

1 PLACE: Dobbs Building, Raleigh, North Carolina
 2 DATE: Tuesday, May 19, 2015
 3 TIME: 9:30 a.m. - 9:47 a.m.
 4 DOCKET NO: E-100, Sub 140
 5 BEFORE: Commissioner ToNola D. Brown-Bland, Presiding
 6 Chairman Edward S. Finley, Jr.
 7 Commissioner Bryan E. Beatty
 8 Commission Susan W. Rabon
 9 Commissioner Don M. Bailey
 10 Commissioner Jerry C. Dockham
 11 Commissioner James G. Patterson

14 IN THE MATTER OF:
 15 General Electric.

16 Biennial Determination of Avoided Cost Rates for
 17 Electric Utility Purchases From Qualifying Facilities
 18 - 2014

20 VOLUME: 1

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NORTH CAROLINA UTILITIES COMMISSION

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T A B L E O F C O N T E N T S :

HEATH MCLAUGHLIN

Direct Examination by Mr. Dodge..... 10

Cross Examination by Mr. Runkle..... 13

CARSON HARKRADER

Direct Examination by Mr. Dodge..... 15

P R O C E E D I N G S

COMMISSIONER BROWN-BLAND: Good morning.

Let's come to order and go on the record. I am Commissioner ToNola D. Brown-Bland and with me are Commission Chairman Edward S. Finley, Jr., and Commissioners Bryan E. Beatty, Susan W. Rabon, Don M. Bailey, Jerry C. Dockham and James G. Patterson.

The Commission now calls for hearing Docket Number E-100, Sub 140, In The Matter of Biennial Determination of Avoided Cost Rates for Electric Utility Purchases from Qualifying Facilities - 2014. These are the 2014 biennial proceedings held by this Commission pursuant to the provisions of Section 210 of the Public Utility Regulatory Policies Act of 1978 and applicable Federal Energy Regulatory Commission Regulations pertaining to this Commission's responsibilities for determining each utility's avoided cost with respect to rates for purchases from qualifying cogenerators and small power production facilities.

These proceedings are also being held pursuant to North Carolina General Statute 62-156 which requires this Commission to determine the rate to be paid by electric utilities for power purchased

1 from small power producers as defined in General
2 Statute 62-327(a).

3 On February 26, 2014, in the above
4 referenced docket, the Commission issued its Order
5 Establishing Biennial Proceeding and Scheduling
6 Hearing. By the Order, Duke Energy Carolinas, LLC,
7 DEC; Duke Energy Progress, Inc., DEP; Virginia
8 Electric and Power Company d/b/a Dominion North
9 Carolina Power, DNCP; Western Carolina University,
10 WCU; and New River Light and Power Company, New River;
11 were made parties to the proceeding.

12 The following parties filed timely petitions
13 to intervene that were granted by the Commission: The
14 North Carolina Sustainable Energy Association; the
15 Carolina Utility Customers Association, Inc; the
16 Carolina Industrial Group for Fair Utility Rates I,
17 II, and III; the North Carolina Waste Awareness and
18 Reduction Network; the Environmental Defense Fund; the
19 Southern Alliance for Clean Energy; the North Carolina
20 Hydro Group; the Alliance for Solar Choice; the Public
21 Works Commission of the City of Fayetteville; the
22 North Carolina Chapter of the Sierra Club; and the
23 Natural Resources Defense Council; and Google, Inc.

24 The Public Staff's intervention and

NORTH CAROLINA UTILITIES COMMISSION

1 participation is recognized pursuant to General
2 Statute 62-15(d) and Commission Rule R1-19(e).

3 On December 31, 2014, the Commission issued
4 an Order setting avoided cost parameters which among
5 other things established certain parameters by which
6 avoided cost rates should be calculated and required
7 that DEC, DEP, DNCP, WCU and New River filed proposed
8 avoided cost rates by March 2, 2015.

9 On January 8, 2015, the Commission issued an
10 Order scheduling this public hearing to receive
11 non-expert public witness testimony at this date and
12 time, Tuesday, May 19, 2015 and 9:30 a.m. in Raleigh,
13 North Carolina.

14 DNCP filed Affidavit of Publication of
15 public notice on May 8, 2015, and DEP and DEC did the
16 same on May 13, 2015.

17 Pursuant to General Statute 138A-15(e), I
18 remind members of the Commission of our duty to avoid
19 conflicts of interest and inquire at this time as to
20 whether any Commissioner has any known conflict of
21 interest with respect to this docket?

22 (No response.)

23 Let the record reflect that no such
24 conflicts were identified.

1 I now call upon counsel for the parties to
2 announce their appearances for the record beginning
3 with the utilities.

4 MS. FENTRESS: Good morning. I'm Kendrick
5 Fentress appearing on behalf of Duke Energy Carolinas
6 and Duke Energy Progress.

7 MS. KELLS: Andrea Kells with McGuireWoods
8 appearing on behalf of Dominion North Carolina Power.

9 COMMISSIONER BROWN-BLAND: Good morning.

10 MR. YOUTH: I'm Michael Youth representing
11 the North Carolina Sustainable Energy Association.
12 NCSEA's lead counsel in this matter, Charlotte
13 Mitchell, cannot attend this morning, but I am
14 accompanied this morning by Steve Levitas with
15 Kilpatrick Townsend. He will also be serving as
16 co-counsel in this -- in phase two of this proceeding.

17 I'd also like to quickly let the Commission
18 know there are some qualifying facility developers in
19 attendance this morning. Others may be streaming in.
20 There's some things going on down the street, also.
21 What I've been told, to a developer, is the developers
22 appreciate what the Commission has done thus far, and
23 will continue to do in terms of balancing the interest
24 of utilities, QFs, and ratepayers. And they extend

1 their thanks and ask for your careful scrutiny in this
2 phase of the proceeding.

3 COMMISSIONER BROWN-BLAND: Well, that's what
4 we always try to do, Mr. Youth, so no thanks is
5 necessary.

6 MS. THOMPSON: Good morning, Madam Chair,
7 members of the Commission, Gudrun Thompson with the
8 Southern Environmental Law Center representing
9 Southern Alliance for Clean Energy.

10 MR. RUNKLE: Good morning. John Runkle
11 representing NC WARN.

12 MR. DODGE: Good morning, Commissioners.
13 I'm Tim Dodge with the Public Staff. Also
14 participating in this second phase of the proceeding
15 as co-counsel is Lucy Edmondson. We represent the
16 Using and Consuming Public in this proceeding.

17 COMMISSIONER BROWN-BLAND: All right. Good
18 morning to all of you including Ms. Edmondson in the
19 back back there.

20 All right. Are there any preliminary
21 matters before we begin with the public witnesses?

22 (No response.)

23 All right. Mr. Dodge, have you identified
24 any public witnesses?

1 MR. DODGE: We have, Madam Chair.

2 COMMISSIONER BROWN-BLAND: All right. You
3 can call the first witness.

4 MR. DODGE: The first witness is Heath
5 McLaughlin.

6 MR. MCLAUGHLIN: Good morning. I don't know
7 where to stand. Is this okay? Do I need to sit or
8 can I stand?

9 COMMISSIONER BROWN-BLAND: You will probably
10 want to sit.

11 HEATH MCLAUGHLIN; was duly sworn and
12 testified as follows:

13 COMMISSIONER BROWN-BLAND: All right.
14 Mr. Dodge.

15 **DIRECT EXAMINATION**

16 BY MR. DODGE:

17 Q Good morning, Mr. McLaughlin. Can you please
18 state your name and spell your last name, if you
19 don't mind, for the record, please?

20 A Sure. My name is Heath McLaughlin,
21 M-C-L-A-U-G-H-L-I-N.

22 Q And your address.

23 A I actually was not intending to be the first
24 public witness so I'm a little bit off guard here

1 at this point. The address that we're currently
2 using in Raleigh is 176 Mine Lake Court, Suite
3 100, Raleigh, North Carolina 27615.

4 Q But did you say you were currently representing
5 or currently utilizing -- you're representing a
6 business --

7 A (Interposing) That's my business address, yes.

8 Q And what is the name of your business?

9 A Blue Green Energy, LLC.

10 Q Please proceed with your statement.

11 (The witness was asked to pull the
12 microphone closer.)

13 A The chair doesn't move. I am not prepared to be
14 witness number one. I was just coming here to
15 lend support. As stated, my name is Heath
16 McLaughlin with a company called Blue Green
17 Energy. And I just wanted to appear today to
18 lend my support to what the Utilities Commission
19 has done in the past and is currently seeking to
20 continue to do, which is create a regulatory
21 framework for QF developers such as myself, to
22 operate with a sense of understanding what the
23 guidelines look like and what the future looks
24 like for project development and solar

1 development in general. I appreciate the fair
2 and balanced approach here to try to find a
3 middle ground so developers like ourselves can
4 operate with some understanding for what the
5 utilities are willing to accept and what the
6 solar developers are seeking to achieve. I
7 recognize there are despairing positions but this
8 middle ground is what's necessary for project
9 development to continue. And I just want to
10 thank you for all of your hard work. I recognize
11 it's difficult.

12 One thing I find that's in my --
13 well, the purpose with our company is that
14 transparency is paramount and the more -- the
15 greater transparency there is in the marketplace
16 and transparency in the regulatory process, the
17 more helpful for us to understand what to expect,
18 what we need to accomplish in the way of
19 development strategy because it takes time.
20 Every project takes usually two years to
21 basically achieve what we call NTP, notice to
22 proceed, and that two-year time period is really
23 important for us to not have a lot of change
24 during that time period. And, if we can look out

1 and forecast what to expect, it helps us with our
2 development process. And, with that, I want to
3 say thank you.

4 COMMISSIONER BROWN-BLAND: All right. Any
5 questions?

6 **CROSS EXAMINATION**

7 BY MR. RUNKLE:

8 Q Good morning, Mr. McLaughlin. My name is John
9 Runkle with NC WARN. Your company is Blue Green
10 Energy?

11 A Correct.

12 Q What kind of projects do you develop?

13 A So our company is what I call "sol purpose
14 developer". We develop in the solar markets so
15 we develop solar farms. I was introduced and
16 basically began developing solar farms in North
17 Carolina about five years ago. Due to this QF
18 program that North Carolina had established, I
19 had looked across the U.S. and actually in Canada
20 and also in the Caribbean, and found that North
21 Carolina was the most transparent state with the
22 clearest guidelines and the best policy for me to
23 operate. And so for the past five years I've
24 been developing initially with Progress Energy

1 with the SunSense Program - that was an excellent
2 program - and that's kind of how I got started,
3 and had graduated to the 5-megawatt QF program
4 and had been doing that for the past several
5 years, and I think it's the best program in the
6 U.S.

7 Q Approximately how many megawatts did you install
8 last year?

9 A In the neighborhood of a little north of 30
10 megawatts.

11 Q Okay. And how many are you -- approximately how
12 many are you working on right now?

13 A In the neighborhood of between 30 and
14 50 megawatts. And I say that with a range
15 because working, it's a way to state it, it's a
16 challenge on every level; not just from purely
17 the guidelines but just on the ground with
18 dealing with the property owners and dealing with
19 wetland features and other environmental issues
20 that come into play. Every day, it's a good day
21 to get out there and work hard.

22 MR. RUNKLE: Thank you. I have no other
23 questions.

24 COMMISSIONER BROWN-BLAND: Any other

1 questions on this side of the room? All right. Any
2 questions?

3 MS. KELLS: No.

4 MS. FENTRESS: No, ma'am.

5 COMMISSIONER BROWN-BLAND: All right.

6 Questions from the Commissioners? All right. There
7 being no questions, you may step down and are free to
8 go.

9 MR. MCLAUGHLIN: Thank you very much.

10 COMMISSIONER BROWN-BLAND: Thank you for
11 coming.

12 (The witness is excused.)

13 MR. DODGE: Carson Harkrader.

14 CARSON HARKRADER; was duly sworn and
15 testified as follows:

16 COMMISSIONER BROWN-BLAND: All right.
17 Mr. Dodge.

18 DIRECT EXAMINATION

19 BY MR. DODGE:

20 Q Good morning, Ms. Harkrader.

21 A Good morning.

22 Q Could you please state your name and address for
23 the record?

24 A Sure. My name is Carson Harkrader, and Harkrader

1 is H-A-R-K-R-A-D-E-R, and address is 400 West
2 Main Street, Suite 503, in Durham and it's 27701.

3 Q Is that a business address?

4 A Yes. And I work for Carolina Solar Energy.

5 Q Okay. Please proceed with your statement.

6 A Thank you. As I mentioned, my name is Carson
7 Harkrader. I work for Carolina Solar Energy in
8 Durham. Since 2008, we have developed over 20
9 megawatts -- 20 projects that are now operating
10 in North Carolina and that's about 75 megawatts
11 DC of solar power. We have more projects in
12 queue with both Duke and Dominion Energy.

13 I grew up in Durham and I worked
14 for eight years with GE Wind Energy in New York
15 and Asia, and I returned in 2012 to North
16 Carolina to work in the solar energy industry
17 here. I've had the opportunity to do a lot of
18 work in the very rural parts of North Carolina in
19 the past three years as well as coming to
20 numerous hearings here at the Utilities
21 Commission.

22 The main purpose of my comments
23 this morning is to reiterate our thanks and just
24 take a moment to sincerely thank the Commission

1 for the time and consideration you have devoted
2 to the Senate Bill 3 and PURPA proceedings over
3 the past several years. As you know, North
4 Carolina has become a national leader in solar.
5 And the Commission -- this could have not helped,
6 have happened without the careful considered
7 rules and proceedings that the Commission has led
8 over the past decade. We appreciate your
9 willingness to engage in these complex and
10 sometimes contentious proceedings.

11 I also want to mention that in the
12 past avoided cost hearings, we know that the
13 Commission has worked very hard to strike that
14 reasonable balance and that you devoted
15 significant time last year to striking that
16 balance that was reflected in the December 31st
17 Order last year. And speaking on behalf of my
18 industry, what we are asking for is a careful
19 review and scrutiny of the proposals of the
20 utilities to ensure this balance is achieved in
21 the current avoided cost docket, and we thank you
22 very much.

23 COMMISSIONER BROWN-BLAND: All right. Any
24 further questions for this witness? Any questions

1 from the utility?

2 MS. FENTRESS: No questions.

3 MS. KELLS: No questions.

4 COMMISSIONER BROWN-BLAND: Any questions
5 from the Commissioners?

6 CHAIRMAN FINLEY: Any relation to Richard
7 Harkrader, Ms. Harkrader?

8 MS. HARKRADER: Yes, I'm his older daughter.

9 CHAIRMAN FINLEY: I thought so.

10 COMMISSIONER BROWN-BLAND: All right. I
11 take it there are no follow-up questions on that. So,
12 with that, thank you for coming Ms. Harkrader, you may
13 step down.

14 MS. HARKRADER: Thank you.

15 (The witness is excused.)

16 COMMISSIONER BROWN-BLAND: Mr. Dodge, any
17 other witnesses?

18 MR. DODGE: I'm not aware of any other
19 public witnesses at this time.

20 COMMISSIONER BROWN-BLAND: All right. Are
21 there any other members of the public that wish to
22 come forward and give testimony this morning? The
23 door opens. No. All right. Let the record reflect
24 that no one came forward. Are there any other matters

1 to come before the Commission at this time?

2 MR. RUNKLE: Chairman, I really -- mine is
3 really a question. In the December 31st Order, there
4 was a pretty comprehensive discussion of the, sort of
5 the values of distributed generation, the values of
6 solar. And the Commission, in the Order, discussed
7 the different testimony but said that until there was
8 an integration study that there were certain things
9 that the Commission could not consider in the avoided
10 cost rate, and that's the study of looking at the cost
11 and the benefits of solar. The question is is that
12 something that the Commission initiates or do you
13 order the utilities to undertake that or do the
14 utilities undertake that on their own merit? It seems
15 to me that that's an important study certainly looking
16 at avoided cost rates that needs to be done; somebody
17 needs to take the initiative. So my -- that's -- my
18 question is what is that process?

19 COMMISSIONER BROWN-BLAND: I don't believe
20 that the Commission has considered the process at this
21 point, but it's my understanding that that would come
22 with the next proceedings, the next avoided cost
23 proceedings. Beyond that, I can just tell you right
24 now the Order speaks for itself and we will look into

1 that, and if we need to get back to you we will.

2 MR. RUNKLE: Yeah, it seems to me that
3 that's an important issue because we can put it off
4 until the next biennial proceeding and then if we
5 don't have that study then it's not integrated. So I
6 guess in a proposed order in the second half here that
7 might be something that we could raise and at least
8 initiate that process.

9 COMMISSIONER BROWN-BLAND: All right. Thank
10 you for --

11 MR. RUNKLE: (Interposing) Thank you.

12 COMMISSIONER BROWN-BLAND: -- bringing that
13 to our attention.

14 Anything else to come before the Commission
15 this morning? All right. There being nothing else,
16 we thank all of you for coming and expressing your
17 interest by your presence here. And, with that, we'll
18 be adjourned.

19 (WHEREUPON, the hearing adjourned at 9:47 a.m.)

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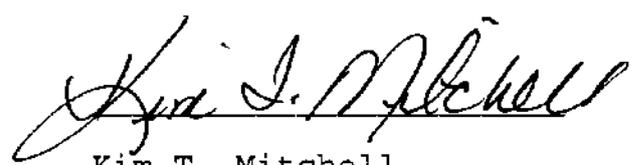
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C E R T I F I C A T E

I, KIM T. MITCHELL, DO HEREBY CERTIFY that
the Proceedings in the above-captioned matter were
taken before me, that I did report in stenographic
shorthand the Proceedings set forth herein, and the
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Kim T. Mitchell
Court Reporter II