

DUKE ENERGY CAROLINAS, LLC

Docket No. E-7, Sub 1283

Compliance Costs - EMF Period January 1, 2022 - December 31, 2022

Williams Exhibit No. 2

Page 1 of 3

February 28, 2023

Allocate incremental cost per customer class:

Combined DEC North Carolina Retail and Wholesale

Line No.	Customer class	Total unadjusted number of accounts <sup>(1)</sup>	Adjustment for self-supplied requirements <sup>(1)</sup>	Total adjusted number of accounts <sup>(1)</sup>	Annual per account cost cap	Annual adjusted revenue cap	Cost cap allocation factor	Combined incremental REPS compliance cost for DEC NC retail / wholesale	Annual per account charge <sup>(2)</sup>
1	Residential	1,972,567	762,332	1,210,235	\$ 27	\$ 32,676,345	53.3%	\$ 17,813,577	\$ 14.72
2	General	280,081	108,759	171,322	\$ 150	\$ 25,698,300	41.9%	\$ 14,008,800	\$ 81.77
3	Industrial	4,847	1,894	2,953	\$ 1,000	\$ 2,953,000	4.8%	\$ 1,611,513	\$ 545.72
4	<b>Total</b>	<b>2,257,495</b>	<b>872,985</b>	<b>1,384,510</b>		<b>\$ 61,327,645</b>	<b>100.0%</b>	<b>\$ 33,433,890</b>	(b)

Williams Exhibit No. 1,  
Page 1, Line No. 15

Calculate DEC NC retail-only annual REPS compliance cost per customer class:

DEC North Carolina Retail Only

Line No.	Customer class	Total adjusted number of accounts - DEC NC retail <sup>(1)</sup>	Annual per account charge <sup>(2)</sup>	Incremental REPS compliance cost allocated to DEC NC retail	
5	Residential	1,100,198	\$ 14.72	\$ 16,194,915	
6	General	158,688	\$ 81.77	\$ 12,975,918	
7	Industrial	2,791	\$ 545.72	\$ 1,523,105	
8	<b>Total</b>	<b>1,261,677</b>		<b>30,693,938</b>	(a)

Percent allocated to DEC NC retail  
91.80% (a) / (b)

DEC NC retail components for cost allocation to customer class

		Incremental REPS compliance cost by type	DEC NC retail incremental REPS compliance cost by type	Add: Solar Rebate Program cost	Total DEC NC retail REPS recovery cost by type
9	Set-aside, Other Incremental, and Research, + Solar Rebate Program	67.4%	\$ 20,687,714	\$ 2,286,917	\$ 22,974,631
10	General RECs	32.6%	\$ 10,006,224	\$ -	\$ 10,006,224
11	Total incremental REPS compliance cost for DEC NC retail	Williams Exhibit No. 1, Page 1, Line Nos. 13,14	<b>\$ 30,693,938</b>	<b>\$ 2,286,917</b>	<b>32,980,855</b>

(a) Williams Exhibit No. 1, Page 1, Line No. 16

Notes:

(1) Average number of accounts subject to REPS charge during 2022.

(2) Annual per account charges are the result of the allocation of REPS costs between Duke Energy Carolinas retail customers and the Company's wholesale REPS customers, and are used only for calculating the total cost obligations of Duke Energy Carolinas retail customers and the wholesale REPS customers, respectively. Proposed REPS rider charges per account are instead calculated using unadjusted REPS account totals by class - see Williams Exhibit No. 4.

DEC North Carolina Retail Only

Calculate Set-aside and other incremental costs per customer class:

Line No.	Customer class	Total unadjusted number of accounts <sup>(1)</sup>	Annual per account cost cap	Calculated annual revenue cap	Cost cap allocation factor	Allocated annual Set-aside, Other Incremental, Solar Rebate Program, and Research Cost
1	Residential	1,833,663	\$ 27	49,508,901	52.76%	\$ 12,122,196
2	General	264,480	\$ 150	39,672,000	42.28%	\$ 9,713,643
3	Industrial	4,651	\$ 1,000	4,651,000	4.96%	\$ 1,138,792
4	<b>Total</b>	<b>2,102,794</b>		<b>93,831,901</b>	<b>100.00%</b>	<b>\$ 22,974,631</b>

Williams Ex. No. 2 Pg 1  
Line No. 9

Calculate General Requirement incremental costs per customer class:

Line No.	Customer class	Number of RECs for General compliance <sup>(3)</sup> (a)	% of EE RECs supplied by class <sup>(2)</sup>	REC requirement supplied by EE by class (b)	Number of General RECs net of EE (c) = (a) - (b)	General cost allocation factor (e) = (c) / (d)	Allocated annual General incremental costs
5	Residential	3,594,507	40.70%	1,181,764	2,412,743	61.72%	\$ 6,175,841
6	General	2,880,316	48.59%	1,410,734	1,469,582	37.59%	\$ 3,761,340
7	Industrial	337,678	10.71%	310,905	26,773	0.69%	\$ 69,043
8	<b>Total</b>	<b>6,812,501</b>	<b>100.00%</b>	<b>2,903,404</b>	<b>3,909,098</b>	<b>100.00%</b>	<b>\$ 10,006,224</b>

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Line No. 10

Total cost allocation by customer class:

		Total Incremental REPS cost by class	% Incremental REPS cost by class
9	Residential	\$ 18,298,037	55.48%
10	General	\$ 13,474,983	40.86%
11	Industrial	\$ 1,207,835	3.66%
12	<b>Total</b>	<b>\$ 32,980,855</b>	<b>100.00%</b>

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Line No. 11

- (1) Average number of accounts subject to REPS charge during 2022.  
(2) EE allocated to account type according to actual relative contribution by customer class of EE RECs.  
(3) Total General RECs per note (4) \* "Cost Cap Allocation Factor" by class per line Nos. 1-3 above.  
(4) General REC requirement for EMF Period (total requirement net of solar, poultry, and swine set-asides)  
(5) Total REC requirement met with EE savings - capped at 40% total - allocated to class according to contribution by class
- |   |           |
|---|-----------|
| Total compliance requirement - EMF period | 7,258,509 |
| Maximum allowed to be met with EE savings | 40%       |
| REC requirement supplied by EE savings    | 2,903,404 |

Calculate incremental cost under/(over) collection per customer class:

DEC North Carolina Retail Only									
Line No.	Customer class	Allocated annual Set-aside, Other Incremental, Solar Rebate Program, and Research cost	Allocated annual General incremental costs	Total incremental costs incurred January - December 2022	Actual DEC NC retail REPS revenues realized January - December 2022	REPS EMF - under/(over)-collection, before interest	Interest on over-collection <sup>(1)</sup>	REPS EMF - under/(over)-collection	
1	Residential	\$ 12,122,196	\$ 6,175,841	\$ 18,298,037	\$ 18,843,011	\$ (544,974)	\$ (90,829)	\$ (635,803)	
2	General	\$ 9,713,643	\$ 3,761,340	\$ 13,474,983	\$ 14,099,143	\$ (624,160)	\$ (104,027)	\$ (728,187)	
3	Industrial	\$ 1,138,792	\$ 69,043	\$ 1,207,835	\$ 1,080,332	\$ 127,503	\$ -	\$ 127,503	
4	<b>Total</b>	<b>\$ 22,974,631</b>	<b>\$ 10,006,224</b>	<b>\$ 32,980,855</b>	<b>\$ 34,022,486</b>	<b>\$ (1,041,631)</b>	<b>\$ (194,856)</b>	<b>\$ (1,236,487)</b>	
		Williams Ex. No. 2 Pg 2 Line No. 4	Williams Ex. No. 2 Pg 2 Line No. 8	Williams Ex. No. 2 Pg 2 Line No. 12					

Note:

- (1) Interest calculated at annual rate of 10% for number of months from mid-point of EMF period to mid-point of prospective rider billing period.