



Progress Energy

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Sessions ✓
Enclaves ✓

November 1, 2012

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Clerk's Office
N.C. Utilities Commission

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Ms. Gail Mount
Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4325

Re: Docket Nos. E-100, Sub 127 and E-100, Sub 136

Dear Ms. Mount:

Enclosed please find an original and thirty (30) copies of Progress Energy Carolinas, Inc.'s Motion to Suspend Availability of Previously Approved Schedule CSP-27 Long-Term Rates for filing in the above-captioned dockets. Please do not hesitate to contact me if you have any questions.

Sincerely,

Kendrick C. Fentress

Kendrick C. Fentress
Associate General Counsel

Enclosures

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STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-100, SUB 127

DOCKET NO. E-100, SUB 136

FILED
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Clerk's Office
N.C. Utilities Commission

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Biennial Determination of Avoided Cost Rates)	
for Electric Utility Purchases from Qualifying)	PROGRESS ENERGY
Facilities – 2010)	CAROLINAS, INC. MOTION TO
)	SUSPEND THE AVAILABILITY
In the Matter of)	OF PREVIOUSLY APPROVED
Biennial Determination of Avoided Cost Rates)	SCHEDULE CSP-27 LONG-TERM
for Electric Utility Purchases from Qualifying)	RATES
Facilities – 2012)	

NOW COMES Progress Energy Carolinas, Inc. ("PEC") and respectfully moves the North Carolina Utilities Commission (the "Commission") to (1) suspend as of December 1, 2012, the availability of Schedule CSP-27 long-term rates approved in Docket No. E-100, Sub 127 and (2) authorize PEC to offer to eligible qualifying facilities ("QFs") that have not entered a purchase power agreement ("PPA") with PEC as of December 1, 2012, to purchase energy, capacity, or both based on the variable rates approved in Docket No. E-100, Sub 127 until the Commission approves the long-term rates proposed by PEC in this docket. In support, PEC shows the following:

1. On November 1, 2010, in Docket No. E-100, Sub 127, PEC filed its then most recent avoided cost information pursuant to Section 292.103 of the Federal Energy Regulatory Commission regulations implementing Section 210 of the Public Utility Regulatory Policies Act of 1978 ("PURPA"). The Commission approved the avoided cost rates shown on Schedule CSP-27.

2. Pursuant to the Commission's Order of June 18, 2012 in this docket, PEC will file its proposed, new avoided costs and rates for purchases from QFs eligible for Schedule CSP-29, together with its proposed standard contract and supporting statement and documentation on November 1, 2012.

3. The proposed Schedule CSP-29 rates and costs represent and are derived from PEC's avoided cost projections at the time of filing. The calculations are based on the same methodology used and accepted previously in avoided cost proceedings.

4. The existing avoided cost rates filed in Docket No. E-100, Sub 127 and approved in the 2010 biennial proceeding were calculated based on data from 2010 and are thus obsolete.

5. The proposed long-term rates that PEC will file on November 1, 2012 are lower than the existing CSP-27 rates because of declining cost projections.

6. Experience in these avoided cost proceedings has shown that a utility's filing a proposal to lower its avoided cost rates sometimes prompts QFs to try to "lock in" at the higher current rates before the Commission acts. Entering into contracts to which PEC would incur long-term obligations for payments exceeding the current avoided cost projections is not in the best interest of PEC's customers and is contrary to Section 210 of PURPA and the regulations promulgated thereunder that provide that a QF is entitled to rates derived from avoided costs as calculated no earlier than when the utility's obligation to contract with the QF is incurred. 18 U.S.C. Sec. 292.304(d).

7. PEC therefore requests that the Commission authorize PEC to revise its currently approved Schedule CSP-27 to provide that PEC will suspend the long-term

rates reflected therein as of December 1, 2012. PEC has attached hereto a proposed redlined Schedule CSP-27A as Exhibit 1.

8. PEC further proposes that its currently-approved variable rates, reflected on Schedule CSP-27, would remain available to eligible QFs seeking to contract with PEC during the period of time between December 1, 2012 and the date that the Commission issues its order in this docket approving PEC's proposed long-term rates. QFs that execute contracts containing the variable rates after the December 1, 2012 expiration of the long-term rates on CSP-27 may then amend their contracts to select one of the long-term rates for which they are eligible, once new avoided cost rates are approved by this Commission.

9. Suspending availability of the out-of-date long-term rates during the pendency of the Commission's review of newly calculated avoided costs and rates that are based on more recent data prevents exposing the utility and the ratepayers to paying for longer periods of time avoided cost rates that are in excess of the PEC's actual avoided costs.

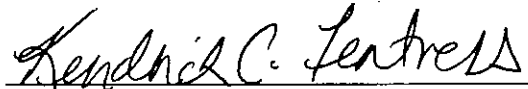
10. In addition, PEC's proposal to suspend as of December 1, 2012, its long-term rates reflected on Schedule CSP-27 is consistent with Duke Energy Carolina, LLC's ("DEC") process for suspension of the availability of its long-term rates. In the most recent biennial proceeding, DEC proposed to suspend the availability of its long-term rates reflected in Schedules PP-N and PP-H to eligible QFs that were not under contract with DEC on or before November 1, 2012. The Commission approved DEC's proposal.

Order Establishing Standard Rates and Contract Terms for Qualifying Facilities, Docket No. E-100, Sub 127, issued July 27, 2011, at 16-19.¹

WHEREFORE, PEC respectfully requests that the Commission issue an order authorizing PEC to: (1) revise its Schedule CSP-27 in order to suspend as of December 1, 2012, the availability of the long-term rates reflected therein until new long-term rates are approved by this Commission and (2) make its currently approved variable rates reflected on Schedule CSP-27 available until new, long-term rates are approved.

Respectfully submitted, this the 1st day of November, 2012.

PROGRESS ENERGY CAROLINAS, INC.



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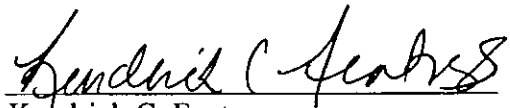
Kendal C. Bowman
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Duke Energy
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¹ See also, *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities*, Docket No. E-100, Sub 106, issued December 19, 2007 at 28.

CERTIFICATE OF SERVICE

I certify that a copy of Progress Energy Carolinas, Inc's Motion to Suspend Availability of Previously Approved Schedule CSP 27 Long Term Rates has been served by electronic mail, hand delivery or by depositing a copy in the United States Mail, first class postage prepaid, properly addressed to parties of record.

This the 1st day of November, 2012.

A handwritten signature in black ink, appearing to read "Kendrick C. Fentress", written over a horizontal line.

Kendrick C. Fentress

Associate General Counsel

kendrick.fentress@duke-energy.com

Carolina Power & Light Company
d/b/a Progress Energy Carolinas, Inc.
(North Carolina Only)

COGENERATION AND SMALL POWER PRODUCER
SCHEDULE CSP-27A

AVAILABILITY

Upon Seller's completion and Company's acceptance of an Application for Standard Contract, this Schedule is available for electrical energy and capacity supplied by Eligible Qualifying Facilities (as defined below) to Company, provided Seller is a Qualifying Facility as defined by the Federal Energy Regulatory Commission's (FERC) Order No. 70 under Docket No. RM79-54. This Schedule is not available for electric service supplied by Company to Seller or to Seller who has negotiated rate credits or conditions with Company which are different from those below. If Seller requires supplemental, standby, or interruptible services, Seller shall enter into a separate service agreement with Company in accordance with Company's applicable electric rates, riders, and Service Regulations on file with and authorized by the state regulatory agency having jurisdiction.

The Fixed Long Term Credit rates on this schedule are available only to Sellers under contract with the Company on or before December 1 2012 for delivery of power beginning on or before the earlier of thirty (30) months from the date of execution of the contract or May 1, 2015.

Qualifying Facilities Eligible for Capacity and/or Energy Credits

In order to be an Eligible Qualifying Facility and receive Energy Credits under this Schedule, the Qualifying Facility must be a hydroelectric or a generator fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Qualifying Facility with a Contract Capacity of 5 MW or less, or other Qualifying Facility with a Contract Capacity of 3 MW or less:

Capacity Credits are limited to Eligible Qualifying Facilities located within Company's service area that are classified as New Capacity in accordance with FERC Order No. 69 under Docket No. RM79-55 and interconnected to Company's transmission or distribution facilities, or to those Eligible Qualifying Facilities who were selling electricity to Company and receiving Capacity Credits under an existing Purchase Power Agreement on April 1, 2005. The availability of Fixed Long-Term and Variable Capacity Credits is subject to the following conditions:

The 5-Year, 10-Year, and 15-Year Fixed Long-Term and Variable Capacity Credits below are available to hydroelectric qualifying facilities owned or operated by small power producers as defined in G.S. 62-3(27a), non-hydroelectric qualifying facilities fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Eligible Qualifying Facilities with Contract Capacities of 5 MW or less. Other Eligible Qualifying Facilities with Contract Capacities of 3 MW or less are eligible for 5-Year Fixed Long-Term and Variable Capacity Credits below.

Eligible Qualifying Facilities receiving Capacity Credits under this Schedule shall also receive corresponding Energy Credits of like term. The Variable Energy Credit shall constitute an "as available" avoided cost credit for Eligible Qualifying Facilities.

Standard 10-year and 15-year rate options as specified in this Schedule, for Eligible Qualifying Facilities may be renewable for subsequent terms, at the Company's option, based on substantially the same terms and provisions contained herein and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration Company's then avoided cost rate and other relevant factors or (2) set by arbitration.

Non-Eligible Qualifying Facilities

All Qualifying Facilities not eligible for the standard long-term levelized rates have the following three options if the Company has a Commission-recognized active solicitation underway: (1) participating in the Company's competitive bidding process, (2) negotiating a contract and rates with the Company, or (3) selling energy at the Company's Commission-established variable energy rate. If the Company does not have a Commission-recognized active solicitation underway, it shall offer Qualifying Facilities not eligible for the standard long-term levelized rates the options of (1) contracting with the Company to sell power at the variable energy rate established by the Commission in these biennial proceedings or (2) contracting with the Company to sell power at negotiated rates. If the Company does not have a solicitation underway, any unresolved issues arising from such negotiations will be subject to arbitration by the Commission at the request of either the Company or Qualifying Facility to determine the Company's actual avoided cost, including both capacity and energy components, as appropriate; however, the Commission will only arbitrate disputed issues if the QF is prepared to commit its capacity to the utility for a period of at least two years. The exact points at which an active solicitation should be regarded as beginning and ending for these purposes should be determined by motion to, and order of, the Commission. Unless there is such a Commission order, it will be assumed that there is no solicitation underway. If the variable energy rate option is chosen, such rate may not be locked in by a contract term, but shall instead change as determined by the Commission in the next biennial proceeding.

The Variable Energy Credit shall constitute the "as available" avoided cost credit for Non-Eligible Qualifying Facilities.

APPLICABILITY

This Schedule is applicable to all electric energy and capacity supplied by Eligible Qualifying Facility to Company at one point of delivery through Company's metering facilities.

CONTRACT CAPACITY

The Contract Capacity shall be as specified in the Application For Standard Contract between Company and Seller. Only one such Standard Contract shall be permitted for any Qualifying Facility. Capacity in excess of the contract capacity of a standard rate Qualifying Facility's generators must be consumed internally by the Qualifying Facility.

MONTHLY RATE

Payment

Company shall pay Eligible Qualifying Facilities for energy and/or capacity furnished to Company the Credits set forth below as applicable. Such payments shall be reduced by both the Seller Charge and any applicable Interconnection Cost. Payments to Qualifying Facilities with Contract Capacities of 10kW or less shall only be made on a calendar year basis.

Energy Credits

Those Eligible Qualifying Facilities eligible for Company's Fixed Long-Term and/or Variable Energy Credits shall be paid an Energy Credit for all energy delivered to Company's System as registered or computed from Company's metering facilities. This Energy Credit will be in accordance with the length of rate term for energy sales so established in the Purchase Agreement.

For facilities whose deliveries do not enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)	5.108	5.753	6.788	7.455
Off-Peak kWh (¢/kWh)	4.530	4.747	5.085	5.382

For facilities whose deliveries enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)	4.986	5.615	6.626	7.277
Off-Peak kWh (¢/kWh)	4.462	4.676	5.009	5.302

Capacity Credits

Those Eligible Qualifying Facilities eligible for Company's Fixed Long Term and/or Variable Capacity Credits shall be paid a Capacity Credit for all capacity delivered to Company's System as registered or computed from Company's metering facilities. This Capacity Credit will be in accordance with the length of rate term for capacity sales so established in the Purchase Agreement. Company shall pay a Capacity Credit based on the on-peak kWh supplied by the Eligible Qualifying Facility.

For hydroelectric facilities with no storage capability and no other type of generation whose deliveries do not enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	5.555	5.708	5.949	6.166
On-Peak kWh (¢/kWh)-Non-summer	4.584	4.710	4.909	5.088

For all other facilities whose deliveries do not enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	3.333	3.425	3.569	3.700
On-Peak kWh (¢/kWh)-Non-summer	2.751	2.826	2.945	3.053

For hydroelectric facilities with no storage capability and no other type of generation whose deliveries enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	5.423	5.572	5.807	6.019
On-Peak kWh (¢/kWh)-Non-summer	4.475	4.598	4.792	4.967

For all other facilities whose deliveries enter Company's transmission system:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
On-Peak kWh (¢/kWh)-Summer	3.253	3.343	3.484	3.612
On-Peak kWh (¢/kWh)-Non-summer	2.685	2.759	2.875	2.980

Summer months are defined as the calendar months of June through September. Non-summer months are defined as all other months.

Renewable Energy Credits

The sale of power by QFs at avoided cost rates does not convey the right to renewable energy credits (RECs) or green tags.

Seller Charge

An Eligible Qualifying Facility shall pay to Company a Seller Charge outlined below in accordance with the Contract Capacity specified in the Application For Standard Contract between Company and Seller:

	Contract Capacity			
	0 to 10 kW	11 to 100 kW	101 to 999 kW	1000 kW and above
Monthly Seller Charge	\$4	\$7	\$93	\$278

For Small Power Producers, as the term is defined in N.C. General Statute §62-3 (27a), with no storage capacity and no other type of generation whose deliveries do not enter Company's transmission system, the sum of: (1) the Seller Charge and (2) the Monthly Facilities Charge for those Interconnection Facilities installed before January 1, 2000 or replaced thereafter with equipment of equal capacity and kind, shall be \$100.00 per month; except that any Interconnection Facilities installed after January 1, 2000, other than replacement of existing equipment with equipment of equal capacity and kind, shall be subject to additional Monthly Facilities Charges. This provision applies only to a Small Power Producer who has completed an initial 15-year contract term under a Purchase Power Agreement with Company prior to January 1, 2000 or was selling electricity to Company on January 1, 2000.

RATE UPDATES

The Credits and Seller Charge of this Schedule will be updated every two years. Sellers who have contracted for the Fixed Long-Term Credits will not be affected by updates in the Energy and Capacity Credits until their rate term expires. For all Qualifying Facilities selling to Company pursuant to the Variable Credit provisions of this schedule, such credits shall be updated and changed in accordance with the Commission's revisions to such credits in Company's biennial avoided cost proceedings.

DETERMINATION OF ON-PEAK AND OFF-PEAK HOURS

I. On-Peak Hours:

- A. Service used beginning at 12:00 midnight March 31 and ending at 12:00 midnight September 30:

The on-peak hours are defined as the hours between 10:00 a.m. and 10:00 p.m., Monday through Friday, excluding holidays considered as off-peak.

- B. Service used beginning at 12:00 midnight September 30 and ending at 12:00 midnight March 31:

The on-peak hours are defined as those hours between 6:00 a.m. and 1:00 p.m., plus 4:00 p.m. through 9:00 p.m., Monday through Friday, excluding holidays considered as off-peak.

II. Off-Peak Hours:

The off-peak hours in any month are defined as all hours not specified above as on-peak hours. All hours for the following holidays will be considered as off-peak: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day after, and Christmas Day. When one of the above holidays falls on a Saturday, the Friday before the holiday will be considered off-peak; when the holiday falls on a Sunday, the following Monday will be considered off-peak.

INTERCONNECTION COSTS

For Eligible Qualifying Facilities, the installed costs for all facilities constructed or installed by Company to interconnect and safely operate in parallel with Seller's equipment shall be determined in accordance with Company's Terms and Conditions for the Purchase of Electric Power. Interconnection of Customer's generation to Company's system shall be in accordance with the North Carolina Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Generation Interconnections.

Supersedes Schedule CSP-2527

Effective for energy and capacity rendered on and after August 26, 2011 _____

NCUC Docket No. E-100, Sub 127