



**NORTH CAROLINA  
PUBLIC STAFF  
UTILITIES COMMISSION**

September 8, 2020

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

Re: Docket No. E-7, Sub 1213 – Application for Approval of Proposed Prepaid Advantage Program; Docket No. E-7, Sub 1214 – Application for General Rate Case; and E-7, Sub 1187 – Petition 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

Dear Ms. Campbell:

In connection with the above-referenced dockets, I transmit herewith for filing on behalf of the Public Staff the second supplemental and settlement testimony and exhibits of Michelle M. Boswell, Manager, Accounting Division.

By copy of this letter, we are forwarding copies to all parties of record.

Sincerely,

/s/ Dianna W. Downey  
Chief Counsel  
[dianna.downey@psncuc.nc.gov](mailto:dianna.downey@psncuc.nc.gov)

DWD/cia

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Sep 08 2020

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1213

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 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 )

SECOND  
SUPPLEMENTAL AND  
SETTLEMENT  
TESTIMONY OF  
MICHELLE M. BOSWELL  
PUBLIC STAFF – NORTH  
CAROLINA UTILITIES  
COMMISSION

**BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

**DOCKET NO. E-7, SUB 1213**

**DOCKET NO. E-7, SUB 1214**

**AND**

**DOCKET NO. E-7, SUB 1187**

**SECOND SUPPLEMENTAL AND SETTLEMENT TESTIMONY OF  
MICHELLE M. BOSWELL  
ON BEHALF OF THE PUBLIC STAFF  
NORTH CAROLINA UTILITIES COMMISSION**

**September 8, 2020**

1   **Q.   MS. BOSWELL, WHAT IS THE PURPOSE OF YOUR SECOND**  
2       **SUPPLEMENTAL AND SETTLEMENT TESTIMONY IN THIS**  
3       **PROCEEDING?**

4   A.   The purpose of my testimony is to provide the Public Staff's revised  
5       calculation of its recommended revenue requirement in this  
6       proceeding, including the impacts of the Second Agreement and  
7       Stipulation of Partial Settlement (Second Partial Stipulation) between  
8       Duke Energy Carolinas, LLC (DEC or the Company) and the Public  
9       Staff (collectively, the Stipulating Parties), dated July 31, 2020, and  
10      the Company's May 2020 updates. On July 2, 2020, DEC witness  
11      Jane L. McManeus filed Second Supplemental Testimony and

1 Exhibits supporting a \$29,037,000 decrease in DEC's original  
2 request for North Carolina retail revenue, for a total supported  
3 proposed increase of \$416,024,000. On July 31, 2020, pursuant to  
4 the Second Partial Stipulation, DEC witness McManeus filed Second  
5 Settlement Testimony and Exhibits (Second Settlement Testimony)  
6 supporting a \$30,898,000 decrease in DEC's original request for  
7 North Carolina retail revenue, for a total supported proposed  
8 increase of \$414,433,000.

9 Also on July 31, 2020, Public Staff witnesses J. Randall Woolridge,  
10 James S. Mclawhorn, and I each filed Testimony Supporting Second  
11 Partial Stipulation, stating that the Second Partial Stipulation is in the  
12 public interest and should be approved. I further testified that once  
13 the Public Staff had completed the audit of all revenue, rate base,  
14 and expense updates through May 31, 2020, the Public Staff would  
15 file schedules supporting the Public Staff's recommended revenue  
16 requirement.

17 On September 4, 2020, the Commission issued an Order  
18 (September 4 Order) granting the Public Staff leave to file testimony  
19 and exhibits regarding the Company's Second Supplemental  
20 Testimony and CCR Testimony.

21 In accordance with the terms of the Second Partial Stipulation and  
22 the Commission's September 4 Order, I intend to (1) present the final

1           audit results of settled and non-settled accounting and ratemaking  
2           adjustments as reflected in DEC's Second Settlement Testimony; (2)  
3           recommend additional adjustments as a result of information  
4           provided by the Company as a part of the audit performed; (3) reflect  
5           the impact of adjustments to the updates and corrections  
6           recommended by other Public Staff witnesses to the amounts  
7           presented in DEC's Second Settlement Testimony, and (4) present  
8           the Public Staff's recommended revenue requirement increase.

9   **Q.   WHAT UPDATED REVENUE INCREASE IS THE PUBLIC STAFF**  
10 **RECOMMENDING?**

11   A.   Based on the level of rate base, revenue, and expenses annualized  
12       at December 31, 2018, with certain updates, the Public Staff is  
13       recommending an increase in annual base rate operating revenue of  
14       \$290,049,000.

15 **Q.   IS THE COMPANY'S SECOND SETTLEMENT TESTIMONY**  
16 **CONSISTENT WITH THE SECOND PARTIAL STIPULATION?**

17   A.   Except as described below and in the testimony filed by other Public  
18       Staff witnesses, the Second Settlement Testimony is consistent with  
19       the Second Partial Stipulation, as well as with the Agreement and  
20       Stipulation of Partial Settlement (First Partial Stipulation) between  
21       the Company and the Public Staff, filed by DEC in this proceeding  
22       on March 25, 2020.

1    **Q.    HAVE THE IMPACTS OF SETTLED AND UNSETTLED ISSUES**  
2            **BETWEEN THE COMPANY AND THE PUBLIC STAFF BEEN**  
3            **SATISFACTORILY CARRIED FORWARD INTO THE COMPANY’S**  
4            **SECOND SETTLEMENT TESTIMONY?**

5    A.    With regard to settled issues, yes, for the most part; however, there  
6            are certain instances, as described later in my testimony, in which I  
7            have found it appropriate and reasonable to make certain  
8            adjustments to carry forward the impact of settled issues fully and  
9            accurately, including updating items of revenue and cost to  
10          May 31, 2020.

11          With regard to unsettled issues, while the Company has not carried  
12          forward the impact of any Public Staff positions in its filing, I and other  
13          Public Staff witnesses are recommending adjustments to do so, and  
14          those adjustments are further described herein and reflected in  
15          Boswell Second Supplemental and Stipulation Exhibit 1.

16   **Q.    MS. BOSWELL, WHAT ADJUSTMENTS TO THE COMPANY’S**  
17            **SECOND SUPPLEMENTAL TESTIMONY AND EXHIBITS DO YOU**  
18            **RECOMMEND?**

19   A.    I am recommending adjustments in the following areas:

- 20                    1)    Updated Net Plant, Depreciation Expense, and  
21                                Accumulated Depreciation  
22                    2)    Update for New Depreciation Rates  
23                    3)    Update of Revenues and related expenses to May 31,  
24                                2020

- 1 4) Update to Benefits
- 2 5) Cash Working Capital under Present Rates
- 3 6) Cash Working Capital Effect of Increase

4 **Q. WHAT ADJUSTMENTS RECOMMENDED BY OTHER PUBLIC**  
5 **STAFF WITNESSES DO YOUR EXHIBITS INCORPORATE?**

6 A. My exhibits reflect the following adjustments recommended by other  
7 Public Staff witnesses:

8 1) The revised recommendations of Public Staff witness  
9 Maness regarding ARO-related deferred environmental  
10 costs and the reclassification of non-ARO deferred  
11 environmental costs.

12 2) The recommendation of Public Staff witness Metz  
13 regarding project costs included in plant in service.

14 **Q. WOULD YOU BRIEFLY DESCRIBE THE PUBLIC STAFF'S**  
15 **PRESENTATION OF THE REVENUE REQUIREMENT ASPECTS**  
16 **OF THE STIPULATION?**

17 A. Yes. The attached Boswell Second Supplemental and Stipulation  
18 Exhibit 1 sets forth the accounting and ratemaking adjustments that  
19 I and other Public Staff witnesses are making to the revenue,  
20 expenses, rate base, and revenue requirement set forth in DEC's  
21 Second Settlement Testimony. I note that not until the Commission  
22 makes a determination regarding the yet unresolved issues

1 (including, but not limited to, depreciation and coal ash disposal  
2 costs) can the settled accounting and ratemaking adjustments be  
3 finalized, and the resulting rate base, net operating income, return,  
4 and rate increase be calculated.

5 **Q. PLEASE GIVE A MORE DETAILED DESCRIPTION OF THE**  
6 **ORGANIZATION OF YOUR EXHIBITS.**

7 A. Schedule 1 of Boswell Second Supplemental and Stipulation Exhibit  
8 1 presents a reconciliation of the difference between the Company's  
9 requested increase of \$414,433,000 and the Public Staff's  
10 recommended increase of \$290,049,000, including all adjustments  
11 included in the First and Second Partial Stipulations except for EDIT  
12 Riders.

13 Schedule 2 presents the Public Staff's adjusted North Carolina retail  
14 original cost rate base. The adjustments made to the Company's  
15 proposed level of rate base are summarized on Schedule 2-1 and  
16 are detailed on backup schedules.

17 Schedule 3 presents a statement of net operating income for return  
18 under present rates as adjusted by the Public Staff. Schedule 3-1  
19 summarizes the Public Staff's adjustments, which are detailed on  
20 backup schedules.



1 Schedule 4 presents the calculation of required net operating  
2 income, based on the rate base and cost of capital recommended by  
3 the Public Staff.

4 Schedule 5 presents the calculation of the required decrease in  
5 operating revenue necessary to achieve the required net operating  
6 income. This revenue increase is equal to the Public Staff's  
7 recommended decrease shown at the bottom of Schedule 1.

8 Boswell Second Supplemental and Stipulation Exhibit 2 sets forth the  
9 calculation of an annual excess deferred income taxes (EDIT) Rider  
10 for all unprotected taxes to be in effect for five years, the calculation  
11 of a two-year Rider to refund the provisional taxes, and the  
12 calculation of a two-year Rider to refund the recent decrease of state  
13 taxes.

14 **Q. PLEASE DESCRIBE YOUR RECOMMENDED ADJUSTMENTS**  
15 **NOT INCLUDED IN THE SECOND PARTIAL STIPULATION**  
16 **DESCRIBED ABOVE.**

17 A. My adjustments are described below.

18 **UPDATE FOR PLANT AND ACCUMULATED DEPRCIATION**

19 **Q. PLEASE EXPLAIN HOW YOU HAVE COMPUTED NET PLANT.**

20 A. My calculation begins with plant, accumulated depreciation, and net  
21 plant based on the Company's actual per books plant in service and

1 accumulated depreciation amounts as of the update period ending  
2 May 31, 2020, which include rate base and customer growth-related  
3 actual plant additions.

4 **Q. PLEASE EXPLAIN THE DIFFERENCE BETWEEN YOUR**  
5 **AMOUNT OF NET PLANT AND THE COMPANY'S AMOUNT.**

6 A. I have reflected updated net plant for known and actual changes to  
7 depreciation expense and non-generation plant retirements that  
8 have been recorded between the end of the test year (December 31,  
9 2018) and May 31, 2020. Furthermore, I have included three  
10 adjustments recommended by Public Staff witness Metz removing  
11 costs related to the Lincoln CT plant and the Company's camera  
12 replacement project. The Company has reflected updated net plant  
13 for known and actual changes to depreciation expense and non-  
14 generation plant retirements that have been recorded between the  
15 end of the test year and May 31, 2020, utilizing the depreciation rates  
16 recommended by Company witnesses. It is my understanding the  
17 Company agrees with the total plant in service and accumulated  
18 amounts calculated in Boswell Exhibit 1, Schedules 2-1(a)(1) and 2-  
19 1(a)(2).

20 **UPDATE FOR NEW DEPRECIATION RATES**

21 **Q. PLEASE DESCRIBE YOUR ADJUSTMENT TO DEPRECIATION**  
22 **EXPENSE.**

1 A. I have applied the depreciation rates previously recommended by  
2 Public Staff witness McCullar to the plant amounts updated through  
3 May 31, 2020, as adjusted per the recommendation of Public Staff  
4 witness Metz. I have, therefore, made an adjustment to depreciation  
5 expense to reflect witness McCullar's recommended depreciation  
6 rates.

7 **UPDATE TO REVENUES AND RELATED EXPENSES**

8 **Q. PLEASE DESCRIBE YOUR ADJUSTMENT TO REVENUES AND**  
9 **RELATED EXPENSES.**

10 A. I have updated the energy-related non-fuel variable O&M expense  
11 per KWh rate and the annual customer-related variable O&M  
12 expense per KWh rate to reflect the calculations to include amounts  
13 determined pursuant to the SCP allocation methodology.  
14 Furthermore, I have included the fuel factors recently approved by  
15 the Commission in Docket No. E-7, Sub 1228 in the calculation of  
16 annualized revenues and fuel expense, including growth, usage, and  
17 weather normalization impacts. It is my understanding the Company  
18 agrees with this adjustment.

19 **BENEFITS**

20 **Q. PLEASE EXPLAIN THE ADJUSTMENT TO BENEFITS.**

1 A. I have updated the benefits related to OPEB, pension, FASB 112,  
2 and non-qualified pensions to reflect the updated 2020 actuarial  
3 amounts that became available after the January 31, 2020, update  
4 period. It is my understanding the Company agrees with this  
5 adjustment.

6 **CASH WORKING CAPITAL UNDER PRESENT RATES**

7 **Q. PLEASE EXPLAIN THE ADJUSTMENT TO CASH WORKING**  
8 **CAPITAL UNDER PRESENT RATES.**

9 A. I have incorporated the update to May 31, 2020, of cash working  
10 capital under present rates. This cash working capital adjustment is  
11 reflected on Schedule 2-1 and incorporates the effect of the Public  
12 Staff's adjustments updated through May 31, 2020, before the rate  
13 increase, on the lead-lag study.

14 **CASH WORKING CAPITAL EFFECT OF INCREASE**

15 **Q. PLEASE EXPLAIN THE ADJUSTMENT TO CASH WORKING**  
16 **CAPITAL FOR THE PROPOSED INCREASE.**

17 A. The cash working capital lead-lag effect of the proposed revenue  
18 decrease as recommended by the Public Staff has been calculated  
19 on Boswell Second Supplemental and Stipulation Exhibit 1,  
20 Schedule 2-1.

- 1    **Q.     DOES THIS CONCLUDE YOUR TESTIMONY?**
- 2    **A.     Yes.**



DUKE ENERGY CAROLINAS, LLC  
Docket No. E-7, Subs 1213 and 1214  
North Carolina Retail Operations  
REVENUE IMPACT OF PUBLIC STAFF ADJUSTMENTS  
For the Test Year Ended December 31, 2018  
(In Thousands)

Public Staff  
Boswell Second Supplemental and Stipulation Exhibit 1  
Schedule 1  
Page 1 of 2

Line No.	Item	Amount
1	Revenue requirement increase per Company application	\$445,331 <sup>1/</sup>
2	Revenue impact of Company update	19,254 <sup>5/</sup>
3	Revenue impact of Company supplemental update	(50,152)
4	<b>Revenue requirement increase per Company after updates</b>	<b>414,433</b>
5	Revenue impact of adjustments: <sup>2/</sup>	
	<b>Unsettled issues:</b>	
6	Update plant and accumulated depreciation to May 31, 2020	(3,705) <sup>3/</sup>
7	Remove Clemson CHP	\$10 <sup>3/</sup>
8	Adjust for Hydro Station Sale	(1,979)
9	Adjust depreciation rates	(30,710)
10	Adjust deferred environmental costs	(85,439)
11	Adjust cash working capital under present rates	(410)
12	Adjust cash working capital under proposed rates	(1,196)
13	Rounding	(2)
14	Total Unsettled Items	(123,431)
	<b>Settled issues:</b>	
15	Change in equity ratio from 52.00% to 52.00% equity	-
16	Change in debt cost rate from 4.270% to 4.270%	-
17	Change in return on equity from 9.60% to 9.60%	-
18	Adjust benefits	(892)
19	Adjust weather normalization to May 31, 2020	15
20	Updated ADIT for retired meters	0
21	Update revenues to May 31, 2020	(76)
22	Adjust to update fuel factors	0
23	Adjust deferred non-ARO environmental costs	0
24	Remove EDIT refund from base rates for treatment as a rider	0
25	Remove federal unprotected EDIT from rate base for treatment as a rider	0
26	Remove federal unprotected EDIT labeled by Company as PP&E from rate base for treatment as a rider	0
27	Remove deferred EDIT refund from rate base for treatment as a rider	0
28	Remove State EDIT refund from rate base for treatment as a rider	0
29	Adjust distribution vegetation management	0
30	Adjust outside services	0
31	Adjust salaries and wages expense	0
32	Adjust advertising expense	0
33	Adjust retired hydro O&M	0
34	Include flowback of protected federal EDIT due to Tax Cuts and Jobs Act	-
35	Adjust aviation expenses	0
36	Adjust executive compensation	0
37	Adjust rate case expense	0
38	Adjust incentives	0
39	Adjust sponsorships & donations	0
40	Adjust severance	0
41	Adjust lobbying expense	0
42	Adjust Board of Directors expense	0
43	Adjust credit card fees	0
44	Adjust inflation to May 31, 2020	0
45	Adjust storm deferral	0
46	Adjust storm expense	0
47	Total Settled Items	(953)
48	Total revenue impact of Public Staff adjustments	(124,384)
49	<b>Public Staff recommended increase / (decrease) in base rate revenue requirement</b>	<b>\$290,049 <sup>4/</sup></b>

DUKE ENERGY CAROLINAS, LLC  
Docket No. E-7, Subs 1213 and 1214  
North Carolina Retail Operations  
REVENUE IMPACT OF PUBLIC STAFF ADJUSTMENTS  
For the Test Year Ended December 31, 2018  
(In Thousands)

Public Staff  
Boswell Second Supplemental and Stipulation Exhibit 1  
Schedule 1  
Page 2 of 2

Line No.	Item	Amount
50	Public Staff recommended increase / (decrease) in base rate revenue requirement (L49)	\$290,049
51	Annual federal provisional EDIT Rider for two year period per Second Stipulation	(64,679)
52	Annual state EDIT Rider for two year period per Second Stipulation	(18,375)
53	Annual federal unprotected EDIT Rider for five year period per Second Stipulation	(57,426) <sup>6/</sup>
54	Annual federal unprotected EDIT Rider labeled PP&E by Company for five year period per Second Stipulation	(183,449) <sup>6/</sup>
55	Public Staff recommended change in revenue requirement for first two years (Sum of L50 through L54)	<u>(\$33,880)</u>
56	Public Staff recommended change in revenue requirement for years 3 thru 5 (L50 + L53 + L54)	<u>\$49,174</u>

1/ McManeus Exhibit 1, Page 2, Line 8.

2/ Calculated based on Boswell Second Supplemental and Stipulation Exhibit 1, Schedules 2, 3, 4, 5, and backup schedules.

3/ The Public Staff and the Company have agreed to the plant amounts, the only differences that remain are the depreciation rates utilized for each.

4/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 5, Line 5.

5/ The Company has chosen not to seek the additional revenue requirement in its supplemental filing.

6/ The Company is flowing back a portion of EDIT in interim rates. This flowback has not been reflected here since the total amount flowed back is unknown at the present time. The beginning balance to be amortized and final amortization dollars will be calculated once a Commission Order has been issued in this case.



**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**SUPPORT FOR RECONCILIATION SCHEDULE**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 1-1**

Line No.	Item	Rate Base Impact (a)	Income Statement Impact (b)	Total Revenue Impact (c)
1	Update plant and accumulated depreciation to May 31, 2020	(\$847)	(\$2,858)	(\$3,705)
2	Adjust Severance	\$0	\$0	-
3	Adjust depreciation rates	2,876	(33,586)	(30,710)
4	Adjust deferred environmental costs	(19,947)	(65,492)	(85,439)
5	Flowback of Protected EDIT	\$0	\$0	-
6	Remove Storm Deferral	\$0	\$0	-
7	Adjustment to update fuel factors	\$0	\$0	\$0
8	Adjust deferred non-ARO environmental costs	\$0	\$0	\$0
9	Remove Clemson CHP	(\$1)	\$11	\$10
10	Adjustment to benefits	\$0	(\$892)	(\$892)

1/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2-1, Line 16.

2/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1, Line 18.

3/ Column (a) plus Column (b).

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**CALCULATION OF GROSS REVENUE EFFECT FACTORS**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 1-2**

Line No.	Item	Capital Structure (a)	Cost Rates (b)	Retention Factor (c)	Gross Revenue Effect (d)
1	<u>Rate Base Factor</u>				
2	Long-term debt	48.000% <sup>1/</sup>	4.270% <sup>1/</sup>	0.9962055 <sup>2/</sup>	0.0205741 <sup>4/</sup>
3	Common equity	52.000% <sup>1/</sup>	9.60% <sup>1/</sup>	0.7635890 <sup>3/</sup>	0.0653755 <sup>4/</sup>
4	Total (Sum of Lines 2 and 3)	<u>100.000%</u>			<u>0.0859496</u>
					<u>Amount</u>
5	<u>Net Income Factor</u>				
6	Total revenue				1.0000000
7	Uncollectibles				0.0025010 <sup>5/</sup>
8	Balance (L6 - L7)				<u>0.9974990</u>
9	Regulatory fee (L8 x .012967) <sup>6/</sup>				<u>0.0012935</u>
10	Balance (L8 - L9)				<u>0.9962055</u>
11	State income tax (L10 x 2.9750%) <sup>7/</sup>				<u>0.0296371</u>
12	Balance (L10 - L11)				<u>0.9665684</u>
13	Federal income tax (L12 x 21%) <sup>8/</sup>				<u>0.2029794</u>
14	Retention factor (L12 - L13)				<u>0.7635890</u>

1/ Per Second Stipulation.

2/ Line 10.

3/ Line 14.

4/ Column (a) times Column (b) divided by Column (c).

5/ E-1, Item No. 10, NC-0105, Line 4.

6/ Current regulatory fee rate effective July 1, 2016.

7/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 1-3, Line 4, Column (a).

8/ Statutory rate.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**CALCULATION OF COMPOSITE**

**INCOME TAX RATE**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 1-3**

Line No.	Item	Total System (a)	North Carolina (b)	South Carolina (c)
1	<u>Weighted state income tax rate</u>			
2	Apportionment factor		67.0000% <sup>2/</sup>	26.0000% <sup>2/</sup>
3	State income tax rate		2.50% <sup>3/</sup>	5.00% <sup>3/</sup>
4	Weighted state income tax rate	<u>2.9750% <sup>1/</sup></u>	<u>1.67500% <sup>4/</sup></u>	<u>1.30000% <sup>4/</sup></u>
5	<u>Composite income tax rate</u>			
6	Weighted state income tax rate (L4)	2.9750%		
7	Federal income tax rate	21% <sup>5/</sup>		
8	Composite income tax rate	23.3503% <sup>6/</sup>		

1/ Sum of Columns (b) and (c).

2/ E-1, Item No. 10, NC-0104, Column (b).

3/ E-1, Item No. 10, NC-0104, Column (a).

4/ Line 2 times Line 3.

5/ Statutory rate.

6/ 1 minus ((1 minus Line 6) times (1 minus Line 7)).

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ORIGINAL COST RATE BASE**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 2**

Line No.	Item	Under Present Rates			After Public Staff Recommended Decrease	
		NC Retail Adjusted Per Company 1/	Public Staff Adjustments 2/	After Public Staff Adjustments 3/	Rate Decrease 4/	After Rate Decrease 5/
		(a)	(b)	(c)	(d)	(e)
1	Electric plant in service	\$30,130,353	(\$10,188)	\$30,120,165	\$0	\$30,120,165
2	Accumulated depreciation and amortization	(11,708,304)	33,781	(11,674,523)	-	(11,674,523)
3	Net electric plant in service (L1 + L2)	18,422,049	23,593	18,445,642	-	18,445,642
4	Materials and supplies	639,426	-	639,426	-	639,426
	Other Working Capital					
5	Operating funds per lead-lag study	160,194	(4,774)	155,420	30,671 4/	186,091
6	Unamortized debt	78,306	-	78,306	-	78,306
7	Regulatory assets and liabilities, excluding ARO-related CCR	(830,132)	2,109	(828,023)	-	(828,023)
8	Total other working capital	(591,632)	(2,665)	(594,297)	30,671	(563,626)
9	ARO-related CCR regulatory assets and liabilities	\$690,372	(302,772)	387,600	-	387,600
10	Customer deposits	(96,608)	-	(96,608)	-	(96,608)
11	Accumulated deferred income taxes	(1,517,388)	(492)	(1,517,880)	-	(1,517,880)
12	Operating reserves	(424,053)	-	(424,053)	-	(424,053)
13	Adjustments to federal excess deferred income taxes	-	70,698	70,698	-	70,698
14	Construction work in progress	-	-	-	-	-
15	Total original cost rate base (L3 + L4 + L8 + sum of L9 thru L14)	<u>\$17,122,166</u>	<u>(\$211,638)</u>	<u>\$16,910,528</u>	<u>\$30,671</u>	<u>\$16,941,199</u>

1/ Based on McManeus Second Supplemental Exhibit 1.

2/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2-1, Column (p).

3/ Column (a) plus Column (b).

4/ Boswell Second Supplemental and Stipulation Exh. 1, Schedule 2-1(e), Line 82, Column (k).

5/ Column (c) plus Column (d).

DUKE ENERGY CAROLINAS, LLC  
Docket No. E-7, Subs 1213 and 1214  
North Carolina Retail Operations

SUMMARY OF PUBLIC STAFF RATE BASE ADJUSTMENTS

For the Test Year Ended December 31, 2018  
(in Thousands)

Public Staff  
Boswell Second Supplemental and Stipulation Exhibit 1  
Schedule 2-1  
Page 1 of 3

Line No.	Item	Update Plant and Accumulated Depreciation to 5/31/2020 <sup>1/</sup> (a)	Remove State EDIT Refund for Treatment as a Rider <sup>2/</sup> (b)	Adjust Depreciation Rates <sup>3/</sup> (c)	Remove Deferred Environmental Costs <sup>4/</sup> (d)	Adjust for Hydro Station Sale <sup>5/</sup> (e)	Update Per Book Working Capital For SWPA <sup>6/</sup> (f)
1	Electric plant in service	(\$10,188)	\$0	\$0	\$0	\$0	
2	Accumulated depreciation and amortization	333	-	33,459	-	-	
3	Net electric plant in service (L1 + L2)	(9,855)	-	33,459	-	-	
4	Materials and supplies	-	-	-	-	-	
	Other Working Capital						
5	Operating funds per lead-lag study	-	-	-	-	-	
6	Unamortized debt	-	-	-	-	-	
7	Regulatory assets and liabilities, excluding ARO-related CCR	-	-	-	-	2,109	
8	Total Working Capital	-	-	-	-	2,109	-
9	CCR regulatory assets and liabilities				(302,772)		
10	Customer deposits	-	-	-	-	-	
11	Accumulated deferred income taxes	-	-	0	-	(492)	
12	Operating reserves	-	0	0	0	0	
13	Adjustments to federal excess deferred income taxes	-	-	-	70,698	-	
14	Construction work in progress	-	-	-	-	-	
15	Total original cost rate base (L3 + L4 + L8 + sum of L9 thru L14)	(\$9,855)	\$0	\$33,459	(\$232,074)	\$1,617	\$0
16	Revenue requirement impact <sup>16/</sup>	(\$847)	\$0	\$2,876	(\$19,947)	\$139	\$0

- 1/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2-1(a), Line 3.  
2/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2-1(c).  
3/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(f), Line 10.  
4/ Based on recommendation of Public Staff witness Maness.  
5/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(e).

DUKE ENERGY CAROLINAS, LLC  
Docket No. E-7, Subs 1213 and 1214  
North Carolina Retail Operations

**SUMMARY OF PUBLIC STAFF RATE BASE ADJUSTMENTS**

For the Test Year Ended December 31, 2018  
(in Thousands)

Public Staff  
Boswell Second Supplemental and Stipulation Exhibit 1  
Schedule 2-1  
Page 2 of 3

Line No.	Item	Adjust Storm Deferral (g)	Adjust Rate Case Expense (h)	Adjust Severance (i)	Adjust ADIT for Retired Meters (j)	Include Flowback of Protected EDIT due to Tax Cuts & Jobs Act (k)	Remove Belews Creek DFO (l)	Reclass CCR Reg. Assets & Liabilities (m)
1	Electric plant in service	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Accumulated depreciation and amortization	-	-	-	-	-	\$0	-
3	Net electric plant in service (L1 + L2)	-	-	-	-	-	-	-
4	Materials and supplies	0	-	-	-	0	-	-
	Other Working Capital							
5	Operating funds per lead-lag study	-	-	-	-	-	-	-
6	Unamortized debt	-	-	-	-	-	-	-
7	Regulatory assets and liabilities, excluding ARO-related CCR	0	0	0	-	-	-	(690,372)
8	Total Working Capital	-	-	-	-	-	-	(690,372)
9	CCR regulatory assets and liabilities	-	-	-	-	-	-	\$690,372
10	Customer deposits	-	-	-	-	-	-	-
11	Accumulated deferred income taxes	0	0	0	(0)	0	-	-
12	Operating reserves	-	-	-	-	-	-	-
13	Adjustments to federal excess deferred income taxes	-	-	-	-	0	-	-
14	Construction work in progress	-	-	-	-	-	-	-
15	Total original cost rate base (L3 + L4 + L8 + sum of L9 thru L14)	\$0	\$0	\$0	(\$0)	\$0	\$0	\$0
16	Revenue requirement impact	\$0	\$0	\$0	\$0	\$0	\$0	\$0

6/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2-1(g) Line 3.  
7/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2-1(g) Line 7.  
8/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(l).  
9/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(t), Line 6.  
10/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(u).  
11/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2-1(b) Line 7.

DUKE ENERGY CAROLINAS, LLC  
Docket No. E-7, Subs 1213 and 1214  
North Carolina Retail Operations

SUMMARY OF PUBLIC STAFF RATE BASE ADJUSTMENTS

For the Test Year Ended December 31, 2018  
(in Thousands)

Public Staff  
Boswell Second Supplemental and Stipulation Exhibit 1  
Schedule 2-1  
Page 3 of 3

Line No.	Item	Adjust Deferred Non-ARO Environmental Costs (n)	Unprotected EDIT Refund for Treatment as a Rider (o)	Unprotected PP&E EDIT Refund for Treatment as a Rider (p)	Deferred Federal EDIT Refund for Treatment as a Rider (q)	Remove Clemson CHP (r)	Update COSS from SCP to SWPA (s)	Adjust Cash Working Capital (t)	Total Rate Base Adjustments (u)
1	Electric plant in service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$10,188)
2	Accumulated depreciation and amortization		-	-	-	(\$11)		-	33,781
3	Net electric plant in service (L1 + L2)		-	-	-	(\$11)	\$0	-	23,593
4	Materials and supplies		-	-	-			-	-
	Other Working Capital								
5	Operating funds per lead-lag study		-	-	-			(\$4,774)	(4,774)
6	Unamortized debt		-	-	-			-	-
7	Regulatory assets and liabilities, excluding ARO-related CCR		-	-	-			-	(688,263)
8	Total Working Capital	-	-	-	-		-	(4,774)	(693,037)
9	CCR regulatory assets and liabilities	0							387,600
10	Customer deposits		-	-	-			-	-
11	Accumulated deferred income taxes		0	0	0			-	(492)
12	Operating reserves		0	0	0			-	-
13	Adjustments to federal excess deferred income taxes	0						-	70,698
14	Construction work in progress		-	-	-			-	-
15	Total original cost rate base (L3 + L4 + L8 + sum of L9 thru L14)	\$0	\$0	\$0	\$0	(\$11)	\$0	(4,774)	(211,638)
16	Revenue requirement impact	\$0	\$0	\$0	\$0	(\$1)	\$0	(\$410)	(\$18,190)

12/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(w), Line 11.

13/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2-1(e).

14/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2-1(d), Column (g), Line 87.

15/ Sum of Columns (a) through (o).

16/ Line 15 x rate base retention factor from Schedule 1-2.

17/ Per Second Stipulation.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO UPDATE PLANT AND**  
**ACCUMULATED DEPRECIATION**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 2-1(a)**

Line No.	Item	Plant in Service (a)	Accumulated Depreciation (b)
1	Adjustment to update balances to 5/31/20	(\$10,188) <sup>1/</sup>	\$1 <sup>2/</sup>
2	Adjustment for annualization of depreciation expense	<u>0</u>	<u>332</u> <sup>3/</sup>
3	Total adjustment to update plant and accumulated depreciation (L1 + L2)	<u><u>(\$10,188)</u></u>	<u><u>\$333</u></u>

- 1/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2-1(a)(1), Line 15, Column (e).  
2/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2-1(a)(2), Line 11, Column (e).  
3/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2-1(a)(3), Line 11.



**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO UPDATE PLANT IN**  
**SERVICE TO JANUARY 31, 2020**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 2-1(a)(1)**

Line No.	Item	Total System			NC Retail Percentage <sup>4/</sup>	NC Retail Amount
		Amount As Of 5/31/2020 <sup>1/</sup> (a)	Amount As Of 12/31/2018 <sup>2/</sup> (b)	Change in Plant in Service <sup>3/</sup> (c)		
1	Steam plant	\$8,943,676	\$8,325,356	\$618,320		
2	Hydro plant	2,432,698	2,186,536	246,162		
3	Other production plant	3,293,090	3,147,776	145,314		
4	Nuclear plant	8,824,934	8,521,536	303,398		
5	Total production plant	23,494,398	22,181,204	1,313,194	67.4345%	\$885,546 <sup>5/</sup>
6	Transmission plant	4,577,442	4,052,747	524,695	52.6634%	276,322 <sup>5/</sup>
7	Distribution plant	13,258,710	12,085,804	1,172,906	73.9558%	867,432 <sup>5/</sup>
8	General plant	1,384,735	1,212,985	171,750	69.0221%	118,545 <sup>5/</sup>
9	Intangible plant	1,064,479	986,751	77,728	69.0221%	53,649 <sup>5/</sup>
10	Total plant in service	<u>\$43,779,764</u>	<u>\$40,519,491</u>	<u>\$3,260,273</u>		<u>\$2,201,494</u>
11	Update to plant (L10)					\$2,201,494
12	Less: additional plant related to REPS					- <sup>6/</sup>
13	Update to plant per Public Staff (L11 - L12)					2,201,494
14	Company adjustment for 2019 and 2020 plant additions					2,211,682 <sup>7/</sup>
15	Public Staff adjustment to update plant (L13 - L14)					<u>(\$10,188)</u>

1/ Based on Company response to Public Staff Data Request No. 30, Item 3.

2/ E-1, Item 10, NC-1008(H), Column (a).

3/ Column (a) minus Column (b).

4/ E-1, Item 45a, DEC COS NC SCP.

5/ Column (c) times Column (d).

6/ E-1, Item 10, NC-1008 and NC-1001.

7/ E-1, Item 10, NC -1001(H), Total NC Retail column, Line 21.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO UPDATE**  
**ACCUMULATED DEPRECIATION TO**  
**JANUARY 31, 2020**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 2-1(a)(2)**

Line No.	Item	Total Carolinas			NC Retail Percentage <sup>3/</sup>	NC Retail Amount
		Amount As Of 5/31/2020 <sup>1/</sup>	Amount As Of 12/31/2018 <sup>1/</sup>	Change in Accumulated Depreciation <sup>2/</sup>		
		(a)	(b)	(c)	(d)	(e)
1	Production plant	(\$9,443,521)	(\$8,604,490)	(\$839,031)	67.4345%	(\$565,796) <sup>4/</sup>
2	Transmission plant	(1,428,458)	(1,385,391)	(43,067)	52.6634%	(22,681) <sup>4/</sup>
3	Distribution plant	(4,973,344)	(4,816,028)	(157,316)	73.9558%	(116,344) <sup>4/</sup>
4	General plant	(459,321)	(414,681)	(44,640)	69.0221%	(30,811) <sup>4/</sup>
5	Intangible plant	(706,737)	(609,897)	(96,840)	69.0221%	(66,841) <sup>4/</sup>
6	Total accumulated depreciation	<u>(\$17,011,381)</u>	<u>(\$15,830,487)</u>	<u>(\$1,180,894)</u>		<u>(\$802,473)</u>
7	Change in accumulated depreciation (L6)					(\$802,473)
8	Less: Non-fuel rider activity					- <sup>5/</sup>
9	Public Staff adjustment to update to 1/31/20					(802,473)
10	Company adjustment to update					(802,474) <sup>6/</sup>
11	Public Staff adjustment (L9 - L10)					<u>\$1</u>

1/ E-1, Item 10, NC-1009(H), updated per DR.

2/ Column (a) minus Column (b).

3/ E-1, Item 45a, DEC COS NC SCP.

4/ Column (c) times Column (d).

5/ McManeus Second Supplemental Exhibit 1, NC-1001(H) and NC-1009(H).

6/ McManeus Second Supplemental Exhibit 1, NC-1001(H), Line 29, Total NC Retail Column.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO ACCUMULATED**  
**DEPRECIATION FOR ANNUALIZATION OF**  
**DEPRECIATION EXPENSE**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 2-1(a)(3)**

Line No.	Item	Annualized Depreciation Expense at 5/31/2020 <sup>1/</sup>	Per Books Depreciation Expense for Twelve Months Ended 05/31/20 <sup>1/</sup>	Difference <sup>2/</sup>	NC Retail Percentage <sup>3/</sup>	NC Retail Amount
		(a)	(b)	(c)	(d)	(e)
1	Production plant	\$759,987	\$740,744	\$19,243	67.4345%	\$12,976 <sup>4/</sup>
2	Production Contra ADC	(4,028)	(3,633)	(395)	100.0000%	(395) <sup>4/</sup>
3	Transmission plant	91,327	87,196	4,131	52.6634%	2,176 <sup>4/</sup>
4	Transmission Contra ADC	(21)	(22)	1	100.0000%	1 <sup>4/</sup>
5	NC Distribution plant	215,723	207,881	7,842	99.6471%	7,814 <sup>4/</sup>
6	SC Distribution plant	74,338	72,060	2,278	0.0000%	- <sup>4/</sup>
7	General plant	75,282	68,302	6,980	69.0221%	4,818 <sup>4/</sup>
8	Intangible plant	70,159	70,159	-	69.0221%	- <sup>4/</sup>
9	Total accumulated depreciation	<u>\$1,282,767</u>	<u>\$1,242,687</u>	<u>\$40,080</u>		<u>\$27,390</u>
10	Adjustment to accumulated depreciation (-L9)					(\$27,390)
11	Company adjustment					<u>(27,722) <sup>5/</sup></u>
12	Public Staff adjustment to accumulated depreciation					<u>\$332</u>

- 1/ E-1, Item 10, NC-1007(H), updated in response to DR.  
2/ Column (a) minus Column (b).  
3/ E-1, Item 45a, DEC COS NC SCP.  
4/ Column (c) times Column (d).  
5/ E-1, Item No. 10, NC-1001(H), Line 30, Total NC Retail Column.

**DUKE ENERGY CAROLINAS, LLC  
Docket No. E-7, Subs 1213 and 1214  
North Carolina Retail Operations**

**ADJUSTMENT ADIT for NC Unrecovered Net Book Value of Retired  
Meters**

**For the Test Year Ended December 31, 2018  
(in Thousands)**

**Public Staff  
Boswell Second Supplemental and Stipulation Exhibit 1  
Schedule 2-1(b)**

Line No.	Item	Amount
1	NC Unrecovered NBV of Retired Meter Reg Asset Balance at 5/31/20	\$104,842 1/
2	NC Unrecovered NBV of Retired Meter Reg Asset Balance at 12/31/18	66,567 2/
3	Actual Net Change through May 31, 2020 (L1 - L2)	38,275
4	Tax rate	23.3503% 3/
5	Impact to ADIT (L3 x L4)	(8,937)
6	Company adjustment to ADIT	(8,937) 4/
7	Adjustment to ADIT for retired meters (L5 - L6)	<u>(0)</u>

1/ E-1, Item 10, NC-1005(H), Line 19.

2/ E-1, Item 10, NC-1005(H), Line 2.

3/ Composite tax rate.

4/ E-1, Item 10, NC-1005(H), Line 28.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 2-1(c)**

**ADJUSTMENT TO RATE BASE FOR TREATMENT AS A RIDER**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

Line No.	Item	Amount
1	Adjustments required to flow back refunds to customers through a Rider:	
2	Adjustment to remove federal unprotected EDIT from rate base	\$245,120 1/
3	Adjustment to remove federal unprotected EDIT labeled "PP&E" by Company from rate base	\$783,045 4/
4	Adjustment to remove state EDIT from rate base	34,392 2/
5	Adjustment to remove overcollection of revenues due to FIT rate change from rate base	<u>121,053 3/</u>
6	Adjustments to rate base for tax changes (Sum of Lines 2 through 5)	\$1,183,610
7	Company adjustment to rate base for tax changes	<u>1,183,610 5/</u>
8	Public staff adjustment to rate base for tax changes (L6 - L7)	<u><u>\$0</u></u>

1/ McManeus Supplemental Exhibit 4, Line 8, Column (c).

2/ McManeus Supplemental Exhibit 4, Line 8, Column (d).

3/ McManeus Supplemental Exhibit 4, Line 8, Column (e).

4/ McManeus Supplemental Exhibit 4, Line 8, Column (b).

5/ E-1, Item 10, NC-3800(J), Line 2.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**CALCULATION OF WORKING CAPITAL FROM**  
**LEAD / LAG STUDY UNDER PRESENT RATES**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 2-1(d)**

Line No.	Item	Per Books Amounts <sup>1/</sup>	Company Ratemaking Adjustments <sup>2/</sup>	After Company Adjustments <sup>3/</sup>	Public Staff Adjustments <sup>4/</sup>	After Public Staff Adjustments <sup>5/</sup>	(Lead) / Lag Days <sup>6/</sup>	Working Capital From Lead/Lag Study <sup>7/</sup>
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Electric operating revenues:							
2	Rate revenues	\$4,751,193	(\$109,378)	\$4,641,815	(\$122,275)	\$4,519,540	39.58	\$490,091
3	Sales for resale revenues	61,600		61,600	-	61,600	35.44	5,981
4	Forfeited discounts	15,256		15,256	-	15,256	70.00	2,926
5	Miscellaneous service revenues	9,541		9,541	-	9,541	76.00	1,987
6	Rent revenues - extra facilities - depreciation	(38,869)		(38,869)	-	(38,869)		-
7	Rent revenues - extra facilities - other	25,058		25,058	-	25,058	30.13	2,068
8	Rent revenues - pole & line attachments	27,655		27,655	-	27,655	143.39	10,864
9	Tower lease revenues	6,161		6,161	-	6,161	(93.97)	(1,586)
10	Other electric rents	3,060		3,060	-	3,060	45.21	379
11	Return & depr - Catawba general plant	11,264		11,264	-	11,264	(15.21)	(469)
12	Other misc revenues - CIAC & comp for svc	13,227		13,227	-	13,227	(15.21)	(551)
13	Other misc revenues - timber sales	(3)		(3)	-	(3)	-	-
14	Profit or loss on sale of M&S	(1)		(1)	-	(1)	-	-
15	Deferred DSM costs - NC	(377)		(377)	-	(377)	-	-
16	Other revenue affiliate	8,729		8,729	-	8,729	40.21	962
17	Revenues from transm of electricity to others	5,032		5,032	-	5,032	40.41	557
18	Other electric revenues	3,639		3,639	-	3,639	36.03	359
19	Other transmission revenues	1,916		1,916		1,916		-
20	Electric operating revenues	4,904,081	(109,378)	4,794,703	(122,275)	\$4,672,428	40.12	513,568
21	Fuel used in electric generation	989,374	172,162	1,161,536	(122,113)	1,039,423	(22.33)	(63,590)
22	Account 555 - Purchased Power	331,394	(170,936)	160,458	-	160,458	(39.00)	(17,145)
23	Retail Deferred Fuel Exp - NCR	(137,046)		(137,046)		(137,046)	(22.33)	8,384
24	NRC license fees in Acct 524			-	-	-		-
25	NRC inspection fees in Acct 524			-	-	-		-
26	Labor expense	571,027	(31,666)	539,361	0	539,361	(36.37)	(53,744)
27	Benefits expense	69,021	(3,560)	65,461	(889)	64,572	(12.21)	(2,160)
28	Uncollectibles expense	12,692		12,692		12,692		-
29	Regulatory commission expense	8,163		8,163	-	8,163	(89.82)	(2,009)
30	Property insurance	1,625		1,625	-	1,625	474.55	2,113
31	Injuries and damages for corp	5,274		5,274	-	5,274	145.50	2,102
32	Other O&M expense	708,137		708,137	(72)	708,065	(36.49)	(70,787)
33	Remove non-fuel rider costs and update fuel		(117,372)	(117,372)	-	(117,372)	(33.90)	10,901
34	Adjust for hydro station transfer		(1,560)	(1,560)	-	(1,560)	(33.90)	145
35	Adjust for inflation		4,594	4,594	-	4,594	(30.71)	(387)
36	Adjust for approved reg assets and liabilities		1,408	1,408	-	1,408		-
37	Adjust for severance		(47,462)	(47,462)	-	(47,462)	(36.37)	4,729
38	Adjust vegetation management, storm, & outside svcs		7,739	7,739	1	7,739	(36.49)	(774)
39	Adjust for credit card fees		8,976	8,976		8,976	(36.49)	(897)
40	Adjust for nuclear refueling outage costs		(1,946)	(1,946)		(1,946)	(36.49)	195

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**CALCULATION OF WORKING CAPITAL FROM**  
**LEAD / LAG STUDY UNDER PRESENT RATES**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 2-1(d)**

Line No.	Item	Per Books Amounts <sup>1/</sup>	Company Ratemaking Adjustments <sup>2/</sup>	After Company Adjustments <sup>3/</sup>	Public Staff Adjustments <sup>4/</sup>	After Public Staff Adjustments <sup>5/</sup>	(Lead) / Lag Days <sup>6/</sup>	Working Capital From Lead/ Lag Study <sup>7/</sup>
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
41	Adjust for merger related costs		(5,530)	(5,530)		(5,530)	(33.90)	514
42	Annualize retail revenues for current rates		(826)	(826)		(826)	(33.90)	77
43	Normalize for weather		(368)	(368)		(368)	(33.90)	34
44	Annualize revenues for customer growth		2,354	2,354		2,354	(33.90)	(219)
45	Amortize rate case costs		801	801		801	-	-
46	Adjust aviation expense		(2,304)	(2,304)		(2,304)	(33.90)	214
47	Adjust NC regulatory fee		(500)	(500)	(161)	(661)	(89.82)	163
48	Adjust other revenues		(36)	(36)	-	(36)	(33.90)	3
49	Other adjustments to settled items		(24,825)	(24,825)		(24,825)	(33.90)	2,306
50	Total O&M expenses	2,559,661	(210,857)	2,348,804	(123,235)	2,225,569		(179,832)
51	Depreciation expense	838,805	352,905	1,191,710	(103,595)	1,088,115	-	-
52	REPS rider NC amortization expense			-	-	-		-
53	Annual NOx proceeds			-	-	-		-
54	Other amortization expense		-	-	(29,734)	(29,734)		-
55	Remove non-fuel rider costs			-	-	-		-
56	Rounding					-		-
57	Depreciation and amortization expense	838,805	352,905	1,191,710	(133,329)	1,058,381		-
58	Other taxes - NC property tax	80,657	18,691	99,348	(52)	99,296	(186.50)	(50,736)
59	Other taxes - NC franchise & deferred prop. tax			-	-	-		-
60	Other taxes - NC state unemployment tax			-	-	-		-
61	Other taxes - NC industrial comm - electric			-	-	-		-
62	Other taxes - SC property tax	81,208		81,208	-	81,208	(196.50)	(43,719)
63	Other taxes - SC property tax - license fee			-	-	-		-
64	Other taxes - NC franchise tax			-	-	-		-
65	Other taxes - SC state unemployment tax			-	-	-		-
66	Other taxes - federal payroll taxes	34,411		34,411	-	34,411	(51.17)	(4,824)
67	Other taxes - federal unemployment tax			-	-	-		-
68	Other taxes - federal highway use tax			-	-	-		-
69	Other taxes	(1,594)	(193)	(1,787)	-	(1,787)	(21.04)	103
70	Adjust payroll taxes		(1,023)	(1,023)	-	(1,023)	(51.17)	143
71	Total taxes other than income	194,682	17,475	212,157	(52)	212,105		(99,033)
72	Interest on customer deposits	7,130	-	7,130	-	7,130	(218.40)	(4,266)
73	Current state and federal income tax	2,397	-	2,397	-	2,397	(44.75)	(294)
74	Deferred income taxes	222,600	(79,407)	143,193	-	143,193	-	-
75	Adjust income taxes			-	32,362	32,362		-
76	Total income taxes	224,997	(79,407)	145,590	32,362	177,953		(294)
77	Amortization of ITC	(3,526)	690	(2,836)	-	(2,836)	-	-
78	Total electric operating expenses	3,821,749	80,806	3,902,555	(224,254)	3,678,302		(283,425)

**DUKE ENERGY CAROLINAS, LLC**  
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**North Carolina Retail Operations**  
**CALCULATION OF WORKING CAPITAL FROM**  
**LEAD / LAG STUDY UNDER PRESENT RATES**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 2-1(d)**

Line No.	Item	Per Books Amounts <sup>1/</sup>	Company Ratemaking Adjustments <sup>2/</sup>	After Company Adjustments <sup>3/</sup>	Public Staff Adjustments <sup>4/</sup>	After Public Staff Adjustments <sup>5/</sup>	(Lead) / Lag Days <sup>6/</sup>	Working Capital From Lead/Lag Study <sup>7/</sup>
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
79	Interest expense	317,199	33,759	350,958	(4,262)	346,696	(85.20)	(80,927)
80	Income available for common equity	765,133	(223,943)	541,191	106,240	647,431		-
81	Net operating income for return	1,082,332	(190,184)	892,148	101,978	994,127		(80,927)
82	Total requirement	<u>\$4,904,081</u>	<u>(\$109,378)</u>	<u>\$4,794,703</u>	<u>(\$122,275)</u>	<u>\$4,672,428</u>		<u>(\$364,352)</u>
83	Cash working capital before sales tax requirement							\$149,216
84	Working capital related to sales tax							6,204
85	Cash working capital per Public Staff							155,420
86	Amount per Company application							160,194 <sup>2/</sup>
87	Adjustment to cash working capital							<u>(\$4,774)</u>

1/ E-1, Item No. 14, Appendix A, Lead Lag Details, NC Retail Jurisdictional Amount.

2/ McManues Second Supplemental Exhibit 1.

3/ Column (a) plus Column (b).

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

5/ Column (c) plus Column (d).

6/ E-1, Item No. 14, Appendix A, Lead Lag Details, Lead Lag Days, corrected per responses to Company data request responses.

7/ Column (e) divided by 365 days times Column (f).



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Line No.	Item	Adjust Weather Normalization 1/	Update Plant to 1/31/2020 1/	Update Customer Growth & Usage to 1/31/2020 1/	Adjust Distribution Vegetation Management 1/	Adjust Salaries and Wages 1/
		(a)	(b)	(c)	(d)	(e)
1	Electric operating revenues:					
2	Rate revenues	\$2,691	\$0	(\$581)	\$0	\$0
3	Sales for resale revenues	-	-	-	-	-
4	Forfeited discounts	-	-	-	-	-
5	Miscellaneous service revenues	-	-	-	-	-
6	Rent revenues - extra facilities - depreciation	-	-	-	-	-
7	Rent revenues - extra facilities - other	-	-	-	-	-
8	Rent revenues - pole & line attachments	-	-	-	-	-
9	Tower lease revenues	-	-	-	-	-
10	Other electric rents	-	-	-	-	-
11	Return & depr - Catawba general plant	-	-	-	-	-
12	Other misc revenues - CIAC & comp for svc	-	-	-	-	-
13	Other misc revenues - timber sales	-	-	-	-	-
14	Profit or loss on sale of M&S	-	-	-	-	-
15	Deferred DSM costs - NC	-	-	-	-	-
16	Other revenue affiliate	-	-	-	-	-
17	Revenues from transm of electricity to others	-	-	-	-	-
18	Other electric revenues	-	-	-	-	-
19	Electric operating revenues	2,691	-	(581)	-	-
20	Fuel used in electric generation	\$2,695	-	(\$584)	-	-
21	Account 555 - Purchased Power	-	-	-	-	-
22	NRC license fees in Acct 524	-	-	-	-	-
23	NRC inspection fees in Acct 524	-	-	-	-	-
24	Labor expense	-	-	-	-	-
25	Benefits expense	-	-	-	-	-
26	Uncollectibles expense	-	-	-	-	-
27	Regulatory commission expense	-	-	-	-	-
28	Property insurance	-	-	-	-	-
29	Injuries and damages for corp	-	-	-	-	-
30	Other O&M expense	-	-	(73)	-	-
31	Remove non-fuel rider costs and update fuel	-	-	-	-	-
32	Adjust for hydro station transfer	-	-	-	-	-
33	Adjust for inflation	-	-	-	-	-
34	Adjust for approved reg assets and liabilities	-	-	-	-	-
35	Adjust for severance	-	-	-	-	-
36	Adjust vegetation management, storm, & outside svcs	-	-	-	0	-
37	Adjust NC regulatory fee	-	-	-	-	-
38	Adjust other revenues	-	-	-	-	-
39	Total O&M expenses	2,695	-	(657)	0	-
40	Depreciation expense	-	(2,795)	-	-	-
41	REPS rider NC amortization expense	-	-	-	-	-
42	Annual NOx proceeds	-	-	-	-	-
43	Other amortization expense	-	-	-	-	-
44	Remove non-fuel rider costs	-	-	-	-	-
45	Depreciation and amortization expense	-	(2,795)	-	-	-
46	Other taxes - NC property tax	-	(52)	-	-	-
47	Other taxes - NC franchise & deferred prop. tax	-	-	-	-	-
48	Other taxes - NC state unemployment tax	-	-	-	-	-
49	Other taxes - NC industrial comm - electric	-	-	-	-	-
50	Other taxes - SC property tax	-	-	-	-	-
51	Other taxes - SC property tax - license fee	-	-	-	-	-
52	Other taxes - NC franchise tax	-	-	-	-	-
53	Other taxes - SC state unemployment tax	-	-	-	-	-
54	Other taxes - federal payroll taxes	-	-	-	-	-
55	Other taxes - federal unemployment tax	-	-	-	-	-
56	Other taxes - federal highway use tax	-	-	-	-	-
57	Other taxes	-	-	-	-	-
58	Adjust payroll taxes	-	-	-	-	-
59	Total taxes other than income	-	(52)	-	-	-
60	Interest on customer deposits	-	-	-	-	-
61	Current state and federal income tax	-	-	-	-	-
62	Deferred income taxes	-	-	-	-	-
63	Adjust income taxes	(3)	665	18	-	-
64	Total income taxes	(3)	665	18	-	-
65	Amortization of ITC	-	-	-	-	-
66	Total electric operating expenses	2,692	(2,182)	(639)	0	-
67	Interest expense	-	-	-	-	-
68	Income available for common equity (L39 -L66 - L67)	(1)	2,182	58	(0)	-
69	Net operating income for return	(1)	2,182	58	(0)	-
70	Total requirement	\$2,691	\$0	(\$581)	\$0	\$0

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Line No.	Item	Remove EDIT Refund for Treatment as a Rider 1/	Adjust for Hydro Station Sale 1/	Adjust Depreciation Rates 1/	Adjust Incentives 1/	Adjust Executive Compensation 1/
		(f)	(g)	(h)	(i)	(j)
1	Electric operating revenues:					
2	Rate revenues	\$0	\$0	\$0	\$0	\$0
3	Sales for resale revenues	-	-	-	-	-
4	Forfeited discounts	-	-	-	-	-
5	Miscellaneous service revenues	-	-	-	-	-
6	Rent revenues - extra facilities - depreciation	-	-	-	-	-
7	Rent revenues - extra facilities - other	-	-	-	-	-
8	Rent revenues - pole & line attachments	-	-	-	-	-
9	Tower lease revenues	-	-	-	-	-
10	Other electric rents	-	-	-	-	-
11	Return & depr - Catawba general plant	-	-	-	-	-
12	Other misc revenues - CIAC & comp for svc	-	-	-	-	-
13	Other misc revenues - timber sales	-	-	-	-	-
14	Profit or loss on sale of M&S	-	-	-	-	-
15	Deferred DSM costs - NC	-	-	-	-	-
16	Other revenue affiliate	-	-	-	-	-
17	Revenues from transm of electricity to others	-	-	-	-	-
18	Other electric revenues	-	-	-	-	-
19	Electric operating revenues	-	-	-	-	-
20	Fuel used in electric generation	-	-	-	-	-
21	Account 555 - Purchased Power	-	-	-	-	-
22	NRC license fees in Acct 524	-	-	-	-	-
23	NRC inspection fees in Acct 524	-	-	-	-	-
24	Labor expense	-	-	-	-	0
25	Benefits expense	-	-	-	-	-
26	Uncollectibles expense	-	-	-	-	-
27	Regulatory commission expense	-	-	-	-	-
28	Property insurance	-	-	-	-	-
29	Injuries and damages for corp	-	-	-	-	-
30	Other O&M expense	-	-	-	-	-
31	Remove non-fuel rider costs and update fuel	-	-	-	-	-
32	Adjust for hydro station transfer	-	-	-	-	-
33	Adjust for inflation	-	-	-	-	-
34	Adjust for approved reg assets and liabilities	-	-	-	-	-
35	Adjust for severance	-	-	-	-	-
36	Adjust vegetation management, storm, & outside svcs	-	-	-	-	-
37	Adjust NC regulatory fee	-	-	-	-	-
38	Adjust other revenues	-	-	-	-	-
39	Total O&M expenses	-	-	-	-	0
40	Depreciation expense	-	(2,109)	(33,459)	-	-
41	REPS rider NC amortization expense	-	-	-	-	-
42	Annual NOx proceeds	-	-	-	-	-
43	Other amortization expense	-	-	-	-	-
44	Remove non-fuel rider costs	-	-	-	-	-
45	Depreciation and amortization expense	-	(2,109)	(33,459)	-	-
46	Other taxes - NC property tax	-	-	-	-	-
47	Other taxes - NC franchise & deferred prop. tax	-	-	-	-	-
48	Other taxes - NC state unemployment tax	-	-	-	-	-
49	Other taxes - NC industrial comm - electric	-	-	-	-	-
50	Other taxes - SC property tax	-	-	-	-	-
51	Other taxes - SC property tax - license fee	-	-	-	-	-
52	Other taxes - NC franchise tax	-	-	-	-	-
53	Other taxes - SC state unemployment tax	-	-	-	-	-
54	Other taxes - federal payroll taxes	-	-	-	-	-
55	Other taxes - federal unemployment tax	-	-	-	-	-
56	Other taxes - federal highway use tax	-	-	-	-	-
57	Other taxes	-	-	-	-	-
58	Adjust payroll taxes	-	-	-	-	-
59	Total taxes other than income	-	-	-	-	-
60	Interest on customer deposits	-	-	-	-	-
61	Current state and federal income tax	-	-	-	-	-
62	Deferred income taxes	-	-	-	-	-
63	Adjust income taxes	-	492	7,813	-	-
64	Total income taxes	-	492	7,813	-	-
65	Amortization of ITC	-	-	-	-	-
66	Total electric operating expenses	-	(1,617)	(25,646)	-	0
67	Interest expense	-	-	-	-	-
68	Income available for common equity (L39 -L66 - L67)	-	1,617	25,646	-	(0)
69	Net operating income for return	-	1,617	25,646	-	(0)
70	Total requirement	\$0	\$0	\$0	\$0	\$0

DUKE ENERGY CAROLINAS, LLC  
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Line No.	Item	Adjust Aviation Expenses (k)	1/	Adjust Credit Card Fees (l)	1/	Adjust Advertising Expense (m)	1/	Adjust Storm Deferral (n)	1/	Adjust Lobbying Expense (o)	1/
1	Electric operating revenues:										
2	Rate revenues	\$0		\$0		\$0		\$0		\$0	
3	Sales for resale revenues	-		-		-		-		-	
4	Forfeited discounts	-		-		-		-		-	
5	Miscellaneous service revenues	-		-		-		-		-	
6	Rent revenues - extra facilities - depreciation	-		-		-		-		-	
7	Rent revenues - extra facilities - other	-		-		-		-		-	
8	Rent revenues - pole & line attachments	-		-		-		-		-	
9	Tower lease revenues	-		-		-		-		-	
10	Other electric rents	-		-		-		-		-	
11	Return & depr - Catawba general plant	-		-		-		-		-	
12	Other misc revenues - CIAC & comp for svc	-		-		-		-		-	
13	Other misc revenues - timber sales	-		-		-		-		-	
14	Profit or loss on sale of M&S	-		-		-		-		-	
15	Deferred DSM costs - NC	-		-		-		-		-	
16	Other revenue affiliate	-		-		-		-		-	
17	Revenues from transm of electricity to others	-		-		-		-		-	
18	Other electric revenues	-		-		-		-		-	
19	Electric operating revenues	-		-		-		-		-	
20	Fuel used in electric generation	-		-		-		-		-	
21	Account 555 - Purchased Power	-		-		-		-		-	
22	NRC license fees in Acct 524	-		-		-		-		-	
23	NRC inspection fees in Acct 524	-		-		-		-		-	
24	Labor expense	-		-		-		-		-	
25	Benefits expense	-		-		-		-		-	
26	Uncollectibles expense	-		-		-		-		-	
27	Regulatory commission expense	-		-		-		-		-	
28	Property insurance	-		-		-		-		-	
29	Injuries and damages for corp	-		-		-		-		-	
30	Other O&M expense	-		\$0		\$0		-		-	
31	Remove non-fuel rider costs and update fuel	-		-		-		-		-	
32	Adjust for hydro station transfer	-		-		-		-		-	
33	Adjust for inflation	-		-		-		-		-	
34	Adjust for approved reg assets and liabilities	-		-		-		-		-	
35	Adjust for severance	-		-		-		-		-	
36	Adjust vegetation management, storm, & outside svcs	0		-		-		-		-	
37	Adjust NC regulatory fee	-		-		-		-		-	
38	Adjust other revenues	-		-		-		-		-	
39	Total O&M expenses	0		0		-		-		-	
40	Depreciation expense	-		-		-		\$0		-	
41	REPS rider NC amortization expense	-		-		-		-		-	
42	Annual NOx proceeds	-		-		-		-		-	
43	Other amortization expense	-		-		-		-		-	
44	Remove non-fuel rider costs	-		-		-		-		-	
45	Depreciation and amortization expense	-		-		-		-		-	
46	Other taxes - NC property tax	-		-		-		-		-	
47	Other taxes - NC franchise & deferred prop. tax	-		-		-		-		-	
48	Other taxes - NC state unemployment tax	-		-		-		-		-	
49	Other taxes - NC industrial comm - electric	-		-		-		-		-	
50	Other taxes - SC property tax	-		-		-		-		-	
51	Other taxes - SC property tax - license fee	-		-		-		-		-	
52	Other taxes - NC franchise tax	-		-		-		-		-	
53	Other taxes - SC state unemployment tax	-		-		-		-		-	
54	Other taxes - federal payroll taxes	-		-		-		-		-	
55	Other taxes - federal unemployment tax	-		-		-		-		-	
56	Other taxes - federal highway use tax	-		-		-		-		-	
57	Other taxes	-		-		-		-		-	
58	Adjust payroll taxes	-		-		-		-		-	
59	Total taxes other than income	-		-		-		-		-	
60	Interest on customer deposits	-		-		-		-		-	
61	Current state and federal income tax	-		-		-		-		-	
62	Deferred income taxes	-		-		-		-		-	
63	Adjust income taxes	-		-		-		-		-	
64	Total income taxes	-		-		-		-		-	
65	Amortization of ITC	-		-		-		-		-	
66	Total electric operating expenses	0		0		-		-		-	
67	Interest expense	-		-		-		-		-	
68	Income available for common equity (L39 -L66 - L67)	(0)		(0)		-		-		-	
69	Net operating income for return	(0)		(0)		-		-		-	
70	Total requirement	\$0		\$0		\$0		\$0		\$0	

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Line No.	Item	Adjust Board of Directors Expense 1/ (p)	Adjust Deferred Environmental Costs 1/ (q)	Adjust Outside Services 1/ (r)	Adjust Sponsorships and Donations 1/ (s)	Adjust Storm Normalization 1/ (t)
1	Electric operating revenues:					
2	Rate revenues	\$0	\$0	\$0	\$0	\$0
3	Sales for resale revenues	-	-	-	-	-
4	Forfeited discounts	-	-	-	-	-
5	Miscellaneous service revenues	-	-	-	-	-
6	Rent revenues - extra facilities - depreciation	-	-	-	-	-
7	Rent revenues - extra facilities - other	-	-	-	-	-
8	Rent revenues - pole & line attachments	-	-	-	-	-
9	Tower lease revenues	-	-	-	-	-
10	Other electric rents	-	-	-	-	-
11	Return & depr - Catawba general plant	-	-	-	-	-
12	Other misc revenues - CIAC & comp for svc	-	-	-	-	-
13	Other misc revenues - timber sales	-	-	-	-	-
14	Profit or loss on sale of M&S	-	-	-	-	-
15	Deferred DSM costs - NC	-	-	-	-	-
16	Other revenue affiliate	-	-	-	-	-
17	Revenues from transm of electricity to others	-	-	-	-	-
18	Other electric revenues	-	-	-	-	-
19	Electric operating revenues	-	-	-	-	-
20	Fuel used in electric generation	-	-	-	-	-
21	Account 555 - Purchased Power	-	-	-	-	-
22	NRC license fees in Acct 524	-	-	-	-	-
23	NRC inspection fees in Acct 524	-	-	-	-	-
24	Labor expense	-	-	-	-	-
25	Benefits expense	-	-	-	-	-
26	Uncollectibles expense	-	-	-	-	-
27	Regulatory commission expense	-	-	-	-	-
28	Property insurance	-	-	-	-	-
29	Injuries and damages for corp	-	-	-	-	-
30	Other O&M expense	-	-	-	-	0
31	Remove non-fuel rider costs and update fuel	-	-	-	-	-
32	Adjust for hydro station transfer	-	-	-	-	-
33	Adjust for inflation	-	-	-	-	-
34	Adjust for approved reg assets and liabilities	-	-	-	-	-
35	Adjust for severance	-	-	-	-	-
36	Adjust vegetation management, storm, & outside svcs	-	-	-	-	-
37	Adjust NC regulatory fee	-	-	-	-	-
38	Adjust other revenues	-	-	-	-	-
39	Total O&M expenses	-	-	-	-	0
40	Depreciation expense	-	(65,243)	-	-	-
41	REPS rider NC amortization expense	-	-	-	-	-
42	Annual NOx proceeds	-	-	-	-	-
43	Other amortization expense	-	-	-	-	-
44	Remove non-fuel rider costs	-	-	-	-	-
45	Depreciation and amortization expense	-	(65,243)	-	-	-
46	Other taxes - NC property tax	-	-	-	-	-
47	Other taxes - NC franchise & deferred prop. tax	-	-	-	-	-
48	Other taxes - NC state unemployment tax	-	-	-	-	-
49	Other taxes - NC industrial comm - electric	-	-	-	-	-
50	Other taxes - SC property tax	-	-	-	-	-
51	Other taxes - SC property tax - license fee	-	-	-	-	-
52	Other taxes - NC franchise tax	-	-	-	-	-
53	Other taxes - SC state unemployment tax	-	-	-	-	-
54	Other taxes - federal payroll taxes	-	-	-	-	-
55	Other taxes - federal unemployment tax	-	-	-	-	-
56	Other taxes - federal highway use tax	-	-	-	-	-
57	Other taxes	-	-	-	-	-
58	Adjust payroll taxes	-	-	-	-	-
59	Total taxes other than income	-	-	-	-	-
60	Interest on customer deposits	-	-	-	-	-
61	Current state and federal income tax	-	-	-	-	-
62	Deferred income taxes	-	-	-	-	-
63	Adjust income taxes	-	15,234	-	-	-
64	Total income taxes	-	15,234	-	-	-
65	Amortization of ITC	-	-	-	-	-
66	Total electric operating expenses	-	(50,009)	-	-	0
67	Interest expense	-	-	-	-	-
68	Income available for common equity (L39 -L66 - L67)	-	50,009	-	-	(0)
69	Net operating income for return	-	50,009	-	-	(0)
70	Total requirement	\$0	\$0	\$0	\$0	\$0

DUKE ENERGY CAROLINAS, LLC  
Docket No. E-7, Subs 1213 and 1214  
North Carolina Retail Operations  
PUBLIC STAFF ADJUSTMENTS TO BE  
REFLECTED IN LEAD / LAG CALCULATION  
For the Test Year Ended December 31, 2018  
(in Thousands)

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Line No.	Item	Adjust O&M related to Retired Hydro Units 1/ (u)	Adjust Rate Case Expense 1/ (v)	Adjust Severances 1/ (w)	Include Flowback of Protected EDIT due to Tax Cuts & Jobs Act 1/ (x)	Adjustment to Inflation Adjustment 1/ (y)
1	Electric operating revenues:					
2	Rate revenues	\$0	\$0	\$0	\$0	\$0
3	Sales for resale revenues					-
4	Forfeited discounts					-
5	Miscellaneous service revenues					-
6	Rent revenues - extra facilities - depreciation					-
7	Rent revenues - extra facilities - other					-
8	Rent revenues - pole & line attachments					-
9	Tower lease revenues					-
10	Other electric rents					-
11	Return & depr - Catawba general plant					-
12	Other misc revenues - CIAC & comp for svc					-
13	Other misc revenues - timber sales					-
14	Profit or loss on sale of M&S					-
15	Deferred DSM costs - NC					-
16	Other revenue affiliate					-
17	Revenues from transm of electricity to others					-
18	Other electric revenues					-
19	Electric operating revenues	-	-	-	-	-
20	Fuel used in electric generation					-
21	Account 555 - Purchased Power					-
22	NRC license fees in Acct 524					-
23	NRC inspection fees in Acct 524					-
24	Labor expense					-
25	Benefits expense					-
26	Uncollectibles expense					-
27	Regulatory commission expense					-
28	Property insurance					-
29	Injuries and damages for corp					-
30	Other O&M expense	(0)	0	0		-
31	Remove non-fuel rider costs and update fuel					-
32	Adjust for hydro station transfer					-
33	Adjust for inflation					-
34	Adjust for approved reg assets and liabilities					-
35	Adjust for severance					-
36	Adjust vegetation management, storm, & outside svcs					-
37	Adjust NC regulatory fee					-
38	Adjust other revenues					-
39	Total O&M expenses	(0)	-	0	-	-
40	Depreciation expense					-
41	REPS rider NC amortization expense					-
42	Annual NOx proceeds					-
43	Other amortization expense				(\$29,734)	-
44	Remove non-fuel rider costs					-
45	Depreciation and amortization expense	-	-	-	(29,734)	-
46	Other taxes - NC property tax					-
47	Other taxes - NC franchise & deferred prop. tax					-
48	Other taxes - NC state unemployment tax					-
49	Other taxes - NC industrial comm - electric					-
50	Other taxes - SC property tax					-
51	Other taxes - SC property tax - license fee					-
52	Other taxes - NC franchise tax					-
53	Other taxes - SC state unemployment tax					-
54	Other taxes - federal payroll taxes					-
55	Other taxes - federal unemployment tax					-
56	Other taxes - federal highway use tax					-
57	Other taxes					-
58	Adjust payroll taxes					-
59	Total taxes other than income	-	-	-	-	-
60	Interest on customer deposits	-	-	-	-	-
61	Current state and federal income tax					-
62	Deferred income taxes					-
63	Adjust income taxes	-	-	-	6,943	-
64	Total income taxes	-	-	-	6,943	-
65	Amortization of ITC	-	-	-	-	-
66	Total electric operating expenses	(0)	-	0	(22,791)	-
67	Interest expense	-	-	-	-	-
68	Income available for common equity (L39 -L66 - L67)	0	-	(0)	22,791	-
69	Net operating income for return	0	-	(0)	22,791	-
70	Total requirement	\$0	\$0	\$0	\$0	\$0

DUKE ENERGY CAROLINAS, LLC  
Docket No. E-7, Subs 1213 and 1214  
North Carolina Retail Operations  
PUBLIC STAFF ADJUSTMENTS TO BE  
REFLECTED IN LEAD / LAG CALCULATION  
For the Test Year Ended December 31, 2018  
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Line No.	Item	Adjustment to Update Fuel Factor 1/ (z)	Adjust Deferred Non-ARO Environmental Costs 1/ (aa)	Remove Clemson CHP (bb)	Update Benefits (cc)	Interest Synchronization 1/ (dd)	Total Public Staff Adjustments 1/ (ee)
1	Electric operating revenues:						
2	Rate revenues	(124,385)	\$0	\$0	\$0	\$0	(\$122,275)
3	Sales for resale revenues					-	0
4	Forfeited discounts					-	0
5	Miscellaneous service revenues					-	0
6	Rent revenues - extra facilities - depreciation					-	0
7	Rent revenues - extra facilities - other					-	0
8	Rent revenues - pole & line attachments					-	0
9	Tower lease revenues					-	0
10	Other electric rents					-	0
11	Return & depr - Catawba general plant					-	0
12	Other misc revenues - CIAC & comp for svc					-	0
13	Other misc revenues - timber sales					-	0
14	Profit or loss on sale of M&S					-	0
15	Deferred DSM costs - NC					-	0
16	Other revenue affiliate					-	0
17	Revenues from transm of electricity to others					-	0
18	Other electric revenues				-	-	0
19	Electric operating revenues	(124,385)	-	-	-	-	(122,275)
20	Fuel used in electric generation	(\$124,224)			0	-	(\$122,113)
21	Account 555 - Purchased Power				0	-	-
22	NRC license fees in Acct 524					-	-
23	NRC inspection fees in Acct 524					-	-
24	Labor expense					-	0
25	Benefits expense				(889)	-	(889)
26	Uncollectibles expense					-	-
27	Regulatory commission expense					-	-
28	Property insurance					-	-
29	Injuries and damages for corp					-	-
30	Other O&M expense					-	(72)
31	Remove non-fuel rider costs and update fuel					-	-
32	Adjust for hydro station transfer					-	-
33	Adjust for inflation					-	-
34	Adjust for approved reg assets and liabilities					-	-
35	Adjust for severance					-	-
36	Adjust vegetation management, storm, & outside svcs					-	1
37	Adjust NC regulatory fee	(\$161)				-	(161)
38	Adjust other revenues					-	-
39	Total O&M expenses	(124,385)	-	-	(889)	-	(123,235)
40	Depreciation expense	\$0	\$0	\$11	\$0	-	(103,595)
41	REPS rider NC amortization expense					-	-
42	Annual NOx proceeds					-	-
43	Other amortization expense					-	(29,734)
44	Remove non-fuel rider costs					-	-
45	Depreciation and amortization expense	-	-	11	-	-	(133,329)
46	Other taxes - NC property tax					-	(52)
47	Other taxes - NC franchise & deferred prop. tax					-	-
48	Other taxes - NC state unemployment tax					-	-
49	Other taxes - NC industrial comm - electric					-	-
50	Other taxes - SC property tax					-	-
51	Other taxes - SC property tax - license fee					-	-
52	Other taxes - NC franchise tax					-	-
53	Other taxes - SC state unemployment tax					-	-
54	Other taxes - federal payroll taxes					-	-
55	Other taxes - federal unemployment tax					-	-
56	Other taxes - federal highway use tax					-	-
57	Other taxes				0	-	-
58	Adjust payroll taxes					-	-
59	Total taxes other than income	-	-	-	-	-	(52)
60	Interest on customer deposits	-	-	-	-	-	-
61	Current state and federal income tax	-	-	-	-	-	-
62	Deferred income taxes	-	-	-	-	-	-
63	Adjust income taxes	-	-	(3)	208	995	32,362
64	Total income taxes	-	-	(3)	208	995	32,362
65	Amortization of ITC	-	-	-	-	-	-
66	Total electric operating expenses	(124,385)	-	8	(681)	995	(224,254)
67	Interest expense	-	-	-	-	(4,262)	(4,262)
68	Income available for common equity (L39 -L66 - L67)	0	-	(8)	681	3,266	106,240
69	Net operating income for return	0	-	(8)	681	(995)	101,978
70	Total requirement	(\$124,385)	\$0	\$0	-	\$0	(\$122,275)

DUKE ENERGY CAROLINAS, LLC  
Docket No. E-7, Subs 1213 and 1214  
North Carolina Retail Operations  
CALCULATION OF WORKING CAPITAL  
FROM LEAD / LAG STUDY AFTER RATE  
DECREASE  
For the Test Year Ended December 31, 2018  
(in Thousands)

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Boswell Second Supplemental and Stipulation Exh. 1  
Schedule 2-1(e)  
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Line No.	Item	Under Present Rates	(Lead) Lag	Iteration 1		CWC Change
		After Adjustments <sup>1/</sup>	Days <sup>4/</sup>	Increase (c)	With Increase <sup>11/</sup>	
		(a)	(b)	(c)	(d)	(e)
1	Electric operating revenues:					
2	Rate revenues	\$4,519,540	39.58	\$257,656 <sup>5/</sup>	\$4,777,196	\$27,940
3	Sales for resale revenues	61,600	35.44	-	61,600	-
4	Forfeited discounts	15,256	70.00	-	15,256	-
5	Miscellaneous service revenues	9,541	76.00	- <sup>6/</sup>	9,541	-
6	Rent revenues - extra facilities - depreciation	(38,869)	-	-	(38,869)	-
7	Rent revenues - extra facilities - other	25,058	30.13	-	25,058	-
8	Rent revenues - pole & line attachments	27,655	143.39	-	27,655	-
9	Tower lease revenues	6,161	(93.97)	-	6,161	-
10	Other electric rents	3,060	45.21	-	3,060	-
11	Return & depr - Catawba general plant	11,264	(15.21)	-	11,264	-
12	Other misc revenues - CIAC & comp for svc	13,227	(15.21)	-	13,227	-
13	Other misc revenues - timber sales	(3)	-	-	(3)	-
14	Profit or loss on sale of M&S	(1)	-	-	(1)	-
15	Deferred DSM costs - NC	(377)	-	-	(377)	-
16	Other revenue affiliate	8,729	40.21	-	8,729	-
17	Revenues from transm of electricity to others	5,032	40.41	-	5,032	-
18	Other electric revenues	3,639	36.03	-	3,639	-
19	Electric operating revenues	<u>4,672,428</u>		<u>257,656 <sup>7/</sup></u>	<u>4,930,084</u>	<u>27,940</u>
20	Fuel used in electric generation	1,039,423	(22.33)	-	1,039,423	-
21	Account 555 - Purchased Power	160,458	(39.00)	-	160,458	-
22	Retail Deferred Fuel Exp - NCR	(137,046)	(22.33)	-	(137,046)	-
23	NRC license fees in Acct 524	-	-	-	-	-
24	NRC inspection fees in Acct 524	-	-	-	-	-
25	Labor expense	539,361	(36.37)	-	539,361	-
26	Benefits expense	64,572	(12.21)	-	64,572	-
27	Uncollectibles expense	12,692	-	-	12,692	-
28	Regulatory commission expense	8,163	(89.82)	-	8,163	-
29	Property insurance	1,625	474.55	-	1,625	-
30	Injuries and damages for corp	5,274	145.50	-	5,274	-
31	Other O&M expense	708,065	(36.49)	-	708,065	-
32	Remove non-fuel rider costs and update fuel	(117,372)	(33.90)	-	(117,372)	-
33	Adjust for hydro station transfer	(1,560)	(33.90)	-	(1,560)	-
34	Adjust for inflation	4,594	(30.71)	-	4,594	-
35	Adjust for approved reg assets and liabilities	1,408	-	-	1,408	-
36	Adjust for severance	(47,462)	(36.37)	-	(47,462)	-
37	Adjust vegetation management, storm, & outsid	7,739	(36.49)	-	7,739	-
38	Adjust for credit card fees	8,976	(36.49)	-	8,976	-
39	Adjust for nuclear refueling outage costs	(1,946)	(36.49)	-	(1,946)	-
40	Adjust for merger related costs	(5,530)	(33.90)	-	(5,530)	-
41	Annualize retail revenues for current rates	(826)	(33.90)	-	(826)	-
42	Normalize for weather	(368)	(33.90)	-	(368)	-
43	Annualize revenues for customer growth	2,354	(33.90)	-	2,354	-
44	Amortize rate case costs	801	-	-	801	-
45	Adjust aviation expense	(2,304)	(33.90)	-	(2,304)	-
46	Adjust NC regulatory fee	(661)	(89.82)	-	(661)	-
47	Adjust other revenues	(36)	(33.90)	-	(36)	-
48	Other adjustments to reg fees and uncoll.	(24,825)	-	978 <sup>8/</sup>	(23,847)	-
49	Total O&M expenses	<u>2,250,394</u>		<u>978</u>	<u>2,250,394</u>	-
50						
51	Depreciation expense	1,088,115	-	-	1,088,115	-
52	REPS rider NC amortization expense	-	-	-	-	-
53	Annual NOx proceeds	-	-	-	-	-
54	Other amortization expense	(29,734)	-	-	(29,734)	-
55	Remove non-fuel rider costs	-	-	-	-	-
56	Depreciation and amortization expense	<u>1,058,381</u>		<u>-</u>	<u>1,058,381</u>	-
57	Other taxes - NC property tax	99,296	(186.50)	-	99,296	-
58	Other taxes - NC franchise & deferred prop. tax	-	-	-	-	-
59	Other taxes - NC state unemployment tax	-	-	-	-	-
60	Other taxes - NC industrial comm - electric	-	-	-	-	-
61	Other taxes - SC property tax	81,208	(196.50)	-	81,208	-
62	Other taxes - SC property tax - license fee	-	-	-	-	-
63	Other taxes - NC franchise tax	-	-	-	-	-
64	Other taxes - SC state unemployment tax	-	-	-	-	-
65	Other taxes - federal payroll taxes	34,411	(51.17)	-	34,411	-
66	Other taxes - federal unemployment tax	-	-	-	-	-
67	Other taxes - federal highway use tax	-	-	-	-	-
68	Other taxes	(1,787)	(21.04)	-	(1,787)	-
69	Adjust payroll taxes	(1,023)	(51.17)	-	(1,023)	-
70	Current state and federal income tax	<u>212,105</u>		<u>-</u>	<u>212,105</u>	-
71	Interest on customer deposits	<u>7,130</u>	(218.40)	<u>-</u>	<u>7,130</u>	-
72	Current state and federal income tax	2,397	(44.75)	-	2,397	-
73	Deferred income taxes	143,193	-	-	143,193	-
74	Adjust income taxes	32,362	-	59,935 <sup>9/</sup>	92,297	-
75	Total income taxes	<u>177,953</u>		<u>59,935</u>	<u>237,888</u>	-
76	Amortization of ITC	<u>(2,836)</u>	-	<u>-</u>	<u>(2,836)</u>	-
77	Total electric operating expenses	<u>3,703,127</u>		<u>60,913</u>	<u>3,763,062</u>	-
78	Interest expense	346,696	(85.20)	-	346,696	-
79	Income available for common equity	<u>647,431</u>	-	<u>196,743 <sup>10/</sup></u>	<u>844,174 <sup>12/</sup></u>	-
80	Net operating income for return	<u>994,127</u>		<u>196,743</u>	<u>1,190,870</u>	-
81	Total requirement	<u>\$4,697,253</u>		<u>257,657</u>	<u>\$4,953,932</u>	<u>\$0</u>
82	Cumulative change in working capital					\$27,940
83	Rate base under present rates					16,910,528
84	Rate base after rate increase	<u>\$16,910,528 <sup>2/</sup></u>				<u>\$16,938,468</u>
85	Overall rate of return	5.88%				7.03%
86	Target rate of return	7.04% <sup>3/</sup>				7.04% <sup>3/</sup>

1/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2-1(d), Column (d) Line 19 times (uncollectibles rate of 0.25010%+  
2/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2, Line 13, Column (c) regulatory fee rate, net of uncollectibles,  
3/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 4, Line 3, Column (f) of .0012935.  
4/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2-1(d), Column (f).  
5/ Line 19 minus (Sum of Line 3 thru Line 18).  
6/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3, Line 3, Column (c) Line 79  
7/ Line 79 divided by retention factor of 0.7635890.  
8/ Column (d) minus Column (a).  
9/ (Line 79 divided by (1 minus 23.3503%)) minus  
10/ Column (d) minus Column (a).  
11/ (Line 79 divided by (1 minus 23.3503%)) minus  
12/ (Line 79 divided by (1 minus 23.3503%)) minus

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**CALCULATION OF WORKING CAPITAL**  
**FROM LEAD / LAG STUDY AFTER RATE**  
**INCREASE**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exh. 1**  
**Schedule 2-1(e)**  
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Line No.	Item	Iteration 2				Iteration 3			
		Increase	With Increase	CWC Change		Increase	With Increase	CWC Change	
		(f)	(g)	(h)	15/	(i)	(j)	(k)	24/
1	Electric operating revenues:								
2	Rate revenues	\$26,141	5/ \$4,803,337	\$2,835		\$233	5/ \$4,803,570	\$25	
3	Sales for resale revenues	-	61,600	-	-	-	61,600	-	-
4	Forfeited discounts	-	15,256	-	-	-	15,256	-	-
5	Miscellaneous service revenues	-	9,541	-	-	-	9,541	-	-
6	Rent revenues - extra facilities - depreciation	-	(38,869)	-	-	-	(38,869)	-	-
7	Rent revenues - extra facilities - other	-	25,058	-	-	-	25,058	-	-
8	Rent revenues - pole & line attachments	-	27,655	-	-	-	27,655	-	-
9	Tower lease revenues	-	6,161	-	-	-	6,161	-	-
10	Other electric rents	-	3,060	-	-	-	3,060	-	-
11	Return & depr - Catawba general plant	-	11,264	-	-	-	11,264	-	-
12	Other misc revenues - CIAC & comp for svc	-	13,227	-	-	-	13,227	-	-
13	Other misc revenues - timber sales	-	(3)	-	-	-	(3)	-	-
14	Profit or loss on sale of M&S	-	(1)	-	-	-	(1)	-	-
15	Deferred DSM costs - NC	-	(377)	-	-	-	(377)	-	-
16	Other revenue affiliate	-	8,729	-	-	-	8,729	-	-
17	Revenues from transm of electricity to others	-	5,032	-	-	-	5,032	-	-
18	Other electric revenues	-	3,639	-	-	-	3,639	-	-
19	Electric operating revenues	26,141	14/ 4,956,225	2,835	16/	233	20/ 4,956,459	25	24/
20	Fuel used in electric generation	-	1,039,423	-	-	-	1,039,423	-	-
21	Account 555 - Purchased Power	-	160,458	-	-	-	160,458	-	-
22	Retail Deferred Fuel Exp - NCR	-	(137,046)	-	-	-	(137,046)	-	-
23	NRC license fees in Acct 524	-	-	-	-	-	-	-	-
24	NRC inspection fees in Acct 524	-	-	-	-	-	-	-	-
25	Labor expense	-	539,361	-	-	-	539,361	-	-
26	Benefits expense	-	64,572	-	-	-	64,572	-	-
27	Uncollectibles expense	-	12,692	-	-	-	12,692	-	-
28	Regulatory commission expense	-	8,163	-	-	-	8,163	-	-
29	Property insurance	-	1,625	-	-	-	1,625	-	-
30	Injuries and damages for corp	-	5,274	-	-	-	5,274	-	-
31	Other O&M expense	-	708,065	-	-	-	708,065	-	-
32	Remove non-fuel rider costs and update fuel	-	(117,372)	-	-	-	(117,372)	-	-
33	Adjust for hydro station transfer	-	(1,560)	-	-	-	(1,560)	-	-
34	Adjust for inflation	-	4,594	-	-	-	4,594	-	-
35	Adjust for approved reg assets and liabilities	-	1,408	-	-	-	1,408	-	-
36	Adjust for severance	-	(47,462)	-	-	-	(47,462)	-	-
37	Adjust vegetation management, storm, & outside s	-	7,739	-	-	-	7,739	-	-
38	Adjust for credit card fees	-	8,976	-	-	-	8,976	-	-
39	Adjust for nuclear refueling outage costs	-	(1,946)	-	-	-	(1,946)	-	-
40	Adjust for merger related costs	-	(5,530)	-	-	-	(5,530)	-	-
41	Annualize retail revenues for current rates	-	(826)	-	-	-	(826)	-	-
42	Normalize for weather	-	(368)	-	-	-	(368)	-	-
43	Annualize revenues for customer growth	-	2,354	-	-	-	2,354	-	-
44	Amortize rate case costs	-	801	-	-	-	801	-	-
45	Adjust aviation expense	-	(2,304)	-	-	-	(2,304)	-	-
46	Adjust NC regulatory fee	-	(661)	-	-	-	(661)	-	-
47	Adjust other revenues	-	(36)	-	-	-	(36)	-	-
48	Other adjustments to reg fees and uncoll.	9	8/ (23,838)	-	-	1	8/ (23,837)	-	-
49	Total O&M expenses	9	2,250,394	-	-	1	2,250,394	-	-
50									
51	Depreciation expense	-	1,088,115	-	-	-	1,088,115	-	-
52	REPS rider NC amortization expense	-	-	-	-	-	-	-	-
53	Annual NOx proceeds	-	-	-	-	-	-	-	-
54	Other amortization expense	-	(29,734)	-	-	-	(29,734)	-	-
55	Remove non-fuel rider costs	-	-	-	-	-	-	-	-
56	Depreciation and amortization expense	-	1,058,381	-	-	-	1,058,381	-	-
57	Other taxes - NC property tax	-	99,296	-	-	-	99,296	-	-
58	Other taxes - NC franchise & deferred prop. tax	-	-	-	-	-	-	-	-
59	Other taxes - NC state unemployment tax	-	-	-	-	-	-	-	-
60	Other taxes - NC industrial comm - electric	-	-	-	-	-	-	-	-
61	Other taxes - SC property tax	-	81,208	-	-	-	81,208	-	-
62	Other taxes - SC property tax - license fee	-	-	-	-	-	-	-	-
63	Other taxes - NC franchise tax	-	-	-	-	-	-	-	-
64	Other taxes - SC state unemployment tax	-	-	-	-	-	-	-	-
65	Other taxes - federal payroll taxes	-	34,411	-	-	-	34,411	-	-
66	Other taxes - federal unemployment tax	-	-	-	-	-	-	-	-
67	Other taxes - federal highway use tax	-	-	-	-	-	-	-	-
68	Other taxes	-	(1,787)	-	-	-	(1,787)	-	-
69	Adjust payroll taxes	-	(1,023)	-	-	-	(1,023)	-	-
70	Current state and federal income tax	-	212,105	-	-	-	212,105	-	-
71	Interest on customer deposits	-	7,130	-	-	-	7,130	-	-
72	Current state and federal income tax	-	2,397	-	-	-	2,397	-	-
73	Deferred income taxes	-	143,193	-	-	-	143,193	-	-
74	Adjust income taxes	425	9/ 92,722	-	-	41	9/ 92,763	(5)	-
75	Total income taxes	425	238,312	-	-	41	238,354	(5)	-
76	Amortization of ITC	-	(2,836)	-	-	-	(2,836)	-	-
77	Total electric operating expenses	434	3,763,486	-	-	42	3,763,528	(5)	-
78	Interest expense	475	14/ 347,171	(111)	17/	56	20/ 347,227	(13)	22/
79	Income available for common equity	1,394	14/ 845,568	-	18/	136	20/ 845,704	-	23/
80	Net operating income for return	1,869	1,192,739	(111)	-	192	1,192,931	(13)	-
81	Total requirement	\$2,303	\$4,956,225	(\$111)	-	\$234	\$4,956,459	(\$18)	-
82	Cumulative change in working capital			\$30,664				\$30,671	
83	Rate base under present rates			16,910,528				16,910,528	
84	Rate base after rate increase			\$16,941,192				\$16,941,199	
85	Overall rate of return			7.04%				7.04%	
86	Target rate of return			7.04% 3/				7.04% 3/	

- 11/ Column (a) plus Column (c), unless footnoted otherwise.  
12/ Line 84, Column (a) times 52.000% times 9.600%.  
13/ Column (c) divided by 365 days times Column (b).  
14/ Column (g) minus Column (d).  
15/ Column (d) plus Column (f), unless footnoted otherwise.  
16/ Sum of Line 77 and Line 80.  
17/ Line 84, Column (e) times 48.000% times 4.270%.

- 18/ Line 84, Column (e) times 52.000% times 9.600%.  
19/ Column (f) divided by 365 days times Column (b).  
20/ Column (j) minus Column (g).  
21/ Column (g) plus Column (i), unless footnoted otherwise.  
22/ Line 84, Column (h) times 48.000% times 4.270%.  
23/ Line 84, Column (h) times 52.000% times 9.600%.  
24/ Column (i) divided by 365 days times Column (b).



**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO REMOVE BELEWS CREEK DFO COSTS**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 2-1(f)**

Line No.	Item	Amount
	<b>Plant in service</b>	
1	Adjustment to remove Belews Creek DFO plant - total system	\$0 1/
2	NC retail percentage	67.5280% 2/
3	Adjustment to plant in service - NC retail (L1 x L2)	<u>\$0</u>
	<b>Depreciation expense</b>	
4	Adjustment to plant in service - NC retail (L3)	\$0
5	Depreciation rate recommended by Public Staff	3.90% 3/
6	Adjustment to depreciation expense - NC retail (L4 x L5)	<u>\$0</u>
	<b>Accumulated depreciation</b>	
7	Adjustment to accumulated depreciation (-L6)	<u>\$0</u>

1/ Per Public Staff witness Metz.

2/ E-1, Item 45a, All Production Plant allocation factor.

3/ Per Public Staff witness McCullar.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO REMOVE CLEMSON CHP COSTS**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 2-1(g)**

Line No.	Item	Amount
	<b>Plant in service</b>	
1	Adjustment to remove Clemson CHP production - total system	(\$19,100) 1/
2	NC retail percentage	67.4345% 2/
3	NC retail production plant (L1 x L2)	(12,880)
4	Adjustment to remove Clemson CHP transmission - total system	\$0 1/
5	NC retail percentage	52.6634% 4/
6	NC retail transmission plant (L4 x L5)	0
7	Adjustment to plant in service - NC retail (L13 + L6)	(\$12,880)
8	Company adjustment to plant in service - NC Retail	(12,880) 5/
9	Public Staff adjustment to plant in service - NC Retail (L7 - L8)	\$0
	<b>Depreciation expense</b>	
10	Adjustment to production plant in service - NC retail (L3)	(\$12,880)
11	Depreciation rate recommended by Public Staff	3.12% 3/
12	Adjustment to production depreciation expense (L8 x L9)	(402)
13	Adjustment to transmission plant in service - NC retail (L6)	\$0
14	Depreciation rate recommended by Public Staff	2.23% 3/
15	Adjustment to transmission depreciation expense (L11 x L12)	0
16	Adjustment to depreciation expense - NC retail (L10 + L13)	(\$402)
17	Company adjustment to depreciation expense - NC Retail	(413) 5/
18	Public Staff adjustment to depreciation expense - NC Retail (L16 - L17)	\$11
	<b>Accumulated depreciation</b>	
19	Adjustment to accumulated depreciation (-L14)	\$402
20	Company adjustment to accumulated depreciation	413 5/
21	Public Staff adjustment to accumulated depreciation (L19 - L20)	(\$11)

1/ Per Second Stipulation agreement.

2/ E-1, Item 45a, SCP, Factor 1 - Production allocation factor.

3/ Per Public Staff witness McCullar.

4/ E-1, Item 45a, SCP, All Transmission plant allocation factor.

5/ E-1, Item 10, NC - 3601(J), Lines 7 and 22, Total NC Retail Column..

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**SUMMARY OF REGULATORY ASSETS & LIABILITIES**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 2-2**

Line No.	Item	NC Retail Adjusted Per Company at SCP (a)	NC Retail Adjusted Per Company at SWPA (b)	Public Staff Adjustments (c)	NC Retail Adjusted Per Public Staff at SWPA (d)
1	Required Bank Balance	\$204	\$204	\$0	\$204
2	Pension Funding:			-	0
3	0182318 - Other Reg Assets - Gen Acct	390,253	386,621	-	386,621
4	0182801 - Pension Post Retire P Acctg - FAS87 NQ	3,105	3,076	-	3,076
5	0254689 - Reg Liability - NQ			-	0
6	Overstatement by Company of per book amount	1,005	1,005		1,005
7	Injuries and Damages:			-	0
8	0186060 - I and D Insurance Receivable	498,560	492,164	-	492,164
9	0186090 - I&D O/S Svcs Receivable	85	84	-	84
10	0254120 - I and D Regulatory Liability	(22,617)	(22,326)	-	(22,326)
11	Overstatement by Company of per book amount	1,529	1,529		1,529
12	Regulatory Assets & Liabilities - Tax:			-	0
13	0254036 - Reg Liab - Excess Fed EDIT	(1,666,439)	(1,666,439)	-	(1,666,439)
14	0254038 - Excess ADIT Grossup LT - NCR	(507,657)	(507,657)	-	(507,657)
15	0254150 - Reg Liab - NC Tax Rate Change	(223,049)	(223,049)	-	(223,049)
16	02541xx - Reg Liab - NC Tax Rate Change - EDIT Rider - NRB Offset	188,711	188,711	-	188,711
17	Other:			-	0
18	0182320 - Regulatory Asset - Inc Tax	315,947	\$313,777	-	313,777
19	0182323 - Rate Case Cost NC CUR	982	982	-	982
20	0182329 - Reg Asset Section 124 Asset	1,197	1,182	-	1,182
21	0182369 - REPS Incremental Costs	(2,741)	(2,741)	-	(2,741)
22	0182374 - Duke Generated REC Certificate	6,414	6,414	-	6,414
23	0182381 - Save a Watt Reg Asset	115,589	115,589	-	115,589
24	0182391 - NPL Extraordinary Repairs	19	19	-	19
25	0182410 - Interest Rate Swap Reg Asset	48,888	48,552	-	48,552
26	0182430 - Coal inventory Rider NC	92	92	-	92
27	0182433 - Rate Case Cost NC LT	6,315	6,315	-	6,315
28	0182438 - Billing System Deferral - Litg	656	656	-	656
29	0182483 - Rotable Fleet Spare Reg Asset	1,138	1,124	-	1,124
30	0182484 - NC Regulatory Fee	3,181	3,181	-	3,181
31	0182506 - Spend RA Amortization (NC&MW)	507,572	507,572	-	507,572
32	0182525 - Non-AMI Meter NBV	66,567	66,567	-	66,567
33	0182528 - CPRE Rider	446	446	-	446
34	0182551 - COR Settlement	57,145	57,145	-	57,145
35	0182560 - NC Solar Rebate Program Costs	3,441	3,441	-	3,441
36	0182563 - NC Solar Amort & Returns	62	62	-	62
37	0183000 - Prelim Survey and Investigation	6,413	6,332	-	6,332
38	0186041 - Def Dr - Gas Actg	497	491	-	491
39	0186181 - COR Settlement - NC			-	0
40	0186195 - Deferred PEC Rate Case Expense - NCR	1,661	1,661	-	1,661
41	0186316 - Coal Ash Spend - NC Retail			-	0
42	0186500 - Other Long Term Receivable	9,676	9,610	-	9,610
43	0186910 - Deferred Benefit Plan - As	8	8	-	8
44	0186998 - Fukushima Pooled Inventory Opt	3,058	3,019	-	3,019
45	0253036 - JEA Option Agreement	(5,058)	(4,993)	-	(4,993)
46	02531xx - LT Def Rev OL - NCR	(1,181)	(1,181)	-	(1,181)
47	0253820 - Schm Deferred Benefit Plan - NPL	(8)	(8)	-	(8)
48	0253890 - Schm Tax and S/L For Surplus Mat'ls	(443)	(440)	-	(440)
49	0253905 - Deferred Debt Return - Solar	(6,083)	(6,083)	-	(6,083)
50	0253910 - Pole Attach - Advance Billing	(41)	(40)	-	(40)
51	0253920 - Other Deferred Credits	(1,246)	(1,253)	-	(1,253)
52	0253990 - Deferred Prepaid Ef - Lighting - NCR	(13,346)	(13,346)	-	(13,346)
53	0254002 - Interest Rate Swap Reg Liability	(12,471)	(12,386)	-	(12,386)
54	0254021 - Nuclear Fuel Last Core Reserve	(52,717)	(52,717)	-	(52,717)
55	0254022 - M and S Inventory Reserve PEC RC	(42,236)	(42,236)	-	(42,236)
56	0254100 - Regulatory Liability - Inc Tax	(5,619)	(5,580)	-	(5,580)
57	0254250 - NC REC Liability - Retail	(63,386)	(63,386)	-	(63,386)
58	0254689 - Reg Liability - NQ	(25,573)	(25,335)	-	(25,335)
59	0254690 - OPEB regulatory liability		-	-	0
60	0820000 - Fabricated Equipment	674	674	-	674
61	Correction by Company of per book amount	(2,310)	(2,310)		(2,310)
62	Approved Reg Assets and Liabilities	(139,897)	(139,897)		(139,897)
63	Severance	43,370	42,966	\$0	42,966
64	Hydro Station Sale	19,494	19,244	2,109	21,353
65	Storm Deferral	172,870	172,870	\$0	172,870
66	Rate case	3,086	3,086	\$0	3,086
67	Deferred environmental costs	375,774	375,744	(302,772)	72,972
68	Deferred non-ARO environmental costs			\$0	0
69	Plant in Service	39,542	39,542		39,542
70	Non-fuel rider	(56,588)	(56,588)		(56,588)
71	Adjust COSS from SCP to SWPA			-	0
72	Correction/rounding				-
73	Total Regulatory Assets and Liabilities	<u>\$44,522</u>	<u>\$31,764</u>	<u>(\$300,663)</u>	<u>(\$268,899)</u>

1/ Based on review of Company Item 10 workpapers, and Company response to DR 165.

2/ Based on adjustments recommended by Public Staff.

3/ Column (a) plus Column (b).

4/ Company responses to DR165.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**NET OPERATING INCOME FOR RETURN**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3**

Line No.	Item	Under Present Rates			After Public Staff Recommended Decrease	
		NC Retail Adjusted	Public Staff	After Public Staff	Rate	After Rate
		Per Company 1/ (a)	Adjustments 2/ (b)	Adjustments 3/ (c)	Decrease (d)	Decrease 8/ (e)
1	Electric operating revenues:					
2	Sales of electricity	\$4,759,655	(\$122,275)	\$4,637,380	\$290,049 4/	\$4,927,429
3	Other revenues	35,051	-	35,051		35,051
4	Electric operating revenues (L2 + L3)	<u>\$4,794,706</u>	<u>(122,275)</u>	<u>4,672,431</u>	<u>290,049 5/</u>	<u>4,962,480</u>
5	Electric operating expenses:					
6	Operations and maintenance:					
7	Fuel used in electric generation	1,161,536	(122,113)	1,039,423	-	1,039,423
8	Purchased power	23,412	-	23,412	-	23,412
9	Other operations and maintenance expenses	1,163,856	(1,111)	1,162,745	1,101 6/	1,163,846
10	Depreciation and amortization	1,191,710	(103,595)	1,088,115	-	1,088,115
11	General taxes	212,156	(52)	212,104	-	212,104
12	Interest on customer deposits	7,130	-	7,130	-	7,130
13	Net income taxes	175,329	25,437	200,766	67,323 7/	268,089
14	Amortization of protected EDIT, net of tax	(29,734)	\$0	(29,734)		(29,734)
15	Amortization of investment tax credit	(2,836)	-	(2,836)	-	(2,836)
16	Total electric operating expenses (Sum of L7 thru L15)	<u>3,902,560</u>	<u>(201,434)</u>	<u>3,701,125</u>	<u>68,424</u>	<u>3,769,549</u>
17	Net operating income for return (L4 minus L16)	<u>\$892,146</u>	<u>\$79,159</u>	<u>\$971,306</u>	<u>\$221,625</u>	<u>\$1,192,931</u>

1/ Based on McManeus Second Supplemental Exhibit 1.

2/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1, Column (dd).

3/ Column (a) plus Column (b).

4/ Line 4 minus Line 3.

5/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 5, Line 5, Column (c).

6/ Line 4 times (1 minus retention factor after uncollectibles and regulatory fee of 0.9962055 from Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 1-2, Line 10.)

7/ Line 4 minus Line 9 minus change in interest expense from Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 5, Line 3, Column (a), times composite income tax rate of 23.3503%.

8/ Column (c) plus Column (d).

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**SUMMARY OF PUBLIC STAFF NET OPERATING**  
**INCOME ADJUSTMENTS**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1**  
**Page 1 of 6**

Line No.	Item	Adjust Weather Normalization (a)	Update Plant to 5/31/2020 (b)	Update Customer Growth & Usage to 5/31/2020 (c)	Adjust Distribution Vegetation Management (d)	Remove EDIT Refund for Treatment as a Rider (e)
1	Electric operating revenues:					
2	Sales of electricity	\$2,691 <sup>1/</sup>	\$0	(\$581) <sup>4/</sup>	\$0	\$0
3	Other revenues		-	-	-	-
4	Electric operating revenues (L2 + L3)	<u>2,691</u>	<u>-</u>	<u>(581)</u>	<u>-</u>	<u>-</u>
5	Electric operating expenses:					
6	Operations and maintenance:					
7	Fuel used in electric generation	\$2,695 <sup>1/</sup>	-	(\$584) <sup>4/</sup>	-	-
8	Purchased power		-	-	-	-
9	Other operations and maintenance expenses	10	-	(73) <sup>4/</sup>	\$0 <sup>5/</sup>	-
10	Depreciation and amortization		(2,795) <sup>2/</sup>	-	-	-
11	General taxes		(52) <sup>2/</sup>	-	-	-
12	Interest on customer deposits		-	-	-	-
13	Net income taxes	(3) <sup>3/</sup>	665 <sup>3/</sup>	18 <sup>3/</sup>	- <sup>3/</sup>	- <sup>3/</sup>
14	Amortization of protected EDIT, net of tax		-	-	-	-
15	Amortization of investment tax credit		-	-	-	-
16	Total electric operating expenses (Sum of L7 thru L15)	<u>2,702</u>	<u>(2,182)</u>	<u>(639)</u>	<u>0</u>	<u>-</u>
17	Net operating income for return (L4 minus L16)	<u>(11)</u>	<u>2,182</u>	<u>58</u>	<u>(0)</u>	<u>-</u>
18	Calculated revenue requirement impact	<sup>30/</sup> <u>\$15</u>	<u>(\$2,858)</u>	<u>(\$76)</u>	<u>\$0</u>	<u>\$0</u>

1/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(a), Line 6.

2/ Boswell Second Supplemental and Stipulation Exhibit 1, Sch 3-1(b), Lines 4 and 12.

3/ Line 4 minus Sum of Line 7 through 12 times composite income tax rate of 23.3503%.

4/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(c), Lines 3, 6, and 18.

5/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(d), Line 16.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**SUMMARY OF PUBLIC STAFF NET OPERATING**  
**INCOME ADJUSTMENTS**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1**  
**Page 2 of 6**

Line No.	Item	Adjust for Hydro Station Sales (f)	Adjust Depreciation Rates (g)	Adjust Incentives (h)	Adjust Executive Compensation (i)	Adjust Aviation Expenses (j)
1	Electric operating revenues:					
2	Sales of electricity	\$0	\$0	\$0	\$0	\$0
3	Other revenues	-	-	-	-	-
4	Electric operating revenues (L2 + L3)	-	-	-	-	-
5	Electric operating expenses:					
6	Operations and maintenance:					
7	Fuel used in electric generation	-	-	\$0	-	-
8	Purchased power	-	-	-	-	-
9	Other operations and maintenance expenses	- 7/	-	\$0 9/	0 10/	\$0 11/
10	Depreciation and amortization	(2,109) 7/	(33,459) 8/	-	-	-
11	General taxes	- 7/	-	-	-	- 11/
12	Interest on customer deposits	-	-	-	-	-
13	Net income taxes	492 3/	7,813 3/	- 3/	- 3/	- 3/
14	Amortization of protected EDIT, net of tax	-	-	-	-	-
15	Amortization of investment tax credit	-	-	-	-	-
16	Total electric operating expenses (Sum of L7 thru L15)	(1,617)	(25,646)	-	0	0
17	Net operating income for return (L4 minus L16)	1,617	25,646	-	(0)	(0)
18	Calculated revenue requirement impact	30/ (\$2,118)	(\$33,586)	\$0	\$0	\$0

7/ Boswell Second Supplemental and Stipulation Exhibit 1, Sch 3-1(e), Lines 3, 8, and 11.

8/ Boswell Second Supplemental and Stipulation Exhibit 1, Sch 3-1(f), Line 9.

9/ Boswell Second Supplemental and Stipulation Exhibit 1, Sch 3-1(g), Line 17.

10/ Boswell Second Supplemental and Stipulation Exhibit 1, Sch 3-1(h), Line 13.

11/ Boswell Second Supplemental and Stipulation Exhibit 1, Sch 3-1(i), Lines 9, 16, and 21.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**SUMMARY OF PUBLIC STAFF NET OPERATING**  
**INCOME ADJUSTMENTS**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1**  
**Page 3 of 6**

Line No.	Item	Adjust Deferred Environmental Costs (k)	Adjust Outside Services (l)	Adjust Credit Card Fees (m)	Adjust Storm Deferral (n)	Adjust Sponsorships & Donations (o)	Adjust Lobbying Expense (p)
1	Electric operating revenues:						
2	Sales of electricity	\$0	\$0	\$0	\$0	\$0	\$0
3	Other revenues	-	-	-	-	-	-
4	Electric operating revenues (L2 + L3)	-	-	-	-	-	-
5	Electric operating expenses:						
6	Operations and maintenance:						
7	Fuel used in electric generation	-	-	-	-	-	-
8	Purchased power	-	-	-	-	-	-
9	Other operations and maintenance expenses	-	- 13/	\$0 14/	-	\$0 16/	\$0 17/
10	Depreciation and amortization	(65,243) 12/	-	-	\$0 15/	-	-
11	General taxes	-	-	-	-	-	-
12	Interest on customer deposits	-	-	-	-	-	-
13	Net income taxes	15,234 30/	- 3/	- 3/	- 3/	- 3/	- 3/
14	Amortization of protected EDIT, net of tax	-	-	-	-	-	-
15	Amortization of investment tax credit	-	-	-	-	-	-
16	Total electric operating expenses (Sum of L7 thru L15)	(50,009)	-	0	-	-	-
17	Net operating income for return (L4 minus L16)	50,009	-	(0)	-	-	-
18	Calculated revenue requirement impact	30/ (\$65,492)	\$0	\$0	\$0	\$0	\$0

12/ Based on the recommendation of Public Staff witness Maness.

13/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(j), Line 7.

14/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(k) Line 7.

15/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(l), Line 4.

16/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(m), Line 10.

17/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(n), Line 8.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**SUMMARY OF PUBLIC STAFF NET OPERATING**  
**INCOME ADJUSTMENTS**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1**  
**Page 4 of 6**

Line No.	Item	Adjust Board of Directors Expense (q)	Adjust Advertising Expense (r)	Adjust Salaries & Wages (s)	Adjust Storm Normalization (t)	Adjust O&M related to Retired Hydro (u)
1	Electric operating revenues:					
2	Sales of electricity	\$0	\$0	\$0	\$0	\$0
3	Other revenues	-	-	-	-	-
4	Electric operating revenues (L2 + L3)	-	-	-	-	-
5	Electric operating expenses:					
6	Operations and maintenance:					
7	Fuel used in electric generation	-	-	-	-	-
8	Purchased power	-	-	-	-	-
9	Other operations and maintenance expenses	\$0 18/	\$0 19/	\$0 20/	\$0 21/	(\$0) 22/
10	Depreciation and amortization	-	-	-	-	-
11	General taxes	-	-	\$0 20/	-	-
12	Interest on customer deposits	-	-	-	-	-
13	Net income taxes	- 3/	- 3/	- 3/	- 3/	- 3/
14	Amortization of protected EDIT, net of tax	-	-	-	-	-
15	Amortization of investment tax credit	-	-	-	-	-
16	Total electric operating expenses (Sum of L7 thru L15)	-	-	-	0	(0)
17	Net operating income for return (L4 minus L16)	-	-	-	(0)	0
18	Calculated revenue requirement impact	30/ \$0	\$0	\$0	\$0	\$0

18/ Boswell Second Supplemental and Stipulation Exhibit 1, Sch 3-1(o), Line 14.

19/ Boswell Second Supplemental and Stipulation Exhibit 1, Sch 3-1(p), Line 8.

20/ Boswell Second Supplemental and Stipulation Exhibit 1, Sch -1(q), Lines 16 and 21.

21/ Boswell Second Supplemental and Stipulation Exhibit 1, Sch 3-1(r), Line 13.

22/ Boswell Second Supplemental and Stipulation Exhibit 1, Sch 3-1(s), Line 5.



**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**SUMMARY OF PUBLIC STAFF NET OPERATING**  
**INCOME ADJUSTMENTS**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1**  
**Page 5 of 6**

Line No.	Item	Adjust Rate Case Expense (v)	Adjust Severance (w)	Adjustment to Inflation Adjustment (x)	Include Flowback of Protected EDIT due to Tax Cuts & Jobs Act (y)	Adjustment to Update Fuel Factor (z)
1	Electric operating revenues:					
2	Sales of electricity	\$0	\$0	\$0	\$0	(\$124,385)
3	Other revenues			-		
4	Electric operating revenues (L2 + L3)			-	-	(124,385)
5	Electric operating expenses:					
6	Operations and maintenance:					
7	Fuel used in electric generation			-		(\$124,224) 27/
8	Purchased power			-		
9	Other operations and maintenance expenses	\$0 23/	\$0 24/	\$0 25/		(\$161) 27/
10	Depreciation and amortization			-		\$0
11	General taxes			-		
12	Interest on customer deposits			-		
13	Net income taxes	-	-	- 3/		- 3/
14	Amortization of protected EDIT, net of tax				\$0 26/	
15	Amortization of investment tax credit			-		
16	Total electric operating expenses (Sum of L7 thru L15)	-	0	-	-	(124,385)
17	Net operating income for return (L4 minus L16)	-	(0)	-	-	0
18	Calculated revenue requirement impact	30/ \$0	\$0	\$0	\$0	\$0

23/ Boswell Second Supplemental and Stipulation Exhibit 1, Sch 3-1(t), Line 5.

24/ Boswell Second Supplemental and Stipulation Exhibit 1, Sch 3-1(u), Line 7.

25/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(w) Line 15.

26/ Boswell Second Supplemental and Stipulation Exhibit 1, Sch 3-1(w), Line 5.

27/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedyle 3-1(x).

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**SUMMARY OF PUBLIC STAFF NET OPERATING**  
**INCOME ADJUSTMENTS**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1**  
**Page 6 of 6**

Line No.	Item	Adjust Deferred Non-ARO Enviromental Costs (aa)	Remove Clemson CHP (bb)	Adjust Benefits (cc)	32/ Interest Synchronization Adjustment (dd)	Total NOI Adjustments 28/ (ee)
1	Electric operating revenues:					
2	Sales of electricity	\$0	\$0	\$0	\$0	(\$122,275)
3	Other revenues				-	-
4	Electric operating revenues (L2 + L3)			\$0	-	(122,275)
5	Electric operating expenses:					
6	Operations and maintenance:					
7	Fuel used in electric generation				-	(\$122,113)
8	Purchased power				-	-
9	Other operations and maintenance expenses			(889)	-	(1,111)
10	Depreciation and amortization	\$0 12/	\$11 31/		-	(103,595)
11	General taxes				-	(52)
12	Interest on customer deposits				-	-
13	Net income taxes	- 3/	(3) 3/	208 3/	1,013 28/	25,437
14	Amortization of protected EDIT, net of tax				-	-
15	Amortization of investment tax credit				-	-
16	Total electric operating expenses (Sum of L7 thru L15)	-	8	(681)	1,013	(201,434)
17	Net operating income for return (L4 minus L16)	-	(8)	681	(1,013)	79,159
18	Calculated revenue requirement impact	30/ \$0	\$11	(\$892)	\$1,327	(\$103,667)

28/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(y), Line 8.

29/ Sum of Columns (a) through (bb).

30/ Negative of Line 16 divided by expense retention factor 0.7635890 from  
Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 1-2, Line 14.

31/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2-1(g), Line 6.

32/ Per Second Stipulation.

DUKE ENERGY CAROLINAS, LLC  
Docket No. E-7, Subs 1213 and 1214  
North Carolina Retail Operations  
**CALCULATION OF ADJUSTMENT TO TEST  
YEAR REVENUES AND FUEL RELATED  
EXPENSES FOR WEATHER**  
For the Test Year Ended December 31, 2018  
(in Thousands)

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(a)**

Line No.	Item	Revenues			Fuel & Fuel Related Expenses	
		Public Staff NC KWH Weather Adjustment 1/	Cents per KWH 2/	Public Staff Adjustment 3/	Fuel Costs in Cents per KWH 4/	Public Staff Adjustment 5/
		(a)	(b)	(c)	(d)	(e)
1	Total NC Residential	(521,492,469)	8.2521	(\$43,034)	1.6027	(\$8,358)
2	Total NC General Service	(728,915,472)	6.4987	(47,370)	1.7583	(12,817)
3	Total NC Industrial	<u>(69,374,972)</u>	5.3532	<u>(3,714)</u>	1.6652	<u>(1,155)</u>
4	Total NC Retail (L1 + L2 + L3)	<u><u>(1,319,782,913)</u></u>		(\$94,118)		(\$22,330)
5	Adjustment to revenues per Company			(\$96,809) 6/		(\$25,025) 7/
6	Public Staff adjustment to revenues (L4 - L5)			<u><u>\$2,691</u></u>		<u><u>\$2,695</u></u>

- 1/ Amounts per Public Staff witness Sailor.  
2/ E-1, Item No. 10, NC-0301(F), Line 6, updated for new fuel factor.  
3/ (Column (a) times Column (b)) divided by 100,000.  
4/ E-1, Item No. 10, NC-0301(F), Line 10, updated for new fuel factor.  
5/ (Column (a) times Column (d)) divided by 100,000.  
6/ E-1, Item No. 10, NC-0301(F), Line 8.  
7/ E-1, Item No. 10, NC-0301(F), Line 11.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO DEPRECIATION EXPENSE AND**  
**PROPERTY TAXES FOR PLANT UPDATE**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(b)**

Line No.	Item	Amount
1	<u>Depreciation expense</u>	
2	Depreciation expense on increase in plant per Public Staff	\$72,260 1/
3	Company adjustment	75,055 2/
4	Public Staff adjustment to depreciation expense for update of plant (L2 - L3)	<u>(\$2,795)</u>
5	<u>General taxes</u>	
6	Update to plant per Public Staff	2,201,494 3/
7	Less: adjustment to intangible plant	53,649 4/
8	Adjustment to plant excluding intangible plant (L6 - L7)	2,147,845
9	Property tax rate per \$1000	0.0052256 5/
10	Impact to property taxes of Public Staff plant update (L8 x L9)	11,224
11	Company adjustment	11,276 6/
12	Public Staff adjustment to property taxes (L10 - L11)	<u>(\$52)</u>

- 1/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(b)(1), Line 12, Column (e).  
2/ E-1, Item 10, NC-1001(H), Line 64.  
3/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2-1(a)(1), Line 13, Column (e).  
4/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2-1(a)(1), Line 9, Column (e).  
5/ E-1, Item 10, NC-1001(H), Line 69.  
6/ E-1, Item 10, NC-1001(H), Line 76 minus Line 72.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**CALCULATION OF DEPRECIATION**  
**EXPENSE ON PLANT UPDATE**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(b)(1)**

Line No.	Item	Increase in Plant in Service (a)	1/ Depreciation Rate (b)	Increase in Depreciation (c)	3/ NC Retail Percentage (d)	5/ NC Retail Amount (e)	6/ 
1	Steam plant	\$618,320	3.90%	\$24,114			
2	Hydro plant	246,162	1.99%	4,899			
3	Other production plant	145,314	3.12%	4,534			
4	Nuclear plant	303,398	3.60%	10,922			
5	Total production plant	1,313,194		44,469	67.4345%	\$29,987	
6	Transmission plant	524,695	2.23%	11,701	52.6634%	6,162	
7	Distribution plant	1,237,022	2.17%	26,843	73.9558%	19,852	
8	General plant	171,750	5.27%	9,051	69.0221%	6,247	
9	Intangible plant	77,728	various	14,505	69.0221%	10,012	
10	Total	<u>\$3,324,389</u>		<u>\$106,569</u>		<u>72,260</u>	
11	Less: depreciation on REPS additions					-	7/
12	Depreciation expense per Public Staff					<u>\$72,260</u>	

1/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2-1(a)(1), Column (c).

2/ Based on recommendation of Public Staff witness McCullar, unless footnoted otherwise.

3/ Column (a) times Column (b).

4/ Based on information provided by the Company.

5/ E-1, Item 45a, DEC COS NC SCP.

6/ Column (c) times Column (d).

7/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2-1(a)(1), Line 12 times other production depreciation rate from Line 3, Column (b).

8/ Includes the removal of AMR retirements per NC-1000(H).

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO UPDATE REVENUES TO MAY**  
**31, 2020**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(c)**

Line No.	Item	Amount
	<u>Revenues</u>	
1	Update revenues for customer growth	\$81,580 <sup>1/</sup>
2	Update revenues for usage	(37,173) <sup>2/</sup>
3	Adjust revenues to remove part of COVID impact on update	(14,521) <sup>8/</sup>
4	Adjust revenues for update (L1 + L2 + L3)	<u>\$29,886</u>
5	Company adjustment to revenues for update	30,467 <sup>9/</sup>
6	Public Staff adjustment to revenues for update (L5 - L6)	<u>(\$581)</u>
	<u>Fuel and Fuel Related Expense</u>	
7	Adjust fuel and fuel-related expense for customer growth update	\$15,649 <sup>1/</sup>
8	Adjust fuel and fuel-related expense for usage update	(5,977) <sup>2/</sup>
9	Adjust fuel to remove part of COVID impact on update	(5,311) <sup>8/</sup>
10	Adjust fuel expense for change in kwh (L7 + L8 + L9)	<u>\$4,361</u>
11	Company adjustment to revenues for update	4,945 <sup>9/</sup>
12	Public Staff adjustment to revenues for update (L10 - L11)	<u>(\$584)</u>
	<u>Other O&amp;M Expense</u>	
13	Public Staff update adjustment to MHW sales for growth	1,073,505 <sup>1/</sup>
14	Public Staff update adjustment to MHW sales for usage	(794,703) <sup>2/</sup>
15	Public Staff adjustment to MWH sales (L13 + L14)	278,803
16	Energy-related non-fuel variable O&M expense per kWh in dollars	2,40636 <sup>3/</sup>
17	Adjustment to energy-related non-fuel variable O&M expense (L15 x L16 / 1000)	671
18	Company adjustment to revenues for update	686 <sup>10/</sup>
19	Public Staff adjustment to revenues for update (L17 - L18)	<u>(\$15)</u>
20	Public Staff change in bills	723,266 <sup>4/</sup>
21	Annual customer-related variable O&M expense per bill in dollars	2,06790 <sup>5/</sup>
22	Adjustment to customer-related variable O&M expense (L20 x L21 / 1,000)	1,496
23	Company adjustment to revenues for update	1,552 <sup>10/</sup>
24	Public Staff adjustment to revenues for update (L22 - L23)	<u>(\$56)</u>
25	Adjust variable non-fuel O&M expense (L19 + L24)	(\$71)
26	Adjust uncollectibles for increase in revenues	(1) <sup>6/</sup>
27	Adjust regulatory fee for increase in revenues, net of uncollectibles	(1) <sup>7/</sup>
28	Total adjustment to other O&M expenses (L25 + L26 + L27)	<u>(\$73)</u>

- 1/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1 (c)(3), Line 24.  
2/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1 (c)(3), Line 24.  
3/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1 (c)(3), Line 24.  
4/ Based on the recommendation of Public Staff witness Saillor.  
5/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(c)(4), Line 20.  
6/ Line 3 times uncollectibles rate of 0.25010%.  
7/ (Line 3 minus Line 16) times regulatory fee rate of 0.12967%.  
8/ E-1, NC-0400(J), Lines 5 and 13, updated for new fuel factors.  
9/ E-1, NC-0400(J), Lines 6 and 14.  
10/ E-1, Item 10, NC-0405(J), Lines 8 and 17.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**CALCULATION OF ADJUSTMENT TO**  
**REVENUES AND FUEL RELATED**  
**EXPENSES TO UPDATE CUSTOMER**  
**GROWTH TO NOVEMBER 30, 2017**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(c)(1)**

Line No.	Item	Revenues			Fuel & Fuel Related Expenses	
		Public Staff Growth NC KWH Adjustment <sup>1/</sup>	Cents per KWH <sup>2/</sup>	Public Staff Adjustment <sup>3/</sup>	Fuel Costs in Cents per KWH <sup>4/</sup>	Public Staff Adjustment <sup>5/</sup>
		(a)	(b)	(c)	(d)	(e)
1	Total NC Residential	669,161,324	8.25	\$55,220	1.6027	\$10,725
2	BFC Revenues			\$8,571		
3	Total NC Residential	669,161,324		\$63,791		\$10,725
4	General Service Small and Large	137,235,271	6.77	9,287	1.7583	2,413
5	T2 Flood Lighting / Outdoor Lighting	3,326,514	17.16	571	1.7583	58
6	Miscellaneous	139,189	15.48	22	1.7583	2
7	Total NC General (L4 + L5 + L6)	140,700,974		9,880		2,473
8	T		17.16	0		0
9	TS	121,672	16.73	20	1.7583	2
10	Total NC Street Lighting (L8 + L9)	121,672		20		2
11	Total NC Industrial	147,082,334	5.36	7,889	1.6652	2,449
12	Total NC Retail (L3 + L7 + L10 + L11)	957,066,304		\$81,580		\$15,649

- 1/ Amounts per Public Staff witness Sailior.  
2/ E-1, Item No. 10, NC-0402(J), Column (b), updated for new fuel factors.  
3/ (Column (a) times Column (b)) divided by 100,000.  
4/ Docket No. E-7, Sub 1228.  
5/ (Column (a) times Column (d)) divided by 100,000.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**CALCULATION OF ADJUSTMENT TO REVENUES**  
**AND FUEL RELATED EXPENSES TO UPDATE**  
**USAGE TO NOVEMBER 30, 2019**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(c)(2)**

Line No.	Item	Revenues			Fuel & Fuel Related Expenses	
		Public Staff NC KWH Usage Adjustment <sup>1/</sup>	Cents per KWH <sup>2/</sup>	Public Staff Adjustment <sup>3/</sup>	Fuel Costs in Cents per KWH <sup>4/</sup>	Public Staff Adjustment <sup>5/</sup>
		(a)	(b)	(c)	(d)	(e)
1	Total NC Residential	<u>(479,868,101)</u>	8.25	<u>(\$39,599)</u>	1.6027	<u>(\$7,691)</u>
2	General Service Small and Large (OPT only)	183,643,203	5.55	\$10,201	1.7583	\$3,229
3	General Service Small and Large (non-OPT only)	<u>(139,363,851)</u>	7.81	<u>(\$10,891)</u>	1.7583	<u>(\$2,450)</u>
4	T2 Flood Lighting / Outdoor Lighting	-				
5	Miscellaneous	<u>(934,567)</u>	5.75	<u>(54)</u>	1.7583	<u>(16)</u>
6	Total NC General (L2 + L3 + L4 + L5)	<u>43,344,785</u>		<u>(\$744)</u>		<u>\$763</u>
7	T					
8	TS	<u>(518,384)</u>	12.01	<u>(\$62)</u>	1.7583	<u>(\$9)</u>
9	Total NC Street Lighting (L7 + L8)	<u>(518,384)</u>		<u>(\$62)</u>		<u>(\$9)</u>
10	Total NC Industrial (OPT only)	39,988,349	5.05	\$2,018	1.6652	\$666
11	Total NC Industrial (non-OPT only)	<u>17,655,788</u>	6.87	<u>1,214</u>	1.6652	<u>294</u>
12	Total NC Industrial (L10 + L11)	<u>57,644,137</u>		<u>\$3,232</u>		<u>\$960</u>
13	Total NC Retail	<u>(379,397,563)</u>		<u>(\$37,173)</u>		<u>(\$5,977)</u>

- 1/ Amounts per Public Staff witness Saillor.  
2/ E-1, Item 10, NC-0404(J), updated for new fuel factors.  
3/ (Column (a) times Column (b)) divided by 100,000.  
4/ Docket No. E-7, Sub 1228.  
5/ (Column (a) times Column (d)) divided by 100,000.



DUKE ENERGY CAROLINAS, LLC  
Docket No. E-7, Subs 1213 and 1214  
North Carolina Retail Operations

Public Staff  
Boswell Second Supplemental and Stipulation Exhibit 1  
Schedule 3-1(c)(3)

CALCULATION OF VARIABLE NON-FUEL O&M EXPENSE PER KWH AND PER BILL  
For the Test Year Ended December 31, 2018  
(in Thousands)

Line No.	Item	NC Retail Amount (a)	Sub-Calculations (b)
1	2018 per books energy-related production O&M expense excluding fuel and purchased power	\$218,839 <sup>1/</sup>	
2	Non-fuel rider energy-related costs removed from base rates	<u>(94,732) <sup>2/</sup></u>	
3	Total non-fuel, non-payroll energy related production O&M expense (L1 - L2)	<u>124,107</u>	
4	Total O&M expense, excluding A&G expense	2,143,115 <sup>3/</sup>	
5	Less: fuel expense	<u>1,085,107 <sup>4/</sup></u>	
6	Total non-fuel O&M expense, excluding A&G expense (L4 - L5)	<u>1,058,008</u>	
7	Ratio (L3 / L6)	<u>0.117303</u>	
8	Total per books A&G expense	416,565 <sup>5/</sup>	
9	Salaries and wages in Line 10 - system amount		254,543 <sup>6/</sup>
10	Per books employee pensions and benefits - system amount		<u>102,240 <sup>7/</sup></u>
11	Subtotal (L9 + L10)		356,783
12	NC retail allocation factor		<u>67.7195% <sup>8/</sup></u>
13	NC retail per books salaries, wages, pensions, and employee benefits (L11 x L12)		241,611
14	Aviation expense removed elsewhere		1,986 <sup>9/</sup>
15	NC regulatory fee adjusted elsewhere		6,986 <sup>10/</sup>
16	Outside services removed elsewhere		0 <sup>11/</sup>
17	Sponsorships, donations, and adversting removed elsewhere		322 <sup>12/</sup>
18	Hydro Station Sales removed elsewhere		1,560 <sup>14/</sup>
19	Board of Directors expense removed elsewhere		1,910 <sup>13/</sup>
20	Total of A&G items adjusted elsewhere (Sum of Lines 13 thru 19)	<u>254,375</u>	<u>\$254,375</u>
21	Total A&G expense not adjusted elsewhere (L8 - L20)	<u>162,190</u>	
22	Portion of A&G not adjusted elsewhere related to non-fuel non-payroll energy-related production O&M expense (L7 x L21)	<u>19,025</u>	
23	Total non-fuel, non-payroll energy-related production O&M expense plus related non-payroll A&G expense (L3 + L22)	143,132	
24	Per books NC retail MWH sales	<u>59,480,703 <sup>15/</sup></u>	
25	Cost per MWH (\$) (L22 x 1,000 / L24)	<u>\$2.40636</u>	

- 1/ E-1, Item No. 45A, Line 157.  
2/ E-1, Item No. 10, NC-0601, Other O&M expense excluding Line 19, Total NC Retail Column.  
3/ E-1, Item No. 45A, NC Retail Column, O&M expenses.  
4/ E-1, Item No. 10, NC-0201, Total NC Retail Column, Sum of Lines 2, 4, and 6.  
5/ E-1, Item No. 45A, A&G expenses.  
6/ McManeus Exhibit 1, NC-1306, Line 27.  
7/ McManeus Exhibit 1, NC-1309, Line 7.  
8/ E-1, Item No. 45A, Page 13, Factor 59 - Wages & Salaries Excluding A&G.  
9/ McManeus 1, NC-1701, Line 2 plus Schedule 3-1(m), Line 9 plus Line 21.  
10/ McManeus Exhibit 1, NC-3101, Line 7.  
11/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(j), Line 5.  
12/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(m), Line 6 and Schedule 3-1(p), Line 3.  
13/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(o), Line 12.  
14/ E-1, Item No. 10, NC-3201, Line 4.  
15/ E-1, Item No. 10, NC-0201, Line 10 divided by 1,000.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**CALCULATION OF BILL-RELATED EXPENSES**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(c)(4)**

Line No.	Item	NC Retail Amount (a)	Sub-Calculations (b)
1	2018 per books bill-related O&M expenses:		
2	Account 586 - Meters (operation)	\$8,272 <sup>1/</sup>	
3	Account 597 - Meters (maintenance)	1,788 <sup>1/</sup>	
4	Account 587 - Customer - installations	8,030 <sup>1/</sup>	
5	Accounts 901-905 - Customer accounts	65,597 <sup>2/</sup>	
6	Accounts 908-910 - Customer service and information	14,702 <sup>2/</sup>	
7	Total 2018 per books bill-related expenses (Sum of Lines 2 thru 6)	98,389	
8	Salaries and wages included in Line 7 - system amount		52,811 <sup>3/</sup>
9	NC retail allocation factor		67.7195% <sup>4/</sup>
10	NC retail salaries and wages included in Line 7	35,763	\$35,763
11	Uncollectibles expense adjusted elsewhere	12,692 <sup>5/</sup>	
12	Total non-payroll bill-related O&M expenses not adjusted elsewhere (L7 - L10 - L11)	49,934	
13	Total O&M expense, excluding A&G expense	2,143,115 <sup>6/</sup>	
14	Total non-fuel O&M expense, excluding A&G expense	1,058,008 <sup>7/</sup>	
15	Ratio (L12 / L14)	0.047196	
16	Total A&G expense not adjusted elsewhere	162,190 <sup>8/</sup>	
17	Portion of A&G not adjusted elsewhere related to non-payroll bill-related O&M expense (L15 x L16)	7,655	
18	Total non-payroll bill-related O&M expenses plus related non-payroll A&G expense (L12 + L17)	57,589	
19	Per books NC retail 2018 bills	27,849,043 <sup>3/</sup>	
20	Cost per bill (\$) (L18 x 1,000 / L19)	\$2.06790	

- 1/ E-1, Item No. 45A, Lines 198 and 221.  
2/ E-1, Item No. 45A, Lines 240 and 246.  
3/ Based on information provided by Company.  
4/ Average NC retail allocation factor for the accounts listed on Lines 2 thru 6 per NCUC Form E-1, Item 45A.  
5/ E-1, Item No. 45A, Account 904 - Uncollectible Accounts, Line 238, NC Retail amount.  
6/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(c)(3), Line 4.  
7/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(c)(3), Line 6.  
8/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(c)(3), Line 21.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(d)**

**ADJUSTMENT TO DISTRIBUTION VEGETATION MANAGEMENT**

**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

Line No.	Item	Total Miles (a)	Target Cycle (In Years) (b)	Test Year Amount (c)	Adjusted Amount (d)
1	Number of trim miles per year:				
2	Urban Miles	2,171 <sup>1/</sup>	5 <sup>2/</sup>		434 <sup>3/</sup>
3	Mountain Miles	7,847 <sup>1/</sup>	7 <sup>2/</sup>		1,121 <sup>3/</sup>
4	Other Miles	41,686 <sup>1/</sup>	9 <sup>2/</sup>		4,632 <sup>3/</sup>
5	Total number of trim miles (L2 + L3 + L4)	<u>51,704</u>		5,559	6,187
6	Cost per Mile			<u>9,041 <sup>4/</sup></u>	<u>9,312 <sup>5/</sup></u>
7	Production \$ (Sum L5 x L6)			\$ 50,257,472	\$57,614,767
8	Demand \$			2,159,025 <sup>6/</sup>	2,222,716 <sup>7/</sup>
9	Herbicide \$			3,343,623 <sup>6/</sup>	3,364,688 <sup>7/</sup>
10	Contract Inspectors \$			<u>696,536 <sup>6/</sup></u>	<u>710,467 <sup>7/</sup></u>
11	Program Target \$ (Sum L7 through L10)			\$ 56,456,657	\$63,912,638
12	Adjusted VM program costs (Line 11 Col (e) less Col (d))				\$7,455,981
13	NC Retail allocation				<u>73.6369% <sup>8/</sup></u>
14	Total distribution vegetation management adjusment (L12 x L13)				5,490
15	Adjusted distribution VM per Company				<u>5,490 <sup>9/</sup></u>
16	Public Staff adjustment to VM (L14 - L15)				<u>\$0</u>

1/ E-1, Item 10, NC-2702, Column (a).

2/ E-1, Item 10, NC-2702, Column (b).

3/ Column (a) divided by Column (b).

4/ Per updated Company response to DR22-5.

5/ Line 6, Column (c) increased by 3% as per Company adjustment.

6/ E-1, Item 10, NC-2702, Column (d).

7/ E-1, Item 10, NC-2702, Column (e).

8/ Item 45a, All - Dist Plt OH - DEC allocation factor.

9/ E-1, Item 10, NC-2701, Line 2, Total NC Retail Column.

DUKE ENERGY CAROLINAS, LLC  
Docket No. E-7, Subs 1213 and 1214  
North Carolina Retail Operations  
ADJUSTMENT TO HYDRO STATION SALES  
For the Test Year Ended December 31, 2018  
(in Thousands)

Public Staff  
Boswell Second Supplemental and Stipulation Exhibit 1  
Schedule 3-1(e)

Line No.	Item	Amount
1	Impact to O&M NC Retail per Company	(\$1,560) <sup>1/</sup>
2	Impact to O&M NC Retail per Public Staff	<u>(1,560) <sup>2/</sup></u>
3	Change to O&M (L2 - L1)	<u>0</u>
4	Remove depreciation related to Hydro Sales per Company	(1,440) <sup>1/</sup>
5	Amortize Loss on Sale per Company	3,249 <sup>1/</sup>
6	Remove depreciation related to Hydro Sales per Public Staff	<u>(1,440) <sup>2/</sup></u>
7	Amortize Loss on Sale per Public Staff	<u>1,140 <sup>3/</sup></u>
8	Change to depreciation and amortization (L6 + L7 - L4 - L5)	<u>(2,109)</u>
9	Remove property taxes per Company	(193) <sup>1/</sup>
10	Remove property taxes per Public Staff	<u>(193) <sup>2/</sup></u>
11	Change to remove property taxes (L10 - L9)	<u>-</u>
12	Total change to impact of O&M (L3 + L8 + L11)	<u>(\$2,109)</u>
22	Regulatory Asset loss on sale per Company	19,494 <sup>1/</sup>
23	Regulatory Asset loss on sale per Public Staff	<u>21,603 <sup>3/</sup></u>
24	Change to regulatory asset loss on sale (L23 - L22)	<u>2,109</u>
25	Impact to ADIT per Company	(\$4,552) <sup>1/</sup>
26	Impact to ADIT per Public Staff	<u>(\$5,044) <sup>2/</sup></u>
27	Change in impact to ADIT (L26 - L27)	<u>(\$492)</u>
28	Total change to rate base (L15 + L18 + L21 + L24 + L27)	<u>\$1,617</u>

1/ E-1, Item 10, NC-3201, Total NC Retail Column.

2/ E-1, Item 10, NC-3201(E).

3/ Updated to reflect Company updates through 1/31/20 and amortization change to 20 years.

DUKE ENERGY CAROLINAS, LLC  
Docket No. E-7, Subs 1213 and 1214  
North Carolina Retail Operations  
**ADJUSTMENT FOR CHANGE IN DEPRECIATION RATES**  
For the Test Year Ended December 31, 2018  
(in Thousands)

Public Staff  
Boswell Second Supplemental and Stipulation Exhibit 1  
Schedule 3-1(f)

Line No.	Item	Total System (a)	1/ Percentage (b)	NC Retail Amount (c)
	<u>Change in depreciation and amortization per Public Staff</u>			
1	Production	\$63,243	67.4345%	\$42,648 3/
2	Transmission	6,760	52.6634%	3,560 3/
3	Distribution	(3,660)	73.9530%	(2,707) 3/
4	General	(2,070)	69.0221%	(1,429) 3/
5	General amortization	(3,748)	69.0221%	(2,587) 3/
6	Adjust to depr and amort for costs recovered through riders	(43)	67.4345%	(29) 3/
7	Public Staff adjustment to depreciation and amortization expense (Sum of L1 thru L6)	<u>\$60,482</u>		39,456
8	Adjustment per Company			<u>72,915 4/</u>
9	Adjustment to depreciation and amortization expense (L7 - L8)			<u>(\$33,459)</u>
10	Adjustment to accumulated depreciation (-L9)			<u>\$33,459</u>

1/ Based on recommendation of Public Staff witness McCullar, adjusted for Cliffside and Allen.

2/ E-1, Item 45a, SCP allocation factors.

3/ Column (a) times Column (b).

4/ E-1, Item 10, NC-2601(E), Line 12, Total NC Retail Column.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO INCENTIVES**  
**For the Test Year Ended December 31, 2016**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(g)**

Line No.	Item	Amount
<b>Short Term Incentive Plan (STIP)</b>		
1	Total Company STIP pay accrued expense associated with earnings per share (EPS)	\$13,462 1/
2	Total Company STIP accrual	350,545 1/
3	Percentage of STIP related to EPS (L1 / L2)	3.84%
4	STIP at target level associated with O&M expense per Company, net of Joint Owners	89,320 2/
5	Adjustment to remove STIP related to EPS outcomes - total system (-L3 x L4)	(3,430)
6	NC retail percentage	67.7195% 3/
7	Adjustment to remove STIP related to EPS outcomes - NC retail (L5 x L6)	(2,323)
8	Executive STIP already removed in executive compensation adjustment	18 4/
9	Company adjustment to STIP	(2,305)
10	Adjustment to STIP (L9 - L8 - L7)	<u>\$0</u>
<b>Long Term Incentive Plan (LTIP)</b>		
11	LTIP Performance Shares at target, net Joint Owners	\$9,762 1/
12	Percentage associated with EPS and TSR	100.00%
13	Adjustment to remove LTIP associated with EPS and TSR - total system (-L11 x L12)	(9,762)
14	NC retail percentage	67.7195% 3/
15	Adjustment to remove LTIP associated with EPS and TSR - NC retail (L13 x L14)	(6,611)
16	Executive LTIP already removed in executive compensation adjustment	956 4/
17	Company adjustment to LTIP	(5,655)
18	Adjustment to LTIP (L17 - L16 - L15)	<u>\$0</u>
19	Total adjustment to incentive pay (L10 + L17)	<u>\$0</u>

1/ Provided by Company.

2/ E-1, Item 10, NC-1310(E), Line 13, net of Catawba Joint Owners.

3/ E-1, Item 45a, All Labor Factor.

4/ Based on executive compensation adjustment.

5/ E-1, Item 10, NC-1310-3, Line 13, Column (b), net of Catawba Joint Owners.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO EXECUTIVE COMPENSATION**  
**For the Test Year Ended December 31, 2016**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(h)**

Line No.	Item	Amount
1	Executive compensation for top 5 executives per Company	\$11,044 <sup>1/</sup>
2	Inclusion of executive benefits in adjustment	<u>738</u> <sup>2/</sup>
3	Executive compensation subject to exclusion adjustment per Public Staff (L1 + L2)	11,782
4	Catawba reimbursement allocation rate	13.988% <sup>3/</sup>
5	Non-ownership percentage in Catawba plant	<u>80.754%</u> <sup>4/</sup>
6	Costs reimbursed by Catawba Joint Owners (L3 x L4 x L5)	1,331
7	Compensation subject to exclusion after Joint Owners' Share (L3 - L6)	<u>10,451</u>
8	NC retail Allocation Factor	67.7195% <sup>5/</sup>
9	NC retail portion of executive compensation subject to exclusion adjustment (L7 x L8)	<u>7,077</u>
10	Exclusion percentage	50.00% <sup>6/</sup>
11	Public Staff adjustment to exclude executive compensation (L9 x L10)	<u>(3,539)</u>
12	Adjustment per Company	<u>(3,539)</u> <sup>7/</sup>
13	Adjustment to remove additional executive compensation (L11 - L12)	<u><u>\$0</u></u>

<sup>1/</sup> E-1, Item 10, NC-0701(J), Line 2.

<sup>2/</sup> E-1, Item 10, NC-0701(J), Line 3.

<sup>3/</sup> E-1, Item No. 10, NC-0701, Line 5.

<sup>4/</sup> E-1, Item No. 10, NC-0701, Line 6.

<sup>5/</sup> E-1, Item No. 10, NC-0701, Line 10.

<sup>6/</sup> E-1, Item No. 10, NC-0701, Line 12.

<sup>7/</sup> E-1, Item No. 10, NC-0701, Line 13.

DUKE ENERGY CAROLINAS, LLC  
Docket No. E-7, Subs 1213 and 1214  
North Carolina Retail Operations  
ADJUSTMENT TO AVIATION EXPENSES  
For the Test Year Ended December 31, 2018  
(in Thousands)

Public Staff  
Boswell Second Supplemental and Stipulation Exhibit 1  
Schedule 3-1(i)

Line No.	Item	Amount
	<b>Wages, benefits, materials, etc.</b>	
1	Corporate aviation O&M and depreciation expense	\$5,865 <sup>1/</sup>
2	Percentage to be excluded per Public Staff	50.00% <sup>2/</sup>
3	Corporate aviation expenses to be excluded per Public Staff (L1 x L2)	2,932
4	Specific charter flights to be excluded	-
5	Total corporate aviation expenses to be excluded per Public Staff (L3 + L4)	2,932
6	Corporate aviation expenses to be excluded per Company	2,932 <sup>3/</sup>
7	Additional aviation O&M expenses to be excluded (L5 - L6)	(0)
8	NC retail percentage	67.7195% <sup>4/</sup>
9	Public Staff adjustment to aviation O&M expenses (-L7 x L8)	\$0
	<b>General taxes</b>	
10	Corporate aviation general taxes	\$81 <sup>5/</sup>
11	Percentage to be excluded per Public Staff	50.00% <sup>2/</sup>
12	Corporate aviation general taxes to be excluded per Public Staff (L10 x L11)	41
13	Corporate aviation general taxes to be excluded per Company	41 <sup>6/</sup>
14	Additional aviation general taxes to be excluded (L12 - L13)	0
15	NC retail percentage	67.7195% <sup>4/</sup>
16	Public Staff adjustment to aviation general taxes (-L14 x L15)	\$0
	<b>Commercial flights</b>	
17	International flight expense	\$1,326 <sup>7/</sup>
18	Allocation percentage from DEBS to DEC	35.41% <sup>8/</sup>
19	International flight expense allocated to DEC excluded by the Public Staff (L17 x L18)	470
20	Corporate aviation expenses to be excluded per Company	470 <sup>9/</sup>
21	International aviation O&M expenses to be excluded (L19 - L20)	(0)
22	NC retail percentage	67.7195% <sup>4/</sup>
23	Public Staff adjustment to O&M for commercial flights (-L21 x L22)	\$0

1/ E-1, Item 10, NC-1702, Line 29.

2/ Based on Stipulation agreement.

3/ E-1, Item 10, NC-1702, Line 31.

4/ Item 45a, salaries and wages allocation factor.

5/ E-1, Item 10, NC-1702, Line 1, Total Duke Energy Carolinas Column.

6/ E-1, Item 10, NC-1702, Line 3, Total Duke Energy Carolinas Column.

7/ Calculated by Public Staff based on Company response to Public Staff DRs 29-9.

8/ Based on Company response to DR29-7b.

9/ E-1, Item 10, NC-1701(G), Line 11, Total Carolinas Column.



**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO OUTSIDE SERVICES**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(j)**

Line No.	Item	Amount
1	Remove items related to non-legal invoices	(\$488) <sup>1/</sup>
2	Remove items related to legal invoices	(298) <sup>1/</sup>
3	Total Public Staff adjustment to outside services (L1 + L2 )	(786)
4	Amount removed by Company in COS 366 exclusion adjustment	(786) <sup>3/</sup>
5	Total outside services to be removed (L4 - L5)	0
6	NC retail percentage	67.7195% <sup>2/</sup>
7	Public Staff adjustment to outside services - NC retail (L5 x L6)	\$0

1/ Based on information provided by Company in response to DR140-1 and advice of legal counsel.

2/ E-1, Item No. 45A, Factor 59 - Labor (Wage and Salary Related Items).

3/ Provided by Company.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO CREDIT CARD FEES**  
**For the Test Year Ended November 30, 2019**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(k)**

Line No.	Item	Amount
1	Annualized 2018 residential credit card transactions	5,433,635 <sup>1/</sup>
2	Annualized 2019 residential credit card transactions	6,014,994 <sup>2/</sup>
3	Increase in annualized residential credit card transactions (L2 - L1)	581,359
4	Transaction fees included in COS for non-credit card transactions	0.0800 <sup>3/</sup>
5	Remove O&M transaction costs included in COS and credit card adjustment (-L3 x L4 /1000)	(\$47)
6	Company adjustment to remove O&M transaction costs included in COS	(47) <sup>4/</sup>
7	Adjustment to remove O&M transaction costs included in COS (L5 - L6)	\$0

1/ Per Company response to DR32-2.

2/ E-1, Item 10, NC-2503(F), Line 17.

3/ Per Company response to DR105-2.

4/ E-1, Item 10, NC-2501(F), Line 4.

DUKE ENERGY CAROLINAS, LLC  
Docket No. E-7, Subs 1213 and 1214  
North Carolina Retail Operations  
ADJUSTMENT TO STORM DEFERRAL  
For the Test Year Ended December 31, 2018  
(in Thousands)

Public Staff  
Boswell Second Supplemental and Stipulation Exhibit 1  
Schedule 3-1(I)

Line No.	Item	Amount
	Income Statement:	
1	Impact to depreciation and amortization for storm deferral per Company	\$0 <sup>1/</sup>
2	Impact to depreciation and amortization to remove storm assets from rate base	\$0 <sup>1/</sup>
3	Impact to depreciation and amortization for storm deferral per Public Staff	0 <sup>3/</sup>
4	Adjustment to deprecation and amortization for storm deferral (L3 +L1 + L2)	<u>\$0</u>
	Rate Base:	
5	Projected storm deferral balance per Company	\$0 <sup>1/</sup>
6	Projected storm deferral balance per Public Staff	- <sup>3/</sup>
7	Adjustment to working capital for storm deferral (L6 - L5)	<u>\$0</u>
8	Impact to ADIT for storm deferral per Company	\$0 <sup>1/</sup>
9	Impact to ADIT for storm deferral per Public Staff	- <sup>3/</sup>
10	Adjustment to ADIT for storm deferral (L9 - L8)	<u>\$0</u>
11	Adjustment to remove storm assets from rate base	\$0 <sup>2/</sup>
12	Adjustment to remove accumulated depreciation for storm assets from rate base	0 <sup>2/</sup>
13	Adjustment to rate base to remove storm assets (L11 + L12)	<u>\$0</u>

1/ E-1, Item 10, NC-2901(H).

2/ Provided by Company.

3/ Public Staff recommendation to remove storm deferral for securitization.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO SPONSORSHIPS AND DONATIONS**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(m)**

Line No.	Item	Amount
1	Remove sponsorships and donations related to chambers of commerce	(\$136) <sup>1/</sup>
2	Remove donations related to RIPON society and NC Chamber Foundation	(13) <sup>2/</sup>
3	Remove miscellaneous dues and contributions	<u>(121) <sup>3/</sup></u>
4	Total sponsorships and donations to be removed per Public Staff (L1 + L2 + L3)	(270)
5	Amount removed by Company in COS 366 exclusion adjustment	<u>(134) <sup>5/</sup></u>
6	Total sponsorships and donations to be removed (L4 - L5)	(136)
7	NC retail percentage	<u>67.4345% <sup>4/</sup></u>
8	Public Staff adjustment to remove sponsorships and donations - NC retail (L6 x L7)	(\$92)
9	Company adjustment to remove sponsorships and donations - NC Retail	<u>(92) <sup>6/</sup></u>
10	Adjustment to remove sponsorships and donations - NC Retail (L8 - L9)	<u><u>\$0</u></u>

1/ From Company response to Public Staff Data Request No. 51, Item 3.

2/ From Company response to Public Staff Data Request No. 51, Item 4.

3/ Based on review of NCUC Form E-1, Item No. 16(c).

4/ COS Factor 1 - Demand

5/ Provided by Company.

6/ E-1, Item 10, NC-3601(J), Line 1, Total NC Retail Column.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO LOBBYING EXPENSE**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(n)**

Line No.	Item	Amount
1	Remove Stakeholder Engagement O&M charges related to lobbying	(\$1,750) <sup>1/</sup>
2	Remove State Government Affairs O&M charges related to lobbying	(97) <sup>1/</sup>
3	Remove Federal Affairs O&M charges related to lobbying	<u>(1,505) <sup>1/</sup></u>
4	Total lobbying costs to be removed from O&M expense (L1 + L2 + L3)	(3,352)
5	NC retail percentage	<u>67.7195% <sup>2/</sup></u>
6	Public Staff adjustment to remove lobbying expense (L4 x L5)	(\$2,270)
7	Company adjustment to remove lobbying expense	<u>(2,270) <sup>3/</sup></u>
8	Adjustment to remove lobbying expense (L6 - L7)	<u><u>\$0</u></u>

1/ Based on Company response to Public Staff Data Request No. 31, Items 3 and 4.

2/ COS Labor allocation factor.

3/ E-1, Item 10, NC-3601(J), Line 2, Total NC Retail Column.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO BOARD OF DIRECTORS EXPENSE**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(o)**

Line No.	Item	Amount
1	Total Board of Directors (BOD) cash compensation	\$645 1/
2	Percentage of exclusion per Public Staff	50% 2/
3	Public Staff adjustment to BOD compensation (-L1 x L2)	(323)
4	BOD insurance charged to DEC	4,659 3/
5	Percentage of exclusion per Public Staff	50% 2/
6	Public Staff adjustment to BOD insurance (-L4 x L5)	(2,330)
7	BOD and executive members expenses allocated to DEC	357 4/
8	Percentage of exclusion per Public Staff	50% 2/
9	Public Staff adjustment to BOD and executive members expenses (-L7 x L8)	(179)
10	Total Public Staff adjustment to BOD compensation and expenses (L3 + L6 + L9)	(2,832)
11	NC retail percentage	67.4345% 5/
12	Public Staff adjustment to BOD expenses - NC retail (L10 x L11)	(\$1,910)
13	Company adjustment to BOD expenses - NC Retail	(1,910) 6/
14	Adjustment to BOD expenses - NC Retail (L12 - L13)	\$0

1/ Amount from 2018 Proxy Statement page 30, allocated to DEC.

2/ Recommended by Public Staff.

3/ Company Response to Public Staff Data Request No. 71, Item 1.

4/ Company Response to Public Staff Data Request No. 72, Item 2.

5/ Factor 1 - Demand Factor.

6/ E-1, Item 10. NC-3601(J), Line 3, Total NC Retail Column.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO ADVERTISING EXPENSE**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(p)**

Line No.	Item	Amount
1	Remove Advertising Expenses Account 0913001 per Public Staff	(\$311) <sup>1/</sup>
2	Remove Advertising Expenses Account 0909650 per Public Staff	(43) <sup>1/</sup>
3	Reclass pole painting	124 <sup>1/</sup>
4	Total advertising (L1 + L2 + L3)	(\$230)
5	NC Retail Allocation factor	76.2817% <sup>2/</sup>
6	Total NC retail advertising expense (L4 x L5)	(\$176)
7	Company adjustment to NC retail advertising expense	(175) <sup>3/</sup>
8	Adjustment to NC retail advertising expense (L6 - L7)	<u>\$0</u>

1/ From Company response to Public Staff Data Request No. 50, Item 2.

2/ Allocation Factor - All Cust Num

3/ E-1, Item 10, NC-3401(F), Line 3, Total NC Retail Column.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO SALARIES AND WAGES**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(q)**

Line No.	Item	Duke Energy Carolinas (a)	Duke Energy Progress (b)	Service Company (c)	Total (d)
1	Labor per payroll company at May 31, 2020	\$811,097 <sup>1/</sup>	\$440,886 <sup>1/</sup>	\$763,520 <sup>1/</sup>	
2	May 2020 allocation percentages	<u>82.85% <sup>1/</sup></u>	<u>6.92% <sup>1/</sup></u>	<u>25.03% <sup>1/</sup></u>	
3	Annual salaries as of May 31, 2020 per Public Staff (L1 x L2)	671,957	30,526	191,080	
4	Per books salaries	<u>697,465 <sup>2/</sup></u>	<u>29,217 <sup>2/</sup></u>	<u>200,403 <sup>2/</sup></u>	
5	Adjustment to salaries and wages for employees per Public Staff	(25,508)	1,309	(9,323)	(\$33,522) <sup>4/</sup>
6	Company adjustment to salaries and wages for employees	<u>(25,507) <sup>3/</sup></u>	<u>1,309 <sup>3/</sup></u>	<u>(9,322) <sup>3/</sup></u>	(33,520) <sup>4/</sup>
7	Adjustment to salaries and wages	<u>(\$1)</u>	<u>\$0</u>	<u>(\$1)</u>	(2)
8	Public Staff adjustment to total salaries and wages (L7)				(2)
9	Percent charged to electric expense				66.83% <sup>5/</sup>
10	Adjustment to net electric O&M salaries and wages (L7 x L8)				<u>0</u>
11	Adjustment to net electric O&M salaries and wages (L10)				0
12	Fringe benefits contribution rate				10.46% <sup>6/</sup>
13	Adjustment to fringe benefits (L10 x L12)				<u>0</u>
14	Total adjustment to O&M expense - total system (L10 + L13)				0
15	NC retail percentage				67.7195% <sup>7/</sup>
16	Total adjustment to O&M expense - NC retail (L14 x L15)				<u>\$0</u>
17	Impact on payroll taxes before Medicare				\$0 <sup>8/</sup>
18	Impact on Medicare payroll taxes				<u>0</u> <sup>9/</sup>
19	Adjustment to payroll taxes - total system (L17 + L18)				0
20	NC retail percentage				67.7195% <sup>7/</sup>
21	Adjustment to payroll taxes - NC retail (L19 x L20)				<u>\$0</u>

1/ E-1, Item 10, NC-1304(H).

2/ E-1, Item 10, NC-1301(H), Labor per Books Column.

3/ E-1, Item 10, NC-1301(H), Pro Forma HR Salaries Column.

4/ Sum of Columns (a) through Columns (c).

5/ E-1, Item 10 NC-1301(H), Line 18.

6/ E-1, Item 10, NC-1301(H), Line 37.

7/ E-1, Item 45a, DEC COS NC All Labor Factor.

8/ Line 10 times 85.42% subject to OASDI times 6.2% OASDI tax rate from E-1, Item 10, NC-1301(H).

9/ Line 10 times 1.45% Medicare tax rate from E-1 Item 10, NC-1301(H).



**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO NORMALIZE STORM COSTS**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(r)**

Line No.	Item	Amount
	<u>Normalized storm expense</u>	
1	NC retail amount of storm costs considered normal for 2018	\$19,798 <sup>1/</sup>
2	NC retail percentage	<u>73.6369% <sup>2/</sup></u>
3	2018 storm costs to be included in calculation of normalized level (L1 / L2)	26,886
4	2010 through 2019 costs adjusted for inflation, excluding 2018	<u>250,780 <sup>3/</sup></u>
5	Total storm costs for ten years adjusted for inflation (L3 + L4)	277,666
6	Number of years	<u>10</u>
7	Normalized level of storm costs - total system (L5 x L6)	27,767
8	NC retail percentage	<u>73.6369% <sup>2/</sup></u>
9	Normalized level of storm costs per Public Staff (L7 x L8)	20,447
10	2018 Storm costs	<u>18,837 <sup>4/</sup></u>
11	Public Staff adjustment to normalized level of storm costs (L9 - L10)	1,610
12	Company adjustment to normalized level of storm costs	<u>1,610 <sup>5/</sup></u>
13	Adjustment to normalized level of storm costs (L11 - L12)	<u><u>\$0</u></u>

1/ E-1, Item 10, NC-2905(E), Line 2, NC Retail column.

2/ Allocation factor distribution overhead lines.

3/ Per Company response to DR46-1 and storm costs included in Sub 1146.

4/ Per Company response to DR46-1 4th supplemental.

5/ E-1, Item 10, NC-3701(G), Line 11.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO REMOVE O&M RELATED TO RETIRED HYDRO UNITS**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(s)**

Line No.	Item	Amount
1	Non-payroll related O&M related to retired hyrdo units	\$150 <sup>1/</sup>
2	NC retail allocation factor	67.4345% <sup>2/</sup>
3	Non-payroll related O&M NC retail	101
4	Amount removed by Company in current case	101 <sup>1/</sup>
5	Adjustment to remove non-payroll O&M related to retired hydro units (L4 - L3)	<u>(\$0)</u>

1/ E-1, Item 10, NC-3401(F), Line 2, Total NC Retail Column.

2/ NC COS Production Demand factor.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**

**ADJUSTMENT TO RATE CASE EXPENSE AND AMORTIZATION**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(t)**

Line No.	Item	Amount
	Income Statement Impact:	
1	Rate case expense for current case	\$4,005 <sup>1/</sup>
2	Amortization period	5 <sup>2/</sup>
3	Annual normalized level of rate case expense per Public Staff (L1 / L2)	801
4	Annual normalized level of rate case expense per Company	801 <sup>3/</sup>
5	Adjustment to annual normalized rate case expense (L3 - L4)	<u>\$0</u>
	Rate Base Impact:	
4	Projected working capital after first year of amortization per Company	\$0 <sup>4/</sup>
5	Public Staff recommended regulatory asset amount for rate case expense	0
6	Adjustment to rate base for rate case expense (L5 - L4)	<u>\$0</u>
7	Impact to ADIT per Company	\$0 <sup>5/</sup>
8	Impact to ADIT per Public Staff	0
9	Adjustment to ADIT for rate case expense (L8 - L7)	<u>\$0</u>

1/ E-1, Item 10, NC-1601(G), Line 3.

2/ E-1, Item 10, NC-1601(G), Line 5.

3/ E-1, Item 10, NC-1601(G), Line 6.

4/ E-1, Item 10, NC-1601(G), Line 17.

5/ E-1, Item 10, NC-1601(G), Line 21.

DUKE ENERGY CAROLINAS, LLC  
Docket No. E-7, Subs 1213 and 1214  
North Carolina Retail Operations  
ADJUSTMENT TO SEVERANCE COSTS  
For the Test Year Ended December 31, 2018  
(in Thousands)

Public Staff  
Boswell Second Supplemental and Stipulation Exhibit 1  
Schedule 3-1(u)

Line No.	Item	Amount
	<u>Income Statement Impact:</u>	
1	Remove actual severance costs in 2018	(\$102,108) <sup>1/</sup>
2	Annual amortization related to severance costs based on 3 year amortization	32,022 <sup>2/</sup>
3	Total Carolinas adjustment to remove actual severance costs (L1 + L2)	(70,086)
4	NC Retail Allocation factor	67.7195% <sup>3/</sup>
5	NC Retail adjustment to remove severance costs (L3 x L4)	(47,462)
6	Company adjustment to O&M related to severance costs	(47,462) <sup>4/</sup>
7	Public Staff adjustment to O&M related to severance costs (L5 - L6)	\$0
	<u>Rate Base Impact:</u>	
8	Impact to working capital investment per Company	\$0 <sup>5/</sup>
9	Impact to working capital investment per Public Staff	0 <sup>6/</sup>
10	Adjustment to working capital investment (L9 - L8)	\$0
11	Impact to ADIT per Company	\$0 <sup>7/</sup>
12	Impact to ADIT per Public Staff	0 <sup>6/</sup>
13	Adjustment to ADIT (L12 - L11)	\$0

- 1/ E-1, Item 10, NC-2001(G), Line 2, Total Carolinas Column.  
2/ E-1, Item 10, NC-2002(G), Line 15.  
3/ E-1, Item 45A Labor allocation factor.  
4/ E-1, Item 10, NC-2001(G), Total NC Retail Column, Line 4.  
5/ E-1, Item 10, NC - 2001(G), NC Retail Column, Line 14.  
6/ Public Staff recommendation.  
7/ E-1, Item 10, NC - 2001(G), NC Retail Column, Line 17.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO BENEFITS**  
**For the Test Year Ended December 31, 2018**  
**(In Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(v)**

Line No.	Item	Amount
1	Total pension, OPEB, FASB 112, and non-qualified to O&M expense NC retail as of January 2020	(\$3,560) <sup>1/</sup>
2	Total pension, OPEB, FASB 112, and non-qualified to O&M expense NC retail updated May 2020	(4,449) <sup>2/</sup>
3	Adjustment to total pension, OPEB, FAS 112, and non-qualified expenses NC Retail (L2 - L1)	<u>(889)</u>

1/ E-1, Item 10, NC-1401(E), Line 20, Total NC Retail Column.

2/ Per Company response to DR257-2.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO COMPANY'S INFLATION ADJUSTMENT**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(w)**

Line No.	Item	Amount
1	Total non-labor O&M expense to be adjusted per Company	\$399,463 1/
2	Remove uncollectibles adjusted elsewhere	0 2/
3	Public Staff adjustment to variable O&M expenses for changes in customer growth	0 3/
4	Public Staff adjustment to aviation expense	0 4/
5	Public Staff adjustment to outside services	0 5/
6	Public Staff adjustment to sponsorships and donations	0 6/
7	Public Staff adjustment to advertising	0 7/
8	Public Staff adjustment to retired hydro	(0) 8/
9	Public Staff adjustment to lobbying	0 9/
10	Public Staff adjustment to Board of Directors expenses	0 10/
11	Total adjusted O&M subject to inflation (Sum of L1 thru L10)	399,463
12	Inflation percentage based on December 31, 2019 update	1.15% 11/
13	Public Staff inflation adjustment (L11 x L12)	4,594
14	Inflation adjustment per Company	4,594 12/
15	Public Staff adjustment to inflation adjustment (L13- L14)	\$0

- 1/ E-1, Item 10, NC-1201(J), Line 33, Column (c).  
2/ Removed by Company in NC-1201(J).  
3/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(c), Line 15.  
4/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(i), Line 9 plus Line 21.  
5/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(j), Line 7.  
6/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(m), Line 8.  
7/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(p), Line 8.  
8/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(p), Line 3.  
9/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(n), Line 6.  
10/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(o), Line 12.  
11/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(v)(1), Column (e), Line 4.  
12/ E-1, Item 10, NC-1201(J), Line 35, Column (c).

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**CALCULATION OF INFLATION RATE**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(w)(1)**

Line No.	Item	CPI (a)	PPI Finished Goods Less Food & Energy (b)	PPI Processed Materials Less Food & Energy (c)	PPI Average (d)	Inflation Rate (e)
1	January 2020	256.394 <sup>1/</sup>	209.8 <sup>1/</sup>	195.0 <sup>1/</sup>		
2	Thirteen month average for test year	250.8 <sup>2/</sup>	203.2 <sup>2/</sup>	201.4 <sup>2/</sup>		
3	Increase from average to December 2019 (L1 - L2)	5.6	6.6	(6.4)		
4	Percentage increase	2.25% <sup>3/</sup>	3.25% <sup>3/</sup>	-3.18% <sup>3/</sup>	0.04% <sup>4/</sup>	<u>1.15% <sup>5/</sup></u>

1/ E-1. Item 10, NC-1203, NC-1204, NC-1205, May 2020 amounts.

2/ E-1, Item 10, NC-1202(J), Line 15.

3/ Line 3 divided by Line 2.

4/ Average of percentage increases in Columns (b) and (c).

5/ Average of CPI percentage increase and PPI average percentage increase in Columns (a) and (d).

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**ADJUSTMENT TO FLOWBACK PROTECTED EDIT DUE**  
**TO TAX CUTS AND JOBS ACT**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(x)**

Line No.	Item	Amount
	<u>Income statement</u>	
1	Annual amortization of protected EDIT - NC retail	(\$29,734) <sup>1/</sup>
2	Income tax impact	6,943 <sup>3/</sup>
3	Annual amortization of protected EDIT - NC retail, net of tax (L1 + L2)	(\$22,791)
4	Company adjustment for annual amortization of protected EDIT - NC Retail	(22,791) <sup>2/</sup>
5	Public Staff adjustment for annual amortization of protected EDIT - NC Retail (L3 - L4)	<u>\$0</u>
	<u>Rate base</u>	
6	Adjustment to regulatory assets and liabilities (L1)	\$29,734
7	Composite income tax rate	23.3503% <sup>4/</sup>
8	Impact to accumulated deferred income taxes (L6 x L7)	(6,943)
9	Adjustment to rate base (L6 + L8)	\$22,791
10	Company adjustment for annual amortization of protected EDIT - NC Retail	22,791 <sup>2/</sup>
11	Public Staff adjustment for annual amortization of protected EDIT - NC Retail (L9 - L10)	<u>\$0</u>

- 1/ McManeus Supplemental Exhibit 4, Column (a), Line 11.  
2/ E-1, Item 10, NC-3501(G), Lines 4 and 9.  
3/ Line 1 times composite income tax rate on Line 7.  
4/ Composite tax rate,



DUKE ENERGY CAROLINAS, LLC  
Docket No. E-7, Subs 1213 and 1214  
North Carolina Retail Operations  
ADJUSTMENT TO FUEL FACTORS  
For the Test Year Ended December 31, 2018  
(in Thousands)

Public Staff  
Boswell Second Supplemental and Stipulation Exhibit 1  
Schedule 3-1(y)

Line No.	Item	Residential	General	Industrial	Lighting	Total NC Retail
Impact to Revenues:						
1	NC Retail kWh actual sales - 12 months ended December 2018	22,763,028,911 <sup>1/</sup>	23,470,094,319 <sup>1/</sup>	12,555,749,214 <sup>1/</sup>	691,830,144 <sup>1/</sup>	59,480,702,588 <sup>1/</sup>
2	Fuel factors approved in E-7, Sub 1228 including reg fee	1.6048 <sup>4/</sup>	1.7606 <sup>4/</sup>	1.6674 <sup>4/</sup>	1.7606 <sup>4/</sup>	
3	Fuel factors approved in E-7, Sub 1190 including reg fee	1.8150 <sup>5/</sup>	1.9586 <sup>5/</sup>	1.8959 <sup>5/</sup>	1.9586 <sup>5/</sup>	
4	Change in fuel factors (L2 - L3)	(0.2102)	(0.1981)	(0.2285)	(0.1981)	
5	Revenue adjustment for change in fuel factors (L1 x L4)	<u>(\$47,842)</u>	<u>(\$46,484)</u>	<u>(\$28,689)</u>	<u>(\$1,370)</u>	<u>(\$124,385) <sup>7/</sup></u>
6	Regulatory fee	0.0012967 <sup>6/</sup>	0.0012967 <sup>6/</sup>	0.0012967 <sup>6/</sup>	0.0012967 <sup>6/</sup>	
7	Regulatory fee adjustment for change in fuel factors (L5 x L6)	<u>(\$62)</u>	<u>(\$60)</u>	<u>(\$37)</u>	<u>(\$1.78)</u>	<u>(\$161) <sup>7/</sup></u>
Impact to Expenses:						
8	NC Retail kWh actual sales - 12 months ended December 2018	22,763,028,911 <sup>1/</sup>	23,470,094,319 <sup>1/</sup>	12,555,749,214 <sup>1/</sup>	691,830,144 <sup>1/</sup>	59,480,702,588 <sup>1/</sup>
9	Fuel factors approved in E-7, Sub 1228 excluding reg fee	1.6027 <sup>2/</sup>	1.7583 <sup>2/</sup>	1.6652 <sup>2/</sup>	1.7583 <sup>2/</sup>	
10	Fuel factors approved in E-7, Sub 1190 excluding reg fee	1.8126 <sup>3/</sup>	1.9561 <sup>3/</sup>	1.8934 <sup>3/</sup>	1.9561 <sup>3/</sup>	
11	Change in fuel factors (L9 - L10)	(0.2099)	(0.1978)	(0.2282)	(0.1978)	
12	Expense adjustment for change in fuel factors (L8 x L11)	<u>(\$47,780)</u>	<u>(\$46,424)</u>	<u>(\$28,652)</u>	<u>(\$1,368)</u>	<u>(\$124,224) <sup>7/</sup></u>

1/ E-1, Item 10, NC-0201(E), Line 11.

2/ Fuel factors approved in Docket E-7, Sub 1228.

3/ Fuel factors approved in Docket E-7, Sub 1190.

4/ Line 9 times Line 7 plus Line 9

5/ Line 10 times Line 7 plus Line 10

6/ Regulatory fee per Company.

7/ Sum of class totals.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**INTEREST SYNCHRONIZATION ADJUSTMENT**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(y)**

Line No.	Item	Amount
1	Public Staff original cost rate base	\$16,910,528 <sup>1/</sup>
2	Public Staff long term debt ratio	48.000% <sup>2/</sup>
3	Public Staff embedded cost of debt	<u>4.270% <sup>3/</sup></u>
4	Public Staff interest expense income tax deduction (L1 x L2 x L3)	346,598
5	Company interest expense income tax deduction	<u>350,936 <sup>4/</sup></u>
6	Adjustment to interest expense (L4 - L5)	(4,338)
7	Composite tax rate	<u>23.3503% <sup>5/</sup></u>
8	Adjustment to income taxes (-L6 x L7)	<u><u>\$1,013</u></u>

1/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2, Line 12, Column (c).

2/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 4, Line 1, Column (a).

3/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 4, Line 1, Column (c).

4/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3-1(y)(1), Line 4.

5/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 1-3, Line 8.

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**CALCULATION OF COMPANY'S INTEREST**  
**SYNCHRONIZATION ADJUSTMENT**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 3-1(y)(1)**

Line No.	Item	Amount
1	NC retail rate base per Company	\$17,122,166 <sup>1/</sup>
2	Long term debt ratio per Company	48.000% <sup>2/</sup>
3	Long term debt cost rate per Company	<u>4.270% <sup>3/</sup></u>
4	Interest tax deduction per Company (L1 x L2 x L3)	<u><u>\$350,936</u></u>

1/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2, Line 12, Column (a).

2/ McManeus Second Supplemental Exhibit 1

3/ McManeus Second Supplemental Exhibit 1..

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**RETURN ON EQUITY AND ORIGINAL COST RATE BASE BEFORE AND**  
**AFTER PUBLIC STAFF PROPOSED DECREASE**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 4**

Line No.	Item	Capitalization Ratio	Before Public Staff Proposed Decrease				After Public Staff Proposed Decrease			
			NC Retail Rate Base	Embedded Cost or Return	Weighted Cost or Return	Net Operating Income	NC Retail Rate Base	Embedded Cost or Return	Weighted Cost or Return	Net Operating Income
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Long-term debt	48.000% <sup>1/</sup>	\$8,117,053 <sup>2/</sup>	4.270% <sup>1/</sup>	2.05% <sup>5/</sup>	\$346,598 <sup>6/</sup>	\$8,131,775 <sup>9/</sup>	4.270% <sup>1/</sup>	2.050% <sup>11/</sup>	\$347,227 <sup>12/</sup>
2	Common equity	52.000% <sup>1/</sup>	8,793,474 <sup>2/</sup>	7.10% <sup>4/</sup>	3.69% <sup>5/</sup>	624,708 <sup>7/</sup>	8,809,423 <sup>9/</sup>	9.60% <sup>1/</sup>	4.992% <sup>11/</sup>	845,705 <sup>12/</sup>
3	Total (L1 + L2)	<u>100.000%</u>	<u>\$16,910,528 <sup>3/</sup></u>		<u>5.74%</u>	<u>\$971,306 <sup>8/</sup></u>	<u>\$16,941,199 <sup>10/</sup></u>		<u>7.042%</u>	<u>\$1,192,932</u>

1/ Per Second Stipulation.

2/ Column (b), Line 3 times Column (a)

3/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2, Line 15, Column (c).

4/ Column (e) divided by Column (b).

5/ Column (a) times Column (c).

6/ Column (b) times Column (c).

7/ Line 3, Column (e) minus Line 1, Column (e).

8/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 3, Line 17, Column (c).

9/ Column (f), Line 3 times Column (a)

10/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 2, Line 15, Column (e).

11/ Column (a) times Column (g).

12/ Column (f) times Column (g).

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**CALCULATION OF PUBLIC STAFF'S ADDITIONAL GROSS**  
**REVENUE REQUIREMENT**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Stipulation Exhibit 1**  
**Schedule 5**

Line No.	Item	Debt (a)	Equity (b)	Total (c) <sup>7/</sup>
	<u>Calculation of additional gross revenue requirement</u>			
1	Required net operating income	\$347,227 <sup>1/</sup>	\$845,705 <sup>4/</sup>	\$1,192,932
2	Net operating income before proposed increase	<u>\$346,598 <sup>2/</sup></u>	<u>624,708 <sup>5/</sup></u>	<u>971,306</u>
3	Additional net operating income requirement (L1 - L2)	629	220,997	221,626
4	Retention factor	<u>0.9962055 <sup>3/</sup></u>	<u>0.7635890 <sup>6/</sup></u>	
5	Additional revenue requirement (L3 / L4)	<u><u>\$631</u></u>	<u><u>\$289,418</u></u>	<u><u>\$290,049</u></u>

- 1/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 4, Line 1, Column (i).  
2/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 4, Line 1, Column (e).  
3/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 1-2, Line 10.  
4/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 4, Line 2, Column (i).  
5/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 4, Line 2, Column (e).  
6/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 1-2, Line 14.  
7/ Column (a) plus Column (b).



**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**CALCULATION OF LEVELIZED FEDERAL UNPROTECTED**  
**EDIT RIDER CREDIT**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Settlement Exhibit 2**  
**Schedule 1**

Line No.	Item	Year 1 Revenue Requirement (a)	Year 2 Revenue Requirement (b)	Year 3 Revenue Requirement (c)	Year 4 Revenue Requirement (d)	Year 5 Revenue Requirement (e)	Total Revenue Requirement (f)
1	Total NC retail regulatory liability to be amortized	(\$245,120) <sup>1/</sup>	(\$245,120) <sup>1/</sup>	(\$245,120) <sup>1/</sup>	(\$245,120) <sup>1/</sup>	(\$245,120) <sup>1/</sup>	
2	Annuity factor	4.2847 <sup>2/</sup>	4.2847 <sup>2/</sup>	4.2847 <sup>2/</sup>	4.2847 <sup>2/</sup>	4.2847 <sup>2/</sup>	
3	Levelized rider EDIT regulatory liability (L1 / L2)	(57,208)	(57,208)	(57,208)	(57,208)	(57,208)	(\$286,040) <sup>5/</sup>
4	One minus composite income tax rate	76.6497% <sup>3/</sup>	76.6497% <sup>3/</sup>	76.6497% <sup>3/</sup>	76.6497% <sup>3/</sup>	76.6497% <sup>3/</sup>	76.6497%
5	Net operating income effect (L3 x L4)	(43,850)	(43,850)	(43,850)	(43,850)	(43,850)	(219,249)
6	Retention factor	0.7635890 <sup>4/</sup>	0.7635890 <sup>4/</sup>	0.7635890 <sup>4/</sup>	0.7635890 <sup>4/</sup>	0.7635890 <sup>4/</sup>	0.7635890
7	Levelized rider EDIT credit (L5 / L6)	(\$57,426)	(\$57,426)	(\$57,426)	(\$57,426)	(\$57,426)	(\$287,130)
8	Total NC retail regulatory liability to be amortized	(\$783,045) <sup>6/</sup>	(\$783,045) <sup>1/</sup>	(\$783,045) <sup>1/</sup>	(\$783,045) <sup>1/</sup>	(\$783,045) <sup>1/</sup>	
9	Annuity factor	4.2847 <sup>2/</sup>	4.2847 <sup>2/</sup>	4.2847 <sup>2/</sup>	4.2847 <sup>2/</sup>	4.2847 <sup>2/</sup>	
10	Levelized rider EDIT regulatory liability (L1 / L2)	(182,754)	(182,754)	(182,754)	(182,754)	(182,754)	(\$913,770) <sup>5/</sup>
11	One minus composite income tax rate	76.6497% <sup>3/</sup>	76.6497% <sup>3/</sup>	76.6497% <sup>3/</sup>	76.6497% <sup>3/</sup>	76.6497% <sup>3/</sup>	76.6497%
12	Net operating income effect (L3 x L4)	(140,080)	(140,080)	(140,080)	(140,080)	(140,080)	(700,402)
13	Retention factor	0.7635890 <sup>4/</sup>	0.7635890 <sup>4/</sup>	0.7635890 <sup>4/</sup>	0.7635890 <sup>4/</sup>	0.7635890 <sup>4/</sup>	0.7635890
14	Levelized rider EDIT credit (L5 / L6)	(\$183,449)	(\$183,449)	(\$183,449)	(\$183,449)	(\$183,449)	(\$917,250)

- 1/ McManeus Supplemental Exhibit 4, Column (c), Line 8.  
2/ Boswell Second Supplemental and Stipulation Exhibit 2, Schedule 1(a), Line 6.  
3/ One minus composite income tax rate of 23.3503%.  
4/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 1-2, Line 14, Column (d).  
5/ Sum of Columns(a) through (e).  
6/ McManeus Supplemental Exhibit 4, Column (b), Line 8.

DUKE ENERGY CAROLINAS, LLC  
Docket No. E-7, Subs 1213 and 1214  
North Carolina Retail Operations  
**CALCULATION OF ANNUITY FACTOR FOR EDIT  
LIABILITY RIDER**  
For the Test Year Ended December 31, 2018  
(in Thousands)

Public Staff  
Boswell Second Supplemental and Settlement Exhibit 2  
Schedule 1(a)

Line No.	Item	Amount
	<u>Annuity Factor</u>	
1	Number of years	5 <sup>1/</sup>
2	Payment per period	1
3	After tax rate of return (L9)	6.563%
4	Present value of 1 dollar over number of years with with 1 payment per year	4.1486
5	1 plus (interest rate divided by two)	1.0328
6	Annuity factor (L4 x L5)	<u>4.2847</u>

  

	Capital Structure	Cost Rates	Overall Rate of Return	Net of Tax Rate
	(a)	(b)	(c)	(d)
	<u>After Tax Rate of Return</u>			
7	Long-term debt	48.00% <sup>2/</sup>	4.270% <sup>4/</sup>	2.050%
8	Common equity	52.00% <sup>3/</sup>	9.600% <sup>5/</sup>	4.992% <sup>6/</sup>
9	Total	<u>100.00%</u>	<u>7.042%</u>	<u>6.563%</u>

- 1/ Rider period recommended by Public Staff.  
2/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 4, Line 1, Column (a).  
3/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 4, Line 2, Column (a).  
4/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 4, Line 1, Column (g).  
5/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 4, Line 2, Column (g).  
6/ Column (a) times Column (b).  
7/ Column (c) times (1 minus combined income tax rate of 23.3503%).  
8/ Amount from Column (c).



**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**CALCULATION OF LEVELIZED FEDERAL PROVISIONAL**  
**EDIT RIDER CREDIT**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Settlement Exhibit 2**  
**Schedule 2**

Line No.	Item	Year 1 Revenue Requirement (a)	Year 2 Revenue Requirement (b)	Total Revenue Requirement (c)
1	Total NC retail regulatory liability to be amortized	(\$121,053) <sup>1/</sup>	(\$121,053) <sup>1/</sup>	
2	Annuity factor	1.8787 <sup>2/</sup>	1.8787 <sup>2/</sup>	
3	Levelized rider EDIT regulatory liability (L1 / L2)	(64,434)	(64,434)	(\$128,868)
4	One minus composite income tax rate	76.6497% <sup>3/</sup>	76.6497% <sup>3/</sup>	76.6497%
5	Net operating income effect (L3 x L4)	(49,388)	(49,388)	(98,777)
6	Retention factor	0.7635890 <sup>4/</sup>	0.7635890 <sup>4/</sup>	0.7635890
7	Levelized rider EDIT credit (L5 / L6)	(\$64,679)	(\$64,679)	(\$129,359)

- 1/ McManeus Supplemental Exhibit 4., Column (e), Line 8.  
2/ Boswell Second Supplemental and Stipulation Exhibit 2, Schedule 2(a), Line 6.  
3/ One minus composite income tax rate of 23.3503%.  
4/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 1-2, Line 14, Column (d).

DUKE ENERGY CAROLINAS, LLC  
Docket No. E-7, Subs 1213 and 1214  
North Carolina Retail Operations  
**CALCULATION OF ANNUITY FACTOR FOR EDIT**  
For the Test Year Ended December 31, 2018  
(in Thousands)

Public Staff  
Boswell Second Supplemental and Settlement Exhibit 2  
Schedule 2(a)

Line No.	Item	Amount
	<u>Annuity Factor</u>	
1	Number of years	2 <sup>1/</sup>
2	Payment per period	1
3	After tax rate of return (L9)	6.563%
4	Present value of 1 dollar over number of years with with 1 payment per year	1.8190
5	1 plus (interest rate divided by two)	1.0328
6	Annuity factor (L4 x L5)	<u>1.8787</u>

	Capital Structure	Cost Rates	Overall Rate of Return	Net of Tax Rate
	(a)	(b)	(c)	(d)
	<u>After Tax Rate of Return</u>			
7	Long-term debt	48.00% <sup>2/</sup>	4.270% <sup>4/</sup>	2.050%
8	Common equity	52.00% <sup>3/</sup>	9.600% <sup>5/</sup>	4.992% <sup>8/</sup>
9	Total	<u>100.00%</u>	<u>7.042%</u>	<u>6.563%</u>

1/ Rider period per Second Stipulation.

2/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 4, Line 1, Column (a).

3/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 4, Line 2, Column (a).

4/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 4, Line 1, Column (g).

5/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 4, Line 2, Column (g).

6/ Column (a) times Column (b).

7/ Column (c) times (1 minus combined income tax rate of 23.3503%).

8/ Amount from Column (c).

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Subs 1213 and 1214**  
**North Carolina Retail Operations**  
**CALCULATION OF LEVELIZED STATE EDIT RIDER**  
**CREDIT**  
**For the Test Year Ended December 31, 2018**  
**(in Thousands)**

**Public Staff**  
**Boswell Second Supplemental and Settlement Exhibit 2**  
**Schedule 3**

Line No.	Item	Year 1 Revenue Requirement (a)	Year 2 Revenue Requirement (b)	Total Revenue Requirement (b)
1	Total NC retail regulatory liability to be amortized	(\$34,392) <sup>1/</sup>	(\$34,392) <sup>1/</sup>	
2	Annuity factor	1.8787 <sup>2/</sup>	1.8787 <sup>2/</sup>	
3	Levelized rider EDIT regulatory liability (L1 / L2)	(18,306)	(18,306)	(\$36,612)
4	One minus composite income tax rate	76.6497% <sup>3/</sup>	76.6497% <sup>3/</sup>	76.6497%
5	Net operating income effect (L3 x L4)	(14,031)	(14,031)	(28,063)
6	Retention factor	0.7635890 <sup>4/</sup>	0.7635890 <sup>4/</sup>	0.7635890
7	Levelized rider EDIT credit (L5 / L6)	(\$18,375)	(\$18,375)	(\$36,751)

- 1/ McManeus Supplemental Exhibit 4, Column (d), Line 8.  
 2/ Boswell Second Supplemental and Stipulation Exhibit 2, Schedule 2(a), Line 6.  
 3/ One minus composite income tax rate of 23.3503%.  
 4/ Boswell Second Supplemental and Stipulation Exhibit 1, Schedule 1-2, Line 14, Column (d).