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VIA ELECTRONIC FILING

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

**RE: Duke Energy Progress, LLC's DSM/EE Cost Recovery Rider –
Rebuttal Testimony
Docket No. E-2, Sub 1294**

Dear Ms. Dunston:

Enclosed is Duke Energy Progress, LLC's Rebuttal Testimony of Karen K. Holbrook and Lynda Powers for filing in connection with the referenced matter.

Please do not hesitate to contact me if you have any questions.

Sincerely,

Kendrick C. Fentress

Enclosures

cc: Parties of Record

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1294

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)
Application of Duke Energy Progress, LLC)
for Approval of Demand-Side Management)
and Energy Efficiency Cost Recovery Rider)
Pursuant to N.C. Gen. Stat. § 62-133.9 and)
Commission Rule R8-69)

**REBUTTAL TESTIMONY OF
KAREN K. HOLBROOK
FOR
DUKE ENERGY PROGRESS, LLC**

INTRODUCTION AND PURPOSE

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
2 **POSITION WITH DUKE ENERGY.**

3 A. My name is Karen K. Holbrook. My business address is 400 South Tryon Street,
4 Charlotte, North Carolina. I am employed by Duke Energy Business Services,
5 LLC, a service company affiliate of Duke Energy Progress, LLC (“Duke
6 Energy Progress” or “Company”) and a subsidiary of Duke Energy Corporation
7 (“Duke Energy”), as Director in the Integrated Grid Strategy & Solutions group.
8 In this capacity, I provide services to Duke Energy Progress and other regulated
9 utility subsidiaries of Duke Energy.

10 **Q. ARE YOU THE SAME KAREN K. HOLBROOK THAT PRESENTED**
11 **DIRECT TESTIMONY IN THIS CASE?**

12 A. Yes, I am.

13 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN**
14 **THIS PROCEEDING?**

15 A. The purpose of my testimony is to respond to the direct testimony of David
16 Williamson of the Public Staff of the North Carolina Utilities Commission
17 concerning the Company’s use of advanced metering infrastructure (“AMI”)
18 data to alert customers, as well as the recommendation to exclude dynamic
19 pricing tariffs from the DSM/EE portfolio.

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RESPONSE TO WITNESS WILLIAMSON

Q. WITNESS WILLIAMSON DISCUSSES AMI DATA IN HIS DIRECT TESTIMONY. CAN YOU PROVIDE A BRIEF EXPLANATION OF AMI DATA?

A. At a high level, the term “AMI meter” refers to a smart meter and associated communication devices that enable automated meter reading, remote connects/disconnect, and quicker outage detection. The AMI data collected from these devices allows customers to view more detailed information about their energy usage, including the times during which energy consumption is the highest.

Q. WITNESS WILLIAMSON DISCUSSES AMI DATA AND NOTES THAT “ALL CUSTOMERS SHOULD HAVE ACCESS TO THE BENEFITS OF AMI’S IMPLEMENTATION.” DO ALL CUSTOMERS HAVE ACCESS TO THEIR AMI DATA?

A. Yes. Virtually all of the Company’s customers have AMI meters. This means they can access their AMI data and view their usage data. To be clear, customers do not have to register for MyHER (defined below) to access their AMI data.

Q. IN ADDITION TO VIEWING USAGE DATA, CAN AMI CUSTOMERS ELECT TO RECEIVE AUTOMATED USAGE ALERTS AS WELL?

A. Yes. The Usage Alerts service is optional and exists outside of the suite of DSM/EE programs. These customer alerts are possible because of the interval usage data enabled by the deployment of AMI. The alerts are available to all

1 Duke Energy customers with at least one AMI meter at their location, an email
2 address on file, and at least two weeks of electricity usage history.

3 **Q. PLEASE EXPLAIN THE INFORMATION PROVIDED TO**
4 **CUSTOMERS THROUGH USAGE ALERTS.**

5 A. Eligible customers will automatically be sent a Mid-cycle Alert halfway
6 through their billing cycle each month. This alert contains estimated electricity
7 usage to date, as well as projected usage and the associated estimated bill
8 amount for the rest of the month/bill cycle. Eligible customers also have the
9 option to receive Budget Alerts in addition to (or instead of) the default Mid-
10 cycle Alerts. These alerts provide customers with detailed information
11 regarding their energy usage and their estimated bill so that these customers can
12 take meaningful actions to manage their electric bill. Thus, the Company is
13 leveraging AMI data to alert customers and all customers(as explained above)
14 have access to their interval data, and data usage alerts as a result of
15 implementing AMI.

16 **Q. HOW IS MY HOME ENERGY REPORT (“MYHER”) DIFFERENT**
17 **THAN USAGE ALERTS?**

18 A. MyHER and Usage Alerts both utilize AMI data to provide customers with the
19 tools to manage their energy usage, but they serve somewhat different purposes.
20 The focus of Usage Alerts is to avoid bill surprises in any given month. MyHER
21 assembles data and customizes it to the specific customer in a way that
22 encourages participation in other EE measures as well as behavioral changes
23 over the long term to increase that customer’s energy efficiency. MyHER

1 provides an added benefit of alerting the customer if spikes in energy usage may
2 have occurred as well. But this is not a function solely of AMI data—rather, it
3 is a function of MyHER’s ability to synthesize the AMI data and return
4 corresponding spike alerts to customers.

5 **Q. DO YOU AGREE WITH WITNESS WILLIAMSON’S STATEMENT**
6 **THAT “ONLY MYHER CUSTOMERS WOULD HAVE ACCESS TO**
7 **[THE SPIKE ALERT] FUNCTIONALITY”?**

8 A. No, I do not. However, it is important to note that all eligible customers are
9 included in MyHER unless they are part of the “control” group or have opted
10 out. Even if a customer falls within the limited subset that do not receive
11 MyHER, as I noted above, virtually all customers have access to AMI data. As
12 such, regardless of whether they participate in MyHER, the customer can still
13 analyze their usage data to determine if an energy spike may have occurred.

14 **Q. DO YOU AGREE WITH WITNESS WILLIAMSON’S STATEMENT**
15 **THAT “DYNAMIC PRICING TARIFFS SHOULD HAVE LITTLE TO**
16 **NO IMPACT ON DSM/EE PROGRAM MARKETING,**
17 **IMPLEMENTATION, OR COST-EFFECTIVENESS”?**

18 A. No, and Witness Williamson acknowledges that “dynamic pricing tariffs
19 encourage customers to shift usage from on-peak periods to off-peak periods.”¹
20 Although the dynamic pricing tariffs require the customer to manage their
21 energy usage patterns to achieve savings, the Company believes that these
22 tariffs can and should play a role in the overall DSM/EE portfolio. Remember,

¹ *Direct Testimony of David M. Williamson*, p.26, ll. 17-18.

1 EM&V will verify the extent to which there are differences in energy
2 consumption and energy usage patterns as a result of these tariffs. These
3 programs and tariffs could then be adjusted in response to those specific
4 recommendations and be tailored in a way that encourages customers on these
5 dynamic tariffs to achieve energy savings.

6 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

7 A. Yes.

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Pursuant to N.C. Gen. Stat. § 62-133.9 and)
Commission Rule R8-69)

**REBUTTAL TESTIMONY OF
LYNDA POWERS
FOR DUKE ENERGY
PROGRESS, LLC**

INTRODUCTION AND PURPOSE

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
2 **POSITION WITH DUKE ENERGY.**

3 A. My name is Lynda Powers, and my business address is 400 S. Tryon Street,
4 Charlotte, North Carolina. I am employed by Duke Energy Corporation as
5 Senior Strategy and Collaboration Manager for the Carolinas in the Portfolio
6 Strategy and Support group.

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
8 **PROFESSIONAL EXPERIENCE.**

9 A. I have a Bachelor of Science degree from Bob Jones University and two
10 Master's degrees from the University of South Carolina, a Master of Business
11 Administration and of English. I began working with the Office of Regulatory
12 Staff ("ORS") in South Carolina in 2009 as a Program Specialist in
13 telecommunications and later as a Regulatory Analyst in the Electricity, Gas
14 and Economics Department. While at ORS, I completed the National
15 Association of Regulatory Utility Commissioners ("NARUC") Regulatory
16 Studies program at Michigan State University and Eastern NARUC Utility Rate
17 School. In 2016, I became a Financial Analyst for Santee Cooper where I was
18 responsible for evaluating existing and proposed programs for cost
19 effectiveness, coordinating collaboration among subject matter experts
20 regarding renewables and demand-side management programs, and preparing
21 the annual budget for energy efficiency operations. While at Santee Cooper, I

1 completed the North Carolina State University McKimmon Center for
2 Continuing Education Meter School.

3 In 2018, I began working in my current role at Duke Energy. I am the
4 regulatory lead in South Carolina for Energy Efficiency and Demand-Side
5 Management (“EE/DSM”) programs and the facilitator of the EE/DSM
6 Collaborative stakeholder group (hereinafter “Collaborative” or
7 “stakeholders”) for both Duke Energy Carolinas, LLC (“DEC”) and Duke
8 Energy Progress, LLC (“DEP” or the “Company,” collectively, the
9 “Companies” in North and South Carolina or “Duke Energy”). In this role, I
10 interact with various stakeholders on a number of matters related to EE/DSM,
11 which involves discussing details of the Company’s EE/DSM portfolio and
12 fielding recommendations from the Collaborative. I also represent the
13 Companies as a member of the Board of Directors for the Southeast Energy
14 Efficiency Alliance.

15 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NORTH**
16 **CAROLINA UTILITIES COMMISSION (THE COMMISSION”) OR**
17 **OTHER REGULATORY BODIES?**

18 A. Yes, I testified before this Commission in 2021 as part of the DEP EE/DSM
19 proceeding and earlier this year as part of the DEC EE/DSM proceeding. I have
20 also testified before the Public Service Commission of South Carolina
21 (“PSCSC”) on multiple occasions. In my role at the ORS, I testified before the
22 PSCSC in two general rate cases, three annual fuel adjustment cases and one
23 distributed energy resource program application.

1 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

2 A. The purpose of my rebuttal testimony is to respond to portions of the testimony
3 of Forest Bradley-Wright filed on behalf of the North Carolina Justice Center,
4 the North Carolina Housing Coalition, and the Southern Alliance for Clean
5 Energy.

6 **Q. WILL YOU DESCRIBE THE PORTIONS OF WITNESS BRADLEY-
7 WRIGHT'S TESTIMONY TO WHICH YOU ARE RESPONDING?**

8 A. My testimony addresses Witness Bradley-Wright's recommendations
9 regarding additional reporting requirements related to carbon reductions, low-
10 income program impacts, and the Collaborative's contributions to program
11 development.

12 **COLLABORATIVE AND LIAC**

13 **Q. PLEASE DESCRIBE YOUR ROLE AS THE FACILITATOR OF THE
14 COLLABORATIVE.**

15 A. I am the Collaborative's primary point of contact for stakeholders in North
16 Carolina and South Carolina who have ideas, input, or questions relating to
17 EE/DSM programs. My responsibilities in that role include responding to
18 stakeholders' questions or requests for information and connecting them with
19 the applicable subject matter experts at Duke Energy when appropriate.
20 Additionally, I organize the bimonthly Collaborative meetings and most of the
21 working group calls between meetings. I also ensure the preparation and
22 distribution of meeting materials and meeting minutes.

1 **Q. WHAT IS THE ROLE OF THE COLLABORATIVE?**

2 A. The Collaborative is a long-standing advisory group of stakeholders, typically
3 with varied and unique interests, from across North and South Carolina. In its
4 mission statement, which was written as part of a cooperative effort in 2019,
5 the Collaborative defined its role as:

6 [A] forum for providing insight and input concerning topics
7 related to energy efficiency and demand-side management
8 including program design and development; measurement and
9 evaluation; regulatory and market conditions; specific issues or
10 topics as requested by the NC Utilities Commission and the
11 Public Service Commission of SC; and emerging opportunities
12 to achieve cost-effective energy savings.

13
14 The Collaborative serves as a key source for input into the Company's EE/DSM
15 portfolio and allows a diverse group of stakeholders to share their individual
16 perspectives regarding potential new programs and programmatic
17 enhancements offered by other utilities in different regions of the country. The
18 Collaborative brings together members from several advocacy groups, as well
19 as regulators, academics, and members of trade organizations—all representing
20 unique interests and, at times, differing priorities. Additionally, the
21 Collaborative is attended by the Public Staff of the North Carolina Utilities
22 Commission ("Public Staff") and the ORS, which represent the interests of all
23 customers in North Carolina and South Carolina, respectively.

24 **Q. HOW DOES DEP SUPPORT THE COLLABORATIVE SO THAT IT**
25 **CAN FULFILL ITS ROLE?**

26 A. The Company has established a process by which members determine the
27 agenda, request subject matter experts to present on a wide range of topics, and

1 receive meeting materials in advance to ensure adequate time for review. The
2 Company also hosts working groups and initiates separate conference calls to
3 discuss items that cannot be fully explored during bimonthly meetings. Twice
4 a year, the Company presents each of the existing and approved residential and
5 nonresidential programs one-by-one and leads a discussion with Collaborative
6 members and the Companies' program managers. The analytics team presents
7 evaluation, measurement, and verification studies ("EM&V") twice a year as
8 well. Additionally, each proposed program—whether approved or not—is
9 presented to the Collaborative for discussion as such proposal arises. The
10 Companies' subject matter experts also carve out opportunities to solicit
11 Collaborative feedback at various stages of program design, implementation,
12 and review.

13 **Q. HOW DOES THE COLLABORATIVE'S MISSION DIFFER FROM**
14 **THE LOW-INCOME AFFORDABILITY COLLABORATIVE**
15 **("LIAC")?**

16 A. The LIAC was established as part of a Commission-approved settlement
17 agreement.¹ The LIAC is separate from the Collaborative and focuses on low-
18 income customer matters that extend well beyond the EE/DSM focus of the
19 Collaborative. Instead of focusing solely on EE/DSM matters, the stated
20 purpose of the LIAC is to "[address] affordability issues for low-income

¹ See *Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice* issued on March 31, 2021, in Docket No. E-7, Subs 1214, 1213, and 1187; *Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice* issued on April 16, 2021, in Docket No. E-2, Subs 1219 and 1193.

1 residential customers.”² Through the LIAC, the Company, DEC, and
2 stakeholders sought to identify ways the Company could increase energy
3 affordability through a variety of initiatives, including but not limited to
4 EE/DSM programs. Although the potential solutions identified cannot be
5 developed exclusively within the LIAC, the LIAC has been an important step
6 in improving offerings for low-income customers. The Company will ensure
7 that the work of the Collaborative is aligned with the recommendations of the
8 LIAC Final Report filed on August 12, 2022.

9 **RESPONSE TO WITNESS BRADLEY-WRIGHT**

10 *Carbon Plan*

11 **Q. WITNESS BRADLEY-WRIGHT DISCUSSES THE COMPANY’S**
12 **PENDING CARBON PLAN IN HIS TESTIMONY. CAN YOU PLEASE**
13 **EXPLAIN HOW THE CARBON PLAN RELATES TO THE MISSION**
14 **OF THE COLLABORATIVE?**

15 **A.** The Carbon Plan and the Collaborative serve fundamentally different purposes.
16 The Carbon Plan presents a comprehensive and detailed integrated resource
17 plan for the energy transition to achieve carbon emissions reductions targets.
18 In contrast, the Collaborative focuses exclusively on EE/DSM programs, which
19 encourage customers to consume less energy from the Company’s grid.
20 Although certain members of the Collaborative may have an interest in reducing
21 carbon emissions, maintaining the existing Collaborative focus on reducing

² See *id.*

1 energy consumption does not erode the ability for those stakeholders to convert
2 energy savings from EE/DSM programs into an associated carbon reduction.

3 **Q. DO YOU AGREE WITH WITNESS BRADLEY-WRIGHT THAT THE**
4 **COLLABORATIVE SHOULD BE REQUIRED TO TRACK AND**
5 **REPORT CARBON REDUCTION IMPACTS UNDER THE CARBON**
6 **PLAN?**

7 A. No, I do not. As stated above, while the Carolinas Carbon Plan does seek to
8 “shrink the challenge” by reducing and managing load, the focus of the
9 Collaborative is to advise on specific EE/DSM programs. Moreover, the
10 Collaborative is not charged with cost recovery or rate setting. Therefore, at this
11 time, the Company does not agree (i) that the Collaborative is an appropriate
12 place to determine impacts of carbon reduction or (ii) that the Company should
13 report carbon reduction impacts as a component of its future cost recovery
14 proceedings. To the extent necessary, this type of determination and reporting
15 should take place in the context of the Carbon Plan. Once a Carbon Plan has
16 been approved by the Commission, the Company will comply with any
17 reporting requirements and, through the Mechanism, update the inputs
18 underlying the determination of the utility system benefits and review the
19 resulting impacts on the determination of cost effectiveness for the Company’s
20 portfolio of programs, projected Portfolio Performance Incentive (“PPI”), and
21 Program Return Incentive (“PRI”). Keeping the calculations of cost
22 effectiveness, which determine if a program should be offered, and the
23 underlying calculations of PPI and PRI consistent is important to maintain

1 alignment among the benefits customers realize, the efficiencies that occur on
2 the utility system, and the Company's incentives. However, it is premature to
3 direct any actions before the Commission makes any determinations on a
4 Carbon Plan.

5 Low-Income Issues

6 **Q. DO YOU AGREE WITH WITNESS BRADLEY-WRIGHT THAT DEP**
7 **SHOULD SUBMIT CERTAIN ANNUAL REPORTS RELATED TO**
8 **LOW-INCOME PROGRAMS?**

9 A. No, I do not. Witness Bradley-Wright suggests that the Company:

10 Annually report on the steps it is taking to (1) increase
11 participation and achieve higher total savings for low-income
12 customers and (2) help bridge the gap between existing
13 efficiency offerings and the scale of need identified by the Low-
14 Income Affordability Collaborative.³

15
16 However, this recommendation disregards the Company's existing efforts and
17 reporting obligations. To be clear, the Company is already taking steps to
18 maximize savings for low-income customers, and the Company submits annual
19 reports to the Commission that contain information regarding the same. These
20 efforts and corresponding reports were underway well before the LIAC was
21 developed, and the Company will continue to do so going forward.

22 The Company is currently evaluating ways to increase participation in
23 low-income programs by studying participation trends among low- and
24 moderate-income households in the Company's non-low-income programs to
25 identify ways to enhance outreach and marketing approaches. Additionally, the

³ Direct Testimony of Witness Bradley-Wright, p.3, ll. 14-17.

1 Company is evaluating the value of non-energy benefits to determine whether
2 any such benefits exist that would encourage participation in these programs.
3 These evaluations are occurring outside of the LIAC. These efforts have
4 resulted in substantial progress to date, and even Witness Bradley-Wright
5 acknowledged the success of the Company's low-income efforts by noting that
6 recent steps to address matters facing low-income customers are
7 "commendable" and that progress made by the LIAC is "refreshing."⁴ These
8 commendations make Witness Bradley-Wright's additional burdensome
9 reporting suggestions even more puzzling. Put simply, the recommendation
10 will not provide a net benefit to customers and would only serve to create an
11 added level of bureaucracy that would distract time and attention from
12 developing low-income solutions.

13 *1% Savings Target*

14 **Q. WITNESS BRADLEY-WRIGHT DISCUSSES EFFICIENCY SAVINGS**
15 **AT THE PORTFOLIO LEVEL. DOES HE BELIEVE THAT THE**
16 **COMPANY'S EE/DSM PORTFOLIO IS COST-EFFECTIVE**
17 **OVERALL?**

18 A. Yes, he does. Witness Bradley-Wright notes that the Company's portfolio of
19 EE/DSM programs in 2021 "continued to be cost-effective and delivered
20 considerable financial value to customers."⁵ Witness Bradley-Wright also

⁴ *Id.*, p. 21, l. 1; p. 22, l. 3.

⁵ *Id.*, p. 5, ll. 5-6.

1 explains that the portfolio savings increased from 2020 and delivered
2 “approximately \$112 million in financial benefit for customers.”⁶

3 **Q. DO YOU AGREE WITH WITNESS BRADLEY-WRIGHT THAT DEP**
4 **SHOULD REPORT “ITS PRIOR-YEAR REPORTED AND FUTURE-**
5 **YEAR PROJECTED EFFICIENCY SAVINGS AS A PERCENTAGE OF**
6 **TOTAL ANNUAL RETAIL SALES” TO DETERMINE WHETHER IT**
7 **WILL ACHIEVE THE 1% SAVINGS TARGET?**

8 A. Again, information is already provided by the Company as part of annual rider
9 filings—including the filing in this docket—that enables parties to determine
10 whether the Company has achieved this savings target. In fact, Witness
11 Bradley-Wright performed this calculation in his testimony, which highlights
12 the current availability of the data.

13 The Company did not achieve the aspirational 1% target and will not
14 collect the \$500,000 incentive allowed by the Mechanism. As such, the
15 Company did not focus upon that number in its filing. However, when the
16 Company does achieve this target, it will provide a complete and transparent
17 report to substantiate the 1% metric and corresponding incentive. In the
18 interim, the Company is committed to working with the Collaborative to
19 develop strategies to support closing the 1% gap. In light of the reasons above,
20 adding yet another tracking and reporting requirement—particularly given that
21 the information needed to make such a calculation is already provided by the

⁶ *Id.*, p. 5, ll. 9-10.

1 Company—will not provide a material benefit and will distract the Company
2 from its efforts to drive additional savings to customers.

3 **Q. WHY DO THE ENERGY SAVINGS ACHIEVED BY DEP DIFFER**
4 **FROM THOSE ACHIEVED BY DEC?**

5 A. The difference simply reflects the unique nature of each system. Both
6 companies maintain the same focus, effort, and dedication to drive increased
7 savings to customers. In many cases, the same personnel are tasked with
8 addressing these issues for both companies. For example, EE/DSM program
9 managers are the same across the utilities. As such, any difference in savings
10 achieved by the companies simply reflects the utility-specific nature of
11 implementing cost-effective EE/DSM programs and not the level of
12 commitment from either utility.

13 *Tracking Recommendations within the Collaborative*

14 **Q. SHOULD THE COMPANY BE REQUIRED TO TRACK AND REPORT**
15 **THE PROGRESS OF RECOMMENDATIONS WITHIN THE**
16 **COLLABORATIVE, AS WITNESS BRADLEY-WRIGHT SUGGESTS?**

17 A. No, it should not. The fundamental purpose of the Collaborative is to achieve
18 savings for the Company’s customers. Witness Bradley-Wright’s suggestion to
19 track and report progress of “recommendations” within the Collaborative would
20 in no way achieve that purpose. As the Company has stated time and again
21 before the Commission, taking an idea and turning it into a cost-effective,
22 legally-compliant program is a time-consuming process containing factors that
23 neither the Company nor the Collaborative can control.

1 The Company is eager to find new ways to encourage customers' energy
2 efficiency efforts, but transforming those ideas into cost-effective, scalable,
3 commercially viable programs is complex. Remember, it is not enough for a
4 program to further a specific special interest—rather, the program must comply
5 with the Mechanism, which includes certain cost-effectiveness thresholds and
6 required characteristics (such as commercially-available technology). As such,
7 a number of the ideas submitted within the Collaborative may not be
8 implemented at all, and those that are can take years to develop. Regardless, the
9 Collaborative (which is attended by the Public Staff) is informed about the
10 status of these recommendations, and members are free to voice any concerns
11 to the Company or the Commission. Witness Bradley-Wright's tracking and
12 reporting requirement would not bring more programs to implementation or
13 otherwise achieve energy savings for customers. Rather, it would add yet
14 another burden to the Collaborative's efforts and impose unnecessary
15 requirements upon the Commission and its staff.

16 **Q. MUST RECOMMENDATIONS IN THE COLLABORATIVE BE**
17 **TRACKED TO ENSURE THEY ARE CONSIDERED?**

18 A. No, not at all. The Company takes its commitment to the Collaborative
19 seriously and examines each recommendation from a number of angles,
20 including whether implementing such recommendation would be feasible and
21 provide a net benefit to customers. Even if the recommendation is not feasible
22 from an implementation standpoint, the continued dialogue and exchange of
23 ideas assures that the Company is aware of potential opportunities to enhance

1 and provide cost-effective programs for all of the Company’s customers. This
2 remains true regardless of whether these recommendations are tracked, as
3 Witness Bradley-Wright requests.

4 Tracking Savings Arising from Collaborative Ideas

5 **Q. SHOULD THE COMPANY BE REQUIRED TO TRACK AND REPORT**
6 **“SAVINGS ASSOCIATED WITH COLLABORATIVE-SPONSORED**
7 **PROGRAM RECOMMENDATIONS,” AS WITNESS BRADLEY-**
8 **WRIGHT SUGGESTS?**

9 A. No, it should not. As I stated above, program development is already
10 challenging and requires an open exchange of ideas. Tracking savings arising
11 from each recommendation adds an unnecessary layer of complexity. For
12 example, deciding what portion of energy savings is attributable to the
13 Collaborative’s recommendation and what portion the Company achieved on
14 its own contains inherent gray areas (e.g., proposed by the Collaborative, but
15 improved upon by the Company). Aside from the difficulty of correctly
16 ascertaining this amount, the calculation does not create any benefit to
17 customers—which is the entire point of the Collaborative. Implementing this
18 recommendation would be antithetical to the nature of true collaboration
19 because it would encourage parties to “keep score” between the Company and
20 the Collaborative. Instead, the Collaborative should continue to be guided by
21 its mission to create additional savings for all customers—regardless of where
22 the idea originates—through thoughtful, considered deliberation and a free-
23 flow of information.

1 EE/DSM “Opt Outs”

2 **Q. WITNESS BRADLEY-WRIGHT DISCUSSES “OPT OUTS” IN HIS**
3 **TESTIMONY. CAN YOU BRIEFLY DISCUSS THAT CONCEPT?**

4 A. At a high-level, certain commercial and industrial accounts are automatically
5 “opted in” to the cost recovery rider for the Company’s EE and/or DSM
6 programs. Accounts that choose not to participate in any these riders are called
7 “opt outs” and are not charged under the applicable EE or DSM cost recovery
8 rider. In exchange, these customers must submit a self-certification to the
9 Company that they have or will implement their own energy efficiency
10 initiatives. Importantly, the ability to opt out is not a policy developed by the
11 Company—rather North Carolina law provides these customers with the ability
12 to opt out.⁷

13 **Q. SHOULD THE COMPANY BE REQUIRED TO FURTHER VERIFY**
14 **AND REPORT THESE OPT OUTS, AS WITNESS BRADLEY-WRIGHT**
15 **SUGGESTS?**

16 A. No. The suggestion that the Company somehow audit these customers to ensure
17 they have actually implemented certain EE measures ignores North Carolina
18 law and the practical realities associated with this suggestion. Again, the ability
19 to opt out is mandated by North Carolina law. Likewise, the process by which
20 opt outs occur—including the notification to the electric public utility—is a
21 requirement of North Carolina law. The Company is simply not required (or
22 directed) to take on additional auditing and verification of these customers’ self-

⁷ See N.C. G.S. § 62-133-9(f).

1 certification statements. Additionally, the statute provides the framework for
2 challenging such certifications, and enumerates the parties that may initiate
3 such challenges. Specifically, the law provides the utility, industrial customers,
4 the Public Staff, and the Commission with the ability to initiate a “complaint
5 proceeding before the Commission to challenge the validity” of the opt out.⁸
6 Witness Bradley-Wright’s recommendation would improperly expand and
7 modify the framework created by the North Carolina legislature.

8 Even if Witness Bradley-Wright’s suggestion could be implemented,
9 the logistics of such verification and reporting would be completely impractical.
10 The customers that can opt out are large commercial and industrial customers
11 that typically have vast, complex operations on-site. For these customers,
12 energy expenses are typically one of the largest costs incurred in their day-to-
13 day operations. This means that they have a natural incentive to reduce their
14 energy costs, which is why the self-certification mechanism is appropriate—it
15 aligns with already existing incentives. To verify these self-certifications, the
16 Company would have to dispatch a large number of personnel to analyze
17 sophisticated operations and verify the resultant energy savings. Many of the
18 operations that the Company would be required to observe and measure are
19 likely proprietary in nature because these customers typically utilize equipment
20 and processes that are competitively-sensitive. The costs associated with this
21 effort would likely outweigh any incremental benefit of these complex audits
22 and verifications.

⁸ *Id.*

1 Conclusion

2 **Q. DOES WITNESS BRADLEY-WRIGHT ADDRESS THE PRACTICAL**
3 **REALITIES OF IMPLEMENTING HIS RECOMMENDATIONS?**

4 A. No, he does not. DEP is a regulated company and with that comes the
5 responsibility to develop, propose, implement and administer cost-effective
6 EE/DSM programs that comply with (i) applicable law, (ii) this Commission's
7 Rules, and (iii) the Mechanism that the Commission has approved for use by
8 the Company for EE/DSM program cost recovery purposes. These obligations
9 already require the Company to provide reports on numerous items to numerous
10 bodies—and, as mentioned above, already encompass certain of Witness
11 Bradley-Wright's recommendations. The additional reporting requirements—
12 although well-intended—proposed by Witness Bradley-Wright would actually
13 serve as hurdle by adding complexity and time to the program development
14 process. These additional complexities would ultimately erode the net benefit
15 provided to customers. Taken as a whole, these recommendations would
16 impose additional costs on the Company's customers, shift focus away from
17 driving additional savings for customers, and provide no net benefit to the
18 Company or its customers.

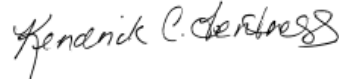
19 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

20 A. Yes.

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Progress, LLC's DSM/EE Cost Recovery Rider – Rebuttal Testimony, in Docket No. E-2, Sub 1294, has been served by electronic mail, hand delivery, or by depositing a copy in the United States Mail, 1st Class Postage Prepaid, properly addressed to parties of record.

This the 1st day of September, 2022.



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