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February 2, 2012

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FEB 02 2012

Clerk's Office  
N.C. Utilities Commission

Ms. Gail Mount, Deputy Clerk  
North Carolina Utilities Commission  
430 North Salisbury Street – Dobbs Building  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4325

RE: Compliance Filing Residential Service - Home Energy Improvement Program HEIP-3  
NCUC Docket No. E-2, Sub 936

Dear Ms. Mount:

Pursuant to Commission Rule R8-25(a) and the Commission's order dated January 31, 2012 in the above referenced docket, enclosed for filing are an original and thirty-two copies of Progress Energy Carolina's Residential Service – Home Energy Improvement Program HEIP-3 tariff. Certain incentives available under Program HEIP-1 remain available until March 31, 2012, sixty days after the effective date of the revised tariff.

Very truly yours,

*Len S. Anthony/mhm*

Len S. Anthony  
General Counsel  
Progress Energy Carolinas, Inc.

LSA:mhm

Attachment

RESIDENTIAL SERVICE – HOME ENERGY IMPROVEMENT  
PROGRAM HEIP-3

Clark's Office  
N.C. Utilities Commission

PURPOSE

The purpose of this program is to offer customers a variety of energy conservation measures designed to increase energy efficiency in existing residential dwellings that can no longer be considered new construction. This Program will utilize a network of customer-selected contractors from a prequalified list provided by Company to install energy efficiency measures: (1) to encourage the installation of high efficiency central air conditioning (AC) and heat pump systems, (2) to encourage attic insulation and sealing, (3) to perform diagnostic maintenance on heat pumps or central AC units, (4) to encourage the installation of heat pump water heaters, and (5) to encourage high efficiency room air conditioning.

AVAILABILITY

The program is available to customers whose premise is at least one year old, is served under a residential service schedule by Company, and is applicable to all electric service of the same available type supplied to Customer's premises at one point of delivery through one kilowatt-hour meter under the provisions of this Program.

Incentives are only applicable to measures installed by a prequalified contractor approved by Company; however, high efficiency room air conditioners may be self-installed and do not require the use of a prequalified contractor.

INCENTIVE PAYMENTS

For installations on and after January 31, 2012, Customer shall receive the following incentives for qualifying equipment or other measures:

1. For air duct repair, 50% of the repair cost, not to exceed \$190 per unit per dwelling.
2. For increasing attic insulation to a minimum of R30 and attic air sealing, 37.5 cents per square foot, not to exceed \$500 per dwelling.
3. For the installation of high efficiency central AC, heat pumps, and geothermal heat pumps, \$300 per unit.
4. For HVAC audit, consisting of condenser coil cleaning plus correcting refrigerant charge and adjusting air flow using Company approved diagnostic tool, \$100. Customer shall be eligible for an HVAC audit incentive only once for the HVAC equipment life.
5. For the installation of heat pump water heater(s), \$350 per dwelling.
6. For high efficiency room air conditioner(s), \$25 per unit with a maximum of 4 units per customer account subject to an incentive.

Incentive Payments for qualifying window replacements, HVAC tune-up level 1 and duct testing under Program HEIP-1 shall continue to be available for installations completed on or before March 31, 2012.

## RESPONSIBILITY OF PARTIES

A dwelling is eligible to receive an incentive for each central air conditioner or heat pump, and heat pump water heater installed based on the efficiency level. The work performed for all measures must be completed by a Company prequalified contractor who has met the program training requirements and guidelines as set forth by the Program; however, high efficiency room air conditioners may be self-installed and do not require the use of a prequalified contractor.

## CONTRACT TERM

Customer shall submit the required incentive application form, including required documentation such as equipment cut sheets and the original contractor invoice as provided by the contractor based upon program requirements, within ninety (90) days of completion of the work. Incentive application forms received after that date will not be eligible to receive an incentive payment.

All energy conservation measures shall be subject to inspection by Company for the purposes of program evaluation, measurement, and verification.

## OTHER CONDITIONS

The following equipment specifications shall be met in order to be eligible to receive an incentive:

High Efficiency Heat Pump Replacements - the replacement unit(s) shall be a minimum SEER (Seasonal Energy Efficiency Ratio) of 15.

High Efficiency Central AC Replacements - the replacement unit(s) shall be a minimum SEER of 15.

Geothermal Heat Pumps - shall be a minimum EER (Energy Efficiency Ratio) of 19.

Attic Insulation - shall require air leak sealing, bring the insulation up to a minimum of R30 and existing insulation shall not be higher than R19.

Heat Pump Water Heaters - the replacement unit(s) shall have a minimum Energy Factor of 2.0.

High Efficiency Room Air Conditioning - the unit(s) shall be Energy Star qualified.

## COMPANY RETENTION OF PROGRAM BENEFITS

Incentives and other considerations offered under the terms of this Program are understood to be an essential element in the recipient's decision to participate in the Program. Upon payment of these considerations, Company will be entitled to any and all environmental, energy efficiency, and demand reduction benefits and attributes, including all reporting and compliance rights, associated with participation in the Program.

## GENERAL

Service rendered under this Program is subject to the provisions of the Service Regulations of the Company on file with the state regulatory commission.

Supersedes Program HEIP-1

Effective for service rendered on and after January 31, 2012

NCUC Docket No. E-2, Sub 936