



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

October 18, 2018

Ms. M. Lynn Jarvis, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

Re: Docket No. E-2, Sub 1174

Dear Ms. Jarvis:

The purpose of this letter is to provide the Commission with the results of the Public Staff's review of the costs of the portfolio of demand-side management and energy efficiency (DSM/EE) programs of Duke Energy Progress, LLC, (DEP or the Company), incurred during the 12-month period ended December 31, 2017 (program costs).

In his testimony filed on September 4, 2018, Public Staff witness Maness stated that the Public Staff's investigation included a review of the Company's filing, relevant prior Commission proceedings and orders, and workpapers and source documentation used by the Company to develop the proposed DSM/EE billing rates. The review included the selection and review of samples of source documentation for test year program costs included by the Company for recovery through the DSM/EE Rider. Review of this sample was intended to test whether the actual costs included by the Company in the DSM/EE EMF billing rates were either valid costs of approved DSM and EE programs or administrative costs supporting those programs. Mr. Maness stated that the Public Staff was continuing to review certain data responses received from the Company prior to the date his testimony was prefiled, including documentation of costs selected for review in the Public Staff's samples; should this review result in any further issues, the Public Staff would file additional information with the Commission.

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The Public Staff has now completed its review of the samples and other data responses. As a result of the review, the Public Staff has discovered no further necessary adjustments to the billing factors, and is of the opinion that the Company has done a good job overall preventing inappropriate costs from being recorded in DSM/EE program costs. The appropriate DSM/EE EMF billing rates and forward-looking DSM/EE rates should reflect the Commission's findings conclusions as described in the proposed order filed by the Public Staff on October 18, 2018.

Sincerely,

Electronically Submitted
/s/ Lucy E. Edmondson
Staff Attorney
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cc: Parties of Record