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September 11, 2023

VIA ELECTRONIC FILING

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

Re: Proposed Modifications to the Existing Commission-Approved Income-Qualified Energy Efficiency and Weatherization Assistance Program; Docket No. E-7, Sub 1032

Dear Ms. Dunston:

Enclosed for filing with and approval by the North Carolina Utilities Commission (the "Commission") is Duke Energy Carolinas, LLC's ("DEC" or the "Company") proposed modification to its existing Commission-approved Income-Qualified Energy Efficiency and Weatherization Assistance Program ("Program"). The Program is an energy efficiency ("EE") program approved in accordance with Commission Rule R8-68. This Program was originally approved by the Commission in its October 29, 2013, Order in Docket No. E-7, Sub 1032.

The purpose of the Program, as approved by the Commission, is to assist income-qualified customers with EE measures in their homes to reduce energy usage. The Program provides funding to local agencies and non-profit organizations providing weatherization services and EE upgrades which result in energy savings to income-qualified residential households in the DEC service territory. Eligibility is based on household income that qualifies for the State of North Carolina Weatherization Assistance Program.

DEC now seeks to modify the Program to better align it with Duke Energy Progress, LLC's ("DEP") Income-Qualified Energy Efficiency and Weatherization Assistance Program, which the Commission recently approved on March 1, 2023. *See Dkt. No. E-2, Sub 1299*. As outlined in the proposed tariff, DEC seeks to align the Program with DEP's approved program by:

- Expanding the class of customers eligible for the Program to include income-qualified homeowners and renters that occupy existing individually metered single-family residences, multifamily residences, or manufactured homes;

- Requiring the Weatherization and/or HVAC replacement of an electric heating system with a heat pump to have a Seasonal Energy Efficiency Ratio (“SEER”) exceeding federal standards;
- Increasing the maximum amount of the HVAC Replacement payment from \$6,000 to \$6,500;
- Modifying the maximum amount of the Refrigerator Replacement payment from \$1,080 to \$1,000 to increase cost-effectiveness while still providing a meaningful incentive; and
- Clarifying current practice with respect to benefits, attributes, reporting rights, and compliance rights associated with the Program.¹

These changes will expand potential participants and align the incentives with current market conditions.² The Company has modeled the Program’s updated cost effectiveness results arising from these modifications, the results of which are below:

| Cost Effectiveness Test | Existing Program | Modification |
|--------------------------------|------------------|--------------|
| Utility Cost Test (UCT) | 0.34 | 0.43 |
| Total Resource Cost Test (TRC) | 0.34 | 0.43 |
| Rate Impact Measure Test (RIM) | 0.27 | 0.33 |
| Participant Cost Test (PCT) | 1.65 | 1.49 |

Although the UCT score is higher than the current offering, as with the existing Program and DEP’s weatherization offering, the Program, as modified, is not cost-effective under the UCT. However, more importantly, the modification will encourage increased participation among income-qualified customers who have significant need and could derive economic benefits from the Program that would not otherwise exist. Therefore, the Program is in the public interest.

DEC requests the modified Income-Qualified Energy Efficiency and Weatherization Assistance Program tariff become effective upon the earlier of (i) November 1, 2023, or (ii) the date on which the Commission approves the Program. The Company is also aware that under Commission Rule R8-68(d)(2) other parties have thirty days from the date of the filing in which to petition for intervention, protest, or file comments.

DEC respectfully requests that the Commission:

1. Approve the modifications to the Income-Qualified Energy Efficiency and Weatherization Assistance Program and tariff (provided on Attachment G) to

¹The new tariff language on this point does not represent a departure from how the current Program is administered, but is included for ease of reference and transparency.

² The proposed modification was shared in advance with the EE/DSM Collaborative.

become effective upon the earlier of (i) November 1, 2023, or (ii) the date on which the Commission approves the modification.

2. Find that the Income-Qualified Energy Efficiency and Weatherization Assistance Program continues to meet the requirements of a “new” EE program consistent with Rule R8-69.
3. Find that all costs incurred by DEC associated with the Income-Qualified Energy Efficiency and Weatherization Assistance Program continue to be eligible for cost recovery through the annual Demand-Side Management and EE rider in accordance with Rule R8-69(b).
4. Approve the proposed utility incentives for continued inclusion in the annual DSM/EE rider in accordance with Rule R8-69.

The attached filing package contains a more detailed description of the Program, prepared in accordance with Rule R8-68(c)(2) and (3). Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,



Marion “Will” Middleton, III

*Appearing as counsel for Duke Energy Carolinas,
LLC*

N.C. State Bar No. 50877

Enclosure

cc: Parties of Record

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's Proposed Modification to the Existing Commission-Approved Income-Qualified Energy Efficiency and Weatherization Assistance Program, filed in Docket No. E-7, Sub 1032, has been served on all parties of record either by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid.

This 11th day of September 2023.

A handwritten signature in blue ink, appearing to read "Will M.", is centered within a light gray rectangular box.

Marion "Will" Middleton, III