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March 10, 2014

Via Electronic Filing

Ms. Gail Mount, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4325

RE: NCUC Docket No. E-7, Sub 1026

Dear Ms. Mount:

Enclosed for filing please find Duke Energy Carolinas, LLC's Reply Comments to the comments and motion made by the North Carolina League of Municipalities and other parties regarding outdoor lighting tariffs in the above-referenced docket.

Please let me know, at your earliest convenience, if you have any questions regarding this matter.

Sincerely,

A handwritten signature in black ink that reads "Heather Shirley Smith".

Heather Shirley Smith

Enclosures

Copy: Parties of Record (w/encl.)

OFFICIAL COPY

Mar 10 2014

CERTIFICATE OF SERVICE

Docket No. E-7, Sub 1026

I certify that a copy of Duke Energy Carolinas, LLC's Reply Comments. has been served by electronic mail (email), hand delivery, or by depositing a copy in the United States Mail, first class postage prepaid, properly addressed to the parties of record.

This the 10th day of March, 2014.

Heather Shirley Smith
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Mar 10 2014

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1026

In the Matter of)	
)	
Application of Duke Energy Carolinas,)	DUKE ENERGY CAROLINAS,
LLC For Adjustment of Rates and)	LLC'S
Charges Applicable to Electric Service)	REPLY COMMENTS
in North Carolina)	

Duke Energy Carolinas, LLC ("Duke Energy Carolinas" or the "Company"), by counsel, hereby files with the North Carolinas Utilities Commission's ("NCUC") its Reply Comments to the comments filed by the North Carolina League of Municipalities ("NLCM" or "the League") on January 22, 2014 and motion filed on February 10, 2014.

I. Overview of Duke Energy Carolinas' Lighting Modernization Plan

On December 31, 2013, in compliance with the Commission's Order in Duke Energy Carolinas' recent rate case in Docket No. E-7, Sub 1026, Duke Energy Carolinas filed revisions to outdoor lighting Schedules OL, GL and PL that would allow Duke Energy Carolinas to offer light emitting diode ("LED") rate options under these rate schedules (the "December 31 Filing"). The Commission approved the December 31 Filing on January 28, 2014 in its *Order Approving Request and Authorizing Interested Parties to File Comments* in this docket. The schedules proposed in the December 31 Filing and approved by the Commission constitute the first step in the Company's overall strategy to modernize its outdoor and street

lighting, or Lighting Modernization Plan.¹ The Company is embarking on its Lighting Modernization Plan because LED technology has gained many efficiencies since its introduction. The Company's industry partners have focused on increasing efficacy – increasing lumens while decreasing wattage, improving light quality, and increasing product lifecycle, all while decreasing product costs. With the advancements in LED technology, products are now commercially available and ready for market entrance as a utility grade product, which led the Company to modifying its tariffs to include LED fixtures in the December 31 Filing. The Lighting Modernization Plan focuses not only on modernizing its offering of outdoor lighting fixtures, but ultimately modernizing the Company's capabilities with enhanced outage reporting and potentially including lighting controls such as dimming capabilities—features which the Company is developing in response to input from its lighting customers.

The first step in the Company's Lighting Modernization Plan to modernize its lighting was to offer LED technology to customers for new installations, as included in the schedules proposed in the December 31 Filing and approved by the Commission on January 28, 2014. The Company has customers who want to contract for new or additional lighting and have been waiting on an LED option. Now that the revised schedules have been approved, the Company will be able to meet these customers' lighting needs. These revised schedules will allow the Company to begin transitioning its standard offering for new lighting away from the less energy-efficient

¹ Duke Energy Progress is making similar plans, and will seek Commission approval for changes to its street lighting offerings in the near future.

High Pressure Sodium (“HPS”) and Metal Halide (“MH”) options currently available on outdoor lighting tariffs, and toward LED products.

The revised schedules also allow the Company a mechanism to change out its Mercury Vapor (“MV”) lamps to LEDs upon failure of either the lamp or a ballast. As explained in the Company’s December 31 Filing, this is likely a more desirable change than the current practice of replacing with an HPS luminaire due to the LED color being more similar to MV lamps, and the improved efficiency of LEDs. Additionally, customers who voluntarily seek to replace MV lights with LED lights may also enter into an agreement for LED lighting under the proposed schedules. This is an important feature of the Company’s offering because MV lights are being transitioned out of the outdoor lighting industry due to environmental and other concerns. Some historical context may be helpful in understanding why the Company has prioritized replacing MV lights over replacing HPS and MH lights.

In its 2007 order allowing HPS replacements of MV, the Commission approved changes to the Company’s lighting schedules to restrict the future installation of MV lighting and to allow the Company to automatically replace MV fixtures with the nearest-size high pressure sodium at such time that the ballast or fixture failed to operate. *In the Matter of Application of Duke Energy Carolinas, LLC to Revise Lighting Rate Schedules OL, PL, FL and Nantahala Area Schedules YL, SL, and FL*, Docket No. E-7, Sub 835 (Aug. 30, 2007). This action was in response to the Energy Policy Act of 2005 which required that MV ballasts not be manufactured or imported in the United States, effective January 1, 2008. (42 USCS § 6295 (2005)). Accordingly, since 2007, the Company has not installed any new MV fixtures. Beginning in January 2014, if a MV fixture is now reported as being out of service

with failure of lamp or ballast, the fixture will be transitioned to an LED fixture, per the Company's tariff recently approved by the Commission. The Company's current approach builds upon that 2007 Order in Docket No. E-7, Sub 835 by slowly phasing out MV lighting.

The Company believes it is undisputed within the industry that MV fixtures and lights are rapidly approaching obsolescence, both from a legal point of view and from a practical point of view. In either case, given that over a quarter of outdoor lights on the Company's system are MV, this is of concern to the Company. From a legal point of view, this path toward obsolescence began in 2005, as explained above, and has continued with United States Department of Energy ("DOE") initiating a rulemaking process for all high-intensity discharge lamps.² It is expected that this rulemaking will result in efficiency standards that MV lamps will not be able to meet. The Company believes that this rulemaking indicates that the DOE's view is that MVs are no longer viable options. For example, slide 64 of a recent DOE presentation at a public meeting on April 12, 2013 in the previously mentioned rulemaking indicated that MVs will not even be available in the next few years (attached).³ From a practical point of view, the MV lighting installed on the Company's system is nearing the end of its useful life and it's time to replace it. The average rated life of a MV lamp is 24,000 hours or about six years. MV lamps gradually dim until they eventually fail, and it is more cost effective, and in customers' best interest, to replace those MV lights with more modern and sustainable LED lighting which will consume less energy with improved illumination. While the

² http://www1.eere.energy.gov/buildings/appliance_standards/product.aspx/productid/60

³ <http://www.regulations.gov/#!documentDetail;D=EERE-2010-BT-STD-0043-0021>

Company's current tariffs provide that MV lighting will be replaced either for repair or by customer request, the Company plans to seek approval to expand upon this replacement in future filings by proposing a full scale, proactive replacement of all MV lighting. This replacement will which provide for a more sustainable path that is more aligned with DOE's future views on MV lighting. This plan, both in terms of the tariffs currently approved by the Commission as well as a future proactive MV plan, is squarely within the Commission Rule R8-47(d) to incent the installation of energy efficient lighting products. (Requirements of Minimum Standard Offerings of Lighting Luminaires, 4 N.C.A.C. 11.R8-47). The next steps for the Lighting Modernization Plan are to move beyond repair and voluntary replacement of MV lighting to proactive MV lighting replacements with LED for all MV lights remaining on the Company's system.

This plan does not preclude HPS or MH replacements, but, as described below, the Company needs to design a mechanism that will financially allow replacement of HPS and MH lights while ensuring the Company recovers its remaining costs for those fixtures. Since HPS and MH were introduced much more recently than MV lighting, these fixtures have not been fully depreciated or reached end of life. As of the date of this filing, the Company estimates (in order of magnitude) approximately \$200 million remaining book value associated with HPS and MH lighting. As described below, the Company needs input from its customers on how best to affordably resolve this issue without shifting conversion costs to others within the rate class.

Finally, the Company's Lighting Modernization Program includes development of enhanced outage reporting capability, as well exploration of the potential for lighting controls such as dimming, for future options.

In short, the Company plans a systematic, cost-effective and orderly evaluation and implementation of its Lighting Modernization Plan, considering input from not only the members of the League, but all of Duke Energy's outdoor lighting customers. The Company expects the Lighting Modernization Plan will take several years for full evaluation and implementation, and will encompass multiple filings before this Commission.

II. The Company's Response to Issues Presented in the League's filings dated January 22 and February 10, 2014

In its filings, the League requested the Commission to enter an Order requiring the Company to take the following actions:

- A. By July 1, 2014, file a second LED offering that is available for the replacement of high pressure sodium vapor lights and metal halide lights; and
- B. Using the LED offering of Duke Energy Progress as a model, include in the LED offering a customer ownership option; and
- C. Using the LED offering of Duke Energy Progress as a model, include in the LED offering a variable rate component that allows the customer to benefit from the declining cost of technology under a company ownership option; and
- D. Provide to the Public Staff and to the League data and assumptions regarding capital and on-going costs, as well as, energy consumption utilized by DEC in developing rates included in the subsequent LED offering, to allow those parties to better understand the rates; and
- E. Meet with municipal customers, on a quarterly basis going forward, to continue collaborative efforts of modernizing the Company's lighting offerings.

The Company responds to each of these five requests below.

A. Replacing HPS and MH Lights with LEDs

In its January 22nd comments at paragraph 3(a) the League notes that the Company's LED rate offering under Schedule GL, the tariff currently available for outdoor lighting service to municipal customers, is available for new installations only and is not available for replacements for HPS or MH lights. In its February 10th filing on page 3, the League requests that the Commission require the Company to file a second LED offering that is available for the replacement of HPS and MV lights. The League is correct that those options are not included in the Company's recently approved tariffs; however, it made sense for the Company to prioritize new installations and voluntary MV replacement. Customers who do not currently have outdoor lighting should be able to install LED lighting given that the Company has been able to price and offer the option. Next, voluntary and enhanced automatic MV replacement (which the Company hopes will transition to proactive replacement) made sense given that MV technology is quickly approaching obsolescence, and the Company will soon make that request before the Commission. However, a key difference between the MV and HPS and MH fixtures on the Company's system concerns net book value. The Company believes that it has recovered the vast majority of its capital costs associated with MV fixtures. Accordingly, the Company was able to offer voluntary and repair change outs from MV fixtures to LED fixtures in the December 31 Filing without a significant impact on the rates of other lighting customers, and plans to propose proactive replacement of all MV fixtures in an upcoming filing. However, circumstances are somewhat different for HPS and MH

fixtures, which is a matter that the Company has been discussing with its municipal customers before and since the League's filing. Since HPS and MH lighting were introduced, the vast majority of new lighting installed is of these types, so there is still considerable undepreciated cost for the HPS and MH fixtures. The Company hopes to develop a HPS and MH replacement mechanism that accomplishes both customer ability to replace HPS and MH with LED but also enables a recovery mechanism for this cost such that the Company is not left with stranded assets as HPS and MH fixtures are replaced with LED technology. The Company is still vetting this issue internally. Moreover, the Company is still gaining feedback from municipal customers on how to prioritize the volume of lights which will help determine the appropriate charge. This discussion was not something that could be accomplished in the December 31 Filing. The Company is not certain that a proposal for HPS and MH replacements is something that can be accomplished by July 1, 2014; however, the Company is willing to try to find a solution before that date, or, at a minimum, report on that date as to the status of the Company's efforts and the status of its conversations on this issue with municipal and other customers. However, that willingness to find a way to equitably and affordably find a solution for HPS and MH replacement does not impede the facts and the Company's need and desire to address MV replacements.

B. Customer Ownership

In its January 22nd comments, at paragraph 3(b), the League notes that the Company's LED rate offerings do not include a customer-ownership option, such as that offered under the analogous Duke Energy Progress rate schedule, SLS-26. The League also explains that "the customer-ownership option allows a willing municipal

customer to take advantage of its ability to borrow money at lower rates than the utility and has proven to be a cost-effective option for several municipal customers.” The Duke Energy Progress SLS-26 tariff has been frequently cited by the League; accordingly, some background may be useful.

In March 2010, Duke Energy Progress was one of the first utilities in the country to offer LED lighting at a time when the technology was unproven. Duke Energy Progress had just concluded a one-year trial installation in downtown Raleigh that demonstrated the effectiveness of the LED product, but had no experience regarding the ongoing operation and maintenance (“O&M”) of the lighting technology. Few national lighting manufacturers were offering an LED product and the standard warranty was only three years. Duke Energy Progress worked closely with manufacturers to develop “utility-grade” fixtures that they believed would be suitable for long-term installation on utility systems. After a product was identified, Duke Energy Progress developed two pricing options to share some of the risk associated with LED technology with participants to enable early adopters of LED.

The first pricing “fixed rate” option charged a customer a fixed monthly rate, plus an additional monthly charge to reflect the high purchase price of the LED fixture. Since the purchase price was expected to drop in the future, this allowed a higher monthly rate to be charged to early adopters with future participants realizing a cost savings as fixture prices declined. The second “customer-ownership” pricing option was only offered for street lighting and charged the customer a lower fixed monthly rate with the customer being required to purchase and provide the LED fixture to Duke Energy Progress for installation. This approach shifted all LED

technology performance risk to the customer. The League has requested that Duke Energy Carolinas adopt both of these options.

While not necessarily relevant to this docket, in the interest of transparency, the Company has communicated to the League and municipal customers that Duke Energy Progress is preparing a filing to seek Commission approval to close the Customer Ownership option to future subscription (while continuing to honor arrangements to prior installations). The original offering under SLS-26 has achieved its intended purpose of providing an entry-way into the LED market. Both Duke Energy Progress and Duke Energy Carolinas offered tariffs that allowed the companies to gain market understanding of LED technology, pricing, and interest. Duke Energy Carolinas offered the Nonstandard Lighting Service tariff initially for this purpose, while Duke Energy Progress offered SLS-26. Both Duke Energy entities now believe that LED lighting is a sufficiently proven product and technology that offers long-term service for its lighting customers; therefore, it is no longer necessary to consider nonstandard “risk-sharing” pricing options between its customer and the Company.

From the Company’s point of view, the Customer-Ownership option offered by Duke Energy Progress was available at a time when LED technology was unproven and therefore created risk for other ratepayers if they failed to perform. LED technology has since experienced significant advancements in pricing, product warranty, color rendition, light distribution, energy efficiency and maintenance issues that indicate that it is now a mature enough technology that should therefore be viewed like all other light sources.

Even aside from those reasons, the Company is not planning to offer the type of customer ownership options requested by the League because it is not part of the utility's business model. First, the Company does not earn any return on the assets owned by the cities, and is obligated to provide certain O&M on those assets. Duke Energy Progress was willing to propose, and support, this option during the last few years as it provided knowledge gain for the Company and enabled municipal customers to take advantage of low cost debt available to municipalities; however, that option has fulfilled its purpose to the Company. At this time, the Company is not willing to provide O&M to lighting assets it does not own, and believes that the O&M responsibilities for the lighting assets should follow ownership of the lighting assets. For these reasons, Duke Energy has concluded that the provision of outdoor lighting service can best be met by the installation of company-owned fixtures that can be installed and maintained at the lowest cost to its customers, and that can be included in future enhancements for outage reporting and lighting control technology.

It is important to note that cities are free to purchase their own lighting and the Company can meter the electricity usage. Duke Energy does not have a monopoly on street lighting or outdoor lighting offerings. Accordingly, the Company believes there is scant justification to require the Company to provide a customer-ownership option without its consent when customer-ownership options already exist in the marketplace. All customers will continue to have the currently available option to own and install their own lighting system under an applicable metered general service schedule if they believe customer-owned lighting is beneficial, and the Company has and continues to discuss this view with its municipal customers.

C. Variable Pricing

In its January 22 comments, at paragraph 3(c), the League noted that LED rate offerings do not allow the customer to take advantage of the rapidly declining cost of LED technology for standard streetlights. The Company disagrees with this characterization. The Company's offerings do allow for price decreases for decorative and non-standard fixtures that are offered under the extra additional facilities provisions of the lighting tariffs (e.g., Decorative Luminaires). The Company believes there may be material price decreases in that market (i.e., nonstandard fixtures). However, the Company believes that the most drastic price declines have already occurred in the market for standard roadway fixtures included in December 31 Filing and thus proposed a fixed rate. The standard fixture costs are only 30 to 50 percent of the monthly rate for the light, depending upon the fixture; therefore a small price decline will not significantly impact the monthly rate. Moreover, in reality, O&M or other costs included in the rate may increase. Rates typically are not adjusted for changes in one cost without also considering possible changes in the other costs. The Company competes with non-regulated firms to provide outdoor lighting for customers and has every interest to be as competitive as possible, but needs to ensure that costs are appropriately recovered from the customers who subscribe to lighting service. To this end, as new products with greater efficacy and therefore, lower wattage, are introduced into the market, the existing tariffs already enable adding new products at a monthly rate that captures the cost impact of that new product.

It is also important to note that under the Duke Energy Progress variable pricing option, early adopters do not benefit from future price reductions as fixture

prices decline. The Company has discovered there has been a great deal of confusion about this fact with customers (which is another reason to simplify the pricing included in the rates for standard fixtures). Contrary to the impression some customers have, under that pricing option the fixtures installed prior to any price reduction will always continue to pay a higher monthly facilities charge (i.e. the cost difference between a standard HPS fixture and the customer requested LED) to compensate for the actual fixture cost at the time of installation. Duke Energy Progress informed its customers that a less expensive monthly rate was likely in the future as fixture prices declined, but if they desired to immediately utilize LED technology it was available at a fixed monthly rate plus the current variable additional monthly charge. This concept is no longer necessary because to the extent there are future price declines, increases in lumens, or the introduction of additional standard features, it is in the Company's best interest to voluntarily add these new products and amend its tariffs before the Commission – if it does not, then the Company risks not being competitive.

D. Understanding Rate Assumptions

In its February 10th filing, the League requested that the Company provide to the Public Staff and to the League data and assumptions regarding capital and ongoing costs, as well as, energy consumption utilized by the Company in developing rates included in the subsequent LED offering, to allow those parties to better understand the rates. The Company has already been discussing the cost components of the rates with municipal customers, and will continue to do so, but the Company is somewhat limited on providing certain cost components to the customers. The Company's pricing, especially for fixtures, is a trade secret to the Company and

disclosure of that information could cause the Company competitive harm in negotiating future fixture purchases for customers. Moreover, the Company's fixture pricing is based on economies of scale negotiated with vendors. The Company has committed to its vendors that it will not share fixture pricing, as that would enable a city or others to use the Company's price against the vendor in negotiations in which the Company isn't even involved. Accordingly, the Company is not willing or free to share fixture pricing with current or prospective customers; however, the Company is (of course) willing to share any and all of that information with the Public Staff on a confidential basis, subject to notice to vendors.

E. Interaction with Municipal Customers

In its January 22 comments, at paragraph 2, the League notes that it was not involved in the development of those LED rate options prior to filing, and in its February 10th filing the League requests quarterly meetings on lighting offerings on a going forward basis.

The Company has continued to meet with municipal customers⁴ and the Company apprised the League of the filing before it was made, as soon as the details

⁴ Aug. 13, 2013 – Representatives from the Company met with a representative from the City of Charlotte to discuss the performance of the 200+/- LEDs that were installed in the summer of 2012 under its rate schedule NL.. Items discussed included how the fixtures performed, energy savings, etc. The City of Charlotte provided feedback on the lighting quality and also asked about the dimming capabilities of the installed lights. They were informed that the lights installed did not come with a dimmable feature. The City of Charlotte requested that any fixture provided to them going forward should have the capability to be dimmed. This request has since been incorporated into the Company's standards.

Oct. 7 through 15, 2013 – The Company made a request to the City of Hickory to temporarily replace four existing HID fixtures with LEDS prior to the League's annual conference Oct 13-15. The purpose for this request was to allow Hickory and other municipalities attending the conference the ability to observe, compare, and provide the Company feedback on the performance of the LEDs. In addition to installing the four fixtures, Duke Energy Carolinas sponsored a booth during the conference where another LED fixture was displayed. Several representatives from the Lighting Team of both entities manned the booth from October 13 through 15. During the conference, the lighting team handed out LED collateral and responded to several customer inquiries. Duke Energy's Community Relations Managers also solicited input from their customers during the event on the LEDs that were installed and displayed.

were available. The Company views the December 31 Filing as a first step in its Lighting Modernization Plan, and none of the issues raised by the League could have been resolved (or even meaningfully discussed) in advance of that filing. The Company has continued to discuss outdoor lighting and its Modernization Plan with its municipal customers via conference calls and variety of meetings held or to be held across the State. The Company is willing to meet in person or participate in a conference call on a six month basis at a date and time agreeable to all involved, but believes that quarterly meetings to discuss lighting may be somewhat excessive given that the Company has a variety of assigned account representatives that can answer municipalities' questions or otherwise facilitate conversations when requested by customers.

III. The Company's Response to Issues Presented by Other Interested Parties

A. Town of Carrboro

The Town of Carrboro filed "comments" in this docket on January 24, 2014 requesting that the League of Municipalities, the NCUC Public Staff and the NCUC oppose filings that allow Duke Energy Carolina to postpone already tested and proven

Nov. 6, 2013 – Company Representatives met with customers in Carrboro who had expressed interest in switching to LED lighting. Among the things discussed was the December 31 Filing and Carrboro's interest in a pilot program similar to Asheville.

Others in 2013 – Duke Energy Carolinas' lighting team met with several towns in 2013 to discuss pricing, future of LED filing, and products. These towns included East Spencer, Salisbury, Greensboro, Marion, and Misenheimer.

Jan 14, 2014 – The Company met with the Town of Brevard to discuss lighting options for the town's upcoming streetscape project and provided feedback to the town on its proposed LED products and rates. The town was interested in obtaining Duke Energy's input to product selection.

The Company has also held Outdoor Lighting Workshops in conjunction with the Southeast Sustainability Directors' Network on February 27, 2014 (Cary), March 6 (Hickory) and will participate in another workshop on March 13 (Greensboro).

customer-owned LED street light rates for replacement of both and HPS and Mercury Vapor street lights (Jan. 24 Comments, p. 4). The Town of Carrboro filed additional comments on February 7, 2014, requesting that Duke Energy Carolinas provide a customer-owned rate identical to the Duke-Progress Rate with the City of Asheville (Feb. 7 Comments, p. 1). In those comments, the Town of Carrboro admits it is represented by the League and as such, the Company believes its response to the League included above provides sufficient response. The Company notes that the Town is not an individual intervenor in this docket, and did not even serve the Company's counsel with its comments. Accordingly, while the Company has no wish to strike the Town of Carrboro's comments or its right to voice its opinion, the Company respectfully requests that the Commission refrain from considering the Town of Carrboro as an individual participant in this case given that it is represented by the League.

B. North Carolina Sustainable Energy Association ("NCSEA")

NCSEA filed comments on March 3, 2014 largely in support of the League's positions, which the Company has addressed above. Additionally, NCSEA argued that the Company was not providing consumer-oriented lighting options to customers pursuant to Commission Rule R8-47(a), which provides:

Utilities are urged to investigate new, more efficient lighting systems as they are developed and, where such systems are efficient and economical to the consumer, to request approval of newer systems as standard tariff items.

Contrary to NCSEA's position (and it does not define what it means by "consumer-oriented"), the options provided by the Company are economical to consumers (and it has provided no evidence to the contrary). In fact, the LED

options offered by the Company are generally more favorable to the customers than the existing HPS options, especially considering lower energy usage, and nothing in Rule 8-47(a) can be read to require the Company to provide O&M to assets it does not own.

NCSEA also makes vague reference to merger conditions in an effort to argue what the best practices are between Duke Energy Progress and Duke Energy Carolinas. NCSEA writes:

Based on the municipalities' expressions in this proceeding, there should be no doubt that DEC's municipal customers view DEP's LED tariff as a "best practice".....[and] [t]o carry out the intent of Regulatory Condition No. 11.2 and ensure that DEC's municipal customers receive superior public utility service, the Commission should grant NCLM's motion and direct DEC to recognize DEP's LED tariff as a "best practice" and file a DEP-like LED tariff by 1 July 2014. (NCSEA March 3 Comments, p. 3)

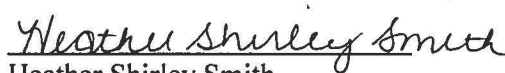
NCSEA attempts to fit a square peg into a round hole. The Company is in a far better position to evaluate and determine what are "best practices" in the interest of both its customers and investors, and the Company has done that with its Lighting Modernization Plan. Moreover, NCSEA provides no legal justification that would support an argument that the Company could be forced to operate and maintain assets owned by another without the Company's consent. All other arguments raised by NCSEA have been addressed elsewhere in these comments.

IV. Conclusion

Of the conditions proposed by the League in its January 22 and February 10, 2014 filings, the Company is willing to meet, and is meeting, with municipal customers during the first quarter of 2014 to discuss the modernization of streetlight offerings, including replacement of HPS and MH fixtures with LED fixtures, and to confer on a six-month basis. The Company is also willing to agree to the condition

proposed by the League that it make a filing with the Commission on or before July 1, 2014, to file an LED replacement offering for HPS and MH fixtures, provided that if the Company is not ready to make such an offering, it will instead file with the Commission or otherwise inform the Public Staff as to the status of its conversations with municipal customers on this issue. For the reasons stated above, the Company respectfully requests that the Commission deny the League's request to force the Company to offer a customer ownership option that requires the Company, without its consent, to operate and maintain the fixtures owned by another, to provide variable pricing for standard fixtures, or to produce fixture pricing to any party other than Public Staff for the reasons stated above.

Respectfully submitted this the 10th day of March, 2014.


Heather Shirley Smith
Deputy General Counsel
Duke Energy Carolinas, LLC
550 South Tryon Street, DEC 45A
Charlotte, North Carolina 28202

ATTORNEY FOR DUKE ENERGY CAROLINAS, LLC

Shipments Analysis Results

- In general, HID lamp shipments decrease over time due to retirement and emerging technologies that replace their use.

Historical and Projected HID Lamp Shipments, 2000 - 2046

