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September 30, 2022

**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 Proposed Residential Tariffed On-Bill  
Program Tariff – Electric Customer Monthly Charge  
Docket No. E-2, Sub 1309**

Dear Ms. Dunston:

Enclosed for filing with and approval by the North Carolina Utilities Commission (the "Commission") is Duke Energy Progress, LLC's ("DEP" or the "Company") proposed Tariffed On-Bill tariff ("TOB"), a utility tariff filed in accordance with House Bill 951, Part III, Section Five, Item (iii) that requires the Company to establish an on-utility-bill repayment program related to energy efficiency investments.

The purpose of this tariff is to provide a mechanism for customers to install energy efficient upgrades and pay for those upgrades over time through their monthly electric bill. Energy efficient upgrades may include high efficiency HVACs, air sealing and insulation, duct replacement, and heat pump water heaters. By using premises-specific modeling, applying all available rebates and incentives, and utilizing an initial copayment, if necessary, the customer's monthly TOB charge will not exceed the customer's projected average monthly energy savings.

The upfront costs of improvements have long been identified as a significant obstacle for customers wishing to improve the energy efficiency of their homes. Some utilities and electric cooperatives have been able to assist customers in overcoming the "first cost" barrier by allowing them to pay for residential energy efficiency investments in installments as part of their tariffed electric bill charges. The Company has developed its proposed TOB tariff in consideration of established on-utility-bill programs offered by other utilities and cooperatives, and in consultation with the Tariffed On-Bill Working Group ("TOB Working Group") that was established as part of DEP's July 23, 2020

Agreement and Stipulation of Settlement with Stipulating Parties, which was approved by the Commission in its *Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice*, Docket Nos. E-2, Sub 1219 and 1193 on April 16, 2021. The proposed TOB tariff establishes customer protections, defines customer and utility obligations, and outlines general requirements necessary to ensure that both participants and non-participants benefit from making energy efficiency measures more affordable.

The Company's TOB program has several unique features designed to maximize the energy saving impact of the program. First, customers wishing to participate must have a twelve-month billing history to establish the baseline consumption necessary for modeling projected energy savings. The Company will use those projected savings to determine if the measure(s) qualify(ies) for Company program-related incentives and if an initial copayment is necessary to ensure that monthly savings exceed monthly repayment costs.<sup>1</sup> Second, as part of the TOB program, the Company will maintain and repair equipment, as needed. Customers agree to notify the Company when equipment is not functioning properly, and the Company agrees to repair it within five business days. If it cannot be repaired within five business days of notice to the Company, subsequent monthly payments may be suspended. The ongoing maintenance ensures that the projected energy savings do not degrade over time and that the benefits to the entire utility system are realized.<sup>2</sup> Thirdly, repayment of the TOB charge is an essential part of the customer's electric bill, and failure to pay could result in disconnection. This provision ensures that participants bear the primary expense of the upgrades and minimizes the risk of cost shifting. Lastly, the TOB tariff is tied to the meter at the premises, not to the individual customer. Therefore, when one customer moves out of the residence, the next occupant resumes paying the TOB charge and receiving the benefits of participating in the TOB program.

Initially, the Company will target customers with the best opportunity to achieve energy savings because they are the most likely participants to qualify for program-related incentives and achieve adequate bill savings without an initial copayment. However, over time, the Company expects that many customers will wish to avail themselves of the convenience of on-bill payment for worry-free energy efficient improvements to their home.

DEP requests the TOB tariff become effective on January 1, 2023. The Company is also aware that other parties have thirty days from the date of the filing in which to petition for intervention, protest, or file comments.

DEP respectfully requests that the Commission approve the Tariffed On-Bill tariff (provided on Attachment A) to become effective on January 1, 2023.

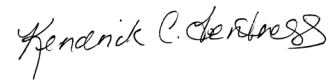
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<sup>1</sup> The TOB charge includes the cost of the installed measure(s) plus interest in the amount of the Company's most recently approved weighted average cost of capital.

<sup>2</sup> Costs related to ongoing maintenance and repair, as well as the cost of IT and system upgrades to facilitate overall program billing will be collected outside of the EE/DSM cost recovery mechanism or included in any specific customer TOB charges.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Kendrick C. Fentress". The signature is written in a cursive style.

Kendrick C. Fentress

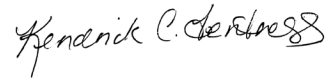
Enclosure

cc: Parties of Record

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Progress, LLC's Proposed Residential Tariffed On-Bill Program Tariff – Electric Customer Monthly Charge, in Docket No. E-2, Sub 1309, 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 the 30<sup>th</sup> day of September, 2022.



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RESIDENTIAL TARIFFED ON-BILL PROGRAM TARIFF- ELECTRIC CUSTOMER  
MONTHLY CHARGE  
PROGRAM TOB-1

PURPOSE

The purpose of the Residential Tariffed On-Bill Program Tariff- Electric Customer Monthly Charge program (the “Program”) enables customers to make investments in energy efficiency upgrades that will be repaid as part of the monthly electric bill associated with the premises through a Monthly Service Charge.

AVAILABILITY

Available to individually metered residential customers receiving concurrent service under a residential rate schedule.

The proposed project must also be approved by Duke Energy Progress, LLC (the “Company”), at its sole discretion. Projects will be screened to determine energy savings resulting from the upgraded measures that exceed the customer’s costs. If energy savings do not exceed the customer’s costs, then the Company may require the customer to make a co-payment to participate.

LIST OF ELIGIBLE MEASURES

A list of eligible measures (“Measures”) can be found on the Company’s website. Measures may include, but are not limited to, the following:

- Heating Ventilation and Air Conditioning (HVAC) equipment, service, and controls, including smart thermostats
- Thermal boundary improvements
- HVAC duct replacement
- Heat Pumps Water Heaters
- Other high efficiency equipment, products, and services as determined by the Company on a case-by-case basis.

CUSTOMER OR PARTICIPANT AGREEMENT:

To participate in the Program, the Duke Energy account holder at the participating location and the property owner, if different, must sign the Owner Participant Agreement. Participation in the Program will not require a credit check.

ACCOUNT STATUS

A residential customer’s account shall be current and not be on an active installment payment before an in-home assessment may be scheduled and before the installation of any measures.

EXISTING BUILDINGS

To qualify for participation in the Program, the Company must determine that an existing property is habitable for residential customers for the entire projected repayment period. Properties that the Company deems uninhabitable may be made habitable after improvements and upon inspection by the Company or an authorized agent. The Company, at its sole discretion, retains the right to deem properties habitable and to determine the appropriate improvements to become habitable.

RESIDENTIAL TARIFFED ON-BILL PROGRAM TARIFF- ELECTRIC CUSTOMER  
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PARTICIPANT CO-PAYMENT

A participant may be required to make a co-payment at the beginning of the project to reduce the overall amount subject to repayment and meet the required net bill savings threshold. Only the amount due for repayment would be subject to the Company's approved rate of return.

PARTICIPANT REPAYMENT COSTS

The Company will recover the full cost of the upgrades including installation, and its approved rate of return. These costs are assigned to the location (point of service or meter) where Measures are installed and paid by Customers occupying that location until all costs specified in the Owner Participant Agreement, as applicable, have been recovered.

Monthly Service Charge = (Total Amount Paid for Measures minus the incentive payment and minus the Participant Co-Payment) \* Approved Rate of Return in the Company's most recently approved rate case at the time of the Owner Participant Agreement and Term Length are established.

If Monthly Service Charges are temporarily suspended for any reason or the Company has no customer at the location for a period of time, the term of recovery may be extended for an equivalent period, but in any event the Repayment Period will not exceed twelve (12) years.

COST RECOVERY

No sooner than 30 days after the Company or its authorized agent notifies the customer of a completed project the Customer shall be billed the Monthly Service Charge in accordance with this tariff and the "Owner Participant Agreement." The Company will bill and collect Monthly Service Charges until cost recovery is complete, except as described below. Prepayment of unbilled charges will not be permitted.

An account holder may request a final bill for all remaining payments at the time of discontinuing service, starting service, or transferring service to a new owner or occupant.

The Company will bill and collect Monthly Service Charges until the Company recovers all costs as described above.

VACANCY

If a location at which Measures have been installed becomes vacant and electric service is disconnected, the Monthly Service Charges will be suspended until such time as electric service is restored. If a property owner maintains service at an unoccupied residence, the Monthly Service Charges may revert to the property owner, as described in the "Owner Participant Agreement" as applicable. In buildings with multiple rental units, the Company may require a property owner to maintain service for locations receiving Program Measures.

TERMINATION OF SERVICE CHARGE

Monthly Service Charges will no longer be billed after the Company has recovered the full cost of the Measure(s) and applicable fees, as described in the "Owner Participant Agreement" as applicable.

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TIED TO THE LOCATION

Until Monthly Service Charges are terminated, as described herein, the terms of this tariff together with the terms of the relevant “Owner Participant Agreement” shall be binding on any future account holder who shall receive service at a participating location.

DISCONNECTION FOR NON-PAYMENT

The Monthly Service Charges shall be considered an essential part of the Customer’s bill for electric service, and the Company may disconnect electric service for non-payment of Monthly Service Charges, subject to any applicable North Carolina law and Utility Commission rules or policies.

MAINTENANCE OF MEASURES

Participating Customers and property owners, if different, must keep the Measures in place for the duration of Monthly Service Charges, maintain the Measures per the manufacturers' instructions, and report any failure of any Measures to the Company and/or the Company’s Program operator as soon as possible and, in any event, within five (5) business days. Participating Customers and building owners must also agree to allow the Company and/or the Company’s Program operator access to perform maintenance and make repairs or adjustments to the Measures. The next Monthly Service Charge may be suspended if it cannot be repaired within five (5) business days of notice to the Company or the Company’s Program operator and may remain suspended until repairs are complete and equipment is operable. In the event, the billing cycle has commenced before the notification has been recorded, then customer may request a credit. Payment amounts will not be pro-rated.

REPAIRS

If, during the repayment period, the Company or its agent determines that a Measure is no longer functioning as intended and that the failure was not caused by the property owner/occupant, or other occupants in the residence, the Company will arrange for repair of the Measure and may elect to suspend Monthly Service Charges until repairs are complete.

If the Company determines that the property owner/occupant or other occupants in the residence caused, deliberately or negligently, the Measure’s failure, the Company may, in its sole discretion, seek to recover the costs of repairs from the Customer and/or seek, in addition to cost of repairs, immediate recovery of all remaining costs not to exceed the full cost of the Measure and applicable fees as specified in the “Owner Participant Agreement” as applicable.

If the Company is not responsible for maintenance and repairs per the terms of the “Owner Participant Agreement” then this does not apply.

NOTIFICATION TO SUCCESSOR CUSTOMERS

The Company will file Electricity Provider Notice of Tariffed on-Bill notice of a TOB charge in the real estate record.

The “Owner Participant Agreement” will include a requirement that any successive owner, or any future tenant who will be an account holder at the location, is provided successor owner notice or successor renter notice, as applicable, of that location’s enrollment in a tariffed on-bill program.

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A landlord would be subject to a remedy as set forth in the “Owner Participant Agreement” for violating the terms of the “Owner Participant Agreement”.

The Company will also inform a successor account holder at the time of setting up a new service at a participating property that the monthly electric bill will include Monthly Service Charges.

GENERAL

Services and offerings under this Program are subject to the authority of the North Carolina Utilities Commission and are subject to changes or other modifications lawfully made thereby.

Effective for service rendered on and after \_\_\_\_\_  
NCUC Docket No. E-2, Sub \_\_\_\_\_