



**NORTH CAROLINA  
PUBLIC STAFF  
UTILITIES COMMISSION**

October 11, 2023

Ms. A. Shonta Dunston, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4300

Re: Docket Nos. E-2, Subs 936 and 1174; and E-7, Subs 1032 and 1164 – Duke Energy Progress, LLC's and Duke Energy Carolinas, LLC's Proposed Modifications to the Existing Commission-Approved Residential Smart Saver Energy Efficiency Program

Dear Ms. Dunston:

On September 11, 2023, Duke Energy Carolinas, LLC (DEC), and Duke Energy Progress, LLC (DEP and, together with DEC, Duke Energy or the Companies) filed Proposed Modifications to the Existing Commission-Approved Residential Smart Saver Energy Efficiency Program (Program(s)) in the above-captioned dockets pursuant to Commission Rule R8-68 (Modification Proposals).<sup>1</sup> The Programs are intended to encourage and assist residential customers with the installation of energy efficiency (EE) measures to reduce energy usage.

In the Modification Proposals, Duke Energy explained that the Companies will: (1) expand the Programs' availability to multi-family residential customers; (2) update the

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<sup>1</sup> DEP's Program was initially approved as the Home Energy Improvement Program on April 30, 2009, in Docket No. E-2, Sub 936, and was later modified pursuant to the Commission's Order Approving Program Modifications issued on September 11, 2017, in Docket No. E-2, Sub 936; and the Commission's Order Approving Program Modifications issued on February 27, 2019, in Docket No. E-7, Subs 936 and 1174. DEC's Program was initially approved as the Heating Ventilation and Air Conditioning (HVAC) Energy Efficiency Program on October 29, 2013, in Docket No. E-7, Sub 1032, and was later modified pursuant to the Commission's Order Approving Program Modifications issued on September 11, 2017, in Docket No. E-7, Sub 1032; and the Commission's Order Approving Program Modifications issued on January 7, 2019, in Docket No. E-7, Subs 1032 and 1164.

Executive Director  
(919) 733-2435

Accounting  
(919) 733-4279

Consumer Services  
(919) 733-9277

Economic Research  
(919) 733-2267

Energy  
(919) 733-2267

Legal  
(919) 733-6110

Transportation  
(919) 733-7766

Water/Telephone  
(919) 733-5610

Ms. A. Shonta Dunston  
Page Two  
October 11, 2023

HVAC measures so that eligible measures must be above the federal baseline updated on January 1, 2023;<sup>2</sup> and (3) require duct sealing to be part of the HVAC replacement measure where applicable. In addition, the Companies' proposed tariffs demonstrate the addition of a provision that incentive payments shall be determined by the Company in an amount not to exceed 50 percent of the installed cost difference between standard equipment or service and higher efficiency equipment or service. According to the Companies, the expansion to multi-family residential customers and the change to the customers' incentive payment will increase the Programs' participation and savings, and the changes collectively will drive increased EE savings to the benefit of all customers.

The Public Staff has reviewed the Companies' Modification Proposals and notes that Duke Energy has been complying with the updated federal baseline since the change became effective on January 1, 2023. The modifications sought by the Companies would result in increased participation and energy savings of approximately 2.5 percent for both metrics. The Public Staff concludes that the Programs, as proposed in the Companies' filings, have the potential to encourage EE, are consistent with the Companies' integrated resource plans, are in the public interest, and should be approved as "new" EE Programs pursuant to Commission Rule R8-68. As a result, the Public Staff recommends that: (1) the Commission approve the Program modifications as set forth within the Modification Proposals; (2) order that the Programs are eligible for consideration of recovery of Program costs and PPI; and (3) order the Commission to determine the appropriate recovery of costs and PPI associated with the Programs in the annual DSM/EE rider proceedings consistent with N.C. Gen.Stat. § 62-133.9, Commission Rule R8-69, and the currently approved DSM/EE cost recovery mechanism.

The Public Staff requests that the Commission issue an order as soon as possible in lieu of the Public Staff presenting the recommendation for approval at the next regular Staff Conference. The Public Staff's Proposed Order Allowing Modifications is attached.

By copy of this letter, I am forwarding a copy to all parties of record by electronic delivery.

Sincerely,

Electronically submitted  
/s/ Anne M. Keyworth  
Staff Attorney  
[anne.keyworth@psncuc.nc.gov](mailto:anne.keyworth@psncuc.nc.gov)

cc: Parties of Record

<sup>2</sup> On January 1, 2023, the United States Department of Energy updated the minimum efficiency standard for air conditioners and heat pumps from a Seasonal Energy Efficiency Ratio (SEER) minimum rating of 14 to a SEER minimum rating of 15. The Companies' lowest allowed SEER in the Program is now a minimum rating of 16.