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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 Carolinas LLC's CCR Settlement Testimony of Stephen G. De May and CCR Settlement Testimony and Exhibits of Jane L. McManeus  
Docket No. E-7, Sub 1214  
Docket No. E-7, Sub 1213  
Docket No. E-7, Sub 1187**

Dear Ms. Campbell:

Enclosed for filing in the above-referenced Dockets is Duke Energy Carolinas LLC's CCR Settlement Testimony of Stephen G. De May and CCR Settlement Testimony and Exhibits of Jane L. McManeus.

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:	)	
	)	
<b>DOCKET NO. E-7, SUB 1214</b>	)	
Application of Duke Energy Carolinas, LLC	)	
For Adjustment of Rates and Charges	)	
Applicable to Electric Service in North Carolina	)	
	)	
<b>DOCKET NO. E-7, SUB 1213</b>	)	
Petition of Duke Energy Carolinas, LLC for	)	
Approval of Prepaid Advantage Program	)	
	)	
<b>DOCKET NO. E-7, SUB 1187</b>	)	
Petition of Duke Energy Carolinas, LLC for an	)	
Accounting Order to Defer Incremental Storm	)	
Damage Expenses Incurred as a Result of	)	
Hurricanes Florence and Michael and Winter	)	
Storm Diego	)	
	)	

**CCR SETTLEMENT  
TESTIMONY OF  
STEPHEN G. DE MAY  
FOR DUKE ENERGY  
CAROLINAS, LLC**

**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 Carolinas (“DEC” or the  
6 “Company”), which is a wholly owned subsidiary of Duke Energy Corporation,  
7 as well as Duke Energy Progress, LLC (“DEP”) 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 September 30, 2019 and rebuttal  
11 testimony on March 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 March 25, 2020 and July 31, 2020. Additionally, I testified  
14 before the Commission at the evidentiary hearing for this proceeding on  
15 September 3, 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 DEP, 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 January 31, 2030 – a period of over fifteen years. The  
2 Agreement resolves all coal ash cost recovery issues in this case, in the Company’s  
3 prior rate case (filed in 2017), and for many years into the future. The Agreement  
4 requires the Company to reduce the amount of coal ash-related costs to be  
5 recovered from customers. The Agreement grants the Company the ability to earn  
6 a return upon the recovered costs at a negotiated cost of equity (“ROE”) that is  
7 lower than the Company’s actual ROE. The impacts to the revenue requirement  
8 are set out in the testimony of Company witness Jane L. McManeus.

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 – DEC and DEP 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 DEC 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. WHAT IMPACT DOES THE CCR SETTLEMENT HAVE ON THE**  
13 **TIMING OF DEC'S IMPLEMENTATION OF NEW RATES TO BE SET**  
14 **BY THE COMMISSION?**

15 A. I recognize that due to unforeseen delays in the timing of the Commission's  
16 consideration of this case, primarily due to the COVID-19 pandemic and now  
17 the CCR Settlement Agreement, the timing of a Commission order and DEC's  
18 subsequent compliance tariff development and implementation of new rates  
19 will be further delayed. In recognition of these delays and the constraints  
20 associated with DEC's planned deployment of Customer Connect in early April  
21 2021, I express my sincere appreciation to the Commission and the parties for  
22 their continued flexibility and willingness to adapt while we collectively work

1           to resolve these important issues. We have determined that due to the timing of  
2           the Customer Connect deployment, DEC would not be able to implement new  
3           rates set by the Commission until June 2021.

4   **Q.   DOES THIS CONCLUDE YOUR PRE-FILED SETTLEMENT**  
5       **TESTIMONY?**

6   A.   Yes.



**BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

**DOCKET NO. E-7, SUB 1214**

**DOCKET NO. E-7, SUB 1213**

**DOCKET NO. E-7, SUB 1187**

In the Matter of:

**DOCKET NO. E-7, SUB 1214**

Application of Duke Energy Carolinas, LLC

### For Adjustment of Rates and Charges

## Applicable to Electric Service in North Carolina

**DOCKET NO. E-7, SUB 1213**

Petition of Duke Energy Carolinas, LLC for

## Approval of Prepaid Advantage Program

**DOCKET NO. E-7, SUB 1187**

Petition of Duke Energy Carolinas, LLC for an

## Accounting Order to Defer Incremental Storm

## Damage Expenses Incurred as a Result of

Hurricanes Florence and Michael and Winter

# Storm Diego

**CCR SETTLEMENT  
TESTIMONY AND  
EXHIBITS OF  
JANE L. MCMANEUS  
FOR DUKE ENERGY  
CAROLINAS, LLC**

## **I. INTRODUCTION AND PURPOSE**

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

3 A. My name is Jane L. McManeus, and my business address is 550 South Tryon  
4 Street, Charlotte, North Carolina. I am a Director of Rates & Regulatory  
5 Planning for Duke Energy Carolinas, LLC (“DEC” or the “Company”).

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

7 A. Yes. I filed direct testimony and exhibits on September 30, 2019 and filed  
8 corrected direct testimony on October 23, 2019. I also filed supplemental direct  
9 testimony and exhibits on February 14, 2020, rebuttal testimony and exhibits  
10 on March 4, 2020, settlement testimony on March 25, 2020, supplemental  
11 rebuttal testimony and exhibits on April 6, 2020, second supplemental direct  
12 testimony and exhibits on July 2, 2020, second settlement testimony and  
13 exhibits on July 31, 2020, and joint testimony and exhibits on August 5, 2020.  
14 Additionally, I testified before the Commission at the expert hearing for this  
15 proceeding during the consolidated portion of the hearing that began on August  
16 24, 2020, and during the DEC-specific portion of the hearing that reconvened  
17 on September 3, 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 • McManeus CCR Settlement Exhibit 1 sets forth the operating results under  
8 current and proposed base rates.
- 9 • McManeus CCR Settlement Exhibit 2 summarizes the total revenue  
10 adjustments proposed in this proceeding, including the proposed increase in  
11 base rates and the reduction in revenues reflected in the proposed EDIT rider.
- 12 • McManeus CCR Settlement Exhibit 3 is a reconciliation of adjustments to base  
13 rate revenue requirements. The exhibit begins with the revenue increase  
14 amounts shown in my Second Settlement Exhibit 3 and details the additional  
15 adjustments for which the Settling Parties reached agreement.
- 16 • McManeus CCR Settlement Exhibit 4 provides the revised computation of the  
17 NC Retail amount of EDIT refund, based on a levelized rider as agreed to in  
18 the Second Partial Stipulation.

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

21 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 AGREEMENT EXHIBITS REFLECT**  
19            **A CHANGE IN THE REVENUE REQUIREMENT SOUGHT BY THE**  
20            **COMPANY IN 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 \$357 million. As  
2 shown on McManeus CCR Settlement Exhibit 2, the Company's revised  
3 request for a revenue increase combined with the Company's request to reduce  
4 customer rates by \$295 million through its proposed EDIT rider results in a net  
5 proposed increase in revenue of \$62 million. This is a \$229 million reduction  
6 from the amount proposed in the Company's Application. In addition to the  
7 CCR Settlement Agreement and the First and Second Partial Stipulations, these  
8 amounts assume the Commission accepts the Company's position on the  
9 remaining unsettled issues.

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

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

computations are added to show the total proposed revenue increase for which the Company requests approval.

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

### III. CONCLUSION

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

A. Yes.

**DUKE ENERGY CAROLINAS, LLC**  
**OPERATING INCOME FROM ELECTRIC OPERATIONS**  
**FOR THE TEST PERIOD ENDED DECEMBER 31, 2018**  
(Thousands of Dollars)  
Docket E-7 Sub 1214

**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	\$ 7,273,365	\$ 4,904,084	\$ (231,970)	\$ 4,672,114	\$ 357,246	\$ 5,029,360
	Electric operating expenses:						
	Operation and maintenance:						
2	Fuel used in electric generation	1,504,692	989,374	50,049	1,039,423	-	1,039,423
3	Purchased power	317,798	194,348	(170,936)	23,412	-	23,412
4	Other operation and maintenance expense	2,029,601	1,375,939	(213,510)	1,162,429	1,357	1,163,786
5	Depreciation and amortization	1,193,762	838,805	310,809	1,149,614	-	1,149,614
6	General taxes	291,829	194,681	17,421.885	212,103	-	212,103
7	Interest on customer deposits	8,169 (b)	7,130	-	7,130	-	7,130
8	Net income taxes	340,714	224,997	(38,922)	186,075	82,920	268,995
9	EDIT Amortization			(29,734)	(29,734)		(29,734)
10	Amortization of investment tax credit	(5,259)	(3,526)	690	(2,836)	-	(2,836)
11	Total electric operating expenses	5,681,305	3,821,748	(74,133)	3,747,616	84,276	3,831,892
12	Operating income	\$ 1,592,059	\$ 1,082,336	\$ (157,838)	\$ 924,498	\$ 272,969	\$ 1,197,467
13	Original cost rate base (e)	\$ 21,361,527	\$ 14,556,650	\$ 2,422,957 (d)	\$ 16,979,607	\$ 37,969 (f)	\$ 17,017,576
14	Rate of return on North Carolina retail rate base		7.44%		5.44%		7.04%

Notes: (a) From Form E-1 Item 45A  
(b) Reclassifies interest on customer deposits to electric operating expense.  
(c) From Page 3, Line 35.  
(d) From Page 4, Line 9.  
(e) From Page 2.  
(f) 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 CAROLINAS, LLC**  
**OPERATING INCOME FROM ELECTRIC OPERATIONS**  
**FOR THE TEST PERIOD ENDED DECEMBER 31, 2018**  
(Thousands of Dollars)  
Docket E-7 Sub 1214

**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	\$ 7,273,365	\$ 4,904,084	\$ (231,970)	\$ 4,672,114	\$ 315,030	\$ 4,987,144
	Electric operating expenses:						
	Operation and maintenance:						
2	Fuel used in electric generation	1,504,692	989,374	50,049	1,039,423	-	1,039,423
3	Purchased power	317,798	194,348	(170,936)	23,412	-	23,412
4	Other operation and maintenance expense	2,029,601	1,375,939	(213,510)	1,162,429	1,196	1,163,625
5	Depreciation and amortization	1,193,762	838,805	276,903	1,115,708	-	1,115,708
6	General taxes	291,829	194,681	17,422	212,103	-	212,103
7	Interest on customer deposits	8,169 (b)	7,130	-	7,130	-	7,130
8	Net income taxes	340,714	224,997	(30,508)	194,490	73,119	267,609
9	EDIT Amortization			(29,734)	(29,734)		(29,734)
10	Amortization of investment tax credit	(5,259)	(3,526)	690	(2,836)	-	(2,836)
11	Total electric operating expenses	5,681,305	3,821,748	(99,624)	3,722,125	74,316	3,796,440
12	Operating income	<u>\$ 1,592,059</u>	<u>\$ 1,082,336</u>	<u>\$ (132,347)</u>	<u>\$ 949,989</u>	<u>\$ 240,715</u>	<u>\$ 1,190,704</u>
13	Original cost rate base (e)	<u>\$ 21,361,527</u>	<u>\$ 14,556,650</u>	<u>\$ 2,319,003 (d)</u>	<u>\$ 16,875,653</u>	<u>\$ 33,912 (f)</u>	<u>\$ 16,909,565</u>
14	Rate of return on North Carolina retail rate base		<u>7.44%</u>		<u>5.63%</u>		<u>7.04%</u>

Notes: (a) From Form E-1 Item 45A  
(b) Reclassifies interest on customer deposits to electric operating expense.  
(c) From Page 3, Line 35.  
(d) From Page 4, Line 9.  
(e) From Page 2.  
(f) 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 CAROLINAS, LLC  
OPERATING INCOME FROM ELECTRIC OPERATIONS  
FOR THE TEST PERIOD ENDED DECEMBER 31, 2018  
(Thousands of Dollars)  
Docket E-7 Sub 1214

ARO CCR

Line No.	Description	North Carolina Retail Operations					
		Total Company Per Books (a) (Col. 1)	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				\$ -	\$ 42,215	\$ 42,215
	Electric operating expenses:						
	Operation and maintenance:						
2	Fuel used in electric generation				-	-	-
3	Purchased power				-	-	-
4	Other operation and maintenance expense				-	160	160
5	Depreciation and amortization			33,906	33,906	-	33,906
6	General taxes				-	-	-
7	Interest on customer deposits				-	-	-
8	Net income taxes			(8,415)	(8,415)	9,801	1,386
9	EDIT Amortization				-	-	-
10	Amortization of investment tax credit				-	-	-
11	Total electric operating expenses			25,491	25,491	9,961	35,452
12	Operating income	\$ -	\$ -	\$ (25,491)	\$ (25,491)	\$ 32,254	\$ 6,763
13	Original cost rate base (e)			\$ 103,954 (d)	\$ 103,954	\$ 4,057 (f)	\$ 108,011
14	Rate of return on North Carolina retail rate base				-24.52%		6.26%

Notes: (a) From Form E-1 Item 45A  
(b) Reclassifies interest on customer deposits to electric operating expense.  
(c) From Page 3, Line 35.  
(d) From Page 4, Line 9.  
(e) From Page 2.  
(f) 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 CAROLINAS, LLC  
CALCULATION OF ADDITIONAL REVENUE REQUIREMENT  
FOR THE TEST PERIOD ENDED DECEMBER 31, 2018  
(Thousands of Dollars)  
Docket E-7 Sub 1214

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	\$ 10,993,064	48.00%	\$ 8,150,211	4.27%	\$ 348,014	\$ 8,168,436	4.27%	\$ 348,792
2	Members' equity (a)	11,682,367	52.00%	8,829,396	6.88%	576,484	8,849,139	9.60% (d)	848,675
3	Total	<u>\$ 22,675,431</u>	<u>100.00%</u>	<u>\$ 16,979,607</u> (b)		<u>\$ 924,498</u> (c)	<u>\$ 17,017,576</u> (b)		<u>\$ 1,197,467</u>
4	Operating income before increase (Line 3, Column 5)								<u>924,498</u>
5	Additional operating income required (Line 3 minus Line 4)								272,969
6	Calculate income tax on incremental interest expense due to increase in cash working capital in proposed revenue								(182)
7	Regulatory fee (.12967%), uncollectibles rate (.2501%) and income taxes (23.3503%)								<u>84,458</u>
8	Additional revenue requirement								<u>\$ 357,246</u>

Notes: (a) The equivalent of common equity for a limited liability company.  
(b) From Page 1, Line 12, Column 4 and Column 6.  
(c) From Page 1, Line 11, Column 4.  
(d) Note: Per the Third Partial Settlement agreement, Coal Ash ARO uses an equity rate discount of 150 basis points.

DUKE ENERGY CAROLINAS, LLC  
CALCULATION OF ADDITIONAL REVENUE REQUIREMENT  
FOR THE TEST PERIOD ENDED DECEMBER 31, 2018  
(Thousands of Dollars)  
Docket E-7 Sub 1214

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	\$ 10,993,064	48.00%	\$ 8,100,313	4.27%	\$ 345,883	\$ 8,116,591	4.27%	\$ 346,578
2	Members' equity (a)	11,682,367	52.00%	8,775,339	6.88%	604,106	8,792,974	9.60%	844,125
3	Total	<u>\$ 22,675,431</u>	<u>100.00%</u>	<u>\$ 16,875,653</u> (b)		<u>\$ 949,989</u> (c)	<u>\$ 16,909,565</u> (b)		<u>\$ 1,190,704</u>
4	Operating income before increase (Line 3, Column 5)								<u>949,989</u>
5	Additional operating income required (Line 3 minus Line 4)								240,715
6	Calculate income tax on incremental interest expense due to increase in cash working capital in proposed revenue								(162)
7	Regulatory fee (.12967%), uncollectibles rate (.2501%) and income taxes (23.3503%)								<u>74,478</u>
8	Additional revenue requirement								<u>\$ 315,030</u>

Notes: (a) The equivalent of common equity for a limited liability company.  
(b) From Page 1, Line 12, Column 4 and Column 6.  
(c) From Page 1, Line 11, Column 4.

DUKE ENERGY CAROLINAS, LLC  
CALCULATION OF ADDITIONAL REVENUE REQUIREMENT  
FOR THE TEST PERIOD ENDED DECEMBER 31, 2018  
(Thousands of Dollars)  
Docket E-7 Sub 1214

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%	\$ 49,898	4.27%	\$ 2,131	\$ 51,845	4.27%	\$ 2,214
2	Members' equity (a)		52.00%	54,056	6.88%	(27,622)	56,166	8.10% (d)	4,549
3	Total	\$ -	100.00%	\$ 103,954 (b)		\$ (25,491) (c)	\$ 108,011 (b)		\$ 6,763
4	Operating income before increase (Line 3, Column 5)								(25,491)
5	Additional operating income required (Line 3 minus Line 4)								32,254
6	Calculate income tax on incremental interest expense due to increase in cash working capital in proposed revenue								(19)
7	Regulatory fee (.12967%), uncollectibles rate (.2501%) and income taxes (23.3503%)								9,980
8	Additional revenue requirement								\$ 42,215

Notes: (a) The equivalent of common equity for a limited liability company.  
(b) From Page 1, Line 12, Column 4 and Column 6.  
(c) From Page 1, Line 11, Column 4.  
(d) Note: Per the Third Partial Settlement agreement, Coal Ash ARO uses an equity rate discount of 150 basis points.

Total

DUKE ENERGY CAROLINAS, LLC  
 DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL  
 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018  
 (Thousands of Dollars)

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)	Income Taxes 23.6619% (Col. 7)	EDIT Amortization	Amortization of ITC (Col. 8)	Operating Income
1	Annualize retail revenues for current rates	\$ (110,407)	\$ -	\$ -	\$ (826)	\$ -	\$ -	\$ (25,588)		\$ -	(83,994)
1K	Annualize retail revenues for current rates - CCR Settlement	\$ (124,417)	\$ -	\$ -	\$ (472)	\$ -	\$ -	\$ (28,941)		\$ -	(95,003)
2	Update fuel costs to proposed rate	-	209,105	(169,854)	(21,892)	(3,277)	-	(3,288)		-	(10,794)
2K	Update fuel costs to proposed rate - CCR Settlement	-	(124,224)	-	-	3,277	-	28,242		-	92,706
3	Normalize for weather	(109,566)	(26,163)	-	(416)	-	-	(19,378)		-	(63,609)
3K	Normalize for weather - CCR Settlement	15,449	3,833	-	59	-	-	2,699		-	8,859
4	Annualize revenues for customer growth	9,942	2,775	-	39	-	-	1,664		-	5,464
4K	Annualize revenues for customer growth - CCR Settlement	19,658	1,586	-	2,240	-	-	3,697		-	12,135
5	Eliminate unbilled revenues	26,204	-	-	-	-	-	6,119		-	20,085
6	Adjust for costs recovered through non-fuel riders	50,669	(16,862)	(1,082)	(117,348)	(3,071)	(10)	60,905		-	128,138
6F	Adjust for costs recovered through non-fuel riders - CCR Settlement	-	-	-	(24)	27	-	(1)		-	(2)
7	Adjust O&M for executive compensation	-	-	-	(3,301)	-	-	771		-	2,530
7J	Adjust O&M for executive compensation - CCR Settlement	-	-	-	(238)	-	-	55		-	182
8	Annualize depreciation on year end plant balances	-	-	-	-	59,172	-	(13,817)		690	(46,045)
8E	Annualize depreciation on year end plant balances - CCR Settlement	-	-	-	-	(121)	-	28		-	92
9	Annualize property taxes on year end plant balances	-	-	-	-	-	7,470	(1,744)		-	(5,726)
10	Adjust for post test year additions to plant in service	-	-	-	-	50,629	6,771	(13,403)		-	(43,998)
10K	Adjust for post test year additions to plant in service - CCR Settlement	-	-	-	-	24,116	4,451	(6,671)		-	(21,897)
11	Amortize deferred environmental costs	-	-	-	-	95,913	-	(22,396)		-	(73,517)
11K	Adjust deferred environmental - CCR Settlement	-	-	-	-	(84,507)	-	19,733		-	64,774
12	Annualize O&M non-labor expenses	-	-	-	2,631	-	-	(614)		-	(2,017)
12K	Adjust non-labor expenses - CCR Settlement	-	-	-	1,962	-	-	(458)		-	(1,504)
13	Normalize O&M labor expenses	-	-	-	(23,765)	-	(1,162)	5,820		-	19,106
13H	Adjust Normalization O&M Labor Expenses - CCR Settlement	-	-	-	(4,363)	-	138	987		-	3,238
14	Update benefits costs	-	-	-	(1,433)	-	-	335		-	1,099
14K	Update benefits costs - CCR Settlement	-	-	-	(3,015)	-	-	704		-	2,311
15	Levelize nuclear refueling outage costs	-	-	-	(2,138)	-	-	499		-	1,639
15E	Adjust Levelized nuclear refueling outage costs - CCR Settlement	-	-	-	192	-	-	(45)		-	(147)
16	Amortize rate case costs	-	-	-	801	-	-	(187)		-	(614)
16G	Adjust Amortize Rate Case costs - CCR Settlement	-	-	-	-	-	-	-		-	-
17	Adjust aviation expenses	-	-	-	(1,986)	-	(27)	470		-	1,543
17G	Adjust aviation expenses - CCR Settlement	-	-	-	(318)	-	-	74		-	244
18	Adjust for approved regulatory assets and liabilities	-	-	-	1,408	62,706	56	(14,984)		-	(49,187)
19	Adjust for Merger Related Costs	-	-	-	(5,530)	(21)	(73)	1,313		-	4,311
19H	Adjust Merger related Costs - CCR Settlement	-	-	-	-	(35)	-	8		-	27

DUKE ENERGY CAROLINAS, LLC  
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL  
FOR THE TEST PERIOD ENDED DECEMBER 31, 2018  
(Thousands of Dollars)

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)	Income Taxes 23.6619% (Col. 7)	EDIT Amortization	Amortization of ITC (Col. 8)	Operating Income
20	* Amortize Severance Costs	-	-	-	(46,208)	-	-	10,790	-	-	35,418
20G	Adjust amortization of Severance Costs - CCR Settlement	-	-	-	(1,255)	-	-	293	-	-	962
21	Adjust NC income taxes for rate change	-	-	-	-	-	-	(2,707)	-	-	2,707
22	* Synchronize interest expense with end of period rate base	-	-	-	-	-	-	(2,580)	-	-	2,580
22K	Adjust Synchronize Interest Expense - CCR Settlement	-	-	-	-	-	-	(4,145)	-	-	4,145
23	* Adjust cash working capital for present revenue annualized and proposed revenue	-	-	-	-	-	-	103	-	-	(103)
23K	Adjust Cash Working Capital - CCR Settlement	-	-	-	-	-	-	(76)	-	-	76
24	Adjust coal inventory	-	-	-	-	-	-	-	-	-	-
25	* Adjust for credit card fees	-	-	-	8,774	-	-	(2,049)	-	-	(6,725)
25F	Adjust Credit Card Fees - CCR Settlement	-	-	-	202	-	-	(47)	-	-	(155)
26	* Adjust Depreciation for new rates	-	-	-	-	72,133	-	(16,843)	-	-	(55,290)
26E	Adjust Depreciation for new rates - CCR Settlement	-	-	-	-	781	-	(182)	-	-	(599)
27	Adjust vegetation management expenses	-	-	-	7,739	-	-	(1,807)	-	-	(5,932)
28	Adjust reserve for end of life nuclear costs	-	-	-	-	(1,808)	-	422	-	-	1,386
29	* Update deferred balance and amortize storm costs	-	-	-	-	24,179	-	(5,646)	-	-	(18,533)
29H	Remove storm costs for securitization - CCR Settlement	-	-	-	-	(24,588)	-	5,741	-	-	18,846
30	Adjust Other Revenue	(9,502)	-	-	(36)	-	-	(2,210)	-	-	(7,256)
31	Adjust for change in NCUC regulatory fee-DEC	-	-	-	(500)	-	-	117	-	-	383
32	* Adjust for Hydro Stations Sale	-	-	-	(1,560)	1,773	(193)	(5)	-	-	(16)
32E	Adjust for Hydro Stations Sale - CCR Settlement	-	-	-	-	36	-	(8)	-	-	(27)
33D	Correct Lead Lag Per Books - CCR Settlement	-	-	-	-	-	-	-	-	-	-
34F	Remove Certain Test Period Expenses - CCR Settlement	-	-	-	(271)	-	-	63	-	-	208
35G	Amortize Protected EDIT - CCR Settlement	-	-	-	-	-	-	6,943	(29,734)	-	22,791
36J	Settlement adjustment to remove certain items CCR Settlement	-	-	-	(4,272)	(413)	-	1,094	-	-	3,591
37G	Storm Normalization - CCR Settlement	-	-	-	1,610	-	-	(376)	-	-	(1,234)
38J	Adjust Rate base for EDIT-CCR Settlement	-	-	-	-	-	-	-	-	-	-
39	Total adjustments - Original Filing	\$ (142,660)	\$ 168,854	\$ (170,936)	\$ (205,547)	\$ 358,330	\$ 12,833	\$ (59,918)	\$ -	\$ 690	\$ (246,966)
39K	Total Changes through CCR Settlement	(89,310)	(118,805)	-	(7,963)	(81,427)	4,589	29,410	(29,734)	-	114,620
	Total Adjustments	\$ (231,970)	\$ 50,049	\$ (170,936)	\$ (213,510)	\$ 276,903	\$ 17,422	\$ (30,508)	\$ (29,734)	\$ 690	\$ (132,347)
11 K-CA	Adjust deferred environmental - CCR Settlement	-	-	-	-	33,906	-	(7,917)	-	-	(25,989)
22 K-CA	Adjust Synchronize Interest Expense - CCR Settlement	-	-	-	-	-	-	(498)	-	-	498
23 K-CA	Adjust Cash Working Capital - CCR Settlement	-	-	-	-	-	-	-	-	-	-
	Total Adjustments related to ARO CCR	\$ -	\$ -	\$ -	\$ -	\$ 33,906	\$ -	\$ (8,415)	\$ -	\$ -	\$ (25,491)
	Total Adjustments	\$ (231,970)	\$ 50,049	\$ (170,936)	\$ (213,510)	\$ 310,809	\$ 17,422	\$ (38,922)	\$ (29,734)	\$ 690	\$ (157,838)

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

DUKE ENERGY CAROLINAS, LLC  
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL  
FOR THE TEST PERIOD ENDED DECEMBER 31, 2018  
(Thousands of Dollars)

Total

Line No.	Description	EPIS	Accum Deprec	Materials & Supplies	Working Capital	ADIT	Operating Reserves	CWIP	Rate Base	Oper Inc Rev Req Impact	R/B Rev Req Impact	Total Rev Req Impact
1	Annualize retail revenues for current rates	-	-	-	-	-	-	-	-	\$ 109,999	-	109,999
1K	Annualize retail revenues for current rates - CCR Settlement	-	-	-	-	-	-	-	-	\$ -	-	-
2	Update fuel costs to proposed rate	-	-	-	-	-	-	-	-	\$ 14,136	-	14,136
2K	Update fuel costs to proposed rate - CCR Settlement	-	-	-	-	-	-	-	-	\$ (121,408)	-	(121,408)
3	Normalize for weather	-	-	-	-	-	-	-	-	\$ 83,303	-	83,303
3K	Normalize for weather - CCR Settlement	-	-	-	-	-	-	-	-	\$ (11,601)	0	(11,601)
4	Annualize revenues for customer growth	-	-	-	-	-	-	-	-	\$ (7,155)	-	(7,155)
4K	Annualize revenues for customer growth - CCR Settlement	-	-	-	-	-	-	-	-	\$ (15,892)	-	(15,892)
5	Eliminate unbilled revenues	-	-	-	-	-	-	-	-	\$ (26,304)	-	(26,304)
6	Adjust for costs recovered through non-fuel riders	(18,328)	4,243	(42,354)	(19,404)	12,472	-	-	(63,371)	\$ (167,811)	(5,447)	(173,257)
6F	Adjust for costs recovered through non-fuel riders - CCR Settlement	929	(206)	-	(37,184)	-	-	-	(36,462)	\$ 2	(3,134)	(3,131)
7	Adjust O&M for executive compensation	-	-	-	-	-	-	-	-	\$ (3,314)	-	(3,314)
7J	Adjust O&M for executive compensation - CCR Settlement	-	-	-	-	-	-	-	-	\$ (238)	-	(238)
8	Annualize depreciation on year end plant balances	-	-	-	-	-	-	-	-	\$ 60,301	-	60,301
8E	Annualize depreciation on year end plant balances - CCR Settlement	-	-	-	-	-	-	-	-	\$ (121)	-	(121)
9	Annualize property taxes on year end plant balances	-	-	-	-	-	-	-	-	\$ 7,498	-	7,498
10	Adjust for post test year additions to plant in service	1,355,958	(619,363)	-	(4,945)	(17,144)	-	-	714,506	\$ 57,620	61,412	119,031
10K	Adjust for post test year additions to plant in service - CCR Settlement	845,538	(210,502)	-	43,220	(26,302)	-	-	651,954	\$ 28,676	56,035	84,712
11	Amortize deferred environmental costs	-	-	-	383,653	(89,584)	-	-	294,069	\$ 96,279	25,275	121,554
11K	Adjust deferred environmental - CCR Settlement	-	-	-	(303,807)	70,940	-	-	(232,867)	\$ (84,829)	(20,015)	(104,844)
12	Annualize O&M non-labor expenses	-	-	-	-	-	-	-	-	\$ 2,641	-	2,641
12K	Adjust non-labor expenses - CCR Settlement	-	-	-	-	-	-	-	-	\$ 1,970	-	1,970
13	Normalize O&M labor expenses	-	-	-	-	-	-	-	-	\$ (25,021)	-	(25,021)
13H	Adjust Normalization O&M Labor Expenses - CCR Settlement	-	-	-	-	-	-	-	-	\$ (4,241)	-	(4,241)
14	Update benefits costs	-	-	-	-	-	-	-	-	\$ (1,439)	-	(1,439)
14K	Update benefits costs - CCR Settlement	-	-	-	-	-	-	-	-	\$ (3,027)	-	(3,027)
15	Levelize nuclear refueling outage costs	-	-	-	-	-	-	-	-	\$ (2,146)	-	(2,146)
15E	Adjust Levelized nuclear refueling outage costs - CCR Settlement	-	-	-	-	-	-	-	-	\$ 193	-	193
16	Amortize rate case costs	-	-	-	3,080	(719)	-	-	2,361	\$ 804	203	1,007
16G	Adjust Amortize Rate Case costs - CCR Settlement	-	-	-	(3,080)	719	-	-	(2,361)	\$ -	(203)	(203)
17	Adjust aviation expenses	-	-	-	-	-	-	-	-	\$ (2,021)	-	(2,021)
17G	Adjust aviation expenses - CCR Settlement	-	-	-	-	-	-	-	-	\$ (319)	-	(319)
18	Adjust for approved regulatory assets and liabilities	-	-	-	(139,897)	32,666	-	-	(107,231)	\$ 64,415	(9,216)	55,199
19	Adjust for Merger Related Costs	-	338	-	-	-	-	-	338	\$ (5,645)	29	(5,616)
19H	Adjust Merger related Costs - CCR Settlement	(1,577)	107	-	-	-	-	-	(1,469)	\$ (35)	(126)	(162)

DUKE ENERGY CAROLINAS, LLC  
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL  
FOR THE TEST PERIOD ENDED DECEMBER 31, 2018  
(Thousands of Dollars)

Total

Line No.	Description	EPIS	Accum Deprec	Materials & Supplies	Working Capital	ADIT	Operating Reserves	CWIP	Rate Base	Oper Inc Rev Req Impact	R/B Rev Req Impact	Total Rev Req Impact
20	* Amortize Severance Costs	-	-	-	46,113	(10,767)	-	-	35,345	\$ (46,384)	3,038	(43,346)
20G	Adjust amortization of Severance Costs - CCR Settlement	-	-	-	(46,113)	10,767	-	-	(35,345)	\$ (1,260)	(3,038)	(4,298)
21	Adjust NC income taxes for rate change	-	-	-	-	-	-	-	-	\$ (3,545)	-	(3,545)
22	* Synchronize interest expense with end of period rate base	-	-	-	-	-	-	-	-	\$ (3,379)	-	(3,379)
22K	Adjust Synchronize Interest Expense - CCR Settlement	-	-	-	-	-	-	-	-	\$ (5,429)	-	(5,429)
23	* Adjust cash working capital for present revenue annualized and proposed revenue	-	-	-	(20,794)	-	-	-	(20,794)	\$ 135	(1,787)	(1,652)
23K	Adjust Cash Working Capital - CCR Settlement	-	-	-	15,135	-	-	-	15,135	\$ (100)	1,301	1,201
24	Adjust coal inventory	-	-	3,848	-	-	-	-	3,848	\$ -	331	331
25	* Adjust for credit card fees	-	-	-	-	-	-	-	-	\$ 8,808	-	8,808
25F	Adjust Credit Card Fees - CCR Settlement	-	-	-	-	-	-	-	-	\$ 203	-	203
26	* Adjust Depreciation for new rates	-	(72,913)	-	-	-	-	-	(72,913)	\$ 72,408	(6,267)	66,141
26E	Adjust Depreciation for new rates - CCR Settlement	-	(2)	-	-	-	-	-	(2)	\$ 784	(0)	784
27	Adjust vegetation management expenses	-	-	-	-	-	-	-	-	\$ 7,768	-	7,768
28	Adjust reserve for end of life nuclear costs	-	-	-	-	-	-	-	-	\$ (1,815)	-	(1,815)
29	* Update deferred balance and amortize storm costs	-	-	-	169,251	(39,520)	-	-	129,730	\$ 24,271	11,150	35,421
29H	Remove storm costs for securitization - CCR Settlement	(18,575)	578	-	(169,251)	39,520	-	-	(147,727)	\$ (24,681)	(12,697)	(37,379)
30	Adjust Other Revenue	-	-	-	-	-	-	-	-	\$ 9,502	-	9,502
31	Adjust for change in NCUC regulatory fee-DEC	-	-	-	-	-	-	-	-	\$ (502)	-	(502)
32	* Adjust for Hydro Stations Sale	(36,522)	14,093	(146)	19,280	(4,502)	-	-	(7,797)	\$ 20	(670)	(650)
32E	Adjust for Hydro Stations Sale - CCR Settlement	36,522	(14,093)	-	214	(50)	-	-	22,593	\$ 36	1,942	1,978
33D	Correct Lead Lag Per Books	-	-	-	(16,472)	-	-	-	(16,472)	\$ -	(1,416)	(1,416)
34F	Remove Certain Test Period Expenses - CCR Settlement	-	-	-	-	-	-	-	-	\$ (272)	-	(272)
35G	Amortize Protected EDIT - CCR Settlement	-	-	-	29,734	(6,943)	-	-	22,791	\$ (29,847)	1,959	(27,888)
36J	Settlement adjustment to remove certain items CCR Settlement	(12,880)	413	-	-	-	-	-	(12,467)	\$ (4,703)	(1,071)	(5,774)
37G	Storm Normalization - CCR Settlement	-	-	-	-	-	-	-	-	\$ 1,616	-	1,616
38J	Adjust Rate base for EDIT - CCR Settlement	-	-	-	-	1,183,610	-	-	1,183,610	\$ -	101,731	101,731
39	Total adjustments - Original Filing	\$ 1,301,107	\$ (673,602)	\$ (38,652)	\$ 436,337	\$ (117,099)	\$ -	\$ -	\$ 908,092	\$ 323,429	\$ 78,050	\$ 401,480
39K	Total Changes through CCR Settlement	849,957	(223,704)	-	(487,605)	1,272,262	-	-	1,410,911	(274,523)	121,268	(153,256)
	Total Adjustments Excluding ARO CCR	\$ 2,151,064	\$ (897,305)	\$ (38,652)	\$ (51,268)	\$ 1,155,164	\$ -	\$ -	\$ 2,319,003	\$ 48,906	\$ 199,318	\$ 248,224
11 K-CA	Adjust deferred environmental - CCR Settlement	-	-	-	135,622	(31,668)	-	-	103,954	7,873	41,908	-
22 K-CA	Adjust Synchronize Interest Expense - CCR Settlement	-	-	-	-	-	-	-	-	-	(652)	-
23 K-CA	Adjust Cash Working Capital - CCR Settlement	-	-	-	-	-	-	-	-	-	-	-
	Total Adjustments related to ARO CCR	\$ -	\$ -	\$ -	\$ 135,622	\$ (31,668)	\$ -	\$ -	\$ 103,954	\$ 7,873	\$ 41,256	\$ -
	Total Adjustments	\$ 2,151,064	\$ (897,305)	\$ (38,652)	\$ 84,354	\$ 1,123,495	\$ -	\$ -	\$ 2,422,957	\$ 56,779	\$ 240,574	\$ 248,224

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



DUKE ENERGY CAROLINAS, LLC  
ORIGINAL COST RATE BASE-ELECTRIC OPERATIONS  
DECEMBER 31, 2018  
(Thousands of Dollars)

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	\$ 41,057,320	\$ 27,969,103	\$ 2,151,064	\$ 30,120,167
2	Less: Accumulated depreciation and amortization	4b	<u>(15,830,487)</u>	<u>(10,810,668)</u>	<u>(897,305)</u>	<u>(11,707,973)</u>
3	Net electric plant		25,226,833	17,158,435	1,253,759	18,412,194
4	Add: Materials and supplies	4c	994,443	678,077	(38,652)	639,426
5	Working capital investment	4d	(406,979)	(253,955)	84,354	(169,601)
6	Less: Accumulated deferred taxes		(3,824,449)	(2,601,854)	1,123,495 (a)	(1,478,358)
7	Operating reserves		(628,321)	(424,053)	-	(424,053)
8	Construction work in progress		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
9	Total		<u>\$ 21,361,527</u>	<u>\$ 14,556,650</u>	<u>\$ 2,422,957</u>	<u>\$ 16,979,607</u>

DUKE ENERGY CAROLINAS, LLC  
ELECTRIC PLANT IN SERVICE AT ORIGINAL COST  
DECEMBER 31, 2018  
(Thousands of Dollars)

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	\$ 22,181,205	\$ 14,978,527	\$ 855,266	\$ 15,833,793
2	Transmission Plant	4,052,747	2,179,775	274,746	2,454,521
3	Distribution Plant	12,085,804	8,938,158	848,858	9,787,016
4	General Plant	1,212,985	830,763	118,546	949,308
5	Intangible Plant	986,751	687,541	53,649	741,191
6	Subtotal	40,519,492 (a)	27,614,764	2,151,064	29,765,829
7	Nuclear Fuel (Net)	537,828	354,338	-	354,338
8	Total electric plant in service	<u>\$ 41,057,320</u>	<u>\$ 27,969,103</u>	<u>\$ 2,151,064</u>	<u>\$ 30,120,167</u>

Notes: (a) Excludes asset retirement obligations, electric plant held for future use, and electric plant acquisition adjustments totaling \$642,372 thousand.  
(b) Reflects certain plant in service additions/retirements through January 2020, and a reduction for solar electric plant recovered through the REPS rider.

**DUKE ENERGY CAROLINAS, LLC**  
**ACCUMULATED DEPRECIATION AND AMORTIZATION - ELECTRIC PLANT IN SERVICE**  
**DECEMBER 31, 2018**  
**(Thousands of Dollars)**

**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	\$ (8,604,490)	\$ (5,795,067)	\$ (646,882)	\$ (6,441,949)
2	Transmission Reserve	(1,385,391)	(745,942)	(27,971)	(773,914)
3	Distribution Reserve	(4,816,028)	(3,561,642)	(123,998)	(3,685,640)
4	General Reserve	(414,681)	(285,334)	(34,200)	(319,534)
5	Intangible Reserve	<u>(609,897)</u>	<u>(422,682)</u>	<u>(64,254)</u>	<u>(486,936)</u>
6	Total	<u>\$ (15,830,487)</u>	0 <u>\$ (10,810,668)</u>	<u>\$ (897,305)</u>	<u>\$ (11,707,973)</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	4.40%			
9	Nuclear production plant	3.60%			
10	Hydro production plant	2.00%			
11	Other production plant	3.21%			
12	Transmission plant	2.23%			
13	Distribution plant	2.28%			
14	General plant	Various			
15	Intangible plant	20.00%			

Notes: (a) Excludes accumulated amortization of electric plant acquisition adjustment and accumulated depreciation related to asset retirement obligations totaling (\$107,345) thousand.

(b) Consists of adjustments to depreciation for year-end plant and certain plant additions/retirements through January 2020.

DUKE ENERGY CAROLINAS, LLC  
MATERIALS AND SUPPLIES  
DECEMBER 31, 2018  
(Thousands of Dollars)

Total

Line No.	Description	Total Company Per Books (Col. 1)	North Carolina Retail Operations			As Adjusted (Col. 4)
			Per Books (Col. 2)	Accounting Adjustments (Col. 3)		
	Fuel Stock:					
1	Coal	\$ 175,291	\$ 115,487	\$ 3,848 [a]		\$ 119,336
2	Gas	45,470	29,957	-		29,957
3	Total fuel stock	220,761	145,444	3,848		149,293
4	Other electric materials and supplies and stores clearing	773,682	532,633	(42,500) [b]		490,133
5	Total Materials and Supplies	<u>\$ 994,443</u>	<u>\$ 678,077</u>	<u>\$ (38,652)</u>		<u>\$ 639,426</u>

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

(b) Eliminates (\$42,354) thousand of costs recorded in connection with non-fuel riders and (\$146) related to sale of hydro plants.

**DUKE ENERGY CAROLINAS, LLC**  
**WORKING CAPITAL INVESTMENT**  
**DECEMBER 31, 2018**  
(Thousands of Dollars)

**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	Required bank balance	\$ 300	\$ 204	\$ -	\$ 204		\$ 204
2	Investor advanced funds: Operating funds per lead-lag study	260,829	177,740 (a)	(22,131) (b)	155,609	37,969 (c)	193,578
3	Unamortized Debt	114,911	78,306	-	78,306	-	78,306
4	Pension Funding	580,864	394,363	-	394,363	-	394,363
5	Injuries and Damages	705,912	477,557	-	477,557	-	477,557
6	Regulatory Asset and Liability - Tax	(3,338,909)	(2,208,434)	-	(2,208,434)	-	(2,208,434)
7	Other	1,395,698	922,916	106,486	1,029,402	-	1,029,402
8	Total investor advanced funds	(280,695)	(157,552)	84,354	(73,198)	37,969	(35,229)
9	Less: customer deposits	(126,585)	(96,608)	-	(96,608)	-	(96,608)
10	Total working capital investment	\$ (406,979)	\$ (253,955)	\$ 84,354	\$ (169,601)	\$ 37,969	\$ (131,632)

Notes: (a) From Speros Exhibit 2, 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 Carolinas, LLC  
Docket No. E-7, Sub 1214  
Annualize retail revenues for current rates  
For the test period ended December 31, 2018

NC-0100  
Narrative  
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 represents the additional North Carolina retail revenues required to reflect the annualization of rates in effect on January 1, 2019.

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.

CCR Settlement

Based upon the Public Staff audit, updated Base Fuel to reflect Docket E-7 Sub 1228

## McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Annualize retail revenues for current rates  
For the test period ended December 31, 2018  
(Dollars in thousands)

NC-0100  
Page 1 of 1  
CCR Settlement

Line No.	Description	Source	Total NC Retail CCR Settlement	Total NC Retail Application	Change
1					
2	<b><u>Pro Formas Impacting Income Statement Line Items</u></b>				
3					
4	Electric operating revenue	NC-0101	\$ (234,841)	\$ (110,407)	\$ (124,434)
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-0101	(1,298)	(826)	(473)
11	Depreciation and amortization		-	-	-
12	General taxes		-	-	-
13	Interest on customer deposits		-	-	-
14	Income taxes	NC-0101	(54,533)	(25,588)	(28,945)
15	Amortization of investment tax credit		-	-	-
16					
17	Total electric operating expenses	Sum L8 through L15	(55,831)	(26,413)	(29,418)
18					
19	Operating income	L4 - L17	<u>\$ (179,010)</u>	<u>\$ (83,994)</u>	<u>\$ (95,016)</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	<b><u>Pro Formas Impacting Rate Base Line Items</u></b>				
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>
45					
46	Note:				
47	Rate Base: positive number increases rate base / negative number decreases rate base				

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Annualize retail revenues for current rates  
For the test period ended December 31, 2018  
(Dollars in thousands)

NC-0101  
Page 1 of 1  
CCR Settlement

Line		<u>Per Book</u>		<u>Present</u>		<u>Present</u>
<u>No.</u>	<u>Description</u>	<u>Total</u>		<u>Total</u>		<u>vs.</u>
		<u>NC Retail</u>		<u>NC Retail</u>		<u>Per Book</u>
1	<u>Revenues to be Collected in Proposed Rates:</u>	(a)		(b)		(c)
2	Retail Sales (Billed Revenues)	\$ 4,886,229 [1]		\$ 4,544,759 [1]		\$ (341,470)
3	Provision for Rate Refund	(107,049) [5]				107,049
4	Adjustment to reflect application of Fuel Rate to HP sales			(\$420)		(420)
5	Impact to revenue - adj. needed to billed revenues to annualize for current rates (L2 + L3)	<u>\$ 4,779,179</u>		<u>\$ 4,544,338</u>		<u>\$ (234,841)</u>
6						
7	Uncollectibles rate					0.25010% [2]
8	Statutory regulatory fee percentage rate					0.12967% [3]
9	Impact to O&M (L5 x (L7 + L8))					<u>\$ (1,298.397)</u>
10						
11	Taxable income (L5 - L9)					\$ (233,543)
12	Statutory tax rate					23.3503% [4]
13	Impact to income taxes (L11 x L12)					<u>\$ (54,533)</u>
14						
15	Impact to operating income (L11 - L13)					<u><u>\$ (179,010)</u></u>

[1] NC-0102 - Billed Revenues and Present Revenues Annualized - North Carolina Retail, Line 33

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

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

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

[5] NC-0106 - 2018 Provision for Rate Refund



## McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Annualize retail revenues for current rates  
For the test period ended December 31, 2018

NC-0102  
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CCR Settlement

Billed Revenues and Present Revenues Annualized - North Carolina Retail

Source: Duke Energy Carolinas Rate Design

Line No.	Group	Description	Billed Revenues	Present Revenues Annualized	Adjustment to Annualize Revenues
1					
2	Residential:	RS - Residential Service	1,331,333,023	1,258,068,518	(73,264,505)
3		ES - Energy Star	12,284,996	11,919,421	(365,576)
4		RE - Electric Water Heating and Space Conditioning	959,398,121	894,723,526	(64,674,595)
5		RE-ESA - Energy Star	4,000,418	3,761,325	(239,093)
6		RT - Residential Service, Time of Use	4,280,248	3,972,177	(308,071)
7	Residential: Total		2,311,296,807	2,172,444,967	(138,851,840)
8	General:	BC - Building Construction Service	2,891,242	2,502,083	(389,159)
9		SGS - Small General Service	496,011,177	446,327,508	(49,683,669)
10		SGSCATV - Small General Service	5,309,773	4,557,322	(752,450)
11		LGS - Large General Service	398,699,250	366,021,024	(32,678,226)
12	General: Total		902,911,443	819,407,938	(83,503,505)
13	OPT	OPT-V-PL - Optional Power Service-Time of Use with Voltage Differential	452,429,608	428,381,614	(24,047,993)
14		OPT-V-PM - Optional Power Service-Time of Use with Voltage Differential	38,546,860	35,262,911	(3,283,949)
15		OPT-V-PS - Optional Power Service-Time of Use with Voltage Differential	19,120,510	17,288,959	(1,831,551)
16		OPT-V-SL - Optional Power Service-Time of Use with Voltage Differential	154,267,819	144,586,574	(9,681,245)
17		OPT-V-SM - Optional Power Service-Time of Use with Voltage Differential	150,271,376	138,970,681	(11,300,696)
18		OPT-V-SS - Optional Power Service-Time of Use with Voltage Differential	514,998,496	470,650,265	(44,348,231)
19		OPT-V-T - Optional Power Service-Time of Use with Voltage Differential	56,431,399	55,921,674	(509,725)
20		OPTEG	1,067,449	983,506	(83,943)
21	OPT: Total		1,387,133,518	1,292,046,183	(95,087,335)
22	Industrial:	I - Industrial Service	159,312,639	142,164,524	(17,148,114)
23		PG- Parallel Generation	46,743	44,873	(1,870)
24	Industrial: Total		159,359,381	142,209,397	(17,149,984)
25	Lighting:	PL - Street and Public Lighting Service	31,107,140	26,815,445	(4,291,696)
26		GL - Governmental Lighting Service	5,236,515	2,918,874	(2,317,641)
27		OL - Outdoor Lighting Service	71,898,088	71,820,314	(77,774)
28		FL - Flood Lighting Service	15,305,452	15,391,845	86,393
29		S - Unmetered Sign (Nantahala)	3,114	2,994	(120)
30		NL - Nonstandard Lighting Service	123,610	14,204	(109,406)
31		TS - Traffic Signal Service	1,853,849	1,686,363	(167,487)
32	Lighting: Total		125,527,768	118,650,038	(6,877,730)
33	Grand Total		4,886,228,916	4,544,758,523	(341,470,393)

## McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Annualize retail revenues for current rates  
For the test period ended December 31, 2018

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CCR Settlement

### NCUC Statutory Regulatory Fee Percentage Rate - Adjusted

Line

<u>No.</u>	<u>Rate</u>	<u>Description</u>
1	0.13000%	Current statutory regulatory fee percentage rate
2	99.74990%	1 less current uncollectibles rate of .2501% on NC-0105
3	0.12967%	Adjusted statutory regulatory fee percentage rate (excluding uncollectibles rate)

Docket M-100 Sub 142

Section (a) of N.C.G.S. § 62-302 provides that the amount of the reserve may not exceed one-half of the cost of operating the Commission and the Public Staff as reflected in the certified budget for the previous fiscal year.

At present, the Commission's regulatory fee for noncompetitive jurisdictional revenues is 0.14%. Pursuant to N.C.G.S. § 62-302(b)(3), the Commission has reviewed the estimated cost of operating the Commission and the Public Staff for the next fiscal year, including the reserve margin permitted under N.C.G.S. § 62-302(a), and has determined that the regulatory fee for noncompetitive jurisdictional revenues should be decreased to 0.13%, effective July 1, 2019.

IT IS, THEREFORE, ORDERED as follows:

1. That the regulatory fee for noncompetitive jurisdictional revenues shall be, and is hereby, set at 0.13%, effective July 1, 2019.
2. That the Chief Clerk shall serve this Order on all utilities regulated by the Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the 18<sup>th</sup> day of June, 2019.

NORTH CAROLINA UTILITIES COMMISSION



Janice H. Fulmore, Deputy Clerk

## Regulatory Fee Reporting

The regulatory fee legislation for public utilities and electric membership corporations was enacted by the North Carolina General Assembly to provide funding to pay the expenses incurred by the Commission and Public Staff in regulating public utilities in the interest of the using and consuming public. The regulatory fee requirements are administered in compliance with G.S. 62-302.

The Commission's Fiscal Management Division is responsible for the collection, deposit, accounting, and reporting of the regulatory fee for the Commission.

G.S. 62-302 and Commission Rule R-15 state in part that: "The regulatory fee imposed under this section is due and payable to the Commission on or before the 15th day of the second month following the end of each quarter. Each public utility subject to the regulatory fee shall on or before the date the fee is due for each quarter, prepare and render a report on a form prescribed by the Commission."

**\*\* Effective July 1, 2018, the Regulatory Fee Percentage Rate will remain at 0.14% (0.0014) for state fiscal year 2018-2019. The two rates for the telephone subsection (h) and (m) companies will remain the same as .04% (.0004) and .02% (.0002) respectively. With the rate not changing, there will not be another Order issued.**

For assistance you can contact the following individuals in Regulatory Fees Reporting:

- Regina Williams at 919-733-5265 or email at [rwilliams@ncuc.net](mailto:rwilliams@ncuc.net)
- Terreca Etson at 919-715-6442 or email at [tetson@ncuc.net](mailto:tetson@ncuc.net)

Also, you can contact the Fiscal Management Section at 919-733-7680 or email Fiscal Management at [fiscalmanagement@ncuc.net](mailto:fiscalmanagement@ncuc.net).

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Annualize retail revenues for current rates  
For the test period ended December 31, 2018

NC-0104  
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CCR Settlement

2019 Calculation of Tax Rates

Current (Statutory) and Deferred Tax Rate Per "Provision" - Year 2018

Line No.	Description	Total	Statutory Rate (a)	Allocation Factor (b)	Composite Rate (a) x (b)
1					
2		100.0000%			
3	North Carolina	1.6750%	2.5000%	67.0000%	1.6750%
4	South Carolina	1.3000%	5.0000%	26.0000%	1.3000%
5	Federal Taxable Income (L2 - L3 - L4)	97.0250%			
6	Federal Tax Rate	21.0000%			
7	Federal Net of State (L5 x L6)	20.3753%			
8	North Carolina (L3)	1.6750%			
9	South Carolina (L4)	1.3000%			
10	Composite Tax Rate (L7 + L8 + L9)	23.3503%			

Source: Duke Energy Carolinas Tax Department

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Annualize retail revenues for current rates  
For the test period ended December 31, 2018

NC-0105  
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CCR Settlement

2018 Uncollectibles Rate

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Total</u>
1		
2	Uncollectibles Expense (FERC Account 904)	16,637,687 [1]
3	Retail Billed Rate Revenue (FERC Accounts 440 - 445)	<u>6,652,390,446 [1]</u>
4	Uncollectibles Rate (L2 / L3)	<u>0.25010%</u>

[1] E-1 Item 2, Trial Balance excluding unbilled

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Annualize retail revenues for current rates  
For the test period ended December 31, 2018

NC-0106  
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CCR Settlement

Provision for Rate Refund account 0449111

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Total</u> <u>System</u>	<u>Total</u> <u>NC Retail</u>
1	Tax Reform Provision for Rate Refund	(\$174,243,116) [1]	(\$107,049,490)

[1] E-1 Item 2, Trial Balance 0449111 - Provisions For Rate Refunds

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Annualize retail revenues for current rates  
For the test period ended December 31, 2018

NC-0107  
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CCR Settlement

	<b><u>Per Book kWh</u></b>	<b><u>Base Fuel Adjustment</u></b>	
HPLGS	11,434,576	(\$0.1583)	(\$18,101)
HPI	1,427,133	(\$0.3558)	(\$5,078)
HP-OPTVG (standby excluded)	103,290,772	(\$0.1583)	(\$163,509)
HP-OPTVI (standby excluded)	65,598,462	(\$0.3558)	(\$233,399)
	<u>\$181,750,943</u>		<u>(\$420,087)</u>

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Update fuel costs to proposed rate  
For the test period ended December 31, 2018

NC-0200  
Narrative  
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 fuel expense, purchased power, other operation and maintenance expense and income taxes for fuel clause expense during the test period to match the fuel clause revenues derived from the fuel factor proposed in Docket No. E-7, Sub 1129. By matching the expenses to the revenue, this adjustment ensures that no increase is requested in this proceeding related to fuel and fuel-related expenses that are recoverable through the fuel clause.

The impact to fuel and fuel related expenses is determined as follows:

1. The total fuel clause expense (including fuel, purchased power and reagents & by-products) allocated in cost of service is eliminated from the test period.
2. The pro forma fuel clause expense using the proposed fuel rate is calculated by multiplying the NC Retail kWh sales for the test period by the most recent proposed fuel rate.

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

January Updated

Upated NC-0201 line 5 to remove Catalyst Depreciation from Fuel Clause

CCR Settlement

Based upon the Public Staff audit, updated base fuel rates to reflect E-7 Sub 1228.

## McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Update fuel costs to proposed rate  
For the test period ended December 31, 2018  
(Dollars in thousands)

NC-0200  
CCR Settlement

Line No.	Description	Source	Total NC Retail CCR Settlement	Total NC Retail January	Total NC Retail Application	Total NC Retail Change
1	<b><u>Pro Formas Impacting Income Statement Line Items</u></b>					
2						
3						
4	Electric operating revenue		\$ -	\$ -	\$ -	\$ -
5						
6	Electric operating expenses:					
7	Operation and maintenance					
8	Fuel used in electric generation	NC-0201	84,881	209,105	209,105	(124,224)
9	Purchased power	NC-0201	(169,854)	(169,854)	(169,854)	-
10	Other operation and maintenance expense	NC-0201	(21,892)	(21,892)	(21,892)	-
11	Depreciation and amortization	NC-0201	-	-	(3,277)	3,277
12	General taxes		-	-	-	-
13	Interest on customer deposits		-	-	-	-
14	Income taxes	NC-0201	24,953	(4,053)	(3,288)	28,242
15	Amortization of investment tax credit		-	-	-	-
16						
17	Total electric operating expenses	Sum L8 through L15	(81,912)	13,305	10,794	(92,706)
18						
19	Operating income	L4 - L17	<u>\$ 81,912</u>	<u>\$ (13,305)</u>	<u>\$ (10,794)</u>	<u>\$ 92,706</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	<b><u>Pro Formas Impacting Rate Base Line Items</u></b>					
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					



## McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Update fuel costs to proposed rate  
For the test period ended December 31, 2018  
(Dollars in thousands)

NC-0201  
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CCR Settlement

Line No.	Description	Residential	General	Industrial	Lighting	Total NC Retail	
1	<u>Fuel Clause Expense Allocated in Per Books Cost of Service</u>						
2	Fuel included in system average fuel costs	349,881	364,698	188,608	10,673	\$913,860	[1]
3	Purchased power included in system average fuel costs-demand	9,422	7,933	3,143	2	20,499	[2]
4	Purchased power included in system average fuel costs-energy	109,652	114,295	59,109	3,345	286,401	[3]
5	Catalyst depreciation included in system average fuel costs						
6	Reagents & by-products included in system average fuel costs	8,382	8,737	4,518	256	\$21,892	[4]
7	NC Retail Deferred Fuel Expense (0557980)	(52,470)	(54,691)	(28,284)	(1,601)	(\$137,046)	[5]
8	Total Fuel Clause Expense Allocated in Cost of Service (Sum L2 through L7)	\$ 424,867	\$ 440,970	\$ 227,094	\$ 12,675	\$1,105,606	
9	<u>Fuel Clause Expense to Add (Based on E-7 Sub 1163)</u>						
10	Proposed fuel and fuel related costs ¢/kWh (excluding EMF)	1.6027	1.7583	1.6652	1.7583		[6]
11	NC Retail kWh actual sales - 12 months ended December 2018	22,763,028,911	23,470,094,319	12,555,749,214	691,830,144	59,480,702,588	[7]
12	Adjusted Fuel Clause Expenses (L11 x (L10 / 100,000))	\$ 364,823	\$ 412,675	\$ 209,078	\$ 12,164	\$ 998,741	
13	Impact to fuel (-L2 + L12 - L7)	\$ 14,942	\$ 47,977	\$ 20,470	\$ 1,492	\$ 84,881	
14	Impact to purchased power (-L3 - L4 - L7)	\$ (66,604)	\$ (67,536)	\$ (33,967)	\$ (1,746)	\$ (169,854)	
15	Impact to O&M (-L6)	\$ (8,382)	\$ (8,737)	\$ (4,518)	\$ (256)	\$ (21,892)	
16	Taxable income (-L13 - L14 - L15)	\$ 60,044	\$ 28,296	\$ 18,016	\$ 510	\$ 106,865	
17	Statutory tax rate	23.3503%	23.3503%	23.3503%	23.3503%	23.3503%	[8]
18	Impact to income taxes (L16 x L17)	\$ 14,020	\$ 6,607	\$ 4,207	\$ 119	\$ 24,953	
19	Impact to operating income (L16 - L18)	\$ 46,023	\$ 21,689	\$ 13,809	\$ 391	\$ 81,912	

[1] Included in E-1 Item 45A, Cost of Service, 501, 547 FUEL EXP-BIOGAS-NCR; 501, 547 FUEL EXP-REMAINDER; and 518 FUEL EXP-NUCLEAR

[2] Included in E-1 Item 45A, Cost of Service, 555 PURCHASED POWER-DEMAND

[3] Included in E-1 Item 45A, Cost of Service, 555 PURCHASED POWER-ENERGY

[4] Included in E-1 Item 45A, Cost of Service, 500-557 PROD EXP-ENERGY

[5] Included in E-1 item 45A, Cost of Service, 557 OTHER EXPENSES-NCR and in GL account 0557980 - Deferred fuel - NC

[6] NC-0202 - Approved fuel and fuel related costs ¢/kWh (excluding EMF), Docket No. E-7, Sub 1228, McGee Revised Exhibit 1, Line 9

[7] NC-0302 - 2018 kWh Sales - Per Book - NC Retail (General and Industrial includes HP kWhs)

[8] NC-0104 - 2018 Calculation of Tax Rates - Statutory Tax Rate, Line 10

# McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Update fuel costs to proposed rate  
For the test period ended December 31, 2018

NC-0202  
Page 1 of 1  
CCR Settlement

Proposed fuel and fuel related costs ¢/kWh (excluding EMF) - Docket No. E-7, Sub 1228, McGee Revised Exhibit 1, Line 9

Line #	Description	Reference	Residential cents/kWh	General cents/kWh	Industrial cents/kWh	Composite cents/kWh
<b><u>Current Fuel and Fuel Related Cost Factors (Approved Fuel Rider Docket No. E-7, Sub 1190)</u></b>						
1	Approved Fuel and Fuel Related Costs Factors	Input	1.8126	1.9561	1.8934	1.8901
2	EMF Increment	Input	0.1375	0.0927	0.2089	0.1346
3	EMF Interest Decrement cents/kWh	Input	0.0000	0.0000	0.0000	0.0000
4	Approved Net Fuel and Fuel Related Costs Factors	Sum	<b>1.9501</b>	<b>2.0488</b>	<b>2.1023</b>	<b>2.0247</b>
<b><u>Fuel and Fuel Related Cost Factors Required by Rule R8-55</u></b>						
5	Proposed Nuclear Capacity Factor of 94.39% and Normalized Test Period Sales	Exh 2 Sch 2 pg 2	<b>1.6398</b>	<b>1.8191</b>	<b>1.9292</b>	<b>1.7762</b>
6	NERC 5 Year Average Nuclear Capacity Factor of 91.60% and Projected Period Sales	Exh 2 Sch 3 pg 2	<b>1.6790</b>	<b>1.8536</b>	<b>1.9530</b>	<b>1.8106</b>
<b><u>Proposed Fuel and Fuel Related Cost Factors using Proposed Nuclear Capacity Factor of 94.39%</u></b>						
7	Fuel and Fuel Related Costs excluding Purchased Capacity cents/kWh	Exh 2 Sch 1 pg 2	1.5674	1.7308	1.6428	1.6522
8	REPS Compliance and QF Purchased Power - Capacity cents/kWh	Exh 2 Sch 1 pg 2	0.0353	0.0275	0.0224	0.0294
9	Total adjusted Fuel and Fuel Related Costs cents/kWh	Sum	1.6027	1.7583	1.6652	1.6816
10	EMF Increment (Decrement) cents/kWh	Exh 3 pg 2, 3, 4	0.0364	0.0666	0.2658	0.0975
11	EMF Interest (Decrement) cents/kWh	Exh 3 pg 2, 3, 4	0.0000	0.0000	0.0000	0.0000
12	Net Fuel and Fuel Related Costs Factors cents/kWh	Sum	<b>1.6391</b>	<b>1.8249</b>	<b>1.9310</b>	<b>1.7791</b>

Note: Fuel factors exclude regulatory fee

## McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Normalize for weather  
For the test period ended December 31, 2018

NC-0300  
Narrative  
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 based on the years 1988-2017. The derivations of the individual monthly weather normals start with calculating the simple average of the hourly temperatures from the following three weather stations:

- A. Charlotte Douglas International Airport
- B. Greensboro Piedmont Triad Airport
- C. Greer Greenville - Spartanburg Airport

Next, degree hours are calculated by taking the average daily temperatures and subtracting them from a base (65 degrees Fahrenheit for CDD's and 65 degrees Fahrenheit for HDD's). The resulting CDD's and HDD's are summed for each day to determine the daily heating or cooling degree hours over the billing period.

3. The average price by class for the test period is calculated by dividing NC Retail present revenues annualized (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 proposed 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.

### September Update

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

### October Update

2018 weather impacts were updated with 1 additional months of sales and weather data

### November Update

2018 weather impacts were updated with 1 additional months of sales and weather data

### December Update

2018 weather impacts were updated with 1 additional months of sales and weather data. and adjusted reside On NC-0301 Line 9 NC Retail present revenues annualized adjusted residential to exclude basic facilities charges

### January Supplemental

2018 weather impacts were updated with 1 additional months of sales and weather data

### January Rebuttal

NC-0301 Average price by class updated to exclude Basic Facilities charges for all classes

### CCR Settlement

Annualized revenues were updated to reflect the current fuel rates.

## McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Normalize for weather  
For the test period ended December 31, 2018  
(Dollars in thousands)

NC-0300  
Page 1 of 1  
CCR Settlement

Line No.	Description	Source	Total NC Retail CCR Settlement	Total NC Retail January - Rebuttal	Total NC Retail January - Supplemental	Total NC Retail Application	Total NC Retail Change
1							
2	<b>Pro Formas Impacting Income Statement Line Items</b>						
3							
4	Electric operating revenue	NC-0301	\$ (94,117)	\$ (96,809)	\$ (101,737)	\$ (109,566)	\$ 15,449
5							
6	Electric operating expenses:						
7	Operation and maintenance						
8	Fuel used in electric generation	NC-0301	(22,330)	(25,025)	(25,904)	(26,163)	3,833
9	Purchased power		-	-	-	-	-
10	Other operation and maintenance expense	NC-0301	(357)	(368)	(386)	(416)	59
11	Depreciation and amortization		-	-	-	-	-
12	General taxes		-	-	-	-	-
13	Interest on customer deposits		-	-	-	-	-
14	Income taxes	NC-0301	(16,679)	(16,676)	(17,617)	(19,378)	2,699
15	Amortization of investment tax credit		-	-	-	-	-
16							
17	Total electric operating expenses	Sum L8 through L15	(39,366)	(42,069)	(43,907)	(45,957)	6,590
18							
19	Operating income	L4 - L17	<u>\$ (54,751)</u>	<u>\$ (54,740)</u>	<u>\$ (57,830)</u>	<u>\$ (63,609)</u>	<u>\$ 8,859</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	<b>Pro Formas Impacting Rate Base Line Items</b>						
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>	<u>\$ -</u>
45							
46	Note:						
47	Rate Base: positive number increases rate base / negative number decreases rate base						

## McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Normalize for weather  
For the test period ended December 31, 2018  
(Dollars in thousands)

NC-0301  
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CCR Settlement

Line No.	Description	Residential	General Service	Industrial	System Total
1	NC Retail kWh weather adjustment	(521,492,469)	(728,915,472)	(69,374,972)	(1,319,782,913)
2					
3	NC Retail kWh sales - per book	22,763,028,911	23,470,094,319	12,555,749,214	58,788,872,444
4	NC Retail present revenues annualized Excluding BFC	\$ 1,878,357 [8]	\$ 1,525,291 [3]	\$ 672,253 [3]	\$ 4,075,901
5					
6	Average price by class in ¢/kWh (L4 / L3) x 100,000	8.2518	6.4989	5.3541	
7					
8	Impact to revenue - weather adjusted revenue (L1 x L6) / 100,000	\$ (43,032)	\$ (47,371)	\$ (3,714)	\$ (94,117)
9					
10	Proposed fuel and fuel related costs ¢/kWh (excluding EMF)	1.6027 [4]	1.7583 [4]	1.6652 [4]	
11	Impact to fuel (L1 x L10) / 100,000	\$ (8,358)	\$ (12,817)	\$ (1,155)	\$ (22,330)
12					
13	<u>Calculation of NCUC Regulatory Fee</u>				
14	Uncollectibles Rate	0.25010% [5]	0.25010% [5]	0.25010% [5]	0.25010% [5]
15	Statutory regulatory fee percentage rate	0.12967% [6]	0.12967% [6]	0.12967% [6]	0.12967% [6]
16	Impact to O&M (L8 x (L14 + L15))	\$ (163)	\$ (180)	\$ (14)	\$ (357)
17					
18	Taxable income (L8 - L11 - L16)	\$ (34,511)	\$ (34,374)	\$ (2,545)	\$ (71,430)
19	Statutory tax rate	23.3503% [7]	23.3503% [7]	23.3503% [7]	23.3503% [7]
20	Impact to income taxes (L18 x L19)	\$ (8,058)	\$ (8,026)	\$ (594)	\$ (16,679)
21	Impact to operating income (L18 - L20)	\$ (26,452)	\$ (26,348)	\$ (1,951)	\$ (54,751)

[1] NC-0302 - 2018 kWh Sales - Per Book [excluding Lighting and General and Industrial includes HP kWhs]

[2] NC-0303 - kWh Weather Normalizations - Based on 30 Year Average (1988 - 2017), Line 13

[3] NC-0404 - Present Revenues Annualized - North Carolina Retail

[4] NC-0202 - Proposed fuel and fuel related costs ¢/kWh (excluding EMF), Docket No. E-7, Sub 1190, McGee Exhibit 1, Line 9. Excludes Reg Fee and Uncollectibles.

[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

[8] NC-0404 - Present Revenues Annualized - North Carolina Retail excluding Basic facilities

# McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Normalize for weather  
For the test period ended December 31, 2018

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CCR Settlement

## 2018 kWh Sales - Per Book

Information provided by Duke Energy Carolinas Rate Design

Line No.	Group	Description	NC Retail kWh Sales	SC Retail kWh Sales	System Total kWh Sales
1					
2	Residential:	RS - Residential Service	12,766,335,465	3,505,212,482	16,271,547,947
3		ES - Energy Star	120,905,311	22,030,041	142,935,352
4		WC - (RS) - Water Heating, Controlled/Submetered	3,741,986	1,471,809	5,213,795
5		RE - Electric Water Heating and Space Conditioning	9,773,419,993	3,283,571,333	13,056,991,326
6		RE-ESA - Energy Star	41,424,066	7,162,819	48,586,885
7		WC - (RE) - Water Heating, Controlled/Submetered	7,261,965	2,830,725	10,092,690
8		RT - Residential Service, Time of Use	49,940,125	7,148,593	57,088,718
9		RB - Residential Service		77,496,578	77,496,578
10	Residential: Total		22,763,028,911	6,906,924,380	29,669,953,291
11	General:	BC - Building Construction Service	16,159,670	4,596,697	20,756,367
12		SGS - Small General Service	4,500,519,842	1,353,245,883	5,853,765,725
13		SGSCATV - Small General Service	50,651,695	3,882,914	54,534,609
14		LGS - Large General Service	5,130,566,670	1,149,212,496	6,279,779,166
15		MPG - Multiple Premise		73,865,774	73,865,774
16	General: Total		9,697,897,877	2,584,803,764	12,282,701,641
17	OPT: General	OPTEG	20,012,800		20,012,800
18		OPT-G - Optional Power Service-Time of Use		2,973,151,266	2,973,151,266
19		OPT-V-PL - Optional Power Service-Time of Use with Voltage Differential	3,607,269,535		3,607,269,535
20		OPT-V-PM - Optional Power Service-Time of Use with Voltage Differential	417,169,338		417,169,338
21		OPT-V-PS - Optional Power Service-Time of Use with Voltage Differential	202,612,504		202,612,504
22		OPT-V-SL - Optional Power Service-Time of Use with Voltage Differential	769,828,955		769,828,955
23		OPT-V-SM - Optional Power Service-Time of Use with Voltage Differential	1,089,739,374		1,089,739,374
24		OPT-V-SS - Optional Power Service-Time of Use with Voltage Differential	6,575,623,038		6,575,623,038
25		OPTVG - General Service	975,215,550		975,215,550
26	OPTGeneral: Total		13,657,471,094	2,973,151,266	16,630,622,360
27	OPT: Industrial	MPI - Multiple Premise		141,380,013	141,380,013
28		OPT-I - Optional Power Service-Time of Use		7,760,861,939	7,760,861,939
29		OPT-V-PL - Optional Power Service-Time of Use with Voltage Differential	5,080,509,244		5,080,509,244
30		OPT-V-PM - Optional Power Service-Time of Use with Voltage Differential	244,380,680		244,380,680
31		OPT-V-PS - Optional Power Service-Time of Use with Voltage Differential	180,146,666		180,146,666
32		OPT-V-SL - Optional Power Service-Time of Use with Voltage Differential	2,088,573,304		2,088,573,304
33		OPT-V-SM - Optional Power Service-Time of Use with Voltage Differential	1,410,849,158		1,410,849,158
34		OPT-V-SS - Optional Power Service-Time of Use with Voltage Differential	1,175,951,129		1,175,951,129
35		OPTVT	261,404,000		261,404,000
36	OPT Industrial: Total		10,441,814,181	7,902,241,952	18,344,056,133
37	Industrial:	I - Industrial Service	2,046,808,938	765,082,853	2,811,891,791
38		PG-I - Parallel Generation	18,000		18,000
39		PG-G - Parallel Generation	82,500	3,041,000	3,123,500
40	Industrial: Total		2,046,909,438	768,123,853	2,815,033,291
41	Lighting:	FL - Flood Lighting Service	107,709,339	66,418,150	174,127,489
42		GL - Governmental Lighting Service	18,709,804	2,944,621	21,654,425
43		NL - Nonstandard Lighting Service	275,017	2,931	277,948
44		OL - Outdoor Lighting Service	322,381,128	113,123,462	435,504,590
45		PL - Street and Public Lighting Service	232,673,040	39,129,488	271,802,528
46		TS - Traffic Signal Service	10,081,816	2,308,283	12,390,099
47	Lighting: Total		691,830,144	223,926,935	915,757,079
48	Greenwood:	A - Residential Service	-	46,549,302	46,549,302
49		BL - General	-	3,541,100	3,541,100
50		EH - General	-	46,983	46,983
51		SL - Lighting	-	283,805	283,805
52	Lighting: Total		-	50,421,190	50,421,190
53	Total (excluding HP kWhs)		59,298,951,645	21,409,593,340	80,708,544,985
54	HP: General	HP-LGS - Large General Service	11,434,576		11,434,576
55		HP-OPT-V-GPL - Optional Power Service-Time of Use with Voltage Differential	67,274,379		67,274,379
56		HP-OPT-V-GPS - Optional Power Service-Time of Use with Voltage Differential	35,961,928		35,961,928
57		HP-OPT-V-GSS - Optional Power Service-Time of Use with Voltage Differential	54,465		54,465
58	HP: General Total		114,725,348	-	114,725,348
59	HP: Industrial	HP-I - Industrial Service	1,427,133		1,427,133
60		HP-OPT-V-IPL - Optional Power Service-Time of Use with Voltage Differential	70,620,804		70,620,804
61		HP-OPT-V-IPS - Optional Power Service-Time of Use with Voltage Differential	(26,089,764)		(26,089,764)
62		HP-OPT-V-ISL - Optional Power Service-Time of Use with Voltage Differential	16,101,190		16,101,190
63		HP-OPT-V-ISS - Optional Power Service-Time of Use with Voltage Differential	4,966,232		4,966,232
64	HP: Industrial Total		67,025,595	-	67,025,595
65	HPX General	LGS		4,893,640	4,893,640
66		OPT-G		6,665,612	6,665,612
67	HPX Industrial	OPT-I		497,378,974	497,378,974
68	HP Total		181,750,943	508,938,226	690,689,169
69	Total (including HP kWhs) (Sum L53 + L68)		59,480,702,588	21,918,531,566	81,399,234,154

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Normalize for weather  
For the test period ended December 31, 2018

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CCR Settlement

NC Retail KWh Weather Normalizations - Based on 30 Year Average (1988 - 2017)

<u>Line No.</u>	<u>Month</u>	<u>Year</u>	<u>Residential</u>	<u>General Service</u>	<u>Industrial</u>	<u>Total Retail</u>
1	Jan	2018	(163,690,037)	(136,665,114)	-	(300,355,151)
2	Feb	2018	153,105,293	(1,884,298)	(770,362)	150,450,633
3	Mar	2018	389,926,377	-	-	389,926,377
4	Apr	2018	(51,747,444)	(12,842,604)	24,037,690	(40,552,358)
5	May	2018	4,590,698	(8,235,775)	1,960,180	(1,684,896)
6	Jun	2018	(255,219,789)	(152,295,127)	(61,830,494)	(469,345,410)
7	Jul	2018	(168,863,055)	(88,220,793)	(20,759,078)	(277,842,927)
8	Aug	2018	37,845,731	20,978,838	7,320,935	66,145,504
9	Sep	2018	(94,956,283)	(424,340,794)	(286,617,319)	(805,914,396)
10	Oct	2018	(209,085,315)	101,033,137	269,978,927	161,926,749
11	Nov	2018	(9,330,196)	(2,313,207)	(2,695,452)	(14,338,855)
12	Dec	2018	(154,068,450)	(24,129,735)	-	(178,198,184)
13	Total		(521,492,469)	(728,915,472)	(69,374,972)	(1,319,782,913)

Source: Duke Energy Carolinas Load Forecasting

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Annualize revenues for customer growth  
For the test period ended December 31, 2018

NC-0400  
Narrative  
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 is determined as follows:

To determine the additional revenue requirement resulting from customer growth, the monthly increase in number of customers is 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 is 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 is 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-7 Sub 1146.

#### January update

NC-0403 was updated for the updated weather impacts reflected in NC-300 as well as customer growth information through January 2020. Removed the usage adjustment for classes T & T2 lighting.

#### January Rebuttal

NC-0402 was separated into (a) Customer Growth versus (b) Usage adjustments.

For the Usage adjustments, removed Basic Facilities charge from the rate

NC-0403 was separated into Customer Growth versus Usage adjustments.

NC-0404 - Calculations excluding BFC and OPT added.

NC-0405 - Adopted Public Staff's adjustments to Other O&M

#### Supplemental Rebuttal

Updated NC-0405 General and Industrial to reflect the number of bills added to the test period for new accounts and the number of bills removed from the test period for closed accounts from DEC's customer-by-customer approach for calculating customer growth in alignment with the Public Staff.

#### CCR Settlement

Updated O&M/kWh rate and Bill rate to align with Public Staff.

Updated NC0404 Present Revenue annualized to reflect base fuel from E-7 Sub 1228.



## McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Annualize revenues for customer growth  
For the test period ended December 31, 2018  
(Dollars in thousands)

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[illegible]

## McManeus Exhibit 1 CCR Settlement

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(Dollars in thousands)

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Line No.	Description	NC Residential	NC General Service Small and Large	NC General Miscellaneous SGS (BC)	NC Street Lighting T & T2	NC Street Lighting TS	NC Industrial	Total NC Retail	
1									
2	Customer growth and usage revenue adjustment - January	\$24,191	\$8,594	\$ (32)	\$ 571	\$ (42)	\$ 11,122	\$ 44,404	
3	Customer growth and usage Revenue adjustment - May	\$ 45,515	\$ (14,137)	\$ 9	\$ 256	\$ (50)	\$ (6,928)	\$ 24,665	
4	May Increase	\$ 21,324	\$ (22,730)	\$ 41	\$ (315)	\$ (8)	\$ (18,051)	\$ (19,738)	
5	75% of May increase	\$ 15,993	\$ (17,048)	\$ 31	\$ (236)	\$ (6)	\$ (13,538)	\$ (14,804)	
6	Customer growth and usage Revenue adjustment - per settlement	40,184	(8,454)	(2)	335	(48)	(2,416)	\$ 29,600	[1]
7									
8	Proposed fuel and fuel related costs ¢/kWh (excluding EMF)	1.6027	1.7583	1.7583	1.7583	1.7583	1.6652		[2]
9	Customer growth and usage adjustment to kWh sales January	189,293,223	181,514,623	(795,378)	3,326,514	(396,712)	204,726,471	577,668,741	
10	Impact to fuel - January	\$3,034	3,192	(\$14)	\$58	(\$7)	\$3,409	9,672	
11	Customer growth and usage adjustment to kWh sales May	434,357,026	(131,214,659)	(711,244)	1,492,617	(454,410)	(124,288,870)	179,180,460	
12	Impact to fuel - May (L8 x (L11 / 100,000))	\$ 6,961	\$ (2,307)	\$ (13)	\$ 26	\$ (8)	\$ (2,070)	\$ 2,590	
13	May Increase	\$ 3,928	\$ (5,499)	\$ 1	\$ (32)	\$ (1)	\$ (5,479)	\$ (7,082)	
14	75% of May increase	\$ 2,946	\$ (4,124)	\$ 1	\$ (24)	\$ (1)	\$ (4,109)	\$ (5,311)	
15	Impact to fuel - per settlement (L10 + L14)	\$ 5,980	\$ (932)	\$ (13)	\$ 34	\$ (8)	\$ (700)	\$ 4,361	
16									
17	Other O&M	\$ 2,327	\$ (85)	\$ 2	\$ 25	\$ 0	\$ (102)	\$ 2,167	[6]
18									
19	<u>Calculation of NCUC Regulatory Fee and Uncollectibles</u>								
20	Uncollectibles Rate	0.25010%	0.25010%	0.25010%	0.25010%	0.25010%	0.25010%		[3]
21	Statutory regulatory fee percentage rate	0.12967%	0.12967%	0.12967%	0.12967%	0.12967%	0.12967%		[4]
22	Impact to O&M (L4 x (L20 + L21) + L17)	\$ 2,479	\$ (117)	\$ 2	\$ 26	\$ 0	\$ (111)	\$ 2,279	
23									
24	Taxable income (L4 - L12 - L22)	\$ 31,725	\$ (7,404)	\$ 10	\$ 274	\$ (40)	\$ (1,605)	\$ 22,960	
25									
26	Statutory tax rate	23.3503%	23.3503%	23.3503%	23.3503%	23.3503%	23.3503%	23.3503%	[5]
27	Impact to income taxes (L24 x L26)	\$ 7,408	\$ (1,729)	\$ 2	\$ 64	\$ (9)	\$ (375)	\$ 5,361	
28									
29	Impact to operating income (L24 - L27)	\$ 24,317	\$ (5,675)	\$ 8	\$ 210	\$ (31)	\$ (1,230)	\$ 17,599	

[1] NC-0402a + NC-0402b - Calculation of Customer Growth and Usage Revenue Adjustments

[2] NC-0202 - Proposed fuel and fuel related costs ¢/kWh (excluding EMF), Docket No. E-7, Sub 1190, McGee Exhibit 1, Line 9

[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

[6] NC-0405 Customer Growth and Usage Adjustment to Other O&M

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Calculation of Customer Growth

Test Period + 13 Months+75% of February through May 2020

Line No.	Rate Schedule	NC Proposed kWh Adjustment (a)		Cents Per kWh (b)		Revenue Adjustment (c) = (a) x (b)
1	NC Residential	753,306,466	[1]	8.25	[3]	\$ 62,161
2						
3	General Service Small and Large	135,440,491	[1]	6.77	[2]	9,166
4	Miscellaneous	415,719	[1]	15.48	[2]	64
5	NC General: Total (L3 + L4)	135,856,209				\$ 9,230
6						
7	T & T2	1,951,091	[1]	17.16	[2]	335
8	TS	108,892	[1]	16.73	[2]	18
9	NC Street Lighting: Total (L7 + L8)	2,059,983				\$ 353
10						
11	NC Industrial: Total	182,282,652	[1]	5.36	[2]	\$ 9,778
12						
13		<u># of Customers</u>		<u>BFC</u>		
14	NC Residential Change in number of customers	671,223		14.00	[4]	\$ 9,397
15						
16	NC Retail: Total (L1 + L5 + L9 + L11 + L14)					<u>\$ 90,920</u>

[1] NC-0403 - Customer Growth and Usage Adjustment to kWh Sales

[2] NC-0404 - Present Revenues Annualized and Per Book kWh Sales - North Carolina Retail

[3] NC-0404 - Present Revenues Annualized excluding Basic Facilities Charge and Per Book kWh Sales - North Carolina Retail

[4] Residential Basic Facilities Charge \$14

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Calculation of Customer Growth

Line No.	Rate Schedule	NC Proposed kWh Adjustment (a)		Cents Per kWh (b)		Revenue Adjustment (c) = (a) x (b)
1	NC Residential	781,354,846	[1]	8.25	[3]	\$ 64,476
2						
3	General Service Small and Large	134,842,231	[1]	6.77	[2]	9,126
4	Miscellaneous	507,895	[1]	15.48	[2]	79
5	NC General: Total (L3 + L4)	135,350,126				\$ 9,204
6						
7	T & T2	1,492,617	[1]	17.16	[2]	256
8	TS	104,632	[1]	16.73	[2]	18
9	NC Street Lighting: Total (L7 + L8)	1,597,249				\$ 274
10						
11	NC Industrial: Total	194,016,091	[1]	5.36	[2]	\$ 10,408
12						
13		# of Customers		BFC		
14	NC Residential Change in number of customers	690,899		14.00	[4]	\$ 9,673
15						
16	NC Retail: Total (L1 + L5 + L9 + L11 + L14)					<u>\$ 94,034</u>

[1] NC-0403 - Customer Growth and Usage Adjustment to kWh Sales

[2] NC-0404 - Present Revenues Annualized and Per Book kWh Sales - North Carolina Retail

[3] NC-0404 - Present Revenues Annualized excluding Basic Facilities Charge and Per Book kWh Sales - North Carolina Retail

[4] Residential Basic Facilities Charge \$14

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Calculation of Customer Growth

Line No.	Rate Schedule	NC Proposed kWh Adjustment (a)		Cents Per kWh (b)		Revenue Adjustment (c) = (a) x (b)
1	NC Residential	669,161,324	[1]	8.25	[3]	\$ 55,218
2						
3	General Service Small and Large	137,235,271	[1]	6.77	[2]	9,287
4	Miscellaneous	139,189	[1]	15.48	[2]	22
5	NC General: Total (L3 + L4)	137,374,460				\$ 9,309
6						
7	T & T2	3,326,514	[1]	17.16	[2]	571
8	TS	121,672	[1]	16.73	[2]	20
9	NC Street Lighting: Total (L7 + L8)	3,448,186				\$ 591
10						
11	NC Industrial: Total	147,082,334	[1]	5.36	[2]	\$ 7,890
12						
13		# of Customers		BFC		
14	NC Residential Change in number of customers	612,194		14.00	[4]	\$ 8,571
15						
16	NC Retail: Total (L1 + L5 + L9 + L11 + L14)					<u>\$ 81,579</u>

[1] NC-0403 - Customer Growth and Usage Adjustment to kWh Sales

[2] NC-0404 - Present Revenues Annualized and Per Book kWh Sales - North Carolina Retail

[3] NC-0404 - Present Revenues Annualized excluding Basic Facilities Charge and Per Book kWh Sales - North Carolina Retail

[4] Residential Basic Facilities Charge \$14

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Calculation of Customer Usage Revenue Adjustment

Test Period + 13 Months+75% of February through May 2020

Line No.	Rate Schedule	NC Proposed kWh Adjustment (a)	Cents Per kWh (b)	Revenue Adjustment (c) = (a) x (b)
1	NC Residential (L1 + L2)	(380,215,390) [1]	8.25 [2]	\$ (31,375)
2				
3	General Service Small and Large			
4	General Service (OPT only)	127,607,300 [1]	5.55 [2]	7,088
5	General Service (non-OPT only)	(316,080,129) [1]	7.82 [2]	(24,708)
6	Miscellaneous	(1,147,996) [1]	5.75 [2]	(66)
7	NC General: Total (L3 + L6)	(189,620,826)		\$ (17,686)
8				
9	T & T2	- [1]	17.16 [2]	-
10	TS	(548,877) [1]	12.01 [2]	(66)
11	NC Street Lighting: Total (L9 + L10)	(548,877)		\$ (66)
12				
13	Industrial	-		
14	Industrial (OPT only)	(176,548,561) [1]	5.04 [2]	(8,907)
15	Industrial (non-OPT only)	(47,769,125) [1]	6.88 [2]	(3,287)
16	NC Industrial: Total	(224,317,686)		\$ (12,194)
17				
18	NC Retail: Total (L1 + L7 + L11 + L16)	<u>\$ (794,702,779)</u>		<u>\$ (61,320)</u>

[1] NC-0403 - Customer Growth and Usage Adjustment to kWh Sales

[2] NC-0404 - Present Revenues Annualized excluding Basic Facilities Charge and Per Book kWh Sales - North Carolina Retail

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Calculation of Customer Usage Revenue Adjustment

Line No.	Rate Schedule	NC Proposed kWh Adjustment (a)	Cents Per kWh (b)	Revenue Adjustment (c) = (a) x (b)
1	NC Residential (L1 + L2)	(346,997,820) [1]	8.25 [2]	\$ (28,634)
2				
3	General Service Small and Large			
4	General Service (OPT only)	108,928,665 [1]	5.55 [2]	6,050
5	General Service (non-OPT only)	(374,985,555) [1]	7.82 [2]	(29,312)
6	Miscellaneous	(1,219,139) [1]	5.75 [2]	(70)
7	NC General: Total (L3 + L6)	(267,276,029)		\$ (23,332)
8				
9	T & T2	- [1]	17.16 [2]	-
10	TS	(559,042) [1]	12.01 [2]	(67)
11	NC Street Lighting: Total (L9 + L10)	(559,042)		\$ (67)
12				
13	Industrial	-		
14	Industrial (OPT only)	(248,727,531) [1]	5.04 [2]	(12,548)
15	Industrial (non-OPT only)	(69,577,430) [1]	6.88 [2]	(4,788)
16	NC Industrial: Total	(318,304,961)		\$ (17,336)
17				
18	NC Retail: Total (L1 + L7 + L11 + L16)	<u>\$ (933,137,852)</u>		<u>\$ (69,369)</u>

[1] NC-0403 - Customer Growth and Usage Adjustment to kWh Sales

[2] NC-0404 - Present Revenues Annualized excluding Basic Facilities Charge and Per Book kWh Sales - North Carolina Retail

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Calculation of Customer Usage Revenue Adjustment

Line No.	Rate Schedule	NC Proposed kWh Adjustment (a)	Cents Per kWh (b)	Revenue Adjustment (c) = (a) x (b)
1	NC Residential (L1 + L2)	(479,868,101) [1]	8.25 [2]	\$ (39,598)
2				
3	General Service Small and Large			
4	General Service (OPT only)	183,643,203 [1]	5.55 [2]	10,200
5	General Service (non-OPT only)	(139,363,851) [1]	7.82 [2]	(10,894)
6	Miscellaneous	(934,567) [1]	5.75 [2]	(54)
7	NC General: Total (L3 + L6)	43,344,785		\$ (748)
8				
9	T & T2	- [1]	[2]	-
10	TS	(518,384) [1]	12.01 [2]	(62)
11	NC Street Lighting: Total (L9 + L10)	(518,384)		\$ (62)
12				
13	Industrial	-		
14	Industrial (OPT only)	39,988,349 [1]	5.04 [2]	2,017
15	Industrial (non-OPT only)	17,655,788 [1]	6.88 [2]	1,215
16	NC Industrial: Total	57,644,137		\$ 3,232
17				
18	NC Retail: Total (L1 + L7 + L11 + L16)	<u>\$ (379,397,562)</u>		<u>\$ (37,175)</u>

[1] NC-0403 - Customer Growth and Usage Adjustment to kWh Sales

[2] NC-0404 - Present Revenues Annualized excluding Basic Facilities Charge and Per Book kWh Sales - North Carolina Retail



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Customer Growth and Usage Adjustment to kWh Sales  
Test Period + 13 Months+75% of February through May 2020

Line No.	Rate Schedule	NC Proposed Customer Growth kWh Adjustment	NC Proposed Change in Usage kWh Adjustment	NC Proposed kWh Adjustment
1				
2	NC Residential	753,306,466	(380,215,390)	373,091,075
3				
4	NC General:			
5	General Service Small and Large	135,440,491		135,440,491
6	General Service (OPT only)		127,607,300	127,607,300
7	General Service (non-OPT only)		(316,080,129)	(316,080,129)
8	Miscellaneous	415,719	(1,147,996)	(732,278)
9	Total General	135,856,209	(189,620,826)	(53,764,616)
10				
11	NC Public Street Lighting:			
12	T & T2	1,951,091		1,951,091
13	TS	108,892	(548,877)	(439,985)
14	Total Street Lighting	2,059,983	(548,877)	1,511,106
15				
16	NC Industrial:			
17	Industrial	182,282,652		182,282,652
18	Industrial (OPT only)		(176,548,561)	(176,548,561)
19	Industrial (non-OPT only)		(47,769,125)	(47,769,125)
20	Total Industrial	182,282,652	(224,317,686)	(42,035,034)
21				
22				
23	Total	1,073,505,310	(794,702,779)	278,802,531

Notes:

Two approved methods are used for estimating the growth adjustment depending on the class/schedule

"Regression" refers to the use of Ordinary Least Squares Regression

"Customer" refers to the use of the Customer by Customer approach

Information provided by Duke Energy Carolinas Rate Design

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Customer Growth and Usage Adjustment to kWh Sales  
Test Period + 17 Months

Line No.	Rate Schedule	NC Proposed Customer Growth kWh Adjustment	NC Proposed Change in Usage kWh Adjustment	NC Proposed kWh Adjustment
1				
2	NC Residential	781,354,846	(346,997,820)	434,357,026
3				
4	NC General:			
5	General Service Small and Large	134,842,231		134,842,231
6	General Service (OPT only)		108,928,665	108,928,665
7	General Service (non-OPT only)		(374,985,555)	(374,985,555)
8	Miscellaneous	507,895	(1,219,139)	(711,244)
9	Total General	135,350,126	(267,276,029)	(131,925,903)
10				
11	NC Public Street Lighting:			
12	T & T2	1,492,617		1,492,617
13	TS	104,632	(559,042)	(454,410)
14	Total Street Lighting	1,597,249	(559,042)	1,038,207
15				
16	NC Industrial:			
17	Industrial	194,016,091		194,016,091
18	Industrial (OPT only)		(248,727,531)	(248,727,531)
19	Industrial (non-OPT only)		(69,577,430)	(69,577,430)
20	Total Industrial	194,016,091	(318,304,961)	(124,288,870)
21				
22				
23	Total	1,112,318,312	(933,137,852)	179,180,460

## Notes:

Two approved methods are used for estimating the growth adjustment depending on the class/schedule

"Regression" refers to the use of Ordinary Least Squares Regression

"Customer" refers to the use of the Customer by Customer approach

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Customer Growth and Usage Adjustment to kWh Sales

Test Period + 13 Months

Line No.	Rate Schedule	NC Proposed Customer Growth kWh Adjustment	NC Proposed Change in Usage kWh Adjustment	NC Proposed kWh Adjustment
1				
2	NC Residential	669,161,324	(479,868,101)	189,293,223
3				
4	NC General:			
5	General Service Small and Large	137,235,271		137,235,271
6	General Service (OPT only)		183,643,203	183,643,203
7	General Service (non-OPT only)		(139,363,851)	(139,363,851)
8	Miscellaneous	139,189	(934,567)	(795,378)
9	Total General	137,374,460	43,344,785	180,719,245
10				
11	NC Public Street Lighting:			
12	T & T2	3,326,514		3,326,514
13	TS	121,672	(518,384)	(396,712)
14	Total Street Lighting	3,448,186	(518,384)	2,929,802
15				
16	NC Industrial:			
17	Industrial	147,082,334		147,082,334
18	Industrial (OPT only)		39,988,349	39,988,349
19	Industrial (non-OPT only)		17,655,788	17,655,788
20	Total Industrial	147,082,334	57,644,137	204,726,471
21				
22				
23	Total	957,066,303	(379,397,562)	577,668,741

## Notes:

Two approved methods are used for estimating the growth adjustment depending on the class/schedule

"Regression" refers to the use of Ordinary Least Squares Regression

"Customer" refers to the use of the Customer by Customer approach

Information provided by Duke Energy Carolinas Rate Design

# McManeus Exhibit 1 CCR Settlement

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## Billed Revenues and Present Revenues Annualized - North Carolina Retail

			North Carolina Retail					
Line No.	Group	Description	Present Revenues Annualized	Basic Facilities Charge	Present Revenue Excluding Basic Facilities	Per Book kWh Sales [2]	All-Inclusive \$ / kWh	w/o BFC \$ / kWh
1								
2	Residential:	RS - Residential Service	1,258,068,518	(170,002,367)	1,088,066,151	12,770,077,451		
3		ES - Energy Star	11,919,421	(1,455,441)	10,463,979	120,905,311		
4		RE - Electric Water Heating and Space Conditioning	894,723,526	(121,772,379)	772,951,147	9,780,681,958		
5		RE-ESA - Energy Star	3,761,325	(529,698)	3,231,627	41,424,066		
6		RT - Residential Service, Time of Use	3,972,177	(328,232)	3,643,945	49,940,125		
7	Residential: Total		2,172,444,967	(294,088,116)	1,878,356,851	22,763,028,911	9.54	8.25
8	General:	SGS - Small General Service	446,327,508	(51,912,272)	394,415,236	4,500,519,842		
9		SGSCATV - Small General Service	4,557,322	(2,114,698)	2,442,625	50,651,695		
10		LGS - Large General Service	366,021,024	(2,624,211)	363,396,813	5,130,566,670		
11	OPT - G	OPT-V-PL - Optional Power Service-Time of Use with Voltage Differential	183,085,066	(19,500)	183,065,566	3,607,269,535		
12		OPT-V-PM - Optional Power Service-Time of Use with Voltage Differential	22,573,517	(17,129)	22,556,388	417,169,338		
13		OPT-V-PS - Optional Power Service-Time of Use with Voltage Differential	10,599,420	(39,352)	10,560,068	202,612,504		
14		OPT-V-SL - Optional Power Service-Time of Use with Voltage Differential	40,398,051	(8,435)	40,389,616	769,828,955		
15		OPT-V-SM - Optional Power Service-Time of Use with Voltage Differential	61,314,836	(50,699)	61,264,137	1,089,739,374		
16		OPT-V-SS - Optional Power Service-Time of Use with Voltage Differential	401,360,043	(6,108,378)	395,251,664	6,575,623,038		
17		OPT-V-T - Optional Power Service-Time of Use with Voltage Differential	44,510,854	(1,123)	44,509,731	975,215,550		
18		OPT-EG	983,506	(399)	983,107	20,012,800		
19	HP	HP-LGS	701,127		701,127	11,434,576		
20		HP-OPTVG (standby excluded)	4,335,546		4,335,546	103,290,772		
21		HP-OPTVG (standby charges)	490,278		490,278			
22	General: OPT Only		764,825,292	(6,245,014)	758,580,278	13,657,471,094		5.55
23	General: Non-OPT Only		822,432,806	(56,651,181)	765,781,626	9,796,463,555		7.82
24	General: Total		1,587,258,099	(62,896,195)	1,524,361,904	23,453,934,649	6.77	6.50
25	Miscellaneous:	BC - Building Construction Service	2,502,083	(1,572,784)	929,299	16,159,670	15.48	5.75
26	OPT - I	OPT-V-PL - Optional Power Service-Time of Use with Voltage Differential	245,296,549	(32,050)	245,264,499	5,080,509,244		
27		OPT-V-PM - Optional Power Service-Time of Use with Voltage Differential	12,689,394	(8,038)	12,681,356	244,380,680		
28		OPT-V-PS - Optional Power Service-Time of Use with Voltage Differential	6,689,539	(8,099)	6,681,440	180,146,666		
29		OPT-V-SL - Optional Power Service-Time of Use with Voltage Differential	104,188,523	(22,052)	104,166,471	2,088,573,304		
30		OPT-V-SM - Optional Power Service-Time of Use with Voltage Differential	77,655,844	(60,531)	77,595,313	1,410,849,158		
31		OPT-V-SS - Optional Power Service-Time of Use with Voltage Differential	69,290,222	(301,065)	68,989,157	1,175,951,129		
32		OPT-V-T - Optional Power Service-Time of Use with Voltage Differential	11,410,820	(386)	11,410,434	261,404,000		
33	HP	HPI	72,517		72,517	1,427,133		
34		HP-OPTVI (standby excluded)	3,927,608		3,927,608	65,598,462		
35		HP-OPTVI (standby charges)	113,258		113,258	-		
36	Industrial:	I - Industrial Service	142,164,524	(853,789)	141,310,736	2,046,808,938		
37		PG - Parallel Generation	44,873	(4,625)	40,247	100,500		
38	Industrial: OPT Only		527,220,891	(432,221)	526,788,671	10,441,814,181		5.04
39	Industrial: Non-OPT Only		146,322,780	(858,414)	145,464,366	2,113,935,033		6.88
40	Industrial: Total		673,543,671	(1,290,635)	672,253,037	12,555,749,214	5.36	5.35
41	Lighting:	PL - Street and Public Lighting Service	26,815,445			232,673,040		
42		GL - Governmental Lighting Service	2,918,874			18,709,804		
43		OL - Outdoor Lighting Service	71,820,314			322,381,128		
44		FL - Flood Lighting Service	15,391,845			107,709,339		
45		S - Unmetered Sign (Nantahala)	2,994			-		
46		NL - Nonstandard Lighting Service	14,204			275,017		
47	T & T2 Total		116,963,675			681,748,328	17.16	
48	TS	TS - Traffic Signal Service	1,686,363	(475,266)	1,211,097	10,081,816	16.73	12.01
49	Grand Total		4,554,398,858	(360,322,996)	4,077,112,187	59,480,702,588		

# McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Annualize revenues for customer growth  
For the test period ended December 31, 2018

NC-0405  
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CCR Settlement

## Customer Growth and Usage Adjustment to Other O&M

Line No.		Adjustment to MWH Sales	Adjustment to MWH Sales-Jan	Adjustment to MWH Sales-Settlement	O&M Per MWH	Adjustment
1	<u>Energy related non fuel O&amp;M</u>					
2	Residential	434,357	189,293	373,091	\$2.40636	[1] \$ 898
3	General Service	(131,215)	181,515	(53,032)	\$2.40636	(128)
4	Miscellaneous	(711)	(795)	(732)	\$2.40636	(2)
5	Lighting T & T2	1,493	3,327	1,951	\$2.40636	5
6	Lighting TS	(454)	(397)	(440)	\$2.40636	(1)
7	Industrial	(124,289)	204,726	(42,035)	\$2.40636	(101)
8	Total	<u>179,180</u>	<u>577,669</u>	<u>278,803</u>		<u>\$ 671</u>
9						

	Test Year	Projected Number of Bills at End of	Change in number of bills	Change in number of bills Jan	Change in number of bills Settlement	Cost per bill	Adjustment
10	<u>Customer related variable O&amp;M</u>	<u>Number of bills</u>	<u>Extended Period</u>				
11	Residential	20,636,578	21,353,712	717,134	\$612,194	\$2.07	[2] \$ 1,429
12	General Service	3,127,951	3,151,621	23,670	\$10,877	\$2.07	42
13	Miscellaneous	92,201	94,356	2,155	\$67	\$2.07	3
14	Lighting T & T2	3,421,490	3,429,000	7,510	\$16,714	\$2.07	20
15	Lighting TS	70,965	71,664	699	\$819	\$2.07	2
16	Industrial	57,951	57,685	(266)	(\$313)	\$2.07	(1)
17	Total	<u>27,407,136</u>	<u>28,158,038</u>	<u>750,902</u>	<u>640,358</u>		<u>\$ 1,496</u>
18							
19	Total Adjustment						<u>\$ 2,167</u>

## Notes

- [1] Public Staff Witness Boswell Supplemental and Stipulation Sch 3-1 Var O&M Rate Line 25  
[1] Public Staff Witness Boswell Supplemental and Stipulation Sch 3-1 Bill-Related Rate Line 20

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Adjust for post test year additions to plant in service  
For the test period ended December 31, 2018

NC-1000  
Narrative  
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 depreciation expense, general taxes, income taxes, electric plant in service, accumulated depreciation and accumulated deferred income taxes 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 net additions to 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 May 2020.

The adjustment to accumulated depreciation reflects projected updates to the accumulated depreciation balance through May 2020 and annualized depreciation expense based on forecasted May 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 May 2020.

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

September Update

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

October Update

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

November Update

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

December Update

Updated NC-1005, NC-1006, NC-1007, NC-1008, NC-1009 and NC-1010 for actuals through December 2019.

January Update

Updated NC-1001, NC-1005, NC-1006, NC-1007, NC-1008, NC-1009 and NC-1010 for actuals through January 2020.

Updated NC-1004 for revised estimated 2019 bonus depreciation.

Updated NC-1002, NC-1003, and NC-1006 for updated solar percentages being recovered in the REPS rider.

Updated NC-1001 to remove the impact of AMR meter retirements from the depreciation expense calculation.

Extended Settlement-May

Updated all tabs for actuals through May 2020.

CCR Settlement

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

## McManeus Exhibit 1 CCR Settlement

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Adjust for post test year additions to plant in service  
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CCR Settlement

No.	Description	Source	Total NC Retail	Total NC Retail	Total NC Retail	Total NC Retail	Total NC Retail
			CCR Settlement	May - Second Supplemental	January	Application	Change
1							
2	<b>Pro Formas Impacting Income Statement Line Items</b>						
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	74,746	75,055	61,010	50,629	24,116
12	General taxes	NC-1001	11,222	11,276	9,257	6,771	4,451
13	Interest on customer deposits		-	-	-	-	-
14	Income taxes	NC-1001	(20,074)	(20,158)	(16,407)	(13,403)	(6,671)
15	Amortization of investment tax credit		-	-	-	-	-
16							
17	Total electric operating expenses	Sum L8 through L15	65,895	66,172	53,859	43,998	21,897
18							
19	Operating income	L4 - L17	\$ (65,895)	\$ (66,172)	\$ (53,859)	\$ (43,998)	\$ (21,897)
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	<b>Pro Formas Impacting Rate Base Line Items</b>						
27							
28	Electric plant in service	NC-1001	\$ 2,201,496	\$ 2,211,682	\$ 1,817,054	\$ 1,355,958	\$ 845,538
29	Accumulated depreciation and amortization	NC-1001	(829,864)	(830,195)	(606,554)	(619,363)	(210,502)
30	Electric plant in service, net	Sum L28 through L29	\$ 1,371,631	\$ 1,381,486	\$ 1,210,500	\$ 736,595	\$ 635,036
31							
32	Add:						
33	Materials and supplies		-	-	-	-	-
34	Working capital investment		38,275	38,275	39,542	(4,945)	43,220
35			-	-	-	-	-
36							
37	Less:						
38	Accumulated deferred taxes	NC-1001	(43,445)	(43,445)	(42,256)	(17,144)	(26,302)
39	Operating reserves		-	-	-	-	-
40			-	-	-	-	-
41							
42	Construction work in progress		-	-	-	-	-
43							
44	Total impact to rate base	Sum L30 through L42	\$ 1,366,460	\$ 1,376,315	\$ 1,207,785	\$ 714,506	\$ 651,954
45							
46	Note:						
47	Rate Base: positive number increases rate base / negative number decreases rate base						

## McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
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Line No.	Description	Electric Plant	Depr Rate	Depr.	Total Carolinas	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	\$ 618,319	[1] 4.40%	[2] \$ 27,206			
4	Nuclear	303,398	[1] 3.60%	[2] 10,922			
5	Hydro	246,162	[1] 2.00%	[2] 4,923			
6	Other Production	145,314	[1] 3.21%	[2] 4,665			
7	Transmission	524,695	[1] 2.23%	[2] 11,701			
8	Distribution	1,237,023	[1] 2.20%	[17] 27,242			
9	Distribution - AMR Meter Retirements	(64,116)	[16]				
10	General	171,750	[1] 5.27%	[2] 9,051			
11	Intangible	77,728	[1]	[13] 14,505			
12	Total net additions to depreciable electric plant (L3 through L11)	<u>\$ 3,260,272</u>		<u>\$ 110,216</u>			
13							
14	<u>Summary of impacts to rate base</u>						
15	<u>Net additions to total electric plant in service:</u>						
16	Production (Sum of L3 through L6)				\$ 1,313,193	67.4345% [4]	\$ 885,545
17	Transmission (L7)				524,695	52.6634% [5]	276,322
18	Distribution (L8 + L9)				1,172,906	73.9558% [6]	867,433
19	General (L10)				171,750	69.0221% [7]	118,546
20	Intangible (L11)				77,728	69.0221% [7]	53,649
21	Impact to electric plant in service (Sum L16 through L20)				<u>\$ 3,260,272</u>		<u>\$ 2,201,496</u>
22							
23	<u>Accumulated depreciation &amp; amortization:</u>						
24	Production				\$ (839,031) [3]	67.4345% [4]	\$ (565,797)
25	Transmission				(43,067) [3]	52.6634% [5]	(22,680)
26	Distribution				(157,316) [3]	73.9558% [6]	(116,344)
27	General				(44,639) [3]	69.0221% [7]	(30,811)
28	Intangible				(96,840) [3]	69.0221% [7]	(66,841)
29	Adjustment to accumulated depreciation & amortization (Sum L24 through L28)				<u>\$ (1,180,894)</u>		<u>\$ (802,474)</u>
30	Additional adjustment for May 31, 2020 annualization				<u>\$ (45,820) [14]</u>		<u>\$ (27,391) [14]</u>
31	Impact to accumulated depreciation and amortization (L29 + L30)				<u>\$ (1,226,714)</u>		<u>\$ (829,864)</u>
32							
33	<u>Net electric plant:</u>						
34	Production (L16 + L24)				\$ 474,162		\$ 319,749
35	Transmission (L17 + L25)				481,628		253,642
36	Distribution (L18 + L26)				1,015,590		751,089
37	General (L19 + L27)				127,111		87,735
38	Intangible (L20 + L28)				(19,113)		(13,192)
39	Adjustment to net plant (Sum L34 through L38)				<u>\$ 2,079,378</u>		<u>\$ 1,399,022</u>
40	Additional adjustment for May 31, 2020 annualization				<u>\$ (45,820) [14]</u>		<u>\$ (27,391) [14]</u>
41	Total net plant (L39 + L40)				<u>\$ 2,033,558</u>		<u>\$ 1,371,631</u>
42							
43	<u>Working capital investment:</u>						
44	Net change in NC Unrecovered NBV of Retired Meters				<u>\$ 38,275 [15]</u>		<u>\$ 38,275</u>
45	Impact to working capital investment (L44)				<u>\$ 38,275</u>		<u>\$ 38,275</u>
46							
47	<u>Accumulated deferred income tax:</u>						
48	<u>Resulting from additional bonus depreciation:</u>						
49	Production				\$ (39,440) [8]	68.0166% [9]	\$ (26,826)
50	Transmission				(3,859) [8]	68.0166% [9]	(2,625)
51	Distribution				(4,532) [8]	68.0166% [9]	(3,083)
52	General & Intangible				(2,903) [8]	68.0166% [9]	(1,975)
53	Adjustment resulting from additional bonus depreciation (Sum L49 through L52)				<u>\$ (50,735)</u>		<u>\$ (34,508)</u>
54	Adjustment resulting from working capital investment				<u>\$ (8,937) [15]</u>		<u>\$ (8,937) [15]</u>
55	Impact to accumulated deferred income tax (L53 + L54)				<u>\$ (59,672)</u>		<u>\$ (43,445)</u>
56							
57	Impact to rate base (L41 + L45 + L55)				<u>\$ 2,012,160</u>		<u>\$ 1,366,460</u>



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Duke Energy Carolinas, LLC  
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Adjust for post test year additions to plant in service  
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Line No.	Description	Total Carolinas	NC Retail Allocation	Total NC Retail
58	<u>Impact to Income Statement Line Items</u>			
59	<u>Depreciation and amortization:</u>			
60	Production (Sum of L3 through L6)	\$ 47,716	67.4345% [4]	\$ 32,177
61	Transmission (L7)	11,701	52.6634% [5]	6,162
62	Distribution (L8)	27,242	73.9558% [6]	20,147
63	General & Intangible (Sum of L10 through L11)	23,557	69.0221% [7]	16,259
64	Impact to depreciation and amortization (Sum L60 through L63)	<u>\$ 110,216</u>		<u>\$ 74,746</u>
65				
66	<u>General taxes:</u>			
67	Average property tax rate - North Carolina	0.21486% [10]		
68	Average property tax rate - South Carolina	0.30770% [10]		
69	Average property tax rate-Combined NC and SC (L67 + L68)	0.52256%		
70				
71	Production - Excluding Solar ((L16 - NC-1002 Line 17) x L69)	\$ 6,860	67.4345% [4]	\$ 4,626
72	Production - Solar	1 [12]	67.4345% [4]	0
73	Transmission (L17 x L69)	2,742	52.6634% [5]	1,444
74	Distribution (L18 x L69)	6,129	73.9558% [6]	4,533
75	General (L19 x L69)	898	69.0221% [7]	619
76	Impact to general taxes (Sum L71 through L75)	<u>\$ 16,629</u>		<u>\$ 11,222</u>
77				
78	Taxable income (-L64 - L76)	\$ (126,845)		\$ (85,968)
79	Statutory tax rate	23.3503% [11]		23.3503% [11]
80	Impact to income taxes (L78 x L79)	<u>\$ (29,619)</u>		<u>\$ (20,074)</u>
81				
82	Impact to operating income (L78 - L80)	<u>\$ (97,226)</u>		<u>\$ (65,895)</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 - All Production Demand

[5] Allocation Factor - All Transmission Demand

[6] Allocation Factor - All - Dist Plant - DEC

[7] Allocation Factor - All - Intang and Gen Plt

[8] NC-1004 - Accumulated Deferred Income Taxes Calculation

[9] Allocation Factor - All - NETPLT w Nfuel

[10] NC-0901 - Annualize property taxes on year end plant balances, Line 13

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

[12] NC-1002 - Net Plant Additions - Solar additions are included at 20% of total based on property tax exclusion for solar assets per Duke Energy Carolinas 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] AMR meter retirements from Asset Accounting. AMR meter retirements should not have an impact on depreciation expense, recovering retired AMR meters in reg ass

[17] Distribution composite rate without AMR meter line from the proposed 2018 Depreciation Study

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Net Plant Adds

Line No.	Item	Total Carolinas		Total Adjusted Net Change Plant in Service
		Actual [1] Net Change through 05/31/2020	Adjustments	
1	<u>Electric Plant in Service:</u>			
2	Steam plant	\$ 618,319		\$ 618,319
3	Nuclear plant	303,398		303,398
4	Hydro plant	246,162		246,162
5	Other production plant	145,237	77 [6]	145,314
6	Transmission plant	524,695		524,695
7	Distribution plant	1,172,906		1,172,906
8	General plant	171,750		171,750
9	Intangible plant	77,728		77,728
10	Total Electric Plant in Service (Sum L2 through L9)	\$ 3,260,195	\$ 77	\$ 3,260,272
11				
12	<u>Solar Electric Plant in Service Included in Line 5 above:</u>			
13	Solar PVDG	\$ (260)	\$ 108 [2]	\$ (151)
14	Solar Monroe	(22)	1 [3]	(22)
15	Solar Mocksville	-	- [4]	-
16	Solar Woodleaf	711	(32) [5]	679
17	Total Solar Included in Line 5 above (Sum L13 through L16)	\$ 429	\$ 77	\$ 506

[1] NC-1008 - Plant in Service Balances

[2] Per NC-0603, 41.68% of Solar PVDG costs are collected in the REPS rider and should be excluded for purposes of this analysis.

[3] Per NC-0603, 3.85% of Solar Monroe costs are collected in the REPS rider and should be excluded for purposes of this analysis.

[4] Per NC-0603, 3.71% of Solar Mocksville costs are collected in the REPS rider and should be excluded for purposes of this analysis.

[5] Per NC-0603, 4.50% of Solar Woodleaf costs are collected in the REPS rider and should be excluded for purposes of this analysis.

[6] Excluding the portion of net change related to Solar costs that are collected in the REPS rider.

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Adjust for post test year additions to plant in service  
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CCR Settlement

Accumulated Depreciation

Line No.	Item	Total Carolinas		Total Adjusted Net Change Accumulated Depreciation
		Actual [1] Net Change through 05/31/2020	Adjustments	
1	<u>Accumulated Depreciation</u>			
2	Steam plant	\$ (408,202)		\$ (408,202)
3	Nuclear plant	(287,369)		(287,369)
4	Hydro plant	1,464		1,464
5	Other production plant	(146,194)	1,270 [6]	(144,924)
6	Transmission plant	(43,067)		(43,067)
7	Distribution plant	(157,316)		(157,316)
8	General plant	(44,639)		(44,639)
9	Intangible plant	(96,840)		(96,840)
10	Total Accumulated Depreciation (Sum L2 through L9)	\$ (1,182,164)	\$ 1,270	\$ (1,180,894)
11				
12	<u>Solar Accumulated Depreciation Included in Line 5 above:</u>			
13	Solar PVDG	\$ (1,989)	\$ 829 [2]	\$ (1,160)
14	Solar Monroe	(8,333)	321 [3]	(8,012)
15	Solar Mocksville	(2,223)	82 [4]	(2,140)
16	Solar Woodleaf	(846)	38 [5]	(808)
17	Total Solar Included in Line 5 above (Sum L13 through L16)	\$ (13,390)	\$ 1,270	\$ (12,120)

[1] NC-1009 - Accumulated Depreciation Balances

[2] Per NC-0603, 41.68% of Solar PVDG costs are collected in the REPS rider and should be excluded for purposes of this analysis.

[3] Per NC-0603, 3.85% of Solar Monroe costs are collected in the REPS rider and should be excluded for purposes of this analysis.

[4] Per NC-0603, 3.71% of Solar Mocksville costs are collected in the REPS rider and should be excluded for purposes of this analysis.

[5] Per NC-0603, 4.50% of Solar Woodleaf costs are collected in the REPS rider and should be excluded for purposes of this analysis.

[6] Excluding the portion of net change related to Solar costs that are collected in the REPS rider.

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Accumulated Deferred Income Taxes Calculation

<u>Line</u> <u>No.</u>	<u>Item</u>	<u>Total Carolinas</u> <u>Forecasted</u> <u>Bonus Depreciation</u> <u>through</u> <u>05/31/2020</u>
1	<u>Bonus Depreciation</u>	
2	Steam plant	\$ 87,993
3	Nuclear plant	7,613
4	Hydro plant	67,740
5	Other production plant	5,562
6	Transmission plant	16,525
7	Distribution plant	19,410
8	General plant	660
9	Intangible plant	11,774
10	Total Accumulated Depreciation (Sum L2 through L9)	\$ 217,278
11		
12	Statutory tax rate	23.3503%
13		
14	<u>Accumulated deferred income taxes (resulting from additional bonus depreciation):</u>	
15	Steam plant (-L2 x L12)	\$ (20,547)
16	Nuclear plant (-L3 x L12)	(1,778)
17	Hydro plant (-L4 x L12)	(15,818)
18	Other production plant (-L5 x L12)	(1,299)
19	Transmission plant (-L6 x L12)	(3,859)
20	Distribution plant (-L7 x L12)	(4,532)
21	General plant (-L8 x L12)	(154)
22	Intangible plant (-L9 x L12)	(2,749)
23	Impact to accumulated deferred income taxes (Sum L15 through L22)	\$ (50,735)

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

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

Duke Energy Carolinas, LLC  
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For the test period ended December 31, 2018  
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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	\$ 66,567,437 [1]
3	Jan 2019	62,712,581 [2]
4	Feb 2019	62,712,581 [2]
5	Mar 2019	67,627,973 [2]
6	Apr 2019	67,627,973 [2]
7	May 2019	67,627,973 [2]
8	Jun 2019	102,882,945 [2]
9	Jul 2019	102,882,945 [2]
10	Aug 2019	102,882,945 [2]
11	Sep 2019	105,766,319 [2]
12	Oct 2019	105,766,319 [2]
13	Nov 2019	105,766,319 [2]
14	Dec 2019	106,742,670 [2]
15	Jan 2020	106,109,137 [2]
16	Feb 2020	106,109,137 [2]
17	Mar 2020	104,842,072 [2]
18	Apr 2020	104,842,072 [2]
19	May 2020	104,842,072 [2]
20		
21		
22		
23		
24	Actual net change through 05/31/2020 (L19 - L2)	<u>\$ 38,274,636</u>
25		
26	Statutory tax rate	23.3503% [3]
27		
28	Impact to accumulated deferred income taxes (-L24 x L26)	<u>\$ (8,937,223)</u>

[1] E-1 Item 2 - Trial Balance - Account 0182525

[2] Actual amounts provided by Duke Energy Carolinas - Asset Accounting

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

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Accumulated Depreciation Annualization Adjustment

Line No.	Item	Total Carolinas	Adjustments	Total Adjusted Carolinas	NC Retail Allocation	Total NC Retail
1	<u>Accumulated Depreciation</u>					
2	Production (Line 24)	\$ (19,243) [1]	(1) [6]	\$ (19,245)	67.4345% [7]	\$ (12,977)
3	Production Contra ADC - NC (Line 22)	395 [1]		395	100.0000%	395
4	Production Contra ADC - SC (Line 23)	(5,569) [1]		(5,569)	0.0000%	-
5	Transmission (Line 33)	(4,131) [1]		(4,131)	52.6634% [8]	(2,175)
6	Transmission Contra ADC - NC (Line 31)	(1) [1]		(1)	100.0000%	(1)
7	Transmission Contra ADC - SC (Line 32)	(7) [1]		(7)	0.0000%	-
8	NC Distribution (Line 38)	(7,842) [1]		(7,842)	99.6471% [9]	(7,815)
9	SC Distribution (Line 43)	(2,278) [1]		(2,278)	0.0000% [10]	-
10	Distribution Contra ADC - SC (Line 42)	(42) [1]		(42)	0.0000%	-
11	General (Line 61)	(6,980) [1]		(6,980)	69.0221% [11]	(4,818)
12	General Contra ADC - SC (Line 60)	(122) [1]		(122)	0.0000%	-
13	Intangible (Line 67)	- [1]		-	69.0221% [11]	-
14	Intangible Contra ADC - SC (Line 66)	- [1]		-	0.0000%	-
15	Impact to accum. deprec. (Sum L2 through L14)	\$ (45,819)	\$ (1)	\$ (45,820)		\$ (27,391)
16						
17	<u>Solar Accumulated Depreciation Included in Line 2 above:</u>					
18	Solar PVDG (Line 19)	\$ 14 [1]	(6) [2]	\$ 8		
19	Solar Monroe (Line 17)	1 [1]	(0) [3]	1		
20	Solar Mocksville (Line 16)	(10) [1]	0 [4]	(10)		
21	Solar Woodleaf (Line 18)	(90) [1]	4 [5]	(86)		
22	Total Solar Included in Line 2 above (Sum L18 through L21)	\$ (86)	\$ (1)	\$ (87)		

[1] NC-1007 - Adjustment to Accumulated Depreciation for Annualization of Depreciation Expense at May. 31, 2020

[2] Per NC-0603, 41.68% of Solar PVDG costs are collected in the REPS rider and should be excluded for purposes of this analysis.

[3] Per NC-0603, 3.85% of Solar Monroe costs are collected in the REPS rider and should be excluded for purposes of this analysis.

[4] Per NC-0603, 3.71% of Solar Mocksville costs are collected in the REPS rider and should be excluded for purposes of this analysis.

[5] Per NC-0603, 4.50% of Solar Woodleaf costs are collected in the REPS rider and should be excluded for purposes of this analysis.

[6] Excluding the portion of net change related to Solar costs that are collected in the REPS rider.

[7] Allocation Factor - All Production Demand

[8] Allocation Factor - All Transmission Demand

[9] Allocation Factor - NC - Dist Plant - DEC

[10] Allocation Factor - SC - Dist Plant - DEC

[11] Allocation Factor - All - Intang and Gen Plt

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

Line No.	Function	Plant in Service [7] 05/31/2020	Depr Rate [8]	Current Rates Calculated Accrual	12ME Depr Booked [9]	Difference
1	STEAM: [1]					
2	- Steam	\$ 9,030,699	3.41%	\$ 307,934	\$ 299,227	\$ 8,707
3	- Steam - Right of Way	2,004	0.00%	-	-	- [2]
4		\$ 9,032,703		\$ 307,934	\$ 299,227	\$ 8,707
5	NUCLEAR: [1]					
6	- Nuclear	\$ 8,821,892	3.39%	\$ 298,707	\$ 289,216	\$ 9,492
7	- Nuclear - Right of Way	957	1.70%	16	16	0
8		\$ 8,822,849		\$ 298,724	\$ 289,232	\$ 9,492
9	HYDRO: [1]					
10	- Hydro/Other	\$ 2,380,127	1.87%	\$ 44,476	\$ 42,246	\$ 2,230
11	- Hydro - Right of Way	23,316	0.62%	144	145	(2)
12		\$ 2,403,443		\$ 44,620	\$ 42,391	\$ 2,229
13	OTHER PRODUCTION: [1]					
14	-Other (CTs)	\$ 3,092,597	2.96%	\$ 91,555	\$ 87,652	\$ 3,903
15	-Other (CTs Land)	-	4.45%	-	-	-
16	-Other (Solar-Mocksville)	31,773	4.98%	1,583	1,573	10
17	-Other (Solar-Monroe)	116,546	5.06%	5,897	5,898	(1)
18	-Other (Solar-Woodleaf)	13,844	5.06%	701	611	90
19	-Other (Solar-Roof top)	29,046	5.42%	1,573	1,588	(14)
20	Other Production	\$ 3,283,807		\$ 101,310	\$ 97,321	\$ 3,989
21	Total Production, Including Contra ADC	\$ 23,542,802		\$ 752,587	\$ 728,171	\$ 24,416
22	Production Contra ADC - NC [6]	(118,546)		(4,028)	(3,633)	(395)
23	Production Contra ADC - SC [6]	(100,304)		(3,371)	(8,940)	5,569
24	Total Production, Excluding Contra ADC	\$ 23,761,652		\$ 759,987	\$ 740,744	\$ 19,243
25						
26	TRANSMISSION: [1]					
27	- Transmission - Right of Way	\$ 163,903	1.15%	\$ 1,885	\$ 1,882	\$ 3
28	- Transmission	4,392,361	2.05%	89,970	85,834	4,136
29	- Transmission Expansion Projects (TEP)	(11,670)	0.00%	(611)	(611)	- [3]
30	Total Transmission, Including Contra ADC	\$ 4,544,593		\$ 91,243	\$ 87,105	\$ 4,139
31	Transmission Plant Contra ADC - NC [6]	(1,028)	2.05%	(21)	(22)	1
32	Transmission Plant Contra ADC - SC [6]	(3,030)	2.05%	(62)	(69)	7
33	Total Transmission, Excluding Contra ADC	\$ 4,548,651		\$ 91,327	\$ 87,196	\$ 4,131
34						
35	DISTRIBUTION: [1]					
36	- Distribution - NC	\$ 9,809,786	2.20%	\$ 215,605	\$ 207,763	\$ 7,842
37	- Distribution - NC - Right of Way	8,620	1.37%	118	117	1
38	Subtotal Distribution NC	\$ 9,818,405		\$ 215,723	\$ 207,881	\$ 7,842
39	- Distribution Plant- SC	\$ 3,381,133	2.20%	\$ 74,312	\$ 71,993	\$ 2,320
40	- Distribution - SC - Right of Way	1,015	1.37%	14	14	(0)
41	Subtotal Distr. SC, Including Contra ADC	\$ 3,382,148		\$ 74,326	\$ 72,007	\$ 2,320
42	Distribution Plant - SC - Contra ADC [6]	(535)		(11)	(53)	42
43	Subtotal Distr. SC, Excluding Contra ADC	\$ 3,382,683		\$ 74,338	\$ 72,060	\$ 2,278
44	Total Distribution Excluding Contra	\$ 13,201,088		\$ 290,061	\$ 279,941	\$ 10,120
45						
46	GENERAL: [1]					
47	Structures/Lease Improvements	\$ 711,979	3.22%	\$ 22,926	\$ 22,289	\$ 637
48	Furniture and Equipment	61,591	6.67%	4,108	3,990	118
49	EDP Computer	133,448	12.50%	16,681	15,347	1,334
50	Vehicles	13,370	n/a	-	-	- [4]
51	Construction Equipment	16,176	n/a	-	-	- [4]
52	Stores Equipment	1,101	5.00%	55	52	3
53	Tools, Shop and Garage Equipment	111,955	5.00%	5,598	5,428	170
54	Laboratory Equipment	6,314	6.67%	421	417	4
55	Power Operated Equipment	11,692	6.54%	765	725	40
56	Communication Equipment	239,568	10.00%	23,957	19,263	4,694
57	Miscellaneous Equipment	14,626	5.00%	731	628	103
58	Land Rights	550	1.51%	8	8	0
59	Total General, Including Contra ADC	\$ 1,322,370	5.69%	\$ 75,250	\$ 68,148	\$ 7,102
60	Total General Plant Contra ADC - SC [6]	(256)		(32)	(154)	122
61	Total General, Excluding Contra ADC	\$ 1,322,626		\$ 75,282	\$ 68,302	\$ 6,980
62	Total Plant-in-Service Excluding Intangible	\$ 42,610,318		\$ 1,209,130	\$ 1,163,311	\$ 45,819
63						
64	INTANGIBLE:					
65	Intangible	\$ 1,064,479		\$ 70,159	\$ 70,159	\$ - [5]
66	Intangible Plant Contra ADC [6]	(7,748)		(350)	(350)	- [5]
67	Total Intangible Excluding Contra ADC	\$ 1,072,227		\$ 70,510	\$ 70,510	\$ -
68	Total Plant-in-Service	\$ 43,674,797		\$ 1,279,289	\$ 1,233,470	\$ 45,819
69	Total Contra ADC [6]	(231,447)		(7,877)	(13,222)	5,345
70	Total Plant-in-Service Excluding Contra ADC	\$ 43,906,244		\$ 1,287,166	\$ 1,246,692	\$ 40,474

[1] Total plant-in-service excludes non-depreciable assets & capitalized asset retirement costs related to FAS 143.

[2] Fossil land rights are fully depreciated/amortized and no longer accrue any expense.

[3] The TEP credit is due to an impairment recorded as part of the Progress Merger.

[4] Depreciation expense on vehicles and construction equipment is recorded to 803 accounts, therefore it is excluded above.

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

[6] Forecasted Contra AFUDC balances are not available, these lines will be updated with May. 31, 2020 actuals.

[8] Actual amounts provided by Asset Accounting

[8] NC-0802 - Adjustment to Annualize Depreciation Expense at Dec. 31, 2018

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

# McManeus Exhibit 1 CCR Settlement

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Adjust for post test year additions to plant in service  
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## Plant in Service Balances

Line No.	Description	ACTUALS [1]																			Net Change s = r - a
		Dec 2018 a	Jan 2019 b	Feb 2019 c	Mar 2019 d	Apr 2019 e	May 2019 f	Jun 2019 g	Jul 2019 h	Aug 2019 i	Sep 2019 j	Oct 2019 k	Nov 2019 l	Dec 2019 m	Jan 2020 n	Feb 2020 o	Mar 2020 p	Apr 2020 q	May 2020 r		
1	Electric Plant in Service:																				
2	Steam plant	\$ 8,325,356	\$ 8,495,769	\$ 8,517,149	\$ 8,601,753	\$ 8,610,927	\$ 8,653,152	\$ 8,665,139	\$ 8,689,379	\$ 8,739,574	\$ 8,701,124	\$ 8,701,511	\$ 8,788,280	\$ 8,863,453	\$ 8,932,856	\$ 8,940,483	\$ 8,941,579	\$ 8,944,270	\$ 8,943,676	\$ 618,319	
3	Nuclear plant	8,521,536	8,546,828	8,553,918	8,558,002	8,578,492	8,582,125	8,581,039	8,562,581	8,598,492	8,621,244	8,621,229	8,629,513	8,732,047	8,742,328	8,746,985	8,753,311	8,767,646	8,824,934	303,398	
4	Hydro plant	2,186,536	2,190,485	2,241,360	2,251,516	2,251,934	2,255,030	2,256,885	2,263,110	2,220,524	2,221,648	2,316,823	2,324,155	2,363,331	2,380,264	2,409,286	2,414,330	2,428,104	2,432,698	246,162	
5	Other production plant	3,147,776	3,148,800	3,162,993	3,186,951	3,200,136	3,208,099	3,213,079	3,212,236	3,170,058	3,213,989	3,218,038	3,217,333	3,283,781	3,270,443	3,278,941	3,291,371	3,291,437	3,293,013	145,237	
6	Transmission plant	4,052,747	4,091,515	4,102,406	4,112,967	4,159,722	4,197,558	4,218,282	4,246,809	4,278,301	4,294,118	4,310,310	4,338,732	4,467,299	4,485,117	4,510,357	4,585,766	4,575,639	4,577,442	524,695	
7	Distribution plant	12,085,804	12,146,676	12,197,465	12,251,658	12,278,048	12,383,589	12,453,193	12,524,982	12,614,325	12,680,933	12,769,061	12,848,362	12,894,673	13,001,938	13,070,872	13,140,861	13,197,115	13,256,710	1,172,906	
8	General plant	1,212,985	1,213,816	1,229,224	1,232,653	1,246,417	1,250,852	1,257,384	1,262,785	1,260,466	1,284,914	1,291,004	1,301,015	1,336,864	1,350,136	1,355,845	1,362,019	1,388,363	1,384,735	171,750	
9	Intangible plant	986,751	987,641	988,573	997,283	998,618	998,629	1,001,273	1,011,709	1,011,889	1,022,502	1,026,204	1,030,041	1,042,384	1,052,324	1,054,357	1,062,725	1,062,268	1,064,479	77,728	
10	Total Electric Plant in Service (Sum L2 through L9)	\$ 40,519,492	\$ 40,821,530	\$ 40,993,087	\$ 41,192,783	\$ 41,324,294	\$ 41,529,034	\$ 41,646,274	\$ 41,773,590	\$ 41,893,630	\$ 42,040,471	\$ 42,254,180	\$ 42,477,431	\$ 42,983,834	\$ 43,215,407	\$ 43,367,127	\$ 43,551,961	\$ 43,654,843	\$ 43,779,686	\$ 3,260,195	
11																					
12	Solar Electric Plant in Service Included in Line 5 above:																				
13	Solar PVDC	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,179	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,046	\$ (260)	
14	Solar Monroe	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,545	116,545	116,545	116,545	(22)	
15	Solar Mocksville	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	-	
16	Solar Woodleaf	13,133	12,335	12,640	12,942	13,060	13,497	13,168	13,416	13,479	13,840	13,840	13,840	13,844	13,844	13,844	13,844	13,844	13,844	711	
17	Total Solar Included in Line 5 above (Sum L13 through L16)	\$ 190,780	\$ 189,983	\$ 190,287	\$ 190,589	\$ 190,707	\$ 191,144	\$ 190,815	\$ 191,064	\$ 191,127	\$ 191,360	\$ 191,487	\$ 191,487	\$ 191,492	\$ 191,468	\$ 191,468	\$ 191,468	\$ 191,468	\$ 191,209	\$ 429	

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

[2] Forecasted amounts provided by Duke Energy Carolinas - Franchised Electric & Gas Planning and Forecasting

[3] Amounts above do not include Asset Retirement Obligation (ARO) balances



# McManeus Exhibit 1 CCR Settlement

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## Accumulated Depreciation Balances

Line No.	Description	ACTUALS [1]																		Net Change s = r - a																			
		Dec 2018 a	Jan 2019 b	Feb 2019 c	Mar 2019 d	Apr 2019 e	May 2019 f	Jun 2019 g	Jul 2019 h	Aug 2019 i	Sep 2019 j	Oct 2019 k	Nov 2019 l	Dec 2019 m	Jan 2020 n	Feb 2020 o	Mar 2020 p	Apr 2020 q	May 2020 r																				
1	Accumulated Depreciation	\$	(3,268,905)	\$	(3,333,783)	\$	(3,351,261)	\$	(3,373,798)	\$	(3,391,480)	\$	(3,444,591)	\$	(3,463,776)	\$	(3,498,622)	\$	(3,530,546)	\$	(3,531,711)	\$	(3,543,584)	\$	(3,547,129)	\$	(3,556,803)	\$	(3,578,298)	\$	(3,605,168)	\$	(3,629,459)	\$	(3,654,631)	\$	(3,677,108)	\$	(408,202)
2	Steam plant	\$	(3,484,063)	\$	(3,510,118)	\$	(3,533,609)	\$	(3,553,320)	\$	(3,574,744)	\$	(3,594,649)	\$	(3,613,234)	\$	(3,621,297)	\$	(3,646,275)	\$	(3,675,816)	\$	(3,688,950)	\$	(3,708,724)	\$	(3,697,719)	\$	(3,720,340)	\$	(3,743,822)	\$	(3,767,033)	\$	(3,776,025)	\$	(3,771,431)	\$	(287,369)
3	Nuclear plant	\$	(978,577)	\$	(985,781)	\$	(975,847)	\$	(983,262)	\$	(986,115)	\$	(986,575)	\$	(989,743)	\$	(992,088)	\$	(974,875)	\$	(976,127)	\$	(974,237)	\$	(978,955)	\$	(968,992)	\$	(970,429)	\$	(964,557)	\$	(967,964)	\$	(977,428)	\$	(977,113)	\$	1,464
4	Other production plant	\$	(872,945)	\$	(880,581)	\$	(901,809)	\$	(957,636)	\$	(934,105)	\$	(942,844)	\$	(952,395)	\$	(959,074)	\$	(956,105)	\$	(970,350)	\$	(977,736)	\$	(1,008,222)	\$	(980,631)	\$	(975,312)	\$	(990,689)	\$	(1,007,218)	\$	(1,012,607)	\$	(1,019,140)	\$	(146,194)
5	Transmission plant	\$	(1,385,391)	\$	(1,388,345)	\$	(1,389,173)	\$	(1,383,280)	\$	(1,385,713)	\$	(1,389,269)	\$	(1,390,633)	\$	(1,395,859)	\$	(1,398,349)	\$	(1,400,948)	\$	(1,408,179)	\$	(1,412,377)	\$	(1,412,856)	\$	(1,415,221)	\$	(1,421,208)	\$	(1,427,956)	\$	(1,432,969)	\$	(1,428,458)	\$	(43,067)
6	Distribution plant	\$	(4,816,028)	\$	(4,811,514)	\$	(4,817,712)	\$	(4,834,287)	\$	(4,803,188)	\$	(4,816,192)	\$	(4,861,484)	\$	(4,868,967)	\$	(4,877,327)	\$	(4,896,046)	\$	(4,912,860)	\$	(4,924,270)	\$	(4,877,987)	\$	(4,891,035)	\$	(4,939,138)	\$	(4,953,691)	\$	(4,954,779)	\$	(4,973,344)	\$	(157,316)
8	General plant	\$	(414,681)	\$	(418,639)	\$	(421,695)	\$	(425,217)	\$	(425,986)	\$	(430,400)	\$	(435,656)	\$	(439,993)	\$	(431,968)	\$	(436,124)	\$	(439,649)	\$	(456,642)	\$	(442,408)	\$	(447,005)	\$	(451,690)	\$	(456,930)	\$	(460,759)	\$	(459,321)	\$	(44,639)
9	Intangible plant	\$	(609,897)	\$	(615,621)	\$	(621,340)	\$	(626,914)	\$	(632,540)	\$	(638,301)	\$	(643,849)	\$	(649,558)	\$	(654,744)	\$	(660,458)	\$	(666,317)	\$	(658,209)	\$	(676,597)	\$	(682,541)	\$	(688,609)	\$	(694,974)	\$	(700,961)	\$	(706,737)	\$	(96,849)
10	Total Accumulated Depreciation (Sum L2 through L9)	\$	(15,830,487)	\$	(15,944,384)	\$	(16,012,447)	\$	(16,137,714)	\$	(16,133,871)	\$	(16,242,821)	\$	(16,350,769)	\$	(16,425,458)	\$	(16,470,189)	\$	(16,547,580)	\$	(16,612,512)	\$	(16,694,529)	\$	(16,613,993)	\$	(16,680,181)	\$	(16,804,861)	\$	(16,905,224)	\$	(16,970,159)	\$	(17,012,651)	\$	(1,182,164)
11																																							
12	Solar Accumulated Depreciation Included in Line 5 above:																																						
13	Solar PVDG	\$	(9,397)	\$	(9,529)	\$	(9,662)	\$	(9,794)	\$	(9,926)	\$	(10,058)	\$	(10,191)	\$	(10,323)	\$	(10,455)	\$	(10,460)	\$	(10,720)	\$	(10,852)	\$	(10,984)	\$	(11,117)	\$	(11,249)	\$	(11,381)	\$	(11,514)	\$	(11,386)	\$	(1,989)
14	Solar Monroe	\$	(6,589)	\$	(7,079)	\$	(7,570)	\$	(8,061)	\$	(8,550)	\$	(9,039)	\$	(9,530)	\$	(10,020)	\$	(10,509)	\$	(11,000)	\$	(11,490)	\$	(11,980)	\$	(12,468)	\$	(12,958)	\$	(13,450)	\$	(13,942)	\$	(14,433)	\$	(14,922)	\$	(8,333)
15	Solar Mocksville	\$	(3,099)	\$	(3,230)	\$	(3,361)	\$	(3,492)	\$	(3,622)	\$	(3,752)	\$	(3,883)	\$	(4,014)	\$	(4,144)	\$	(4,275)	\$	(4,406)	\$	(4,537)	\$	(4,667)	\$	(4,797)	\$	(4,929)	\$	(5,060)	\$	(5,191)	\$	(5,322)	\$	(2,223)
16	Solar Woodleaf	\$	-	\$	(48)	\$	(94)	\$	(141)	\$	(189)	\$	(237)	\$	(287)	\$	(336)	\$	(386)	\$	(436)	\$	(487)	\$	(538)	\$	(589)	\$	(641)	\$	(692)	\$	(743)	\$	(795)	\$	(846)	\$	(846)
17	Total Solar Included in Line 5 above (Sum L13 through L16)	\$	(19,085)	\$	(19,886)	\$	(20,686)	\$	(21,487)	\$	(22,286)	\$	(23,088)	\$	(23,891)	\$	(24,693)	\$	(25,495)	\$	(26,171)	\$	(27,103)	\$	(27,907)	\$	(28,708)	\$	(29,513)	\$	(30,319)	\$	(31,126)	\$	(31,932)	\$	(32,475)	\$	(13,390)

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

[2] Forecasted amounts provided by Duke Energy Carolinas - Franchised Electric & Gas Planning and Forecasting

[2] Amounts above do not include Asset Retirement Obligation (ARO) balances

# McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Adjust for post test year additions to plant in service  
For the test period ended December 31, 2018  
(Dollars in thousands)

NC-1010  
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CCR Settlement

Twelve Months of Depreciation Expense as of May 31, 2020

Line No.	Description	ACTUALS [1]																	12 MONTHS m = sum(a:l)
		Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019 a	Jul 2019 b	Aug 2019 c	Sep 2019 d	Oct 2019 e	Nov 2019 f	Dec 2019 g	Jan 2020 h	Feb 2020 i	Mar 2020 j	Apr 2020 k	May 2020 l	
1	Function																		
2	Steam plant	\$ 23,648	\$ 24,018	\$ 24,083	\$ 24,300	\$ 24,999	\$ 24,567	\$ 24,429	\$ 24,776	\$ 24,629	\$ 24,645	\$ 25,592	\$ 24,653	\$ 25,302	\$ 25,472	\$ 24,830	\$ 25,161	\$ 25,169	\$ 299,227
3	Steam plant - Right of Way	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Nuclear plant	23,651	23,830	23,859	23,875	23,916	23,927	23,906	23,853	23,984	24,038	24,030	23,465	24,356	24,390	24,419	24,408	24,439	289,216
5	Nuclear plant - Right of Way	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	16
6	Hydro plant	3,317	3,322	3,447	3,459	3,461	3,461	3,463	3,474	3,507	3,508	3,646	2,997	3,568	3,592	3,661	3,671	3,698	42,246
7	Hydro plant - Right of Way	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	145
8	Other production plant	7,165	7,312	7,341	7,403	6,761	7,323	7,330	4,970	5,465	7,370	7,360	7,259	7,587	7,604	9,306	7,686	8,392	87,652
9	Other production plant - Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Other production plant - Mocksville	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	1,573
11	Other production plant - Monroe	492	492	492	492	492	492	492	492	492	492	492	492	492	491	491	491	491	5,898
12	Other production plant - Woodleaf	49	46	47	48	49	50	49	50	51	51	51	51	52	51	51	51	51	611
13	Other production plant - Roof top	132	132	132	132	132	132	132	132	132	132	132	132	132	132	132	132	132	1,588
14	Transmission plant - Right of Way	156	156	156	156	156	156	156	156	156	157	157	157	157	157	157	157	157	1,882
15	Transmission plant	6,840	6,709	6,734	6,748	6,833	6,900	6,938	6,989	7,049	7,071	7,057	6,699	7,323	7,376	7,398	7,524	7,510	85,834
16	Transmission Expansion Projects (TEP)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(611)
17	Distribution plant - NC	16,523	16,717	16,660	16,769	16,673	16,830	16,940	17,042	17,155	17,184	17,308	16,931	17,449	17,592	17,692	17,784	17,856	207,763
18	Distribution plant - NC - Right of Way	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	117
19	Distribution plant - SC	5,691	5,720	5,762	5,776	5,808	5,845	5,871	5,898	5,949	5,966	5,994	5,886	6,070	6,084	6,121	6,145	6,165	71,993
20	Distribution plant - SC - Right of Way	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14
21	General Plant - Structures/Lease Improvements	1,816	1,812	1,840	1,843	1,848	1,849	1,851	1,848	1,847	1,884	1,867	1,508	1,902	1,896	2,019	1,908	1,910	22,289
22	General Plant - Furniture and Equipment	274	275	281	283	283	283	285	287	296	359	362	372	370	372	372	372	374	3,990
23	General Plant - EDP Computer	1,185	1,181	1,225	1,232	1,241	1,267	1,265	1,278	1,197	1,278	1,120	1,186	1,264	1,275	1,546	1,332	1,338	15,347
24	General Plant - Vehicles [4]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	General Plant - Construction Equipment [4]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	General Plant - Stores Equipment	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	52
27	General Plant - Tools, Shop and Garage Equipment	437	437	438	439	441	444	445	446	444	445	455	456	457	458	458	458	463	5,428
28	General Plant - Laboratory Equipment	29	29	29	30	30	30	30	36	36	36	36	36	36	36	36	36	35	417
29	General Plant - Power Operated Equipment	53	54	54	54	55	55	55	60	61	61	61	61	61	64	64	64	64	725
30	General Plant - Communication Equipment	1,296	1,304	1,305	1,316	1,428	1,435	1,445	1,453	1,443	1,450	1,460	1,432	1,678	1,745	1,951	1,785	1,987	19,263
31	General Plant - Miscellaneous Equipment	45	45	45	45	45	46	46	47	47	48	48	50	52	61	61	61	61	628
32	General Plant - Land Rights	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	8
33	Intangible plant	5,724	5,719	5,573	5,626	5,762	5,547	5,710	5,185	5,714	5,859	5,614	6,265	5,944	6,068	6,366	6,111	5,776	70,159
34	Total Depreciation (Sum L2 through L33)	\$ 98,434	\$ 99,421	\$ 99,614	\$ 100,135	\$ 100,520	\$ 100,748	\$ 100,949	\$ 98,576	\$ 99,752	\$ 102,141	\$ 102,953	\$ 100,093	\$ 104,362	\$ 105,028	\$ 107,242	\$ 105,449	\$ 106,177	\$ 1,233,470

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

[2] Forecasted amounts provided by Duke Energy Carolinas - Franchised Electric & Gas Planning and Forecasting

[3] Amounts above do not include Asset Retirement Obligation (ARO) balances

[4] Depreciation expense on vehicles and construction equipment is recorded to 803 accounts, therefore it is excluded above.

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Amortize deferred environmental costs  
For the test period ended December 31, 2018

NC-1100  
Narrative  
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 costs to remove coal ash costs. The balance of the deferral is projected through July 31, 2020 and includes a return during the deferral period.

The impact to rate base includes the additional deferred costs through July 2020 and the additional ADIT on the deferred balance change.

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

#### September update:

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

#### 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 Non ARO Spend and ARO spend with actuals through January 2020.

Updated NC-1104 Non ARO Deferral calculation to include the impact of ADIT due to bonus depreciation on eligible projects.

Added tab NC-1109 ADIT showing the calculation of the ADIT amount.

#### Second Settlement

Updated Non ARO Amortization period to 8 years per settlement.

#### CCR Settlement

Removed ARO Related items to be captured in a separate proforma.

# McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Amortize deferred environmental costs  
For the test period ended December 31, 2018  
(Dollars in thousands)

NC-1100  
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CCR Settlement

Line No.	Description	Source	Total NC Retail CCR Settlement	Total NC Retail Second Settlement	Total NC Retail May Second Supplemental	Total NC Retail January	Total NC Retail Application	Total NC Retail Change
1								
2	<b>Pro Formas Impacting Income Statement Line Items</b>							
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-1101	11,407	87,100	93,944	93,944	95,913	(84,507)
12	General taxes		-	-	-	-	-	-
13	Interest on customer deposits		-	-	-	-	-	-
14	Income taxes	NC-1101	(2,663)	(20,338)	(21,936)	(21,936)	(22,396)	19,733
15	Amortization of investment tax credit		-	-	-	-	-	-
16								
17	Total electric operating expenses	Sum L8 through L15	8,743	66,762	72,008	72,008	73,517	(64,774)
18								
19	Operating income	L4 - L17	\$ (8,743)	\$ (66,762)	\$ (72,008)	\$ (72,008)	\$ (73,517)	\$ 64,774
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	<b>Pro Formas Impacting Rate Base Line Items</b>							
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-1101	79,847	382,618	375,774	375,774	383,653	(303,807)
35			-	-	-	-	-	-
36								
37	Less:							
38	Accumulated deferred taxes	NC-1101	(18,644)	(89,342)	(87,744)	(87,744)	(89,584)	70,940
39	Operating reserves		-	-	-	-	-	-
40			-	-	-	-	-	-
41								
42	Construction work in progress		-	-	-	-	-	-
43								
44	Total impact to rate base	Sum L30 through L42	\$ 61,202	\$ 293,276	\$ 288,030	\$ 288,030	\$ 294,069	\$ (232,867)
45								
46	Note:							
47	Rate Base: positive number increases rate base / negative number decreases rate base							

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

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CCR Settlement

Line No.	Description	Total Coal Ash ARO NC Retail	Total Coal Ash Non ARO NC Retail	Total NC Retail
1	<u>Impact to Income Statement Line Items</u>			
2	Projected ending balance at July 31, 2020	[1]	\$ 91,254 [2]	\$ 91,254
3	Balance for amortization (L2)		\$ 91,254	\$ 91,254
4				
5	Years to amortize		8	
6				
7	Annual amortization (L3 / L5)		\$ 11,407	\$ 11,407
8	Impact to depreciation and amortization (L7)		\$ 11,407	\$ 11,407
9				
10	Statutory tax rate	[3]	23.3503% [3]	
11	Impact to income taxes (-L8 x L10)		\$ (2,663)	\$ (2,663)
12				
13	Impact to operating income (-L8 - L11)		\$ (8,743)	\$ (8,743)
14				
15	<u>Impact to Rate Base Line Items</u>			
16	Projected July 31, 2020 balance (L3)		\$ 91,254	\$ 91,254
17	Less: 1st year coal ash deferral amortization (-L7)		(11,407)	(11,407)
18	Projected coal ash def bal after one year of amortization (L16 + L17)		\$ 79,847	\$ 79,847
19				
20	Deferred tax rate		23.3503%	
21	Impact to accumulated deferred income tax (-L18 x L20)		\$ (18,644)	\$ (18,644)
22				
23	Impact to rate base (L18 + L21)		\$ 61,202	\$ 61,202

#REF!

[2] NC-1104 - Calculation of Coal Ash Non ARO Deferral - Projected Ending Balance, Column (r), Line 64

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

McManeus Exhibit 1 CCR Settlement

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

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CCR Settlement

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

	Pre Tax LTD Rate	Pre Tax Equity Rate
2018 Jan - Jul [5]	2.4722%	7.0773%
2018 Aug - Dec [5]	2.2032%	6.7395%
2019 [5]	2.2032%	6.7163%
2020 [5]	2.2032%	6.7163%

Line No.	Month	[1] Total Plant Additions (a)	[2] Accumulated Depreciation (b)	[7] Accumulated Deferred Tax (c)	Net Plant (d)=(a)+(b)+(c)	[3] NC Retail Allocation Factor (e)	NC Retail Net Plant (f)=(d)*(e)	[4] Avg Balance for Return (g)	Pre Tax Debt Return (h)=(g)* Debt rate	Pre Tax Equity Return (i)=(g)*Equity Rate	Total Return on Investment (j)=(h)+(i)
1	Jan-18	\$ 32,555	\$ -	\$ (3,801)	\$ 28,754	67.0068%	\$ 19,267	\$ 9,634	\$ 20	\$ 57	\$ 77
2	Feb-18	32,555	(96)	(3,801)	28,658	67.0068%	19,203	19,235	40	113	153
3	Mar-18	8,822,474	(192)	(1,030,037)	7,792,245	67.0068%	5,221,332	2,620,268	5,398	15,454	20,852
4	Apr-18	9,606,973	(22,369)	(1,034,749)	8,549,855	67.0068%	5,728,983	5,475,158	11,280	32,291	43,571
5	May-18	73,698,616	(46,395)	(8,517,532)	65,134,690	67.0068%	43,644,658	24,686,820	50,859	145,597	196,456
6	Jun-18	86,438,831	(229,047)	(10,004,959)	76,204,825	67.0068%	51,062,400	47,353,529	97,556	279,279	376,835
7	Jul-18	88,557,895	(448,750)	(10,252,350)	77,856,795	67.4614%	52,523,313	51,792,856	106,702	305,461	412,163
8	Aug-18	108,269,151	(674,867)	(12,553,656)	95,040,627	67.4614%	64,115,773	58,319,543	107,075	327,539	434,613
9	Sep-18	108,290,145	(953,564)	(12,556,094)	94,780,487	67.4614%	63,940,279	64,028,026	117,555	359,599	477,155
10	Oct-18	266,701,014	(1,232,092)	(31,050,788)	234,418,135	67.4614%	158,141,843	111,041,061	203,871	623,638	827,509
11	Nov-18	269,504,976	(1,983,577)	(31,212,391)	236,309,009	67.4614%	159,417,454	158,779,649	291,519	891,751	1,183,270
12	Dec-18	445,202,670	(2,742,297)	(50,173,861)	392,286,511	67.4614%	264,642,119	212,029,787	389,287	1,190,818	1,580,105
13	Jan-19	564,269,696	(3,990,299)	(60,566,603)	499,712,794	67.4614%	337,113,434	300,877,777	552,412	1,683,979	2,236,391
14	Feb-19	576,541,669	(5,588,714)	(61,800,033)	509,152,922	67.4614%	343,481,880	340,297,657	624,787	1,904,608	2,529,394
15	Mar-19	658,726,764	(7,226,278)	(69,516,722)	581,983,764	67.4614%	392,614,613	368,048,247	675,737	2,059,925	2,735,661
16	Apr-19	665,817,977	(9,079,840)	(70,209,495)	586,528,641	67.4614%	395,680,652	394,147,633	723,655	2,206,000	2,929,655
17	May-19	669,109,462	(10,953,515)	(70,537,627)	587,618,320	67.4614%	396,415,766	396,048,209	727,145	2,216,637	2,943,782
18	Jun-19	679,029,657	(12,836,257)	(71,546,387)	594,647,014	67.4345%	400,997,437	398,706,601	732,025	2,231,516	2,963,541
19	Jul-19	677,032,969	(14,745,611)	(71,329,228)	590,958,130	67.4345%	398,509,856	399,753,646	733,948	2,237,376	2,971,324
20	Aug-19	680,377,789	(16,649,676)	(71,656,799)	592,071,314	67.4345%	399,260,526	398,885,191	732,353	2,232,515	2,964,869
21	Sep-19	681,691,050	(18,562,995)	(71,784,009)	591,344,046	67.4345%	398,770,096	399,015,311	732,592	2,233,244	2,965,836
22	Oct-19	682,448,552	(20,479,779)	(71,849,053)	590,119,719	67.4345%	397,944,477	398,357,286	731,384	2,229,561	2,960,945
23	Nov-19	682,180,765	(22,398,772)	(71,825,704)	587,956,289	67.4345%	396,485,578	397,215,027	729,287	2,223,168	2,952,454
24	Dec-19	693,595,700	(24,317,099)	(71,920,386)	597,358,214	67.4345%	402,825,722	399,655,650	733,768	2,236,828	2,970,595
25	Jan-20	693,743,237	(26,266,516)	(71,928,100)	595,548,620	67.4345%	401,605,431	402,215,577	738,468	2,251,155	2,989,623
26	Feb-20	693,743,237	(28,216,342)	(71,928,100)	593,598,794	67.4345%	400,290,575	400,948,003	736,141	2,244,061	2,980,201
27	Mar-20	693,743,237	(30,166,168)	(71,928,100)	591,648,968	67.4345%	398,975,719	399,633,147	733,726	2,236,702	2,970,428
28	Apr-20	693,743,237	(32,115,994)	(71,928,100)	589,699,143	67.4345%	397,660,863	398,318,291	731,312	2,229,343	2,960,655
29	May-20	693,743,237	(34,065,820)	(71,928,100)	587,749,317	67.4345%	396,346,007	397,003,435	728,898	2,221,983	2,950,882
30	Jun-20	693,743,237	(36,015,646)	(71,928,100)	585,799,491	67.4345%	395,031,151	395,688,579	726,484	2,214,624	2,941,109
31	Jul-20	693,743,237	(37,965,472)	(71,928,100)	583,849,665	67.4345%	393,716,295	394,373,723	724,070	2,207,265	2,931,335
32	Total										\$ 60,401,438

- [1] NC-1105 Total Plant in Service beginning on line 27  
[2] -NC-1105 Total Depreciation Expense beginning on line 60 + Prior Month  
[3] NC 1106 Allocation Factor - Demand at Generation Level  
[4] Beginning balance + additions for the month/2  
[5] NC 1107 Cost of Capital  
[6] NC-1105 Total Depreciation Expense beginning on line 60  
[7] NC-1109 Accumulated Deferred Income Tax

McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
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Amortize deferred environmental costs  
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CCR Settlement

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

		After Tax LTD Rate	After Tax Equity Rate
2018 Jan - Jul	[5]	1.8884%	5.4060%
2018 Aug - Dec	[5]	1.6829%	5.1480%
2019	[5]	1.6887%	5.1480%
2020	[5]	1.6887%	5.1480%

Line No.	Month	Beginning Balance (j)=PM(r)	Return on Investment (k)=(i)	[6] Depreciation Expense (l)	[7]	[8] 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)=(o)* Debt rate	After Tax Equity Return (q)=(o)*Equity Rate	Ending Balance (r)=(j)+(k)+(n)+(p)+(q)
33	Jan-18	-	77	-		67.0068%	-	38	0	0	77
34	Feb-18	77	153	96		67.0068%	64	186	0	1	295
35	Mar-18	295	20,852	96		67.0068%	64	10,754	17	48	21,277
36	Apr-18	21,277	43,571	22,177		67.0068%	14,860	50,492	79	227	80,015
37	May-18	80,015	196,456	24,026		67.0068%	16,099	186,292	293	839	293,702
38	Jun-18	293,702	376,835	182,652		67.0068%	122,389	543,314	855	2,448	796,229
39	Jul-18	796,229	412,163	219,703		67.4614%	148,215	1,076,418	1,694	4,849	1,363,150
40	Aug-18	1,363,150	434,613	226,117		67.4614%	152,542	1,656,728	2,323	7,107	1,959,736
41	Sep-18	1,959,736	477,155	278,697		67.4614%	188,013	2,292,320	3,215	9,834	2,637,953
42	Oct-18	2,637,953	827,509	278,528		67.4614%	187,899	3,145,657	4,412	13,495	3,671,267
43	Nov-18	3,671,267	1,183,270	751,485		67.4614%	506,962	4,516,383	6,334	19,375	5,387,209
44	Dec-18	5,387,209	1,580,105	758,721		67.4614%	511,844	6,433,183	9,022	27,598	7,515,778
45	Jan-19	7,515,778	2,236,391	1,248,001		67.4614%	841,920	9,054,933	12,743	38,846	10,645,677
46	Feb-19	10,645,677	2,529,394	1,598,415		67.4614%	1,078,314	12,449,531	17,520	53,408	14,324,313
47	Mar-19	14,324,313	2,735,661	1,637,564		67.4614%	1,104,724	16,244,506	22,861	69,689	18,257,248
48	Apr-19	18,257,248	2,929,655	1,853,563		67.4614%	1,250,440	20,347,296	28,635	87,290	22,553,268
49	May-19	22,553,268	2,943,782	1,873,675		67.4614%	1,264,008	24,657,162	34,700	105,779	26,901,536
50	Jun-19	26,901,536	2,963,541	1,882,742		67.4345%	1,269,618	29,018,116	40,837	124,488	31,300,020
51	Jul-19	31,300,020	2,971,324	1,909,354		67.4345%	1,287,564	33,429,464	47,045	143,412	35,749,365
52	Aug-19	35,749,365	2,964,869	1,904,066		67.4345%	1,283,998	37,873,798	53,299	162,479	40,214,009
53	Sep-19	40,214,009	2,965,836	1,913,319		67.4345%	1,290,238	42,342,046	59,588	181,647	44,711,318
54	Oct-19	44,711,318	2,960,945	1,916,784		67.4345%	1,292,575	46,838,077	65,915	200,935	49,231,687
55	Nov-19	49,231,687	2,952,454	1,918,993		67.4345%	1,294,064	51,354,946	72,271	220,313	53,770,789
56	Dec-19	53,770,789	2,970,595	1,918,327		67.4345%	1,293,615	55,902,894	78,672	239,823	58,353,494
57	Jan-20	58,353,494	2,989,623	1,949,417		67.4345%	1,314,581	60,505,596	85,149	259,569	63,002,416
58	Feb-20	63,002,416	2,980,201	1,949,826		67.4345%	1,314,856	65,149,944	91,685	279,493	67,668,651
59	Mar-20	67,668,651	2,970,428	1,949,826		67.4345%	1,314,856	69,811,293	98,245	299,490	72,351,670
60	Apr-20	72,351,670	2,960,655	1,949,826		67.4345%	1,314,856	74,489,426	104,828	319,560	77,051,569
61	May-20	77,051,569	2,950,882	1,949,826		67.4345%	1,314,856	79,184,438	111,435	339,701	81,768,443
62	Jun-20	81,768,443	2,941,109	1,949,826		67.4345%	1,314,856	83,896,425	118,067	359,916	86,502,390
63	Jul-20	86,502,390	2,931,335	1,949,826		67.4345%	1,314,856	88,625,486	124,722	380,203	91,253,506
64	Total		60,401,438				25,603,744		1,296,459	3,951,865	91,253,506

- [1] NC-1105 Total Plant in Service beginning on line 27  
[2] -NC-1105 Total Depreciation Expense beginning on line 60 + Prior Month  
[3] NC 1106 Allocation Factor - Demand at Generation Level  
[4] Beginning balance + additions for the month/2  
[5] NC 1107 Cost of Capital  
[6] NC-1105 Total Depreciation Expense beginning on line 60

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## Duke Energy Carolinas - Coal Ash Non ARO - Monthly Plant in Service

Line No.	Month	312 Belews Plant In Service	312 Cliffside Plant In Service	311 Belews Plant In Service	311 Marshall Plant In Service	311 Lee Plant In Service	311 Allen Plant In Service	312 Marshall Plant In Service	312 Cliffside 6 Plant In Service	311 Cliffside 5 & 6 Plant In Service	341 Buck Plant In Service	312 Allen Plant In Service	315 Cliffside 5&6 Plant In Service	Total Monthly Activity
1	Jan-18		32,555											32,555
2	Feb-18													-
3	Mar-18	8,103,839	686,080											8,789,919
4	Apr-18	40,354			744,144									784,499
5	May-18	64,091,537						106						64,091,643
6	Jun-18	1,121,699	11,618,413					103						12,740,215
7	Jul-18	1,492,265	626,693					106						2,119,064
8	Aug-18	537,625	726,099					108	18,447,422					19,711,255
9	Sep-18	314,909	(420,773)					117	126,741					20,994
10	Oct-18	695,395	173,742	8,853,763	33,422,875	195,720	37,705,846	77,363,529						158,410,869
11	Nov-18	151,124	5,445	45,423	598,263	136,838	34,452	412,175	1,420,241					2,803,962
12	Dec-18	605,174	119,199	33,851,732	48,510,871	297,463	25,297,511	438,982	62,611	65,120,650	1,393,502			175,697,694
13	Jan-19	(84,852)	49,737	24,771,344	975,219	11,049	8,963,499	382,505	38,389	21,978,022	35,644	61,946,196	273	119,067,026
14	Feb-19	162,710	37,077	554,418	302,449	(99,269)	3,614,479	312,523	1,188	2,363,762	36,729	4,984,671	1,236	12,271,973
15	Mar-19	(21,785)	33,792	741,434	77,180,934	9,959	634,591	205,018	2,268	2,989,269	10,222	397,877	1,515	82,185,095
16	Apr-19	(800)		470,536	1,391,854		1,080,771	171,911	930	3,491,360	7,955	474,781	1,914	7,091,213
17	May-19	(5,616)		174,687	1,589,545		337,522	(40,763)		1,138,275	(6,053)	103,450	439	3,291,485
18	Jun-19	(12,221)		76,745	4,738,989		187,802	2,657,764		1,954,691	662	314,996	767	9,920,196
19	Jul-19	12,368		98,981	(1,579,849)		39,175	(930,549)		343,136	50	19,942	58	(1,996,688)
20	Aug-19	5		469,887	1,853,994		294,229	45,839		376,002	(132)	304,856	140	3,344,820
21	Sep-19	(7)		10,385	921,239		31,690	5,816		352,559		(8,583)	162	1,313,261
22	Oct-19	(0)	-	(0)	283,239		140,763	15,661		224,449		93,294	96	757,502
23	Nov-19				(417,238)		24,971	(1,233)		115,319		10,327	66	(267,787)
24	Dec-19				811,469		5,909	10,419,193		173,098		5,267		11,414,935
25	Jan-20				(44,188)			191,675	-	51				147,537
26	Total	77,203,723	13,688,061	70,119,334	171,284,349	19,125,923	78,393,210	91,650,046	1,525,627	100,620,642	1,478,579	68,647,075	6,667	693,743,237

Source: Duke Energy Carolinas Asset Accounting to all pages



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## Duke Energy Carolinas - Coal Ash Non ARO - Total Plant in Service

		312 Belevs Plant In Service	312 Cliffside Plant In Service	311 Belevs Plant In Service	311 Marshall Plant In Service	311 Lee Plant In Service	311 Allen Plant In Service	312 Marshall Plant In Service	312 Cliffside 6 Plant In Service	311 Cliffside 5 & 6 Plant In Service	341 Buck Plant In Service	312 Allen Plant In Service	315 Cliffside 5&6 Plant In Service	Total Plant in Service
27	Jan-18	-	32,555	-	-	-	-	-	-	-	-	-	-	32,555
28	Feb-18	-	32,555	-	-	-	-	-	-	-	-	-	-	32,555
29	Mar-18	8,103,839	718,635	-	-	-	-	-	-	-	-	-	-	8,822,474
30	Apr-18	8,144,193	718,635	-	744,144	-	-	-	-	-	-	-	-	9,606,973
31	May-18	72,235,730	718,635	-	744,251	-	-	-	-	-	-	-	-	73,698,616
32	Jun-18	73,357,429	12,337,048	-	744,354	-	-	-	-	-	-	-	-	86,438,831
33	Jul-18	74,849,694	12,963,742	-	744,460	-	-	-	-	-	-	-	-	88,557,895
34	Aug-18	75,387,319	13,689,841	-	744,568	18,447,422	-	-	-	-	-	-	-	108,269,151
35	Sep-18	75,702,229	13,269,068	-	744,685	18,574,163	-	-	-	-	-	-	-	108,290,145
36	Oct-18	76,397,623	13,442,810	8,853,763	34,167,560	18,769,883	37,705,846	77,363,529	-	-	-	-	-	266,701,014
37	Nov-18	76,548,748	13,448,255	8,899,185	34,765,823	18,906,721	37,740,298	77,775,704	1,420,241	-	-	-	-	269,504,976
38	Dec-18	77,153,921	13,567,454	42,750,917	83,276,694	19,204,184	63,037,809	78,214,686	1,482,852	65,120,650	1,393,502	-	-	445,202,670
39	Jan-19	77,069,069	13,617,191	67,522,261	84,251,914	19,215,233	72,001,308	78,597,191	1,521,241	87,098,672	1,429,146	61,946,196	273	564,269,696
40	Feb-19	77,231,779	13,654,268	68,076,679	84,554,363	19,115,964	75,615,787	78,909,715	1,522,429	89,462,433	1,465,875	66,930,868	1,509	576,541,669
41	Mar-19	77,209,994	13,688,061	68,818,113	161,735,296	19,125,923	76,250,378	79,114,732	1,524,697	92,451,702	1,476,097	67,328,745	3,024	658,726,764
42	Apr-19	77,209,194	13,688,061	69,288,649	163,127,150	19,125,923	77,331,150	79,286,644	1,525,627	95,943,062	1,484,052	67,803,526	4,938	665,817,977
43	May-19	77,203,577	13,688,061	69,463,336	164,716,695	19,125,923	77,668,671	79,245,880	1,525,627	97,081,337	1,477,999	67,906,976	5,378	669,109,462
44	Jun-19	77,191,356	13,688,061	69,540,081	169,455,684	19,125,923	77,856,474	81,903,644	1,525,627	99,036,028	1,478,661	68,221,972	6,145	679,029,657
45	Jul-19	77,203,725	13,688,061	69,639,062	167,875,835	19,125,923	77,895,649	80,973,095	1,525,627	99,379,164	1,478,711	68,241,914	6,203	677,032,969
46	Aug-19	77,203,730	13,688,061	70,108,949	169,729,829	19,125,923	78,189,878	81,018,934	1,525,627	99,755,166	1,478,579	68,546,770	6,343	680,377,789
47	Sep-19	77,203,723	13,688,061	70,119,334	170,651,068	19,125,923	78,221,567	81,024,751	1,525,627	100,107,725	1,478,579	68,538,187	6,505	681,691,050
48	Oct-19	77,203,723	13,688,061	70,119,334	170,934,307	19,125,923	78,362,330	81,040,411	1,525,627	100,332,175	1,478,579	68,631,481	6,601	682,448,552
49	Nov-19	77,203,723	13,688,061	70,119,334	170,517,069	19,125,923	78,387,301	81,039,178	1,525,627	100,447,494	1,478,579	68,641,809	6,667	682,180,765
50	Dec-19	77,203,723	13,688,061	70,119,334	171,328,538	19,125,923	78,393,210	91,458,371	1,525,627	100,620,591	1,478,579	68,647,075	6,667	693,595,700
51	Jan-20	77,203,723	13,688,061	70,119,334	171,284,349	19,125,923	78,393,210	91,650,046	1,525,627	100,620,642	1,478,579	68,647,075	6,667	693,743,237
52	Feb-20	77,203,723	13,688,061	70,119,334	171,284,349	19,125,923	78,393,210	91,650,046	1,525,627	100,620,642	1,478,579	68,647,075	6,667	693,743,237
53	Mar-20	77,203,723	13,688,061	70,119,334	171,284,349	19,125,923	78,393,210	91,650,046	1,525,627	100,620,642	1,478,579	68,647,075	6,667	693,743,237
54	Apr-20	77,203,723	13,688,061	70,119,334	171,284,349	19,125,923	78,393,210	91,650,046	1,525,627	100,620,642	1,478,579	68,647,075	6,667	693,743,237
55	May-20	77,203,723	13,688,061	70,119,334	171,284,349	19,125,923	78,393,210	91,650,046	1,525,627	100,620,642	1,478,579	68,647,075	6,667	693,743,237
56	Jun-20	77,203,723	13,688,061	70,119,334	171,284,349	19,125,923	78,393,210	91,650,046	1,525,627	100,620,642	1,478,579	68,647,075	6,667	693,743,237
57	Jul-20	77,203,723	13,688,061	70,119,334	171,284,349	19,125,923	78,393,210	91,650,046	1,525,627	100,620,642	1,478,579	68,647,075	6,667	693,743,237

Source: Duke Energy Carolinas Asset Accounting to all pages

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Duke Energy Carolinas - Coal Ash Non ARO - System Depreciation Expense

		312 Belevs Depreciation Expense	312 Cliffside Depreciation Expense	311 Belevs Depreciation Expense	311 Marshall Depreciation Expense	311 Lee Depreciation Expense	311 Allen Depreciation Expense	312 Marshall Depreciation Expense	312 Cliffside 6 Depreciation Expense	311 Cliffside 5 & 6 Depreciation Expense	341 Buck Depreciation Expense	312 Allen Depreciation Expense	315 Cliffside 5&6 Depreciation Expense	Total Depreciation Expense
58	Depreciation Rate Prior To 8/2018	0.0297	0.0354	0.0257	0.0282	0.0675	0.0357	0.0354	0.0324	0.0299	0.0296	0.0534	0.0322	
59	Depreciation Rate Beg. 8/2018	0.0296	0.0366	0.0307	0.0314	0.0319	0.0473	0.0328	0.0299	0.0311	0.028	0.037	0.0311	
60	Jan-18													-
61	Feb-18	-	96	-	-	-	-	-	-	-	-	-	-	96
62	Mar-18	-	96	-	-	-	-	-	-	-	-	-	-	96
63	Apr-18	20,057	2,120	-	-	-	-	-	-	-	-	-	-	22,177
64	May-18	20,157	2,120	-	1,749	-	-	-	-	-	-	-	-	24,026
65	Jun-18	178,783	2,120	-	1,749	-	-	-	-	-	-	-	-	182,652
66	Jul-18	181,560	36,394	-	1,749	-	-	-	-	-	-	-	-	219,703
67	Aug-18	184,629	39,539	-	1,948	-	-	-	-	-	-	-	-	226,117
68	Sep-18	185,955	41,754	-	1,948	49,039	-	-	-	-	-	-	-	278,697
69	Oct-18	186,732	40,471	-	1,949	49,376	-	-	-	-	-	-	-	278,528
70	Nov-18	188,447	41,001	22,651	89,405	49,897	148,624	211,460	-	-	-	-	-	751,485
71	Dec-18	188,820	41,017	22,767	90,971	50,260	148,760	212,587	3,539	-	-	-	-	758,721
72	Jan-19	190,313	41,381	109,371	217,907	51,051	248,474	213,787	3,695	168,771	3,252	-	-	1,248,001
73	Feb-19	190,104	41,532	172,744	220,459	51,080	283,805	214,832	3,790	225,731	3,335	191,001	1	1,598,415
74	Mar-19	190,505	41,646	174,163	221,251	50,817	298,052	215,687	3,793	231,857	3,420	206,370	4	1,637,564
75	Apr-19	190,451	41,749	176,060	423,207	50,843	300,554	216,247	3,799	239,604	3,444	207,597	8	1,853,563
76	May-19	190,449	41,749	177,263	426,849	50,843	304,814	216,717	3,801	248,652	3,463	209,061	13	1,873,675
77	Jun-19	190,435	41,749	177,710	431,009	50,843	306,144	216,605	3,801	251,602	3,449	209,380	14	1,882,742
78	Jul-19	190,405	41,749	177,907	443,409	50,843	306,884	223,870	3,801	256,668	3,450	210,351	16	1,909,354
79	Aug-19	190,436	41,749	178,160	439,275	50,843	307,039	221,326	3,801	257,558	3,450	210,413	16	1,904,066
80	Sep-19	190,436	41,749	179,362	444,126	50,843	308,198	221,452	3,801	258,532	3,450	211,353	16	1,913,319
81	Oct-19	190,436	41,749	179,389	446,537	50,843	308,323	221,468	3,801	259,446	3,450	211,326	17	1,916,784
82	Nov-19	190,436	41,749	179,389	447,278	50,843	308,878	221,510	3,801	260,028	3,450	211,614	17	1,918,993
83	Dec-19	190,436	41,749	179,389	446,186	50,843	308,977	221,507	3,801	260,326	3,450	211,646	17	1,918,327
84	Jan-20	190,436	41,749	179,389	448,310	50,843	309,000	249,986	3,801	260,775	3,450	211,662	17	1,949,417
85	Feb-20	190,436	41,749	179,389	448,194	50,843	309,000	250,510	3,801	260,775	3,450	211,662	17	1,949,826
86	Mar-20	190,436	41,749	179,389	448,194	50,843	309,000	250,510	3,801	260,775	3,450	211,662	17	1,949,826
87	Apr-20	190,436	41,749	179,389	448,194	50,843	309,000	250,510	3,801	260,775	3,450	211,662	17	1,949,826
88	May-20	190,436	41,749	179,389	448,194	50,843	309,000	250,510	3,801	260,775	3,450	211,662	17	1,949,826
89	Jun-20	190,436	41,749	179,389	448,194	50,843	309,000	250,510	3,801	260,775	3,450	211,662	17	1,949,826
90	Jul-20	190,436	41,749	179,389	448,194	50,843	309,000	250,510	3,801	260,775	3,450	211,662	17	1,949,826

Source: Duke Energy Carolinas Asset Accounting to all pages

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Duke Energy Carolinas - 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 - Demand at Generation Level	67.0068%	67.4614%	67.4345%
2	Allocation Factor - MWHs at Generation	66.6244%	65.9759%	65.8832%

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CCR Settlement

Weighted Cost of Capital Rates for Duke Energy Carolinas

Description	Capitalization Ratio [1]	Approved Cost Rate [1]	Jan-Jul 2018 Weighted Cost of Capital (WACC)		
			Return	After tax	Before Tax
Long Term Debt	47.00%	5.26%	2.4722%	1.8884%	2.4722%
Equity	53.00%	10.20%	5.4060%	5.4060%	7.0773%
Total	100.00%		7.8782%	7.2944%	9.5495%

Return on Equity Rate 2.0344%  
Effective State and Federal Income Tax Rate 23.6149% [3]

Description	Capitalization Ratio [2]	Approved Cost Rate [2]	Aug-Dec 2018 Weighted Cost of Capital (WACC)		
			Return	After tax	Before Tax
Long Term Debt	48.00%	4.59%	2.2032%	1.6829%	2.2032%
Equity	52.00%	9.90%	5.1480%	5.1480%	6.7395%
Total	100.00%		7.3512%	6.8309%	8.9427%

Return on Equity Rate 2.2409%  
Effective State and Federal Income Tax Rate 23.6149% [3]

Description	Capitalization Ratio [2]	Approved Cost Rate [2]	Jan-Dec 2019 Weighted Cost of Capital (WACC)		
			Return	After tax	Before Tax
Long Term Debt	48.00%	4.59%	2.2032%	1.6887%	2.2032%
Equity	52.00%	9.90%	5.1480%	5.1480%	6.7163%
Total	100.00%		7.3512%	6.8367%	8.9195%

Return on Equity Rate 2.2467%  
Effective State and Federal Income Tax Rate 23.3503% [4]

[1] Cost of capital rates from Docket No. E-7, Sub 1026

[2] Cost of capital rates from Docket No. E-7, Sub 1146

[3] Duke Energy Carolinas Accounting

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

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Amortize deferred environmental costs  
For the test period ended December 31, 2018

NC-1108  
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CCR Settlement

Depreciation Rates

	Prior to Aug 2018	Beg. Aug 2018
1 D FOS 312 Belews Crk	2.97%	2.96%
2 D FOS 311 Belews Crk	2.57%	3.07%
3 D FOS 312 Cliffside 5	3.54%	3.66%
4 D FOS 311 Marshall	2.82%	3.14%
5 D FOS 311 Lee-20003	6.57%	3.19%
6 D FOS 311 Allen-20003	3.57%	4.73%
7 D FOS 312 Marshall-20003	3.54%	3.28%
8 D FOS 312 Cliffside 6-20003	3.24%	2.99%
9 D FOS 312 Allen-20003	5.34%	3.70%
10 D FOS 311 Cliffside 5&6-20003	2.99%	3.11%
11 D OTH 341 Buck-20004	2.96%	2.80%
12 D FOS 315 Cliffside 5&6-20003	3.22%	3.11%

Source: Duke Energy Asset Accounting

# McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Amortize deferred environmental costs  
For the test period ended December 31, 2018

Project	CBC000214	CBC000370	CCS051310	CCS051492	CBC000360	CBC000443	CBC000444	CMS000212	CMS000285	CMS000286	CMS000602	CLS000085	CAS000201
Project Description	Alternate Start-up Dry Fly Ash System	BC Dry Bottom Ash Conversion	US Bottom Ash Conveying Sys.	CS Unit 5 Dry Flyash Conversion	Enhanced FGD Wastewater Treatment	CCP Storm Water/Process Water Reroute	CCP Lined Retention Basin	MAR Enhncd. FGD Wastewater Treat.	Storm Water/Process Water Reroute	Lined Retention Basin	CCP - Dry Bottom Ash Haul road construction	Waste Water Treatment	Enhanced FGD Wastewater Treatment
Depreciation Group	D FOS 312 Belews Crk-20003	D FOS 312 Belews Crk-20003	D FOS 312 Cliffside 5-20003	D FOS 312 Cliffside 5-20003	D FOS 311 Belews Crk-20003	D FOS 311 Belews Crk-20003	D FOS 311 Belews Crk-20003	D FOS 311 Marshall-20003	D FOS 311 Marshall-20003	D FOS 311 Marshall-20003	D FOS 311 Marshall-20003	D FOS 311 Lee-20003	D FOS 311 Allen-20003
201801					32,555								
201802													
201803	8,103,839			686,080							744,144		
201804	40,354										106		
201805	99,658	63,991,879									103		
201806	326,232	795,467	11,617,735	677							106		
201807	51,664	1,440,601	626,000	694							108	18,447,422	
201808	5,493	532,133	644,230	81,870							117	126,741	
201809	24,883	290,027	(421,543)	770							105	195,720	
201810	108,015	587,380	173,057	686	8,853,763					33,422,770	438	136,838	
201811	13,238	137,887	8,285	(2,840)	45,423					598,701	631	297,463	
201812	16,129	589,044	115,089	4,110	127,180		33,724,552		48,060,947	449,292	(59)	11,049	8,255,156
201901	(604)	(84,248)	49,737		2,540	24,602,504	166,299		255,811	719,468			
201902		162,710	37,077		30,017	277,541	246,860		244,962	57,487		(99,269)	459,768
201903		(21,785)	33,792		86,635	632,242	22,557	76,558,418	485,123	137,394		9,959	327,216
201904		(800)			2,389	255,936	212,212	1,390,263	15,050	(13,460)			551,834
201905		(5,616)			21,058	126,162	27,467	1,361,060	195,844	12,641	0		34,674
201906		(12,221)			(34,621)	89,223	22,142	4,630,598	19,536	88,866			47,399
201907		12,368			5,886	95,965	(2,870)	(1,660,617)	79,200	1,568			13,282
201908		5			(1,518)	152,089	319,316	1,186,633	663,711	3,650			57,814
201909		(7)			8,388	1,997		919,438	1,807	(6)			8,266
201910	-	0			(0)	(0)		144,876	137,444	919			103,179
201911								(416,856)	78	(460)			9,370
201912								719,370	92,099				5,909
202001								137,772	(44,188)				
Grand Total	8,788,900	68,414,823	12,883,460	804,601	9,147,141	26,233,658	34,738,535	84,990,953	50,207,413	35,478,830	744,925	19,125,923	9,873,867

McManeus Exhibit 1 CCR Settlement

Tax Basis for Bonus Depreciation ADIT

Project	CBC000214	CBC000370	CCS051310	CCS051492	CBC000360	CBC000443	CBC000444	CMS000212	CMS000285	CMS000286	CMS000602	CLS000085	CAS000201
Project Description	Alternate Start-up Dry Fly Ash System	BC Dry Bottom Ash Conversion	US Bottom Ash Conveying Sys.	CS Unit 5 Dry Flyash Conversion	Enhanced FGD Wastewater Treatment	CCP Storm Water/Process Water Reroute	CCP Lined Retention Basin	MAR Enhncd. FGD Wastewater Treat.	Storm Water/Process Water Reroute	Lined Retention Basin	CCP - Dry Bottom Ash Haul road construction	Waste Water Treatment	Enhanced FGD Wastewater Treatment
Bonus Depr Eligible	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	NO	YES	NO
Initial In Service Year	2018	2018	2018	2018	2018	2019	2018	2019	2018	2018		2018	
Bonus Depr %	50%	50%	50%	50%	50%	40%	50%	40%	50%	50%		50%	
201801	-	-	-	-	16,278	-	-	-	-	-	-	-	-
201802	-	-	-	-	-	-	-	-	-	-	-	-	-
201803	4,051,919	-	-	-	343,040	-	-	-	-	-	-	-	-
201804	20,177	-	-	-	-	-	-	-	-	-	-	-	-
201805	49,829	31,995,939	-	-	-	-	-	-	-	-	-	-	-
201806	163,116	397,734	5,808,868	339	-	-	-	-	-	-	-	-	-
201807	25,832	720,300	313,000	347	-	-	-	-	-	-	-	-	-
201808	2,746	266,066	322,115	40,935	-	-	-	-	-	-	-	9,223,711	-
201809	12,441	145,013	(210,771)	385	-	-	-	-	-	-	-	63,370	-
201810	54,008	293,690	86,528	343	4,426,881	-	-	-	-	-	16,711,385	97,860	-
201811	6,619	68,943	4,143	(1,420)	22,711	-	-	-	-	-	299,351	68,419	-
201812	8,065	294,522	57,544	2,055	63,590	-	16,862,276	-	24,030,473	-	224,646	148,732	-
201901	(302)	(42,124)	24,869	-	1,270	9,841,002	83,150	-	127,905	359,734	-	5,524	-
201902	-	81,355	18,539	-	15,009	111,016	123,430	-	122,481	28,743	-	(49,634)	-
201903	-	(10,892)	16,896	-	43,318	252,897	11,278	30,623,367	242,561	68,697	-	4,980	-
201904	-	(400)	-	-	1,195	102,374	106,106	556,105	7,525	(6,730)	-	-	-
201905	-	(2,808)	-	-	10,529	50,465	13,733	552,424	97,922	6,320	-	-	-
201906	-	(6,110)	-	-	(17,311)	35,689	11,071	1,852,239	9,763	44,433	-	-	-
201907	-	6,184	-	-	2,943	38,386	(1,435)	(664,247)	39,600	784	-	-	-
201908	-	2	-	-	(759)	60,836	159,658	474,653	331,855	1,825	-	-	-
201909	-	(3)	-	-	4,194	799	-	367,775	903	(3)	-	-	-
201910	-	-	-	-	-	-	-	57,950	68,722	460	-	-	-
201911	-	-	-	-	-	-	-	(166,743)	39	(230)	-	-	-
201912	-	-	-	-	-	-	-	287,748	46,050	-	-	-	-
202001	-	-	-	-	-	-	-	55,109	(22,094)	-	-	-	-
Total Bonus Depr Tax basis	4,394,450	34,207,411	6,441,730	402,301	4,573,570	10,493,463	17,369,267	33,996,381	25,103,707	17,739,415	-	9,562,962	-

Calculated Deferred Income Tax due to Bonus Depreciation

Project	CBC000214	CBC000370	CCS051310	CCS051492	CBC000360	CBC000443	CBC000444	CMS000212	CMS000285	CMS000286	CMS000602	CLS000085	CAS000201
Project Description	Alternate Start-up Dry Fly Ash System	BC Dry Bottom Ash Conversion	US Bottom Ash Conveying Sys.	CS Unit 5 Dry Flyash Conversion	Enhanced FGD Wastewater Treatment	CCP Storm Water/Process Water Reroute	CCP Lined Retention Basin	MAR Enhncd. FGD Wastewater Treat.	Storm Water/Process Water Reroute	Lined Retention Basin	CCP - Dry Bottom Ash Haul road construction	Waste Water Treatment	Enhanced FGD Wastewater Treatment
Tax Rate	23.3503%												
201801	-	-	-	(3,801)	-	-	-	-	-	-	-	-	-
201802	-	-	-	-	-	-	-	-	-	-	-	-	-
201803	(946,135)	-	-	(80,101)	-	-	-	-	-	-	-	-	-
201804	(4,711)	-	-	-	-	-	-	-	-	-	-	-	-
201805	(11,635)	(7,471,148)	-	-	-	-	-	-	-	-	-	-	-
201806	(38,088)	(92,872)	(1,356,388)	(79)	-	-	-	-	-	-	-	-	-
201807	(6,032)	(168,152)	(73,086)	(81)	-	-	-	-	-	-	-	-	-
201808	(641)	(62,127)	(75,215)	(9,558)	-	-	-	-	-	-	-	(2,153,764)	-
201809	(2,905)	(33,861)	49,216	(90)	-	-	-	-	-	-	-	(14,797)	-
201810	(12,611)	(68,577)	(20,205)	(80)	(1,033,690)	-	-	-	-	(3,902,159)	-	(22,851)	-
201811	(1,546)	(16,098)	(967)	332	(5,303)	-	-	-	-	(69,899)	-	(15,976)	-
201812	(1,883)	(68,772)	(13,437)	(480)	(14,848)	-	(3,937,392)	-	(5,611,188)	(52,456)	-	(34,729)	-
201901	71	9,836	(5,807)	-	(297)	(2,297,903)	(19,416)	-	(29,866)	(83,999)	-	(1,290)	-
201902	-	(18,997)	(8,329)	-	(13,505)	(25,923)	(28,821)	-	(28,600)	(6,712)	-	11,590	-
201903	-	2,543	(3,945)	-	(10,115)	(59,052)	(2,634)	(7,150,648)	(56,639)	(16,041)	-	(1,163)	-
201904	-	93	-	-	(279)	(23,905)	(24,776)	(129,852)	(1,757)	1,571	-	-	-
201905	-	656	-	-	(2,459)	(11,784)	(128,993)	(128,993)	(22,865)	(1,476)	-	-	-
201906	-	1,427	-	-	4,042	(8,334)	(2,585)	(432,503)	(2,280)	(10,375)	-	-	-
201907	-	(1,444)	-	-	(687)	(8,963)	335	155,104	(9,247)	(183)	-	-	-
201908	-	(1)	-	-	177	(14,205)	(37,281)	(110,833)	(77,489)	(426)	-	-	-
201909	-	1	-	-	(979)	(186)	-	(85,877)	(211)	1	-	-	-
201910	-	-	-	-	-	-	-	(13,532)	(16,047)	(107)	-	-	-
201911	-	-	-	-	-	-	-	38,935	(9)	54	-	-	-
201912	-	-	-	-	-	-	-	(67,190)	(10,753)	-	-	-	-
202001	-	-	-	-	-	-	-	(12,868)	5,159	-	-	-	-
	(1,026,117)	(7,987,533)	(1,504,163)	(93,938)	(1,067,942)	(2,450,255)	(4,055,776)	(7,938,257)	(5,861,791)	(4,142,207)	-	(2,232,980)	-

Accumulated Deferred Income Taxes

Project	CBC000214	CBC000370	CCS051310	CCS051492	CBC000360	CBC000443	CBC000444	CMS000212	CMS000285	CMS000286	CMS000602	CLS000085	CAS000201
Project Description	Alternate Start-up Dry Fly Ash System	BC Dry Bottom Ash Conversion	US Bottom Ash Conveying Sys.	CS Unit 5 Dry Flyash Conversion	Enhanced FGD Wastewater Treatment	CCP Storm Water/Process Water Reroute	CCP Lined Retention Basin	MAR Enhncd. FGD Wastewater Treat.	Storm Water/Process Water Reroute	Lined Retention Basin	CCP - Dry Bottom Ash Haul road construction	Waste Water Treatment	Enhanced FGD Wastewater Treatment
201801	-	-	-	(3,801)	-	-	-	-	-	-	-	-	-
201802	-	-	-	(3,801)	-	-	-	-	-	-	-	-	-
201803	(946,135)	-	-	(83,902)	-	-	-	-	-	-	-	-	-
201804	(950,847)	-	-	(83,902)	-	-	-	-	-	-	-	-	-
201805	(962,482)	(7,471,148)	-	(83,902)	-	-	-	-	-	-	-	-	-
201806	(1,000,570)	(7,564,020)	(1,356,388)	(83,981)	-	-	-	-	-	-	-	-	-
201807	(1,006,602)	(7,732,212)	(1,429,474)	(84,062)	-	-	-	-	-	-	-	-	-
201808	(1,007,243)	(7,794,339)	(1,504,689)	(93,620)	-	-	-	-	-	-	-	(2,153,764)	-
201809	(1,010,148)	(7,828,201)	(1,455,474)	(93,710)	-	-	-	-	-	-	-	(2,168,561)	-
201810	(1,022,759)	(7,896,778)	(1,475,678)	(93,790)	(1,033,690)	-	-	-	-	(3,902,159)	-	(2,191,412)	-
201811	(1,024,305)	(7,912,876)	(1,476,645)	(93,459)	(1,038,993)	-	-	-	-	(3,972,058)	-	(2,207,388)	-
201812	(1,026,188)	(7,981,648)	(1,490,082)	(93,938)	(1,053,842)	-	(3,937,392)	-	(5,611,188)	(4,024,513)	-	(2,242,117)	-
201901	(1,026,117)	(7,971,812)	(1,495,889)	(93,938)	(1,054,138)	(2,297,903)	(3,956,808)	-	(5,641,054)	(4,108,512)	-	(2,243,407)	-
201902	(1,026,117)	(7,990,809)	(1,500,218)	(93,938)	(1,057,643)	(2,323,826)	(3,985,629)	-	(5,669,654)	(4,115,224)	-	(2,231,818)	-
201903	(1,026,117)	(7,988,165)	(1,504,163)	(93,938)	(1,067,758)	(2,382,878)	(3,988,263)	(7,150,648)	(5,726,902)	(4,131,265)	-	(2,232,980)	-
201904	(1,026,117)	(7,988,172)	(1,504,163)	(93,938)	(1,068,037)	(2,406,783)	(4,013,039)	(7,280,500)	(5,728,050)	(4,129,693)	-	(2,232,980)	-
201905	(1,026,117)	(7,987,516)	(1,504,163)	(93,938)	(1,070,495)	(2,418,567)	(4,016,245)	(7,409,493)	(5,750,915)	(4,131,169)	-	(2,232,980)	-
201906	(1,026,117)	(7,986,089)	(1,504,163)	(93,938)	(1,066,453)	(2,426,900)	(4,018,831)	(7,841,996)	(5,753,194)	(4,141,545)	-	(2,232,980)	-
201907	(1,026,117)	(7,987,533)	(1,504,163)	(93,938)	(1,067,140)	(2,435,863)	(4,018,495)	(7,686,893)	(5,762,441)	(4,141,728)	-	(2,232,980)	-
201908	(1,026,117)	(7,987,534)	(1,504,163)	(93,938)	(1,066,963)	(2,450,069)	(4,055,776)	(7,797,726)	(5,839,930)	(4,142,154)	-	(2,232,980)	-
201909	(1,026,117)	(7,987,533)	(1,504,163)	(93,938)	(1,067,942)	(2,450,255)	(4,055,776)	(7,883,602)	(5,840,141)	(4,142,153)	-	(2,232,980)	-
201910	(1,026,117)	(7,987,533)	(1,504,163)	(93,938)	(1,067,942)	(2,450,255)	(4,055,776)	(7,897,134)	(5,856,188)	(4,142,260)	-	(2,232,980)	-
201911	(1,026,117)	(7,987,533)	(1,504,163)	(93,938)	(1,067,942)	(2,450,255)	(4,055,776)	(7,858,199)	(5,856,197)	(4,142,207)	-	(2,232,980)	-
201912	(1,026,117)	(7,987,533)	(1,504,163)	(93,938)	(1,067,942)	(2,450,255)	(4,055,776)	(7,925,389)	(5,866,950)	(4,142,207)	-	(2,232,980)	-
202001	(1,026,117)	(7,987,533)	(1,504,163)	(93,938)	(1,067,942)	(2,450,255)	(4,055,776)	(7,938,257)	(5,861,791)	(4,142,207)	-	(2,232,980)	-

# McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Amortize deferred environmental c  
For the test period ended Decemb

Project	CAS000281	CAS000282	CM5CM1227	CM5000156	CC5060038	CC5560046	CC5560047	CC5560077	CBKCC0027	CAS000026	CC5560047	Total
Project Description	Storm Water/Process Water Reroute	Lined Retention Basin	MS Dry Bottom Ash System Conversion	CCP - Marshall Dry Fly Ash Reliability	CCP CS #6 Air Heater Flyash System	Storm Water/Process Water Reroute	Active Waste Water Treatment System	Lined Retention Basins	CCP Process Water Reroute	DRY BOTTOM ASH CONVERSION	Active Waste Water Treatment System	Total
Depreciation Group	D FOS 311 Allen-20003	D FOS 311 Allen-20003	D FOS 312 Marshall-20003	D FOS 312 Marshall-20003	D FOS 312 Cliffside 6-20003	D FOS 311 Cliffside 5&6-20003	D FOS 311 Cliffside 5&6-20003	D FOS 311 Cliffside 5&6-20003	D OTH 341 Buck-20004	D FOS 312 Allen-20003	D FOS 315 Cliffside 5&6-20003	Total
201801												32,555
201802												-
201803												8,789,919
201804												784,499
201805												64,091,643
201806												12,740,715
201807												2,119,064
201808												19,711,255
201809												20,994
201810		37,705,846	77,363,529									158,410,869
201811												2,803,962
201812	24,960,779	34,452	412,175		1,420,241							175,697,694
201901	344,126	336,732	438,982		62,611							273
201902	2,858,549	364,217	382,505		38,389	20,883,598		823,315	271,110	35,644	61,946,196	1,236
201903	131,033	296,162	312,523		1,188	164,388		2,038,497	160,877	36,729	4,984,671	1,515
201904	245,620	176,343	205,018		2,268	567,495		2,292,659	129,115	10,222	397,877	1,914
201905	169,032	283,317	171,911		930	519,328		2,895,774	76,258	7,955	474,781	439
201906	121,856	133,816	(40,763)			436,648		664,878	36,749	(6,053)	103,450	767
201907	18,699	18,547	2,657,764			711,612		1,159,955	83,124	662	314,996	58
201908	234,201	7,194	(930,549)			120,224		87,990	134,922	50	19,942	140
201909	14,605	2,214	45,839			13,739		212,453	149,810	(132)	304,856	162
201910	37,584	8,819	5,816			94,086		244,482	13,992		(8,583)	96
201911	15,601		15,661			37,429		144,953	42,068		93,294	66
201912			(1,233)			13,976		100,010	1,333		10,327	11,414,935
202001			689		10,418,504	173,098					5,267	(267,787)
Grand Total	29,151,686	39,367,658	81,039,867	10,472,406	1,525,627	23,735,669	62,559,961	14,325,012	1,478,579	68,647,075	6,667	693,743,237



## McManeus Exhibit 1 CCR Settlement

Tax Basis for Bonus Depreciation ADIT														
Project	CAS000281	CAS000282	CMSCM1227	CM5000156	CCS060038	CCS560046	CCS560047	CCS560077	CBKCC0027	CAS000026	CCS560047			
Project Description	Storm Water/Process Water Reroute	Lined Retention Basin	MS Dry Bottom Ash System Conversion	CCP - Marshall Dry Fly Ash Reliability	CCP CS #6 Air Heater Flyash System	Storm Water/Process Water Reroute	Active Waste Water Treatment System	Lined Retention Basins	CCP Process Water Reroute	DRY BOTTOM ASH CONVERSION	Active Waste Water Treatment System	Total		
Bonus Depr Eligible	YES	YES	YES	NO	NO	YES	YES	NO	YES	YES	YES			
Initial In Service Year	2018	2018	2018			2019	2018		2018	2019	2019			
Bonus Depr %	50%	50%	50%			40%	50%		50%	40%	40%			
201801	-	-	-	-	-	-	-	-	-	-	-	16,278		
201802	-	-	-	-	-	-	-	-	-	-	-			
201803	-	-	-	-	-	-	-	-	-	-	-	4,394,959		
201804	-	-	-	-	-	-	-	-	-	-	-	20,177		
201805	-	-	-	-	-	-	-	-	-	-	-	32,045,768		
201806	-	-	-	-	-	-	-	-	-	-	-	6,370,056		
201807	-	-	-	-	-	-	-	-	-	-	-	1,059,479		
201808	-	-	-	-	-	-	-	-	-	-	-	9,855,574		
201809	-	-	-	-	-	-	-	-	-	-	-	10,438		
201810	-	18,852,923	38,681,765	-	-	-	-	-	-	-	-	79,205,383		
201811	-	17,226	206,088	-	-	-	-	-	-	-	-	692,079		
201812	12,480,390	168,366	219,491	-	-	-	25,947,497	-	696,751	-	-	81,204,398		
201901	172,063	182,108	191,253	-	-	8,353,439	411,657	-	17,822	24,778,479	109	44,507,958		
201902	1,429,274	148,081	156,262	-	-	65,755	1,019,249	-	18,364	1,993,868	494	5,282,286		
201903	65,516	88,171	102,509	-	-	228,998	1,146,329	-	5,111	159,151	606	33,047,944		
201904	122,810	141,658	85,956	-	-	207,731	1,447,887	-	3,977	189,912	766	2,966,873		
201905	84,516	66,908	(20,382)	-	-	174,659	332,439	-	(3,026)	41,380	176	1,405,255		
201906	60,928	9,274	1,328,882	-	-	284,645	579,978	-	331	125,998	307	4,320,117		
201907	9,349	3,597	(465,275)	-	-	48,090	43,995	-	25	7,977	23	(930,003)		
201908	117,101	1,107	22,919	-	-	5,496	106,227	-	(66)	121,943	56	1,402,852		
201909	7,302	4,409	2,908	-	-	37,634	122,241	-	-	(3,433)	65	544,792		
201910	18,792	-	7,830	-	-	14,971	72,477	-	-	37,318	38	278,558		
201911	7,801	-	(616)	-	-	5,590	50,005	-	-	4,131	26	(99,996)		
201912	-	-	345	-	-	69,239	-	-	-	2,107	-	405,488		
202001	-	-	-	-	-	20	-	-	-	-	-	33,035		
Total Bonus Depr Tax basis	14,575,843	19,683,829	40,519,934	-	-	9,494,268	31,279,981	-	739,289	27,458,830	2,667	308,039,298		

  

Calculated Deferred Income Tax due to Project														
Project	CAS000281	CAS000282	CMSCM1227	CM5000156	CCS060038	CCS560046	CCS560047	CCS560077	CBKCC0027	CAS000026	CCS560047			
Project Description	Storm Water/Process Water Reroute	Lined Retention Basin	MS Dry Bottom Ash System Conversion	CCP - Marshall Dry Fly Ash Reliability	CCP CS #6 Air Heater Flyash System	Storm Water/Process Water Reroute	Active Waste Water Treatment System	Lined Retention Basins	CCP Process Water Reroute	DRY BOTTOM ASH CONVERSION	Active Waste Water Treatment System	Total		
201801	-	-	-	-	-	-	-	-	-	-	-	(3,801)		
201802	-	-	-	-	-	-	-	-	-	-	-			
201803	-	-	-	-	-	-	-	-	-	-	-	(1,026,236)		
201804	-	-	-	-	-	-	-	-	-	-	-	(4,711)		
201805	-	-	-	-	-	-	-	-	-	-	-	(7,482,783)		
201806	-	-	-	-	-	-	-	-	-	-	-	(1,487,427)		
201807	-	-	-	-	-	-	-	-	-	-	-	(2,473,922)		
201808	-	-	-	-	-	-	-	-	-	-	-	(2,301,306)		
201809	-	-	-	-	-	-	-	-	-	-	-	(2,437)		
201810	-	(4,402,214)	(9,032,308)	-	-	-	-	-	-	-	-	(18,494,694)		
201811	-	(4,022)	(48,122)	-	-	-	-	-	-	-	-	(161,603)		
201812	(2,914,208)	(39,314)	(51,252)	-	-	-	(6,058,818)	-	(162,693)	-	-	(18,961,471)		
201901	(40,177)	(42,523)	(44,638)	-	-	(1,950,553)	(96,123)	-	(4,162)	(5,785,849)	(26)	(10,392,742)		
201902	(333,740)	(34,577)	(36,488)	-	-	(15,354)	(237,998)	-	(4,288)	(465,574)	(115)	(1,233,430)		
201903	(15,298)	(20,588)	(23,936)	-	-	(53,005)	(267,671)	-	(1,193)	(37,162)	(142)	(7,716,689)		
201904	(28,677)	(33,078)	(20,071)	-	-	(48,506)	(338,086)	-	(929)	(44,345)	(179)	(692,774)		
201905	(19,735)	(15,623)	4,759	-	-	(40,783)	(77,626)	-	707	(9,662)	(41)	(328,131)		
201906	(14,227)	(2,165)	(310,298)	-	-	(66,465)	(135,427)	-	(77)	(29,421)	(72)	(1,008,760)		
201907	(2,183)	(840)	108,643	-	-	(11,229)	(10,273)	-	(6)	(1,863)	(5)	217,159		
201908	(27,343)	(218)	(5,352)	-	-	(1,283)	(34,804)	-	15	(28,474)	(13)	(227,570)		
201909	(1,705)	(1,030)	(679)	-	-	(8,788)	(28,544)	-	-	802	(15)	(127,210)		
201910	(4,388)	-	(1,828)	-	-	(3,496)	(16,924)	-	-	(8,714)	(9)	(65,044)		
201911	(1,821)	-	144	-	-	(1,305)	(11,676)	-	-	(965)	(6)	23,349		
201912	-	-	(80)	-	-	(16,168)	-	-	-	(492)	-	(94,683)		
202001	-	-	-	-	-	(5)	-	-	-	-	-	(7,714)		
	(3,403,503)	(4,596,233)	(9,461,526)	-	-	(2,216,940)	(7,303,969)	-	(172,626)	(6,411,719)	(623)	(71,928,100)		

  

Accumulated Deferred Income Taxes														
Project	CAS000281	CAS000282	CMSCM1227	CM5000156	CCS060038	CCS560046	CCS560047	CCS560077	CBKCC0027	CAS000026	CCS560047			
Project Description	Storm Water/Process Water Reroute	Lined Retention Basin	MS Dry Bottom Ash System Conversion	CCP - Marshall Dry Fly Ash Reliability	CCP CS #6 Air Heater Flyash System	Storm Water/Process Water Reroute	Active Waste Water Treatment System	Lined Retention Basins	CCP Process Water Reroute	DRY BOTTOM ASH CONVERSION	Active Waste Water Treatment System	Total		
201801	-	-	-	-	-	-	-	-	-	-	-	(3,801)		
201802	-	-	-	-	-	-	-	-	-	-	-			
201803	-	-	-	-	-	-	-	-	-	-	-	(1,030,037)		
201804	-	-	-	-	-	-	-	-	-	-	-	(1,034,749)		
201805	-	-	-	-	-	-	-	-	-	-	-	(8,517,532)		
201806	-	-	-	-	-	-	-	-	-	-	-	(10,004,959)		
201807	-	-	-	-	-	-	-	-	-	-	-	(10,252,350)		
201808	-	-	-	-	-	-	-	-	-	-	-	(12,553,656)		
201809	-	-	-	-	-	-	-	-	-	-	-	(12,556,094)		
201810	-	(4,402,214)	(9,032,308)	-	-	-	-	-	-	-	-	(31,050,788)		
201811	-	(4,406,236)	(9,080,430)	-	-	-	-	-	-	-	-	(31,212,391)		
201812	(2,914,208)	(4,445,550)	(9,131,682)	-	-	-	(6,058,818)	-	(162,693)	-	-	(50,173,861)		
201901	(2,954,386)	(4,488,073)	(9,176,340)	-	-	(1,950,553)	(6,154,942)	-	(166,855)	(5,785,849)	(26)	(60,566,603)		
201902	(3,288,136)	(4,522,651)	(9,212,828)	-	-	(1,965,907)	(6,392,939)	-	(171,143)	(6,251,423)	(141)	(61,800,033)		
201903	(3,303,426)	(4,543,239)	(9,236,764)	-	-	(2,018,912)	(6,660,611)	-	(172,337)	(6,288,586)	(282)	(69,516,723)		
201904	(3,332,100)	(4,576,317)	(9,256,835)	-	-	(2,067,418)	(6,998,697)	-	(173,265)	(6,332,931)	(461)	(70,209,495)		
201905	(3,351,835)	(4,591,940)	(9,252,075)	-	-	(2,108,201)	(7,076,322)	-	(172,559)	(6,342,593)	(502)	(70,537,627)		
201906	(3,366,062)	(4,594,105)	(9,562,373)	-	-	(2,174,666)	(7,211,749)	-	(172,636)	(6,372,014)	(574)	(71,546,387)		
201907	(3,368,245)	(4,594,945)	(9,453,730)	-	-	(2,185,896)	(7,222,022)	-	(172,642)	(6,373,877)	(579)	(71,329,228)		
201908	(3,395,588)	(4,595,204)	(9,459,082)	-	-	(2,187,179)	(7,246,826)	-	(172,628)	(6,402,351)	(592)	(71,656,799)		
201909	(3,397,294)	(4,595,233)	(9,459,761)	-	-	(2,195,967)	(7,275,369)	-	(172,636)	(6,401,549)	(608)	(71,784,009)		
201910	(3,401,623)	(4,596,233)	(9,461,590)	-	-	(2,199,462)	(7,292,293)	-	(172,626)	(6,410,263)	(617)	(71,849,053)		
201911	(3,403,503)	(4,596,233)	(9,461,446)	-	-	(2,200,768)	(7,303,969)	-	(172,626)	(6,411,227)	(623)	(71,825,704)		
201912	(3,403,503)	(4,596,233)	(9,461,526)	-	-	(2,216,935)	(7,303,969)	-	(172,626)	(6,411,719)	(623)	(71,920,386)		
202001	(3,403,503)	(4,596,233)	(9,461,526)	-	-	(2,216,940)	(7,303,969)	-	(172,626)	(6,411,719)	(623)	(71,928,100)		

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Amortize deferred environmental costs  
For the test period ended December 31, 2018

NC-1100 CA  
Narrative  
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 costs to remove coal ash costs. The balance of the deferral is projected through July 31, 2020 and includes a return during the deferral period.

The impact to rate base includes the additional deferred costs through July 2020 and the additional ADIT on the deferred balance change.

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

CCR Settlement

CCR ARO - Updated based on the CCR Settlement agreement.

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Amortize deferred environmental costs  
For the test period ended December 31, 2018  
(Dollars in thousands)

NC-1100 CA  
Page 1 of 1  
CCR Settlement  
CCR ARO Only

Line No.	Description	Source	Total NC Retail CCR Settlement
1			
2	<b><u>Pro Formas Impacting Income Statement Line Items</u></b>		
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-1101	33,906
12	General taxes		-
13	Interest on customer deposits		-
14	Income taxes	NC-1101	(7,917)
15	Amortization of investment tax credit		-
16			
17	Total electric operating expenses	Sum L8 through L15	<u>25,989</u>
18			
19	Operating income	L4 - L17	<u><u>\$ (25,989)</u></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	<b><u>Pro Formas Impacting Rate Base Line Items</u></b>		
27			
28	Electric plant in service		\$ -
29	Accumulated depreciation and amortization		
30	Electric plant in service, net	Sum L28 through L29	<u>-</u>
31			
32	Add:		
33	Materials and supplies		-
34	Working capital investment	NC-1101	135,622
35			-
36			
37	Less:		
38	Accumulated deferred taxes	NC-1101	(31,668)
39	Operating reserves		-
40			-
41			
42	Construction work in progress		<u>-</u>
43			
44	Total impact to rate base	Sum L30 through L42	<u><u>\$ 103,954</u></u>
45			
46	Note:		
47	Rate Base: positive number increases rate base / negative number decreases rate base		

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Amortize deferred environmental costs  
For the test period ended December 31, 2018  
(Dollars in thousands)

NC-1101  
Page 1 of 1  
CCR Settlement  
CCR ARO Only

Line No.	Description	Total Coal Ash ARO NC Retail	Total Coal Ash Non ARO NC Retail	Total NC Retail
1	<u>Impact to Income Statement Line Items</u>			
2	Projected ending balance at March 31, 2021	\$ 169,528	[2]	\$ 169,528
3				
4	Balance for amortization (L2)	\$ 169,528 [1]		\$ 169,528
5				
6	Years to amortize	5		
7				
8	Annual amortization (L4 / L6)	\$ 33,906		\$ 33,906
9	Impact to depreciation and amortization (L8)	\$ 33,906		\$ 33,906
10				
11	Statutory tax rate	23.3503% [3]	[3]	
12	Impact to income taxes (-L9 x L11)	\$ (7,917)		\$ (7,917)
13				
14	Impact to operating income (-L9 - L12)	\$ (25,989)		\$ (25,989)
15				
16	<u>Impact to Rate Base Line Items</u>			
17	Projected March 31, 2021 balance (L4)	\$ 169,528		\$ 169,528
18	Less: 1st year coal ash deferral amortization (-L8)	(33,906)		(33,906)
19	Projected coal ash def bal after one year of amortization (L17 + L18)	\$ 135,622		\$ 135,622
20				
21	Deferred tax rate	23.3503%		
22	Impact to accumulated deferred income tax (-L19 x L21)	\$ (31,668)		\$ (31,668)
23				
24	Impact to rate base (L19 + L22)	\$ 103,954		\$ 103,954

[1] NC-1102 - Calculation of Deferral - Projected Ending Balance, Column (j), Line 32

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

McManeus Exhibit 1 CCR Settlement

	After Tax LTD Rate	After Tax Equity Rate
2018 Jan - Jul [3]	1.8884%	5.4060%
2018 Aug - Dec [3]	1.6829%	5.1480%
2019 [3]	1.6887%	5.1480%
2020 [3]	1.6887%	5.1480%

Calculation of Deferral - ARO Projected Ending Balance

Duke Energy Carolinas Coal Ash Deferral (North Carolina Retail)													
Line No.	Month	System Spend	% to NCR for Spend	Beginning Balance	NC Retail Spend	Settlement Adjustment	Ending Balance	NCR Balance for Return	Compounded Annually		Total Return	Total Ending Balance	
									Def. Cost of Debt	Def. Cost of Equity			
1		(a)	(b)	(c)=(e) PM	(d)=(a)x(b)		(e)= (c)+(d)	(f)=(c)+(d)/2	(g) = (f) x cost of debt	(h) = (f) x cost of equity	(i)=(g)+(h)	(j)= (e)+YTD(i)	
2	Jan-18	17,378,709	[1]	66.6244%	[2]	-	11,578,458	5,789,229	9,110	26,080	35,191	11,613,649	
3	Feb-18	14,580,288	[1]	66.6244%	[2]	11,578,458	9,714,027	21,292,486	16,435,472	25,864	74,042	99,906	21,427,582
4	Mar-18	22,410,023	[1]	66.6244%	[2]	21,292,486	14,930,540	36,223,026	28,757,756	45,255	129,554	174,809	36,532,931
5	Apr-18	19,654,264	[1]	66.6244%	[2]	36,223,026	13,094,533	49,317,558	42,770,292	67,306	192,680	259,986	49,887,450
6	May-18	15,698,823	[1]	66.6244%	[2]	49,317,558	10,459,245	59,776,803	54,547,181	85,839	245,735	331,574	60,678,268
7	Jun-18	23,765,376	[1]	65.9759%	[2]	59,776,803	15,679,416	75,456,219	67,616,511	106,405	304,612	411,018	76,768,702
8	Jul-18	15,740,700	[1]	65.9759%	[2]	75,456,219	10,385,066	85,841,285	80,648,752	126,914	363,323	490,236	87,644,004
9	Aug-18	20,090,707	[1]	65.9759%	[2]	85,841,285	13,255,021	99,096,306	92,468,795	129,681	396,691	526,372	101,425,397
10	Sep-18	23,461,327	[1]	65.9759%	[2]	99,096,306	15,478,817	114,575,123	106,835,714	149,830	458,325	608,155	117,512,369
11	Oct-18	22,328,101	[1]	65.9759%	[2]	114,575,123	14,731,161	129,306,284	121,940,703	171,013	523,126	694,139	132,937,669
12	Nov-18	22,192,653	[1]	65.9759%	[2]	129,306,284	14,641,798	143,948,082	136,627,183	191,610	586,131	777,741	148,357,208
13	Dec-18	11,607,596	[1]	65.9759%	[2]	143,948,082	7,658,213	151,606,295	147,777,189	207,247	633,964	841,211	156,856,633 [4]
14	Jan-19	16,290,098	[1]	65.9759%	[2]	156,856,633 [4]	10,747,536	167,604,168	162,230,400	228,305	695,968	924,274	168,528,442
15	Feb-19	24,408,532	[1]	65.9759%	[2]	167,604,168	16,103,744	183,707,912	175,656,040	247,199	753,564	1,000,763	185,632,949
16	Mar-19	24,061,931	[1]	65.9759%	[2]	183,707,912	15,875,070	199,582,982	191,645,447	269,701	822,159	1,091,860	202,599,879
17	Apr-19	20,018,173	[1]	65.9759%	[2]	199,582,982	13,207,166	212,790,148	206,186,565	290,164	884,540	1,174,705	216,981,749
18	May-19	27,201,549	[1]	65.9759%	[2]	212,790,148	17,946,461	230,736,609	221,763,379	312,085	951,365	1,263,450	236,191,660
19	Jun-19	18,738,461	[1]	65.8832%	[2]	230,736,609	12,345,500	243,082,109	236,909,359	333,400	1,016,341	1,349,741	249,886,902
20	Jul-19	16,266,699	[1]	65.8832%	[2]	243,082,109	10,717,024	253,799,133	248,440,621	349,628	1,065,810	1,415,438	262,019,364
21	Aug-19	58,647,352	[1]	65.8832%	[2]	253,799,133	38,638,760	292,437,893	273,118,513	384,357	1,171,678	1,556,035	302,214,159
22	Sep-19	28,293,189	[1]	65.8832%	[2]	292,437,893	18,640,462	311,078,355	301,758,124	424,661	1,294,542	1,719,203	322,573,824
23	Oct-19	15,788,972	[1]	65.8832%	[2]	311,078,355	10,402,282	321,480,637	316,279,496	445,097	1,356,839	1,801,936	334,778,042
24	Nov-19	12,378,694	[1]	65.8832%	[2]	321,480,637	8,155,481	329,636,118	325,558,378	458,155	1,396,645	1,854,800	344,788,323
25	Dec-19	15,830,255	[1]	65.8832%	[2]	329,636,118	10,429,481	340,065,599	334,850,859	471,232	1,436,510	1,907,742	357,125,546 [4]
26	Jan-20	10,386,430		65.8832%	[2]	357,125,546 [4]	6,842,914	363,968,460	360,547,003	507,394	1,546,747	2,054,141	366,022,601
27	Feb-20			65.8832%	[2]	363,968,460	-	363,968,460	363,968,460	512,209	1,561,425	2,073,634	368,096,235
28	Mar-20			65.8832%	[2]	363,968,460	-	363,968,460	363,968,460	512,209	1,561,425	2,073,634	370,169,868
29	Apr-20			65.8832%	[2]	363,968,460	-	363,968,460	363,968,460	512,209	1,561,425	2,073,634	372,243,502
30	May-20			65.8832%	[2]	363,968,460	-	363,968,460	363,968,460	512,209	1,561,425	2,073,634	374,317,136
31	Jun-20			65.8832%	[2]	363,968,460	-	363,968,460	363,968,460	512,209	1,561,425	2,073,634	376,390,769
32	Jul-20			65.8832%	[2]	363,968,460	-	363,968,460	363,968,460	512,209	1,561,425	2,073,634	378,464,403
33	Aug-20					363,968,460	-	363,968,460	363,968,460	512,209	1,561,425	2,073,634	380,538,037
34	Sep-20					363,968,460	-	363,968,460	363,968,460	512,209	1,561,425	2,073,634	382,611,670
35	Oct-20					363,968,460	-	363,968,460	363,968,460	512,209	1,561,425	2,073,634	384,685,304
36	Nov-20					363,968,460	-	363,968,460	363,968,460	512,209	1,561,425	2,073,634	386,758,938
37	Dec-20					363,968,460		363,968,460	363,968,460	512,209	1,561,425	2,073,634	388,832,571
38	Jan-21					388,832,571		164,832,571	164,832,571	231,967	707,132	939,099	165,771,670
39	Feb-21					164,832,571		164,832,571	164,832,571	231,967	707,132	939,099	166,710,769
40	Mar-21					164,832,571		164,832,571	164,832,571	231,967	707,132	939,099	167,649,868
41	Apr-21					164,832,571		164,832,571	164,832,571	231,967	707,132	939,099	168,588,967
42	May-21					164,832,571		164,832,571	164,832,571	231,967	707,132	939,099	169,528,066
43	Jun-21												
44		517,218,902				341,658,176	(224,000,000)			12,831,586	39,038,304	51,869,890	

[1] NC-1103 - Duke Energy Carolinas - System Spend - Coal Ash  
[2] NC-1106 - Allocation Factor - MWHs at Generation Level  
[3] NC-1107 - Weighted Cost of Capital Rates for Duke Energy Carolinas  
[4] Annual compounding formula  
[5] Reduced balance for return by agreed upon Settlement Adjustment of \$224M

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

Line No.	Month	2018 Actuals	2019 Actuals	2020 Actual
1	January	17,378,709	16,290,098	10,386,430
2	February	14,580,288	24,408,532	
3	March	22,410,023	24,061,931	
4	April	19,654,264	20,018,173	
5	May	15,698,823	27,201,549	
6	June	23,765,376	18,738,461	
7	July	15,740,700	16,266,699	
8	August	20,090,707	58,647,352	
9	September	23,461,327	28,293,189	
10	October	22,328,101	15,788,972	
11	November	22,192,653	12,378,694	
12	December	11,607,596	15,830,255	
13	Total	<u>228,908,568</u>	<u>277,923,903</u>	<u>10,386,430</u>

Source: Duke Energy Carolinas Asset Accounting

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Duke Energy Carolinas - Cost of Service - Allocation Factors

Line No.	Allocation Factor	<u>NC Retail</u> <u>2016</u>	<u>NC Retail</u> <u>2017</u>	<u>NC Retail</u> <u>2018</u>
1	Allocation Factor - Demand at Generation Level	67.0068%	67.4614%	67.4345%
2	Allocation Factor - MWHs at Generation	66.6244%	65.9759%	65.8832%

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Weighted Cost of Capital Rates for Duke Energy Carolinas

Description	Capitalization Ratio [1]	Approved Cost Rate [1]	Jan-Jul 2018 Weighted Cost of Capital (WACC)		
			Return	After tax	Before Tax
Long Term Debt	47.00%	5.26%	2.4722%	1.8884%	2.4722%
Equity	53.00%	10.20%	5.4060%	5.4060%	7.0773%
Total	100.00%		7.8782%	7.2944%	9.5495%
Return on Equity Rate		2.0344%			
Effective State and Federal Income Tax Rate		23.6149% [3]			
Description	Capitalization Ratio [2]	Approved Cost Rate [2]	Aug-Dec 2018 Weighted Cost of Capital (WACC)		
			Return	After tax	Before Tax
Long Term Debt	48.00%	4.59%	2.2032%	1.6829%	2.2032%
Equity	52.00%	9.90%	5.1480%	5.1480%	6.7395%
Total	100.00%		7.3512%	6.8309%	8.9427%
Return on Equity Rate		2.2409%			
Effective State and Federal Income Tax Rate		23.6149% [3]			
Description	Capitalization Ratio [2]	Approved Cost Rate [2]	Jan-Dec 2019 Weighted Cost of Capital (WACC)		
			Return	After tax	Before Tax
Long Term Debt	48.00%	4.59%	2.2032%	1.6887%	2.2032%
Equity	52.00%	9.90%	5.1480%	5.1480%	6.7163%
Total	100.00%		7.3512%	6.8367%	8.9195%
Return on Equity Rate		2.2467%			
Effective State and Federal Income Tax Rate		23.3503% [4]			

[1] Cost of capital rates from Docket No. E-7, Sub 1026

[2] Cost of capital rates from Docket No. E-7, Sub 1146

[3] Duke Energy Carolinas Accounting

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



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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 annualizes test period operation and maintenance expenses excluding fuel, purchased power, and labor and benefits costs to reflect the change in 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.

September Update

Updated NC-1203, NC-1204 and NC-1205 for index values through September 2019.

October Update

Updated NC-1203, NC-1204 and NC-1205 for index values through October 2019.

November Update

Updated NC-1203, NC-1204 and NC-1205 for index values through November 2019.

Updated NC-1201 for revised atypical severance costs in 2018 per NC2000(C).

December Update

Updated NC-1203, NC-1204 and NC-1205 for index values through December 2019.

Updated NC-1201 to remove CPRE related O&M in 2018 per NC0600(D).

January

Index values through January 2020 for NC-1203, NC-1204 and NC-1205 are currently not available.

January Rebuttal

Updated NC-1203, NC-1204 and NC-1205 for index values through January 2020.

Added adjustments for changes in other proformas that impact test year O&M.

Supplemental Rebuttal

Updated NC-1201 for settlement items removed per NC3600(G) and updated adjustments to align with the settlement.

Second Settlement

Updated NC-1202, NC-1203, NC-1204 and NC-1205 for index values through May 2020.

CCR Settlement

NC-1201 was impacted as a result of the adjustments related to the Public Staff audit review.

## McManeus Exhibit 1 CCR Settlement

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[illegible]

## McManeus Exhibit 1 CCR Settlement

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CCR Settlement

Line No.	Description	Total Carolinas (a)	NC Retail Allocation (b)	Total NC Retail (c)
1				
2				
3	O&M (excluding fuel and purchased power)	\$ 2,029,601 [1]		\$ 1,375,939 [1]
4				
5	Less: reagents expense and proceeds from sale of by-products	(33,229) [2]		(21,892) [2]
6	Less: energy efficiency, demand side program & other solar costs	(160,264) [3]		(117,372) [3]
7	Less: nuclear refueling outage costs	(54,681) [4]	100.0000% [4]	(54,681) [4]
8	Less: aviation expenses	(3,402) [5]		(2,304) [5]
9	Less: severance and retention costs	(102,108) [6]		(69,147) [6]
10	Less: vegetation management expenses - distribution	(56,457) [7]	73.6369% [8]	(41,573) [8]
11	Less: vegetation management expenses - transmission	(11,379) [7]	52.6634% [9]	(5,992) [9]
12	Less: NCUC regulatory fee	(6,452) [10]		(6,452) [10]
13	Less: rate case amortizations	(676) [10]		(676) [10]
14	Less: outside tax services contract	(897) [15]	67.7195% [12]	(607) [12]
15	Less: expiring amortizations	(16) [16]		(11) [16]
16	Less: merger related costs	(8,094) [17]		(5,530) [17]
17	Less: hydro station transfer costs and direct O&M	(2,317) [18]		(1,560) [18]
18	Less: retired hydro plants O&M	(150) [19]		(101) [19]
19	Less: advertising expense agreed to remove	(230) [19]		(175) [19]
20	Less: uncollectibles adjusted elsewhere	(16,638) [20]		(12,692) [20]
21	Add: adjustment to variable O&M expense changes in customer growth	(734) [21]		(734) [21]
22	Less: certain sponsorships removed in settlement	(136) [23]		(92) [23]
23	Less: amounts defined by PS as lobbying removed in settlement	(3,352) [23]		(2,270) [23]
24	Less: certain board of director expenses removed in settlement	(2,832) [23]		(1,910) [23]
25	Total O&M to be adjusted including labor (Sum L3 through L24)	\$ 1,565,556		\$ 1,030,166
26				
27	Net electric O&M salaries and wages	\$ 843,249 [11]		
28	Fringe benefits contribution rate	10.46% [11]		
29	Fringe benefits (L27 x L28)	\$ 88,204		
30				
31	Less: net electric O&M salaries & wages and fringe benefits (L27 + L29)	\$ 931,453	67.7195% [12]	\$ 630,775
32				
33	Total non-labor O&M to be adjusted (L25 - L31)	\$ 634,103		\$ 399,391
34	Average inflation rate	1.15% [13]		1.15% [13]
35	Impact to O&M (L33 x L34)	\$ 7,292		\$ 4,593
36				
37	Statutory tax rate	23.3503% [14]		23.3503% [14]
38	Impact to income taxes (-L35 x L37)	\$ (1,703)		\$ (1,072)
39	Impact to operating income (-L35 - L38)	\$ (5,589)		\$ (3,521)

[1] McManeus 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 - Adjust for costs recovered through non-fuel riders

[4] NC-1501 - Levelize nuclear refueling outage costs

[5] NC-1701 - Adjust aviation expenses

[6] NC-2001 - Amortize severance costs - Actuals

[7] NC-2702 - Vegetation management adjustment - distribution and transmission

[8] Allocation Factor - All - Dist Plt OH - DEC

[9] Allocation Factor - All Transmission Demand

[10] E-1 Item 45A, Cost of Service, Summer CP, Included in '920-935 A&G EXP-928 REG FEE-NCUC' and '920-935 A&G EXP-928 RATE CASE AMORT-NCR'

[11] NC-1301, Normalize O&M labor expenses, Line 16 and Line 37

[12] Allocation Factor - All - Labor

[13] NC-1202 - Average of Consumer Price Index and Producer Price Index, Line 19

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

[15] NC-1311 - Adjustment to Annualize Ernst & Young outside tax services contract, Line 2

[16] NC-1801 - Adjust for approved regulatory assets and liabilities, Line 3

[17] NC-1901 - Adjust for Merger Related Costs, Line 4

[18] NC-3201 - Adjust for Hydro Stations Sale

[19] NC-3401 - Remove certain test year expenses

[20] E-1 Item 45A, Cost of Service, Summer CP, 904 CUST ACCTS EXP-UNCOLLECT. ACCTS

[21] Boswell Supplemental and Stipulation Exhibit 1, Schedule 3-1 (v), Line 3

[22] NC-2501 - Adjust for credit card fees

[23] NC-3601 - Remove certain settlement items

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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	246.524	200.6	196.3	
2	January 2018	247.867	200.9	197.2	
3	February 2018	248.991	201.3	198.3	
4	March 2018	249.554	201.8	199.3	
5	April 2018	250.546	202.3	199.8	
6	May 2018	251.588	202.7	201.3	
7	June 2018	251.989	203.1	202.3	
8	July 2018	252.006	203.7	203.0	
9	August 2018	252.146	204.2	203.7	
10	September 2018	252.439	204.6	204.5	
11	October 2018	252.885	205.1	204.8	
12	November 2018	252.038	205.6	204.2	
13	December 2018	251.233	205.8	203.1	
14					
15	May 2020	256.394	209.8	195.0	
16					
17	13 month average	250.8	203.2	201.4	
18					
19	Increase from average to year end (L13 - L17)	5.6	6.6	(6.4)	
20	% increase from average to year end (L19 / L17)	2.25%	3.24%	-3.16%	0.04%
21	Average inflation rate (Average, Line 18, Col. (a) and Col. (d))	1.15%			

[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 foods and energy

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**Consumer Price Index - All Urban Consumers**  
**Original Data Value**

**Series Id:** CUUR0000SA0

**Not Seasonally Adjusted**

**Area:** U.S. city average

**Item:** All items

**Base:** 1982-84=100

**Period:**

**Years:** 2009 to 2019

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
<b>2009</b>	211.143	212.193	212.709	213.240	213.856	215.693	215.351	215.834	215.969	216.177	216.330	215.949	214.537
<b>2010</b>	216.687	216.741	217.631	218.009	218.178	217.965	218.011	218.312	218.439	218.711	218.803	219.179	218.056
<b>2011</b>	220.223	221.309	223.467	224.906	225.964	225.722	225.922	226.545	226.889	226.421	226.230	225.672	224.939
<b>2012</b>	226.665	227.663	229.392	230.085	229.815	229.478	229.104	230.379	231.407	231.317	230.221	229.601	229.594
<b>2013</b>	230.280	232.166	232.773	232.531	232.945	233.504	233.596	233.877	234.149	233.546	233.069	233.049	232.957
<b>2014</b>	233.916	234.781	236.293	237.072	237.900	238.343	238.250	237.852	238.031	237.433	236.151	234.812	236.736
<b>2015</b>	233.707	234.722	236.119	236.599	237.805	238.638	238.654	238.316	237.945	237.838	237.336	236.525	237.017
<b>2016</b>	236.916	237.111	238.132	239.261	240.229	241.018	240.628	240.849	241.428	241.729	241.353	241.432	240.007
<b>2017</b>	242.839	243.603	243.801	244.524	244.733	244.955	244.786	245.519	246.819	246.663	246.669	246.524	245.120
<b>2018</b>	247.867	248.991	249.554	250.546	251.588	251.989	252.006	252.146	252.439	252.885	252.038	251.233	251.107
<b>2019</b>	251.712	252.776	254.202	255.548	256.092	256.143	256.571	256.558	256.759	257.346	257.208	256.974	255.657
<b>2020</b>	257.971	258.678	258.115	256.389	256.394								

Source: Bureau of Labor Statistics

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**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	206.8	207.2	207.4	207.7	207.8	208.1	208.2	208.4	208.4	208.8	208.7	207.8
2020	208.7	209.1	209.7	209.6	209.8								

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

Source: Bureau of Labor Statistics

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# **Producer Price Index-Commodities**

## **Original Data Value**

**Series Id:** WPSID69115

## **Seasonally Adjusted**

**Group:** Intermediate demand by commodity type

**Item:** Processed materials less foods and energy

**Base Date:** 198200

**Years:** 2009 to 2019

<b>Year</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Avg</b>
<b>2009</b>	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
<b>2010</b>	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
<b>2011</b>	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
<b>2012</b>	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
<b>2013</b>	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
<b>2014</b>	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
<b>2015</b>	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
<b>2016</b>	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
<b>2017</b>	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
<b>2018</b>	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
<b>2019</b>	203.1	202.7	202.4	202.2	201.7	201.1	200.7	200.0	199.7	200.2	199.8	199.4	201.1
<b>2020</b>	199.6	199.2	199.1	196.2	195.0								

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

Source: Bureau of Labor Statistics

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Update benefits costs  
For the test period ended December 31, 2018

NC-1400  
Narrative  
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 benefits 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 projection information to reflect the 2020 actuarial study information.

CCR Settlement

Updated 2020 actuarial amounts that became available after January, identified by the Public Staff in their May update audit.



## McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Update benefits costs  
For the test period ended December 31, 2018  
(Dollars in thousands)

NC-1400  
Page 1 of 1  
CCR Settlement

Line No.	Description	Source	Total NC Retail CCR Settlement	Total NC Retail January	Total NC Retail Application	Total NC Retail Change
1						
2	<b>Pro Formas Impacting Income Statement Line Items</b>					
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-1401	(4,449)	(3,560)	(1,433)	(3,015)
11	Depreciation and amortization		-	-	-	-
12	General taxes		-	-	-	-
13	Interest on customer deposits		-	-	-	-
14	Income taxes	NC-1401	1,039	831	335	704
15	Amortization of investment tax credit		-	-	-	-
16						
17	Total electric operating expenses	Sum L8 through L15	(3,410)	(2,728)	(1,099)	(2,311)
18						
19	Operating income	L4 - L17	\$ 3,410	\$ 2,728	\$ 1,099	\$ 2,311
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	<b>Pro Formas Impacting Rate Base Line Items</b>					
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					

## McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Update benefits costs  
For the test period ended December 31, 2018  
(Dollars in thousands)

NC-1401  
Page 1 of 1  
CCR Settlement

Line No.	Benefits by Category	12 Months Ended Dec. 2018 Total	2020 Projection Total	Adjustment	NC Retail Allocation	Total NC Retail
1	<u>Benefits provided to Duke Energy Carolinas charged to Duke Energy Carolinas:</u>					
2	Qualified Pension	\$ 4,029 [1]	\$ (2,878) [1]			
3	Adjusted OPEB and Active Medical	94,328 [2]	95,593 [2]			
4	FAS 112	10,309 [3]	8,932 [3]			
5	Non-Qualified Pension	1,469 [4]	1,691 [4]			
6	Total (Sum L2 through L5)	\$ 110,135	\$ 103,338			
7						
8	<u>Benefits provided to the Service Company allocated to Duke Energy Carolinas:</u>					
9	Qualified Pension	\$ 7,066 [1]	\$ 1,336 [1]			
10	Adjusted OPEB and Active Medical	24,679 [2]	25,645 [2]			
11	FAS 112	745 [3]	1,791 [3]			
12	Non-Qualified Pension	3,149 [4]	3,533 [4]			
13	Total (Sum L9 through L12)	\$ 35,639	\$ 32,305			
14						
15	Percent of incurred costs charged to electric expense for All - Except Non-Qualified	66.8300% [5]	66.8300% [5]			
16	Percent of incurred costs charged to electric expense for Non-Qualified	100.00%	100.00%			
17						
18	Total Pension, OPEB and FAS112 to expense ((Sum L2:L4 + Sum L9:L11) x L15)	\$ 94,334	\$ 87,159	\$ (7,175)		
19	Total Non-Qualified to expense (L5 + L12) x L16	4,618	5,224	606		
20	Impact to O&M (L18 + L19)	\$ 98,953	\$ 92,383	\$ (6,570)	67.7195% [6]	\$ (4,449)
21						
22	Statutory tax rate			23.3503% [7]		23.3503% [7]
23	Impact to income taxes (-L20 x L22)			\$ 1,534		\$ 1,039
24						
25	Impact to operating income (-L20 - L23)			\$ 5,036		\$ 3,410

[1] NC-1402 - Summary of Qualified Pension Expenses, Line 2 and Line 7

[2] NC-1403 - Summary of Adjusted OPEB and Active Medical Expenses, Line 5 and Line 14

[3] NC-1404 - Summary of FAS112 Expenses, Line 2 and Line 7

[4] NC-1405 - Summary of Non-Qualified Pension Expenses, Line 2 and Line 7

[5] NC-1301 - Normalize O&M labor expenses, Percent of incurred costs charged to electric expense, Line 18

[6] Allocation Factor - Labor [Wage and Salary Related Items] (Factor 59)

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

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Update benefits costs  
For the test period ended December 31, 2018

NC-1402  
Page 1 of 1  
CCR Settlement

Summary of Qualified Pension Expenses

Line No.	Description	12 Months Ended Dec. 2018 Total	2020 Projection Total
1	<u>Duke Energy Carolinas:</u>		
2	Qualified Pension	\$ 4,029,086	\$ (2,877,580)
3			
4	<u>Duke Energy Business Services:</u>		
5	Duke Energy Retirement Cash Balance Plan	\$ 24,310,049	\$ 11,790,333
6	Percentage charged to Duke Energy Carolinas from DEBS	29.0661%	11.3344%
7	Amount charged to Duke Energy Carolinas from DEBS (L5 x L6)	\$ 7,065,976	\$ 1,336,368
8			
9	Total Duke Energy Carolinas pension expenses (L2 + L7)	\$ 11,095,062	\$ (1,541,212)

Source: Duke Energy Corporate Accounting

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Update benefits costs  
For the test period ended December 31, 2018

NC-1403  
Page 1 of 1  
CCR Settlement

Summary of Adjusted OPEB and Active Medical Expenses

Line No.	Description	12 Months Ended Dec. 2018 Total	2020 Projection Total
1	<u>Duke Energy Carolinas:</u>		
2	OPEB	\$ (1,809,215)	\$ (5,755,321)
3			
4	Active Medical	\$ 96,136,836	\$101,347,858
5	Duke Energy Carolinas Adjusted OPEB and Active Medical ( L2 + L4)	\$ 94,327,621	\$ 95,592,537
6			
7	<u>Duke Energy Business Services:</u>		
8	OPEB	\$ 1,824,063	\$ (300,931)
9			
10	Active Medical	\$ 83,082,009	\$91,552,984
11	Duke Energy Carolinas Adjusted OPEB and Active Medical ( L8 + L10)	\$ 84,906,072	\$ 91,252,053
12			
13	Percentage charged to Duke Energy Carolinas from DEBS	29.0661%	28.1034%
14	Amount charged to Duke Energy Carolinas from DEBS (L11 x L13)	\$ 24,678,860	\$ 25,644,946
15			
16	Total Duke Energy Carolinas OPEB and Active Medical expenses (L5 + L14)	\$ 119,006,481	\$ 121,237,483

Source: Duke Energy Corporate Accounting

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Update benefits costs  
For the test period ended December 31, 2018

NC-1404  
Page 1 of 1  
CCR Settlement

Summary of FAS112 Expenses

Line No.	Description	12 Months Ended Dec. 2018 Total	2020 Projection Total
1	<u>Duke Energy Carolinas:</u>		
2	FAS 112	\$ 10,309,225	\$ 8,931,787
3			
4	<u>Duke Energy Business Services:</u>		
5	FAS 112	\$ 2,562,669	\$6,348,217
6	Percentage charged to Duke Energy Carolinas from DEBS	29.0661%	28.2100%
7	Amount charged to Duke Energy Carolinas from DEBS (L5 x L6)	\$ 744,867	\$ 1,790,832
8			
9	Total Duke Energy Carolinas FAS 112 expenses (L2 + L7)	\$ 11,054,092	\$ 10,722,619

Source: Duke Energy Corporate Accounting

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Update benefits costs  
For the test period ended December 31, 2018

NC-1405  
Page 1 of 1  
CCR Settlement

Summary of Non-Qualified Pension Expenses

Line No.	Description	12 Months Ended Dec. 2018 Total	2020 Projection Total
1	<u>Duke Energy Carolinas:</u>		
2	Non-Qualified Pension	\$ 1,469,077	\$ 1,691,327
3			
4	<u>Duke Energy Business Services:</u>		
5	Non-Qualified Pension	\$ 10,834,340	\$ 10,314,549
6	Percentage charged to Duke Energy Carolinas from DEBS	29.0661%	34.2500%
7	Amount charged to Duke Energy Carolinass from DEBS (L5 x L6)	\$ 3,149,117	\$ 3,532,733
8			
9	Total Duke Energy Carolinas Non-Qualified pension expenses (L2 + L7)	\$ 4,618,194	\$ 5,224,060

Source: Duke Energy Corporate Accounting

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Synchronize interest expense with end of period rate base  
For the test period ended December 31, 2018

NC-2200  
Narrative  
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 is 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.

September Update

Recalculated based on September updated figures

October Update

Recalculated based on October updated figures

November Update

Recalculated based on November updated figures

December Update

Recalculated based on December updated figures

January Update

Recalculated based on December updated figures

January Rebuttal

Recalculated based on changes in other proformas adjustments

Supplemental Rebuttal

Recalculated based on updated figures as a result of the settlement agreement.

May Second Supplemental

Recalculated based on updated figures as a result of the May Second Supplemental updates.

May Second Supplemental-S

Recalculated based on the change in the capital structure to a D/E ratio of 48/52.

Second Settlement

Recalculated based on updated figures as a result of the Second Settlement updates.

CCR Settlement

Recalculated based on updated figures as a result of the CCR Settlement and Public staff May updates revision

## McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Synchronize interest expense with end of period rate base  
For the test period ended December 31, 2018  
(Dollars in thousands)

NC-2200  
Page 1 of 1  
CCR Settlement  
Excludes CCR ARO

[illegible]



Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Synchronize interest expense with end of period rate base  
For the test period ended December 31, 2018  
(Dollars in thousands)

NC-2201  
Page 1 of 1  
CCR Settlement  
Excludes CCR ARO

Line No.	Description	Total Carolinas Col [a]	NC Retail Allocation Col [b]	Total NC Retail Col [c]
1				
2	Rate base before pro forma adjustments	\$ 21,361,527 [1]	68.1442% [2]	\$ 14,556,650 [1]
3				
4	Pro forma rate base	\$ 24,772,925 [3]		\$ 16,881,312 [7]
5				
6	Long-term debt ratio	48.0000% [4]		48.0000% [4]
7	Calculated long-term debt (L4 x L6)	\$ 11,891,004		\$ 8,103,030
8				
9	End of year cost of long-term debt	4.2700% [4]		4.2700% [4]
10	Annualized interest expense (L7 x L9)	\$ 507,746		\$ 345,999
11				
12	Incurred interest expense	465,481 [5]		317,199 [5]
13	Increase / <decrease> to interest costs (L10 - L12)	\$ 42,265		\$ 28,801
14				
15	Statutory tax rate	23.3503% [6]		23.3503% [6]
16	Impact to income taxes (-L13 x L15)	\$ (9,869)		\$ (6,725)
17				
18	Impact to operating income (-L16)	\$ 9,869		\$ 6,725

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

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

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

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

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

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

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

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Synchronize interest expense with end of period rate base  
For the test period ended December 31, 2018

NC-2200  
Narrative  
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 is 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.

September Update

Recalculated based on September updated figures

October Update

Recalculated based on October updated figures

November Update

Recalculated based on November updated figures

December Update

Recalculated based on December updated figures

January Update

Recalculated based on December updated figures

January Rebuttal

Recalculated based on changes in other proformas adjustments

Supplemental Rebuttal

Recalculated based on updated figures as a result of the settlement agreement.

May Second Supplemental

Recalculated based on updated figures as a result of the May Second Supplemental updates.

May Second Supplemental-S

Recalculated based on the change in the capital structure to a D/E ratio of 48/52.

Second Settlement

Recalculated based on updated figures as a result of the Second Settlement updates.

CCR Settlement

Recalculated based on excluding CCR ARO as a result of the CCR Settlement and Public Staff May updates review.

## McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Synchronize interest expense with end of period rate base  
For the test period ended December 31, 2018  
(Dollars in thousands)

NC-2200  
Page 1 of 1  
CCR Settlement  
Excludes CCR ARO

[illegible]

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Synchronize interest expense with end of period rate base  
For the test period ended December 31, 2018  
(Dollars in thousands)

NC-2201  
Page 1 of 1  
CCR Settlement  
Excludes CCR ARO

Line No.	Description	Total Carolinas Col [a]	NC Retail Allocation Col [b]	Total NC Retail Col [c]
1				
2	Rate base before pro forma adjustments	\$ 21,361,527 [1]	68.1442% [2]	\$ 14,556,650 [1]
3				
4	Pro forma rate base	\$ 24,772,925 [3]		\$ 16,881,312 [7]
5				
6	Long-term debt ratio	48.0000% [4]		48.0000% [4]
7	Calculated long-term debt (L4 x L6)	\$ 11,891,004		\$ 8,103,030
8				
9	End of year cost of long-term debt	4.2700% [4]		4.2700% [4]
10	Annualized interest expense (L7 x L9)	\$ 507,746		\$ 345,999
11				
12	Incurred interest expense	465,481 [5]		317,199 [5]
13	Increase / <decrease> to interest costs (L10 - L12)	\$ 42,265		\$ 28,801
14				
15	Statutory tax rate	23.3503% [6]		23.3503% [6]
16	Impact to income taxes (-L13 x L15)	\$ (9,869)		\$ (6,725)
17				
18	Impact to operating income (-L16)	\$ 9,869		\$ 6,725

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

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

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

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

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

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

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

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Synchronize interest expense with end of period rate base - Coal Ash  
For the test period ended December 31, 2018

NC-2200CA  
Narrative  
CCR Settlement  
CCR ARO Only

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 is 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.

CCR Update

Calculated based on ARO CCR figures as a result of the CCR Settlement updates.

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Synchronize interest expense with end of period rate base - Coal Ash  
For the test period ended December 31, 2018  
(Dollars in thousands)

NC-2200CA  
Page 1 of 1  
CCR Settlement  
CCR ARO Only

Line No.	Description	Source	Total NC Retail CCR Settlement
1			
2	<b><u>Pro Formas Impacting Income Statement Line Items</u></b>		
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	(498)
15	Amortization of investment tax credit		-
16			
17	Total electric operating expenses	Sum L8 through L15	(498)
18			
19	Operating income	L4 - L17	\$ 498
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	<b><u>Pro Formas Impacting Rate Base Line Items</u></b>		
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 Carolinas, LLC  
Docket No. E-7, Sub 1214  
Synchronize interest expense with end of period rate base - Coal Ash  
For the test period ended December 31, 2018  
(Dollars in thousands)

NC-2201CA  
Page 1 of 1  
CCR Settlement  
CCR ARO Only

Line No.	Description	Total Carolinas Col [a]	NC Retail Allocation Col [b]	Total NC Retail Col [c]	
1					
2	Rate base before pro forma adjustments				[1]
3					
4	Pro forma rate base			\$ 103,954	[7]
5					
6	Long-term debt ratio			48.0000%	[4]
7	Calculated long-term debt (L4 x L6)			\$ 49,898	
8					
9	End of year cost of long-term debt			4.2700%	[4]
10	Annualized interest expense (L7 x L9)			\$ 2,131	
11					
12	Incurred interest expense				[5]
13	Increase / <decrease> to interest costs (L10 - L12)			\$ 2,131	
14					
15	Statutory tax rate			23.3503%	[6]
16	Impact to income taxes (-L13 x L15)			\$ (498)	
17					
18	Impact to operating income (-L16)			\$ 498	

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

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

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

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

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

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

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

Duke Energy Carolinas, LLC

Docket No. E-7, Sub 1214

Adjust cash working capital for present revenue annualized and proposed revenue  
For the test period ended December 31, 2018

NC-2300

Narrative

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.

#### September Update

Recalculated based on September updated figures

#### October Update

Recalculated based on October updated figures

#### November Update

Recalculated based on November updated figures

#### December Update

Recalculated based on December updated figures

Updated NC-2303 Summary based on revised E&Y Lead Lag Study

Updated NC-2302 Lead Lag days based on revised E&Y study.

#### January Update

Recalculated based on January updated figures

#### January Rebuttal

NC 2301 and 2302 were set up in more detail like the Public Staff

Impacted by changes in other proformas

#### Supplemental Rebuttal

Recalculated based on updated figures as a result of the Settlement agreement

#### Second Settlement

Recalculated based on updated figures as a result of the Settlement agreement

#### CCR Settlement

Recalculated based on updated figures Excluding the CCR ARO as a result of the CCR Settlement and Public Staff review of the May updates.



## McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Adjust cash working capital for present revenue annualized and proposed revenue  
For the test period ended December 31, 2018  
(Dollars in thousands)

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Excludes CCR ARO

[illegible]

# McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Adjust cash working capital for proposed revenue  
For the test period ended December 31, 2018  
Dollars in Thousands

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Line No.	Description	NC Retail Financials			NC Retail Iteration 1			NC Retail Iteration 2		
		Adjusted with CWC	Revenue Increase	Adjusted w/Increase	Increase	Increase	Wgt Lead	Increase	Increase	Wgt Lead
		(a)	(b)=(c)-(a)	(c)=(n)	(d)=(e)-(a)	(e)=(a)+(d)	(f)	(g)=(h)-(e)	(h)=(e)+(g)	(i)
1	Total Adjusted Revenue	4,672,097 [1]					40.12 [1]			40.12 [1]
2	Revenue Increase (L3)		315,047		312,132		39.58 [12]	2,902		39.58 [12]
3	Revenues [Solved Through Iterative Process to Produce Target ROR] (L1 + L2)	4,672,097	315,047	4,987,144	312,132	4,984,229	40.09 [13]	2,902	4,987,131	40.08 [13]
4										
5	Total Adjusted Fuel Used in Electric Generation	1,039,423 [1]	0	1,039,423		1,039,423	22.33 [1]		1,039,423	22.33 [1]
6	Adjusted Purchased Power	23,412 [1]	0	23,412		23,412	136.58 [1]		23,412	136.58 [1]
7										
8	Operation & Maintenance Expense	1,162,429 [1]		0			33.75 [1]			33.75 [1]
9	Revenue Increase (L10)		1,196		1,185		33.90 [12]	11		33.90 [12]
10	Operation and Maintenance Expense with Increase (L8 + L9)	1,162,429	1,196	1,163,625	1,185 [5]	1,163,614	33.75 [13]	11 [5]	1,163,625	33.75 [13]
11										
12	Total Adjusted Depreciation and Amortization	1,115,708 [1]	0	1,115,708		1,115,708	- [1]		1,115,708	- [1]
13	Total Adjusted General Taxes	212,103		212,103		212,103	170.42		212,103	170.42
14										
15	Total Adjusted Interest on Customer Deposits	7,130 [1]	0	7,130		7,130	218.39 [1]		7,130	218.39 [1]
16										
17	Net Income Taxes	194,486		0			0.44		0	0.44
18	Revenue Increase (L19)		73,123		72,607		0.48 [12]	513	513	0.48 [12]
19	Income Taxes with Increase (L17 + L18)	194,486	73,123	267,609	72,607 [7]	267,093	0.32 [13]	513 [7]	267,606	0.32 [13]
20										
21	Total EDIT Amortization	(29,734)	0	(29,734)		(29,734)	- [1]		(29,734)	- [1]
22	Total Adjusted Amortization of Investment Tax Credit	(2,836) [1]	0	(2,836)		(2,836)	- [1]		(2,836)	- [1]
23	Total Operating Expense (L5+L6+L10+L12+L13+L15+L19+L21+L22)	3,722,121	74,319	3,796,440	73,792	3,795,913	27 [14]	524	3,796,438	27 [14]
24										
25	Income for Return (L3 - L23)	949,976	240,728	1,190,704	238,340	1,188,316 [8]	24.80 [14]	2,377	1,190,693 [8]	24.80 [14]
26	Interest Expense	345,883 [1]	695	346,578	0	345,883 [9]	85.20 [1]	692	346,575 [9]	85.20 [1]
27	Return for Equity (L25 - L26)	604,093	240,033	844,126	238,340	842,433	- [1]	1,685	844,118	- [1]
28										
29	Total Requirement (L23 + L25 = L3)	4,672,097		4,987,144		4,984,229	26.67 [14]		4,987,131	26.67 [14]
30	Rate Base [CWC Solved for Through Iterative Process]	16,875,652 [1]	33,914	16,909,566		16,875,652 [10]		33,763 [15]	16,909,415	
31										
32	Overall Rate of Return (L25 / L30)	5.63%		7.04%		7.04%			7.0416%	
33	Target Rate of Return	7.04% [2]		7.04% [2]		7.04% [2]			7.0416% [2]	
34										
35	Calculation of Change in Cash Working Capital (CWC) due to Revenue Increase	Adjusted	Rev Incr	Adj w/Incr						
36	Annual Requirement (L3 and/or L29)	4,672,097		4,987,144		4,984,229			4,987,131.13	
37	Daily Requirement (L36 / 365 Days)	12,800		13,663		13,655			13,663	
	Net Lag Days (Column (c) only: L38 / L37)	11.67		13.42		13.41			13.42	
38	Est. CWC Req. Before Sales Tax Requirement (L37 x L)	149,403	33,914 [3]	183,317 [4]	33,763	183,166		151	183,317	
39	Add: Working Capital Related to NC Sales Tax	6,204 [1]		6,204 [1]						
40	Total Cash Working Capital Requirements (L38 + L39)	155,607	33,914	189,521						

[1] NC-2302-Adjustment to cash working capital for present revenue annualized, column (c), column (e), and column (h)

[2] NC-2304-Inputs, Total ROR

[3] Ties to Line 30, Column (b)

[4] Sum of Line 38, Columns (a) + (d) + (g) + (i)

[5] Sum of (L19 + L25) x Reg Fee and Uncollectibles Rate: 0.37977%

[7] L27 / (1 - Tax Rate: 23.3503%) - L27

[8] Line 30 x Rate of Return: 7.0416%

[9] Line 30 x Debt Rate: 4.27% and Debt Ratio: 48%

[10] Column (e) = Column (a)

[11] Line 3, Column (f), (i), (i) - Line 29, Column (f), (i), (i)

[12] Docket No. E-7, Sub 1214, E-1 Item 14, Lead Lag

[13] Calculation of Average Lead/Lag Day

[14] New weighted averages are calculated.

[15] Line 38, Columns (d), (g), (i)

McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Adjust cash working capital for proposed revenue  
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Line No.	Description	NC Retail Iteration 3			NC Retail Iteration 4		
		Increase (j)=(k)-(h)	With Increase (k)=(h)+(j)	Wgt Lead Lag Days (l)	Increase (m)=(n)-(k)	With Increase (n)=(k)+(m)	Wgt Lead Lag Days (o)
1	Total Adjusted Revenue			40.12 [1]			40.12 [1]
2	Revenue Increase (L3)	13		39.58 [12]	0		39.58 [12]
3	Revenues [Solved Through Iterative Process to Produce Target ROR] (L1 + L2)	13	4,987,144	40.08 [13]	0	4,987,144	40.08 [13]
4							
5	Total Adjusted Fuel Used in Electric Generation		1,039,423	22.33 [1]		1,039,423	22.33 [1]
6	Adjusted Purchased Power		23,412	136.58 [1]		23,412	136.58 [1]
7							
8	Operation & Maintenance Expense			33.75 [1]			33.75 [1]
9	Revenue Increase (L10)	0		33.90 [12]	0		33.90 [12]
10	Operation and Maintenance Expense with Increase (L8 + L9)	0 [5]	1,163,625	33.75 [13]	0 [5]	1,163,625	33.75 [13]
11							
12	Total Adjusted Depreciation and Amortization		1,115,708	- [1]		1,115,708	- [1]
13	Total Adjusted General Taxes		212,103	170.42		212,103	170.42
14							
15	Total Adjusted Interest on Customer Deposits		7,130	218.39 [1]		7,130	218.39 [1]
16							
17	Net Income Taxes		-	0.44		-	0.44
18	Revenue Increase (L19)	2	516	0.48 [12]	0	516	0.48 [12]
19	Income Taxes with Increase (L17 + L18)	2 [7]	267,609	0.32 [13]	0 [7]	267,609	0.32 [13]
20							
21	Total EDIT Amortization		(29,734)	- [1]		(29,734)	- [1]
22	Total Adjusted Amortization of Investment Tax Credit		(2,836)	- [1]		(2,836)	- [1]
23	Total Operating Expense (L5+L6+L10+L12+L13+L15+L19+L21+L22)	2	3,796,440	27 [14]	0	3,796,440	27 [14]
24							
25	Income for Return (L3 - L23)	11	1,190,704 [8]	24.80 [14]	0	1,190,704 [8]	24.80 [14]
26	Interest Expense	3	346,578 [9]	85.20 [1]	0	346,578 [9]	85.20 [1]
27	Return for Equity (L25 - L26)	8	844,126	- [1]	0	844,126	- [1]
28							
29	Total Requirement (L23 + L25 = L3)		4,987,144	26.67 [14]		4,987,144	26.67 [14]
30	Rate Base [CWC Solved for Through Iterative Process]	151 [15]	16,909,565		1 [15]	16,909,566	
31							
32	Overall Rate of Return (L25 / L30)		7.0416%			7.0416%	
33	Target Rate of Return		7.0416% [2]			7.0416% [2]	
34							
35	<u>Calculation of Change in Cash Working Capital (CWC) due to Revenue Increase</u>						
36	Annual Requirement (L3 and/or L29)		4,987,144				
37	Daily Requirement (L36 / 365 Days)		13,663				
	Net Lag Days (Column (c) only: L38 / L37)		13.42				
38	Est. CWC Req. Before Sales Tax Requirement (L37 x L)	1	183,317				
39	Add: Working Capital Related to NC Sales Tax						
40	Total Cash Working Capital Requirements (L38 + L39)						

[1] NC-2302-Adjustment to cash working capital for present revenue annualized, column (c), column (e), and column (h)

[2] NC-2304-Inputs, Total ROR

[3] Ties to Line 30, Column (b)

[4] Sum of Line 38, Columns (a) + (d) + (g) + (j)

[5] Sum of (L19 + L25) x Reg Fee and Uncollectibles Rate: 0.37977%

[7] L27 / (1 - Tax Rate: 23.3503%) - L27

[8] Line 30 x Rate of Return: 7.0416%

[9] Line 30 x Debt Rate: 4.27% and Debt Ratio: 48%

[10] Column (e) = Column (a)

[11] Line 3, Column (f), (i), (l) - Line 29, Column (f), (i), (l)

[12] Docket No. E-7, Sub 1214, E-1 Item 14, Lead Lag

[13] Calculation of Average Lead/Lag Day

[14] New weighted averages are calculated.

[15] Line 38, Columns (d), (g), (i)

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Duke Energy Carolinas, LLC  
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Adjust cash working capital for present revenue annualized and proposed revenue  
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## Cash Working Capital for Present Revenue

		Financials					NC Retail			Lead Lag Days				
Line No.	Description	Per Books (a)	Adjustments (b)	Adjusted Before Change in CWC (c)=(a)+(b)	Change in CWC (d)	Adjusted with CWC (e)=(c)+(d)	Per Books (f)	Adjustments (g)	Adjusted Before Increase (h)=(f)+(g)	Working Capital Lead/Lag Study				
1	Rate revenues	4,751,193	[1]	4,751,193		4,751,193	39.58	[1]	39.58	515,212				
2	Sales for resale revenues	61,600		61,600		61,600	35.44		35.44	5,981				
3	Forfeited discounts	15,256		15,256		15,256	70.00		70.00	2,926				
4	Miscellaneous service revenues	9,541		9,541		9,541	76.00		76.00	1,987				
5	Rent revenues - extra facilities - depreciation			0		0			0.00	-				
6	Rent revenues - extra facilities - other	25,058		25,058		25,058	30.13		30.13	2,069				
7	Rent revenues - pole & line attachments	27,655		27,655		27,655	143.39		143.39	10,864				
8	Tower lease revenues	6,161		6,161		6,161	-93.97		(93.97)	(1,586)				
9	Other electric rents	3,060		3,060		3,060	45.21		45.21	379				
10	Return & depr - Catawba general plant	11,264		11,264		11,264	-15.21		(15.21)	(469)				
11	Other misc revenues - CIAC & comp for svc	13,227		13,227		13,227	-15.21		(15.21)	(551)				
12	Other misc revenues - timber sales	(2,737)		(3)		(3)			0.00	-				
13	Profit or loss on sale of M&S	(1)		(1)		(1)			0.00	-				
14	Deferred DSM costs - NC	(377)		(377)		(377)			0.00	-				
15	Other revenue affiliate	8,729		8,729		8,729	40.21		40.21	962				
16	Revenues from transm of electricity to others	5,032		5,032		5,032	40.41		40.41	557				
17	Other electric revenues	3,639		3,639		3,639	36.03		36.03	359				
18	Other electric revenues riders	(38,869)		(38,869)		(38,869)	0.00		0.00	-				
19	Other transmission revenues	1,916		1,916		1,916	0.00		0.00	-				
20	Rate Schedule Revenue Adjustments													
21	PF REV-Annualize retail revenues for current rates		(234,841)	(234,841)		(234,841)		39.58	[2]	39.58	(25,466)			
22	PF REV-Normalize for weather		(94,117)	(94,117)		(94,117)		39.58	[2]	39.58	(10,206)			
23	PF REV-Annualize revenues for customer growth		29,600	29,600		29,600		39.58	[2]	39.58	3,210			
24	PF REV-Eliminate unbilled revenues		26,204	26,204		26,204		39.58	[2]	39.58	2,842			
25	PF REV-Adjust for costs recovered through non-fuel riders		50,669	50,669		50,669		39.58	[2]	39.58	5,494			
26	PF REV-Adjust Other Revenue		(9,502)	(9,502)		(9,502)		39.58	[2]	39.58	(1,030)			
27	Rounding - Revenue		0	0		0		39.58	[2]	39.58	0			
28	Revenue - Adjustments (Sum Lines 21 through 27)	0	(231,987)	(231,987)		4,672,097								
29														
30	Total Adjusted Revenue (L1 + L28)	4,904,084	(231,987)	4,672,097	[3]	0	40.09	[8]	0.03	[9]	40.12	[8]	\$	513,532
31														
32	Operating Expenses:													
33	Fuel Used in Electric Generation	989,374	[2]	989,374		989,374	22.33	[2]	22.33	60,528				
34	PF FUEL-Normalize for weather		(22,330)	(22,330)		(22,330)		22.33	[2]	22.33	(1,366)			
35	PF FUEL-Annualize revenues for customer growth		4,361	4,361		4,361		22.33	[2]	22.33	267			
36	PF FUEL-Update fuel costs to proposed rate		84,881	84,881		84,881		22.33	[2]	22.33	5,193			
37	PF FUEL-Adjust for costs recovered through non-fuel riders		(16,862)	(16,862)		(16,862)		22.33	[2]	22.33	(1,032)			
38	Rounding - Fuel		(0)	(0)		(0)		22.33	[2]	22.33	(0)			
39	Fuel Used in Electric Generation - Adjustments (Sum Lines 34-38)	0	50,049	50,049		1,039,423								
40														
41	Total Adjusted Fuel Used in Electric Generation (L33 + L39)	989,374	50,049	1,039,423	[3]	0	22.33	[8]	0.00	[9]	22.33	[8]	\$	63,590
42														
43	Purchased Power	331,394	[2]	331,394		331,394	39.00	[2]	39.00	35,409				
44	Deferred Fuel	(137,046)		(137,046)		(137,046)	22.33		22.33	(8,384)				
45	PF PURCH POWER-Update fuel costs to proposed rate		(169,854)	(169,854)		(169,854)		39.00	[2]	39.00	(18,149)			
46	PF PURCH POWER-Adjust for costs recovered through non-fuel riders		(1,082)	(1,082)		(1,082)		39.00	[2]	39.00	(116)			
47	Rounding - Purchased Power	0	0	0		0								
48	Purchased Power - Adjustments (Sum Lines 45 through 47)	0	(170,936)	(170,936)		23,412								
49														
50	Total Adjusted Purchased Power (L43 + L48)	194,348	(170,936)	23,412	[4]	0	50.75	[8]	85.83	[9]	136.58	[8]	\$	8,761
51														
52	Labor expense	571,027	[2]	571,027		571,027	36.37	[2]	36.37	56,899				
53	Benefits expense	69,021		69,021		69,021	12.21		12.21	2,309				
54	Regulatory commission expense	8,163		8,163		8,163	89.82		89.82	2,009				
55	Property insurance	1,625		1,625		1,625	-474.55		(474.55)	(2,113)				
56	Injuries and damages for corp	5,274		5,274		5,274	-145.50		(145.50)	(2,102)				
57	Uncollectable accounts	12,692		12,692		12,692	0.00		0.00	-				
58	Other O&M expense	708,137		708,137		708,137	36.49		36.49	70,794				
59	PF O&M-Annualize retail revenues for current rates		(1,298)	(1,298)		(1,298)		O&M Excl Fuel & PP	33.90	[2]	33.90	(121)		
60	PF O&M-Normalize for weather		(357)	(357)		(357)		O&M Excl Fuel & PP	33.90	[2]	33.90	(33)		
61	PF O&M-Annualize revenues for customer growth		2,279	2,279		2,279		O&M Excl Fuel & PP	33.90	[2]	33.90	212		
62	PF O&M-Update fuel costs to proposed rate		(21,892)	(21,892)		(21,892)		O&M Excl Fuel & PP	33.90	[2]	33.90	(2,033)		
63	PF O&M-Adjust for costs recovered through non-fuel riders		(117,372)	(117,372)		(117,372)		O&M Excl Fuel & PP	33.90	[2]	33.90	(10,901)		
64	PF O&M-Adjust for approved regulatory assets and liabilities		1,408	1,408		1,408		Amortization	0.00	[2]	0.00	-		
65	PF O&M-Amortize Severance Costs		(47,462)	(47,462)		(47,462)		Labor expense	36.37	[2]	36.37	(4,729)		
66	PF O&M-Adjust for credit card fees		8,976	8,976		8,976		Other O&M expense	36.49	[2]	36.49	897		
67	PF O&M-Annualize O&M non-labor expenses		4,593	4,593		4,593		Total O&M	30.71	[2]	30.71	386		
68	PF O&M-Normalize O&M labor expenses		(28,128)	(28,128)		(28,128)		Labor expense	36.37	[2]	36.37	(2,803)		
69	PF O&M-Update benefits costs		(4,449)	(4,449)		(4,449)		Benefits expense	12.00	[2]	12.00	(146)		

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## Cash Working Capital for Present Revenue

		Financials				NC Retail				Lead Lag Days				
Line No.	Description	Per Books (a)	Adjustments (b)	Adjusted Before Change in CWC (c)=(a)+(b)	Change in CWC (d)	Adjusted with CWC (e)=(c)+(d)	Per Books (f)	Adjustments (g)	Adjusted Before Increase (h)=(f)+(g)	Working Capital Lead/Lag Study				
70	PF O&M-Levelize nuclear refueling outage costs		(1,946) [3]	(1,946)		(1,946)	Other O&M expense	36.49 [2]	36.49	(195)				
71	PF O&M-Amortize rate case costs		801 [3]	801		801	Amortization	0.00 [2]	0.00					
72	PF O&M-Adjust aviation expenses		(2,304) [3]	(2,304)		(2,304)	O&M Excl Fuel & PP	33.90 [2]	33.90	(214)				
73	PF O&M-Adjust for Meger Related Costs		(5,530) [3]	(5,530)		(5,530)	O&M Excl Fuel & PP	33.90 [2]	33.90	(514)				
74	PF O&M-Adjust O&M for executive compensation		(3,539) [3]	(3,539)		(3,539)	Labor expense	36.37 [2]	36.37	(353)				
75	PF O&M-Adjust vegetation management expenses		7,739 [3]	7,739		7,739	Other O&M expense	36.49 [2]	36.49	774				
76	PF O&M-Adjust Other Revenue		(36) [3]	(36)		(36)	O&M Excl Fuel & PP	33.90 [2]	33.90	(3)				
77	PF O&M-Adjust for change in NCUC regulatory fee-DEC		(500) [3]	(500)		(500)	Regulatory Commission Expense	89.82 [2]	89.82	(123)				
78	PF O&M-Adjust for Hydro Stations Sale		(1,560) [3]	(1,560)		(1,560)	O&M Excl Fuel & PP	33.90 [2]	33.90	(145)				
79	PF O&M-Remove certain test year expenses-DEC		(271) [3]	(271)		(271)	O&M Excl Fuel & PP	33.90 [2]	33.90	(29)				
80	PF O&M-Settlement adjustment to remove certain items		(4,272) [3]	(4,272)		(4,272)	O&M Excl Fuel & PP	33.90 [2]	33.90	(397)				
81	PF O&M-Storm Normalization		1,610 [3]	1,610		1,610	O&M Excl Fuel & PP	33.90 [2]	33.90	150				
82	Rounding - O&M		0	0		0	Total O&M	30.71 [2]	30.71	0				
83	Operation & Maintenance Expense - Adjustments (Sum Lines 59:82)	0	(213,510)	(213,510)		1,162,429								
84														
85	Total Adjusted Operation & Maintenance Expense (L52 + L83)	1,375,939	(213,510) [4]	1,162,429 [3]	0	1,162,429	33.90 [8]	(0.15) [9]	33.75 [8]	\$	107,481			
86														
87	Depreciation and Amortization	838,805 [1]		838,805			0.00 [1]		0.00	-				
88	PF D&A-Adjust for costs recovered through non-fuel riders		(3,045) [3]	(3,045)				0.00 [2]	0.00	-				
89	PF D&A-Annualize depreciation on year end plant balances		59,052 [3]	59,052				0.00 [2]	0.00	-				
90	PF D&A-Adjust Depreciation for new rates		72,915 [3]	72,915				0.00 [2]	0.00	-				
91	PF D&A-Adjust for post test year additions to plant in service		74,746 [3]	74,746				0.00 [2]	0.00	-				
92	PF D&A-Update fuel costs to proposed rate		0 [3]	0				0.00 [2]	0.00	-				
93	PF D&A-Adjust reserve for end of life coal plant inventory		0 [3]	0				0.00 [2]	0.00	-				
94	PF D&A-Adjust reserve for end of life nuclear costs		(1,808) [3]	(1,808)				0.00 [2]	0.00	-				
95	PF D&A-Adjust for approved regulatory assets and liabilities		62,706 [3]	62,706				0.00 [2]	0.00	-				
96	PF D&A-Amortize deferred environmental costs		11,407 [3]	11,407				0.00 [2]	0.00	-				
97	PF D&A-Adjust for Meger Related Costs		(56) [3]	(56)				0.00 [2]	0.00	-				
98	PF D&A-Update deferred balance and amortize storm costs		(409) [3]	(409)				0.00 [2]	0.00	-				
99	PF D&A-Settlement adjustment to remove certain items		(413) [3]	(413)				0.00 [2]	0.00	-				
100	PF D&A-Adjust for Hydro Stations Sale		1,809 [3]	1,809				0.00 [2]	0.00	-				
101	Rounding - D&A		0	0				0.00 [2]	0.00	-				
102	Depreciation and Amortization - Adjustments (Sum Lines 88 through 101)	0	276,903	276,903										
103														
104	Total Adjusted Depreciation and Amortization (L87 + L102)	838,804,844	276,903 [4]	1,115,708.07 [3]	0	1,115,708	0.00 [8]	0.00 [9]	0.00 [8]	\$	-			
105														
106	Other taxes - NC property tax	80,657 [1]		80,657			Other taxes - NC prop	186.50 [1]	186.50	41,212				
107	Other taxes - SC property tax	81,208		81,208			Other taxes - SC prop	196.50	196.50	43,719				
108	Other taxes - federal payroll taxes	34,411		34,411			Other taxes - federal p	51.17	51.17	4,824				
109	Other taxes	(1,594)		(1,594)			Other taxes	21.04	21.04	(92)				
110	PF GEN TAX-Annualize property taxes on year end plant balances		7,470 [3]	7,470			Other taxes - NC property tax	186.50 [2]	186.50	3,817				
111	PF GEN TAX-Adjust for post test year additions to plant in service		11,222 [3]	11,222			Other taxes - NC property tax	186.50 [2]	186.50	5,734				
112	PF GEN TAX-Adjust for approved regulatory assets and liabilities		56 [3]	56			Taxes Other Than Income	168.11 [2]	168.11	26				
113	PF GEN TAX-Normalize O&M labor expenses		(1,023) [3]	(1,023)			Other taxes - federal payroll taxes	51.17 [2]	51.17	(143)				
114	PF GEN TAX-Adjust for costs recovered through non-fuel riders		(10) [3]	(10)			Taxes Other Than Income	168.11 [2]	168.11	(5)				
115	PF GEN TAX-Adjust for Meger Related Costs		(73) [3]	(73)			Taxes Other Than Income	168.11 [2]	168.11	(34)				
116	PF GEN TAX-Adjust aviation expenses		(27) [3]	(27)			Taxes Other Than Income	168.11 [2]	168.11	(13)				
117	PF GEN TAX-Adjust for Hydro Stations Sale		(193) [3]	(193)			Other taxes	21.04 [2]	21.04	(11)				
118	Rounding - General Taxes		0	0			Taxes Other Than Income	168.11 [2]	168.11	0				
119	General Taxes - Adjustments (Sum Lines 110 through 118)	0	17,422	17,422										
120														
121	Total Adjusted General Tax (L106 + L119)	194,681	17,422 [4]	212,103 [3]	0	212,103	168.11 [8]	2.32 [9]	170.42 [8]	\$	99,035			
122														
123	Interest on Customer Deposits	7,130 [1]		7,130			218.40 [1]		218.40	4,266				
124	Interest on Customer Deposits - Adjustments			0										
125														
126	Total Adjusted Interest on Customer Deposits (L123 + L124)	7,130	0 [4]	7,130 [3]	0	7,130	218.40 [8]	(0.01) [9]	218.39 [8]	\$	4,266			
127														
128	Current state and federal income tax	2,397 [1]		2,397			44.75 [1]		44.75	294				
129	Deferred income taxes	222,600		222,600			0.00		0.00	-				
130	PF INC TAX-Adjust Income Taxes		(37,870) [3]	(37,870)				0.48 [2]	0.48	(49)				
131	PF INC TAX-Adjust for costs recovered through non-fuel riders		16,763 [3]	16,763				0.00 [2]	0.00	-				
132	PF INC TAX-Adjust NC income taxes for rate change		(2,707) [3]	(2,707)				0.48 [2]	0.48	(4)				
133	PF INC TAX-Synchronize interest expense with end of period rate base		(6,725) [3]	(6,725)				0.48 [2]	0.48	(9)				
134	Rounding - Income Taxes		0	0				0.48 [2]	0.48	0				
135	Income Taxes - Adjustments (Sum Lines 130 through 134)	0	(30,538)	(30,538)										
136														
137	Total Adjusted Income Taxes (L128 + L135)	224,997	(30,538) [4]	194,459 [3]	27 [6]	194,486	0.48 [8]	(0.04) [9]	0.44 [8]	\$	232			
138														

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## McManeus Exhibit 1 CCR Settlement

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Duke Energy Carolinas, LLC  
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Adjust cash working capital for present revenue annualized and proposed revenue  
For the test period ended December 31, 2018  
Dollars in Thousands

## Cash Working Capital for Present Revenue

Line No.	Description	Financials					Lead Lag Days			Working Capital Lead/Lag Study
		Per Books (a)	Adjustments (b)	Adjusted Before Change in CWC (c)=(a)+(b)	Change in CWC (d)	Adjusted with CWC (e)=(c)+(d)	Per Books (f)	Adjustments (g)	Adjusted Before Increase (h)=(f)+(g)	
139	EDIT Amortization									
140	PF EDIT-Amortize Protected EDIT		(29,734) [3]	(29,734)				0.00 [2]	0.00	-
141	Rounding - EDIT Amort		(0)	(0)				0.00 [2]	0.00	-
142	EDIT Amortization - Adjustments (Sum Lines 143:144)	0	(29,734)	(29,734)						
143										
144	Total Adjusted EDIT Amortization (L139 + L142)	0	(29,734) [4]	(29,734) [3]	0	(29,734)	0.00 [8]	0.00 [9]	0.00 [8]	\$ -
141										
142	Amortization of Investment Tax Credit	(3,526) [1]		(3,526)			0.00 [1]		0.00	-
143	PF ITC-Annualize depreciation on year end plant balances		690 [3]	690				0.00 [2]	0.00	-
144	Rounding - ITC		(0)	(0)				0.00 [2]	0.00	-
145	Amort. of Investment Tax Credit - Adjustments (Sum Lines 143:144)	0	690	690						
146										
147	Total Adjusted Amortization of Investment Tax Credit (L142 + L145)	(3,526)	690 [4]	(2,836) [3]	0	(2,836)	0.00 [8]	0.00 [9]	0.00 [8]	\$ -
148										
149	Total Operating Expense (L41+L50+L85+L104+L121+L126+L137+L147)	3,821,748	(99,654)	3,722,094	27	3,722,121	29.57 [8]	(1.78) [9]	27.79 [8]	\$ 283,364
150										
151	Income for Return (L30 - L149)	1,082,336	(132,333)	950,003	(27)	949,976	24.97 [8]	6.06 [9]	31.03 [8]	230,168
152	Interest Expense	317,199 [2]	28,801 [4]	345,999 [5]	(116) [5]	345,883	85.20 [2]	0.00 [9]	85.20 [2]	80,738
153	Return for Equity (L151 - L152)	765,137	(161,134)	604,004	89	604,093	0.00 [2]	0.00 [9]	0.00 [2]	149,430
154										
155	Total Requirement (L149 + L151 - L30)	4,904,084		4,672,097		4,672,097	28.55 [8]	(0.10) [9]	28.45 [8]	513,532
156										
157	RATE BASE	14,556,650 [3]	2,324,662 [4]	16,881,312 [3]	(5,660) [7]	16,875,652				
158										
159										
160										
161	Calculation of Change in Cash Working Capital (CWC) due to Adjustments	Per Books	Change in CWC	Adjusted						
162	Annual Requirement	4,904,084		4,672,097						
163	Daily Requirement (L140 / 365 Days)	13,436		12,800						
164	Net Lag Days (L138, Rounded Per Books)	11.54		11.67						
165	Est. CWC Req. Before Sales Tax Requirement (L141 x L142)	155,064		149,403						
166	Add: Working Capital Related to NC Sales Tax	6,204 [1]		6,204 [1]						
167										
168	Total Cash Working Capital Requirements (L165 + L166)	161,268	(5,660) [4]	155,607						
169										
170	Revenue Lag Days (Per Line 47, Columns (f) & (h))	40.09		40.1189						
171	Requirement Lead Days (Per Line 160, Columns (f) & (h))	28.55		28.4470						
172										
173	Net Lag Days (L170 - L171)	11.54		11.67						

## Notes:

- [1] Columns (a) and (f) match Docket No. E-7, Sub 1214, E-1 Item 14, Lead Lag Summary  
[2] Docket No. E-7, Sub 1214, E-1 Item 14, Lead Lag Study  
[3] Exhibit C in Docket E-7, Sub 1214  
[4] Column (b) = Column (c) - Column (a)  
[5] Line 157 x Debt Rate: 4.27% and Debt Ratio: 48%  
[6] Interest Expense: - L152 x Tax Rate: 23.3503%  
[7] Line 168, Column (b)  
[8] New weighted averages calculated.  
[9] Column (g) = Column (h) - Column (f)

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Adjust cash working capital for present revenue annualized and proposed revenue  
For the test period ended December 31, 2018

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**E-1 Item 14**

Duke Energy Carolinas, LLC  
Cash Working Capital for NC Retail Operations - Lead Lag Summary  
For the test period ended December 31, 2018  
Dollars in Thousands

Line No	Description	Actual Annual Expense [A]	Lead (Lag) Days [B]	Weighted Amount [C]
<b>Calculation of NC Retail Amount:</b>				
1	Total Revenue Lag		40.09	
2				
3	Operation & Maintenance Expense	\$ 2,559,661	30.71	\$ 78,598,072
4	Depreciation and Amortization	838,805	0.000	-
5	Taxes Other Than Income Taxes	194,681	168.11	32,727,032
6	Interest on Customer Deposits	7,130	218.40	1,557,121
7	Net Income Taxes	224,997	0.48	107,266
8	ITC	(3,526)	0.00	-
9	Income for Return	1,082,336	24.97	27,025,317
10	Total Requirements (Sum L3 through L9)	<u>\$ 4,904,084</u>	28.55	<u>\$ 140,014,807</u>
11				
12	Revenue Lag Days (L1)		40.09	
13	Requirements Lead Days (-L10)		-28.55	
14	Net Lag Days (L12 + L13)		<u>11.54</u>	
15	Daily Requirements (Line 10, Col. A divided by 365)			\$ 13,436
16				
17	Estimated Cash Working Capital Requirements (L14 x L15)			\$ 155,064
18	Add: Cash Working Capital Related to NC Sales Tax			6,204
19	Total Cash Working Capital Requirements (L17 + L18)			<u>\$ 161,268</u>
20				
21	<b>Calculation of Total Company and Jurisdictional Amounts:</b>			
22	NC Retail Factor "All - Rate Base x CWC" Allocation Factor			68.1442%
23				
24	Total Company Cash Working Capital Requirements (L19 / L22)			\$ 236,657
25				
26	NC Retail Factor			68.1442%
27	SC Retail Factor			23.4945%
28	NC Wholesale Factor			4.6385%
29	SC Wholesale Factor			3.6759%
30	Other			0.0469%
31	Total (Sum L26 through L29)			<u>100.0000%</u>
32				
33	NC Retail Cash Working Capital Requirement (L24 x L26)			\$ 161,267.787
34	SC Retail Cash Working Capital Requirement (L24 x L27)			55,601.207
35	NC Wholesale Cash Working Capital Requirement (L24 x L28)			10,977.210
36	SC Wholesale Cash Working Capital Requirement (L24 x L29)			8,699.225
37	Other Cash Working Capital Requirement (L25 x L30)			111.093
38	Total Company Cash Working Capital Requirement (Sum L33 through L37)			<u>\$ 236,656.522</u>

McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Adjust cash working capital for present revenue annualized and proposed revenue  
For the test period ended December 31, 2018

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Line No	Description	Rate	Ratio	Weighted
1	Debt	4.2700% [1]	48.0000% [1]	2.0496% [2]
2	Equity	9.6000% [1]	52.0000% [1]	4.9920% [3]
3	Total ROR (L1 + L2)			7.0416%
4				
5	Statutory tax rate	23.3503% [4]		
6	Statutory regulatory fee percentage rate	0.12967% [5]		
7	Uncollectibles	0.25010% [6]		

Notes:

[1] Docket No. E-7, Sub 1214, McManeus Exhibit 1, Page 2

[2] Debt Rate x Debt Ratio

[3] ROE x Equity Ratio

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

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

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



Duke Energy Carolinas, LLC

Docket No. E-7, Sub 1214

Adjust cash working capital for present revenue annualized and proposed revenue - Coal Ash  
For the test period ended December 31, 2018

NC-2300

Narrative

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.

CCR Settlement

Recalculated based on updated figures Excluding the CCR ARO as a result of the CCR Settlement and Public Staff review of the May updates.

## McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC

Docket No. E-7, Sub 1214

Adjust cash working capital for present revenue annualized and proposed revenue - Coal Ash

For the test period ended December 31, 2018

(Dollars in thousands)

NC-2300

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CCR Settlement

CCR ARO Only

Line No.	Description	Source	Present Total NC Retail CCR Settlement	Proposed Total NC Retail CCR Settlement
1				
2	<b><u>Pro Formas Impacting Income Statement Line Items</u></b>			
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 &	-	(19)
15	Amortization of investment tax credit		-	-
16				
17	Total electric operating expenses	Sum L8 through L15	-	(19)
18				
19	Operating income	L4 - L17	\$ -	\$ 19
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	<b><u>Pro Formas Impacting Rate Base Line Items</u></b>			
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-Present	NC-2301CA &	-	4,057
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	\$ -	\$ 4,057
45				
46	Note:			
47	Rate Base: positive number increases rate base / negative number decreases rate base			

## McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
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Adjust cash working capital for proposed revenue - Coal Ash  
For the test period ended December 31, 2018  
Dollars in Thousands

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CCR Settlement  
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Dollars in Thousands		NC Retail		NC Retail		NC Retail		NC Retail		
		Financials		Iteration 1		Iteration 2		Iteration 2		
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)	Wgt Lead Lag Days (f)	Increase (g)=(h)-(e)	With Increase (h)=(e)+(g)	Wgt Lead Lag Days (i)
1	Total Adjusted Revenue	0 [1]					- [1]		- [1]	
2	Revenue Increase (L3)		42,214		41,907		39.58 [12]	306		39.58 [12]
3	Revenues [Solved Through Iterative Process to Produce Target ROR] (L1 + L2)	0	42,214	42,214	41,907	41,907	39.58 [13]	306	42,213	39.58 [13]
4										
5	Total Adjusted Fuel Used in Electric Generation	0 [1]	0	0		0	- [1]		0	- [1]
6	Adjusted Purchased Power	0 [1]	0	0		0	- [1]		0	- [1]
7										
8	Operation & Maintenance Expense	0 [1]		0			- [1]			- [1]
9	Revenue Increase (L10)		160		159		33.90 [12]	1		33.90 [12]
10	Operation and Maintenance Expense with Increase (L8 + L9)	0	160	160	159 [5]	159	33.90 [13]	1 [5]	160	33.90 [13]
11										
12	Total Adjusted Depreciation and Amortization	33,906 [1]	0	33,906		33,906	- [1]		33,906	- [1]
13	Total Adjusted General Taxes	-		0		0	-		0	-
14										
15	Total Adjusted Interest on Customer Deposits	0 [1]	0	0		0	- [1]		0	- [1]
16										
17	Net Income Taxes	(8,415)		0			0.48		0	0.48
18	Revenue Increase (L19)		9,800		9,748		0.48 [12]	52	52	0.48 [12]
19	Income Taxes with Increase (L17 + L18)	(8,415)	9,800	1,385	9,748 [7]	1,333	(3.01) [13]	52 [7]	1,385	(2.88) [13]
20										
21	Total EDIT Amortization	0	0	0		0	- [1]		0	- [1]
22	Total Adjusted Amortization of Investment Tax Credit	0 [1]	0	0		0	- [1]		0	- [1]
23	Total Operating Expense (L5+L6+L10+L12+L13+L15+L19+L21+L22)	25,491	9,961	35,451	9,907	35,398	0 [14]	53	35,451	0 [14]
24										
25	Income for Return (L3 - L23)	(25,491)	32,254	6,763	32,000	6,509 [8]	27.89 [14]	253	6,762 [8]	27.89 [14]
26	Interest Expense	2,131 [1]	83	2,214	(0)	2,131 [9]	85.20 [1]	83	2,214 [9]	85.20 [1]
27	Return for Equity (L25 - L26)	(27,621)	32,171	4,549	32,000	4,379	- [1]	170	4,549	- [1]
28										
29	Total Requirement (L23 + L25 = L3)	0		42,214		41,907	4.36 [14]		42,213	4.50 [14]
30	Rate Base [CWC Solved for Through Iterative Process]	103,954 [1]	4,057	108,011		103,954 [10]		4,043 [15]	107,997	
31										
32	Overall Rate of Return (L25 / L30)	-24.52%		6.26%		6.26%			6.2616%	
33	Target Rate of Return	6.26% [2]		6.26% [2]		6.26% [2]			6.2616% [2]	
34										
35	Calculation of Change in Cash Working Capital (CWC) due to Revenue Increase	Adjusted	Rev Incr	Adj w/Incr						
36	Annual Requirement (L3 and/or L29)	0		42,214		41,907			42,213.43	
37	Daily Requirement (L36 / 365 Days)	0		116		115			116	
	Net Lag Days (Column (c) only: L38 / L37)	0.00		35.08		35.21			35.08	
38	Est. CWC Req. Before Sales Tax Requirement (L37 x L)	0	4,057 [3]	4,057 [4]	4,043	4,043		14	4,057	
39	Add: Working Capital Related to NC Sales Tax	0 [1]		0 [1]						
40	Total Cash Working Capital Requirements (L38 + L39)	0	4,057	4,057						

[1] NC-2302-Adjustment to cash working capital for present revenue annualized, column (c), column (e), and column (h)

[2] NC-2304-Inputs, Total ROR

[3] Ties to Line 30, Column (b)

[4] Sum of Line 38, Columns (a) + (d) + (g) + (i)

[5] Sum of (L19 + L25) x Reg Fee and Uncollectibles Rate: 0.37977%

[7] L27 / (1 - Tax Rate: 23.3503%) - L27

[8] Line 30 x Rate of Return: 6.2616%

[9] Line 30 x Debt Rate: 4.27% and Debt Ratio: 48%

[10] Column (e) = Column (a)

[11] Line 3, Column (f), (i), (l) - Line 29, Column (f), (i), (l)

[12] Docket No. E-7, Sub 1214, E-1 Item 14, Lead Lag

[13] Calculation of Average Lead/Lag Day

[14] New weighted averages are calculated.

[15] Line 38, Columns (d), (g), (i)

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Duke Energy Carolinas, LLC  
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Adjust cash working capital for proposed revenue - Coal Ash  
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Dollars in Thousands

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		NC Retail Iteration 3			NC Retail Iteration 4		
Line No.	Description	Increase (j)=(k)-(h)	With Increase (k)=(h)+(j)	Wgt Lead Lag Days (l)	Increase (m)=(n)-(k)	With Increase (n)=(k)+(m)	Wgt Lead Lag Days (o)
1	Total Adjusted Revenue			- [1]			- [1]
2	Revenue Increase (L3)	1		39.58 [12]	0		39.58 [12]
3	Revenues [Solved Through Iterative Process to Produce Target ROR] (L1 + L2)	1	42,214	39.58 [13]	0	42,214	39.58 [13]
4							
5	Total Adjusted Fuel Used in Electric Generation		0	- [1]		0	- [1]
6	Adjusted Purchased Power		0	- [1]		0	- [1]
7							
8	Operation & Maintenance Expense			- [1]			- [1]
9	Revenue Increase (L10)	0		33.90 [12]	0		33.90 [12]
10	Operation and Maintenance Expense with Increase (L8 + L9)	0 [5]	160	33.90 [13]	0 [5]	160	33.90 [13]
11							
12	Total Adjusted Depreciation and Amortization		33,906	- [1]		33,906	- [1]
13	Total Adjusted General Taxes		0	-		0	-
14							
15	Total Adjusted Interest on Customer Deposits		0	- [1]		0	- [1]
16							
17	Net Income Taxes		-	0.48		-	0.48
18	Revenue Increase (L19)	0	52	0.48 [12]	0	52	0.48 [12]
19	Income Taxes with Increase (L17 + L18)	0 [7]	1,385	(2.88) [13]	0 [7]	1,385	(2.88) [13]
20							
21	Total EDIT Amortization		0	- [1]		0	- [1]
22	Total Adjusted Amortization of Investment Tax Credit		0	- [1]		0	- [1]
23	Total Operating Expense (L5+L6+L10+L12+L13+L15+L19+L21+L22)	0	35,451	0 [14]	0	35,451	0 [14]
24							
25	Income for Return (L3 - L23)	1	6,763 [8]	27.89 [14]	0	6,763 [8]	27.89 [14]
26	Interest Expense	0	2,214 [9]	85.20 [1]	0	2,214 [9]	85.20 [1]
27	Return for Equity (L25 - L26)	1	4,549	- [1]	0	4,549	- [1]
28							
29	Total Requirement (L23 + L25 = L3)		42,214	4.50 [14]		42,214	4.50 [14]
30	Rate Base [CWC Solved for Through Iterative Process]	14 [15]	108,011		0 [15]	108,011	
31							
32	Overall Rate of Return (L25 / L30)		6.2616%			6.2616%	
33	Target Rate of Return		6.2616% [2]			6.2616% [2]	
34							
35	<u>Calculation of Change in Cash Working Capital (CWC) due to Revenue Increase</u>						
36	Annual Requirement (L3 and/or L29)		42,214				
37	Daily Requirement (L36 / 365 Days)		116				
	Net Lag Days (Column (c) only: L38 / L37)		35.08				
38	Est. CWC Req. Before Sales Tax Requirement (L37 x L)	0	4,057				
39	Add: Working Capital Related to NC Sales Tax						
40	Total Cash Working Capital Requirements (L38 + L39)						

[1] NC-2302-Adjustment to cash working capital for present revenue annualized, column (c), column (e), and column (h)

[2] NC-2304-Inputs, Total ROR

[3] Ties to Line 30, Column (b)

[4] Sum of Line 38, Columns (a) + (d) + (g) + (j)

[5] Sum of (L19 + L25) x Reg Fee and Uncollectibles Rate: 0.37977%

[7] L27 / (1 - Tax Rate: 23.3503%) - L27

[8] Line 30 x Rate of Return: 6.2616%

[9] Line 30 x Debt Rate: 4.27% and Debt Ratio: 48%

[10] Column (e) = Column (a)

[11] Line 3, Column (f), (i), (l) - Line 29, Column (f), (i), (l)

[12] Docket No. E-7, Sub 1214, E-1 Item 14, Lead Lag

[13] Calculation of Average Lead/Lag Day

[14] New weighted averages are calculated.

[15] Line 38, Columns (d), (g), (j)

## McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
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## Cash Working Capital for Present Revenue

		NC Retail					Lead Lag Days			
		Financials								
Line No.	Description	Per Books (a)	Adjustments (b)	Adjusted Before Change in CWC (c)=(a)+(b)	Change in CWC (d)	Adjusted with CWC (e)=(c)+(d)	Per Books (f)	Adjustments (g)	Adjusted Before Increase (h)=(f)+(g)	Working Capital Lead/Lag Study
1	Rate revenues		[1]	0		0	39.58 [1]		39.58	-
2	Sales for resale revenues			0		0	35.44		35.44	-
3	Forfeited discounts			0		0	70.00		70.00	-
4	Miscellaneous service revenues			0		0	76.00		76.00	-
5	Rent revenues - extra facilities - depreciation			0		0			0.00	-
6	Rent revenues - extra facilities - other			0		0	30.13		30.13	-
7	Rent revenues - pole & line attachments			0		0	143.39		143.39	-
8	Tower lease revenues			0		0	-93.97		(93.97)	-
9	Other electric rents			0		0	45.21		45.21	-
10	Return & depr - Catawba general plant			0		0	-15.21		(15.21)	-
11	Other misc revenues - CIAC & comp for svc			0		0	-15.21		(15.21)	-
12	Other misc revenues - timber sales			0		0			0.00	-
13	Profit or loss on sale of M&S			0		0			0.00	-
14	Deferred DSM costs - NC			0		0			0.00	-
15	Other revenue affiliate			0		0	40.21		40.21	-
16	Revenues from transm of electricity to others			0		0	40.41		40.41	-
17	Other electric revenues			0		0	36.03		36.03	-
18	Other electric revenues riders			0		0	0.00		0.00	-
19	Other transmission revenues			0		0	0.00		0.00	-
20	Rate Schedule Revenue Adjustments									
21	PF REV-Annualize retail revenues for current rates		0 [3]	0		0		39.58 [2]	39.58	-
22	PF REV-Normalize for weather		0 [3]	0		0		39.58 [2]	39.58	-
23	PF REV-Annualize revenues for customer growth		0 [3]	0		0		39.58 [2]	39.58	-
24	PF REV-Eliminate unbilled revenues		0 [3]	0		0		39.58 [2]	39.58	-
25	PF REV-Adjust for costs recovered through non-fuel riders		0 [3]	0		0		39.58 [2]	39.58	-
26	PF REV-Adjust Other Revenue		0 [3]	0		0		39.58 [2]	39.58	-
27	Rounding - Revenue		0	0		0		39.58 [2]	39.58	-
28	Revenue - Adjustments (Sum Lines 21 through 27)	0		0		0				
29										
30	Total Adjusted Revenue (L1 + L28)	0	0 [4]	0 [3]	0	0	0.00 [8]	0.00 [9]	0.00 [8]	\$ -
31										
32	Operating Expenses:									
33	Fuel Used in Electric Generation		[2]	0		0	22.33 [2]		22.33	-
34	PF FUEL-Normalize for weather		0 [3]	0		0		22.33 [2]	22.33	-
35	PF FUEL-Annualize revenues for customer growth		0 [3]	0		0		22.33 [2]	22.33	-
36	PF FUEL-Update fuel costs to proposed rate		0 [3]	0		0		22.33 [2]	22.33	-
37	PF FUEL-Adjust for costs recovered through non-fuel riders		0 [3]	0		0		22.33 [2]	22.33	-
38	Rounding - Fuel		0	0		0		22.33 [2]	22.33	-
39	Fuel Used in Electric Generation - Adjustments (Sum Lines 34:38)	0	0	0		0				
40										
41	Total Adjusted Fuel Used in Electric Generation (L33 + L39)	0	0 [4]	0 [3]	0	0	0.00 [8]	0.00 [9]	0.00 [8]	\$ -
42										
43	Purchased Power		[2]	0		0	39.00 [2]		39.00	-
44	Deferred Fuel			0		0	22.33		22.33	-
45	PF PURCH POWER-Update fuel costs to proposed rate		0 [3]	0		0		39.00 [2]	39.00	-
46	PF PURCH POWER-Adjust for costs recovered through non-fuel riders		0 [3]	0		0		39.00 [2]	39.00	-
47	Rounding - Purchased Power		0	0		0				
48	Purchased Power - Adjustments (Sum Lines 45 through 47)	0	0	0		0				
49										
50	Total Adjusted Purchased Power (L43 + L48)	0	0 [4]	0 [3]	0	0	0.00 [8]	0.00 [9]	0.00 [8]	\$ -
51										
52	Labor expense		[2]	0		0	36.37 [2]		36.37	-
53	Benefits expense			0		0	12.21		12.21	-
54	Regulatory commission expense			0		0	89.82		89.82	-
55	Property insurance			0		0	-474.55		(474.55)	-
56	Injuries and damages for corp			0		0	-145.50		(145.50)	-
57	Uncollectable accounts			0		0	0.00		0.00	-
58	Other O&M expense			0		0	36.49		36.49	-
59	PF O&M-Annualize retail revenues for current rates		0 [3]	0		0		33.90 [2]	33.90	-
60	PF O&M-Normalize for weather		0 [3]	0		0		33.90 [2]	33.90	-
61	PF O&M-Annualize revenues for customer growth		0 [3]	0		0		33.90 [2]	33.90	-
62	PF O&M-Update fuel costs to proposed rate		0 [3]	0		0		33.90 [2]	33.90	-
63	PF O&M-Adjust for costs recovered through non-fuel riders		0 [3]	0		0		33.90 [2]	33.90	-
64	PF O&M-Adjust for approved regulatory assets and liabilities		0 [3]	0		0		0.00 [2]	0.00	-
65	PF O&M-Amortize Severance Costs		0 [3]	0		0		36.37 [2]	36.37	-
66	PF O&M-Adjust for credit card fees		0 [3]	0		0		36.49 [2]	36.49	-
67	PF O&M-Annualize O&M non-labor expenses		0 [3]	0		0		30.71 [2]	30.71	-
68	PF O&M-Normalize O&M labor expenses		0 [3]	0		0		36.37 [2]	36.37	-
69	PF O&M-Update benefits costs		0 [3]	0		0		12.00 [2]	12.00	-

## McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
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## Cash Working Capital for Present Revenue

		NC Retail					Lead Lag Days				
		Financials									
Line No.	Description	Per Books (a)	Adjustments (b)	Adjusted Before Change in CWC (c)=(a)+(b)	Change in CWC (d)	Adjusted with CWC (e)=(c)+(d)	Per Books (f)	Adjustments (g)	Adjusted Before Increase (h)=(f)+(g)	Working Capital Lead/Lag Study	
70	PF O&M-Levelize nuclear refueling outage costs		0 [3]	0		0	Other O&M expense	36.49 [2]	36.49	-	
71	PF O&M-Amortize rate case costs		0 [3]	0		0	Amortization	0.00 [2]	0.00	-	
72	PF O&M-Adjust aviation expenses		0 [3]	0		0	O&M Excl Fuel & PP	33.90 [2]	33.90	-	
73	PF O&M-Adjust for Meger Related Costs		0 [3]	0		0	O&M Excl Fuel & PP	33.90 [2]	33.90	-	
74	PF O&M-Adjust O&M for executive compensation		0 [3]	0		0	Labor expense	36.37 [2]	36.37	-	
75	PF O&M-Adjust vegetation management expenses		0 [3]	0		0	Other O&M expense	36.49 [2]	36.49	-	
76	PF O&M-Adjust Other Revenue		0 [3]	0		0	O&M Excl Fuel & PP	33.90 [2]	33.90	-	
77	PF O&M-Adjust for change in NCUC regulatory fee-DEC		0 [3]	0		0	Regulatory Commission Expense	89.82 [2]	89.82	-	
78	PF O&M-Adjust for Hydro Stations Sale		0 [3]	0		0	O&M Excl Fuel & PP	33.90 [2]	33.90	-	
79	PF O&M-Remove certain test year expenses-DEC		0 [3]	0		0	O&M Excl Fuel & PP	33.90 [2]	33.90	-	
80	PF O&M-Settlement adjustment to remove certain items		0 [3]	0		0	O&M Excl Fuel & PP	33.90 [2]	33.90	-	
81	PF O&M-Storm Normalization		0 [3]	0		0	O&M Excl Fuel & PP	33.90 [2]	33.90	-	
82	Rounding - O&M		0	0		0	Total O&M	30.71 [2]	30.71	-	
83	Operation & Maintenance Expense - Adjustments (Sum Lines 59:82)	0	0	0		0					
84											
85	Total Adjusted Operation & Maintenance Expense (L52 + L83)	0	0 [4]	0 [3]	0	0	0.00 [8]	0.00 [9]	0.00 [8]	\$ -	
86											
87	Depreciation and Amortization		[1]	0			0.00 [1]		0.00	-	
88	PF D&A-Adjust for costs recovered through non-fuel riders		0 [3]	0				0.00 [2]	0.00	-	
89	PF D&A-Annualize depreciation on year end plant balances		0 [3]	0				0.00 [2]	0.00	-	
90	PF D&A-Adjust Depreciation for new rates		0 [3]	0				0.00 [2]	0.00	-	
91	PF D&A-Adjust for post test year additions to plant in service		0 [3]	0				0.00 [2]	0.00	-	
92	PF D&A-Update fuel costs to proposed rate		0 [3]	0				0.00 [2]	0.00	-	
93	PF D&A-Adjust reserve for end of life coal plant inventory		0 [3]	0				0.00 [2]	0.00	-	
94	PF D&A-Adjust reserve for end of life nuclear costs		0 [3]	0				0.00 [2]	0.00	-	
95	PF D&A-Adjust for approved regulatory assets and liabilities		0 [3]	0				0.00 [2]	0.00	-	
96	PF D&A-Amortize deferred environmental costs		33,906 [3]	33,906				0.00 [2]	0.00	-	
97	PF D&A-Adjust for Meger Related Costs		0 [3]	0				0.00 [2]	0.00	-	
98	PF D&A-Update deferred balance and amortize storm costs		0 [3]	0				0.00 [2]	0.00	-	
99	PF D&A-Settlement adjustment to remove certain items		0 [3]	0				0.00 [2]	0.00	-	
100	PF D&A-Adjust for Hydro Stations Sale		0 [3]	0				0.00 [2]	0.00	-	
101	Rounding - D&A		0	0				0.00 [2]	0.00	-	
102	Depreciation and Amortization - Adjustments (Sum Lines 88 through 101)	0	33,906	33,906							
103											
104	Total Adjusted Depreciation and Amortization (L87 + L102)	0.000	33,906 [4]	33,905.61 [3]	0	33,906	0.00 [8]	0.00 [9]	0.00 [8]	\$ -	
105											
106	Other taxes - NC property tax		[1]	0			Other taxes - NC prop	186.50 [1]	186.50	-	
107	Other taxes - SC property tax			0			Other taxes - SC prop	196.50	196.50	-	
108	Other taxes - federal payroll taxes			0			Other taxes - federal p	51.17	51.17	-	
109	Other taxes			0			Other taxes	21.04	21.04	-	
110	PF GEN TAX-Annualize property taxes on year end plant balances		0 [3]	0			Other taxes - NC property tax	186.50 [2]	186.50	-	
111	PF GEN TAX-Adjust for post test year additions to plant in service		0 [3]	0			Other taxes - NC property tax	186.50 [2]	186.50	-	
112	PF GEN TAX-Adjust for approved regulatory assets and liabilities		0 [3]	0			Taxes Other Than Income	168.11 [2]	168.11	-	
113	PF GEN TAX-Normalize O&M labor expenses		0 [3]	0			Other taxes - federal payroll taxes	51.17 [2]	51.17	-	
114	PF GEN TAX-Adjust for costs recovered through non-fuel riders		0 [3]	0			Taxes Other Than Income	168.11 [2]	168.11	-	
115	PF GEN TAX-Adjust for Meger Related Costs		0 [3]	0			Taxes Other Than Income	168.11 [2]	168.11	-	
116	PF GEN TAX-Adjust aviation expenses		0 [3]	0			Taxes Other Than Income	168.11 [2]	168.11	-	
117	PF GEN TAX-Adjust for Hydro Stations Sale		0 [3]	0			Other taxes	21.04 [2]	21.04	-	
118	Rounding - General Taxes		0	0			Taxes Other Than Income	168.11 [2]	168.11	-	
119	General Taxes - Adjustments (Sum Lines 110 through 118)	0	0	0							
120											
121	Total Adjusted General Tax (L106 + L119)	0	0 [4]	0 [3]	0	0	0.00 [8]	0.00 [9]	0.00 [8]	\$ -	
122											
123	Interest on Customer Deposits		[1]	0			218.40 [1]		218.40	-	
124	Interest on Customer Deposits - Adjustments			0							
125											
126	Total Adjusted Interest on Customer Deposits (L123 + L124)	0	0 [4]	0 [3]	0	0	0.00 [8]	0.00 [9]	0.00 [8]	\$ -	
127											
128	Current state and federal income tax		[1]	0			44.75 [1]		44.75	-	
129	Deferred income taxes			0			0.00		0.00	-	
130	PF INC TAX-Adjust Income Taxes		(7,917) [3]	(7,917)				0.48 [2]	0.48	(10)	
131	PF INC TAX-Adjust for costs recovered through non-fuel riders			0				0.00 [2]	0.00	-	
132	PF INC TAX-Adjust NC income taxes for rate change		0 [3]	0				0.48 [2]	0.48	-	
133	PF INC TAX-Synchronize interest expense with end of period rate base		(498) [3]	(498)				0.48 [2]	0.48	(1)	
134	Rounding - Income Taxes		(0)	(0)				0.48 [2]	0.48	(0)	
135	Income Taxes - Adjustments (Sum Lines 130 through 134)	0	(8,415)	(8,415)							
136											
137	Total Adjusted Income Taxes (L128 + L135)	0	(8,415) [4]	(8,415) [3]	0 [6]	(8,415)	0.00 [8]	0.48 [9]	0.48 [8]	\$ (11)	
138											

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## Cash Working Capital for Present Revenue

NC Retail										
Financials						Lead Lag Days				
Line No.	Description	Per Books (a)	Adjustments (b)	Adjusted Before Change in CWC (c)=(a)+(b)	Change in CWC (d)	Adjusted with CWC (e)=(c)+(d)	Per Books (f)	Adjustments (g)	Adjusted Before Increase (h)=(f)+(g)	Working Capital Lead/Lag Study
139	EDIT Amortization									
140	PF EDIT-Amortize Protected EDIT		0 [3]	0				0.00 [2]	0.00	
141	Rounding - EDIT Amort		0	0				0.00 [2]	0.00	-
142	EDIT Amortization - Adjustments (Sum Lines 143:144)	0	0	0						
143										
144	Total Adjusted EDIT Amortization (L139 + L142)	0	0 [4]	0 [3]	0	0	0.00 [8]	0.00 [9]	0.00 [8]	\$ -
141										
142	Amortization of Investment Tax Credit		[1]	0			0.00 [1]		0.00	-
143	PF ITC-Annualize depreciation on year end plant balances		0 [3]	0				0.00 [2]	0.00	-
144	Rounding - ITC		0	0				0.00 [2]	0.00	-
145	Amort. of Investment Tax Credit - Adjustments (Sum Lines 143:144)	0	0	0						
146										
147	Total Adjusted Amortization of Investment Tax Credit (L142 + L145)	0	0 [4]	0 [3]	0	0	0.00 [8]	0.00 [9]	0.00 [8]	\$ -
148										
149	Total Operating Expense (L41+L50+L85+L104+L121+L126+L137+L147)	0	25,491	25,491	0	25,491	0.00 [8]	(0.16) [9]	(0.16) [8]	\$ (11)
150										
151	Income for Return (L30 - L149)	0	(25,491)	(25,491)	0	(25,491)	0.00 [8]	(7.12) [9]	(7.12) [8]	11
152	Interest Expense	317,199 [2]	(315,068) [4]	2,131 [5]	0 [5]	2,131	85.20 [2]	0.00 [9]	85.20 [2]	497
153	Return for Equity (L151 - L152)	(317,199)	289,577	(27,621)	0	(27,621)	0.00 [2]	0.00 [9]	0.00 [2]	(486)
154										
155	Total Requirement (L149 + L151 = L30)	0		0		0	0.00 [8]	0.00 [9]	0.00 [8]	0
156										
157	RATE BASE	0 [3]	103,954 [4]	103,954 [3]	0 [7]	103,954				
158										
159										
160										
161	Calculation of Change in Cash Working Capital (CWC) due to Adjustments	Per Books	Change in CWC	Adjusted						
162	Annual Requirement	0		0						
163	Daily Requirement (L140 / 365 Days)	0		0						
164	Net Lag Days (L138, Rounded Per Books)			0.00						
165	Est. CWC Req. Before Sales Tax Requirement (L141 x L142)	0		0						
166	Add: Working Capital Related to NC Sales Tax		[1]	- [1]						
167										
168	Total Cash Working Capital Requirements (L165 + L166)	0	- [4]	0						
169										
170	Revenue Lag Days (Per Line 47, Columns (f) & (h))	40.09		0.0000						
171	Requirement Lead Days (Per Line 160, Columns (f) & (h))	28.55		0.0000						
172										
173	Net Lag Days (L170 - L171)	11.54		0.00						

### Notes:

- [1] Columns (a) and (f) match Docket No. E-7, Sub 1214, E-1 Item 14, Lead Lag Summary  
[2] Docket No. E-7, Sub 1214, E-1 Item 14, Lead Lag Study  
[3] Exhibit C in Docket E-7, Sub 1214  
[4] Column (b) = Column (c) - Column (a)  
[5] Line 157 x Debt Rate: 4.27% and Debt Ratio: 48%  
[6] Interest Expense: - L152 x Tax Rate: 23.3503%  
[7] Line 168, Column (b)  
[8] New weighted averages calculated.  
[9] Column (g) = Column (h) - Column (f)

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**E-1 Item 14**

Duke Energy Carolinas, LLC  
Cash Working Capital for NC Retail Operations - Lead Lag Summary  
For the test period ended December 31, 2018  
Dollars in Thousands

Line No	Description	Actual Annual Expense [A]	Lead (Lag) Days [B]	Weighted Amount [C]
<b>Calculation of NC Retail Amount:</b>				
1	Total Revenue Lag		40.09	
2				
3	Operation & Maintenance Expense	\$ 2,559,661	30.71	\$ 78,598,072
4	Depreciation and Amortization	838,805	0.000	-
5	Taxes Other Than Income Taxes	194,681	168.11	32,727,032
6	Interest on Customer Deposits	7,130	218.40	1,557,121
7	Net Income Taxes	224,997	0.48	107,266
8	ITC	(3,526)	0.00	-
9	Income for Return	1,082,336	24.97	27,025,317
10	Total Requirements (Sum L3 through L9)	<u>\$ 4,904,084</u>	28.55	<u>\$ 140,014,807</u>
11				
12	Revenue Lag Days (L1)		40.09	
13	Requirements Lead Days (-L10)		-28.55	
14	Net Lag Days (L12 + L13)		<u>11.54</u>	
15	Daily Requirements (Line 10, Col. A divided by 365)			\$ 13,436
16				
17	Estimated Cash Working Capital Requirements (L14 x L15)			\$ 155,064
18	Add: Cash Working Capital Related to NC Sales Tax			6,204
19	Total Cash Working Capital Requirements (L17 + L18)			<u>\$ 161,268</u>
20				
21	<b>Calculation of Total Company and Jurisdictional Amounts:</b>			
22	NC Retail Factor "All - Rate Base x CWC" Allocation Factor			68.1442%
23				
24	Total Company Cash Working Capital Requirements (L19 / L22)			\$ 236,657
25				
26	NC Retail Factor			68.1442%
27	SC Retail Factor			23.4945%
28	NC Wholesale Factor			4.6385%
29	SC Wholesale Factor			3.6759%
30	Other			0.0469%
31	Total (Sum L26 through L29)			<u>100.0000%</u>
32				
33	NC Retail Cash Working Capital Requirement (L24 x L26)			\$ 161,267.787
34	SC Retail Cash Working Capital Requirement (L24 x L27)			55,601.207
35	NC Wholesale Cash Working Capital Requirement (L24 x L28)			10,977.210
36	SC Wholesale Cash Working Capital Requirement (L24 x L29)			8,699.225
37	Other Cash Working Capital Requirement (L25 x L30)			111.093
38	Total Company Cash Working Capital Requirement (Sum L33 through L37)			<u>\$ 236,656.522</u>



McManeus Exhibit 1 CCR Settlement

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Adjust cash working capital for present revenue annualized and proposed revenue - Coal Ash  
For the test period ended December 31, 2018

NC-2304CA  
Page 1 of 1  
CCR Settlement  
CCR ARO Only

Line No	Description	Rate	Ratio	Weighted
1	Debt	4.2700% [1]	48.0000% [1]	2.0496% [2]
2	Equity	8.1000% [1]	52.0000% [1]	4.2120% [3]
3	Total ROR (L1 + L2)			6.2616%
4				
5	Statutory tax rate	23.3503% [4]		
6	Statutory regulatory fee percentage rate	0.12967% [5]		
7	Uncollectibles	0.25010% [6]		

Notes:

[1] Docket No. E-7, Sub 1214, McManeus Exhibit 1, Page 2

[2] Debt Rate x Debt Ratio

[3] ROE x Equity Ratio

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

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

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

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1214  
Summary of Proposed Revenue Adjustments  
For the test period ended December 31, 2018

**McManeus CCR Settlement**  
**Exhibit 2**  
**Total**

Line <u>No.</u>	<u>Description</u>	Changes <u>NC Retail</u>
1		
2	Revenue Requirement from Exhibit 1	\$ 357,246
3	EDIT Rider	(\$295,080)
4	Total Requested Increase	<u>\$ 62,166</u>

**DUKE ENERGY CAROLINAS, LLC**  
**Revenue Requirement**  
**Docket E7 Sub 1214**  
**(Thousands of Dollars)**

**McManeaus CCR Settlement**  
**Exhibit 3**  
**Total**

Line No.	Item	Amount	
1	<b>Revenue requirement increase per Company Supplemental Filing</b>	<b>\$464,585</b>	
2	Revenue Requirement impact of Rebuttal	101	
3	Revenue Impact of Supplemental Rebuttal including Settlement	(97,052)	
4	Revenue impact of supplemental updates through May	\$48,390	
5	Revenue impact of supplemental updates through May 9.75 48/52	(\$75,426)	
6	Revenue impact of the second settlement	\$73,834	
7	<b>Revenue requirement increase per Company Second Settlement filing</b>	<b>\$414,432</b>	
8			
9	<b>Adjustments</b>		
10	NC0100 Adjust annualized revenue for new fuel rates	124,417	Audit
11	NC0200 Adjust Fuel for new fuel rates	(124,698)	Audit
12	NC0300 Adjust Weather for new fuel rates	13	Audit
13	NC0400 Adjust Customer Growth and Usage	209	Audit
14	NC1000 Adjust Plant for Lincoln CT and Cameras	(1,273)	Audit
15	NC1100 Adjust deferred environmental - Remove CCR ARO	(97,383)	CCR Settlement
16	NC1200 Annualize O&M non-labor expenses	(1)	Audit
17	NC1400 Adjust benefits 2020 projection	(893)	Audit
18	NC2200 Adjust synchronized interest expense	1,516	Both
19	NC2300 Adjust cash working capital under present rates	(394)	Both
20	NC2300 Adjust cash working capital under proposed rates	(917)	Both
21	<b>Total Excluding CCR Aro</b>	<b>\$ 315,030</b>	
22			
23	NC1100CA Adjust deferred environmental - CCR ARO	42,559	CCR Settlement
24	NC2200CA Adjust synchronized interest expense	(652)	CCR Settlement
25	NC2300CA Adjust cash working capital under proposed rates	307	CCR Settlement
26	<b>Total CCR ARO</b>	<b>\$ 42,215</b>	
27			
28	<b>Revenue Requirement - CCR Settlement</b>	<b>\$ 357,246</b>	

**DUKE ENERGY CAROLINAS, LLC**  
**Docket No. E-7, Sub 1214**  
**North Carolina Retail Operations**  
**McManeaus 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	(238,200) <sup>5/</sup>					
2	Monthly EDIT used to offset interim rates	(19,850)					
3	Estimated number of months of interim rates to compliance rates per NCUC Order	9.3 <sup>5/</sup>					
4	EDIT used to offset interim rates	(183,773)					
5	Return component	(59,931)					
6	Amortization component	(123,842)					
7	Preliminary NC retail Unprotected Federal EDIT regulatory liability	(1,028,165) <sup>1/</sup>					
8	Estimated transition of Protected to Unprotected Regulatory liability 8/1/2020-8/23/2020	(1,838)					
9	Reduction for amount flowed back during Interim Rate period (L6)	(123,842)					
10	Total NC retail Unprotected Federal EDIT regulatory liability to be amortized (L7 + L8 - L9)	(906,162)	(906,162) <sup>1/</sup>	(906,162) <sup>1/</sup>	(906,162) <sup>1/</sup>	(906,162) <sup>1/</sup>	
11	Annuity factor	4.2847 <sup>2/</sup>	4.2847 <sup>2/</sup>	4.2847 <sup>2/</sup>	4.2847 <sup>2/</sup>	4.2847 <sup>2/</sup>	
12	Levelized rider EDIT regulatory liability (L10 / L11)	(211,488)	(211,488)	(211,488)	(211,488)	(211,488)	(\$1,057,440)
13	One minus composite income tax rate	76.6498% <sup>3/</sup>	76.6498% <sup>3/</sup>	76.6498% <sup>3/</sup>	76.6498% <sup>3/</sup>	76.6498% <sup>3/</sup>	76.6498%
14	Net operating income effect (L12 x L13)	(162,105)	(162,105)	(162,105)	(162,105)	(162,105)	(810,525)
15	Retention factor	0.763589 <sup>4/</sup>	0.763589 <sup>4/</sup>	0.763589 <sup>4/</sup>	0.763589 <sup>4/</sup>	0.763589 <sup>4/</sup>	0.763589
16	Levelized rider EDIT credit (L14 / L15)	(\$212,294)	(\$212,294)	(\$212,294)	(\$212,294)	(\$212,294)	(\$1,061,470)
17	Total NC retail NC State EDIT and Deferred Revenue regulatory liability to be amortized	\$ (155,445) <sup>1/</sup>	(\$155,445) <sup>1/</sup>				
18	Annuity factor	1.8787 <sup>2/</sup>	1.8787 <sup>2/</sup>				
19	Levelized rider EDIT regulatory liability (L17 / L18)	(82,741)	(82,741)				(\$165,482)
20	One minus composite income tax rate	76.6498% <sup>3/</sup>	76.6498% <sup>3/</sup>				76.6498%
21	Net operating income effect (L19 x L20)	(63,421)	(63,421)				(\$126,842)
22	Retention factor	0.763589 <sup>4/</sup>	0.763589 <sup>4/</sup>				0.763589
23	Levelized rider EDIT credit (L21 / L22)	(\$83,056)	(\$83,056)				(\$166,113)

<sup>1/</sup> Boswell Supplemental and Stipulation Exhibit 1, Sch 2-1, Line 15. Federal EDIT amounts from col. (o) + (p), NC EDIT and Deferred Revenue balances are from col. (b) + (q)

<sup>2/</sup> Calculation of Levelized Factors, Line 6.

<sup>3/</sup> One minus composite income tax rate of 23.3503%.

<sup>4/</sup> Boswell Supplemental and Stipulation Exhibit 1, Schedule 1-2, Line 14, Column (d).

<sup>5/</sup> Will be trued up with actual months of interim rates and approved offset amount if different in compliance filing

**Duke Energy Carolinas, LLC**  
**Docket No. E-7, Sub 1214 FOR THE TEST PERIOD ENDED December 31, 2018**  
**NORTH CAROLINA RETAIL**  
**McManeus CCR Settlement Exhibit 4**  
**Calculation of Levelized Factors**

Line No.	Item	Amount	Amount
	<u>Annuity Factor</u>		
1	Number of years	5 <sup>1/</sup>	2 <sup>2/</sup>
2	Payment per period	1	1
3	After tax rate of return (L9)	6.563%	6.563%
4	Present value of 1 dollar over number of years with with 1 payment per year	4.1486	1.8190
5	1 plus (interest rate divided by two)	1.0328	1.0328
6	Annuity factor (L4 x L5)	<u>4.2847</u>	<u>1.8787</u>

	<u>Capital Structure</u> (a)	<u>Cost Rates</u> (b)	<u>Overall Rate of Return</u> <sup>4/</sup> (c)	<u>Net of Tax Rate</u> (d)
	<u>After Tax Rate of Return</u>			
7	Long-term debt	48.00% <sup>3/</sup>	4.270% <sup>3/</sup>	2.050%
8	Common equity	52.00% <sup>3/</sup>	9.600% <sup>3/</sup>	4.992% <sup>6/</sup>
9	Total	<u>100.00%</u>	<u>7.042%</u>	<u>6.563%</u>
10	Statutory Tax Rate			23.35%

- 1/ Unprotected EDIT amortization period as per settlement.  
2/ NC EDIT and Deferred Revenue amortization period per settlement  
3/ **McManeus Second Settlement Exhibit, Schedule 2**  
4/ Column (a) times Column (b).  
5/ Column (c) times (1 minus combined income tax rate of 23.3503%).  
6/ Amount from Column (c).

**CERTIFICATE OF SERVICE**

**DOCKET NO. E-7, SUB 1214**

**DOCKET NO. E-7, SUB 1213**

**DOCKET NO. E-7, SUB 1187**

I hereby certify that a copy of the foregoing **DUKE ENERGY CAROLINAS, LLC'S CCR SETTLEMENT TESTIMONY OF STEPHEN G. DE MAY AND CCR SETTLEMENT TESTIMONY AND EXHIBITS OF JANE L. MCMANEUS** 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 29<sup>th</sup> 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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