



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

September 9, 2020

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

Re: Request for Clarification - Late-Filed Exhibits
Docket Nos. E-7, Sub 1213; E-7, Sub 1214; E-7, Sub 1187;
E-2, Sub 1219; and E-2, Sub 1193

Dear Ms. Campbell:

During the separate Duke Energy Carolinas, LLC's (DEC or Company) specific hearing held on September 3, 2020, in the above-referenced dockets, Commissioner Kimberly Duffley requested schedules showing the impact on the Company and the Public Staff's proposed revenue requirement amount that reflect an offset of unprotected EDIT and coal ash costs. Additionally, Commissioner Daniel Clodfelter requested that the Company and the Public Staff provide a schedule reflecting the revenue requirement impact if EDIT were used to offset the Company's calculation of accelerated depreciation associated with the retirement of coal ash plants, based on the Company's requested amount.

In order to ensure the provision of exhibits that accurately reflect the information requested by the Commission, the Public Staff and the Company respectfully attach questions intended to clarify exactly what assumptions should be included in our respective analyses. The Public Staff and the Company jointly recommend a call with commission staff to discuss the aforementioned questions at a date and time convenient to commission staff.

By copy of this letter, we are serving all parties of record.

Sincerely,

/s/ Camal O. Robinson
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/s/ Gina C. Holt
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Enclosure

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EDIT vs CCR (Commissioner Duffley):

- A1. For purposes of the exhibit(s), include in the offset (a) unprotected Federal EDIT only, (b) both State EDIT and unprotected Federal EDIT, or (c) unprotected Federal EDIT, deferred revenues, and State EDIT.
- A2. CCR amortization period for baseline scenario:
 - a. Company position.
 - b. Public Staff position.
 - c. Other, as defined by the Commission.
- A3. CCR amortization period for alternate scenario:
 - a. Company position.
 - b. Public Staff position.
 - c. Other, as defined by the Commission.
- A4. Rate of return on deferred CCR costs (after effective date of rates) for baseline scenario:
 - a. Return allowed (Company position).
 - b. Return not allowed (Public Staff position).
- A5. Rate of return on deferred CCR costs (after effective date of rates) for alternate scenario:
 - a. Return allowed (Company position).
 - b. Return not allowed (Public Staff position).
- A6. EDIT ratemaking treatment for alternate scenario:
 - a. Maintained as separate levelized rider(s) (as stipulated to by the Company and the Public Staff) over the amortization period chosen for CCR costs, per #A3 above).
 - b. Treated as a non-levelized component of base rates (with corresponding rate base impact), to be amortized over the amortization period chosen for CCR costs, per #A3 above.¹
 - c. Other, as defined by the Commission.

EDIT vs Early Retirement (Commissioner Clodfelter):

- B1. For purposes of the exhibit(s), include in the offset (a) unprotected Federal EDIT only, (b) both State EDIT and unprotected Federal EDIT, or (c) deferred revenues, unprotected Federal EDIT, and State EDIT.

¹ Please note that under the standard Public Staff Schedule 1 approach, only the first year impact will be shown, unless the Commission requests otherwise.

- B2. For baseline scenario, depreciation/amortization of remaining costs of plants planned to be retired early:
- a. Company position.
 - b. Public Staff position.
 - c. Other, as defined by the Commission.
- B3. For alternate scenario, depreciation/amortization of remaining costs of plants planned to be retired early:
- a. Company position.
 - b. Public Staff position.
 - c. Other, as defined by the Commission.
- B4. EDIT ratemaking treatment for alternate scenario:
- a. Maintained as separate levelized rider(s) (as stipulated to by the Company and the Public Staff) over the depreciation/amortization period chosen for costs, per #B3 above).
 - b. Treated as a non-levelized component of base rates (with corresponding rate base impact), to be amortized over the depreciation/amortization period chosen for costs, per #B3 above.²
 - c. Other, as defined by the Commission.
- B5. EDIT offset for alternate scenario:
- a. Offset the associated increase in depreciation expense for the 5 years that EDIT is amortized.
 - b. Offset the full impact, which is more than 5 years, to the EDIT balance.

² Please note that under the standard Public Staff Schedule 1 approach, only the first year impact will be shown, unless the Commission requests otherwise.