

Kiran H. Mehta

kiran.mehta@troutman.com

November 4, 2020

VIA ELECTRONIC FILING

Ms. Kimberley A. Campbell, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

RE: Duke Energy Carolinas LLC's Post-Hearing Submission Regarding Alternative
Cost Recovery Concepts
Docket No. E-7, Sub 1213
Docket No. E-7, Sub 1214
Docket No. E-7, Sub 1187

Dear Ms. Campbell:

Enclosed for electronic filing is *Duke Energy Carolinas LLC's Post-Hearing Submission Regarding Alternative Cost Recovery Concepts*.

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

Sincerely,

/s/ Kiran H. Mehta

Kiran H. Mehta

Enclosure

cc: Parties of Record

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1213

DOCKET NO. E-7, SUB 1214

DOCKET NO. E-7, SUB 1187

DOCKET NO. E-7, SUB 1213)

In the Matter of)
Application for Approval of Proposed)
Prepaid Advantage Program)

DOCKET NO. E-7, SUB 1214)

In the Matter of)
Application of Duke Energy Carolinas, LLC)
for Adjustment of Rates and Charges)
Applicable to Electric Utility Service in North)
Carolina)

DOCKET NO. E-7, SUB 1187)

In the Matter of)
Application of Duke Energy Carolinas, LLC)
for an Accounting Order to Defer)
Incremental Storm Damage Expenses)
Incurred as a Result of Hurricanes Florence)
and Michael and Winter Storm Diego)

**DEC'S POST-HEARING
SUBMISSION REGARDING
ALTERNATIVE RECOVERY
CONCEPTS FOR COAL ASH
COSTS**

**DEC SUBMISSION REGARDING ALTERNATIVE RECOVERY CONCEPTS
FOR COAL ASH COSTS**

In this case Duke Energy Carolinas, LLC (DEC or the Company) seeks:

First, recovery, over a five-year amortization period beginning with the date that new rates go into effect, of its North Carolina retail coal ash (CCR) basin closure costs (CCR Costs, totaling \$378 million), consisting of:

- Actual costs of closure activities performed during the period from January 1, 2018 through January 31, 2020, all of which were incurred as a result of changes in the law with which DEC must comply, advanced by the Company's debt and equity investors, and deferred by order of the Commission; and
- Financing costs incurred during the deferral period through July 2020.

Second, during the requested five-year amortization period, a return on the unamortized balance of CCR Costs, at the Company's authorized weighted average cost of capital (WACC).

This is precisely the rate treatment afforded by the Commission to DEC in its last rate case, Docket No. E-7, Sub 1146. In its Post-Hearing Brief Supporting Recovery of and Return on Coal Ash Costs (Brief), filed herewith, DEC advocates for the same treatment in this case, and lays out in detail the reasons why the Commission should grant that relief. In its Brief, DEC shows that it is entitled to recovery "of" CCR Costs because it has proven that those Costs are reasonable and prudently incurred in order to facilitate the Company's handling, storage and disposal of CCRs, so as to conform to the new legal requirements imposed on the Company resulting from the promulgation of the CCR Rule and the passage of CAMA.

DEC shows further that it is entitled to a return "on" the unamortized balance of CCR Costs, for a number of reasons. First, those Costs are "property used and

useful” in service of customers pursuant to N.C. Gen. Stat. § 62-133(b)(1), entitling DEC to a return pursuant to N.C. Gen. Stat. § 62-133(b)(4). The CCR Costs are capitalized expenditures not yet in rates, advanced by the Company and its investors, both debt and equity, and deferred by order of the Commission, such that were the Commission to disallow a return such disallowance would impair the Company’s ability to earn its authorized return. Further, were the Commission to disallow a return, that would be the equivalent of having the Company make an interest-free forced loan to its customers, a result manifestly unfair to the Company and its investors, who advanced every dollar of the CCR Costs, which were by Order of the Commission deferred for later recovery. Finally, in the Company’s previous rate case, the Commission ordered a rate making treatment that the Company has followed to the letter, and in its prior Order the Commission indicated that should the Company do so, a return on CCR Costs would be awarded.

At the close of the expert evidentiary hearings in the currently pending Duke Energy Progress, LLC (DEP, and, together with DEC, the Companies) rate case, Docket No. E-2, Sub 1219, the Commission requested that the parties submit their respective views on alternate cost recovery concepts raised through questions from various Commissioners, including a run rate or rider, and a return at the Company’s cost of debt. The Company makes this Submission Regarding Alternative Cost Recovery Concepts (Submission) in response to the Commission’s request.

The Company does not advocate for these alternative concepts – it advocates, as set out in detail in its Brief that it recover a full WACC return on the unamortized balance of CCR Costs over the five-year period in which those Costs

are brought into rates. Rather, this Submission is made in response to the Commission's request and to provide the Commission with information about the alternative concepts. Detailed information has already been submitted by the Company in a number of prior filings.

The first filing is Duke Consolidated Hearing Late-Filed Exhibit No. 1 (LFE No. 1), filed jointly by DEC and DEP on September 2, 2020 (additional copy attached as Attachment 1), in which the Companies provided the Commission, at its request, various CCR cost recovery scenarios and impacts thereof upon the Companies' creditworthiness and average retail rates. The specific scenarios compared are:

1. The "Existing Recovery Mechanism"; i.e., the mechanism approved by the Commission in the Companies' prior rate orders – full recovery over a five-year amortization period, with a WACC return on the unamortized balance.
2. Recovery of future (2021 and later) CCR costs using a run rate based upon current test year (2018) spend, combined with recovery of all deferred CCR costs under the Existing Recovery Mechanism until the implementation of the run rate.
3. Recovery of future (2021 and later) CCR costs using a run rate based upon a five-year average (2021-25) coal ash spend, combined with recovery of all deferred CCR costs under the Existing Recovery Mechanism until the implementation of the run rate.
4. Recovery under the Existing Recovery Mechanism, but with a 10-year, instead of a 5-year, amortization period.
5. Recovery as allowed in the most recent Dominion Energy North Carolina rate case, Docket No. E-22, Sub 562, which allowed recovery over a 10-year amortization period but without a return.

(See Attachment 1, Schedule B.)

The second filing, Duke Consolidated Hearing Late-Filed Exhibit No. 1 (Supplement) (Supplemental LFE No. 1), filed jointly by DEC and DEP on October 29, 2020 (additional copy attached as Attachment 2), supplements LFE No. 1 with

information regarding additional cost recovery scenarios requested by the Commission, although for ease of reference and comparison it re-caps the scenarios in LFE No. 1 on page 1, and provides the additional cost recovery scenarios requested by the Commission on page 2:

6. Recovery under Existing Recovery Mechanism, but with a 10-year amortization period plus a run rate/rider based upon a 5-year average (2021-25) coal ash spend.
7. Debt only return on deferred amounts amortized over 5 years plus a run rate/rider based upon a 5-year average (2021-25) coal ash spend.
8. Debt only return on deferred amounts amortized over 5 years.

(See Attachment 2.)

In addition, DEC refers to two late-filed exhibits it submitted to the Commission in connection with the DEC-specific evidentiary hearings: DEC Late-Filed Exhibit No. 1 (EDIT Offset LFE), and DEC Late-Filed Exhibit No. 2 (Accelerated Depreciation Offset LFE), both filed October 15, 2020. For ease of reference, they are attached hereto as, respectively, Attachment 3 and Attachment 4.

DISCUSSION

The alternative concepts put forward by various Commissioners deal with (1) the amortization period; (2) a mechanism to shift CCR costs from a model in which investors advance the costs, which are deferred and then recovered (spend/defer/recover) to a model in which at least some portion of costs are built into rates through a run rate or a rider; and (3) alternate rate of return for unamortized costs during the amortization period (debt return only, instead of WACC return).

A. Amortization Period

Scenario numbers 4 and 6 (see Attachment 2, Supplemental LFE No. 1) demonstrate the impact of varying the amortization period – a longer period lessens the customer rate impact in any given year. However, just as a lengthier mortgage period (30 years, say, instead of 15) may reduce a borrower’s monthly payment but at the same time increases overall financing cost, so too a longer amortization period will reduce current cash outflow, but increase overall financing cost. These are some of the factors the Commission will need to consider in setting the amortization period.

Given the magnitude of CCR costs, it is reasonable to assume that if the “spend/defer/recover” model continues the Company will likely need to file a rate case at least every 2-3 years. The prior case was filed in 2017, the current case in 2019, although the current case has been delayed by the pandemic conditions still prevailing in North Carolina. If a five-year amortization period is again approved by the Commission in this case and future cases, then at any given time customers will be paying for two “cycles” of cost recovery – for example, the five-year amortization period ordered in the Company’s prior case will end in mid-2023, which will be 2½ years into a potential five-year amortization period ordered in the current case assuming that rates go into effect in early 2021. On the other hand, a ten-year period will mean that in all likelihood customers will be bearing CCR cost recovery in more than two and possibly three or four cycles at one time. This is another factor that the Commission will need to consider when selecting an amortization period.

B. Run Rate/Rider

The Commission possesses the authority to order ongoing CCR costs to be brought into rates through a “run rate” or rider mechanism, subject to later true-up to costs actually incurred. In its Order entered in Docket No. E-2, Sub 537 (the 1988 DEP Rate Case), for example, the Commission approved putting 50% of the costs into rate base, subject to a prudence review of the total costs incurred at a later date. See Order Granting Partial Increase in Rates and Charges, Docket No. E-2, Sub 537 (Aug. 5, 1988), at 14 (“Inclusion of 50 percent of the plant investment in rate base in the prior proceeding in Docket E-2, Sub 526, was premised on the fact that the prudence of the entire investment would be considered in this proceeding.”).

Because the run rate and a rider are conceptually alike (even though some mechanics may differ), the Company treats them together in this Submission.

The design of the mechanism to bring ongoing CCR costs into rates is very important. Company witness Fetter described a possible design as a mechanism that “on an ongoing basis ... would compensate the Company for prudent coal ash expenditures with a true-up along the way to make sure that there was not unfairness in either direction.” (Tr. vol. 26, 142.) He indicated that a mechanism with that design obviates the need for a return “to the extent that it would ...[accomplish cost recovery] on a timely basis with very little lag between expenditure and recovery” (Id.) The run rate would represent customer-provided funds, which of course would be ineligible for a return. See *State ex rel. Utils. Comm’n v. Virginia Elec. & Power Co.*, 285 N.C. 398, 414-15 (1974).

In order to be protective of cost recovery, the mechanism would have to defer under- or over-recovery in any given year to a regulatory asset/liability account. The deferred amounts (including a return) would be brought into rates and recovered through future rate cases, or, in the case of over-recovery, offset against future costs.

In the case of either a run rate or a rider, the Commission would need to establish a recurring hearing process to review the prudence of incurred cost, grant recovery of prudently incurred costs and, of course, disallow imprudent costs. So, for example, the proceeding could feature:

- Expert witness testimony to support the Company's request for cost recovery.
- Calculations and supporting work papers and documents filed with the Commission.
- Interested parties would be allowed to intervene in the proceeding and participate in a discovery process.
- Public hearings.
- A detailed review and audit of costs would be performed by the Public Staff.
- The Company would bear the burden of proof in demonstrating that the costs for which it seeks recovery are reasonable and prudently incurred.

To the extent this would occur outside of a general rate case, similar processes already exist with respect to the annual Demand-Side Management/Energy Efficiency and Fuel Adjustment Riders.

Scenario numbers 2, 3, 6, and 7 feature various 5-year run rate options. In addition, the EDIT Offset LFE and the Accelerated Depreciation Offset LFE requested by the Commission show that, at least mathematically, EDIT flowback could theoretically be used to offset a run rate. The Company and the Public Staff

have agreed to a 5-year flowback of EDIT to customers per the Second Agreement and Stipulation of Partial Settlement, however, and request that the Commission approve the EDIT flowback method agreed to in that settlement.

C. Debt Return

Scenario numbers 7 and 8 feature a debt return on the unamortized balance of CCR Costs, and the impacts to creditworthiness and average retail rates in Supplemental LFE No. 1. While a debt return is preferable to no return, it still leaves the Company without full recovery of what are by definition prudently incurred costs, inasmuch as all scenarios assume that the Commission finds that the costs are prudently incurred. (See Supplemental LFE No. 1, fns. 3 and 5.) Accordingly, a debt-only return still forces the Company to make an interest free loan to its customers, albeit a smaller loan than were the Commission to order no return at all.

Respectfully submitted this 4th day of November, 2020.

/s/ Kiran H. Mehta

Brian Heslin, Deputy General Counsel
Camal O. Robinson, Associate General Counsel
Duke Energy Carolinas, LLC
c/o Duke Energy Corporation
550 South Tryon Street
Charlotte, North Carolina 28202

Lawrence B. Somers, Deputy General Counsel,
Duke Energy Carolinas, LLC
c/o Duke Energy Corporation
410 South Wilmington Street
Raleigh, North Carolina 27601

James F. Jeffries, IV,
McGuireWoods LLP
201 North Tryon Street, Suite 3000
Charlotte, North Carolina 28202

Andrea R. Kells,
McGuireWoods LLP
501 Fayetteville Street, Suite 500
Raleigh, North Carolina 27601

Molly McIntosh Jagannathan
Kiran H. Mehta
Troutman Pepper Hamilton Sanders LLP
301 S. College Street, Suite 3400
Charlotte, North Carolina 28202

Brandon F. Marzo
Troutman Pepper Hamilton Sanders LLP
600 Peachtree Street, NE, Suite 3000
Atlanta, Georgia 30308

ATTORNEYS FOR DUKE ENERGY CAROLINAS,
LLC

**DEC'S POST-HEARING SUBMISSION
REGARDING ALTERNATIVE RECOVERY
CONCEPTS FOR COAL ASH COSTS**

ATTACHMENT 1

Troutman Pepper Hamilton Sanders LLP
301 S. College Street, Suite 3400
Charlotte, NC 28202

troutman.com

Kiran H. Mehta

kiran.mehta@troutman.com

DEC Post-Hearing
Submission – Attachment 1

troutman
pepper

OFFICIAL COPY

September 2, 2020

VIA ELECTRONIC FILING

Ms. Kimberley A. Campbell, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

RE: Duke Energy Carolinas, LLC and Duke Energy Progress, LLC
Late-Filed Exhibit No. 1
Docket No. E-7, Sub 1214
Docket No. E-7, Sub 1213
Docket No. E-7, Sub 1187
Docket No. E-2, Sub 1219
Docket No. E-2, Sub 1193

Dear Ms. Campbell:

Per the request of the Commission on August 25, 2020, during the consolidated phase of the evidentiary hearing, I enclose a late-filed exhibit on behalf of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC (each individually a “Company” and collectively the “Companies”), for filing in connection with the above-referenced dockets. Late-Filed Exhibit No. 1 provides a response to Commission questions regarding the impact upon the Companies’ credit metrics, as of December 31, 2019, of various hypothetical scenarios.

Companies’ witness Stephen G. De May will be available to answer any further questions concerning this topic as necessary.

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

Sincerely,

/s/ Kiran H. Mehta

Kiran H. Mehta

Enclosure

cc: Parties of Record

Sep 02 2020

Duke Consolidated Hearing Late Filed Exhibit No. 1 Docket Nos. E-7, Sub 1214 and E-2, Sub 1219

Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP”) (each individually also a “Company” and collectively the “Companies”) present this Duke Consolidated Hearing Late Filed Exhibit No. 1 in response to Commission questions regarding the impact upon the Companies’ credit metrics, as of December 31, 2019, of various hypothetical scenarios.

The first hypothetical scenario analyzes the impact upon each Company’s December 31, 2019 FFO¹/Debt metric had the Commission in its prior Rate Orders² authorized a “run rate” as proposed by each Company, to begin when new rates were put into effect, in addition to authorizing recovery of deferred coal ash basin closure costs over a five-year amortization period, including a return at each Company’s weighted average cost of capital (“WACC”) upon the unamortized balance.³ The “run rate” proposal made by each Company in the prior rate cases are as follows:

- DEC: Additional revenues equal to test year coal ash basin closure spend (~\$201 million), with deferral of amounts in excess of / short of ~\$201 million into a regulatory asset / liability account for the Commission to consider in a future rate case.
- DEP: Additional revenues equal to test year coal ash basin closure spend (~\$130 million), with deferral of amounts in excess of / short of ~\$130 million into a regulatory asset / liability account for the Commission to consider in a future rate case.

The results of this analysis are shown in Duke Consolidated Hearing Late Filed Exhibit No. 1, Schedule A. As shown on that Schedule, the pro-forma credit metrics in each instance drop – for DEC, from 26.1% under the Existing Recovery Mechanism to 25.4% under the hypothetical scenario that combines the Existing Recovery Mechanism with a ~\$201 million run rate; and for DEP, from 22.6% under the Existing Recovery Mechanism to 19.9% under the hypothetical scenario that combines the Existing Recovery Mechanism with a ~\$130 million run rate.⁴ While this may appear counter-intuitive, the drop in credit metrics results from two factors:

- First, the 2018 Rate Orders allowed recovery of the majority of coal ash closure costs, amortized over five years, and allowed the inclusion of the unamortized balance in rate base, i.e., as capital. As noted in the relevant credit opinions (Moody’s DEC Credit Opinion dated October 31, 2019⁵ and Moody’s DEP Credit Opinion dated March 30, 2020⁶), the rate base treatment ordered in the 2018 Rate Orders is “akin to a capital expenditure.”
- Second, rate base treatment as applied in the Moody’s calculation of the FFO/Debt credit metric results in the removal of the entirety of 2019 coal ash spend from the FFO numerator in the FFO/Debt ratio. Accordingly, the FFO/Debt calculation Moody’s performed in connection with 2019 coal ash spend *excluded* that spend from each Company’s FFO, resulting in substantial support

¹ “FFO,” or funds from operations, is a measure of operational cash flow.

² *Order Accepting Stipulation, Deciding Contested Issues, and Requiring Revenue Reduction*, Docket No. E-7, Sub 1146 (the “DEC 2018 Rate Order” or the “DEC Order”) and *Order Accepting Stipulation, Deciding Contested Issues and Granting Partial Rate Increase*, Docket No. E-2, Sub 1142 (Feb. 23, 2018) (the “DEP 2018 Rate Order” or the “DEP Order”). The Orders may also be referred collectively as the “2018 Rate Orders.”

³ The recovery mechanism ordered by the Commission in the 2018 Rate Orders is referred to in this Late File Exhibit as the “Existing Recovery Mechanism.”

⁴ The Moody’s downgrade thresholds for each Company are 25% for DEC and 20% for DEP.

⁵ Newlin Duke Redirect Ex. 2 (formerly Duke Ex. 12).

⁶ Newlin Duke Redirect Ex. 3 (formerly Duke Ex. 15).

Duke Consolidated Hearing Late Filed Exhibit No. 1
Docket Nos. E-7, Sub 1214 and E-2, Sub 1219

to each Company's FFO/Debt metric.⁷ Conversely, the run rate is not capital; rather it is operational cash flow, and operational cash flows are *included*, not excluded, from FFO.

As contemplated by each Company in its prior rate case, the run rate would apply to *future* coal ash spend. Accordingly, even if allowed in conjunction with rate-base treatment for *past* coal ash spend, Moody's would view 2019 spend – which at the time the 2018 Rate Orders were issued would have been future spend – as operating cash flow and not capital. Thus, in order to perform the pro-forma 2019 FFO/Debt calculation requested by the Commission it is necessary to apply two additional steps to the actual 2019 FFO/Debt metric: (1) Include as a reduction to FFO the actual system-wide 2019 coal ash spend (which was previously excluded from FFO as it was treated as capital), but (2) include in FFO the additional retail revenues generated by the run rate – ~\$201 million for DEC, and ~\$130 million for DEP. (See Schedule A, fn. 1). Accordingly, the pro-forma 2019 FFO/Debt credit metric drops in the case of each Company had the Commission allowed the run rate in the 2018 Rate Orders.⁸

Using the mathematical model created for Schedule A, the Companies have also modeled additional hypothetical scenarios for the coal ash basin closure costs sought by each Company for recovery in the current rate case. For the sake of consistency, the FFO/Debt ratio comparisons are all based upon each Company's 2019 FFO/Debt metric, but in addition to credit quality impact the model results are supplemented with information as to the approximate average retail rate impact for each hypothetical scenario analyzed. The scenarios analyzed are:

1. Recovery under the Existing Recovery Mechanism;
2. Recovery of future (2021 and later) coal ash costs using a run rate based upon current test year (2018) coal ash spend, combined with recovery of all deferred coal ash costs (under the Existing Recovery Mechanism) until the implementation of the run rate;
3. Recovery of future (2021 and later) coal ash costs using a run rate based upon a five-year average (2021-25) coal ash spend, combined with recovery of all deferred coal ash costs (under the Existing Recovery Mechanism) until the implementation of the run rate;
4. Recovery under the Existing Recovery Mechanism, except that instead of a five-year amortization period the Commission orders a ten-year amortization period; and
5. Recovery as allowed by the February 2020 Dominion NC Order (ten-year amortization without a return).

The results are shown in Duke Consolidated Hearing Late Filed Exhibit No. 1, Schedule B.

⁷ In his Rebuttal Testimonies, Witness Newlin calculated that support as 230 basis points for DEC and 400 basis points for DEP. (See Newlin DEC Rebuttal Testimony at 29; Newlin DEP Rebuttal at 37). Looking at this another way, had Moody's *not* viewed the Existing Recovery Mechanism as a capital expenditure and instead continued to classify coal ash spend as operating cash flow, the metric results would have been 230 basis points lower for DEC (23.8% instead of 26.1%) and 400 basis points lower for DEP (18.6 % instead of 22.6%).

⁸ The size of the run rate is of course another factor. For both Companies the run rate was pegged as test year coal ash spend, and on a system basis each Company actually spent more on coal ash closure in 2019 than their respective test year spend – in the case of DEP, markedly more.

**Duke Consolidated Hearing Late Filed Exhibit No. 1, Schedule A
Docket Nos. E-7, Sub 1214 and E-2, Sub 1219**

Impact upon the Companies' 2019 FFO/Debt ratios had the Commission authorized implementation of the "run rate" as requested by each Company in their prior rate cases, which were filed in 2017 (E-2, Sub 1142 and E-7, Sub 1146)

Table 1 -- DEC¹

	Pro forma Adjustments		
	2019	Removal of Coal Ash Adj. (278)	Requested 2017 Run-rate 201
FFO	3,144		3,067
Debt	12,058		12,058
FFO / Debt	26.1%		25.4%

Table 2 -- DEP¹

	Pro forma Adjustments		
	2019	Removal of Coal Ash Adj. (390)	Requested 2017 Run-rate 130
FFO	2,149		1,889
Debt	9,515		9,515
FFO / Debt	22.6%		19.9%

¹ The numbers in both tables are system. The credit impact of the run-rate construct for DEC in 2019 would be to add back a \$278 million expense that previously was excluded, partially offset by a \$201 million increase to revenues from the 2017 requested run rate. This corresponds to a \$77 million net reduction to FFO, and ~70 basis point erosion to DEC's pro forma 2019 FFO/Debt ratio. Applying the same methodology to DEP, its 2019 pro forma FFO value would have been \$260 million lower and its FFO/Debt ratio would have been 270 bps lower. By not earning a WACC return on future coal ash expenditures, the rating agencies would no longer view the Companies' ash basin closure efforts as a capital expenditure and would begin treating them as operating expenses.

**Duke Consolidated Hearing Late Filed Exhibit No. 1, Schedule B
Docket Nos. E-7, Sub 1214 and E-2, Sub 1219**

Coal Ash Basin Closure Cost Recovery Scenarios and Impacts on DEC and DEP Creditworthiness¹ and Average Retail Rates

	1. Existing Recovery Mechanism ²	2. Recovery of future (2021 and later) coal ash costs using a run rate based upon current test year (2018) coal ash spend, combined with recovery of all deferred coal ash costs (under the Existing Recovery Mechanism) until the implementation of the run rate	3. Recovery of future (2021 and later) coal ash costs using a run rate based upon a five-year average (2021-25) coal ash spend, combined with recovery of all deferred coal ash costs (under the Existing Recovery Mechanism) until the implementation of the run rate	4. Recovery under Existing Recovery Mechanism, but with a 10-year amortization period	5. Recovery as allowed by the February 2020 Dominion NC Order (ten-year amortization without a return)
Amortization period	5 years	None with respect to future cost; 5 years with respect to deferred costs	None with respect to future cost; 5 years with respect to deferred costs	10 years	10 years
Full return of investment ³	Yes	Yes, assuming run rate under-recovery in any year is deferred and later recovered	Yes, assuming run rate under-recovery in any year is deferred and later recovered	Yes	No
WACC return on investment	Yes	No as to future costs, apart from deferral of under-recovery in any given year	No as to future costs, apart from deferral of under-recovery in any given year	Yes	No
Rating agency treatment	Capitalized	Deferred costs: Capitalized Future cost: Expensed	Deferred costs: Capitalized Future cost: Expensed	Capitalized	Expensed
Est. impact to DEC's 2019 FFO/Debt credit metrics	No impact	Reduction of 26 basis points: 25.8%	Reduction of 29 basis points: 25.8%	Reduction of 29 basis points: 25.8%	Reduction of 228 basis points: 23.8%
Est. impact to DEP's 2019 FFO/Debt credit metrics	No impact	Reduction of 174 basis points: 20.8%	Reduction of 169 basis points: 20.9%	Reduction of 43 basis points: 22.2%	Reduction of 402 basis points: 18.6%
Approximate average retail rate impact ⁴					
DEC	2.0%	5.1%	5.0%	1.2%	0.8%
DEP	3.0%	6.0%	6.1%	1.9%	1.2%

¹ These credit quality impacts reflect the NC retail coal ash cost portions only and therefore understate the overall negative credit quality impacts the Credit Rating agencies would apply to not only DEC and DEP, but the holding company and other affiliate utilities.

² "Existing Recovery Mechanism" refers to the recovery mechanism ordered by the Commission in the 2018 Rate Orders.

³ Assumes Commission finds that costs are prudently incurred.

⁴ The rate impacts are for coal ash only and do not include other impacts of the case. Also, they do not include the gross ups for uncollectibles, NCUC regulatory fees, or impacts on interest synchronization or cash working capital, which would be included in actual rate calculations.

CERTIFICATE OF SERVICE

DOCKET NO. E-7, SUB 1214
DOCKET NO. E-7, SUB 1213
DOCKET NO. E-7, SUB 1187
DOCKET NO. E-2, SUB 1219
DOCKET NO. E-2, SUB 1193

I hereby certify that a copy of the foregoing **LATE FILED EXHIBIT NO. 1** was served electronically or by depositing a copy in United States Mail, first class postage prepaid, properly addressed to the parties of record.

This the 2nd day of September 2020.

/s/ Kiran H. Mehta
Kiran H. Mehta
Troutman Pepper Hamilton Sanders LLP
301 S. College Street, Suite 3400
Charlotte, North Carolina 28202
Telephone: 704.998.4072
Kiran.mehta@troutman.com

ATTORNEY FOR DUKE ENERGY CAROLINAS, LLC
AND DUKE ENERGY PROGRESS, LLC

**DEC'S POST-HEARING SUBMISSION
REGARDING ALTERNATIVE RECOVERY
CONCEPTS FOR COAL ASH COSTS**

ATTACHMENT 2

Kiran H. Mehta

kiran.mehta@troutman.com

October 29, 2020

VIA ELECTRONIC FILING

Ms. Kimberley A. Campbell, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

RE: Duke Energy Carolinas, LLC and Duke Energy Progress, LLC
Late-Filed Exhibit No. 1 (Supplement)
Docket No. E-7, Sub 1214
Docket No. E-7, Sub 1213
Docket No. E-7, Sub 1187
Docket No. E-2, Sub 1219
Docket No. E-2, Sub 1193

Dear Ms. Campbell:

On September 2, 2020, Duke Energy Carolinas, LLC and Duke Energy Progress, LLC filed Duke Consolidated Hearing Late Filed Exhibit No. 1, which provided a response to Commission questions regarding the impact upon the Companies' credit metrics, as of December 31, 2019, of various hypothetical scenarios.

At the close of the expert evidentiary hearings in the DEP-specific hearings, the Commission indicated that it would like various cost recovery scenarios to be included in the parties' briefing. In order to facilitate the Commission's review and consideration of the scenarios, I enclose for filing a supplement to Late-Filed Exhibit No. 1. The Supplement consists of two pages. The first page is identical to Schedule B of Late-Filed Exhibit No. 1. The second page presents, in the same format, information with respect to three additional scenarios responsive to the Commission's remarks at the close of the DEP-specific expert evidentiary hearings.

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

Sincerely,

/s/ Kiran H. Mehta

Kiran H. Mehta

Enclosure

cc: Parties of Record

**Duke Consolidated Hearing Late Filed Exhibit No. 1, Schedule B- SUPPLEMENT
Docket Nos. E-7, Sub 1214 and E-2, Sub 1219**

Coal Ash Basin Closure Cost Recovery Scenarios and Impacts on DEC and DEP Creditworthiness¹ and Average Retail Rates

	1. Existing Recovery Mechanism ²	2. Recovery of future (2021 and later) coal ash costs using a run rate based upon current test year (2018) coal ash spend, combined with recovery of all deferred coal ash costs (under the Existing Recovery Mechanism) until the implementation of the run rate	3. Recovery of future (2021 and later) coal ash costs using a run rate based upon a five-year average (2021-25) coal ash spend, combined with recovery of all deferred coal ash costs (under the Existing Recovery Mechanism) until the implementation of the run rate	4. Recovery under Existing Recovery Mechanism, but with a 10-year amortization period	5. Recovery as allowed by the February 2020 Dominion NC Order (ten-year amortization without a return)
Amortization period	5 years	None with respect to future cost; 5 years with respect to deferred costs	None with respect to future cost; 5 years with respect to deferred costs	10 years	10 years
Full return of investment ³	Yes	Yes, assuming run rate under-recovery in any year is deferred and later recovered	Yes, assuming run rate under-recovery in any year is deferred and later recovered	Yes	No
WACC return on investment	Yes	No as to future costs, apart from deferral of under-recovery in any given year	No as to future costs, apart from deferral of under-recovery in any given year	Yes	No
Rating agency treatment	Capitalized	Deferred costs: Capitalized Future cost: Expensed	Deferred costs: Capitalized Future cost: Expensed	Capitalized	Expensed
Est. impact to DEC's 2019 FFO/Debt credit metrics	No impact	Reduction of 26 basis points: 25.8% Reduction of 174 basis points: 20.8%	Reduction of 29 basis points: 25.8% Reduction of 169 basis points: 20.9%	Reduction of 29 basis points: 25.8% Reduction of 43 basis points: 22.2%	Reduction of 228 basis points: 23.8% Reduction of 402 basis points: 18.6%
Est. impact to DEP's 2019 FFO/Debt credit metrics	No impact				
Approximate average retail rate impact ⁴					
DEC	2.0%	5.1%	5.0%	1.2%	0.8%
DEP	3.0%	6.0%	6.1%	1.9%	1.2%

¹ These credit quality impacts reflect the NC retail coal ash cost portions only and therefore understate the overall negative credit quality impacts the Credit Rating agencies would apply to not only DEC and DEP, but the holding company and other affiliate utilities.

² "Existing Recovery Mechanism" refers to the recovery mechanism ordered by the Commission in the 2018 Rate Orders.

³ Assumes Commission finds that costs are prudently incurred.

⁴ The rate impacts are for coal ash only and do not include other impacts of the case. Also, they do not include the gross ups for uncollectibles, NCUC regulatory fees, or impacts on interest synchronization or cash working capital, which would be included in actual rate calculations.

**Duke Consolidated Hearing Late Filed Exhibit No. 1, Schedule B- SUPPLEMENT
Docket Nos. E-7, Sub 1214 and E-2, Sub 1219**

	New 6. Recovery under Existing Recovery Mechanism, but with a 10-year amortization period; plus a run rate/rider based upon a five-year average (2021-25) coal ash spend.	New 7. Debt only return on deferred amounts amortized over 5 years; plus a run rate/rider based upon a five-year average (2021-25) coal ash spend.	New 8. Debt only return on deferred amounts amortized over 5 years.
Amortization period	10 years with respect to deferred costs; None with respect to future cost.	5 years with respect to deferred costs; None with respect to future cost.	5 years
Full return of investment ⁵	Yes, assuming run rate under-recovery in any year is deferred and later recovered with a WACC return	Not on deferred costs. Yes, on future costs, assuming run rate under-recovery in any year is deferred and later recovered with a WACC return	No
WACC return on investment	Yes – as to deferred cost No – as to future cost, apart from deferral of under recovery in any given year	No	No
Rating agency treatment	Expensed	Expensed	Expensed
Est. impact to DEC's 2019 FFO/Debt credit metrics	Reduction of 59 basis points: 25.5%	Reduction of 42 basis points: 25.7%	Reduction of 164 basis points: 24.4%
Est. impact to DEP's 2019 FFO/Debt credit metrics	Reduction of 213 basis points: 20.5%	Reduction of 188 basis points: 20.7%	Reduction of 312 basis points: 19.5%
Approximate average retail rate impact ⁶			
DEC	4.2%	4.7%	1.7%
DEP	5.0%	5.6%	2.5%

⁵ Assumes Commission finds that costs are prudently incurred.

⁶ The rate impacts are for coal ash only and do not include other impacts of the case. Also, they do not include the gross ups for uncollectibles, NCUC regulatory fees, or impacts on interest synchronization or cash working capital, which would be included in actual rate calculations.

CERTIFICATE OF SERVICE

DOCKET NO. E-7, SUB 1214
DOCKET NO. E-7, SUB 1213
DOCKET NO. E-7, SUB 1187
DOCKET NO. E-2, SUB 1219
DOCKET NO. E-2, SUB 1193

I hereby certify that a copy of the foregoing **LATE FILED EXHIBIT NO. 1 (SUPPLEMENT)** was served electronically or by depositing a copy in United States Mail, first class postage prepaid, properly addressed to the parties of record.

This the 29th day of October 2020.

/s/ Kiran H. Mehta
Kiran H. Mehta
Troutman Pepper Hamilton Sanders LLP
301 S. College Street, Suite 3400
Charlotte, North Carolina 28202
Telephone: 704.998.4072
Kiran.mehta@troutman.com

ATTORNEY FOR DUKE ENERGY CAROLINAS, LLC
AND DUKE ENERGY PROGRESS, LLC

**DEC'S POST-HEARING SUBMISSION
REGARDING ALTERNATIVE RECOVERY
CONCEPTS FOR COAL ASH COSTS**

ATTACHMENT 3

McGuireWoods LLP
501 Fayetteville Street
Suite 500
PO Box 27507 (27611)
Raleigh, NC 27601
Phone: 919.755.6600
Fax: 919.755.6699
www.mcguirewoods.com

Mary Lynne Grigg
Direct: 919.755.6573

McGUIREWOODS

DEC Post-Hearing
Submission – Attachment 3

mgrigg@mcguirewoods.com

October 15, 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 No. 1
Docket No. E-7, Sub 1214*

Dear Ms. Campbell:

Per the request of the North Carolina Utilities Commission during the Duke Energy Carolinas, LLC (“DEC”) evidentiary hearing, enclosed for filing on behalf of DEC is Late-Filed Exhibit No. 1.

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

Enclosure

Duke Energy Carolinas, LLC
Late-Filed Exhibit No. 1
Docket No. E-7, Sub 1214

Request:

On September 3, 2020, during the expert witness hearing held by the Commission in Docket Nos. E-7, Subs 1213, 1214 and 1187 involving the general rate case application of Duke Energy Carolinas, LLC (DEC or Company), Commissioners Kimberly W. Duffley and Daniel G. Clodfelter requested late-filed exhibits reflecting the impact on revenue requirement using the federal unprotected Excess Deferred Income Taxes (EDIT) to offset certain costs. Commissioner Duffley requested schedules showing the impact on DEC's and the Public Staff's proposed revenue requirement amounts that reflect an offset of federal unprotected EDIT and the Company's coal combustion residual (CCR) compliance costs. Commissioner Clodfelter requested that DEC and the Public Staff provide a schedule reflecting the revenue requirement impact if EDIT were used to offset the Company's calculation of accelerated depreciation associated with the early retirement of coal-fired electric generating plants, based on the Company's requested amount. On September 29, 2020, during the expert witness hearing being held by the Commission in Docket Nos. E-2, Sub 1193 and E-2, Sub 1219 involving the general rate case application of Duke Energy Progress, LLC (DEP), Commissioner Duffley and Presiding Commissioner Clodfelter made the same requests of DEP as were made of DEC concerning these offsets.

Response:

EDIT Offset of CCR Costs

To achieve the removal of the ARO related CCR costs, the Company adjusted proforma NC-1100 Adjust Deferred Environmental expenses (i.e., CCR compliance costs) to remove the deferred balance and amortization expense from the Company's base rate request. The total amount of the deferred balance removed was \$378,464,403.

Any time a change is made to a proforma that impacts operating income or rate base, proformas NC-2200 Interest Synchronization and NC-2300 Cash Working Capital also need to be updated. The Company has reflected the impact of the updates on those proformas as well.

Next the Company offset the unprotected federal EDIT to be refunded to customers by the amount of the CCR deferral. The chart below shows how the amounts were applied. As the chart reflects, if the Company was ordered to offset the unprotected federal EDIT balance by the CCR compliance costs requested in this case, the result would be a total remaining unprotected federal EDIT balance of (\$593,558). Since the total amount of the CCR deferral balance was less than the unprotected EDIT, the Company did not have to apply any amount to the NC State EDIT and Deferred Revenue.

(\$000)	Second Settlement	Offsetting CCR	Remaining for Refund
Unprotected Federal EDIT ^[1]	(\$972,022)	\$378,464	(\$593,558)
NC State EDIT and Deferred Revenue	(\$155,445)	\$0	(\$155,445)
Total Deferred balances	<u>(\$1,127,467)</u>	<u>\$378,464</u>	<u>(\$749,003)</u>

[1] The Unprotected Federal EDIT balance includes the estimated impact of interim rates amortization.

On McManeus Exhibit 3, the Company provides a summary of the revenue requirement impact for years 1 through 5 as well as a comparison to the Company's Second Settlement filing made on July 31, 2020. Using this approach results in a decrease to the total revenue requirement of approximately (\$8,064,000). This impact is related to the use of an unlevelized return included in base rates compared to a levelized return included in the EDIT rider, as well as the impacts on proformas NC-2200 and NC-2300 noted above.

As requested, McManeus Exhibits 1 through 4 have been provided in electronic format as well.

DUKE ENERGY CAROLINAS, LLC
OPERATING INCOME FROM ELECTRIC OPERATIONS
FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Line No.	Description	Total Company Per Books (a) (Col. 1)	North Carolina Retail Operations				After Proposed Increase (Col. 6)
			Per Books (Col. 2)	Accounting Adjustments (c) (Col. 3)	Before Proposed Increase (Col. 4)	Revenues and Expenses from Proposed Increase (e) (Col. 5)	
1	Electric operating revenue	\$ 7,273,365	\$ 4,904,084	\$ (109,378)	\$ 4,794,706	\$ 317,703	\$ 5,112,409
2	Electric operating expenses:						
3	Operation and maintenance:						
4	Fuel used in electric generation	1,504,692	989,374	172,162	1,161,536	-	1,161,536
5	Purchased power	317,798	194,348	(170,936)	23,412	-	23,412
6	Other operation and maintenance expense	2,029,601	1,375,939	(212,083)	1,163,856	1,207	1,165,063
7	Depreciation and amortization	1,193,762	838,805	277,213	1,116,017	-	1,116,017
8	General taxes	291,829	194,681	17,475	212,156	-	212,156
9	Interest on customer deposits	8,169	7,130	-	7,130	-	7,130
10	Net income taxes	340,714	224,997	(30,888)	194,109	73,740	267,849
	EDIT Amortization			(29,734)	(29,734)		(29,734)
	Amortization of investment tax credit	(5,259)	(3,526)	690	(2,836)	-	(2,836)
11	Total electric operating expenses	5,681,305	3,821,748	23,899	3,845,647	74,946	3,920,593
12	Operating income	\$ 1,592,059	\$ 1,082,336	\$ (133,277)	\$ 949,059	\$ 242,757	\$ 1,191,816
13	Original cost rate base (e)	\$ 21,361,527	\$ 14,556,650	\$ 2,334,529 (d)	\$ 16,891,179	\$ 34,173 (f)	\$ 16,925,351
14	Rate of return on North Carolina retail rate base		7.44%		5.62%		7.04%

Notes: (a) From Form E-1 Item 45A
(b) Reclassifies interest on customer deposits to electric operating expense.
(c) From Page 3, Line 35.
(d) From Page 4, Line 9.
(e) From Page 2.
(f) Reflects an increase in operating funds per lead-lag study for the adjusted total requirements in this rate case excluding the portion already adjusted in Col. 3, Line 12.

McManeus Exhibit 1
Commission Request
Net ARO CCR Against
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Page 1

DUKE ENERGY CAROLINAS, LLC
CALCULATION OF ADDITIONAL REVENUE REQUIREMENT
FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Line No.	Description	Dec. 31, 2018 Amount (Col. 1)	North Carolina Retail Operations			
			Before Proposed Increase		After Proposed Increase	
			Pro forma Ratio (Col. 2)	Retail Rate Base (Col. 3)	Operating Income (Col. 5)	Operating Income (Col. 8)
1	Long-term debt	\$ 10,993,064	48.00%	\$ 8,107,766	\$ 346,202	\$ 346,902
2	Members' equity (a)	11,682,367	52.00%	8,783,413	602,857	844,914
3	Total	\$ 22,675,431	100.00%	\$ 16,891,179 (b)	\$ 949,059 (c)	\$ 1,191,816
4	Operating income before increase (Line 3, Column 5)					949,059
5	Additional operating income required (Line 3 minus Line 4)					242,757
6	Calculate income tax on incremental interest expense due to increase in cash working capital in proposed revenue					(164)
7	Regulatory fee (.12967%), uncollectibles rate (.2501%) and income taxes (.233503%)					75,110
8	Additional revenue requirement					\$ 317,703

Notes: (a) The equivalent of common equity for a limited liability company.
(b) From Page 1, Line 12, Column 4 and Column 6.
(c) From Page 1, Line 11, Column 4.

McManeus Exhibit 1
Commission Request
Net ARO CCR against
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DUKE ENERGY CAROLINAS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Line No.	Description	Electric Operating Revenue (Col. 1)	Fuel Used in Electric Generation (Col. 2)	Purchased Power (Col. 3)	Other O&M Expense (Col. 4)	Depreciation and Amortization (Col. 5)	General Taxes (Col. 6)	Income Taxes 23.6519% (Col. 7)	EDIT Amortization	Amortization of ITC (Col. 8)	Operating Income
1	Annualize retail revenues for current rates	\$ (110,407)	\$ -	\$ -	\$ (826)	\$ -	\$ -	\$ (25,588)		\$ -	(83,994)
2	Update fuel costs to proposed rate	-	208,105	-	(21,892)	(3,277)	-	(3,288)	-	-	(10,794)
2E	Update fuel costs to proposed rate	-	-	(169,854)	-	3,277	-	(765)	-	-	(2,512)
3	Normalize for weather	(109,586)	(26,183)	-	(416)	-	-	(19,378)	-	-	(63,609)
3F	Normalize for weather - Supplemental	12,757	1,138	-	48	-	-	2,702	-	-	8,869
4	Annualize revenues for customer growth	9,942	2,775	-	39	-	-	1,864	-	-	5,464
4J	Annualize revenues for customer growth - Second Settlement	20,525	2,170	-	2,315	-	-	3,745	-	-	12,295
5	Eliminate unbilled revenues	26,204	-	-	-	-	-	6,119	-	-	20,085
6	Adjust for costs recovered through non-fuel riders	50,669	(16,862)	(1,092)	(117,348)	(3,071)	(10)	60,905	-	-	128,138
6F	Adjust for costs recovered through non-fuel riders - Supplemental	-	-	-	(24)	27	-	(1)	-	-	(2)
7	Adjust O&M for executive compensation	-	-	-	(3,301)	-	-	771	-	-	2,530
7J	Adjust O&M for executive compensation - Second Settlement	-	-	-	(238)	-	-	55	-	-	182
8	Annualize depreciation on year end plant balances	-	-	-	-	59,172	-	(13,817)	-	690	(46,045)
8E	Annualize depreciation on year end plant balances - Supplemental	-	-	-	-	(121)	-	28	-	-	92
9	Annualize property taxes on year end plant balances	-	-	-	-	-	7,469.73	(1,744)	-	-	(5,726)
10	Adjust for post test year additions to plant in service	-	-	-	-	50,629	6,771	(13,403)	-	-	(43,998)
10H	Adjust for post test year additions to plant in service - Second Supplemental	-	-	-	-	24,426	4,504	(6,755)	-	-	(22,175)
11	* Amortize deferred environmental costs	-	-	-	-	95,913	-	(22,396)	-	-	(73,517)
11CR	Adjust deferred environmental - Commission Request	-	-	-	-	(84,507)	-	19,733	-	-	64,774
12	Annualize O&M non-labor expenses	-	-	-	2,631	-	-	(614)	-	-	(2,017)
12J	Adjust non-labor expenses - Second Settlement	-	-	-	1,963	-	-	(458)	-	-	(1,505)
13	Normalize O&M labor expenses	-	-	-	(23,765)	-	(1,162)	5,820	-	-	19,106
13H	Adjust Normalization O&M Labor Expenses - Second Supplemental	-	-	-	(4,363)	-	138	987	-	-	3,238
14	Update benefits costs	-	-	-	(1,433)	-	-	335	-	-	1,099
14E	Update benefits costs	-	-	-	(2,126)	-	-	496	-	-	1,630
15	* Levelize nuclear refueling outage costs	-	-	-	(2,138)	-	-	499	-	-	1,639
15E	Adjust Levelized nuclear refueling outage costs - Supplemental	-	-	-	192	-	-	(45)	-	-	(147)
16	* Amortize rate case costs	-	-	-	801	-	-	(187)	-	-	(614)
16G	Adjust Amortize Rate Case costs - Supplemental Rebutal	-	-	-	-	-	-	-	-	-	-
17	Adjust aviation expenses	-	-	-	(1,986)	-	(27)	470	-	-	1,543
17G	Adjust aviation expenses - Supplemental Rebutal	-	-	-	(318)	-	-	74	-	-	244
18	Adjust for approved regulatory assets and liabilities	-	-	-	1,408	62,706	56	(14,984)	-	-	(49,187)
19	Adjust for Merger Related Costs	-	-	-	(5,530)	(21)	(73)	1,313	-	-	4,311
19H	Adjust Merger related Costs - Second Supplemental	-	-	-	-	(35)	-	8	-	-	27

McManeus Exhibit 1
Commission Request
Net ARO CCR against
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DUKE ENERGY CAROLINAS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Line No.	Description	Electric Operating Revenue (Col. 1)	Fuel Used in Electric Generation (Col. 2)	Purchased Power (Col. 3)	Other O&M Expense (Col. 4)	Depreciation and Amortization (Col. 5)	General Taxes (Col. 6)	Income Taxes 23.6519% (Col. 7)	EDIT Amortization	Amortization of ITC (Col. 8)	Operating Income
20	* Amortize Severance Costs	-	-	-	(46,208)	-	-	10,790	-	-	35,418
20G	Adjust amortization of Severance Costs - Supplemental Rebuttal	-	-	-	(1,255)	-	-	293	-	-	962
21	Adjust NC income taxes for rate change	-	-	-	-	-	-	(2,707)	-	-	2,707
22	* Synchronize interest expense with end of period rate base	-	-	-	-	-	-	(2,580)	-	-	2,580
22CR	Adjust Synchronize Interest Expense - Commission Request	-	-	-	-	-	-	(4,192)	-	-	4,192
23	* Adjust cash working capital for present revenue annualized and proposed revenue	-	-	-	-	-	-	103	-	-	(103)
23CR	Adjust Cash Working Capital - Commission Request	-	-	-	-	-	-	(103)	-	-	103
24	Adjust coal inventory	-	-	-	-	-	-	-	-	-	-
25	* Adjust for credit card fees	-	-	-	8,774	-	-	(2,049)	-	-	(6,725)
25F	Adjust Credit Card Fees - Supplemental	-	-	-	202	-	-	(47)	-	-	(155)
26	* Adjust Depreciation for new rates	-	-	-	-	72,133	-	(16,843)	-	-	(55,290)
26E	Adjust Depreciation for new rates - Supplemental	-	-	-	-	781	-	(182)	-	-	(599)
27	Adjust vegetation management expenses	-	-	-	7,739	-	-	(1,807)	-	-	(5,932)
28	Adjust reserve for end of life nuclear costs	-	-	-	-	(1,808)	-	422	-	-	1,386
29	* Update deferred balance and amortize storm costs	-	-	-	-	24,179	-	(5,646)	-	-	(18,533)
29H	Remove storm costs for securitization - Second Supplemental	-	-	-	-	(24,588)	-	5,741	-	-	18,846
30	Adjust Other Revenue	(9,502)	-	-	(36)	-	-	(2,210)	-	-	(7,256)
31	Adjust for change in NCUC regulatory fee-DEC	-	-	-	(500)	-	-	117	-	-	383
32	* Adjust for Hydro Stations Sale	-	-	-	(1,560)	1,773	(193)	(5)	-	-	(16)
32E	Adjust for Hydro Stations Sale - Supplemental	-	-	-	-	36	-	(8)	-	-	(27)
33D	Correct Lead Lag Per Books	-	-	-	-	-	-	-	-	-	-
34F	Remove Certain Test Period Expenses - Rebuttal	-	-	-	(271)	-	-	63	-	-	208
35G	Amortize Protected EDIT - Supplemental Rebuttal	-	-	-	-	-	-	6,943	(29,734)	-	22,791
36J	Settlement adjustment to remove certain items Second Settlement	-	-	-	(4,272)	(413)	-	1,094	-	-	3,591
37G	Storm Normalization - Supplemental Rebuttal	-	-	-	1,610	-	-	(376)	-	-	(1,234)
38J	Adjust Rate base for EDIT per settlement	-	-	-	-	-	-	-	-	-	-
39	Total adjustments - Original Filing	\$ (142,660)	\$ 168,854	\$ (170,936)	\$ (205,547)	\$ 358,330	\$ 12,832	\$ (59,918)	\$ -	\$ 690	\$ (246,966)
39CR	Changes in Second Settlement + Commission Request	\$ 33,282	\$ 3,308	\$ -	\$ (6,536)	\$ (81,117)	\$ 4,642	\$ 29,030	\$ (29,734)	\$ -	\$ 113,689
	Total Adjustments	\$ (109,378)	\$ 172,162	\$ (170,936)	\$ (212,083)	\$ 277,213	\$ 17,475	\$ (30,888)	\$ (29,734)	\$ 690	\$ (133,277)

Notes: * Identification required by NCUC Rule R1-17(b)

DUKE ENERGY CAROLINAS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Line No.	Description	EPIS	Accum Deprec	Materials & Supplies	Working Capital	ADIT	Operating Reserves	CWIP	Rate Base	Oper Inc Rev Req Impact	R/B Rev Req Impact	Total Rev Req Impact
1	Annualize retail revenues for current rates	-	-	-	-	-	-	-	-	\$ 109,999	-	109,999
2	Update fuel costs to proposed rate	-	-	-	-	-	-	-	-	\$ 14,136	-	14,136
2E	Update fuel costs to proposed rate - Supplemental	-	-	-	-	-	-	-	-	\$ 3,289	-	3,289
3	Normalize for weather	-	-	-	-	-	-	-	-	\$ 83,303	-	83,303
3F	Normalize for weather - Supplemental	-	-	-	-	-	-	-	-	\$ (11,615)	0	(11,615)
4	Annualize revenues for customer growth	-	-	-	-	-	-	-	-	\$ (7,155)	-	(7,155)
4J	Annualize revenues for customer growth - Second Settlement	-	-	-	-	-	-	-	-	\$ (16,102)	-	(16,102)
5	Eliminate unbilled revenues	-	-	-	-	-	-	-	-	\$ (26,304)	-	(26,304)
6	Adjust for costs recovered through non-fuel riders	(18,328)	4,243	(42,354)	(19,404)	12,472	-	-	(63,371)	\$ (167,811)	(5,447)	(173,257)
6F	Adjust for costs recovered through non-fuel riders - Supplemental	929	(206)	-	(37,184)	-	-	-	(36,462)	\$ 2	(3,134)	(3,131)
7	Adjust O&M for executive compensation	-	-	-	-	-	-	-	-	\$ (3,314)	-	(3,314)
7J	Adjust O&M for executive compensation - Second Settlement	-	-	-	-	-	-	-	-	\$ (238)	-	(238)
8	Annualize depreciation on year end plant balances	-	-	-	-	-	-	-	-	\$ 60,301	-	60,301
8E	Annualize depreciation on year end plant balances - Supplemental	-	-	-	-	-	-	-	-	\$ (121)	-	(121)
9	Annualize property taxes on year end plant balances	-	-	-	-	-	-	-	-	\$ 7,498	-	7,498
10	Adjust for post test year additions to plant in service	1,355,958	(619,363)	-	(4,945)	(17,144)	-	-	714,506	\$ 57,620	61,412	119,031
10H	Adjust for post test year additions to plant in service - Second Supplemental	855,724	(210,833)	-	43,220	(26,302)	-	-	661,809	\$ 29,040	56,882	85,923
11	Amortize deferred environmental costs	-	-	-	383,653	(89,584)	-	-	294,069	\$ (84,829)	(20,015)	(104,844)
11CR	Adjust deferred environmental - Commission Request	-	-	-	(303,807)	70,940	-	-	(232,867)	\$ (84,829)	(20,015)	(104,844)
12	Annualize O&M non-labor expenses	-	-	-	-	-	-	-	-	\$ 2,641	-	2,641
12J	Adjust non-labor expenses - Second Settlement	-	-	-	-	-	-	-	-	\$ 1,970	-	1,970
13	Normalize O&M labor expenses	-	-	-	-	-	-	-	-	\$ (25,021)	-	(25,021)
13H	Adjust Normalization O&M Labor Expenses - Second Supplemental	-	-	-	-	-	-	-	-	\$ (4,241)	-	(4,241)
14	Update benefits costs	-	-	-	-	-	-	-	-	\$ (1,439)	-	(1,439)
14E	Update benefits costs	-	-	-	-	-	-	-	-	\$ (2,134)	-	(2,134)
15	Levelize nuclear refueling outage costs	-	-	-	-	-	-	-	-	\$ (2,146)	-	(2,146)
15E	Adjust Levelized nuclear refueling outage costs - Supplemental	-	-	-	-	-	-	-	-	\$ 193	-	193
16	Amortize rate case costs	-	-	-	3,080	(719)	-	-	2,361	\$ 804	203	1,007
16G	Adjust Amortize Rate Case costs - Supplemental Rebutal	-	-	-	(3,080)	719	-	-	(2,361)	\$ -	(203)	(203)
17	Adjust aviation expenses	-	-	-	-	-	-	-	-	\$ (2,021)	-	(2,021)
17G	Adjust aviation expenses - Supplemental Rebutal	-	-	-	-	-	-	-	-	\$ (319)	-	(319)
18	Adjust for approved regulatory assets and liabilities	-	-	-	(139,897)	32,666	-	-	(107,231)	\$ 64,415	(9,216)	55,199
19	Adjust for Merger Related Costs	-	338	-	-	-	-	-	338	\$ (5,645)	29	(5,616)
19H	Adjust Merger related Costs - Second Supplemental	(1,577)	107	-	-	-	-	-	(1,469)	\$ (35)	(126)	(162)

DUKE ENERGY CAROLINAS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Line No.	Description	EPIS	Accum Deprec	Materials & Supplies	Working Capital	ADIT	Operating Reserves	CWIP	Rate Base	Oper Inc Rev Req Impact	R/B Rev Req Impact	Total Rev Req Impact
20	* Amortize Severance Costs	-	-	-	-	(10,767)	-	-	35,345	\$ (46,384)	3,038	(43,346)
20G	Adjust amortization of Severance Costs - Supplemental Rebuttal	-	-	-	(46,113)	10,767	-	-	(35,345)	\$ (1,260)	(3,038)	(4,298)
21	Adjust NC income taxes for rate change	-	-	-	-	-	-	-	-	\$ (3,545)	-	(3,545)
22	* Synchronize interest expense with end of period rate base	-	-	-	-	-	-	-	-	\$ (3,379)	-	(3,379)
22CR	Adjust Synchronize Interest Expense - Commission Request	-	-	-	-	-	-	-	-	\$ (5,490)	-	(5,490)
23	* Adjust cash working capital for present revenue annualized and proposed revenue	-	-	-	(20,794)	-	-	-	(20,794)	\$ 135	(1,787)	(1,652)
23CR	Adjust Cash Working Capital - Commission Request	-	-	-	20,806	-	-	-	20,806	\$ (135)	1,788	1,653
24	Adjust coal inventory	-	-	3,848	-	-	-	-	3,848	\$ -	331	331
25	* Adjust for credit card fees	-	-	-	-	-	-	-	-	\$ 8,808	-	8,808
25F	Adjust Credit Card Fees - Supplemental	-	-	-	-	-	-	-	-	\$ 203	-	203
26	* Adjust Depreciation for new rates	-	(72,913)	-	-	-	-	-	(72,913)	\$ 72,408	(6,267)	66,141
26E	Adjust Depreciation for new rates - Supplemental	-	(2)	-	-	-	-	-	(2)	\$ 784	(0)	784
27	Adjust vegetation management expenses	-	-	-	-	-	-	-	-	\$ 7,768	-	7,768
28	Adjust reserve for end of life nuclear costs	-	-	-	-	-	-	-	-	\$ (1,815)	-	(1,815)
29	* Update deferred balance and amortize storm costs	-	-	-	169,251	(39,520)	-	-	129,730	\$ 24,271	11,150	35,421
29H	Remove storm costs for securitization - Second Supplemental	(18,575)	578	-	(169,251)	39,520	-	-	(147,727)	\$ (24,881)	(12,697)	(37,379)
30	Adjust Other Revenue	-	-	-	-	-	-	-	-	\$ 9,502	-	9,502
31	Adjust for change in NCUC regulatory fee-DEC	-	-	-	-	-	-	-	-	\$ (502)	-	(502)
32	* Adjust for Hydro Stations Sale	(36,522)	14,093	(146)	19,280	(4,502)	-	-	(7,797)	\$ 20	(670)	(650)
32E	Adjust for Hydro Stations Sale	36,522	(14,093)	-	214	(50)	-	-	22,593	\$ 36	1,942	1,978
33D	Correct Lead Lag Per Books	-	-	-	(16,472)	-	-	-	(16,472)	\$ -	(1,416)	(1,416)
34F	Remove Certain Test Period Expenses	-	-	-	-	-	-	-	-	\$ (272)	-	(272)
35G	Amortize Protected EDIT - Supplemental Rebuttal	-	-	-	29,734	(6,943)	-	-	22,791	\$ (29,847)	1,959	(27,888)
36J	Settlement adjustment to remove certain items Second Settlement	(12,880)	413	-	-	-	-	-	(12,467)	\$ (4,703)	(1,071)	(5,774)
37G	Storm Normalization - Supplemental Rebuttal	-	-	-	-	-	-	-	-	\$ 1,616	-	1,616
38J	Adjust Rate base for EDIT per settlement	-	-	-	-	1,183,610	-	-	1,183,610	\$ -	101,731	101,731
39	Total adjustments - Original Filing	\$ 1,301,107	\$ (673,602)	\$ (38,652)	\$ 436,337	\$ (117,099)	\$ -	\$ -	\$ 908,092	\$ 323,429	\$ 78,050	\$ 401,480
39CR	Changes in Second Settlement + Commission Request	860,143	(224,035)	-	(481,934)	1,272,262	-	-	1,426,437	(148,888)	122,602	(26,286)
	Total Adjustments	\$ 2,161,250	\$ (897,636)	\$ (38,652)	\$ (45,597)	\$ 1,155,164	\$ -	\$ -	\$ 2,334,529	\$ 174,541	\$ 200,652	\$ 375,194

Notes: * Identification required by NCUC Rule R1-17(b)

DUKE ENERGY CAROLINAS, LLC
ORIGINAL COST RATE BASE-ELECTRIC OPERATIONS
DECEMBER 31, 2018
(Thousands of Dollars)

Line No.	Description	Page Reference	Total Company Per Books (Col. 1)	North Carolina Retail Operations		
				Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)
1	Electric plant in service	4a	\$ 41,057,320	\$ 27,969,103	\$ 2,161,250	\$ 30,130,353
2	Less: Accumulated depreciation and amortization	4b	(15,830,487)	(10,810,668)	(897,636)	(11,708,304)
3	Net electric plant		25,226,833	17,158,435	1,263,614	18,422,049
4	Add: Materials and supplies	4c	994,443	678,077	(38,652)	639,426
5	Working capital investment	4d	(406,979)	(253,955)	(45,597)	(299,553)
6	Less: Accumulated deferred taxes		(3,824,449)	(2,601,854)	1,155,164 (a)	(1,446,690)
7	Operating reserves		(628,321)	(424,053)	-	(424,053)
8	Construction work in progress		-	-	-	-
9	Total		\$ 21,361,527	\$ 14,556,650	\$ 2,334,529	\$ 16,891,179

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DUKE ENERGY CAROLINAS, LLC
ELECTRIC PLANT IN SERVICE AT ORIGINAL COST
DECEMBER 31, 2018
(Thousands of Dollars)

Line No.	Description	Total Company Per Books (Col. 1)	North Carolina Retail Operations		
			Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)
1	Production Plant	\$ 22,181,205	\$ 14,978,527	\$ 855,692	\$ 15,834,219
2	Transmission Plant	4,052,747	2,179,775	281,942	2,461,717
3	Distribution Plant	12,085,804	8,938,158	848,858	9,787,016
4	General Plant	1,212,985	830,763	121,110	951,873
5	Intangible Plant	986,751	687,541	53,649	741,191
6	Subtotal	40,519,492 (a)	27,614,764	2,161,250	29,776,015
7	Nuclear Fuel (Net)	537,828	354,338	-	354,338
8	Total electric plant in service	<u>\$ 41,057,320</u>	<u>\$ 27,969,103</u>	<u>\$ 2,161,250</u>	<u>\$ 30,130,353</u>

Notes: (a) Excludes asset retirement obligations, electric plant held for future use, and electric plant acquisition adjustments totaling \$642,372 thousand.
(b) Reflects certain plant in service additions/retirements through January 2020, and a reduction for solar electric plant recovered through the REPS rider.

DUKE ENERGY CAROLINAS, LLC
ACCUMULATED DEPRECIATION AND AMORTIZATION - ELECTRIC PLANT IN SERVICE
DECEMBER 31, 2018
(Thousands of Dollars)

No.	Description	Total Company Per Books (Col. 1)	North Carolina Retail Operations		
			Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)
1	Production Reserve	\$ (8,604,490)	\$ (5,795,067)	\$ (646,895)	\$ (6,441,962)
2	Transmission Reserve	(1,385,391)	(745,942)	(28,119)	(774,061)
3	Distribution Reserve	(4,816,028)	(3,561,642)	(123,998)	(3,685,640)
4	General Reserve	(414,681)	(285,334)	(34,371)	(319,705)
5	Intangible Reserve	(609,897)	(422,682)	(64,254)	(486,936)
6	Total	<u>\$ (15,830,487)</u>	<u>0 \$ (10,810,668)</u>	<u>\$ (897,636)</u>	<u>\$ (11,708,304)</u>

7 The annual composite rates based on the new depreciation study for computing depreciation (straight-line method) are shown below:

8	Steam production plant	4.40%
9	Nuclear production plant	3.60%
10	Hydro production plant	2.00%
11	Other production plant	3.21%
12	Transmission plant	2.23%
13	Distribution plant	2.28%
14	General plant	Various
15	Intangible plant	20.00%

Notes: (a) Excludes accumulated amortization of electric plant acquisition adjustment and accumulated depreciation related to asset retirement obligations totaling (\$107,345) thousand.

(b) Consists of adjustments to depreciation for year-end plant and certain plant additions/retirements through January 2020.

DUKE ENERGY CAROLINAS, LLC
MATERIALS AND SUPPLIES
DECEMBER 31, 2018
(Thousands of Dollars)

Line No.	Description	Total Company Per Books (Col. 1)	North Carolina Retail Operations		
			Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)
Fuel Stock:					
1	Coal	\$ 175,291	\$ 115,487	\$ 3,848 [a]	\$ 119,336
2	Gas	45,470	29,957	-	29,957
3	Total fuel stock	220,761	145,444	3,848	149,293
4	Other electric materials and supplies and stores clearing	773,682	532,633	(42,500) [b]	490,133
5	Total Materials and Supplies	\$ 994,443	\$ 678,077	\$ (38,652)	\$ 639,426

Notes: (a) Adjusts coal inventory to reflect the targeted inventory level of 35 days at full load.

(b) Eliminates (\$42,354) thousand of costs recorded in connection with non-fuel riders and (\$146) related to sale of hydro plants.

DUKE ENERGY CAROLINAS, LLC
WORKING CAPITAL INVESTMENT
DECEMBER 31, 2018
(Thousands of Dollars)

Line No.	Description	North Carolina Retail Operations				
		Total Company Per Books (Col. 1)	Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)	With Rev Incr (Col. 6)
1	Required bank balance	\$ 300	\$ 204	\$ -	\$ 204	\$ 204
2	Investor advanced funds:					
	Operating funds per lead-lag study	260,829	177,740 (a)	(16,460) (b)	161,280	195,452
3	Unamortized Debt	114,911	78,306	-	78,306	78,306
4	Pension Funding	580,864	394,363	-	394,363	394,363
5	Injuries and Damages	705,912	477,557	-	477,557	477,557
6	Regulatory Asset and Liability - Tax	(3,338,909)	(2,208,434)	-	(2,208,434)	(2,208,434)
7	Other	1,395,698	922,916	(29,137)	893,779	893,779
8	Total investor advanced funds	(280,695)	(157,552)	(45,597)	(203,149)	(168,977)
9	Less: customer deposits	(126,585)	(96,608)	-	(96,608)	(96,608)
10	Total working capital investment	\$ (406,979)	\$ (253,955)	\$ (45,597)	\$ (299,553)	\$ (265,380)

Notes: (a) From Speros Exhibit 2, Line 19.
(b) Reflects a decrease in 'operating funds per lead-lag study' for the adjusted total requirements in this rate case.
(c) Reflects an increase in 'operating funds per lead-lag study' for the impact of the revenue increase.

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For the test period ended December 31, 2018

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E-1 Item 10 Adjustments Requirement

Provide the detail work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

Detailed Narrative Explanation of Adjustment

This pro-forma adjusts amortization expense, income taxes and rate base for the amortization of deferred environmental costs related to the removal of coal ash.

The impact to depreciation expense reflects a 5 year amortization of deferred costs to remove coal ash costs. The balance of the deferral is projected through July 31, 2020 and includes a return during the deferral period.

The impact to rate base includes the additional deferred costs through July 2020 and the additional ADIT on the deferred balance change.

The impact to income taxes is determined by multiplying taxable income by the statutory tax rate.

September update:

Updated Non ARO Spend and ARO spend with actuals through September 2019.

October update:

Updated Non ARO Spend and ARO spend with actuals through October 2019.

November update:

Updated Non ARO Spend and ARO spend with actuals through November 2019.

December update:

Updated Non ARO Spend and ARO spend with actuals through December 2019.

January update:

Updated Non ARO Spend and ARO spend with actuals through January 2020.

Updated NC-1104 Non ARO Deferral calculation to include the impact of ADIT due to bonus depreciation on eligible projects.

Added tab NC-1109 ADIT showing the calculation of the ADIT amount.

Second Settlement

Updated Non ARO Amortization period to 8 years per settlement.

Commission Request

Applied the ARO balance against the EDIT Non Protected balance

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Line No.	Description	Total Coal Ash ARO		Total Coal Ash Non ARO		Total	
		NC Retail		NC Retail		NC Retail	
1	Impact to Income Statement Line Items						
2	Projected ending balance at July 31, 2020	\$ 378,464 [1]	\$	91,254 [2]	\$	469,718	
3	Amount applied to against EDIT	\$ (378,464)			\$	(378,464)	
4	Balance for amortization (L2)	\$ -	\$	91,254	\$	91,254	
5							
6	Years to amortize						8
7							
8	Annual amortization (L4 / L6)		\$ 11,407		\$ 11,407		11,407
9	Impact to depreciation and amortization (L8)	\$ -	\$	11,407	\$	11,407	
10							
11	Statutory tax rate	23.3503% [3]		23.3503% [3]			
12	Impact to income taxes (-L9 x L11)	\$ -	\$	(2,663)	\$	(2,663)	
13							
14	Impact to operating income (-L9 - L12)	\$ -	\$	(8,743)	\$	(8,743)	
15							
16	Impact to Rate Base Line Items						
17	Projected July 31, 2020 balance (L4)	\$ -	\$	91,254	\$	91,254	
18	Less: 1st year coal ash deferral amortization (-L8)	\$ -		(11,407)		(11,407)	
19	Projected coal ash def bal after one year of amortization (L17 + L18)	\$ -	\$	79,847	\$	79,847	
20							
21	Deferred tax rate	23.3503%		23.3503%			
22	Impact to accumulated deferred income tax (-L19 x L21)	\$ -	\$	(18,644)	\$	(18,644)	
23							
24	Impact to rate base (L19 + L22)	\$ -	\$	61,202	\$	61,202	

[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

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Duke Energy Carolinas - System Spend - Coal Ash including CAMA - ARO

Line		2018	2019	2020
<u>No.</u>	<u>Month</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actual</u>
1	January	17,378,709	16,290,098	10,386,430
2	February	14,580,288	24,408,532	
3	March	22,410,023	24,061,931	
4	April	19,654,264	20,018,173	
5	May	15,698,823	27,201,549	
6	June	23,765,376	18,738,461	
7	July	15,740,700	16,266,699	
8	August	20,090,707	58,647,352	
9	September	23,461,327	28,293,189	
10	October	22,328,101	15,788,972	
11	November	22,192,653	12,378,694	
12	December	11,607,596	15,830,255	
13	Total	<u>228,908,568</u>	<u>277,923,903</u>	<u>10,386,430</u>

Source: Duke Energy Carolinas Asset Accounting

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2018 Jan - Jul [5]
2018 Aug - Dec [5]
2019 [5]
2020 [5]
1.8884%
1.6829%
1.6887%
1.6887%
After Tax
LTD Rate
After Tax
Equity Rate

Duke Energy Carolinas - Coal Ash Non ARO - NC Retail Deferral

Line No.	Month	Beginning Balance (j)=P*(m)	Return on Investment (k)=(i)	Depreciation Expense (l)	NC Retail Allocation Factor (m)	Depreciation Expense (n)=(l)*(m)	Balance for Return (o)=(j)+(k)*(n)/2	After Tax Debt Return (p)=(o)*Debt rate	After Tax Equity Return (q)=(o)*Equity Rate	Ending Balance (r)=(j)+(k)+(n)+(p)+(q)
33	Jan-18	-	77	-	67.0068%	-	38	0	0	77
34	Feb-18	77	153	96	67.0068%	64	186	0	1	295
35	Mar-18	295	20,852	96	67.0068%	64	10,754	17	48	21,277
36	Apr-18	21,277	43,571	22,177	67.0068%	14,860	50,492	79	227	80,015
37	May-18	80,015	196,456	24,026	67.0068%	16,099	186,292	293	839	293,702
38	Jun-18	293,702	376,835	182,652	67.0068%	122,389	543,314	855	2,448	796,229
39	Jul-18	796,229	412,163	219,703	67.4614%	148,215	1,076,418	1,694	4,849	1,363,150
40	Aug-18	1,363,150	434,613	226,117	67.4614%	152,542	1,656,728	2,323	7,107	1,959,736
41	Sep-18	1,959,736	477,155	278,697	67.4614%	188,013	2,292,320	3,215	9,834	2,637,953
42	Oct-18	2,637,953	827,509	278,528	67.4614%	187,899	3,145,657	4,412	13,495	3,671,267
43	Nov-18	3,671,267	1,183,270	751,485	67.4614%	506,962	4,516,383	6,334	19,375	5,387,209
44	Dec-18	5,387,209	1,580,105	758,721	67.4614%	511,844	6,433,183	9,022	27,598	7,515,778
45	Jan-19	7,515,778	2,236,391	1,248,001	67.4614%	841,920	9,054,933	12,743	38,846	10,645,677
46	Feb-19	10,645,677	2,529,394	1,598,415	67.4614%	1,078,314	12,449,531	17,520	53,408	14,324,313
47	Mar-19	14,324,313	2,735,661	1,637,564	67.4614%	1,104,724	16,244,506	22,861	69,689	18,257,248
48	Apr-19	18,257,248	2,929,655	1,853,563	67.4614%	1,250,440	20,347,296	28,635	87,290	22,553,268
49	May-19	22,553,268	2,943,782	1,873,675	67.4614%	1,264,008	24,657,162	34,700	105,779	26,901,536
50	Jun-19	26,901,536	2,963,541	1,882,742	67.4345%	1,269,618	29,018,116	40,837	124,488	31,300,020
51	Jul-19	31,300,020	2,971,324	1,909,354	67.4345%	1,287,564	33,429,464	47,045	143,412	35,749,365
52	Aug-19	35,749,365	2,964,869	1,904,066	67.4345%	1,283,998	37,873,798	53,299	162,479	40,214,009
53	Sep-19	40,214,009	2,965,836	1,913,319	67.4345%	1,290,238	42,342,046	59,588	181,647	44,711,318
54	Oct-19	44,711,318	2,960,945	1,916,784	67.4345%	1,292,575	46,838,077	65,915	200,935	49,231,687
55	Nov-19	49,231,687	2,952,454	1,918,993	67.4345%	1,294,064	51,354,946	72,271	220,313	53,770,789
56	Dec-19	53,770,789	2,970,595	1,918,327	67.4345%	1,293,615	55,902,894	78,672	239,823	58,353,494
57	Jan-20	58,353,494	2,989,623	1,949,417	67.4345%	1,314,581	60,505,596	85,149	259,569	63,002,416
58	Feb-20	63,002,416	2,980,201	1,949,826	67.4345%	1,314,856	65,149,944	91,685	279,493	67,668,651
59	Mar-20	67,668,651	2,970,428	1,949,826	67.4345%	1,314,856	69,811,293	98,245	299,490	72,351,670
60	Apr-20	72,351,670	2,960,655	1,949,826	67.4345%	1,314,856	74,489,426	104,828	319,560	77,051,569
61	May-20	77,051,569	2,950,882	1,949,826	67.4345%	1,314,856	79,184,438	111,435	339,701	81,768,443
62	Jun-20	81,768,443	2,941,109	1,949,826	67.4345%	1,314,856	83,896,425	118,067	359,916	86,502,390
63	Jul-20	86,502,390	2,931,335	1,949,826	67.4345%	1,314,856	88,625,486	124,722	380,203	91,253,506
64	Total		60,401,438			25,603,744		1,296,459	3,951,865	91,253,506

- [1] NC-1105 Total Plant in Service beginning on line 27
[2] -NC-1105 Total Depreciation Expense beginning on line 60 + Prior Month
[3] NC 1106 Allocation Factor - Demand at Generation Level
[4] Beginning balance + additions for the month/2
[5] NC 1107 Cost of Capital
[6] NC-1105 Total Depreciation Expense beginning on line 60

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Duke Energy Carolinas - Coal/Ash Non ARO - Monthly Plant in Service

Line No.	Month	312 Belevs		312 Cliffside		311 Belevs		311 Marshall		311 Lee Plant		311 Allen		312 Marshall		312 Cliffside 6		311 Cliffside 5 & 6 Plant		341 Buck		312 Allen		315 Cliffside		Total Monthly Activity
		Plant In Service		Plant In Service		Plant In Service		Plant In Service		Plant In Service		Plant In Service		Plant In Service		Plant In Service		Plant In Service		Plant In Service		Plant In Service		Plant In Service		
1	Jan-18		32,555																							32,555
2	Feb-18																									-
3	Mar-18	8,103,839	686,080																							8,789,919
4	Apr-18	40,354							744,144																	784,499
5	May-18	64,091,537						106																		64,091,643
6	Jun-18	1,121,699						103																		12,740,215
7	Jul-18	1,492,265						106																		2,119,064
8	Aug-18	537,625						108																		19,711,255
9	Sep-18	314,909						117																		20,994
10	Oct-18	695,395																								158,410,869
11	Nov-18	151,124																								2,803,962
12	Dec-18	605,174																								175,697,694
13	Jan-19	(84,852)																								119,067,026
14	Feb-19	162,710																								1,236
15	Mar-19	(21,785)																								12,271,973
16	Apr-19	(800)																								82,185,095
17	May-19	(5,616)																								7,091,213
18	Jun-19	(12,221)																								1,914
19	Jul-19	12,368																								3,291,485
20	Aug-19	5																								9,920,196
21	Sep-19	(7)																								767
22	Oct-19	(0)																								58
23	Nov-19																									140
24	Dec-19																									3,344,820
25	Jan-20																									162
26	Total	77,203,723	13,688,061	70,119,334		171,284,349		19,125,923		78,393,210		91,650,046		1,525,627		100,620,642		1,478,579		68,647,075		6,667				693,743,237

Source: Duke Energy Carolinas Asset Accounting to all pages

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Duke Energy Carolinas - Coal Ash Non ARO - Total Plant in Service

		312 Beles Plant In Service	312 Cliffside Plant In Service	311 Beles Plant In Service	311 Marshall Plant In Service	311 Lee Plant In Service	311 Allen Plant In Service	312 Marshall Plant In Service	312 Cliffside 6 Plant In Service	311 Cliffside 5 & 6 Plant In Service	341 Buck Plant In Service	312 Allen Plant In Service	315 Cliffside 5&6 Plant In Service	Total Plant in Service
27	Jan-18	-	32,555	-	-	-	-	-	-	-	-	-	-	32,555
28	Feb-18	-	32,555	-	-	-	-	-	-	-	-	-	-	32,555
29	Mar-18	8,103,839	718,635	-	-	-	-	-	-	-	-	-	-	8,822,474
30	Apr-18	8,144,193	718,635	-	-	-	-	-	-	-	-	-	-	9,606,973
31	May-18	72,235,730	718,635	-	744,144	-	-	-	-	-	-	-	-	73,698,616
32	Jun-18	73,357,429	718,635	-	744,251	-	-	-	-	-	-	-	-	86,438,831
33	Jul-18	74,849,694	718,635	-	744,354	-	-	-	-	-	-	-	-	88,557,895
34	Aug-18	75,387,319	718,635	-	744,460	-	-	-	-	-	-	-	-	108,269,151
35	Sep-18	75,702,229	718,635	-	744,568	-	-	-	-	-	-	-	-	108,290,145
36	Oct-18	76,397,623	718,635	-	744,675	-	-	-	-	-	-	-	-	266,701,014
37	Nov-18	76,548,748	718,635	-	744,782	-	-	-	-	-	-	-	-	269,504,976
38	Dec-18	77,153,921	718,635	-	744,889	-	-	-	-	-	-	-	-	445,202,670
39	Jan-19	77,069,069	718,635	-	744,996	-	-	-	-	-	-	-	-	564,269,696
40	Feb-19	77,231,779	718,635	-	745,103	-	-	-	-	-	-	-	-	576,541,669
41	Mar-19	77,209,994	718,635	-	745,210	-	-	-	-	-	-	-	-	653,726,764
42	Apr-19	77,209,194	718,635	-	745,317	-	-	-	-	-	-	-	-	663,617,977
43	May-19	77,203,577	718,635	-	745,424	-	-	-	-	-	-	-	-	669,109,462
44	Jun-19	77,191,356	718,635	-	745,531	-	-	-	-	-	-	-	-	679,029,657
45	Jul-19	77,203,725	718,635	-	745,638	-	-	-	-	-	-	-	-	677,032,969
46	Aug-19	77,203,730	718,635	-	745,745	-	-	-	-	-	-	-	-	680,377,789
47	Sep-19	77,203,723	718,635	-	745,852	-	-	-	-	-	-	-	-	681,691,050
48	Oct-19	77,203,723	718,635	-	745,959	-	-	-	-	-	-	-	-	682,448,552
49	Nov-19	77,203,723	718,635	-	746,066	-	-	-	-	-	-	-	-	682,160,765
50	Dec-19	77,203,723	718,635	-	746,173	-	-	-	-	-	-	-	-	693,595,700
51	Jan-20	77,203,723	718,635	-	746,280	-	-	-	-	-	-	-	-	693,743,237
52	Feb-20	77,203,723	718,635	-	746,387	-	-	-	-	-	-	-	-	693,743,237
53	Mar-20	77,203,723	718,635	-	746,494	-	-	-	-	-	-	-	-	693,743,237
54	Apr-20	77,203,723	718,635	-	746,601	-	-	-	-	-	-	-	-	693,743,237
55	May-20	77,203,723	718,635	-	746,708	-	-	-	-	-	-	-	-	693,743,237
56	Jun-20	77,203,723	718,635	-	746,815	-	-	-	-	-	-	-	-	693,743,237
57	Jul-20	77,203,723	718,635	-	746,922	-	-	-	-	-	-	-	-	693,743,237

Source: Duke Energy Carolinas Asset Accounting to all pages

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Duke Energy Carolinas - Coal/Ash Non ARO - System Depreciation Expense

		312 Beilews		312 Cliffside		311 Beilews		311 Marshall		311 Lee		311 Allen		312 Marshall		312 Cliffside 6		311 Cliffside 5 & 6		341 Buck		312 Allen		315 Cliffside		Total
		Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	Depreciation Expense	
58	Depreciation Rate Prior To 8/2018	0.0297	0.0354	0.0257	0.0282	0.0314	0.0675	0.0357	0.0354	0.0328	0.0299	0.0311	0.0296	0.0534	0.0337	0.0322	0.0311	-	-	-	-	-	-	-	-	-
59	Depreciation Rate Beg. 8/2018	0.0296	0.0366	0.0307	0.0314	0.0319	0.0319	0.0473	0.0328	0.0299	0.0311	0.028	0.028	0.0534	0.037	0.0311	0.0311	-	-	-	-	-	-	-	-	-
60	Jan-18	-	96	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	96
61	Feb-18	-	96	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	96
62	Mar-18	-	2,120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,177
63	Apr-18	20,057	2,120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,026
64	May-18	20,157	2,120	-	-	1,749	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	182,652
65	Jun-18	178,783	2,120	-	-	1,749	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	219,703
66	Jul-18	181,560	36,394	-	-	1,749	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	226,117
67	Aug-18	184,629	39,539	-	-	1,948	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	278,697
68	Sep-18	185,955	41,754	-	-	1,948	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	278,528
69	Oct-18	186,732	40,471	-	-	1,949	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	751,485
70	Nov-18	188,447	41,001	22,651	89,405	49,897	49,376	148,624	211,460	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	758,721
71	Dec-18	188,820	41,017	22,767	90,971	90,971	50,280	148,760	212,587	3,539	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,248,001
72	Jan-19	190,313	41,381	109,371	217,907	217,907	51,051	248,474	213,787	3,695	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,598,415
73	Feb-19	190,104	41,532	172,744	220,459	220,459	51,080	283,805	214,832	3,790	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,637,564
74	Mar-19	190,505	41,646	174,163	221,251	221,251	50,817	298,052	215,687	3,793	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,853,563
75	Apr-19	190,451	41,749	176,060	423,207	423,207	50,843	300,554	216,247	3,799	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,873,675
76	May-19	190,449	41,749	177,263	426,849	426,849	50,843	304,814	216,717	3,801	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,882,742
77	Jun-19	190,435	41,749	177,710	431,009	431,009	50,843	306,144	216,605	3,801	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,909,354
78	Jul-19	190,405	41,749	177,907	443,409	443,409	50,843	306,884	223,870	3,801	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,904,066
79	Aug-19	190,436	41,749	178,160	439,275	439,275	50,843	307,039	221,326	3,801	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,913,319
80	Sep-19	190,436	41,749	179,362	444,126	444,126	50,843	308,198	221,452	3,801	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,916,784
81	Oct-19	190,436	41,749	179,389	446,537	446,537	50,843	308,323	221,468	3,801	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,918,993
82	Nov-19	190,436	41,749	179,389	447,278	447,278	50,843	308,878	221,507	3,801	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,918,327
83	Dec-19	190,436	41,749	179,389	448,186	448,186	50,843	308,977	249,986	3,801	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,949,417
84	Jan-20	190,436	41,749	179,389	448,310	448,310	50,843	309,000	250,510	3,801	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,949,826
85	Feb-20	190,436	41,749	179,389	448,194	448,194	50,843	309,000	250,510	3,801	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,949,826
86	Mar-20	190,436	41,749	179,389	448,194	448,194	50,843	309,000	250,510	3,801	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,949,826
87	Apr-20	190,436	41,749	179,389	448,194	448,194	50,843	309,000	250,510	3,801	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,949,826
88	May-20	190,436	41,749	179,389	448,194	448,194	50,843	309,000	250,510	3,801	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,949,826
89	Jun-20	190,436	41,749	179,389	448,194	448,194	50,843	309,000	250,510	3,801	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,949,826
90	Jul-20	190,436	41,749	179,389	448,194	448,194	50,843	309,000	250,510	3,801	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,949,826

Source: Duke Energy Carolinas Asset Accounting to all pages

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Duke Energy Carolinas - Cost of Service - Allocation Factors

Line No.	<u>Allocation Factor</u>	<u>NC Retail</u> <u>2016</u>	<u>NC Retail</u> <u>2017</u>	<u>NC Retail</u> <u>2018</u>
1	Allocation Factor - Demand at Generation Level	67.0068%	67.4614%	67.4345%
2	Allocation Factor - MWHs at Generation	66.6244%	65.9759%	65.8832%

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Weighted Cost of Capital Rates for Duke Energy Carolinas

		<u>Jan-Jul 2018</u>				
		Capitalization	Approved	<u>Weighted Cost of Capital (WACC)</u>		
	<u>Description</u>	<u>Ratio [1]</u>	<u>Cost Rate [1]</u>	<u>Return</u>	<u>After tax</u>	<u>Before Tax</u>
5	Long Term Debt	47.00%	5.26%	2.4722%	1.8884%	2.4722%
6	Equity	53.00%	10.20%	5.4060%	5.4060%	7.0773%
7	Total	<u>100.00%</u>		<u>7.8782%</u>	<u>7.2944%</u>	<u>9.5495%</u>
9	Return on Equity Rate		2.0344%			
10	Effective State and Federal Income Tax Rate		23.6149% [3]			
		<u>Aug-Dec 2018</u>				
		Capitalization	Approved	<u>Weighted Cost of Capital (WACC)</u>		
	<u>Description</u>	<u>Ratio [2]</u>	<u>Cost Rate [2]</u>	<u>Return</u>	<u>After tax</u>	<u>Before Tax</u>
16	Long Term Debt	48.00%	4.59%	2.2032%	1.6829%	2.2032%
17	Equity	52.00%	9.90%	5.1480%	5.1480%	6.7395%
18	Total	<u>100.00%</u>		<u>7.3512%</u>	<u>6.8309%</u>	<u>8.9427%</u>
20	Return on Equity Rate		2.2409%			
21	Effective State and Federal Income Tax Rate		23.6149% [3]			
		<u>Jan-Dec 2019</u>				
		Capitalization	Approved	<u>Weighted Cost of Capital (WACC)</u>		
	<u>Description</u>	<u>Ratio [2]</u>	<u>Cost Rate [2]</u>	<u>Return</u>	<u>After tax</u>	<u>Before Tax</u>
27	Long Term Debt	48.00%	4.59%	2.2032%	1.6887%	2.2032%
28	Equity	52.00%	9.90%	5.1480%	5.1480%	6.7163%
29	Total	<u>100.00%</u>		<u>7.3512%</u>	<u>6.8367%</u>	<u>8.9195%</u>
31	Return on Equity Rate		2.2467%			
32	Effective State and Federal Income Tax Rate		23.3503% [4]			

[1] Cost of capital rates from Docket No. E-7, Sub 1026

[2] Cost of capital rates from Docket No. E-7, Sub 1146

[3] Duke Energy Carolinas Accounting

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

Duke Energy Carolinas, LLC
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Depreciation Rates

	Prior to Aug 2018	Beg. Aug 2018
1 D FOS 312 Belews Crk	2.97%	2.96%
2 D FOS 311 Belews Crk	2.57%	3.07%
3 D FOS 312 Cliffside 5	3.54%	3.66%
4 D FOS 311 Marshall	2.82%	3.14%
5 D FOS 311 Lee-20003	6.57%	3.19%
6 D FOS 311 Allen-20003	3.57%	4.73%
7 D FOS 312 Marshall-20003	3.54%	3.28%
8 D FOS 312 Cliffside 6-20003	3.24%	2.99%
9 D FOS 312 Allen-20003	5.34%	3.70%
10 D FOS 311 Cliffside 5&6-20003	2.99%	3.11%
11 D OTH 341 Buck-20004	2.96%	2.80%
12 D FOS 315 Cliffside 5&6-20003	3.22%	3.11%

Source: Duke Energy Asset Accounting

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Amortize deferred environmental costs
For the test period ended December 31, 2016

Non-ARO Related ADIT

Project	CI0000214 Alternates Start-up Dry Fly Ash System D FOS 312 Wetwtr Ck-20003	CI0000370 BC Dry Bottom Ash Conversion D FOS 312 Wetwtr Ck-20003	CS5051310 US Bottom Ash Conveying Spc. D FOS 312 Cntnlwtr S-20003	CS5051492 CS Unit 5 Dry Flyash Conversion D FOS 312 Cntnlwtr S-20003	CR0000360 Enhanced FGD Wastewater Treatment D FOS 311 Wetwtr Ck-20003	CR0000443 CCP Storm Water/Process Water Route D FOS 311 Wetwtr Ck-20003	CR0000444 CCP Used Retention Basin D FOS 311 Wetwtr Ck-20003	CM5000212 MAR Enrichd. FGD Wastewater Treat. D FOS 311 Wetwtr Ck-20003	CM5000285 Storm Water/Process Water Route D FOS 311 Wetwtr Ck-20003	CM5000286 Used Retention Basin D FOS 311 Wetwtr Ck-20003	CM5000602 CCP- Dry Bottom Ash Haul road construction D FOS 311 Wetwtr Ck-20003	CL5000085 Waste Water Treatment D FOS 311 Wetwtr Ck-20003	CAS000201 Enhanced FGD Wastewater Treatment D FOS 311 Wetwtr Ck-20003
201802													
201803	8,103,839										744,144		
201804	40,354										106		
201805	99,658										103		
201806	735,467	69,951,879	11,617,735								108	18,447,422	
201807	245,232	1,445,600	644,230								108		
201808	5,493	532,133		81,870							117	126,741	
201809	24,883	290,027	(421,543)	770							105	195,720	
201810	108,015	587,380	173,057		8,853,763					33,422,770	(438)	136,838	
201811	13,238	137,887	8,285		(2,840)					449,292	631	297,463	
201901	589,044	589,044	115,089		127,180		33,724,552			598,701			
201901	(84,248)		40,737		2,540		1,62,299			719,468			
201902	16,129	16,129	3,727		2,540		2,540			598,701			
201903	(604)		3,792		86,535		22,537			137,984			
201904		(12,785)			2,389		212,212			(13,460)			
201905		(800)			21,058		126,162		1,390,263	12,641	0		
201906		(5,616)			(34,621)		89,223		1,381,060	195,844			
201907		(12,221)			5,886		27,142		4,630,598	88,866			
201908		5			(2,870)		95,965		19,526	1,668			
201909		0			(1,518)		152,089		693,711	3,650			
201910		0			8,238		2,39		8,238	919			
201911		0			(3)		(0)		137,444	78			
201912									92,099	(460)			
202001									719,370				
									137,772				
									(44,188)				
Grand Total	8,785,900	68,414,823	12,883,460	804,601	9,147,141	26,231,658	34,786,535	84,990,953	50,207,413	35,478,610	744,925	19,125,923	9,873,867

Non ARO Related ADIT

GrandTotal

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Synchronize interest expense with end of period rate base
For the test period ended December 31, 2018

NC-2200
Narrative
Commission Request

E-1 Item 10 Adjustments Requirement

Provide the detail work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

Detailed Narrative Explanation of Adjustment

This pro forma adjusts income taxes to reflect the tax impact that results from annualizing interest expense based on the end-of-period, adjusted rate base.

The impact to income taxes is determined as follows:

First, multiply rate base after all pro forma adjustments have been made by the long-term debt ratio to calculate an adjusted long-term debt balance. Second, multiply the adjusted long-term debt balance by the end of year cost of long-term debt to calculate annualized interest expense. Third, subtract interest expense incurred during the test period from annualized interest expense and multiply the difference by the statutory tax rate.

September Update

Recalculated based on September updated figures

October Update

Recalculated based on October updated figures

November Update

Recalculated based on November updated figures

December Update

Recalculated based on December updated figures

January Update

Recalculated based on December updated figures

January Rebuttal

Recalculated based on changes in other proformas adjustments

Supplemental Rebuttal

Recalculated based on updated figures as a result of the settlement agreement.

May Second Supplemental

Recalculated based on updated figures as a result of the May Second Supplemental updates.

May Second Supplemental-S

Recalculated based on the change in the capital structure to a D/E ratio of 48/52.

Second Settlement

Recalculated based on updated figures as a result of the Second Settlement updates.

Commission Request

Recalculated based on netting Coal Ash Balance with EDIT

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Synchronize interest expense with end of period rate base
For the test period ended December 31, 2018
(Dollars in thousands)

NC-2201
Page 1 of 1
Commission Request

Line No.	Description	Total Carolinas Col [a]	NC Retail Allocation Col [b]	Total NC Retail Col [c]
1				
2	Rate base before pro forma adjustments	\$ 21,361,527 [1]	68.1442% [2]	\$ 14,556,650 [1]
3				
4	Pro forma rate base	\$ 24,787,387 [3]		\$ 16,891,167 [7]
5				
6	Long-term debt ratio	48.0000% [4]		48.0000% [4]
7	Calculated long-term debt (L4 x L6)	\$ 11,897,946		\$ 8,107,760
8				
9	End of year cost of long-term debt	4.2700% [4]		4.2700% [4]
10	Annualized interest expense (L7 x L9)	\$ 508,042		\$ 346,201
11				
12	Incurred interest expense	465,481 [5]		317,199 [5]
13	Increase / <decrease> to interest costs (L10 - L12)	\$ 42,561		\$ 29,003
14				
15	Statutory tax rate	23.3503% [6]		23.3503% [6]
16	Impact to income taxes (-L13 x L15)	\$ (9,938)		\$ (6,772)
17				
18	Impact to operating income (-L16)	\$ 9,938		\$ 6,772

[1] McManeus Exhibit 1, Page 1, Line 12

[2] Allocation Factor - Calculation: L2, Col [c] / L2, Col [a]

[3] Calculation: L4, Col [c] / L2, Col [b]

[4] McManeus Exhibit 1, Page 2, Line 1

[5] Cost of Service, E-1 Item 45a, Total Other Interest Expense

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

[7] McManeus Exhibit 1, Page 1, Line 12 Less Detail of Accounting Adjustments Page 3, line 23 Rate base

Duke Energy Carolinas, LLC

NC-2300

Docket No. E-7, Sub 1214

Narrative

Adjust cash working capital for present revenue annualized and proposed revenue
For the test period ended December 31, 2018

Commission Request
Net CCR ARO Against EDIT

E-1 Item 10 Adjustments Requirement

Provide the detail work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

Detailed Narrative Explanation of Adjustment

This pro forma adjusts cash working capital to incorporate the impact of the other pro forma adjustments. It also calculates the additional cash working capital required as a result of the proposed increase in rates. The adjustment is in accordance with the Commission's March 21, 2016 order in Docket No. M-100 Sub 137.

September Update

Recalculated based on September updated figures

October Update

Recalculated based on October updated figures

November Update

Recalculated based on November updated figures

December Update

Recalculated based on December updated figures

Updated NC-2303 Summary based on revised E&Y Lead Lag Study

Updated NC-2302 Lead Lag days based on revised E&Y study.

January Update

Recalculated based on January updated figures

January Rebuttal

NC 2301 and 2302 were set up in more detail like the Public Staff

Impacted by changes in other proformas

Supplemental Rebuttal

Recalculated based on updated figures as a result of the Settlement agreement

Second Settlement

Recalculated based on updated figures as a result of the Settlement agreement

Commission Request

Recalculated based on netting Coal Ash Balance with EDIT

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Adjust cash working capital for proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands

NC-2301
Page 1 of 2

Commission Request
Net CCR ARO Against EDIT

Line No.	Description	NC Retail Financials		NC Retail Iteration 1		NC Retail Iteration 2		Wgt Lead Lag Days	Wgt Lead Lag Days
		Adjusted with CWC (a)	Adjusted w/increase (c)=(n)	Increase (d)=(e)-(a)	Increase (e)=(a)+(d)	Increase (g)=(h)-(e)	Increase (h)=(e)+(g)		
1	Total Adjusted Revenue	4,794,706 [1]						40.11 [1]	40.11 [1]
2	Revenue Increase (L3)							39.58 [12]	39.58 [12]
3	Revenues Solved Through Iterative Process to Produce Target ROR (L1 + L2)	4,794,706	5,112,407	314,764	5,109,470	2,924	5,112,394	40.07 [13]	40.07 [13]
4									
5	Total Adjusted Fuel Used in Electric Generation	1,161,536 [1]	0		1,161,536		1,161,536	22.33 [1]	22.33 [1]
6	Adjusted Purchased Power	23,412 [1]	0		23,412		23,412	136.58 [1]	136.58 [1]
7									
8	Operation & Maintenance Expense	1,163,856 [1]	0					33.73 [1]	33.73 [1]
9	Revenue Increase (L10)							33.90 [12]	33.90 [12]
10	Operation and Maintenance Expense with Increase (L8 + L9)	1,163,856	1,165,063	1,195 [5]	1,165,051	11 [5]	1,165,062	33.73 [13]	33.73 [13]
11									
12	Total Adjusted Depreciation and Amortization	1,116,017 [1]	0		1,116,017		1,116,017	- [1]	- [1]
13	Total Adjusted General Taxes	212,156	212,156		212,156		212,156	170.43	170.43
14									
15	Total Adjusted Interest on Customer Deposits	7,130 [1]	0		7,130		7,130	218.39 [1]	218.39 [1]
16									
17	Net Income Taxes	194,109	0				0	0.44	0.44
18	Revenue Increase (L19)							0.48 [12]	0.48 [12]
19	Income Taxes with Increase (L17 + L18)	194,109	267,848	73,219 [7]	267,328	517 [7]	267,845	0.32 [13]	0.32 [13]
20									
21	Total EDIT Amortization	(29,734)	0		(29,734)		(29,734)	- [1]	- [1]
22	Total Adjusted Amortization of Investment Tax Credit	(2,836) [1]	0		(2,836)		(2,836)	- [1]	- [1]
23									
24	Total Operating Expense (L5+L6+L10+L12+L13+L15+L19+L21+L22)	3,845,646	3,920,592	74,414	3,920,061	528	3,920,589	27 [14]	27 [14]
25	Income for Return (L3 - L23)	949,060	1,191,816	240,350	1,189,409 [8]	2,396	1,191,805 [8]	24.80 [14]	24.80 [14]
26	Interest Expense	346,202 [1]	346,902	0	346,202 [9]	897	346,899 [9]	85.20 [1]	85.20 [1]
27	Return for Equity (L25 - L26)	602,858	844,914	240,350	843,208	1,698	844,906	- [1]	- [1]
28									
29	Total Requirement (L23 + L25 = L3)	4,794,706	5,112,407		5,109,470		5,112,394	26.56 [14]	26.56 [14]
30	Rate Base [CWC Solved for Through Iterative Process]	16,891,179 [1]	16,925,352		16,891,179 [10]		16,925,199	34.020 [15]	34.020 [15]
31	Overall Rate of Return (L25 / L30)	5.62%	7.04%		7.04%		7.0416%	7.0416%	7.0416%
32	Target Rate of Return	7.04% [2]	7.04%		7.04%		7.0416%	7.0416%	7.0416%
33									
34	Calculation of Change in Cash Working Capital (CWC) due to Revenue Increase								
35	Annual Requirement (L3 and/or L29)	Adjusted 4,794,706	Adj w/incl 5,112,407	Rev Incr	5,109,470		5,112,394.07		
36	Daily Requirement (L36 / 365 Days)	13,136	14,007		13,999		14,007		
37	Net Lag Days (Column (c) only: L38 / L37)	11.81	13.51		13.51		13.51		
38	Est. CWC Req. Before Sales Tax Requirement (L37 x L)	155,075	189,248 [4]	34,173 [3]	189,095	152	189,247		
39	Add: Working Capital Related to NC Sales Tax	6,204 [1]	6,204		6,204 [1]		6,204		
40	Total Cash Working Capital Requirements (L38 + L39)	161,279	195,452	34,173	195,452		195,452		

[1] NC-2302-Adjustment to cash working capital for present revenue annualized, column (c), column (e), and column (h)
[2] NC-2304-Inputs, Total ROR
[3] Ties to Line 30, Column (b)
[4] Sum of Line 38, Columns (a) + (d) + (g) + (i)
[5] Sum of (L19 + L25) x Reg Fee and Uncollectibles Rate: 0.379777%
[7] L27 / (1 - Tax Rate: 23.3503%) - L27
[8] Line 30 x Rate of Return: 7.0416%
[9] Line 30 x Debt Rate: 4.27% and Debt Ratio: 48%
[10] Column (e) = Column (a)
[11] Line 3, Column (f), (i) - Line 29, Column (f), (i), (j)
[12] Docket No. E-7, Sub 1214, E-7 Item 14, Lead Lag
[13] Calculation of Average Lead/Lag Day
[14] New weighted averages are calculated.
[15] Line 38, Columns (d), (g), (j)

		NC-2301 Page 2 of 2		Commission Request Net CCR ARO Against EDIT	
		NC Retail Iteration 3		NC Retail Iteration 4	
Line No.	Description	Increase (j)=(k)-(h)	Wgt Lead Lag Days (l)	Increase (m)=(n)-(k)	Wgt Lead Lag Days (o)
1	Total Adjusted Revenue	13		0	
2	Revenue Increase (L3)				
3	Revenues Solved Through Iterative Process to Produce Target ROR (L1 + L2)	13	40.11 [1]	0	40.11 [1]
4					
5	Total Adjusted Fuel Used in Electric Generation				
6	Adjusted Purchased Power				
7					
8	Operation & Maintenance Expense				
9	Revenue Increase (L10)				
10	Operation and Maintenance Expense with Increase (L8 + L9)	0	40.07 [13]	0	40.07 [13]
11					
12	Total Adjusted Depreciation and Amortization				
13	Total Adjusted General Taxes	0	33.73 [1]	0	33.73 [1]
14					
15	Total Adjusted Interest on Customer Deposits				
16					
17	Net Income Taxes				
18	Revenue Increase (L19)				
19	Income Taxes with Increase (L17 + L18)	2	33.90 [12]	0	33.90 [12]
20					
21	Total EDIT Amortization				
22	Total Adjusted Amortization of Investment Tax Credit				
23					
24	Total Operating Expense (L5+L6+L10+L12+L13+L15+L19+L21+L22)	2	33.73 [13]	0	33.73 [13]
25	Income for Return (L3 - L23)				
26	Interest Expense				
27	Return for Equity (L25 - L26)				
28					
29	Total Requirement (L23 + L25 = L3)				
30	Rate Base [CWC Solved for Through Iterative Process]				
31	Overall Rate of Return (L25 / L30)	152	26.56 [14]	1	26.56 [14]
32	Target Rate of Return				
33					
34	Calculation of Change in Cash Working Capital (CWC) due to Revenue Increase				
35					
36	Annual Requirement (L3 and/or L29)				
37	Daily Requirement (L36 / 365 Days)				
38	Net Lag Days (Column (c) only: L38 / L37)				
39	Est. CWC Req. Before Sales Tax Requirement (L37 x L)	1			
40	Add: Working Capital Related to NC Sales Tax				
	Total Cash Working Capital Requirements (L38 + L39)				

[1] NC-2302-Adjustment to cash working capital for present revenue annualized, column (c), column (e), and column (h)
 [2] NC-2304-Inputs, Total ROR
 [3] Ties to Line 30, Column (b)
 [4] Sum of Line 38, Columns (a) + (d) + (g) + (j)
 [5] Sum of (L19 + L25) x Reg Fee and Uncollectibles Rate: 0.379777%
 [7] L27 / (1 - Tax Rate: 23.3503%) - L27
 [8] Line 30 x Rate of Return: 7.0416%
 [9] Line 30 x Debt Rate: 4.27% and Debt Ratio: 48%
 [10] Column (e) = Column (a)
 [11] Line 3, Column (f), (i), (j) - Line 29, Column (f), (i), (j)
 [12] Docket No. E-7, Sub 1214, E-7 Item 14, Lead Lag
 [13] Calculation of Average Lead/Lag Day
 [14] New weighted averages are calculated.
 [15] Line 38, Columns (d), (g), (j)

NC-2302
Page 1 of 3
Commission Request
Net CCR ARO Against EDIT

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Working capital for present revenue annualized and proposed revenue
For the test period ending December 31, 2018
Dollars in Thousands
Cash Working Capital for Present Revenue

		Financials				NC Retail				Lead Lag Days			
Line No.	Description	Per Books (a)	Adjustments (b)	Adjusted Before Change in CMC (c)=(a)+(b)	Change in CMC (d)	Adjusted with CMC (e)=(c)+(d)	Per Books (f)	Adjustments (g)	Adjusted Before Increase (h)=(f)+(g)	Working Capital Lead/Lag Study			
1	Rate revenues	4,751,193 [1]		4,751,193		4,751,193	39.59 [1]		39.59	515,212			
2	Sales for resale revenues	61,600		61,600		61,600	35.44		35.44	5,981			
3	Portfolio discounts	15,256		15,256		15,256	70.00		70.00	2,926			
4	Miscellaneous service revenues	9,541		9,541		9,541	76.00		76.00	1,987			
5	Rent revenues - extra facilities - depreciation			0		0			0.00	-			
6	Rent revenues - extra facilities - other	25,058		25,058		25,058	30.13		30.13	2,069			
7	Rent revenues - tower & line attachments	27,655		27,655		27,655	143.39		143.39	10,864			
8	Tower lease revenues	6,161		6,161		6,161	(93.97)		(93.97)	(1,586)			
9	Other electric rents	3,080		3,080		3,080	45.21		45.21	379			
10	Return & depr - Catawba general plant	11,264		11,264		11,264	(15.21)		(15.21)	(469)			
11	Other misc revenues - CIAC & comp for svc	13,227		13,227		13,227	(15.21)		(15.21)	(551)			
12	Other electric revenues - timber sales	(2,737)		(2,737)		(2,737)	0.00		0.00	-			
13	Profit or loss on sale of M&S	(1)		(1)		(1)	0.00		0.00	-			
14	Deferred DSM costs - NC	(377)		(377)		(377)	0.00		0.00	-			
15	Other revenue affiliate	8,729		8,729		8,729	40.21		40.21	962			
16	Revenues from trans of electricity to others	5,032		5,032		5,032	40.41		40.41	557			
17	Other electric revenues	3,639		3,639		3,639	36.03		36.03	359			
18	Other transmission revenues	(38,869)		(38,869)		(38,869)	0.00		0.00	-			
19	Other transmission riders	1,916		1,916		1,916	0.00		0.00	-			
20	Rate Schedule Revenue Adjustments												
21	PF REV-Annualize retail revenues for current rates		(110,407) [3]	(110,407)		(110,407)	39.59 [2]		39.59	(11,972)			
22	PF REV-Normalize for weather		(96,809) [3]	(96,809)		(96,809)	39.59 [2]		39.59	(10,489)			
23	PF REV-Annualize revenues for customer growth		30,467 [3]	30,467		30,467	39.58 [2]		39.58	3,304			
24	PF REV-Eliminate unbilled revenues		26,204 [3]	26,204		26,204	39.58 [2]		39.58	2,842			
25	PF REV-Adjust for costs recovered through non-fuel riders		50,669 [3]	50,669		50,669	39.58 [2]		39.58	5,494			
26	PF REV-Adjust Other Revenue		(9,502) [3]	(9,502)		(9,502)	39.58 [2]		39.58	(1,030)			
27	Rounding - Revenue		0	0		0	39.58 [2]		39.58	0			
28	Revenue - Adjustments (Sum Lines 21 through 27)		(109,376)	(109,376)		(109,376)							
29	Revenue - Adjustments (Sum Lines 1 + L28)		(109,376) [4]	(109,376) [3]	0	(109,376) [3]							
30	Total Adjusted Revenue (L1 + L28)	4,904,084		4,794,706		4,794,706	40.09 [8]	0.01 [9]	40.11 [8]	\$ 526,828			
31													
32	Operating Expenses:												
33	Fuel Used in Electric Generation	989,374 [2]		989,374		989,374	22.33 [2]		22.33	60,528			
34	PF FUEL-Normalize for weather		(25,025) [3]	(25,025)		(25,025)	22.33 [2]		22.33	(1,531)			
35	PF FUEL-Annualize revenues for customer growth		4,945 [3]	4,945		4,945	22.33 [2]		22.33	303			
36	PF FUEL-Update fuel costs to proposed rate		209,105 [3]	209,105		209,105	22.33 [2]		22.33	12,793			
37	PF FUEL-Adjust for costs recovered through non-fuel riders		(16,862) [3]	(16,862)		(16,862)	22.33 [2]		22.33	(1,032)			
38	Rounding - Fuel		0	0		0	22.33 [2]		22.33	0			
39	Fuel Used in Electric Generation - Adjustments (Sum Lines 34-38)	0	172,162	172,162		1,161,536							
40													
41	Total Adjusted Fuel Used in Electric Generation (L33 + L39)	989,374	172,162 [4]	1,161,536 [3]	0	1,161,536	22.33 [8]	0.00 [9]	22.33 [8]	\$ 71,061			
42													
43	Purchased Power	331,394 [2]		331,394		331,394	39.00 [2]		39.00	35,409			
44	Deferred Fuel/POWER/Update fuel costs to proposed rate		(137,046) [3]	(137,046)		(137,046)	22.33		22.33	(8,364)			
45	PF PURCH POWER-Adjust for costs recovered through non-fuel riders		(169,854) [3]	(169,854)		(169,854)	39.00 [2]		39.00	(16,149)			
46	PF PURCH POWER-Adjust for costs recovered through non-fuel riders		(1,882) [3]	(1,882)		(1,882)	39.00 [2]		39.00	(116)			
47	Rounding - Purchased Power		0	0		0							
48	Purchased Power - Adjustments (Sum Lines 45 through 47)	0	(170,936)	(170,936)		23,412							
49													
50	Total Adjusted Purchased Power (L43 + L48)	194,348	(170,936) [4]	23,412 [3]	0	23,412	50.75 [8]	85.83 [9]	136.58 [8]	\$ 8,761			
51													
52	Labor expense	571,027 [2]		571,027		571,027	36.37 [2]		36.37	56,889			
53	Benefits expense	69,021		69,021		69,021	36.37 [2]		36.37	6,751			
54	Property insurance	1,825		1,825		1,825	49.82		49.82	2,309			
55	Property insurance	1,825		1,825		1,825	-474.55		(474.55)	(2,113)			
56	Injuries and damages for corp	5,274		5,274		5,274	(145.50)		(145.50)	(2,102)			
57	Uncollectable accounts	12,692		12,692		12,692	0.00		0.00	-			
58	Other O&M expense	708,137		708,137		708,137	36.49		36.49	70,794			
59	PF O&M-Annualize retail revenues for current rates		(826) [3]	(826)		(826)	33.90 [2]		33.90	(77)			
60	PF O&M-Normalize for weather		(968) [3]	(968)		(968)	33.90 [2]		33.90	(34)			
61	PF O&M-Annualize revenues for customer growth		2,354 [3]	2,354		2,354	33.90 [2]		33.90	219			
62	PF O&M-Update fuel costs to proposed rate		(1,856) [3]	(1,856)		(1,856)	33.90 [2]		33.90	(2,033)			
63	PF O&M-Adjust for costs recovered through non-fuel riders		(117,372) [3]	(117,372)		(117,372)	33.90 [2]		33.90	(10,901)			
64	PF O&M-Adjust for approved regulatory assets and liabilities		1,408 [3]	1,408		1,408	0.00 [2]		0.00	-			
65	PF O&M-Amortize Severance Costs		(47,462) [3]	(47,462)		(47,462)	36.37 [2]		36.37	(4,729)			
66	PF O&M-Adjust for credit card fees		8,976 [3]	8,976		8,976	36.49 [2]		36.49	897			
67	PF O&M-Annualize O&M non-labor expenses		4,594 [3]	4,594		4,594	30.71 [2]		30.71	387			
68	PF O&M-Normalize O&M labor expenses		(28,128) [3]	(28,128)		(28,128)	36.37 [2]		36.37	(2,803)			
69	PF O&M-Update benefits costs		(3,960) [3]	(3,960)		(3,960)	12.00 [2]		12.00	(117)			
70	PF O&M-Levelize nuclear refueling outage costs		(1,806) [3]	(1,806)		(1,806)	0.00 [2]		0.00	(186)			
71	PF O&M-Annualize		801 [3]	801		801	33.90 [2]		33.90	(214)			
72	PF O&M-Adjust aviation expenses		(2,304) [3]	(2,304)		(2,304)	33.90 [2]		33.90	(214)			
73	PF O&M-Adjust for Megar Related Costs		(5,530) [3]	(5,530)		(5,530)	33.90 [2]		33.90	(514)			
74	PF O&M-Adjust O&M for executive compensation		(3,539) [3]	(3,539)		(3,539)	36.37 [2]		36.37	(353)			
75	PF O&M-Adjust vegetation management expenses		7,739 [3]	7,739		7,739	36.49 [2]		36.49	774			

NC-2302
Page 2 of 3
Commission Request
Net CCR ARO Against EDIT

NC-2302
Page 2 of 3

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 12/14
Amended Petition for Approval of
Duke's Proposed Rate Case
For the test period ended December 31, 2018
Dollars in Thousands
Cash Working Capital for Present Revenue

Line No.	Description	Financials					NC Retail			Lead Lag Days		
		Per Books (a)	Adjustments (b)	Adjusted Before In CMC (c)=(a)+(b)	Change in CMC (d)	Adjusted with CMC (e)=(c)+(d)	Per Books (f)	Adjustments (g)	Adjusted Before Increase (h)=(f)+(g)	Working Capital	Lead/Lag Study	
76	PF O&M-Adjust Other Revenue		(36) [3]	(36)		(36)			33.90 [2]		(3)	
77	PF O&M-Adjust for change in NCUC regulatory fee/DEC		(500) [3]	(500)		(500)			89.82 [2]		(123)	
78	PF O&M-Adjust for Hydro Stations Sale		(1,590) [3]	(1,590)		(1,590)			33.90 [2]		(145)	
79	PF O&M-Adjust for Hydro Stations Sale		(1,590) [3]	(1,590)		(1,590)			33.90 [2]		(145)	
80	PF O&M-Settlement adjustment to remove certain items		(4,272) [3]	(4,272)		(4,272)			33.90 [2]		(397)	
81	PF O&M-Storm Normalization		1,610 [3]	1,610		1,610			33.90 [2]		150	
82	Rounding - O&M		(0)	(0)		(0)			30.71 [2]		(0)	
83	Operation & Maintenance Expense - Adjustments (Sum Lines 59-82)	0	(212,083)	(212,083)		1,163,856						
84	Total Adjusted Operation & Maintenance Expense (L52 + L83)	1,375,939	(212,083)	1,163,856	0	1,163,856	33.90 [8]	(0.17) [9]	33.73 [8]	\$	107,560	
85	Depreciation and Amortization	838,805		838,805								
86	PF D&A-Adjust for costs recovered through non-fuel riders		(3,045) [3]	(3,045)			0.00 [1]		0.00 [2]		-	
87	PF D&A-Annualize depreciation on year end plant balances		59,052 [3]	59,052					0.00 [2]		-	
88	PF D&A-Adjust Depreciation for new rates		72,915 [3]	72,915					0.00 [2]		-	
89	PF D&A-Adjust for post test year additions to plant in service		75,055 [3]	75,055					0.00 [2]		-	
90	PF D&A-Update fuel costs to proposed rate		0 [3]	0					0.00 [2]		-	
91	PF D&A-Adjust reserve for end of life coal plant inventory		(1,809) [3]	(1,809)					0.00 [2]		-	
92	PF D&A-Adjust reserve for end of life nuclear costs		62,405 [3]	62,405					0.00 [2]		-	
93	PF D&A-Adjust for approved regulatory assets and liabilities		11,407 [3]	11,407					0.00 [2]		-	
94	PF D&A-Adjust for approved regulatory assets and liabilities		11,407 [3]	11,407					0.00 [2]		-	
95	PF D&A-Adjust for approved regulatory assets and liabilities		11,407 [3]	11,407					0.00 [2]		-	
96	PF D&A-Adjust for approved regulatory assets and liabilities		11,407 [3]	11,407					0.00 [2]		-	
97	PF D&A-Adjust for approved regulatory assets and liabilities		11,407 [3]	11,407					0.00 [2]		-	
98	PF D&A-Adjust for approved regulatory assets and liabilities		11,407 [3]	11,407					0.00 [2]		-	
99	PF D&A-Settlement adjustment to remove certain items		(413) [3]	(413)					0.00 [2]		-	
100	PF D&A-Adjust for Hydro Stations Sale		1,809 [3]	1,809					0.00 [2]		-	
101	Rounding - D&A		0	0					0.00 [2]		-	
102	Depreciation and Amortization - Adjustments (Sum Lines 88 through 101)	0	277,213	277,213								
103	Total Adjusted Depreciation and Amortization (L87 + L102)	538,804,844	277,213	1,116,017.35	0	1,116,017	0.00 [8]	0.00 [9]	0.00 [8]	\$	-	
104	Other taxes - NC property tax	80,657		80,657					186.50		41,212	
105	Other taxes - SC property tax	81,208		81,208					186.50		43,719	
106	Other taxes - federal payroll taxes	34,411		34,411					51.17		4,824	
107	Other taxes - federal payroll taxes	(1,594)		(1,594)					21.04		(92)	
108	Other taxes		7,470 [3]	7,470					186.50 [2]		3,817	
109	PF GEN TAX-Annualize property taxes on year end plant balances		11,276 [3]	11,276					186.50 [2]		5,761	
110	PF GEN TAX-Adjust for post test year additions to plant in service		(1,023) [3]	(1,023)					186.50 [2]		5,761	
111	PF GEN TAX-Normalize O&M laboratory expenses		(1,023) [3]	(1,023)					186.50 [2]		5,761	
112	PF GEN TAX-Adjust for costs recovered through non-fuel riders		(73) [3]	(73)					186.11 [2]		(9)	
113	PF GEN TAX-Adjust for costs recovered through non-fuel riders		(73) [3]	(73)					186.11 [2]		(9)	
114	PF GEN TAX-Adjust for Mergers Related Costs		(27) [3]	(27)					186.11 [2]		(9)	
115	PF GEN TAX-Adjust for Mergers Related Costs		(27) [3]	(27)					186.11 [2]		(9)	
116	PF GEN TAX-Adjust for Mergers Related Costs		(193) [3]	(193)					21.04 [2]		(11)	
117	PF GEN TAX-Adjust for Hydro Stations Sale		(0)	(0)					186.11 [2]		(0)	
118	Rounding - General Taxes		17,475	17,475					186.11 [2]		(0)	
119	General Taxes - Adjustments (Sum Lines 110 through 118)	0	17,475	17,475					186.11 [2]		(0)	
120	Total Adjusted General Tax (L106 + L119)	194,681	17,475	212,156	0	212,156	186.11 [8]	2.32 [9]	170.43 [8]	\$	99,062	
121	Interest on Customer Deposits	7,130		7,130					218.40		4,266	
122	Interest on Customer Deposits - Adjustments		0	0					218.40		4,266	
123	Total Adjusted Interest on Customer Deposits (L123 + L124)	7,130	0	7,130	0	7,130	218.40 [8]	(0.01) [9]	218.39 [8]	\$	4,266	
124	Current state and federal income tax	2,397		2,397					44.75 [1]		294	
125	PF INC TAX-Adjust for costs recovered through non-fuel riders	222,600		222,600					0.00		(50)	
126	PF INC TAX-Adjust for costs recovered through non-fuel riders		(8,172) [3]	(8,172)					0.48 [2]		-	
127	PF INC TAX-Adjust for costs recovered through non-fuel riders		16,763	16,763					0.00 [2]		-	
128	PF INC TAX-Adjust for costs recovered through non-fuel riders		(2,707) [3]	(2,707)					0.48 [2]		(4)	
129	PF INC TAX-Synchronize interest expense with end of period rate base		(6,772) [3]	(6,772)					0.48 [2]		(9)	
130	Rounding - Income Taxes		(0)	(0)					0.48 [2]		(0)	
131	Income Taxes - Adjustments (Sum Lines 130 through 134)	0	(30,886)	(30,886)					0.48 [2]		(0)	
132	Total Adjusted Income Taxes (L128 + L135)	224,997	(30,886)	194,109	0	194,109	0.48 [8]	(0.04) [9]	0.44 [8]	\$	232	
133	EDIT Amortization		(29,734) [3]	(29,734)					0.00 [2]		-	
134	PF EDIT-Amortize Protected EDIT		(0)	(0)					0.00 [2]		-	
135	EDIT Amortization - Adjustments (Sum Lines 143:144)	0	(29,734)	(29,734)					0.00 [2]		-	
136	Total Adjusted EDIT Amortization (L139 + L142)	0	(29,734)	(29,734)	0	(29,734)	0.00 [8]	0.00 [9]	0.00 [8]	\$	-	
137	Amortization of Investment Tax Credit	(3,526)	690 [3]	690					0.00 [2]		-	
138	PF ITC-Annualize depreciation on year end plant balances		(0)	(0)					0.00 [2]		-	
139	Rounding - ITC		690	690					0.00 [2]		-	
140	Amort. of Investment Tax Credit - Adjustments (Sum Lines 143:144)	0	690	690					0.00 [2]		-	

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Commission Request
Net CCR ARO Against EDIT

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Working capital for present revenue annualized and proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands
Cash Working Capital for Present Revenue

Line No.	Description	Financials				NC Retail				Lead Lag Days			
		Per Books (a)	Adjustments (b)	Adjusted Before Change in CWC (c)=(a)+(b)	Change in CWC (d)	Adjusted with CWC (e)=(c)+(d)	Per Books (f)	Adjustments (g)	Adjusted Before Increase (h)=(f)+(g)	Working Capital Lead/Lag Study			
147	Total Adjusted Amortization of Investment Tax Credit (L142 + L145)												
148	Total Operating Expense (L41+L50+L65+L104+L121+L126+L137+L147)	(3,526)	690 [4]	(2,836) [3]	0	(2,836)	0.00 [8]	0.00 [9]	0.00 [8]	\$ -			
149	Income for Return (L30 - L149)	3,821,748	23,896	3,845,646		3,845,646	28.57 [8]	(1.95) [9]	27.61 [8]	\$ - 290,940			
150	Interest Expense	1,082,336	(133,276)	949,060	0	949,060	24.07 [8]	6.11 [9]	31.08 [8]	235,887			
151	Return for Equity (L151 - L152)	317,199 [2]	29,003 [4]	346,201 [5]	0 [5]	346,202	85.20 [2]	0.00 [9]	85.20 [2]	80,812			
152	Total Requirement (L149 + L151 = L30)	765,137	(162,279)	602,858	(0)	602,858	0.00 [2]	0.00 [9]	0.00 [2]	155,075			
153	RATE BASE	4,904,084		4,794,706		4,794,706	28.55 [8]	(0.25) [9]	28.30 [8]	526,828			
154													
155		14,556,650 [3]	2,334,517 [4]	16,891,167 [3]	12 [7]	16,891,179							
156													
157													
158													
159													
160													
161	Calculation of Change in Cash Working Capital (CWC) due to Adjustments												
162	Annual Requirement	Per Books	Change in CWC	Adjusted									
163	Daily Requirement (L140 / 365 Days)	4,904,084		4,794,706									
164	Net Lag Days (L138, Rounded Per Books)	13,436		13,136									
165	Est. CWC Req. Before Sales Tax Requirement (L141 x L142)	11.54		11.81									
166	Add: Working Capital Related to NC Sales Tax	155,064		155,075									
167	Total Cash Working Capital Requirements (L165 + L166)	6,204 [1]		6,204 [1]									
168	Revenue Lag Days (Per Line 47, Columns (f) & (h))	161,268	12 [4]	161,279									
169	Requirement Lead Days (Per Line 47, Columns (f) & (h))	40.09		40.1051									
170	Requirement Lead Days (Per Line 160, Columns (f) & (h))	28.55		28.2999									
171	Net Lag Days (L170 - L171)	11.54		11.81									
172													
173													

Notes:
[1] Columns (a) and (f) match Docket No. E-7, Sub 1214, E-1 Item 14, Lead Lag Summary
[2] Docket No. E-7, Sub 1214, E-7 Item 14, Lead Lag Study
[3] Exhibit C in Docket E-7, Sub 1214
[4] Column (b) = Column (c) - Column (e)
[5] Line 157 x Debt Ratio: 4.27% and Debt Ratio: 48%
[6] Interest Expense - L152 x Tax Rate: 23.3503%
[7] Line 168, Column (b)
[8] New weighted averages calculated.
[9] Column (g) = Column (h) - Column (f)

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Adjust cash working capital for present revenue annualized and proposed revenue
For the test period ended December 31, 2018

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Page 1 of 1
Commission Request
Net CCR ARO Against EDIT
E-1 Item 14

Duke Energy Carolinas, LLC
Cash Working Capital for NC Retail Operations - Lead Lag Summary
For the test period ended December 31, 2018
Dollars in Thousands

Line No	Description	Actual Annual Expense [A]	Lead (Lag) Days [B]	Weighted Amount [C]
Calculation of NC Retail Amount:				
1	Total Revenue Lag		40.09	
2				
3	Operation & Maintenance Expense	\$ 2,559,661	30.71	\$ 78,598,072
4	Depreciation and Amortization	838,805	0.000	-
5	Taxes Other Than Income Taxes	194,681	168.11	32,727,032
6	Interest on Customer Deposits	7,130	218.40	1,557,121
7	Net Income Taxes	224,997	0.48	107,266
8	ITC	(3,526)	0.00	-
9	Income for Return	1,082,336	24.97	27,025,317
10	Total Requirements (Sum L3 through L9)	<u>\$ 4,904,084</u>	28.55	<u>\$ 140,014,807</u>
11				
12	Revenue Lag Days (L1)		40.09	
13	Requirements Lead Days (-L10)		-28.55	
14	Net Lag Days (L12 + L13)		<u>11.54</u>	
15	Daily Requirements (Line 10, Col. A divided by 365)			\$ 13,436
16				
17	Estimated Cash Working Capital Requirements (L14 x L15)			\$ 155,064
18	Add: Cash Working Capital Related to NC Sales Tax			6,204
19	Total Cash Working Capital Requirements (L17 + L18)			<u>\$ 161,268</u>
20				
21	Calculation of Total Company and Jurisdictional Amounts:			
22	NC Retail Factor "All - Rate Base x CWC" Allocation Factor			68.1442%
23				
24	Total Company Cash Working Capital Requirements (L19 / L22)			\$ 236,657
25				
26	NC Retail Factor			68.1442%
27	SC Retail Factor			23.4945%
28	NC Wholesale Factor			4.6385%
29	SC Wholesale Factor			3.6759%
30	Other			0.0469%
31	Total (Sum L26 through L29)			<u>100.0000%</u>
32				
33	NC Retail Cash Working Capital Requirement (L24 x L26)			\$ 161,267.787
34	SC Retail Cash Working Capital Requirement (L24 x L27)			55,601.207
35	NC Wholesale Cash Working Capital Requirement (L24 x L28)			10,977.210
36	SC Wholesale Cash Working Capital Requirement (L24 x L29)			8,699.225
37	Other Cash Working Capital Requirement (L25 x L30)			111.093
38	Total Company Cash Working Capital Requirement (Sum L33 through L37)			<u>\$ 236,656.522</u>

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Adjust cash working capital for present revenue annualized and proposed revenue
For the test period ended December 31, 2018

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Page 1 of 1
Commission Request
Net CCR ARO Against EDIT

Line No	Description	Rate	Ratio	Weighted
1	Debt	4.2700% [1]	48.0000% [1]	2.0496% [2]
2	Equity	9.6000% [1]	52.0000% [1]	4.9920% [3]
3	Total ROR (L1 + L2)			7.0416%
4				
5	Statutory tax rate	23.3503% [4]		
6	Statutory regulatory fee percentage rate	0.12967% [5]		
7	Uncollectibles	0.25010% [6]		

Notes:

[1] Docket No. E-7, Sub 1214, McManeus Exhibit 1, Page 2

[2] Debt Rate x Debt Ratio

[3] ROE x Equity Ratio

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

[5] NC-0103 - NCUC Statutory Regulatory Fee Percentage Rate - Adjusted, Docket No. M-100, Sub 142, Line 3

[6] NC-0105 - 2018 Uncollectibles Rate, Line 4

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Summary of Proposed Revenue Adjustments
For the test period ended December 31, 2018

McManeus Exhibit 2
Commission Request
Net ARO CCR against EDIT

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Years 1-2</u> <u>NC Retail</u>	<u>Years 3-5</u> <u>NC Retail</u>
1			
2	Revenue Requirement from Exhibit 1	\$ 317,703	\$ 317,703
3	EDIT Rider	(\$222,114)	(\$139,058)
4	Total Requested Increase	<u>\$ 95,589</u>	<u>\$ 178,645</u>

DUKE ENERGY CAROLINAS, LLC
Revenue Requirement
Docket E7 Sub 1214
(Thousands of Dollars)

McManeaus DEC Exhibit 3
Commission Request
Net ARO CCR against EDIT

Line No.	Item	Year 1-2 Amount	Year 3-5 Amount
1	Revenue requirement increase per Company Supplemental Filing	\$464,585	
2	Revenue Requirement impact of Rebuttal	101	
3	Revenue Impact of Supplemental Rebuttal including Settlement	(97,052)	
4	Revenue impact of supplemental updates through May	\$48,390	
5	Revenue impact of supplemental updates through May 9.75 48/52	(\$75,426)	
6	Revenue Requirement impact of Second Settlement	\$73,834	
7	Revenue requirement increase per Company Second Settlement filing	[1] \$414,432	
8			
9	Commission request to remove ARO Coal ash and Net against EDIT		
10	NC1100 Remove ARO Coal Ash and Net against EDIT	[2] (97,383)	
11	NC2200 Adjust synchronized interest expense	[3] 1,455	
12	NC2300 Adjust cash working capital under present rates	[3] 94	
13	NC2300 Adjust cash working capital under proposed rates	[3] (895)	
14	Total Revenue impacts from Adjustments	\$ (96,729)	
15			
16	Total base rate revenue requirement	\$ 317,703	\$ 317,703
17			
18	EDIT Rider		
19	Unprotected Federal EDIT Rider as filed in Second Settlement - Levelized 5 years	\$ (227,723)	\$ (227,723)
20	Impact of netting ARO related CCR	[4] 88,665	88,665
21	Unprotected Federal EDIT Rider - Levelized 5 years	\$ (139,058)	\$ (139,058)
22			
23	NC State EDIT and Deferred Revenue Rider as filed in Second Settlement - Levelized 2 Years	\$ (83,056)	
24			
25	Total Requested Increase after adjustment to net ARO CCR against EDIT	\$ 95,589	\$ 178,645
26			
27	Revenue Requirement per Company's Second Settlement		
28	Total Base Revenue per the Company's Second Settlement Filing	[1] \$ 414,432	\$ 414,432
29	EDIT Rider 2		
30	Unprotected EDIT - Levelized 5 years	(227,723)	(227,723)
31	NC State and Deferred Revenue - Levelized 2 years	(83,056)	
32	Total Requested Increase per the Company's Second Settlement Filing	\$ 103,653	\$ 186,709
33			
34	Difference between Netting ARO CCR to EDIT and Company's Second Settlement filing	\$ (8,064)	\$ (8,064)

[1] McManeaus Second Settlement Filing Exhibit 1

[2] NC-1100 Adjust Deferred Environmental Expenses. This proforma was adjusted to remove the ARO related CCR balance and amortization

[3] NC-2200 Interest Synchronization and NC-2300 Cash Working capital were updated to reflect the impact of the changes to NC-1100

[4] The adjustment to the unprotected EDIT after netting the ARO CCR deferral balance.

DUKE ENERGY CAROLINAS, LLC
Docket No. E-7, Sub 1214
North Carolina Retail Operations
McManus Exhibit 4 Commission Request Net CCR ARO Against EDIT
CALCULATION OF LEVELIZED FEDERAL PROVISIONAL EDIT RIDER CREDIT
For the Test Year Ended December 31, 2018
(in Thousands)

Line No.	Item	Year 1 Revenue Requirement (a)	Year 2 Revenue Requirement (b)	Year 3 Revenue Requirement (b)	Year 4 Revenue Requirement (b)	Year 5 Revenue Requirement (b)	Total Revenue Requirement (c)
1	Annual EDIT used to offset interim rates	(238,200) ^{5/}					
2	Monthly EDIT used to offset interim rates	(19,850)					
3	Estimated number of months of interim rates to compliance rates per NCUC Order	4.3 ^{5/}					
4	EDIT used to offset interim rates	(85,803)					
5	Return component	(27,982)					
6	Amortization component	(57,822)					
7	Preliminary NC retail Unprotected Federal EDIT regulatory liability	(1,028,165) ^{1/}					
8	Estimated transition of Protected to Unprotected Regulatory liability 8/1/2020-8/21/2020	(1,679)					
9	Reduction for amount flowed back during Interim Rate period (L6)	(57,822)					
10	Reduction for amount of ARO Deferral	(378,464) ^{6/}					
11	Total NC retail Unprotected Federal EDIT regulatory liability to be amortized (L7 + L8 - L9)	(593,558)	(593,558) ^{1/}	(593,558) ^{1/}	(593,558) ^{1/}	(593,558) ^{1/}	
12	Annuity factor	4,2847 ^{2/}	4,2847 ^{2/}	4,2847 ^{2/}	4,2847 ^{2/}	4,2847 ^{2/}	
13	Levelized rider EDIT regulatory liability (L11 / L12)	(138,530)	(138,530)	(138,530)	(138,530)	(138,530)	(\$692,650)
14	One minus composite income tax rate	76.6498% ^{3/}	76.6498% ^{3/}	76.6498% ^{3/}	76.6498% ^{3/}	76.6498% ^{3/}	76.6498%
15	Net operating income effect (L13 x L14)	(106,183)	(106,183)	(106,183)	(106,183)	(106,183)	(530,915)
16	Retention factor	0.763589 ^{4/}	0.763589 ^{4/}	0.763589 ^{4/}	0.763589 ^{4/}	0.763589 ^{4/}	0.763589
17	Levelized rider EDIT credit (L15 / L16)	(\$139,058)	(\$139,058)	(\$139,058)	(\$139,058)	(\$139,058)	(\$695,290)
18	Total NC retail NC State EDIT and Deferred Revenue regulatory liability to be amortized	\$ (155,445) ^{1/}	(\$155,445) ^{1/}				
19	Annuity factor	1.8787 ^{2/}	1.8787 ^{2/}				
20	Levelized rider EDIT regulatory liability (L18 / L19)	(82,741)	(82,741)				(\$165,482)
21	One minus composite income tax rate	76.6498% ^{3/}	76.6498% ^{3/}				76.6498%
22	Net operating income effect (L20 x L21)	(63,421)	(63,421)				(\$126,842)
23	Retention factor	0.763589 ^{4/}	0.763589 ^{4/}				0.763589
24	Levelized rider EDIT credit (L22 / L23)	(\$83,056)	(\$83,056)				(\$166,113)

1/ Boswell Supplemental and Stipulation Exhibit 1, Sch 2-1, Line 15. Federal EDIT amounts from col. (c) + (p), NC EDIT and Deferred Revenue balances are from col. (b) + (q)
2/ Calculation of Levelized Factors, Line 6.
3/ One minus composite income tax rate of 23.3503%.
4/ Boswell Supplemental and Stipulation Exhibit 1, Schedule 1-2, Line 14, Column (d).
5/ Will be tried up with actual months of interim rates and approved offset amount if different in compliance filing
6/ Per Commission request, reduced the amount of unprotected EDIT by the amount of the ARO Coal ash deferral.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Late-Filed Exhibit No. 1 as filed in Docket No. E-7, Sub 1214, were served via electronic delivery or mailed, first-class, postage prepaid, upon all parties of record.

This, the 15th day of October, 2020.

/s/Mary Lynne Grigg

Mary Lynne Grigg

McGuireWoods LLP

501 Fayetteville Street, Suite 500

PO Box 27507 (27611)

Raleigh, North Carolina 27601

Telephone: (919) 755-6573

mgrigg@mcguirewoods.com

Attorney for Duke Energy Carolinas, LLC

**DEC'S POST-HEARING SUBMISSION
REGARDING ALTERNATIVE RECOVERY
CONCEPTS FOR COAL ASH COSTS**

ATTACHMENT 4

McGuireWoods LLP
501 Fayetteville Street
Suite 500
PO Box 27507 (27611)
Raleigh, NC 27601
Phone: 919.755.6600
Fax: 919.755.6699
www.mcguirewoods.com

Mary Lynne Grigg
Direct: 919.755.6573

McGUIREWOODS

DEC Post-Hearing
Submission – Attachment 4

mgrigg@mcguirewoods.com

October 15, 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 No. 2
Docket No. E-7, Sub 1214*

Dear Ms. Campbell:

Per the request of the North Carolina Utilities Commission during the Duke Energy Carolinas, LLC (“DEC”) evidentiary hearing, enclosed for filing on behalf of DEC is Late-Filed Exhibit No. 2.

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

Enclosure

Duke Energy Carolinas, LLC
Late-Filed Exhibit No. 2
Docket No. E-7, Sub 1214

Request:

On September 3, 2020, during the expert witness hearing held by the Commission in Docket Nos. E-7, Subs 1213, 1214 and 1187 involving the general rate case application of Duke Energy Carolinas, LLC (DEC or Company), Commissioners Kimberly W. Duffley and Daniel G. Clodfelter requested late-filed exhibits reflecting the impact on revenue requirement using the federal unprotected Excess Deferred Income Taxes (EDIT) to offset certain costs. Commissioner Duffley requested schedules showing the impact on DEC's and the Public Staff's proposed revenue requirement amounts that reflect an offset of federal unprotected EDIT and the Company's coal combustion residual (CCR) compliance costs. Commissioner Clodfelter requested that DEC and the Public Staff provide a schedule reflecting the revenue requirement impact if EDIT were used to offset the Company's calculation of accelerated depreciation associated with the early retirement of coal-fired electric generating plants, based on the Company's requested amount. On September 29, 2020, during the expert witness hearing being held by the Commission in Docket Nos. E-2, Sub 1193 and E-2, Sub 1219 involving the general rate case application of Duke Energy Progress, LLC (DEP), Commissioner Duffley and Presiding Commissioner Clodfelter made the same requests of DEP as were made of DEC concerning these offsets.

Response:

EDIT Offset of Early Coal Plant Retirement Accelerated Depreciation:

To achieve the offset of early coal plant retirement accelerated depreciation, the Company adjusted proformas NC-1000 Adjust Post Test Year Additions and NC-2600 New Depreciation Rates. The Company calculated what the new proposed depreciation rates would have been for Allen and Cliffside 5 had their expected lives not changed. Within proforma NC-2600, the Company then calculated what the remaining plant balances would be for Allen and Cliffside 5 at the end of their new anticipated lives using this depreciation rate. The total amount of the accelerated depreciation applied to the EDIT balance was \$202,203,902. To reflect this netting in base rates, within proforma NC-2600, the Company added a Regulatory Liability of this amount to base rates, less one year's amortization and deferred taxes. To determine how much to amortize each year, the Company compared the Total Steam Production Plant depreciation expense assuming no life span change to the amount included in the Company's proposal which includes the accelerated depreciation. This difference on a NC Retail basis is \$23,178,252 for Total Steam Production Plant. The Company credited depreciation expense by this amount and debited the regulatory liability. Proforma NC-1000 was adjusted to remove the depreciation impact of the accelerated depreciation on the post-test year additions.

Any time a change is made to a proforma that impacts operating income or rate base, proformas NC-2200 Interest Synchronization and NC-2300 Cash Working Capital also need to be updated. The Company has reflected the impact of the updates on those proformas as well.

Next the Company offset the unprotected federal EDIT to be refunded to customers by the amount of the accelerated depreciation. The chart below shows how the amounts were applied. As the chart reflects, if the Company was ordered to offset the unprotected federal EDIT balance by just the accelerated depreciation of early coal plant retirement requested in this case, the result would be a total remaining unprotected federal EDIT balance of (\$769,818). Since the total amount of the accelerated depreciation was less than the unprotected EDIT, the Company did not have to apply any amount to the NC State EDIT and Deferred Revenue.

(\$000)	Second Settlement	Offsetting Accel Depr	Remaining for Refund
Unprotected Federal EDIT ^[1]	(\$972,022)	\$202,204	(\$769,818)
NC State EDIT and Deferred Revenue	(\$155,445)	\$0	(\$155,445)
Total Deferred balances	(\$1,127,467)	\$202,204	(\$925,263)

[1] The Unprotected Federal EDIT balance includes the estimated impact of interim rates amortization.

On McManeus Exhibit 3, the Company provides a summary of the revenue requirement impact for years 1 through 5, as well as a comparison to the Company Second Settlement filing made on July 31, 2020. Using this approach results in an increase to the total revenue requirement of approximately \$10,308,000. There are several factors which contribute to this result including the remaining life of the assets to be retired, their estimated unrecovered balance, the difference between straight-line versus levelized revenue requirement and the annual amount of amortization of the regulatory liability. While the Company's approach in calculating the amount to amortize each year was to offset the impact of the incremental depreciation, if another methodology was applied, it could change the amount of the revenue requirement impact.

As requested, McManeus Exhibits 1 through 4 have been provided in electronic format as well.

DUKE ENERGY CAROLINAS, LLC
OPERATING INCOME FROM ELECTRIC OPERATIONS
FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Line No.	Description	North Carolina Retail Operations					
		Total Company Per Books (a) (Col. 1)	Per Books (Col. 2)	Accounting Adjustments (c) (Col. 3)	Before Proposed Increase (Col. 4)	Revenue and Expenses from Proposed Increase (e) (Col. 5)	After Proposed Increase (Col. 6)
1	Electric operating revenue	\$ 7,273,365	\$ 4,904,084	\$ (109,378)	\$ 4,794,706	\$ 377,368	\$ 5,172,074
2	Electric operating expenses:						
3	Operation and maintenance:						
4	Fuel used in electric generation	1,504,692	989,374	172,162	1,161,536	-	1,161,536
5	Purchased power	317,798	194,348	(170,936)	23,412	-	23,412
6	Other operation and maintenance expense	2,029,601	1,375,939	(212,083)	1,163,856	1,433	1,165,289
7	Depreciation and amortization	1,193,762	838,805	328,018	1,166,822	-	1,166,822
8	General taxes	291,829	194,681	17,475	212,156	-	212,156
9	Interest on customer deposits	8,169	7,130	-	7,130	-	7,130
10	Net income taxes	340,714	224,997	(43,203)	181,794	87,588	269,382
11	EDIT Amortization			(29,734)	(29,734)		(29,734)
12	Amortization of investment tax credit	(5,259)	(3,526)	690	(2,836)	-	(2,836)
13	Total electric operating expenses	5,681,305	3,821,748	62,389	3,884,137	89,021	3,973,159
14	Operating income	\$ 1,592,059	\$ 1,082,336	\$ (171,767)	\$ 910,569	\$ 288,347	\$ 1,198,916
15	Original cost rate base (e)	\$ 21,361,527	\$ 14,556,650	\$ 2,428,942 (d)	\$ 16,985,592	\$ 40,592 (f)	\$ 17,026,184
16	Rate of return on North Carolina retail rate base		7.44%		5.36%		7.04%

Notes: (a) From Form E-1 Item 45A
(b) Reclassifies interest on customer deposits to electric operating expense.
(c) From Page 3, Line 35.
(d) From Page 4, Line 9.
(e) From Page 2.
(f) Reflects an increase in operating funds per lead-lag study for the adjusted total requirements in this rate case excluding the portion already adjusted in Col. 3, Line 12.

DUKE ENERGY CAROLINAS, LLC
CALCULATION OF ADDITIONAL REVENUE REQUIREMENT
FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Line No.	Description	Dec. 31, 2018 Amount (Col. 1)	North Carolina Retail Operations			
			Before Proposed Increase		After Proposed Increase	
			Pro forma Ratio (Col. 2)	Retail Rate Base (Col. 3)	Operating Income (Col. 5)	Operating Income (Col. 8)
1	Long-term debt	\$ 10,993,064	48.00%	\$ 8,153,084	\$ 348,137	\$ 348,969
2	Members' equity (a)	11,682,367	52.00%	8,832,508	562,432	849,947
3	Total	\$ 22,675,431	100.00%	\$ 16,985,592 (b)	\$ 910,569 (c)	\$ 1,198,916
4	Operating income before increase (Line 3, Column 5)					910,569
5	Additional operating income required (Line 3 minus Line 4)					288,347
6	Calculate income tax on incremental interest expense due to increase in cash working capital in proposed revenue					(194)
7	Regulatory fee (.12967%), uncollectibles rate (.2501%) and income taxes (.233503%)					89,216
8	Additional revenue requirement					\$ 377,368

Notes: (a) The equivalent of common equity for a limited liability company.
(b) From Page 1, Line 12, Column 4 and Column 6.
(c) From Page 1, Line 11, Column 4.

DUKE ENERGY CAROLINAS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Line No.	Description	Electric Operating Revenue (Col. 1)	Fuel Used in Electric Generation (Col. 2)	Purchased Power (Col. 3)	Other O&M Expense (Col. 4)	Depreciation and Amortization (Col. 5)	General Taxes (Col. 6)	Income Taxes 23.6519% (Col. 7)	EDIT Amortization (Col. 8)	Anortization of ITC (Col. 8)	Operating Income
1	Annualize retail revenues for current rates	\$ (110,407)	\$ -	\$ -	\$ (826)	\$ -	\$ -	\$ (25,588)	-	\$ -	(83,994)
2	Update fuel costs to proposed rate	-	208,105	-	(21,892)	(3,277)	-	(3,288)	-	-	(10,794)
2E	Update fuel costs to proposed rate	-	-	(169,854)	-	3,277	-	(765)	-	-	(2,512)
3	Normalize for weather	(109,586)	(26,183)	-	(416)	-	-	(19,378)	-	-	(63,609)
3F	Normalize for weather - Supplemental	12,757	1,138	-	48	-	-	2,702	-	-	8,869
4	Annualize revenues for customer growth	9,942	2,775	-	39	-	-	1,864	-	-	5,464
4J	Annualize revenues for customer growth - Second Settlement	20,525	2,170	-	2,315	-	-	3,745	-	-	12,295
5	Eliminate unbilled revenues	26,204	-	-	-	-	-	6,119	-	-	20,085
6	Adjust for costs recovered through non-fuel riders	50,669	(16,862)	(1,092)	(117,348)	(3,071)	(10)	60,905	-	-	128,138
6F	Adjust for costs recovered through non-fuel riders - Supplemental	-	-	-	(24)	27	-	(1)	-	-	(2)
7	Adjust O&M for executive compensation	-	-	-	(3,301)	-	-	771	-	-	2,530
7J	Adjust O&M for executive compensation - Second Settlement	-	-	-	(238)	-	-	55	-	-	182
8	Annualize depreciation on year end plant balances	-	-	-	-	59,172	-	(13,817)	-	690	(46,045)
8E	Annualize depreciation on year end plant balances - Supplemental	-	-	-	-	(121)	-	28	-	-	92
9	Annualize property taxes on year end plant balances	-	-	-	-	-	7,469.73	(1,744)	-	-	(5,726)
10	Adjust for post test year additions to plant in service	-	-	-	-	50,629	6,771	(13,403)	-	-	(43,998)
10CR	Adjust for post test year additions to plant in service - Commission Request	-	-	-	-	22,716	4,504	(6,356)	-	-	(20,864)
11	Amortize deferred environmental costs	-	-	-	-	95,913	-	(22,396)	-	-	(73,517)
11J	Adjust deferred environmental - Second Settlement	-	-	-	-	(8,814)	-	2,058	-	-	6,756
12	Annualize O&M non-labor expenses	-	-	-	2,631	-	-	(614)	-	-	(2,017)
12J	Adjust non-labor expenses - Second Settlement	-	-	-	1,963	-	-	(458)	-	-	(1,505)
13	Normalize O&M labor expenses	-	-	-	(23,765)	-	(1,162)	5,820	-	-	19,106
13H	Adjust Normalization O&M Labor Expenses - Second Settlement	-	-	-	(4,363)	-	138	987	-	-	3,238
14	Update benefits costs	-	-	-	(1,433)	-	-	335	-	-	1,099
14E	Update benefits costs	-	-	-	(2,126)	-	-	496	-	-	1,630
15	Levelize nuclear refueling outage costs	-	-	-	(2,138)	-	-	499	-	-	1,639
15E	Adjust Levelized nuclear refueling outage costs - Supplemental	-	-	-	192	-	-	(45)	-	-	(147)
16	Amortize rate case costs	-	-	-	801	-	-	(187)	-	-	(614)
16G	Adjust Amortize Rate Case costs - Supplemental Rebutal	-	-	-	-	-	-	-	-	-	-
17	Adjust aviation expenses	-	-	-	(1,986)	-	(27)	470	-	-	1,543
17G	Adjust aviation expenses - Supplemental Rebutal	-	-	-	(318)	-	-	74	-	-	244
18	Adjust for approved regulatory assets and liabilities	-	-	-	1,408	62,706	56	(14,984)	-	-	(49,187)
19	Adjust for Merger Related Costs	-	-	-	(5,530)	(21)	(73)	1,313	-	-	4,311
19H	Adjust Merger related Costs - Second Supplemental	-	-	-	-	(35)	-	8	-	-	27

McManeus Exhibit 1
 Commission Request
 Net Accelerated Depreciation
 Page 3b

DUKE ENERGY CAROLINAS, LLC
 DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
 FOR THE PERIOD ENDED DECEMBER 31, 2018
 (Thousands of Dollars)

Line No.	Description	Electric Operating Revenue (Col. 1)	Fuel Used in Electric Generation (Col. 2)	Purchased Power (Col. 3)	Other O&M Expense (Col. 4)	Depreciation and Amortization (Col. 5)	General Taxes (Col. 6)	Income Taxes 23.6519% (Col. 7)	EDIT Amortization	Amortization of ITC (Col. 8)	Operating Income
20	* Amortize Severance Costs	-	-	-	(46,208)	-	-	10,790	-	-	35,418
20G	Adjust amortization of Severance Costs - Supplemental Rebuttal	-	-	-	(1,255)	-	-	293	-	-	962
21	Adjust NC income taxes for rate change	-	-	-	-	-	-	(2,707)	-	-	2,707
22	* Synchronize interest expense with end of period rate base	-	-	-	-	-	-	(2,580)	-	-	2,580
22CR	Adjust Synchronize Interest Expense - Commission Request	-	-	-	-	-	-	(4,646)	-	-	4,646
23	* Adjust cash working capital for present revenue annualized and proposed revenue	-	-	-	-	-	-	103	-	-	(103)
23CR	Adjust Cash Working Capital - Commission Request	-	-	-	-	-	-	(101)	-	-	101
24	Adjust coal inventory	-	-	-	-	-	-	-	-	-	-
25	* Adjust for credit card fees	-	-	-	8,774	-	-	(2,049)	-	-	(6,725)
25F	Adjust Credit Card Fees - Supplemental	-	-	-	202	-	-	(47)	-	-	(155)
26	* Adjust Depreciation for new rates	-	-	-	-	72,133	-	(16,843)	-	-	(55,290)
26CR	Adjust Depreciation for new rates - Commission Request	-	-	-	-	(22,397)	-	5,230	-	-	17,167
27	Adjust vegetation management expenses	-	-	-	7,739	-	-	(1,807)	-	-	(5,932)
28	Adjust reserve for end of life nuclear costs	-	-	-	-	(1,808)	-	422	-	-	1,386
29	* Update deferred balance and amortize storm costs	-	-	-	-	24,179	-	(5,646)	-	-	(18,533)
29H	Remove storm costs for securitization - Second Supplemental	-	-	-	-	(24,588)	-	5,741	-	-	18,846
30	Adjust Other Revenue	(9,502)	-	-	(36)	-	-	(2,210)	-	-	(7,256)
31	Adjust for change in NCUC regulatory fee-DEC	-	-	-	(500)	-	-	117	-	-	383
32	* Adjust for Hydro Stations Sale	-	-	-	(1,560)	1,773	(193)	(5)	-	-	(16)
32E	Adjust for Hydro Stations Sale - Supplemental	-	-	-	-	36	-	(8)	-	-	(27)
33D	Correct Lead Lag Per Books	-	-	-	-	-	-	-	-	-	-
34F	Remove Certain Test Period Expenses - Rebuttal	-	-	-	(271)	-	-	63	-	-	208
35G	Amortize Protected EDIT - Supplemental Rebuttal	-	-	-	-	-	-	6,943	(29,734)	-	22,791
36J	Settlement adjustment to remove certain items Second Settlement	-	-	-	(4,272)	(413)	-	1,094	-	-	3,591
37G	Storm Normalization - Supplemental Rebuttal	-	-	-	1,610	-	-	(376)	-	-	(1,234)
38J	Adjust Rate base for EDIT per settlement	-	-	-	-	-	-	-	-	-	-
39	Total adjustments - Original Filing	\$ (142,660)	\$ 168,854	\$ (170,936)	\$ (205,547)	\$ 358,330	\$ 12,832	\$ (59,918)	\$ -	\$ 690	\$ (246,966)
39CR	Changes in Second Settlement + Commission Request	\$ 33,282	\$ 3,308	\$ -	\$ (6,536)	\$ (30,312)	\$ 4,642	\$ 16,715	\$ (29,734)	\$ -	\$ 75,189
	Total Adjustments	\$ (109,378)	\$ 172,162	\$ (170,936)	\$ (212,083)	\$ 328,018	\$ 17,475	\$ (43,203)	\$ (29,734)	\$ 690	\$ (171,767)

Notes: * Identification required by NCUC Rule R1-17(b)

DUKE ENERGY CAROLINAS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Line No.	Description	EPIS	Accum Deprec	Materials & Supplies	Working Capital	ADIT	Operating Reserves	CWIP	Rate Base	Oper Inc Rev Req Impact	R/B Rev Req Impact	Total Rev Req Impact
1	Annualize retail revenues for current rates	-	-	-	-	-	-	-	-	\$ 109,999	-	109,999
2	Update fuel costs to proposed rate	-	-	-	-	-	-	-	-	\$ 14,136	-	14,136
2E	Update fuel costs to proposed rate - Supplemental	-	-	-	-	-	-	-	-	\$ 3,289	-	3,289
3	Normalize for weather	-	-	-	-	-	-	-	-	\$ 83,303	-	83,303
3F	Normalize for weather - Supplemental	-	-	-	-	-	-	-	-	\$ (11,615)	0	(11,615)
4	Annualize revenues for customer growth	-	-	-	-	-	-	-	-	\$ (7,155)	-	(7,155)
4J	Annualize revenues for customer growth - Second Settlement	-	-	-	-	-	-	-	-	\$ (16,102)	-	(16,102)
5	Eliminate unbilled revenues	-	-	-	-	-	-	-	-	\$ (26,304)	-	(26,304)
6	Adjust for costs recovered through non-fuel riders	(18,328)	4,243	(42,354)	(19,404)	12,472	-	-	(63,371)	\$ (167,811)	(5,447)	(173,257)
6F	Adjust for costs recovered through non-fuel riders - Supplemental	929	(206)	-	(37,184)	-	-	-	(36,462)	\$ 2	(3,134)	(3,131)
7	Adjust O&M for executive compensation	-	-	-	-	-	-	-	-	\$ (3,314)	-	(3,314)
7J	Adjust O&M for executive compensation - Second Settlement	-	-	-	-	-	-	-	-	\$ (238)	-	(238)
8	Annualize depreciation on year end plant balances	-	-	-	-	-	-	-	-	\$ 60,301	-	60,301
8E	Annualize depreciation on year end plant balances - Supplemental	-	-	-	-	-	-	-	-	\$ (121)	-	(121)
9	Annualize property taxes on year end plant balances	-	-	-	-	-	-	-	-	\$ 7,498	-	7,498
10	Adjust for post test year additions to plant in service	1,355,958	(619,363)	-	(4,945)	(17,144)	-	-	714,506	\$ 57,620	61,412	119,031
10CR	Adjust for post test year additions to plant in service - Commission Request	855,724	(210,833)	-	43,220	(26,302)	-	-	661,809	\$ 27,324	56,882	84,207
11	Amortize deferred environmental costs	-	-	-	383,653	(89,584)	-	-	294,069	\$ (8,847)	25,275	121,554
11J	Adjust deferred environmental - Second Settlement	-	-	-	(1,035)	242	-	-	(793)	\$ (8,847)	(68)	(8,916)
12	Annualize O&M non-labor expenses	-	-	-	-	-	-	-	-	\$ 2,641	-	2,641
12J	Adjust non-labor expenses - Second Settlement	-	-	-	-	-	-	-	-	\$ 1,970	-	1,970
13	Normalize O&M labor expenses	-	-	-	-	-	-	-	-	\$ (25,021)	-	(25,021)
13H	Adjust Normalization O&M Labor Expenses - Second Settlement	-	-	-	-	-	-	-	-	\$ (4,241)	-	(4,241)
14	Update benefits costs	-	-	-	-	-	-	-	-	\$ (1,439)	-	(1,439)
14E	Update benefits costs	-	-	-	-	-	-	-	-	\$ (2,134)	-	(2,134)
15	Levelize nuclear refueling outage costs	-	-	-	-	-	-	-	-	\$ (2,146)	-	(2,146)
15E	Adjust Levelized nuclear refueling outage costs - Supplemental	-	-	-	-	-	-	-	-	\$ 193	-	193
16	Amortize rate case costs	-	-	-	3,080	(719)	-	-	2,361	\$ 804	203	1,007
16G	Adjust Amortize Rate Case costs - Supplemental Rebuttal	-	-	-	(3,080)	719	-	-	(2,361)	\$ -	(203)	(203)
17	Adjust aviation expenses	-	-	-	-	-	-	-	-	\$ (2,021)	-	(2,021)
17G	Adjust aviation expenses - Supplemental Rebuttal	-	-	-	-	-	-	-	-	\$ (319)	-	(319)
18	Adjust for approved regulatory assets and liabilities	-	-	-	(139,897)	32,686	-	-	(107,231)	\$ 64,415	(9,216)	55,199
19	Adjust for Merger Related Costs	-	338	-	-	-	-	-	338	\$ (5,645)	29	(5,616)
19H	Adjust Merger related Costs - Second Supplemental	(1,577)	107	-	-	-	-	-	(1,469)	\$ (35)	(126)	(162)

McManeus Exhibit 1
Commission Request
Net Accelerated Depreciation
Page 3c

DUKE ENERGY CAROLINAS, LLC
 DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
 (Thousands of Dollars)

Line No.	Description	EPIS	Accum Deprec	Materials & Supplies	Working Capital	ADIT	Operating Reserves	CWIP	Rate Base	Oper Inc Rev Req Impact	R/B Rev Req Impact	Total Rev Req Impact
20	* Amortize Severance Costs	-	-	-	-	(10,767)	-	-	35,345	\$ (46,384)	3,038	(43,346)
20G	Adjust amortization of Severance Costs - Supplemental Rebuttal	-	-	-	(46,113)	10,767	-	-	(35,345)	\$ (1,260)	(3,038)	(4,298)
21	Adjust NC income taxes for rate change	-	-	-	-	-	-	-	-	\$ (3,545)	-	(3,545)
22	* Synchronize interest expense with end of period rate base	-	-	-	-	-	-	-	-	\$ (3,379)	-	(3,379)
22CR	Adjust Synchronize Interest Expense - Commission Request	-	-	-	-	-	-	-	-	\$ (6,085)	-	(6,085)
23	* Adjust cash working capital for present revenue annualized and proposed revenue	-	-	-	(20,794)	-	-	-	(20,794)	\$ 135	(1,787)	(1,652)
23CR	Adjust Cash Working Capital - Commission Request	-	-	-	20,368	-	-	-	20,368	\$ (132)	1,751	1,618
24	Adjust coal inventory	-	-	3,848	-	-	-	-	3,848	\$ -	331	331
25	* Adjust for credit card fees	-	-	-	-	-	-	-	-	\$ 8,808	-	8,808
25F	Adjust Credit Card Fees - Supplemental	-	-	-	-	-	-	-	-	\$ 203	-	203
26	* Adjust Depreciation for new rates	-	(72,913)	-	-	-	-	-	(72,913)	\$ 72,408	(6,267)	66,141
26CR	Adjust Depreciation for new rates - Commission Request	-	(2)	-	(179,026)	41,803	-	-	(137,224)	\$ (22,482)	(11,794)	(34,277)
27	Adjust vegetation management expenses	-	-	-	-	-	-	-	-	\$ 7,768	-	7,768
28	Adjust reserve for end of life nuclear costs	-	-	-	-	-	-	-	-	\$ (1,815)	-	(1,815)
29	* Update deferred balance and amortize storm costs	-	-	-	169,251	(39,520)	-	-	129,730	\$ 24,271	11,150	35,421
29H	Remove storm costs for securitization - Second Supplemental	(18,575)	578	-	(169,251)	39,520	-	-	(147,727)	\$ (24,881)	(12,697)	(37,379)
30	Adjust Other Revenue	-	-	-	-	-	-	-	-	\$ 9,502	-	9,502
31	Adjust for change in NCUCL regulatory fee-DEC	-	-	-	-	-	-	-	-	\$ (502)	-	(502)
32	* Adjust for Hydro Stations Sale	(36,522)	14,093	(146)	19,280	(4,502)	-	-	(7,797)	\$ 20	(670)	(650)
32E	Adjust for Hydro Stations Sale	36,522	(14,093)	-	214	(50)	-	-	22,593	\$ 36	1,942	1,978
33D	Correct Lead Lag Per Books	-	-	-	(16,472)	-	-	-	(16,472)	\$ -	(1,416)	(1,416)
34F	Remove Certain Test Period Expenses	-	-	-	-	-	-	-	-	\$ (272)	-	(272)
35G	Amortize Protected EDIT - Supplemental Rebuttal	-	-	-	29,734	(6,943)	-	-	22,791	\$ (29,847)	1,959	(27,888)
36J	Settlement adjustment to remove certain items Second Settlement	(12,880)	413	-	-	-	-	-	(12,467)	\$ (4,703)	(1,071)	(5,774)
37G	Storm Normalization - Supplemental Rebuttal	-	-	-	-	-	-	-	-	\$ 1,616	-	1,616
38J	Adjust Rate base for EDIT per settlement	-	-	-	-	1,183,610	-	-	1,183,610	\$ -	101,731	101,731
39	Total adjustments - Original Filing	\$ 1,301,107	\$ (673,602)	\$ (38,652)	\$ 436,337	\$ (117,099)	\$ -	\$ -	\$ 908,092	\$ 323,429	\$ 78,050	\$ 401,480
39CR	Changes in Second Settlement + Commission Request	\$ 860,143	(224,035)	-	(358,626)	1,243,367	-	-	1,520,850	(98,481)	190,717	32,236
	Total Adjustments	\$ 2,161,250	\$ (897,636)	\$ (38,652)	\$ 77,711	\$ 1,126,269	\$ -	\$ -	\$ 2,428,942	\$ 224,948	\$ 208,767	\$ 433,715
	Notes: * Identification required by NCUCL Rule R1-17(b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DUKE ENERGY CAROLINAS, LLC
ORIGINAL COST RATE BASE-ELECTRIC OPERATIONS
DECEMBER 31, 2018
(Thousands of Dollars)

Line No.	Description	Page Reference	Total Company Per Books (Col. 1)	North Carolina Retail Operations		
				Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)
1	Electric plant in service	4a	\$ 41,057,320	\$ 27,969,103	\$ 2,161,250	\$ 30,130,353
2	Less: Accumulated depreciation and amortization	4b	(15,830,487)	(10,810,668)	(897,636)	(11,708,304)
3	Net electric plant		25,226,833	17,158,435	1,263,614	18,422,049
4	Add: Materials and supplies	4c	994,443	678,077	(38,652)	639,426
5	Working capital investment	4d	(406,979)	(253,955)	77,711	(176,245)
6	Less: Accumulated deferred taxes		(3,824,449)	(2,601,854)	1,126,269 (a)	(1,475,585)
7	Operating reserves		(628,321)	(424,053)	-	(424,053)
8	Construction work in progress		-	-	-	-
9	Total		\$ 21,361,527	\$ 14,556,650	\$ 2,428,942	\$ 16,985,592

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DUKE ENERGY CAROLINAS, LLC
ELECTRIC PLANT IN SERVICE AT ORIGINAL COST
DECEMBER 31, 2018
(Thousands of Dollars)

Line No.	Description	Total Company Per Books (Col. 1)	North Carolina Retail Operations		
			Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)
1	Production Plant	\$ 22,181,205	\$ 14,978,527	\$ 855,692	\$ 15,834,219
2	Transmission Plant	4,052,747	2,179,775	281,942	2,461,717
3	Distribution Plant	12,085,804	8,938,158	848,858	9,787,016
4	General Plant	1,212,985	830,763	121,110	951,873
5	Intangible Plant	986,751	687,541	53,649	741,191
6	Subtotal	40,519,492 (a)	27,614,764	2,161,250	29,776,015
7	Nuclear Fuel (Net)	537,828	354,338	-	354,338
8	Total electric plant in service	\$ 41,057,320	\$ 27,969,103	\$ 2,161,250	\$ 30,130,353

Notes: (a) Excludes asset retirement obligations, electric plant held for future use, and electric plant acquisition adjustments totaling \$642,372 thousand.
(b) Reflects certain plant in service additions/retirements through January 2020, and a reduction for solar electric plant recovered through the REPS rider.

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DUKE ENERGY CAROLINAS, LLC
ACCUMULATED DEPRECIATION AND AMORTIZATION - ELECTRIC PLANT IN SERVICE
DECEMBER 31, 2018
(Thousands of Dollars)

No.	Description	Total Company Per Books (Col. 1)	North Carolina Retail Operations		
			Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)
1	Production Reserve	\$ (8,604,490)	\$ (5,795,067)	\$ (573,941)	\$ (6,369,008)
2	Transmission Reserve	(1,385,391)	(745,942)	(97,512)	(843,455)
3	Distribution Reserve	(4,816,028)	(3,561,642)	(127,141)	(3,688,783)
4	General Reserve	(414,681)	(285,334)	(36,217)	(321,551)
5	Intangible Reserve	(609,897)	(422,682)	(62,825)	(485,507)
6	Total	<u>\$ (15,830,487)</u>	<u>0 \$ (10,810,668)</u>	<u>\$ (897,636)</u>	<u>\$ (11,708,304)</u>

7 The annual composite rates based on the new depreciation study for computing depreciation (straight-line method) are shown below:

8	Steam production plant	4.40%
9	Nuclear production plant	3.60%
10	Hydro production plant	2.00%
11	Other production plant	3.21%
12	Transmission plant	2.23%
13	Distribution plant	2.28%
14	General plant	Various
15	Intangible plant	20.00%

Notes: (a) Excludes accumulated amortization of electric plant acquisition adjustment and accumulated depreciation related to asset retirement obligations totaling (\$107,345) thousand.

(b) Consists of adjustments to depreciation for year-end plant and certain plant additions/retirements through January 2020.

DUKE ENERGY CAROLINAS, LLC
MATERIALS AND SUPPLIES
DECEMBER 31, 2018
(Thousands of Dollars)

Line No.	Description	Total Company Per Books (Col. 1)	North Carolina Retail Operations		
			Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)
Fuel Stock:					
1	Coal	\$ 175,291	\$ 115,487	\$ 3,848 [a]	\$ 119,336
2	Gas	45,470	29,957	-	29,957
3	Total fuel stock	220,761	145,444	3,848	149,293
4	Other electric materials and supplies and stores clearing	773,682	532,633	(42,500) [b]	490,133
5	Total Materials and Supplies	\$ 994,443	\$ 678,077	\$ (38,652)	\$ 639,426

Notes: (a) Adjusts coal inventory to reflect the targeted inventory level of 35 days at full load.

(b) Eliminates (\$42,354) thousand of costs recorded in connection with non-fuel riders and (\$146) related to sale of hydro plants.

DUKE ENERGY CAROLINAS, LLC
WORKING CAPITAL INVESTMENT
DECEMBER 31, 2018
(Thousands of Dollars)

Line No.	Description	North Carolina Retail Operations					With Rev Incr (Col. 6)
		Total Company Per Books (Col. 1)	Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)	Impact of Rev Incr (Col. 5)	
1	Required bank balance	\$ 300	\$ 204	\$ -	\$ 204		\$ 204
2	Investor advanced funds:						
	Operating funds per lead-lag study	260,829	177,740 (a)	(16,898) (b)	160,842	40,592 (c)	201,434
3	Unamortized Debt	114,911	78,306	-	78,306	-	78,306
4	Pension Funding	580,864	394,363	-	394,363	-	394,363
5	Injuries and Damages	705,912	477,557	-	477,557	-	477,557
6	Regulatory Asset and Liability - Tax	(3,338,909)	(2,208,434)	-	(2,208,434)	-	(2,208,434)
7	Other	1,395,698	922,916	94,609	1,017,525	-	1,017,525
8	Total investor advanced funds	(280,695)	(157,552)	77,711	(79,842)	40,592	(39,249)
9	Less: customer deposits	(126,585)	(96,608)	-	(96,608)	-	(96,608)
10	Total working capital investment	\$ (406,979)	\$ (253,955)	\$ 77,711	\$ (176,245)	\$ 40,592	\$ (135,652)

Notes: (a) From Speros Exhibit 2, Line 19.

(b) Reflects a decrease in 'operating funds per lead-lag study' for the adjusted total requirements in this rate case.

(c) Reflects an increase in 'operating funds per lead-lag study' for the impact of the revenue increase.

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E-1 Item 10 Adjustments Requirement

Provide the detail work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

Detailed Narrative Explanation of Adjustment

This pro forma adjusts depreciation expense, general taxes, income taxes, electric plant in service, accumulated depreciation and accumulated deferred income taxes to reflect net additions to plant in service.

The impact to operating income is determined as follows:

The adjustment to depreciation expense reflects a full year's level of depreciation on net additions to plant in service by multiplying the projected net additions to electric plant by depreciation rates based on the new depreciation study.

The adjustment to general taxes reflects estimated annual property tax expense related to the net additions to plant in service. Property taxes are estimated by multiplying the projected net additions to electric plant by a combined North Carolina and South Carolina property tax rate.

The impact to income taxes is determined by multiplying taxable income by the statutory tax rate.

The impact to rate base is determined as follows:

The adjustment to electric plant in service reflects projected updates to electric plant in service through May 2020.

The adjustment to accumulated depreciation reflects projected updates to the accumulated depreciation balance through May 2020 and annualized depreciation expense based on forecasted May 2020 electric plant in service balances.

The adjustment to working capital investments reflects projected updates to the unrecovered net book value of retired meters regulatory asset through May 2020.

The adjustment to accumulated deferred income taxes reflects the impacts of forecasted bonus depreciation on gross plant additions through May 2020.

September Update

Updated NC-1005, NC-1008, NC-1009 and NC-1010 for actuals through September 2019.

October Update

Updated NC-1005, NC-1008, NC-1009 and NC-1010 for actuals through October 2019.

November Update

Updated NC-1005, NC-1008, NC-1009 and NC-1010 for actuals through November 2019.

December Update

Updated NC-1005, NC-1006, NC-1007, NC-1008, NC-1009 and NC-1010 for actuals through December 2019.

January Update

Updated NC-1001, NC-1005, NC-1006, NC-1007, NC-1008, NC-1009 and NC-1010 for actuals through January 2020.

Updated NC-1004 for revised estimated 2019 bonus depreciation.

Updated NC-1002, NC-1003, and NC-1006 for updated solar percentages being recovered in the REPS rider.

Updated NC-1001 to remove the impact of AMR meter retirements from the depreciation expense calculation.

Extended Settlement-May

Updated all tabs for actuals through May 2020.

Commission Request

Updated NC-1001 to offset proposed accelerated depreciation related to updating retirement dates for Cliffside 5 and Allen with a reserve reclassified from unprotected EDIT.

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Line No.	Description	Source	Total NC Retail Commission Request	Total NC Retail May - Second Supplemental	Total NC Retail January	Total NC Retail Application	Total NC Retail Change
1							
2	Pro Formas Impacting Income Statement Line Items						
3							
4	Electric operating revenue		\$ -	\$ -	\$ -	\$ -	\$ -
5							
6	Electric operating expenses:						
7	Operation and maintenance						
8	Fuel used in electric generation		-	-	-	-	-
9	Purchased power		-	-	-	-	-
10	Other operation and maintenance expense		-	-	-	-	-
11	Depreciation and amortization	NC-1001	73,346	75,055	61,010	50,629	22,716
12	General taxes	NC-1001	11,276	11,276	9,257	6,771	4,504
13	Interest on customer deposits		-	-	-	-	-
14	Income taxes	NC-1001	(19,759)	(20,158)	(16,407)	(13,403)	(6,356)
15	Amortization of investment tax credit		-	-	-	-	-
16							
17	Total electric operating expenses	Sum L8 through L15	64,862	66,172	53,859	43,998	20,864
18							
19	Operating income	L4 - L17	\$ (64,862)	\$ (66,172)	\$ (53,859)	\$ (43,998)	\$ (20,864)
20							
21	Notes:						
22	Revenue: positive number increases revenue / negative number decreases revenue						
23	Expense: positive number increases expense / negative number decreases expense						
24							
25							
26	Pro Formas Impacting Rate Base Line Items						
27							
28	Electric plant in service	NC-1001	\$ 2,211,682	\$ 2,211,682	\$ 1,817,054	\$ 1,355,958	\$ 855,724
29	Accumulated depreciation and amortization	NC-1001	(830,195)	(830,195)	(606,554)	(619,363)	(210,833)
30	Electric plant in service, net	Sum L28 through L29	\$ 1,381,486	\$ 1,381,486	\$ 1,210,500	\$ 736,595	\$ 644,891
31							
32	Add:						
33	Materials and supplies		-	-	-	-	-
34	Working capital investment		38,275	38,275	39,542	(4,945)	43,220
35			-	-	-	-	-
36							
37	Less:						
38	Accumulated deferred taxes	NC-1001	(43,445)	(43,445)	(42,256)	(17,144)	(26,302)
39	Operating reserves		-	-	-	-	-
40			-	-	-	-	-
41							
42	Construction work in progress		-	-	-	-	-
43							
44	Total impact to rate base	Sum L30 through L42	\$ 1,376,315	\$ 1,376,315	\$ 1,207,785	\$ 714,506	\$ 661,809
45							
46	Note:						
47	Rate Base: positive number increases rate base / negative number decreases rate base						

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Line No.	Description	Electric Plant	Depr Rate	Depr.	Total Carolinas	NC Retail Allocation	Total NC Retail
1	<u>Impact to Rate Base Line Items</u>						
2	<u>Total net additions to electric plant:</u>						
3	Fossil	\$ 618,319 [1]	4.40% [2]	\$ 27,206			
4	Nuclear	303,398 [1]	3.60% [2]	10,922			
5	Hydro	246,162 [1]	2.00% [2]	4,923			
6	Other Production	145,946 [1]	3.21% [2]	4,685			
7	Transmission	538,358 [1]	2.23% [2]	12,005			
8	Distribution	1,237,023 [1]	2.20% [17]	27,242			
9	Distribution - AMR Meter Retirements	(64,116) [16]					
10	General	175,465 [1]	5.27% [2]	9,247			
11	Intangible	77,728 [1]		14,505 [13]			
12	Total net additions to depreciable electric plant (L3 through L11)	<u>\$ 3,278,282</u>		<u>\$ 110,737</u>			
13							
14	<u>Summary of impacts to rate base</u>						
15	<u>Net additions to total electric plant in service:</u>						
16	Production (Sum of L3 through L6)				\$ 1,313,824	67.4345% [4]	\$ 885,971
17	Transmission (L7)				538,358	52.6634% [5]	283,518
18	Distribution (L8 + L9)				1,172,906	73.9558% [6]	867,433
19	General (L10)				175,465	69.0221% [7]	121,110
20	Intangible (L11)				77,728	69.0221% [7]	53,649
21	Impact to electric plant in service (Sum L16 through L20)				<u>\$ 3,278,282</u>		<u>\$ 2,211,682</u>
22							
23	<u>Accumulated depreciation & amortization:</u>						
24	Production				\$ (839,031) [3]	67.4345% [4]	\$ (565,797)
25	Transmission				(43,067) [3]	52.6634% [5]	(22,680)
26	Distribution				(157,316) [3]	73.9558% [6]	(116,344)
27	General				(44,639) [3]	69.0221% [7]	(30,811)
28	Intangible				(96,840) [3]	69.0221% [7]	(66,841)
29	Adjustment to accumulated depreciation & amortization (Sum L24 through L28)				<u>\$ (1,180,894)</u>		<u>\$ (802,474)</u>
30	Additional adjustment for May 31, 2020 annualization				<u>\$ (46,367) [14]</u>		<u>\$ (27,722) [14]</u>
31	Impact to accumulated depreciation and amortization (L29 + L30)				<u>\$ (1,227,260)</u>		<u>\$ (830,195)</u>
32							
33	<u>Net electric plant:</u>						
34	Production (L16 + L24)				\$ 474,793		\$ 320,175
35	Transmission (L17 + L25)				495,292		260,838
36	Distribution (L18 + L26)				1,015,590		751,089
37	General (L19 + L27)				130,826		90,299
38	Intangible (L20 + L28)				(19,113)		(13,192)
39	Adjustment to net plant (Sum L34 through L38)				<u>\$ 2,097,389</u>		<u>\$ 1,409,208</u>
40	Additional adjustment for May 31, 2020 annualization				<u>\$ (46,367) [14]</u>		<u>\$ (27,722) [14]</u>
41	Total net plant (L39 + L40)				<u>\$ 2,051,022</u>		<u>\$ 1,381,486</u>
42							
43	<u>Working capital investment:</u>						
44	Net change in NC Unrecovered NBV of Retired Meters				<u>\$ 38,275 [15]</u>		<u>\$ 38,275</u>
45	Impact to working capital investment (L44)				<u>\$ 38,275</u>		<u>\$ 38,275</u>
46							
47	<u>Accumulated deferred income tax:</u>						
48	<u>Resulting from additional bonus depreciation:</u>						
49	Production				\$ (39,440) [8]	68.0166% [9]	\$ (26,826)
50	Transmission				(3,859) [8]	68.0166% [9]	(2,625)
51	Distribution				(4,532) [8]	68.0166% [9]	(3,083)
52	General & Intangible				(2,903) [8]	68.0166% [9]	(1,975)
53	Adjustment resulting from additional bonus depreciation (Sum L49 through L52)				<u>\$ (50,735)</u>		<u>\$ (34,508)</u>
54	Adjustment resulting from working capital investment				<u>\$ (8,937) [15]</u>		<u>\$ (8,937) [15]</u>
55	Impact to accumulated deferred income tax (L53 + L54)				<u>\$ (59,672)</u>		<u>\$ (43,445)</u>
56							
57	Impact to rate base (L41 + L45 + L55)				<u>\$ 2,029,624</u>		<u>\$ 1,376,315</u>

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Line No.	Description	Total Carolinas	NC Retail Allocation	Total NC Retail
58	<u>Impact to Income Statement Line Items</u>			
59	<u>Depreciation and amortization:</u>			
60	Production (Sum of L3 through L6)	\$ 47,736	67.4345% [4]	\$ 32,191
61	Transmission (L7)	12,005	52.6634% [5]	6,322
62	Distribution (L8)	27,242	73.9558% [6]	20,147
63	General & Intangible (Sum of L10 through L11)	23,752	69.0221% [7]	16,394
64	<u>Adjust for amortization of accelerated depreciation reserve</u>	<u>(2,535) [18]</u>	<u>67.4345% [4]</u>	<u>(1,710)</u>
65	Impact to depreciation and amortization (Sum L60 through L64)	<u>\$ 108,202</u>		<u>\$ 73,346</u>
66				
67	<u>General taxes:</u>			
68	Average property tax rate - North Carolina	0.21486% [10]		
69	Average property tax rate - South Carolina	0.30770% [10]		
70	Average property tax rate-Combined NC and SC (L68 + L69)	0.52256%		
71				
72	Production - Excluding Solar ((L16 - NC-1002 Line 17) x L70)	\$ 6,863	67.4345% [4]	\$ 4,628
73	Production - Solar	1 [12]	67.4345% [4]	0
74	Transmission (L17 x L70)	2,813	52.6634% [5]	1,482
75	Distribution (L18 x L70)	6,129	73.9558% [6]	4,533
76	General (L19 x L70)	917	69.0221% [7]	633
77	Impact to general taxes (Sum L72 through L76)	<u>\$ 16,723</u>		<u>\$ 11,276</u>
78				
79	Taxable income (-L65 - L77)	\$ (124,924)		\$ (84,621)
80	Statutory tax rate	23.3503% [11]		23.3503% [11]
81	Impact to income taxes (L79 x L80)	<u>\$ (29,170)</u>		<u>\$ (19,759)</u>
82				
83	Impact to operating income (L79 - L81)	<u>\$ (95,754)</u>		<u>\$ (64,862)</u>

[1] NC-1002 - Net Plant Adds

[2] NC-2602 - Comparison of Current and Proposed Depreciation as of December 31, 2018, Proposed Rate Column

[3] NC-1003 - Accumulated Depreciation

[4] Allocation Factor - All Production Demand

[5] Allocation Factor - All Transmission Demand

[6] Allocation Factor - All - Dist Plant - DEC

[7] Allocation Factor - All - Intang and Gen Plt

[8] NC-1004 - Accumulated Deferred Income Taxes Calculation

[9] Allocation Factor - All - NETPLT w Nfuel

[10] NC-0901 - Annualize property taxes on year end plant balances, Line 13

[11] NC-0104 - 2019 Calculation of Tax Rates - Composite Tax Rate, Line 10

[12] NC-1002 - Net Plant Additions - Solar additions are included at 20% of total based on property tax exclusion for solar assets per Duke Energy Carolinas Tax Department.

[13] Updated annualized depreciation on intangible additions per Asset Accounting.

[14] NC-1006 - Accumulated Depreciation Annualization Adjustment

[15] NC-1005 - NC Unrecovered Net Book Value of Retired Meters, Line 24 and Line 28

[16] AMR meter retirements from Asset Accounting. AMR meter retirements should not have an impact on depreciation expense, recovering retired AMR meters in reg ;

[17] Distribution composite rate without AMR meter line from the proposed 2018 Depreciation Study

[18] Amortization of accelerated depr reserve removes the impact in post test year additions depreciation expense of accelerated depreciation due to updates to Cliffside 5 and Allen.

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Net Plant Adds

Line No.	Item	Total Carolinas		
		Actual [1] Net Change through 05/31/2020	Adjustments	Total Adjusted Net Change Plant in Service
1	<u>Electric Plant in Service:</u>			
2	Steam plant	\$ 618,319		\$ 618,319
3	Nuclear plant	303,398		303,398
4	Hydro plant	246,162		246,162
5	Other production plant	145,869	77 [6]	145,946
6	Transmission plant	538,358		538,358
7	Distribution plant	1,172,906		1,172,906
8	General plant	175,465		175,465
9	Intangible plant	77,728		77,728
10	Total Electric Plant in Service (Sum L2 through L9)	\$ 3,278,205	\$ 77	\$ 3,278,282
11				
12	<u>Solar Electric Plant in Service Included in Line 5 above:</u>			
13	Solar PVDG	\$ (260)	\$ 108 [2]	\$ (151)
14	Solar Monroe	(22)	1 [3]	(22)
15	Solar Mocksville	-	- [4]	-
16	Solar Woodleaf	711	(32) [5]	679
17	Total Solar Included in Line 5 above (Sum L13 through L16)	\$ 429	\$ 77	\$ 506

[1] NC-1008 - Plant in Service Balances

[2] Per NC-0603, 41.68% of Solar PVDG costs are collected in the REPS rider and should be excluded for purposes of this analysis.

[3] Per NC-0603, 3.85% of Solar Monroe costs are collected in the REPS rider and should be excluded for purposes of this analysis.

[4] Per NC-0603, 3.71% of Solar Mocksville costs are collected in the REPS rider and should be excluded for purposes of this analysis.

[5] Per NC-0603, 4.50% of Solar Woodleaf costs are collected in the REPS rider and should be excluded for purposes of this analysis.

[6] Excluding the portion of net change related to Solar costs that are collected in the REPS rider.

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Commission Request
Net Accelerated Depreciation

Accumulated Depreciation

Line No.	Item	Total Carolinas		Total Adjusted Net Change Accumulated Depreciation
		Actual [1] Net Change through 05/31/2020	Adjustments	
1	<u>Accumulated Depreciation</u>			
2	Steam plant	\$ (408,202)		\$ (408,202)
3	Nuclear plant	(287,369)		(287,369)
4	Hydro plant	1,464		1,464
5	Other production plant	(146,194)	1,270 [6]	(144,924)
6	Transmission plant	(43,067)		(43,067)
7	Distribution plant	(157,316)		(157,316)
8	General plant	(44,639)		(44,639)
9	Intangible plant	(96,840)		(96,840)
10	Total Accumulated Depreciation (Sum L2 through L9)	\$ (1,182,164)	\$ 1,270	\$ (1,180,894)
11				
12	<u>Solar Accumulated Depreciation Included in Line 5 above:</u>			
13	Solar PVDG	\$ (1,989)	\$ 829 [2]	\$ (1,160)
14	Solar Monroe	(8,333)	321 [3]	(8,012)
15	Solar Mocksville	(2,223)	82 [4]	(2,140)
16	Solar Woodleaf	(846)	38 [5]	(808)
17	Total Solar Included in Line 5 above (Sum L13 through L16)	\$ (13,390)	\$ 1,270	\$ (12,120)

[1] NC-1009 - Accumulated Depreciation Balances

[2] Per NC-0603, 41.68% of Solar PVDG costs are collected in the REPS rider and should be excluded for purposes of this analysis

[3] Per NC-0603, 3.85% of Solar Monroe costs are collected in the REPS rider and should be excluded for purposes of this analysis

[4] Per NC-0603, 3.71% of Solar Mocksville costs are collected in the REPS rider and should be excluded for purposes of this analysis

[5] Per NC-0603, 4.50% of Solar Woodleaf costs are collected in the REPS rider and should be excluded for purposes of this analysis

[6] Excluding the portion of net change related to Solar costs that are collected in the REPS rider.

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Accumulated Deferred Income Taxes Calculation

		Total Carolinas Forecasted Bonus Depreciation through 05/31/2020
Line No.	Item	
1	<u>Bonus Depreciation</u>	
2	Steam plant	\$ 87,993
3	Nuclear plant	7,613
4	Hydro plant	67,740
5	Other production plant	5,562
6	Transmission plant	16,525
7	Distribution plant	19,410
8	General plant	660
9	Intangible plant	11,774
10	Total Accumulated Depreciation (Sum L2 through L9)	\$ 217,278
11		
12	Statutory tax rate	23.3503%
13		
14	<u>Accumulated deferred income taxes (resulting from additional bonus depreciation):</u>	
15	Steam plant (-L2 x L12)	\$ (20,547)
16	Nuclear plant (-L3 x L12)	(1,778)
17	Hydro plant (-L4 x L12)	(15,818)
18	Other production plant (-L5 x L12)	(1,299)
19	Transmission plant (-L6 x L12)	(3,859)
20	Distribution plant (-L7 x L12)	(4,532)
21	General plant (-L8 x L12)	(154)
22	Intangible plant (-L9 x L12)	(2,749)
23	Impact to accumulated deferred income taxes (Sum L15 through L22)	\$ (50,735)

[1] Forecasted amounts provided by Duke Energy Carolinas - Tax Department

[2] NC-0104 - 2019 Calculation of Tax Rates - Composite Tax Rate, Line 10

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NC Unrecovered Net Book Value of Retired Meters

Line No.	Description	Total NC Retail
1	<u>NC Unrecovered NBV of Retired Meter Reg Asset Balance:</u>	
2	Dec 2018	\$ 66,567,437 [1]
3	Jan 2019	62,712,581 [2]
4	Feb 2019	62,712,581 [2]
5	Mar 2019	67,627,973 [2]
6	Apr 2019	67,627,973 [2]
7	May 2019	67,627,973 [2]
8	Jun 2019	102,882,945 [2]
9	Jul 2019	102,882,945 [2]
10	Aug 2019	102,882,945 [2]
11	Sep 2019	105,766,319 [2]
12	Oct 2019	105,766,319 [2]
13	Nov 2019	105,766,319 [2]
14	Dec 2019	106,742,670 [2]
15	Jan 2020	106,109,137 [2]
16	Feb 2020	106,109,137 [2]
17	Mar 2020	104,842,072 [2]
18	Apr 2020	104,842,072 [2]
19	May 2020	104,842,072 [2]
20		
21		
22		
23		
24	Actual net change through 05/31/2020 (L19 - L2)	<u>\$ 38,274,636</u>
25		
26	Statutory tax rate	23.3503% [3]
27		
28	Impact to accumulated deferred income taxes (-L24 x L26)	<u>\$ (8,937,223)</u>

[1] E-1 Item 2 - Trial Balance - Account 0182525

[2] Actual amounts provided by Duke Energy Carolinas - Asset Accounting

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

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Accumulated Depreciation Annualization Adjustment

Line No.	Item	Total Carolinas	Adjustments	Total Adjusted Carolinas	NC Retail Allocation	Total NC Retail
1	<u>Accumulated Depreciation</u>					
2	Production (Line 24)	\$ (19,262) [1]	(1) [6]	\$ (19,263)	67.4345% [7]	\$ (12,990)
3	Production Contra ADC - NC (Line 22)	395 [1]		395	100.0000%	395
4	Production Contra ADC - SC (Line 23)	(5,569) [1]		(5,569)	0.0000%	-
5	Transmission (Line 33)	(4,411) [1]		(4,411)	52.6634% [8]	(2,323)
6	Transmission Contra ADC - NC (Line 31)	(1) [1]		(1)	100.0000%	(1)
7	Transmission Contra ADC - SC (Line 32)	(7) [1]		(7)	0.0000%	-
8	NC Distribution (Line 38)	(7,842) [1]		(7,842)	99.6471% [9]	(7,815)
9	SC Distribution (Line 43)	(2,278) [1]		(2,278)	0.0000% [10]	-
10	Distribution Contra ADC - SC (Line 42)	(42) [1]		(42)	0.0000%	-
11	General (Line 61)	(7,228) [1]		(7,228)	69.0221% [11]	(4,989)
12	General Contra ADC - SC (Line 60)	(122) [1]		(122)	0.0000%	-
13	Intangible (Line 67)	- [1]		-	69.0221% [11]	-
14	Intangible Contra ADC - SC (Line 66)	- [1]		-	0.0000%	-
15	Impact to accum. deprec. (Sum L2 through L14)	\$ (46,365)	\$ (1)	\$ (46,367)		\$ (27,722)
16						
17	<u>Solar Accumulated Depreciation Included in Line 2 above:</u>					
18	Solar PVDG (Line 19)	\$ 14 [1]	\$ (6) [2]	\$ 8		
19	Solar Monroe (Line 17)	1 [1]	(0) [3]	1		
20	Solar Mocksville (Line 16)	(10) [1]	0 [4]	(10)		
21	Solar Woodleaf (Line 18)	(90) [1]	4 [5]	(86)		
22	Total Solar Included in Line 2 above (Sum L18 through L21)	\$ (86)	\$ (1)	\$ (87)		

[1] NC-1007 - Adjustment to Accumulated Depreciation for Annualization of Depreciation Expense at May. 31, 2020

[2] Per NC-0603, 41.68% of Solar PVDG costs are collected in the REPS rider and should be excluded for purposes of this analysis.

[3] Per NC-0603, 3.85% of Solar Monroe costs are collected in the REPS rider and should be excluded for purposes of this analysis.

[4] Per NC-0603, 3.71% of Solar Mocksville costs are collected in the REPS rider and should be excluded for purposes of this analysis.

[5] Per NC-0603, 4.50% of Solar Woodleaf costs are collected in the REPS rider and should be excluded for purposes of this analysis.

[6] Excluding the portion of net change related to Solar costs that are collected in the REPS rider.

[7] Allocation Factor - All Production Demand

[8] Allocation Factor - All Transmission Demand

[9] Allocation Factor - NC - Dist Plant - DEC

[10] Allocation Factor - SC - Dist Plant - DEC

[11] Allocation Factor - All - Intang and Gen Plt

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Adjustment to Accumulated Depreciation for Annualization of Depreciation Expense at May. 31, 2020

Line No.	Function	Plant in Service [7] 05/31/2020	Depr Rate [8]	Current Rates Calculated Accrual	12ME Depr Booked [9]	Difference
1	STEAM: [1]					
2	- Steam	\$ 9,030,699	3.41%	\$ 307,934	\$ 299,227	\$ 8,707
3	- Steam - Right of Way	2,004	0.00%	-	-	- [2]
4		\$ 9,032,703		\$ 307,934	\$ 299,227	\$ 8,707
5	NUCLEAR: [1]					
6	- Nuclear	\$ 8,821,892	3.39%	\$ 298,707	\$ 289,216	\$ 9,492
7	- Nuclear - Right of Way	957	1.70%	16	16	0
8		\$ 8,822,849		\$ 298,724	\$ 289,232	\$ 9,492
9	HYDRO: [1]					
10	- Hydro/Other	\$ 2,380,127	1.87%	\$ 44,476	\$ 42,246	\$ 2,230
11	- Hydro - Right of Way	23,316	0.62%	144	145	(2)
12		\$ 2,403,443		\$ 44,620	\$ 42,391	\$ 2,229
13	OTHER PRODUCTION: [1]					
14	-Other (CTs)	\$ 3,093,229	2.96%	\$ 91,574	\$ 87,652	\$ 3,922
15	-Other (CTs Land)	-	4.45%	-	-	-
16	-Other (Solar-Mocksville)	31,773	4.98%	1,583	1,573	10
17	-Other (Solar-Monroe)	116,546	5.06%	5,897	5,898	(1)
18	-Other (Solar-Woodleaf)	13,844	5.06%	701	611	90
19	-Other (Solar-Roof top)	29,046	5.42%	1,573	1,588	(14)
20	Other Production	\$ 3,284,439		\$ 101,328	\$ 97,321	\$ 4,007
21	Total Production, Including Contra ADC	\$ 23,543,434		\$ 752,606	\$ 728,171	\$ 24,435
22	Production Contra ADC - NC [6]	(118,546)		(4,028)	(3,633)	(395)
23	Production Contra ADC - SC [6]	(100,304)		(3,371)	(8,940)	5,569
24	Total Production, Excluding Contra ADC	\$ 23,762,284		\$ 760,006	\$ 740,744	\$ 19,262
25						
26	TRANSMISSION: [1]					
27	- Transmission - Right of Way	\$ 163,903	1.15%	\$ 1,885	\$ 1,882	\$ 3
28	- Transmission	4,406,025	2.05%	90,250	85,834	4,416
29	- Transmission Expansion Projects (TEP)	(11,670)	0.00%	(611)	(611)	- [3]
30	Total Transmission, Including Contra ADC	\$ 4,558,257		\$ 91,523	\$ 87,105	\$ 4,419
31	Transmission Plant Contra ADC - NC [6]	(1,028)	2.05%	(21)	(22)	1
32	Transmission Plant Contra ADC - SC [6]	(3,030)	2.05%	(62)	(69)	7
33	Total Transmission, Excluding Contra ADC	\$ 4,562,315		\$ 91,606	\$ 87,196	\$ 4,411
34						
35	DISTRIBUTION: [1]					
36	- Distribution - NC	\$ 9,809,786	2.20%	\$ 215,605	\$ 207,763	\$ 7,842
37	- Distribution - NC - Right of Way	8,620	1.37%	118	117	1
38	Subtotal Distribution NC	\$ 9,818,405		\$ 215,723	\$ 207,881	\$ 7,842
39	- Distribution Plant- SC	\$ 3,381,133	2.20%	\$ 74,312	\$ 71,993	\$ 2,320
40	- Distribution - SC - Right of Way	1,015	1.37%	14	14	(0)
41	Subtotal Distr. SC, Including Contra ADC	\$ 3,382,148		\$ 74,326	\$ 72,007	\$ 2,320
42	Distribution Plant - SC - Contra ADC [6]	(535)		(11)	(53)	42
43	Subtotal Distr. SC, Excluding Contra ADC	\$ 3,382,683		\$ 74,338	\$ 72,060	\$ 2,278
44	Total Distribution Excluding Contra	\$ 13,201,088		\$ 290,061	\$ 279,941	\$ 10,120
45						
46	GENERAL: [1]					
47	Structures/Lease Improvements	\$ 711,979	3.22%	\$ 22,926	\$ 22,289	\$ 637
48	Furniture and Equipment	65,306	6.67%	4,356	3,990	366
49	EDP Computer	133,448	12.50%	16,681	15,347	1,334
50	Vehicles	13,370	n/a	-	-	- [4]
51	Construction Equipment	16,176	n/a	-	-	- [4]
52	Stores Equipment	1,101	5.00%	55	52	3
53	Tools, Shop and Garage Equipment	111,955	5.00%	5,598	5,428	170
54	Laboratory Equipment	6,314	6.67%	421	417	4
55	Power Operated Equipment	11,692	6.54%	765	725	40
56	Communication Equipment	239,568	10.00%	23,957	19,263	4,694
57	Miscellaneous Equipment	14,626	5.00%	731	628	103
58	Land Rights	550	1.51%	8	8	0
59	Total General, Including Contra ADC	\$ 1,326,085	5.70%	\$ 75,498	\$ 68,148	\$ 7,350
60	Total General Plant Contra ADC - SC [6]	(256)		(32)	(154)	122
61	Total General, Excluding Contra ADC	\$ 1,326,341		\$ 75,530	\$ 68,302	\$ 7,228
62	Total Plant-in-Service Excluding Intangible	\$ 42,628,329		\$ 1,209,676	\$ 1,163,311	\$ 46,365
63						
64	INTANGIBLE:					
65	Intangible	\$ 1,064,479		\$ 70,159	\$ 70,159	\$ - [5]
66	Intangible Plant Contra ADC [6]	(7,748)		(350)	(350)	- [5]
67	Total Intangible Excluding Contra ADC	\$ 1,072,227		\$ 70,510	\$ 70,510	\$ -
68	Total Plant-in-Service	\$ 43,692,807		\$ 1,279,835	\$ 1,233,470	\$ 46,365
69	Total Contra ADC [6]	(231,447)		(7,877)	(13,222)	5,345
70	Total Plant-in-Service Excluding Contra ADC	\$ 43,924,255		\$ 1,287,712	\$ 1,246,692	\$ 41,020

[1] Total plant-in-service excludes non-depreciable assets & capitalized asset retirement costs related to FAS 143.

[2] Fossil land rights are fully depreciated/amortized and no longer accrue any expense.

[3] The TEP credit is due to an impairment recorded as part of the Progress Merger.

[4] Depreciation expense on vehicles and construction equipment is recorded to 803 accounts, therefore it is excluded above.

[5] The per book intangible amount reflects a representative level of amortization expense on a go forward basis.

[6] Forecasted Contra AFUDC balances are not available, these lines will be updated with May. 31, 2020 actuals.

[8] Actual amounts provided by Asset Accounting

[8] NC-0802 - Adjustment to Annualize Depreciation Expense at Dec. 31, 2018

[9] NC-1010 - Twelve Months of Depreciation Expense as of May. 31, 2020

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Plant in Service Balances

Line No.	Description	ACTUALS [1]																Net Change		
		Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020		Apr 2020	May 2020
1	Electric Plant in Service																			
2	Steam plant	\$ 8,325,356	\$ 8,495,769	\$ 8,517,149	\$ 8,601,753	\$ 8,610,927	\$ 8,653,152	\$ 8,665,139	\$ 8,689,379	\$ 8,739,574	\$ 8,701,124	\$ 8,701,511	\$ 8,789,280	\$ 8,803,453	\$ 8,932,856	\$ 8,940,483	\$ 8,941,579	\$ 8,944,270	\$ 8,943,676	\$ 618,319
3	Nuclear plant	8,521,536	8,546,828	8,553,918	8,558,002	8,578,492	8,642,125	8,581,039	8,595,482	8,621,244	8,621,229	8,629,513	8,732,047	8,742,328	8,746,085	8,753,311	8,767,646	8,824,984	303,398	
4	Hydro plant	2,186,536	2,190,485	2,241,380	2,251,516	2,251,934	2,255,030	2,256,885	2,263,110	2,220,524	2,221,648	2,316,623	2,334,155	2,383,331	2,380,264	2,409,286	2,414,330	2,428,104	2,432,888	246,162
5	Other production plant	3,147,776	3,148,800	3,162,993	3,186,951	3,200,136	3,208,099	3,213,079	3,212,296	3,170,058	3,213,989	3,216,038	3,217,333	3,283,781	3,270,443	3,278,941	3,281,371	3,281,437	3,293,645	145,869
6	Transmission plant	4,052,747	4,091,515	4,102,406	4,112,967	4,197,722	4,197,558	4,218,282	4,246,809	4,275,301	4,294,118	4,310,310	4,339,732	4,467,289	4,485,117	4,510,367	4,585,766	4,575,639	4,591,106	538,358
7	Distribution plant	12,085,804	12,146,676	12,197,465	12,251,658	12,278,048	12,383,589	12,453,193	12,524,982	12,614,325	12,680,933	12,769,061	12,848,362	12,894,673	13,001,938	13,070,872	13,140,861	13,197,115	13,258,710	1,172,906
8	General plant	1,212,985	1,213,816	1,229,224	1,232,653	1,244,417	1,250,852	1,257,384	1,262,785	1,264,466	1,284,914	1,291,004	1,301,015	1,336,684	1,350,136	1,353,845	1,362,019	1,383,363	1,388,451	175,465
9	Intangible plant	986,751	987,841	988,573	997,283	998,618	998,629	1,001,273	1,017,709	1,011,889	1,022,502	1,026,204	1,030,041	1,042,384	1,052,324	1,054,367	1,062,725	1,062,688	1,064,479	777,728
10	Total Electric Plant in Service (Sum L2 through L9)	\$ 40,519,492	\$ 40,821,530	\$ 40,993,087	\$ 41,192,783	\$ 41,324,294	\$ 41,529,034	\$ 41,646,274	\$ 41,773,590	\$ 41,893,630	\$ 42,040,477	\$ 42,254,180	\$ 42,477,431	\$ 42,983,334	\$ 43,215,407	\$ 43,387,127	\$ 43,551,961	\$ 43,654,843	\$ 43,797,697	\$ 3,278,205
11																				
12	Solar Electric Plant in Service Included in Line 5 Above:																			
13	Solar PV/OG	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,179	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,046	\$ (260)
14	Solar Monoc	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,545	116,545	116,545	116,545	116,546	(22)
15	Solar Bifacial	31,173	31,173	31,173	31,173	31,173	31,173	31,173	31,173	31,173	31,173	31,173	31,173	31,173	31,173	31,173	31,173	31,173	31,173	(2)
16	Solar Racking	13,133	13,133	13,133	13,133	13,133	13,133	13,133	13,133	13,133	13,133	13,133	13,133	13,133	13,133	13,133	13,133	13,133	13,134	(2)
17	Total Solar Included in Line 5 Above (Sum L13 through L16)	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,685	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,688	\$ 180,688	\$ 180,688	\$ 180,688	\$ 180,689	\$ (2)
18	Total Solar Included in Line 5 Above (Sum L13 through L16)	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,685	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,688	\$ 180,688	\$ 180,688	\$ 180,688	\$ 180,689	\$ (2)
19	Total Solar Included in Line 5 Above (Sum L13 through L16)	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,685	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,688	\$ 180,688	\$ 180,688	\$ 180,688	\$ 180,689	\$ (2)
20	Total Solar Included in Line 5 Above (Sum L13 through L16)	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,685	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,700	\$ 180,688	\$ 180,688	\$ 180,688	\$ 180,688	\$ 180,689	\$ (2)

[1] Actual amounts provided by Duke Energy Carolinas - Asset Accounting
[2] Forecasted amounts provided by Duke Energy Carolinas - Financial Electric & Gas Planning and Forecasting
[3] Amounts above do not include Asset Retirement Obligation (ARO) balances

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Accumulated Depreciation Balances

Line No.	Description	Dec-2018	Jan-2019	Feb-2019	Mar-2019	Apr-2019	May-2019	Jun-2019	Jul-2019	Aug-2019	Sep-2019	Oct-2019	Nov-2019	Dec-2019	Jan-2020	Feb-2020	Mar-2020	Apr-2020	May-2020	Net Change s = r - a
ACTUALS [1]																				
1	Accumulated Depreciation																			
2	Steam plant	\$ (3,268,005) \$	(3,333,783) \$	(3,351,261) \$	(3,373,798) \$	(3,391,480) \$	(3,444,991) \$	(3,463,776) \$	(3,498,622) \$	(3,530,546) \$	(3,531,711) \$	(3,543,584) \$	(3,547,129) \$	(3,556,803) \$	(3,578,298) \$	(3,605,168) \$	(3,629,459) \$	(3,654,831) \$	(3,677,108) \$	(408,202) \$
3	Nuclear plant	(3,484,083)	(3,510,118)	(3,533,609)	(3,553,320)	(3,574,744)	(3,594,649)	(3,613,234)	(3,646,275)	(3,646,275)	(3,675,816)	(3,686,950)	(3,708,724)	(3,697,719)	(3,720,340)	(3,743,822)	(3,767,033)	(3,776,025)	(3,771,431)	(287,369)
4	Hydro plant	(978,577)	(985,781)	(975,847)	(983,262)	(986,115)	(986,575)	(985,743)	(992,088)	(974,875)	(976,127)	(974,237)	(975,955)	(968,992)	(970,429)	(964,557)	(967,964)	(977,428)	(977,113)	1,464
5	Other production plant	(872,945)	(888,581)	(901,809)	(957,636)	(934,105)	(942,844)	(952,386)	(959,074)	(956,105)	(970,350)	(977,736)	(1,008,222)	(986,631)	(975,312)	(990,689)	(1,007,216)	(1,012,607)	(1,019,140)	(146,194)
6	Transmission plant	(1,385,391)	(1,388,345)	(1,388,173)	(1,383,280)	(1,385,713)	(1,388,269)	(1,390,633)	(1,395,859)	(1,398,349)	(1,400,948)	(1,409,179)	(1,412,856)	(1,412,856)	(1,415,221)	(1,421,208)	(1,427,956)	(1,432,869)	(1,428,458)	(43,067)
7	Distribution plant	(4,816,028)	(4,811,514)	(4,817,712)	(4,834,287)	(4,803,188)	(4,816,192)	(4,861,484)	(4,888,967)	(4,877,327)	(4,886,046)	(4,912,860)	(4,924,270)	(4,877,987)	(4,891,035)	(4,936,138)	(4,953,691)	(4,954,779)	(4,973,344)	(157,316)
8	General plant	(414,681)	(416,639)	(421,695)	(425,217)	(425,860)	(430,400)	(435,656)	(439,993)	(431,958)	(436,124)	(439,649)	(436,642)	(442,408)	(449,005)	(451,690)	(456,930)	(464,759)	(459,321)	(44,639)
9	Intangible plant	(629,597)	(615,621)	(621,695)	(626,340)	(632,540)	(638,351)	(643,849)	(649,558)	(654,744)	(660,455)	(666,317)	(668,269)	(675,597)	(682,541)	(688,609)	(694,974)	(700,961)	(706,737)	(66,840)
10	Total Accumulated Depreciation (Sum L2 through L9)	\$ (15,830,487) \$	(15,944,384) \$	(16,012,447) \$	(16,137,714) \$	(16,133,871) \$	(16,242,821) \$	(16,350,789) \$	(16,470,189) \$	(16,470,189) \$	(16,547,580) \$	(16,612,512) \$	(16,684,529) \$	(16,613,993) \$	(16,680,181) \$	(16,804,881) \$	(16,905,224) \$	(16,970,159) \$	(17,012,651) \$	(1,182,164)
11																				
12	Solar Accumulated Depreciation Included in Line 5 above:																			
13	Solar PVDC	\$ (9,397) \$	(9,529) \$	(9,662) \$	(9,794) \$	(9,926) \$	(10,058) \$	(10,191) \$	(10,323) \$	(10,455) \$	(10,460) \$	(10,720) \$	(10,852) \$	(10,884) \$	(11,117) \$	(11,249) \$	(11,381) \$	(11,514) \$	(11,369) \$	(1,969)
14	Solar Monoc	(6,389)	(7,079)	(7,370)	(8,061)	(8,550)	(9,039)	(9,530)	(10,020)	(10,509)	(11,000)	(11,490)	(11,980)	(12,468)	(12,958)	(13,450)	(13,942)	(14,433)	(14,922)	(8,335)
15	Solar Woodville	(3,099)	(3,239)	(3,381)	(3,523)	(3,665)	(3,792)	(3,885)	(4,014)	(4,144)	(4,273)	(4,406)	(4,537)	(4,667)	(4,797)	(4,928)	(5,059)	(5,191)	(5,322)	(2,225)
16	Solar Woodville	(689)	(689)	(689)	(689)	(689)	(689)	(689)	(689)	(689)	(689)	(689)	(689)	(689)	(689)	(689)	(689)	(689)	(689)	(0)
17	Total Solar included in Line 5 above (Sum L13 through L16)	\$ (19,085) \$	(19,806) \$	(20,688) \$	(21,487) \$	(22,288) \$	(23,086) \$	(23,891) \$	(24,693) \$	(25,495) \$	(26,171) \$	(27,103) \$	(27,907) \$	(28,708) \$	(29,515) \$	(30,319) \$	(31,120) \$	(31,922) \$	(32,475) \$	(13,360)

[1] Actual amounts provided by Duke Energy Carolinas - Asset Accounting

[2] Forecasted amounts provided by Duke Energy Carolinas - Franchised Electric & Gas Planning and Forecasting

[3] Amounts above do not include Asset Retirement Obligation (ARO) balances

Duke Energy Carolinas, LLC

Docket No. E-7, Sub 1214

Adjust for post test year additions to plant in service

For the test period ended December 31, 2018

(Dollars in thousands)

NC-1010

Page 1 of 1

Commission Request

Net Accelerated Depreciation

Twelve Months of Depreciation Expense as of May, 31, 2020

Line No.	Description	ACTUALS [1]												12 MONTHS m = sum(a)l				
		Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020
1	Function																	
2	Steam plant	\$ 23,648	\$ 24,018	\$ 24,083	\$ 24,300	\$ 24,999	\$ 24,567	\$ 24,429	\$ 24,776	\$ 24,629	\$ 24,645	\$ 25,592	\$ 24,653	\$ 25,302	\$ 25,472	\$ 24,830	\$ 25,161	\$ 25,169
3	Steam plant - Right of Way																	
4	Nuclear plant	23,651	23,830	23,859	23,875	23,916	23,927	23,906	23,853	23,984	24,038	24,030	23,465	24,356	24,390	24,419	24,408	24,439
5	Nuclear plant - Right of Way	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
6	Hydro plant	3,317	3,322	3,447	3,459	3,461	3,461	3,463	3,474	3,507	3,508	3,646	2,997	3,588	3,592	3,661	3,671	3,698
7	Hydro plant - Right of Way	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
8	Other production plant	7,165	7,312	7,341	7,403	6,761	7,323	7,330	4,970	5,465	7,370	7,360	7,259	7,587	7,604	9,306	7,686	8,392
9	Other production plant - Land Rights																	
10	Other production plant - Mocksville	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131
11	Other production plant - Monroe	492	492	492	492	492	492	492	492	492	492	492	492	491	491	491	491	491
12	Other production plant - Woodlief	49	46	47	48	49	50	49	50	50	51	51	51	52	51	51	51	51
13	Other production plant - Roof top	132	132	132	132	132	132	132	132	132	132	132	132	132	132	132	132	132
14	Transmission plant - Right of Way	156	156	156	156	156	156	156	156	156	157	157	157	157	157	157	157	157
15	Transmission plant	6,640	6,709	6,734	6,748	6,833	6,800	6,838	6,889	7,049	7,071	7,057	6,699	7,323	7,376	7,398	7,524	7,510
16	Transmission Expansion Projects (TEP)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)
17	Distribution plant - NC	16,523	16,717	16,660	16,769	16,673	16,630	16,940	17,042	17,155	17,184	17,308	16,931	17,449	17,592	17,692	17,784	17,856
18	Distribution plant - NC - Right of Way	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
19	Distribution plant - SC	5,691	5,720	5,762	5,776	5,808	5,845	5,871	5,898	5,949	5,966	5,994	5,886	6,070	6,084	6,121	6,145	6,165
20	Distribution plant - SC - Right of Way	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
21	General Plant - Structures/Lease Improvements	1,816	1,812	1,840	1,843	1,848	1,849	1,851	1,848	1,847	1,884	1,867	1,508	1,902	1,896	2,019	1,908	1,910
22	General Plant - Furniture and Equipment	274	275	281	283	283	283	285	287	286	359	362	267	370	372	372	374	374
23	General Plant - EDP Computer	1,185	1,181	1,225	1,232	1,241	1,287	1,265	1,278	1,197	1,278	1,120	1,186	1,264	1,275	1,546	1,332	1,338
24	General Plant - Vehicles [4]																	
25	General Plant - Construction Equipment [4]																	
26	General Plant - Stores Equipment	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
27	General Plant - Tools, Shop and Garage Equipment	437	437	438	439	441	444	445	446	444	445	455	456	457	458	458	463	463
28	General Plant - Laboratory Equipment	29	29	29	30	30	30	30	30	36	36	36	36	36	36	36	35	35
29	General Plant - Power Operated Equipment	53	54	54	54	54	55	55	55	60	61	61	61	61	64	64	64	64
30	General Plant - Communication Equipment	1,296	1,304	1,305	1,316	1,428	1,435	1,445	1,453	1,443	1,450	1,460	1,432	1,678	1,745	1,951	1,785	1,987
31	General Plant - Miscellaneous Equipment	45	45	45	45	45	46	46	47	47	48	48	50	52	61	61	61	61
32	General Plant - Land Rights	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
33	Intangible plant	5,724	5,719	5,733	5,826	5,762	5,547	5,710	5,185	5,714	5,859	5,614	6,265	5,944	6,068	6,366	6,111	5,776
34	Total Depreciation (Sum L2 through L33)	\$ 98,434	\$ 99,421	\$ 99,614	\$ 100,135	\$ 100,520	\$ 100,748	\$ 100,949	\$ 98,576	\$ 99,752	\$ 102,141	\$ 102,953	\$ 100,093	\$ 104,362	\$ 105,028	\$ 107,242	\$ 105,449	\$ 106,177

[1] Actual amounts provided by Duke Energy Carolinas - Asset Accounting

[2] Forecasted amounts provided by Duke Energy Carolinas - Franchised Electric & Gas Planning and Forecasting

[3] Amounts above do not include Asset Retirement Obligation (ARO) balances

[4] Depreciation expense on vehicles and construction equipment is recorded to 803 accounts, therefore it is excluded above.

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Synchronize interest expense with end of period rate base
For the test period ended December 31, 2018

NC-2200
Narrative
Commission Request
Net Accelerated Depreciation

E-1 Item 10 Adjustments Requirement

Provide the detail work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

Detailed Narrative Explanation of Adjustment

This pro forma adjusts income taxes to reflect the tax impact that results from annualizing interest expense based on the end-of-period, adjusted rate base.

The impact to income taxes is determined as follows:

First, multiply rate base after all pro forma adjustments have been made by the long-term debt ratio to calculate an adjusted long-term debt balance. Second, multiply the adjusted long-term debt balance by the end of year cost of long-term debt to calculate annualized interest expense. Third, subtract interest expense incurred during the test period from annualized interest expense and multiply the difference by the statutory tax rate.

September Update

Recalculated based on September updated figures

October Update

Recalculated based on October updated figures

November Update

Recalculated based on November updated figures

December Update

Recalculated based on December updated figures

January Update

Recalculated based on December updated figures

January Rebuttal

Recalculated based on changes in other proformas adjustments

Supplemental Rebuttal

Recalculated based on updated figures as a result of the settlement agreement.

May Second Supplemental

Recalculated based on updated figures as a result of the May Second Supplemental updates.

May Second Supplemental-S

Recalculated based on the change in the capital structure to a D/E ratio of 48/52.

Second Settlement

Recalculated based on updated figures as a result of the Second Settlement updates.

Commission Request

Recalculated based on netting Accelerated Depreciation with EDIT

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Synchronize interest expense with end of period rate base
For the test period ended December 31, 2018
(Dollars in thousands)

NC-2201
Page 1 of 1
Commission Request
Net Accelerated Depreciation

Line No.	Description	Total Carolinas Col [a]	NC Retail Allocation Col [b]	Total NC Retail Col [c]
1				
2	Rate base before pro forma adjustments	\$ 21,361,527 [1]	68.1442% [2]	\$ 14,556,650 [1]
3				
4	Pro forma rate base	\$ 24,926,579 [3]		\$ 16,986,018 [7]
5				
6	Long-term debt ratio	48.0000% [4]		48.0000% [4]
7	Calculated long-term debt (L4 x L6)	\$ 11,964,758		\$ 8,153,288
8				
9	End of year cost of long-term debt	4.2700% [4]		4.2700% [4]
10	Annualized interest expense (L7 x L9)	\$ 510,895		\$ 348,145
11				
12	Incurred interest expense	465,481 [5]		317,199 [5]
13	Increase / <decrease> to interest costs (L10 - L12)	\$ 45,414		\$ 30,947
14				
15	Statutory tax rate	23.3503% [6]		23.3503% [6]
16	Impact to income taxes (-L13 x L15)	\$ (10,604)		\$ (7,226)
17				
18	Impact to operating income (-L16)	\$ 10,604		\$ 7,226

[1] McManeus Exhibit 1, Page 1, Line 12

[2] Allocation Factor - Calculation: L2, Col [c] / L2, Col [a]

[3] Calculation: L4, Col [c] / L2, Col [b]

[4] McManeus Exhibit 1, Page 2, Line 1

[5] Cost of Service, E-1 Item 45a, Total Other Interest Expense

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

[7] McManeus Exhibit 1, Page 1, Line 12 Less Detail of Accounting Adjustments Page 3, line 23 Rate base

Duke Energy Carolinas, LLC

NC-2300

Docket No. E-7, Sub 1214

Narrative

Adjust cash working capital for present revenue annualized and proposed revenue
For the test period ended December 31, 2018

Commission Request
Net Accelerated Depreciation

E-1 Item 10 Adjustments Requirement

Provide the detail work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

Detailed Narrative Explanation of Adjustment

This pro forma adjusts cash working capital to incorporate the impact of the other pro forma adjustments. It also calculates the additional cash working capital required as a result of the proposed increase in rates. The adjustment is in accordance with the Commission's March 21, 2016 order in Docket No. M-100 Sub 137.

September Update

Recalculated based on September updated figures

October Update

Recalculated based on October updated figures

November Update

Recalculated based on November updated figures

December Update

Recalculated based on December updated figures

Updated NC-2303 Summary based on revised E&Y Lead Lag Study

Updated NC-2302 Lead Lag days based on revised E&Y study.

January Update

Recalculated based on January updated figures

January Rebuttal

NC 2301 and 2302 were set up in more detail like the Public Staff

Impacted by changes in other proformas

Supplemental Rebuttal

Recalculated based on updated figures as a result of the Settlement agreement

Second Settlement

Recalculated based on updated figures as a result of the Settlement agreement

Commission Request

Recalculated based on netting Accelerated Depreciation with EDIT

NC-2300
Page 1 of 1
Commission Request
Net Accelerated Depreciation

			Present		Proposed		Present		Proposed		Present		Proposed		Present		Proposed
No.	Description	Source	Total NC Retail		Total NC Retail		Total NC Retail		Total NC Retail		Total NC Retail		Total NC Retail		Total NC Retail		Total NC Retail
1			Commission Request		Commission Request		Second Settlement		Second Settlement		Application		Application			Change	Change
2	Pro Formas Impacting Income Statement Line Items																
3																	
4	Electric operating revenue		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Electric operating expenses:																
6	Operation and maintenance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Fuel used in electric generation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Purchased power		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Other operation and maintenance expense		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Depreciation and amortization		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	General taxes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Interest on customer deposits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Income taxes	NC-2301 &	2	(194)	5	(213)	103	(237)	(101)	43							
14	Amortization of investment tax credit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15																	
16	Total electric operating expenses	Sum L8 through L15	2	(194)	5	(213)	103	(237)	(101)	43							
17																	
18	Operating income	L4 - L17	\$ (2)	\$ 194	\$ (5)	\$ 213	\$ (103)	\$ 237	\$ 101	\$ (43)							
19																	
20	Notes:																
21	Revenue: positive number increases revenue / negative number decreases revenue																
22	Expense: positive number increases expense / negative number decreases expense																
23																	
24																	
25																	
26	Pro Formas Impacting Rate Base Line Items																
27																	
28	Electric plant in service		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29	Accumulated depreciation and amortization																
30	Electric plant in service, net	Sum L28 through L29	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Add:																
32	Materials and supplies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	Working capital investment-Present	NC-2301 &	(426)	40,592	(1,074)	44,582	(20,794)	47,878	20,368	(7,286)							
34			-	-	-	-	-	-	-	-							
35																	
36	Less:																
37	Accumulated deferred taxes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	Operating reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39																	
40																	
41	Construction work in progress		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42																	
43	Total impact to rate base	Sum L30 through L42	\$ (426)	\$ 40,592	\$ (1,074)	\$ 44,582	\$ (20,794)	\$ 47,878	\$ 20,368	\$ (7,286)							
44																	
45																	
46	Note:																
47	Rate Base: positive number increases rate base / negative number decreases rate base																

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Adjust cash working capital for proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands

NC-2301
Page 1 of 2
Commission Request
Accelerated Depreciation

Line No.	Description	NC Retail Financials		NC Retail Iteration 1		NC Retail Iteration 2		Wgt Lead Lag Days	Wgt Lead Lag Days
		Adjusted with CWC (a)	Revenue Increase (b)=(c)-(a)	Adjusted w/increase (c)=(n)	Increase (d)=(e)-(a)	Increase (e)=(a)+(d)	Increase (g)=(h)-(e)		
1	Total Adjusted Revenue	4,794,706 [1]	377,366	5,172,072	373,878	5,168,584	3,473	40.11 [1]	40.11 [1]
2	Revenue Increase (L3)							39.58 [12]	39.58 [12]
3	Revenues [Solved Through Iterative Process to Produce Target ROR] (L1 + L2)	4,794,706	377,366	5,172,072	373,878	5,168,584	40.07 [13]	40.07 [13]	
4									
5	Total Adjusted Fuel Used in Electric Generation	1,161,536 [1]	0	1,161,536		1,161,536	22.33 [1]	22.33 [1]	
6	Adjusted Purchased Power	23,412 [1]	0	23,412		23,412	136.58 [1]	136.58 [1]	
7									
8	Operation & Maintenance Expense	1,163,856 [1]		0					
9	Revenue Increase (L10)		1,433						
10	Operation and Maintenance Expense with Increase (L8 + L9)	1,163,856	1,433	1,165,289	1,420 [5]	1,165,276	13 [5]	33.73 [1]	33.73 [13]
11									
12	Total Adjusted Depreciation and Amortization	1,166,822 [1]	0	1,166,822		1,166,822		- [1]	- [1]
13	Total Adjusted General Taxes	212,156		212,156		212,156	170.43	170.43	170.43
14									
15	Total Adjusted Interest on Customer Deposits	7,130 [1]	0	7,130		7,130	218.39 [1]	218.39 [1]	
16									
17	Net Income Taxes	181,794		0			0.43	0.43	0.43
18	Revenue Increase (L19)		87,587		86,970 [7]	268,764	615 [7]	0.48 [12]	0.48 [12]
19	Income Taxes with Increase (L17 + L18)	181,794	87,587	269,381	86,970 [7]	268,764	615 [7]	0.29 [13]	0.29 [13]
20									
21	Total EDIT Amortization	(29,734)	0	(29,734)		(29,734)		- [1]	- [1]
22	Total Adjusted Amortization of Investment Tax Credit	(2,836) [1]	0	(2,836)		(2,836)		- [1]	- [1]
23	Total Operating Expense								
24	(L5+L6+L10+L12+L13+L15+L19+L21+L22)	3,884,136	89,020	3,973,157	88,390	3,972,526	27 [14]	3,973,154	27 [14]
25									
26	Income for Return (L3 - L23)	910,570	288,346	1,198,916	285,488	1,196,057 [8]	2,846	24.80 [14]	24.80 [14]
27	Interest Expense	348,137 [1]	832	348,969	0	348,137 [9]	85.20 [1]	348,965 [9]	85.20 [1]
28	Return for Equity (L25 - L26)	562,433	287,514	849,947	285,488	847,921	- [1]	849,938	- [1]
29									
30	Total Requirement (L23 + L25 = L3)	4,794,706		5,172,072		5,168,584	26.29 [14]	5,172,057	26.29 [14]
31	Rate Base [CWC Solved for Through Iterative Process]	16,985,592 [1]	40,592	17,026,184		16,985,592 [10]	40,411 [15]	17,026,003	
32	Overall Rate of Return (L25 / L30)	5.36%		7.04%		7.04%		7.0416%	7.0416%
33	Target Rate of Return	7.04% [2]		7.04% [2]		7.04% [2]		7.0416% [2]	
34									
35	Calculation of Change in Cash Working Capital (CWC) due to Revenue Increase								
36	Annual Requirement (L3 and/or L29)	Adjusted 4,794,706	Rev Incr	Adj w/inchr 5,172,072		5,168,584		5,172,056.89	
37	Daily Requirement (L36 / 365 Days)	13,136		14,170		14,161		14,170	
38	Net Lag Days (Column (c) only: L38 / L37)	117		13.78		13.77		13.78	
39	Est. CWC Req. Before Sales Tax Requirement (L37 x L)	154,638	40,592 [3]	195,230 [4]	40,411	195,049	180	195,229	
40	Add: Working Capital Related to NC Sales Tax	6,204 [1]		6,204 [1]					
	Total Cash Working Capital Requirements (L38 + L39)	160,842	40,592	201,434					

[1] NC-2302-Adjustment to cash working capital for present revenue annualized, column (c), column (e), and column (h)
[2] NC-2304-Inputs, Total ROR
[3] Ties to Line 30, Column (b)
[4] Sum of Line 38, Columns (a) + (d) + (g) + (i)
[5] Sum of (L19 + L25) x Reg Fee and Uncollectibles Rate: 0.3797%
[7] L27 / (1 - Tax Rate: 23.3503%) - L27
[8] Line 30 x Rate of Return: 7.0416%
[9] Line 30 x Debt Rate: 4.27% and Debt Ratio: 48%
[10] Column (e) = Column (a)
[11] Line 3, Column (f), (i), (j) - Line 29, Column (f), (i), (j)
[12] Docket No. E-7, Sub 1214, E-1 Item 14, Lead Lag
[13] Calculation of Average Lead/Lag Day
[14] New weighted averages are calculated.
[15] Line 38, Columns (d), (g), (i)

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Adjust cash working capital for proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands

		NC-2301 Page 2 of 2 Commission Request Net Accelerated Depreciation									
Line No.	Description	NC Retail Iteration 3			NC Retail Iteration 4			Wgt Lead Lag Days			Wgt Lead Lag Days
		Increase (j)=(k)-(h)	Increase (k)=(h)+(i)	With	Increase (m)=(n)-(k)	Increase (n)=(k)+(m)	With	Increase (l)	(i)	(o)	
1	Total Adjusted Revenue	16			0			40.11	[1]	40.11	[1]
2	Revenue Increase (L3)							39.58	[12]	39.58	[12]
3	Revenues [Solved Through Iterative Process to Produce Target ROR] (L1 + L2)	16	5,172,072		0	5,172,072		40.07	[13]	40.07	[13]
4											
5	Total Adjusted Fuel Used in Electric Generation		1,161,536			1,161,536		22.33	[1]	22.33	[1]
6	Adjusted Purchased Power		23,412			23,412		136.58	[1]	136.58	[1]
7											
8	Operation & Maintenance Expense							33.73	[1]	33.73	[1]
9	Revenue Increase (L10)							33.90	[12]	33.90	[12]
10	Operation and Maintenance Expense with Increase (L8 + L9)	0	1,165,289		0	1,165,289		33.73	[13]	33.73	[13]
11		0			0						
12	Total Adjusted Depreciation and Amortization		1,166,822			1,166,822		-	[1]	-	[1]
13	Total Adjusted General Taxes		212,156			212,156		170.43		170.43	
14											
15	Total Adjusted Interest on Customer Deposits		7,130			7,130		218.39	[1]	218.39	[1]
16											
17	Net Income Taxes		-			-		0.43		0.43	
18	Revenue Increase (L19)	3	617		0	617		0.48	[12]	0.48	[12]
19	Income Taxes with Increase (L17 + L18)	3	269,381		0	269,381		0.29	[13]	0.29	[13]
20											
21	Total EDIT Amortization		(29,734)			(29,734)		-	[1]	-	[1]
22	Total Adjusted Amortization of Investment Tax Credit		(2,836)			(2,836)		-	[1]	-	[1]
23	Total Operating Expense										
24	(L5+L6+L10+L12+L13+L15+L19+L21+L22)	3	3,973,157		0	3,973,157		27	[14]	27	[14]
25											
26	Income for Return (L3 - L23)	13	1,198,916	[8]	0	1,198,916	[8]	24.80	[14]	24.80	[14]
27	Interest Expense	4	348,969	[9]	0	348,969	[9]	85.20	[1]	85.20	[1]
28	Return for Equity (L25 - L26)	9	849,947		0	849,947		-	[1]	-	[1]
29											
30	Total Requirement (L23 + L25 + L3)	180	5,172,072		1	5,172,072		26.29	[14]	26.29	[14]
31	Rate Base [CWC Solved for Through Iterative Process]		17,026,184			17,026,184					
32	Overall Rate of Return (L25 / L30)		7.0416%			7.0416%					
33	Target Rate of Return		7.0416%	[2]		7.0416%	[2]				
34											
35	Calculation of Change in Cash Working Capital (CWC) due to Revenue Increase										
36	Annual Requirement (L3 and/or L29)		5,172,072								
37	Daily Requirement (L36 / 365 Days)		14,170								
38	Net Lag Days (Column (c) only: L38 / L37)		13.78								
39	Est. CWC Req. Before Sales Tax Requirement (L37 x L)		195,230								
40	Add: Working Capital Related to NC Sales Tax	1									
	Total Cash Working Capital Requirements (L38 + L39)										

[1] NC-2302-Adjustment to cash working capital for present revenue annualized, column (c), column (e), and column (h)
[2] NC-2304-Inputs, Total ROR
[3] Ties to Line 30, Column (b)
[4] Sum of Line 38, Columns (a) + (d) + (g) + (i)
[5] Sum of (L19 + L25) x Reg Fee and Uncollectibles Rate: 0.37977%
[7] L27 / (1 - Tax Rate: 23.3503%) - L27
[8] Line 30 x Rate of Return: 7.0416%
[9] Line 30 x Debt Rate: 4.27% and Debt Ratio: 48%
[10] Column (e) = Column (a)
[11] Line 3, Column (f), (i), (j) - Line 29, Column (f), (i), (j)
[12] Docket No. E-7, Sub 1214, E-1 Item 14, Lead Lag
[13] Calculation of Average Lead/Lag Day
[14] New weighted averages are calculated.
[15] Line 38, Columns (d), (g), (i)

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Working Capital for present revenue annualized and proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands

Cash Working Capital for Present Revenue

Line No.	Description	Financials					NC Retail			
		Per Books (a)	Adjustments (b)	Adjusted Before Change in CMC (c)= (a)+(b)	Change in CMC (d)	Adjusted with CMC (e)= (c)+(d)	Per Books (f)	Adjustments (g)	Adjusted Before Increase (h)= (f)+(g)	Working Capital Lead/Lag Study
1	Rate revenues	4,751,193 [1]		4,751,193		4,751,193	38.58 [1]		39.58	515,212
2	Sales for resale revenues	61,600		61,600		61,600	35.44		35.44	5,981
3	Portfolio discounts	15,256		15,256		15,256	70.00		70.00	2,966
4	Non-fuel electric revenues	9,541		9,541		9,541	70.00		70.00	1,507
5	Rent revenues - extra facilities - depreciation			0		0			0.00	
6	Rent revenues - extra facilities - other	25,058		25,058		25,058	30.13		30.13	2,069
7	Rent revenues - pole & line attachments	27,655		27,655		27,655	143.39		143.39	10,864
8	Tower lease revenues	6,161		6,161		6,161	-93.97		(93.97)	(1,586)
9	Other electric rents	3,080		3,080		3,080	45.21		45.21	379
10	Return & depr - Catawba general plant	11,264		11,264		11,264	-15.21		(15.21)	(469)
11	Other macro-revenues - CAC & comp for svc	13,227		13,227		13,227	-15.21		(15.21)	(551)
12	Other micro-revenues - CAC & comp for sales	(2,717)		(2,717)		(2,717)	0.00		0.00	-
13	Profit or loss on sale of M&S	(1)		(1)		(1)	0.00		0.00	-
14	Deferred DSM costs - NC	(377)		(377)		(377)	0.00		0.00	-
15	Other revenue affiliate	8,729		8,729		8,729	40.21		40.21	962
16	Revenues from trans of electricity to others	5,032		5,032		5,032	40.41		40.41	557
17	Other electric revenues	3,639		3,639		3,639	36.03		36.03	359
18	Other transmission revenues	(38,869)		(38,869)		(38,869)	0.00		0.00	-
19	Other transmission riders	1,916		1,916		1,916	0.00		0.00	-
20	Interest expense									
21	Interest expense - Adjustments for current rates		(110,407) [3]	(110,407)		(110,407)	39.58 [2]		39.58	(11,972)
22	PF REV-Normalize for weather	96,809 [3]		96,809		96,809	39.58 [2]		39.58	(10,498)
23	PF REV-Annualize revenues for customer growth	30,467 [3]		30,467		30,467	39.58 [2]		39.58	3,304
24	PF REV-Eliminate unbilled revenues	26,204 [3]		26,204		26,204	39.58 [2]		39.58	2,842
25	PF REV-Adjust for costs recovered through non-fuel riders	50,669 [3]		50,669		50,669	39.58 [2]		39.58	5,494
26	PF REV-Adjust Other Revenue	(9,502) [3]		(9,502)		(9,502)	39.58 [2]		39.58	(1,030)
27	Rounding - Revenue	0		0		0	39.58 [2]		39.58	0
28	Revenue - Adjustments (Sum Lines 21 through 27)	(109,376)		(109,376)		(109,376)	40.09 [8]		40.11 [8]	\$ - 526,828
29	Revenue - Adjustments (Sum Lines 1 + L28)	(109,376) [4]		(109,376) [3]	0	(109,376)				
30	Total Adjusted Revenue (L1 + L28)	4,904,084		4,794,706		4,794,706				
31										
32	Operating Expenses									
33	Fuel Used in Electric Generation	989,374 [2]		989,374		989,374	22.33 [2]		22.33	60,528
34	PF FUEL-Normalize for weather	(25,025) [3]		(25,025)		(25,025)	22.33 [2]		22.33	(1,531)
35	PF FUEL-Annualize revenues for customer growth	4,945 [3]		4,945		4,945	22.33 [2]		22.33	303
36	PF FUEL-Update fuel costs to proposed rate	208,105 [3]		208,105		208,105	22.33 [2]		22.33	12,793
37	PF FUEL-Adjust for costs recovered through non-fuel riders	(16,862) [3]		(16,862)		(16,862)	22.33 [2]		22.33	(1,032)
38	Rounding - Fuel	0		0		0	22.33 [2]		22.33	0
39	Fuel Used in Electric Generation - Adjustments (Sum Lines 34-38)	172,162		172,162		172,162	22.33 [8]		22.33 [8]	\$ - 71,061
40	Total Adjusted Fuel Used in Electric Generation (L33 + L39)	989,374 [4]		989,374 [3]	0	989,374				
41										
42	Purchased Power	331,394 [2]		331,394		331,394	39.00 [2]		39.00	35,409
43	Deferred Fuel/POWER-Update fuel costs to proposed rate	(137,046) [3]		(137,046)		(137,046)	22.33		22.33	(8,364)
44	PF PURCH POWER-Adjust for costs recovered through non-fuel riders	(169,854) [3]		(169,854)		(169,854)	39.00 [2]		39.00	(16,149)
45	Rounding - Purchased Power	(1,882) [3]		(1,882)		(1,882)	39.00 [2]		39.00	(116)
46	Purchased Power - Adjustments (Sum Lines 45 through 47)	(170,936)		(170,936)		(170,936)	50.75 [8]		50.75 [8]	\$ - 8,761
47	Total Adjusted Purchased Power (L43 + L48)	194,348 [4]		194,348 [3]	0	194,348				
48										
49	Labor expense	571,027 [2]		571,027		571,027	36.37 [2]		36.37	56,899
50	Benefits expense	69,021 [3]		69,021		69,021	36.37 [2]		36.37	6,809
51	Reg Commission expense	1,825 [3]		1,825		1,825	49.82		49.82	2,309
52	Property insurance	1,625		1,625		1,625	-474.55		(474.55)	(2,113)
53	Injuries and damages for corp	5,274		5,274		5,274	(145.50)		(145.50)	(2,102)
54	Uncollectable accounts	12,692		12,692		12,692	0.00		0.00	-
55	Other O&M expense	708,137		708,137		708,137	36.49		36.49	70,794
56	PF O&M-Normalize retail revenues for current rates	(826) [3]		(826)		(826)	33.90 [2]		33.90	(77)
57	PF O&M-Normalize for weather	(968) [3]		(968)		(968)	O&M Excl Fuel & PP			
58	PF O&M-Annualize revenues for customer growth	2,354 [3]		2,354		2,354	33.90 [2]		33.90	(34)
59	PF O&M-Adjust for costs recovered through non-fuel riders	(117,372) [3]		(117,372)		(117,372)	33.90 [2]		33.90	219
60	PF O&M-Adjust for approved regulatory assets and liabilities	1,408 [3]		1,408		1,408	O&M Excl Fuel & PP			
61	PF O&M-Amortize Severance Costs	(47,462) [3]		(47,462)		(47,462)	33.90 [2]		33.90	(2,803)
62	PF O&M-Adjust for credit card fees	8,976 [3]		8,976		8,976	33.90 [2]		33.90	(10,901)
63	PF O&M-Normalize O&M non-labor expenses	4,594 [3]		4,594		4,594	0.00 [2]		0.00	-
64	PF O&M-Normalize O&M labor expenses	(28,128) [3]		(28,128)		(28,128)	36.37 [2]		36.37	(4,729)
65	PF O&M-Update benefits costs	(3,960) [3]		(3,960)		(3,960)	36.37 [2]		36.37	897
66	PF O&M-Update nuclear refueling outage costs	(1,804) [3]		(1,804)		(1,804)	Total O&M			
67	PF O&M-Adjust for credit card fees	801 [3]		801		801	Labor expense			
68	PF O&M-Adjust for Megar Related Costs	(2,304) [3]		(2,304)		(2,304)	Benefit expense			
69	PF O&M-Adjust for executive compensation	(5,530) [3]		(5,530)		(5,530)	12.00 [2]		12.00	(117)
70	PF O&M-Adjust O&M for executive compensation	(3,539) [3]		(3,539)		(3,539)	Other O&M expense			
71	PF O&M-Adjust O&M for executive compensation	7,739 [3]		7,739		7,739	O&M Excl Fuel & PP			
72	PF O&M-Adjust O&M for executive compensation						33.90 [2]		33.90	(214)
73	PF O&M-Adjust O&M for executive compensation						33.90 [2]		33.90	(514)
74	PF O&M-Adjust O&M for executive compensation						36.37 [2]		36.37	(353)
75	PF O&M-Adjust O&M for executive compensation						36.49 [2]		36.49	774

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Commission Request
Net Accelerated Depreciation

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
The following cash flow for present revenue annualized and proposed revenue
For the period ended December 31, 2018
Dollars in Thousands

Cash Working Capital for Present Revenue

Line No.	Description	Financials					NC Retail			Lead Lag Days		
		Per Books (a)	Adjustments (b)	Adjusted Before Change in CMC (c)=(a)+(b)	Change in CMC (d)	Adjusted with CMC (e)=(c)+(d)	Per Books (f)	Adjustments (g)	Adjusted Before Increase (h)=(f)+(g)	Working Capital	Lead/Lag Study	
76	PF O&M-Adjust Other Revenue		(36) [3]	(36)		(36)			33.90 [2]			(3)
77	PF O&M-Adjust for change in NCUC regulatory fee/DEC		(500) [3]	(500)		(500)			88.82 [2]			(123)
78	PF O&M-Adjust for Hydro Stations Sale		(1,590) [3]	(1,590)		(1,590)			33.90 [2]			(145)
79	PF O&M-Adjust for Hydro Stations DEC		(4,272) [3]	(4,272)		(4,272)			33.90 [2]			(397)
80	PF O&M-Settlement adjustment to remove certain items		1,610 [3]	1,610		1,610			33.90 [2]			150
81	PF O&M-Storm Normalization								33.90 [2]			(0)
82	Rounding - O&M	0	(212.083)	(212.083)					30.71 [2]			
83	Operation & Maintenance Expense - Adjustments (Sum Lines 59-82)					1,163.856						
84	Total Adjusted Operation & Maintenance Expense (L52 + L83)	1,375,939	(212.083) [4]	1,163,856 [3]	0	1,163,856	33.90 [8]	(0.17) [9]	33.73 [8]	\$	107,560	
85	Depreciation and Amortization	838,805		838,805					0.00			-
86	PF D&A-Adjust for costs recovered through non-fuel riders		(3,045) [3]	(3,045)				0.00 [1]	0.00 [2]			-
89	PF D&A-Annualize depreciation on year end plant balances		59,052 [3]	59,052					0.00 [2]			-
90	PF D&A-Adjust Depreciation for new rates		49,736 [3]	49,736					0.00 [2]			-
91	PF D&A-Adjust for post test year additions to plant in service		73,346 [3]	73,346					0.00 [2]			-
92	PF D&A-Update fuel costs to proposed rate		0 [3]	0					0.00 [2]			-
93	PF D&A-Adjust reserve for end of life coal plant inventory		0 [3]	0					0.00 [2]			-
94	PF D&A-Adjust for approved regulatory assets and liabilities		(1,808) [3]	(1,808)					0.00 [2]			-
95	PF D&A-Adjust for approved regulatory assets and liabilities		87,100 [3]	87,100					0.00 [2]			-
96	PF D&A-Adjust for approved regulatory assets and liabilities		87,100 [3]	87,100					0.00 [2]			-
97	PF D&A-Adjust for Megar Related Costs		(409) [3]	(409)					0.00 [2]			-
98	PF D&A-Update deferred balance and amortize storm costs		(413) [3]	(413)					0.00 [2]			-
99	PF D&A-Settlement adjustment to remove certain items		1,809 [3]	1,809					0.00 [2]			-
100	PF D&A-Adjust for Hydro Stations Sale		0	0					0.00 [2]			-
101	Rounding - D&A	0	328.018	328.018								
102	Depreciation and Amortization - Adjustments (Sum Lines 88 through 101)											
103	Total Adjusted Depreciation and Amortization (L87 + L102)	538,804,844	328.018 [4]	1,166,822.44 [3]	0	1,166,822	0.00 [8]	0.00 [9]	0.00 [8]	\$	-	-
106	Other taxes - NC property tax	80,657		80,657					186.50			41,212
107	Other taxes - SC property tax	81,208		81,208					186.50			43,719
108	Other taxes - federal payroll taxes	34,411		34,411					51.17			4,824
109	Other taxes - federal payroll taxes	(1,594)		(1,594)					21.04			(82)
110	PF GEN TAX-Annualize property taxes on year end plant balances		7,470 [3]	7,470					186.50 [2]			3,817
111	PF GEN TAX-Adjust for post test year additions to plant in service		11,276 [3]	11,276					186.50 [2]			5,761
112	PF GEN TAX-Annualize O&M laboratory assets and liabilities		(1,023) [3]	(1,023)					51.17 [2]			(43)
113	PF GEN TAX-Normalize O&M laboratory assets and liabilities		(1,023) [3]	(1,023)					51.17 [2]			(43)
114	PF GEN TAX-Adjust for costs recovered through non-fuel riders		10 [3]	(73)					168.11 [2]			(6)
115	PF GEN TAX-Adjust for Megar Related Costs		(73) [3]	(73)					168.11 [2]			(34)
116	PF GEN TAX-Adjust for aviation expenses		(27) [3]	(27)					168.11 [2]			(13)
117	PF GEN TAX-Adjust for Hydro Stations Sale		(193) [3]	(193)					21.04 [2]			(11)
118	General Taxes - Adjustments (Sum Lines 110 through 118)		(60)	17,475					168.11 [2]			(0)
119	General Taxes - Adjustments (Sum Lines 110 through 118)	0	17,475	17,475								
120	Total Adjusted General Tax (L106 + L119)	194,681	17,475 [4]	212,156 [3]	0	212,156	168.11 [8]	2.32 [9]	170.43 [8]	\$	99,062	
123	Interest on Customer Deposits	7,130		7,130					218.40			4,266
124	Interest on Customer Deposits - Adjustments											
125	Total Adjusted Interest on Customer Deposits (L123 + L124)											
127	Current state and federal income tax	2,397		2,397					44.75			294
128	Current state and federal income tax	222,600		222,600					0.00			(65)
130	PF INC TAX-Adjust Income Taxes		(50,035) [3]	(50,035)					0.48 [2]			-
131	PF INC TAX-Adjust for costs recovered through non-fuel riders		16,763	16,763					0.00 [2]			(4)
132	PF INC TAX-Adjust NC income taxes for rate change		(2,707) [3]	(2,707)					0.48 [2]			(9)
133	PF INC TAX-Synchronize interest expense with end of period rate base		(7,226) [3]	(7,226)					0.48 [2]			(0)
134	Rounding - Income Taxes	0	(43,205)	(43,205)					0.48 [2]			(0)
135	Income Taxes - Adjustments (Sum Lines 130 through 134)											
136	Total Adjusted Income Taxes (L128 + L135)	224,997	(43,205) [4]	181,792 [3]	2 [6]	181,794	0.48 [8]	(0.04) [9]	0.43 [8]	\$	216	
138	EDIT Amortization											
139	EDIT Amortize Protected EDIT											
140	PF EDIT-Amortize Protected EDIT		(29,734) [3]	(29,734)					0.00 [2]			-
141	Rounding - EDIT Amort	0	(0)	(0)					0.00 [2]			-
142	EDIT Amortization - Adjustments (Sum Lines 143-144)		(29,734)	(29,734)								
143	Total Adjusted EDIT Amortization (L139 + L142)		(29,734) [4]	(29,734) [3]	0	(29,734)	0.00 [8]	0.00 [9]	0.00 [8]	\$	-	-
144	Amortization of Investment Tax Credit	(3,526) [1]	690 [3]	690					0.00 [2]			-
143	PF ITC-Annualize depreciation on year end plant balances		690 [3]	690					0.00 [2]			-
144	Rounding - ITC	0	(0)	(0)					0.00 [2]			-
145	Annot. of Investment Tax Credit - Adjustments (Sum Lines 143-144)			690								

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Commission Request
Net Accelerated Depreciation

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Working capital for present revenue annualized and proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands
Cash Working Capital for Present Revenue

Line No.	Description	Financials				NC Retail				Lead Lag Days			
		Per Books (a)	Adjustments (b)	Adjusted Before Change in CWC (c)=(a)+(b)	Change in CWC (d)	Adjusted with CWC (e)=(c)+(d)	Per Books (f)	Adjustments (g)	Adjusted Before Increase (h)=(f)+(g)	Working Capital Lead/Lag Study			
147	Total Adjusted Amortization of Investment Tax Credit (L142 + L145)	(3,526)	690 [4]	(2,836) [3]	0	(2,836)	0.00 [8]	0.00 [9]	0.00 [8]	\$ -	-		
148													
149	Total Operating Expense (L41+L50+L65+L104+L121+L126+L137+L147)	3,821,748	62,386	3,884,134	2	3,884,136	29.57 [8]	(2.23) [9]	27.34 [8]	\$ 290,924			
150													
151	Income for Return (L30 - L149)	1,082,336	(171,764)	910,572	(2)	910,570	24.97 [8]	7.61 [9]	32.58 [8]	235,903			
152	Interest Expense	317,169 [2]	30,947 [4]	348,145 [5]	(9) [5]	348,137	85.20 [2]	0.00 [9]	85.20 [2]	81,264			
153	Return for Equity (L151 - L152)	765,137	(202,711)	562,426	7	562,433	0.00 [2]	0.00 [9]	0.00 [2]	154,640			
154													
155	Total Requirement (L149 + L151 + L30)	4,904,084		4,794,706		4,794,706	28.55 [8]	(0.22) [9]	28.33 [8]	526,828			
156													
157	RATE BASE	14,556,650 [3]	2,429,368 [4]	16,986,018 [3]	(426) [7]	16,985,592							
158													
159													
160													
161	Calculation of Change in Cash Working Capital (CWC) due to Adjustments		Change in CWC	Adjusted									
162	Annual Requirement	Per Books		4,794,706									
163	Daily Requirement (L140 / 365 Days)	4,904,084		13,136									
164	Net Lag Days (L138, Rounded Per Books)	13,436		11,777									
165	Est. CWC Req. Before Sales Tax Requirement (L141 x L142)	11,54		154,638									
166	Add: Working Capital Related to NC Sales Tax	155,064		6,204 [1]									
167													
168	Total Cash Working Capital Requirements (L165 + L166)	161,268	(426) [4]	160,842									
169													
170	Revenue Lag Days (Per Line 47, Columns (f) & (h))	40.09		40,1051									
171	Requirement Lead Days (Per Line 160, Columns (f) & (h))	28.55		28,3332									
172													
173	Net Lag Days (L170 - L171)	11.54		11.77									

Notes:
[1] Columns (a) and (f) match Docket No. E-7, Sub 1214, E-1 Item 14, Lead Lag Summary
[2] Docket No. E-7, Sub 1214, E-1 Item 14, Lead Lag Study
[3] Exhibit C in Docket E-7, Sub 1214
[4] Column (b) = Column (c) - Column (e)
[5] Line 157 x Debt Ratio: 4.27% and Debt Ratio: 48%
[6] Interest Expense - L152 x Tax Rate: 23.3503%
[7] Line 168, Column (b)
[8] New weighted averages calculated
[9] Column (g) = Column (h) - Column (f)

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Adjust cash working capital for present revenue annualized and proposed revenue
For the test period ended December 31, 2018

NC-2303
Page 1 of 1
Net Accelerated Depreciation
Commission Request
E-1 Item 14

Duke Energy Carolinas, LLC
Cash Working Capital for NC Retail Operations - Lead Lag Summary
For the test period ended December 31, 2018
Dollars in Thousands

Line No	Description	Actual Annual Expense [A]	Lead (Lag) Days [B]	Weighted Amount [C]
Calculation of NC Retail Amount:				
1	Total Revenue Lag		40.09	
2				
3	Operation & Maintenance Expense	\$ 2,559,661	30.71	\$ 78,598,072
4	Depreciation and Amortization	838,805	0.000	-
5	Taxes Other Than Income Taxes	194,681	168.11	32,727,032
6	Interest on Customer Deposits	7,130	218.40	1,557,121
7	Net Income Taxes	224,997	0.48	107,266
8	ITC	(3,526)	0.00	-
9	Income for Return	1,082,336	24.97	27,025,317
10	Total Requirements (Sum L3 through L9)	<u>\$ 4,904,084</u>	28.55	<u>\$ 140,014,807</u>
11				
12	Revenue Lag Days (L1)		40.09	
13	Requirements Lead Days (-L10)		-28.55	
14	Net Lag Days (L12 + L13)		<u>11.54</u>	
15	Daily Requirements (Line 10, Col. A divided by 365)			\$ 13,436
16				
17	Estimated Cash Working Capital Requirements (L14 x L15)			\$ 155,064
18	Add: Cash Working Capital Related to NC Sales Tax			6,204
19	Total Cash Working Capital Requirements (L17 + L18)			<u>\$ 161,268</u>
20				
21	Calculation of Total Company and Jurisdictional Amounts:			
22	NC Retail Factor "All - Rate Base x CWC" Allocation Factor			68.1442%
23				
24	Total Company Cash Working Capital Requirements (L19 / L22)			\$ 236,657
25				
26	NC Retail Factor			68.1442%
27	SC Retail Factor			23.4945%
28	NC Wholesale Factor			4.6385%
29	SC Wholesale Factor			3.6759%
30	Other			0.0469%
31	Total (Sum L26 through L29)			<u>100.0000%</u>
32				
33	NC Retail Cash Working Capital Requirement (L24 x L26)			\$ 161,267.787
34	SC Retail Cash Working Capital Requirement (L24 x L27)			55,601.207
35	NC Wholesale Cash Working Capital Requirement (L24 x L28)			10,977.210
36	SC Wholesale Cash Working Capital Requirement (L24 x L29)			8,699.225
37	Other Cash Working Capital Requirement (L25 x L30)			111.093
38	Total Company Cash Working Capital Requirement (Sum L33 through L37)			<u>\$ 236,656.522</u>

Duke Energy Carolinas, LLC

NC-2304

Docket No. E-7, Sub 1214

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Adjust cash working capital for present revenue annualized and proposed revenue

Commission Request

For the test period ended December 31, 2018

Net Accelerated Depreciation

Line

<u>No</u>	<u>Description</u>	<u>Rate</u>	<u>Ratio</u>	<u>Weighted</u>
1	Debt	4.2700% [1]	48.0000% [1]	2.0496% [2]
2	Equity	9.6000% [1]	52.0000% [1]	4.9920% [3]
3	Total ROR (L1 + L2)			7.0416%
4				
5	Statutory tax rate	23.3503% [4]		
6	Statutory regulatory fee percentage rate	0.12967% [5]		
7	Uncollectibles	0.25010% [6]		

Notes:

[1] Docket No. E-7, Sub 1214, McManeus Exhibit 1, Page 2

[2] Debt Rate x Debt Ratio

[3] ROE x Equity Ratio

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

[5] NC-0103 - NCUC Statutory Regulatory Fee Percentage Rate - Adjusted, Docket No. M-100, Sub 142, Line 3

[6] NC-0105 - 2018 Uncollectibles Rate, Line 4

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Adjust for new depreciation rates
For the test period ended December 31, 2018

NC-2600
Narrative
Commission Request
Net of Accelerated Depreciation

E-1 Item 10 Adjustments Requirement

Provide the detail work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

Detailed Narrative Explanation of Adjustment

This pro forma adjusts depreciation expense, income tax and the reserve for depreciation to reflect the updated depreciation rates resulting from a new depreciation study.

The impact to income taxes is determined by multiplying taxable income by the statutory tax rate.

January Update

Updated NC-2603 for change in treatment of catalyst depreciation and updated solar percentages based on updated NC-0603(E).

Commission Request

Updated NC-2601 to offset proposed accelerated depreciation related to updating retirement dates for Cliffside 5 and Allen with a reserve reclassified from unprotected EDIT.

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Adjust for new depreciation rates
For the test period ended December 31, 2018
(Dollars in thousands)

NC-2600
Page 1 of 1
Commission Request
Net of Accelerated Depreciation

Line No.	Description	Source	Total NC Retail Commission Request	Total NC Retail January	Total NC Retail Application	Total NC Retail Change
1						
2	<u>Pro Formas Impacting Income Statement Line Items</u>					
3						
4	Electric operating revenue		\$ -	\$ -	\$ -	\$ -
5						
6	Electric operating expenses:					
7	Operation and maintenance					
8	Fuel used in electric generation		-	-	-	-
9	Purchased power		-	-	-	-
10	Other operation and maintenance expense		-	-	-	-
11	Depreciation and amortization	NC-2601	49,736	72,915	72,133	(22,397)
12	General taxes		-	-	-	-
13	Interest on customer deposits		-	-	-	-
14	Income taxes	NC-2601	(11,614)	(17,026)	(16,843)	5,230
15	Amortization of investment tax credit		-	-	-	-
16						
17	Total electric operating expenses	Sum L8 through L15	38,123	55,889	55,290	(17,167)
18						
19	Operating income	L4 - L17	<u>\$ (38,123)</u>	<u>\$ (55,889)</u>	<u>\$ (55,290)</u>	<u>\$ 17,167</u>
20						
21	Notes:					
22	Revenue: positive number increases revenue / negative number decreases revenue					
23	Expense: positive number increases expense / negative number decreases expense					
24						
25						
26	<u>Pro Formas Impacting Rate Base Line Items</u>					
27						
28	Electric plant in service		\$ -	\$ -	\$ -	\$ -
29	Accumulated depreciation and amortization	NC-2601	(72,915)	(72,915)	(72,913)	(2)
30	Electric plant in service, net	Sum L28 through L29	(72,915)	(72,915)	(72,913)	(2)
31						
32	Add:					
33	Materials and supplies		-	-	-	-
34	Working capital investment		(179,026)	-	-	(179,026)
35			-	-	-	-
36						
37	Less:					
38	Accumulated deferred taxes		41,803	-	-	41,803
39	Operating reserves		-	-	-	-
40			-	-	-	-
41						
42	Construction work in progress		-	-	-	-
43						
44	Total impact to rate base	Sum L30 through L42	<u>\$ (210,137)</u>	<u>\$ (72,915)</u>	<u>\$ (72,913)</u>	<u>\$ (137,224)</u>
45						
46	Note:					
47	Rate Base: positive number increases rate base / negative number decreases rate base					

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Adjust for new depreciation rates
For the test period ended December 31, 2018
(Dollars in thousands)

NC-2601
Page 1 of 1
Commission Request
Net of Accelerated Depreciation

Line No.	Description	Total Carolinas	NC Retail Allocation	Total NC Retail
1	<u>Impact to Income Statement Line Items</u>			
2	<u>Depreciation and amortization:</u>			
3	Production Plant (310-348)	\$ 108,233 [1]	67.4345% [2]	\$ 72,986
4	Transmission Plant (350-359)	6,760 [1]	52.6634% [3]	3,560
5	Distribution Plant (360-387)	564 [1]	73.9558% [4]	417
6	General Plant (389-399)	(2,070) [1]	69.0221% [5]	(1,429)
7	General Plant Amortization	(3,748) [1]	69.0221% [5]	(2,587)
8	Adjust deprec. and amort. for new rates (Sum L3 through L7)	\$ 109,738		\$ 72,947
9				
10	Adjust to deprec. and amort. for costs recovered in riders	\$ (48) [6]	67.4345% [2]	\$ (33)
11	Adjust for amortization of accelerated depreciation reserve	(34,371) [9]	67.4345% [2]	(23,178)
12				
13	Impact to depreciation and amortization (L8 + L10 + L11)	\$ 75,318		\$ 49,736
14				
15	Statutory tax rate	23.3503% [7]		23.3503% [7]
16	Impact to income taxes (-L13 x L15)	\$ (17,587)		\$ (11,614)
17				
18	Impact to operating income (-L13 - L16)	\$ (57,731)		\$ (38,123)
19				
20	<u>Impact to Rate Base Line Items</u>			
21	<u>Accumulated depreciation and amortization:</u>			
22	Production (-L3)	\$ (108,233)	67.4345% [2]	\$ (72,986)
23	Transmission (-L4)	(6,760)	52.6634% [3]	(3,560)
24	Distribution (-L5)	(564)	73.9558% [4]	(417)
25	General (-L6)	2,070	69.0221% [5]	1,429
26	General Plant Amortization (-L7)	3,748	69.0221% [5]	2,587
27	Adjust to accum. deprec. (Sum L22 through L26)	\$ (109,738)		\$ (72,947)
28				
29	Adjust to accum. deprec. for costs recovered in riders	\$ 48 [8]	67.4345% [2]	\$ 33 [8]
30				
31	Impact to accumulated depreciation (L27 + L29)	\$ (109,690)		\$ (72,915)
32				
33	Accelerated depr reserve added to rate base from unprotected EDIT	\$ (299,852) [10]	67.4345% [2]	\$ (202,203.902)
34	1st Year of amortization of accelerated depr reserve from unprotected EDIT (-L11)	34,371		23,178
35	Impact to working capital investment (L33 + L34)	\$ (265,481)		\$ (179,026)
36				
37	Statutory tax rate	23.3503% [7]		23.3503% [7]
38	Impact to accumulated deferred income taxes (-L35 x L37)	\$ 61,990		\$ 41,803
39				
40	Impact to rate base (L31 + L35 + L38)	\$ (313,180)		\$ (210,137)

[1] NC-2602 - Comparison of Current and Proposed Depreciation as of December 31, 2018

[2] Allocation Factor - All Production Demand

[3] Allocation Factor - All Transmission Demand

[4] Allocation Factor - All - Dist Plant - DEC

[5] Allocation Factor - All - Intang and Gen Plt

[6] NC-2603 - Comparison of Current and Proposed Depreciation as of December 31, 2018 - Costs recovered through riders, Line 6

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

[8] NC-2603 - Comparison of Current and Proposed Depreciation as of December 31, 2018 - Costs recovered through riders, Adjustment column, Line 6 less Line 1. Only the SCR Catalyst depreciation expense is recovered through the fuel clause, not the accumulated depreciation.

[9] Estimated amount of proposed accelerated depreciation in the depreciation study related to updating Cliffside 5 and Allen probable retirement dates

[10] Estimated balance of accelerated depreciation reserve reclassified from the unprotected EDIT rider for Commission request.

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Adjust for new depreciation rates
For the test period ended December 31, 2018

NC-2602
Page 1 of 1
Commission Request
Net of Accelerated Depreciation

Comparison of Current and Proposed Depreciation as of December 31, 2018

Line No.	Description	<u>CURRENT</u>		Current Rate	<u>PROPOSED</u>		Proposed Rate	Adjustment Amount
		Calculated Annual Accrual	Calculated Annual Accrual		Calculated Annual Accrual	Calculated Annual Accrual		
1	TOTAL STEAM PRODUCTION PLANT (311-317)	\$ 284,823,199	\$ 367,923,551	3.41	\$ 367,923,551	\$ 83,100,352	4.40	\$ 83,100,352
2	TOTAL NUCLEAR PRODUCTION PLANT (321-326)	288,434,455	306,886,916	3.39	306,886,916	18,452,461	3.60	18,452,461
3	TOTAL HYDRAULIC PRODUCTION PLANT (331-337)	39,880,402	42,784,187	1.87	42,784,187	2,903,785	2.00	2,903,785
4	TOTAL OTHER PRODUCTION PLANT (341-348)	97,440,447	101,217,613	3.09	101,217,613	3,777,166	3.21	3,777,166
5	TOTAL PRODUCTION	\$ 710,578,503	\$ 818,812,267		\$ 818,812,267	\$ 108,233,764		\$ 108,233,764
6								
7	TOTAL TRANSMISSION PLANT (352-359)	\$ 79,291,459	\$ 86,253,267	2.05	\$ 86,253,267	\$ 6,961,808	2.23	\$ 6,961,808
8	TOTAL DISTRIBUTION PLANT (361-387)	273,273,414 [2]	273,848,655 [2]	2.27	273,848,655 [2]	575,241	2.28	575,241
9	TOTAL GENERAL PLANT (390-399)	62,704,125	60,633,994	5.45	60,633,994	(2,070,131)	5.27	(2,070,131)
10								
11	TOTAL ACCOUNT 310	-	-	0.00	-	-	0.00	-
12	TOTAL ACCOUNT 320	16,272	16,172	1.70	16,172	(100)	1.69	(100)
13	TOTAL ACCOUNT 330	145,399	144,624	0.62	144,624	(775)	0.61	(775)
14	TOTAL ACCOUNT 340	342	383	4.45	383	41	4.98	41
15	RIGHTS OF WAY - ACCOUNT 350.00	1,875,161	1,673,327	1.15	1,673,327	(201,834)	1.03	(201,834)
16	RIGHTS OF WAY - ACCOUNT 360.00	120,975	110,290	1.37	110,290	(10,685)	1.25	(10,685)
17	LAND RIGHTS - ACCOUNT 360.20	8,480	7,656	1.51	7,656	(824)	1.36	(824)
18	RIGHTS OF WAY - ACCOUNT 389.00	8,307	8,256	1.51	8,256	(51)	1.50	(51)
19	LAND RIGHTS - ACCOUNT 389.20	2	2	1.21	2	-	1.21	-
20								
21	TOTAL RESERVE ADJUSTMENT FOR AMORTIZATION	(10,159,236)	(13,907,418)	0.00	(13,907,418)	(3,748,182)	0.00	(3,748,182)
22								
23	TOTAL DEPRECIABLE PLANT	\$ 1,117,863,203	\$ 1,227,601,475		\$ 1,227,601,475	\$ 109,738,272		\$ 109,738,272

[1] Information provided by Duke Energy Carolinas - Asset Accounting (Duke Energy Carolinas Depreciation Study)

[2] Includes the amortization of the unrecovered net book value of retired meters regulatory asset.

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Adjust for new depreciation rates
For the test period ended December 31, 2018

NC-2603
Page 1 of 1
Commission Request
Net of Accelerated Depreciation

Comparison of Current and Proposed Depreciation as of December 31, 2018 - Costs recovered through riders

Line No.	Description	<u>CURRENT</u>		<u>PROPOSED</u>			
		Calculated Annual Accrual [1]	Current Rate [1]	Calculated Annual Accrual [2]	Proposed Rate [2]	Adjustment Amount	Adjustment
1	Steam 312 - SCR Catalyst	\$ 4,667,989	3.2300%	\$ 5,824,147	4.0300%	\$ 1,156,158	\$ - [3]
2	Other Production - Solar-Mocksville	1,583,450	4.9836%	1,633,157	5.1400%	49,707	(1,844) [4]
3	Other Production - Solar-Monroe	5,898,350	5.0600%	5,983,186	5.1328%	84,836	(3,266) [5]
4	Other Production - Solar-Woodleaf	664,520	5.0600%	653,612	4.9769%	(10,908)	491 [6]
5	Other Production - Solar-Roof top	1,587,563	5.4172%	1,692,676	5.7759%	105,113	(43,811) [7]
6	Total Production	\$ 14,401,872		\$ 15,786,778		\$ 1,384,906	\$ (48,431)

- [1] NC-0803 - Adjustment to Annualize Depreciation Expense at Dec. 31, 2018 - Costs recovered through riders
 [2] Information provided by Duke Energy Carolinas - Asset Accounting (Duke Energy Carolinas Depreciation Study)
 [3] In the supplemental January update, DEC is no longer proposing to flow catalyst depreciation expense through the fuel rider, therefore this adjustment is no longer needed.
 [4] Per NC-0603, 3.71% of Solar Mocksville costs are collected in the REPS rider and should be excluded for purposes of this analysis.
 [5] Per NC-0603, 3.85% of Solar Monroe costs are collected in the REPS rider and should be excluded for purposes of this analysis.
 [6] Per NC-0603, 4.50% of Solar Woodleaf costs are collected in the REPS rider and should be excluded for purposes of this analysis.
 [7] Per NC-0603, 41.68% of Solar PVDG costs are collected in the REPS rider and should be excluded for purposes of this analysis.

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Summary of Proposed Revenue Adjustments
For the test period ended December 31, 2018

McManeus Exhibit 2
Commission Request
Net Accelerated Depreciation

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Years 1-2</u> <u>NC Retail</u>	<u>Years 3-5</u> <u>NC Retail</u>
1			
2	Revenue Requirement from Exhibit 1	\$ 377,369	\$ 377,369
3	EDIT Rider	(\$263,407)	(\$180,351)
4	Total Requested Increase	<u>\$ 113,962</u>	<u>\$ 197,018</u>

DUKE ENERGY CAROLINAS, LLC
Revenue Requirement
Docket E7 Sub 1214
(Thousands of Dollars)

McManeus Exhibit 3
Commission Request
Net Accelerated Depreciation

Line No.	Item	Year 1-2 Amount	Year 3-5 Amount
1	Revenue requirement increase per Company Supplemental Filing	\$464,585	
2	Revenue Requirement impact of Rebuttal	101	
3	Revenue Impact of Supplemental Rebuttal including Settlement	(97,052)	
4	Revenue impact of supplemental updates through May	\$48,390	
5	Revenue impact of supplemental updates through May 9.75 48/52	(\$75,426)	
6	Revenue Requirement impact of Second Settlement	\$73,834	
7	Revenue requirement increase per Company Second Settlement filing [1]	[1] \$414,432	
8			
9	Commission request to net needed accelerated depreciation against EDIT		
10	NC1000 Adjust Depreciation for Post Test Year additions	[2] (1,716)	
11	NC2600 Adjustment for new depreciation rates	[3] (35,921)	
12	NC2200 Adjust synchronized interest expense	[4] 860	
13	NC2300 Adjust cash working capital under present rates	[4] 56	
14	NC2300 Adjust cash working capital under proposed rates	[4] (343)	
15	Total Revenue impacts from Adjustments	\$ (37,064)	
16			
17	Total base rate revenue requirement	\$ 377,368	\$ 377,368
18			
19	EDIT Rider		
20	Uprotected Federal EDIT Rider as filed in Second Settlement	\$ (227,723)	\$ (227,723)
21	Impact of netting Accelerated Depreciation to EDIT	[5] 47,372	47,372
22	Uprotected Federal EDIT Rider	\$ (180,351)	\$ (180,351)
23			
24	NC State EDIT Rider and Deferred Revenue	\$ (83,056)	
25			
26	Total Requested Increase	\$ 113,961	\$ 197,017
27			
28	Revenue Requirement per Company's Second Settlement		
29	Total Base Revenue per the Company's Second Settlement Filing	[1] \$ 414,432	\$ 414,432
30	EDIT Rider 2		
31	Unprotected EDIT - Levelized 5 years	(227,723)	(227,723)
32	NC State and Deferred Revenue - Levelized 2 years	(83,056)	
33	Total Requested Increase per the Company's Second Settlement Filing	\$ 103,653	\$ 186,709
34			
35	Difference between Netting Accelerated Depreciation to EDIT and Company's Second Settlement	\$ 10,308	\$ 10,308

[1] McManeus Second Settlement Filing Exhibit 1

[2] NC-1000 Adjust Post Test Year Additions. This proforma was adjusted to remove the depreciation impact of the accelerated Depreciation.

[3] NC-2600 - Adjust for new depreciation rates. This proforma was adjusted to include a regulatory liability for the total amount of accelerated depreciation reclassified from the EDIT unprotected rider, and to remove the depreciation impact of the accelerated Depreciation.

[4] NC-2200 Interest Synchronization and NC-2300 Cash Working capital were updated to reflect the impact of the changes to NC-1000 and NC-2600.

[5] The adjustment to the unprotected EDIT after netting the total impact of the accelerated depreciation.

DUKE ENERGY CAROLINAS, LLC
Docket No. E-7, Sub 1214
North Carolina Retail Operations
McManis Commission Request Exhibit 4
CALCULATION OF LEVELIZED FEDERAL PROVISIONAL EDIT RIDER CREDIT - NET OF
ACCELERATED DEPRECIATION
For the Test Year Ended December 31, 2018
(in Thousands)

Line No.	Item	Year 1 Revenue Requirement (a)	Year 2 Revenue Requirement (b)	Year 3 Revenue Requirement (b)	Year 4 Revenue Requirement (b)	Year 5 Revenue Requirement (b)	Total Revenue Requirement (c)
1	Annual EDIT used to offset interim rates	(238,200) ^{5/}					
2	Monthly EDIT used to offset interim rates	(19,850)					
3	Estimated number of months of interim rates to compliance rates per NCUC Order	4.3 ^{5/}					
4	EDIT used to offset interim rates	(85,803)					
5	Return component	(27,982)					
6	Amortization component	(57,822)					
7	Preliminary NC retail Unprotected Federal EDIT regulatory liability	(1,028,165) ^{1/}					
8	Estimated transition of Protected to Unprotected Regulatory liability 8/1/2020-8/21/2020	(1,679)					
9	Reduction for amount flowed back during Interim Rate period (L6)	(57,822)					
10	Reduction for amount of Accelerated Depreciation	(202,204) ^{6/}					
11	Total NC retail Unprotected Federal EDIT regulatory liability to be amortized (L7 + L8 - L9)	(769,818)	(769,818) ^{1/}	(769,818) ^{1/}	(769,818) ^{1/}	(769,818) ^{1/}	
12	Annuity factor	4,2847 ^{2/}	4,2847 ^{2/}	4,2847 ^{2/}	4,2847 ^{2/}	4,2847 ^{2/}	
13	Levelized rider EDIT regulatory liability (L11 / L12)	(179,667)	(179,667)	(179,667)	(179,667)	(179,667)	(\$898,335)
14	One minus composite income tax rate	76.6498% ^{3/}	76.6498% ^{3/}	76.6498% ^{3/}	76.6498% ^{3/}	76.6498% ^{3/}	76.6498%
15	Net operating income effect (L13 x L14)	(137,714)	(137,714)	(137,714)	(137,714)	(137,714)	(688,570)
16	Retention factor	0.763589 ^{4/}	0.763589 ^{4/}	0.763589 ^{4/}	0.763589 ^{4/}	0.763589 ^{4/}	0.763589
17	Levelized rider EDIT credit (L15 / L16)	(\$180,351)	(\$180,351)	(\$180,351)	(\$180,351)	(\$180,351)	(\$901,755)
18	Total NC retail NC State EDIT and Deferred Revenue regulatory liability to be amortized	\$ (155,445) ^{1/}	(\$155,445) ^{1/}				
19	Annuity factor	1.8787 ^{2/}	1.8787 ^{2/}				
20	Levelized rider EDIT regulatory liability (L18 / L19)	(82,741)	(82,741)				(\$165,482)
21	One minus composite income tax rate	76.6498% ^{3/}	76.6498% ^{3/}				76.6498%
22	Net operating income effect (L20 x L21)	(63,421)	(63,421)				(\$126,842)
23	Retention factor	0.763589 ^{4/}	0.763589 ^{4/}				0.763589
24	Levelized rider EDIT credit (L22 / L23)	(\$83,056)	(\$83,056)				(\$166,115)

1/ Boswell Supplemental and Stipulation Exhibit 1, Sch 2-1, Line 15. Federal EDIT amounts from col. (c) + (p). NC EDIT and Deferred Revenue balances are from col. (b) + (q).

2/ Calculation of Levelized Factors, Line 6.

3/ One minus composite income tax rate of 23.3503%.

4/ Boswell Supplemental and Stipulation Exhibit 1, Schedule 1-2, Line 14, Column (d).

5/ Will be trued up with actual months of interim rates and approved offset amount if different in compliance filing

6/ Per Commission request, reduced the amount of unprotected EDIT by the balance of accelerated depreciation.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Late-Filed Exhibit No. 2 as filed in Docket No. E-7, Sub 1214, were served via electronic delivery or mailed, first-class, postage prepaid, upon all parties of record.

This, the 15th day of October, 2020.

/s/Mary Lynne Grigg

Mary Lynne Grigg

McGuireWoods LLP

501 Fayetteville Street, Suite 500

PO Box 27507 (27611)

Raleigh, North Carolina 27601

Telephone: (919) 755-6573

mgrigg@mcguirewoods.com

Attorney for Duke Energy Carolinas, LLC

CERTIFICATE OF SERVICE

DOCKET NO. E-7, SUB 1213
DOCKET NO. E-7, SUB 1214
DOCKET NO. E-7, SUB 1187

I hereby certify that a copy of the foregoing **DUKE ENERGY CAROLINAS, LLC POST HEARING SUBMISSION REGARDING ALTERNATIVE COST RECOVERY CONCEPTS** was served electronically or by depositing a copy in United States Mail, first class postage prepaid, properly addressed to the parties of record.

This the 4th day of November 2020.

/s/ Kiran H. Mehta

Kiran H. Mehta

Troutman Pepper Hamilton Sanders LLP

301 S. College Street, Suite 3400

Charlotte, North Carolina 28202

Telephone: 704.998.4072

Kiran.mehta@troutman.com

ATTORNEY FOR DUKE ENERGY CAROLINAS, LLC