



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

June 8, 2018

Samuel E. Yates
Eagle Solar & Light, LLC
4005 2nd Avenue South
Birmingham, AL 35222

RE: EGL-1, Sub 0

Dear Mr. Yates,

This correspondence concerns the electric generator lessor application filed with the North Carolina Utilities Commission in the above-referenced docket on May 11, 2018.

The Public Staff believes that the application is not yet complete for the reasons set forth in the attachment hereto. Pursuant to Commission Rule R8-73(f)(4) the Public Staff shall, within 20 business days after the application is filed with the Commission, file with the Commission and serve upon the applicant a recommendation regarding whether the application is complete and identifying any deficiencies. If you desire to pursue the application further, please file all the missing information and exhibits or corrections as noted on the attachment. The time for the Public Staff's and Commission's review of each application will begin once a completed application is received.

Sincerely yours,

Electronically submitted
/s/ Robert B. Josey
robert.josey@psncuc.nc.gov

c: Chief Clerk
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**PUBLIC STAFF ELECTRIC GENERATOR LESSOR (EGL) APPLICATION REVIEW
PURSUANT TO COMMISSION RULE R8-73 AND G.S. 62-126.6**

Applicant: Eagle Solar & Light, LLC
Docket: EGL-1, Sub 0
Date of Application: May 11, 2018
Date of Deficiency Letter: June 8, 2018

Instructions to the Applicant: *Please file with the Commission amended applications and supplemental information requested to cure the deficiencies listed below. Once complete, the revised application will be reviewed for completeness and lack of deficiencies.*

Application Item 6. The Application lists Samuel E. Yates as the only member/manager of the Applicant LLC. Please confirm that Mr. Yates is the sole member of the Applicant, or provide the name and contact information of any other members and managers.

Application Item 9. Highlands Falls Country Club is listed as the Applicant's agent for the purposes of the Application. Please describe the Applicant's relationship to Highlands Falls Country Club, and, if this company should be the Applicant's contact for the Application, please provide the name of an individual to be contacted.

Application Item 10. The address listed for the Applicant's agent appears to be the previous street address for a law firm currently located at 43 West Main Street, Franklin, North Carolina. Please provide the agent's proper business address.

Application Item 17. Please provide the address and contact information for the Chapel Hill and Highlands business offices the Applicant maintains in North Carolina.

G.S. 62-126.6(a)(2). The entirety of the lease agreement offered by an electric generator lessor (lease) must be in at least 12-point type.

G.S. 62-126.6(a)(3). The lease requires a provision granting the customer the right to rescind the agreement for a period of not less than 3 business days after the agreement is signed.

G.S. 62-126.6(a)(4). The lease should describe the performance guarantee concerning energy production and how the guarantee will be enforced.

G.S. 62-126.6(a)(5).

- (a) The lease should indicate the total cost to the customer for the life of the agreement.

- (b) The lease should indicate the cost of any interest, installation fees, document preparation fees, service fees, or other costs to the customer. If they are \$0, the lease should indicate as such. If they are included in the lease payment, they should be itemized.
- (c) The lease should indicate the total number of payments, including interest, over the leased term.

G.S. 62-126.6(a)(6). The lease should identify any state or federal tax incentives that are included in the calculation of lease payments. The Solar Rebate program (NCUC Docket No. E-7, Sub 1166) provides for rebates but they are on a first-come first-served basis; if these rebates available to the customer are or are not used in calculating the lease payment, it must be clearly stated on the lease.

G.S. 62-126.6(a)(7). The lease should disclose whether the warranty and/or maintenance obligations may be sold or transferred to a third party. Pursuant to G.S. 126.6(b), if the warranty and/or maintenance obligations are able to be transferred to a third party, the name, address, and telephone number of the third party must be provided prior to any transfer of warranty and/or maintenance obligations.

G.S. 62-126.6(a)(8). The lease should include a disclosure separately acknowledged by the customer which states if the transfer of the lease to modify or transfer **ownership of the solar energy facility** is subject to any restrictions or approval by a third party. Section 6 of the lease refers to this requirement. If the modification or transfer is subject to review or approval by a third party, the lease must identify the name, address, and telephone number of the entity responsible for approving the modification or transfer.

G.S. 62-126.6(a)(9). The lease should include a disclosure separately acknowledged by the customer which states if the transfer of or any modifications to the **ownership of the real property** to which the solar facility is affixed is subject to any restrictions or approval by a third party. Section 6 of the lease refers to this requirement. If the modification or transfer is subject to review or approval by a third party, the lease must identify the name, address, and telephone number of the entity responsible for approving the modification or transfer.

G.S. 62-126.6(a)(10). The lease should provide a *full and accurate summary* of the total costs for maintaining and operating the solar energy system over the life of the system (includes financing, maintenance, and construction costs). The maintenance and operation cost component of the lease payment needs to be clearly identified on the lease.

G.S. 62-126.6(a)(11). Please provide support for the current average energy cost of \$0.1345/kWh shown on page 1 of the lease agreement. If the energy cost was calculated, please provide a functional spreadsheet with formulas intact, including source data used in all calculations.

G.S. 62-126.6(a)(12). The lease should include a disclosure separately acknowledged by the customer which states: "Utility rates and utility rate structures are subject to change. These changes cannot be accurately predicted and projected savings from your solar energy facility are therefore subject to change. Tax incentives are subject to change or termination by executive, legislative, or regulatory action."

Other Lease Issues.

- (a) Eagle Solar & Light, LLC should be properly recognized as the "Lessor" in the lease introduction.
- (b) The sample lease includes the Applicant's contact information and general contractor license number for its operations in Alabama. The actual lease used for customer generator lessees pursuant to Commission Rule R8-73 should include North Carolina-specific information.
- (c) Section 5 of the lease includes the following: "YOU AGREE TO REFRAIN FROM ENTERING INTO ANY AGREEMENT WITH YOUR UTILITY THAT WOULD ENTITLE YOUR UTILITY TO CLAIM ANY SUCH BENEFITS." Under DEC's current Net Metering tariff in North Carolina, this would prevent lessees from net metering under a non-time-of-use demand rate schedule with DEC, as the RECs associated with the facility would automatically transfer to DEC. If the Applicant intends to allow its customers to net meter under an energy-only rate schedule, this language should be modified. If the Applicant intends to prevent its customers from entering into a net metering arrangement, this should be clearly stated. (See attached Duke Energy Carolinas Net Metering Tariff)
- (d) Section 8 of the lease refers to a guarantor, but the lease does not explain when a guarantor is needed or how a guarantor is added to the lease. This language should be removed, or information describing guarantor requirements should be included in the lease.
- (e) The lease should describe the remedies available to the Lessor should lessee default under the lease.
- (f) Please file copies of all attachments and addenda to the lease, including the Warranty, Limited Warranty and Guide referenced in section 4(a).