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June 23, 2016

VIA ELECTRONIC FILING

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

Re: Petition of Duke Energy Carolinas, LLC for an Accounting Order Defer Certain Costs Related to Advanced Metering Infrastructure (AMI)
Docket No. 2016-240-E

Dear Ms. Boyd:

By this letter, the South Carolina Office of Regulatory Staff ("ORS") hereby notifies the Public Service Commission of South Carolina (the "Commission") that ORS does not oppose the Petition submitted by Duke Energy Carolinas, LLC (the "Company") for an accounting order to defer, in a regulatory asset, certain costs incurred in connection with Advanced Metering Infrastructure ("AMI").

The Company seeks to defer the financial effects of the depreciation expense incurred once the AMI meters are installed, the carrying costs on the investment at its weighted average cost of capital, and the carrying costs on the deferred costs at its weighted average cost of capital in an amount of no more than \$45 million. Additionally, the Company seeks to continue depreciating the non-AMI meters that will be replaced. This amount is already included in rates and will therefore not be included in the deferral.

The request for relief, as set forth in the Petition, would not involve a change to the Company's retail rates or prices at this time or require any change in any Public Service Commission rule, regulation, or policy. ORS reserves its right to address the reasonableness of these costs in a subsequent general rate case or other proceeding.

Sincerely,

Andrew M. Bateman

cc: Heather Shirley Smith, Esquire (via E-Mail)
Frank R. Ellerbe, Esquire (via E-Mail)
Joseph M. Melchers, Esquire (via E-Mail)