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May 21, 2018

VIA ELECTRONIC FILING AND HAND DELIVERY

Ms. M. Lynn Jarvis, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

**Re: Duke Energy Carolinas, LLC's REPS Cost Recovery Rider and 2017
Compliance Report – Additional Supplemental Testimony and
Exhibits
Docket No. E-7, Sub 1162**

Dear Ms. Jarvis:

Enclosed for filing with the North Carolina Utilities Commission, please find Duke Energy Carolinas, LLC's ("DEC" or the "Company") Additional Supplemental Testimony and Revised Exhibit No. 3 of Megan W. Jennings and Additional Supplemental Testimony and 2nd Revised Exhibit Nos. 1, 2, 4, and 5 of Veronica I. Williams in connection with the referenced matter. The Additional Supplemental Testimony of Ms. Jennings is being filed to correct an error in the categorization of labor costs, which was discovered after the Company filed its 2017 REPS Cost Recovery Rider and Compliance Report. This correction has no impact on the total incremental costs submitted by the Company for recovery in this proceeding. The Additional Supplemental Testimony of Ms. Williams is being filed to update the Commission on the Company's experienced over-recovery of incremental costs, as provided for in Commission Rule R8-67(e).

A portion of Ms. Jennings' Additional Supplemental Testimony is confidential. As with the originally-filed versions of the exhibits, certain information contained in Revised Jennings Exhibit No. 3, 2nd Revised Williams Exhibit No. 1, Page 1, and 2nd Revised Williams Exhibit No. 2, Page 2, is confidential, proprietary, and commercially sensitive, and DEC respectfully requests that this information be treated confidentially pursuant to N.C. Gen. Stat. §132-1.2. The redacted version of Revised Jennings Exhibit

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No. 3 is unchanged from the initial version filed on March 7, 2018 and is not being refiled. Parties to the docket may contact the Company to obtain copies pursuant to an appropriate confidentiality agreement. 2nd Revised Williams Exhibit No. 2, Pages 1 and 3, and Revised Williams Exhibit Nos. 4 and 5 do not contain confidential information. I will deliver fifteen (15) paper copies of the filing to the Clerk's Office by close of business on May 22, 2018.

Please do not hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Kendrick C. Fentress". The signature is written in a cursive, flowing style.

Kendrick C. Fentress

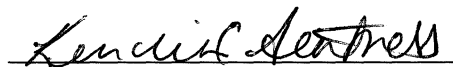
Enclosures

cc: Parties of Record

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's Additional Supplemental Testimony and Revised Exhibits of Megan W. Jennings and Veronica I. Williams, in NCUC Docket No. E-7, Sub 1162, has been served by electronic mail, hand delivery, or by depositing a copy in the United States Mail, 1st Class Postage Prepaid, properly addressed to parties of record.

This the 21st day of May, 2018.



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BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1162

In the Matter of)
)
Application of Duke Energy Carolinas, LLC)
for Approval of Renewable Energy and)
Energy Efficiency Portfolio Standard (REPS))
Compliance Report and Cost Recovery Rider)
Pursuant to N.C. Gen. Stat. 62-133.8 and)
Commission Rule R8-67)

**ADDITIONAL
SUPPLEMENTAL
TESTIMONY OF MEGAN
W. JENNINGS**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Megan W. Jennings, and my business address is 400 South
3 Tryon Street, Charlotte, North Carolina.

4 Q. DID YOU PREVIOUSLY FILE TESTIMONY IN THIS MATTER
5 BEFORE THE NORTH CAROLINA UTILITIES COMMISSION?

6 A. Yes. I filed direct testimony on behalf of Duke Energy Carolinas, LLC
7 (the “Company”) in this matter on March 7, 2018 and supplemental
8 testimony on March 28, 2018.

9 Q. WHAT IS THE PURPOSE OF YOUR ADDITIONAL
10 SUPPLEMENTAL TESTIMONY?

11 A. The purpose of my additional supplemental testimony is to update the
12 North Carolina Utilities Commission on information presented in the
13 exhibits filed with my direct testimony.

14 **Q. WHAT UPDATES NEED TO BE MADE TO THE EXHIBITS**
15 **FILED WITH YOUR DIRECT TESTIMONY?**

16 A. Line Nos. 2 and 4 on Confidential Jennings Exhibit No. 3 filed with my
17 direct testimony contained an error. Line No. 2, [BEGIN

18 **CONFIDENTIAL]**

19

20 [REDACTED] [END]

21 **CONFIDENTIAL]** The Total Internal Labor and Labor-Related Taxes
22 and Benefits number on Line No. 9 has not changed, as labor dollars have
23 simply shifted from Line No. 4 to Line No. 2. This update was necessary

1 as two employees' labor dollars were mistakenly reported in the incorrect
2 activity category in Confidential Jennings Exhibit No. 3. Confidential
3 Revised Jennings Exhibit No. 3 filed with this additional supplemental
4 testimony reflects corrections to amounts on Line Nos. 2 and 4.

5 **Q. DOES THIS CONCLUDE YOUR ADDITIONAL SUPPLEMENTAL**
6 **TESTIMONY?**

7 A. Yes.

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1162

In the Matter of)
)
Application of Duke Energy Carolinas, LLC)
for Approval of Renewable Energy and)
Energy Efficiency Portfolio Standard (REPS))
Compliance Report and Cost Recovery Rider)
Pursuant to N.C. Gen. Stat. § 62-133.8 and)
Commission Rule R8-67)

**ADDITIONAL
SUPPLEMENTAL
TESTIMONY OF
VERONICA I. WILLIAMS**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Veronica I. Williams, and my business address is 550 South
3 Tryon Street, Charlotte, North Carolina.

4 **Q. DID YOU PREVIOUSLY FILE TESTIMONY IN THIS MATTER**
5 **BEFORE THE NORTH CAROLINA UTILITIES COMMISSION?**

6 A. Yes. I filed direct testimony on behalf of Duke Energy Carolinas, LLC
7 (the “Company”) in this matter on March 7, 2018 and supplemental
8 testimony on March 28, 2018.

9 **Q. WHAT IS THE PURPOSE OF YOUR ADDITIONAL**
10 **SUPPLEMENTAL TESTIMONY?**

11 A. The purpose of my additional supplemental testimony is to update the
12 North Carolina Utilities Commission on information presented in the
13 exhibits filed with my supplemental testimony.

14 **Q. WHY IS THE COMPANY FILING REVISED EXHIBITS AT THIS**
15 **TIME?**

16 A. Commission Rule R8-67(e) outlines the requirements for the annual North
17 Carolina Renewable Energy and Energy Efficiency Portfolio Standard
18 (“REPS”) rider, which enables the Company to recover the reasonable
19 incremental costs that it prudently incurs to comply with the North
20 Carolina REPS requirements. Commission Rule R8-67(e)(5) provides that
21 these incremental costs are modified through the use of a REPS
22 experience modification factor (“REPS EMF”) rider. The REPS EMF
23 rider reflects the difference between reasonable and prudently incurred

1 incremental costs and the revenues that were actually realized during the
2 test period under the REPS rider then in effect. Commission Rule R8-
3 67(e)(5) further provides that “[u]pon request of the electric public utility,
4 the Commission shall also incorporate in this determination the
5 experienced over-recovery or under-recovery of the incremental costs up
6 to thirty (30) days prior to the date of the hearing, provided that the
7 reasonableness and prudence of these costs shall be subject to review in
8 the utility’s next annual REPS cost recovery hearing.” The Company is
9 filing this additional supplemental testimony and revised exhibits to
10 support its request that the Commission incorporate DEC’s over-recovery
11 of costs for the months of January through April of 2018 into its proposed
12 REPS EMF rider. If accepted, the updated EMF period will comprise the
13 sixteen months beginning January 1, 2017 and ending April 30, 2018
14 (“Updated EMF Period”).

15 The over-recovery experienced in the Updated EMF Period is
16 primarily the result of significantly lower actual poultry renewable energy
17 certificate purchases than were originally estimated and incorporated into
18 the REPS riders billed, and resulting revenues collected, during the
19 Updated EMF Period.

20 **Q. PLEASE IDENTIFY THE REVISIONS INCORPORATED IN THE**
21 **EXHIBITS FILED WITH THIS ADDITIONAL SUPPLEMENTAL**
22 **TESTIMONY.**

1 A. Confidential 2nd Revised Williams Exhibit No. 1, page 1, is modified to
2 add \$7,251,518 in incremental REPS compliance cost for the period
3 January 2018 through April 2018 to the EMF test period and to show the
4 resulting incremental REPS compliance cost by renewable resource type
5 and other cost categories for the Updated EMF Period. 2nd Revised
6 Williams Exhibit No. 2, page 1, provides a calculation of the North
7 Carolina retail (“NC Retail”) portion of the incremental REPS compliance
8 cost for the Updated EMF Period. Confidential 2nd Revised Williams
9 Exhibit No. 2, page 2, shows the allocation of the NC Retail incremental
10 compliance cost to customer class for the purpose of calculating the over-
11 or under-recovery by customer class for the Updated EMF Period.

12 2nd Revised Williams Exhibit No. 2, page 3, compares incremental
13 compliance cost incurred to REPS revenues collected by customer class
14 for the Updated EMF Period and calculates a revised over-collection
15 amount including interest for each customer class. Compared to
16 calculations shown on Revised Williams Exhibit No. 2, page 3, filed on
17 March 28, 2018 in this docket, incremental costs for NC Retail increased
18 by \$6,640,325, and corresponding REPS revenues collections increased
19 by \$10,869,923, for a total increased over-collection (before interest) of
20 \$4,229,598, resulting from the addition of four months to the original
21 calendar year 2017 EMF Period. Compared to the over-collections by
22 customer class filed on March 28, 2018, over-collections now proposed to
23 be credited to customers in the EMF component of the REPS rider over

1 the billing period beginning September 2018 increase by \$2,847,834 for
2 the Residential class, \$1,586,340 for the General service class, and
3 \$181,041 for the Industrial class. 2nd Revised Williams Exhibit No. 4
4 incorporates the revised over-collections by customer class for the
5 Updated EMF Period into the EMF components of the proposed monthly
6 REPS riders. The components of the REPS riders by class calculated to
7 recover estimated prospective September 1, 2018 through August 31, 2019
8 incremental compliance costs are unchanged from those originally
9 included in the Company's direct testimony and exhibits filed on March 7,
10 2018 in this docket. Finally, 2nd Revised Williams Exhibit No. 5 is the
11 proposed REPS rider tariff sheet including the revisions to the proposed
12 customer class riders described above.

13 **Q. PLEASE COMPARE THE MONTHLY REPS RIDERS PROPOSED**
14 **IN THIS TESTIMONY TO THOSE PREVIOUSLY PROPOSED**
15 **AND FILED WITH SUPPLEMENTAL TESTIMONY IN THIS**
16 **DOCKET ON MARCH 28, 2018, AS WELL AS TO THE**
17 **MONTHLY REPS RIDERS CURRENTLY IN EFFECT.**

18 A. The following tables show the currently-proposed monthly REPS rider
19 charges compared to: (i) the monthly REPS rider charges proposed and
20 filed with my supplemental testimony on March 28, 2018, and (ii) the
21 monthly REPS rider charges currently in effect – with and without the
22 regulatory fee applied.
23

1 *Excluding regulatory fee:*

| Customer class | Current REVISED proposed REPS rider | Proposed REPS rider filed March 28, 2018 | Difference - increase/ (decrease) | REPS rider currently in effect through August 31, 2018 | Final proposed increase/(decrease) – Revised REPS rider vs REPS rider in effect through August 31, 2018 |
|----------------|---|--|---|--|--|
| | (a) | (b) | (a) – (b) | (c) | (a) – (c) |
| Residential | \$ 0.07 | \$ 0.21 | \$ (0.14) | \$ 0.83 | \$ (0.76) |
| General | \$ 1.03 | \$ 1.58 | \$ (0.55) | \$ 3.70 | \$ (2.67) |
| Industrial | \$ (6.43) | \$ (3.23) | \$ (3.20) | \$ 15.13 | \$ (21.56) |

2

3 *Including regulatory fee:*

| Customer class | Current REVISED proposed REPS rider | Proposed REPS rider filed March 28, 2018 | Difference - increase/ (decrease) | REPS rider currently in effect through August 31, 2018 | Final proposed increase/(decrease) – Revised REPS rider vs REPS rider in effect through August 31, 2018 |
|----------------|---|--|---|--|--|
| | (a) | (b) | (a) – (b) | (c) | (a) – (c) |
| Residential | \$ 0.07 | \$ 0.21 | \$ (0.14) | \$ 0.83 | \$ (0.76) |
| General | \$ 1.03 | \$ 1.58 | \$ (0.55) | \$ 3.71 | \$ (2.68) |
| Industrial | \$ (6.44) | \$ (3.23) | \$ (3.21) | \$ 15.15 | \$ (21.59) |

4

5 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

6 **A. Yes.**

REDACTED VERSION

2nd Revised Williams Exhibit No. 1

DUKE ENERGY CAROLINAS, LLC

Page 1 of 2

Docket No. E-7, Sub 1162

May 21, 2018

Compliance Costs for the EMF Period January 1, 2017 to December 31, 2017

Updated to add incremental compliance costs incurred January 1, 2018 through April 30, 2018

| Line No. | Renewable Resource | RECs | MWh (Energy) | Total Cost | Avoided Cost | Incremental Cost January - December 2017 | Avoided Cost Recovered in Fuel Cost Adjustment Rider | Add: Incremental Cost January 2018 through April 2018 | Incremental Cost Updated EMF Period January 2017 through April 2018 |
|---------------------------|----------------------|------|-----------------|------------------------|------------------|--|---|--|--|
| | | | | | | | | | |
| | | | | | | \$ 17,876,710 | | \$ 6,942,007 | \$ 24,818,717 |
| 9 | Other Incremental | | \$ 797.661 | | | \$ 797.661 | (g) | \$ 163.562 | \$ 961,223 (v) |
| 10 | Solar Rebate Program | | \$ - | | Revised Jennings | \$ - | (h) | \$ - | \$ - (w) |
| 11 | Research | | \$ 565,791 | | Exhibit No. 2 | \$ 565,791 | (i) | \$ 145,949 | \$ 711,740 (x) |
| 12 | Total | | | | | \$ 19,240,162 (below) | | \$ 7,251,518 | \$ 26,491,680 (below) |
| | | | | Jennings Exhibit No. 2 | | | | | |
| Incremental cost category | | | | | | Incremental Cost | Percent of Total Incremental Cost | Incremental Cost | Percent of Total Incremental Cost |
| | | | | | | | | | |
| 15 | Total | | | | | \$ 19,240,162 (above) | | \$ 7,251,518 | \$ 26,491,680 (above) |

Allocate incremental cost of solar resources between solar compliance requirement and general compliance requirement:

to 2nd Revised Williams Exhibit No. 2, page 1

16
17
18
19
20
21

DUKE ENERGY CAROLINAS, LLC

Docket No. E-7, Sub 1162

For the Period January 1, 2017 to December 31, 2017

Updated to add incremental compliance costs incurred January 1, 2018 through April 30, 2018

2nd Revised Williams Exhibit No. 2

Page 1 of 3

May 21, 2018

Allocate Incremental Cost per Customer Class - EMF Period - extended through April 2018

| Combined North Carolina Retail and Wholesale | | | | | | | | | |
|--|----------------|--|---|--|---|--------------------------------|----------------------------------|--|---|
| Line No. | Customer Class | Total Unadjusted Number of Accounts ⁽¹⁾ | Adjustment for Self- supplied Requirements ⁽¹⁾ | Total Adjusted Number of Accounts ⁽¹⁾ | Annual Rider Cap per Customer Class Account | Annual Adjusted Revenue Cap | Cost Cap Allocation Factor | Actual Incremental Costs for REPS Recovery | Annual Per Account Charge ⁽²⁾ |
| | | | | | | | | | |
| 1 | Residential | 1,855,382 | 457,381 | 1,398,001 | \$ 27 | \$ 37,746,027 | 53.13% | \$ 14,075,030 | \$ 10.07 |
| 2 | General | 260,469 | 64,034 | 196,435 | \$ 150 | \$ 29,465,250 | 41.48% | \$ 10,988,748 | \$ 55.94 |
| 3 | Industrial | 5,082 | 1,253 | 3,829 | \$ 1,000 | \$ 3,829,000 | 5.39% | \$ 1,427,902 | \$ 372.92 |
| 4 | Total | 2,120,933 | 522,668 | 1,598,265 | | \$ 71,040,277 | 100.00% | \$ 26,491,680 | (b) |

2nd Revised Williams
Exhibit No. 1, page 1
Line No. 12

Calculate NC Retail-only annual REPS cost per Customer Class - EMF Period:

| North Carolina Retail Only | | | | | | |
|----------------------------|--|--|---|---|-----------------------------------|--|
| Line No. | Customer Class | Total Adjusted Number of Accounts - DEC Retail ⁽¹⁾ | Annual Per Account Charge ⁽²⁾ | Incremental Costs Allocated to DEC Retail | Percent of Incremental Cost | NC Retail Percent of Total Incremental Cost |
| | | | | | | |
| 5 | Residential | 1,269,531 | \$ 10.07 | \$ 12,784,177 | | |
| 6 | General | 180,791 | \$ 55.94 | \$ 10,113,449 | | |
| 7 | Industrial | 3,610 | \$ 372.92 | \$ 1,346,241 | | |
| 8 | Total | 1,453,932 | | 24,243,867 | (a) | 91.52% (a) / (b) |
| 9 | Set-aside, Other Incremental, Solar Rebate, and Research | | | \$ 11,542,505 | 47.61% | 2nd Revised Williams Exhibit No. 1, page 1 Line Nos. 13,14 |
| 10 | General RECs | | | \$ 12,701,362 | 52.39% | |
| 11 | Total Incremental Cost for Retail | | | 24,243,867 | | |

Notes:

- (1) Average number of accounts subject to REPS charge during 2017.
- (2) Annual per account charges are the result of the allocation of REPS costs between Duke Energy Carolinas Retail customers and the Company's Wholesale REPS customers, and are used only for calculating the total cost obligations of Duke Energy Carolinas Retail customers and the wholesale REPS customers, respectively. Proposed REPS rider charges per account are instead calculated using unadjusted REPS account totals by class - see 2nd Revised Williams Ex. No. 4.

May 21 2018

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DUKE ENERGY CAROLINAS, LLC

2nd Revised Williams Exhibit No. 2

Docket No. E-7, Sub 1162

Page 2 of 3

For the Period January 1, 2017 to December 31, 2017

May 21, 2018

Updated to add incremental compliance costs incurred January 1, 2018 through April 30, 2018

Calculate Set-aside and other incremental costs per customer class - EMF Period - extended through April 2018:

North Carolina Retail Only

| Line No. | Customer Class | Total Unadjusted Number of Accounts ⁽¹⁾ | Annual Rider Cap per Customer Class Account | Calculated Annual Revenue Cap | Cost Cap Allocation Factor | Allocated Annual Set-aside, Other Incremental, Solar Rebate Program, and Research Cost |
|----------|----------------|--|---|-------------------------------|----------------------------|--|
| 1 | Residential | 1,692,708 | \$ 27 | 45,703,116 | 52.73% | \$ 6,086,326 |
| 2 | General | 241,055 | \$ 150 | 36,158,250 | 41.72% | \$ 4,815,227 |
| 3 | Industrial | 4,813 | \$ 1,000 | 4,813,000 | 5.55% | \$ 640,952 |
| 4 | Total | 1,938,576 | | 86,674,366 | | \$ 11,542,505 |

2nd Revised Williams Ex.
No. 2 Pg 1 Line No. 9

Calculate General costs per customer class - EMF Period:

North Carolina Retail Only

| Line No. | Customer Class | Number of RECs for General compliance ⁽³⁾ (a) | % of EE REC supplied by Class ⁽²⁾ (b) | REC Requirement supplied by EE by class ^(b) (c) | Number of General RECs net of EE (c) = (a) - (b) | General Cost Allocation Factor (e) = (c) / (d) | Allocated Annual General Incremental Costs |
|----------|----------------|---|---|---|---|---|--|
| 5 | Residential | | 40.90% | | | 59.94% | \$ 7,613,197 |
| 6 | General | | 44.10% | | | 40.27% | \$ 5,114,838 |
| 7 | Industrial | | 15.00% | | | -0.21% | \$ (26,673) |
| 8 | Total | | 100.00% | | | 100.00% | \$ 12,701,362 |

(d)

2nd Revised Williams Ex.
No. 2 Pg 1 Line No. 10

Total cost allocation by customer class - EMF Period:

| | | Total Incremental REPS cost by class | % Incremental REPS cost by class |
|----|--------------|--------------------------------------|----------------------------------|
| 9 | Residential | \$ 13,699,523 | 56.51% |
| 10 | General | \$ 9,930,065 | 40.96% |
| 11 | Industrial | \$ 614,279 | 2.53% |
| 12 | Total | \$ 24,243,867 | 100.00% |

2nd Revised Williams Ex.
No. 2 Pg 1 Line No. 11

(1) Average number of accounts subject to REPS charge during 2017.

(2) EE allocated to account type according to actual relative contribution by customer class of EE RECs.

(3) Total General RECs per note (4) * "Cost Cap Allocation Factor" by class per line Nos. 1-3 above.

DUKE ENERGY CAROLINAS, LLC

Docket No. E-7, Sub 1162

For the Period January 1, 2017 to December 31, 2017

Updated to add incremental compliance costs incurred and REPS revenues collected January 1, 2018 through April 30, 2018

2nd Revised Williams Exhibit No. 2

Page 3 of 3

May 21, 2018

Calculate Incremental Cost Under/(Over) Collection per Customer Class - EMF Period - extended through April 2018:

| North Carolina Retail Only | | | | | | | | | |
|----------------------------|--------------|---|---|--|---|---|-----------------------|--|---|
| | | Total | | | | | | | |
| Line No. | Account Type | Allocated Annual Set- aside, Other Incremental, Solar Rebate Program, and Research Cost | Allocated Annual General Incremental Costs | Incremental Costs Incurred January 2017 through April 2018 | Actual NC Retail REPS Revenues Realized - EMF Period updated through Apr 2018 | REPS EMF - Under/(Over)- Collection, before Interest | | Interest on Over- collection ⁽¹⁾ | REPS EMF - Under/(Over)- Collection |
| | | | | | | | | | |
| 1 | Residential | \$ 6,086,326 | \$ 7,613,197 | \$ 13,699,523 | \$ 25,221,751 | \$ (11,522,228) | \$ (1,728,333) | \$ (13,250,561) | |
| 2 | General | \$ 4,815,227 | \$ 5,114,838 | \$ 9,930,065 | \$ 16,652,185 | \$ (6,722,120) | \$ (1,008,318) | \$ (7,730,438) | |
| 3 | Industrial | \$ 640,952 | \$ (26,673) | \$ 614,279 | \$ 1,528,907 | \$ (914,628) | \$ (137,194) | \$ (1,051,822) | |
| 4 | Total | \$ 11,542,505 | \$ 12,701,362 | \$ 24,243,867 | \$ 43,402,843 | \$ (19,158,976) | \$ (2,873,845) | \$ (22,032,821) | |

Note:

(1) Interest calculated at annual rate of 10% for number of months from mid-point of EMF period to mid-point of prospective rider billing period.

Calculate Duke Energy NC Retail monthly REPS rider components:

| North Carolina Retail | | | | | | | | |
|-----------------------|----------------|--|---|---|---------------------------|----------------------------------|-----------------------------------|-----------------------------------|
| Line No. | Customer Class | Total Projected Number of Accounts -Duke Retail ⁽¹⁾ | Annual REPS EMF Under/(Over)-Collection | Receipts for Contract Amendments, Penalties, Change-of-control, Etc. ⁽³⁾ | Total EMF costs/(credits) | Monthly EMF Rider ⁽²⁾ | Projected Total Incremental Costs | Monthly REPS Rider ⁽²⁾ |
| 1 | Residential | 1,713,552 | \$ (13,250,561) | \$ (568,919) | \$ (13,819,480) | \$ (0.67) | \$ 15,315,696 | \$ 0.74 |
| 2 | General | 243,530 | \$ (7,730,438) | \$ (412,380) | \$ (8,142,818) | \$ (2.79) | \$ 11,167,611 | \$ 3.82 |
| 3 | Industrial | 4,715 | \$ (1,051,822) | \$ (25,510) | \$ (1,077,332) | \$ (19.04) | \$ 713,415 | \$ 12.61 |
| 4 | | <u>1,961,797</u> | <u>\$ (22,032,821)</u> | <u>\$ (1,006,809)</u> | <u>\$ (23,039,630)</u> | | <u>\$ 27,196,722</u> | |

Compare total annual REPS charges per account to per-account cost caps:

| North Carolina Retail | | | | | | | | |
|-----------------------|----------------|----------------------------------|-----------------------------------|---------------------------------------|---------------------------|--|---|----------------------|
| Line No. | Customer Class | Monthly EMF Rider ⁽²⁾ | Monthly REPS Rider ⁽²⁾ | Combined Monthly Rider ⁽²⁾ | Regulatory Fee Multiplier | Total Monthly REPS Charge including Regulatory Fee | Total Annual REPS Charge including Regulatory Fee | Per-Account Cost Cap |
| 5 | Residential | \$ (0.67) | \$ 0.74 | \$ 0.07 | 1.001402 | \$ 0.07 | \$ 0.84 | \$ 27.00 |
| 6 | General | \$ (2.79) | \$ 3.82 | \$ 1.03 | 1.001402 | \$ 1.03 | \$ 12.36 | \$ 150.00 |
| 7 | Industrial | \$ (19.04) | \$ 12.61 | \$ (6.43) | 1.001402 | \$ (6.44) | \$ (77.28) | \$ 1,000.00 |

Notes:

- (1) Projected number of accounts subject to REPS charge during the billing period.
- (2) Per account rate calculations apply to Duke Energy Carolinas NC Retail customers only.
- (3) Credit for receipts for contract amendments, penalties, change-of-control, etc for January 2017 through April 2018 updated EMF period:

| Customer Class | Total contract receipts - EMF period updated through April 2018 | NC retail portion of EMF Period costs - 2nd Revised Williams Exhibit No. 2, Pg 1 | Allocation to customer class - Revised Williams Exhibit No. 2, Pg 2 | Receipts for contract amendments, penalties, change-of-control, etc. |
|--|---|--|---|--|
| Residential | | | 56.51% | \$ (568,919) |
| General | | | 40.96% | \$ (412,380) |
| Industrial | | | 2.53% | \$ (25,510) |
| Total contract payments received - EMF Period updated through April 2018 | <u>\$ (1,100,096)</u> | <u>\$ (1,006,809)</u> | | <u>\$ (1,006,809)</u> |
| | \$ (10,000) | 91.52% | -9152 | \$ (9,480) |

REPS (NC)
RENEWABLE ENERGY PORTFOLIO STANDARD RIDER

APPLICABILITY (North Carolina Only)

Service supplied to the Company's retail customer agreements is subject to a REPS Monthly Charge. This charge is adjusted annually, pursuant to North Carolina General Statute 62-133.8 and North Carolina Utilities Commission Rule R8-67 as ordered by the North Carolina Utilities Commission. This Rider is not applicable to agreements for the Company's outdoor lighting rate schedules, OL, PL, FL, GL, NL, nor for sub metered rate Schedule WC, nor for services defined as auxiliary to another agreement. An auxiliary service is defined as a non-demand metered, nonresidential service, provided on Schedule SGS, at the same premises, with the same service address, and with the same account name as an agreement for which a monthly REPS charge has been applied.

APPROVED REPS MONTHLY CHARGE

The Commission has ordered that a REPS Monthly Charge, which includes an Experience Modification Factor (EMF), be included in the customers' bills as follows:

RESIDENTIAL SERVICE AGREEMENTS

| | |
|---|-----------|
| REPS Monthly Charge | \$ 0.74 |
| Experience Modification Factor | (\$ 0.67) |
| Net REPS Monthly Charge | \$ 0.07 |
| Regulatory Fee Multiplier | 1.001402 |
| Total REPS Monthly Charge per agreement per month | \$ 0.07 |

GENERAL SERVICE AGREEMENTS

| | |
|---|-----------|
| REPS Monthly Charge | \$ 3.82 |
| Experience Modification Factor | (\$ 2.79) |
| Net REPS Monthly Charge | \$ 1.03 |
| Regulatory Fee Multiplier | 1.001402 |
| Total REPS Monthly Charge per agreement per month | \$ 1.03 |

INDUSTRIAL SERVICE AGREEMENTS

| | |
|---|------------|
| REPS Monthly Charge | \$ 12.61 |
| Experience Modification Factor | (\$ 19.04) |
| Net REPS Monthly Charge | (\$ 6.43) |
| Regulatory Fee Multiplier | 1.001402 |
| Total REPS Monthly Charge per agreement per month | (\$ 6.44) |

USE OF RIDER

The REPS Billing Factor is not included in the Company's current rate schedules and will apply as a separate charge to each agreement for service covered under this Rider as described above, unless the service qualifies for a waiver of the REPS Billing Factor for an auxiliary service. An auxiliary service is a non-demand metered nonresidential service, on Schedule SGS for the same customer at the same service location.

To qualify for an auxiliary service, not subject to this Rider, the Customer must notify the Company and the Company must verify that such agreement is considered an auxiliary service, after which the REPS Billing Factor will not be applied to qualifying auxiliary service agreements. The Customer shall also be responsible for notifying the Company of any change in service that would no longer qualify the service as auxiliary.