BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1050

In the Matter of Application of Duke Energy Carolinas, LLC for Approval of Demand-Side Management and Energy Efficiency Cost Recovery Rider Pursuant to N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-69	)))))))	DIRECT TESTIMONY OF KIMBERLY D. MCGEE FOR DUKE ENERGY CAROLINAS, LLC

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Kimberly D. McGee, and my business address is 550 South Tryon Street, Charlotte, North Carolina.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am a Rates Manager for Duke Energy Carolinas, LLC ("Duke Energy Carolinas" or the "Company").

Q. PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL QUALIFICATIONS.

A. I graduated from the University of North Carolina at Charlotte with a Bachelor of Science in Accountancy. I am a certified public accountant licensed in the State of North Carolina. I began my career in 1989 with Deloitte and Touche as a staff auditor. In 1992, I began working with Duke Power Company (now known as Duke Energy Carolinas) as a staff accountant and have held a variety of positions in the finance organization. From 1997 until 2009, I worked for Wachovia Bank (now known as Wells Fargo) in a variety of finance and regulatory positions. I rejoined Duke Energy Carolinas in January 2009 as a Lead Accountant in Financial Reporting. I joined the Rates Department in 2011 as Manager, Rates and Regulatory Filings.

Q. WHAT ARE YOUR PRESENT RESPONSIBILITIES AT DUKE ENERGY CAROLINAS?

A. I am responsible for providing regulatory support for retail rates, providing guidance on Duke Energy Carolinas' energy efficiency cost recovery process.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?

A. Yes, I testified in support of the Company's 2013 application for approval of its demand-side management ("DSM") and energy efficiency ("EE") cost recovery rider, Rider EE, in Docket No. E-7, Sub 1031.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. My testimony supports Duke Energy Carolinas' Application for approval of Rider EE for 2015 ("Rider 6"). Rider 6 encompasses components relating to both the Company's save-a-watt pilot approved in Docket No. E-7, Sub 831,[1] as well as the new cost recovery mechanism and portfolio of programs approved by the Commission in Docket No. E-7, 1032. The prospective components of Rider 6 include an estimate of the third year of net lost revenues for Vintage 4 of the Company's EE programs under save-a-watt; an estimate of the remaining half-year of net lost revenues for Vintage 3; estimates of the program costs, incentive and net lost revenues for Vintage 2015 EE and DSM programs under the new mechanism; and an estimate of the second year of net lost revenues for Vintage 2014 EE programs under the new mechanism. The Rider 6 Experience Modification Factor ("EMF") includes the following true-ups under save-a-watt: a true-up of Vintage 4

[1] The save-a-watt pilot, which included the Company's initial portfolio of EE/DSM programs and modified save-a-watt cost recovery mechanism, expired December 31, 2013. However, because net lost revenue recovery and true-ups of prior vintages extend beyond the expiration of the pilot, components relating to the save-a-watt pilot are included in Rider 6. The save-a-watt pilot also provides for a final true-up upon completion of the four-year term which is also included in Rider 6.

DSM and EE programs; a true-up of the second year of net lost revenues for Vintage 3 EE programs; a true-up of the third year of net lost revenues for Vintage 2 EE programs; and the final true-up of the save-a-watt pilot. In my testimony, I discuss the key concepts and attributes of Rider 6, as well as the mechanics and calculations that are incorporated within Rider 6.

Q. PLEASE DESCRIBE THE EXHIBITS ATTACHED TO YOUR TESTIMONY.

A. McGee Exhibit 1 summarizes the individual rider components for which the Company is requesting approval in this filing. McGee Exhibit 2 shows calculations of rates separately by vintage and separately for EE programs and DSM programs. McGee Exhibit 3 shows the amounts that have been collected from customers through EE riders 1-5 related to Vintages 1, 2, 3 and 4, the save-a-watt vintages for which a true-up calculation is performed in this filing. McGee Exhibit 4 presents the calculation of the earnings cap for the save-a-watt pilot program. McGee Exhibit 5 shows the allocation factors used to allocate system EE and DSM costs to the Company's North Carolina retail jurisdiction. McGee Exhibit 6 presents the forecasted sales for the rate period (2015) and the estimated sales related to customers that have opted out of various vintages. These amounts are used to determine the forecasted sales to which the Rider 6 amounts will apply. McGee Exhibit 7 is the proposed tariff sheet for Rider 6.

Q. WERE MCGEE EXHIBITS 1-7 PREPARED BY YOU OR AT YOUR DIRECTION AND SUPERVISION?

A. Yes, they were.

I. OVERVIEW OF RECOVERY MECHANISMS

A. SAVE-A-WATT PILOT

Q. PLEASE PROVIDE AN OVERVIEW OF COST RECOVERY UNDER THE MODIFIED SAVE-A-WATT COMPENSATION MECHANISM.

A. The modified save-a-watt compensation mechanism is described in the Agreement and Joint Stipulation of Settlement between Duke Energy Carolinas, the Public Staff - North Carolinas Utilities Commission ("Public Staff"), Southern Alliance for Clean Energy ("SACE"), Environmental Defense Fund ("EDF"), Natural Resources Defense Council ("NRDC"), and the Southern Environmental Law Center filed June 12, 2009 in Docket No. E-7, Sub 831 ("Save-a-Watt Settlement") and was approved in the Commission's *Order Approving Agreement and Joint Stipulation of Settlement Subject to Certain Commission-Required Modifications and Decisions on Contested Issues* issued February 9, 2010 ("Save-a-Watt Order"). The modified save-a-watt compensation mechanism is designed to allow Duke Energy Carolinas to collect a level of revenue equal to 75% of its estimated avoided capacity costs applicable to DSM programs and 50% of the net present value of estimated avoided capacity and energy costs applicable to EE programs, and to recover net lost revenues for EE programs only. Revenues collected under save-a-watt are based on the expected avoided costs

and the associated net lost revenues to be realized at an 85% level of achievement of the Company's avoided cost savings target for the applicable vintage per the Save-a-Watt Settlement. The 85% billing factor is to be used until the true-up to be performed at the end of the four-year pilot.

Billing factors for Rider EE are calculated separately for residential and non-residential customers. The residential charge is calculated based on the avoided costs of programs targeted to residential customers; the non-residential charge is calculated based on the avoided costs of programs targeted to non-residential customers.

The modified save-a-watt compensation mechanism employs a vintage year concept, and there were four calendar year vintages[2] during the limited term of the modified save-a-watt pilot. Recovery under save-a-watt includes annual net lost revenues associated with each vintage of EE programs for a 36-month period; therefore, the recovery of net lost revenues applicable to EE programs for certain vintage years extends several years beyond the initial four-year cost recovery period.

The Save-a-Watt Settlement provides for a series of vintage true-ups that are conducted to update revenue requirements, including net lost revenues, based on actual customer participation results for each vintage.

[2] Vintage 1 is an exception in terms of length. Vintage 1 is the 19-month period beginning June 1, 2009 and ending December 31, 2010, as a result of the approval of save-a-watt programs prior to the approval of the cost recovery mechanism. The remaining save-a-watt vintages are 12-month periods aligning with calendar years as follows: Vintage 2 (January 1, 2011 through December 31, 2011); Vintage 3 (January 1, 2012 through December 31, 2012); and Vintage 4 (January 1, 2013 through December 31, 2013).

EM&V results are applied during vintage true-ups in accordance with the Evaluation, Measurement and Verification ("EM&V") agreement reached by the Company, SACE and the Public Staff and approved by the Commission in its *Order Approving DSM/EE Rider and Requiring Filing of Proposed Customer Notice* issued November 8, 2011 in Docket No. E-7, Sub 979 ("EM&V Agreement"). The true-ups for each vintage also incorporate the difference between (1) the revenues collected based on billings at 85% of targeted savings, which in turn are established based upon estimated participation levels and initial assumptions of load impacts; and (2) the amount of revenues that the Company is permitted to collect under the Save-a-Watt Settlement based on actual participation levels and load impacts. The vintage true-ups also provide the opportunity to recover the cost of pilot programs or new programs introduced during a vintage year.

After the end of the four-year modified save-a-watt pilot, the Save-a-Watt Settlement calls for a final true-up, which includes a final comparison of the revenues collected from customers through Rider EE during the modified save-a-watt pilot to 100% of the amount of revenue the Company is authorized to collect from customers based on the independently measured and verified results as described in the Save-a-Watt Settlement. Any difference will be flowed through to customers or will be collected from customers, as the case may be. If there are amounts owed to customers, such amounts will be refunded with interest.

The final true-up process also includes calculations that determine the earnings for the entire program and ensure that the level of compensation recovered by the Company is capped so that the after-tax rate of return on actual program costs applicable to EE and DSM programs does not exceed the predetermined earnings cap levels set out in the Save-a-Watt Settlement. Any excess earnings collected from customers will be refunded to customers with interest. The interest rate on any over-collection will be at a rate to be determined by the Commission in the first true-up proceeding in which an over-collection occurs.

Q. PLEASE EXPLAIN THE OPT-OUT PROCESS FOR NON-RESIDENTIAL CUSTOMERS.

A. In its *Order Granting Waiver, in Part, and Denying Waiver, in Part* ("Waiver Order") issued April 6, 2010 in Docket No. E-7, Sub 938, the Commission approved, in part, Duke Energy Carolinas' request for waiver of Commission Rule R8-69(d)(3), thereby allowing the Company to permit qualifying non-residential customers[3] to opt out of the DSM and/or EE portion of Rider EE during annual election periods. If a customer opts into a DSM program (or never opted out), it is required to participate for three years in the approved save-a-watt DSM programs and rider. If a customer chooses to participate in an EE program (or never opted out), that customer is required to pay the EE-related avoided cost revenue requirements and the net lost revenues for the

[3] Individual commercial customer accounts with annual energy usage of not less than 1,000,000 kWh and any industrial customer account.

corresponding vintage of the programs in which it participated. Customers that opt out of the Company's DSM and/or EE programs remain opted-out for the term of the save-a-watt pilot, unless they choose to opt back in during any of the succeeding annual election periods, which occur from November 1 to December 31 each year. If a customer participates in any vintage of programs, the customer is subject to all true-up provisions of the approved Rider EE for any vintage in which the customer participates.

Q. WHAT ARE THE SAVE-A-WATT PILOT COMPONENTS OF RIDER 6?

A. The proposed Rider 6 consists of seven distinct components related to the save-a-watt pilot: (1) a prospective Vintage 4 component designed to collect the third year of estimated net lost revenues for the Company's fourth vintage of EE programs; (2) a prospective Vintage 3 component designed to collect the final half-year of net lost revenues for July-December 2012 participants in Vintage 3 EE programs;[4] (3) an EMF component which consists of the true-up of participation for Vintage 4; (4) an EMF component which consists of the true-up of the second year of net lost revenues for Vintage 3 EE programs; (5) an EMF component which consists of the correction of a previous error which resulted in Vintage 3 DSM avoided costs not having been accurately reflected in Rider 5; (6) an EMF component which consists of the true-up of the third

[4] Lost revenues associated with January through June participation in Vintage 3 have been incorporated into the Company's base rates effective September 25, 2013 (Docket No. E-7, Sub 1026). As a result, the Company will discontinue collection of net lost revenues associated with January through June participation in Vintage 3 through Rider EE effective September 25, 2013.

year of net lost revenues for participants in Vintage 2 EE programs;[5] and (7) an EMF component resulting from the final true-up process.

B. NEW MECHANISM

Q. PLEASE PROVIDE AN OVERVIEW OF COST RECOVERY UNDER THE NEW MECHANISM.

A. The Company's new cost recovery mechanism, which replaces the modified save-a-watt compensation mechanism, is described in the Agreement and Stipulation of Settlement the Company reached with the Public Staff, the North Carolina Sustainable Energy Association ("NCSEA"), EDF, SACE, the South Carolina Coastal Conservation League ("CCL"), NRDC and the Sierra Club filed with the Commission on August 19, 2013 (the "Stipulation") and approved in the Commission's *Order Approving DSM/EE Programs and Stipulation of Settlement* issued October 29, 2013 ("Sub 1032 Order"). The new mechanism is designed to allow the Company to collect revenue equal to its incurred program costs[6] for a rate period plus a Portfolio Performance Incentive ("PPI") based on shared savings achieved by the Company's DSM and EE programs, and to recover net lost revenues for EE programs only.

The Company will continue the practice previously approved by the Commission for the modified save-a-watt pilot program which allowed the

[5] Lost revenues associated with participation in Vintage 2 have been incorporated into the Company's base rates effective September 25, 2013 (Docket No. E-7, Sub 1026). As a result, the Company will discontinue collection of net lost revenues for Vintage 2 through Rider EE effective September 25, 2013.

[6] Program costs are defined under Rule R8-68(b)(1) as all reasonable and prudent expenses expected to be incurred by the electric public utility, during a rate period, for the purpose of adopting and implementing new DSM and EE measures previously approved pursuant to Rule R8-68.

Company to recover net lost revenues associated with a particular vintage for a maximum of 36 months or the life of the measure, and provided that the recovery of net lost revenues shall cease upon the implementation of new rates in a general rate case to the extent that the new rates are set to recover net lost revenues.

Like the modified save-a-watt pilot, the new recovery mechanism employs a vintage year concept based on the calendar year.[7] In each of its annual rider filings, the Company plans to perform an annual true-up process for the prior calendar year vintage. The true-up will reflect actual participation and verified EM&V results for the most recently completed vintage, applied in the same manner as agreed upon in the EM&V Agreement.

The Company plans to implement deferral accounting for over- and under-recoveries of costs that are eligible for recovery through the annual DSM/EE rider. Under the Stipulation, the balance in the deferral account(s), net of deferred income taxes, may accrue a return at the net-of-tax rate of return approved in Duke Energy Carolinas' then most recent general rate case. The methodology used for the calculation of interest shall be the same as that typically utilized for the Company's Existing DSM Program rider proceedings. Pursuant to Commission Rule R8-69(c)(3), the Company will not accrue a return on Net Lost Revenues or the PPI.

[7] To distinguish from save-a-watt vintages, each vintage under the new mechanism is referred to by the calendar year of its respective rate period (*e.g.*, Vintage 2015).

The Company expects that most EM&V will be available in the timeframe needed to true-up each vintage in the following calendar year. However, if any EM&V results for a vintage are not available in time for inclusion in the Company's next annual rider filing then an appropriate adjustment will be made in the next following annual filing.

Q. HOW IS THE PORTFOLIO PERFORMANCE INCENTIVE CALCULATED?

A. Pursuant to the Stipulation, the dollar amount of PPI is calculated by multiplying the shared savings achieved by the system portfolio of DSM and EE programs by 11.5%. The testimony of Company witness Timothy Duff further describes the specifics of the PPI calculation. In addition, Duff Exhibit 1 shows the estimated PPI for Vintage 2015 by program type and customer class. As shown on page 7 of McGee Exhibit 2, the system amount of PPI is then allocated to North Carolina retail customer classes in order to derive customer rates.

Q. HOW ARE AVOIDED COSTS BEING INCORPORATED INTO THE CALCULATION OF THE PPI?

A. As discussed by Witness Duff, the calculation of the PPI is based on avoided cost savings achieved through the implementation of the Company's DSM and EE programs. The Stipulation provides that for the calculation of the PPI for Vintage 2015, the presumptive per kW avoided capacity costs and per kWh avoided energy costs used to calculate avoided cost savings will be those that were used in Docket No. E-7, Sub 1032 to estimate Vintage 2014, unless

the avoided capacity costs approved by the Commission in Docket No. E-100, Sub 136 or the avoided energy costs approved by the Commission in the Company's integrated resource plan ("IRP") proceeding vary by 2% from the costs filed by the Company. Consistent with the notice that the Company filed with the Commission on December 18, 2013 in Docket No. E-7, Sub 1032, the Company, after reaching agreement with the Public Staff, updated the avoided capacity rates used to estimate Vintage 2015 to reflect the rates contained in the Stipulation of Settlement among Duke Energy Carolinas, Duke Energy Progress, Inc. and the Public Staff filed October 29, 2013 in Docket No. E-100, Sub 136 ("Avoided Cost Stipulation"). Should the Commission approve different avoided capacity rates than those contained in the Avoided Cost Stipulation, the Company will apply those rates when it trues up Vintage 2015. The avoided energy costs used to estimate Vintage 2015 did not change from those used to estimate Vintage 2014 in Docket No. E-7, Sub 1032.

The Company has also reflected avoided transmission and distribution ("T&D") costs in the avoided cost savings used to compute the PPI. The Company and the Public Staff are in the process of reviewing the proposed avoided T&D cost rates for Vintage 2015. If review of the avoided T&D rates results in a change of less than 2% from the rates used in this proceeding, no further adjustment is required. If the review results in a change of more than 2% from the rates used in this proceeding, the Company will apply the new

avoided cost rates prospectively in its Rider 7 filing and will utilize the adjustment in its Rider 8 filing to true up Vintage 2015.

Q. HOW DO CHANGES TO THE COMPANY'S OPT-OUT PROVISIONS AFFECT COST RECOVERY UNDER THE MECHANISM?

A. Witness Duff discusses an enhancement to the current opt-out provisions in order to increase participation in the Company's programs, namely an additional opportunity for qualifying customers to opt in to the Company's EE and/or DSM programs during the first five business days of March. Under the new mechanism, the Company will continue its practice to charge Rider EE to all customers who have not elected to opt out during an enrollment period and who participate in any vintage of programs. Such customers would be subject to all true-up provisions of the approved Rider EE for any vintage in which the customers participate. In addition, customers who elect to begin participating in the Company's EE and DSM programs during the special "opt-in period" during March of each year will be retroactively billed the applicable Rider EE amounts back to January 1 of the vintage year, such that they will pay the appropriate Rider EE amounts for the full rate period.

Q. WHAT ARE THE NEW MECHANISM COMPONENTS OF RIDER 6?

A. The proposed Rider 6 consists of three distinct components related to the new mechanism: (1) a prospective Vintage 2014 component designed to collect the second year of estimated net lost revenues for the Company's 2014 vintage of EE programs; (2) a prospective Vintage 2015 component designed to collect program costs, an earned incentive (*i.e.*, the PPI), and the first year

of net lost revenues for the Company's 2015 vintage of EE programs; and (3) a prospective Vintage 2015 component designed to collect program costs and the PPI for the Company's 2015 vintage of DSM programs.

C. CALCULATIONS CONSISTENT IN BOTH RECOVERY MECHANISMS

Q. HOW ARE REVENUE REQUIREMENTS ALLOCATED TO THE NORTH CAROLINA RETAIL JURISDICTION AND TO THE RESIDENTIAL AND NON-RESIDENTIAL RATE CLASSES?

A. Both save-a-watt and the new portfolio revenue requirements related to program costs and incentives for EE programs targeted at retail residential customers across North Carolina and South Carolina are allocated to North Carolina retail jurisdiction based on the ratio of North Carolina retail kWh sales (grossed up for line losses) to total retail kWh sales (grossed up for line losses), and then recovered only from North Carolina residential customers. The revenue requirements related to EE programs targeted at retail non-residential customers across North Carolina and South Carolina are allocated to North Carolina retail jurisdiction based on the ratio of North Carolina retail kWh sales (grossed up for line losses) to total retail kWh sales (grossed up for line losses), and then recovered from only North Carolina retail non-residential customers. The portion of revenue requirements related to net lost revenues for EE programs is not allocated to North Carolina retail jurisdiction, but rather is specifically computed based on the kW and kWh savings of North Carolina retail customers.

For DSM programs, because residential and non-residential programs are similar in nature, the aggregated revenue requirement for all retail DSM programs targeted at both residential and non-residential customers across North Carolina and South Carolina are allocated to North Carolina retail jurisdiction based on North Carolina retail contribution to total retail peak demand. Both residential and non-residential customer classes are allocated a share of total system DSM revenue requirements based on each group's contribution to total retail peak demand.

The allocation factors used in DSM/EE EMF true-up calculations for each vintage are based on the Company's most recently filed Cost of Service studies at the time that the Rider EE filing incorporating the true-up is made. If there are subsequent true-ups for a vintage, the allocation factors used will be the same as those used in the original DSM/EE EMF true-up calculations.

Q. HOW ARE NET LOST REVENUES FOR THE PROSPECTIVE COMPONENTS OF RIDER EE CALCULATED?

A. For the prospective components of Rider EE, net lost revenues are estimated by multiplying the portion of the Company's tariff rates that represent the recovery of fixed costs by the estimated North Carolina retail kW and kWh reductions applicable to EE programs by rate schedule, and reducing this amount by estimated found revenues. The Company calculates the portion of North Carolina retail tariff rates (including certain riders) representing the recovery of fixed costs by deducting the recovery of fuel and variable operation and maintenance ("O&M") costs from its tariff rates. The lost

revenues totals for residential and non-residential customers are then reduced by North Carolina retail found revenues computed using the weighted average lost revenue rates for each customer class. The testimony and exhibits of Company Witness Duff provide information on the actual and estimated found revenues which offset lost revenues.

Q. HOW ARE NET LOST REVENUES FOR THE EMF COMPONENTS OF RIDER EE CALCULATED?

A. For the EMF components of Rider EE, net lost revenues are calculated by multiplying the portion of the Company's tariff rates that represent the recovery of fixed costs by the actual and verified North Carolina retail kW and kWh reductions applicable to EE programs by rate schedule, and reducing this amount by actual found revenues.

Q. IS THE RATE FOR NON-RESIDENTIAL CUSTOMERS ADJUSTED FOR THE IMPACT OF "OPT-OUT" CUSTOMERS?

A. Yes. The impact of opt-out results is considered in the development of the Rider EE billing rates for non-residential customers. Since the revenue requirements will not be recovered from non-residential customers that opt out of the Company's programs, the forecasted sales used to compute the rate per kWh for non-residential rates exclude sales of customers that have opted out of the vintage to which the rate applies. This adjustment is shown on McGee Exhibit 6.

Q. HOW ARE THE PROPOSED BILLING FACTORS CALCULATED?

A. The billing factors are computed separately for EE and DSM measures by dividing the revenue requirements for each customer class, residential and non-residential, by the forecasted sales for the rate period for the customer class. For non-residential rates, the forecasted sales exclude the estimated sales to customers who have elected to opt out of paying Rider EE. Because non-residential customers are allowed to opt out of DSM and/or EE programs separately in an annual election, non-residential billing factors are separately computed for each vintage.

II. RIDER 6 COMPONENTS

Q. PLEASE DESCRIBE THE STRUCTURE OF RIDER 6 PURSUANT TO THE STIPULATION.

A. The Stipulation provides that one integrated (prospective) DSM/EE rider and one integrated DSM/EE EMF rider shall be calculated for the residential class, to be effective each rate period. The integrated residential DSM/EE EMF rider is to include all true-ups for each vintage year appropriately considered in each proceeding. Given that qualifying non-residential customers can opt out of EE and/or DSM programs, separate DSM and EE billing factors are calculated for the non-residential class. Additionally, the non-residential DSM and EE EMF billing factors are determined separately for each vintage year appropriately considered in each proceeding, so that the factors can be appropriately charged to non-residential customers based on their opt-in/out status and participation for each vintage year.

A. <u>PROSPECTIVE COMPONENTS</u>

Q. WHAT IS THE RATE PERIOD FOR THE PROSPECTIVE COMPONENTS OF RIDER 6?

A. In accordance with the Commission's *Order on Motions for Reconsideration* issued on June 3, 2010 in Docket No. E-7, Sub 938 ("Second Waiver Order") and the Sub 1032 Order, the Company has calculated the prospective components of Rider 6 using the rate period January 1, 2015 through December 31, 2015.

Q. WILL YOU PLEASE DESCRIBE THE BASIS FOR THE RATE PERIOD REVENUE REQUIREMENTS RELATING TO VINTAGE 3?

A. The Company has included in the rate period revenue requirements an estimate of lost revenues, net of found revenues, for Vintage 3 based on the use of a "half-year convention." Lost revenues associated with January through June participation in Vintage 3 have been incorporated into the Company's base rates effective September 25, 2013 (Docket No. E-7, Sub 1023). As a result, the Company will discontinue collection of net lost revenues associated with January through June participation in Vintage 3 through Rider EE effective September 25, 2013. Accordingly, net lost revenues for Vintage 3 were calculated for July through December 2012 participants only. These net lost revenues were based on estimated North Carolina retail kW and kWh reductions and the Company's rates approved in its most recent general rate case, which became effective September 25, 2013. The Company has assumed that participation in Vintage 3 is spread evenly over the calendar year and consequently includes one-half of the estimated net

lost revenues remaining for Vintage 3 in the proposed billing factors. The estimated revenue requirements for relating to Vintage 3 are determined separately for residential and non-residential customer classes.

Q. WILL YOU PLEASE DESCRIBE THE BASIS FOR THE RATE PERIOD REVENUE REQUIREMENTS RELATING TO VINTAGE 4?

A. The estimated revenue requirements for Vintage 4 are determined separately for residential and non-residential customer classes and are based on the third year of net lost revenues for the Company's fourth vintage of EE programs. The amounts are based on estimated North Carolina retail kW and kWh reductions and the Company's rates approved in its most recent general rate case, which became effective September 25, 2013.

Q. WHAT IS THE BASIS FOR THE RATE PERIOD REVENUE REQUIREMENTS RELATING TO VINTAGE 2014?

A. The estimated revenue requirements for Vintage 2014 are determined separately for residential and non-residential customer classes and are based on the second year of net lost revenues for the Company's Vintage 2014 EE programs. The amounts are based on estimated North Carolina retail kW and kWh reductions and the Company's rates approved in its most recent general rate case, which became effective September 25, 2013.

Q. PLEASE DESCRIBE THE BASIS FOR THE RATE PERIOD REVENUE REQUIREMENTS RELATING TO VINTAGE 2015.

A. The estimated revenue requirements for Vintage 2015 EE programs include program costs, a shared savings incentive (PPI), and the first year of net lost

revenues determined separately for residential and non-residential customer classes. The estimated revenue requirements for Vintage 2015 DSM programs include program costs and a shared savings incentive (PPI). The program costs and shared savings incentive are computed at the system level and allocated to North Carolina based on the allocation methodologies discussed earlier in my testimony. The net lost revenues for EE programs are based on estimated North Carolina retail kW and kWh reductions and the rates approved in the Company's most recent general rate case, which became effective September 25, 2013.

Q. WHAT ARE THE COMPANY'S PROPOSED INITIAL BILLING FACTORS APPLICABLE TO NORTH CAROLINA JURISDICTIONAL ELECTRIC CUSTOMERS FOR THE PROSPECTIVE COMPONENTS OF RIDER 6?

A. The Company's proposed initial billing factor for the Rider 6 prospective components is 0.3352 cents per kWh for Duke Energy Carolinas' North Carolina retail residential customers. For non-residential customers, the amounts differ depending upon customer elections of participation. The following chart depicts the options and rider amounts:

Non-Residential Billing Factors for Rider 6 Prospective Components	**¢/kWh**
Vintage 3 EE participant	0.0045
Vintage 4 EE participant	0.0217

Vintage 2014 EE participant	0.0204
Vintage 2015 EE participant	0.1099
Vintage 2015 DSM participant	0.0863

B. TRUE-UP (EMF) COMPONENTS

Q. WHAT IS THE TEST PERIOD FOR THE EMF COMPONENT?

A. Pursuant to the Second Waiver Order and Sub 1032 Order, the "test period" for the EMF component is defined as the most recently completed vintage year at the time of the Company's Rider EE cost recovery application filing date, which in this case is Vintage 4 (January 1, 2013 through December 31, 2013). In addition, the Second Waiver Order allows the EMF to cover multiple test periods. Accordingly, the test period for the EMF related to the final true-up includes the three prior save-a-watt vintages: Vintage 1 (June 1, 2009 through December 31, 2010); Vintage 2 (January 1, 2011 through December 31, 2011); and Vintage 3 (January 1, 2012 through December 31, 2012).

Q. WHAT IS BEING "TRUED UP" FOR VINTAGE 4?

A. The chart below demonstrates which components of the Vintage 4 estimate filed in 2012 that the Company is "truing up" in the Vintage 4 EMF component of Rider 6. McGee Exhibit 2 contains the calculation of the true-up for Vintage 4. The second year of net lost revenues for Vintage 4, which are a component of Rider 5 billings during 2014, will be trued-up to actual amounts during the next rider filing.

	V4 Estimate (2013) As Filed (Filed 2012)	V4 True Up (2015) (Filed March 2014)
	Rider 4	**Rider 6 EMF**
Avoided Costs	As filed Avoided Cost Rates from Docket No. E-100, Sub 106	As filed Avoided Cost Rates from Docket No. E-100, Sub 106
Lost Revenues	Estimated participation assuming January 1, 2012 sign up date	Update for actual participation for January – December 2013 and actual 2013 rates
Participation	Estimated participation assuming January 1, 2012 sign up date	Update for actual participation for January – December 2013
Found Revenues	Estimated according to Commission-approved guidelines	Update for actual according to Commission-approved guidelines
EM&V	Initial assumptions of load impacts	Updated according to Commission-approved EM&V Agreement
New Programs	Only includes programs approved prior to estimated filing	Update for any new programs and pilots approved and implemented since estimated filing

Q. WHY ARE THE AVOIDED COSTS RATES UNCHANGED?

A. The Company's combined avoided energy and capacity costs have not increased or decreased more than 25% from those fixed at the outset of the Save-a-Watt Settlement.

Q. HOW WERE THE LOAD IMPACTS UPDATED?

A. For DSM programs, the contracted amounts of kW reduction capability from participants are considered to be components of actual participation. As a result, the Vintage 4 true-up reflects the actual quantity of demand reduction capability for the Vintage 4 period. The load impacts for EE programs were updated in accordance with the Commission-approved EM&V Agreement.

Q. HOW WERE ACTUAL NET LOST REVENUES COMPUTED FOR THE VINTAGE 4 TRUE-UP?

A. Net lost revenues for year one (2013) of Vintage 4 were calculated using actual kW and kWh savings by North Carolina retail participants by customer

class, based on actual participation and load impacts reflecting EM&V results applied according to the EM&V Agreement. The actual kW and kWh savings were as experienced during the period January 1, 2013 through December 31, 2013. The rates applied to the kW and kWh savings are the rates that were in effect for the period January 1, 2013 through December 31, 2013. These tariff rates have been reduced by the fuel and variable O&M costs. The lost revenues were then offset by actual found revenues for year one of Vintage 4 as explained by Company Witness Duff. The calculation of net lost revenues was performed by rate schedule within the residential and non-residential customer classes.

Q. WHAT IS BEING "TRUED UP" FOR VINTAGE 3?

A. Avoided costs for Vintage 3 EE programs are being trued up based on updated EM&V results. Avoided costs for Vintage 3 DSM programs were trued up to correct a clerical error found in the Rider 5 filing. Net lost revenues for the first year of Vintage 3 EE programs were trued up for updated EM&V participation results. Net lost revenues for the second year of Vintage 3 EE programs were trued up to actual. The actual kW and kWh savings were as experienced during the period July 1, 2012 through December 31, 2012. Lost revenues associated with January through June 2012 participation in Vintage 3 have been incorporated into the Company's base rates effective September 25, 2013 (Docket No. E-7, Sub 1026). As a result, the Company will discontinue collection of net lost revenues associated with January through June 2012 participation in Vintage 3 through Rider EE effective September 25, 2013.

The rates applied to the kW and kWh savings are the rates that were in effect during the period January 1, 2013 through December 31, 2013.

Q. WHAT IS BEING "TRUED UP" FOR VINTAGE 2?

A. Vintage 2 is being trued up to reflect the actual third year of lost revenues for Vintage 2 EE programs (2013). The actual kW and kWh savings were as experienced during the period January 1, 2011 through December 31, 2011. Lost revenues associated with participation in Vintage 2 have been incorporated into the Company's base rates effective September 25, 2013 (Docket No. E-7, Sub 1026). As a result, Rider 6 includes collection of net lost revenues for the third year of Vintage 2 only for the period January 1, 2013 through September 25, 2013. The rates applied to the kW and kWh savings are the rates that were in effect during the period January 1, 2013 through September 25, 2013.

Q. WHAT IS BEING "TRUED-UP" IN THE FINAL TRUE-UP?

A. The Save-a-Watt Settlement calls for a final true-up, which includes a final comparison of the revenues collected from customers through the Rider EE during the modified save-a-watt pilot to 100% of the amount of revenue the Company is authorized to collect from customers based on the independently measured and verified results as described in the Save-a-Watt Settlement. The final true-up process also includes calculations that determine the earnings for the entire program and ensure that the level of compensation recovered by the Company is capped so that the after-tax rate of return on actual program costs

applicable to EE and DSM programs does not exceed the predetermined earnings cap levels set out in the Save-a-Watt Settlement.

Q. PLEASE EXPLAIN HOW THE EARNINGS CAP WAS DETERMINED.

A. The earnings cap is computed by applying the applicable percentage from the Save-a-Watt Settlement to the program costs based on the level of nominal avoided cost savings achieved. The actual nominal avoided cost savings achieved during the save-a-watt pilot totaled $925 million. In order to determine the applicable earnings cap, the actual savings of $925 million were divided by the target savings achievement level set forth in the Save-a-Watt Settlement of $754 million. This yields an achievement level of 123% of target savings. Pursuant to the Save-a-Watt Settlement, achievement greater than 90% of the target savings results in the Company's earnings being capped at 15% of program costs, after-tax. The earnings that the Company is entitled to collect from customers during the save-a-watt pilot cannot exceed the minimum of the total avoided cost allowed to be collected and the program cost plus pre-tax earnings. To the extent the amounts collected through Riders 1-5 exceed the Company's program costs plus incentive under the earnings cap, the Save-a-Watt Settlement provides that the excess must be returned to customers with interest.

Q. DID THE COMPANY COLLECT MORE THAN ITS EARNINGS CAP CONSISTING OF PROGRAM COSTS PLUS ALLOWED RETURN?

A. McGee Exhibit 4 shows an amount of after-tax earnings associated with avoided cost amounts that are in excess of the total program costs plus the allowed after-tax return on program costs. However, since the Company has historically collected avoided costs from customers based on an 85% billing factor, the Company has not collected more than its program costs plus allowed return, with the exception of two non-residential DSM vintages. The Company has included estimated 2014 collections in the EMF calculations in Rider 6 which result in the current small over-collection position seen in Vintage 1 DSM ($25,362) and Vintage 2 DSM ($4,821). Once actual 2014 collections are known, the over- or under-collection position will be different. The Company proposes to address any applicable interest on over-collected amounts in the next proceeding when actual revenues are known.

Q. WHAT ARE THE COMPANY'S PROPOSED EMF BILLING FACTORS APPLICABLE TO NORTH CAROLINA JURISDICTIONAL ELECTRIC CUSTOMERS FOR THE TRUE-UP COMPONENTS OF RIDER 6?

A. The Company's proposed EMF billing factor for the true-up components of Rider 6 is 0.2669 cents per kWh for Duke Energy Carolinas' North Carolina retail residential customers. For non-residential customers, the amounts differ depending upon customer elections of participation. The following chart depicts the options and rider amounts:

Non-Residential Billing Factors EMF Component	**¢/kWh**

Vintage 4 EE participant	0.0404
Vintage 4 DSM participant	0.0032
Vintage 3 EE participant	0.0217
Vintage 3 DSM participant	0.0059
Vintage 2 EE participant	0.0106
Vintage 1 EE participant	0.0003
Vintage 1 DSM participant	(0.0001)

III. CONCLUSION

Q. PLEASE SUMMARIZE THE SPECIFIC RATE MAKING APPROVAL REQUESTED BY DUKE ENERGY CAROLINAS.

A. Duke Energy Carolinas is seeking approval of Rider 6, which includes the formula for calculation of the Rider, as well as the billing factors to be effective for 2015. As discussed above, Rider 6 contains (1) a prospective component, which includes the third year of net lost revenues for Vintage 4, the final half-year of net lost revenues for July-December 2012 participants for Vintage 3, the second year of net lost revenues for Vintage 2014, and the revenue requirements for Vintage 2015; and (2) an EMF component related to true-ups of Vintages 2, 3 and 4 and the final true-up under save-a-watt for all four vintage years. Consistent with the Stipulation, for the Company's North Carolina residential customers, the Company calculated one integrated prospective billing factor and one integrated EMF billing factor for Rider 6. Also in accordance with the Stipulation, the non-residential DSM and EE billing factors have been determined separately for each vintage year and will

be charged to non-residential customers based on their opt-in/out status and participation for each vintage year.

Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?

A. Yes.

McGee Exhibit 1 pg 1

Duke Energy Carolinas, LLC
DSM/EE Cost Recovery Rider 6
Docket Number E-7 Sub 1050
Exhibit Summary for Rider EE Exhibits and Factors

Residential Billing Factors

Residential Billing Factor for Rider 6 True-up (EMF) Components

Line					
1	Vintage 1 EE/DSM True-up (EMF) Revenue Requirement	McGee Exhibit 2 pg. 1, Line 13	$	2,830,263	
2	Vintage 2 EE/DSM True-up (EMF) Revenue Requirement	McGee Exhibit 2 pg. 2, Line 13	$	15,921,895	
3	Vintage 3 EE/DSM True-up (EMF) Revenue Requirement	McGee Exhibit 2 pg. 3, Line 13b	$	16,701,848	
4	Vintage 4 EE/DSM True-up (EMF)Revenue Requirement	McGee Exhibit 2 pg. 4, Line 11, col b	$	20,826,803	
5	Total True-up (EMF) Revenue Requirement	Sum Lines 1-4	$	56,280,808	
6	Projected NC Residential Sales (kWh) for rate period	McManeus Exhibit 6 pg 1		21,085,909,512	
7	*SAW EE/DSM Revenue Requirement EMF* ***Residential Rider EE (cents per kWh)***	Line 5 / Line 6 * 100		**0.2669**	Application

Residential Billing Factor for Rider 6 Prospective Components

8	Vintage 3 EE Prospective Amounts Revenue Requirement	McGee Exhibit 2 pg. 3, Line 13 a	$	1,595,954	
9	Vintage 4 EE Prospective Amounts Revenue Requirement	McGee Exhibit 2 pg. 4, Line 11, col a	$	7,167,573	
10	Vintage 2014 Total EE/DSM Prospective Amounts Revenue Requirement	McGee Exhibit 2 pg. 5, Line 1	$	3,810,949	
11	Vintage 2015 Total EE/DSM Prospective Amounts Revenue Requirement	McGee Exhibit 2 pg. 6, Line 11	$	58,101,205	
12	Total Prospective Revenue Requirement	Sum Lines 8-11	$	70,675,681	
13	Projected NC Residential Sales (kWh) for rate period	McManeus Exhibit 6 pg 1		21,085,909,512	
14	*SAW EE/DSM Revenue Requirement Prospective* ***Residential Rider EE (cents per kWh)***	Line 12 / Line 13 * 100		**0.3352**	Application

Total Revenue Requirements in Rider 6 from Residential Customers

15	Total True-up (EMF) Revenue Requirement	Line 5	$	56,280,808	
16	Total Prospective Revenue Requirement	Line 12	$	70,675,681	
17	***Total EE/DSM Revenue Requirement for Residential Rider EE***	Line 15 + Line 16	**$**	**126,956,489**	
18	***Total EE/DSM Revenue Requirement for Residential Rider EE (cents per kWh)***	Line 7 + Line 14		**0.6021**	

Non-Residential Billing Factors

Non-Residential Billing Factors for Rider 6 True-up (EMF) Components

Line					
	SAW EE Revenue Requirements True-up (EMF)				
1	Vintage 1 EE True-up (EMF) Revenue Requirement	McGee Exhibit 2 pg. 1, Line 24	$	75,641	
2	Projected Vintage 1 EE Participants NC Non-Residential Sales (kwh) for rate period	McGee Exhibit 6 pg 1		26,349,461,500	
3	*SAW EE Revenue Requirement Vintage 1 EMF* ***Non-Residential Rider EE (cents per kWh)***	Line 1/Line 2 * 100		**0.0003**	Application
4	Vintage 1 DSM True-up (EMF) Revenue Requirement	McGee Exhibit 2 pg. 1, Line 35	$	(25,362)	
5	Projected Vintage 1 DSM Participants NC Non-Residential Sales (kwh) for rate period	McGee Exhibit 6 pg 1		25,333,709,867	
6	*SAW DSM Revenue Requirement Vintage 1 EMF* ***Non-Residential Rider EE (cents per kWh)***	Line 4/Line 5 * 100		**(0.0001)**	Application
7	Vintage 2 EE True-up (EMF)Revenue Requirement	McGee Exhibit 2 pg. 2, Line 24	$	2,825,007	
8	Projected Vintage 2 EE Participants NC Non-Residential Sales (kwh) for rate period	McGee Exhibit 6 pg 1		26,527,669,699	
9	*SAW EE Revenue Requirement Vintage 2 EMF* ***Non-Residential Rider EE (cents per kWh)***	Line 7/Line 8 * 100		**0.0106**	Application
10	Vintage 2 DSM True-up (EMF) Revenue Requirement	McGee Exhibit 2 pg. 2, Line 35	$	(4,821)	
11	Projected Vintage 2 DSM Participants NC Non-Residential Sales (kwh) for rate period	McGee Exhibit 6 pg 1		25,576,655,603	
12	*SAW DSM Revenue Requirement Vintage 2 EMF* ***Non-Residential Rider EE (cents per kWh)***	Line 10/Line 11 * 100		**-**	Application

Non-Residential Billing Factors Continued

McGee Exhibit 1 pg. 2

13	Vintage 3 EE True-up (EMF) Revenue Requirement	McGee Exhibit 2 pg. 3, Line 24b	$	5,836,839	
14	Projected Vintage 3 EE Participants NC Non-Residential Sales (kwh) for rate period	McGee Exhibit 6 pg 1		26,893,503,142	
15	*SAW EE Revenue Requirement Vintage 3 EMF* ***Non-Residential Rider EE (cents per kWh)***	Line 13/Line 14 * 100		**0.0217**	Application
16	Vintage 3 DSM True-up (EMF) Revenue Requirement	McGee Exhibit 2 pg. 3, Line 35	$	1,516,512	
17	Projected Vintage 3 DSM Participants NC Non-Residential Sales (kwh) for rate period	McGee Exhibit 6 pg 1		25,566,228,049	
18	*SAW DSM Revenue Requirement Vintage 3 EMF* ***Non-Residential Rider EE (cents per kWh)***	Line 16/Line 17 * 100		**0.0059**	Application
19	Vintage 4 EE True-up (EMF) Revenue Requirement	McGee Exhibit 2 pg. 4, Line 24b	$	10,913,735	
20	Projected Vintage 4 EE Participants NC Non-Residential Sales (kwh) for rate period	McGee Exhibit 6 pg 1		27,039,219,748	
21	*SAW EE Revenue Requirement Vintage 4 EMF* ***Non-Residential Rider EE (cents per kWh)***	Line 19/Line 20 * 100		**0.0404**	Application
22	Vintage 4 DSM True-up (EMF) Revenue Requirement	McGee Exhibit 2 pg. 4, Line 35	$	828,755	
23	Projected Vintage 4 DSM Participants NC Non-Residential Sales (kwh) for rate period	McGee Exhibit 6 pg 1		25,659,076,473	
24	*SAW DSM Revenue Requirement Vintage 4 EMF* ***Non-Residential Rider EE (cents per kWh)***	Line 22/Line 23 * 100		**0.0032**	Application

Non-Residential Billing Factors for Rider 6 Prospective Components

25	Vintage 3 EE Prospective Amounts Revenue Requirement	McGee Exhibit 2 pg. 3, Line 24a	$	1,205,284	
26	Projected Vintage 3 EE Participants NC Non-Residential Sales (kwh) for rate period	McGee Exhibit 6 pg 1		26,893,503,142	
27	*SAW EE Revenue Requirement Vintage 3 EE Prospective Component for Non-Residential Rider EE* ***(cents per kWh)***	Line 25/Line 26 * 100		**0.0045**	Application
28	Vintage 4 EE Prospective Amounts Revenue Requirement	McGee Exhibit 2 pg. 4, Line 24a	$	5,864,497	
29	Projected Vintage 4 EE Participants NC Non-Residential Sales (kwh) for rate period	McGee Exhibit 6 pg 1		27,039,219,748	
30	*SAW EE Revenue Requirement Vintage 4 EE Prospective Component for Non-Residential Rider EE* ***(cents per kWh)***	Line 28/Line 29 * 100		**0.0217**	Application
31	Vintage 2014 EE Prospective Amounts Revenue Requirement	McGee Exhibit 2 pg. 5, Line 4		$4,837,353	
32	Projected Program Year 2014 EE Participants NC Non-Residential Sales (kwh) for rate period	McGee Exhibit 6 pg 2		23,769,416,764	
33	*EE Revenue Requirement Vintage 2014 Prospective Component for Non-Residential Rider EE* ***(cents per kWh)***	Line 31/Line 32 * 100		**0.0204**	Application
34	Vintage 2015 EE Prospective Amounts Revenue Requirement	McGee Exhibit 2 pg. 6, Line 18		$26,117,192	
35	Projected Program Year 2015 EE Participants NC Non-Residential Sales (kwh) for rate period	McGee Exhibit 6 pg 2		23,769,416,764	
36	*EE Revenue Requirement Vintage 2015 Prospective Component for Non-Residential Rider EE* ***(cents per kWh)***	Line 34/Line 35 * 100		**0.1099**	Application
37	Vintage 2015 DSM Prospective Amounts Revenue Requirement	McGee Exhibit 2 pg. 6, Line 25		$20,830,972	
38	Projected Vintage 2015 DSM Participants NC Non-Residential Sales (kwh) for rate period	McGee Exhibit 6 pg 2		24,125,887,146	
39	*DSM Revenue Requirement Vintage 2015 Prospective Component for Non-Residential Rider EE* ***(cents per kWh)***	Line 37/Line 38 * 100		**0.0863**	Application
	Total EMV Rate			**0.0820**	
	Total Prospective Rate			**0.2428**	

Total Revenue Requirements in Rider 6 from Non-Residential Customers

40	Vintage 1 EE True-up (EMF) Revenue Requirement	Line 1	$	75,641	
41	Vintage 1 DSM True-up (EMF) Revenue Requirement	Line 4	$	(25,362)	
42	Vintage 2 EE True-up (EMF)Revenue Requirement	Line 7	$	2,825,007	
43	Vintage 2 DSM True-up (EMF) Revenue Requirement	Line 10	$	(4,821)	
44	Vintage 3 EE True-up (EMF) Revenue Requirement	Line 13	$	5,836,839	
45	Vintage 3 DSM True-up (EMF) Revenue Requirement	Line 16	$	1,516,512	
46	Vintage 4 EE True-up (EMF) Revenue Requirement	Line 19	$	10,913,735	
47	Vintage 4 DSM True-up (EMF) Revenue Requirement	Line 22	$	828,755	
48	Vintage 3 EE Prospective Amounts Revenue Requirement	Line 25	$	1,205,284	
49	Vintage 4 EE Prospective Amounts Revenue Requirement	Line 28	$	5,864,497	
50	Vintage 2014 EE Prospective Amounts Revenue Requirement	Line 31	$	4,837,353	
51	Vintage 2015 EE Prospective Amounts Revenue Requirement	Line 34	$	26,117,192	
52	Vintage 2015 DSM Prospective Amounts Revenue Requirement	Line 37	$	20,830,972	
	Total Non-Residential Revenue Requirement in Rider 6	Sum (Lines 40-52)	**$**	**80,821,604**	Application

McGee Exhibit 2 pg 1

Duke Energy Carolinas, LLC
EE/DSM Vintage 1 (June 1, 2009 - December 31, 2010)
Docket Number E-7, Sub 1050
True-Up of Avoided Cost and Lost Revenues Revenue Requirements For Vintage 1

RESIDENTIAL

Line			Prior Riders	Vintage 1	Adjustment	Detail of Adjustments to Vintage 1: Avoided Cost Cap Adjustment	Detail of Adjustments to Vintage 1: Adjustment for Billing Factor
1	EE Avoided Cost Component	Duff Exhibit 1 pg. 1 and 2	$ 35,221,629	$ 35,221,629	$ -		
2	DSM Avoided Cost Component	Duff Exhibit 1 pg. 1 and 2	$ 9,676,899	$ 9,676,899	$ -		
3	Total EE and DSM Avoided Cost	Line 1 + Line 2	$ 44,898,528	$ 44,898,528	$ -		
4	Cap Adjustment factor	McGee Exhibit 4	$ -	$ (6,373,754)	$ (6,373,754)	$ (6,373,754)	
5	DSM/EE Avoided Cost Component adjusted for Cap	Line 3 + Line 4	$ 44,898,528	$ 38,524,774	$ (6,373,754)		
6	Gross Receipts Tax and Regulatory Fee		1.001302	1.001302	1.001302	1.001302	
7	Adjusted Avoided Cost Revenue Requirement	Line 5 * Line 6	$ 44,956,986	$ 38,574,933	$ (6,382,053)	$ (6,382,053)	
8	Residential Lost Revenues	Duff Exhibit 2 pg. 1	$ 24,097,519	$ 24,097,519	$ -		
9	Total Residential Revenue Requirement	Line 7 + Line 8	$ 69,054,505	$ 62,672,452	$ (6,382,053)		
10	Billing Factor		85%	100%			
11	Total Residential Revenue Requirement, adjusted for Billing Factor	Line 9 * line 10	$ 58,696,329	$ 62,672,452	$ 3,976,123	$ (6,382,053)	$ 10,358,176
12	Total Collected for Vintage 1 (Riders 1-4 Actuals, Rider 5 estimate)	McGee Exhibit 3 pg. 1		$ 59,842,189			
13	**Residential EE/DSM Revenue Requirement True-up Amount**	Line 11 - Line 12		**$ 2,830,263**			

See McGee Exhibit 1 for rate

NON-RESIDENTIAL
Energy Efficiency

Line			Prior Riders	Vintage 1 - EE	True-up	Detail of Adjustments to Vintage 1: Avoided Cost Cap Adjustment	Detail of Adjustments to Vintage 1: Misc. Adj	Detail of Adjustments to Vintage 1: Adjustment for Billing Factor
14	Non-Residential EE Avoided Cost Component	Duff Exhibit 1 pg. 1 and 2	$ 18,824,789	$ 18,824,786	$ (3)		$ (3)	
15	Cap Adjustment factor	McGee Exhibit 4	$ -	$ (2,720,082)	$ (2,720,082)	$ (2,720,082)		
16	EE Avoided Cost Component Adjusted for Cap	Line 14 + Line 15	$ 18,824,789	$ 16,104,704	$ (2,720,085)			
17	Gross Receipts Tax and Regulatory Fee		1.001302	1.001302	1.001302	1.001302	1.001302	
18	Total Non-Residential EE Avoided Cost Revenue Requirement	Line 16 * Line 17	$ 18,849,299	$ 16,125,672	$ (2,723,627)			
19	Non-Residential Lost Revenues	Duff Exhibit 2 pg. 1	$ 1,963,183	$ 1,963,183	$ -			
20	Total Non-Residential EE Revenue Requirement	Line 18 + Line 19	$ 20,812,482	$ 18,088,855	$ (2,723,627)			
21	Billing Factor		85%	100%				
22	Total Non-Residential EE Revenue Requirement, adjusted for Billing Factor	Line 20 * Line 21	17,690,610	18,088,855	398,246	$ (2,723,624)	$ (3)	$ 3,121,872
23	Total Collected for Vintage 1 (Riders 1-4 Actuals, Rider 5 estimate)	McGee Exhibit 3 pg. 1		$ 18,013,214				
24	Non-Residential EE Revenue Requirement True-up Amount	Line 22 - Line 23		$ 75,641				
25	Projected NC Non-Residential Sales (kWh) for billing period	McGee Exhibit 6 pg 1		26,349,461,500				
26	**Non-Residential Rider EE (cents per kWh)**	Line 24/Line 25*100		**0.0003**				

DSM

Line			Prior Riders	Vintage 1 - DSM	True-up	Detail of Adjustments to Vintage 1: Avoided Cost Cap Adjustment	Detail of Adjustments to Vintage 1: Adjustment for Billing Factor
27	Non-Residential DSM Avoided Cost Component	Duff Exhibit 1 pg. 1 and 2	$ 11,346,382	$ 11,346,382	$ -		
28	Cap Adjustment factor	McGee Exhibit 4	$ -	$ (1,583,076)	$ (1,583,076)	$ (1,583,076)	
29	Non-Residential DSM Avoided Cost Component adjusted for Cap	Line 27 + Line 28	$ 11,346,382	$ 9,763,306	$ (1,583,076)		
30	Gross Receipts Tax and Regulatory Fee		1.001302	1.001302	1.001302	1.001302	
31	Total Non-Residential DSM Revenue Requirement	Line 29 * Line 30	$ 11,361,155	$ 9,776,018	$ (1,585,137)		
32	Billing Factor		85%	100%			
33	Total Non-Residential DSM Revenue Requirement for Vintage 1	Line 31 * Line 32	$ 9,656,982	$ 9,776,018	$ 119,036	$ (1,585,137)	$ 1,704,173
34	Total Collected for Vintage 1 (Riders 1-4 Actuals, Rider 5 estimate)	McGee Exhibit 3 pg. 1		$ 9,801,379			
35	Non-Residential DSM Revenue Requirement True-up Amount	Line 33-Line 34		$ (25,362)			
36	Projected NC Non-Residential Sales (kWh) for billing period	McGee Exhibit 6 pg 1		25,333,709,867			
37	**Non-Residential Rider EE (cents per kWh)**	Line 35/Line 36*100		**(0.0001)**			

Duke Energy Carolinas, LLC
EE/DSM Vintage 2 (January 1, 2011 - December 31, 2011)
Docket Number E-7, Sub 1050
True-Up of Avoided Cost and Lost Revenues Revenue Requirements For Vintage 2

RESIDENTIAL

Line			Prior Riders	Vintage 2	True-up	Details of Adjustments to Vintage 2: Avoided Cost Cap Adjustment	Adjustment for Billing Factor	Lost Revenues True-up for Year 3
1	EE Avoided Cost Component	Duff Exhibit 1 pg. 3	$ 30,548,085	$ 30,548,085	$ -			
2	DSM Avoided Cost Component	Duff Exhibit 1 pg. 3	$ 9,711,058	$ 9,711,058	$ -			
3	Total EE and DSM Avoided Cost	Line 1 + Line 2	$ 40,259,143	$ 40,259,144	$ -			
4	Cap Adjustment factor	McGee Exhibit 4	$ -	$ (6,242,722)	$ (6,242,722)	$ (6,242,722)		
5	DSM/EE Avoided Cost Component adjusted for Cap	Line 3 + Line 4	$ 40,259,143	$ 34,016,421	$ (6,242,722)			
6	Gross Receipts Tax and Regulatory Fee		1.001302	1.001302	1.001302	1.001302		
7	Adjusted Avoided Cost Revenue Requirement	Line 5 * Line 6	$ 40,311,560	$ 34,060,711	$ (6,250,850)	$ (6,250,850)		
8	Residential Lost Revenues	Duff Exhibit 2 pg. 1	$ 25,316,511	$ 38,654,393	$ 13,337,882			$ 13,337,882
9	Total Residential Revenue Requirement	Line 7 + Line 8	$ 65,628,071	$ 72,715,104	$ 7,087,032			
10	Billing Factor		85%	100%				
11	Total Residential Revenue Requirement, adjusted for Billing Factor	Line 9 * Line 10	$ 55,783,861	$ 72,715,104	$ 16,931,244	$ (6,250,850)	$ 9,844,211	$ 13,337,882
12	Total Collected for Vintage 2 (Riders 2-4 Actuals, Rider 5 estimate)	McGee Exhibit 3 pg. 1		$ 56,793,209				
13	**Residential EE/DSM Revenue Requirement True-up Amount**	Line 11 - Line 12		**$ 15,921,895**				

See McGee Exhibit 1 for rate

NON-RESIDENTIAL
Energy Efficiency

			Prior Riders	Vintage 2 - EE	True-up	Details of Adjustments to Vintage 2: Avoided Cost Cap Adjustment	Adjustment for Billing Factor	Lost Revenues True-up for Year 3
14	Non-Residential EE Avoided Cost Component	Duff Exhibit 1 pg. 3	$ 21,539,254	$ 21,539,254	$ -			
15	Cap Adjustment factor	McGee Exhibit 4	$ -	$ (3,055,315)	$ (3,055,315)	$ (3,055,315)		
16	EE Avoided Cost Component Adjusted for Cap	Line 14 + Line 15	$ 21,539,254	$ 18,483,938	$ (3,055,316)			
17	Gross Receipts Tax and Regulatory Fee		1.001302	1.001302	1.001302	1.001302		
18	Total Non-Residential EE Avoided Cost Revenue Requirement	Line 16 * Line 17	$ 21,567,298	$ 18,508,005	$ (3,059,294)			
19	Non-Residential Lost Revenues	Duff Exhibit 2 pg. 1	$ 4,116,236	$ 6,090,556	$ 1,974,320			$ 1,974,320
20	Total Non-Residential EE Revenue Requirement	Line 18 + Line 19	$ 25,683,534	$ 24,598,561	$ (1,084,973)			
21	Billing Factor		85%	100%				
22	Total Non-Residential EE Revenue Requirement, adjusted for Billing Factor	Line 20 * Line 21	$ 21,831,004	$ 24,598,561	2,767,557	$ (3,059,293)	$ 3,852,530	$ 1,974,320
23	Total Collected for Vintage 2 (Riders 2-4 Actuals, Rider 5 estimate)	McGee Exhibit 3 pg. 1		$ 21,773,554				
24	Non-Residential EE Revenue Requirement True-up Amount	Line 22 - Line 23		$ 2,825,007				
25	Projected NC Non-Residential Sales (kWh) for billing period	McGee Exhibit 6 pg 1		26,527,669,699				
26	**Non-Residential Rider EE (cents per kWh)**	Line 24/Line 25*100		**0.0106**				

DSM

			Prior Riders	Vintage 2 - DSM	True-up	Details of Adjustments to Vintage 2: Avoided Cost Cap Adjustment	Adjustment for Billing Factor
27	Non-Residential DSM Avoided Cost Component	Duff Exhibit 1 pg. 3	$ 12,725,885	$ 12,725,885	$ -		
28	Cap Adjustment factor	McGee Exhibit 4	$ -	$ (1,772,263)	$ (1,772,263)	$ (1,772,263)	
29	Non-Residential DSM Avoided Cost Component adjusted for Cap	Line 27 + Line 28	$ 12,725,885	$ 10,953,622	$ (1,772,263)		
30	Gross Receipts Tax and Regulatory Fee		1.001302	1.001302	1.001302	1.001302	
31	Total Non-Residential DSM Revenue Requirement	Line 29 * Line 30	$ 12,742,454	$ 10,967,883	$ (1,774,571)		
32	Billing Factor		85%	100%			
33	Total Non-Residential DSM Revenue Requirement for Vintage 2	Line 31 * Line 32	$ 10,831,086	$ 10,967,883	$ 136,797	$ (1,774,571)	$ 1,911,368
34	Total Collected for Vintage 2 (Riders 2-4 Actuals, Rider 5 estimate)	McGee Exhibit 3 pg. 1		$ 10,972,704			
35	Non-Residential DSM Revenue Requirement True-up Amount	Line 33-Line 34		$ (4,821)			
36	Projected NC Non-Residential Sales (kWh) for billing period	McGee Exhibit 6 pg 1		25,576,655,603			
37	**Non-Residential Rider EE (cents per kWh)**	Line 35/Line 36*100		**0.0000**			

McGee Exhibit 2 pg 3

Duke Energy Carolinas, LLC
EE/DSM Vintage 3 (January 1, 2012 - December 31, 2012)
Docket Number E-7, Sub 1050
True-Up of Avoided Cost Revenue Requirements For Vintage 3
True-up of Lost Revenues for Years 1 and 2 and Estimate of Lost Revenues for 2015

RESIDENTIAL

Line			a		b		Details of Adjustments to Vintage 3				
			Vintage 3 - 2015 LR Estimate	Prior Riders	Vintage 3	True-up	EM & V true-up	Correction of Error from Prior Rider	Avoided Cost Cap Adjustment	Adjustment for Billing Factor	Lost Revenues True-up for Year 2
1	EE Avoided Cost Component	Duff Exhibit 1 pg. 4		$ 22,750,585	$ 22,775,074	$ 24,489	$ 24,489				
2	DSM Avoided Cost Component	Duff Exhibit 1 pg. 4		$ 9,711,058	$ 12,665,291	$ 2,954,233		$ 2,954,233			
3	Total EE and DSM Avoided Cost	Line 1 + Line 2		$ 32,461,643	$ 35,440,365	$ 2,978,722					
4	Cap Adjustment factor	McGee Exhibit 4		$ -	$ (4,610,597)	$ (4,610,597)			$ (4,610,597)		
5	DSM/EE Avoided Cost Component adjusted for Cap	Line 3 + Line 4		$ 32,461,643	$ 30,829,768	$ (1,631,875)					
6	Gross Receipts Tax and Regulatory Fee			1.001302	1.001302	1.001302	1.001302	1.001302	1.001302		
7	Adjusted Avoided Cost Revenue Requirement	Line 5 * Line 6		$ 32,503,908	$ 30,869,909	$ (1,634,000)	$ 24,521	$ 2,958,080	$ (4,616,600)		
8	Residential Lost Revenues	Duff Exhibit 2 pg. 1	$ 1,595,954	$ 12,532,862	$ 18,557,739	$ 6,024,877	$ 10,814				$ 6,014,063
9	Total Residential Revenue Requirement	Line 7 + Line 8	$ 1,595,954	$ 45,036,770	$ 49,427,648	$ 4,390,878					
10	Billing Factor		100%	85%	100%						
11	Total Residential Revenue Requirement, adjusted for Billing Factor	Line 9 * Line 10	$ 1,595,954	$ 38,281,255	$ 49,427,648	$ 11,146,393	$ 35,335	$ 2,958,080	$ (4,616,600)	$ 6,755,516	$ 6,014,063
12	Total Collected for Vintage 3 (Riders 3-4 Actuals, Rider 5 estimate)	McGee Exhibit 3 pg. 1			$ 32,725,800						
13	**Residential EE/DSM Revenue Requirement True-up Amount**	Line 11 - Line 12	**$ 1,595,954**		**$ 16,701,848**						

See McGee Exhibit 1 for rate

Note: Vintage 3 Year 3 lost revenues will be trued up in Rider 7

NON-RESIDENTIAL
Energy Efficiency

Line			a		b		Details of Adjustments to Vintage 3			
			Vintage 3 - 2015 LR Estimate	Prior Riders	Vintage 3 - EE	True-up	EM & V true-up	Avoided Cost Cap Adjustment	Adjustment for Billing Factor	Lost Revenues True-up for Year 2
14	Non-Residential EE Avoided Cost Component	Duff Exhibit 1 pg. 4		$ 31,864,574	$ 32,580,152	$ 715,578	$ 715,578			
15	Cap Adjustment factor	McGee Exhibit 4		$ -	$ (4,525,794)	$ (4,525,794)		$ (4,525,794)		
16	EE Avoided Cost Component Adjusted for Cap	Line 14 + Line 15		$ 31,864,574	$ 28,054,358	$ (3,810,216)				
17	Gross Receipts Tax and Regulatory Fee			1.001302	1.001302	1.001302	1.001302	1.001302		
18	Total Non-Residential EE Avoided Cost Revenue Requirement	Line 16 * Line 17		$ 31,906,062	$ 28,090,885	$ (3,815,177)				
19	Non-Residential Lost Revenues	Duff Exhibit 2 pg. 1	$ 1,205,284	$ 4,166,340	$ 7,183,643	$ 3,017,303	$ 24,502			$ 2,992,801
20	Total Non-Residential EE Revenue Requirement	Line 18 + Line 19	$ 1,205,284	$ 36,072,402	$ 35,274,528	$ (797,874)				
21	Billing Factor		100%	85%	100%					
22	Total Non-Residential EE Revenue Requirement, adjusted for Billing Factor	Line 20 * Line 21	$ 1,205,284	30,661,541	$ 35,274,528	4,612,986	$ 741,012	$ (4,531,686)	$ 5,410,860	$ 2,992,801
23	Total Collected for Vintage 3 (Riders 3-4 Actuals, Rider 5 estimate)	McGee Exhibit 3 pg. 1			$ 29,437,688					
24	Non-Residential EE Revenue Requirement True-up Amount	Line 22 - Line 23	$ 1,205,284		$ 5,836,839					
25	Projected NC Non-Residential Sales (kWh) for billing period	McGee Exhibit 6 pg 1	26,893,503,142		26,893,503,142					
26	**Non-Residential Rider EE (cents per kWh)**	Line 24/Line 25*100	**0.0045**		**0.0217**					

Note: Vintage 3 Year 3 lost revenues will be trued up in Rider 7

DSM

Line				Prior Riders	Vintage 3 - DSM	True-up	Details of Adjustments to Vintage 3		
							Correction of Error from Prior Rider	Avoided Cost Cap Adjustment	Adjustment for Billing Factor
27	Non-Residential DSM Avoided Cost Component	Duff Exhibit 1 pg. 4		$ 12,725,885	$ 14,498,246	$ 1,772,361	$ 1,772,361		
28	Cap Adjustment factor	McGee Exhibit 4		$ -	$ (1,807,485)	$ (1,807,485)		$ (1,807,485)	
29	Non-Residential DSM Avoided Cost Component adjusted for Cap	Line 27 + Line 28		$ 12,725,885	$ 12,690,761	$ (35,124)			
30	Gross Receipts Tax and Regulatory Fee			1.001302	1.001302	1.001302	1.001302	1.001302	
31	Total Non-Residential DSM Revenue Requirement	Line 29 * Line 30		$ 12,742,454	$ 12,707,285	$ (35,169)			
32	Billing Factor			85%	100%				
33	Total Non-Residential DSM Revenue Requirement for Vintage 3	Line 31 * Line 32		$ 10,831,086	$ 12,707,285	$ 1,876,199	$ 1,774,669	$ (1,809,838)	$ 1,911,368
34	Total Collected for Vintage 3 (Riders 3-4 Actuals, Rider 5 estimate)	McGee Exhibit 3 pg. 1			$ 11,190,773				
35	Non-Residential DSM Revenue Requirement True-up Amount	Line 33-Line 34			$ 1,516,512				
36	Projected NC Non-Residential Sales (kWh) for billing period	McGee Exhibit 6 pg 1			25,566,228,049				
37	**Non-Residential Rider EE (cents per kWh)**	Line 35/Line 36*100			**0.0059**				

McGee Exhibit 2 pg. 4

Duke Energy Carolinas, LLC
EE Vintage 4 (January 1, 2013 - December 31, 2013)
Docket Number E-7, Sub 1050
True-Up of Avoided Cost Revenue Requirements & Net Lost Revenues For Vintage 4 Year 1
and Estimate of Year 3 Net Lost Revenues for Vintage 4

RESIDENTIAL

Line			a		b		Details of True-up		
			Vintage 4 - Yr 3 LR Estimate	Prior Riders	Vintage 4 Year 1	True-up	EM & V true-up	Avoided Cost Cap Adjustment	Adjustment for Billing Factor
1	EE Avoided Cost Component	Duff Exhibit 1 pg. 5		$ 7,018,191	$ 18,576,957	$ 11,558,766	$ 11,558,766		
2	DSM Avoided Cost Component	Duff Exhibit 1 pg. 5		$ 13,265,401	$ 13,131,623	$ (133,778)	$ (133,778)		
3	Total EE and DSM Avoided Cost	Line 1 + Line 2		$ 20,283,592	$ 31,708,580	$ 11,424,988	$ 11,424,988		
4	Cap Adjustment factor	McGee Exhibit 4			$ (2,845,675)	$ (2,845,675)		$ (2,845,675)	
5	DSM/EE Avoided Cost Component adjusted for Cap	Line 3 + Line 4		$ 20,283,592	$ 28,862,905	$ 8,579,313			
6	Gross Receipts Tax and Regulatory Fee			1.001302	1.001302	1.001302	1.001302	1.001302	
7	Adjusted Avoided Cost Revenue Requirement	Line 5 * Line 6		$ 20,310,001	$ 28,900,485	$ 8,590,483	$ 11,439,864	$ (2,849,380)	
8	Residential Lost Revenues	Duff Exhibit 2 pg. 1	$ 7,167,573	$ 1,438,243	$ 10,744,607	$ 9,306,364	$ 9,306,364		
9	Total Residential Revenue Requirement	Line 7 + Line 8	$ 7,167,573	$ 21,748,244	$ 39,645,092	$ 17,896,847	$ 20,746,228	$ (2,849,380)	
10	Billing Factor		100%	85%	100%				
11	Total Residential Revenue Requirement, adjusted for Billing Factor	Line 9 * Line 10	$ 7,167,573	$ 18,486,008	$ 39,645,092	$ 21,159,084	$ 20,746,228	$ (2,849,380)	$ 3,262,237
12	Total Collected for Vintage 4 (Rider 4 Actuals)	McGee Exhibit 3 pg. 1	$ -		$ 18,818,289				
13	**Residential EE/DSM Revenue Requirement True-up Amount**	Line 11 - Line 12	**$ 7,167,573**		**$ 20,826,803**				

See McGee Exhibit 1 for rate

NON-RESIDENTIAL

Energy Efficiency

			a		b		Details of True-up		
			Vintage 4 - Yr 3 LR Estimate	Prior Riders	Vintage 4 - EE Year 1	True-up	EM & V true-up	Avoided Cost Cap Adjustment	Adjustment for Billing Factor
14	Non-Residential EE Avoided Cost Component	Duff Exhibit 1 pg. 5		$ 22,071,086	$ 31,321,131	$ 9,250,045	$ 9,250,045		
15	Cap Adjustment factor	McGee Exhibit 4			$ (3,124,502)	$ (3,124,502)		$ (3,124,502)	
16	EE Avoided Cost Component Adjusted for Cap	Line 14 + Line 15		$ 22,071,086	$ 28,196,629	$ 6,125,543			
17	Gross Receipts Tax and Regulatory Fee			1.001302	1.001302	1.001302	1.001302	1.001302	
18	Total Non-Residential Avoided Cost Revenue Requirement	Line 16 * Line 17		$ 22,099,823	$ 28,233,341	$ 6,133,518	$ 9,262,088	$ (3,128,570)	
19	Non-Residential Lost Revenues	Duff Exhibit 2 pg. 1	$ 5,864,497	$ 743,743	$ 2,655,389	$ 1,911,646	$ 1,911,646		
20	Total Non-Residential EE Revenue Requirement	Line 18 + Line 19	$ 5,864,497	$ 22,843,566	$ 30,888,730	$ 8,045,164	$ 11,173,734	$ (3,128,570)	
21	Billing Factor		100%	85%	100%				
22	Total Non-Residential EE Revenue Requirement, adjusted for Billing Factor	Line 20 * Line 21	$ 5,864,497	$ 19,417,031	$ 30,888,730	$ 11,471,699	$ 11,173,734	$ (3,128,570)	$ 3,426,535
23	Total Collected for Vintage 4 (Rider 4 Actuals)	McGee Exhibit 3 pg. 1	$ -		$ 19,974,995				
24	Non-Residential EE Revenue Requirement True-up Amount	Line 22-Line 23	$ 5,864,497		$ 10,913,735				
25	Projected NC Non-Residential Sales (kWh) for billing period	McGee Exhibit 6 pg 1	27,039,219,748		27,039,219,748				
26	**Non-Residential Rider EE (cents per kWh)**	Line 24/Line 25*100	**0.0217**		**0.0404**				

DSM

			Prior Riders	Vintage 4 - DSM	True-up	Details of True-up		
						EM & V true-up	Avoided Cost Cap Adjustment	Adjustment for Billing Factor
27	Non-Residential DSM Avoided Cost Component	Duff Exhibit 1 pg. 5	$ 17,383,684	$ 17,282,063	$ (101,621)	$ (101,621)		
28	Cap Adjustment factor	McGee Exhibit 4		$ (2,290,644)	$ (2,290,644)		$ (2,290,644)	
29	Non-Residential DSM Avoided Cost Component adjusted for Cap	Line 27 + Line 28	$ 17,383,684	$ 14,991,419	$ (2,392,265)			
30	Gross Receipts Tax and Regulatory Fee		1.001302	1.001302	1.001302	1.001302	1.001302	
31	Total Non-Residential DSM Revenue Requirement	Line 29 * Line 30	$ 17,406,318	$ 15,010,938	$ (2,395,380)	$ (101,753)	$ (2,293,627)	
32	Billing Factor		85%	100%		$ -		
33	Total Non-Residential DSM Revenue Requirement for Vintage 4	Line 31 * Line 32	$ 14,795,370	$ 15,010,938	$ 215,568	$ (101,753)	$ (2,293,627)	$ 2,610,948
34	Total Collected for Vintage 4 (Rider 4 Actuals)	McGee Exhibit 3 pg 1		$ 14,182,182				
35	Non-Residential DSM Revenue Requirement True-up Amount	Line 33 - Line 34		$ 828,755				
36	Projected NC Non-Residential Sales (kWh) for billing period	McGee Exhibit 6 pg 1		25,659,076,473				
37	**Non-Residential Rider EE (cents per kWh)**	Line 35/Line 36*100		**0.0032**				

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1050
Estimated Year 2 Lost Revenues for Vintage Year 2014

RESIDENTIAL
Energy Efficiency Programs

Line		Reference	2014
1	Residential Net Lost Revenues - Year 2	Duff Exhibit 2 pg 2	$3,810,949
2	Projected NC Residential Sales (kWh)	McGee Exhibit 6, pg 2	21,085,909,512
3	**NC Residential EE Billing Factor (Cents/kWh)**	Line 1/Line 2*100	**0.0181**

NON-RESIDENTIAL
Energy Efficiency Programs

		Reference	2014
4	Non-Residential Net Lost Revenues - Year 2	Duff Exhibit 2 pg 2	$4,837,353
5	Projected NC Residential Sales (kWh)	McGee Exhibit 6, pg 2	23,769,416,764
6	**NC Non-Residential EE billing factor (Cents/kWh)**	Line 4/Line 5*100	**0.0204**

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1050
Estimated Program Costs, Earned Incentive and Lost Revenues for Vintage Year 2015

RESIDENTIAL

Line		Reference	2015
1	Residential EE Program Cost	Duff Exhibit 3 pg. 2, sum(Lines 21-28)	$30,685,449
2	Residential EE Earned Utility Incentive	McGee Exhibit 2 pg. 7, Line 3	$2,374,641
3	Total EE Program Cost and Incentive Components	Line 1 + Line 2	$33,060,090
4	Residential DSM Program Cost	Duff Exhibit 3 pg. 2, Line 35	$12,532,432
5	Residential DSM Earned Utility Incentive	McGee Exhibit 2 pg. 7, Line 6	$3,275,217
6	Total DSM Program Cost and Incentive Components	Line 4 + Line 5	$15,807,649
7	Total EE/DSM Program Cost and Incentive Components	Line 3 + Line 6	$48,867,739
8	Revenue-related taxes and regulatory fees factor		1.001302
9	Total EE/DSM Program Cost and Incentive Revenue Requirement	Line 7 * Line 8	$48,931,365
10	Residential Net Lost Revenues	Duff Exhibit 2 pg. 2	$9,169,840
11	**Total Residential EE Revenue Requirement**	**Line 9 + Line 10**	**$58,101,205**

See McGee Exhibit 1 for rate

NON-RESIDENTIAL

Energy Efficiency Programs

		Reference	2015
12	Non- Residential EE Program Cost	Duff Exhibit 3 pg. 2, sum(Lines 29-34)	$17,348,807
13	Non-Residential EE Earned Utility Incentive	McGee Exhibit 2 pg. 7, Line 9	$6,214,226
14	Total EE Program Cost and Incentive Components	Line 12 + Line 13	$23,563,033
15	Revenue-related taxes and regulatory fees factor		1.001302
16	Total Non-Residential EE Program Cost and Incentive Revenue Req	Line 14 * Line 15	$23,593,712
17	Non-Residential Net Lost Revenues	Duff Exhibit 2 pg. 2	$2,523,480
18	Total Non-Residential EE Revenue Requirement	Line 16 + Line 17	$26,117,192
19	Projected NC Residential Sales (kWh)	McGee Exhibit 6, pg 2	23,769,416,764
20	**NC Non-Residential EE billing factor (Cents/kWh)**	Line 18/Line 19*100	**0.1099**

DSM Programs

			2015
21	Non-Residential DSM Program Cost	Duff Exhibit 3 pg. 2, Line 36	$16,493,488
22	Non-Residential DSM Earned Utility Incentive	McGee Exhibit 2 pg. 7, Line 12	$4,310,397
23	Total Non-Residential DSM Program Cost and Incentive Component	Line 21 + Line 22	$20,803,885
24	Revenue-related taxes and regulatory fees factor		1.001302
25	Total Non-Residential DSM Revenue Requirement	Line 23 * Line 24	$20,830,972
26	Projected NC Non-Residential Sales (kWh)	McGee Exhibit 6, pg 2	24,125,887,146
27	**NC Non-Residential DSM billing factor**	Line 25/Line 26*100	**0.0863**

Duke Energy Carolinas, LLC
Shared Savings Incentive Calculation - NC Retail Allocation
Docket No. E-7, Sub 1050
Estimate January 1, 2015- December 31, 2015

Line			2015
1	Shared Savings - Res EE	Duff Exhibit 11	3,272,437
2	NC Retail Allocation Factor	McGee Exhibit 5 page 5	72.5649061%
3	NC Retail Shared Savings - Res EE	Line 1 * Line 2	$ 2,374,641
4	Shared Savings - Total DSM	Duff Exhibit 11	$ 10,180,608
5	NC Retail Allocation Factor - Res	McGee Exhibit 5 page 5	32.1711350%
6	NC Retail Shared Savings - Res DSM	Line 4 * Line 5	$ 3,275,217
7	Shared Savings - Non Res EE	Duff Exhibit 11	$ 8,563,679
8	NC Retail Allocation Factor	McGee Exhibit 5 page 5	72.5649061%
9	NC Retail Shared Savings- Non Res EE	Line 7 * Line 8	$ 6,214,226
10	Shared Savings - Total DSM	Duff Exhibit 11	$ 10,180,608
11	NC Retail Allocation Factor - Non Res	McGee Exhibit 5 page 5	42.3392872%
12	NC Retail Shared Savings - Non Res DSM	Line 10 * Line 11	$ 4,310,397

McGee Exhibit 3 pg 1

Duke Energy Carolinas, LLC

DSM/EE Revenues Collected from Riders 1-5 (By Vintage)

Docket Number E-7, Sub 1050

For Vintages 1- 4 True-Up Calculations

Line		Vintage	Actual 2010 Rider 1	Actual 2011 Rider 2	Actual 2012 Rider 3	Actual 2013 Rider 4	Estimate 2014 Rider 5 [1]	Total
	Residential							
1	EE	v1	$ 25,916,921	$ 6,366,243	$ 17,575,779	$ 929,553	$ 648,007	$ 51,436,504
2		v2		22,641,166	7,680,225	10,307,713	7,644,538	48,273,641
3		v3			8,610,393	2,933,257	12,642,528	24,186,178
4		v4				7,291,829		7,291,829
5	DSM	v1	6,461,100		2,357,720	(413,135)		8,405,686
6		v2		7,259,507		1,260,061		8,519,568
7		v3			10,713,375	-	(2,173,753)	8,539,622
8		v4				11,526,460		11,526,460
9	**Total Residential**		$ 32,378,022	$ 36,266,916	$ 46,937,492	$ 33,835,738	$ 18,761,320	$ 168,179,488
	Non-Residential							
10	EE	v1	$ 7,688,412	$ 860,011	$ 6,038,079	$ 3,869,145	$ (442,433)	$ 18,013,214
11		v2		7,165,813	1,039,274	12,267,747	1,300,720	21,773,554
12		v3			11,394,699	1,351,032	16,691,957	29,437,688
13		v4				19,974,995		19,974,995
14	DSM	v1	5,118,264		4,994,566	(311,450)		9,801,379
15		v2		7,594,483		3,378,221		10,972,704
16		v3			12,967,453	-	(1,776,680)	11,190,773
17		v4				14,182,182		14,182,182
18	**Total Non-Residential**		$ 12,806,676	$ 15,620,307	$ 36,434,070	$ 54,711,872	$ 15,773,564	$ 135,346,490
19	**Total Revenue**		**$ 45,184,698**	**$ 51,887,223**	**$ 83,371,563**	**$ 88,547,611**	**$ 34,534,884**	**$ 303,525,978**

[1] Rider 5 estimates based on revenue requirements filed in Docket E-7, Sub 1031 for Rider 5; Revenue estimates do not include estimates of Lost Revenues for Vintage 3, year 3 or Vintage 4, year 2 (revenues related to these vintages will be trued up in Rider 7).

McGee Exhibit 3 pg 2

Duke Energy Carolinas, LLC

DSM/EE Revenues Collected from Riders 1-5 (By Vintage)

Docket Number E-7, Sub 1050

Revenue by Type for Riders 1-4 Actuals and Rider 5 estimates

Line		Vintage	Actual 2010 Rider 1	Actual 2011 Rider 2	Actual 2012 Rider 3	Actual 2013 Rider 4	Estimate 2014 Rider 5 [1]	Total
	Residential							
1	EE/DSM-Avoided Costs	v1	$ 23,845,842		$ 21,750,975	$ (6,938,732)	$ 804,065	$ 39,462,150
2		v2		22,938,620		15,700,686	11,581	38,650,887
3		v3			18,077,050		10,468,775	28,545,825
4		v4				17,618,574		17,618,574
5	Lost Revenue	v1	8,532,180	6,366,244	(1,817,476)	7,466,033	(156,058)	20,390,923
6		v2		6,962,052	7,680,225	(4,145,533)	7,632,956	18,129,700
7		v3			1,246,718	2,927,160		4,173,878
8		v4				1,207,550		1,207,550
9	**Total Residential**		$ 32,378,022	$ 36,266,916	$ 46,937,492	$ 33,835,738	$ 18,761,319	$ 168,179,487
	Non-Residential							
10	EE Avoided Costs	v1	$ 6,572,003		$ 7,183,487	$ 3,614,204	$ (528,709)	$ 16,840,985
11		v2		6,211,058		12,705,472	-	18,916,530
12		v3			11,328,823		16,691,956	28,020,779
13		v4				19,344,891	-	19,344,891
14	DSM Avoided Costs	v1	5,118,264		4,994,566	(311,450)		9,801,379
15		v2		7,594,483		3,378,221		10,972,704
16		v3			12,967,453		(1,776,680)	11,190,773
17		v4				14,182,182	-	14,182,182
18	Lost Revenue	v1	1,116,409	877,180	(1,145,408)	254,941	86,276	1,189,398
19		v2		937,587	1,039,274	(437,725)	1,300,720	2,839,855
20		v3			65,876	1,351,032		1,416,908
21		v4				630,104		630,104
22	**Total Non-Residential**		$ 12,806,676	$ 15,620,308	$ 36,434,070	$ 54,711,872	$ 15,773,564	$ 135,346,490
23	**Total Revenue**		**$ 45,184,698**	**$ 51,887,224**	**$ 83,371,562**	**$ 88,547,610**	**$ 34,534,883**	**$ 303,525,978**

[1] Rider 5 estimates based on revenue requirements filed in Docket E-7, Sub 1031 for Rider 5; Revenue estimates do not include estimates of Lost Revenues for Vintage 3, year 3 or Vintage 4, year 2 (revenues related to these vintages will be trued up in Rider 7).

McGee Exhibit 4

Duke Energy Carolinas, LLC

Docket Number E-7, Sub 1050

DSM/EE Earnings Cap Calculation for the Period June 1, 2009 to December 31, 2013

Line				Vintage 1 a	Vintage 2 b	Vintage 3 c	Vintage 4 d	Total e = sum(a-d)
	Total for EE		**50%**					
1	AC Revenues-50%	Duff Exhibit 1		$ 54,046,415	$ 52,087,339	$ 55,355,226	$ 49,898,087	$ 211,387,068
2	Program Costs	Duff Exhibit 3		$ 35,266,588	$ 32,151,074	$ 36,754,176	$ 35,444,311	$ 139,616,149
3	Income Before Taxes	Line 1 - Line 2		$ 18,779,827	$ 19,936,265	$ 18,601,050	$ 14,453,777	$ 71,770,919
4	Income Tax Rate			0.391760	0.391713	0.391373	0.391373	
5	Income Taxes	Line 3 * Line 4		$ 7,357,185	$ 7,809,294	$ 7,279,949	$ 5,656,818	$ 28,103,246
6	Net Income	Line 3 - Line 5		$ 11,422,642	$ 12,126,971	$ 11,321,101	$ 8,796,959	$ 43,667,673
	Total for DSM Programs		**75%**					
7	AC Revenues-75%	Duff Exhibit 1		$ 21,023,281	$ 22,436,943	$ 27,163,537	$ 30,413,686	$ 101,037,448
8	Program Costs	Duff Exhibit 3		$ 15,364,240	$ 21,081,446	$ 20,965,694	$ 20,755,499	$ 78,166,880
9	Income Before Taxes	Line 7 - Line 8		$ 5,659,041	$ 1,355,497	$ 6,197,843	$ 9,658,187	$ 22,870,568
10	Income Tax Rate			0.391760	0.391713	0.391373	0.391373	
11	Income Taxes	Line 9 * Line 10		$ 2,216,986	$ 530,966	$ 2,425,668	$ 3,779,954	$ 8,953,574
12	Net Income	Line 9 - Line 11		$ 3,442,055	$ 824,531	$ 3,772,175	$ 5,878,233	$ 13,916,994
	Total for SAW Programs Adjusted for DSM Cap							
13	AC Revenues	Line 1 + Line 7		$ 75,069,696	$ 74,524,283	$ 82,518,763	$ 80,311,774	$ 312,424,516
14	Program Costs	Line 2 + Line 8		$ 50,630,828	$ 53,232,520	$ 57,719,870	$ 56,199,810	$ 217,783,028
15	Income Before Taxes	Line 13 - Line 14		$ 24,438,868	$ 21,291,762	$ 24,798,893	$ 24,111,964	$ 94,641,488
16	Income Tax Rate			0.391760	0.391713	0.391373	0.391373	0.391549
17	Income Taxes	Line 15 * Line 16		$ 9,574,171	$ 8,340,260	$ 9,705,617	$ 9,436,772	$ 37,056,820
18	Net Income	Line 15 - Line 17		$ 14,864,697	$ 12,951,502	$ 15,093,276	$ 14,675,192	$ 57,584,668
19	Allowed After-tax Return on Program Cost Investment	Line 14 * 15%						$ 32,667,454
20	Allowed Pre-tax Return on Program Cost Investment	Line 19 /(1-Line 16)						$ 53,689,577
21	Avoided Cost Revenues for the SAW program	Line 13						$ 312,424,516
22	Total Program Cost Investment + Allowed Pre-tax Return	Line 14 + Line 20						$ 271,472,606
23	Excess Pre-tax Return = Cap Adjustment	Line 21 - Line 22						$ 40,951,910
24	Total Avoided Costs Allowed to Collect	Minimum of Line 21 and Line 22						$ 271,472,606
25	Avoided Cost Revenue Collected (R1-4 actuals and R5 estimates)-before GRT	McGee Exhibit 3 pg 2 / (1.034554)						$ 245,079,194
26	Amount to be collected (returned) from (to) Customers	Line 24 - Line 25						**$ 26,393,412**
	Allocation of Cap Adjustment (Line 23) to Residential/Non-Residential and Vintage							
27	Residential Avoided Cost Revenue Collections-Before GRT	McGee Exhibit 3 page 2/1.034554		$ 38,144,118	$ 37,359,951	$ 27,592,397	$ 17,030,115	$ 120,126,582
28	Non-Residential EE Avoided Cost Revenue Collections-Before GRT	McGee Exhibit 3 page 2/1.034554		$ 16,278,498	$ 18,284,720	$ 27,084,888	$ 18,698,773	$ 80,346,880
29	Non-Residential DSM Avoided Cost Revenue Collections-Before GRT	McGee Exhibit 3 page 2/1.034554		$ 9,474,014	$ 10,606,217	$ 10,817,002	$ 13,708,499	$ 44,605,732
30	Total Revenue Collections			$ 63,896,631	$ 66,250,888	$ 65,494,287	$ 49,437,388	$ 245,079,194
	Relative Percentage:							
31	Residential Avoided Cost Revenue	Line 27 / Line 30		60%	56%	42%	34%	49%
32	Non-Residential EE Avoided Cost Revenue	Line 28 / Line 30		25%	28%	41%	38%	33%
33	Non-Residential DSM Avoided Cost Revenue	Line 29 / Line 30		15%	16%	17%	28%	18%
34	Total Revenue	Line 30 Vintage Total / Line 30 Total Rev Collections		26%	27%	27%	20%	100%
	Cap Adjustment Allocation:							
35	Residential	Line 31 * Line 38 Total		$ 6,373,754	$ 6,242,722	$ 4,610,597	$ 2,845,675	$ 20,072,748
36	Non-Residential EE	Line 32 * Line 38 Total		$ 2,720,082	$ 3,055,315	$ 4,525,794	$ 3,124,502	$ 13,425,694
37	Non-Residential DSM	Line 33 * Line 38 Total		$ 1,583,076	$ 1,772,263	$ 1,807,485	$ 2,290,644	$ 7,453,468
38	Total Cap Adjustment	Line 34 * Line 23		$ 10,676,912	$ 11,070,301	$ 10,943,875	$ 8,260,821	$ 40,951,910

Duke Energy Carolinas, LLC
EE/DSM Vintage 1 True Up for the Period June 1, 2009 to December 31, 2009
Docket Number E-7, Sub 1050
Allocation Factors

Line			MWH		
	SAW Sales Allocator				
1	NC RetailMWH Sales Allocation	Company Records	53,842,194		
2	SC Retail MWH Sales Allocation	Company Records	19,906,425		
3	Total Retail	Line 1 + Line 2	73,748,619		
	Allocation 1 to state based on kWh sales				
4	NC Retail	Line 1 / Line 3	**73.0077318%**		
	Demand Allocators		**NC**	**SC**	**Total**
5	Residential	Company Records	5,281,284	1,692,049	6,973,333
6	Non Residential	Company Records	6,218,623	2,386,563	8,605,186
7	Total	Line 5 + Line 6	11,499,907	4,078,612	15,578,519
	Allocation 2 to state based on peak demand				
8	NC Retail	Line 7, NC / Line 7 Total	**73.8190004%**		
	Allocation 3 NC res vs non-res Peak Demand to retail system peak				
9	NC Residential	Line 5 NC/ Line 7 Total	**33.9010659%**		
10	NC Non-residential	Line 6 NC/ Line 7 Total	**39.9179344%**		

Duke Energy Carolinas, LLC
EE/DSM Vintage 1 True Up for the Period January 1, 2010 to December 31, 2010
Docket Number E-7, Sub 1050
Allocation Factors

Line			MWH		
	SAW Sales Allocator				
1	NC RetailMWH Sales Allocation	Company Records	57,382,346		
2	SC Retail MWH Sales Allocation	Company Records	21,540,084		
3	Total Retail	Line 1 + Line 2	78,922,430		
	Allocation 1 to state based on kWh sales				
4	NC Retail	Line 1 / Line 3	**72.7072722%**		
	Demand Allocators		**NC**	**SC**	**Total**
5	Residential	Company Records	5,494,974	1,731,591	7,226,565
6	Non Residential	Company Records	6,437,669	2,290,766	8,728,435
7	Total	Line 5 + Line 6	11,932,643	4,022,357	15,955,000
	Allocation 2 to state based on peak demand				
8	NC Retail	Line 7, NC / Line 7 Total	**74.7893638%**		
	Allocation 3 NC res vs non-res Peak Demand to retail system peak				
9	NC Residential	Line 5 NC/ Line 7 Total	**34.4404513%**		
10	NC Non-residential	Line 6 NC/ Line 7 Total	**40.3489126%**		

Duke Energy Carolinas, LLC
EE/DSM Vintage 2 True Up for the Period January 1, 2011 to December 31, 2011
Docket Number E-7, Sub 1050
Allocation Factors

Line			MWH		
	SAW Sales Allocator				
1	NC RetailMWH Sales Allocation	Company Records	55,966,071		
2	SC Retail MWH Sales Allocation	Company Records	21,019,094		
3	Total Retail	Line 1 + Line 2	76,985,165		
	Allocation 1 to state based on kWh sales				
4	NC Retail	Line 1 / Line 3	**72.6972151%**		
	Demand Allocators		**NC**	**SC**	**Total**
5	Residential	Company Records	5,179,896	1,627,477	6,807,373
6	Non Residential	Company Records	6,788,010	2,476,617	9,264,627
7	Total	Line 5 + Line 6	11,967,906	4,104,094	16,072,000
	Allocation 2 to state based on peak demand				
8	NC Retail	Line 7, NC / Line 7 Total	**74.4643230%**		
	Allocation 3 NC res vs non-res Peak Demand to retail system peak				
9	NC Residential	Line 5 NC/ Line 7 Total	**32.2293181%**		
10	NC Non-residential	Line 6 NC/ Line 7 Total	**42.2350050%**		

McGee Exhibit 5 pg 4

Duke Energy Carolinas, LLC
EE/DSM Vintage 3 True Up for the Period January 1, 2012 to December 31, 2012
Docket Number E-7, Sub 1050
Allocation Factors

Line			MWH		
	SAW Sales Allocator				
1	NC RetailMWH Sales Allocation	Company Records	54,555,907		
2	SC Retail MWH Sales Allocation	Company Records	20,466,527		
3	Total Retail	Line 1 + Line 2	75,022,434		
	Allocation 1 to state based on kWh sales				
4	NC Retail	Line 1 / Line 3	**72.7194575%**		
	Demand Allocators		**NC**	**SC**	**Total**
5	Residential	Company Records	5,588,503	1,732,909	7,321,412
6	Non Residential	Company Records	6,397,286	2,322,302	8,719,588
7	Total	Line 5 + Line 6	11,985,789	4,055,211	16,041,000
	Allocation 2 to state based on peak demand				
8	NC Retail	Line 7, NC / Line 7 Total	**74.7197120%**		
	Allocation 3 NC res vs non-res Peak Demand to retail system peak				
9	NC Residential	Line 5 NC/ Line 7 Total	**34.8388691%**		
10	NC Non-residential	Line 6 NC/ Line 7 Total	**39.8808428%**		

Duke Energy Carolinas, LLC
EE/DSM Vintage 4 True Up for the Period January 1, 2013 to December 31, 2013
Docket Number E-7, Sub 1050
Allocation Factors

Line			MWH		
	SAW & New Mechanism Sales Allocator at Generator				
1	NC RetailMWH Sales Allocation	Company Records	57,109,433		
2	SC Retail MWH Sales Allocation	Company Records	21,591,741		
3	Total Retail	Line 1 + Line 2	78,701,174		
	Allocation 1 to state based on kWh sales				
4	NC Retail	Line 1 / Line 3	**72.5649061%**		
	Demand Allocators		**NC**	**SC**	**Total**
5	Residential	Company Records	5,179,896	1,627,477	6,807,373
6	Non Residential	Company Records	6,817,077	2,476,617	9,293,694
7	Total	Line 5 + Line 6	11,996,973	4,104,094	16,101,067
	Allocation 2 to state based on peak demand				
8	NC Retail	Line 7, NC / Line 7 Total	**74.5104222%**		
	Allocation 3 NC res vs non-res Peak Demand to retail system peak				
9	NC Residential	Line 5 NC/ Line 7 Total	**32.1711350%**		
10	NC Non-residential	Line 6 NC/ Line 7 Total	**42.3392872%**		

Duke Energy Carolinas, LLC
DSM/EE Cost Recovery Rider 6
Docket Number E-7 Sub 1050
Forecasted kWh Sales for Rate Period for SAW

Total 2015

Fall 2013 Sales Forecast - kWhs

North Carolina Retail:

Line		
1	Residential	**21,085,909,512**
2	Non-Residential	**35,242,557,591**
3	Total Retail	**56,328,467,103**

Opt Out Sales

		2013 kWh Usage
	Vintage 1 Opt Out	
4	EE	8,893,096,091
5	DSM	9,908,847,724
	Vintage 2 Opt Out	
6	EE	8,714,887,892
7	DSM	9,665,901,988
	Vintage 3 Opt Out	
8	EE	8,349,054,449
9	DSM	9,676,329,542
	Vintage 4 Opt Out	
10	EE	8,203,337,843
11	DSM	9,583,481,118

Non-Residental Forecast Sales Less Opt Out

		V1 EE Rate Components	**V1 DSM Rate Components**	**V2 EE Rate Components**	**V2 DSM Rate Components**	**V3 EE Rate Components**	**V3 DSM Rate Components**	**V4 EE Rate Components**	**V4 DSM Rate Components**
12	Total Non-Residential	35,242,557,591	35,242,557,591	35,242,557,591	35,242,557,591	35,242,557,591	35,242,557,591	35,242,557,591	35,242,557,591
13	Less V1 EE Opt Out	8,893,096,091							
14	Less V1 DSM Opt Out		9,908,847,724						
15	Less V2 EE Opt Out			8,714,887,892					
16	Less V2 DSM Opt Out				9,665,901,988				
17	Less V3 EE Opt Out					8,349,054,449			
18	Less V3 DSM Opt Out						9,676,329,542		
19	Less V3 EE Opt Out							8,203,337,843	
20	Less V3 DSM Opt Out								9,583,481,118
21	Less V4 EE Opt Out								
22	Less V4 DSM Opt Out								
23	Sales for Rider Calculation	**26,349,461,500**	**25,333,709,867**	**26,527,669,699**	**25,576,655,603**	**26,893,503,142**	**25,566,228,049**	**27,039,219,748**	**25,659,076,473**

Duke Energy Carolinas, LLC
DSM/EE Cost Recovery Rider 6
Docket Number E-7 Sub 1050
Forecasted kWh Sales for Rate Period for Vintage Years 2014-2015

Total 2015

Fall 2013 Sales Forecast - kWhs

North Carolina Retail:

Line		
1	Residential	**21,085,909,512**
2	Non-Residential	**34,498,606,154**
3	Total Retail	**55,584,515,666**

Opt Out Sales

		2013 kWh Usage
	Vintage 2014 Estimated Opt Out	
4	EE	10,729,189,390
5	DSM	10,372,719,008
	Vintage 2015 Estimated Opt Out	
6	EE	10,729,189,390
7	DSM	10,372,719,008

Non-Residental Forecast Sales Less Opt Out

		2014 EE Rate Components	**2014 DSM Rate Components**	**2015 EE Rate Components**	**2015 DSM Rate Components**
8	Total Non-Residential	34,498,606,154	34,498,606,154	34,498,606,154	34,498,606,154
9	Less V2014 Estimated Opt Out	10,729,189,390			
10	Less V2014 Estimated DSM Opt Out		10,372,719,008		
11	Less V2015 Estimated EE Opt Out			10,729,189,390	
12	Less V2015 Estimated DSM Opt Out				10,372,719,008
13	Sales for Rider Calculation	**23,769,416,764**	**24,125,887,146**	**23,769,416,764**	**24,125,887,146**

RIDER EE (NC)
ENERGY EFFICIENCY RIDER

APPLICABILITY (North Carolina Only)
Service supplied under the Company's rate schedules is subject to approved adjustments for new energy efficiency and demand-side management programs approved by the North Carolina Utilities Commission (NCUC). The Rider Adjustments are not included in the Rate Schedules of the Company and therefore, must be applied to the bill as calculated under the applicable rate. Cost recovery under Rider EE consists of two four-year term programs, years 2009 – 2013 and years 2014 – 2017 as outlined separately below. This rider applies to service supplied under all rate schedules for program years 2009-2013 but does not apply to Rate Schedules OL, FL, PL, GL, and NL for program years 2014-2017.

I. PROGRAM YEARS 2009-2013

GENERAL PROVISIONS
This Rider will recover the cost of new energy efficiency and demand-side management programs, using the method approved by the NCUC, for programs implemented over a four-year period (*i.e.*, comprising four 12-month program years or "Vintage Years"). In each year this Rider will include components to recover revenue requirements related to demand-side management and energy efficiency programs implemented in that Vintage Year, as well as net lost revenues resulting from the energy efficiency programs. Net lost revenues are revenue losses, net of both marginal costs avoided at the time of the lost kilowatt hour sale(s) and increases in revenues resulting from any activity by the Company's public utility operations that cause a customer to increase demand or energy consumption. Net lost revenues associated with each Vintage Year will be recovered for 36 months upon implementation, except that the recovery of net lost revenues will end upon implementation of new rates approved by the Commission in a general rate case or comparable proceeding to the extent that rates are set in a rate case for vintages up to that point. To recover net lost revenues for programs implemented in years 3 and 4, the Rider will continue beyond the four-year period.

Revenue requirements will be determined on a system basis and allocated to North Carolina retail customers based on the North Carolina retail contribution to system retail peak demand for demand side management programs and North Carolina retail contribution to system retail kWh sales for energy efficiency programs. Residential customer classes will pay for residential programs and non-residential customer classes will pay for non-residential programs through methods found appropriate by the Commission for demand-side management and energy efficiency programs, respectively. All allocation factors will be based on the Company's most recently completed cost of service study utilizing the allocation method approved by NCUC in the Company's most recent general rate proceeding and will exclude the amounts related to customers that elect to opt out of this Rider.

TRUE-UP PROVISIONS
Rider amounts will initially be determined based on estimated kW and kWh impacts related to expected customer participation in the programs, and will be trued-up as actual customer participation and actual kW and kWh impacts are verified. If a customer participates in any vintage of programs, the customer is subject to the true-ups as discussed in this section for any vintage of programs in which the customer participated.

Participation true-ups: After the completion of the first Vintage Year, the Rider will include a true-up of previous Rider amounts billed to reflect actual customer participation in the programs.

Measurement and verification true-up: In the sixth year a final true-up will be based on changes in participation combined with actual verified kW and kWh savings.

Earnings cap true-up: In the sixth year, a true up will adjust customer bills, if applicable, to refund with interest, amounts collected through the Rider in excess of the earnings cap, in accordance with the following levels of achievement of actual energy and peak demand reductions and allowed return on investment.

Percentage Actual Target Achievement	Return on Investment Cap on Program Costs Percentage
>=90%	15%
80% to 89%	12%
60% to 79%	9%
< 60%	5%

RIDER EE (NC)
ENERGY EFFICIENCY RIDER

DETERMINATION OF ENERGY EFFICIENCY RIDER ADJUSTMENT

Energy Efficiency Adjustments (EEA) will be applied to the energy in kilowatt hours (kWh) billed of all rate schedules for each vintage as determined by the following formula, adjusted as appropriate for the time value of money:

EEA Residential (expressed as cents per kWh) =

(Residential Avoided Cost Revenue Requirement + Residential Net Lost Revenues) / Forecasted Residential kWh Sales for the Rider billing period

Where
Residential Avoided Cost Revenue Requirement = (Residential Demand-Side Management Program Avoided Cost X 75%) + (Residential Energy Efficiency Program Avoided Cost X 50%)

EEA Non-residential (expressed as cents per kWh) =

(Non-residential Avoided Cost Revenue Requirement + Non-residential Net Lost Revenues) / Forecasted Non-residential kWh Sales for the Rider billing period

Where
Non-residential Avoided Cost Revenue Requirement = (Non-residential Demand-Side Management Program Avoided Cost X 75%) + (Non-residential Energy Efficiency Program Avoided Cost X 50%)

II. PROGRAM YEARS 2014-2017

GENERAL PROVISIONS

This Rider will recover the cost of new energy efficiency and demand-side management programs, using the method approved by the NCUC, for programs implemented over a four-year period (*i.e.*, comprising four 12-month program years or "Vintage Years").

TRUE-UP PROVISIONS

Rider amounts will initially be determined based on estimated kW and kWh impacts related to expected customer participation in the programs, and will be trued-up as actual customer participation and actual kW and kWh impacts are verified. If a customer participates in any vintage of programs, the customer is subject to the true-ups as discussed in this section for any vintage of programs in which the customer participated.

RIDER EE OPT OUT PROVISION FOR QUALIFYING NON-RESIDENTIAL CUSTOMERS

The Rider EE increment applicable to energy efficiency programs and/or demand-side management programs will not be applied to the energy charge of the applicable rate schedule for Customers qualified to opt out of the programs where:

a. The Customer has notified the Company that it has, or has plans for implementing alternative energy efficiency measures in accordance with quantifiable goals.
b. Electric service to the Customer must be provided under:
    1. An electric service agreement where the establishment is classified as a "manufacturing industry" by the Standard Industrial Classification Manual published by the United States Government and where more than50% of the electric energy consumption of such establishment is used for its manufacturing processes. Additionally, all other agreements billed to the same entity associated with the manufacturing industry located on the same or contiguous properties are also eligible to opt out.
    2. An electric service agreement for general service as provided for under the Company's rate schedules where the Customer's annual energy use is 1,000,000 kilowatt hours or more. Additionally, all other agreements billed to the same entity with lesser annual usage located on the same or contiguous properties are also eligible to opt out.

RIDER EE (NC)
ENERGY EFFICIENCY RIDER

The following additional provisions apply for qualifying customers who elect to opt out:

For Customers who elect to opt out of energy efficiency programs, the following provisions also apply:

- Qualifying customers may opt out of the Company's energy efficiency programs each calendar year only during the annual two-month enrollment period between November 1 and December 31 immediately prior to a new Rider EE becoming effective on January 1. (Qualifying new customers have sixty days after beginning service to opt out).
- Customers may not opt out of individual energy efficiency programs offered by the Company. The choice to opt out applies to the Company's entire portfolio of energy efficiency programs.
- If a customer participates in any vintage of energy efficiency programs, the customer, irrespective of future opt out decisions, remains obligated to pay the remaining portion of the lost revenues for each vintage of energy efficiency programs in which the customer participated.
- Customers who elect to opt out during the two-month annual enrollment period immediately prior to the new Rider EE becoming effective may elect to opt in to the Company's energy efficiency programs during the first 5 business days of March each calendar year. Customers making this election will be back-billed retroactively to the effective date of the new Rider EE.

For Customers who elect to opt out of demand-side management programs, the following provisions also apply:

- Qualifying customers may opt out of the Company's demand-side management program during the enrollment period between November 1, and December 31immediately prior to a new Rider EE becoming effective on January 1of the applicable year. (Qualifying new customers have sixty days after beginning service to opt out).
- If a customer elects to participate in a demand-side management program, the customer may not subsequently choose to opt out of demand-side management programs for three years.
- Customers who elect to opt out during the two-month annual enrollment period immediately prior to the new Rider EE becoming effective may elect to opt in to the Company's demand-side management program during the first 5 business days of March each calendar year. Customers making this election will be back-billed to the effective date of the new Rider EE.

Any qualifying non-residential customer that has not participated in an energy efficiency or demand-side management program may opt out during any enrollment period, and have no further responsibility to pay Rider EE amounts associated with the Customer's opt out election for energy efficiency and/or demand-side management programs.

ENERGY EFFICIENCY RIDER ADJUSTMENTS (EEA) FOR ALL PROGRAM YEARS

The Rider EE amounts applicable to the residential and nonresidential rate schedules for the period January 1, 2015 through December 31, 2015 including revenue-related taxes and utility assessments are as follows:

Residential	
Experience Modification Factor Components	0.2669 ¢ per kWh
Prospective Components	0.3352 ¢ per kWh
TOTAL RESIDENTIAL	0.6021 ¢ per kWh
Nonresidential	
Experience Modification Factor Components	
Vintage 1	
Energy Efficiency	0.0003 ¢ per kWh
Demand Side Management	-0.0001 ¢ per kWh
Vintage 2	
Energy Efficiency	0.0106 ¢ per kWh
Demand Side Management	NA

RIDER EE (NC)
ENERGY EFFICIENCY RIDER

Vintage 3	
Energy Efficiency	0.0217 ¢ per kWh
Demand Side Management	0.0059 ¢ per kWh
Vintage 4	
Energy Efficiency	0.0404 ¢ per kWh
Demand Side Management	0.0032 ¢ per kWh
Prospective Components	
Vintage 3	
Energy Efficiency	0.0045 ¢ per kWh
Vintage 4	
Energy Efficiency	0.0217 ¢ per kWh
Vintage 2014*	
Energy Efficiency	0.0204 ¢ per kWh
Vintage 2015*	
Energy Efficiency	0.1099 ¢ per kWh
Demand Side Management	0.0863 ¢ per kWh
TOTAL NONRESIDENTIAL	0.3248 ¢ per kWh

*Not Applicable to Rate Schedules OL, FL, PL, GL, and NL

Each factor listed under Nonresidential is applicable to nonresidential customers who are not eligible to opt out and to eligible customers who have not opted out. If a nonresidential customer has opted out of a Vintage(s), then the applicable energy efficiency and/or demand-side management charge(s) shown above for the Vintage(s) during which the customer has opted out, will not apply to the bill.