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June 12, 2013

FILED

JUN 12 2013

Clerk's Office
N.C. Utilities Commission

VIA HAND DELIVERY

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

**RE: Duke Energy Progress' DSM/EE Cost Recovery Rider
Docket No. E-2, Sub 1030**

Dear Ms. Mount:

I enclose for filing an original and thirty-one (31) copies of Duke Energy Progress, Inc.'s Application for Approval of DSM and Energy Efficiency Cost Recovery Rider, and the Direct Testimony, Exhibits and Workpapers of Robert P. Evans in connection with the referenced matter.

Thank you for your attention to this matter. If you have any questions, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lawrence B. Somers', written over a white background.

Lawrence B. Somers

Enclosures

cc: Antoinette Wike, Esquire

STATE OF NORTH CAROLINA
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1030

FILED

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Clerk's Office
N.C. Utilities Commission

In the Matter of:)
)
Application by Duke Energy Progress, Inc. for)
Approval of 2013 Demand Side Management)
and Energy Efficiency Cost Recovery Rider)
Pursuant to G.S. 62-133.9 and Commission)
Rule R8-69)
)

**DUKE ENERGY PROGRESS,
INC.'S APPLICATION FOR
APPROVAL OF DSM AND
ENERGY EFFICIENCY COST
RECOVERY RIDER**

NOW COMES Duke Energy Progress, Inc. (hereinafter, "DEP" or "the Company") pursuant to N.C. Gen. Stat. § 62-133.9 and Rule R8-69 of the Rules and Regulations of the North Carolina Utilities Commission ("the Commission") and applies to the Commission to establish a rider to allow DEP to recover its reasonable and prudent demand-side management and energy efficiency ("DSM/EE") costs, net lost revenues, and Program Performance Incentives ("PPI"). In support thereof, DEP shows the following:

1. The Company is a public utility operating in the states of North Carolina and South Carolina where it is engaged in the generation, transmission, distribution, and sale of electricity to the public for compensation. Its general offices are located at 410 S. Wilmington Street, Raleigh, North Carolina; and its mailing address is Post Office Box 1551, Raleigh, North Carolina 27602-1551.

2. The attorneys for the Company, to whom all communications and pleadings should be addressed, are:

Lawrence B. Somers
Deputy General Counsel
Duke Energy Corporation
Post Office Box 1551/PEB 20

Raleigh, North Carolina 27602-1551
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3. N.C. Gen. Stat. § 62-133.9(d) authorizes the Commission to approve an annual rider to the rates of electric public utilities to recover all reasonable and prudent costs incurred for the adoption and implementation of new DSM/EE programs. Recoverable costs include, but are not limited to, all capital costs, including cost of capital and depreciation expense, administrative costs, implementation costs, incentive payments to program participants, and operating costs. Such rider shall consist of the utility's forecasted cost during the rate period and an experience modification factor ("EMF") rider to collect the difference between the utility's actual reasonable and prudent costs incurred during the test period and actual revenues realized during the test period. The Commission is also authorized to approve incentives to utilities for adopting and implementing new demand-side management and energy efficiency programs, including rewards based on the sharing of savings achieved by the programs.

4. Rule R8-69(b) provides the Commission will each year conduct a proceeding for each electric public utility to establish an annual DSM/EE rider to recover DSM/EE related costs.

5. According to Rule R8-69(e) the electric public utility is to file its application for recovery of DSM/EE costs at the same time it files the information required by Rule R8-55, and the Commission is to conduct an annual DSM/EE rider hearing as soon as practicable after the hearing required by Rule R8-55.

6. Pursuant to the provisions of N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-69, the Company requests the establishment of a rider to recover its reasonable and prudent DSM/EE costs, including program costs, net lost revenues, PPI, and an

EMF. Pursuant to Commission Rule R8-69(b)(2), DEP requests to update its proposed EMF to incorporate the experienced over-recovery or under-recovery of costs up to 30 days prior to the hearing in this proceeding. All costs, including net lost revenues, PPI and the EMF, are calculated pursuant to the Agreement and Stipulation of Partial Settlement filed with the Commission on December 9, 2008 approved in Docket No. E-2, Sub 931. The calculations of these values are described in the direct testimony of Robert P. Evans. The rider and EMF are intended to allow DEP to recover \$74,770,116 of DSM/EE expenses and incentives. This amount includes the estimated over-collection of \$1,381,974 associated with test and prospective period activities during the period beginning August 1, 2012 and ending July 31, 2013 and an estimated \$76,152,090 for expenses and incentives to be incurred during the rate period from December 1, 2013 through November 30, 2014. The prospective period amount will be updated with actual amounts at least 30 days prior to the hearing date in this proceeding.

7. Pursuant to the provisions of N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-69, the Company requests Commission approval of the annual billing adjustments as follows (all shown on a dollars per kWh basis with and without NC gross receipts taxes):

Rate Class	DSM/EE Rate		DSM/EE EMF Rate		Total Billing Impact	
	w/o NC GRT	w/ NC GRT	w/o NC GRT	w/ NC GRT	w/o NC GRT	w/ NC GRT
Residential	\$0.00313	\$0.00324	-\$0.00018	-\$0.00019	\$0.00295	\$0.00305
General Service	\$0.00259	\$0.00268	\$0.00013	\$0.00013	\$0.00272	\$0.00281
Lighting	\$0.00110	\$0.00114	-\$0.00006	-\$0.00006	\$0.00104	\$0.00108

The DSM/EE EMF rider will be in effect for the twelve month period December 1, 2013 through November 30, 2014.


8. Pursuant to Commission Rule R8-69(b)(6) DEP requests approval to defer prudently incurred costs to FERC account 182.3, "Other Regulatory Assets," until recovered. In addition, pursuant to Commission Rule R8-69(b)(6), DEP requests approval to defer the costs it incurs in adopting and implementing new DSM/EE measures up to six months prior to DEP filing for Commission approval of such measures in accordance with Commission Rule R8-68.

9. The Company has attached hereto as required by Commission Rule R8-69, the direct testimony and exhibits of witness Robert P. Evans in support of the requested change in rates.

WHEREFORE, the Company respectfully prays:

That, consistent with this Application, the Commission approves the changes to its rates as set forth in paragraph 7 above.

Respectfully submitted this 12th day of June, 2013.


Lawrence B. Somers
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Raleigh, North Carolina 27602
Telephone: (919) 546-6722
Email: bo.somers@duke-energy.com

Attorney for Duke Energy Progress, Inc.

VERIFICATION

STATE OF NORTH CAROLINA

)

COUNTY OF WAKE

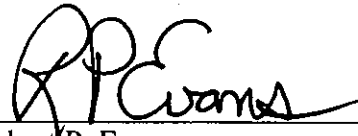
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DOCKET NO. E-2, SUB 1030

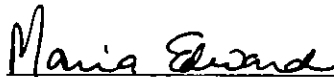
PERSONALLY APPEARED before me, Robert P. Evans who, after first being duly sworn, deposes and says that he is the Customer Planning and Regulatory Strategy Manager - Carolinas with Duke Energy Progress, Inc., and as such is authorized to make this Verification that the facts contained in the attached Application for Cost Recovery are true and accurate.

Dated this, the 10th day of June, 2013.



Robert P. Evans
Customer Planning and Regulatory Strategy
Manager - Carolinas

Subscribed and sworn to me
this the 10th day of June, 2013.



Notary Public

My Commission Expires: 3/2/2013

