Laura Bateman
Carolinas Rates & Regulatory Strategy
410 South Wilmington Street
Raleigh, NC 27601
919-546-3324
Laura.Bateman@duke-energy.com

March 13, 2014

Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
Post Office Drawer 11649
101 Executive Center Drive, Suite 100
Columbia, SC 29211

Re: Docket No. 1988-11-E

Dear Mrs. Boyd:

Enclosed is a revised version of the quarterly financial report of Duke Energy Progress, LLC for the twelve months ending December 31, 2013. After filing, we became aware of two errors in the report and have corrected them in this version. The revisions impacted Schedules 1, 3, 4 and 10, and reduced the SC retail adjusted return on equity from 4.97% to 4.68%.

Please feel free to contact me at 919-546-3324 if you have any questions.

Sincerely,

L Bateman

Laura Bateman
Carolinas Rates & Regulatory Strategy
Duke Energy

Enclosures

cc: Mr. John Flitter, Director
Electric & Gas Regulation
Office of Regulatory Staff

South Carolina

CERTIFICATION

(Certification must be signed by the Chief Executive Officer and the Chief Financial Officer)

I, Clark S. Gillespy, state and attest, under penalty of perjury, that the attached South Carolina Quarterly Report is filed on behalf of Duke Energy Progress, Inc., as required by the Public Service Commission of South Carolina; that I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

Clark S. Gillespy
Signature of President

Clark S. Gillespy
Typed or Printed Name of Person Signing

State President, Duke Energy South Carolina
Title

03/14/14
Date Signed

Subscribed and sworn to before me this 14th day of March, 2014.

Richelle M. Doney
Notary Public

My Commission Expires: 2/1/2020

South Carolina

CERTIFICATION

(Certification must be signed by the Chief Executive Officer and the Chief Financial Officer)

I, James D. Wiles, state and attest, under penalty of perjury, that the attached South Carolina Quarterly Report is filed on behalf of Duke Energy Progress, Inc., as required by the Public Service Commission of South Carolina; that I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

James D. Wiles

Signature of Person Making Verification

James D. Wiles

Typed or Printed Name of Person Signing

Director Regulated Accounting

Title

March 14, 2014

Date Signed

Subscribed and sworn to before me this 14 day of March, 2014.

Kim V. Beal

Notary Public

My Commission Expires: October 24, 2014

Schedule 1

Duke Energy Progress

Electric Operating Experience - Total Company & SC Retail

Twelve Months Ended December 31, 2013

Line No.	Description	Total Company			SC Retail		
		Regulatory Per Books	Pro-Forma Adjustments	As Adjusted	Regulatory Per Books	Pro-Forma Adjustments	As Adjusted
	(Col. 1)	(Col. 2) $	(Col. 3) $	(Col. 4) $	(Col. 5) $	(Col. 6) $	(Col. 7) $
1	Operating Revenues	4,961,656,329	(102,832,532)	4,858,823,797	531,689,443	(15,256,869)	516,432,574
2	Operating Expenses						
3	O&M Expenses - Fuel	1,489,809,828	-	1,489,809,828	161,561,435	-	161,561,435
4	O&M Expenses - Other	1,780,178,198	(11,629,360)	1,768,548,838	205,574,479	(2,805,409)	202,769,071
5	Depreciation & Amortization Expenses	506,667,987	35,968,843	542,636,830	51,982,368	5,041,813	57,024,181
6	Taxes Other Than Income	223,074,446	284,710	223,359,156	16,048,410	(125,309)	15,923,101
7	Income Tax - State	(3,599,215)	(6,952,893)	(10,552,108)	373,321	(767,025)	(393,704)
8	Income Tax - Federal	(24,001,998)	(96,744,388)	(120,746,386)	(2,357,523)	(11,889,528)	(14,247,052)
9	Deferred Taxes	327,419,953	64,034,794	391,454,747	32,159,831	7,807,782	39,967,612
10	Investment Tax Credit	(6,796,249)	-	(6,796,249)	(710,008)	-	(710,008)
11	Total Operating Expenses	4,292,752,950	(15,038,295)	4,277,714,656	464,632,313	(2,737,677)	461,894,636
12	Operating Return	668,903,379	(87,794,237)	581,109,141	67,057,130	(12,519,192)	54,537,938
13	Customer Growth	3,582,775	(470,243)	3,112,532	66,262	(12,371)	53,891
14	Interest on Customer Deposits (After Taxes)	(8,022,743)	-	(8,022,743)	(611,308)	-	(611,308)
15	Total Income for Return	664,463,410	(88,264,480)	576,198,930	66,512,084	(12,531,563)	53,980,521
16	Rate Base						
17	Plant in Service	20,009,341,053	34,523,922	20,043,864,975	2,165,505,794	(1,845,211)	2,163,660,583
18	Reserve for Depreciation	(9,192,677,591)	5,313,822	(9,187,363,769)	(991,727,344)	1,318,705	(990,408,640)
19	Net Plant	10,816,663,462	39,837,744	10,856,501,206	1,173,778,449	(526,506)	1,173,251,943
20	Construction Work in Progress	-	413,306,132	413,306,132	-	44,835,449	44,835,449
21	Other Rate Base	334,762,017	(252,913,275)	81,848,742	78,352,994	(34,461,765)	43,891,228
22	Total Working Capital	378,803,882	-	378,803,882	39,732,966	-	39,732,966
23	Materials & Supplies	1,374,517,487	(31,763,841)	1,342,753,646	156,618,582	(3,523,508)	153,095,074
24	Accumulated Deferred Income Taxes	(2,485,749,090)	213,968,004	(2,271,781,086)	(297,013,529)	27,299,363	(269,714,166)
25	Total Rate Base	10,418,997,758	382,434,764	10,801,432,522	1,151,469,462	33,623,033	1,185,092,495
26	Rate of Return	6.38%		5.33%	5.78%		4.55%
27	Return on Equity	8.07%		6.12%	6.95%		4.68%

Duke Energy Progress
Electric Accounting & Pro Forma Adjustments
Total Company
Twelve Months Ended December 31, 2013

Adj. #	Description	Revenues	O&M Expenses	Deprec. & Amort. Expense	Taxes Other Than Income	State Income Tax @ 6.47%	Federal Income Tax @ 35%	Provision for Deferred Taxes	Plant In Service	Accum. Deprec.	CWIP	ADIT	Other Rate Base	Working Cash	Materials & Supplies
1	Normalize O&M labor costs		35,825,568			(2,317,914)	(11,727,679)								
2	Update for increased/decreased benefits costs		6,706,072			(433,883)	(2,195,266)								
3	Annualize depreciation on year end plant balances			15,810,500		(1,022,939)	(5,175,646)			(15,810,500)					
4	Adjust the amount of EPIS in rate base			6,551,343		(423,872)	(2,144,615)		242,964,102	(6,551,343)					
5	Adjust the amount of CWIP in rate base										413,306,132				
6	Annualize property taxes on year end plant balances				1,287,710	(83,315)	(421,538)								
7	Eliminate Prior Period Taxes					2,592,627	(48,831,148)	64,034,794							
8	Eliminate SFAS 109											112,645,108	(112,645,108)		
9	Adjust Fuel Stock														(31,763,841)
10	Eliminate DSM, EE, DSDR impacts	(94,899,000)	(54,161,000)	13,607,000	(1,003,000)	(3,511,000)	(17,442,000)		(208,440,180)	27,675,665		101,322,896	(140,268,167)		
11	Adjust income taxes to synchronize interest expense for the adjusted test period rate base					(1,228,037)	(6,213,355)								
12	Eliminate Program Performance Incentives	(7,933,532)				(524,559)	(2,593,141)								
13	**TOTAL - ALL PRO FORMAS**	(102,832,532)	(11,629,360)	36,968,843	284,710	(6,952,893)	(98,744,388)	64,034,794	34,523,922	5,313,822	413,306,132	213,968,004	(252,913,275)	0	(31,763,841)

Duke Energy Progress
Electric Accounting & Pro Forma Adjustments
SC Retail
Twelve Months Ended December 31, 2013

Adj. #	Description	Revenues	O&M Expenses	Deprec. & Amort. Expense	Taxes Other Than Income	State Income Tax @ 5%	Federal Income Tax @ 35%	Provision for Deferred Taxes	Plant In Service	Accum. Deprec.	CWIP	ADIT	Other Rate Base	Working Cash	Materials & Supplies
1	Normalize O&M labor costs		3,925,766			(196,288)	(1,305,317)								
2	Update for increased/decreased benefits costs		750,825			(37,541)	(249,649)								
3	Annualize depreciation on year end plant balances			1,715,123		(85,756)	(570,278)			(1,715,123)					
4	Adjust the amount of EPIS in rate base			710,690		(35,534)	(236,304)		26,356,746	(710,690)					
5	Adjust the amount of CWIP in rate base										44,835,449				
6	Annualize property taxes on year end plant balances				139,691	(6,985)	(48,892)								
7	Eliminate Prior Period Taxes					217,642	(5,297,203)	7,807,782							
8	Eliminate SFAS 109											12,369,548	(12,369,548)		
9	Adjust Fuel Stock														(3,523,508)
10	Eliminate DSM, EE, DSDR impacts	(14,054,000)	(7,482,000)	2,616,000	(265,000)	(446,000)	(2,967,000)		(28,201,956)	3,744,518		14,929,815	(22,092,217)		
11	Adjust income taxes to synchronize interest expense for the adjusted test period rate base					(116,419)	(814,931)								
12	Eliminate Program Performance Incentives	(1,202,869)				(60,143)	(399,954)								
13	**TOTAL - ALL PRO FORMAS**	**(15,256,869)**	**(2,806,409)**	**5,041,813**	**(125,309)**	**(767,025)**	**(11,889,528)**	**7,807,782**	**(1,845,211)**	**1,318,705**	**44,835,449**	**27,299,363**	**(34,461,765)**	**0**	**(3,523,508)**

Schedule 5

Duke Energy Progress

Statement of Fixed Assets - Electric

Twelve Months Ended December 31, 2013

Line No.	Description	Total Company Per Books	Total Company Adjustments	Total Company As Adjusted	SC Retail Per Books	SC Retail Adjustments	SC Retail As Adjusted
	(Col. 1)	(Col. 2) $	(Col. 3) $	(Col. 4) $	(Col. 5) $	(Col. 6) $	(Col. 7) $
	Gross Plant in Service						
1	Intangible Plant	301,513,766		301,513,766	32,631,171		32,631,171
2	Production	11,764,577,556	219,255,551	11,983,833,107	1,273,215,296	23,784,842	1,297,000,138
3	Transmission	2,123,053,330	13,821,865	2,136,875,195	229,766,344	1,499,396	231,265,740
4	Distribution	5,213,956,006	(203,858,683)	5,010,097,323	564,277,681	(27,704,955)	536,572,726
5	General	585,690,012	5,305,189	590,995,201	63,385,997	575,507	63,961,504
6	Common			-			-
7	Plant Held for Future Use	20,550,383		20,550,383	2,229,306		2,229,306
8	**Total Gross Plant in Service**	20,009,341,053	34,523,922	20,043,864,975	2,165,505,794	(1,845,210)	2,163,660,584
	Construction Work in Progress						
9	Production		362,087,859	362,087,859		39,279,291	39,279,291
10	Transmission		34,830,125	34,830,125		3,778,372	3,778,372
11	Distribution		18,554,298	18,554,298		2,012,770	2,012,770
12	General		(2,166,150)	(2,166,150)		(234,984)	(234,984)
13	Common						
14	**Total Construction Work in Progress**		413,306,132	413,306,132		44,835,449	44,835,449

Schedule 6

Duke Energy Progress
Reserve for Depreciation - Electric
Twelve Months Ended December 31, 2013

Line No.	Description	Total Company			SC Retail		
		Per Books	Adjustments	As Adjusted	Per Books	Adjustments	As Adjusted
	(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)
		$	$	$	$	$	$
1	Intangible Plant	(201,308,308)		(201,308,308)	(21,764,959)		(21,764,959)
2	Production	(5,501,976,479)	(25,410,810)	(5,527,387,289)	(592,697,816)	(2,756,565)	(595,454,381)
3	Transmission	(723,361,467)	2,438,840	(720,922,627)	(78,208,063)	264,565	(77,943,498)
4	Distribution	(2,601,596,131)	37,168,495	(2,564,427,636)	(281,278,176)	4,774,300	(276,503,876)
5	General	(164,435,205)	(8,882,703)	(173,317,908)	(17,778,330)	(963,596)	(18,741,926)
6	Common			-			-
7	**Total Reserve for Depreciation**	(9,192,677,591)	5,313,822	(9,187,363,769)	(991,727,344)	1,318,705	(990,408,639)

Schedule 7

Duke Energy Progress
Other Rate Base Items - Electric
Twelve Months Ended December 31, 2013

Line No.	Description	Total Company Per Books	Total Company Adjustments	Total Company As Adjusted	SC Retail Per Books	SC Retail Adjustments	SC Retail As Adjusted
	(Col. 1)	(Col. 2) $	(Col. 3) $	(Col. 4) $	(Col. 5) $	(Col. 6) $	(Col. 7) $
1	Unamortized Debt Expense	31,928,545		31,928,545	3,463,609		3,463,609
2	Design Basis	15,291,099		15,291,099	1,516,418		1,516,418
3	SFAS 158	268,990,026		268,990,026	29,475,927		29,475,927
4	GridSouth	3,676,168		3,676,168	3,676,168		3,676,168
5	Rate Case Costs	2,630,582		2,630,582	-		-
6	SFAS 109	112,645,108	(112,645,108)	0	12,369,548	(12,369,548)	0
7	PSNC Pipeline	668,489		668,489	66,294		66,294
8	SC Pollution Control Deferral	25,204,507		25,204,507	25,204,507		25,204,507
9	DSM	140,268,167	(140,268,167)	0	22,092,217	(22,092,217)	(0)
10	Coal Inventory Rider	515,578		515,578	-		-
11	Accum Provision for Pensions & Benefits	(130,798,253)		(130,798,253)	(14,334,063)		(14,334,063)
12	Accum Misc Operating Provisions	(37,848,871)		(37,848,871)	(4,147,824)		(4,147,824)
13	Unclaimed Refunds	283		283	-		-
14	Customer Advances For Construction	(7,830,168)		(7,830,168)	(1,029,807)		(1,029,807)
15	End of Life Reserves	(4,707,549)		(4,707,549)	-		-
16	Emission Allowances Proceeds	(11,176,823)		(11,176,823)	-		-
17	DOE Refund	(11,895,689)		(11,895,689)	-		-
18	REPS	(55,999,983)		(55,999,983)	-		-
19	Sale of Harris Land Deferral	(6,799,201)		(6,799,201)	-		-
20							
21							
22							
23							
24							
25							
26	**Total Deferred Debits/Credits**	334,762,017	(252,913,275)	81,848,742	78,352,994	(34,461,765)	43,891,229

Schedule 8

Duke Energy Progress
Total Working Capital - Electric
Twelve Months Ended December 31, 2013

Line No.	Description	Total Company Per Books	Total Company Adjustments	Total Company As Adjusted	SC Retail Per Books	SC Retail Adjustments	SC Retail As Adjusted
	(Col. 1)	(Col. 2) $	(Col. 3) $	(Col. 4) $	(Col. 5) $	(Col. 6) $	(Col. 7) $
1	Twelve Month O&M Expenses	3,251,349,092		3,251,349,092			-
	Less: Purchased Power/Sales to Other Utilities - Net	289,823,286		289,823,286			-
	Nuclear Fuel Expense	169,998,538		169,998,538			-
	Amortization of Property Losses	(18,639,004)		(18,639,004)			-
1a	Adjusted O&M	2,810,166,272	-	2,810,166,272	314,631,912	-	314,631,912
2	Working Cash (1/8 of O&M Expenses on Line 1)	351,270,784		351,270,784	39,328,989		39,328,989
3	Accrued Utility Revenue	119,594,809		119,594,809	15,050,571		15,050,571
4	Prepayments	73,443,739		73,443,739	7,967,490		7,967,490
5	Total Investor Advanced Funds	544,309,332	-	544,309,332	62,347,049	-	62,347,049
6	Less: Customer Deposits	(128,890,429)		(128,890,429)	(18,632,312)		(18,632,312)
7	Average Tax Accruals	(27,911,640)		(27,911,640)	(3,027,976)		(3,027,976)
8	Nuclear Refueling	-					
9	Injuries and Damages	(8,703,381)		(8,703,381)	(953,796)		(953,796)
10	**Total Working Capital**	378,803,882	-	378,803,882	39,732,966	-	39,732,966

Schedule 9

Duke Energy Progress

Materials & Supplies - Electric

Twelve Months Ended December 31, 2013

Line No.	Description	Total Company			SC Retail		
		Per Books	Adjustments	As Adjusted	Per Books	Adjustments	As Adjusted
	(Col. 1)	(Col. 2) $	(Col. 3) $	(Col. 4) $	(Col. 5) $	(Col. 6) $	(Col. 7) $
	Fuel Stock						
1	Nuclear	449,476,941		449,476,941	49,859,698		49,859,698
2	Fossil	286,029,920	(31,763,841)	254,266,079	31,728,804	(3,523,508)	28,205,296
3	Total Fuel Stock	735,506,861	(31,763,841)	703,743,020	81,588,502	(3,523,508)	78,064,994
4	Emission Allowances	66,888,592		66,888,592	7,419,836		7,419,836
5	Other Electric Materials and Supplies	572,122,034		572,122,034	67,610,244		67,610,244
6	**Total Materials & Supplies**	1,374,517,487	(31,763,841)	1,342,753,646	156,618,582	(3,523,508)	153,095,074

Duke Energy Progress

Cost of Capital - Electric Operations

Twelve Months Ended December 31, 2013

Total Company

Line No.	Description	Per Books Amount (Col. 1) $	Per Books Ratio (Col. 2) %	Per Books Retail Rate Base (Col. 3) $	Per Books Embedded Cost/ Return (Col. 4) %	Per Books Weighted Cost/ Return (Col. 5) %	Per Books Operating Income (Col. 6) $	As Adjusted Amount (Col. 7) $	As Adjusted Ratio (Col. 8) %	As Adjusted Retail Rate Base (Col. 9) $	As Adjusted Embedded Cost/ Return (Col. 10) %	As Adjusted Weighted Cost/ Return (Col. 11) %	As Adjusted Operating Income (Col. 12) $
1	Long Term Debt 1/	5,072,635,601	46.17%	4,810,761,400	4.41%	2.04%	212,081,788	4,772,138,905	45.76%	4,942,693,006	4.41%	2.02%	217,897,975
2	Preferred Stock	-						-					
3	Common Equity	5,913,521,174	53.83%	5,608,236,358	8.07%	4.34%	452,381,623	5,656,576,030	54.24%	5,858,739,516	6.12%	3.32%	358,300,955
4	**Total**	10,986,156,774	100.00%	$ 10,418,997,758			$ 664,463,410	10,428,714,935	100.00%	$ 10,801,432,522			$ 576,198,930

SC Retail

Line No.	Description	Per Books Amount (Col. 1) $	Per Books Ratio (Col. 2) %	Per Books Retail Rate Base (Col. 3) $	Per Books Embedded Cost/ Return (Col. 4) %	Per Books Weighted Cost/ Return (Col. 5) %	Per Books Operating Income (Col. 6) $	As Adjusted Amount (Col. 7) $	As Adjusted Ratio (Col. 8) %	As Adjusted Retail Rate Base (Col. 9) $	As Adjusted Embedded Cost/ Return (Col. 10) %	As Adjusted Weighted Cost/ Return (Col. 11) %	As Adjusted Operating Income (Col. 12) $
5	Long Term Debt	5,072,635,601	46.17%	531,667,725	4.41%	2.04%	23,438,502	4,772,138,905	45.76%	542,293,661	4.41%	2.02%	23,906,945
6	Preferred Stock	-						-					
7	Common Equity	5,913,521,174	53.83%	619,801,736	6.95%	3.74%	43,073,582	5,656,576,030	54.24%	642,798,834	4.68%	2.54%	30,073,576
8	**Total**	10,986,156,774	100.00%	$ 1,151,469,462			2/ $ 66,512,084	10,428,714,935	100.00%	$ 1,185,092,495			2/ $ 53,980,521

1/ - Long Term Debt includes:

First Mortgage Bonds
Unamortized Discounts on LTD
less Unamortized Loss on Reacquired Debt

2/ - Includes approximately $6.3M net of tax of Cost to Achieve.