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January 30, 2019

**VIA ELECTRONIC FILING**

Ms. M. Lynn Jarvis  
Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4300

**RE: Joint Motion to Cancel Hearing, to Excuse Witnesses and to Enter Evidence  
Docket Nos. E-7, Sub 1181, SP-12478, Sub 0 and SP-12479, Sub 0**

Dear Ms. Jarvis:

I enclose Duke Energy Carolinas, LLC, Northbrook Carolina Hydro II, LLC, Northbrook Tuxedo, LLC and the Public Staff's Joint Motion to Cancel Hearing and to Excuse Witnesses and to Enter Additional Evidence into the Record, for filing in connection with the referenced matter.

Portions of the DEC and Public Staff Joint Late-Filed Exhibit Nos. 1 and 2 ("Late-Filed Exhibits") are being filed under seal, and DEC respectfully requests that they be treated confidentially pursuant to N.C. Gen. Stat. § 132-1.2. The Late-Filed Exhibits contain commercially sensitive operational information and the Company's proprietary cost information. Public disclosure of this confidential information would allow competitors, vendors and other market participants to gain an undue advantage, which may ultimately result in harm to customers.

Thank you for your attention to this matter. If you have any questions, please let me know.

Sincerely,

Lawrence B. Somers

Enclosures

cc: Parties of Record  
Dwight Allen, Esquire

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Jan 30 2019

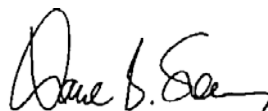
## CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC, Northbrook Carolina Hydro II, LLC, Northbrook Tuxedo, LLC, and the Public Staff's Joint Motion to Cancel Hearing and to Excuse Witnesses and to Enter Additional Evidence into the Record, in Docket Nos. E-7, Sub 1181, SP-12478, Sub 0, and SP-12479, Sub 0, has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid to the following parties of record:

David T. Drooz  
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This is the 30<sup>th</sup> day January, 2019.



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## BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1181  
DOCKET NO. SP-12478, SUB 0  
DOCKET NO. SP-12479, SUB 0

In the Matter of:	)	
	)	DUKE ENERGY CAROLINAS,
Transfer of Certificates of Public	)	LLC, NORTHBROOK CAROLINA
Convenience and Necessity and Ownership	)	HYDRO II, LLC, NORTHBROOK
Interests in Generating Facilities from Duke	)	TUXEDO, LLC AND THE PUBLIC
Energy Carolinas, LLC to Northbrook	)	STAFF'S JOINT MOTION TO
Carolina Hydro II, LLC and Northbrook	)	CANCEL HEARING AND TO
Tuxedo, LLC	)	EXCUSE WITNESSES AND TO
	)	ENTER ADDITIONAL EVIDENCE
	)	INTO THE RECORD

NOW COME Duke Energy Carolinas, LLC ("DEC"), Northbrook Carolina Hydro II, LLC and Northbrook Tuxedo, LLC (the two Northbrook entities, collectively, "Northbrook") and the Public Staff of the North Carolina Utilities Commission ("Public Staff") (collectively, the "Parties"), through counsel, and hereby jointly move the Commission for an order (1) cancelling the hearing scheduled to begin in this proceeding on February 5, 2019; (2) excusing the appearance of all witnesses at the hearing; (3) allowing the introduction of the petition and all pre-filed testimony and exhibits into the record without the appearance of witnesses; and (4) allowing DEC and the Public Staff to move additional, late-filed exhibits into evidence. In support of this motion, the Parties respectfully show the following:

1. On July 5, 2018, DEC and Northbrook filed a Joint Notice of Transfer, Request for Approval of Certificates of Public Convenience and Necessity, Request for Accounting Order and Request for Declaratory Ruling ("Petition").
2. On July 25, 2018, the Commission requested comments on the Petition.

3. On September 4, 2018, the Public Staff filed comments, and on September 18, 2018, DEC filed reply comments.

4. On November 29, 2018, the Commission issued an order scheduling an evidentiary hearing to begin on February 5, 2019 and required the filing of testimony. In that Order, the Commission listed specific questions and asked the parties to respond to those questions in their pre-filed testimony. The parties submit that the testimony previously filed in this docket and which will be included as part of the record in this docket is responsive to the questions outlined in the Commission's Order.

5. On December 21, 2018, DEC pre-filed the testimony and exhibits of witnesses Greg D. Lewis, Manu Tewari and Veronica I. Williams; and Northbrook pre-filed the testimony of John C. Ahlriches.

6. On January 18, 2019, the Public Staff filed the joint testimony of Michael C. Maness and Dustin R. Metz.

7. On January 18, 2019, the Public Staff also filed a motion pursuant to N.C. Gen. Stat. § 62-80 requesting that the Commission allow the Public Staff to investigate the reasonableness of the loss on the sale of the generating units in the next general rate case filed by DEC, including the reasonableness of expenditures on those facilities during the 2015-2017 period. DEC opposes the Public Staff's motion and the parties have not reached a resolution on this point; thus, it is the remaining issue in contention. DEC and the Public Staff assert that the remaining issue in dispute between those parties is a legal issue which can efficiently be presented to the Commission via written proposed orders and/or briefs and that an evidentiary hearing is not needed to further establish the factual record.

8. DEC and the Public Staff believe that the Commission's review of this docket would be enhanced by the inclusion of the following stipulated exhibits into the record:

Partially Confidential DEC and Public Staff Joint Late Filed Exhibit 1, DEC's responses to Public Staff 6<sup>th</sup> set of data requests; and

Partially Confidential DEC and Public Staff Joint Late Filed Exhibit 2, DEC's responses to Public Staff 7<sup>th</sup> set of data requests.

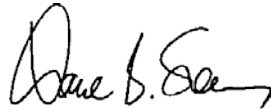
Accordingly, DEC and the Public Staff jointly move to have these stipulated exhibits entered into the record in this matter.

9. Counsel for all parties have agreed to waive cross-examination of the foregoing witnesses, to consent to the introduction of the Petition and the Parties' testimony and exhibits into the record without the necessity for the appearance of such witnesses, to consent to the introduction of DEC and Public Staff late-filed exhibits into the record, and to ask the Commission to address the remaining issue in contention through proposed orders and/or briefs. Unless the Commission has further questions for the witnesses, the Parties respectfully assert that there appears to be no need to conduct the hearing currently scheduled for February 5, 2019.

WHEREFORE, for the reasons set forth above, DEC, Northbrook, and the Public Staff respectfully request that the Commission enter an order (1) cancelling the hearing scheduled to begin in this proceeding on February 5, 2019 and (2) excusing the appearance of all witnesses. Further, DEC, Northbrook and the Public Staff request that the Commission accept into the record the Petition, the pre-filed testimony and exhibits of all

witnesses, and the late-filed joint exhibits that DEC and the Public Staff are filing with this motion.

Respectfully submitted this the 30<sup>th</sup> day of January, 2019.



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David Drooz, Chief Counsel  
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ATTORNEYS FOR PUBLIC STAFF, NORTH CAROLINA  
UTILITIES COMMISSION

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ATTORNEY FOR NORTHBROOK CAROLINA HYDRO II,  
LLC AND NORTHBROOK TUXEDO, LLC

**Duke Energy Carolinas, LLC and The Public Staff**

**Partially Confidential Late-Filed Exhibit No. 1**

**DEC's Response to Public Staff Data Request No. 6**

**Docket Nos. E-7, Sub 1181, SP-12478, Sub 0  
and SP-12479, Sub 0**

DEC AND THE PUBLIC STAFF

LATE-FILED EXHIBIT NO. 1 - PSDR 6-1

FILED UNDER SEAL

DOCKET NOS. E-7, SUB 1181,  
SP-12478, SUB 0 AND SP-12479, SUB 0



**DUKE ENERGY CAROLINAS, LLC**

**Request:**

DEC witness Lewis discusses dam safety regulations and dam safety requirements (p. 11). Please provide a narrative explaining the differences between regulations and requirements as they pertain to: (1) each plant/project in question; (2) Mr. Lewis' pre-filed testimony; and (3) which governmental agency imposed/required each action.

**Response:**

(1) Please see response to PSDR 6-3.

(2) In Lewis testimony (p.11) dam safety "regulations" include specific criteria that the owner of the dam must meet. For example, the original design of the Bryson dam was not meeting the specific criteria included in the FERC engineering guidelines for the Inflow Design Flood. The Bryson left bulkhead stability included in Lewis testimony (p. 11) was completed to be in compliance with these FERC engineering guidelines.

In Lewis testimony (p. 11) dam safety "requirements" are less specific in nature. As an example, FERC requires the owner of the dam to have an Owners Dam Safety Program (ODSP). The ODSP requires dam owners to perform inspections, analysis, and design reviews and make corrections and improvements as necessary for dam safety. For example, the Franklin tainter gate replacement project was completed based on a condition assessment as a part of the ODSP.

(3) Please see response to PSDR 6-3.

**DUKE ENERGY CAROLINAS, LLC**

**Request:**

Were any of the capital expenditures incurred during 2014-2017 directly mandated by the FERC, or made to meet FERC compliance requirements? If so, please identify each such expenditure, along with a specific reference to the FERC license/application requirement.

**Response:**

Yes. Based on the agreement of counsel we have revised the response period to 2015-2018. Please see attached "PSDR 6-3 2015-2018," which includes the FERC reference.

PSDR 6-3

Station	Project Description	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals YTD Nov	FERC Reference
Bryson City Hydro	BY LEFT BULKHEAD STABILITY	28,346.13	1,390,720.31	19,616.78		FERC Owners Dam Safety Program & FERC Dam Safety Engineering Guidelines
Bryson City Hydro	BY U1 TURB/GEN REFURB	665,080.87	158,720.37			Bryson FERC License #2601, Article 301
Bryson City Hydro	BRYSON RELICENSING	138,163.26				Bryson FERC License #2601
Bryson City Hydro	Tainter gate replacement	12,544.92				FERC Owners Dam Safety Plan (ODSP) & 18 CFR 12.44
Bryson City Hydro	MO U3 TURBINE/GEN REFURB	177.10				Bryson FERC License #2601, Article 301
Bryson City Hydro	BRYSON TAILRACE FISHING ACCESS	(57.71)				Bryson FERC License #2601, Article 406
Franklin Hydro	Tainter gate replacement	1,314,822.55				FERC Owners Dam Safety Plan (ODSP) & 18 CFR 12.44
Franklin Hydro	FRANKLIN HEAD GATE REPLACEMENT	169,152.34	190,676.79			FERC Owners Dam Safety Plan (ODSP)
Franklin Hydro	FRANKLIN RELICENSING	146,622.24				Franklin FERC License #2603
Franklin Hydro	FRANKLIN CANOE PORTAGE	10,714.12				Franklin FERC License #2603, Article 407
Franklin Hydro	LAKE EMORY ACCESS @ FRANKLIN	(109.13)				Franklin FERC License #2603, Article 407
Gaston Shoals Hydro	Unit 6 Turbine Replacement	3,645,286.94	1,685,106.61	31,761.18		Gaston Shoals FERC License #2332 & 18 CFR 6.4
Gaston Shoals Hydro	GS Big Bay Ramp		452,129.91	11,394.08		Gaston Shoals FERC License #2332, Article 412
Gaston Shoals Hydro	Replace Sand Gate Drives			291,262.11	1,987.33	Gaston Shoals FERC License #2332, Article 402
Gaston Shoals Hydro	Gaston Shoals power pole upgrade		236,852.71	23,166.79		Gaston Shoals FERC License #2332, Article 402 & 404
Gaston Shoals Hydro	GS Replace Sand Gate Drives	133,042.56	93,722.28			Gaston Shoals FERC License #2332, Article 402
Gaston Shoals Hydro	Automate GS Trash Gate			201,968.87		Gaston Shoals FERC License #2332, Articles 401 & 403
Gaston Shoals Hydro	GS Left Non Overflow Retaining Wall	84,327.48	8,845.71			FERC Owners Dam Safety Plan (ODSP)
Gaston Shoals Hydro	GS Eng. of Automating Sandgates		48,144.36			Gaston Shoals FERC License #2332, Article 402
Gaston Shoals Hydro	Automation Contrls & Monitoring Sys	28,697.88				Gaston Shoals FERC License #2332, Articles 401 & 403
Missions Hydro	MO U3 TURBINE/GEN REFURB	990,833.46	292,138.08			Mission FERC License #2619, Article 301
Missions Hydro	MISSION SPILL GATE DRIVE REPLACEMEN	314,551.72	13,871.20			FERC Owners Dam Safety Plan (ODSP), 18 CFR 12.44
Missions Hydro	MISSION RELICENSING	253,769.26				Mission FERC License #2619
Missions Hydro	BY U1 TURB/GEN REFURB	8,108.60	5,613.10			Mission FERC License #2619, Article 301
Missions Hydro	MISSION CANOE PORTAGE	(163.70)				Mission FERC License #2619, Article 405
	<b>Total</b>	<b>7,943,910.89</b>	<b>4,576,541.43</b>	<b>579,169.81</b>	<b>1,987.33</b>	

**DUKE ENERGY CAROLINAS, LLC**

**Request:**

DEC witness Lewis also discusses the 2011 “new” FERC licenses for Bryson, Franklin, and Gaston Shoals and the more stringent water level and flow rate requirements (p. 11-12). Please answer the following related questions:

- a) Provide a list comparing the water levels and flow rate requirements for each plant under the “Old License” and under the “New License”.
- b) Provide the degree of accuracy or % error deviation (or equivalent metric to illustrate a measurement/tolerance on the level of control of each plant to correctly maintain the flow rate and water level) of the existing plant equipment (plant equipment as of 2012 or there about) for:
  - i) Old License
  - ii) New License
- c) Provide the degree of accuracy or % error deviation (or equivalent metric to illustrate a measurement/tolerance on the level of control of each plant to correctly maintain the flow rate and water level) of the existing plant equipment (plant equipment as of 2017 or there about) for the New License;
- d) When the Company first learned of the new FERC license requirements with more stringent water levels and flow rates (approximate month and year);
- e) Whether or not the Company expected more stringent water levels and flow rates with the 2011 application submission; and what strategies the Company envisioned for meeting the requirements;
- f) How the Company evaluated the planned costs associated with the need to potentially upgrade/retrofit/recondition/etc., the aged equipment to meet new standards prior to the 2011 FERC license renewal;
- g) Whether or not the Company postponed any major equipment refurbishment/replacement (turbines, dam infrastructure, generator, etc.) work or plant upgrades based on uncertainty as to when or if the FERC license was going to be renewed; If so, please provide a general narrative on the postponed activities and how long were they postponed, along with any cost analysis used to support that decision.

**Response:**

Please note the 2011 "new" FERC licenses were for Bryson, Franklin, and Mission, not Gaston Shoals. The New License at Gaston Shoals was issued in 1996.

- a) **Original “Old” License (Bryson, Franklin, Mission) water level and flow rate requirements:**

Operate in run of river mode and operate to maintain the reservoirs within 0.5 feet of full pond.

Also, maintain a minimum continuous flow during periods of emergencies or hydro station maintenance of:

- 82 cubic feet per second (cfs) or inflow, whichever is less at Bryson
- 70 cfs or inflow, whichever is less at Franklin
- 280 cfs or inflow, whichever is less at Mission

**New Licenses issued 2011 (Bryson, Franklin, Mission)**

Each of the three licenses contains a similar Article 402 regulating lake levels and continuous minimum flow releases - This shall include, but not be limited to, maintaining the Reservoir: (1) within 0.3 feet of normal target elevation when fewer than two hydro units are operating and (2) within 0.1 feet of the normal target elevation for 99 percent of the year, and within 0.3 feet of the normal target elevation for the remaining 1 percent of the year when two hydro units (two or three units, for Mission) are operable.

The Normal Target Elevations are:

- 0.05 feet below full pond elevation for Bryson
- 0.5 feet below full pond elevation at Franklin and Mission

Also, Article 402 of each license requires that during drawdowns, emergencies, equipment failure, plant maintenance or other abnormal situations, the Company must provide a minimum continuous flow based on the September median flow of:

- 204 cfs or inflow, whichever is less at Bryson
- 309 cfs or inflow, whichever is less at Franklin
- 341 cfs or inflow, whichever is less at Mission

- b) Compliance with the New License conditions would require very frequent and accurate adjustments in the water releases from the generating units and the floodgates on a 24 x 7 basis. Going into the relicensing process, these hydro facilities had aging components that were experiencing more frequent forced outages and, in some cases, were not operable. Since it was not known what FERC license conditions would actually be ordered, which could have included dam removal or even more stringent requirements than the Company or any involved agency had proposed, it was not prudent to replace equipment prior to the certainty of New Licenses. The cost incurred in examples from Lewis testimony (p. 11-12) were needed to obtain responsive equipment, including programmable logic controllers, that could execute accurate and predictable water releases to be in compliance with the FERC licenses. After executing these projects, the facilities can meet the new FERC lake level requirements in 2017, whereas they were unable to consistently meet these requirements in 2012.

- c) As shown in DR 6-4a, the license changes in the water level requirements represent a challenging 80% reduction in the allowable lake level fluctuations for most of the time (from the old allowable 0.5 feet fluctuation compared to the new allowable 0.1 feet of fluctuation).
- d) While there were indications that lake level tolerances would tighten and continuous minimum flow requirements would increase when the license applications were filed (July 2003), FERC issued its Final Environmental Assessments (July 2006) and the NC Department of Environment and Natural Resources issued its 401 Water Quality Certifications (July 2010), the Company first became certain of the New License requirements when the New Licenses were issued for Bryson on July 22, 2011; for Franklin on September 7, 2011; and for Mission on October 25, 2011.
- e) Please see DR 6-4 (d).
- f) The Company was aware of potential changes in the license, but did not formally evaluate the costs prior to the New License being issued. As stated in 6-4d, the Company felt it would not be prudent to move forward and replace the equipment without certainty from the actual New License.
- g) Yes, the Company postponed rehabilitations to the facilities until New License certainty was received.

If so, please provide a general narrative on the postponed activities and how long were they postponed, along with any cost analysis used to support that decision.

The Notices of Intent (NOI) to relicense were filed with FERC in January 2000 (Bryson and Franklin) and February 2000 (Mission). Filing of the NOIs initiated the formal regulatory relicensing process, which included consultation and negotiations with resource agencies and other involved stakeholders in the Nantahala area. The applications for the New Licenses were filed with FERC in July 2003. These items indicated to FERC the Company intended to continue operations of the facilities. We made FERC aware that the Company intended to postpone hydro unit rehabilitations until it received the New Licenses, which would provide certainty of the applicable requirements. Cost evaluations at this point were not done because the Company felt it would not be prudent to rehabilitate prior to having certainty of the requirements that would have to be met.

**DUKE ENERGY CAROLINAS, LLC**

**Request:**

In regards to the Tuxedo Plant access stair project discussed on p. 12 of witness Lewis's testimony, please answer the following questions:

- a) Please provide a narrative on how the Company ensured personnel safety during routine inspections and maintenance prior to the stair project completion.
- b) What alternatives to the "stair project" were evaluated to increase personnel safety, and what were the estimated costs for each of the other alternatives?
- c) Did the Company seek a competitive RFQ for the stair project work? If so, please provide a complete list of the project applicants, copies of bids received, and a narrative on the selection criteria.
- d) Had the stair project been proposed previously? If so, when was the stair project originally proposed and why was it delayed?
- e) Why did the Company not perform the stair project at an earlier date?

**Response:**

- a) Prior to the stair project completion, the Company made employees aware of the risks associated with inspecting the flume on a sloped embankment. The stair project was a continuous improvement risk reduction effort suggested by Tuxedo station personnel to make the inspection and maintenance tasks safer.
- b) Option 1 utilized a single robust steel staircase that offered limited accessibility for inspections and maintenance, which had an estimated cost of ~\$700K. Option 2 utilized dual stair sets using pressure treated wood with steel non-slip treads, which had an estimated cost of ~\$460K. The Company chose Option 2, because it provided better access for inspection and repair tasks, while being easier to construct at a significantly lower cost.
- c) No, the Company did not seek a competitive RFQ for the project.
- d) To the best of our knowledge, we are not aware of any previous proposal.
- e) Our safety culture promotes greater levels of safety awareness and employee engagement to identify improvements that can lead to a safer workplace. The stair project was completed after Tuxedo employees suggested the project to increase safety of station personnel.



**DUKE ENERGY CAROLINAS, LLC**

**Request:**

DEC witness Lewis' testimony discusses that some projects "could be temporarily delayed," but that they would "need to be completed in the near term" (p. 13). Please answer the following related questions:

- a) Expand upon the word "need" as used by witness Lewis in this discussion.
- b) Is the word "need" related to a project requirement to support plant operation or a regulatory condition (e.g. environmental)? If the answer is yes to any sub topic listed directly below, please expand upon what and why the project requirement could be delayed due to:
  - i) FERC license requirement
  - ii) Maintain the tighter tolerance on water levels and flow rates.
- c) Without the "need[ed]" projects installed, could the plants meet the stringent water levels and flow rates as prescribed in the 2011 FERC license? If so, why would the projects need to be installed? If not, how were the plants able to operate out of license specifications prior to project completion?

**Response:**

- a) The word "need" was utilized to show a temporary solution can be used in the short term, but in the long term the root cause will "need" to be addressed to operate effectively and to meet compliance obligations.
- b) Yes, there are examples where "need" is related to a project that may be temporarily delayed. For example, the Mission Replace Intake Gates & Hoists project, included in Lewis Exhibit 2, is being delayed due to the impending sale. Currently the station can meet the FERC water levels and flow rates as long as the turbines do not need maintenance. The headgates provide a safe work environment for turbine maintenance. Temporarily turbine maintenance is not needed and the project can be delayed, but ultimately maintenance will need to be done and the project will need to be executed, prior to turbine work, to provide a safe working environment, which will keep the turbines operable and allow the station to be in compliance.
- c) Yes, temporarily a plant could meet the stringent water levels and flow rates as prescribed in the 2011 FERC license, but in the long term the root cause will "need" to be addressed to operate effectively and to meet compliance obligations. See example in 6-6b.



**DUKE ENERGY CAROLINAS, LLC**

**Request:**

Prior to the expenditures of 2014-2017 (both capital and expense), did the Company consider the plants in question (the plants being sold) to have “significant, ongoing maintenance costs” (Lewis p. 13)?

**Response:**

Yes.

**DUKE ENERGY CAROLINAS, LLC**

**Request:**

Was the level of required expenditures (both capital and expenses) as of 2014-2017 the reason for classifying them as “significant, ongoing maintenance costs” (Lewis p. 13)?

**Response:**

Yes.

**DUKE ENERGY CAROLINAS, LLC**

**Request:**

Please answer the following questions on the Gaston Shoals Big Bay Access Ramp install discussed on page 12 of witness Lewis's testimony:

- a) Why was it necessary for the access ramp to be installed by 2016? Was it part of a license requirement with a specified in-service date?
- b) Did the lake/body of water have an access ramp installed previously? If so, why was the existing access ramp deemed inadequate and/or unable to meet the FERC license requirement?
- c) Did the Company propose the addition of an access ramp in the initial FERC license application submittal or was it placed into the final license issuance by the FERC?

**Response:**

- a) The previous 1986 ramp was replaced in 2016, due to deterioration of the ramp. It was determined that the ramp needed to be replaced to safely ensure public access. The project included the replacement of the ramp, repaving of the parking lot including ADA parking spaces and new information kiosk. The in-service date of this project was not specified in the New License, but the Company is required, by the FERC License, to maintain the ramp for safe public access.
- b) See response to PSDR 6-9a.
- c) The Company did not propose the addition of the access ramp, it was recommended by South Carolina Department of Natural Resources and accepted by FERC as a license condition.

**DUKE ENERGY CAROLINAS, LLC**

**Request:**

During discussions and responses to Public Staff data requests, DEC has self-identified several instances of incorrect accounting entries (i.e., costs were either double booked or charged to the wrong “bucket” or wrong project(s)). Please provided a detailed list that reconciles any such cost discrepancies during the period 2014-2018. Also, identify the cost category for each of the identified discrepancies (e.g., expenses, capital, etc.)

**Response:**

During discussions and responses to Public Staff, the Company identified a mischarging error for IT Projects at Mission and a reporting error showing the cost of relicensing at Bryson, Franklin, and Mission doubled. Attached is "PSDR 6-10 Mission Correction" showing the correction for the charges at Mission. Note ~\$10K remains, which will be corrected by February. Also attached is "February 2015 NPL Relicensing journal" showing the correction for the Bryson, Franklin, Mission, relicensing charges corrected to the correct amount.

**PSDR 6-10 Mission Hydro Correction**

Operating Unit CB - Description	Project CB - Description	Charge Descriptions	Total
MO00 - Missions Hydro	307600001 - BASS-DMR DEPLOYMENTS FOSSIL/HYDRO	Charges through December	103,470
		Finance Correcting Entries	(94,827)
	307600001 - BASS-DMR DEPLOYMENTS FOSSIL/HYDRO Total		8,642.69
	323123NPL - GENVISION- FHO DATA ANALYTICS	Charges through December	43,889
		Finance Correcting Entries	(42,293)
	323123NPL - GENVISION- FHO DATA ANALYTICS Total		1,595.70
		Grand Total	10,238.39 *

\*Due to unforeseen actual and system generated charges, the correcting journal entries did not fully eliminate the charges at Mission Hydro. Our fixed asset department has committed to having these charges cleaned up by February 2019

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Report ID: PPSFGL06	PeopleSoft Financials	Page No. 1
JOURNAL ENTRY DETAIL REPORT		Run Date: 02/17/2015
		Run Time: 02:56:56 PM

Unit: 20091      Ledger Group: ACTUALS      Foreign Currency: USD  
Journal ID: MISCORNAF      Source: 240      Rate Type: CRRNT  
Date: 2/17/2015      Reversal: N      Effective Date: 2/17/2015  
Description: JOURNAL TO DISTRIBUTE NANTAHALA RELIC PROJECT DOLLARS TO CORRECT PROJECTS      Reversal Date:      Exchange Rate: 1.00

Line #	Unit	Account	Res Type	Operat Unit	Resp Ctr	Location	Alloc Pool	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
Line #	Process	Product	Project	Analysis Type	Activity	Affiliate							

ACTUALS

1	20091	0107000	99810	NA00	7427					CRRNT	1.00000000	-12,804,773.85 USD	-12,804,773.85 USD
1			NPLRELC	ACT		RELICENSE							
	Description:	MISCORNAF15 NAN REL ARC RULE				Reference:			Open Item Key:				
2	20091	0107000	99810	NA00	7427					CRRNT	1.00000000	6,090,462.21 USD	6,090,462.21 USD A1
2			NANEWLIC	ACT		C							
	Description:	MISCORNAF15 NAN REL ARC RULE				Reference:			Open Item Key:				
3	20091	0107000	99810	MO00	7427					CRRNT	1.00000000	253,769.26 USD	253,769.26 USD A2
3			MONEWLIC	ACT		C							
	Description:	MISCORNAF15 NAN REL ARC RULE				Reference:			Open Item Key:				
4	20091	0107000	99810	FR00	7427					CRRNT	1.00000000	146,622.24 USD	146,622.24 USD A3
4			FRNEWLIC	ACT		C							
	Description:	MISCORNAF15 NAN REL ARC RULE				Reference:			Open Item Key:				
5	20091	0107000	99810	BY00	7427					CRRNT	1.00000000	138,163.26 USD	138,163.26 USD A4
5			BYNEWLIC	ACT		C							
	Description:	MISCORNAF15 NAN REL ARC RULE				Reference:			Open Item Key:				
6	20091	0107000	99810	BE00	7428					CRRNT	1.00000000	1,243,469.37 USD	1,243,469.37 USD A5
6			BENEWLIC	ACT		C							
	Description:	MISCORNAF15 NAN REL ARC RULE				Reference:			Open Item Key:				
7	20091	0107000	99810	CE00	7428					CRRNT	1.00000000	921,323.39 USD	921,323.39 USD A6

PSDR 6-10 Attachment 2  
Docket Nos. E-7, Sub 1181, SP-12478, Sub 0 and SP-12479, Sub 0

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Report ID: PPSFGL05	PeopleSoft Financials	Page No. 2
JOURNAL ENTRY DETAIL REPORT		Run Date: 02/17/2015
		Run Time: 02:56:56 PM

Unit: 20091      Ledger Group: ACTUALS      Foreign Currency: USD  
Journal ID: MISCORNAF      Source: 240      Rate Type: CRRNT  
Date: 2/17/2015      Reversal: N      Effective Date: 2/17/2015  
Description: JOURNAL TO DISTRIBUTE NANTAHALA RELIC PROJECT DOLLARS TO CORRECT PROJECTS      Reversal Date:      Exchange Rate: 1.00

Line #	Unit	Account	Res Type	Operat Unit	Resp Ctr	Location	Alloc Pool	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
Line #	Process	Product	Project	Analysis Type		Activity	Affiliate						
7			CENEWLIC	ACT		C							
	Description:	MISCORNAF15	NAN REL ARC RULE			Reference:			Open Item Key:				
8	20091	0107000	99810	TC00	7428					CRRNT	1.00000000	1,258,272.57 USD	1,258,272.57 USD B1
8			TCNEWLIC	ACT		C							
	Description:	MISCORNAF15	NAN REL ARC RULE			Reference:			Open Item Key:				
9	20091	0107000	99810	TK00	7428					CRRNT	1.00000000	355,981.88 USD	355,981.88 USD B2
9			TKNEWLIC	ACT		C							
	Description:	MISCORNAF15	NAN REL ARC RULE			Reference:			Open Item Key:				
10	20091	0107000	99810	TH00	7428					CRRNT	1.00000000	2,396,709.67 USD	2,396,709.67 USD B3
10			THNEWLIC	ACT		C							
	Description:	MISCORNAF15	NAN REL ARC RULE			Reference:			Open Item Key:				
11	20091	0107000	99810	DI00	7427					CRRNT	1.00000000	-40.90 USD	-40.90 USD
11			DILLSRELS	ACT		RELICENSE							
	Description:	MISCORNAJ	NAN REL ARC RULE COR			Reference:			Open Item Key:				B4
12	20091	0107000	99810	NA00	7427					CRRNT	1.00000000	40.90 USD	40.90 USD
12			NANEWLIC	ACT		C							
	Description:	MISCORNAJ	NAN REL ARC RULE COR			Reference:			Open Item Key:				
13	20091	0107000	99810	NA00	7427					CRRNT	1.00000000	-434.75 USD	-434.75 USD
13			NANTARELS	ACT		RELICENSE							
	Description:	MISCORNAJ	NAN REL ARC RULE COR			Reference:			Open Item Key:				B5
14	20091	0107000	99810	NA00	7427					CRRNT	1.00000000	434.75 USD	434.75 USD

PSDR 6-10 Attachment 2  
Docket Nos. E-7, Sub 1181, SP-12478, Sub 0 and SP-12479, Sub 0

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Report ID: PPSFGL06	PeopleSoft Financials	Page No.	3
	JOURNAL ENTRY DETAIL REPORT	Run Date:	02/17/2015
		Run Time:	02:56:56 PM

Unit:	20091	Ledger Group:	ACTUALS	Foreign Currency:	USD
Journal ID:	MISCORNAF	Source:	240	Rate Type:	CRRNT
Date:	2/17/2015	Reversal:	N	Effective Date:	2/17/2015
Description:	JOURNAL TO DISTRIBUTE NANTAHALA RELIC PROJECT DOLLARS TO CORRECT PROJECTS	Reversal Date:		Exchange Rate:	1.00

Line #	Unit	Account	Res Type	Operat Unit	Resp Ctr	Location	Alloc Pool	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
Line #	Process	Product	Project	Analysis Type	Activity	Affiliate							
14			NANEWLIC	ACT		C							
	Description:	MISCORNAJ	NAN REL ARC RULE COR		Reference:				Open Item Key:				
15	20091	0107000	99810	TC00	7428					CRRNT	1.00000000	-79.92 USD	-79.92 USD
15			TENNRELS	ACT		RELICENSE							
	Description:	MISCORNAJ	NAN REL ARC RULE COR		Reference:				Open Item Key:				C1
16	20091	0107000	99810	TC00	7428					CRRNT	1.00000000	79.92 USD	79.92 USD
16			TCNEWLIC	ACT		C							
	Description:	MISCORNAJ	NAN REL ARC RULE COR		Reference:				Open Item Key:				
17	20091	0107000	99810	TH00	7428					CRRNT	1.00000000	-273.20 USD	-273.20 USD
17			THORPRELS	ACT		RELICENSE							
	Description:	MISCORNAJ	NAN REL ARC RULE COR		Reference:				Open Item Key:				C2
18	20091	0107000	99810	TH00	7428					CRRNT	1.00000000	273.20 USD	273.20 USD
18			THNEWLIC	ACT		C							
	Description:	MISCORNAJ	NAN REL ARC RULE COR		Reference:				Open Item Key:				
19	20091	0107000	99810	TC00	7428					CRRNT	1.00000000	-239.76 USD	-239.76 USD
19			WOLFRELS	ACT		RELICENSE							
	Description:	MISCORNAJ	NAN REL ARC RULE COR		Reference:				Open Item Key:				C3
20	20091	0107000	99810	TC00	7428					CRRNT	1.00000000	239.76 USD	239.76 USD
20			TCNEWLIC	ACT		C							
	Description:	MISCORNAJ	NAN REL ARC RULE COR		Reference:				Open Item Key:				



PSDR 6-10 Attachment 2  
Docket Nos. E-7, Sub 1181, SP-12478, Sub 0 and SP-12479, Sub 0

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Report ID: PPSFGL05	PeopleSoft Financials	Page No.	4
JOURNAL ENTRY DETAIL REPORT		Run Date:	02/17/2015
		Run Time:	02:55:56 PM

Unit:	20091	Ledger Group:	ACTUALS	Foreign Currency:	USD
Journal ID:	MISCORNAF	Source:	240	Rate Type:	CRRNT
Date:	2/17/2015	Reversal:	N	Effective Date:	2/17/2015
Description:	JOURNAL TO DISTRIBUTE NANTAHALA RELIC PROJECT DOLLARS TO CORRECT PROJECTS	Reversal Date:		Exchange Rate:	1.00

Line #	Unit	Account	Res Type	Operat Unit	Resp Ctr	Location	Alloc Pool	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
Line #	Process	Product	Project	Analysis Type	Activity	Affiliate							

<u>Business Unit</u>	<u>Journal Status</u>	<u>Total Lines</u>	<u>Total Base Debits</u>	<u>Total Base Credits</u>
20091	V	20	12,805,842.38	12,805,842.38

End of Report

**NANTAHALA RELICENSING**

NPLRELNP		\$20,857,981.74								
LICENSE #	Received	STATION	RESP	PROJECT	ACTIVITY	KW CAPACITY	%	COST	AFUDC EST	JOURNAL AMOUNT
2692	2/8/2012	Nantahala	7427	NANEWLIC	C	43,200	47.564%	9,920,889.75	3,830,427.53	6,090,462.21A1
2619	10/25/2011	Mission	7427	MONEWLIC	C	1,800	1.982%	413,370.41	159,601.15	253,769.26A2
2603	9/7/2011	Franklin	7427	FRNEWLIC	C	1,040	1.145%	238,836.23	92,214.00	146,622.24A3
2601	7/22/2011	Bryson	7427	BYNEWLIC	C	980	1.079%	225,057.22	86,893.96	138,163.26A4
2698	5/4/2011	Bear Creek	7428	BENEWLIC	C	8,820	9.711%	2,025,514.99	782,045.62	1,243,469.37A5
		Cedar Cliff	7428	CENEWLIC	C	6,535	7.195%	1,500,764.22	579,440.83	921,323.39A6
		Tennessee Creek	7428	TCNEWLIC	C	8,925	9.827%	2,049,628.26	791,355.69	1,258,272.57B1
2686	5/4/2011	Tuckasegee	7428	TKNEWLIC	C	2,525	2.780%	579,866.82	223,884.94	355,981.88B2
		Thorpe	7428	THNEWLIC	C	17,000	18.717%	3,904,053.84	1,507,344.17	2,396,709.67B3
						90,825	100.0%	20,857,981.74	8,053,207.89	12,804,773.85
NPLRELC Actual AFDC		8,053,207.89								

**Additional Charges to Transfer**

<u>Project</u>	<u>STATION</u>	<u>AMOUNT</u>	<u>TRANSFER To</u>
DILLSRELS	Dillsboro	\$40.90	NANEWLIC <i>B4</i>
NANTRELS	Nantahala	\$434.75	NANEWLIC <i>B5</i>
TENNRELS	Tenn Creek	\$79.92	TCNEWLIC <i>C1</i>
THORPRELS	Thorpe	\$273.20	THNEWLIC <i>C2</i>
WOLFRELC	Tenn Creek (Wolf Creek)	\$239.76	TCNEWLIC <i>C3</i>

AFDC = \$0 on all Projects

DEC AND THE PUBLIC STAFF

LATE-FILED EXHIBIT NO. 1 - PSDR 6-11

FILED UNDER SEAL

DOCKET NOS. E-7, SUB 1181,  
SP-12478, SUB 0 AND SP-12479, SUB 0

**DUKE ENERGY CAROLINAS, LLC**

**Request:**

Please explain why the Queens Creek hydroelectric station was originally included in the RFP portfolio, but was later removed?

- a) Please provide a summary of capital expenditures for Queens Creek from 2014-2017?
- b) What is DEC's long-term operational plan for Queens Creek?
- c) Please provide a summary of DEC's expected regulatory spend.
- d) How is DEC's decision to remove Queen's Creek in alignment with DEC's determination "that the divestiture of the small hydro facilities is more economical than continued ownership and maintenance because it will make it easier for DEC to optimize and prioritize its ongoing investments in higher priority generation facilities, thereby resulting in net savings to customers over time," as stated on p. 13 of witness Lewis's testimony?

**Response:**

The Queens Creek and Nantahala hydro stations are in close proximity separated by the highway and the Nantahala River and share the same switchyard and control room. The construction of the Nantahala hydro switchyard, with the additional tie-in of Queens Creek hydro in 1949, did not foresee the possible need to completely separate the Queens Creek and Nantahala plants. As part of the divestiture process, further detailed investigation into the separation process discovered that a clean separation would involve a complicated re-routing of overhead lines, the installation of additional equipment (transformers, breakers, fencing, towers/poles, etc.) and moving the Queens Creek control system out of the Nantahala Plant. The 50 MW Nantahala plant is governed by stringent North American Electric Reliability Corporation (NERC) mandatory standards for cybersecurity and other access requirements to insure grid reliability. This restricted access issue would add an additional level of compliance complexity. This unusual and complex separation was problematic for both Duke and the potential buyers and therefore, Queens Creek was withdrawn.

- a) Based on the agreement of counsel we have revised the response period to 2015-2018. Please see attached "PSDR 6-12 Queens Creek 2015-2018 Summary."
- b) DEC's current plan is to continue operation in compliance with the current license obligations.

- c) The current plan for regulatory spend is \$59K to complete the automatic penstock isolation project which began in 2018. This is a dam safety project intended to detect a pipeline failure and automatically isolate the penstock.
- d) Queens Creek was originally considered for divestiture, but due to the significant complicating factors discussed above, it was determined that sale of Queens Creek was not feasible or attractive to potential buyers at this time, notwithstanding DEC's belief that selling it would have been preferable.

**PSDR 6-12**

Station	2015 Actuals	2016 Actuals	2017 Actuals
Queens Creek	514,217.46	(41,418.19)	851.19

**DUKE ENERGY CAROLINAS, LLC**

**Request:**

Is DEC currently evaluating the retirement or divestiture of other small hydroelectric facilities in its fleet? If so, please provide the options under consideration for each facility.

**Response:**

DEC is not currently evaluating the retirement or divestiture of other small hydroelectric facilities in its fleet. Please note DEC retired the following units in 2018:

- Rocky Creek Units 1-8
- Great Falls Units 3, 4, 7, 8
- Ninety-Nine Islands Units 5, 6

**Duke Energy Carolinas, LLC and The Public Staff**

**Partially Confidential Late-Filed Exhibit No. 2**

**DEC's Response to Public Staff Data Request No. 7**

**Docket Nos. E-7, Sub 1181, SP-12478, Sub 0  
and SP-12479, Sub 0**



DEC AND THE PUBLIC STAFF

LATE-FILED EXHIBIT NO. 2

PSDR 7-1 and 7-2

FILED UNDER SEAL

DOCKET NOS. E-7, SUB 1181,  
SP-12478, SUB 0 AND SP-12479, SUB 0

**DUKE ENERGY CAROLINAS, LLC**

**Request:**

When the Company chose to relicense the facilities, did the Company perform an NPV, PVRR, or equivalent? If so, please provide all such results, similar in format to what the Company has provided in current PVRR analyses.

**Response:**

The company received the new Gaston Shoals FERC license in 1996, but the decision to relicense was made in the 1990 timeframe. The Bryson, Franklin, and Mission licenses were received in 2011, but the decision to relicense was made in 1999-2000 timeframe. Although the company believes it is likely that some type of analysis was performed prior to the relicensing effort, due to the passage of time and retirement of employees that would have been involved in any such efforts at the time, the Company cannot state definitively that such analysis was performed. The Company has made reasonable efforts to identify and locate any responsive documents, but has been unable to locate any such documents.