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VIA ELECTRONIC FILING

Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

**RE: Duke Energy Carolinas, LLC's Notice of Natural Gas Addition to
Rogers Energy Complex (Cliffside) Units 5 and 6
Docket No. E-7, Sub 790**

Dear Chief Clerk:

I write on behalf of Duke Energy Carolinas, LLC ("DEC" or the "Company") to notify the North Carolina Utilities Commission ("Commission") of DEC's decision to add Dual Fuel Optionality ("DFO") at the Company's Rogers Energy Complex in Mooresboro, North Carolina. Although no Commission approval is required for the DFO project under N.C. Gen. Stat. § 62-110.1 or Commission Rule R8-61, I ask that this letter be filed in connection with the referenced matter for informational purposes. As described more fully herein, the DFO project will enable up to one hundred percent (100%) natural gas co-firing on Cliffside Unit 6 and ten percent (10%) gas co-firing on Cliffside Unit 5, resulting in reduced operations and maintenance ("O&M") expenses, additional fuel flexibility, operational flexibility, and lower emissions.

Background

The Rogers Energy Complex includes two coal units: the 552 MW subcritical Cliffside Unit 5, which went into commercial operation in 1972 and DEC's newest coal unit, the 844 MW supercritical advanced clean coal Cliffside Unit 6, which went into commercial operation year end 2012.

Industry publications have recognized Cliffside as one of the top 10 most efficient coal-fired generating stations, and one of the top 20 for lowest SO₂ emission rates, in the United States for 2013 and 2014. Even though Cliffside 6 is the newest, most-efficient, steam unit in the DEC fleet, the annual capacity factor for Cliffside Unit 6 operating solely on coal can fluctuate materially based upon coal transportation prices, single rail

coal transportation, and low market gas costs. Because of the Cliffside units' close proximity to the Public Service Company of North Carolinas ("PSNC") currently under-construction intrastate pipeline that connects to the Transco interstate pipeline near Kings Mountain and extends to Asheville, as well as the low gas price environment, DEC conducted an analysis of the benefits of DFO at the Cliffside units.

The Company conducted reviews with major boiler original equipment manufacturers, which demonstrated proven technology across the utility industry that added natural gas-fired capability to existing coal units. DEC identified six DFO projects for detailed benchmarking, including projects at supercritical and subcritical stations owned by Southern Company, PSEG, and Helios Power Capital, LLC. This review identified DFO operational benefits in the form of fuel switching, NO_x reductions, O&M reductions, minimum load reductions, smooth unit ramp rates on natural gas, and maintenance flexibility. The Company's operational and financial analysis demonstrated the many customer benefits from the DFO project.

DFO Project Scope and Cost Information

DEC completed Phase 1 engineering of the Cliffside DFO project in July 2016. In order to modify the existing Cliffside Units 5 and 6 boilers to fire coal and natural gas, the material scope of work includes: burner modifications, ignitor modifications, gas pipings and control system (DCS) additions and logic changes. The DFO is scheduled to be completed by April 15, 2019 at an estimated cost of \$56 million.

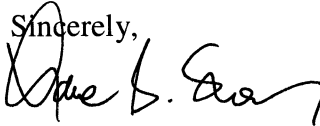
In addition, DEC has entered into an agreement with PSNC for interruptible transport of natural gas via a new pipeline lateral to be constructed off of PSNC's Kings Mountain to Asheville intrastate pipeline currently being built. PSNC has filed the pipeline construction and transportation service agreement for Commission approval in Docket No. G-5, Sub 569. The costs that PSNC will charge DEC pursuant to the construction and transportation service agreement were filed under seal by PSNC pursuant to N.C. Gen. Stat. §132-1.2.

Customer and System Benefits

Under DFO, Cliffside Unit 5 will have the ability to burn up to 10% natural gas, while Cliffside Unit 6 will have the ability to burn up to 100% natural gas (or 100% coal, or a blend of the two). The ability to burn natural gas allows for lower fuel costs and will help maximize customer value from the Cliffside units. Under current and projected short term (4 to 6 years) natural gas/coal price differentials, natural gas is expected to be the low cost fuel option at Cliffside. Over the long term, the flexibility that DFO provides will help hedge against future coal and gas cost uncertainties and will provide the ability to maximize benefit from short-term (daily/weekly) fuel price variability. The ability to utilize up to 10% co-firing on Cliffside Unit 5 will also allow the unit to burn lower quality, lower cost coal blends without a loss of capacity that would otherwise occur without the additional gas burn. The DFO project will also substantially reduce fuel oil utilization at Cliffside, by enabling the startup of the units on natural gas.

In addition to lower fixed and variable O&M costs, increased operational flexibility, improved ramp profile, and improved ramp rates, the DFO project will also provide overall environmental benefits, including a 40% reduction of CO₂, nearly 100% reduction of mercury and SO₂, as well as elimination of ash as a by-product, when running on gas. The relative benefits of the Cliffside DFO project are part of the Company's efforts to lead the way to cleaner, smarter energy solutions that our customers value.

Thank you for your attention to this matter. If you have any questions, please let me know.

Sincerely,


Lawrence B. Somers

cc: Parties of record

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's Notice of Natural Gas Addition to Rogers Energy Complex (Cliffside) Units 5 and 6 in Docket No. E-2, Sub 790, has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid to the following parties:

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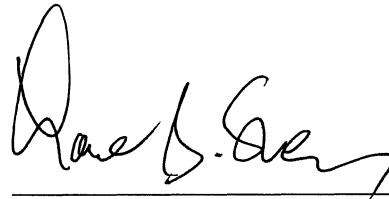
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This the 11th day of October, 2016



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