



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

November 3, 2017

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

Re: Docket No. E-22, Sub 545

Dear Ms. Jarvis:

The purpose of this letter is to provide the Commission with the final results of the Public Staff's review of the costs of the portfolio of demand-side management and energy efficiency (DSM/EE) programs of Dominion Energy North Carolina (DENC or the Company), incurred during the 12-month period ended December 31, 2016 (test year program costs).

In his affidavit filed on October 23, 2017, 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 of source documentation included the selection and review of a sample of 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 (common) costs supporting those programs. Mr. Maness stated that the Public Staff was continuing to review its sample of test year program costs, as well as certain other data responses recently received from the Company, and should the Public Staff discover any further issues, it would file additional information with the Commission. The Public Staff has now completed its review, and the results of that review are described below.

Executive Director (919) 733-2435	Communications (919) 733-5610	Economic Research (919) 733-2267	Legal (919) 733-6110	Transportation (919) 733-7766
Accounting (919) 733-4279	Consumer Services (919) 733-9277	Electric (919) 733-2267	Natural Gas (919) 733-4326	Water (919) 733-5610

During the sample review process, as further described in the Rebuttal Testimony of DENC witness Alan J. Moore (filed October 31, 2017), the Company discovered certain erroneous charges in the capital costs recorded during the months of February and March 2016 for its Air Conditioning Cycling Program. Although these charges were reversed in May 2016, the DSM/EE EMF revenue requirement effects of the errors for the months between initial recording and reversal were not removed for purposes of the Company's initial filing in this proceeding. As calculated by the Company, this circumstance resulted in a \$974 overstatement of the DSM/EE EMF revenue requirement initially proposed in this proceeding. Therefore, as part of its October 31, 2017, rebuttal filing, DENC submitted Company Exhibit No. AJM-1, Rebuttal Schedule 2, which sets forth the calculation of a revised DSM/EE EMF revenue requirement of \$201,456 (corrected to remove the \$974 overstatement). Witness Moore also states in his Rebuttal Testimony that the revision of the revenue requirement did not cause any change in the calculated DSM/EE EMF billing rates making up proposed Rider CE as initially filed in this proceeding.

The Public Staff has reviewed witness Moore's Rebuttal Schedule 2, and agrees with the calculation of the revised revenue requirement of \$201,456. The Public Staff has also calculated the resulting Rider CE billing rates and agrees that the correction of the \$974 overstatement does not cause them to change.

Other than as described above, the Public Staff has found no differences between (a) the reasonable and proper DSM/EE costs set forth in the source documentation provided in support of the sampled test year program costs and (b) those costs as set forth in the Company's filing. Additionally, the Public Staff's review of the remaining data responses does not result in any further recommended adjustments for purposes of this proceeding. Therefore, the Public Staff recommends that the revised DSM/EE EMF revenue requirement of \$201,456 set forth in Company Exhibit No. AJM-1, Rebuttal Schedule 2, and the Company-proposed Rider C and Rider CE billing rates set forth in the Company's August 15, 2017 filing in this proceeding, be approved.

Sincerely,

Electronically Submitted
/s/ Heather D. Fennell
Staff Attorney
heather.fennell@psncuc.nc.gov

cc: Parties of Record