

Molly McIntosh Jagannathan
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December 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 Progress, LLC Corrected Exhibit 1 to the Second Settlement
Testimony and Exhibits of Witness Kim H. Smith
Docket No. E-2, Sub 1219, Docket No. E-2, Sub 1193

Dear Ms. Campbell:

On behalf of Duke Energy Progress, LLC, enclosed for electronic filing is the *Corrected Exhibit 1 to the Second Settlement Testimony and Exhibits of Witness Kim H. Smith*.

While collaborating with the Public Staff to draft the Joint Proposed Order being filed today, the Company discovered that on July 31, 2020, the Company had inadvertently filed the incorrect version of page 2 to Smith Exhibit 1, Second Settlement. Ms. Smith's Second Settlement Testimony and the other exhibits to her Second Settlement Testimony were not impacted and are correct as filed.

Smith Exhibit 1, Second Settlement CORRECTED contains corrected values (applicable only to page 2), which now correctly correspond to the values on Smith Exhibit 2, Second Settlement. The values in the Joint Proposed Order cite to Smith Exhibit 2, Second Settlement, which was correct as previously filed on July 31, 2020. The Company and the Public Staff have discussed the correction to Smith Exhibit 1, Second Settlement and the Company has provided the Public Staff with the corrected file and workpapers.

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

Sincerely,

/s/ Molly McIntosh Jagannathan

Molly McIntosh Jagannathan

Enclosures
c: Parties of record

DUKE ENERGY PROGRESS, LLC
OPERATING INCOME FROM ELECTRIC OPERATIONS
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
Second Settlement
CORRECTED

| Line No. | Description | Total Company Per Books (a) (Col. 1) | North Carolina Retail Operations | | | | |
|----------|---|---|----------------------------------|--|--------------------------------------|---|-------------------------------------|
| | | | 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 | \$ 5,682,421 | \$ 3,657,503 | \$ (302,701) | \$ 3,354,802 | \$ 408,933 | \$ 3,763,735 |
| | Electric operating expenses: | | | | | | |
| | Operation and maintenance: | | | | | | |
| 2 | Fuel used in electric generation | 1,429,144 | 881,642 | (33,473) | 848,169 | | 848,169 |
| 3 | Purchased power | 390,677 | 158,763 | (1,965) | 156,798 | | 156,798 |
| 4 | Other operation and maintenance expense | 1,546,719 | 1,050,819 | (187,359) | 863,460 | 1,510 | 864,970 |
| 5 | Depreciation and amortization | 1,060,260 | 669,787 | 236,153 | 905,941 | | 905,941 |
| 6 | General taxes | 153,362 | 102,197 | 2,381 | 104,578 | | 104,578 |
| 7 | Interest on customer deposits | 8,643 (b) | 7,971 | - | 7,971 | | 7,971 |
| 8 | EDIT Amortization | - | - | (30,548) | (30,548) | - | (30,548) |
| 9 | Net income taxes | 150,622 | 112,986 | (49,656) | 63,330 | 94,163 | 157,494 |
| 10 | Amortization of investment tax credit | (3,356) | (2,134) | (1,481) | (3,614) | | (3,614) |
| 11 | Total electric operating expenses | 4,736,071 | 2,982,032 | (65,946) | 2,916,085 | 95,673 | 3,011,759 |
| 12 | Operating income | \$ 946,351 | \$ 675,472 | \$ (236,755) | \$ 438,717 | \$ 313,259 | \$ 751,976 |
| 13 | Original cost rate base | \$ 14,580,739 | \$ 9,859,050 | \$ 934,441 (d) | \$ 10,793,491 | \$ 51,938 (f) | \$ 10,845,429 |
| 14 | Rate of return on North Carolina retail rate base | | 6.85% | | 4.06% | | 6.93% |

-- Some totals may not foot or compute due to rounding.

- Notes: (a) From Form E-1, Item 45a
(b) Reclassifies interest on customer deposits to electric operating expense
(c) From Page 3, Line 36
(d) From Page 4, Line 9
(e) From Page 2
(f) From Page 4d, Line 1. 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 PROGRESS, LLC
CALCULATION OF ADDITIONAL REVENUE REQUIREMENT
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
Second Settlement
CORRECTED

| Line No. | Description | Dec. 31, 2018 Amount (Col. 1) | Pro forma Ratio (Col. 2) | North Carolina Retail Operations | | | | | |
|----------|--|----------------------------------|-----------------------------|----------------------------------|------------------------------------|------------------------------|------------------------------|------------------------------------|------------------------------|
| | | | | Before Proposed Increase | | | After Proposed Increase | | |
| | | | | Retail Rate Base (Col. 3) | Embedded Cost/Return % (Col. 4) | Operating Income (Col. 5) | Retail Rate Base (Col. 6) | Embedded Cost/Return % (Col. 7) | Operating Income (Col. 8) |
| 1 | Long-term debt | \$ 8,108,191 | 48.00% | \$ 5,180,876 | 4.04% | \$ 209,564 | \$ 5,205,806 | 4.04% | \$ 210,572 |
| 2 | Members' equity | (a) 8,717,931 | 52.00% | 5,612,616 | 4.08% | 229,153 | 5,639,623 | 9.60% | 541,404 |
| 3 | Total | <u>\$ 16,826,122</u> | <u>100.00%</u> | <u>\$ 10,793,491</u> (b) | | <u>\$ 438,717</u> (c) | <u>\$ 10,845,429</u> (b) | | 751,976 |
| 4 | Operating income before increase (Line 3, Column 5) | | | | | | | | 438,717 |
| 5 | Additional operating income required (Line 3 minus Line 4) | | | | | | | | 313,259 |
| 6 | Calculate income tax on Incremental interest expense due to increase in cash working capital in proposed revenue | | | | | | | | (234) |
| 7 | Regulatory fee (.1297%), Uncollectibles Rate (.2394%), and income taxes (23.1693%) | | | | | | | | 95,907 |
| 8 | Additional revenue requirement | | | | | | | | \$ 408,933 |
| 9 | Revenue Adjustments (d) | | | | | | | | \$ (147,058) |
| 10 | Net Increase | | | | | | | | <u>\$ 261,875</u> |

-- Some totals may not foot or compute due to rounding.

Notes: (a) The equivalent of common equity for a limited liability company
(b) From Page 1, Line 12, Columns 4 and 6
(c) From Page 1, Line 11, Column 4
(d) From Smith Exhibit 2, Line 5

DUKE ENERGY PROGRESS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
Second Settlement
CORRECTED

| 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) | EDIT Amortization (Col. 7) | Income Taxes 23.1693% (Col. 8) | Amortization of ITC (Col. 9) | Operating Income (Col. 10) |
|----------|--|--|--|-----------------------------|-------------------------------|---|---------------------------|-------------------------------|-----------------------------------|---------------------------------|-------------------------------|
| 1 | Annualize retail revenues for current rates | (225,760) | - | - | (833) | - | - | - | (52,114) | - | (172,813) |
| 1(D) | Annualize retail revenues for current rates- Supplemental | 24,093 | - | - | 89 | - | - | - | 5,562 | - | 18,443 |
| 2 | Update fuel costs to proposed rate | - | (12,574) | - | - | (1,684) | - | - | 3,304 | - | 10,955 |
| 2(F) | Update fuel costs to proposed rate- Rebuttal | - | 24,010 | - | - | 1,684 | - | - | (5,953) | - | (19,741) |
| 3 | * Normalize for weather | (77,392) | (18,180) | - | (286) | - | - | - | (13,653) | - | (45,273) |
| 3(E) | Normalize for weather- Supplemental | 4,882 | (2,252) | - | 18 | - | - | - | 1,649 | - | 5,467 |
| 4 | * Annualize revenues for customer growth | 5,182 | 2,857 | - | 19 | - | - | - | 534 | - | 1,771 |
| 4(J) | Annualize revenues for customer growth- Second Settlement | (13,548) | (8,812) | - | (50) | - | - | - | (1,086) | - | (3,600) |
| 5 | Eliminate unbilled revenues | 11,826 | - | - | - | - | - | - | 2,740 | - | 9,086 |
| 6 | Adjust for costs recovered through non-fuel riders | (27,830) | (18,522) | - | (136,112) | (58,446) | (6,458) | - | 63,161 | - | 128,547 |
| 6(C) | Adjust for costs recovered through non-fuel riders- Supplemental | - | - | - | (31) | - | - | - | 7 | - | 24 |
| 7 | Adjust O&M for executive compensation | - | - | - | (2,399) | - | - | - | 556 | - | 1,843 |
| 7(J) | Adjust O&M for executive compensation- Second Settlement | - | - | - | (187) | - | - | - | 43 | - | 144 |
| 8 | Annualize depreciation on year end plant balances | - | - | - | - | 42,068 | - | - | (9,747) | (1,481) | (30,841) |
| 8(D) | Annualize depreciation on year end plant balances- Supplemental | - | - | - | - | (661) | - | - | 153 | - | 508 |
| 9 | Annualize property taxes on year end plant balances | - | - | - | - | - | 4,064 | - | (942) | - | (3,122) |
| 10 | * Adjust for post test year additions to plant in service | - | - | - | - | 70,469 | 6,600 | - | (17,857) | - | (59,213) |
| 10(J) | Adjust for post test year additions to plant in service- Second Settlement | - | - | - | - | (2,200) | (850) | - | 707 | - | 2,344 |
| 11 | * Amortize deferred environmental costs | - | - | - | - | 105,972 | - | - | (24,553) | - | (81,419) |
| 11(J) | Amortize deferred environmental costs- Second Settlement | - | - | - | - | (12,949) | - | - | 3,000 | - | 9,949 |
| 12 | Annualize O&M non-labor expenses | - | - | - | 1,311 | - | - | - | (304) | - | (1,007) |
| 12(I) | Annualize O&M non-labor expenses- Second Supplemental | - | - | - | 1,034 | - | - | - | (240) | - | (794) |
| 13 | * Normalize O&M labor expenses | - | - | - | (18,512) | - | (1,089) | - | 4,542 | - | 15,060 |
| 13(I) | Normalize O&M labor expenses- Second Supplemental | - | - | - | (722) | - | 181 | - | 126 | - | 416 |
| 14 | Update benefits costs | - | - | - | (3,060) | - | - | - | 709 | - | 2,351 |
| 14(D) | Update benefits costs- Supplemental | - | - | - | (3,298) | - | - | - | 764 | - | 2,534 |
| 15 | * Levelize nuclear refueling outage costs | - | - | - | (6,232) | - | - | - | 1,444 | - | 4,788 |
| 15(E) | Levelize nuclear refueling outage costs- Supplemental | - | - | - | 42 | - | - | - | (10) | - | (32) |
| 16 | * Amortize rate case costs | - | - | - | 701 | - | - | - | (162) | - | (539) |
| 16(G) | Amortize rate case costs- Partial Settlement | - | - | - | - | - | - | - | - | - | - |
| 17 | Adjust aviation expenses | - | - | - | (1,452) | - | (18) | - | 341 | - | 1,129 |
| 17(G) | Adjust aviation expenses- Partial Settlement | - | - | - | (205) | - | - | - | 47 | - | 157 |

DUKE ENERGY PROGRESS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
Second Settlement
CORRECTED

| Line No. | Description | Electric Operating Revenue (Col. 1) | Fuel Used in Electric Generation (Col. 2) | Purchased Power and Net Interchange (Col. 3) | Wages Benefits Materials Etc. (Col. 4) | Depreciation and Amortization (Col. 5) | General Taxes (Col. 6) | EDIT Amortization (Col. 7) | Income Taxes 23.1693% (Col. 8) | Amortization of ITC (Col. 9) | Operating Income (Col. 10) |
|----------|--|--|--|---|---|---|---------------------------|-------------------------------|-----------------------------------|---------------------------------|-------------------------------|
| 18 | Adjust for approved regulatory assets and liabilities | - | - | - | 1,603 | (3,479) | 5 | - | 434 | - | 1,438 |
| 19 | * Adjust for Merger Related Costs | - | - | - | (4,039) | (172) | (53) | - | 988 | - | 3,276 |
| 19(I) | Adjust for Merger Related Costs | - | - | - | - | (12) | - | - | 3 | - | 10 |
| 20 | * Amortize Severance Costs | - | - | - | (23,366) | - | - | - | 5,414 | - | 17,952 |
| 20(G) | Amortize Severance Costs- Partial Settlement | - | - | - | (774) | - | - | - | 179 | - | 594 |
| 21 | Adjust NC income taxes for rate change | - | - | - | - | - | - | - | (2,183) | - | 2,183 |
| 22 | * Synchronize interest expense with end of period rate base | - | - | - | - | - | - | - | 123 | - | (123) |
| 22(J) | Synchronize interest expense with end of period rate base- Second Settlement | - | - | - | - | - | - | - | 264 | - | (264) |
| 23 | * Adjust cash working capital | - | - | - | - | - | - | - | 122 | - | (122) |
| 23(J) | Adjust cash working capital- Second Settlement | - | - | - | - | - | - | - | (23) | - | 23 |
| 24 | Adjust coal inventory | - | - | - | - | - | - | - | - | - | - |
| 24(C) | Adjust coal inventory- Supplemental | - | - | - | - | - | - | - | - | - | - |
| 25 | * Adjust for credit card fees | - | - | - | 5,197 | - | - | - | (1,204) | - | (3,993) |
| 25(F) | Adjust for credit card fees- Rebuttal | - | - | - | 72 | - | - | - | (17) | - | (55) |
| 26 | Adjust Depreciation for new rates | - | - | - | - | 89,601 | - | - | (20,760) | - | (68,841) |
| 26(D) | Adjust Depreciation for new rates- Supplemental | - | - | - | - | (873) | - | - | 202 | - | 671 |
| 27 | Adjust vegetation management expenses | - | - | - | 5,757 | - | - | - | (1,334) | - | (4,424) |
| 28 | Adjust reserve for end of life nuclear costs | - | - | - | - | (91) | - | - | 21 | - | 70 |
| 28(G) | Adjust reserve for end of life nuclear costs- Partial Settlement | - | - | - | - | (1,826) | - | - | 423 | - | 1,403 |
| 29 | * Update deferred balance and amortize storm costs | - | - | - | - | 43,717 | - | - | (10,129) | - | (33,588) |
| 29(I) | Update deferred balance and amortize storm costs- Second Supplemental | - | - | - | - | (45,362) | - | - | 10,510 | - | 34,852 |
| 30 | Adjust other revenue | (4,155) | - | - | (5) | - | - | - | (962) | - | (3,188) |
| 31 | Adjust for change in NCUC Reg Fee | - | - | - | (234) | - | - | - | 54 | - | 180 |
| 32 | * Reflect retirement of Asheville Steam Generating Plant | - | - | - | (6,413) | (181) | (1,032) | - | 1,767 | - | 5,859 |
| 32(F) | Reflect retirement of Asheville Steam Generating Plant- Rebuttal | - | - | - | - | 10,381 | 1,032 | - | (2,644) | - | (8,769) |
| 33 | Adjust for CertainTeed payment obligation | - | - | - | 4,939 | - | - | - | (1,144) | - | (3,794) |
| 33(A) | Adjust for CertainTeed payment obligation- Supplemental | - | - | - | (4,939) | - | - | - | 1,144 | - | 3,794 |
| 34 | * Amortize deferred balance Asheville Combined Cycle | - | - | - | 6,109 | 13,594 | - | - | (4,565) | - | (15,138) |
| 34(J) | Amortize deferred balance Asheville Combined Cycle- Second Settlement | - | - | - | (7,568) | (4,696) | - | - | 2,842 | - | 9,423 |

DUKE ENERGY PROGRESS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
Second Settlement
CORRECTED

| Line No. | Description | Electric Operating Revenue (Col. 1) | Fuel Used in Electric Generation (Col. 2) | Purchased Power and Net Interchange (Col. 3) | Wages Benefits Materials Etc. (Col. 4) | Depreciation and Amortization (Col. 5) | General Taxes (Col. 6) | EDIT 0.0000% (Col. 7) | Income Taxes 23.1693% (Col. 8) | Amortization of ITC (Col. 9) | Operating Income (Col. 10) |
|----------|--|--|--|---|---|---|---------------------------|--------------------------|-----------------------------------|---------------------------------|-------------------------------|
| 35 | Adjust Purchased Power | - | - | (1,965) | - | - | - | - | 455 | - | 1,510 |
| 36(E) | Correct Lead Lag- Supplemental | - | - | - | - | - | - | - | - | - | - |
| 37(G) | Amortize Prot EDIT- Partial Settlement | - | - | - | - | - | - | (30,548) | 7,078 | - | 23,470 |
| 38(J) | Remove certain Settlement Items- Second Settlement | - | - | - | (2,834) | (8,700) | - | - | 2,672 | - | 8,861 |
| 39(G) | Normalize for storm costs- Partial Settlement | - | - | - | 9,300 | - | - | - | (2,155) | - | (7,145) |
| 40(J) | Adjust Rate Base for EDIT- Second Settlement | - | - | - | - | - | - | - | - | - | - |
| 41 | Total adjustments - Original Filing | <u>\$ (318,129)</u> | <u>\$ (46,419)</u> | <u>\$ (1,965)</u> | <u>\$ (177,306)</u> | <u>\$ 301,368</u> | <u>\$ 2,018</u> | <u>\$ -</u> | <u>\$ (74,904)</u> | <u>\$ (1,481)</u> | <u>\$ (319,441)</u> |
| 41(J) | Change from Application | 15,428 | 12,946 | - | (10,053) | (65,215) | 363 | (30,548) | 25,249 | - | 82,686 |
| 42 | Total adjustments | <u>\$ (302,701)</u> | <u>\$ (33,473)</u> | <u>\$ (1,965)</u> | <u>\$ (187,359)</u> | <u>\$ 236,153</u> | <u>\$ 2,381</u> | <u>\$ (30,548)</u> | <u>\$ (49,656)</u> | <u>\$ (1,481)</u> | <u>\$ (236,755)</u> |

-- Some totals may not foot or compute due to rounding.

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

DUKE ENERGY PROGRESS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
Second Settlement
CORRECTED

| Line No. | Description | EPIS (Col. 1) | Accum Deprec (Col. 2) | Materials & Supplies (Col. 3) | Working Capital (Col. 4) | ADIT (Col. 5) | Operating Reserves (Col. 6) | CWIP (Col. 7) | Rate Base (Col. 8) | Oper Inc Rev Req Impact (Col. 9) | R/B Rev Req Impact (Col. 10) | Total Rev Req Impact (Col. 11) |
|----------|--|------------------|--------------------------|----------------------------------|-----------------------------|------------------|--------------------------------|------------------|-----------------------|-------------------------------------|---------------------------------|-----------------------------------|
| 1 | Annualize retail revenues for current rates | - | - | - | - | - | - | - | - | 225,760 | - | 225,760 |
| 1(D) | Annualize retail revenues for current rates- Supplemental | - | - | - | - | - | - | - | - | (24,093) | - | (24,093) |
| 2 | Update fuel costs to proposed rate | - | - | - | - | - | - | - | - | (14,311) | - | (14,311) |
| 2(F) | Update fuel costs to proposed rate- Rebuttal | - | - | - | - | - | - | - | - | 25,789 | - | 25,789 |
| 3 | * Normalize for weather | - | - | - | - | - | - | - | - | 59,144 | - | 59,144 |
| 3(E) | Normalize for weather- Supplemental | - | - | - | - | - | - | - | - | (7,142) | - | (7,142) |
| 4 | * Annualize revenues for customer growth | - | - | - | - | - | - | - | - | (2,314) | - | (2,314) |
| 4(J) | Annualize revenues for customer growth- Second Settlement | - | - | - | - | - | - | - | - | 4,703 | - | 4,703 |
| 5 | Eliminate unbilled revenues | - | - | - | - | - | - | - | - | (11,869) | - | (11,869) |
| 6 | Adjust for costs recovered through non-fuel riders | (978,325) | 158,734 | (157,453) | (150,987) | 90,146 | - | - | (1,037,885) | (167,932) | (94,010) | (261,943) |
| 6(C) | Adjust for costs recovered through non-fuel riders- Supplemental | - | - | - | - | - | - | - | - | (31) | 6,423 | 6,392 |
| 7 | Adjust O&M for executive compensation | - | - | - | - | - | - | - | - | (2,408) | - | (2,408) |
| 7(J) | Adjust O&M for executive compensation- Second Settlement | - | - | - | - | - | - | - | - | (188) | - | (188) |
| 8 | Annualize depreciation on year end plant balances | - | - | - | - | - | - | - | - | 40,290 | - | 40,290 |
| 8(D) | Annualize depreciation on year end plant balances- Supplemental | - | - | - | - | - | - | - | - | (663) | - | (663) |
| 9 | Annualize property taxes on year end plant balances | - | - | - | - | - | - | - | - | 4,079 | - | 4,079 |
| 10 | * Adjust for post test year additions to plant in service | 1,845,936 | (383,473) | - | (1,458) | (31,249) | - | (102,930) | 1,326,826 | 77,355 | 120,182 | 197,537 |
| 10(J) | Adjust for post test year additions to plant in service- Second Settlement | (187,320) | 195,347 | - | 20,220 | (25,761) | - | - | 2,486 | (3,062) | (8,002) | (11,064) |
| 11 | * Amortize deferred environmental costs | - | - | - | 423,886 | (98,212) | - | - | 325,675 | 106,364 | 29,499 | 135,863 |
| 11(J) | Amortize deferred environmental costs- Second Settlement | - | - | - | (36,795) | 8,525 | - | - | (28,270) | (12,997) | (4,401) | (17,398) |
| 12 | Annualize O&M non-labor expenses | - | - | - | - | - | - | - | - | 1,316 | - | 1,316 |
| 12(I) | Annualize O&M non-labor expenses- Second Supplemental | - | - | - | - | - | - | - | - | 1,038 | - | 1,038 |
| 13 | * Normalize O&M labor expenses | - | - | - | - | - | - | - | - | (19,674) | - | (19,674) |
| 13(I) | Normalize O&M labor expenses- Second Supplemental | - | - | - | - | - | - | - | - | (544) | - | (544) |
| 14 | Update benefits costs | - | - | - | - | - | - | - | - | (3,071) | - | (3,071) |
| 14(D) | Update benefits costs- Supplemental | - | - | - | - | - | - | - | - | (3,310) | - | (3,310) |
| 15 | * Levelize nuclear refueling outage costs | - | - | - | - | - | - | - | - | (6,255) | - | (6,255) |
| 15(E) | Levelize nuclear refueling outage costs- Supplemental | - | - | - | - | - | - | - | - | 42 | - | 42 |
| 16 | * Amortize rate case costs | - | - | - | 2,670 | (619) | - | - | 2,051 | 704 | 186 | 889 |
| 16(G) | Amortize rate case costs- Partial Settlement | - | - | - | (2,670) | 619 | - | - | (2,051) | - | (186) | (186) |
| 17 | Adjust aviation expenses | - | - | - | - | - | - | - | - | (1,475) | - | (1,475) |
| 17(G) | Adjust aviation expenses- Partial Settlement | - | - | - | - | - | - | - | - | (206) | - | (206) |

DUKE ENERGY PROGRESS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
Second Settlement
CORRECTED

| Line No. | Description | EPIS (Col. 1) | Accum Deprec (Col. 2) | Materials & Supplies (Col. 3) | Working Capital (Col. 4) | ADIT (Col. 5) | Operating Reserves (Col. 6) | CWIP (Col. 7) | Rate Base (Col. 8) | Oper Inc Rev Req Impact (Col. 9) | R/B Rev Req Impact (Col. 10) | Total Rev Req Impact (Col. 11) |
|----------|--|------------------|--------------------------|----------------------------------|-----------------------------|------------------|--------------------------------|------------------|-----------------------|-------------------------------------|---------------------------------|-----------------------------------|
| 18 | Adjust for approved regulatory assets and liabilities | - | - | - | (83,851) | 19,428 | - | - | (64,423) | (1,878) | (5,437) | (7,315) |
| 19 | * Adjust for Merger Related Costs | - | 347 | - | - | - | - | - | 347 | (4,280) | 31 | (4,248) |
| 19(I) | Adjust for Merger Related Costs | (558) | 55 | - | - | - | - | - | (504) | (12) | (45) | (57) |
| 20 | * Amortize Severance Costs | - | - | - | 23,297 | (5,398) | - | - | 17,899 | (23,453) | 1,621 | (21,832) |
| 20(G) | Amortize Severance Costs- Partial Settlement | - | - | - | (23,297) | 5,398 | - | - | (17,899) | (777) | (1,621) | (2,398) |
| 21 | Adjust NC income taxes for rate change | - | - | - | - | - | - | - | - | (2,851) | - | (2,851) |
| 22 | * Synchronize interest expense with end of period rate base | - | - | - | - | - | - | - | - | 160 | - | 160 |
| 22(J) | Synchronize interest expense with end of period rate base- Second Settlement | - | - | - | - | - | - | - | - | 345 | - | 345 |
| 23 | * Adjust cash working capital | - | - | - | (27,013) | - | - | - | (27,013) | 160 | (2,447) | (2,287) |
| 23(J) | Adjust cash working capital- Second Settlement | - | - | - | 4,952 | - | - | - | 4,952 | (30) | 585 | 555 |
| 24 | Adjust coal inventory | - | - | 9,641 | - | - | - | - | 9,641 | - | 873 | 873 |
| 24(C) | Adjust coal inventory- Supplemental | - | - | (21,244) | - | - | - | - | (21,244) | - | (1,852) | (1,852) |
| 25 | * Adjust for credit card fees | - | - | - | - | - | - | - | - | 5,217 | - | 5,217 |
| 25(F) | Adjust for credit card fees- Rebuttal | - | - | - | - | - | - | - | - | 72 | - | 72 |
| 26 | Adjust Depreciation for new rates | - | (88,728) | - | - | - | - | - | (88,728) | 89,933 | (8,037) | 81,896 |
| 26(D) | Adjust Depreciation for new rates- Supplemental | - | - | - | - | - | - | - | - | (876) | 549 | (327) |
| 27 | Adjust vegetation management expenses | - | - | - | - | - | - | - | - | 5,779 | - | 5,779 |
| 28 | Adjust reserve for end of life nuclear costs | - | - | - | - | - | - | - | - | (91) | - | (91) |
| 28(G) | Adjust reserve for end of life nuclear costs- Partial Settlement | - | - | - | - | - | - | - | - | (1,833) | - | (1,833) |
| 29 | * Update deferred balance and amortize storm costs | - | - | - | 612,045 | (141,807) | - | - | 470,238 | 43,879 | 42,594 | 86,473 |
| 29(I) | Update deferred balance and amortize storm costs- Second Supplemental | (68,639) | 2,231 | - | (612,045) | 141,807 | - | - | (536,647) | (45,530) | (48,198) | (93,728) |
| 30 | Adjust other revenue | - | - | - | - | - | - | - | - | 4,165 | - | 4,165 |
| 31 | Adjust for change in NCUC Reg Fee | - | - | - | - | - | - | - | - | (235) | - | (235) |
| 32 | * Reflect retirement of Asheville Steam Generating Plant | (287,052) | 210,671 | (7,002) | 65,929 | (15,275) | - | - | (32,730) | (7,654) | (2,965) | (10,619) |
| 32(F) | Reflect retirement of Asheville Steam Generating Plant- Rebuttal | 287,052 | (210,671) | (73) | (1,339) | 310 | - | - | 75,279 | 11,456 | 6,555 | 18,011 |
| 33 | Adjust for CertainTeed payment obligation | - | - | - | - | - | - | - | - | 4,957 | - | 4,957 |
| 33(A) | Adjust for CertainTeed payment obligation- Supplemental | - | - | - | - | - | - | - | - | (4,957) | - | (4,957) |
| 34 | * Amortize deferred balance Asheville Combined Cycle | - | - | 3,735 | 27,188 | (6,299) | - | - | 24,624 | 19,776 | 2,230 | 22,006 |
| 34(J) | Amortize deferred balance Asheville Combined Cycle- Second Settlement | - | - | (248) | (27,188) | 6,299 | - | - | (21,136) | (12,310) | (1,936) | (14,246) |

DUKE ENERGY PROGRESS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
Second Settlement
CORRECTED

| Line No. | Description | EPIS (Col. 1) | Accum Deprec (Col. 2) | Materials & Supplies (Col. 3) | Working Capital (Col. 4) | ADIT (Col. 5) | Operating Reserves (Col. 6) | CWIP (Col. 7) | Rate Base (Col. 8) | Oper Inc Rev Req Impact (Col. 9) | R/B Rev Req Impact (Col. 10) | Total Rev Req Impact (Col. 11) |
|----------|--|-------------------|--------------------------|----------------------------------|-----------------------------|-------------------|--------------------------------|---------------------|-----------------------|-------------------------------------|---------------------------------|-----------------------------------|
| 35 | Adjust Purchased Power | - | - | - | - | - | - | - | - | (1,972) | - | (1,972) |
| 36(E) | Correct Lead Lag- Supplemental | - | - | - | (8,580) | - | - | - | (8,580) | - | (724) | (724) |
| 37(G) | Amortize Prot EDIT- Partial Settlement | - | - | - | 30,548 | (7,078) | - | - | 23,470 | (30,661) | 1,981 | (28,680) |
| 38(J) | Remove certain Settlement Items- Second Settlement | - | - | - | - | - | - | - | - | (11,576) | - | (11,576) |
| 39(G) | Normalize for storm costs- Partial Settlement | - | - | - | - | - | - | - | - | 9,334 | - | 9,334 |
| 40(J) | Adjust Rate Base for EDIT- Second Settlement | - | - | - | - | 538,063 | - | - | 538,063 | - | 45,407 | 45,407 |
| 41 | Total adjustments - Original Filing | \$ 580,558 | \$ (102,448) | \$ (151,079) | \$ 891,707 | \$ (189,284) | \$ - | \$ (102,930) | \$ 926,524 | \$ 417,313 | \$ 78,189 | \$ 495,502 |
| 41(J) | Change from Application | 30,535 | (13,039) | (21,565) | (656,195) | 668,182 | - | - | 7,917 | (108,020) | 668 | (107,352) |
| 42 | Total adjustments | <u>\$ 611,093</u> | <u>\$ (115,487)</u> | <u>\$ (172,644)</u> | <u>\$ 235,512</u> | <u>\$ 478,898</u> | <u>\$ -</u> | <u>\$ (102,930)</u> | <u>\$ 934,441</u> | <u>\$ 309,293</u> | <u>\$ 78,857</u> | <u>\$ 388,150</u> |

-- Some totals may not foot or compute due to rounding.

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

DUKE ENERGY PROGRESS, LLC
ORIGINAL COST RATE BASE-ELECTRIC OPERATIONS
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
Second Settlement
CORRECTED

| 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 | \$ 27,775,617 | \$ 18,805,911 | \$ 611,093 | \$ 19,417,003 |
| 2 | Less: Accumulated depreciation and amortization | 4b | <u>(11,648,793)</u> | <u>(8,042,060)</u> | <u>(115,487)</u> | <u>(8,157,546)</u> |
| 3 | Net electric plant | | 16,126,825 | 10,763,851 | 495,606 | 11,259,457 |
| 4 | Add: Materials and supplies | 4c | 1,076,701 | 754,774 | (172,644) | 582,130 |
| 5 | Working capital investment | 4d | (642,895) | (375,172) | 235,512 | (139,660) |
| 6 | Less: Accumulated deferred taxes | | (2,000,064) | (1,332,628) | 478,898 | (853,730) |
| 7 | Operating reserves | | (82,759) | (54,705) | - | (54,705) |
| 8 | Construction work in progress | 3 | <u>102,930</u> | <u>102,930</u> | <u>(102,930)</u> | <u>(0)</u> |
| 9 | Total | | <u>\$ 14,580,739</u> | <u>\$ 9,859,050</u> | <u>\$ 934,441</u> | <u>\$ 10,793,491</u> |

-- Some totals may not foot or compute due to rounding.

DUKE ENERGY PROGRESS, LLC
ELECTRIC PLANT IN SERVICE AT ORIGINAL COST
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
Second Settlement
CORRECTED

| 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 | \$ 16,551,690 | \$ 10,056,520 | \$ (179,365) | \$ 9,877,155 |
| 2 | Transmission Plant | 2,746,389 | 1,643,263 | 264,402 | 1,907,665 |
| 3 | Distribution Plant | 6,944,764 | 6,052,263 | 433,108 | 6,485,371 |
| 4 | General Plant | 628,616 | 465,435 | 68,399 | 533,833 |
| 5 | Intangible Plant | <u>527,370</u> | <u>358,178</u> | <u>51,912</u> | <u>410,090</u> |
| 6 | Subtotal | 27,398,830 | 18,575,658 | 638,456 | 19,214,114 |
| 7 | Nuclear Fuel (Net) | <u>376,788</u> | <u>230,252</u> | <u>(27,363)</u> | <u>202,889</u> |
| 8 | Total electric plant in service | <u>\$ 27,775,617</u> | <u>\$ 18,805,911</u> | <u>\$ 611,093</u> | <u>\$ 19,417,003</u> |

-- Some totals may not foot or compute due to rounding.

DUKE ENERGY PROGRESS, LLC
ACCUMULATED DEPRECIATION AND AMORTIZATION - ELECTRIC PLANT IN SERVICE
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
Second Settlement
CORRECTED

| 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 | \$ (7,107,080) | \$ (4,390,758) | \$ (50,423) | \$ (4,441,180) |
| 2 | Transmission Reserve | (816,198) | (488,611) | (27,693) | (516,304) |
| 3 | Distribution Reserve | (3,235,148) | (2,819,386) | 26,382 | (2,793,003) |
| 4 | General Reserve | (167,536) | (124,045) | (30,822) | (154,867) |
| 5 | Intangible Reserve | <u>(322,831)</u> | <u>(219,260)</u> | <u>(32,932)</u> | <u>(252,192)</u> |
| 6 | Total | <u>\$ (11,648,793)</u> | <u>\$ (8,042,060)</u> | <u>\$ (115,487)</u> | <u>\$ (8,157,546)</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 | 0.00% | | | |
| 9 | Nuclear production plant | 0.00% | | | |
| 10 | Hydro production plant | 0.00% | | | |
| 11 | Other production plant | 2.61% | | | |
| 12 | Transmission plant | 5.18% | | | |
| 13 | Distribution plant | 1.90% | | | |
| 14 | General plant | Various | | | |
| 15 | Intangible plant | 20.00% | | | |

-- Some totals may not foot or compute due to rounding.

DUKE ENERGY PROGRESS, LLC
MATERIALS AND SUPPLIES
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
Second Settlement
CORRECTED

| 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 | \$ 87,298 | \$ 53,347 | \$ (18,678) (a) | \$ 34,669 |
| 2 | Oil | 113,740 | 69,506 | - | 69,506 |
| 3 | Total fuel stock | 201,037 | 122,853 | (18,678) | 104,174 |
| 4 | Other electric materials and supplies and stores clearing | 875,663 | 631,921 | (153,966) | 477,956 |
| 5 | Total Materials and Supplies | <u>\$ 1,076,701</u> | <u>\$ 754,774</u> | <u>\$ (172,644)</u> | <u>\$ 582,130</u> |

-- Some totals may not foot or compute due to rounding.

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

DUKE ENERGY PROGRESS, LLC
WORKING CAPITAL INVESTMENT
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
Second Settlement
CORRECTED

| Line No. | Description | Total Company Per Books (Col. 1) | North Carolina Retail Operations | | | Impact of Rev Incr (Col. 5) | With Rev Incr (Col. 6) |
|----------|--|----------------------------------|----------------------------------|---------------------------------|----------------------|-----------------------------|------------------------|
| | | | Per Books (Col. 2) | Accounting Adjustments (Col. 3) | As Adjusted (Col. 4) | | |
| 1 | Investor advanced funds: Operating funds per lead-lag study | 238,679 (a) | 160,141 (a) | (30,642) (b) | 129,499 | 51,938 (c) | 181,437 |
| 2 | Unamortized Debt | 47,722 | 32,019 | - | 32,019 | - | 32,019 |
| 3 | Regulatory Assets | (781,496) | (437,291) | 266,154 | (171,137) | - | (171,137) |
| 4 | Other | <u>(10,529)</u> | <u>(13,453)</u> | <u>-</u> | <u>(13,453)</u> | <u>-</u> | <u>(13,453)</u> |
| 5 | Total investor advanced funds | <u>(505,624)</u> | <u>(258,584)</u> | <u>235,512</u> | <u>(23,072)</u> | <u>51,938</u> | <u>28,866</u> |
| 6 | Less: customer deposits | <u>(137,271)</u> | <u>(116,588)</u> | <u>-</u> | <u>(116,588)</u> | <u>-</u> | <u>(116,588)</u> |
| 7 | Total working capital investment | <u>\$ (642,895)</u> | <u>\$ (375,172)</u> | <u>\$ 235,512</u> | <u>\$ (139,660)</u> | <u>\$ 51,938</u> | <u>\$ (87,722)</u> |

-- Some totals may not foot or compute due to rounding.

- Notes: (a) From Angers Exhibit 2, Line 16 and 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

CERTIFICATE OF SERVICE

DOCKET NO. E-2, SUB 1219
DOCKET NO. E-2, SUB 1193

I hereby certify that a copy of the foregoing **CORRECTED EXHIBIT 1 TO THE SECOND SETTLEMENT TESTIMONY OF KIM H. SMITH** was served electronically or by depositing a copy in the United States Mail, first class postage prepaid, properly addressed to the parties of record.

This the 4th day of December, 2020.

/s/ Molly McIntosh Jagannathan
Molly McIntosh Jagannathan
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