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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. 2
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. 2.

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. 2
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 Early Coal Plant Retirement Accelerated Depreciation:

To achieve the offset of early coal plant retirement accelerated depreciation, the Company adjusted proformas NC-1000 Adjust Post Test Year Additions and NC-2600 New Depreciation Rates. The Company calculated what the new proposed depreciation rates would have been for Allen and Cliffside 5 had their expected lives not changed. Within proforma NC-2600, the Company then calculated what the remaining plant balances would be for Allen and Cliffside 5 at the end of their new anticipated lives using this depreciation rate. The total amount of the accelerated depreciation applied to the EDIT balance was \$202,203,902. To reflect this netting in base rates, within proforma NC-2600, the Company added a Regulatory Liability of this amount to base rates, less one year's amortization and deferred taxes. To determine how much to amortize each year, the Company compared the Total Steam Production Plant depreciation expense assuming no life span change to the amount included in the Company's proposal which includes the accelerated depreciation. This difference on a NC Retail basis is \$23,178,252 for Total Steam Production Plant. The Company credited depreciation expense by this amount and debited the regulatory liability. Proforma NC-1000 was adjusted to remove the depreciation impact of the accelerated depreciation on the post-test year additions.

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 accelerated depreciation. 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 just the accelerated depreciation of early coal plant retirement requested in this case, the result would be a total remaining unprotected federal EDIT balance of (\$769,818). Since the total amount of the accelerated depreciation 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 Accel Depr	Remaining for Refund
Unprotected Federal EDIT ^[1]	(\$972,022)	\$202,204	(\$769,818)
NC State EDIT and Deferred Revenue	(\$155,445)	\$0	(\$155,445)
Total Deferred balances	(\$1,127,467)	\$202,204	(\$925,263)

[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 Second Settlement filing made on July 31, 2020. Using this approach results in an increase to the total revenue requirement of approximately \$10,308,000. There are several factors which contribute to this result including the remaining life of the assets to be retired, their estimated unrecovered balance, the difference between straight-line versus levelized revenue requirement and the annual amount of amortization of the regulatory liability. While the Company's approach in calculating the amount to amortize each year was to offset the impact of the incremental depreciation, if another methodology was applied, it could change the amount of the revenue requirement impact.

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	\$ 377,368	\$ 5,172,074
	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	1,433	1,165,289
5	Depreciation and amortization	1,193,762	838,805	328,018	1,166,822	-	1,166,822
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	(43,203)	181,794	87,588	269,382
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	62,389	3,884,137	89,021	3,973,159
12	Operating income	\$ 1,592,059	\$ 1,082,336	\$ (171,767)	\$ 910,569	\$ 288,347	\$ 1,198,916
13	Original cost rate base (e)	\$ 21,361,527	\$ 14,556,650	\$ 2,428,942 (d)	\$ 16,985,592	\$ 40,592 (f)	\$ 17,026,184
14	Rate of return on North Carolina retail rate base		7.44%		5.36%		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%	\$ 8,153,084	4.27%	\$ 348,137	\$ 8,172,568	4.27%	\$ 348,969
2	Members' equity (a)	11,682,367	52.00%	8,832,508	6.37%	562,432	8,853,616	9.60%	849,947
3	Total	<u>\$ 22,675,431</u>	<u>100.00%</u>	<u>\$ 16,985,592</u> (b)		<u>\$ 910,569</u> (c)	<u>\$ 17,026,184</u> (b)		<u>\$ 1,198,916</u>
4	Operating income before increase (Line 3, Column 5)								910,569
5	Additional operating income required (Line 3 minus Line 4)								288,347
6	Calculate income tax on incremental interest expense due to increase in cash working capital in proposed revenue								(194)
7	Regulatory fee (.12967%), uncollectibles rate (.2501%) and income taxes (23.3503%)								89,216
8	Additional revenue requirement								<u>\$ 377,368</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)
10CR	Adjust for post test year additions to plant in service - Commission Request	-	-	-	-	22,716	4,504	(6,356)		-	(20,864)
11	* Amortize deferred environmental costs	-	-	-	-	95,913	-	(22,396)		-	(73,517)
11J	Adjust deferred environmental - Second Settlement	-	-	-	-	(8,814)	-	2,058		-	6,756
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 Accelerated Depreciation
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	-	-	-	-	-	-	(4,646)		-	4,646
23	* Adjust cash working capital for present revenue annualized and proposed revenue	-	-	-	-	-	-	103		-	(103)
23CR	Adjust Cash Working Capital - Commission Request	-	-	-	-	-	-	(101)		-	101
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)
26CR	Adjust Depreciation for new rates - Commission Request	-	-	-	-	(22,397)	-	5,230		-	17,167
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)	(30,312)	4,642	16,715	(29,734)	-	75,199
	Total Adjustments	<u>\$ (109,378)</u>	<u>\$ 172,162</u>	<u>\$ (170,936)</u>	<u>\$ (212,083)</u>	<u>\$ 328,018</u>	<u>\$ 17,475</u>	<u>\$ (43,203)</u>	<u>\$ (29,734)</u>	<u>\$ 690</u>	<u>\$ (171,767)</u>

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

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

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
10CR	Adjust for post test year additions to plant in service - Commission Request	855,724	(210,833)	-	43,220	(26,302)	-	-	661,809	\$ 27,324	56,882	84,207
11	* Amortize deferred environmental costs	-	-	-	383,653	(89,584)	-	-	294,069	\$ 96,279	25,275	121,554
11J	Adjust deferred environmental - Second Settlement	-	-	-	(1,035)	242	-	-	(793)	\$ (8,847)	(68)	(8,916)
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)

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	-	-	-	-	-	-	-	-	\$ (6,085)	-	(6,085)
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	-	-	-	20,368	-	-	-	20,368	\$ (132)	1,751	1,618
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
26CR	Adjust Depreciation for new rates - Commission Request	-	(2)	-	(179,026)	41,803	-	-	(137,224)	\$ (22,482)	(11,794)	(34,277)
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)	-	(358,626)	1,243,367	-	-	1,520,850	(98,481)	130,717	32,236
	Total Adjustments	\$ 2,161,250	\$ (897,636)	\$ (38,652)	\$ 77,711	\$ 1,126,269	\$ -	\$ -	\$ 2,428,942	\$ 224,948	\$ 208,767	\$ 433,715
Notes:	* Identification required by NCUC Rule R1-17(b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Line No.	Description	Page Reference	Total Company Per Books (Col. 1)	North Carolina Retail Operations		
				Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)
1	Electric plant in service	4a	\$ 41,057,320	\$ 27,969,103	\$ 2,161,250	\$ 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)	77,711	(176,245)
6	Less: Accumulated deferred taxes		(3,824,449)	(2,601,854)	1,126,269 (a)	(1,475,585)
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>\$ 2,428,942</u>	<u>\$ 16,985,592</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	986,751	687,541	53,649	741,191
6	Subtotal	40,519,492 (a)	27,614,764	2,161,250	29,776,015
7	Nuclear Fuel (Net)	537,828	354,338	-	354,338
8	Total electric plant in service	<u>\$ 41,057,320</u>	<u>\$ 27,969,103</u>	<u>\$ 2,161,250</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)	\$ (573,941)	\$ (6,369,008)
2	Transmission Reserve	(1,385,391)	(745,942)	(97,512)	(843,455)
3	Distribution Reserve	(4,816,028)	(3,561,642)	(127,141)	(3,688,783)
4	General Reserve	(414,681)	(285,334)	(36,217)	(321,551)
5	Intangible Reserve	<u>(609,897)</u>	<u>(422,682)</u>	<u>(62,825)</u>	<u>(485,507)</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	\$ 994,443	\$ 678,077	\$ (38,652)	\$ 639,426

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)	(16,898) (b)	160,842	40,592 (c)	201,434
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	94,609	1,017,525	-	1,017,525
8	Total investor advanced funds	(280,695)	(157,552)	77,711	(79,842)	40,592	(39,249)
9	Less: customer deposits	(126,585)	(96,608)	-	(96,608)	-	(96,608)
10	Total working capital investment	\$ (406,979)	\$ (253,955)	\$ 77,711	\$ (176,245)	\$ 40,592	\$ (135,652)

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
Adjust for post test year additions to plant in service
For the test period ended December 31, 2018

NC-1000
Narrative
Commission Request
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E-1 Item 10 Adjustments Requirement

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

Detailed Narrative Explanation of Adjustment

This pro forma adjusts depreciation expense, general taxes, income taxes, electric plant in service, accumulated depreciation and accumulated deferred income taxes to reflect net additions to plant in service.

The impact to operating income is determined as follows:

The adjustment to depreciation expense reflects a full year's level of depreciation on net additions to plant in service by multiplying the projected net additions to electric plant by depreciation rates based on the new depreciation study.

The adjustment to general taxes reflects estimated annual property tax expense related to the net additions to plant in service. Property taxes are estimated by multiplying the projected net additions to electric plant by a combined North Carolina and South Carolina property tax rate.

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

The impact to rate base is determined as follows:

The adjustment to electric plant in service reflects projected updates to electric plant in service through May 2020.

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

The adjustment to working capital investments reflects projected updates to the unrecovered net book value of retired meters regulatory asset through May 2020.

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

September Update

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

October Update

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

November Update

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

December Update

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

January Update

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

Updated NC-1004 for revised estimated 2019 bonus depreciation.

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

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

Extended Settlement-May

Updated all tabs for actuals through May 2020.

Commission Request

Updated NC-1001 to offset proposed accelerated depreciation related to updating retirement dates for Cliffside 5 and Allen with a reserve reclassified from unprotected EDIT.

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Commission Request
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Line No.	Description	Source	Total NC Retail Commission Request	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-1001	73,346	75,055	61,010	50,629	22,716
12	General taxes	NC-1001	11,276	11,276	9,257	6,771	4,504
13	Interest on customer deposits		-	-	-	-	-
14	Income taxes	NC-1001	(19,759)	(20,158)	(16,407)	(13,403)	(6,356)
15	Amortization of investment tax credit		-	-	-	-	-
16							
17	Total electric operating expenses	Sum L8 through L15	64,862	66,172	53,859	43,998	20,864
18							
19	Operating income	L4 - L17	\$ (64,862)	\$ (66,172)	\$ (53,859)	\$ (43,998)	\$ (20,864)
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	NC-1001	\$ 2,211,682	\$ 2,211,682	\$ 1,817,054	\$ 1,355,958	\$ 855,724
29	Accumulated depreciation and amortization	NC-1001	(830,195)	(830,195)	(606,554)	(619,363)	(210,833)
30	Electric plant in service, net	Sum L28 through L29	\$ 1,381,486	\$ 1,381,486	\$ 1,210,500	\$ 736,595	\$ 644,891
31							
32	Add:						
33	Materials and supplies		-	-	-	-	-
34	Working capital investment		38,275	38,275	39,542	(4,945)	43,220
35			-	-	-	-	-
36							
37	Less:						
38	Accumulated deferred taxes	NC-1001	(43,445)	(43,445)	(42,256)	(17,144)	(26,302)
39	Operating reserves		-	-	-	-	-
40			-	-	-	-	-
41							
42	Construction work in progress		-	-	-	-	-
43							
44	Total impact to rate base	Sum L30 through L42	\$ 1,376,315	\$ 1,376,315	\$ 1,207,785	\$ 714,506	\$ 661,809
45							
46	Note:						
47	Rate Base: positive number increases rate base / negative number decreases rate base						

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Net Accelerated Depreciation

Line No.	Description	Electric Plant	Depr Rate	Depr.	Total Carolinas	NC Retail Allocation	Total NC Retail
1	<u>Impact to Rate Base Line Items</u>						
2	<u>Total net additions to electric plant:</u>						
3	Fossil	\$ 618,319	[1] 4.40%	[2] \$ 27,206			
4	Nuclear	303,398	[1] 3.60%	[2] 10,922			
5	Hydro	246,162	[1] 2.00%	[2] 4,923			
6	Other Production	145,946	[1] 3.21%	[2] 4,685			
7	Transmission	538,358	[1] 2.23%	[2] 12,005			
8	Distribution	1,237,023	[1] 2.20%	[17] 27,242			
9	Distribution - AMR Meter Retirements	(64,116)	[16]				
10	General	175,465	[1] 5.27%	[2] 9,247			
11	Intangible	77,728	[1]	[13] 14,505			
12	Total net additions to depreciable electric plant (L3 through L11)	<u>\$ 3,278,282</u>		<u>\$ 110,737</u>			
13							
14	<u>Summary of impacts to rate base</u>						
15	<u>Net additions to total electric plant in service:</u>						
16	Production (Sum of L3 through L6)				\$ 1,313,824	67.4345% [4]	\$ 885,971
17	Transmission (L7)				538,358	52.6634% [5]	283,518
18	Distribution (L8 + L9)				1,172,906	73.9558% [6]	867,433
19	General (L10)				175,465	69.0221% [7]	121,110
20	Intangible (L11)				77,728	69.0221% [7]	53,649
21	Impact to electric plant in service (Sum L16 through L20)				<u>\$ 3,278,282</u>		<u>\$ 2,211,682</u>
22							
23	<u>Accumulated depreciation & amortization:</u>						
24	Production				\$ (839,031) [3]	67.4345% [4]	\$ (565,797)
25	Transmission				(43,067) [3]	52.6634% [5]	(22,680)
26	Distribution				(157,316) [3]	73.9558% [6]	(116,344)
27	General				(44,639) [3]	69.0221% [7]	(30,811)
28	Intangible				(96,840) [3]	69.0221% [7]	(66,841)
29	Adjustment to accumulated depreciation & amortization (Sum L24 through L28)				<u>\$ (1,180,894)</u>		<u>\$ (802,474)</u>
30	Additional adjustment for May 31, 2020 annualization				<u>\$ (46,367) [14]</u>		<u>\$ (27,722) [14]</u>
31	Impact to accumulated depreciation and amortization (L29 + L30)				<u>\$ (1,227,260)</u>		<u>\$ (830,195)</u>
32							
33	<u>Net electric plant:</u>						
34	Production (L16 + L24)				\$ 474,793		\$ 320,175
35	Transmission (L17 + L25)				495,292		260,838
36	Distribution (L18 + L26)				1,015,590		751,089
37	General (L19 + L27)				130,826		90,299
38	Intangible (L20 + L28)				(19,113)		(13,192)
39	Adjustment to net plant (Sum L34 through L38)				<u>\$ 2,097,389</u>		<u>\$ 1,409,208</u>
40	Additional adjustment for May 31, 2020 annualization				<u>\$ (46,367) [14]</u>		<u>\$ (27,722) [14]</u>
41	Total net plant (L39 + L40)				<u>\$ 2,051,022</u>		<u>\$ 1,381,486</u>
42							
43	<u>Working capital investment:</u>						
44	Net change in NC Unrecovered NBV of Retired Meters				<u>\$ 38,275 [15]</u>		<u>\$ 38,275</u>
45	Impact to working capital investment (L44)				<u>\$ 38,275</u>		<u>\$ 38,275</u>
46							
47	<u>Accumulated deferred income tax:</u>						
48	<u>Resulting from additional bonus depreciation:</u>						
49	Production				\$ (39,440) [8]	68.0166% [9]	\$ (26,826)
50	Transmission				(3,859) [8]	68.0166% [9]	(2,625)
51	Distribution				(4,532) [8]	68.0166% [9]	(3,083)
52	General & Intangible				(2,903) [8]	68.0166% [9]	(1,975)
53	Adjustment resulting from additional bonus depreciation (Sum L49 through L52)				<u>\$ (50,735)</u>		<u>\$ (34,508)</u>
54	Adjustment resulting from working capital investment				<u>\$ (8,937) [15]</u>		<u>\$ (8,937) [15]</u>
55	Impact to accumulated deferred income tax (L53 + L54)				<u>\$ (59,672)</u>		<u>\$ (43,445)</u>
56							
57	Impact to rate base (L41 + L45 + L55)				<u>\$ 2,029,624</u>		<u>\$ 1,376,315</u>

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Line No.	Description	Total Carolinas	NC Retail Allocation	Total NC Retail
58	<u>Impact to Income Statement Line Items</u>			
59	<u>Depreciation and amortization:</u>			
60	Production (Sum of L3 through L6)	\$ 47,736	67.4345% [4]	\$ 32,191
61	Transmission (L7)	12,005	52.6634% [5]	6,322
62	Distribution (L8)	27,242	73.9558% [6]	20,147
63	General & Intangible (Sum of L10 through L11)	23,752	69.0221% [7]	16,394
64	<u>Adjust for amortization of accelerated depreciation reserve</u>	<u>(2,535) [18]</u>	<u>67.4345% [4]</u>	<u>(1,710)</u>
65	Impact to depreciation and amortization (Sum L60 through L64)	<u>\$ 108,202</u>		<u>\$ 73,346</u>
66				
67	<u>General taxes:</u>			
68	Average property tax rate - North Carolina	0.21486% [10]		
69	Average property tax rate - South Carolina	<u>0.30770% [10]</u>		
70	Average property tax rate-Combined NC and SC (L68 + L69)	0.52256%		
71				
72	Production - Excluding Solar ((L16 - NC-1002 Line 17) x L70)	\$ 6,863	67.4345% [4]	\$ 4,628
73	Production - Solar	1 [12]	67.4345% [4]	0
74	Transmission (L17 x L70)	2,813	52.6634% [5]	1,482
75	Distribution (L18 x L70)	6,129	73.9558% [6]	4,533
76	General (L19 x L70)	917	69.0221% [7]	633
77	Impact to general taxes (Sum L72 through L76)	<u>\$ 16,723</u>		<u>\$ 11,276</u>
78				
79	Taxable income (-L65 - L77)	\$ (124,924)		\$ (84,621)
80	Statutory tax rate	<u>23.3503% [11]</u>		<u>23.3503% [11]</u>
81	Impact to income taxes (L79 x L80)	<u>\$ (29,170)</u>		<u>\$ (19,759)</u>
82				
83	Impact to operating income (L79 - L81)	<u>\$ (95,754)</u>		<u>\$ (64,862)</u>

[1] NC-1002 - Net Plant Adds

[2] NC-2602 - Comparison of Current and Proposed Depreciation as of December 31, 2018, Proposed Rate Column

[3] NC-1003 - Accumulated Depreciation

[4] Allocation Factor - All Production Demand

[5] Allocation Factor - All Transmission Demand

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

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

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

[9] Allocation Factor - All - NETPLT w Nfuel

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

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

[12] NC-1002 - Net Plant Additions - Solar additions are included at 20% of total based on property tax exclusion for solar assets per Duke Energy Carolinas Tax Department.

[13] Updated annualized depreciation on intangible additions per Asset Accounting.

[14] NC-1006 - Accumulated Depreciation Annualization Adjustment

[15] NC-1005 - NC Unrecovered Net Book Value of Retired Meters, Line 24 and Line 28

[16] AMR meter retirements from Asset Accounting. AMR meter retirements should not have an impact on depreciation expense, recovering retired AMR meters in reg :

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

[18] Amortization of accelerated depr reserve removes the impact in post test year additions depreciation expense of accelerated depreciation due to updates to Cliffside 5 and Allen.

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Commission Request
Net Accelerated Depreciation

Net Plant Adds

Line No.	Item	Total Carolinas		
		Actual [1] Net Change through 05/31/2020	Adjustments	Total Adjusted Net Change Plant in Service
1	<u>Electric Plant in Service:</u>			
2	Steam plant	\$ 618,319		\$ 618,319
3	Nuclear plant	303,398		303,398
4	Hydro plant	246,162		246,162
5	Other production plant	145,869	77 [6]	145,946
6	Transmission plant	538,358		538,358
7	Distribution plant	1,172,906		1,172,906
8	General plant	175,465		175,465
9	Intangible plant	77,728		77,728
10	Total Electric Plant in Service (Sum L2 through L9)	\$ 3,278,205	\$ 77	\$ 3,278,282
11				
12	<u>Solar Electric Plant in Service Included in Line 5 above:</u>			
13	Solar PVDG	\$ (260)	\$ 108 [2]	\$ (151)
14	Solar Monroe	(22)	1 [3]	(22)
15	Solar Mocksville	-	- [4]	-
16	Solar Woodleaf	711	(32) [5]	679
17	Total Solar Included in Line 5 above (Sum L13 through L16)	\$ 429	\$ 77	\$ 506

[1] NC-1008 - Plant in Service Balances

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

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

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

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

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

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Accumulated Depreciation

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

[1] NC-1009 - Accumulated Depreciation Balances

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

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

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

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

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

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Accumulated Deferred Income Taxes Calculation

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

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

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

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NC Unrecovered Net Book Value of Retired Meters

Line No.	Description	Total NC Retail
1	<u>NC Unrecovered NBV of Retired Meter Reg Asset Balance:</u>	
2	Dec 2018	\$ 66,567,437 [1]
3	Jan 2019	62,712,581 [2]
4	Feb 2019	62,712,581 [2]
5	Mar 2019	67,627,973 [2]
6	Apr 2019	67,627,973 [2]
7	May 2019	67,627,973 [2]
8	Jun 2019	102,882,945 [2]
9	Jul 2019	102,882,945 [2]
10	Aug 2019	102,882,945 [2]
11	Sep 2019	105,766,319 [2]
12	Oct 2019	105,766,319 [2]
13	Nov 2019	105,766,319 [2]
14	Dec 2019	106,742,670 [2]
15	Jan 2020	106,109,137 [2]
16	Feb 2020	106,109,137 [2]
17	Mar 2020	104,842,072 [2]
18	Apr 2020	104,842,072 [2]
19	May 2020	104,842,072 [2]
20		
21		
22		
23		
24	Actual net change through 05/31/2020 (L19 - L2)	<u>\$ 38,274,636</u>
25		
26	Statutory tax rate	23.3503% [3]
27		
28	Impact to accumulated deferred income taxes (-L24 x L26)	<u>\$ (8,937,223)</u>

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

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

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

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Accumulated Depreciation Annualization Adjustment

Line No.	Item	Total Carolinas	Adjustments	Total Adjusted Carolinas	NC Retail Allocation	Total NC Retail
1	Accumulated Depreciation					
2	Production (Line 24)	\$ (19,262) [1]	(1) [6]	\$ (19,263)	67.4345% [7]	\$ (12,990)
3	Production Contra ADC - NC (Line 22)	395 [1]		395	100.0000%	395
4	Production Contra ADC - SC (Line 23)	(5,569) [1]		(5,569)	0.0000%	-
5	Transmission (Line 33)	(4,411) [1]		(4,411)	52.6634% [8]	(2,323)
6	Transmission Contra ADC - NC (Line 31)	(1) [1]		(1)	100.0000%	(1)
7	Transmission Contra ADC - SC (Line 32)	(7) [1]		(7)	0.0000%	-
8	NC Distribution (Line 38)	(7,842) [1]		(7,842)	99.6471% [9]	(7,815)
9	SC Distribution (Line 43)	(2,278) [1]		(2,278)	0.0000% [10]	-
10	Distribution Contra ADC - SC (Line 42)	(42) [1]		(42)	0.0000%	-
11	General (Line 61)	(7,228) [1]		(7,228)	69.0221% [11]	(4,989)
12	General Contra ADC - SC (Line 60)	(122) [1]		(122)	0.0000%	-
13	Intangible (Line 67)	- [1]		-	69.0221% [11]	-
14	Intangible Contra ADC - SC (Line 66)	- [1]		-	0.0000%	-
15	Impact to accum. deprec. (Sum L2 through L14)	\$ (46,365)	\$ (1)	\$ (46,367)		\$ (27,722)
16						
17	Solar Accumulated Depreciation Included in Line 2 above:					
18	Solar PVDG (Line 19)	\$ 14 [1]	\$ (6) [2]	\$ 8		
19	Solar Monroe (Line 17)	1 [1]	(0) [3]	1		
20	Solar Mocksville (Line 16)	(10) [1]	0 [4]	(10)		
21	Solar Woodleaf (Line 18)	(90) [1]	4 [5]	(86)		
22	Total Solar Included in Line 2 above (Sum L18 through L21)	\$ (86)	\$ (1)	\$ (87)		

[1] NC-1007 - Adjustment to Accumulated Depreciation for Annualization of Depreciation Expense at May. 31, 2020
[2] Per NC-0603, 41.68% of Solar PVDG costs are collected in the REPS rider and should be excluded for purposes of this analysis.
[3] Per NC-0603, 3.85% of Solar Monroe costs are collected in the REPS rider and should be excluded for purposes of this analysis.
[4] Per NC-0603, 3.71% of Solar Mocksville costs are collected in the REPS rider and should be excluded for purposes of this analysis.
[5] Per NC-0603, 4.50% of Solar Woodleaf costs are collected in the REPS rider and should be excluded for purposes of this analysis.
[6] Excluding the portion of net change related to Solar costs that are collected in the REPS rider.
[7] Allocation Factor - All Production Demand
[8] Allocation Factor - All Transmission Demand
[9] Allocation Factor - NC - Dist Plant - DEC
[10] Allocation Factor - SC - Dist Plant - DEC
[11] Allocation Factor - All - Intang and Gen Plt

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

Line No.	Function	Plant in Service [7] 05/31/2020	Depr Rate [8]	Current Rates Calculated Accrual	12ME Depr Booked [9]	Difference
1	<u>STEAM:</u> [1]					
2	- Steam	\$ 9,030,699	3.41%	\$ 307,934	\$ 299,227	\$ 8,707
3	- Steam - Right of Way	2,004	0.00%	-	-	- [2]
4		<u>\$ 9,032,703</u>		<u>\$ 307,934</u>	<u>\$ 299,227</u>	<u>\$ 8,707</u>
5	<u>NUCLEAR:</u> [1]					
6	- Nuclear	\$ 8,821,892	3.39%	\$ 298,707	\$ 289,216	\$ 9,492
7	- Nuclear - Right of Way	957	1.70%	16	16	0
8		<u>\$ 8,822,849</u>		<u>\$ 298,724</u>	<u>\$ 289,232</u>	<u>\$ 9,492</u>
9	<u>HYDRO:</u> [1]					
10	- Hydro/Other	\$ 2,380,127	1.87%	\$ 44,476	\$ 42,246	\$ 2,230
11	- Hydro - Right of Way	23,316	0.62%	144	145	(2)
12		<u>\$ 2,403,443</u>		<u>\$ 44,620</u>	<u>\$ 42,391</u>	<u>\$ 2,229</u>
13	<u>OTHER PRODUCTION:</u> [1]					
14	-Other (CTs)	\$ 3,093,229	2.96%	\$ 91,574	\$ 87,652	\$ 3,922
15	-Other (CTs Land)	-	4.45%	-	-	-
16	-Other (Solar-Mocksville)	31,773	4.98%	1,583	1,573	10
17	-Other (Solar-Monroe)	116,546	5.06%	5,897	5,898	(1)
18	-Other (Solar-Woodleaf)	13,844	5.06%	701	611	90
19	-Other (Solar-Roof top)	29,046	5.42%	1,573	1,588	(14)
20	Other Production	<u>\$ 3,284,439</u>		<u>\$ 101,328</u>	<u>\$ 97,321</u>	<u>\$ 4,007</u>
21	Total Production, Including Contra ADC	<u>\$ 23,543,434</u>		<u>\$ 752,606</u>	<u>\$ 728,171</u>	<u>\$ 24,435</u>
22	Production Contra ADC - NC [6]	(118,546)		(4,028)	(3,633)	(395)
23	Production Contra ADC - SC [6]	(100,304)		(3,371)	(8,940)	5,569
24	Total Production, Excluding Contra ADC	<u>\$ 23,762,284</u>		<u>\$ 760,006</u>	<u>\$ 740,744</u>	<u>\$ 19,262</u>
25						
26	<u>TRANSMISSION:</u> [1]					
27	- Transmission - Right of Way	\$ 163,903	1.15%	\$ 1,885	\$ 1,882	\$ 3
28	- Transmission	4,406,025	2.05%	90,250	85,834	4,416
29	- Transmission Expansion Projects (TEP)	(11,670)	0.00%	(611)	(611)	- [3]
30	Total Transmission, Including Contra ADC	<u>\$ 4,558,257</u>		<u>\$ 91,523</u>	<u>\$ 87,105</u>	<u>\$ 4,419</u>
31	Transmission Plant Contra ADC - NC [6]	(1,028)	2.05%	(21)	(22)	1
32	Transmission Plant Contra ADC - SC [6]	(3,030)	2.05%	(62)	(69)	7
33	Total Transmission, Excluding Contra ADC	<u>\$ 4,562,315</u>		<u>\$ 91,606</u>	<u>\$ 87,196</u>	<u>\$ 4,411</u>
34						
35	<u>DISTRIBUTION:</u> [1]					
36	- Distribution - NC	\$ 9,809,786	2.20%	\$ 215,605	\$ 207,763	\$ 7,842
37	- Distribution - NC - Right of Way	8,620	1.37%	118	117	1
38	Subtotal Distribution NC	<u>\$ 9,818,405</u>		<u>\$ 215,723</u>	<u>\$ 207,881</u>	<u>\$ 7,842</u>
39	- Distribution Plant- SC	\$ 3,381,133	2.20%	\$ 74,312	\$ 71,993	\$ 2,320
40	- Distribution - SC - Right of Way	1,015	1.37%	14	14	(0)
41	Subtotal Distr. SC, Including Contra ADC	<u>\$ 3,382,148</u>		<u>\$ 74,326</u>	<u>\$ 72,007</u>	<u>\$ 2,320</u>
42	Distribution Plant - SC - Contra ADC [6]	(535)		(11)	(53)	42
43	Subtotal Distr. SC, Excluding Contra ADC	<u>\$ 3,382,683</u>		<u>\$ 74,338</u>	<u>\$ 72,060</u>	<u>\$ 2,278</u>
44	Total Distribution Excluding Contra	<u>\$ 13,201,088</u>		<u>\$ 290,061</u>	<u>\$ 279,941</u>	<u>\$ 10,120</u>
45						
46	<u>GENERAL:</u> [1]					
47	Structures/Lease Improvements	\$ 711,979	3.22%	\$ 22,926	\$ 22,289	\$ 637
48	Furniture and Equipment	65,306	6.67%	4,356	3,990	366
49	EDP Computer	133,448	12.50%	16,681	15,347	1,334
50	Vehicles	13,370	n/a	-	-	- [4]
51	Construction Equipment	16,176	n/a	-	-	- [4]
52	Stores Equipment	1,101	5.00%	55	52	3
53	Tools, Shop and Garage Equipment	111,955	5.00%	5,598	5,428	170
54	Laboratory Equipment	6,314	6.67%	421	417	4
55	Power Operated Equipment	11,692	6.54%	765	725	40
56	Communication Equipment	239,568	10.00%	23,957	19,263	4,694
57	Miscellaneous Equipment	14,626	5.00%	731	628	103
58	Land Rights	550	1.51%	8	8	0
59	Total General, Including Contra ADC	<u>\$ 1,326,085</u>	5.70%	<u>\$ 75,498</u>	<u>\$ 68,148</u>	<u>\$ 7,350</u>
60	Total General Plant Contra ADC - SC [6]	(256)		(32)	(154)	122
61	Total General, Excluding Contra ADC	<u>\$ 1,326,341</u>		<u>\$ 75,530</u>	<u>\$ 68,302</u>	<u>\$ 7,228</u>
62	Total Plant-in-Service Excluding Intangible	<u>\$ 42,628,329</u>		<u>\$ 1,209,676</u>	<u>\$ 1,163,311</u>	<u>\$ 46,365</u>
63						
64	<u>INTANGIBLE:</u>					
65	Intangible	\$ 1,064,479		\$ 70,159	\$ 70,159	\$ - [5]
66	Intangible Plant Contra ADC [6]	(7,748)		(350)	(350)	- [5]
67	Total Intangible Excluding Contra ADC	<u>\$ 1,072,227</u>		<u>\$ 70,510</u>	<u>\$ 70,510</u>	<u>\$ -</u>
68	Total Plant-in-Service	<u>\$ 43,692,807</u>		<u>\$ 1,279,835</u>	<u>\$ 1,233,470</u>	<u>\$ 46,365</u>
69	Total Contra ADC [6]	<u>(231,447)</u>		<u>(7,877)</u>	<u>(13,222)</u>	<u>5,345</u>
70	Total Plant-in-Service Excluding Contra ADC	<u>\$ 43,924,255</u>		<u>\$ 1,287,712</u>	<u>\$ 1,246,692</u>	<u>\$ 41,020</u>

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

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

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

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

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

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

[8] Actual amounts provided by Asset Accounting

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

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

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Plant in Service Balances

Line No.	Description	ACTUALS [1]																	
		Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r
1	Electric Plant in Service:																		s = r - a
2	Steam plant	\$ 8,325,356	\$ 8,495,769	\$ 8,517,149	\$ 8,601,753	\$ 8,610,927	\$ 8,653,152	\$ 8,665,139	\$ 8,689,379	\$ 8,739,574	\$ 8,701,124	\$ 8,701,511	\$ 8,788,280	\$ 8,863,453	\$ 8,932,856	\$ 8,940,483	\$ 8,941,579	\$ 8,944,270	\$ 8,943,676
3	Nuclear plant	8,521,536	8,546,828	8,553,918	8,558,002	8,578,492	8,582,125	8,581,039	8,562,581	8,598,492	8,621,244	8,621,229	8,629,513	8,732,047	8,742,328	8,746,985	8,753,311	8,767,646	8,824,934
4	Hydro plant	2,186,536	2,190,485	2,241,360	2,251,516	2,251,934	2,255,030	2,256,885	2,263,110	2,220,524	2,221,648	2,316,823	2,324,155	2,363,331	2,380,264	2,409,286	2,414,330	2,428,104	2,432,698
5	Other production plant	3,147,776	3,148,800	3,162,993	3,186,951	3,200,136	3,208,099	3,213,079	3,212,236	3,170,058	3,213,989	3,218,038	3,217,333	3,283,781	3,270,443	3,278,941	3,291,371	3,291,437	3,293,645
6	Transmission plant	4,052,747	4,091,515	4,102,406	4,112,967	4,159,722	4,197,558	4,218,282	4,246,809	4,278,301	4,294,118	4,310,310	4,338,732	4,467,299	4,485,117	4,510,357	4,585,766	4,575,639	4,591,106
7	Distribution plant	12,085,804	12,146,676	12,197,465	12,251,658	12,278,048	12,383,589	12,453,193	12,524,982	12,614,325	12,680,933	12,769,061	12,848,362	12,894,673	13,001,938	13,070,872	13,140,861	13,197,115	13,258,710
8	General plant	1,212,985	1,213,816	1,229,224	1,232,653	1,246,417	1,250,852	1,257,384	1,262,785	1,260,466	1,284,914	1,291,004	1,301,015	1,336,864	1,350,136	1,355,845	1,362,019	1,388,363	1,388,451
9	Intangible plant	986,751	987,641	988,573	997,283	998,618	998,629	1,001,273	1,011,709	1,011,889	1,022,502	1,026,204	1,030,041	1,042,384	1,052,324	1,054,357	1,062,725	1,062,268	1,064,479
10	Total Electric Plant in Service (Sum L2 through L9)	\$ 40,519,492	\$ 40,821,530	\$ 40,993,087	\$ 41,192,783	\$ 41,324,294	\$ 41,529,034	\$ 41,646,274	\$ 41,773,590	\$ 41,893,630	\$ 42,040,471	\$ 42,254,180	\$ 42,477,431	\$ 42,983,834	\$ 43,215,407	\$ 43,367,127	\$ 43,551,961	\$ 43,654,843	\$ 43,797,697
11																			
12	Solar Electric Plant in Service Included in Line 5 above:																		
13	Solar PVDG	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,179	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,306	\$ 29,046
14	Solar Monroe	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,568	116,545	116,545	116,545	116,545	116,546
15	Solar Mocksville	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773	31,773
16	Solar Woodleaf	13,133	12,335	12,640	12,942	13,060	13,497	13,168	13,416	13,479	13,840	13,840	13,840	13,844	13,844	13,844	13,844	13,844	13,844
17	Total Solar Included in Line 5 above (Sum L13 through L16)	\$ 190,780	\$ 189,983	\$ 190,287	\$ 190,589	\$ 190,707	\$ 191,144	\$ 190,815	\$ 191,064	\$ 191,127	\$ 191,360	\$ 191,487	\$ 191,487	\$ 191,492	\$ 191,468	\$ 191,468	\$ 191,468	\$ 191,468	\$ 191,209

[1] Actual amounts provided by Duke Energy Carolinas - Asset Accounting
[2] Forecasted amounts provided by Duke Energy Carolinas - Franchised Electric & Gas Planning and Forecasting
[3] Amounts above do not include Asset Retirement Obligation (ARO) balances

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

NC-1009
Page 1 of 1
Commission Request
Net Accelerated Depreciation

Accumulated Depreciation Balances

Line No.	Description	ACTUALS [1]																		Net Change s = r - a
		Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	
1	Accumulated Depreciation																			
2	Steam plant	\$ (3,268,905)	\$ (3,333,783)	\$ (3,351,261)	\$ (3,373,798)	\$ (3,391,480)	\$ (3,444,591)	\$ (3,463,776)	\$ (3,498,622)	\$ (3,530,546)	\$ (3,531,711)	\$ (3,543,584)	\$ (3,547,129)	\$ (3,556,803)	\$ (3,578,298)	\$ (3,605,168)	\$ (3,629,459)	\$ (3,654,631)	\$ (3,677,108)	\$ (408,202)
3	Nuclear plant	(3,484,063)	(3,510,118)	(3,533,609)	(3,553,320)	(3,574,744)	(3,594,649)	(3,613,234)	(3,621,297)	(3,646,275)	(3,675,816)	(3,688,950)	(3,708,724)	(3,697,719)	(3,720,340)	(3,743,822)	(3,767,033)	(3,776,025)	(3,771,431)	(287,369)
4	Hydro plant	(978,577)	(985,781)	(975,847)	(983,262)	(986,115)	(986,575)	(989,743)	(992,088)	(974,875)	(976,127)	(974,237)	(978,955)	(968,992)	(970,429)	(964,557)	(967,964)	(977,428)	(977,113)	1,464
5	Other production plant	(872,945)	(880,581)	(901,809)	(957,636)	(934,105)	(942,844)	(952,395)	(959,074)	(956,105)	(970,350)	(977,736)	(1,008,222)	(980,631)	(975,312)	(990,689)	(1,007,218)	(1,012,607)	(1,019,140)	(146,194)
6	Transmission plant	(1,385,391)	(1,388,345)	(1,389,173)	(1,383,280)	(1,385,713)	(1,389,269)	(1,390,633)	(1,395,859)	(1,398,349)	(1,400,948)	(1,409,179)	(1,412,377)	(1,412,856)	(1,415,221)	(1,421,208)	(1,427,956)	(1,432,969)	(1,428,458)	(43,067)
7	Distribution plant	(4,816,028)	(4,811,514)	(4,817,712)	(4,834,287)	(4,803,188)	(4,816,192)	(4,861,484)	(4,868,967)	(4,877,327)	(4,896,046)	(4,912,860)	(4,924,270)	(4,877,987)	(4,891,035)	(4,939,138)	(4,953,691)	(4,954,779)	(4,973,344)	(157,316)
8	General plant	(414,681)	(418,639)	(421,695)	(425,217)	(425,986)	(430,400)	(435,656)	(439,993)	(431,968)	(436,124)	(439,649)	(456,642)	(442,408)	(447,005)	(451,690)	(456,930)	(460,759)	(459,321)	(44,639)
9	Intangible plant	(609,897)	(615,621)	(621,340)	(626,914)	(632,540)	(638,301)	(643,849)	(649,558)	(654,744)	(660,458)	(666,317)	(658,209)	(676,597)	(682,541)	(688,609)	(694,974)	(700,961)	(706,737)	(96,840)
10	Total Accumulated Depreciation (Sum L2 through L9)	\$ (15,830,487)	\$ (15,944,384)	\$ (16,012,447)	\$ (16,137,714)	\$ (16,133,871)	\$ (16,242,821)	\$ (16,350,769)	\$ (16,425,458)	\$ (16,470,189)	\$ (16,547,580)	\$ (16,612,512)	\$ (16,694,529)	\$ (16,613,993)	\$ (16,680,181)	\$ (16,804,881)	\$ (16,905,224)	\$ (16,970,159)	\$ (17,012,651)	\$ (1,182,164)
11																				
12	Solar Accumulated Depreciation Included in Line 5 above:																			
13	Solar PVDG	\$ (9,397)	\$ (9,529)	\$ (9,662)	\$ (9,794)	\$ (9,926)	\$ (10,058)	\$ (10,191)	\$ (10,323)	\$ (10,455)	\$ (10,460)	\$ (10,720)	\$ (10,852)	\$ (10,984)	\$ (11,117)	\$ (11,249)	\$ (11,381)	\$ (11,514)	\$ (11,386)	\$ (1,989)
14	Solar Monroe	(6,589)	(7,079)	(7,570)	(8,061)	(8,550)	(9,039)	(9,530)	(10,020)	(10,509)	(11,000)	(11,490)	(11,980)	(12,468)	(12,958)	(13,450)	(13,942)	(14,433)	(14,922)	(8,333)
15	Solar Mocksville	(3,099)	(3,230)	(3,361)	(3,492)	(3,622)	(3,752)	(3,883)	(4,014)	(4,144)	(4,275)	(4,406)	(4,537)	(4,667)	(4,797)	(4,929)	(5,060)	(5,191)	(5,322)	(2,223)
16	Solar Woodleaf	-	(48)	(94)	(141)	(189)	(237)	(287)	(336)	(386)	(436)	(487)	(538)	(589)	(641)	(692)	(743)	(795)	(846)	(846)
17	Total Solar Included in Line 5 above (Sum L13 through L16)	\$ (19,085)	\$ (19,886)	\$ (20,686)	\$ (21,487)	\$ (22,286)	\$ (23,088)	\$ (23,891)	\$ (24,693)	\$ (25,495)	\$ (26,171)	\$ (27,103)	\$ (27,907)	\$ (28,708)	\$ (29,513)	\$ (30,319)	\$ (31,126)	\$ (31,932)	\$ (32,475)	\$ (13,390)

[1] Actual amounts provided by Duke Energy Carolinas - Asset Accounting
[2] Forecasted amounts provided by Duke Energy Carolinas - Franchised Electric & Gas Planning and Forecasting
[2] Amounts above do not include Asset Retirement Obligation (ARO) balances

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

NC-1010
Page 1 of 1
Commission Request
Net Accelerated Depreciation

Twelve Months of Depreciation Expense as of May 31, 2020

		ACTUALS [1]																		
No.	Description	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	12 MONTHS m = sum(a:l)	
		a	b	c	d	e	f	g	h	i	j	k	l							
1	Function																			
2	Steam plant	\$ 23,648	\$ 24,018	\$ 24,083	\$ 24,300	\$ 24,999	\$ 24,567	\$ 24,429	\$ 24,776	\$ 24,629	\$ 24,645	\$ 25,592	\$ 24,653	\$ 25,302	\$ 25,472	\$ 24,830	\$ 25,161	\$ 25,169	\$ 299,227	
3	Steam plant - Right of Way	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Nuclear plant	23,651	23,830	23,859	23,875	23,916	23,927	23,906	23,853	23,984	24,038	24,030	23,465	24,356	24,390	24,419	24,408	24,439	289,216	
5	Nuclear plant - Right of Way	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	16	
6	Hydro plant	3,317	3,322	3,447	3,459	3,461	3,461	3,463	3,474	3,507	3,508	3,646	2,997	3,568	3,592	3,661	3,671	3,698	42,246	
7	Hydro plant - Right of Way	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	145	
8	Other production plant	7,165	7,312	7,341	7,403	6,761	7,323	7,330	4,970	5,465	7,370	7,360	7,259	7,587	7,604	9,306	7,686	8,392	87,652	
9	Other production plant - Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10	Other production plant - Mocksville	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	1,573	
11	Other production plant - Monroe	492	492	492	492	492	492	492	492	492	492	492	492	492	491	491	491	491	5,898	
12	Other production plant - Woodleaf	49	46	47	48	49	50	49	50	50	51	51	51	52	51	51	51	51	611	
13	Other production plant - Roof top	132	132	132	132	132	132	132	132	132	132	132	132	132	132	132	132	132	1,588	
14	Transmission plant - Right of Way	156	156	156	156	156	156	156	156	156	157	157	157	157	157	157	157	157	1,882	
15	Transmission plant	6,640	6,709	6,734	6,748	6,833	6,900	6,938	6,989	7,049	7,071	7,057	6,699	7,323	7,376	7,398	7,524	7,510	85,834	
16	Transmission Expansion Projects (TEP)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(611)	
17	Distribution plant - NC	16,523	16,717	16,660	16,769	16,673	16,830	16,940	17,042	17,155	17,184	17,308	16,931	17,449	17,592	17,692	17,784	17,856	207,763	
18	Distribution plant - NC - Right of Way	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	117	
19	Distribution plant - SC	5,691	5,720	5,762	5,776	5,808	5,845	5,871	5,898	5,949	5,966	5,994	5,886	6,070	6,084	6,121	6,145	6,165	71,993	
20	Distribution plant - SC - Right of Way	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14	
21	General Plant - Structures/Lease Improvements	1,816	1,812	1,840	1,843	1,848	1,849	1,851	1,848	1,847	1,884	1,867	1,508	1,902	1,896	2,019	1,908	1,910	22,289	
22	General Plant - Furniture and Equipment	274	275	281	283	283	283	285	287	286	359	362	267	370	372	372	372	374	3,990	
23	General Plant - EDP Computer	1,185	1,181	1,225	1,232	1,241	1,267	1,265	1,278	1,197	1,278	1,120	1,186	1,264	1,275	1,546	1,332	1,338	15,347	
24	General Plant - Vehicles [4]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
25	General Plant - Construction Equipment [4]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
26	General Plant - Stores Equipment	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	52	
27	General Plant - Tools, Shop and Garage Equipment	437	437	438	439	441	444	445	446	444	445	455	456	457	458	458	458	463	5,428	
28	General Plant - Laboratory Equipment	29	29	29	30	30	30	30	36	36	36	36	36	36	36	36	36	35	417	
29	General Plant - Power Operated Equipment	53	54	54	54	54	55	55	55	60	61	61	61	61	64	64	64	64	725	
30	General Plant - Communication Equipment	1,296	1,304	1,305	1,316	1,428	1,435	1,445	1,453	1,443	1,450	1,460	1,432	1,678	1,745	1,951	1,785	1,987	19,263	
31	General Plant - Miscellaneous Equipment	45	45	45	45	45	46	46	47	47	48	48	50	52	61	61	61	61	628	
32	General Plant - Land Rights	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	8	
33	Intangible plant	5,724	5,719	5,573	5,626	5,762	5,547	5,710	5,185	5,714	5,859	5,614	6,265	5,944	6,068	6,366	6,111	5,776	70,159	
34	Total Depreciation (Sum L2 through L33)	\$ 98,434	\$ 99,421	\$ 99,614	\$ 100,135	\$ 100,520	\$ 100,748	\$ 100,949	\$ 98,576	\$ 99,752	\$ 102,141	\$ 102,953	\$ 100,093	\$ 104,362	\$ 105,028	\$ 107,242	\$ 105,449	\$ 106,177	\$ 1,233,470	

[1] Actual amounts provided by Duke Energy Carolinas - Asset Accounting
[2] Forecasted amounts provided by Duke Energy Carolinas - Franchised Electric & Gas Planning and Forecasting
[3] Amounts above do not include Asset Retirement Obligation (ARO) balances
[4] Depreciation expense on vehicles and construction equipment is recorded to 803 accounts, therefore it is excluded above.

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

NC-2200
Narrative
Commission Request
Net Accelerated Depreciation

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 Accelerated Depreciation with EDIT

NC-2200
Page 1 of 1
Commission Request
Net Accelerated Depreciation

[illegible]

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

NC-2201
Page 1 of 1
Commission Request
Net Accelerated Depreciation

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	\$ 24,926,579 [3]		\$ 16,986,018 [7]
5				
6	Long-term debt ratio	48.0000% [4]		48.0000% [4]
7	Calculated long-term debt (L4 x L6)	\$ 11,964,758		\$ 8,153,288
8				
9	End of year cost of long-term debt	4.2700% [4]		4.2700% [4]
10	Annualized interest expense (L7 x L9)	\$ 510,895		\$ 348,145
11				
12	Incurred interest expense	465,481 [5]		317,199 [5]
13	Increase / <decrease> to interest costs (L10 - L12)	\$ 45,414		\$ 30,947
14				
15	Statutory tax rate	23.3503% [6]		23.3503% [6]
16	Impact to income taxes (-L13 x L15)	\$ (10,604)		\$ (7,226)
17				
18	Impact to operating income (-L16)	\$ 10,604		\$ 7,226

[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

NC-2300

Docket No. E-7, Sub 1214

Narrative

Adjust cash working capital for present revenue annualized and proposed revenue Commission Request
For the test period ended December 31, 2018 Net Accelerated Depreciation

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 Accelerated Depreciation with EDIT

NC-2300
Page 1 of 1
Commission Request
Net Accelerated Depreciation

Line No.	Description	Source	Present Total NC Retail	Proposed Total NC Retail	Present Total NC Retail	Proposed Total NC Retail	Present Total NC Retail	Proposed Total NC Retail	Present Total NC Retail	Proposed 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	Electric operating expenses:									
6	Operation and maintenance									
7	Fuel used in electric generation		-	-	-	-	-	-	-	-
8	Purchased power		-	-	-	-	-	-	-	-
9	Other operation and maintenance expense		-	-	-	-	-	-	-	-
10	Depreciation and amortization		-	-	-	-	-	-	-	-
11	General taxes		-	-	-	-	-	-	-	-
12	Interest on customer deposits		-	-	-	-	-	-	-	-
13	Income taxes	NC-2301 &	2	(194)	5	(213)	103	(237)	(101)	43
14	Amortization of investment tax credit		-	-	-	-	-	-	-	-
15										
16										
17	Total electric operating expenses	Sum L8 through L15	2	(194)	5	(213)	103	(237)	(101)	43
18										
19	Operating income	L4 - L17	\$ (2)	\$ 194	\$ (5)	\$ 213	\$ (103)	\$ 237	\$ 101	\$ (43)
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 &	(426)	40,592	(1,074)	44,582	(20,794)	47,878	20,368	(7,286)
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	\$ (426)	\$ 40,592	\$ (1,074)	\$ 44,582	\$ (20,794)	\$ 47,878	\$ 20,368	\$ (7,286)
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 Accelerated Depreciation

Line No.	Description	NC Retail Financials			NC Retail Iteration 1			NC Retail Iteration 2		
		Adjusted with CWC (a)	Revenue Increase (b)=(c)-(a)	Adjusted w/Increase (c)=(n)	Increase (d)=(e)-(a)	With Increase (e)=(a)+(d)	Wgt Lead Lag Days (f)	Increase (g)=(h)-(e)	With Increase (h)=(e)+(g)	Wgt Lead Lag Days (i)
1	Total Adjusted Revenue	4,794,706 [1]					40.11 [1]			40.11 [1]
2	Revenue Increase (L3)		377,366		373,878		39.58 [12]	3,473		39.58 [12]
3	Revenues [Solved Through Iterative Process to Produce Target ROR] (L1 + L2)	4,794,706	377,366	5,172,072	373,878	5,168,584	40.07 [13]	3,473	5,172,057	40.07 [13]
4										
5	Total Adjusted Fuel Used in Electric Generation	1,161,536 [1]	0	1,161,536		1,161,536	22.33 [1]		1,161,536	22.33 [1]
6	Adjusted Purchased Power	23,412 [1]	0	23,412		23,412	136.58 [1]		23,412	136.58 [1]
7										
8	Operation & Maintenance Expense	1,163,856 [1]		0			33.73 [1]			33.73 [1]
9	Revenue Increase (L10)		1,433		1,420		33.90 [12]	13		33.90 [12]
10	Operation and Maintenace Expense with Increase (L8 + L9)	1,163,856	1,433	1,165,289	1,420 [5]	1,165,276	33.73 [13]	13 [5]	1,165,289	33.73 [13]
11										
12	Total Adjusted Depreciation and Amortization	1,166,822 [1]	0	1,166,822		1,166,822	- [1]		1,166,822	- [1]
13	Total Adjusted General Taxes	212,156		212,156		212,156	170.43		212,156	170.43
14										
15	Total Adjusted Interest on Customer Deposits	7,130 [1]	0	7,130		7,130	218.39 [1]		7,130	218.39 [1]
16										
17	Net Income Taxes	181,794		0			0.43		0	0.43
18	Revenue Increase (L19)		87,587		86,970		0.48 [12]	615	615	0.48 [12]
19	Income Taxes with Increase (L17 + L18)	181,794	87,587	269,381	86,970 [7]	268,764	0.29 [13]	615 [7]	269,378	0.29 [13]
20										
21	Total EDIT Amortization	(29,734)	0	(29,734)		(29,734)	- [1]		(29,734)	- [1]
22	Total Adjusted Amortization of Investment Tax Credit	(2,836) [1]	0	(2,836)		(2,836)	- [1]		(2,836)	- [1]
23	Total Operating Expense (L5+L6+L10+L12+L13+L15+L19+L21+L22)	3,884,136	89,020	3,973,157	88,390	3,972,526	27 [14]	628	3,973,154	27 [14]
24										
25	Income for Return (L3 - L23)	910,570	288,346	1,198,916	285,488	1,196,057 [8]	24.80 [14]	2,846	1,198,903 [8]	24.80 [14]
26	Interest Expense	348,137 [1]	832	348,969	0	348,137 [9]	85.20 [1]	828	348,965 [9]	85.20 [1]
27	Return for Equity (L25 - L26)	562,433	287,514	849,947	285,488	847,921	- [1]	2,017	849,938	- [1]
28										
29	Total Requirement (L23 + L25 = L3)	4,794,706		5,172,072		5,168,584	26.29 [14]		5,172,057	26.29 [14]
30	Rate Base [CWC Solved for Through Iterative Process]	16,985,592 [1]	40,592	17,026,184		16,985,592 [10]		40,411 [15]	17,026,003	
31										
32	Overall Rate of Return (L25 / L30)	5.36%		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	<u>Calculation of Change in Cash Working Capital (CWC) due to Revenue Increase</u>									
36	Annual Requirement (L3 and/or L29)	Adjusted 4,794,706	Rev Incr	Adj w/Incr 5,172,072		5,168,584			5,172,056.89	
37	Daily Requirement (L36 / 365 Days)	13,136		14,170		14,161			14,170	
	Net Lag Days (Column (c) only: L38 / L37)	11.77		13.78		13.77			13.78	
38	Est. CWC Req. Before Sales Tax Requirement (L37 x L)	154,638	40,592 [3]	195,230 [4]	40,411	195,049		180	195,229	
39	Add: Working Capital Related to NC Sales Tax	6,204 [1]		6,204 [1]						
40	Total Cash Working Capital Requirements (L38 + L39)	160,842	40,592	201,434						

[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

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Commission Request

Net Accelerated Depreciation

Line No.	Description	NC Retail Iteration 3			NC Retail Iteration 4		
		Increase (j)=(k)-(h)	With Increase (k)=(h)+(i)	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)	16		39.58 [12]	0		39.58 [12]
3	Revenues [Solved Through Iterative Process to Produce Target ROR] (L1 + L2)	16	5,172,072	40.07 [13]	0	5,172,072	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 Maintenance Expense with Increase (L8 + L9)	0 [5]	1,165,289	33.73 [13]	0 [5]	1,165,289	33.73 [13]
11							
12	Total Adjusted Depreciation and Amortization		1,166,822	- [1]		1,166,822	- [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		-	0.43		-	0.43
18	Revenue Increase (L19)	3	617	0.48 [12]	0	617	0.48 [12]
19	Income Taxes with Increase (L17 + L18)	3 [7]	269,381	0.29 [13]	0 [7]	269,381	0.29 [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)	3	3,973,157	27 [14]	0	3,973,157	27 [14]
24							
25	Income for Return (L3 - L23)	13	1,198,916 [8]	24.80 [14]	0	1,198,916 [8]	24.80 [14]
26	Interest Expense	4	348,969 [9]	85.20 [1]	0	348,969 [9]	85.20 [1]
27	Return for Equity (L25 - L26)	9	849,947	- [1]	0	849,947	- [1]
28							
29	Total Requirement (L23 + L25 = L3)		5,172,072	26.29 [14]		5,172,072	26.29 [14]
30	Rate Base [CWC Solved for Through Iterative Process]	180 [15]	17,026,184		1 [15]	17,026,184	
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)		5,172,072				
37	Daily Requirement (L36 / 365 Days)		14,170				
	Net Lag Days (Column (c) only: L38 / L37)		13.78				
38	Est. CWC Req. Before Sales Tax Requirement (L37 x L)	1	195,230				
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 Accelerated Depreciation

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	Labor 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 costing		(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

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Commission Request
Net Accelerated Depreciation

Financials					NC Retail					Lead Lag Days				
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					
	(36) [3]	(36)		(36)										
	(500) [3]	(500)		(500)	O&M Excl Fuel & PP		33.90 [2]	33.90	(3)					
	(1,560) [3]	(1,560)		(1,560)	Regulatory Commission Expense		89.82 [2]	89.82	(123)					
	(271) [3]	(271)		(271)	O&M Excl Fuel & PP		33.90 [2]	33.90	(145)					
	(4,272) [3]	(4,272)		(4,272)	O&M Excl Fuel & PP		33.90 [2]	33.90	(25)					
	1,610 [3]	1,610		1,610	O&M Excl Fuel & PP		33.90 [2]	33.90	(397)					
	(0)	(0)		(0)	O&M Excl Fuel & PP		33.90 [2]	33.90	150					
0	(212,083)	(212,083)		1,163,856	Total O&M		30.71 [2]	30.71	(0)					
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					
838,805 [1]		838,805				0.00 [1]		0.00	-					
	(3,045) [3]	(3,045)					0.00 [2]	0.00	-					
	59,052 [3]	59,052					0.00 [2]	0.00	-					
	49,736 [3]	49,736					0.00 [2]	0.00	-					
	73,346 [3]	73,346					0.00 [2]	0.00	-					
	0 [3]	0					0.00 [2]	0.00	-					
	0 [3]	0					0.00 [2]	0.00	-					
	(1,808) [3]	(1,808)					0.00 [2]	0.00	-					
	62,706 [3]	62,706					0.00 [2]	0.00	-					
	87,100 [3]	87,100					0.00 [2]	0.00	-					
	(56) [3]	(56)					0.00 [2]	0.00	-					
	(409) [3]	(409)					0.00 [2]	0.00	-					
	(413) [3]	(413)					0.00 [2]	0.00	-					
	1,809 [3]	1,809					0.00 [2]	0.00	-					
0	328,018	328,018					0.00 [2]	0.00	-					
838,804.844	328,018 [4]	1,166,822.44 [3]	0	1,166,822		0.00 [8]	0.00 [9]	0.00 [8]	\$ -					
80,657 [1]		80,657			Other taxes - NC prop	186.50 [1]		186.50	41,212					
81,208		81,208			Other taxes - SC prop	196.50		196.50	43,719					
34,411		34,411			Other taxes - federal p	51.17		51.17	4,824					
(1,594)		(1,594)			Other taxes	21.04		21.04	(92)					
	7,470 [3]	7,470			Other taxes - NC property tax		186.50 [2]	186.50	3,817					
	11,276 [3]	11,276			Other taxes - NC property tax		186.50 [2]	186.50	5,761					
	56 [3]	56			Taxes Other Than Income	168.11 [2]	168.11	168.11	26					
	(1,023) [3]	(1,023)			Other taxes - federal payroll taxes	51.17 [2]	51.17	51.17	(143)					
	(10) [3]	(10)			Taxes Other Than Income	168.11 [2]	168.11	168.11	(5)					
	(73) [3]	(73)			Taxes Other Than Income	168.11 [2]	168.11	168.11	(34)					
	(27) [3]	(27)			Taxes Other Than Income	168.11 [2]	168.11	168.11	(13)					
	(193) [3]	(193)			Other taxes	21.04 [2]	21.04	21.04	(11)					
0	17,475	17,475			Taxes Other Than Income	168.11 [2]	168.11	168.11	(0)					
194,681	17,475 [4]	212,156 [3]	0	212,156		168.11 [8]	2.32 [9]	170.43 [8]	\$ 99,062					
7,130 [1]		7,130				218.40 [1]		218.40	4,266					
7,130	0 [4]	7,130 [3]	0	7,130		218.40 [8]	(0.01) [9]	218.39 [8]	\$ 4,2					

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	62,386	3,884,134	2	3,884,136	29.57 [8]	(2.23) [9]	27.34 [8]	\$ 290,924
150										
151	Income for Return (L30 - L149)	1,082,336	(171,764)	910,572	(2)	910,570	24.97 [8]	7.61 [9]	32.58 [8]	235,903
152	Interest Expense	317,199 [2]	30,947 [4]	348,145 [5]	(9) [5]	348,137	85.20 [2]	0.00 [9]	85.20 [2]	81,264
153	Return for Equity (L151 - L152)	765,137	(202,711)	562,426	7	562,433	0.00 [2]	0.00 [9]	0.00 [2]	154,640
154										
155	Total Requirement (L149 + L151 = L30)	4,904,084		4,794,706		4,794,706	28.55 [8]	(0.22) [9]	28.33 [8]	526,828
156										
157	RATE BASE	14,556,650 [3]	2,429,368 [4]	16,986,018 [3]	(426) [7]	16,985,592				
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		11.77						
165	Est. CWC Req. Before Sales Tax Requirement (L141 x L142)	155,064		154,638						
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	(426) [4]	160,842						
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		28.3332						
172										
173	Net Lag Days (L170 - L171)	11.54		11.77						

Notes:

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

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Commission Request
Net Accelerated Depreciation

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

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Net Accelerated Depreciation

Commission Request

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

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Commission Request
Net Accelerated Depreciation

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
Adjust for new depreciation rates
For the test period ended December 31, 2018

NC-2600
Narrative
Commission Request
Net of Accelerated Depreciation

E-1 Item 10 Adjustments Requirement

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

Detailed Narrative Explanation of Adjustment

This pro forma adjusts depreciation expense, income tax and the reserve for depreciation to reflect the updated depreciation rates resulting from a new depreciation study.

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

January Update

Updated NC-2603 for change in treatment of catalyst depreciation and updated solar percentages based on updated NC-0603(E).

Commission Request

Updated NC-2601 to offset proposed accelerated depreciation related to updating retirement dates for Cliffside 5 and Allen with a reserve reclassified from unprotected EDIT.

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

NC-2600
Page 1 of 1
Commission Request
Net of Accelerated Depreciation

Line No.	Description	Source	Total NC Retail Commission Request	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-2601	49,736	72,915	72,133	(22,397)
12	General taxes		-	-	-	-
13	Interest on customer deposits		-	-	-	-
14	Income taxes	NC-2601	(11,614)	(17,026)	(16,843)	5,230
15	Amortization of investment tax credit		-	-	-	-
16						
17	Total electric operating expenses	Sum L8 through L15	38,123	55,889	55,290	(17,167)
18						
19	Operating income	L4 - L17	\$ (38,123)	\$ (55,889)	\$ (55,290)	\$ 17,167
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	NC-2601	(72,915)	(72,915)	(72,913)	(2)
30	Electric plant in service, net	Sum L28 through L29	(72,915)	(72,915)	(72,913)	\$ (2)
31						
32	Add:					
33	Materials and supplies		-	-	-	-
34	Working capital investment		(179,026)	-	-	(179,026)
35			-	-	-	-
36						
37	Less:					
38	Accumulated deferred taxes		41,803	-	-	41,803
39	Operating reserves		-	-	-	-
40			-	-	-	-
41						
42	Construction work in progress		-	-	-	-
43						
44	Total impact to rate base	Sum L30 through L42	\$ (210,137)	\$ (72,915)	\$ (72,913)	\$ (137,224)
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 for new depreciation rates
For the test period ended December 31, 2018
(Dollars in thousands)

NC-2601
Page 1 of 1
Commission Request
Net of Accelerated Depreciation

Line No.	Description	Total Carolinas	NC Retail Allocation	Total NC Retail
1	Impact to Income Statement Line Items			
2	Depreciation and amortization:			
3	Production Plant (310-348)	\$ 108,233 [1]	67.4345% [2]	\$ 72,986
4	Transmission Plant (350-359)	6,760 [1]	52.6634% [3]	3,560
5	Distribution Plant (360-387)	564 [1]	73.9558% [4]	417
6	General Plant (389-399)	(2,070) [1]	69.0221% [5]	(1,429)
7	General Plant Amortization	(3,748) [1]	69.0221% [5]	(2,587)
8	Adjust deprec. and amort. for new rates (Sum L3 through L7)	\$ 109,738		\$ 72,947
9				
10	Adjust to deprec. and amort. for costs recovered in riders	\$ (48) [6]	67.4345% [2]	\$ (33)
11	Adjust for amortization of accelerated depreciation reserve	(34,371) [9]	67.4345% [2]	(23,178)
12				
13	Impact to depreciation and amortization (L8 + L10 + L11)	\$ 75,318		\$ 49,736
14				
15	Statutory tax rate	23.3503% [7]		23.3503% [7]
16	Impact to income taxes (-L13 x L15)	\$ (17,587)		\$ (11,614)
17				
18	Impact to operating income (-L13 - L16)	\$ (57,731)		\$ (38,123)
19				
20	Impact to Rate Base Line Items			
21	Accumulated depreciation and amortization:			
22	Production (-L3)	\$ (108,233)	67.4345% [2]	\$ (72,986)
23	Transmission (-L4)	(6,760)	52.6634% [3]	(3,560)
24	Distribution (-L5)	(564)	73.9558% [4]	(417)
25	General (-L6)	2,070	69.0221% [5]	1,429
26	General Plant Amortization (-L7)	3,748	69.0221% [5]	2,587
27	Adjust to accum. deprec. (Sum L22 through L26)	\$ (109,738)		\$ (72,947)
28				
29	Adjust to accum. deprec. for costs recovered in riders	\$ 48 [8]	67.4345% [2]	\$ 33 [8]
30				
31	Impact to accumulated depreciation (L27 + L29)	\$ (109,690)		\$ (72,915)
32				
33	Accelerated depr reserve added to rate base from unprotected EDIT	\$ (299,852) [10]	67.4345% [2]	\$ (202,203.902)
34	1st Year of amortization of accelerated depr reserve from unprotected EDIT (-L11)	34,371		23,178
35	Impact to working capital investment (L33 + L34)	\$ (265,481)		\$ (179,026)
36				
37	Statutory tax rate	23.3503% [7]		23.3503% [7]
38	Impact to accumulated deferred income taxes (-L35 x L37)	\$ 61,990		\$ 41,803
39				
40	Impact to rate base (L31 + L35 + L38)	\$ (313,180)		\$ (210,137)

[1] NC-2602 - Comparison of Current and Proposed Depreciation as of December 31, 2018
[2] Allocation Factor - All Production Demand
[3] Allocation Factor - All Transmission Demand
[4] Allocation Factor - All - Dist Plant - DEC
[5] Allocation Factor - All - Intang and Gen Plt

[6] NC-2603 - Comparison of Current and Proposed Depreciation as of December 31, 2018 - Costs recovered through riders, Line 6

[7] NC-0104 - 2019 Calculation of Tax Rates - Statutory Tax Rate, Line 10
[8] NC-2603 - Comparison of Current and Proposed Depreciation as of December 31, 2018 - Costs recovered through riders, Adjustment column, Line 6 less Line 1. Only the SCR Catalyst depreciation expense is recovered through the fuel clause, not the accumulated depreciation.

[9] Estimated amount of proposed accelerated depreciation in the depreciation study related to updating Cliffside 5 and Allen probable retirement dates

[10] Estimated balance of accelerated depreciation reserve reclassified from the unprotected EDIT rider for Commission request.

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Adjust for new depreciation rates
For the test period ended December 31, 2018

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Commission Request
Net of Accelerated Depreciation

Comparison of Current and Proposed Depreciation as of December 31, 2018

Line No.	Description	<u>CURRENT</u>		<u>PROPOSED</u>		Adjustment Amount
		Calculated Annual Accrual	Current Rate	Calculated Annual Accrual	Proposed Rate	
1	TOTAL STEAM PRODUCTION PLANT (311-317)	\$ 284,823,199	3.41	\$ 367,923,551	4.40	\$ 83,100,352
2	TOTAL NUCLEAR PRODUCTION PLANT (321-326)	288,434,455	3.39	306,886,916	3.60	18,452,461
3	TOTAL HYDRAULIC PRODUCTION PLANT (331-337)	39,880,402	1.87	42,784,187	2.00	2,903,785
4	TOTAL OTHER PRODUCTION PLANT (341-348)	97,440,447	3.09	101,217,613	3.21	3,777,166
5	TOTAL PRODUCTION	\$ 710,578,503		\$ 818,812,267		\$ 108,233,764
6						
7	TOTAL TRANSMISSION PLANT (352-359)	\$ 79,291,459	2.05	\$ 86,253,267	2.23	\$ 6,961,808
8	TOTAL DISTRIBUTION PLANT (361-387)	273,273,414 [2]	2.27	273,848,655 [2]	2.28	575,241
9	TOTAL GENERAL PLANT (390-399)	62,704,125	5.45	60,633,994	5.27	(2,070,131)
10						
11	TOTAL ACCOUNT 310	-	0.00	-	0.00	-
12	TOTAL ACCOUNT 320	16,272	1.70	16,172	1.69	(100)
13	TOTAL ACCOUNT 330	145,399	0.62	144,624	0.61	(775)
14	TOTAL ACCOUNT 340	342	4.45	383	4.98	41
15	RIGHTS OF WAY - ACCOUNT 350.00	1,875,161	1.15	1,673,327	1.03	(201,834)
16	RIGHTS OF WAY - ACCOUNT 360.00	120,975	1.37	110,290	1.25	(10,685)
17	LAND RIGHTS - ACCOUNT 360.20	8,480	1.51	7,656	1.36	(824)
18	RIGHTS OF WAY - ACCOUNT 389.00	8,307	1.51	8,256	1.50	(51)
19	LAND RIGHTS - ACCOUNT 389.20	2	1.21	2	1.21	-
20						
21	TOTAL RESERVE ADJUSTMENT FOR AMORTIZATION	(10,159,236)	0.00	(13,907,418)	0.00	(3,748,182)
22						
23	TOTAL DEPRECIABLE PLANT	\$ 1,117,863,203		\$ 1,227,601,475		\$ 109,738,272

[1] Information provided by Duke Energy Carolinas - Asset Accounting (Duke Energy Carolinas Depreciation Study)

[2] Includes the amortization of the unrecovered net book value of retired meters regulatory asset.

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1214
Adjust for new depreciation rates
For the test period ended December 31, 2018

NC-2603
Page 1 of 1
Commission Request
Net of Accelerated Depreciation

Comparison of Current and Proposed Depreciation as of December 31, 2018 - Costs recovered through riders

Line No.	Description	<u>CURRENT</u>		<u>PROPOSED</u>		Adjustment Amount	Adjustment
		Calculated Annual Accrual [1]	Current Rate [1]	Calculated Annual Accrual [2]	Proposed Rate [2]		
1	Steam 312 - SCR Catalyst	\$ 4,667,989	3.2300%	\$ 5,824,147	4.0300%	\$ 1,156,158	\$ - [3]
2	Other Production - Solar-Mocksville	1,583,450	4.9836%	1,633,157	5.1400%	49,707	(1,844) [4]
3	Other Production - Solar-Monroe	5,898,350	5.0600%	5,983,186	5.1328%	84,836	(3,266) [5]
4	Other Production - Solar-Woodleaf	664,520	5.0600%	653,612	4.9769%	(10,908)	491 [6]
5	Other Production - Solar-Roof top	1,587,563	5.4172%	\$ 1,692,676	5.7759%	105,113	(43,811) [7]
6	Total Production	\$ 14,401,872		\$ 15,786,778		\$ 1,384,906	\$ (48,431)

[1] NC-0803 - Adjustment to Annualize Depreciation Expense at Dec. 31, 2018 - Costs recovered through riders

[2] Information provided by Duke Energy Carolinas - Asset Accounting (Duke Energy Carolinas Depreciation Study)

[3] In the supplemental January update, DEC is no longer proposing to flow catalyst depreciation expense through the fuel rider, therefore this adjustment is no longer needed.

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

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

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

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

DUKE ENERGY CAROLINAS
TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENT, ORIGINAL COST, BOOK RESERVE AND CALCULATED
ANNUAL DEPRECIATION ACCRUAL RATES AS OF DECEMBER 31, 2018
VERSION 2 - Using probable retirement dates from 2016 Depreciation Study

ACCOUNT		PROBABLE RETIREMENT DATE	SURVIVOR CURVE		NET SALVAGE PERCENT	ORIGINAL COST AS OF DECEMBER 31, 2018	BOOK RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL		COMPOSITE REMAINING LIFE
(1)		(2)	(3)		(4)	(5)	(6)	(7)	AMOUNT (8)	RATE (9)=(8)/(5)	(10)=(7)/(8)
311.00	CLIFFSIDE 5 (J.E. ROGERS)	06-2032	100-S0.5	*	(5)	62,362,310	32,250,959	33,229,467	2,501,460	4.01	13.3
312.00	CLIFFSIDE 5 (J.E. ROGERS)	06-2032	47-R2	*	(5)	587,455,504	296,807,982	320,020,297	24,552,387	4.18	13.0
314.00	CLIFFSIDE 5 (J.E. ROGERS)	06-2032	50-R2	*	(5)	60,191,252	25,642,861	37,557,953	2,987,060	4.96	12.6
315.00	CLIFFSIDE 5 (J.E. ROGERS)	06-2032	60-S1	*	(5)	23,486,538	14,396,252	10,264,613	809,137	3.45	12.7
316.00	CLIFFSIDE 5 (J.E. ROGERS)	06-2032	45-R2.5	*	(5)	12,691,831	4,757,301	8,569,122	661,518	5.21	13.0
						746,187,435	373,855,355	409,641,452	31,511,562		
311.00	ALLEN	06-2026	100-S0.5	*	(5)	152,962,346	58,002,877	102,607,586	13,730,250	8.98	7.5
312.00	ALLEN	06-2026	47-R2	*	(5)	861,043,480	640,056,480	264,039,174	35,837,433	4.16	7.4
314.00	ALLEN	06-2026	50-R2	*	(5)	144,305,497	52,835,599	98,685,173	13,544,865	9.39	7.3
315.00	ALLEN	06-2026	60-S1	*	(5)	56,953,056	39,413,599	20,387,110	2,791,708	4.90	7.3
316.00	ALLEN	06-2026	45-R2.5	*	(5)	21,448,804	9,508,017	13,013,228	1,765,717	8.23	7.4
						1,236,713,184	799,816,572	498,732,271	67,669,973		
		Future Accruals 12/31/2018	Future Accruals 12/31/2019		Future Accruals 12/31/2020	Future Accruals 12/31/2021	Future Accruals 12/31/2022	Future Accruals 12/31/2023	Future Accruals 12/31/2024	Future Accruals 12/31/2025	Future Accruals 12/31/2026
		(11) = (7)	(12)=(11)-(7)		(13)=(12)-(7)	(14)=(13)-(7)	(15)=(14)-(7)	(16)=(15)-(7)	(17)=(16)-(7)	(18)=(17)-(7)	(19)=(18)-((7)*.5)
CLIFFSIDE 5 (J.E. ROGERS)		409,641,452	378,129,890		346,618,328	315,106,766	283,595,204	252,083,642	220,572,080	189,060,518	173,304,737
ALLEN		498,732,271	431,062,298		363,392,325	295,722,352	228,052,379	160,382,406	126,547,420		
		Proposed Probable Retirement Date	Unrecovered Depreciation at Retirement Date								
CLIFFSIDE 5 (J.E. ROGERS)		06-2026	173,304,737								
ALLEN		06-2024	126,547,420								
			299,852,157	Total estimated balance of accelerated depreciation							

Assuming no additions or retirements until final unit retirement date
Assuming units retire June 30th in the proposed probable retirement year filed in case

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 Accelerated Depreciation

Line <u>No.</u>	<u>Description</u>	Years 1-2 <u>NC Retail</u>	Years 3-5 <u>NC Retail</u>
1			
2	Revenue Requirement from Exhibit 1	\$ 377,369	\$ 377,369
3	EDIT Rider	(\$263,407)	(\$180,351)
4	Total Requested Increase	<u>\$ 113,962</u>	<u>\$ 197,018</u>

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

McManeus Exhibit 3
Commission Request
Net Accelerated Depreciation

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	Revnenu Requirement impact of Second Settlement		\$73,834	
7	Revenue requirement increase per Company Second Settlement filing [1]	[1]	\$414,432	
8				
9	Commission request to net needed accelerated depreciation against EDIT			
10	NC1000 Adjust Depreciation for Post Test Year additions	[2]	(1,716)	
11	NC2600 Adjustment for new depreciation rates	[3]	(35,921)	
12	NC2200 Adjust synchronized interest expense	[4]	860	
13	NC2300 Adjust cash working capital under present rates	[4]	56	
14	NC2300 Adjust cash working capital under proposed rates	[4]	(343)	
15	Total Revenue impacts from Adjustments		\$ (37,064)	
16				
17	Total base rate revenue requirement		\$ 377,368	\$ 377,368
18				
19	EDIT Rider			
20	Uprotected Federal EDIT Rider as filed in Second Settlement		\$ (227,723)	\$ (227,723)
21	Impact of netting Accelerated Depreciation to EDIT	[5]	47,372	47,372
22	Uprotected Federal EDIT Rider		\$ (180,351)	\$ (180,351)
23				
24	NC State EDIT Rider and Deferred Revenue		\$ (83,056)	
25				
26	Total Requested Increase		\$ 113,961	\$ 197,017
27				
28	Revenue Requirement per Company's Second Settlement			
29	Total Base Revenue per the Company's Second Settlement Filing	[1]	\$ 414,432	\$ 414,432
30	EDIT Rider 2			
31	Unprotected EDIT - Levelized 5 years		(227,723)	(227,723)
32	NC State and Deferred Revenue - Levelized 2 years		(83,056)	
33	Total Requested Increase per the Company's Second Settlement Filing		\$ 103,653	\$ 186,709
34				
35	Difference between Netting Accelerated Depreciation to EDIT and Company's Second Settlement		\$ 10,308	\$ 10,308

[1] McManeus Second Settlement Filing Exhibit 1
[2] NC-1000 Adjust Post Test Year Additions. This proforma was adjusted to remove the depreciation impact of the accelerated Depreciation.
[3] NC-2600 - Adjust for new depreciation rates. This proforma was adjusted to include a regulatory liability for the total amount of accelerated depreciation reclassified from the EDIT unprotected rider, and to remove the depreciation impact of the accelerated Depreciation.
[4] NC-2200 Interest Synchronization and NC-2300 Cash Working capital were updated to reflect the impact of the changes to NC-1000 and NC-2600.
[5] The adjustment to the unprotected EDIT after netting the total impact of the accelerated depreciation.

DUKE ENERGY CAROLINAS, LLC
Docket No. E-7, Sub 1214
North Carolina Retail Operations
McManeus Commission Request Exhibit 4
CALCULATION OF LEVELIZED FEDERAL PROVISIONAL EDIT RIDER CREDIT - NET OF
ACCELERATED DEPRECIATION
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 Accelerated Depreciation	(202,204) ^{6/}					
11	Total NC retail Unprotected Federal EDIT regulatory liability to be amortized (L7 + L8 - L9)	(769,818)	(769,818) ^{1/}	(769,818) ^{1/}	(769,818) ^{1/}	(769,818) ^{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)	(179,667)	(179,667)	(179,667)	(179,667)	(179,667)	(\$898,335)
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)	(137,714)	(137,714)	(137,714)	(137,714)	(137,714)	(688,570)
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)	(\$180,351)	(\$180,351)	(\$180,351)	(\$180,351)	(\$180,351)	(\$901,755)
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 balance of accelerated depreciation.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Late-Filed Exhibit No. 2 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

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