

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)

TESTIMONY
SUPPORTING COAL
COMBUSTION
RESIDUALS
SETTLEMENT
AGREEMENT 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

**TESTIMONY SUPPORTING COAL COMBUSTION RESIDUALS
SETTLEMENT AGREEMENT OF**

MICHELLE M. BOSWELL

ON BEHALF OF THE PUBLIC STAFF

NORTH CAROLINA UTILITIES COMMISSION

February 5, 2021

1 **Q PLEASE STATE FOR THE RECORD YOUR NAME, ADDRESS,**
2 **AND PRESENT POSITION.**

3 A. My name is Michelle M. Boswell. My business address is 430 North
4 Salisbury Street, Raleigh, North Carolina. I am the Accounting
5 Manager – Electric Section of the Public Staff – Accounting Division.

6 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS CASE?**

7 A. Yes. I filed Direct Testimony and Exhibits on February 18, 2020, First
8 Supplemental Testimony and Exhibits on March 25, 2020, and
9 Second Supplemental Testimony and Exhibits on September 8,
10 2020.

1 **Q. MS. BOSWELL, WHAT IS THE PURPOSE OF YOUR TESTIMONY**
2 **IN THIS PROCEEDING?**

3 A. The purpose of my testimony is to provide the Public Staff's revised
4 calculation of its recommended revenue requirement in this
5 proceeding, including the impacts of the Coal Combustion Residuals
6 Settlement Agreement (CCR Settlement Agreement) entered into by
7 the North Carolina Office of the Attorney General, the Sierra Club,
8 Duke Energy Carolinas, LLC (DEC), Duke Energy Progress, LLC
9 (DEP), and the Public Staff, filed with the Commission on January
10 25, 2021. On January 29, 2021, DEC witness Jane L. McManeus
11 filed CCR Settlement Testimony and Exhibits supporting a
12 \$88,085,000 decrease in DEC's original request for North Carolina
13 retail revenue, for a total supported proposed increase of
14 \$357,246,000.

15 **Q. WHAT UPDATED REVENUE INCREASE IS THE PUBLIC STAFF**
16 **RECOMMENDING?**

17 A. Based on the level of rate base, revenue, and expenses annualized
18 at December 31, 2018, with certain updates, the Public Staff is
19 recommending an increase in annual base rate operating revenue of
20 \$322,007,000.

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 **CCR SETTLEMENT TESTIMONY?**

5 A. With regard to settled issues, in general, the impacts of the settled
6 issues have been carried forward in the Company's CCR testimony
7 and exhibits. However, there are minor differences between some
8 of the individual adjustments, as well as a working capital calculation
9 for the coal ash settlement that the Public Staff and DEC will continue
10 to work through and finalize. With regard to unsettled issues, while
11 the Company has not carried forward the impact of any Public Staff
12 positions in its filing, I have included the same recommended
13 adjustments as previously detailed in my Second Supplemental and
14 Settlement testimony and reflected in Boswell Second Supplemental
15 and Stipulation Exhibit 1 in this docket.

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

19 A. Yes. The attached Boswell CCR Settlement Exhibit 1 sets forth the
20 accounting and ratemaking adjustments that I and other Public Staff
21 witnesses have made to the revenue, expenses, rate base, and
22 revenue requirement set forth in DEC's CCR Settlement Testimony.

1 I note that not until the Commission makes a determination regarding
2 the yet unresolved issues (including, but not limited to, depreciation
3 and hydro sales) can the settled accounting and ratemaking
4 adjustments be finalized, and the resulting rate base, net operating
5 income, return, and rate increase be calculated.

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

8 A. Schedule 1 of Boswell CCR Settlement Exhibit 1 presents a
9 reconciliation of the difference between the Company's requested
10 increase as of the Second Partial Settlement of \$414,433,000 and
11 the Public Staff's recommended increase of \$322,007,000, including
12 all adjustments included in the First and Second Partial Stipulations
13 except for EDIT Riders, and the CCR Settlement.

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

18 Schedule 3 presents a statement of net operating income for return
19 under present rates as adjusted by the Public Staff. Schedule 3-1
20 summarizes the Public Staff's adjustments, which are detailed on
21 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 CCR Settlement Exhibit 2 sets forth the calculation of an
9 annual excess deferred income taxes (EDIT) Rider for all
10 unprotected taxes to be in effect for five years, the calculation of a
11 two-year Rider to refund the provisional taxes, and the calculation of
12 a two-year Rider to refund the recent decrease of state taxes.

13 **Q. WHAT ADJUSTMENTS HAVE YOU MADE TO THE REVENUE**
14 **REQUIREMENT SINCE THE SCHEDULES FILED IN SUPPORT**
15 **OF THE SECOND PARTIAL SETTLEMENT?**

16 A. I have incorporated the coal ash adjustments as recommended by
17 Public Staff witness Maness.

18 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

19 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 CCR Settlement Exhibit 1
Schedule 1
Page 1 of 2

| Line No. | Item | Amount |
|--------------------------|----------------------------------------------------------------------------------------------------|---------------------------------------|
| 1 | Revenue requirement increase per Company application | \$445,331 ^{1/} |
| 2 | Revenue impact of Company update | 19,254 ^{5/} |
| 3 | Revenue impact of Company supplemental update | <u>(50,152)</u> |
| 4 | Revenue requirement increase per Company after updates | <u>414,433</u> |
| 5 | Revenue impact of adjustments: ^{2/} | |
| Unsettled Issues: | | |
| 6 | Update plant and accumulated depreciation to May 31, 2020 | (3,705) ^{3/} |
| 7 | Remove Clemson CHP | \$10 ^{3/} |
| 8 | Adjust for Hydro Station Sale | (1,979) |
| 9 | Adjust depreciation rates | (30,710) |
| 10 | Adjust cash working capital under present rates | (453) |
| 11 | Adjust cash working capital under proposed rates | (615) |
| 12 | Rounding | - |
| 13 | Total Unsettled Items | <u>(37,452)</u> |
| Settled Issues: | | |
| 14 | Change in equity ratio from 52.00% to 52.00% equity | - |
| 15 | Change in debt cost rate from 4.270% to 4.270% | - |
| 16 | Change in return on equity from 9.60% to 9.60% | - |
| 17 | Adjust benefits | (892) |
| 18 | Adjust weather normalization to May 31, 2020 | 15 |
| 19 | Updated ADIT for retired meters | 0 |
| 20 | Update revenues to May 31, 2020 | (76) |
| 21 | Adjust to update fuel factors | 0 |
| 22 | Adjust deferred non-ARO environmental costs | 0 |
| 23 | Adjust deferred environmental costs | (54,021) |
| 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 | <u>(54,974)</u> |
| 48 | Total revenue impact of Public Staff adjustments | <u>(92,426)</u> |
| 49 | Public Staff recommended increase / (decrease) in base rate revenue requirement | <u>\$322,007</u> ^{4/} |

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 CCR Settlement Exhibit 1
Schedule 1
Page 2 of 2

| Line No. | Item | Amount |
|----------|-----------------------------------------------------------------------------------------------------------|-------------------------|
| 50 | Public Staff recommended increase / (decrease) in base rate revenue requirement (L49) | \$322,007 |
| 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) ^{6/} |
| 54 | Annual federal unprotected EDIT Rider labeled PP&E by Company for five year period per Second Stipulation | (183,449) ^{6/} |
| 55 | Public Staff recommended change in revenue requirement for first two years (Sum of L50 through L54) | <u>(\$1,922)</u> |
| 56 | Public Staff recommended change in revenue requirement for years 3 thru 5 (L50 + L53 + L54) | <u>\$81,132</u> |

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

2/ Calculated based on Boswell CCR Settlement 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 CCR Settlement 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 CCR Settlement 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 | (11,012) | (\$43,009) | (54,021) |
| 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 CCR Settlement Exhibit 1, Schedule 2-1, Line 16.

2/ Boswell CCR Settlement 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 CCR Settlement Exhibit 1
Schedule 1-2

| Line No. | Item | Capital Structure | Cost Rates | Retention Factor | Gross Revenue Effect |
|---------------|------------------------------------------------------------------------|-----------------------|----------------------|-------------------------|-------------------------|
| | | (a) | (b) | (c) | (d) |
| 1 | <u>Rate Base Factor</u> | | | | |
| 2 | Long-term debt | 48.000% ^{1/} | 4.270% ^{1/} | 0.9962055 ^{2/} | 0.0205741 ^{4/} |
| 3 | Common equity | 52.000% ^{1/} | 9.60% ^{1/} | 0.7635890 ^{3/} | 0.0653755 ^{4/} |
| 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 ^{5/} |
| 8 | Balance (L6 - L7) | | | | <u>0.9974990</u> |
| 9 | Regulatory fee (L8 x .012967) 6/ | | | | <u>0.0012935</u> |
| 10 | Balance (L8 - L9) | | | | 0.9962055 |
| 11 | State income tax (L10 x 2.9750%) 7/ | | | | <u>0.0296371</u> |
| 12 | Balance (L10 - L11) | | | | 0.9665684 |
| 13 | Federal income tax (L12 x 21%) 8/ | | | | <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 CCR Settlement 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

Public Staff
Boswell CCR Settlement Exhibit 1
Schedule 1-3

INCOME TAX RATE

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

| 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% ^{2/} | 26.0000% ^{2/} |
| 3 | State income tax rate | | 2.50% ^{3/} | 5.00% ^{3/} |
| 4 | Weighted state income tax rate | <u>2.9750% ^{1/}</u> | <u>1.67500% ^{4/}</u> | <u>1.30000% ^{4/}</u> |
| 5 | <u>Composite income tax rate</u> | | | |
| 6 | Weighted state income tax rate (L4) | 2.9750% | | |
| 7 | Federal income tax rate | 21% ^{5/} | | |
| 8 | Composite income tax rate | 23.3503% ^{6/} | | |

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 CCR Settlement Exhibit 1
Schedule 2

| Line No. | Item | Under Present Rates | | | After Public Staff Recommended Decrease | |
|----------|-------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------|-----------------------------------------------------|-----------------------------------------|------------------------------------------|
| | | NC Retail Adjusted Per Company ^{1/} (a) | Public Staff Adjustments ^{2/} (b) | After Public Staff Adjustments ^{3/} (c) | Rate Decrease (d) | After Rate Decrease ^{5/} (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 | (5,272) | 154,922 | 37,432 ^{4/} | 192,354 |
| 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) | (3,163) | (594,795) | 37,432 | (557,363) |
| 9 | ARO-related CCR regulatory assets and liabilities | \$690,372 | (167,150) | 523,222 | - | 523,222 |
| 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 | - | 39,030 | 39,030 | - | 39,030 |
| 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>(\$108,182)</u> | <u>\$17,013,984</u> | <u>\$37,432</u> | <u>\$17,051,416</u> |

1/ Based on McManeus Second Supplemental Exhibit 1.

2/ Boswell CCR Settlement 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

Public Staff
Boswell CCR Settlement Exhibit 1
Schedule 2-1
Page 1 of 3

SUMMARY OF PUBLIC STAFF RATE BASE ADJUSTMENTS

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

| Line No. | Item | Update Plant and Accumulated Depreciation to 5/31/2020 ^{1/} (a) | Remove State EDIT Refund for Treatment as a Rider ^{2/} (b) | Adjust Depreciation Rates ^{3/} (c) | Remove Deferred Environmental Costs ^{4/} (d) | Adjust for Hydro Station Sale ^{5/} (e) | Update Per Book Working Capital For SWPA (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 | - | - | - | (167,150) | - | |
| 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 | - | - | - | 39,030 | - | |
| 14 | Construction work in progress | - | - | - | - | - | |
| 15 | Total original cost rate base (L3 + L4 + L8 + sum of L9 thru L14) | (\$9,855) | \$0 | \$33,459 | (\$128,120) | \$1,617 | \$0 |
| 16 | Revenue requirement impact ^{16/} | (\$847) | \$0 | \$2,876 | (\$11,012) | \$139 | \$0 |

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

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

Public Staff
Boswell CCR Settlement Exhibit 1
Schedule 2-1
Page 2 of 3

SUMMARY OF PUBLIC STAFF RATE BASE ADJUSTMENTS

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

| 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 CCR Settlement Exhibit 1, Schedule 2-1(g) Line 3.
7/ Boswell CCR Settlement Exhibit 1, Schedule 2-1(g) Line 7.
8/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(i).
9/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(i), Line 6.
10/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(u).
11/ Boswell CCR Settlement Exhibit 1, Schedule 2-1(b) Line 7.

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

Public Staff
Boswell CCR Settlement Exhibit 1
Schedule 2-1
Page 3 of 3

SUMMARY OF PUBLIC STAFF RATE BASE ADJUSTMENTS

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

| Line No. | Item | Adjust Deferred Non-ARO Environmental Costs (n) ^{4/} | 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 ^{17/} (s) | Adjust Cash Working Capital ^{14/} (t) | Total Rate Base Adjustments ^{15/} (u) |
|-----------------------|-------------------------------------------------------------------|------------------------------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------|-------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| 1 | Electric plant in service | \$0 | \$0 | \$0 | \$0 | \$0 ^{6/} | \$0 | \$0 | (\$10,188) |
| 2 | Accumulated depreciation and amortization | - | - | - | - | (\$11) ^{7/} | - | - | 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 | - | - | - | - | - | - | (\$5,272) | (5,272) |
| 6 | Unamortized debt | - | - | - | - | - | - | - | - |
| 7 | Regulatory assets and liabilities, excluding ARO-related CCR | - | - | - | - | - | - | - | (688,263) |
| 8 | Total Working Capital | - | - | - | - | - | - | (5,272) | (693,535) |
| 9 | CCR regulatory assets and liabilities | 0 | - | - | - | - | - | - | 523,222 |
| 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 | - | - | - | - | - | - | 39,030 |
| 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 | (5,272) | (108,182) |
| 16 | Revenue requirement impact ^{16/} | \$0 | \$0 | \$0 | \$0 | (\$1) | \$0 | (\$453) | (\$9,298) |

12/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(w), Line 11.

13/ Boswell CCR Settlement Exhibit 1, Schedule 2-1(e).

14/ Boswell CCR Settlement 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 CCR Settlement 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) ^{1/} | \$1 ^{2/} |
| 2 | Adjustment for annualization of depreciation expense | <u>0</u> | <u>332</u> ^{3/} |
| 3 | Total adjustment to update plant and accumulated depreciation (L1 + L2) | <u><u>(\$10,188)</u></u> | <u><u>\$333</u></u> |

- 1/ Boswell CCR Settlement Exhibit 1, Schedule 2-1(a)(1), Line 15, Column (e).
2/ Boswell CCR Settlement Exhibit 1, Schedule 2-1(a)(2), Line 11, Column (e).
3/ Boswell CCR Settlement 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 CCR Settlement Exhibit 1
Schedule 2-1(a)(1)

| Line No. | Item | Total System | | | NC Retail Percentage ^{4/} | NC Retail Amount |
|----------|------------------------------------------------------|--------------------------------------|---------------------------------------|------------------------------------------|------------------------------------|--------------------------------|
| | | Amount As Of 5/31/2020 ^{1/} | Amount As Of 12/31/2018 ^{2/} | Change in Plant in Service ^{3/} | | |
| | | (a) | (b) | (c) | (d) | (e) |
| 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 ^{5/} |
| 6 | Transmission plant | 4,577,442 | 4,052,747 | 524,695 | 52.6634% | 276,322 ^{5/} |
| 7 | Distribution plant | 13,258,710 | 12,085,804 | 1,172,906 | 73.9558% | 867,432 ^{5/} |
| 8 | General plant | 1,384,735 | 1,212,985 | 171,750 | 69.0221% | 118,545 ^{5/} |
| 9 | Intangible plant | 1,064,479 | 986,751 | 77,728 | 69.0221% | 53,649 ^{5/} |
| 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 | | | | | - ^{6/} |
| 13 | Update to plant per Public Staff (L11 - L12) | | | | | 2,201,494 |
| 14 | Company adjustment for 2019 and 2020 plant additions | | | | | <u>2,211,682</u> ^{7/} |
| 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 CCR Settlement Exhibit 1
Schedule 2-1(a)(2)

| Line No. | Item | Total Carolinas | | | NC Retail Percentage ^{3/} | NC Retail Amount |
|----------|----------------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------------------|------------------------------------|---------------------------|
| | | Amount As Of 5/31/2020 ^{1/} | Amount As Of 12/31/2018 ^{1/} | Change in Accumulated Depreciation ^{2/} | | |
| | | (a) | (b) | (c) | | |
| 1 | Production plant | (\$9,443,521) | (\$8,604,490) | (\$839,031) | 67.4345% | (\$565,796) ^{4/} |
| 2 | Transmission plant | (1,428,458) | (1,385,391) | (43,067) | 52.6634% | (22,681) ^{4/} |
| 3 | Distribution plant | (4,973,344) | (4,816,028) | (157,316) | 73.9558% | (116,344) ^{4/} |
| 4 | General plant | (459,321) | (414,681) | (44,640) | 69.0221% | (30,811) ^{4/} |
| 5 | Intangible plant | (706,737) | (609,897) | (96,840) | 69.0221% | (66,841) ^{4/} |
| 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 | | | | | - ^{5/} |
| 9 | Public Staff adjustment to update to 1/31/20 | | | | | (802,473) |
| 10 | Company adjustment to update | | | | | (802,474) ^{6/} |
| 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 CCR Settlement Exhibit 1
Schedule 2-1(a)(3)

| Line No. | Item | Annualized Depreciation Expense at 5/31/2020 ^{1/} | Per Books Depreciation Expense for Twelve Months Ended 05/31/20 ^{1/} | Difference ^{2/} | NC Retail Percentage ^{3/} | NC Retail Amount (e) |
|----------|-----------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------|--------------------------|---------------------------------------|-------------------------------|
| | | (a) | (b) | (c) | (d) | (e) |
| 1 | Production plant | \$759,987 | \$740,744 | \$19,243 | 67.4345% | \$12,976 ^{4/} |
| 2 | Production Contra ADC | (4,028) | (3,633) | (395) | 100.0000% | (395) ^{4/} |
| 3 | Transmission plant | 91,327 | 87,196 | 4,131 | 52.6634% | 2,176 ^{4/} |
| 4 | Transmission Contra ADC | (21) | (22) | 1 | 100.0000% | 1 ^{4/} |
| 5 | NC Distribution plant | 215,723 | 207,881 | 7,842 | 99.6471% | 7,814 ^{4/} |
| 6 | SC Distribution plant | 74,338 | 72,060 | 2,278 | 0.0000% | - ^{4/} |
| 7 | General plant | 75,282 | 68,302 | 6,980 | 69.0221% | 4,818 ^{4/} |
| 8 | Intangible plant | 70,159 | 70,159 | - | 69.0221% | - ^{4/} |
| 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) ^{5/}</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

Public Staff
Boswell CCR Settlement Exhibit 1
Schedule 2-1(b)

**ADJUSTMENT ADIT for NC Unrecovered Net Book Value of Retired
Meters**
For the Test Year Ended December 31, 2018
(in Thousands)

| 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 | <u>66,567</u> ^{2/} |
| 3 | Actual Net Change through May 31, 2020 (L1 - L2) | 38,275 |
| 4 | Tax rate | <u>23.3503%</u> ^{3/} |
| 5 | Impact to ADIT (L3 x L4) | (8,937) |
| 6 | Company adjustment to ADIT | <u>(8,937)</u> ^{4/} |
| 7 | Adjustment to ADIT for retired meters (L5 - L6) | <u><u>(0)</u></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 CCR Settlement 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</u> ^{3/} |
| 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</u> ^{5/} |
| 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 CCR Settlement Exhibit 1
Schedule 2-1(d)

| Line No. | Item | Per Books Amounts ^{1/} | Company Ratemaking Adjustments ^{2/} | After Company Adjustments ^{3/} | Public Staff Adjustments ^{4/} | After Public Staff Adjustments ^{5/} | (Lead) / Lag Days ^{6/} | Working Capital From Lead/Lag Study ^{7/} |
|----------|-----------------------------------------------------|---------------------------------|----------------------------------------------|-----------------------------------------|----------------------------------------|----------------------------------------------|---------------------------------|---------------------------------------------------|
| | | (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 CCR Settlement Exhibit 1
Schedule 2-1(d)

| Line No. | Item | Per Books Amounts ^{1/} | Company Ratemaking Adjustments ^{2/} | After Company Adjustments ^{3/} | Public Staff Adjustments ^{4/} | After Public Staff Adjustments ^{5/} | (Lead) / Lag Days ^{6/} | Working Capital From Lead/Lag Study ^{7/} |
|----------|-------------------------------------------------|---------------------------------|----------------------------------------------|-----------------------------------------|----------------------------------------|----------------------------------------------|---------------------------------|---------------------------------------------------|
| | | (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 | (80,139) | 1,111,571 | - | - |
| 52 | REPS rider NC amortization expense | | | - | - | - | | - |
| 53 | Annual NOx proceeds | | | - | - | - | | - |
| 54 | Other amortization expense | | - | - | - | - | | - |
| 55 | Remove non-fuel rider costs | | | - | - | - | | - |
| 56 | Rounding | | | - | - | - | | - |
| 57 | Depreciation and amortization expense | 838,805 | 352,905 | 1,191,710 | (80,139) | 1,111,571 | | - |
| 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 | | | - | 19,445 | 19,445 | | - |
| 76 | Total income taxes | 224,997 | (79,407) | 145,590 | 19,445 | 165,035 | | (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 | (183,981) | 3,718,574 | | (283,425) |

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 CCR Settlement Exhibit 1
Schedule 2-1(d)

| Line No. | Item | Per Books Amounts ^{1/} | Company Ratemaking Adjustments ^{2/} | After Company Adjustments ^{3/} | Public Staff Adjustments ^{4/} | After Public Staff Adjustments ^{5/} | (Lead) / Lag Days ^{6/} | Working Capital From Lead/ Lag Study ^{7/} |
|----------|---------------------------------------------------|------------------------------------|----------------------------------------------------|-----------------------------------------------|-------------------------------------------|----------------------------------------------------|------------------------------------|-------------------------------------------------------------|
| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) |
| 79 | Interest expense | 317,199 | 33,759 | 350,958 | (2,131) | 348,827 | (85.20) | (81,425) |
| 80 | Income available for common equity | 765,133 | (223,943) | 541,191 | 63,837 | 605,028 | | - |
| 81 | Net operating income for return | <u>1,082,332</u> | <u>(190,184)</u> | <u>892,148</u> | <u>61,706</u> | <u>953,854</u> | | <u>(81,425)</u> |
| 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>(\$364,850)</u> |
| 83 | Cash working capital before sales tax requirement | | | | | | | \$148,718 |
| 84 | Working capital related to sales tax | | | | | | | <u>6,204</u> |
| 85 | Cash working capital per Public Staff | | | | | | | 154,922 |
| 86 | Amount per Company application | | | | | | | <u>160,194 ^{2/}</u> |
| 87 | Adjustment to cash working capital | | | | | | | <u>(\$5,272)</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 CCR Settlement 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).

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)

Public Staff
Boswell CCR Settlement Exhibit 1
Schedule 2-1(d)(1)
Page 1 of 6

| Line No. | Item | Adjust Weather Normalization 1/ (a) | Update Plant to 1/31/2020 1/ (b) | Update Customer Growth & Usage to 1/31/2020 1/ (c) | Adjust Distribution Vegetation Management 1/ (d) | Adjust Salaries and Wages 1/ (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 |

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

DUKE ENERGY CAROLINAS, LLC
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(In Thousands)

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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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North Carolina Retail Operations
PUBLIC STAFF ADJUSTMENTS TO BE
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| Line No. | Item | Adjust Aviation Expenses 1/ (k) | Adjust Credit Card Fees 1/ (l) | Adjust Advertising Expense 1/ (m) | Adjust Storm Deferral 1/ (n) | Adjust Lobbying Expense 1/ (o) |
|----------|-----------------------------------------------------|------------------------------------------|-----------------------------------------|--------------------------------------------|---------------------------------------|-----------------------------------------|
| 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 trans 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 |

DUKE ENERGY CAROLINAS, LLC
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North Carolina Retail Operations
PUBLIC STAFF ADJUSTMENTS TO BE
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| Line No. | Item | Adjust | Adjust | Adjust | Adjust | Adjust |
|----------|-----------------------------------------------------|-------------------------------|---------------------------------|---------------------|-------------------------------|------------------------|
| | | Board of Directors Expense 1/ | Deferred Environmental Costs 1/ | Outside Services 1/ | Sponsorships and Donations 1/ | Storm Normalization 1/ |
| | | (p) | (q) | (r) | (s) | (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 trans 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 | - | (41,787) | - | - | - |
| 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 | - | (41,787) | - | - | - |
| 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 | - | 9,757 | - | - | - |
| 64 | Total income taxes | - | 9,757 | - | - | - |
| 65 | Amortization of ITC | - | - | - | - | - |
| 66 | Total electric operating expenses | - | (32,030) | - | - | 0 |
| 67 | Interest expense | - | - | - | - | - |
| 68 | Income available for common equity (L39 -L66 - L67) | - | 32,030 | - | - | (0) |
| 69 | Net operating income for return | - | 32,030 | - | - | (0) |
| 70 | Total requirement | \$0 | \$0 | \$0 | \$0 | \$0 |

DUKE ENERGY CAROLINAS, LLC
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North Carolina Retail Operations
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| Line No. | Item | Adjust | Adjust | Adjust | Include | Adjustment to |
|----------|-----------------------------------------------------|----------------------------------------------------|--------------------------------|----------------------|-----------------------------------------------------------------------------|-----------------------------------|
| | | O&M related to Retired Hydro Units 1/ (u) | Rate Case Expense 1/ (v) | Severances 1/ (w) | Flowback of Protected EDIT due to Tax Cuts & Jobs Act 1/ (x) | 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 transmit 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 | | | | | - |
| 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 |

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)

Public Staff
Boswell CCR Settlement Exhibit 1
Schedule 2-1(d)(1)
Page 6 of 6

| 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 | | (80,139) |
| 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 | - | - | 11 | - | - | (80,139) |
| 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 | 498 | 19,445 |
| 64 | Total income taxes | | | (3) | 208 | 498 | 19,445 |
| 65 | Amortization of ITC | | | | | | - |
| 66 | Total electric operating expenses | (124,385) | - | 8 | (681) | 498 | (183,981) |
| 67 | Interest expense | | | | | (2,131) | (2,131) |
| 68 | Income available for common equity (L39 -L66 - L67) | 0 | - | (8) | 681 | 1,633 | 63,837 |
| 69 | Net operating income for return | 0 | - | (8) | 681 | (498) | 61,706 |
| 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)

Public Staff
Boswell Second Supplemental and Stipulation Exh. 1
Schedule 2-1(e)
Page 1 of 2

| Line No. | Item | Under Present Rates | | (Lead) Lag Days | Iteration 1 | | | | |
|----------|-------------------------------------------------|---------------------|-----|-----------------|----------------|--------------------|-----|---------------------|-----|
| | | After Adjustments | 1/ | | With Increase | CWC Change | | | |
| | | (a) | (b) | 4/ | (c) | (d) | 11/ | (e) | 13/ |
| 1 | Electric operating revenues: | | | | | | | | |
| 2 | Rate revenues | \$4,519,540 | | 39.58 | \$319,950 | \$4,839,490 | | \$34,695 | |
| 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 | - | 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>319,950</u> | <u>4,992,378</u> | | <u>34,695</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) | | - | 1,214 | (23,611) | | - | |
| 49 | Total O&M expenses | <u>2,250,394</u> | | | <u>1,214</u> | <u>2,250,394</u> | | | |
| 50 | | | | | | | | | |
| 51 | Depreciation expense | 1,111,571 | | - | - | 1,111,571 | | - | |
| 52 | REPS rider NC amortization expense | - | | - | - | - | | - | |
| 53 | Annual NCV proceeds | - | | - | - | - | | - | |
| 54 | Other amortization expense | - | | - | - | - | | - | |
| 55 | Remove non-fuel rider costs | - | | - | - | - | | - | |
| 56 | Depreciation and amortization expense | <u>1,111,571</u> | | | | <u>1,111,571</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>212,105</u> | | | |
| 71 | Interest on customer deposits | 7,130 | | (218.40) | - | 7,130 | | - | |
| 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 | 19,445 | | - | 74,426 | 93,870 | | - | |
| 75 | Total income taxes | <u>165,035</u> | | | <u>74,426</u> | <u>239,461</u> | | | |
| 76 | Amortization of ITC | (2,836) | | - | - | (2,836) | | - | |
| 77 | Total electric operating expenses | <u>3,743,399</u> | | | <u>75,640</u> | <u>3,817,825</u> | | | |
| 78 | Interest expense | 348,827 | | (85.20) | - | 348,827 | | - | |
| 79 | Income available for common equity | 605,028 | | - | 244,310 | 849,338 | | - | |
| 80 | Net operating income for return | 953,854 | | - | 244,310 | 1,198,165 | | - | |
| 81 | Total requirement | <u>\$4,697,253</u> | | | <u>319,950</u> | <u>\$5,015,990</u> | | <u>\$0</u> | |
| 82 | Cumulative change in working capital | | | | | | | \$34,695 | |
| 83 | Rate base under present rates | | | | | | | 17,013,984 | |
| 84 | Rate base after rate increase | <u>\$17,013,984</u> | | 2/ | | | | <u>\$17,048,679</u> | |
| 85 | Overall rate of return | 5.61% | | | | | | 7.03% | |
| 86 | Target rate of return | 7.04% | 3/ | | | | | 7.04% | 3/ |

1/ Boswell CCR Settlement Exhibit 1, Schedule 2-1(d), Column (e).
2/ Boswell CCR Settlement Exhibit 1, Schedule 2, Line 13, Column (c).
3/ Boswell CCR Settlement Exhibit 1, Schedule 4, Line 3, Column (h).
4/ Boswell CCR Settlement Exhibit 1, Schedule 2-1(d), Column (f).
5/ Line 19 minus (Sum of Line 3 thru Line 18).
6/ Boswell CCR Settlement Exhibit 1, Schedule 3, Line 3, Column (d).
7/ Line 79 divided by retention factor of 0.7635890.

8/ Line 19 times (uncollectibles rate of 0.25010%+ regulatory fee rate, net of uncollectibles, of .0012935).
9/ (Line 79 divided by (1 minus 23.3503%)) minus Line 79
10/ Column (d) minus Column (a).

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)
Page 2 of 2

| Line No. | Item | Iteration 2 | | | Iteration 3 | | |
|----------|--------------------------------------------------|--------------|-------------------|----------------|--------------|-------------------|----------------|
| | | Increase (f) | With Increase (g) | CWC Change (h) | Increase (i) | With Increase (j) | CWC Change (k) |
| 1 | Electric operating revenues: | | | | | | |
| 2 | Rate revenues | \$26,474 | \$4,865,964 | \$2,871 | \$233 | \$4,866,198 | \$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 | 26,474 | 5,018,853 | 2,871 | 233 | 5,019,086 | 25 |
| 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. | 11 | (23,600) | - | 1 | (23,589) | - |
| 49 | Total O&M expenses | 11 | 2,250,394 | - | 1 | 2,250,394 | - |
| 50 | | | | | | | |
| 51 | Depreciation expense | - | 1,111,571 | - | - | 1,111,571 | - |
| 52 | REPS rider NC amortization expense | - | - | - | - | - | - |
| 53 | Annual NCV proceeds | - | - | - | - | - | - |
| 54 | Other amortization expense | - | - | - | - | - | - |
| 55 | Remove non-fuel rider costs | - | - | - | - | - | - |
| 56 | Depreciation and amortization expense | - | 1,111,571 | - | - | 1,111,571 | - |
| 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 | 528 | 94,398 | - | 41 | 94,440 | (5) |
| 75 | Total income taxes | 528 | 239,989 | - | 41 | 240,030 | (5) |
| 76 | Amortization of ITC | - | (2,836) | - | - | (2,836) | - |
| 77 | Total electric operating expenses | 539 | 3,818,353 | - | 42 | 3,818,394 | (5) |
| 78 | Interest expense | 603 | 349,430 | (141) | 56 | 349,486 | (13) |
| 79 | Income available for common equity | 1,732 | 851,070 | - | 136 | 851,206 | - |
| 80 | Net operating income for return | 2,335 | 1,200,500 | (141) | 192 | 1,200,692 | (13) |
| 81 | Total requirement | \$2,874 | \$5,018,853 | (\$141) | \$234 | \$5,019,086 | (\$18) |
| 82 | Cumulative change in working capital | | | \$37,425 | | | \$37,432 |
| 83 | Rate base under present rates | | | 17,013,984 | | | 17,013,984 |
| 84 | Rate base after rate increase | | | \$17,051,409 | | | \$17,051,416 |
| 85 | Overall rate of return | | | 7.04% | | | 7.04% |
| 86 | Target rate of return | | | 7.04% | | | 7.04% |

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 CCR Settlement Exhibit 1
Schedule 2-1(f)

| Line No. | Item | Amount |
|---------------------------------|------------------------------------------------------------|-------------|
| Plant in service | | |
| 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> |
| Depreciation expense | | |
| 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> |
| Accumulated depreciation | | |
| 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 CCR Settlement Exhibit 1
Schedule 2-1(g)

| Line No. | Item | Amount |
|---------------------------------|-------------------------------------------------------------------------|----------------------|
| Plant in service | | |
| 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) | <u>(12,880)</u> |
| 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) | <u>0</u> |
| 7 | Adjustment to plant in service - NC retail (L13 + L6) | <u>(\$12,880)</u> |
| 8 | Company adjustment to plant in service - NC Retail | (12,880) 5/ |
| 9 | Public Staff adjustment to plant in service - NC Retail (L7 - L8) | <u><u>\$0</u></u> |
| Depreciation expense | | |
| 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) | <u>(402)</u> |
| 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) | <u>0</u> |
| 16 | Adjustment to depreciation expense - NC retail (L10 + L13) | <u>(\$402)</u> |
| 17 | Company adjustment to depreciation expense - NC Retail | (413) 5/ |
| 18 | Public Staff adjustment to depreciation expense - NC Retail (L16 - L17) | <u><u>\$11</u></u> |
| Accumulated depreciation | | |
| 19 | Adjustment to accumulated depreciation (-L14) | \$402 |
| 20 | Company adjustment to accumulated depreciation | 413 5/ |
| 21 | Public Staff adjustment to accumulated depreciation (L19 - L20) | <u><u>(\$11)</u></u> |

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
NET OPERATING INCOME FOR RETURN
For the Test Year Ended December 31, 2018
(in Thousands)

Public Staff
Boswell CCR Settlement Exhibit 1
Schedule 3

| Line No. | Item | Under Present Rates | | | After Public Staff Recommended Decrease | |
|----------|--------------------------------------------------------|--------------------------------|--------------------------|--------------------------------|-----------------------------------------|---------------------|
| | | NC Retail Adjusted Per Company | Public Staff Adjustments | After Public Staff Adjustments | Rate Decrease | After Rate Decrease |
| | | 1/ (a) | 2/ (b) | 3/ (c) | 4/ (d) | 8/ (e) |
| 1 | Electric operating revenues: | | | | | |
| 2 | Sales of electricity | \$4,759,655 | (\$122,275) | \$4,637,380 | \$322,007 | \$4,959,387 |
| 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>322,007</u> | <u>4,994,438</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 | 1,222 | 1,163,967 |
| 10 | Depreciation and amortization | 1,191,710 | (81,197) | 1,110,513 | - | 1,110,513 |
| 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 | 19,712 | 195,041 | 74,724 | 269,765 |
| 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>(184,761)</u> | <u>3,717,798</u> | <u>75,946</u> | <u>3,793,744</u> |
| 17 | Net operating income for return (L4 minus L16) | <u>\$892,146</u> | <u>\$62,486</u> | <u>\$954,633</u> | <u>\$246,061</u> | <u>\$1,200,694</u> |

1/ Based on McManeus Second Supplemental Exhibit 1.

2/ Boswell CCR Settlement Exhibit 1, Schedule 3-1, Column (ee).

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

4/ Line 4 minus Line 3.

5/ Boswell CCR Settlement 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 CCR Settlement Exhibit 1, Schedule 1-2, Line 10.)

7/ Line 4 minus Line 9 minus change in interest expense from Boswell CCR Settlement 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 CCR Settlement 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 ^{1/} | \$0 | (\$581) ^{4/} | \$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 ^{1/} | - | (\$584) ^{4/} | - | - |
| 8 | Purchased power | - | - | - | - | - |
| 9 | Other operations and maintenance expenses | 10 | - | (73) ^{4/} | \$0 ^{5/} | - |
| 10 | Depreciation and amortization | - | (2,795) ^{2/} | - | - | - |
| 11 | General taxes | - | (52) ^{2/} | - | - | - |
| 12 | Interest on customer deposits | - | - | - | - | - |
| 13 | Net income taxes | (3) ^{3/} | 665 ^{3/} | 18 ^{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) | <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 | ^{30/} <u>\$15</u> | <u>(\$2,858)</u> | <u>(\$76)</u> | <u>\$0</u> | <u>\$0</u> |

1/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(a), Line 6.

2/ Boswell CCR Settlement 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 CCR Settlement Exhibit 1, Schedule 3-1(c), Lines 3, 6, and 18.

5/ Boswell CCR Settlement 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 CCR Settlement 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) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 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) | <u>(1,617)</u> | <u>(25,646)</u> | <u>-</u> | <u>0</u> | <u>0</u> |
| 17 | Net operating income for return (L4 minus L16) | <u>1,617</u> | <u>25,646</u> | <u>-</u> | <u>(0)</u> | <u>(0)</u> |
| 18 | Calculated revenue requirement impact | ^{30/} <u>(\$2,118)</u> | <u>(\$33,586)</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

7/ Boswell CCR Settlement Exhibit 1, Sch 3-1(e), Lines 3, 8, and 11.

8/ Boswell CCR Settlement Exhibit 1, Sch 3-1(f), Line 9.

9/ Boswell CCR Settlement Exhibit 1, Sch 3-1(g), Line 17.

10/ Boswell CCR Settlement Exhibit 1, Sch 3-1(h), Line 13.

11/ Boswell CCR Settlement 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 CCR Settlement 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) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 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 | (41,787) 12/ | - | - | \$0 15/ | - | - |
| 11 | General taxes | - | - | - | - | - | - |
| 12 | Interest on customer deposits | - | - | - | - | - | - |
| 13 | Net income taxes | 9,757 3/ | - 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) | <u>(32,030)</u> | <u>-</u> | <u>0</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 17 | Net operating income for return (L4 minus L16) | <u>32,030</u> | <u>-</u> | <u>(0)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 18 | Calculated revenue requirement impact | <u>30/ (\$41,947)</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

12/ Based on the recommendation of Public Staff witness Maness.
13/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(j), Line 7.
14/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(k) Line 7.
15/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(l), Line 4.
16/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(m), Line 10.
17/ Boswell CCR Settlement 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 CCR Settlement 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) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | |
| 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) | <u>-</u> | <u>-</u> | <u>-</u> | <u>0</u> | <u>(0)</u> |
| 17 | Net operating income for return (L4 minus L16) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(0)</u> | <u>0</u> |
| 18 | Calculated revenue requirement impact | <u>30/ \$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

18/ Boswell CCR Settlement Exhibit 1, Sch 3-1(o),
Line 14.

19/ Boswell CCR Settlement Exhibit 1, Sch 3-1(p),
Line 8.

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

21/ Boswell CCR Settlement Exhibit 1, Sch 3-1(r),
Line 13.

22/ Boswell CCR Settlement 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 CCR Settlement 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 CCR Settlement Exhibit 1, Sch 3-1(t),
Line 5.

24/ Boswell CCR Settlement Exhibit 1, Sch 3-1(u),
Line 7.

25/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(w)
Line 15.

26/ Boswell CCR Settlement Exhibit 1, Sch 3-1(w),
Line 5.

27/ Boswell CCR Settlement Exhibit 1,
Schedule 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 CCR Settlement 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/ Cost of Discount of ARO Enviro Costs (dd) | Interest Synchronization Adjustment (ee) | Total NOI Adjustments 28/ (ff) |
|----------|--------------------------------------------------------|----------------------------------------------------------------|-------------------------------|----------------------------|-----------------------------------------------------------|---------------------------------------------------|-----------------------------------------|
| 1 | Electric operating revenues: | | | | | | |
| 2 | Sales of electricity | \$0 | \$0 | \$0 | \$0 | \$0 | (\$122,275) |
| 3 | Other revenues | | | | | - | - |
| 4 | Electric operating revenues (L2 + L3) | | | \$0 | \$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/ | | (1,058) 12/ | - | (81,197) |
| 11 | General taxes | | | | | - | (52) |
| 12 | Interest on customer deposits | | | | | - | - |
| 13 | Net income taxes | - 3/ | (3) 3/ | 208 3/ | 247 3/ | 518 28/ | 19,712 |
| 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) | (811) | 518 | (184,761) |
| 17 | Net operating income for return (L4 minus L16) | - | (8) | 681 | 811 | (518) | 62,486 |
| 18 | Calculated revenue requirement impact | 30/ \$0 | \$11 | (\$892) | (\$1,062) | \$678 | (\$81,832) |

28/ Boswell CCR Settlement 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 CCR Settlement Exhibit 1, Schedule 1-2, Line 14.

31/ Boswell CCR Settlement 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 CCR Settlement 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>(1,319,782,913)</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>\$2,691</u> | | <u>\$2,695</u> |

- 1/ Amounts per Public Staff witness Saillor.
- 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 CCR Settlement 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 | <u>75,055 2/</u> |
| 4 | Public Staff adjustment to depreciation expense for update of plant (L2 - L3) | <u><u>(\$2,795)</u></u> |
| 5 | <u>General taxes</u> | |
| 6 | Update to plant per Public Staff | 2,201,494 3/ |
| 7 | Less: adjustment to intangible plant | <u>53,649 4/</u> |
| 8 | Adjustment to plant excluding intangible plant (L6 - L7) | 2,147,845 |
| 9 | Property tax rate per \$1000 | <u>0.0052256 5/</u> |
| 10 | Impact to property taxes of Public Staff plant update (L8 x L9) | 11,224 |
| 11 | Company adjustment | <u>11,276 6/</u> |
| 12 | Public Staff adjustment to property taxes (L10 - L11) | <u><u>(\$52)</u></u> |

- 1/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(b)(1), Line 12, Column (e).
- 2/ E-1, Item 10, NC-1001(H), Line 64.
- 3/ Boswell CCR Settlement Exhibit 1, Schedule 2-1(a)(1), Line 13, Column (e).
- 4/ Boswell CCR Settlement 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 CCR Settlement Exhibit 1
Schedule 3-1(b)(1)

| Line No. | Item | Increase in Plant in Service ^{1/} | Depreciation Rate ^{2/} | Increase in Depreciation ^{3/} | NC Retail Percentage ^{5/} | NC Retail Amount ^{6/} |
|----------|---------------------------------------|--------------------------------------------------|------------------------------------|-------------------------------------------|---------------------------------------|-----------------------------------|
| | | (a) | (b) | (c) | (d) | (e) |
| 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 ^{8/} | 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 ^{4/} | 14,505 ^{4/} | 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 | | | | | - |
| 12 | Depreciation expense per Public Staff | | | | | <u>\$72,260</u> |

- 1/ Boswell CCR Settlement 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 CCR Settlement 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 CCR Settlement Exhibit 1
Schedule 3-1(c)

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

- 1/ Boswell CCR Settlement Exhibit 1, Schedule 3-1 (c)(3), Line 24.
2/ Boswell CCR Settlement Exhibit 1, Schedule 3-1 (c)(3), Line 24.
3/ Boswell CCR Settlement Exhibit 1, Schedule 3-1 (c)(3), Line 24.
4/ Based on the recommendation of Public Staff witness Saillor.
5/ Boswell CCR Settlement 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 CCR Settlement Exhibit 1
Schedule 3-1(c)(1)

| Line No. | Item | Revenues | | | Fuel & Fuel Related Expenses | |
|----------|---------------------------------------|------------------------------------------------------------|------------------------------------|----------------------------------------------|--------------------------------------------------|----------------------------------------------|
| | | Public Staff Growth NC KWH Adjustment ^{1/} (a) | Cents per KWH ^{2/} (b) | Public Staff Adjustment ^{3/} (c) | Fuel Costs in Cents per KWH ^{4/} (d) | Public Staff Adjustment ^{5/} (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 | <u>669,161,324</u> | | <u>\$63,791</u> | | <u>\$10,725</u> |
| 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) | <u>140,700,974</u> | | <u>9,880</u> | | <u>2,473</u> |
| 8 | T | | 17.16 | 0 | | 0 |
| 9 | TS | <u>121,672</u> | 16.73 | <u>20</u> | 1.7583 | <u>2</u> |
| 10 | Total NC Street Lighting (L8 + L9) | <u>121,672</u> | | <u>20</u> | | <u>2</u> |
| 11 | Total NC Industrial | <u>147,082,334</u> | 5.36 | <u>7,889</u> | 1.6652 | <u>2,449</u> |
| 12 | Total NC Retail (L3 + L7 + L10 + L11) | <u>957,066,304</u> | | <u>\$81,580</u> | | <u>\$15,649</u> |

- 1/ Amounts per Public Staff witness Saillor.
- 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 CCR Settlement Exhibit 1
Schedule 3-1(c)(2)

| Line No. | Item | Revenues | | | Fuel & Fuel Related Expenses | |
|----------|------------------------------------------------|-------------------------------------------------------------|--------------------------------|------------------------------------------|-------------------------------------------------|------------------------------------------|
| | | Public Staff NC KWH Usage 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 | <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) | (139,363,851) | 7.81 | (\$10,891) | 1.7583 | (\$2,450) |
| 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 CCR Settlement 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 ^{1/} | |
| 2 | Non-fuel rider energy-related costs removed from base rates | <u>(94,732) ^{2/}</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 ^{3/} | |
| 5 | Less: fuel expense | <u>1,085,107 ^{4/}</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 ^{5/} | |
| 9 | Salaries and wages in Line 10 - system amount | | 254,543 ^{6/} |
| 10 | Per books employee pensions and benefits - system amount | | <u>102,240 ^{7/}</u> |
| 11 | Subtotal (L9 + L10) | | 356,783 |
| 12 | NC retail allocation factor | | <u>67.7195% ^{8/}</u> |
| 13 | NC retail per books salaries, wages, pensions, and employee benefits (L11 x L12) | | 241,611 |
| 14 | Aviation expense removed elsewhere | | 1,986 ^{9/} |
| 15 | NC regulatory fee adjusted elsewhere | | 6,986 ^{10/} |
| 16 | Outside services removed elsewhere | | 0 ^{11/} |
| 17 | Sponsorships, donations, and advertising removed elsewhere | | 322 ^{12/} |
| 18 | Hydro Station Sales removed elsewhere | | 1,560 ^{14/} |
| 19 | Board of Directors expense removed elsewhere | | 1,910 ^{13/} |
| 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 ^{15/}</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 CCR Settlement Exhibit 1, Schedule 3-1(j), Line 5.
12/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(m), Line 6 and Schedule 3-1(p), Line 3.
13/ Boswell CCR Settlement 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 CCR Settlement 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 ^{1/} | |
| 3 | Account 597 - Meters (maintenance) | 1,788 ^{1/} | |
| 4 | Account 587 - Customer - installations | 8,030 ^{1/} | |
| 5 | Accounts 901-905 - Customer accounts | 65,597 ^{2/} | |
| 6 | Accounts 908-910 - Customer service and information | <u>14,702 ^{2/}</u> | |
| 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 ^{3/} |
| 9 | NC retail allocation factor | | <u>67.7195% ^{4/}</u> |
| 10 | NC retail salaries and wages included in Line 7 | 35,763 | <u>\$35,763</u> |
| 11 | Uncollectibles expense adjusted elsewhere | <u>12,692 ^{5/}</u> | |
| 12 | Total non-payroll bill-related O&M expenses not adjusted elsewhere (L7 - L10 - L11) | <u>49,934</u> | |
| 13 | Total O&M expense, excluding A&G expense | <u>2,143,115 ^{6/}</u> | |
| 14 | Total non-fuel O&M expense, excluding A&G expense | <u>1,058,008 ^{7/}</u> | |
| 15 | Ratio (L12 / L14) | <u>0.047196</u> | |
| 16 | Total A&G expense not adjusted elsewhere | <u>162,190 ^{8/}</u> | |
| 17 | Portion of A&G not adjusted elsewhere related to non-payroll bill-related O&M expense (L15 x L16) | <u>7,655</u> | |
| 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 | <u>27,849,043 ^{3/}</u> | |
| 20 | Cost per bill (\$) (L18 x 1,000 / L19) | <u>\$2.06790</u> | |

- 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 CCR Settlement Exhibit 1, Schedule 3-1(c)(3), Line 4.
7/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(c)(3), Line 6.
8/ Boswell CCR Settlement 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 CCR Settlement 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 ^{1/} | 5 ^{2/} | | 434 ^{3/} |
| 3 | Mountain Miles | 7,847 ^{1/} | 7 ^{2/} | | 1,121 ^{3/} |
| 4 | Other Miles | 41,686 ^{1/} | 9 ^{2/} | | 4,632 ^{3/} |
| 5 | Total number of trim miles (L2 + L3 + L4) | <u>51,704</u> | | 5,559 | 6,187 |
| 6 | Cost per Mile | | | <u>9,041</u> ^{4/} | <u>9,312</u> ^{5/} |
| 7 | Production \$ (Sum L5 x L6) | | | \$ 50,257,472 | \$57,614,767 |
| 8 | Demand \$ | | | 2,159,025 ^{6/} | 2,222,716 ^{7/} |
| 9 | Herbicide \$ | | | 3,343,623 ^{6/} | 3,364,688 ^{7/} |
| 10 | Contract Inspectors \$ | | | <u>696,536</u> ^{6/} | <u>710,467</u> ^{7/} |
| 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%</u> ^{8/} |
| 14 | Total distribution vegetation management adjusment (L12 x L13) | | | | 5,490 |
| 15 | Adjusted distribution VM per Company | | | | <u>5,490</u> ^{9/} |
| 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 CCR Settlement Exhibit 1
Schedule 3-1(e)

| Line No. | Item | Amount |
|----------|-------------------------------------------------------------|--------------------------------|
| 1 | Impact to O&M NC Retail per Company | (\$1,560) ^{1/} |
| 2 | Impact to O&M NC Retail per Public Staff | <u>(1,560) ^{2/}</u> |
| 3 | Change to O&M (L2 - L1) | <u>0</u> |
| 4 | Remove depreciation related to Hydro Sales per Company | (1,440) ^{1/} |
| 5 | Amortize Loss on Sale per Company | 3,249 ^{1/} |
| 6 | Remove depreciation related to Hydro Sales per Public Staff | (1,440) ^{2/} |
| 7 | Amortize Loss on Sale per Public Staff | <u>1,140 ^{3/}</u> |
| 8 | Change to depreciation and amortization (L6 + L7 - L4 - L5) | <u>(2,109)</u> |
| 9 | Remove property taxes per Company | (193) ^{1/} |
| 10 | Remove property taxes per Public Staff | <u>(193) ^{2/}</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 ^{1/} |
| 23 | Regulatory Asset loss on sale per Public Staff | <u>21,603 ^{3/}</u> |
| 24 | Change to regulatory asset loss on sale (L23 - L22) | <u>2,109</u> |
| 25 | Impact to ADIT per Company | (\$4,552) ^{1/} |
| 26 | Impact to ADIT per Public Staff | <u>(\$5,044) ^{2/}</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 CCR Settlement Exhibit 1
Schedule 3-1(f)

| Line No. | Item | Total System (a) | NC Retail 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</u> ^{4/} |
| 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, adjused 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 CCR Settlement Exhibit 1
Schedule 3-1(g)

| Line No. | Item | Amount |
|-----------------------------------------|-----------------------------------------------------------------------------------|------------------------|
| Short Term Incentive Plan (STIP) | | |
| 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> |
| Long Term Incentive Plan (LTIP) | | |
| 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 CCR Settlement Exhibit 1
Schedule 3-1(h)

| Line No. | Item | Amount |
|----------|---------------------------------------------------------------------------------------|-------------------------------|
| 1 | Executive compensation for top 5 executives per Company | \$11,044 ^{1/} |
| 2 | Inclusion of executive benefits in adjustment | <u>738</u> ^{2/} |
| 3 | Executive compensation subject to exclusion adjustment per Public Staff (L1 + L2) | 11,782 |
| 4 | Catawba reimbursement allocation rate | 13.988% ^{3/} |
| 5 | Non-ownership percentage in Catawba plant | <u>80.754%</u> ^{4/} |
| 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 | <u>67.7195%</u> ^{5/} |
| 9 | NC retail portion of executive compensation subject to exclusion adjustment (L7 x L8) | 7,077 |
| 10 | Exclusion percentage | <u>50.00%</u> ^{6/} |
| 11 | Public Staff adjustment to exclude executive compensation (L9 x L10) | (3,539) |
| 12 | Adjustment per Company | <u>(3,539)</u> ^{7/} |
| 13 | Adjustment to remove additional executive compensation (L11 - L12) | <u><u>\$0</u></u> |

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

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

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

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

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

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

7/ 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 CCR Settlement Exhibit 1
Schedule 3-1(i)

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

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 CCR Settlement Exhibit 1
Schedule 3-1(j)

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

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 CCR Settlement Exhibit 1
Schedule 3-1(k)

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

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 CCR Settlement Exhibit 1
Schedule 3-1(I)

| Line No. | Item | Amount |
|----------|-------------------------------------------------------------------------------|------------------------|
| | Income Statement: | |
| 1 | Impact to depreciation and amortization for storm deferral per Company | \$0 ^{1/} |
| 2 | Impact to depreciation and amortization to remove storm assets from rate base | \$0 ^{1/} |
| 3 | Impact to depreciation and amortization for storm deferral per Public Staff | <u>0 ^{3/}</u> |
| 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 ^{1/} |
| 6 | Projected storm deferral balance per Public Staff | <u>- ^{3/}</u> |
| 7 | Adjustment to working capital for storm deferral (L6 - L5) | <u>\$0</u> |
| 8 | Impact to ADIT for storm deferral per Company | \$0 ^{1/} |
| 9 | Impact to ADIT for storm deferral per Public Staff | <u>- ^{3/}</u> |
| 10 | Adjustment to ADIT for storm deferral (L9 - L8) | <u>\$0</u> |
| 11 | Adjustment to remove storm assets from rate base | \$0 ^{2/} |
| 12 | Adjustment to remove accumulated depreciation for storm assets from rate base | <u>0 ^{2/}</u> |
| 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 CCR Settlement Exhibit 1
Schedule 3-1(m)

| Line No. | Item | Amount |
|----------|------------------------------------------------------------------------------------|-------------------------------|
| 1 | Remove sponsorships and donations related to chambers of commerce | (\$136) ^{1/} |
| 2 | Remove donations related to RIPON society and NC Chamber Foundation | (13) ^{2/} |
| 3 | Remove miscellaneous dues and contributions | <u>(121) ^{3/}</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) ^{5/}</u> |
| 6 | Total sponsorships and donations to be removed (L4 - L5) | (136) |
| 7 | NC retail percentage | <u>67.4345% ^{4/}</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) ^{6/}</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 CCR Settlement Exhibit 1
Schedule 3-1(n)

| Line No. | Item | Amount |
|-------------|--------------------------------------------------------------------|-------------------------------|
| 1 | Remove Stakeholder Engagement O&M charges related to lobbying | (\$1,750) ^{1/} |
| 2 | Remove State Government Affairs O&M charges related to lobbying | (97) ^{1/} |
| 3 | Remove Federal Affairs O&M charges related to lobbying | <u>(1,505) ^{1/}</u> |
| 4 | Total lobbying costs to be removed from O&M expense (L1 + L2 + L3) | (3,352) |
| 5 | NC retail percentage | <u>67.7195% ^{2/}</u> |
| 6 | Public Staff adjustment to remove lobbying expense (L4 x L5) | (\$2,270) |
| 7 | Company adjustment to remove lobbying expense | <u>(2,270) ^{3/}</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 CCR Settlement 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) | <u>(323)</u> |
| 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) | <u>(2,330)</u> |
| 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) | <u>(179)</u> |
| 10 | Total Public Staff adjustment to BOD compensation and expenses (L3 + L6 + L9) | (2,832) |
| 11 | NC retail percentage | <u>67.4345% ^{5/}</u> |
| 12 | Public Staff adjustment to BOD expenses - NC retail (L10 x L11) | (\$1,910) |
| 13 | Company adjustment to BOD expenses - NC Retail | <u>(1,910) ^{6/}</u> |
| 14 | Adjustment to BOD expenses - NC Retail (L12 - L13) | <u><u>\$0</u></u> |

- 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 CCR Settlement Exhibit 1
Schedule 3-1(p)

| Line No. | Item | Amount |
|----------|--------------------------------------------------------------|-------------------------------|
| 1 | Remove Advertising Expenses Account 0913001 per Public Staff | (\$311) ^{1/} |
| 2 | Remove Advertising Expenses Account 0909650 per Public Staff | (43) ^{1/} |
| 3 | Reclass pole painting | 124 ^{1/} |
| 4 | Total advertising (L1 + L2 + L3) | <u>(\$230)</u> |
| 5 | NC Retail Allocation factor | <u>76.2817% ^{2/}</u> |
| 6 | Total NC retail advertising expense (L4 x L5) | (\$176) |
| 7 | Company adjustment to NC retail advertising expense | <u>(175) ^{3/}</u> |
| 8 | Adjustment to NC retail advertising expense (L6 - L7) | <u><u>\$0</u></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 CCR Settlement 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 ^{1/} | \$440,886 ^{1/} | \$763,520 ^{1/} | |
| 2 | May 2020 allocation percentages | <u>82.85% ^{1/}</u> | <u>6.92% ^{1/}</u> | <u>25.03% ^{1/}</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 ^{2/}</u> | <u>29,217 ^{2/}</u> | <u>200,403 ^{2/}</u> | |
| 5 | Adjustment to salaries and wages for employees per Public Staff | (25,508) | 1,309 | (9,323) | (\$33,522) ^{4/} |
| 6 | Company adjustment to salaries and wages for employees | <u>(25,507) ^{3/}</u> | <u>1,309 ^{3/}</u> | <u>(9,322) ^{3/}</u> | <u>(33,520) ^{4/}</u> |
| 7 | Adjustment to salaries and wages | <u>(\$1)</u> | <u>\$0</u> | <u>(\$1)</u> | <u>(2)</u> |
| 8 | Public Staff adjustment to total salaries and wages (L7) | | | | (2) |
| 9 | Percent charged to electric expense | | | | <u>66.83% ^{5/}</u> |
| 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 | | | | <u>10.46% ^{6/}</u> |
| 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 | | | | <u>67.7195% ^{7/}</u> |
| 16 | Total adjustment to O&M expense - NC retail (L14 x L15) | | | | <u>\$0</u> |
| 17 | Impact on payroll taxes before Medicare | | | | \$0 ^{8/} |
| 18 | Impact on Medicare payroll taxes | | | | <u>0 ^{9/}</u> |
| 19 | Adjustment to payroll taxes - total system (L17 + L18) | | | | 0 |
| 20 | NC retail percentage | | | | <u>67.7195% ^{7/}</u> |
| 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 CCR Settlement 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 ^{1/} |
| 2 | NC retail percentage | <u>73.6369% ^{2/}</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 ^{3/}</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% ^{2/}</u> |
| 9 | Normalized level of storm costs per Public Staff (L7 x L8) | 20,447 |
| 10 | 2018 Storm costs | <u>18,837 ^{4/}</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 ^{5/}</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 CCR Settlement Exhibit 1
Schedule 3-1(s)

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

Public Staff
Boswell CCR Settlement Exhibit 1
Schedule 3-1(t)

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

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

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

- 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 CCR Settlement 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) ^{1/} |
| 2 | Total pension, OPEB, FASB 112, and non-qualified to O&M expense NC retail updated May 2020 | <u>(4,449) ^{2/}</u> |
| 3 | Adjustment to total pension, OPEB, FAS 112, and non-qualified expenses NC Retail (L2 - L1) | <u><u>(889)</u></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 CCR Settlement 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) | <u>399,463</u> |
| 12 | Inflation percentage based on December 31, 2019 update | <u>1.15%</u> 11/ |
| 13 | Public Staff inflation adjustment (L11 x L12) | 4,594 |
| 14 | Inflation adjustment per Company | <u>4,594</u> 12/ |
| 15 | Public Staff adjustment to inflation adjustment (L13- L14) | <u><u>\$0</u></u> |

- 1/ E-1, Item 10, NC-1201(J), Line 33, Column (c).
2/ Removed by Company in NC-1201(J).
3/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(c), Line 15.
4/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(i), Line 9 plus Line 21.
5/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(j), Line 7.
6/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(m), Line 8.
7/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(p), Line 8.
8/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(p), Line 3.
9/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(n), Line 6.
10/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(o), Line 12.
11/ Boswell CCR Settlement 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 CCR Settlement 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 ^{1/} | 209.8 ^{1/} | 195.0 ^{1/} | | |
| 2 | Thirteen month average for test year | 250.8 ^{2/} | 203.2 ^{2/} | 201.4 ^{2/} | | |
| 3 | Increase from average to December 2019 (L1 - L2) | 5.6 | 6.6 | (6.4) | | |
| 4 | Percentage increase | 2.25% ^{3/} | 3.25% ^{3/} | -3.18% ^{3/} | 0.04% ^{4/} | <u>1.15%</u> ^{5/} |

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 CCR Settlement Exhibit 1
Schedule 3-1(x)

| Line No. | Item | Amount |
|----------|------------------------------------------------------------------------------------------|-------------------------------|
| | <u>Inocme statement</u> | |
| 1 | Annual amortization of protected EDIT - NC retail | (\$29,734) ^{1/} |
| 2 | Income tax impact | 6,943 ^{3/} |
| 3 | Annual amortization of protected EDIT - NC retail, net of tax (L1 + L2) | <u>(\$22,791)</u> |
| 4 | Company adjustment for annual amortization of protexted EDIT - NC Retail | <u>(22,791) ^{2/}</u> |
| 5 | Public Staff adjustment for annual amortization of protected EDIT - NC Retail (L3 - L4) | <u><u>\$0</u></u> |
| | <u>Rate base</u> | |
| 6 | Adjustment to regulatory assets and liabilities (L1) | \$29,734 |
| 7 | Composite income tax rate | <u>23.3503% ^{4/}</u> |
| 8 | Impact to accumulated deferred income taxes (L6 x L7) | <u>(6,943)</u> |
| 9 | Adjustment to rate base (L6 + L8) | \$22,791 |
| 10 | Company adjustment for annual amortization of protexted EDIT - NC Retail | <u>22,791 ^{2/}</u> |
| 11 | Public Staff adjustment for annual amortization of protected EDIT - NC Retail (L9 - L10) | <u><u>\$0</u></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 CCR Settlement 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 ^{1/} | 23,470,094,319 ^{1/} | 12,555,749,214 ^{1/} | 691,830,144 ^{1/} | 59,480,702,588 ^{1/} |
| 2 | Fuel factors approved in E-7, Sub 1228 including reg fee | 1.6048 ^{4/} | 1.7606 ^{4/} | 1.6674 ^{4/} | 1.7606 ^{4/} | |
| 3 | Fuel factors approved in E-7, Sub 1190 including reg fee | 1.8150 ^{5/} | 1.9586 ^{5/} | 1.8959 ^{5/} | 1.9586 ^{5/} | |
| 4 | Change in fuel factors (L2 - L3) | <u>(0.2102)</u> | <u>(0.1981)</u> | <u>(0.2285)</u> | <u>(0.1981)</u> | |
| 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) ^{7/}</u> |
| 6 | Regulatory fee | 0.0012967 ^{6/} | 0.0012967 ^{6/} | 0.0012967 ^{6/} | 0.0012967 ^{6/} | |
| 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) ^{7/}</u> |
| Impact to Expenses: | | | | | | |
| 8 | NC Retail kWh actual sales - 12 months ended December 2018 | 22,763,028,911 ^{1/} | 23,470,094,319 ^{1/} | 12,555,749,214 ^{1/} | 691,830,144 ^{1/} | 59,480,702,588 ^{1/} |
| 9 | Fuel factors approved in E-7, Sub 1228 excluding reg fee | 1.6027 ^{2/} | 1.7583 ^{2/} | 1.6652 ^{2/} | 1.7583 ^{2/} | |
| 10 | Fuel factors approved in E-7, Sub 1190 excluding reg fee | 1.8126 ^{3/} | 1.9561 ^{3/} | 1.8934 ^{3/} | 1.9561 ^{3/} | |
| 11 | Change in fuel factors (L9 - L10) | <u>(0.2099)</u> | <u>(0.1978)</u> | <u>(0.2282)</u> | <u>(0.1978)</u> | |
| 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) ^{7/}</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 CCR Settlement Exhibit 1
Schedule 3-1(y)

| Line No. | Item | Amount |
|----------|-------------------------------------------------------------------|-------------------------------|
| 1 | Public Staff original cost rate base | \$17,013,984 ^{1/} |
| 2 | Public Staff long term debt ratio | 48.000% ^{2/} |
| 3 | Public Staff embedded cost of debt | <u>4.270% ^{3/}</u> |
| 4 | Public Staff interest expense income tax deduction (L1 x L2 x L3) | 348,719 |
| 5 | Company interest expense income tax deduction | <u>350,936 ^{4/}</u> |
| 6 | Adjustment to interest expense (L4 - L5) | (2,217) |
| 7 | Composite tax rate | <u>23.3503% ^{5/}</u> |
| 8 | Adjustment to income taxes (-L6 x L7) | <u><u>\$518</u></u> |

1/ Boswell CCR Settlement Exhibit 1, Schedule 2, Line 12, Column (c).

2/ Boswell CCR Settlement Exhibit 1, Schedule 4, Line 1, Column (a).

3/ Boswell CCR Settlement Exhibit 1, Schedule 4, Line 1, Column (c).

4/ Boswell CCR Settlement Exhibit 1, Schedule 3-1(y)(1), Line 4.

5/ Boswell CCR Settlement 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 CCR Settlement Exhibit 1
Schedule 3-1(y)(1)

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

1/ Boswell CCR Settlement 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 CCR Settlement Exhibit 1
Schedule 4

| Line No. | Item | Capitalization Ratio (a) | Before Public Staff Proposed Decrease | | | After Public Staff Proposed Decrease | | | | |
|----------|-----------------|-----------------------------|---------------------------------------|--------------------------------|--------------------------------|--------------------------------------|------------------------------------|--------------------------------|--------------------------------|-----------------------------|
| | | | NC Retail Rate Base (b) | Embedded Cost or Return (c) | Weighted Cost or Return (d) | Net Operating Income (e) | NC Retail Rate Base (f) | Embedded Cost or Return (g) | Weighted Cost or Return (h) | Net Operating Income (i) |
| 1 | Long-term debt | 48.000% ^{1/} | \$8,166,712 ^{2/} | 4.270% ^{1/} | 2.05% ^{5/} | \$348,719 ^{6/} | \$8,184,680 ^{9/} | 4.270% ^{1/} | 2.050% ^{11/} | \$349,486 ^{12/} |
| 2 | Common equity | 52.000% ^{1/} | 8,847,272 ^{2/} | 6.85% ^{4/} | 3.56% ^{5/} | 605,914 ^{7/} | 8,866,736 ^{9/} | 9.60% ^{1/} | 4.992% ^{11/} | 851,207 ^{12/} |
| 3 | Total (L1 + L2) | <u>100.000%</u> | <u>\$17,013,984</u> ^{3/} | | <u>5.61%</u> | <u>\$954,633</u> ^{8/} | <u>\$17,051,416</u> ^{10/} | | <u>7.042%</u> | <u>\$1,200,693</u> |

- 1/ Per Second Stipulation.
- 2/ Column (b), Line 3 times Column (a)
- 3/ Boswell CCR Settlement 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 CCR Settlement Exhibit 1, Schedule 3, Line 17, Column (c).
- 9/ Column (f), Line 3 times Column (a)
- 10/ Boswell CCR Settlement 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 CCR Settlement Exhibit 1
Schedule 5

| Line No. | Item | Debt (a) | Equity (b) | Total (c) ^{7/} |
|----------|------------------------------------------------------------|--------------------------------|--------------------------------|----------------------------|
| | <u>Calculation of additional gross revenue requirement</u> | | | |
| 1 | Required net operating income | \$349,486 ^{1/} | \$851,207 ^{4/} | \$1,200,693 |
| 2 | Net operating income before proposed increase | <u>\$348,719 ^{2/}</u> | <u>605,914 ^{5/}</u> | <u>954,633</u> |
| 3 | Additional net operating income requirement (L1 - L2) | 767 | 245,293 | 246,060 |
| 4 | Retention factor | <u>0.9962055 ^{3/}</u> | <u>0.7635890 ^{6/}</u> | |
| 5 | Additional revenue requirement (L3 / L4) | <u><u>\$770</u></u> | <u><u>\$321,237</u></u> | <u><u>\$322,007</u></u> |

- 1/ Boswell CCR Settlement Exhibit 1, Schedule 4, Line 1, Column (i).
2/ Boswell CCR Settlement Exhibit 1, Schedule 4, Line 1, Column (e).
3/ Boswell CCR Settlement Exhibit 1, Schedule 1-2, Line 10.
4/ Boswell CCR Settlement Exhibit 1, Schedule 4, Line 2, Column (i).
5/ Boswell CCR Settlement Exhibit 1, Schedule 4, Line 2, Column (e).
6/ Boswell CCR Settlement 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 CCR 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) ^{1/} | (\$245,120) ^{1/} | (\$245,120) ^{1/} | (\$245,120) ^{1/} | (\$245,120) ^{1/} | |
| 2 | Annuity factor | 4.2847 ^{2/} | 4.2847 ^{2/} | 4.2847 ^{2/} | 4.2847 ^{2/} | 4.2847 ^{2/} | |
| 3 | Levelized rider EDIT regulatory liability (L1 / L2) | (57,208) | (57,208) | (57,208) | (57,208) | (57,208) | (\$286,040) ^{5/} |
| 4 | One minus composite income tax rate | 76.6497% ^{3/} | 76.6497% ^{3/} | 76.6497% ^{3/} | 76.6497% ^{3/} | 76.6497% ^{3/} | 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 ^{4/} | 0.7635890 ^{4/} | 0.7635890 ^{4/} | 0.7635890 ^{4/} | 0.7635890 ^{4/} | 0.7635890 |
| 7 | Levelized rider EDIT credit (L5 / L6) | <u>(\$57,426)</u> | <u>(\$57,426)</u> | <u>(\$57,426)</u> | <u>(\$57,426)</u> | <u>(\$57,426)</u> | <u>(\$287,130)</u> |
| 8 | Total NC retail regulatory liability to be amortized | (\$783,045) ^{6/} | (\$783,045) ^{1/} | (\$783,045) ^{1/} | (\$783,045) ^{1/} | (\$783,045) ^{1/} | |
| 9 | Annuity factor | 4.2847 ^{2/} | 4.2847 ^{2/} | 4.2847 ^{2/} | 4.2847 ^{2/} | 4.2847 ^{2/} | |
| 10 | Levelized rider EDIT regulatory liability (L1 / L2) | (182,754) | (182,754) | (182,754) | (182,754) | (182,754) | (\$913,770) ^{5/} |
| 11 | One minus composite income tax rate | 76.6497% ^{3/} | 76.6497% ^{3/} | 76.6497% ^{3/} | 76.6497% ^{3/} | 76.6497% ^{3/} | 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 ^{4/} | 0.7635890 ^{4/} | 0.7635890 ^{4/} | 0.7635890 ^{4/} | 0.7635890 ^{4/} | 0.7635890 |
| 14 | Levelized rider EDIT credit (L5 / L6) | <u>(\$183,449)</u> | <u>(\$183,449)</u> | <u>(\$183,449)</u> | <u>(\$183,449)</u> | <u>(\$183,449)</u> | <u>(\$917,250)</u> |

- 1/ McManeus Supplemental Exhibit 4, Column (c), Line 8.
- 2/ Boswell CCR Settlement Exhibit 2, Schedule 1(a), Line 6.
- 3/ One minus composite income tax rate of 23.3503%.
- 4/ Boswell CCR Settlement 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 CCR Settlement Exhibit 2
Schedule 1(a)

| Line No. | Item | Amount |
|-----------------------|--------------------------------------------------------------------------------|-----------------|
| <u>Annuity Factor</u> | | |
| 1 | Number of years | 5 ^{1/} |
| 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 (a) | Cost Rates (b) | Overall Rate of Return (c) | Net of Tax Rate (d) |
|---------------------------------|-----------------------------|----------------------|-------------------------------------|---------------------------|
| | | | ^{6/} | |
| <u>After Tax Rate of Return</u> | | | | |
| 7 | 48.00% ^{2/} | 4.270% ^{4/} | 2.050% | 1.571% ^{7/} |
| 8 | 52.00% ^{3/} | 9.600% ^{5/} | 4.992% | 4.992% ^{8/} |
| 9 | <u>100.00%</u> | | <u>7.042%</u> | <u>6.563%</u> |

- 1/ Rider period recommended by Public Staff.
- 2/ Boswell CCR Settlement Exhibit 1, Schedule 4, Line 1, Column (a).
- 3/ Boswell CCR Settlement Exhibit 1, Schedule 4, Line 2, Column (a).
- 4/ Boswell CCR Settlement Exhibit 1, Schedule 4, Line 1, Column (g).
- 5/ Boswell CCR Settlement 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 CCR 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) ^{1/} | (\$121,053) ^{1/} | |
| 2 | Annuity factor | 1.8787 ^{2/} | 1.8787 ^{2/} | |
| 3 | Levelized rider EDIT regulatory liability (L1 / L2) | (64,434) | (64,434) | (\$128,868) |
| 4 | One minus composite income tax rate | 76.6497% ^{3/} | 76.6497% ^{3/} | 76.6497% |
| 5 | Net operating income effect (L3 x L4) | (49,388) | (49,388) | (98,777) |
| 6 | Retention factor | 0.7635890 ^{4/} | 0.7635890 ^{4/} | 0.7635890 |
| 7 | Levelized rider EDIT credit (L5 / L6) | <u>(\$64,679)</u> | <u>(\$64,679)</u> | <u>(\$129,359)</u> |

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

| Line No. | Item | Amount |
|----------|--------------------------------------------------------------------------------|----------------------|
| | <u>Annuity Factor</u> | |
| 1 | Number of years | 2 ^{1/} |
| 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) | <u>1.0328</u> |
| 6 | Annuity factor (L4 x L5) | <u><u>1.8787</u></u> |

| | Capital Structure | Cost Rates | Overall Rate of Return ^{6/} | Net of Tax Rate |
|---|---------------------------------|-----------------------------|--------------------------------------------|-----------------------------|
| | (a) | (b) | (c) | (d) |
| | <u>After Tax Rate of Return</u> | | | |
| 7 | 48.00% ^{2/} | 4.270% ^{4/} | 2.050% | 1.571% ^{7/} |
| 8 | <u>52.00% ^{3/}</u> | <u>9.600% ^{5/}</u> | <u>4.992%</u> | <u>4.992% ^{8/}</u> |
| 9 | <u><u>100.00%</u></u> | | <u><u>7.042%</u></u> | <u><u>6.563%</u></u> |

- 1/ Rider period per Second Stipulation.
- 2/ Boswell CCR Settlement Exhibit 1, Schedule 4, Line 1, Column (a).
- 3/ Boswell CCR Settlement Exhibit 1, Schedule 4, Line 2, Column (a).
- 4/ Boswell CCR Settlement Exhibit 1, Schedule 4, Line 1, Column (g).
- 5/ Boswell CCR Settlement 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 CCR 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) ^{1/} | (\$34,392) ^{1/} | |
| 2 | Annuity factor | 1.8787 ^{2/} | 1.8787 ^{2/} | |
| 3 | Levelized rider EDIT regulatory liability (L1 / L2) | (18,306) | (18,306) | (\$36,612) |
| 4 | One minus composite income tax rate | 76.6497% ^{3/} | 76.6497% ^{3/} | 76.6497% |
| 5 | Net operating income effect (L3 x L4) | (14,031) | (14,031) | (28,063) |
| 6 | Retention factor | 0.7635890 ^{4/} | 0.7635890 ^{4/} | 0.7635890 |
| 7 | Levelized rider EDIT credit (L5 / L6) | <u>(\$18,375)</u> | <u>(\$18,375)</u> | <u>(\$36,751)</u> |

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