July 30, 2026

State of North Carolina Utilities Commission,

RE: Docket E-7 Sub 1329 - Application of Duke Energy Carolinas, LLC For Adjustment of Rates and Charges Applicable to Electric Service in North Carolina and Performance-Based Regulation

Consumer Reports (CR), the independent, nonprofit, and nonpartisan member organization, respectfully submits these comments to the North Carolina Utilities Commission (the Commission) in opposition to both Duke Energy Carolinas' original request for an 18% residential rate increase and the recent proposed settlement, which would still increase average residential rates by 9.5% over two years.

For 90 years, CR has used rigorous research, independent testing, and evidence-based advocacy to speak up for our nearly 5 million members when their voices are not being heard by companies, policymakers, or regulators. Right now our members are telling us they feel squeezed by rapidly rising energy costs, and believe utilities and regulators are not paying enough attention to the financial strain these increases are placing on households.

Included with this letter is a petition signed by 3,718 North Carolina residents asking the Commission to reconsider Duke's excessive rate hike request. In addition we have included 21 testimonials from Consumer Reports members illustrating in their own words how their rising electricity bills are affecting their lives.

While many North Carolina households are struggling with rising electricity costs, Duke has continued to report strong financial performance. According to research from the Energy and Policy Institute, $0.22 of every dollar paid by Duke Energy Carolinas' residential customers becomes profit, contributing to shareholder earnings.[1] Between 2021 and 2025, Duke Energy Carolinas reported approximately $8.4 billion in profits, and in 2025 alone it is estimated that the Duke CEOs received approximately $22m in total compensation.[2] Over the same period, hard working North Carolinians have seen their electricity bills rise by 24% over just three years. Even the reduced settlement proposal—a 9.5% increase over two years—would bring the cumulative five-year

[1] https://energyandpolicy.org/utilityprofittracker/

[2] https://www.newsobserver.com/news/business/article315496559.html

increase to approximately 33%, far outpacing expected inflation and placing even greater strain on already stretched household budgets.

Consumer Reports recognizes that Duke Energy Carolinas must make investments to replace aging infrastructure, maintain reliability, and modernize the electric grid. As an investor-owned utility, however, Duke also has a fiduciary responsibility to maximize returns for its shareholders. This creates an inherent tension between the utility's financial incentives and the Commission's responsibility to ensure that rates remain just, reasonable, and in the public interest.

The Commission's careful oversight is essential to ensure that only necessary investments are recovered from ratepayers, and that residential customers are not required to bear costs that primarily benefit shareholders or large new customers. CR therefore respectfully asks the Commission to reduce Duke Carolina's authorized return on equity (ROE) and to scrutinize cost allocations to ensure that residential ratepayers are not being asked to contribute to infrastructure investments that would not have been made in the absence of anticipated data center load growth.

Return on Equity

Electricity is becoming unaffordable for many Americans at the same time that utility companies across the country are planning more than $1 trillion in new capital investments.[3] Rising capital expenditures, paired with generous authorized returns on equity, are key drivers in escalating customer bills and rising utility shareholder returns.

One of the most effective ways to protect customers during this period of unprecedented utility investment is to ensure that authorized returns on equity closely reflect the minimum return required to attract capital. Consumer Reports believes current market evidence generally supports the 7.4% return on equity level proposed by North Carolina Attorney General Jeffrey Jackson.[4]

Although financial models, expert testimony, and comparisons with authorized returns at other regulated utilities provide useful context, they should not outweigh objective market evidence. Current utility equity valuations strongly suggest that authorized returns across the industry far exceed the true market cost of equity.

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[3] https://powerlines.org/utilities-are-planning-to-spend-1-4-trillion-on-capital-expenditures-through-2030-as-utility-bills-rise-study-finds/

[4] https://ncdoj.gov/attorney-general-jeff-jackson-intervenes-in-second-duke-energy-rate-case-to-save-north-carolina-families-another-960-million/

Duke Energy Carolinas' parent company's stock currently trades at more than 1.8 times book value, indicating that new equity investors are willing to pay a significant premium for Duke shares.[5] This provides strong evidence that investors are willing to provide equity capital at lower anticipated returns than Duke's current and future projected authorized return on equity.[6] Based on this evidence, Duke should still be able to raise sufficient equity capital at a ROE much lower than the current authorized ROE without jeopardizing their credit rating.

As the utility sector enters an unprecedented period of capital investment, the Commission has an opportunity to better align Duke's authorized return on equity with current market conditions, reducing unnecessary costs borne by North Carolina ratepayers now and into the future, while continuing to ensure reliable access to capital.

Cost Allocation and Data Centers

A Consumer Reports nationally representative survey of 2,146 US adults in November 2025 found that 78% of Americans were least somewhat concerned that new data center development will increase their household electricity bills.

CR urges the Commission to carefully evaluate cost allocation in this rate case to ensure that residential ratepayers are not allocated any costs for infrastructure investments that would not have been made in the absence of anticipated data center load growth. Investments undertaken primarily to serve large-load customers should be recovered from those customers through transparent tariffs or negotiated agreements that adequately protect existing customers from grid upgrade costs and stranded asset risk. Likewise, residential customers should not be required to prepay for infrastructure intended to serve anticipated future data center demand that may never fully materialize.

North Carolinians should not be required to directly or indirectly subsidize the electricity costs of some of the world's largest and most profitable technology companies.

[5] Duke energy corporation's price/book ratio was 1.87 as of market close on July 23, 2026 https://finance.yahoo.com/quote/DUK/key-statistics/

[6] "The price-book value ratio of a stable firm is determined by the differential between the return on equity and its cost of equity. If the return on equity exceeds the cost of equity, the price will exceed the book value of the equity; if the return on equity is lower than the cost of equity, the price will be lower than the book value of equity."
Aswath Damodaran, Investment Valuation, John Wiley & Sons, 2012

Conclusion

The North Carolina Utilities Commission serves as the primary safeguard protecting residential customers from unreasonable utility rates. The Commission's responsibility is to ensure that utility investments are prudent and necessary, that costs are allocated according to sound cost-causation principles, and that authorized returns remain just and reasonable.

Consumer Reports believes that by exercising careful oversight in this proceeding, the Commission will protect consumers while ensuring North Carolina continues to benefit from a reliable, resilient, and affordable electric system.

Thank you for your consideration,

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