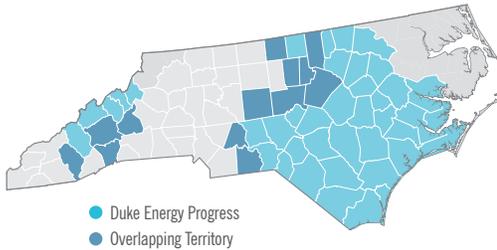


Duke Energy Progress

Rate request at a glance



We've made significant improvements over the last several years to meet the expectations of our growing customer base in North Carolina. These investments – including 75% of spending planned for the next three years – focus on strengthening the grid to make it more resistant to outages from severe weather and improving resiliency to restore power faster when outages occur.

On Oct. 6, 2022, Duke Energy Progress asked the North Carolina Utilities Commission (NCUC) to review our rates as the company continues working to strengthen the grid, reduce carbon emissions and improve the customer experience. For the first time, this rate case will include a three-year plan to fund system improvements. The NCUC will review and monitor this plan, which will limit annual rate increases and give customers more cost certainty.



INCREASING RELIABILITY AND RESILIENCY

- Technology is transforming North Carolina and changing the way customers use electricity and interact with their electric provider. Reliability remains essential as our state's increasingly connected population continues to expand. Today, the need for consistent, reliable service is the expectation of every home and business, especially given the shift to hybrid work arrangements – even as that reliability is challenged by the increasing frequency of severe weather events and the threat of cyberattacks.
- We have already made significant infrastructure improvements to improve reliability and reduce outages. Over the past five years (2018-2022 YTD), new self-healing technology helped avoid more than 1.3 million extended customer outages, saving more than 3 million hours of total lost outage time for customers.
- This rate case also includes nearly \$3.3 billion in future grid infrastructure improvements that will further reduce customer outages while enabling renewables, EVs, and supporting economic development and new jobs.



OPERATIONAL EXCELLENCE AND ENHANCING THE CUSTOMER EXPERIENCE

- Customers today want more streamlined options and versatility, driven by information about how they consume energy and by tools that help them manage their consumption.
- Duke Energy Progress has taken steps to continuously improve the service our customers receive from, and the interactions they have with, the company since our last base rate increase.
- Since the previous rate case, Duke Energy Progress has reduced our annual operating costs by more than \$100 million (2018 to 2021). Those savings will be passed on to customers in this case.



ACHIEVING A CLEANER AND SMARTER ENERGY FUTURE

- Duke Energy Progress is actively pursuing an orderly transition toward a clean, secure energy future by closing the final chapters on our reliance on coal-fired generation and moving forward with lower fuel-dependent generation resources.
- The voices of our customers and our investors have become increasingly clear on this topic – they expect us to invest in cleaner power and are making economic development decisions based on those expectations.

Proposed Rate Changes By Customer Class

Customer class	Proposed % increase beginning Oct. 1, 2023	Proposed % additional increase beginning Oct. 1, 2024	Proposed % additional increase beginning Oct. 1, 2025	Cumulative proposed % increase beginning Oct. 1, 2025
Overall	8.5	3.9	3.6	16.0
Residential	9.9	4.5	4.3	18.7
Small general service	7.8	4.0	3.6	15.4
Medium general service	6.2	3.0	2.8	12.0
Large general service	5.1	2.5	2.4	10.0

This table shows the average impact of the proposed changes for each customer class. The specific increase to individual customers will vary depending on the rate they pay. The three general service rate classes include both commercial and industrial customers.

We're sensitive to the financial pressures our customers face and recognize there's never a good time to request a rate review – our rates are consistently below the rates charged by other utilities, and we remain committed to keeping them as low as possible.

What is this process called?

A base rate review request – or rate case – is a very public regulatory review process, overseen by the NCUC, in which a utility must demonstrate why a proposed increase in rates is needed. The process considers volumes of data and thousands of pages of testimony – including input from the public. This independent, public process helps ensure transparency and fair rates based on the costs the utility incurs to serve our customers.

How will the ratemaking process work?

First, we have to demonstrate to the NCUC exactly why the increase in rates is needed. The commission thoroughly reviews our request and holds public hearings to allow customers to comment. The commission will conduct an evidentiary hearing and consider our written and oral testimony, along with differing viewpoints representing customer groups and other stakeholders. We expect a decision by fall 2023. Interim or temporary rates, subject to refund, would go into effect June 1, 2023, followed by permanent rates on Oct. 1, 2023.

Can customers comment on the rate request?

Yes. As part of the evaluation process, the NCUC will hold public hearings to hear directly from customers on the request to increase their bills. Public hearings are an important part of this process. Customers can also provide written comments to the NCUC.

What are the two kinds of rates?

A customer's electric bill is made up of two primary components: the base rate and the fuel rate.

Base rate

The base rate covers the company's cost to operate and maintain the electric system, including the opportunity to earn a fair return for investors. Base rates are adjusted periodically to more closely align the rates paid by customers with the company's costs to serve them.

Fuel rate

The fuel component, which increases or decreases annually on Dec. 1, covers the company's costs for coal, natural gas, uranium and other fuel-related items to keep our power plants running. The prices reflect the actual costs the company incurs to fuel our power plants – customers pay what we pay. We continue to accelerate our transition to generation that is less reliant on fossil fuels to reduce price swings.

If approved, how much will rates go up for the average customer?

- The company is proposing a gradual increase over three years in a Multiyear Rate Plan (MYRP).
- If approved by the NCUC, electric rates will increase about 9.9% for residential customers in the first year, followed by an additional 4.5% in year two and 4.3% in year three.
- Beginning Oct. 1, 2023, the monthly impact for a typical residential customer using 1,000 kilowatt-hours (kWh) per month would be an increase of \$14.72 – from \$126.43 to \$141.15 per month.

- Beginning Oct. 1, 2024, the added monthly impact for a typical residential customer using 1,000 kWh per month would be an increase of \$5.62 – from \$141.15 to \$146.77 per month.
- Beginning Oct. 1, 2025, the added monthly impact for a typical residential customer using 1,000 kWh per month would be an increase of \$5.21 – from \$146.77 to \$151.98 per month.

What is Duke Energy Progress doing to help customers reduce their energy use and their bills?

It's important to give our customers more options and tools to help them save energy and money, like usage updates, free home energy audits and a menu of energy-saving tips, incentives and resources. We offer income-qualified programs for both homeowners and renters, including replacement of inefficient appliances and weatherization services through either our company or the state weatherization program. And for those most in need, we offer the Share the Light Fund. Learn more at duke-energy.com/bill-help.

In addition, we have proposed a variety of new offerings as part of this rate case, such as low-income customer assistance; new energy efficiency programs for all customers, with potential savings that could significantly offset the proposed rate increase; and new time-of-use rates to help customers take more control over their energy bill.

What are Performance-Based Regulations?

Performance-Based Regulations (PBR) better align utility investments to customer and state needs and give customers more cost certainty in the coming years. These include:

- **Multiyear rate plans (MYRP).** This rate case will first determine a rate increase based on traditional ratemaking. Then the MYRP mechanism will add "step ups" to recover the costs for a specific set of capital investments projected to go in service over the course of the three-year period. Year two and year three increases are capped at 4% each for all customer classes combined.
- **Performance incentive mechanisms (PIMs).** These involve metrics and accountability for the utility to achieve outcomes that benefit customers and/or achieve North Carolina policy goals, such as renewables adoption and continued reliable service. Details about the proposed PIMs, which are based on stakeholder input and are subject to NCUC approval, are in our Oct. 6 filing.
- **Residential decoupling.** This ties revenues to customer growth rather than usage growth, removing the utility's incentive to incur more energy use per customer – it supports greater residential energy efficiency and removes revenue increases due to weather.

These new regulatory tools align North Carolina with much of the rest of the country and provide more effective oversight of utilities by the commission.

More information at: duke-energy.com/DEPNCRates



BUILDING A SMARTER ENERGY FUTURE®