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January 29, 2021

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

**RE: Duke Energy Progress LLC's CCR Settlement Testimony of Stephen G. De May and CCR Settlement Testimony and Exhibits of Kim H. Smith
Docket No. E-2, Sub 1219
Docket No. E-2, Sub 1193**

Dear Ms. Campbell:

Enclosed for filing in the above-referenced dockets is Duke Energy Progress LLC's CCR Settlement Testimony of Stephen G. De May and CCR Settlement Testimony and Exhibits of Kim H. Smith.

If you have any questions, please let me know.

Sincerely,

/s/ Camal O. Robinson
Camal O. Robinson

Enclosures

cc: Parties of Record

OFFICIAL COPY

Jan 29 2021

In the Matter of:)	
)	
DOCKET NO. E-2, SUB 1219)	
Application of Duke Energy Progress, LLC For)	
Adjustment of Rates and Charges Applicable to)	
Electric Service in North Carolina)	
)	CCR SETTLEMENT
DOCKET NO. E-2, SUB 1193)	TESTIMONY OF STEPHEN
Petition of Duke Energy Progress, LLC for an)	G. DE MAY FOR DUKE
Accounting Order to Defer Incremental Storm)	ENERGY PROGRESS, LLC
Damage Expenses Incurred as a Result of)	
Hurricanes Florence and Michael and Winter)	
Storm Diego)	
)	

I. WITNESS IDENTIFICATION AND QUALIFICATIONS

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Stephen G. De May, and my business address is 410 South
3 Wilmington Street, Raleigh, North Carolina, 27601.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am the North Carolina President for Duke Energy Progress (“DEP” or the
6 “Company”), which is a wholly owned subsidiary of Duke Energy Corporation,
7 as well as Duke Energy Carolinas, LLC (“DEC”) and Progress Energy Inc., also
8 wholly owned subsidiaries of Duke Energy.

9 **Q. DID YOU OFFER ANY TESTIMONY IN THIS PROCEEDING?**

10 A. Yes. I filed direct testimony in this docket on October 30, 2019 and rebuttal
11 testimony on May 4, 2020. I also filed testimony in support of the Company’s
12 partial settlements with the North Carolina Utilities Commission Public Staff
13 (“Public Staff”) on June 2, 2020 and July 31, 2020. Additionally, I testified
14 before the Commission at the expert hearing for this proceeding on September
15 29, 2020.

16 **II. PURPOSE AND OVERVIEW OF TESTIMONY**

17 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

18 A. The purpose of my testimony is to support the Commission’s approval and
19 adoption of the coal combustion residuals (“CCR” or “coal ash”) settlement
20 agreement resolving all major outstanding issues regarding the management
21 and handling of CCRs, including costs to safely close and remediate the

1 Company's coal ash basins (the "CCR Settlement Agreement" or "Agreement")
2 entered into by the Company, along with DEC, the Public Staff, the North
3 Carolina Office of the Attorney General ("AGO"), and Sierra Club
4 (collectively, the "Settling Parties"). The CCR Settlement Agreement, which
5 was filed with the Commission on January 25, 2021, details a plan for coal ash
6 management cost allocation for costs incurred from January 2015 through
7 January 2030.

8 The CCR Settlement Agreement represents a balanced solution
9 designed to resolve the coal ash cost recovery debate in North Carolina by
10 providing immediate and long-term savings for our customers while providing
11 the long-term certainty the Company and its investors need. Approval of this
12 balanced solution by the Commission will allow the Company, the other
13 Settling Parties, along with the Commission itself, to put this debate behind us,
14 and allow all parties to move forward towards the cleaner energy future that the
15 State, the Company, and its customers want and deserve. The CCR Settlement
16 Agreement is therefore in the public interest and should be approved.

17 **III. THE CCR SETTLEMENT AGREEMENT**

18 **Q. PLEASE PROVIDE AN OVERVIEW OF THE MAJOR COMPONENTS**
19 **OF THE CCR SETTLEMENT AGREEMENT.**

20 A. The CCR Settlement Agreement resolves among the Settling Parties, subject to
21 the approval of the Commission, CCR cost recovery issues in a comprehensive
22 fashion for the period beginning January 1, 2015 (when the Company first

1 incurred such costs) through February 28, 2030 – a period of over fifteen years.
2 The Agreement resolves all coal ash cost recovery issues in this case, in the
3 Company’s prior rate case (filed in 2017), and for many years into the future. The
4 Agreement requires the Company to reduce the amount of coal ash-related costs
5 to be recovered from customers. The Agreement grants the Company the ability
6 to earn a return upon the recovered costs at a negotiated cost of equity (“ROE”)
7 that is lower than the Company’s actual ROE. The impacts to the revenue
8 requirement are set out in the testimony of Company witness Kim H. Smith.

9 **Q. PLEASE DISCUSS THE BENEFITS PROVIDED BY THE CCR**
10 **SETTLEMENT AGREEMENT.**

11 A. The CCR Settlement Agreement provides benefit to the Company’s customers
12 through both immediate and future rate reduction – DEP and DEC will together
13 absorb approximately \$1.1 billion (on a North Carolina system basis) in CCR-
14 related costs over the time period covered by the Agreement, reducing the
15 amounts they would otherwise seek from customers. On a North Carolina retail
16 basis, the net present value of the savings to customers from forgone CCR cost
17 recovery (including applicable financing costs) amounts to in excess of \$900
18 million. Importantly, a large portion of the rate reduction will occur over the near
19 term, during a period in which many customers are suffering severe economic
20 hardship from the COVID-19 pandemic.

21 The Agreement also validates and affirms the reasonableness and
22 prudence of the Company’s ash basin closure strategy, and provides the Company

1 with more certainty and stability regarding cost recovery. Finally, by preserving
2 the Company's ability to recover financing costs – albeit at a reduced ROE –the
3 Agreement seeks to preserve the Company's access to much needed capital on
4 reasonable terms. Access to capital on reasonable terms ultimately benefits
5 customers, who would otherwise have to absorb higher capital costs in rates.

6 A very important benefit of the CCR Settlement Agreement is that it puts
7 a legacy issue – coal ash cost recovery – behind the Company and all of its
8 stakeholders. This will allow our collective focus to shift to the future – to cleaner
9 sources of energy, while maintaining our drive to keep electricity affordable and
10 reliable.

11 **Q. PLEASE ELABORATE ON HOW THE CCR SETTLEMENT**
12 **AGREEMENT BALANCES THE COMPANY'S NEED FOR RATE**
13 **RELIEF WITH THE IMPACT OF SUCH RATE RELIEF ON**
14 **CUSTOMERS.**

15 A. I followed the consumer statement positions filed in this Docket and attended
16 public hearings held by the Commission in this matter where I personally heard
17 from many of our customers who are concerned about the impacts of any rate
18 increase on their families and businesses. We are very mindful of these concerns.
19 Although we are pleased that our rates are competitive and below the national
20 average, and will remain so with the CCR Settlement Agreement, we know that
21 providing safe, reliable, increasingly clean electricity at competitive rates is key
22 to powering the State's economy and the lives of our customers. Particularly in

1 light of the current economic conditions of many of our customers due to the
2 COVID-19 pandemic, we believe that the concessions the Company has made in
3 the CCR Settlement Agreement fairly balance the needs of our customers with the
4 Company's need to recover substantial investments made in order to continue to
5 comply with regulatory requirements and safely provide high quality electric
6 service to our customers. Our electric rates need to be adjusted to reflect these
7 investments. Moreover, given the size of the necessary capital and compliance
8 expenditures we are facing, it is essential that DEP maintain its financial strength
9 and credit quality so that we will be in a position to finance these needs on
10 reasonable terms for the benefit of our customers. In my opinion, we have been
11 able to strike that balance with the CCR Settlement Agreement.

12 **Q. DOES THIS CONCLUDE YOUR PRE-FILED SETTLEMENT**
13 **TESTIMONY?**

14 **A. Yes.**

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1219

DOCKET NO. E-2, SUB 1193

In the Matter of:)	
)	
DOCKET NO. E-2, SUB 1219)	
)	
Application of Duke Energy Progress,)	
LLC For Adjustment of Rates and Charges)	CCR SETTLEMENT
Applicable to Electric Service in North Carolina)	TESTIMONY AND
)	EXHIBITS OF KIM H.
DOCKET NO E-2, SUB 1193)	SMITH FOR DUKE
)	ENERGY PROGRESS, LLC
Application by Duke Energy Progress,)	
LLC, for an Accounting Order to Defer)	
Incremental Storm Damage Expenses Incurred)	
as a Result of Hurricanes Florence and Michael)	
and Winter Storm Diego)	

I. INTRODUCTION AND PURPOSE

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND CURRENT**
2 **POSITION.**

3 A. My name is Kim H. Smith, and my business address is 550 South Tryon Street,
4 Charlotte, North Carolina. I am a Director of Rates & Regulatory Planning
5 employed by Duke Energy Carolinas, LLC (“DEC”), testifying on behalf of
6 Duke Energy Progress, LLC (“DEP” or the “Company”).

7 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS DOCKET?**

8 A. Yes. I filed direct testimony and exhibits on October 30, 2019. I also filed
9 supplemental direct testimony and exhibits on March 13, 2020, rebuttal
10 testimony and exhibits on May 4, 2020, settlement testimony and exhibits on
11 June 2, 2020, second supplemental direct testimony and exhibits on July 2, 2020
12 and corrections to the second supplemental direct testimony and exhibits on
13 July 9, 2020, second settlement testimony on July 31, 2020, and joint testimony
14 and exhibits on August 5, 2020. Additionally, I testified before the Commission
15 at the expert hearing for this proceeding during the consolidated portion of the
16 hearing that began on August 24, 2020, and the DEP-specific portion of the
17 hearing that reconvened on September 29, 2020.

18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

19 A. The purpose of my testimony is to support the coal combustion residuals
20 (“CCR” or “coal ash”) Settlement Agreement (“CCR Settlement Agreement”)
21 with the Public Staff, the North Carolina Office of the Attorney General

1 (“AGO”), and the Sierra Club (collectively, the “Settling Parties”). The CCR
2 Settlement Agreement was filed with the Commission on January 25, 2021.

3 **Q. DO YOU HAVE ANY EXHIBITS TO YOUR CCR SETTLEMENT**
4 **SUPPORTING TESTIMONY?**

5 A. Yes. I am providing the following exhibits, all of which reflect the terms of the
6 CCR Settlement Agreement:

- 7 • Smith CCR Settlement Exhibit 1 sets forth the operating results under current
8 and proposed base rates.
- 9 • Smith CCR Settlement Exhibit 2 summarizes the proposed total revenue
10 adjustments in this proceeding, reflecting both the proposed increase in base
11 rates and the net reduction in revenues reflected in the two proposed EDIT
12 riders and the Regulatory Asset and Liability rider.
- 13 • Smith CCR Settlement Exhibit 3 is a reconciliation of adjustments to base rate
14 revenue requirements. The exhibit begins with the revenue increase amounts
15 shown in my Second Settlement Exhibit 3 and details the additional
16 adjustments for which the Settling Parties reached agreement.
- 17 • Smith CCR Settlement Exhibit 4 provides the revised computation of the NC
18 Retail amount of the EDIT refund, based on a levelized rider as agreed to in
19 the Second Partial Stipulation.

20 **Q. WERE THESE EXHIBITS PREPARED BY YOU OR UNDER YOUR**
21 **DIRECTION AND SUPERVISION?**

22 A. Yes.

1 **II. CCR SETTLEMENT AGREEMENT**

2 **Q. DOES THE COMPANY BELIEVE THE CCR SETTLEMENT**
3 **AGREEMENT REPRESENTS A BALANCED COMPROMISE THAT**
4 **PROVIDES AN EQUITABLE RESOLUTION FOR CCR RELATED**
5 **ITEMS IN THIS PROCEEDING FOR ITS SHAREHOLDERS,**
6 **CUSTOMERS, AND OTHER STAKEHOLDERS?**

7 A. Yes. The Company believes the CCR Settlement Agreement represents a
8 balanced solution designed to resolve the coal ash debate in North Carolina by
9 providing immediate and long-term savings for our customers while providing
10 the long-term certainty the Company and its investors need.

11 **Q. IN YOUR OPINION, DOES THE CCR SETTLEMENT AGREEMENT**
12 **REFLECT A FAIR, JUST, AND REASONABLE RESOLUTION OF THE**
13 **ISSUES IT ADDRESSES?**

14 A. Yes. As stated previously, the CCR Settlement Agreement is the result of
15 negotiations between the Settling Parties and represents a balanced solution
16 designed to resolve the coal ash debate. Therefore, we respectfully request that
17 the Commission approve the CCR Settlement Agreement in its entirety.

18 **Q. DO YOUR CCR SETTLEMENT EXHIBITS REFLECT A CHANGE IN**
19 **THE REVENUE REQUIREMENT SOUGHT BY THE COMPANY IN**
20 **THIS PROCEEDING?**

21 A. Yes. If the Commission approves the CCR Settlement Agreement and the First
22 and Second Partial Stipulations with the Public Staff, the Company's revised

1 request for a revenue increase in base rates is reduced to \$344 million. As
2 shown on Smith CCR Settlement Agreement Exhibit 2, the Company's revised
3 request for a revenue increase combined with the Company's request to reduce
4 customer rates by \$137 million through its two proposed EDIT riders and the
5 Regulatory Asset and Liability riders results in a net proposed increase in
6 revenue of \$207 million. This is a \$257 million reduction from the amount
7 proposed in the Company's Application. In addition to the CCR Settlement
8 Agreement and the First and Second Partial Stipulations, these amounts assume
9 the Commission accepts the Company's position on the remaining unsettled
10 issues.

11 **Q. WERE THERE ANY ADDITIONAL CHANGES MADE TO YOUR**
12 **EXHIBITS?**

13 A. Yes. First, as noted by DEP witness De May, the CCR Settlement Agreement
14 provides for recovery of a reduced return on equity ("ROE") for deferred coal
15 ash costs. This results in two different ROEs – one for deferred coal ash
16 amounts included in rate base and another for the remainder of rate base. Smith
17 CCR Settlement Exhibit 1, which typically shows the Company's proposed
18 revenue increase, includes additional pages to support the calculation of the
19 revised proposed revenue increase using two different ROEs. Smith CCR
20 Settlement Exhibit 1 now shows separate proposed revenue increase
21 computations for each of these components: one for recovery of deferred coal
22 ash costs and another for recovery of all other costs. The two computations are

1 added to show the total proposed revenue increase for which the Company
2 requests approval.

3 Also, as noted in the Supplemental Testimony Supporting Second Partial
4 Settlement of Public Staff witness Maness, filed September 16, 2020, there
5 were certain adjustments the Company agreed to as a result of the Public Staff
6 audit and review of May 2020 updates filed in my second supplemental direct
7 testimony and exhibits on July 2, 2020 and corrected on July 9, 2020. These
8 adjustments have been now been included in the Company exhibits and are
9 specifically identified on Smith CCR Settlement Exhibit 3. Finally, on Smith
10 CCR Settlement Exhibit 4 the amounts related to the proposed EDIT rider have
11 been revised to update the estimated amounts that are included in the temporary
12 EDIT rider that is in effect along with temporary base rates, since the temporary
13 rates will be in effect for a longer time period than anticipated.

14 **III. CONCLUSION**

15 **Q. DOES THIS CONCLUDE YOUR CCR SETTLEMENT TESTIMONY?**

16 **A. Yes.**

DUKE ENERGY PROGRESS, LLC
OPERATING INCOME FROM ELECTRIC OPERATIONS
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
CCR Settlement
TOTAL

Line No.	Description	Total Company Per Books (a) (Col. 1)	North Carolina Retail Operations				
			Per Books (Col. 2)	Accounting Adjustments (c) (Col. 3)	Before Proposed Increase (Col. 4)	Revenue and Expenses from Proposed Increase (e) (Col. 5)	After Proposed Increase (Col. 6)
1	Electric operating revenue	\$ 5,682,421	\$ 3,657,503	\$ (301,751)	\$ 3,355,753	\$ 343,687	\$ 3,699,440
	Electric operating expenses:						
	Operation and maintenance:						
2	Fuel used in electric generation	1,429,144	881,642	(33,277)	848,365		848,365
3	Purchased power	390,677	158,763	(1,965)	156,798		156,798
4	Other operation and maintenance expense	1,546,719	1,050,819	(186,890)	863,929	1,269	865,198
5	Depreciation and amortization	1,060,260	669,787	186,317	856,105		856,105
6	General taxes	153,362	102,197	2,373	104,570		104,570
7	Interest on customer deposits	8,643 (b)	7,971	-	7,971		7,971
8	EDIT Amortization	-	-	(30,548)	(30,548)	-	(30,548)
9	Net income taxes	150,622	112,986	(37,357)	75,630	79,144	154,774
10	Amortization of investment tax credit	(3,356)	(2,134)	(1,481)	(3,614)		(3,614)
11	Total electric operating expenses	4,736,071	2,982,032	(102,827)	2,879,205	80,413	2,959,619
12	Operating income	\$ 946,351	\$ 675,472	\$ (198,924)	\$ 476,547	\$ 263,274	\$ 739,821
13	Original cost rate base	\$ 14,580,739	\$ 9,859,050	\$ 782,297 (d)	\$ 10,641,348	\$ 42,581 (f)	\$ 10,683,928
14	Rate of return on North Carolina retail rate base		6.85%		4.48%		6.92%

-- Some totals may not foot or compute due to rounding.

- Notes: (a) From Form E-1, Item 45a
(b) Reclassifies interest on customer deposits to electric operating expense
(c) From Page 3, Line 36
(d) From Page 4, Line 9
(e) From Page 2
(f) From Page 4d, Line 1. Reflects an increase in operating funds per lead-lag study for the adjusted total requirements in this rate case excluding the portion already adjusted in Col. 3, Line 12.

DUKE ENERGY PROGRESS, LLC
OPERATING INCOME FROM ELECTRIC OPERATIONS
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
CCR Settlement
Excluding ARO CCR

Line No.	Description	Total Company Per Books (a) (Col. 1)	North Carolina Retail Operations				
			Per Books (Col. 2)	Accounting Adjustments (c) (Col. 3)	Before Proposed Increase (Col. 4)	Revenue and Expenses from Proposed Increase (e) (Col. 5)	After Proposed Increase (Col. 6)
1	Electric operating revenue	\$ 5,682,421	\$ 3,657,503	\$ (301,751)	\$ 3,355,753	\$ 296,086	\$ 3,651,839
	Electric operating expenses:						
	Operation and maintenance:						
2	Fuel used in electric generation	1,429,144	881,642	(33,277)	848,365		848,365
3	Purchased power	390,677	158,763	(1,965)	156,798		156,798
4	Other operation and maintenance expense	1,546,719	1,050,819	(186,890)	863,929	1,093	865,022
5	Depreciation and amortization	1,060,260	669,787	148,002	817,789		817,789
6	General taxes	153,362	102,197	2,373	104,570		104,570
7	Interest on customer deposits	8,643 (b)	7,971	-	7,971		7,971
8	EDIT Amortization	-	-	(30,548)	(30,548)	-	(30,548)
9	Net income taxes	150,622	112,986	(27,949)	85,037	68,179	153,215
10	Amortization of investment tax credit	(3,356)	(2,134)	(1,481)	(3,614)		(3,614)
11	Total electric operating expenses	4,736,071	2,982,032	(131,735)	2,850,297	69,272	2,919,569
12	Operating income	\$ 946,351	\$ 675,472	\$ (170,016)	\$ 505,456	\$ 226,814	\$ 732,270
13	Original cost rate base	\$ 14,580,739	\$ 9,859,050	\$ 664,545 (d)	\$ 10,523,595	\$ 37,622 (f)	\$ 10,561,217
14	Rate of return on North Carolina retail rate base		6.85%		4.80%		6.93%

-- Some totals may not foot or compute due to rounding.

- Notes: (a) From Form E-1, Item 45a
(b) Reclassifies interest on customer deposits to electric operating expense
(c) From Page 3, Line 36
(d) From Page 4, Line 9
(e) From Page 2
(f) From Page 4d, Line 1. Reflects an increase in operating funds per lead-lag study for the adjusted total requirements in this rate case excluding the portion already adjusted in Col. 3, Line 12.

DUKE ENERGY PROGRESS, LLC
OPERATING INCOME FROM ELECTRIC OPERATIONS
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
CCR Settlement
ARO CCR

Line No.	Description	Total Company Per Books (a) (Col. 1)	North Carolina Retail Operations				
			Per Books (Col. 2)	Accounting Adjustments (c) (Col. 3)	Before Proposed Increase (Col. 4)	Revenue and Expenses from Proposed Increase (e) (Col. 5)	After Proposed Increase (Col. 6)
1	Electric operating revenue				\$ -	\$ 47,601	\$ 47,601
	Electric operating expenses:						
	Operation and maintenance:						
2	Fuel used in electric generation				-		-
3	Purchased power				-		-
4	Other operation and maintenance expense				-	176	176
5	Depreciation and amortization			38,316	38,316		38,316
6	General taxes				-		-
7	Interest on customer deposits				-		-
8	EDIT Amortization				-	-	-
9	Net income taxes			(9,407)	(9,407)	10,966	1,559
10	Amortization of investment tax credit				-		-
11	Total electric operating expenses	-	-	28,908	28,908	11,142	40,050
12	Operating income	\$ -	\$ -	\$ (28,908)	\$ (28,908)	\$ 36,460	\$ 7,551
13	Original cost rate base			\$ 117,752 (d)	\$ 117,752	\$ 4,959 (f)	\$ 122,711
14	Rate of return on North Carolina retail rate base				-24.55%		6.15%

-- Some totals may not foot or compute due to rounding.

- Notes: (a) From Form E-1, Item 45a
(b) Reclassifies interest on customer deposits to electric operating expense
(c) From Page 3, Line 36
(d) From Page 4, Line 9
(e) From Page 2
(f) From Page 4d, Line 1. Reflects an increase in operating funds per lead-lag study for the adjusted total requirements in this rate case excluding the portion already adjusted in Col. 3, Line 12.

DUKE ENERGY PROGRESS, LLC
CALCULATION OF ADDITIONAL REVENUE REQUIREMENT
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
CCR Settlement
Total

Line No.	Description	Dec. 31, 2018 Amount (Col. 1)	Pro forma Ratio (Col. 2)	North Carolina Retail Operations					
				Before Proposed Increase			After Proposed Increase		
				Retail Rate Base (Col. 3)	Embedded Cost/ Return % (Col. 4)	Operating Income (Col. 5)	Retail Rate Base (Col. 6)	Embedded Cost/ Return % (Col. 7)	Operating Income (Col. 8)
1	Long-term debt	\$ 8,108,191	48.00%	\$ 5,107,847	4.04%	\$ 206,610	\$ 5,128,286	4.04%	\$ 207,436
2	Members' equity	(a) 8,717,931	52.00%	5,533,501	4.88%	269,938	5,555,643	9.60% (e)	532,385
3	Total	<u>\$ 16,826,122</u>	<u>100.00%</u>	<u>\$ 10,641,348</u> (b)		<u>\$ 476,547</u> (c)	<u>\$ 10,683,928</u> (b)		739,821
4	Operating income before increase (Line 3, Column 5)								<u>476,547</u>
5	Additional operating income required (Line 3 minus Line 4)								263,274
6	Calculate income tax on Incremental interest expense due to increase in cash working capital in proposed revenue								\$ (192)
7	Regulatory fee (.1297%), Uncollectibles Rate (.2394%), and income taxes (23.1693%)								<u>80,605</u>
8	Additional revenue requirement								<u>\$ 343,687</u>
9	Revenue Adjustments (d)								<u>\$ (136,728)</u>
10	Net Increase								<u>\$ 206,959</u>

-- Some totals may not foot or compute due to rounding.

Notes: (a) Th equivalent of common equity for a limited liability company
(b) From Page 1, Line 12, Columns 4 and 6
(c) From Page 1, Line 11, Column 4
(d) From Smith Exhibit 2, Line 5
(e) Note: Per the CCR Settlement agreement, Coal Ash ARO discounts the equity rate by 150 basis points.

DUKE ENERGY PROGRESS, LLC
CALCULATION OF ADDITIONAL REVENUE REQUIREMENT
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
CCR Settlement
Excluding ARO CCR

Line No.	Description	Dec. 31, 2018 Amount (Col. 1)	Pro forma Ratio (Col. 2)	North Carolina Retail Operations					
				Before Proposed Increase			After Proposed Increase		
				Retail Rate Base (Col. 3)	Embedded Cost/ Return % (Col. 4)	Operating Income (Col. 5)	Retail Rate Base (Col. 6)	Embedded Cost/ Return % (Col. 7)	Operating Income (Col. 8)
1	Long-term debt	\$ 8,108,191	48.00%	\$ 5,051,326	4.04%	\$ 204,323	\$ 5,069,384	4.04%	\$ 205,054
2	Members' equity	(a) 8,717,931	52.00%	5,472,269	5.50%	301,132	5,491,833	9.60%	527,216
3	Total	<u>\$ 16,826,122</u>	<u>100.00%</u>	<u>\$ 10,523,595</u> (b)		<u>\$ 505,456</u> (c)	<u>\$ 10,561,217</u> (b)		732,270
4	Operating income before increase (Line 3, Column 5)								<u>505,456</u>
5	Additional operating income required (Line 3 minus Line 4)								226,814
6	Calculate income tax on Incremental interest expense due to increase in cash working capital in proposed revenue								(169)
7	Regulatory fee (.1297%), Uncollectibles Rate (.2394%), and income taxes (23.1693%)								<u>69,441</u>
8	Additional revenue requirement								<u>\$ 296,086</u>
9	Revenue Adjustments	(d)							<u>\$ (136,728)</u>
10	Net Increase								<u>\$ 159,358</u>

-- Some totals may not foot or compute due to rounding.

Notes: (a) Th equivalent of common equity for a limited liability company
(b) From Page 1, Line 12, Columns 4 and 6
(c) From Page 1, Line 11, Column 4
(d) From Smith Exhibit 2, Line 5

DUKE ENERGY PROGRESS, LLC
CALCULATION OF ADDITIONAL REVENUE REQUIREMENT
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
CCR Settlement
ARO CCR

Line No.	Description	Dec. 31, 2018 Amount (Col. 1)	Pro forma Ratio (Col. 2)	North Carolina Retail Operations					
				Before Proposed Increase			After Proposed Increase		
				Retail Rate Base (Col. 3)	Embedded Cost/ Return % (Col. 4)	Operating Income (Col. 5)	Retail Rate Base (Col. 6)	Embedded Cost/ Return % (Col. 7)	Operating Income (Col. 8)
1	Long-term debt		48.00%	\$ 56,521	4.04%	\$ 2,286	\$ 58,901	4.04%	\$ 2,383
2	Members' equity	(a)	52.00%	61,231	4.88%	(31,195)	63,810	8.10%	5,169
3	Total	<u>\$ -</u>	<u>100.00%</u>	<u>\$ 117,752</u> (b)		<u>\$ (28,908)</u> (c)	<u>\$ 122,711</u> (b)		7,551
4	Operating income before increase (Line 3, Column 5)								(28,908)
5	Additional operating income required (Line 3 minus Line 4)								36,460
6	Calculate income tax on Incremental interest expense due to increase in cash working capital in proposed revenue								(22)
7	Regulatory fee (.1297%), Uncollectibles Rate (.2394%), and income taxes (23.1693%)								11,164
8	Additional revenue requirement								<u>\$ 47,601</u>
9	Revenue Adjustments	(d)							
10	Net Increase								<u>\$ 47,601</u>

-- Some totals may not foot or compute due to rounding.

Notes: (a) Th equivalent of common equity for a limited liability company
(b) From Page 1, Line 12, Columns 4 and 6
(c) From Page 1, Line 11, Column 4
(d) From Smith Exhibit 2, Line 5

DUKE ENERGY PROGRESS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
CCR Settlement
TOTAL

Line No.	Description	Electric Operating Revenue (Col. 1)	Fuel Used in Electric Generation (Col. 2)	Purchased Power (Col. 3)	Other O&M Expense (Col. 4)	Depreciation and Amortization (Col. 5)	General Taxes (Col. 6)	EDIT Amortization (Col. 7)	Income Taxes 23.1693% (Col. 8)	Amortization of ITC (Col. 9)	Operating Income (Col. 10)
1	Annualize retail revenues for current rates	(225,760)	-	-	(833)	-	-	-	(52,114)	-	(172,813)
1(D)	Annualize retail revenues for current rates- Supplemental	24,093	-	-	89	-	-	-	5,562	-	18,443
2	Update fuel costs to proposed rate	-	(12,574)	-	-	(1,684)	-	-	3,304	-	10,955
2(F)	Update fuel costs to proposed rate- Rebuttal	-	24,010	-	-	1,684	-	-	(5,953)	-	(19,741)
3	* Normalize for weather	(77,392)	(18,180)	-	(286)	-	-	-	(13,653)	-	(45,273)
3(K)	Normalize for weather- Coal Ash Settlement	5,204	(2,096)	-	19	-	-	-	1,687	-	5,594
4	* Annualize revenues for customer growth	5,182	2,857	-	19	-	-	-	534	-	1,771
4(K)	Annualize revenues for customer growth- Coal Ash Settlement	(12,919)	(8,772)	-	(2,167)	-	-	-	(459)	-	(1,521)
5	Eliminate unbilled revenues	11,826	-	-	-	-	-	-	2,740	-	9,086
6	Adjust for costs recovered through non-fuel riders	(27,830)	(18,522)	-	(136,112)	(58,446)	(6,458)	-	63,161	-	128,547
6(C)	Adjust for costs recovered through non-fuel riders- Supplemental	-	-	-	(31)	-	-	-	7	-	24
7	Adjust O&M for executive compensation	-	-	-	(2,399)	-	-	-	556	-	1,843
7(J)	Adjust O&M for executive compensation- Second Settlement	-	-	-	(187)	-	-	-	43	-	144
8	Annualize depreciation on year end plant balances	-	-	-	-	42,068	-	-	(9,747)	(1,481)	(30,841)
8(D)	Annualize depreciation on year end plant balances- Supplemental	-	-	-	-	(661)	-	-	153	-	508
9	Annualize property taxes on year end plant balances	-	-	-	-	-	4,064	-	(942)	-	(3,122)
10	* Adjust for post test year additions to plant in service	-	-	-	-	70,469	6,600	-	(17,857)	-	(59,213)
10(K)	Adjust for post test year additions to plant in service- Coal Ash Settlement	-	-	-	-	(2,329)	(858)	-	738	-	2,449
11	* Amortize deferred environmental costs - non-ARO coal ash	-	-	-	-	105,972	-	-	(24,553)	-	(81,419)
11(K)	Amortize deferred environmental costs - non-ARO coal ash- Coal Ash Settlement	-	-	-	-	(100,972)	-	-	23,394	-	77,577
12	Annualize O&M non-labor expenses	-	-	-	1,311	-	-	-	(304)	-	(1,007)
12(K)	Annualize O&M non-labor expenses- Coal Ash Settlement	-	-	-	989	-	-	-	(229)	-	(760)
13	* Normalize O&M labor expenses	-	-	-	(18,512)	-	(1,089)	-	4,542	-	15,060
13(I)	Normalize O&M labor expenses- Second Supplemental	-	-	-	(722)	-	181	-	126	-	416
14	Update benefits costs	-	-	-	(3,060)	-	-	-	709	-	2,351
14(K)	Update benefits costs- Coal Ash Settlement	-	-	-	(218)	-	-	-	51	-	167
15	* Levelize nuclear refueling outage costs	-	-	-	(6,232)	-	-	-	1,444	-	4,788
15(E)	Levelize nuclear refueling outage costs- Supplemental	-	-	-	42	-	-	-	(10)	-	(32)
16	* Amortize rate case costs	-	-	-	701	-	-	-	(162)	-	(539)
16(G)	Amortize rate case costs- Partial Settlement	-	-	-	-	-	-	-	-	-	-
17	Adjust aviation expenses	-	-	-	(1,452)	-	(18)	-	341	-	1,129
17(G)	Adjust aviation expenses- Partial Settlement	-	-	-	(205)	-	-	-	47	-	157

DUKE ENERGY PROGRESS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
CCR Settlement
TOTAL

Line No.	Description	Electric Operating Revenue (Col. 1)	Fuel Used in Electric Generation (Col. 2)	Purchased Power and Net Interchange (Col. 3)	Wages Benefits Materials Etc. (Col. 4)	Depreciation and Amortization (Col. 5)	General Taxes (Col. 6)	EDIT Amortization (Col. 7)	Income Taxes 23.1693% (Col. 8)	Amortization of ITC (Col. 9)	Operating Income (Col. 10)
18	Adjust for approved regulatory assets and liabilities	-	-	-	1,603	(3,479)	5	-	434	-	1,438
19	* Adjust for Merger Related Costs	-	-	-	(4,039)	(172)	(53)	-	988	-	3,276
19(I)	Adjust for Merger Related Costs	-	-	-	-	(12)	-	-	3	-	10
20	* Amortize Severance Costs	-	-	-	(23,366)	-	-	-	5,414	-	17,952
20(G)	Amortize Severance Costs- Partial Settlement	-	-	-	(774)	-	-	-	179	-	594
21	Adjust NC income taxes for rate change	-	-	-	-	-	-	-	(2,183)	-	2,183
22	* Synchronize interest expense with end of period rate base	-	-	-	-	-	-	-	123	-	(123)
22(K)	Synchronize interest expense with end of period rate base- Coal Ash Settlement	-	-	-	-	-	-	-	1,490	-	(1,490)
23	* Adjust cash working capital	-	-	-	-	-	-	-	122	-	(122)
23(K)	Adjust cash working capital- Coal Ash Settlement	-	-	-	-	-	-	-	(35)	-	35
24	Adjust coal inventory	-	-	-	-	-	-	-	-	-	-
24(C)	Adjust coal inventory- Supplemental	-	-	-	-	-	-	-	-	-	-
25	* Adjust for credit card fees	-	-	-	5,197	-	-	-	(1,204)	-	(3,993)
25(F)	Adjust for credit card fees- Rebuttal	-	-	-	72	-	-	-	(17)	-	(55)
26	Adjust Depreciation for new rates	-	-	-	-	89,601	-	-	(20,760)	-	(68,841)
26(D)	Adjust Depreciation for new rates- Supplemental	-	-	-	-	(873)	-	-	202	-	671
27	Adjust vegetation management expenses	-	-	-	5,757	-	-	-	(1,334)	-	(4,424)
28	Adjust reserve for end of life nuclear costs	-	-	-	-	(91)	-	-	21	-	70
28(G)	Adjust reserve for end of life nuclear costs- Partial Settlement	-	-	-	-	(1,826)	-	-	423	-	1,403
29	* Update deferred balance and amortize storm costs	-	-	-	-	43,717	-	-	(10,129)	-	(33,588)
29(I)	Update deferred balance and amortize storm costs- Second Supplemental	-	-	-	-	(45,362)	-	-	10,510	-	34,852
30	Adjust other revenue	(4,155)	-	-	(5)	-	-	-	(962)	-	(3,188)
31	Adjust for change in NCUC Reg Fee	-	-	-	(234)	-	-	-	54	-	180
32	* Reflect retirement of Asheville Steam Generating Plant	-	-	-	(6,413)	(181)	(1,032)	-	1,767	-	5,859
32(F)	Reflect retirement of Asheville Steam Generating Plant- Rebuttal	-	-	-	-	10,381	1,032	-	(2,644)	-	(8,769)
33	Adjust for CertainTeed payment obligation	-	-	-	4,939	-	-	-	(1,144)	-	(3,794)
33(A)	Adjust for CertainTeed payment obligation- Supplemental	-	-	-	(4,939)	-	-	-	1,144	-	3,794
34	* Amortize deferred balance Asheville Combined Cycle	-	-	-	6,109	13,594	-	-	(4,565)	-	(15,138)
34(K)	Amortize deferred balance Asheville Combined Cycle- Coal Ash Settlement	-	-	-	(8,018)	(4,696)	-	-	2,946	-	9,768

DUKE ENERGY PROGRESS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
CCR Settlement
TOTAL

Line No.	Description	Electric Operating Revenue (Col. 1)	Fuel Used in Electric Generation (Col. 2)	Purchased Power and Net Interchange (Col. 3)	Wages Benefits Materials Etc. (Col. 4)	Depreciation and Amortization (Col. 5)	General Taxes (Col. 6)	EDIT 0.0000% (Col. 7)	Income Taxes 23.1693% (Col. 8)	Amortization of ITC (Col. 9)	Operating Income (Col. 10)
35	Adjust Purchased Power	-	-	(1,965)	-	-	-	-	455	-	1,510
36(E)	Correct Lead Lag- Supplemental	-	-	-	-	-	-	-	-	-	-
37(G)	Amortize Prot EDIT- Partial Settlement	-	-	-	-	-	-	(30,548)	7,078	-	23,470
38(J)	Remove certain Settlement Items- Second Settlement	-	-	-	(2,834)	(8,700)	-	-	2,672	-	8,861
39(G)	Normalize for storm costs- Partial Settlement	-	-	-	9,300	-	-	-	(2,155)	-	(7,145)
40(J)	Adjust Rate Base for EDIT- Second Settlement	-	-	-	-	-	-	-	-	-	-
41	Total adjustments - Original Filing	<u>\$ (318,129)</u>	<u>\$ (46,419)</u>	<u>\$ (1,965)</u>	<u>\$ (177,306)</u>	<u>\$ 301,368</u>	<u>\$ 2,018</u>	<u>\$ -</u>	<u>\$ (74,904)</u>	<u>\$ (1,481)</u>	<u>\$ (319,441)</u>
41(J)	Change from Application	<u>16,378</u>	<u>13,141</u>	<u>-</u>	<u>(9,584)</u>	<u>(153,366)</u>	<u>355</u>	<u>(30,548)</u>	<u>46,955</u>	<u>-</u>	<u>149,425</u>
42	Total adjustments, excluding ARO coal ash	<u><u>\$ (301,751)</u></u>	<u><u>\$ (33,277)</u></u>	<u><u>\$ (1,965)</u></u>	<u><u>\$ (186,890)</u></u>	<u><u>\$ 148,002</u></u>	<u><u>\$ 2,373</u></u>	<u><u>\$ (30,548)</u></u>	<u><u>\$ (27,949)</u></u>	<u><u>\$ (1,481)</u></u>	<u><u>\$ (170,016)</u></u>
11 K-CA	Adjust deferred environmental - Coal Ash Settlement	-	-	-	-	38,316	-	-	(8,877)	-	(29,438)
22 K-CA	Adjust Synchronize Interest Expense - Coal Ash Settlement	-	-	-	-	-	-	-	(530)	-	530
23 K-CA	Adjust Cash Working Capital - Coal Ash Settlement	-	-	-	-	-	-	-	-	-	-
	Total Adjustments, Coal Ash Settlement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,407)</u>		<u>\$ (28,908)</u>
	Total Adjustments	<u><u>\$ (301,751)</u></u>	<u><u>\$ (33,277)</u></u>	<u><u>\$ (1,965)</u></u>	<u><u>\$ (186,890)</u></u>	<u><u>\$ 186,317</u></u>	<u><u>\$ 2,373</u></u>	<u><u>\$ (30,548)</u></u>	<u><u>\$ (37,357)</u></u>	<u><u>\$ (1,481)</u></u>	<u><u>\$ (198,924)</u></u>

Notes: * Identification required by NCUC Rule R1-17(b)

DUKE ENERGY PROGRESS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
CCR Settlement
TOTAL

Line No.	Description	EPIS (Col. 1)	Accum Deprec (Col. 2)	Materials & Supplies (Col. 3)	Working Capital (Col. 4)	ADIT (Col. 5)	Operating Reserves (Col. 6)	CWIP (Col. 7)	Rate Base (Col. 8)	Oper Inc Rev Req Impact (Col. 9)	R/B Rev Req Impact (Col. 10)	Total Rev Req Impact (Col. 11)
1	Annualize retail revenues for current rates	-	-	-	-	-	-	-	-	225,760	-	225,760
1(D)	Annualize retail revenues for current rates- Supplemental	-	-	-	-	-	-	-	-	(24,093)	-	(24,093)
2	Update fuel costs to proposed rate	-	-	-	-	-	-	-	-	(14,311)	-	(14,311)
2(F)	Update fuel costs to proposed rate- Rebuttal	-	-	-	-	-	-	-	-	25,789	-	25,789
3	* Normalize for weather	-	-	-	-	-	-	-	-	59,144	-	59,144
3(K)	Normalize for weather- Coal Ash Settlement	-	-	-	-	-	-	-	-	(7,308)	-	(7,308)
4	* Annualize revenues for customer growth	-	-	-	-	-	-	-	-	(2,314)	-	(2,314)
4(K)	Annualize revenues for customer growth- Coal Ash Settlement	-	-	-	-	-	-	-	-	1,987	-	1,987
5	Eliminate unbilled revenues	-	-	-	-	-	-	-	-	(11,869)	-	(11,869)
6	Adjust for costs recovered through non-fuel riders	(978,325)	158,734	(157,453)	(150,987)	90,146	-	-	(1,037,885)	(167,932)	(94,010)	(261,943)
6(C)	Adjust for costs recovered through non-fuel riders- Supplemental	-	-	-	-	-	-	-	-	(31)	6,423	6,392
7	Adjust O&M for executive compensation	-	-	-	-	-	-	-	-	(2,408)	-	(2,408)
7(J)	Adjust O&M for executive compensation- Second Settlement	-	-	-	-	-	-	-	-	(188)	-	(188)
8	Annualize depreciation on year end plant balances	-	-	-	-	-	-	-	-	40,290	-	40,290
8(D)	Annualize depreciation on year end plant balances- Supplemental	-	-	-	-	-	-	-	-	(663)	-	(663)
9	Annualize property taxes on year end plant balances	-	-	-	-	-	-	-	-	4,079	-	4,079
10	* Adjust for post test year additions to plant in service	1,845,936	(383,473)	-	(1,458)	(31,249)	-	(102,930)	1,326,826	77,355	120,182	197,537
10(K)	Adjust for post test year additions to plant in service- Coal Ash Settlement	(189,558)	195,459	-	20,220	(25,761)	-	-	361	(3,199)	(8,181)	(11,380)
11	* Amortize deferred environmental costs - non-ARO coal ash	-	-	-	423,886	(98,212)	-	-	325,675	106,364	29,499	135,863
11(K)	Amortize deferred environmental costs - non-ARO coal ash- Coa	-	-	-	(388,887)	90,102	-	-	(298,785)	(101,346)	(27,230)	(128,576)
12	Annualize O&M non-labor expenses	-	-	-	-	-	-	-	-	1,316	-	1,316
12(K)	Annualize O&M non-labor expenses- Coal Ash Settlement	-	-	-	-	-	-	-	-	993	-	993
13	* Normalize O&M labor expenses	-	-	-	-	-	-	-	-	(19,674)	-	(19,674)
13(I)	Normalize O&M labor expenses- Second Supplemental	-	-	-	-	-	-	-	-	(544)	-	(544)
14	Update benefits costs	-	-	-	-	-	-	-	-	(3,071)	-	(3,071)
14(K)	Update benefits costs- Coal Ash Settlement	-	-	-	-	-	-	-	-	(219)	-	(219)
15	* Levelize nuclear refueling outage costs	-	-	-	-	-	-	-	-	(6,255)	-	(6,255)
15(E)	Levelize nuclear refueling outage costs- Supplemental	-	-	-	-	-	-	-	-	42	-	42
16	* Amortize rate case costs	-	-	-	2,670	(619)	-	-	2,051	704	186	889
16(G)	Amortize rate case costs- Partial Settlement	-	-	-	(2,670)	619	-	-	(2,051)	-	(186)	(186)
17	Adjust aviation expenses	-	-	-	-	-	-	-	-	(1,475)	-	(1,475)
17(G)	Adjust aviation expenses- Partial Settlement	-	-	-	-	-	-	-	-	(206)	-	(206)

DUKE ENERGY PROGRESS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
CCR Settlement
TOTAL

Line No.	Description	EPIS (Col. 1)	Accum Deprec (Col. 2)	Materials & Supplies (Col. 3)	Working Capital (Col. 4)	ADIT (Col. 5)	Operating Reserves (Col. 6)	CWIP (Col. 7)	Rate Base (Col. 8)	Oper Inc Rev Req Impact (Col. 9)	R/B Rev Req Impact (Col. 10)	Total Rev Req Impact (Col. 11)
18	Adjust for approved regulatory assets and liabilities	-	-	-	(83,851)	19,428	-	-	(64,423)	(1,878)	(5,437)	(7,315)
19	* Adjust for Merger Related Costs	-	347	-	-	-	-	-	347	(4,280)	31	(4,248)
19(I)	Adjust for Merger Related Costs	(558)	55	-	-	-	-	-	(504)	(12)	(45)	(57)
20	* Amortize Severance Costs	-	-	-	23,297	(5,398)	-	-	17,899	(23,453)	1,621	(21,832)
20(G)	Amortize Severance Costs- Partial Settlement	-	-	-	(23,297)	5,398	-	-	(17,899)	(777)	(1,621)	(2,398)
21	Adjust NC income taxes for rate change	-	-	-	-	-	-	-	-	(2,851)	-	(2,851)
22	* Synchronize interest expense with end of period rate base	-	-	-	-	-	-	-	-	160	-	160
22(K)	Synchronize interest expense with end of period rate base- Coal Ash Settlement	-	-	-	-	-	-	-	-	1,947	-	1,947
23	* Adjust cash working capital	-	-	-	(27,013)	-	-	-	(27,013)	160	(2,447)	(2,287)
23(K)	Adjust cash working capital- Coal Ash Settlement	-	-	-	7,696	-	-	-	7,696	(46)	817	770
24	Adjust coal inventory	-	-	9,641	-	-	-	-	9,641	-	873	873
24(C)	Adjust coal inventory- Supplemental	-	-	(21,244)	-	-	-	-	(21,244)	-	(1,852)	(1,852)
25	* Adjust for credit card fees	-	-	-	-	-	-	-	-	5,217	-	5,217
25(F)	Adjust for credit card fees- Rebuttal	-	-	-	-	-	-	-	-	72	-	72
26	Adjust Depreciation for new rates	-	(88,728)	-	-	-	-	-	(88,728)	89,933	(8,037)	81,896
26(D)	Adjust Depreciation for new rates- Supplemental	-	-	-	-	-	-	-	-	(876)	549	(327)
27	Adjust vegetation management expenses	-	-	-	-	-	-	-	-	5,779	-	5,779
28	Adjust reserve for end of life nuclear costs	-	-	-	-	-	-	-	-	(91)	-	(91)
28(G)	Adjust reserve for end of life nuclear costs- Partial Settlement	-	-	-	-	-	-	-	-	(1,833)	-	(1,833)
29	* Update deferred balance and amortize storm costs	-	-	-	612,045	(141,807)	-	-	470,238	43,879	42,594	86,473
29(I)	Update deferred balance and amortize storm costs- Second Supplemental	(68,639)	2,231	-	(612,045)	141,807	-	-	(536,647)	(45,530)	(48,198)	(93,728)
30	Adjust other revenue	-	-	-	-	-	-	-	-	4,165	-	4,165
31	Adjust for change in NCUC Reg Fee	-	-	-	-	-	-	-	-	(235)	-	(235)
32	* Reflect retirement of Asheville Steam Generating Plant	(287,052)	210,671	(7,002)	65,929	(15,275)	-	-	(32,730)	(7,654)	(2,965)	(10,619)
32(F)	Reflect retirement of Asheville Steam Generating Plant- Rebuttal	287,052	(210,671)	(73)	(1,339)	310	-	-	75,279	11,456	6,555	18,011
33	Adjust for CertainTeed payment obligation	-	-	-	-	-	-	-	-	4,957	-	4,957
33(A)	Adjust for CertainTeed payment obligation- Supplemental	-	-	-	-	-	-	-	-	(4,957)	-	(4,957)
34	* Amortize deferred balance Asheville Combined Cycle	-	-	3,735	27,188	(6,299)	-	-	24,624	19,776	2,230	22,006
34(K)	Amortize deferred balance Asheville Combined Cycle- Coal Ash Settlement	-	-	(248)	(27,188)	6,299	-	-	(21,136)	(12,761)	(1,936)	(14,697)

DUKE ENERGY PROGRESS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
CCR Settlement
TOTAL

Line No.	Description	EPIS (Col. 1)	Accum Deprec (Col. 2)	Materials & Supplies (Col. 3)	Working Capital (Col. 4)	ADIT (Col. 5)	Operating Reserves (Col. 6)	CWIP (Col. 7)	Rate Base (Col. 8)	Oper Inc Rev Req Impact (Col. 9)	R/B Rev Req Impact (Col. 10)	Total Rev Req Impact (Col. 11)
35	Adjust Purchased Power	-	-	-	-	-	-	-	-	(1,972)	-	(1,972)
36(E)	Correct Lead Lag- Supplemental	-	-	-	(8,580)	-	-	-	(8,580)	-	(724)	(724)
37(G)	Amortize Prot EDIT- Partial Settlement	-	-	-	30,548	(7,078)	-	-	23,470	(30,661)	1,981	(28,680)
38(J)	Remove certain Settlement Items- Second Settlement	-	-	-	-	-	-	-	-	(11,576)	-	(11,576)
39(G)	Normalize for storm costs- Partial Settlement	-	-	-	-	-	-	-	-	9,334	-	9,334
40(J)	Adjust Rate Base for EDIT- Second Settlement	-	-	-	-	538,063	-	-	538,063	-	45,407	45,407
41	Total adjustments - Original Filing	\$ 580,558	\$ (102,448)	\$ (151,079)	\$ 891,707	\$ (189,284)	\$ -	\$ (102,930)	\$ 926,524	\$ 417,313	\$ 78,189	\$ 495,502
41(J)	Change from Application	28,297	(12,927)	(21,565)	(1,005,543)	749,759	-	-	(261,979)	(195,207)	(22,108)	(217,315)
42	Total adjustments, excluding ARO coal ash	<u>\$ 608,855</u>	<u>\$ (115,375)</u>	<u>\$ (172,644)</u>	<u>\$ (113,836)</u>	<u>\$ 560,475</u>	<u>\$ -</u>	<u>\$ (102,930)</u>	<u>\$ 664,545</u>	<u>\$ 222,106</u>	<u>\$ 56,081</u>	<u>\$ 278,187</u>
	Adjust deferred environmental - Coal Ash Settlement	-	-	-	153,262	(35,510)	-	-	117,752	(38,457)	8,807	(29,651)
	Adjust Synchronize Interest Expense - Coal Ash Settlement	-	-	-	-	-	-	-	-	-	-	-
	Adjust Cash Working Capital - Coal Ash Settlement	-	-	-	-	-	-	-	-	-	-	-
	Total Adjustments, Coal Ash Settlement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,262</u>	<u>\$ (35,510)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,752</u>	<u>\$ (38,457)</u>	<u>\$ 8,807</u>	<u>\$ (29,651)</u>
	Total Adjustments	<u>\$ 608,855</u>	<u>\$ (115,375)</u>	<u>\$ (172,644)</u>	<u>\$ 39,426</u>	<u>\$ 524,965</u>	<u>\$ -</u>	<u>\$ (102,930)</u>	<u>\$ 782,297</u>	<u>\$ 183,649</u>	<u>\$ 64,887</u>	<u>\$ 248,536</u>

-- Some totals may not foot or compute due to rounding.

Notes: * Identification required by NCUC Rule R1-17(b)

DUKE ENERGY PROGRESS, LLC
ORIGINAL COST RATE BASE-ELECTRIC OPERATIONS
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
CCR Settlement
TOTAL

Line No.	Description	Page Reference	Total Company Per Books (Col. 1)	North Carolina Retail Operations		
				Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)
1	Electric plant in service	4a	\$ 27,775,617	\$ 18,805,911	\$ 608,855	\$ 19,414,766
2	Less: Accumulated depreciation and amortization	4b	<u>(11,648,793)</u>	<u>(8,042,060)</u>	<u>(115,375)</u>	<u>(8,157,435)</u>
3	Net electric plant		16,126,825	10,763,851	493,480	11,257,331
4	Add: Materials and supplies	4c	1,076,701	754,774	(172,644)	582,130
5	Working capital investment	4d	(642,895)	(375,172)	39,426	(335,746)
6	Less: Accumulated deferred taxes		(2,000,064)	(1,332,628)	524,965	(807,663)
7	Operating reserves		(82,759)	(54,705)	-	(54,705)
8	Construction work in progress	3	<u>102,930</u>	<u>102,930</u>	<u>(102,930)</u>	<u>(0)</u>
9	Total		<u><u>\$ 14,580,739</u></u>	<u><u>\$ 9,859,050</u></u>	<u><u>\$ 782,297</u></u>	<u><u>\$ 10,641,348</u></u>

-- Some totals may not foot or compute due to rounding.

DUKE ENERGY PROGRESS, LLC
ELECTRIC PLANT IN SERVICE AT ORIGINAL COST
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
CCR Settlement
TOTAL

Line No.	Description	Total Company Per Books (Col. 1)	North Carolina Retail Operations		
			Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)
1	Production Plant	\$ 16,551,690	\$ 10,056,520	\$ (179,365)	\$ 9,877,155
2	Transmission Plant	2,746,389	1,643,263	264,402	1,907,665
3	Distribution Plant	6,944,764	6,052,263	433,108	6,485,371
4	General Plant	628,616	465,435	66,161	531,596
5	Intangible Plant	<u>527,370</u>	<u>358,178</u>	<u>51,912</u>	<u>410,090</u>
6	Subtotal	27,398,830	18,575,658	636,218	19,211,877
7	Nuclear Fuel (Net)	<u>376,788</u>	<u>230,252</u>	<u>(27,363)</u>	<u>202,889</u>
8	Total electric plant in service	<u>\$ 27,775,617</u>	<u>\$ 18,805,911</u>	<u>\$ 608,855</u>	<u>\$ 19,414,766</u>

-- Some totals may not foot or compute due to rounding.

DUKE ENERGY PROGRESS, LLC
ACCUMULATED DEPRECIATION AND AMORTIZATION - ELECTRIC PLANT IN SERVICE
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
CCR Settlement
TOTAL

No.	Description	Total Company Per Books (Col. 1)	North Carolina Retail Operations		
			Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)
1	Production Reserve	\$ (7,107,080)	\$ (4,390,758)	\$ (50,423)	\$ (4,441,180)
2	Transmission Reserve	(816,198)	(488,611)	(27,693)	(516,304)
3	Distribution Reserve	(3,235,148)	(2,819,386)	26,382	(2,793,003)
4	General Reserve	(167,536)	(124,045)	(30,710)	(154,755)
5	Intangible Reserve	<u>(322,831)</u>	<u>(219,260)</u>	<u>(32,932)</u>	<u>(252,192)</u>
6	Total	<u>\$ (11,648,793)</u>	<u>\$ (8,042,060)</u>	<u>\$ (115,375)</u>	<u>\$ (8,157,435)</u>
7	The annual composite rates based on the new depreciation study for computing depreciation (straight-line method) are shown below:				
8	Steam production plant	0.00%			
9	Nuclear production plant	0.00%			
10	Hydro production plant	0.00%			
11	Other production plant	2.61%			
12	Transmission plant	5.18%			
13	Distribution plant	1.90%			
14	General plant	Various			
15	Intangible plant	20.00%			

-- Some totals may not foot or compute due to rounding.

DUKE ENERGY PROGRESS, LLC
MATERIALS AND SUPPLIES
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
CCR Settlement
TOTAL

Line No.	Description	Total Company Per Books (Col. 1)	North Carolina Retail Operations		
			Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)
	Fuel Stock:				
1	Coal	\$ 87,298	\$ 53,347	\$ (18,678) (a)	\$ 34,669
2	Oil	113,740	69,506	-	69,506
3	Total fuel stock	201,037	122,853	(18,678)	104,174
4	Other electric materials and supplies and stores clearing	875,663	631,921	(153,966)	477,956
5	Total Materials and Supplies	<u>\$ 1,076,701</u>	<u>\$ 754,774</u>	<u>\$ (172,644)</u>	<u>\$ 582,130</u>

-- Some totals may not foot or compute due to rounding.

Notes: (a) Adjusts coal inventory to reflect the targeted inventory level of 35 days at full load

DUKE ENERGY PROGRESS, LLC
WORKING CAPITAL INVESTMENT
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
CCR Settlement
TOTAL

Line No.	Description	Total Company Per Books (Col. 1)	North Carolina Retail Operations			Impact of Rev Incr (Col. 5)	With Rev Incr (Col. 6)
			Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)		
1	Investor advanced funds: Operating funds per lead-lag study	238,679 (a)	160,141 (a)	(27,898) (b)	132,243	42,581 (c)	174,824
2	Unamortized Debt	47,722	32,019	-	32,019	-	32,019
3	Regulatory Assets	(781,496)	(437,291)	67,324	(369,967)	-	(369,967)
4	Other	(10,529)	(13,453)	-	(13,453)	-	(13,453)
5	Total investor advanced funds	(505,624)	(258,584)	39,426	(219,158)	42,581	(176,577)
6	Less: customer deposits	(137,271)	(116,588)	-	(116,588)	-	(116,588)
7	Total working capital investment	\$ (642,895)	\$ (375,172)	\$ 39,426	\$ (335,746)	\$ 42,581	\$ (293,165)

-- Some totals may not foot or compute due to rounding.

Notes: (a) From Angers Exhibit 2, Line 16 and Line 19
(b) Reflects a decrease in "operating funds per lead-lag study" for the adjusted total requirements in this rate case
(c) Reflects an increase in "operating funds per lead-lag study" for the impact of the revenue increase

Duke Energy Progress, LLC
 Docket No. E-2, Sub 1219
 Normalize for weather
 For the test period ended December 31, 2018

NC-0300
 Supplemental
 CCR Settlement

E-1 Item 10 Adjustments Requirement

Provide the detail work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

Detailed Narrative Explanation of Adjustment

This pro forma reflects adjustments to revenue, fuel expense, operation and maintenance expense, and income taxes to normalize weather conditions experienced during the test period.

The impact to revenue is determined as follows:

1. The percentage of NC Retail kWh sales for the test period is calculated by dividing NC Retail kWh sales by Retail kWh sales.
2. The NC Retail kWh weather adjustment for the test period is determined by multiplying the percentage of NC Retail kWh sales by the Retail kWh weather adjustment. This Retail kWh weather adjustment is calculated by determining the effect that temperature variances have on kWh sales and then pricing out that change in kWh sales for each customer class during the test period at the rates in effect during the test period.

The weather normals used in deriving the temperature corrections for the year 2018 reflect a 30-year average of heating and cooling degree days/hours. The derivations of the individual monthly weather normals start with calculating the simple average of the hourly temperatures from the following five weather stations:

1. Asheville Regional Airport, WBAN: 03812
2. Columbia Metropolitan Airport, WBAN: 13883
3. Wilmington International Airport, WBAN: 13748
4. Raleigh-Durham International Airport, WBAN: 13722
5. Fayetteville Regional Airport/Grannis Field, WBAN: 93740

WBAN: Weather Bureau Army Navy station identifier from NOAA's National Climatic Data Center

Next, degree hours are calculated by taking the average hourly temperatures and subtracting them from a base of 65-degree Fahrenheit. Finally, they are summed for each day to determine the daily heating or cooling degree hours and then summed again over the billing period.

3. The average price by class for the test period is calculated by dividing NC Retail revenue (dollars in thousands) by NC Retail kWh sales.
4. The weather adjusted revenue for the test period is calculated by multiplying the NC Retail kWh weather adjustment by the average price by class.

The impact to fuel expense is determined by multiplying the NC Retail kWh weather adjustment by the most recent approved fuel rate.

The impact to other operation and maintenance expense is determined by multiplying the impact to revenue by the statutory regulatory fee percentage rate and the uncollectibles rate.

The impact to income taxes is determined by multiplying taxable income by the statutory tax rate.

October Update

2018 weather impacts were updated with 2 additional months of sales and weather data

November Update

2018 weather impacts were updated with an additional month of sales and weather data

December Update

2018 weather impacts were updated with an additional month of sales and weather data

January Update

2018 weather impacts were updated with an additional month of sales and weather data

February Update

2018 weather impacts were updated with an additional month of sales and weather data. NC-0301 adjusted to use present revenues annualized excluding Basic Customer Charge. NC-0303 adjusted to reflect NC Retail.

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Normalize for weather
For the test period ended December 31, 2018
(Dollars in thousands)

NC-0300
Supplemental
CCR Settlement

Line No.	Description	Source	Total NC Retail			
			CCR Settlement	February	Application	Change
1						
2	<u>Pro Formas Impacting Income Statement Line Items</u>					
3						
4	Electric operating revenue	NC-0301	\$ (72,187)	\$ (72,510)	\$ (77,392)	\$ 5,204
5						
6	Electric operating expenses:					
7	Operation and maintenance					
8	Fuel used in electric generation	NC-0301	(20,276)	(20,432)	(18,180)	(2,096)
9	Purchased power		-	-	-	-
10	Other operation and maintenance expense	NC-0301	(266)	(268)	(286)	19
11	Depreciation and amortization		-	-	-	-
12	General taxes	NC-0301	-	-	-	-
13	Interest on customer deposits		-	-	-	-
14	Income taxes	NC-0301	(11,966)	(12,004)	(13,653)	1,687
15	Amortization of investment tax credit		-	-	-	-
16						
17	Total electric operating expenses	Sum L8 through L15	(32,508)	(32,704)	(32,119)	(390)
18						
19	Operating income	L4 - L17	<u>\$ (39,679)</u>	<u>\$ (39,806)</u>	<u>\$ (45,273)</u>	<u>\$ 5,594</u>
20						
21	Notes:					
22	Revenue: positive number increases revenue / negative number decreases revenue					
23	Expense: positive number increases expense / negative number decreases expense					
24						
25						
26	<u>Pro Formas Impacting Rate Base Line Items</u>					
27						
28	Electric plant in service		\$ -	\$ -	\$ -	\$ -
29	Accumulated depreciation and amortization		-	-	-	-
30	Electric plant in service, net	Sum L28 through L29	-	-	-	-
31						
32	Add:					
33	Materials and supplies		-	-	-	-
34	Working capital investment		-	-	-	-
35						
36						
37	Less:					
38	Accumulated deferred taxes		-	-	-	-
39	Operating reserves		-	-	-	-
40						
41						
42	Construction work in progress		-	-	-	-
43						
44	Total impact to rate base	Sum L30 through L42	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
45						
46	Note:					
47	Rate Base: positive number increases rate base / negative number decreases rate base					

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Normalize for weather
For the test period ended December 31, 2018
(Dollars in thousands)

NC-0301
Supplemental
CCR Settlement

Line No.	Description	Residential	Small General Service	Medium General Service	Large General Service	Total
1	Retail kWh weather adjustment	(626,372,114)	(34,111,482)	(197,377,245)	(327,342) [2]	(858,188,182)
2						
3	NC Retail kWh sales - per book	16,666,046,589	1,982,596,401	11,178,964,878	8,457,791,022 [1]	38,285,398,890
4	NC Retail revenue excluding Basic Customer Charge	1,468,522	172,878	793,060	468,984 [3]	\$ 2,903,444
5	Average price by class in ¢/kWh (L4 / L3) x 100,000	8.8115	8.7198	7.0942	5.5450	
6						
7	Weather adjusted revenue (L1 x L5) / 100,000	\$ (55,193)	\$ (2,974)	\$ (14,002)	\$ (18)	\$ (72,187)
8						
9	Fuel and fuel related costs ¢/kWh (excluding EMF)	2.326	2.499	2.456	2.054 [4]	
10	Impact to fuel (L1 x L9) / 100,000	\$ (14,569)	\$ (852)	\$ (4,848)	\$ (7)	\$ (20,276)
11						
12	NC Retail revenue weather adjustment, net of fuel (L7 - L10)	\$ (40,623)	\$ (2,122)	\$ (9,155)	\$ (11)	\$ (51,911)
13						
14	<u>Calculation of NCUC Regulatory Fee</u>					
15	Uncollectibles Rate	0.2394%	0.2394%	0.2394%	0.2394%	0.2394% [5]
16	Statutory regulatory fee percentage rate	0.1297%	0.1297%	0.1297%	0.1297%	0.1297% [6]
17	Impact to O&M (L7 x (L15 + L16))	\$ (203.70)	\$ (10.98)	\$ (51.68)	\$ (0.07)	\$ (266)
18						
19	Taxable income (L12 - L17)	\$ (40,419)	\$ (2,111)	\$ (9,103)	\$ (11)	\$ (51,645)
20	Statutory tax rate	23.1693%	23.1693%	23.1693%	23.1693% [6]	23.1693% [7]
21	Impact to income taxes (L19 x L20)	\$ (9,365)	\$ (489)	\$ (2,109)	\$ (3)	\$ (11,966)
22	Impact to operating income (L19 - L21)	\$ (31,055)	\$ (1,622)	\$ (6,994)	\$ (9)	\$ (39,679)

[1] NC-0302 - 2018 KWH Sales - Per Book [excluding Lighting and Seasonal Intermittent]

[2] NC-0303 - KWH Weather Normalizations - Based on 30-Year Average, Line 13

[3] NC-0404 - Present Revenues Excluding Basic Customer Charge - North Carolina Retail

[4] NC-0202 - NC Billed Fuel Factors (with EMF and EMF Interest Increment/Decrement for approved cost factors), Line 8

[5] NC-0105 - 2018 Uncollectibles Rate, Line 4

[6] NC-0103 - NCUC Statutory Regulatory Fee Percentage Rate - Adjusted, Docket No. M-100, Sub 142, Line 3

[7] NC-0104 - 2019 Calculation of Tax Rates - Statutory Tax Rate, Line 10

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Normalize for weather
For the test period ended December 31, 2018

NC-0302
Supplemental
CCR Settlement

Billed Revenue and KWH Sales - Excluding REPS, DERP and Account 0444000 - Public St and Highway Lighting

Source: Customer Information System

	COS Category	Description	State				Total Sum of KWH	Total Sum of REVENUE
			North Carolina	South Carolina				
			Sum of KWH	Sum of REVENUE	Sum of KWH	Sum of REVENUE		
1	Residential	RES - RESIDENTIAL SERVICE	16,158,859,096	1,772,700,800	2,148,532,519	252,526,648	18,307,391,615	2,025,227,448
2		R-TOUD - RESIDENTIAL SERVICE TIME-OF-USE	451,040,840	43,402,895	41,479,049	4,263,168	492,519,889	47,666,063
3		R-TOU - RESIDENTIAL SERVICE TIME-OF-USE	56,146,653	4,124,181	-	-	56,146,653	4,124,181
4								
5	Residential Sum		16,666,046,589	\$ 1,820,227,876	2,190,011,568	\$ 256,789,816	18,856,058,157	\$ 2,077,017,692
6	Small General Service	GS - GENERAL SERVICE			3,679,279	484,079	3,679,279	484,079
7		SGS - SMALL GENERAL SERVICE	1,950,982,004	226,009,560	275,256,804	34,675,435	2,226,238,808	260,684,995
8		SGS-TOU-CLR - SMALL GENERAL SERVICE TIME-OF-USE CONSTANT LOAD RATE	31,614,397	3,781,169	4,439,514	446,421	36,053,911	4,227,590
9	Small General Service Sum		1,982,596,401	\$ 229,790,729	283,375,597	\$ 35,605,935	2,265,971,998	\$ 265,396,664
10	Medium General Service	APH-TES - AGRICULTURAL POST-HARVEST SERVICE	2,065,800	138,228			2,065,800	138,228
11		CH-TOUE - CHURCH SERVICE EXPERIMENTAL TIME-OF-USE	8,706,511	1,244,444			8,706,511	1,244,444
12		CSE - CHURCH AND SCHOOL SERVICE	1,373,440	208,133	1,312,020	186,473	2,685,460	394,606
13		CSG - CHURCH AND SCHOOL SERVICE	25,680	4,629	25,120	4,764	50,800	9,393
14		MGS - MEDIUM GENERAL SERVICE	2,773,108,650	271,655,277	536,499,774	59,483,621	3,309,608,424	331,138,898
15		SGS-TES - SMALL GENERAL SERVICE THERMAL ENERGY STORAGE	21,819,600	1,510,948	See attached		21,819,600	1,510,948
16		SGS-TOU - SMALL GENERAL SERVICE TIME-OF-USE	8,371,865,197	611,317,514	1,115,225,685	88,508,538	9,487,090,882	699,826,052
17	Medium General Service Sum		11,178,964,878	\$ 886,079,173	1,653,062,599	\$ 148,183,396	12,832,027,477	\$ 1,034,262,569
18	Large General Service	LGS - LARGE GENERAL SERVICE	1,141,204,433	88,859,666	698,027,189	50,318,321	1,839,231,622	139,177,987
19		LGS-CRTL-TOU - LARGE GENERAL SERVICE CURTAILMENT TIME-OF-USE (SPECIAL)			702,376,100	30,077,028	702,376,100	30,077,028
20		LGS-RTP - LARGE GENERAL SERVICE (EXPERIMENTAL REALTIME PRICING)	9,861,252	824,900	-	-	9,861,252	824,900
21		LGS-RTP-TOU - LARGE GENERAL SERVICE (EXPERIMENTAL REALTIME PRICING) TOU	5,708,044,202	328,945,782	571,293,865	32,059,629	6,279,338,067	361,005,411
22		LGS-TOU - LARGE GENERAL SERVICE TIME-OF-USE	1,598,681,135	113,958,528	309,355,839	19,236,422	1,908,036,974	133,194,950
23	Large General Service Sum		8,457,791,022	\$ 532,588,876	2,281,052,993	\$ 131,691,400	10,738,844,015	\$ 664,280,276
24	Seasonal Intermittent	SI - SEASONAL OR INTERMITTENT SERVICE	43,075,313	5,200,515	18,492,882	2,335,235	61,568,195	7,535,750
25	Seasonal Intermittent Sum		43,075,313	\$ 5,200,515	18,492,882	\$ 2,335,235	61,568,195	\$ 7,535,750
26	Other	ALS - AREA LIGHTING SERVICE	267,795,639	62,444,191	63,427,856	14,298,726	331,223,495	76,742,917
27		SFLS - SPORTS FIELD LIGHTING SERVICE	1,134,908	200,691	149,692	40,747	1,284,600	241,438
28		SLS - STREET LIGHTING SERVICE	85,107,971	26,178,894	16,316,405	4,211,648	101,424,376	30,390,542
29		TSS - TRAFFIC SIGNAL SERVICE	4,754,792	454,335	855,613	77,478	5,610,405	531,813
30	Other Sum		358,793,310	\$ 89,278,111	80,749,566	\$ 18,628,599	439,542,876	\$ 107,906,710
	Grand Total		38,687,267,513	\$ 3,563,165,280	6,506,745,205	\$ 593,234,381	45,194,012,718	\$ 4,156,399,661

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Normalize for weather
For the test period ended December 31, 2018

PS NC-0303
Supplemental
CCR Settlement

NC RETAIL

kWh Weather Normalizations - Based on 30-Year Average (1988-2017)

Line No.	Month		Small General Service	Medium General Service	Large General Service	Area Service Lighting	Sports Field Lighting Service	Street Lighting Service	Traffic Service Signal	Total Retail
<u>30 Year Average [1][2]</u>										
1	Jan	2018	(277,937,135)	(6,626,328)	(31,754,911)	(11,498,345)				(327,816,719)
2	Feb	2018	221,876,986	493,106	2,606,684	-				224,976,776
3	Mar	2018	162,535,932	-	-	61,427,088				223,963,020
4	Apr	2018	(86,671,162)	-	-	(26,680,310)				(113,351,472)
5	May	2018	(23,581,120)	(1,094,181)	(7,003,255)	(12,269,037)				(43,947,593)
6	Jun	2018	(160,689,941)	(11,395,003)	(66,693,148)	(14,777,653)				(253,555,745)
7	Jul	2018	(81,084,028)	(4,847,525)	(26,876,906)	(76,175,964)				(188,984,424)
8	Aug	2018	21,370,452	1,538,541	8,556,495	4,443,838				35,909,327
9	Sep	2018	(111,660,208)	4,249,535	23,456,842	104,357,602				20,403,770
10	Oct	2018	(195,143,760)	(16,234,078)	(95,585,512)	(76,789,975)				(383,753,325)
11	Nov	2018	(6,790,109)	(17,483,369)	(105,757,837)	(41,675,647)				(171,706,962)
12	Dec	2018	(88,598,020)	17,287,821	101,674,304	89,311,060				119,675,165
13	Total		(626,372,114)	(34,111,482)	(197,377,245)	(327,342)	-	-	-	(858,188,182)

[1] Duke Energy Load Forecasting

[2] Excludes Public Street Lighting

UPDATED to reflect corrected February weather-normal kWh per Rate Design and PS Witness Saillor adjustment

Duke Energy Progress, LLC
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For the test period ended December 31, 2018

NC-0400
CCR Settlement

E-1 Item 10 Adjustments Requirement

Provide the detail work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

Detailed Narrative Explanation of Adjustment

This pro forma annualizes revenue, fuel expense, operation and maintenance expense, and income taxes to reflect changes in the number of customers and usage per customer during the test period.

The impact to revenue was determined as follows:

To determine the additional revenue requirement resulting from customer growth, the monthly increase in number of customers was multiplied by the applicable average monthly kWh consumption per customer to derive the annualized change in kWh consumption based on the number of customers at the end of the test period.

The impact to fuel expense was determined by multiplying the 'Customer growth adjustment to KWH sales - NC kWh adjustment' by the most recent approved fuel rate (excluding EMF).

The impact to other operation and maintenance expense is determined by multiplying the impact to revenue by the statutory regulatory fee percentage rate and the uncollectibles rate.

The impact to income taxes was determined by multiplying taxable income by the statutory tax rate.

This adjustment updates revenues to reflect customer growth experienced beyond the test period, through July 2019. The underlying calculations reflect the same methods used in the Company's rebuttal testimony as explained by Company Witness Pirro in Docket E-2 Sub 1142.

October update

Updated NC-0403 for weather impacts in NC-300 and customer growth information through October 2019

November update

Updated NC-0403 for weather impacts in NC-300 and customer growth information through November 2019

December update

Updated NC-0403 for weather impacts in NC-300 and customer growth information through December 2019
NC-0404 was adjusted to calculate Residential ¢ / kWh excluding the Basic Customer Charge

January update

Updated NC-0403 for weather impacts in NC-300 and customer growth information through January 2020

February update

NC-0402 and NC-0403 now reflect separate adjustments for Customer Growth and Usage
Updated NC-0403 for weather impacts in NC-300 and customer growth information through February 2020
NC-0404 was adjusted to reflect the ¢ / kWh both with and excluding the Basic Customer Charge

May update

Updated customer growth and usage kWh through May 2020

CCR Settlement

To incorporate May PS audit adjustments

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NC-0400
CCR Settlement

Line No.	Description	Source	Total NC Retail			
			CCR Settlement	Second Settlement	Application	Change
1						
2	<u>Pro Formas Impacting Income Statement Line Items</u>					
3						
4	Electric operating revenue	NC-0401	\$ (7,737)	\$ (8,366)	\$ 5,182	(12,919)
5						
6	Electric operating expenses:					
7	Operation and maintenance					
8	Fuel used in electric generation	NC-0401	(5,915)	(5,955)	2,857	(8,772)
9	Purchased power		-	-	-	-
10	Other operation and maintenance expense	NC-0401	(2,148)	(30.87)	19	(2,167)
11	Depreciation and amortization		-	-	-	-
12	General taxes		-	-	-	-
13	Interest on customer deposits		-	-	-	-
14	Income taxes	NC-0401	75	(551)	534	(459)
15	Amortization of investment tax credit		-	-	-	-
16						
17	Total electric operating expenses	Sum L8 through L15	(7,987)	(6,537)	3,411	(11,398)
18						
19	Operating income	L4 - L17	\$ 250	\$ (1,829)	\$ 1,771	\$ (1,521)
20						
21	Notes:					
22	Revenue: positive number increases revenue / negative number decreases revenue					
23	Expense: positive number increases expense / negative number decreases expense					
24						
25						
26	<u>Pro Formas Impacting Rate Base Line Items</u>					
27						
28	Electric plant in service		\$ -	\$ -	\$ -	\$ -
29	Accumulated depreciation and amortization		-	-	-	-
30	Electric plant in service, net	Sum L28 through L29	-	-	-	-
31						
32	Add:					
33	Materials and supplies		-	-	-	-
34	Working capital investment		-	-	-	-
35						
36						
37	Less:					
38	Accumulated deferred taxes		-	-	-	-
39	Operating reserves		-	-	-	-
40						
41						
42	Construction work in progress		-	-	-	-
43						
44	Total impact to rate base	Sum L30 through L42	\$ -	\$ -	\$ -	\$ -
45						
46	Note:					
47	Rate Base: positive number increases rate base / negative number decreases rate base					

Duke Energy Progress, LLC

Docket No. E-2, Sub 1219

Annualize revenues for customer growth

For the test period ended December 31, 2018

(Dollars in thousands)

NC-0401

CCR Settlement

Line No.	Description	Residential	Small General Service	Medium General Service	Large General Service	SI NCSI	Area Service Lighting	Sports Field Lighting Service NCSFL	Street Lighting Service NCSLS	Traffic Service Signal NCTSS	Total NC Retail
1											
2	Customer growth and usage Revenue adjustment - Feb	\$ 11,493	\$ (3,580)	\$ (12,588)	\$ 4,881	\$ (380)	\$ -	\$ 19	\$ 517	\$ (9)	\$ 353
3	Customer growth and usage Revenue adjustment - May	25,674	(7,252)	(32,527)	3,830	(994)	-	(16)	855	(4)	(10,434)
4	May Increase	\$ 14,181	\$ (3,672)	\$ (19,939)	\$ (1,052)	\$ (614)	\$ -	\$ (35)	\$ 338	\$ 6	\$ (10,786)
5	75% of May increase	10,636	(2,754)	(14,954)	(789)	(460)	-	(26)	253	4	(8,090)
6	Customer growth and usage Revenue adjustment - per settlement	\$ 22,129	\$ (6,334)	\$ (27,543)	\$ 4,093	\$ (840)	\$ -	\$ (7)	\$ 771	\$ (5)	\$ (7,737) [1]
7											
8	Impact to fuel - Feb	\$ 1,534	\$ (1,216)	\$ (4,206)	\$ 1,632	\$ (92)	\$ -	\$ 2	\$ 37	\$ (2)	\$ (2,312)
9	Approved fuel and fuel related costs ¢/kWh (excluding EMF)	2.326	2.499	2.456	2.054	2.456	2.217	2.217	2.217	2.217	[2]
10	Customer growth and usage adjustment to kWh sales	210,975,729	(93,344,303)	(439,354,341)	62,259,064	(9,654,269)	-	(104,146)	2,772,245	(41,277)	(266,491,299) [1]
11	Impact to fuel - May (L9 x (L10 / 100,000))	\$ 4,907	\$ (2,333)	\$ (10,791)	\$ 1,279	\$ (237)	\$ -	\$ (2)	\$ 61	\$ (1)	\$ (7,116)
12	May Increase	3,373	(1,116)	(6,584)	(353)	(145)	-	(5)	24	1	(4,804)
13	75% of May increase	2,530	(837)	(4,938)	(265)	(109)	-	(4)	18	1	(3,603)
14	Impact to fuel - per settlement (L8 + L13)	\$ 4,064	\$ (2,054)	\$ (9,144)	\$ 1,367	\$ (201)	\$ -	\$ (1)	\$ 55	\$ (1)	\$ (5,915)
15											
16	Other O&M	\$ (337)	\$ (284)	\$ (1,877)	\$ 214	\$ (1)	\$ -	\$ (0)	\$ 169	\$ (2)	\$ (2,119) [6]
17											
18	Calculation of NCUC Regulatory Fee and Uncollectible										
19	Uncollectible rate	0.002394	0.002394	0.002394	0.002394	0.002394	0.002394	0.002394	0.002394	0.002394	0.002394 [3]
20	Statutory regulatory fee percentage rate	0.001297	0.001297	0.001297	0.001297	0.001297	0.001297	0.001297	0.001297	0.001297	0.001297 [4]
20	Impact to NCUC Regulatory Fee and Uncollectible ((L18 + L19) x L5)	\$ 82	\$ (23)	\$ (102)	\$ 15	\$ (3)	\$ -	\$ (0)	\$ 3	\$ (0)	\$ (29)
21	Impact to Total O&M ((L19 + L20) x L6)	\$ (256)	\$ (308)	\$ (1,979)	\$ 229	\$ (4)	\$ -	\$ (0)	\$ 171	\$ (2)	\$ (2,148)
22											
23	Taxable income (L6 - L14 - L21)	\$ 18,321	\$ (3,973)	\$ (16,419)	\$ 2,496	\$ (635)	\$ -	\$ (6)	\$ 544	\$ (2)	\$ 326
24											
25	Statutory tax rate	23.1693%	23.1693%	23.1693%	23.1693%	23.1693%	23.1693%	23.1693%	23.1693%	23.1693%	23.1693% [5]
26	Impact to income taxes (L23 x L25)	\$ 4,245	\$ (920)	\$ (3,804)	\$ 578	\$ (147)	\$ -	\$ (1)	\$ 126	\$ (0)	\$ 75
27											
28	Impact to operating income (L23 - L26)	\$ 14,076	\$ (3,052)	\$ (12,615)	\$ 1,918	\$ (488)	\$ -	\$ (5)	\$ 418	\$ (1)	\$ 250

[1] NC-0402 - Calculation of Customer Growth and Usage Revenue Adjustment

[2] NC-0202 - NC Billed Fuel Factors (with EMF and EMF Interest Increment/Decrement for approved cost factors), Line 8

[3] NC-0105 - 2018 Uncollectibles Rate, Line 4

[4] NC-0103 - NCUC Statutory Regulatory Fee Percentage Rate - Adjusted, Docket No. M-100, Sub 142, Line 3

[5] NC-0104 - 2019 Calculation of Tax Rates - Statutory Tax Rate, Line 10

Duke Energy Progress, LLC
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(Dollars in thousands)

NC-0402a
CCR Settlement

Calculation of Customer Growth Adjustment

Line No.	Rate Schedule	NC Retail KWH Adjustment (a)	[1]	Cents Per kWh (b)	[2]	Revenue Adjustment (c) = ((a) x (b) / 100,000)
1	Residential	561,198,538		8.85		\$ 49,654
2	Residential excl. TOU	550,471,121		8.85		48,721
3	Residential TOU	10,727,417		8.70		933
4						
5	Small General Service	39,079,080		10.83		\$ 4,231
6	SGS excl. Constant Load Rate	37,664,616		10.81		4,073
7	SGS Constant Load Rate	1,414,464		11.20		158
8						
9	Medium General and Seasonal and Intermittent Service	105,085,689		7.66		\$ 8,048
10	Medium General Service excl. Time of Use	44,209,854		8.73		3,860
11	Medium General Service Time of Use	58,616,356		6.72		3,941
12	Seasonal and Intermittent Service	2,259,479		10.95		247
13						
14	Large General Service	101,703,976		6.14		\$ 6,247
15	Large General Service excl. Time of Use and Real Time Pricir	30,755,841		6.92		2,129
16	Large General Service Time of Use	42,289,282		6.29		2,662
17	Large General Service Real Time Pricing	28,658,852		5.08		1,456
18						
19	Sports Field Lighting Service	9,130		17.81		2
20	Street Lighting Service	2,772,245		30.84		855
21	Traffic Signal Service	(41,277)		9.15		(4)
22						
23	Total kWh Adjustment (L1 through L21)	<u>809,807,380</u>				
24						
25						
26	<u>NC Residential Change in number of customers</u>	<u># of Customers</u>	[3]	<u>BCC</u>	[4]	
27	Residential	489,051		\$ 14.00		\$ 6,847
28	Residential TOU	9,530		\$ 16.85		\$ 161
29						
30						<u>76,041</u>

[1] NC-0403 - Customer Growth Adjustment to KWH Sales, col (d)

[2] NC-0404 - Present Revenue Annualized and KWH Sales - NC Retail, c/kWh. Residential uses ¢ / kWh excluding BCC.

[3] Source Rate Design Regression Analysis

[4] Basic Customer Charge per Tariffs - Pirro Exhibit 1: RES-60 \$14.00, R-TOU-60 \$16.85, and R-TOUD-60 \$16.85

Duke Energy Progress, LLC
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NC-0402b
CCR Settlement

Calculation of Customer Usage Revenue Adjustment

Line No.	Rate Schedule	NC Retail KWH Adjustment (a)	[1]	Cents Per kWh (b)	[2]	Revenue Adjustment (c) = ((a) x (b) / 100,000)
1	Residential	(350,222,809)		8.85		\$ (30,987)
2	Residential excl. TOU	(343,528,233)		8.85		(30,405)
3	Residential TOU	(6,694,576)		8.70		(582)
4						
5	Small General Service	(132,423,383)		8.67		\$ (11,483)
6	SGS excl. Constant Load Rate	(127,630,328)		8.76		(11,177)
7	SGS Constant Load Rate	(4,793,055)		6.39		(306)
8						
9	Medium General and Seasonal and Intermittent Service	(554,094,299)		7.50		\$ (41,570)
10	Medium General Service excl. Time of Use	(233,109,077)		8.53		(19,884)
11	Medium General Service Time of Use	(309,071,473)		6.61		(20,445)
12	Seasonal and Intermittent Service	(11,913,748)		10.42		(1,241)
13						
14	Large General Service	(39,444,912)		6.13		\$ (2,417)
15	Large General Service excl. Time of Use and Real Time Pricir	(11,928,358)		6.90		(823)
16	Large General Service Time of Use	(16,401,493)		6.28		(1,029)
17	Large General Service Real Time Pricing	(11,115,061)		5.08		(564)
18						
19	Sports Field Lighting Service	(113,276)		15.46		(18)
20	Street Lighting Service	-		30.84		-
21	Traffic Signal Service	-		9.15		-
22						
23	Total kWh Adjustment (L1 through L21)	<u>(1,076,298,679)</u>				<u>(86,475)</u>

[1] NC-0403 - Customer Growth Adjustment to KWH Sales, col (d)

[2] NC-0404 - Present Revenue Annualized and KWH Sales - NC Retail, c/kWh. Residential uses ¢ / kWh excluding BCC.

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NC-0403
CCR Settlement

Customer Growth Adjustment to KWH Sales

Line No.	(a) Rate Schedule	(b) COS Category	(c)	(d)	(e)		(f)	(f)	COS Schedules	(g) Service Bases 12/31/2018 C1ALL Allocator [2]	
			NC Proposed Customer Growth kWh Adjustment	NC Proposed Change in Usage kWh Adjustment	NC Proposed KWH Adjustment [1]		Adj by COS Schedule	Adj by COS Schedule			
1											
2	NC Residential	Residential	561,198,538	(350,222,809)	210,975,729	RES, RET	550,471,121	(343,528,233)	NCRES	NCRES	1,177,050
3							10,727,417	(6,694,576)	NCRET	NCRET	22,938
4	NC General:									NCSGS	160,062
5	General Service Small	Small General Service	39,079,080	(132,423,383)	(93,344,303)	SGS, SGSTCLR	37,664,616	(127,630,328)	NCSGS	NCSGSTCLR	6,011
6	General Service Medium	Medium General Service	105,085,689	(554,094,299)	(449,008,610)	MGS, SGS-TOU,SI	1,414,464	(4,793,055)	NCSGSTCLR	NCSGTM	22,077
7	Total General		144,164,769	(686,517,682)	(542,352,913)		58,616,356	(309,071,473)	NCSGTM	NCMGS	16,651
8							44,209,854	(233,109,077)	NCMGS	NCSI	851
9							2,259,479	(11,913,748)	NCSI	NCLGS	88
10	NC Lighting:									NCLGT	121
11	Street Lighting	Lighting	2,772,245	-	2,772,245	SLS/SLR	2,772,245	-	NCSLS	NCRTP	82
12	Sports Field Lighting	Lighting	9,130	(113,276)	(104,146)	SFLS	9,130	(113,276)	NCSFL	NCTSS	780
13	Traffic Signal Service	Lighting	(41,277)	-	(41,277)	TSS/TFS	(41,277)	-	NCTSS	NCALS	0
14	Total Street Lighting		2,740,098	(113,276)	2,626,822					NCSLS	1,578
15										NCSFL	78
16	NC Industrial:										1,408,367
17	I - Textile	Large General Service	-	-	-		30,755,841	(11,928,358)	NCLGS		
18	I - Nontextile	Large General Service	101,703,976	-	101,703,976	LGS incl. TOU & RTP	42,289,282	(16,401,493)	NCLGT		
19	I - Textile & Nontextile	Large General Service	-	(39,444,912)	(39,444,912)		28,658,852	(11,115,061)	NCRTP		
20	Total Industrial		101,703,976	(39,444,912)	62,259,064						
21											
22							809,807,380	(1,076,298,679)			
23	Total		809,807,380	(1,076,298,679)	(266,491,299)						

Notes:

- [1] Information provided by Rate Design.
[2] Regression using number of service bases, and schedules in proposed adjustment per Rate Design

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NC-0404
CCR Settlement

Present Revenue Annualized and KWH Sales - NC Retail

		NORTH CAROLINA RETAIL						
Line			Present	Basic Customer	Present	Per Book	All-Inclusive	w/o BCC
No.	COS Category	Description	Revenue	Charge (BCC) [3]	Revenue	kWh Sales [2]	¢ / kWh	
			Annualized [1]		Excluding BCC			
1								
2	Residential	RES - RESIDENTIAL SERVICE	\$ 1,627,945,892	\$ (197,751,086)	\$ 1,430,194,806	16,158,859,096	10.07	8.85
3		R-TOUD - RESIDENTIAL SERVICE TIME-OF-USE	37,486,504	(4,041,968)	33,444,536	451,040,840		
4		R-TOU - RESIDENTIAL SERVICE ALL-ENERGY TIME-OF-USE	5,576,511	(694,079)	4,882,432	56,146,653	9.93	8.70
5		Residential Sum	\$ 1,671,008,906	\$ (202,487,133)	\$ 1,468,521,774	16,666,046,589		
6	Small General Service	SGS - SMALL GENERAL SERVICE	210,976,543	\$ (40,117,843)	\$ 170,858,700	1,950,982,004	10.81	8.76
7		SGS-TOU-CLR - SMALL GENERAL SERVICE TIME-OF-USE CONSTANT LOAD RATE	3,539,804	(1,520,432)	2,019,372	31,614,397	11.20	6.39
8		Small General Service Sum	\$ 214,516,347	\$ (41,638,275)	\$ 172,878,072	1,982,596,401		
9	Medium General Service	APH-TES - AGRICULTURAL POST-HARVEST SERVICE	133,640	\$ (1,281)	\$ 132,359	2,065,800		
10		CH-TOUE - CHURCH SERVICE EXPERIMENTAL TIME-OF-USE	1,173,027	(95,984)	1,077,043	8,706,511		
11		CSE - CHURCH AND SCHOOL SERVICE	193,536	(14,938)	178,598	1,373,440		
12		CSG - CHURCH AND SCHOOL SERVICE	4,336	(342)	3,994	25,680		
13		MGS - MEDIUM GENERAL SERVICE	242,144,278	(5,603,638)	236,540,640	2,773,108,650	8.73	8.53
14		SGS-TES - SMALL GENERAL SERVICE THERMAL ENERGY STORAGE	1,345,435	(6,090)	1,339,345	21,819,600		
15		SGS-TOU - SMALL GENERAL SERVICE TIME-OF-USE	562,838,889	(9,050,665)	553,788,224	8,371,865,197	6.72	6.61
16		Medium General Service Sum	\$ 807,833,140	\$ (14,772,938)	\$ 793,060,202	11,178,964,878		
17	Large General Service	LGS - LARGE GENERAL SERVICE	79,000,414	\$ (219,986)	\$ 78,780,428	1,141,204,433	6.92	6.90
18		LGS-RTP - LARGE GENERAL SERVICE (EXPERIMENTAL REALTIME PRICING)	-	-	-	9,861,252		
19		LGS-RTP-TOU - LARGE GENERAL SERVICE (EXPERIMENTAL REALTIME PRICING) TOU	290,057,172	(187,226)	289,869,945	5,708,044,202	5.08	5.08
20		LGS-TOU - LARGE GENERAL SERVICE TIME-OF-USE	100,616,525	(282,041)	100,334,484	1,598,681,135	6.29	6.28
21		Large General Service Sum	\$ 469,674,111	\$ (689,254)	\$ 468,984,857	8,457,791,022		
22	Other	ALS - AREA LIGHTING SERVICE	62,316,881	\$ -	\$ 62,316,881	267,795,639		
23		SFLS - SPORTS FIELD LIGHTING SERVICE	202,072	(26,622)	175,450	1,134,908	17.81	15.46
24		SLS - STREET LIGHTING SERVICE	26,250,749	-	26,250,749	85,107,971	30.84	
25		TSS - TRAFFIC SIGNAL SERVICE	434,956	-	434,956	4,754,792	9.15	
26		Other Sum	\$ 89,204,659	\$ (26,622)	\$ 89,178,037	358,793,310		
27	Seasonal Intermittent	SI - SEASONAL OR INTERMITTENT SERVICE	4,715,715	(228,386)	4,487,329	43,075,313	10.95	10.42
28		Seasonal Intermittent Sum	\$ 4,715,715	\$ (228,386)	\$ 4,487,329	43,075,313		
29	Grand Total		\$ 3,256,952,878	\$ (259,842,608)	\$ 2,997,110,271	38,687,267,513		

[1] NC-0102 - Column c

[2] NC-0302 Sum of kWh

[3] Annual Revenue at Current Rates/Spread Factor (Pirro Exhibits)

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NC-0405
CCR Settlement

Customer Growth and Usage Adjustment to Other O&M

Line No.	Rate Schedule	COS Category	Energy related non fuel O&M				Customer related non fuel O&M						
			Adjustment to kWh Sales		O&M ¢/kWh	[1]	Number of bills					Cost per bill	Adjustment [2]
			Customer Growth & Usage	Weather			Test Year	End of Extended period	Change to May	Change to Feb	Change		
1													
2	NC Residential	Residential	174,719,985	(626,372,114)	3.23	\$	14,562,331	15,060,912	498,581	402,569	474,578	2.36	\$ 1,121
3													
4	NC General:												
5	General Service Small	Small General Service	(82,174,987)	(34,111,482)	3.23		2,006,644	2,047,644	41,000	31,232	38,558	2.36	91
6	General Service Medium	Medium General Service	(380,512,942)	(197,377,245)	3.23		471,089	465,947	(5,142)	(4,475)	(4,975)	2.36	(12)
7	Total General		(462,687,929)	(231,488,727)		\$	2,477,733	2,513,591	35,858	26,757	33,583		\$ 79
8													
9													
10	NC Lighting:												
11	Street Lighting	Lighting	2,498,494	-	3.23		2,318,787	2,394,180	75,393	45,597	67,944	2.36	161
12	Sports Field Lighting	Lighting	(50,818)	-	3.23		946	960	14	74	29	2.36	0
13	Traffic Signal Service	Lighting	(56,837)	-	3.23		63,311	62,760	(551)	(1,379)	(758)	2.36	(2)
14	Total Street Lighting		2,390,840	-		\$	2,383,044	2,457,900	74,856	44,292	67,215		\$ 159
15													
16	NC Industrial:												
17	I - Textile	Large General Service	-	-	3.23	-			-	-	-	2.36	-
18	I - Nontextile	Large General Service	99,541,828	-	3.23	321			-	-	-	2.36	-
19	I - Textile & Nontextile	Large General Service	(32,988,171)	(327,342)	3.23	(108)	3,451	3,552	101	113	104	2.36	0
20	Total Industrial		66,553,657	(327,342)		\$	3,451	3,552	101	113	104		\$ 0
21													
22													
23	Total		(219,023,446)	(858,188,182)		\$	19,426,559	20,035,955	609,396	473,731	575,480		\$ 1,360

Notes:

[1] Maness Stipulation Exhibit 1 - Schedule 3-1(b)(3) V. O&M

[2] Maness Stipulation Exhibit 1 - Schedule 3-1(b)(5) B. Rate

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E-1 Item 10 Adjustments Requirement

Provide the detail work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

Detailed Narrative Explanation of Adjustment

This pro forma adjusts depreciation expense, general taxes, income taxes, electric plant in service, accumulated depreciation, working capital investment, accumulated deferred income taxes and construction work in progress to reflect net additions to plant in service.

The impact to operating income is determined as follows:

The adjustment to depreciation expense reflects a full year's level of depreciation on net additions to plant in service by multiplying the projected additions to net electric plant by depreciation rates based on the new depreciation study.

The adjustment to general taxes reflects estimated annual property tax expense related to the net additions to plant in service. Property taxes are estimated by multiplying the projected net additions to electric plant by a combined North Carolina and South Carolina property tax rate.

The impact to income taxes is determined by multiplying taxable income by the statutory tax rate.

The impact to rate base is determined as follows:

The adjustment to electric plant in service reflects projected updates to electric plant in service through February 2020.

The adjustment to accumulated depreciation reflects projected updates to the accumulated depreciation balance through February 2020 and annualized depreciation expense based on forecasted February 2020 electric plant in service balances.

The adjustment to working capital investments reflects projected updates to the unrecovered net book value of retired meters regulatory asset through February 2020.

The adjustment to accumulated deferred income taxes reflects the impacts of projected bonus depreciation on gross plant additions through February 2020.

The adjustment to construction work in progress is to remove the balance related to Asheville CC that was included in rate base in the last rate case. Asheville CC is forecasted to go in service during the capital cutoff period.

October Update

Updated NC-1005, NC-1008, NC-1009 and NC-1010 for actuals through October 2019.
 Corrected references to Duke Energy Carolinas in footnotes

November Update

Updated NC-1005, NC-1008, NC-1009 and NC-1010 for actuals through November 2019. Updated forecasted DSDR numbers on NC-1007, NC-1008, and NC-1009 based on revised DSDR asset balances.

December Update

Updated NC-1005, NC-1008, NC-1009 and NC-1010 for actuals through December 2019.

January Update

Updated NC-1005, NC-1008, NC-1009 and NC-1010 for actuals through January 2020.

February Update

Updated NC-1005, NC-1007, NC-1008, NC-1009 and NC-1010 for actuals through February 2020. NC-1008 been updated to include Asheville CC Unit 8, which expected in service in March 2020.
 Updated NC-1008 to account for reclass Vanderbilt W Asheville 115kV reconductor project

Rebuttal Update

Update NC-1008 for new Asheville CC forecasted plant in service as of March 31, 2020. Unit 8 went into service April 5, 2020. (Liquidated damages not expected before hearing date)

Settlement Update

Removed the remaining impact of the Vanderbilt W Asheville 115kV reconductor project to distribution plant in NC Retail per settlement on NC-1012.

CCR Settlement

Updated NC-1007 and NC-1008 for camera replacement project adjustments identified by the Public Staff in their May update audit.

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Line No.	Description	Source	Total NC Retail					
			CCR Settlement	Second Supplemental	April	Partial Settlement	Application	Change
1								
2	<u>Pro Formas Impacting Income Statement Line Items</u>							
3								
4	Electric operating revenue		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5								
6	Electric operating expenses:							
7	Operation and maintenance							
8	Fuel used in electric generation		-	-	-	-	-	-
9	Purchased power		-	-	-	-	-	-
10	Other operation and maintenance expense		-	-	-	-	-	-
11	Depreciation and amortization	NC-1001	68,141	68,269	65,020	62,826	70,469	(2,329)
12	General taxes	NC-1001	5,742	5,750	5,397	5,034	6,600	(858)
13	Interest on customer deposits		-	-	-	-	-	-
14	Income taxes	NC-1001	(17,118)	(17,150)	(16,315)	(15,723)	(17,857)	738
15	Amortization of investment tax credit		-	-	-	-	-	-
16								
17	Total electric operating expenses	Sum L8 through L15	56,765	56,870	54,101	52,138	59,213	(2,449)
18								
19	Operating income	L4 - L17	<u>\$ (56,765)</u>	<u>\$ (56,870)</u>	<u>\$ (54,101)</u>	<u>\$ (52,138)</u>	<u>\$ (59,213)</u>	<u>\$ 2,449</u>
20								
21	Notes:							
22	Revenue: positive number increases revenue / negative number decreases revenue							
23	Expense: positive number increases expense / negative number decreases expense							
24								
25								
26	<u>Pro Formas Impacting Rate Base Line Items</u>							
27								
28	Electric plant in service	NC-1001	\$ 1,656,379	\$ 1,658,616	\$ 1,559,503	\$ 1,458,640	\$ 1,845,936	\$ (189,558)
29	Accumulated depreciation and amortization	NC-1001	(188,014)	(188,126)	(145,667)	(127,842)	(383,473)	195,459
30	Electric plant in service, net	Sum L28 through L29	<u>\$ 1,468,365</u>	<u>\$ 1,470,490</u>	<u>\$ 1,413,836</u>	<u>\$ 1,330,798</u>	<u>\$ 1,462,463</u>	<u>\$ 5,901</u>
31								
32	Add:							
33	Materials and supplies		-	-	-	-	-	-
34	Working capital investment	NC-1001	18,763	18,763	18,763	18,763	(1,458)	20,220
35								
36								
37	Less:							
38	Accumulated deferred taxes	NC-1001	(57,010)	(57,010)	(56,854)	(56,542)	(31,249)	(25,761)
39	Operating reserves		-	-	-	-	-	-
40								
41								
42	Construction work in progress	NC-1001	(102,930)	(102,930)	(102,930)	(102,930)	(102,930)	-
43								
44	Total impact to rate base	Sum L30 through L42	<u>\$ 1,327,187</u>	<u>\$ 1,329,312</u>	<u>\$ 1,272,814</u>	<u>\$ 1,190,089</u>	<u>\$ 1,326,826</u>	<u>\$ 361</u>
45								
46	Note:							
47	Rate Base: positive number increases rate base / negative number decreases rate base							

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Line No.	Description	Electric Plant	Depr Rate	Depr.	Total System	NC Retail Allocation	Total NC Retail
1	<u>Impact to Rate Base Line Items</u>						
2	<u>Total net additions to electric plant:</u>						
3	Fossil	\$ (178,297) [1]	5.33% [2]	\$ (9,503)			
4	Production Direct Assignments - NC	145 [1]	5.33% [2]	8			
5	Direct Assignments - WHS	(4,614) [1]	5.33% [2]	(246)			
6	Nuclear	297,049 [1]	3.31% [2]	9,832			
7	Production Direct Assignments - NC	6,198 [1]	3.31% [2]	205			
8	Direct Assignments - SC	685 [1]	3.31% [2]	23			
9	Direct Assignments - WHS	811 [1]	3.31% [2]	27			
10	Hydro	14,214 [1]	3.70% [2]	526			
11	Other Production	819,240 [1]	5.08% [2]	41,617			
12	Direct Assignments - WHS	(300) [1]	5.08% [2]	(15)			
13	Transmission	445,790 [1]	2.23% [2]	9,941			
14	Distribution	802,735 [1]	2.39% [18]	19,185			
15	Distribution - AMR Meter Retirements	(61,039) [17]					
16	General	106,799 [1]	5.74% [2]	6,130			
17	Intangible	109,276 [1]		21,504 [13]			
18	Total net additions to depreciable electric plant (L3 through L17)	<u>\$ 2,358,691</u>		<u>\$ 99,234</u>			
19							
20	<u>Summary of impacts to rate base</u>						
21	<u>Net additions to total electric plant in service:</u>						
22	Production Plant				\$ 952,203 [1]	61.5278% [4]	\$ 585,870
23	Production Direct Assignments - NC				6,345 [1]	100.0000%	6,345
24	Direct Assignments - SC				685 [1]	0.0000%	-
25	Direct Assignments - WHS				(4,101) [1]	0.0000%	-
26	Transmission plant				445,788 [1]	59.6699% [5]	266,001
27	Distribution plant				741,696 [1]	87.1486% [6]	646,378
28	General plant				106,799 [1]	74.0412% [7]	79,075
29	Intangible plant				109,276 [1]	67.9178% [8]	74,218
30	Adjustment to electric plant in service (Sum L22 through L29)				\$ 2,358,691		\$ 1,657,886
31	Additional adjustment for Vanderbilt 115KV project				- [19]		(1,507) [19]
32	Impact to electric plant in service (L30 + L31)				<u>\$ 2,358,691</u>		<u>\$ 1,656,379</u>
33							
34	<u>Accumulated depreciation & amortization:</u>						
35	Production Plant				\$ (130,921) [3]	61.5278% [4]	\$ (80,553)
36	Production Direct Assignments - NC				30,286 [3]	100.0000%	30,286
37	Direct Assignments - SC				2,973 [3]	0.0000%	-
38	Direct Assignments - WHS				2,561 [3]	0.0000%	-
39	Transmission				(33,280) [3]	59.6699% [5]	(19,858)
40	Distribution				(12,335) [3]	87.1486% [6]	(10,749)
41	General				(38,953) [3]	74.0412% [7]	(28,841)
42	Intangible				(80,918) [3]	67.9178% [8]	(54,958)
43	Adjustment to accumulated depreciation & amortization (Sum L35 through L42)				\$ (260,585)		\$ (164,673)
44	Additional adjustment for May. 31, 2020 annualization				(35,684) [14]		(23,341) [14]
45	Impact to accumulated depreciation and amortization (L43 + L44)				<u>\$ (296,269)</u>		<u>\$ (188,014)</u>
46							
47	<u>Net electric plant:</u>						
48	Production (L22 + L35)				\$ 821,282		\$ 505,317
49	Direct Assignments - NC (L23 + L36)				36,631		36,631
50	Direct Assignments - SC (L24 + L37)				3,659		-
51	Direct Assignments - WHS (L25 + L38)				(1,539)		-
52	Transmission (L26 + L39)				412,508		246,143
53	Distribution (L27 + L40)				729,362		635,628
54	General (L28 + L41)				67,846		50,234
55	Intangible (L29 + L42)				28,357		19,260
56	Adjustment to net plant (Sum L48 through L55)				<u>\$ 2,098,105</u>		<u>\$ 1,493,213</u>
57	Additional adjustment for May. 31, 2020 annualization				(35,684) [14]		(23,341) [14]
58	Additional adjustment for Vanderbilt 115KV project				- [19]		(1,507) [19]
59	Total net plant (L56 + L57 + L58)				<u>\$ 2,062,422</u>		<u>\$ 1,468,365</u>
60							
61	<u>Working capital investment:</u>						
62	Net change in NC Unrecovered NBV of Retired Meters				\$ 18,763 [15]		\$ 18,763 [15]
63	Impact to working capital investment (L62)				<u>\$ 18,763</u>		<u>\$ 18,763</u>
64							
65	<u>Accumulated deferred income tax:</u>						
66	<u>Resulting from additional bonus depreciation:</u>						
67	Production				\$ (74,052) [9]	61.5278% [4]	\$ (45,563)

68	Transmission	(2,508) [9]	59.6699% [5]	(1,496)
69	Distribution	(1,658) [9]	87.1486% [6]	(1,445)
70	General	(356) [9]	74.0412% [7]	(264)
71	Intangible	(5,734) [9]	67.9178% [8]	(3,895)
72	Adjustment resulting from additional bonus depreciation (Sum L67 through L71)	<u>\$ (84,309)</u>		<u>\$ (52,663)</u>
73	Adjustment resulting from Meter working capital investment	<u>\$ (4,347) [15]</u>		<u>\$ (4,347) [15]</u>
74	Impact to accumulated deferred income tax (L72 + L73)	<u>\$ (88,656)</u>		<u>\$ (57,010)</u>

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Line		Total	NC Retail	Total
No.	Description	System	Allocation	NC Retail
75				
76	<u>Construction work in progress:</u>			
77	Remove Asheville CWIP in rate base	\$ (169,850) [16]		\$ (102,930) [16]
78	Impact to construction work in progress	<u>\$ (169,850)</u>		<u>\$ (102,930)</u>
79				
80	Impact to rate base (L59 + L63 + L74 + L78)	<u>\$ 1,822,678</u>		<u>\$ 1,327,187</u>
81				
82	<u>Impact to Income Statement Line Items</u>			
83	<u>Depreciation and amortization:</u>			
84	Production (L3 + L6 + L10 + L11)	\$ 42,472	61.5278% [4]	\$ 26,132
85	Production Direct Assignments - NC (L4 + L7)	213	100.0000%	213
86	Direct Assignments - SC (L8)	23	0.0000%	-
87	Direct Assignments - WHS (L5 + L9 + L12)	(234)	0.0000%	-
88	Transmission (L13)	9,941	59.6699% [5]	5,932
89	Distribution (L14)	19,185	87.1486% [6]	16,720
90	General (L16)	6,130	74.0412% [7]	4,539
91	Intangible (L17)	21,504	67.9178% [8]	14,605
92	Impact to depreciation and amortization (Sum L84 through L91)	<u>\$ 99,234</u>		<u>\$ 68,141</u>
93				
94	<u>General taxes:</u>			
95	Average property tax rate - North Carolina	0.22148% [10]		
96	Average property tax rate - South Carolina	<u>0.14111% [10]</u>		
97	Average property tax rate-Combined NC and SC (L95 + L96)	0.36259%		
98				
99	Production - Excluding Solar ((Sum (L3,L6,L10,L11) - NC-1008 Line 39) x L97)	\$ 3,452	61.5278% [4]	\$ 2,124
100	Production - Solar	0 [12]	61.5278% [4]	0
101	Production Direct Assignments - NC ((L4 + L7) x L97)	23	100.0000%	23
102	Transmission (L13 x L97)	1,616	59.6699% [5]	964
103	Distribution (L14 + L15 x L97)	2,689	87.1486% [6]	2,344
104	General (L16 x L97)	387	74.0412% [7]	287
105	Impact to general taxes (Sum L99 through L104)	<u>\$ 8,168</u>		<u>\$ 5,742</u>
106				
107	Taxable income (-L92 - L105)	\$ (107,403)		\$ (73,883)
108	Statutory tax rate	23.1693% [11]		23.1693% [11]
109	Impact to income taxes (L107 x L108)	<u>\$ (24,884)</u>		<u>\$ (17,118)</u>
110				
111	Impact to operating income (L107 - L109)	<u>\$ (82,518)</u>		<u>\$ (56,765)</u>

[1] NC-1002 - Net Plant Adds
[2] NC-2602 - Comparison of Current and Proposed Depreciation as of December 31, 2018, Proposed Rate Column
[3] NC-1003 - Accumulated Depreciation
[4] Allocation Factor - DPALL
[5] Allocation Factor - DTALL
[6] Allocation Factor - RB PLT O DI
[7] Allocation Factor - RB PLT O GN
[8] Allocation Factor - PTDG
[9] NC-1004 - Accumulated Deferred Income Taxes Calculation
[10] NC-0901 - Annualize property taxes on year end plant balances, Line 16
[11] NC-0104 - 2019 Calculation of Tax Rates - Composite Tax Rate, Line 10
[12] NC-1008 - Plant in Service Balances - Solar additions are included at 20% of total based on property tax exclusion for solar assets per Tax Department.
[13] Updated annualized depreciation on intangible additions per Asset Accounting.
[14] NC-1006 - Accumulated Depreciation Annualization Adjustment
[15] NC-1005 - NC Unrecovered Net Book Value of Retired Meters, Line 24 and Line 28
[16] NC-1011 - Adjust for Asheville base load CWIP - Docket No. E-2, Sub 1142
[17] AMR meter retirements, from Asset Accounting, should not have an impact on depreciation expense, recovering retired AMR meters in reg asset.
[18] Distribution composite rate without AMR meter line from the proposed 2018 Depreciation Study
[19] NC-1012 - Adjust for Vanderbilt - W. Asheville Vanderbilt 115KV project, Line 10

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Net Plant Adds

Line No.	Item	Total System		
		Actual [1] Net Change through 5/31/2020	Adjustments	Total Adjusted Net Change Plant in Service
1	<u>Electric Plant in Service:</u>			
2	Steam plant	\$ (154,305)	\$ (23,993) [2]	\$ (178,297)
3	Direct Assignments - NC	145		145
4	Direct Assignments - WHS	(4,614)		(4,614)
5	Nuclear plant	383,944	(86,895) [2]	297,049
6	Direct Assignments - NC	6,198		6,198
7	Direct Assignments - SC	685		685
8	Direct Assignments - WHS	811		811
9	Hydro plant	14,214		14,214
10	Other production plant	819,240		819,240
11	Direct Assignments - WHS	(300)		(300)
12	Transmission plant	445,790	- [3]	445,790
13	Distribution plant	773,019	(31,322) [3]	741,696
14	General plant	116,632	(9,833) [3]	106,799
15	Intangible plant	109,276	- [3]	109,276
16	Total Electric Plant in Service (Sum L2 through L15)	\$ 2,510,734	\$ (152,043)	\$ 2,358,691
17				
18	<u>COS Electric Plant in Service</u>			
19	Production Plant	\$ 1,063,091	\$ (110,888) [2]	\$ 952,203
20	Direct Assignments - NC	6,345		6,345
21	Direct Assignments - SC	685		685
22	Direct Assignments - WHS	(4,101)		(4,101)
23	Transmission plant	445,788	- [3]	445,788
24	Distribution plant	773,019	(31,322) [3]	741,696
25	General plant	116,632	(9,833) [3]	106,799
26	Intangible plant	109,276	- [3]	109,276
27	Total COS Electric Plant in Service (Sum L19 through L26)	\$ 2,510,734	\$ (152,044)	\$ 2,358,691
28				
29	<u>Electric Plant in Service recovered in riders included above:</u>			
30	JAAR - Steam plant	\$ 23,993	\$ 23,993 [2]	
31	JAAR - Nuclear plant	86,895	86,895 [2]	
32	JAAR - Acquisition Adjustment	0	0 [2]	
33	DSDR - Transmission	-	- [3]	
34	DSDR - Distribution	31,322	31,322 [3]	
35	DSDR - General plant	9,833	9,833 [3]	
36	DSDR - Intangibles	-	- [3]	
37	Total EPIS recovered in riders (Sum L30 through L35)	\$ 152,044	\$ 152,044	

[1] NC-1008 - Plant in Service Balances

[2] Amounts related to balances that are collected through the JAAR and should be excluded for purposes of this analysis.

[3] Amounts related to balances that are collected through the DSDR rider and should be excluded for purposes of this analysis.

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Accumulated Depreciation

Line No.	Item	Total System		
		Actual [1] Net Change through 5/31/2020	Adjustments	Total Adjusted Net Change Accumulated Depreciation
1	<u>COS Accumulated Depreciation:</u>			
2	Production Plant	\$ (198,086)	67,165 [2]	\$ (130,921)
3	Direct Assignments - NC	30,286		30,286
4	Direct Assignments - SC	2,973		2,973
5	Direct Assignments - WHS	2,561		2,561
6	Transmission plant	(33,296)	16 [3]	(33,280)
7	Distribution plant	(19,545)	7,210 [3]	(12,335)
8	General plant	(40,559)	1,607 [3]	(38,953)
9	Intangible plant	(81,316)	398 [3]	(80,918)
10	Total COS Accumulated Depreciation (Sum L2 through L9)	\$ (336,982)	\$ 76,396	\$ (260,585)
11				
12	<u>Accumulated Depreciation recovered in riders included above:</u>			
13	JAAR - Steam plant	\$ (7,717)	\$ (7,717) [2]	
14	JAAR - Nuclear plant	(41,373)	(41,373) [2]	
15	JAAR - Acquisition Adjustment	(18,075)	(18,075) [2]	
16	DSDR - Transmission	(16)	(16) [3]	
17	DSDR - Distribution	(7,210)	(7,210) [3]	
18	DSDR - General plant	(1,607)	(1,607) [3]	
19	DSDR - Intangibles	(398)	(398) [3]	
20	Total Accum Depr recovered in riders (Sum L13 through L19)	\$ (76,396)	\$ (76,396)	

[1] NC-1009 - Accumulated Depreciation Balances

[2] Amounts related to balances that are collected through the JAAR and should be excluded for purposes of this analysis.

[3] Amounts related to balances that are collected through the DSDR rider and should be excluded for purposes of this analysis.

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Accumulated Deferred Income Taxes Calculation

Line No.	Item	Total System Forecasted Bonus Depreciation through 5/31/2020
1	<u>Bonus Depreciation</u>	
2	Steam plant	\$ 68,352 [1]
3	Nuclear plant	61,793 [1]
4	Hydro plant	858 [1]
5	Other production plant	188,609 [1]
6	Transmission plant	10,824 [1]
7	Distribution plant	7,158 [1]
8	General plant	1,538 [1]
9	Intangible plant	24,750 [1]
10	Total Accumulated Depreciation (Sum L2 through L9)	<u>\$ 363,883</u>
11		
12	Statutory tax rate	23.1693% [2]
13		
14	<u>Accumulated deferred income taxes (resulting from additional bonus depreciation):</u>	
15	Steam plant (-L2 x L12)	\$ (15,837)
16	Nuclear plant (-L3 x L12)	(14,317)
17	Hydro plant (-L4 x L12)	(199)
18	Other production plant (-L5 x L12)	(43,699)
19	Transmission plant (-L6 x L12)	(2,508)
20	Distribution plant (-L7 x L12)	(1,658)
21	General plant (-L8 x L12)	(356)
22	Intangible plant (-L9 x L12)	(5,734)
23	Impact to accumulated deferred income taxes (Sum L15 through L22)	<u>\$ (84,309)</u>

[1] Forecasted amounts provided by Duke Energy Progress - Tax Department

[2] NC-0104 - 2019 Calculation of Tax Rates - Composite Tax Rate, Line 10

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust for post test year additions to plant in service
For the test period ended December 31, 2018

NC-1005
CCR Settlement

NC Unrecovered Net Book Value of Retired Meters

Line No.	Description	Total NC Retail
1	<u>NC Unrecovered NBV of Retired Meter Reg Asset Balance:</u>	
2	Dec 2018	\$ 11,503,875 [1]
3	Jan 2019	11,503,875 [1]
4	Feb 2019	11,503,875 [1]
5	Mar 2019	17,441,466 [1]
6	Apr 2019	17,441,466 [1]
7	May 2019	17,441,466 [1]
8	Jun 2019	21,619,389 [1]
9	Jul 2019	21,619,389 [1]
10	Aug 2019	21,619,389 [1]
11	Sep 2019	23,513,015 [1]
12	Oct 2019	23,513,015 [1]
13	Nov 2019	23,513,015 [1]
14	Dec 2019	27,790,778 [1]
15	Jan 2020	27,790,778 [1]
16	Feb 2020	30,266,524 [1]
17	Mar 2020	30,266,524 [1]
18	Apr 2020	30,266,524 [1]
19	May 2020	30,266,524 [1]
20		
21	Amortization period per 2016 Depreciation Study - Months (10 yrs x 12)	120 [2]
22		
23	Date new depreciation rates effective	3/16/2018
24	Number of periods left to amortize at 12/31/2018 (L18 - 9.5)	110.5
25		
26	Monthly amortization based on regulatory asset balance at 12/31/2018 ((L2 / L21)	\$ 104,107
27		
28	Forecasted net change through 05/31/2020 (L19 - L2)	<u>18,762,650</u>
29		
30	Statutory tax rate	23.1693% [3]
31		
32	Impact to accumulated deferred income taxes (-L28 x L30)	<u>\$ (4,347,175)</u>

[1] Actual amounts provided by Duke Energy Progress - Asset Accounting

[2] Remaining life of Meters to be replaced during the AMI deployment settled in the 2016 Depreciation Study

[3] NC-0104 - 2019 Calculation of Tax Rates - Composite Tax Rate, Line 10

Duke Energy Progress, LLC
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(Dollars in thousands)

NC-1006
CCR Settlement

Accumulated Depreciation Annualization Adjustment

Line No.	Item	Total System	Adjustments	Total Adjusted System	NC Retail Allocation	Total NC Retail
1	<u>Accumulated Depreciation</u>					
2	Production (Line 5 + Line 9 + Line 13 + Line 19) - L3	\$ (29,530) [1]	\$ 1,680 [2]	\$ (27,850)	61.5278% [4]	\$ (17,135)
3	Production Direct assigned to NC (Line 4 + Line 18)	(19) [1]		(19)	100.0000%	(19)
4	Production Direct assigned to WHS (Line 4 + Line 18)	121 [1]		121	0.0000%	-
4	Transmission (Line 25) - L5	(5,418) [1]	-	(5,418)	59.6699% [5]	(3,233)
5	Transmission Direct assigned to Wholesale (Line 24)	5 [1]		5	0.0000%	-
6	Distribution (Line 31) - L7	(8,341) [1]	60	(8,282)	87.1486% [6]	(7,217)
7	Distribution Direct assigned to Wholesale (Line 30)	0 [1]		0	0.0000%	-
8	General (Line 46) - L9	5,585 [1]	\$ 174	5,759	74.0412% [7]	4,264
9	General Direct assigned to Wholesale (Line 44)	(0) [1]		(0)	0.0000%	-
10	Intangible (Line 48)	- [1]	\$ -	-	67.9178% [8]	-
11	Impact to accum. deprec. (Sum L2 through L10)	\$ (37,598)	\$ 1,914	\$ (35,684)		\$ (23,341)
12						
13	<u>Accumulated Depreciation recovered in riders included above:</u>					
14	JAAR - Steam plant	\$ (146) [1]	\$ (146) [2]			
15	JAAR - Nuclear plant	(1,534) [1]	(1,534) [2]			
16	DSDR - Transmission	- [1]	- [3]			
17	DSDR - Distribution	(60) [1]	(60) [3]			
18	DSDR - General plant	(174) [1]	(174) [3]			
19	DSDR - Intangibles	- [1]	- [3]			
20	Total Accum Depr recovered in riders (Sum L14 through L18)	\$ (1,914)	\$ (1,914)			

[1] NC-1007 - Adjustment to Accumulated Depreciation for Annualization of Depreciation Expense at February 29, 2020

[2] Amounts related to balances forecasted to flow through the JAAR and should be excluded for purposes of this analysis.

[3] Amounts related to balances forecasted to flow through the DSDR rider and should be excluded for purposes of this analysis.

[4] Allocation Factor - DPALL

[5] Allocation Factor - DTALL

[6] Allocation Factor - RB PLT O DI

[7] Allocation Factor - RB PLT O GN

[8] Allocation Factor - PTDG

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NC-1007
CCR Settlement

Adjustment to Accumulated Depreciation for Annualization of Depreciation Expense at May 31, 2020

Line		Plant		Current Rates			
No.	Function	in Service [8]	Depr	Calculated	12ME Depr		Difference
		5/31/2020	Rate [9]	Accrual	Booked [10]		
1	STEAM: [1]						
2	STEAM PLANT	\$ 3,863,808	3.75%	\$ 144,893	\$ 151,098	\$	(6,205)
3	LAND RIGHTS - STEAM	24,021	0.30%	72	30		42
4	NC IMPAIRMENT - STEAM	(10,393)	3.75%	(390)	(415)		25
5	WHS IMPAIRMENT - STEAM	(4,666)	3.75%	(175)	(63)		(112)
6		\$ 3,872,770		\$ 144,400	\$ 150,651	\$	(6,250)
7	NUCLEAR: [1]						
8	NUCLEAR PLANT	\$ 10,148,324	2.80%	\$ 284,153	\$ 269,691	\$	14,462
9	LAND RIGHTS - NUCLEAR	74,242	1.20%	891	677		214
10		\$ 10,222,566		\$ 285,044	\$ 270,368	\$	14,676
11	HYDRO: [1]						
12	HYDRAULIC PLANT	\$ 155,324	3.47%	\$ 5,390	\$ 5,133	\$	256
13	LAND RIGHTS - HYDRO	2,829	2.52%	71	4		68
14		\$ 158,153		\$ 5,461	\$ 5,137	\$	324
15	OTHER PRODUCTION: [1]						
16	OTHER (CT's)	\$ 3,754,399	4.46%	\$ 167,541	\$ 146,994	\$	20,548
17	OTHER (CT's Land)	10,002	2.65%	265	126		139
18	OTHER (SOLAR)	192,250	5.15%	9,905	9,897		8
19	NC IMPAIRMENT - OTHER	(639)	4.46%	(29)	(23)		(6)
20	WHS IMPAIRMENT - OTHER	(300)	4.46%	(13)	(4)		(9)
21		\$ 3,955,712		\$ 177,669	\$ 156,990	\$	20,680
22							
23	TRANSMISSION: [1]						
24	TRANSMISSION OTHER	\$ 3,009,198	1.90%	\$ 57,175	\$ 51,833	\$	5,342
25	TRANSMISSION RIGHT OF WAY	190,878	1.15%	2,195	2,120		76
26	OATT CONTRA - TRANS	(4,946)	1.90%	(94)	(89)		(5)
27		\$ 3,195,131		\$ 59,276	\$ 53,863	\$	5,412
28							
29	DISTRIBUTION: [1]						
30	DISTRIBUTION OTHER	\$ 7,638,189	2.50%	\$ 190,955	\$ 183,212	\$	7,742
31	DISTRIBUTION RIGHT OF WAY	79,718	1.28%	1,020	421		599
32	OATT CONTRA - DISTR	(122)	2.50%	(3)	(3)		(0)
33		\$ 7,717,784		\$ 191,972	\$ 183,631	\$	8,341
34							
35	GENERAL: [1]						
36	LAND AND LAND RIGHTS	\$ 7,866	0.00%	\$ -	\$ 27	\$	(27)
37	STRUCTURES AND IMPROVEMENTS	172,733	2.42%	4,180	3,772		408
38	FURNITURE AND EQPMT	25,996	5.00%	1,300	836		463
39	EDP EQUIPMENT	79,480	12.50%	-	8,843		(8,843)
40	TRANSPORTATION EQUIPMENT [2]	63,213	10.29%	-	-		-
41	STORES EQUIPMENT	2,175	5.00%	109	99		10
42	TOOLS, SHOPS & GARAGE EQPMT	94,206	5.00%	4,710	4,613		97
43	LABORATORY EQUIPMENT	5,925	6.67%	395	409		(14)
44	POWER OPERATED EQUIPMENT	7,447	5.99%	446	401		45
45	COMMUNICATION EQUIPMENT	265,451	5.00%	13,273	10,953		2,320
46	OATT CONTRA - COMM EQUIP	(134)	5.00%	(7)	(7)		0
47	MISCELLANEOUS EQUIPMENT	20,887	5.00%	1,044	1,089		(45)
48		\$ 745,246		\$ 25,451	\$ 31,035	\$	(5,585)
49							
50	INTANGIBLE [4]	\$ 636,646		\$ 58,595	\$ 58,595	\$	-
51							
52	TOTAL PLANT-IN-SERVICE	\$ 30,504,009		\$ 947,868	\$ 910,270	\$	37,598
53							
54	Electric Plant in Service recovered in riders included above:						
55	JAAR - Steam plant [11]	\$ 143,010		\$ 5,478	\$ 5,332	\$	146
56	JAAR - Nuclear plant [11]	872,109		30,196	28,662		1,534
57	DSDR - Transmission [12]	607		12	12		-
58	DSDR - Distribution [12]	196,574		5,042	4,982		60
59	DSDR - General plant [12]	26,987		1,299	1,125		174
60	DSDR - Intangibles [12]	32,842		96	96		-
61	Total EPIS recovered in riders (Sum L55 through L60)	\$ 1,272,130		\$ 42,123	\$ 40,209	\$	1,914

[1] The amounts above are shown at Gross Plant in Service Costs. Contra AFUDC has been added back to PowerPlant dollars through the on top in account 101000 at C and the Contra AFUDC depreciation expense that is calculated in 403002 is offset by including Contra AFUDC Offset depreciation groups at E.

[2] Depreciation expense on Vehicles and Construction Equipment are recorded to 803 accounts, rather than 403/404 accounts. Therefore the depreciation expense associated with these assets is excluded from the schedule above.

[3] Totals may not foot due to rounding

[4] Some assets within Misc Intangible Plt are fully amortized and no longer accrue any expense

[5] Land, Land Rights and Rights of Way noted separately from the rest of Electric Plant in Service above. Land is not a depreciable asset while Land Rights and R/W are depreciable.

[6] The calculated accrual column above assumes 12 months of depreciation. If any assets were added during the 12 month period, depreciation would be calculated based on the in-service date in the actual 12me depr booked column above.

[7] The per book intangible amount reflects a representative level of amortization expense on a go forward basis.

[8] Actual amounts provided by Duke Energy Progress - Asset Accounting

[9] NC-0802 - Adjustment to Annualize Depreciation Expense at December 31, 2018

[10] NC-1010 - Twelve Months of Depreciation Expense as of May 31, 2020

[11] Actual balances, calculated accrual and forecasted 12 months ended depreciation expense provided by Rates and Regulatory - Joint Agency Asset Rider support

[12] Actual balances, calculated accrual and forecasted 12 months ended depreciation expense provided by Asset Accounting - DSDR rider support

[13] The Company adjusted the Asheville CC project costs to exclude Task Force consulting expenses noted in PS DR 125-5 from rate base.

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust for post test year additions to plant in service
For the test period ended December 31, 2018
(Dollars in thousands)

NC-1008
CCR Settlement

Plant in Service Balances

Line No.	Description	ACTUALS [1][4]																
		Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020 [5]
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1	Electric Plant in Service:																	
2	Steam plant	\$ 4,011,861	\$ 4,043,991	\$ 4,046,676	\$ 4,101,612	\$ 4,231,983	\$ 4,266,772	\$ 4,275,052	\$ 4,292,783	\$ 4,306,563	\$ 4,313,743	\$ 4,309,252	\$ 4,312,479	\$ 4,309,657	\$ 3,848,827	\$ 3,837,973	\$ 3,841,561	\$ 3,842,798
3	Nuclear plant	8,909,317	8,916,989	8,917,204	8,939,103	9,029,753	9,056,127	9,081,959	9,093,484	9,098,689	9,109,080	9,108,234	9,183,798	9,298,320	9,331,546	9,318,517	9,334,470	9,301,588
4	Hydro plant	143,939	143,757	145,271	145,487	146,482	146,454	146,485	146,479	151,468	152,038	152,192	152,140	153,412	153,538	157,186	158,028	157,907
5	Other production plant	3,136,771	3,088,719	3,118,877	3,138,170	3,138,093	3,142,793	3,147,464	3,149,023	3,155,174	3,157,109	3,158,903	3,175,483	3,667,888	3,773,704	3,790,495	3,748,806	3,954,154
6	Transmission plant	2,746,389	2,751,560	2,756,170	2,761,879	2,792,924	2,816,747	2,838,200	2,847,713	2,859,952	2,867,784	2,916,758	2,945,333	2,972,314	2,982,323	3,010,496	3,032,535	3,139,215
7	Distribution plant	6,944,764	6,980,196	7,025,165	7,065,340	7,113,068	7,180,132	7,239,028	7,289,075	7,343,981	7,385,517	7,441,019	7,483,903	7,497,343	7,543,797	7,607,154	7,630,894	7,657,594
8	General plant	628,616	633,557	639,855	637,103	639,433	646,714	647,285	653,753	650,568	651,968	658,169	660,967	679,878	706,522	712,727	730,617	742,237
9	Intangible plant	527,370	528,454	529,312	535,638	536,005	538,985	567,009	573,426	573,382	573,593	578,029	581,148	628,365	631,625	633,035	634,268	634,317
10	Total Electric Plant in Service (Sum L2 through L9)	\$ 27,049,028	\$ 27,087,223	\$ 27,178,530	\$ 27,324,333	\$ 27,627,742	\$ 27,794,724	\$ 27,942,482	\$ 28,045,736	\$ 28,139,777	\$ 28,210,833	\$ 28,322,555	\$ 28,495,252	\$ 29,207,178	\$ 28,971,882	\$ 29,067,584	\$ 29,111,178	\$ 29,429,809
11																		
12	Direct Assignments in COS Included above:																	
13	Contra AFUDC - WHS	\$ (43,604)	\$ (43,604)	\$ (43,597)	\$ (43,591)	\$ (43,591)	\$ (43,591)	\$ (43,494)	\$ (43,476)	\$ (43,461)	\$ (43,417)	\$ (43,283)	\$ (43,283)	\$ (43,252)	\$ (43,190)	\$ (43,184)	\$ (43,179)	\$ (43,143)
14	Contra AFUDC - NC Retail	(321,021)	(321,021)	(320,951)	(320,883)	(320,883)	(320,872)	(320,384)	(320,218)	(320,131)	(319,769)	(318,680)	(318,680)	(318,454)	(318,003)	(317,952)	(317,921)	(317,659)
15	Contra AFUDC - SC Retail	(36,217)	(36,217)	(36,212)	(36,206)	(36,206)	(36,206)	(36,150)	(36,133)	(36,128)	(36,085)	(35,955)	(35,955)	(35,927)	(35,872)	(35,865)	(35,861)	(35,826)
16	Harris Disallowance - NC	(387,936)	(387,936)	(387,936)	(387,936)	(387,936)	(387,936)	(387,936)	(387,936)	(387,936)	(387,936)	(387,936)	(387,936)	(387,936)	(387,936)	(387,936)	(387,936)	(387,936)
17	Harris Disallowance - SC	(52,557)	(52,557)	(52,557)	(52,557)	(52,557)	(52,557)	(52,557)	(52,557)	(52,557)	(52,557)	(52,557)	(52,557)	(52,557)	(52,557)	(52,557)	(52,557)	(52,557)
18	Harris Disallowance - WHS	(86,025)	(86,025)	(86,025)	(86,025)	(86,025)	(86,025)	(86,025)	(86,025)	(86,025)	(86,025)	(86,025)	(86,025)	(86,025)	(86,025)	(86,025)	(86,025)	(86,025)
19	Harris Disallowance - PA	(24,780)	(24,780)	(24,780)	(24,780)	(24,780)	(24,780)	(24,780)	(24,780)	(24,780)	(24,780)	(24,780)	(24,780)	(24,780)	(24,780)	(24,780)	(24,780)	(24,780)
20	Production Plant - Other NC	(11,032)	(11,032)	(11,032)	(11,032)	(11,032)	(11,032)	(11,032)	(11,032)	(11,032)	(11,032)	(11,032)	(11,032)	(11,032)	(11,032)	(11,032)	(11,032)	(11,032)
21	Production Plant - WHS	-	-	-	-	-	-	-	-	-	-	-	-	(4,966)	(4,966)	(4,966)	(4,966)	(4,966)
22	OATT - WHS	(5,204)	(5,204)	(5,200)	(5,200)	(5,196)	(5,196)	(5,196)	(5,200)	(5,200)	(5,200)	(5,200)	(5,201)	(5,201)	(5,201)	(5,201)	(5,201)	(5,201)
23	Total Direct Assignments in COS (Sum L13 through L22)	\$ (968,376)	\$ (968,376)	\$ (968,289)	\$ (968,209)	\$ (968,205)	\$ (968,195)	\$ (967,553)	\$ (967,358)	\$ (967,250)	\$ (966,801)	\$ (965,448)	\$ (965,449)	\$ (970,129)	\$ (969,563)	\$ (969,498)	\$ (969,459)	\$ (969,125)
24																		
25	COS Adjustments																	
26	Acquisition Adjustment	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802
27	Total COS Adjustments (Sum L26)	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802	\$ 349,802
28																		
29	COS Electric Plant in Service:																	
30	Production Plant ((Sum L2 through L5 + L27) - Sum L13 through L21	\$ 17,514,863	\$ 17,506,431	\$ 17,540,919	\$ 17,637,184	\$ 17,859,123	\$ 17,924,947	\$ 17,963,119	\$ 17,993,729	\$ 18,023,745	\$ 18,043,373	\$ 18,038,630	\$ 18,133,950	\$ 18,744,008	\$ 18,421,778	\$ 18,418,270	\$ 18,396,924	\$ 18,570,172
31	Direct Assignments - NC (L14 + L16 + L20)	(719,990)	(719,990)	(719,919)	(719,852)	(719,851)	(719,841)	(719,352)	(719,187)	(719,099)	(718,738)	(717,649)	(717,649)	(717,423)	(716,972)	(716,921)	(716,890)	(716,627)
32	Direct Assignments - SC (L15 + L17)	(88,774)	(88,774)	(88,768)	(88,763)	(88,763)	(88,763)	(88,706)	(88,690)	(88,685)	(88,642)	(88,512)	(88,512)	(88,483)	(88,429)	(88,422)	(88,418)	(88,383)
33	Direct Assignments - WHS (L13 + L18 + L19 + L21 + L22)	(159,612)	(159,612)	(159,601)	(159,595)	(159,591)	(159,591)	(159,494)	(159,481)	(159,466)	(159,422)	(159,287)	(159,288)	(164,223)	(164,162)	(164,155)	(164,151)	(164,114)
34	Transmission plant (L6 - L22)	2,751,593	2,756,763	2,761,370	2,767,079	2,798,120	2,821,943	2,843,396	2,852,913	2,865,152	2,872,984	2,921,958	2,950,534	2,977,515	2,987,524	3,015,698	3,037,736	3,144,416
35	Distribution plant (L7)	6,944,764	6,980,196	7,025,165	7,065,340	7,113,068	7,180,132	7,239,028	7,289,075	7,343,981	7,385,517	7,441,019	7,483,903	7,497,343	7,543,797	7,607,154	7,630,894	7,657,594
36	General plant (L8)	628,616	633,557	639,855	637,103	639,433	646,714	647,285	653,753	650,568	651,968	658,169	660,967	679,878	706,522	712,727	730,617	742,237
37	Intangible plant (L9)	527,370	528,454	529,312	535,638	536,005	538,985	567,009	573,426	573,382	573,593	578,029	581,148	628,365	631,625	633,035	634,268	634,317
38	Total COS Electric Plant in Service (Sum L30 through L37)	\$ 27,398,830	\$ 27,437,025	\$ 27,528,332	\$ 27,674,135	\$ 27,977,544	\$ 28,144,526	\$ 28,292,284	\$ 28,395,538	\$ 28,489,579	\$ 28,560,635	\$ 28,672,357	\$ 28,845,054	\$ 29,556,980	\$ 29,321,684	\$ 29,417,386	\$ 29,460,979	\$ 29,779,611
39																		
40	Solar Electric Plant in Service Included in Line 5 above:	\$ 192,221	\$ 192,221	\$ 192,221	\$ 191,936	\$ 192,022	\$ 192,031	\$ 192,031	\$ 192,039	\$ 192,221	\$ 192,039	\$ 192,082	\$ 192,088	\$ 192,088	\$ 192,088	\$ 192,174	\$ 192,186	\$ 192,236
41																		
42	Electric Plant in Service recovered in riders included above:																	
43	JAAR - Steam plant [2]	\$ 119,018													\$ 141,779		\$ 142,634	\$ 143,010
44	JAAR - Nuclear plant [2]	785,214													860,694		876,265	872,109
45	JAAR - Acquisition Adjustment [2]	349,802													349,802		349,802	349,802
46	DSDR - Transmission [3]	607													607		607	607
47	DSDR - Distribution [3]	165,251													196,172		196,130	196,574
48	DSDR - General plant [3]	17,154													23,853		26,038	26,987
49	DSDR - Intangibles [3]	32,842													32,842		32,842	32,842
50	Total EPIS recovered in riders (Sum L43 through L49)	\$ 1,469,888	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,605,751	\$ -	\$ 1,624,319

[1] Actual amounts provided by Duke Energy Progress - Asset Accounting
[2] Actual balances provided by Rates and Regulatory - Joint Agency Asset Rider support
[3] Actual balances provided by Asset Accounting for the Distribution System Demand Response rider support
[4] Amounts above do not include Asset Retirement Obligation (ARO) or Capital Lease balances
[5] The Company adjusted the Asheville CC project costs to exclude Task Force consulting expenses noted in PS DR 125-5 from rate base.

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust for post test year additions to plant in service
For the test period ended December 31, 2018
(Dollars in thousands)

NC-1009
CCR Settlement

Accumulated Depreciation Balances

Line No.	Description	ACTUALS [1][4]																		Net Change s = r - a
		Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	
1	Accumulated Depreciation																			
2	Steam plant	\$ (2,011,905)	\$ (2,019,818)	\$ (2,030,802)	\$ (2,045,887)	\$ (2,044,204)	\$ (2,059,607)	\$ (2,080,807)	\$ (2,105,933)	\$ (2,124,886)	\$ (2,142,407)	\$ (2,145,509)	\$ (2,154,317)	\$ (2,161,285)	\$ (1,835,584)	\$ (1,862,933)	\$ (1,868,616)	\$ (1,855,015)	\$ (1,864,589)	\$ 147,317
3	Nuclear plant	(4,430,694)	(4,445,828)	(4,465,220)	(4,485,722)	(4,490,599)	(4,503,309)	(4,504,855)	(4,520,143)	(4,536,943)	(4,547,715)	(4,566,923)	(4,543,646)	(4,538,036)	(4,548,229)	(4,541,755)	(4,564,315)	(4,560,349)	(4,577,068)	(146,373)
4	Hydro plant	(46,007)	(46,412)	(48,279)	(48,734)	(48,654)	(48,747)	(49,138)	(49,480)	(49,287)	(49,302)	(49,644)	(49,397)	(48,697)	(49,055)	(47,202)	(47,369)	(47,568)	(48,145)	(2,138)
5	Other production plant	(671,003)	(633,115)	(674,481)	(705,483)	(714,393)	(729,565)	(741,728)	(753,183)	(730,673)	(752,679)	(763,208)	(771,014)	(781,562)	(794,155)	(796,214)	(767,789)	(801,985)	(816,788)	(145,786)
6	Transmission plant	(816,198)	(815,911)	(821,258)	(823,868)	(824,684)	(827,644)	(832,098)	(834,554)	(838,498)	(843,308)	(842,303)	(845,584)	(842,971)	(844,425)	(848,981)	(849,739)	(849,864)	(849,355)	(33,157)
7	Distribution plant	(3,235,148)	(3,227,261)	(3,226,020)	(3,228,109)	(3,228,331)	(3,228,703)	(3,238,531)	(3,240,789)	(3,251,413)	(3,249,457)	(3,253,411)	(3,258,335)	(3,224,680)	(3,228,935)	(3,249,907)	(3,248,461)	(3,237,613)	(3,254,693)	(19,545)
8	General plant	(167,536)	(169,790)	(171,749)	(170,037)	(173,564)	(177,262)	(174,792)	(179,685)	(175,082)	(173,141)	(178,333)	(181,403)	(184,244)	(187,900)	(188,350)	(199,980)	(203,182)	(208,095)	(40,559)
9	Intangible plant	(322,831)	(326,848)	(330,893)	(334,936)	(339,071)	(346,072)	(350,270)	(355,022)	(359,708)	(364,443)	(369,180)	(373,718)	(378,291)	(383,823)	(389,205)	(394,266)	(399,941)	(404,147)	(81,316)
10	Total Accumulated Depreciation (Sum L2 through L9)	\$ (11,701,322)	\$ (11,684,983)	\$ (11,768,701)	\$ (11,842,776)	\$ (11,863,499)	\$ (11,920,910)	\$ (11,972,218)	\$ (12,038,788)	\$ (12,066,492)	\$ (12,122,451)	\$ (12,168,512)	\$ (12,177,415)	\$ (12,159,767)	\$ (11,872,107)	\$ (11,924,547)	\$ (11,940,534)	\$ (11,955,518)	\$ (12,022,880)	\$ (321,558)
11																				
12	Direct Assignments in COS Included above:																			
13	Rate Difference - SC Retail	\$ 24,176	\$ 24,069	\$ 23,962	\$ 23,855	\$ 23,748	\$ 23,642	\$ 23,535	\$ 23,428	\$ 23,321	\$ 23,214	\$ 23,107	\$ 23,000	\$ 22,893	\$ 22,786	\$ 22,679	\$ 22,572	\$ 22,465	\$ 22,358	\$ (1,818)
14	Rate Difference - WHS	7,916	7,881	7,846	7,811	7,776	7,741	7,706	7,671	7,636	7,602	7,567	7,532	7,497	7,462	7,428	7,393	7,358	7,324	(592)
15	Rate Difference - NCEMPA	2,918	2,902	2,886	2,870	2,854	2,838	2,822	2,806	2,791	2,775	2,759	2,743	2,727	2,711	2,695	2,679	2,663	2,647	(271)
16	Contra AFUDC - NC Retail	238,121	238,666	239,130	239,569	240,074	240,567	240,581	240,918	241,332	242,332	241,744	242,076	242,378	242,430	245,095	245,566	245,804	243,323	5,202
17	Contra AFUDC - SC Retail	23,951	24,010	24,064	24,117	24,177	24,236	29,903	29,917	29,971	30,074	30,003	30,039	30,070	24,411	24,723	24,778	24,802	24,567	616
18	Contra AFUDC - WHS	30,312	30,379	30,438	30,496	30,560	30,624	30,642	30,696	30,753	30,913	30,850	30,904	30,946	30,949	31,300	31,367	31,402	31,071	759
19	Harris Disallowance - NC	254,434	254,851	255,268	255,685	256,102	256,519	256,936	257,353	257,770	258,187	258,604	259,021	259,438	259,855	260,272	260,689	261,106	261,523	7,090
20	Harris Disallowance - SC	32,462	32,518	32,575	32,631	32,688	32,744	32,801	32,857	32,914	32,970	33,027	33,083	33,140	33,196	33,253	33,309	33,366	33,422	960
21	Harris Disallowance - WHS	50,127	50,219	50,312	50,404	50,497	50,589	50,682	50,774	50,867	50,959	51,052	51,144	51,237	51,329	51,421	51,514	51,606	51,699	1,572
22	Harris Disallowance - PA	15,761	15,787	15,814	15,841	15,867	15,894	15,921	15,947	15,974	16,001	16,027	16,054	16,080	16,107	16,134	16,160	16,187	16,214	453
23	Production Plant - Other NC	(340,105)	(339,046)	(337,988)	(336,929)	(335,871)	(334,812)	(333,754)	(332,695)	(331,636)	(330,578)	(329,519)	(328,461)	(327,402)	(326,344)	(325,285)	(324,227)	(323,168)	(322,109)	17,995
24	Production Plant - Other SC	(63,159)	(62,970)	(62,781)	(62,592)	(62,403)	(62,214)	(62,025)	(61,836)	(61,647)	(61,458)	(61,268)	(61,079)	(60,890)	(60,701)	(60,512)	(60,323)	(60,134)	(59,945)	3,215
25	Production Plant - WHS	-	-	-	-	-	-	-	-	-	-	-	-	(434)	(434)	(434)	437	488	502	502
26	OATT - WHS	1,423	1,431	1,439	1,447	1,455	1,463	1,471	1,480	1,488	1,496	1,504	1,513	1,521	1,529	1,537	1,545	1,553	1,562	139
27	Total Direct Assignments in COS (Sum L13 through L26)	\$ 278,335	\$ 280,697	\$ 282,964	\$ 285,205	\$ 287,524	\$ 289,831	\$ 297,222	\$ 299,317	\$ 301,533	\$ 304,486	\$ 305,455	\$ 307,568	\$ 309,199	\$ 305,286	\$ 310,306	\$ 313,460	\$ 315,500	\$ 314,156	\$ 35,821
28																				
29	COS Adjustments																			
30	Acquisition Adjustment	\$ (43,592)	\$ (44,656)	\$ (45,719)	\$ (46,782)	\$ (47,845)	\$ (48,908)	\$ (49,972)	\$ (51,035)	\$ (52,098)	\$ (53,161)	\$ (54,225)	\$ (55,288)	\$ (56,351)	\$ (57,414)	\$ (58,478)	\$ (59,541)	\$ (60,604)	\$ (61,667)	\$ (18,075)
31	Remove Nuclear Decommissioning ARO in 108000	96,122	96,122	96,122	96,122	96,644	96,644	97,162	97,162	97,162	97,683	97,683	97,683	98,203	98,203	98,203	98,773	98,773	98,773	2,651
32	Total COS Adjustments (Sum L30 through L31)	\$ 52,530	\$ 51,467	\$ 50,403	\$ 49,340	\$ 48,799	\$ 47,736	\$ 47,191	\$ 46,128	\$ 45,064	\$ 44,521	\$ 43,458	\$ 42,395	\$ 41,852	\$ 40,788	\$ 39,725	\$ 39,232	\$ 38,169	\$ 37,106	\$ (15,424)
33																				
34	COS Accumulated Depreciation:																			
35	Production Plant ((Sum L2 through L5 + L32) - Sum L13 through L25)	\$ (7,383,992)	\$ (7,372,974)	\$ (7,449,903)	\$ (7,520,244)	\$ (7,535,118)	\$ (7,581,861)	\$ (7,625,087)	\$ (7,680,448)	\$ (7,696,770)	\$ (7,750,571)	\$ (7,785,777)	\$ (7,782,035)	\$ (7,795,406)	\$ (7,489,991)	\$ (7,517,148)	\$ (7,520,771)	\$ (7,540,696)	\$ (7,582,078)	\$ (198,086)
36	Direct Assignments - NC (L16 + L19 + L23)	152,450	154,471	156,410	158,324	160,305	162,273	163,764	165,576	167,465	169,941	170,829	172,636	174,414	175,941	180,082	182,028	183,742	182,737	30,286
37	Direct Assignments - SC (L13 + L17 + L20 + L24)	17,429	17,627	17,819	18,012	18,210	18,408	24,213	24,366	24,559	24,800	24,868	25,043	25,212	19,692	20,143	20,337	20,499	20,402	2,973
38	Direct Assignments - WHS (L14 + L15 + L18 + L21 + L22 + L25 + L26)	108,456	108,600	108,735	108,870	109,009	109,150	109,245	109,375	109,509	109,745	109,758	109,889	109,573	109,653	110,081	111,096	111,258	111,017	2,561
39	Transmission plant (L6 - L26)	(817,620)	(817,342)	(822,697)	(825,315)	(826,139)	(829,107)	(833,569)	(836,033)	(839,986)	(844,804)	(843,808)	(847,097)	(844,492)	(845,954)	(850,518)	(851,285)	(851,418)	(850,916)	(33,296)
40	Distribution plant (L7)	(3,235,148)	(3,227,261)	(3,226,020)	(3,228,109)	(3,228,331)	(3,228,703)	(3,238,531)	(3,240,789)	(3,251,413)	(3,249,457)	(3,253,411)	(3,258,335)	(3,224,680)	(3,228,935)	(3,249,907)	(3,248,461)	(3,237,613)	(3,254,693)	(19,545)
41	General plant (L8)	(167,536)	(169,790)	(171,749)	(170,037)	(173,564)	(177,262)	(174,792)	(179,685)	(175,082)	(173,141)	(178,333)	(181,403)	(184,244)	(187,900)	(188,350)	(199,980)	(203,182)	(208,095)	(40,559)
42	Intangible plant (L9)	(322,831)	(326,848)	(330,893)	(334,936)	(339,071)	(346,072)	(350,270)	(355,022)	(359,708)	(364,443)	(369,180)	(373,718)	(378,291)	(383,823)	(389,205)	(394,266)	(399,941)	(404,147)	(81,316)
43	Total COS Accumulated Depreciation (Sum L35 through L42)	\$ (11,648,793)	\$ (11,633,517)	\$ (11,718,298)	\$ (11,793,436)	\$ (11,814,700)	\$ (11,873,174)	\$ (11,925,027)	\$ (11,992,660)	\$ (12,021,428)	\$ (12,077,930)	\$ (12,125,054)	\$ (12,135,020)	\$ (12,117,915)	\$ (11,831,318)	\$ (11,884,821)	\$ (11,901,301)	\$ (11,917,349)	\$ (11,985,774)	\$ (336,982)
44																				
45	Accumulated Depreciation recovered in riders included above:																			
46	JAAR - Steam plant [2]	\$ (19,888)														\$ (26,236)		\$ (26,692)	\$ (27,605)	\$ (7,717)
47	JAAR - Nuclear plant [2]	(90,234)														(124,077)		(126,574)	(131,607)	(41,373)
48	JAAR - Acquisition Adjustment [2]	(43,592)														(58,477)		(60,604)	(61,667)	(18,075)
49	DSDR - Transmission [3]	(101)														(114)		(116)	(117)	(16)
50	DSDR - Distribution [3]	(44,120)														(50,328)		(51,216)	(51,330)	(7,210)
51	DSDR - General plant [3]	(4,890)														(6,182)		(6,389)	(6,497)	(1,607)
52	DSDR - Intangibles [3]	(32,431)														(32,818)		(32,825)	(32,828)	(398)
53	Total Accum Depr recovered in riders (Sum L46 through L52)	\$ (235,256)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (298,233)	\$ -	\$ (304,416)	\$ (311,652)	\$ (76,396)

[1] Actual amounts provided by Duke Energy Progress - Asset Accounting
[2] Actual balances provided by Rates and Regulatory - Joint Agency Asset Rider support
[3] Actual balances provided by Asset Accounting for the Distribution System Demand Response rider support
[4] Amounts above do not include Asset Retirement Obligation (ARO) reserve balances in accounts 0108155,0108315,0108499, or 0108640

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust for post test year additions to plant in service
For the test period ended December 31, 2018
(Dollars in thousands)

NC-1010
CCR Settlement

Twelve Months of Depreciation Expense as of May 31, 2020

Line No.	Description	ACTUALS [1][2][3]															
		Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	12 MONTHS
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p = sum(d:o)
1	Function																
2	STEAM PLANT	\$ 12,606	\$ 12,709	\$ 12,991	\$ 13,047	\$ 12,899	\$ 12,979	\$ 12,920	\$ 13,027	\$ 13,021	\$ 13,120	\$ 13,113	\$ 11,737	\$ 11,687	\$11,774	\$ 11,774	\$ 151,098
3	LAND RIGHTS - STEAM	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	30
4	NC IMPAIRMENT - STEAM	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(415)
5	WHS IMPAIRMENT - STEAM	-	-	-	-	-	-	-	-	-	-	-	-	-	(51)	(13)	(63)
6	NUCLEAR PLANT	21,842	21,897	22,143	22,204	22,265	22,287	21,695	22,338	22,325	22,486	23,405	22,856	22,212	22,865	22,753	269,691
7	LAND RIGHTS - NUCLEAR	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	677
8	HYDRAULIC PLANT	412	413	415	415	415	415	407	430	430	424	455	434	421	444	443	5,133
9	LAND RIGHTS - HYDRO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4
10	OTHER (CT's)	11,249	11,337	11,207	11,218	11,206	11,209	11,352	11,404	11,458	12,960	12,897	13,365	13,442	12,903	13,581	146,994
11	OTHER (CT's Land)	11	11	11	11	11	11	11	11	11	11	11	11	10	11	11	126
12	OTHER (SOLAR)	825	824	824	824	824	824	824	825	825	825	825	825	825	825	825	9,897
13	NC IMPAIRMENT - OTHER	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(3)	(2)	(2)	(23)
14	WHS IMPAIRMENT - OTHER	-	-	-	-	-	-	-	-	-	-	-	(1)	(2)	(1)	(1)	(4)
15	TRANSMISSION OTHER	4,040	4,046	4,094	4,149	4,180	4,195	4,162	4,225	4,295	4,323	4,435	4,398	4,389	4,456	4,626	51,833
16	TRANSMISSION RIGHT OF WAY	177	177	177	177	177	177	177	177	177	177	177	177	177	176	176	2,120
17	OATT CONTRA - TRANS	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(89)
18	DISTRIBUTION OTHER	15,293	14,385	14,511	15,247	14,833	14,958	14,796	15,133	15,231	15,277	15,751	15,520	15,154	15,598	15,714	183,212
19	DISTRIBUTION RIGHT OF WAY	34	35	35	35	35	35	35	35	35	35	35	35	35	36	36	421
20	OATT CONTRA - DISTR	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(3)
21	GENERAL LAND AND LAND RIGHTS	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	27
22	GENERAL STRUCTURES AND IMPROVEMENTS	319	314	312	321	319	318	323	323	322	149	321	343	343	345	345	3,772
23	GENERAL FURNITURE AND EQPMT	68	68	69	69	70	70	70	69	69	17	68	74	76	75	109	836
24	GENERAL EDP EQUIPMENT	665	667	674	691	690	697	689	690	690	682	772	777	813	825	828	8,843
25	GENERAL TRANSPORTATION EQUIPMENT [4]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	GENERAL STORES EQUIPMENT	9	9	9	9	9	8	8	8	8	8	8	8	8	9	9	99
27	GENERAL TOOLS, SHOPS & GARAGE EQPMT	377	377	379	380	381	383	377	378	379	382	390	390	390	391	392	4,613
28	GENERAL LABORATORY EQUIPMENT	37	37	37	37	37	37	33	33	33	33	33	33	33	33	33	409
29	GENERAL POWER OPERATED EQUIPMENT	28	28	28	28	30	30	30	30	30	37	37	37	37	37	37	401
30	GENERAL COMMUNICATION EQUIPMENT	774	781	788	791	794	809	827	850	872	847	920	973	1,130	1,047	1,092	10,953
31	OATT CONTRA - COMM EQUIP	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(7)
32	GENERAL MISCELLANEOUS EQUIPMENT	100	103	103	103	103	103	(99)	83	84	266	267	90	(92)	90	90	1,089
33	INTANGIBLE	4,043	4,135	4,121	4,197	4,752	4,789	4,735	4,737	4,538	4,574	5,532	5,400	5,456	5,675	4,210	58,595
34	Total Depreciation (Sum L2 through L33)	\$ 72,924	\$ 72,370	\$ 72,945	\$ 73,971	\$ 74,049	\$ 74,352	\$ 73,388	\$ 74,820	\$ 74,847	\$ 76,649	\$ 79,467	\$ 77,500	\$ 76,561	\$ 77,580	\$ 77,087	\$ 910,270

[1] Actual amounts provided by Duke Energy Progress - Asset Accounting
[2] Amounts above do not include Asset Retirement Obligation (ARO) balances
[3] Depreciation expense on vehicles is recorded to 803 accounts, therefore it is excluded above.

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust for post test year additions to plant in service
For the test period ended December 31, 2018
(Dollars in thousands)

NC-1011
CCR Settlement

Adjust for Asheville base load CWIP - Docket No. E-2, Sub 1142

Line No.	Description	Total System	NC Retail Allocation	Total NC Retail
1	<u>Summary of impacts to rate base</u>			
2	Asheville CWIP Balance as of 10/30/2017	\$ 169,850 [1]	60.6008% [1]	\$ 102,930
3				
4	Remove Asheville CWIP in Rate Base (-L2)	<u>\$ (169,850)</u>		<u>\$ (102,930)</u>

[1] Docket No. E-2, Sub 1142 - NC-1200(F) - Update Adjust for Asheville base load CWIP - Oct Update

NC-1012
CCR Settlement

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust for post test year additions to plant in service
For the test period ended December 31, 2018
(Dollars in thousands)

Adjust for Vanderbilt - W. Asheville Vanderbilt 115KV project

Line No.	Description	Total System	NC Retail Allocation	Total NC Retail
1	<u>Summary of impacts to rate base</u>			
2	Vanderbilt - W. Asheville Vanderbilt 115KV project distribution balance at 12/31/2018	\$ 11,727 [1]	100.0000% [3]	\$ 11,727
3	Vanderbilt - W. Asheville Vanderbilt 115KV project distribution post test year additions at 2/29/2020	634 [1]	87.1486% [4]	553
4	Distribution transfer in post test year additions at 2/29/2020	(12,361) [2]	87.1486% [4]	(10,773)
5	Current distribution balance of Vanderbilt - W. Asheville Vanderbilt 115KV project at 2/29/2020 (L2 + L3 + L4)	\$ -		\$ 1,507
6				
7	Transmission transfer in post test year additions at 2/29/2020 (-L4)	\$ 12,361 [2]	59.6699% [5]	\$ 7,376
8	Current transmission balance of Vanderbilt - W. Asheville Vanderbilt 115KV project at 2/29/2020 (L7)	\$ 12,361		\$ 7,376
9				
10	Additional adjustment needed to distribution for Vanderbilt - W. Asheville Vanderbilt 115KV project (-L5)	\$ -		\$ (1,507)

[1] Actual amounts provided by Duke Energy Progress - Asset Accounting

[2] Transfer included in NC-1008, column o, balances at 2/29/2020

[3] Distribution assets are assigned based on the physical location in the 2018 COS study

[4] Allocation Factor - RB PLT O DI

[5] Allocation Factor - DTALL

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Amortize deferred environmental costs
For the test period ended December 31, 2018

NC-1100
CCR Settlement

E-1 Item 10 Adjustments Requirement

Provide the detail work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

Detailed Narrative Explanation of Adjustment

This pro-forma adjusts amortization expense, income taxes and rate base for the amortization of deferred environmental costs related to the removal of coal ash.

The impact to depreciation expense reflects a 5 year amortization of deferred coal ash costs. The balance of the deferral is projected through August 31, 2020. The estimated cost of removal related to the active and retired fossil plants that has already been collected from customers through depreciation rates is removed from the balance.

The impact to Rate Base includes the additional deferred costs through February of 2020 and additional ADIT on the deferred balance change.

The impact to income taxes is determined by multiplying taxable income by the statutory tax rate.

October update:

Updated Non ARO Spend and ARO spend with actuals through October 2019.

November update:

Updated Non ARO Spend and ARO spend with actuals through November 2019.

December update:

Updated Non ARO Spend and ARO spend with actuals through December 2019.

January update:

Updated actuals through January 2020 on NC 1103 and NC 1105; incorporated ADIT into the plant return calculation on NC 1105; added tab NC 1110 which estimates ADIT related to Non ARO Projects

February update:

Updated actuals through February 2020 on NC 1103, NC 1105, and NC 1110

Second Settlement

Adjust NC-1101 to reflect an 8-year amortization of Non-ARO costs

CCR Settlement

Adjust NC-1101 to remove ARO CCR

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
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(Dollars in thousands)

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Line No.	Description	Source	CCR Settlement	Total NC Retail Second Settlement	Application	Change
1						
2	<u>Pro Formas Impacting Income Statement Line Items</u>					
3						
4	Electric operating revenue		\$ -	\$ -	\$ -	\$ -
5						
6	Electric operating expenses:					
7	Operation and maintenance					
8	Fuel used in electric generation		-	-	-	-
9	Purchased power and net interchange		-	-	-	-
10	Wages, benefits, materials, etc.		-	-	-	-
11	Depreciation and amortization	NC-1101	5,000	93,023	105,972	(100,972)
12	General taxes		-	-	-	-
13	Interest on customer deposits		-	-	-	-
14	Income taxes	NC-1101	(1,158)	(21,553)	(24,553)	23,394
15	Amortization of investment tax credit		-	-	-	-
16						
17	Total electric operating expenses	Sum L8 through L15	3,841	71,470	81,419	(77,577)
18						
19	Operating income	L4 - L17	<u>\$ (3,841)</u>	<u>\$ (71,470)</u>	<u>\$ (81,419)</u>	<u>\$ 77,577</u>
20						
21	Notes:					
22	Revenue: positive number increases revenue / negative number decreases revenue					
23	Expense: positive number increases expense / negative number decreases expense					
24	<u>Pro Formas Impacting Rate Base Line Items</u>					
25						
26	Electric plant in service		\$ -	\$ -	\$ -	\$ -
27	Accumulated depreciation and amortization		-	-	-	-
28	Electric plant in service, net	Sum L26 through L27	-	-	-	-
29						
30	Add:					
31	Materials and supplies		-	-	-	-
32	Working capital investment	NC 1801 L26	34,999	387,091	423,886	(388,887)
33	Plant held for future use		-	-	-	-
34						
35	Less:					
36	Accumulated deferred taxes	NC 1801 L28	(8,109)	(89,686)	(98,212)	90,102
37	Operating reserves		-	-	-	-
38	Customer deposits		-	-	-	-
39						
40	Construction work in progress		-	-	-	-
41						
42	Total impact to rate base	Sum L28 through L40	<u>\$ 26,890</u>	<u>\$ 297,405</u>	<u>\$ 325,675</u>	<u>\$ (298,785)</u>
43						
44	Note:					
45	Rate Base: positive number increases rate base / negative number decreases rate base					

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(Dollars in thousands)

NC-1101
CCR Settlement

Line No.	Description	Total Coal Ash ARO NC Retail	Total Coal Ash Non ARO NC Retail	Total NC Retail
1				
2	Projected Ending Balance at August 31, 2020	[1] \$ 39,999	[2] \$ 39,999	
3				
4	Balance for Amortization	\$ 39,999	\$ 39,999	
5				
6	Years to Amortize		8	
7				
8	Annual amortization (L4/L6) before penalty	\$ 5,000	\$ 5,000	
9				
10	Statutory tax rate			23.1693% [3]
11				
12	Impact to income taxes (-L4 x L6)			<u>\$ (1,158)</u>
13				
14	Impact to operating income (-L8 - L12)			<u><u>\$ (3,841)</u></u>
15				
16	Impact to Rate Base			
17				
18	Projected August 31 2020 Balance for Rate Base (L2)	\$ 39,999	\$ 39,999	
19	Less 12 months Coal Ash Deferral Amortization (-L8)	<u>(5,000)</u>	<u>(5,000)</u>	
20	Projected coal ash def bal after one year of amortization (L18 + L19)	\$ 34,999	\$ 34,999	
21				
22	Deferred tax rate		23.1693%	
23	Impact to accumulated deferred income tax (-L20 x L22)	\$ (8,109)	\$ (8,109)	
24				
25	Impact to rate base (L20 + L23)	\$ 26,890	\$ 26,890	

#REF!

[2] NC-1104 - Deferral Col (r) Line 65

[3] NC-0104 - 2019 Composite Tax rate, Line 10

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Duke Energy Progress - Coal Ash Non ARO Retail Return on Plant

	Pre Tax LTD Rate	Pre Tax Equity Rate
Jan - Feb 2018 [5]	2.1479%	7.0670%
Mar - Dec 2018 [5]	1.9440%	6.7297%
2019 [5]	1.9440%	6.7004%
2020 [5]	1.9440%	6.7004%

Line No.	Month	[1] Total Plant Additions	[2] Accumulated Depreciation	[7] Accumulated Deferred Inc Tax	Net Plant	[3] NC Retail Allocation Factor	NC Retail Net Plant	[4] Balance for Return	Pre Tax Debt Return	Pre Tax Equity Return	Total Return on Investment
		(a)	(b)	(c)	(d)= (a)+(b)+(c)	(e)	(f)	(g)	(h)	(i)	(j)=(h)+(i)
1	Jan-18	\$ 37,047	\$ -	(\$3,698)	\$ 33,349	60.6008%	\$ 20,209	\$ 10,105	\$ 18	\$ 60	\$ 78
2	Feb	40,325	(89)	(\$3,698)	36,539	60.6008%	22,143	21,176	38	125	163
3	Mar	40,473	(206)	(\$3,698)	36,569	60.6008%	22,161	22,152	36	124	160
4	Apr	48,443	(350)	(\$3,698)	44,394	61.3372%	27,230	24,696	40	138	179
5	May	5,965,821	(505)	(\$689,196)	5,276,120	61.3372%	3,236,226	1,631,728	2,643	9,151	11,794
6	Jun	6,050,763	(33,007)	(\$699,027)	5,318,728	61.3372%	3,262,361	3,249,293	5,264	18,222	23,486
7	Jul	6,104,056	(65,974)	(\$704,636)	5,333,446	61.3372%	3,271,388	3,266,874	5,292	18,321	23,613
8	Aug	6,204,246	(99,211)	(\$716,233)	5,388,801	61.3372%	3,305,341	3,288,365	5,327	18,442	23,769
9	Sep	6,275,122	(132,996)	(\$724,433)	5,417,692	61.3372%	3,323,063	3,314,202	5,369	18,586	23,955
10	Oct	6,302,691	(167,168)	(\$727,618)	5,407,905	61.3372%	3,317,059	3,320,061	5,378	18,619	23,998
11	Nov	15,144,212	(201,490)	(\$730,836)	14,211,886	61.3372%	8,717,177	6,017,118	9,748	33,745	43,492
12	Dec	128,515,712	(270,683)	(\$13,465,465)	114,779,564	61.3372%	70,402,607	39,559,892	64,087	221,856	285,943
13	Jan-19	163,503,908	(579,612)	(\$13,523,554)	149,400,742	61.3372%	91,638,279	81,020,443	131,253	452,394	583,647
14	Feb	166,667,791	(1,034,819)	(\$13,705,504)	151,927,469	61.3372%	93,188,103	92,413,191	149,709	516,008	665,717
15	Mar	210,748,372	(1,499,116)	(\$13,857,568)	195,391,688	61.3372%	119,847,852	106,517,978	172,559	594,765	767,324
16	Apr	347,439,735	(2,062,387)	(\$26,461,331)	318,916,018	61.3372%	195,614,257	157,731,054	255,524	880,724	1,136,248
17	May	374,337,308	(2,869,578)	(\$28,891,668)	342,576,062	61.3372%	210,126,673	202,870,465	328,650	1,132,769	1,461,419
18	Jun	377,036,268	(3,721,086)	(\$29,098,256)	344,216,926	61.5278%	211,789,097	210,957,885	341,752	1,177,927	1,519,678
19	Jul	380,296,416	(4,578,497)	(\$29,391,796)	346,326,123	61.5278%	213,086,839	212,437,968	344,150	1,186,191	1,530,341
20	Aug	382,363,991	(5,443,126)	(\$29,566,025)	347,354,840	61.5278%	213,719,786	213,403,313	345,713	1,191,581	1,537,295
21	Sep	383,622,726	(6,311,149)	(\$29,673,119)	347,638,457	61.5278%	213,894,290	213,807,038	346,367	1,193,836	1,540,203
22	Oct	386,294,290	(7,182,640)	(\$29,913,455)	349,198,196	61.5278%	214,853,963	214,374,126	347,286	1,197,002	1,544,288
23	Nov	387,918,438	(8,060,320)	(\$30,058,214)	349,799,904	61.5278%	215,224,181	215,039,072	348,363	1,200,715	1,549,078
24	Dec	387,766,356	(8,941,086)	(\$30,046,822)	348,778,448	61.5278%	214,595,701	214,909,941	348,154	1,199,994	1,548,148
25	Jan-20	388,617,441	(9,823,223)	(\$30,124,559)	348,669,658	61.5278%	214,528,765	214,562,233	347,591	1,198,052	1,545,643
26	Feb	389,390,259	(10,706,871)	(\$30,190,573)	348,492,816	61.5278%	214,419,958	214,474,362	347,448	1,197,562	1,545,010
27	Mar	389,390,259	(11,591,887)	(\$30,190,573)	347,607,799	61.5278%	213,875,427	214,147,692	346,919	1,195,738	1,542,657
28	Apr	389,390,259	(12,476,903)	(\$30,190,573)	346,722,783	61.5278%	213,330,896	213,603,161	346,037	1,192,697	1,538,734
29	May	389,390,259	(13,361,919)	(\$30,190,573)	345,837,767	61.5278%	212,786,365	213,058,630	345,155	1,189,657	1,534,812
30	Jun	389,390,259	(14,246,936)	(\$30,190,573)	344,952,751	61.5278%	212,241,834	212,514,100	344,273	1,186,616	1,530,889
31	Jul	389,390,259	(15,131,952)	(\$30,190,573)	344,067,735	61.5278%	211,697,303	211,969,569	343,391	1,183,576	1,526,966
32	Aug	389,390,259	(16,016,968)	(\$30,190,573)	343,182,719	61.5278%	211,152,772	211,425,038	342,509	1,180,535	1,523,044
											<u>\$ 28,131,772</u>

[1] NC-1105 Total Plant in Service beginning on line 61

[2] NC-1105 Total Depreciation Expense beginning on line 95 + Prior Month

[3] NC 1106 Allocation Factor - Demand at Generation Level. Allocation Factors updated when new Cost of Service Factors were available.

[4] Beginning balance + additions for the month/2

[5] NC 1107 Cost of Capital

[6] NC-1105 Total Depreciation Expense beginning on line 99

[7] NC 1110 Accumulated Deferred Income Tax

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Duke Energy Progress - Coal Ash Non ARO - NC Retail Deferral

	After Tax LTD Rate	After Tax Equity Rate
Jan - Feb 2018 [5]	1.6431%	5.4060%
Mar - Dec 2018 [5]	1.4871%	5.1480%
2019 [5]	1.4936%	5.1480%
2020 [5]	1.4936%	5.1480%

Line No.	Month	Beginning Balance (j)=PM(r)	Return on Investment (k)=(i)	[6] Depreciation Expense (l)	[3] NC Retail Allocation Factor (m)	NC Retail Depreciation Expense (n)=(l)*(m)	Balance for Return (o)=(j)+((k)(n))/2	After Tax Debt Return (p)	After Tax Equity Return (q)	Ending Balance (r)
33	Jan-18	\$ -	\$ 78	\$0	60.601%	\$0	\$ 39	\$0	\$0	\$78
34	Feb	78	163	89	60.601%	54	186	0	1	295
35	Mar	295	160	117	60.601%	71	411	1	2	529
36	Apr	529	179	145	61.337%	89	662	1	3	800
37	May	800	11,794	155	61.337%	95	6,744	8	29	12,726
38	Jun	12,726	23,486	32,503	61.337%	19,936	34,437	43	148	56,339
39	Jul	56,339	23,613	32,967	61.337%	20,221	78,256	97	336	100,605
40	Aug	100,605	23,769	33,237	61.337%	20,387	122,683	152	526	145,439
41	Sep	145,439	23,955	33,785	61.337%	20,723	167,778	208	720	191,045
42	Oct	191,045	23,998	34,172	61.337%	20,960	213,524	265	916	237,183
43	Nov	237,183	43,492	34,322	61.337%	21,052	269,456	334	1,156	303,218
44	Dec	303,218	285,943	69,193	61.337%	42,441	467,410	579	2,005	634,187
45	Jan-19	634,187	583,647	308,929	61.337%	189,488	1,020,755	1,270	4,379	1,412,972
46	Feb	1,412,972	665,717	455,207	61.337%	279,211	1,885,436	2,347	8,089	2,368,336
47	Mar	2,368,336	767,324	464,297	61.337%	284,787	2,894,392	3,603	12,417	3,436,467
48	Apr	3,436,467	1,136,248	563,270	61.337%	345,494	4,177,338	5,199	17,921	4,941,329
49	May	4,941,329	1,461,419	807,192	61.337%	495,109	5,919,593	7,368	25,395	6,930,620
50	Jun	6,930,620	1,519,678	851,507	61.528%	523,914	7,952,417	9,898	34,116	9,018,227
51	Jul	9,018,227	1,530,341	857,412	61.528%	527,547	10,047,170	12,505	43,102	11,131,721
52	Aug	11,131,721	1,537,295	864,629	61.528%	531,987	12,166,362	15,143	52,194	13,268,339
53	Sep	13,268,339	1,540,203	868,023	61.528%	534,076	14,305,479	17,805	61,371	15,421,794
54	Oct	15,421,794	1,544,288	871,491	61.528%	536,209	16,462,043	20,490	70,622	17,593,403
55	Nov	17,593,403	1,549,078	877,680	61.528%	540,017	18,637,951	23,198	79,957	19,785,653
56	Dec	19,785,653	1,548,148	880,766	61.528%	541,916	20,830,685	25,927	89,364	21,991,007
57	Jan-20	21,991,007	1,545,643	882,138	61.528%	542,760	23,035,209	28,671	98,821	24,206,902
58	Feb	24,206,902	1,545,010	883,648	61.528%	543,689	25,251,252	31,429	108,328	26,435,359
59	Mar	26,435,359	1,542,657	885,016	61.528%	544,531	27,478,952	34,202	117,885	28,674,633
60	Apr	28,674,633	1,538,734	885,016	61.528%	544,531	29,716,266	36,987	127,483	30,922,368
61	May	30,922,368	1,534,812	885,016	61.528%	544,531	31,962,039	39,782	137,117	33,178,609
62	Jun	33,178,609	1,530,889	885,016	61.528%	544,531	34,216,319	42,588	146,788	35,443,405
63	Jul	35,443,405	1,526,966	885,016	61.528%	544,531	36,479,153	45,404	156,496	37,716,801
64	Aug	37,716,801	1,523,044	885,016	61.528%	544,531	38,750,589	48,231	166,240	39,998,847
65			\$ 28,131,772			\$ 9,849,418		\$ 453,734	\$ 1,563,924	\$ 39,998,847

[1] NC-1105 Total Plant in Service beginning on line 61

[2] NC-1105 Total Depreciation Expense beginning on line 95 + Prior Month

[3] NC 1106 Allocation Factor - Demand at Generation Level. Allocation Factors updated when new Cost of Service Factors were available.

[4] Beginning balance + additions for the month/2

[5] NC 1107 Cost of Capital

[6] NC-1105 Total Depreciation Expense beginning on line 99

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Duke Energy Progress - Coal Ash Non ARO - Monthly Plant in Service

Line No.	Month	D FOS 315 ROXBORO #4- 50121	D FOS 312 ROXBORO #4- 50121	D FOS 311 ROXBORO COMMON-50121	D FOS 312 ROXBORO #1- 50121	D FOS 312 ROXBORO #3- 50121	D FOS 315 ROXBORO #3- 50121	D FOS 312 ROXBORO COMMON-50121	D TRN 353-BU- Transmission 50126	D FOS 311 MAYO #1-50121	D FOS 312 MAYO #1-50121	D FOS 312 ROXBORO #2- 50121	Total Monthly Activity
1	Jan-18	\$ 600	\$ 5,287	\$ 33,172									\$ 39,059
2	Feb-18	384	3,382										3,766
3	Mar-18	17	152										170
4	Apr-18	933	8,221										9,154
5	May-18	10	86		5,917,295								5,917,390
6	Jun-18	9	83		84,862								84,954
7	Jul-18	571	5,025		48,422								54,017
8	Aug-18	10	86	-	100,106								100,202
9	Sep-18	11	95		70,785								70,890
10	Oct-18	9	82		27,489								27,581
11	Nov-18	(46)	(404)		27,783	7,928,211	885,919						8,841,463
12	Dec-18	63	558	22,853,630	120,532	636,916	71,171	91,254,452	2,736,133				117,673,455
13	Jan-19			35,703,462	14,906	460,572	51,466	96,214	11,224				36,337,843
14	Feb-19			697,284	6,623	875,255	97,803	1,566,335	5,922				3,249,222
15	Mar-19			11,194,568	(108)	(106,205)	(11,868)	1,037,832	19,112	38,659,682			50,793,013
16	Apr-19			942,879		54,876		126,675,492	4,552	306,135	16,184,956	296	144,169,186
17	May-19			350,999		(138,986)		4,047,193	13,597	27,052,817	133,850		31,459,469
18	Jun-19			557,054		21,523		1,672,839	18,087	510,840	101,737		2,882,081
19	Jul-19			562,297		6,167		1,867,243	10,931	681,119	398,571		3,526,327
20	Aug-19			25,456				1,740,230	20,178	395,569	19,888		2,201,320
21	Sep-19			484,528				149,095	63	615,087	159,023		1,407,796
22	Oct-19			512,918				1,239,986	20,479	720,487	429,776		2,923,647
23	Nov-19	(2,572)	2,572	171,688		1,094,491	(1,094,491)	857,166	1,414	799,426	(44,723)		1,784,971
24	Dec-19			513,827				(\$223,420)	142	(751,628)	236,679		(224,401)
25	Jan-20			55,985				757,550		72,285	9,094		894,914
26	Feb-20			55,077				730,694		19,887			805,658
27	Total	\$ -	\$ 25,226	\$ 74,714,824	\$ 6,418,692	\$ 10,832,819	\$ -	\$ 233,468,900	\$ 2,861,832	\$ 69,081,706	\$ 17,628,852	\$ 296	\$ 415,033,147

Source: Duke Energy Asset Accounting

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Duke Energy Progress - Coal Ash Non ARO - Total Plant in Service

Line No.	Month	D FOS 315 ROXBORO #4- 50121	D FOS 312 ROXBORO #4- 50121	D FOS 311 ROXBORO COMMON-50121	D FOS 312 ROXBORO #1- 50121	D FOS 312 ROXBORO #3- 50121	D FOS 315 ROXBORO #3- 50121	D FOS 312 ROXBORO COMMON-50121	D TRN 353-BU- Transmission 50126	D FOS 311 MAYO #1-50121	D FOS 312 MAYO #1-50121	D FOS 312 ROXBORO #2- 50121	Total Balance Activity
28	Jan-18	\$ 600	\$ 5,287	\$ 33,172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,059
29	Feb-18	984	8,669	33,172	-	-	-	-	-	-	-	-	42,825
30	Mar-18	1,002	8,821	33,172	-	-	-	-	-	-	-	-	42,995
31	Apr-18	1,935	17,042	33,172	-	-	-	-	-	-	-	-	52,149
32	May-18	1,945	17,128	33,172	5,917,295	-	-	-	-	-	-	-	5,969,539
33	Jun-18	1,954	17,211	33,172	6,002,156	-	-	-	-	-	-	-	6,054,493
34	Jul-18	2,525	22,236	33,172	6,050,579	-	-	-	-	-	-	-	6,108,511
35	Aug-18	2,534	22,322	33,172	6,150,685	-	-	-	-	-	-	-	6,208,713
36	Sep-18	2,545	22,417	33,172	6,221,469	-	-	-	-	-	-	-	6,279,603
37	Oct-18	2,555	22,499	33,172	6,248,958	-	-	-	-	-	-	-	6,307,183
38	Nov-18	2,509	22,095	33,172	6,276,741	7,928,211	885,919	-	-	-	-	-	15,148,647
39	Dec-18	2,572	22,654	22,886,802	6,397,273	8,565,127	957,090	91,254,452	2,736,133	-	-	-	132,822,102
40	Jan-19	2,572	22,654	58,590,264	6,412,178	9,025,699	1,008,555	91,350,665	2,747,357	-	-	-	169,159,945
41	Feb-19	2,572	22,654	59,287,548	6,418,801	9,900,953	1,106,359	92,917,001	2,753,279	-	-	-	172,409,167
42	Mar-19	2,572	22,654	70,482,116	6,418,692	9,794,749	1,094,491	93,954,833	2,772,391	38,659,682	-	-	223,202,180
43	Apr-19	2,572	22,654	71,424,995	6,418,692	9,849,624	1,094,491	220,630,324	2,776,943	38,965,817	16,184,956	296	367,371,365
44	May-19	2,572	22,654	71,775,993	6,418,692	9,710,638	1,094,491	224,677,517	2,790,540	66,018,634	16,318,806	296	398,830,834
45	Jun-19	2,572	22,654	72,333,048	6,418,692	9,732,161	1,094,491	226,350,356	2,808,626	66,529,474	16,420,543	296	401,712,915
46	Jul-19	2,572	22,654	72,895,345	6,418,692	9,738,328	1,094,491	228,217,599	2,819,557	67,210,593	16,819,115	296	405,239,242
47	Aug-19	2,572	22,654	72,920,801	6,418,692	9,738,328	1,094,491	229,957,829	2,839,735	67,606,162	16,839,003	296	407,440,563
48	Sep-19	2,572	22,654	73,405,328	6,418,692	9,738,328	1,094,491	230,106,924	2,839,798	68,221,249	16,998,026	296	408,848,359
49	Oct-19	2,572	22,654	73,918,247	6,418,692	9,738,328	1,094,491	231,346,910	2,860,277	68,941,736	17,427,802	296	411,772,005
50	Nov-19	-	25,226	74,089,934	6,418,692	10,832,819	-	232,204,076	2,861,691	69,741,162	17,383,079	296	413,556,976
51	Dec-19	-	25,226	74,603,762	6,418,692	10,832,819	-	231,980,656	2,861,832	68,989,534	17,619,758	296	413,332,575
52	Jan-20	-	25,226	74,659,747	6,418,692	10,832,819	-	232,738,206	2,861,832	69,061,819	17,628,852	296	414,227,489
53	Feb-20	-	25,226	74,714,824	6,418,692	10,832,819	-	233,468,900	2,861,832	69,081,706	17,628,852	296	415,033,147
54	Mar-20	-	25,226	74,714,824	6,418,692	10,832,819	-	233,468,900	2,861,832	69,081,706	17,628,852	296	415,033,147
55	Apr-20	-	25,226	74,714,824	6,418,692	10,832,819	-	233,468,900	2,861,832	69,081,706	17,628,852	296	415,033,147
56	May-20	-	25,226	74,714,824	6,418,692	10,832,819	-	233,468,900	2,861,832	69,081,706	17,628,852	296	415,033,147
57	Jun-20	-	25,226	74,714,824	6,418,692	10,832,819	-	233,468,900	2,861,832	69,081,706	17,628,852	296	415,033,147
58	Jul-20	-	25,226	74,714,824	6,418,692	10,832,819	-	233,468,900	2,861,832	69,081,706	17,628,852	296	415,033,147
59	Aug-20	-	25,226	74,714,824	6,418,692	10,832,819	-	233,468,900	2,861,832	69,081,706	17,628,852	296	\$ 415,033,147

Source: Duke Energy Asset Accounting

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
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Duke Energy Progress - Coal Ash Non ARO - Total Plant - Net of JAAR Impact

Line No.	Month	D FOS 315 ROXBORO #4- 50121	D FOS 312 ROXBORO #4- 50121	D FOS 311 ROXBORO COMMON-50121	D FOS 312 ROXBORO #1- 50121	D FOS 312 ROXBORO #3- 50121	D FOS 315 ROXBORO #3- 50121	D FOS 312 ROXBORO COMMON-50121	D TRN 353-BU- Transmission 50126	D FOS 311 MAYO #1-50121	D FOS 312 MAYO #1-50121	D FOS 312 ROXBORO #2- 50121	Total Balance Activity
60	JAAR Allocation %	12.94%	12.94%	3.77%				3.77%		16.17%	16.17%		
61	Jan-18	\$ 523	\$ 4,603	\$ 31,921	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,047
62	Feb-18	857	7,547	31,921	-	-	-	-	-	-	-	-	40,325
63	Mar-18	872	7,680	31,921	-	-	-	-	-	-	-	-	40,473
64	Apr-18	1,685	14,837	31,921	-	-	-	-	-	-	-	-	48,443
65	May-18	1,693	14,912	31,921	5,917,295	-	-	-	-	-	-	-	5,965,821
66	Jun-18	1,701	14,984	31,921	6,002,156	-	-	-	-	-	-	-	6,050,763
67	Jul-18	2,198	19,359	31,921	6,050,579	-	-	-	-	-	-	-	6,104,056
68	Aug-18	2,206	19,434	31,921	6,150,685	-	-	-	-	-	-	-	6,204,246
69	Sep-18	2,216	19,516	31,921	6,221,469	-	-	-	-	-	-	-	6,275,122
70	Oct-18	2,224	19,588	31,921	6,248,958	-	-	-	-	-	-	-	6,302,691
71	Nov-18	2,184	19,236	31,921	6,276,741	7,928,211	885,919	-	-	-	-	-	15,144,212
72	Dec-18	2,239	19,723	22,023,970	6,397,273	8,565,127	957,090	87,814,159	2,736,133	-	-	-	128,515,712
73	Jan-19	2,239	19,723	56,381,411	6,412,178	9,025,699	1,008,555	87,906,745	2,747,357	-	-	-	163,503,908
74	Feb-19	2,239	19,723	57,052,408	6,418,801	9,900,953	1,106,359	89,414,030	2,753,279	-	-	-	166,667,791
75	Mar-19	2,239	19,723	67,824,940	6,418,692	9,794,749	1,094,491	90,412,735	2,772,391	32,408,411	-	-	210,748,372
76	Apr-19	2,239	19,723	68,732,273	6,418,692	9,849,624	1,094,491	212,312,561	2,776,943	32,665,044	13,567,849	296	347,439,735
77	May-19	2,239	19,723	69,070,039	6,418,692	9,710,638	1,094,491	216,207,175	2,790,540	55,343,421	13,680,055	296	374,337,308
78	Jun-19	2,239	19,723	69,606,092	6,418,692	9,732,161	1,094,491	217,816,948	2,808,626	55,771,658	13,765,342	296	377,036,268
79	Jul-19	2,239	19,723	70,147,190	6,418,692	9,738,328	1,094,491	219,613,796	2,819,557	56,342,640	14,099,464	296	380,296,416
80	Aug-19	2,239	19,723	70,171,686	6,418,692	9,738,328	1,094,491	221,288,419	2,839,735	56,674,245	14,116,136	296	382,363,991
81	Sep-19	2,239	19,723	70,637,947	6,418,692	9,738,328	1,094,491	221,431,893	2,839,798	57,189,873	14,249,445	296	383,622,726
82	Oct-19	2,239	19,723	71,131,529	6,418,692	9,738,328	1,094,491	222,625,131	2,860,277	57,793,858	14,609,726	296	386,294,290
83	Nov-19	-	21,962	71,296,744	6,418,692	10,832,819	-	223,449,982	2,861,691	58,464,016	14,572,235	296	387,918,438
84	Dec-19	-	21,962	71,791,200	6,418,692	10,832,819	-	223,234,985	2,861,832	57,833,926	14,770,643	296	387,766,356
85	Jan-20	-	21,962	71,845,074	6,418,692	10,832,819	-	223,963,975	2,861,832	57,894,523	14,778,266	296	388,617,441
86	Feb-20	-	21,962	71,898,075	6,418,692	10,832,819	-	224,667,122	2,861,832	57,911,194	14,778,266	296	389,390,259
87	Mar-20	-	21,962	71,898,075	6,418,692	10,832,819	-	224,667,122	2,861,832	57,911,194	14,778,266	296	389,390,259
88	Apr-20	-	21,962	71,898,075	6,418,692	10,832,819	-	224,667,122	2,861,832	57,911,194	14,778,266	296	389,390,259
89	May-20	-	21,962	71,898,075	6,418,692	10,832,819	-	224,667,122	2,861,832	57,911,194	14,778,266	296	389,390,259
90	Jun-20	-	21,962	71,898,075	6,418,692	10,832,819	-	224,667,122	2,861,832	57,911,194	14,778,266	296	389,390,259
91	Jul-20	-	21,962	71,898,075	6,418,692	10,832,819	-	224,667,122	2,861,832	57,911,194	14,778,266	296	389,390,259
92	Aug-20	-	21,962	71,898,075	6,418,692	10,832,819	-	224,667,122	2,861,832	57,911,194	14,778,266	296	\$ 389,390,259

Source: Duke Energy Asset Accounting

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
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For the test period ended December 31, 2018

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CCR Settlement
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Duke Energy Progress - Coal Ash Non ARO - System Depreciation Expense (Net of JAAR)

		D FOS 315 ROXBORO #4- 50121	D FOS 312 ROXBORO #4- 50121	D FOS 311 ROXBORO COMMON-50121	D FOS 312 ROXBORO #1- 50121	D FOS 312 ROXBORO #3- 50121	D FOS 315 ROXBORO #3- 50121	D FOS 312 ROXBORO COMMON-50121	D TRN 353-BU- Transmission 50126	D FOS 311 MAYO #1-50121	D FOS 312 MAYO #1-50121	D FOS 312 ROXBORO #2- 50121	Total Balance Activity
93	Depr Rate Prior To 3/16/2018	0.45%	0.45%	3.26%									
94	Depr Rate Beg. 3/16/2018	3.05%	1.33%	5.03%	6.56%	4.74%	4.61%	1.91%	1.90%	1.95%	4.02%	5.04%	
95	Jan-18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96	Feb-18	0	2	87	-	-	-	-	-	-	-	-	89
97	Mar-18	1	6	110	-	-	-	-	-	-	-	-	117
98	Apr-18	2	9	134	-	-	-	-	-	-	-	-	145
99	May-18	4	16	134	-	-	-	-	-	-	-	-	155
100	Jun-18	4	17	134	32,348	-	-	-	-	-	-	-	32,503
101	Jul-18	4	17	134	32,812	-	-	-	-	-	-	-	32,967
102	Aug-18	6	21	134	33,076	-	-	-	-	-	-	-	33,237
103	Sep-18	6	22	134	33,624	-	-	-	-	-	-	-	33,785
104	Oct-18	6	22	134	34,011	-	-	-	-	-	-	-	34,172
105	Nov-18	6	22	134	34,161	-	-	-	-	-	-	-	34,322
106	Dec-18	6	21	134	34,313	31,316	3,403	-	-	-	-	-	69,193
107	Jan-19	6	22	92,317	34,972	33,832	3,677	139,771	4,332	-	-	-	308,929
108	Feb-19	6	22	236,332	35,053	35,652	3,875	139,918	4,350	-	-	-	455,207
109	Mar-19	6	22	239,145	35,089	39,109	4,250	142,317	4,359	-	-	-	464,297
110	Apr-19	6	22	284,300	35,089	38,689	4,205	143,907	4,390	52,664	-	-	563,270
111	May-19	6	22	288,103	35,089	38,906	4,205	337,931	4,397	53,081	45,452	1	807,192
112	Jun-19	6	22	289,519	35,089	38,357	4,205	344,130	4,418	89,933	45,828	1	851,507
113	Jul-19	6	22	291,766	35,089	38,442	4,205	346,692	4,447	90,629	46,114	1	857,412
114	Aug-19	6	22	294,034	35,089	38,466	4,205	349,552	4,464	91,557	47,233	1	864,629
115	Sep-19	6	22	294,136	35,089	38,466	4,205	352,217	4,496	92,096	47,289	1	868,023
116	Oct-19	6	22	296,091	35,089	38,466	4,205	352,446	4,496	92,934	47,736	1	871,491
117	Nov-19	6	22	298,160	35,089	38,466	4,205	354,345	4,529	93,915	48,943	1	877,680
118	Dec-19	-	24	298,852	35,089	42,790	-	355,658	4,531	95,004	48,817	1	880,766
119	Jan-20	-	24	300,925	35,089	42,790	-	355,316	4,531	93,980	49,482	1	882,138
120	Feb-20	-	24	301,151	35,089	42,790	-	356,476	4,531	94,079	49,507	1	883,648
121	Mar-20	-	24	301,373	35,089	42,790	-	357,595	4,531	94,106	49,507	1	885,016
122	Apr-20	-	24	301,373	35,089	42,790	-	357,595	4,531	94,106	49,507	1	885,016
123	May-20	-	24	301,373	35,089	42,790	-	357,595	4,531	94,106	49,507	1	885,016
124	Jun-20	-	24	301,373	35,089	42,790	-	357,595	4,531	94,106	49,507	1	885,016
125	Jul-20	-	24	301,373	35,089	42,790	-	357,595	4,531	94,106	49,507	1	885,016
126	Aug-20	-	24	301,373	35,089	42,790	-	357,595	4,531	94,106	49,507	1	\$ 885,016

Source: Duke Energy Asset Accounting

Depreciation Expense = Prior month Total Plant Net of JAAR * Depreciation Rate /12

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
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Amortize deferred environmental costs
For the test period ended December 31, 2018

NC 1106
CCR Settlement

Duke Energy Progress - Cost of Service - Allocation Factors

<u>Line</u> <u>No.</u>	<u>Allocation Factor</u>	<u>NC Retail</u> <u>2016</u>	<u>NC Retail</u> <u>2017</u>	<u>NC Retail</u> <u>2018</u>
1	Allocation Factor - DPAll Demand at Generation Level	60.6008%	61.3372%	61.5278%
2	Allocation Factor - Energy @ Prod. Output MWHs at Generation	60.8102%	60.8452%	61.1093%

Smith CCR Settlement Exhibit 1

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For the test period ended December 31, 2018

NC 1107
CCR Settlement

Cost of debt and Equity for coal ash deferral periods

Sep 2017 - Dec 2017					
	Capitalization Ratio [1]	Approved Cost Rate [1]	WEIGHTED COST OF CAPITAL		
			RETURN	AFTER TAX	BEFORE TAX
	(a)	(b)	(c) = (a) x (b)	(d)	
LONG TERM DEBT	47.00%	4.57%	2.1479%	1.3519%	2.1479%
EQUITY	53.00%	10.20%	5.4060%	5.4060%	7.0670%
TOTAL	100.00%		7.5539%	6.7579%	9.2149%

(f) = (d)/((a)-(e))

Return on Equity 2.188%

Effective State and Federal Income Tax Rate 37.06% (e)

Jan-Feb 2018					
	Capitalization Ratio [1]	Approved Cost Rate [1]	WEIGHTED COST OF CAPITAL		
			RETURN	AFTER TAX	BEFORE TAX
	(a)	(b)	(c) = (a) x (b)	(d)	
LONG TERM DEBT	47.00%	4.57%	2.1479%	1.6431%	2.1479%
EQUITY	53.00%	10.20%	5.4060%	5.4060%	7.0670%
TOTAL	100.00%		7.5539%	7.0491%	9.2149%

(f) = (d)/((a)-(e))

Return on Equity 2.479%

Effective State and Federal Income Tax Rate 23.50% [3]

Mar - Dec 2018					
	Capitalization Ratio [2]	Approved Cost Rate [2]	WEIGHTED COST OF CAPITAL		
			RETURN	AFTER TAX	BEFORE TAX
	(a)	(b)	(c) = (a) x (b)	(d)	
LONG TERM DEBT	48.00%	4.05%	1.9440%	1.4871%	1.9440%
EQUITY	52.00%	9.90%	5.1480%	5.1480%	6.7297%
TOTAL	100.00%		7.0920%	6.6351%	8.6737%

(f) = (d)/((a)-(e))

Return on Equity 2.585%

Effective State and Federal Income Tax Rate 23.50% [3]

2019					
	Capitalization Ratio [2]	Approved Cost Rate [2]	WEIGHTED COST OF CAPITAL		
			RETURN	AFTER TAX	BEFORE TAX
	(a)	(b)	(c) = (a) x (b)	(d)	
LONG TERM DEBT	48.00%	4.05%	1.9440%	1.4936%	1.9440%
EQUITY	52.00%	9.90%	5.1480%	5.1480%	6.7004%
TOTAL	100.00%		7.0920%	6.6416%	8.6444%

(f) = (d)/((a)-(e))

Return on Equity 2.592%

Effective State and Federal Income Tax Rate 23.17% [4]

[1] Cost of capital rates from Docket No. E-2, Sub 1023
[2] Cost of capital rates from Docket No. E-2, Sub 1142
[3] Duke Energy Accounting
[4] NC-0104 - 2019 Calculation of Tax Rates - Statutory Tax Rate, Line 10

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Amortize deferred environmental costs
For the test period ended December 31, 2018

NC-1108
CCR Settlement

Depreciation Rates

Line No.	<u>Depreciation Rate</u>	Prior to	Beg. Mar
		Mar 16 2018	16 2018 {1]
1	D FOS 315 ROXBORO #4	0.45%	3.05%
2	D FOS 311 ROXBORO COMMON	3.26%	5.03%
3	D FOS 312 ROXBORO #3-50121		4.74%
4	D FOS 312 ROXBORO #4	0.45%	1.33%
5	D FOS 312 ROXBORO #1		6.56%
6	D FOS 315 ROXBORO #3-50121		4.61%
7	D FOS 312 ROXBORO COMMON-50121		1.91%
8	D FOS 312 ROXBORO #2-50121		5.04%
9	D FOS 311 MAYO #1-50121		1.95%
10	D FOS 312 MAYO #1-50121		4.02%
11	D TRN 353-BU-Transmission 50126		1.90%

Source: Duke Energy Asset Accounting

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Amortize deferred environmental costs
For the test period ended December 31, 2018

NC 1110
CCR Settlement

Project Description	\$20,087,848	160920A01	20087848	20095627	20095627	20095628	20095628	20095629	20095629	CCROX148	CMY010141	CMY010188	CMY010189	CRX000139	CRX000212	CRX000213	CRXWAREHS	Grand Total
Depreciation Group	D FOS 312 ROXBORO COMMON-50121	D TRN 353-BU- Transmission 50126	D FOS 312 ROXBORO COMMON-50121	D FOS 312 ROXBORO #1- 50121	D FOS 312 ROXBORO #2- 50121	D FOS 312 ROXBORO #3- 50121	D FOS 315 ROXBORO #3- 50121	D FOS 312 ROXBORO #4- 50121	D FOS 315 ROXBORO #4- 50121	D FOS 311 ROXBORO COMMON-50121	D FOS 312 MAYO #1-50121	D FOS 311 MAYO #1-50121	D FOS 311 MAYO #1-50121	D FOS 312 ROXBORO COMMON-50121	D FOS 311 ROXBORO COMMON-50121	D FOS 311 ROXBORO COMMON-50121	D FOS 311 ROXBORO COMMON-50121	
201801								5287.06	600.28								33171.55	39,059
201802								3,382	384									3,766
201803								152	17									170
201804								8,221	933									9,154
201805				5,917,295				86	10									5,917,390
201806				84,862				83	9									84,954
201807				48,422				5,025	571									54,017
201808				100,106				66	10									100,202
201809				70,785				95	11									70,890
201810				27,489				82	9									27,581
201811				27,783		7,928,211	885,919	(404)	(46)									8,841,463
201812		2,736,133	91,254,452	120,532		636,916	71,171	558	63							22,853,630		117,673,455
201901		11,224	96,214	14,906		460,572	51,466								35,294,091			36,337,843
201902		5,922	1,566,335	6,623		875,255	97,803											3,249,222
201903		19,112	1,037,832	(108)		(106,205)	(11,868)			6,700,621				38,659,682		4,167,608		50,793,013
201904		4,552	1,602,076		296	54,876	(11,868)			198,486	16,184,956			306,135	125,073,416	625,589		118,804
201905		13,597	690,918			(138,986)				157,701	133,850	26,796,814		256,002	3,356,275	536,750	(343,452)	31,459,469
201906		18,087	(225,274)			21,523				175,967	101,737	429,079	81,761	1,898,113	191,077	190,010		2,882,081
201907		10,931	101,010			6,167				30,652	398,571	590,493	90,626	1,766,232	101,796	429,849		3,526,327
201908		20,178	432,993							28,874	19,888	206,809	188,760	1,307,237	70,465	(73,883)		2,201,320
201909	(318,728)	63								(14,927)	159,023	451,967	163,120	467,823	20,131	479,324		1,407,796
201910	109,744	20,479								48,993	429,776	742,253	(21,766)	1,130,242	138,786	325,140		2,923,647
201911		1,414	14,208			1,094,491	(1,094,491)	2,572	(2,572)	78,554	(44,723)	789,320	10,105	842,958	2,096	91,039		1,784,971
201912		142	(17,606)							31,952	236,679	(781,554)	29,926	(205,814)	22,064	459,801		(224,401)
202001			(92)							9,076	9,094	72,150	135	757,642	12,230	34,679		894,914
202002										18,111		19,887		730,694	43,218	(6,252)		805,658
Grand Total	(208,984)	2,861,832	96,553,065	6,418,692	296	10,832,819	-	25,226	-	7,464,069	17,628,852	29,317,218	39,764,487	137,124,819	41,864,255	25,353,328	33,172	415,033,147

Cumulative Plant additions Project Description	\$20,087,848	160920A01	20087848	20095627	20095627	20095628	20095628	20095629	20095629	CCROX148	CMY010141	CMY010188	CMY010189	CRX000139	CRX000212	CRX000213	CRXWAREHS	Grand Total
Depreciation Group	D FOS 312 ROXBORO COMMON-50121	D TRN 353-BU- Transmission 50126	D FOS 312 ROXBORO COMMON-50121	D FOS 312 ROXBORO #1- 50121	D FOS 312 ROXBORO #2- 50121	D FOS 312 ROXBORO #3- 50121	D FOS 315 ROXBORO #3- 50121	D FOS 312 ROXBORO #4- 50121	D FOS 315 ROXBORO #4- 50121	D FOS 311 ROXBORO COMMON-50121	D FOS 312 MAYO #1-50121	D FOS 311 MAYO #1-50121	D FOS 311 MAYO #1-50121	D FOS 312 ROXBORO COMMON-50121	D FOS 311 ROXBORO COMMON-50121	D FOS 311 ROXBORO COMMON-50121	D FOS 311 ROXBORO COMMON-50121	
201801	-	-	-	-	-	-	-	5,287	600	-	-	-	-	-	-	-	33,172	39,059
201802	-	-	-	-	-	-	-	8,669	984	-	-	-	-	-	-	-	33,172	42,825
201803	-	-	-	-	-	-	-	8,821	1,002	-	-	-	-	-	-	-	33,172	42,995
201804	-	-	-	-	-	-	-	17,042	1,935	-	-	-	-	-	-	-	33,172	52,149
201805	-	-	-	5,917,295	-	-	-	17,128	1,945	-	-	-	-	-	-	-	33,172	5,969,539
201806	-	-	-	6,002,156	-	-	-	17,211	1,954	-	-	-	-	-	-	-	33,172	6,054,493
201807	-	-	-	6,050,579	-	-	-	22,236	2,525	-	-	-	-	-	-	-	33,172	6,108,511
201808	-	-	-	6,150,685	-	-	-	22,322	2,534	-	-	-	-	-	-	-	33,172	6,208,713
201809	-	-	-	6,221,469	-	-	-	22,417	2,545	-	-	-	-	-	-	-	33,172	6,279,603
201810	-	-	-	6,248,958	-	-	-	22,499	2,555	-	-	-	-	-	-	-	33,172	6,307,183
201811	-	-	-	6,276,741	-	7,928,211	885,919	22,095	2,509	-	-	-	-	-	-	-	33,172	15,148,647
201812	-	2,736,133	91,254,452	6,397,273	-	8,565,127	957,090	22,654	2,572	-	-	-	-	-	-	22,853,630	33,172	132,822,102
201901	-	2,747,357	91,350,665	6,412,178	-	9,025,699	1,008,555	22,654	2,572	-	-	-	-	-	35,294,091	23,263,001	33,172	169,159,945
201902	-	2,753,279	92,917,001	6,418,801	-	9,900,953	1,106,359	22,654	2,572	-	-	-	-	-	35,932,446	23,321,930	33,172	172,409,167
201903	-	2,772,391	93,954,833	6,418,692	-	9,794,749	1,094,491	22,654	2,572	6,700,621					40,100,055	23,648,269	33,172	223,202,180
201904	-	2,776,943	95,556,908	6,418,692	296	9,849,624	1,094,491	22,654	2,572	6,899,107	16,184,956			38,965,817	125,073,416	40,725,643	33,172	367,371,365
201905	-	2,790,540	96,247,826	6,418,692	296	9,710,638	1,094,491	22,654	2,572	7,056,807	16,318,806	26,796,814	39,221,819	128,429,691	41,262,394	23,423,621	33,172	398,830,834
201906	-	2,808,626	96,022,552	6,418,692	296	9,732,161	1,094,491	22,654	2,572	7,232,775	16,420,543	27,225,893	39,303,580	130,327,804	41,453,471	23,613,631	33,172	401,712,915
201907	-	2,819,557	96,123,562	6,418,692	296	9,738,328	1,094,491	22,654	2,572	7,263,427	16,819,115	27,816,387	39,394,206	132,094,037	41,555,267	24,043,479	33,172	405,239,242
201908	-	2,839,735	96,556,555	6,418,692	296	9,738,328	1,094,491	22,654	2,572	7,292,301	16,839,003	28,023,196	39,582,966	133,401,274	41,625,731	23,969,597	33,172	407,440,563
201909	(318,728)	2,839,798	96,556,555	6,418,692	296	9,738,328	1,094,491	22,654	2,572	7,277,373	16,998,026	28,475,163	39,746,086	133,869,097	41,645,862	24,448,921	33,172	408,848,359
201910	(208,984)	2,860,277	96,556,555	6,418,692	296	9,738,328	1,094,491	22,654	2,572	7,326,367	17,427,802	29,217,416	39,724,321	134,999,339	41,784,648	24,774,061	33,172	411,772,005
201911	(208,984)	2,861,691	96,570,763	6,418,692	296	10,832,819	-	25,226	-	7,404,920	17,383,079	30,006,736	39,734,426	135,842,298	41,786,744	24,865,098	33,172	413,556,976
201912	(208,984)	2,861,832	96,553,157	6,418,692	296	10,832,819	-	25,226	-	7,436,882	17,619,758	29,225,182	39,764,352	135,636,484	41,808,807	25,324,901	33,172	413,332,575
202001	(208,984)	2,861,832	96,553,065	6,418,692	296	10,832,819	-	25,226	-	7,445,958	17,628,852	29,297,331	39,764,487	136,394,125	41,821,037	25,359,580	33,172	414,227,489
202002	(208,984)	2,861,832	96,553,065	6,418,692	296	10,832,819	-	25,226	-	7,464,069	17,628,852	29,317,218	39,764,487	137,124,819	41,864,255	25,353,328	33,172	415,033,147

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Amortize deferred environmental costs
For the test period ended December 31, 2018

NC 1110
CCR Settlement

[illegible]

Project		20087848	16092A01	20087848	20095627	20095627	20095628	20095628	20095629	20095629	CCROX148	CMY010141	CMY010188	CMY010189	CRX000139	CRX000212	CRX000213	CRXWAREHS	Grand Total	
Project Description		D FOS 312 ROXBORO COMMON-50121	D TRN 353-BU- Transmission 50126 D TRN 353-BU- Transmission 50126	D FOS 312 ROXBORO COMMON-50121	ROXBORO #1- 50121	ROXBORO #2- 50121	ROXBORO #3- 50121	ROXBORO #3- 50121	ROXBORO #4- 50121	ROXBORO #4- 50121	D FOS 311 ROXBORO COMMON-50121	D FOS 312 MAYO #1-50121	D FOS 311 MAYO #1-50121	D FOS 311 MAYO #1-50121	D FOS 312 ROXBORO COMMON-50121	D FOS 311 ROXBORO COMMON-50121	D FOS 311 ROXBORO COMMON-50121	D FOS 311 ROXBORO COMMON-50121		
Depreciation Group		COMMON-50121	COMMON-50121	COMMON-50121	ROXBORO #1- 50121	ROXBORO #2- 50121	ROXBORO #3- 50121	ROXBORO #3- 50121	ROXBORO #4- 50121	ROXBORO #4- 50121	COMMON-50121	D FOS 312 MAYO #1-50121	D FOS 311 MAYO #1-50121	D FOS 311 MAYO #1-50121	COMMON-50121	COMMON-50121	COMMON-50121	COMMON-50121		
Dep'r Rate Prior To 3/16/2018												0.45%	0.45%							
Dep'r Rate Beg. 3/16/2018		1.91%	1.90%	1.91%	6.56%	5.04%	4.74%	4.61%	1.33%	3.05%	5.03%	4.02%	1.95%	1.95%	1.91%	5.03%	5.03%	5.03%		
201801	-	-	-	-	-	-	-	-	2	0	-	-	-	-	-	-	-	87	89	
201802	-	-	-	-	-	-	-	-	6	1	-	-	-	-	-	-	-	110	117	
201803	-	-	-	-	-	-	-	-	9	2	-	-	-	-	-	-	-	134	145	
201804	-	-	-	-	-	-	-	-	16	4	-	-	-	-	-	-	-	134	155	
201805	-	-	-	-	-	-	-	-	17	4	-	-	-	-	-	-	-	134	32,503	
201806	-	-	-	-	32,348	-	-	-	17	4	-	-	-	-	-	-	-	134	32,967	
201807	-	-	-	-	32,812	-	-	-	17	4	-	-	-	-	-	-	-	134	33,237	
201808	-	-	-	-	33,077	-	-	-	21	6	-	-	-	-	-	-	-	134	33,785	
201809	-	-	-	-	33,624	-	-	-	22	6	-	-	-	-	-	-	-	134	34,172	
201810	-	-	-	-	34,011	-	-	-	22	6	-	-	-	-	-	-	-	134	34,322	
201811	-	-	-	-	34,161	-	-	-	22	6	-	-	-	-	-	-	-	134	69,193	
201812	-	-	-	-	34,313	-	-	31,316	21	6	-	-	-	-	-	-	-	134	308,929	
201901	-	-	4,332	139,771	34,972	-	-	33,832	22	6	-	-	-	-	-	-	92,183	134	455,207	
201902	-	-	139,950	-	35,450	-	-	35,453	22	6	-	-	-	-	-	142,364	93,836	134	464,297	
201903	-	-	4,359	142,317	35,089	-	-	39,109	22	6	-	-	-	-	-	144,939	94,072	134	563,270	
201904	-	-	4,390	143,907	35,089	-	-	38,689	22	6	27,028	-	-	52,664	-	161,749	95,389	134	807,192	
201905	-	-	4,397	146,361	35,089	1	-	38,906	22	6	27,829	45,452	-	53,081	191,570	164,273	95,868	134	851,507	
201906	-	-	4,418	147,419	35,089	1	-	38,357	22	6	28,465	45,828	36,504	53,429	196,711	166,438	94,482	134	857,412	
201907	-	-	4,447	147,074	35,089	1	-	38,442	22	6	29,174	46,114	37,088	53,541	199,618	167,208	95,249	134	857,412	
201908	-	-	4,464	147,229	35,089	1	-	38,466	22	6	29,298	47,233	37,893	53,664	202,323	167,619	96,983	134	864,629	
201909	-	-	4,496	147,892	35,089	1	-	38,466	22	6	29,415	47,289	38,174	53,921	204,326	167,903	96,685	134	868,023	
201910	(488)	-	4,496	147,892	35,089	1	-	38,466	22	6	29,354	47,736	38,790	54,144	205,042	167,984	96,618	134	871,491	
201911	(320)	-	4,529	147,892	35,089	1	-	38,466	22	6	29,552	48,943	39,801	54,114	206,773	168,544	99,830	134	877,680	
201912	(320)	-	4,531	147,914	35,089	1	-	42,790	-	24	-	29,869	48,817	40,876	54,128	208,064	168,553	100,297	134	880,766
202001	(320)	-	4,531	147,887	35,089	1	-	42,790	-	24	-	29,998	49,482	39,812	54,168	207,749	168,642	102,152	134	882,138
202002	(320)	-	4,531	147,887	35,089	1	-	42,790	-	24	-	30,034	49,507	39,910	54,169	208,910	168,691	102,291	134	883,648
202003	(320)	-	4,531	147,887	35,089	1	-	42,790	-	24	-	30,107	49,507	39,937	54,169	210,029	168,685	102,266	134	885,016
202004	(320)	-	4,531	147,887	35,089	1	-	42,790	-	24	-	30,107	49,507	39,937	54,169	210,029	168,865	102,266	134	885,016
202005	(320)	-	4,531	147,887	35,089	1	-	42,790	-	24	-	30,107	49,507	39,937	54,169	210,029	168,865	102,266	134	885,016
202006	(320)	-	4,531	147,887	35,089	1	-	42,790	-	24	-	30,107	49,507	39,937	54,169	210,029	168,865	102,266	134	885,016
202007	(320)	-	4,531	147,887	35,089	1	-	42,790	-	24	-	30,107	49,507	39,937	54,169	210,029	168,865	102,266	134	885,016
202008	(320)	-	4,531	147,887	35,089	1	-	42,790	-	24	-	30,107	49,507	39,937	54,169	210,029	168,865	102,266	134	885,016

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[illegible]

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CCR Settlement

Tax Basis for Bonus Depreciation ADIT																		
Project Project Description	\$20,087,848	160920A01	20087848	20095627	20095627	20095628	20095628	20095629	20095629	20095629	CCROX148	CMY010141	CMY010188	CMY010189	CRX000139	CRX000212	CRX000213	CRXWAREHS
Bonus Depr Eligibl Initial In Service %	2018 50%	2018	2018 50%	2018 50%	2018 50%	2018	2018	2018	2018	2018	2019	2019 40%	2019 40%	2019	2019 40%	2019	2018 50%	2018 50%
201801	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,960
201802	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,960
201803	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,960
201804	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,960
201805	-	-	-	2,958,647	-	-	-	-	-	-	-	-	-	-	-	-	-	15,960
201806	-	-	-	3,001,078	-	-	-	-	-	-	-	-	-	-	-	-	-	15,960
201807	-	-	-	3,025,289	-	-	-	-	-	-	-	-	-	-	-	-	-	15,960
201808	-	-	-	3,075,342	-	-	-	-	-	-	-	-	-	-	-	-	-	15,960
201809	-	-	-	3,110,735	-	-	-	-	-	-	-	-	-	-	-	-	-	15,960
201810	-	-	-	3,124,479	-	-	-	-	-	-	-	-	-	-	-	-	-	15,960
201811	-	-	-	3,138,371	-	-	-	-	-	-	-	-	-	-	-	-	-	15,960
201812	-	-	43,907,080	3,198,636	-	-	-	-	-	-	-	-	-	-	-	-	10,996,024	15,960
201901	-	-	43,953,373	3,206,089	-	-	-	-	-	-	-	-	-	-	-	-	11,192,993	15,960
201902	-	-	44,707,015	3,209,400	-	-	-	-	-	-	-	-	-	-	-	-	11,221,347	15,960
201903	-	-	45,206,368	3,209,346	-	-	-	-	-	-	-	-	-	-	-	-	11,378,365	15,960
201904	-	-	45,977,206	3,209,346	148	-	-	-	-	-	5,427,139	-	-	-	48,143,259	-	11,435,527	15,960
201905	-	-	46,309,642	3,209,346	148	-	-	-	-	-	5,472,022	8,985,508	-	-	49,435,157	-	11,270,275	15,960
201906	-	-	46,201,251	3,209,346	148	-	-	-	-	-	5,506,137	9,129,387	-	-	50,165,779	-	11,361,698	15,960
201907	-	-	46,249,852	3,209,346	148	-	-	-	-	-	5,639,786	9,327,391	-	-	50,845,637	-	11,568,620	15,960
201908	-	-	46,458,186	3,209,346	148	-	-	-	-	-	5,646,454	9,396,738	-	-	51,348,818	-	11,532,972	15,960
201909	(153,356)	-	46,458,186	3,209,346	148	-	-	-	-	-	5,699,778	9,548,292	-	-	51,528,893	-	11,763,598	15,960
201910	(100,553)	-	46,458,186	3,209,346	148	-	-	-	-	-	5,843,890	9,797,184	-	-	51,963,946	-	11,920,039	15,960
201911	(100,553)	-	46,465,023	3,209,346	148	-	-	-	-	-	5,828,894	10,061,859	-	-	52,288,417	-	11,963,842	15,960
201912	(100,553)	-	46,456,551	3,209,346	148	-	-	-	-	-	5,908,257	9,799,788	-	-	52,209,195	-	12,185,076	15,960
202001	(100,553)	-	46,456,507	3,209,346	148	-	-	-	-	-	5,911,306	9,823,981	-	-	52,500,827	-	12,201,762	15,960
202002	(100,553)	-	46,456,507	3,209,346	148	-	-	-	-	-	5,911,306	9,830,650	-	-	52,782,085	-	12,198,754	15,960
Accumulated Deferred Income taxes																		
Project Project Description	\$20,087,848	160920A01	20087848	20095627	20095627	20095628	20095628	20095629	20095629	20095629	CCROX148	CMY010141	CMY010188	CMY010189	CRX000139	CRX000212	CRX000213	CRXWAREHS
Tax Rate	23.1693%																	
201801	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,698)
201802	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,698)
201803	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,698)
201804	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,698)
201805	-	-	-	(685,498)	-	-	-	-	-	-	-	-	-	-	-	-	-	(689,196)
201806	-	-	-	(695,329)	-	-	-	-	-	-	-	-	-	-	-	-	-	(699,027)
201807	-	-	-	(700,938)	-	-	-	-	-	-	-	-	-	-	-	-	-	(704,636)
201808	-	-	-	(712,535)	-	-	-	-	-	-	-	-	-	-	-	-	-	(716,233)
201809	-	-	-	(720,735)	-	-	-	-	-	-	-	-	-	-	-	-	-	(724,433)
201810	-	-	-	(723,920)	-	-	-	-	-	-	-	-	-	-	-	-	-	(727,618)
201811	-	-	-	(727,139)	-	-	-	-	-	-	-	-	-	-	-	-	-	(730,836)
201812	-	-	(10,172,963)	(741,102)	-	-	-	-	-	-	-	-	-	-	-	-	(2,547,702)	(3,698)
201901	-	-	(10,183,889)	(742,828)	-	-	-	-	-	-	-	-	-	-	-	-	(2,593,338)	(3,698)
201902	-	-	(10,358,303)	(743,596)	-	-	-	-	-	-	-	-	-	-	-	-	(2,599,908)	(3,698)
201903	-	-	(10,473,999)	(743,583)	-	-	-	-	-	-	-	-	-	-	-	-	(2,636,287)	(3,698)
201904	-	-	(10,652,597)	(743,583)	(34)	-	-	-	-	-	-	(1,257,430)	-	-	(11,154,456)	-	(2,649,532)	(3,698)
201905	-	-	(10,729,620)	(743,583)	(34)	-	-	-	-	-	-	(1,267,829)	(2,081,879)	-	(11,453,780)	-	(2,611,244)	(3,698)
201906	-	-	(10,704,507)	(743,583)	(34)	-	-	-	-	-	-	(1,275,733)	(2,115,215)	-	(11,623,060)	-	(2,632,426)	(3,698)
201907	-	-	(10,715,767)	(743,583)	(34)	-	-	-	-	-	-	(1,306,699)	(2,161,091)	-	(11,780,578)	-	(2,680,345)	(3,698)
201908	-	-	(10,764,037)	(743,583)	(34)	-	-	-	-	-	-	(1,308,244)	(2,177,158)	-	(11,897,162)	-	(2,672,109)	(3,698)
201909	35,532	-	(10,764,037)	(743,583)	(34)	-	-	-	-	-	-	(1,320,599)	(2,212,272)	-	(11,938,884)	-	(2,725,543)	(3,698)
201910	23,297	-	(10,764,037)	(743,583)	(34)	-	-	-	-	-	-	(1,353,989)	(2,269,939)	-	(12,039,683)	-	(2,761,790)	(3,698)
201911	23,297	-	(10,765,621)	(743,583)	(34)	-	-	-	-	-	-	(1,350,514)	(2,331,262)	-	(12,114,861)	-	(2,771,939)	(3,698)
201912	23,297	-	(10,763,658)	(743,583)	(34)	-	-	-	-	-	-	(1,368,902)	(2,270,542)	-	(12,096,505)	-	(2,823,197)	(3,698)
202001	23,297	-	(10,763,648)	(743,583)	(34)	-	-	-	-	-	-	(1,369,608)	(2,276,148)	-	(12,164,074)	-	(2,827,063)	(3,698)
202002	23,297	-	(10,763,648)	(743,583)	(34)	-	-	-	-	-	-	(1,369,608)	(2,277,693)	-	(12,229,240)	-	(2,826,366)	(3,698)
Grand Total																		

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Amortize deferred environmental costs
For the test period ended December 31, 2018

NC-1100CA
CCR Settlement

E-1 Item 10 Adjustments Requirement

Provide the detail work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

Detailed Narrative Explanation of Adjustment

This pro-forma adjusts amortization expense, income taxes and rate base for the amortization of deferred environmental costs related to the removal of coal ash.

The impact to depreciation expense reflects a 5 year amortization of deferred coal ash costs. The balance of the deferral is projected through August 31, 2020. The estimated cost of removal related to the active and retired fossil plants that has already been collected from customers through depreciation rates is removed from the balance.

The impact to Rate Base includes the additional deferred costs through February of 2020 and additional ADIT on the deferred balance change.

The impact to income taxes is determined by multiplying taxable income by the statutory tax rate.

October update:

Updated Non ARO Spend and ARO spend with actuals through October 2019.

November update:

Updated Non ARO Spend and ARO spend with actuals through November 2019.

December update:

Updated Non ARO Spend and ARO spend with actuals through December 2019.

January update:

Updated actuals through January 2020 on NC 1103 and NC 1105; incorporated ADIT into the plant return calculation on NC 1105; added tab NC 1110 which estimates ADIT related to Non ARO Projects

February update:

Updated actuals through February 2020 on NC 1103, NC 1105, and NC 1110

Second Settlement

Adjust NC-1101 to reflect an 8-year amortization of Non-ARO costs

CCR Settlement

To add back separately ARO CCR per CCR Settlement

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
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For the test period ended December 31, 2018
(Dollars in thousands)

NC-1100CA
CCR Settlement

Line No.	Description	Source	Total NC Retail CCR Settlement
1			
2	<u>Pro Formas Impacting Income Statement Line Items</u>		
3			
4	Electric operating revenue		\$ -
5			
6	Electric operating expenses:		
7	Operation and maintenance		
8	Fuel used in electric generation		-
9	Purchased power and net interchange		-
10	Wages, benefits, materials, etc.		-
11	Depreciation and amortization	NC-1101CA	38,316
12	General taxes		-
13	Interest on customer deposits		-
14	Income taxes	NC-1101CA	(8,877)
15	Amortization of investment tax credit		-
16			
17	Total electric operating expenses	Sum L8 through L15	29,438
18			
19	Operating income	L4 - L17	<u>\$ (29,438)</u>
20			
21	Notes:		
22	Revenue: positive number increases revenue / negative number decreases revenue		
23	Expense: positive number increases expense / negative number decreases expense		
24	<u>Pro Formas Impacting Rate Base Line Items</u>		
25			
26	Electric plant in service		\$ -
27	Accumulated depreciation and amortization		-
28	Electric plant in service, net	Sum L26 through L27	-
29			
30	Add:		
31	Materials and supplies		-
32	Working capital investment	NC 1801 L26	153,262
33	Plant held for future use		-
34			
35	Less:		
36	Accumulated deferred taxes	NC 1801 L28	(35,510)
37	Operating reserves		-
38	Customer deposits		-
39			
40	Construction work in progress		-
41			
42	Total impact to rate base	Sum L28 through L40	<u>\$ 117,752</u>
43			
44	Note:		
45	Rate Base: positive number increases rate base / negative number decreases rate base		

Smith CCR Settlement Exhibit 1

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Amortize deferred environmental costs
For the test period ended December 31, 2018
(Dollars in thousands)

NC-1101CA
CCR Settlement

Line No.	Description	Total Coal Ash ARO NC Retail	Total Coal Ash Non ARO NC Retail	Total NC Retail
1				
2	Projected ending balance at March 31, 2021	\$ 191,578		\$ 191,578
1	Balance for Amortization	\$ 191,578 [1]		\$ 191,578
2				
3	Years to Amortize	5		
4				
5	Annual amortization (L1/L3) before penalty	\$ 38,316		\$ 38,316
6				
7	Statutory tax rate			23.1693% [2]
8				
9	Impact to income taxes (-L4 x L6)			<u>\$ (8,877)</u>
10				
11	Impact to operating income (-L5 - L9)			<u>\$ (29,438)</u>
12				
13	<u>Impact to Rate Base</u>			
14				
15	Projected March 31 2021 Balance for Rate Base (L1)	\$ 191,578		\$ 191,578
16	Less 12 months Coal Ash Deferral Amortization (-L8)	<u>(38,316)</u>		<u>(38,316)</u>
17	Projected coal ash def bal after one year of amortization (L15 + L16)	\$ 153,262		\$ 153,262
18				
19	Deferred tax rate	23.1693%		
20	Impact to accumulated deferred income tax (-L17 x L19)	\$ (35,510)		\$ (35,510)
21				
22	Impact to rate base (L17 + L20)	\$ 117,752		\$ 117,752

[1] NC-1102 - Deferral Col (s) Line 45

[3] NC-0104 - 2019 Composite Tax rate, Line 10

Smith CCR Settlement Exhibit 1

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Amortize deferred environmental costs
For the test period ended December 31, 2018

	After Tax LTD Rate	After Tax Equity Rate	NC-1102CA CCR Settlement
2017	1.3519%	5.4060%	[5]
2018 Jan - Feb	1.6431%	5.4060%	[5]
2018 Mar - Dec	1.4871%	5.1480%	[5]
2019	1.4936%	5.1480%	[5]
2020	1.4936%	5.1480%	[5]

Line No.		ENERGY				Duke Energy Progress Coal Ash Deferral (North Carolina)										Total Ending Balance
		(a)	(b)	(c)	(d)	(e)	(f)=(a)x(d)	(g)	(h)	(i)	(j)=(e)+(f)+(g)+(h))/2	(k)	(l)	(m)=(k)+(l)	(n)=(l)+(m)	
		System Spend	Active Plant COR Offset	Retired Coal Ash Plant COR Offset	% to NC	Beginning Balance	NC Spend	Settlement Adjustment	Active Plant COR Offset	Retired Coal Ash Plant COR Offset	Ending Balance	Balance for Return	Deferred Cost of Debt	Deferred Cost of Equity	Total Return	
		[1]	[2]	[2]	[3]				[2]	[2]						
1	Aug-17															
2	Sep	\$ 14,127,429	\$ (284,727)	\$ (773,130)	60.8102%	\$ -	\$ 8,590,913		\$ (203,721)	\$ (642,392)	\$ 7,744,801	\$ 3,872,400	\$ 4,363	\$ 17,445	\$ 21,808	\$ 7,766,608
3	Oct	13,925,270	(284,727)	(773,130)	60.8102%	7,744,801	8,467,979		(203,721)	(642,392)	15,366,668	11,555,734	13,018	52,059	65,077	15,453,553
4	Nov	10,319,552	(284,727)	(773,130)	60.8102%	15,366,668	6,275,336		(203,721)	(642,392)	20,795,892	18,081,280	20,370	81,456	101,826	20,984,603
5	Dec	16,303,059	(284,727)	(773,130)	60.8102%	20,795,892	9,913,917		(203,721)	(642,392)	29,863,696	25,329,794	28,536	114,111	142,647	30,195,054 [4]
6	Jan-18	11,674,153	(284,727)	(773,130)	60.8102%	30,195,054 [4]	7,099,072		(203,721)	(642,392)	36,448,013	33,321,534	45,625	150,114	195,738	36,975,109
7	Feb	14,436,895	(284,727)	(773,130)	60.8102%	36,448,013	8,779,099		(203,721)	(642,392)	44,381,000	40,414,507	55,336	182,067	237,404	44,618,404
8	Mar	16,034,812	(142,363)	(386,565)	60.8102%	44,381,000	9,750,795		(101,860)	(321,196)	53,708,740	49,044,870	60,778	210,402	271,181	54,217,324
9	Apr	12,730,875			60.8452%	53,708,740	7,746,122				61,454,862	57,581,801	71,358	247,026	318,384	62,281,830
10	May	16,344,206			60.8452%	61,454,862	9,944,659				71,399,521	66,427,191	82,319	284,973	367,292	72,593,781
11	Jun	13,183,340			60.8452%	71,399,521	8,021,425				79,420,946	75,410,233	93,451	323,510	416,961	81,032,168
12	Jul	9,840,879			60.8452%	79,420,946	5,987,699				85,408,645	82,414,796	102,132	353,559	455,691	87,475,558
13	Aug	18,186,966			60.8452%	85,408,645	11,065,890				96,474,535	90,941,590	112,699	390,139	502,838	99,044,286
14	Sep	14,296,119			60.8452%	96,474,535	8,698,497				105,173,032	100,823,784	124,945	432,534	557,479	108,300,262
15	Oct	17,794,608			60.8452%	105,173,032	10,827,159				116,000,191	110,586,612	137,044	474,417	611,460	119,738,881
16	Nov	16,803,192			60.8452%	116,000,191	10,223,930				126,224,122	121,112,156	150,087	519,571	669,658	130,632,470
17	Dec	25,439,917			60.8452%	126,224,122	15,478,960				141,703,082	133,963,602	166,013	574,704	740,717	147,047,885 [4]
18	Jan-19	20,083,956			60.8452%	147,047,885 [4]	12,220,117				159,268,002	153,157,944	190,629	657,048	847,677	160,115,679
19	Feb	22,836,296			60.8452%	159,268,002	13,894,782				173,162,784	166,215,393	206,881	713,064	919,945	174,930,406
20	Mar	24,329,058			60.8452%	173,162,784	14,803,056				187,965,840	180,564,312	224,741	774,621	999,362	190,732,824
21	Apr	31,140,483			60.8452%	187,965,840	18,947,479				206,913,319	197,439,580	245,745	847,016	1,092,760	210,773,063
22	May	38,852,313			60.8452%	206,913,319	23,639,754				230,553,073	218,733,196	272,248	938,365	1,210,613	235,623,431
23	Jun	21,872,397			61.1093%	230,553,073	13,366,073				243,919,146	237,236,110	295,278	1,017,743	1,313,021	250,302,524
24	Jul	14,696,303			61.1093%	243,919,146	8,980,811				252,899,957	248,409,552	309,185	1,065,677	1,374,862	260,658,197
25	Aug	72,417,961			61.1093%	252,899,957	44,254,124				297,154,081	275,027,019	342,314	1,179,866	1,522,180	306,434,501
26	Sep	36,936,002			61.1093%	297,154,081	22,571,340				319,725,421	308,439,751	383,902	1,323,207	1,707,108	330,712,949
27	Oct	32,420,839			61.1093%	319,725,421	19,812,154				339,537,575	329,631,498	410,278	1,414,119	1,824,397	352,349,501
28	Nov	32,053,016			61.1093%	339,537,575	19,587,380				359,124,955	349,331,265	434,798	1,498,631	1,933,429	373,870,310
29	Dec	34,963,720			61.1093%	359,124,955	21,366,091				380,491,047	369,808,001	460,284	1,586,476	2,046,761	397,283,162 [4]
30	Jan-20	13,780,946			61.1093%	397,283,162 [4]	8,421,442				405,704,604	401,493,883	499,722	1,722,409	2,222,131	407,926,735
31	Feb	26,016,157			61.1093%	405,704,604	15,898,297				421,602,901	413,653,753	514,857	1,774,575	2,289,432	426,114,464
32	Mar					421,602,901	-				421,602,901	421,602,901	524,751	1,808,676	2,333,428	428,447,892
33	Apr					421,602,901	-				421,602,901	421,602,901	524,751	1,808,676	2,333,428	430,781,319
34	May					421,602,901	-				421,602,901	421,602,901	524,751	1,808,676	2,333,428	433,114,747
35	Jun					421,602,901	-				421,602,901	421,602,901	524,751	1,808,676	2,333,428	435,448,174
36	Jul					421,602,901	-				421,602,901	421,602,901	524,751	1,808,676	2,333,428	437,781,602
37	Aug					421,602,901	-				421,602,901	421,602,901	524,751	1,808,676	2,333,428	440,115,029
38	Sep					421,602,901	-				421,602,901	421,602,901	524,751	1,808,676	2,333,428	442,448,457
39	Oct					421,602,901	-				421,602,901	421,602,901	524,751	1,808,676	2,333,428	444,781,885
40	Nov					421,602,901	-				421,602,901	421,602,901	524,751	1,808,676	2,333,428	447,115,312
41	Dec					421,602,901	-				421,602,901	421,602,901	524,751	1,808,676	2,333,428	449,448,740
42	Jan-21					449,448,740 [6]	-	(261,000,000)			188,448,740	188,448,740	234,554	808,445	1,042,999	189,491,739
43	Feb					188,448,740	-				188,448,740	188,448,740	234,554	808,445	1,042,999	190,534,738
44	Mar					188,448,740	-				188,448,740	188,448,740	234,554	808,445	1,042,999	191,577,737
45							\$ 404,634,354		\$ (1,324,184)	\$ (4,175,545)			\$ 12,010,110	\$ 41,433,003	\$ 53,443,112	\$ 191,577,737

- [1] NC-1103 - Duke Energy Progress - System Spend - Coal Ash
[2] NC 1109 Active and Retired Estimated Cost of Removal / 12
[3] NC-1106 - Allocation Factor - MWHs at Generation Level. Allocation Factors updated when new Cost of Service Factors were available.
[4] Annual compounding formula
[5] NC-1107 - Weighted Cost of Capital Rates for Duke Energy Progress
[6] Reduced balance for return by agreed upon Settlement Adjustment of \$261M

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Amortize deferred environmental costs
For the test period ended December 31, 2018

NC 1103CA
CCR Settlement

Duke Energy Progress - System Spend - Coal Ash including CAMA - ARO

Line No.	Month	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actual
1	January	\$ -	\$ 11,674,153	\$ 20,083,956	\$13,780,946
2	February	-	14,436,895	22,836,296	\$26,016,157
3	March	-	16,034,812	24,329,058	
4	April	-	12,730,875	31,140,483	
5	May	-	16,344,206	38,852,313	
6	June	-	13,183,340	21,872,397	
7	July	-	9,840,879	14,696,303	
8	August	-	18,186,966	72,417,961	
9	September	14,127,429	14,296,119	36,936,002	
10	October	13,925,270	17,794,608	32,420,839	
11	November	10,319,552	16,803,192	32,053,016	
12	December	16,303,059	25,439,917	34,963,720	
13		<u>\$ 54,675,310</u>	<u>\$ 186,765,961</u>	<u>\$ 382,602,342</u>	<u>\$ 39,797,103</u>

Source: Duke Energy Asset Accounting

Smith CCR Settlement Exhibit 1

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Amortize deferred environmental costs
For the test period ended December 31, 2018

NC 1106CA
CCR Settlement

Duke Energy Progress - Cost of Service - Allocation Factors

<u>Line</u> <u>No.</u>	<u>Allocation Factor</u>	<u>NC Retail</u> <u>2016</u>	<u>NC Retail</u> <u>2017</u>	<u>NC Retail</u> <u>2018</u>
1	Allocation Factor - DPAll Demand at Generation Level	60.6008%	61.3372%	61.5278%
2	Allocation Factor - Energy @ Prod. Output MWHs at Generation	60.8102%	60.8452%	61.1093%

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Amortize deferred environmental costs
For the test period ended December 31, 2018

NC 1107CA
CCR Settlement

Cost of debt and Equity for coal ash deferral periods

Sep 2017 - Dec 2017					
	Capitalization Ratio [1]	Approved Cost Rate [1]	WEIGHTED COST OF CAPITAL		
			RETURN	AFTER TAX	BEFORE TAX
	(a)	(b)	(c) = (a) x (b)	(d)	
LONG TERM DEBT	47.00%	4.57%	2.1479%	1.3519%	2.1479%
EQUITY	53.00%	10.20%	5.4060%	5.4060%	7.0670%
TOTAL	100.00%		7.5539%	6.7579%	9.2149%

(f) = (d)/((a)-(e))

Return on Equity	2.188%
Effective State and Federal Income Tax Rate	37.06% (e)

Jan-Feb 2018					
	Capitalization Ratio [1]	Approved Cost Rate [1]	WEIGHTED COST OF CAPITAL		
			RETURN	AFTER TAX	BEFORE TAX
	(a)	(b)	(c) = (a) x (b)	(d)	
LONG TERM DEBT	47.00%	4.57%	2.1479%	1.6431%	2.1479%
EQUITY	53.00%	10.20%	5.4060%	5.4060%	7.0670%
TOTAL	100.00%		7.5539%	7.0491%	9.2149%

(f) = (d)/((a)-(e))

Return on Equity	2.479%
Effective State and Federal Income Tax Rate	23.50% [3]

Mar - Dec 2018					
	Capitalization Ratio [2]	Approved Cost Rate [2]	WEIGHTED COST OF CAPITAL		
			RETURN	AFTER TAX	BEFORE TAX
	(a)	(b)	(c) = (a) x (b)	(d)	
LONG TERM DEBT	48.00%	4.05%	1.9440%	1.4871%	1.9440%
EQUITY	52.00%	9.90%	5.1480%	5.1480%	6.7297%
TOTAL	100.00%		7.0920%	6.6351%	8.6737%

(f) = (d)/((a)-(e))

Return on Equity	2.585%
Effective State and Federal Income Tax Rate	23.50% [3]

2019					
	Capitalization Ratio [2]	Approved Cost Rate [2]	WEIGHTED COST OF CAPITAL		
			RETURN	AFTER TAX	BEFORE TAX
	(a)	(b)	(c) = (a) x (b)	(d)	
LONG TERM DEBT	48.00%	4.05%	1.9440%	1.4936%	1.9440%
EQUITY	52.00%	9.90%	5.1480%	5.1480%	6.7004%
TOTAL	100.00%		7.0920%	6.6416%	8.6444%

(f) = (d)/((a)-(e))

Return on Equity	2.592%
Effective State and Federal Income Tax Rate	23.17% [4]

[1] Cost of capital rates from Docket No. E-2, Sub 1023
[2] Cost of capital rates from Docket No. E-2, Sub 1142
[3] Duke Energy Accounting
[4] NC-0104 - 2019 Calculation of Tax Rates - Statutory Tax Rate, Line 10

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For the test period ended December 31, 2018
(Dollars in thousands)

NC 1109CA
CCR Settlement

Estimate of Cost of Removal for Closure of Ash Ponds													
Decommissioning Amount for Closure of Ash Ponds [1]													
Line		(a)	(b)	(c)	(d)	(e)	(f)	(g)		(h) = [3] x (d)/(g)	(k)=[3] x (d)/(g)	(j)=[3] x (d)/(g)	(k) x (j)
2	Plant	Closure of Ash Ponds [2]	Project Indirects Adder (5%) [2]	Contingency (10%) [2]	Total	Est. Retirement Date per Depr Study	Depr Study Implementation Date	Retail Recovery Period (in years) [4]	Wholesale Recovery Period (in years) [5]	Annual Retail COR for Ash Pond Closure	NC Annual Retail COR	Wholesale/ Remaining Annual COR	Annual COR for Closure of Ash Ponds
3													
4	Cape Fear	\$ 22,000	\$ 1,100	\$ 2,200	\$ 25,300		July 1, 2012	10	13	\$ 1,882	\$ 1,631	\$ 505	\$ 2,136
5	Lee	43,000	2,150	4,300	49,450		July 1, 2012	10	27	3,678	3,187	464	3,651
6	Robinson	11,000	550	1,100	12,650		July 1, 2012	10	27	941	815	120	935
7	Sutton	21,000	1,050	2,100	24,150		July 1, 2012	10	16	1,796	1,557	395	1,952
8	Weatherspoon	7,000	350	700	8,050		July 1, 2012	10	24	599	519	85	604
9	Subtotal Early-Retired Plants	104,000	5,200	10,400	119,600					8,895	7,709	1,569	9,278
10	Asheville	9,000	450	900	10,350	2033	July 1, 2012	21	21	367	318	126	444
11	Mayo	19,000	950	1,900	21,850	2035	July 1, 2012	23	23	707	612	243	856
12	Roxboro	47,000	2,350	4,700	54,050	2035	July 1, 2012	23	23	1,748	1,515	602	2,117
13	Subtotal active plants	75,000	3,750	7,500	86,250					2,821	2,445	972	3,417
14	Total	\$ 179,000	\$ 8,950	\$ 17,900	\$ 205,850					\$ 11,716	\$ 10,153	\$ 2,541	\$ 12,694

[1] Amounts reflect 100% system amounts.

[2] Amounts per DEP Dismantlement Study

[3] Based on allocation factors from the 2012 NC rate case
COR for Ash Pond Closure 74.371%
NC Retail 64.454%
Wholesale 25.629%

[4] Remaining Life per Depreciation Study

[5] Remaining Life per FERC Settlement Agreement

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Annualize O&M non-labor expenses
For the test period ended December 31, 2018

NC-1200
CCR Settlement

E-1 Item 10 Adjustments Requirement

Provide the detail work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

Detailed Narrative Explanation of Adjustment

This pro-forma annualizes test period operation and maintenance expenses excluding fuel, purchased power, and labor and benefit costs to reflect the change in unit costs that occurred during the test period.

The impact to operation and maintenance expenses is determined as follows:

First, calculate total operation and maintenance expense excluding fuel and purchased power but including labor that needs to be adjusted. This calculation is done by starting with per book operation and maintenance expense, excluding fuel and purchased power, and subtracting all pro-forma adjustments that impacted this amount.

Second, subtract net electric operation and maintenance salaries and wages from operation and maintenance expenses including labor.

Third, subtract fringe benefits from operation and maintenance expenses including labor. Fringe benefits are calculated by multiplying net electric operation and maintenance salaries and wages by the fringe benefits contribution rate.

Finally, the impact to operation and maintenance expense is calculated by multiplying total non-labor operation and maintenance expenses by the average inflation rate.

The impact to income taxes is determined by multiplying taxable income by the statutory tax rate.

October update

Updated NC-1201 to remove CertainTeed cost adjustment in accordance with Commission order under Docket No. E-2, Sub 1204

November update

Updated NC-1203, NC-1204 and NC-1205 for most up to date index values

December update

Updated index values on NC-1203, NC-1204 and NC-1205 and for impacts flowing from other adjustments

January update

Updated index values on NC-1203, NC-1204 and NC-1205 and for impacts flowing from other adjustments

February update

Updated for impacts flowing from other adjustments; No revision made to index values as updates were not available as of Supplemental filing date

Rebuttal

Updated NC-1203, NC-1204 and NC-1205 for index values through February 2020.
Updated average inflation rate on NC-1201

April update

Updated NC-1203, NC-1204 and NC-1205 for index values through April 2020.
Updated average inflation rate on NC-1201

May update

Updated NC-1203, NC-1204 and NC-1205 for index values through May 2020.
Updated average inflation rate on NC-1201

CCR Settlement

Updates due to Public Staff audit of May updates

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Annualize O&M non-labor expenses
For the test period ended December 31, 2018
(Dollars in thousands)

NC-1200
CCR Settlement

Line No.	Description	Source	Total NC Retail			
			CCR Settlement	Second Supplemental	Application	Change
1						
2	<u>Pro Formas Impacting Income Statement Line Items</u>					
3						
4	Electric operating revenue		\$ -	\$ -	\$ -	\$ -
5						
6	Electric operating expenses:					
7	Operation and maintenance					
8	Fuel used in electric generation		-	-	-	-
9	Purchased power		-	-	-	-
10	Other operation and maintenance expense	NC-1201	2,300	2,345	1,311	989
11	Depreciation and amortization		-	-	-	-
12	General taxes		-	-	-	-
13	Interest on customer deposits		-	-	-	-
14	Income taxes	NC-1201	(533)	(543)	(304)	(229)
15	Amortization of investment tax credit		-	-	-	-
16						
17	Total electric operating expenses	Sum L6 through L15	1,767	1,802	1,007	760
18						
19	Operating income	L4 - L17	<u>\$ (1,767)</u>	<u>\$ (1,802)</u>	<u>\$ (1,007)</u>	<u>\$ (760)</u>
20						
21	Notes:					
22	Revenue: positive number increases revenue / negative number decreases revenue					
23	Expense: positive number increases expense / negative number decreases expense					
24						
25						
26	<u>Pro Formas Impacting Rate Base Line Items</u>					
27						
28	Electric plant in service		\$ -	\$ -	\$ -	\$ -
29	Accumulated depreciation and amortization		-	-	-	-
30	Electric plant in service, net	Sum L28 through L29	-	-	-	-
31						
32	Add:					
33	Materials and supplies		-	-	-	-
34	Working capital investment		-	-	-	-
35						
36						
37	Less:					
38	Accumulated deferred taxes		-	-	-	-
39	Operating reserves		-	-	-	-
40						
41						
42	Construction work in progress		-	-	-	-
43						
44	Total impact to rate base	Sum L30 through L42	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
45						
46	Note:					
47	Rate Base: positive number increases rate base / negative number decreases rate base					

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Annualize O&M non-labor expenses
For the test period ended December 31, 2018
(Dollars in thousands)

NC-1201
CCR Settlement

		CCR Settlement		
Line No.	Description	Total System	NC Retail Allocation	Total NC Retail
1				
2				
3	O&M (excluding fuel and purchased power)	\$ 1,546,719 [1]		\$ 1,050,819 [1]
4				
5	Less: reagents expense and proceeds from sale of by-products	(102,730) [2]		(62,778) [2]
6	Less: costs recovered through non-fuel riders	(192,911) [3]		(136,143) [3]
7	Less: Ernst & Young outside tax services contract	(592) [4]	66.2120% [20]	(392) [4]
8	Less: nuclear refueling outage costs	(40,225) [5]		(40,225) [5]
9	Less: amortization of prior rate case costs	(1,012) [6]		(1,012) [6]
10	Less: aviation expenses	(1,579) [7]	66.2120% [20]	(1,045) [7]
11	Less: expiring amortizations	(1,673) [8]		(1,673) [8]
12	Less: merger related costs	(5,969) [9]		(4,039) [9]
13	Less: severance and retention costs	(52,890) [10]	66.2120% [20]	(35,020) [10]
14	Less: vegetation management expenses - distribution	(36,515) [11]	83.9171% [18]	(30,643) [11]
15	Less: vegetation management expenses - transmission	(8,143) [11]	59.6699% [19]	(4,859) [11]
16	Less: NCUC regulatory fee	(4,889) [12]		(4,889) [12]
17	Less: CertainTeed payment obligation	- [13]	61.1093% [21]	- [13]
18	Less: Public Staff Settlement - outside services	(52) [23]	61.5278% [23]	(32) [23]
19	Less: Public Staff Settlement - sponsorships	(38) [23]	61.5278% [23]	(23) [23]
20	Less: Public Staff Settlement - lobbying	(2,429) [23]	61.5278% [23]	(1,494) [23]
21	Less: Public Staff Settlement - board of directors expenses	(2,086) [23]	61.5278% [23]	(1,283) [23]
22	Add: adjustment to variable O&M expense changes kWh	(3,479) [24]		(3,479) [24]
23				
24	Total O&M to be adjusted including labor (Sum L3 through L21)	\$ 1,089,508		\$ 721,791
25				
26	Net electric O&M salaries and wages	\$ 649,874 [14]		
27	Fringe benefits contribution rate	20.50% [15]		
28	Fringe benefits (L26 x L27)	\$ 133,210		
29				
30	Less: net electric O&M salaries & wages and fringe benefits (L26 + L28)	\$ 783,084	66.2120% [20]	\$ 518,496
31				
32	Total non-labor O&M to be adjusted (L24 - L30)	\$ 306,424		\$ 203,295
33	Average inflation rate	1.13% [16]		1.13% [15]
34	Impact to O&M - non-labor O&M adjustment to reflect end of period costs (L32 x L33)	\$ 3,473		\$ 2,300
35				
36	Statutory tax rate	23.1693% [17]		23.1693% [16]
37	Impact to income taxes (-L34 x L36)	\$ (805)		\$ (533)
38	Impact to operating income (-L34 - L37)	\$ (2,668)		\$ (1,767)

- [1] Smith Exhibit 1, Other O&M, Page 1, Line 4, Columns 1 and 2
 [2] NC-0201 - Update fuel costs to approved rate
 [3] NC-0601 - Eliminate costs recovered through non-fuel riders, Line 23
 [4] NC-1311 - Adjustment to annualized Ernst & Young outside tax services contract, Line 2
 [5] NC-1501 - Levelize nuclear refueling outage costs, Line 21
 [6] E-1 Item 45A
 [7] NC-1702 - Adjust aviation expenses, Line 5
 [8] NC-1801 - Adjust for approved regulatory assets and liabilities, Line 3
 [9] NC-1901 - Adjust for merger related costs, Line 4
 [10] NC-2001 - Amortize severance costs - Actuals, Line 4
 [11] NC-2702 - Adjust for vegetation management - distribution and transmission, Lines 11 and 23
 [12] E-1 Item 45A
 [13] NC-3301, Line 10
 [14] NC-1301, Line 14
 [15] NC-1301, Line 34
 [16] NC-1203 - Average of Consumer Price Index and Producer Price Index, Line 19
 [17] NC-0104 - 2019 Calculation of Tax Rates - Statutory Tax Rate, Line 10
 [18] NC Retail Allocation Factor - RB_PLT_O_DI_OH_LN
 [19] NC Retail Allocation Factor - DTALL
 [20] NC Retail Allocation Factor - LAB
 [21] NC Retail Allocation Factor - E1ALL
 [22] NC-2503 - Annualized credit/debit card and ACH transactions - NC Residential Only - Line 24
 [23] NC-3601 - Settlement adjustment to remove certain items
 [24] NC-0405 Energy related non-fuel O&M adjustment

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Annualize O&M non-labor expenses
For the test period ended December 31, 2018

NC-1202
CCR Settlement

Average of Consumer Price Index and Producer Price Index

Line No.	Period	CPI [1] (a)	PPI [2] Finished goods less food & energy (b)	PPI [3] Processed materials less food & energy (c)	PPI Average (d)= Average of (b) and (c)
1	December 2017	246.5	200.6	196.3	
2	January 2018	247.9	200.9	197.2	
3	February 2018	249.0	201.3	198.3	
4	March 2018	249.6	201.8	199.3	
5	April 2018	250.5	202.3	199.8	
6	May 2018	251.6	202.7	201.3	
7	June 2018	252.0	203.1	202.3	
8	July 2018	252.0	203.7	203.0	
9	August 2018	252.1	204.2	203.7	
10	September 2018	252.4	204.6	204.5	
11	October 2018	252.9	205.1	204.8	
12	November 2018	252.0	205.6	204.2	
13	December 2018	251.2	205.8	203.1	
14					
15	May 2020	256.4	209.8	195.0	
16					
17	13 month average	250.8	203.2	201.4	
18					
19	Increase from average to year end (L15 - L17)	5.6	6.6	(6.4)	
20	% increase from average to year end (L19 / L17)	2.23%	3.25%	-3.18%	0.03%
21	Average inflation rate (Average, Line 18, Col. (a) and Col. (d))	1.13%			

[1] NC-1203 - Consumer Price Index - All Items

[2] NC-1204 - Producer Price Index - Commodities - Finished goods less food and energy

[3] NC-1205 - Producer Price Index - Commodities - Processed materials less food and energy

Note: Totals may not foot due to rounding.

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Annualize O&M non-labor expenses
For the test period ended December 31, 2018

NC-1203
CCR Settlement

Consumer Price Index - All Urban Consumers Original Data Value

Series Id: CUUR0000SA0
Not Seasonally Adjusted
Area: U.S. city average
Item: All items
Base Period: 1982-84=100

Years: 2009 to 2019

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2009	211.1	212.2	212.7	213.2	213.9	215.7	215.4	215.8	216.0	216.2	216.3	215.9	214.5
2010	216.7	216.7	217.6	218.0	218.2	218.0	218.0	218.3	218.4	218.7	218.8	219.2	218.1
2011	220.2	221.3	223.5	224.9	226.0	225.7	225.9	226.5	226.9	226.4	226.2	225.7	224.9
2012	226.7	227.7	229.4	230.1	229.8	229.5	229.1	230.4	231.4	231.3	230.2	229.6	229.6
2013	230.3	232.2	232.8	232.5	232.9	233.5	233.6	233.9	234.1	233.5	233.1	233.0	233.0
2014	233.9	234.8	236.3	237.1	237.9	238.3	238.3	237.9	238.0	237.4	236.2	234.8	236.7
2015	233.7	234.7	236.1	236.6	237.8	238.6	238.7	238.3	237.9	237.8	237.3	236.5	237.0
2016	236.9	237.1	238.1	239.3	240.2	241.0	240.6	240.8	241.4	241.7	241.4	241.4	240.0
2017	242.8	243.6	243.8	244.5	244.7	245.0	244.8	245.5	246.8	246.7	246.7	246.5	245.1
2018	247.9	249.0	249.6	250.5	251.6	252.0	252.0	252.1	252.4	252.9	252.0	251.2	251.1
2019	251.7	252.8	254.2	255.5	256.1	256.1	256.6	256.6	256.8	257.3	257.2	257.0	255.7
2020	258.0	258.7	258.1	256.4	256.4								257.5

Source: Bureau of Labor Statistics

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Annualize O&M non-labor expenses
For the test period ended December 31, 2018

NC-1204
CCR Settlement

Producer Price Index-Commodities
Original Data Value

Series Id: WPSFD4131
Seasonally Adjusted
Group: Final demand
Item: Finished goods less foods and energy
Base Date: 198200
Years: 2009 to 2019

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2009	170.8	170.9	171.2	171.3	171.2	171.8	171.4	171.8	171.6	171.5	172.1	172.1	171.5
2010	172.5	172.6	172.9	172.9	173.4	173.6	173.7	173.9	174.3	174.3	174.3	174.6	173.6
2011	175.3	175.7	176.2	176.8	177.0	177.6	178.2	178.5	179.0	179.4	179.6	180.0	177.8
2012	180.7	181.0	181.3	181.6	181.8	182.1	182.9	183.2	183.2	183.3	183.7	183.7	182.4
2013	183.9	184.2	184.4	184.6	184.8	185.0	185.2	185.3	185.4	185.6	185.9	186.7	185.1
2014	187.5	187.7	187.7	187.9	188.2	188.5	188.7	189.0	189.2	189.7	189.7	189.8	188.6
2015	190.7	191.3	191.5	191.6	191.8	192.7	193.0	193.0	193.2	193.0	193.1	193.4	192.4
2016	193.9	194.2	194.3	194.6	194.9	195.4	195.4	195.7	195.8	196.1	196.3	196.7	195.3
2017	197.1	197.4	197.8	198.5	198.6	198.8	198.9	199.2	199.2	200.0	200.5	200.6	198.9
2018	200.9	201.3	201.8	202.3	202.7	203.1	203.7	204.2	204.6	205.1	205.6	205.8	203.4
2019	206.6	206.9	207.2	207.5	207.8	207.7	208.1	208.2	208.4	208.4	208.8	208.7	207.9
2020	208.7	209.1	209.7	209.6	209.8								209.4

Source: Bureau of Labor Statistics

Note: Items highlighted green above are preliminary. All indexes are subject to revision four months after original publication.

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Annualize O&M non-labor expenses
For the test period ended December 31, 2018

NC-1205
CCR Settlement

Producer Price Index-Commodities Original Data Value

Series Id: WPSID69115
Seasonally
Adjusted
Group: Intermediate demand by commodity type
Item: Processed materials less foods and
Base Date: 198200
Years: 2009 to 2019

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2009	174.8	173.5	172.7	171.8	171.4	171.8	172.2	173.2	174.2	174.5	174.9	175.9	173.4
2010	177.0	178.4	179.6	181.4	181.8	180.9	180.2	180.5	180.9	182.0	183.1	184.1	180.8
2011	186.6	188.8	190.2	192.4	193.5	193.7	194.2	194.2	194.2	193.0	192.3	191.3	192.0
2012	192.0	193.2	194.5	194.7	194.1	191.9	191.2	191.3	192.0	192.2	192.1	192.6	192.7
2013	193.7	194.7	194.4	193.9	193.6	193.5	193.3	193.7	193.7	193.6	193.6	194.0	193.8
2014	194.6	195.2	194.8	195.1	195.0	195.1	195.9	196.3	196.3	195.8	194.9	193.9	195.2
2015	191.8	191.1	190.5	190.1	190.1	190.2	190.0	189.1	188.1	187.7	187.1	186.6	189.4
2016	185.8	185.2	185.1	185.7	186.2	186.6	186.9	187.4	187.7	188.0	188.7	189.4	186.9
2017	190.0	191.3	192.1	192.9	192.8	193.1	192.9	193.5	194.2	195.0	196.0	196.3	193.3
2018	197.2	198.3	199.3	199.8	201.3	202.3	203.0	203.7	204.5	204.8	204.2	203.1	201.8
2019	203.1	202.7	202.4	202.2	201.7	201.0	200.7	200.0	199.7	200.2	199.8	199.4	201.1
2020	199.6	199.2	199.1	196.2	195.0								197.8

Source: Bureau of Labor Statistics

Note: Items highlighted green above are preliminary. All indexes are subject to revision four months after original publication.

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Update benefits costs
For the test period ended December 31, 2018

NC-1400
CCR Settlement

E-1 Item 10 Adjustments Requirement

Provide the detail work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

Detailed Narrative Explanation of Adjustment

This pro-forma adjusts operation and maintenance expense and income taxes for changes in benefit costs.

The impact to operation and maintenance expense reflects the annual level of pension, OPEB, Active Medical, FAS112 and non-qualified pension benefits based on a report from the Company's third party consultant, less actual amounts in the test period for these expenses. An adjustment to OPEB to remove terminating prior service credit and an adjustment to both Pension and OPEB for changes due to the new accounting standard ASU 2017-07 are included.

The impact to income taxes is determined by multiplying taxable income by the statutory tax rate.

January Update

Updated NC-1401 through NC-1405 to the 2020 projected costs based on the 2019 actuarial report

CCR Settlement

Updated 1401 for projected 2020 (actuals through July and forecasted remainder of year)

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Update benefits costs
For the test period ended December 31, 2018
(Dollars in thousands)

NC-1400
CCR Settlement

Line No.	Description	Source	Total NC Retail			
			CCR Settlement	January	Application	Change
1						
2	Pro Formas Impacting Income Statement Line Items					
3						
4	Electric operating revenue		\$ -	\$ -	\$ -	\$ -
5						
6	Electric operating expenses:					
7	Operation and maintenance:					
8	Fuel used in electric generation		-	-	-	-
9	Purchased power and net interchange		-	-	-	-
10	Wages, benefits, materials, etc.	NC-1401	(3,278)	(6,358)	(3,060)	(218)
11	Depreciation and amortization		-	-	-	-
12	General taxes		-	-	-	-
13	Interest on customer deposits		-	-	-	-
14	Income taxes	NC-1401	759	1,473	709	51
15	Amortization of investment tax credit		-	-	-	-
16						
17	Total electric operating expenses	Sum L8 through L15	(2,518)	(4,885)	(2,351)	(167)
18						
19	Operating Income	L4 - L17	\$ 2,518	\$ 4,885	\$ 2,351	\$ 167
20						
21	Notes:					
22	Revenue: positive number increases revenue / negative number decreases revenue					
23	Expense: positive number increases expense / negative number decreases expense					

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Update benefits costs
For the test period ended December 31, 2018
(Dollars in thousands)

NC-1401
CCR Settlement

Line No.	Benefits by Category	12 Months Ended December 2018 Total	2020 Projection	Adjustment	NC Retail Allocation	Total NC Retail
1						
2	<u>Benefits provided to Duke Energy Progress charged to Duke Energy Progress:</u>					
3	Qualified Pension	\$ 6,495 [1]	\$ (473) [1]			
4	OPEB and Active Medical	62,155 [2]	62,056 [2]			
5	FAS 112	3,783 [3]	7,073 [3]			
6	Non-Qualified	2,086 [4]	1,678 [4]			
7	Total (L3 to L6)	<u>\$ 74,519</u>	<u>\$ 70,334</u>			
8						
9	<u>Benefits provided to Duke Energy Business Services (DEBS) allocated to Duke Energy Progress:</u>					
10	Qualified Pension	\$ 4,370 [1]	\$ 141 [1]			
11	OPEB	15,264 [2]	16,002 [2]			
12	FAS 112	461 [3]	1,120 [3]			
13	Non-Qualified	1,948 [4]	2,427 [4]			
14	Total (L10 to L13)	<u>\$ 22,043</u>	<u>\$ 19,690</u>			
15						
16						
17	Percent of incurred costs charged to electric expense for All - Except Non-Qualified	75.98% [5]	75.98% [5]			
18	Percent of incurred costs charged to electric expense for Non-Qualified	100.00%	100.00%			
19						
20	Total Pension, OPEB and Active Medical and FAS112 to expense ((L3 to L5)+(L10 to L12))* L17	\$ 70,298	\$ 65,277	\$ (5,021)		
21	Total Non-Qualified to expense (L6 + L13)* L18	4,034	4,105	71		
22	Impact to O&M - total benefits adjustment (L20 + L21)	<u>\$ 74,333</u>	<u>\$ 69,382</u>	<u>\$ (4,951)</u>	<u>66.2120% [6]</u>	<u>\$ (3,278)</u>
23						
24	Statutory tax rate			23.1693% [7]		23.1693%
25	Impact to income taxes (-L22 x L24)			<u>\$ 1,147</u>		<u>\$ 759</u>
26						
27	Impact to operating income (-L22 - L25)			<u>\$ 3,804</u>		<u>\$ 2,518</u>

[1] NC-1402 - Summary of Pension Expenses, Lines 3, 8

[2] NC-1403 - Summary of OPEB and Active Medical Expenses, Lines 3 + 13, Line 8 + Line 18

[3] NC-1404 - Summary of FAS112 Expenses, Lines 3, 8

[4] NC-1405 - Summary of Non-Qualified Pension Expenses, Lines 3, 8

[5] NC-1301 Line 16

[6] NC Retail Allocation Factor - LAB

[7] NC-0104 - 2019 Calculation of Tax Rates - Statutory Tax Rate, Line 10

Note: Totals may not foot due to rounding

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Update benefits costs
For the test period ended December 31, 2018

NC-1402
CCR Settlement

Summary of Pension Expenses

Line No.	Description	12 Months Ended December 2018 Total	2020 Projection
1			
2	<u>Duke Energy Progress:</u>		
3	Qualified Pension	\$ 6,495,232	\$ (472,899)
4			
5	<u>Duke Energy Business Services (DEBS):</u>		
6	Duke Energy Retirement Cash Balance Plan	\$ 24,310,049	\$ 11,790,333
7	Percentage charged to Duke Energy Progress from DEBS	17.98%	1.19%
8	Amount charged to Duke Energy Progress from DEBS (L6 x L7)	\$ 4,370,347	\$ 140,771
9			
10	Total Duke Energy Progress pension expenses (L3 + L8)	\$ 10,865,579	\$ (332,128)

Source: Duke Energy Corporate Accounting

Note: Totals may not foot due to rounding

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Update benefits costs
For the test period ended December 31, 2018

NC-1403
CCR Settlement

Summary of OPEB Expenses and Active Medical

Line No.	Description	12 Months Ended December 2018 Total	2020 Projection
1			
2	<u>Duke Energy Progress:</u>		
3	OPEB	\$ 5,961,871	\$ 4,571,460
4			
5	<u>Duke Energy Business Services:</u>		
6	OPEB	\$ 1,824,063	\$ (300,931)
7	Percentage charged to Duke Energy Progress from DEBS	17.98%	49.14%
8	Amount charged to Duke Energy Progress from DEBS (L3 x L7)	\$ 327,921	\$ (147,891)
9			
10	Total Duke Energy Progress Adjusted OPEB expenses (excluding medical, see below) (L3 + L8)	\$ 6,289,792	\$ 4,423,569
11			
12	<u>Duke Energy Progress:</u>		
13	Active Medical	\$ 56,192,678	\$ 57,484,418
14			
15	<u>Duke Energy Business Services:</u>		
16	Active Medical	\$ 83,082,009	\$ 91,552,984
17	Percentage charged to Duke Energy Progress from DEBS	17.98%	17.64%
18	Amount charged to Duke Energy Progress from DEBS (L16 x L17)	\$ 14,936,094	\$ 16,149,946
19			
20	Total Duke Energy Progress Active Medical expenses (L13 + L18)	\$ 71,128,772	\$ 73,634,364
21			
22	Total Duke Energy Progress Adjusted OPEB and Active Medical expenses	\$ 77,418,564	\$ 78,057,933

Source: Duke Energy Corporate Accounting

Note: Totals may not foot due to rounding

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Update benefits costs
For the test period ended December 31, 2018

NC-1404
CCR Settlement

Summary of FAS112 Expenses

Line No.	Description	12 Months Ended December 2018 Total	2020 Projection
1			
2	<u>Duke Energy Progress:</u>		
3	FAS 112	\$ 3,783,122	\$ 7,073,384
4			
5	<u>Duke Energy Business Services:</u>		
6	FAS 112	\$ 2,562,669	\$ 6,348,214
7	Percentage charged to Duke Energy Progress from DEBS	17.98%	17.64%
8	Amount charged to Duke Energy Progress from DEBS (L6 x L7)	\$ 460,705	\$ 1,119,825
9			
10	Total Duke Energy Progress FAS 112 expenses (L3 + L8)	\$ 4,243,827	\$ 8,193,209

Source: Duke Energy Corporate Accounting

Note: Totals may not foot due to rounding

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Update benefits costs
For the test period ended December 31, 2018

NC-1405
CCR Settlement

Summary of Non-Qualified Pension Expenses

Line No.	Description	12 Months Ended December 2018 Total	2020 Projection
1			
2	<u>Duke Energy Progress:</u>		
3	Non-Qualified Pension	\$ 2,086,427	\$ 1,677,810
4			
5	<u>Duke Energy Business Services:</u>		
6	Non-Qualified Pension	\$ 10,834,340	\$ 10,314,547
7	Percentage charged to Duke Energy Progress from DEBS	17.98%	23.53%
8	Amount charged to Duke Energy Progress from DEBS (L6 x L7)	\$ 1,947,747	\$ 2,427,013
9			
10	Total Duke Energy Progress Non-Qualified pension expenses (L3 + L8)	\$ 4,034,174	\$ 4,104,823

Source: Duke Energy Corporate Accounting

Note: Totals may not foot due to rounding

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Synchronize interest expense with end of period rate base
For the test period ended December 31, 2018

NC-2200
CCR Settlement

E-1 Item 10 Adjustments Requirement

Provide the detail work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

Detailed Narrative Explanation of Adjustment

This pro-forma adjusts income taxes to reflect the tax impact that results from annualizing interest expense based on the end-of-period, adjusted rate base.

The impact to income taxes was determined as follows:

First, multiply rate base after all pro-forma adjustments have been made by the long-term debt ratio to calculate an adjusted long-term debt balance. Second, multiply the adjusted long-term debt balance by the end of year cost of long-term debt to calculate annualized interest expense. Third, subtract interest expense incurred during the test period from annualized interest expense and multiply the difference by the statutory tax rate.

October Update

Reflects changes for October updates to actuals

November Update

Reflects changes for November actuals

December Update

Reflects changes for December actuals

January Update

Reflects changes for January actuals

February Update

Reflects changes for February actuals

CCR Settlement

Reflects changes for settlement adjustments flowing from other proformas

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Synchronize interest expense with end of period rate base
For the test period ended December 31, 2018
(Dollars in thousands)

NC-2200
CCR Settlement

Line No.	Description	Source	Total NC Retail			
			CCR Settlement	Second Settlement	Application	Change
1						
2	Pro Formas Impacting Income Statement Line Items					
3						
4	Electric operating revenue		\$ -	\$ -	\$ -	\$ -
5						
6	Electric operating expenses:					
7	Operation and maintenance					
8	Fuel used in electric generation		-	-	-	-
9	Purchased power		-	-	-	-
10	Other operation and maintenance expense		-	-	-	-
11	Depreciation and amortization		-	-	-	-
12	General taxes		-	-	-	-
13	Interest on customer deposits		-	-	-	-
14	Income taxes	NC-2201	1,613	387	123	1,490
15	Amortization of investment tax credit		-	-	-	-
16						
17	Total electric operating expenses	Sum L8 through L15	1,613	387	123	1,490
18						
19	Operating income	L4 - L17	\$ (1,613)	\$ (387)	\$ (123)	\$ (1,490)
20						
21	Notes:					
22	Revenue: positive number increases revenue / negative number decreases revenue					
23	Expense: positive number increases expense / negative number decreases expense					
24						
25						
26	Pro Formas Impacting Rate Base Line Items					
27						
28	Electric plant in service		\$ -	\$ -	\$ -	\$ -
29	Accumulated depreciation and amortization		-	-	-	-
30	Electric plant in service, net	Sum L28 through L29	-	-	-	-
31						
32	Add:					
33	Materials and supplies		-	-	-	-
34	Working capital investment		-	-	-	-
35						
36						
37	Less:					
38	Accumulated deferred taxes		-	-	-	-
39	Operating reserves		-	-	-	-
40						
41						
42	Construction work in progress		-	-	-	-
43						
44	Total impact to rate base	Sum L30 through L42	\$ -	\$ -	\$ -	\$ -
45						
46	Note:					
47	Rate Base: positive number increases rate base / negative number decreases rate base					

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Synchronize interest expense with end of period rate base
For the test period ended December 31, 2018
(Dollars in thousands)

NC-2201
CCR Settlement

Line No.	Description	Total System Col [a]	NC Retail Allocation Col [b]	Total NC Retail Col [c]
1				
2	Rate base before pro forma adjustments	\$ 14,580,739 [1]	67.6169% [2]	\$ 9,859,050 [1]
3				
4	Pro forma rate base before working capital adjustment	\$ 15,592,116 [3]		\$ 10,542,913
5				
6	Long-term debt ratio	48.0000% [4]		48.0000% [4]
7	Calculated long-term debt (L4 x L6)	\$ 7,484,216		\$ 5,060,598
8				
9	End of year cost of long-term debt	4.0449% [4]		4.0449% [4]
10	Annualized interest expense (L7 x L9)	\$ 302,733		\$ 204,698
11				
12	Incurred interest expense	315,466 [5]	67.0949% [6]	211,661
13	Less interest on customer deposits	(8,643) [7]		(7,971) [7]
14	Net interest expense	306,823		203,690
15				
16	Increase / <decrease> to interest costs (L10 - L14)	\$ (4,090)		\$ (6,963)
17				
18	Statutory tax rate	23.1693% [8]		23.1693% [8]
19	Impact to income taxes (-L16 x L18)	\$ 948		\$ 1,613
20				
21	Impact to operating income (-L19)	\$ (948)		\$ (1,613)

[1] Smith Exhibit 1, Page 1, Line 12

[2] NC Retail Allocation Factor - Calculation: L2, Col [c] / L2, Col [a]

[3] Calculation: L4, Col [c] / L2, Col [b]

[4] Smith Exhibit 1, Page 2, Line 1

[5] Cost of Service, E-1 Item 45a, Total Other Interest Expense, Line 702

[6] NC Retail Allocation Factor - Net Book Plant

[7] Smith Exhibit 1, Page 1, Line 7

[8] NC-0104 - 2019 Tax Rate, Line 10

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Synchronize interest expense with end of period rate base
For the test period ended December 31, 2018

NC-2200CA
CCR Settlement

E-1 Item 10 Adjustments Requirement

Provide the detail work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

Detailed Narrative Explanation of Adjustment

This pro-forma adjusts income taxes to reflect the tax impact that results from annualizing interest expense based on the end-of-period, adjusted rate base.

The impact to income taxes was determined as follows:

First, multiply rate base after all pro-forma adjustments have been made by the long-term debt ratio to calculate an adjusted long-term debt balance. Second, multiply the adjusted long-term debt balance by the end of year cost of long-term debt to calculate annualized interest expense. Third, subtract interest expense incurred during the test period from annualized interest expense and multiply the difference by the statutory tax rate.

October Update

Reflects changes for October updates to actuals

November Update

Reflects changes for November actuals

December Update

Reflects changes for December actuals

January Update

Reflects changes for January actuals

February Update

Reflects changes for February actuals

CCR Settlement

Reflects changes for settlement adjustments flowing from other proformas

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Synchronize interest expense with end of period rate base
For the test period ended December 31, 2018
(Dollars in thousands)

NC-2200CA
CCR Settlement

Line No.	Description	Source	Total NC Retail CCR Settlement
1			
2	<u>Pro Formas Impacting Income Statement Line Items</u>		
3			
4	Electric operating revenue		\$ -
5			
6	Electric operating expenses:		
7	Operation and maintenance		
8	Fuel used in electric generation		-
9	Purchased power		-
10	Other operation and maintenance expense		-
11	Depreciation and amortization		-
12	General taxes		-
13	Interest on customer deposits		-
14	Income taxes	NC-2201CA	(530)
15	Amortization of investment tax credit		-
16			
17	Total electric operating expenses	Sum L8 through L15	(530)
18			
19	Operating income	L4 - L17	\$ 530
20			
21	Notes:		
22	Revenue: positive number increases revenue / negative number decreases revenue		
23	Expense: positive number increases expense / negative number decreases expense		
24			
25			
26	<u>Pro Formas Impacting Rate Base Line Items</u>		
27			
28	Electric plant in service		\$ -
29	Accumulated depreciation and amortization		-
30	Electric plant in service, net	Sum L28 through L29	-
31			
32	Add:		
33	Materials and supplies		-
34	Working capital investment		-
35			
36			
37	Less:		
38	Accumulated deferred taxes		-
39	Operating reserves		-
40			
41			
42	Construction work in progress		-
43			
44	Total impact to rate base	Sum L30 through L42	\$ -
45			
46	Note:		
47	Rate Base: positive number increases rate base / negative number decreases rate base		

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Synchronize interest expense with end of period rate base
For the test period ended December 31, 2018
(Dollars in thousands)

NC-2201CA
CCR Settlement

Line No.	Description	Total System Col [a]	NC Retail Allocation Col [b]	Total NC Retail Col [c]
1				
2	Rate base before pro forma adjustments			
3				
4	Pro forma rate base before working capital adjustment			\$ 117,752 [2]
5				
6	Long-term debt ratio			48.0000% [3]
7	Calculated long-term debt (L4 x L6)			\$ 56,521
8				
9	End of year cost of long-term debt			4.0449% [3]
10	Annualized interest expense (L7 x L9)			\$ 2,286
11				
12	Incurred interest expense			
13	Less interest on customer deposits			
14	Net interest expense			-
15				
16	Increase / <decrease> to interest costs (L10 - L14)			\$ 2,286
17				
18	Statutory tax rate			23.1693% [3]
19	Impact to income taxes (-L16 x L18)			\$ (530)
20				
21	Impact to operating income (-L19)			\$ 530

[1] Smith Exhibit 1, Page 1, Line 12 Less Detail of Accounting Adjustments Page 3, line 23 Rate base

[2] Smith Exhibit 1, Page 2, Line 1

[3] NC-0104 - 2019 Tax Rate, Line 10

Duke Energy Progress, LLC

Docket No. E-2, Sub 1219

Adjust cash working capital for present revenue annualized and proposed revenue

For the test period ended December 31, 2018

NC-2300

CCR Settlement

E-1 Item 10 Adjustments Requirement

Provide the detail work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

Detailed Narrative Explanation of Adjustment

This pro forma adjusts cash working capital to incorporate the impact of the other pro forma adjustments. It also calculates the additional cash working capital required as a result of the proposed increase in rates. The adjustment is in accordance with the Commission's March 21, 2016 order in Docket No. M-100 Sub 137.

October Update

Reflects changes for October updates to actuals

November Update

Reflects changes for November actuals

December Update

Reflects changes for December actuals

January Update

Reflects changes for January 2020 actuals

February Update

Reflects changes for February 2020 actuals and revised E&Y Lead Lag Study

Settlement Update

Reflects changes for settlement adjustments flowing from other proformas

CCR Settlement

Reflects changes for settlement adjustments flowing from other proformas

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust cash working capital for proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands

NC-2301
CCR Settlement

Line No.	Description	NC Retail					Weighted Lead Lag Days	
		Financials		Iteration 1				
		Adjusted with CWC (a)	Revenue Increase (b) = (c) - (a)	Adjusted w/Increase (c) = (n)	Increase (d) = (e) - (a)	With Increase (e) = (a) + (d)	(f)	
1	Total Adjusted Present Revenue	\$ 3,355,753 [1]					42.09	[1]
2	Revenue Increase (L3)	-	296,085		292,899		41.88	[7]
3	Revenues [Solved Through Iterative Process to Produce Target ROR] (L23 + L25)	3,355,753	296,085	3,651,838	292,899	3,648,651	42.07	[8]
4								
5	<u>Operating Expenses:</u>							
6	Fuel Used in Electric Generation	848,365 [1]	-	848,365		848,365	28.49	[1]
7	Purchased Power	156,798 [1]	-	156,798		156,798	33.44	[1]
8								
9	Operation & Maintenance Expense	863,929 [1]					37.31	[1]
10	Revenue Increase (L11)		1,093		1,081		37.32	[7]
11	Operation and Maintenance Expense with Increase	863,929	1,093	865,022	1,081 [3]	865,010	37.31	[8]
12								
13	Total Adjusted Depreciation and Amortization	817,789 [1]	-	817,789		817,789	0.00	[1]
14	Total Adjusted General Taxes	104,570 [1]	-	104,570		104,570	138.25	[1]
15	Total Adjusted Interest on Customer Deposits	7,971 [1]	-	7,971		7,971	137.50	[1]
16								
17	Net Income Taxes	85,037 [1]					-5.28	[1]
18	Revenue Increase (L19)		68,179		67,612		-20.60	[7]
19	Income Taxes with Increase	85,037	68,179	153,215	67,612 [4]	152,649	-12.07	[8]
20								
21	EDIT Amortization	(30,548) [1]	-	(30,548)		(30,548)	0.00	[1]
22	Amortization of Investment Tax Credit	(3,614) [1]	-	(3,614)		(3,614)	0.00	[1]
23	Total Operating Expense (L6+L7+L11+L13+L14+L15+L19+L22)	2,850,297	69,271	2,919,568	68,693	2,918,990	25.83	[9]
24								
25	Income for Return (L3 - L23)	505,456	226,814	732,270	224,206	729,661 [5]	24.56	[9]
26	Interest Expense	204,323 [1]	730	205,054	-	204,323 [6]	87.70	[1]
27	Return for Equity (L25 - L26)	301,132	226,084	527,216	224,206	525,338	0.00	[1]
28								
29	Total Requirement (L23 + L25 = L3)	\$ 3,355,753		\$ 3,651,838		\$ 3,648,651	25.58	[9]
30								
31	Rate Base [CWC Solved for Through Iterative Process]	\$ 10,523,595 [1]	\$ 37,622	\$ 10,561,217		\$ 10,523,595		
32								
33	Overall Rate of Return (L25 / L31)	4.80%		6.93%		6.93%		
34	Target Rate of Return	6.93% [2]		6.93% [2]		6.93% [2]		
35								
36								
37	<u>Calculation of Change in Cash Working Capital (CWC) due to Revenue Increase</u>	<u>Adjusted</u>	<u>Revenue Increase</u>	<u>Adjusted w/Increase</u>				
38	Annual Requirement (L3 and/or L29)	\$ 3,355,753		\$ 3,651,838		\$ 3,648,651		
39	Daily Requirement (L38 / 365 Days)	\$ 9,194		\$ 10,005		\$ 9,996		
40	Net Lag Days	13.87 [1]		16.50		16.49		
41								
42	Est. CWC Req. Before Sales Tax Requirement (L39 x L40)	\$ 127,484	\$ 37,622	\$ 165,106	\$ 37,402	\$ 164,886		
43	Add: Working Capital Related to NC Sales Tax	\$ 4,760 [1]		\$ 4,760 [1]				
44	Total Cash Working Capital Requirements (L42 + L43)	\$ 132,243	\$ 37,622	\$ 169,865				

Notes

- [1] NC-2302, Adjustment to cash working capital for present revenue annualized
[2] NC-2304, Total ROR
[3] Reg fee x revenue requirement
[4] L27 / (1 - Tax Rate) - L27
[5] Line 31 x Rate of Return
[6] Rate Base x Debt Rate x Debt Ratio
[7] Docket No. E-2, Sub 1219, E-1 Item 14, Lead Lag
[8] Calculation of Average Lead/Lag Day
[9] New weighted averages are calculated.

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust cash working capital for proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands

NC-2301
CCR Settlement

Line No.	Description	NC Retail		NC Retail		Weighted Lead Lag Days	
		Financials		Iteration 2			
		Adjusted with CWC (a)	Revenue Increase (b) = (c) - (a)	Adjusted w/Increase (c) = (n)	Increase (g) = (h) - (e)	With Increase (h) = (e) + (g)	(i)
1	Total Adjusted Present Revenue	\$ 3,355,753 [1]					42.09 [1]
2	Revenue Increase (L3)	-	296,085		3,168		41.88 [7]
3	Revenues [Solved Through Iterative Process to Produce Target ROR] (L23 + L25)	3,355,753	296,085	3,651,838	3,168	3,651,819	42.07 [8]
4							
5	<u>Operating Expenses:</u>						
6	Fuel Used in Electric Generation	848,365 [1]	-	848,365		848,365	28.49 [1]
7	Purchased Power	156,798 [1]	-	156,798		156,798	33.44 [1]
8							
9	Operation & Maintenance Expense	863,929 [1]					37.31 [1]
10	Revenue Increase (L11)		1,093		12	12	37.32 [7]
11	Operation and Maintenance Expense with Increase	863,929	1,093	865,022	12 [3]	865,022	37.31 [8]
12							
13	Total Adjusted Depreciation and Amortization	817,789 [1]	-	817,789		817,789	0.00 [1]
14	Total Adjusted General Taxes	104,570 [1]	-	104,570		104,570	138.25 [1]
15	Total Adjusted Interest on Customer Deposits	7,971 [1]	-	7,971		7,971	137.50 [1]
16							
17	Net Income Taxes	85,037 [1]					-5.28 [1]
18	Revenue Increase (L19)		68,179		563		-20.60 [7]
19	Income Taxes with Increase	85,037	68,179	153,215	563 [4]	153,212	-12.10 [8]
20							
21	EDIT Amortization	(30,548) [1]	-	(30,548)		(30,548)	0.00 [1]
22	Amortization of Investment Tax Credit	(3,614) [1]	-	(3,614)		(3,614)	0.00 [1]
23	Total Operating Expense (L6+L7+L11+L13+L14+L15+L19+L22)	2,850,297	69,271	2,919,568	575	2,919,565	25.82 [9]
24							
25	Income for Return (L3 - L23)	505,456	226,814	732,270	2,593	732,255 [5]	24.56 [9]
26	Interest Expense	204,323 [1]	730	205,054	726	205,050 [6]	87.70 [1]
27	Return for Equity (L25 - L26)	301,132	226,084	527,216	1,867	527,205	0.00 [1]
28							
29	Total Requirement (L23 + L25 = L3)	\$ 3,355,753		\$ 3,651,838		\$ 3,651,819	25.57 [9]
30							
31	Rate Base [CWC Solved for Through Iterative Process]	\$ 10,523,595 [1]	\$ 37,622	\$ 10,561,217	\$ 37,402	\$ 10,560,997	
32							
33	Overall Rate of Return (L25 / L31)	4.80%		6.93%		6.93%	
34	Target Rate of Return	6.93% [2]		6.93% [2]		6.93% [2]	
35							
36							
37	<u>Calculation of Change in Cash Working Capital (CWC) due to Revenue Increase</u>	<u>Adjusted</u>	<u>Revenue Increase</u>	<u>Adjusted w/Increase</u>			
38	Annual Requirement (L3 and/or L29)	\$ 3,355,753		\$ 3,651,838		\$ 3,651,819	
39	Daily Requirement (L38 / 365 Days)	\$ 9,194		\$ 10,005		\$ 10,005	
40	Net Lag Days	13.87 [1]		16.50		16.50	
41							
42	Est. CWC Req. Before Sales Tax Requirement (L39 x L40)	\$ 127,484	\$ 37,622	\$ 165,106	\$ 218	\$ 165,104	
43	Add: Working Capital Related to NC Sales Tax	\$ 4,760 [1]		\$ 4,760 [1]			
44	Total Cash Working Capital Requirements (L42 + L43)	\$ 132,243	\$ 37,622	\$ 169,865			

Notes

- [1] NC-2302, Adjustment to cash working capital for present revenue annualized
[2] NC-2304, Total ROR
[3] Reg fee x revenue requirement
[4] L27 / (1 - Tax Rate) - L27
[5] Line 31 x Rate of Return
[6] Rate Base x Debt Rate x Debt Ratio
[7] Docket No. E-2, Sub 1219, E-1 Item 14, Lead Lag
[8] Calculation of Average Lead/Lag Day
[9] New weighted averages are calculated.

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust cash working capital for proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands

NC-2301
CCR Settlement

Line No.	Description	NC Retail		NC Retail		Weighted Lead Lag Days	
		Financials		Iteration 3			
		Adjusted with CWC (a)	Revenue Increase (b) = (c) - (a)	Adjusted w/Increase (c) = (n)	Increase (j) = (k) - (h)	With Increase (k) = (h) + (j)	(l)
1	Total Adjusted Present Revenue	\$ 3,355,753 [1]					42.09 [1]
2	Revenue Increase (L3)	-	296,085		18		41.88 [7]
3	Revenues [Solved Through Iterative Process to Produce Target ROR] (L23 + L25)	3,355,753	296,085	3,651,838	18	3,651,838	42.07 [8]
4							
5	<u>Operating Expenses:</u>						
6	Fuel Used in Electric Generation	848,365 [1]	-	848,365		848,365	28.49 [1]
7	Purchased Power	156,798 [1]	-	156,798		156,798	33.44 [1]
8							
9	Operation & Maintenance Expense	863,929 [1]					37.31 [1]
10	Revenue Increase (L11)		1,093		0	12	37.32 [7]
11	Operation and Maintenance Expense with Increase	863,929	1,093	865,022	0 [3]	865,022	37.31 [8]
12							
13	Total Adjusted Depreciation and Amortization	817,789 [1]	-	817,789		817,789	0.00 [1]
14	Total Adjusted General Taxes	104,570 [1]	-	104,570		104,570	138.25 [1]
15	Total Adjusted Interest on Customer Deposits	7,971 [1]	-	7,971		7,971	137.50 [1]
16							
17	Net Income Taxes	85,037 [1]					-5.28 [1]
18	Revenue Increase (L19)		68,179		3		-20.60 [7]
19	Income Taxes with Increase	85,037	68,179	153,215	3 [4]	153,215	-12.10 [8]
20							
21	EDIT Amortization	(30,548) [1]	-	(30,548)		(30,548)	0.00 [1]
22	Amortization of Investment Tax Credit	(3,614) [1]	-	(3,614)		(3,614)	0.00 [1]
23	Total Operating Expense (L6+L7+L11+L13+L14+L15+L19+L22)	2,850,297	69,271	2,919,568	3	2,919,568	25.82 [9]
24							
25	Income for Return (L3 - L23)	505,456	226,814	732,270	15	732,270 [5]	24.56 [9]
26	Interest Expense	204,323 [1]	730	205,054	4	205,054 [6]	87.70 [1]
27	Return for Equity (L25 - L26)	301,132	226,084	527,216	11	527,216	0.00 [1]
28							
29	Total Requirement (L23 + L25 = L3)	\$ 3,355,753		\$ 3,651,838		\$ 3,651,838	25.57 [9]
30							
31	Rate Base [CWC Solved for Through Iterative Process]	\$ 10,523,595 [1]	\$ 37,622	\$ 10,561,217	\$ 218	\$ 10,561,216	
32							
33	Overall Rate of Return (L25 / L31)	4.80%		6.93%		6.93%	
34	Target Rate of Return	6.93% [2]		6.93% [2]		6.93% [2]	
35							
36							
37	<u>Calculation of Change in Cash Working Capital (CWC) due to Revenue Increase</u>	<u>Adjusted</u>	<u>Revenue Increase</u>	<u>Adjusted w/Increase</u>			
38	Annual Requirement (L3 and/or L29)	\$ 3,355,753		\$ 3,651,838		\$ 3,651,838	
39	Daily Requirement (L38 / 365 Days)	\$ 9,194		\$ 10,005		\$ 10,005	
40	Net Lag Days	13.87 [1]		16.50		16.50	
41							
42	Est. CWC Req. Before Sales Tax Requirement (L39 x L40)	\$ 127,484	\$ 37,622	\$ 165,106	\$ 1	\$ 165,106	
43	Add: Working Capital Related to NC Sales Tax	\$ 4,760 [1]		\$ 4,760 [1]			
44	Total Cash Working Capital Requirements (L42 + L43)	\$ 132,243	\$ 37,622	\$ 169,865			

Notes

- [1] NC-2302, Adjustment to cash working capital for present revenue annualized
[2] NC-2304, Total ROR
[3] Reg fee x revenue requirement
[4] L27 / (1 - Tax Rate) - L27
[5] Line 31 x Rate of Return
[6] Rate Base x Debt Rate x Debt Ratio
[7] Docket No. E-2, Sub 1219, E-1 Item 14, Lead Lag
[8] Calculation of Average Lead/Lag Day
[9] New weighted averages are calculated.

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust cash working capital for proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands

NC-2301
CCR Settlement

Line No.	Description	NC Retail		NC Retail		Weighted Lead Lag Days	
		Financials		Iteration 4			
		Adjusted with CWC (a)	Revenue Increase (b) = (c) - (a)	Adjusted w/Increase (c) = (n)	Increase (m) = (n) - (k)	With Increase (n) = (k) + (m)	(o)
1	Total Adjusted Present Revenue	\$ 3,355,753 [1]					42.09 [1]
2	Revenue Increase (L3)	-	296,085		0		41.88 [7]
3	Revenues [Solved Through Iterative Process to Produce Target ROR] (L23 + L25)	3,355,753	296,085	3,651,838	0	3,651,838	42.07 [8]
4							
5	<u>Operating Expenses:</u>						
6	Fuel Used in Electric Generation	848,365 [1]	-	848,365		848,365	28.49 [1]
7	Purchased Power	156,798 [1]	-	156,798		156,798	33.44 [1]
8							
9	Operation & Maintenance Expense	863,929 [1]					37.31 [1]
10	Revenue Increase (L11)		1,093		0	12	37.32 [7]
11	Operation and Maintenance Expense with Increase	863,929	1,093	865,022	0 [3]	865,022	37.31 [8]
12							
13	Total Adjusted Depreciation and Amortization	817,789 [1]	-	817,789		817,789	0.00 [1]
14	Total Adjusted General Taxes	104,570 [1]	-	104,570		104,570	138.25 [1]
15	Total Adjusted Interest on Customer Deposits	7,971 [1]	-	7,971		7,971	137.50 [1]
16							
17	Net Income Taxes	85,037 [1]					-5.28 [1]
18	Revenue Increase (L19)		68,179		0		-20.60 [7]
19	Income Taxes with Increase	85,037	68,179	153,215	0 [4]	153,215	-12.10 [8]
20							
21	EDIT Amortization	(30,548) [1]	-	(30,548)		(30,548)	0.00 [1]
22	Amortization of Investment Tax Credit	(3,614) [1]	-	(3,614)		(3,614)	0.00 [1]
23	Total Operating Expense (L6+L7+L11+L13+L14+L15+L19+L22)	2,850,297	69,271	2,919,568	0	2,919,568	25.82 [9]
24							
25	Income for Return (L3 - L23)	505,456	226,814	732,270	0	732,270 [5]	24.56 [9]
26	Interest Expense	204,323 [1]	730	205,054	0	205,054 [6]	87.70 [1]
27	Return for Equity (L25 - L26)	301,132	226,084	527,216	0	527,216	0.00 [1]
28							
29	Total Requirement (L23 + L25 = L3)	\$ 3,355,753		\$ 3,651,838		\$ 3,651,838	25.57 [9]
30							
31	Rate Base [CWC Solved for Through Iterative Process]	\$ 10,523,595 [1]	\$ 37,622	\$ 10,561,217	\$ 1	\$ 10,561,217	
32							
33	Overall Rate of Return (L25 / L31)	4.80%		6.93%		6.93%	
34	Target Rate of Return	6.93% [2]		6.93% [2]		6.93% [2]	
35							
36							
37	<u>Calculation of Change in Cash Working Capital (CWC) due to Revenue Increase</u>		Revenue Increase	Adjusted w/Increase			
38	Annual Requirement (L3 and/or L29)	\$ 3,355,753		\$ 3,651,838			
39	Daily Requirement (L38 / 365 Days)	\$ 9,194		\$ 10,005			
40	Net Lag Days	13.87 [1]		16.50			
41							
42	Est. CWC Req. Before Sales Tax Requirement (L39 x L40)	\$ 127,484	\$ 37,622	\$ 165,106			
43	Add: Working Capital Related to NC Sales Tax	\$ 4,760 [1]		\$ 4,760 [1]			
44	Total Cash Working Capital Requirements (L42 + L43)	\$ 132,243	\$ 37,622	\$ 169,865			

Notes

- [1] NC-2302, Adjustment to cash working capital for present revenue annualized
[2] NC-2304, Total ROR
[3] Reg fee x revenue requirement
[4] L27 / (1 - Tax Rate) - L27
[5] Line 31 x Rate of Return
[6] Rate Base x Debt Rate x Debt Ratio
[7] Docket No. E-2, Sub 1219, E-1 Item 14, Lead Lag
[8] Calculation of Average Lead/Lag Day
[9] New weighted averages are calculated.

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust cash working capital for present revenue annualized and proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands

NC-2302
CCR Settlement

NC Retail											
Financials							Lead Lag Days				
Line No.	Description	Per Books [1]	Adjustments [3]	Adjusted Before Change in CWC [3]	Change in CWC [3]	Adjusted with CWC [3]	Per Books [1]	Adjustments [1]	Adjusted Before Increase [6]		
		(a)	(b)	(c) = (a) + (b)	(d)	(e) = (c) + (d)	(f)	(g)	(h) = (f) + (g)		
1	Rate Schedule Revenue										
2	Rate Revenues	\$ 3,575,788		\$ 3,575,788			41.88		41.88		
3	Total Revenue Lag Sales for Resale	134,915		134,915			33.73		33.73		
4	Provisions For Rate Refunds	(104,546)		(104,546)			41.88		41.88		
5	Forfeited Discounts	7,664		7,664			72.30		72.30		
6	Miscellaneous Revenues	5,506		5,506			76.00		76.00		
7	RENT - (454) - DIST PLT REL	4,466		4,466			41.63		41.63		
8	RENT - (454) - DIST POLE RENTAL REV	10,901		10,901			182.00		182.00		
9	RENT - (454) - TRANS PLT REL	382		382			41.63		41.63		
10	RENT - (454) - ADD FAC - WHLS	-		-			0.00		0.00		
11	RENT - (454) - ADD FAC - RET X LIGHTING	4,617		4,617			41.63		41.63		
12	RENT - (454) - ADD FAC - LIGHTING	3,849		3,849			41.63		41.63		
13	RENT - (454) - OTHER	3,413		3,413			68.21		68.21		
14	OTHER ELEC REV (456) - PROD PLT REL	10,549		10,549			41.88		41.88		
15	NC-0100 Annualize Retail revenues for current rates		(201,667)	(201,667)				41.88	41.88		
16	NC-0300 Normalize for weather		(72,187)	(72,187)				41.88	41.88		
17	NC-0400 Annualize revenues for customer growth		(7,737)	(7,737)				41.88	41.88		
18	NC-0500 Eliminate unbilled revenues		11,826	11,826				41.88	41.88		
19	NC-0600 Adjust costs recovered through non-fuel riders		(27,830)	(27,830)				41.88	41.88		
20	NC-2900 Storm Deferral NC FMD		-	-				41.88	41.88		
21	NC-3000 Adjust Other Revenue		(4,155)	(4,155)				98.96	98.96		
22	Rounding		-	-				41.88	41.88		
23	Revenue - Adjustments (Sum Lines 15 through 22)	-	(301,751)	(301,751)							
24											
25	Total Adjusted Revenue (L2 + L23)	\$ 3,657,503	\$ (301,751)	\$ 3,355,753	\$ -	\$ 3,355,753	42.13	(0.05)	42.09		
26											
27	Operating Expenses:										
28	Fuel Used in Electric Generation										
29	OM Prod Energy - Fuel	\$ 863,120		\$ 863,120			28.49		28.49		
30	RECS Consumption Expense	18,522		18,522			28.49		28.49		
31	NC-0200 Update fuel costs to approved rate		11,436	11,436				28.49	28.49		
32	NC-0300 Normalize for weather		(20,276)	(20,276)				28.49	28.49		
33	NC-0400 Annualize revenues for customer growth		(5,915)	(5,915)				28.49	28.49		
34	NC-0600 Adjust costs recovered through non-fuel riders		(18,522)	(18,522)				28.49	28.49		
35	NC-2900 Storm Deferral NC FMD		-	-				28.49	28.49		
36	Rounding		-	-				28.49	28.49		
37	Fuel Used in Electric Generation - Adjustments (Sum Lines 31 through 36)	-	(33,277)	(33,277)							
38											
39	Total Adjusted Fuel Used in Electric Generation (L29 + L37)	\$ 881,642	\$ (33,277)	\$ 848,365	\$ -	\$ 848,365	28.49	0.00	28.49		
40											
41	Purchased Power										
42	OM PROD PURCHASES - CAPACITY COST	\$ 67,280		\$ 67,280			30.29		30.29		
42	OM PROD PURCHASES - ENERGY COST	365,384		365,384			30.29		30.29		
43	OM DEFERRED FUEL EXPENSE	(273,901)		(273,901)			28.49		28.49		
43	NC-3500 Adjust purchased power		(1,965)	(1,965)				30.29	30.29		
44	Rounding		-	-							
45	Purchased Power - Adjustments (Sum Lines 43 through 44)	-	(1,965)	(1,965)							
46											
47	Total Adjusted Purchased Power (L42 + L45)	\$ 158,763	\$ (1,965)	\$ 156,798	\$ -	\$ 156,798	33.40	0.04	33.44		
48											

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust cash working capital for present revenue annualized and proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands

NC-2302
CCR Settlement

NC Retail															
Financials										Lead Lag Days					
Line No.	Description	Per Books	[1]	Adjustments	[3]	Adjusted Before Change in CWC	[3]	Change in CWC	Adjusted with CWC	Per Books	[1]	Adjustments	[1]	Adjusted Before Increase	[6]
		(a)		(b)		(c) = (a) + (b)		(d)	(e) = (c) + (d)	(f)		(g)		(h) = (f) + (g)	
49	Operation & Maintenance Expense														
50	Total Labor Expense	\$ 430,295				\$ 430,295				37.07				37.07	
46	Pension and Benefits	76,271				76,271				13.97				13.97	
47	Regulatory Commission Expense	7,038				7,038				93.25				93.25	
48	Property Insurance	(526)				(526)				(222.30)				(222.30)	
49	Injuries & Damages - Workman's Compensation	197				197				0.00				0.00	
50	Uncollectible Accounts	8,937				8,937				0.00				0.00	
51	Remaining Other Oper & Maint Expense	528,607				528,607				40.52				40.52	
51	NC-0100 Annualize Retail revenues for current rates			(744)		(744)						37.32		37.32	
52	NC-0200 Update fuel costs to approved rate			-		-						37.32		37.32	
53	NC-0300 Normalize for weather			(266)		(266)						37.32		37.32	
54	NC-0400 Annualize revenues for customer growth			(2,148)		(2,148)						37.32		37.32	
55	NC-0600 Adjust costs recovered through non-fuel riders			(136,143)		(136,143)						37.32		37.32	
56	NC-0700 Adjust O&M for executive compensation			(2,586)		(2,586)						37.07		37.07	
57	NC-1200 Annualize O&M non-labor expenses			2,300		2,300						33.30		33.30	
58	NC-1300 Normalize O&M labor expenses			(19,235)		(19,235)						37.07		37.07	
59	NC-1400 Update benefits costs			(3,278)		(3,278)						13.97		13.97	
60	NC-1500 Levelize nuclear refueling outage costs			(6,190)		(6,190)						40.52		40.52	
61	NC-1600 Amortize rate case costs			701		701						0.00		0.00	
62	NC-1700 Adjust aviation expenses			(1,657)		(1,657)						37.32		37.32	
63	NC-1800 Adjust for approved regulatory assets and liabilities			1,603		1,603						0.00		0.00	
64	NC-1900 Adjust for Merger Related Costs			(4,039)		(4,039)						37.32		37.32	
65	NC-2000 Amortize Severance Costs			(24,140)		(24,140)						37.07		37.07	
66	NC-2500 Adjust for credit card fees			5,269		5,269						40.52		40.52	
67	NC-2700 Adjust vegetation management expenses			5,757		5,757						40.52		40.52	
68	NC-2900 Storm Deferral NC			-		-						37.32		37.32	
69	NC-3000 Adjust Other Revenue			(5)		(5)						37.32		37.32	
70	NC-3100 Adjust for change in NCUC Reg Fee			(234)		(234)						93.25		93.25	
71	NC-3200 Reflect retirement of Asheville Steam Generating Plant			(6,413)		(6,413)						37.32		37.32	
72	NC-3300 Adjust for CertainTeed payment Obligation			-		-						37.32		37.32	
73	NC-3400 Amortize deferred balance Asheville Combined Cycle			(1,909)		(1,909)						37.32		37.32	
74	NC-3800 Remove certain Settlement Items			(2,834)		(2,834)						37.32		37.32	
75	NC-3900 Normalize for storm costs			9,300		9,300						37.32		37.32	
76	Rounding			-		-									
77	Operation & Maintenance Expense - Adjustments (Sum Lines 51 through 72)	-		(186,890)		(186,890)									
78															
79	Total Adjusted Operation & Maintenance Expense (L50 + L77)	\$ 1,050,819		\$ (186,890)		\$ 863,929		\$ -	\$ 863,929	37.32		(0.01)		37.31	
80															
81	Depreciation and Amortization	\$ 669,787				\$ 669,787				0.00				0.00	
82	NC-0200 Update fuel costs to approved rate			-		-						0.00		0.00	
83	NC-0600 Adjust costs recovered through non-fuel riders			(58,446)		(58,446)						0.00		0.00	
84	NC-0800 Annualize Depreciation on year end plant balances			41,407		41,407						0.00		0.00	
85	NC-1000 Adjust for post test year additions to plant in service			68,141		68,141						0.00		0.00	
86	NC-1100 Amortize deferred environmental costs			5,000		5,000						0.00		0.00	
87	NC-1800 Adjust for approved regulatory assets and liabilities			(3,479)		(3,479)						0.00		0.00	
88	NC-1900 Adjust for Merger Related Costs			(184)		(184)						0.00		0.00	
89	NC-2600 Adjust for Depreciation for new rates			88,728		88,728						0.00		0.00	
90	NC-2800 Adjust reserve for end of life nuclear costs			(1,917)		(1,917)						0.00		0.00	
91	NC-2900 Storm Deferral			(1,645)		(1,645)						0.00		0.00	
92	NC-3200 Reflect retirement of Asheville Steam Generating Plant			10,201		10,201						0.00		0.00	
93	NC-3400 Amortize deferred balance Asheville Combined Cycle			8,897		8,897						0.00		0.00	
94	NC-3800 Remove certain Settlement Items			(8,700)		(8,700)						0.00		0.00	

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust cash working capital for present revenue annualized and proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands

NC-2302
CCR Settlement

NC Retail											
Financials							Lead Lag Days				
Line No.	Description	Per Books [1]	Adjustments [3]	Adjusted Before Change in CWC [3]	Change in CWC [3]	Adjusted with CWC [3]	Per Books [1]	Adjustments [1]	Adjusted Before Increase [6]		
		(a)	(b)	(c) = (a) + (b)	(d)	(e) = (c) + (d)	(f)	(g)	(h) = (f) + (g)		
95	Rounding		-	-							
96	Depreciation and Amortization - Adjustments (Sum Lines 82 through 95)	-	148,002	148,002							
97											
98	Total Adjusted Depreciation and Amortization (L81 + L96)	\$ 669,787	\$ 148,002	\$ 817,789	\$ -	\$ 817,789	0.00	0.00	0.00		
99											
100	<u>General Taxes</u>										
101	Payroll Taxes	\$ 26,288		\$ 26,288			48.41		48.41		
102	Property Tax	68,133		68,133			186.50		186.50		
103	FED HEAVY VEHICLE USE TAX	48		48			0.00		0.00		
104	ELECTRIC EXCISE TAX - SC	-		-			0.00		0.00		
105	PRIVILEGE TAX	12,244		12,244			(11.97)		(11.97)		
106	MISC TAX - NC	(4,517)		(4,517)			60.00		60.00		
107	MISC TAX - SC & OTHER STATES	1		1			129.46		129.46		
108	PUC LICENSE TAX - SC	-		-			0.00		0.00		
109	NC-0600 Adjust costs recovered through non-fuel riders		(6,458)	(6,458)				137.26	137.26		
110	NC-0900 Annualize property taxes on year end plant balances		4,064	4,064				186.50	186.50		
111	NC-1000 Adjust for post test year additions to plant in service		5,742	5,742				186.50	186.50		
112	NC-1300 Normalize O&M labor expenses		(909)	(909)				48.41	48.41		
113	NC-1700 Adjust aviation expenses		(18)	(18)				48.41	48.41		
114	NC-1800 Adjust for approved regulatory assets and liabilities		5	5				48.41	48.41		
115	NC-1900 Adjust for Merger Related Costs		(53)	(53)				48.41	48.41		
116	NC-3200 Reflect retirement of Asheville Steam Generating Plant		-	-				186.50	186.50		
118	Rounding		-	-							
119	General Taxes - Adjustments (Sum Lines 109 through 118)	-	2,373	2,373							
120											
121	Total Adjusted General Tax (L101 + L119)	\$ 102,197	\$ 2,373	\$ 104,570	\$ -	\$ 104,570	132.70	5.55	138.25		
122											
123	<u>Interest on Customer Deposits</u>	\$ 7,971		\$ 7,971			137.50		137.50		
124	Interest on Customer Deposits - Adjustments			-							
125	Rounding		-	-							
126	Total Adjusted Interest on Customer Deposits (L123 + L124)	\$ 7,971	\$ -	\$ 7,971	\$ -	\$ 7,971	137.50	0.00	137.50		
127											
128	<u>Income Taxes</u>										
129	Federal Income Tax	\$ (49,091)		\$ (49,091)			44.75		44.75		
130	State Income Tax	(2,917)		(2,917)			44.75		44.75		
131	Income Tax - Deferred	164,994		164,994			0.00		0.00		
132	PF INC TAX-Adjust Income Taxes		(90,635)	(90,635)				(20.60)	(20.60)		
133	NC-0600 Adjust costs recovered through non-fuel riders		63,168	63,168				0.00	0.00		
134	NC-2100 Adjust NC income taxes for rate change		(2,183)	(2,183)				(20.60)	(20.60)		
135	NC-2200 Synchronize interest expense		1,613	1,613				(20.60)	(20.60)		
136	Rounding		-	-							
137	Income Taxes - Adjustments (Sum Lines 132 through 136)	-	(28,036)	(28,036)							
138											
139	Total Adjusted Income Taxes (L129 + L137)	\$ 112,986	\$ (28,036)	\$ 84,950	\$ 87 [5]	\$ 85,037	(20.60)	15.32	(5.28)		
140											
141	<u>EDIT Amortization</u>	\$ -		\$ -			0.00		0.00		
142	NC-3700 Amortize Prot EDIT		(30,548)	(30,548)				0.00	0.00		
143	Rounding		-	-							
144	EDIT Amortization (Sum Lines 142 through 143)	-	(30,548)	(30,548)							
145											
146	Total Adjusted EDIT Amortization (L141 + L144)	\$ -	\$ (30,548)	\$ (30,548)	\$ -	\$ (30,548)	0.00	0.00	0.00		
147											

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust cash working capital for present revenue annualized and proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands

NC-2302
CCR Settlement

		NC Retail													
		Financials						Lead Lag Days							
Line No.	Description	Per Books	[1]	Adjustments	[3]	Adjusted Before Change in CWC	[3]	Change in CWC	Adjusted with CWC	Per Books	[1]	Adjustments	[1]	Adjusted Before Increase	[6]
		(a)		(b)		(c) = (a) + (b)		(d)	(e) = (c) + (d)	(f)		(g)		(h) = (f) + (g)	
148	Amortization of Investment Tax Credit	\$ (2,134)				\$ (2,134)				0.00				0.00	
149	NC-0800 Annualize Depreciation on year end plant balances			(1,481)		(1,481)						0.00		0.00	
150	Rounding			-		-									
151	Amort. of Investment Tax Credit - Adjustments (Sum Lines 149 through 150)	-		(1,481)		(1,481)									
152															
153	Total Adjusted Amortization of Investment Tax Credit (L148 + L151)	\$ (2,134)		\$ (1,481)		\$ (3,614)		\$ -	\$ (3,614)	0.00		0.00		0.00	
154															
155	Total Operating Expense (L39+L47+L79+L98+L121+L126+L139+L153)	\$ 2,982,032		\$ (131,822)		\$ 2,850,210		\$ 87	\$ 2,850,297	27.48		(0.56)		26.93	
156															
157	Income for Return (L25 - L155)	675,472		(169,929)		505,543		(87)	505,456	27.48		8.03		35.51	
158	Interest Expense	211,661		(6,963)		204,698	[4]	(375) [4]	204,323	87.70		0.00		87.70	[1]
159	Return for Equity (L157 - L158)	463,810		(162,966)		300,844		288	301,132	0.00		0.00		0.00	[1]
160															
161	Total Requirement (L155 + L157 = L25)	\$ 3,657,503				\$ 3,355,753			\$ 3,355,753	27.48		0.74		28.22	[6]
162															
163	RATE BASE	\$ 9,859,050	[3]	\$ 683,862		\$ 10,542,913	[3]	\$ (19,317)	\$ 10,523,595						
164															
165	Overall Rate of Return (L157 / L163)	6.85%				4.80%			4.80%						
166															
167															
168	Calculation of Change in Cash Working Capital (CWC) due to Adjustments	Per Books		Change in CWC		Adjusted									
169	Revenue Lag Days	42.13				42.09									
170	Requirement Lead Days	27.48				28.22									
171															
172	Net Lag Days (L169 - L170)	14.65				13.87									
173															
174	Annual Requirement	\$ 3,657,503				\$ 3,355,753									
175	Daily Requirement (L174 / 365 Days)	\$ 10,021				\$ 9,194									
176	Net Lag Days (L172, Rounded Per Books)	14.65				13.87									
177	Est. CWC Req. Before Sales Tax Requirement (L175 x L176)	\$ 146,801				\$ 127,484									
178															
179	Add: Working Capital Related to NC Sales Tax	\$ 4,760	[2]			\$ 4,760	[2]								
180															
181	Total Cash Working Capital Requirements (L177 + L179)	\$ 151,561		\$ (19,317)		\$ 132,243									

Notes:
[1] NC 2305: Revised Lead Lag Study (E-1 Item 14)
[2] NC 2303 Summary
[3] Docket No. E-2, Sub 1219, Smith Exhibit 1 Rebuttal
[4] Rate Base x NC-2304-Inputs
[5] Interest Expense: - L158 x Tax Rate: 23.1693%
[6] New weighted averages calculated.

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Cash Working Capital for NC Retail Operations - Lead Lag Summary
For the test period ended December 31, 2018
Dollars in Thousands

Revised E-1 Item 14

Line No	Description	Actual Annual Expense [A]	Lead (Lag) Days [B]	Weighted Amount [C]
Calculation of NC Retail Amount:				
1	Total Revenue Lag	\$ (3,657,503)	42.13	\$ (154,105,865)
2				
3	Operation & Maintenance Expense	\$ 2,091,224	33.30	\$ 69,630,312
4	Depreciation and Amortization	669,787	0.00	-
5	Taxes Other Than Income Taxes	102,197	132.70	13,561,920
6	Interest on Customer Deposits	7,971	137.50	1,096,011
7	Net Income Taxes	112,986	-20.60	(2,327,337)
8	ITC	(2,134)	0.00	-
9	Income for Return	675,472	27.48	18,562,554
10	Total Requirements (Sum L3:L9)	<u>\$ 3,657,503</u>	27.48	<u>\$ 100,523,460</u>
11				
12	Revenue Lag Days (L1)		42.13	
13	Requirements Lead Days (-L10)		-27.48	
14	Net Lag Days (L12 + L13)		<u>14.65</u>	
15	Daily Requirements (Line 9, Col. A divided by 365)			\$ 10,020.56
16				
17	Estimated Cash Working Capital Requirements (L14 x L15)			\$ 146,801
18	Add: Cash Working Capital Related to NC Sales Tax			4,760
19	Total Cash Working Capital Requirements (L17 + L18)			<u>\$ 151,561</u>
20				
21	Calculation of Total Company and Jurisdictional Amounts:			
22	NC Retail Factor			67.0949% [1]
23				
24	Total Company Cash Working Capital Requirements (L19 / L22)			\$ 225,890
25				

[1] NC Retail Allocation Factor - Net Book Plant

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjustment to Cash Working Capital - Input Worksheet
For the test period ended December 31, 2018

NC-2304
CCR Settlement

Line No	Description	Rate	Ratio	Weighted
1	Debt	4.04% [1]	48.00% [1]	1.9416% [2]
2	Equity	9.60% [1]	52.00% [1]	4.9920% [3]
3	Total ROR (L1 + L2)			6.9336%
4				
5	Statutory tax rate	23.1693% [4]		
6	Statutory regulatory fee percentage rate	0.1297% [5]		
7	Uncollectibles rate	0.24% [6]		

Notes:

[1] Smith Exhibit 1, Page 2

[2] Debt Rate x Debt Ratio

[3] ROE x Equity Ratio

[4] NC-0104 - 2019 Tax Rate, Line 10

[5] NC-0103 - NCUC Statutory Regulatory Fee Percentage Rate, Docket No. M-100, Sub 142

[6] NC-0105 - Development of Uncollectibles Rate

Supplemental E-1 Item 14

NC-2305
CCR Settlement

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Cash Working Capital for NC Retail Operations - Lead Lag Detail
For the test period ended December 31, 2018

Support Sch #	Line No.	Total Utility Operating Revenue and Expense Line Description	Account	System YTD Dec 2018	NC Retail Jurisdictional Amount	Lead Lag Days	Weighted Amount
	1	<u>OPERATING REVENUES:</u>					
	2						
	3						
Calc	4	Service Lag				15.21	A
	5	Billing Lag					
1	6	Total Retail Sales & Billing Lag		(4,156,399,663)	(3,563,165,280)	1.66	A
	7	Revenue - REPS		(24,719,022)	(24,719,022)		
	8		0440.99, 0442.19, 0442.29, 0444.99, 0445.09	13,507,473	12,096,317		
	9	Unbilled Revenue					
2	10	Collection Lag				25.01	A
	11						
	12	Total Revenue Lag Elec Delivery Rate Schedule (Ln 11 + 17)		(4,167,611,212)	(3,575,787,985)	41.88	(149,748,041,162)
	13						
3	14	Total Revenue Lag Sales for Resale		(1,511,358,381)	(134,915,331)	33.73	A (4,550,694,117)
	15	Provisions For Rate Refunds	0449	118,958,671	104,545,765	41.88	B 4,378,202,395
	16	Total Sales of Electricity (L12 through L14)		(5,560,010,922)	(3,606,157,551)	41.57	(149,920,532,884)
	17						
	18	<u>Other Revenues:</u>					
	19	Forfeited Discounts	0450100, 0450200	(8,582,371)	(7,663,772)	72.30	A (554,090,707)
4c	20	Miscellaneous Revenues	0451100	(6,165,627)	(5,505,700)	76.00	(418,433,189)
4d	21	RENT - (454) - DIST PLT REL		(5,124,157)	(4,465,630)	41.63	(185,904,174)
4d	22	RENT - (454) - DIST POLE RENTAL REV		(12,960,572)	(10,901,069)	182.00	(1,983,994,633)
4d	23	RENT - (454) - TRANS PLT REL		(639,579)	(381,636)	41.63	(15,887,522)
4d	24	RENT - (454) - ADD FAC - WHLS		(2,806,145)	0	0.00	-
4d	25	RENT - (454) - ADD FAC - RET X LIGHTING		(5,162,072)	(4,617,085)	41.63	(192,209,244)
4d	26	RENT - (454) - ADD FAC - LIGHTING		(4,184,534)	(3,848,777)	41.63	(160,224,580)
4d	27	RENT - (454) - OTHER		(5,086,652)	(3,412,883)	68.21	(232,798,642)
	28	OTHER ELEC REV (456) - PROD PLT REL		(1,924,556)	(1,184,137)	41.88	(49,589,686)
	29	OTHER ELEC REV (456) - TRANS REL		(10,403,096)	(6,207,517)	41.88	(259,960,449)
	30	OTHER ELEC REV (456) - GEN PLT REL		0	0	41.88	-
	31	OTHER ELEC REV (456) - WH D/A		(55,825,581)	0	41.88	-
	32	OTHER ELEC REV (456) - OTHER		(548,940)	(368,310)	41.88	(15,424,225)
	33	OTHER ELEC REV (456) - REPS		(1,114,245)	(1,114,245)	41.88	(46,662,737)
	34	OTHER ELEC REV (456) - OTHER ENERGY		0	0	41.88	-
	35	OTHER ELEC REV (456) - DIST PLT REL	0456630	(1,611,605)	(1,404,491)	41.88	(58,817,730)
	36	REV - OTHER NC RETAIL SPECIFIC		(270,645)	(270,645)	41.88	(11,334,162)
	37	Total Other Revenues (L19 through L36)		(122,410,378)	(51,345,897)	81.51	(4,185,331,681)
	38						-
	39	Utility Oper Revenues (L16 + L37)		(5,682,421,300)	(3,657,503,448)	42.13	(154,105,864,564)
	40	ELECTRIC OPERATING REVENUE		5,682,421,300	3,657,503,448		

Supplemental E-1 Item 14

NC-2305
CCR Settlement

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Cash Working Capital for NC Retail Operations - Lead Lag Detail
For the test period ended December 31, 2018

Support Sch #	Line No.	Total Utility Operating Revenue and Expense Line Description	Account	System YTD Dec 2018	NC Retail Jurisdictional Amount	Lead \ Lag Days	Weighted Amount
	41						
	42	<u>OPERATION AND MAINTENANCE EXPENSE:</u>					
	43						
5 + 6	44	<u>Fuel Used in Electric Generation</u>					
	45	OM Prod Energy - Fuel		1,410,621,869	863,120,481	28.49 A	24,588,906,214
	46	RECS Consumption Expense		18,521,748	18,521,748	28.49 A	527,654,628
	47	Fuel Used in Elec Gen (HFM Greenbook I/S)	F_FUEL_USED_ELEC_GEN	1,429,143,617	881,642,228	28.49	25,116,560,842
7	48						
7	49	OM PROD PURCHASES - CAPACITY COST		109,348,837	67,279,932	30.29 A	2,037,909,147
	50	OM PROD PURCHASES - ENERGY COST		597,919,200	365,384,360	30.29 A	11,067,492,256
	51	OM DEFERRED FUEL EXPENSE	0557980	(316,590,958)	(273,901,174)	28.49 C	(7,803,001,349)
	52	Purchased Power (Acct 555) + Def Fuel (Acct 557)	0555XXX	390,677,079	158,763,118	33.40	5,302,400,054
	53						
	54	<u>Total Other O&M Excluding Fuel and Purchased Power</u>					
9	55						
	56	Total Labor Expense		649,874,113	430,294,724	37.07 A	15,951,025,410
8	57						
	58	Pension and Benefits	0926XXX	115,350,507	76,270,687	13.97 A	1,065,501,492
10	59						
	60	Regulatory Commission Expense	0928000	8,592,296	7,037,696	93.25 A	656,265,126
11	61						
	62	Property Insurance	0924XXX	(774,442)	(525,984)	(222.30) A	116,926,247
15	63						
	64	Injuries & Damages - Workman's Compensation	0925980	290,241	197,125	0.00 A	-
	65						
	66	Uncollectible Accounts	0904000, 0904001	10,008,548	8,937,301	0.00 A	-
	67						
	68	Remaining Other Oper & Maint Expense		763,377,394	528,607,218	40.52 D	21,421,632,363
	69						
	70	Total O&M Excl. Fuel and Purch. Power		1,546,718,656	1,050,818,766	37.32	39,211,350,637
	71						
	72	Total Operation and Maintenance Expense (L47 + L52 + L70)		3,366,539,352	2,091,224,112	33.30	69,630,311,534
	73						
	74	Total Depreciation & Amortization & Property Loss		1,060,260,424	669,787,484	0.00 A	-
	75						

Supplemental E-1 Item 14

NC-2305
CCR Settlement

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Cash Working Capital for NC Retail Operations - Lead Lag Detail
For the test period ended December 31, 2018

Support Sch #	Line No.	Total Utility Operating Revenue and Expense Line Description	Account	System YTD Dec 2018	NC Retail Jurisdictional Amount	Lead \ Lag Days	Weighted Amount
	76	<u>Taxes Other Than Income Taxes</u>					
	77	Payroll Taxes		39,721,091	26,288,326	48.41 A	1,272,617,860
9	78	Property Tax		101,157,752	68,132,745	186.50	12,706,756,958
13	79	FED HEAVY VEHICLE USE TAX		61,024	48,458	0.00	-
	80	ELECTRIC EXCISE TAX - SC		2,222,093	0	0.00	-
	81	PRIVILEGE TAX		16,355,581	12,243,595	(11.97)	(146,555,834)
13	82	MISC TAX - NC		-6,034,064	-4,517,029	60.00 E	(271,021,743)
	83	MISC TAX - SC & OTHER STATES		-165	949	129.46 A	122,893
	84	PUC LICENSE TAX - SC		-121,100	0	0.00 A	-
	85	Taxes Other Than Income Taxes		153,362,212	102,197,044	132.70	13,561,920,134
16	86						
	87	Total Interest on Customer Deposits		8,642,928	7,970,989	137.50 A	1,096,011,021
14	88						
14	89	Federal Income Tax		(66,292,963)	(49,091,019)	44.75 A	(2,196,823,118)
	90	State Income Tax		(3,938,471)	(2,916,502)	44.75	(130,513,463)
	91	Income Tax - Deferred		220,852,977	164,993,723	0.00	-
	92	Net Income Taxes		150,621,543	112,986,202	(20.60)	(2,327,336,581)
	93						
	94	Investment of Tax Credit Adj Net	04114XX	(3,355,660)	(2,133,914)	0.00 A	-
	95						
	96	Total Utility Operating Expenses (L72 + L74 + L85 + L87 + L92 + L94)		4,736,070,798	2,982,031,917	27.48	81,960,906,108
	97						
	98	Interest Expense for Electric Operations		315,465,770	211,661,368	87.70 F	18,562,553,881
	99	Income for Equity Return (L100 - L198)		630,884,732	463,810,163	0.00 A	-
	100	Net Operating Income		946,350,502	675,471,531	27.48	18,562,553,881
	101						
	102	Total Requirements (L96 + L100)		5,682,421,300	3,657,503,448	27.48	100,523,459,988
	103						
	104						
	105	Cash Working Capital Related to NC Sales Tax		4,759,823	G		

Supplemental E-1 Item 14

NC-2305
CCR Settlement

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Cash Working Capital for NC Retail Operations - Lead Lag Detail
For the test period ended December 31, 2018

Support Sch #	Line No.	Total Utility Operating Revenue and Expense Line Description	Account	System YTD Dec 2018	NC Retail Jurisdictional Amount	Lead \ Lag Days	Weighted Amount
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Tickmark Legend

- A** Lead/lag days was obtained from Lead/Lag study performed by Ernst & Young. See the Appendix in the Duke Lead Lag Report - DEP file.
- B** Revenue refund will be returned through another mechanism; number set to Revenue Lag Days to eliminate effect on Cash Working Capital.
- C** Lead/lag days for fuel is being used for this line item to facilitate elimination of this item with the adjustments to cash working capital being proposed in this rate case.
- D** Remaining O&M for 2018 includes both nuclear fees and other O&M lines from the 2017 lead/lag study. Lead/lag days reflected is the weighted average of the amounts for those line items from the 2017 study.
- E** This expense category is a new breakout for 2018. Lead/lag days was determined based on review of activity for 2018. A majority of the balance is related to a refund which was accrued in March and received in May. As such, a 60 day lag seems reasonable.
- F** See 2017 Interest Lead Days tab for calculation.
- G** Cash Working Capital Related to NC Sales Tax for 2018 was calculated on Schedule 17.

Duke Energy Progress, LLC

Docket No. E-2, Sub 1219

Adjust cash working capital for present revenue annualized and proposed revenue

For the test period ended December 31, 2018

NC-2300CA

CCR Settlement

E-1 Item 10 Adjustments Requirement

Provide the detail work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

Detailed Narrative Explanation of Adjustment

This pro forma adjusts cash working capital to incorporate the impact of the other pro forma adjustments. It also calculates the additional cash working capital required as a result of the proposed increase in rates. The adjustment is in accordance with the Commission's March 21, 2016 order in Docket No. M-100 Sub 137.

October Update

Reflects changes for October updates to actuals

November Update

Reflects changes for November actuals

December Update

Reflects changes for December actuals

January Update

Reflects changes for January 2020 actuals

February Update

Reflects changes for February 2020 actuals and revised E&Y Lead Lag Study

Settlement Update

Reflects changes for settlement adjustments flowing from other proformas

CCR Settlement

Reflects changes for settlement adjustments flowing from other proformas

Duke Energy Progress, LLC

Docket No. E-2, Sub 1219

Adjust cash working capital for present revenue annualized and proposed revenue

For the test period ended December 31, 2018

(Dollars in thousands)

NC-2300CA

CCR Settlement

Line No.	Description	Source	Total NC Retail	
			Present	Proposed
			CCR Settlement	
1				
2	<u>Pro Formas Impacting Income Statement Line Items</u>			
3				
4	Electric operating revenue		\$ -	\$ -
5				
6	Electric operating expenses:			
7	Operation and maintenance			
8	Fuel used in electric generation		-	-
9	Purchased power		-	-
10	Other operation and maintenance expense		-	-
11	Depreciation and amortization		-	-
12	General taxes		-	-
13	Interest on customer deposits		-	-
14	Income taxes	NC-2301CA & NC-2302CA	-	(22)
15	Amortization of investment tax credit		-	-
16				
17	Total electric operating expenses	Sum L8 through L15	-	(22)
18				
19	Operating income	L4 - L17	\$ -	\$ 22
20				
21	Notes:			
22	Revenue: positive number increases revenue / negative number decreases revenue			
23	Expense: positive number increases expense / negative number decreases expense			
24				
25				
26	<u>Pro Formas Impacting Rate Base Line Items</u>			
27				
28	Electric plant in service		\$ -	\$ -
29	Accumulated depreciation and amortization		-	-
30	Electric plant in service, net	Sum L28 through L29	-	-
31				
32	Add:			
33	Materials and supplies		-	-
34	Working capital investment	NC-2302CA	-	4,959
35				
36				
37	Less:			
38	Accumulated deferred taxes		-	-
39	Operating reserves		-	-
40				
41				
42	Construction work in progress		-	-
43				
44	Total impact to rate base	Sum L30 through L42	\$ -	\$ 4,959
45				
46	Note:			
47	Rate Base: positive number increases rate base / negative number decreases rate base			

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust cash working capital for proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands

NC-2301CA
CCR Settlement

		NC Retail							
		Financials			Iteration 1				
Line No.	Description	Adjusted with CWC (a)	Revenue Increase (b) = (c) - (a)	Adjusted w/Increase (c) = (n)	Increase (d) = (e) - (a)	With Increase (e) = (a) + (d)	Weighted Lead Lag Days (f)		
1	Total Adjusted Present Revenue	\$ - [1]					0.00	[1]	
2	Revenue Increase (L3)	-	47,601		47,232		41.88	[7]	
3	Revenues [Solved Through Iterative Process to Produce Target ROR] (L23 + L25)	-	47,601	47,601	47,232	47,232	41.88	[8]	
4									
5	<u>Operating Expenses:</u>								
6	Fuel Used in Electric Generation	- [1]	-	-		-	0.00	[1]	
7	Purchased Power	- [1]	-	-		-	0.00	[1]	
8									
9	Operation & Maintenance Expense	- [1]					0.00	[1]	
10	Revenue Increase (L11)		176		174		37.32	[7]	
11	Operation and Maintenance Expense with Increase	-	176	176	174 [3]	174	37.32	[8]	
12									
13	Total Adjusted Depreciation and Amortization	38,316 [1]	-	38,316		38,316	0.00	[1]	
14	Total Adjusted General Taxes	- [1]	-	-		-	0.00	[1]	
15	Total Adjusted Interest on Customer Deposits	- [1]	-	-		-	0.00	[1]	
16									
17	Net Income Taxes	(9,407) [1]					-20.60	[1]	
18	Revenue Increase (L19)		10,966		10,903		-20.60	[7]	
19	Income Taxes with Increase	(9,407)	10,966	1,559	10,903 [4]	1,496	-20.60	[8]	
20									
21	EDIT Amortization	- [1]	-	-		-	0.00	[1]	
22	Amortization of Investment Tax Credit	- [1]	-	-		-	0.00	[1]	
23	Total Operating Expense (L6+L7+L11+L13+L14+L15+L19+L22)	28,908	11,141	40,050	11,077	39,986	-0.61	[9]	
24									
25	Income for Return (L3 - L23)	(28,908)	36,460	7,551	36,154	7,246 [5]	27.67	[9]	
26	Interest Expense	2,286 [1]	96	2,383	-	2,286 [6]	87.70	[1]	
27	Return for Equity (L25 - L26)	(31,195)	36,363	5,169	36,154	4,960	0.00	[1]	
28									
29	Total Requirement (L23 + L25 = L3)	\$ -		\$ 47,601		\$ 47,232	3.73	[9]	
30									
31	Rate Base [CWC Solved for Through Iterative Process]	\$ 117,752 [1]	\$ 4,959	\$ 122,711		\$ 117,752			
32									
33	Overall Rate of Return (L25 / L31)	-24.55%		6.15%		6.15%			
34	Target Rate of Return	6.15% [2]		6.15% [2]		6.15% [2]			
35									
36									
37	<u>Calculation of Change in Cash Working Capital (CWC) due to Revenue Increase</u>	<u>Adjusted</u>	<u>Revenue Increase</u>	<u>Adjusted w/Increase</u>					
38	Annual Requirement (L3 and/or L29)	\$ -		\$ 47,601		\$ 47,232			
39	Daily Requirement (L38 / 365 Days)	\$ -		\$ 130		\$ 129			
40	Net Lag Days	0.00 [1]		38.02		38.15			
41									
42	Est. CWC Req. Before Sales Tax Requirement (L39 x L40)	\$ -	\$ 4,959	\$ 4,959	\$ 4,936	\$ 4,936			
43	Add: Working Capital Related to NC Sales Tax	\$ - [1]		\$ - [1]					
44	Total Cash Working Capital Requirements (L42 + L43)	\$ -	\$ 4,959	\$ 4,959					

Notes

- [1] NC-2302, Adjustment to cash working capital for present revenue annualized
[2] NC-2304, Total ROR
[3] Reg fee x revenue requirement
[4] L27 / (1 - Tax Rate) - L27
[5] Line 31 x Rate of Return
[6] Rate Base x Debt Rate x Debt Ratio
[7] Docket No. E-2, Sub 1219, E-1 Item 14, Lead Lag
[8] Calculation of Average Lead/Lag Day
[9] New weighted averages are calculated.

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust cash working capital for proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands

NC-2301CA
CCR Settlement

		NC Retail		NC Retail			
		Financials		Iteration 2			
Line No.	Description	Adjusted with CWC (a)	Revenue Increase (b) = (c) - (a)	Adjusted w/Increase (c) = (n)	Increase (g) = (h) - (e)	With Increase (h) = (e) + (g)	Weighted Lead Lag Days (i)
1	Total Adjusted Present Revenue	\$ - [1]					0.00 [1]
2	Revenue Increase (L3)	-	47,601		368		41.88 [7]
3	Revenues [Solved Through Iterative Process to Produce Target ROR] (L23 + L25)	-	47,601	47,601	368	47,599	41.88 [8]
4							
5	<u>Operating Expenses:</u>						
6	Fuel Used in Electric Generation	- [1]	-	-		-	0.00 [1]
7	Purchased Power	- [1]	-	-		-	0.00 [1]
8							
9	Operation & Maintenance Expense	- [1]					0.00 [1]
10	Revenue Increase (L11)		176		1	1	37.32 [7]
11	Operation and Maintenance Expense with Increase	-	176	176	1 [3]	176	37.32 [8]
12							
13	Total Adjusted Depreciation and Amortization	38,316 [1]	-	38,316		38,316	0.00 [1]
14	Total Adjusted General Taxes	- [1]	-	-		-	0.00 [1]
15	Total Adjusted Interest on Customer Deposits	- [1]	-	-		-	0.00 [1]
16							
17	Net Income Taxes	(9,407) [1]					-20.60 [1]
18	Revenue Increase (L19)		10,966		63		-20.60 [7]
19	Income Taxes with Increase	(9,407)	10,966	1,559	63 [4]	1,558	-20.60 [8]
20							
21	EDIT Amortization	- [1]	-	-		-	0.00 [1]
22	Amortization of Investment Tax Credit	- [1]	-	-		-	0.00 [1]
23	Total Operating Expense (L6+L7+L11+L13+L14+L15+L19+L22)	28,908	11,141	40,050	64	40,050	-0.64 [9]
24							
25	Income for Return (L3 - L23)	(28,908)	36,460	7,551	304	7,550 [5]	27.67 [9]
26	Interest Expense	2,286 [1]	96	2,383	96	2,382 [6]	87.70 [1]
27	Return for Equity (L25 - L26)	(31,195)	36,363	5,169	208	5,168	0.00 [1]
28							
29	Total Requirement (L23 + L25 = L3)	\$ -		\$ 47,601		\$ 47,599	3.85 [9]
30							
31	Rate Base [CWC Solved for Through Iterative Process]	\$ 117,752 [1]	\$ 4,959	\$ 122,711	\$ 4,936	\$ 122,689	
32							
33	Overall Rate of Return (L25 / L31)	-24.55%		6.15%		6.15%	
34	Target Rate of Return	6.15% [2]		6.15% [2]		6.15% [2]	
35							
36							
37	<u>Calculation of Change in Cash Working Capital (CWC) due to Revenue Increase</u>	<u>Adjusted</u>	<u>Revenue Increase</u>	<u>Adjusted w/Increase</u>			
38	Annual Requirement (L3 and/or L29)	\$ -		\$ 47,601		\$ 47,599	
39	Daily Requirement (L38 / 365 Days)	\$ -		\$ 130		\$ 130	
40	Net Lag Days	0.00 [1]		38.02		38.03	
41							
42	Est. CWC Req. Before Sales Tax Requirement (L39 x L40)	\$ -	\$ 4,959	\$ 4,959	\$ 22	\$ 4,959	
43	Add: Working Capital Related to NC Sales Tax	\$ - [1]		\$ - [1]			
44	Total Cash Working Capital Requirements (L42 + L43)	\$ -	\$ 4,959	\$ 4,959			

Notes

- [1] NC-2302, Adjustment to cash working capital for present revenue annualized
[2] NC-2304, Total ROR
[3] Reg fee x revenue requirement
[4] L27 / (1 - Tax Rate) - L27
[5] Line 31 x Rate of Return
[6] Rate Base x Debt Rate x Debt Ratio
[7] Docket No. E-2, Sub 1219, E-1 Item 14, Lead Lag
[8] Calculation of Average Lead/Lag Day
[9] New weighted averages are calculated.

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust cash working capital for proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands

NC-2301CA
CCR Settlement

Line No.	Description	NC Retail		NC Retail		Weighted Lead Lag Days	
		Financials	Financials	Iteration 3	Iteration 3	(l)	
		Adjusted with CWC (a)	Revenue Increase (b) = (c) - (a)	Adjusted w/Increase (c) = (n)	Increase (j) = (k) - (h)	With Increase (k) = (h) + (j)	
1	Total Adjusted Present Revenue	\$ - [1]					0.00 [1]
2	Revenue Increase (L3)	-	47,601		2		41.88 [7]
3	Revenues [Solved Through Iterative Process to Produce Target ROR] (L23 + L25)	-	47,601	47,601	2	47,601	41.88 [8]
4							
5	<u>Operating Expenses:</u>						
6	Fuel Used in Electric Generation	- [1]	-	-		-	0.00 [1]
7	Purchased Power	- [1]	-	-		-	0.00 [1]
8							
9	Operation & Maintenance Expense	- [1]					0.00 [1]
10	Revenue Increase (L11)		176		0	1	37.32 [7]
11	Operation and Maintenance Expense with Increase	-	176	176	0 [3]	176	37.32 [8]
12							
13	Total Adjusted Depreciation and Amortization	38,316 [1]	-	38,316		38,316	0.00 [1]
14	Total Adjusted General Taxes	- [1]	-	-		-	0.00 [1]
15	Total Adjusted Interest on Customer Deposits	- [1]	-	-		-	0.00 [1]
16							
17	Net Income Taxes	(9,407) [1]					-20.60 [1]
18	Revenue Increase (L19)		10,966		0		-20.60 [7]
19	Income Taxes with Increase	(9,407)	10,966	1,559	0 [4]	1,559	-20.60 [8]
20							
21	EDIT Amortization	- [1]	-	-		-	0.00 [1]
22	Amortization of Investment Tax Credit	- [1]	-	-		-	0.00 [1]
23	Total Operating Expense (L6+L7+L11+L13+L14+L15+L19+L22)	28,908	11,141	40,050	0	40,050	-0.64 [9]
24							
25	Income for Return (L3 - L23)	(28,908)	36,460	7,551	1	7,551 [5]	27.67 [9]
26	Interest Expense	2,286 [1]	96	2,383	0	2,383 [6]	87.70 [1]
27	Return for Equity (L25 - L26)	(31,195)	36,363	5,169	1	5,169	0.00 [1]
28							
29	Total Requirement (L23 + L25 = L3)	\$ -		\$ 47,601		\$ 47,601	3.85 [9]
30							
31	Rate Base [CWC Solved for Through Iterative Process]	\$ 117,752 [1]	\$ 4,959	\$ 122,711	\$ 22	\$ 122,711	
32							
33	Overall Rate of Return (L25 / L31)	-24.55%		6.15%		6.15%	
34	Target Rate of Return	6.15% [2]		6.15% [2]		6.15% [2]	
35							
36							
37	<u>Calculation of Change in Cash Working Capital (CWC) due to Revenue Increase</u>	<u>Adjusted</u>	<u>Revenue Increase</u>	<u>Adjusted w/Increase</u>			
38	Annual Requirement (L3 and/or L29)	\$ -		\$ 47,601		\$ 47,601	
39	Daily Requirement (L38 / 365 Days)	\$ -		\$ 130		\$ 130	
40	Net Lag Days	0.00 [1]		38.02		38.02	
41							
42	Est. CWC Req. Before Sales Tax Requirement (L39 x L40)	\$ -	\$ 4,959	\$ 4,959	\$ 0	\$ 4,959	
43	Add: Working Capital Related to NC Sales Tax	\$ - [1]		\$ - [1]			
44	Total Cash Working Capital Requirements (L42 + L43)	\$ -	\$ 4,959	\$ 4,959			

Notes

- [1] NC-2302, Adjustment to cash working capital for present revenue annualized
[2] NC-2304, Total ROR
[3] Reg fee x revenue requirement
[4] L27 / (1 - Tax Rate) - L27
[5] Line 31 x Rate of Return
[6] Rate Base x Debt Rate x Debt Ratio
[7] Docket No. E-2, Sub 1219, E-1 Item 14, Lead Lag
[8] Calculation of Average Lead/Lag Day
[9] New weighted averages are calculated.

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust cash working capital for proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands

NC-2301CA
CCR Settlement

		NC Retail		NC Retail			
		Financials		Iteration 4			
Line No.	Description	Adjusted with CWC (a)	Revenue Increase (b) = (c) - (a)	Adjusted w/Increase (c) = (n)	Increase (m) = (n) - (k)	With Increase (n) = (k) + (m)	Weighted Lead Lag Days (o)
1	Total Adjusted Present Revenue	\$ - [1]					0.00 [1]
2	Revenue Increase (L3)	-	47,601		0		41.88 [7]
3	Revenues [Solved Through Iterative Process to Produce Target ROR] (L23 + L25)	-	47,601	47,601	0	47,601	41.88 [8]
4							
5	Operating Expenses:						
6	Fuel Used in Electric Generation	- [1]	-	-		-	0.00 [1]
7	Purchased Power	- [1]	-	-		-	0.00 [1]
8							
9	Operation & Maintenance Expense	- [1]					0.00 [1]
10	Revenue Increase (L11)		176		0	1	37.32 [7]
11	Operation and Maintenance Expense with Increase	-	176	176	0 [3]	176	37.32 [8]
12							
13	Total Adjusted Depreciation and Amortization	38,316 [1]	-	38,316		38,316	0.00 [1]
14	Total Adjusted General Taxes	- [1]	-	-		-	0.00 [1]
15	Total Adjusted Interest on Customer Deposits	- [1]	-	-		-	0.00 [1]
16							
17	Net Income Taxes	(9,407) [1]					-20.60 [1]
18	Revenue Increase (L19)		10,966		0		-20.60 [7]
19	Income Taxes with Increase	(9,407)	10,966	1,559	0 [4]	1,559	-20.60 [8]
20							
21	EDIT Amortization	- [1]	-	-		-	0.00 [1]
22	Amortization of Investment Tax Credit	- [1]	-	-		-	0.00 [1]
23	Total Operating Expense (L6+L7+L11+L13+L14+L15+L19+L22)	28,908	11,141	40,050	0	40,050	-0.64 [9]
24							
25	Income for Return (L3 - L23)	(28,908)	36,460	7,551	0	7,551 [5]	27.67 [9]
26	Interest Expense	2,286 [1]	96	2,383	0	2,383 [6]	87.70 [1]
27	Return for Equity (L25 - L26)	(31,195)	36,363	5,169	0	5,169	0.00 [1]
28							
29	Total Requirement (L23 + L25 = L3)	\$ -		\$ 47,601		\$ 47,601	3.85 [9]
30							
31	Rate Base [CWC Solved for Through Iterative Process]	\$ 117,752 [1]	\$ 4,959	\$ 122,711	\$ 0	\$ 122,711	
32							
33	Overall Rate of Return (L25 / L31)	-24.55%		6.15%		6.15%	
34	Target Rate of Return	6.15% [2]		6.15% [2]		6.15% [2]	
35							
36							
37	Calculation of Change in Cash Working Capital (CWC) due to Revenue Increase	Adjusted	Revenue Increase	Adjusted w/Increase			
38	Annual Requirement (L3 and/or L29)	\$ -		\$ 47,601			
39	Daily Requirement (L38 / 365 Days)	\$ -		\$ 130			
40	Net Lag Days	0.00 [1]		38.02			
41							
42	Est. CWC Req. Before Sales Tax Requirement (L39 x L40)	\$ -	\$ 4,959	\$ 4,959			
43	Add: Working Capital Related to NC Sales Tax	\$ - [1]		\$ - [1]			
44	Total Cash Working Capital Requirements (L42 + L43)	\$ -	\$ 4,959	\$ 4,959			

Notes

- [1] NC-2302, Adjustment to cash working capital for present revenue annualized
[2] NC-2304, Total ROR
[3] Reg fee x revenue requirement
[4] L27 / (1 - Tax Rate) - L27
[5] Line 31 x Rate of Return
[6] Rate Base x Debt Rate x Debt Ratio
[7] Docket No. E-2, Sub 1219, E-1 Item 14, Lead Lag
[8] Calculation of Average Lead/Lag Day
[9] New weighted averages are calculated.

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust cash working capital for present revenue annualized and proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands

NC-2302CA
CCR Settlement

NC Retail											
Financials								Lead Lag Days			
Line No.	Description	Per Books (a)	[1] Adjustments (b)	[3] Adjusted Before Change in CWC (c) = (a) + (b)	[3] Change in CWC (d)	Adjusted with CWC (e) = (c) + (d)	Per Books (f)	[1] Adjustments (g)	Adjusted Before Increase (h) = (f) + (g)	[6]	
1	<u>Rate Schedule Revenue</u>										
2	Rate Revenues			\$ -			41.88		41.88		
3	Total Revenue Lag Sales for Resale			-			33.73		33.73		
4	Provisions For Rate Refunds			-			41.88		41.88		
5	Forfeited Discounts			-			72.30		72.30		
6	Miscellaneous Revenues			-			76.00		76.00		
7	RENT - (454) - DIST PLT REL			-			41.63		41.63		
8	RENT - (454) - DIST POLE RENTAL REV			-			182.00		182.00		
9	RENT - (454) - TRANS PLT REL			-			41.63		41.63		
10	RENT - (454) - ADD FAC - WHLS			-			0.00		0.00		
11	RENT - (454) - ADD FAC - RET X LIGHTING			-			41.63		41.63		
12	RENT - (454) - ADD FAC - LIGHTING			-			41.63		41.63		
13	RENT - (454) - OTHER			-			68.21		68.21		
14	OTHER ELEC REV (456) - PROD PLT REL			-			41.88		41.88		
15	NC-0100 Annualize Retail revenues for current rates			-				41.88	41.88		
16	NC-0300 Normalize for weather			-				41.88	41.88		
17	NC-0400 Annualize revenues for customer growth			-				41.88	41.88		
18	NC-0500 Eliminate unbilled revenues			-				41.88	41.88		
19	NC-0600 Adjust costs recovered through non-fuel riders			-				41.88	41.88		
20	NC-2900 Storm Deferral NC FMD			-				41.88	41.88		
21	NC-3000 Adjust Other Revenue			-				98.96	98.96		
22	Rounding		-	-				41.88	41.88		
23	Revenue - Adjustments (Sum Lines 15 through 22)	-	-	-							
24											
25	Total Adjusted Revenue (L2 + L23)	\$ -	\$ -		\$ -	\$ -	0.00	0.00	0.00		
26											
27	<u>Operating Expenses:</u>										
28	<u>Fuel Used in Electric Generation</u>										
29	OM Prod Energy - Fuel			\$ -			28.49		28.49		
30	RECS Consumption Expense			-			28.49		28.49		
31	NC-0200 Update fuel costs to approved rate		-	-				28.49	28.49		
32	NC-0300 Normalize for weather		-	-				28.49	28.49		
33	NC-0400 Annualize revenues for customer growth			-				28.49	28.49		
34	NC-0600 Adjust costs recovered through non-fuel riders		-	-				28.49	28.49		
35	NC-2900 Storm Deferral NC FMD		-	-				28.49	28.49		
36	Rounding		-	-				28.49	28.49		
37	Fuel Used in Electric Generation - Adjustments (Sum Lines 31 through 36)	-	-	-							
38											
39	Total Adjusted Fuel Used in Electric Generation (L29 + L37)	\$ -	\$ -		\$ -	\$ -	0.00	0.00	0.00		
40											
41	<u>Purchased Power</u>										
42	OM PROD PURCHASES - CAPACITY COST			\$ -			30.29		30.29		
42	OM PROD PURCHASES - ENERGY COST			-			30.29		30.29		
43	OM DEFERRED FUEL EXPENSE			-			28.49		28.49		
43	NC-3500 Adjust purchased power		-	-				30.29	30.29		
44	Rounding		-	-							
45	Purchased Power - Adjustments (Sum Lines 43 through 44)	-	-	-							
46											
47	Total Adjusted Purchased Power (L42 + L45)	\$ -	\$ -		\$ -	\$ -	0.00	0.00	0.00		
48											

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust cash working capital for present revenue annualized and proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands

NC-2302CA
CCR Settlement

NC Retail															
Financials							Lead Lag Days								
Line No.	Description	Per Books (a)	[1]	Adjustments (b)	[3]	Adjusted Before Change in CWC (c) = (a) + (b)	[3]	Change in CWC (d)	Adjusted with CWC (e) = (c) + (d)	Per Books (f)	[1]	Adjustments (g)	[1]	Adjusted Before Increase (h) = (f) + (g)	[6]
49	Operation & Maintenance Expense														
50	Total Labor Expense					\$ -				37.07				37.07	
46	Pension and Benefits					-				13.97				13.97	
47	Regulatory Commission Expense					-				93.25				93.25	
48	Property Insurance					-				(222.30)				(222.30)	
49	Injuries & Damages - Workman's Compensation					-				0.00				0.00	
50	Uncollectible Accounts					-				0.00				0.00	
51	Remaining Other Oper & Maint Expense					-				40.52				40.52	
51	NC-0100 Annualize Retail revenues for current rates			-		-						37.32		37.32	
52	NC-0200 Update fuel costs to approved rate			-		-						37.32		37.32	
53	NC-0300 Normalize for weather			-		-						37.32		37.32	
54	NC-0400 Annualize revenues for customer growth			-		-						37.32		37.32	
55	NC-0600 Adjust costs recovered through non-fuel riders			-		-						37.32		37.32	
56	NC-0700 Adjust O&M for executive compensation			-		-						37.07		37.07	
57	NC-1200 Annualize O&M non-labor expenses			-		-						33.30		33.30	
58	NC-1300 Normalize O&M labor expenses			-		-						37.07		37.07	
59	NC-1400 Update benefits costs			-		-						13.97		13.97	
60	NC-1500 Levelize nuclear refueling outage costs			-		-						40.52		40.52	
61	NC-1600 Amortize rate case costs			-		-						0.00		0.00	
62	NC-1700 Adjust aviation expenses			-		-						37.32		37.32	
63	NC-1800 Adjust for approved regulatory assets and liabilities			-		-						0.00		0.00	
64	NC-1900 Adjust for Merger Related Costs			-		-						37.32		37.32	
65	NC-2000 Amortize Severance Costs			-		-						37.07		37.07	
66	NC-2500 Adjust for credit card fees			-		-						40.52		40.52	
67	NC-2700 Adjust vegetation management expenses			-		-						40.52		40.52	
68	NC-2900 Storm Deferral NC			-		-						37.32		37.32	
69	NC-3000 Adjust Other Revenue			-		-						37.32		37.32	
70	NC-3100 Adjust for change in NCUC Reg Fee			-		-						93.25		93.25	
71	NC-3200 Reflect retirement of Asheville Steam Generating Plant			-		-						37.32		37.32	
72	NC-3300 Adjust for CertainTeed payment Obligation			-		-						37.32		37.32	
73	NC-3400 Amortize deferred balance Asheville Combined Cycle			-		-						37.32		37.32	
74	NC-3800 Remove certain Settlement Items			-		-						37.32		37.32	
75	NC-3900 Normalize for storm costs			-		-						37.32		37.32	
76	Rounding			-		-									
77	Operation & Maintenance Expense - Adjustments (Sum Lines 51 through 72)	-		-		-									
78															
79	Total Adjusted Operation & Maintenance Expense (L50 + L77)	\$ -		\$ -				\$ -	\$ -	0.00		0.00		0.00	
80															
81	Depreciation and Amortization					\$ -				0.00				0.00	
82	NC-0200 Update fuel costs to approved rate			-		-						0.00		0.00	
83	NC-0600 Adjust costs recovered through non-fuel riders			-		-						0.00		0.00	
84	NC-0800 Annualize Depreciation on year end plant balances			-		-						0.00		0.00	
85	NC-1000 Adjust for post test year additions to plant in service			-		-						0.00		0.00	
86	NC-1100 Amortize deferred environmental costs			38,316		38,316						0.00		0.00	
87	NC-1800 Adjust for approved regulatory assets and liabilities			-		-						0.00		0.00	
88	NC-1900 Adjust for Merger Related Costs			-		-						0.00		0.00	
89	NC-2600 Adjust for Depreciation for new rates			-		-						0.00		0.00	
90	NC-2800 Adjust reserve for end of life nuclear costs			-		-						0.00		0.00	
91	NC-2900 Storm Deferral			-		-						0.00		0.00	
92	NC-3200 Reflect retirement of Asheville Steam Generating Plant			-		-						0.00		0.00	
93	NC-3400 Amortize deferred balance Asheville Combined Cycle			-		-						0.00		0.00	
94	NC-3800 Remove certain Settlement Items			-		-						0.00		0.00	
95	Rounding			-		-									
96	Depreciation and Amortization - Adjustments (Sum Lines 82 through 95)	-		38,316		38,316									
97															
98	Total Adjusted Depreciation and Amortization (L81 + L96)	\$ -		\$ 38,316		\$ 38,316		\$ -	\$ 38,316	0.00		0.00		0.00	

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust cash working capital for present revenue annualized and proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands

NC-2302CA
CCR Settlement

NC Retail											
Financials						Lead Lag Days					
Line No.	Description	Per Books [1] (a)	Adjustments [3] (b)	Adjusted Before Change in CWC [3] (c) = (a) + (b)	Change in CWC (d)	Adjusted with CWC (e) = (c) + (d)	Per Books [1] (f)	Adjustments [1] (g)	Adjusted Before Increase [6] (h) = (f) + (g)		
99											
100	<u>General Taxes</u>										
101	Payroll Taxes			\$ -			48.41		48.41		
102	Property Tax			-			186.50		186.50		
103	FED HEAVY VEHICLE USE TAX			-			0.00		0.00		
104	ELECTRIC EXCISE TAX - SC			-			0.00		0.00		
105	PRIVILEGE TAX			-			(11.97)		(11.97)		
106	MISC TAX - NC			-			60.00		60.00		
107	MISC TAX - SC & OTHER STATES			-			129.46		129.46		
108	PUC LICENSE TAX - SC			-			0.00		0.00		
109	NC-0600 Adjust costs recovered through non-fuel riders		-	-				137.26	137.26		
110	NC-0900 Annualize property taxes on year end plant balances		-	-				186.50	186.50		
111	NC-1000 Adjust for post test year additions to plant in service		-	-				186.50	186.50		
112	NC-1300 Normalize O&M labor expenses		-	-				48.41	48.41		
113	NC-1700 Adjust aviation expenses		-	-				48.41	48.41		
114	NC-1800 Adjust for approved regulatory assets and liabilities		-	-				48.41	48.41		
115	NC-1900 Adjust for Merger Related Costs		-	-				48.41	48.41		
116	NC-3200 Reflect retirement of Asheville Steam Generating Plant			-				186.50	186.50		
118	Rounding		-	-							
119	General Taxes - Adjustments (Sum Lines 109 through 118)	-	-	-							
120											
121	Total Adjusted General Tax (L101 + L119)	\$ -	\$ -		\$ -	\$ -	0.00	0.00	0.00		
122											
123	<u>Interest on Customer Deposits</u>			\$ -			137.50		137.50		
124	Interest on Customer Deposits - Adjustments			-							
125	Rounding		-	-							
126	Total Adjusted Interest on Customer Deposits (L123 + L124)	\$ -	\$ -	\$ -	\$ -	\$ -	0.00	0.00	0.00		
127											
128	<u>Income Taxes</u>										
129	Federal Income Tax			\$ -			44.75		44.75		
130	State Income Tax			-			44.75		44.75		
131	Income Tax - Deferred			-			0.00		0.00		
132	PF INC TAX-Adjust Income Taxes		(9,407)	(9,407)				(20.60)	(20.60)		
133	NC-0600 Adjust costs recovered through non-fuel riders		-	-				0.00	0.00		
134	NC-2100 Adjust NC income taxes for rate change		-	-				(20.60)	(20.60)		
135	NC-2200 Synchronize interest expense		-	-				(20.60)	(20.60)		
136	Rounding		-	-							
137	Income Taxes - Adjustments (Sum Lines 132 through 136)	-	(9,407)	(9,407)							
138											
139	Total Adjusted Income Taxes (L129 + L137)	\$ -	\$ (9,407)	\$ (9,407)	\$ - [5]	\$ (9,407)	0.00	(20.60)	(20.60)		
140											
141	<u>EDIT Amortization</u>	\$ -		\$ -			0.00		0.00		
142	NC-3700 Amortize Prot EDIT		-	-				0.00	0.00		
143	Rounding		-	-							
144	EDIT Amortization (Sum Lines 142 through 143)	-	-	-							
145											
146	Total Adjusted EDIT Amortization (L141 + L144)	\$ -	\$ -	\$ -	\$ -	\$ -	0.00	0.00	0.00		
147											
148	<u>Amortization of Investment Tax Credit</u>			\$ -			0.00		0.00		
149	NC-0800 Annualize Depreciation on year end plant balances		-	-				0.00	0.00		
150	Rounding		-	-							
151	Amort. of Investment Tax Credit - Adjustments (Sum Lines 149 through 150)	-	-	-							
152											
153	Total Adjusted Amortization of Investment Tax Credit (L148 + L151)	\$ -	\$ -		\$ -	\$ -	0.00	0.00	0.00		
154											
155	Total Operating Expense (L39+L47+L79+L98+L121+L126+L139+L153)	\$ -	\$ 28,908	\$ 28,908	\$ -	\$ 28,908	0.00	6.70	6.70		

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjust cash working capital for present revenue annualized and proposed revenue
For the test period ended December 31, 2018
Dollars in Thousands

NC-2302CA
CCR Settlement

NC Retail															
Financials										Lead Lag Days					
Line No.	Description	Per Books (a)	[1]	Adjustments (b)	[3]	Adjusted Before Change in CWC (c) = (a) + (b)	[3]	Change in CWC (d)	Adjusted with CWC (e) = (c) + (d)	Per Books (f)	[1]	Adjustments (g)	[1]	Adjusted Before Increase (h) = (f) + (g)	[6]
156															
157	Income for Return (L25 - L155)	-		(28,908)		(28,908)		-	(28,908)	0.00		(6.94)		-6.94	
158	Interest Expense			2,286		2,286	[4]	-	2,286	87.70		0.00		87.70	[1]
159	Return for Equity (L157 - L158)	-		(31,195)		(31,195)		-	(31,195)	0.00		0.00		0.00	[1]
160															
161	Total Requirement (L155 + L157 = L25)	\$ -				\$ -			\$ -	0.00		0.00		0.00	[6]
162															
163	RATE BASE	\$ -	[3]	\$ 117,752		\$ 117,752	[3]	\$ -	\$ 117,752						
164															
165	Overall Rate of Return (L157 / L163)	0.00%				-24.55%			-24.55%						
166															
167															
168	Calculation of Change in Cash Working Capital (CWC) due to Adjustments	Per Books		Change in CWC		Adjusted									
169	Revenue Lag Days	0.00				0.00									
170	Requirement Lead Days	0.00				0.00									
171															
172	Net Lag Days (L169 - L170)	0.00				0.00									
173															
174	Annual Requirement	\$ -				\$ -									
175	Daily Requirement (L174 / 365 Days)	\$ -				\$ -									
176	Net Lag Days (L172, Rounded Per Books)	0.00				0.00									
177	Est. CWC Req. Before Sales Tax Requirement (L175 x L176)	\$ -				\$ -									
178															
179	Add: Working Capital Related to NC Sales Tax	\$ -	[2]			\$ -	[2]								
180															
181	Total Cash Working Capital Requirements (L177 + L179)	\$ -		\$ -		\$ -									

Notes:
[1] NC 2305: Revised Lead Lag Study (E-1 Item 14)
[2] NC 2303 Summary
[3] Docket No. E-2, Sub 1219, Smith Exhibit 1 Rebuttal
[4] Rate Base x NC-2304-Inputs
[5] Interest Expense: - L158 x Tax Rate: 23.1693%
[6] New weighted averages calculated.

NC-2303CA
CCR Settlement

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Cash Working Capital for NC Retail Operations - Lead Lag Summary
For the test period ended December 31, 2018
Dollars in Thousands

Revised E-1 Item 14

Line No	Description	Actual Annual Expense [A]	Lead (Lag) Days [B]	Weighted Amount [C]
Calculation of NC Retail Amount:				
1	Total Revenue Lag	\$ (3,657,503)	42.13	\$ (154,105,865)
2				
3	Operation & Maintenance Expense	\$ 2,091,224	33.30	\$ 69,630,312
4	Depreciation and Amortization	669,787	0.00	-
5	Taxes Other Than Income Taxes	102,197	132.70	13,561,920
6	Interest on Customer Deposits	7,971	137.50	1,096,011
7	Net Income Taxes	112,986	-20.60	(2,327,337)
8	ITC	(2,134)	0.00	-
9	Income for Return	675,472	27.48	18,562,554
10	Total Requirements (Sum L3:L9)	<u>\$ 3,657,503</u>	27.48	<u>\$ 100,523,460</u>
11				
12	Revenue Lag Days (L1)		42.13	
13	Requirements Lead Days (-L10)		-27.48	
14	Net Lag Days (L12 + L13)		<u>14.65</u>	
15	Daily Requirements (Line 9, Col. A divided by 365)			\$ 10,020.56
16				
17	Estimated Cash Working Capital Requirements (L14 x L15)			\$ 146,801
18	Add: Cash Working Capital Related to NC Sales Tax			4,760
19	Total Cash Working Capital Requirements (L17 + L18)			<u>\$ 151,561</u>
20				
21	Calculation of Total Company and Jurisdictional Amounts:			
22	NC Retail Factor			67.0949% [1]
23				
24	Total Company Cash Working Capital Requirements (L19 / L22)			\$ 225,890
25				

[1] NC Retail Allocation Factor - Net Book Plant

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Adjustment to Cash Working Capital - Input Worksheet
For the test period ended December 31, 2018

NC-2304CA
CCR Settlement

Line No	Description	Rate	Ratio	Weighted
1	Debt	4.04% [1]	48.00% [1]	1.9416% [2]
2	Equity	8.10% [1]	52.00% [1]	4.2120% [3]
3	Total ROR (L1 + L2)			6.1536%
4				
5	Statutory tax rate	23.1693% [4]		
6	Statutory regulatory fee percentage rate	0.1297% [5]		
7	Uncollectibles rate	0.24% [6]		

Notes:

[1] Smith Exhibit 1, Page 2

[2] Debt Rate x Debt Ratio

[3] ROE x Equity Ratio

[4] NC-0104 - 2019 Tax Rate, Line 10

[5] NC-0103 - NCUC Statutory Regulatory Fee Percentage Rate, Docket No. M-100, Sub 142

[6] NC-0105 - Development of Uncollectibles Rate

Supplemental E-1 Item 14

NC-2305CA
CCR Settlement

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Cash Working Capital for NC Retail Operations - Lead Lag Detail
For the test period ended December 31, 2018
Dollars in Thousands

Support Sch #	Line No.	Total Utility Operating Revenue and Expense Line Description	Account	System YTD Dec 2018	NC Retail Jurisdictional Amount	Lead \ Lag Days	Weighted Amount
	1	<u>OPERATING REVENUES:</u>					
	2						
	3						
Calc	4	Service Lag				15.21	A
	5	Billing Lag					
1	6	Total Retail Sales & Billing Lag		(4,156,399,663)	(3,563,165,280)	1.66	A
	7	Revenue - REPS		(24,719,022)	(24,719,022)		
	8		0440.99, 0442.19, 0442.29, 0444.99, 0445.09	13,507,473	12,096,317		
		Unbilled Revenue					
	9						
2	10	Collection Lag				25.01	A
	11						
	12	Total Revenue Lag Elec Delivery Rate Schedule (Ln 11 + 17)		(4,167,611,212)	(3,575,787,985)	41.88	(149,748,041,162)
	13						
3	14	Total Revenue Lag Sales for Resale		(1,511,358,381)	(134,915,331)	33.73	A (4,550,694,117)
	15	Provisions For Rate Refunds	0449	118,958,671	104,545,765	41.88	B 4,378,202,395
	16	Total Sales of Electricity (L12 through L14)		(5,560,010,922)	(3,606,157,551)	41.57	(149,920,532,884)
	17						
	18	<u>Other Revenues:</u>					
	19	Forfeited Discounts	0450100, 0450200	(8,582,371)	(7,663,772)	72.30	A (554,090,707)
4c	20	Miscellaneous Revenues	0451100	(6,165,627)	(5,505,700)	76.00	(418,433,189)
4d	21	RENT - (454) - DIST PLT REL		(5,124,157)	(4,465,630)	41.63	(185,904,174)
4d	22	RENT - (454) - DIST POLE RENTAL REV		(12,960,572)	(10,901,069)	182.00	(1,983,994,633)
4d	23	RENT - (454) - TRANS PLT REL		(639,579)	(381,636)	41.63	(15,887,522)
4d	24	RENT - (454) - ADD FAC - WHLS		(2,806,145)	0	0.00	-
4d	25	RENT - (454) - ADD FAC - RET X LIGHTING		(5,162,072)	(4,617,085)	41.63	(192,209,244)
4d	26	RENT - (454) - ADD FAC - LIGHTING		(4,184,534)	(3,848,777)	41.63	(160,224,580)
4d	27	RENT - (454) - OTHER		(5,086,652)	(3,412,883)	68.21	(232,798,642)
	28	OTHER ELEC REV (456) - PROD PLT REL		(1,924,556)	(1,184,137)	41.88	(49,589,686)
	29	OTHER ELEC REV (456) - TRANS REL		(10,403,096)	(6,207,517)	41.88	(259,960,449)
	30	OTHER ELEC REV (456) - GEN PLT REL		0	0	41.88	-
	31	OTHER ELEC REV (456) - WH D/A		(55,825,581)	0	41.88	-
	32	OTHER ELEC REV (456) - OTHER		(548,940)	(368,310)	41.88	(15,424,225)
	33	OTHER ELEC REV (456) - REPS		(1,114,245)	(1,114,245)	41.88	(46,662,737)
	34	OTHER ELEC REV (456) - OTHER ENERGY		0	0	41.88	-
	35	OTHER ELEC REV (456) - DIST PLT REL	0456630	(1,611,605)	(1,404,491)	41.88	(58,817,730)
	36	REV - OTHER NC RETAIL SPECIFIC		(270,645)	(270,645)	41.88	(11,334,162)
	37	Total Other Revenues (L19 through L36)		(122,410,378)	(51,345,897)	81.51	(4,185,331,681)
	38						-
	39	Utility Oper Revenues (L16 + L37)		(5,682,421,300)	(3,657,503,448)	42.13	(154,105,864,564)
	40	ELECTRIC OPERATING REVENUE		5,682,421,300	3,657,503,448		

Supplemental E-1 Item 14

NC-2305CA
CCR Settlement

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Cash Working Capital for NC Retail Operations - Lead Lag Detail
For the test period ended December 31, 2018
Dollars in Thousands

Support Sch #	Line No.	Total Utility Operating Revenue and Expense Line Description	Account	System YTD Dec 2018	NC Retail Jurisdictional Amount	Lead \ Lag Days	Weighted Amount
	41						
	42	<u>OPERATION AND MAINTENANCE EXPENSE:</u>					
	43						
5 + 6	44	<u>Fuel Used in Electric Generation</u>					
	45	OM Prod Energy - Fuel		1,410,621,869	863,120,481	28.49 A	24,588,906,214
	46	RECS Consumption Expense		18,521,748	18,521,748	28.49 A	527,654,628
	47	Fuel Used in Elec Gen (HFM Greenbook I/S)	F_FUEL_USED_ELEC_GEN	1,429,143,617	881,642,228	28.49	25,116,560,842
7	48						
7	49	OM PROD PURCHASES - CAPACITY COST		109,348,837	67,279,932	30.29 A	2,037,909,147
	50	OM PROD PURCHASES - ENERGY COST		597,919,200	365,384,360	30.29 A	11,067,492,256
	51	OM DEFERRED FUEL EXPENSE	0557980	(316,590,958)	(273,901,174)	28.49 C	(7,803,001,349)
	52	Purchased Power (Acct 555) + Def Fuel (Acct 557)	0555XXX	390,677,079	158,763,118	33.40	5,302,400,054
	53						
	54	<u>Total Other O&M Excluding Fuel and Purchased Power</u>					
9	55						
	56	Total Labor Expense		649,874,113	430,294,724	37.07 A	15,951,025,410
8	57						
	58	Pension and Benefits	0926XXX	115,350,507	76,270,687	13.97 A	1,065,501,492
10	59						
	60	Regulatory Commission Expense	0928000	8,592,296	7,037,696	93.25 A	656,265,126
11	61						
	62	Property Insurance	0924XXX	(774,442)	(525,984)	(222.30) A	116,926,247
15	63						
	64	Injuries & Damages - Workman's Compensation	0925980	290,241	197,125	0.00 A	-
	65						
	66	Uncollectible Accounts	0904000, 0904001	10,008,548	8,937,301	0.00 A	-
	67						
	68	Remaining Other Oper & Maint Expense		763,377,394	528,607,218	40.52 D	21,421,632,363
	69						
	70	Total O&M Excl. Fuel and Purch. Power		1,546,718,656	1,050,818,766	37.32	39,211,350,637
	71						
	72	Total Operation and Maintenance Expense (L47 + L52 + L70)		3,366,539,352	2,091,224,112	33.30	69,630,311,534
	73						
	74	Total Depreciation & Amortization & Property Loss		1,060,260,424	669,787,484	0.00 A	-
	75						

Supplemental E-1 Item 14

NC-2305CA
CCR Settlement

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Cash Working Capital for NC Retail Operations - Lead Lag Detail
For the test period ended December 31, 2018
Dollars in Thousands

Support Sch #	Line No.	Total Utility Operating Revenue and Expense Line Description	Account	System YTD Dec 2018	NC Retail Jurisdictional Amount	Lead \ Lag Days	Weighted Amount
	76	<u>Taxes Other Than Income Taxes</u>					
	77	Payroll Taxes		39,721,091	26,288,326	48.41	1,272,617,860
9	78	Property Tax		101,157,752	68,132,745	186.50	12,706,756,958
13	79	FED HEAVY VEHICLE USE TAX		61,024	48,458	0.00	-
	80	ELECTRIC EXCISE TAX - SC		2,222,093	0	0.00	-
	81	PRIVILEGE TAX		16,355,581	12,243,595	(11.97)	(146,555,834)
13	82	MISC TAX - NC		-6,034,064	-4,517,029	60.00	(271,021,743)
	83	MISC TAX - SC & OTHER STATES		-165	949	129.46	122,893
	84	PUC LICENSE TAX - SC		-121,100	0	0.00	-
	85	Taxes Other Than Income Taxes		153,362,212	102,197,044	132.70	13,561,920,134
16	86						
	87	Total Interest on Customer Deposits		8,642,928	7,970,989	137.50	1,096,011,021
14	88						
14	89	Federal Income Tax		(66,292,963)	(49,091,019)	44.75	(2,196,823,118)
	90	State Income Tax		(3,938,471)	(2,916,502)	44.75	(130,513,463)
	91	Income Tax - Deferred		220,852,977	164,993,723	0.00	-
	92	Net Income Taxes		150,621,543	112,986,202	(20.60)	(2,327,336,581)
	93						
	94	Investment of Tax Credit Adj Net	04114XX	(3,355,660)	(2,133,914)	0.00	-
	95						
	96	Total Utility Operating Expenses (L72 + L74 + L85 + L87 + L92 + L94)		4,736,070,798	2,982,031,917	27.48	81,960,906,108
	97						
	98	Interest Expense for Electric Operations		315,465,770	211,661,368	87.70	18,562,553,881
	99	Income for Equity Return (L100 - L198)		630,884,732	463,810,163	0.00	-
100		Net Operating Income		946,350,502	675,471,531	27.48	18,562,553,881
101							
102		Total Requirements (L96 + L100)		5,682,421,300	3,657,503,448	27.48	100,523,459,988
103							
104							
105		Cash Working Capital Related to NC Sales Tax		4,759,823	G		

Supplemental E-1 Item 14

NC-2305CA
CCR Settlement

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Cash Working Capital for NC Retail Operations - Lead Lag Detail
For the test period ended December 31, 2018
Dollars in Thousands

Support Sch #	Line No.	Total Utility Operating Revenue and Expense Line Description	Account	System YTD Dec 2018	NC Retail Jurisdictional Amount	Lead \ Lag Days	Weighted Amount
------------------	-------------	--	---------	---------------------------	---------------------------------------	-----------------------	--------------------

Tickmark Legend

- A** Lead/lag days was obtained from Lead/Lag study performed by Ernst & Young. See the Appendix in the Duke Lead Lag Report - DEP file.
- B** Revenue refund will be returned through another mechanism; number set to Revenue Lag Days to eliminate effect on Cash Working Capital.
- C** Lead/lag days for fuel is being used for this line item to facilitate elimination of this item with the adjustments to cash working capital being proposed in this rate case.
- D** Remaining O&M for 2018 includes both nuclear fees and other O&M lines from the 2017 lead/lag study. Lead/lag days reflected is the weighted average of the amounts for those line items from the 2017 study.
- E** This expense category is a new breakout for 2018. Lead/lag days was determined based on review of activity for 2018. A majority of the balance is related to a refund which was accrued in March and received in May. As such, a 60 day lag seems reasonable.
- F** See 2017 Interest Lead Days tab for calculation.
- G** Cash Working Capital Related to NC Sales Tax for 2018 was calculated on Schedule 17.

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Amortize deferred cost balance related to Asheville Combined Cycle
For the test period ended December 31, 2018

NC-3400
CCR Settlement

Detailed Narrative Explanation of Adjustment

This pro forma adjusts depreciation expense and income taxes for the amortization of deferred costs related to Asheville Combined Cycle. The Company is seeking a deferral of depreciation, property taxes, incremental O&M and return associated with the Asheville Combined Cycle from the date the plant is estimated to go into operation, December 2019, until rates are effective in September 2020.

The impact to operating income was determined as follows:

The impact to depreciation expense reflects an annual level of amortization of deferred costs related to Asheville Combined Cycle, including a return on investment. Deferred costs are being amortized over a three year period.

The impact to income taxes is determined by multiplying taxable income by the statutory tax rate.

The impact to rate base was determined as follows:

The impact to working capital is determined by including the regulatory asset balance in rate base and offsetting it with one year of amortization. In addition, the asset is offset by associated ADIT.

December Update

Updated NC-3403, NC-3404 and NC-3405 for actuals through December 2019.

Updated NC-3405 for the estimated amount to go in service through February 2020.

January Update

Updated NC-3403, NC-3404 and NC-3405 for actuals through January 2019.

Updated NC-3405 for the estimated amount to go in service through February 2020.

February Update

Updated NC-3403, NC-3404 and NC-3405 for actuals through February 2020; updated NC-3402 and NC-3403 to exclude O&M from Asheville CC deferral; NC-3406 updated to include the actual level of inventory on hand at Asheville CC when it became operational (01/31/2020)

Rebuttal

Updated NC-3406 after discussions with PS on O&M annualization methodology for new plant.

Updated NC-3403 to correct ADIT formula for March 2020.

Updated NC-3405 for Other Production Plant in service balance due to updated April forecast.

Liquidated damages were removed from the calculation as no settlement is expected near term.

Settlement

Adjusted NC-3401 to account for the Public Staff/Company settlement of the Asheville production displacement O&M and to remove Asheville deferral and associated ADIT from rate base (annuity factor method);

Added NC-3402-1 to account for the amortization calculated on the annuity factor method

Second Settlement

Reflect changes in ROE and debt rate

Second Settlement

Update PS O&M displacement adjustment in NC-3401

CCR Settlement

Update PS O&M displacement adjustment in NC-3401

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
Docket No. E-2, Sub 1219
Amortize deferred cost balance related to Asheville Combined Cycle
For the test period ended December 31, 2018
(Dollars in thousands)

NC-3400
CCR Settlement

Line No.	Description	Source	Total NC Retail				
			CCR Settlement	Second Settlement	Partial Settlement	Application	Change
1							
2	Pro Formas Impacting Income Statement Line Items						
3							
4	Electric operating revenue		\$ -	\$ -	\$ -	\$ -	\$ -
5							
6	Electric operating expenses:						
7	Operation and maintenance						
8	Fuel used in electric generation		-	-	-	-	-
9	Purchased power		-	-	-	-	-
10	Other operation and maintenance expense	NC-3401	(1,909)	(1,459)	(1,459)	6,109	(8,018)
11	Depreciation and amortization	NC-3401	8,897	8,897	8,970	13,594	(4,696)
12	General taxes		-	-	-	-	-
13	Interest on customer deposits		-	-	-	-	-
14	Income taxes	NC-3401	(1,619)	(1,723)	(1,740)	(4,565)	2,946
15	Amortization of investment tax credit		-	-	-	-	-
16							
17	Total electric operating expenses	Sum L8 through L15	5,370	5,715	5,771	15,138	(9,768)
18							
19	Operating income	L4 - L17	\$ (5,370)	\$ (5,715)	\$ (5,771)	\$ (15,138)	\$ 9,768
20							
21	Notes:						
22	Revenue: positive number increases revenue / negative number decreases revenue						
23	Expense: positive number increases expense / negative number decreases expense						
24							
25							
26	Pro Formas Impacting Rate Base Line Items						
27							
28	Electric plant in service		\$ -	\$ -	\$ -	\$ -	\$ -
29	Accumulated depreciation and amortization		-	-	-	-	-
30	Electric plant in service, net	Sum L28 through L29	-	-	-	-	-
31							
32	Add:						
33	Materials and supplies	NC-3401	3,488	3,488	3,488	3,735	(248)
34	Working capital investment	NC-3401	-	-	-	27,188	(27,188)
35							
36							
37	Less:						
38	Accumulated deferred taxes	NC-3401	-	-	-	(6,299)	6,299
39	Operating reserves		-	-	-	-	-
40							
41							
42	Construction work in progress		-	-	-	-	-
43							
44	Total impact to rate base	Sum L30 through L42	\$ 3,488	\$ 3,488	\$ 3,488	\$ 24,624	\$ (21,136)
45							
46	Note:						
47	Rate Base: positive number increases rate base / negative number decreases rate base						

Smith CCR Settlement Exhibit 1

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NC-3401
CCR Settlement

Line No.	Description	Total NC Retail
1	<u>Impact to Income Statement Line Items</u>	
2	Average Annual Combined Cycle O&M	\$ 2,613 [1]
3	Production displacement adjustment per Public Staff	(4,522)
4	Impact to O&M (L2)	<u>\$ (1,909)</u>
5		
6	Annual levelized amortization expense	\$ 8,897 [2]
7	Impact to depreciation and amortization (L6)	<u>\$ 8,897</u>
8		
9	Statutory tax rate	23.1693% [3]
10	Impact to income taxes $-(L4 + L7) \times L9$	<u>\$ (1,619)</u>
11		
12	Impact to operating income $-(L4 - L7 - L10)$	<u><u>\$ (5,370)</u></u>
13		
14		
15	<u>Impact to Rate Base Line Items</u>	
16	Estimated level of inventory at Asheville CC at operational date	\$ 3,488 [1]
17	Impact to materials and supplies (L16)	<u>\$ 3,488</u>
18		
19	Regulatory asset at Sep 1, 2020 (L6)	\$ -
20	Less first year of amortization $-(L7)$	<u>-</u>
21	Impact to working capital investment $(\text{Sum } L19 \text{ through } L20)$	<u>\$ -</u>
22		
23	Deferred tax rate	23.1693% [3]
24	Impact to accumulated deferred income tax $-(L21 \times L23)$	<u>\$ -</u>
25		
26	Impact to rate base $(L17 + L21 + L24)$	<u><u>\$ 3,488</u></u>

[1] NC-3406 Asheville Combined Cycle - Average O&M and Inventory Balances

[2] NC-3402-1 Asheville Combined Cycle Amortization Expense

[3] NC-0104 - 2019 Calculation of Tax Rates - Statutory Tax Rate, Line 10

Smith CCR Settlement Exhibit 1

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NC-3402
CCR Settlement

Expected Balance of Deferred Costs at September 1, 2020 - Asheville Combined Cycle - NC Retail

Line No.	Description	Other Production [1]	Transmission [2]	Total NC Retail
1	Deferred Cost of Capital	\$ 16,335	\$ 475	\$ 16,809 [1]
2	Deferred Depreciation	11,062	94	11,156 [1]
3	Deferred O&M Expense	1,770	-	1,770 [1]
4	Deferred Property Tax Expense	1,040	20	1,060 [1]
5	After-Tax Return on Deferred Expenses	668	16	684 [1]
6	Total expected deferral balance in Regulatory Asset (Sum L1 through L5)	<u>\$ 30,874</u>	<u>\$ 605</u>	<u>\$ 31,479</u>

[1] NC-3403 - Asheville Combined Cycle Deferral Calculation -Defer From In Service Date to Rates Effective Date - Other
Production - NC Retail, Line 13

[2] NC-3404 - Asheville Combined Cycle Deferral Calculation -Defer From In Service Date to Rates Effective Date - Transmission -
NC Retail, Line 13

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
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Amortize deferred cost balance related to Asheville Combined Cycle
For the test period ended December 31, 2018

NC-3402-1
CCR Settlement

Asheville Combined Cycle Amortization Expense

Line No.	Item	Amount
<u>Annuity Factor</u>		
1	Amortization period recommended by Public Staff in years	4
2	Payment per period	1
3	After tax rate of return (L18)	6.48%
4	Present value of 1 dollar over number of years with 1 payment per year	3.4270
5	1 plus (interest rate divided by two)	<u>1.0324</u>
6	Annuity factor (L4 x L5)	<u>3.5380</u>
7	Deferred costs	\$ 31,479 1/
8	Annuity factor (L6)	<u>3.5380</u>
9	Annual levelized amortization expense (L7 / L8)	<u><u>\$8,897</u></u>

	Capital Structure	2/	Cost Rates	2/	Overall Rate of Return	Net of Tax Rate
	(a)		(b)		(c)	(d)
<u>After Tax Rate of Return</u>						
12	Long-term debt		48.00%		1.94%	1.49%
13	Common equity		<u>52.00%</u>		<u>4.99%</u>	<u>4.99%</u>
14	Total		<u><u>100.00%</u></u>		<u><u>6.93%</u></u>	<u><u>6.48%</u></u>

1 NC-3402 - Expected Balance of Deferred Costs at 9/1/2020 - Asheville CC - NC Retail

2 Smith Settlement Exhibit 1 - Page 2

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
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Amortize deferred cost balance related to Asheville Combined Cycle
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NC-3403
CCR Settlement

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Asheville Combined Cycle Deferral Calculation -Defer From In Service Date to Rates Effective Date - Other Production - NC Retail

Line No.	Description	Plant Bal [1]	ADIT Bal [2]	Average Inventory Bal [3]	Accumulated Depreciation	Remove CWIP in Rate Base [4]	Rate Base	Deferred Cost of Capital			Deferred Depreciation			Deferred O&M Expense [5]		
								2019	2020	Total	2019	2020	Total	2019	2020	Total
1																
2	Plant in Service Dec 2019 costs (U1 12/27/19)	302,260	(28,013)	3,488	-	(102,930)	174,805	162		162	-		-	28		28
3	Jan 2020 costs	347,271	(32,184)	3,488	(1,035)	(102,930)	214,610		1,546	1,546		1,035	1,035		218	218
4	Feb 2020 costs	347,271	(32,184)	3,488	(2,223)	(102,930)	213,421		1,537	1,537		1,189	1,189		218	218
5	Mar 2020 costs	347,271	(32,184)	3,488	(3,412)	(102,930)	212,233		1,529	1,529		1,189	1,189		218	218
6	Apr 2020 costs	471,960	(43,740)	3,488	(4,600)	(102,930)	324,177		2,335	2,335		1,189	1,189		218	218
7	May 2020 costs	471,960	(43,740)	3,488	(6,216)	(102,930)	322,561		2,324	2,324		1,615	1,615		218	218
8	Jun 2020 costs	471,960	(43,740)	3,488	(7,831)	(102,930)	320,946		2,312	2,312		1,615	1,615		218	218
9	Jul 2020 costs	471,960	(43,740)	3,488	(9,446)	(102,930)	319,331		2,300	2,300		1,615	1,615		218	218
10	Aug 2020 costs	471,960	(43,740)	3,488	(11,062)	(102,930)	317,715		2,289	2,289		1,615	1,615		218	218
11																
12	Total Costs Through Aug 31,2020							162	16,172	16,335	-	11,062	11,062	28	1,742	1,770
13																
14																
15	<u>Cost of Capital [8]:</u>							After-Tax Equity	Tax Rate	Pre-Tax Equity						
16	Assumed Capital Structure:															
17	Long-Term Debt							48.00%								
18	Common Equity							52.00%								
19																
20	Cost Rates:															
21	Long-Term Debt							4.05%		4.0500%						
22	Common Equity							9.90%	23.1693%	12.8855%						
23								13.95%		16.9355%						
24	Cost Components:															
25	Long-Term Debt							1.9440%		1.9440%		22.4884%				
26	Common Equity							5.1480%	23.1693%	6.7004%		77.5116%				
27	Rate							7.0920%		8.6444%		100.0000%				
28																
29	<u>Depreciation Rates:</u>															
30	Book depreciation rate - Other Production - Asheville CC							4.11%	[10]							
31	Average Property Tax Rate							0.3626%	[9]							
32	Deferred tax rate								23.1693%	[7]						

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
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NC-3403
CCR Settlement

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Asheville Combined Cycle Deferral Calculation -Defer From In Service Date to Rates Effective Date - Other Production - NC Retail

Line No.	Description	Deferred Property Tax Expense [6]			After-Tax Return on Deferred Expenses			Deferred Total		
		2019	2020	Total	2019	2020	Total	2019	2020	Total
1										
2	Plant in Service Dec 2019 costs (U1 12/27)	12		12	0		0	202		202
3	Jan 2020 costs		105	105		10	10		2,913	2,913
4	Feb 2020 costs		105	105		27	27		3,076	3,076
5	Mar 2020 costs		105	105		46	46		3,086	3,086
6	Apr 2020 costs		143	143		66	66		3,951	3,951
7	May 2020 costs		143	143		91	91		4,390	4,390
8	Jun 2020 costs		143	143		117	117		4,404	4,404
9	Jul 2020 costs		143	143		143	143		4,419	4,419
10	Aug 2020 costs		143	143		169	169		4,433	4,433
11										
12	Total Costs Through Aug 31,2020	12	1,028	1,040	0	668	668	202	30,672	30,874
13										
14										
15	Cost of Capital [8]:									
16	Assumed Capital Structure:									
17	Long-Term Debt									
18	Common Equity									
19										
20	Cost Rates:									
21	Long-Term Debt									
22	Common Equity									
23										
24	Cost Components:									
25	Long-Term Debt									
26	Common Equity									
27	Rate									
28										
29	Depreciation Rates:									
30	Book depreciation rate - Other Production - Asheville CC									
31	Average Property Tax Rate									
32	Deferred tax rate									

- [1] NC-3405 - Asheville Combined Cycle - Plant in Service - Costs by Month
[2] Other Production additions that qualify for bonus depreciation multiplied by 40% and then the deferred tax rate on Line 32
[3] NC-3406 - Asheville Combined Cycle - Average O&M and Inventory Balances, Line 13
[4] NC-1011 - Adjust for Asheville base load CWIP - Docket No. E-2, Sub 1142
[5] O&M during the deferral period was removed from the calculation for February supplemental filing.
[6] Plant Balance column divided by 12 months multiplied by Line 31.
[7] NC-0104 - 2019 Calculation of Tax Rates - Statutory Tax Rate, Line 10
[8] Cost of capital rates from Docket No. E-2, Sub 1142
[9] NC-0901 - Annualize property taxes on year end plant balances - Average property tax rate-Combined NC and SC
[10] Asheville CC composite depreciation rate provided by Asset Accounting
[11] Adjusted to reflect a rates effective date of Sep 1, 2020

Smith CCR Settlement Exhibit 1

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Amortize deferred cost balance related to Asheville Combined Cycle
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(Dollars in thousands)

NC-3404
CCR Settlement

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Asheville Combined Cycle Deferral Calculation -Defer From In Service Date to Rates Effective Date - Transmission - NC Retail

Line No.	Description	Plant Bal [1]	ADIT Bal [2]	Average Inventory Bal [3]	Accumulated Depreciation	Remove CWIP in Rate Base	Rate Base	Deferred Cost of Capital			Deferred Depreciation			Deferred O&M Expense [4]		
								2019	2020	Total	2019	2020	Total	2019	2020	Total
1																
2	Plant in Service Dec 2019 costs	7,422	(67)	-	-	-	7,354	53		53			-	-	-	-
3	Jan 2020 costs	7,431	(67)	-	(12)	-	7,351		53	53		12	12	-	-	-
4	Feb 2020 costs	7,436	(67)	-	(24)	-	7,345		53	53		12	12	-	-	-
5	Mar 2020 costs	7,436	(67)	-	(35)	-	7,333		53	53		12	12	-	-	-
6	Apr 2020 costs	7,436	(67)	-	(47)	-	7,322		53	53		12	12	-	-	-
7	May 2020 costs	7,436	(67)	-	(59)	-	7,310		53	53		12	12	-	-	-
8	Jun 2020 costs	7,436	(67)	-	(71)	-	7,298		53	53		12	12	-	-	-
9	Jul 2020 costs	7,436	(67)	-	(82)	-	7,286		52	52		12	12	-	-	-
10	Aug 2020 costs	7,436	(67)	-	(94)	-	7,275		52	52		12	12	-	-	-
11																
12	Total Costs Through Aug 31,2020							53	422	475	-	94	94	-	-	-
13																
14								After-Tax Equity	Tax Rate	Pre-Tax Equity						
15	Cost of Capital [7]:															
16	Assumed Capital Structure:															
17	Long-Term Debt							48.00%								
18	Common Equity							52.00%								
19																
20	Cost Rates:															
21	Long-Term Debt							4.05%		4.0500%						
22	Common Equity							9.90%	23.1693%	12.8855%						
23								13.95%		16.9355%						
24	Cost Components:															
25	Long-Term Debt							1.9440%		1.9440%	22.4884%					
26	Common Equity							5.1480%	23.1693%	6.7004%	77.5116%					
27	Rate							7.0920%		8.6444%	100.0000%					
28																
29	Depreciation Rates:															
30	Book depreciation rate - Transmission							1.90%	[9]							
31	Average Property Tax Rate							0.3626%	[8]							
32	Deferred tax rate								23.1693%	[6]						

Smith CCR Settlement Exhibit 1

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NC-3404
CCR Settlement

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Asheville Combined Cycle Deferral Calculation -Defer From In Service Date to Rates Effective Date - Transmission - NC Retail

Line No.	Description	Deferred Property Tax Expense [5]			After-Tax Return on Deferred Expenses			Deferred Total		
		2019	2020	Total	2019	2020	Total	2019	2020	Total
1										
2	Plant in Service Dec 2019 costs	2		2	0		0	55		55
3	Jan 2020 costs		2	2		1	1		67	67
4	Feb 2020 costs		2	2		1	1		68	68
5	Mar 2020 costs		2	2		1	1		68	68
6	Apr 2020 costs		2	2		2	2		68	68
7	May 2020 costs		2	2		2	2		69	69
8	Jun 2020 costs		2	2		3	3		69	69
9	Jul 2020 costs		2	2		3	3		69	69
10	Aug 2020 costs		2	2		3	3		70	70
11										
12	Total Costs Through Aug 31, 2020	2	18	20	0	15	16	55	549	605
13										
14										
15	Cost of Capital [7]:									
16	Assumed Capital Structure:									
17	Long-Term Debt									
18	Common Equity									
19										
20	Cost Rates:									
21	Long-Term Debt									
22	Common Equity									
23										
24	Cost Components:									
25	Long-Term Debt									
26	Common Equity									
27	Rate									
28										
29	Depreciation Rates:									
30	Book depreciation rate - Transmission									
31	Average Property Tax Rate									
32	Deferred tax rate									

[1] NC-3405 - Asheville Combined Cycle - Plant in Service - Costs by Month

[2] Transmission additions that qualify for bonus depreciation multiplied by 40% and then the deferred tax rate on Line 32

[3] Not estimating incremental inventory for the transmission additions.

[4] Not estimating incremental O&M for the transmission additions.

[5] Plant Balance column divided by 12 months multiplied by Line 31.

[6] NC-0104 - 2019 Calculation of Tax Rates - Statutory Tax Rate, Line 10

[7] Cost of capital rates from Docket No. E-2, Sub 1142

[8] NC-0901 - Annualize property taxes on year end plant balances - Average property tax rate-Combined NC and SC

[9] NC-0802 - Adjustment of Depreciation Expense to Reflect Plant in Service for 12 Months Ended December 31, 2018, Transmission Other depr rate

[10] Adjusted to reflect a rates effective date of Sep 1, 2020

Smith CCR Settlement Exhibit 1

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For the test period ended December 31, 2018
(Dollars in thousands)

NC-3405
CCR Settlement

Asheville Combined Cycle - Plant in Service - Costs by Month

Line No.	Year	Month	System Other Production	System Transmission	NC Retail Allocation	NC Retail Allocation	NC Retail Other Production	NC Retail Transmission
1								
2	2019	12	491,258 [1]	12,438 [1]	61.5278% [2]	59.6699% [3]	302,260	7,422
3	2020	1	564,413 [1]	12,453 [1]	61.5278% [2]	59.6699% [3]	347,271	7,431
4	2020	2	564,413 [1]	12,462 [1]	61.5278% [2]	59.6699% [3]	347,271	7,436
5	2020	3	564,413 [1]	12,462 [4]	61.5278% [2]	59.6699% [3]	347,271	7,436
6	2020	4	767,067 [4][5]	12,462 [4]	61.5278% [2]	59.6699% [3]	471,960	7,436
7	2020	5	767,067 [4]	12,462 [4]	61.5278% [2]	59.6699% [3]	471,960	7,436
8	2020	6	767,067 [4]	12,462 [4]	61.5278% [2]	59.6699% [3]	471,960	7,436
9	2020	7	767,067 [4]	12,462 [4]	61.5278% [2]	59.6699% [3]	471,960	7,436
10	2020	8	767,067 [4]	12,462 [4]	61.5278% [2]	59.6699% [3]	471,960	7,436
11	Total Project Cost		<u>\$ 767,067</u>	<u>\$ 12,462</u>			<u>\$ 471,960</u>	<u>\$ 7,436</u>

[1] Estimated amounts provided by Asheville Combined Cycle Project Management

[2] NC Retail Allocation Factor - DPALL

[3] NC Retail Allocation Factor - DTALL

[4] Forecasted amount updated as of rebuttal is based on actual amounts in service through March 31, 2020 and the expected plant impacts of \$202,654 estimated to close to plant in service in April 2020 after Unit 8 was placed in operation on April 5, 2020. The amounts no longer include the offset of liquidated damages due to lack of settlement or recovery of those dollars.

[5] Adjusted the Asheville CC project costs to exclude approximately \$208,000 of Task Force consulting expenses noted in PS DR 125-5 from rate base.

Smith CCR Settlement Exhibit 1

Duke Energy Progress, LLC
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Amortize deferred cost balance related to Asheville Combined Cycle
For the test period ended December 31, 2018

NC-3406
CCR Settlement

Asheville Combined Cycle - Average O&M and Inventory Balances

Line No.	Account	2017 HF Lee CC	2018 HF Lee CC	2019 HF Lee CC	2017 Sutton CC	2018 Sutton CC	2019 Sutton CC	2019 WS Lee CC	Total	Asheville CC Estimated O&M [1]	NC Retail Allocation	Total NC Retail
1	0546000 - Suprvsn and Enginring - Ct Oper	\$ 92,198	\$ 100,617	\$ 100,007	\$ 232,804	\$ 179,490	\$ 110,939	\$ 457,215	\$ 1,273,270	\$ 141,527	61.5278%	[2] \$ 87,078
2	0548100 - Generation Expenses - Other Ct	119,879	116,758	132,531	148,997	153,474	173,147	61,930	906,716	100,783	61.5278%	[2] 62,010
3	0548200 - Prime Movers - Generators - Ct	65,911	99,916	10,918	502	11,945	(5,327)	103,633	287,498	31,956	61.5278%	[2] 19,662
4	0549000 - Misc - Power Generation Expense	1,381,785	1,743,750	1,317,717	1,315,850	1,015,091	886,985	1,937,135	9,598,313	1,066,872	61.5278%	[2] 656,423
5	0551000 - Suprvsn and Enginring - Ct Maint	177,498	184,128	116,985	230,797	165,793	132,238	180,865	1,188,304	132,082	61.1093%	[3] 80,715
6	0552000 - Maintenance of Structures - Ct	1,547,782	906,408	1,376,132	935,485	1,046,433	1,044,128	1,586,405	8,442,773	938,431	61.1093%	[3] 573,469
7	0553000 - Maint - Gentg and Elect Equip - Ct	1,388,188	1,451,269	1,728,401	1,075,199	888,315	1,130,820	2,184,052	9,846,244	1,094,430	61.1093%	[3] 668,799
8	0554000 - Misc Power Generation Plant - Ct	713,674	917,999	566,782	861,489	845,555	1,080,399	1,850,331	6,836,229	759,861	61.1093%	[3] 464,346
9	0570100 - Maint Stat Equip - Other_Trans	-	1,136	-	-	-	-	5,860	6,996	778	59.6699%	[4] 464
10	Total O&M	\$ 5,486,914	\$ 5,521,982	\$ 5,349,473	\$ 4,801,124	\$ 4,306,096	\$ 4,553,328	\$ 8,367,427	\$ 38,386,344	\$ 4,266,720		\$ 2,612,965
11												
12	MW Capacity (Per Duke Energy website)	920	920	920	625	625	625	750		588		
13												
14	Dollars per MW Capacity	\$5,964	\$6,002	\$5,815	\$7,682	\$6,890	\$7,285	\$11,157		\$4,266,720		
15	Average per MW capacity							\$7,256				
16												
17												
18	Actual level of inventory for Asheville CC at the time the plant becomes operational (01/31/2020)								\$5,135,089 [5]		67.9178% [6]	\$ 3,487,639

[1] Direct Operation and Maintenance expenses, excluding outage costs, provided by Regulated Utility Finance

[2] NC Retail Allocation Factor - DPALL

[3] NC Retail Allocation Factor - E1ALL

[4] NC Retail Allocation Factor - DTALL

[5] Estimated Inventory level provided by Supply Chain/Asset Accounting

[6] NC Retail Allocation Factor - PTDG

[7] Per www.duke-energy.com

DUKE ENERGY PROGRESS, LLC
SUMMARY OF PROPOSED REVENUE ADJUSTMENTS
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 2
CCR Settlement
TOTAL

Line No.	Description	NC RETAIL	Reference
1	Additional base revenue requirement	\$ 343,687	Smith CCR Settlement Exhibit 1
2	REVISED Annual EDIT Rider 1	7,381	Smith Direct Exhibit 3
3	Annual EDIT Rider 2 - Year 1 giveback	(142,018)	Smith CCR Settlement Exhibit 4
4	Regulatory Asset and Liability Rider	<u>(2,091)</u>	Smith Direct Exhibit 5
5	Subtotal	(136,728)	Sum L3 - L17
6	Net Revenue Increase	<u><u>\$ 206,959</u></u>	

DUKE ENERGY PROGRESS, LLC
Reconciliation of Revenue Requirement
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 3
CCR Settlement
TOTAL

Line No.	Item	Amount	
1	Revenue requirement increase per Company application	585,961	
2	Revenue impact of Company adjustments through Second Settlement	(177,029)	
3	Revenue requirement increase per Company - Second Partial Settlement	<u>\$ 408,933</u>	
4			
5	Updated Proformas:		
6	NC0300 Weather normalization	(166)	Audit
7	NC0400 Annualize revenues for customer growth	(2,716)	Audit
8	NC1000 Adjust for post year test additions	(330)	Audit
9	NC1100 Adjust deferred environmental - Remove CCR ARO	(112,852)	CCR Settlement
10	NC1200 Annualize O&M non-labor expense	(45)	Audit
11	NC1400 Update benefit costs	3,091	Audit
12	NC2200 Adjust synchronized interest expense	1,602	Both
13	NC2300 Adjust cash working capital under present rates	232	Both
14	NC2300 Adjust cash working capital under proposed rates	(1,213)	Both
15	NC3400 Amortize deferred balance Asheville Combined Cycle	(451)	Audit
	Total Excluding ARO CCR	<u>296,086</u>	
16	NC1100CA Adjust deferred environmental - CCR ARO	47,924	CCR Settlement
17	NC2200CA Adjust synchronized interest expense, ARO	(692)	CCR Settlement
18	NC2300CA Adjust cash working capital under proposed rates	370	CCR Settlement
	Total ARO CCR	<u>\$ 47,601</u>	
19			
20	Revenue Requirement per Smith Exhibit 1 CCR Settlement	<u><u>\$ 343,687</u></u>	
21			
22		-	

Duke Energy Progress, LLC
DOCKET E-2 Sub 1219
North Carolina Retail Operations
Smith CCR Settlement Exhibit 4
CALCULATION OF LEVELIZED FEDERAL PROVISIONAL EDIT RIDER CREDIT
For the Test Year Ended December 31, 2018
(in Thousands)

Line No.	Item	Year 1 Revenue Requirement (a)	Year 2 Revenue Requirement (b)	Year 3 Revenue Requirement (b)	Year 4 Revenue Requirement (b)	Year 5 Revenue Requirement (b)	Total Revenue Requirement (c)
1	Annual EDIT used to offset interim rates	(211,591) ^{5/}					
2	Monthly EDIT used to offset interim rates	(17,633)					
3	Estimated number of months of interim rates to compliance rates per NCUC Order	7.0 ^{5/}					
4	EDIT used to offset interim rates	(123,428)					
5	Return component	(20,351)					
6	Amortization component	(103,077)					
7	Preliminary NC retail Unprotected Federal EDIT regulatory liability	(403,750) ^{1/}					
8	Reduction for amount flowed back during Interim Rate period (L6)	(103,077)					
9	Total NC retail Unprotected Federal EDIT regulatory liability to be amortized (L7 - L8)	(300,674)	(300,674) ^{1/}	(300,674) ^{1/}	(300,674) ^{1/}	(300,674) ^{1/}	
10	Annuity factor	<u>4.2922 ^{2/}</u>	<u>4.2922 ^{2/}</u>	<u>4.2922 ^{2/}</u>	<u>4.2922 ^{2/}</u>	<u>4.2922 ^{2/}</u>	
11	Levelized rider EDIT regulatory liability (L9 / L10)	(70,051)	(70,051)	(70,051)	(70,051)	(70,051)	(\$350,255)
12	One minus composite income tax rate	<u>76.8307% ^{3/}</u>	<u>76.8307% ^{3/}</u>	<u>76.8307% ^{3/}</u>	<u>76.8307% ^{3/}</u>	<u>76.8307% ^{3/}</u>	76.8307%
13	Net operating income effect (L11 x L12)	(53,821)	(53,821)	(53,821)	(53,821)	(53,821)	(269,105)
14	Retention factor	<u>0.765471 ^{4/}</u>	<u>0.765471 ^{4/}</u>	<u>0.765471 ^{4/}</u>	<u>0.765471 ^{4/}</u>	<u>0.765471 ^{4/}</u>	0.765471
15	Levelized rider EDIT credit (L13 / L14)	<u>(\$70,311)</u>	<u>(\$70,311)</u>	<u>(\$70,311)</u>	<u>(\$70,311)</u>	<u>(\$70,311)</u>	<u>(\$351,555)</u>
16	Total NC retail NC State EDIT and Deferred Revenue regulatory liability to be amortized	\$ (134,312) ^{1/}	(\$134,312) ^{1/}				
17	Annuity factor	<u>1.8800 ^{2/}</u>	<u>1.8800 ^{2/}</u>				
18	Levelized rider EDIT regulatory liability (L16 / L17)	(71,443)	(71,443)				(\$142,886)
19	One minus composite income tax rate	<u>76.8307% ^{3/}</u>	<u>76.8307% ^{3/}</u>				76.8307%
20	Net operating income effect (L18 x L19)	(54,890)	(54,890)				(\$109,780)
21	Retention factor	<u>0.765471 ^{4/}</u>	<u>0.765471 ^{4/}</u>				0.765471
22	Levelized rider EDIT credit (L20 / L21)	<u>(\$71,707)</u>	<u>(\$71,707)</u>				<u>(\$143,415)</u>

- 1/ Dorgan Supplemental Exhibit 1, Sch 2-1(b), Federal EDIT amounts from Line 2, NC EDIT and Deferred Revenue balances are from Lines 3 + 4.
2/ Calculation of Levelized Factors, Line 6.
3/ One minus composite income tax rate of 23.1693%.
4/ Maness Stipulation Exhibit 1, Schedule 1-2, Line 14, Column (d).
5/ Will be trued up with actual months of interim rates and approved offset amount if different in compliance filing

**Duke Energy Progress, LLC
DOCKET E-2 Sub 1219
NORTH CAROLINA RETAIL
Smith CCR Settlement Exhibit 4
Calculation of Levelized Factors**

Line No.	Item	Amount	Amount
	<u>Annuity Factor</u>		
1	Number of years	5 ^{1/}	2 ^{2/}
2	Payment per period	1	1
3	After tax rate of return (L9)	6.484%	6.484%
4	Present value of 1 dollar over number of years with with 1 payment per year	4.1575	1.8210
5	1 plus (interest rate divided by two)	1.0324	1.0324
6	Annuity factor (L4 x L5)	<u>4.2922</u>	<u>1.8800</u>

	Capital Structure (a)	Cost Rates (b)	Overall Rate of Return ^{4/} (c)	Net of Tax Rate (d)
	<u>After Tax Rate of Return</u>			
7	Long-term debt 48.00% ^{3/}	4.045% ^{3/}	1.942%	1.492% ^{5/}
8	Common equity 52.00% ^{3/}	9.600% ^{3/}	4.992%	4.992% ^{6/}
9	Total <u>100.00%</u>		<u>6.934%</u>	<u>6.484%</u>
10	Statutory Tax Rate			23.17%

- 1/ Unprotected EDIT amortization period as per settlement.
2/ NC EDIT and Deferred Revenue amortization period per settlement
3/ Smith Second Settlement Exhibit 1
4/ Column (a) times Column (b).
5/ Column (c) times (1 minus combined income tax rate of 23.1693%).
6/ Amount from Column (c).

CERTIFICATE OF SERVICE

DOCKET NO. E-2, SUB 1219

DOCKET NO. E-2, SUB 1193

I hereby certify that a copy of the foregoing **DUKE ENERGY PROGRESS, LLC'S CCR SETTLEMENT TESTIMONY OF STEPHEN G. DE MAY AND CCR SETTLEMENT TESTIMONY AND EXHIBITS OF KIM H. SMITH** were served electronically or by depositing a copy in United States Mail, first class postage prepaid, properly addressed to the parties of record.

This the 29th day of January 2021.

/s/ Camal O. Robinson

Camal O. Robinson

Assistant General Counsel

Duke Energy Corporation

550 South Tryon Street

Charlotte, North Carolina 28202

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