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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 Progress, LLC's Late-Filed Exhibit No. 1
Docket Nos. E-2, Sub 1273**

Dear Ms. Dunston:

Pursuant to the Commission's request during the evidentiary hearing in the above-captioned docket, Duke Energy Progress, LLC ("DEP") responds to the Commission's questions on the Find It Duke referral channel posed at the evidentiary hearing through this DEP Late-Filed Exhibit No. 1. Because the questions posed at the September 21, 2021 evidentiary hearing were similar to those listed on the Appendix of the Commission's June 24, 2021 *Order Requiring Answers Regarding Find It Duke Program* in Docket No. E-7, Sub 1249, Duke Energy Progress LLC's Late-Filed Exhibit No.1 follows that order of questions.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Kendrick C. Fentress

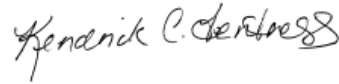
Enclosure

cc: Parties of Record

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Progress, LLC's Late-Filed Exhibit No. 1, in Docket No. E-2, Sub 1273, has been served on all parties of record either by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid.

This the 5th day of October, 2021.



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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1273

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

Application of Duke Energy Progress, LLC for)	DUKE ENERGY PROGRESS,
Approval of Demand-Side Management and)	LLC'S RESPONSE TO
Energy Efficiency Cost Recovery Rider)	QUESTIONS ON THE FIND IT
Pursuant to N.C. Gen. Stat. § 62-133.9 and)	DUKE PROGRAM
Commission Rule R8-69)	

NOW COMES Duke Energy Progress, LLC (“DEP” or the “Company”) by and through counsel and, pursuant to the Commission’s request during the evidentiary hearing on DEP’s demand-side and energy efficiency (“DSM/EE”) cost recovery rider proceeding held September 21, 2021 in the above-captioned docket, and responds to the questions from the Commission during the evidentiary hearing on the Company’s Find it Duke referral channel.

BACKGROUND

Find it Duke (“FID”) is a referral channel related to DEP’s Residential \$mart Saver energy efficiency program. On February 9, 2016, in Docket No. E-2, Sub 936, the Commission approved the Company’s request to implement this referral channel to offset some of the costs associated with the Residential \$mart Saver Program. This modification was intended to enhance the cost-effectiveness of that energy efficiency program.

On June 15, 2021, DEP filed an application in the above-captioned docket for approval of cost recovery for DEP’s DSM/EE programs, including the Residential \$mart

Saver program. In the pre-filed direct testimony of its witnesses, the Public Staff of the North Carolina Utilities Commission (“Public Staff”) expressed some concern about the Find It Duke referral channel expanding into referrals that were not related to energy efficiency programs. After discussions between the parties, the Public Staff and DEP agreed to work to resolve the Public Staff’s issues regarding DEP’s Find It Duke referral channel. The Public Staff also agreed that DEP should not be required to make any changes to its accounting related to the Find It Duke program costs or revenues at this time. DEP and the Public Staff agreed to report to the Commission on their efforts in their testimony to be filed in DEP’s 2022 DSM/EE rider proceeding.

In his rebuttal testimony, pre-filed at the Commission on September 16, 2021, DEP witness Robert Evans acknowledged the Commission’s determination in Docket No. E-7, Sub 1249 that Duke Energy Carolinas, LLC (“DEC”) should remove FID revenues and costs from DEC’s DSM/EE Rider. He testified that DEP intended to proceed similarly with respect to the DEP DSM/EE Rider.

During the September 21, 2021 evidentiary hearing in the above-referenced docket, the Commission directed DEP to respond to the Commission’s questions posed in the evidentiary hearing. DEP has done so below, following the order of questions as set forth in Appendix A to Commission’s June 24, 2021 *Order Requiring Answers Regarding Find It Duke Program* in Docket No. E-7, Sub 1249.

RESPONSES TO THE COMMISSION’S QUESTIONS

- 1. What are DEP's qualification guidelines for the approval of contractors to participate in the Find It Duke program (FID)?**

Response: Qualification guidelines for the approval of contractors can vary by service type, but all contractors participating in the FID referral channel must: (i) be in good standing with the Better Business Bureau; (ii) have minimal negative customer reviews posted by other review services; (iii) possess a valid W-9; (iv) meet minimum general liability/workers compensation insurance requirements; (v) possess valid state certifications or business licenses; and (vi) agree to the terms and conditions of the FID program.

2. How does DEP identify and recruit qualified contractors to participate in FID?

Response: DEP's goal with the FID referrals is to ensure a positive experience for the customer and to address customers' needs and questions. To that end, Trade Ally Outreach identifies contractors who have historically been active partners with the Residential Smart \$aver program or other residential Duke Energy programs; utilizes partnerships with manufactures /distributors; and identifies contractors that have quality Better Business Bureau ratings and positive Google reviews.

3. What efforts does DEP make to identify and recruit historically disadvantaged businesses for participation in FID?

Response: Historically, the Trade Ally Outreach team engaged potential FID contractors through a variety of outreach channels to determine those firms that met the program standards and had an interest in participating in the program. The ownership or classification of the business was not a criteria. Duke Energy recognizes the importance to better track, recruit, and incorporate disadvantaged business into the FID contractor network. The FID team is currently collaborating

with Duke Energy's Supplier diversity team to build a strategy and supporting tools to better incorporate disadvantaged contractors into the FID program.

4. **How many historically disadvantaged businesses are currently participating in FID?**

Response: The FID team has not obtained the information to detail the historically disadvantaged businesses participating in the program, but FID is working with Duke Energy's Supplier Diversity team to identify the number of current participating contractors that are classified as disadvantaged businesses. This information shall inform and help shape the strategy for facilitating engaging and working with disadvantaged businesses.

5. **Provide DEP's data on the number of historically disadvantaged businesses participating in FID that are female-owned businesses, minority-owned businesses, and all other subcategories describing the nature and ownership of such businesses.**

Response: The FID team has not obtained the detailed information to specifically identify female-owned businesses, minority-owned businesses, and all other subcategories currently supporting the FID program, but FID is working with Duke Energy's Supplier Diversity team to identify the number of current participating contractors that are classified as female-owned businesses, minority-owned businesses, and other subcategories. This information shall inform and help shape the strategy for facilitating the program's approach to effectively engaging and working with female-owned businesses, minority-owned businesses, and all other subcategories.

6. **What is the total number of businesses currently participating in FID?**

Response: The total number of businesses currently participating in FID is 77.

7. **How does DEP determine the amount(s) of the fees that FID contractors pay to participate in FID?**

Response: Fees are charged based on the total quantity of referrals provided to the contractor by service type. Contractors have multiple options on fee structure based on market sizes. Discounts are available to those contractors who can support multiple service types. Fees are consistent with other related referral services the contractor may participate in.

8. **What steps does DEP take to ensure that participating contractors are using FID to offer energy efficiency improvements to ratepayers, as opposed to using it to obtain customers for general home improvement work (such as plumbing or electrical wiring repairs)?**

Response: Once a contractor begins receiving referrals, that contractor is subject to meeting the minimum points (through a point system administered by the Company), through a series of scorecard metrics to remain eligible for the upcoming quarter. The ability to submit eligible energy efficiency rebates is one of the highest value weighted metrics used to maintain eligibility. Due to the importance placed on the metric, if energy efficient rebates are not utilized, then the contractor must overachieve in all other metrics to earn the required points.

9. **In 2020, how many DEP ratepayers contracted with a FID contractor (a contractor identified by the ratepayer through FID) solely for energy efficiency improvements?**

Response: In 2020, 7515 DEP ratepayers contracted with a FID contractor solely for energy efficiency improvements.

10. **In 2020, how many DEP ratepayers contracted with a FID contractor for energy efficiency improvements and general home improvement work?**

Response: In 2020, 7,896 DEP ratepayers contracted with a FID contractor for energy efficiency improvements and general home improvement work.

11. **In 2020, how many DEP ratepayers contracted with a FID contractor solely for general home improvement work?**

Response: In 2020, 381 DEP ratepayers contracted with a FID contractor solely for general home improvement work.

12. **Can a person who is not a DEP ratepayer access FID and obtain the contact information for FID contractors?**

Response: Yes; however, the Company notifies the participant that they are not eligible for Duke Energy rebates when performing energy efficient updates.

13. **In 2020, how many persons who were not DEP ratepayers contracted with a FID contractor?**

Response: In 2020, 5 persons who were not DEP ratepayers contracted with a FID contractor.

14. **What criteria does DEP apply to determine that a previously qualified contractor is no longer qualified to participate in FID?**

Response: DEP's Trade Ally management system flags a contractor when that contractor has any documentation that has expired or has not met the required metrics stated in the terms and conditions. These metrics include: Quality

Assurance inspection rates, customer experience issues, required star (customer satisfaction) ratings, etc. Additionally, Trade Ally Outreach performs routine follow-ups with contractors to ensure these requirements are being met on a quarterly basis.

- 15. In 2020, what was the average dollar value for work performed by historically disadvantaged businesses in FID?**

Response: Please see the response to Question 5. As noted, FID is working with Duke Energy's Supplier Diversity team to identify the number of current participating contractors that are classified as female-owned businesses, minority-owned businesses, and other subcategories. This information shall inform and help shape the strategy for facilitating the program's approach to effectively engaging and working with female-owned businesses, minority-owned businesses, and all other subcategories.

- 16. In 2020, what was the average dollar value of work performed by contractors that were not historically disadvantaged businesses?**

Response: Please see the response to Question 3. Duke Energy recognizes the importance to better track, recruit, and incorporate disadvantaged business into the FID contractor network.

- 17. In 2020, what was DEP's total cost of operating FID?**

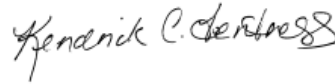
Response: In 2020, DEP's total cost of operating FID was \$539,286. This amount includes long-lived investments in collateral advertising materials, which will be used throughout several accounting periods. Therefore, the Company notes that this amount may not be fully representative of a yearly total operating cost. In

contrast, for example, the cost of operating FID for the six months ending June 2021 totaled only \$111,941.

18. In 2020, what was DEP's total revenue received from FID?

Response: In 2020, DEP's total revenue received from FID was \$241,454. Because of the restrictions on in-home and person-to-person interactions caused by the COVID pandemic in 2020, revenues for the type of in-person services that FID referrals typically involve fell. As restrictions have eased, revenues for only half of 2021 are already at approximately 69% of 2020's entire 12-month received revenue. Revenues for the first six months of 2021, ending June 30, 2021, total \$166,230.

Respectfully submitted, this the 5th day of October, 2021.



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