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LAW OFFICE OF  
**ROBERT W. KAYLOR, P.A.**  
3700 GLENWOOD AVENUE, SUITE 330  
RALEIGH, NORTH CAROLINA 27612  
(919) 828-5250  
FACSIMILE (919) 828-5240

**FILED**  
**MAR 07 2013**  
Clerk's Office  
N.C. Utilities Commission

March 7, 2013

Gail L. Mount  
Chief Clerk  
Office of the Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, NC 27699-4325

RE: Docket No. E-7, Sub 1031

Dear Mrs. Mount:

Enclosed for filing is Duke Energy Carolinas, LLC's revised page 4 of Duff Exhibit 1 and McGee Exhibits 6 and 7 of the Application for Approval of Demand-Side Management and Energy Efficiency Cost Recovery Rider in the above referenced docket.

Sincerely,

*Robert W. Kaylor*  
Robert W. Kaylor

Encls.

AK  
MS  
2 comm  
Watson  
Green  
Duffley  
Hoover  
Kite  
Hilburn  
Encson  
Sassams  
Jones  
Hodge  
Gimber  
2 Ecan  
3 legal  
3 Acels  
3 Elee.

Duke Energy Carolinas  
Actuals for January 1, 2012 to December 31, 2012  
Docket Number E-7, Sub 1031  
Load Impacts and Avoided Cost Revenue Requirements by Program

	A	B	C
	System kW - Summer Peak	System Energy Reduction (kWh)	System Avoided Cost Revenue Requirement
<b>Residential Programs</b>			
<b>EE Programs (at 50% Avoided Cost)</b>			
1 Appliance Recycling	366	1,971,543	\$ 389,649
2 Residential Energy Assessments	1,376	9,499,739	\$ 1,453,167
3 Smart Saver® for Residential Customers	24,409	224,983,046	\$ 26,147,441
4 Low Income Energy Efficiency and Weatherization Assistance			\$ -
5 Energy Efficiency Education Program for Schools	1,663	8,963,453	\$ 1,771,508
6 Residential Retrofit Pilot	47	283,678	\$ 94,987
7 Home Energy Comparison Report (My Home Energy Report)	10,461	49,339,464	\$ 1,428,663
8 Total for Residential Conservation Programs	38,322	295,040,918	\$ 31,285,416
			NC kWh Sales Allocation Factor (McGee Exhibit 3, pg. 4)
			72.7194575%
			\$ 283,351
			\$ 1,056,735
			\$ 19,014,277
			\$ -
			\$ 1,288,231
			\$ 69,074
			\$ 1,038,918
			\$ 22,750,585
			NC Residential Peak Demand Allocation Factor (McGee Exhibit 3, pg. 4)
			A9 * 89
9 Total DSM Programs (at 75% Avoided Cost)	645,443		\$ 36,353,911
			34.8388691%
			\$ 12,665,291
			NC Non-Residential Avoided Costs
			A * B
<b>Non-Residential Programs</b>			
<b>EE Programs (at 50% Avoided Cost)</b>			
10 Smart Saver® for Non-Residential Customers Lighting	12,076	68,918,024	\$ 14,946,041
11 Smart Saver® for Non-Residential Customers Motors	1,132	5,967,650	\$ 1,326,295
12 Smart Saver® for Non-Residential Customers - Other Prescriptive (Process Equipment)			\$ -
13 Smart Saver® for Non-Residential Customers - Energy Star Food Service Products	366	1,950,854	\$ 513,211
14 Smart Saver® for Non-Residential Customers - HVAC	1,716	4,120,481	\$ 2,004,592
15 Smart Saver® for Non-Residential Customers - Custom Rebate	15,371	113,380,706	\$ 24,480,159
16 Smart Energy Now	775	4,127,229	\$ 488,200
17 Total for Non-Residential Conservation Programs	31,435	198,464,943	\$ 43,818,499
			NC kWh Sales Allocation Factor (McGee Exhibit 3, pg. 4)
			72.7194575%
			\$ 10,868,680
			\$ 1,008,106
			\$ -
			\$ 373,205
			\$ 1,457,728
			\$ 17,801,839
			\$ 355,016
			\$ 31,864,574
			NC Non-Residential Peak Demand Allocation Factor (McGee Exhibit 3, pg. 4)
			A18 * B18
18 Total DSM Programs (at 75% Avoided Cost)	645,443		\$ 36,353,911
			39.8808426%
			\$ 14,498,246
			NC Retail Peak Demand Allocation Factor (McGee Exhibit 3, pg. 4)
			A21 * B21
<b>Total DSM Program Breakdown</b>			
19 Power Manager (Residential)	268,706		\$ 15,134,607
20 Power Share (Non-Residential)	376,736		\$ 21,219,303
21 Total DSM	645,443		\$ 36,353,911
			74.7197120%
			\$ 27,163,537

(1) Total System DSM programs allocated to Residential and Non-Residential based on contribution to retail system peak  
Note: Schedule may not foot due to rounding.

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**McGee Exhibit 6**

**Duke Energy Carolinas  
Personalized Energy Report and OHEC Program True-up  
Docket Number E-7, Sub 1031  
True-up of Savings Correction filed in Supplemental Testimony in Rider 4**

		A	B	C	D = A - B	E = D * 85%
		Actual PER OHEC	Supplemental Adjustment to Rider 4	Supplemental Adjustment by Vintage	Gross Diff	Diff @ 85%
Vintage 1	2009	(535,574)	(520,590)	(442,501.60)	(14,983.48)	(12,736)
Vintage 1	2010	(525,156)	(510,464)	(433,894.70)	(14,692.04)	(12,488)
Vintage 2	2011	(291,378)	(283,226)	(240,742.34)	(8,151.74)	(6,929)
Vintage 3	2013	(100,290)	(97,484)	(82,861.36)	(2,805.76)	(2,385) (a)
		<u>(1,452,398)</u>	<u>(1,411,765)</u>	<u>(1,200,000)</u>	<u>(40,633.01)</u>	<u>(34,538)</u>
Billing Factor		85%	85%		85%	
Revenue Requirement		<u>(1,234,538)</u>	<u>(1,200,000)</u>		<u>(34,538)</u>	

(a) Vintage 3 - 2013 will be trued up when Rider 4 is trued up.

Duke Energy Carolinas, LLC

Exhibit 7  
Electricity No. 4  
North Carolina Seventh (Proposed) Revised Leaf No. 62  
Superseding North Carolinas Sixth Revised Leaf No. 62

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.

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 true-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%

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**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 true-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 certifies or attests to 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:
  - a. 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 than 50% of the electric energy consumption of such establishment is used for its manufacturing processes.
  - b. 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.

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.

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- 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 31 immediately prior to a new Rider EE becoming effective on January 1 of 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, 2014 through December 31, 2014 including revenue-related taxes and utility assessments are as follows:

<u>Residential</u>	Vintage 1, 2, 3,4	0.1463¢ per kWh
	Vintage 2014	0.3032¢ per kWh
	Total Residential Rate	0.4495¢ per kWh
<u>Nonresidential</u>		
	Vintage 1	
	Energy Efficiency	(0.0017)¢ per kWh
	Demand Side Management	NA
	Vintage 2	
	Energy Efficiency	0.0051¢ per kWh
	Demand Side Management	NA
	Vintage 3	
	Energy Efficiency	0.0790¢ per kWh
	Demand Side Management	(0.0071)¢ per kWh
	Vintage 4	
	Energy Efficiency	0.0107¢ per kWh
	Demand Side Management	NA
	Vintage 2014	
	Energy Efficiency	0.0892¢ per kWh
	Demand Side Management	0.0798¢ per kWh
	Total Nonresidential	0.2550¢ per kWh

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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.