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February 17, 2020

**VIA ELECTRONIC FILING**

Ms. Kimberley A. Campbell, 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 Joint Annual Report on the Customer Connect Program**
**Docket Nos. E-7, Sub 1146 and E-2, Sub 1142**

Dear Ms. Campbell:

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

# 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, 2019

### 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 requires that Duke Energy Progress, LLC (DEP) and Duke Energy Carolinas, LLC (DEC, and collectively, 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. 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 3. The functionality moved to February 2019 primarily impacts Customer Care specialists and was moved to ensure proper call center training, adoption and minimal impact to customer service level during the transition time.

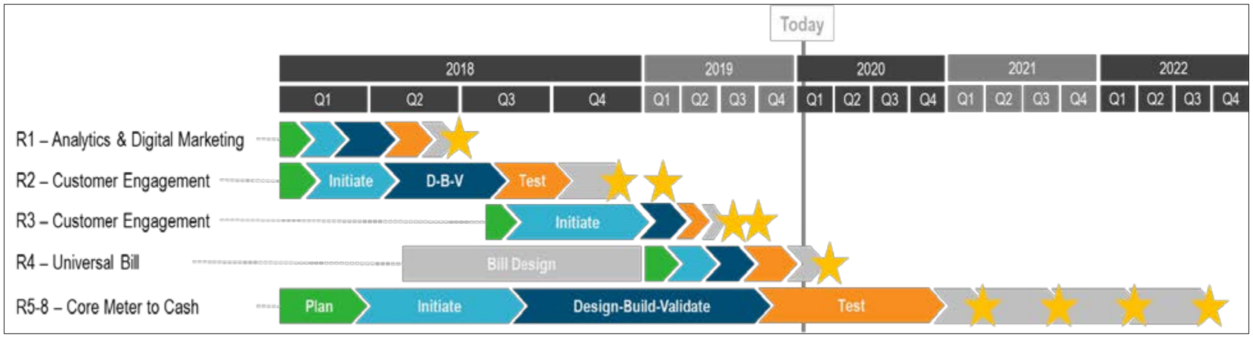
**Release 3 (R3) Customer Engagement -** The Companies will continue to build on functionality to enable more meaningful, personalized and valuable interactions with our customers. The Companies will integrate with the IVR system to better predict customer intent when they are calling and expose that data to the Companies' Customer Care specialists. The Companies will further enable a holistic view of our customer.

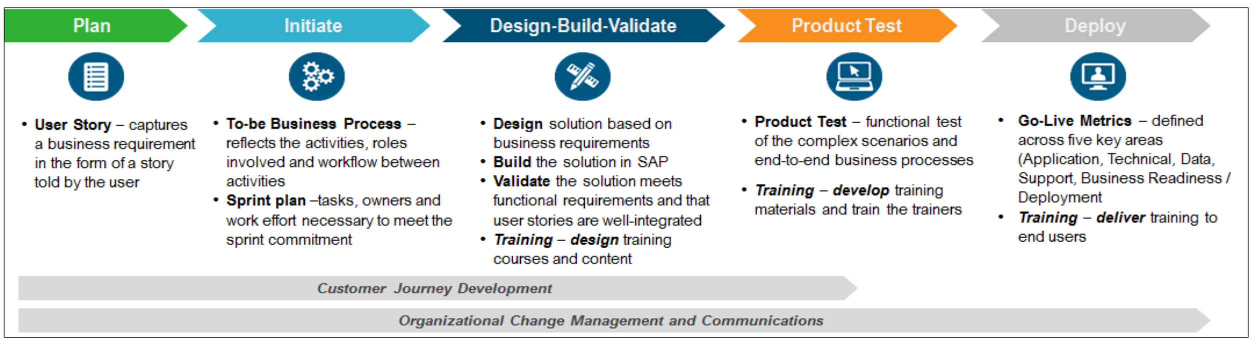
**Release 4 (R4) Universal Bill -** The Companies will introduce a universal bill format to help customers more easily view and understand their bill and energy usage.

**Release 5-8 (R5-8) 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, which will allow the Companies 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.

The Companies 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 detailed Plan and Initiate phases, the Companies learned that complexities associated with the interfacing systems were greater than originally planned, and that this was work necessary to implement these early core components. Implementing these components early would add significant risk to our Program, and, therefore, implementing these components no longer met our key objectives to: de-risk the Program, deliver value along the journey, and advance the final solution. As a result, the Companies have decided to shift these capabilities to align with core meter-to-cash solution deployments in 2021 and 2022 for DEC and DEP, respectively. The revised scope for Release 3 is noted above.

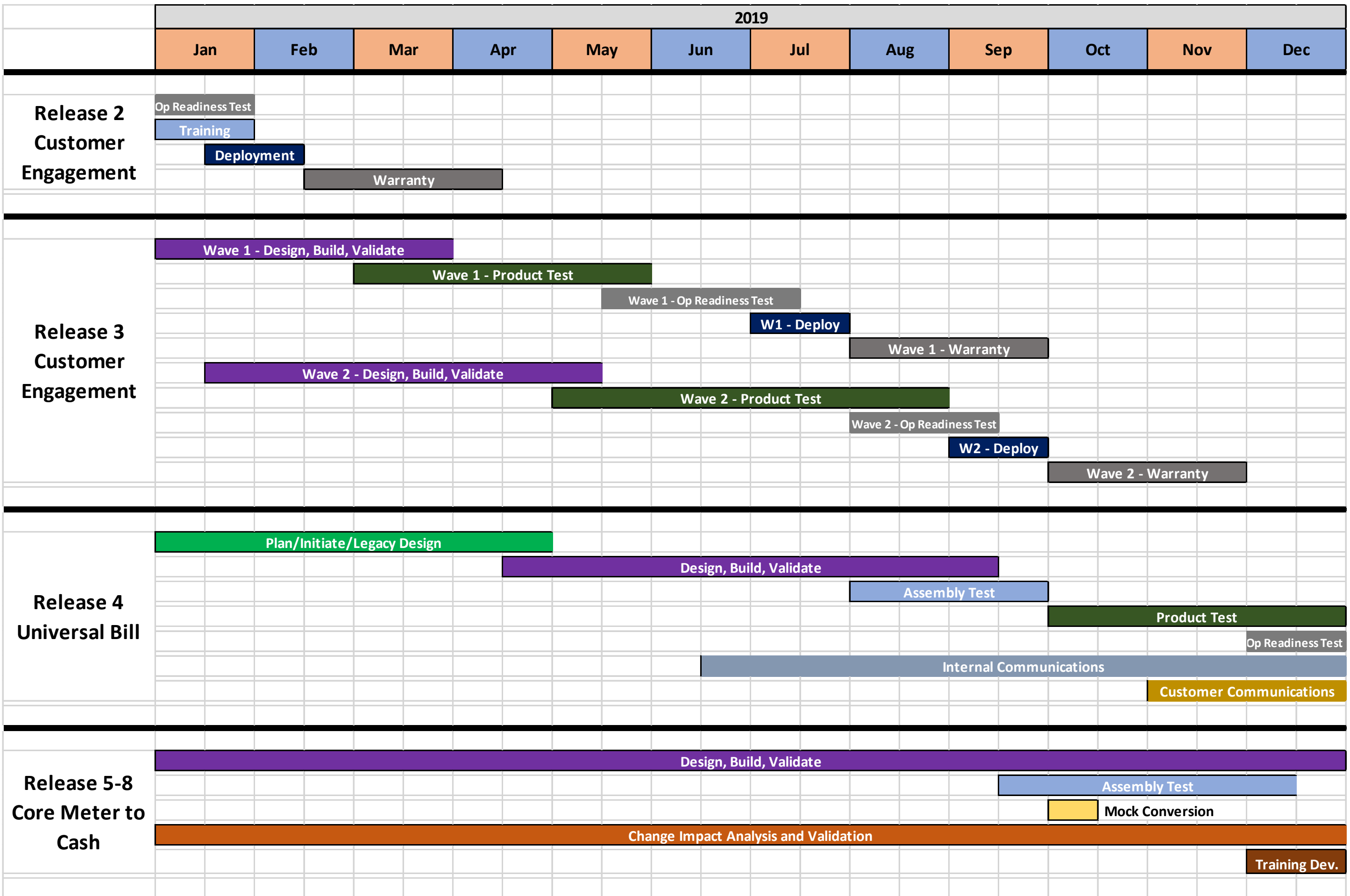
## Program Timeline and Phases




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

## Program activities undertaken in the past 12 months




| | 2019 | | | |
|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 |
| **Release 1 Analytics & Digital Marketing** | • Release complete | • Release complete | • Release complete | • Release complete |
| **Release 2 Customer Engagement** | • Completed Product Test Phase<br>• Completed Operational Readiness Test Phase<br>• Completed Data Conversion<br>• End User Training Delivered<br>• **Go-Live/Deployed February 18** | • Completed Warranty Phase | • Release complete | • Release complete |

## Program activities undertaken in the past 12 months (*continued*)

| | 2019 | | | |
|---|---|---|---|---|
| | **Q1** | **Q2** | **Q3** | **Q4** |
| **Release 3 Customer Engagement, cont.** | • **Deploy 1** – Started and Completed Design, Build, Validate Phase<br>• **Deploy 1** - Started Assembly and Product Test Phases<br>• **Deploy 2** – Started Design, Build, Validate Phase | • **Deploy 1** – Completed Assembly and Product Test Phases<br>• **Deploy 2** – Completed Design, Build, Validate Phase | • **Deploy 1 Go-Live July 29**<br>• **Deploy 2 Go-Live September 30** | • Completed Warranty Phase |
| **Release 4 Universal Bill** | • Conducted release kick-off<br>• Completed Plan Phase<br>• Started Initiate Phase<br>• Shared New Bill Prototypes with Public Staff | • Completed Initiate Phase<br>• Completed Detailed Requirements<br>• Completed Business Process Designs<br>• Started Design, Build, Validate Phase | • Completed Design, Build, Validate Phase<br>• Conducted Roadshows and Bill Demos at Call Center Locations<br>• Started Assembly and Product Test Phases | • Shared High-Level Bill Format Customer Communication Plan with Public Staff<br>• Shared new bill formats with Customer Assistance agencies<br>• Completed Assembly and Product Test Phases<br>• Started Operational Readiness Test and Performance Test Phases<br>• Completed Phase 1 External Communication Campaign<br>• Started Development of Phase 2 Communication Campaign |
| **Releases 5-8 Core Meter to Cash** | • 20% of Design, Build, Validate Phase complete<br>• Added Assembly Test Phase to Program Plan<br>• Cleansed ~41K data elements in the legacy systems (CBIS & CIM)<br>• Revised 12 customer communications | • 55% of Design, Build, Validate Phase complete<br>• Started Test Planning<br>• Cleansed ~230K data elements in the legacy systems (CBIS & CIM)<br>• Revised 81 customer communications | • 76% of Design, Build, Validate Phase complete<br>• Completed Test Planning<br>• Started Assembly Test Phase<br>• Completed User Stories and Customer Journeys<br>• Cleansed ~1.4M data elements in the legacy systems (CBIS & CIM)<br>• Revised 219 customer communications | • 90% of Design, Build, Validate Phase complete<br>• Continued Assembly Test Phase<br>• Completed 1st Mock Data Conversion<br>• Completed Training Needs Analysis<br>• Completed Change Impact Assessment<br>• Began Training Development<br>• Cleansed ~207K data elements in the legacy systems (CBIS & CIM)<br>• Revised 200 customer communications |

***NOTE: Activity is for all jurisdictions, unless otherwise noted***

**Program activities undertaken in the past 12 months (*continued*)**

**Assembly Test Phase**

The Assembly Test Phase was added to test certain functions and interfaces before Product Testing began in 2020. This phase is a best practice for customer system replacement programs of this size and complexity.

**Customer Communications**

The Customer Connect program team is revising all customer-facing communications to make them more meaningful to customers and to align with the updated business processes to be implemented with the new system. This includes incorporating new email, phone and text message communications, where appropriate.

**Key Customer Impacts/Benefits Implemented**

In **February 2019**, leveraging insights from the holistic customer profile, the Companies began using the new platform to predict the intent of customers when they call. This and other information have been made more readily available to customer care specialists, who are using it for context into why a customer may be calling and having more informed and productive conversations with customers.

In **May 2019**, the Program implemented a new capability to better communicate with customers. The Companies are now able to create targeted customer communication lists by leveraging attributes that are particularly relevant during major storms, such as the substation or operations center a customer is served by, or whether the customer or nearby customers are experiencing an outage. These lists will be used to send more specific communications about the specific storm-related circumstances near the customer's home or business.

Additionally, in **September 2019**, these capabilities were expanded to include the ability to automate these email campaigns from the Customer Connect solution and allow them to be configured in advance and quickly executed in desired circumstances.

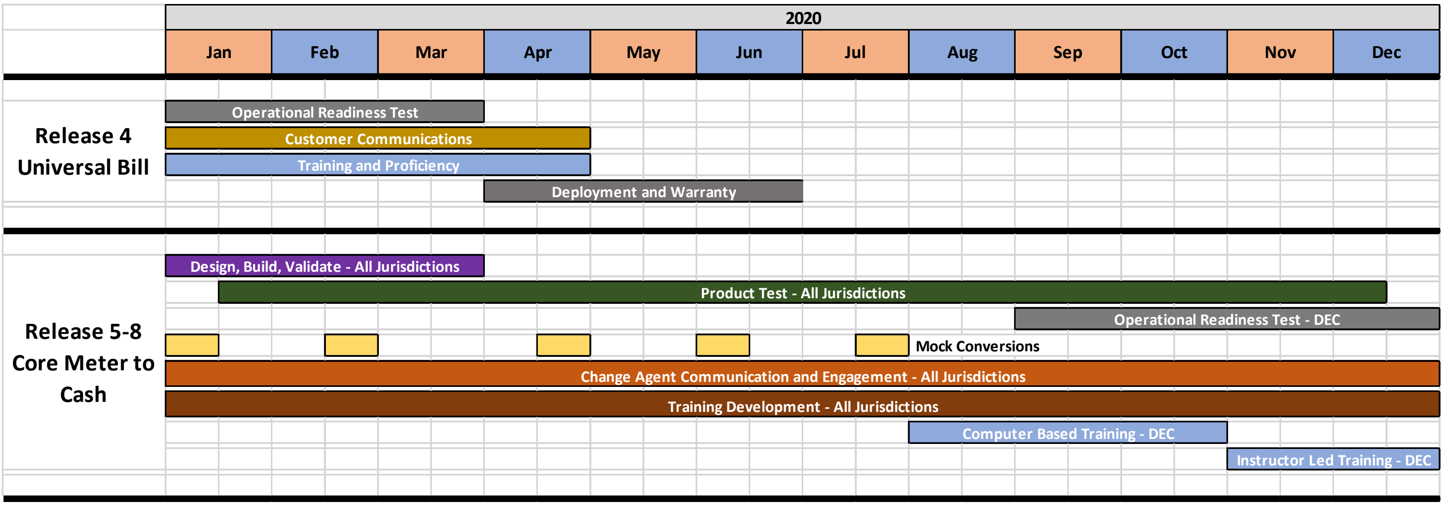
In **October 2019**, we integrated the advanced analytics of Customer Connect and the new natural language IVR and began predicting the intent of customers when they call. Provided below are examples of messages the customers hear in IVR in specific situations which predict their intent:

- If the customer was recently sent a disconnect notice ***and*** there is an order for disconnection on the account, the following IVR message is played: "I see that your service is scheduled to be disconnected, unless you make a payment of < $ > by < Date >. Say 'pay now', 'help with my bill' or 'do something else'".

- If a customer calls and one or more customers on the same circuit have reported an outage, the following IVR message is played: "It looks like there might be a power outage at < customer address >. Is that what you're calling about?"

There are 10 Customer Intent Predictions in production today pertaining to outages, payments, payment arrangements, disconnections, reconnections, start service and stop service. Since November 2019, the Company has accurately predicted approximately 70% of the customer intent prediction calls in the new IVR.

## Program activities planned for the next 12 months




| | 2020 | | | |
|---|---|---|---|---|
| | **Q1** | **Q2** | **Q3** | **Q4** |
| **Release 1 Analytics & Digital Mktg** | • Release complete | • Release complete | • Release complete | • Release complete |
| **Release 2 Customer Engagement** | • Release complete | • Release complete | • Release complete | • Release complete |
| **Release 3 Customer Engagement, cont.** | • Release complete | • Release complete | • Release complete | • Release complete |
| **Release 4 Universal Bill** | • Complete Operational Readiness Test Phase<br>• Launch Phase 2 and 3 Communication Campaign<br>• Conduct Training | • **DEP Go-Live**<br>• **DEC Go-Live**<br>• Begin Warranty Phase | • Complete Warranty Phase | • Release complete |
| **Releases 5-8 Core Meter to Cash** | • Complete Design-Build-Validate Phase<br>• Continue Product Test Phase<br>• Complete 2nd and 3rd Mock Data Conversions<br>• Continue Training Development | • Continue Product Test Phase<br>• Complete 4th and 5th Mock Data Conversion<br>• Continue Training Development | • Continue Product Test Phase<br>• Complete 6th Mock Data Conversion<br>• Start DEC Operational Readiness Test Phase<br>• Conduct DEC Dress Rehearsal No. 1<br>• Continue Training Development<br>• Start DEC Training | • Continue Product Test Phase<br>• Continue DEC Operational Readiness Test Phase<br>• Conduct DEC Dress Rehearsal No. 2 and 3<br>• Continue DEC Training<br>• Launch DEC Communication Campaign |

*NOTE: Activity is for all jurisdictions, unless otherwise noted*

**Key Customer Impacts/Anticipated Benefits**

In second quarter 2020, we will introduce a new bill format to help customers more easily view and understand their bill and energy usage. The Companies performed consumer testing in 2018 to gather customer feedback on the current bill design as well as the proposed design to ensure areas of confusion were addressed in the new format. The redesigned bill provides a simplified, clear and uncluttered billing experience for all residential and non-residential Duke Energy customers. While the bill will have a new look and feel, it will include the same information customers value and state regulators require.

The Customer Connect program team will be working with the Customer Survey and Customer Care Center organizations to monitor customer sentiment regarding the new bill format post-deployment. Gathering and analyzing this data will allow the Customer Connect program team to adjust Customer Care specialists training and/or customer communications, if needed.

As part of the Phase 2 and 3 Communication campaign about the new bill format in 2020, the following communication activities will be implemented in advance of the new bill deployment ("bill is coming") and post deployment ("bill is here"):

- Banners on the Duke Energy website directing customers to the campaign page or bill tutorial pages
- Bill tutorial page for the new bill (including Spanish-translated callouts) on the Duke Energy website
- A Bill message followed by a Bill insert about the new bill format
- Email and newsletters to residential and business customers
- Continue social media campaign (i.e., Facebook post)
- Targeted messages will be added to our automated phone system to educate customers about the new bill and redirect them to the website for more information

As a follow-up to community agency meetings in Q4 2019, we will send the following communications:

- An email to inform agencies about the new bill and direct them to a dedicated resources page on the Duke Energy website. The Agency Resources page provides helpful resources about the new bill format (e.g., quick reference guide, fact sheet, FAQ sheet)
- A toolkit to explain the new bill design and sample bills for quick reference when speaking with their clients

DEC will launch a communications campaign about the core Meter to Cash solution in fourth quarter 2020 to introduce and prepare customers for the improvements the Company is making to enhance our customers' experience. Such improvements include more billing options and payment methods, and more convenience and control for customers to manage their accounts and monitor energy usage. The communications campaign will use a variety of communication channels to offer multiple touch points with customers and will address needs ranging from general awareness to building a deeper understanding of the enhancements. Messaging and content will be tailored to suit the audience and channel.

## 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, 2019*
*(dollars in thousands)*

**Duke Energy Progress**

| | Labor | | Non-labor | | |
|---|---|---|---|---|---|
| | Capital | O&M | Capital | O&M | Grand Total |
| Release 1 - Advanced Analytics | - | - | - | - | - |
| Release 2 - Customer Engagement | 388 | 238 | 1,073 | 1,014 | 2,713 |
| Release 3 - Customer Engagement Extended | 600 | 296 | 803 | 1,135 | 2,834 |
| Release 4 - Universal Bill | 254 | 392 | 1,274 | 730 | 2,650 |
| Release 5 - Core Meter to Cash (5-8) | 3,992 | 910 | 14,657 | 2,829 | 22,388 |
| Cross Release | 225 | 730 | 1,805 | 1,045 | 3,805 |
| **Grand Total** | **$ 5,459** | **$ 2,566** | **$ 19,612** | **$ 6,753** | **$ 34,390** |

**Duke Energy Carolinas**

| | Labor | | Non-labor | | |
|---|---|---|---|---|---|
| | Capital | O&M | Capital | O&M | Grand Total |
| Release 1 - Advanced Analytics | - | - | - | - | - |
| Release 2 - Customer Engagement | 639 | 436 | 1,759 | 1,672 | 4,506 |
| Release 3 - Customer Engagement Extended | 990 | 491 | 1,272 | 1,873 | 4,626 |
| Release 4 - Universal Bill | 419 | 649 | 2,066 | 1,204 | 4,338 |
| Release 5 - Core Meter to Cash (5-8) | 6,637 | 1,672 | 23,925 | 4,679 | 36,913 |
| Cross Release | 370 | 1,202 | 2,947 | 1,971 | 6,490 |
| **Grand Total** | **$ 9,055** | **$ 4,450** | **$ 31,969** | **$ 11,399** | **$ 56,873** |

**Annual Expenditures**
*For the year ended December 31, 2019*
*(dollars in thousands)*

**Duke Energy Progress - NC**

| | Labor | | Non-labor | | |
|---|---|---|---|---|---|
| | Capital | O&M | Capital | O&M | Grand Total |
| Release 1 - Advanced Analytics | - | - | - | - | - |
| Release 2 - Customer Engagement | 345 | 212 | 955 | 902 | 2,415 |
| Release 3 - Customer Engagement Extended | 534 | 263 | 715 | 1,010 | 2,522 |
| Release 4 - Universal Bill | 226 | 349 | 1,134 | 650 | 2,359 |
| Release 5 - Core Meter to Cash (5-8) | 3,553 | 810 | 13,045 | 2,518 | 19,925 |
| Cross Release | 200 | 650 | 1,606 | 930 | 3,386 |
| **Grand Total** | **$ 4,859** | **$ 2,284** | **$ 17,455** | **$ 6,010** | **$ 30,607** |

**Duke Energy Carolinas - NC**

| | Labor | | Non-labor | | |
|---|---|---|---|---|---|
| | Capital | O&M | Capital | O&M | Grand Total |
| Release 1 - Advanced Analytics | - | - | - | - | - |
| Release 2 - Customer Engagement | 492 | 336 | 1,354 | 1,287 | 3,470 |
| Release 3 - Customer Engagement Extended | 762 | 378 | 979 | 1,442 | 3,562 |
| Release 4 - Universal Bill | 323 | 500 | 1,591 | 927 | 3,340 |
| Release 5 - Core Meter to Cash (5-8) | 5,110 | 1,287 | 18,422 | 3,603 | 28,423 |
| Cross Release | 285 | 926 | 2,269 | 1,518 | 4,997 |
| **Grand Total** | **$ 6,972** | **$ 3,427** | **$ 24,616** | **$ 8,777** | **$ 43,792** |

**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 2016-2019*
*(dollars in thousands)*

| | 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 | 1,175 | 792 | 3,676 | 2,022 | 7,665 | 1,939 | 1,351 | 6,038 | 3,338 | 12,666 |
| Release 3 - Customer Engagement Extended | 639 | 540 | 2,445 | 1,831 | 5,455 | 1,054 | 893 | 3,933 | 3,023 | 8,903 |
| Release 4 - Universal Bill | 269 | 504 | 2,285 | 950 | 4,008 | 444 | 834 | 3,700 | 1,567 | 6,545 |
| Release 5 - Core Meter to Cash (5-8) | 4,725 | 2,304 | 20,436 | 5,494 | 32,959 | 7,848 | 3,975 | 33,589 | 9,082 | 54,494 |
| Cross Release | 395 | 4,590 | 5,371 | 2,619 | 12,975 | 646 | 7,609 | 8,967 | 5,543 | 22,765 |
| **Grand Total** | **$ 7,382** | **$ 8,975** | **$ 35,737** | **$ 13,294** | **$ 65,388** | **$ 12,227** | **$ 15,067** | **$ 58,723** | **$ 23,177** | **$ 109,194** |

**Project-to-date Expenditures**
*Calendar years 2016-2019*
*(dollars in thousands)*

| | 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 | 1,046 | 705 | 3,272 | 1,800 | 6,822 | 1,493 | 1,040 | 4,649 | 2,570 | 9,753 |
| Release 3 - Customer Engagement Extended | 569 | 481 | 2,176 | 1,630 | 4,855 | 812 | 688 | 3,028 | 2,328 | 6,855 |
| Release 4 - Universal Bill | 239 | 449 | 2,034 | 846 | 3,567 | 342 | 642 | 2,849 | 1,207 | 5,040 |
| Release 5 - Core Meter to Cash (5-8) | 4,205 | 2,051 | 18,188 | 4,890 | 29,334 | 6,043 | 3,061 | 25,864 | 6,993 | 41,960 |
| Cross Release | 352 | 4,085 | 4,780 | 2,331 | 11,548 | 497 | 5,859 | 6,905 | 4,268 | 17,529 |
| **Grand Total** | **$ 6,570** | **$ 7,988** | **$ 31,806** | **$ 11,832** | **$ 58,195** | **$ 9,415** | **$ 11,602** | **$ 45,217** | **$ 17,846** | **$ 84,079** |

**III.** Deferred Account balance as of the previous calendar year

**Customer Connect Regulatory Asset**
***Balance as of December 31, 2019***
***(dollars in thousands)***

| | Account No. | Duke Energy Progress Balance as of 12/31/2019 | Duke Energy Carolinas Balance as of 12/31/2019 |
|---|---|---|---|
| NC CustomerConnect Deferral | 0182524 | $ 16,924 | $ 24,504 |

**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*

As part of the Phase 1 Communication campaign about the new bill format, the following communication activities were implemented:

- Customer Connect Program team members met with 65 local Customer Assistance agencies in the Carolinas to share the new bill format and communications plan in October 2019
- Residential and business customers received an email communication that a new bill is coming their way in November 2019
- Residential, small-medium business and large account customer website landing pages (including FAQs) were created to provide the customer with more information about the new bill design in November 2019
- The Companies launched a social media campaign and added messaging on the Duke Energy website regarding the new bill format in December 2019

## ADDITIONAL INFORMATION

*Any other information The Company believes to be appropriate*

The design of the Customer Connect core solution is nearly complete, and many new capabilities have been incorporated to improve the customer experience, some of which will require the Companies to submit regulatory filings with the North Carolina Utilities Commission.

## 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

As noted in the letter filed by the Companies on October 15, 2019 in Docket Nos. E-100, Sub 157 and E-7, Sub 1146, the Companies' web platforms are being migrated to the cloud and upgraded for stability, and scalability to support multiple efforts across the Duke Energy Corporation enterprise; therefore, functionality similar to the access provided by Green Button: Download My Data will be provided to customers in the first quarter of 2020. This is a change from earlier filings regarding this matter where the Companies indicated their plans to provide this functionality by the end of 2019.

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 17th day of February, 2020.

Kendrick C. Fentress

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Associate General Counsel
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