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## OFFICIAL COPY

March 1, 2011

## FILED

MAR 01 2011

Clerk's Office  
N.C. Utilities Commission

### HAND DELIVERED

Ms. Renne Vance  
Chief Clerk  
North Carolina Utilities Commission  
430 N. Salisbury Street  
Raleigh, NC 27603

**Re: Blue Ridge Electric Municipal Corporation ("EMC")  
Reply Comments  
Docket E-100, Sub 128**

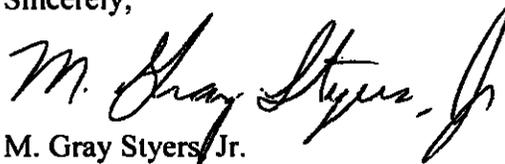
Dear Ms. Vance:

Please find enclosed an original and thirty-one (31) copies of Blue Ridge EMC's reply comments in the above referenced docket.

We would appreciate your filing the same and returning one "filed" stamped copy via our courier.

If you have any questions or comments regarding this filing, please do not hesitate to call me. Thank you in advance for your assistance and cooperation.

Sincerely,

  
M. Gray Styers, Jr.

Enclosures

cc: All Parties of Record

*Clerk's Office*  
*AL*  
*7 Comm*  
*Bennink*  
*Vacant*  
*Watson*  
*Hoover*  
*Kite*  
*Hilburn*  
*Bessoms*  
*Ericson*  
*Jones*  
*Hodge*  
*Ex Dir*  
*313 Legal*  
*313 Acctg*  
*213 Elec*  
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**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**FILED**  
**MAR 01 2011**

**DOCKET NO. E-100, Sub 128**

**Clerk's Office  
N.C. Utilities Commission**

**BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

In the Matter of:

Investigation of Integrated Resource  
Planning in North Carolina - 2010

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**REPLY COMMENTS  
AND REQUEST FOR CLARIFICATION**

Blue Ridge Electric Membership Corporation ("Blue Ridge"), through undersigned counsel, hereby submits its Reply Comments in the above-captioned docket as follows:

1. Blue Ridge Electric Membership Corporation, headquartered in Lenoir, North Carolina, was created in the 1930s and initially financed pursuant to the Rural Electrification Act of 1936 to extend electric service to previously unserved, rural areas of the state. As an electric membership corporation, its member-owners are its customers, who elect Blue Ridge's boards of directors. Previously, Blue Ridge was a member of the North Carolina Electric Membership Corporation ("NCEMC"); effective January 1, 2004, Blue Ridge became an independent member of NCEMC.

2. Blue Ridge, throughout its history, has been served by Duke Energy Carolinas, LLC ("Duke Energy"), or its predecessors, as a wholesale customer. This historic service has been either at the wholesale rate of Duke Energy, as constituents of, and through agreements with the North Carolina Electric Membership Corporation, and/or most recently, through separate wholesale power agreements with Duke Energy.

3. On September 1, 2006 Blue Ridge entered into a partial requirements power purchase agreement with Duke Energy. Thereafter, on December 17, 2007, Blue Ridge entered into a full requirements power purchase agreement with Duke Energy (the "Agreement"). On October 1, 2010, the Agreement was amended to extend the term through and until December 31, 2031 and to obligate Duke Energy to provide REPS compliance services for Blue Ridge.

4. Blue Ridge's current and future load requirements are included in Duke Energy's load obligation set forth in Duke Energy's Integrated Resource Plan ("IRP") dated September 1, 2010. Specifically, see Duke Energy Carolinas Integrated Resource Plan, Section II, Duke Energy Carolinas Current State, *Wholesale Power Sales Commitments*, pp. 38-39 and Section III, Resource Needs Assessment (Future State), *Load Forecast*, pp. 51-57, filed in N.C.U.C. Docket No. E-100, Sub 128 on September 1, 2010, attached hereto as **Exhibit 1**.

5. Pursuant to the Agreement and as shown in Duke Energy's IRP, Duke Energy's services to Blue Ridge include the delivery of renewable energy resources to Blue Ridge, as well as REPS compliance and reporting services. In accordance with N.C. Gen. Stat. § 62-133.8(c)(2)(e), Blue Ridge may rely on Duke Energy to provide such services. Accordingly, Duke Energy has aggregated the information required under Commission Rule R8-67 for Blue Ridge into its 2010 REPS compliance plan. Specifically, see Duke Energy Carolinas Renewable Energy and Energy Efficiency Portfolio Standard Compliance Plan, Section V, *Wholesale Customer Compliance*, p. 24, filed in N.C.U.C. Docket No. E-100, Sub 128 on September 1, 2010, attached hereto as **Exhibit 2**.

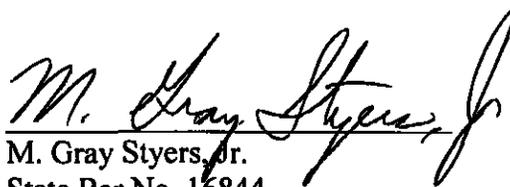
6. In its Comments, filed in this docket on February 10, 2011, the Public Staff recommends that Blue Ridge, having responsibility for procuring its own power, is required by Commission Rule R8-60(b) to file an IRP and should begin doing so in 2011.

duplicative. The key point, worth re-stating, is that the information required of Blue Ridge by Rule R8-60 and R8-67 is already and currently fully included in the IRP filing of Duke Energy, as can be seen in the attached exhibits. To require a separate filing by Blue Ridge itself would be an unnecessary expenditure of the time and resources of Blue Ridge in having to prepare such a filing, and of the Public Staff and the Commission in having to review it.

WHEREFORE, Blue Ridge respectfully requests that the Commission enter an Order clarifying that, for so long as Blue Ridge's load requirement is included in Duke Energy's load obligation set forth in its IRP, and Duke Energy is providing REPS compliance services to Blue Ridge, including reporting, pursuant to their Agreement, then the filing of a separate IRP by Blue Ridge would be duplicative, burdensome, and unnecessary, and, therefore, is not required.

This 1<sup>st</sup> day of March, 2011.

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**Exhibit 1**

stakeholder collaborative in its service territories.

### **Wholesale Power Sales Commitments**

Duke Energy Carolinas currently provides requirements wholesale power sales to Western Carolina University (WCU), the City of Highlands, City of Concord, Town of Dallas, Forest City, Kings Mountain, Lockhart Power Company, Due West SC, and Prosperity, SC and starting in 2010 the City of Greenwood, SC. The Company is also committed to serve the power needs of three cooperatives (Blue Ridge Electric Membership Corporation (EMC), Piedmont EMC and Haywood EMC) and the supplemental needs of one other cooperative (Rutherford EMC). These customers' load requirements are included in the Duke Energy Carolinas load obligation (see Chart 3.1 and Cumulative Resource Additions to meet a 17 Percent Planning Reserve Margin).

In 2005, Duke Energy Carolinas and NCMPAI began a backstand agreement of up to 432 MW (depending on operation of the Catawba and McGuire facilities) that expired December 31, 2007. The parties have entered into a new agreement that extends through 2011.

In 2006, firm wholesale agreements became effective between Duke Energy Carolinas and three entities, Blue Ridge EMC, Piedmont EMC, and Rutherford EMC. Duke Energy Carolinas will supply their supplemental resource needs through 2021. This need grows to approximately 410 MW by 2011 and approximately 530 MW by 2021. The analyses in this IRP assumed that these contracts would be renewed or extended through the end of the planning horizon.

In addition, Duke Energy Carolinas has committed to provide backstand service for North Carolina EMC (NCEMC) throughout the 20-year planning horizon up to the amount of their ownership entitlement in Catawba Nuclear Station. On October 1, 2008, the Saluda River (SR) ownership portion of Catawba ceased to be reflected in the forecast due to a sale of this interest to Duke Energy Carolinas and NCEMC, which resulted in the elimination of any obligation for Duke Energy Carolinas to plan for Saluda River's load. NCEMC purchased a portion of Saluda's share of Catawba which served to increase the NCEMC total backstand obligation.

Duke Energy Carolinas has entered into a firm shaped capacity sale with NCEMC that began on January 1, 2009, and expires on December 31, 2038. Initially, 72 MW is supplied on peak with the option to NCEMC to increase the peak purchase to 122 MW by 2020.

In 2009, the Company executed a firm PPA with Central Electric Power Cooperative, Inc. (Central) under which Duke Energy Carolinas will supply Central's supplemental resource needs of approximately 120 MW starting in 2013 and growing to 1000 MW by 2028. The analyses in this IRP assumed that this contract will be renewed or extended through the end of the planning horizon. Table 2.5 on the following page contains information concerning Duke Energy Carolinas' wholesale sales contracts.

Wholesale Customer	Contract Designation	Type	Contract Term	Commitment (MW)									
				2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
NC/SC Municipalities City of Concord, NC Town of Dallas, NC Town of Forest City, NC Town of Kings Mountain, NC Lockhart Power Company Town of Due West, SC Town of Prosperity, SC City of Greenwood, SC See Note 1	Partial Requirements Partial Requirements Partial Requirements Partial Requirements Partial Requirements Partial Requirements Full Requirements	Native Load Priority -- -- -- -- --	December 31, 2018 with annual renewals. Can be terminated on one-year notice by either party after current contract term.	318	321	326	328	332	337	343	348	353	358
NP&L Wholesale Town of Highlands, NC Western Carolina University See Note 1	Full Requirements Full Requirements	Native Load Priority --	Annual renewals. Can be terminated on one-year notice by either party.	13	13	14	14	14	14	14	14	14	14
Blue Ridge EMC See Note 1	Full Requirements	Native Load Priority	December 31, 2021	189	171	174	174	177	179	182	185	188	192
Piedmont EMC See Note 1	Full Requirements	Native Load Priority	December 31, 2021	87	89	90	91	92	94	95	97	99	101
Rutherford EMC See Note 1	Partial Requirements	Native Load Priority	December 31, 2021	47	153	156	183	186	200	203	207	211	216
Haywood EMC See Note 1	Full Requirements	Native Load Priority	December 31, 2021	20	20	21	21	21	22	22	23	23	23
Central See Note 1	Partial increasing to Full Requirements	Native Load Priority	January 1, 2013 through December 31, 2030	0	0	0	118	235	352	471	593	727	826
NCEMC See Note 2	Catawba Contract Backstand	Native Load Priority/ System Firm	Through Operating Life of Catawba and McGuire Nuclear Station	687	687	687	687	687	687	687	687	687	687
NCMPA1	Generation Backstand	Native Load Priority	January 1, 2008 through December 31, 2011	73	73	0	0	0	0	0	0	0	0
NCEMC	Shaped Capacity Sale	Native Load Priority	January 1, 2009 through December 31, 2038	72	72	72	72	72	72	72	72	72	72
Note 1: The analyses in the Annual Plan assumed that the contracts will be renewed or extended through the end of the planning horizon													
Note 2: the annual commitment shown is the ownership share of Catawba Nuclear Station and is included in the load forecast.													
Equivalent capacity is included as a portion of the Catawba Nuclear Station resource													

the industrial growth is projected to be relatively flat. Though growth is expected to be strong in rubber & plastics, autos and fabricated metals, other industries such as textiles, furniture and electronics are expected to decline.

Total Retail load growth summaries are not shown in the Duke Energy Carolinas Spring 2010 Forecast book in Appendix B. The Residential load growth summaries shown in Table 3.1 use the same history and forecast data for Residential Sales as on page 9 of the Forecast book. The Commercial load growth summaries use the same history and forecast data for Commercial Sales as on page 10 of the Forecast book. The Industrial Textile load growth summaries use the same history and forecast data for Textile Sales as on page 12 of the Forecast book. The Industrial Non-Textile load growth summaries use the same history and forecast data for Other Industrial Sales as on page 13 of the Forecast book.

### **Load Forecast**

The spring 2010 Forecast includes projections of the energy needs of new and existing customers in Duke Energy Carolinas service territory. Certain wholesale customers have the option of obtaining all or a portion of their future energy needs from other suppliers. While this may reduce Duke Energy Carolinas obligation to serve those customers, Duke Energy Carolinas assumes for planning purposes that certain of its existing wholesale customer load (excluding Catawba owner loads as discussed below) will remain part of the load obligation.

The forecasts for 2010 through 2030 include the energy needs of the wholesale and retail customer classes as follows:

- Duke Energy Carolinas retail, including the retail load associated with NP&L area
- Duke Energy Carolinas wholesale sales to NC and SC municipal customers
- NP&L area wholesale customers Western Carolina University and the Town of Highlands
- NCEMC load relating to ownership of Catawba
- Blue Ridge, Piedmont and Rutherford Electric Membership Cooperatives' supplemental load requirements starting in 2006
- Hourly electricity sale to NCEMC starting in January 2009
- Haywood EMC load requirements starting in January 2009
- The City of Greenwood SC load requirements starting in January 2010
- Central partial load requirements starting in 2013 (partial load requirements will increase until total load requirements met in 2019)
- Undesignated wholesale load of approximately 35 MWs in 2011 growing to 46 MWs in 2030.

Notes (b), (d) and (e) of Table 3.2 give additional detail on how the four Catawba Joint Owners were considered in the forecasts. Per NCUC Rule R8-60 (i) (1), a description of the methods, models and assumptions used by the utility to prepare its peak load (MW) and energy sales (MWH) forecasts and the variables used in the models is provided on pages 4-6 of the Duke Energy Carolinas 2010 Forecast shown in Appendix B. Also, per

NCUC Rule R8-60 (i) (1) (A) a forecast of customers by each customer class and a forecast of energy sales (KWH) by each customer class is provided on pages 9-14 and pages 19-23 of the 2010 Forecast Book.

A tabulation of the utility's forecasts for a 20 year period, including peak loads for summer and winter seasons of each year and annual energy forecasts, both with and without the impact of energy efficiency is shown below in Tables 3.2 and 3.3.

The average annual energy and peak projections described below and summarized in Tables 3.2 and 3.3 differs from growth rates shown on pages 24-27 of the Forecast book. A comparison of the Forecast book (pages 24-27) and the forecast used for the IRP is given below:

- Both include Retail sales and wholesale sales under Schedule 10A and NP&L area wholesale sales for Western Carolina University and the Town of Highlands.
- The Forecast book (pages 24-27) includes the total resource needs of the four Catawba Joint Owners while the forecast used for the IRP includes only the following associated with the four Catawba Joint Owners; (1) NCEMC load relating to ownership of the Catawba Nuclear Station, Blue Ridge, Piedmont and Rutherford Electric Membership Cooperatives' supplemental load requirements starting in 2006, (2) Hourly electricity sale to NCEMC starting in January 2009, (3) Haywood EMC load requirements starting in January 2009 and (4) Central partial load requirements starting in 2013 with partial load requirements increasing until total load requirements met in 2019.
- The forecast used for the IRP also includes the City of Greenwood SC load requirements starting in January 2010 and the undesignated wholesale load of approximately 35 MWs in 2011 growing to 46 MWs in 2030. The Forecast book (pages 24-27) does not include these adjustments.
- The forecast used for the IRP is shown below with and without the impacts of energy efficiency while the Forecast book (pages 24-27) is shown only without the impacts of energy efficiency.
- For both forecasts, adjustments have been made for electric vehicles and the incandescent lighting ban.

The current 20-year forecast of the needs of the retail and wholesale customer classes, which does not include the impact of new energy efficiency programs, projects a 1.8 percent average annual growth in summer peak demand, while winter peaks are forecasted to grow at an average annual rate of 1.8 percent. The forecast for average annual territorial energy need is 2.0 percent. The growth rates use projected 2010 information as the base year with a 17,132 MW summer peak, a 16,390 MW winter peak and an 88,511 GWH average annual territorial energy need.

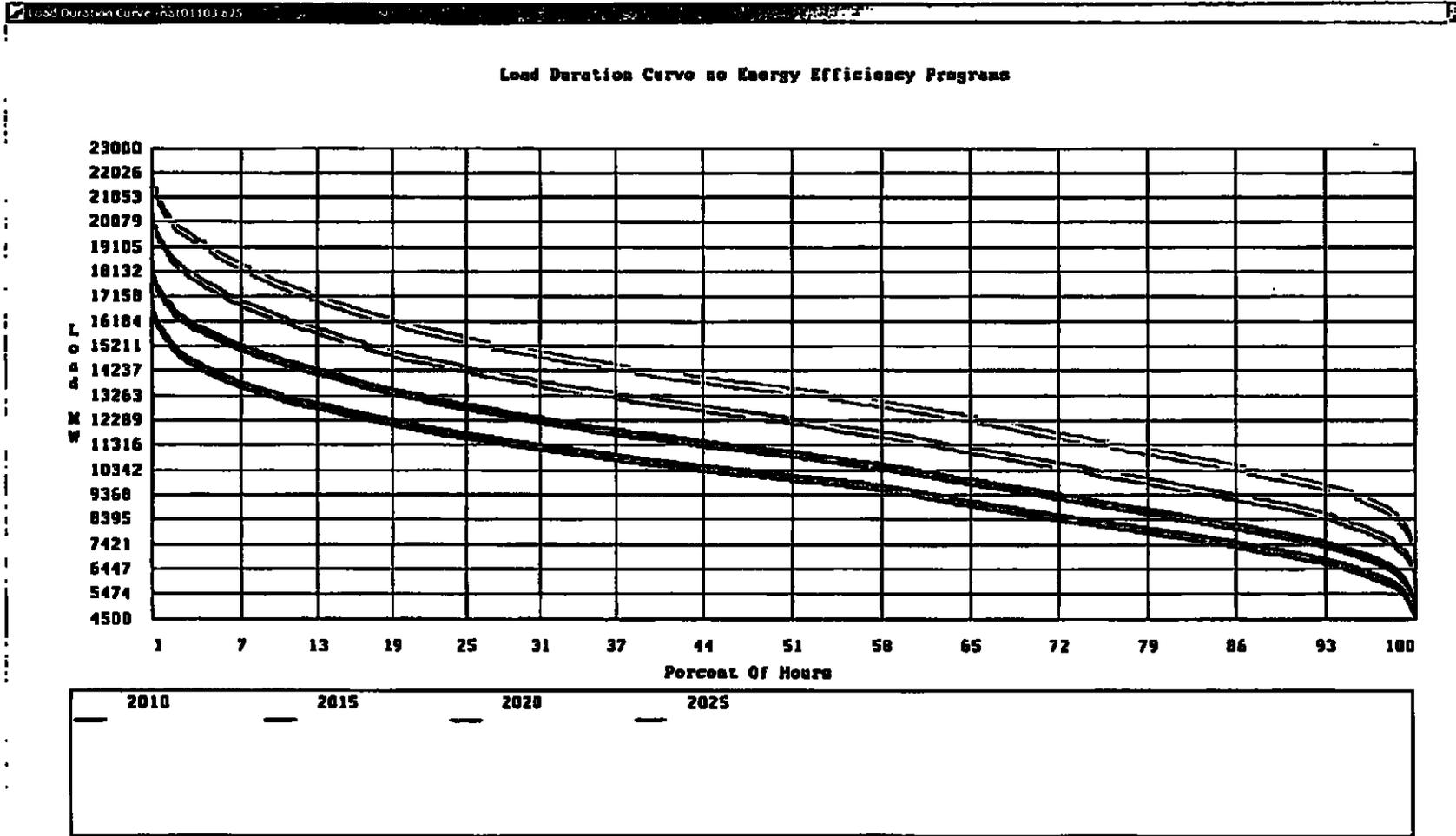
If the impacts of new energy efficiency programs are included, the average annual growth in summer peak demand is 1.7 percent, while winter peaks are forecasted to grow at an average annual rate of 1.6 percent. The forecast for average annual territorial energy need is 1.8 percent. The growth rates use projected 2010 information as the base year with a 17,117 MW summer peak, a 16,387 MW winter peak and a 88,395 GWH average annual territorial energy need.

The load forecast for the 2010 IRP which includes the undesignated wholesale load but does not include new energy efficiency programs is shown below in Table 3.2 followed by the load duration curves for 2010, 2015, 2020 and 2025 shown in Figure 3.1:

**Table 3.2**  
**Load Forecast without Energy Efficiency Programs**

<b>YEAR<sup>a,b,c,d</sup></b>	<b>SUMMER (MW)<sup>e</sup></b>	<b>WINTER (MW)<sup>e</sup></b>	<b>TERRITORIAL ENERGY (GWH)<sup>e</sup></b>
2011	17,571	16,919	90,073
2012	17,840	17,186	91,770
2013	18,115	17,481	93,187
2014	18,481	17,839	95,159
2015	18,864	18,211	97,012
2016	19,307	18,624	99,381
2017	19,747	19,029	101,763
2018	20,212	19,455	104,334
2019	20,651	19,848	106,882
2020	21,031	20,189	109,265
2021	21,388	20,504	111,558
2022	21,698	20,795	113,455
2023	22,018	21,094	115,414
2024	22,343	21,396	117,431
2025	22,672	21,699	119,470
2026	23,010	22,011	121,614
2027	23,343	22,318	123,726
2028	23,689	22,633	125,924
2029	24,034	22,950	128,109
2030	24,384	23,270	130,332

Figure 3.1- Load Duration Curves without Energy Efficiency



The load forecast for the 2010 IRP which includes the undesignated wholesale load and also includes new energy efficiency programs, as reflected in Section 4, is shown below in Table 3.3 followed by the load duration curves for 2010, 2015, 2020 and 2025 shown in Figure 3.2:

**Table 3.3**  
**Load Forecast with Energy Efficiency Programs**

<b>YEAR<sup>a,b,c,d</sup></b>	<b>SUMMER (MW)<sup>e</sup></b>	<b>WINTER (MW)<sup>e</sup></b>	<b>TERRITORIAL ENERGY (GWH)<sup>e</sup></b>
2011	17,529	16,885	89,739
2012	17,759	17,124	91,111
2013	17,974	17,328	92,046
2014	18,280	17,612	93,536
2015	18,605	17,930	94,907
2016	18,990	18,250	96,794
2017	19,351	18,636	98,693
2018	19,755	18,930	100,782
2019	20,155	19,311	102,849
2020	20,478	19,610	104,749
2021	20,754	19,754	106,560
2022	21,065	20,068	108,457
2023	21,385	20,367	110,416
2024	21,732	20,671	112,433
2025	22,060	21,030	114,472
2026	22,398	21,284	116,616
2027	22,710	21,533	118,728
2028	23,058	21,908	120,926
2029	23,401	22,223	123,111
2030	23,772	22,543	125,334

Note a: As part of the joint ownership arrangement for Catawba Nuclear Station, NCEMC and Saluda River (SR) took sole responsibility for their supplemental load requirements beginning January 1, 2001. As a result, SR's supplemental load requirements above its ownership interest in Catawba are not reflected in the forecast. Beginning in October 1, 2008, the SR ownership portion of Catawba was not reflected in the forecast due to a future sale of this interest, which will cause SR to become a full-requirements customer of another utility. SR exercised the three-year notice to terminate the Interconnection Agreement (which includes provisions for reserves) in September 2005, which resulted in termination September 30, 2008.

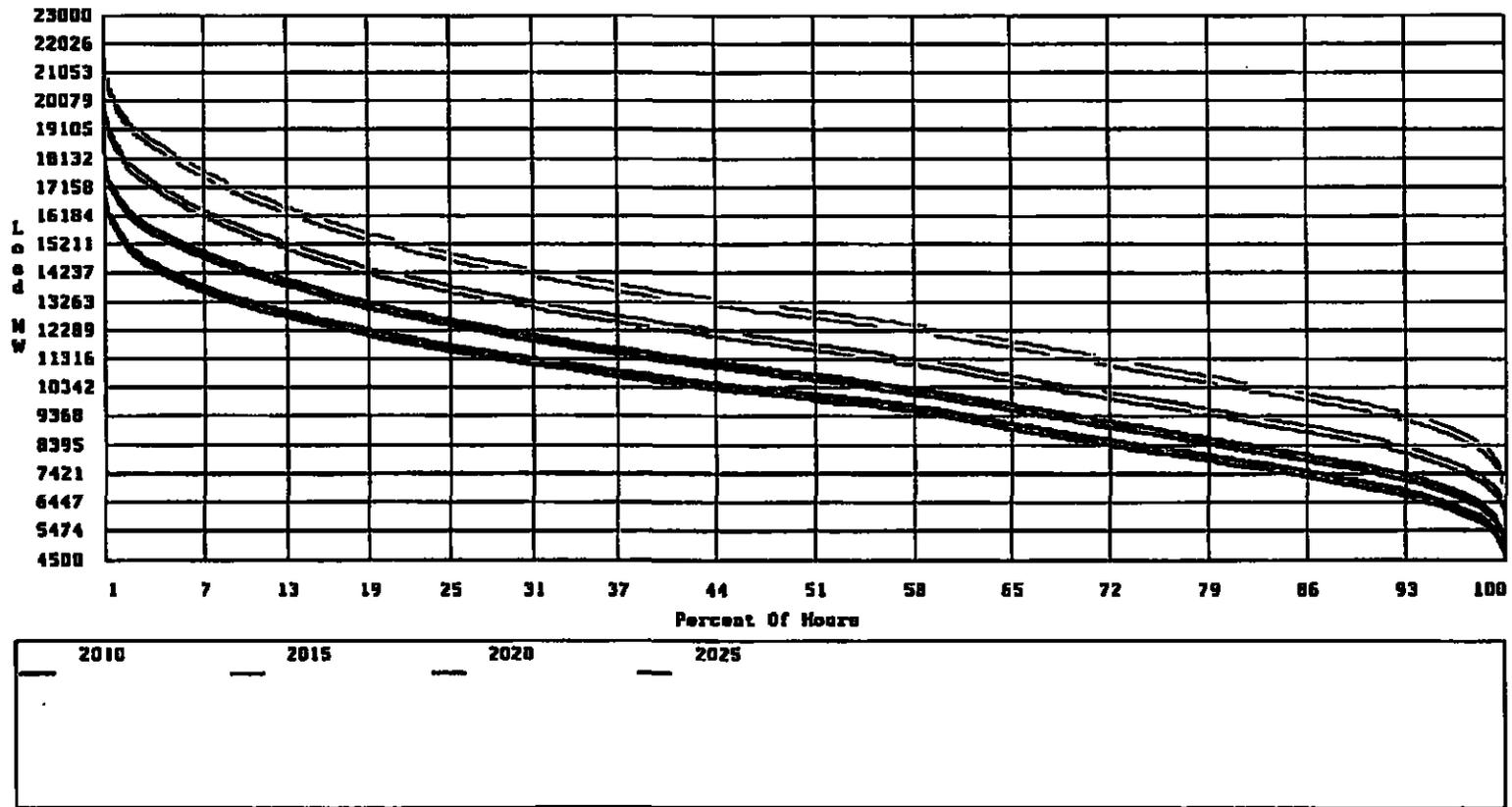
Note b: The load forecast includes Duke Energy Carolinas' contract to serve Blue Ridge, Piedmont and Rutherford Electric Membership Cooperatives' supplemental load requirements from 2006 through 2028. Beginning in January 2009, one contract between Duke Energy Carolinas and NCEMC provides additional hourly electricity sales to NCEMC and another contract between Duke Energy Carolinas and Haywood EMC provides hourly electricity sales to

Haywood EMC. A new contract between Duke Energy Carolinas and the city of Greenwood SC will provide hourly electricity sales to Greenwood SC beginning in January 2010. A new agreement with Central provides for a seven year "step-in" to their full load requirement of approximately 900-1000 MWs such that Duke will only provide 15% of Central's total member cooperative load in Duke's Balancing Authority Area requirement in 2013. This will be followed by subsequent 15% annual increases in load over the following six years up to a total of 100%. Undesignated wholesale load of approximately 35 MWs in 2011 growing to 46 MWs in 2030 is also included in the summer peak numbers (with similar additions to winter peak and territorial energy).

- Note c: As part of the joint ownership arrangement for the Catawba Nuclear Station, the NCMPA1 took sole responsibility for its supplemental load requirements beginning January 1, 2001. As a result, NCMPA1 supplemental load requirements above its ownership interest in Catawba Nuclear Station are not reflected in the forecast. In 2002, NCMPA1 entered into a firm-capacity sale beginning January 1, 2003, when it sold 400 MW of its ownership interest in Catawba. In 2003, NCMPA1 entered into another agreement beginning January 2004, when it chose not to buy reserves for its remaining ownership interest (432 MW) from Duke Energy Carolinas. These changes reduce the Duke Energy Carolinas load forecast by the forecasted NCMPA1 load in the control area (927 MW at 2009 summer peak ) and the available capacity to meet the load obligation by its Catawba ownership (832 MW). The Plan assumes that the reductions remain over the 20-year planning horizon.
- Note d: The PMPA assumed sole responsibility for its supplemental load requirements beginning January 1, 2006. Therefore, PMPA supplemental load requirements above its ownership interest in Catawba Nuclear Station are not reflected in the load forecast beginning in 2006. Neither will the PMPA ownership interest in Catawba be included in the load forecast beginning in 2006, because PMPA also terminated its existing Interconnection Agreement with Duke Energy Carolinas effective January 1, 2006. Therefore, Duke Energy Carolinas is not responsible for providing reserves for the PMPA ownership interest in Catawba. These changes reduce the Duke Energy Carolinas load forecast by the forecasted PMPA load in the control area (437 MW at 2009 summer peak) and the available capacity to meet the load obligation by its Catawba ownership (277 MW). The Plan assumes that the reductions remain over the 20-year planning horizon.
- Note e: Summer peak demand, winter peak demand and territorial energy are for the calendar years indicated. (The customer classes are described at the beginning of this section.) Territorial energy includes losses and unbilled sales (adjustments made to create calendar billed sales from billing period sales).

Figure 3.2 - Load Duration Curves with Energy Efficiency

Load Duration Curve with Energy Efficiency Programs



**Exhibit 2**

**Table 9: Projected Annual Cost Caps, Fuel Related Cost Impact, Annual REPS Rider**

year	2010	2011	2012
<b>Projected Annual Cost Caps</b>	\$32,334,475	\$32,478,330	\$32,756,206
<b>Total projected compliance costs</b>	\$11,938,130	\$23,751,567	\$49,224,106
<b>Total incremental costs</b>	\$6,196,090	\$7,548,127	\$25,082,056
<b>Recovered through the Fuel Rider</b>	\$5,232,100	\$15,293,170	\$23,231,780
<b>Recovered through the Fuel Rider</b>	.0066¢/kWh	.0194¢/kWh	.0294¢/kWh
<b>Annual REPS Rider - Residential</b>	\$ 1.97	\$ 2.38	\$ 7.83
<b>Annual REPS Rider - General</b>	\$ 9.83	\$ 11.89	\$ 39.16
<b>Annual REPS Rider - Industrial</b>	\$ 98.35	\$ 118.86	\$391.66

**V. WHOLESALE CUSTOMER COMPLIANCE**

As part of its portfolio of resources, Duke Energy Carolinas will provide services including delivery of renewable energy resources to Wholesale Customers who request the Company's assistance in meeting the REPS requirements. These Wholesale Customers, including electric membership corporations ("EMCs"), municipalities, and other wholesale customers, may rely on Duke Energy Carolinas to provide this renewable energy delivery service in accordance with N.C. Gen. Stat. § 62-133.8(c)(2)e.

Currently, Duke Energy Carolinas plans to supply all of the renewable energy resources for the following Wholesale Customers:

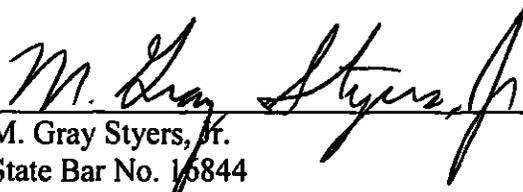
- Rutherford Electric Membership Corporation
- Blue Ridge Electric Membership Corporation
- City of Dallas
- Forest City
- City of Concord
- Town of Highlands
- City of Kings Mountain.

The forecasted North Carolina retail sales, for these Wholesale Customers, in aggregate, for each of the years in the planning period is approximately 3,600,000 MWh, or six percent (6%) of the Company's total Retail Sales. The Company has aggregated the information required by Rule R8-67 for these Wholesale Customers into its compliance plan.

**CERTIFICATE OF SERVICE**

It is hereby certified that the foregoing REPLY COMMENTS has been served upon the parties of record in this proceeding, or their attorneys, by hand delivery, electronically, facsimile, or by depositing a copy of the same in the United States Mail, postage prepaid and properly addressed as follows

This 1<sup>st</sup> day of March, 2011.

  
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