

McGuireWoods LLP
501 Fayetteville Street
Suite 500
PO Box 27507 (27611)
Raleigh, NC 27601
Phone: 919.755.6600
Fax: 919.755.6699
www.mcguirewoods.com

Mary Lynne Grigg
Direct: 919.755.6573

McGUIREWOODS

mgrigg@mcguirewoods.com

October 15, 2020

VIA ELECTRONIC FILING

Ms. Kimberley A. Campbell, Chief Clerk
North Carolina Utilities Commission
Dobbs Building
430 North Salisbury Street
Raleigh, North Carolina 27603

*Re: DEC Late-Filed Exhibit No. 1
Docket No. E-7, Sub 1214*

Dear Ms. Campbell:

Per the request of the North Carolina Utilities Commission during the Duke Energy Carolinas, LLC ("DEC") evidentiary hearing, enclosed for filing on behalf of DEC is Late-Filed Exhibit No. 1.

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

Very truly yours,

/s/Mary Lynne Grigg

MLG:kma

Enclosure

Duke Energy Carolinas, LLC
Late-Filed Exhibit No. 1
Docket No. E-7, Sub 1214

Request:

On September 3, 2020, during the expert witness hearing held by the Commission in Docket Nos. E-7, Subs 1213, 1214 and 1187 involving the general rate case application of Duke Energy Carolinas, LLC (DEC or Company), Commissioners Kimberly W. Duffley and Daniel G. Clodfelter requested late-filed exhibits reflecting the impact on revenue requirement using the federal unprotected Excess Deferred Income Taxes (EDIT) to offset certain costs. Commissioner Duffley requested schedules showing the impact on DEC's and the Public Staff's proposed revenue requirement amounts that reflect an offset of federal unprotected EDIT and the Company's coal combustion residual (CCR) compliance costs. Commissioner Clodfelter requested that DEC and the Public Staff provide a schedule reflecting the revenue requirement impact if EDIT were used to offset the Company's calculation of accelerated depreciation associated with the early retirement of coal-fired electric generating plants, based on the Company's requested amount. On September 29, 2020, during the expert witness hearing being held by the Commission in Docket Nos. E-2, Sub 1193 and E-2, Sub 1219 involving the general rate case application of Duke Energy Progress, LLC (DEP), Commissioner Duffley and Presiding Commissioner Clodfelter made the same requests of DEP as were made of DEC concerning these offsets.

Response:

EDIT Offset of CCR Costs

To achieve the removal of the ARO related CCR costs, the Company adjusted proforma NC-1100 Adjust Deferred Environmental expenses (i.e., CCR compliance costs) to remove the deferred balance and amortization expense from the Company's base rate request. The total amount of the deferred balance removed was \$378,464,403.

Any time a change is made to a proforma that impacts operating income or rate base, proformas NC-2200 Interest Synchronization and NC-2300 Cash Working Capital also need to be updated. The Company has reflected the impact of the updates on those proformas as well.

Next the Company offset the unprotected federal EDIT to be refunded to customers by the amount of the CCR deferral. The chart below shows how the amounts were applied. As the chart reflects, if the Company was ordered to offset the unprotected federal EDIT balance by the CCR compliance costs requested in this case, the result would be a total remaining unprotected federal EDIT balance of (\$593,558). Since the total amount of the CCR deferral balance was less than the unprotected EDIT, the Company did not have to apply any amount to the NC State EDIT and Deferred Revenue.

| (\$000) | Second Settlement | Offsetting CCR | Remaining for Refund |
|---|----------------------|-------------------|-------------------------|
| Unprotected Federal EDIT ^[1] | (\$972,022) | \$378,464 | (\$593,558) |
| NC State EDIT and Deferred Revenue | (\$155,445) | \$0 | (\$155,445) |
| Total Deferred balances | <u>(\$1,127,467)</u> | <u>\$378,464</u> | <u>(\$749,003)</u> |

[1] The Unprotected Federal EDIT balance includes the estimated impact of interim rates amortization.

On McManeus Exhibit 3, the Company provides a summary of the revenue requirement impact for years 1 through 5 as well as a comparison to the Company's Second Settlement filing made on July 31, 2020. Using this approach results in a decrease to the total revenue requirement of approximately (\$8,064,000). This impact is related to the use of an unlevelized return included in base rates compared to a levelized return included in the EDIT rider, as well as the impacts on proformas NC-2200 and NC-2300 noted above.

As requested, McManeus Exhibits 1 through 4 have been provided in electronic format as well.

DUKE ENERGY CAROLINAS, LLC
OPERATING INCOME FROM ELECTRIC OPERATIONS
FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

| Line No. | Description | Total Company Per Books (a) (Col. 1) | North Carolina Retail Operations | | | | |
|----------|---|---|----------------------------------|--|--------------------------------------|---|-------------------------------------|
| | | | Per Books (Col. 2) | Accounting Adjustments (c) (Col. 3) | Before Proposed Increase (Col. 4) | Revenue and Expenses from Proposed Increase (e) (Col. 5) | After Proposed Increase (Col. 6) |
| 1 | Electric operating revenue | \$ 7,273,365 | \$ 4,904,084 | \$ (109,378) | \$ 4,794,706 | \$ 317,703 | \$ 5,112,409 |
| | Electric operating expenses: | | | | | | |
| | Operation and maintenance: | | | | | | |
| 2 | Fuel used in electric generation | 1,504,692 | 989,374 | 172,162 | 1,161,536 | - | 1,161,536 |
| 3 | Purchased power | 317,798 | 194,348 | (170,936) | 23,412 | - | 23,412 |
| 4 | Other operation and maintenance expense | 2,029,601 | 1,375,939 | (212,083) | 1,163,856 | 1,207 | 1,165,063 |
| 5 | Depreciation and amortization | 1,193,762 | 838,805 | 277,213 | 1,116,017 | - | 1,116,017 |
| 6 | General taxes | 291,829 | 194,681 | 17,475 | 212,156 | - | 212,156 |
| 7 | Interest on customer deposits | 8,169 (b) | 7,130 | - | 7,130 | - | 7,130 |
| 8 | Net income taxes | 340,714 | 224,997 | (30,888) | 194,109 | 73,740 | 267,849 |
| 9 | EDIT Amortization | | | (29,734) | (29,734) | | (29,734) |
| 10 | Amortization of investment tax credit | (5,259) | (3,526) | 690 | (2,836) | - | (2,836) |
| 11 | Total electric operating expenses | 5,681,305 | 3,821,748 | 23,899 | 3,845,647 | 74,946 | 3,920,593 |
| 12 | Operating income | \$ 1,592,059 | \$ 1,082,336 | \$ (133,277) | \$ 949,059 | \$ 242,757 | \$ 1,191,816 |
| 13 | Original cost rate base (e) | \$ 21,361,527 | \$ 14,556,650 | \$ 2,334,529 (d) | \$ 16,891,179 | \$ 34,173 (f) | \$ 16,925,351 |
| 14 | Rate of return on North Carolina retail rate base | | 7.44% | | 5.62% | | 7.04% |

Notes: (a) From Form E-1 Item 45A
(b) Reclassifies interest on customer deposits to electric operating expense.
(c) From Page 3, Line 35.
(d) From Page 4, Line 9.
(e) From Page 2.
(f) Reflects an increase in operating funds per lead-lag study for the adjusted total requirements in this rate case excluding the portion already adjusted in Col. 3, Line 12.

DUKE ENERGY CAROLINAS, LLC
CALCULATION OF ADDITIONAL REVENUE REQUIREMENT
FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

| Line No. | Description | Dec. 31, 2018 Amount (Col. 1) | Pro forma Ratio (Col. 2) | North Carolina Retail Operations | | | | | |
|----------|--|----------------------------------|-----------------------------|----------------------------------|--|------------------------------|------------------------------|--|------------------------------|
| | | | | Before Proposed Increase | | | After Proposed Increase | | |
| | | | | Retail Rate Base (Col. 3) | Embedded Cost/ Return % (Col. 4) | Operating Income (Col. 5) | Retail Rate Base (Col. 6) | Embedded Cost/ Return % (Col. 7) | Operating Income (Col. 8) |
| 1 | Long-term debt | \$ 10,993,064 | 48.00% | \$ 8,107,766 | 4.27% | \$ 346,202 | \$ 8,124,169 | 4.27% | \$ 346,902 |
| 2 | Members' equity (a) | 11,682,367 | 52.00% | 8,783,413 | 6.86% | 602,857 | 8,801,183 | 9.60% | 844,914 |
| 3 | Total | <u>\$ 22,675,431</u> | <u>100.00%</u> | <u>\$ 16,891,179</u> (b) | | <u>\$ 949,059</u> (c) | <u>\$ 16,925,351</u> (b) | | <u>\$ 1,191,816</u> |
| 4 | Operating income before increase (Line 3, Column 5) | | | | | | | | 949,059 |
| 5 | Additional operating income required (Line 3 minus Line 4) | | | | | | | | 242,757 |
| 6 | Calculate income tax on incremental interest expense due to increase in cash working capital in proposed revenue | | | | | | | | (164) |
| 7 | Regulatory fee (.12967%), uncollectibles rate (.2501%) and income taxes (23.3503%) | | | | | | | | 75,110 |
| 8 | Additional revenue requirement | | | | | | | | <u>\$ 317,703</u> |

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

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

| Line No. | Description | Electric Operating Revenue (Col. 1) | Fuel Used in Electric Generation (Col. 2) | Purchased Power (Col. 3) | Other O&M Expense (Col. 4) | Depreciation and Amortization (Col. 5) | General Taxes (Col. 6) | Income Taxes 23.6619% (Col. 7) | EDIT Amortization | Amortization of ITC (Col. 8) | Operating Income |
|----------|---|--|--|-----------------------------|-------------------------------|---|---------------------------|-----------------------------------|-------------------|---------------------------------|------------------|
| 1 | Annualize retail revenues for current rates | \$ (110,407) | \$ - | \$ - | \$ (826) | \$ - | \$ - | \$ (25,588) | | \$ - | (83,994) |
| 2 | Update fuel costs to proposed rate | - | 209,105 | (169,854) | (21,892) | (3,277) | - | (3,288) | | - | (10,794) |
| 2E | Update fuel costs to proposed rate | - | - | - | - | 3,277 | - | (765) | | - | (2,512) |
| 3 | Normalize for weather | (109,566) | (26,163) | - | (416) | - | - | (19,378) | | - | (63,609) |
| 3F | Normalize for weather - Supplemental | 12,757 | 1,138 | - | 48 | - | - | 2,702 | | - | 8,869 |
| 4 | * Annualize revenues for customer growth | 9,942 | 2,775 | - | 39 | - | - | 1,664 | | - | 5,464 |
| 4J | Annualize revenues for customer growth - Second Settlement | 20,525 | 2,170 | - | 2,315 | - | - | 3,745 | | - | 12,295 |
| 5 | Eliminate unbilled revenues | 26,204 | - | - | - | - | - | 6,119 | | - | 20,085 |
| 6 | Adjust for costs recovered through non-fuel riders | 50,669 | (16,862) | (1,082) | (117,348) | (3,071) | (10) | 60,905 | | - | 128,138 |
| 6F | Adjust for costs recovered through non-fuel riders - Supplemental | - | - | - | (24) | 27 | - | (1) | | - | (2) |
| 7 | Adjust O&M for executive compensation | - | - | - | (3,301) | - | - | 771 | | - | 2,530 |
| 7J | Adjust O&M for executive compensation - Second Settlement | - | - | - | (238) | - | - | 55 | | - | 182 |
| 8 | Annualize depreciation on year end plant balances | - | - | - | - | 59,172 | - | (13,817) | | 690 | (46,045) |
| 8E | Annualize depreciation on year end plant balances - Supplemental | - | - | - | - | (121) | - | 28 | | - | 92 |
| 9 | Annualize property taxes on year end plant balances | - | - | - | - | - | 7,469.73 | (1,744) | | - | (5,726) |
| 10 | * Adjust for post test year additions to plant in service | - | - | - | - | 50,629 | 6,771 | (13,403) | | - | (43,998) |
| 10H | Adjust for post test year additions to plant in service - Second Supplemental | - | - | - | - | 24,426 | 4,504 | (6,755) | | - | (22,175) |
| 11 | * Amortize deferred environmental costs | - | - | - | - | 95,913 | - | (22,396) | | - | (73,517) |
| 11CR | Adjust deferred environmental - Commission Request | - | - | - | - | (84,507) | - | 19,733 | | - | 64,774 |
| 12 | Annualize O&M non-labor expenses | - | - | - | 2,631 | - | - | (614) | | - | (2,017) |
| 12J | Adjust non-labor expenses - Second Settlement | - | - | - | 1,963 | - | - | (458) | | - | (1,505) |
| 13 | * Normalize O&M labor expenses | - | - | - | (23,765) | - | (1,162) | 5,820 | | - | 19,106 |
| 13H | Adjust Normalization O&M Labor Expenses - Second Supplemental | - | - | - | (4,363) | - | 138 | 987 | | - | 3,238 |
| 14 | Update benefits costs | - | - | - | (1,433) | - | - | 335 | | - | 1,099 |
| 14E | Update benefits costs | - | - | - | (2,126) | - | - | 496 | | - | 1,630 |
| 15 | * Levelize nuclear refueling outage costs | - | - | - | (2,138) | - | - | 499 | | - | 1,639 |
| 15E | Adjust Levelized nuclear refueling outage costs - Supplemental | - | - | - | 192 | - | - | (45) | | - | (147) |
| 16 | * Amortize rate case costs | - | - | - | 801 | - | - | (187) | | - | (614) |
| 16G | Adjust Amortize Rate Case costs - Supplemental Rebuttal | - | - | - | - | - | - | - | | - | - |
| 17 | Adjust aviation expenses | - | - | - | (1,986) | - | (27) | 470 | | - | 1,543 |
| 17G | Adjust aviation expenses - Supplemental Rebuttal | - | - | - | (318) | - | - | 74 | | - | 244 |
| 18 | Adjust for approved regulatory assets and liabilities | - | - | - | 1,408 | 62,706 | 56 | (14,984) | | - | (49,187) |
| 19 | Adjust for Merger Related Costs | - | - | - | (5,530) | (21) | (73) | 1,313 | | - | 4,311 |
| 19H | Adjust Merger related Costs - Second Supplemental | - | - | - | - | (35) | - | 8 | | - | 27 |

McManeus Exhibit 1
Commission Request
Net ARO CCR against EDIT
Page 3a

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

| Line No. | Description | Electric Operating Revenue (Col. 1) | Fuel Used in Electric Generation (Col. 2) | Purchased Power (Col. 3) | Other O&M Expense (Col. 4) | Depreciation and Amortization (Col. 5) | General Taxes (Col. 6) | Income Taxes 23.6619% (Col. 7) | EDIT Amortization | Amortization of ITC (Col. 8) | Operating Income |
|----------|---|--|--|-----------------------------|-------------------------------|---|---------------------------|-----------------------------------|-------------------|---------------------------------|------------------|
| 20 | * Amortize Severance Costs | - | - | - | (46,208) | - | - | 10,790 | | - | 35,418 |
| 20G | Adjust amortization of Severance Costs - Supplemental Rebuttal | - | - | - | (1,255) | - | - | 293 | | - | 962 |
| 21 | Adjust NC income taxes for rate change | - | - | - | - | - | - | (2,707) | | - | 2,707 |
| 22 | * Synchronize interest expense with end of period rate base | - | - | - | - | - | - | (2,580) | | - | 2,580 |
| 22CR | Adjust Synchronize Interest Expense - Commission Request | - | - | - | - | - | - | (4,192) | | - | 4,192 |
| 23 | * Adjust cash working capital for present revenue annualized and proposed revenue | - | - | - | - | - | - | 103 | | - | (103) |
| 23CR | Adjust Cash Working Capital - Commission Request | - | - | - | - | - | - | (103) | | - | 103 |
| 24 | Adjust coal inventory | - | - | - | - | - | - | - | | - | - |
| 25 | * Adjust for credit card fees | - | - | - | 8,774 | - | - | (2,049) | | - | (6,725) |
| 25F | Adjust Credit Card Fees - Supplemental | - | - | - | 202 | - | - | (47) | | - | (155) |
| 26 | * Adjust Depreciation for new rates | - | - | - | - | 72,133 | - | (16,843) | | - | (55,290) |
| 26E | Adjust Depreciation for new rates - Supplemental | - | - | - | - | 781 | - | (182) | | - | (599) |
| 27 | Adjust vegetation management expenses | - | - | - | 7,739 | - | - | (1,807) | | - | (5,932) |
| 28 | Adjust reserve for end of life nuclear costs | - | - | - | - | (1,808) | - | 422 | | - | 1,386 |
| 29 | * Update deferred balance and amortize storm costs | - | - | - | - | 24,179 | - | (5,646) | | - | (18,533) |
| 29H | Remove storm costs for securitization - Second Supplemental | - | - | - | - | (24,588) | - | 5,741 | | - | 18,846 |
| 30 | Adjust Other Revenue | (9,502) | - | - | (36) | - | - | (2,210) | | - | (7,256) |
| 31 | Adjust for change in NCUC regulatory fee-DEC | - | - | - | (500) | - | - | 117 | | - | 383 |
| 32 | * Adjust for Hydro Stations Sale | - | - | - | (1,560) | 1,773 | (193) | (5) | | - | (16) |
| 32E | Adjust for Hydro Stations Sale - Supplemental | - | - | - | - | 36 | - | (8) | | - | (27) |
| 33D | Correct Lead Lag Per Books | - | - | - | - | - | - | - | | - | - |
| 34F | Remove Certain Test Period Expenses - Rebuttal | - | - | - | (271) | - | - | 63 | | - | 208 |
| 35G | Amortize Protected EDIT - Supplemental Rebuttal | - | - | - | - | - | - | 6,943 | (29,734) | - | 22,791 |
| 36J | Settlement adjustment to remove certain items Second Settlement | - | - | - | (4,272) | (413) | - | 1,094 | | - | 3,591 |
| 37G | Storm Normalization - Supplemental Rebuttal | - | - | - | 1,610 | - | - | (376) | | - | (1,234) |
| 38J | Adjust Rate base for EDIT per settlement | | | | | | | | | | |
| 39 | Total adjustments - Original Filing | \$ (142,660) | \$ 168,854 | \$ (170,936) | \$ (205,547) | \$ 358,330 | \$ 12,832 | \$ (59,918) | \$ - | \$ 690 | \$ (246,966) |
| 39CR | Changes in Second Settlement + Commission Request | 33,282 | 3,308 | - | (6,536) | (81,117) | 4,642 | 29,030 | (29,734) | - | 113,689 |
| | Total Adjustments | \$ (109,378) | \$ 172,162 | \$ (170,936) | \$ (212,083) | \$ 277,213 | \$ 17,475 | \$ (30,888) | \$ (29,734) | \$ 690 | \$ (133,277) |

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

McManeus Exhibit 1
Commission Request
Net ARO CCR against
EDIT
Page 3b

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

| Line No. | Description | EPIS | Accum Deprec | Materials & Supplies | Working Capital | ADIT | Operating Reserves | CWIP | Rate Base | Oper Inc Rev Req Impact | R/B Rev Req Impact | Total Rev Req Impact |
|----------|---|-----------|--------------|----------------------|-----------------|----------|--------------------|------|-----------|-------------------------|--------------------|----------------------|
| 1 | Annualize retail revenues for current rates | - | - | - | - | - | - | - | - | \$ 109,999 | - | 109,999 |
| 2 | Update fuel costs to proposed rate | - | - | - | - | - | - | - | - | \$ 14,136 | - | 14,136 |
| 2E | Update fuel costs to proposed rate - Supplemental | - | - | - | - | - | - | - | - | \$ 3,289 | - | 3,289 |
| 3 | Normalize for weather | - | - | - | - | - | - | - | - | \$ 83,303 | - | 83,303 |
| 3F | Normalize for weather - Supplemental | - | - | - | - | - | - | - | - | \$ (11,615) | 0 | (11,615) |
| 4 | * Annualize revenues for customer growth | - | - | - | - | - | - | - | - | \$ (7,155) | - | (7,155) |
| 4J | Annualize revenues for customer growth - Second Settlement | - | - | - | - | - | - | - | - | \$ (16,102) | - | (16,102) |
| 5 | Eliminate unbilled revenues | - | - | - | - | - | - | - | - | \$ (26,304) | - | (26,304) |
| 6 | Adjust for costs recovered through non-fuel riders | (18,328) | 4,243 | (42,354) | (19,404) | 12,472 | - | - | (63,371) | \$ (167,811) | (5,447) | (173,257) |
| 6F | Adjust for costs recovered through non-fuel riders - Supplemental | 929 | (206) | - | (37,184) | - | - | - | (36,462) | \$ 2 | (3,134) | (3,131) |
| 7 | Adjust O&M for executive compensation | - | - | - | - | - | - | - | - | \$ (3,314) | - | (3,314) |
| 7J | Adjust O&M for executive compensation - Second Settlement | - | - | - | - | - | - | - | - | \$ (238) | - | (238) |
| 8 | Annualize depreciation on year end plant balances | - | - | - | - | - | - | - | - | \$ 60,301 | - | 60,301 |
| 8E | Annualize depreciation on year end plant balances - Supplemental | - | - | - | - | - | - | - | - | \$ (121) | - | (121) |
| 9 | Annualize property taxes on year end plant balances | - | - | - | - | - | - | - | - | \$ 7,498 | - | 7,498 |
| 10 | * Adjust for post test year additions to plant in service | 1,355,958 | (619,363) | - | (4,945) | (17,144) | - | - | 714,506 | \$ 57,620 | 61,412 | 119,031 |
| 10H | Adjust for post test year additions to plant in service - Second Supplemental | 855,724 | (210,833) | - | 43,220 | (26,302) | - | - | 661,809 | \$ 29,040 | 56,882 | 85,923 |
| 11 | * Amortize deferred environmental costs | - | - | - | 383,653 | (89,584) | - | - | 294,069 | \$ 96,279 | 25,275 | 121,554 |
| 11CR | Adjust deferred environmental - Commission Request | - | - | - | (303,807) | 70,940 | - | - | (232,867) | \$ (84,829) | (20,015) | (104,844) |
| 12 | Annualize O&M non-labor expenses | - | - | - | - | - | - | - | - | \$ 2,641 | - | 2,641 |
| 12J | Adjust non-labor expenses - Second Settlement | - | - | - | - | - | - | - | - | \$ 1,970 | - | 1,970 |
| 13 | * Normalize O&M labor expenses | - | - | - | - | - | - | - | - | \$ (25,021) | - | (25,021) |
| 13H | Adjust Normalization O&M Labor Expenses - Second Supplemental | - | - | - | - | - | - | - | - | \$ (4,241) | - | (4,241) |
| 14 | Update benefits costs | - | - | - | - | - | - | - | - | \$ (1,439) | - | (1,439) |
| 14E | Update benefits costs | - | - | - | - | - | - | - | - | \$ (2,134) | - | (2,134) |
| 15 | * Levelize nuclear refueling outage costs | - | - | - | - | - | - | - | - | \$ (2,146) | - | (2,146) |
| 15E | Adjust Levelized nuclear refueling outage costs - Supplemental | - | - | - | - | - | - | - | - | \$ 193 | - | 193 |
| 16 | * Amortize rate case costs | - | - | - | 3,080 | (719) | - | - | 2,361 | \$ 804 | 203 | 1,007 |
| 16G | Adjust Amortize Rate Case costs - Supplemental Rebuttal | - | - | - | (3,080) | 719 | - | - | (2,361) | \$ - | (203) | (203) |
| 17 | Adjust aviation expenses | - | - | - | - | - | - | - | - | \$ (2,021) | - | (2,021) |
| 17G | Adjust aviation expenses - Supplemental Rebuttal | - | - | - | - | - | - | - | - | \$ (319) | - | (319) |
| 18 | Adjust for approved regulatory assets and liabilities | - | - | - | (139,897) | 32,666 | - | - | (107,231) | \$ 64,415 | (9,216) | 55,199 |
| 19 | Adjust for Merger Related Costs | - | 338 | - | - | - | - | - | 338 | \$ (5,645) | 29 | (5,616) |
| 19H | Adjust Merger related Costs - Second Supplemental | (1,577) | 107 | - | - | - | - | - | (1,469) | \$ (35) | (126) | (162) |

McManeus Exhibit 1
Commission Request
Net ARO CCR againsts EDIT
Page 3c

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

| Line No. | Description | EPIS | Accum Deprec | Materials & Supplies | Working Capital | ADIT | Operating Reserves | CWIP | Rate Base | Oper Inc Rev Req Impact | R/B Rev Req Impact | Total Rev Req Impact |
|----------|---|--------------|--------------|----------------------|-----------------|--------------|--------------------|------|--------------|-------------------------|--------------------|----------------------|
| 20 | * Amortize Severance Costs | - | - | - | 46,113 | (10,767) | - | - | 35,345 | \$ (46,384) | 3,038 | (43,346) |
| 20G | Adjust amortization of Severance Costs - Supplemental Rebuttal | - | - | - | (46,113) | 10,767 | - | - | (35,345) | \$ (1,260) | (3,038) | (4,298) |
| 21 | Adjust NC income taxes for rate change | - | - | - | - | - | - | - | - | \$ (3,545) | - | (3,545) |
| 22 | * Synchronize interest expense with end of period rate base | - | - | - | - | - | - | - | - | \$ (3,379) | - | (3,379) |
| 22CR | Adjust Synchronize Interest Expense - Commission Request | - | - | - | - | - | - | - | - | \$ (5,490) | - | (5,490) |
| 23 | * Adjust cash working capital for present revenue annualized and proposed revenue | - | - | - | (20,794) | - | - | - | (20,794) | \$ 135 | (1,787) | (1,652) |
| 23CR | Adjust Cash Working Capital - Commission Request | - | - | - | 20,806 | - | - | - | 20,806 | \$ (135) | 1,788 | 1,653 |
| 24 | Adjust coal inventory | - | - | 3,848 | - | - | - | - | 3,848 | \$ - | 331 | 331 |
| 25 | * Adjust for credit card fees | - | - | - | - | - | - | - | - | \$ 8,808 | - | 8,808 |
| 25F | Adjust Credit Card Fees - Supplemental | - | - | - | - | - | - | - | - | \$ 203 | - | 203 |
| 26 | * Adjust Depreciation for new rates | - | (72,913) | - | - | - | - | - | (72,913) | \$ 72,408 | (6,267) | 66,141 |
| 26E | Adjust Depreciation for new rates - Supplemental | - | (2) | - | - | - | - | - | (2) | \$ 784 | (0) | 784 |
| 27 | Adjust vegetation management expenses | - | - | - | - | - | - | - | - | \$ 7,768 | - | 7,768 |
| 28 | Adjust reserve for end of life nuclear costs | - | - | - | - | - | - | - | - | \$ (1,815) | - | (1,815) |
| 29 | * Update deferred balance and amortize storm costs | - | - | - | 169,251 | (39,520) | - | - | 129,730 | \$ 24,271 | 11,150 | 35,421 |
| 29H | Remove storm costs for securitization - Second Supplemental | (18,575) | 578 | - | (169,251) | 39,520 | - | - | (147,727) | \$ (24,681) | (12,697) | (37,379) |
| 30 | Adjust Other Revenue | - | - | - | - | - | - | - | - | \$ 9,502 | - | 9,502 |
| 31 | Adjust for change in NCUC regulatory fee-DEC | - | - | - | - | - | - | - | - | \$ (502) | - | (502) |
| 32 | * Adjust for Hydro Stations Sale | (36,522) | 14,093 | (146) | 19,280 | (4,502) | - | - | (7,797) | \$ 20 | (670) | (650) |
| 32E | Adjust for Hydro Stations Sale | 36,522 | (14,093) | - | 214 | (50) | - | - | 22,593 | \$ 36 | 1,942 | 1,978 |
| 33D | Correct Lead Lag Per Books | - | - | - | (16,472) | - | - | - | (16,472) | \$ - | (1,416) | (1,416) |
| 34F | Remove Certain Test Period Expenses | - | - | - | - | - | - | - | - | \$ (272) | - | (272) |
| 35G | Amortize Protected EDIT - Supplemental Rebuttal | - | - | - | 29,734 | (6,943) | - | - | 22,791 | \$ (29,847) | 1,959 | (27,888) |
| 36J | Settlement adjustment to remove certain items Second Settlement | (12,880) | 413 | - | - | - | - | - | (12,467) | \$ (4,703) | (1,071) | (5,774) |
| 37G | Storm Normalization - Supplemental Rebuttal | - | - | - | - | - | - | - | - | \$ 1,616 | - | 1,616 |
| 38J | Adjust Rate base for EDIT per settlement | - | - | - | - | 1,183,610 | - | - | 1,183,610 | \$ - | 101,731 | 101,731 |
| 39 | Total adjustments - Original Filing | \$ 1,301,107 | \$ (673,602) | \$ (38,652) | \$ 436,337 | \$ (117,099) | \$ - | \$ - | \$ 908,092 | \$ 323,429 | \$ 78,050 | \$ 401,480 |
| 39CR | Changes in Second Settlement + Commission Request | 860,143 | (224,035) | - | (481,934) | 1,272,262 | - | - | 1,426,437 | (148,888) | 122,602 | (26,286) |
| | Total Adjustments | \$ 2,161,250 | \$ (897,636) | \$ (38,652) | \$ (45,597) | \$ 1,155,164 | \$ - | \$ - | \$ 2,334,529 | \$ 174,541 | \$ 200,652 | \$ 375,194 |
| Notes: | * Identification required by NCUC Rule R1-17(b) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

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

| Line No. | Description | Page Reference | Total Company | North Carolina Retail Operations | | |
|----------|---|----------------|-----------------------|----------------------------------|------------------------------------|-------------------------|
| | | | Per Books (Col. 1) | Per Books (Col. 2) | Accounting Adjustments (Col. 3) | As Adjusted (Col. 4) |
| 1 | Electric plant in service | 4a | \$ 41,057,320 | \$ 27,969,103 | \$ 2,161,250 | \$ 30,130,353 |
| 2 | Less: Accumulated depreciation and amortization | 4b | <u>(15,830,487)</u> | <u>(10,810,668)</u> | <u>(897,636)</u> | <u>(11,708,304)</u> |
| 3 | Net electric plant | | 25,226,833 | 17,158,435 | 1,263,614 | 18,422,049 |
| 4 | Add: Materials and supplies | 4c | 994,443 | 678,077 | (38,652) | 639,426 |
| 5 | Working capital investment | 4d | (406,979) | (253,955) | (45,597) | (299,553) |
| 6 | Less: Accumulated deferred taxes | | (3,824,449) | (2,601,854) | 1,155,164 (a) | (1,446,690) |
| 7 | Operating reserves | | (628,321) | (424,053) | - | (424,053) |
| 8 | Construction work in progress | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 9 | Total | | <u>\$ 21,361,527</u> | <u>\$ 14,556,650</u> | <u>\$ 2,334,529</u> | <u>\$ 16,891,179</u> |

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

| Line No. | Description | Total Company Per Books (Col. 1) | North Carolina Retail Operations | | |
|-------------|---------------------------------|--|----------------------------------|---------------------------------------|------------------------------|
| | | | Per Books (Col. 2) | Accounting Adjustments (Col. 3) | - As Adjusted (Col. 4) |
| 1 | Production Plant | \$ 22,181,205 | \$ 14,978,527 | \$ 855,692 | \$ 15,834,219 |
| 2 | Transmission Plant | 4,052,747 | 2,179,775 | 281,942 | 2,461,717 |
| 3 | Distribution Plant | 12,085,804 | 8,938,158 | 848,858 | 9,787,016 |
| 4 | General Plant | 1,212,985 | 830,763 | 121,110 | 951,873 |
| 5 | Intangible Plant | <u>986,751</u> | <u>687,541</u> | <u>53,649</u> | <u>741,191</u> |
| 6 | Subtotal | 40,519,492 (a) | 27,614,764 | 2,161,250 | 29,776,015 |
| 7 | Nuclear Fuel (Net) | <u>537,828</u> | <u>354,338</u> | <u>-</u> | <u>354,338</u> |
| 8 | Total electric plant in service | <u>\$ 41,057,320</u> | <u>\$ 27,969,103</u> | <u>\$ 2,161,250</u> | <u>\$ 30,130,353</u> |

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

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

| No. | Description | Total Company Per Books (Col. 1) | North Carolina Retail Operations | | |
|-----|---|--|----------------------------------|---------------------------------------|----------------------------|
| | | | Per Books (Col. 2) | Accounting Adjustments (Col. 3) | As Adjusted (Col. 4) |
| 1 | Production Reserve | \$ (8,604,490) | \$ (5,795,067) | \$ (646,895) | \$ (6,441,962) |
| 2 | Transmission Reserve | (1,385,391) | (745,942) | (28,119) | (774,061) |
| 3 | Distribution Reserve | (4,816,028) | (3,561,642) | (123,998) | (3,685,640) |
| 4 | General Reserve | (414,681) | (285,334) | (34,371) | (319,705) |
| 5 | Intangible Reserve | <u>(609,897)</u> | <u>(422,682)</u> | <u>(64,254)</u> | <u>(486,936)</u> |
| 6 | Total | <u>\$ (15,830,487)</u> | 0 <u>\$ (10,810,668)</u> | <u>\$ (897,636)</u> | <u>\$ (11,708,304)</u> |
| 7 | The annual composite rates based on the new depreciation study for computing depreciation (straight-line method) are shown below: | | | | |
| 8 | Steam production plant | 4.40% | | | |
| 9 | Nuclear production plant | 3.60% | | | |
| 10 | Hydro production plant | 2.00% | | | |
| 11 | Other production plant | 3.21% | | | |
| 12 | Transmission plant | 2.23% | | | |
| 13 | Distribution plant | 2.28% | | | |
| 14 | General plant | Various | | | |
| 15 | Intangible plant | 20.00% | | | |

Notes: (a) Excludes accumulated amortization of electric plant acquisition adjustment and accumulated depreciation related to asset retirement obligations totaling (\$107,345) thousand.
(b) Consists of adjustments to depreciation for year-end plant and certain plant additions/retirements through January 2020.

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

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

Notes: (a) Adjusts coal inventory to reflect the targeted inventory level of 35 days at full load.
(b) Eliminates (\$42,354) thousand of costs recorded in connection with non-fuel riders and (\$146) related to sale of hydro plants.

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

| Line No. | Description | Total Company Per Books (Col. 1) | North Carolina Retail Operations | | | Impact of Rev Incr (Col. 5) | With Rev Incr (Col. 6) |
|----------|--|----------------------------------|----------------------------------|---------------------------------|----------------------|-----------------------------|------------------------|
| | | | Per Books (Col. 2) | Accounting Adjustments (Col. 3) | As Adjusted (Col. 4) | | |
| 1 | Required bank balance | \$ 300 | \$ 204 | \$ - | \$ 204 | | \$ 204 |
| 2 | Investor advanced funds: Operating funds per lead-lag study | 260,829 | 177,740 (a) | (16,460) (b) | 161,280 | 34,173 (c) | 195,452 |
| 3 | Unamortized Debt | 114,911 | 78,306 | - | 78,306 | - | 78,306 |
| 4 | Pension Funding | 580,864 | 394,363 | - | 394,363 | - | 394,363 |
| 5 | Injuries and Damages | 705,912 | 477,557 | - | 477,557 | - | 477,557 |
| 6 | Regulatory Asset and Liability - Tax | (3,338,909) | (2,208,434) | - | (2,208,434) | - | (2,208,434) |
| 7 | Other | 1,395,698 | 922,916 | (29,137) | 893,779 | - | 893,779 |
| 8 | Total investor advanced funds | (280,695) | (157,552) | (45,597) | (203,149) | 34,173 | (168,977) |
| 9 | Less: customer deposits | (126,585) | (96,608) | - | (96,608) | - | (96,608) |
| 10 | Total working capital investment | \$ (406,979) | \$ (253,955) | \$ (45,597) | \$ (299,553) | \$ 34,173 | \$ (265,380) |

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

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

NC-1100
Narrative
Commission Request
Net ARO CCR against EDIT

E-1 Item 10 Adjustments Requirement

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

Detailed Narrative Explanation of Adjustment

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

The impact to depreciation expense reflects a 5 year amortization of deferred costs to remove coal ash costs. The balance of the deferral is projected through July 31, 2020 and includes a return during the deferral period.

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

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

September update:

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

October update:

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

November update:

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

December update:

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

January update:

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

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

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

Second Settlement

Updated Non ARO Amortization period to 8 years per settlement.

Commission Request

Applied the ARO balance against the EDIT Non Protected balance

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

NC-1100
Page 1 of 1
Commission Request
Net ARO CCR against EDIT

| Line No. | Description | Source | Total NC Retail Commission Request | Total NC Retail Second Settlement | Total NC Retail May Second Supplemental | Total NC Retail January | Total NC Retail Application | Total NC Retail Change |
|----------|--|---------------------|---|--|--|-------------------------------|-----------------------------------|------------------------------|
| 1 | | | | | | | | |
| 2 | <u>Pro Formas Impacting Income Statement Line Items</u> | | | | | | | |
| 3 | | | | | | | | |
| 4 | Electric operating revenue | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 5 | | | | | | | | |
| 6 | Electric operating expenses: | | | | | | | |
| 7 | Operation and maintenance | | | | | | | |
| 8 | Fuel used in electric generation | | | | | | | |
| 9 | Purchased power | | | | | | | |
| 10 | Other operation and maintenance expense | | | | | | | |
| 11 | Depreciation and amortization | NC-1101 | 11,407 | 87,100 | 93,944 | 93,944 | 95,913 | (84,507) |
| 12 | General taxes | | - | - | - | - | - | - |
| 13 | Interest on customer deposits | | - | - | - | - | - | - |
| 14 | Income taxes | NC-1101 | (2,663) | (20,338) | (21,936) | (21,936) | (22,396) | 19,733 |
| 15 | Amortization of investment tax credit | | - | - | - | - | - | - |
| 16 | | | | | | | | |
| 17 | Total electric operating expenses | Sum L8 through L15 | 8,743 | 66,762 | 72,008 | 72,008 | 73,517 | (64,774) |
| 18 | | | | | | | | |
| 19 | Operating income | L4 - L17 | <u>\$ (8,743)</u> | <u>\$ (66,762)</u> | <u>\$ (72,008)</u> | <u>\$ (72,008)</u> | <u>\$ (73,517)</u> | <u>\$ 64,774</u> |
| 20 | | | | | | | | |
| 21 | Notes: | | | | | | | |
| 22 | Revenue: positive number increases revenue / negative number decreases revenue | | | | | | | |
| 23 | Expense: positive number increases expense / negative number decreases expense | | | | | | | |
| 24 | | | | | | | | |
| 25 | | | | | | | | |
| 26 | <u>Pro Formas Impacting Rate Base Line Items</u> | | | | | | | |
| 27 | | | | | | | | |
| 28 | Electric plant in service | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 29 | Accumulated depreciation and amortization | | | | | | | |
| 30 | Electric plant in service, net | Sum L28 through L29 | - | - | - | - | - | - |
| 31 | | | | | | | | |
| 32 | Add: | | | | | | | |
| 33 | Materials and supplies | | - | - | - | - | - | - |
| 34 | Working capital investment | NC-1101 | 79,847 | 382,618 | 375,774 | 375,774 | 383,653 | (303,807) |
| 35 | | | - | - | - | - | - | - |
| 36 | | | | | | | | |
| 37 | Less: | | | | | | | |
| 38 | Accumulated deferred taxes | NC-1101 | (18,644) | (89,342) | (87,744) | (87,744) | (89,584) | 70,940 |
| 39 | Operating reserves | | - | - | - | - | - | - |
| 40 | | | - | - | - | - | - | - |
| 41 | | | | | | | | |
| 42 | Construction work in progress | | - | - | - | - | - | - |
| 43 | | | | | | | | |
| 44 | Total impact to rate base | Sum L30 through L42 | <u>\$ 61,202</u> | <u>\$ 293,276</u> | <u>\$ 288,030</u> | <u>\$ 288,030</u> | <u>\$ 294,069</u> | <u>\$ (232,867)</u> |
| 45 | | | | | | | | |
| 46 | Note: | | | | | | | |
| 47 | Rate Base: positive number increases rate base / negative number decreases rate base | | | | | | | |

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

NC-1101
Page 1 of 1
Commission Request
Net ARO CCR against EDIT

| Line No. | Description | Total Coal Ash ARO NC Retail | Total Coal Ash Non ARO NC Retail | Total NC Retail |
|----------|---|------------------------------------|--|--------------------|
| 1 | <u>Impact to Income Statement Line Items</u> | | | |
| 2 | Projected ending balance at July 31, 2020 | \$ 378,464 [1] | \$ 91,254 [2] | \$ 469,718 |
| 3 | Amount applied to against EDIT | \$ (378,464) | | \$ (378,464) |
| 4 | Balance for amortization (L2) | \$ - | \$ 91,254 | \$ 91,254 |
| 5 | | | | |
| 6 | Years to amortize | | 8 | |
| 7 | | | | |
| 8 | Annual amortization (L4 / L6) | | \$ 11,407 | \$ 11,407 |
| 9 | Impact to depreciation and amortization (L8) | \$ - | \$ 11,407 | \$ 11,407 |
| 10 | | | | |
| 11 | Statutory tax rate | 23.3503% [3] | 23.3503% [3] | |
| 12 | Impact to income taxes (-L9 x L11) | \$ - | \$ (2,663) | \$ (2,663) |
| 13 | | | | |
| 14 | Impact to operating income (-L9 - L12) | \$ - | \$ (8,743) | \$ (8,743) |
| 15 | | | | |
| 16 | <u>Impact to Rate Base Line Items</u> | | | |
| 17 | Projected July 31, 2020 balance (L4) | \$ - | \$ 91,254 | \$ 91,254 |
| 18 | Less: 1st year coal ash deferral amortization (-L8) | - | (11,407) | (11,407) |
| 19 | Projected coal ash def bal after one year of amortization (L17 + L18) | \$ - | \$ 79,847 | \$ 79,847 |
| 20 | | | | |
| 21 | Deferred tax rate | 23.3503% | 23.3503% | |
| 22 | Impact to accumulated deferred income tax (-L19 x L21) | \$ - | \$ (18,644) | \$ (18,644) |
| 23 | | | | |
| 24 | Impact to rate base (L19 + L22) | \$ - | \$ 61,202 | \$ 61,202 |

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

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

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

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

| | After Tax LTD Rate | After Tax Equity Rate | NC-1102 Page 1 of 1 Commission Request Net ARO CCR against EDIT |
|--------------------|-----------------------|--------------------------|--|
| 2018 Jan - Jul [3] | 1.8884% | 5.4060% | |
| 2018 Aug - Dec [3] | 1.6829% | 5.1480% | |
| 2019 [3] | 1.6887% | 5.1480% | |
| 2020 [3] | 1.6887% | 5.1480% | |

Calculation of Deferral - ARO Projected Ending Balance

| Duke Energy Carolinas Coal Ash Deferral (North Carolina Retail) | | | | | | | | | | | | | |
|---|--------|--------------|--------------------|----------|-------------------|-----------------|----------------|-------------------------|--------------------------|----------------------------|--------------|-----------------|----------------------|
| Line No. | Month | System Spend | % to NCR for Spend | | Beginning Balance | NC Retail Spend | Ending Balance | NCR Compounded Annually | | | | | Total Ending Balance |
| | | | | | | | | Balance for Return | Def. Cost of Debt | Def. Cost of Equity | Total Return | | |
| 1 | | (a) | (b) | | (c)=(e) PM | (d)=(a)x(b) | (e)= (c)+(d) | (f)=(c)+(d)/2 | (g) = (f) x cost of debt | (h) = (f) x cost of equity | (i)=(g)+(h) | (j)= (e)+YTD(i) | |
| 2 | Jan-18 | 17,378,709 | [1] | 66.6244% | [2] | - | 11,578,458 | 11,578,458 | 5,789,229 | 9,110 | 26,080 | 35,191 | 11,613,649 |
| 3 | Feb-18 | 14,580,288 | [1] | 66.6244% | [2] | 11,578,458 | 9,714,027 | 21,292,486 | 16,435,472 | 25,864 | 74,042 | 99,906 | 21,427,582 |
| 4 | Mar-18 | 22,410,023 | [1] | 66.6244% | [2] | 21,292,486 | 14,930,540 | 36,223,026 | 28,757,756 | 45,255 | 129,554 | 174,809 | 36,532,931 |
| 5 | Apr-18 | 19,654,264 | [1] | 66.6244% | [2] | 36,223,026 | 13,094,533 | 49,317,558 | 42,770,292 | 67,306 | 192,680 | 259,986 | 49,887,450 |
| 6 | May-18 | 15,698,823 | [1] | 66.6244% | [2] | 49,317,558 | 10,459,245 | 59,776,803 | 54,547,181 | 85,839 | 245,735 | 331,574 | 60,678,268 |
| 7 | Jun-18 | 23,765,376 | [1] | 65.9759% | [2] | 59,776,803 | 15,679,416 | 75,456,219 | 67,616,511 | 106,405 | 304,612 | 411,018 | 76,768,702 |
| 8 | Jul-18 | 15,740,700 | [1] | 65.9759% | [2] | 75,456,219 | 10,385,066 | 85,841,285 | 80,648,752 | 126,914 | 363,323 | 490,236 | 87,644,004 |
| 9 | Aug-18 | 20,090,707 | [1] | 65.9759% | [2] | 85,841,285 | 13,255,021 | 99,096,306 | 92,468,795 | 129,681 | 396,691 | 526,372 | 101,425,397 |
| 10 | Sep-18 | 23,461,327 | [1] | 65.9759% | [2] | 99,096,306 | 15,478,817 | 114,575,123 | 106,835,714 | 149,830 | 458,325 | 608,155 | 117,512,369 |
| 11 | Oct-18 | 22,328,101 | [1] | 65.9759% | [2] | 114,575,123 | 14,731,161 | 129,306,284 | 121,940,703 | 171,013 | 523,126 | 694,139 | 132,937,669 |
| 12 | Nov-18 | 22,192,653 | [1] | 65.9759% | [2] | 129,306,284 | 14,641,798 | 143,948,082 | 136,627,183 | 191,610 | 586,131 | 777,741 | 148,357,208 |
| 13 | Dec-18 | 11,607,596 | [1] | 65.9759% | [2] | 143,948,082 | 7,658,213 | 151,606,295 | 147,777,189 | 207,247 | 633,964 | 841,211 | 156,856,633 [4] |
| 14 | Jan-19 | 16,290,098 | [1] | 65.9759% | [2] | 156,856,633 [4] | 10,747,536 | 167,604,168 | 162,230,400 | 228,305 | 695,968 | 924,274 | 168,528,442 |
| 15 | Feb-19 | 24,408,532 | [1] | 65.9759% | [2] | 167,604,168 | 16,103,744 | 183,707,912 | 175,656,040 | 247,199 | 753,564 | 1,000,763 | 185,632,949 |
| 16 | Mar-19 | 24,061,931 | [1] | 65.9759% | [2] | 183,707,912 | 15,875,070 | 199,582,982 | 191,645,447 | 269,701 | 822,159 | 1,091,860 | 202,599,879 |
| 17 | Apr-19 | 20,018,173 | [1] | 65.9759% | [2] | 199,582,982 | 13,207,166 | 212,790,148 | 206,186,565 | 290,164 | 884,540 | 1,174,705 | 216,981,749 |
| 18 | May-19 | 27,201,549 | [1] | 65.9759% | [2] | 212,790,148 | 17,946,461 | 230,736,609 | 221,763,379 | 312,085 | 951,365 | 1,263,450 | 236,191,660 |
| 19 | Jun-19 | 18,738,461 | [1] | 65.8832% | [2] | 230,736,609 | 12,345,500 | 243,082,109 | 236,909,359 | 333,400 | 1,016,341 | 1,349,741 | 249,886,902 |
| 20 | Jul-19 | 16,266,699 | [1] | 65.8832% | [2] | 243,082,109 | 10,717,024 | 253,799,133 | 248,440,621 | 349,628 | 1,065,810 | 1,415,438 | 262,019,364 |
| 21 | Aug-19 | 58,647,352 | [1] | 65.8832% | [2] | 253,799,133 | 38,638,760 | 292,437,893 | 273,118,513 | 384,357 | 1,171,678 | 1,556,035 | 302,214,159 |
| 22 | Sep-19 | 28,293,189 | [1] | 65.8832% | [2] | 292,437,893 | 18,640,462 | 311,078,355 | 301,758,124 | 424,661 | 1,294,542 | 1,719,203 | 322,573,824 |
| 23 | Oct-19 | 15,788,972 | [1] | 65.8832% | [2] | 311,078,355 | 10,402,282 | 321,480,637 | 316,279,496 | 445,097 | 1,356,839 | 1,801,936 | 334,778,042 |
| 24 | Nov-19 | 12,378,694 | [1] | 65.8832% | [2] | 321,480,637 | 8,155,481 | 329,636,118 | 325,558,378 | 458,155 | 1,396,645 | 1,854,800 | 344,788,323 |
| 25 | Dec-19 | 15,830,255 | [1] | 65.8832% | [2] | 329,636,118 | 10,429,481 | 340,065,599 | 334,850,859 | 471,232 | 1,436,510 | 1,907,742 | 357,125,546 [4] |
| 26 | Jan-20 | 10,386,430 | | 65.8832% | [2] | 357,125,546 [4] | 6,842,914 | 363,968,460 | 360,547,003 | 507,394 | 1,546,747 | 2,054,141 | 366,022,601 |
| 27 | Feb-20 | | | 65.8832% | [2] | 363,968,460 | - | 363,968,460 | 363,968,460 | 512,209 | 1,561,425 | 2,073,634 | 368,096,235 |
| 28 | Mar-20 | | | 65.8832% | [2] | 363,968,460 | - | 363,968,460 | 363,968,460 | 512,209 | 1,561,425 | 2,073,634 | 370,169,868 |
| 29 | Apr-20 | | | 65.8832% | [2] | 363,968,460 | - | 363,968,460 | 363,968,460 | 512,209 | 1,561,425 | 2,073,634 | 372,243,502 |
| 30 | May-20 | | | 65.8832% | [2] | 363,968,460 | - | 363,968,460 | 363,968,460 | 512,209 | 1,561,425 | 2,073,634 | 374,317,136 |
| 31 | Jun-20 | | | 65.8832% | [2] | 363,968,460 | - | 363,968,460 | 363,968,460 | 512,209 | 1,561,425 | 2,073,634 | 376,390,769 |
| 32 | Jul-20 | | | 65.8832% | [2] | 363,968,460 | - | 363,968,460 | 363,968,460 | 512,209 | 1,561,425 | 2,073,634 | 378,464,403 |
| 33 | | 517,218,902 | | | | 341,658,176 | | | 9,110,705 | 27,695,522 | 36,806,227 | | |

[1] NC-1103 - Duke Energy Carolinas - System Spend - Coal Ash
[2] NC-1106 - Allocation Factor - MWHs at Generation Level
[3] NC-1107 - Weighted Cost of Capital Rates for Duke Energy Carolinas
[4] Annual compounding formula

| | |
|---|--------------------------|
| Duke Energy Carolinas, LLC | NC-1103 |
| Docket No. E-7, Sub 1214 | Page 1 of 1 |
| Amortize deferred environmental costs | Commission Request |
| For the test period ended December 31, 2018 | Net ARO CCR against EDIT |

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

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

Source: Duke Energy Carolinas Asset Accounting

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

NC-1104

Page 1 of 2

Pre Tax

Pre Tax

Commission Request

LTD Rate

Equity Rate

2018 Jan - Jul [5]

2.4722%

7.0773%

2018 Aug - Dec [5]

2.2032%

6.7395%

2019 [5]

2.2032%

6.7163%

2020 [5]

2.2032%

6.7163%

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

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

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

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

NC-1104

Page 2 of 2

Commission Request

After Tax
LTD Rate

After Tax
Equity Rate

2018 Jan - Jul [5] 1.8884%
2018 Aug - Dec [5] 1.6829%
2019 [5] 1.6887%
2020 [5] 1.6887%

5.4060%
5.1480%
5.1480%
5.1480%

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

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

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

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

NC-1105
Page 1 of 3
Commission Request
Net ARO CCR against EDIT

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

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

Source: Duke Energy Carolinas Asset Accounting to all pages

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

NC-1105
Page 2 of 3
Commission Request

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

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

Source: Duke Energy Carolinas Asset Accounting to all pages

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

NC-1105
Page 3 of 3
Commission Request

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

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

Source: Duke Energy Carolinas Asset Accounting to all pages

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

NC-1106
Page 1 of 1
Commission Request
Net ARO CCR against EDIT

Duke Energy Carolinas - Cost of Service - Allocation Factors

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

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

NC-1107
Page 1 of 1
Commission Request
Net ARO CCR against EDIT

Weighted Cost of Capital Rates for Duke Energy Carolinas

| | | | | | | |
|----|---|------------------|----------------------|--|------------------|-------------------|
| 1 | | | | <u>Jan-Jul 2018</u> | | |
| 2 | | Capitalization | Approved | <u>Weighted Cost of Capital (WACC)</u> | | |
| 3 | <u>Description</u> | <u>Ratio [1]</u> | <u>Cost Rate [1]</u> | <u>Return</u> | <u>After tax</u> | <u>Before Tax</u> |
| 4 | | | | | | |
| 5 | Long Term Debt | 47.00% | 5.26% | 2.4722% | 1.8884% | 2.4722% |
| 6 | Equity | 53.00% | 10.20% | 5.4060% | 5.4060% | 7.0773% |
| 7 | Total | <u>100.00%</u> | | <u>7.8782%</u> | <u>7.2944%</u> | <u>9.5495%</u> |
| 8 | | | | | | |
| 9 | Return on Equity Rate | | 2.0344% | | | |
| 10 | Effective State and Federal Income Tax Rate | | 23.6149% [3] | | | |
| 11 | | | | | | |
| 12 | | | | <u>Aug-Dec 2018</u> | | |
| 13 | | Capitalization | Approved | <u>Weighted Cost of Capital (WACC)</u> | | |
| 14 | <u>Description</u> | <u>Ratio [2]</u> | <u>Cost Rate [2]</u> | <u>Return</u> | <u>After tax</u> | <u>Before Tax</u> |
| 15 | | | | | | |
| 16 | Long Term Debt | 48.00% | 4.59% | 2.2032% | 1.6829% | 2.2032% |
| 17 | Equity | 52.00% | 9.90% | 5.1480% | 5.1480% | 6.7395% |
| 18 | Total | <u>100.00%</u> | | <u>7.3512%</u> | <u>6.8309%</u> | <u>8.9427%</u> |
| 19 | | | | | | |
| 20 | Return on Equity Rate | | 2.2409% | | | |
| 21 | Effective State and Federal Income Tax Rate | | 23.6149% [3] | | | |
| 22 | | | | | | |
| 23 | | | | <u>Jan-Dec 2019</u> | | |
| 24 | | Capitalization | Approved | <u>Weighted Cost of Capital (WACC)</u> | | |
| 25 | <u>Description</u> | <u>Ratio [2]</u> | <u>Cost Rate [2]</u> | <u>Return</u> | <u>After tax</u> | <u>Before Tax</u> |
| 26 | | | | | | |
| 27 | Long Term Debt | 48.00% | 4.59% | 2.2032% | 1.6887% | 2.2032% |
| 28 | Equity | 52.00% | 9.90% | 5.1480% | 5.1480% | 6.7163% |
| 29 | Total | <u>100.00%</u> | | <u>7.3512%</u> | <u>6.8367%</u> | <u>8.9195%</u> |
| 30 | | | | | | |
| 31 | Return on Equity Rate | | 2.2467% | | | |
| 32 | Effective State and Federal Income Tax Rate | | 23.3503% [4] | | | |

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

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

[3] Duke Energy Carolinas Accounting

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

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

NC-1108
Page 1 of 1
Commission Request
Net ARO CCR against EDIT

Depreciation Rates

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

Source: Duke Energy Asset Accounting

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

Non ARO Related ADIT

| Project | CBC000214 | CBC000370 | CCS051310 | CCS051492 | CBC000360 | CBC000443 | CBC000444 | CMS000212 | CMS000285 | CMS000286 | CMS000602 | CLS000085 | CAS000201 |
|---------------------|---------------------------------------|------------------------------|------------------------------|---------------------------------|-----------------------------------|---------------------------------------|----------------------------|-----------------------------------|-----------------------------------|--------------------------|---|-----------------------|-----------------------------------|
| Project Description | Alternate Start-up Dry Fly Ash System | BC Dry Bottom Ash Conversion | US Bottom Ash Conveying Sys. | CS Unit 5 Dry Flyash Conversion | Enhanced FGD Wastewater Treatment | CCP Storm Water/Process Water Reroute | CCP Lined Retention Basin | MAR Enhncd. FGD Wastewater Treat. | Storm Water/Process Water Reroute | Lined Retention Basin | CCP - Dry Bottom Ash Haul road construction | Waste Water Treatment | Enhanced FGD Wastewater Treatment |
| Depreciation Group | D FOS 312 Belews Crk-20003 | D FOS 312 Belews Crk-20003 | D FOS 312 Cliffside 5-20003 | D FOS 312 Cliffside 5-20003 | D FOS 311 Belews Crk-20003 | D FOS 311 Belews Crk-20003 | D FOS 311 Belews Crk-20003 | D FOS 311 Marshall-20003 | D FOS 311 Marshall-20003 | D FOS 311 Marshall-20003 | D FOS 311 Marshall-20003 | D FOS 311 Lee-20003 | D FOS 311 Allen-20003 |
| 201801 | | | | | 32,555 | | | | | | | | |
| 201802 | | | | | | | | | | | | | |
| 201803 | 8,103,839 | | | 686,080 | | | | | | | | | |
| 201804 | 40,354 | | | | | | | | | | 744,144 | | |
| 201805 | 99,658 | 63,991,879 | | | | | | | | | 106 | | |
| 201806 | 326,232 | 795,467 | 11,617,735 | 677 | | | | | | | 103 | | |
| 201807 | 51,664 | 1,440,601 | 626,000 | 694 | | | | | | | 106 | | |
| 201808 | 5,493 | 532,133 | 644,230 | 81,870 | | | | | | | 108 | 18,447,422 | |
| 201809 | 24,883 | 290,027 | (421,543) | 770 | | | | | | | 117 | 126,741 | |
| 201810 | 108,015 | 587,380 | 173,057 | 686 | 8,853,763 | | | | | 33,422,770 | 105 | 195,720 | |
| 201811 | 13,238 | 137,887 | 8,285 | (2,840) | 45,423 | | | | | 598,701 | (438) | 136,838 | |
| 201812 | 16,129 | 589,044 | 115,089 | 4,110 | 127,180 | | 33,724,552 | | 48,060,947 | 449,292 | 631 | 297,463 | |
| 201901 | (604) | (84,248) | 49,737 | | 2,540 | 24,602,504 | 166,299 | | 255,811 | 719,468 | (59) | 11,049 | 8,255,156 |
| 201902 | | 162,710 | 37,077 | | 30,017 | 277,541 | 246,860 | | 244,962 | 57,487 | | (99,269) | 459,768 |
| 201903 | | (21,785) | 33,792 | | 86,635 | 632,242 | 22,557 | 76,558,418 | 485,123 | 137,394 | | 9,959 | 327,216 |
| 201904 | | (800) | | | 2,389 | 255,936 | 212,212 | 1,390,263 | 15,050 | (13,460) | | | 551,834 |
| 201905 | | (5,616) | | | 21,058 | 126,162 | 27,467 | 1,381,060 | 195,844 | 12,641 | 0 | | 34,674 |
| 201906 | | (12,221) | | | (34,621) | 89,223 | 22,142 | 4,630,598 | 19,526 | 88,866 | | | 47,399 |
| 201907 | | 12,368 | | | 5,886 | 95,965 | (2,870) | (1,660,617) | 79,200 | 1,568 | | | 13,282 |
| 201908 | | 5 | | | (1,518) | 152,089 | 319,316 | 1,186,633 | 663,711 | 3,650 | | | 57,814 |
| 201909 | | (7) | | | 8,388 | 1,997 | | 919,438 | 1,807 | (6) | | | 8,266 |
| 201910 | - | 0 | | - | (0) | | (0) | - | 144,876 | 137,444 | 919 | | 103,179 |
| 201911 | | | | | | | | (416,856) | 78 | (460) | | | 9,370 |
| 201912 | | | | | | | | 719,370 | 92,099 | | | | 5,909 |
| 202001 | | | | | | | | 137,772 | (44,188) | | | | |
| Grand Total | 8,788,900 | 68,414,823 | 12,883,460 | 804,601 | 9,147,141 | 26,233,658 | 34,738,535 | 84,990,953 | 50,207,413 | 35,478,830 | 744,925 | 19,125,923 | 9,873,867 |

Tax Basis for Bonus Depreciation ADIT

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

Calculated Deferred Income Tax due to Bonus Depreciation

| Project | | CBC000214 | CBC000370 | CCS051310 | CCS051492 | CBC000360 | CBC000443 | CBC000444 | CMS000212 | CMS000285 | CMS000286 | CMS000602 | CLS000085 | CAS000201 |
|---------------------|--|---------------------------------------|------------------------------|------------------------------|---------------------------------|-----------------------------------|---------------------------------------|---------------------------|-----------------------------------|-----------------------------------|-----------------------|---|-----------------------|-----------------------------------|
| Project Description | | Alternate Start-up Dry Fly Ash System | BC Dry Bottom Ash Conversion | US Bottom Ash Conveying Sys. | CS Unit 5 Dry Flyash Conversion | Enhanced FGD Wastewater Treatment | CCP Storm Water/Process Water Reroute | CCP Lined Retention Basin | MAR Enhncd. FGD Wastewater Treat. | Storm Water/Process Water Reroute | Lined Retention Basin | CCP - Dry Bottom Ash Haul road construction | Waste Water Treatment | Enhanced FGD Wastewater Treatment |
| Tax Rate | | 23.3503% | | | | | | | | | | | | |
| 201801 | | - | - | - | (3,801) | - | - | - | - | - | - | - | - | - |
| 201802 | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 201803 | | (946,135) | - | - | (80,101) | - | - | - | - | - | - | - | - | - |
| 201804 | | (4,711) | - | - | - | - | - | - | - | - | - | - | - | - |
| 201805 | | (11,635) | (7,471,148) | - | - | - | - | - | - | - | - | - | - | - |
| 201806 | | (38,088) | (92,872) | (1,356,388) | (79) | - | - | - | - | - | - | - | - | - |
| 201807 | | (6,032) | (168,192) | (73,086) | (81) | - | - | - | - | - | - | - | - | - |
| 201808 | | (641) | (62,127) | (75,215) | (9,558) | - | - | - | - | - | - | - | (2,153,764) | - |
| 201809 | | (2,905) | (33,861) | 49,216 | (90) | - | - | - | - | - | - | - | (14,797) | - |
| 201810 | | (12,611) | (68,577) | (20,205) | (80) | (1,033,690) | - | - | - | - | (3,902,159) | - | (22,851) | - |
| 201811 | | (1,546) | (16,098) | (967) | 332 | (5,303) | - | - | - | - | (69,899) | - | (15,976) | - |
| 201812 | | (1,883) | (68,772) | (13,437) | (480) | (14,848) | - | (3,937,392) | - | (5,611,188) | (52,456) | - | (34,729) | - |
| 201901 | | 71 | 9,836 | (5,807) | - | (297) | (2,297,903) | (19,416) | - | (29,866) | (83,999) | - | (1,290) | - |
| 201902 | | - | (18,997) | (4,329) | - | (3,505) | (25,923) | (28,821) | - | (28,600) | (6,712) | - | 11,590 | - |
| 201903 | | - | 2,543 | (3,945) | - | (10,115) | (59,052) | (2,634) | (7,150,648) | (56,639) | (16,041) | - | (1,163) | - |
| 201904 | | - | 93 | - | - | (279) | (23,905) | (24,776) | (129,852) | (1,757) | 1,571 | - | - | - |
| 201905 | | - | 656 | - | - | (2,459) | (11,784) | (3,207) | (128,993) | (22,865) | (1,476) | - | - | - |
| 201906 | | - | 1,427 | - | - | 4,042 | (8,334) | (2,585) | (432,503) | (2,280) | (10,375) | - | - | - |
| 201907 | | - | (1,444) | - | - | (687) | (8,963) | 335 | 155,104 | (9,247) | (183) | - | - | - |
| 201908 | | - | (1) | - | - | 177 | (14,205) | (37,281) | (110,833) | (77,489) | (426) | - | - | - |
| 201909 | | - | 1 | - | - | (979) | - | (186) | (85,877) | (211) | 1 | - | - | - |
| 201910 | | - | - | - | - | - | - | - | (13,532) | (16,047) | (107) | - | - | - |
| 201911 | | - | - | - | - | - | - | - | 38,935 | (9) | 54 | - | - | - |
| 201912 | | - | - | - | - | - | - | - | (67,190) | (10,753) | - | - | - | - |
| 202001 | | - | - | - | - | - | - | - | (12,868) | 5,159 | - | - | - | - |
| | | (1,026,117) | (7,987,533) | (1,504,163) | (93,938) | (1,067,942) | (2,450,255) | (4,055,776) | (7,938,257) | (5,861,791) | (4,142,207) | - | (2,232,980) | - |

Accumulated Deferred Income taxes

| Project | | CBC000214 | CBC000370 | CCS051310 | CCS051492 | CBC000360 | CBC000443 | CBC000444 | CMS000212 | CMS000285 | CMS000286 | CMS000602 | CLS000085 | CAS000201 |
|---------------------|--|---------------------------------------|------------------------------|------------------------------|---------------------------------|-----------------------------------|---------------------------------------|---------------------------|-----------------------------------|-----------------------------------|-----------------------|---|-----------------------|-----------------------------------|
| Project Description | | Alternate Start-up Dry Fly Ash System | BC Dry Bottom Ash Conversion | US Bottom Ash Conveying Sys. | CS Unit 5 Dry Flyash Conversion | Enhanced FGD Wastewater Treatment | CCP Storm Water/Process Water Reroute | CCP Lined Retention Basin | MAR Enhncd. FGD Wastewater Treat. | Storm Water/Process Water Reroute | Lined Retention Basin | CCP - Dry Bottom Ash Haul road construction | Waste Water Treatment | Enhanced FGD Wastewater Treatment |
| 201801 | | - | - | - | (3,801) | - | - | - | - | - | - | - | - | - |
| 201802 | | - | - | - | (3,801) | - | - | - | - | - | - | - | - | - |
| 201803 | | (946,135) | - | - | (83,902) | - | - | - | - | - | - | - | - | - |
| 201804 | | (950,847) | - | - | (83,902) | - | - | - | - | - | - | - | - | - |
| 201805 | | (962,482) | (7,471,148) | - | (83,902) | - | - | - | - | - | - | - | - | - |
| 201806 | | (1,000,570) | (7,564,020) | (1,356,388) | (83,981) | - | - | - | - | - | - | - | - | - |
| 201807 | | (1,006,602) | (7,732,212) | (1,429,474) | (84,062) | - | - | - | - | - | - | - | - | - |
| 201808 | | (1,007,243) | (7,794,339) | (1,504,689) | (93,620) | - | - | - | - | - | - | - | (2,153,764) | - |
| 201809 | | (1,010,148) | (7,828,201) | (1,455,474) | (93,710) | - | - | - | - | - | - | - | (2,168,561) | - |
| 201810 | | (1,022,759) | (7,896,778) | (1,475,678) | (93,790) | (1,033,690) | - | - | - | - | (3,902,159) | - | (2,191,412) | - |
| 201811 | | (1,024,305) | (7,912,876) | (1,476,645) | (93,459) | (1,038,993) | - | - | - | - | (3,972,058) | - | (2,207,388) | - |
| 201812 | | (1,026,188) | (7,981,648) | (1,490,082) | (93,938) | (1,053,842) | - | (3,937,392) | - | (5,611,188) | (4,024,513) | - | (2,242,117) | - |
| 201901 | | (1,026,117) | (7,971,812) | (1,495,889) | (93,938) | (1,054,138) | (2,297,903) | (3,956,808) | - | (5,641,054) | (4,108,512) | - | (2,243,407) | - |
| 201902 | | (1,026,117) | (7,990,809) | (1,500,218) | (93,938) | (1,057,643) | (2,323,826) | (3,985,629) | - | (5,669,654) | (4,115,224) | - | (2,231,818) | - |
| 201903 | | (1,026,117) | (7,988,265) | (1,504,163) | (93,938) | (1,067,758) | (2,382,878) | (3,988,263) | (7,150,648) | (5,726,292) | (4,131,265) | - | (2,232,980) | - |
| 201904 | | (1,026,117) | (7,988,172) | (1,504,163) | (93,938) | (1,068,037) | (2,406,783) | (4,013,039) | (7,280,500) | (5,728,050) | (4,129,693) | - | (2,232,980) | - |
| 201905 | | (1,026,117) | (7,987,516) | (1,504,163) | (93,938) | (1,070,495) | (2,418,567) | (4,016,245) | (7,409,493) | (5,750,915) | (4,131,169) | - | (2,232,980) | - |
| 201906 | | (1,026,117) | (7,986,089) | (1,504,163) | (93,938) | (1,066,453) | (2,426,900) | (4,018,831) | (7,841,996) | (5,753,194) | (4,141,545) | - | (2,232,980) | - |
| 201907 | | (1,026,117) | (7,987,533) | (1,504,163) | (93,938) | (1,067,140) | (2,435,863) | (4,018,495) | (7,686,893) | (5,762,441) | (4,141,728) | - | (2,232,980) | - |
| 201908 | | (1,026,117) | (7,987,534) | (1,504,163) | (93,938) | (1,066,963) | (2,450,069) | (4,055,776) | (7,797,726) | (5,839,930) | (4,142,154) | - | (2,232,980) | - |
| 201909 | | (1,026,117) | (7,987,533) | (1,504,163) | (93,938) | (1,067,942) | (2,450,255) | (4,055,776) | (7,883,602) | (5,840,141) | (4,142,153) | - | (2,232,980) | - |
| 201910 | | (1,026,117) | (7,987,533) | (1,504,163) | (93,938) | (1,067,942) | (2,450,255) | (4,055,776) | (7,897,134) | (5,856,188) | (4,142,260) | - | (2,232,980) | - |
| 201911 | | (1,026,117) | (7,987,533) | (1,504,163) | (93,938) | (1,067,942) | (2,450,255) | (4,055,776) | (7,858,199) | (5,856,197) | (4,142,207) | - | (2,232,980) | - |
| 201912 | | (1,026,117) | (7,987,533) | (1,504,163) | (93,938) | (1,067,942) | (2,450,255) | (4,055,776) | (7,925,389) | (5,866,950) | (4,142,207) | - | (2,232,980) | - |
| 202001 | | (1,026,117) | (7,987,533) | (1,504,163) | (93,938) | (1,067,942) | (2,450,255) | (4,055,776) | (7,938,257) | (5,861,791) | (4,142,207) | - | (2,232,980) | - |

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

Non ARO Related ADIT

| Project | CAS000281 | CAS000282 | CMSCM1227 | CMS000156 | CCS060038 | CCS560046 | CCS560047 | CCS560077 | CBKCC0027 | CAS000026 | CCS560047 | |
|---------------------|-----------------------------------|-----------------------|-------------------------------------|--|------------------------------------|-----------------------------------|-------------------------------------|-------------------------------|---------------------------|---------------------------|-------------------------------------|-------------|
| Project Description | Storm Water/Process Water Reroute | Lined Retention Basin | MS Dry Bottom Ash System Conversion | CCP - Marshall Dry Fly Ash Reliability | CCP CS #6 Air Heater Flyash System | Storm Water/Process Water Reroute | Active Waste Water Treatment System | Lined Retention Basins | CCP Process Water Reroute | DRY BOTTOM ASH CONVERSION | Active Waste Water Treatment System | Total |
| Depreciation Group | D FOS 311 Allen-20003 | D FOS 311 Allen-20003 | D FOS 312 Marshall-20003 | D FOS 312 Marshall-20003 | D FOS 312 Cliffside 6-20003 | D FOS 311 Cliffside 5&6-20003 | D FOS 311 Cliffside 5&6-20003 | D FOS 311 Cliffside 5&6-20003 | D OTH 341 Buck-20004 | D FOS 312 Allen-20003 | D FOS 315 Cliffside 5&6-20003 | |
| 201801 | | | | | | | | | | | | 32,555 |
| 201802 | | | | | | | | | | | | - |
| 201803 | | | | | | | | | | | | 8,789,919 |
| 201804 | | | | | | | | | | | | 784,499 |
| 201805 | | | | | | | | | | | | 64,091,643 |
| 201806 | | | | | | | | | | | | 12,740,215 |
| 201807 | | | | | | | | | | | | 2,119,064 |
| 201808 | | | | | | | | | | | | 19,711,255 |
| 201809 | | | | | | | | | | | | 20,994 |
| 201810 | | 37,705,846 | 77,363,529 | | | | | | | | | 158,410,869 |
| 201811 | | 34,452 | 412,175 | | | 1,420,241 | | | | | | 2,803,962 |
| 201812 | 24,960,779 | 336,732 | 438,982 | | 62,611 | | | 51,894,994 | 13,225,656 | 1,393,502 | | 175,697,694 |
| 201901 | 344,126 | 364,217 | 382,505 | | 38,389 | 20,883,598 | 823,315 | 271,110 | 35,644 | 61,946,196 | 273 | 119,067,026 |
| 201902 | 2,858,549 | 296,162 | 312,523 | | 1,188 | 164,388 | 2,038,497 | 160,877 | 36,729 | 4,984,671 | 1,236 | 12,271,973 |
| 201903 | 131,033 | 176,343 | 205,018 | | 2,268 | 567,495 | 2,292,659 | 129,115 | 10,222 | 397,877 | 1,515 | 82,185,095 |
| 201904 | 245,620 | 283,317 | 171,911 | | 930 | 519,328 | 2,895,774 | 76,258 | 7,955 | 474,781 | 1,914 | 7,091,213 |
| 201905 | 169,032 | 133,816 | (40,763) | | | 436,648 | 664,878 | 36,749 | (6,053) | 103,450 | 439 | 3,291,485 |
| 201906 | 121,856 | 18,547 | 2,657,764 | | | 711,612 | 1,159,955 | 83,124 | 662 | 314,996 | 767 | 9,920,196 |
| 201907 | 18,699 | 7,194 | (930,549) | | | 120,224 | 87,990 | 134,922 | 50 | 19,942 | 58 | (1,996,688) |
| 201908 | 234,201 | 2,214 | 45,839 | | | 13,739 | 212,453 | 149,810 | (132) | 304,856 | 140 | 3,344,820 |
| 201909 | 14,605 | 8,819 | 5,816 | | | 94,086 | 244,482 | 13,992 | | (8,583) | 162 | 1,313,261 |
| 201910 | 37,584 | | 15,661 | | | 37,429 | 144,953 | 42,068 | | 93,294 | 96 | 757,502 |
| 201911 | 15,601 | | (1,233) | | | 13,976 | 100,010 | 1,333 | | 10,327 | 66 | (267,787) |
| 201912 | | | 689 | | 10,418,504 | 173,098 | | | | 5,267 | | 11,414,935 |
| 202001 | | | | | 53,902 | 51 | | | | | | 147,537 |
| Grand Total | 29,151,686 | 39,367,658 | 81,039,867 | 10,472,406 | 1,525,627 | 23,735,669 | 62,559,961 | 14,325,012 | 1,478,579 | 68,647,075 | 6,667 | 693,743,237 |

Tax Basis for Bonus Depreciation ADIT

| Project | CAS000281 | CAS000282 | CMSCM1227 | CMS000156 | CCS060038 | CCSS60046 | CCSS60047 | CCSS60077 | CBKCC0027 | CAS000026 | CCS560047 | Total |
|----------------------------|-----------------------------------|-----------------------|-------------------------------------|--|------------------------------------|-----------------------------------|-------------------------------------|------------------------|---------------------------|---------------------------|-------------------------------------|-------------|
| | Storm Water/Process Water Reroute | Lined Retention Basin | MS Dry Bottom Ash System Conversion | CCP - Marshall Dry Fly Ash Reliability | CCP CS #6 Air Heater Flyash System | Storm Water/Process Water Reroute | Active Waste Water Treatment System | Lined Retention Basins | CCP Process Water Reroute | DRY BOTTOM ASH CONVERSION | Active Waste Water Treatment System | |
| Bonus Depr Eligible | YES | YES | YES | NO | NO | YES | YES | NO | YES | YES | YES | |
| Initial In Service Year | 2018 | 2018 | 2018 | | | 2019 | 2018 | | 2018 | 2019 | 2019 | |
| Bonus Depr % | 50% | 50% | 50% | | | 40% | 50% | | 50% | 40% | 40% | |
| 201801 | - | - | - | - | - | - | - | - | - | - | - | 16,278 |
| 201802 | - | - | - | - | - | - | - | - | - | - | - | - |
| 201803 | - | - | - | - | - | - | - | - | - | - | - | 4,394,959 |
| 201804 | - | - | - | - | - | - | - | - | - | - | - | 20,177 |
| 201805 | - | - | - | - | - | - | - | - | - | - | - | 32,045,768 |
| 201806 | - | - | - | - | - | - | - | - | - | - | - | 6,370,056 |
| 201807 | - | - | - | - | - | - | - | - | - | - | - | 1,059,479 |
| 201808 | - | - | - | - | - | - | - | - | - | - | - | 9,855,574 |
| 201809 | - | - | - | - | - | - | - | - | - | - | - | 10,438 |
| 201810 | - | 18,852,923 | 38,681,765 | - | - | - | - | - | - | - | - | 79,205,383 |
| 201811 | - | 17,226 | 206,088 | - | - | - | - | - | - | - | - | 692,079 |
| 201812 | 12,480,390 | 168,366 | 219,491 | - | - | - | 25,947,497 | - | 696,751 | - | - | 81,204,398 |
| 201901 | 172,063 | 182,108 | 191,253 | - | - | 8,353,439 | 411,657 | - | 17,822 | 24,778,479 | 109 | 44,507,958 |
| 201902 | 1,429,274 | 148,081 | 156,262 | - | - | 65,755 | 1,019,249 | - | 18,364 | 1,993,868 | 494 | 5,282,286 |
| 201903 | 65,516 | 88,171 | 102,509 | - | - | 226,998 | 1,146,329 | - | 5,111 | 159,151 | 606 | 33,047,494 |
| 201904 | 122,810 | 141,658 | 85,956 | - | - | 207,731 | 1,447,887 | - | 3,977 | 189,912 | 766 | 2,966,873 |
| 201905 | 84,516 | 66,908 | (20,382) | - | - | 174,659 | 332,439 | - | (3,026) | 41,380 | 176 | 1,405,255 |
| 201906 | 60,928 | 9,274 | 1,328,882 | - | - | 284,645 | 579,978 | - | 331 | 125,998 | 307 | 4,320,117 |
| 201907 | 9,349 | 3,597 | (465,275) | - | - | 48,090 | 43,995 | - | 25 | 7,977 | 23 | (930,003) |
| 201908 | 117,101 | 1,107 | 22,919 | - | - | 5,496 | 106,227 | - | (66) | 121,943 | 56 | 1,402,852 |
| 201909 | 7,302 | 4,409 | 2,908 | - | - | 37,634 | 122,241 | - | - | (3,433) | 65 | 544,792 |
| 201910 | 18,792 | - | 7,830 | - | - | 14,971 | 72,477 | - | - | 37,318 | 38 | 278,558 |
| 201911 | 7,801 | - | (616) | - | - | 5,590 | 50,005 | - | - | 4,131 | 26 | (99,996) |
| 201912 | - | - | 345 | - | - | 69,239 | - | - | - | 2,107 | - | 405,488 |
| 202001 | - | - | - | - | - | 20 | - | - | - | - | - | 33,035 |
| Total Bonus Depr Tax basis | 14,575,843 | 19,683,829 | 40,519,934 | - | - | 9,494,268 | 31,279,981 | - | 739,289 | 27,458,830 | 2,667 | 308,039,298 |

Calculated Deferred Income Tax due to

| Project | CAS000281 | CAS000282 | CMSCM1227 | CMS000156 | CCS060038 | CCSS60046 | CCSS60047 | CCSS60077 | CBKCC0027 | CAS000026 | CCS560047 | Total |
|----------|-----------------------------------|-----------------------|-------------------------------------|--|------------------------------------|-----------------------------------|-------------------------------------|------------------------|---------------------------|---------------------------|-------------------------------------|--------------|
| | Storm Water/Process Water Reroute | Lined Retention Basin | MS Dry Bottom Ash System Conversion | CCP - Marshall Dry Fly Ash Reliability | CCP CS #6 Air Heater Flyash System | Storm Water/Process Water Reroute | Active Waste Water Treatment System | Lined Retention Basins | CCP Process Water Reroute | DRY BOTTOM ASH CONVERSION | Active Waste Water Treatment System | |
| Tax Rate | | | | | | | | | | | | |
| 201801 | - | - | - | - | - | - | - | - | - | - | - | (3,801) |
| 201802 | - | - | - | - | - | - | - | - | - | - | - | - |
| 201803 | - | - | - | - | - | - | - | - | - | - | - | (1,026,236) |
| 201804 | - | - | - | - | - | - | - | - | - | - | - | (4,711) |
| 201805 | - | - | - | - | - | - | - | - | - | - | - | (7,482,783) |
| 201806 | - | - | - | - | - | - | - | - | - | - | - | (1,487,427) |
| 201807 | - | - | - | - | - | - | - | - | - | - | - | (247,392) |
| 201808 | - | - | - | - | - | - | - | - | - | - | - | (2,301,306) |
| 201809 | - | - | - | - | - | - | - | - | - | - | - | (2,437) |
| 201810 | - | (4,402,214) | (9,032,308) | - | - | - | - | - | - | - | - | (18,494,694) |
| 201811 | - | (4,022) | (48,122) | - | - | - | - | - | - | - | - | (161,603) |
| 201812 | (2,914,208) | (39,314) | (51,252) | - | - | - | (6,058,818) | - | (162,693) | - | - | (18,961,471) |
| 201901 | (40,177) | (42,523) | (44,658) | - | - | (1,950,553) | (96,123) | - | (4,162) | (5,785,849) | (26) | (10,392,742) |
| 201902 | (333,740) | (34,577) | (36,488) | - | - | (15,354) | (237,998) | - | (4,288) | (465,574) | (115) | (1,233,430) |
| 201903 | (15,298) | (20,588) | (23,936) | - | - | (53,005) | (267,671) | - | (1,193) | (37,162) | (142) | (7,716,689) |
| 201904 | (28,677) | (33,078) | (20,071) | - | - | (48,506) | (338,086) | - | (929) | (44,345) | (179) | (692,774) |
| 201905 | (19,735) | (15,623) | 4,759 | - | - | (40,783) | (77,626) | - | 707 | (9,662) | (41) | (328,131) |
| 201906 | (14,227) | (2,165) | (310,298) | - | - | (66,465) | (135,427) | - | (77) | (29,421) | (72) | (1,008,760) |
| 201907 | (2,183) | (840) | 108,643 | - | - | (11,229) | (10,273) | - | (6) | (1,863) | (5) | 217,159 |
| 201908 | (27,343) | (258) | (5,352) | - | - | (1,283) | (24,804) | - | 15 | (28,474) | (13) | (327,570) |
| 201909 | (1,705) | (1,030) | (679) | - | - | (8,788) | (28,544) | - | - | 802 | (15) | (127,210) |
| 201910 | (4,388) | - | (1,828) | - | - | (3,496) | (16,924) | - | - | (8,714) | (9) | (65,044) |
| 201911 | (1,821) | - | 144 | - | - | (1,305) | (11,676) | - | - | (965) | (6) | 23,349 |
| 201912 | - | - | (80) | - | - | (16,168) | - | - | - | (492) | - | (94,683) |
| 202001 | - | - | - | - | - | (5) | - | - | - | - | - | (7,714) |
| | (3,403,503) | (4,596,233) | (9,461,526) | - | - | (2,216,940) | (7,303,969) | - | (172,626) | (6,411,719) | (623) | (71,928,100) |

Accumulated Deferred Income taxes

| Project | CAS000281 | CAS000282 | CMSCM1227 | CMS000156 | CCS060038 | CCSS60046 | CCSS60047 | CCSS60077 | CBKCC0027 | CAS000026 | CCS560047 | Total |
|---------|-----------------------------------|-----------------------|-------------------------------------|--|------------------------------------|-----------------------------------|-------------------------------------|------------------------|---------------------------|---------------------------|-------------------------------------|--------------|
| | Storm Water/Process Water Reroute | Lined Retention Basin | MS Dry Bottom Ash System Conversion | CCP - Marshall Dry Fly Ash Reliability | CCP CS #6 Air Heater Flyash System | Storm Water/Process Water Reroute | Active Waste Water Treatment System | Lined Retention Basins | CCP Process Water Reroute | DRY BOTTOM ASH CONVERSION | Active Waste Water Treatment System | |
| 201801 | - | - | - | - | - | - | - | - | - | - | - | (3,801) |
| 201802 | - | - | - | - | - | - | - | - | - | - | - | (3,801) |
| 201803 | - | - | - | - | - | - | - | - | - | - | - | (1,030,037) |
| 201804 | - | - | - | - | - | - | - | - | - | - | - | (1,034,749) |
| 201805 | - | - | - | - | - | - | - | - | - | - | - | (8,517,532) |
| 201806 | - | - | - | - | - | - | - | - | - | - | - | (10,004,959) |
| 201807 | - | - | - | - | - | - | - | - | - | - | - | (10,252,350) |
| 201808 | - | - | - | - | - | - | - | - | - | - | - | (12,553,656) |
| 201809 | - | - | - | - | - | - | - | - | - | - | - | (12,556,094) |
| 201810 | - | (4,402,214) | (9,032,308) | - | - | - | - | - | - | - | - | (31,050,788) |
| 201811 | - | (4,406,236) | (9,080,430) | - | - | - | - | - | - | - | - | (31,212,391) |
| 201812 | (2,914,208) | (4,445,550) | (9,131,682) | - | - | - | (6,058,818) | - | (162,693) | - | - | (50,173,861) |
| 201901 | (2,954,386) | (4,488,073) | (9,176,340) | - | - | (1,950,553) | (6,154,942) | - | (166,855) | (5,785,849) | (26) | (60,566,603) |
| 201902 | (3,288,126) | (4,522,651) | (9,212,828) | - | - | (1,965,907) | (6,392,939) | - | (171,143) | (6,251,423) | (141) | (61,800,033) |
| 201903 | (3,303,424) | (4,543,239) | (9,236,764) | - | - | (2,018,912) | (6,660,611) | - | (172,337) | (6,288,586) | (282) | (69,516,722) |
| 201904 | (3,332,100) | (4,576,317) | (9,256,835) | - | - | (2,067,418) | (6,998,697) | - | (173,265) | (6,332,931) | (461) | (70,209,495) |
| 201905 | (3,351,835) | (4,591,940) | (9,252,075) | - | - | (2,108,201) | (7,076,322) | - | (172,559) | (6,342,593) | (502) | (70,537,627) |
| 201906 | (3,366,062) | (4,594,105) | (9,562,373) | - | - | (2,174,666) | (7,211,749) | - | (172,636) | (6,372,014) | (574) | (71,546,387) |
| 201907 | (3,368,245) | (4,594,945) | (9,453,730) | - | - | (2,185,896) | (7,222,022) | - | (172,642) | (6,373,877) | (579) | (71,329,228) |
| 201908 | (3,395,588) | (4,595,204) | (9,459,082) | - | - | (2,187,179) | (7,246,826) | - | (172,626) | (6,402,351) | (592) | (71,656,799) |
| 201909 | (3,397,294) | (4,596,233) | (9,459,761) | - | - | (2,195,967) | (7,275,369) | - | (172,626) | (6,401,549) | (608) | (71,784,009) |
| 201910 | (3,401,682) | (4,596,233) | (9,461,590) | - | - | (2,199,462) | (7,292,293) | - | (172,626) | (6,410,263) | (617) | (71,849,053) |
| 201911 | (3,403,503) | (4,596,233) | (9,461,446) | - | - | (2,200,768) | (7,303,969) | - | (172,626) | (6,411,227) | (623) | (71,825,704) |
| 201912 | (3,403,503) | (4,596,233) | (9,461,526) | - | - | (2,216,935) | (7,303,969) | - | (172,626) | (6,411,719) | (623) | (71,920,386) |
| 202001 | (3,403,503) | (4,596,233) | (9,461,526) | - | - | (2,216,940) | (7,303,969) | - | (172,626) | (6,411,719) | (623) | (71,928,100) |

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

NC-2200
Narrative
Commission Request

E-1 Item 10 Adjustments Requirement

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

Detailed Narrative Explanation of Adjustment

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

The impact to income taxes is determined as follows:

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

September Update

Recalculated based on September updated figures

October Update

Recalculated based on October updated figures

November Update

Recalculated based on November updated figures

December Update

Recalculated based on December updated figures

January Update

Recalculated based on December updated figures

January Rebuttal

Recalculated based on changes in other proformas adjustments

Supplemental Rebuttal

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

May Second Supplemental

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

May Second Supplemental-S

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

Second Settlement

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

Commission Request

Recalculated based on netting Coal Ash Balance with EDIT

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

NC-2201
Page 1 of 1
Commission Request

| Line No. | Description | Total Carolinas Col [a] | NC Retail Allocation Col [b] | Total NC Retail Col [c] |
|-------------|---|-------------------------------|------------------------------------|-------------------------------|
| 1 | | | | |
| 2 | Rate base before pro forma adjustments | \$ 21,361,527 [1] | 68.1442% [2] | \$ 14,556,650 [1] |
| 3 | | | | |
| 4 | Pro forma rate base | \$ 24,787,387 [3] | | \$ 16,891,167 [7] |
| 5 | | | | |
| 6 | Long-term debt ratio | 48.0000% [4] | | 48.0000% [4] |
| 7 | Calculated long-term debt (L4 x L6) | \$ 11,897,946 | | \$ 8,107,760 |
| 8 | | | | |
| 9 | End of year cost of long-term debt | 4.2700% [4] | | 4.2700% [4] |
| 10 | Annualized interest expense (L7 x L9) | \$ 508,042 | | \$ 346,201 |
| 11 | | | | |
| 12 | Incurred interest expense | 465,481 [5] | | 317,199 [5] |
| 13 | Increase / <decrease> to interest costs (L10 - L12) | \$ 42,561 | | \$ 29,003 |
| 14 | | | | |
| 15 | Statutory tax rate | 23.3503% [6] | | 23.3503% [6] |
| 16 | Impact to income taxes (-L13 x L15) | \$ (9,938) | | \$ (6,772) |
| 17 | | | | |
| 18 | Impact to operating income (-L16) | \$ 9,938 | | \$ 6,772 |

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

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

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

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

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

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

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

Duke Energy Carolinas, LLC

Docket No. E-7, Sub 1214

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

NC-2300

Narrative

Commission Request
Net CCR ARO Against EDIT

E-1 Item 10 Adjustments Requirement

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

Detailed Narrative Explanation of Adjustment

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

September Update

Recalculated based on September updated figures

October Update

Recalculated based on October updated figures

November Update

Recalculated based on November updated figures

December Update

Recalculated based on December updated figures

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

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

January Update

Recalculated based on January updated figures

January Rebuttal

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

Impacted by changes in other proformas

Supplemental Rebuttal

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

Second Settlement

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

Commission Request

Recalculated based on netting Coal Ash Balance with EDIT

| | | | Present | Proposed | Present | Proposed | Present | Proposed | Present | Proposed |
|----------|--|---------------------|--------------------|--------------------|-------------------|-------------------|-----------------|-----------------|-----------------|-----------------|
| Line No. | Description | Source | Total NC Retail | Total NC Retail | Total NC Retail | Total NC Retail | Total NC Retail | Total NC Retail | Total NC Retail | Total NC Retail |
| 1 | | | Commission Request | Commission Request | Second Settlement | Second Settlement | Application | Application | | |
| 2 | | | | | | | | | Change | Change |
| 3 | Pro Formas Impacting Income Statement Line Items | | | | | | | | | |
| 4 | Electric operating revenue | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 5 | | | | | | | | | | |
| 6 | Electric operating expenses: | | | | | | | | | |
| 7 | Operation and maintenance | | | | | | | | | |
| 8 | Fuel used in electric generation | | - | - | - | - | - | - | - | - |
| 9 | Purchased power | | - | - | - | - | - | - | - | - |
| 10 | Other operation and maintenance expense | | - | - | - | - | - | - | - | - |
| 11 | Depreciation and amortization | | - | - | - | - | - | - | - | - |
| 12 | General taxes | | - | - | - | - | - | - | - | - |
| 13 | Interest on customer deposits | | - | - | - | - | - | - | - | - |
| 14 | Income taxes | NC-2301 & | - | (164) | 5 | (213) | 103 | (237) | (103) | 73 |
| 15 | Amortization of investment tax credit | | - | - | - | - | - | - | - | - |
| 16 | | | | | | | | | | |
| 17 | Total electric operating expenses | Sum L8 through L15 | - | (164) | 5 | (213) | 103 | (237) | (103) | 73 |
| 18 | | | | | | | | | | |
| 19 | Operating income | L4 - L17 | \$ - | \$ 164 | \$ (5) | \$ 213 | \$ (103) | \$ 237 | \$ 103 | \$ (73) |
| 20 | | | | | | | | | | |
| 21 | Notes: | | | | | | | | | |
| 22 | Revenue: positive number increases revenue / negative number decreases revenue | | | | | | | | | |
| 23 | Expense: positive number increases expense / negative number decreases expense | | | | | | | | | |
| 24 | | | | | | | | | | |
| 25 | | | | | | | | | | |
| 26 | Pro Formas Impacting Rate Base Line Items | | | | | | | | | |
| 27 | | | | | | | | | | |
| 28 | Electric plant in service | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 29 | Accumulated depreciation and amortization | | | | | | | | | |
| 30 | Electric plant in service, net | Sum L28 through L29 | - | - | - | - | - | - | - | - |
| 31 | | | | | | | | | | |
| 32 | Add: | | | | | | | | | |
| 33 | Materials and supplies | | - | - | - | - | - | - | - | - |
| 34 | Working capital investment-Present | NC-2301 & | 12 | 34,173 | (1,074) | 44,582 | (20,794) | 47,878 | 20,806 | (13,706) |
| 35 | | | - | - | - | - | - | - | - | - |
| 36 | | | | | | | | | | |
| 37 | Less: | | | | | | | | | |
| 38 | Accumulated deferred taxes | | - | - | - | - | - | - | - | - |
| 39 | Operating reserves | | - | - | - | - | - | - | - | - |
| 40 | | | | | | | | | | |
| 41 | | | | | | | | | | |
| 42 | Construction work in progress | | - | - | - | - | - | - | - | - |
| 43 | | | | | | | | | | |
| 44 | Total impact to rate base | Sum L30 through L42 | \$ 12 | \$ 34,173 | \$ (1,074) | \$ 44,582 | \$ (20,794) | \$ 47,878 | \$ 20,806 | \$ (13,706) |
| 45 | | | | | | | | | | |
| 46 | Note: | | | | | | | | | |
| 47 | Rate Base: positive number increases rate base / negative number decreases rate base | | | | | | | | | |

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

NC-2301
Page 1 of 2
Commission Request
Net CCR ARO Against EDIT

| Line No. | Description | NC Retail Financials | | | NC Retail Iteration 1 | | | NC Retail Iteration 2 | | |
|----------|---|----------------------|------------------|---------------------|-----------------------|------------|-------------|-----------------------|-------------|------------|
| | | Adjusted with CWC | Revenue Increase | Adjusted w/Increase | With Increase | Wgt Lead | | With Increase | Wgt Lead | |
| | | (a) | (b)=(c)-(a) | (c)=(n) | (d)=(e)-(a) | Lag Days | (f) | (g)=(h)-(e) | (h)=(e)+(g) | (i) |
| 1 | Total Adjusted Revenue | 4,794,706 [1] | | | | 40.11 [1] | | | | 40.11 [1] |
| 2 | Revenue Increase (L3) | | 317,701 | | 314,764 | 39.58 [12] | 2,924 | | | 39.58 [12] |
| 3 | Revenues [Solved Through Iterative Process to Produce Target ROR] (L1 + L2) | 4,794,706 | 317,701 | 5,112,407 | 314,764 | 40.07 [13] | 2,924 | 5,112,394 | | 40.07 [13] |
| 4 | | | | | | | | | | |
| 5 | Total Adjusted Fuel Used in Electric Generation | 1,161,536 [1] | 0 | 1,161,536 | | 22.33 [1] | | 1,161,536 | | 22.33 [1] |
| 6 | Adjusted Purchased Power | 23,412 [1] | 0 | 23,412 | | 136.58 [1] | | 23,412 | | 136.58 [1] |
| 7 | | | | | | | | | | |
| 8 | Operation & Maintenance Expense | 1,163,856 [1] | | 0 | | 33.73 [1] | | | | 33.73 [1] |
| 9 | Revenue Increase (L10) | | 1,207 | | 1,195 | 33.90 [12] | 11 | | | 33.90 [12] |
| 10 | Operation and Maintenace Expense with Increase (L8 + L9) | 1,163,856 | 1,207 | 1,165,063 | 1,195 [5] | 33.73 [13] | 11 [5] | 1,165,062 | | 33.73 [13] |
| 11 | | | | | | | | | | |
| 12 | Total Adjusted Depreciation and Amortization | 1,116,017 [1] | 0 | 1,116,017 | | - [1] | | 1,116,017 | | - [1] |
| 13 | Total Adjusted General Taxes | 212,156 | | 212,156 | | 170.43 | | 212,156 | | 170.43 |
| 14 | | | | | | | | | | |
| 15 | Total Adjusted Interest on Customer Deposits | 7,130 [1] | 0 | 7,130 | | 218.39 [1] | | 7,130 | | 218.39 [1] |
| 16 | | | | | | | | | | |
| 17 | Net Income Taxes | 194,109 | | 0 | | 0.44 | | 0 | | 0.44 |
| 18 | Revenue Increase (L19) | | 73,739 | | 73,219 | 0.48 [12] | 517 | 517 | | 0.48 [12] |
| 19 | Income Taxes with Increase (L17 + L18) | 194,109 | 73,739 | 267,848 | 73,219 [7] | 0.32 [13] | 517 [7] | 267,845 | | 0.32 [13] |
| 20 | | | | | | | | | | |
| 21 | Total EDIT Amortization | (29,734) | 0 | (29,734) | | - [1] | | (29,734) | | - [1] |
| 22 | Total Adjusted Amortization of Investment Tax Credit | (2,836) [1] | 0 | (2,836) | | - [1] | | (2,836) | | - [1] |
| 23 | Total Operating Expense (L5+L6+L10+L12+L13+L15+L19+L21+L22) | 3,845,646 | 74,945 | 3,920,592 | 74,414 | 27 [14] | 528 | 3,920,589 | | 27 [14] |
| 24 | | | | | | | | | | |
| 25 | Income for Return (L3 - L23) | 949,060 | 242,756 | 1,191,816 | 240,350 | 24.80 [14] | 2,396 | 1,191,805 [8] | | 24.80 [14] |
| 26 | Interest Expense | 346,202 [1] | 700 | 346,902 | 0 | 85.20 [1] | 697 | 346,899 [9] | | 85.20 [1] |
| 27 | Return for Equity (L25 - L26) | 602,858 | 242,055 | 844,914 | 240,350 | - [1] | 1,698 | 844,906 | | - [1] |
| 28 | | | | | | | | | | |
| 29 | Total Requirement (L23 + L25 = L3) | 4,794,706 | | 5,112,407 | | 26.56 [14] | | 5,112,394 | | 26.56 [14] |
| 30 | Rate Base [CWC Solved for Through Iterative Process] | 16,891,179 [1] | 34,173 | 16,925,352 | 16,891,179 [10] | | 34,020 [15] | 16,925,199 | | |
| 31 | | | | | | | | | | |
| 32 | Overall Rate of Return (L25 / L30) | 5.62% | | 7.04% | | 7.04% | | 7.0416% | | |
| 33 | Target Rate of Return | 7.04% [2] | | 7.04% [2] | | 7.04% [2] | | 7.0416% [2] | | |
| 34 | | | | | | | | | | |
| 35 | Calculation of Change in Cash Working Capital (CWC) due to Revenue Increase | Adjusted | Rev Incr | Adj w/Incr | | | | | | |
| 36 | Annual Requirement (L3 and/or L29) | 4,794,706 | | 5,112,407 | 5,109,470 | | | 5,112,394.07 | | |
| 37 | Daily Requirement (L36 / 365 Days) | 13,136 | | 14,007 | 13,999 | | | 14,007 | | |
| | Net Lag Days (Column (c) only: L38 / L37) | 11.81 | | 13.51 | 13.51 | | | 13.51 | | |
| 38 | Est. CWC Req. Before Sales Tax Requirement (L37 x L) | 155,075 | 34,173 [3] | 189,248 [4] | 34,020 | | 152 | 189,247 | | |
| 39 | Add: Working Capital Related to NC Sales Tax | 6,204 [1] | | 6,204 [1] | | | | | | |
| 40 | Total Cash Working Capital Requirements (L38 + L39) | 161,279 | 34,173 | 195,452 | | | | | | |

[1] NC-2302-Adjustment to cash working capital for present revenue annualized, column (c), column (e), and column (h)
[2] NC-2304-Inputs, Total ROR
[3] Ties to Line 30, Column (b)
[4] Sum of Line 38, Columns (a) + (d) + (g) + (j)
[5] Sum of (L19 + L25) x Reg Fee and Uncollectibles Rate: 0.37977%
[7] L27 / (1 - Tax Rate: 23.3503%) - L27
[8] Line 30 x Rate of Return: 7.0416%
[9] Line 30 x Debt Rate: 4.27% and Debt Ratio: 48%
[10] Column (e) = Column (a)
[11] Line 3, Column (f), (i), (l) - Line 29, Column (f), (i), (l)
[12] Docket No. E-7, Sub 1214, E-1 Item 14, Lead Lag
[13] Calculation of Average Lead/Lag Day
[14] New weighted averages are calculated.
[15] Line 38, Columns (d), (g), (j)

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

NC-2301
Page 2 of 2
Commission Request
Net CCR ARO Against EDIT

| Line No. | Description | NC Retail | | | NC Retail | | |
|----------|--|-------------------------|---------------------------------|-----------------------------|-------------------------|---------------------------------|-----------------------------|
| | | Iteration 3 | | | Iteration 4 | | |
| | | Increase (j)=(k)-(h) | With Increase (k)=(h)+(j) | Wgt Lead Lag Days (l) | Increase (m)=(n)-(k) | With Increase (n)=(k)+(m) | Wgt Lead Lag Days (o) |
| 1 | Total Adjusted Revenue | | | 40.11 [1] | | | 40.11 [1] |
| 2 | Revenue Increase (L3) | 13 | | 39.58 [12] | 0 | | 39.58 [12] |
| 3 | Revenues [Solved Through Iterative Process to Produce Target ROR] (L1 + L2) | 13 | 5,112,407 | 40.07 [13] | 0 | 5,112,407 | 40.07 [13] |
| 4 | | | | | | | |
| 5 | Total Adjusted Fuel Used in Electric Generation | | 1,161,536 | 22.33 [1] | | 1,161,536 | 22.33 [1] |
| 6 | Adjusted Purchased Power | | 23,412 | 136.58 [1] | | 23,412 | 136.58 [1] |
| 7 | | | | | | | |
| 8 | Operation & Maintenance Expense | | | 33.73 [1] | | | 33.73 [1] |
| 9 | Revenue Increase (L10) | 0 | | 33.90 [12] | 0 | | 33.90 [12] |
| 10 | Operation and Maintenace Expense with Increase (L8 + L9) | 0 [5] | 1,165,063 | 33.73 [13] | 0 [5] | 1,165,063 | 33.73 [13] |
| 11 | | | | | | | |
| 12 | Total Adjusted Depreciation and Amortization | | 1,116,017 | - [1] | | 1,116,017 | - [1] |
| 13 | Total Adjusted General Taxes | | 212,156 | 170.43 | | 212,156 | 170.43 |
| 14 | | | | | | | |
| 15 | Total Adjusted Interest on Customer Deposits | | 7,130 | 218.39 [1] | | 7,130 | 218.39 [1] |
| 16 | | | | | | | |
| 17 | Net Income Taxes | | - | 0.44 | | - | 0.44 |
| 18 | Revenue Increase (L19) | 2 | 520 | 0.48 [12] | 0 | 520 | 0.48 [12] |
| 19 | Income Taxes with Increase (L17 + L18) | 2 [7] | 267,848 | 0.32 [13] | 0 [7] | 267,848 | 0.32 [13] |
| 20 | | | | | | | |
| 21 | Total EDIT Amortization | | (29,734) | - [1] | | (29,734) | - [1] |
| 22 | Total Adjusted Amortization of Investment Tax Credit | | (2,836) | - [1] | | (2,836) | - [1] |
| 23 | Total Operating Expense (L5+L6+L10+L12+L13+L15+L19+L21+L22) | 2 | 3,920,592 | 27 [14] | 0 | 3,920,592 | 27 [14] |
| 24 | | | | | | | |
| 25 | Income for Return (L3 - L23) | 11 | 1,191,816 [8] | 24.80 [14] | 0 | 1,191,816 [8] | 24.80 [14] |
| 26 | Interest Expense | 3 | 346,902 [9] | 85.20 [1] | 0 | 346,902 [9] | 85.20 [1] |
| 27 | Return for Equity (L25 - L26) | 8 | 844,914 | - [1] | 0 | 844,914 | - [1] |
| 28 | | | | | | | |
| 29 | Total Requirement (L23 + L25 = L3) | | 5,112,407 | 26.56 [14] | | 5,112,407 | 26.56 [14] |
| 30 | Rate Base [CWC Solved for Through Iterative Process] | 152 [15] | 16,925,351 | | 1 [15] | 16,925,352 | |
| 31 | | | | | | | |
| 32 | Overall Rate of Return (L25 / L30) | | 7.0416% | | | 7.0416% | |
| 33 | Target Rate of Return | | 7.0416% [2] | | | 7.0416% [2] | |
| 34 | | | | | | | |
| 35 | <u>Calculation of Change in Cash Working Capital (CWC) due to Revenue Increase</u> | | | | | | |
| 36 | Annual Requirement (L3 and/or L29) | | 5,112,407 | | | | |
| 37 | Daily Requirement (L36 / 365 Days) | | 14,007 | | | | |
| | Net Lag Days (Column (c) only: L38 / L37) | | 13.51 | | | | |
| 38 | Est. CWC Req. Before Sales Tax Requirement (L37 x L) | 1 | 189,248 | | | | |
| 39 | Add: Working Capital Related to NC Sales Tax | | | | | | |
| 40 | Total Cash Working Capital Requirements (L38 + L39) | | | | | | |

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

[2] NC-2304-Inputs, Total ROR

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

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

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

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

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

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

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

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

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

[13] Calculation of Average Lead/Lag Day

[14] New weighted averages are calculated.

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

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

NC-2302
Page 1 of 3
Commission Request
Net CCR ARO Against EDIT

Cash Working Capital for Present Revenue

| NC Retail | | | | | | | | | | |
|------------|---|---------------|-----------------|---|-------------------|-------------------------------|----------------------------|------------------------------|--------------------------------------|--------------------------------|
| Financials | | | | | | Lead Lag Days | | | | |
| Line No. | Description | Per Books (a) | Adjustments (b) | Adjusted Before Change in CWC (c)=(a)+(b) | Change in CWC (d) | Adjusted with CWC (e)=(c)+(d) | Per Books (f) | Adjustments (g) | Adjusted Before Increase (h)=(f)+(g) | Working Capital Lead/Lag Study |
| 1 | Rate revenues | 4,751,193 [1] | | 4,751,193 | | 4,751,193 | 39.58 [1] | | 39.58 | 515,212 |
| 2 | Sales for resale revenues | 61,600 | | 61,600 | | 61,600 | 35.44 | | 35.44 | 5,981 |
| 3 | Forfeited discounts | 15,256 | | 15,256 | | 15,256 | 70.00 | | 70.00 | 2,926 |
| 4 | Miscellaneous service revenues | 9,541 | | 9,541 | | 9,541 | 76.00 | | 76.00 | 1,987 |
| 5 | Rent revenues - extra facilities - depreciation | | | 0 | | 0 | | | 0.00 | - |
| 6 | Rent revenues - extra facilities - other | 25,058 | | 25,058 | | 25,058 | 30.13 | | 30.13 | 2,069 |
| 7 | Rent revenues - pole & line attachments | 27,655 | | 27,655 | | 27,655 | 143.39 | | 143.39 | 10,864 |
| 8 | Tower lease revenues | 6,161 | | 6,161 | | 6,161 | -93.97 | | (93.97) | (1,586) |
| 9 | Other electric rents | 3,060 | | 3,060 | | 3,060 | 45.21 | | 45.21 | 379 |
| 10 | Return & depr - Catawba general plant | 11,264 | | 11,264 | | 11,264 | -15.21 | | (15.21) | (469) |
| 11 | Other misc revenues - CIAC & comp for svc | 13,227 | | 13,227 | | 13,227 | -15.21 | | (15.21) | (551) |
| 12 | Other misc revenues - timber sales | (2,737) | | (3) | | (3) | | | 0.00 | - |
| 13 | Profit or loss on sale of M&S | (1) | | (1) | | (1) | | | 0.00 | - |
| 14 | Deferred DSM costs - NC | (377) | | (377) | | (377) | | | 0.00 | - |
| 15 | Other revenue affiliate | 8,729 | | 8,729 | | 8,729 | 40.21 | | 40.21 | 962 |
| 16 | Revenues from transm of electricity to others | 5,032 | | 5,032 | | 5,032 | 40.41 | | 40.41 | 557 |
| 17 | Other electric revenues | 3,639 | | 3,639 | | 3,639 | 36.03 | | 36.03 | 359 |
| 18 | Other electric revenues riders | (38,869) | | (38,869) | | (38,869) | 0.00 | | 0.00 | - |
| 19 | Other transmission revenues | 1,916 | | 1,916 | | 1,916 | 0.00 | | 0.00 | - |
| 20 | Rate Schedule Revenue Adjustments | | | | | | | | | |
| 21 | PF REV-Annualize retail revenues for current rates | | (110,407) [3] | (110,407) | | (110,407) | | 39.58 [2] | 39.58 | (11,972) |
| 22 | PF REV-Normalize for weather | | (96,809) [3] | (96,809) | | (96,809) | | 39.58 [2] | 39.58 | (10,498) |
| 23 | PF REV-Annualize revenues for customer growth | | 30,467 [3] | 30,467 | | 30,467 | | 39.58 [2] | 39.58 | 3,304 |
| 24 | PF REV-Eliminate unbilled revenues | | 26,204 [3] | 26,204 | | 26,204 | | 39.58 [2] | 39.58 | 2,842 |
| 25 | PF REV-Adjust for costs recovered through non-fuel riders | | 50,669 [3] | 50,669 | | 50,669 | | 39.58 [2] | 39.58 | 5,494 |
| 26 | PF REV-Adjust Other Revenue | | (9,502) [3] | (9,502) | | (9,502) | | 39.58 [2] | 39.58 | (1,030) |
| 27 | Rounding - Revenue | | 0 | 0 | | 0 | | 39.58 [2] | 39.58 | 0 |
| 28 | Revenue - Adjustments (Sum Lines 21 through 27) | 0 | (109,378) | (109,378) | | 4,794,706 | | | | |
| 29 | | | | | | | | | | |
| 30 | Total Adjusted Revenue (L1 + L28) | 4,904,084 | (109,378) [4] | 4,794,706 [3] | 0 | 4,794,706 | 40.09 [8] | 0.01 [9] | 40.11 [8] | \$ 526,828 |
| 31 | | | | | | | | | | |
| 32 | Operating Expenses: | | | | | | | | | |
| 33 | Fuel Used in Electric Generation | 989,374 [2] | | 989,374 | | 989,374 | 22.33 [2] | | 22.33 | 60,528 |
| 34 | PF FUEL-Normalize for weather | | (25,025) [3] | (25,025) | | (25,025) | | 22.33 [2] | 22.33 | (1,531) |
| 35 | PF FUEL-Annualize revenues for customer growth | | 4,945 [3] | 4,945 | | 4,945 | | 22.33 [2] | 22.33 | 303 |
| 36 | PF FUEL-Update fuel costs to proposed rate | | 209,105 [3] | 209,105 | | 209,105 | | 22.33 [2] | 22.33 | 12,793 |
| 37 | PF FUEL-Adjust for costs recovered through non-fuel riders | | (16,862) [3] | (16,862) | | (16,862) | | 22.33 [2] | 22.33 | (1,032) |
| 38 | Rounding - Fuel | | 0 | 0 | | 0 | | 22.33 [2] | 22.33 | 0 |
| 39 | Fuel Used in Electric Generation - Adjustments (Sum Lines 34:38) | 0 | 172,162 | 172,162 | | 1,161,536 | | | | |
| 40 | | | | | | | | | | |
| 41 | Total Adjusted Fuel Used in Electric Generation (L33 + L39) | 989,374 | 172,162 [4] | 1,161,536 [3] | 0 | 1,161,536 | 22.33 [8] | 0.00 [9] | 22.33 [8] | \$ 71,061 |
| 42 | | | | | | | | | | |
| 43 | Purchased Power | 331,394 [2] | | 331,394 | | 331,394 | 39.00 [2] | | 39.00 | 35,409 |
| 44 | Deferred Fuel | (137,046) | | (137,046) | | (137,046) | 22.33 | | 22.33 | (8,384) |
| 45 | PF PURCH POWER-Update fuel costs to proposed rate | | (169,854) [3] | (169,854) | | (169,854) | | 39.00 [2] | 39.00 | (18,149) |
| 46 | PF PURCH POWER-Adjust for costs recovered through non-fuel riders | | (1,082) [3] | (1,082) | | (1,082) | | 39.00 [2] | 39.00 | (116) |
| 47 | Rounding - Purchased Power | | 0 | 0 | | 0 | | | | |
| 48 | Purchased Power - Adjustments (Sum Lines 45 through 47) | 0 | (170,936) | (170,936) | | 23,412 | | | | |
| 49 | | | | | | | | | | |
| 50 | Total Adjusted Purchased Power (L43 + L48) | 194,348 | (170,936) [4] | 23,412 [3] | 0 | 23,412 | 50.75 [8] | 85.83 [9] | 136.58 [8] | \$ 8,761 |
| 51 | | | | | | | | | | |
| 52 | Labor expense | 571,027 [2] | | 571,027 | | 571,027 | 36.37 [2] | | 36.37 | 56,899 |
| 53 | Benefits expense | 69,021 | | 69,021 | | 69,021 | Pension & benefits 12.21 | | 12.21 | 2,309 |
| 54 | Regulatory commission expense | 8,163 | | 8,163 | | 8,163 | Reg Commiss. Exp 89.82 | | 89.82 | 2,009 |
| 55 | Property insurance | 1,625 | | 1,625 | | 1,625 | Prop Ins -474.55 | | (474.55) | (2,113) |
| 56 | Injuries and damages for corp | 5,274 | | 5,274 | | 5,274 | Injuries & Damages -145.50 | | (145.50) | (2,102) |
| 57 | Uncollectable accounts | 12,692 | | 12,692 | | 12,692 | Uncollectibles 0.00 | | 0.00 | - |
| 58 | Other O&M expense | 708,137 | | 708,137 | | 708,137 | Other O&M expense 36.49 | | 36.49 | 70,794 |
| 59 | PF O&M-Annualize retail revenues for current rates | | (826) [3] | (826) | | (826) | | O&M Excl Fuel & PP 33.90 [2] | 33.90 | (77) |
| 60 | PF O&M-Normalize for weather | | (368) [3] | (368) | | (368) | | O&M Excl Fuel & PP 33.90 [2] | 33.90 | (34) |
| 61 | PF O&M-Annualize revenues for customer growth | | 2,354 [3] | 2,354 | | 2,354 | | O&M Excl Fuel & PP 33.90 [2] | 33.90 | 219 |
| 62 | PF O&M-Update fuel costs to proposed rate | | (21,892) [3] | (21,892) | | (21,892) | | O&M Excl Fuel & PP 33.90 [2] | 33.90 | (2,033) |
| 63 | PF O&M-Adjust for costs recovered through non-fuel riders | | (117,372) [3] | (117,372) | | (117,372) | | O&M Excl Fuel & PP 33.90 [2] | 33.90 | (10,901) |
| 64 | PF O&M-Adjust for approved regulatory assets and liabilities | | 1,408 [3] | 1,408 | | 1,408 | | Amortization 0.00 [2] | 0.00 | - |
| 65 | PF O&M-Amortize Severance Costs | | (47,462) [3] | (47,462) | | (47,462) | | Labor expense 36.37 [2] | 36.37 | (4,729) |
| 66 | PF O&M-Adjust for credit card fees | | 8,976 [3] | 8,976 | | 8,976 | | Other O&M expense 36.49 [2] | 36.49 | 897 |
| 67 | PF O&M-Annualize O&M non-labor expenses | | 4,594 [3] | 4,594 | | 4,594 | | Total O&M 30.71 [2] | 30.71 | 387 |
| 68 | PF O&M-Normalize O&M labor expenses | | (28,128) [3] | (28,128) | | (28,128) | | Labor expense 36.37 [2] | 36.37 | (2,803) |
| 69 | PF O&M-Update benefits costs | | (3,560) [3] | (3,560) | | (3,560) | | Benefits expense 12.00 [2] | 12.00 | (117) |
| 70 | PF O&M-Levelize nuclear refueling outage costs | | (1,946) [3] | (1,946) | | (1,946) | | Other O&M expense 36.49 [2] | 36.49 | (195) |
| 71 | PF O&M-Amortize rate case costs | | 801 [3] | 801 | | 801 | | Amortization 0.00 [2] | 0.00 | - |
| 72 | PF O&M-Adjust aviation expenses | | (2,304) [3] | (2,304) | | (2,304) | | O&M Excl Fuel & PP 33.90 [2] | 33.90 | (214) |
| 73 | PF O&M-Adjust for Meger Related Costs | | (5,530) [3] | (5,530) | | (5,530) | | O&M Excl Fuel & PP 33.90 [2] | 33.90 | (514) |
| 74 | PF O&M-Adjust O&M for executive compensation | | (3,539) [3] | (3,539) | | (3,539) | | Labor expense 36.37 [2] | 36.37 | (353) |
| 75 | PF O&M-Adjust vegetation management expenses | | 7,739 [3] | 7,739 | | 7,739 | | Other O&M expense 36.49 [2] | 36.49 | 774 |

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

Cash Working Capital for Present Revenue

| NC Retail | | | | | | | | | | |
|------------|--|------------------|--------------------|--|----------------------|----------------------------------|-------------------------------------|--------------------|---|-----------------------------------|
| Financials | | | | | | Lead Lag Days | | | | |
| Line No. | Description | Per Books (a) | Adjustments (b) | Adjusted Before Change in CWC (c)=(a)+(b) | Change in CWC (d) | Adjusted with CWC (e)=(c)+(d) | Per Books (f) | Adjustments (g) | Adjusted Before Increase (h)=(f)+(g) | Working Capital Lead/Lag Study |
| 76 | PF O&M-Adjust Other Revenue | | (36) [3] | (36) | | (36) | O&M Excl Fuel & PP | 33.90 [2] | 33.90 | (3) |
| 77 | PF O&M-Adjust for change in NCUC regulatory fee-DEC | | (500) [3] | (500) | | (500) | Regulatory Commission Expense | 89.82 [2] | 89.82 | (123) |
| 78 | PF O&M-Adjust for Hydro Stations Sale | | (1,560) [3] | (1,560) | | (1,560) | O&M Excl Fuel & PP | 33.90 [2] | 33.90 | (145) |
| 79 | PF O&M-Remove certain test year expenses-DEC | | (271) [3] | (271) | | (271) | O&M Excl Fuel & PP | 33.90 [2] | 33.90 | (25) |
| 80 | PF O&M-Settlement adjustment to remove certain items | | (4,272) [3] | (4,272) | | (4,272) | O&M Excl Fuel & PP | 33.90 [2] | 33.90 | (397) |
| 81 | PF O&M-Storm Normalization | | 1,610 [3] | 1,610 | | 1,610 | O&M Excl Fuel & PP | 33.90 [2] | 33.90 | 150 |
| 82 | Rounding - O&M | | (0) | (0) | | (0) | Total O&M | 30.71 [2] | 30.71 | (0) |
| 83 | Operation & Maintenance Expense - Adjustments (Sum Lines 59:82) | 0 | (212,083) | (212,083) | | 1,163,856 | | | | |
| 84 | | | | | | | | | | |
| 85 | Total Adjusted Operation & Maintenance Expense (L52 + L83) | 1,375,939 | (212,083) [4] | 1,163,856 [3] | 0 | 1,163,856 | 33.90 [8] | (0.17) [9] | 33.73 [8] | \$ 107,560 |
| 86 | | | | | | | | | | |
| 87 | Depreciation and Amortization | 838,805 [1] | | 838,805 | | | 0.00 [1] | | 0.00 | - |
| 88 | PF D&A-Adjust for costs recovered through non-fuel riders | | (3,045) [3] | (3,045) | | | | 0.00 [2] | 0.00 | - |
| 89 | PF D&A-Annualize depreciation on year end plant balances | | 59,052 [3] | 59,052 | | | | 0.00 [2] | 0.00 | - |
| 90 | PF D&A-Adjust Depreciation for new rates | | 72,915 [3] | 72,915 | | | | 0.00 [2] | 0.00 | - |
| 91 | PF D&A-Adjust for post test year additions to plant in service | | 75,055 [3] | 75,055 | | | | 0.00 [2] | 0.00 | - |
| 92 | PF D&A-Update fuel costs to proposed rate | | 0 [3] | 0 | | | | 0.00 [2] | 0.00 | - |
| 93 | PF D&A-Adjust reserve for end of life coal plant inventory | | 0 [3] | 0 | | | | 0.00 [2] | 0.00 | - |
| 94 | PF D&A-Adjust reserve for end of life nuclear costs | | (1,808) [3] | (1,808) | | | | 0.00 [2] | 0.00 | - |
| 95 | PF D&A-Adjust for approved regulatory assets and liabilities | | 62,706 [3] | 62,706 | | | | 0.00 [2] | 0.00 | - |
| 96 | PF D&A-Amortize deferred environmental costs | | 11,407 [3] | 11,407 | | | | 0.00 [2] | 0.00 | - |
| 97 | PF D&A-Adjust for Meger Related Costs | | (56) [3] | (56) | | | | 0.00 [2] | 0.00 | - |
| 98 | PF D&A-Update deferred balance and amortize storm costs | | (409) [3] | (409) | | | | 0.00 [2] | 0.00 | - |
| 99 | PF D&A-Settlement adjustment to remove certain items | | (413) [3] | (413) | | | | 0.00 [2] | 0.00 | - |
| 100 | PF D&A-Adjust for Hydro Stations Sale | | 1,809 [3] | 1,809 | | | | 0.00 [2] | 0.00 | - |
| 101 | Rounding - D&A | | 0 | 0 | | | | 0.00 [2] | 0.00 | - |
| 102 | Depreciation and Amortization - Adjustments (Sum Lines 88 through 101) | 0 | 277,213 | 277,213 | | | | | | |
| 103 | | | | | | | | | | |
| 104 | Total Adjusted Depreciation and Amortization (L87 + L102) | 838,804,844 | 277,213 [4] | 1,116,017.35 [3] | 0 | 1,116,017 | 0.00 [8] | 0.00 [9] | 0.00 [8] | \$ - |
| 105 | | | | | | | | | | |
| 106 | Other taxes - NC property tax | 80,657 [1] | | 80,657 | | | Other taxes - NC prop | 186.50 [1] | 186.50 | 41,212 |
| 107 | Other taxes - SC property tax | 81,208 | | 81,208 | | | Other taxes - SC prop | 196.50 | 196.50 | 43,719 |
| 108 | Other taxes - federal payroll taxes | 34,411 | | 34,411 | | | Other taxes - federal p | 51.17 | 51.17 | 4,824 |
| 109 | Other taxes | (1,594) | | (1,594) | | | Other taxes | 21.04 | 21.04 | (92) |
| 110 | PF GEN TAX-Annualize property taxes on year end plant balances | | 7,470 [3] | 7,470 | | | Other taxes - NC property tax | 186.50 [2] | 186.50 | 3,817 |
| 111 | PF GEN TAX-Adjust for post test year additions to plant in service | | 11,276 [3] | 11,276 | | | Other taxes - NC property tax | 186.50 [2] | 186.50 | 5,761 |
| 112 | PF GEN TAX-Adjust for approved regulatory assets and liabilities | | 56 [3] | 56 | | | Taxes Other Than Income | 168.11 [2] | 168.11 | 26 |
| 113 | PF GEN TAX-Normalize O&M labor expenses | | (1,023) [3] | (1,023) | | | Other taxes - federal payroll taxes | 51.17 [2] | 51.17 | (143) |
| 114 | PF GEN TAX-Adjust for costs recovered through non-fuel riders | | (10) [3] | (10) | | | Taxes Other Than Income | 168.11 [2] | 168.11 | (5) |
| 115 | PF GEN TAX-Adjust for Meger Related Costs | | (73) [3] | (73) | | | Taxes Other Than Income | 168.11 [2] | 168.11 | (34) |
| 116 | PF GEN TAX-Adjust aviation expenses | | (27) [3] | (27) | | | Taxes Other Than Income | 168.11 [2] | 168.11 | (13) |
| 117 | PF GEN TAX-Adjust for Hydro Stations Sale | | (193) [3] | (193) | | | Other taxes | 21.04 [2] | 21.04 | (11) |
| 118 | Rounding - General Taxes | | (0) | (0) | | | Taxes Other Than Income | 168.11 [2] | 168.11 | (0) |
| 119 | General Taxes - Adjustments (Sum Lines 110 through 118) | 0 | 17,475 | 17,475 | | | | | | |
| 120 | | | | | | | | | | |
| 121 | Total Adjusted General Tax (L106 + L119) | 194,681 | 17,475 [4] | 212,156 [3] | 0 | 212,156 | 168.11 [8] | 2.32 [9] | 170.43 [8] | \$ 99,062 |
| 122 | | | | | | | | | | |
| 123 | Interest on Customer Deposits | 7,130 [1] | | 7,130 | | | 218.40 [1] | | 218.40 | 4,266 |
| 124 | Interest on Customer Deposits - Adjustments | | | 0 | | | | | | |
| 125 | | | | | | | | | | |
| 126 | Total Adjusted Interest on Customer Deposits (L123 + L124) | 7,130 | 0 [4] | 7,130 [3] | 0 | 7,130 | 218.40 [8] | (0.01) [9] | 218.39 [8] | \$ 4,266 |
| 127 | | | | | | | | | | |
| 128 | Current state and federal income tax | 2,397 [1] | | 2,397 | | | 44.75 [1] | | 44.75 | 294 |
| 129 | Deferred income taxes | 222,600 | | 222,600 | | | 0.00 | | 0.00 | - |
| 130 | PF INC TAX-Adjust Income Taxes | | (38,172) [3] | (38,172) | | | | 0.48 [2] | 0.48 | (50) |
| 131 | PF INC TAX-Adjust for costs recovered through non-fuel riders | | 16,763 [3] | 16,763 | | | | 0.00 [2] | 0.00 | - |
| 132 | PF INC TAX-Adjust NC income taxes for rate change | | (2,707) [3] | (2,707) | | | | 0.48 [2] | 0.48 | (4) |
| 133 | PF INC TAX-Synchronize interest expense with end of period rate base | | (6,772) [3] | (6,772) | | | | 0.48 [2] | 0.48 | (9) |
| 134 | Rounding - Income Taxes | | (0) | (0) | | | | 0.48 [2] | 0.48 | (0) |
| 135 | Income Taxes - Adjustments (Sum Lines 130 through 134) | 0 | (30,888) | (30,888) | | | | | | |
| 136 | | | | | | | | | | |
| 137 | Total Adjusted Income Taxes (L128 + L135) | 224,997 | (30,888) [4] | 194,109 [3] | 0 [6] | 194,109 | 0.48 [8] | (0.04) [9] | 0.44 [8] | \$ 232 |
| 138 | | | | | | | | | | |
| 139 | EDIT Amortization | | | | | | | | | |
| 140 | PF EDIT-Amortize Protected EDIT | | (29,734) [3] | (29,734) | | | | 0.00 [2] | 0.00 | - |
| 141 | Rounding - EDIT Amort | | (0) | (0) | | | | 0.00 [2] | 0.00 | - |
| 142 | EDIT Amortization - Adjustments (Sum Lines 143:144) | 0 | (29,734) | (29,734) | | | | | | |
| 143 | | | | | | | | | | |
| 144 | Total Adjusted EDIT Amortization (L139 + L142) | 0 | (29,734) [4] | (29,734) [3] | 0 | (29,734) | 0.00 [8] | 0.00 [9] | 0.00 [8] | \$ - |
| 145 | | | | | | | | | | |
| 146 | Amortization of Investment Tax Credit | (3,526) [1] | | (3,526) | | | 0.00 [1] | | 0.00 | - |
| 147 | PF ITC-Annualize depreciation on year end plant balances | | 690 [3] | 690 | | | | 0.00 [2] | 0.00 | - |
| 148 | Rounding - ITC | | (0) | (0) | | | | 0.00 [2] | 0.00 | - |
| 149 | Amort. of Investment Tax Credit - Adjustments (Sum Lines 143:144) | 0 | 690 | 690 | | | | | | |
| 150 | | | | | | | | | | |

NC-2302
Page 2 of 3
Commission Request
Net CCR ARO Against EDIT

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

Cash Working Capital for Present Revenue

| NC Retail | | | | | | | | | | |
|------------|--|----------------|-----------------|---|-------------------|-------------------------------|---------------|-----------------|--------------------------------------|--------------------------------|
| Financials | | | | | | Lead Lag Days | | | | |
| Line No. | Description | Per Books (a) | Adjustments (b) | Adjusted Before Change in CWC (c)=(a)+(b) | Change in CWC (d) | Adjusted with CWC (e)=(c)+(d) | Per Books (f) | Adjustments (g) | Adjusted Before Increase (h)=(f)+(g) | Working Capital Lead/Lag Study |
| 147 | Total Adjusted Amortization of Investment Tax Credit (L142 + L145) | (3,526) | 690 [4] | (2,836) [3] | 0 | (2,836) | 0.00 [8] | 0.00 [9] | 0.00 [8] | \$ - |
| 148 | | | | | | | | | | |
| 149 | Total Operating Expense (L41+L50+L85+L104+L121+L126+L137+L147) | 3,821,748 | 23,898 | 3,845,646 | 0 | 3,845,646 | 29.57 [8] | (1.95) [9] | 27.61 [8] | \$ 290,940 |
| 150 | | | | | | | | | | |
| 151 | Income for Return (L30 - L149) | 1,082,336 | (133,276) | 949,060 | 0 | 949,060 | 24.97 [8] | 6.11 [9] | 31.08 [8] | 235,887 |
| 152 | Interest Expense | 317,199 [2] | 29,003 [4] | 346,201 [5] | 0 [5] | 346,202 | 85.20 [2] | 0.00 [9] | 85.20 [2] | 80,812 |
| 153 | Return for Equity (L151 - L152) | 765,137 | (162,279) | 602,858 | (0) | 602,858 | 0.00 [2] | 0.00 [9] | 0.00 [2] | 155,075 |
| 154 | | | | | | | | | | |
| 155 | Total Requirement (L149 + L151 = L30) | 4,904,084 | | 4,794,706 | | 4,794,706 | 28.55 [8] | (0.25) [9] | 28.30 [8] | 526,828 |
| 156 | | | | | | | | | | |
| 157 | RATE BASE | 14,556,650 [3] | 2,334,517 [4] | 16,891,167 [3] | 12 [7] | 16,891,179 | | | | |
| 158 | | | | | | | | | | |
| 159 | | | | | | | | | | |
| 160 | | | | | | | | | | |
| 161 | Calculation of Change in Cash Working Capital (CWC) due to Adjustments | Per Books | Change in CWC | Adjusted | | | | | | |
| 162 | Annual Requirement | 4,904,084 | | 4,794,706 | | | | | | |
| 163 | Daily Requirement (L140 / 365 Days) | 13,436 | | 13,136 | | | | | | |
| 164 | Net Lag Days (L138, Rounded Per Books) | 11.54 | | 11.81 | | | | | | |
| 165 | Est. CWC Req. Before Sales Tax Requirement (L141 x L142) | 155,064 | | 155,075 | | | | | | |
| 166 | Add: Working Capital Related to NC Sales Tax | 6,204 [1] | | 6,204 [1] | | | | | | |
| 167 | | | | | | | | | | |
| 168 | Total Cash Working Capital Requirements (L165 + L166) | 161,268 | 12 [4] | 161,279 | | | | | | |
| 169 | | | | | | | | | | |
| 170 | Revenue Lag Days (Per Line 47, Columns (f) & (h)) | 40.09 | | 40.1051 | | | | | | |
| 171 | Requirement Lead Days (Per Line 160, Columns (f) & (h)) | 28.55 | | 28.2999 | | | | | | |
| 172 | | | | | | | | | | |
| 173 | Net Lag Days (L170 - L171) | 11.54 | | 11.81 | | | | | | |

Notes:

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

NC-2302
Page 3 of 3
Commission Request
Net CCR ARO Against EDIT

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

NC-2303
Page 1 of 1
Commission Request
Net CCR ARO Against EDIT
E-1 Item 14

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

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

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

NC-2304
Page 1 of 1
Commission Request
Net CCR ARO Against EDIT

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

Notes:

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

[2] Debt Rate x Debt Ratio

[3] ROE x Equity Ratio

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

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

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

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

McManeus Exhibit 2
Commission Request
Net ARO CCR against EDIT

| Line No. | Description | Years 1-2 NC Retail | Years 3-5 NC Retail |
|-------------|------------------------------------|------------------------|------------------------|
| 1 | | | |
| 2 | Revenue Requirement from Exhibit 1 | \$ 317,703 | \$ 317,703 |
| 3 | EDIT Rider | (\$222,114) | (\$139,058) |
| 4 | Total Requested Increase | <u>\$ 95,589</u> | <u>\$ 178,645</u> |

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

McManeus DEC Exhibit 3
Commission Request
Net ARO CCR against EDIT

| Line No. | Item | | Year 1-2 Amount | Year 3-5 Amount |
|----------|--|------------|---------------------|---------------------|
| 1 | Revenue requirement increase per Company Supplemental Filing | | \$464,585 | |
| 2 | Revenue Requirement impact of Rebuttal | | 101 | |
| 3 | Revenue Impact of Supplemental Rebuttal including Settlement | | (97,052) | |
| 4 | Revenue impact of supplemental updates through May | | \$48,390 | |
| 5 | Revenue impact of supplemental updates through May 9.75 48/52 | | (\$75,426) | |
| 6 | Revnenue Requirement impact of Second Settlement | | \$73,834 | |
| 7 | Revenue requirement increase per Company Second Settlement filing | [1] | \$414,432 | |
| 8 | | | | |
| 9 | Commission request to remove ARO Coal ash and Net against EDIT | | | |
| 10 | NC1100 Remove ARO Coal Ash and Net against EDIT | [2] | (97,383) | |
| 11 | NC2200 Adjust synchronized interest expense | [3] | 1,455 | |
| 12 | NC2300 Adjust cash working capital under present rates | [3] | 94 | |
| 13 | NC2300 Adjust cash working capital under proposed rates | [3] | (895) | |
| 14 | Total Revenue impacts from Adjustments | | \$ (96,729) | |
| 15 | | | | |
| 16 | Total base rate revenue requirement | | \$ 317,703 | \$ 317,703 |
| 17 | | | | |
| 18 | <u>EDIT Rider</u> | | | |
| 19 | Uprotected Federal EDIT Rider as filed in Second Settlement - Levelized 5 years | | \$ (227,723) | \$ (227,723) |
| 20 | Impact of netting ARO related CCR | [4] | 88,665 | 88,665 |
| 21 | Uprotected Federal EDIT Rider - Levelized 5 years | | \$ (139,058) | \$ (139,058) |
| 22 | | | | |
| 23 | NC State EDIT and Deferred Revenue Rider as filed in Second Settlement - Levelized 2 Years | | \$ (83,056) | |
| 24 | | | | |
| 25 | Total Requested Increase after adjustment to net ARO CCR against EDIT | | \$ 95,589 | \$ 178,645 |
| 26 | | | | |
| 27 | Revenue Requirement per Company's Second Settlement | | | |
| 28 | Total Base Revenue per the Company's Second Settlement Filing | [1] | \$ 414,432 | \$ 414,432 |
| 29 | EDIT Rider 2 | | | |
| 30 | Unprotected EDIT - Levelized 5 years | | (227,723) | (227,723) |
| 31 | NC State and Deferred Revenue - Levelized 2 years | | (83,056) | |
| 32 | Total Requested Increase per the Company's Second Settlement Filing | | \$ 103,653 | \$ 186,709 |
| 33 | | | | |
| 34 | Difference between Netting ARO CCR to EDIT and Company's Second Settlement filing | | \$ (8,064) | \$ (8,064) |

[1] McManeus Second Settlement Filing Exhibit 1
[2] NC-1100 Adjust Deferred Environmental Expenses. This proforma was adjusted to remove the ARO related CCR balance and amortization
[3] NC-2200 Interest Synchronization and NC-2300 Cash Working capital were updated to reflect the impact of the changes to NC-1100
[4] The adjustment to the unprotected EDIT after netting the ARO CCR deferral balance.

DUKE ENERGY CAROLINAS, LLC
Docket No. E-7, Sub 1214
North Carolina Retail Operations
McManeaus Exhibit 4 Commission Request Net CCR ARO Against EDIT
CALCULATION OF LEVELIZED FEDERAL PROVISIONAL EDIT RIDER CREDIT
For the Test Year Ended December 31, 2018
(in Thousands)

| Line No. | Item | Year 1 Revenue Requirement (a) | Year 2 Revenue Requirement (b) | Year 3 Revenue Requirement (b) | Year 4 Revenue Requirement (b) | Year 5 Revenue Requirement (b) | Total Revenue Requirement (c) |
|----------|--|---|---|---|---|---|--|
| 1 | Annual EDIT used to offset interim rates | (238,200) ^{5/} | | | | | |
| 2 | Monthly EDIT used to offset interim rates | (19,850) | | | | | |
| 3 | Estimated number of months of interim rates to compliance rates per NCUC Order | 4.3 ^{5/} | | | | | |
| 4 | EDIT used to offset interim rates | (85,803) | | | | | |
| 5 | Return component | (27,982) | | | | | |
| 6 | Amortization component | (57,822) | | | | | |
| 7 | Preliminary NC retail Unprotected Federal EDIT regulatory liability | (1,028,165) ^{1/} | | | | | |
| 8 | Estimated transition of Protected to Unprotected Regulatory liability 8/1/2020-8/21/2020 | (1,679) | | | | | |
| 9 | Reduction for amount flowed back during Interim Rate period (L6) | (57,822) | | | | | |
| 10 | Reduction for amount of ARO Deferral | (378,464) ^{6/} | | | | | |
| 11 | Total NC retail Unprotected Federal EDIT regulatory liability to be amortized (L7 + L8 - L9) | (593,558) | (593,558) ^{1/} | (593,558) ^{1/} | (593,558) ^{1/} | (593,558) ^{1/} | |
| 12 | Annuity factor | 4.2847 ^{2/} | 4.2847 ^{2/} | 4.2847 ^{2/} | 4.2847 ^{2/} | 4.2847 ^{2/} | |
| 13 | Levelized rider EDIT regulatory liability (L11 / L12) | (138,530) | (138,530) | (138,530) | (138,530) | (138,530) | (\$692,650) |
| 14 | One minus composite income tax rate | 76.6498% ^{3/} | 76.6498% ^{3/} | 76.6498% ^{3/} | 76.6498% ^{3/} | 76.6498% ^{3/} | 76.6498% |
| 15 | Net operating income effect (L13 x L14) | (106,183) | (106,183) | (106,183) | (106,183) | (106,183) | (530,915) |
| 16 | Retention factor | 0.763589 ^{4/} | 0.763589 ^{4/} | 0.763589 ^{4/} | 0.763589 ^{4/} | 0.763589 ^{4/} | 0.763589 |
| 17 | Levelized rider EDIT credit (L15 / L16) | (\$139,058) | (\$139,058) | (\$139,058) | (\$139,058) | (\$139,058) | (\$695,290) |
| 18 | Total NC retail NC State EDIT and Deferred Revenue regulatory liability to be amortized | \$ (155,445) ^{1/} | (\$155,445) ^{1/} | | | | |
| 19 | Annuity factor | 1.8787 ^{2/} | 1.8787 ^{2/} | | | | |
| 20 | Levelized rider EDIT regulatory liability (L18 / L19) | (82,741) | (82,741) | | | | (\$165,482) |
| 21 | One minus composite income tax rate | 76.6498% ^{3/} | 76.6498% ^{3/} | | | | 76.6498% |
| 22 | Net operating income effect (L20 x L21) | (63,421) | (63,421) | | | | (\$126,842) |
| 23 | Retention factor | 0.763589 ^{4/} | 0.763589 ^{4/} | | | | 0.763589 |
| 24 | Levelized rider EDIT credit (L22 / L23) | (\$83,056) | (\$83,056) | | | | (\$166,113) |

- 1/ Boswell Supplemental and Stipulation Exhibit 1, Sch 2-1, Line 15. Federal EDIT amounts from col. (o) + (p), NC EDIT and Deferred Revenue balances are from col. (b) + (q)
- 2/ Calculation of Levelized Factors, Line 6.
- 3/ One minus composite income tax rate of 23.3503%.
- 4/ Boswell Supplemental and Stipulation Exhibit 1, Schedule 1-2, Line 14, Column (d).
- 5/ Will be trued up with actual months of interim rates and approved offset amount if different in compliance filing
- 6/ Per Commission request, reduced the amount of unprotected EDIT by the amount of the ARO Coal ash deferral.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Late-Filed Exhibit No. 1 as filed in Docket No. E-7, Sub 1214, were served via electronic delivery or mailed, first-class, postage prepaid, upon all parties of record.

This, the 15th day of October, 2020.

/s/Mary Lynne Grigg

Mary Lynne Grigg

McGuireWoods LLP

501 Fayetteville Street, Suite 500

PO Box 27507 (27611)

Raleigh, North Carolina 27601

Telephone: (919) 755-6573

mgrigg@mcguirewoods.com

Attorney for Duke Energy Carolinas, LLC