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1 PLACE: Dobbs Building, Raleigh, North Carolina

2 DATE: Tuesday, January 17, 2012

3 DOCKET NO.: E-100, Sub 128

4 TIME IN SESSION: 7:00 p.m. - 7:29 p.m.

5 BEFORE: Commissioner William T. Culpepper, III
6 Chairman Edward S. Finley, Jr.
7 Commissioner Bryan E. Beatty
8 Commissioner Susan W. Rabon
9 Commissioner ToNola D. Brown-Bland
10 Commissioner Lucy T. Allen

11 IN THE MATTER OF

12 Investigation of Integrated Resource Planning in
13 North Carolina - 2011.

14 A P P E A R A N C E S:

15 DUKE ENERGY CAROLINAS, LLC

16 Robert W. Kaylor
17 Law Office of Robert W. Kaylor, P.A.
18 3700 Glenwood Avenue, Suite 330
19 Raleigh, North Carolina 27612

20 DOMINION NORTH CAROLINA POWER

21 Robert W. Kaylor
22 Law Office Of Robert W. Kaylor, P.A.
23 3700 Glenwood Avenue, Suite 330
24 Raleigh, North Carolina 27612

PROGRESS ENERGY CAROLINAS

Len Anthony
P.O. Box 1551
Raleigh, North Carolina 27602

1 NORTH CAROLINA ELECTRIC MEMBERSHIP
2 CORPORATION/GREENCO

3 Richard Feathers
4 P.O. Box 27306
5 Raleigh, North Carolina 27615

6 NORTH CAROLINA SUSTAINABLE ENERGY ASSOCIATION

7 Michael Youth
8 1111 Haynes Street, Suite 109
9 Raleigh, North Carolina 27609

10 SOUTHERN ENVIRONMENTAL LAW CENTER

11 Gudrun Thompson
12 301 W. Rosemary Street, Suite 220
13 Chapel Hill, North Carolina 27516

14 USING AND CONSUMING PUBLIC

15 Lucy Edmondson
16 4326 Mail Service Center
17 Raleigh, North Carolina 27699-4326

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1 COMMISSIONER CULPEPPER: Good evening.
2 Let's come to order, please, and go on the record.
3 I am Commissioner Bill Culpepper and with me are
4 Commission Chairman Edward S. Finley, Jr. and
5 Commissioners Bryan E. Beatty, Susan Warren Rabon,
6 ToNola D. Brown-Bland, and Lucy T. Allen.

7 The Commission now calls for hearing at
8 this time for the purpose of taking non-expert
9 public witness testimony Docket No. E-100; Sub 128 -
10 In the Matter of Investigation of Integrated
11 Resource Planning in North Carolina - 2011.

12 Integrated Resource Planning (IRP) is
13 intended to identify those electric resource options
14 that can be obtained at least cost to the ratepayers
15 consistent with adequate, reliable electric service
16 and other legal obligations. IRP considers
17 conservation, efficiency, and load management, as
18 well as supply-side alternatives, in the selection
19 of resource options.

20 G.S. 62-110.1(c) requires the Commission
21 to "develop, publicize, and keep current an analysis
22 of the long-range needs" for electricity in this
23 State. The Commission's analysis is to include:
24 (1) its estimate of the probable future growth of

1 the use of electricity; (2) the probable needed
2 generating reserves; (3) the extent, size, mix, and
3 general location of generating plants; and (4)
4 arrangements for pooling power to the extent not
5 regulated by the Federal Energy Regulatory
6 Commission (FERC). G.S. 62-110.1 further requires
7 the Commission to consider this analysis in acting
8 upon any petition for construction. In addition,
9 G.S. 62-110.1 requires the Commission to submit
10 annually to the Governor and the appropriate
11 committees of the General Assembly: (1) a report of
12 the Commission's analysis and plan for the future
13 requirements of electricity for North Carolina; (2)
14 the progress to date in carrying out such plan; and
15 (3) the program of the Commission for the ensuing
16 year in connection with such plan. G.S. 62-15(d)
17 requires the Public Staff-North Carolina Utilities
18 Commission (Public Staff) to assist the Commission
19 in this analysis and plan.

20 In addition, G.S. 62-2(3a) vests the
21 Commission with the duty to regulate public
22 utilities and their expansion in relation to
23 long-term energy conservation and management
24 policies. These policies include assuring that

1 "resources necessary to meet future growth through
2 the provision of adequate, reliable utility service
3 include use of the entire spectrum of demand-side
4 options, including but not limited to conservation,
5 load management and efficiency programs, as
6 additional sources of energy supply and/or energy
7 demand reductions."

8 To meet the requirements of G.S. 62-110.1
9 and G.S. 62-2(3a), the Commission conducts an annual
10 investigation into the electric utilities'
11 integrated resource plans (IRPs). Commission Rule
12 R8-60 requires that each of the electric utilities
13 furnish the Commission with an annual report in
14 odd-numbered years that contains an updated 15-year
15 forecast of the items described in subparagraph
16 (c)(1), as well as significant amendments or
17 revisions to the most recently filed biennial
18 report, including amendments or revisions to the
19 type and size of resources identified, as
20 applicable. Further, Commission Rule R8-67(b)
21 requires any electric power supplier subject to Rule
22 R8-60 to file a Renewable Energy and Energy
23 Efficiency Portfolio Standard (REPS) compliance plan
24 as part of its IRP report. Within 60 days after the

1 filing of each electric utility's annual report of
2 amendments or revisions, the Public Staff or any
3 other intervenor may file its own plan or an
4 evaluation of, or comments on, the electric
5 utilities' reports. Furthermore, the Public Staff
6 or any other intervenor may identify any issue that
7 it believes should be the subject of an evidentiary
8 hearing.

9 2011 IRP Annual Update reports have been
10 filed in these proceedings by Carolina Power & Light
11 Company d/b/a Progress Energy Carolinas, Inc; Duke
12 Energy Carolinas, LLC; Virginia Electric and Power
13 Company d/b/a Dominion North Carolina Power
14 (collectively, the electric utilities); and by the
15 North Carolina Electric Membership Corporation
16 (NCEMC) and the four independent electric membership
17 corporations (EMCs), i.e., Piedmont EMC, Rutherford
18 EMC, EnergyUnited EMC, and Haywood EMC. In
19 addition, REPS compliance plans have been filed
20 herein by Progress, Duke, Dominion, GreenCo
21 Solutions, Inc., Halifax EMC, and EnergyUnited.

22 The following parties have previously been
23 granted intervenor status in these proceedings by
24 Commission Order: The Carolina Industrial Groups

1 for Fair Utility Rates I, II, and III; the North
2 Carolina Sustainable Energy Association (NCSEA); the
3 Public Works Commission of the City of Fayetteville;
4 Nucor Steel-Hertford; the North Carolina Waste
5 Awareness and Reduction Network, Inc.; Southern
6 Alliance for Clean Energy; and Carolina Utility
7 Customers Association, Inc.

8 Attorney General Roy Cooper has previously
9 given notice of his intervention in these
10 proceedings on behalf of the using and consuming
11 public pursuant to G.S. 62-20. Additionally as
12 previously noted, the Public Staff is a party
13 participating in these proceedings pursuant to G.S.
14 62-15(d) and Commission Rule R1-19(e).

15 On October 7, 2011, NC WARN filed its
16 Initial Comments on 2011 Plans.

17 On December 5, 2011, the Commission issued
18 its Order Scheduling Public Hearing which scheduled
19 this hearing with respect to the 2011 annual reports
20 and REPS compliance plans that have been filed in
21 this docket for this date, at this time, and in this
22 place.

23 On January 13, 2011, SACE, NCSEA, and the
24 Public Staff filed their comments regarding the 2011

1 annual reports.

2 Pursuant to G.S. 138A-15(e), I remind
3 members of the Commission of their duty to avoid
4 conflicts of interest and inquire at this time as to
5 whether any Commissioner has any known conflict of
6 interest with respect to these proceedings.

7 (No response.)

8 I now call upon counsel for the parties to
9 announce their appearances for the record, beginning
10 with the investor-owned utilities.

11 MR. KAYLOR: Thank you, Mr. Chairman,
12 Members of the Commission, Robert Kaylor appearing
13 on behalf of Duke Energy Carolinas. I'm also
14 appearing on behalf of Dominion North Carolina
15 Power.

16 MR. ANTHONY: Good evening, Mr. Chairman,
17 Members of the Commission. I'm Len Anthony
18 appearing on behalf of Progress Energy Carolinas.

19 MR. FEATHERS: Good evening, Members of
20 the Commission. I'm Rick Feathers appearing for
21 North Carolina Electric Membership Corporation and
22 GreenCo Solutions.

23 MR. YOUTH: Commissioners, my name is
24 Michael Youth. I'm appearing on behalf of North

1 Carolina Sustainable Energy Association.

2 MS. THOMPSON: Good evening, Mr. Chairman,
3 Members of the Commission, Gudrun Thompson appearing
4 on behalf of Southern Alliance for Clean Energy.

5 MS. EDMONDSON: Lucy Edmondson, Staff
6 Attorney with the Public Staff appearing on behalf
7 of the Using and Consuming Public.

8 COMMISSIONER CULPEPPER: Thank you very
9 much, and good evening to all of you. Counsel, I
10 inquire of you collectively, does anyone know of
11 preliminary matters that the Commission should take
12 up at this time prior to commencing this public
13 witness testimony hearing?

14 (No response.)

15 Seeing none, Ms. Edmondson, have you
16 identified any public witnesses?

17 MS. EDMONDSON: We have two witnesses at
18 this time.

19 COMMISSIONER CULPEPPER: You may call
20 your first witness.

21 MS. EDMONDSON: Monica Embrey.

22 MONICA EMBREY; Being first duly sworn,
23 testified as follows:
24

1 DIRECT EXAMINATION BY MS. EDMONDSON:

2 Q Please state your name for the record.

3 A Sure. Monica Embrey, E-m-b-r-e-y.

4 Q What is your address?

5 A 501 Mercury Street, Charlotte, North
6 Carolina.

7 Q And do you have a statement you would like
8 to make tonight?

9 A I do.

10 Q Would you please go ahead?

11 A Thank you. Commissioners, thank you all
12 for having us here tonight. I know there are two of
13 us to represent some of the public. I wasn't sure
14 if I was going to make this drive out from
15 Charlotte, but thought it would be important to come
16 and make sure that at least some people's voices
17 were being heard.

18 I am the North Carolina field organizer
19 with Greenpeace. Greenpeace is the world's largest
20 environmental organization. We've had our presence
21 in North Carolina for some years and recently have
22 opened up our chapter in Charlotte specifically
23 focusing around energy concerns.

24 In the past eight months I've had an

1 incredible opportunity to talk with people from all
2 across Charlotte about coal, about coal plants and
3 the impacts it has on people lives. I am here today
4 to speak against the IRP as it currently stands
5 because to me it represents business as usual.

6 Business as usual for North Carolinians
7 means thousands of asthma attacks, heart attacks,
8 heart disease, cancer, premature deaths. It means
9 stories like someone like Meagan who is a good
10 friend of mine that I got to meet. Meagan is born
11 and raised in Charlotte and developed asthma at a
12 very young age. She moved away to New York after
13 graduating from college and came back several years
14 ago only to relapse in her asthma cases. Coal-fired
15 power plants like the ones that are operated by Duke
16 Energy around Charlotte are a direct link and cause
17 to those health impacts. It means that I got to
18 talk with people like Linda. Linda lives in Mt.
19 Holly, less than a mile away from the Riverbend Coal
20 Plant that is proposed in this IRP to be part shut
21 down by 2012 and completely by 2015. When Linda
22 moved to Mt. Holly several years ago, she was told
23 it was going to be shut down immediately. Now
24 whether that's the responsibility of a company of

1 Duke Energy or a misinformed real estate agent, the
2 impact that it has had on her life and the life of
3 her family is unparalleled. She has eight people in
4 her home. Every single one has some type of health
5 issue; be that asthma, breathing problems, chronic
6 bronchitis. She links this directly with the coal
7 plant that's in her community.

8 Business as usual means mountain top
9 removal, it means coal ash spills, and not least of
10 all climate change; something that is becoming the
11 leading issue for this world to face, and something
12 that leaders could not figure out in Durban a few
13 months ago. It's the responsibility of companies
14 like Duke Energy to be a good neighbor and to
15 present the walk a long with the talk.

16 In reading this IRP it would appear that
17 Duke is making a large effort to move away from
18 coal-fired power plants as a number of boilers are
19 being listed as shut down. I have noticed that many
20 of those aren't operating at full capacity, so the
21 impact it would have, while significant, isn't as it
22 may appear.

23 North Carolina has an incredible
24 opportunity for alternative resources like wind and

1 solar. We could power our entire state off of
2 off-shore wind. That has been repeated in multiple
3 reports in the past several years. In Charlotte, we
4 could cover a quarter of our energy use with solar
5 panels on our homes.

6 People in North Carolina are done paying
7 for the impacts of dirty coal. We are done paying
8 with it with our health, with our lives, with our
9 environment and most importantly with our
10 pocketbooks.

11 There are only two people here tonight,
12 but a few months ago we had a packed room in
13 Charlotte with over 250 people attended a public
14 hearing to talk about the impacts of coal on their
15 lives. I have no doubt that people are going to
16 continue to articulate the reasons why this cannot
17 be the same -- that we cannot stand for this status
18 quo any longer. So I am sure you will see me and
19 many others again within the year. Thank you.

20 COMMISSIONER CULPEPPER: Let's see if any
21 of the parties have any questions. Ms. Edmondson,
22 do you have any other questions of your witness?

23 MS. EDMONDSON: No.

24 COMMISSIONER CULPEPPER: Is there

1 intervenor cross-examination?

2 (No response.)

3 Utility side is there cross examination?

4 (No response.)

5 All right. Thank you very much, Ms. .

6 Embrey, you may stand down with our appreciation for
7 taking time out of your personal schedule to come
8 all the way from Charlotte here tonight. We thank
9 you very much for that. Have a safe trip back to
10 Charlotte.

11 MS. EDMONDSON: Beth Henry.

12 BETH HENRY; Being first duly sworn,
13 testified as follows:

14 DIRECT EXAMINATION BY MS. EDMONDSON:

15 Q Please state your name and address for the
16 record.

17 A Beth Henry, 3066 Stoneybrook Road,
18 Charlotte, 28205.

19 Q Please go ahead with your statement.

20 A Thank you. I almost didn't come this
21 time. Some of our best friends Saturday lost their
22 25-year-old daughter to a ski accident. And I spent
23 the last two days with them. So I feel like I have
24 a dark cloud over me. I had good excuse not to come

1 from Charlotte. But the death of a child -- one of
2 my children's ages -- also was an opportunity that
3 makes you think about life. We all are going to die
4 and what will my life mean, if anything. So I
5 decided I would come because I honestly am convinced
6 that the biggest issue my children, my grandchild
7 face is climate change. I want to keep coming every
8 opportunity that I can to urge y'all to take
9 seriously the threat of climate change and to
10 realize that what our utilities do matters
11 especially if Duke and Progress merge to become the
12 biggest utility in the country. Their business that
13 is business as usual is dangerous for our country
14 and the world. And they could do so much.

15 I keep brining my pillow case everywhere.
16 I took it first to the shareholders meeting. But
17 it's just -- this is from last year's IRP -- but the
18 pie chart is barely different this year. And the
19 two things that bother me the most, the energy
20 efficiency DSM at 4 percent and renewable at 3
21 percent. Those numbers haven't changed at all year.
22 More and more studies are showing how much can be
23 done through conservation and energy efficiency.

24 And at the beginning you read the statute.

1 I just want to urge y'all to force our utilities to
2 do drastic energy efficiency. That's the fastest
3 cheapest way for us to combat climate change. And
4 cheapest is the key word there. It's so much
5 cheaper than new nuclear plants would be.

6 I do have an exhibit to my testimony which
7 is chart showing that from 1975 to 2007 because of
8 drastic energy efficiency programs, California had 0
9 percent average energy growth per year per person,
10 which is a stark contrast with the rest of the
11 country. We need to be doing that kind of drastic
12 energy efficiency rather than building new power
13 plants.

14 Finally, I went in with -- I have a bunch
15 of friends in the solar industry, and they are all
16 saying to me, we want the new nuclear plants. We
17 want them. We are already getting people coming to
18 us from industries wanting to -- getting ready to do
19 solar because electricity is going to get so
20 expensive in this state all the businesses that can
21 afford to are going to do solar. What that means,
22 the way it works is, that residential customers will
23 be stuck with the cost of nuclear plants. With the
24 price of solar plummeting, if the all businesses and

1 industries that can afford the upfront cost of
2 solar, we risk basically having nuclear plants that
3 have to be paid for, primarily, by residential
4 customers. So I think that is another issue we need
5 to think about as far as plans for nuclear plants is
6 the fact as solar gets so cheap, low-income people
7 that can't afford to do solar will be stuck with way
8 more than their fair share of the cost of the new
9 nuclear plants. That's my testimony.

10 BY MS. EDMONDSON:

11 Q Would you like your exhibit admitted into
12 the record?

13 A Yes, I would.

14 MS. EDMONDSON: If I may approach?

15 COMMISSIONER CULPEPPER: Yes, of course.

16 Q Where did you get this exhibit?

17 A From a study -- a new study on energy
18 efficiency. I think it's on there.

19 COMMISSIONER CULPEPPER: How many pages
20 does it consist of?

21 MS. HENRY: Just one. I brought several
22 copies. It's just a graph.

23 COMMISSIONER CULPEPPER: Let the exhibit
24 be identified as Henry Hearing Exhibit No. 1. Show

1 that to the parties of the case, Ms. Edmondson.
2 Make sure the court reporter gets the original
3 exhibit.

4 (Whereupon, Henry Hearing
5 Exhibit No. 1 was marked for
6 identification and shown to the
7 parties.)

8 MS. EDMONDSON: Ms. Henry, did that
9 complete your statement?

10 MS. HENRY: Yes.

11 MS. EDMONDSON: I have no more questions.

12 COMMISSIONER CULPEPPER: Let's see if we
13 have any questions: Is there intervenor
14 cross-examination?

15 (No response.)

16 Utility cross-examination?

17 (No response.)

18 Commissioners?

19 (No response.)

20 Any objection to the admission of Henry
21 Hearing Exhibit No. 1?

22 (No response.)

23 It will be received.

24 (Whereupon, Henry Hearing

1 Exhibit No. 1 was admitted into
2 evidence.)

3 That will complete your testimony. Thank
4 you very much. You have a safe trip back to
5 Charlotte, also. Thank you for coming.

6 MS. EDMONDSON: Roger Stout.

7 ROGER STOUT; Being first duly sworn,
8 testified as follows:

9 DIRECT EXAMINATION BY MS. EDMONDSON:

10 Q Could you state your name and address for
11 the record?

12 A My name is Roger Stout. And my address is
13 2880 Plaza Place, Raleigh.

14 Q Do you have a statement you would like to
15 make tonight?

16 A As an opening statement, I would just like
17 to request that the Utilities Commission take a look
18 at more of a business approach. I know we are a
19 utility-owned company that provides the majority of
20 the energy to the state. And I would like for them
21 to take a look at alternatives to when you are
22 retiring the coal plants at different alternatives
23 to different business models than the current models
24 when retiring the plants. There's avoided cost

1 contracts for independent power producers and maybe
2 some tweaks to those agreements may benefit not only
3 independent utilities -- investor-owned utilities --
4 but also independent power producers and the retail
5 customers.

6 Q What is your business?

7 A I am striving to become an independent
8 power producer; solar developer for utility scale
9 projects.

10 Q You were talking about taking a look at
11 alternatives. What are some of those that you have
12 in mind?

13 A The avoided cost contracts you also have
14 the bundled power purchased agreement when you're
15 buying SRECS along with the power. An alternative
16 to one of those would be avoided cost combined with
17 a deferred purchase so that the cost of the power
18 plant -- building the power plant, solar -- would be
19 greatly reduced by private parties absorbing much of
20 the construction cost and then they would amortize
21 that and get the tax credit both at the federal and
22 state level. And you could go beyond the level that
23 the STRACTS(sic) would normally dictate. So for
24 example in 2018 the STRACTS(sic) state there's three

1 hundred and something thousand megawatt hours or
2 SRECS are required, that represents something around
3 250 megawatts. There's projects being built in the
4 southwest that are in -- one project is 250
5 megawatts.

6 So the question is as we look at companies
7 that have tens of thousands of capacity and
8 thousands of that megawatt capacity is being
9 retired, how do I fill that void? Do I build gas
10 plants? Do I build nuclear plants? And my
11 suggestion would be to look at alternative business
12 models which include mix avoided cost contract with
13 a deferred purchase where the utility actually
14 becomes owner of the plant so that they can defer --
15 they can spread their amortization out and don't
16 have to lump anything to a shrinking base of
17 megawatt capacity.

18 So a lot of the way the PPA, the bundled
19 PPAs work, they never take ownership of the
20 facility. I know Duke Energy purchases some. I'm
21 not quite sure about how Progress is in that mode.
22 I think they're mostly signing long-term purchase
23 agreements. But if you do different models -- I
24 don't know the rate mix is, but I have an article

1 here talking about how the gas market is in the
2 United States because of the fracking. I know North
3 Carolina doesn't have any operation in that area
4 yet. But many areas of the country are going
5 towards fracking and the supply is so great that the
6 cost of natural gas is coming down and now the cost
7 of energy is dropping yet they are talking about
8 rate increases here in the State of North Carolina.
9 The levelized the cost for natural gas plants is
10 around \$60 for a megawatt hour.

11 If you look at construction cost of a
12 solar plant alone it's more than double that. So
13 the question is: If I can come up with a business
14 model to take some of that cost -- construction cost
15 and move it to private parties who are looking to
16 absorb the tax benefits and don't really require to
17 fit underneath the SREC path, there are
18 opportunities there to have outside ventures come in
19 for loss of capacity. And then after so many years,
20 the utility companies could buy them out at a
21 greatly reduced cost and spread out the amortization
22 across a stronger base than just letting someone
23 else own that property.

24 So I would like to the Utility Commission

1 to take a look at such alternative business models
2 and request that from the utilities. And also do a
3 comparison of various technologies whether it's
4 fossil fuel, renewable, nuclear and see what the
5 long-term costs are versus what the retail rates
6 are. What's the margin? And what is the comparison
7 to other states? So are we gradually increasing our
8 rates while cost of electricity is going down? What
9 is that gap? Who is that gap going to?

10 We are struggling right now. There's a
11 lot of uncertainty in the business world. We all
12 know how big the balance sheet of corporations are.
13 On the other hand, utilities are straddled with a
14 lot of debt. So expecting them to invest in all
15 this new technology, they're probably going to be
16 very risk averse while there's other companies out
17 there with flush balance sheets with very little
18 debt who are willing to give up on these projects
19 and get this technology rolling. It winds up with
20 lower cost for the utility, lower cost for the
21 retail and a cleaner environment. That's all I have
22 to say.

23 MS. EDMONDSON: Is there anything else
24 you would like to say?

1 MR. STOUT: No, that's it.

2 MS. EDMONDSON: I have no further
3 questions.

4 COMMISSIONER CULPEPPER: Intervenor
5 cross-examination of the witness?

6 (No response.)

7 Utilities?

8 (No response.)

9 Commissioners?

10 (No response.)

11 Thank you very much, Mr. Stout. You may
12 stand down with our appreciation for having come to
13 testify in these proceedings this evening.

14 MS. EDMONDSON: That concludes the public
15 witnesses.

16 COMMISSIONER CULPEPPER: As presiding
17 Commissioner, I am familiar with everyone here in
18 this hearing room this evening. They are either
19 Members of the Public Staff, Members of the
20 Commission Staff or Members of one of our
21 investor-owned utilities. So, therefore, there does
22 not appear to be any other additional public
23 witnesses here this evening to testify in these
24 proceedings.

1 Counsel, does anyone know of any matters
2 the Commission ought to take up now before I adjourn
3 these proceedings?


4 (No response.)

5 Thank you very much for your attendance.
6 We stand adjourned.

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8 Whereupon, the hearing was adjourned.
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CERTIFICATE

The undersigned Court Reporter certifies
that this is the transcription of notes taken by her
during this proceeding and that the same is true,
accurate and correct.


Sandi Mayer
Court Reporter II

FILED
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N.C. Utilities Commission