RIDER EE (SC)
ENERGY EFFICIENCY RIDER

APPLICABILITY (South 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 Public Service Commission of South Carolina (PSCSC). 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 consists of two four-year term programs, years 2009 – 2013 and years 2014 – 2017 as outlined separately below. This rider applies to service supplied under all rate schedules for program years 2009 – 2013 but does not apply to Rate Schedules, OL, FL, PL, GL and NL for program years 2014 – 2017.

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.

I. PROGRAM YEARS 2009-2013 (Vintages 1-4)

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 SAW energy efficiency programs will be determined on a system basis and allocated to all South Carolina retail customer classes based on SC retail contribution to system retail sales. Residential customers will pay for the allocated cost of residential programs; non-residential customers will pay for the allocated cost of non-residential programs.

Revenue requirements will be determined on a system basis and allocated to South Carolina retail customers based on the South Carolina retail contribution to system retail peak demand for demand-side management programs and South 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 PSCSC 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 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 trued-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 7 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 seventh 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.

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Percentage Actual Target Achievement	Return on Investment Cap on Program Costs Percentage
>=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 (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 X 75%) + (Residential Energy Efficiency Program Avoided Cost Revenue Requirement X 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 X 75%) + (Non-residential Energy Efficiency Program Avoided Cost Revenue Requirement X 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

II. PROGRAM YEARS 2014-2017 (Vintages 2014-2017)

GENERAL PROVISIONS

This Rider will recover the cost of new energy efficiency and demand-side management programs, using the method approved by the PSCSC, for programs implemented over a four-year period (*i.e.*, comprising four 12-month program years or "Vintage Years").

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 trued-up on an annual basis as actual customer participation and actual kW and kWh impacts are verified. The true-up will reflect actual participation and EM&V results for the most recently completed vintage. If a customer participates in any vintage of programs, the customer is subject to the true-ups for any vintage of programs in which the customer participated.

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RIDER EE OPT OUT PROVISION FOR QUALIFYING NON-RESIDENTIAL CUSTOMERS

The Rider EE 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 has notified the Company in writing that it elects to opt out and that the opt-out customer has implemented its own energy management system or 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
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; or
    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 greater in the billing months of the prior calendar year. Additionally, all other agreements billed to the same entity with lesser annual usage located on the same or contiguous properties are also eligible 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 designated annual two-month enrollment period. For the Rider EE 2016 Program Year, the enrollment period begins November 1, 2015 and ends December 31, 2015.
- 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.
- Customers who elect to opt out during the two-month annual enrollment period immediately prior to the new Rider EE becoming effective may elect to opt in to the Company's energy efficiency program during the first 5 business days of March each calendar year. Customers making this election will be back-billed to the effective date of the new Rider EE.

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.
- Customers who elect to opt out during the two-month annual enrollment period immediately prior to the new Rider EE becoming effective may elect to opt in to the Company's demand-side management program during the first 5 business days of March each calendar year. Customers making this election will be back-billed to the effective date of the new Rider EE.

Any qualifying non-residential customer that has not participated in an energy efficiency or demand-side management program may opt out during any enrollment period, and have no further responsibility to pay Rider EE amounts associated with the Customer's opt out election for energy efficiency and/or demand-side management programs.

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ENERGY EFFICIENCY RIDER ADJUSTMENTS (EEA) FOR ALL PROGRAM YEARS

The Rider EE amounts applicable to the residential and nonresidential rate schedules for the period January 1, 2016 through December 31, 2016 including revenue-related taxes and utility assessments are as follows:

Residential	Vintage 1, 2, 3,4	0.0911¢ per kWh
	Vintage 2014,2015 and 2016	0.4021¢ per kWh
	Total Residential	**0.4932¢ per kWh**

Nonresidential

	Energy Efficiency	Demand-Side Management
Vintage 1	(0.0018)¢ per kWh	(0.0010)¢ per kWh
Vintage 2	0.0277¢ per kWh	0.0042¢ per kWh
Vintage 3	0.0094¢ per kWh	(0.0057)¢ per kWh
Vintage 4	0.0227¢ per kWh	(0.0012)¢ per kWh
2014 Vintage*	0.0951¢ per kWh	0.0088¢ per kWh
2015 Vintage*	0.0700¢ per kWh	0.0219¢ per kWh
2016 Vintage*	0.2800¢ per kWh	0.0955¢ per kWh
Total Vintage 1, 2, 3,4, 2014, 2015 and 2016	0.5031¢ per kWh	0.1225¢ per kWh
Total Nonresidential	**0.6256¢ per kWh**	

*Not Applicable to Rate Schedules OL, FL, PL, GL, and NL

Each factor listed under Nonresidential is applicable to nonresidential customers who are not eligible to opt out and to eligible customers who have not opted out. If a nonresidential 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.