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April 26, 2021

Ms. Kimberly A. Campbell
Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

RE: *Application of Duke Energy Progress, LLC for Adjustment of Rates and Charges
Applicable to Electric Utility Service in North Carolina*
Docket No. E-2, Sub 1219
Docket No. E-2 Sub 1193

Dear Ms. Campbell:

On behalf of Duke Energy Progress, LLC (“DEP” or the “Company”), in compliance with the North Carolina Utilities Commission’s (the “Commission”) April 16, 2021 *Order Accepting Stipulations, Granting Partial Rate Increase and Requiring Customer Notice* (the “Order”), please find enclosed for filing:

- Smith Compliance Exhibit Nos. 1 – 6, which reflect (a) DEP’s calculation of the Company’s annual revenue requirement; and (b) schedules summarizing the gross revenue and rate of return that the Company should have the opportunity to achieve based on the Commission’s findings and determinations in this proceeding in accordance with Ordering Paragraph Nos. 54 and 55, respectively. In addition, the filing also includes recalculated depreciation rates based on the findings and conclusions in the Commission’s Order. As required by the Order, the Company has worked with the Public Staff, who has verified the accuracy of the recalculations.¹

Once the Commission issues an Order approving the final revenue requirement numbers the Company will, within the time period allotted by the Commission: (a) file for Commission approval copies of all rate schedules designed to comply with the Order and (b) submit a proposed customer notice to the Commission for review and approval, with June 1, 2021 as the date the Company plans to implement the new rates.

¹ The Company’s proposed revenue requirements and corresponding revisions to pro formas reflect the positions articulated in the Public Staff and the Company’s *Joint Motion for Clarification or, in the Alternative, Reconsideration*, filed separately on April 23, 2021.

Kimberly A. Campbell, Chief Clerk
April 26, 2021
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Please do not hesitate to contact me should you have any questions. Thank you for your assistance in this matter.

Sincerely,

/s/ Camal O. Robinson

Camal O. Robinson

Enclosures

cc: Parties of Record

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Apr 26 2021

DUKE ENERGY PROGRESS, LLC
OPERATING INCOME FROM ELECTRIC OPERATIONS
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Compliance
Exhibit 1
TOTAL

Line No.	Description	Total Company Per Books (a) (Col. 1)	North Carolina Retail Operations				
			Per Books (Col. 2)	Accounting Adjustments (c) (Col. 3)	Before Proposed Increase (Col. 4)	Revenue and Expenses from Proposed Increase (e) (Col. 5)	After Proposed Increase (Col. 6)
1	Electric operating revenue	\$ 5,682,421	\$ 3,657,503	\$ (301,751)	\$ 3,355,753	\$ 308,197	\$ 3,663,949
	Electric operating expenses:						
	Operation and maintenance:						
2	Fuel used in electric generation	1,429,144	881,642	(33,277)	848,365		848,365
3	Purchased power	390,677	158,763	(1,965)	156,798		156,798
4	Other operation and maintenance expense	1,546,719	1,050,819	(186,890)	863,929	1,138	865,067
5	Depreciation and amortization	1,060,260	669,787	147,794	817,581		817,581
6	General taxes	153,362	102,197	2,373	104,570		104,570
7	Interest on customer deposits	8,643 (b)	7,971	-	7,971		7,971
8	EDIT Amortization	-	-	(30,548)	(30,548)	-	(30,548)
9	Net income taxes	150,622	112,986	(28,612)	84,374	70,967	155,340
10	Amortization of investment tax credit	(3,356)	(2,134)	(1,481)	(3,614)		(3,614)
11	Total electric operating expenses	4,736,071	2,982,032	(132,606)	2,849,426	72,105	2,921,530
12	Operating income	\$ 946,351	\$ 675,472	\$ (169,145)	\$ 506,327	\$ 236,092	\$ 742,419
13	Original cost rate base	\$ 14,580,739	\$ 9,859,050	\$ 822,645 (d)	\$ 10,681,695	\$ 39,287 (f)	\$ 10,720,982
14	Rate of return on North Carolina retail rate base		6.85%		4.74%		6.92%

-- Some totals may not foot or compute due to rounding.

- Notes: (a) From Form E-1, Item 45a
(b) Reclassifies interest on customer deposits to electric operating expense
(c) From Page 3, Line 36
(d) From Page 4, Line 9
(e) From Page 2
(f) From Page 4d, Line 1. 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 PROGRESS, LLC
OPERATING INCOME FROM ELECTRIC OPERATIONS
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Compliance
Exhibit 1
Excluding ARO CCR

Line No.	Description	Total Company Per Books (a) (Col. 1)	North Carolina Retail Operations				
			Per Books (Col. 2)	Accounting Adjustments (c) (Col. 3)	Before Proposed Increase (Col. 4)	Revenue and Expenses from Proposed Increase (e) (Col. 5)	After Proposed Increase (Col. 6)
1	Electric operating revenue	\$ 5,682,421	\$ 3,657,503	\$ (301,751)	\$ 3,355,753	\$ 259,751	\$ 3,615,504
	Electric operating expenses:						
	Operation and maintenance:						
2	Fuel used in electric generation	1,429,144	881,642	(33,277)	848,365		848,365
3	Purchased power	390,677	158,763	(1,965)	156,798		156,798
4	Other operation and maintenance expense	1,546,719	1,050,819	(186,890)	863,929	959	864,888
5	Depreciation and amortization	1,060,260	669,787	109,061	778,848		778,848
6	General taxes	153,362	102,197	2,373	104,570		104,570
7	Interest on customer deposits	8,643 (b)	7,971	-	7,971		7,971
8	EDIT Amortization	-	-	(30,548)	(30,548)	-	(30,548)
9	Net income taxes	150,622	112,986	(19,638)	93,348	59,784	153,131
10	Amortization of investment tax credit	(3,356)	(2,134)	(1,481)	(3,614)		(3,614)
11	Total electric operating expenses	4,736,071	2,982,032	(162,365)	2,819,667	60,743	2,880,410
12	Operating income	\$ 946,351	\$ 675,472	\$ (139,386)	\$ 536,085	\$ 199,008	\$ 735,094
13	Original cost rate base	\$ 14,580,739	\$ 9,859,050	\$ 703,610 (d)	\$ 10,562,661	\$ 39,287 (f)	\$ 10,601,947
14	Rate of return on North Carolina retail rate base		6.85%		5.08%		6.93%

-- Some totals may not foot or compute due to rounding.

- Notes: (a) From Form E-1, Item 45a
(b) Reclassifies interest on customer deposits to electric operating expense
(c) From Page 3, Line 36
(d) From Page 4, Line 9
(e) From Page 2
(f) From Page 4d, Line 1. 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 PROGRESS, LLC
OPERATING INCOME FROM ELECTRIC OPERATIONS
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Compliance
Exhibit 1
ARO CCR

Line No.	Description	Total Company Per Books (a) (Col. 1)	North Carolina Retail Operations				
			Per Books (Col. 2)	Accounting Adjustments (c) (Col. 3)	Before Proposed Increase (Col. 4)	Revenue and Expenses from Proposed Increase (e) (Col. 5)	After Proposed Increase (Col. 6)
1	Electric operating revenue				\$ -	\$ 48,445	\$ 48,445
	Electric operating expenses:						
	Operation and maintenance:						
2	Fuel used in electric generation				-		-
3	Purchased power				-		-
4	Other operation and maintenance expense				-	179	179
5	Depreciation and amortization			38,733	38,733		38,733
6	General taxes				-		-
7	Interest on customer deposits				-		-
8	EDIT Amortization				-	-	-
9	Net income taxes			(8,974)	(8,974)	11,183	2,209
10	Amortization of investment tax credit				-		-
11	Total electric operating expenses	-	-	29,759	29,759	11,362	41,120
12	Operating income	\$ -	\$ -	\$ (29,759)	\$ (29,759)	\$ 37,084	\$ 7,325
13	Original cost rate base			\$ 119,035 (d)	\$ 119,035	(f)	\$ 119,035
14	Rate of return on North Carolina retail rate base				-25.00%		6.15%

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- Notes: (a) From Form E-1, Item 45a
(b) Reclassifies interest on customer deposits to electric operating expense
(c) From Page 3, Line 36
(d) From Page 4, Line 9
(e) From Page 2
(f) From Page 4d, Line 1. 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 PROGRESS, LLC
CALCULATION OF ADDITIONAL REVENUE REQUIREMENT
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Compliance
Exhibit 1
Total

Line No.	Description	Dec. 31, 2018 Amount (Col. 1)	Pro forma Ratio (Col. 2)	North Carolina Retail Operations					
				Before Proposed Increase			After Proposed Increase		
				Retail Rate Base (Col. 3)	Embedded Cost/ Return % (Col. 4)	Operating Income (Col. 5)	Retail Rate Base (Col. 6)	Embedded Cost/ Return % (Col. 7)	Operating Income (Col. 8)
1	Long-term debt	\$ 8,108,191	48.00%	\$ 5,127,214	4.04%	\$ 207,393	\$ 5,146,071	4.04%	\$ 208,156
2	Members' equity	(a) 8,717,931	52.00%	5,554,482	5.38%	298,934	5,574,911	9.60% (e)	534,263
3	Total	<u>\$ 16,826,122</u>	<u>100.00%</u>	<u>\$ 10,681,695</u> (b)		<u>\$ 506,327</u> (c)	<u>\$ 10,720,982</u> (b)		742,419
4	Operating income before increase (Line 3, Column 5)								<u>506,327</u>
5	Additional operating income required (Line 3 minus Line 4)								236,092
6	Calculate income tax on Incremental interest expense due to increase in cash working capital in proposed revenue								\$ (177)
7	Regulatory fee (.1297%), Uncollectibles Rate (.2394%), and income taxes (23.1693%)								<u>72,281</u>
8	Additional revenue requirement								<u>\$ 308,197</u>
9	Revenue Adjustments (d)								<u>\$ (130,471)</u>
10	Net Increase								<u>\$ 177,725</u>

-- Some totals may not foot or compute due to rounding.

Notes: (a) Th equivalent of common equity for a limited liability company
(b) From Page 1, Line 12, Columns 4 and 6
(c) From Page 1, Line 11, Column 4
(d) From Smith Exhibit 2, Line 5
(e) Note: Per the CCR Settlement agreement, Coal Ash ARO discounts the equity rate by 150 basis points.

Smith
Compliance
Exhibit 1
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DUKE ENERGY PROGRESS, LLC
CALCULATION OF ADDITIONAL REVENUE REQUIREMENT
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Compliance
Exhibit 1
Excluding ARO CCR

Line No.	Description	Dec. 31, 2018 Amount (Col. 1)	Pro forma Ratio (Col. 2)	North Carolina Retail Operations					
				Before Proposed Increase			After Proposed Increase		
				Retail Rate Base (Col. 3)	Embedded Cost/ Return % (Col. 4)	Operating Income (Col. 5)	Retail Rate Base (Col. 6)	Embedded Cost/ Return % (Col. 7)	Operating Income (Col. 8)
1	Long-term debt	\$ 8,108,191	48.00%	\$ 5,070,077	4.04%	\$ 205,082	\$ 5,088,935	4.04%	\$ 205,845
2	Members' equity	(a) 8,717,931	52.00%	5,492,584	6.03%	331,004	5,513,013	9.60%	529,249
3	Total	<u>\$ 16,826,122</u>	<u>100.00%</u>	<u>\$ 10,562,661</u> (b)		<u>\$ 536,085</u> (c)	<u>\$ 10,601,947</u> (b)		735,094
4	Operating income before increase (Line 3, Column 5)								<u>536,085</u>
5	Additional operating income required (Line 3 minus Line 4)								199,008
6	Calculate income tax on Incremental interest expense due to increase in cash working capital in proposed revenue								(177)
7	Regulatory fee (.1297%), Uncollectibles Rate (.2394%), and income taxes (23.1693%)								<u>60,920</u>
8	Additional revenue requirement								<u>\$ 259,751</u>
9	Revenue Adjustments (d)								<u>\$ (130,471)</u>
10	Net Increase								<u>\$ 129,280</u>

-- Some totals may not foot or compute due to rounding.

Notes: (a) Th equivalent of common equity for a limited liability company
(b) From Page 1, Line 12, Columns 4 and 6
(c) From Page 1, Line 11, Column 4
(d) From Smith Exhibit 2, Line 5

DUKE ENERGY PROGRESS, LLC
CALCULATION OF ADDITIONAL REVENUE REQUIREMENT
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Compliance
Exhibit 1
ARO CCR

Line No.	Description	Dec. 31, 2018 Amount (Col. 1)	Pro forma Ratio (Col. 2)	North Carolina Retail Operations					
				Before Proposed Increase			After Proposed Increase		
				Retail Rate Base (Col. 3)	Embedded Cost/ Return % (Col. 4)	Operating Income (Col. 5)	Retail Rate Base (Col. 6)	Embedded Cost/ Return % (Col. 7)	Operating Income (Col. 8)
1	Long-term debt		48.00%	\$ 57,137	4.04%	\$ 2,311	\$ 57,137	4.04%	\$ 2,311
2	Members' equity	(a)	52.00%	61,898	5.38%	(32,070)	61,898	8.10%	5,014
3	Total	<u>\$ -</u>	<u>100.00%</u>	<u>\$ 119,035</u> (b)		<u>\$ (29,759)</u> (c)	<u>\$ 119,035</u> (b)		7,325
4	Operating income before increase (Line 3, Column 5)								(29,759)
5	Additional operating income required (Line 3 minus Line 4)								37,084
6	Calculate income tax on Incremental interest expense due to increase in cash working capital in proposed revenue								
7	Regulatory fee (.1297%), Uncollectibles Rate (.2394%), and income taxes (23.1693%)								11,362
8	Additional revenue requirement								\$ 48,445
9	Revenue Adjustments	(d)							
10	Net Increase								<u>\$ 48,445</u>

-- Some totals may not foot or compute due to rounding.

Notes: (a) Th equivalent of common equity for a limited liability company
(b) From Page 1, Line 12, Columns 4 and 6
(c) From Page 1, Line 11, Column 4
(d) From Smith Exhibit 2, Line 5

DUKE ENERGY PROGRESS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Compliance
Exhibit 1
TOTAL

Line No.	Description	Electric Operating Revenue (Col. 1)	Fuel Used in Electric Generation (Col. 2)	Purchased Power (Col. 3)	Other O&M Expense (Col. 4)	Depreciation and Amortization (Col. 5)	General Taxes (Col. 6)	EDIT Amortization (Col. 7)	Income Taxes 23.1693% (Col. 8)	Amortization of ITC (Col. 9)	Operating Income (Col. 10)
1	Annualize retail revenues for current rates	(225,760)	-	-	(833)	-	-	-	(52,114)	-	(172,813)
1(D)	Annualize retail revenues for current rates- Supplemental	24,093	-	-	89	-	-	-	5,562	-	18,443
2	Update fuel costs to proposed rate	-	(12,574)	-	-	(1,684)	-	-	3,304	-	10,955
2(F)	Update fuel costs to proposed rate- Rebuttal	-	24,010	-	-	1,684	-	-	(5,953)	-	(19,741)
3	* Normalize for weather	(77,392)	(18,180)	-	(286)	-	-	-	(13,653)	-	(45,273)
3(K)	Normalize for weather- CCR Settlement	5,204	(2,096)	-	19	-	-	-	1,687	-	5,594
4	* Annualize revenues for customer growth	5,182	2,857	-	19	-	-	-	534	-	1,771
4(K)	Annualize revenues for customer growth- CCR Settlement	(12,919)	(8,772)	-	(2,167)	-	-	-	(459)	-	(1,521)
5	Eliminate unbilled revenues	11,826	-	-	-	-	-	-	2,740	-	9,086
6	Adjust for costs recovered through non-fuel riders	(27,830)	(18,522)	-	(136,112)	(58,446)	(6,458)	-	63,161	-	128,547
6(L)	Adjust for costs recovered through non-fuel riders- Compliance	-	-	-	(31)	231	-	-	(46)	-	(154)
7	Adjust O&M for executive compensation	-	-	-	(2,399)	-	-	-	556	-	1,843
7(J)	Adjust O&M for executive compensation- Second Settlement	-	-	-	(187)	-	-	-	43	-	144
8	Annualize depreciation on year end plant balances	-	-	-	-	42,068	-	-	(9,747)	(1,481)	(30,841)
8(D)	Annualize depreciation on year end plant balances- Supplemental	-	-	-	-	(661)	-	-	153	-	508
9	Annualize property taxes on year end plant balances	-	-	-	-	-	4,064	-	(942)	-	(3,122)
10	* Adjust for post test year additions to plant in service	-	-	-	-	70,469	6,600	-	(17,857)	-	(59,213)
10(L)	Adjust for post test year additions to plant in service- Compliance	-	-	-	-	(1,692)	(858)	-	591	-	1,959
11	* Amortize deferred environmental costs - non-ARO coal ash	-	-	-	-	105,972	-	-	(24,553)	-	(81,419)
11(K)	Amortize deferred environmental costs - non-ARO coal ash- CCR Settlement	-	-	-	-	(100,972)	-	-	23,394	-	77,577
12	Annualize O&M non-labor expenses	-	-	-	1,311	-	-	-	(304)	-	(1,007)
12(K)	Annualize O&M non-labor expenses- CCR Settlement	-	-	-	989	-	-	-	(229)	-	(760)
13	* Normalize O&M labor expenses	-	-	-	(18,512)	-	(1,089)	-	4,542	-	15,060
13(I)	Normalize O&M labor expenses- Second Supplemental	-	-	-	(722)	-	181	-	126	-	416
14	Update benefits costs	-	-	-	(3,060)	-	-	-	709	-	2,351
14(K)	Update benefits costs- CCR Settlement	-	-	-	(218)	-	-	-	51	-	167
15	* Levelize nuclear refueling outage costs	-	-	-	(6,232)	-	-	-	1,444	-	4,788
15(E)	Levelize nuclear refueling outage costs- Supplemental	-	-	-	42	-	-	-	(10)	-	(32)
16	* Amortize rate case costs	-	-	-	701	-	-	-	(162)	-	(539)
16(G)	Amortize rate case costs- Partial Settlement	-	-	-	-	-	-	-	-	-	-
17	Adjust aviation expenses	-	-	-	(1,452)	-	(18)	-	341	-	1,129
17(G)	Adjust aviation expenses- Partial Settlement	-	-	-	(205)	-	-	-	47	-	157

Smith
Compliance
Exhibit 1
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DUKE ENERGY PROGRESS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Compliance
Exhibit 1
TOTAL

Line No.	Description	Electric Operating Revenue (Col. 1)	Fuel Used in Electric Generation (Col. 2)	Purchased Power and Net Interchange (Col. 3)	Wages Benefits Materials Etc. (Col. 4)	Depreciation and Amortization (Col. 5)	General Taxes (Col. 6)	EDIT Amortization (Col. 7)	Income Taxes 23.1693% (Col. 8)	Amortization of ITC (Col. 9)	Operating Income (Col. 10)
18	Adjust for approved regulatory assets and liabilities	-	-	-	1,603	(3,479)	5	-	434	-	1,438
19	* Adjust for Merger Related Costs	-	-	-	(4,039)	(172)	(53)	-	988	-	3,276
19(I)	Adjust for Merger Related Costs	-	-	-	-	(12)	-	-	3	-	10
20	* Amortize Severance Costs	-	-	-	(23,366)	-	-	-	5,414	-	17,952
20(G)	Amortize Severance Costs- Partial Settlement	-	-	-	(774)	-	-	-	179	-	594
21	Adjust NC income taxes for rate change	-	-	-	-	-	-	-	(2,183)	-	2,183
22	* Synchronize interest expense with end of period rate base	-	-	-	-	-	-	-	123	-	(123)
22(L)	Synchronize interest expense with end of period rate base- Compliance	-	-	-	-	-	-	-	776	-	(776)
23	* Adjust cash working capital	-	-	-	-	-	-	-	122	-	(122)
23(L)	Adjust cash working capital- Compliance	-	-	-	-	-	-	-	(32)	-	32
24	Adjust coal inventory	-	-	-	-	-	-	-	-	-	-
24(C)	Adjust coal inventory- Supplemental	-	-	-	-	-	-	-	-	-	-
25	* Adjust for credit card fees	-	-	-	5,197	-	-	-	(1,204)	-	(3,993)
25(F)	Adjust for credit card fees- Rebuttal	-	-	-	72	-	-	-	(17)	-	(55)
26	Adjust Depreciation for new rates	-	-	-	-	89,601	-	-	(20,760)	-	(68,841)
26(L)	Adjust Depreciation for new rates- Compliance	-	-	-	-	(40,682)	-	-	9,426	-	31,256
27	Adjust vegetation management expenses	-	-	-	5,757	-	-	-	(1,334)	-	(4,424)
28	Adjust reserve for end of life nuclear costs	-	-	-	-	(91)	-	-	21	-	70
28(G)	Adjust reserve for end of life nuclear costs- Partial Settlement	-	-	-	-	(1,826)	-	-	423	-	1,403
29	* Update deferred balance and amortize storm costs	-	-	-	-	43,717	-	-	(10,129)	-	(33,588)
29(I)	Update deferred balance and amortize storm costs- Second Supplemental	-	-	-	-	(45,362)	-	-	10,510	-	34,852
30	Adjust other revenue	(4,155)	-	-	(5)	-	-	-	(962)	-	(3,188)
31	Adjust for change in NCUC Reg Fee	-	-	-	(234)	-	-	-	54	-	180
32	* Reflect retirement of Asheville Steam Generating Plant	-	-	-	(6,413)	(181)	(1,032)	-	1,767	-	5,859
32(L)	Reflect retirement of Asheville Steam Generating Plant- Compliance	-	-	-	-	10,381	1,032	-	(2,644)	-	(8,769)
33	Adjust for CertainTeed payment obligation	-	-	-	4,939	-	-	-	(1,144)	-	(3,794)
33(A)	Adjust for CertainTeed payment obligation- Supplemental	-	-	-	(4,939)	-	-	-	1,144	-	3,794
34	* Amortize deferred balance Asheville Combined Cycle	-	-	-	6,109	13,594	-	-	(4,565)	-	(15,138)
34(K)	Amortize deferred balance Asheville Combined Cycle- CCR Settlement	-	-	-	(8,018)	(4,696)	-	-	2,946	-	9,768

DUKE ENERGY PROGRESS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
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(Thousands of Dollars)

Smith Compliance
Exhibit 1
TOTAL

Line No.	Description	Electric Operating Revenue (Col. 1)	Fuel Used in Electric Generation (Col. 2)	Purchased Power and Net Interchange (Col. 3)	Wages Benefits Materials Etc. (Col. 4)	Depreciation and Amortization (Col. 5)	General Taxes (Col. 6)	EDIT 0.0000% (Col. 7)	Income Taxes 23.1693% (Col. 8)	Amortization of ITC (Col. 9)	Operating Income (Col. 10)
35	Adjust Purchased Power	-	-	(1,965)	-	-	-	-	455	-	1,510
36(E)	Correct Lead Lag- Supplemental	-	-	-	-	-	-	-	-	-	-
37(G)	Amortize Prot EDIT- Partial Settlement	-	-	-	-	-	-	(30,548)	7,078	-	23,470
38(J)	Remove certain Settlement Items- Second Settlement	-	-	-	(2,834)	(8,700)	-	-	2,672	-	8,861
39(G)	Normalize for storm costs- Partial Settlement	-	-	-	9,300	-	-	-	(2,155)	-	(7,145)
40(J)	Adjust Rate Base for EDIT- Second Settlement	-	-	-	-	-	-	-	-	-	-
41	Total adjustments - Original Filing	<u>\$ (318,129)</u>	<u>\$ (46,419)</u>	<u>\$ (1,965)</u>	<u>\$ (177,306)</u>	<u>\$ 301,368</u>	<u>\$ 2,018</u>	<u>\$ -</u>	<u>\$ (74,904)</u>	<u>\$ (1,481)</u>	<u>\$ (319,441)</u>
41(J)	Change from Application	<u>16,378</u>	<u>13,141</u>	<u>-</u>	<u>(9,584)</u>	<u>(192,307)</u>	<u>355</u>	<u>(30,548)</u>	<u>55,266</u>	<u>-</u>	<u>180,055</u>
42	Total adjustments, excluding ARO coal ash	<u><u>\$ (301,751)</u></u>	<u><u>\$ (33,277)</u></u>	<u><u>\$ (1,965)</u></u>	<u><u>\$ (186,890)</u></u>	<u><u>\$ 109,061</u></u>	<u><u>\$ 2,373</u></u>	<u><u>\$ (30,548)</u></u>	<u><u>\$ (19,638)</u></u>	<u><u>\$ (1,481)</u></u>	<u><u>\$ (139,386)</u></u>
11 K-CA	Adjust deferred environmental - Coal Ash Settlement	-	-	-	-	38,733	-	-	(8,974)	-	(29,759)
	Total Adjustments, Coal Ash Settlement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,974)</u>		<u>\$ (29,759)</u>
	Total Adjustments	<u><u>\$ (301,751)</u></u>	<u><u>\$ (33,277)</u></u>	<u><u>\$ (1,965)</u></u>	<u><u>\$ (186,890)</u></u>	<u><u>\$ 147,794</u></u>	<u><u>\$ 2,373</u></u>	<u><u>\$ (30,548)</u></u>	<u><u>\$ (28,612)</u></u>	<u><u>\$ (1,481)</u></u>	<u><u>\$ (169,145)</u></u>

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

DUKE ENERGY PROGRESS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Compliance
Exhibit 1
TOTAL

Line No.	Description	EPIS (Col. 1)	Accum Deprec (Col. 2)	Materials & Supplies (Col. 3)	Working Capital (Col. 4)	ADIT (Col. 5)	Operating Reserves (Col. 6)	CWIP (Col. 7)	Rate Base (Col. 8)	Oper Inc Rev Req Impact (Col. 9)	R/B Rev Req Impact (Col. 10)	Total Rev Req Impact (Col. 11)
1	Annualize retail revenues for current rates	-	-	-	-	-	-	-	-	225,760	-	225,760
1(D)	Annualize retail revenues for current rates- Supplemental	-	-	-	-	-	-	-	-	(24,093)	-	(24,093)
2	Update fuel costs to proposed rate	-	-	-	-	-	-	-	-	(14,311)	-	(14,311)
2(F)	Update fuel costs to proposed rate- Rebuttal	-	-	-	-	-	-	-	-	25,789	-	25,789
3	* Normalize for weather	-	-	-	-	-	-	-	-	59,144	-	59,144
3(K)	Normalize for weather- CCR Settlement	-	-	-	-	-	-	-	-	(7,308)	-	(7,308)
4	* Annualize revenues for customer growth	-	-	-	-	-	-	-	-	(2,314)	-	(2,314)
4(K)	Annualize revenues for customer growth- CCR Settlement	-	-	-	-	-	-	-	-	1,987	-	1,987
5	Eliminate unbilled revenues	-	-	-	-	-	-	-	-	(11,869)	-	(11,869)
6	Adjust for costs recovered through non-fuel riders	(978,325)	158,734	(157,453)	(150,987)	90,146	-	-	(1,037,885)	(167,932)	(94,010)	(261,943)
6(L)	Adjust for costs recovered through non-fuel riders- Compliance	-	-	-	-	-	-	-	-	201	6,423	6,624
7	Adjust O&M for executive compensation	-	-	-	-	-	-	-	-	(2,408)	-	(2,408)
7(J)	Adjust O&M for executive compensation- Second Settlement	-	-	-	-	-	-	-	-	(188)	-	(188)
8	Annualize depreciation on year end plant balances	-	-	-	-	-	-	-	-	40,290	-	40,290
8(D)	Annualize depreciation on year end plant balances- Supplemental	-	-	-	-	-	-	-	-	(663)	-	(663)
9	Annualize property taxes on year end plant balances	-	-	-	-	-	-	-	-	4,079	-	4,079
10	* Adjust for post test year additions to plant in service	1,845,936	(383,473)	-	(1,458)	(31,249)	-	(102,930)	1,326,826	77,355	120,182	197,537
10(L)	Adjust for post test year additions to plant in service- Compliance	(189,558)	195,459	-	20,220	(25,761)	-	-	361	(2,560)	(8,181)	(10,741)
11	* Amortize deferred environmental costs - non-ARO coal ash	-	-	-	423,886	(98,212)	-	-	325,675	106,364	29,499	135,863
11(K)	Amortize deferred environmental costs - non-ARO coal ash- CCF	-	-	-	(388,887)	90,102	-	-	(298,785)	(101,346)	(27,230)	(128,576)
12	Annualize O&M non-labor expenses	-	-	-	-	-	-	-	-	1,316	-	1,316
12(K)	Annualize O&M non-labor expenses- CCR Settlement	-	-	-	-	-	-	-	-	993	-	993
13	* Normalize O&M labor expenses	-	-	-	-	-	-	-	-	(19,674)	-	(19,674)
13(I)	Normalize O&M labor expenses- Second Supplemental	-	-	-	-	-	-	-	-	(544)	-	(544)
14	Update benefits costs	-	-	-	-	-	-	-	-	(3,071)	-	(3,071)
14(K)	Update benefits costs- CCR Settlement	-	-	-	-	-	-	-	-	(219)	-	(219)
15	* Levelize nuclear refueling outage costs	-	-	-	-	-	-	-	-	(6,255)	-	(6,255)
15(E)	Levelize nuclear refueling outage costs- Supplemental	-	-	-	-	-	-	-	-	42	-	42
16	* Amortize rate case costs	-	-	-	2,670	(619)	-	-	2,051	704	186	889
16(G)	Amortize rate case costs- Partial Settlement	-	-	-	(2,670)	619	-	-	(2,051)	-	(186)	(186)
17	Adjust aviation expenses	-	-	-	-	-	-	-	-	(1,475)	-	(1,475)
17(G)	Adjust aviation expenses- Partial Settlement	-	-	-	-	-	-	-	-	(206)	-	(206)

DUKE ENERGY PROGRESS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Compliance
Exhibit 1
TOTAL

Line No.	Description	EPIS (Col. 1)	Accum Deprec (Col. 2)	Materials & Supplies (Col. 3)	Working Capital (Col. 4)	ADIT (Col. 5)	Operating Reserves (Col. 6)	CWIP (Col. 7)	Rate Base (Col. 8)	Oper Inc Rev Req Impact (Col. 9)	R/B Rev Req Impact (Col. 10)	Total Rev Req Impact (Col. 11)
18	Adjust for approved regulatory assets and liabilities	-	-	-	(83,851)	19,428	-	-	(64,423)	(1,878)	(5,437)	(7,315)
19	* Adjust for Merger Related Costs	-	347	-	-	-	-	-	347	(4,280)	31	(4,248)
19(I)	Adjust for Merger Related Costs	(558)	55	-	-	-	-	-	(504)	(12)	(45)	(57)
20	* Amortize Severance Costs	-	-	-	23,297	(5,398)	-	-	17,899	(23,453)	1,621	(21,832)
20(G)	Amortize Severance Costs- Partial Settlement	-	-	-	(23,297)	5,398	-	-	(17,899)	(777)	(1,621)	(2,398)
21	Adjust NC income taxes for rate change	-	-	-	-	-	-	-	-	(2,851)	-	(2,851)
22	* Synchronize interest expense with end of period rate base	-	-	-	-	-	-	-	-	160	-	160
22(L)	Synchronize interest expense with end of period rate base- Compliance	-	-	-	-	-	-	-	-	1,014	-	1,014
23	* Adjust cash working capital	-	-	-	(27,013)	-	-	-	(27,013)	160	(2,447)	(2,287)
23(L)	Adjust cash working capital- Compliance	-	-	-	6,952	-	-	-	6,952	(42)	754	712
24	Adjust coal inventory	-	-	9,641	-	-	-	-	9,641	-	873	873
24(C)	Adjust coal inventory- Supplemental	-	-	(21,244)	-	-	-	-	(21,244)	-	(1,852)	(1,852)
25	* Adjust for credit card fees	-	-	-	-	-	-	-	-	5,217	-	5,217
25(F)	Adjust for credit card fees- Rebuttal	-	-	-	-	-	-	-	-	72	-	72
26	Adjust Depreciation for new rates	-	(88,728)	-	-	-	-	-	(88,728)	89,933	(8,037)	81,896
26(L)	Adjust Depreciation for new rates- Compliance	-	39,809	-	-	-	-	-	39,809	(40,833)	3,909	(36,924)
27	Adjust vegetation management expenses	-	-	-	-	-	-	-	-	5,779	-	5,779
28	Adjust reserve for end of life nuclear costs	-	-	-	-	-	-	-	-	(91)	-	(91)
28(G)	Adjust reserve for end of life nuclear costs- Partial Settlement	-	-	-	-	-	-	-	-	(1,833)	-	(1,833)
29	* Update deferred balance and amortize storm costs	-	-	-	612,045	(141,807)	-	-	470,238	43,879	42,594	86,473
29(I)	Update deferred balance and amortize storm costs- Second Supplemental	(68,639)	2,231	-	(612,045)	141,807	-	-	(536,647)	(45,530)	(48,198)	(93,728)
30	Adjust other revenue	-	-	-	-	-	-	-	-	4,165	-	4,165
31	Adjust for change in NCUC Reg Fee	-	-	-	-	-	-	-	-	(235)	-	(235)
32	* Reflect retirement of Asheville Steam Generating Plant	(287,052)	210,671	(7,002)	65,929	(15,275)	-	-	(32,730)	(7,654)	(2,965)	(10,619)
32(L)	Reflect retirement of Asheville Steam Generating Plant- Compliance	287,052	(210,671)	(73)	(1,339)	310	-	-	75,279	11,456	6,555	18,011
33	Adjust for CertainTeed payment obligation	-	-	-	-	-	-	-	-	4,957	-	4,957
33(A)	Adjust for CertainTeed payment obligation- Supplemental	-	-	-	-	-	-	-	-	(4,957)	-	(4,957)
34	* Amortize deferred balance Asheville Combined Cycle	-	-	3,735	27,188	(6,299)	-	-	24,624	19,776	2,230	22,006
34(K)	Amortize deferred balance Asheville Combined Cycle- CCR Settlement	-	-	(248)	(27,188)	6,299	-	-	(21,136)	(12,761)	(1,936)	(14,697)

DUKE ENERGY PROGRESS, LLC
DETAIL OF ACCOUNTING ADJUSTMENTS-NORTH CAROLINA RETAIL
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Compliance
Exhibit 1
TOTAL

Line No.	Description	EPIS (Col. 1)	Accum Deprec (Col. 2)	Materials & Supplies (Col. 3)	Working Capital (Col. 4)	ADIT (Col. 5)	Operating Reserves (Col. 6)	CWIP (Col. 7)	Rate Base (Col. 8)	Oper Inc Rev Req Impact (Col. 9)	R/B Rev Req Impact (Col. 10)	Total Rev Req Impact (Col. 11)
35	Adjust Purchased Power	-	-	-	-	-	-	-	-	(1,972)	-	(1,972)
36(E)	Correct Lead Lag- Supplemental	-	-	-	(8,580)	-	-	-	(8,580)	-	(724)	(724)
37(G)	Amortize Prot EDIT- Partial Settlement	-	-	-	30,548	(7,078)	-	-	23,470	(30,661)	1,981	(28,680)
38(J)	Remove certain Settlement Items- Second Settlement	-	-	-	-	-	-	-	-	(11,576)	-	(11,576)
39(G)	Normalize for storm costs- Partial Settlement	-	-	-	-	-	-	-	-	9,334	-	9,334
40(J)	Adjust Rate Base for EDIT- Second Settlement	-	-	-	-	538,063	-	-	538,063	-	45,407	45,407
41	Total adjustments - Original Filing	\$ 580,558	\$ (102,448)	\$ (151,079)	\$ 891,707	\$ (189,284)	\$ -	\$ (102,930)	\$ 926,524	\$ 417,313	\$ 78,189	\$ 495,502
41(J)	Change from Application	28,297	26,882	(21,565)	(1,006,286)	749,759	-	-	(222,913)	(235,221)	(18,812)	(254,033)
42	Total adjustments, excluding ARO coal ash	\$ 608,855	\$ (75,566)	\$ (172,644)	\$ (114,579)	\$ 560,475	\$ -	\$ (102,930)	\$ 703,610	\$ 182,092	\$ 59,378	\$ 241,469
	Adjust deferred environmental - Coal Ash Settlement	-	-	-	154,931	(35,896)	-	-	119,035	(38,876)	8,902	(29,974)
	Total Adjustments, Coal Ash Settlement	\$ -	\$ -	\$ -	\$ 154,931	\$ (35,896)	\$ -	\$ -	\$ 119,035	\$ (38,876)	\$ 8,902	\$ (29,974)
	Total Adjustments	\$ 608,855	\$ (75,566)	\$ (172,644)	\$ 40,352	\$ 524,578	\$ -	\$ (102,930)	\$ 822,645	\$ 143,216	\$ 68,280	\$ 211,495

-- Some totals may not foot or compute due to rounding.

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

DUKE ENERGY PROGRESS, LLC
ORIGINAL COST RATE BASE-ELECTRIC OPERATIONS
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Compliance
Exhibit 1
TOTAL

Line No.	Description	Page Reference	Total Company Per Books (Col. 1)	North Carolina Retail Operations		
				Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)
1	Electric plant in service	4a	\$ 27,775,617	\$ 18,805,911	\$ 608,855	\$ 19,414,766
2	Less: Accumulated depreciation and amortization	4b	<u>(11,648,793)</u>	<u>(8,042,060)</u>	<u>(75,566)</u>	<u>(8,117,626)</u>
3	Net electric plant		16,126,825	10,763,851	533,289	11,297,140
4	Add: Materials and supplies	4c	1,076,701	754,774	(172,644)	582,130
5	Working capital investment	4d	(642,895)	(375,172)	40,352	(334,821)
6	Less: Accumulated deferred taxes		(2,000,064)	(1,332,628)	524,578	(808,050)
7	Operating reserves		(82,759)	(54,705)	-	(54,705)
8	Construction work in progress	3	<u>102,930</u>	<u>102,930</u>	<u>(102,930)</u>	<u>(0)</u>
9	Total		<u>\$ 14,580,739</u>	<u>\$ 9,859,050</u>	<u>\$ 822,645</u>	<u>\$ 10,681,695</u>

-- Some totals may not foot or compute due to rounding.

DUKE ENERGY PROGRESS, LLC
ELECTRIC PLANT IN SERVICE AT ORIGINAL COST
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Compliance
Exhibit 1
TOTAL

Line No.	Description	Total Company Per Books (Col. 1)	North Carolina Retail Operations		
			Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)
1	Production Plant	\$ 16,551,690	\$ 10,056,520	\$ (179,365)	\$ 9,877,155
2	Transmission Plant	2,746,389	1,643,263	264,402	1,907,665
3	Distribution Plant	6,944,764	6,052,263	433,108	6,485,371
4	General Plant	628,616	465,435	66,161	531,596
5	Intangible Plant	<u>527,370</u>	<u>358,178</u>	<u>51,912</u>	<u>410,090</u>
6	Subtotal	27,398,830	18,575,658	636,218	19,211,877
7	Nuclear Fuel (Net)	<u>376,788</u>	<u>230,252</u>	<u>(27,363)</u>	<u>202,889</u>
8	Total electric plant in service	<u><u>\$ 27,775,617</u></u>	<u><u>\$ 18,805,911</u></u>	<u><u>\$ 608,855</u></u>	<u><u>\$ 19,414,766</u></u>

-- Some totals may not foot or compute due to rounding.

DUKE ENERGY PROGRESS, LLC
ACCUMULATED DEPRECIATION AND AMORTIZATION - ELECTRIC PLANT IN SERVICE
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Compliance
Exhibit 1
TOTAL

No.	Description	Total Company Per Books (Col. 1)	North Carolina Retail Operations		
			Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)
1	Production Reserve	\$ (7,107,080)	\$ (4,390,758)	\$ (21,672)	\$ (4,412,430)
2	Transmission Reserve	(816,198)	(488,611)	(27,693)	(516,304)
3	Distribution Reserve	(3,235,148)	(2,819,386)	26,382	(2,793,003)
4	General Reserve	(167,536)	(124,045)	(19,651)	(143,697)
5	Intangible Reserve	<u>(322,831)</u>	<u>(219,260)</u>	<u>(32,932)</u>	<u>(252,192)</u>
6	Total	<u>\$ (11,648,793)</u>	<u>\$ (8,042,060)</u>	<u>\$ (75,566)</u>	<u>\$ (8,117,626)</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	4.19%			
9	Nuclear production plant	3.31%			
10	Hydro production plant	3.65%			
11	Other production plant	5.03%			
12	Transmission plant	2.23%			
13	Distribution plant	2.44%			
14	General plant	Various			
15	Intangible plant	20.00%			

-- Some totals may not foot or compute due to rounding.

DUKE ENERGY PROGRESS, LLC
MATERIALS AND SUPPLIES
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Compliance
Exhibit 1
TOTAL

Line No.	Description	Total Company Per Books (Col. 1)	North Carolina Retail Operations		
			Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)
	Fuel Stock:				
1	Coal	\$ 87,298	\$ 53,347	\$ (18,678) (a)	\$ 34,669
2	Oil	113,740	69,506	-	69,506
3	Total fuel stock	201,037	122,853	(18,678)	104,174
4	Other electric materials and supplies and stores clearing	875,663	631,921	(153,966)	477,956
5	Total Materials and Supplies	<u>\$ 1,076,701</u>	<u>\$ 754,774</u>	<u>\$ (172,644)</u>	<u>\$ 582,130</u>

-- Some totals may not foot or compute due to rounding.

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

DUKE ENERGY PROGRESS, LLC
WORKING CAPITAL INVESTMENT
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Compliance
Exhibit 1
TOTAL

Line No.	Description	Total Company Per Books (Col. 1)	North Carolina Retail Operations			Impact of Rev Incr (Col. 5)	With Rev Incr (Col. 6)
			Per Books (Col. 2)	Accounting Adjustments (Col. 3)	As Adjusted (Col. 4)		
1	Investor advanced funds: Operating funds per lead-lag study	238,679 (a)	160,141 (a)	(28,641) (b)	131,500	39,287 (c)	170,787
2	Unamortized Debt	47,722	32,019	-	32,019	-	32,019
3	Regulatory Assets	(781,496)	(437,291)	68,993	(368,298)	-	(368,298)
4	Other	(10,529)	(13,453)	-	(13,453)	-	(13,453)
5	Total investor advanced funds	(505,624)	(258,584)	40,352	(218,232)	39,287	(178,946)
6	Less: customer deposits	(137,271)	(116,588)	-	(116,588)	-	(116,588)
7	Total working capital investment	\$ (642,895)	\$ (375,172)	\$ 40,352	\$ (334,821)	\$ 39,287	\$ (295,534)

-- Some totals may not foot or compute due to rounding.

Notes: (a) From Angers Exhibit 2, Line 16 and 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 PROGRESS, LLC
SUMMARY OF PROPOSED REVENUE ADJUSTMENTS
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Compliance
Exhibit 2
TOTAL

Line No.	Description	NC RETAIL	Reference
1	Additional base revenue requirement	\$ 308,197	Smith Compliance Exhibit 1
2	REVISED Annual EDIT Rider 1	7,381	Smith Compliance Exhibit 3
3	Annual EDIT Rider 2 - Year 1 giveback	(135,131)	Smith Compliance Exhibit 4
4	Regulatory Asset and Liability Rider	<u>(2,721)</u>	Smith Compliance Exhibit 5
5	Subtotal	(130,471)	Sum L3 - L17
6	Net Revenue Increase	<u><u>\$ 177,725</u></u>	

2018 NC EDIT Rider revised for the change in Federal Income Tax rate from 35% to 21% due to the December 22, 2017 enactment of the Federal Tax Cuts and Jobs Act (the "Act")

(Dollars in thousands)

LEVELIZED NC EDIT RIDER CREDIT

Line No.	Item	Annual Revenue Requirement	
		Current Rider at 35% Federal Income Tax Rate (a)	Revised Rider at 21% Federal Income Tax Rate (b)
1	Total NC retail regulatory liability to be amortized	(\$150,466) ^{1/}	(\$150,466) ^{1/}
2	Multiplied by 1 minus old tax rate (L8, col a)		62.9401%
3	Balance without tax gross up (L1 x L2)		(\$94,703)
4	Divided by 1 minus new tax rate (L8, col b)		76.4964%
5	Balance with gross up at new tax rate (L3/ L4)		(\$123,801)
6	Annuity factor (L18)	3.5454 ^{2/}	3.5287
7	Levelized rider EDIT reg liability (L1/ L6 for col a, L5/L6 for col b)	(42,440)	(35,084)
8	One minus composite income tax rate	62.9401% ^{3/}	76.4964% ^{4/}
9	Net operating income effect (L7 x L8)	(26,712)	(26,838)
10	Retention factor	0.6273883 ^{5/}	0.7625199 ^{6/}
11	Levelized rider EDIT credit (L9 / L10)	(\$42,577)	(\$35,196)
12	KWh Sales	37,312,555,626 ^{7/}	37,312,555,626 ^{7/}
13	EDIT Rider \$ per kWh (L11 x 1000 / L12)	(\$0.00114) ^{8/}	(\$0.00094)
14	Impact to NC EDIT Rider with Federal Income Tax Rate Change (L11b -L11a)		\$7,381
	<u>Annuity Factor</u>		
15	Number of years	4	4
16	Payment per period	1	1
17	After tax rate of return	6.372% ^{9/}	6.635% ^{10/}
18	Present value of 1 dollar over number of years with with 1 payment per year	3.4358	3.4153
19	1 plus (interest rate divided by two)	1.0319	1.0332
20	Annuity factor (L16 x L17)	3.5454	3.5287

- 1/ NCUC Form E-1, Item 10, NC-3201, Line 1 filed in NCUC docket E-2 Sub 1142.
2/ Peedin Revised Exhibit 2, Schedule 1(a), Line 6 filed in NCUC docket E-2 Sub 1142.
3/ One minus composite income tax rate 37.0599% per Peedin Revised Exhibit 2, Schedule 1, Line 4 filed in NCUC docket E-2 Sub 1142.
4/ One minus composite income tax rate 23.5036% in Smith Compliance Exhibit 3, Page 2 of 2 Line 3 col.(b)
5/ Peedin Revised Exhibit 1, Schedule 1-2, Line 14, Column (d) filed in NCUC docket E-2 Sub 1142.
6/ Smith Compliance Exhibit 3, Page 2 of 2 Line 7 col.(b)
7/ Adjusted test period kWh sales per DEP Compliance Exhibit No.6, line 2 filed in NCUC docket E-2 Sub 1142.
8/ EDIT Rider \$ per kWh in DEP Compliance Exhibit No.6, line 3 filed in NCUC docket E-2 Sub 1142.
9/ Peedin Revised Exhibit 2, Schedule 1(a), Line 9 Cost of Capital Net of Tax filed in NCUC docket E-2 Sub 1142.
10/ Smith Compliance Exhibit 3, Page 2 of 2 Line 10 col.(b)

2018 NC EDIT Rider revised for the change in Federal Income Tax rate from 35% to 21% due to the December 22, 2017 enactment of the Federal Tax Cuts and Jobs Act (the "Act")

INPUTS

Line No.	Inputs	Based on 35% Federal Income Tax Rate (a)	Revised with 21% Federal Income Tax Rate (b)
1	State income tax rate	3.1691% ^{1/}	3.1691% ^{1/}
2	Federal income tax rate	35% ^{2/}	21%
3	Composite income tax rate (L1 + (1 - L1) x L2)	37.0599%	23.5036%
4	Regulatory fee	0.13975% ^{3/}	0.13975% ^{3/}
5	Uncollectibles rate	0.18000% ^{4/}	0.18000% ^{4/}
6	Debt retention factor in col (b): ((1 - L5) x (1 - L4))	0.996803 ^{5/}	0.996805
7	Equity retention factor in col (b): (L6 x (1 - L3))	0.6273883 ^{6/}	0.7625199

	Cost of Capital Net of Tax Rate	Capital Structure	Cost Rates	Net of Tax Rate	Net of Tax Rate
8	Long-term debt (Capital Structure x Rate x (1 - L3))	48.00%	4.050%	1.224% ^{7/}	1.487%
9	Common equity (Capital Structure x Rate)	52.00%	9.90%	5.148% ^{7/}	5.148%
10	Gross Return Requirement (L8 + L9)	100.00%		6.372% ^{7/}	6.635%

- 1/ Peedin Revised Exhibit 1, Schedule 1-3, Line 6, Column (a) filed in NCUC docket E-2 Sub 1142.
- 2/ Peedin Revised Exhibit 1, Schedule 1-3, Line 7, Column (a) filed in NCUC docket E-2 Sub 1142.
- 3/ Peedin Revised Exhibit 1, Schedule 1-2, Line 9, Column (d) filed in NCUC docket E-2 Sub 1142.
- 4/ Peedin Revised Exhibit 1, Schedule 1-2, Line 7, Column (d) filed in NCUC docket E-2 Sub 1142.
- 5/ Peedin Revised Exhibit 1, Schedule 1-2, Line 10, Column (d) filed in NCUC docket E-2 Sub 1142.
- 6/ Peedin Revised Exhibit 1, Schedule 1-2, Line 14, Column (d) filed in NCUC docket E-2 Sub 1142.
- 7/ Capital Structure, Cost Rates and Net of Tax Rates in col (a) from Peedin Revised Exhibit 2, Schedule 1(a), Lines 7 through 9 filed in NCUC docket E-2 Sub 1142.

Duke Energy Progress, LLC
DOCKET E-2 Sub 1219
North Carolina Retail Operations
Smith Compliance Exhibit 4

CALCULATION OF LEVELIZED FEDERAL PROVISIONAL EDIT RIDER CREDIT

For the Test Year Ended December 31, 2018
(in Thousands)

Line No.	Item	Year 1 Revenue Requirement (a)	Year 2 Revenue Requirement (b)	Year 3 Revenue Requirement (b)	Year 4 Revenue Requirement (b)	Year 5 Revenue Requirement (b)	Total Revenue Requirement (c)
1	Annual EDIT used to offset interim rates	(211,591) ^{5/}					
2	Monthly EDIT used to offset interim rates	(17,633)					
3	Estimated number of months of interim rates to compliance rates per NCUC Order	9.0 ^{5/}					
4	EDIT used to offset interim rates	(158,693)					
5	Return component	(26,166)					
6	Amortization component	(132,527)					
7	Preliminary NC retail Unprotected Federal EDIT regulatory liability	(403,750) ^{1/}					
8	Reduction for amount flowed back during Interim Rate period (L6)	(132,527)					
9	Total NC retail Unprotected Federal EDIT regulatory liability to be amortized (L7 - L8)	(271,223)	(271,223) ^{1/}	(271,223) ^{1/}	(271,223) ^{1/}	(271,223) ^{1/}	
10	Annuity factor	4.2922 ^{2/}	4.2922 ^{2/}	4.2922 ^{2/}	4.2922 ^{2/}	4.2922 ^{2/}	
11	Levelized rider EDIT regulatory liability (L9 / L10)	(63,190)	(63,190)	(63,190)	(63,190)	(63,190)	(\$315,950)
12	One minus composite income tax rate	76.8307% ^{3/}	76.8307% ^{3/}	76.8307% ^{3/}	76.8307% ^{3/}	76.8307% ^{3/}	76.8307%
13	Net operating income effect (L11 x L12)	(48,549)	(48,549)	(48,549)	(48,549)	(48,549)	(242,745)
14	Retention factor	0.765471 ^{4/}	0.765471 ^{4/}	0.765471 ^{4/}	0.765471 ^{4/}	0.765471 ^{4/}	0.765471
15	Levelized rider EDIT credit (L13 / L14)	<u>(\$63,424)</u>	<u>(\$63,424)</u>	<u>(\$63,424)</u>	<u>(\$63,424)</u>	<u>(\$63,424)</u>	<u>(\$317,120)</u>
16	Total NC retail NC State EDIT and Deferred Revenue regulatory liability to be amortized	\$ (134,312) ^{1/}	(\$134,312) ^{1/}				
17	Annuity factor	1.8800 ^{2/}	1.8800 ^{2/}				
18	Levelized rider EDIT regulatory liability (L16 / L17)	(71,443)	(71,443)				(\$142,886)
19	One minus composite income tax rate	76.8307% ^{3/}	76.8307% ^{3/}				76.8307%
20	Net operating income effect (L18 x L19)	(54,890)	(54,890)				(\$109,780)
21	Retention factor	0.765471 ^{4/}	0.765471 ^{4/}				0.765471
22	Levelized rider EDIT credit (L20 / L21)	<u>(\$71,707)</u>	<u>(\$71,707)</u>				<u>(\$143,415)</u>

1/ Dorgan Supplemental Exhibit 1, Sch 2-1(b), Federal EDIT amounts from Line 2, NC EDIT and Deferred Revenue balances are from Lines 3 + 4.

2/ Calculation of Levelized Factors, Line 6.

3/ One minus composite income tax rate of 23.1693%.

4/ Maness 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

**Duke Energy Progress, LLC
DOCKET E-2 Sub 1219
NORTH CAROLINA RETAIL
Smith Compliance Exhibit 4
Calculation of Levelized Factors**

Line No.	Item	Amount	Amount
	<u>Annuity Factor</u>		
1	Number of years	5 ^{1/}	2 ^{2/}
2	Payment per period	1	1
3	After tax rate of return (L9)	6.484%	6.484%
4	Present value of 1 dollar over number of years with with 1 payment per year	4.1575	1.8210
5	1 plus (interest rate divided by two)	1.0324	1.0324
6	Annuity factor (L4 x L5)	<u>4.2922</u>	<u>1.8800</u>

	Capital Structure (a)	Cost Rates (b)	Overall Rate of Return (c) ^{4/}	Net of Tax Rate (d)
	<u>After Tax Rate of Return</u>			
7	Long-term debt	48.00% ^{3/}	4.045% ^{3/}	1.942%
8	Common equity	52.00% ^{3/}	4.992% ^{3/}	1.492% ^{5/}
9	Total	<u>100.00%</u>	<u>6.934%</u>	<u>4.992% ^{6/}</u> <u>6.484%</u>
10	Statutory Tax Rate			23.17%

- 1/ Unprotected EDIT amortization period as per settlement.
2/ NC EDIT and Deferred Revenue amortization period per settlement
3/ Smith Second Settlement Exhibit 1
4/ Column (a) times Column (b).
5/ Column (c) times (1 minus combined income tax rate of 23.1693%).
6/ Amount from Column (c).

DUKE ENERGY PROGRESS, LLC
Docket No. E-2, Sub 1219
Regulatory Asset and Liability Rider
For the test period ended December 31, 2018
(Thousands of Dollars)

SMITH
Compliance Exhibit 5
Page 1

<u>Line No.</u>	<u>Description</u>	<u>NC RETAIL</u>	<u>Reference</u>
1	Net Over Amortization	\$ (2,721,195)	Smith Exhibit 5, page 2 [1]
2			
3	kWh sales	38,687,267,513	Pirro Exhibit 8
4			
5	\$ per kWh	\$ (0.00007)	Line 1 / Line 3
[1]	Revenue requirement updated in Compliance filing for additional customer give-back		

DUKE ENERGY PROGRESS, LLC
Docket No. E-2, Sub 1219
Regulatory Asset and Liability Rider
For the test period ended December 31, 2018

Smith
Compliance Exhibit 5
Page 2

NC RETAIL

Schedule of Expired amortizations which were continued

Line No.	Date	EPA Emmission Procees	Gain on Harris Land	DOE Refund	Over Amortization Asset	Wayne	Over Amortization Liability	Net Over Amortization
1	Apr-18					(577,821)	(577,821)	(577,821)
2	May					(577,821)	(1,155,642)	(1,155,642)
3	Jun	207,218	128,287		335,504	(577,821)	(1,733,463)	(1,397,959)
4	Jul	208,333	128,287		672,125	(577,821)	(2,311,284)	(1,639,159)
5	Aug	208,333	128,287		1,008,745	(577,821)	(2,889,105)	(1,880,360)
6	Sep	208,333	128,287	212,423	1,557,788	(577,821)	(3,466,926)	(1,909,138)
7	Oct	208,333	128,287	212,423	2,106,831	(577,821)	(4,044,747)	(1,937,916)
8	Nov	208,333	128,287	212,423	2,655,874	(577,821)	(4,622,568)	(1,966,694)
9	Dec	208,333	128,287	212,423	3,204,917	(577,821)	(5,200,389)	(1,995,472)
10	Jan-19	208,333	128,287	212,423	3,753,961	(577,821)	(5,778,210)	(2,024,249)
11	Feb	208,333	(11,837)	212,423	4,162,880	(577,821)	(6,356,031)	(2,193,151)
12	Mar	208,333	128,287	212,423	4,711,923	(577,821)	(6,933,852)	(2,221,929)
13	Apr	208,333	128,287	212,423	5,260,967	(577,821)	(7,511,673)	(2,250,706)
14	May	208,333	128,287	212,423	5,810,010	(577,821)	(8,089,494)	(2,279,484)
15	Jun	208,333	128,287	212,423	6,359,053	(577,821)	(8,667,315)	(2,308,262)
16	Jul	208,333	128,287	212,423	6,908,096	(577,821)	(9,245,136)	(2,337,040)
17	Aug	208,333	128,287	212,423	7,457,139	(577,821)	(9,822,957)	(2,365,818)
18	Sep	208,333	128,287	212,423	8,006,182	(577,821)	(10,400,778)	(2,394,596)
19	Oct	208,333	128,287	212,423	8,555,226	(577,821)	(10,978,599)	(2,423,373)
20	Nov	208,333	128,287	212,423	9,104,269	(577,821)	(11,556,420)	(2,452,151)
21	Dec	208,333	128,287	212,423	9,653,312	(577,821)	(12,134,241)	(2,480,929)
22	Jan-20	208,333	128,287	212,423	10,202,355	(577,821)	(12,712,062)	(2,509,707)
23	Feb	208,333	128,287	212,423	10,751,398	(577,821)	(13,289,883)	(2,538,485)
24	Mar	208,333	128,287	212,423	11,300,441	(577,821)	(13,867,704)	(2,567,263)
25	Apr	208,333	128,287	212,423	11,849,484	(577,821)	(14,445,525)	(2,596,041)
26	May	208,333	128,287	212,423	12,398,528	(577,821)	(15,023,346)	(2,624,818)
27	Jun	208,333	128,287	212,423	12,947,571	(577,821)	(15,601,167)	(2,653,596)
28	Jul	208,333	128,287	212,423	13,496,614	(577,821)	(16,178,988)	(2,682,374)
29	Aug	208,333	128,287	212,423	14,045,657	(577,821)	(16,756,809)	(2,711,152)
30	<u>Total</u>	<u>5,623,884</u>	<u>3,323,621</u>	<u>5,098,152</u>	<u>14,045,657</u>	<u>(16,756,809)</u>	<u>(16,756,809)</u>	<u>(2,711,152)</u>
31								
32								
33						Total NC Retail liability to amortize		(2,711,152)
34						Retention factor for NCUC Fee, Uncollectibles		99.6309% [1]
35						Year 1 Revenue Requirement		(2,721,195) [2]

[1] Adjusted for NC-0103 Regulatory Fee and NC-0105 Uncollectibles Rate

[2] Revenue requirement updated in Compliance filing for additional customer give-back

DUKE ENERGY PROGRESS, LLC
Reconciliation of Revenue Requirement
DOCKET NO. E-2, SUB 1219 FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Compliance
Exhibit 6
TOTAL

Line No.	Item	Amount
1	Revenue requirement increase per Company application	585,961
2	Revenue impact of Company adjustments through CCR Settlement	(242,274)
3	Revenue requirement increase per Company - CCR Settlement	<u>\$ 343,687</u>
4		
5	Updated Proformas:	
6	NC0600 Update for costs recovered through non-fuel riders	232
7	NC1000 Adjust for post year test additions	639
8	NC1100CA Amortize deferred environmental costs - CCR	522
9	NC2200 Adjust synchronized interest expense	(241)
10	NC2300 Adjust cash working capital under present rates	(63)
11	NC2300 Adjust cash working capital under proposed rates	(229)
12	NC2600 Adjust depreciation for new rates	(36,351) [1]
13		
14	Total Adjustments	<u>308,197</u>
15		
	Revenue Requirement per Smith Exhibit 1 Compliance	<u><u>\$ 308,197</u></u>

[1] Includes recalculated depreciation rates based on findings in the Commission's Order, which includes adjusting the reserve adjustment for amortization related to General Plant Accounts 391 and 397 to reflect the ordered amortization period.

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CERTIFICATE OF SERVICE

DOCKET NO. E-2, SUB 1219

DOCKET NO. E-2, SUB 1193

I hereby certify that a copy of the foregoing **DUKE ENERGY PROGRESS LLC'S COMPLIANCE FILING** was served electronically or by depositing a copy in the United States Mail, first class postage prepaid, properly addressed to the parties of record.

This the 26th day of April 2021.

/s/ Camal O. Robinson

Camal O. Robinson

Assistant General Counsel

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Apr 26 2021