

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1290

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Duke Energy Progress, LLC, Petition for) ORDER APPROVING PREPAID
Approval of Prepaid Advantage Program) ADVANTAGE PROGRAM

BY THE COMMISSION: On August 26, 2022, Duke Energy Progress, LLC (DEP) filed with the Commission a Petition for Approval of Prepaid Advantage Program in the above referenced docket. In the application, DEP requests that the Commission approve its proposed Prepaid Advantage Program which it asserts will offer customers the billing option to prepay for service, thereby avoiding the need for a deposit, reconnect fees, or late fees. DEP states that implementation of the Prepaid Advantage Program will also require that the Commission waive certain rules that contemplate a traditional monthly paper bill and payment and disconnection procedures for bills utilities render for usage that their customers previously incurred, and therefore DEP requests waiver of certain Commission Rules that it lists in Appendix A to its application.

On October 4, 2022, the Commission issued an Order Requesting Comments (October 4 Order) wherein it set a schedule for parties to file comments and reply comments on the proposed Prepaid Advantage Program.

On November 3, the Public Staff filed comments on the proposed Prepaid Advantage Program in accordance with the October 4 Order. No other party filed comments.

On December 5, 2022, DEP filed a Letter in Lieu of Reply Comments.

BACKGROUND

In its application, DEP recounts that on August 2, 2019, Duke Energy Carolinas, LLC (DEC) filed a Petition for Approval of Prepaid Advantage Program in Docket No. E-7, Sub 1213 (2019 Petition) as a billing option for customers to prepay for service, thus avoiding the need for a deposit, reconnection fees, and late fees. DEC also requested that the Commission waive certain Commission Rules related to the monthly bill format, payments, and disconnection, specifically Rules R8-8, R8-20(b), (c), and (d), R8-44(4)(d), R12-8, R12-9(b), (c), and (d), and R12-11(a), (b), (f), (g), (h), (i), (l), (m), (n), and (p). On November 20, 2019, the Commission consolidated DEC's request with DEC's general rate case application in Docket Nos. E-7, Subs 1213 and 1214. On March 31, 2021, the Commission issued an Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice that included the Commission's approval of the 2019 Petition

with some conditions that the Public Staff had proposed. Those conditions included: (1) no disconnections before 3:00 p.m.; (2) DEC making reasonable efforts to obtain a third-party designee, whom the customer would select, to receive any notice of termination in addition to the customer; (3) DEC confirming Prepaid Advantage Program participants' ability to receive communications from DEC upon enrollment; and (4) that the limited waiver of Rule R12-11(m)(2) would expire on June 30, 2021 unless the Commission extended it. The Commission also approved DEC's requested waiver of Commission rules with respect to service DEC rendered under the Prepaid Advantage Program. DEC began its Prepaid Advantage Program on August 5, 2021. Since July 2015, DEC has also offered a Prepaid Advantage Program to its South Carolina customers.

THE APPLICATION

In this proceeding, DEP seeks approval to implement a Prepaid Advantage Program to give its customers the same benefits available to DEC's Prepaid Advantage Program's participants, including providing voluntary customer participants with more flexibility and control over their electric usage and payments. DEP seeks approval of the program as a billing option and not an energy efficiency (EE) program, but states that it believes that the program should qualify as an EE program under N.C. Gen. Stat. § 62-133.9 and that it may seek approval of the program in the future as an EE program, or as an activity producing negative found revenues in the determination of net lost revenues.

DEP plans to make the Prepaid Advantage Program available to customers on a voluntary basis. According to DEP, it designed the program for residential customers on non-time of use rate schedules, where DEP has installed a smart meter at the residence. DEP expects that customers who prefer receiving digital alerts and who seek more timely information on their electricity consumption than that which bills rendered after electricity use provide will be interested in participating. Eligible customers will be able to: (1) begin service with a lower upfront cost, avoiding a traditional deposit; (2) see usage and electricity costs every day; (3) set notification preferences, receive notifications, and always view the account information; (4) have more choice in payment frequency, giving the customer flexibility to determine when to pay and how much; (5) potentially avoid "bill surprises" at the end of a month with unusual weather, and possibly be informed in real time of circumstances that could drive electric usage higher than normal; and (6) have service reconnected faster through remote capability if DEP disconnects service.

According to DEP, the Prepaid Advantage Program is voluntary for eligible customers, and participating customers can decide at any time to return to a traditional post-pay account, at which time they may have to make a deposit consistent with Commission rules relating to deposits. The program will be available to new or existing DEP residential customers on a non-time of use rate schedule, whom DEP does not serve on Rider NM, who do not participate in Budget Billing or who do not have an active installment plan exceeding \$500, and do not have a medical alert code pursuant to Commission Rule 12-11(q). Prepaid Advantage Program participants will not be permitted to purchase non-regulated products and services because those products and services cannot be properly billed within the Prepaid Advantage Program.

DEP states that to enroll in the Prepaid Advantage Program, a customer must make a minimum initial payment of \$40 and cannot have an outstanding balance of more than \$500 at the time of enrollment. The following rules will apply to any applicant who has an outstanding balance: (1) DEP will apply any cash deposit on record, along with any accrued interest, toward any existing arrearage on the account; (2) DEP automatically will apply any remaining credit balance to the customer's Prepaid Advantage account as an initial payment; (3) DEP will apply prospective payments with 25% of the payment going toward any unpaid balance until satisfied and 75% going toward future electric use; and (4) in the absence of arrearages, DEP will apply 100% of payments to future electric use.

DEP explains that it designed the program for customers looking for additional payment options. New customers will have to pay the connect fee that is standard for all new DEP accounts. According to DEP, it will measure daily energy consumption using smart meters and deduct the daily usage from the customer's prepaid account balance based on the appropriate rate schedule including a daily prorated facilities charge and taxes. If the account falls below \$0, the customer will have one business day to make a payment. If DEP does not receive a payment, it will disconnect the service remotely. DEP will reconnect service remotely after receiving payment, with an average reconnection time of approximately 15 minutes. There will not be a reconnection fee for a disconnects. Customers will be able to make payments through any existing channels (online, phone, cash payment locations, etc.). Through their Duke online account, customers will be able to view their daily consumption and see a projection of the number of days remaining in their account based on historical usage information. Prepaid Advantage customers will have several options for DEP to inform them proactively of their account balance including phone, email, and text message. By default, customers will receive a notification when projections indicate that they have 5, 3, and 1 day remaining on the account balance. Customers can choose to receive notifications for additional days remaining and to have multiple recipients of the notifications.

DEP describes other parameters around disconnects related to the Prepaid Advantage program. If a customer does not receive a properly sent alert the customer will not receive additional time to pay to avoid interruption of service. Disconnection for failure to maintain a positive account balance will occur no earlier than 3:00 p.m. on the next day after the account balance reaches zero, unless that day is a Friday, a state or federal holiday, or the day before a state or federal holiday. If DEP delays disconnecting service for any reason when the customer's account is zero, the customer will accrue a negative balance and will have to pay that negative balance along with a payment toward future service to maintain or restore service.

PUBLIC STAFF COMMENTS

The Public Staff asserts that its investigation indicates that DEP's proposed Prepaid Advantage Program is substantively identical to DEC's Prepaid Advantage Program that the Commission approved in Docket No. E-7, Sub 1213. The Public Staff notes that, in that proceeding, it requested, through Public Staff witness Jack Floyd, several conditions to provide consumer protection, and that the Commission adopted those conditions. Here, the

Public Staff states that it confirmed that the design and implementation of DEP's proposed program is consistent with the requirements the Commission imposed on DEC's program in Docket No. E-7, Sub 1213. The Public Staff does not oppose the waivers of Commission Rules DEP seeks in the application.

The Public Staff notes that DEC's South Carolina Prepaid Advantage Program has many more customers enrolled than DEC's North Carolina Prepaid Advantage Program, but states that it has not discovered any reasons or obstacles that explain the lower level of participation in North Carolina. The Public Staff continues to review DEC's quarterly reports to understand who is participating in the DEC North Carolina Prepaid Advantage Program and how customers are using it. The Public Staff further notes that its review of DEC's quarterly reports in Docket No. E-7, Sub 1213 indicates that DEP has not disconnected service of any participants in DEC's Prepaid Advantage Program during their enrollment.

Finally, the Public Staff states that, if DEP later files this program as an EE program pursuant to N.C.G.S. § 62-133.9, the Public Staff will analyze the program in a manner consistent with other EE programs companies have filed pursuant to N.C.G.S. § 62-133.9.

The Public Staff recommends that the Commission approve DEP's proposed Prepaid Advantage Program as filed and that the Commission require DEP to provide quarterly reports on the performance of the program by calendar month, consistent with the template that DEC uses to report on its Prepaid Advantage Program in Docket No. E-7, Sub 1213.

DISCUSSION AND CONCLUSIONS

After considering the filings of DEP and the Public Staff the Commission concludes that DEP's proposed Prepaid Advantage Program is reasonable and in the public interest, and therefore approves the program as filed.

The Commission agrees with DEP and the Public Staff that DEP's proposed Prepaid Advantage Program will provide customers with greater flexibility and control over their electricity usage and payments. By waiving the deposit and other fees, DEP will increase the benefits to participating customers, especially low- or fixed-income customers. As noted by the Public Staff, DEP has substantially included in its proposed Prepaid Advantage Program the conditions the Commission required for the DEC Prepaid Program adopted in Docket No. E-7, Sub 1213.

The Commission also here adopts the reporting requirements that the Public Staff recommends, which the Commission also required for the DEC Prepaid Program. Specifically, DEP should provide quarterly reports on its Prepaid Program that include at the least the following items: (1) number of participants enrolled on the last day of each month; (2) number of participants that withdraw from the Prepaid Advantage Program and return to standard arrears billing; (3) average number of transactions observed per participant, distinguished by the method of payment the participant uses; (4) distribution of

payment amounts (from least to most) and the average amount added to the account per transaction; (5) distribution of disconnections per participant; (6) number of participants with more than one disconnection in a 90-day period; (7) total number of disconnections; (8) average customer balance at time of disconnection; and (9) average time from disconnection to reconnection.

The Commission also here approves DEP's requested waiver of Commission Rules R8-8, R8-20(b), (c), and (d); R8-44(4)(d); R12-8; R12-9(b), (c), and (d); and R12-11(a), (b), (f), (g), (h), (i), (l), (m), (n), and (p), only with respect to service DEP renders under and according to the Prepaid Advantage Program.¹

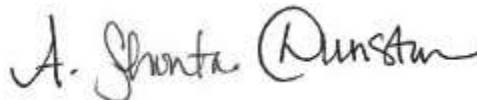
IT IS, THEREFORE, ORDERED as follows:

1. That DEP's Prepaid Advantage Program shall be, and is hereby, approved;
2. That the rates for electric utility service applicable to the Prepaid Advantage Program shall be those as stated in Schedule RS, with the basic facilities charge, Renewable Energy Portfolio Standard (REPs) Rider, and any other flat rate per account charge applicable to Schedule RS applied to the Prepaid Advantage Program on a pro rata basis;
3. That DEP's requested waiver of the requirements of Commission Rules R8-8, R8-20 (b), (c), and (d); R8-44(4)(d); R12-8; R12-9(b), (c), and (d); and R12-11(a), (b), (f), (g), (h), (i), (l), (m), (n), and (p), is granted, only with respect to service DEP renders under and according to the Prepaid Advantage Program, provided, however, that consistent with Dockets No. E-2, Sub 1214 and E-7, Sub 1210, the limited waiver of Rule R12-11(m)(2) will expire on June 30, 2024, unless otherwise extended by the Commission;
4. That DEP shall file quarterly reports on the Prepaid Advantage Program to be filed beginning August 31, 2023, for the Second Quarter of 2023, consistent with the reporting requirements in this order.

ISSUED BY ORDER OF THE COMMISSION.

This the 31st day of January, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in dark ink, appearing to read "A. Shonta Dunston". The signature is fluid and cursive, with the first name "A." and last name "Dunston" clearly distinguishable.

A. Shonta Dunston, Chief Clerk

¹ In its September 28, 2022 Order Granting Further Extension of Waiver, the Commission has granted a request from DEP and DEC for a waiver of Commission Rule R-12-11(m)(2) until June 30, 2024, in Docket Nos. E-2, Sub 1214, and E-7, Sub 1210.