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September 19, 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 Carolinas, LLC and Duke Energy Progress, LLC's  
Joint Motion to Amend Settlement Agreements on Scope of Tariff On  
Bill Pilots  
Docket Nos. E-7, Sub 1214 and E-2, Sub 1219**

Dear Ms. Dunston:

Please find enclosed for filing Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's ("The Company's") Joint Motion to Amend Settlement Agreements on Scope of Tariff On Bill Pilots and the Company's Proposed Order in the above-referenced dockets.

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

Sincerely,

A handwritten signature in black ink that reads "Kendrick C. Fentress".

Kendrick C. Fentress

Enclosure

cc: Parties of Record

OFFICIAL COPY

Sep 19 2022

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-7, SUB 1214  
DOCKET NO. E-2, SUB 1219

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

**DOCKET NO. E-7, SUB 1214**

In the Matter of )  
Application of Duke Energy Carolinas, LLC )  
For Adjustment of Rates and Charges )  
Applicable to Electric Service in North )  
Carolina )

**DOCKET NO. E-2, SUB 1219**

In the Matter of )  
Application of Duke Energy Progress, LLC )  
For Adjustment of Rates and Charges )  
Applicable to Electric Service in North )  
Carolina )

**JOINT MOTION TO AMEND  
SETTLEMENT AGREEMENTS  
ON SCOPE OF TARIFF ON BILL  
PILOTS**

NOW COME Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP”) (collectively the “Companies”) and jointly request that the Commission approve the Companies’ proposed amendment to the Stipulation of Settlement (“DEC Stipulation”) between and among DEC and the North Carolina Sustainable Energy Association (“NCSEA”), the North Carolina Justice Center (“NCJC”), the North Carolina Housing Coalition (“NCHC”), the Natural Resources Defense Council (“NRDC”), and the Southern Alliance for Clean Energy (“SACE”) (collectively “NCSEA/NCJC et al.”), (collectively with DEC the “Stipulating Parties”), filed in Docket No. E-7, Sub 1214 on July 23, 2020 and the Stipulation of Settlement (“DEP Stipulation”) between and among DEP and NCSEA/NCJC et al, (collectively with DEP, the Stipulating Parties) filed in

Docket No. E-2, Sub 1219 on July 23, 2020. In support of this joint motion, the Companies show as follows:

PROCEDURAL HISTORY  
(DEC Stipulation)

1. On September 30, 2019, in Docket No., E-7, Sub 1214, pursuant to N.C. Gen. Stat. §§ 62-133 and -134 and Commission Rule R1-17, DEC filed its Application to Adjust Retail Rates, Request for an Accounting Order and to Consolidate Dockets, along with the direct testimony and exhibits of multiple witnesses.

2. On July 22, 2020, DEC and NCSEA and NCJC, NCHC, NRDC and SACE (“NCJC et al.”) entered into the DEC Stipulation which, among other things, contained provisions related to DEC’s establishment of a tariffed-on-bill pilot program. The Stipulating Parties filed DEC’s Agreement and Stipulation of Settlement with Stipulating Parties in Docket No. E-7, Sub 1214 on July 23, 2020.

3. The Commission approved the DEC Stipulation in its *Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice*, issued March 31, 2021 in Docket No. E-7, Subs 1213, 1214, and 1187 (“DEC Rate Case Order”).<sup>1</sup>

(DEP Stipulation)

4. On October 30, 2019, in Docket No. E-2, Sub 1219, pursuant to N.C. Gen. Stat. §§ 62-133 and -134 and Commission Rule R1-17, DEP filed its Application for General Rate Case, along with direct testimony and exhibits of multiple witnesses.

5. On July 23, 2020, DEP and NCSEA/NCJC et al. entered into the DEP Stipulation which, among other things, contained provisions related to DEP’s establishment of a tariffed-on-bill pilot program. The Stipulating Parties filed DEP’s

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<sup>1</sup> DEC Rate Case Order, Docket No. E-7, Subs 1213, 1214, and 1187, issued Mar. 31, 2021, at 24-25.

Agreement and Stipulation of Settlement with Stipulating Parties in Docket No. E-2, Sub 1219 on July 23, 2020.

6. The Commission approved the DEP Stipulation in its *Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice*, issued April 16, 2021 in Docket No. E-2, Subs 1219 and 1183 (“DEP Rate Case Order”).<sup>2</sup>

#### **MOTION TO AMEND**

7. As noted in the Procedural History, in the DEC and DEP Stipulations, the Stipulating Parties agreed, among other things, to collaborate to design a tariff-on-bill (“TOB”) pilot program, including a Pay-As-You-Save® or other mutually agreeable alternative program designs. In April 2021, the Stipulating Parties organized the TOB working group (“TOB Working Group”). The TOB Working Group commenced working in good faith to develop and design a common set of terms for a residential retrofit TOB pilot program for existing single-family homes (“Retrofit Program”). During development, as costs were evaluated and opportunities were identified, the Companies proposed developing and designing a multi-family new construction TOB pilot program for multi-family project developers (the “MFNC Pilot”). The MFNC Pilot was intended to comply with the provisions of the DEC and DEP Stipulations in which DEC and DEP each further agreed to (1) file the mutually agreed upon pilot for approval with the Commission or (2) file a status report with the Commission on or before September 30, 2022.

8. DEC and DEP have agreed to develop the MFNC Pilot parallel with the Retrofit Program, which the Companies have agreed to file as a new program in both DEC and DEP service territories (and not as pilots). Further, the Companies agreed the goal is

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<sup>2</sup> DEP Rate Case Order, Docket Nos. E-2, Sub 1219 and Sub 1183, issued April 16, 2021 at 25-26.

to develop TOB offerings without unreasonable delays. Additionally, DEC and DEP agreed to work with the TOB Working Group to design and develop the MFNC Pilot and the Retrofit Program and to file the MFNC Pilot and the Retrofit Program for approval with the Commission, or file a status update with the Commission, and in either case on or before September 30, 2022.

9. As the work designing the MFNC Pilot progressed through the TOB Working Group, the Companies have become concerned that operational considerations complicated offering the MFNC Pilot in both the DEC and the DEP service territories. One such consideration is that the DEC and DEP Settlement Agreements establish a 700-1000 participant threshold for the DEC and DEP service territories combined. Developers have informed the Companies that they would only be interested in a TOB pilot program if it is for all units in a new project. Given the average size of the projects, the MFNC Pilot would be limited to only a handful of projects, and the maximum number of customers would be reached quickly in one service territory alone. Having two such MFNC Pilots operating concurrently will necessarily result in less representative pilots with duplicative evaluation, measurement, and verification, as well as operational and regulatory costs. In other words, the costs of establishing and operating two separate MFNC Pilots in each service territory exceed the likely benefits.

10. The Companies discussed this concern with the members of the TOB Working Group, and they agreed with the concerns. Thus, with the support and agreement of the TOB Working Group, which includes the Stipulating Parties, DEC and DEP request to amend the Stipulations to reflect that the MFNC Pilot will be in only one service territory

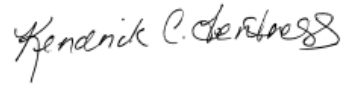
(the DEP service territory). The Stipulating Parties have agreed on adding the following provision to amend the DEC and DEP Stipulations:

The Stipulating Parties agree that, considering operational considerations that limit the number of MFNC projects necessary to meet the participation requirements agreed upon in the Settlement Agreement, the Companies may choose to offer the MFNC pilot in either the DEC North Carolina service territory or the DEP North Carolina service territory, instead of in both and that either DEC or DEP, as applicable, may file for approval of the pilot in its respective service territory. The Companies will request approval in both DEC and DEP service territories for the Retrofit program.

11. The Companies note that this amendment does not adversely impact any of the Stipulating Parties. A three-year MFNC Pilot in the DEP service territory should yield helpful lessons learned for subsequent programs in the DEC service territory. Moreover, the proposed amendment to the DEC and DEP Stipulations does not alter or modify any of the other terms, conditions or provisions contained in either the DEC or DEP Stipulations; nor does the amendment alter or impact any of the other NCUC findings and conclusions from either the DEC or the DEP Rate Case Orders.

WHEREFORE for the foregoing reasons, DEC and DEP jointly request that, as agreed upon by the Stipulating Parties, the Commission accept the proposed amendments to the DEC Stipulation and the DEP Stipulation as shown in Paragraph 32 above. Also provided as Attachment A is the Company's Proposed Order.

Respectfully submitted, this the 19<sup>th</sup> day of September, 2022.



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Counsel for Duke Energy Carolinas,  
LLC and Duke Energy Progress, LLC

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-7, SUB 1214  
DOCKET NO. E-2, SUB 1219

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

**DOCKET NO. E-7, SUB 1214**

In the Matter of )  
Application by Duke Energy Carolinas, )  
LLC, for Adjustment of Rates and Charges )  
Applicable to Electric Utility Service in )  
North Carolina )

**DOCKET NO. E-2, SUB 1219**

In the Matter of )  
Application by Duke Energy Progress, LLC, )  
for Adjustment of Rates and Charges )  
Applicable to Electric Utility Service in )  
North Carolina )

**PROPOSED ORDER AMENDING  
SETTLEMENT AGREEMENTS  
ON SCOPE OF TARIFF ON BILL  
PILOTS**

BY THE COMMISSION: As part of the *Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice*, issued March 31, 2021 in Docket No. E-7, Subs 1214, 1213, and 1187 (“DEC Rate Case Order”), the Commission approved a Stipulation of Settlement between and among Duke Energy Carolinas, LLC (“DEC”) and the North Carolina Sustainable Energy Association (“NCSEA”), the North Carolina Justice Center (“NCJC”), the North Carolina Housing Coalition (“NCHC”), the Natural Resources Defense Council (“NRDC”), and the Southern Alliance for Clean Energy (“SACE”) (collectively “NCSEA/NCJC et al.”) filed in Docket No. E-7, Sub 1214 on July 23, 2020 (the “DEC Stipulation”). Similarly, as part of the *Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice*, issued April 16, 2021 in Docket



No. E-2, Subs 1219 and 1183 (“DEP Rate Case Order”), the Commission approved a Stipulation of Settlement between and among Duke Energy Progress, LLC (“DEP”) and NCSEA/NCJC et al, (collectively with DEP, the Stipulating Parties) filed in Docket No. E-2, Sub 1219 on July 23, 2020 (the “DEP Stipulation”). On September 19, 2022, DEC and DEP (collectively, the “Companies”) filed a joint motion requesting approval to amend the DEC and DEP Stipulations. Based upon the joint motion and the Commission’s entire record in these proceedings, the Commission approves the joint motion to amend the DEC Stipulation and the DEP Stipulation.

In the DEC and DEP Stipulations, the Stipulating Parties agreed, among other things, to collaborate to design a tariff on bill (“TOB”) pilot program, including a Pay-As-You-Save® or other mutually agreeable alternative program designs. In April 2021, the Stipulating Parties organized the TOB working group (“TOB Working Group”). The TOB Working Group commenced working in good faith to develop and design a common set of terms for a residential retrofit TOB pilot program for existing single-family homes (“Retrofit Program”). During development, as costs were evaluated and opportunities were identified, the Companies proposed developing and designing a multi-family new construction TOB pilot program for multi-family project developers (the “MFNC Pilot”). The MFNC Pilot was intended to comply with the provisions of the DEC and the DEP Stipulations in which DEC and DEP each further agreed to (1) file the mutually agreed upon pilot for approval with the Commission or (2) file a status report with the Commission on or before September 30, 2022.

DEC and DEP agreed to develop the MFNC Pilot in parallel with the Retrofit Program. Further, the Companies agreed that the goal is to develop TOB offerings without

unreasonable delays. Additionally, DEC and DEP agreed to work with the TOB Working Group to design and develop the MFNC Pilot and the Retrofit Program and to file the MFNC Pilot and the Retrofit Program for approval with the Commission, or to file a status update with the Commission, and in either case on or before September 30, 2022.

As the work designing the MFNC Pilot progressed through the TOB Working Group, the Companies became concerned that operational considerations complicated offering the MFNC Pilot in both the DEC and the DEP service territories. One such consideration was that the DEC and DEP Settlement Agreements established a 700-1000 participant threshold for the DEC and DEP service territories combined. Builders had informed the Companies that they would only be interested in a TOB program if it is for all units in a new project. Given the average size of the projects, the MFNC pilot would be limited to a handful of projects, and the maximum number of customers would be reached quickly in one service territory alone. Having two MFNC Pilots operating concurrently would result in less representative pilots with duplicative evaluation, measurement, and verification, as well as operational and regulatory costs. In other words, the costs of establishing and operating two separate MFNC Pilots in each service territory would exceed the likely benefits.

The Companies discussed this concern with the members of the TOB Working Group and they agreed with the proposal to request Commission approval to amend the Settlement Agreements to reflect that the MFNC Pilot will be in only one service territory (the DEP service territory). The Stipulating Parties agreed to add the following provision to amend the DEC and DEP Stipulations:

The Stipulating Parties agree that, taking in account operational considerations that limit the number of MFNC projects necessary to meet

the participation requirements agreed upon in the Settlement Agreement, the Companies may choose to offer the MFNC pilot in either the DEC North Carolina service territory or the DEP North Carolina service territory, instead of in both and that either DEC or DEP, as applicable, may file for approval of the pilot in its respective service territory. The Companies will request approval in both DEC and DEP service territories for the Retrofit program.

The Companies noted that this amendment would not adversely impact any of the Stipulating Parties and that a three-year MFNC Pilot in the DEP service territory should yield helpful lessons learned for subsequent programs in the DEC service territory. Moreover, the proposed amendment to the DEC and DEP Stipulations does not alter or modify any of the other terms, conditions or provisions contained in either the DEC or DEP Stipulations, nor does the amendment alter or impact any of the other NCUC findings and conclusions from either the DEC or the DEP Rate Case Orders.

WHEREUPON, the Commission accepts the proposed amendment to the DEC Stipulation and the DEP Stipulation to include the provision:

The Stipulating Parties agree that, taking in account operational considerations that limit the number of MFNC projects necessary to meet the participation requirements agreed upon in the Settlement Agreement, the Companies may choose to offer the MFNC pilot in either the DEC North Carolina service territory or the DEP North Carolina service territory, instead of in both and that either DEC or DEP, as applicable, may file for approval of the pilot in its respective service territory. The Companies will request approval in both DEC and DEP service territories for the Retrofit program.

ISSUED BY ORDER OF THE COMMISSION

This the \_\_\_\_ day of September, 2022.

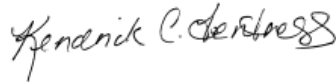
NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

## CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Joint Motion to Amend Settlement Agreements on Scope of Tariff On Bill Pilots and Proposed Order, in Docket Nos. E-7, Sub 1214 and E-2, Sub 1219, has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid, to parties of record.

This is the 19<sup>th</sup> day of September, 2022.



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