

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 936
DOCKET NO. E-2, SUB 1174

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 936)	
)	
In the Matter of)	
Application of Duke Energy Progress,)	
LLC, for Approval of Modifications to)	
Residential Smart \$aver Energy)	
Efficiency Program)	
)	ORDER APPROVING
DOCKET NO. E-2, SUB 1174)	PROGRAM MODIFICATIONS
)	
In the Matter of)	
Application of Duke Energy Progress,)	
LLC, for Approval of Demand-Side)	
Management and Energy Efficiency)	
Cost Recovery Rider Pursuant to)	
Gen. Stat. § 62-133.9 and Commission)	
Rule R8-69)	

BY THE COMMISSION: On December 18, 2018, Duke Energy Progress, LLC (DEP or Company), filed a request seeking approval to modify its Residential Smart \$aver Energy Efficiency Program (Program).

The proposed modifications were filed in response to the Commission's *Order Approving DSM/EE Rider and Requiring Filing of Customer Notice* issued on November 29, 2018, in Docket No. E-2, Sub 1174, where the Commission ordered the Company to propose modifications to the Program no later than December 31, 2018, with the goal of restoring the TRC score to 1.0 or greater. In its application, DEP indicated that the modifications to the Program are intended to increase its overall cost-effectiveness. DEP's proposed modifications to the Program include: acknowledging lower actual incremental customer costs; improving trade ally participation to make it more streamlined and less costly; reducing program administration costs; implementing a three-year transition period to a referral-only channel; and introducing an online channel. The Company also proposed to eliminate from the tariff the listing of the maximum incentives for the measures, as well as to reduce the maximum incentive for HVAC (Heating, Ventilation, and Air Conditioning) equipment from \$600 to \$400.

DEP's application indicated that the effect of these proposed modifications would be a Total Resource Cost Test (TRC) score of 1.35.

DEP's application requested that the Commission: (1) approve the Program and tariff as modified; (2) find that the Program continues to meet the requirements of a "new" energy efficiency program pursuant to Commission Rule R8-69; (3) find that all costs of the Program will be eligible for cost recovery; and (4) approve the proposed utility incentives for inclusion in the annual DSM/EE rider.

The Public Staff filed comments on February 4, 2019, regarding the Company's proposal. The Public Staff did not oppose the first four modifications as proposed. However, the Public Staff recommended that the online channel be separate and distinct from the HVAC-related measures and that the performance of the Program be accounted for separately in the Company's annual rider proceedings. The Public Staff stated that if the compliance tariff is amended, it is not opposed to the approval of the online channel for the Program. The Public Staff also recommended that the Commission request that the parties address the issue of what measures are appropriate for inclusion in a particular program during the upcoming review of the Company's cost recovery mechanism.

On February 13, 2019, the Company filed a letter stating that while the Company did not necessarily agree that the inclusion of the online channel within the Program is inappropriate, for purposes of this proceeding, the Company agreed with the Public Staff's recommendation that the Commission approve the first four modifications as part of the Residential Smart Saver Program and require the Company to file a separate compliance tariff for the online channel. The Company also agreed to report the performance of the HVAC-related measures and the online channel-related measures separately in the Company's annual rider proceedings.

The Public Staff presented this matter to the Commission at its Regular Staff Conference on February 25, 2019. The Public Staff summarized its filed comments and recommended that the Commission issue its proposed order on the Company's request.

Based on the foregoing, the Commission is of the opinion that the proposed modifications to the Program should be approved, the Company should be directed to file a separate compliance tariff for the online channel, and the Company should report the performance of the HVAC-related measures and the online channel-related measures separately in the Company's annual rider proceedings.

IT IS, THEREFORE, ORDERED:

1. That DEP's proposed modifications to the Residential Smart Saver Energy Efficiency Program are hereby approved.
2. That DEP shall file a separate compliance tariff for the online channel.

3. That DEP shall report the performance of the HVAC-related measures and the online channel-related measures separately in the Company's annual rider proceedings.

4. That the Residential Smart \$aver Energy Efficiency Program continues to be eligible for recovery of program costs and incentives, in accordance with N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-69.

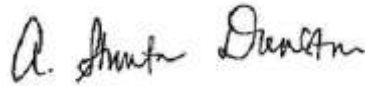
5. That DEP shall file with the Commission, within 10 days following the date of this order, a revised tariff showing the effective date of the tariff.

6. That the parties shall address the issues of what measures are appropriate for inclusion in a particular program during the upcoming review of the Company's cost recovery mechanism.

ISSUED BY ORDER OF THE COMMISSION.

This the 27th day of February, 2019.

NORTH CAROLINA UTILITIES COMMISSION



A. Shonta Dunston, Deputy Clerk

Commissioners James G. Patterson and Lyons Gray did not participate in this decision.