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October 20, 2023

VIA ELECTRONIC FILING

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

**RE: Duke Energy Carolinas, LLC's Application to Adjust Retail Base Rates and for Performance-Based Regulation, and Request for an Accounting Order
Docket No. E-7, Sub 1276**

Dear Ms. Dunston:

Enclosed for filing with the North Carolina Utilities Commission in the abovereferenced docket is Duke Energy Carolinas, LLC's Late-Filed Exhibit No. 6.

Thank you for your assistance in this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,

Jack E. Jirak

cc: Parties of Record
Christopher J. Ayers, Executive Director, Public Staff
Lucy Edmondson, Chief Counsel, Public Staff

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Oct 20 2023

Duke Energy Carolinas, LLC
Late-Filed Exhibit 6
Docket No. E-7, Sub 1276

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Request:

On September 1, 2023, during the expert witness hearing held by the Commission in Docket No. E-7, Sub 1276 involving the Performance-Based Ratemaking Application of Duke Energy Carolinas, LLC (DEC), Commissioner Clotfelter requested a late-filed exhibit showing the effect on depreciation expense as a result of changing the retirement date for Cliffside 5 and the impact of the change to the proposed amount to be securitized when Cliffside 5 is finally retired.

Response:

The Q. Bowman Settlement exhibits show the total change in depreciation expense resulting from the settlement but do not isolate the change in depreciation expense for Cliffside 5 that results from changing the retirement date. This late-filed exhibit isolates the impact of changing the retirement date for Cliffside 5 from December 31, 2025 to December 31, 2030.

Line No.	Impact of Change in Accelerated Retirement Date	12/31/2025		12/31/2030	
		Retirement Date		Retirement Date	Change
1	Proposed Accelerated Depreciation CLIFFSIDE UNIT 5 - DEC System	75,138,030	[2]	46,488,111	[3] (28,649,919)
2	Non-Accelerated Depreciation CLIFFSIDE UNIT 5 - DEC System	39,987,105	[2]	39,987,105	[3] -
3	Incremental depreciation expense due to accelerated retirement date	\$ 35,150,925		\$ 6,501,006	\$ (28,649,919)
4	NC Retail Allocation %	66.97%	[2]	66.97%	[3]
5		\$ 23,540,207		\$ 4,353,656	\$ (19,186,551)
6	Eligible for Securitization %	50.00%		50.00%	
7	Annual Incremental Depreciation Expense Deferred (NC Retail) [1]	\$ 11,770,103		\$ 2,176,828	\$ (9,593,275)
8					
9					
10	Change in Accelerated Depreciation Expense	Retirement Date		Retirement Date	Change
11	Proposed Accelerated Depreciation CLIFFSIDE UNIT 5 - DEC System	\$ 75,138,030		\$ 46,488,111	\$ (28,649,919)
12	NC Retail Allocation %	66.97%		66.97%	
13		50,319,152		31,132,601	(19,186,551)
14	Less: Reg Asset due to Annual Accelerated Depreciation Expense (NC Retail)	\$ (11,770,103)		\$ (2,176,828)	\$ 9,593,275
15	Net Annual DEC-NC Retail Depreciation Expense	38,549,049		28,955,774	(9,593,275)
	[1] This amount does not include the impact of additional 25% deferral per the settlement that is not eligible for securitization.				
	[2] Source: Q. Bowman Third Supplemental Exhibit 4 Page 179 of 308				
	[3] Source: Q. Bowman Supplemental Partial Settlement Exhibit 4 page 178 of 308				

As shown in the chart above, the net annual depreciation expense (for NC Retail) for Cliffside 5 will decrease by \$9.6M as a result of changing the retirement date in the depreciation study (Line 15). This amount includes the impact of deferring 50% of incremental accelerated depreciation expense as originally proposed by the Company and agreed to as part of settlement with Public Staff. Increasing the deferral from 50% to 75% also decreases the net annual depreciation expense.

Note, however, the change in retirement date in the depreciation study should not impact the amount eligible for securitization when Cliffside 5 is finally retired. The intent of the proposed deferral of 50% of the incremental accelerated depreciation expense is to preserve the net book value eligible for securitization (50%) at the same level that it would have been had the expected retirement dates not been updated in the depreciation study. The \$9.6M decrease in depreciation expense referenced above solely relates to the 50% portion of the plant not eligible for securitization.

<u>Line No.</u>	<u>Impact of Accelerated Retirement Date</u>	<u>12/31/2025</u> <u>Retirement Date</u>	<u>12/31/2030</u> <u>Retirement Date</u>	<u>Change</u>
1	Proposed Accelerated Depreciation CLIFFSIDE UNIT 5 - DEC System	75,138,030 [2]	46,488,111 [3]	(28,649,919)
2	Non-Accelerated Depreciation CLIFFSIDE UNIT 5 - DEC System	39,987,105 [2]	39,987,105 [3]	-
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5		\$ 23,540,207	\$ 4,353,656	\$ (19,186,551)
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10	<u>Change in Accelerated Depreciation Expense</u>	<u>12/31/2025</u>	<u>12/31/2030</u>	<u>Change</u>
11	Proposed Accelerated Depreciation CLIFFSIDE UNIT 5 - DEC System	\$ 75,138,030	\$ 46,488,111	\$ (28,649,919)
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15	Net Annual DEC-NC Retail Depreciation Expense	38,549,049	28,955,774	(9,593,275)

[1] This amount does not include the impact of additional 25% deferral per the settlement that is not eligible for securitization.

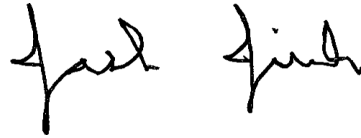
[2] Source: Q. Bowman Third Supplemental Exhibit 4 Page 179 of 308

[3] Source: Q. Bowman Supplemental Partial Settlement Exhibit 4 page 178 of 308

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's Late-Filed Exhibit No. 6 has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid, to parties of record.

This the 20th day of October, 2023.

A handwritten signature in black ink, appearing to read "Jack Jirak", written in a cursive style.

Jack E. Jirak
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