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July 22, 2011

VIA ELECTRONIC FILING

Jocelyn Boyd, Chief Clerk/Administrator
Public Service Commission of South Carolina
Post Office Drawer 11649
Columbia, South Carolina 29211

**Re: Duke Energy Carolinas, LLC Application for Approval of EE Vintage 0
Docket No. 2011-40-E**

Dear Ms. Boyd:

Enclosed for filing please find Duke Energy Carolinas, LLC's application to recover costs deferred in connection with the implementation of Vintage 0 energy efficiency ("EE") program in accordance with the modified Save-A-Watt cost recovery mechanism approved in Order Number 2010-79, Docket No. 2009-226-E. Vintage 0 covers the period of June 1, 2009 through January 31, 2010 ("Vintage 0 Period"). By copy of this letter we are serving the same on the Office of Regulatory Staff. Should you have any questions, please contact me.

Very truly yours,

ROBINSON, MCFADDEN & MOORE, P.C.

A handwritten signature in blue ink that reads "Bonnie D. Shealy". The signature is fluid and cursive, written over the printed name below it.

Bonnie D. Shealy

/bds
Enclosure

cc/enc: Dan F. Arnett, ORS Chief of Staff (via U.S. Mail)
Shannon Hudson, Esquire (via email)
Timika Shafeek-Horton, Deputy General Counsel (via email)

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

Docket No. 2011-40-E

In re:)
Application of Duke Energy Carolinas, LLC)
For Approval of EE Vintage 0) **DUKE ENERGY CAROLINAS,
LLC'S APPLICATION FOR
APPROVAL OF EE VINTAGE 0
REVENUE REQUIREMENTS**

Duke Energy Carolinas, LLC (“the Company or Duke Energy Carolinas”) respectfully requests that the Public Service Commission of South Carolina (“Commission”) approve its application to recover costs deferred in connection with the implementation of Vintage 0 energy efficiency (“EE”) programs (collectively “Vintage 0 Revenue Requirements”) in accordance with the modified Save-A-Watt cost recovery mechanism approved in Order Number 2010-79, Docket No. 2009-226-E. Vintage 0 covers the period of June 1, 2009 through January 31, 2010 (“Vintage 0 Period”). Duke Energy Carolinas proposes to recover the Vintage 0 Revenue Requirements as an offset to the Company’s existing DSM balance as provided in Order No. 2010-79.

BACKGROUND

1. Order No. 91-1022 in Docket No. 91-216-E approved a deferred accounting process to recover costs associated with the Company’s previous energy efficiency and demand-side management programs (collectively "DSM Funds").

2. In Order No. 2009-336, Docket No. 2009-166-E, the Commission approved a portfolio of energy efficiency programs¹ and authorized Duke Energy

¹ The term energy efficient as used in Order No. 2009-336 includes both energy efficiency /conservation and demand-side management/demand response measures

Carolinas to defer in a regulatory asset account all costs that are being or will be incurred by the Company in connection with the development and implementation of the energy efficiency programs pending a decision by the Commission on the appropriate compensation model in the Company's next general rate case.

3. In Duke Energy Carolinas' next general rate case, Docket No. 2009-226-E, the Company proposed a modified Save-A-Watt cost recovery mechanism for the energy efficiency programs. A settlement was reached by Duke Energy Carolinas, the South Carolina Office of Regulatory Staff ("ORS"), South Carolina Energy Users Committee, and the Southern Environmental Law Center.

4. Order No. 2010-79 approved the compensation model proposed by the settling parties and provided that a rider would be established to flow back over-collection of the DSM Funds to the Company's South Carolina customers from the demand-side management deferral account balance ("DSM Balance"). The DSM Balance will be returned over a three-year period at approximately \$43.5 million² per year or until the DSM Balance is exhausted. The refund shall be apportioned in accordance with the class of customers supplying revenues to Duke Energy Carolinas during the period of the DSM program. Order No. 2010-79 also provided recovery of the Company's Vintage 0 Revenue Requirements and all associated true-up amounts to be applied as an offset to the existing DSM balance.

5. The DSM Balance remaining to be returned to customers at the end of May 2011 is \$76.1 million.

² Order Exhibit No. 1, page 13, line 11, Docket No. 2009-226-E, Order No. 2010-79.

CALCULATION OF VINTAGE 0 REVENUE REQUIREMENT

6. Pursuant to Order No. 2010-79, amounts owed by customers to the Company for the Vintage 0 Period will be netted against the DSM Balance. The amounts to be offset against the DSM Balance are

- \$3,091,329³ for Vintage 0 Residential customers and
- \$2,873,873⁴ for Vintage 0 Non-Residential customers.

7. The calculation to determine the revenue requirement used to reduce the DSM Balance includes a formula designed to provide Duke Energy Carolinas with jurisdictional revenues to recover avoided costs and lost revenues and includes an earnings cap provision. Revenue requirements for Vintage 0 were based on actual participation subject to the earnings cap. Revenues to be recovered were calculated by combining (1) the sum of the annual avoided capacity cost savings generated by demand-side management programs multiplied by a fixed percentage of demand-side management avoided cost; (2) the net present value of avoided energy and capacity costs applicable to energy efficiency programs multiplied by a fixed percentage of energy efficiency avoided cost; and (3) lost revenues.

8. The Vintage 0 calculation for both residential and non-residential customers is attached as **Exhibit 1**. The non-residential revenue requirement is further divided to account for differences in the rate classes as follows:

³ Exhibit No. 1, line 9.

⁴ Exhibit No. 1, line 18.

●	\$1,657,167	Industrial
●	\$1,168,246	General
●	<u>\$ 48,460</u>	Lighting
	\$2,873,873	Total Non-Residential

The division of the non-residential customer class amounts is illustrated in **Exhibit 7**.

9. The Company gathered actual participation results and the associated kW and kWh reductions for each EE and DSM program or measure offered during Vintage 0. Load impacts, avoided cost revenue requirements and lost revenues by program were determined for the period June 1, 2009, through December 31, 2009, period and for January 2010.⁵

10. The revenue requirements for the Company's EE and DSM programs recover (a) 75% of the Company's avoided capacity costs applicable to DSM programs and 55% of the net present value avoided capacity and costs applicable to EE and (b) lost revenues for EE programs only.⁶

A. Avoided Costs Component

11. In regard to the avoided cost portion of the formula for the demand-side management component, system avoided cost revenue requirements were allocated between the South Carolina and North Carolina retail jurisdictions based on contributions to system retail peak demand by all system retail customers as determined in the Company's cost of service study. They were further allocated among South Carolina residential and non-residential customer groups based on their proportionate share of the South Carolina retail peak demand. For energy efficiency programs, the cost of the programs was assigned to the class of customers that benefit from the program. For the

⁵ Exhibit 5, Load Impacts, Avoided Cost Revenue Requirements and Lost Revenues by Program.

⁶ Order No. 2010-79, p. 67 and Order Exhibit 1, p. 19 of 36.

energy efficiency component, avoided costs related to kW and kWh impacts were calculated separately for total residential and total non-residential customer groups. Then for each customer group, the cost was allocated between South Carolina and North Carolina retail jurisdictions based on jurisdictional kWh sales in proportion to system retail kWh sales using data from the cost of service study. The allocation factors used to determine South Carolina's portion of avoided costs are provided in **Exhibit 3**. Information on the actual program costs is provided in **Exhibit 4**.

B. Lost Revenue Component

12. In regard to the lost revenue portion of the calculation, lost revenues are calculated on a state-specific basis because they reflect the under-collection of state-specific costs. The calculation of lost revenues by programs is provided in **Exhibit 5**. Duke Energy Carolinas proposes to collect 36 months of lost revenues associated with V0 participation to the extent that such amounts would not be recovered through base rates proposed in the Company's base rate case to be filed in August in Docket No. 2011-271-E.

13. For Vintage 0 lost revenues were calculated through January 31, 2012. These lost revenues were incorporated into the Vintage 0 revenue requirements. Lost revenues for February 1, 2012 to May 31, 2012 are excluded because the Company will seek to collect these through its base rate case to be filed in August in Docket No. 2011-271-E.⁷

14. Lost revenues were updated⁸ to reflect current SC retail rates and to reflect the primary rate schedules for which kWh savings are being achieved.

⁷ Exhibit 2, Save-A-Watt Revenue Requirement Support Data.

⁸ Exhibit 5.

C. Earnings Cap

15. Revenue requirements were then adjusted according to the earnings cap approved in the settlement agreement in Order No. 2010-79. Adjustments were made to limit actual revenue requirements to an amount that results in earnings that do not exceed the level of allowed earnings. The amount of allowed earnings is based upon a percentage of program costs. The specific percentage is associated with the Company's level of achievement of Save-A-Watt target results. The calculation supporting the earnings cap amount is provided in **Exhibit 6**.

D. Calculation of Actual Revenue Requirement

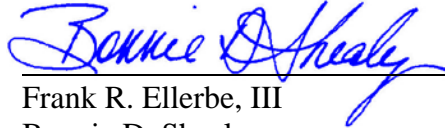
16. Based on these avoided costs, lost revenues and the earnings cap, Duke Energy Carolinas calculated the Vintage 0 revenue requirements of \$3,091,329 for Vintage 0 Residential customers and \$2,873,873 for Vintage 0 Non-Residential customers as illustrated in **Exhibit 1**.

CONCLUSION

Based on the foregoing, the Company respectfully requests that the Commission grant its application seeking approval of its Vintage 0 Revenue Requirements. Duke Energy Carolinas also respectfully requests that the Commission allow the Company to apply the Vintage 0 Revenue Requirements as an offset to the existing DSM balance as provided in Order No. 2010-79 and such further relief as the Commission deems appropriate.

Dated this 22nd day of July 2011.

Robinson McFadden & Moore, PC



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BEFORE
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SOUTH CAROLINA

In re:)
Application of Duke Energy Carolinas, LLC)
For Authority to Adjust and Increase Its) **DUKE ENERGY CAROLINAS,**
Electric Rates and Charges) **LLC'S REQUEST FOR APPROVAL**
) **OF EE VINTAGE 0 REVENUE**
) **REQUIREMENTS**

LIST OF EXHIBITS

- Exhibit 1 Calculation of Actual Revenue Requirement**
- Exhibit 2 Save-A-Watt Revenue Requirement Support Data**
- Exhibit 3 Allocation Factors**
- Exhibit 4 Actual Program Costs**
- Exhibit 5 Load Impacts, Avoided Costs Revenue Requirements and Lost Revenues by Program**
- Exhibit 6 Calculation of Earnings Cap**
- Exhibit 7 Adjustment to DSM Balance by Non-Residential Customer Class**

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Exhibit 1

Calculation of Actual Revenue Requirement

**Duke Energy Carolinas
DSM/EE Cost Recovery Vintage 0
Calculation of Actual Revenue Requirement**

**V0
EXHIBIT 1**

		June 1, 2009 to December 31, 2009	January 2010	June 1, 2009 to January 31, 2010
		Vintage 0 SC Retail Costs	Vintage 0 SC Retail Costs	Vintage 0 SC Total Retail Costs
<u>Residential Revenue Requirement:</u>				
1 EE Avoided Cost Component	Exhibit 2, Line 8	\$ 1,052,733	\$ 371,513	\$ 1,424,246
2 DSM Avoided Cost Component	Exhibit 2, Line 14	\$ 549,053	\$ 67,930	\$ 616,983
3 Residential Avoided Cost Revenue Requirement	Line 1 + Line 2	\$ 1,601,786	\$ 439,443	\$ 2,041,229
4 Gross Receipts Tax and Regulatory Fee Factor		1.004581	1.004581	1.004581
5 Adjusted Residential Avoided Cost Revenue Requirement	Line 3 * Line 4	\$ 1,609,123	\$ 441,456	\$ 2,050,580
6 Lost Revenues Vintage 0 (Note 1)	Exhibit 2, Line 9	\$ 866,092	\$ 261,088	\$ 1,127,180
7 Residential Save-A-Watt Revenue Requirement	Line 5 + Line 6	\$ 2,475,215	\$ 702,544	\$ 3,177,760
8 Earnings (in excess of cap)	Exhibit 6, Line 33, Col D as credit			\$ (86,431)
9 Amount to be applied as reduction to DSM Deferral Balance	Line 7 + Line 8			\$ 3,091,329
		Vintage 0 Total SC Retail Costs	Vintage 0 Total SC Retail Costs	Vintage 0 SC Total Retail Costs
<u>Non-Residential Revenue Requirement:</u>				
10 EE Avoided Cost Component	Exhibit 2, Line 10	\$ 1,078,909	\$ 535,395	\$ 1,614,304
11 DSM Avoided Cost Component	Exhibit 2, Line 15	\$ 779,623	\$ 90,404	\$ 870,027
12 Non-Residential Avoided Cost Revenue Requirement	Line 10 + Line 11	\$ 1,858,532	\$ 625,799	\$ 2,484,331
13 Gross Receipts Tax and Regulatory Fee Factor		1.004581	1.004581	1.004581
14 Adjusted Non-Residential Avoided Cost Revenue Requirement	Line 12 * Line 13	\$ 1,867,046	\$ 628,666	\$ 2,495,711
15 Lost Revenues Vintage 0 (Note 1)	Exhibit 2, Line 11	\$ 190,922	\$ 273,039	\$ 463,961
16 Non-Residential Save-A-Watt Revenue Requirement	Line 14 + Line 15	\$ 2,057,968	\$ 901,705	\$ 2,959,672
17 Earnings (in excess of cap)	Exhibit 6, Line 33, Col E as credit			\$ (85,799)
18 Amount to be applied as reduction to DSM Deferral Balance	Line 16 + Line 17			\$ 2,873,873
Total Amount of Vintage 0 Impacts to be Applied to Industrial	Exhibit 7, Line 11			\$ 1,657,167
Total Amount of Vintage 0 Impacts to be Applied to General	Exhibit 7, Line 12			\$ 1,168,246
Total Amount of Vintage 0 Impacts to be Applied to Lighting	Exhibit 7, Line 13			\$ 48,460
				\$ 2,873,873

Note 1: Lost revenues occurring after February 2012 are not included in V0 true-up, but are included in base rate changes approved for rate case filed July 2011.

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Exhibit 2

Save-A-Watt Revenue Requirement Support Data

**V0
EXHIBIT 2**

**Duke Energy Carolinas
DSM/EE Cost Recovery Vintage 0
Save-A-Watt Revenue Requirement Support Data**

		SC 2009 Allocation Factors	SC 2010 Allocation Factors
Allocation 1 to state based on kWh sales			
1 SC Retail	Exhibit 3, Col B, Lines 2 and Line 14	26.91222%	27.21216%
Allocation 2 to state based on peak demand			
2 SC Retail	Exhibit 3, Col B, Lines 10 and 23	26.08291%	25.12389%
Allocation 3 SC res vs. non-res peak demand			
3 SC Residential	Exhibit 3, Col C, Lines 7 and 20	41.3233%	42.90299%
4 Non-Residential	Exhibit 3, Col C, Lines 8 and 21	58.6767%	57.09701%
System Revenue Requirement for Energy Efficiency Programs		Vintage 0	Vintage 0
5 Residential Avoided Costs - EE	Exhibit 5, Col A	\$ 3,911,729	\$ 1,365,246
6 Non-Residential Avoided Costs - EE	Exhibit 5, Col A	\$ 4,008,993	\$ 1,967,483
7 Total EE		\$ 7,920,722	\$ 3,332,729
Allocation to SC Retail Broken Down by Class and Type		Vintage 0	Vintage 0
8 Residential Avoided Costs - EE	Line 5 * Line 1	\$ 1,052,733	\$ 371,513
9 Residential Lost Revenues - EE	Exhibit 5	\$ 866,092	\$ 261,088
10 Non-Residential Avoided Costs - EE	Line 6 * Line 1	\$ 1,078,909	\$ 535,395
11 Non-Residential Lost Revenues - EE	Exhibit 5	\$ 190,922	\$ 273,039
Total	Sum Lines 8 - 11	\$ 3,188,656	\$ 1,441,035
System Revenue Requirements for DSM Programs		Vintage 0	Vintage 0
12 Total DSM	Exhibit 5, Line 18	\$ 5,094,046	\$ 630,214
Allocation of Total DSM to SC Retail			
13 Total DSM	Line 12 * Line 2	\$ 1,328,675	\$ 158,334
Allocation to Residential vs. Non Residential			
14 Residential Avoided Cost - DSM	Line 13 * Line 3	\$ 549,053	\$ 67,930
15 Non - Residential Avoided Cost - DSM	Line 13 * Line 4	\$ 779,623	\$ 90,404

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Exhibit 3

Allocation Factors

**Duke Energy Carolinas
DSM/EE Cost Recovery Vintage 0
Allocation Factors**

	A	B	C
KWH SALES ALLOCATOR: Source 2009 COS Study			
	Percent of System	Percent of Retail	Percent of SC Retail
1 NC Retail Sales Allocation	69.118573%	73.00773%	
2 SC Retail Sales Allocation*	25.478593%	26.91222%	
2a SC Residential	8.213342%		32.23625%
2b SC Non-Residential	17.265251%		67.76375%
3 Greenwood Retail Sales Allocation	0.075783%		
4 Total Retail	94.672949%		
PEAK DEMAND ALLOCATOR: Source 2009 COS Study			
	Percent of System	Percent of Retail	Percent of SC Retail
5 NC Peak Demand Allocation	70.103905%		
6 SC Peak Demand Allocation			
7 Residential *	10.235875%	10.77832%	41.32330%
8 Non-Residential*	14.534358%	15.30459%	58.67670%
9 Greenwood	0.093154%		
10 Total Retail Peak Demand Allocation	94.967291%	26.08291%	
11 Whlsle Peak Demand Allocation	5.032709%		
12 System Peak Demand	100.000000%		
KWH SALES ALLOCATOR: Source 2010 COS Study			
	Percent of System	Percent of Retail	Percent of SC Retail
13 NC Retail Sales Allocation	68.623435%	72.70727%	
14 SC Retail Sales Allocation*	25.683699%	27.21216%	
14a SC Residential	8.5486609%		33.28438%
14b SC Non-Residential	17.1350385%		66.71562%
15 Greenwood Retail Sales Allocation	0.076045%		
16 Total Retail	94.383179%		
17			
PEAK DEMAND ALLOCATOR: Source 2010 COS Study			
	Percent of System	Percent of Retail	Percent of SC Retail
18 NC Peak Demand Allocation	70.667401%		
19 SC Peak Demand Allocation			
20 Residential*	10.184826%	10.77890%	42.90299%
21 Non-Residential*	13.554375%	14.34499%	57.09701%
22 Greenwood	0.081969%		
23 Total Retail Peak Demand Allocation	94.488571%	25.12389%	
24 Whlsle Peak Demand Allocation	5.511429%		
25 System Peak Demand	100.000000%		

* Excluding Greenwood

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Exhibit 4

Actual Program Costs

Duke Energy Carolinas
DSM/EE Cost Recovery Vintage 0
Actual Program Costs

	A	B	C				
	System Costs 6/1/2009 - 12/31/2009	SC 2009 Allocation Factor Retail kWh Sales	2009 SC Allocated Costs	Residential Sales % (Exh. 3)	Residential	Non-Residential Sales % (Exh. 3)	Non-Residential
Energy Efficiency (EE) Programs:							
1 Residential Energy Assessments	1,760,033		473,664		473,664		
2 Residential Smart Saver	2,318,773		624,033		624,033		
3 Low Income Services	93,585		25,186		25,186		
4 Energy Efficiency Education Schools Program	1,877,985		505,407		505,407		
5 Nonresidential Energy Assessments	142,162		38,259				38,259
6 Nonresidential Smart Saver	1,608,685		432,933				432,933
7 Oversight of EE programs	983,411		264,658	32.23625%	85,316	67.763750%	179,342
8 Subtotal EE Program Costs	8,784,634	26.912220%	2,364,140				
Demand-Side Management (DSM) Programs:							
9 Power Manager	2,040,642		532,259				
10 Power Share	666,971		173,965				
11 Oversight of DSM programs	522,832		136,370				
12 Subtotal DSM Program Costs	3,230,445	26.082910%	842,594	41.323300%	348,188	58.676700%	494,406
13 Total EE & DSM Program Costs 2009	12,015,079		3,206,734		2,061,794		1,144,940
SC 2010 Allocation							
	System Costs Month of January 2010	Factor Retail kWh Sales	2010 SC Allocated Costs	Residential Sales % (Exh. 3)	Residential	Non-Residential Sales % (Exh. 3)	Non-Residential
Energy Efficiency (EE) Programs:							
1 Residential Energy Assessments	(15,709)		(4,275)		(4,275)		
2 Residential Smart Saver	115,933		31,548		31,548		
3 Low Income Services	(19,911)		(5,418)		(5,418)		
4 Energy Efficiency Education Schools Program	102,384		27,861		27,861		
5 Nonresidential Energy Assessments	54,493		14,829				14,829
6 Nonresidential Smart Saver	391,516		106,540				106,540
7 Oversight of EE programs	204,767		55,722	33.28438%	18,547	66.71562%	37,175
8 Subtotal EE Program Costs	833,473	27.21216%	226,806				
Demand-Side Management (DSM) Programs:							
9 Power Manager	12,580		3,161				
10 Power Share	262,428		65,932				
11 Oversight of DSM programs	3,541		890				
12 Subtotal DSM Program Costs	278,549	25.12389%	69,982	42.90299%	30,025	57.09701%	39,958
13 Total EE & DSM Program Costs - January 2010	1,112,022		296,788	2,158,746	98,287		198,501
14 Total EE & DSM Program Costs - Vintage 0	13,127,101						

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Exhibit 5

**Load Impacts, Avoided Costs Revenue Requirements
and Lost Revenues by Program**

Duke Energy Carolinas
DSM/EE Cost Recovery Vintage 0 - Period June 1, 2009-December 31, 2009
Load Impacts, Avoided Cost Revenue Requirements and Lost Revenues by Program

		A	B	C	D	
		System kW - Summer Peak	System Energy Reduction (kWh)	System Avoided Cost Revenue Requirement	SC Residential Avoided Costs A * B	SC Residential Lost Revenues
Residential Programs						
EE at 55% Avoided Cost						
1	Residential Energy Assessments	1,281	11,947,026	\$ 1,463,251	26.91222%	\$ 393,793 \$ 334,695
2	Smart Saver® for Residential Customers	1,533	14,683,905	\$ 2,119,618	26.91222%	\$ 570,436 \$ 454,082
3	Low Income Energy Efficiency and Weatherization Assistance	166	1,785,051	\$ 198,050	26.91222%	\$ 53,300 \$ 52,810
4	Energy Efficiency Education Program for Schools	160	860,105	\$ 130,810	26.91222%	\$ 35,204 \$ 24,505
5	Total for Residential Conservation Programs	<u>3,140</u>	<u>29,276,087</u>	<u>\$ 3,911,729</u>		<u>\$ 1,052,733</u> <u>\$ 866,092</u>
Allocation based on System Retail Peak Demand (1)						
6	Total DSM Programs (at 75% Avoided Cost)	Line 18 168,418	-	\$ 5,094,046	10.77832%	\$ 549,053
Non-Residential Programs						
EE at 55% Avoided Cost						
8	Smart Saver® for Non-Residential Customers Lighting	4,498	17,355,342	\$ 3,353,659	26.91222%	\$ 902,544 \$ 138,979
9	Smart Saver® for Non-Residential Customers Motors	148	774,430	\$ 232,178	26.91222%	\$ 62,484 \$ 25,216
10	Smart Saver® for Non-Residential Customers - Other Prescriptive	-	-	\$ -	26.91222%	\$ - \$ -
11	Smart Saver® for Non-Residential Customers - Energy Star Food Service Products	53	294,349	\$ 79,064	26.91222%	\$ 21,278 \$ 307
12	Smart Saver® for Non-Residential Customers - HVAC	263	743,630	\$ 311,174	26.91222%	\$ 83,744 \$ 9,452
13	Smart Saver® for Non-Residential Customers - Custom Rebate	19	239,056	\$ 32,918	26.91222%	\$ 8,859 \$ 16,968
14	Total for Non-Residential Conservation Programs	<u>4,981</u>	<u>19,406,807</u>	<u>\$ 4,008,993</u>		<u>\$ 1,078,909</u> <u>\$ 190,922</u>
Allocation based on System Retail Peak Demand (1)						
15	Total DSM Programs (at 75% Avoided Cost)	Line 18 168,418	-	\$ 5,094,046	15.30459%	\$ 779,623
DSM Program Breakdown						
16	Power Manager (Residential)	57,682		\$ 3,377,717		-
17	Power Share (Non-Residential)	110,736		\$ 1,716,329		
18	Total DSM	<u>168,418</u>		<u>\$ 5,094,046.0</u>	<u>26.08291%</u>	<u>\$ 1,328,675</u>

(1) Total System DSM programs allocated to Residential and Non-Residential based on contribution to retail system peak.

Duke Energy Carolinas
DSM/EE Cost Recovery Vintage 0 - Period January, 2010
Load Impacts, Avoided Cost Revenue Requirements and Lost Revenues by Program

	A	B	C	C
	System Avoided Costs	SC Allocation Factor	SC Residential Avoided Costs	SC Residential Lost Revenues
	System kW - Summer Peak	System Energy Reduction (kWh)	Allocation based on kWh sales Exhibit 3	A * B
Residential Programs				
EE at 55% Avoided Cost				
1 Residential Energy Assessments	701	7,071,365	\$ 820,340	27.21216%
2 Smart Saver® for Residential Customers	248	2,162,278	\$ 375,120	27.21216%
3 Low Income Energy Efficiency and Weatherization Assistance	26	278,249	\$ 30,872	27.21216%
4 Energy Efficiency Education Program for Schools	169	913,375	\$ 138,914	27.21216%
5 Total for Residential Conservation Programs	<u>1,144</u>	<u>10,425,267</u>	<u>\$ 1,365,246</u>	<u>\$ 371,513</u>
Allocation based on System Retail Peak Demand (1)				
6 Total DSM Programs (at 75% Avoided Cost)	14,186	-	630,214	10.77890%
Non-Residential Programs				
EE at 55% Avoided Cost				
8 Smart Saver® for Non-Residential Customers Lighting	1,846	7,292,597	\$ 1,799,425	27.21216%
9 Smart Saver® for Non-Residential Customers Motors	50	241,128	\$ 73,881	27.21216%
10 Smart Saver® for Non-Residential Customers - Other Prescriptive	-	-	\$ -	27.21216%
11 Smart Saver® for Non-Residential Customers - Energy Star Food Service Products	12	56,382	\$ 14,407	27.21216%
12 Smart Saver® for Non-Residential Customers - HVAC	65	201,051	\$ 79,770	27.21216%
13 Smart Saver® for Non-Residential Customers - Custom Rebate	-	-	\$ -	27.21216%
14 Total for Non-Residential Conservation Programs	<u>1,973</u>	<u>7,791,158</u>	<u>\$ 1,967,483</u>	<u>\$ 535,395</u>
Allocation based on System Retail Peak Demand (1)				
15 Total DSM Programs (at 75% Avoided Cost)	14,186	-	630,214	14.34499%
DSM Program Breakdown				
16 Power Manager (Residential)	-	-	\$ -	-
17 Power Share (Non-Residential)	14,186	-	\$ 630,214	-
18 Total DSM	<u>14,186</u>	<u>-</u>	<u>\$ 630,214</u>	<u>25.1238900%</u>

(1)Total System DSM programs allocated to Residential and Non-Residential based on contribution to retail system peak.

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

In re:)
Application of Duke Energy Carolinas, LLC)
For Authority to Adjust and Increase Its) **DUKE ENERGY CAROLINAS,**
Electric Rates and Charges) **LLC'S REQUEST FOR APPROVAL**
) **OF EE VINTAGE 0 REVENUE**
) **REQUIREMENTS**

Exhibit 6

Calculation of Earnings Cap

VO
Exhibit 6

Duke Energy Carolinas
DSM/EE Cost Recovery Vintage 0
Calculation of Earnings Cap

System Level Earnings Cap Calculation Vintage 0

DSM/EE Cost Recovery Vintage 0 True Up June 1, 2009-December 31, 2009

DSM/EE Cost Recovery Vintage 0 True Up January, 2010

System Level Earnings Cap Calculation Vintage 0	DSM/EE Cost Recovery Vintage 0 True Up June 1, 2009-December 31, 2009			DSM/EE Cost Recovery Vintage 0 True Up January, 2010			Res	Non Res	Total	Percent Res	Percent Non-Res		
	55%	A Res	B Non Res	C Total	A Res	B Non Res						C Total	
Total for Conservation Programs													
1 AC Revenues-55%	Exhibit 5 Page 1 of 2	\$ 3,911,729	\$ 4,008,993	\$ 7,920,722	Exhibit 5 Page 2 of 2	\$ 1,365,246	\$ 1,967,483	\$ 3,332,729					
2 Program Costs	Exhibit 4	\$ 6,050,376	\$ 2,734,258	\$ 8,784,634	Exhibit 4	\$ 250,852	\$ 582,621	\$ 833,473					
3 Avoided Costs -100%	Exhibit 5 Page 1 of 2	\$ 7,112,235	\$ 7,289,078	\$ 14,401,313	Exhibit 5 Page 2 of 2	\$ 2,482,265	\$ 3,577,242	\$ 6,059,507					
4 kW	Exhibit 5 Page 1 of 2	3,140	4,981	8,121	Exhibit 5 Page 2 of 2	1,144	1,973	3,117					
5 kWh	Exhibit 5 Page 1 of 2	29,276,087	19,406,807	48,682,894	Exhibit 5 Page 2 of 2	10,425,267	7,791,158	18,216,425					
6 Income Before Taxes	Line 1 - Line 2	\$ (2,138,647)	\$ 1,274,735	\$ (863,912)	Line 1 - Line 2	\$ 1,114,394	\$ 1,384,862	\$ 2,499,256					
7 Income Taxes	Line 6 * .39176	\$ (837,836)	\$ 499,390	\$ (338,446)	Line 6 * .39176	\$ 436,575	\$ 542,534	\$ 979,109					
8 Net Income	Line 6 - Line 7	\$ (1,300,811)	\$ 775,345	\$ (525,466)	Line 6 - Line 7	\$ 677,819	\$ 842,329	\$ 1,520,147					
Total for DSM Programs													
		75%											
9 AC Revenues-75%	Exhibit 5 Page 1 of 2	\$ 3,377,717	\$ 1,716,329	\$ 5,094,046	Exhibit 5 Page 2 of 2	\$ -	\$ 630,214	\$ 630,214					
10 Program Costs	Exhibit 4	\$ 1,334,926	\$ 1,895,519	\$ 3,230,445	Exhibit 4	\$ 119,506	\$ 159,043	\$ 278,549					
11 Avoided Costs -100%	Exhibit 5 Page 1 of 2	\$ 4,503,623	\$ 2,288,439	\$ 6,792,061	Exhibit 5 Page 2 of 2	\$ -	\$ 840,285	\$ 840,285					
12 kW	Exhibit 5 Page 1 of 2	168,418	168,418	336,836	Exhibit 5 Page 2 of 2	14,186	14,186	28,372					
13 kWh	Exhibit 5 Page 1 of 2	-	-	-	Exhibit 5 Page 2 of 2	-	-	-					
14 Income Before Taxes	Line 9 - Line 10	\$ 2,042,791	\$ (179,190)	\$ 1,863,601	Line 9 - Line 10	\$ (119,506)	\$ 471,171	\$ 351,665					
15 Income Taxes	Line 14 * .39176	\$ 800,284	\$ (70,199)	\$ 730,084	Line 14 * .39176	\$ (46,818)	\$ 184,586	\$ 137,768					
16 Net Income	Line 14 - Line 15	\$ 1,242,507	\$ (108,990)	\$ 1,133,517	Line 14 - Line 15	\$ (72,688)	\$ 286,585	\$ 213,897					
Total for SAW Programs Adjusted for DSM Cap													
		Res	Non Res	Total		Res	Non Res	Total	Res	Non Res	Total	Percent Res	Percent Non-Res
17 AC Revenues	Line 1 + Line 9	\$ 7,289,446	\$ 5,725,322	\$ 13,014,768	Line 1 + Line 9	\$ 1,365,246	\$ 2,597,697	\$ 3,962,943					
18 Program Costs	Line 2 + Line 10	\$ 7,385,302	\$ 4,629,777	\$ 12,015,079	Line 2 + Line 10	\$ 370,358	\$ 741,664	\$ 1,112,022					
19 Avoided Costs	Line 3 + Line 11	\$ 11,615,857	\$ 9,577,517	\$ 21,193,374	Line 3 + Line 11	\$ 2,482,265	\$ 4,417,527	\$ 6,899,793	\$ 14,098,123	\$ 13,995,044	\$ 28,093,167	50%	50%
20 kW	Line 4 + Line 12	171,558	173,399	344,957	Line 4 + Line 12	15,330	16,159	31,489					
21 kWh	Line 5 + Line 13	29,276,087	19,406,807	48,682,894	Line 5 + Line 13	10,425,267	7,791,158	18,216,425					
22 Income Before Taxes	Line 17 - Line 18	\$ (95,856)	\$ 1,095,545	\$ 999,689	Line 17 - Line 18	\$ 994,888	\$ 1,856,033	\$ 2,850,921					
23 Income Taxes	Line 22 * .39176	\$ (37,553)	\$ 429,191	\$ 391,638	Line 22 * .39176	\$ 389,757	\$ 727,120	\$ 1,116,877					
24 Net Income	Line 22 - Line 23	\$ (58,304)	\$ 666,355	\$ 608,051	Line 22 - Line 23	\$ 605,131	\$ 1,128,914	\$ 1,734,044					
25 Percent DSM Avoided Cost to Total Avoided Cost (A)	Line C11 / Line C19			32%	Line C11 / Line C19			12%					
26 Percent Conservation Avoided Cost to Total Avoided Cost	Line C3 / Line C19			68%	Line C3 / Line C19			88%					
27 Earnings Cap: Allowed Return on Program Costs	C18 * 15%			\$ 1,802,262	C18 * 15%			\$ 166,803					
28 System Earnings in Excess of Program Costs	Line C24 - Line C27			\$ (1,194,211)	Line C24 - Line C27			\$ 1,567,241					
29 SC Allocation	(Exhibit 2, Line 1 * Line 26) + (Exhibit 2, Line 2 * Line 25)			26.6464%	(Exhibit 2, Line 1 * Line 26) + (Exhibit 2, Line 2 * Line 25)			26.9578%					
30 Excess Earnings to reduce V0 Revenue Requirement	Line 28 * Line 29			\$ (318,215)	Line 28 * Line 29			\$ 422,494					
Total Excess Earnings June '09 - Jan '10 to reduce V0													
31 Revenue Requirement	Sum Line 30 Col C amounts							\$ 104,280					
32 Gross Up of Earnings to Pre-Tax	Line 31 / (1- .39176)							\$ 171,445	Res	Non Res			
33 Gross up of Pre-Tax Earnings for Gross Receipts Tax and Regulatory Fee	Line 32 * 1.004581							\$ 172,230	\$ 86,431	\$ 85,799			

Split based on Line 19 Avoided Cossts

(A) No Adjustment required since DSM avoided costs percent is less than 40%

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Electric Rates and Charges) **LLC'S REQUEST FOR APPROVAL**
) **OF EE VINTAGE 0 REVENUE**
) **REQUIREMENTS**

Exhibit 7

**Adjustment to DSM Balance
by Non-Residential Customer Class**

**Duke Energy Carolinas
DSM/EE Cost Recovery Vintage 0
Adjustment to DSM Balance by Non-Residential Customer Class**

**VO
Exhibit 7**

1 Amount of Vintage 0 Revenue Requirement before Earnings Cap Adjustment	Exhibit 1, Line 16	\$ 2,959,672
2 Amount to be Applied to Non-Residential Balance for EE Programs	Exhibit 1, (Line 10 * Line 13) + Line 15	\$ 2,085,660
3 Amount to be Applied to Industrial for EE Programs	Line 2 * Line 20	\$ 1,202,658
4 Amount to be Applied to General for EE Programs	Line 2 * Line 21	\$ 847,832
5 Amount to be Applied to Lighting for EE Programs	Line 2 * Line 22	\$ 35,169
6 Amount to be Applied to Non-Residential Balance for DSM Programs	Exhibit 1 (Line 11 * Line 13)	\$ 874,013
7 Amount to be Applied to Industrial for DSM Programs	Line 6 * Line 20	\$ 503,984
8 Amount to be Applied to General for DSM Programs	Line 6 * Line 21	\$ 355,291
9 Amount to be Applied to Lighting for DSM Programs	Line 6 * Line 22	\$ 14,738
10 Total Amount of Earnings Cap to be Applied to Old DSM Balance	Exhibit 1, Line 17	\$ (85,799)
10a Industrial portion	Line 10 * Line 20	\$ (49,475)
10b General portion	Line 10 * Line 21	\$ (34,878)
10c Lighting portion	Line 10 * Line 22	\$ (1,447)
11 Total Amount of Vintage 0 Impacts to be Applied to Industrial	Line 3 + Line 7 + Line 10a	\$ 1,657,167
12 Total Amount of Vintage 0 Impacts to be Applied to General	Line 4 + Line 8 + Line 10b	\$ 1,168,246
13 Total Amount of Vintage 0 Impacts to be Applied to Lighting	Line 5 + Line 9 + Line 10c	\$ 48,460
		\$ 2,873,873

kWh Sales Non-Residential Breakdown	2009 COS	Class percent of Non-Residential kwh sales
14 Industrial percent of SC Retail kWh sales	38.997036%	57.548519%
15 General percent of SC Retail kWh sales	27.617251%	40.755197%
16 Lighting percent of SC Retail kWh sales	1.149466%	1.696284%
	67.76375%	100.00000%

kWh Sales Non-Residential Breakdown	2010 COS	Class percent of Non-Residential kwh sales
17 Industrial percent of SC Retail kWh sales	38.505634%	58.466002%
18 General percent of SC Retail kWh sales	26.290037%	39.918142%
19 Lighting percent of SC Retail kWh sales	1.064201%	1.615856%
	65.85987%	100.00000%

20 Industrial percent of SC Retail kWh sales	Wtd Avg. 7/8 2009 and 1/8 2010	57.663204%
21 General percent of SC Retail kWh sales	Wtd Avg. 7/8 2009 and 1/8 2010	40.650565%
22 Lighting percent of SC Retail kWh sales	Wtd Avg. 7/8 2009 and 1/8 2010	1.686231%