



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

June 21, 2019

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 1192

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 (program costs) of Duke Energy Carolinas, LLC, (DEC or the Company), incurred during the 12-month period ended December 31, 2018 (test year).

In his testimony filed on May 20, 2019, 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 source documentation used by the Company to develop the proposed DSM/EE billing factors. The review included the selection and evaluation of samples of source documentation for test year program costs included by the Company for recovery through the DSM/EE Riders. Evaluation of this sample was intended to test whether the actual costs included by the Company in the DSM/EE Experience Modification (EMF) billing factors were valid costs of approved DSM and EE programs. In his testimony, Mr. Maness recommended certain adjustments to program costs, which were accepted by the Company and incorporated into its supplemental filing made on May 28, 2019. However, Mr. Maness also stated in his testimony 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 once this review was complete, the Public Staff would file any findings not already set forth in testimony.

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

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The Public Staff has now completed its detailed review of test year program costs and, other than the items already described in Mr. Maness's testimony, 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, given the Company's acceptance of the adjustments already recommended in Mr. Maness's testimony, the Public Staff is of the opinion that the Company has done a good job overall preventing inappropriate costs from being recorded as DSM/EE program costs.

The Public Staff's recommended DSM/EE forward-looking and EMF billing factors are as set forth in the Supplemental Testimony and Exhibits of DEC witnesses Carolyn T. Miller and Robert P. Evans, filed in this proceeding on May 28, 2019.

Sincerely,

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

cc: Parties of Record