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DUKE ENERGY®

February 15, 2019

VIA ELECTRONIC FILING

M. Lynn Jarvis, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

RE: Duke Energy Carolinas, LLC's and Duke Energy Progress, LLC's Annual Report on Customer Connect Program Docket Nos. E-7, Sub 1146 and E-2, Sub 1142

Dear Ms. Jarvis:

Pursuant to the Commission's Order issued June 22, 2018 in Docket No. E-7, Sub 1146 and the Commission's Orders issued February 23, 2018 and June 12, 2018 in Docket No. E-2, Sub 1142, please find enclosed for filing Duke Energy Carolinas, LLC's and Duke Energy Progress, LLC's Joint Annual Report on the Customer Connect Program in the above-referenced dockets.

Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,

Kendrick C. Fentress

Kendrick C. Fentress

Enclosure

cc: Parties of Record

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's and Duke Energy Progress, LLC's Joint Annual Report on the Customer Connect Program, in Docket Nos. E-7, Sub 1146 and E-2, Sub 1142, 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 15th day of February, 2019.

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DUKE ENERGY PROGRESS, LLC
DUKE ENERGY CAROLINAS, LLC

ANNUAL REPORT ON CUSTOMER CONNECT PROGRAM
DOCKET NO. E-2, SUB 1142
DOCKET NO. E-7, SUB 1146
YEAR ENDED DECEMBER 31, 2018

INTRODUCTION & SUMMARY

Ordering Paragraph No. 30 in Docket No. E-2, Sub 1142 and Ordering Paragraph No. 22 in Docket No. E-7, Sub 1146 require that Duke Energy Progress, LLC and Duke Energy Carolinas, LLC (the "Companies") file a report annually for the next five years (2022), or until the Customer Connect Program is fully implemented, whichever occurs later. The Customer Connect Program ("CCP") Annual Report is due by February 15 each year and will provide information on the following topics:

1. *Program Development and Accomplishments*
2. *Key Customer Benefits*
3. *Program Spending*
4. *Customer Inputs and Insights*
5. *Any other information the Companies deem appropriate*

The Customer Connect Program fully launched in January 2018 following all approval governance milestones and significant request for proposal and contract negotiation activities throughout 2016 and 2017. Contracts were established with major vendors: SAP as the primary software vendor, Accenture as the system integrator, and EY (Ernst & Young) as the organizational change management and training partner.

The program will deliver new capabilities to customers every year of the program leading up to full deployment in 2021 and 2022 as follows:

Release 1 ("R1") Analytics & Digital Marketing - The Companies will incorporate advanced analytics capabilities that will allow it to better track the interactions and relevant touch points customers are having with Duke Energy Corporation across multiple channels, such as web visits, Interactive Voice Response Unit (IVR), live voice calls, social media, etc., to build a holistic customer profile.

Release 2 ("R2") Customer Engagement - The Companies will build on the holistic customer profile to begin to engage with customers in new ways. Examples of new and/or improved capabilities customers will experience include a streamlined customer service experience and more timely, relevant and valuable communications.

****Updated** Release 2 Customer Engagement –** Originally, Release 2 was planned to be fully implemented in November 2018. However, after learning more about impacts to our call centers, the decision was made to split the release into two separate deployments – November 2018 and February 2019 – as noted in the updated timeline on page 2 below. The functionality moved to February 2019 primarily impacts our call center employees and was moved to ensure proper call center training, adoption and minimal impact to customer service level during the transition time.

Release 3 ("R3") Prepaid Release - The Companies will implement core components of the complete meter-to-cash solution early for a subset of customers, and will be able to offer new or existing products and services on a prepaid basis to customers, providing them with more choice, control and convenience in how they do business with Duke Energy Corporation.

In Release 3 as noted above, we had originally planned to implement core components of the complete meter-to-cash solution early for a subset of customers who prepay. However, after completing our detailed Plan and Initiate phases, we learned that complexities associated with our interfacing systems were greater than originally planned, and this was work necessary in order to implement these early core components. Implementing these components early would add significant risk to our Program and therefore no longer met our key objectives: to de-risk the Program, deliver value along the journey, and advance the final solution. As a result, we have made the decision to shift these capabilities to align with our core meter-to-cash solution deployment in 2021. The revised scope for Release 3 is noted below.

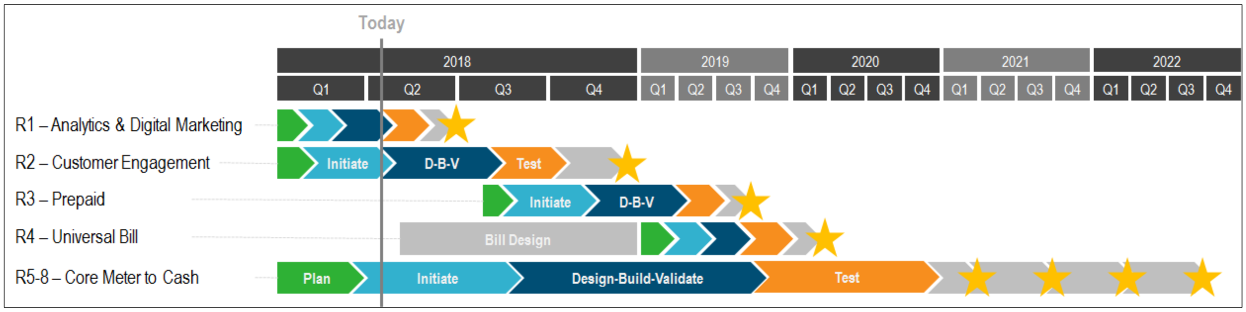
****Updated**** **Release 3 Customer Engagement -** The Companies will continue to build on functionality to enable more meaningful, personalized and valuable interactions with our customers. We will integrate with the IVR system to better predict customer intent when they are calling and expose that data to our Customer Care specialists. We will further enable a holistic view of our customer.

Release 4 Universal Bill - The Companies will introduce a universal bill format to help customers more easily view and understand their bill and energy usage.

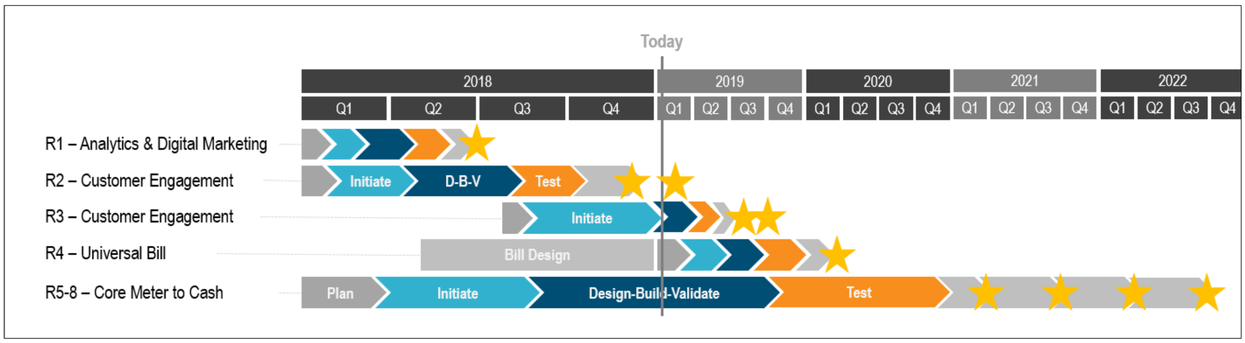
Releases 5-8 Core Meter-to-Cash - The Companies will begin deploying the final components of the meter-to-cash solution including all meter-to-cash processes and additional self-service capabilities and portals, new rate offerings and advanced billing options.

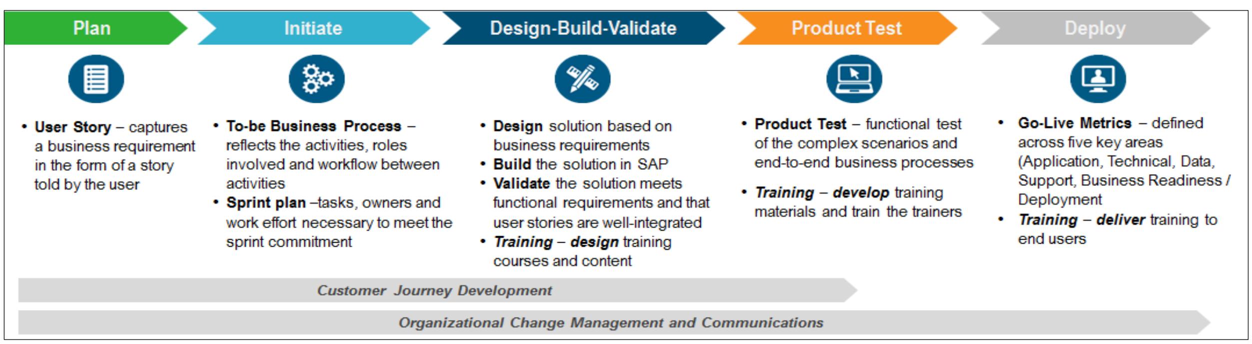
****Updated****Release 5-8 Core Meter-to-Cash -** The Companies will begin deploying the final components of the meter-to-cash solution including all meter-to-cash processes and additional self-service capabilities and portals, new rate offerings and advanced billing options. Releases 5-8 will also include prepaid capabilities, as noted above in the Release 3 update.

Original Program Timeline and Phases



Updated Program Timeline and Phases





High level program methodology - phases and key activities of each release

Program activities undertaken in the past 12 months

	2018			
	Q1	**Q2**	**Q3**	**Q4**
Program Management	• Launched program in January • Kicked off individual releases • Onboarded 129 resources; total program 214 (93 Int., 121 Ext.)	• Engaged independent Quality Assurance (QA) partner • Onboarded 139 resources; total program 353 (115 Int., 238 Ext.)	• Onboarded 90 resources; total program 443 (142 Int., 301 Ext.)	• Onboarded 79 resources; total program 522 (154 Int., 368 Ext.)
Release 1 Analytics & Digital Marketing	• Kicked off release on Jan. 2 • Business Processes Complete • Completed Plan & Initiate phases • Test approach complete	• Developed training materials • Completed Design-Build-Validate, Test and Deploy phases • **Go-live June 18**, two weeks ahead of original schedule	• Complete Warranty phase	• Project complete
Release 2 Customer Engagement	• Conducted release kick-off	• Completed Plan/Initiate phase • Kicked off Design-Build-Validate phase • Detailed requirements and business process designs complete	• Continued to iterate on functionality delivered in Release 1, delivering nine (9) additional deployments in Q3 and Q4 • Completed Design-Build-Validate phase • Began Product Test phase • Training schedule complete • Business Readiness plan complete	• Began performance testing • Conducted Day in the Life sessions with customer-facing employees • Completed dress rehearsal activities in preparation for deployment • Business Readiness Scorecard complete
Release 3 Customer Engagement, cont.		• Kicked off Plan//Initiate phase	• Completed Plan phase • Continued Initiate phase with integration workshops	• Completed Initiate phase • Finalized scope • Detailed requirements and business process designs complete
Release 4 Universal Bill	• Kicked off pre-planning work	• Developed new bill format prototype	• Distributed consumer testing for new bill formats	• Began sharing prototypes with Regulatory Staff(s)
Releases 5-8 Core Meter to Cash	• Kicked off pre-planning work • Conducted 201 workshops; 54 business process documents completed • Data Conversion Strategy Complete	• Kicked off Initiate phase • Continued workshops and business process designs	• Mock data conversion plan complete • Completed Universal process design • Completed Initiate Phase	• Kicked off Design-Build-Validate phase for Integrating Partners • Detailed requirements and business process designs complete

Key Customer Impacts/Benefits Implemented

- Customer Connect delivered capabilities in mid-2018 to begin to gather, store and analyze customer insights to create more satisfying interactions for our customers.
- We also delivered enhanced marketing and communications capabilities to enable automated and targeted campaigns to provide more personalized service. These capabilities automate processes, increase effectiveness and provide us with metrics to gage our success.
- When Hurricane Florence impacted the Carolinas in September 2018, the Company was able to leverage the new functionality to provide a better experience for our customers. The team quickly developed a dashboard to coordinate communications with customers throughout the storm response. The dashboard leveraged data from the analytics platform and visualized that data in new ways that led to insights into the experience customers were having across the Company's phone, web and social media channels. The Company plans to apply learnings from the dashboard and incorporate improvements for future storms.

Program activities planned for the next 12 months

	2019			
	Q1	**Q2**	**Q3**	**Q4**
Program Management				
Release 1 Analytics & Digital Mktg	• Project complete	• Project complete	• Project complete	• Project complete
Release 2 Customer Engagement	• Product test complete • End-user training complete • Data conversion complete • Contingency plan complete • Change management results reported • **Go-live February 18**	• Complete Warranty phase	• Project complete	• Project complete
Release 3 Customer Engagement, cont.	• Begin Design-Build-Validate Phase	• Complete Functional and Technical designs • Design-Build-Validate phase complete	• **Deploy in July and September**	• Complete Warranty phase
Release 4 Universal Bill	• Conducted release kick-off • Complete Plan phase • Begin Initiate phase	• Complete Initiate phase • Complete detailed requirements • Complete business process designs • Begin Design-Build-Validate phase	• Complete Design-Build-Validate phase • Begin Product Test phase	• Continue Product Test phase • Begin Deployment phase activities
Releases 5-8 Core Meter to Cash	• Continue Design-Build-Validate phase	• Continue Design-Build-Validate phase	• Complete Design-Build-Validate phase • Prepare for Product Test phase	• Begin Product Test phase • Complete first mock data conversion • Complete Customer Journeys • Begin Business Readiness Plan development

Key Customer Impacts/Anticipated Benefits

- Streamlined Customer Service Experience -
  - Leveraging insights from the holistic customer profile, the Company will be able to use the new platform to predict the intent of customers when they call, improving their experience with Duke Energy.
  - Interaction tracking data will be made available to customer care specialists, who will leverage it for context into why a customer may be calling and to have a more informed and productive conversation with the customer.
  - Ability to engage with customers in a more positive manner.
  - Ability to note the last time the customer interacted with us and why.
  - Ability to resolve issue and prevent a potential future call.
  - Change the conversation and tone with our customer.
  - Offer the problem and solution before the customer tells us and/or asks .
- More Timely, Relevant and Valuable Communications -
  - Ability to send more tailored, personalized digital communications to customers.

CUSTOMER CONNECT PROGRAM SPENDING

I. Expenditures (by category for capital and O&M) for both internal and external services, and equipment incurred during the last calendar year.

Annual Expenditures ***For the year ended December 31, 2018*** ***(dollars in millions)***	**Duke Energy Progress**					**Duke Energy Carolinas**				
	Labor		**Non-labor**			**Labor**		**Non-labor**		
	Capital	**O&M**	**Capital**	**O&M**	**Grand Total**	**Capital**	**O&M**	**Capital**	**O&M**	**Grand Total**
Release 1 - Advanced Analytics	179	244	1,036	378	1,837	296	403	1,706	624	3,029
Release 2 - Customer Engagement	787	552	2,074	1,008	4,421	1,300	913	3,421	1,666	7,300
Release 3 - Prepaid	39	244	505	696	1,484	64	402	818	1,150	2,434
Release 4 - Universal Bill	15	112	191	220	538	25	185	305	363	878
Release 5 - Core Meter to Cash (5-8)	712	1,394	1,828	2,654	6,588	1,176	2,303	3,057	4,385	10,921
Cross Release	145	465	2,563	519	3,692	240	768	4,240	927	6,175
Grand Total	**$ 1,877**	**$ 3,011**	**$ 8,197**	**$ 5,475**	**$ 18,560**	**$ 3,101**	**$ 4,974**	**$ 13,547**	**$ 9,115**	**$ 30,737**

Annual Expenditures ***For the year ended December 31, 2018*** ***(dollars in millions)***	**Duke Energy Progress - NC**					**Duke Energy Carolinas - NC**				
	Labor		**Non-labor**			**Labor**		**Non-labor**		
	Capital	**O&M**	**Capital**	**O&M**	**Grand Total**	**Capital**	**O&M**	**Capital**	**O&M**	**Grand Total**
Release 1 - Advanced Analytics	159	217	922	336	1,635	228	310	1,314	480	2,332
Release 2 - Customer Engagement	700	491	1,846	897	3,935	1,001	703	2,634	1,283	5,621
Release 3 - Prepaid	35	217	449	619	1,321	49	310	630	886	1,874
Release 4 - Universal Bill	13	100	170	196	479	19	142	235	280	676
Release 5 - Core Meter to Cash (5-8)	634	1,241	1,627	2,362	5,863	906	1,773	2,354	3,376	8,409
Cross Release	129	414	2,281	462	3,286	185	591	3,265	714	4,755
Grand Total	**$ 1,671**	**$ 2,680**	**$ 7,295**	**$ 4,873**	**$ 16,518**	**$ 2,388**	**$ 3,830**	**$ 10,431**	**$ 7,019**	**$ 23,667**

II. Project-to-date expenditures (by category for capital and O&M) for both internal and external services, and equipment incurred through the last calendar year.

Project-to-date Expenditures *Calendar years 2016-2018* *(dollars in millions)*	**Duke Energy Progress**					**Duke Energy Carolinas**				
	Labor		**Non-labor**			**Labor**		**Non-labor**		
	Capital	**O&M**	**Capital**	**O&M**	**Grand Total**	**Capital**	**O&M**	**Capital**	**O&M**	**Grand Total**
Release 1 - Advanced Analytics	179	245	1,524	378	2,326	296	405	2,496	624	3,821
Release 2 - Customer Engagement	787	554	2,603	1,008	4,952	1,300	915	4,279	1,666	8,160
Release 3 - Prepaid	39	244	1,642	696	2,621	64	402	2,661	1,150	4,277
Release 4 - Universal Bill	15	112	1,011	220	1,358	25	185	1,634	363	2,207
Release 5 - Core Meter to Cash (5-8)	733	1,394	5,779	2,665	10,571	1,211	2,303	9,664	4,403	17,581
Cross Release	170	3,860	3,566	1,574	9,170	276	6,407	6,020	3,572	16,275
Grand Total	**$ 1,923**	**$ 6,409**	**$ 16,125**	**$ 6,541**	**$ 30,998**	**$ 3,172**	**$ 10,617**	**$ 26,754**	**$ 11,778**	**$ 52,321**

Project-to-date Expenditures *Calendar years 2016-2018* *(dollars in millions)*	**Duke Energy Progress - NC**					**Duke Energy Carolinas - NC**				
	Labor		**Non-labor**			**Labor**		**Non-labor**		
	Capital	**O&M**	**Capital**	**O&M**	**Grand Total**	**Capital**	**O&M**	**Capital**	**O&M**	**Grand Total**
Release 1 - Advanced Analytics	159	218	1,356	336	2,070	228	312	1,922	480	2,942
Release 2 - Customer Engagement	700	493	2,317	897	4,407	1,001	705	3,295	1,283	6,283
Release 3 - Prepaid	35	217	1,461	619	2,333	49	310	2,049	886	3,293
Release 4 - Universal Bill	13	100	900	196	1,209	19	142	1,258	280	1,699
Release 5 - Core Meter to Cash (5-8)	652	1,241	5,143	2,372	9,408	932	1,773	7,441	3,390	13,537
Cross Release	151	3,435	3,174	1,401	8,161	213	4,933	4,635	2,750	12,532
Grand Total	**$ 1,711**	**$ 5,704**	**$ 14,351**	**$ 5,821**	**$ 27,588**	**$ 2,442**	**$ 8,175**	**$ 20,601**	**$ 9,069**	**$ 40,287**

III. Deferred Account balance as of the previous calendar year

Customer Connect Regulatory Asset *Balance as of December 31, 2018* *(dollars in millions)*	**Account No.**	**Duke Energy Progress Balance as of 12/31/2018**	**Duke Energy Carolinas Balance as of 12/31/2018**
NC CustomerConnect Deferral	0182524	$ 7,806	$ 11,261

IV. Any noteworthy impacts to the costs and schedule to the Customer Connect Program, if applicable.

CUSTOMER INPUTS AND INSIGHTS

Communication material to customers, customer satisfaction indexes, customer engagement

- Partnered with Siegle+Gale to perform consumer testing in August and September 2018, comparing current bill formats to new template
- Engaged 550 Duke Energy customers in North Carolina (both DEC and DEP); respondents were shown a Before and After version of the bill and had an opportunity to provide comments

ADDITIONAL INFORMATION

Any other information the Companies believe to be appropriate, if applicable.

DUKE ENERGY CAROLINAS, LLC

DOCKET NO. E-7, SUB 1146

INTRODUCTION & SUMMARY

Per the Commission's order in Docket No. E-7, Sub 1146, the Customer Connect Annual Report shall clearly describe the status of efforts to effectively provide energy consumption data to customers and the precautions taken to ensure data remains secure.

CUSTOMER ACCESS TO ENERGY USAGE DATA UPDATE

Please refer to the Company's 2018 Smart Grid Technology Plan filed October 1, 2018 in Docket No. E-100, Sub 157. Exhibit 2 of the plan provides an update on the Customer Usage Data Access Conference held July 10, 2018. Additionally, Appendix A provides the precautions taken to ensure customer data is secure.

Following the Customer Usage Data Access Conference held in July, the Company has initiated an effort to provide customers functionality similar to what is available with Green Button: Download My Data. This functionality is expected to be available to customers in 2019.