



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

July 19, 2018

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

Re: Docket No. E-7, Sub 1164

Dear Chief Clerk:

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 Carolinas, LLC, (DEC or the Company), incurred during the 12-month period ended December 31, 2017 (program costs).

In his testimony filed on May 22, 2018, Public Staff witness Maness stated that the Public Staff's investigation included a review of the Company's filing, relevant Commission proceedings and orders, and workpapers and source documentation used by the Company to develop the proposed DSM/EE billing factors. The review of source documentation 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 Riders. Review of this sample was intended to test whether the actual costs included by the Company in the DSM/EE EMF billing factors were valid costs of approved DSM and EE programs. Mr. Maness stated that the Public Staff was continuing to review certain Company responses to data requests, including documentation of costs selected for review in the Public Staff's sample, and should this review result in any further issues, the Public Staff would file additional information with the Commission.

Executive Director
733-2435

Communications
733-2810

Economic Research
733-2902

Legal
733-6110

Transportation
733-7766

Accounting
733-4279

Consumer Services
733-9277

Electric
733-2267

Natural Gas
733-4326

Water
733-5610

Ms. M. Lynn Jarvis, Chief Clerk
July 19, 2018
Page Two

The Public Staff has completed its detailed review of test year program costs, and has found no material differences between the program costs as filed by the Company and the costs as reflected in the supporting documentation examined. As a result of its review, the Public Staff is of the opinion that the Company has done a good job overall preventing inappropriate costs from being recorded in DSM/EE program costs. During the course of the review, the Public Staff began examining some matters related to the Company's processes for inspecting installed DSM/EE measures, and sometimes requesting refunds from DSM/EE contractors. While finding no exceptions in this proceeding related to those matters, the Public Staff intends to continue to review them in future proceedings.

The Public Staff's recommended DSM/EE EMF billing factors and forward-looking DSM/EE billing factors will be set forth in its proposed order to be filed with the Commission on July 20, 2018.

Sincerely,

Electronically Submitted
/s/ Lucy E. Edmondson
Staff Attorney
lucy.edmondson@psncuc.nc.gov

cc: Parties of Record

OFFICIAL COPY

JUL 19 2018