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August 13, 2010

FILED

AUG 13 2010

Clerk's Office  
N.C. Utilities Commission

Ms. Renee C. Vance, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699

Re: Docket Nos. E-7, Sub 831 and 938

Dear Ms. Vance:

Enclosed for filing are the original and thirty (30) copies of Duke Energy Carolinas, LLC's (the "Company") revised tariff for Vintage 1 of Rider EE. On April 6, 2010 the Commission approved, in part, the Company's requested waiver of Rule R8-69(d)(3), to allow the Company, during the term of its pilot save-a-watt program, to implement and manage the Rider EE opt-out elections of industrial and large commercial customers. In accordance with the approved waiver, the Company has revised the tariff for Vintage 1 of Rider EE, to break out the Non-Residential rate for EE and DSM and to update the language to reflect the approved opt out rules for those non-residential customers that qualify.

Revised Rider EE is being filed pursuant to the *Order Granting Waiver, in Part, and Denying Waiver, In Part* issued on April 6, 2010, as well as the *Order on Motions for Reconsideration* issued on June 3, 2010, both in Docket No. E-7, Sub 938, and replaces the Rider EE tariff filed on December 21, 2009 in Docket No. E-7, Sub 831.

Sincerely,

*Robert W. Kaylor*

Robert W. Kaylor

Enclosures

cc: Parties of Record

(24)  
att  
7 Comm.  
Greggink  
Hunt  
Waters  
Hearn  
Lissauer  
Kite  
Kilburn  
Erickson  
Parr  
Bryker  
Siegel 3  
Aldy 3  
E. Thos. 2  
Eliot 3

**FILED****AUG 13 2010**Clerk's Office  
N.C. Utilities Commission**OFFICIAL COPY**Electricity No. 4  
North Carolina Third Revised Leaf No. 62  
Superseding North Carolinas Second Revised Leaf No. 62**RIDER EE (NC)  
ENERGY EFFICIENCY RIDER****APPLICABILITY (North Carolina Only)**

Service supplied under the Company's rate schedules is subject to approved adjustments for new energy efficiency and demand-side management programs approved by the North Carolina Utilities Commission (NCUC). The Rider Adjustments are not included in the Rate Schedules of the Company and therefore, must be applied to the bill as calculated under the applicable rate. Cost recovery under Rider EE is a four-year limited term pilot.

**GENERAL PROVISIONS**

This Rider will recover the cost of new energy efficiency and demand-side management programs, using the method approved by the NCUC, for programs implemented over a four-year period (i.e., comprising four 12-month program years or "Vintage Years"). In each year this Rider will include components to recover revenue requirements related to demand-side management and energy efficiency programs implemented in that Vintage Year, as well as net lost revenues resulting from the energy efficiency programs. Net lost revenues are revenue losses, net of both marginal costs avoided at the time of the lost kilowatt hour sale(s) and increases in revenues resulting from any activity by the Company's public utility operations that causes a customer to increase demand or energy consumption. Net lost revenues associated with each Vintage Year will be recovered for 36 months upon implementation, except that the recovery of net lost revenues will end upon implementation of new rates approved by the Commission in a general rate case or comparable proceeding to the extent that rates are set in a rate case for vintages up to that point. To recover net lost revenues for programs implemented in years 3 and 4, the Rider will continue beyond the four-year period.

Revenue requirements will be determined on a system basis and allocated to North Carolina retail customers based on the North Carolina retail contribution to system retail peak demand for demand-side management programs and North Carolina retail contribution to system retail kWh sales for energy efficiency programs. Residential customer classes will pay for residential programs and non-residential customer classes will pay for non-residential programs through methods found appropriate by the Commission for demand-side management and energy efficiency programs, respectively. All allocation factors will be based on the Company's most recently completed cost of service study utilizing the allocation method approved by NCUC in the Company's most recent general rate proceeding and will exclude the amounts related to customers that elect to opt out of this Rider.

**TRUE-UP PROVISIONS**

Rider amounts will initially be determined based on estimated kW and kWh impacts related to expected customer participation in the programs, and will be true-up as actual customer participation and actual kW and kWh impacts are verified. If a customer participates in any vintage of programs, the customer is subject to the true-ups as discussed in this section for any vintage of programs in which the customer participated.

**Participation true-ups:** After the completion of the first Vintage Year, the Rider will include a true-up of previous Rider amounts billed to reflect actual customer participation in the programs.

**Measurement and verification true-up:** In the sixth year a final true-up will be based on changes in participation combined with actual verified kW and kWh savings.

**Earnings cap true-up:** In the sixth year, a true up will adjust customer bills, if applicable, to refund with interest, amounts collected through the Rider in excess of the earnings cap, in accordance with the following levels of achievement of actual energy and peak demand reductions and allowed return on investment.

<u>Percentage Actual Target Achievement</u>	<u>Return on Investment Cap on Program Costs Percentage</u>
>=90%	15%
80% to 89%	12%
60% to 79%	9%
< 60%	5%

**DETERMINATION OF ENERGY EFFICIENCY RIDER ADJUSTMENT**

Energy Efficiency Adjustments (EEA) will be applied to the energy in kilowatt hours (kWh) billed of all rate schedules for each vintage as determined by the following formula, adjusted as appropriate for the time value of money:

RIDER EE (NC)  
ENERGY EFFICIENCY RIDEREEA Residential (expressed as cents per kWh) =

(Residential Avoided Cost Revenue Requirement + Residential Net Lost Revenues) / Forecasted Residential kWh Sales for the Rider billing period

Where

Residential Avoided Cost Revenue Requirement = (Residential Demand-Side Management Program Avoided Cost X 75%) + (Residential Energy Efficiency Program Avoided Cost X 50%)

EEA Non-residential (expressed as cents per kWh) =

(Non-residential Avoided Cost Revenue Requirement + Non-residential Net Lost Revenues) / Forecasted Non-residential kWh Sales for the Rider billing period

Where

Non-residential Avoided Cost Revenue Requirement = (Non-residential Demand-Side Management Program Avoided Cost X 75%) + (Non-residential Energy Efficiency Program Avoided Cost X 50%)

OPT OUT PROVISION FOR QUALIFYING NON-RESIDENTIAL CUSTOMERS

The EEA increment applicable to energy efficiency programs and/or demand-side management programs will not be applied to the energy charge of the applicable rate schedule for Customers qualified to opt out of the programs where:

- a. The Customer certifies or attests to the Company that it has, or has plans for implementing alternative energy efficiency measures in accordance with quantifiable goals.
- b. *Electric service to the Customer must be provided under:*
  1. An electric service agreement where the establishment is classified as a "manufacturing industry" by the Standard Industrial Classification Manual published by the United States Government and where more than 50% of the electric energy consumption of such establishment is used for its manufacturing processes.
  2. An electric service agreement for general service as provided for under the Company's rate schedules where the Customer's annual energy use is 1,000,000 kilowatt hours or more.

The following additional provisions apply for qualifying customers who elect to opt out:

For Customers who elect to opt out of energy efficiency programs, the following provisions also apply:

- Qualifying customers may opt out of the Company's energy efficiency programs each calendar year only during the annual two-month enrollment period between November 1 and December 31 immediately prior to a new Rider EE becoming effective on January 1. (Qualifying new customers have sixty days after beginning service to opt out).
- Customers may not opt out of individual energy efficiency programs offered by the Company. The choice to opt out applies to the Company's entire portfolio of energy efficiency programs.
- If a customer participates in any vintage of energy efficiency programs, the customer, irrespective of future opt out decisions, remains obligated to pay the remaining portion of the lost revenues for each vintage of energy efficiency programs in which the customer participated.
- If a customer did not opt out during the initial enrollment period for Vintage 1, and did not participate in an energy efficiency or demand-side management program, the customer may opt out of the Company's energy efficiency and/or demand-side management programs during the special enrollment period of June 15 through August 15, 2010.

For Customers who elect to opt out of demand-side management programs, the following provisions also apply:

- *Qualifying customers may opt out of the Company's demand-side management program during the enrollment period between November 1 and December 31 immediately prior to a new Rider EE becoming effective on January 1 of the applicable year. (Qualifying new customers have sixty days after beginning service to opt out).*
- If a customer elects to participate in a demand-side management program, the customer may not subsequently choose to opt out of demand-side management programs for three years. Qualifying customers who have not opted out of demand-side management in the 2009 enrollment period for Rider EE effective January 1, 2010 are not eligible to opt out until the opt out period in 2012.
- If a customer did not opt out during the initial enrollment period for Vintage 1 and did not participate in an energy efficiency or demand-side management program, the customer may opt out of the Company's energy efficiency and/or demand-side management programs during the special enrollment period of June 15 through August 15, 2010.

RIDER EE (NC)  
ENERGY EFFICIENCY RIDERENERGY EFFICIENCY RIDER ADJUSTMENTS (EEA)

The EEA applicable to the residential and non-residential rate schedules for the period January 1, 2010 through December 31, 2010 including revenue-related taxes and utility assessments are as follows:

Residential 0.1206 ¢ per kWh

Nonresidential

## Vintage 1

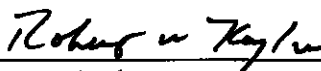
Energy Efficiency	0.0226¢ per kWh
Demand Side Management	0.0202¢ per kWh
Vintage 1 Total	0.0428¢ per kWh

Each factor listed under non-residential is applicable to non-residential customers who are not eligible to opt out and to eligible customers who have not opted out. If a non-residential customer has opted out of a Vintage(s), then the applicable energy efficiency and/or demand-side management charge(s) shown above for the Vintage(s) during which the customer has opted out, will not apply to the bill.

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's Revised Tariff in Docket Nos. E-7, Sub 831 and Sub 938 has been served by electronic mail (e-mail), hand delivery or by depositing a copy in the United States Mail, first class postage prepaid, properly addressed to parties of record.

This the 13<sup>th</sup> day of August, 2010.



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