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NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION

FILED

JUN 03 2013

Clerk's Office
N.C. Utilities Commission

June 3, 2013

Ms. Gail L. Mount, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4325

Re: Docket No. E-7, Sub 1033

Dear Ms. Mount:

Enclosed for filing are 21 copies of the Stipulation of Duke Energy Carolinas, LLC, and the Public Staff in the above-referenced docket.

By copy of this letter, I am forwarding a copy to all parties of record.

Yours very truly,

Dianna W. Downey

Dianna W. Downey
Staff Attorney
dianna.downey@psncuc.nc.gov

DWD/bll
Enclosures
c: Parties of Record

Executive Director
733-2435

Communications
733-2810

Economic Research
733-2902

Legal
733-6110

Transportation
733-7766

Accounting
733-4279

Consumer Services
733-9277

Electric
733-2267

Natural Gas
733-4326

Water
733-5610

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

FILED

JUN 03 2013

DOCKET NO. E-7, SUB 1033

Clerk's Office
N.C. Utilities Commission

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Duke Energy Carolinas, LLC,)
Pursuant to G.S. 62-133.2 and Commission) JOINT AGREEMENT AND
Rule R8-55 Relating to Fuel and Fuel-Related) STIPULATION OF
Costs Adjustment for Electric Utilities) SETTLEMENT

Duke Energy Carolinas, LLC ("DEC" or the "Company"), and the Public Staff - North Carolina Utilities Commission (the "Public Staff"), referred to herein as the Stipulating Parties, through counsel and pursuant to G.S. 62-69, respectfully submit the following Joint Agreement and Stipulation of Settlement ("Stipulation") for consideration by the North Carolina Utilities Commission ("Commission") in this docket.

The Stipulating Parties agree as follows:

1. BACKGROUND

a. On March 6, 2013, the Company filed an Application with the Commission in this proceeding to adjust its rates and charges pursuant to G.S. 62-133.2 and Commission Rule R8-55, along with the direct testimony of Kim H. Smith, Joseph A. Miller, Jr., Robert J. Duncan, II, David C. Culp, and Alexander J. ("Sasha") Weintraub. By virtue of the Application, DEC requested that its North Carolina retail revenue requirement associated with fuel and fuel-related (collectively "fuel") costs of approximately \$1,239,694,685 (excluding gross receipts tax and regulatory fee), to be recovered through various fuel cost

factor riders. The fuel cost factors requested by DEC included Experience Modification Factor ("EMF") riders based on certain fuel over-recoveries, by customer class, experienced during calendar year 2012.

b. Petitions to intervene were filed by Carolina Industrial Group for Fair Utility Rates III on March 25, 2013, and granted by the Commission on April 1, 2013; by the North Carolina Sustainable Energy Association on March 26, 2013, and granted by the Commission on April 1, 2013; by Carolina Utility Customers Association, Inc. on April 3, 2013, and granted by the Commission on April 4, 2013; and by North Carolina Waste Awareness and Reduction Network on April 15, 2013, and granted by the Commission on April 18, 2013.

c. On March 13, 2013, the Commission entered an Order Scheduling Hearing, Requiring Filing of Testimony, Establishing Discovery Guidelines, and Requiring Public Notice. That order provided that direct testimony of intervenors should be filed on May 17, 2013, that rebuttal testimony should be filed on May 24, 2013, and that a hearing on this matter would be scheduled for June 4, 2013. On May 17, 2013, the Public Staff filed a motion for extension of time to file testimony, and on May 20, 2013, the Commission granted the motion, extending the time for filing Public Staff and intervenor testimony to May 24, 2013 and for filing rebuttal testimony to May 31, 2013. On May 23, 2013, the Public Staff filed a subsequent motion for extension of time to file testimony, and on May 24, 2013, the Commission granted the motion, extending the time for filing

Public Staff and intervenor testimony to May 31, 2013 and for filing rebuttal testimony to June 3, 2013.

d. Subsequent to the filing of the Application, the Public Staff has conducted substantial discovery on the issues raised by the Application and the direct testimony of the Company. The Public Staff's discovery included a detailed investigation of the performance of the Catawba Nuclear Station ("Catawba") and the McGuire Nuclear Station ("McGuire") during the test year. During the course of that investigation, the Public Staff requested and reviewed numerous documents and interviewed Company personnel.

e. Through this Stipulation, the Company is updating its filing to reflect the impact of \$431,799 of total system (\$294,198 NC retail) fuel costs incurred in 2012 inadvertently omitted in its original filing. These fuel costs represent the fuel cost component of other purchased power from a qualifying facility.

f. Prior to the filing of the Public Staff's testimony in this matter, the Stipulating Parties engaged in discussions and reached agreement in principle with respect to the issues presented by the Company's application.

2. NUCLEAR PLANT PERFORMANCE

a. One factor contributing to the Company's test year fuel costs was the performance of its nuclear plants. G.S. 62-133.2(d) and Commission Rule R8-55 provide that the burden of proof as to the correctness and reasonableness of any charge and as to whether the test year fuel costs were reasonable and prudently incurred is on the utility. For purposes of determining the EMF rider, a utility must achieve either (a) an actual system-wide nuclear capacity factor in the

test year that is at least equal to the national average capacity factor for nuclear production facilities based on the most recent five-year period available as reflected in the most recent North American Electric Reliability Corporation's ("NERC") Generating Availability Report, appropriately weighted for size and type of plant (the "NERC average") or (b) an average system-wide nuclear capacity factor, based upon a two-year simple average of the system-wide capacity factors actually experienced in the test year and the preceding year, that is at least equal to the national average capacity factor for nuclear production facilities based on the most recent five-year period available as reflected in the most recent NERC's Generating Availability Report, appropriately weighted for size and type of plant, or a presumption is created that the utility imprudently incurred the fuel costs and that disallowance of those costs is appropriate.

b. Comparing the capacity factor calculations for DEC's nuclear plants with the most recent NERC five-year average, DEC exceeded the performance standard for its nuclear plants. Company witness Duncan stated that the most recent NERC five-year average was 89.79%. During the test period, the Company's nuclear generation system achieved an actual capacity factor of 91.85%, thereby exceeding the NERC average by over two percentage points.

c. Nevertheless, DEC's nuclear performance was affected by the performance at McGuire Unit 2 and Catawba Unit 2. Although McGuire exceeded the NERC five-year average during the test period, it experienced an extended refueling outage at Unit 2. Catawba also exceeded the NERC five-year average. Catawba Unit 1, however, experienced a forced outage event resulting

from a cable failure further complicated by a loss of offsite power event for the station, which extended the Unit 2 refueling and maintenance outage underway at the time.

d. As described in the testimony of Kennie D. Ellis, after extensive investigation, the Public Staff believes that some of the outage time at McGuire Unit 2 and Catawba during the test year could have been avoided under efficient management and economic operations, and at least some of the associated replacement power costs should be excluded.

e. DEC disagrees with the Public Staff's position. DEC does acknowledge, however, that although the Company's nuclear capacity factor exceeded the NERC average for the test year, the Catawba and McGuire outages exceeded the scheduled outage duration as a result of equipment and vendor execution challenges. As part of its continuous improvement processes, DEC has evaluated and implemented lessons learned from these outages.

f. The Stipulating Parties have reached agreement that DEC will forgo recovery of \$4,542,857 of replacement power fuel expenses incurred during the test year due to the outage extension at McGuire, as well as \$757,143 of interest on that amount, for a total of \$5.3 million. Additionally, to the extent that DEC succeeds in recovering liquidated damages from the vendor involved in the McGuire outage work, DEC agrees to flow back half of the net amount up to \$257,143 to ratepayers in a future fuel case.

g. The Stipulating Parties agree that the above amounts represent a fair and reasonable resolution of the test year fuel costs that the Public Staff

believes should not be recovered from ratepayers because of the challenges experienced at Catawba and McGuire.

3. GENERAL PROVISIONS

a. DEC's fuel procurement practices during the test period were reasonable and prudent.

b. The parties disagree as to whether Catawba and McGuire were operated under efficient management and economic operations during the test year. The parties do agree that the performance of DEC's other base load plants during the test period was reasonable and prudent.

c. The projected fuel costs for the North Carolina retail jurisdiction for use in this proceeding are \$1,287,001,169. This consists of \$12,302,413 of renewable and cogeneration power capacity costs and \$1,274,698,756 of other fuel costs. The annual increase in the aggregate amount of fuel-related expenses associated with certain purchased power costs identified in 62-133.2(a1) exceeded two percent of DEC's total North Carolina jurisdictional gross revenues for 2012. The annual increase exceeded the North Carolina jurisdictional gross revenues, however, because the Company jointly dispatched its generation fleet with Duke Energy Progress, Inc., consistent with the terms of the Joint Dispatch Agreement ("JDA"), approved by this Commission in connection with the merger of Duke Energy Corporation and Progress Energy, Inc. ("Merger"), and which has saved DEC's North Carolina retail customers \$5,683,604 in fuel costs since the close of the Merger on July 2, 2012. But for

the operation of the JDA, the Company would not have exceeded the two percent cap.

d. The Company's aggregate North Carolina retail jurisdictional fuel expense over-collection for purposes of the EMF was \$51,555,143, including the adjustments described above in Sections 1.e. and 2.f of this Stipulation. As permitted by G.S. 62-133.2(d) and Commission Rule R8-55(d)(3), DEC may include in the EMF calculation actual fuel costs and revenues incurred for the period January 2013 through April 2013. However, DEC elected not to update fuel costs in this proceeding.

e. The decrease in fuel costs from the amounts approved in Docket No. E-7, Sub 1002 should be allocated between the rate classes on a uniform percentage basis, using the uniform bill adjustment methodology that was approved by the Commission in Docket No. E-7, Sub 1002.

f. The appropriate prospective fuel cost factors for this proceeding for each of DEC's rate classes, excluding gross receipts tax ("GRT") and regulatory fee, should be as follows: 2.2306 ¢/kWh for the Residential class; 2.3566 ¢/kWh General class; 2.3980¢/kWh for the Industrial class

g. The appropriate EMF decrement amounts established in this proceeding, including interest but excluding GRT and regulatory fee, should be as follows: (0.0534) ¢/kWh for the Residential class; (0.1371) ¢/kWh for the General class; and (0.1510) ¢/kWh for the Industrial class.

h. Schedules reflecting the stipulated adjustments are attached as Stipulation Exhibits 1-3.

4. AGREEMENT IN SUPPORT OF SETTLEMENT; LEGAL EFFECT OF STIPULATION

a. The Stipulating Parties shall act in good faith to use their best efforts to recommend to the Commission that this Stipulation be accepted and approved. The Stipulating Parties further agree that this Stipulation is in the public interest and that they will support the reasonableness of this Stipulation before the Commission, and in any appeal from the Commission's adoption and/or enforcement of this Stipulation of portion thereof.

b. The provisions of this Stipulation do not reflect any position asserted by any of the Stipulating Parties, but reflect instead the compromise and settlement among the Stipulating Parties as to all of the issues covered hereby.

c. By agreeing to settle this issue, DEC and the Public Staff agree that DEC in no way concedes that it was imprudent, unreasonable, inefficient, or uneconomical in incurring its fuel costs during the test period or in managing its generation fleet. Additionally, this Stipulation in no way constitutes a waiver or acceptance of the position of any Party concerning the requirements of N.C. Gen. Stat. § 62-133.2, or North Carolina Utilities Commission Rule R8-55, in any future proceeding, nor does it constitute a waiver of any right to assert or oppose a position in any future proceeding or any court. Moreover, this Settlement Agreement does not establish any precedent with respect to the issues resolved herein, and in no way precludes any Stipulating Party herein from advocating an alternative position or methodology in any future proceeding.

d. This Stipulation is a product of negotiation among all the Stipulating Parties and no provision of this Stipulation shall be strictly construed in favor of or against any Stipulating Party.

e. All pre-filed testimony, affidavits, and exhibits may be received in evidence without objection, and each Stipulating Party waives all right to cross examine any witness except to affirm the provisions of this Stipulation and to explain and clarify testimony consistent with this Stipulation. If questions are asked by any Commissioner, or if questions are asked or positions are taken by any person who is not a Stipulating Party, then any Stipulating Party may respond to such questions by presenting testimony or exhibits and cross examining any witness with respect to such testimony and exhibits.

f. This Stipulation is the product of negotiation and compromise of a complex set of issues, and no portion of this Stipulation is or will be binding on any of the Stipulating Parties unless the entire Stipulation is accepted by the Commission. If the Commission rejects any part of this Stipulation or imposes any change or condition on approval of this Stipulation or if the Commission's approval of this Stipulation is rejected or conditioned by a reviewing court, the Stipulating Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Stipulation consistent with the order. No Party shall withdraw from the Stipulation prior to complying with the foregoing sentence. If any Party withdraws from the Stipulation, any Party retains the right to seek additional proceedings before the Commission, including cross-

examination of witnesses, with respect to issues addressed by the Stipulation and no Party shall be bound or prejudiced by the terms and conditions of the Stipulation.

g. This Stipulation may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Execution by facsimile signature shall be deemed to be, and shall have the same effect as, execution by original signature.

SIGNATURE PAGE FOLLOWS

This the 3rd day of June, 2013.

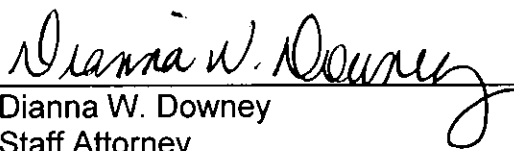
DUKE ENERGY CAROLINAS, LLC

By: _____

Brian L. Franklin
Associate General Counsel
Duke Energy Corporation
Telephone: (980) 373-4465
brian.franklin@duke-energy.com

PUBLIC STAFF, NORTH CAROLINA
UTILITIES COMMISSION

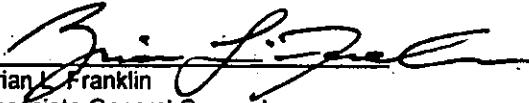
By: _____


Dianna W. Downey
Staff Attorney
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Telephone: (919) 733-6110
dianna.downey@psncuc.nc.gov

This the 3rd day of June, 2013.

DUKE ENERGY CAROLINAS, LLC

By:


Brian L. Franklin
Associate General Counsel
Duke Energy Corporation
Telephone: (980) 373-4465
brian.franklin@duke-energy.com

PUBLIC STAFF, NORTH CAROLINA
UTILITIES COMMISSION

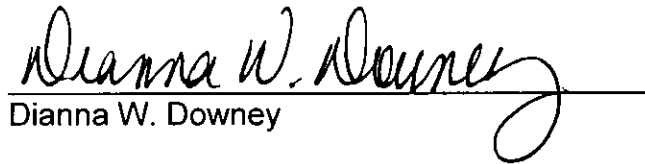
By:

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Staff Attorney
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Raleigh, North Carolina 27699-4326
Telephone: (919) 733-6110
dianna.downey@psncuc.nc.gov

CERTIFICATE OF SERVICE

I certify that I have served a copy of the foregoing on all parties of record in this proceeding in accordance with NCUC Rule R1-39 by causing the same to be deposited in the United States Mail, first class postage prepaid, or delivered by hand delivery or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 3rd day of June, 2013.


Dianna W. Downey

DUKE ENERGY CAROLINAS
North Carolina Annual Fuel and Fuel Related Expense
Summary of Settlement Fuel and Fuel Related Cost Factors
Test Period Ended December 31, 2012
Billing Period September 2013 - August 2014
Docket E-7, Sub 1033

Line No.	Description	Reference	Residential cents/KWh	General cents/KWh	Industrial cents/KWh	Composite cents/KWh
Company Proposed Fuel and Fuel Related Cost Factors using Proposed Nuclear Capacity Factor of 92.84%						
1	Fuel and Fuel Related Costs excluding Purchased Capacity cents/kWh	L3 - L2	2.2070	2.3355	2.3752	2.2960
2	Total of Renewable and Cogeneration Purchased Power Capacity	Smith Ex 2, Sch 1, p 2	0.0253	0.0204	0.0200	0.0222
3	Total adjusted Fuel and Fuel Related Costs cents/kWh	L5 - L4 - L5	2.2323	2.3559	2.3952	2.3182
4	EMF Decrement cents/kWh	Smith Ex 3, Pages 2, 3, 4 and 1	(0.0382)	(0.1099)	(0.1216)	(0.0852)
5	EMF Interest Decrement cents/kWh	Smith Ex 3, Pages 2, 3, 4 and 1	(0.0064)	(0.0183)	(0.0203)	(0.0142)
6	Net Fuel and Fuel Related Costs Factors cents/kWh	Smith Ex 2, Sch 1, p 3	2.1877	2.2277	2.2533	2.2188
Settlement Fuel and Fuel Related Cost Factors using Proposed Nuclear Capacity Factor of 92.84%						
7	Fuel and Fuel Related Costs excluding Purchased Capacity cents/kWh	Stipulation Ex 1 Sch 3	2.2053	2.3362	2.3780	2.2960
8	Purchased Power - Capacity cents/kWh	Stipulation Ex 1 Sch 3	0.0253	0.0204	0.0200	0.0222
9	Total adjusted Fuel and Fuel Related Costs cents/kWh	Sum	2.2306	2.3566	2.3980	2.3182
10	EMF Decrement cents/kWh	Stipulation Ex 2, Sch 2, 3, 4 and 1	(0.0458)	(0.1175)	(0.1294)	(0.0928)
11	EMF Interest Decrement cents/kWh	Stipulation Ex 2, Sch 2, 3, 4 and 1	(0.0076)	(0.0186)	(0.0216)	(0.0155)
12	Net Fuel and Fuel Related Costs Factors cents/kWh	Sum	2.1772	2.2195	2.2470	2.2099

Note: All fuel factors exclude gross receipts tax and regulatory fee

Stipulation Exhibit 1
Schedule 2

DUKE ENERGY CAROLINAS
North Carolina Annual Fuel and Fuel Related Expense
Calculation of Fuel and Fuel Related Cost Factors Using:
Proposed Nuclear Capacity Factor of 92.84%
Twelve Months September 2013 - August 2014
Docket E-7, Sub 1033

Line No.	Description	Reference	Residential	GS/Lighting	Industrial	Total
1	NC Projected Billing Period MWH Sales	Smith Workpaper 9	20,955,314	22,316,250	12,244,753	55,516,317
Calculation of Renewable and Cogeneration Purchased Power Capacity Rate by Class						
2	Renewable Purchased Power - Capacity	Smith Workpaper 6				\$ 8,918,584
3	Cogeneration Purchased Power - Capacity	Smith Workpaper 6				10,211,640
4	Total of Renewable and Cogeneration Purchased Power Capacity	Line 2 + Line 3				\$ 17,130,224
5	NC Portion - Jurisdictional % based on Production Plant Allocator	Smith Ex 2, Sch 1, p 2				71,8170%
6	NC Renewable Purchased Power - Capacity	Line 4 * Line 5				\$ 12,302,413
7	Production Plant Allocation Factors	Smith Ex 2, Sch 1, p 2	43.1736%	36.9466%	19.8798%	100.0000%
8	Renewable Purchased Power - Capacity allocated on Production Plant %	Line 6 * Line 7	\$ 5,311,395	\$ 4,545,323	\$ 2,445,695	\$ 12,302,413
9	Renewable Purchased Power - Capacity cents/kWh based on Projected Billing Period Sales	Line 8 / Line 1	0.0253	0.0204	0.0200	0.0222
Summary of Total Rate by Class						
10	Fuel and Fuel Related Costs excluding Renewable Purchased Power and Cogeneration Purchased Capacity cents/kWh	Line 15 - Line 11 - Line 13 - Line 14	2.2053	2.3362	2.3780	2.2960
11	Purchased Power - Capacity cents/kWh	Line 9	0.0253	0.0204	0.0200	0.0222
12	Total adjusted Fuel and Fuel Related Costs cents/kWh	Line 10 + Line 11	2.2306	2.3566	2.3980	2.3182
13	EMF Increment cents/kWh	Stipulation Ex 2, Sch 2, 3, 4 and 1	(0.0458)	(0.1175)	(0.1294)	(0.0928)
14	EMF Interest Increment cents/kWh	Stipulation Ex 2, Sch 2, 3, 4 and 1	(0.0076)	(0.0196)	(0.0216)	(0.0155)
15	Net Fuel and Fuel Related Costs Factors cents/kWh	Stipulation Ex 1 Sch 3	2.1772	2.2195	2.2470	2.2099

DUKE ENERGY CAROLINAS
North Carolina Annual Fuel and Fuel Related Expense
Calculation of Uniform Percentage Average Bill Adjustment by Customer Class
Proposed Nuclear Capacity Factor of 82.64%
Twelve Months September 2013 - August 2014
Docket E-7, Sub 1001

Line No.	Rate Class	A Projected Billing Period Sales	B Annual Revenue at Current rates	C Allocate Fuel Costs Increase/(Decrease) to Customer Class	D Increase/Decrease as % of Annual Revenue at Current Rates	E Total Fuel Rate Increase/(Decrease) If D=0 then 0 if not then (C*100)/(A*1000)	F Current Merger Savings decrement cents/MWh	G Current Total Fuel Rate (including renewables and EMF) E-7, Sub 1001	H Settlement Total Fuel Rate (including renewables and EMF) E + F + G = H
		Smith Worksheet 9	Smith Worksheet 10	Line 26 as a % of Column B	C / B		Smith Exhibit 7, Page 2 cents/MWh	Exhibit 1 Schedule 2, page 2 cents/MWh	
1	Residential	20,945,314	\$ 2,128,247,266	\$ (2,204,210)	-0.10%	(0.0105)	(0.0707)	2.2564	2.1772
2	General Services/Lighting	22,316,250	1,756,841,269	(1,819,550)	-0.10%	(0.0082)	(0.0509)	2.2780	2.2195
3	Industrial	12,244,753	739,175,088	(785,558)	-0.10%	(0.0063)	(0.0379)	2.2912	2.2470
4	NC Retail	35,516,317	\$ 4,624,265,623	\$ (4,786,316)					

Total Settlement Composite Fuel Rate:

5	System Total Fuel Costs	Smith Ex 2 Sch 1, Page 1	\$ 1,908,938,036
6	Cogen and Renewable Purchased Power - Capacity	Smith Ex 2 Sch 1, Page 2	\$ 17,130,224
7	System Other Fuel Costs	Line 5 - Line 6	\$ 1,891,807,812
8	Projected System Billing Period MWH Sales for fuel factor	Worksheet 9	82,388,880
9	NC Projected Billing Period MWH Sales	Line 4	55,516,317
10	Allocation %	Line 8 / Line 9	67.36%
11	NC Retail Other Fuel Costs	Line 7 * Line 10	\$ 1,274,896,756
12	NC Cogen and Renewable Purchased Power - Capacity	Smith Ex 2 Sch 1, Page 2	\$ 12,352,413
13	NC Retail Total Fuel Costs	Line 11 + Line 12	\$ 1,287,249,169
14	NC Projected Billing Period MWH Sales	Line 4	55,516,317
15	Calculated Fuel Rate cents/MWh	Line 13 / Line 14	2.3182
16	Proposed Composite EMF Rate cents/MWh	Stipulation Ex 2, Sch 1	(0.0628)
17	Proposed Composite EMF Rate Interest cents/MWh	Stipulation Ex 2, Sch 1	(0.0155)
18	Total Settlement Composite Fuel Rate	Sum of Lines 17-18	2.2399

Total Current Composite Fuel Rate - Docket E-7 Sub 1001:

19	Current composite Fuel Rate cents/MWh	Supp Mc Manus Exh 6(c)	2.2404
20	Current composite Merger Savings decrement cents/MWh	Exhibit 7	(0.0655)
21	Current composite EMF Rate cents/MWh	Supp Mc Manus Exh 6(c)	0.0336
22	Current composite EMF Rate Interest cents/MWh	Supp Mc Manus Exh 6(c)	0.0000
23	Total Current Composite Fuel Rate	Sum	2.2185
24	Increase/(Decrease) in Composite Fuel rate cents/MWh	Line 20 - Line 24	(0.0085)
25	NC Projected Billing Period MWH Sales	Line 4	55,516,317
26	Increase/(Decrease) in Fuel Costs	Line 25 * Line 27	\$ (4,786,316)

DUKE ENERGY CAROLINAS
North Carolina Annual Fuel and Fuel Related Expense
Settlement Calculation of Experience Modification Factor - Composite
Test Period Ended December 31, 2012
Docket E-7, Sub 1033

Line No.	Month	Fuel Cost Incurred \$/kwh (a)	Fuel Cost Billed \$/kwh (b)	NC Retail MWH Sales (c)	Reported Over (Under) Recovery (d)	Correction Renewables (e)	Merger Savings to be Shared with PEC (f)	Adjusted Over (Under) Recovery (g)
1	January 2012			4,696,133	\$ 19,638,596	\$ 187,794	\$ (423,273)	\$ 19,403,117
2	February			4,471,304	\$ 23,655,484	\$ 134,844	\$ (469,468)	\$ 23,320,859
3	March			4,225,513	\$ 24,585,301	\$ 175,285	\$ (358,714)	\$ 24,401,871
4	April			4,010,671	\$ 14,125,769	\$ 175,371	\$ (347,558)	\$ 13,953,582
5	May ⁽¹⁾			4,082,258	\$ (3,744,786)	\$ 156,140	\$ (311,282)	\$ (3,899,928)
6	June			4,696,516	\$ 285,689	\$ 155,267	\$ (372,323)	\$ 68,633
7	July			5,356,807	\$ (19,888,452)	\$ 119,793	\$ -	\$ (19,546,659)
8	August			5,440,542	\$ 4,397,805	\$ 115,271	\$ -	\$ 4,513,076
9	September			4,959,528	\$ 15,743,742	\$ 141,367	\$ -	\$ 15,885,109
10	October			4,052,001	\$ 1,378,491	\$ 183,651	\$ -	\$ 1,562,142
11	November			4,169,014	\$ (25,945,880)	\$ 143,654	\$ -	\$ (25,802,226)
12	December			4,395,620	\$ (2,396,968)	\$ 95,536	\$ -	\$ (2,304,432)
				54,555,907	\$ 52,053,792	\$ 1,783,970	\$ (2,282,619)	\$ 51,555,143

13 Booked Over (Under) Recovery January 2012 through December 2012 \$ 51,555,143

14 Adjusted Test Period MWH Sales Smith Exhibit 4 55,534,611

15 Experience Modification Increment (Decrement) cents/KWh (0.0928)

16 Annual Interest Rate 10%

17 Monthly Interest Rate 0.833333%

18 Number of Months (July 2012 - February 2014) 20

19 Interest \$ 8,592,520

20 EMF Interest Increment (Decrement) (0.0155)

Notes:

(1) Prior period corrections not included in rate incurred but are included in over/(under) recovery total

DUKE ENERGY CAROLINAS
North Carolina Annual Fuel and Fuel Related Expense
Settlement Calculation of Experience Modification Factor - Residential
Test Period Ended December 31, 2012
Docket E-7, Sub 1033

Line No.	Month	Fuel Cost Incurred \$/kwh (a)	Fuel Cost Billed \$/kwh (b)	NC Retail MWH Sales (c)	Reported Over (Under) Recovery (d)	Correction Renewables (e)	Merger Savings to be Shared with PEC (f)	Adjusted Over(Under) Recovery (g)
1	January 2012	1,3757	2,3941	2,052,554	\$ 8,587,286	\$ 82,696	\$ (185,001)	\$ 8,484,980
2	February	1,8654	2,3941	1,785,443	\$ 9,438,814	\$ 55,007	\$ (187,404)	\$ 9,306,356
3	March	1,8137	2,3941	1,576,391	\$ 9,149,569	\$ 67,552	\$ (133,824)	\$ 9,083,298
4	April	2,0458	2,3941	1,252,705	\$ 4,363,219	\$ 58,610	\$ (108,557)	\$ 4,313,272
5	May(1)	2,4880	2,3941	1,320,093	\$ (1,197,907)	\$ 53,520	\$ (100,660)	\$ (1,245,046)
6	June	2,3891	2,3941	1,638,140	\$ 81,288	\$ 56,610	\$ (129,866)	\$ 8,032
7	July	2,7610	2,3941	2,159,210	\$ (7,922,165)	\$ 49,259	\$ -	\$ (7,872,906)
8	August	2,3132	2,3941	2,137,529	\$ 1,720,239	\$ 46,314	\$ -	\$ 1,776,553
9	September	2,0835	2,2944	1,773,808	\$ 3,741,329	\$ 52,198	\$ -	\$ 3,793,527
10	October	2,5729	2,1529	1,271,002	\$ (5,337,859)	\$ 61,013	\$ -	\$ (5,276,846)
11	November	3,0681	2,1517	1,428,843	\$ (13,093,552)	\$ 51,262	\$ -	\$ (13,042,290)
12	December	2,1338	2,1517	1,725,994	\$ 309,291	\$ 38,113	\$ -	\$ 347,404
13	Total Test Period			20,121,712	\$ 9,849,551	\$ 672,154	\$ (845,373)	\$ 9,676,332
14	Test Period Wtd Avg. \$/kwh	2.2833	2.3321					
15	Booked Over (Under) Recovery January 2012 to December 2012							\$ 9,676,332
16	Adjusted Test Period MWH Sales							21,143,695
17	Experience Modification Increment (Decrement) cents/KWh							(0.0458)
18	Annual Interest Rate							10%
19	Monthly Interest Rate							0.833333%
20	Number of Months (July 2012 - February 2014)							20
21	Interest							\$ 1,612,721
22	EMF Interest Increment (Decrement)							(0.0076)

Notes:
(1) Prior period corrections not included in rate incurred but are included in over/(under) recovery total

DUKE ENERGY CAROLINAS
North Carolina Annual Fuel and Fuel Related Expense
Settlement Calculation of Experience Modification Factor - GS/Lighting
Test Period Ended December 31, 2012
Docket E-7, Sub 1033

Line No.	Month	Fuel Cost Incurred \$/kwh (a)	Fuel Cost Billed \$/kwh (b)	NC Retail MWH Sales (c)	Reported Over (Under) Recovery (d)	Correction Renewables (e)	Merger Savings to be Shared with PEC (f)	Adjusted Over(Under) Recovery (g)
1	January 2012	1.9752	2.3931	1,772,833	\$ 7,409,550	\$ 70,835	\$ (159,790)	\$ 7,319,598
2	February	1.8643	2.3931	1,698,008	\$ 8,979,863	\$ 51,123	\$ (176,284)	\$ 8,852,702
3	March	1.8110	2.3931	1,673,313	\$ 9,739,585	\$ 68,901	\$ (142,052)	\$ 9,666,434
4	April	2.0398	2.3931	1,736,780	\$ 6,136,823	\$ 74,447	\$ (150,508)	\$ 6,080,784
5	May(1)	2.4841	2.3931	1,734,987	\$ (1,586,902)	\$ 85,281	\$ (132,295)	\$ (1,653,938)
6	June	2.3866	2.3931	1,957,034	\$ 127,816	\$ 63,790	\$ (155,147)	\$ 36,459
7	July	2.7603	2.3931	2,108,480	\$ (7,742,783)	\$ 46,840	\$ -	\$ (7,695,942)
8	August	2.3123	2.3931	2,162,878	\$ 1,747,384	\$ 45,484	\$ -	\$ 1,792,868
9	September	1.8993	2.3118	2,080,164	\$ 8,581,692	\$ 58,447	\$ -	\$ 8,640,139
10	October	1.9883	2.1964	1,757,762	\$ 3,658,455	\$ 78,148	\$ -	\$ 3,736,601
11	November	2.7306	2.1954	1,716,585	\$ (9,168,738)	\$ 58,448	\$ -	\$ (9,128,290)
12	December	2.2927	2.1954	1,717,651	\$ (1,671,731)	\$ 37,181	\$ -	\$ (1,634,551)
13	Total Test Period				\$ 28,182,013	\$ 718,904	\$ (818,074)	\$ 25,992,843
14	Test Period Wtd Avg. \$/kwh	2.2207	2.3391	22,116,267				
15	Booked Over (Under) Recovery January 2012 to December 2012							\$ 25,992,843
16	Adjusted Test Period MWH Sales							22,112,848
17	Experience Modification Increment (Decrement) cents/KWh							(0.1175)
18	Annual Interest Rate							10%
19	Monthly Interest Rate							0.833333%
20	Number of Months (July 2012 - February 2014)							20
21	Interest							\$ 4,332,139
22	EMF Interest Increment (Decrement)							(0.0196)

Smith Exhibit 4

DUKE ENERGY CAROLINAS
North Carolina Annual Fuel and Fuel Related Expense
Settlement Calculation of Experience Modification Factor - Industrial
Test Period Ended December 31, 2012
Docket E-7, Sub 1033

Line No.	Month	Fuel Cost Incurred \$/kwh (a)	Fuel Cost Billed \$/kwh (b)	NC Retail MWH Sales (c)	Reported Over (Under) Recovery (d)	Correction Renewables (e)	Merger Savings to be Shared with PEC (f)	Adjusted Over (Under) Recovery (g)
1	January 2012	1,9743	2,3926	870,747	\$ 3,642,761	\$ 34,263	\$ (78,482)	\$ 3,598,541
2	February	1,8625	2,3926	987,853	\$ 5,236,807	\$ 28,714	\$ (103,720)	\$ 5,161,801
3	March	1,8089	2,3926	975,808	\$ 5,696,148	\$ 38,831	\$ (82,839)	\$ 5,652,139
4	April	2,0375	2,3926	1,021,186	\$ 3,625,727	\$ 42,313	\$ (88,484)	\$ 3,579,546
5	May(1)	2,4827	2,3926	1,027,197	\$ (959,977)	\$ 37,359	\$ (78,326)	\$ (1,000,944)
6	June	2,3856	2,3926	1,101,342	\$ 76,585	\$ 34,867	\$ (87,311)	\$ 24,142
7	July	2,7600	2,3926	1,089,116	\$ (4,001,503)	\$ 23,693	\$ -	\$ (3,977,810)
8	August	2,3119	2,3926	1,140,335	\$ 920,182	\$ 23,472	\$ -	\$ 943,654
9	September	2,0128	2,3223	1,105,555	\$ 3,420,721	\$ 30,722	\$ -	\$ 3,451,443
10	October	1,9235	2,2224	1,023,236	\$ 3,057,896	\$ 44,491	\$ -	\$ 3,102,387
11	November	2,5786	2,2215	1,023,588	\$ (3,665,590)	\$ 33,944	\$ -	\$ (3,631,646)
12	December	2,3305	2,2215	951,965	\$ (1,037,527)	\$ 20,243	\$ -	\$ (1,017,284)
13	Total Test Period			12,317,928	\$ 16,012,228	\$ 392,912	\$ (519,173)	\$ 15,885,968
14	Test Period Wtd Avg. \$/kwh	2,2144	2,3447					
15	Booked Over (Under) Recovery January 2012 to December 2012							\$ 15,885,968
16	Adjusted Test Period MWH Sales							12,278,269
17	Experience Modification Increment (Decrement) cents/KWh							(0.1294)
18	Annual Interest Rate							10%
19	Monthly Interest Rate							0.833333%
20	Number of Months (July 2012 - February 2014)							20
21	Interest							\$ 2,647,660
22	EMF Interest Increment (Decrement)							(0.0216)

Smith Exhibit 4

Stipulation Exhibit 3
Schedule 1

DUKE ENERGY CAROLINAS
North Carolina Annual Fuel and Fuel Related Expense
Settlement Adjustments
Test Period Ended December 31, 2012
Docket E-7, Sub 1033

Line No.	Description	Nuclear Performance	Qualifying Facilities Fuel	Settlement Adjustments
1	DEC portion	1/ (\$6,667,628)	4/ \$431,799	4/ (\$6,235,829)
2	NC retail allocation factor	2/ 68.1330%	2/ 68.1330%	2/ 68.1330%
3	NC retail amount	3/ (\$4,542,857)	5/ \$294,198	5/ (\$4,248,659)

- 1/ Settlement Amount Grossed-Up to System Basis [L3/L2]
2/ NC retail allocation factor for purposes of Settlement
3/ Per Settlement
4/ Per Invoice.
5/ Line 1 x Line 2.

DUKE ENERGY CAROLINAS
North Carolina Fuel and Fuel-Related Expense
YTD Settlement Adjustments
YTD Settlement Period: October 31, 2012
Docket No. E-7, Sub 1033

Line No.	Item	Jan-12	Feb-12	Mar-12	Apr-12
1	Fuel and fuel-related costs	137,074,290	127,144,314	111,892,766	121,079,548
2	Less fuel expenses (in line 1)				
3	recovered through Intersystem sales (a)	689,597	693,892	708,794	444,259
4	Total fuel and fuel-related costs (line 1 minus line 3)	136,384,693	126,450,422	111,183,972	120,635,289
5	Settlement adjustments - total system basis (E-7, Sub 1)				
6	Settlement amount	136,207,653	121,541,222	111,173,644	120,613,209
7	Less Intersystem sales				
8	Total sales less Intersystem sales	6,910,175	6,533,000	6,154,904	5,920,382
9	Less Intersystem sales	(14,485)	(13,619)	(17,664)	(10,899)
10	Total sales less Intersystem sales	6,905,690	6,519,381	6,137,240	5,909,483
11	(a) Line 2 includes:				
12	Fuel from Intersystem sales (Schedule 3)	839,201	594,553	601,620	454,486
13	Fuel-related costs recovered in intersystem sales	27,396	6,539	5,595	7,770
14	Fuel in loss allocation	669,597	603,062	708,794	464,259
15	Total fuel recovered from intersystem sales	136,207,653	121,541,222	111,173,644	120,613,209
16	Contribution of Intersystem Fuel Charges Costs				
17	Fuel and fuel related costs	809,400	471,609	595,569	567,478
18	Less: Renewable purchased power capacity costs	133,907,253	121,096,613	110,806,405	120,027,810
19	Fuel clause costs, net of renewable pp capacity costs	66,492,747	32,514,996	48,763,164	367,368
20	NC retail allocation percent	85.125%	85.125%	85.125%	85.125%
21	NC retail amount of fuel clause costs, net of renewable pp cap costs	82,117,171	41,654,356	70,164,304	81,483,310
22	Less: NC retail capacity purchased power capacity costs	41,654,356	22,458	369,473	369,473
23	Total NC retail capacity purchased power capacity costs	41,654,356	22,458	369,473	369,473
24	Total NC retail clause costs - Company	41,654,356	22,458	369,473	369,473
25	Total NC retail clause costs - Settlement	41,654,356	22,458	369,473	369,473
26	Total NC retail clause costs - Company	41,654,356	22,458	369,473	369,473
27	Settlement adjustment - NC retail amount				
28	Allocations by kWh sales:				
29	NC retail amount of fuel clause costs, and renewables, by customer class				
30	Residential	40,302,727	33,157,537	28,411,475	25,444,171
31	Commercial	34,802,121	31,533,771	30,158,320	35,276,422
32	Industrial	17,122,816	18,345,468	17,597,109	20,141,717
33	Total	92,227,664	83,036,775	76,166,904	80,862,310
34	Allocations by Sub 1033 factors:				
35	NC retail amount of fuel clause costs, and renewables, by customer class				
36	Residential	-	-	-	-
37	Commercial	-	-	-	-
38	Industrial	-	-	-	-
39	Total	-	-	-	-
40	Allocations by production demand factors:				
41	NC retail amount of renewable pp cap costs, by customer class				
42	Residential	190,174	148,652	170,320	183,610
43	Commercial	154,085	121,368	148,159	149,445
44	Industrial	67,804	53,107	63,638	65,464
45	Total	412,073	323,127	382,117	398,519
46	Included Costs by Customer Class:				
47	Residential	40,652,901	33,306,499	28,581,804	25,627,781
48	Commercial	35,017,116	31,655,139	30,304,476	35,456,867
49	Industrial	17,180,721	18,398,555	17,651,047	20,287,181
50	Total	92,850,738	83,360,213	76,537,327	81,371,829
51	Included Costs per kWh by Customer Class				
52	Residential	1,9752	1,8654	1,8157	2,0459
53	Commercial	1,9752	1,8654	1,8157	2,0459
54	Industrial	1,9752	1,8654	1,8157	2,0459
55	Total	1,9752	1,8654	1,8157	2,0459

SOURCE:
All information except Settlement adjustments from Monthly Fuel Reports.

DUKE ENERGY CAROLINAS
North Carolina Fuel and Fuel-Related Expenses
Include Settlement Adjustments
For Rates Effective October 31, 2012
DocId:310103

Line No.	Item	Mar-12	Jun-12	Jul-12	Aug-12
1	Fuel and fuel-related costs	161,746,776	165,744,869	275,226,206	189,260,474
2	Less: fuel expenses (in line 1)				
3	recovered through inter-system sales (a)	1,711,618	589,111	8,944,824	7,264,695
4	Total fuel and fuel-related costs (line 1 minus line 2)	160,035,158	165,155,758	266,281,382	181,995,779
5	Settlement adjustments - fuel system costs (Ex 3, Sch 1)				
6	Settlement amount	150,037,181	165,151,758	216,281,675	182,015,778
7	BWVH sales:				
8	Total system sales	6,070,613	6,031,285	8,100,238	6,105,591
9	Less inter-system sales	(139,175)	(11,929)	(265,455)	(233,823)
10	Total sales less inter-system sales	6,057,638	6,019,356	7,834,783	7,870,768
11	(a) Line 2 includes:				
12	Fuel from inter-system sales (Schedule 3)	1,088,180	547,526	8,928,993	7,262,631
13	Fuel-related costs recovered (in inter-system sales)	15,449	15,595	17,631	2,084
14	Fuel in lost production	1,711,618	589,111	8,944,824	7,264,695
15	Total fuel recovered from inter-system sales				
16	Combination of Incurred Fuel Charge Costs				
17	Fuel and fuel related costs	150,037,181	165,161,758	216,281,675	182,015,778
18	Less: Renewable purchased power capacity costs	535,512	542,700	498,619	444,811
19	Fuel charge costs, net of renewable pp capacity costs	149,501,669	164,619,058	215,783,056	181,570,967
20	NC retail allocation percent	87.6332%	87.6332%	87.6332%	87.6332%
21	NC retail amount of fuel charge costs, net of renewable pp cap costs	130,007,823	144,139,427	188,536,427	158,444,162
22	Less: Fuel charge costs recovered from inter-system sales	305,078	83,359	340,912	301,293
23	Total NC retail fuel charge costs - Settlement	109,442,361	143,796,068	188,195,515	158,142,869
24	Total NC fuel charge costs - Company	101,445,361	112,117,517	147,876,336	125,815,476
25	Settlement adjustment - NC retail amount	101,445,361	112,117,517	147,876,336	125,815,476

26	Allocations by kWh sales:				
27	NC retail amount of fuel charge costs, and renewable, by customer class				
28	Residential	32,967,637	36,978,002	56,406,263	49,305,294
29	Commercial	42,960,090	46,566,798	58,071,070	48,883,371
30	Industrial	25,435,053	26,255,360	29,995,091	25,303,517
31	Total	101,362,780	111,749,158	144,472,424	123,492,182

32	Allocations by Sub 1000 factors:				
33	NC retail amount of fuel charge costs, and renewable, by customer class				
34	Residential	150,715	159,431	147,552	139,001
35	Commercial	137,403	146,194	129,748	122,281
36	Industrial	67,882	68,734	63,613	59,592
37	Total	356,000	374,359	340,912	321,293

38	Allocations by production demand factors:				
39	NC retail amount of renewable pp cap costs, by customer class				
40	Residential	32,844,350	36,137,434	56,015,815	48,444,355
41	Commercial	43,068,394	46,705,990	58,200,618	50,007,632
42	Industrial	25,273,134	26,094,703	29,859,703	25,003,496
43	Total	101,185,878	112,938,127	144,076,136	123,455,483

44	Incurred Costs by Customer Class:				
45	Residential	2,4060	2,3691	2,7610	2,3132
46	Commercial	2,4641	2,3690	2,7600	2,3123
47	Industrial	2,4627	2,3690	2,7600	2,3119
48	Total	2,4650	2,3672	2,7605	2,3126

Source:
All information except Settlement adjustments from Monthly Fuel Reports

DUKE ENERGY CAROLINAS
North Carolina Fuel and Fuel-Related Expense
Include Settlement Adjustments
Fuel Period Ended December 31, 2012
Docket No. E-1, Sub 1003

Line No.	Item	Sept-12	Oct-12	Nov-12	Dec-12	12 Months Ended Dec-12
1	Fuel and fuel-related costs:					
2	Less fuel expense (in line 1)	147,486,662	135,397,776	175,230,260	154,308,217	1,838,815,459
3	Recovered through interruptible sales (a)	4,388,657	1,253,107	2,185,847	10,131,389	38,082,860
4	Total fuel and fuel-related costs (line 1 minus line 2)	143,098,005	134,144,669	173,044,413	144,176,828	1,800,732,599
5	Settlement adjustments - total system basis (Ex 3, Sch 1)	143,098,005	134,144,669	173,044,413	144,176,828	1,800,732,599
6	Settlement amount					
7	Less: fuel	7,330,389	5,880,056	6,222,054	6,738,544	81,010,540
8	Total system sales	(138,253)	(138,860)	(159,505)	(285,720)	(1,341,974)
9	Less interruptible sales					
10	Total sales less interruptible sales	7,192,113	5,947,180	6,102,545	6,442,816	79,888,586
11	(a) Line 2 includes:					
12	Fuel from interruptible sales (Schedule 3)	4,388,657	1,253,107	2,185,847	10,131,389	38,082,860
13	Fuel-related costs recovered in off-system sales	4,388,657	1,253,107	2,185,847	10,131,389	38,082,860
14	Total fuel recovered from interruptible sales					
15	Computation of Interruptible Fuel Costs:					
16	Fuel and fuel-related costs	143,098,005	134,144,669	173,044,413	144,176,828	1,800,732,599
17	Less: Renewable purchased power capacity costs	555,842	833,209	527,450	380,867	6,359,247
18	Less: Renewable purchased power capacity costs	142,542,263	127,468,034	172,516,963	143,795,961	1,765,130,483
19	NC retail allocation, percent	88,957,794	86,948,189	110,715,173	94,325,818	1,218,838,071
20	NC retail allocation of fuel costs, net of renewable po cap costs	88,957,794	86,948,189	110,715,173	94,325,818	1,218,838,071
21	NC retail - renewable purchased power capacity costs	94,710,130	87,331,130	117,115,173	94,325,818	1,223,345,650
22	Total NC fuel costs - Company	94,710,130	87,331,130	117,115,173	94,325,818	1,223,345,650
23	Total NC fuel costs - Company	94,710,130	87,331,130	117,115,173	94,325,818	1,223,345,650
24	Settlement adjustment - NC retail amount					

25	Allocations by fuel sales:					
26	NC retail amount of fuel costs, and renewables, by customer class					307,815,109
27	Residential					329,313,432
28	Commercial					161,737,244
29	Industrial					918,855,781
30	Total					

31	Allocations by Sub 1003 factors:					
32	NC retail amount of fuel costs, and renewables, by customer class					
33	Residential	36,773,878	32,480,878	43,870,375	36,703,135	149,838,366
34	Commercial	36,346,358	34,763,552	46,725,263	39,270,066	160,108,169
35	Industrial	22,173,967	18,591,380	26,332,306	22,131,210	89,228,755
36	Total	95,294,203	85,835,810	116,927,944	98,104,411	399,175,290

37	Allocations by production demand factors:					
38	NC retail amount of renewable po cap costs, by customer class					
39	Residential	183,915	210,761	287,585	125,760	1,802,853
40	Commercial	161,737,244	185,121	147,353	110,802	1,107,220
41	Industrial	70,280	80,659	72,240	54,226	605,797
42	Total	424,627	466,541	307,177	290,788	4,516,878

43	Included Costs by Customer Class:					
44	Residential	36,957,793	32,701,729	43,837,880	36,828,915	149,448,325
45	Commercial	36,506,061	34,940,173	46,872,656	39,381,260	160,108,169
46	Industrial	22,173,967	18,591,380	26,332,306	22,131,210	89,228,755
47	Total	95,637,821	86,233,282	117,042,842	98,341,385	398,785,249

48	Included Costs per kWh by Customer Class:					
49	Residential	2,0835	2,5729	3,0981	2,1338	2,2633
50	Commercial	1,8903	1,8683	2,7803	2,2227	2,2207
51	Industrial	2,0129	1,8235	2,5769	2,3365	2,2144
52	Total	1,8905	2,1553	2,8692	2,2865	2,2424

Source:
All information except Settlement adjustments from Monthly Fuel Reports