



Heather Shirley Smith
Deputy General Counsel

Duke Energy
40 W. Broad Street
Suite 690
Greenville, SC 29601

o: 864.370.5045
f: 864.370.5183

heather.smith@duke-energy.com

February 16, 2016

Jocelyn G. Boyd, Esquire
Chief Clerk/Administrator
The Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

RE: Duke Energy Carolinas, LLC and Duke Energy Progress, LLC - Notice of Allowable Ex Parte Communication Briefing on Coal Ash Disposal (ND 2016-5-E)

Dear Mrs. Boyd:

This filing is to clarify the intent of Duke Energy Progress, LLC ("DEP") and Duke Energy Carolinas, LLC ("DEC") (collectively, the "Companies") regarding expenditures for ash removal costs, as questioned by the Public Service Commission of South Carolina (the "Commission") during the Companies' February 10, 2016 allowable ex parte briefing. At that briefing, Commissioners questioned whether the Companies would attempt to seek recovery for certain fines and penalties related to either DEC's or DEP's management of coal ash, such as those incurred for the February 2, 2014, release of coal ash into the Dan River near Eden, North Carolina. The Companies do not intend to seek cost recovery for such fines and penalties. However, consistent with the treatment of nuclear decommissioning and other fossil plant retirement costs, the Companies anticipate seeking recovery at an appropriate time for certain prudently-incurred costs associated with permanently closing ash basins and other ash storage units at the Companies' coal-fired generating facilities which have generated or are generating electricity to retail customers in South Carolina.

Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Heather Shirley Smith /KSH".

Heather Shirley Smith

cc: Mr. Jeffrey M. Nelson, Office of Regulatory Staff