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September 28, 2020

VIA ELECTRONIC FILING

Ms. Kimberley A. Campbell, Chief Clerk
North Carolina Utilities Commission
Dobbs Building
430 North Salisbury Street
Raleigh, North Carolina 27603

*Re: DEC Late-Filed Exhibit Nos. 10, 11, and 12
Docket No. E-7, Sub 1214*

Dear Ms. Campbell:

Per the requests of Commission Staff during the Duke Energy Carolinas, LLC (“DEC”) evidentiary hearing, enclosed for filing on behalf of DEC in the above-referenced proceeding are Late-Filed Exhibit Nos. 10, 11, and 12, including supporting workpapers.

Please do not hesitate to contact me should you have any questions. Thank you for your assistance with this matter.

Very truly yours,

/s/Mary Lynne Grigg

MLG:kma

Enclosures

Late-Filed Exhibit No. 10

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214

Duke Energy Carolinas, LLC
Late-Filed Exhibit No. 10
Docket No. E-7, Sub 1214

Request:

During the evidentiary hearing on September 18, 2020, the Commission requested that Duke Energy Carolinas, LLC (“Duke Energy Carolinas” or the “Company”) provide a late-filed exhibit showing the total annual revenue requirement requested by the Company in this proceeding related to the recovery of the deferred CCR costs allowed by the Commission in Docket No. E-7, Sub 1146. The Commission noted that in the late-filed exhibit, it would be helpful to provide citations to Duke Energy Carolinas’ testimony and exhibits in this proceeding showing the calculation of this total annual revenue requirement and include the total North Carolina retail amount of deferred CCR costs allowed in Docket No. E-7, Sub 1146, the amount of the annual amortization for those costs, the amount of the return on the unamortized balance of those costs, and (if necessary and to the extent applicable) the amount of any other component of the costs included in the determination of that total requested revenue requirement.

Response:

To be clear, none of the *increase* in revenue requirement requested by the Company in this rate case, Docket No. E-7, Sub 1214, relates to amounts relating to deferred CCR costs that were approved for recovery in the Company’s last rate case, Docket No. E-7, Sub 1146, as those amounts are already being recovered in existing rates. In fact, the only adjustment in this case relating to continued recovery of the amortized regulatory asset approved in the last rate case is a small decrease in the annual revenue requirement requested as further described below and in the attached calculation. As shown in the exhibit, the annual revenue requirement relating to the continued recovery of the CCR costs approved in Docket No. E-7, Sub 1146 under existing rates is \$127,419,000. Due to a number of adjustments, the annual revenue requirement proposed in this case relating to continued recovery of the CCR costs approved in Docket No. E-7, Sub 1146 is \$122,647,000 – a \$4,772,000 decrease.

In its prior rate case, Docket No. E-7, Sub 1146, the Company requested recovery of deferred CCR amounts spent during 2015, 2016 and 2017. In its June 22, 2018 Order in Docket No. E-7, Sub 1146, the Commission approved recovery of the actual coal ash basin closure costs Duke Energy Carolinas incurred during the period from January 1, 2015, through December 31, 2017; authorized the establishment of a regulatory asset as requested by the Company; ordered that these costs be amortized over a five-year period with a return on the unamortized balance; and directed the Company to then reduce the resulting annual revenue requirement by \$14 million for each of the five years to effectuate a \$70 million management penalty. The Company began recovering amounts relating to the regulatory asset and associated amortization when rates approved in Docket No. E-7, Sub 1146 became effective August 1, 2018. Accordingly, the Company’s proposed total revenue requirement in the current rate case, Docket No. E-7, Sub 1214, includes amounts for the continued recovery of deferred environmental compliance costs approved by the Commission in

Duke Energy Carolinas, LLC
Late-Filed Exhibit No. 10
Docket No. E-7, Sub 1214

prior Docket No. E-7, Sub 1146. Late-filed Exhibit 10 provides the computation of the amount included in the total revenue requirement in the current docket.

In the current rate case, Docket No. E-7, Sub 1214, the Company's revenue requirement begins with test period 2018 actual amounts of operating expenses and rate base. The calendar year 2018 test period includes amounts related to the regulatory asset and associated amortization authorized by the Commission in the prior case. Docket No. E-7 Sub 1214 also includes a pro forma adjustment that adjusts all regulatory asset and regulatory liability related amounts as appropriate; for example, this adjustment removes amounts for items for which the amortization period will expire prior to new rates being effective, or to annualize amounts for items for which the test period does not reflect a full year of amortization. Amounts related to the CCR regulatory asset approved in Docket No. E-7 Sub 1146 are included in pro forma adjustment "PF1800 Adjust for approved regulatory assets and liabilities" and can be seen on NC-1802 in McManeus Exhibit 1. In this pro forma adjustment, the test period amortization is annualized, and the regulatory asset balance is adjusted to the unamortized amount as of January 31, 2020. The Corrected Direct Testimony of Jane L. McManeus, filed on October 23, 2019 in Docket No. E-7, Sub 1214, addresses pro forma adjustment number 18 on page 21. While the testimony in Docket No. E-7, Sub 1214 does not specifically address the revenue requirement impact of the deferred CCR costs from Docket No. E-7, Sub 1146, since this was an issue decided in the prior case and these amounts are already included in existing rates, the Company has cited the relevant exhibits in the calculation included in Late-Filed Exhibit 10.

The annual amortization amount included in Docket No. E-7, Sub 1214 is the same as the amortization amount included in existing customer rates approved in Docket No. E-7, Sub 1146. However, there have been updates to the tax rates, regulatory fees, uncollectible rates and rate of return. In addition, the unamortized balance has been updated to reflect the balance as of January 2020. The return component of the revenue requirement in this case related to CCR regulatory asset approved in Docket No. E-7, Sub 1146 reflects the return on the updated unamortized balance and the cost of capital proposed in the current case. The result of these updates is an overall decrease in the total revenue requirement requested in Docket No. E-7 Sub 1214 associated with the amount approved in Docket No. E-7, Sub 1146. Please see the attached Late-Filed Exhibit 10.PDF.

DUKE ENERGY CAROLINAS, LLC
Late Filed Exhibit No. 10
Docket No. E-7, Sub 1214
(Thousands of Dollars)

During the evidentiary hearing on September 18, 2020, the Commission requested that Duke Energy Carolinas, LLC (“Duke Energy Carolinas” or the “Company”) provide a late-filed exhibit showing the total annual revenue requirement requested by the Company in this proceeding related to the recovery of the deferred CCR costs allowed by the Commission in Docket No. E-7, Sub 1146. The Commission noted that in the late-filed exhibit, it would be helpful to provide citations to Duke Energy Carolinas’ testimony and exhibits in this proceeding showing the calculation of this total annual revenue requirement and include the total North Carolina retail amount of deferred CCR costs allowed in Docket No. E-7, Sub 1146, the amount of the annual amortization for those costs, the amount of the return on the unamortized balance of those costs, and (if necessary and to the extent applicable) the amount of any other component of the costs included in the determination of that total requested revenue requirement.

Line No.	Description	As approved in Docket No. E-7 Sub 1146 NC Retail Amount	As updated in Docket No. E-7 Sub 1214 NC Retail Amount	Docket No. E-7 Sub 1214 Revenue Requirement Impact
1	Annual amortization - deferred CCR costs from E-7, Sub 1146	\$ 110,743	\$ 110,743 [1]	
2	Annual amortization - management penalty from E-7, Sub 1146	(14,000)	(14,000) [2]	
3	Total annual amortization from E-7, Sub 1146 (L1 + L2)	\$ 96,743	\$ 96,743	
4				
5	Taxable income (-L3)	\$ (96,743)	\$ (96,743)	
6	Statutory tax rate	23.6619%	23.3503% [3]	
7	Impact to income taxes (L5 x L6)	\$ (22,891)	\$ (22,590)	
8	Impact to operating income (L5 - L7)	\$ (73,852)	\$ (74,153)	
9				
10	Revenue Requirement related to Operating Income E-7 Sub 1146 (-L8 / L35 / L40) and E-7 Sub 1214 (-L8 / L48 / L53)	\$ 97,064	\$ 97,112	\$ 48
11				
12	Unamortized balance of deferred CCR costs	\$ 442,972	\$ 387,600 [4]	
13				
14	Deferred tax rate	23.6619%	23.3503% [3]	
15	Impact to accumulated deferred income tax (-L12 x L14)	\$ (104,816)	\$ (90,506)	
16	Impact to rate base (L12 + L15)	\$ 338,156	\$ 297,095	
17				
18	Revenue Requirement related to Return on Rate Base E-7 Sub 1146 ((L16 x L32 Col. e) / L40) and E-7 Sub 1214 ((L16 x L44 Col. e) / L53)	\$ 30,355	\$ 25,535	\$ (4,820)
19				
20	Total Revenue Requirement related to deferred CCR costs from E-7, Sub 1146 (L10 + L18)	\$ 127,419	\$ 122,647	\$ (4,772)
21				

DUKE ENERGY CAROLINAS, LLC
 Late Filed Exhibit No. 10
 Docket No. E-7, Sub 1214
 (Thousands of Dollars)

	Description	Capital Structure a	Cost/Return b	Weighted Cost/Return c = a x b	Income Taxes Factor d	Revenue Requirement Excluding Uncollectibles and Regulatory Fee e = c / d
29	Docket No. E-7 Sub 1146					
30	Long-term debt	48.00%	4.59%	2.20%	100.0000%	2.20%
31	Common equity	52.00%	9.90%	5.15%	76.3381%	6.74%
32	Total	<u>100.00%</u>		<u>7.35%</u>		<u>8.95%</u>
34	Statutory tax rate	23.6619%				
35	1 Minus Statutory tax rate (1 - L18)	76.3381%				
37	Gross revenue	1.000000				
38	Uncollectibles rate	0.0019124				
39	Regulatory fee rate - adjusted	0.0013973				
40	Combined gross receipts tax and regulatory fee rate (L24 - L25 - L26)	0.9966903				
42	Docket No E-7 Sub 1214					
43	Long-term debt	48.00% [5]	4.27% [6]	2.05%	100.0000%	2.05%
44	Common equity	52.00% [5]	9.60% [6]	4.99%	76.6497%	6.51%
45	Total	<u>100.00%</u>		<u>7.04%</u>		<u>8.56%</u>
47	Statutory tax rate	23.3503% [3]				
48	1 Minus Statutory tax rate (1 - L33)	76.6497%				
50	Gross revenue	1.000000				
51	Uncollectibles rate	0.002501 [3]				
52	Regulatory fee rate - adjusted	0.0012967 [3]				
53	Combined gross receipts tax and regulatory fee rate (L36 - L37 - L38)	0.9962023				
55	[1] McManeus Exhibit 1, NC-1802 - Annual Amortizations of existing Regulatory Assets and Liabilities, Line 10					
56	[2] McManeus Exhibit 1, NC-1802 - Annual Amortizations of existing Regulatory Assets and Liabilities, Line 11					
57	[3] McManeus Second Settlement Exhibit 1, Page 2, Line 7					
58	[4] McManeus Exhibit 1, NC-1802 - Annual Amortizations of existing Regulatory Assets and Liabilities, Line 28					
59	[5] McManeus Second Settlement Exhibit 1, Page 2, Column 2					
60	[6] McManeus Second Settlement Exhibit 1, Page 2, Column 7					

Late-Filed Exhibit No. 11

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214

Duke Energy Carolinas, LLC
Late-Filed Exhibit No. 11
Docket No. E-7, Sub 1214

Request:

During the evidentiary hearing on September 18, 2020, the Commission requested that Duke Energy Carolinas, LLC (“Duke Energy Carolinas” or the “Company”) provide a late-filed exhibit showing the total annual revenue requirement requested by the Company in this proceeding related to the recovery of the deferred CCR costs incurred from January 1, 2018 through January 31, 2020. Please provide the same information showing the calculation of this total annual revenue requirement as previously requested for the Sub 1146 revenue requirement in Late Filed Exhibit 10.

Response:

Please see attached exhibit Late Filed Exhibit 11 Request for Commission Staff CCR.PDF. This exhibit was calculated in the same manner as requested in Late Filed Exhibit 10 using the amounts requested by the Company in this proceeding related to the recovery of the deferred CCR costs incurred from January 1, 2018 through January 31, 2020. Please refer to McManeus Exhibit 1, NC-1101 - Calculation of Deferral - ARO Projected Ending Balance, filed July 31 as part of Second Settlement Testimony of Jane L. McManeus for the proforma adjustment supporting these figures.

During the evidentiary hearing on September 18, 2020, the Commission requested that Duke Energy Carolinas, LLC (“Duke Energy Carolinas” or the “Company”) provide a late-filed exhibit showing the total annual revenue requirement requested by the Company in this proceeding related to the recovery of the deferred CCR costs incurred from January 1, 2018 through January 31, 2020. Please provide the same information showing the calculation of this total annual revenue requirement as previously requested for the Sub 1146 revenue requirement in Late filed exhibit 10.

Line No.	Description	NC Retail Amount							
1	Annual amortization - deferred CCR recovery related to costs incurred from 1/1/2018 through 1/31/2020	\$ 75,693	[1]						
2	Total annual amortization deferred CCR recovery related to costs incurred from 1/1/2018 through 1/31/2020 (L1)	\$ 75,693							
3									
4	Taxable income (-L2)	\$ (75,693)							
5	Statutory tax rate	23.3503%	[2]						
6	Impact to income taxes (L4 x L5)	\$ (17,675)							
7	Impact to operating income (L4 - L6)	\$ (58,018)							
8									
9	Revenue Requirement related to Operating Income (-L7 / L32 / L37)	\$ 75,981							
10									
11	Unamortized balance of deferred CCR costs as of 7/31/2020	\$ 378,464	[3]						
12	Less: 1st year amortization (-L2)	(75,693)							
13	Projected CCR deferred balance after one year of amortization (L11 + L12)	\$ 302,772							
14									
15	Deferred tax rate	23.3503%	[2]						
16	Impact to accumulated deferred income tax (-L11 x L15)	\$ (70,698)							
17	Impact to rate base (L11 + L16)	\$ 232,073							
18									
19	Revenue Requirement related to Return on Rate Base ((L17 x L29 Col. e) / L37)	\$ 19,947							
20									
21	Total Revenue Requirement in current case related to deferred CCR recovery related to costs incurred from 1/1/2018 through 1/31/2020 (L9 + L19)	\$ 95,928							Revenue Requirement Excluding Uncollectibles and Regulatory Fee
22									
23									
24									
25	Description	Capital Structure		Cost/Return		Weighted Cost/Return		Income Taxes Factor	
26		a		b		c = a x b		d	e = c / d
27	Long-term debt	48.00%	[4]	4.27%	[5]	2.05%		100.0000%	2.05%
28	Common equity	52.00%	[4]	9.60%	[5]	4.99%		76.6497%	6.51%
29	Total	100.00%				7.04%			8.56%
30									
31	Statutory tax rate	23.3503%	[2]						
32	1 Minus Statutory tax rate (1 - L31)	76.6497%							
33									
34	Gross revenue	1.000000							
35	Uncollectibles rate	0.002501	[2]						
36	Regulatory fee rate - adjusted	0.0012967	[2]						
37	Combined gross receipts tax and regulatory fee rate (L34 - L35 - L36)	0.9962023							

[1] McManeus Exhibit 1, NC-1101 - Amortize deferred environmental costs, Line 7
[2] McManeus Second Settlement Exhibit 1, Page 2, Line 7
[3] McManeus Exhibit 1, NC-1101 - Amortize deferred environmental costs, Line 2
[4] McManeus Second Settlement Exhibit 1, Page 2, Column 2
[5] McManeus Second Settlement Exhibit 1, Page 2, Column 7

Late-Filed Exhibit No. 12

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214

Duke Energy Carolinas, LLC
Late-Filed Exhibit No. 12
Docket No. E-7, Sub 1214

Request:

During the evidentiary hearing on September 18, 2020, the Commission requested that Duke Energy Carolinas, LLC (“Duke Energy Carolinas” or the “Company”) provide a late-filed exhibit showing the total NC retail amount of deferred CCR costs incurred from 1/1/2018 through 1/31/2020 as most recently updated.

Response:

Please see attached exhibit Late Filed Exhibit 12 Request for Commission Staff CCR.PDF. This exhibit starts with the amounts as reflected in witness Bednarcik Supplemental Exhibit 1, shows the adjustments made to those totals and then the allocation to North Carolina Retail using the Energy allocation factor for the given time period. Please refer to McManeus Exhibit 1, NC-1102 - Calculation of Deferral - ARO Projected Ending Balance, filed July 31 as part of Second Settlement Testimony of Jane L. McManeus, for the calculation of the deferred balance based on the deferred CCR costs spend incurred from 1/1/202018 through 1/31/2020.

During the evidentiary hearing on September 18, 2020, the Commission requested that Duke Energy Carolinas, LLC ("Duke Energy Carolinas" or the "Company") provide a late-filed exhibit showing the total NC retail amount of deferred CCR costs incurred from 1/1/2018 through 1/31/2020 as most recently updated.

NC Docket E7 Sub 1214 Actuals Jan 1, 2018 through Jan 31, 2020				
DEC Dollars in (\$000)	Actuals 2018	Actuals 2019	Actual Jan-20	Total
<u>Operating</u>				
Allen	\$ 15,236	\$ 6,401	\$ 403	\$ 22,040
Belews Creek	7,944	10,423	131	18,498
Cliffside	9,507	6,252	515	16,274
Marshall	11,770	24,992	891	37,653
Total Operating Plants	44,457	48,068	1,940	94,465
<u>Retired</u>				
Buck	63,670	106,040	7,085	176,795
Dan River	29,523	44,798	949	75,270
Riverbend	84,305	70,839	72	155,216
WS Lee (SC)	8,499	8,372	339	17,210
Total Retired Plants	185,997	230,049	8,445	424,491
Total Duke Energy Carolinas [1]	\$ 230,454	\$ 278,117	\$ 10,385	\$ 518,956
<u>Less the following</u>				
Bottled Water	(856.00)	0	0	(856)
Dan River Beneficial Reuse	(689)	(192)	0	(881)
Total System amount for recovery [2]	\$ 228,909	\$ 277,925	\$ 10,385	\$ 517,219

[1] Bednarcik Supplemental Exhibit 1

[2] McManeus Exhibit 1, NC-1103 - Duke Energy Carolinas - System Spend - Coal Ash including CAMA - ARO, filed July 31 as part of Second Settlement Testimony of Jane L. McManeus

The total NC retail amount of deferred CCR costs spend incurred from 1/1/2018 through 1/31/2020 is \$341,658. Please refer to McManeus Exhibit 1, NC-1102 - Calculation of Deferral - ARO Projected Ending Balance, filed July 31 as part of Second Settlement Testimony of Jane L. McManeus, for the calculation of the deferred balance based on the deferred CCR costs spend incurred from 1/1/202018 through 1/31/2020.

Dollars in \$000	System Spend	% to NCR for Spend	NC Retail Spend
Jan-18	\$ 17,379	66.6244%	\$ 11,578
Feb-18	14,580	66.6244%	9,714
Mar-18	22,410	66.6244%	14,931
Apr-18	19,654	66.6244%	13,095
May-18	15,699	66.6244%	10,459
Jun-18	23,765	65.9759%	15,679
Jul-18	15,741	65.9759%	10,385
Aug-18	20,091	65.9759%	13,255
Sep-18	23,461	65.9759%	15,479
Oct-18	22,328	65.9759%	14,731
Nov-18	22,193	65.9759%	14,642
Dec-18	11,608	65.9759%	7,658
Jan-19	16,290	65.9759%	10,748
Feb-19	24,409	65.9759%	16,104
Mar-19	24,062	65.9759%	15,875
Apr-19	20,018	65.9759%	13,207
May-19	27,202	65.9759%	17,946
Jun-19	18,738	65.8832%	12,346
Jul-19	16,267	65.8832%	10,717
Aug-19	58,647	65.8832%	38,639
Sep-19	28,293	65.8832%	18,640
Oct-19	15,789	65.8832%	10,402
Nov-19	12,379	65.8832%	8,155
Dec-19	15,830	65.8832%	10,429
Jan-20	10,386	65.8832%	6,843
Total	\$ 517,219		\$ 341,658

Supporting Workpapers

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214

Annual Amortizations of existing Regulatory Assets and Liabilities

Line No.	Description	Account	Total 2018 Amount	Annualized Amount	Adjustment Amount	NC Retail Allocation	Total NC Retail
1	Rate Case Cost Amortization	0928000 - Regulatory Expenses (Go)	\$ 675,817	\$ 982,160	\$ 306,344	100.0000%	\$ 306,344
2	Regulatory Fee Amortization	0928000 - Regulatory Expenses (Go)	\$ 231,422	\$ 555,412	323,991	100.0000%	323,991
3	Regulatory Fee Deferral	0928000 - Regulatory Expenses (Go)	(788,579)	-	788,579	100.0000%	788,579
4	Total Other operation and maintenance expense		\$ 118,660	\$ 1,537,573	\$ 1,418,913		\$ 1,418,913
5							
6	Cost of Removal Amortization	0407388 - COR Settlement Amortz - NC	\$ 850,880 [1]	\$ 2,042,112	\$ 1,191,232	100.0000%	\$ 1,191,232
7	Reserve Adjustment Amortization	0403500 - Depr of General Plant	(4,233,015) [2]	(10,159,236)	(5,926,221)	69.0221% [3]	(4,090,401)
8	End of Life Nuclear	0407342 - Nuclear Fuel - Last Core Amort	7,751,874 [1]	3,792,497	(3,959,377)	100.0000%	(3,959,377)
9	End of Life Nuclear	0407375 - M&S Inv LOL Reserve Amort	9,128,723 [1]	11,002,936	1,874,213	100.0000%	1,874,213
10	Environmental Amortization	0407324 - NC & MW Coal As Amort Exp	47,052,005 [1]	110,742,982	63,690,977	100.0000%	63,690,977
11	Environmental Amortization	Management Penalty		(14,000,000)	(14,000,000)	100.0000%	(14,000,000)
12	Lee CC Amortization	0407447 - Lee CC Amort-NC Equity	494,247 [1]	1,186,193	691,946	100.0000%	691,946
13	Lee CC Amortization	0407448 - Lee CC Amort-NC Debt Ret	172,544 [1]	414,107	241,563	100.0000%	241,563
14	Lee CC Amortization	0407449 - Amort Levelized Ret LeeCC	127,352 [1]	305,645	178,293	100.0000%	178,293
18	Lee CC Amortization	0403610 - Depr Cmb Turbine - NC	\$ 218,925	\$ 525,414	\$ 306,489	100.0000%	\$ 306,489
15	Lee Nuclear Amortization	0407305 - Regulatory Debits	12,018,542 [1]	28,844,500	16,825,958	100.0000%	16,825,958
16	Total Depreciation and amortization		\$ 73,582,077	\$ 134,697,150	\$ 61,115,073		\$ 62,950,893
17							
18	Lee CC Amortization	0408123 - Deferred Property Tax - NC	\$ 40,251 [1]	\$ 96,602	\$ 56,351	100.0000%	\$ 56,351
19							
20							
21	Rate Base Adjustments		Dec-18 Balance	Jan-20 Balance	Adjustment Amount	Rate Base Allocation	Total NC Retail
22	Rate Case Cost Amortization	0182433 - Rate Case Cost NC LT	\$ 6,315,099 [1]	\$ 5,251,092	\$ (1,064,007)	100.0000%	\$ (1,064,007)
23	Rate Case Cost Amortization	0182323 - Rate Case Cost NC CUR	982,160 [1]	982,160	-	100.0000%	-
24	Regulatory Fee Amortization	0182484 - NC Regulatory Fee	3,181,250 [1]	2,579,553	(601,697)	100.0000%	(601,697)
25	Cost of Removal Amortization	0182551 - COR Settlement	57,145,120 [1]	54,932,832	(2,212,288)	100.0000%	(2,212,288)
26	End of Life Nuclear	0254021 - Nuclear Fuel Last Core Reserv	(52,716,874) [1]	(56,825,413)	(4,108,539)	100.0000%	(4,108,539)
27	End of Life Nuclear	0254022 - M and S Inventory Reserve	(42,236,223) [1]	(54,156,070)	(11,919,847)	100.0000%	(11,919,847)
28	Environmental Amortization	0182506 - Spend RA Amortization (NC&MW)	507,572,000 [1]	387,600,436	(119,971,564)	100.0000%	(119,971,564)
29	Lee CC Amortization	0182531 - Lee CC - NC	13,771,521 [1]	11,032,896	(2,738,625)	0.0000%	-
30	Lee Nuclear Amortization	0182342 - Deferred Asset	265,145,693 [1]	233,897,485	(31,248,208)	0.0000%	-
31	Total Working capital investment		\$ 759,159,746	\$ 585,294,972	\$ (173,864,774)		\$ (139,877,941)
32							

[1] E1 Item 2 Trial Balance

[2] 5 year amortization of adjusted accumulated depreciation reserve related to implementation of amortization accounting

[3] All - Intang and Gen Plt - Factor

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Amortize deferred environmental costs
For the test period ended December 31, 2018
(Dollars in thousands)

NC-1101
Page 1 of 1
Second Settlement

Line No.	Description	Total Coal Ash ARO NC Retail	Total Coal Ash Non ARO NC Retail	Total NC Retail
1	<u>Impact to Income Statement Line Items</u>			
2	Projected ending balance at July 31, 2020	\$ 378,464 [1]	\$ 91,254 [2]	\$ 469,718
3	Balance for amortization (L2)	\$ 378,464	\$ 91,254	\$ 469,718
4				
5	Years to amortize	5	8	
6				
7	Annual amortization (L3 / L5)	\$ 75,693	\$ 11,407	\$ 87,100
8	Impact to depreciation and amortization (L7)	\$ 75,693	\$ 11,407	\$ 87,100
9				
10	Statutory tax rate	23.3503% [3]	23.3503% [3]	
11	Impact to income taxes (-L8 x L10)	\$ (17,674)	\$ (2,663)	\$ (20,338)
12				
13	Impact to operating income (-L8 - L11)	\$ (58,018)	\$ (8,743)	\$ (66,762)
14				
15	<u>Impact to Rate Base Line Items</u>			
16	Projected July 31, 2020 balance (L3)	\$ 378,464	\$ 91,254	\$ 469,718
17	Less: 1st year coal ash deferral amortization (-L7)	(75,693)	(11,407)	(87,100)
18	Projected coal ash def bal after one year of amortization (L16 + L17)	\$ 302,772	\$ 79,847	\$ 382,618
19				
20	Deferred tax rate	23.3503%	23.3503%	
21	Impact to accumulated deferred income tax (-L18 x L20)	\$ (70,698)	\$ (18,644)	\$ (89,342)
22				
23	Impact to rate base (L18 + L21)	\$ 232,074	\$ 61,202	\$ 293,276

[1] NC-1102 - Calculation of Deferral - Projected Ending Balance, Column (j), Line 32

[2] NC-1104 - Calculation of Coal Ash Non ARO Deferral - Projected Ending Balance, Column (r), Line 64

[3] NC-0104 - 2019 Calculation of Tax Rates - Statutory Tax Rate, Line 10

	After Tax LTD Rate	After Tax Equity Rate
2018 Jan - Jul [3]	1.8884%	5.4060%
2018 Aug - Dec [3]	1.6829%	5.1480%
2019 [3]	1.6887%	5.1480%
2020 [3]	1.6887%	5.1480%

Calculation of Deferral - ARO Projected Ending Balance

Line No.	Month	System Spend	% to NCR for Spend	Duke Energy Carolinas Coal Ash Deferral (North Carolina Retail)									
				NCR						Compounded Annually		Total	Total
				Beginning Balance	NC Retail Spend	Ending Balance	Balance for Return	Def. Cost of Debt	Def. Cost of Equity	Total Return	Ending Balance		
(c)=(e) PM	(d)=(a)x(b)	(e)= (c)+(d)	(f)=(c)+(d)/2	(g) = (f) x cost of debt	(h) = (f) x cost of equity	(i)=(g)+(h)	(j)= (e)+YTD(i)						
1		(a)	(b)										
2	Jan-18	17,378,709 [1]	66.6244% [2]	-	11,578,458	11,578,458	5,789,229	9,110	26,080	35,191	11,613,649		
3	Feb-18	14,580,288 [1]	66.6244% [2]	11,578,458	9,714,027	21,292,486	16,435,472	25,864	74,042	99,906	21,427,582		
4	Mar-18	22,410,023 [1]	66.6244% [2]	21,292,486	14,930,540	36,223,026	28,757,756	45,255	129,554	174,809	36,532,931		
5	Apr-18	19,654,264 [1]	66.6244% [2]	36,223,026	13,094,533	49,317,558	42,770,292	67,306	192,680	259,986	49,887,450		
6	May-18	15,698,823 [1]	66.6244% [2]	49,317,558	10,459,245	59,776,803	54,547,181	85,839	245,735	331,574	60,678,268		
7	Jun-18	23,765,376 [1]	65.9759% [2]	59,776,803	15,679,416	75,456,219	67,616,511	106,405	304,612	411,018	76,768,702		
8	Jul-18	15,740,700 [1]	65.9759% [2]	75,456,219	10,385,066	85,841,285	80,648,752	126,914	363,323	490,236	87,644,004		
9	Aug-18	20,090,707 [1]	65.9759% [2]	85,841,285	13,255,021	99,096,306	92,468,795	129,681	396,691	526,372	101,425,397		
10	Sep-18	23,461,327 [1]	65.9759% [2]	99,096,306	15,478,817	114,575,123	106,835,714	149,830	458,325	608,155	117,512,369		
11	Oct-18	22,328,101 [1]	65.9759% [2]	114,575,123	14,731,161	129,306,284	121,940,703	171,013	523,126	694,139	132,937,669		
12	Nov-18	22,192,653 [1]	65.9759% [2]	129,306,284	14,641,798	143,948,082	136,627,183	191,610	586,131	777,741	148,357,208		
13	Dec-18	11,607,596 [1]	65.9759% [2]	143,948,082	7,658,213	151,606,295	147,777,189	207,247	633,964	841,211	156,856,633 [4]		
14	Jan-19	16,290,098 [1]	65.9759% [2]	156,856,633 [4]	10,747,536	167,604,168	162,230,400	228,305	695,968	924,274	168,528,442		
15	Feb-19	24,408,532 [1]	65.9759% [2]	167,604,168	16,103,744	183,707,912	175,656,040	247,199	753,564	1,000,763	185,632,949		
16	Mar-19	24,061,931 [1]	65.9759% [2]	183,707,912	15,875,070	199,582,982	191,645,447	269,701	822,159	1,091,860	202,599,879		
17	Apr-19	20,018,173 [1]	65.9759% [2]	199,582,982	13,207,166	212,790,148	206,186,565	290,164	884,540	1,174,705	216,981,749		
18	May-19	27,201,549 [1]	65.9759% [2]	212,790,148	17,946,461	230,736,609	221,763,379	312,085	951,365	1,263,450	236,191,660		
19	Jun-19	18,738,461 [1]	65.8832% [2]	230,736,609	12,345,500	243,082,109	236,909,359	333,400	1,016,341	1,349,741	249,886,902		
20	Jul-19	16,266,699 [1]	65.8832% [2]	243,082,109	10,717,024	253,799,133	248,440,621	349,628	1,065,810	1,415,438	262,019,364		
21	Aug-19	58,647,352 [1]	65.8832% [2]	253,799,133	38,638,760	292,437,893	273,118,513	384,357	1,171,678	1,556,035	302,214,159		
22	Sep-19	28,293,189 [1]	65.8832% [2]	292,437,893	18,640,462	311,078,355	301,758,124	424,661	1,294,542	1,719,203	322,573,824		
23	Oct-19	15,788,972 [1]	65.8832% [2]	311,078,355	10,402,282	321,480,637	316,279,496	445,097	1,356,839	1,801,936	334,778,042		
24	Nov-19	12,378,694 [1]	65.8832% [2]	321,480,637	8,155,481	329,636,118	325,558,378	458,155	1,396,645	1,854,800	344,788,323		
25	Dec-19	15,830,255 [1]	65.8832% [2]	329,636,118	10,429,481	340,065,599	334,850,859	471,232	1,436,510	1,907,742	357,125,546 [4]		
26	Jan-20	10,386,430	65.8832% [2]	357,125,546 [4]	6,842,914	363,968,460	360,547,003	507,394	1,546,747	2,054,141	366,022,601		
27	Feb-20		65.8832% [2]	363,968,460	-	363,968,460	363,968,460	512,209	1,561,425	2,073,634	368,096,235		
28	Mar-20		65.8832% [2]	363,968,460	-	363,968,460	363,968,460	512,209	1,561,425	2,073,634	370,169,868		
29	Apr-20		65.8832% [2]	363,968,460	-	363,968,460	363,968,460	512,209	1,561,425	2,073,634	372,243,502		
30	May-20		65.8832% [2]	363,968,460	-	363,968,460	363,968,460	512,209	1,561,425	2,073,634	374,317,136		
31	Jun-20		65.8832% [2]	363,968,460	-	363,968,460	363,968,460	512,209	1,561,425	2,073,634	376,390,769		
32	Jul-20		65.8832% [2]	363,968,460	-	363,968,460	363,968,460	512,209	1,561,425	2,073,634	378,464,403		
33		517,218,902			341,658,176			9,110,705	27,695,522	36,806,227			

[1] NC-1103 - Duke Energy Carolinas - System Spend - Coal Ash
[2] NC-1106 - Allocation Factor - MWHs at Generation Level
[3] NC-1107 - Weighted Cost of Capital Rates for Duke Energy Carolinas
[4] Annual compounding formula

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Late-Filed Exhibit Nos. 10, 11, and 12 as filed in Docket Nos. E-7, Sub 1214, were served via electronic delivery or mailed, first-class, postage prepaid, upon all parties of record.

This, the 28th day of September, 2020.

/s/Mary Lynne Grigg

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