

EXISTING DSM PROGRAM COSTS ADJUSTMENT RIDER (NC)

AVAILABILITY (North Carolina Only)

Service supplied under the Company's rate schedules is subject to approved Demand Side Management (DSM) program costs adjustments, if any, over or under the rate incorporated in the approved rate schedules.

EXISTING DSM PROGRAM 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 existing DSM program costs adjustment rider be filed together with the rate schedules to implement the changes to the existing DSM program costs components.

The Base Existing DSM Program Costs amount established January 1, 2008 in Docket No. E-7, Sub 828 is 0.0282 ¢/kWh. Effective July 1, 2009, the Approved Existing DSM Cost is unchanged from the 0.0282 ¢/kWh approved in Docket No. E-7, Sub 828.

A rate 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.

$$A = D / S$$

Where:

A = Existing DSM Program Costs Rate Adjustment per kilowatt hour applied to the applicable base rates rounded to the nearest one ten-thousandths of a cent

D = DSM deferral account balance for the period calculated as  $((C \times \text{NC Allocation Factor}) - E) + R$

Where:

C = Program costs from existing DSM programs as defined in Docket Nos. E-7, Sub 487, E-100, Sub 64, and E-100, Sub 75.

NC Allocation Factor = NC Retail summer coincident peak / Total system summer coincident peak from current Cost of Service Study

E = Base Existing DSM Program Costs established January 1, 2008 in Docket No. E-7, Sub 828 of 0.0282 ¢/kWh, multiplied by actual NC Retail kWh sales for the applicable period

R = Return calculated by applying, on a monthly basis, the net-of-tax overall rate of return approved in the last general rate case and compounding annually

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 of Existing DSM Program Costs Adjustment

	Effective January 1, 2008	Effective July 1, 2009
	<u>E-7, Sub 828</u>	<u>E-7, Sub 828</u>
Base Existing DSM Costs	0.0282 ¢/kWh	0.0282 ¢/kWh
Change in Existing DSM Costs		-0.0033 ¢/kWh
Gross Receipts Tax and Regulator Fee Multiplier		<u>1.034554</u>
Change in Rates		-0.0034 ¢/kWh

The appropriate revenue-related tax factor will be applied 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 shall file the Existing DSM Program Costs Adjustment Rider on April 1 of each year following the calendar year under consideration, to be effective July 1 of that year.

EXISTING DSM PROGRAM COSTS ADJUSTMENT RIDER (NC) continued

EFFECT ON RATES

As a result of the Commission's June 16, 2009 order in Docket No. E-7, Sub 828 the Net Existing DSM Program Costs are included in the current rate schedules effective for service on and after July 1, 2009.

USE OF RIDER

Since adjustments are already included in the Rates of the Company's current rate schedules which are effective for service on and after July 1, 2009, this Rider should not be used in addition to such rate schedules for bill calculations.