

**BPM NET REVENUES AND NON-FIRM POINT-TO-POINT  
 TRANSMISSION REVENUES ADJUSTMENT RIDER (NC)**

**APPLICABILITY (North Carolina Only)**

Service supplied under the Company’s rate schedules is subject to approved Bulk Power Marketing (BPM) net revenues and short-term non-firm point-to-point transmission revenues adjustments, if any, over or under the rate incorporated in the approved rate schedules.

**BPM NET REVENUES AND NON-FIRM POINT-TO-POINT TRANSMISSION REVENUES RATE ADJUSTMENTS**

The Commission has ordered effective for service rendered on and after January 1, 2008 that such an adjustment shall be included in the Company’s rate schedules and an appropriate BPM net revenues and short-term non-firm point-to-point transmission revenues adjustment rider be filed together with the rate schedules to implement the changes to the BPM net revenue and non-firm point-to-point transmission revenues components.

**BASE BPM NET REVENUES AND BASE NON-FIRM POINT-TO-POINT TRANSMISSION REVENUES**

The Base BPM Net Revenues amount established January 1, 2008 in Docket No. E-7, Sub 828 and reestablished in Docket No. E-7, Sub 909, is a decrement of 0.0642 ¢/kWh. The Base Non-Firm Point-to-Point Transmission Revenues established January 1, 2008 in Docket No. E-7, Sub 828, and reestablished in Docket No. E-7, Sub 909, is a decrement of 0.0067 ¢/kWh. These decrements to base rates will remain in effect until new base BPM Net Revenues and Non-Firm Point-to-Point Transmission Revenues are established by the Commission in the next general rate case.

**BPM NET REVENUES AND NON-FIRM POINT-TO-POINT TRANSMISSION REVENUES ADJUSTMENT FACTOR**

A rider adjustment will be applied to the energy charges of all NC Retail rate schedules in an amount to the nearest one ten-thousandth of a cent, as determined by the following formula, to the extent determined reasonable and proper by the Commission. This adjustment is not included in the rate schedules of the Company and therefore, must be applied to the bill as calculated under the applicable rate.

$$A = (((B - BB) + (P - BP)) + R) / S$$

Where:

- A = BPM Net Revenues and Non-Firm Point-to-Point Transmission Revenues Rate Adjustment per kilowatt hour applied to the applicable base rates rounded to the nearest one ten-thousandths of a cent
- B = Net Revenues from Certain Wholesale Sales for the period calculated as [(WR – IC) X 90% X NC Allocation Factor]

Where:

WR = Revenues from Bulk Power Marketing (BPM) Sales, defined as non-firm wholesale sales made by Duke Energy Carolinas under its market-based rate authority and sales made under Duke Energy Carolinas, LLC Wholesale Cost-Based Rate Tariff Providing for Sales of Capacity and Energy within the Duke Energy Carolinas, LLC Control Area.

NC Allocation Factor = NC Retail kWh sales / Total kWh sales from current Cost of Service Study

IC= Incremental Costs, defined as incremental costs associated with the wholesale sales (WR above), as determined by a post event dispatch model that assigns the lowest cost generation to serve retail and cost-based wholesale load. The incremental costs shall include the fuel costs and variable O&M costs as determined by the post event dispatch model, emissions allowance costs using the methodology proposed by the Public Staff and approved by the Commission in its June 28, 2006 Order in Docket No. E-7, Sub 751, the transmission costs associated with said sales, an allocation of wholesale business personnel costs, and the net impact of any hedges entered into on behalf of said transactions.

BB = Base BPM Net Revenues established January 1, 2008 in Docket No. E-7, Sub 828 decrement of 0.0642 ¢/kWh

P = Revenues from Non-Firm Point-to-Point Wholesale Transmission Service provided under the Open Access Transmission Tariff for the period calculated as [WT X 100% X NC Allocation Factor]

**BPM NET REVENUES AND NON-FIRM POINT-TO-POINT  
 TRANSMISSION REVENUES ADJUSTMENT RIDER (NC)**

Where:

- WT = Revenues from Non-Firm Point-to-Point Transmission Sales, defined as short-term non-firm wholesale transmission sales made by Duke Energy Carolinas under its Open Access Transmission Tariff.
- NC Allocation Factor = NC Retail Transmission Plant / Total Transmission Plant from current Cost of Service Study
- BP = Base Non-Firm Point-to-Point Transmission Revenues established January 1, 2008 in Docket No. E-7, Sub 828 decrement of 0.0067 ¢/kWh
- R = Return calculated by applying, on a monthly basis, the net-of-tax overall rate of return approved in the last general rate case.
- S = Projected Sales, defined as projected North Carolina Retail jurisdictional kilowatt hour sales from all classes of customers for the applicable July 1 – June 30 rider period.

The following shows the calculation of the BPM Net Revenues and Non-Firm Point-to-Point Transmission Revenues Adjustment:

	Effective <u>July 1, 2011</u>
Base BPM Net Revenues and Non-Firm Point-to-Point Transmission Revenues Rate Established January 1, 2008 in Docket No. E-7, Sub 828	-0.0709 ¢/kWh
BPM Net Revenues and Non-Firm Point-to Point Transmission Revenues Rate Adjustment	0.0467 ¢/kWh
Gross Receipts Tax and Regulatory Fee Multiplier	<u>X 1.034554</u>
Total Adjustment	0.0483 ¢/kWh

The appropriate revenue-related tax factor is applicable to rate adjustments approved under this Rider. The rider calculation will be subject to appropriate modification to reflect changes in income tax laws or regulations, subject to Commission approval.

Beginning in 2009, the Company files the BPM Net Revenues and Non-Firm Point-to-Point Transmission Revenues Adjustment Rider on May 1 of each year following the calendar year under consideration, to be effective July 1 of that year. The procedure followed with respect to the review and implementation of each BPM True-Up Rider shall be the same as that established in Docket No. E-7, Sub 751.