke Energy Progress, LLC (DEP):

REPS and DSM/EE Rider Amounts			2020	2021	2022
Dominion Energy North Carolina					
	DSM and EE Programs: (¢/kWh)				
		Residential	0.10511	0.1078	0.1963
		Small Gen. Service	0.1198	0.0986	0.1704
		Large Gen. Service	0.0922	0.0877	0.1475
	REPs: (per customer)				
		Residential	0.13	0.25	0.16
		General Service	0.71	1.37	0.82
		Industrial	4.72	9.12	5.73
Duke Energy Carolinas					
	DSM and EE Programs: (¢/kWh)				
		Residential	0.5185	0.4771	0.3389
		All non-residential	0.6396	0.5286	0.6242
	REPs: (per customer)				
		Residential	0.78	0.94	1.04
		General Service	3.81	5.14	5.54
		Industrial	17.57	29.03	30.33
Duke Energy Progress					
	DSM and EE Programs: (¢/kWh)				
		Residential	0.654	0.721	0.640
		Commercial/General Service	0.764	0.731	0.466
	REPs: (per customer)				
		Residential	1.29	1.20	1.55
		General Service	7.71	6.97	8.42
		Industrial	54.49	48.91	57.42

ADDITIONAL ELECTRIC RATE RIDERS

By way of orders issued in various ratemaking proceedings, the Commission has established and annually updates the following rate riders:

1. New River Light and Power Company's Annual Purchased Power Adjustment (PPA) and Coal Ash Cost Recovery (CACR) Factor. Pursuant to the Commission's Order Approving Rate Increase and Annual Procedure issued on December 22, 2010, in Docket No. E-34, Sub 38, its Order Accepting Stipulation and Granting Increase in Rates issued March 29, 2018, in Docket No. E-34, Sub 46, and its Order Granting Extension of Time and Permanent Change in Effective Date of Purchased Power Adjustments issued January 23, 2019, in Docket No. E-34, Sub 48, New River Light and Power Company (New River) files an annual request for an adjustment to its rates and charges for purchased power and coal ash costs. The annual rider proceeding completed in early 2022 resulted in a PPA factor of ($0.001059) per kWh (including the regulatory fee) and a CACR factor of ($0.004219) per kWh (including the regulatory fee). On July 11, 2022, New River filed a request for a mid-year adjustment to its purchased power cost factor as a result of significantly increasing natural gas costs. On Jul 26, 2022, the Commission approved a mid-year PPA factor of $0.021602 per kWh (including the regulatory fee) effective August 15, 2022. The CACR factor was unchanged.

2. Western Carolina University's Annual Purchased Power Cost Rider. In compliance with Commission orders in Docket No. E-35, Subs 17, 19, 49, and 51, Western Carolina University (WCU) files an annual application for a change in its Schedule CP Purchased Power Cost Rider (CP Rider). The annual rider proceeding completed in early 2022 resulted in a CP Rider of ($0.01136) per kWh. On August 8, 2022, WCU filed a request for a mid-year adjustment to its purchased power cost factor as a result of significantly increasing natural gas costs. On August 16, 2022, the Commission approved a mid-year PPA factor of $0.015250 per kWh (including the regulatory fee) effective August 15, 2022.

3. DEC's Annual Existing DSM Program Rider (EDPR). The EDPR, first approved in Docket No. E-7, Sub 828, is adjusted annually to true up the difference between the applicable base rate amount in effect and the actual cost incurred during the then-most recent calendar year for certain legacy DSM and EE programs. The annual EDPR approved, effective July 1, 2022, was (0.0020) cents per kWh, including the regulatory fee.

4. DEC's Annual Bulk Power Marketing (BPM) Prospective and True-Up Riders. The purpose of the BPM Prospective Rider and the BPM True-up Rider, as approved in Docket No. E-7, Sub 1026, is to flow back to DEC North Carolina retail customers their jurisdictionally allocated share of 90% of DEC's BPM Net Revenues and 100% of its Non-Firm Point-to-Point Transmission (NFPTP) Revenues, on a prospective basis and subsequently on a trued-up basis. The annual BPM Prospective and True-up Riders approved, effective July 1, 2022,

were (0.0031) cents per kWh and (0.0120) cents per kWh, respectively (both including the regulatory fee).

5. Storm Recovery Charge for DEP and DEC. On May 10, 2021, the Commission issued Financing Orders in Docket No. E-2, Sub 1262 and Docket No. E-7, Sub 1243, pursuant to N.C. Gen. Stat. § 62-172 granting DEP and DEC, respectively, the right to finance certain specified Storm Recovery Costs by issuing and selling Storm Recovery Bonds that will be repaid by customers via a nonbypassable Storm Recovery Charge. The Financing Orders were clarified by a July 13, 2021 Order Clarifying and Correcting Financing Order in each docket.

   On November 24, 2021, the Storm Recovery Bonds were issued. Since the issuance of the Storms Recovery Bonds, and as allowed under the Commission's Financing Orders to ensure the recovery of revenues sufficient to provide timely payments to bondholders, DEP and/or DEC have filed true-up adjustment letters on February 28, 2022, May 31, 2022 (amended for DEC on June 14, 2022), August 31, 2022, and November 21, 2022 (DEC only). Pursuant to the Commission's Order Approving Storm Cost Recovery Charges on December 20, 2022, in Docket No. E-2, Sub 1262, for DEP customers effective for service rendered on or after December 1, 2021, the incremental rate by class, including taxes and regulatory fees for the Storm Recovery Charge was set at 0.219 cents per kWh for Residential customers, 0.282 cents per kWh for Small General Services customers, 0.046 cents per kWh for Medium General Services customers, 0.014 cents per kWh for Large General Services customers, and 0.042 cents per kWh for Lighting customers, to be effective on and after January 1, 2023. DEP filed an additional true-up adjustment letter on February 22, 2023, to further modify these charges effective April 1, 2023.

   Pursuant to the Commission's Order Approving Storm Cost Recovery Charges on December 20, 2022, in Docket No. E-7, Sub 1243, for DEC customers effective for service rendered on or after December 1, 2021, the incremental rate by class, including taxes and regulatory fees for the Storm Recovery Charge was set at 0.0438 cents per kWh for Residential customers, 0.0144 cents per kWh for General Services customers, 0.0077 cents per kWh for Industrial customers, and 0.1595 cents per kWh for Lighting customers, to be effective on and after January 1, 2023.

BIENNIAL DETERMINATION OF AVOIDED COST RATES
(Docket No. E-100, Subs 167 and 175)

Each electric utility is required under federal law (Section 210 of the Public Utility Regulatory Policies Act [PURPA]) to offer to purchase available electric energy from cogeneration and small power production facilities that obtain qualifying facility (QF) status under Section 210 of PURPA. For such purchases, electric utilities are required to pay rates that are just and reasonable to the ratepayers of the utility, are in the public interest, and do not discriminate against cogenerators or small power producers. Federal Energy Regulatory Commission (FERC) regulations require that the rates electric utilities pay to purchase electric energy and capacity from qualifying cogenerators and small power producers reflect the cost that the purchasing utility can avoid as a result of obtaining energy and capacity from these sources, rather than generating an equivalent amount of energy itself or purchasing the energy or capacity from other suppliers. Pursuant to FERC rules, the Commission holds biennial avoided cost proceedings to implement Section 210 of PURPA and determine the avoided cost rates to be paid by electric utilities to the QFs with which they interconnect. The Commission also reviews and approves other related matters involving the relationship between the electric utilities and QFs, such as terms and conditions of service, contractual arrangements, and interconnection charges.

On November 1, 2021, DEP and DEC filed their Joint Initial Statement and DENC filed its Initial Statement. On December 21, 2021, WCU and New River filed their Joint Comments, Proposed Rates, and Contracts.

On February 24, 2022, the Public Staff filed Initial Comments on the filings made by DEC, DEP, DENC, WCU and New River. The Public Staff focused its review and Comments on the use of avoided costs in net metering, the inclusion of carbon costs in avoided energy rates, the additional issues the Commission asked to be addressed in its Sub 158 Order, the utilities' proposed avoided cost rates, the utilities' modifications to terms and conditions required by FERC Order No. 872, and energy storage retrofit.

On November 22, 2022, the Commission issued its Order Establishing Standard Rates and Contract Terms for Qualifying Facilities.

INTEGRATED RESOURCE PLANNING
(Docket No. E-100, Subs 165, 179, and 182)

Integrated Resource Planning (IRP) is intended to identify those electric resource options that can be obtained at least cost to the utility and its ratepayers consistent with the provision of adequate and reliable electric service. Each utility's IRP considers demand-side alternatives, including conservation, efficiency, and load management, as well as supply-side alternatives in the selection of resource options. Commission Rule R8-60 defines an overall framework within which the IRP process takes place in North Carolina. Analysis of the long-range need for future electric generating capacity pursuant to N.C. Gen. Stat. § 62-110.1 is included in the Rule as a part of the Integrated Resource Planning process. N.C. Gen. Stat. § 62-15(d) requires the Public Staff to assist the Commission in making its analysis and plan pursuant to N.C. Gen. Stat. § 62-110.1.

The Commission conducts an annual investigation into the electric utilities' Integrated Resource Planning. Commission Rule R8-60 requires that each utility, to the extent that it is responsible for procurement of any or all of its individual power supply resources, furnish the Commission with a biennial IRP in even-numbered years that contains the specific information set out in that Rule. In odd-numbered years, each of the electric utilities must file an annual report updating its most recently filed biennial IRP. The Public Staff reviews IRP updates filed in odd years for compliance with the Rule.

Pursuant to the Commission's November 19, 2021 Order Requiring Filing of Carbon Plan and Establishing Procedural Deadlines in Docket No. E-100, Sub 179, Duke's proposed Carbon Plan was filed in lieu of a 2022 IRP. The Commission's December 30, 2022 Order Adopting Initial Carbon Plan and Providing Direction for Future Planning required Duke to file a proposed consolidated, full Carbon Plan and IRP (CPIRP) on a biannual basis, beginning with a first biannual CPIRP filing no later than September 1, 2023.

On February 28, 2022, the Commission issued an Order Granting Motion to Revise Integrated Resource Filing Schedule in Docket No. E-100, Sub 182, permitting DENC to file an IRP update, rather than a full IRP, in 2022. On September 1, 2022, DENC filed its 2022 Integrated Resource Plan Update. On October 31, 2022, the Public Staff filed its Report on the Public Staff's Review of DENC's 2022 IRP Update, determining that DENC's update report complies with Commission Rule R8-60(k), and that the information utilized by DENC appears to be reasonable for planning purposes.

REPS SWINE AND POULTRY WASTE SET-ASIDE COMPLIANCE
(Docket No. E-100, Sub 113)

On June 16, 2022, the Public Staff held stakeholder meetings at the direction of the Commission, in which swine and poultry waste stakeholders discussed the progress made thus far toward compliance with the requirements of N.C. Gen. Stat. § 62-133.8(e) and (f), and the difficulties they encountered.

In August and September 2022, electric membership corporations (EMCs) and municipalities filed their 2021 Compliance Reports and 2022 REPS Compliance Plans.

N.C. Gen. Stat. § 62-133.8(i)(2) authorizes the Commission to modify or delay the North Carolina Renewable Energy and Energy Efficiency Portfolio Standard (REPS) provisions, in whole or in part, if the Commission determines it to be in the public interest to do so. In the fall of 2022, a number of EMCs and municipalities, as well as Dominion, DEC, and DEP, filed a motion pursuant to N.C. Gen. Stat. § 62-133.8(i)(2) and Commission Rule R8-67(c)(5), requesting that the Commission: (1) modify the obligation of DEC, DEP, and Dominion by lowering the 2022 swine waste set-aside requirement to 0.05% of prior-year retail sales; (2) delay the obligation of EMCs and municipalities to comply with the swine waste set-aside requirement until calendar year 2023; (3) allow the moving parties to bank any swine waste-derived renewable energy certificates (RECs) previously or subsequently acquired for use in future compliance years; and (4) allow the moving parties to replace compliance with the swine waste set-aside requirements in 2022 with other compliance measures in accordance with N.C. Gen. Stat. § 62-133.8(b), (c), and (d) (Swine Waste Delay Motion). The moving parties asserted that they had individually and collectively made reasonable efforts to comply with the REPS swine waste set-aside requirements and that modification of the requirements was in the public interest. Upon its review of the joint motion, the Public Staff submitted a letter supporting the Swine Waste Delay Motion.

In addition, one of the EMCs – the Tennessee Valley Authority (TVA) – filed a separate motion to modify and delay the 2022 REPS swine and poultry waste set-aside requirements of N.C. Gen. Stat. § 62-133.8(e) and (f). In addition to asking that TVA be allowed the same relief applicable to EMCs as that which was asked for in the Swine Waste Delay Motion, TVA also sought Commission approval to: (1) allow TVA to comply with the poultry waste set-aside requirement by either delaying such requirement with respect to new load growth within the TVA footprint while still using the aggregate 700,000 MWh requirement previously established by the Commission or by basing TVA's obligation on an aggregate 300,000 MWh requirement; (2) allow TVA to bank any poultry waste RECs previously or subsequently acquired for use in future compliance years; and (3) allow TVA to replace compliance with the poultry waste set-aside requirements in 2022 with other compliance measures in accordance with N.C. Gen. Stat. § 62-133.8(c) and (d).

On December 20, 2022, the Commission entered an order finding that the state's EMCs and municipalities had made reasonable efforts to comply with the 2022 statewide swine waste set-aside requirement, that all of the state's electric power suppliers had made reasonable efforts to comply with the statewide swine waste set-aside requirement, and determining that it was in the public interest to grant the modifications requested in the Swine Waste Delay Motion. However, the Commission denied TVA's requested poultry waste modifications. In addition, the Commission required the EMCs and municipalities already subject to the requirement to file semi-annual reports on compliance efforts to continue to file such reports.

On the same date, the Commission entered an order establishing the 2022, 2023, and 2024 poultry waste set-aside requirement allocation, and a separate order holding that energy generated using a renewable energy resource, including swine waste-derived directed biogas, is eligible to earn RECs for REPS compliance, and that the only characteristic required in a directed biogas resource used to generate electric power is that the resource is a renewable energy resource as defined by N.C. Gen. Stat. § 133.8(a)(8).

ANNUAL NATURAL GAS COST REVIEWS

N.C. Gen. Stat. § 62-133.4 allows the natural gas local distribution companies (LDCs) to adjust their rates from time to time in order to track changes in the cost of gas supply and transportation. These rate adjustments, which are known as purchased gas adjustments, may occur as often as monthly and do not require an evidentiary hearing. The Public Staff reviews the calculations of the adjustments and supporting documentation and makes recommendations to the Commission regarding approval.

N.C. Gen. Stat. § 62-133.4 also provides for annual proceedings to compare the LDCs' prudently incurred gas costs with the costs recovered from ratepayers during a 12-month test period. If the prudently incurred gas costs of an LDC are less than the costs recovered from ratepayers, the Commission must require the LDC to make refunds through bill credits or rate decrements. If the prudently incurred costs are greater than the costs recovered, the Commission may allow the LDC to recover the deficiency through a rate increment.

There are four LDCs in North Carolina: Public Service Company of North Carolina, Inc. (PSNC), Piedmont Natural Gas Company, Inc. (Piedmont), Frontier Natural Gas Company (Frontier), and Toccoa Natural Gas. Throughout 2022, the Public Staff reviewed the LDCs' gas costs and deferred account reports, gas procurement practices, and hedging policies. The Public Staff conducted in-depth investigations of the information submitted by the LDCs in their 2022 filings and presented its findings and recommendations regarding whether the LDCs' gas purchases and hedging activities were prudent and whether the LDCs properly accounted for gas costs. After considering the testimonies of the LDCs and the Public Staff, the Commission issued orders approving the gas costs incurred, the accounting for gas costs, various recommendations, and the proposed rate increments and decrements as appropriate.

PIPELINE INTEGRITY MANAGEMENT COST RECOVERY

N.C. Gen. Stat. § 62-133.7A authorizes the Commission to approve a rate adjustment mechanism to enable a natural gas LDC to recover its prudently incurred capital investment and associated costs of complying with federal gas pipeline safety requirements.

PIEDMONT NATURAL GAS COMPANY, INC.
INTEGRITY MANAGEMENT RIDER (IMR)
(Docket No. G-9, Subs 804 and 818)

The Commission approved an IMR mechanism as part of Piedmont's 2013 general rate case, which is Appendix E of Piedmont's Service Regulations. Appendix E states that Piedmont shall file with the Commission by October 31st its Annual IMR Report summarizing the Integrity Management (IM) Plant Investment for the 12-month period ending September 30th and the data substantiating and supporting its Integrity Management Revenue Requirement (IMRR) calculation for rates effective December 1st. Piedmont is also required to file bi-annual adjustments to its rates every December 1st and June 1st based upon qualifying capital investments in integrity and safety projects as of October 31st and March 31st, respectively.

On January 6, 2022, in Docket No. G-9, Sub 781, the Commission approved the continuation of an IMR mechanism for Piedmont.

On April 29, 2022, Piedmont, pursuant to the IMR mechanism, filed an IMRR bi-annual rate adjustment, effective June 1, 2022, based on the Company's IM Plant Investment through March 31, 2022. In the filing, Piedmont also proposed a true-up adjustment for the IM Deferred Account based on the actual account balance at March 31, 2022. On May 13, 2022, Piedmont filed the schedule showing the computation of the proposed IM rate adjustment for each rate schedule and the revised tariffs effective June 1, 2022. The Public Staff determined that these rate adjustments were properly calculated and recommended approval. The Commission approved the proposed rate adjustments.

The proposed IMR rate adjustments, expressed in dollars per dekatherm ($/dt), are as follows:

Description	Residential Rate 101	Small & Medium General Rate 102, 142, 144, 152	Firm Large General Rate 103, 113, T-10	Interruptible Large General Rate 104, 114
Rate Class Percentage	64.72%	30.34%	2.96%	1.98%
IMRR	$8,821,852	$4,135,584	$403,472	$269,890
IM Deferred Account Balance	$203,030	$95,178	$9,286	$6,211
Total Amount for recovery	$9,024,882	$4,230,762	$412,757	$276,101
Rate Case Volumes (dts)	39,264,450	30,085,644	36,569,388	29,466,652
IM Increment per dt	$0.2298	$0.1406	$0.0113	$0.0094
Remove Previous Increment	$0.0939	$0.0537	$0.0044	$0.0044
Change in IM Increment per dt	$0.1359	$0.0869	$0.0069	$0.0050

On October 31, 2022, Piedmont filed its projected three-year plan of IM Plant Investment and computations of the IMRR for its biannual IMR rate adjustment. On November 15, 2022, Piedmont filed its proposed IMR rate adjustments to collect the October 31, 2022 balance in the IM Deferred Account to be effective December 1, 2022. The proposed IMR rate adjustments, expressed in dollars per dekatherm ($/dt), are as follows:

Description	Residential Rate 101	Small & Medium General Rate 102, 142, 144, 152	Firm Large General Rate 103, 113, T-10	Interruptible Large General Rate 104, 114
Rate Class Percentage	64.72%	30.34%	2.96%	1.98%
IMRR	$12,797,982	$5,999,548	$585,322	$391,533
IM Deferred Account Balance	$1,046,105	$490,402	$47,844	$32,004
Total Amount for recovery	$13,844,087	$6,489,951	$633,166	$423,537
Rate Case Volumes (dts)	39,264,450	30,085,644	36,569,388	29,466,652
IM Increment per dt	$0.3526	$0.2157	$0.0173	$0.0144
Remove Previous Increment	$0.2298	$0.1406	$0.0113	$0.0094
Change in IM Increment per dt	$0.1228	$0.0751	$0.0060	$0.0050

The Public Staff investigated the filing and recommended approval of the proposed IMR rate adjustments. The Commission approved the rate adjustments.

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
INTEGRITY MANAGEMENT TRACKER (IMT)
(Docket No. G-5, Subs 640 and 651)

The IMT, Rider E of its tariff, requires that PSNC file an annual report summarizing the IM Plant Investment for the prior 12-month period ending December 31st and the data substantiating and supporting its IMRR calculation for the next bi-annual IMT rate adjustment. Additionally, PSNC is required to file by February 15th an IM True-Up Adjustment based on the balance in the IM Deferred Account as of January 31st. PSNC is also required to file bi-annual adjustments to its rates based upon qualifying capital investments in integrity and safety projects as of December 31st and June 30th, respectively. Rider E of its tariff requires PSNC to make a filing with the Commission by February 15th and August 15th each year showing the computation of the IMT rate adjustment that it proposes to charge during the six-month period beginning March 1st and September 1st, respectively.

On January 21, 2022, in Docket No. G-5, Sub 632, the Commission approved the continuation of the IMT mechanism for PSNC.

On January 31, 2022, pursuant to Rider E of the Company’s Tariff, PSNC filed in Docket No. G-5, Sub 565C the computation for the IMRR that supports the bi-annual IMT rate adjustment and its projected three-year plan of IM Plant Investment. On February 15, 2022, PSNC filed an application requesting authority to adjust its rates effective March 1, 2022, to implement new temporary increments in its rates pursuant to Rider E.

The proposed IMT rate adjustments, expressed in dollars per dekatherm ($/dt), are as follows:

Description	Residential Rates 101, 102, 115	Commercial Rates 125, 126 127, 140	Firm Large General Rates 145, 175	Interruptible Large General Rates 135, 150, 160, 165, 180
Customer Class Percentage	69.99%	19.10%	8.36%	2.55%
IMRR for Recovery	$6,833,479	$1,864,830	$816,229	$248,969
IMT DA balance	$1,166,740	$318,399	$139,362	$42,509
Net IMRR for Recovery	$8,000,219	$2,183,229	$955,591	$291,478
Rate Case Volumes (dts)	33,244,118	17,290,564	25,672,153	14,331,655
IM Rate Increment (dts)	$0.2407	$0.1263	$0.0372	$0.0203
Current IMT Increment	$0.0000	$0.0000	$0.0000	$0.0000
Adjustment to IMT increment	$0.2407	$0.1263	$0.0372	$0.0203

The Public Staff determined that these rate adjustments were properly calculated, and the Commission issued an order approving them.

On July 29, 2022, PSNC filed the computation for the IMRR that supports the bi-annual IMT rate adjustment, effective September 1, 2022, based on its IM Plant Investment through June 30, 2022.

On August 15, 2022, PSNC filed the computation of the IMT rate adjustments for each rate schedule and the revised tariffs, effective for service rendered on and after September 1, 2022.

The proposed IMT rate adjustments, expressed in dollars per dekatherm ($/dt), are as follows:

Description	Residential Rates 101, 102, 115	Commercial Rates 125, 126 127, 140	Firm Large General Rates 145, 175	Interruptible Large General Rates 135, 150, 160, 165, 180
Customer Class Percentage	69.99%	19.10%	8.36%	2.55%
IMRR for Recovery	$7,187,975	$1,961,571	$858,572	$261,885
Rate Case Volumes (dts)	33,244,118	17,290,564	25,672,153	14,331,655
IM Rate Increment (dts)	$0.2162	$0.1134	$0.0334	$0.0183
Current IMT Increment	$0.2407	$0.1263	$0.0372	$0.0203
Adjustment to IMT increment	($0.0244)	($0.0129)	($0.0038)	($0.0020)

The Public Staff investigated the filing and recommended approval of the proposed IMT rate adjustments. The Commission approved the rate adjustments.

AQUA NORTH CAROLINA'S APPLICATION FOR GENERAL RATE INCREASE

(Docket No. W-218, Sub 573)

On June 30, 2022, Aqua North Carolina, Inc. (Aqua) filed an application with the Commission for authority to increase its rates and charges for providing water and sewer utility service in all of its North Carolina service areas and for approval of a Water and Sewer Investment Plan (WSIP). Aqua serves approximately 84,000 water customers and 21,000 sewer customers in 51 counties throughout North Carolina.

The WSIP requested by Aqua allows Aqua to recover the reasonably known and measurable capital investments and anticipated reasonable and prudent expenses approved under the WSIP for a three-year period without the need for a general rate case proceeding. Aqua proposed in its application to increase rates and charges to produce in its base case an additional $13,655,146 in gross revenues, or a 19.2% increase over its existing rates. If the Commission approved Aqua's WSIP as filed, Aqua further proposed to increase its rates and charges to produce an additional $18,064,678 in gross revenues over existing rate revenues, or an increase of approximately 25.4%, in Rate Year 1, inclusive of the base case increase; an additional $4,303,037 in gross revenues, or an increase of approximately 4.8%, in Rate Year 2; and an additional $4,579,353 in gross revenues, or an increase of approximately 4.9%, in Rate Year 3.

The Public Staff's investigation of Aqua's application included over 120 formal discovery requests and numerous meetings with company representatives. In December 2022, the Public Staff filed the testimony of six individual witnesses and two panels of witnesses detailing the results of the Public Staff's investigation and its recommendations regarding Aqua's application. Also in December 2022, Aqua filed rebuttal testimony in response to the testimony of the Public Staff witnesses.

Beginning on January 9, 2023, the Commission held an expert witness hearing on Aqua's application. On February 19, 2023, Aqua placed temporary rates into effect subject to an undertaking to refund any overcollected amounts. On March 31, 2023, following settlement discussions, the parties filed a Joint Partial Settlement Agreement and Stipulation (Stipulation). Pursuant to the Stipulation, the parties agreed that Aqua should be authorized to implement a WSIP according to certain parameters, including agreed upon adjustments to operations and maintenance expenses and rate base items, debt to equity structure and cost of debt, appropriate upper and lower bands for return on equity, certain Performance-Based Metrics, and a third-party audit to review the company's staffing needs. A number of issues not addressed by the Stipulation, including the appropriate return on equity, were addressed by the parties in their respective proposed orders. On April 10, 2023, the Commission reconvened the evidentiary hearing for the purpose of examining the terms of the Stipulation.

On June 5, 2023, the Commission issued its Order Approving Partial Settlement Agreement and Stipulation, Deciding Contested Issues, Approving Water and Sewer Investment Plan, Granting Partial Rate Increases, and Requiring Customer Notice. Among other things, the Commission authorized a return on equity of 9.80% and an overall rate of return of 6.885%. The order results in an approximately 15.35% increase in uniform Aqua Water revenue and an 18.51% rate increase in uniform Aqua Sewer revenue for Rate Year 1, with other rate division revenue increases ranging between 37.79% and 56.25% in Rate Year 1. The Commission ordered Aqua to refund temporary rates and charges in excess of the approved rates and charges approved by the Commission.

CAROLINA WATER SERVICE OF NORTH CAROLINA'S APPLICATIONS FOR DETERMINATION OF FAIR VALUE AND ACQUISITION OF CARTERET COUNTY WATER SYSTEM

(Docket No. W-354, Sub. 398 & Sub 399)

On July 26, 2022, and supplemented on August 11, 2022, Carolina Water Service, Inc. of North Carolina (CWSNC) filed in Docket No. W-354, Sub 398 an Application for Determination of Fair Value of Utility Assets Pursuant to N.C. Gen. Stat. § 62-133.1A and Establishing Rate Base for Acquisition of the Carteret County Water System (Fair Value Application).

On August 2, 2022, and supplemented on August 26, 2022, CWSNC filed in Docket No. W-354, Sub 399 an Application for a Certificate of Public Convenience and Necessity and for Approval of Rates to provide water utility service to the Carteret County Water System in Carteret County, North Carolina (CPCN Application).

On February 10, 2023, the Commission issued its Order approving the Fair Value Application. The Commission found that the reasonable and appropriate fair value of the Carteret County Water System assets being acquired by CWSNC, as adjusted in the public interest, is $8,728,039, inclusive of $312,039 in reasonable fees paid to the utility valuation experts, reasonable transaction, and closing costs.

The Commission held an evidentiary hearing on CWSNC's CPCN Application on June 20, 2023. A decision is pending from the Commission.

CAROLINA WATER SERVICE OF NORTH CAROLINA'S APPLICATION FOR GENERAL RATE INCREASE

(Docket No. W-354, Sub 400)

On July 1, 2022, Carolina Water Service of North Carolina, Inc. (CWSNC) filed an application with the Commission for authority to increase its rates and charges for providing water and sewer utility service in all of its North Carolina service areas. CWSNC serves approximately 34,565 water customers and 21,469 sewer customers in North Carolina and operates approximately 93 water systems and 38 sewer systems spanning 38 counties in the State.

CWSNC requested approval of a Water and Sewer Investment Plan (WSIP) pursuant to N.C. Gen. Stat. § 62-133-1B(a). The WSIP allows CWSNC to forecast its capital investment and revenue requirements three years into the future. CWSNC requests a return on equity of 10.70%. The rate impact in the first year would be a 19.70% increase for customers if approved by the Commission. CWSNC also requested the Commission allow it to continue the Water Efficiency Program that was approved in the previous rate case, Docket No. W-354, Sub 384. A new sewer use rule to protect CWSNC's wastewater systems from damaging industrial and nondomestic contaminants was also requested.

On November 11, 2022, a Joint Partial Settlement Agreement and Stipulation (Settlement Agreement) was filed by CWSNC and the Public Staff. In the Settlement Agreement, CWSNC and the Public Staff agreed to implement a WSIP. To safeguard the using and consuming public, the Settlement Agreement incorporates performance metrics and penalties that CWSNC must meet. The Settlement Agreement did not address CWSNC's return on equity, which was presented to the Commission at the evidentiary hearing. On January 31, 2023, CWSNC placed temporary rates into effect subject to refunding any overcollected amounts.

On April 26, 2023, the Commission issued its Order Approving Partial Settlement Agreement and Stipulation, Deciding Contested Issues, Granting Partial Rate Increase, Approving Water and Sewer Investment Plan, and Requiring Customer Notice. Among other things, the Commission authorized a return on equity of 9.80% and an authorized overall rate of return of 7.22%. The order results in an approximately 11.97% increase in uniform CWSNC Water revenue and an 18.97% increase in uniform CWSNC Sewer revenue from the present rates to Rate Year 1, with other rate division increases ranging between 13.94% and 24.34%. The Commission ordered CWSNC to refund temporary rates and charges in excess of the approved rates and charges approved by the Commission.

DUKE ENERGY PROGRESS LLC'S APPLICATION FOR ADJUSTMENT OF RATES AND PERFORMANCE BASED REGULATION

(Docket No. E-2, Sub 1300)

On June 6, 2022, DEP filed a request to initiate a technical conference regarding projected transmission and distribution projects to be included in a PBR application to be filed in Docket No. E-2, Sub 1300. On June 15, 2022, the Commission issued its Order Scheduling Technical Conference, which was held on July 25, 2022. DEP filed its application and testimony on October 6, 2022.

On October 6, 2022, Duke Energy Progress LLC (DEP) filed its application for Adjustment of Rates and Charges Applicable to Electric Service in North Carolina and Performance Based Regulation (Application) pursuant to N.C. Gen. Stat. §§ 62-133, 133.16, and 62-134. DEP serves approximately 1.5 million customers within its service territories in North Carolina that are predominantly in the eastern part of the state and in the areas surrounding Asheville in the western part of the state. DEP requested a 10.2% ROE, later increased to 10.4% ROE, and a capital structure containing 53% equity and 47% debt. DEP also requested the approval of performance incentive mechanisms and a multi-year rate plan which included over 1,000 projects with a total estimated cost of $4.5 billion.

The Public Staff investigated the Application and DEP's three supplemental filings and filed testimony on March 27, 2023, which included a recommended ROE of 9.25% in the event the PBR and multi-year mechanisms are approved. DEP and the Public Staff filed a Partial Settlement Agreement on May 2, 2023, on the revenue requirement and several other settlement agreements on various other aspects of the case. A hearing on the remaining unsettled issues ran from May 4, 2023 to May 16, 2023.

The Commission is currently considering the settlement agreements and the evidence presented at the evidentiary hearing.

DUKE ENERGY CAROLINA LLC'S APPLICATION FOR ADJUSTMENT OF RATES AND PERFORMANCE BASED REGULATION

(Docket No. E-7, Sub 1276)

On September 8, 2022, DEC filed a request to initiate a technical conference regarding projected transmission and distribution projects to be included in a PBR application to be filed in Docket No. E-7, Sub 1276. On September 14, 2022, the Commission issued its Order Scheduling Technical Conference, which was held on November 2, 2022. DEC filed its application and testimony on January 19, 2023.

JOINT AGENCY ASSET RIDER PROCEEDING
(Docket No. E-2, Sub 1295)

On June 14, 2022, DEP filed an application for approval of its annual Joint Agency Asset Rider (JAAR) to recover acquisition and operating costs related to facilities purchased from NCEMPA pursuant to N.C. Gen. Stat. § 62-133.14 and Commission Rule R8-70. In its application, DEP requested a total of $160.498 million for the prospective component of its N.C. retail revenue requirement for the period December 1, 2022, through November 30, 2023. In addition to the prospective component, DEP requested an increase of $33.548 million through the Joint Agency Asset Rolling Recovery Factor (RRF) component of its N.C. retail revenue requirement for the same period related to the under-recovery of financing and non-fuel operating costs experienced through the test year ended December 31, 2021. On November 9, 2022, the Commission entered an order approving the JAAR and the following JAAR rates by class. For an average residential customer using 1,000 kWh, this represents an increase of $1.49 per month.

Rate Class	Applicable Schedule(s)	Prospective Rate	Rolling Recovery Factor	Combined Rate*
Non-Demand Rate Class (dollars per kilowatt-hour)				
Residential	RES, R-TOUD, R-TOUE, R-TOU	0.00509	0.00122	0.00631
Small General Service	SGS, SGS-TOUE	0.00534	0.00534	0.00607
Medium General Service	CH-TOUE, CSE, CSG	0.00392	0.00071	0.00463
Seasonal and Intermittent Service	SI	0.00789	0.00799	0.01588
Traffic Signal Service	TSS, TFS	0.00257	0.00076	0.00333
Outdoor Lighting Service	ALS, SLS, SLR, SFLS	-	-	-
Demand Rate Classes (dollars per kilowatt-hour)				
Medium General Service	MGS, GS-TES, AP-TES, SGS-TOU	1.23	0.20	1.43
Large General Service	LGS, LGS-TOU	1.33	0.26	1.59

*Incremental Rates, shown above, include North Carolina regulatory fee of 0.13%.

HOUSE BILL 589 IMPLEMENTATION

House Bill 589, entitled "Competitive Energy Solutions for NC," was enacted on July 27, 2017. It requires the implementation of several new renewable energy programs. Those programs and the status of their implementation are described below.

Competitive Procurement for Renewable Energy (CPRE) Program

Part II of House Bill 589 requires Duke Energy to procure 2,660 MW of renewable energy through a competitive procurement program. In accordance with the bill, the Commission adopted rules for the CPRE program in Docket No. E-100, Sub 150, approved CPRE programs for DEP and DEC in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156, respectively, and selected an independent administrator (IA) of the program in Docket No. E-100, Sub 151.

Tranche 3 of the CPRE was approved by the Commission on December 21, 2021, as a DEC only procurement with a target of 596 MW. On January 4, 2022, the Commission approved the Tranche 3 Request for Proposal. Tranche 3 solicited bids that are currently being evaluated through a newly created Resource Solicitation Cluster Process set out in the NCIP.

On January 21, 2022, DEC and DEP filed an amended CPRE Tranche 3 RFP. DEC and DEP filed a petition on September 1, 2022, for approval to procure Tranche 3 CPRE unawarded capacity through the 2022 solar procurement, extend the CPRE PPA term, and waive certain provisions of Rule R8-71. The Public Staff filed comments on Duke's petition on October 4, 2022. Duke filed reply comments on October 12, 2022. The Commission issued its Order Permitting Additional CPRE Program Procurement and Establishing Target Procurement Volume for the 2022 Solar Procurement on November 1, 2022. On November 8, 2022, Duke filed an additional CPRE procurement PPA and notification to 2022 solar procurement market participants.

House Bill 589 and Commission Rule R8-71 also require the Commission to conduct an annual proceeding to review costs incurred or anticipated to be incurred by an electric public utility to comply with the CPRE Program and an annual compliance report filed by the electric public utility. On August 19, 2022, the Commission issued an order approving Residential, General Service / Lighting, and Industrial total CPRE billing factors for DEC of 0.0131 cents per kWh, 0.0124 cents per kWh, and 0.0120 cents per kWh, respectively (all including the regulatory fee), as well as DEC's CPRE Compliance Report. On November 9, 2022, the Commission issued an order approving Residential, Small General Service, Medium General Service, Large General Service, and Lighting total CPRE billing factors for DEP of 0.013 cents per kWh, 0.013 cents per kWh, 0.011 cents per kWh, 0.012 cents per kWh, and 0.010 cents per kWh, respectively (all including the regulatory fee), as well as DEP's CPRE Compliance Report.

HOUSE BILL 951 IMPLEMENTATION

Carbon Plan

House Bill 951 requires the Commission to "take all reasonable steps" to reduce statewide CO_2 emissions from electric generating facilities by 70% from 2005 levels by 2030, and to achieve carbon neutrality by the year 2050, while maintaining or improving upon the adequacy and reliability of the grid. By December 31, 2022, the Commission must develop a Carbon Plan, with the electric utilities and with stakeholder input, that represents the least cost path for compliance with these emission reduction goals. The Carbon Plan must be reviewed every two years and may be adjusted as necessary.

Following passage of House Bill 951, the Commission opened Docket No. E-100, Sub 179 for the Carbon Plan proceedings. The Commission ordered Duke Energy to hold at least three stakeholder meetings on the Carbon Plan, and to file a proposed Carbon Plan with the Commission. Duke filed its proposed Carbon Plan on May 16, 2022 (May 16 Filing). The Public Staff and other intervenors filed comments on Duke's May 16 Filing on July 15, 2022, as allowed by the Commission. The Commission held a series of public hearings in Durham, Wilmington, Asheville, and Charlotte between July 11, 2022, and July 28, 2022, along with two virtual hearings on August 23, 2022. On July 29, 2022, the Commission issued its Order Scheduling Expert Witness Hearings, Requiring Filing of Testimony, and Establishing Discovery Guidelines. Duke filed testimony on August 19, 2022. The Public Staff and other intervenors filed testimony on September 2, 2022. Parties also filed comments on September 9, 2022, on issues not being considered during the expert witness hearing. The expert witness hearing began on September 13, 2022, and lasted until September 29, 2022.

On December 30, 2022, the Commission issued its Order Adopting Initial Carbon Plan and Providing Direction for Future Planning. Rather than adopting a single, preferred portfolio of generation assets, the Commission adopted reasonable steps toward meeting the CO_2 reduction mandates, including:

- Directs Duke to conduct two competitive procurements between 2023-2024 targeting 2,350 MW of new solar generation to be placed into service by 2028
- Authorizes Duke to procure 1,000 MW standalone battery storage and 600 MW of battery storage paired with solar generation
- Authorizes Duke to upgrade necessary transmission facilities to interconnect new solar generation
- Requires Duke to optimally retire its remaining coal-fired generating units, more than 9,000 MW, by 2035
- Authorizes Duke to incur project development costs associated with additional pumped storage hydro at the Bad Creek Hydroelectric Station in Oconee County, South Carolina
- Directs Duke to study and consider the acquisition and development of wind lease areas off the coast of North Carolina

- Requires Duke to seek to extend the licenses for its existing nuclear fleet, and authorizes Duke to incur project development costs associated with new nuclear generation
- Directs Duke to engage with onshore wind stakeholders and economically model utility-owned onshore wind in its next round of modeling
- Authorizes Duke to plan for the addition of combustion turbine and combined cycle natural gas-fired generating capacity, while requiring Duke to address concerns about the availability of firm transmission capacity to North Carolina in future proceedings
- Approves for planning Duke's target of 1% load reduction through demand-side management and energy efficiency measures, while setting an aspirational 1.5% target
- Directs Duke to continue to develop targeted plans for engaging low-income, minority, and rural communities

2022 Solar Procurement

House Bill 951 authorizes the Commission to direct the procurement of solar energy facilities by Duke Energy in 2022 if, after stakeholder participation and review of preliminary analysis developed in preparation of the initial Carbon Plan, it finds that such facilities will be needed to achieve House Bill 951's carbon reduction goals. On March 14, 2022, Duke Energy filed its proposal for a 2022 solar procurement with the Commission in Docket Nos. E-2, Sub 1297 and E-7, Sub 1268. On June 10, 2022, the Commission approved Duke's proposal subject to amendments. On November 1, 2022, the Commission issued its Order Permitting Additional CPRE Program Procurement and Establishing Target Procurement Volume for the 2022 Solar Procurement. The 2022 Solar Procurement is currently ongoing and will soon announce the winners.

Coal Plant Retirement Securitization Rulemaking

Section 5 of House Bill 951 prescribes the adoption of rules for coal plant retirement securitization that are "substantively identical to the provisions of Section 1 of S.L. 2019-244 [i.e., N.C. Gen. Stat. § 62-172 (the Storm Securitization Statute)], except with respect to the purposes for which securitization may be used under that section."

On October 14, 2021, the Commission issued its Order in Docket No. E-100, Sub 177, inviting the filing of comments and proposed rules. Parties filed rules and comments through January 12, 2022.

A key element of any securitization statute, a non-impairment pledge (Statutory Pledge) as found in subsection (k) of the Storm Securitization Statute, was not directly included in House Bill 951. As a result, various parties suggested independent bond counsel guidance to confirm the sufficiency of rules to induce underwriting of coal plant retirement bonds in the absence of a Statutory Pledge. No such guidance has been received to date. Additionally, the Carbon Plan and interrelated timing and sequencing of retirements of subcritical coal-fired generating facilities will substantially impact the securitization of coal plan retirement costs, such that securitization is a key consideration for optimal resource analyses in general, and the Carbon Plan in particular.

On April 5, 2022, the Commission issued its Order adopting Rule R8-74 on "Financing for Costs Associated with the Early Retirement of Subcritical Coal-Fired Generating Facilities." The Commission indicated that it hewed closely to N.C. Gen. Stat. § 62-172 in formulating Rule R8-74, though two alterations to the statutory language are warranted by the differences between securitizing storm costs and securitizing the costs associated with early subcritical coal-fired plant retirements (differences discussed by the parties in their comments and proposed rules), being the definition of "subcritical coal-fired generating facilities" and the description of the costs to be securitized.

SENATE BILL 211 IMPLEMENTATION

On September 10, 2021, the Governor signed into law S.L. 2021-149. Section 1 of Senate Bill 211 amends Article 7 of Chapter 62 of the General Statutes by adding N.C. Gen. Stat. § 62-133.1B, which authorizes a Water and Sewer Investment Plan (WSIP) rate-making mechanism. Section 2 of Senate Bill 211 amends N.C. Gen. Stat. § 62-133.12 to make changes to the Water and Sewer System Improvement Charge mechanisms (WSIC and SSIC).

WSIP Rate-Making Mechanism

Part 1 of Senate Bill 211 authorizes the Commission, in a general rate proceeding, to set water or sewer base rates and revenue requirements through the banding of authorized returns, and to authorize annual rate changes for a three-year period based on anticipated capital investments and expenses approved under a WSIP without the need for additional base rate proceedings during that period. The law further establishes standards for the Commission's review of a WSIP and a cap on any rate adjustment authorized for years two and three of a plan. It also requires the Commission to adopt rules to implement the law and to annually review the earnings of a water or sewer utility with an approved WSIP.

On September 14, 2021, the Commission issued an Order Initiating Rulemaking and Requesting Comments in Docket No. W-100, Sub 63. Thereafter, the Public Staff, Aqua North Carolina, Inc. (Aqua), and CWSNC filed proposed rules, comments, and reply comments. On January 7, 2022, the Commission issued an order adopting Commission Rule R1-17A to implement N.C. Gen. Stat. § 62-133.1B. In its order, the Commission requested proposed revisions to the Commission's Form W-1 for a utility applying for a WSIP and to Commission Rule R1-17A to include a process for the Commission's consideration of the addition of unplanned emergency capital investments pursuant to N.C. Gen. Stat. § 62-133.1B(c). The Public Staff, Aqua, and CWSNC filed proposed revisions and comments as requested by the Commission. On June 30, 2022, the Commission issued an order adopting revisions to Commission Rule R1-17A and NCUC Form W-1.

Changes to WSIC and SSIC

Section 2 of Senate Bill 211 amends N.C. Gen. Stat. § 62-133.12 by revising the definitions of some eligible water and sewer system improvements, raising the percentage limitation on the cumulative system improvement charges from five percent to seven and one-half percent of the total annual service revenues approved by the Commission in a utility's last general rate case, and exempting certain projects from the percentage limitation.

On December 22, 2021, the Commission issued an order in Docket No. W-100, Sub 64 requesting comments on whether Section 2 of Senate Bill 211 requires revisions to Commission Rules R7-39 and R10-26 regarding the WSIC and SSIC. The Public Staff, Aqua, and CWSNC filed proposed revisions to the rules, comments, and reply comments. On May 27, 2022, the Public Staff, Aqua, and CWSNC filed a settlement agreement memorializing the parties' agreement regarding Aqua's and CWSNC's provision of certain information to the Public Staff pertaining to their future applications for WSIC and SSIC semiannual rate adjustments. The settlement agreement and several unresolved disputed issues addressed in the parties' comments and reply comments are pending decision by the Commission.

LOW-INCOME AFFORDABILITY COLLABORATIVE (LIAC)

(Docket Nos. E-2, Sub 1219, E-7, Sub 1214, G-9, Sub 781, and G-5, Sub 632)

Pursuant to the Commission's March 31, 2021 Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice in Docket Nos. E-7, Sub 1213, E-7, Sub 1214, and E-7, Sub 1187, and the Commission's April 16, 2021 Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice in Docket Nos. E-2, Sub 1219 and E-2, Sub 1193, Duke and the Public Staff convened a collaborative for interested stakeholders to address the affordability of electric service for low-income customers with an initial workshop held on July 29, 2021, continuing through July 7, 2022. The Joint Duke-Public Staff LIAC Final Report was filed with the Commission on August 12, 2022.

APPLICATION OF DEC AND DEP FOR APPROVAL OF PROPOSED ELECTRIC TRANSPORTATION PILOT

(Docket Nos. E-7, Sub 1195 and E-2, Sub 1197)

On March 29, 2019, Duke filed an application with the Commission for approval of an electric transportation pilot. In the application, Duke proposed spending $76 million over three years on seven programs: residential electric vehicle (EV) charging; fleet EV charging; EV school bus charging; EV transit bus charging; multi-family dwelling charging stations; public level two (L2) charging stations; and fast charging stations. Additionally, Duke proposed spending $3.3 million for education and outreach, and another $2 million for ongoing operations and maintenance.

On July 13, 2022, the Commission issued an order allowing Duke to withdraw its EVSE Pilot from consideration as Phase II Pilot programs; requiring Duke to file its proposed EVSE tariffs for the Commission's consideration within 30 days; requiring Duke to continue investigating options for planning, designing, and implementing their remaining Phase II Pilots in ways that take into consideration the possibility of receiving funding under the IIJA and other initiatives and to continue working with the ETSG to refine the proposed Phase II Pilots; and requiring Duke to file a report updating the Commission on the status of its progress on or before October 3, 2022.

On August 15, 2022, Duke filed a petition seeking approval of its EVSE Program. The Public Staff filed comments recommending that the EVSE Program be denied on the basis that it is neither appropriate nor necessary for the Companies to utilize their monopoly franchise to offer utility-owned EVSE programs.

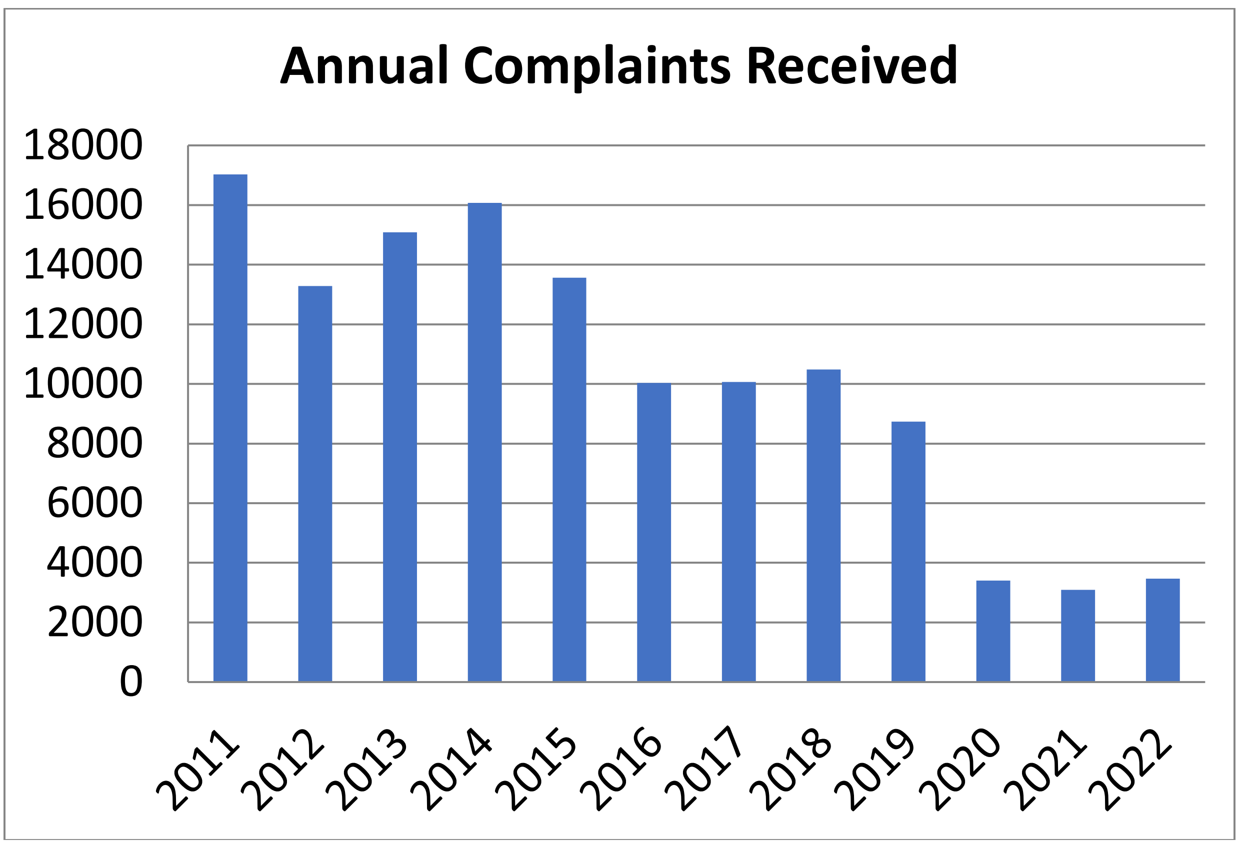
In October 2022, Duke filed a partial status report on its Phase II Pilot Programs and a request to extend its NC Electric Transportation Pilot Phase I Electric School Bus Program.

Also in 2022, as directed by the Commission in its Phase I Order, DEC filed – by separate docket (Docket No. E-7, Sub 1275) – an application seeking approval of its Vehicle-to-Grid (V2G) Pilot Program as a DSM/EE program pursuant to N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68. DEC proposed in its application to work with the Ford Motor Company to pilot a program that will allow DEC to use certain EV batteries as a dispatchable distributed energy resource to help manage peak load conditions. The V2G Pilot, if approved, will provide DEC with opportunities to evaluate the bi-directional V2G technology, the availability and performance of EV batteries, and how the load management activities impact battery life and functionality. DEC also anticipates that, if approved, the V2G Pilot will provide insight into customers' behaviors and willingness to allow DEC to control EV batteries. The Public Staff filed comments recommending that the V2G Pilot be approved for a period of two years.

CONSUMER SERVICES DIVISION

The Consumer Services Division facilitates the resolution of disputes between consumers and regulated utilities.[1] In addition, it handles customer requests for information on utility matters and letters protesting proposed utility rate increases. Complaints and inquiries often relate to quality-of-service issues, billing disputes, pending disconnections, and requests for assistance in establishing alternative payment arrangements. In 2022, the Consumer Services Division processed a total of 3,473 complaints and inquiries. The significant decline in complaints from 2019 is attributed to the utility disconnect moratorium that was in place for much of 2020 and that lower trend has continued post-COVID. While the majority of complaints are resolved informally, a small percentage result in formal proceedings before the Commission.

Callers complaining about non-regulated aspects of utility services are directed to the appropriate government agency for resolution. These types of complaints include cable television services, internet, municipal utility services, cellular services, electric and telephone membership cooperative services, and those services regulated by the Federal Communications Commission (FCC).



[1] The Transportation Division handles all complaints related to household goods movers separately from the Consumer Services Division. Transportation Division complaints are reported on Page 36.

CONSUMER COMPLAINTS/INQUIRIES BY INDUSTRY

Industry	Utility	Complaints
Electric		**2,235**
	Duke Energy Carolinas	1,166
	Duke Energy Progress	991
	Dominion NC Power	75
	Other	3
Natural Gas		**371**
	Piedmont	278
	PSNC	89
	Other	4
Telephone		**353**
	AT&T	96
	Frontier	41
	CenturyLink / Brightspeed	159
	Windstream	17
	Time Warner/Spectrum	31
	Other	9
Water/Sewer		**294**
	Aqua	101
	Carolina Water Service	70
	Water resellers	53
	Total Environmental Solutions	21
	Other	49
Other		**220**

ENERGY DIVISION

The Energy Division is comprised of the Electric Section and Natural Gas Section. It represents the using and consuming public in matters brought before the Commission regarding regulated electric and natural gas utilities, including matters such as generation plant siting; transmission line siting; rates and tariffs; DSM/EE program approval and performance; power plant operations; fuel procurement; quality of service; REPS compliance; mergers and acquisitions; electric and natural gas resellers; avoided cost; integrated resource planning; general rate cases; rider proceedings; annual gas cost reviews; purchased gas adjustment proceedings; pipeline integrity management spending and cost recovery in riders/trackers; customer usage and margin decoupling tracker mechanisms; service extension feasibility studies; and review of renewable energy facility applications. Engineers in the Division work with the Consumer Services Division to resolve electric and natural gas service complaints.

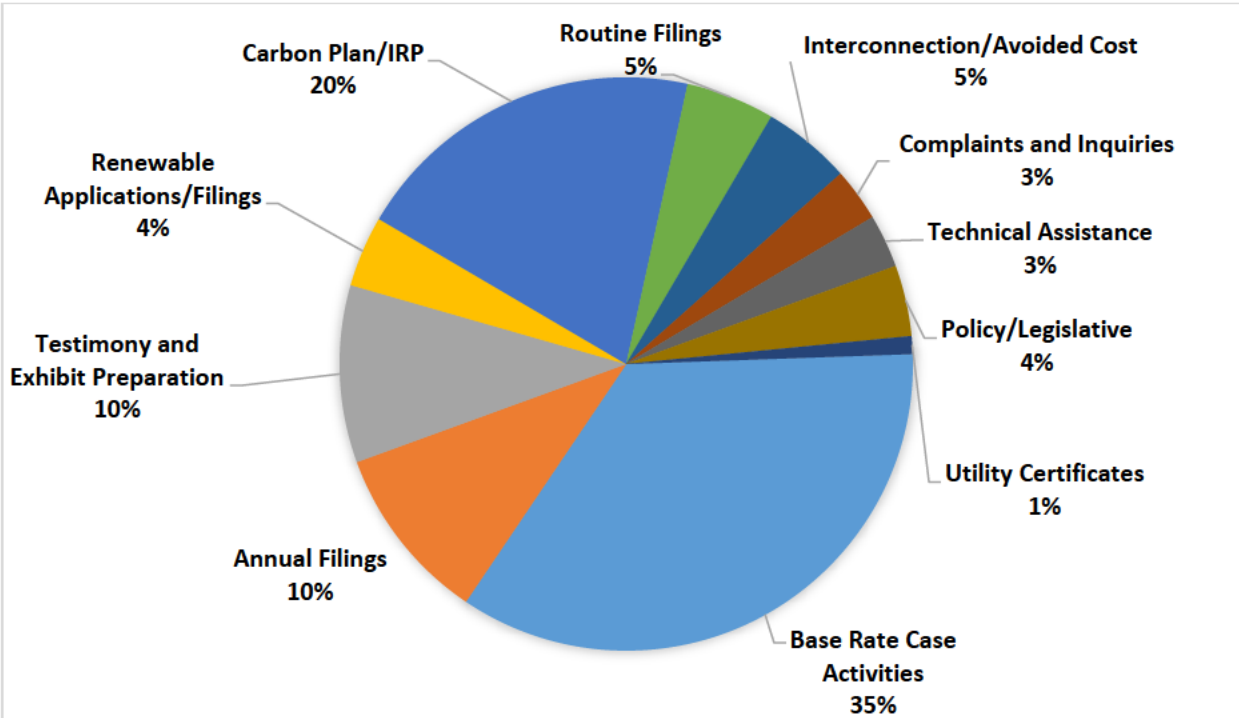
Small power producers and renewable energy facilities require reporting to, or certification by, the Commission prior to commencing operation in the State. The Energy Division reviews and processes applications and makes recommendations to the Commission related to these facilities. The status of solar renewable energy facilities in electric utility territories is shown below.

Status of Solar Renewable Energy Facilities as of December 31, 2022

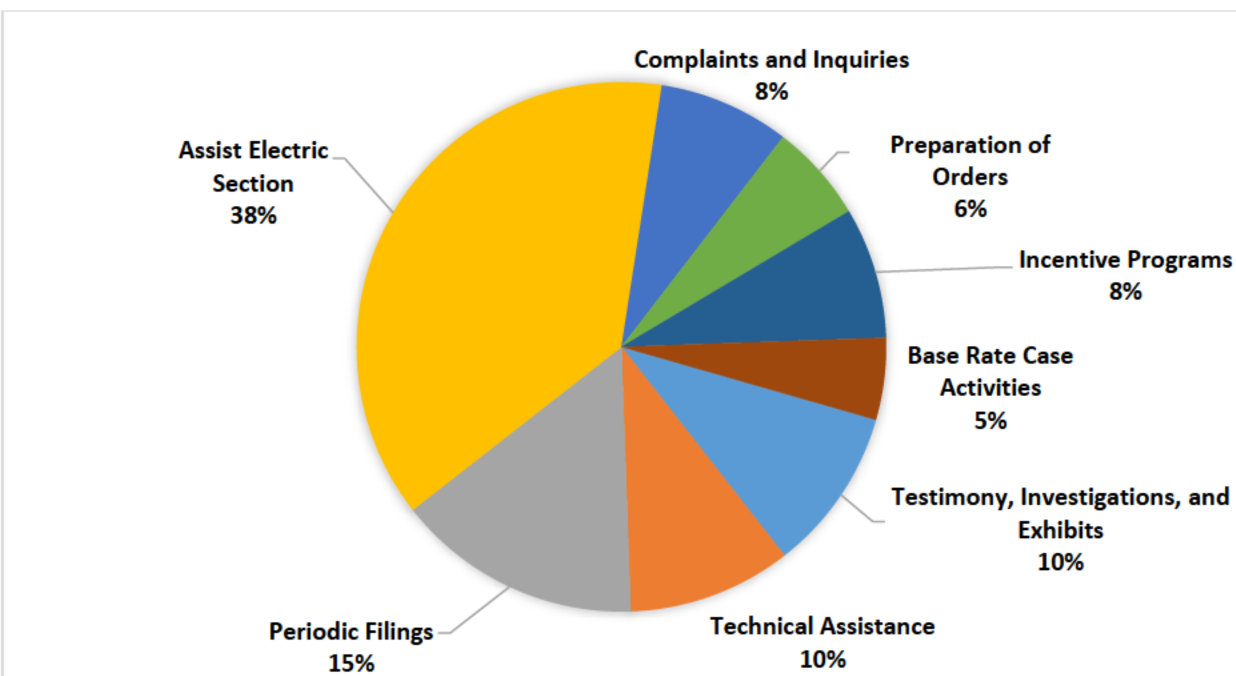
	Connected Facilities		Proposed Facilities (Pre- and Under-construction)	
Electric Utility	**Number of Facilities**	**Capacity of Facilities in MW**	**Number of Facilities**	**Capacity of Facilities in MW**
DEP	18,048	3,077	2,035	1,286
DEC	18,919	1,459	2,204	1,024
DENC	566	1,730	123	115
Total	37,534	6,266	4,362	2,425

The Energy Division reviews and makes recommendations with respect to the annual REPS compliance plans and reports required by N.C. Gen. Stat. § 62-133.8(i)(1) and Commission Rule R8-67, as discussed earlier in this Report.

Allocation of Electric Section Staff Resources



Allocation of Natural Gas Section Staff Resources



WATER, SEWER, & TELEPHONE DIVISION

The Water, Sewer, and Telephone Division represents the using and consuming public in matters brought before the Commission regarding regulated water, sewer, and telephone utilities. The Division also works with the Consumer Services Division to investigate customer complaints as necessary. During 2022, the Division handled over 1,770 filings.

Water and Sewer Subject Matter Allocation	
Filings by utilities reselling water/sewer utility service in apartment complexes and mobile home parks for new/transfer/cancellation of service areas, and establishment of new rates	15%
Traditional water and wastewater utility rate case investigations/ audits/inspections and presentations before the Commission	42%
Investigations/audits of filings by water, wastewater, and telephone utilities for new/expanded franchise areas, transfers of franchises, contiguous extensions of service areas, discontinuations of service, tariff revisions, and related recommendations to the Commission	25%
Responding to verbal and written inquiries for information from the public, legislature, utilities, agencies, and outside professionals	6%
Working with Consumer Services Division to resolve utility customer complaints	3%
Resolving issues where water and/or wastewater utility customers are in danger of losing utility service	5%
Investigation/resolution of water quality issues	4%

Telephone Matters

The Division represents the using and consuming public in regulated communications matters before the Commission. The Division reviews filings and applications made by incumbent telephone companies and new entrants to the local and long-distance industry. These filings include tariff filings, applications for certificates, interconnection agreements, and other general issue filings, such as universal service, competition in local/long distance markets, and unbundled network elements.

The Division also works directly with the Consumer Services Division to investigate customer complaints as necessary. While the Commission no longer has authority to order telephone companies to take corrective action in response to complaints, the Public Staff works with service providers to achieve acceptable outcomes for customers where possible.

Activities included reviewing or investigating the following matters:

- Tariff and price plan modifications
- Interconnection agreements
- Service quality
- Local and long-distance telephone applications
- Customer complaints
- Access line counts
- Service outages
- Billing disputes

TRANSPORTATION DIVISION

The Transportation Division represents the using and consuming public in matters brought before the Commission regarding regulated transportation utilities. The Commission regulates the transport of passengers by motor carrier (buses) and over water (ferry service operations), as well as most movers of household goods by motor carriers over public highways within North Carolina. At the end of 2022, there were 345 household goods carriers holding certificates of exemption issued by the Commission, and three bus companies and eight ferry operators holding CPCNs. During 2022, the Division reviewed approximately 765 filings.

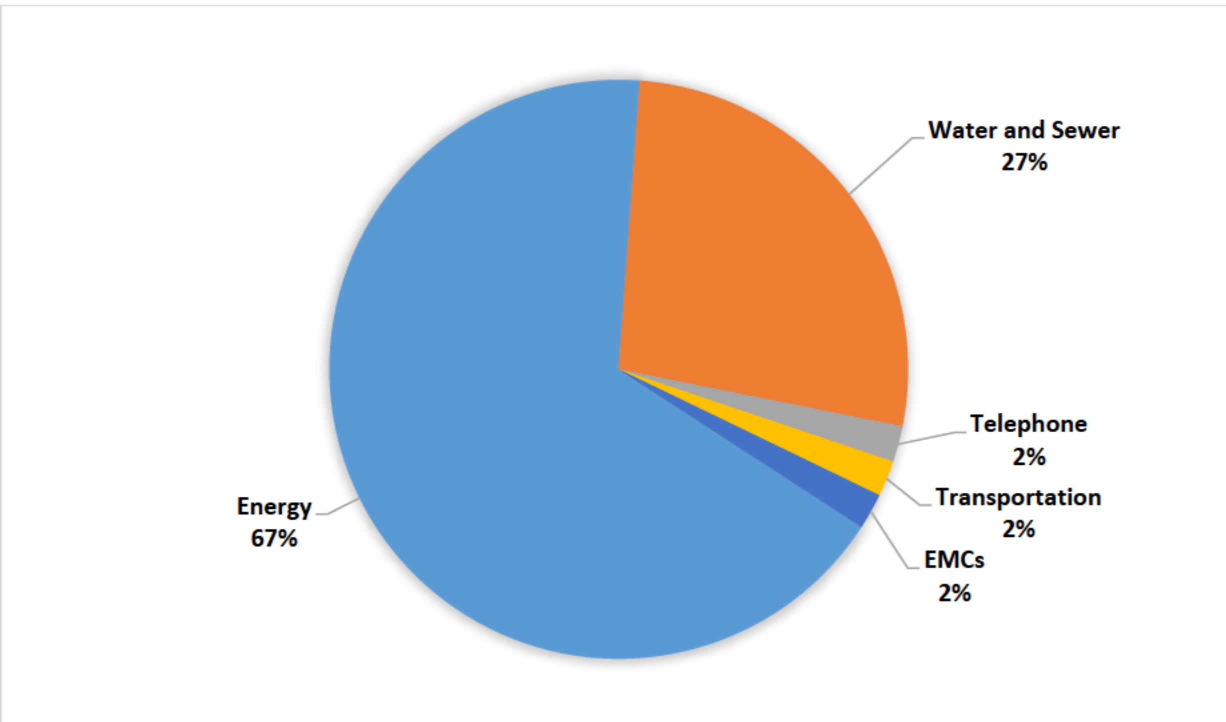
The Transportation Division investigated 107 jurisdictional customer complaints and responded to 1,201 inquiries relating to household goods movers and other transportation matters received by the Public Staff in 2022.

Allocation of Transportation Staff Resources	
Clarify Maximum Rate Tariff regulations and provide technical assistance to consumers and companies	25%
Investigate unauthorized companies	15%
Conduct compliance audits of regulated companies	12%
Conduct Maximum Rate Tariff seminars	12%
Certify and Process Annual Reports of companies	10%
Investigate/Resolve damage claims and complaints	10%
Preparation of filings and orders	10%
Review/Modify tariffs for ferry service operations	5%
Review filings related to bus services and brokers	1%

ACCOUNTING DIVISION

The Accounting Division represents the using and consuming public by conducting investigations of revenue requirement calculations in ratemaking proceedings, undertaking reviews of accounting issues, proposed regulatory accounting treatments, cost-benefit analyses, and providing recommendations to the Commission regarding these and other issues in utility cases. The Accounting Division also provides significant support to the other Public Staff divisions in general rate cases, merger and acquisition approval proceedings, natural gas prudence review proceedings, renewable energy, DSM/EE, and miscellaneous electric rider proceedings.

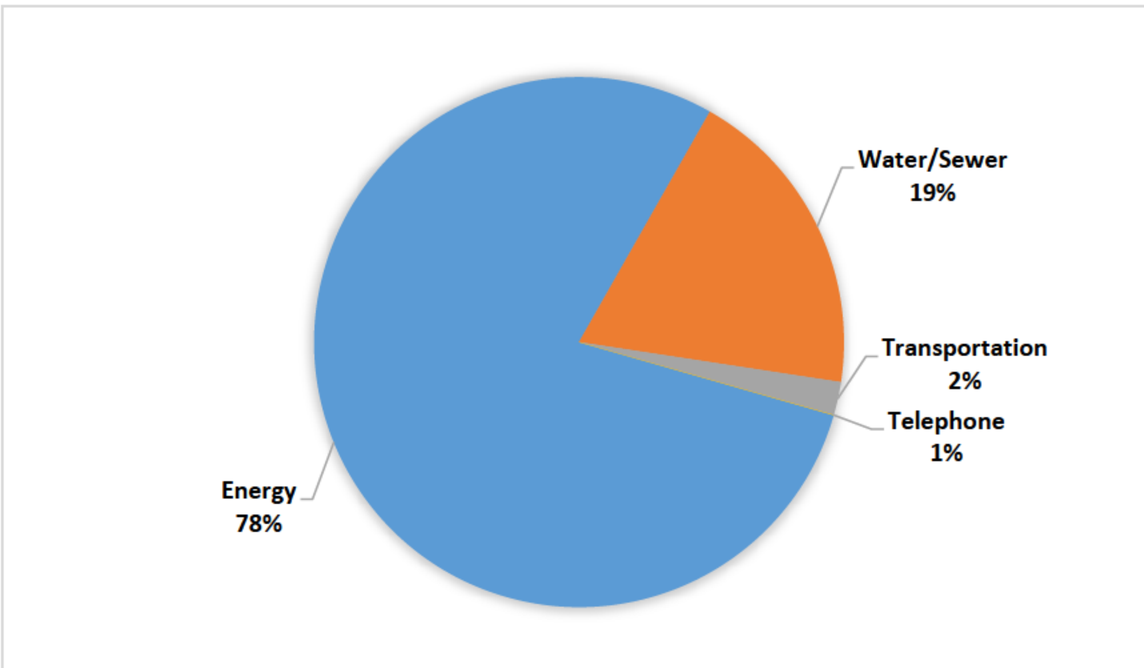
Allocation of Accounting Staff Resources



LEGAL DIVISION

The Legal Division represents the Public Staff and the using and consuming public in proceedings before the Commission and North Carolina appellate courts. The Legal Division is responsible for coordinating the preparation of reports, comments, testimony, proposed orders, and other documents on behalf of the Public Staff.

Allocation of Legal Staff Resources



ECONOMIC RESEARCH DIVISION

The Economic Research Division represents the using and consuming public in matters before the Commission by providing research, analysis, and testimony on utility planning and financial matters. The Economic Research Division supports and collaborates with the other divisions of the Public Staff.

Approximately 50% of the Economic Research Division's resources are devoted to electricity related areas with Biennial Determination of Avoided Costs and Integrated Resource Planning dockets. In addition, the Economic Research Division is responsible for recommendations on the cost of common equity and the overall cost of capital for electric, natural gas, water, and sewer utilities.

The Division reviews issues and files testimony on the issuances of new securities, nuclear decommissioning expenses, and the financial viability of applicants for merchant electric generation, solar generation, and water and sewer utility service. The Division also conducts statistical analysis on the weather normalization of utility sales, and reviews statistical sampling plans for electric and natural gas meter testing.

Allocation of Economic Research Staff Resources