



Brian L. Franklin  
Associate General Counsel

Duke Energy  
550 South Tryon Street  
Charlotte, NC 28202

Mailing Address:  
DEC45A / P.O. Box 1321  
Charlotte, NC 28201

O: 980.373.4465

F: 980.373.8534

Brian.Franklin@duke-energy.com

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**VIA ELECTRONIC FILING**

Ms. Gail Mount, 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  
Appliance Recycling Program  
Docket Nos. E-7, Sub 1005 and E-2, Sub 970**

Dear Ms. Mount:

I am writing to update the Commission about Duke Energy Carolinas, LLC's ("DEC") and Duke Energy Progress, LLC's ("DEP") (the "Companies") Appliance Recycling Programs, which are DSM/EE programs that this Commission approved for DEC on July 17, 2012, in Docket No. E-7, Sub 1005, and for DEP on March 22, 2010, in Docket No. E-2, Sub 970. The purpose of this letter is to summarize recent developments regarding the insolvency of the vendor for the programs, and highlight DEC's and DEP's efforts to mitigate any inconvenience to the Companies' respective customers.

Since the inception of DEC's and DEP's Appliance Recycling Programs, the Companies have used a vendor partner named JACO Environmental, Inc. ("JACO") to manage operational components of the program on Duke Energy's behalf. JACO handled tasks like processing enrollments, scheduling appointments, picking up appliances, sending customer incentives and recycling the appliances. On Monday, November 23, 2015, JACO ceased daily program operation for utilities in 35 states after it entered into receivership with its largest creditor. This unexpected turn of events has presented challenges for the Companies in serving their customers that participate in the Appliance Recycling Programs.

For the short-term, the Companies' primary focus is to serve the customers that are currently participating in the Appliance Recycling Programs by gathering data, correcting incentive check issues, and rescheduling pick-up appointments. Specifically, the Companies have contacted customers with previously scheduled appointments to have their appliance picked up, informed them of the situation with the Companies' vendor, and cancelled the appointments. The Companies completed these cancellation

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calls on November 25, 2015. On that same date, the Companies also began contacting more than 3,000 customers in North Carolina that recently received incentive checks from the programs. The calls inform each customer of the situation, determine the status of the incentive check sent to the customer, provide guidance for checks that have not yet been cashed, and confirm the preferred contact information for further communication between the Companies and the customer. Duke Energy's goal is to provide the majority of incentives and reimbursements to customers in December 2015.

The longer term operation of the Appliance Recycling Programs will involve an internal analysis of the programs, a competitive bid process, if necessary, and an assessment of the viability of the programs based on bid information. The Companies envision that this process will take an estimated three to six months for a full launch.

The Companies have made the Public Staff aware of the vendor's insolvency, and have kept them abreast of the efforts that the Companies have undertaken to mitigate any inconvenience to customers. Duke Energy is working with the receivership entity to obtain as much information as possible regarding the check status for each affected customer, and also encourages affected customers to submit inquiries to [arp@duke-energy.com](mailto:arp@duke-energy.com) and to include as much detail as possible when submitting inquiries. Duke Energy is also working to establish a toll-free number for impacted customers to contact either DEC or DEP.

The Companies will continue to work tirelessly to mitigate the impacts to their customers as a result of this unfortunate development with its vendor, and will continue to provide updates to the Public Staff.

Please contact me if you have any questions.

Respectfully submitted,



Brian L. Franklin

cc: Parties of Record