

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1142
DOCKET NO. E-2, SUB 1131
DOCKET NO. E-2, SUB 1103
DOCKET NO. E-2, SUB 1153

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)

DOCKET NO. E-2, SUB 1142)

Application of Duke Energy Progress, LLC)

For Adjustment of Rates and Charges)

Applicable to Electric Service in North)

Carolina)

DOCKET NO. E-2, SUB 1131)

Application of Duke Energy Progress, LLC)

for an Accounting Order to Defer 2016)

Incremental Storm Damage Expenses)

DOCKET NO. E-2, SUB 1103)

Joint Petition of Duke Energy Progress,)

LLC and Duke Energy Carolinas, LLC for)

an Accounting Order to Defer)

Environmental Compliance Costs)

DOCKET NO. E-2, SUB 1153)

Petition of Duke Energy Progress, LLC for an)

Order Approving a Job Retention Rider)

**AGREEMENT AND
STIPULATION OF PARTIAL
SETTLEMENT**

Duke Energy Progress, LLC ("DEP" or the "Company") and the Public Staff, North Carolinas Utilities Commission (the "Public Staff"), collectively referred to herein as the "Stipulating Parties," through counsel and pursuant to G.S. 62-69, respectfully submit the following Agreement and Stipulation of Partial Settlement

("Stipulation") for consideration by the North Carolina Utilities Commission ("Commission") in the above captioned docket.

I. BACKGROUND

A. On June 1, 2017, DEP filed an application ("Application") for a general rate increase, pursuant to G.S. 62-133 and -134 and Commission Rule R1-17, along with direct testimony and exhibits requesting a non-fuel base rate increase of approximately 14.9 percent in retail revenues, or approximately \$477.5 million. The filing was based upon a 10.75 percent return on equity ("ROE") and a 53 percent equity component of the capital structure.

B. On July 10, 2017, the Commission issued an order consolidating the general rate proceeding in Docket No. E-2, Sub 1142 with DEP's requests to defer incremental storm damage expenses in Docket No. E-2, Sub 1131 and certain environmental compliance costs regarding coal combustion residuals in Docket No. E-2, Sub 1103. On August 29, 2017, the Commission issued an order consolidating the general rate proceeding with DEP's request to implement a job retention rider in Docket No. E-2, Sub 1153.

C. On September 15, 2017, the Company filed supplemental direct testimony and exhibits. On October 20, 2017, the intervenors in this proceeding, including the Public Staff, filed testimony. On November 6, 2017 and November 17, 2017, respectively, the Company filed rebuttal testimony and exhibits and second supplemental testimony and exhibits.

D. The parties to this proceeding have conducted substantial discovery on the issues raised in the Application, as well as on the direct, supplemental and rebuttal testimonies of the Company and the direct testimony of the Public Staff. Prior to the evidentiary hearing originally scheduled to begin November 20, 2017, the Stipulating Parties reached a partial settlement with respect to most of the revenue requirement issues presented by the Company's Application, including those arising from the supplemental and rebuttal testimonies and exhibits. The Stipulating Parties agree and stipulate as follows:

II. UNRESOLVED ISSUES

The Stipulating Parties have not reached a compromise on the following issues ("Unresolved Issues"):

- a. Coal ash costs – The Stipulating Parties did not reach an agreement regarding cost recovery of the Company's coal ash costs, recovery amortization period and return during the amortization period, allocation issues associated with coal ash costs, ongoing costs to be included in rates, and whether certain coal ash costs are recoverable under G.S. 62-133.2.
- b. Storm costs – The Stipulating Parties do not agree on the amount of the Company's requested deferred storm costs to be recovered, and the amortization period of any such recovery.

Resolution of this issue will also affect the adjustment to normalize storm expenses.

c. Job Retention Rider - As described in more detail below, the Parties agree that the Company's proposed Job Retention Rider generally complies with the Commission's guidelines adopted in Docket No. E-100, Sub 73, but two issues remain to be decided upon by the Commission: (1) whether companies involved in the transportation or preservation of a raw material or a finished product (e.g., pipeline customers) should qualify; and (2) how or if the Job Retention Rider should be funded after the expiration of the initial year's \$3.5 million shareholder contribution.

III. REVENUE REQUIREMENT ISSUES RESOLVED BETWEEN THE PARTIES

The revenue requirement effect of this Stipulation is shown in Settlement Exhibit 1, Schedule 1, which provides sufficient support for the annual revenue required on the issues agreed to in this Stipulation.¹ No Stipulating Party waives any right to assert a position in any future proceeding or docket before the Commission or in any court, as the adjustments of Settlement Exhibit 1, Schedule 1 are strictly for purposes of compromise and are intended to show a rational basis for reaching the agreed-upon revenue requirement without either party conceding any specific adjustment. The Stipulating Parties agree that settlement on these

¹ The total increase in base rate revenues and the resulting average increase will not be determined until the Commission rules on the Unresolved Issues.

issues will not be used as a rationale for future arguments on contested issues brought before the Commission. The areas of agreement reflected in Settlement Exhibit 1, Schedule 1 are as follows:

A. Revenues approved for DEP in this proceeding should be adjusted to provide DEP, through sound management, the opportunity to earn an ROE of 9.9 percent. This ROE will be applied to the common equity component of the Company's ratemaking capital structure consisting of 52% equity and 48% long-term debt. The embedded cost of debt agreed to by the Parties as appropriate and reasonable for purposes of this proceeding is 4.05%. The weighted overall rate of return resulting from the above inputs is 7.09%.

B. The Company shall update its post-test year additions to plant in service and accumulated depreciation calculation to reflect the period from the beginning of the Company's test year through October 31, 2017.

C. The Company shall update its post-test year additions to include Asheville construction work in progress (CWIP) through October 31, 2017.

D. The Company shall annualize revenues and include the effects of inflation through October 31, 2017.

E. The Company shall update its labor costs through September 30, 2017.

F. The Public Staff withdraws its recommended adjustment to the Company's proposed revenue requirement related to vegetation management

costs. The Company also withdraws its filed position included in the second supplemental testimony of witness Bateman filed November 17, 2017. The effect of this is that the Stipulating Parties agree with the Company's original position filed in this case.

G. The Company will amortize Harris Combined Construction and Operating License Application (COLA) costs over an eight-year period.

H. The Public Staff accepts the Company's modifications to the calculation of DEBS allocations to DEP as a result of the Piedmont Natural Gas merger and changes related to other affiliated entities.

I. The impact of the Company's lost industrial revenues due to Hurricane Matthew should be adjusted as shown on Settlement Exhibit 1, Schedule 1.

J. The excess deferred income taxes (EDIT) that the Company collected pursuant to the Commission's May 13, 2014 order in Docket No. M-100, Sub 138 should be returned to customers through a levelized rider that will expire at the end of a four-year period.

K. The incremental operating expenses for the Customer Connect project should be removed from the Company's revenue requirement as recommended by the Public Staff. Instead, the Company should be authorized to establish a regulatory asset to defer and amortize expenses associated with the Customer Connect project. The Company should be allowed to accrue and

recover AFUDC on the regulatory asset until the DEP Core Meter-to-Cash release (Releases 5-8) of the Customer Connect project goes into service or January 1, 2022, whichever is sooner, at which time a 15-year amortization shall begin. In order to provide the Commission and other interested parties with information concerning the status of development, spending, and the accomplishments to date, the Stipulating Parties will develop the reporting format and the content of that report within 90 days of the Commission's order approving the Stipulation, with the reports to be filed in this docket for the next five years on December 31 of each year or until Customer Connect is fully implemented, whichever is later.

L. The Stipulating Parties agree to remove 50 percent of the corporate aviation O&M expense.

M. The Company accepts the Public Staff's proposed adjustment to executive compensation to remove 50 percent of the compensation of the five Duke Energy executives with the highest amounts of compensation, and to remove 50 percent of the benefits associated with those five executives.

N. Certain costs associated with outside services should be removed as recommended by the Public Staff in the amount shown on Settlement Exhibit 1. This amount does not include costs incurred for certain legal services related to coal ash, which are included in the Unresolved Issues.

O. The Company accepts the Public Staff's proposed adjustment to remove costs to achieve the Duke-Piedmont merger.

P. The Company's depreciation rates should be based on the rates set forth in the Company's most recent depreciation study, subject to application of the following inputs: (1) a 10 percent contingency; (2) a 10-year remaining life for the meters that are being retired pursuant to the Company's AMI program; (3) 70-R2 for Account 356; (4) -10% future net salvage for Account 366; (5) a 17-year life for new AMI meters; and (6) a 20-year amortization period for Accounts 391 and 397.

Q. Company employee incentives should be adjusted to remove the cost of the Short Term Incentive Plan based on the Company's earnings per share for employees who qualify for the Company's Long Term Incentive Plan.

R. The Company shall reduce the amount of coal inventory included in working capital. Further, an increment rider should be approved to manage the transition, effective on the same date as new base rates approved in this proceeding and continuing until inventory levels reach a 35-day supply to allow the Company to recover the additional costs of carrying coal inventory in excess of a 35-day supply (priced at \$76.11 per ton). The rider will terminate the earlier of (a) January 30, 2020 or (b) the last day of the month in which the Company's actual coal inventory levels return to a 35-day supply on a sustained basis. For this purpose, three consecutive months of total coal inventory of 37 days or below will constitute a sustained basis. The Company reserves the right to request an extension of the January 30, 2020 date. The Company will adjust this rider annually, concurrently with DEP's DSM/EE Rider, REPS Rider, JAAR Rider, and Fuel Adjustment Rider, and any over- or under-collection of costs experienced as

a result of this rider shall be trued up in that annual rider filing. For purposes of the coal inventory rider, the Stipulating Parties agree that interest on any under- or over-collection shall be set at the Company's net-of-tax overall rate of return, as approved by the Commission in this proceeding. In addition, the Company will conduct an analysis in consultation with the Public Staff demonstrating the appropriate coal inventory level given market and generation changes since the Company's rate case in Docket No. E-2, Sub 1023. The analysis shall be completed by December 31, 2018.

S. The Sutton CT Blackstart project costs should be adjusted by reducing rate base by \$2.788 million (NC Retail), along with depreciation expense and other cost of capital effects. This adjustment will be permanent for ratemaking and regulatory accounting purposes only. DEP and the Public Staff acknowledge that DEP in no way concedes that it was imprudent, unreasonable, inefficient, or uneconomical in executing the Sutton CT project, but has agreed to the adjustment included in this Stipulation to resolve an otherwise contentious issue.

T. The Company accepts the Public Staff's adjustment to end-of-life nuclear materials and supplies reserve expense, reduced as described in the rebuttal testimony of Company witness Gillespie, and will take appropriate action to manage its Materials and Supplies inventory (nuclear and non-nuclear) to the current practices and procedures utilized by Duke Energy Carolinas, LLC with the goal to ensure that proper levels of inventory are on hand within 24 months after the entry of the Commission's rate case order.

U. The Mayo Zero Liquid Discharge (ZLD) project costs should be adjusted by reducing rate base by \$10.393 million (N.C. Retail), along with depreciation expense and other cost of capital effects. This adjustment will be permanent for ratemaking and regulatory accounting purposes. DEP and the Public Staff acknowledge that DEP in no way concedes that it was imprudent, unreasonable, inefficient, or uneconomical in executing the Mayo ZLD project, but has agreed to the adjustment included in this Stipulation to resolve an otherwise contentious issue.

V. The Company's sponsorships and donations expense should be reduced by the amount paid to the U.S. Chamber of Commerce.

W. The Company accepts the Public Staff's recommended adjustments to lobbying and Board of Directors' expenses.

IV. OTHER AREAS OF AGREEMENT

The parties also agree to the following, which are not reflected on Settlement Exhibit 1, Schedule 1:

A. DEP shall host a technical workshop during the second quarter of 2018 regarding the Company's NC Power/Forward grid investments to explain the need for and ongoing benefits of grid investments, and to hear feedback from stakeholders in attendance. The Company shall report the results of the workshop to the Public Staff and the Commission. Participation by or attendance of the Public Staff at the NC Power/Forward workshop shall not estop the Public Staff

from investigating or making recommendations regarding any element of the Company's North Carolina Power/Forward program in a future rate case or pursuant to applicable statutes or Commission Rules. The holding of the technical workshop does not preclude the Commission from considering or reviewing aspects of the Power/Forward program in separate dockets as it determines appropriate or as requested by other parties nor does it preclude Public Staff participation in such dockets.

B. The Parties have reached agreement on the Company's proposal for a Job Retention Rider as described by Company witness Wheeler in his direct and rebuttal testimony, except for the Unresolved Issues.

C. The total of the approved base fuel and fuel related cost factors, by customer class, will be as set forth in the following table (amounts are ¢/kWh excluding regulatory fee):

| | Res | SGS | MGS | LGS | Lighting |
|---|-------|-------|-------|-------|----------|
| Total Base Fuel (matches approved fuel rate effective December 1, 2016, in Sub 1107 | 1.993 | 2.088 | 2.431 | 2.253 | 0.596 |

Billed fuel rates shall be adjusted to reflect changes to fuel rates approved by the Commission in Docket No. E-2, Sub 1146, effective December 1, 2017.

D. DEP has based its filing in this docket on the Summer Coincident Peak ("SCP") methodology for cost allocation between jurisdictions and among

customer classes. The Public Staff does not oppose the Company's cost of service study and allocation methodology for purposes of settlement in this case only, with the exception of allocation of coal ash costs, which is included within the Unresolved Issues.

E. The Public Staff and the Company agree that DEP shall prepare and file a lead-lag study in its next general rate case.

F. The Stipulating Parties agree on the following with regard to assignment of the revenue increase and the accompanying rate schedules to be filed by the Company in compliance with the Commission's order and other rate design matters proposed by DEP:

1. To the extent possible, the Company shall assign the approved revenue increase consistent with the principles regarding revenue apportionment described in the testimony of Public Staff witness Floyd.

2. The rate class revenue requirement for DEP rate schedules shall be modified to reflect the adjustments in revenues set forth in Settlement Exhibit 1, and shall further be defined once the Commission resolves all issues in this proceeding.

3. The Parties agree that the Company shall implement the rate design proposed by Company witness Wheeler within his direct

testimony, filed contemporaneously with the Company's Application in this docket, as adjusted by this Stipulation, modified as follows:

- a. The Stipulating Parties agree that the Company may increase its Basic Customer Charge for Schedule RES to \$14.00 per month. The Stipulating Parties further agree that the Company may increase its Basic Customer Charges for Schedules R-TOUD and R-TOU to \$16.85 per month.
- b. The Stipulating Parties agree that the Company will maintain the current differential between the on- and off-peak energy rates in all of its time-of-use rate schedules when assigning the revenue requirement approved in this proceeding.
- c. The Stipulating Parties agree that the rates set forth in the minimum bill provisions of the MGS class schedules shall be set at the class approved unit energy and demand cost as proposed by the Company, but shall also be adjusted to reflect all riders applicable to service under the schedule.
- d. To ensure a more equitable impact on the MGS class, the Stipulating Parties agree that the revenue

increase applicable under Schedules MGS and SGS-TOU should strive to achieve approximately the same percentage increase in revenues under each schedule.

G. The Stipulating Parties will cooperate in providing pre-filed testimony to explain and support this Stipulation. The Parties agree that DEP's Application and the testimony and exhibits of the Stipulating Parties will provide sufficient support for the annual revenue requirement agreed to in this Stipulation.

1. Settlement Exhibit 1 attached to this Stipulation sets forth the gross revenues, operating revenue deductions, rate base, and rate of return that the Stipulating Parties agree are appropriate for use for base rates in this proceeding. The Stipulating Parties accept and will not challenge these amounts. These amounts will be impacted by the Commission's decision on the Unresolved Issues which will impact gross revenues, revenue deductions and rate base.

2. Within 30 days after the Commission's issuance of an order approving this Stipulation, but no later than ten business days after the Effective Date of the new rates, DEP will file for Commission approval five copies of all rate schedules designed to comply with the paragraphs above, accompanied by calculations showing the revenues that will be produced by the rates for each schedule. These calculations shall include a schedule comparing the revenue produced by the filed schedules during the test period with the

revenue that will be produced under the proposed settlement schedules (in the format of Company witness Wheeler Exhibit 2), and a schedule illustrating the rates of return by class based on the revenues produced by the rates for each schedule (in the format of Company witness Bateman Exhibit 2).

3. The effective date of the rate change ("Effective Date") shall be the date the Commission issues an order regarding the requested rate increase ("Approval Order"), provided the Commission issues the Approval Order by February 1, 2018. If the Approval Order is issued later than February 1, 2018, the Company reserves its rights to implement temporary rates under bond pursuant to G.S. 62-135 on or after February 1, 2018.

4. Any temporary rates the Company could implement under G.S. 62-135 will be designed to produce revenues no more than the revenue requirement agreed upon in this Stipulation.

H. The Stipulating Parties further agree that JRR revenue credits shall be recovered through a rider from all retail customers concurrent with JRR implementation, which is anticipated to occur approximately six months following the Commission's decision. Rider JRR and the JRR Recovery Rider revenues shall be reported to the Commission annually and the Recovery Rider shall be reviewed and will be subject to adjustment annually coincident with the December fuel adjustment to match anticipated recovery revenues and true-up any past over-

or under-recovery. Due to the uncertain date of implementation, compliance tariffs shall be filed prior to implementation of the JRR Recovery Rider and customers shall be notified by bill insert or message upon implementation.

I. The Stipulating Parties agree that the overall quality of electric service provided by DEP is adequate.

V. AGREEMENT IN SUPPORT OF SETTLEMENT; NON-WAIVER.

A. The Stipulating Parties shall act in good faith and use their best efforts to recommend to the Commission that this Stipulation be accepted and approved. The Stipulating Parties further agree that this Stipulation is in the public interest because it reflects a give-and-take of contested issues and results in rates that are just and reasonable. The Stipulation reasonably balances customer interests in mitigating rate impacts with investor interests in providing for reasonable recovery of investments, thereby providing the necessary level of revenue requirement (as to the stipulated issues) to allow the Company to maintain its financial strength and credit quality and continue to provide high quality electric utility services to its customers. The Stipulating Parties intend to support the reasonableness of this Stipulation in any hearing before the Commission and any proposed order or brief in this docket.

B. Neither this Stipulation nor any of the terms shall be admissible in any court or Commission except insofar as the Commission is addressing litigation arising out of the implementation of the terms herein or the approval of this

Stipulation. This Stipulation shall not be cited as precedent by any of the Parties with regard to any issue in any other proceeding or docket before this Commission or in any court.

C. The provisions of this Stipulation do not reflect any position asserted by any of the Stipulating Parties, but reflect instead the compromise and settlement between the Stipulating Parties as to all of the issues covered hereby. No Stipulating Party waives any right to assert any position in any future proceeding or docket before this or any other Commission and in any court.

D. This Stipulation is a product of negotiation among the Stipulating Parties, and no provision of this Stipulation shall be strictly construed in favor of or against any Party.

VI. RECEIPT OF TESTIMONY AND WAIVER OF CROSS- EXAMINATION

Except for testimony and exhibits related to the Unresolved Issues, the pre-filed testimony and exhibits of the Stipulating Parties may be received in evidence without objection, and each Party waives all right to cross examine any witness with respect to such pre-filed testimony and exhibits. If, however, questions are asked by any Commissioner, or if questions are asked or positions are taken by any person who is not a Party, then any Party may respond to such questions by presenting testimony or exhibits and cross-examining any witness with respect to such testimony and exhibits.

VII. STIPULATION BINDING ONLY IF ACCEPTED IN ITS ENTIRETY

This Stipulation is the product of negotiation and compromise of a complex set of issues, and no portion of this Stipulation is or will be binding on any of the Parties unless the entire Agreement and Stipulation of Settlement is accepted by the Commission. If the Commission rejects any part of this Stipulation or approves this Stipulation subject to any change or condition, or if the Commission's approval of this Stipulation is rejected or conditioned by a reviewing court, the Stipulating Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Stipulation consistent with the order. No Party shall withdraw from the Stipulation prior to complying with the foregoing sentence. If any Party withdraws from the Stipulation, each Party retains the right to seek additional procedures before the Commission, including cross-examination of witnesses, with respect to issues addressed by the Stipulation and shall not be bound or prejudiced by the terms and conditions of the Stipulation.

VIII. COUNTERPARTS

This Stipulation may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Execution by facsimile signature shall be deemed to be, and shall have the same effect as, execution by original signature.

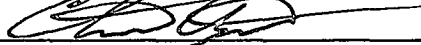
The foregoing is agreed and stipulated this the ____ day of November, 2017.

Duke Energy Progress, LLC

By: _____

David B. Fountain
North Carolina President

Public Staff – North Carolina Utilities
Commission

By:  _____

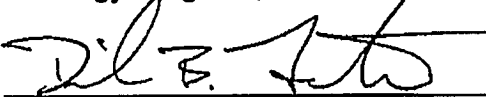
Christopher J. Ayers
Executive Director

VIII. COUNTERPARTS

This Stipulation may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute on and the same instrument. Execution by facsimile signature shall be deemed to be, and shall have the same effect as, execution by original signature.

The foregoing is agreed and stipulated this the 22nd day of November, 2017.

Duke Energy Progress, LLC

By: 

David B. Fountain
North Carolina President

Public Staff – North Carolina Utilities
Commission

By: _____

Christopher J. Ayers
Executive Director

CERTIFICATE OF SERVICE

I certify that I have served a copy of the foregoing Agreement and Stipulation of Partial Settlement on all parties of record in accordance with Commission Rule R1-39, by United States mail, postage prepaid, first class; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 22nd day of November, 2017.

Electronically submitted
/s/ Dianna Downey

Duke Energy Progress
Docket No. E-2, Sub 1142
North Carolina Retail Operations
REVENUE IMPACT OF ADJUSTMENTS
For the Test Year Ended December 31, 2016
(In Thousands)

Settlement Exhibit 1
Schedule 1

| Line No. | Item | Public Staff Amount | Company Amount |
|----------|---|------------------------------|------------------|
| 1 | Revenue requirement increase per Company application | \$477,495 ^{1/} | \$477,495 |
| 2 | Revenue impact of Company update | (57,958) ^{2/} | (57,958) |
| 3 | Revenue requirement increase per Company after updates | 419,537 | 419,537 |
| 4 | Revenue impact of adjustments: ^{3/} | | |
| | <u>Settled Issues</u> | | |
| 5 | Change in equity ratio from 53.00% to 52.00% equity | (10,492) | (10,492) |
| 6 | Change in debt cost rate from 4.170% to 4.050% | (4,681) | (4,681) |
| 7 | Change in return on equity from 10.75% to 9.90% | (57,081) | (57,081) |
| 8 | Update plant and accumulated depreciation to August 31, 2017 | (3,102) | (3,102) |
| 9 | Update revenues to August 31, 2017 | (3,464) | (3,464) |
| 10 | Adjust distribution vegetation management | 0 | 0 |
| 11 | Adjust Harris COLA annual amortization | (3,409) | (3,409) |
| 12 | Adjust allocations by DEBS to DEP | (160) | (160) |
| 13 | Adjust for lost industrial revenues due to Hurricane Matthew | (1,696) | (1,696) |
| 14 | Remove EDIT refund from base rates for treatment as a rider | 37,884 ^{5/} | 37,884 |
| 15 | Remove Customer Connect expenses | (7,973) | (7,973) |
| 16 | Adjust aviation expenses | (300) | (300) |
| 17 | Adjust executive compensation | (239) | (239) |
| 18 | Adjust outside services | (80) | (80) |
| 19 | Remove Duke-Piedmont costs to achieve (CTAs) | (3,831) | (3,831) |
| 20 | Adjust depreciation rates | (15,380) | (15,380) |
| 21 | Adjust incentives | (4,908) | (4,908) |
| 22 | Adjust coal inventory | (847) | (847) |
| 23 | Adjust Sutton CT blackstart plant cost | (396) | (396) |
| 24 | Adjust EOL nuclear materials & supplies reserve expense | (274) | (274) |
| 25 | Adjust Mayo ZLD plant cost | (1,342) | (1,342) |
| 26 | Adjust sponsorships & donations | (26) | (26) |
| 27 | Adjust lobbying expense | (601) | (601) |
| 28 | Adjust Board of Directors expense | (1,395) | (1,395) |
| 29 | Adjust inflation to August 31, 2017 | 6,213 | 6,213 |
| 30 | Adjust salaries and wages | 4,653 | 4,653 |
| 31 | Adjust Asheville base load CWIP | 1,598 | 1,598 |
| | Total Settled Issues | <u>(71,329)</u> | <u>(71,329)</u> |
| 32 | Recommended Revenue Requirement after Settled Issues | <u>348,208</u> | <u>348,208</u> |
| | <u>Unsettled Issues</u> | | |
| 33 | Adjust storm costs | (21,164) | |
| 34 | Remove ongoing environmental costs | (129,529) | |
| 35 | Adjust deferred environmental costs | (53,385) | 1,436 |
| | Total Unsettled Issues | <u>(204,078)</u> | <u>1,436</u> |
| | <u>Other Adjustments</u> | | |
| 36 | Interest Synch | | 157 |
| 37 | Adjust cash working capital under present rates | 382 | 92 |
| 38 | Adjust cash working capital under proposed rates | (2,159) | (1,361) |
| 39 | Rounding | 3 | |
| | Total Other Adjustments | <u>(1,774)</u> | <u>(1,112)</u> |
| 40 | Total revenue impact of unsettled issues and other adjustments | <u>(205,852)</u> | <u>324</u> |
| 41 | Recommended Increase In revenue requirement | <u>142,356 ^{4/}</u> | <u>348,532</u> |
| 42 | Recommended increase in base rate revenue requirement (L41) | \$142,356 | \$348,532 |
| 43 | Annual EDIT Rider recommended for four year period | (42,577) ^{5/} | (42,577) |
| 44 | Recommended revenue requirement for first four years (L42 + L43) | <u>\$99,779</u> | <u>\$305,955</u> |

^{1/} Bateman Exhibit 1, Page 2, Line 8.

^{2/} Based on updated Bateman Exhibit 1 reflecting supplemental adjustments, including correction to cash working capital, provided by Company.

^{3/} Calculated based on Settlement Exhibit 1, Schedules 2, 3, 4, 5, and backup schedules.

^{4/} Settlement Exhibit 1, Schedule 5, Line 5.

^{5/} Under the stipulation the EDIT regulatory liability be refunded through a four year rider. As a result, the Public Staff has removed the amounts included by the Company in the calculation of its revenue requirement associated with the EDIT refund, and instead has calculated a separate rider that will credit customers for the EDIT refund over a four year period. The calculation of the annual EDIT rider is shown on Settlement Exhibit 2.