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April 20, 2010

Renne C. Vance
Chief Clerk
NC Utilities Commission
4325 Mail Service Center
Raleigh, NC 27699-4325

FILED
APR 22 2010
Clerk's Office
N.C. Utilities Commission

Re: Docket No. E-7, Sub 831

Dear Ms. Vance:

Please find for filing the original and 30 copies of the NC WARN'S COMMENTS in this docket. I am including an additional copy to be stamped "filed" and returned to me in the enclosed envelope.

Thank you for your attention to this matter.

Sincerely,

John D. Runkle

John D. Runkle
Counsel for NCWARN

cc. Service List

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STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

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Clerk's Office
N.C. Utilities Commission

DOCKET NO. E-7, SUB 831

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

Application of Duke Energy Carolinas,)	
LLC for Approval of Save-a-Watt Approach,)	COMMENTS
Energy Efficiency Rider and Portfolio of)	BY NC WARN
Energy Efficiency Programs)	

PURSUANT TO the Order Allowing Comments issued April 6, 2010, NC WARN offers the following comments on Duke Energy's Motion for Clarification and Reconsideration filed in this docket on March 10, 2010.

1. Duke Energy is requesting the provisions of the Order Approving Agreement and Joint Stipulation of Settlement Subject to Certain Commission-Required Modifications and Decision on Contested Issues, February 9, 2010, ("Save-a-Watt Order") are either clarified or eliminated. NC WARN's comments focus on Duke Energy's requests (4) and (5) that the Commission excludes from the Save-a-Watt Order, those utility activities that "cause customers to increase demand or consumption" that are not associated with the Save-a-Watt energy efficiency and demand side management ("DSM") programs. This provision is an amendment to Section G of the Settlement Agreement, as modified by the Save-a-Watt Order at page 22.

2. Given the focus of several of the recent dockets before the Commission on energy efficiency and DSM, as well as the mandates of Session Law 2007-397 to achieve a Renewable and Energy Efficiency Portfolio Standard, it is acknowledged

State policy that we encourage the reduction of demand without causing the ratepayers any increase in their bills. Decreasing demand reduces the need for expensive new power plants so restricting utility programs that have as their sole purpose increasing demand should be seen as beneficial to everyone.

3. The provision in the Save-a-Watt Order requesting monitoring and reporting of demand increasing programs ("DIPs") directly supports this policy. DIPs are contrary to the Commission's clear mandate to promote energy conservation. G.S. 62-2(a)(3a) requires that conservation and efficiency are considered whenever the Commission review any of the utility programs.

4. The Save-a-Watt Order, and the equivalent order in Progress Energy's DSM/EE Rider, Docket No. E-2, Sub 931, each contain a similar condition regarding the DIPs. If the utility goes forward with a program or continues with policies that encourage energy consumption, then those should be monitored and reported to the Commission. Any program that increases electricity sales should be closely scrutinized by the Commission to determine if there any positive factors that outweigh the negative ones stemming from increased demand and consumption. Duke Energy should have the heavy burden when it brings a DIP to the Commission and tries to convince the Commission that the program can be justified. Some of these programs may have a rationale but if the only purpose of the DIP is to encourage greater consumption, this flies in the face of the expressed goals of Save-a-Watt, as well as Commission policy.

5. Monitoring and reporting the DIPs can be done at the same time as Duke Energy comes in with its revenue requirements under the Save-a-Watt rider. This would allow the Commission and interested parties the opportunity to determine

whether energy savings on one hand were simply used to encourage growth on the other.

6. The energy efficiency/DSM dockets are not the first time that the Commission has expressed its concern about programs that encourage consumption. On March 14, 2008, the Commission issued Order Ruling on Fixed Payment Programs in the dockets on the Duke Energy and Progress Energy residential fixed payment plans ("FPPs"), Docket Nos. E-7, Sub 710 and E-2, Sub 847, restricting the admission into the plans although allowing present participants to continue. The FPPs are the levelized billing programs in which a customer pays the same amount monthly, regardless of how much electricity he or she uses, with an additional administrative fee and compensation for a "risk factor." The Commission stated in that Order at page 13 that it had


reached this conclusion in an attempt to balance its obligation to encourage appropriate energy efficiency, conservation and demand side management efforts, G.S. 62-2(a)(3a), (4) and (10), on the one hand, and its obligation to ensure the implementation of reasonable and economical rates for consumers, G.S. 62-2(a)(3) and (4) on the other.

7. The final Save-a-Watt Order is clear in that one of the conditions to encourage Duke Energy to carry out its energy efficiency and DSM programs is the expectation that once energy was saved, it would not be used to sell elsewhere. If savings from energy efficiency programs or load shifted off peak in the DSM programs are simply being negated by DIPs, then the net result would be neutral at best and the positive results of the energy efficiency and DSM programs would be meaningless.

8. If Duke Energy needs guidance on what specific programs the Commission decides are DIPs, then the parties should have the opportunity to suggest programs and policies that should be monitored.

THEREFORE, the Commission should deny Duke Energy's motion to reconsider its requirement that Duke Energy monitor and report the DIPs that encourage consumers to consume more electricity.

Respectfully submitted, this the 23rd day of April 2010.



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CERTIFICATE OF SERVICE

I hereby certify that the following persons have been served this NC WARN'S COMMENTS (E-7, Sub 831) by deposit in the U.S. Mail, postage prepaid, hand delivery, or by email transmission to:

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This the 21st day of April 2010.



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