

INFORMATION SHEET

PRESIDING: Chair Mitchell, Presiding; Commissioners Brown-Bland, Gray, Clodfelter, Duffley, Hughes,  
and McKissick

PLACE: Held Via Videoconference

DATE: Friday, January 29, 2021

TIME: 9:00 a.m. – 12:30 p.m.

DOCKET NOS.: E-2, Sub 1262  
E-7, Sub 1243

COMPANY: Duke Energy Progress, LLC, and Duke Energy Carolinas, LLC

DESCRIPTION: Joint Petition for Issuance of Storm Recovery Financing Orders (Securitization)

VOLUME NUMBER: 3

APPEARANCES

(See attached)

WITNESSES

(See attached)

EXHIBITS

(See attached)

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CONFIDENTIAL TRANSCRIPTS ORDERED: N/A

CONFIDENTIAL EXHIBITS ORDERED: N/A

REPORTED BY: Joann Bunze

TRANSCRIBED BY: Joann Bunze

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PLACE: Held via Videoconference

DATE: Friday, January 29, 2021

TIME: 9:00 a.m. - 12:30 p.m.

DOCKET NO. : E-2, Sub 1262

E-7, Sub 1243

BEFORE: Chair Charlotte A. Mitchell, Presiding

Commissioner Tola D. Brown-Blair

Commissioner Lyons Gray

Commissioner Daniel G. Clodfelter

Commissioner Kimberly W. Duffley

Commissioner Jeffrey A. Hughes

Commissioner Floyd B. McKissick, Jr.

IN THE MATTER OF:

Joint Petition of Duke Energy Carolinas, LLC,  
and Duke Energy Progress, LLC, for Issuance of Storm  
Recovery Financing Orders

VOLUME: 3



1       A P P E A R A N C E S:  
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A P P E A R A N C E S Cont'd. :  
FOR CAROLINA INDUSTRIAL GROUP FOR FAIR UTILITY  
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**NORTH CAROLINA UTILITIES COMMISSION  
APPEARANCE SLIP**

DATE: \_\_\_1/25/2020\_\_\_ DOCKET NO.:E-2, Sub 1262; E-7, Sub 1243\_

ATTORNEY NAME and TITLE: \_\_Christina D. Cress, Of Counsel\_\_\_\_\_

FIRM NAME: \_Bailey & Dixon, LLP\_\_\_\_\_

ADDRESS: \_\_PO Box 1351 CITY: \_Raleigh\_\_\_ STATE: NC\_\_

ZIP CODE: 27602-1351

---

APPEARING FOR: \_\_CIGFUR II & III\_\_\_\_\_

---

APPLICANT: \_\_\_ COMPLAINANT: \_\_\_ INTERVENOR: X\_

PROTESTANT: \_\_\_ RESPONDENT: \_\_\_ DEFENDANT: \_\_\_

---

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**NORTH CAROLINA UTILITIES COMMISSION**  
**APPEARANCE SLIP**

**DATE:** January 28, 2021      **DOCKET NO.:** E-2, Sub 1262 & E-7, Sub 1243

**ATTORNEY NAME and TITLE:** Kristin M. Athens, Associate

**FIRM NAME:** McGuireWoods LLP

**ADDRESS:** 501 Fayetteville St., Suite 500

**CITY:** Raleigh      **STATE:** NC      **ZIP CODE:** 27601

**APPEARING FOR:** Duke Energy Carolinas, LLC & Duke Energy Progress, LLC

**APPLICANT:** X      **COMPLAINANT:** \_\_\_      **INTERVENOR:** \_\_\_

**PROTESTANT:** \_\_\_      **RESPONDENT:** \_\_\_      **DEFENDANT:** \_\_\_

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**NORTH CAROLINA UTILITIES COMMISSION**  
**PUBLIC STAFF - APPEARANCE SLIP**

DATE January 28, 2021 DOCKET #: E-2 Sub 1262 and E-7 Sub 1243

PUBLIC STAFF ATTORNEY William E.H. Creech and William Grantmyre

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/s/ William E.H. Creech  
/s/ William E. Grantmyre

**NORTH CAROLINA UTILITIES COMMISSION  
APPEARANCE SLIP**

DATE: 1/22/21 DOCKET NO.: E-7, Sub 1243 & E-2, Sub 1262  
ATTORNEY NAME and TITLE: LAWRENCE "BO" SIMERS ; Deputy General Counsel  
FIRM NAME: Duke Energy  
ADDRESS: NCRH 20 / P.O. Box 1551  
CITY: Raleigh STATE: NC ZIP CODE: 27602  
APPEARING FOR: Duke Energy Casinos & Duke Energy Program

APPLICANT:  COMPLAINANT: \_\_\_ INTERVENOR: \_\_\_  
PROTESTANT: \_\_\_ RESPONDENT: \_\_\_ DEFENDANT: \_\_\_

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**NORTH CAROLINA UTILITIES COMMISSION  
APPEARANCE SLIP**

DATE: 1/22/21 DOCKET NO.: E-7, Sub 1243 & E-2, Sub 1262  
ATTORNEY NAME and TITLE: Camal Robinson, Associate General Counsel  
FIRM NAME: Duke Energy  
ADDRESS: 550 South Tryon Street  
CITY: Charlotte STATE: NC ZIP CODE: 28202  
APPEARING FOR: Duke Energy Carolinas & Duke Energy Program

APPLICANT:  COMPLAINANT: \_\_\_ INTERVENOR: \_\_\_  
PROTESTANT: \_\_\_ RESPONDENT: \_\_\_ DEFENDANT: \_\_\_

**PLEASE NOTE:** Non-confidential transcripts may be accessed by visiting the Commission's website at <https://ncuc.net>. Hover over the Dockets tab, select Docket Search from the drop-down menu, and enter the docket number.

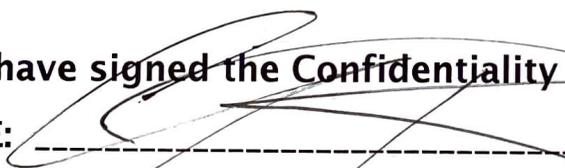
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**NORTH CAROLINA UTILITIES COMMISSION**  
**APPEARANCE SLIP**

**DATE:** January 28, 2021      **DOCKET NO.:** E-2, Sub 1262 & E-7, Sub 1243

**ATTORNEY NAME and TITLE:** James H. Jeffries, Partner

**FIRM NAME:** McGuireWoods LLP

**ADDRESS:** 201 N Tryon Street, Suite 3000

**CITY:** Charlotte      **STATE:** NC      **ZIP CODE:** 28202

**APPEARING FOR:** Duke Energy Carolinas, LLC & Duke Energy Progress, LLC

**APPLICANT:** X      **COMPLAINANT:** \_\_\_      **INTERVENOR:** \_\_\_

**PROTESTANT:** \_\_\_      **RESPONDENT:** \_\_\_      **DEFENDANT:** \_\_\_

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Duke Energy Carolinas, LLC  
Docket No. E-7 Sub 1243  
Abernathy DEC Exhibit 1  
Storm Securitization  
NORTH CAROLINA RETAIL

**Schedule of NC Retail Total Revenue Requirement for Storm Recovery Charges**

<u>Line No.</u>	<u>(in Thousands)</u>	<b>NC Retail Total Revenue Requirement for Storm Recovery Charges</b>		
		<u>Distribution</u>	<u>Transmission</u>	<u>Total</u>
1	<u>Summary of Categories of Costs for Securitization</u>			
2				
3				
4	Storm Recovery Costs, as of May 31, 2021 <sup>[1]</sup>	\$ 218,601	\$ 6,969	\$ 225,570 <sup>[4]</sup>
5				
6	Upfront Financing Costs	5,068	162	5,230 <sup>[2][3][4]</sup>
7				
8	Total Costs to be Financed with Storm Recovery Bonds	\$ 223,670	\$ 7,130	\$ 230,800
9				
10	Interest Expense	24,184	771	24,955 <sup>[2]</sup>
11				
12	Ongoing Financing Costs	6,109	195	6,303 <sup>[2][3]</sup>
13				
14	NC Retail Total Revenue Requirement (L8 + L10 + L12)	<u>\$ 253,962</u>	<u>\$ 8,096</u>	<u>\$ 262,058</u>

Notes:

[1] Storm Recovery Costs represent deferred Operation and Maintenance expenses, capital investments and the associated carrying charges from the date of the storms through the expected date of securitization, June 1, 2021. Refer to Abernathy Exhibit 2 for further detail and reconciliation to rate case Docket No. E-7 Sub 1214.

[2] Interest expense and upfront and ongoing financing costs are allocated to functions based on percentage of storm recovery costs by function to be securitized.

[3] Upfront and ongoing financing fees are estimates as of the petition date. Details of the estimates are outlined in Heath Exhibit 1.

[4] Represents components of the storm recovery bonds to be issued

Duke Energy Progress, LLC  
Docket No. E-2 Sub 1262  
Abernathy DEP Exhibit 1  
Storm Securitization  
NORTH CAROLINA RETAIL

Schedule of NC Retail Total Revenue Requirement for Storm Recovery Charges

Line No.	(in Thousands)	NC Retail Total Revenue Requirement for Storm Recovery Charges				
		Distribution [1]	Transmission [1]	Production [1]	General [1]	Total
1						
2	<u>Summary of Categories of Costs for Securitization</u>					
3						
4	Storm Recovery Costs, as of May 31, 2021 <sup>[1]</sup>	\$ 695,794	\$ 39,356	\$ 3,605	\$ 253	\$ 739,008 <sup>[4]</sup>
5						
6	Upfront Financing Costs	8,466	479	44	3	8,992 <sup>[2][3][4]</sup>
7						
8	Total Costs to be Financed with Storm Recovery Bonds	\$ 704,259	\$ 39,835	\$ 3,649	\$ 256	\$ 748,000
9						
10	Interest Expense	76,147	4,307 #	395	28	80,876 <sup>[2]</sup>
11						
12	Ongoing Financing Costs	12,356	699	64	4	13,123 <sup>[2][3]</sup>
13						
14	NC Retail Total Revenue Requirement (L8 + L10 + L12)	<u>\$ 792,762</u>	<u>\$ 44,841</u>	<u>\$ 4,108</u>	<u>\$ 288</u>	<u>\$ 841,999</u>

Notes:

- [1] Storm Recovery Costs represent deferred Operation and Maintenance expenses, capital investments and the associated carrying charges from the date of the storms through the expected date of securitization, June 1, 2021. Refer to Abernathy Exhibit 2 for further detail and reconciliation to rate case Docket No. E-2 Sub 1219.
- [2] Interest expense and upfront and ongoing financing costs are allocated to functions based on percentage of storm recovery costs by function to be securitized.
- [3] Upfront and ongoing financing fees are estimates as of the petition date. Details of the estimates are outlined in Heath Exhibit 1.
- [4] Represents components of the storm recovery bonds to be issued

Duke Energy Carolinas, LLC  
Docket No. E-7 Sub 1243  
Abernathy DEC Exhibit 2  
Storm Securitization  
NORTH CAROLINA RETAIL

**Comparison of Rate Case Storm Recovery Costs to Projected Storm Recovery Costs to be Securitized**

Line No.	(in Thousands)	Storm Recovery Costs presented in rate case Docket No. E-7 Sub 1214 with carrying charges through July 31, 2020 [1]			Changes to Storm Recovery Cost estimates and carrying charges through date of securitization [2][4]			Storm Recovery Costs Projected to be Securitized - As of May 31, 2021 [3][4]		
		Distribution	Transmission	Total	Distribution	Transmission	Total	Distribution	Transmission	Total
1	Summary of Categories of Costs for Securitization									
2	Deferred Incremental O&M costs	\$ 164,021	\$ 5,809	\$ 169,830	\$ (35)	\$ 4	\$ (32)	\$ 163,986	\$ 5,813	\$ 169,799
3										
4	Deferred Capital Investment costs									
5	Capital investments, net of depreciation	17,929	-	17,929	(340)	-	(340)	17,589	-	17,589
6	Deferred Depreciation expense	646	-	646	340	-	340	986	-	986
7	Deferred Cost of Capital - Debt - Pre-Tax	653	-	653	315	-	315	968	-	968
8	Deferred Cost of Capital - Equity - Pre-Tax	1,992	-	1,992	979	-	979	2,971	-	2,971
9	Deferred Cost of capital (L5 through L8)	21,221	-	21,221	1,294	-	1,294	22,514	-	22,514
10										
11	After-Tax Debt Return	5,253	192	5,445	2,635	92	2,727	7,888	284	8,172
12	After-Tax Equity Return	16,012	586	16,598	8,200	286	8,486	24,213	872	25,085
13										
14										
15	Storm Recovery Costs (L2 + L9 + L11 + L12)	\$ 206,507	\$ 6,587	\$ 213,094	\$ 12,094	\$ 381	\$ 12,476	\$ 218,601	\$ 6,969	\$ 225,570

**Notes:**

[1] Represents storm recovery costs, including accrued carrying charges, presented in rate case Docket No. E-7, Sub 1214 that were expected to be deferred through July 31, 2020. August 1, 2020 was expected to be the new rates effective date in the rate case. Per Public Staff Partial Settlement and Stipulation in Docket No. E-7 Sub 1214, these costs were removed from the rate case to pursue securitization.

[2] Represents changes in estimates to storm recovery costs and additional carrying charges, including deferred depreciation, in rate case Docket No. E-7, Sub 1214. The storm projects for Hurricanes Florence and Michael and Winter Storm Diego were closed in June 2020. The additional carrying charges represent monthly return accruals between August 1, 2020 through expected date of securitization of June 1, 2021.

[3] Represents Duke Energy Carolinas estimate of total expected storm recovery costs (including carrying charges) as of May 31, 2021.

[4] Carrying charges are calculated using the weighted average cost of capital approved in the last rate case. Duke Energy Carolinas is assuming that the rates effective date related to the rate case (Docket No. E-7 Sub 1214) will be January 1, 2021 and as such for purposes of estimating carrying charges, as of January 1, 2021, the debt and equity return components were calculated using the weighted average cost of capital that was agreed upon in Public Staff Second Settlement and Stipulation in Docket No. E-7 Sub 1214.

Duke Energy Progress, LLC  
Docket No. E-2 Sub 1262  
Abernathy DEP Exhibit 2  
Storm Securitization  
NORTH CAROLINA RETAIL

Comparison of Rate Case Storm Recovery Costs to Projected Storm Recovery Costs to be Securitized

Line No.	(in Thousands)	Storm Recovery Costs presented in rate case Docket No. E-2 Sub 1219 with carrying charges through August 31, 2020 [1]					Changes to Storm Recovery Cost estimates and carrying charges through date of securitization [2][4]					Storm Recovery Costs Projected to be Securitized - As of May 31, 2021 [3][4]				
		Distribution	Transmission	Production [1]	General [1]	Total	Distribution	Transmission	Production [1]	General [1]	Total	Distribution	Transmission	Production [1]	General [1]	Total
1	Summary of Categories of Costs for Securitization															
2	Deferred Incremental O&M costs	\$ 523,883	\$ 40,403	\$ 3,015	\$ -	\$ 567,301	\$ (2,972)	\$ (7,773)	\$ -	\$ -	\$ (10,745) [5]	\$ 520,912	\$ 32,630	\$ 3,015	\$ -	\$ 556,556
3																
4	Deferred Capital Investment costs															
5	Capital investments, net of depreciation	65,132	659	-	199	65,989	(1,242)	(10)	-	(8)	(1,259)	63,890	649	-	191	64,729
6	Deferred Depreciation expense	2,617	19	-	13	2,649	1,242	10	-	8	1,259	3,858	28	-	21	3,908
7	Deferred Cost of Capital - Debt - Pre-Tax	2,096	21	-	6	2,122	940	10	-	3	952	3,036	30	-	8	3,074
8	Deferred Cost of Capital - Equity - Pre-Tax	7,223	71	-	19	7,312	3,198	32	-	10	3,241	10,421	103	-	29	10,553
9	Deferred Cost of capital (L5 through L8)	77,067	768	-	236	78,071	4,139	42	-	12	4,193	81,205	810	-	249	82,264
10																
11	After-Tax Debt Return	14,317	1,028	94	0	15,439	6,819	307	39	1	7,166	21,136	1,335	133	1	22,605
12	After-Tax Equity Return	49,347	3,543	324	1	53,215	23,193	1,039	134	2	24,368	72,541	4,582	457	3	77,583
13																
14																
15	Storm Recovery Costs (L2 + L9 + L11 + L12)	\$ 664,615	\$ 45,742	\$ 3,432	\$ 238	\$ 714,027	\$ 31,179	\$ (6,386)	\$ 173	\$ 15	\$ 24,981	\$ 695,794	\$ 39,356	\$ 3,605	\$ 253	\$ 739,008

Notes:

[1] Represents storm recovery costs, including accrued carrying charges, presented in rate case Docket No. E-2 Sub 1219 that were expected to be deferred through August 31, 2020. September 1, 2020 was expected to be the new rates effective date in the rate case. Per Public Staff Partial Settlement and Stipulation in Docket No. E-2 Sub 1219, these costs were removed from the rate case to pursue securitization.

[2] Represents changes in estimates to storm recovery costs and additional carrying charges, including deferred depreciation, in rate case Docket No. E-2 Sub 1219. The storm projects for Hurricanes Florence and Michael and Winter Storm Diego were closed in June 2020. Hurricane Dorian storm costs were updated through September 30, 2020 and are not expected to change. The additional carrying charges represent monthly return accruals between September 1, 2020 through expected date of securitization of June 1, 2021.

[3] Represents Duke Energy Progress' estimate of expected storm recovery costs ( including carrying charges) as of May 31, 2020.

[4] Carrying charges are calculated using the weighted average cost of capital approved in the last rate case. Duke Energy Progress is assuming that the rates effective date related to the rate case (Docket No. E-2 Sub 1219) will be February 1, 2021 and as such for purposes of estimating carrying charges, as of February 1, 2021, the debt and equity return components were calculated using the weighted average cost of capital that was agreed upon in Public Staff Second Settlement and Stipulation in Docket No. E-2 Sub 1219.

[5] The decrease in incremental O&M primarily represents continued refinements in Hurricane Dorian estimates.

**Duke Energy Carolinas, LLC**  
**Docket No. E-7 Sub 1243**  
**Abernathy DEC Exhibit 3**  
**Storm Securitization**  
**NORTH CAROLINA RETAIL**

**Allocation of Storm Recovery Charge to Customer Classes**

Line No.			NC RETAIL	NC NCRS	NC NCRT	NC NCRE	NC NCSGS	NC NCLGS	NC NCOL	NC NCNL	NC NCGL	NC NCPL	NC NCTS	NC NCI	NC OPTVSecSmall	NC OPTVSecMed	NC OPTVSecLg	NC OPTVPriSmall	NC OPTVPriMed	NC OPTVPriLg	NC OPTVTransm	
1	Distribution	[1]	\$ 253,962	\$ 98,308	\$ 251	\$ 79,887	\$ 25,195	\$ 8,952	\$ 12,099	\$ 8	\$ 148	\$ 750	\$ 366	\$ 4,451	\$ 9,869	\$ 2,711	\$ 2,770	\$ 431	\$ 611	\$ 7,098	\$ 57	
2	Transmission	[1]	8,096	2,392	8	1,321	805	751	-	-	-	-	1	251	947	265	296	45	68	845	102	
3	Total		\$ 262,058	\$ 100,700	\$ 259	\$ 81,208	\$ 26,000	\$ 9,703	\$ 12,099	\$ 8	\$ 148	\$ 750	\$ 367	\$ 4,703	\$ 10,815	\$ 2,975	\$ 3,066	\$ 476	\$ 679	\$ 7,943	\$ 158	
4																						
5	Year 1	[2]	\$ 18,073	\$ 6,945	\$ 18	\$ 5,601	\$ 1,793	\$ 669	\$ 834	\$ 1	\$ 10	\$ 52	\$ 25	\$ 324	\$ 746	\$ 205	\$ 211	\$ 33	\$ 47	\$ 548	\$ 11	
6																						
7	<u>Rate Class Allocation Factors:</u>																					
8	Gross Dist. Overhead Line Investment	[3]	100.0000%	38.7097%	0.0990%	31.4563%	9.9207%	3.5249%	4.7640%	0.0032%	0.0581%	0.2954%	0.1442%	1.7528%	3.8859%	1.0674%	1.0908%	0.1696%	0.2407%	2.7949%	0.0223%	
9	Transmission Demand Allocator	[3]	100.0000%	29.5487%	0.0937%	16.3132%	9.9466%	9.2798%	0.0000%	0.0000%	0.0000%	0.0000%	0.0108%	3.1020%	11.6926%	3.2677%	3.6541%	0.5615%	0.8368%	10.4364%	1.2561%	

Notes:

- [1] Storm Securitization - Abernathy Exhibit 1, NC Retail Revenues per Line 14
- [2] Storm Securitization - Abernathy Exhibit 4, NC Retail Revenues per Line 10, Year 1
- [3] Allocation factors by rate class per Duke Energy Carolinas cost of service study filed in Docket No. E-7, Sub 1214, E1 Item 45A under 1 summer CP allocation:  
Storm related distribution costs allocated based on the allocation of Gross Dist. Overhead Line Investment (All - Dist Plt OH - CC) across rate classes.  
Transmission costs allocated based on Transmission Demands (All - Transmission Demand - CC) by rate class.

**Duke Energy Progress, LLC**  
**Docket No. E-2 Sub 1262**  
**Abernathy DEP Exhibit 3**  
**Storm Securitization**  
**NORTH CAROLINA RETAIL**  
**Allocation of Storm Recovery Charge to Customer Classes**

<b>Line No.</b>	<b>(in Thousands)</b>		NC RETAIL	NC RES	NC SGS	NC SGSCLR	NC MGS	NC LGS	NC SI	NC TSS	NC ALS	NC SLS	NC SFL
1	Distribution	[1]	792,762	637,429	78,996	2,483	59,123	10,747	1,568	323	1,001	955	136
2	Transmission	[1]	44,841	22,241	2,738	23	12,637	7,169	32	3	-	-	-
3	Production	[1]	4,108	2,037	251	2	1,158	657	3	0	0	0	0
4	General	[1]	288	177	21	0	49	25	1	0	8	8	0
5	Total		841,999	661,884	82,006	2,508	72,966	18,597	1,603	327	1,009	963	136
6	Year 1	[2]	\$ 58,069	\$ 45,647	\$ 5,656	\$ 173	\$ 5,032	\$ 1,283	\$ 111	\$ 23	\$ 70	\$ 66	\$ 9
7	<b>Rate Class Allocation Factors:</b>	[3]											
8	Gross Dist. Overhead Line Investment	[3]	100.0000%	80.4061%	9.9646%	0.3132%	7.4579%	1.3557%	0.1978%	0.0408%	0.1263%	0.1205%	0.0172%
9	Transmission Demand Allocator	[3]	100.0000%	49.5990%	6.1054%	0.0503%	28.1807%	15.9864%	0.0709%	0.0073%	0.0000%	0.0000%	0.0000%
10	Production Demand Allocator	[3]	100.0000%	49.5990%	6.1054%	0.0503%	28.1807%	15.9864%	0.0709%	0.0073%	0.0000%	0.0000%	0.0000%
11	Gross General Plant Investment	[3]	100.0000%	61.4480%	7.4129%	0.1688%	16.8739%	8.5053%	0.1798%	0.0193%	2.7501%	2.6318%	0.0101%

Notes:

[1] Storm Securitization - Abernathy Exhibit 1, NC Retail Revenues per Line 14

[2] Storm Securitization - Abernathy Exhibit 4, NC Retail Revenues per Line 10, Year 1, allocated across rate classes at combined Storm Recovery allocations in line 5 above.

[3] Allocation factors by rate class per Duke Energy Progress cost of service study filed in E1 Item 45A under 1 summer CP allocation:

Storm related distribution costs allocated based on the allocation of Gross Dist. Overhead Line Investment (RB\_PLT\_O\_DI\_OH\_LN) across rate classes.

Transmission costs allocated based on Transmission Demands (DTALL) by rate class.

Production costs allocated based on Production Demand (DPALL) across rate class.

General plant costs allocated based on the allocation of Gross General Plant Investment (RB\_PLT\_O\_GN) across rate classes.

Duke Energy Carolinas, LLC  
Docket No. E-7 Sub 1243  
Abernathy DEC Exhibit 4  
Storm Securitization  
NORTH CAROLINA RETAIL

**Actual Storm Cost Recovery Charges Annual Revenue Requirement - Storm Recovery Charge<sup>[1]</sup>**

Line No.	(in Thousands)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
1	<b>Storm Recovery Bonds <sup>[2]</sup></b>															
2	Beginning Balance	\$ 230,800	\$ 216,255	\$ 201,218	\$ 186,107	\$ 170,907	\$ 155,572	\$ 140,070	\$ 124,397	\$ 108,553	\$ 92,528	\$ 76,274	\$ 59,779	\$ 43,040	\$ 26,033	\$ 8,748
3	Principal Payment	(14,545)	(15,037)	(15,111)	(15,200)	(15,335)	(15,503)	(15,673)	(15,844)	(16,025)	(16,254)	(16,495)	(16,740)	(17,007)	(17,285)	(8,748)
4	Ending Balance	216,255	201,218	186,107	170,907	155,572	140,070	124,397	108,553	92,528	76,274	59,779	43,040	26,033	8,748	-
5																
6	<b>Storm Recovery Bonds <sup>[2]</sup></b>															
7	Principal Payment	14,545	15,037	15,111	15,200	15,335	15,503	15,673	15,844	16,025	16,254	16,495	16,740	17,007	17,285	8,748
8	Interest on Bonds	3,093	2,601	2,528	2,438	2,304	2,136	1,966	1,794	1,613	1,384	1,143	899	631	354	71
9	Ongoing Costs	435	435	435	435	435	435	435	435	435	435	435	435	435	435	217
10	Total Storm Recovery Charge	\$ 18,073	\$ 18,073	\$ 18,073	\$ 18,073	\$ 18,073	\$ 18,073	\$ 18,073	\$ 18,073	\$ 18,073	\$ 18,073	\$ 18,073	\$ 18,073	\$ 18,073	\$ 18,073	\$ 9,036
11																
12	<b>Total Revenue Requirement - Storm Recovery Charge</b>															\$ 262,058

Notes:

[1] Amounts above actual storm recovery charges to repay storm recovery bonds and financing costs, not those calculated in the quantifiable benefits to customers in Abernathy Exhibit 7.

[2] Source: Witness Atkins testimony

Duke Energy Progress, LLC  
Docket No. E-2 Sub 1262  
Abernathy DEP Exhibit 4  
Storm Securitization  
NORTH CAROLINA RETAIL

**Actual Storm Cost Recovery Charges Annual Revenue Requirement - Storm Recovery Charge<sup>[1]</sup>**

Line No.	(in Thousands)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
1	<b>Storm Recovery Bonds <sup>[2]</sup></b>															
2	Beginning Balance	\$ 748,000	\$ 700,861	\$ 652,127	\$ 603,154	\$ 553,892	\$ 504,194	\$ 453,952	\$ 403,158	\$ 351,808	\$ 299,873	\$ 247,196	\$ 193,738	\$ 139,487	\$ 84,369	\$ 28,351
3	Principal Payment	(47,139)	(48,734)	(48,973)	(49,263)	(49,698)	(50,242)	(50,793)	(51,350)	(51,935)	(52,677)	(53,458)	(54,251)	(55,118)	(56,018)	(28,351)
4	Ending Balance	700,861	652,127	603,154	553,892	504,194	453,952	403,158	351,808	299,873	247,196	193,738	139,487	84,369	28,351	-
5																
6	<b>Storm Recovery Bonds <sup>[2]</sup></b>															
7	Principal Payment	47,139	48,734	48,973	49,263	49,698	50,242	50,793	51,350	51,935	52,677	53,458	54,251	55,118	56,018	28,351
8	Interest on Bonds	10,025	8,430	8,191	7,901	7,466	6,921	6,371	5,814	5,229	4,487	3,706	2,913	2,046	1,146	231
9	Ongoing Costs	905	905	905	905	905	905	905	905	905	905	905	905	905	905	453
10	Total Storm Recovery Charge	\$ 58,069	\$ 58,069	\$ 58,069	\$ 58,069	\$ 58,069	\$ 58,069	\$ 58,069	\$ 58,069	\$ 58,069	\$ 58,069	\$ 58,069	\$ 58,069	\$ 58,069	\$ 58,069	\$ 29,034
11																
12	<b>Total Revenue Requirement - Storm Recovery Charge</b>															\$ 841,999

Notes:

[1] Amounts above represent actual storm recovery charges to be financed using storm recovery bonds, not those calculated in the quantifiable benefits to customers in Abernathy Exhibit 7.

[2] Source: Witness Atkins testimony

Duke Energy Carolinas, LLC  
Docket No. E-7 Sub 1243  
Abernathy DEC Exhibit 5  
Storm Securitization  
NORTH CAROLINA RETAIL

**Traditional Recovery Model versus Storm Recovery Charge Model - Quantifiable Benefit to Customers**

Line No.		ANNUAL REVENUE REQUIREMENT									
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
1											
2	Storm Recovery Charge Model <sup>[1]</sup>	3,124	12,212	12,511	12,754	13,000	13,249	13,501	13,755	14,013	14,273
3	Traditional Recovery Model <sup>[1]</sup>	23,736	22,953	22,171	21,388	20,605	19,823	19,040	18,257	17,474	16,692
4											
5											
6		<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>
7	Storm Recovery Charge Model <sup>[1]</sup>	14,537	14,803	15,073	15,345	15,567	11,762	-	-	-	-
8	Traditional Recovery Model <sup>[1]</sup>	15,909	15,126	14,344	13,561	1,458	1,419	1,379	1,339	1,299	1,260
9											
10											
11		<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	<b>2049</b>
12	Storm Recovery Charge Model <sup>[1]</sup>	-	-	-	-	-	-	-	-	-	-
13	Traditional Recovery Model <sup>[1]</sup>	1,220	1,180	1,140	1,101	1,061	1,021	981	942	902	862
14											
15											
16		<b>2050</b>	<b>2051</b>	<b>2052</b>	<b>2053</b>	<b>2054</b>	<b>2055</b>	<b>2056</b>	<b>2057</b>	<b>2058</b>	<b>Total</b>
17	Storm Recovery Charge Model <sup>[1]</sup>	-	-	-	-	-	-	-	-	-	209,479
18	Traditional Recovery Model <sup>[1]</sup>	822	782	743	703	663	623	584	544	504	285,611
19											
20											
21		Net Present Value [2]	Nominal Value	Net of Tax Weighted Average Cost of Capital							
22	Storm Recovery Charge Model <sup>[1]</sup>	\$ 122,094	\$ 209,479	6.56%							
23	Traditional Recovery Model <sup>[1]</sup>	180,132	285,611								
24											
25	Relative cost (benefit) of securitization	(58,038)									
26	% savings to customers	-32.2%									

**Notes:**

[1] For purposes of calculating the annual revenue requirement under the Traditional Recovery Model and the Storm Recovery Bonds Model, Duke Energy Carolinas used assumptions that were agreed upon in the Public Staff Partial Settlement and Stipulation in Docket No. E-7 Sub 1214. Refer to Abernathy Exhibit 6 and Exhibit 7.

[2] For the purposes of calculating net present value, Duke Energy Carolinas used the agreed upon WACC rate per the Public Staff Second Settlement and Stipulation in Docket No. E-7 Sub 1214.

Duke Energy Progress, LLC  
Docket No. E-2 Sub 1262  
Abernathy DEP Exhibit 5  
Storm Securitization  
NORTH CAROLINA RETAIL

**Traditional Recovery Model versus Storm Recovery Charge Model - Quantifiable Benefit to Customers**

Line No.		ANNUAL REVENUE REQUIREMENT									
1		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
2	Storm Recovery Charge Model <sup>[1]</sup>	10,168	39,935	40,882	41,651	42,428	43,214	44,009	44,813	45,627	46,450
3	Traditional Recovery Model <sup>[1]</sup>	78,147	75,597	73,046	70,496	67,945	65,394	62,844	60,293	57,743	55,192
4											
5											
6		<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>
7	Storm Recovery Charge Model <sup>[1]</sup>	47,283	48,125	48,977	49,839	50,598	38,356	-	-	-	-
8	Traditional Recovery Model <sup>[1]</sup>	52,642	50,091	47,541	44,990	5,336	5,191	5,047	4,902	4,757	4,612
9											
10											
11		<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	<b>2049</b>
12	Storm Recovery Charge Model <sup>[1]</sup>	-	-	-	-	-	-	-	-	-	-
13	Traditional Recovery Model <sup>[1]</sup>	4,467	4,322	4,178	4,033	3,888	3,743	3,598	3,454	3,309	3,164
14											
15											
16		<b>2050</b>	<b>2051</b>	<b>2052</b>	<b>2053</b>	<b>2054</b>	<b>2055</b>	<b>2056</b>	<b>2057</b>	<b>2058</b>	<b>Total</b>
17	Storm Recovery Charge Model <sup>[1]</sup>	-	-	-	-	-	-	-	-	-	682,355
18	Traditional Recovery Model <sup>[1]</sup>	3,019	2,874	2,730	2,585	2,440	2,295	2,150	2,006	1,861	951,923
19											
20											
21		Net Present Value [2]	Nominal Value	Net of Tax Weighted Average Cost of Capital							
22	Storm Recovery Charge Model <sup>[1]</sup>	\$ 400,243	\$ 682,355	6.5%							
23	Traditional Recovery Model <sup>[1]</sup>	599,263	951,923								
24											
25	Relative cost (benefit) of securitization	(199,019)									
26	% savings to customers	-33.2%									

**Notes:**

[1] For purposes of calculating the annual revenue requirement under the Traditional Recovery Model and the Storm Recovery Bonds Model, Duke Energy Progress used assumptions that were agreed upon in Public Staff Partial Settlement and Stipulation in Docket No. E-2 Sub 1219. Refer to Abernathy Exhibit 6 and Exhibit 7.

[2] For the purposes of calculating net present value, Duke Energy Progress used the agreed upon WACC rate per the Public Staff Second Settlement and Stipulation in Docket No. E-2 Sub 1219.

**Duke Energy Carolinas, LLC**  
**Docket No. E-7 Sub 1243**  
**Abernathy DEC Exhibit 6**  
**Storm Securitization**  
**NORTH CAROLINA RETAIL**  
**Annual Revenue Requirement - Traditional Recovery Model [1]**

Line No.		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	<b>Storm Incremental O&amp;M</b>										
2	Amortization expense	\$ -	\$ 11,320	\$ 11,320	\$ 11,320	\$ 11,320	\$ 11,320	\$ 11,320	\$ 11,320	\$ 11,320	\$ 11,320
3	Return on Rate Base	-	10,401	9,658	8,915	8,172	7,429	6,686	5,943	5,200	4,458
4	<b>Storm Capital Investments</b>										
5	Depreciation expense	-	464	464	464	464	464	464	464	464	464
6	Return on Rate Base	-	1,551	1,511	1,471	1,431	1,392	1,352	1,312	1,272	1,233
7	Annual Revenue Requirement	\$ -	\$ 23,736	\$ 22,953	\$ 22,171	\$ 21,388	\$ 20,605	\$ 19,823	\$ 19,040	\$ 18,257	\$ 17,474
8											
9											
10		2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
11	<b>Storm Incremental O&amp;M</b>										
12	Amortization expense	\$ 11,320	\$ 11,320	\$ 11,320	\$ 11,320	\$ 11,320	\$ -	\$ -	\$ -	\$ -	\$ -
13	Return on Rate Base	3,715	2,972	2,229	1,486	743	-	-	-	-	-
14	<b>Storm Capital Investments</b>										
15	Depreciation expense	464	464	464	464	464	464	464	464	464	464
16	Return on Rate Base	1,193	1,153	1,113	1,074	1,034	994	954	915	875	835
17	Annual Revenue Requirement	\$ 16,692	\$ 15,909	\$ 15,126	\$ 14,344	\$ 13,561	\$ 1,458	\$ 1,419	\$ 1,379	\$ 1,339	\$ 1,299
18											
19											
20		2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
21	<b>Storm Incremental O&amp;M</b>										
22	Amortization expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	Return on Rate Base	-	-	-	-	-	-	-	-	-	-
24	<b>Storm Capital Investments</b>										
25	Depreciation expense	464	464	464	464	464	464	464	464	464	464
26	Return on Rate Base	795	755	716	676	636	596	557	517	477	437
27	Annual Revenue Requirement	\$ 1,260	\$ 1,220	\$ 1,180	\$ 1,140	\$ 1,101	\$ 1,061	\$ 1,021	\$ 981	\$ 942	\$ 902
28											
29											
30		2049	2050	2051	2052	2053	2054	2055	2056	2057	2058
31	<b>Storm Incremental O&amp;M</b>										
32	Amortization expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Return on Rate Base	-	-	-	-	-	-	-	-	-	-
34	<b>Storm Capital Investments</b>										
35	Depreciation expense	464	464	464	464	464	464	464	464	464	464
36	Return on Rate Base	398	358	318	278	239	199	159	119	80	40
37	Annual Revenue Requirement	\$ 862	\$ 822	\$ 782	\$ 743	\$ 703	\$ 663	\$ 623	\$ 584	\$ 544	\$ 504
38											
39	<b>Total Revenue Requirement - Traditional Recovery Model</b>										<b>\$ 285,611</b>

Notes:

[1] For purposes of calculating the annual revenue requirement under the Traditional Recovery Model, Duke Energy Carolinas used assumptions that were agreed upon in Public Staff Partial Settlement and Stipulation in Docket No. E-7 Sub 1214. Refer to Abernathy Exhibit 6 pages 2-3.



Duke Energy Carolinas, LLC  
Docket No. E-7 Sub 1243  
Abernathy DEC Exhibit 6  
Storm Securitization  
NORTH CAROLINA RETAIL

**Annual Revenue Requirement - Traditional Recovery Model - Capital Investments**

Line No.	Assumptions	Revenue Requirement												
1	Storm Capital Investments	\$	18,575									Storm Capital Investments	\$	18,575
2												Depreciation Rate		2.5%
3	Date of storm		Dec 31, 2018									Annual Depreciation Expense	\$	464
4	Date of rates effective in new rate case		Jan 1, 2020									Plant life expectancy		40 years
5	Date of securitization		Oct 1, 2020											
6														
7	Pre Tax Weighted Average Cost of Capital <sup>[2]</sup>		8.56%											
8	Composite Tax Rate <sup>[2]</sup>		23.35%											
9	Amortization Period <sup>[1]</sup>		15											
10														
11														
12			2019	2020	2021	2022	2023	2024	2025	2026	2027	2028		
13	Depreciation Expense	\$	-	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464	\$	464
14														
15	Gross Plant at Beginning of the Year		18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575		18,575
16	Accumulated Depreciation		(464)	(929)	(1,393)	(1,858)	(2,322)	(2,786)	(3,251)	(3,715)	(4,179)	(4,644)		(4,644)
17	Beginning Net Plant		18,575	18,111	17,646	17,182	16,718	16,253	15,789	15,325	14,860	14,396		14,396
18	Pre Tax Weighted Average Cost of Capital %		8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%		8.56%
19	Return on Rate Base		-	1,551	1,511	1,471	1,431	1,392	1,352	1,312	1,272	1,233		1,233
20														
21	Annual Revenue Requirement	\$	-	\$ 2,015	\$ 1,975	\$ 1,936	\$ 1,896	\$ 1,856	\$ 1,816	\$ 1,777	\$ 1,737	\$ 1,697	\$	1,697
22														
23														
24			2029	2030	2031	2032	2033	2034	2035	2036	2037	2038		
25	Depreciation Expense	\$	464	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464	\$	464
26														
27	Gross Plant at Beginning of the Year		18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575		18,575
28	Accumulated Depreciation		(5,108)	(5,573)	(6,037)	(6,501)	(6,966)	(7,430)	(7,894)	(8,359)	(8,823)	(9,288)		(9,288)
29	Beginning Net Plant		13,931	13,467	13,003	12,538	12,074	11,609	11,145	10,681	10,216	9,752		9,752
30	Net of Tax Weighted Average Cost of Capital %		8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%		8.56%
31	Return on Rate Base		1,193	1,153	1,113	1,074	1,034	994	954	915	875	835		835
32														
33	Annual Revenue Requirement	\$	1,657	\$ 1,617	\$ 1,578	\$ 1,538	\$ 1,498	\$ 1,458	\$ 1,419	\$ 1,379	\$ 1,339	\$ 1,299	\$	1,299
34														
35														
36			2039	2040	2041	2042	2043	2044	2045	2046	2047	2048		
37	Depreciation Expense	\$	464	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464	\$	464
38														
39	Gross Plant at Beginning of the Year		18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575		18,575
40	Accumulated Depreciation		(9,752)	(10,216)	(10,681)	(11,145)	(11,609)	(12,074)	(12,538)	(13,003)	(13,467)	(13,931)		(13,931)
41	Beginning Net Plant		9,288	8,823	8,359	7,894	7,430	6,966	6,501	6,037	5,573	5,108		5,108
42	WACC Return Rate		8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%		8.56%
43	Return on Rate Base		795	755	716	676	636	596	557	517	477	437		437
44														
45	Annual Revenue Requirement	\$	1,260	\$ 1,220	\$ 1,180	\$ 1,140	\$ 1,101	\$ 1,061	\$ 1,021	\$ 981	\$ 942	\$ 902	\$	902
46														
47														
48			2049	2050	2051	2052	2053	2054	2055	2056	2057	2058		
49	Depreciation Expense	\$	464	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464	\$	464
50														
51	Gross Plant at Beginning of the Year		18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575		18,575
52	Accumulated Depreciation		(14,396)	(14,860)	(15,325)	(15,789)	(16,253)	(16,718)	(17,182)	(17,646)	(18,111)	(18,575)		(18,575)
53	Beginning Net Plant		4,644	4,179	3,715	3,251	2,786	2,322	1,858	1,393	929	464		464
54	WACC Return Rate		8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%	8.56%		8.56%
55	Return on Rate Base		398	358	318	278	239	199	159	119	80	40		40
56														
57	Annual Revenue Requirement	\$	862	\$ 822	\$ 782	\$ 743	\$ 703	\$ 663	\$ 623	\$ 584	\$ 544	\$ 504	\$	504
58														
59	<b>Total Revenue Requirement - Traditional Recovery Model - Capital Investments</b>												\$	<b>49,125</b>

Notes:

[1] Per Public Staff Partial Settlement and Stipulation in Docket No. E-7 Sub 1214, for traditional cost recovery, the amortization period for the Storms is a minimum of 10 years  
[2] For purposes of the calculation, Duke Energy Carolinas used the WACC agreed to in the Public Staff Second Partial Settlement and Stipulation in in Docket No. E-7 Sub 1214.

**Duke Energy Progress, LLC**  
**Docket No. E-2 Sub 1262**  
**Abernathy DEP Exhibit 6**  
**Storm Securitization**  
**NORTH CAROLINA RETAIL**  
**Annual Revenue Requirement - Traditional Recovery Model [1]**

Line No.		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	<b>Storm Incremental O&amp;M</b>										
2	Amortization expense	\$ -	\$ 37,104	\$ 37,104	\$ 37,104	\$ 37,104	\$ 37,104	\$ 37,104	\$ 37,104	\$ 37,104	\$ 37,104
3	Return on Rate Base	-	33,680	31,274	28,868	26,463	24,057	21,651	19,246	16,840	14,434
4	<b>Storm Capital Investments</b>										
5	Depreciation expense	-	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716
6	Return on Rate Base	-	5,647	5,503	5,358	5,213	5,068	4,923	4,779	4,634	4,489
7	Annual Revenue Requirement	\$ -	\$ 78,147	\$ 75,597	\$ 73,046	\$ 70,496	\$ 67,945	\$ 65,394	\$ 62,844	\$ 60,293	\$ 57,743
8											
9											
10		2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
11	<b>Storm Incremental O&amp;M</b>										
12	Amortization expense	\$ 37,104	\$ 37,104	\$ 37,104	\$ 37,104	\$ 37,104	\$ -	\$ -	\$ -	\$ -	\$ -
13	Return on Rate Base	12,029	9,623	7,217	4,811	2,406	-	-	-	-	-
14	<b>Storm Capital Investments</b>										
15	Depreciation expense	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716
16	Return on Rate Base	4,344	4,199	4,055	3,910	3,765	3,620	3,475	3,331	3,186	3,041
17	Annual Revenue Requirement	\$ 55,192	\$ 52,642	\$ 50,091	\$ 47,541	\$ 44,990	\$ 5,336	\$ 5,191	\$ 5,047	\$ 4,902	\$ 4,757
18											
19											
20		2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
21	<b>Storm Incremental O&amp;M</b>										
22	Amortization expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	Return on Rate Base	-	-	-	-	-	-	-	-	-	-
24	<b>Storm Capital Investments</b>										
25	Depreciation expense	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716
26	Return on Rate Base	2,896	2,751	2,607	2,462	2,317	2,172	2,027	1,882	1,738	1,593
27	Annual Revenue Requirement	\$ 4,612	\$ 4,467	\$ 4,322	\$ 4,178	\$ 4,033	\$ 3,888	\$ 3,743	\$ 3,598	\$ 3,454	\$ 3,309
28											
29											
30		2049	2050	2051	2052	2053	2054	2055	2056	2057	2058
31	<b>Storm Incremental O&amp;M</b>										
32	Amortization expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Return on Rate Base	-	-	-	-	-	-	-	-	-	-
34	<b>Storm Capital Investments</b>										
35	Depreciation expense	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716
36	Return on Rate Base	1,448	1,303	1,158	1,014	869	724	579	434	290	145
37	Annual Revenue Requirement	\$ 3,164	\$ 3,019	\$ 2,874	\$ 2,730	\$ 2,585	\$ 2,440	\$ 2,295	\$ 2,150	\$ 2,006	\$ 1,861
38											
39	<b>Total Revenue Requirement - Traditional Recovery Model</b>										<b>\$ 951,923</b>

Notes:

[1] For purposes of calculating the annual revenue requirement under the Traditional Recovery Model, Duke Energy Progress used assumptions that were agreed upon in Public Staff Partial Settlement and Stipulation in Docket No. E-2 Sub 1219. Refer to Abernathy Exhibit 6 pages 2-3.

**Duke Energy Progress, LLC  
Docket No. E-2 Sub 1262  
Abernathy DEP Exhibit 6  
Storm Securitization  
NORTH CAROLINA RETAIL**

**Annual Revenue Requirement - Traditional Recovery Model - Incremental O&M**

Line No.	Assumptions	Revenue Requirement											
1	Storm Incremental O&M (less normal amount)	\$	556,556										
2													
3	Date of storm		Dec 31, 2018										
4	Date of rates effective in new rate case		Jan 1, 2020										
5	Date of securitization		Oct 1, 2020										
6													
7	Pre Tax Weighted Average Cost of Capital <sup>[5]</sup>		8.44%										
8	Composite Tax Rate <sup>[5]</sup>		23.17%										
9	Net of Tax Weighted Average Cost of Capital <sup>[5]</sup>		6.48%										
10	Amortization Period <sup>[4]</sup>		15										
11													
12													
13													
14			<b>2019 <sup>[1]</sup></b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	
15	Amortization Expense	\$	37,104	\$ 37,104	\$ 37,104	\$ 37,104	\$ 37,104	\$ 37,104	\$ 37,104	\$ 37,104	\$ 37,104	\$ 37,104	
16	Amortization of deferred capital <sup>[2]</sup>		-	-	-	-	-	-	-	-	-	-	
17	Unamortized Balance at beginning of year		556,556	519,453	482,349	445,245	408,141	371,038	333,934	296,830	259,726	222,623	
18	Deferred Tax on Unamortized Balance		(128,950)	(120,354)	(111,757)	(103,160)	(94,563)	(85,967)	(77,370)	(68,773)	(60,177)	(51,580)	
19	Net Rate Base		427,606	399,099	370,592	342,085	313,578	285,071	256,564	228,057	199,550	171,042	
20	Pre Tax Weighted Average Cost of Capital %		8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	
21	Return on Rate Base		-	33,680	31,274	28,868	26,463	24,057	21,651	19,246	16,840	14,434	
22													
23	Annual Revenue Requirement	\$	-	\$ 70,784	\$ 68,378	\$ 65,972	\$ 63,567	\$ 61,161	\$ 58,755	\$ 56,349	\$ 53,944	\$ 51,538	
24													
25													
26			<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>						
27	Amortization Expense	\$	37,104	\$ 37,104	\$ 37,104	\$ 37,104	\$ 37,104						
28	Amortization of deferred capital <sup>[2]</sup>		-	-	-	-	-						
29	Unamortized Balance at beginning of year		185,519	148,415	111,311	74,208	37,104						
30	Deferred Tax on Unamortized Balance		(42,983)	(34,387)	(25,790)	(17,193)	(8,597)						
31	Net Rate Base		142,535	114,028	85,521	57,014	28,507						
32	Pre Tax Weighted Average Cost of Capital %		8.44%	8.44%	8.44%	8.44%	8.44%						
33	Return on Rate Base		12,029	9,623	7,217	4,811	2,406						
34													
35	Annual Revenue Requirement	\$	49,132	\$ 46,727	\$ 44,321	\$ 41,915	\$ 39,509						
36													
37	<b>Total Revenue Requirement - Traditional Recovery Model - Incremental O&amp;M</b>		<b>\$ 772,052</b>										

Notes:

- [1] Per Public Staff Partial Settlement and Stipulation in Docket No. E-2 Sub 1219, for traditional storm cost recovery, 12 months of amortization for each Storm was expensed prior to the new rates going into effect;
- [2] Per Public Staff Partial Settlement and Stipulation in Docket No. E-2 Sub 1219, for traditional storm cost recovery, no capital costs incurred due to the Storms during the 12-month period were included in the deferred balance;
- [3] Per Public Staff Partial Settlement and Stipulation in Docket No. E-2 Sub 1219, for traditional storm cost recovery, no carrying charges were accrued on the deferred balance during the 12-month period following the date(s) of the Storm(s);
- [4] Per Public Staff Partial Settlement and Stipulation in Docket No. E-2 Sub 1219, for traditional cost recovery, the amortization period for the Storms is a minimum of 15 years
- [5] For purposes of the calculation, Duke Energy Progress has used the WACC agreed to in the Public Staff Second Partial Settlement and Stipulation in in Docket No. E-2 Sub 1219.

**Duke Energy Progress, LLC**  
**Docket No. E-2 Sub 1262**  
**Abernathy DEP Exhibit 6**  
**Storm Securitization**  
**NORTH CAROLINA RETAIL**

**Abernathy DEP Exhibit 6**  
Page 3 of 3

**Annual Revenue Requirement - Traditional Recovery Model - Capital Investments**

**Assumptions**

Storm Capital Investments	<b>\$ 68,637</b>
Date of storm	Dec 31, 2018
Date of rates effective in new rate case	Jan 1, 2020
Date of securitization	Oct 1, 2020
Pre Tax Weighted Average Cost of Capital <sup>[2]</sup>	8.44%
Composite Tax Rate <sup>[2]</sup>	23.17%
Amortization Period <sup>[1]</sup>	15

**Revenue Requirement**

Storm Capital Investments	\$ 68,637
Depreciation Rate	2.5%
Annual Depreciation Expense	<u>\$ 1,716</u>
Plant life expectancy	40 years

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Depreciation Expense	\$ 2	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716
Gross Plant at Beginning of the Year	68,637	68,637	68,637	68,637	68,637	68,637	68,637	68,637	68,637	68,637
Accumulated Depreciation	(1,716)	(3,432)	(5,148)	(6,864)	(8,580)	(10,296)	(12,012)	(13,727)	(15,443)	(17,159)
Beginning Net Plant	68,637	66,922	65,206	63,490	61,774	60,058	58,342	56,626	54,910	53,194
Pre Tax Weighted Average Cost of Capital %	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%
Return on Rate Base	-	5,647	5,503	5,358	5,213	5,068	4,923	4,779	4,634	4,489
Annual Revenue Requirement	<u>\$ -</u>	<u>\$ 7,363</u>	<u>\$ 7,219</u>	<u>\$ 7,074</u>	<u>\$ 6,929</u>	<u>\$ 6,784</u>	<u>\$ 6,639</u>	<u>\$ 6,495</u>	<u>\$ 6,350</u>	<u>\$ 6,205</u>

	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Depreciation Expense	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716
Gross Plant at Beginning of the Year	68,637	68,637	68,637	68,637	68,637	68,637	68,637	68,637	68,637	68,637
Accumulated Depreciation	(18,875)	(20,591)	(22,307)	(24,023)	(25,739)	(27,455)	(29,171)	(30,887)	(32,603)	(34,319)
Beginning Net Plant	51,478	49,762	48,046	46,330	44,614	42,898	41,182	39,467	37,751	36,035
Pre Tax Weighted Average Cost of Capital %	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%
Return on Rate Base	4,344	4,199	4,055	3,910	3,765	3,620	3,475	3,331	3,186	3,041
Annual Revenue Requirement	<u>\$ 6,060</u>	<u>\$ 5,915</u>	<u>\$ 5,771</u>	<u>\$ 5,626</u>	<u>\$ 5,481</u>	<u>\$ 5,336</u>	<u>\$ 5,191</u>	<u>\$ 5,047</u>	<u>\$ 4,902</u>	<u>\$ 4,757</u>

	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Depreciation Expense	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716
Gross Plant at Beginning of the Year	68,637	68,637	68,637	68,637	68,637	68,637	68,637	68,637	68,637	68,637
Accumulated Depreciation	(36,035)	(37,751)	(39,467)	(41,182)	(42,898)	(44,614)	(46,330)	(48,046)	(49,762)	(51,478)
Beginning Net Plant	34,319	32,603	30,887	29,171	27,455	25,739	24,023	22,307	20,591	18,875
Pre Tax Weighted Average Cost of Capital %	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%
Return on Rate Base	2,896	2,751	2,607	2,462	2,317	2,172	2,027	1,882	1,738	1,593
Annual Revenue Requirement	<u>\$ 4,612</u>	<u>\$ 4,467</u>	<u>\$ 4,322</u>	<u>\$ 4,178</u>	<u>\$ 4,033</u>	<u>\$ 3,888</u>	<u>\$ 3,743</u>	<u>\$ 3,598</u>	<u>\$ 3,454</u>	<u>\$ 3,309</u>

	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058
Depreciation Expense	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716	\$ 1,716
Gross Plant at Beginning of the Year	68,637	68,637	68,637	68,637	68,637	68,637	68,637	68,637	68,637	68,637
Accumulated Depreciation	(53,194)	(54,910)	(56,626)	(58,342)	(60,058)	(61,774)	(63,490)	(65,206)	(66,922)	(68,637)
Beginning Net Plant	17,159	15,443	13,727	12,012	10,296	8,580	6,864	5,148	3,432	1,716
Pre Tax Weighted Average Cost of Capital %	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%	8.44%
Return on Rate Base	1,448	1,303	1,158	1,014	869	724	579	434	290	145
Annual Revenue Requirement	<u>\$ 3,164</u>	<u>\$ 3,019</u>	<u>\$ 2,874</u>	<u>\$ 2,730</u>	<u>\$ 2,585</u>	<u>\$ 2,440</u>	<u>\$ 2,295</u>	<u>\$ 2,150</u>	<u>\$ 2,006</u>	<u>\$ 1,861</u>

**Total Revenue Requirement - Traditional Recovery Model - Capital Investments** **\$ 179,871**

**Notes:**

[1] Per Public Staff Partial Settlement and Stipulation in Docket No. E-2 Sub 1219, for traditional cost recovery, the amortization period for the Storms is a minimum of 15 years  
[2] For purposes of the calculation, Duke Energy Progress has used the WACC agreed to in the Public Staff Second Partial Settlement and Stipulation in in Docket No. E-2 Sub 1219.

**Duke Energy Carolinas, LLC**  
**Docket No. E-7 Sub 1243**  
**Abernathy DEC Exhibit 7**  
**Storm Securitization**  
**NORTH CAROLINA RETAIL**  
**Annual Revenue Requirement - Storm Recovery Charge Model**

<b>Line No.</b>		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
1	Storm Incremental O&M <sup>[1][2]</sup>	\$ 2,746	\$ 10,703	\$ 11,003	\$ 11,246	\$ 11,492	\$ 11,741	\$ 11,992	\$ 12,247
2	Storm Capital Investments <sup>[1][2]</sup>	377	1,508	1,508	1,508	1,508	1,508	1,508	1,508
3	Storm Recovery Charge	\$ 3,124	\$ 12,212	\$ 12,511	\$ 12,754	\$ 13,000	\$ 13,249	\$ 13,501	\$ 13,755
4									
5		<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>
6	Storm Incremental O&M <sup>[1][2]</sup>	\$ 12,504	\$ 12,765	\$ 13,028	\$ 13,295	\$ 13,564	\$ 13,837	\$ 14,059	\$ 10,631
7	Storm Capital Investments <sup>[1][2]</sup>	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,131
8	Storm Recovery Charge	\$ 14,013	\$ 14,273	\$ 14,537	\$ 14,803	\$ 15,073	\$ 15,345	\$ 15,567	\$ 11,762
9									
10	<b>Total Revenue Requirement - Storm Recovery Charge Model</b>							<b>\$ 209,479</b>	

Notes:

[1] Refer to Abernathy Exhibit 7 pages 2-3 for details of calculations

[2] Per Public Staff Partial Settlement and Stipulation in Docket No. E-7 Sub 1214, for securitization, the imposition of the storm recovery charge begins nine months after the new rates go into effect.

**Duke Energy Carolinas, LLC  
Docket No. E-7 Sub 1243  
Abernathy DEC Exhibit 7  
Storm Securitization  
NORTH CAROLINA RETAIL**

**Annual Revenue Requirement - Storm Recovery Charge Model - Incremental O&M**

Line No.	Assumptions			Revenue Requirement				Calculation of Storm Recovery Bond Payment	
1	Storm Incremental O&M (less normal amount)	\$	169,799			\$	169,799		
2								Monthly Storm Recovery Bond Payment	\$ 1,181
3	Date of storm		Dec 31, 2018					Annual Storm Recovery Bond Payment	\$ 14,169
4	Date of rates effective in new rate case		Jan 1, 2020					Securitization Bond Rate	1.15%
5	Date of securitization		Oct 1, 2020					Bond Period	15
6									
7	Pre Tax Weighted Average Cost of Capital <sup>[5]</sup>		8.56%						
8	Composite Tax Rate <sup>[5]</sup>		23.35%						
9	Net of Tax Weighted Average Cost of Capital <sup>[5]</sup>		6.56%						
10									
11									
12									
13									
14	Storm recovery bond payment	\$	3,542	\$	14,169	\$	14,169	\$	14,169
15	Ongoing financing costs <sup>[3][4]</sup>		109		435		435		435
16	Storm recovery charge		3,651		14,603		14,603		14,603
17									
18	Unrecovered storm incremental O&M		180,942		195,079		180,079		167,923
19	ADIT		(42,251)		(45,551)		(42,049)		(39,210)
20	Pre Tax Weighted Average Cost of Capital %		8.56%		8.56%		8.56%		8.56%
21	Return on ADIT in rate base		(904)		(3,900)		(3,600)		(3,357)
22	Annual Revenue Requirement	\$	2,746	\$	10,703	\$	11,003	\$	11,246
23									
24									
25									
26	Storm recovery bond payment	\$	14,169	\$	14,169	\$	14,169	\$	14,169
27	Ongoing financing costs <sup>[3][4]</sup>		435		435		435		435
28	Storm recovery charge		14,603		14,603		14,603		14,549
29									10,790
30	Unrecovered storm incremental O&M		104,995		91,969		78,791		65,461
31	ADIT		(24,517)		(21,475)		(18,398)		(15,285)
32	Pre Tax Weighted Average Cost of Capital %		8.56%		8.56%		8.56%		8.56%
33	Return on ADIT in rate base		(2,099)		(1,839)		(1,575)		(1,309)
34	Annual Revenue Requirement	\$	12,504	\$	12,765	\$	13,028	\$	13,295
35									
36									
37	<b>Total Revenue Requirement - Storm Recovery Charge Model - Incremental O&amp;M</b>								<b>\$ 186,852</b>

Notes:

[1] 1.75 years' return, compounded at December 31, 2020

[2] Per Public Staff Partial Settlement and Stipulation in Docket No. E-7 Sub 1214, for securitization, the imposition of the Storm recovery charge begins nine months after the new rates go into effect. In this scenario, the imposition of the storm recovery charge begins October 1, 2020, resulting in three months of activity for 2020.

[3] Upfront financing fees and on-going financing costs are estimates as of the petition date. Details of the estimates are outlined in Heath Exhibit 1.

[4] In consideration of upfront and ongoing financing costs, Duke Energy Carolinas elected to present those amounts with the O&M component of the storm recovery charge calculation.

[5] For purposes of the calculation, Duke Energy Carolinas has used the WACC agreed to in the Public Staff Second Partial Settlement and Stipulation in in Docket No. E-7 Sub 1214.

**Duke Energy Carolinas, LLC  
DOCKET E-7 Sub 1243  
Abernathy DEC Exhibit 7  
Storm Securitization  
NORTH CAROLINA RETAIL**

**Annual Revenue Requirement - Storm Recovery Charge Model - Capital Investments**

Line No.	Assumptions			Revenue Requirement			Calculation of Storm Recovery Bond Payment		
1	Storm Capital Investments	\$	18,575	Storm Capital Investments	\$	18,575	Monthly Storm Recovery Bond Payment	\$ 126	
2				Costs for Return		18,575	Annual Storm Recovery Bond Payment	\$ 1,508	
3	Date of storm		Dec 31, 2018	Return for Jan 1, 2019-Sep 30, 2020 <sup>[1]</sup>		2,193	Securitization Bond Rate	1.15%	
4	Date of rates effective in new rate case		Jan 1, 2020	Total storm capital including return		20,769	Bond Period	15	
5	Date of securitization <sup>[2]</sup>		Oct 1, 2020	Amount to securitize		<u>\$ 20,769</u>			
6									
7	Net of Tax Weighted Average Cost of Capital % <sup>[3]</sup>		6.56%						
8									
9									
10		<b>2020 [2]</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
11	Storm Recovery Charge	\$ 377	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,508
12	Annual Revenue Requirement	\$ 377	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,508
13									
14									
15		<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>
16	Storm Recovery Charge	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,131
17	Annual Revenue Requirement	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,131
18									
19									
20	<b>Total Revenue Requirement - Storm Recovery Charge Model - Capital Investments</b>							<b>\$ 22,626</b>	

Notes

[1] 1.75 years' return, compounded at December 31, 2020

[2] Per Public Staff Partial Settlement and Stipulation in Docket No. E-7 Sub 1214, for securitization, the imposition of the Storm recovery charge begins nine months after the new rates go into effect. In this scenario, the imposition of the storm recovery charge begins October 1, 2020, resulting in three months of activity for 2020.

[3] For purposes of the calculation, Duke Energy Carolinas has used the WACC agreed to in the Public Staff Second Partial Settlement and Stipulation in in Docket No. E-7 Sub 1214.

Duke Energy Carolinas, LLC  
Docket No. E-7 Sub 1243  
Abernathy DEC Exhibit 7  
Storm Securitization  
NORTH CAROLINA RETAIL

**Annual Revenue Requirement - Storm Recovery Charge Model - Amortization Schedules**

Line No.	Calculation of Storm Recovery Bond Payment - O&M		
1	Amount to securitize	\$	195,079
2	Monthly Storm Recovery Bond Payment	\$	1,181
3	Annual Storm Recovery Bond Payment	\$	14,169
4	Securitization Bond Rate		1.15%
5	Bond Period		15

Line No.	Calculation of Storm Recovery Bond Payment - Capital Investments		
1	Amount to securitize	\$	20,769
2	Monthly Storm Recovery Bond Payment	\$	126
3	Annual Storm Recovery Bond Payment	\$	1,508
4	Securitization Bond Rate		1.15%
5	Bond Period		15

6	Date	Incremental O&M Deferral					Capital Investments					Total				
		Beg Bal	End Bal	Payment	Interest	Net Change	Beg Bal	End Bal	Payment	Interest	Net Change	Beg Bal	End Bal	Payment	Interest	Net Change
7	Oct-20	195,079	194,086	1,181	187	993	20,769	20,663	126	20	106	215,848	214,749	1,306	207	1,099
8	Nov-20	194,086	193,092	1,181	187	994	20,663	20,557	126	20	106	214,749	213,649	1,306	206	1,100
9	Dec-20	193,092	192,096	1,181	186	995	20,557	20,451	126	20	106	213,649	212,547	1,306	205	1,101
10	Jan-21	192,096	191,100	1,181	185	996	20,451	20,345	126	20	106	212,547	211,445	1,306	204	1,102
11	Feb-21	191,100	190,103	1,181	184	997	20,345	20,239	126	20	106	211,445	210,342	1,306	203	1,103
12	Mar-21	190,103	189,105	1,181	183	998	20,239	20,133	126	19	106	210,342	209,238	1,306	202	1,104
13	Apr-21	189,105	188,106	1,181	182	999	20,133	20,026	126	19	106	209,238	208,132	1,306	201	1,105
14	May-21	188,106	187,106	1,181	181	1,000	20,026	19,920	126	19	106	208,132	207,026	1,306	200	1,106
15	Jun-21	187,106	186,105	1,181	180	1,001	19,920	19,813	126	19	107	207,026	205,918	1,306	199	1,107
16	Jul-21	186,105	185,103	1,181	179	1,002	19,813	19,707	126	19	107	205,918	204,810	1,306	198	1,109
17	Aug-21	185,103	184,100	1,181	178	1,003	19,707	19,600	126	19	107	204,810	203,700	1,306	197	1,110
18	Sep-21	184,100	183,097	1,181	177	1,004	19,600	19,493	126	19	107	203,700	202,590	1,306	196	1,111
19	Oct-21	183,097	182,092	1,181	176	1,005	19,493	19,386	126	19	107	202,590	201,478	1,306	195	1,112
20	Nov-21	182,092	181,086	1,181	175	1,006	19,386	19,279	126	19	107	201,478	200,365	1,306	194	1,113
21	Dec-21	181,086	180,079	1,181	174	1,007	19,279	19,172	126	19	107	200,365	199,251	1,306	193	1,114
22	Jan-22	180,079	179,072	1,181	173	1,008	19,172	19,064	126	18	107	199,251	198,136	1,306	191	1,115
23	Feb-22	179,072	178,063	1,181	172	1,009	19,064	18,957	126	18	107	198,136	197,020	1,306	190	1,116
24	Mar-22	178,063	177,053	1,181	171	1,010	18,957	18,850	126	18	107	197,020	195,903	1,306	189	1,117
25	Apr-22	177,053	176,043	1,181	170	1,011	18,850	18,742	126	18	108	195,903	194,785	1,306	188	1,118
26	May-22	176,043	175,031	1,181	169	1,012	18,742	18,634	126	18	108	194,785	193,666	1,306	187	1,119
27	Jun-22	175,031	174,019	1,181	168	1,013	18,634	18,526	126	18	108	193,666	192,545	1,306	186	1,120
28	Jul-22	174,019	173,005	1,181	167	1,013	18,526	18,419	126	18	108	192,545	191,424	1,306	185	1,121
29	Aug-22	173,005	171,991	1,181	166	1,014	18,419	18,311	126	18	108	191,424	190,301	1,306	184	1,122
30	Sep-22	171,991	170,975	1,181	165	1,015	18,311	18,202	126	18	108	190,301	189,178	1,306	183	1,124
31	Oct-22	170,975	169,959	1,181	164	1,016	18,202	18,094	126	17	108	189,178	188,053	1,306	182	1,125
32	Nov-22	169,959	168,942	1,181	163	1,017	18,094	17,986	126	17	108	188,053	186,928	1,306	181	1,126
33	Dec-22	168,942	167,923	1,181	162	1,018	17,986	17,878	126	17	108	186,928	185,801	1,306	180	1,127
34	Jan-23	167,923	166,904	1,181	161	1,019	17,878	17,769	126	17	109	185,801	184,673	1,306	179	1,128
35	Feb-23	166,904	165,883	1,181	160	1,020	17,769	17,660	126	17	109	184,673	183,544	1,306	177	1,129
36	Mar-23	165,883	164,862	1,181	159	1,021	17,660	17,552	126	17	109	183,544	182,414	1,306	176	1,130
37	Apr-23	164,862	163,840	1,181	158	1,022	17,552	17,443	126	17	109	182,414	181,283	1,306	175	1,131
38	May-23	163,840	162,817	1,181	157	1,023	17,443	17,334	126	17	109	181,283	180,150	1,306	174	1,132
39	Jun-23	162,817	161,792	1,181	156	1,024	17,334	17,225	126	17	109	180,150	179,017	1,306	173	1,133
40	Jul-23	161,792	160,767	1,181	155	1,025	17,225	17,116	126	17	109	179,017	177,883	1,306	172	1,134
41	Aug-23	160,767	159,741	1,181	154	1,026	17,116	17,006	126	16	109	177,883	176,747	1,306	171	1,135
42	Sep-23	159,741	158,714	1,181	154	1,027	17,006	16,897	126	16	109	176,747	175,611	1,306	170	1,137
43	Oct-23	158,714	157,685	1,181	153	1,028	16,897	16,788	126	16	109	175,611	174,473	1,306	169	1,138
44	Nov-23	157,685	156,656	1,181	152	1,029	16,788	16,678	126	16	110	174,473	173,334	1,306	168	1,139
45	Dec-23	156,656	155,626	1,181	151	1,030	16,678	16,568	126	16	110	173,334	172,194	1,306	167	1,140
46	Jan-24	155,626	154,595	1,181	150	1,031	16,568	16,459	126	16	110	172,194	171,053	1,306	165	1,141
47	Feb-24	154,595	153,563	1,181	149	1,032	16,459	16,349	126	16	110	171,053	169,911	1,306	164	1,142
48	Mar-24	153,563	152,530	1,181	148	1,033	16,349	16,239	126	16	110	169,911	168,768	1,306	163	1,143
49	Apr-24	152,530	151,495	1,181	147	1,034	16,239	16,129	126	16	110	168,768	167,624	1,306	162	1,144

6	Date	Incremental O&M Deferral					Capital Investments					Total				
		Beg Bal	End Bal	Payment	Interest	Net Change	Beg Bal	End Bal	Payment	Interest	Net Change	Beg Bal	End Bal	Payment	Interest	Net Change
50	May-24	151,495	150,460	1,181	146	1,035	16,129	16,018	126	15	110	167,624	166,479	1,306	161	1,145
51	Jun-24	150,460	149,424	1,181	145	1,036	16,018	15,908	126	15	110	166,479	165,332	1,306	160	1,146
52	Jul-24	149,424	148,387	1,181	144	1,037	15,908	15,798	126	15	110	165,332	164,185	1,306	159	1,148
53	Aug-24	148,387	147,349	1,181	143	1,038	15,798	15,687	126	15	111	164,185	163,036	1,306	158	1,149
54	Sep-24	147,349	146,310	1,181	142	1,039	15,687	15,577	126	15	111	163,036	161,886	1,306	157	1,150
55	Oct-24	146,310	145,270	1,181	141	1,040	15,577	15,466	126	15	111	161,886	160,735	1,306	156	1,151
56	Nov-24	145,270	144,228	1,181	140	1,041	15,466	15,355	126	15	111	160,735	159,583	1,306	154	1,152
57	Dec-24	144,228	143,186	1,181	139	1,042	15,355	15,244	126	15	111	159,583	158,430	1,306	153	1,153
58	Jan-25	143,186	142,143	1,181	138	1,043	15,244	15,133	126	15	111	158,430	157,276	1,306	152	1,154
59	Feb-25	142,143	141,099	1,181	137	1,044	15,133	15,022	126	15	111	157,276	156,121	1,306	151	1,155
60	Mar-25	141,099	140,054	1,181	136	1,045	15,022	14,911	126	14	111	156,121	154,964	1,306	150	1,156
61	Apr-25	140,054	139,008	1,181	135	1,046	14,911	14,799	126	14	111	154,964	153,807	1,306	149	1,158
62	May-25	139,008	137,961	1,181	134	1,047	14,799	14,688	126	14	111	153,807	152,648	1,306	148	1,159
63	Jun-25	137,961	136,913	1,181	133	1,048	14,688	14,576	126	14	112	152,648	151,489	1,306	147	1,160
64	Jul-25	136,913	135,863	1,181	132	1,049	14,576	14,464	126	14	112	151,489	150,328	1,306	146	1,161
65	Aug-25	135,863	134,813	1,181	131	1,050	14,464	14,353	126	14	112	150,328	149,166	1,306	144	1,162
66	Sep-25	134,813	133,762	1,181	130	1,051	14,353	14,241	126	14	112	149,166	148,003	1,306	143	1,163
67	Oct-25	133,762	132,710	1,181	129	1,052	14,241	14,129	126	14	112	148,003	146,838	1,306	142	1,164
68	Nov-25	132,710	131,657	1,181	128	1,053	14,129	14,017	126	14	112	146,838	145,673	1,306	141	1,165
69	Dec-25	131,657	130,602	1,181	127	1,054	14,017	13,904	126	13	112	145,673	144,507	1,306	140	1,166
70	Jan-26	130,602	129,547	1,181	126	1,055	13,904	13,792	126	13	112	144,507	143,339	1,306	139	1,168
71	Feb-26	129,547	128,491	1,181	124	1,056	13,792	13,679	126	13	112	143,339	142,170	1,306	138	1,169
72	Mar-26	128,491	127,434	1,181	123	1,057	13,679	13,567	126	13	113	142,170	141,001	1,306	137	1,170
73	Apr-26	127,434	126,375	1,181	122	1,058	13,567	13,454	126	13	113	141,001	139,830	1,306	135	1,171
74	May-26	126,375	125,316	1,181	121	1,059	13,454	13,341	126	13	113	139,830	138,658	1,306	134	1,172
75	Jun-26	125,316	124,256	1,181	120	1,060	13,341	13,229	126	13	113	138,658	137,484	1,306	133	1,173
76	Jul-26	124,256	123,195	1,181	119	1,061	13,229	13,116	126	13	113	137,484	136,310	1,306	132	1,174
77	Aug-26	123,195	122,132	1,181	118	1,062	13,116	13,003	126	13	113	136,310	135,135	1,306	131	1,175
78	Sep-26	122,132	121,069	1,181	117	1,063	13,003	12,889	126	12	113	135,135	133,958	1,306	130	1,177
79	Oct-26	121,069	120,004	1,181	116	1,064	12,889	12,776	126	12	113	133,958	132,780	1,306	129	1,178
80	Nov-26	120,004	118,939	1,181	115	1,065	12,776	12,663	126	12	113	132,780	131,602	1,306	128	1,179
81	Dec-26	118,939	117,873	1,181	114	1,066	12,663	12,549	126	12	114	131,602	130,422	1,306	126	1,180
82	Jan-27	117,873	116,805	1,181	113	1,067	12,549	12,435	126	12	114	130,422	129,241	1,306	125	1,181
83	Feb-27	116,805	115,737	1,181	112	1,068	12,435	12,322	126	12	114	129,241	128,058	1,306	124	1,182
84	Mar-27	115,737	114,667	1,181	111	1,070	12,322	12,208	126	12	114	128,058	126,875	1,306	123	1,183
85	Apr-27	114,667	113,597	1,181	110	1,071	12,208	12,094	126	12	114	126,875	125,690	1,306	122	1,185
86	May-27	113,597	112,525	1,181	109	1,072	12,094	11,980	126	12	114	125,690	124,505	1,306	121	1,186
87	Jun-27	112,525	111,453	1,181	108	1,073	11,980	11,866	126	12	114	124,505	123,318	1,306	120	1,187
88	Jul-27	111,453	110,379	1,181	107	1,074	11,866	11,751	126	11	114	123,318	122,130	1,306	119	1,188
89	Aug-27	110,379	109,304	1,181	106	1,075	11,751	11,637	126	11	114	122,130	120,941	1,306	117	1,189
90	Sep-27	109,304	108,229	1,181	105	1,076	11,637	11,522	126	11	115	120,941	119,751	1,306	116	1,190
91	Oct-27	108,229	107,152	1,181	104	1,077	11,522	11,408	126	11	115	119,751	118,560	1,306	115	1,191
92	Nov-27	107,152	106,074	1,181	103	1,078	11,408	11,293	126	11	115	118,560	117,367	1,306	114	1,192
93	Dec-27	106,074	104,995	1,181	102	1,079	11,293	11,178	126	11	115	117,367	116,173	1,306	113	1,194
94	Jan-28	104,995	103,915	1,181	101	1,080	11,178	11,063	126	11	115	116,173	114,979	1,306	112	1,195
95	Feb-28	103,915	102,835	1,181	100	1,081	11,063	10,948	126	11	115	114,979	113,783	1,306	110	1,196
96	Mar-28	102,835	101,753	1,181	99	1,082	10,948	10,833	126	11	115	113,783	112,586	1,306	109	1,197
97	Apr-28	101,753	100,670	1,181	98	1,083	10,833	10,718	126	10	115	112,586	111,387	1,306	108	1,198
98	May-28	100,670	99,586	1,181	97	1,084	10,718	10,602	126	10	115	111,387	110,188	1,306	107	1,199
99	Jun-28	99,586	98,501	1,181	96	1,085	10,602	10,487	126	10	116	110,188	108,987	1,306	106	1,201
100	Jul-28	98,501	97,415	1,181	95	1,086	10,487	10,371	126	10	116	108,987	107,786	1,306	105	1,202
101	Aug-28	97,415	96,328	1,181	94	1,087	10,371	10,255	126	10	116	107,786	106,583	1,306	104	1,203
102	Sep-28	96,328	95,239	1,181	93	1,088	10,255	10,139	126	10	116	106,583	105,379	1,306	102	1,204
103	Oct-28	95,239	94,150	1,181	92	1,089	10,139	10,023	126	10	116	105,379	104,174	1,306	101	1,205
104	Nov-28	94,150	93,060	1,181	90	1,090	10,023	9,907	126	10	116	104,174	102,967	1,306	100	1,206
105	Dec-28	93,060	91,969	1,181	89	1,091	9,907	9,791	126	10	116	102,967	101,760	1,306	99	1,207
106	Jan-29	91,969	90,876	1,181	88	1,092	9,791	9,675	126	9	116	101,760	100,551	1,306	98	1,209
107	Feb-29	90,876	89,783	1,181	87	1,093	9,675	9,559	126	9	116	100,551	99,341	1,306	97	1,210

6	Date	Incremental O&M Deferral					Capital Investments					Total				
		Beg Bal	End Bal	Payment	Interest	Net Change	Beg Bal	End Bal	Payment	Interest	Net Change	Beg Bal	End Bal	Payment	Interest	Net Change
108	Mar-29	89,783	88,688	1,181	86	1,094	9,559	9,442	126	9	117	99,341	98,130	1,306	95	1,211
109	Apr-29	88,688	87,593	1,181	85	1,095	9,442	9,325	126	9	117	98,130	96,918	1,306	94	1,212
110	May-29	87,593	86,496	1,181	84	1,097	9,325	9,209	126	9	117	96,918	95,705	1,306	93	1,213
111	Jun-29	86,496	85,399	1,181	83	1,098	9,209	9,092	126	9	117	95,705	94,491	1,306	92	1,214
112	Jul-29	85,399	84,300	1,181	82	1,099	9,092	8,975	126	9	117	94,491	93,275	1,306	91	1,216
113	Aug-29	84,300	83,200	1,181	81	1,100	8,975	8,858	126	9	117	93,275	92,058	1,306	90	1,217
114	Sep-29	83,200	82,100	1,181	80	1,101	8,858	8,741	126	9	117	92,058	90,840	1,306	88	1,218
115	Oct-29	82,100	80,998	1,181	79	1,102	8,741	8,623	126	8	117	90,840	89,621	1,306	87	1,219
116	Nov-29	80,998	79,895	1,181	78	1,103	8,623	8,506	126	8	117	89,621	88,401	1,306	86	1,220
117	Dec-29	79,895	78,791	1,181	77	1,104	8,506	8,388	126	8	118	88,401	87,179	1,306	85	1,221
118	Jan-30	78,791	77,686	1,181	76	1,105	8,388	8,271	126	8	118	87,179	85,957	1,306	84	1,223
119	Feb-30	77,686	76,580	1,181	75	1,106	8,271	8,153	126	8	118	85,957	84,733	1,306	83	1,224
120	Mar-30	76,580	75,473	1,181	74	1,107	8,153	8,035	126	8	118	84,733	83,508	1,306	81	1,225
121	Apr-30	75,473	74,365	1,181	73	1,108	8,035	7,917	126	8	118	83,508	82,282	1,306	80	1,226
122	May-30	74,365	73,255	1,181	71	1,109	7,917	7,799	126	8	118	82,282	81,054	1,306	79	1,227
123	Jun-30	73,255	72,145	1,181	70	1,110	7,799	7,681	126	7	118	81,054	79,826	1,306	78	1,229
124	Jul-30	72,145	71,034	1,181	69	1,111	7,681	7,562	126	7	118	79,826	78,596	1,306	77	1,230
125	Aug-30	71,034	69,921	1,181	68	1,112	7,562	7,444	126	7	118	78,596	77,365	1,306	76	1,231
126	Sep-30	69,921	68,808	1,181	67	1,114	7,444	7,325	126	7	119	77,365	76,133	1,306	74	1,232
127	Oct-30	68,808	67,693	1,181	66	1,115	7,325	7,207	126	7	119	76,133	74,900	1,306	73	1,233
128	Nov-30	67,693	66,577	1,181	65	1,116	7,207	7,088	126	7	119	74,900	73,665	1,306	72	1,234
129	Dec-30	66,577	65,461	1,181	64	1,117	7,088	6,969	126	7	119	73,665	72,430	1,306	71	1,236
130	Jan-31	65,461	64,343	1,181	63	1,118	6,969	6,850	126	7	119	72,430	71,193	1,306	70	1,237
131	Feb-31	64,343	63,224	1,181	62	1,119	6,850	6,731	126	7	119	71,193	69,955	1,306	68	1,238
132	Mar-31	63,224	62,104	1,181	61	1,120	6,731	6,612	126	6	119	69,955	68,716	1,306	67	1,239
133	Apr-31	62,104	60,983	1,181	60	1,121	6,612	6,492	126	6	119	68,716	67,475	1,306	66	1,240
134	May-31	60,983	59,861	1,181	59	1,122	6,492	6,373	126	6	119	67,475	66,234	1,306	65	1,242
135	Jun-31	59,861	58,738	1,181	58	1,123	6,373	6,253	126	6	120	66,234	64,991	1,306	64	1,243
136	Jul-31	58,738	57,613	1,181	56	1,124	6,253	6,134	126	6	120	64,991	63,747	1,306	62	1,244
137	Aug-31	57,613	56,488	1,181	55	1,125	6,134	6,014	126	6	120	63,747	62,502	1,306	61	1,245
138	Sep-31	56,488	55,361	1,181	54	1,126	6,014	5,894	126	6	120	62,502	61,255	1,306	60	1,246
139	Oct-31	55,361	54,234	1,181	53	1,128	5,894	5,774	126	6	120	61,255	60,008	1,306	59	1,248
140	Nov-31	54,234	53,105	1,181	52	1,129	5,774	5,654	126	6	120	60,008	58,759	1,306	58	1,249
141	Dec-31	53,105	51,976	1,181	51	1,130	5,654	5,533	126	5	120	58,759	57,509	1,306	56	1,250
142	Jan-32	51,976	50,845	1,181	50	1,131	5,533	5,413	126	5	120	57,509	56,258	1,306	55	1,251
143	Feb-32	50,845	49,713	1,181	49	1,132	5,413	5,293	126	5	121	56,258	55,006	1,306	54	1,252
144	Mar-32	49,713	48,580	1,181	48	1,133	5,293	5,172	126	5	121	55,006	53,752	1,306	53	1,254
145	Apr-32	48,580	47,446	1,181	47	1,134	5,172	5,051	126	5	121	53,752	52,497	1,306	52	1,255
146	May-32	47,446	46,311	1,181	46	1,135	5,051	4,930	126	5	121	52,497	51,241	1,306	50	1,256
147	Jun-32	46,311	45,175	1,181	45	1,136	4,930	4,809	126	5	121	51,241	49,984	1,306	49	1,257
148	Jul-32	45,175	44,037	1,181	43	1,137	4,809	4,688	126	5	121	49,984	48,726	1,306	48	1,258
149	Aug-32	44,037	42,899	1,181	42	1,138	4,688	4,567	126	5	121	48,726	47,466	1,306	47	1,260
150	Sep-32	42,899	41,759	1,181	41	1,139	4,567	4,446	126	4	121	47,466	46,205	1,306	46	1,261
151	Oct-32	41,759	40,619	1,181	40	1,141	4,446	4,324	126	4	121	46,205	44,943	1,306	44	1,262
152	Nov-32	40,619	39,477	1,181	39	1,142	4,324	4,203	126	4	122	44,943	43,680	1,306	43	1,263
153	Dec-32	39,477	38,334	1,181	38	1,143	4,203	4,081	126	4	122	43,680	42,416	1,306	42	1,264
154	Jan-33	38,334	37,191	1,181	37	1,144	4,081	3,959	126	4	122	42,416	41,150	1,306	41	1,266
155	Feb-33	37,191	36,046	1,181	36	1,145	3,959	3,837	126	4	122	41,150	39,883	1,306	40	1,267
156	Mar-33	36,046	34,899	1,181	35	1,146	3,837	3,715	126	4	122	39,883	38,615	1,306	38	1,268
157	Apr-33	34,899	33,752	1,181	34	1,147	3,715	3,593	126	4	122	38,615	37,346	1,306	37	1,269
158	May-33	33,752	32,604	1,181	32	1,148	3,593	3,471	126	3	122	37,346	36,075	1,306	36	1,271
159	Jun-33	32,604	31,455	1,181	31	1,149	3,471	3,349	126	3	122	36,075	34,803	1,306	35	1,272
160	Jul-33	31,455	30,304	1,181	30	1,150	3,349	3,226	126	3	122	34,803	33,530	1,306	33	1,273
161	Aug-33	30,304	29,152	1,181	29	1,152	3,226	3,104	126	3	123	33,530	32,256	1,306	32	1,274
162	Sep-33	29,152	28,000	1,181	28	1,153	3,104	2,981	126	3	123	32,256	30,981	1,306	31	1,275
163	Oct-33	28,000	26,846	1,181	27	1,154	2,981	2,858	126	3	123	30,981	29,704	1,306	30	1,277
164	Nov-33	26,846	25,691	1,181	26	1,155	2,858	2,735	126	3	123	29,704	28,426	1,306	29	1,278
165	Dec-33	25,691	24,535	1,181	25	1,156	2,735	2,612	126	3	123	28,426	27,147	1,306	27	1,279

6	Date	Incremental O&M Deferral					Capital Investments					Total				
		Beg Bal	End Bal	Payment	Interest	Net Change	Beg Bal	End Bal	Payment	Interest	Net Change	Beg Bal	End Bal	Payment	Interest	Net Change
166	Jan-34	24,535	23,378	1,181	24	1,157	2,612	2,489	126	3	123	27,147	25,867	1,306	26	1,280
167	Feb-34	23,378	22,220	1,181	22	1,158	2,489	2,366	126	2	123	25,867	24,585	1,306	25	1,282
168	Mar-34	22,220	21,060	1,181	21	1,159	2,366	2,242	126	2	123	24,585	23,302	1,306	24	1,283
169	Apr-34	21,060	19,900	1,181	20	1,160	2,242	2,119	126	2	124	23,302	22,018	1,306	22	1,284
170	May-34	19,900	18,738	1,181	19	1,162	2,119	1,995	126	2	124	22,018	20,733	1,306	21	1,285
171	Jun-34	18,738	17,575	1,181	18	1,163	1,995	1,871	126	2	124	20,733	19,447	1,306	20	1,287
172	Jul-34	17,575	16,412	1,181	17	1,164	1,871	1,747	126	2	124	19,447	18,159	1,306	19	1,288
173	Aug-34	16,412	15,247	1,181	16	1,165	1,747	1,623	126	2	124	18,159	16,870	1,306	17	1,289
174	Sep-34	15,247	14,081	1,181	15	1,166	1,623	1,499	126	2	124	16,870	15,580	1,306	16	1,290
175	Oct-34	14,081	12,913	1,181	14	1,167	1,499	1,375	126	1	124	15,580	14,288	1,306	15	1,291
176	Nov-34	12,913	11,745	1,181	12	1,168	1,375	1,250	126	1	124	14,288	12,995	1,306	14	1,293
177	Dec-34	11,745	10,576	1,181	11	1,169	1,250	1,126	126	1	125	12,995	11,702	1,306	12	1,294
178	Jan-35	10,576	9,405	1,181	10	1,171	1,126	1,001	126	1	125	11,702	10,406	1,306	11	1,295
179	Feb-35	9,405	8,233	1,181	9	1,172	1,001	877	126	1	125	10,406	9,110	1,306	10	1,296
180	Mar-35	8,233	7,061	1,181	8	1,173	877	752	126	1	125	9,110	7,812	1,306	9	1,298
181	Apr-35	7,061	5,887	1,181	7	1,174	752	627	126	1	125	7,812	6,513	1,306	8	1,299
182	May-35	5,887	4,712	1,181	6	1,175	627	502	126	1	125	6,513	5,213	1,306	6	1,300
183	Jun-35	4,712	3,535	1,181	5	1,176	502	376	126	0	125	5,213	3,912	1,306	5	1,301
184	Jul-35	3,535	2,358	1,181	3	1,177	376	251	126	0	125	3,912	2,609	1,306	4	1,303
185	Aug-35	2,358	1,180	1,181	2	1,178	251	126	126	0	125	2,609	1,305	1,306	3	1,304
186	Sep-35	1180	0	1181	1	1180	126	0	126	0	126	1,305	0	1,306	1	1,305

**Duke Energy Progress, LLC**  
**Docket No. E-2 Sub 1262**  
**Abernathy DEP Exhibit 7**  
**Storm Securitization**  
**NORTH CAROLINA RETAIL**  
**Annual Revenue Requirement - Storm Recovery Charge Model**

<u>Line No.</u>		<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
1	Storm Incremental O&M <sup>[1][2]</sup>	\$ 8,777	\$ 34,368	\$ 35,316	\$ 36,084	\$ 36,861	\$ 37,647	\$ 38,442	\$ 39,247
2	Storm Capital Investments <sup>[1][2]</sup>	1,392	5,567	5,567	5,567	5,567	5,567	5,567	5,567
3	Storm Recovery Charge	\$ 10,168	\$ 39,935	\$ 40,882	\$ 41,651	\$ 42,428	\$ 43,214	\$ 44,009	\$ 44,813
4									
5		<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>
6	Storm Incremental O&M <sup>[1][2]</sup>	\$ 40,060	\$ 40,884	\$ 41,716	\$ 42,559	\$ 43,411	\$ 44,273	\$ 45,032	\$ 34,181
7	Storm Capital Investments <sup>[1][2]</sup>	5,567	5,567	5,567	5,567	5,567	5,567	5,567	4,175
8	Storm Recovery Charge	\$ 45,627	\$ 46,450	\$ 47,283	\$ 48,125	\$ 48,977	\$ 49,839	\$ 50,598	\$ 38,356
9									
10	<b>Total Revenue Requirement - Storm Recovery Charge Model</b>							<b>\$ 682,355</b>	

Notes:

[1] Refer to Abernathy Exhibit 7 pages 2-3 for details of calculations

[2] Per Public Staff Partial Settlement and Stipulation in Docket No. E-2 Sub 1219, for securitization, the imposition of the storm recovery charge begins nine months after the new rates go into effect.

**Duke Energy Progress, LLC  
Docket No. E-2 Sub 1262  
Abernathy DEP Exhibit 7  
Storm Securitization  
NORTH CAROLINA RETAIL**

**Annual Revenue Requirement - Storm Recovery Charge Model - Incremental O&M**

**Assumptions**

Storm Incremental O&M (less normal amount)	<b>\$ 556,556</b>
Date of storm	Dec 31, 2018
Date of rates effective in new rate case	Jan 1, 2020
Date of securitization	Oct 1, 2020
Pre Tax Weighted Average Cost of Capital <sup>[5]</sup>	8.44%
Composite Tax Rate <sup>[5]</sup>	23.17%
Net of Tax Weighted Average Cost of Capital <sup>[5]</sup>	6.48%

**Revenue Requirement**

Storm Incremental O&M (less normal amount)	\$ 556,556
% amortized for Jan 1, 2019-Dec 31, 2020	0.0%
Amortization amount	-
Costs for Return	556,556
Return for Jan 1, 2019-Dec 31, 2019	36,086
Return for Jan 1, 2019-Sep 30, 2020 <sup>[1]</sup>	64,905
Total storm costs to include in securitization	621,461
Upfront financing costs for securitization <sup>[3][4]</sup>	8,992
Amount to securitize	<u>\$ 630,452</u>

**Calculation of Storm Recovery Bond Payment**

Monthly Storm Recovery Bond Payment	\$ 3,816
Annual Storm Recovery Bond Payment	\$ 45,790
Securitization Bond Rate	1.15%
Bond Period	15

	<u>2020 [2]</u>		<u>2021</u>		<u>2022</u>		<u>2023</u>		<u>2024</u>		<u>2025</u>		<u>2026</u>		<u>2027</u>
Storm recovery bond payment	\$ 11,448	\$	45,790	\$	45,790	\$	45,790	\$	45,790	\$	45,790	\$	45,790	\$	45,790
Ongoing financing costs <sup>[4]</sup>	226		905		905		905		905		905		905		905
Storm recovery charge	11,674		46,695		46,695		46,695		46,695		46,695		46,695		46,695
Unrecovered storm incremental O&M	592,642		630,452		581,977		542,691		502,949		462,747		422,078		380,939
ADIT	(137,311)		(146,071)		(134,840)		(125,738)		(116,530)		(107,215)		(97,793)		(88,261)
Pre Tax Weighted Average Cost of Capital %	8.44%		8.44%		8.44%		8.44%		8.44%		8.44%		8.44%		8.44%
Return on ADIT in rate base	(2,897)		(12,327)		(11,379)		(10,611)		(9,834)		(9,048)		(8,253)		(7,448)
Annual Revenue Requirement	<u>\$ 8,777</u>	\$	<u>34,368</u>	\$	<u>35,316</u>	\$	<u>36,084</u>	\$	<u>36,861</u>	\$	<u>37,647</u>	\$	<u>38,442</u>	\$	<u>39,247</u>

	<u>2028</u>		<u>2029</u>		<u>2030</u>		<u>2031</u>		<u>2032</u>		<u>2033</u>		<u>2034</u>		<u>2035</u>
Storm recovery bond payment	\$ 45,790	\$	45,790	\$	45,790	\$	45,790	\$	45,790	\$	45,790	\$	45,790	\$	34,343
Ongoing financing costs <sup>[4]</sup>	905		905		905		905		905		905		792		339
Storm recovery charge	46,695		46,695		46,695		46,695		46,695		46,695		46,582		34,682
Unrecovered storm incremental O&M	339,322		297,223		254,635		211,554		167,974		123,888		79,292		34,178
ADIT	(78,618)		(68,864)		(58,997)		(49,016)		(38,918)		(28,704)		(18,371)		(7,919)
Pre Tax Weighted Average Cost of Capital %	8.44%		8.44%		8.44%		8.44%		8.44%		8.44%		8.44%		8.44%
Return on ADIT in rate base	(6,635)		(5,811)		(4,979)		(4,136)		(3,284)		(2,422)		(1,550)		(501)
Annual Revenue Requirement	<u>\$ 40,060</u>	\$	<u>40,884</u>	\$	<u>41,716</u>	\$	<u>42,559</u>	\$	<u>43,411</u>	\$	<u>44,273</u>	\$	<u>45,032</u>	\$	<u>34,181</u>

**Total Revenue Requirement - Storm Recovery Charge Model - Incremental O&M** **\$ 598,858**

**Notes:**

[1] 1.75 years' return, compounded at December 31, 2020

[2] Per Public Staff Partial Settlement and Stipulation in Docket No. E-2 Sub 1219, for securitization, the imposition of the Storm recovery charge begins nine months after the new rates go into effect. In this scenario, the imposition of the storm recovery charge begins October 1, 2020, resulting in three months of activity for 2020.

[3] Upfront financing fees and on-going financing costs are estimates as of the petition date. Details of the estimates are outlined in Heath Exhibit 1.

[4] In consideration of upfront and ongoing financing costs, Duke Energy Progress elected to present those amounts with the O&M component of the storm recovery charge calculation.

[5] For purposes of the calculation, Duke Energy Progress has used the WACC agreed to in the Public Staff Second Partial Settlement and Stipulation in Docket No. E-2 Sub 1219.

**Duke Energy Progress, LLC  
Docket No. E-2 Sub 1262  
Abernathy DEP Exhibit 7  
Storm Securitization  
NORTH CAROLINA RETAIL**

**Annual Revenue Requirement - Storm Recovery Charge Model - Capital Investments**

Line No.	Assumptions			Revenue Requirement				Calculation of Storm Recovery Bond Payment		
1	Storm Capital Investments	\$	68,637	Storm Capital Investments	\$	68,637	Monthly Storm Recovery Bond Payment	\$	464	
2				Costs for Return		68,637	Annual Storm Recovery Bond Payment	\$	5,567	
3	Date of storm		Dec 31, 2018	Return for Jan 1, 2019-Sep 30, 2020 <sup>[1]</sup>		8,004	Securitization Bond Rate		1.15%	
4	Date of rates effective in new rate case		Jan 1, 2020	Total storm capital including return		76,642	Bond Period		15	
5	Date of securitization <sup>[2]</sup>		Oct 1, 2020	Amount to securitize		<u>\$ 76,642</u>				
6										
7	Net of Tax Weighted Average Cost of Capital <sup>[3]</sup>		6.48%							
8										
9										
10			<u>2020 [2]</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
11	Storm Recovery Charge	\$	1,392	\$ 5,567	\$ 5,567	\$ 5,567	\$ 5,567	\$ 5,567	\$ 5,567	\$ 5,567
12	Annual Revenue Requirement	\$	1,392	\$ 5,567	\$ 5,567	\$ 5,567	\$ 5,567	\$ 5,567	\$ 5,567	\$ 5,567
13										
14										
15			<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>
16	Storm Recovery Charge	\$	5,567	\$ 5,567	\$ 5,567	\$ 5,567	\$ 5,567	\$ 5,567	\$ 5,567	\$ 4,175
17	Annual Revenue Requirement	\$	5,567	\$ 5,567	\$ 5,567	\$ 5,567	\$ 5,567	\$ 5,567	\$ 5,567	\$ 4,175
18										
19										
20	<b>Total Revenue Requirement - Storm Recovery Charge Model - Capital Investments</b>							<b>\$</b>		<b>83,498</b>

Notes:

[1] 1.75 years' return, compounded at December 31

[2] Per Public Staff Partial Settlement and Stipulation in Docket No. E-2 Sub 1219, for securitization, the imposition of the Storm recovery charge begins nine months after the new rates go into effect. In this scenario, the imposition of the storm recovery charge begins October 1, 2020, resulting in three months of activity for 2020.

[3] For purposes of the calculation, Duke Energy Progress has used the WACC agreed to in the Public Staff Second Partial Settlement and Stipulation in in Docket No. E-2 Sub 1219.

Duke Energy Progress, LLC  
Docket No. E-2 Sub 1262  
Abernathy DEP Exhibit 7  
Storm Securitization  
NORTH CAROLINA RETAIL

**Annual Revenue Requirement - Storm Recovery Charge Model - Amortization Schedules**

Line No.	Calculation of Storm Recovery Bond Payment - O&M		
1	Amount to securitize	\$	630,452
2	Monthly Storm Recovery Bond Payment	\$	3,816
3	Annual Storm Recovery Bond Payment	\$	45,790
4	Securitization Bond Rate		1.15%
5	Bond Period		15

Line No.	Calculation of Storm Recovery Bond Payment - Capital Investments		
1	Amount to securitize	\$	76,642
2	Monthly Storm Recovery Bond Payment	\$	464
3	Annual Storm Recovery Bond Payment	\$	5,567
4	Securitization Bond Rate		1.15%
5	Bond Period		15

Date	Incremental O&M Deferral					Capital Investments					Total				
	Beg Bal	End Bal	Payment	Interest	Net Change	Beg Bal	End Bal	Payment	Interest	Net Change	Beg Bal	End Bal	Payment	Interest	Net Change
6 Oct-20	630,452	627,242	3,816	606	3,210	76,642	76,252	464	74	390	707,094	703,494	4,280	679	3,600
7 Nov-20	627,242	624,029	3,816	603	3,213	76,252	75,861	464	73	391	703,494	699,890	4,280	676	3,604
8 Dec-20	624,029	620,813	3,816	600	3,216	75,861	75,470	464	73	391	699,890	696,283	4,280	673	3,607
9 Jan-21	620,813	617,594	3,816	597	3,219	75,470	75,079	464	73	391	696,283	692,673	4,280	669	3,611
10 Feb-21	617,594	614,372	3,816	593	3,222	75,079	74,687	464	72	392	692,673	689,059	4,280	666	3,614
11 Mar-21	614,372	611,146	3,816	590	3,225	74,687	74,295	464	72	392	689,059	685,441	4,280	662	3,618
12 Apr-21	611,146	607,918	3,816	587	3,229	74,295	73,902	464	71	392	685,441	681,820	4,280	659	3,621
13 May-21	607,918	604,686	3,816	584	3,232	73,902	73,509	464	71	393	681,820	678,195	4,280	655	3,625
14 Jun-21	604,686	601,451	3,816	581	3,235	73,509	73,116	464	71	393	678,195	674,567	4,280	652	3,628
15 Jul-21	601,451	598,213	3,816	578	3,238	73,116	72,723	464	70	394	674,567	670,936	4,280	648	3,631
16 Aug-21	598,213	594,972	3,816	575	3,241	72,723	72,329	464	70	394	670,936	667,301	4,280	645	3,635
17 Sep-21	594,972	591,728	3,816	572	3,244	72,329	71,934	464	70	394	667,301	663,662	4,280	641	3,638
18 Oct-21	591,728	588,481	3,816	569	3,247	71,934	71,540	464	69	395	663,662	660,020	4,280	638	3,642
19 Nov-21	588,481	585,231	3,816	565	3,250	71,540	71,144	464	69	395	660,020	656,375	4,280	634	3,645
20 Dec-21	585,231	581,977	3,816	562	3,253	71,144	70,749	464	68	396	656,375	652,726	4,280	631	3,649
21 Jan-22	581,977	578,721	3,816	559	3,257	70,749	70,353	464	68	396	652,726	649,074	4,280	627	3,652
22 Feb-22	578,721	575,461	3,816	556	3,260	70,353	69,957	464	68	396	649,074	645,418	4,280	624	3,656
23 Mar-22	575,461	572,198	3,816	553	3,263	69,957	69,560	464	67	397	645,418	641,758	4,280	620	3,660
24 Apr-22	572,198	568,932	3,816	550	3,266	69,560	69,163	464	67	397	641,758	638,095	4,280	617	3,663
25 May-22	568,932	565,663	3,816	547	3,269	69,163	68,766	464	66	397	638,095	634,428	4,280	613	3,667
26 Jun-22	565,663	562,391	3,816	544	3,272	68,766	68,368	464	66	398	634,428	630,758	4,280	610	3,670
27 Jul-22	562,391	559,115	3,816	540	3,275	68,368	67,970	464	66	398	630,758	627,085	4,280	606	3,674
28 Aug-22	559,115	555,837	3,816	537	3,279	67,970	67,571	464	65	399	627,085	623,408	4,280	603	3,677
29 Sep-22	555,837	552,555	3,816	534	3,282	67,571	67,172	464	65	399	623,408	619,727	4,280	599	3,681
30 Oct-22	552,555	549,270	3,816	531	3,285	67,172	66,773	464	65	399	619,727	616,043	4,280	596	3,684
31 Nov-22	549,270	545,982	3,816	528	3,288	66,773	66,373	464	64	400	616,043	612,355	4,280	592	3,688
32 Dec-22	545,982	542,691	3,816	525	3,291	66,373	65,973	464	64	400	612,355	608,664	4,280	588	3,691
33 Jan-23	542,691	539,397	3,816	521	3,294	65,973	65,573	464	63	400	608,664	604,969	4,280	585	3,695
34 Feb-23	539,397	536,099	3,816	518	3,298	65,573	65,172	464	63	401	604,969	601,271	4,280	581	3,698
35 Mar-23	536,099	532,798	3,816	515	3,301	65,172	64,770	464	63	401	601,271	597,569	4,280	578	3,702
36 Apr-23	532,798	529,495	3,816	512	3,304	64,770	64,369	464	62	402	597,569	593,863	4,280	574	3,705
37 May-23	529,495	526,188	3,816	509	3,307	64,369	63,967	464	62	402	593,863	590,154	4,280	571	3,709
38 Jun-23	526,188	522,877	3,816	506	3,310	63,967	63,564	464	61	402	590,154	586,442	4,280	567	3,713
39 Jul-23	522,877	519,564	3,816	502	3,313	63,564	63,162	464	61	403	586,442	582,725	4,280	564	3,716
40 Aug-23	519,564	516,247	3,816	499	3,317	63,162	62,758	464	61	403	582,725	579,006	4,280	560	3,720
41 Sep-23	516,247	512,928	3,816	496	3,320	62,758	62,355	464	60	404	579,006	575,282	4,280	556	3,723
42 Oct-23	512,928	509,605	3,816	493	3,323	62,355	61,951	464	60	404	575,282	571,555	4,280	553	3,727
43 Nov-23	509,605	506,279	3,816	490	3,326	61,951	61,546	464	60	404	571,555	567,825	4,280	549	3,730
44 Dec-23	506,279	502,949	3,816	487	3,329	61,546	61,142	464	59	405	567,825	564,091	4,280	546	3,734
45 Jan-24	502,949	499,617	3,816	483	3,333	61,142	60,737	464	59	405	564,091	560,353	4,280	542	3,738
46 Feb-24	499,617	496,281	3,816	480	3,336	60,737	60,331	464	58	406	560,353	556,612	4,280	538	3,741

	Date	Incremental O&M Deferral					Capital Investments					Total				
		Beg Bal	End Bal	Payment	Interest	Net Change	Beg Bal	End Bal	Payment	Interest	Net Change	Beg Bal	End Bal	Payment	Interest	Net Change
47	Mar-24	496,281	492,942	3,816	477	3,339	60,331	59,925	464	58	406	556,612	552,867	4,280	535	3,745
48	Apr-24	492,942	489,600	3,816	474	3,342	59,925	59,519	464	58	406	552,867	549,119	4,280	531	3,748
49	May-24	489,600	486,255	3,816	470	3,345	59,519	59,112	464	57	407	549,119	545,367	4,280	528	3,752
50	Jun-24	486,255	482,906	3,816	467	3,349	59,112	58,705	464	57	407	545,367	541,611	4,280	524	3,756
51	Jul-24	482,906	479,554	3,816	464	3,352	58,705	58,298	464	56	407	541,611	537,852	4,280	520	3,759
52	Aug-24	479,554	476,199	3,816	461	3,355	58,298	57,890	464	56	408	537,852	534,089	4,280	517	3,763
53	Sep-24	476,199	472,841	3,816	458	3,358	57,890	57,482	464	56	408	534,089	530,322	4,280	513	3,766
54	Oct-24	472,841	469,479	3,816	454	3,361	57,482	57,073	464	55	409	530,322	526,552	4,280	510	3,770
55	Nov-24	469,479	466,115	3,816	451	3,365	57,073	56,664	464	55	409	526,552	522,779	4,280	506	3,774
56	Dec-24	466,115	462,747	3,816	448	3,368	56,664	56,254	464	54	409	522,779	519,001	4,280	502	3,777
57	Jan-25	462,747	459,376	3,816	445	3,371	56,254	55,845	464	54	410	519,001	515,220	4,280	499	3,781
58	Feb-25	459,376	456,001	3,816	441	3,374	55,845	55,434	464	54	410	515,220	511,436	4,280	495	3,785
59	Mar-25	456,001	452,624	3,816	438	3,378	55,434	55,024	464	53	411	511,436	507,647	4,280	491	3,788
60	Apr-25	452,624	449,243	3,816	435	3,381	55,024	54,613	464	53	411	507,647	503,856	4,280	488	3,792
61	May-25	449,243	445,859	3,816	432	3,384	54,613	54,201	464	52	411	503,856	500,060	4,280	484	3,796
62	Jun-25	445,859	442,471	3,816	428	3,387	54,201	53,790	464	52	412	500,060	496,261	4,280	481	3,799
63	Jul-25	442,471	439,081	3,816	425	3,391	53,790	53,377	464	52	412	496,261	492,458	4,280	477	3,803
64	Aug-25	439,081	435,687	3,816	422	3,394	53,377	52,965	464	51	413	492,458	488,652	4,280	473	3,806
65	Sep-25	435,687	432,289	3,816	419	3,397	52,965	52,552	464	51	413	488,652	484,841	4,280	470	3,810
66	Oct-25	432,289	428,889	3,816	415	3,400	52,552	52,139	464	50	413	484,841	481,028	4,280	466	3,814
67	Nov-25	428,889	425,485	3,816	412	3,404	52,139	51,725	464	50	414	481,028	477,210	4,280	462	3,817
68	Dec-25	425,485	422,078	3,816	409	3,407	51,725	51,311	464	50	414	477,210	473,389	4,280	459	3,821
69	Jan-26	422,078	418,668	3,816	406	3,410	51,311	50,896	464	49	415	473,389	469,564	4,280	455	3,825
70	Feb-26	418,668	415,255	3,816	402	3,414	50,896	50,481	464	49	415	469,564	465,736	4,280	451	3,828
71	Mar-26	415,255	411,838	3,816	399	3,417	50,481	50,066	464	49	415	465,736	461,903	4,280	448	3,832
72	Apr-26	411,838	408,418	3,816	396	3,420	50,066	49,650	464	48	416	461,903	458,068	4,280	444	3,836
73	May-26	408,418	404,994	3,816	392	3,423	49,650	49,234	464	48	416	458,068	454,228	4,280	440	3,840
74	Jun-26	404,994	401,568	3,816	389	3,427	49,234	48,817	464	47	417	454,228	450,385	4,280	436	3,843
75	Jul-26	401,568	398,138	3,816	386	3,430	48,817	48,400	464	47	417	450,385	446,538	4,280	433	3,847
76	Aug-26	398,138	394,705	3,816	383	3,433	48,400	47,983	464	47	417	446,538	442,687	4,280	429	3,851
77	Sep-26	394,705	391,268	3,816	379	3,437	47,983	47,565	464	46	418	442,687	438,833	4,280	425	3,854
78	Oct-26	391,268	387,828	3,816	376	3,440	47,565	47,147	464	46	418	438,833	434,975	4,280	422	3,858
79	Nov-26	387,828	384,385	3,816	373	3,443	47,147	46,728	464	45	419	434,975	431,113	4,280	418	3,862
80	Dec-26	384,385	380,939	3,816	369	3,446	46,728	46,309	464	45	419	431,113	427,248	4,280	414	3,865
81	Jan-27	380,939	377,489	3,816	366	3,450	46,309	45,890	464	45	419	427,248	423,379	4,280	411	3,869
82	Feb-27	377,489	374,036	3,816	363	3,453	45,890	45,470	464	44	420	423,379	419,506	4,280	407	3,873
83	Mar-27	374,036	370,579	3,816	359	3,456	45,470	45,050	464	44	420	419,506	415,629	4,280	403	3,877
84	Apr-27	370,579	367,120	3,816	356	3,460	45,050	44,629	464	43	421	415,629	411,749	4,280	399	3,880
85	May-27	367,120	363,656	3,816	353	3,463	44,629	44,208	464	43	421	411,749	407,865	4,280	396	3,884
86	Jun-27	363,656	360,190	3,816	349	3,466	44,208	43,787	464	42	421	407,865	403,977	4,280	392	3,888
87	Jul-27	360,190	356,720	3,816	346	3,470	43,787	43,365	464	42	422	403,977	400,086	4,280	388	3,892
88	Aug-27	356,720	353,247	3,816	343	3,473	43,365	42,943	464	42	422	400,086	396,190	4,280	384	3,895
89	Sep-27	353,247	349,771	3,816	339	3,476	42,943	42,520	464	41	423	396,190	392,291	4,280	381	3,899
90	Oct-27	349,771	346,291	3,816	336	3,480	42,520	42,097	464	41	423	392,291	388,389	4,280	377	3,903
91	Nov-27	346,291	342,808	3,816	333	3,483	42,097	41,674	464	40	423	388,389	384,482	4,280	373	3,906
92	Dec-27	342,808	339,322	3,816	329	3,486	41,674	41,250	464	40	424	384,482	380,572	4,280	369	3,910
93	Jan-28	339,322	335,832	3,816	326	3,490	41,250	40,826	464	40	424	380,572	376,658	4,280	366	3,914
94	Feb-28	335,832	332,339	3,816	323	3,493	40,826	40,401	464	39	425	376,658	372,740	4,280	362	3,918
95	Mar-28	332,339	328,842	3,816	319	3,496	40,401	39,976	464	39	425	372,740	368,819	4,280	358	3,922
96	Apr-28	328,842	325,343	3,816	316	3,500	39,976	39,551	464	38	425	368,819	364,893	4,280	354	3,925
97	May-28	325,343	321,839	3,816	313	3,503	39,551	39,125	464	38	426	364,893	360,964	4,280	351	3,929
98	Jun-28	321,839	318,333	3,816	309	3,507	39,125	38,699	464	38	426	360,964	357,031	4,280	347	3,933
99	Jul-28	318,333	314,823	3,816	306	3,510	38,699	38,272	464	37	427	357,031	353,095	4,280	343	3,937
100	Aug-28	314,823	311,310	3,816	303	3,513	38,272	37,845	464	37	427	353,095	349,154	4,280	339	3,940
101	Sep-28	311,310	307,793	3,816	299	3,517	37,845	37,417	464	36	428	349,154	345,210	4,280	336	3,944
102	Oct-28	307,793	304,273	3,816	296	3,520	37,417	36,989	464	36	428	345,210	341,262	4,280	332	3,948

	Date	Incremental O&M Deferral					Capital Investments					Total				
		Beg Bal	End Bal	Payment	Interest	Net Change	Beg Bal	End Bal	Payment	Interest	Net Change	Beg Bal	End Bal	Payment	Interest	Net Change
103	Nov-28	304,273	300,749	3,816	292	3,523	36,989	36,561	464	36	428	341,262	337,310	4,280	328	3,952
104	Dec-28	300,749	297,223	3,816	289	3,527	36,561	36,132	464	35	429	337,310	333,355	4,280	324	3,956
105	Jan-29	297,223	293,692	3,816	286	3,530	36,132	35,703	464	35	429	333,355	329,395	4,280	320	3,959
106	Feb-29	293,692	290,159	3,816	282	3,534	35,703	35,274	464	34	430	329,395	325,432	4,280	317	3,963
107	Mar-29	290,159	286,622	3,816	279	3,537	35,274	34,844	464	34	430	325,432	321,465	4,280	313	3,967
108	Apr-29	286,622	283,081	3,816	275	3,540	34,844	34,413	464	33	430	321,465	317,494	4,280	309	3,971
109	May-29	283,081	279,537	3,816	272	3,544	34,413	33,982	464	33	431	317,494	313,520	4,280	305	3,975
110	Jun-29	279,537	275,990	3,816	269	3,547	33,982	33,551	464	33	431	313,520	309,541	4,280	301	3,978
111	Jul-29	275,990	272,440	3,816	265	3,551	33,551	33,120	464	32	432	309,541	305,559	4,280	297	3,982
112	Aug-29	272,440	268,886	3,816	262	3,554	33,120	32,687	464	32	432	305,559	301,573	4,280	294	3,986
113	Sep-29	268,886	265,328	3,816	258	3,557	32,687	32,255	464	31	432	301,573	297,583	4,280	290	3,990
114	Oct-29	265,328	261,767	3,816	255	3,561	32,255	31,822	464	31	433	297,583	293,589	4,280	286	3,994
115	Nov-29	261,767	258,203	3,816	252	3,564	31,822	31,389	464	31	433	293,589	289,592	4,280	282	3,998
116	Dec-29	258,203	254,635	3,816	248	3,568	31,389	30,955	464	30	434	289,592	285,590	4,280	278	4,001
117	Jan-30	254,635	251,064	3,816	245	3,571	30,955	30,521	464	30	434	285,590	281,585	4,280	274	4,005
118	Feb-30	251,064	247,490	3,816	241	3,575	30,521	30,086	464	29	435	281,585	277,576	4,280	271	4,009
119	Mar-30	247,490	243,912	3,816	238	3,578	30,086	29,651	464	29	435	277,576	273,563	4,280	267	4,013
120	Apr-30	243,912	240,330	3,816	234	3,581	29,651	29,216	464	28	435	273,563	269,546	4,280	263	4,017
121	May-30	240,330	236,745	3,816	231	3,585	29,216	28,780	464	28	436	269,546	265,525	4,280	259	4,021
122	Jun-30	236,745	233,157	3,816	227	3,588	28,780	28,344	464	28	436	265,525	261,501	4,280	255	4,025
123	Jul-30	233,157	229,565	3,816	224	3,592	28,344	27,907	464	27	437	261,501	257,472	4,280	251	4,028
124	Aug-30	229,565	225,970	3,816	221	3,595	27,907	27,470	464	27	437	257,472	253,440	4,280	247	4,032
125	Sep-30	225,970	222,371	3,816	217	3,599	27,470	27,033	464	26	437	253,440	249,404	4,280	244	4,036
126	Oct-30	222,371	218,769	3,816	214	3,602	27,033	26,595	464	26	438	249,404	245,364	4,280	240	4,040
127	Nov-30	218,769	215,163	3,816	210	3,606	26,595	26,157	464	26	438	245,364	241,320	4,280	236	4,044
128	Dec-30	215,163	211,554	3,816	207	3,609	26,157	25,718	464	25	439	241,320	237,272	4,280	232	4,048
129	Jan-31	211,554	207,942	3,816	203	3,613	25,718	25,279	464	25	439	237,272	233,220	4,280	228	4,052
130	Feb-31	207,942	204,326	3,816	200	3,616	25,279	24,839	464	24	440	233,220	229,165	4,280	224	4,056
131	Mar-31	204,326	200,706	3,816	196	3,619	24,839	24,399	464	24	440	229,165	225,105	4,280	220	4,059
132	Apr-31	200,706	197,083	3,816	193	3,623	24,399	23,959	464	23	440	225,105	221,042	4,280	216	4,063
133	May-31	197,083	193,457	3,816	189	3,626	23,959	23,518	464	23	441	221,042	216,975	4,280	212	4,067
134	Jun-31	193,457	189,827	3,816	186	3,630	23,518	23,077	464	23	441	216,975	212,903	4,280	209	4,071
135	Jul-31	189,827	186,193	3,816	182	3,633	23,077	22,635	464	22	442	212,903	208,828	4,280	205	4,075
136	Aug-31	186,193	182,557	3,816	179	3,637	22,635	22,193	464	22	442	208,828	204,749	4,280	201	4,079
137	Sep-31	182,557	178,916	3,816	175	3,640	22,193	21,750	464	21	443	204,749	200,666	4,280	197	4,083
138	Oct-31	178,916	175,272	3,816	172	3,644	21,750	21,307	464	21	443	200,666	196,579	4,280	193	4,087
139	Nov-31	175,272	171,625	3,816	168	3,647	21,307	20,864	464	20	443	196,579	192,489	4,280	189	4,091
140	Dec-31	171,625	167,974	3,816	165	3,651	20,864	20,420	464	20	444	192,489	188,394	4,280	185	4,095
141	Jan-32	167,974	164,320	3,816	161	3,654	20,420	19,976	464	20	444	188,394	184,295	4,280	181	4,099
142	Feb-32	164,320	160,662	3,816	158	3,658	19,976	19,531	464	19	445	184,295	180,193	4,280	177	4,103
143	Mar-32	160,662	157,000	3,816	154	3,661	19,531	19,086	464	19	445	180,193	176,086	4,280	173	4,107
144	Apr-32	157,000	153,335	3,816	151	3,665	19,086	18,640	464	18	446	176,086	171,976	4,280	169	4,111
145	May-32	153,335	149,667	3,816	147	3,668	18,640	18,194	464	18	446	171,976	167,861	4,280	165	4,114
146	Jun-32	149,667	145,995	3,816	144	3,672	18,194	17,748	464	17	446	167,861	163,743	4,280	161	4,118
147	Jul-32	145,995	142,319	3,816	140	3,676	17,748	17,301	464	17	447	163,743	159,620	4,280	157	4,122
148	Aug-32	142,319	138,640	3,816	137	3,679	17,301	16,854	464	17	447	159,620	155,494	4,280	153	4,126
149	Sep-32	138,640	134,957	3,816	133	3,683	16,854	16,406	464	16	448	155,494	151,364	4,280	149	4,130
150	Oct-32	134,957	131,271	3,816	130	3,686	16,406	15,958	464	16	448	151,364	147,229	4,280	145	4,134
151	Nov-32	131,271	127,582	3,816	126	3,690	15,958	15,510	464	15	449	147,229	143,091	4,280	141	4,138
152	Dec-32	127,582	123,888	3,816	123	3,693	15,510	15,061	464	15	449	143,091	138,949	4,280	138	4,142
153	Jan-33	123,888	120,192	3,816	119	3,697	15,061	14,611	464	14	449	138,949	134,803	4,280	134	4,146
154	Feb-33	120,192	116,491	3,816	115	3,700	14,611	14,161	464	14	450	134,803	130,653	4,280	130	4,150
155	Mar-33	116,491	112,787	3,816	112	3,704	14,161	13,711	464	14	450	130,653	126,498	4,280	126	4,154
156	Apr-33	112,787	109,080	3,816	108	3,707	13,711	13,260	464	13	451	126,498	122,340	4,280	122	4,158
157	May-33	109,080	105,369	3,816	105	3,711	13,260	12,809	464	13	451	122,340	118,178	4,280	118	4,162
158	Jun-33	105,369	101,654	3,816	101	3,715	12,809	12,358	464	12	452	118,178	114,012	4,280	114	4,166

	Date	Incremental O&M Deferral					Capital Investments					Total				
		Beg Bal	End Bal	Payment	Interest	Net Change	Beg Bal	End Bal	Payment	Interest	Net Change	Beg Bal	End Bal	Payment	Interest	Net Change
159	Jul-33	101,654	97,936	3,816	98	3,718	12,358	11,906	464	12	452	114,012	109,842	4,280	110	4,170
160	Aug-33	97,936	94,214	3,816	94	3,722	11,906	11,453	464	11	452	109,842	105,668	4,280	106	4,174
161	Sep-33	94,214	90,489	3,816	91	3,725	11,453	11,000	464	11	453	105,668	101,490	4,280	102	4,178
162	Oct-33	90,489	86,760	3,816	87	3,729	11,000	10,547	464	11	453	101,490	97,307	4,280	98	4,182
163	Nov-33	86,760	83,028	3,816	83	3,732	10,547	10,093	464	10	454	97,307	93,121	4,280	94	4,186
164	Dec-33	83,028	79,292	3,816	80	3,736	10,093	9,639	464	10	454	93,121	88,931	4,280	89	4,190
165	Jan-34	79,292	75,552	3,816	76	3,740	9,639	9,185	464	9	455	88,931	84,737	4,280	85	4,194
166	Feb-34	75,552	71,809	3,816	73	3,743	9,185	8,730	464	9	455	84,737	80,538	4,280	81	4,198
167	Mar-34	71,809	68,062	3,816	69	3,747	8,730	8,274	464	8	455	80,538	76,336	4,280	77	4,202
168	Apr-34	68,062	64,312	3,816	65	3,750	8,274	7,818	464	8	456	76,336	72,130	4,280	73	4,206
169	May-34	64,312	60,558	3,816	62	3,754	7,818	7,362	464	8	456	72,130	67,919	4,280	69	4,210
170	Jun-34	60,558	56,800	3,816	58	3,758	7,362	6,905	464	7	457	67,919	63,705	4,280	65	4,214
171	Jul-34	56,800	53,039	3,816	55	3,761	6,905	6,448	464	7	457	63,705	59,486	4,280	61	4,218
172	Aug-34	53,039	49,274	3,816	51	3,765	6,448	5,990	464	6	458	59,486	55,264	4,280	57	4,223
173	Sep-34	49,274	45,505	3,816	47	3,768	5,990	5,532	464	6	458	55,264	51,037	4,280	53	4,227
174	Oct-34	45,505	41,733	3,816	44	3,772	5,532	5,073	464	5	459	51,037	46,807	4,280	49	4,231
175	Nov-34	41,733	37,957	3,816	40	3,776	5,073	4,614	464	5	459	46,807	42,572	4,280	45	4,235
176	Dec-34	37,957	34,178	3,816	36	3,779	4,614	4,155	464	4	459	42,572	38,333	4,280	41	4,239
177	Jan-35	34,178	30,395	3,816	33	3,783	4,155	3,695	464	4	460	38,333	34,090	4,280	37	4,243
178	Feb-35	30,395	26,608	3,816	29	3,787	3,695	3,235	464	4	460	34,090	29,843	4,280	33	4,247
179	Mar-35	26,608	22,818	3,816	26	3,790	3,235	2,774	464	3	461	29,843	25,592	4,280	29	4,251
180	Apr-35	22,818	19,024	3,816	22	3,794	2,774	2,313	464	3	461	25,592	21,337	4,280	25	4,255
181	May-35	19,024	15,227	3,816	18	3,798	2,313	1,851	464	2	462	21,337	17,078	4,280	21	4,259
182	Jun-35	15,227	11,426	3,816	15	3,801	1,851	1,389	464	2	462	17,078	12,815	4,280	16	4,263
183	Jul-35	11,426	7,621	3,816	11	3,805	1,389	926	464	1	463	12,815	8,547	4,280	12	4,267
184	Aug-35	7,621	3,812	3,816	7	3,809	926	463	464	1	463	8,547	4,276	4,280	8	4,271
185	Sep-35	3,812	(0)	3,816	4	3,812	463	(0)	464	0	463	4,276	(0)	4,280	4	4,276

**Duke Energy Carolinas, LLC**  
**Docket No. E-7 Sub 1243**  
**Abernathy Rebuttal Exhibit 1**  
**Storm Securitization**  
**NORTH CAROLINA RETAIL**

**Updated Traditional Recovery Model versus Storm Recovery Charge Model - Quantifiable Benefit to Customers - 15-year bond term**

Line No.	ANNUAL REVENUE REQUIREMENT										
1		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
2	Storm Recovery Charge Model <sup>[1]</sup>	(1,242)	6,407	13,995	14,278	14,561	14,844	15,126	15,409	15,692	15,975
3	Traditional Recovery Model <sup>[1]</sup>	8,262	25,069	24,234	23,398	22,562	21,727	20,891	20,056	19,220	18,385
4											
5											
6		<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>
7	Storm Recovery Charge Model <sup>[1]</sup>	16,258	16,541	16,824	17,107	17,389	12,401	3,647	-	-	-
8	Traditional Recovery Model <sup>[1]</sup>	17,549	16,714	15,878	15,042	10,141	1,439	1,404	1,370	1,335	1,300
9											
10											
11		<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	<b>2049</b>
12	Storm Recovery Charge Model <sup>[1]</sup>	-	-	-	-	-	-	-	-	-	-
13	Traditional Recovery Model <sup>[1]</sup>	1,265	1,230	1,195	1,160	1,125	1,090	1,055	1,020	985	950
14											
15											
16		<b>2050</b>	<b>2051</b>	<b>2052</b>	<b>2053</b>	<b>2054</b>	<b>2055</b>	<b>2056</b>	<b>2057</b>	<b>2058</b>	<b>2059</b>
17	Storm Recovery Charge Model <sup>[1]</sup>	-	-	-	-	-	-	-	-	-	-
18	Traditional Recovery Model <sup>[1]</sup>	915	880	845	810	775	740	705	670	635	601
19											
20											
21		<b>2060</b>	<b>2061</b>	<b>2062</b>	<b>2063</b>	<b>2064</b>	<b>Total</b>				
22	Storm Recovery Charge Model <sup>[1]</sup>	-	-	-	-	-	225,212				
23	Traditional Recovery Model <sup>[1]</sup>	566	531	496	461	221	306,901				
24											
25											
26											
27											
28		Net Present Value	Nominal	Net of Tax							
		[2]	Value	Weighted Average							
				Cost of Capital							
29	Storm Recovery Charge Model <sup>[1]</sup>	\$ 126,730	\$ 225,212	6.56%							
30	Traditional Recovery Model <sup>[1]</sup>	184,277	306,901								
31											
32	Relative cost (benefit) of securitization	(57,547)									
33	% savings to customers	-31.2%									

**Notes:**  
 [1] For purposes of calculating the annual revenue requirement under the Traditional Recovery Model, Duke Energy Carolinas used assumptions that were agreed upon in the Public Staff Partial Settlement and Stipulation in Docket No. E-7 Sub 1214. Refer to Abernathy Rebuttal Exhibit 2. Amounts calculated under the Storm Recovery Model represent the actual expected cash flows of the storm recovery charge. Refer to Abernathy Rebuttal Exhibit 3.  
 [2] For the purposes of calculating net present value, Duke Energy Carolinas used the agreed upon WACC rate per the Public Staff Second Settlement and Stipulation in Docket No. E-7 Sub 1214.

**Duke Energy Progress, LLC  
 Docket No. E-2 Sub 1262  
 Abernathy Rebuttal Exhibit 1  
 Storm Securitization  
 NORTH CAROLINA RETAIL**

**Updated Traditional Recovery Model versus Storm Recovery Charge Model - Quantifiable Benefit to Customers - 15-year bond term**

Line No.		ANNUAL REVENUE REQUIREMENT										Total
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
1												
2	Storm Recovery Charge Model <sup>[1]</sup>	(3,938)	20,924	45,302	46,188	47,073	47,959	48,844	49,730	50,616	51,501	
3	Traditional Recovery Model <sup>[1]</sup>	50,340	81,773	79,068	76,363	73,658	70,953	68,247	65,542	62,837	60,132	
4												
5												
6												
7	Storm Recovery Charge Model <sup>[1]</sup>	52,387	53,272	54,158	55,043	55,929	39,878	11,821	-	-	-	
8	Traditional Recovery Model <sup>[1]</sup>	57,426	54,721	52,016	49,311	33,426	5,217	5,075	4,934	4,792	4,650	
9												
10												
11												
12	Storm Recovery Charge Model <sup>[1]</sup>	-	-	-	-	-	-	-	-	-	-	
13	Traditional Recovery Model <sup>[1]</sup>	4,508	4,367	4,225	4,083	3,942	3,800	3,658	3,517	3,375	3,233	
14												
15												
16												
17	Storm Recovery Charge Model <sup>[1]</sup>	-	-	-	-	-	-	-	-	-	-	726,686
18	Traditional Recovery Model <sup>[1]</sup>	3,092	2,950	2,808	2,667	2,525	2,383	2,242	2,100	1,958	1,768	1,023,683
19												
20												
21		Net Present Value [2]	Nominal Value	Net of Tax Weighted Average Cost of Capital								
22	Storm Recovery Charge Model <sup>[1]</sup>	\$ 411,811	\$ 726,686	6.5%								
23	Traditional Recovery Model <sup>[1]</sup>	628,001	1,023,683									
24												
25	Relative cost (benefit) of securitization	(216,190)										
26	% savings to customers	-34.4%										

**Notes:**

[1] For purposes of calculating the annual revenue requirement under the Traditional Recovery Model, Duke Energy Progress used assumptions that were agreed upon in the Public Staff Partial Settlement and Stipulation in Docket No. E-2 Sub 1219. Refer to Abernathy Rebuttal Exhibit 2. Amounts calculated under the Storm Recovery Model represent the actual expected cash flows of the storm recovery charge. Refer to Abernathy Rebuttal Exhibit 3.

[2] For the purposes of calculating net present value, Duke Energy Progress used the agreed upon WACC rate per the Public Staff Second Settlement and Stipulation in Docket No. E-2 Sub 1219.

**Duke Energy Carolinas, LLC  
 Docket No. E-7 Sub 1243  
 Abernathy Rebuttal Exhibit 2  
 Storm Securitization  
 NORTH CAROLINA RETAIL**

**Updated Annual Revenue Requirement - Traditional Recovery Model [1]**

Line No.		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	<b>Storm Incremental O&amp;M</b>										
2	Amortization expense	\$ -	\$ 4,066	\$ 12,199	\$ 12,199	\$ 12,199	\$ 12,199	\$ 12,199	\$ 12,199	\$ 12,199	\$ 12,199
3	Return on Rate Base	-	3,541	10,942	10,141	9,340	8,540	7,739	6,939	6,138	5,337
4	<b>Storm Capital Investments</b>										
5	Depreciation expense	-	136	408	408	408	408	408	408	408	408
6	Return on Rate Base	-	519	1,521	1,486	1,451	1,416	1,381	1,346	1,311	1,276
7	<b>Annual Revenue Requirement</b>	<b>\$ -</b>	<b>\$ 8,262</b>	<b>\$ 25,069</b>	<b>\$ 24,234</b>	<b>\$ 23,398</b>	<b>\$ 22,562</b>	<b>\$ 21,727</b>	<b>\$ 20,891</b>	<b>\$ 20,056</b>	<b>\$ 19,220</b>
8											
9											
10		2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
11	<b>Storm Incremental O&amp;M</b>										
12	Amortization expense	\$ 12,199	\$ 12,199	\$ 12,199	\$ 12,199	\$ 12,199	\$ 8,132	\$ -	\$ -	\$ -	\$ -
13	Return on Rate Base	4,537	3,736	2,936	2,135	1,334	534	-	-	-	-
14	<b>Storm Capital Investments</b>										
15	Depreciation expense	408	408	408	408	408	408	408	408	408	408
16	Return on Rate Base	1,241	1,206	1,171	1,136	1,101	1,066	1,031	996	961	926
17	<b>Annual Revenue Requirement</b>	<b>\$ 18,385</b>	<b>\$ 17,549</b>	<b>\$ 16,714</b>	<b>\$ 15,878</b>	<b>\$ 15,042</b>	<b>\$ 10,141</b>	<b>\$ 1,439</b>	<b>\$ 1,404</b>	<b>\$ 1,370</b>	<b>\$ 1,335</b>
18											
19											
20		2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
21	<b>Storm Incremental O&amp;M</b>										
22	Amortization expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	Return on Rate Base	-	-	-	-	-	-	-	-	-	-
24	<b>Storm Capital Investments</b>										
25	Depreciation expense	408	408	408	408	408	408	408	408	408	408
26	Return on Rate Base	891	856	821	787	752	717	682	647	612	577
27	<b>Annual Revenue Requirement</b>	<b>\$ 1,300</b>	<b>\$ 1,265</b>	<b>\$ 1,230</b>	<b>\$ 1,195</b>	<b>\$ 1,160</b>	<b>\$ 1,125</b>	<b>\$ 1,090</b>	<b>\$ 1,055</b>	<b>\$ 1,020</b>	<b>\$ 985</b>
28											
29											
30		2049	2050	2051	2052	2053	2054	2055	2056	2057	2058
31	<b>Storm Incremental O&amp;M</b>										
32	Amortization expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Return on Rate Base	-	-	-	-	-	-	-	-	-	-
34	<b>Storm Capital Investments</b>										
35	Depreciation expense	408	408	408	408	408	408	408	408	408	408
36	Return on Rate Base	542	507	472	437	402	367	332	297	262	227
37	<b>Annual Revenue Requirement</b>	<b>\$ 950</b>	<b>\$ 915</b>	<b>\$ 880</b>	<b>\$ 845</b>	<b>\$ 810</b>	<b>\$ 775</b>	<b>\$ 740</b>	<b>\$ 705</b>	<b>\$ 670</b>	<b>\$ 635</b>
38											
39											
40		2059	2060	2061	2062	2063	2064	2065	2066	2067	2068
41	<b>Storm Incremental O&amp;M</b>										
42	Amortization expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
43	Return on Rate Base	-	-	-	-	-	-	-	-	-	-
44	<b>Storm Capital Investments</b>										
45	Depreciation expense	408	408	408	408	408	204	-	-	-	-
46	Return on Rate Base	192	157	122	87	52	17	-	-	-	-
47	<b>Annual Revenue Requirement</b>	<b>\$ 601</b>	<b>\$ 566</b>	<b>\$ 531</b>	<b>\$ 496</b>	<b>\$ 461</b>	<b>\$ 221</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
48											
49	<b>Total Revenue Requirement - Traditional Recovery Model</b>										<b>\$ 306,901</b>

**Notes:**

[1] For purposes of calculating the annual revenue requirement under the Traditional Recovery Model, Duke Energy Carolinas used assumptions that were agreed upon in Public Staff Partial Settlement and Stipulation in Docket No. E-7 Sub 1214. Refer to Abernathy Rebuttal Exhibit 2 pages 2-3.



**Duke Energy Carolinas, LLC**  
**Docket No. E-7 Sub 1243**  
**Abernathy Rebuttal Exhibit 2**  
**Storm Securitization**  
**NORTH CAROLINA RETAIL**

**Updated Annual Revenue Requirement - Traditional Recovery Model - Capital Investments**

Line No.	Assumptions	Revenue Requirement											
1	Storm Capital Investments	\$	18,575								Annual Depreciation <sup>[3]</sup>	\$	408
2													
3	Date of storm	Various											
4	Date of rates effective in new rate case	Sept 1, 2020 <sup>[2]</sup>											
5	Date of securitization	June 1, 2021											
6													
7	Pre Tax Weighted Average Cost of Capital <sup>[1]</sup>	8.6%											
8	Composite Tax Rate <sup>[1]</sup>	23.4%											
9													
10													
11													
12			<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	
13	Depreciation Expense	\$	-	\$ 136	\$ 408	\$ 408	\$ 408	\$ 408	\$ 408	\$ 408	\$ 408	\$ 408	
14													
15	Gross Plant at Beginning of the Year		18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575	
16	Accumulated Depreciation		(408)	(816)	(1,224)	(1,633)	(2,041)	(2,449)	(2,857)	(3,266)	(3,674)	(4,082)	
17	Beginning Net Plant		18,575	18,167	17,759	17,351	16,942	16,534	16,126	15,718	15,309	14,901	
18	Pre Tax Weighted Average Cost of Capital %		8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	
19	Return on Rate Base		-	519	1,521	1,486	1,451	1,416	1,381	1,346	1,311	1,276	
20													
21	Annual Revenue Requirement	\$	-	\$ 655	\$ 1,929	\$ 1,894	\$ 1,859	\$ 1,824	\$ 1,789	\$ 1,754	\$ 1,719	\$ 1,684	
22													
23													
24			<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	
25	Depreciation Expense	\$	408	\$ 408	\$ 408	\$ 408	\$ 408	\$ 408	\$ 408	\$ 408	\$ 408	\$ 408	
26													
27	Gross Plant at Beginning of the Year		18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575	
28	Accumulated Depreciation		(4,491)	(4,899)	(5,307)	(5,715)	(6,124)	(6,532)	(6,940)	(7,348)	(7,757)	(8,165)	
29	Beginning Net Plant		14,493	14,085	13,676	13,268	12,860	12,452	12,043	11,635	11,227	10,819	
30	Net of Tax Weighted Average Cost of Capital %		8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	
31	Return on Rate Base		1,241	1,206	1,171	1,136	1,101	1,066	1,031	996	961	926	
32													
33	Annual Revenue Requirement	\$	1,649	\$ 1,614	\$ 1,579	\$ 1,544	\$ 1,509	\$ 1,474	\$ 1,439	\$ 1,404	\$ 1,370	\$ 1,335	
34													
35													
36			<b>2039</b>	<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	
37	Depreciation Expense	\$	408	\$ 408	\$ 408	\$ 408	\$ 408	\$ 408	\$ 408	\$ 408	\$ 408	\$ 408	
38													
39	Gross Plant at Beginning of the Year		18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575	
40	Accumulated Depreciation		(8,573)	(8,981)	(9,390)	(9,798)	(10,206)	(10,614)	(11,023)	(11,431)	(11,839)	(12,247)	
41	Beginning Net Plant		10,410	10,002	9,594	9,186	8,777	8,369	7,961	7,553	7,144	6,736	
42	WACC Return Rate		8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	
43	Return on Rate Base		891	856	821	787	752	717	682	647	612	577	
44													
45	Annual Revenue Requirement	\$	1,300	\$ 1,265	\$ 1,230	\$ 1,195	\$ 1,160	\$ 1,125	\$ 1,090	\$ 1,055	\$ 1,020	\$ 985	
46													
47													
48			<b>2049</b>	<b>2050</b>	<b>2051</b>	<b>2052</b>	<b>2053</b>	<b>2054</b>	<b>2055</b>	<b>2056</b>	<b>2057</b>	<b>2058</b>	
49	Depreciation Expense	\$	408	\$ 408	\$ 408	\$ 408	\$ 408	\$ 408	\$ 408	\$ 408	\$ 408	\$ 408	
50													
51	Gross Plant at Beginning of the Year		18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575	18,575	
52	Accumulated Depreciation		(12,656)	(13,064)	(13,472)	(13,880)	(14,289)	(14,697)	(15,105)	(15,513)	(15,922)	(16,330)	
53	Beginning Net Plant		6,328	5,920	5,511	5,103	4,695	4,287	3,878	3,470	3,062	2,654	
54	WACC Return Rate		8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	
55	Return on Rate Base		542	507	472	437	402	367	332	297	262	227	
56													
57	Annual Revenue Requirement	\$	950	\$ 915	\$ 880	\$ 845	\$ 810	\$ 775	\$ 740	\$ 705	\$ 670	\$ 635	
58													
59													
60			<b>2059</b>	<b>2060</b>	<b>2061</b>	<b>2062</b>	<b>2063</b>	<b>2064</b>					
61	Depreciation Expense	\$	408	\$ 408	\$ 408	\$ 408	\$ 408	\$ 204					
62													
63	Gross Plant at Beginning of the Year		18,575	18,575	18,575	18,575	18,575	18,575					
64	Accumulated Depreciation		(16,738)	(17,146)	(17,555)	(17,963)	(18,371)	(18,575)					
65	Beginning Net Plant		2,245	1,837	1,429	1,020	612	204					
66	WACC Return Rate		8.6%	8.6%	8.6%	8.6%	8.6%	8.6%					
67	Return on Rate Base		192	157	122	87	52	17					
68													
69	Annual Revenue Requirement	\$	601	\$ 566	\$ 531	\$ 496	\$ 461	\$ 221					
70													
71	<b>Total Revenue Requirement - Traditional Recovery Model - Capital Investments</b>											<b>\$ 52,251</b>	

**Notes:**

[1] For purposes of the calculation, Duke Energy Carolinas used the WACC agreed to in the Public Staff Second Partial Settlement and Stipulation in in Docket No. E-7 Sub 1214.

[2] Interim Rates effective 8/24/2020 for DEC - for purposes of this calculation will use 9/1/2020

[3] Annual depreciation calculated using current depreciation rates from E-7, Sub 1146.

Duke Energy Progress, LLC  
 Docket No. E-2 Sub 1262  
 Abernathy Rebuttal Exhibit 2  
 Storm Securitization  
 NORTH CAROLINA RETAIL

Abernathy DEP Rebuttal Exhibit 2  
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**Updated Annual Revenue Requirement - Traditional Recovery Model [1]**

Line No.		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	<b>Storm Incremental O&amp;M</b>										
2	Amortization expense	\$ -	\$ 13,179	\$ 39,538	\$ 39,538	\$ 39,538	\$ 39,538	\$ 39,538	\$ 39,538	\$ 39,538	\$ 39,538
3	Return on Rate Base	-	34,725	35,035	32,471	29,908	27,344	24,781	22,217	19,654	17,090
4	<b>Storm Capital Investments</b>										
5	Depreciation expense	-	560	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679
6	Return on Rate Base	-	1,876	5,522	5,380	5,238	5,096	4,955	4,813	4,671	4,530
7	Annual Revenue Requirement	\$ -	\$ 50,340	\$ 81,773	\$ 79,068	\$ 76,363	\$ 73,658	\$ 70,953	\$ 68,247	\$ 65,542	\$ 62,837
8											
9											
10		2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
11	<b>Storm Incremental O&amp;M</b>										
12	Amortization expense	\$ 39,538	\$ 39,538	\$ 39,538	\$ 39,538	\$ 39,538	\$ 26,359	\$ -	\$ -	\$ -	\$ -
13	Return on Rate Base	14,527	11,963	9,400	6,836	4,273	1,709	-	-	-	-
14	<b>Storm Capital Investments</b>										
15	Depreciation expense	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679
16	Return on Rate Base	4,388	4,246	4,105	3,963	3,821	3,680	3,538	3,396	3,255	3,113
17	Annual Revenue Requirement	\$ 60,132	\$ 57,426	\$ 54,721	\$ 52,016	\$ 49,311	\$ 33,426	\$ 5,217	\$ 5,075	\$ 4,934	\$ 4,792
18											
19											
20		2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
21	<b>Storm Incremental O&amp;M</b>										
22	Amortization expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	Return on Rate Base	-	-	-	-	-	-	-	-	-	-
24	<b>Storm Capital Investments</b>										
25	Depreciation expense	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679
26	Return on Rate Base	2,971	2,830	2,688	2,546	2,405	2,263	2,121	1,979	1,838	1,696
27	Annual Revenue Requirement	\$ 4,650	\$ 4,508	\$ 4,367	\$ 4,225	\$ 4,083	\$ 3,942	\$ 3,800	\$ 3,658	\$ 3,517	\$ 3,375
28											
29											
30		2049	2050	2051	2052	2053	2054	2055	2056	2057	2058
31	<b>Storm Incremental O&amp;M</b>										
32	Amortization expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Return on Rate Base	-	-	-	-	-	-	-	-	-	-
34	<b>Storm Capital Investments</b>										
35	Depreciation expense	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679
36	Return on Rate Base	1,554	1,413	1,271	1,129	988	846	704	563	421	279
37	Annual Revenue Requirement	\$ 3,233	\$ 3,092	\$ 2,950	\$ 2,808	\$ 2,667	\$ 2,525	\$ 2,383	\$ 2,242	\$ 2,100	\$ 1,958
38											
39											
40		2059									
41	<b>Storm Incremental O&amp;M</b>										
42	Amortization expense	\$ -									
43	Return on Rate Base	-									
44	<b>Storm Capital Investments</b>										
45	Depreciation expense	1,631									
46	Return on Rate Base	138									
47	Annual Revenue Requirement	\$ 1,768									
48											
49	<b>Total Revenue Requirement - Traditional Recovery Model</b>										<b>\$ 1,023,683</b>

Notes:

[1] For purposes of calculating the annual revenue requirement under the Traditional Recovery Model, Duke Energy Progress used assumptions that were agreed upon in Public Staff Partial Settlement and Stipulation in Docket No. E-2 Sub 1219. Refer to Abernathy Rebuttal Exhibit 2 pages 2-3.

**Duke Energy Progress, LLC**  
**Docket No. E-2 Sub 1262**  
**Abernathy Rebuttal Exhibit 2**  
**Storm Securitization**  
**NORTH CAROLINA RETAIL**

**Updated Annual Revenue Requirement - Traditional Recovery Model - Incremental O&M**

Line No.	Assumptions	Revenue Requirement											
1	Storm Incremental O&M (less normal amount)	<b>\$ 556,556</b>	Deferral balance as of new rates effective date (after consideration of settlement terms) <sup>[1][2][3]</sup>										
2			Dist - Florence	348,474	Tran - Michael	458							
3	Date of storm	Various	Dist - Michael	29,572	Tran - Diego	136							
4	Date of rates effective in new rate case	Sept 1, 2020 <sup>[5]</sup>	Dist - Diego	30,686	Tran - Dorian	5,868							
5	Date of securitization	June 1, 2021	Dist - Dorian	109,569	Prod - Florence	3,007							
6			Tran - Florence	25,733	Gen - Florence	29							
7	Pre Tax Weighted Average Cost of Capital <sup>[4]</sup>	8.4%				TOTAL							
8	Composite Tax Rate <sup>[4]</sup>	23.2%					<b>\$ 553,532</b>						
9	Net of Tax Weighted Average Cost of Capital <sup>[4]</sup>	6.5%											
10						Annual Amortization							
11							<b>\$ 39,538</b>						
12													
13													
14			<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	
15	Amortization Expense	\$	13,179	\$ 39,538	\$ 39,538	\$ 39,538	\$ 39,538	\$ 39,538	\$ 39,538	\$ 39,538	\$ 39,538	\$ 39,538	
16													
17	Unamortized Balance at beginning of year		423,940	535,565	540,353	500,815	461,277	421,739	382,201	342,663	303,125	263,587	
18	Deferred Tax on Unamortized Balance		(98,224)	(124,087)	(125,196)	(116,035)	(106,875)	(97,714)	(88,553)	(79,393)	(70,232)	(61,071)	
19	Net Rate Base		325,716	411,479	415,157	384,779	354,402	324,025	293,647	263,270	232,893	202,515	
20	Pre Tax Weighted Average Cost of Capital %		8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	
21	Return on Rate Base		-	34,725	35,035	32,471	29,908	27,344	24,781	22,217	19,654	17,090	
22													
23	Annual Revenue Requirement	\$	-	\$ 47,904	\$ 74,573	\$ 72,009	\$ 69,446	\$ 66,882	\$ 64,319	\$ 61,755	\$ 59,192	\$ 56,628	
24													
25													
26			<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>					
27	Amortization Expense	\$	39,538	\$ 39,538	\$ 39,538	\$ 39,538	\$ 39,538	\$ 26,359					
28													
29	Unamortized Balance at beginning of year		224,049	184,511	144,973	105,435	65,897	26,359					
30	Deferred Tax on Unamortized Balance		(51,910)	(42,750)	(33,589)	(24,428)	(15,268)	(6,107)					
31	Net Rate Base		172,138	141,761	111,383	81,006	50,629	20,252					
32	Pre Tax Weighted Average Cost of Capital %		8.4%	8.4%	8.4%	8.4%	8.4%	8.4%					
33	Return on Rate Base		14,527	11,963	9,400	6,836	4,273	1,709					
34													
35	Annual Revenue Requirement	\$	54,065	\$ 51,501	\$ 48,938	\$ 46,374	\$ 43,811	\$ 28,068					
36													
37	<b>Total Revenue Requirement - Traditional Recovery Model - Incremental O&amp;M</b>								<b>\$ 845,464</b>				

**Notes:**

[1] Per Public Staff Partial Settlement and Stipulation in Docket No. E-2 Sub 1219, for traditional storm cost recovery, 12 months of amortization for each Storm was expensed prior to the new rates going into effect.

[2] Per Public Staff Partial Settlement and Stipulation in Docket No. E-2 Sub 1219, for traditional storm cost recovery, no capital costs incurred due to the Storms during the 12-month period were included in the deferred balance. Carrying charges are accrued and deferred after the 12-month period until the date the costs are included in new rates.

[3] Per Public Staff Partial Settlement and Stipulation in Docket No. E-2 Sub 1219, for traditional storm cost recovery, no carrying charges were accrued on the deferred balance during the 12-month period following the date(s) of the Storm(s). Carrying charges are accrued and deferred after the 12-month period until the date the costs are included in new rates.

[4] For purposes of the calculation, Duke Energy Progress has used the WACC agreed to in the Public Staff Second Partial Settlement and Stipulation in in Docket No. E-2 Sub 1219.

[5] Interim Rates effective 9/1/2020

Duke Energy Progress, LLC  
Docket No. E-2 Sub 1262  
Abernathy Rebuttal Exhibit 2  
Storm Securitization  
NORTH CAROLINA RETAIL

**Updated Annual Revenue Requirement - Traditional Recovery Model - Capital Investments**

Line No.	Assumptions	Revenue Requirement											
1	Storm Capital Investments	\$	68,637										
2		Annual Depreciation <sup>[3]</sup>											
3	Date of storm		Various	Distribution \$ 1,655									
4	Date of rates effective in new rate case		Sept 1, 2020 <sup>[2]</sup>	Transmission 13									
5	Date of securitization		June 1, 2021	General 11									
6				Total \$ 1,679									
7	Pre Tax Weighted Average Cost of Capital <sup>[1]</sup>		8.4%										
8	Composite Tax Rate <sup>[1]</sup>		23.2%										
9													
10													
11													
12			2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
13	Depreciation Expense	\$	-	\$ 560	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	
14													
15	Gross Plant at Beginning of the Year		61,182	68,239	68,639	68,639	68,639	68,639	68,639	68,639	68,639	68,639	
16	Accumulated Depreciation		(1,534)	(3,210)	(4,889)	(6,568)	(8,247)	(9,926)	(11,605)	(13,284)	(14,963)	(16,642)	
17	Beginning Net Plant		61,182	66,706	65,429	63,750	62,071	60,392	58,713	57,035	55,356	53,677	
18	Pre Tax Weighted Average Cost of Capital %		8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	
19	Return on Rate Base		-	1,876	5,522	5,380	5,238	5,096	4,955	4,813	4,671	4,530	
20													
21	Annual Revenue Requirement	\$	-	\$ 2,436	\$ 7,200	\$ 7,059	\$ 6,917	\$ 6,775	\$ 6,634	\$ 6,492	\$ 6,350	\$ 6,209	
22													
23													
24			2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	
25	Depreciation Expense	\$	1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	
26													
27	Gross Plant at Beginning of the Year		68,639	68,639	68,639	68,639	68,639	68,639	68,639	68,639	68,639	68,639	
28	Accumulated Depreciation		(18,321)	(19,999)	(21,678)	(23,357)	(25,036)	(26,715)	(28,394)	(30,073)	(31,752)	(33,431)	
29	Beginning Net Plant		51,998	50,319	48,640	46,961	45,282	43,603	41,924	40,245	38,567	36,888	
30	Pre Tax Weighted Average Cost of Capital %		8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	
31	Return on Rate Base		4,388	4,246	4,105	3,963	3,821	3,680	3,538	3,396	3,255	3,113	
32													
33	Annual Revenue Requirement	\$	6,067	\$ 5,925	\$ 5,784	\$ 5,642	\$ 5,500	\$ 5,359	\$ 5,217	\$ 5,075	\$ 4,934	\$ 4,792	
34													
35													
36			2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	
37	Depreciation Expense	\$	1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	
38													
39	Gross Plant at Beginning of the Year		68,639	68,639	68,639	68,639	68,639	68,639	68,639	68,639	68,639	68,639	
40	Accumulated Depreciation		(35,110)	(36,789)	(38,467)	(40,146)	(41,825)	(43,504)	(45,183)	(46,862)	(48,541)	(50,220)	
41	Beginning Net Plant		35,209	33,530	31,851	30,172	28,493	26,814	25,135	23,456	21,777	20,099	
42	Pre Tax Weighted Average Cost of Capital %		8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	
43	Return on Rate Base		2,971	2,830	2,688	2,546	2,405	2,263	2,121	1,979	1,838	1,696	
44													
45	Annual Revenue Requirement	\$	4,650	\$ 4,508	\$ 4,367	\$ 4,225	\$ 4,083	\$ 3,942	\$ 3,800	\$ 3,658	\$ 3,517	\$ 3,375	
46													
47													
48			2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	
49	Depreciation Expense	\$	1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	\$ 1,679	
50													
51	Gross Plant at Beginning of the Year		68,639	68,639	68,639	68,639	68,639	68,639	68,639	68,639	68,639	68,639	
52	Accumulated Depreciation		(51,899)	(53,578)	(55,257)	(56,935)	(58,614)	(60,293)	(61,972)	(63,651)	(65,330)	(67,009)	
53	Beginning Net Plant		18,420	16,741	15,062	13,383	11,704	10,025	8,346	6,667	4,988	3,309	
54	Pre Tax Weighted Average Cost of Capital %		8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	
55	Return on Rate Base		1,554	1,413	1,271	1,129	988	846	704	563	421	279	
56													
57	Annual Revenue Requirement	\$	3,233	\$ 3,092	\$ 2,950	\$ 2,808	\$ 2,667	\$ 2,525	\$ 2,383	\$ 2,242	\$ 2,100	\$ 1,958	
58													
59			2059										
60	Depreciation Expense	\$	1,631										
61													
62	Gross Plant at Beginning of the Year		68,639										
63	Accumulated Depreciation		(68,639)										
64	Beginning Net Plant		1,631										
65	Pre Tax Weighted Average Cost of Capital %		8.4%										
66	Return on Rate Base		138										
67													
68	Annual Revenue Requirement	\$	1,768										
69													
70													
71													
72	<b>Total Revenue Requirement - Traditional Recovery Model - Capital Investments</b>											\$ 178,218	

Notes:

[1] For purposes of the calculation, Duke Energy Progress has used the WACC agreed to in the Public Staff Second Partial Settlement and Stipulation in in Docket No. E-2 Sub 1219.

[2] Interim Rates effective 9/1/20

[3] Annual depreciation calculated using current depreciation rates from E-2, Sub 1142.

**Duke Energy Carolinas, LLC  
 Docket No. E-7 Sub 1243  
 Abernathy Rebuttal Exhibit 3  
 Storm Securitization  
 NORTH CAROLINA RETAIL**

**Updated Annual Revenue Requirement - Storm Recovery Charge Model - 15-year bond term**

Line No.	Assumptions	Revenue Requirement																			
1	Total Storm Recovery Costs as calculated for Filing	\$	225,570	Total Storm Recovery Deferral as calculated for Filing		\$	225,570														
2				Upfront financing costs for securitization <sup>[3]</sup>			5,230														
3	Date of storm		Various	Amount to securitize			\$	230,800													
4	Date of rates effective in new rate case		Sept 1, 2020 <sup>[6]</sup>	Deferral Amount at securitization date (excludes capital investments)			\$	212,225													
5	Date of securitization		June 1, 2021	Annual Amort of Deferred Costs			\$	14,148													
6																					
7	Pre Tax Weighted Average Cost of Capital <sup>[4]</sup>		8.6%																		
8	Composite Tax Rate <sup>[4]</sup>		23.4%																		
9	Net of Tax Weighted Average Cost of Capital <sup>[4]</sup>		6.6%																		
10																					
11																					
12																					
13																					
14	Storm recovery bond payment <sup>[5]</sup>	\$	10,289	\$	17,638	\$	17,638	\$	17,638	\$	17,638	\$	17,638	\$	17,638	\$	17,638	\$	17,638	\$	17,638
15	Ongoing financing costs <sup>[3]</sup>		254		435		435		435		435		435		435		435		435		435
16	Storm recovery charge		-		10,543		18,073		18,073		18,073		18,073		18,073		18,073		18,073		18,073
17																					
18	Unrecovered Storm Deferral as of beginning of year		186,367		206,826		203,972		189,823		175,675		161,527		147,378		133,230		119,082		
19	ADIT		(43,517)		(48,294)		(47,628)		(44,324)		(41,021)		(37,717)		(34,413)		(31,110)		(27,806)		
20	Pre Tax Weighted Average Cost of Capital %		8.6%		8.6%		8.6%		8.6%		8.6%		8.6%		8.6%		8.6%		8.6%		8.6%
21	Return on ADIT in rate base		(1,242)		(4,135)		(4,078)		(3,795)		(3,512)		(3,229)		(2,947)		(2,664)		(2,381)		
22	Annual Revenue Requirement	\$	(1,242)	\$	6,407	\$	13,995	\$	14,278	\$	14,561	\$	14,844	\$	15,126	\$	15,409	\$	15,692		
23																					
24																					
25																					
26	Storm recovery bond payment <sup>[5]</sup>	\$	17,638	\$	17,638	\$	17,638	\$	17,638	\$	17,638	\$	17,638	\$	12,494	\$	3,675				
27	Ongoing financing costs <sup>[3]</sup>		435		435		435		435		435		435		308		91				
28	Storm recovery charge		18,073		18,073		18,073		18,073		18,073		18,073		12,802		3,765				
29																					
30	Unrecovered storm incremental O&M		104,933		90,785		76,637		62,488		48,340		34,192		20,043		5,895				
31	ADIT		(24,502)		(21,199)		(17,895)		(14,591)		(11,288)		(7,984)		(4,680)		(1,377)				
32	Pre Tax Weighted Average Cost of Capital %		8.6%		8.6%		8.6%		8.6%		8.6%		8.6%		8.6%		8.6%		8.6%		8.6%
33	Return on ADIT in rate base		(2,098)		(1,815)		(1,532)		(1,249)		(966)		(684)		(401)		(118)				
34	Annual Revenue Requirement	\$	15,975	\$	16,258	\$	16,541	\$	16,824	\$	17,107	\$	17,389	\$	12,401	\$	3,647				
35																					
36																					
37	<b>Total Revenue Requirement - Storm Recovery Charge Model</b>																				<b>\$ 225,212</b>

Notes:

- [1] Represents Storm Recovery Costs per Abernathy Exhibit 2. Rebuttal Exhibits represent calculations from filing which incorporate actual dates of the storms and the actual date of securitization.
- [2] Per Public Staff Partial Settlement and Stipulation in Docket No. E-7 Sub 1214, for securitization, the imposition of the Storm recovery charge begins nine months after the new rates go into effect. In this scenario, interim rates went into effect August 24, 2020 and securitization is expected to be finalized June 1, 2020 which is nine months.
- [3] Upfront financing fees and on-going financing costs are estimates as of the petition date. Details of the estimates are outlined in Heath Exhibit 1.
- [4] For purposes of the calculation, Duke Energy Carolinas has used the WACC agreed to in the Public Staff Second Partial Settlement and Stipulation in in Docket No. E-7 Sub 1214.
- [5] Per DEC Abernathy Exhibit 4 as filed in Direct Testimony.
- [6] Interim Rates effective 8/24/2020 for DEC - for purposes of this calculation will use 9/1/2020

**Duke Energy Progress, LLC  
 Docket No. E-2 Sub 1262  
 Abernathy Rebuttal Exhibit 3  
 Storm Securitization  
 NORTH CAROLINA RETAIL**

**Updated Annual Revenue Requirement - Storm Recovery Charge Model - 15-year bond term**

Line No.	Assumptions			Revenue Requirement															
1	Total Storm Recovery Deferral as calculated for Filing	\$	739,008	<sup>[1]</sup>	Total Storm Recovery Deferral as calculated for Filing	\$	739,008												
2					Upfront financing costs for securitization <sup>[3]</sup>		8,992												
3	Date of storm		Various		Amount to securitize	\$	748,000												
4	Date of rates effective in new rate case		Sept 1, 2020	<sup>[6]</sup>															
5	Date of securitization		June 1, 2020		Deferral Amount at securitization date (excludes capital investments)	\$	679,363												
6																			
7	Pre Tax Weighted Average Cost of Capital <sup>[4]</sup>		8.4%		Annual Amortization of Deferred Costs	\$	45,291												
8	Composite Tax Rate <sup>[4]</sup>		23.2%																
9	Net of Tax Weighted Average Cost of Capital <sup>[4]</sup>		6.5%																
10																			
11																			
12																			
13			<b>2020</b>	<b>[2]</b>	<b>2021</b>		<b>2022</b>		<b>2023</b>		<b>2024</b>		<b>2025</b>		<b>2026</b>		<b>2027</b>		<b>2028</b>
14	Storm recovery bond payment <sup>[5]</sup>	\$	33,346	\$	57,164	\$	57,164	\$	57,164	\$	57,164	\$	57,164	\$	57,164	\$	57,164	\$	57,164
15	Ongoing financing costs <sup>[3]</sup>		528		905		905		905		905		905		905		905		905
16	Storm recovery charge		-		33,874		58,069		58,069		58,069		58,069		58,069		58,069		58,069
17																			
18	Unrecovered storm incremental O&M		604,282		662,301		652,943		607,652		562,361		517,070		471,780		426,489		381,198
19	ADIT		(140,008)		(153,451)		(151,282)		(140,789)		(130,295)		(119,802)		(109,308)		(98,814)		(88,321)
20	Pre Tax Weighted Average Cost of Capital %		8.4%		8.4%		8.4%		8.4%		8.4%		8.4%		8.4%		8.4%		8.4%
21	Return on ADIT in rate base		(3,938)		(12,950)		(12,767)		(11,881)		(10,996)		(10,110)		(9,224)		(8,339)		(7,453)
22	Annual Revenue Requirement	\$	(3,938)	\$	20,924	\$	45,302	\$	46,188	\$	47,073	\$	47,959	\$	48,844	\$	49,730	\$	50,616
23																			
24																			
25			<b>2029</b>		<b>2030</b>		<b>2031</b>		<b>2032</b>		<b>2033</b>		<b>2034</b>		<b>2035</b>		<b>2036</b>		
26	Storm recovery bond payment <sup>[5]</sup>	\$	57,164	\$	57,164	\$	57,164	\$	57,164	\$	57,164	\$	40,491	\$	11,909				
27	Ongoing financing costs <sup>[3]</sup>		905		905		905		905		905		641		189				
28	Storm recovery charge		58,069		58,069		58,069		58,069		58,069		41,132		12,098				
29																			
30	Unrecovered storm incremental O&M		335,907		290,616		245,325		200,035		154,744		109,453		64,162		18,871		
31	ADIT		(77,827)		(67,334)		(56,840)		(46,347)		(35,853)		(25,359)		(14,866)		(4,372)		
32	Pre Tax Weighted Average Cost of Capital %		8.4%		8.4%		8.4%		8.4%		8.4%		8.4%		8.4%		8.4%		8.4%
33	Return on ADIT in rate base		(6,568)		(5,682)		(4,797)		(3,911)		(3,026)		(2,140)		(1,255)		(277)		
34	Annual Revenue Requirement	\$	51,501	\$	52,387	\$	53,272	\$	54,158	\$	55,043	\$	55,929	\$	39,878	\$	11,821		
35																			
36																			
37	<b>Total Revenue Requirement - Storm Recovery Charge Model</b>														<b>\$</b>	<b>726,686</b>			

Notes:

[1] Represents Storm Recovery Costs per Abernathy Exhibit 2. Rebuttal Exhibits represent calculations from filing which incorporate actual dates of the storms and the actual date of securitization.  
 [2] Per Public Staff Partial Settlement and Stipulation in Docket No. E-2 Sub 1219, for securitization, the imposition of the Storm recovery charge begins nine months after the new rates go into effect. In this scenario, interim rates went into effect September 1, 2020 and securitization is expected to be finalized June 1, 2020 which is nine months.  
 [3] Upfront financing fees and on-going financing costs are estimates as of the petition date. Details of the estimates are outlined in Heath Exhibit 1.  
 [4] For purposes of the calculation, Duke Energy Progress has used the WACC agreed to in the Public Staff Second Partial Settlement and Stipulation in in Docket No. E-2 Sub 1219.  
 [5] Per DEP Abernathy Exhibit 4  
 [6] Interim rates effective 9/1/2020 for Duke Energy Progress

**Duke Energy Carolinas, LLC**  
**Docket No. E-7 Sub 1243**  
**Abernathy Rebuttal Exhibit 4**  
**Storm Securitization**  
**NORTH CAROLINA RETAIL**

**Traditional Recovery Model versus Storm Recovery Charge Model - Quantifiable Benefit to Customers - 20-year bond term**

Line No.	ANNUAL REVENUE REQUIREMENT										
1		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
2	Storm Recovery Charge Model <sup>[1]</sup>	(1,242)	4,452	10,601	10,813	11,026	11,238	11,450	11,662	11,874	12,086
3	Traditional Recovery Model <sup>[1]</sup>	8,262	25,069	24,234	23,398	22,562	21,727	20,891	20,056	19,220	18,385
4											
5											
6		<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>
7	Storm Recovery Charge Model <sup>[1]</sup>	12,299	12,511	12,723	12,935	13,147	13,359	13,571	13,784	13,996	14,208
8	Traditional Recovery Model <sup>[1]</sup>	17,549	16,714	15,878	15,042	10,141	1,439	1,404	1,370	1,335	1,300
9											
10											
11		<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	<b>2049</b>
12	Storm Recovery Charge Model <sup>[1]</sup>	10,127	2,978	-	-	-	-	-	-	-	-
13	Traditional Recovery Model <sup>[1]</sup>	1,265	1,230	1,195	1,160	1,125	1,090	1,055	1,020	985	950
14											
15											
16		<b>2050</b>	<b>2051</b>	<b>2052</b>	<b>2053</b>	<b>2054</b>	<b>2055</b>	<b>2056</b>	<b>2057</b>	<b>2058</b>	<b>2059</b>
17	Storm Recovery Charge Model <sup>[1]</sup>	-	-	-	-	-	-	-	-	-	-
18	Traditional Recovery Model <sup>[1]</sup>	915	880	845	810	775	740	705	670	635	601
19											
20											
21		<b>2060</b>	<b>2061</b>	<b>2062</b>	<b>2063</b>	<b>2064</b>	<b>Total</b>				
22	Storm Recovery Charge Model <sup>[1]</sup>	-	-	-	-	-	239,598				
23	Traditional Recovery Model <sup>[1]</sup>	566	531	496	461	221	306,901				
24											
25											
26											
27											
28		Net Present Value	Nominal	Net of Tax							
29	Storm Recovery Charge Model <sup>[1]</sup>	\$ 116,341	\$ 239,598	Weighted Average							
30	Traditional Recovery Model <sup>[1]</sup>	184,277	306,901	Cost of Capital							
31											
32	Relative cost (benefit) of securitization	(67,936)									
33	% savings to customers	-36.9%									

**Notes:**

[1] For purposes of calculating the annual revenue requirement under the Traditional Recovery Model, Duke Energy Carolinas used assumptions that were agreed upon in the Public Staff Partial Settlement and Stipulation in Docket No. E-7 Sub 1214. Refer to Abernathy Rebuttal Exhibit 2. Amounts calculated under the Storm Recovery Model represent the actual expected cash flows of the storm recovery charge for a 20-year bond period. Refer to Abernathy Rebuttal Exhibit 5.

[2] For the purposes of calculating net present value, Duke Energy Carolinas used the agreed upon WACC rate per the Public Staff Second Settlement and Stipulation in Docket No. E-7 Sub 1214.

**Duke Energy Progress, LLC  
 Docket No. E-2 Sub 1262  
 Abernathy Rebuttal Exhibit 4  
 Storm Securitization  
 NORTH CAROLINA RETAIL**

**Traditional Recovery Model versus Storm Recovery Charge Model - Quantifiable Benefit to Customers - 20-year bond term**

Line No.		ANNUAL REVENUE REQUIREMENT										Total	
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
1													
2	Storm Recovery Charge Model <sup>[1]</sup>	(3,938)	14,586	34,309	34,973	35,637	36,301	36,965	37,629	38,294	38,958		
3	Traditional Recovery Model <sup>[1]</sup>	50,340	81,773	79,068	76,363	73,658	70,953	68,247	65,542	62,837	60,132		
4													
5													
6													
7	Storm Recovery Charge Model <sup>[1]</sup>	39,622	40,286	40,950	41,614	42,279	42,943	43,607	44,271	44,935	45,599		
8	Traditional Recovery Model <sup>[1]</sup>	57,426	54,721	52,016	49,311	33,426	5,217	5,075	4,934	4,792	4,650		
9													
10													
11													
12	Storm Recovery Charge Model <sup>[1]</sup>	32,496	9,558	-	-	-	-	-	-	-	-		
13	Traditional Recovery Model <sup>[1]</sup>	4,508	4,367	4,225	4,083	3,942	3,800	3,658	3,517	3,375	3,233		
14													
15													
16													
17	Storm Recovery Charge Model <sup>[1]</sup>	-	-	-	-	-	-	-	-	-	-	771,873	
18	Traditional Recovery Model <sup>[1]</sup>	3,092	2,950	2,808	2,667	2,525	2,383	2,242	2,100	1,958	1,768	1,023,683	
19													
20													
21													
22	Storm Recovery Charge Model <sup>[1]</sup>	\$ 378,167	\$ 771,873										
23	Traditional Recovery Model <sup>[1]</sup>	628,001	1,023,683										
24													
25	Relative cost (benefit) of securitization	(249,834)											
26	% savings to customers	-39.8%											

**Notes:**

[1] For purposes of calculating the annual revenue requirement under the Traditional Recovery Model and the Storm Recovery Bonds Model, Duke Energy Progress used assumptions that were agreed upon in Public Staff Partial Settlement and Stipulation in Docket No. E-2 Sub 1219. Refer to Abernathy Rebuttal Exhibit 2. Amounts calculated under the Storm Recovery Model represent the actual expected cash flows of the storm recovery charge for a 20-year bond period. Refer to Abernathy Rebuttal Exhibit 5.

[2] For the purposes of calculating net present value, Duke Energy Progress used the agreed upon WACC rate per the Public Staff Second Settlement and Stipulation in Docket No. E-2 Sub 1219.

**Duke Energy Carolinas, LLC**  
**Docket No. E-7 Sub 1243**  
**Abernathy Rebuttal Exhibit 5**  
**Storm Securitization**  
**NORTH CAROLINA RETAIL**

**Annual Revenue Requirement - Storm Recovery Charge Model - 20-year bond term**

Line No.	Assumptions	Revenue Requirement								
1	Total Storm Recovery Costs as calculated for Filing	\$	225,570	Total Storm Recovery Deferral as calculated for Filing		\$	225,570			
2				Upfront financing costs for securitization <sup>[3]</sup>			5,230			
3	Date of storm		Various	Amount to securitize		\$	230,800			
4	Date of rates effective in new rate case		Sept 1, 2020 <sup>[6]</sup>							
5	Date of securitization		June 1, 2021	Deferral Amt at securitization date (excludes capital)		\$	212,225			
6										
7	Pre Tax Weighted Average Cost of Capital <sup>[4]</sup>		8.6%	Annual Amort of Deferred Costs		\$	10,611			
8	Composite Tax Rate <sup>[4]</sup>		23.4%							
9	Net of Tax Weighted Average Cost of Capital <sup>[4]</sup>		6.6%							
10										
11										
12										
13			<b>2020 [2]</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
14	Storm recovery bond payment <sup>[5]</sup>	\$	8,327	\$ 14,275	\$ 14,275	\$ 14,275	\$ 14,275	\$ 14,275	\$ 14,275	\$ 14,275
15	Ongoing financing costs <sup>[3]</sup>		260	446	446	446	446	446	446	446
16	Storm recovery charge		-	8,587	14,721	14,721	14,721	14,721	14,721	14,721
17										
18	Unrecovered Storm Deferral as of beginning of year		186,367	206,826	206,035	195,424	184,812	174,201	163,590	152,979
19	ADIT		(43,517)	(48,294)	(48,110)	(45,632)	(43,154)	(40,676)	(38,199)	(35,721)
20	Pre Tax Weighted Average Cost of Capital %		8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%
21	Return on ADIT in rate base		(1,242)	(4,135)	(4,119)	(3,907)	(3,695)	(3,483)	(3,271)	(3,059)
22	Annual Revenue Requirement	\$	(1,242)	\$ 4,452	\$ 10,601	\$ 10,813	\$ 11,026	\$ 11,238	\$ 11,450	\$ 11,662
23										
24										
25			<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>
26	Storm recovery bond payment <sup>[5]</sup>	\$	14,275	\$ 14,275	\$ 14,275	\$ 14,275	\$ 14,275	\$ 14,275	\$ 14,275	\$ 14,275
27	Ongoing financing costs <sup>[3]</sup>		446	446	446	446	446	446	446	446
28	Storm recovery charge		14,721	14,721	14,721	14,721	14,721	14,721	14,721	14,721
29										
30	Unrecovered storm incremental O&M		142,367	131,756	121,145	110,534	99,923	89,311	78,700	68,089
31	ADIT		(33,243)	(30,765)	(28,288)	(25,810)	(23,332)	(20,854)	(18,377)	(15,899)
32	Pre Tax Weighted Average Cost of Capital %		8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%
33	Return on ADIT in rate base		(2,846)	(2,634)	(2,422)	(2,210)	(1,998)	(1,786)	(1,573)	(1,361)
34	Annual Revenue Requirement	\$	11,874	\$ 12,086	\$ 12,299	\$ 12,511	\$ 12,723	\$ 12,935	\$ 13,147	\$ 13,359
35										
36										
37			<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>	<b>2040</b>	<b>2041</b>		
38	Storm recovery bond payment <sup>[5]</sup>	\$	14,275	\$ 14,275	\$ 14,275	\$ 14,275	\$ 10,111	\$ 2,974		
39	Ongoing financing costs <sup>[3]</sup>		446	446	446	446	316	93		
40	Storm recovery charge		14,721	14,721	14,721	14,721	10,427	3,067		
41										
42	Unrecovered storm incremental O&M		57,478	46,866	36,255	25,644	15,033	4,421		
43	ADIT		(13,421)	(10,943)	(8,466)	(5,988)	(3,510)	(1,032)		
44	Pre Tax Weighted Average Cost of Capital %		8.6%	8.6%	8.6%	8.6%	8.6%	8.6%		
45	Return on ADIT in rate base		(1,149)	(937)	(725)	(513)	(301)	(88)		
46	Annual Revenue Requirement	\$	13,571	\$ 13,784	\$ 13,996	\$ 14,208	\$ 10,127	\$ 2,978		
47										
48										
49	<b>Total Revenue Requirement - Storm Recovery Charge Model - Incremental O&amp;M</b>								<b>\$ 239,598</b>	

**Notes:**

[1] Represents Storm Recovery Costs per Abernathy Exhibit 2. Rebuttal Exhibits represent calculations from filing which incorporate actual dates of the storms and the actual date of securitization.

[2] Per Public Staff Partial Settlement and Stipulation in Docket No. E-7 Sub 1214, for securitization, the imposition of the Storm recovery charge begins nine months after the new rates go into effect. In this scenario, interim rates went into effect August 24, 2020 and securitization is expected to be finalized June 1, 2020 which is nine months.

[3] Upfront financing fees and on-going financing costs are estimates as of the petition date. The source of the fees is Atkins Rebuttal Exhibit 1.

[4] For purposes of the calculation, Duke Energy Carolinas has used the WACC agreed to in the Public Staff Second Partial Settlement and Stipulation in in Docket No. E-7 Sub 1214.

[5] Per DEC Atkins Rebuttal Exhibit 1

[6] Interim Rates effective 8/24/2020 for DEC - for purposes of this calculation will use 9/1/2020

**Duke Energy Progress, LLC**  
**Docket No. E-2 Sub 1262**  
**Abernathy Rebuttal Exhibit 5**  
**Storm Securitization**  
**NORTH CAROLINA RETAIL**

**Abernathy DEP Rebuttal Exhibit 5**  
Page 1 of 1

**Annual Revenue Requirement - Storm Recovery Charge Model - 20-year bond term**

**Assumptions**

Total Storm Recovery Deferral as calculated for Filing	<b>\$ 739,008</b> <sup>[1]</sup>
Date of storm	Various
Date of rates effective in new rate case	Sept 1, 2020 <sup>[6]</sup>
Date of securitization	June 1, 2020
Pre Tax Weighted Average Cost of Capital <sup>[4]</sup>	8.4%
Composite Tax Rate <sup>[4]</sup>	23.2%
Net of Tax Weighted Average Cost of Capital <sup>[4]</sup>	6.5%

**Revenue Requirement**

Total Storm Recovery Deferral as calculated for Filing	\$ 739,008
Upfront financing costs for securitization <sup>[3]</sup>	8,992
Amount to securitize	<u>\$ 748,000</u>
Amounts in Deferral Account	679,363
Annual Amort of Deferred Costs	<u>\$ 33,968</u>

	2020 [2]	2021	2022	2023	2024	2025	2026	2027
Storm recovery bond payment <sup>[5]</sup>	\$ 26,987	\$ 46,264	\$ 46,264	\$ 46,264	\$ 46,264	\$ 46,264	\$ 46,264	\$ 46,264
Ongoing financing costs <sup>[3]</sup>	549	941	941	941	941	941	941	941
Storm recovery charge	-	27,536	47,204	47,204	47,204	47,204	47,204	47,204
Unrecovered storm incremental O&M	604,282	662,301	659,548	625,580	591,612	557,643	523,675	489,707
ADIT	(140,008)	(153,451)	(152,813)	(144,942)	(137,072)	(129,202)	(121,332)	(113,462)
Pre Tax Weighted Average Cost of Capital %	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%
Return on ADIT in rate base	(3,938)	(12,950)	(12,896)	(12,232)	(11,567)	(10,903)	(10,239)	(9,575)
Annual Revenue Requirement	<u>\$ (3,938)</u>	<u>\$ 14,586</u>	<u>\$ 34,309</u>	<u>\$ 34,973</u>	<u>\$ 35,637</u>	<u>\$ 36,301</u>	<u>\$ 36,965</u>	<u>\$ 37,629</u>

	2028	2029	2030	2031	2032	2033	2034	2035
Storm recovery bond payment <sup>[5]</sup>	\$ 46,264	\$ 46,264	\$ 46,264	\$ 46,264	\$ 46,264	\$ 46,264	\$ 46,264	\$ 46,264
Ongoing financing costs <sup>[3]</sup>	941	941	941	941	941	941	941	941
Storm recovery charge	47,204	47,204	47,204	47,204	47,204	47,204	47,204	47,204
Unrecovered storm incremental O&M	455,739	421,771	387,803	353,835	319,867	285,898	251,930	217,962
ADIT	(105,592)	(97,721)	(89,851)	(81,981)	(74,111)	(66,241)	(58,370)	(50,500)
Pre Tax Weighted Average Cost of Capital %	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%
Return on ADIT in rate base	(8,911)	(8,247)	(7,583)	(6,918)	(6,254)	(5,590)	(4,926)	(4,262)
Annual Revenue Requirement	<u>\$ 38,294</u>	<u>\$ 38,958</u>	<u>\$ 39,622</u>	<u>\$ 40,286</u>	<u>\$ 40,950</u>	<u>\$ 41,614</u>	<u>\$ 42,279</u>	<u>\$ 42,943</u>

	2036	2037	2038	2039	2040	2041
Storm recovery bond payment <sup>[5]</sup>	\$ 46,264	\$ 46,264	\$ 46,264	\$ 46,264	\$ 32,770	\$ 9,638
Ongoing financing costs <sup>[3]</sup>	941	941	941	941	666	196
Storm recovery charge	47,204	47,204	47,204	47,204	33,436	9,834
Unrecovered storm incremental O&M	183,994	150,026	116,058	82,090	48,122	14,153
ADIT	(42,630)	(34,760)	(26,890)	(19,020)	(11,149)	(3,279)
Pre Tax Weighted Average Cost of Capital %	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%
Return on ADIT in rate base	(3,598)	(2,933)	(2,269)	(1,605)	(941)	(277)
Annual Revenue Requirement	<u>\$ 43,607</u>	<u>\$ 44,271</u>	<u>\$ 44,935</u>	<u>\$ 45,599</u>	<u>\$ 32,496</u>	<u>\$ 9,558</u>

**Total Revenue Requirement - Storm Recovery Charge Model - Incremental O&M** **\$ 771,873**

**Notes:**

[1] Represents Storm Recovery Costs per Abernathy Exhibit 2. Rebuttal Exhibits represent calculations from filing which incorporate actual dates of the storms and the actual date of securitization.

[2] Per Public Staff Partial Settlement and Stipulation in Docket No. E-2Sub 1219, for securitization, the imposition of the Storm recovery charge begins nine months after the new rates go into effect. In this scenario, interim rates went into effect August 24, 2020 and securitization is expected to be finalized June 1, 2020 which is nine months.

[3] Upfront financing fees and on-going financing costs are estimates as of the petition date. Source of the fees is Atkins Rebuttal Exhibit 1.

[4] For purposes of the calculation, Duke Energy Progress has used the WACC agreed to in the Public Staff Second Partial Settlement and Stipulation in in Docket No. E-2 Sub 1219.

[5] Per DEP Atkins Rebuttal Exhibit 1

**Proposed Storm Recovery Charges by Customer Rate Class**

Rate Class	Applicable Schedules	(A) Revenue Requirement Allocated by Class <sup>(1)</sup> (\$'000)	(B) Effective Sales <sup>(2)</sup> (MWh)	(C) Storm Recovery Charge (¢/kWh)
				(A) * 100 / (B)
Residential	ES, RE, RE-CPP, RE-TOU-CPP, RE-TOUD-DPP, RS, RS-CPP, RS-TOU-CPP, RS-TOUD-DPP, RT	\$12,563	22,221,707	0.0565
General Service	BC, HP, LGS, OPT-E, OPT-V, PG, S, SGS, SGS-CPP, SGS-TOU-CPP, SGS-TOUD-DPP, TS	\$3,598	22,921,898	0.0157
Industrial	HP, I, OPT-E, OPT-V, PG	\$1,015	12,257,066	0.0083
Lighting	NL, OL, PL	\$897	665,536	0.1348
<b>Total</b>		<b>\$18,073</b>	<b>58,066,207</b>	<b>0.0311</b>

<sup>(1)</sup> *Abernathy Exhibit 3 - Allocation of Storm Recovery Charge to Customer Classes as filed in Docket No. E-7, Sub 1243. Revenue Requirements were grossed-up to reflect uncollectible account write-offs and regulatory fees.*

<sup>(2)</sup> *Effective Sales are based on the Company's 2020 IRP retail load forecast for year 2021. Effective Sales have been allocated to Rate Classes using billed kWh sales for year 2018.*

**Proposed Storm Recovery Charges by Customer Rate Class**

Rate Class	Applicable Schedules	(A) Revenue Requirement Allocated by Class <sup>(1)</sup> (\$ '000)	(B) Effective Sales <sup>(2)</sup> (MWh)	(C) Storm Recovery Charge (¢/kWh)
				(A) * 100 / (B)
Residential	RES, R-TOUD, R-TOU	\$45,647	16,245,955	0.281
Small General Service	SGS, SGS-TOUE, SGS-TOU-CLR, TSF & TSS	\$5,851	1,937,257	0.302
Medium General Service	MGS, SGS-TOU, SI, CH-TOUE, GS- TES, APH-TES, CSG, CSE	\$5,143	10,938,439	0.047
Large General Service	LGS, LGS-TOU, LGS-RTP	\$1,283	8,244,605	0.016
Lighting	ALS, SLS, SLR & SFLS	\$145	345,115	0.042
<b>Total</b>		<b>\$58,069</b>	<b>37,711,370</b>	<b>0.154</b>

<sup>(1)</sup> *Abernathy Exhibit 3 - Allocation of Storm Recovery Charge to Customer Classes as filed in Docket No. E-2, Sub 1262. Revenue Requirements were grossed-up to reflect uncollectible account write-offs and regulatory fees.*

<sup>(2)</sup> *Effective Sales are based on the Company's 2020 IRP retail load forecast for year 2021. Effective Sales have been allocated to Rate Classes using billed kWh sales for year 2018.*

### Proposed Tariffs

Duke Energy Carolinas, LLC  
(North Carolina Only)

Electricity No. 4  
North Carolina Original Leaf No. 133

#### RIDER STS (NC) STORM SECURITIZATION

##### APPLICABILITY (North Carolina Only)

All service supplied under the Company's rate schedules is subject to approved storm cost recovery adjustments, an increment per kilowatt hour as set forth below. This increment is not included in the Rate Schedules of the Company and therefore, must be applied to the bill as calculated under the applicable rate.

The Storm Recovery Charge shall be paid by all existing or future retail customers receiving transmission or distribution service, or both, from Company or its successor or assignees under Commission-approved rate schedules or under special contracts, even if the customer elects to purchase electricity from alternative electric suppliers following a fundamental change in regulation of public utilities in this State.

##### STORM RECOVERY CHARGE

The Storm Recovery Charge applicable to the Energy Charge under the Company's various rate schedules and was approved in a financing order issued to the Company by the North Carolina Utilities Commission ("Commission") and will be adjusted at least semi-annually to ensure timely payment of principal, interest and financing costs of storm recovery bonds from the effective date of the Storm Recovery Charge until the storm recovery bonds have been paid in full or legally discharged and the financing costs have been fully recovered. As approved by the Commission, a Special Purpose Entity ("SPE"), wholly owned by Company, has been created and is the owner of the storm recovery property which includes all rights to impose, bill, charge, collect, and receive the relevant Storm Recovery Charge and to obtain periodic adjustment to such charges. Company, as servicer, shall act as SPE's collection agent for the relevant Storm Recovery Charge.

##### MONTHLY RATE

Effective for service rendered on and after \_\_\_\_\_, the incremental rate for the appropriate class, including revenue-related taxes and regulatory fees, shall be as shown in the following table:

Rate Class	Applicable Schedules	Billing Rate (¢/kWh)
Residential	RS, RE, ES, RT, RS-CPP, RS-TOU-CPP, RS-TOUD-DPP, RE-CPP, RE-TOU-CPP, RE-TOUD-DPP	0.0565
General Service	SGS, BC, LGS, TS, OPT-V, OPT-E, HP, PG, S, SGS-CPP, SGS-TOU-CPP, SGS-TOUD-DPP	0.0157
Industrial	I, OPT-V, OPT-E, HP, PG	0.0083
Lighting	OL, PL, NL	0.1348

### Proposed Tariffs

Duke Energy Progress, LLC  
(North Carolina Only)

RR-35

#### STORM SECURITIZATION RIDER STS-1

##### APPLICABILITY

The incremental rates shown below are approved storm cost recovery adjustments and are not included in the MONTHLY RATE provision of the applicable schedule used in billing and shall therefore be added to Customer's monthly bill statement.

The Storm Recovery Charge shall be paid by all existing or future retail customers receiving transmission or distribution service, or both, from Company or its successor or assignees under Commission-approved rate schedules or under special contracts, even if the customer elects to purchase electricity from alternative electric suppliers following a fundamental change in regulation of public utilities in this State.

##### STORM RECOVERY CHARGE

The Storm Recovery Charge applicable to the Energy Charge under the Company's various rate schedules and was approved in a financing order issued to the Company by the North Carolina Utilities Commission ("Commission") and will be adjusted at least semi-annually to ensure timely payment of principal, interest and financing costs of storm recovery bonds from the effective date of the Storm Recovery Charge until the storm recovery bonds have been paid in full or legally discharged and the financing costs have been fully recovered. As approved by the Commission, a Special Purpose Entity ("SPE"), wholly owned by the Company, has been created and is the owner of the storm recovery property which includes all rights to impose, bill, charge, collect, and receive the relevant Storm Recovery Charge and to obtain periodic adjustment to such charges. Company, as servicer, shall act as SPE's collection agent for the relevant Storm Recovery Charge.

##### MONTHLY RATE

Effective for service rendered on and after \_\_\_\_, the incremental rate for the appropriate class, including revenue-related taxes and regulatory fees, shall be shown as in the following table:

Rate Class	Applicable Schedules	Billing Rate (¢/kWh)
Residential	RES, R-TOUD & R-TOU	0.281
Small General Service	SGS, SGS-TOUE, SGS TOU-CLR, TSF & TSS	0.302
Medium General Service	MGS, SGS-TOU, SI, CH-TOUE, GS-TES, APH-TES, CSG, CSE	0.047
Large General Service	LGS, LGS-TOU, LGS-RTP	0.016
Lighting	ALS, SLS, SLR & SFLS	0.042

Effective for service rendered on and after \_\_\_\_  
NCUC Docket No. E-2, Sub 1262

Storm Recovery Charge  
 True-up Mechanism Form

Storm Recovery Charge True-up Mechanism Form  
 For the Period \_\_\_\_ through \_\_\_\_

Description	Calculation of the True-up (1)	Projected Revenue Requirement to be Billed and Collected (2)	Revenue Requirement for Projected Remittance Period (1)+(2)=(3)
1 <b>Storm Recovery Bond Repayment Charge (remitted to SPE)</b>			
2			
3 True-up for the Prior Remittance Period Beginning __ and Ending__			
4 Prior Remittance Period Revenue Requirements			
5 Prior Remittance Period Actual Cash Receipt Transfers Interest income			
6 Cash Receipts Transferred to the SPE			
7 Interest income on Subaccounts at the SPE			
8 Total Current Period Actual Daily Cash Receipts Transfers and Interest Income (Line 6 + 7)	-		
9 (Over)/Under Collections of Prior Remittance Period Requirements (Line 4+8)	-		
10 Cash in Excess Funds Subaccount	-		
11 Cumulative (Over)/Under Collections through Prior Remittance Period (Line 9+10)	\$ -		\$ -
12			
13			
14 Current Remittance Period Beginning _____ and Ending _____			
15 Principal			
16 Interest			
17 Servicing Costs			
18 Other On-Going Costs			
19 Total Current Remittance Period Revenue Requirement (Line 15+16+17+18)	\$ -		
20			
21 Current Remittance Period Cash Receipt Transfers and Interest Income:			
22 Cash Receipts Transferred to SPE	(A) _____	(B) _____	
23 Interest Income on Subaccounts at SPE	(A) _____	(B) _____	
24 Total Current Remittance Period Cash Receipt Transfers and Interest Income (Line 22+23)	\$ -	\$ -	
25 Estimated Current Remittance Period (Over)/Under Collection (Line 19+24)	\$ -	\$ -	\$ -
26			
27			
28 Projected Remittance Period Beginning _____ and Ending _____			
29 Principal			
30 Interest			
31 Servicing Costs			
32 Other On-Going Costs			
33 Projected Remittance Period Revenue Requirement (Line 29+30+31+32)		\$ -	\$ -
34			
35 Total Revenue Requirements to be Billed During Projected Two Remittance Periods (Line 11+25+33)			\$ -
36 Forecasted KWh Sales for the Projected Two Remittance Periods (adjusted for uncollectibles)			_____
37 Average Retail Storm Recovery Charge per kWh (Line 35/36)			(C) _____ 0
38			
39			
40			
41 Notes:			
42 (A) Amounts are based on a billed and collected basis.			
43 (B) Includes estimated amounts for ____ through ____.			
44 (C) Allocation of this amount to each rate class is addressed by Jonathan Byrd in his testimony			

STORM SECURITIZATION  
ACCOUNTING ENTRIES

Corporate Special Purpose Entity (Corp SPE)	Utility Special Purpose Entities (SPEs)	Companies ("DEC" and "DEP")	Income Statement	Balance Sheet
<b>Entries for the Set-up and Funding of the SPEs</b>				
To record the initial investment and establish a restricted cash account in the SPEs.				
Dr. Restricted Cash/Capital Subaccount Cr. Member's Equity	Dr. Restricted Cash/Capital Subaccount Cr. Member's Equity	Dr. Investment in SPEs Cr. Cash		X X
<b>Entries Related to the Issuance of Storm Recovery Bonds</b>				
To record the issuance of the storm recovery bonds.				
Dr. Restricted Cash/General Subaccount Cr. Pass-thru Bonds Payable				X X
Dr. Storm Recovery Bonds Receivable w/Utility SPEs Cr. Restricted Cash/General Subaccount	Dr. Restricted Cash/General Subaccount Cr. Storm Recovery Bonds Payable w/Corp SPE			X X
	Dr. Upfront Bond Issuance Costs Cr. Restricted Cash/General Subaccount			X X
<b>Entries Related to the Purchase of Storm Asset Recovery Property from the Companies</b>				
To record the purchase of the Storm Asset Recovery Property from the Companies related to Storm Asset Recovery Financing.				
	Dr. Storm Asset Recovery Property Cr. Restricted Cash/General Subaccount	Dr. Cash Cr. Storm Regulatory Asset		X X
<b>Monthly Entries Related to Storm Asset Recovery Financing</b>				
To record revenues from the collection of Storm Asset Recovery Charges from customers.				
		Dr. Customer Accounts Receivable Cr. Accounts Payable w/Utility SPEs		X X
	Dr. Accounts Receivable w/Utilities Cr. Storm Asset Recovery Revenue		X	X
To record the revenue related taxes on the Storm Asset Recovery collected by the Companies.				
		Dr. Revenue Taxes and Fees Cr. Revenue Taxes and Fees Payable	X	X
To record the proceeds of Storm Asset Recovery Charges collected by the Companies to be remitted to the Utility SPEs.				
		Dr. Cash Cr. Customer Accounts Receivable		X X
	Dr. Restricted Cash/General Subaccount Cr. Accounts Receivable w/Utilities	Dr. Accounts Payable w/Utility SPEs Cr. Cash		X X
To record the payment of revenue related taxes.				
		Dr. Revenue Taxes and Fees Payable Cr. Cash		X X
To record the amortization of the Storm Asset Recovery Property.				
	Dr. Amortization Expense Cr. Storm Asset Recovery Property		X	X
To record interest expense on the Storm Asset Recovery Bonds.				
	Dr. Interest Expense Cr. Storm Recovery Interest Payable w/Corp SPE		X	X
Dr. Storm Recovery Interest Receivable w/Utility SPEs Cr. Pass-thru Interest Revenue			X	X
Dr. Pass-thru Interest Expense Cr. Pass-thru Interest Payable			X	X
To record amortization of the upfront bond issuance costs.				
	Dr. Interest Expense – Issuance Costs Cr. Upfront Bond Issuance Costs		X	X
To record payment of principle and interest on the Storm Asset Recovery Bonds.				
Dr. Restricted Cash/General Subaccount Cr. Storm Recovery Bonds Receivable w/Utility SPEs Cr. Storm Recovery Interest Receivable w/Utility SPEs	Dr. Storm Recovery Bonds Payable w/Corp SPE Dr. Storm Recovery Interest Payable w/Corp SPE Cr. Restricted Cash/General Subaccount			X X X
Dr. Pass-thru Bonds Payable Dr. Pass-thru Interest Payable Cr. Restricted Cash/General Subaccount				X X X
To record on-going operating costs and servicing fees.				
	Dr. Admin & General Expense Cr. Restricted Cash/General Subaccount		X	X
		Dr. Cash Cr. Admin & General Expense	X	X
To record replenishment of the capital subaccount through the true-up mechanism, if funds are used.				
	Dr. Restricted Cash/Capital Subaccount Cr. Restricted Cash/General Subaccount			X X
To reflect the collection of return on capital subaccount and associated cash dividend.				
	Dr. Restricted Cash/Capital Subaccount Cr. Restricted Cash/General Subaccount			X X
	Dr. Member's Equity Cr. Restricted Cash/Capital Subaccount	Dr. Cash Cr. Investment in SPEs		X X
To record excess proceeds from the Storm Asset Recovery Charges remitted to the SPEs after payments for principle, interest, on-going operating costs and servicing fees, and replenishment of the capital subaccount.				
	Dr. Restricted Cash/Excess Funds Subaccount Cr. Restricted Cash/General Subaccount			X X

Deal #	Deal Name and Pricing Date	Tranche	Amount (\$)	Wtd. Avg. Life (yrs.)
67	AEP Texas Restoration Funding (9/11/2019)	A-1	117,641,000	3.05
		A-2	117,641,000	7.87
		Total	235,282,000	5.46
66	PSNH Funding LLC 3 (5/01/2018)	A-1	235,900,000	3.02
		A-2	111,600,000	7.02
		A-3	288,163,200	11.64
		Total	635,663,200	7.63
65	Duke Energy Florida Project Finance LLC (6/15/2016)	A-1	183,000,000	2.00
		A-2	150,000,000	5.00
		A-3	436,000,000	10.00
		A-4	250,000,000	15.20
		A-5	275,290,000	18.70
Total	1,294,290,000	11.14		
64	Entergy New Orleans Storm Recovery Funding I (7/14/15)	A-1	98,730,000	4.98
63	Dept of Business, Econ Devel. & Tourism (Hawaii) (11/04/2014)	A-1	50,000,000	3.05
		A-2	100,000,000	10.21
		Total	150,000,000	7.82
62	Louisiana Local Government System Restoration/ELL (7/29/2014) [taxable munis]	A-1	91,700,000	3.00
		A-2	152,150,000	8.90
		Total	243,850,000	
61	Louisiana Local Government System Restoration/EGSL (7/29/2014) (Taxable munis)	A-1	71,000,000	6.72
60	Consumers 2014 Securitization Funding LLC (7/14/2014)	A-1	124,500,000	3.00
		A-2	139,000,000	8.00
		A-3	114,500,000	12.26
		Total	378,000,000	7.64
59	Utility Debt Securitization Authority [LIPA] (12/12/2013)	T-1	100,000,000	4.91
		T-2	100,000,000	5.92
		T-3	100,000,000	6.70
		T-4	182,934,000	8.77
		Total	482,934,000	6.95
N.B. Total includes taxable debt only. An additional \$1.5B of tax exempt debt was issued				
58	Appalachian Consumer Rate Relief Funding LLC (11/6/2013)	A-1	215,800,000	5.00
		A-2	164,500,000	12.24
		Total	380,300,000	8.13
57	Ohio Phase-In-Recovery Funding LLC (7/23/2013)	A-1	164,900,000	2.25
		A-2	102,508,000	5.08
		Total	267,408,000	3.33
56	FirstEnergy Ohio PIRB Special Purpose Trust (6/12/2013)	A-1	111,971,000	1.60
		A-2	70,468,000	5.07
		(Issued as pass-through certificates, backed by bonds issued by CEI, OE and TE)	A-3	262,483,000
Total	444,922,000	9.29		
55	AEP Texas Central Funding III (3/7/2012)	A-1	307,900,000	3.00
		A-2	180,200,000	7.00
		A-3	311,900,000	10.76
		Total	800,000,000	6.93
54	Centerpoint Energy Transmission Bond Co. IV (1/11/2012)	A-1	606,222,000	3.00
		A-2	407,516,000	7.00
		A_3	681,262,000	10.82
		Total	1,695,000,000	7.10
53	Entergy Louisiana Investment Recovery Funding I, LLC (9/15/2011)	A-1	207,156,000	5.27
		Total	207,156,000	5.27
52	Entergy Arkansas Energy Restoration Funding LLC (8/11/2010)	A-1	124,100,000	5.44
		Total	124,100,000	5.44
51	Louisiana Utilities Restoration Corporation Project/ELL (7/15/2010) [taxable munis]	A-1	112,000,000	2.00
		A-2	111,000,000	5.00
		A-3	121,000,000	8.00
		A-4	124,900,000	10.90
		Total	468,900,000	6.63

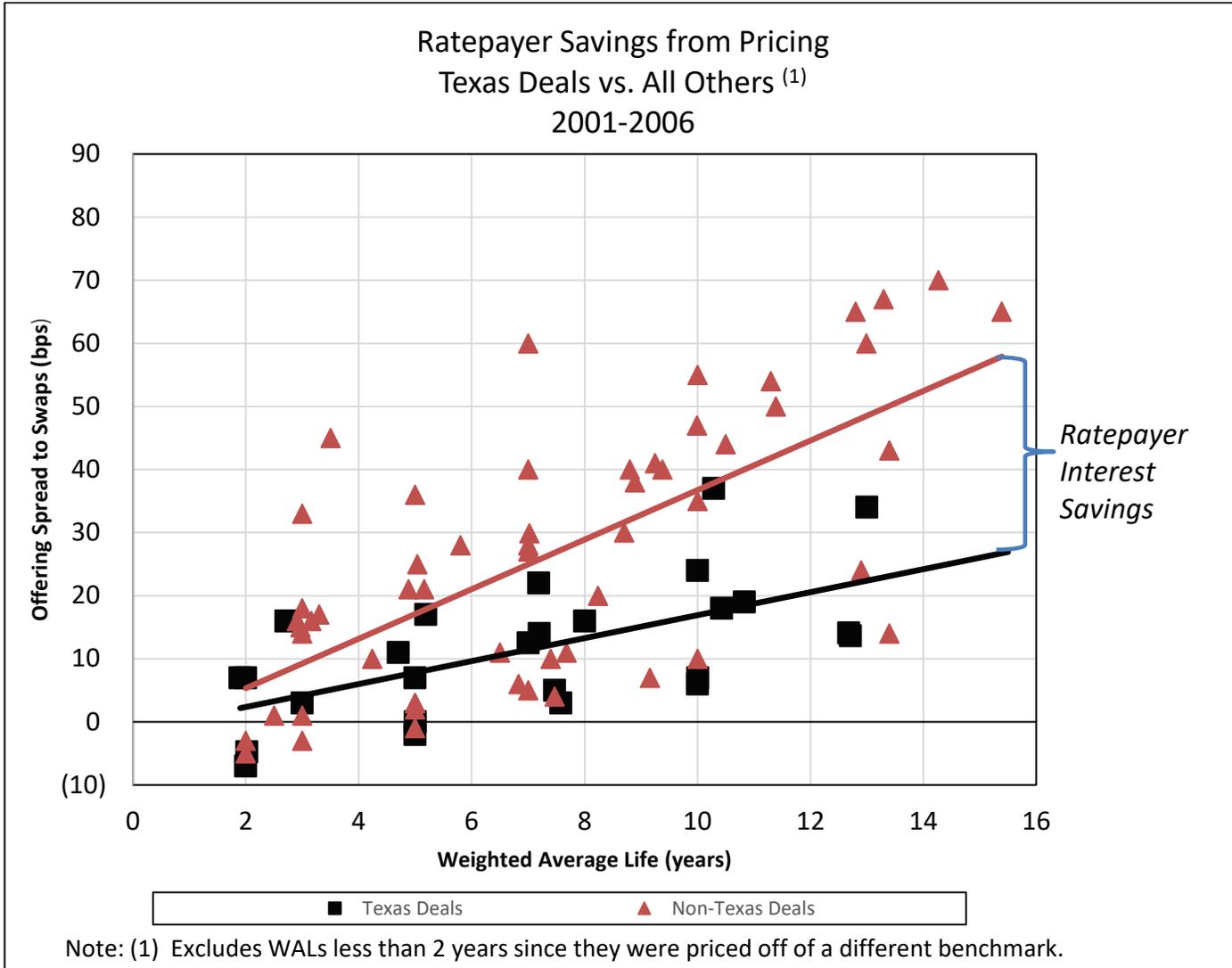
Deal #	Deal Name and Pricing Date	Tranche	Amount (\$)	Wtd. Avg. Life (yrs.)
50	Louisiana Utilities Restoration Corporation Project/EGSL 7/15/2010 [taxable munis]	A-1	97,000,000	3.00
		A-2	60,000,000	7.00
		A-3	87,100,000	10.40
		Total	244,100,000	6.62
49	MP Environmental Funding LLC (12/16/2009)	A-1	64,380,000	19.02
		Total	64,380,000	19.02
48	PE Environmental Funding LLC (12/16/2009)	A-1	21,510,000	19.02
		Total	21,510,000	19.02
47	CenterPoint Energy Restoration Bond (11/18/2009)	A-1	224,788,000	3.00
		A-2	160,152,000	7.00
		A-3	279,919,000	10.82
		Total	664,859,000	7.26
46	Entergy Texas Restoration Funding (10/29/09)	A-1	182,500,000	3.00
		A-2	144,800,000	7.00
		A-3	218,600,000	10.86
		Total	545,900,000	7.21
45	Louisiana Public Facilities Authority (8/20/2008)	A-1	103,000,000	2.66
		A-2	90,000,000	6.24
		A-3	85,400,000	8.97
		Total	278,400,000	5.75
44	Louisiana Public Facilities Authority (7/22/2008)	A-1	160,000,000	1.99
		A-2	367,000,000	5.97
		A-3	160,700,000	9.32
		Total	687,700,000	5.83
43	Cleco Katrina/Rita Hurricane Recovery Funding LLC 2 (2/28/2008)	A-1	113,000,000	5.00
		A-2	67,600,000	10.58
		Total	180,600,000	7.09
42	CenterPoint Energy Transition Bond Company III (1/29/2008)	A-1	301,427,000	5.00
		A-2	187,045,000	10.52
		Total	488,472,000	7.11
41	Entergy Gulf States Reconstruction Funding I, LLC (6/22/2007) [N/B. These securities were sold with variable pricing]	A-1	93,500,000	2.99
		A-2	121,600,000	7.99
		A-3	114,400,000	12.24
		Total	329,500,000	8.05
40	RSB BondCo LLC (BG&E sponsor) (6/22/2007)	A-1	284,000,000	2.99
		A-2	220,000,000	6.99
		A-3	119,200,000	9.27
		Total	623,200,000	5.60
39	FPL Recovery Funding LLC (5/15/07)	A1	124,000,000	1.97
		A2	140,000,000	4.98
		A3	100,000,000	7.31
		A4	288,000,000	10.38
		Total	652,000,000	7.15
38	MP Environmental Funding LLC (4/3/2007)	A-1	86,200,000	4.00
		A-2	76,000,000	10.00
		A-3	153,250,000	16.00
		A-4	29,025,000	20.00
		Total	344,475,000	12.01
37	PE Environmental Funding, LLC (4/3/2007)	A-1	28,450,000	4.00
		A-2	25,700,000	10.00
		A-3	50,700,000	16.10
		A-4	9,975,000	19.94
		Total	114,825,000	12.07
36	AEP Texas Central Transition Funding II (10/4/2006)	A-1	217,000,000	2.00
		A-2	341,000,000	5.00
		A-3	250,000,000	7.58
		A-4	437,000,000	10.00
		A-5	494,700,000	12.68
		Total	1,739,700,000	8.44
35	JCP&L Transition Funding II (8/4/2006)	A-1	56,348,000	3.00
		A-2	25,693,000	7.00
		A-3	49,220,000	10.00
		A-4	51,139,000	13.40
		Total	182,400,000	8.37

Deal #	Deal Name and Pricing Date	Tranche	Amount (\$)	Wtd. Avg. Life (yrs.)
34	Centerpoint Energy Series A (12/9/2005)	A-1	250,000,000	2.02
		A-2	368,000,000	5.00
		A-3	252,000,000	7.47
		A-4	519,000,000	10.01
		A-5	462,000,000	12.71
		Total	1,851,000,000	8.26
33	PG&E Energy Recovery Funding LLC Series 2005-2 (11/3/2005)	A-1	351,000,000	2.00
		A-2	372,000,000	5.00
		A-3	121,461,000	6.83
		Total	844,461,000	4.02
32	West Penn Power (9/22/2005)	A-1	115,000,000	4.24
		Total	115,000,000	4.24
31	PSE&G 2005-1 (9/9/2005)	A-1	25,200,000	2.00
		A-2	35,000,000	5.00
		A-3	20,000,000	7.47
		A-4	22,500,000	9.16
		Total	102,700,000	5.66
30	Massachusetts RRB Special Purpose Trust 2005-1 (BEC Funding II, LLC \$265.5M and CEC Funding, LLC 2/15/2005 (Nstar (FKA Boston Edison))	A-1	109,200,000	1.00
		A-2	154,000,000	2.50
		A-3	266,500,000	5.00
		A-4	144,800,000	7.40
		Total	674,500,000	4.30
29	PG&E Energy Recovery Funding LLC Series 2005-1 (2/3/2005)	A-1	268,000,000	1.00
		A-2	647,000,000	3.00
		A-3	320,000,000	5.00
		A-4	468,000,000	6.50
		A-5	184,864,000	7.68
		Total	1,887,864,000	4.38
28	Rockland Electric Company (7/28/04)	A-1	46,300,000	8.70
		Total	46,300,000	8.70
27	Oncor (TXU) 2004-1 (5/28/2004)	A-1	279,000,000	3.00
		A-2	221,000,000	7.00
		A-3	289,777,000	10.43
		Total	789,777,000	6.85
26	Atlantic City Electric (12/18/2003)	A-1	46,000,000	2.97
		A-2	52,000,000	8.24
		A-3	54,000,000	12.90
		Total	152,000,000	8.30
25	Oncor 2003-1 (8/14/2003)	A-1	103,000,000	2.00
		A-2	122,000,000	5.00
		A-3	130,000,000	8.00
		A-4	145,000,000	10.83
		Total	500,000,000	6.85
24	Atlantic City Electric (12/11/2002)	A-1	109,000,000	3.00
		A-2	66,000,000	7.00
		A-3	118,000,000	10.50
		A-4	147,000,000	15.39
		Total	440,000,000	9.75
23	JCP&L Transition Funding LLC (6/4/2002)	A-1	91,111,000	3.00
		A-2	52,297,000	7.00
		A-3	77,075,000	10.00
		A-4	99,517,000	13.40
		Total	320,000,000	8.57
22	CPL Transition Funding LLC (1/31/2002)	A-1	128,950,233	1.90
		A-2	154,506,810	4.70
		A-3	107,094,258	7.20
		A-4	214,926,738	10.00
		A-5	191,856,858	13.00
		Total	797,334,897	8.01

Deal #	Deal Name and Pricing Date	Tranche	Amount (\$)	Wtd. Avg. Life (yrs.)
21	PSNH Funding LLC 2 (1/16/2002)	A-1	50,000,000	3.50
		Total	50,000,000	3.50
20	Consumers Funding LLC (10/31/2001)	A-1	26,000,000	1.00
		A-2	84,000,000	3.00
		A-3	31,000,000	5.00
		A-4	95,000,000	7.00
		A-5	117,000,000	10.00
		A-6	115,592,000	12.80
		Total	468,592,000	8.00
19	Reliant Energy 2001-1 (10/17/2001)	A-1	115,000,000	2.71
		A-2	118,000,000	5.19
		A-3	130,000,000	7.19
		A-4	385,987,000	10.29
		Total	748,987,000	7.78
18	Western Mass Electric (5/14/2001)	A-1	155,000,000	7.00
		Total	155,000,000	7.00
17	PSNH Funding LLC (4/20/2001)	A-1	75,211,483	1.09
		A-2	214,649,395	5.04
		A-3	235,139,122	9.99
		Total	525,000,000	6.69
16	CL&P Funding LLC (3/27/2001)	A-1	224,858,822	1.18
		A-2	255,056,333	3.16
		A-3	292,381,624	5.16
		A-4	287,907,878	7.02
		A-5	378,195,343	8.89
		Total	1,438,400,000	5.54
15	Detroit Edison 2001-1 (3/2/2001)	A-1	124,540,305	1.50
		A-2	179,037,815	3.30
		A-3	322,791,421	5.80
		A-4	406,722,416	8.80
		A-5	326,236,780	11.30
		A-6	390,671,263	13.30
		Total	1,750,000,000	8.64
14	PECO 2001-A (2/15/2001)	A-1	805,500,000	9.25
		Total	805,500,000	9.25
13	PSE&G 2001-A (1/25/2001)	A-1	105,249,914	1.00
		A-2	368,980,380	2.90
		A-3	182,621,909	4.88
		A-4	496,606,425	7.02
		A-5	328,032,965	9.38
		A-6	453,559,632	11.39
		A-7	219,688,870	12.99
		A-8	370,259,905	14.27
		Total	2,525,000,000	8.69
12	PECO 2000-A (4/27/2000)	A-1	110,000,000	1.11
		A-2	140,000,000	2.08
		A-3	398,900,000	8.74
		A-4	351,100,000	9.33
		Total	1,000,000,000	7.18
11	West Penn Power (11/3/1999)	A-1	74,000,000	1.00
		A-2	172,000,000	3.00
		A-3	198,000,000	5.50
		A-4	156,000,000	7.80
		Total	600,000,000	4.83
10	Pennsylvania Power & Light (7/29/1999)	A-1	293,000,000	1.00
		A-2	178,000,000	2.00
		A-3	303,000,000	3.00
		A-4	201,000,000	4.00
		A-5	313,000,000	5.00
		A-6	223,000,000	6.00
		A-7	455,000,000	7.22
		A-8	454,000,000	8.75
		Total	2,420,000,000	5.17

Deal #	Deal Name and Pricing Date	Tranche	Amount (\$)	Wtd. Avg. Life (yrs.)
9	Boston Edison (7/27/1999)	A-1	108,500,000	1.09
		A-2	170,600,000	3.13
		A-3	103,400,000	5.13
		A-4	170,900,000	7.13
		A-5	<u>171,600,000</u>	9.63
		Total	725,000,000	5.59
8	Sierra Pacific Power (4/8/1999)	A-1	<u>24,000,000</u>	
		Total	24,000,000	
7	PECO Energy (3/18/1999)	A-1	244,500,000	1.30
		A-2	275,400,000	3.27
		A-3	667,000,000	4.04
		A-4	458,500,000	5.38
		A-5	464,600,000	6.29
		A-6	993,400,000	7.28
		A-7	<u>896,700,000</u>	8.92
Total	4,000,100,000	6.13		
6	Montana Power (12/22/1998)	A-1	<u>64,000,000</u>	
		Total	64,000,000	
5	Illinois Power (12/10/1998)	A-1	110,000,000	0.79
		A-2	100,000,000	1.79
		A-3	80,000,000	2.93
		A-4	85,000,000	3.93
		A-5	175,000,000	5.17
		A-6	175,000,000	7.40
		A-7	<u>139,000,000</u>	9.54
Total	864,000,000	5.05		
4	Commonwealth Edison (12/7/1998)	A-1	426,600,000	0.88
		A-2	423,400,000	2.04
		A-3	259,300,000	3.04
		A-4	420,700,000	4.04
		A-5	598,700,000	5.54
		A-6	761,300,000	7.54
		A-7	<u>510,000,000</u>	9.41
Total	3,400,000,000	5.17		
3	San Diego Gas & Electric (12/4/1997)	A-1	65,800,000	0.77
		A-2	82,600,000	1.78
		A-3	66,200,000	2.92
		A-4	65,700,000	3.92
		A-5	96,500,000	5.15
		A-6	197,600,000	7.29
		A-7	<u>83,500,000</u>	9.52
Total	657,900,000	5.14		
2	Southern California Edison (12/4/1997)	A-1	246,000,000	0.79
		A-2	307,000,000	1.79
		A-3	248,000,000	2.93
		A-4	246,000,000	3.93
		A-5	361,000,000	5.17
		A-6	740,000,000	7.40
		A-7	<u>315,000,000</u>	9.54
Total	2,463,000,000	5.19		
1	Pacific Gas & Electric (11/25/1997)	A-1	125,000,000	0.56
		A-2	265,000,000	1.09
		A-3	280,000,000	1.99
		A-4	300,000,000	3.01
		A-5	290,000,000	4.02
		A-6	375,000,000	5.17
		A-7	866,000,000	7.31
		A-8	<u>400,000,000</u>	9.48
Total	2,901,000,000	5.19		
Total All RRB Deals			<u>51,245,972,097</u>	







Presentation to:



TEXAS TRANSITION BOND ANALYSIS

September 12, 2003

## Regression Analysis of Texas Transition Bond Spreads

SPREAD TO SWAPS REGRESSION LINE (USED IN SAVINGS ANALYSIS):  $Y = 2.9021X + 5.7598$

### Reliant Energy 2001-1

	A-1	A-2	A-3	A-4
Size (in millions)	\$115.0	\$118.0	\$130.0	\$385.9
WAL	2.71	5.29	7.19	10.29
Implied Y Value	14	21	27	36
Actual Pricing	16	17	22	37
<b>Difference in bps</b>	<b>(2)</b>	<b>4</b>	<b>5</b>	<b>(1)</b>

### Central Power and Light 2002-1

	A-1	A-2	A-3	A-4	A-5
Size	\$129.0	\$154.5	\$107.1	\$214.9	\$191.9
WAL	1.90	4.70	7.30	10.00	13.00
Implied Y Value	11	19	27	35	43
Actual Pricing	7	11	14	24	34
<b>Difference in bps</b>	<b>4</b>	<b>8</b>	<b>13</b>	<b>11</b>	<b>9</b>

### Oncor Electric Delivery Transition Bond 2003-1

	A-1	A-2	A-3	A-4
Size	\$104.0	\$122.0	\$130.0	\$144.0
WAL	2.00	5.00	8.00	10.83
Implied Y Value	12	20	29	37
Actual Pricing	7	7	16	19
<b>Difference in bps</b>	<b>5</b>	<b>13</b>	<b>13</b>	<b>18</b>

## Economic Savings Captured by Texas Transition Bonds

### Reliant Energy 2001-1

Tranche	Size	WAL	Coupon	Bp Difference	Implied Coupon
A-1	115.0	2.71	3.84%	(2)	3.82%
A-2	118.0	5.29	4.76%	4	4.80%
A-3	130.0	7.19	5.16%	5	5.21%
A-4	385.9	10.29	5.63%	(1)	5.62%
	\$748.9	7.78			

► Savings: **\$213,045**

► Bps: 0.37/year

### Central Power and Light 2002-1

Tranche	Size	WAL	Coupon	Bps Difference	Implied Coupon
A-1	129.0	1.90	3.54%	4	3.58%
A-2	154.5	4.70	5.01%	8	5.10%
A-3	107.1	7.30	5.56%	13	5.69%
A-4	214.9	10.00	5.96%	11	6.07%
A-5	191.9	13.00	6.25%	9	6.34%
	\$797.3	8.02			

► Savings: **\$3,949,077**

► Bps: 6.18/year

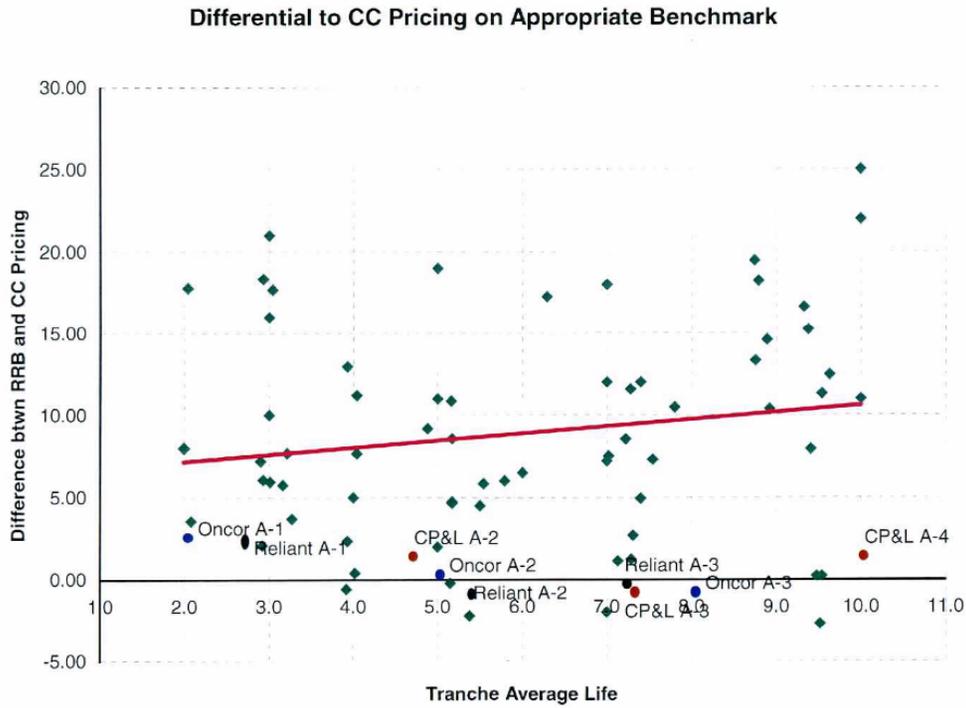
### Oncor Electric Delivery Transition Bond 2003-1

Tranche	Size	WAL	Coupon	Bps Difference	Implied Coupon
A-1	104.0	2.00	2.26%	5	2.31%
A-2	122.0	5.00	4.03%	13	4.16%
A-3	130.0	8.00	4.95%	13	5.08%
A-4	144.0	10.83	5.42%	18	5.60%
	\$500.0	6.85			

► Savings: **\$3,371,354**

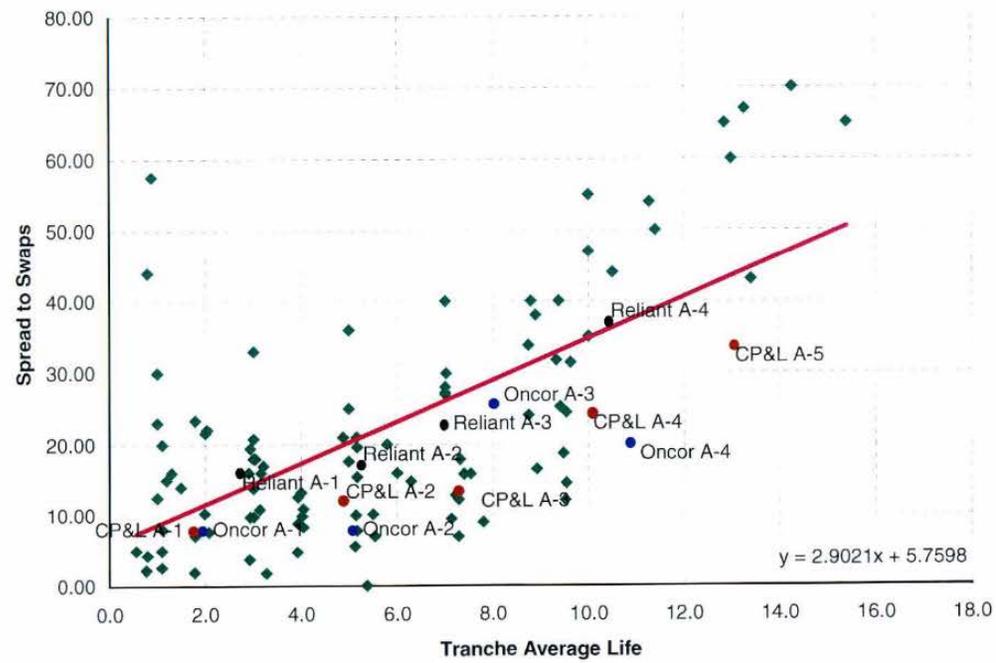
► Bps: 9.84/year

## Pricing Differential to Credit Card Spreads: Texas Advantage



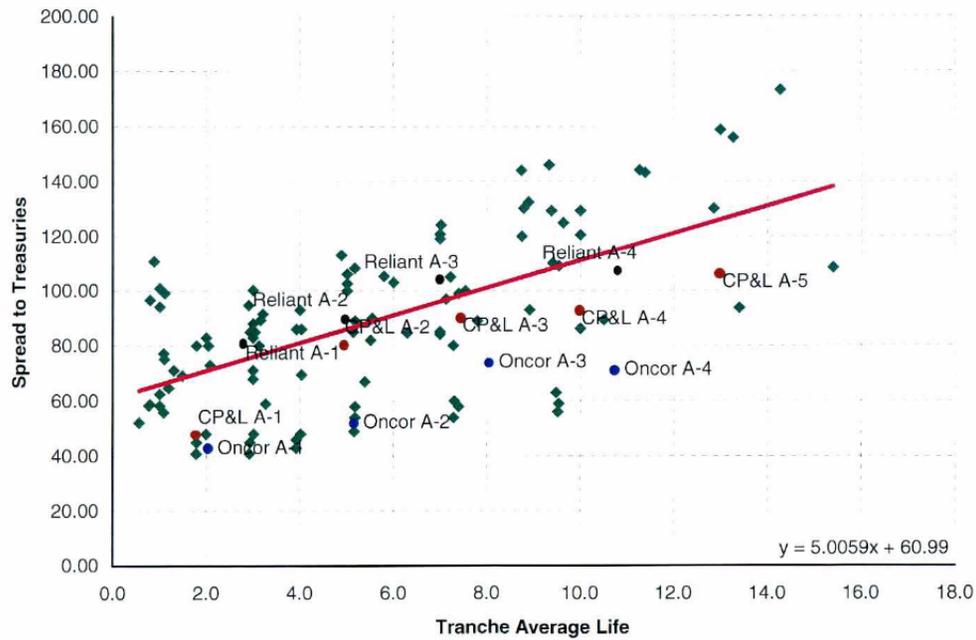
## Regression Analysis: Spread to Swaps

Tranche Average Life vs. Spread to Swaps



## Regression Analysis: Spread to Treasuries

Tranche Average Life vs. Spread to Treasuries



## Methodology

### SPREAD TO SWAPS (USED IN SAVINGS ANALYSIS)

- ▶ Includes stranded cost transactions completed from November 1997 to year-to-date.
- ▶ Transactions priced against Treasuries (prior to April 2000) were converted to spreads to Swaps using the following formula:

$$\text{Spread to Swaps} = \text{Spread to Treasury} + \text{Treasury Yield} - \text{Swap Rate}$$

- ▶ For all transactions, except for Texas RRB transactions, swap pricing was plotted on Y-axis against average life (X-axis) by tranche.
- ▶ Regression line generated calculates a representative spread at a given average life.
- ▶ Texas transactions are specifically identified to underscore whether they fall below the regression line.

### SPREAD TO TREASURIES

- ▶ Includes stranded cost transactions completed from November 1997 to year-to-date.
- ▶ Transactions priced against Swaps (post April 2000) were converted to spreads to Treasuries using the following formula:

$$\text{Spread to Treasury} = \text{Spread to Swaps} + \text{Swap Rate} - \text{Treasury Yield}$$

- ▶ For all transactions, except for Texas RRB transactions, treasury pricing was plotted on Y-axis against average life (X-axis) by tranche.
- ▶ Regression line generated calculates a representative spread at a given average life.
- ▶ Texas transactions are specifically identified to underscore whether they fall below the regression line.

## Methodology *(Continued)*

### DIFFERENTIAL TO GENERIC CREDIT CARD SPREADS

- ▶ Includes stranded cost transactions completed from November 1997 to year-to-date. Transactions priced to Treasuries were compared to generic credit card spreads also priced to Treasuries. Transactions priced to Swaps were compared to generic credit card spreads also priced to Swaps.
- ▶ Plotted the differential between credit card spreads and stranded cost transaction spreads (other than Texas RRB transactions) on the Y-axis against the average life (X-axis) by tranche.
- ▶ Tranches with average life less than 2 years and over 10 years were not used in this analysis due to the lack of reliable credit card spreads for those tails.
- ▶ Regression line generated calculates a representative spread differential at a given average life.

### SAVINGS CALCULATIONS

- ▶ By generating spread to Swaps regressions lines, we were able to find a representative spread at a given average life.
- ▶ By using such spread, we calculated implied coupon (by tranche) for Texas transactions.
- ▶ Savings were calculated by subtracting PV of actual cash flows from PV of cash flows built based on implied coupons.

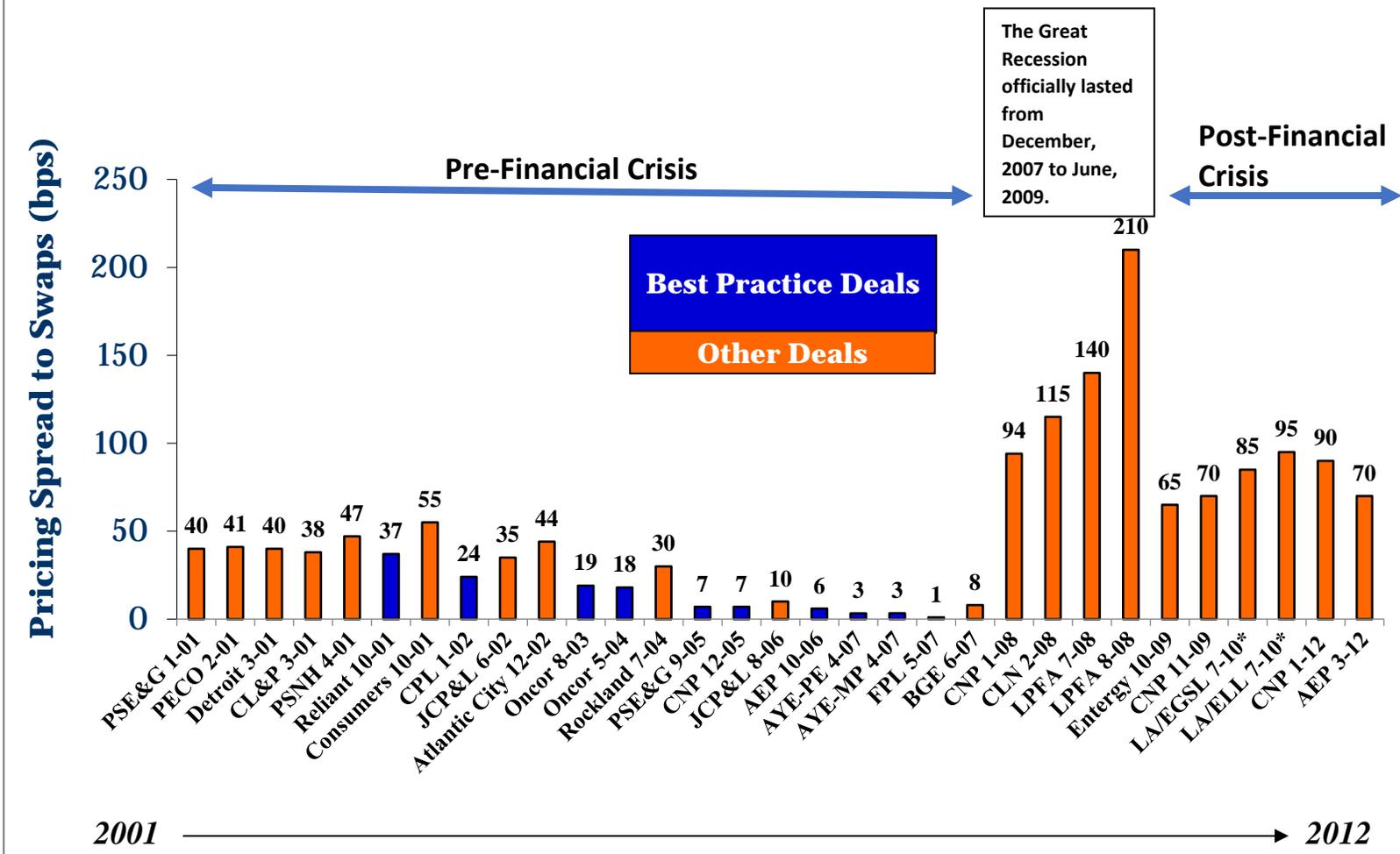
PV actual = PV (actual weighted average yield, actual cash flows)

PV implied = PV (actual weighted average yield, implied cash flows)

- ▶ Savings in bps per annum were calculated by dividing savings by deal size by weighted average life.



## New Issue Pricing Spreads to the Benchmark Swap Rate Utility AAA Securitization Deals - 2001 to 2012 9-10 Year Average Life



Source: SEC Prospectus, Bloomberg

\* Taxable



# **Methodology for Relative Value Benchmarking:**

**Using US Government Agency Debt as Comparables  
To Evaluate Pricing of Investor-Owned Utility  
Securitizations Over Time**

# SABER PARTNERS, LLC

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### Introduction

When pricing corporate debt securities, it is useful to compare indicative utility securitization or ratepayer-backed bonds<sup>1</sup> (RBB) pricing to recent new issues of comparable benchmark securities. This is especially important for securities that are less liquid and/or not frequently issued and/or traded on the open secondary market.

Moreover, after a pricing is complete, it is useful to perform such comparisons to evaluate the success (i.e. the quality) of the actual final pricing relative to other RBB pricings in the same time frame. This methodology helps finance managers determine the success in achieving the bond's "relative value" in the marketplace under market conditions at the time of pricing.<sup>2</sup>

In the past, such RBB comparable securities have included:

- 1) AAA-rated corporate debt issues by issuers like Johnson & Johnson (JNJ) or Microsoft;
- 2) US agencies debt issues by the likes of Fannie Mae (FNMA), Federal Home Loan Bank (FHLB), or Tennessee Valley Authority (TVA); or
- 3) AAA-rated credit card securitizations.

Credit card comparisons have been used for maturities of up to 10 years. However, since the financial crisis, there has been a lack of longer-term issues. So, they are only really useful for 2 and 5-year maturities.

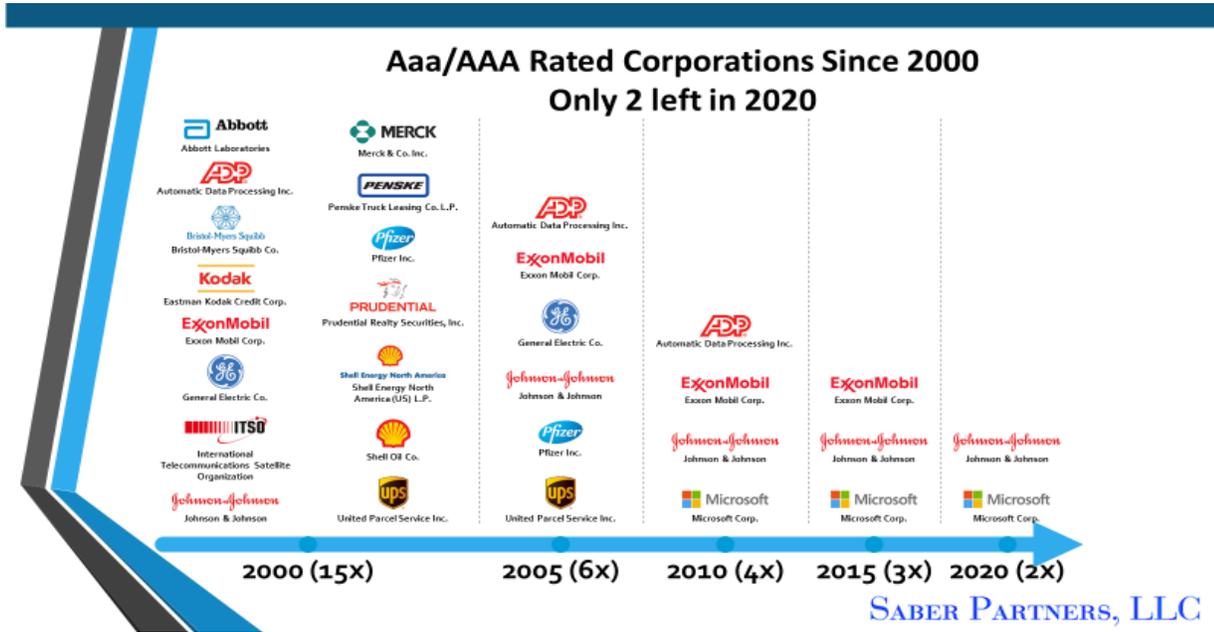
Corporate issue comparables are limited because there are only two corporate issuers, JNJ and Microsoft (MSFT), rated AAA by both major rating agencies, Moody's and Standard & Poor's. While issuers such as Exxon and Apple may be rated AAA by one rating agency, they are not AAA-rated by both of the two major rating agencies.

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<sup>1</sup> Also referred to as "ratepayer obligation charge," "rate reduction," or "stranded cost" bonds in general or for specific uses such as storm cost securitization or nuclear asset recovery bonds among others.

<sup>2</sup> See Saber Partners, LLC, "*Pricing Utility Securitizations/Ratepayer-Backed Bonds: How to Evaluate Success in the Capital Markets*" © Copyright 2018

**Figure 1 Aaa/AAA (Moody's and S&P) Rated Corporations Over Time**



## All Benchmarks Are Not Alike in Quality or Purpose

Underwriters use one type of debt benchmark when they make an offer to buy a new issue of debt security from an issuer for resale to investors. Both during the bond's pre-marketing period – where only “indication of interest” can be solicited – and in the final marketing and sale when investor orders can be taken, underwriters do not offer to buy the securities at a specific bond yield.<sup>3</sup> Rather, they offer to buy at a specific spread (in basis points) over the yield of a specific, highly liquid and high-quality benchmark security (Pricing Benchmark).

For conventional corporate debt, that benchmark security is usually United States Treasury (UST) notes and bonds. For structured products like asset-backed securities (ABS), the benchmark is usually the LIBOR fixed interest swap rate.

Utility securitization debt is most often priced like ABS securities as a “spread to swaps.” However, some RBBs have been priced off the UST curve and are structured and priced like conventional corporate debt. Examples of this includes the 2016 Duke Energy Florida Project Finance, LLC<sup>4</sup> transaction, as well as the PE and MP Environmental Funding bonds offered in 2007 and 2009. (Saber Partners was advisor to the Florida Public Service Commission and the West Virginia Public Service Commission respectively for those transactions.)

From the issuer's perspective, it is difficult to judge relative value and the attractiveness of the underwriter's offer based solely on the spread to a Pricing Benchmark. This is, in part, because credit spreads to Pricing Benchmarks can change dramatically over time, depending on economic and other conditions that are independent of the issuers and their credit worthiness. A spread that might seem good today might be bad a year from now and vice versa.

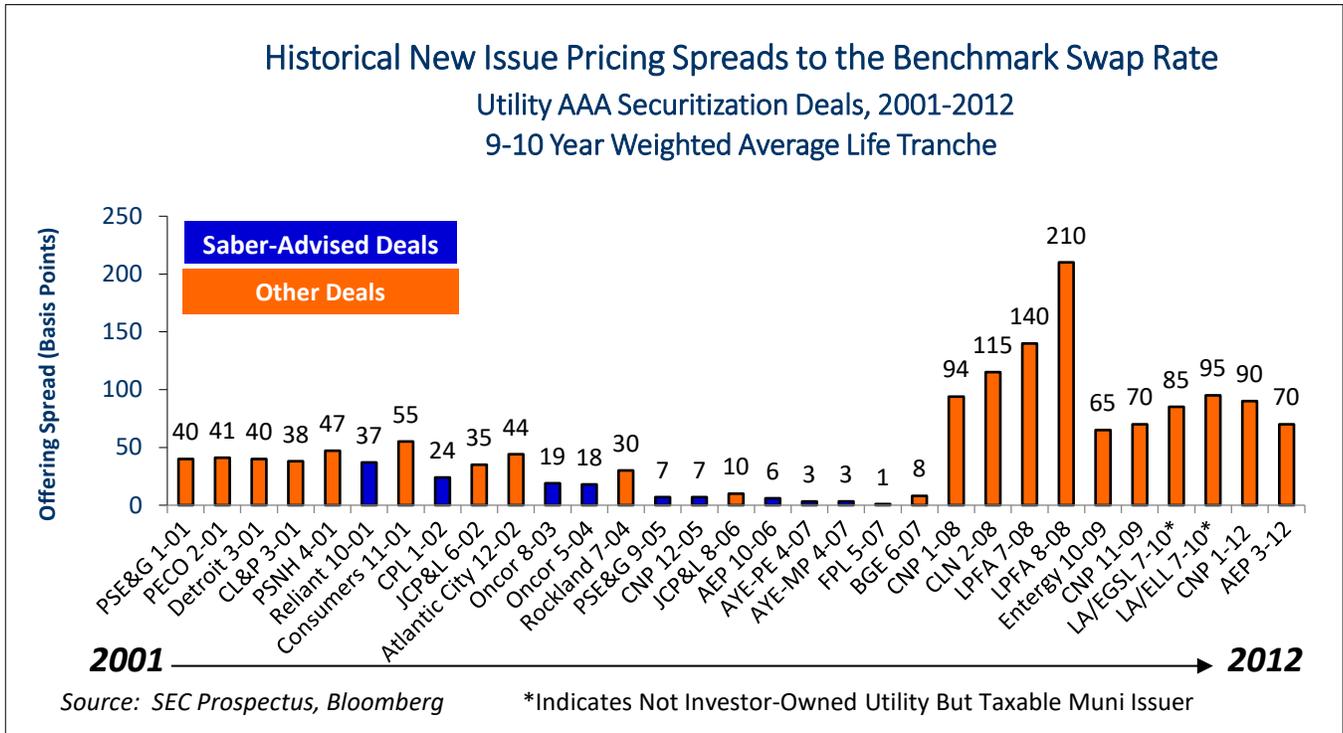
Figure 2, below, shows how new issue pricing of RBBs to swaps was dramatically affected by the Great Recession in 2008-2009 as investors reconsidered the pricing of credit and liquidity risk.

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<sup>3</sup> These are the rules for publicly offered securities that are registered with the US Securities and Exchange Commission (SEC).

<sup>4</sup> See Duke Energy Florida Project Finance, LLC SEC filings: [DEF Term Sheet](#), [Prospectus](#) and [Final Pricing Advice and Issuance Advice Letter](#) filed with the Florida Public Service Commission

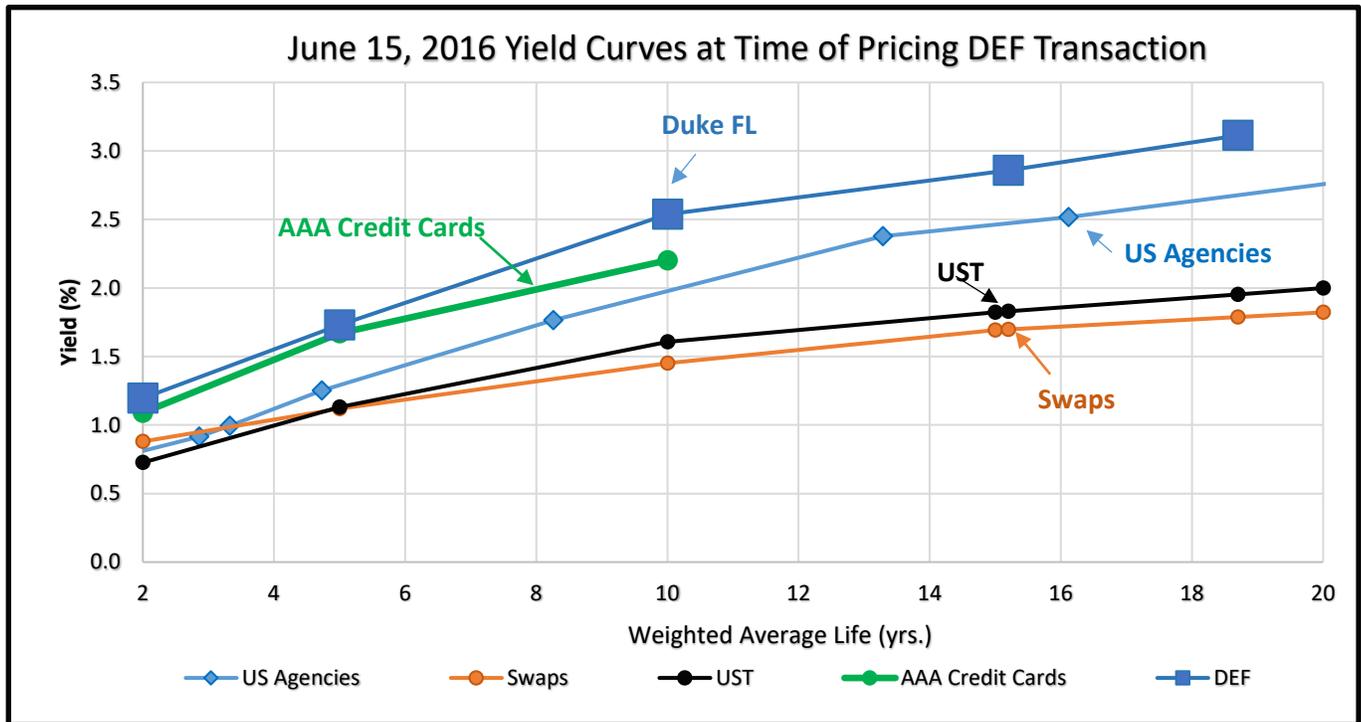
**Figure 2 Historical New Issue Pricing Spreads to Benchmark Swaps**



Because of this variability in investor evaluations of credit and liquidity risk, issuers need to look for alternative “relative value” benchmarks. By doing so, issuers will be better able to judge the fairness and efficiency of any new issue pricing offer from underwriters. This will also allow issuers to evaluate how well a deal was priced relative to other similar RBB issuances and different maturities (weighted average life) over time.

Ideally, such benchmark securities would be as similar to RBB securities as possible over a wide range of maturities or weighted average lives (WALs).

Figure 3, below, shows yield curves for 4 different possible relative value benchmarks compared to the actual pricing of 5 series of Duke Energy Florida RBBs on June 15, 2016.

**Figure 3 June 15, 2015 Yield Curves**

As can be seen from Figure 3, both of the Pricing Benchmarks commonly used by underwriters (UST and swaps) have rather wide spreads to the DEF issue, especially as WALs increase. Credit card securitizations seem to price very close to RBBs, but there are no such issues beyond 10 years and there are very few even at 10 years. US Agency securities such as the FHLMC and FNMA, on the other hand, are AAA rated due to implicit government guarantees and price relatively close to the RBBs across the range of WALs.

Consequently, Saber uses US Agency securities as a relative value benchmark. We do this both to evaluate underwriter pricing offers and to judge how we have done relative to other RBBs issued over time. While US Agency securities are Saber's primary relative value benchmark, it is still useful to examine other types of debt such as highly rated corporate debt (e.g. AAA-rated JNJ and Microsoft) and even electric utility first mortgage bonds, none of which are rated higher than AA. Electric utility debt may be relevant due to it being in the same industry and could be used to establish an absolute upper bound on any spread being contemplated for RBBs at pricing.

## Calculation of Credit Spreads to US Agencies

Following is a description of how such benchmarking can be done, using Saber's 2016 pricing of the Duke Energy Florida (DEF) Project Finance<sup>5</sup> transaction as an example. Below is a graphical

<sup>5</sup> See <http://www.floridapsc.com/library/filings/2016/03735-2016/03735-2016.pdf>

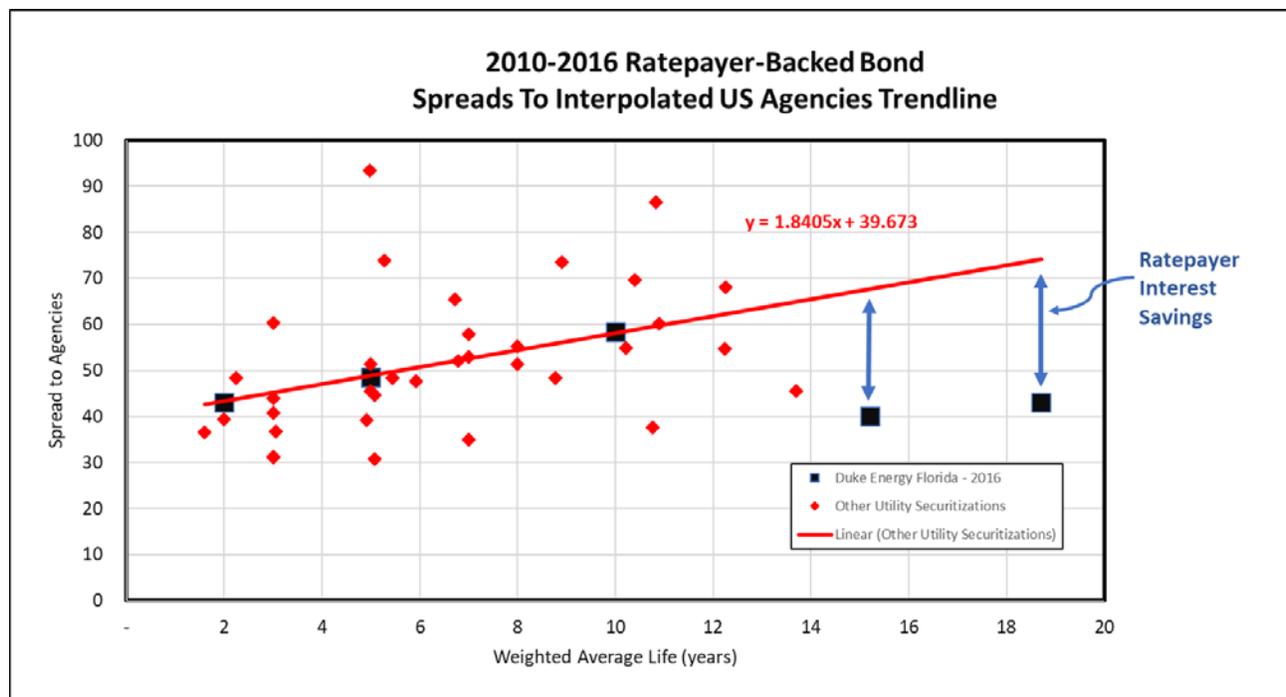
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representation<sup>6</sup> of the result showing the DEF pricing to the Agency benchmark compared to all other (non-Saber) RBBs over the period from 2010 through 2016.

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<sup>6</sup> From Saber Partners, LLC “Savings Sensitivity Analysis Model V7 – Final Pricing”; Saber Partners, LLC Webinar November 30, 2017, slide #21”, and Duke Energy Florida Pricing Book, June 20, 2016

**Figure 4 2010-2016 Ratepayer-backed Bond Spreads to Interpolated US Agencies Curve**



The Duke Florida transaction was priced against *interpolated* US Treasuries, i.e., known as the “Treasury G Curve” in 5 series (i.e., in 5 weighted average life maturities), as follows:<sup>7</sup>

**Table 1 – Duke Energy Florida Project Finance Pricing**

Tranche/Series	Principal Amount (\$)	Weighted Average Life (Years)	Yield (%)	Spread to G-curve - Interpolated UST (Basis Points (bps))	Spread to swaps (bps)
A-1/Series A 2018	\$183,000,000	2	1.20%	G + 47	Libor+31.6
A-2/Series A 2021	150,000,000	5	1.73%	G + 60	Libor+61.1
A-3/Series A 2026	436,000,000	10	2.54%	G + 93	Libor+108.6
A-4/Series A 2032	250,000,000	15.2	2.86%	G + 103	Libor+116.1
A-5/Series A 2035	275,290,000	18.7	3.11%	G + 116	Libor+132.5
Total	\$1,294,290,000		2.72%		

As stated previously, one should not just compare Treasury spreads or swap spreads for different RBB transactions to judge which ones were the best and worst executed, as those spreads vary due to many externalities which are not necessarily a function of how well the deal was executed.

As shown in Figure 2, during the Great Recession that began in 2008, RBB pricing spreads widened out substantially. Therefore, it is necessary to find benchmarks that price much closer to RBBs to provide

<sup>7</sup> For comparison purposes, the corresponding swaps or Libor spreads are also included.

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valid comparative results, especially in the current volatile economic environment. US Agency debt instruments meet that criteria.

Another potential problem, once it is decided to use US Agency debt as a benchmark, is to avoid “cherry-picking” i.e., selectively choosing data by selecting only those securities that justify/support one’s point while ignoring other data. This is because, unlike UST and swaps, no two Agency issues are exactly alike, even if they have the exact same WAL and same AAA bond rating.

To resolve this problem, we use those US Agency issues from the “Bloomberg I26 Agency Yield Curve”

Below is an example of an I26 US Agency curve from Bloomberg.<sup>8</sup>

**Figure 5 – Bloomberg I26 US Agency Yield Curve**



To ensure the spreads to agencies is a valid comparison, it is important to determine that the US Agency debt yields are reported with their actual WAL rather than just associated with the closest round number of years (e.g. 2, 5, 10) shown on the graph. Then we must interpolate to match any odd WALs of the securitization in question, such as the A-4 and A-5 series in the DEF deal (15.2 and 18.7 years, respectively).

<sup>8</sup> Bloomberg is a financial and news database subscription service widely used by capital markets participants.

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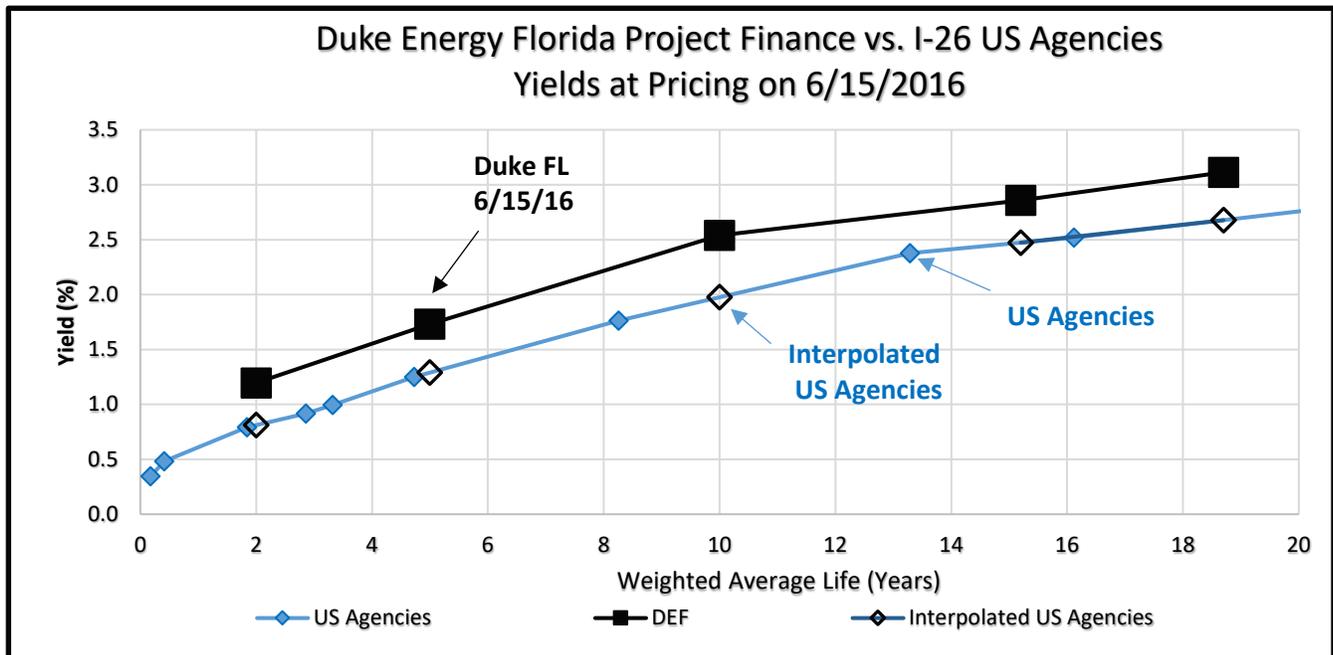
Below is a table showing the US Agency debt issues and their respective values for comparison with the DEF pricing.

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**Table 2 – US Agency Yields**

Tenor (years)	I26 US Agencies Curve	Maturity	Weighted Average Life (years)	I26 US Agencies Curve 06/15/16 Mid Price (%)	I26 US Agencies Curve 06/15/16 Yield (%)
0.25	FNMDN 0 08/10/16 Corp	8/10/16	0.20	0.359	0.345
0.50	FREDN 0 11/04/16 Corp	11/4/16	0.40	0.468	0.483
2.00	FHLMC 0 ¾ 04/09/18 Corp	4/9/18	1.80	100.002	0.749
3.00	FHLMC 1 ¼ 04/15/19 Corp	4/15/19	2.90	100.734	0.862
4.00	FHLMC 1 ¼ 10/02/19 Corp	10/2/19	3.30	100.997	0.948
5.00	FNMA 1 ¾ 02/26/21 Corp	2/26/21	4.70	100.801	1.199
7.00	FNMA 2 ¾ 09/06/24 Corp	9/6/24	8.30	106.851	1.727
10.00	FHLMC 6 ¾ 09/15/29 Corp	9/15/29	13.30	149.435	2.377
20.00	FHLMC 6 ¼ 07/15/32 Corp	7/15/32	16.10	149.456	2.497
25.00	FHLB 5 ½ 07/15/36 Corp	7/15/36	20.10	141.726	2.775

The Figure 6 graph below shows the yields for US Agency issues from the Bloomberg I26 yield curve on the day of pricing (6/15/2016) in relation to the actual DEF yields for the five series.

**Figure 6 Duke Energy Florida Project Finance vs. I-26 US Agencies**

From this information, the following table can be constructed with the spreads between each of the 5 DEF series and the interpolated US Agency yield curve.

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**Table 3 - DEF Spreads to Agencies**

DEF Series	WAL (Years)	DEF Yield (%)	Interpolated Agency Yields (%)	Spread to Agencies (bps)
A-1/Series A 2018	2.0	1.196	0.766	+43
A-2/Series A 2021	5.0	1.731	1.245	+49
A-3/Series A 2026	10.0	2.538	1.954	+58
A-4/Series A 2032	15.2	2.858	2.458	+40
A-5/Series A 2035	18.7	3.112	2.681	+43
Overall		2.720		

These are the spreads to US Agency debt shown in Figure 3. In a similar way, spreads to US Agency debt for prior securitization deals were calculated for all deals priced between 2010 and 2016 and shown in Figure 4.

### Calculating Customer/ Ratepayer Savings from Active Management

The graph in Figure 4 shows two linear regression lines, one generated by the five DEF pricing points and the other generated by all the pricing points from other securitizations between 2010 and 2016 (all of which were non-Saber deals).

The difference between each DEF pricing point and the non-Saber regression line at each of the five WALs can be considered a measure of Saber's "Active Management" savings, in basis points. When multiplied by the dollar principal amount of each series, a total dollar savings amount from effective and efficient pricing can be estimated.

The following table shows the savings calculation.

**Table 4 – Duke Energy Florida Project Finance Interest Savings**

Tranche/Series	Principal Amount (\$)	Weighted Avg. Life (X axis)	Non-Saber Spread (Y axis)	DEF Spread (Y axis)	Basis Point Savings	Nominal Savings (\$)	NPV [1] Savings at 2.72% (\$)	NPV [2] Savings at 8.12% (\$)
A-1/Series A 2018	183,000,000	2	43.354	43.044	0.31	11,343	10,751	9,704
A-2/Series A 2021	150,000,000	5	48.876	48.621	0.254	19,055	16,663	12,897
A-3/Series A 2026	436,000,000	10	58.078	58.364	-0.286	-124,710	-95,359	-57,127
A-4/Series A 2032	250,000,000	15.2	67.649	40.039	27.609	10,491,547	6,977,501	3,202,343
A-5/Series A 2035	275,290,000	18.7	74.09	43.106	30.985	15,950,586	9,657,134	3,704,535
Total	\$1,294,290,000					\$26,347,822	\$16,566,689	\$6,872,351

(1) Discounted at the duration-weighted interest rate for the DEF bonds, which was 2.72%

(2) Discounted at DEF's weighted average cost of capital of 8.12%.

In the case of DEF, total net present value interest savings calculated using the above methodology totaled \$16.6 million when discounted at the RBB rate of 2.72% and \$6.9 million when discounted at

## SABER PARTNERS, LLC

DEF's weighted average cost of capital (WACC) of 8.12%. Using the same methodology but including underwriting costs for both Saber and non-Saber deals, the NPV savings increases slightly to \$16.8 million discounted at the RBB or \$7.1 million discounted at Duke FL weighted average cost of capital of 8.12%.<sup>9</sup>

### Conclusion

Various categories of debt issuers may be useful in providing comparable securities, in some sense, during the marketing and pricing of RBB securitization bonds. These include high quality corporates such as Johnson & Johnson and Microsoft. Also, AAA-rated sovereign debt should be considered. At the shorter end of the yield curve (2-5 years), credit card securitizations provide useful comparisons. It can also be useful to look at electric utility debt (first mortgage bonds) even though the highest rated of such debt is AA.

However, for quantifying pricing efficiency and dollar savings through effective and efficient pricing, we have found using AAA-rated US Agency debt to be the most useful and defensible approach to take with respect to RBB debt issuances.

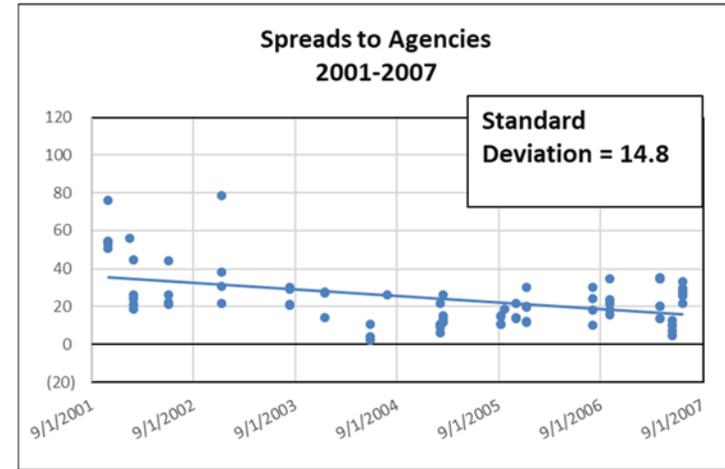
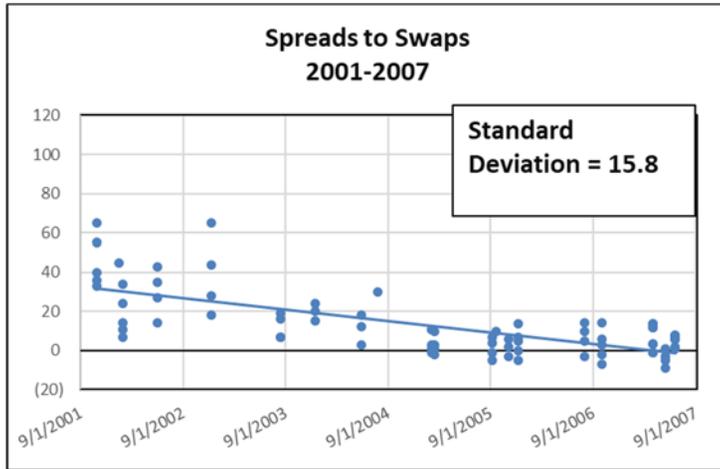
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<sup>9</sup> If we were to look at non-Saber deals over a shorter period, for example 2013 to 2016, the savings calculated would be somewhat less but still significant at \$13.2 million (including underwriting coats).

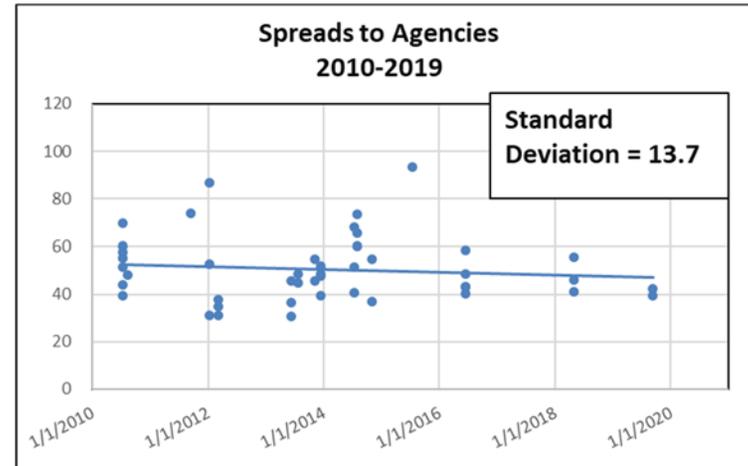
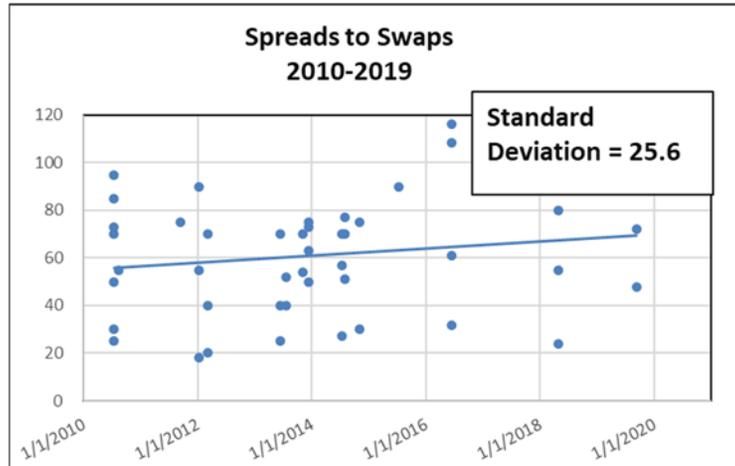


### Standard Deviation of Securitization Spreads to Swaps and to US Agencies Before and After Financial Crisis of 2008-2009

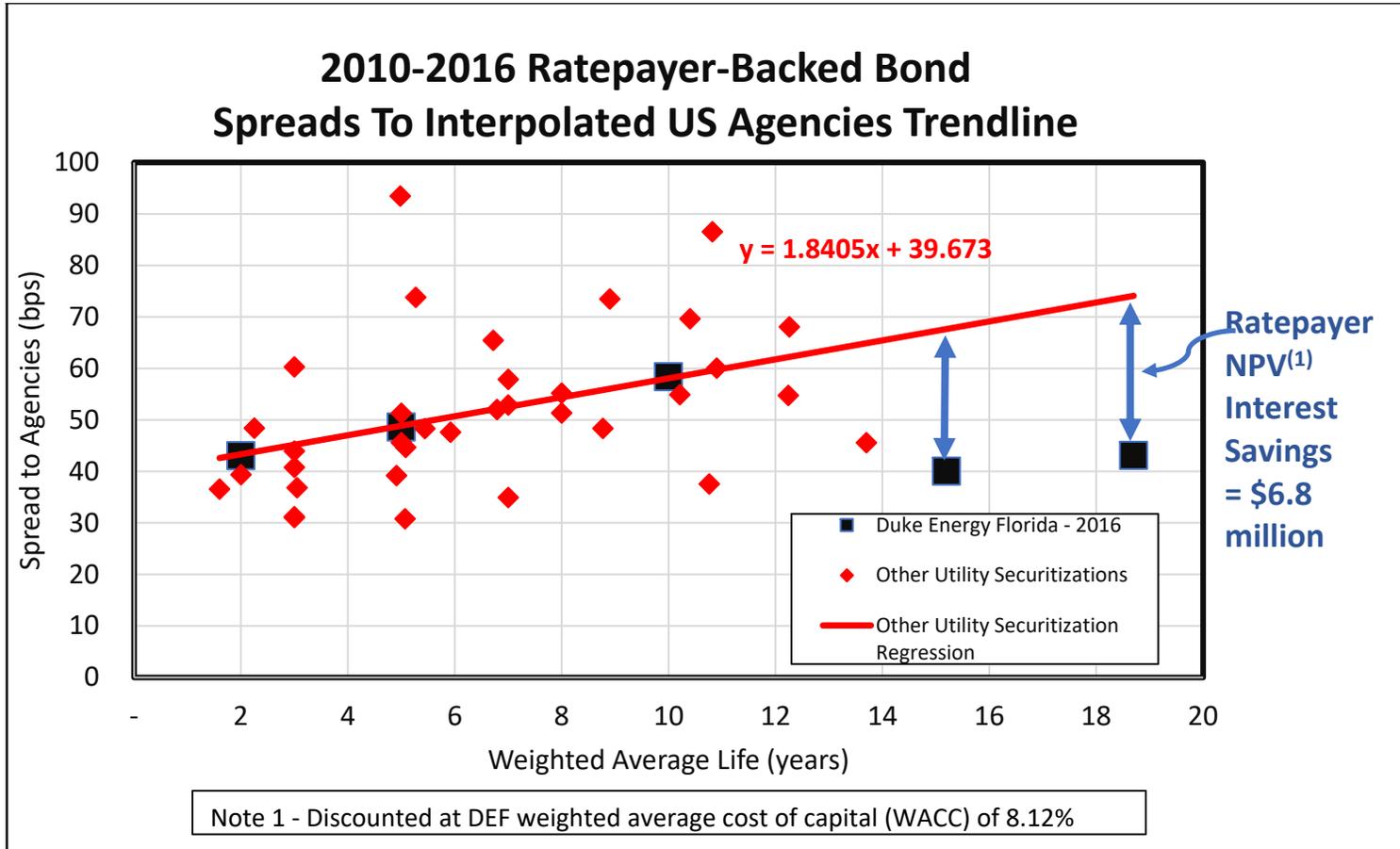
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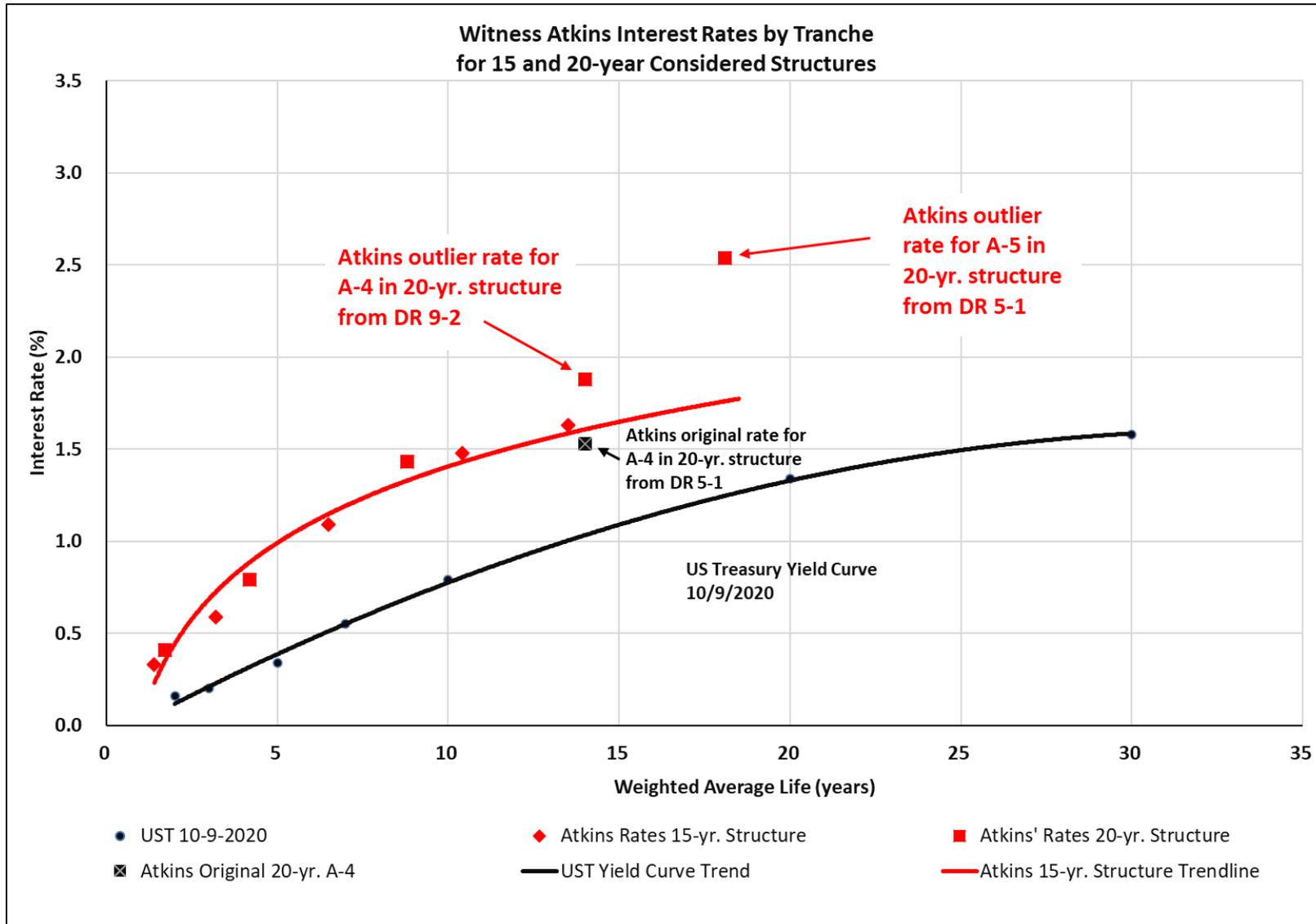
#### AFTER













How Much Does Size Matter?

7/15/2010

Louisiana Utilities Restoration Corporation Project/ELL

	Principal	WAL	Coupon	Overall i-rate	
				Wtd by Principal & WAL	Wtd by Principal Alone
A-1	112,000,000	2.0	1.110%	0.0800%	
A-2	111,000,000	5.0	2.470%	0.4410%	
A-3	121,000,000	8.0	3.450%	1.0744%	
A-4	124,900,000	10.9	3.960%	1.7344%	
	468,900,000	6.6		<b>3.330%</b>	2.7949%

Louisiana Utilities Restoration Corporation Project/EGSL

	Principal	WAL	Coupon	Overall i-rate	
				Wtd by Principal & WAL	Wtd by Principal Alone
A-1	97,000,000	3.0	1.520%	0.2736%	
A-2	60,000,000	7.0	3.220%	0.8364%	
A-3	87,100,000	10.4	3.990%	2.2354%	
	244,100,000	6.6		<b>3.3454%</b>	2.8192%

Overall Difference by Principal and WAL **0.0157%**

Overall Difference by Principal Only 0.0243%

Interest rate favors large transaction by just 1.6 basis points

7/29/2014

Louisiana Local Government System Restoration/ELL

	Principal	WAL	Coupon	Overall i-rate	
				Wtd by Principal & WAL	Wtd by Principal Alone
A-1	91,700,000	3.0	1.660%	0.2803%	
A-2	152,150,000	8.9	3.240%	2.6929%	
	243,850,000	6.7		<b>2.9732%</b>	2.6458%

Louisiana Local Government System Restoration/EGSL

	Principal	WAL	Coupon	Overall i-rate	
				Wtd by Principal & WAL	Wtd by Principal Alone
A-1	71,000,000	6.7	2.860%	2.860%	
	71,000,000	6.7		<b>2.860%</b>	2.860%

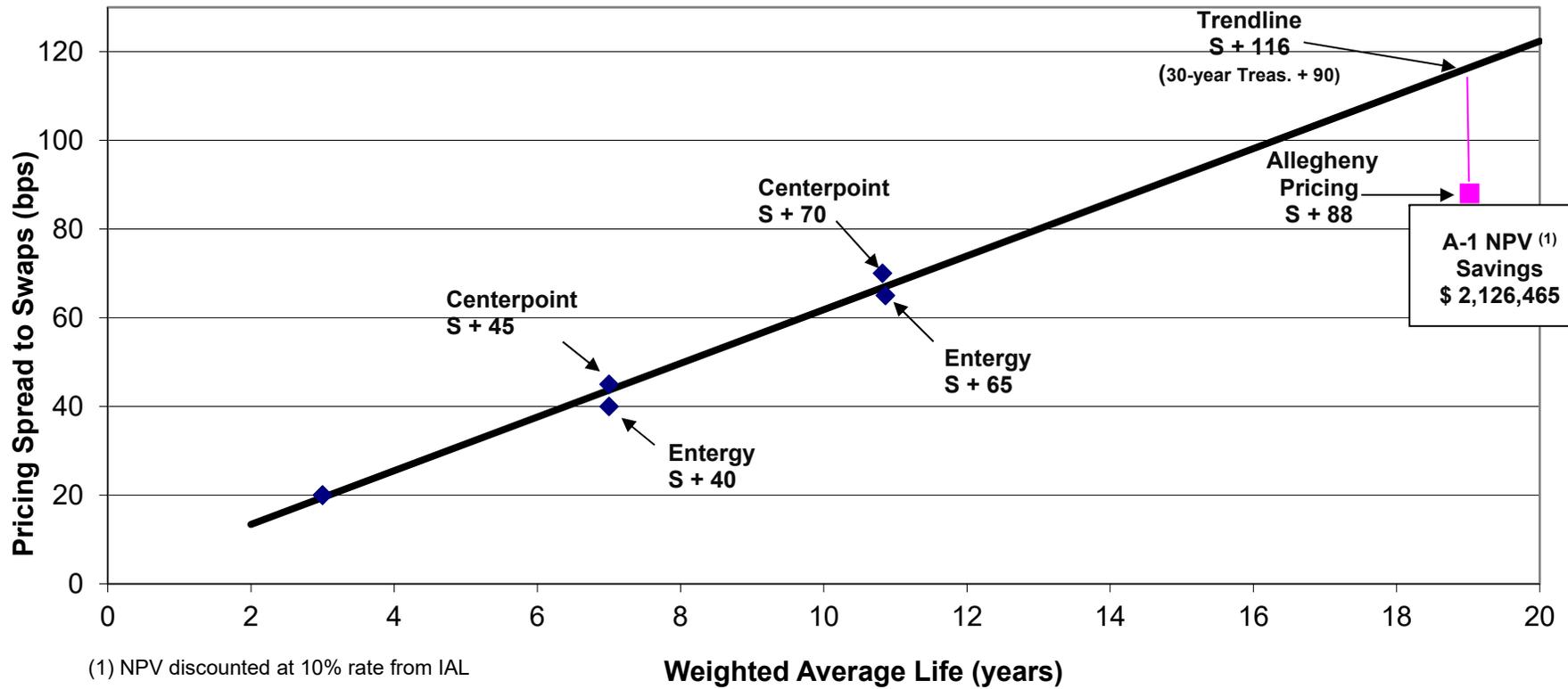
Overall Difference by Principal and WAL **-0.1132%**

Overall Difference by Principal Only 0.214%

Interest rate favors smaller transaction by over 11 basis points



### AYE 2009 Interest Savings vs. Transactions for Last 12 Months Spreads to Swaps Trendline



(1) NPV discounted at 10% rate from IAL





\*This Glossary serves as the final exhibit to the testimony of both Public Staff witness Joseph Fichera and Public Staff witness Paul Sutherland, and is the same Glossary as referenced in the testimony of Public Staff witnesses.

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## Glossary

**Asset-Backed Security (ABS)** - A debt security issued by an SPE, the payment of which is backed by a physical asset (e.g., rail cars or airplanes) or a financial asset (e.g., a mortgage or the value of a portfolio of credit card receivables). At least for some purposes, Ratepayer-Backed Bonds are not technically Asset-Backed Securities but often have been treated as such to the detriment of ratepayers.

**Bankruptcy Remote** - An entity designed in such a way that (i) the likelihood of it going into bankruptcy is extremely small, and (ii) it would experience as little economic impact as possible in the event of a bankruptcy of other related legal entities.

**Basis Point (bp)** - One one-hundredth of a percentage point. Often referred to in writing as “bp” (or “bps” in the plural).

**Benchmark** – When pricing a bond, the Benchmark is a security with high price transparency that is agreed upon by all parties so that the Yield on the new issue can be set relative to the Yield on the Benchmark. In that way, if Yields in the market move after agreeing on the spread to Benchmark but before final pricing, the parties do not have to renegotiate the final price/Yield. A Benchmark can also be a similar security used to determine Relative Value when talking to investors.

**Callable/Non-Callable Bonds/Pre-Payment Risk** - In many cases bonds are offered for sale with a “call provision.” For example, a company may want the right to retire a given bond in five years even though it carries a 25-year Maturity date. That bond would be said to carry a five-year call option. Investors who worry their bonds might be called away from them in a relatively short period of time will not pay a high price for those bonds because they can’t rely on earning the bonds’ stated interest rate through Maturity. Also known as Pre-Payment Risk. Non-callable bonds cannot be called away from the investor before the final Maturity date. Ratepayer-Backed Bonds typically are non-callable and have no Pre-Payment Risk.

**Final Legal Maturity Date** – The date by which, if the principal is not fully paid, the bonds will be considered to be in default. Usually, the Final Legal Maturity Date is one to two years after the Final Scheduled Maturity Date.

**Final Scheduled Maturity Date**– The date by which it is expected that the final principal payment on a bond or on a group of substantially identical bonds will be made.

**Financing Order** - An order issued by state regulators authorizing the issuance of Ratepayer-Backed Bonds, which order cannot be changed or revoked at a later date as long as the Ratepayer-Backed Bonds are outstanding, and which (i) segregates a specific component of the retail rate charge throughout the service territory, (ii) causes the right to receive this component to be treated as a present interest in property that can be bought, sold or pledged, (iii) authorizes the utility to sell such property to an SPE, (iv) authorizes the SPE to issue Ratepayer-Backed Bonds secured by such property, and (v) requires the utility which sold the property to use the proceeds of the sale for one or more specific purposes.

**Maturity** - The length of time until the issuer of a bond has to repay specified amounts to the lender / investor.

**Net Present Value (NPV)** - The amount of cash today that is equivalent in value to a payment, or to a stream of payments, to be received in the future. To determine the Net Present Value, each future cash flow is multiplied by a present value factor. For example, if the opportunity cost of funds is 10%, the Net Present Value of \$100 to be received in one year is  $\$100 \times [1/(1 + 0.10)] = \$91$ . Opportunity cost means what a dollar today could earn over a specific period of time.

**Nominal Dollars** or **Nominal Savings** - This type of measure reflects the current situation, not adjusted for the opportunity cost of funds over time. Nominal dollars treat all dollars the same whether received today or 10 years from today. See “Net Present Value” for the way to look at dollars over time.

**Ratepayer-Backed Bond** – Bonds issued by an SPE for the benefit of one or more sponsoring utilities in a Securitization transaction.

**Regression Line** - Regression takes a group of data points and tries to find a mathematical relationship between them. This relationship is typically in the form of a straight line (linear regression) that best approximates all the individual data points. It is the most common type of “trendline” used in Excel.

**Relative Value** - The relationship between two securities. In pricing a new Ratepayer-Backed Bond issue, for example, it is useful to compare the Spread over Swaps of the proposed bond Yield to the Spread over Swaps or over a AAA-rated U.S. agency bond. If the two securities were judged equal in risk with identical terms (not callable, same WAL etc.) but one had a higher Spread, it would be said to have greater Relative Value.

**Road Show** - A formal presentation to potential purchasers of a security, typically organized by Underwriters with the involvement of the issuer and the financial advisor. A team sometimes travels around the U.S. to discuss the features of the security, resulting in the term “Road Show.” Sometimes the team travels to foreign financial centers to make these presentations. In recent years, most Road Shows have been conducted using electronic media over the Internet, reducing or eliminating the need for travel.

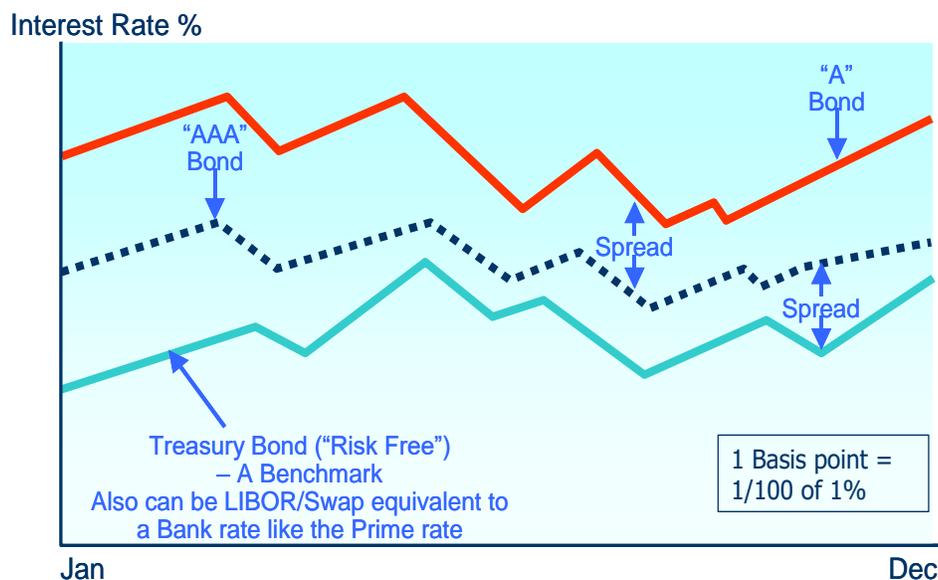
**Secondary Market** – The market in which stocks or bonds are traded after their initial issuance. When a publicly offered bond trades at a substantially higher price (lower Yield) in the Secondary Market immediately following its issuance, this is an indication that the bond was mispriced (priced too low) by the Underwriters in the original public offering.

**Securitization** - The process by which a pool of assets, such as loan receivables, is used as a basis for issuing highly rated (often AAA) bonds. The pool of assets is created and transferred to a trust or, in a utility Securitization, to a Bankruptcy Remote SPE. The entire right, title and interest in the assets are transferred at fair market value to the SPE. The SPE pledges the assets to secure the bonds and the cash flows from those assets are used to pay principal and interest on the bonds. Thus, the risk to the bondholder is just the risk associated with the cash flows from the assets in the SPE. The assets can be physical (such as plant and equipment) or intangible (such as a loan receivable or the right to some other revenue stream).

**Special Purpose Entity (SPE)** – A Bankruptcy Remote legal entity set up for the express purpose of owning the right, title and interest in the assets used to secure the bonds and provide the cash flows to pay interest and principal on the bonds.

**Spread** – The difference between the market Yields of different fixed-income securities of similar maturities, expressed in Basis Points. If a Treasury bond maturing in seven years is trading to Yield 3.87%, and a AAA-rated corporate bond is trading to Yield 4.25%, the corporate bond is said to trade at a 38 Basis Point Spread to the Treasury bond ( $4.25 - 3.87 = .38$ ).

Spread is the easiest way to compare the cost of funds represented by different debt securities. Participants will refer to the spread “relative to Treasuries” or “relative to Swaps” as the most meaningful measure used to compare a given debt security to the most liquid, most secure, and most easily available benchmark for a given Maturity. Spreads are often referred to as either “Tight” or “Wide” to the Benchmark. (See **Tight Spread/Wide Spread** definition below.)



**Swaps, or Interest Rate Swap Agreements** - An interest rate Swap exchanges a floating rate for a fixed rate on bonds. Under certain market conditions, a combination of floating rate bonds and fixed rate Swaps could produce a lower overall “synthetic” fixed interest rate for ratepayers. Certain investors prefer a floating rate, while other investors prefer a fixed rate. For example, many European investors prefer a floating rate. There may be an opportunity to lower overall ratepayer costs and achieve the “lowest storm recovery charges” by issuing floating rate Ratepayer-Backed Bonds and swapping them to a synthetic fixed interest rate.

**Tranche** – A Tranche is a piece of a larger bond offering with its own cash flows, i.e., principal amount, Maturity and interest rate, but governed by the same documents as the larger bond offering, i.e. prospectus, trust agreement, servicing agreement, etc. While Tranche is common nomenclature for ABS type debt, corporate debt usually uses the term “series” for the same purpose.

**Tight Spread/Wide Spread** - If a Spread is considered “Tight,” it is low and closer to the Benchmark rate. If it is “Wide,” it is much higher than the Benchmark rate. Interest rates are composed of the Benchmark plus the Spread. Thus, a Tight Spread means a lower interest rate.

**True-up Mechanism - PSC-Guaranteed True-up Mechanism**” or “**True-up Mechanism**” means the mechanism irrevocably mandated by state law and the Financing Order whereby ratepayer charges to pay debt service and ongoing expenses on Ratepayer-Backed Bonds are reviewed and adjusted at least annually or semi-annually (true-up period), depending on the jurisdiction. The rates at which the charges are imposed on ratepayers, to be paid on a joint and several basis, will be adjusted to correct any over collections or under collections from prior periods and to guarantee payment of all principal and interest on a timely basis.

**Underwrite** – This refers to the actions of an investment bank when it initially purchases newly issued bonds with the intention of re-offering or re-selling them to the ultimate investors, thus assuming the market risk for a short period of time.

**Underwriters** - The investment banks that initially purchase the bonds and re-offer the bonds to ultimate investors. A lead Underwriter (sometimes called the “bookrunning” manager and most often called a lead manager) is responsible for assembling and leading a syndicate which generally includes additional investment banks in an effort to reach the widest audience of buyers. A co-lead Underwriter (or “co-manager”) is another firm which also assumes responsibility to purchase bonds from the issuer. Nowadays, in practice, the Underwriters of a bond issue often have orders for 100% of a new issue before it is formally re-sold to anyone, and consequently the Underwriters do not hold the bonds or take any appreciable market risk.

**Weighted Average Life (WAL)** – The amount of time (in years), on average, that the principal amount will remain outstanding. It is calculated by weighting the time each component of the principal is outstanding by the principal amount. Thus, for a bond that pays back all its principal at final Maturity, the WAL is the same as the final Maturity. However, Ratepayer-Backed Bonds amortize principal over a number of years, so the WAL is always less than the Final Scheduled Maturity of each Ratepayer-Backed Bond.

**Yield, Current** - The annual coupon amount of interest on a bond, divided by the selling price (expressed as a percentage). A \$1,000 principal amount bond that sells for \$1,000 with a \$50 annual interest coupon has a 5% Yield. The lower the price, the higher the Yield; the higher the price, the lower the Yield.

**Yield to Maturity** - Yield to Maturity is the discount rate at which the sum of all future cash flows from the bond (interest and principal) is equal to the price of the bond. This measure of Yield takes into account the difference between the current price and the principal value at redemption. This is the Yield referred to when pricing a bond and comparing to the Yield on benchmark securities. It is more reflective of true value because it accounts for the time value of money.