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July 9, 2020

VIA ELECTRONIC FILING

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

RE: Corrections to the Second Supplemental Direct Testimony and Exhibits of Kim H. Smith
Docket No. E-2, Sub 1219

Dear Ms. Campbell:

On Thursday, July 2, 2020, Duke Energy Progress, LLC ("DE Progress" or the "Company") filed the Second Supplemental Direct Testimony and Exhibits of Kim H. Smith. Since that filing, the Company has determined that the second supplemental direct testimony and exhibits of Witness Smith contain incorrect information.

Please find enclosed an original and twenty-five copies of DE Progress' Corrections to the Second Supplemental Direct Testimony and Exhibits of Kim H. Smith. This filing includes 1) a detailed listing of the changes to the testimony and exhibits, and 2) clean versions of the corrected testimony and exhibits.

If you have any questions, please let me know.

Sincerely,

/s/ Molly M. Jagannathan
Molly M. Jagannathan

Enclosures

cc: Parties of Record

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1219

In the Matter of:)	
)	
Application of Duke Energy Progress, LLC)	DUKE ENERGY PROGRESS
For Adjustment of Rates and Charges Applicable)	LLC'S CORRECTIONS TO THE
to Electric Service in North Carolina)	SECOND SUPPLEMENTAL
)	DIRECT TESTIMONY AND
)	EXHIBITS OF KIM H. SMITH
)	
)	

CORRECTIONS TO THE SECOND SUPPLEMENTAL DIRECT TESTIMONY AND
EXHIBITS OF WITNESS KIM H. SMITH

Duke Energy Progress, LLC ("DE Progress" or "Company") provides the following Corrections to the Second Supplemental Direct Testimony and Exhibits of Kim H. Smith:

1. Since the filing on July 2, 2020, the Company has determined that Witness Kim H. Smith's Second Supplemental Direct Testimony and Exhibits contained incorrect information concerning the Excess Deferred Income Tax ("EDIT") Rider due to inadvertently amortizing the unprotected non-Property, Plant & Equipment EDIT for 20 years instead of 5 years. The following corrections to Witness Smith's second supplemental direct testimony address these changes:
 - a. Page 8, Line 16 Change "\$79.8 million" to "\$91.0 million"
 - b. Page 8, Line 19 Change "\$309.6 million" to "\$298.4 million" and change "\$154.0 million" to "\$165.2 million"
 - c. Page 8, Line 23 Change "\$80.1" to "\$91.2"

- c. Page 9, Line 3 Change “\$358.1 million” to “\$347.0 million” and change “\$105.5 million” to “\$116.6 million”
2. Replace last page of Smith Exhibit 1 Second Supplemental titled “Supplemental Changes to Op Income and Rate Base” with last page of Smith Exhibit 1 Second Supplemental Corrected.
 3. Replace Smith Exhibit 2 Second Supplemental titled “Summary of Proposed Revenue Adjustments” with Smith Exhibit 2 Second Supplemental Corrected.
 4. Replace last page of Smith Exhibit 1 Second Supplemental_S titled “Supplemental Changes to Op Income and Rate Base” with last page of Smith Exhibit 1 Second Supplemental_S Corrected.
 5. Replace Smith Exhibit 2 Second Supplemental_S titled “Summary of Proposed Revenue Adjustments” with Smith Exhibit 2 Second Supplemental_S Corrected.
 6. Replace Smith Exhibit No. 4 Second Supplemental _S Pages 1 and 2 with Smith Exhibit No. 4 Second Supplemental_S Corrected Pages 1 and 2.

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1219

In the Matter of:

Application of Duke Energy Progress, LLC)	CORRECTED SECOND
for Adjustments of Rates and Charges)	SUPPLEMENTAL DIRECT
Applicable to Electric Service in North)	TESTIMONY OF
Carolina)	KIM H. SMITH FOR DUKE
)	ENERGY PROGRESS, LLC

I. INTRODUCTION AND PURPOSE

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND CURRENT**
2 **POSITION.**

3 A. My name is Kim H. Smith and my business address is 550 South Tryon Street,
4 Charlotte, North Carolina. I am a Director of Rates & Regulatory Planning,
5 employed by Duke Energy Carolinas, LLC (“DE Carolinas”), testifying on
6 behalf of Duke Energy Progress, LLC (“DE Progress” or the “Company”).

7 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS DOCKET?**

8 A. Yes. I filed direct testimony and exhibits on October 30, 2019. I also filed
9 supplemental direct testimony and exhibits on March 13, 2020, rebuttal
10 testimony and exhibits on May 4, 2020, and settlement testimony and exhibits
11 on June 2, 2020.

12 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

13 A. The purpose of my testimony is to update the Company’s proposed revenue
14 increase. An update is necessary to incorporate certain known and measurable
15 changes through May 31, 2020. The specific items updated are identified later
16 in my testimony.

17 **II. UPDATES TO THE COMPANY’S TEST PERIOD OPERATING**
18 **REVENUES, EXPENSES, AND RATE BASE**

19 **Q. WHAT ADJUSTMENTS TO REVENUE REQUIREMENTS ARE**
20 **PROPOSED BY THE COMPANY?**

21 A. The Company is updating its proposed revenue requirements to incorporate
22 certain known and measurable changes to its revenues, expenses and rate base

1 amounts previously filed in this Docket. These updates are limited, and are
2 based on actual revenue, expense, and rate base amounts as of May 31, 2020.
3 The updates are necessary and appropriate to provide the Company a reasonable
4 opportunity to earn the return on equity approved by the Commission in this
5 proceeding. Due to the extraordinary circumstances of the COVID-19
6 pandemic, the hearing and corresponding Commission order establishing rates
7 in this case have been unavoidably delayed, and the Company voluntarily
8 waived its right to implement its original proposed rates after the 270 days
9 suspension period. Consequently, updating the Company's costs closer in time
10 to the start of the hearing gives a more recent depiction of the Company's actual
11 costs to serve its customers, which should be reflected in the Company's rates.

12 **Q. WHAT OTHER ADJUSTMENTS ARE BEING PROPOSED AS A**
13 **RESULT OF THE UPDATES DISCUSSED ABOVE?**

14 A. Since the Company is updating its post-test year capital additions to reflect
15 completed electric plant in service as of May 31, 2020, it is appropriate to also
16 update the timing of the Company's requested deferral period for Grid
17 Improvement Plan ("GIP") costs. The Company is requesting deferral of
18 investments not included in this rate case. Now with the inclusion of plant in
19 service through May 31, 2020, the Company's requested deferral of incremental
20 GIP costs would start with plant placed in service beginning June 1, 2020 and
21 continuing through December 31, 2022.

1 **Q. WHAT ADDITIONAL INFORMATION IS BEING SUBMITTED IN**
2 **THIS FILING?**

3 A. DE Progress is also providing information which reflects the impact of the
4 following settlement agreements it has entered into with intervenors (the
5 “Intervenor Settlements”):

- 6 • Settlement Agreement with Harris Teeter, LLC filed June 8, 2020;
- 7 • Settlement Agreement with the Commercial Group filed June 9, 2020; and
- 8 • Agreement and Stipulation of Settlement with Carolina Industrial Group for
9 Fair Utility Rates III filed June 26, 2020.

10 Commission approval of these agreements would result in revenue
11 requirements based on 9.75% return on equity (“ROE”) and a capital structure
12 of 52% common equity and 48% long-term debt.

13 As described later in my testimony, the Company is submitting additional
14 exhibits in this filing demonstrating the reduction to its proposed revenue
15 increase (now based on post-test period updates through May 31, 2020)
16 resulting from the ROE and capital structure agreed to in the Intervenor
17 Settlements.

18 **Q. WHICH “PRO FORMA” ADJUSTMENTS TO TEST PERIOD**
19 **AMOUNTS ARE BEING UPDATED IN THIS FILING?**

20 The following table shows the particular items revised in this filing in bold text.

ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES				
Line No.	Adjustment Title	Witness	May 2020 Update	ROE or Cap Str Change
1	Annualize retail revenues for current rates	Pirro		

ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES				
Line No.	Adjustment Title	Witness	May 2020 Update	ROE or Cap Str Change
2	Update fuel costs to proposed rate	McGee		
3	Normalize for weather	Pirro		
4	Annualize revenues for customer growth	Pirro	X	
5	Eliminate unbilled revenues	Smith		
6	Adjust for costs recovered through non-fuel riders	Smith		
7	Adjust O&M for executive compensation	Smith		
8	Annualize depreciation on year end plant balances	Smith		
9	Annualize property taxes on year end plant balances	Smith		
10	Adjust for post-test year additions to plant in service	Smith	X	
11	Amortize deferred environmental costs	Smith		
12	Annualize O&M non-labor expenses	Smith	X	
13	Normalize O&M labor expenses	Smith	X	
14	Update benefits costs	Smith		
15	Levelize nuclear refueling outage costs	Smith		
16	Amortize rate case costs	Smith		
17	Adjust aviation expenses	Smith		
18	Adjust for approved regulatory assets and liabilities	Smith		
19	Adjust for merger related costs	Smith	X	
20	Amortize severance costs	Smith		
21	Adjust for NC income tax rate change	Smith		
22	Synchronize interest expense with end of period rate base	Smith	X	X
23	Adjust cash working capital for present revenue annualized and proposed revenue	Smith	X	X
24	Adjust coal inventory	Smith		
25	Adjust credit card fees	Smith		
26	Adjust for new depreciation rates	Smith		
27	Adjust vegetation management expenses	Smith		
28	Adjust reserve for end of life nuclear costs	Smith		
29	Update deferred balance and amortize storm costs	Smith	X	
30	Adjust other revenue	Pirro		
31	Adjust for change in NCUC regulatory fee	Smith		

ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES				
Line No.	Adjustment Title	Witness	May 2020 Update	ROE or Cap Str Change
32	Reflect retirement of Ashville Steam Generating Plant	Smith		
33	Adjust for CertainTeed payment obligation	Smith		
34	Amortize deferred balance Asheville Combined Cycle	Smith		
35	Adjust purchased power	Smith		
36	Correct Lead-Lag - Supplemental	Smith		
37	Amortize Protected EDIT – Partial Settlement	Smith		
38	Remove certain Settlement Items – Partial Settlement	Smith		
39	Normalize for storm costs – Partial Settlement	Smith		

1 **Q. DO THE PROPOSED ADJUSTMENTS IMPACT THE AGREEMENT**
2 **AND STIPULATION OF PARTIAL SETTLEMENT BETWEEN THE**
3 **COMPANY AND THE PUBLIC STAFF FILED ON JUNE 2, 2020**
4 **(“PARTIAL SETTLEMENT”)?**

5 A. No. In the Partial Settlement, the Company and the Public Staff agreed to
6 certain adjustments to the revenue requirement in the Company’s rebuttal filing
7 on May 4, 2020. The updates through May proposed in this filing are new and
8 were not included in the Company’s prior supplemental filing and therefore,
9 were not part of the Partial Settlement with the Public Staff. However, to the
10 extent a calculation methodology for a pro forma adjustment was agreed to in
11 the Partial Settlement, the same methodology has been applied to the May
12 updates.

2020 updates are itemized and summarized to show the resulting base revenue requirement of \$438.2 million after May updates.

- Smith Second Supplemental Exhibit 3-S takes Smith Second Supplemental Exhibit 3 and layers in the additional impacts of the Intervenor Settlements – i.e., the 9.75% ROE and 52/48 capital structure to show the resulting base revenue requirement of \$389.4 million.
- Smith Second Supplemental Exhibit 4-S corrected is an updated EDIT rider which incorporates the impacts of the Intervenor Settlements on the return component of the rider.

III. CONCLUSION

Q. DO YOUR SECOND SUPPLEMENTAL EXHIBITS REFLECT A CHANGE IN THE REVENUE REQUIREMENT SOUGHT BY THE COMPANY IN THIS PROCEEDING?

A. Yes. If the Commission approves the Intervenor Settlements, the Company requests a revenue increase from base rates of \$389.4 million. In addition, the Company requests that customer rates be reduced by a net \$91.0 million through its two proposed EDIT riders and Regulatory Asset and Liability rider. As shown on Smith Second Supplemental Exhibit 2-S corrected, the net proposed increase in revenue is \$298.4 million. This is a \$165.2 million reduction from the net amount proposed in the Company's Application.

If the Commission does not approve the Intervenor Settlements, the Company requests a revenue increase from base rates of \$438.2 million. In addition, the Company requests that customer rates be reduced by a net \$91.2

1 million through its two proposed EDIT riders and Regulatory Asset and
2 Liability rider. As shown on Smith Second Supplemental Exhibit 2 corrected,
3 the net proposed increase in revenue is \$347.0 million. This is a \$116.6 million
4 reduction from the net amount proposed in the Company's Application.

5 **Q. DOES THIS CONCLUDE YOUR SECOND SUPPLEMENTAL DIRECT**
6 **TESTIMONY?**

7 A. Yes.

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 Exhibit 1
Second Supplemental

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	\$ (304,779)	\$ 3,352,725	\$ 438,211	\$ 3,790,936
	Electric operating expenses:						
	Operation and maintenance:						
2	Fuel used in electric generation	1,429,144	881,642	(34,636)	847,006		847,006
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	(187,341)	863,478	1,618	865,096
5	Depreciation and amortization	1,060,260	669,787	247,926	917,713		917,713
6	General taxes	153,362	102,197	2,381	104,578		104,578
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	(49,917)	63,069	100,907	163,976
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	(55,580)	2,926,452	102,525	3,028,976
12	Operating income	\$ 946,351	\$ 675,472	\$ (249,198)	\$ 426,273	\$ 335,686	\$ 761,960
13	Original cost rate base	\$ 14,580,739	\$ 9,859,050	\$ 396,705 (d)	\$ 10,255,755	\$ 55,637 (f)	\$ 10,311,392
14	Rate of return on North Carolina retail rate base		6.85%		4.16%		7.39%

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

Smith Exhibit 1
Second Supplemental

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	47.00%	\$ 4,820,205	4.11%	\$ 197,987	\$ 4,846,354	4.11%	\$ 199,061
2	Members' equity	(a) 8,717,931	53.00%	5,435,550	4.20%	228,287	5,465,038	10.30%	562,899
3	Total	<u>\$ 16,826,122</u>	<u>100.00%</u>	<u>\$ 10,255,755</u> (b)		<u>\$ 426,273</u> (c)	<u>\$ 10,311,392</u> (b)		761,960
4	Operating income before increase (Line 3, Column 5)								<u>426,273</u>
5	Additional operating income required (Line 3 minus Line 4)								335,686
6	Calculate income tax on Incremental interest expense due to increase in cash working capital in proposed revenue								(249)
7	Regulatory fee (.1297%), Uncollectibles Rate (.2394%), and income taxes (23.1693%)								<u>102,774</u>
8	Additional revenue requirement								<u>\$ 438,211</u>
9	Revenue Adjustments (d)								<u>\$ (91,232)</u>
10	Net Increase								<u>\$ 346,979</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 Exhibit 1
Second Supplemental

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)
11(E)	Normalize for weather- Supplemental	4,882	(2,252)	-	18	-	-	-	1,649	-	5,467
4	* Annualize revenues for customer growth	5,182	2,857	-	19	-	-	-	534	-	1,771
4(I)	Annualize revenues for customer growth- Second Supplemental	(15,625)	(9,976)	-	(58)	-	-	-	(1,296)	-	(4,296)
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(C)	Adjust for costs recovered through non-fuel riders- Supplemental	-	-	-	(31)	-	-	-	7	-	24
7	Adjust O&M for executive compensation	-	-	-	(2,399)	-	-	-	556	-	1,843
7(G)	Adjust O&M for executive compensation- Partial Settlement	-	-	-	(161)	-	-	-	37	-	124
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(I)	Adjust for post test year additions to plant in service- Second Supplemental	-	-	-	-	(2,200)	(850)	-	707	-	2,344
11	* Amortize deferred environmental costs	-	-	-	-	105,972	-	-	(24,553)	-	(81,419)
11(E)	Amortize deferred environmental costs- Supplemental	-	-	-	-	(9,949)	-	-	2,305	-	7,644
12	Annualize O&M non-labor expenses	-	-	-	1,311	-	-	-	(304)	-	(1,007)
12(I)	Annualize O&M non-labor expenses- Second Supplemental	-	-	-	1,034	-	-	-	(240)	-	(794)
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(D)	Update benefits costs- Supplemental	-	-	-	(3,298)	-	-	-	764	-	2,534
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

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 Exhibit 1
Second Supplemental

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(I)	Synchronize interest expense with end of period rate base- Second Supplemental	-	-	-	-	-	-	-	2,959	-	(2,959)
23	* Adjust cash working capital	-	-	-	-	-	-	-	122	-	(122)
23(I)	Adjust cash working capital- Second Supplemental	-	-	-	-	-	-	-	(35)	-	35
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(D)	Adjust Depreciation for new rates- Supplemental	-	-	-	-	(873)	-	-	202	-	671
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(F)	Reflect retirement of Asheville Steam Generating Plant- Rebuttal	-	-	-	-	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(G)	Amortize deferred balance Asheville Combined Cycle- Partial Settlement	-	-	-	(7,568)	(4,624)	-	-	2,825	-	9,367

Smith
Exhibit 1
Page 3
(continued)

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 Exhibit 1
Second Supplemental

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(G)	Remove certain Settlement Items- Partial Settlement	-	-	-	(2,834)	-	-	-	657	-	2,177
39(G)	Normalize for storm costs- Partial Settlement	-	-	-	9,300	-	-	-	(2,155)	-	(7,145)
40	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>
40(I)	Change from Application	<u>13,351</u>	<u>11,782</u>	<u>-</u>	<u>(10,035)</u>	<u>(53,443)</u>	<u>363</u>	<u>(30,548)</u>	<u>24,987</u>	<u>-</u>	<u>70,243</u>
41	Total adjustments	<u><u>\$ (304,779)</u></u>	<u><u>\$ (34,636)</u></u>	<u><u>\$ (1,965)</u></u>	<u><u>\$ (187,341)</u></u>	<u><u>\$ 247,926</u></u>	<u><u>\$ 2,381</u></u>	<u><u>\$ (30,548)</u></u>	<u><u>\$ (49,917)</u></u>	<u><u>\$ (1,481)</u></u>	<u><u>\$ (249,198)</u></u>

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

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 Exhibit 1
Second Supplemental

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
11(E)	Normalize for weather- Supplemental	-	-	-	-	-	-	-	-	(7,142)	-	(7,142)
4	* Annualize revenues for customer growth	-	-	-	-	-	-	-	-	(2,314)	-	(2,314)
4(I)	Annualize revenues for customer growth- Second Supplemental	-	-	-	-	-	-	-	-	5,613	-	5,613
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(C)	Adjust for costs recovered through non-fuel riders- Supplemental	-	-	-	-	-	-	-	-	(31)	230	199
7	Adjust O&M for executive compensation	-	-	-	-	-	-	-	-	(2,408)	-	(2,408)
7(G)	Adjust O&M for executive compensation- Partial Settlement	-	-	-	-	-	-	-	-	(162)	-	(162)
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(I)	Adjust for post test year additions to plant in service- Second Supplemental	(187,320)	195,347	-	20,220	(25,761)	-	-	2,486	(3,062)	(69)	(3,131)
11	* Amortize deferred environmental costs	-	-	-	423,886	(98,212)	-	-	325,675	106,364	29,499	135,863
11(E)	Amortize deferred environmental costs- Supplemental	-	-	-	(39,795)	9,220	-	-	(30,575)	(9,986)	(2,835)	(12,820)
12	Annualize O&M non-labor expenses	-	-	-	-	-	-	-	-	1,316	-	1,316
12(I)	Annualize O&M non-labor expenses- Second Supplemental	-	-	-	-	-	-	-	-	1,038	-	1,038
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(D)	Update benefits costs- Supplemental	-	-	-	-	-	-	-	-	(3,310)	-	(3,310)
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 Exhibit 1
Second Supplemental

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)	(5,821)	(7,699)
19	* Adjust for Merger Related Costs	-	347	-	-	-	-	-	347	(4,280)	31	(4,248)
19(I)	Adjust for Merger Related Costs	(558)	55	-	-	-	-	-	(504)	(12)	(46)	(58)
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(I)	Synchronize interest expense with end of period rate base- Second Supplemental	-	-	-	-	-	-	-	-	3,865	-	3,865
23	* Adjust cash working capital	-	-	-	(27,013)	-	-	-	(27,013)	160	(2,447)	(2,287)
23(I)	Adjust cash working capital- Second Supplemental	-	-	-	7,582	-	-	-	7,582	(46)	691	645
24	Adjust coal inventory	-	-	9,641	-	-	-	-	9,641	-	873	873
24(C)	Adjust coal inventory- Supplemental	-	-	(21,244)	-	-	-	-	(21,244)	-	(1,922)	(1,922)
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(D)	Adjust Depreciation for new rates- Supplemental	-	-	-	-	-	-	-	-	(876)	20	(857)
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)	(48,594)	(94,125)
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(F)	Reflect retirement of Asheville Steam Generating Plant- Rebuttal	287,052	(210,671)	(73)	(1,339)	310	-	-	75,279	11,456	6,809	18,265
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(G)	Amortize deferred balance Asheville Combined Cycle- Partial Settlement	-	-	(248)	(27,188)	6,299	-	-	(21,136)	(12,237)	(1,915)	(14,152)

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 Exhibit 1
Second Supplemental

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)	-	(775)	(775)
37(G)	Amortize Prot EDIT- Partial Settlement	-	-	-	30,548	(7,078)	-	-	23,470	(30,661)	2,121	(28,540)
38(G)	Remove certain Settlement Items- Partial Settlement	-	-	-	-	-	-	-	-	(2,844)	-	(2,844)
39(G)	Normalize for storm costs- Partial Settlement	-	-	-	-	-	-	-	-	9,334	-	9,334
40	Total adjustments - Original Filing	\$ 580,558	\$ (102,448)	\$ (151,079)	\$ 891,707	\$ (189,284)	\$ -	\$ (102,930)	\$ 926,524	\$ 417,313	\$ 83,718	\$ 501,031
40(I)	Change from Application	30,535	(13,039)	(21,565)	(656,564)	130,814	-	-	(529,819)	(91,764)	(47,873)	(139,637)
41	Total adjustments	<u>\$ 611,093</u>	<u>\$ (115,487)</u>	<u>\$ (172,644)</u>	<u>\$ 235,143</u>	<u>\$ (58,470)</u>	<u>\$ -</u>	<u>\$ (102,930)</u>	<u>\$ 396,705</u>	<u>\$ 325,549</u>	<u>\$ 35,845</u>	<u>\$ 361,394</u>

-- 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 Exhibit 1
Second Supplemental

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	\$ 611,093	\$ 19,417,003
2	Less: Accumulated depreciation and amortization	4b	(11,648,793)	(8,042,060)	(115,487)	(8,157,546)
3	Net electric plant		16,126,825	10,763,851	495,606	11,259,457
4	Add: Materials and supplies	4c	1,076,701	754,774	(172,644)	582,130
5	Working capital investment	4d	(642,895)	(375,172)	235,143	(140,029)
6	Less: Accumulated deferred taxes		(2,000,064)	(1,332,628)	(58,470)	(1,391,098)
7	Operating reserves		(82,759)	(54,705)	-	(54,705)
8	Construction work in progress	3	102,930	102,930	(102,930)	(0)
9	Total		<u>\$ 14,580,739</u>	<u>\$ 9,859,050</u>	<u>\$ 396,705</u>	<u>\$ 10,255,755</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 Exhibit 1
Second Supplemental

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	68,399	533,833
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	638,456	19,214,114
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>\$ 27,775,617</u>	<u>\$ 18,805,911</u>	<u>\$ 611,093</u>	<u>\$ 19,417,003</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 Exhibit 1
Second Supplemental

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)	\$ (50,423)	\$ (4,441,180)
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)	(30,822)	(154,867)
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>\$ (115,487)</u>	<u>\$ (8,157,546)</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	0.00%			
9	Nuclear production plant	0.00%			
10	Hydro production plant	0.00%			
11	Other production plant	2.61%			
12	Transmission plant	5.18%			
13	Distribution plant	1.90%			
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 Exhibit 1
Second Supplemental

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 Exhibit 1
Second Supplemental

Line No.	Description	Total Company	North Carolina Retail Operations			Impact of Rev Incr (Col. 5)	With Rev Incr (Col. 6)
		Per Books (Col. 1)	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)	(28,011) (b)	132,130	55,637 (c)	187,768
2	Unamortized Debt	47,722	32,019	-	32,019	-	32,019
3	Regulatory Assets	(781,496)	(437,291)	263,154	(174,137)	-	(174,137)
4	Other	(10,529)	(13,453)	-	(13,453)	-	(13,453)
5	Total investor advanced funds	(505,624)	(258,584)	235,143	(23,441)	55,637	32,197
6	Less: customer deposits	(137,271)	(116,588)	-	(116,588)	-	(116,588)
7	Total working capital investment	\$ (642,895)	\$ (375,172)	\$ 235,143	\$ (140,029)	\$ 55,637	\$ (84,391)

-- 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

Smith Exhibit 1
Second Supplemental
Corrected

SUMMARY OF PROPOSED REVENUE ADJUSTMENTS

[1] Smith Exhibit 1, page 3, Column 9
[2] Smith Exhibit 1, page 3 (continued), Column 8-11
[3] Smith Exhibit 1, page 1, Line 11
[4] Smith Exhibit 1, page 1, Line 12

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 Exhibit 2
Second Supplemental
Corrected

Line No.	Description	NC RETAIL	Reference
1	Additional base revenue requirement	\$ 438,211	Smith Second Supplemental Exhibit 1
2	REVISED Annual EDIT Rider 1	7,381	Smith Exhibit 3
3	Annual EDIT Rider 2 - Year 1 giveback	(96,523)	Smith Partial Settlement Exhibit 4
4	Regulatory Asset and Liability Rider	<u>(2,091)</u>	Smith Exhibit 5
5	Subtotal	(91,232)	Sum L3 - L17
6	Net Revenue Increase	<u><u>\$ 346,979</u></u>	

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 Exhibit 3
Second Supplemental

Line No.	Item	Amount
1	Revenue requirement increase per Company application	585,961
2	Revenue impact of Company supplemental adjustments	(51,617)
3	Revenue impact of Company rebuttal adjustments	9,918
4	Revenue impact of Settlement adjustments	(131,457)
5	Revenue requirement increase per Company Partial Settlement Filing	<u>\$ 412,805</u>
6		
7	Updated Proformas:	
8	NC0400 Annualize revenues for customer growth	3,620
9	NC1000 Adjust for post test year additions to plant in service	18,762
10	NC1200 Annualize O&M non-labor expenses	(1,855)
11	NC1300 Normalize O&M labor expenses	4,746
12	NC1900 Adjust merger related costs	(7)
13	NC2200 Adjust synchronized interest expense	(813)
14	NC2300 Adjust cash working capital under present rates	(179)
15	NC2300 Adjust cash working capital under proposed rates	1,141
16	NC2900 Update deferred balance and amortize storm costs	(7)
17	Rounding	(1)
18	Total Revenue impact of adjustments	<u>\$ 25,406</u>
19		
20	Revenue Requirement per Smith Exhibit 1 Second Supplemental	<u><u>\$ 438,211</u></u>

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 Exhibit 1
Second Supplemental_S

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	\$ (304,779)	\$ 3,352,725	\$ 389,438	\$ 3,742,162
	Electric operating expenses:						
	Operation and maintenance:						
2	Fuel used in electric generation	1,429,144	881,642	(34,636)	847,006		847,006
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	(187,341)	863,478	1,438	864,916
5	Depreciation and amortization	1,060,260	669,787	247,926	917,713		917,713
6	General taxes	153,362	102,197	2,381	104,578		104,578
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	(50,888)	62,098	89,671	151,769
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	(56,552)	2,925,480	91,109	3,016,589
12	Operating income	\$ 946,351	\$ 675,472	\$ (248,227)	\$ 427,244	\$ 298,329	\$ 725,573
13	Original cost rate base	\$ 14,580,739	\$ 9,859,050	\$ 395,635 (d)	\$ 10,254,686	\$ 49,457 (f)	\$ 10,304,142
14	Rate of return on North Carolina retail rate base		6.85%		4.17%		7.04%

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

Smith Exhibit 1
Second Supplemental S

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%	\$ 4,922,249	4.11%	\$ 202,178	\$ 4,945,988	4.11%	\$ 203,153
2	Members' equity	(a) 8,717,931	52.00%	5,332,437	4.22%	225,066	5,358,154	9.75%	522,420
3	Total	<u>\$ 16,826,122</u>	<u>100.00%</u>	<u>\$ 10,254,686</u>	(b)	<u>\$ 427,244</u>	(c) <u>\$ 10,304,142</u>	(b)	725,573
4	Operating income before increase (Line 3, Column 5)								<u>427,244</u>
5	Additional operating income required (Line 3 minus Line 4)								298,329
6	Calculate income tax on Incremental interest expense due to increase in cash working capital in proposed revenue								(226)
7	Regulatory fee (.1297%), Uncollectibles Rate (.2394%), and income taxes (23.1693%)								<u>91,335</u>
8	Additional revenue requirement								<u>\$ 389,438</u>
9	Revenue Adjustments (d)								<u>\$ (90,998)</u>
10	Net Increase								<u>\$ 298,439</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 Exhibit 1
Second Supplemental_S

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)
11(E)	Normalize for weather- Supplemental	4,882	(2,252)	-	18	-	-	-	1,649	-	5,467
4	* Annualize revenues for customer growth	5,182	2,857	-	19	-	-	-	534	-	1,771
4(I)	Annualize revenues for customer growth- Second Supplemental	(15,625)	(9,976)	-	(58)	-	-	-	(1,296)	-	(4,296)
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(C)	Adjust for costs recovered through non-fuel riders- Supplemental	-	-	-	(31)	-	-	-	7	-	24
7	Adjust O&M for executive compensation	-	-	-	(2,399)	-	-	-	556	-	1,843
7(G)	Adjust O&M for executive compensation- Partial Settlement	-	-	-	(161)	-	-	-	37	-	124
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(I)	Adjust for post test year additions to plant in service- Second Supplemental	-	-	-	-	(2,200)	(850)	-	707	-	2,344
11	* Amortize deferred environmental costs	-	-	-	-	105,972	-	-	(24,553)	-	(81,419)
11(E)	Amortize deferred environmental costs- Supplemental	-	-	-	-	(9,949)	-	-	2,305	-	7,644
12	Annualize O&M non-labor expenses	-	-	-	1,311	-	-	-	(304)	-	(1,007)
12(I)	Annualize O&M non-labor expenses- Second Supplemental	-	-	-	1,034	-	-	-	(240)	-	(794)
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(D)	Update benefits costs- Supplemental	-	-	-	(3,298)	-	-	-	764	-	2,534
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

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 Exhibit 1
Second Supplemental_S

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(I)	Synchronize interest expense with end of period rate base- Updated Settlement_S	-	-	-	-	-	-	-	1,981	-	(1,981)
23	* Adjust cash working capital	-	-	-	-	-	-	-	122	-	(122)
23(I)	Adjust cash working capital- Updated Settlement_S	-	-	-	-	-	-	-	(29)	-	29
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(D)	Adjust Depreciation for new rates- Supplemental	-	-	-	-	(873)	-	-	202	-	671
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(F)	Reflect retirement of Asheville Steam Generating Plant- Rebuttal	-	-	-	-	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(G)	Amortize deferred balance Asheville Combined Cycle- Partial Settlement	-	-	-	(7,568)	(4,624)	-	-	2,825	-	9,367

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 Exhibit 1
Second Supplemental_S

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(G)	Remove certain Settlement Items- Partial Settlement	-	-	-	(2,834)	-	-	-	657	-	2,177
39(G)	Normalize for storm costs- Partial Settlement	-	-	-	9,300	-	-	-	(2,155)	-	(7,145)
40	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>
40(I)	Change from Application	<u>13,351</u>	<u>11,782</u>	<u>-</u>	<u>(10,035)</u>	<u>(53,443)</u>	<u>363</u>	<u>(30,548)</u>	<u>24,016</u>	<u>-</u>	<u>71,214</u>
41	Total adjustments	<u><u>\$ (304,779)</u></u>	<u><u>\$ (34,636)</u></u>	<u><u>\$ (1,965)</u></u>	<u><u>\$ (187,341)</u></u>	<u><u>\$ 247,926</u></u>	<u><u>\$ 2,381</u></u>	<u><u>\$ (30,548)</u></u>	<u><u>\$ (50,888)</u></u>	<u><u>\$ (1,481)</u></u>	<u><u>\$ (248,227)</u></u>

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

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 Exhibit 1
Second Supplemental_S

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
11(E)	Normalize for weather- Supplemental	-	-	-	-	-	-	-	-	(7,142)	-	(7,142)
4	* Annualize revenues for customer growth	-	-	-	-	-	-	-	-	(2,314)	-	(2,314)
4(I)	Annualize revenues for customer growth- Second Supplemental	-	-	-	-	-	-	-	-	5,613	-	5,613
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(C)	Adjust for costs recovered through non-fuel riders- Supplemental	-	-	-	-	-	-	-	-	(31)	5,058	5,027
7	Adjust O&M for executive compensation	-	-	-	-	-	-	-	-	(2,408)	-	(2,408)
7(G)	Adjust O&M for executive compensation- Partial Settlement	-	-	-	-	-	-	-	-	(162)	-	(162)
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(I)	Adjust for post test year additions to plant in service- Second Supplemental	(187,320)	195,347	-	20,220	(25,761)	-	-	2,486	(3,062)	(6,254)	(9,315)
11	* Amortize deferred environmental costs	-	-	-	423,886	(98,212)	-	-	325,675	106,364	29,499	135,863
11(E)	Amortize deferred environmental costs- Supplemental	-	-	-	(39,795)	9,220	-	-	(30,575)	(9,986)	(4,208)	(14,193)
12	Annualize O&M non-labor expenses	-	-	-	-	-	-	-	-	1,316	-	1,316
12(I)	Annualize O&M non-labor expenses- Second Supplemental	-	-	-	-	-	-	-	-	1,038	-	1,038
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(D)	Update benefits costs- Supplemental	-	-	-	-	-	-	-	-	(3,310)	-	(3,310)
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 Exhibit 1
Second Supplemental_S

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)	(5,521)	(7,400)
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(I)	Synchronize interest expense with end of period rate base- Updated Settlement_S	-	-	-	-	-	-	-	-	2,588	-	2,588
23	* Adjust cash working capital	-	-	-	(27,013)	-	-	-	(27,013)	160	(2,447)	(2,287)
23(I)	Adjust cash working capital- Updated Settlement_S	-	-	-	6,513	-	-	-	6,513	(37)	690	653
24	Adjust coal inventory	-	-	9,641	-	-	-	-	9,641	-	873	873
24(C)	Adjust coal inventory- Supplemental	-	-	(21,244)	-	-	-	-	(21,244)	-	(1,868)	(1,868)
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(D)	Adjust Depreciation for new rates- Supplemental	-	-	-	-	-	-	-	-	(876)	432	(444)
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)	(48,285)	(93,816)
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(F)	Reflect retirement of Asheville Steam Generating Plant- Rebuttal	287,052	(210,671)	(73)	(1,339)	310	-	-	75,279	11,456	6,611	18,067
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(G)	Amortize deferred balance Asheville Combined Cycle- Partial Settlement	-	-	(248)	(27,188)	6,299	-	-	(21,136)	(12,237)	(1,931)	(14,169)

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 Exhibit 1
Second Supplemental_S

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)	-	(735)	(735)
37(G)	Amortize Prot EDIT- Partial Settlement	-	-	-	30,548	(7,078)	-	-	23,470	(30,661)	2,011	(28,649)
38(G)	Remove certain Settlement Items- Partial Settlement	-	-	-	-	-	-	-	-	(2,844)	-	(2,844)
39(G)	Normalize for storm costs- Partial Settlement	-	-	-	-	-	-	-	-	9,334	-	9,334
40	Total adjustments - Original Filing	\$ 580,558	\$ (102,448)	\$ (151,079)	\$ 891,707	\$ (189,284)	\$ -	\$ (102,930)	\$ 926,524	\$ 417,313	\$ 79,408	\$ 496,720
40(I)	Change from Application	30,535	(13,039)	(21,565)	(657,633)	130,814	-	-	(530,888)	(93,033)	(45,500)	(138,532)
41	Total adjustments	<u>\$ 611,093</u>	<u>\$ (115,487)</u>	<u>\$ (172,644)</u>	<u>\$ 234,074</u>	<u>\$ (58,470)</u>	<u>\$ -</u>	<u>\$ (102,930)</u>	<u>\$ 395,635</u>	<u>\$ 324,280</u>	<u>\$ 33,908</u>	<u>\$ 358,188</u>

-- 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 Exhibit 1
Second Supplemental_S

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	\$ 611,093	\$ 19,417,003
2	Less: Accumulated depreciation and amortization	4b	(11,648,793)	(8,042,060)	(115,487)	(8,157,546)
3	Net electric plant		16,126,825	10,763,851	495,606	11,259,457
4	Add: Materials and supplies	4c	1,076,701	754,774	(172,644)	582,130
5	Working capital investment	4d	(642,895)	(375,172)	234,074	(141,098)
6	Less: Accumulated deferred taxes		(2,000,064)	(1,332,628)	(58,470)	(1,391,098)
7	Operating reserves		(82,759)	(54,705)	-	(54,705)
8	Construction work in progress	3	102,930	102,930	(102,930)	(0)
9	Total		<u>\$ 14,580,739</u>	<u>\$ 9,859,050</u>	<u>\$ 395,635</u>	<u>\$ 10,254,686</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 Exhibit 1
Second Supplemental_S

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	68,399	533,833
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	638,456	19,214,114
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>\$ 27,775,617</u>	<u>\$ 18,805,911</u>	<u>\$ 611,093</u>	<u>\$ 19,417,003</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 Exhibit 1
Second Supplemental_S

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)	\$ (50,423)	\$ (4,441,180)
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)	(30,822)	(154,867)
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>\$ (115,487)</u>	<u>\$ (8,157,546)</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	0.00%			
9	Nuclear production plant	0.00%			
10	Hydro production plant	0.00%			
11	Other production plant	2.61%			
12	Transmission plant	5.18%			
13	Distribution plant	1.90%			
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 Exhibit 1
Second Supplemental_S

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 Exhibit 1
Second Supplemental_S

Line No.	Description	Total Company	North Carolina Retail Operations			Impact of Rev Incr	With Rev Incr
		Per Books	Per Books	Accounting Adjustments	As Adjusted		
		(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)
1	Investor advanced funds: Operating funds per lead-lag study	238,679 (a)	160,141 (a)	(29,080) (b)	131,061	49,457 (c)	180,518
2	Unamortized Debt	47,722	32,019	-	32,019	-	32,019
3	Regulatory Assets	(781,496)	(437,291)	263,154	(174,137)	-	(174,137)
4	Other	(10,529)	(13,453)	-	(13,453)	-	(13,453)
5	Total investor advanced funds	(505,624)	(258,584)	234,074	(24,510)	49,457	24,947
6	Less: customer deposits	(137,271)	(116,588)	-	(116,588)	-	(116,588)
7	Total working capital investment	\$ (642,895)	\$ (375,172)	\$ 234,074	\$ (141,098)	\$ 49,457	\$ (91,641)

-- 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
DOCKET NO. E-2, SUB 1219
SUPPLEMENTAL CHANGES TO OP INCOME AND RATE BASE
FOR THE TEST PERIOD ENDED DECEMBER 31, 2018
(Thousands of Dollars)

Smith Exhibit 1
Second Supplemental_S
Corrected

Smith Exhibit 1 Supplemental Rebuttal

Line No.	Description	Ref #	SUMMARY OF PROPOSED REVENUE ADJUSTMENTS					CHANGE IN RATE BASE				
			Application	Partial Settlement	Second Supplemental	Second Supplemental S	Total Adjustments	Application	Partial Settlement	Second Supplemental	Second Supplemental S	Total Change [2]
1	Additional base revenue requirement	Smith Exhibit 1	\$ 585,961	\$ 585,961	\$ 585,961	\$ 585,961	\$ 585,961					
2	REVISED Annual EDIT Rider 1	Smith Exhibit 3	7,381	7,381	7,381	7,381	7,381					
3	Annual EDIT Rider 2 - Year 1 giveback	Smith Exhibit 4	(127,633)	(96,523)	(96,523)	(96,289)	(96,289)					
4	Regulatory Asset and Liability Rider	Smith Exhibit 5	(2,091)	(2,091)	(2,091)	(2,091)	(2,091)					
5	Revenue impact of Company update			(173,156)	(147,750)	(196,524)	(196,524)					
6	Net Revenue Increase		\$ 463,619	\$ 321,573	\$ 346,979	\$ 298,439	\$ 298,439					
7												
8												
9												
10	Annualize retail revenues for current rates	NC-0100	\$ (172,813)	\$ -	\$ -	\$ -	\$ (154,370)					
11	Update fuel costs to proposed rate	NC-0200	10,955	-	-	-	(8,786)					
12	Normalize for weather	NC-0300	(45,273)	-	-	-	(39,806)					
13	Annualize revenues for customer growth	NC-0400	1,771	-	(2,771)	-	(2,525)					
14	Eliminate unbilled revenues	NC-0500	9,086	-	-	-	9,086					
15	Adjust for costs recovered through non-fuel riders	NC-0600	128,547	-	-	-	128,571	(1,037,885)	-	-	-	(1,037,885)
16	Adjust O&M for executive compensation	NC-0700	1,843	124	-	-	1,967					
17	Annualize depreciation on year end plant balances	NC-0800	(30,841)	-	-	-	(30,333)					
18	Annualize property taxes on year end plant balances	NC-0900	(3,122)	-	-	-	(3,122)					
19	Adjust for post test year additions to plant in service	NC-1000	(59,213)	(9)	(4,732)	-	(56,870)	1,326,826	(1,507)	139,224	-	1,329,312
20	Amortize deferred environmental costs	NC-1100	(81,419)	-	-	-	(73,775)	325,675	-	-	-	295,100
21	Annualize O&M non-labor expenses	NC-1200	(1,007)	37	1,420	-	(1,802)					
22	Normalize O&M labor expenses	NC-1300	15,060	3,009	(3,633)	-	15,476					
23	Update benefits costs	NC-1400	2,351	-	-	-	4,885					
24	Levelize nuclear refueling outage costs	NC-1500	4,788	-	-	-	4,756					
25	Amortize rate case costs	NC-1600	(539)	-	-	-	(539)	2,051	(2,051)	-	-	-
26	Adjust aviation expenses	NC-1700	1,129	157	-	-	1,287					
27	Adjust for approved regulatory assets and liabilities	NC-1800	1,438	-	-	-	1,438	(64,423)	-	-	-	(64,423)
28	Adjust for Merger Related Costs	NC-1900	3,276	-	2	-	3,285	347	-	(53)	-	(157)
29	Amortize Severance Costs	NC-2000	17,952	-	-	-	18,547	17,899	(16,717)	-	-	-
30	Adjust NC income taxes for rate change	NC-2100	2,183	-	-	-	2,183					
31	Synchronize interest expense with end of period rate base	NC-2200	(123)	(2,433)	623	978	(2,104)					
32	Adjust cash working capital	NC-2300	(122)	17	(9)	(7)	(94)	(27,013)	3,904	(2,116)	(1,069)	(20,500)
33	Adjust coal inventory	NC-2400	-	-	-	-	-	9,641	-	-	-	(11,603)
34	Adjust for credit card fees	NC-2500	(3,993)	-	-	-	(4,048)					
35	Adjust Depreciation for new rates	NC-2600	(68,841)	-	-	-	(68,170)	(88,728)	-	-	-	(88,728)
36	Adjust vegetation management expenses	NC-2700	(4,424)	-	-	-	(4,424)					
37	Adjust reserve for end of life nuclear costs	NC-2800	70	1,403	-	-	1,473					
38	Update deferred balance and amortize storm costs	NC-2900	(33,588)	34,448	7	0	1,264	470,238	(531,121)	27	-	(66,408)
39	Adjust other revenue	NC-3000	(3,188)	-	-	-	(3,188)					
40	Adjust for change in NCUC Reg Fee	NC-3100	180	-	-	-	180					
41	Reflect retirement of Asheville Steam Generating Plant	NC-3200	5,859	-	-	-	(2,910)	(32,730)	-	-	-	42,550
42	Adjust for CertainTeed payment obligation	NC-3300	(3,794)	-	-	-	-					
43	Amortize deferred balance Asheville Combined Cycle	NC-3400	(15,138)	4,299	-	-	(5,771)	24,624	(16,124)	-	-	3,488
44	Adjust Purchased Power	NC-3500	1,510	-	-	-	1,510					
45	Correct Lead Lag	NC-3600	-	-	-	-	-					
46	Amortize Prot EDIT	NC-3700	-	23,470	-	-	23,470		23,470	-	-	23,470
47	Remove certain Settlement Items	NC-3800	-	2,177	-	-	2,177					
48	Normalize for storm costs	NC-3900	-	(7,145)	-	-	(7,145)					
49												
50	Adjustments		\$ (319,441)	\$ 59,554	\$ (9,094)	\$ 971	\$ (248,227)	\$ 926,524	\$ (540,146)	\$ 137,082	\$ (1,069)	\$ 395,635
51												
52	Operating income	[3]	675,472	675,472	675,472	675,472	675,472	9,859,050	9,859,050	9,859,050	9,859,050	9,859,050
53	Total Adjustments		(319,441)	(240,104)	(249,198)	(248,227)	(248,227)	926,524	259,622	396,705	395,635	395,635
54	Adjusted Net Operating Income		356,031	435,367	426,273	427,244	427,244	10,785,574	10,118,673	10,255,755	10,254,686	10,254,686
55												
56	Revenue Requirement Impact		417,313	(77,801)	11,880	(1,269)	324,280	79,408	(46,293)	11,749	(92)	33,908
			417,313	313,669	325,549	324,280	324,280	79,408	22,251	34,000	33,908	33,908

[1] Smith Exhibit 1, page 3, Column 9

[2] Smith Exhibit 1, page 3 (continued), Column 8-11

[3] Smith Exhibit 1, page 1, Line 11

[4] Smith Exhibit 1, page 1, Line 12

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 Exhibit 2
Second Supplemental_S
Corrected

Line No.	Description	NC RETAIL	Reference
1	Additional base revenue requirement	\$ 389,438	Smith Exhibit 1 Second Supplemental_S
2	REVISED Annual EDIT Rider 1	7,381	Smith Exhibit 3
3	Annual EDIT Rider 2 - Year 1 giveback	(96,289)	Smith Exhibit 4 Second Supplemental_S corrected
4	Regulatory Asset and Liability Rider	<u>(2,091)</u>	Smith Exhibit 5
5	Subtotal	(90,998)	Sum L3 - L17
6	Net Revenue Increase	<u>\$ 298,439</u>	

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 Exhibit 3
Second Supplemental_S

Line No.	Item	Amount
1	Revenue requirement increase per Company application	585,961
2	Revenue impact of Company adjustments through Settlement	(173,156)
3	Revenue impact of supplemental updates through May	25,406
4	Revenue requirement increase per Smith Exhibit 1 Second Supplemental	\$ 438,211
5		
6	Changes to reflect Intervenor Settlements:	
7	Ex 1 Adjust ROE from 10.3% to 9.75	(38,526)
8	Ex 1 Adjust D/E Ratio from 53/47 to 52/48	(8,348)
9	NC2200 Adjust synchronized interest expense	(1,277)
10	NC2300 Adjust cash working capital under present rates	(88)
11	NC2300 Adjust cash working capital under proposed rates	(535)
	Rounding	-
12	Total Revenue impact of changes	\$ (48,774)
13		
14	Revenue Requirement per Smith Exhibit 1 Second Supplemental_S	\$ 389,438

Duke Energy Progress, LLC
DOCKET E-2 Sub 1219
Smith Exhibit 4
For the test period ended December 31, 2018
NORTH CAROLINA RETAIL
Excess Deferred Income Tax Rider Calculation
(Dollars in thousands)

SMITH
Exhibit No. 4
Second Supplemental_S
Corrected
Page 1 of 3

		Federal EDIT - Unprotected, PP&E related <u>NC Retail</u>	Federal EDIT - Unprotected, non PP&E related <u>NC Retail</u>	NC EDIT <u>NC Retail</u>	Deferred Revenue <u>NC Retail</u>	Total <u>NC Retail</u>
		(A)	(B)	(C)	(D)	(E)
1 Regulatory Federal EDIT liability including gross up on the books as of 12/31/2018, based on 2017 tax returns	[1]	\$ (326,704)	\$ 4,862	\$ (23,726)		(345,568)
2 Estimated transition of Protected to Unprotected Regulatory liability 1/1/2018-12/31/2018	[1]		\$ (30,548)	\$ -		(30,548)
3 Estimated transition of Protected to Unprotected Regulatory liability 1/1/2019-8/31/2020	[1]		\$ (50,913)	\$ -		(50,913)
4 Regulatory Federal EDIT liability including gross up and transition of Protected to Unprotected Regulatory liability as of 8/31/2020 (Sum of L1 to L3)	[1]	\$ (326,704)	\$ (76,598)	\$ (23,726)	\$ -	(427,028)
5 Adjustment to implement ASU 2018-02	[1]		\$ (34)	\$ -		(34)
6 Adjustment for Amended 2017 Federal Return	[1]	\$ (415)				(415)
7 Deferred revenues related to 2017 Federal Tax Rate Change as of 12/31/2018	[1]				\$ (108,392)	(108,392)
8 Other projected updates through 2/29/2020	[2]			\$ (271)	\$ (1,923)	(2,194)
9 Regulatory liability for federal tax change including gross up for NC Retail, for Year 1 rider calculation (Sum of L4 to L8)		\$ (327,119)	\$ (76,631)	\$ (23,998)	\$ (110,315)	(538,063)
10 Years of rider amortization		20	5	5	2	
11 Annual amortization amount (L9 / L10)		\$ (16,356)	\$ (15,326)	\$ (4,800)	\$ (55,157)	(91,639)

- [1] Excess deferred tax liability (EDIT) as of 12/31/2018 by jurisdiction, and forecast transition to new rates effective date between categories based on Tax analysis of ADIT.
Federal EDIT related to the federal tax changes booked to the 0254036 and 0254038 accounts is included in other Working Capital in the per books cost of service.
NC EDIT related to the NC state tax reduction deferred to the 0254150 account not included for recovery in NC EDIT rider approved in prior DEP NC rate case.
This NC EDIT is included in other Working Capital in the per books cost of service.
Revenues deferred for federal tax changes with accrued returns in the 0229010 account, are currently excluded from rate base in the per books COSS.
- [2] Projected updates to the Federal and NC tax EDIT during 2019 by Tax
NORTH CAROLINA RETAIL, Page 3, Line 1 return accruals on deferred revenues in the 0229010 account projected through 2/29/2020.

Duke Energy Progress, LLC
DOCKET E-2 Sub 1219
Smith Exhibit 4
For the test period ended December 31, 2018
NORTH CAROLINA RETAIL
Excess Deferred Income Tax Rider Calculation
(Dollars in thousands)

SMITH
Exhibit No. 4
Second Supplemental_S
Corrected
Page 2 of 3

			After Tax Weighted Average Cost of Capital (WACC)
<u>Cost of Capital per Smith Exhibit 1</u>	Ratio	Rate	
Debt	48.00%	4.11%	1.51%
Equity	52.00%	9.75%	5.07%
			6.58%
Statutory Tax Rate			23.17%
Retention factor for NCUC Fee, Uncollectibles			99.63%

Annual Rider Calculation

		Amortization - From Page 1, L												
		Federal EDIT -	Federal EDIT -					Ending Balance before Return	Average of Beginning and Ending Balance	EDIT Balance in Base Rates, Page 1, L1	Change in Regulatory Liability for Rider Return	Return for Rider (K) = (J) x After Tax WACC	Rider Revenues (L) = (F) + (K)	Rider Revenues NCUC Fee, Uncollectibles (M) = (L) / Retention Factor
Year	Beginning Balance, Page 1, L9	Unprotecte d, PP&E related	Unprotected, non PP&E related	NC EDIT	Deferred Revenue	Total Amortization (F) =(B)+(C)+(D)+ [E]	(G) = (A) - (F)	(H) = ((A) + (G)) / 2		(I)	(J) = (H) - (I)			
Sep 20- Nov 21	1	(538,063)	(16,356)	(15,326)	(4,800)	(55,157)	(91,639)	(446,424)	(\$492,243)	(427,028)	(\$65,215)	(\$4,294)	(95,933)	(96,289)
Dec 21- Nov 22	2	(446,424)	(16,356)	(15,326)	(4,800)	(55,157)	(91,639)	(354,784)	(\$400,604)	(427,028)	\$26,424	\$1,740	(89,899)	(90,232) [1]
Dec 22- Nov 23	3	(354,784)	(16,356)	(15,326)	(4,800)	-	(36,482)	(318,303)	(\$336,544)	(427,028)	\$90,485	\$5,958	(30,524)	(30,637) [1]
Dec 23- Nov 24	4	(318,303)	(16,356)	(15,326)	(4,800)	-	(36,482)	(281,821)	(\$300,062)	(427,028)	\$126,966	\$8,360	(28,121)	(28,225) [1]
Dec 24- Nov 25	5	(281,821)	(16,356)	(15,326)	(4,800)	-	(36,482)	(245,339)	(\$263,580)	(427,028)	\$163,448	\$10,763	(25,719)	(25,814) [1]

[1] The rider amounts for years 2 through 5 are shown for illustrative purposes only. Actual rider amounts will be filed each year with updates discussed in my testimony by September 30th for Commission approval.

**Duke Energy Progress, LLC
DOCKET E-2 Sub 1219
Smith Exhibit 4
For the test period ended December 31, 2018
NORTH CAROLINA RETAIL**

**SMITH
Exhibit No. 4
Second Supplemental_S
Page 3 of 3**

Deferred Revenue for Federal Tax Rate Change in account 0229010

NC Retail

1 Projected Changes in Deferred Revenue for Federal Tax Rate Change through Feb 2020

(\$1,923,073)

CERTIFICATE OF SERVICE

DOCKET NO. E-2, SUB 1219

I hereby certify that a copy of the foregoing **DUKE ENERGY PROGRESS, LLC'S CORRECTIONS TO THE SECOND SUPPLEMENTAL DIRECT TESTIMONY AND EXHIBITS OF KIM H. SMITH** was served electronically or by depositing a copy in United States Mail, first class postage prepaid, properly addressed to the parties of record.

This the 9th day of July 2020.

/s/ Molly M. Jagannathan
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PROGRESS, LLC