



September 6, 2011

**VIA ELECTRONIC FILING**

Jocelyn Boyd, Chief Clerk / Administrator  
Public Service Commission of South Carolina  
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**Re: Duke Energy Carolinas' Application for Approval of Energy Efficiency  
Vintage 0 Revenue Requirements  
Docket No. 2011-40-E**

Dear Ms. Boyd:

Duke Energy Carolinas, LLC ("Duke Energy Carolinas" or the "Company") filed its Application for Approval of Energy Efficiency Vintage 0 Revenue Requirement on July 22, 2011 in Docket No. 2011-40-E. Duke Energy Carolinas provides the following additional information on how it plans to apply the earnings cap to the Vintage 0 Revenue Requirement.

Order No. 2010-79 in Docket No. 2009-226-E provides that the revenue requirements associated with Duke Energy Carolinas' Energy Efficiency (EE) and Demand-Side Management (DSM) programs for the Vintage 0 time period will be netted against the DSM balance established by Order No. 91-1022. The Company intends to apply the earnings cap described under the Modified Save-A-Watt Proposal in Docket No. 2009-226-E to the Vintage 0 revenue requirements based on the Company's ability to meet its avoided cost target. Application of the earnings cap will be determined by comparing the Company's avoided cost target to the avoided costs actually achieved during Vintages 1 through 4. If the Company does not achieve the avoided cost savings necessary to earn a 15% return, a portion of the Vintage 0 revenue requirements will be refunded to customers consistent with the Settlement Agreement approved by Order No. 2010-79. Thank you for your consideration and please do not hesitate to contact me should you have any questions or comments.

Very truly yours,

ROBINSON, MCFADDEN & MOORE, P.C.

Bonnie D. Shealy

/bds

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