

CONSULTANT TO THE COMMISSION
CERTIFICATION REGARDING PRICING OF STORM RECOVERY BONDS

November 18, 2021

Ms. A. Shonta Dunston
Chief Clerk
North Carolina Utilities Commission 4325 Mail Service Center
Raleigh, North Carolina 27603-5918

**Re: Duke Energy Carolinas, LLC's Consultant Certification
Docket No. E-7, Sub 1243**

Dear Clerk Dunston,

PFM Financial Advisors LLC ("PFM" or "we") submits this letter at the request of the North Carolina Utilities Commission (the "Commission" or "you") pursuant to Ordering Paragraph 30 of the Commission's Financing Order issued on May 10, 2021, in Docket No. E-7, Sub 1243 (as amended and clarified by the Commission's Financing Order issued on July 13, 2021, the "Financing Order"). All capitalized terms not defined in this letter have the meanings ascribed to them in the Financing Order.

Duke Energy Carolinas, LLC (the "Company") has on this date filed with the Commission its Issuance Advice Letter (the "Issuance Advice Letter") for approval of the issuance of Storm Recovery Bonds (the "Storm Recovery Bonds") and the recovery of associated costs and the imposition of the Storm Recovery Charges to repay the Storm Recovery Bonds, all as further described in the Issuance Advice Letter.

Section 62 of the North Carolina General Statutes provides that the Storm Recovery Bonds may be issued if the Commission determines, among other conditions, "that the structuring and pricing of the storm recovery bonds are reasonably expected to result in the lowest storm recovery charges consistent with market conditions at the time the storm recovery bonds are priced and the terms set forth in [the] financing order."

The Financing Order requires that PFM as Consultant to the Commission, file a certificate with the Commission confirming that the structuring, marketing and pricing of the Storm Recovery Bonds in fact resulted in the lowest Storm Recovery Charges consistent with market conditions at the time the Storm Recovery Bonds were priced and the terms set forth in the Financing Order.

It is PFM's opinion, in its best professional judgement as Consultant to the Commission, that the structuring, marketing and pricing of the Storm Recovery Bonds in fact resulted in the lowest Storm Recovery Charges consistent with market conditions at the time the Storm Recovery Bonds were priced and the terms set forth in the Financing Order.

The views set forth in the preceding paragraph are subject to the following assumptions and considerations:

- i. In expressing our views, we have assumed, without independent investigation, the accuracy and completeness of information from the Company, the docket, the

- Financing Order, the Underwriters and customary industry sources upon which we have relied at or prior to the Pricing for the purposes of this letter.
- ii. The views expressed herein necessarily depend upon conditions as they exist as of the date hereof. Furthermore, this letter is based upon our knowledge of financial, economic, legal, regulatory, tax, political, market and other conditions as they exist and can be evaluated on the date hereof.
 - iii. The views expressed herein are made as of the date hereof.
 - iv. We have assumed the accuracy of the assumptions and statements of the Company contained in the Issuance Advice Letter and the calculations and other information contained therein, and in the Company Certification and based upon the information with respect to rates provided to it by the Company.
 - v. We do not make any representation regarding any assumptions made by the Company in calculating the recovery charges including, but not limited to, any assumptions made regarding energy sales forecasts, ratepayer payment and charge-off patterns or defaults by third party suppliers. We have assumed that the Company will implement the transactions contemplated hereby in accordance with the terms of the Financing Order.
 - vi. We do not make any representation regarding the efficacy of any true up adjustments or other actions the Commission is required to take under the Financing Order.
 - vii. The pricing of the Storm Recovery Bonds does not reflect a level at which actual other transactions have occurred or may occur. Our views set forth in this certification may vary from the views expressed in certifications from other sources.
 - viii. The pricing, marketing and structuring of the Storm Recovery Bonds was done substantially concurrently with the pricing, marketing and structuring of storm recovery bonds to be issued by Duke Energy Progress, LLC.

Respectfully,

MICHAEL MACE

By: 

Name: Michael Mace

Title: Managing Director