

STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

DOCKET NO. E-7, SUB 1249

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	)	
Application of Duke Energy Carolinas, LLC	)	<b>REBUTTAL TESTIMONY</b>
for Approval of Demand-Side Management	)	<b>OF ROBERT P. EVANS</b>
and Energy Efficiency Cost Recovery Rider	)	<b>FOR DUKE ENERGY</b>
Pursuant to N.C. Gen. Stat. § 62-133.9 and	)	<b>CAROLINAS, LLC</b>
Commission Rule R8-69	)	

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1    **Q.    PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**  
2       **POSITION WITH DUKE ENERGY.**

3    A.    My name is Robert P. Evans, and my business address is 410 S. Wilmington  
4       Street, Raleigh, North Carolina. I am employed by Duke Energy Corporation  
5       as Senior Manager-Strategy and Collaboration for the Carolinas in the Portfolio  
6       Analysis and Regulatory Strategy group.

7    **Q.    DID YOU PREVIOUSLY FILE DIRECT TESTIMONY IN SUPPORT**  
8       **OF DUKE ENERGY CAROLINAS, LLC’S (“COMPANY”)**  
9       **APPLICATION IN THIS DOCKET?**

10   A.    Yes.

11   **Q.    WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

12   A.    The purpose of my rebuttal testimony is to respond to portions of the testimony  
13       of David Williamson filed on behalf of the Public Staff and Forest Bradley-  
14       Wright filed on behalf of the North Carolina Justice Center (“NCJC”), the North  
15       Carolina Housing Coalition, and the Southern Alliance for Clean Energy  
16       (“SACE”).

17   **Q.    WILL YOU DESCRIBE THE PORTIONS OF WITNESS DAVID**  
18       **WILLIAMSON’S TESTIMONY TO WHICH YOU ARE**  
19       **RESPONDING?**

20   A.    Yes. There are several portions of Witness Williamson’s testimony that require  
21       response, specifically, those portions related to the Reserve Margin Adjustment,  
22       FIND it DUKE and EM&V.

**I. RESERVE MARGIN ADJUSTMENT FACTOR**

**Q. IS THE COMPANY PROPOSING TO APPLY A RESERVE MARGIN ADJUSTMENT FACTOR (“RMAF”) TO THE AVOIDED COST VALUES ASSOCIATED WITH THE ENERGY EFFICIENCY SAVINGS IN THIS PROCEEDING?**

A. Yes, the Company is proposing to apply the RMAF to the avoided cost values associated with energy efficiency savings starting with vintage 2022.

**Q. DID THE COMPANY EMPLOY THE RMAF IN ITS APPLICATION?**

A. Yes, for the purpose of its filing, the Company included a projection of 2022 avoided cost with and without the utilization of the RMAF.

**Q. DID THE PUBLIC STAFF AGREE WITH THE COMPANY’S PROPOSAL OF THE RMAF ADJUSTMENT?**

A. On page 4, beginning on line 9 of his testimony, Public Staff witness Williamson stated, “That the method for calculating the Reserve Margin Adjustment Factor, as proposed be accepted and used for the calculation of avoided capacity benefits for EE measures for future vintages.” On page 18, beginning on line 23 of his testimony, Public Staff witness Williamson further provided that “Yes, for purposes of this proceeding, the Public Staff accepts the inclusion of the RMAF adjustment.” To reflect this agreement, witness Listebarger has filed Listebarger Rebuttal Exhibit Nos. 1 through 6 with her supporting rebuttal testimony.

1   **Q.    WERE THE REVENUE REQUIREMENT CHANGES ASSOCIATED**  
2       **WITH THE RMAF RECOGNIZED IN THE RATE NOTIFICATION**  
3       **PROVIDED TO CUSTOMERS?**

4    A.   No, they were not. The noticed revenue requirement does not reflect the  
5       \$461,205 change in revenue requirements associated with the RMAF. This  
6       change in projected revenue requirements was determined and provided on  
7       Evans Exhibit 14.

8   **Q.    DOES THE COMPANY INTEND TO RENOTIFY ITS CUSTOMERS**  
9       **OF THE UPDATED RATE CHANGES RESULTING FROM THE**  
10      **APPLICATION OF THE RMAF?**

11   A.   Yes, the Company would renotify its customers if it were deemed by the  
12      Commission as being necessary. The Company would prefer to defer the  
13      recovery of the estimated \$461,205 RMAF related revenue requirement  
14      shortfall, however, until a subsequent true-up of Vintage 2022 is made in the  
15      Rider filing (Rider 15) if permitted to do so by the Commission. This approach  
16      would negate the need for a renotification. This approach would also provide  
17      that adequate time exists to memorialize the RMAF provisions into the  
18      Recovery Mechanism.

19                                   **II. FIND it DUKE**

20   **Q.    WHAT IS THE PUBLIC STAFF'S PROPOSAL ASSOCIATED WITH**  
21       **THE COMPANY'S FIND it DUKE ("FID") REFERRAL PROGRAM?**

22   A.   The Public Staff proposes that the Company refine its referral channel  
23       accounting to allow only referral dollars specifically related to Residential EE-

1 related work be included in the referral channel for the Residential Smart Saver  
2 Program and to book other revenues differently.

3 **Q. DO YOU AGREE WITH THE PUBLIC STAFF'S PROPOSAL?**

4 A. No. The Public Staff's recommendation does more harm than good with respect  
5 to the Residential Smart Saver Program, which in turn, costs ratepayers. The  
6 FID helps to maintain the cost-effectiveness of a popular EE program and  
7 revenue from FID helps offset the costs passed along to ratepayers through the  
8 DSM/EE Rider.

9 **Q. PLEASE EXPLAIN HOW FID BENEFITS RATEPAYERS.**

10 A. FID was developed to help augment the cost effectiveness of the Residential  
11 Smart Saver Program ("RSS Program"). The net proceeds from FID activities  
12 offset RSS Program costs. The RSS Program encourages customers to adopt  
13 high efficiency heating and cooling systems. FID has enhanced the cost-  
14 effectiveness of this popular EE program. In fact, the Program's anticipated  
15 UCT score, the new basis for program screening, does exceed 1, albeit barely,  
16 and can be considered cost effective at this time. It can be said that FID does  
17 work as it is intended to in its current configuration, as it allows for the benefits  
18 of the RSS Program to exceed the costs.

19 **Q. HOW DO YOU ADDRESS THE PUBLIC STAFF'S CONCERNS**  
20 **ABOUT SERVICES PROVIDED THROUGH FID REFERRALS THAT**  
21 **ARE NOT RELATED TO ENERGY EFFICIENCY?**

22 A. In 2020, there are three referral categories, electrical services, residential solar,  
23 and tree services, that are not necessarily related to energy efficiency. These

1 categories are not related to service offerings provided by the Company. These  
2 referrals have not been shown, nor have they been alleged to increase the cost  
3 of service or impair the quality of service of energy efficiency related offerings.  
4 In fact, FID lessens the cost of service by offsetting RSS Program costs.

5 **Q. WHY DOES FID OFFER REFERRALS TO NON-ENERGY**  
6 **EFFICIENCY RELATED OFFERINGS?**

7 A. The Company's original FID referrals were limited to those involving energy  
8 efficiency; however, referral requests were expanded by customer request.  
9 Thus, the expansion of referrals resulted from customers seeking assistance  
10 through FID that was not strictly limited to energy efficiency.

11 **Q. SHOULD THE COSTS OF FID REFERRALS THAT ARE NOT**  
12 **RELATED TO ENERGY EFFICIENCY BE BOOKED IN OTHER NON-**  
13 **EE ACCOUNTS?**

14 A. No additional costs are incurred for referrals that are not related to energy  
15 efficiency. The platform uses existing functionality to name additional  
16 services, which allows the program to expand the total number of services our  
17 Trade Ally Network offers. Notably, however, these added services capture  
18 additional revenue that reduces the annual flat fees associated with all referral  
19 generation.

20 **Q. WOULD IT BE APPROPRIATE TO ATTEMPT TO TRACK NON-EE**  
21 **REFERRAL COST AND REVENUES?**

22 A. No. FID revenue helps the entire RSS program. Trade allies who pay annual  
23 fees for referrals perform both non-EE and EE work and each referral could

1 result in one or both scenarios. It would be nearly impossible to accurately  
2 account for the differences. Rather than increase the cost and complexity of  
3 accounting and tracking, and potentially have to retire the RSS Program,  
4 maintaining the existing accounting structure is appropriate and is for the  
5 benefit of Duke Energy Carolinas' customers.

### 6 **III. EM&V STUDIES**

7 **Q. WHAT IS COMPANY'S RESPONSE TO WITNESS WILLIAMSON'S**  
8 **RECOMMENDATION THAT THE SAVE ENERGY & WATER KIT**  
9 **("SEWK") PROGRAM REPORT BE ACCEPTED ON THE**  
10 **CONDITION THAT FUTURE SEWK REPORTS EXPLAIN WHY A**  
11 **PARTICULAR ANALYSIS WAS CHOSEN FOR THAT**  
12 **EVALUATION?**

13 **A.** The Company agrees with witness Williamson's recommendation. The  
14 Company will continue to work with the respective third-party evaluator when  
15 determining impacts for future SEWK Program evaluations. For those SEWK  
16 evaluations where there are discrepancies between billing impacts and  
17 engineering impacts, the evaluator will provide rationale in the report as to why  
18 a specific analytical methodology was selected.

19 **Q. HOW DOES THE COMPANY RESPOND TO WITNESS**  
20 **WILLIAMSON'S RECOMMENDATIONS THAT DUKE ENERGY**  
21 **CAROLINAS AND THE NON-RESIDENTIAL SMART SAVER**  
22 **PRESCRIPTIVE PROGRAM EVALUATOR REFINE HOW THE**  
23 **COMPANY RECORDS MEASURE LEVEL IMPACTS?**

1 A. The Company will continue to work with the program evaluator and program  
2 team and refine, if possible, how the Company records its measure level  
3 impacts, particularly lighting measure impacts, for this program.

4 **IV. TESTIMONY OF FOREST BRADLEY-WRIGHT**

5 **Q. DO YOU HAVE ANY COMMENTS ON THE TESTIMONY FILED BY**  
6 **FOREST BRADLEY-WRIGHT ON BEHALF OF THE NORTH**  
7 **CAROLINA JUSTICE CENTER, NORTH CAROLINA HOUSING**  
8 **COALITION, AND SOUTHERN ALLIANCE FOR CLEAN ENERGY?**

9 A. Yes. I have comments regarding witness Bradley-Wright's testimony. In  
10 response to his recommendations on page 3 of his testimony, I note that DEC  
11 will continue to work with the Collaborative on these and other issues and is  
12 appreciative of all suggestions.

13 **Q. DO YOU HAVE ANY ADDITIONAL COMMENTS?**

14 A. Yes, witness Bradley-Wright, on page 4 of his testimony, made several  
15 recommendations to the Commission. These recommendations include:

- 16 1. Direct DEC to develop and submit to the Commission a supplemental filing  
17 in this docket indicating how the Company would achieve the 30.4 GWh  
18 savings required to close the gap between DEC's projected 0.96% annual  
19 savings in 2022 up to the 1% annual savings target.
- 20 2. Direct DEC to work in good faith with members of the Collaborative to  
21 produce a plan how best to exceed 1% annual savings in each of the next  
22 six years, to be periodically updated and presented to the Commission as an  
23 appendix to future DEC DSM/EE Rider applications.



1           3. Direct DEC to quantify and analyze the carbon savings associated with  
2           DEC's DSM/EE portfolio both to help inform the work of the Collaborative,  
3           and to enable the Commission and other interested parties to track the  
4           impact of DSM/EE resources towards achieving North Carolina's and Duke  
5           Energy's respective carbon reduction goals.

6           4. Direct DEC to resume including a table comparing the past performance of  
7           its DSM/EE portfolios' costs and savings (as ordered in 2019) and to add  
8           forecasted versus actually achieved kWh savings in that table: "That DEC  
9           shall include in its future DSM/EE applications a table that shows DEC's test  
10          period DSM/EE costs and savings, and that same information for the previous  
11          five years."

12   **Q.    SHOULD THE COMMISSION DIRECT THE COMPANY TO SUBMIT**  
13   **A SUPPLEMENTAL FILING IN THIS DOCKET TO INCREASE ITS**  
14   **PROJECTED SAVINGS?**

15   A.    No, the projected savings and the associated cost recovery requested reflect  
16          currently expected market conditions and projected participation. The  
17          projection is not and never has been intended to be a cap or ceiling on the  
18          amount that may be achieved.

19   **Q.    SHOULD THE COMMISSION ORDER THE COMPANY TO WORK IN**  
20   **GOOD FAITH TO PRODUCE A PLAN TO EXCEED 1% ANNUAL**  
21   **SAVINGS IN EACH OF THE NEXT SIX YEARS?**

22   A.    No, it is not necessary. The Company, as a part of its recovery mechanism, has  
23          a significant incentive to achieve the one percent (1%) level of savings over this

1 period. The 1% target, however, is an aspirational goal. It is not, nor should it  
2 be considered, any more than this. The Company continues to strive for a robust  
3 program portfolio offering while seeking opportunities for new and improved  
4 programs within the cost effectiveness guidelines approved by this  
5 Commission.

6 **Q. SHOULD THE COMMISSION DIRECT THE COMPANY TO**  
7 **QUANTIFY AND ANALYZE THE CARBON SAVINGS ASSOCIATED**  
8 **WITH ITS DSM/EE PORTFOLIO?**

9 A. No. While not at the DSM/EE portfolio level, the Company already publishes  
10 carbon savings data in its annual Sustainability Report. There are no  
11 overwhelming needs for this information at this time and, like any other piece  
12 of additional data, there are costs associated with its determination.

13 **Q. DOES THE COMMISSION NEED TO DIRECT THE COMPANY TO**  
14 **RESUME INCLUDING THE TABLE COMPARING PAST**  
15 **PERFORMANCE COST AND SAVINGS AS ORDERED BY THE**  
16 **COMMISSION IN ITS 2019 ORDER?**

17 A. No. Pursuant to the Commission's October 18, 2019 Order in Docket No. E-  
18 7, Sub 1192, the Company filed the all required information in this proceeding.  
19 The referenced table comparing the past performance of its DSM/EE portfolios'  
20 costs and savings is identified as Evans Exhibit 13.

21 **Q. IN 2019, DID THE COMMISSION ORDER THE COMPANY TO**  
22 **INCLUDE FORECASTED AND ACTUAL ENERGY SAVINGS TO THE**  
23 **TABLE?**

1 A. No, it did not. This is a new request. Please note that this information is already  
2 available on an annual basis as a part of Evans Exhibit 8. As a result, another  
3 exhibit on this matter would be duplicative.

4 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

5 A. Yes.