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February 25, 2020

**VIA ELECTRONIC FILING AND
HAND DELIVERY**

Ms. Kimberley A. Campbell, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

**RE: Duke Energy Carolinas, LLC's Application for Approval of Demand-Side Management and Energy Efficiency Cost Recovery Rider
Docket No. E-7, Sub 1230**

Dear Ms. Campbell:

Enclosed is Duke Energy Carolinas, LLC's Application for Approval of Demand-Side Management and Energy Efficiency Cost Recovery Rider, together with the Direct Testimony and Exhibits of Robert P. Evans and Carolyn T. Miller, for filing in connection with the referenced matter.

I will deliver fifteen (15) paper copies of the Application, Direct Testimony, and Exhibits, as well as a flash drive containing the supporting workpapers for the filing, to the Clerk's Office by close of business on February 26, 2020.

Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,

Kendrick C. Fentress

Enclosures

cc: David T. Drooz

OFFICIAL COPY

Feb 25 2020

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's Application for Approval of Demand-Side Management and Energy Efficiency Cost Recovery Rider in Docket No. E-7, Sub 1230 has been served by electronic mail, hand delivery, or by depositing a copy in the United States Mail, 1st Class Postage Prepaid, properly addressed to parties of record.

This the 25th day of February, 2020.


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BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1230

In the Matter of)	
Application of Duke Energy Carolinas, LLC)	APPLICATION OF
for Approval of Demand-Side Management)	DUKE ENERGY CAROLINAS,
and Energy Efficiency Cost Recovery Rider)	LLC FOR APPROVAL OF
Pursuant to N.C. Gen. Stat. § 62-133.9 and)	RIDER 12
Commission Rule R8-69)	

Duke Energy Carolinas, LLC (“DEC,” “Company,” or “Applicant”), pursuant to North Carolina General Statutes (“N.C. Gen. Stat.”) § 62-133.9 and North Carolina Utilities Commission (the “Commission”) Rule R8-69, hereby applies to the Commission for approval of its demand-side management (“DSM”) and energy efficiency (“EE”) cost recovery rider, Rider EE, for 2021 (“Rider 12”). Rider 12 has been calculated in accordance with the Company’s DSM/EE cost recovery mechanism approved by the Commission in Docket No. E-7, Sub 1032, as revised in Docket No. E-7, Sub 1130. The prospective components of Rider 12 include estimates of the revenue requirements for Vintage 2021¹ DSM and EE programs, as well as an estimate of the second year of net lost revenues for Vintage 2020 EE programs, the third year of net lost revenues for Vintage 2019 EE programs, and the fourth year of net lost revenues for Vintage 2018 non-residential EE programs. The Rider 12 Experience Modification Factor (“EMF”) includes the following true-ups: a true-up of Vintage 2017 DSM/EE programs, a true-up of Vintage 2018 DSM/EE programs, and a true-up of Vintage 2019

¹ A vintage year is the twelve-month period in which a specific DSM or EE measure is installed for an individual participant or a group of participants. Each vintage is referred to by the calendar year of its respective rate period (e.g., Vintage 2021).

DSM/EE programs.

In support of this Application, DEC respectfully shows the Commission the following:

1. The Applicant's general offices are located at 550 South Tryon Street, Charlotte, North Carolina, and its mailing address is:

Duke Energy Carolinas, LLC
P. O. Box 1321
Charlotte, North Carolina 28201-1006

2. The name and address of Applicant's attorney is:

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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 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 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 for adopting and implementing DSM/EE programs, including appropriate rewards based on a percentage of avoided costs achieved by DSM/EE

measures.

4. The Company's cost recovery mechanism is described in the Agreement and Stipulation of Settlement DEC reached with the Public Staff, the North Carolina Sustainable Energy Association, Environmental Defense Fund, Southern Alliance for Clean Energy, the South Carolina Coastal Conservation League, Natural Resources Defense Council, and the Sierra Club filed with the Commission on August 19, 2013 (the "Stipulation"). The Commission approved the cost recovery mechanism as described in the Stipulation, as well as DEC's portfolio of DSM/EE programs, in its *Order Approving DSM/EE Programs and Stipulation of Settlement* issued October 29, 2013 ("Sub 1032 Order"). In addition, the Commission approved certain revisions to the cost recovery mechanism in its *Order Approving DSM/EE Rider, Revising DSM/EE Mechanism, and Requiring Filing of Proposed Customer Notice* issued August 23, 2017 in Docket No. E-7, Sub 1130. The approved cost recovery mechanism is designed to allow DEC to collect revenue equal to its incurred program costs for a rate period plus a Portfolio Performance Incentive based on shared savings achieved by DEC's DSM/EE programs, and to recover net lost revenues for EE programs only.

5. Rule R8-69(b) provides that 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.

6. Pursuant to the provisions of N.C. Gen. Stat. § 62-133.9 and Rule R8-69, DEC requests the establishment of Rider 12 to recover: (1) a prospective component consisting of the estimated revenue requirements associated with Vintage 2021 of DEC's current portfolio of DSM/EE programs, the second year of net lost revenues for

Vintage 2020 of DEC's EE programs, the third year of net lost revenues for Vintage 2019 of DEC's EE programs, and the fourth year of net lost revenues for Vintage 2018 of DEC's non-residential EE programs; and (2) an EMF component truing up Vintage 2017, Vintage 2018 and Vintage 2019 of DEC's DSM/EE programs.

7. Pursuant to the provisions of N.C. Gen. Stat. § 62-133.9 and Rule R8-69, the Company requests Commission approval of the following annual billing factors (all shown on a cents per kilowatt hour ("¢/kWh") basis, including gross receipts tax and regulatory fee):

Residential Billing Factors	¢/kWh
Residential Billing Factor for Rider 12 Prospective Components	0.4184
Residential Billing Factor for Rider 12 EMF Components	0.1046

Non-Residential Billing Factors for Rider 12 Prospective Components	¢/kWh
Vintage 2018 EE participant	0.0137
Vintage 2019 EE participant	0.0687
Vintage 2020 EE participant	0.0612
Vintage 2021 EE participant	0.3522
Vintage 2021 DSM participant	0.1200

Non-Residential Billing Factors for Rider 12 EMF Components	¢/kWh
Vintage 2017 EE participant	0.0342
Vintage 2017 DSM participant	0.0000
Vintage 2018 EE participant	(0.0049)
Vintage 2018 DSM participant	(0.0014)
Vintage 2019 EE participant	(0.0225)
Vintage 2019 DSM participant	0.0018

Consistent with the Commission's *Order on Motions for Reconsideration* issued on June 3, 2010 in Docket No. E-7, Sub 938 and the Sub 1032 Order, Rider 12 will be in effect for the twelve-month period January 1, 2021 through December 31, 2021. Also in accordance with these Orders, the test period for the Vintage 2019 EMF Component is the period January 1, 2019 through December 31, 2019; the test period for the Vintage 2018 EMF component is the period January 1, 2018 through December 31, 2018; and the test period for the Vintage 2017 EMF component is the period January 1, 2017 through December 31, 2017.

8. The Company has attached hereto, as required by Rule R8-69, the direct testimony and exhibits of witnesses Carolyn T. Miller and Robert P. Evans in support of the requested change in rates.

WHEREFORE, the Company respectfully prays:

That consistent with this Application, the Commission approve the rates as set forth in paragraph 7 above.

Respectfully submitted, this the 25th day of February 2020.

By: *Kendrick Fentress*
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ATTORNEY FOR DUKE ENERGY CAROLINAS,
LLC

