

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-7, SUB 831

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

Application of Duke Energy Carolinas, LLC for)	ORDER SCHEDULING
Approval of Save-a-Watt Approach, Energy)	HEARING TO CONSIDER
Efficiency Rider and Portfolio of Energy)	"AGREEMENT AND JOINT
Efficiency Programs)	STIPULATION OF
)	SETTLEMENT"

BY THE CHAIRMAN: On May 7, 2007, Duke Energy Carolinas, LLC (Duke or the Company) filed a petition in this docket proposing its Energy Efficiency Plan (the Save-a-Watt petition). By this filing, Duke requested approval of a new save-a-watt approach to energy efficiency (EE) programs; a portfolio of EE programs; and an EE rider (Rider EE) to compensate and reward it for verified energy efficiency results and to recover the amortization of, and a return on, 90% of the costs avoided by the save-a-watt approach. More specifically, Duke requested that the Commission, after hearing, issue an order approving (1) the implementation of the proposed save-a-watt approach for EE; (2) the portfolio of proposed EE programs; (3) the implementation of proposed Rider EE, including the proposed initial charges for customers; (4) the deferral of program costs and amortization of such costs over the life of the applicable program, with an acknowledgment that the revenues established in Rider EE based on avoided costs specifically include the recovery of incurred program costs; (5) the closing of designated existing programs; and (6) the proposed manner of accounting for the impacts of the save-a-watt approach in the Company's Quarterly Surveillance Reports (NCUC Form ES-1 Reports) to the Commission.

The Commission held hearings on Duke's petition in July and August 2008.

On February 26, 2009, the Commission entered an Order Resolving Certain Issues, Requesting Information on Unsettled Matters, and Allowing Proposed Rider to Become Effective Subject to Refund. By that Order, the Commission adopted the following Decretal Paragraphs:

1. That Duke's request for approval of the portfolio of proposed EE programs shall be, and hereby is, granted as follows: (1) Residential Energy Assessments; (2) Residential Smart Saver; (3) Low Income Services; (4) Energy Efficiency Education Schools Program; (5) Nonresidential Energy Assessments; and (6) Nonresidential Smart Saver. Further, such programs are approved as "new" EE programs pursuant to G.S. 62-133.9.

2. That Power Manager shall be, and hereby is, approved as a “new” DSM program pursuant to G.S. 62-133.9.

3. That PowerShare shall be, and hereby is, approved as a “new” DSM program. However, current customers on Rider IS and Rider SG must be allowed to continue to participate in those programs at their current contract levels. New customers, as well as additional contract volumes from current Rider IS and Rider SG customers, will be eligible to participate only in PowerShare.

4. That Duke’s request for approval to close the existing RHP and SNEPLP programs shall be, and hereby is, approved.

5. That Duke’s request for approval to cancel Rider LC shall be, and hereby is, approved. However, current customers on Rider LC shall be given the opportunity to discontinue participation before being transferred automatically to Power Manager.

6. That Duke’s EDPR shall be, and hereby is, maintained to continue to provide for the recovery of the costs associated with Duke’s existing Rider IS and Rider SG. The EDPR shall be modified to terminate cost recovery for cancelled programs.

7. That Duke’s proposed Measurement & Verification Plan shall be, and hereby is, approved.

8. That the following types of program changes shall require Commission approval prior to implementation: (1) program changes or shifting of program resources that would result in program costs increasing or decreasing by more than 20% of the original program cost estimates initially approved by the Commission; (2) program changes that would increase or decrease the energy and demand savings projections by more than 20%; (3) any increases or decreases to participant incentives; (4) program changes that would alter the target customer groups; and (5) program changes that may result in the reassignment of costs and benefits from one customer class to another. Any combination of these changes shall, likewise, require Commission approval.

9. That the Settlement Agreements between Duke and Piedmont, and Duke and PSNC, filed in this docket shall be, and hereby are, approved.

10. That Duke shall be, and hereby is, required to provide the supplemental information and data as specified under the findings and conclusions as set forth herein. Such information shall be filed with the

Commission not later than close of business, Tuesday, March 31, 2009. The Public Staff shall be, and hereby is, requested to review the supplemental information as filed by Duke and file its comments with the Commission. Other parties are allowed to do so. Comments of the Public Staff and other intervenors shall be filed not later than close of business, Friday, May 1, 2009. Duke shall be, and hereby is, allowed until close of business, Monday, May 18, 2009, to file reply comments. Thereafter, the Commission will take such further action as it may then deem appropriate.

11. That Duke shall not follow the accounting and reporting procedures it has proposed with respect to its save-a-watt model, but, instead, shall be, and hereby is, required to follow the approach as specified under the findings and conclusions as set forth herein.

12. That Duke's proposed Rider EE shall be, and hereby is, allowed to become effective 10 days from the date of this Order, at the levels requested by the Company, subject to refund with interest if the Commission, by final order entered in this docket, sets the rider at lower levels. Duke shall work with the Public Staff to prepare a Notice to Customers giving notice of the rate changes as provided herein, and Duke shall file such notice for Commission approval within 10 days from the date of this Order.

On February 26, 2009, the Commission entered an Errata Order revising the supplemental information that Duke was required to file in response to Decretal Paragraph No. 10 above. Duke filed the required supplemental information on March 31, 2009. Subsequent thereto, multiple extensions of time for the parties to file responses to Duke's supplemental information were requested and granted. Ultimately, the parties were allowed until June 12, 2009, to file comments in response to the supplemental information filed by Duke.

On May 22, 2009, the North Carolina Justice Center, AARP, the North Carolina Council of Churches, and Legal Aid of North Carolina filed comments in response to Duke's supplemental information. NC WARN filed comments on May 26, 2009.

On June 12, 2009, Duke; the Southern Alliance for Clean Energy, the Environmental Defense Fund, the Natural Resources Defense Council, and the Southern Environmental Law Center (collectively, the "Environmental Intervenors"); and the Public Staff filed an Agreement and Joint Stipulation of Settlement (Agreement) for consideration in this docket. In their filing, Duke, the Environmental Intervenors, and the Public Staff referred to themselves collectively as the "Stipulating Parties." The Stipulating Parties stated that they intend to file testimony in support of the Agreement on Friday, June 19, 2009. They requested that the Commission issue a new procedural order so that this matter may be concluded as quickly as possible.

On June 12, 2009, the Public Staff and the Carolina Utility Customers Association, Inc. (CUCA) filed comments in response to the March 31, 2009 supplemental information filed by Duke. On that same day, the Attorney General filed a motion for extension of time wherein he stated that he had been informed that an Agreement would be filed by the Stipulating Parties. The Attorney General requested that the Commission enter an Order granting an indefinite extension of time for parties to file comments and reply comments on Duke's March 31, 2009 supplemental information.

WHEREUPON, the Chairman finds good cause to schedule a hearing to consider the Agreement filed by the Stipulating Parties. As suggested by the Attorney General, the Commission will hold in abeyance, at this time, any further consideration of the supplemental information filed by Duke on March 31, 2009. The Commission will, however, require Duke and the Public Staff to prepare and file Modified Internal Rate of Return (Modified IRR) analyses consistent with the terms of the Agreement and their respective positions on the appropriate inputs that should be used in conducting such analyses.

IT IS, THEREFORE, ORDERED as follows:

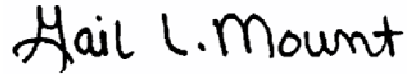
1. That a hearing is hereby scheduled to begin at 9:30 a.m. on Wednesday, August 12, 2009, to consider the Agreement and Joint Stipulation of Settlement filed by the Stipulating Parties. The hearing shall be held in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina.
2. That the Stipulating Parties shall file testimony in support of the Agreement not later than Friday, June 19, 2009.
3. That Duke and the Environmental Intervenors shall file testimony on the issue of the appropriate jurisdictional allocation method not later than Friday, June 26, 2009, and the Public Staff shall file its testimony regarding that issue not later than Thursday, July 2, 2009. Duke and the Public Staff shall also file their Modified IRR analyses and supporting testimony on June 26, 2009, and July 2, 2009, respectively.
4. That the testimony of other Intervenors shall be filed not later than Monday, July 20, 2009.
5. That the Stipulating Parties shall file rebuttal testimony not later than Monday, August 3, 2009. Duke may also file rebuttal testimony that same day on the issue of the appropriate jurisdictional allocation method and issues related to the Modified IRR analyses.

6. That parties who have previously intervened in this docket remain parties to this proceeding. Other parties who wish to intervene shall file petitions pursuant to Commission Rules R1-5 and R1-19 not later than Monday, July 20, 2009.

ISSUED BY ORDER OF THE COMMISSION.

This the 18th day of June, 2009

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Gail L. Mount". The signature is written in a cursive, slightly stylized font.

Gail L. Mount, Deputy Clerk

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