

**Molly McIntosh Jagannathan**  
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December 4, 2020

**VIA ELECTRONIC FILING**

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

RE: Duke Energy Progress, LLC Corrected Exhibit 1 to the Second Settlement  
Testimony and Exhibits of Witness Kim H. Smith  
Docket No. E-2, Sub 1219, Docket No. E-2, Sub 1193

Dear Ms. Campbell:

On behalf of Duke Energy Progress, LLC, enclosed for electronic filing is the *Corrected Exhibit 1 to the Second Settlement Testimony and Exhibits of Witness Kim H. Smith*.

While collaborating with the Public Staff to draft the Joint Proposed Order being filed today, the Company discovered that on July 31, 2020, the Company had inadvertently filed the incorrect version of page 2 to Smith Exhibit 1, Second Settlement. Ms. Smith's Second Settlement Testimony and the other exhibits to her Second Settlement Testimony were not impacted and are correct as filed.

Smith Exhibit 1, Second Settlement CORRECTED contains corrected values (applicable only to page 2), which now correctly correspond to the values on Smith Exhibit 2, Second Settlement. The values in the Joint Proposed Order cite to Smith Exhibit 2, Second Settlement, which was correct as previously filed on July 31, 2020. The Company and the Public Staff have discussed the correction to Smith Exhibit 1, Second Settlement and the Company has provided the Public Staff with the corrected file and workpapers.

Please do not hesitate to contact me should you have any questions. Thank you for your assistance in this matter.

Sincerely,

/s/ Molly McIntosh Jagannathan

Molly McIntosh Jagannathan

Enclosures  
c: Parties of record

**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  
Second Settlement  
CORRECTED

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	\$ (302,701)	\$ 3,354,802	\$ 408,933	\$ 3,763,735
	Electric operating expenses:						
	Operation and maintenance:						
2	Fuel used in electric generation	1,429,144	881,642	(33,473)	848,169		848,169
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	(187,359)	863,460	1,510	864,970
5	Depreciation and amortization	1,060,260	669,787	236,153	905,941		905,941
6	General taxes	153,362	102,197	2,381	104,578		104,578
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	(49,656)	63,330	94,163	157,494
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	(65,946)	2,916,085	95,673	3,011,759
12	Operating income	\$ 946,351	\$ 675,472	\$ (236,755)	\$ 438,717	\$ 313,259	\$ 751,976
13	Original cost rate base	\$ 14,580,739	\$ 9,859,050	\$ 934,441 (d)	\$ 10,793,491	\$ 51,938 (f)	\$ 10,845,429
14	Rate of return on North Carolina retail rate base		6.85%		4.06%		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**  
**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  
Second Settlement  
CORRECTED

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%	\$ 5,180,876	4.04%	\$ 209,564	\$ 5,205,806	4.04%	\$ 210,572
2	Members' equity	(a) 8,717,931	52.00%	5,612,616	4.08%	229,153	5,639,623	9.60%	541,404
3	Total	<u>\$ 16,826,122</u>	<u>100.00%</u>	<u>\$ 10,793,491</u> (b)		<u>\$ 438,717</u> (c)	<u>\$ 10,845,429</u> (b)		751,976
4	Operating income before increase (Line 3, Column 5)								438,717
5	Additional operating income required (Line 3 minus Line 4)								313,259
6	Calculate income tax on Incremental interest expense due to increase in cash working capital in proposed revenue								(234)
7	Regulatory fee (.1297%), Uncollectibles Rate (.2394%), and income taxes (23.1693%)								95,907
8	Additional revenue requirement								\$ 408,933
9	Revenue Adjustments (d)								\$ (147,058)
10	Net Increase								\$ 261,875

-- 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  
Second Settlement  
CORRECTED

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(E)	Normalize for weather- Supplemental	4,882	(2,252)	-	18	-	-	-	1,649	-	5,467
4	* Annualize revenues for customer growth	5,182	2,857	-	19	-	-	-	534	-	1,771
4(J)	Annualize revenues for customer growth- Second Settlement	(13,548)	(8,812)	-	(50)	-	-	-	(1,086)	-	(3,600)
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(J)	Adjust for post test year additions to plant in service- Second Settlement	-	-	-	-	(2,200)	(850)	-	707	-	2,344
11	* Amortize deferred environmental costs	-	-	-	-	105,972	-	-	(24,553)	-	(81,419)
11(J)	Amortize deferred environmental costs- Second Settlement	-	-	-	-	(12,949)	-	-	3,000	-	9,949
12	Annualize O&M non-labor expenses	-	-	-	1,311	-	-	-	(304)	-	(1,007)
12(I)	Annualize O&M non-labor expenses- Second Supplemental	-	-	-	1,034	-	-	-	(240)	-	(794)
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(D)	Update benefits costs- Supplemental	-	-	-	(3,298)	-	-	-	764	-	2,534
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  
Second Settlement  
CORRECTED

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(J)	Synchronize interest expense with end of period rate base- Second Settlement	-	-	-	-	-	-	-	264	-	(264)
23	* Adjust cash working capital	-	-	-	-	-	-	-	122	-	(122)
23(J)	Adjust cash working capital- Second Settlement	-	-	-	-	-	-	-	(23)	-	23
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(J)	Amortize deferred balance Asheville Combined Cycle- Second Settlement	-	-	-	(7,568)	(4,696)	-	-	2,842	-	9,423

**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  
Second Settlement  
CORRECTED

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	15,428	12,946	-	(10,053)	(65,215)	363	(30,548)	25,249	-	82,686
42	Total adjustments	<u><u>\$ (302,701)</u></u>	<u><u>\$ (33,473)</u></u>	<u><u>\$ (1,965)</u></u>	<u><u>\$ (187,359)</u></u>	<u><u>\$ 236,153</u></u>	<u><u>\$ 2,381</u></u>	<u><u>\$ (30,548)</u></u>	<u><u>\$ (49,656)</u></u>	<u><u>\$ (1,481)</u></u>	<u><u>\$ (236,755)</u></u>

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

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  
Second Settlement  
CORRECTED

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(E)	Normalize for weather- Supplemental	-	-	-	-	-	-	-	-	(7,142)	-	(7,142)
4	* Annualize revenues for customer growth	-	-	-	-	-	-	-	-	(2,314)	-	(2,314)
4(J)	Annualize revenues for customer growth- Second Settlement	-	-	-	-	-	-	-	-	4,703	-	4,703
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(J)	Adjust for post test year additions to plant in service- Second Settlement	(187,320)	195,347	-	20,220	(25,761)	-	-	2,486	(3,062)	(8,002)	(11,064)
11	* Amortize deferred environmental costs	-	-	-	423,886	(98,212)	-	-	325,675	106,364	29,499	135,863
11(J)	Amortize deferred environmental costs- Second Settlement	-	-	-	(36,795)	8,525	-	-	(28,270)	(12,997)	(4,401)	(17,398)
12	Annualize O&M non-labor expenses	-	-	-	-	-	-	-	-	1,316	-	1,316
12(I)	Annualize O&M non-labor expenses- Second Supplemental	-	-	-	-	-	-	-	-	1,038	-	1,038
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(D)	Update benefits costs- Supplemental	-	-	-	-	-	-	-	-	(3,310)	-	(3,310)
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  
Second Settlement  
CORRECTED

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(J)	Synchronize interest expense with end of period rate base- Second Settlement	-	-	-	-	-	-	-	-	345	-	345
23	* Adjust cash working capital	-	-	-	(27,013)	-	-	-	(27,013)	160	(2,447)	(2,287)
23(J)	Adjust cash working capital- Second Settlement	-	-	-	4,952	-	-	-	4,952	(30)	585	555
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(J)	Amortize deferred balance Asheville Combined Cycle- Second Settlement	-	-	(248)	(27,188)	6,299	-	-	(21,136)	(12,310)	(1,936)	(14,246)



**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  
Second Settlement  
CORRECTED

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	30,535	(13,039)	(21,565)	(656,195)	668,182	-	-	7,917	(108,020)	668	(107,352)
42	Total adjustments	<u>\$ 611,093</u>	<u>\$ (115,487)</u>	<u>\$ (172,644)</u>	<u>\$ 235,512</u>	<u>\$ 478,898</u>	<u>\$ -</u>	<u>\$ (102,930)</u>	<u>\$ 934,441</u>	<u>\$ 309,293</u>	<u>\$ 78,857</u>	<u>\$ 388,150</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  
Second Settlement  
CORRECTED

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	\$ 611,093	\$ 19,417,003
2	Less: Accumulated depreciation and amortization	4b	<u>(11,648,793)</u>	<u>(8,042,060)</u>	<u>(115,487)</u>	<u>(8,157,546)</u>
3	Net electric plant		16,126,825	10,763,851	495,606	11,259,457
4	Add: Materials and supplies	4c	1,076,701	754,774	(172,644)	582,130
5	Working capital investment	4d	(642,895)	(375,172)	235,512	(139,660)
6	Less: Accumulated deferred taxes		(2,000,064)	(1,332,628)	478,898	(853,730)
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>\$ 14,580,739</u>	<u>\$ 9,859,050</u>	<u>\$ 934,441</u>	<u>\$ 10,793,491</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  
Second Settlement  
CORRECTED

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	68,399	533,833
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	638,456	19,214,114
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>\$ 611,093</u>	<u>\$ 19,417,003</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  
Second Settlement  
CORRECTED

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)	(30,822)	(154,867)
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>\$ (115,487)</u>	<u>\$ (8,157,546)</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  
Second Settlement  
CORRECTED

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	<u>113,740</u>	<u>69,506</u>	<u>-</u>	<u>69,506</u>
3	Total fuel stock	201,037	122,853	(18,678)	104,174
4	Other electric materials and supplies and stores clearing	<u>875,663</u>	<u>631,921</u>	<u>(153,966)</u>	<u>477,956</u>
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  
Second Settlement  
CORRECTED

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)	(30,642) (b)	129,499	51,938 (c)	181,437
2	Unamortized Debt	47,722	32,019	-	32,019	-	32,019
3	Regulatory Assets	(781,496)	(437,291)	266,154	(171,137)	-	(171,137)
4	Other	<u>(10,529)</u>	<u>(13,453)</u>	<u>-</u>	<u>(13,453)</u>	<u>-</u>	<u>(13,453)</u>
5	Total investor advanced funds	<u>(505,624)</u>	<u>(258,584)</u>	<u>235,512</u>	<u>(23,072)</u>	<u>51,938</u>	<u>28,866</u>
6	Less: customer deposits	<u>(137,271)</u>	<u>(116,588)</u>	<u>-</u>	<u>(116,588)</u>	<u>-</u>	<u>(116,588)</u>
7	Total working capital investment	<u>\$ (642,895)</u>	<u>\$ (375,172)</u>	<u>\$ 235,512</u>	<u>\$ (139,660)</u>	<u>\$ 51,938</u>	<u>\$ (87,722)</u>

-- 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**  
**SUPPLEMENTAL CHANGES TO OP INCOME AND RATE BASE**  
**FOR THE TEST PERIOD ENDED DECEMBER 31, 2018**  
(Thousands of Dollars)

Smith Exhibit 1  
Second Settlement  
CORRECTED

**Smith Exhibit 1 Supplemental Rebuttal**

Line No.	Description	Ref #	SUMMARY OF PROPOSED REVENUE ADJUSTMENTS					
			Application	Partial Settlement	Second Supplemental	Second Supplemental \$	Second Settlement	Total Adjustments
1	Additional base revenue requirement	Smith Exhibit 1	\$ 585,961	\$ 585,961	\$ 585,961	\$ 585,961	\$ 585,961	\$ 585,961
2	REVISED Annual EDIT Rider 1	Smith Exhibit 3	7,381	7,381	7,381	7,381	7,381	7,381
3	Annual EDIT Rider 2 - Year 1 giveback	Smith Exhibit 4	(127,633)	(96,523)	(96,523)	(96,289)	(152,348)	(152,348)
4	Regulatory Asset and Liability Rider	Smith Exhibit 5	(2,091)	(2,091)	(2,091)	(2,091)	(2,091)	(2,091)
5	Revenue impact of Company update		(173,156)	(147,750)	(196,524)	(177,029)	(177,029)	(177,029)
6	Net Revenue Increase		\$ 463,619	\$ 321,573	\$ 346,979	\$ 298,439	\$ 261,875	\$ 261,875
7								
8								
9								
10	Annualize retail revenues for current rates	NC-0100	\$ (172,813)	\$ -	\$ -	\$ -	\$ -	\$ (154,370)
11	Update fuel costs to proposed rate	NC-0200	10,955	-	-	-	-	(8,786)
12	Normalize for weather	NC-0300	(45,273)	-	-	-	-	(39,806)
13	Annualize revenues for customer growth	NC-0400	1,771	-	(2,771)	-	696	(1,829)
14	Eliminate unbilled revenues	NC-0500	9,086	-	-	-	-	9,086
15	Adjust for costs recovered through non-fuel riders	NC-0600	128,547	-	-	-	-	128,571
16	Adjust O&M for executive compensation	NC-0700	1,843	124	-	-	20	1,987
17	Annualize depreciation on year end plant balances	NC-0800	(30,841)	-	-	-	-	(30,333)
18	Annualize property taxes on year end plant balances	NC-0900	(3,122)	-	-	-	-	(3,122)
19	Adjust for post test year additions to plant in service	NC-1000	(59,213)	(9)	(4,732)	-	-	(56,870)
20	Amortize deferred environmental costs	NC-1100	(81,419)	-	-	-	2,305	(71,470)
21	Annualize O&M non-labor expenses	NC-1200	(1,007)	37	1,420	-	-	(1,802)
22	Normalize O&M labor expenses	NC-1300	15,060	3,009	(3,633)	-	-	15,476
23	Update benefits costs	NC-1400	2,351	-	-	-	-	4,885
24	Levelize nuclear refueling outage costs	NC-1500	4,788	-	-	-	-	4,756
25	Amortize rate case costs	NC-1600	(539)	-	-	-	-	(539)
26	Adjust aviation expenses	NC-1700	1,129	157	-	-	-	1,287
27	Adjust for approved regulatory assets and liabilities	NC-1800	1,438	-	-	-	-	1,438
28	Adjust for Merger Related Costs	NC-1900	3,276	-	2	-	-	3,285
29	Amortize Severance Costs	NC-2000	17,952	-	-	-	-	18,547
30	Adjust NC income taxes for rate change	NC-2100	2,183	-	-	-	-	2,183
31	Synchronize interest expense with end of period rate base	NC-2200	(123)	(2,433)	623	978	1,717	(387)
32	Adjust cash working capital	NC-2300	(122)	17	(9)	(7)	(6)	(99)
33	Adjust coal inventory	NC-2400	-	-	-	-	-	-
34	Adjust for credit card fees	NC-2500	(3,993)	-	-	-	-	(4,048)
35	Adjust Depreciation for new rates	NC-2600	(68,841)	-	-	-	-	(68,170)
36	Adjust vegetation management expenses	NC-2700	(4,424)	-	-	-	-	(4,424)
37	Adjust reserve for end of life nuclear costs	NC-2800	70	1,403	-	-	-	1,473
38	Update deferred balance and amortize storm costs	NC-2900	(33,588)	34,448	7	0	-	1,264
39	Adjust other revenue	NC-3000	(3,188)	-	-	-	-	(3,188)
40	Adjust for change in NCUC Reg Fee	NC-3100	180	-	-	-	-	180
41	Reflect retirement of Asheville Steam Generating Plant	NC-3200	5,859	-	-	-	-	(2,910)
42	Adjust for CertainTeed payment obligation	NC-3300	(3,794)	-	-	-	-	-
43	Amortize deferred balance Asheville Combined Cycle	NC-3400	(15,138)	4,299	-	-	56	(5,715)
44	Adjust Purchased Power	NC-3500	1,510	-	-	-	-	1,510
45	Correct Lead Lag	NC-3600	-	-	-	-	-	-
46	Amortize Prot EDIT	NC-3700	-	23,470	-	-	-	23,470
47	Remove certain Settlement Items	NC-3800	-	2,177	-	-	6,684	8,861
48	Normalize for storm costs	NC-3900	-	(7,145)	-	-	-	(7,145)
49	Adjust Rate Base for EDIT	NC-4000	-	-	-	-	-	-
50								
51	Adjustments		\$ (319,441)	\$ 59,554	\$ (9,094)	\$ 971	\$ 11,472	\$ (236,755)
52								
53	Operating income	[3]	675,472	675,472	675,472	675,472	675,472	675,472
54	Total Adjustments		(319,441)	(240,104)	(249,198)	(248,227)	(236,755)	(236,755)
55	Adjusted Net Operating Income		356,031	435,367	426,273	427,244	438,717	438,717
56								
57	Revenue Requirement Impact		417,313	(77,801)	11,880	(1,269)	(14,987)	309,293
			417,313	313,669	325,549	324,280	309,293	309,293

CHANGE IN RATE BASE							Total Change [2]
Application	Partial Settlement	Second Supplemental	Second Supplemental \$	Second Settlement	Second Settlement	Total Adj	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(1,037,885)	-	-	-	-	-	-	(1,037,885)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,326,826	(1,507)	139,224	-	-	-	-	1,329,312
325,675	-	-	-	-	-	2,305	297,405
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,051	(2,051)	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(64,423)	-	-	-	-	-	-	(64,423)
347	-	(53)	-	-	-	-	(157)
17,899	(16,717)	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(27,013)	3,904	(2,116)	(1,069)	(1,562)	-	-	(22,061)
9,641	-	-	-	-	-	-	(11,603)
-	-	-	-	-	-	-	-
(88,728)	-	-	-	-	-	-	(88,728)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
470,238	(531,121)	27	-	-	-	-	(66,408)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(32,730)	-	-	-	-	-	-	42,550
-	-	-	-	-	-	-	-
24,624	(16,124)	-	-	-	-	-	3,488
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(8,580)
-	23,470	-	-	-	-	-	23,470
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	538,063	538,063
\$ 926,524	\$ (540,146)	\$ 137,082	\$ (1,069)	\$ 538,806	\$ -	\$ 934,441	
9,859,050	9,859,050	9,859,050	9,859,050	9,859,050	9,859,050	9,859,050	9,859,050
926,524	259,622	396,705	395,635	934,441	934,441	934,441	934,441
10,785,574	10,118,673	10,255,755	10,254,686	10,793,491	10,793,491	10,793,491	
78,189	(45,583)	11,568	(90)	45,470	78,857	78,857	
78,189	21,909	33,478	33,388	78,857	78,857	78,857	

[1] Smith Exhibit 1, page 3, Column 9

[2] Smith Exhibit 1, page 3 (continued), Column 8-11

[3] Smith Exhibit 1, page 1, Line 11

[4] Smith Exhibit 1, page 1, Line 12

## CERTIFICATE OF SERVICE

DOCKET NO. E-2, SUB 1219

DOCKET NO. E-2, SUB 1193

I hereby certify that a copy of the foregoing **CORRECTED EXHIBIT 1 TO THE SECOND SETTLEMENT TESTIMONY OF KIM H. SMITH** was served electronically or by depositing a copy in the United States Mail, first class postage prepaid, properly addressed to the parties of record.

This the 4th day of December, 2020.

/s/ Molly McIntosh Jagannathan

Molly McIntosh Jagannathan

Troutman Pepper Hamilton Sanders LLP

301 S. College Street

34<sup>th</sup> Floor

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