PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKET NO. 2014-_____-E

DIRECT TESTIMONY OF ROBERT P. EVANS

ON BEHALF OF

ON BEHALF OF DUKE ENERGY PROGRESS, INC.

Q. PLEASE STATE YOUR NAME, YOUR BUSINESS ADDRESS AND POSITION WITH DUKE ENERGY PROGRESS, INC.

A. My name is Robert P. Evans and my business address is 150 Fayetteville Street, Raleigh, North Carolina 27602. I am employed by Duke Energy Progress, Inc. ("DEP") as Senior Manager-Strategy and Collaboration for the Carolinas in the Company's Customer Planning and Analytics Department.

Q. PLEASE BRIEFLY STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I graduated from Iowa State University ("ISU") in 1978 with a Bachelor of Science Degree in Industrial Administration and a minor in Industrial Engineering. As a part of my undergraduate work, I participated in both the graduate level Regulatory Studies Programs sponsored by American Telephone and Telegraph Corporation and graduate level study programs in Engineering Economics. Subsequent to my graduation from ISU, I received additional Engineering Economics training at the Colorado School of Mines, completed the NARUC Regulatory Studies program at Michigan State, and completed the Advanced AGA Ratemaking program at the University of Maryland.

Upon graduation from ISU, I joined the Iowa State Commerce Commission, now known as the Iowa Utility Board ("IUB"), in the Rates and Tariffs Section of the Utilities Division. During my tenure with the IUB, I held several positions, including Senior Rate Analyst in charge of Utility Rates and Tariffs and Assistant Director of the Utility Division. In those positions I provided testimony in gas, electric, water and telecommunications proceedings as an expert witness in the areas of rate design, service rules, and tariff applications. In 1982, I accepted employment with City Utilities of Springfield, Missouri, as an Operations Analyst. In that capacity, I provided support for rate-related matters associated with the municipal utility's gas, electric, water and sewer operations. In addition, I worked closely with its load management and energy conservation programs. In 1983, I joined the Rate Services staff of the Iowa Power and Light Company, now known as MidAmerican Energy, as a Rate Engineer. In this position, I was responsible for the preparation of rate related filings and presented testimony on rate design, service rules, and accounting issues before the IUB. In 1986, I accepted employment with Tennessee-Virginia Energy Corporation, which is now known as the United Cities Division of ATMOS Energy, as Director of Rates and Regulatory Affairs. While in this position, I was responsible for regulatory filings, regulatory relations, and customer billing. In 1987, I went to work for the Virginia State Corporation Commission in the Division of Energy Regulation as a Utilities Specialist. In this capacity I worked on electric and natural gas issues and provided testimony on cost of service and rate design matters brought before that regulatory body. In 1988, I joined North Carolina Natural Gas Corporation ("NCNG") as its Manager of Rates and Budgets. Subsequently, I was promoted to Director-Statistical

Services in its Planning and Regulatory Compliance Department. In that position, I performed a variety of work associated with financial, regulatory and statistical analysis and presented testimony on several issues brought before the North Carolina Utilities Commission. I held that position until the closing of NCNG's merger with Carolina Power and Light Company, the predecessor of Progress Energy, Inc., on July 15, 1999.

From July 1999 through January 2008 I was employed in Principal and Senior Analyst roles by the Progress Energy Service Company, LLC. In these roles I provided NCNG, Progress Energy Carolinas, Inc. and Progress Energy Florida, Inc. with rate and regulatory support in their state and federal venues. From 2008 through the merger of Duke Energy and Progress Energy I provided the Company with regulatory support for its energy efficiency and demand response programs. Subsequent to the Progress merger with Duke Energy I obtained my current position.

Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY IN MATTERS BROUGHT BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION?

A. Yes. I have provided testimony to this Commission in matters concerning customer owned generation and recoveries of cost associated with DEP's Demand Side Management ("DSM") / Energy Efficiency ("EE") programs.

Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES?

A. I am responsible for the regulatory support of DEP's EE and DSM programs and associated collaborative activities.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to explain and support DEP's Application for a DSM/EE cost recovery rider and to provide the information required by the Stipulation approved by Commission Order No. 2009-373 in Docket No. 2008-251-E ("Stipulation").

Q. WHAT IS THE SCOPE OF THE APPROVED STIPULATION IN DOCKET NO. 2008-251-E?

A. In summary, the Stipulation provided for: filing requirements; program "Opt-Out" criteria; procedures for the annual recovery of costs associated with DSM/EE programs and measures including the limited recovery of net lost revenues and incentives based on the sharing of savings achieved from DEP's programs. In addition, the Stipulation provided governing parameters associated with DSM/EE measure screening, measurement and verification.

Q. HAS DEP SUBMITTED INFORMATION COMPLYING WITH THE STIPULATED FILING REQUIREMENTS?

A. Yes, it has. The information required by Section (h) of the Stipulation, is contained in DEP Exhibit No. 1.

Q. WHAT PERIODS ARE COVERED BY DEP'S REQUEST?

A. This filing incorporates actual values from April 1, 2013 through December 31, 2013. Estimated values were used for January, February and March of 2014. Thus, the current test period, extending from April 1, 2013 to March 31, 2014, consists of nine

(9) months of actual values and three (3) months of estimated values. The estimated test period expenses and revenues from Docket No. 2013-76-E have been trued-up and accounted for in this request as adjustments.

Q. HAS DEP INCORPORATED INTEREST ON OVER OR UNDER-COLLECTIONS EXPERIENCED DURING THE CURRENT TEST PERIOD?

A. Yes it has. DEP's revenues during the test period were less than its calculated cost of service. This resulted in an under-recovery. DEP's calculated interest through the end of the rate period totaled $292,047. This amount has been reflected as an adjustment impacting the determination of the DSM/EE revenue requirement calculation.

Q. HAS DEP INCORPORATED ANY PROGRAM TRUE-UPS RESULTING FROM EVALUATION, MEASUREMENT, AND VERIFICATION ("EM&V") RESULTS IN ITS CURRENT COST RECOVERY REQUEST?

A. Yes it has. DEP has trued-up the 2012 program vintage for its Home Energy Improvement (for existing residential structures), Energy Efficient Lighting, Home Advantage (replaced by DEP's New Residential Construction Program), Energy Efficiency for Business, Residential EnergyWise, and Demand Response Automation programs. The net overall revenue requirement impact, resulting from PPI true-ups was a decrease in the amount of $18,104. This over-collection was recognized and accounted for in this request.

Q. HOW DOES DEP APPLY ITS EM&V RESULTS TO PROGRAM TRUE-UPS?

A. Program EM&V results provided DEP with verified impacts of its DSM/EE program offerings. In essence, the EM&V reports verified energy and demand savings, as well as other factors including field verification rates (i.e., verifying that the DSM/EE measures were properly installed) and free-ridership (i.e., the percentage of program participants that would have implemented the measure even in absence of the program). The verified results are used to replace the original program estimates for determining both the net lost revenues and Program Performance Incentives ("PPI"). Both Net Lost Revenues ("NLR") and PPI amounts previously included in DEP's cost of service are recalculated using the verified results. The differences between the amounts employed in prior recovery clause calculations and the amounts based on the verified values are recognized in the determination of the revenue requirements applicable to this proceeding.

Q. WHAT IS THE TRC TEST?

A. The TRC test is one of several DSM/EE cost-effectiveness tests used to evaluate a DSM or EE program as a resource option. TRC evaluates the benefits and costs of a DSM/EE program from the perspective of all utility customers as a whole. The total costs of the program include both the program participants' costs and the utility's costs (adjusted for any incentives paid by the utility to the participants). The benefits identified in the TRC test consist of the avoided supply-side costs (i.e., the reduction in generation, transmission and distribution capacity and energy costs) valued at their marginal cost for the periods where there is a load reduction and any incentives paid by

the utility to the participants. Since incentives paid by the utility are included as both a cost and benefit (a cost to the utility and a benefit to the recipients), they cancel themselves out and for all intents and purposes, such incentives are not considered in the analysis.

Q. WHAT ROLE DOES THE TRC PLAY IN DEP'S DSM/EE PROGRAMS?

A. DEP uses the TRC test in two ways. First, DEP uses the TRC as a filter or screening mechanism for new DSM/EE programs. Proposed DSM/EE programs require a TRC ratio greater than 1.05 in order to be considered. Secondly, because the TRC impacts the determination of the PPI, with some exceptions, programs or measures with a TRC of less than 1.0 at the time of the cost recovery proceeding are ineligible for PPI.

Q. DID ANY PROGRAMS OR MEASURES FAIL THE TRC TEST?

A. Yes. It is important that program and measure related TRC tests are evaluated using verified results since the TRC results can potentially impact the true-up process. DEP has evaluated TRCs for those program vintages where EM&V results were available. All verified programs eligible for PPIs passed the TRC test, however, DEP's estimated TRCs applicable to its 2013 program vintages indicated that the Residential Home Advantage, Residential Home Energy Improvement, Residential New Construction, and Small Business Energy Saver programs did not meet the necessary 1.0 TRC threshold necessary for PPI eligibility. DEP's estimated TRCs applicable to its 2014 program vintages indicated that the Residential Home Energy Improvement, Residential Home Advantage and Small Business Energy Saver programs did not meet the necessary 1.0 TRC threshold necessary for PPI eligibility. When EM&V reports

become available for these programs, their TRC results will be reexamined. In the interim, PPI amounts for these program vintages were not included in the determination of DEP's revenue requirement request.

Q. DOES DEP'S REQUEST RECOGNIZE CUSTOMERS OPTING-OUT OF PROGRAM PARTICIPATION?

Yes it does. Section (f) of the Stipulation provides that commercial customers with annual consumption of 1,000,000 kWh or greater in the billing months of the prior calendar year and all industrial customers may elect to not participate in any utility-offered DSM/EE measures and, after written notification to the utility that they have met certain criteria, will not be subject to the DSM/EE Rider. For purposes of application of this option, a customer is defined to be a metered account billed under a single application of a Company rate tariff. For commercial accounts, once one account meets the "Opt-Out" eligibility requirement, all other accounts billed to the same entity with lesser annual usage located on the same or contiguous properties are also eligible to "Opt-Out" of the DSM/EE Rider. Since these rates are included in the rate tariff charges, customers electing this option will receive an itemized DSM/EE Credit on their monthly bill statement.

Q. IS DEP REQUESTING PPIs IN THIS PROCEEDING?

Yes it is. The PPIs are calculated pursuant to section (e) of the Stipulation, based on the savings achieved by DSM/EE programs as measured by the Utility Cost Test ("UCT"). With regard to DSM measures and programs, DEP will receive an incentive equal to eight percent of the net savings estimated by the UCT, and for EE measures

and programs DEP will receive an incentive equal to thirteen percent of the UCT estimated net savings. Using these values, the PPI is established for measures installed during a twelve-month period (i.e. a vintage year) and is recovered in equal annual installments over a ten-year period. The annual installments are calculated through the levelization of the vintage year PPI using DEP's overall weighted net-of-tax rate of return approved in DEP's most recent general rate case as a discount rate.

In addition, DEP is requesting the recovery of estimated net lost revenues. Pursuant to the Stipulation, recovery of net lost revenues is allowed for no more than three years for measures installed in any given vintage year. Both the recovery of net lost revenue and PPI are subject to true-up on the basis of measurement and verification analysis. The changes in net lost revenues related to programs that were trued-up have been recognized in DEP's request.

SUMMARY OF DSM/EE COSTS

Q. CAN YOU PROVIDE A SUMMARY OF THE COSTS FOR WHICH THE COMPANY IS REQUESTING RECOVERY IN THIS PROCEEDING?

A. Yes. The Company's requested recovery of DSM/EE costs, allocated jurisdictionally to South Carolina, has been broken into two periods. For the test period, April 1, 2013 through March 31, 2014, the South Carolina allocated share of actual and estimated costs used in the revenue requirement determination totaled $15,804,878. For the forecasted rate period, July 1, 2014 through June 30, 2015, the South Carolina allocated share of forecasted costs is $17,571,705. The total of the jurisdictionally allocated actual and forecasted costs is $33,376,583.

A summary of the cost components associated with the Company's recovery request are provided on Evans Exhibit No. 1 by period and by DSM/EE program.

Q. ARE THE COMPANY'S PROPOSED RATES DESIGNED TO RECOVER $33,376,583?

A. No, there are several offsetting revenue requirement adjustments that reduce this amount. The total revenue requirement, net of gross receipts tax and regulatory fees, is actually $21,059,878. A summary of these adjustments is provided on Evans Exhibit No. 2.

Q. HOW MUCH REVENUE WAS RECOVERED DURING THE TEST PERIOD?

A. DEP's actual and estimated billings to its customers, for the test period, totaled $15,146,994.

Q. HOW IS THE TEST PERIOD REVENUE RECOGNIZED IN THE DETERMINATION OF THE REVENUE REQUIREMENT?

A. The $15,146,994 in revenue is used to offset actual and estimated DSM/EE expenses for the test period, $15,804,878. As illustrated on Evans Exhibit 2, the difference between these amounts, is further adjusted to account for the prior period under-collected balance of $2,231,896 along with test period adjustments totaling $598,392. The net result of these combined values is an under-recovery totaling $3,488,172 at March 31, 2014. This remainder when added to the revenue requirement of the forecasted rate period, totals $21,059,878, the amount requested in this proceeding.

JURISDICTIONAL COST ALLOCATION

Q. HOW ARE DSM AND EE PROGRAM COSTS ALLOCATED TO THE SOUTH CAROLINA RETAIL JURISDICTION?

A. DEP first reviews all costs to be recovered and separates them into four categories: (1) EE-related costs, (2) DSM-related costs, (3) costs that provide a system benefit in support of both EE and DSM programs, and (4) DSDR related costs. For each of these categories, different allocation methods are employed to assign those costs to the appropriate jurisdiction.

Q. PLEASE ELABORATE ON THE METHODOLOGY USED TO ALLOCATE DSM/EE COSTS THAT OFFER A SYSTEM BENEFIT.

A. Common Administrative and General ("A&G") costs, associated with the programs, provide a system benefit in support of both EE and DSM programs. Since A&G costs relate to both EE and DSM, A&G amounts are assigned to both categories. The division of these costs into either the EE or DSM category is based upon the percentage of each type of expenditure anticipated during the current calendar period. For example, if 30% of these estimated costs for the forecasted calendar period are EE-related, then 30% of the A&G costs will be considered as EE-related costs for allocation purposes. The use of a forecast period recognizes the types of new programs DEP will offer in the immediate future that will be supported by these administrative costs. The assignment of A&G costs as being either EE or DSM related is reviewed annually each June based upon forecasted costs for the next calendar year. The A&G

costs provided for in this proceeding have been assigned to these categories based upon forecasted DSM and EE costs for 2014.

Q. ON EVANS EXHIBITS 1 AND 2, THE DSDR PROGRAM IS SEPARATED FROM THE OTHER DSM AND EE PROGRAMS. HOW IS THE DSDR PROGRAM CLASSIFIED?

A. The DSDR Program has been classified, for purposes of ratemaking, as a DSM program. Due to the scope and nature of this program, DSDR program costs continue to be tracked separately. This separate tracking includes both direct costs and A&G costs specifically associated with this program.

Q. HOW ARE COSTS IDENTIFIED AS EE-RELATED ALLOCATED TO THE JURISDICTION?

A. Any program costs that are identified as being EE-related, including A&G costs, are allocated to SC retail based upon the ratio, at the meter, of SC retail sales to DEP system retail sales. The allocation percentage is updated each May, and is based on the prior calendar year's retail sales.

Q. HOW ARE COSTS IDENTIFIED AS DSM-RELATED ALLOCATED TO THE JURISDICTION?

A. Any program costs that are identified as being DSM or DSDR-related, including assigned A&G costs, are allocated to SC retail customers based upon the ratio of the SC retail demand to the DEP system retail demand at the hour of the annual system peak.

This allocation percentage is updated each May, and is based on demand data from the prior calendar year.

UTILITY INCENTIVES AND NET LOST REVENUES

Q. HOW WERE THE UTILITY INCENTIVES CALCULATED?

A. As stated earlier, the PPI is calculated pursuant to section (e) of the Stipulation, based on the savings achieved by DSM/EE programs as measured by the Utility Cost Test ("UCT"). The amount of the PPI initially to be recovered for a given measurement unit and vintage year is equal to eight percent of the UCT for DSM programs and thirteen percent of the UCT for EE programs. Estimated net savings are determined by multiplying the number of measurement units projected to be installed specific to a program or measure in a vintage year by the most current estimates of the annual per installation kW and kWh savings over the measurement unit's life and by the most current estimates of the annual kW and kWh avoided costs, subtracting the estimated utility costs over the measurement unit's life related to the projected installations in that vintage year and discounting the result to determine a net present value.

The PPI for the vintage is converted into a stream of ten (10) levelized annual payments using DEP's overall weighted average net-of-tax rate of return, approved in the Company's most recent general rate case, as the appropriate discount rate. Pursuant to item (e)(11) of the Stipulation, PPI recoveries are subject to true-up on the basis of future measurement and verification results.

Q. HOW WERE THE NET LOST REVENUES DETERMINED?

A. Net lost revenues, which are applicable to EE programs, are determined by multiplying the estimated reduction in sales by a margin based net lost revenue rate. While subject to a few nuances, the following formula embraces the essence of the adjustment.

NET LOST REVENUES = LOST SALES X NET LOST REVENUE RATE

Lost Sales are those sales that do not occur by virtue of employing the DSM/EE measures. These values are initially based on engineering estimates and/or past impact evaluations. Prospective periods are based on impact evaluations, using EM&V results, and applied prospectively. The EM&V results are also employed in the determination of net lost revenue true-ups. The Net Lost Revenue Rate, itself, represents the difference between the average retail rate applicable to the customer class impacted by the measure and (1) the embedded gross receipts taxes, (2) the related average customer charge component of that rate, (3) the average fuel component of the rate, (4) the incremental variable O&M rates from the Company's last CSP tariff, and (5) the impact of the uncollectibles adjustment.

It is important to note that pursuant to item (d)(6) of the Stipulation, net lost revenues are recoverable for only the first 36-months of an installed measure's life and, as in the case of the PPI, recoveries are subject to true-up on the basis of EM&V results applicable to a program's vintage year results.

Q. IS DEP SEEKING A PPI AND NET LOST REVENUES FOR ALL PROGRAMS AND MEASURES?

A. No. DEP is not seeking a PPI for its DSDR, Residential Low Income, Residential Solar Hot Water Heating programs or for program vintages where estimated TRC results were less than 1.0. Net lost revenues are not currently being sought for DEP's Residential Solar Hot Water Heating Program or for programs that consist of event driven measures (e.g., EnergyWise, CIG Demand Response and DSDR).

RATE DEVELOPMENT

Q. ONCE ALL RELEVANT COSTS ARE ALLOCATED TO SOUTH CAROLINA AND IDENTIFIED AS EITHER DSM OR EE RELATED, HOW ARE RATES ESTABLISHED?

A. DEP schedules are designed to establish three natural rate groups: Residential, General Service and Lighting.

Q. CAN YOU IDENTIFY THE RATE TARIFFS THAT FALL WITHIN EACH RATE CLASS?

A. The following table lists the schedules and riders proposed within each rate class:

RESIDENTIAL	GENERAL SERVICE			LIGHTING
	Small General Service	Medium General Service	Large General Service	
RES R-TOUD R-TOUE	SGS TSS TFS	MGS SGS-TOU SI SGS-TES CSE, CSG GS & Rider SS (less than 1 MW)	LGS LGS-TOU LGS-CUR-TOU LGS-RTP & Rider SS (1 MW & Greater)	ALS SLS SLR SFLS

COST ALLOCATION METHODOLOGY

Q. HOW ARE EE AND DSM RELATED COSTS ALLOCATED TO EACH RATE CLASS?

A. Costs are assigned to customer classes based on program design and participation. In other words, costs are assigned to customer groups that are directly benefitted by the programs. Using this method, Residential program costs are allocated solely to Residential customers, General Service program costs are allocated solely to General Service customers, and Lighting program costs would be allocated solely to lighting customers. Where programs benefit multiple customer groups, the costs are allocated to benefitted groups using appropriate annual energy, coincident peak demand, and/or EM&V based allocation factors.

Q. HOW ARE ANNUAL ENERGY ALLOCATIONS ADJUSTED FOR THE IMPACT OF "OPT-OUT" CUSTOMERS?

A. Rate Class energy allocation factors were developed assuming the level of usage associated with General Service customers who have "Opted-Out," based on the twelve-months ending in December, will continue throughout the rate period. To the extent that actual "Opt-Out" levels diverge from this percentage, recovery variations will be reconciled in subsequent DSM/EE rider true-ups.

The levels of General Service and Lighting usage associated with customers who have "Opted-Out" of the DSM/EE rate are provided on Evans Exhibit No. 3.

Q. THE SALES FOR "OPT-OUT" CUSTOMERS ARE EASILY IDENTIFIED, BUT HOW IS THE COINCIDENT PEAK OF THESE CUSTOMERS ESTIMATED?

A. DEP reviewed its billing records and based upon the current General Service "Opt-Out" rate and anticipates that 2,487,769,988 kWhs would not be subject to DSM/EE Rider billing for the twelve month period ending June 30, 2015.

Currently installed metering for the majority of these customers does not provide usage data at the system peak hour; therefore, this impact is estimated based upon the ratio of "Opt-Out" related sales to total sales for the rate class multiplied by the rate class peak demand. This approach should accurately approximate the demand of "Opt-Out" accounts.

Q. AFTER ADJUSTING ENERGY AND DEMAND FOR "OPT-OUT" CUSTOMERS, HOW ARE THE RESULTING ALLOCATION FACTORS USED TO DETERMINE REVENUE REQUIREMENTS FOR EACH RATE CLASS?

A. The energy and demand based allocators are used in cases where programs or measures directly benefit multiple rate groups. In this situation, EE costs are multiplied by Rate Class energy allocation factors and DSM costs are multiplied by Rate Class demand allocation factors.

The energy allocation rate class factors were developed from the forecasted rate class usage after subtracting sales for "Opt-Out" customers. The energy allocation factors

applicable to each rate class are based on forecasted sales for the recovery period, July 2014 through June 2015, and are provided in Evans Exhibit No. 4.

The demand allocation rate class factors are based on the summer coincident peak demand for 2013, after subtracting the estimated demand for "Opt-Out" customers as discussed above. The forecast does not provide rate class coincident peak demands; therefore, DEP deemed the most recent historic data to be representative of future demand impacts. The demand allocation factors applicable to each rate class are provided in Evans Exhibit No. 5.

Q. HOW ARE RATE CLASS DSM/EE RATES ESTABLISHED?

A. The calculated rate class EE and DSM revenue requirements are divided by rate class sales, after adjustment for "Opt-Out" customers, to establish the rate class DSM/EE rate. Evans Exhibit No. 6 provides the derivation of the Energy Efficiency Rate. Evans Exhibit No. 7 provides the derivation of the Demand Side Management Rate.

Q. WERE DEP'S ESTIMATED UNCOLLECTIBLE BILLINGS CONSISTENT WITH ACTUAL RESULTS?

A. Company estimates were fairly consistent with actual results. The actual Residential uncollectible rate for the period, 0.6696%, was greater than the estimated value of 0.5687%. This difference resulted in an under-collection of $11,215. The General Service uncollectible rate associated with the test period, 0.0439%, was lower than the estimated value of 0.0493%. This difference resulted in an over-collection of $218. The revised amounts are employed as gross-up factor components used on Evans

Exhibit No. 8. The differences were trued-up and were used in the development of the adjustments located on lines 38 through 40 of Evans Exhibit No. 2 to arrive at the residual revenue requirement at the end of the test period, March 31, 2014.

Q. WHAT RATES ARE PROPOSED FOR EACH RATE CLASS?

A. Evans Exhibit No. 9 calculates the DSM/EE annual rates proposed in this proceeding. The DSM/EE rates recover costs forecasted to be incurred from July 1, 2014 through June 30, 2015 and the actual and estimated costs incurred through March 31, 2014, net of estimated test period recoveries and other adjustments. DEP proposes the following rates, exclusive of gross receipts taxes and SC Regulatory Fees, for each rate class (shown in cents per kWh):

Rate Class	DSM Rate	EE Rate	Adjustment*	DSM/EE Annual Rider**
Residential	0.2514	0.2905	0.0079	0.550
General Service	0.1592	0.3888	0.0002	0.548
Lighting	0.0000	0.0000	0.0000	0.000

** Adjustment for uncollectible billings and Residential RECD discount*
***Billing Rates are rounded to the nearest thousandth of a cent*

The proposed billing rates, including gross receipts taxes and SC Regulatory Fees for each class are provided in the following table (shown in cents per kWh):

Rate Class	DSM /EE Rate
Residential	0.552¢/kWh
General Service	0.550¢/kWh
Lighting	0.000¢/kWh

Q. WERE DEP'S DSM/EE COSTS FOR THE TEST PERIOD PRUDENTLY INCURRED AND JUST AND REASONABLE?

A. Yes, the benefits resulting from DEP's DSM/EE programs exceeded their costs and have reduced the cost of electricity for DEP's customers.

Q. IS DEP IN THE PROCESS OF ESTABLISHING A COLLABORATIVE SIMILAR TO THAT USED BY DUKE ENERGY CAROLINAS?

A. Yes, DEP is in the process of establishing a collaborative from which DEP will invite parties that have intervened in its recent DSM/EE related filings. In addition, DEP intends to seek out other stakeholders representing environmental, academic, governmental, regulatory, business, and low income groups that are active in DEP's service area.

Q. WHAT IS THE PURPOSE OF THE DEP COLLABORATIVE?

A. DEP believes such a collaborative will be a beneficial forum from which to discuss DEP's existing DSM/EE programs, their potential modification, and new DSM/EE programs.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

South Carolina Retail - DSM/EE Revenue Requirements Summary

A. Test Period

			SOUTH CAROLINA JURISDICTIONALLY ALLOCATED RETAIL COSTS ONLY														
			O&M	Insurance	A&G Expense	Capitalized O&M and A&G	Current Period Amortization	Prior Period Amortization	DSDR Capital Costs	Income Taxes on DSDR Capital Costs	DSDR Property Taxes	DSDR Depreciation	Carrying Costs Net of Taxes	Income Taxes on Carrying Cost	Rev Reqmt Before PPI & NLR	Net Lost Revenue	PPI	Total Revenue Requirement
	April 2013 through March 2014		*(1)*	*(2)*	*(3)*	*(4)* ΣCols(1)thru(3)	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*	*(11)*	*(12)*	*(13)* ΣCols(5)thru(12)	*(14)*	*(15)*	*(16)* ΣCols(13)thru(15)
	SC DSM Program Expenses																	
1	CIG DR	*Per Books & Est*	$ 195,405		$ -	$ 195,405	$ 19,540	$ 58,415					$ -	$ -	$ 77,955	$ -	$ 19,372	$ 97,327
2	EnergyWise	*Per Books & Est*	1,381,886		-	1,381,886	138,189	516,189					-	-	654,378	-	372,020	1,026,398
3	Total DSM	*Σ Lines 1 thru 2*	$ 1,577,291		$ -	$ 1,577,291	$ 157,729	$ 574,604					$ -	$ -	$ 732,333	$ -	$ 391,392	$ 1,123,724
4	DSM A&G and Carrying Costs	*Per Books*			98,831	98,831	9,883	57,199					322,214	126,037	515,333	-	-	515,333
5	Total DSM and Assigned Cost	*Σ Lines 3 thru 4*	$ 1,577,291		$ 98,831	$ 1,676,122	$ 167,612	$ 631,803					$ 322,214	$ 126,037	$ 1,247,666	$ -	$ 391,392	$ 1,639,058
	SC EE Program Expenses																	
6	Res Home Advantage	*Per Books & Est*	$ 1,051		$ -	$ 1,051	$ 105	$ 71,503					$ -	$ -	$ 71,608	$ 58,373	$ 28,759	$ 158,739
7	Res Home Energy Improvem't	*Per Books & Est*	739,367		-	739,367	73,937	356,184					-	-	430,121	125,247	58,285	613,653
8	Residential Low Income	*Per Books & Est*	300,616		-	300,616	30,062	99,721					-	-	129,783	85,915	-	215,698
9	CIG Energy Efficiency	*Per Books & Est*	1,212,667		-	1,212,667	121,267	426,126					-	-	547,393	1,114,614	443,270	2,105,277
10	Solar Hot Water Pilot	*Per Books & Est*	-		-	-	-	6,779					-	-	6,779	-	-	6,779
11	Lighting[1] - Residential	*Per Books & Est @ 89.17%*	1,033,094		-	1,033,094	206,619	550,551					-	-	757,170	2,135,789	386,741	3,279,700
12	Lighting[1] - General Service	*Per Books & Est @ 10.83%*	125,473			125,473	25,095	66,866							91,961	910,751	98,249	1,100,961
13	Res Appliance Recycling	*Per Books & Est*	239,043		-	239,043	23,904	57,354					-	-	81,258	108,474	15,125	204,857
14	Res EE Benchmarking[1]	*Per Books & Est*	60,536			60,536	6,054	-					-	-	6,054	56,275	863	63,192
15	Home Depot CFL	*Per Books & Est*	-		-	-	-	2,140					-	-	2,140	-	10,473	12,613
16	Small Business Direct Install	*Per Books & Est*	716,197			716,197	71,620	4,016					-	-	75,636	22,592	-	98,228
17	Residential New Construction	*Per Books & Est*	390,646			390,646	39,065	6,623					-	-	45,688	8,979	-	54,667
18	Total EE	*Σ Lines 6 thru 17*	$ 4,818,689		$ -	$ 4,818,689	$ 597,728	$ 1,647,863					$ -	$ -	$ 2,245,591	$ 4,627,008	$ 1,041,764	$ 7,914,364
19	EE A&G and Carrying Costs	*Per Books & Est*			317,817	317,817	31,782	115,289					731,505	286,136	1,164,713	-	-	1,164,713
20	Total EE and Assigned Cost	*Σ Lines 18 thru 19*	$ 4,818,689		$ 317,817	$ 5,136,506	$ 629,510	$ 1,763,152					$ 731,505	$ 286,136	$ 3,410,304	$ 4,627,008	$ 1,041,764	$ 9,079,076
															$ 1,647,151			
	SC DSDR Program Expenses																	
21	DSDR Program	*Per Books & Est*	$ 862,954	$ 137,638	$ -	$ 1,000,592	$ 100,059	$ 373,271	$ 1,589,491	$ 778,775	$ 356,097	$ 1,554,955			$ 4,752,647	$ -	$ -	$ 4,752,647
22	DSDR A&G and Carrying Costs	*Per Books & Est*			-	-	-	42,206					209,818	82,073	334,096	-	-	334,096
23	Total DSDR and Assigned Cost	*Σ Lines 21 thru 22*	$ 862,954	$ 137,638	$ -	$ 1,000,592	$ 100,059	$ 415,477	$ 1,589,491	$ 778,775	$ 356,097	$ 1,554,955	$ 209,818	$ 82,073	$ 5,086,744	$ -	$ -	$ 5,086,744
24	Test Period Totals	*Lines 5 + 20 + 23*	$ 7,258,934	$ 137,638	$ 416,648	$ 7,813,220	$ 897,181	$ 2,810,432	$ 1,589,491	$ 778,775	$ 356,097	$ 1,554,955	$ 1,263,537	$ 494,246	$ 9,744,714	$ 4,627,008	$ 1,433,156	$ 15,804,878

[1] Current Residential EE Benchmarking Program costs are recovered during the current period. Lighting costs are recovered over a 5 year period. All other EE program costs are recovered over a 10 year period.

South Carolina Retail - DSM/EE Revenue Requirements Summary

B. Rate Period

			SOUTH CAROLINA JURISDICTIONALLY ALLOCATED RETAIL COSTS ONLY															
			O&M	Insurance	A&G Expense	Capitalized O&M and A&G	Current Period Amortization	Prior Period Amortization	DSDR Capital Costs	Income Taxes on DSDR Capital Costs	DSDR Property Taxes	DSDR Depreciation	Carrying Costs Net of Taxes	Income Taxes on Carrying Cost	Rev Reqmt Before PPI & NLR	Net Lost Revenue	PPI	Total Revenue Requirement
	July 2014 through June 2015		*(1)*	*(2)*	*(3)*	*(4)* ΣCols(1)thru(3)	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*	*(11)*	*(12)*	*(13)* ΣCols(5)thru(12)	*(14)*	*(15)*	*(16)* ΣCols(13)thru(15)
	SC DSM Program Expenses																	
1	CIG DR	*Per Forecast*	$ 269,078		-	$ 269,078	$ 26,908	$ 77,955					$ -	$ -	$ 104,863	$ -	$ 22,447	$ 127,310
2	EnergyWise	*Per Forecast*	1,418,109		-	1,418,109	141,811	654,378					-	-	796,189	-	401,752	1,197,941
3	Total DSM	*Σ Lines 1 thru 2*	$ 1,687,187		$ -	$ 1,687,187	$ 168,719	$ 732,333					$ -	$ -	$ 901,052	$ -	$ 424,199	$ 1,325,251
4	DSM A&G and Carrying Costs	*Per Forecast*			139,882	139,882	13,988	67,082					371,675	145,385	598,130	-	-	598,130
5	Total DSM and Assigned Cost	*Σ Lines 3 thru 4*	$ 1,687,187		$ 139,882	$ 1,827,068	$ 182,707	$ 799,415					$ 371,675	$ 145,385	$ 1,499,182	$ -	$ 424,199	$ 1,923,381
	SC EE Program Expenses																	
6	Res Home Advantage	*Per Forecast*	$ 1,025		$ -	$ 1,025	$ 102	$ 71,608					$ -	$ -	$ 71,710	$ 19,874	$ 28,759	120,343
7	Res Home Energy Improvem't	*Per Forecast*	878,227		-	878,227	87,823	430,121					-	-	517,944	103,700	58,285	679,929
8	Residential Low Income	*Per Forecast*	318,947		-	318,947	31,895	129,783					-	-	161,678	60,740	-	222,418
9	CIG Energy Efficiency	*Per Forecast*	1,403,912		-	1,403,912	140,391	547,393					-	-	687,784	1,399,421	578,821	2,666,026
10	Solar Hot Water Pilot	*Per Forecast*	-		-	-	-	6,779					-	-	6,779	-	-	6,779
11	Lighting[1] - Residential	*Per Forecast*	840,382		-	840,382	168,076	757,170					-	-	925,246	1,990,503	428,501	3,344,249
12	Lighting[1] - General Service	*Per Forecast*	102,067			102,067	20,413	91,961							112,374	850,581	109,122	1,072,076
13	Res Appliance Recycling	*Per Forecast*	318,571		-	318,571	31,857	81,258					-	-	113,115	111,184	15,643	239,943
14	Res EE Benchmarking[1]	*Per Forecast*	528		-	528	528	6,054					-	-	6,582	(7,437)	2,892	2,038
15	Home Depot CFL	*Per Forecast*	-		-	-	-	2,140					-	-	2,140	-	10,473	12,613
16	Small Business Direct Install	*Per Forecast*	1,088,042			1,088,042	108,804	75,636					-	-	184,440	79,668	-	264,108
17	Residential New Construction	*Per Forecast*	1,085,604			1,085,604	108,560	45,688					-	-	154,248	65,140	7,562	226,949
18	Total EE	*Σ Lines 6 thru 17*	$ 6,037,305		$ -	$ 6,037,305	$ 698,449	$ 2,245,591					$ -	$ -	$ 2,944,040	$ 4,673,374	$ 1,240,057	$ 8,857,471
19	EE A&G and Carrying Costs	*Per Books*			468,300	468,300	46,830	147,071					861,902	337,142	1,392,945	-		1,392,945
20	Total EE and Assigned Cost	*Σ Lines 18 thru 19*	$ 6,037,305		$ 468,300	$ 6,505,605	$ 745,279	$ 2,392,662					$ 861,902	$ 337,142	$ 4,336,986	$ 4,673,374	$ 1,240,057	$ 10,250,416
	SC DSDR Program Expenses																	
21	DSDR Program	*Per Forecast*	$ 706,516	$ 150,324	$ -	$ 856,840	$ 85,684	$ 473,330	$ 1,560,757	$ 764,697	$ 393,623	$ 1,718,400			$ 4,996,491	$ -	$ -	$ 4,996,491
22	DSDR A&G and Carrying Costs	*Per Forecast*			-	-	-	42,206					258,210	101,002	401,418	-	-	401,418
23	Total DSDR and Assigned Cost	*Σ Lines 21 thru 22*	$ 706,516	$ 150,324	$ -	$ 856,840	$ 85,684	$ 515,536	$ 1,560,757	$ 764,697	$ 393,623	$ 1,718,400	$ 258,210	$ 101,002	$ 5,397,908	$ -	$ -	$ 5,397,908
24	Rate Period Totals	*Lines 5 + 20 + 23*	$ 8,431,008	$ 150,324	$ 608,181	$ 9,189,513	$ 1,013,670	$ 3,707,613	$ 1,560,757	$ 764,697	$ 393,623	$ 1,718,400	$ 1,491,787	$ 583,529	$ 11,234,076	$ 4,673,374	$ 1,664,256	$ 17,571,705

[1] Current Residential EE Benchmarking Program costs are recovered during the current period. Lighting Program costs are recovered over a 5 year period. All other EE program costs are recovered over a 10 year period.

DUKE ENERGY PROGRESS

Determination of Net Revenue Requirement for Test Period

			Residential	General Service	Lighting	Total
1	**Prior Period Recovery Balance at March 31, 2013**					
2	Energy Efficiency Programs	*Doc No. 2013-76-E Exh 2*	$ 1,136,784.96	$ 496,694.99	$ -	$ 1,633,479.95
3	Demand Side Management Programs	*Doc No. 2013-76-E Exh 2*	482,992.10	2,994.88	-	485,986.98
4	DSDR Program Expenses	*Doc No. 2013-76-E Exh 2*	(90,754.10)	203,183.21	-	112,429.11
5	Balance - Prior (Over) or Under Collection	*Lines 2 + 3 + 4*	$ 1,529,022.96	$ 702,873.08	$ -	$ 2,231,896.04
6						
7	**Current Period Cost of Service *(4-13 to 3-14)***					
8	Energy Efficiency Programs	*Exhibit 1 (Page 1 of 2)*	$ 1,530,600.80	$ 714,990.26	$ -	$ 2,245,591.06
9	E E A&G and Carrying Cost Allocation	*Exhibit 1 (Page 1 of 2)*	793,871.24	370,841.43	-	1,164,712.67
10	E E PPI and Net Lost Revenues	*Exhibit 1 (Page 1 of 2)*	3,079,297.18	2,589,475.28	-	5,668,772.47
11	Total Energy Efficiency Cost of Service	*Lines 8 + 9 + 10*	$ 5,403,769.22	$ 3,675,306.97	$ -	$ 9,079,076.20
12						
13	Demand Side Management Programs	*Exhibit 1 (Page 1 of 2)*	$ 654,377.69	$ 77,955.18	$ -	$ 732,332.88
14	DSM A&G and Carrying Cost Allocation	*Exhibit 1 (Page 1 of 2)*	460,477.04	54,856.05	-	515,333.09
15	DSM PPI and Net Lost Revenues	*Exhibit 1 (Page 1 of 2)*	372,019.83	19,371.78	-	391,391.61
16	Total DSM Cost of Service	*Lines 13 + 14 + 15*	1,486,874.57	152,183.01	-	1,639,057.58
17						
18	DSDR Program	*Exhibit 1 (Page 1 of 2)*	$ 3,046,176.59	$ 1,706,470.83	$ -	$ 4,752,647.43
19	DSDR A&G and Carrying Cost Allocation	*Exhibit 1 (Page 1 of 2)*	214,136.78	119,959.61	-	334,096.39
20	DSDR Net Lost Revenues	*Exhibit 1 (Page 1 of 2)*	-	-		-
21	Total DSDR Cost of Service	*Lines 18 + 19 + 20*	$ 3,260,313.37	$ 1,826,430.45	$ -	$ 5,086,743.82
22						
23	Cost of Service for 12 ME 3-31-14	*Line 11 + Line 16 + Line 21*	$ 10,150,957.16	$ 5,653,920.43	$ -	$ 15,804,877.59
24						
25	**Cost of Service & Prior Bal at March 31, 2014**					
26	Energy Efficiency Programs	*Line 2 + Line 11*	$ 6,540,554.18	$ 4,172,001.96	$ -	$ 10,712,556.15
27	Demand Side Management Programs	*Line 3 + Line 16*	1,969,866.67	155,177.89	-	2,125,044.56
28	DSDR Program	*Line 4 + Line 21*	3,169,559.27	2,029,613.66	-	5,199,172.93
29	Total Net COS Before Revenue Offsets	*Lines 26 + 27 + 28*	$ 11,679,980.12	$ 6,356,793.51	$ -	$ 18,036,773.63
30						
31	**Actual & Estimated Revenue *(4-13 to 3-14)***					
32	EE Revenue	*Per Books see W/P R-2*	$ 6,142,170.89	$ 2,283,716.55	$ -	$ 8,425,887.44
33	DSM Revenue	*Per Books see W/P R-2*	1,773,306.51	128,679.66	-	1,901,986.18
34	DSDR Revenue	*Per Books see W/P R-2*	3,199,419.25	1,619,701.34	-	4,819,120.59
35	Est Total Test Period Revenue *(4-13 to 3-14)*	*Lines 32 + 33 + 34*	$ 11,114,896.65	$ 4,032,097.55	$ -	$ 15,146,994.21
36						
37	**Adjustments**					
38	Energy Efficiency	*See WP E*	27,830.02	369,155.33	-	396,985.35
39	Demand Side Management	*See WP E*	12,492.63	12,380.78	-	24,873.41
40	DSDR	*See WP E*	6,941.36	169,592.83	-	176,534.18
41	Total Adjustments	*Lines + 38 + 39 + 40*	$ 47,264.01	$ 551,128.93	$ -	$ 598,392.94
42						
43	**Revenue Requirement at March 31, 2014**					
44	EE Portion of Revenue Requirement	*Lines 26 - 32 + 38*	$ 426,213.32	$ 2,257,440.73	$ -	$ 2,683,654.05
45	DSM Portion of Revenue Requirement	*Lines 27 - 33 + 39*	209,052.79	38,879.00	-	247,931.79
46	DSDR Portion of Revenue Requirement	*Lines 28 - 34 + 40*	(22,918.63)	579,505.15	-	556,586.52
47	**Total Net Test Period Revenue Requirement**	*Lines + 44 + 45 + 46*	$ 612,347.48	$ 2,875,824.88	$ -	$ 3,488,172.36
48	Forecasted Rate Period Revenue Requirement	*Exhibit 1 (Page 2 of 2)*				17,571,705.34
49	**Referenced Rate Period Recovery Level**	*Lines 47 + 48*				$ 21,059,877.70

DUKE ENERGY PROGRESS
Annual DSM/EE Opt-Out Sales Estimate for SC Customers
Annual Sales for the Year Ended June, 2015

Rate Class	Opt-Out KWHs (1)
Residential	0
General Service	2,487,769,988
Lighting	3,895,184
Total Estimated Opt-Out Sales	2,491,665,172

NOTES:

(1) Opt-Out kWh values are based actual and estimated Opt-Out activity for the twelve-month period ending December 31, 2013.

DUKE ENERGY PROGRESS

Energy Allocation Factors - Applicable to EE Program Costs

South Carolina Rate Class Energy Allocation Factors

Rate Class	Total SC Rate Class Sales (MWhrs) [1]	Opt-Out Sales[2]	Adjusted SC Rate Class MWHr Sales	Rate Class Energy Allocation Factor
	(1)	(2)	(3) = (1) - (2)	(4) = (3) / SC Total in Column 3
Residential	2,137,377	0	2,137,377	54.12%
General Service	4,217,520	2,487,770	1,729,750	43.80%
Lighting	86,072	3,895	82,177	2.08%
SC Retail	6,440,969	2,491,665	3,949,304	100.00%

NOTES:
(1) Total SC Rate Class Sales (MWHrs) are for the forecasted year ended June 2015.
(2) Opt-Out sales are provided in Evans Exhibit No. 3

DUKE ENERGY PROGRESS

Demand Allocation Factors - Applicable to DSM Programs

South Carolina Rate Class Demand Allocation Factors

Rate Class	Total SC Rate Class Sales [1] (1)	Sales Subject to Opt-Out [2] (2)	Rate Class Demand [3] (3)	Revised Rate Class Demand (4) = ((1 - 2) / 1) * 3	Rate Class Allocation Factor (5) = (4)/Total of Column 4
Residential	2,137,377	0	510,568	510,568	64.09431%
General Service	4,217,520	2,487,770	697,383	286,021	35.90569%
Lighting	86,072	3,895	0	0	0.00000%
SC Retail	6,440,969	2,491,665	1,207,951	796,589	100.00000%

NOTES:

(1) Total SC Rate Class Sales (MWHrs) are for the forecasted year ended June 2015.
(2) Opt-Out sales are provided in Evans Exhibit No. 3
(3) The CP demands are based on the 2013 Coincident Peak occurring on Aug 12, 2013 during the hour ended at 1600 EDT.

DUKE ENERGY PROGRESS

Energy Efficiency Rate Derivation

SC Rate Class	Adjusted SC Rate Class kWHr Sales [1]	Rate Class Energy Allocation Factor [2]	EE Revenue Requirements: Residential Programs[3]	CIG Programs[4]	Common Programs	Allocated A&G Costs[5]	Allocated Carrying Costs[5]	Net Test Period Revenue Requirement[6]	Total of Allocated Costs	Total EE Rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) = Σ (3 thru 8)	(10) = (9) / (1)
Residential	2,137,377,003	54.12%	$4,855,260	$0	$0	$129,053	$798,039	$426,213	$6,208,565	$0.002905
General Service	1,729,749,914	43.80%	$0	$4,002,211	$0	$64,848	$401,006	$2,257,441	$6,725,505	$0.003888
Lighting	82,176,651	2.08%	$0	$0	$0	$0	$0	$0	$0	$0.000000
SC Retail	3,949,303,567	100%	$4,855,260	$4,002,211	$0	$193,901	$1,199,044	$2,683,654	$12,934,070	$0.003275

NOTES:

(1) Rate Class Sales, excluding "Opt-Out" sales, are derived in Evans Exhibit No. 4, column (3).
(2) Rate Class Energy Allocation Factor is derived in Evans Exhibit No. 4, column (4).
(3) CFL Pilot, Solar Water Heating Pilot, EE Benchmarking, HEIP, Appliance Recycling, Home Advantage, New Construction and Low Income Program costs are allocated solely to Residential Class. Lighting Program costs were allocated to to both Residential and General Service Classes.
(4) CIG Energy Efficiency and Small Business Direct Install Program costs are allocated solely to General Service Class. Lighting Program costs were allocated to to both Residential and General Service Classes.
(5) A&G and Carrying Costs are allocated on the basis of revenue requirements (excluding incentives).
(6) Net Test Period Revenue Requirements are derived on Evans Exhibit No. 2

DUKE ENERGY PROGRESS

Demand Side Management Rate Derivation

SC Rate Class	Adjusted SC Rate Class kWHr Sales [1]	Rate Class Demand Allocation Factor[2]	DSM Revenue Requirement							
			Residential Programs[3]	CIG Programs[4]	DSDR[5]	Non-DSDR Assigned A&G and Carrying Costs[6]	DSDR Assigned A&G and Carrying Costs[5]	Net Test Period Revenue Requirement[7]	Total of Allocated Costs	Total DSM Rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) = Σ (3 thru 8)	(10) = (9) / (1)
Residential	2,137,377,003	64.09%	$1,197,941	$0	$3,202,466	$528,520	$257,286	$186,134	$5,372,348	$0.002514
General Service	1,729,749,914	35.91%	$0	$127,310	$1,794,024	$69,610	$144,132	$618,384	$2,753,460	$0.001592
Lighting	82,176,651	0.00%	$0	$0	$0	$0	$0	$0	$0	$0.000000
SC Retail	3,949,303,567	100.00%	$1,197,941	$127,310	$4,996,491	$598,130	$401,418	$804,518	$8,125,807	$0.002058

NOTES:

(1) Rate Class Sales, excluding "Opt-Out" sales, are derived in Evans Exhibit No. 4, column (3).
(2) Rate Class Demand Allocation Factor is derived in Evans Exhibit No. 5, column (5).
(3) EnergyWise costs are directly assigned solely to Residential Rate Class.
(4) CIG DR Program costs are directly assigned solely to General Service Class.
(5) DSDR Costs and assigned A&G and carrying costs are allocated using Rate Class Demand Allocation Factor from column (2).
(6) Non-DSDR A&G and Carrying Costs are allocated on the basis of revenue requirements (before adjustment for incentives) assigned in columns (3) and (4).
(7) Net DSM Revenue Requirements are derived on Evans Exhibit No. 2

DUKE ENERGY PROGRESS

EE/DSM Billing Rate - July 2014 through June 2015

Revenue Adjustment Factors

Residential Adjustment Factor

1	Billed kWh (12ME 12/31/13)	*Per Books*	2,118,945,202	
2	Billed RECD kWh (12ME 12/31/13)	*Per Books*	327,056,246	(a)
3	RECD kWh Percent of Total Billed	*Line 2 / Line 1*	15.4349%	
4	RECD Discount Percentage	*RECD Discount*	5.0000%	(b)
5	RECD Impact (Weighted Discount)	*Line 3 x Line 4*	0.7717%	(d)
6	Uncollectable Estimate for Forecast Period	*W/P B-6*	0.6696%	(c)
7	Residential Adjustment Factor for Rate Period	*Line 5 + Line 6*	**1.4413%**	(d)

General Service Adjustment Factor

8	Uncollectable Estimate for Forecast Period	*W/P B-6*	0.0439%	(c)
9	General Service Adjustment Factor for Rate Period	*Line 8*	**0.0439%**	(d)

Notes:

(a) Energy billed and discounted pursuant to Residential Energy Conservation Discount, Rider RECD-2B.
(b) Five-percent discount provided under Residential Energy Conservation Discount, Rider RECD-2B.
(c) Estimated incremental level of uncollectables associated with DSM/EE billings.
(d) Estimated impacts of uncollectable and RECD related discounts will be trued up to actual amounts.

DUKE ENERGY PROGRESS

EE/DSM Billing Rate - July 2014 through June 2015

All rates are shown in dollars per kWh

Rates Net of South Carolina Gross Receipts Taxes (GRT) and Regulatory Fee

SC Rate Class	Total EE Rate (1)	Total DSM Rate (2)	Total DSM/EE Rate (3)	RECD & Uncollectible Adjustment (4)	DSM/EE Rate (5)
Residential	$0.002905	$0.002514	$ 0.005419	$0.000079	$0.00550
General Service	0.003888	0.001592	0.005480	0.000002	$0.00548
Lighting	0.000000	0.000000	0.000000	0.000000	$0.00000

Rates Including SC Gross Receipts Taxes at 0.30% and Regulatory Fee at 0.15237%

SC Rate Class	DSM/EE Rate *(net of GRT and Regulatory Fee)* (6)	Gross Receipts Tax and Regulatory Fee Adjustment (7)	DSM/EE Billing Rate (8)
Residential	$0.00550	$0.00002	$0.00552
General Service	0.00548	0.00002	0.00550
Lighting	0.00000	0.00000	0.00000

NOTES:

(1) Total EE Rate is derived in Evans Exhibit No. 6, column (10).
(2) Total DSM Rate is derived in Evans Exhibit No. 7, column (10).
(3) Total DSM/EE Rate is sum of columns (1) and (2).
(4) Adjustment factors derived in Evans Exhibit No. 8 applied to column (3)
(5) DSM/EE Rate is derived from the sum of columns (3) and (4) and rounded to 5 decimal points..
(6) DSM/EE Billing Rate from column (5)
(7) Calculated Gross Receipts Tax and Regulatory Fee at the combined rate of 0.45237% on column (6)
(8) DSM/EE Billing Rate is derived from the sum of columns (6) and (7) and rounded to 5 decimal points.