

(Caption of Case)

Application of Duke Energy Carolinas, LLC for Authority to Adjust and Increase its Electric Rates and Charges

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

COVER SHEET

DOCKET NUMBER: 2009 - 226 - E

(Please type or print)

Submitted by: Catherine E. Heigel

SC Bar Number: 9268

Address: 526 S. Church Street, EC03T

Telephone: 704-382-8123

Charlotte, NC 28202

Fax: 704-382-5690

Other:

Email: catherine.heigel@duke-energy.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

Emergency Relief demanded in petition

Request for item to be placed on Commission's Agenda expeditiously

Other: Revised copy of Mc Maneus Settlement Exhibit 1 to correct M&V true-up paragraph on page 1

Table with 2 columns: INDUSTRY (Check one) and NATURE OF ACTION (Check all that apply). Includes checkboxes for Electric, Gas, Water, etc., and various legal actions like Affidavit, Motion, Petition, etc.

Print Form

Reset Form

RIDER EE (SC)
ENERGY EFFICIENCY RIDER

APPLICABILITY (South Carolina Only)

Service supplied under the Company's rate schedules is subject to approved energy efficiency adjustments over or under the Rate set forth in the approved rate schedules for energy efficiency programs approved by the Public Service Commission of South Carolina (PSCSC).

GENERAL PROVISIONS

This Rider will recover the cost of Duke Energy Carolinas' Save-a-Watt ("SAW") energy efficiency and demand-side management programs, using the method approved by the PSCSC, for programs implemented over a 4 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, as well as lost revenues resulting from the energy efficiency programs. Lost revenues associated with each vintage will be recovered for 36 months upon implementation. As a result the Rider will continue beyond the 4 year period to fully recover lost revenues for programs in years 3 and 4.

Revenue requirements for SAW demand-side management programs will be determined on a system basis and allocated to South Carolina retail customers based on the class contribution to system retail peak demand. Revenue requirements for energy efficiency programs will be determined at a system level for both the residential and non-residential customer classes. Within each class, South Carolina retail amounts will be determined by an allocation based on the class contribution to retail sales.

The Rider will recover the cost of Duke Energy Carolinas' Interruptible Service and Stand-By Generator programs ("Existing DSM Programs") based on the cost of bill credits and amounts paid to customers participating on these programs ("Program Costs"). Revenue requirements will be determined on a system basis and allocated to SC retail customer classes based on the class contribution to system peak demand.

All allocation factors will be based on the Company's cost of service study and will exclude the amounts related to customers that elect to opt out of this Rider.

TRUE-UP PROVISIONS

Rider amounts for SAW programs 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.

Participation true-ups: After the first 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: EM&V activities and results will be included in a mid-term EM&V-based true-up process that will be reflected in Vintage Year 3 Rider EE collections. A final EM&V true-up reflected in Vintage Year 6 Rider EE collections will incorporate all EM&V studies completed since the mid-term EM&V true-up. EM&V results will include measure-level savings adjustments and net-to-gross analysis. In addition, the mid-term and final true-ups will incorporate the most recent EM&V results in the avoided cost true-up, the lost revenue true-up, and the earnings cap true-up.

Earnings cap true-up: In the sixth year a true up will be billed, if applicable, to refund amounts collected through the Rider in excess of the earnings cap, in accordance with the following levels of achievement 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%

Rider amounts for Existing DSM Programs initially will be estimated program costs for the calendar year and will be trued-up to actual a subsequent rider.

DETERMINATION OF ENERGY EFFICIENCY RIDER ADJUSTMENT

Energy Efficiency Adjustments (EEA) will be applied to the energy (kilowatt hours) billed of all rate schedules for each vintage as determined by the following formula:

EEA Residential (expressed as cents per kwh) = SAW Residential Adjustment + Existing DSM Residential Adjustment

SAW Residential Adjustment = Residential Avoided Cost Revenue Requirement + Residential Lost Revenues / Forecasted Residential kWh Sales for the Rider billing period

Where

Residential Avoided Cost Revenue Requirement = (Residential Demand Side Management Program Avoided Cost Revenue Requirement * 75%) + (Residential Energy Efficiency Program Avoided Cost Revenue Requirement * 55%)

And

Existing DSM Residential Adjustment = Non-SAW Residential Program Costs / Forecasted Residential kWh Sales for the Rider billing period

EEA Non-residential (expressed as cents per kwh) = SAW Non-residential Adjustment + Existing DSM Non-residential Adjustment

SAW Non-residential Adjustment = Non-residential Avoided Cost Revenue Requirement + Non-residential Lost Revenues / Forecasted Non-residential kWh Sales (excluding opt out sales) for the Rider billing period

Where

Non-residential Avoided Cost Revenue Requirement = (Non-residential Demand Side Management Program Avoided Cost Revenue Requirement * 75%) + (Non-residential Energy Efficiency Program Avoided Cost Revenue Requirement * 55%)

And

Existing DSM Non-residential Adjustment = Non-SAW Non-residential Program Costs / Forecasted Non-residential kWh Sales (excluding opt out sales) for the Rider billing period

ENERGY EFFICIENCY RIDER ADJUSTMENTS (EEA)

As a result of the Commission's Order No. _____ in Docket No. 2009-226-E, the EEA applicable to the residential and nonresidential rate schedules for the period (date) through (date), including revenue-related taxes and utility assessments, are as follows:

<u>Residential</u>	<u>Nonresidential</u>
0.1736 ¢ per kWh	Energy Efficiency 0.0195¢ per kWh
	Demand-Side Management 0.0360¢ per kWh

OPT OUT PROVISION FOR QUALIFYING MANUFACTURING CUSTOMERS

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

- The Customer attests or certifies to the Company that it has performed or had performed for it an energy audit or analysis within the three year period preceding the opt out request and has implemented or has plans for implementing the cost-effective energy efficiency measures recommended in that audit or analysis; and
- The Customer is served under 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.

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 an annual two month enrollment period beginning January.1 and concluding March 1.
- 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 efficiency programs in which the customer participated..

For Customers who elect to opt out of Demand Side Management Programs, the following provisions also apply:

- Qualifying customers may make a one-time election for the 4 year plan to opt out of the Company's demand-side management programs within 60 days after the effective date of new rates and charges approved by the PSCSC in Docket No. 2009-226-E.
- If a customer elects to participate in a demand-side management program, the customer may not subsequently choose to opt out of the program for the remaining term of the 4 year plan.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2009-226-E

In the Matter of:)
)
Application of Duke Energy Carolinas,)
LLC for Authority to Adjust and Increase)
its Electric Rates and Charges)
)
)
)

CERTIFICATE OF SERVICE

This is to certify that I have caused to be served this 25th day of November, 2009 Duke Energy Carolinas, LLC's a revised copy of **Mc Maneus Settlement Exhibit 1** via electronic mail to the persons named below at the addresses set forth:

Jeffrey M. Nelson
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201

Shealy Boland Reibold
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201

Shannon Bowyer Hudson
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201

Scott A. Elliott
Elliott & Elliott, P.A.
721 Olive Street
Columbia, SC 29205

J. Blanding Holman, IV
Southern Environmental Law Center
P.O. Box 609
Charleston, SC 29402
Rolf Baghdady
The S.C. Green Party
118 Cobblestone Court
Chapin, SC 29036

Gudrun Thompson
Southern Environmental Law Center
P.O. Box 609
Charleston, SC 29402

This 25th day of November 2009.

/s/ Catherine E. Heigel
Catherine E. Heigel
Associate General Counsel
Duke Energy Carolinas, LLC
526 S. Church Street, EC03T
Charlotte, North Carolina 28202