OFFICIAL COPY

Poyner Spruill LLP

March 2, 2011

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VIA HAND DELIVERY

FILED
MAR 02 2011
Clerk's Office
N.C Utilities Commission

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

RE: Docket No. E-100, Sub 127
Biennial Determination of Avoided Cost Rates for Electric Utility Purchases from Qualifying Facilities-2010

Dear Ms. Vance:

Enclosed for filing in Docket E-100, Sub 127 for the Commission's consideration are the original and 30 copies of New River Light and Power Company's ("New River") Comments and Proposed Avoided Cost Rate. New River recognizes that the deadline for intervening in this docket has passed; however, subsequent to the passage of the intervention deadline, New River was approached by a customer that is seeking to place renewable power onto the New River system, and as such, New River must establish an avoided cost rate for the purchase of such power. New River is obligated to purchase such power under PURPA.

Prior to this customer's request, New River has never needed an avoided cost rate and was not ordered to participate in this docket. New River consulted with the NCUC Staff and Public Staff prior to making the enclosed filing in E-100, Sub 127. New River requests that the Commission approve the proposed rate and rate formulas contained in the filing.

An additional copy of this submission is included for file-stamp and return to me via our courier. Thank you for your assistance. Please contact me if you have any questions.

Sincerely,

Christopher J. Ayers
Counsel for New River Light and Power Company

CJA/mkl

Enclosures

(23)
Ab
7 Com.
Bennink
Upton
Heaven
Ericson
Jones
Hodge
Kellam
Gruber
Legal 3
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EC/Res. 2
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Clerk's Office
N.C Utilities Commission

DOCKET E-100, SUB 127

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

IN THE MATTER OF
BIENNIAL DETERMINATION OF AVOIDED
COST RATES FOR ELECTRIC UTILITY PURCHASES
FROM QUALIFYING FACILITIES - 2011

COMMENTS AND PROPOSED RATES OF
NEW RIVER LIGHT AND POWER COMPANY

March 1, 2011

TABLE OF CONTENTS

I. Procedural History

New River Light and Power Company (NRLP or Company) has, to-date, never filed an avoided cost statement with the North Carolina Utilities Commission (NCUC or Commission). The reason is that New River has never had a renewable customer that was seeking an avoided cost rate from the Company. The Company does now have a customer that is seeking to place renewable power onto the NRLP system and, as such, the Company requests the attached rate formula be placed into service as quickly as possible.

II. Avoided Cost Calculation and Proposed Rate Design

New River Light and Power purchases all of its demand and energy requirements from Blue Ridge EMC Energy under an all-requirements contract. New River Light and Power does not generate any of its own power. The power New River Light and Power sells to its customers through its Resale Electric Distribution System is solely power that it purchases from Blue Ridge EMC. Since New River Light and Power does not generate any power, its avoided cost, in the context of cogeneration/small power production, is purchased power services from Blue Ridge EMC. Per an agreement with Blue Ridge EMC, NRLP can allow up to two (2) megawatts (MWs) of QF power or renewable energy power as an offset to its annual billable demand from Blue Ridge EMC. However, for cumulative NRLP loads that exceed 2 MWs, the university will receive Blue Ridge EMC's avoided cost. As can be seen in the attached rate formulas, NRLP will pay those suppliers the same amount that it either avoids paying Blue Ridge EMC for total loads up to 2 MWs or Blue Ridge EMC's avoided costs, which will occur when the cumulative NRLP QF or renewable load is in excess of 2 MWs.

The wholesale rates that New River Light and Power pays to Blue Ridge EMC Energy vary by year. As a result, it is impractical to herein specify a single set of rates that New River Light and Power pays Blue Ridge EMC for power supply service over the next two years. The attached formulas, as found in Exhibit 1, 2, 3, and 4 encompass the avoided costs of NRLP with respect to small power producers and cogenerators. Exhibit 1 sets out the formula to be used by NRLP when calculating the credit to be paid to small power producers or cogenerators that wish to receive the demand credit and the NRLP's total small power producing load is less than two MWs. Exhibit 2 provides the formula for aggregate NRLP customer loads of less than two MWs and the customer foregoes the demand credit. Exhibit 3 establishes the formula for NRLP customer loads where the aggregate small power load is in excess of two MWs and the customer wishes to receive the demand credit. Exhibit 4 provides the formula for customer loads where the aggregate NRLP small power producing load is more than two MWs and the customer does not wish to receive the demand credit.

The formulas as found in Exhibits 1 through 4 incorporate only power supply charges incurred by the University as it is very difficult to ascertain if transmission expenses are avoided by a small power producer and, if so, what the net effect of such a reduction may be to the university.

The deletion of the $25.00 administrative service charge in Exhibits 2 and 4 was done in accordance with the Commission's April 12, 1985 Order when the Commission required Western Carolina University to eliminate the account servicing charge to a qualifying facility when such qualifying facility agrees to forego capacity credits. If the qualifying facility contracts to receive demand credit, a meter capable of reading hourly demands is required to accurately measure the demand supplied by the renewable/cogenerator power supplier during the interval in which Blue Ridge EMC incurs a peak demand. The maintenance cost of electronic meters is greater than the cost of maintaining standard meters. In Docket No. E-100, Sub 41A, the Utilities Commission approved the use of an electronic meter to the extent that it is the same demand metering equipment required for other customers of NRLP under similar operating conditions. If the monthly administrative charge is not set to cover all the costs associated with an account, the additional costs will have to be passed on to the other retail customers of the system. These additional costs would actually increase New River Light and Power's costs of providing service to its other retail customers as a result of the NRLP's purchasing power from a cogenerator or small power producer. If a cogenerator or small power producer is willing to forego a demand credit, the University is willing to forego the $25 administrative fee since it will not have to pay demand credits. The decision as to whether or not to contract for demand credits is made solely by the cogenerator or small power producer.

The $8.25 monthly charge for meter reading and administrative overhead is based on a reasonable estimate of NRLP's monthly administrative charges. This $8.25 charge is slightly higher than the base customer cost of $6.50 charged to residential customers in current rates. This cost was based on the fact that the customer bill could be entirely computer generated. In *the case of a cogenerator, or small power producer, a manual calculation must be made to* determine the credit to be applied to the customer's monthly bill as the NRLP's computer billing program is not designed to perform such a calculation. Therefore, there would be additional cost in the monthly bill preparation for a cogenerator or small power producer.

The standard contract used for a small generator when the total NRLP small power load is less than two MWs is attached hereto as Exhibit No. 5 and entitled "Purchase Power Agreement for Aggregate NRLP Loads Totaling Less than Two MWs". The standard contract used to calculate the credits for a generator where the aggregate NRLP load is greater than two MWs is found in Exhibit 6 and is entitled "Purchased Power Agreement for Aggregate NRLP Loads totaling More than Two MWs (without demand credit)".

Respectfully submitted this the 1st day of March, 2011

Christopher J. Ayers
New River Light and Power

STATE OF NORTH CAROLINA) VERIFICATION
COUNTY OF WAKE)

Kevin W. O'Donnell, being first duly sworn, deposes and says:

He is a consultant for Nova Energy Consultants, Inc. and he has read the foregoing Initial Statement and knows the contents thereof, that the same is true except as to the matters stated therein on information and belief, and as to those matters, he believes it to be true.

Kevin W. O'Donnell

KAREN OVERTON
NOTARY
PUBLIC
WAKE COUNTY, NC

Sworn to and subscribed before me
This 1 day of March, 2011

Karen Overton
Notary Public

My Commission Expires: My Commission Expires 11-08-2015.

EXHIBIT 1

NEW RIVER LIGHT AND POWER
SMALL POWER SUPPLIER REIMBURSEMENT FORMULA
FOR TOTAL AGGREGATE LOADS FOR NRLP UP TO 2 MW
(WITH DEMAND CREDIT)

Rate SPP DEMAND

MPSS = ((CER X CES) + (CDR X CDA)) - $25.00

In June of each year, a true-up of the previous years estimated demand and energy rates will occur, thereby resulting in a charge or a credit to the small power supplier. The formula for this charge or credit will be applied in July of each year and is as follows:

True-Up = (PPAER X PES) + (PPADR x PDA)

MPSS = Monthly payment to Small Power Production Supplier.

CER = Current month Energy Rate per KWH, as shown on the University's current bill from its supplier, Blue Ridge EMC.

CES = Current month Energy Supplied, in KWH, by the Small Power Production Supplier as defined as the most recent billing cycle energy produced by the Supplier.

CDR = Current month Demand Rate per KW, as shown on the University's current bill from its supplier, Blue Ridge EMC.

CDA = Estimated 12-month demand avoided as a result of the KW supplied by the Small Power Production Supplier.

PPAER = the difference between the previous years monthly energy rate per kWh and the adjusted energy rate per kWh, as shown on annual workpapers provided by Blue Ridge EMC in June of each year.

PES = Previous calendar year energy supplied, in KWH, by the Small Power Production Supplier.

PPADR = the difference between the previous years monthly demand rate per kW and the adjusted demand rate per kW, as shown on annual workpapers provided by Blue Ridge EMC in June of each year.

PDA = the difference between the estimated 12-month demand avoided (CDA) and the 12-month actual demand for the previous calendar year.

$25 = A charge of $25.00 for meter reading, billing and administrative overhead.

MONTHY PAYMENT

Company shall pay Seller the sum of the Energy Credit and the Demand Credit reduced by a special meter reading and billing of $25.00.

Any changes in the Blue Ridge EMC avoided cost rates will necessarily require a revision in the provisions of the above Schedule.

EXHIBIT 2

NEW RIVER LIGHT AND POWER
SMALL POWER SUPPLIER REIMBURSEMENT FORMULA
FOR TOTAL AGGREGATE LOADS FOR NRLP UP TO 2 MW
(WITHOUT DEMAND CREDIT)

Rate SPP NO DEMAND

MPSS= (CER x CES) + (PPAER x PES) - $6.50

MPSS = Monthly payment to Small Power Production Supplier.

CER = Current month Energy Rate per KWH, as shown on the University's current bill from its major supplier, Blue Ridge EMC

CES = Current month Energy Supplied, in KWH, by the Small Power Production Supplier.

In June of each year, a true-up of estimated energy cost from the previous year will occur, thereby resulting in a charge or a credit to the small power supplier. The formula for this charge or credit will be applied in July of each year and is as follows:

True-Up = (PPAER X PES)

PPAER = Purchased Power Adjustment Energy Rate per KWH, as shown on annual workpapers provided by Blue Ridge EMC in June of each year.

PES = Previous calendar year Energy Supplied, in KWH, by the Small Power Production Supplier.

$6.50 = A charge of $6.50 for meter reading and administrative overhead.

MONTHY PAYMENT

Company shall pay Seller the sum of the Energy Credit and the Demand Credit reduced by a meter reading and billing charge of $6.50.

Any changes in the Blue Ridge EMC avoided cost rates will necessarily require a revision in the provisions of the above Schedule.

Exhibit 3

NEW RIVER LIGHT AND POWER
SMALL POWER SUPPLIER REIMBURSEMENT FORMULA
FOR TOTAL AGGREGATE LOADS FOR NRLP OVER 2 MW
(WITH DEMAND CREDIT)

Rate BLUE RIDGE EMC AVOIDED COST DEMAND

MPSS = (CER X CES) + (CDR X CDA) - $25.00

MPSS = Monthly payment to Small Power Production Supplier.

CER = Current month Energy Rate per KWH, as shown on Blue Ridge EMC avoided cost energy rate, for the contract period of the NRLP and Customer agreement.

CES = Current month Energy Supplied, in KWH, by the Small Power Production Supplier as defined as the most recent billing cycle energy produced by the Supplier.

CDR = Current month Capacity Rate per KW, as shown on Blue Ridge EMC avoided cost energy rate for the contract period of the NRLP and Customer agreement.

CDA = Current month Demand Avoided as a result of the KW supplied by the Small Power Production Supplier as defined as the most recent billing cycle energy produced by the Supplier.

$25 = A charge of $25.00 for meter reading, billing and administrative overhead.

MONTHY PAYMENT

Company shall pay Seller the sum of the Energy Credit and the Demand Credit reduced by a special meter reading and billing of $25.00.

Any changes in the Blue Ridge EMC avoided cost rates will necessarily require a *revision in the provisions of the above Schedule.*

Exhibit 4

NEW RIVER LIGHT AND POWER
SMALL POWER SUPPLIER REIMBURSEMENT FORMULA
FOR TOTAL AGGREGATE LOADS FOR NRLP OVER 2 MW
(WITHOUT DEMAND CREDIT)

Rate BLUE RIDGE EMC AVOIDED COST NO DEMAND

MPSS = (CER X CES) - $8.25

MPSS = Monthly payment to Small Power Production Supplier.

CER = Current month Energy Rate per KWH, as shown on Blue Ridge EMC avoided cost energy rate for the contract period of the NRLP and Customer agreement.

CES = Current month Energy Supplied, in KWH, by the Small Power Production Supplier as defined as the most recent billing cycle energy produced by the Supplier.

MONTHY PAYMENT

Company shall pay Seller the sum of the Energy Rate per kWh multiplied by the energy metered from the customer location.

Any changes in the Blue Ridge EMC avoided cost rates will necessarily require a revision in the provisions of the above Schedule.

EXHIBIT 5

PURCHASED POWER AGREEMENT FOR AGGREGATE NRLP LOADS TOTALLING LESS THAN TWO MWS

THIS AGREEMENT executed in duplicate is made this __________ day of ____________, 20__, by between NEW RIVER LIGHT AND POWER, Boone, North Carolina (the "University"), party of the first part, and ________________(the "Supplier"), party of the second part.

In consideration of the mutual covenants herein contained, the parties hereto, for themselves, their successors and assigns, do hereby agree that, subject to the following conditions, the Supplier shall sell and deliver electric power to the University, and the University shall purchase, receive, use and pay for the same:

1. Service Requirements. The electric power to be delivered hereunder shall be made in Jackson County at or near Boone, North Carolina at a delivery point described as follows: ____. The maximum amount of electric power to be delivered under this agreement under normal operating conditions shall be ___________ kilowatts.

2. MONTHLY PAYMENTS. University shall pay the Supplier the sum of the energy credit and the demand credit reduced by a charge of $25 or $8.25 (depending on the rate schedule under which service is provided) for meter reading, billing, and administrative overhead.

3. Energy Credit. The energy credit shall consist of the sum of the energy rate per KWH, as determined in Rates SPP DEMAND or SPP NO DEMAND, for all KWH purchased from the Supplier during the current billing period and the purchased power adjustment per KWH, if any, for all KWH purchased from the Supplier during the current billing period.

   Demand Credit. The demand credit, if any, shall consist of the sum of the demand rate per KW, as found in Rates SPP DEMAND for the estimated KW output of the Supplier's generator in the 12-month billing period, and the purchased power adjustment per KW for the metered KW output of the Supplier's generator during the aforementioned 12-month billing period.

4. General Requirements for Parallel Generation <u>Operation</u>. The Supplier understands and agrees to comply with the General Requirements for Parallel Generator Operation which are attached hereto and incorporated by reference. The provisions stated therein become terms and conditions

of this Agreement. Additionally, the Application for Parallel Operation completed and signed by the Supplier is attached hereto and incorporated by reference. In reliance upon the accuracy of the information stated therein, the University has agreed to enter into the Agreement. Therefore, if the information is not true, such shall constitute a breach and the University's remedy shall be to cease all payments to Supplier and disconnect the small power production facility from the NRLP grid.

5. Contract Period. The initial term of this agreement shall be for a period for five (5) years with automatic renewal each year thereafter. The University reserves the right to terminate the contract at any time upon written notice to the Supplier in the event that the Supplier violates any of the terms or conditions of this agreement or operates his generation facilities in a manner which is detrimental to the University or any of its customers. Supplier may terminate the contract on thirty (30) days written notice to the University. In the event of early termination of a contract, the Supplier will be required to pay to the University to purchase power from Supplier at times when such power is not required on University's system or when such purchase would detrimentally impact the University's other customers.

6. Assignability. The parties agree that this contract is not assignable.

IN WITNESS WHEREOF, on the day and year first above written, the parties hereto have caused their names to be hereunto subscribed.

______________________	______________________
SUPPLIER	NEW RIVER LIGHT AND POWER

EXHIBIT 6

PURCHASED POWER AGREEMENT FOR AGGREGATE NRLP LOADS TOTALLING MORE THAN TWO MWS

(WITHOUT DEMAND CREDIT)

THIS AGREEMENT executed in duplicate is made this day of ____________, 20__, by and between NEW RIVER LIGHT AND POWER, Boone, North Carolina (the "University"), party of the first part and ______________________ ("Supplier"), party of the second part.

In consideration of the mutual covenants herein contained, the parties hereto, for themselves only, do hereby agree that, subject to the following conditions, the Supplier shall sell and deliver electric power to the University, and the University shall purchase, receive, use and pay for the same:

1. Service Requirements. The electric power to be delivered hereunder shall be generated in the University's electric service area in Jackson County at or near Boone, North Carolina at a delivery point described as follows:

The maximum amount of electric power to be delivered under this agreement under normal operation conditions shall be _______ kilowatts.

2. MONTHLY PAYMENT. University shall pay the Supplier the energy credit.

Energy Credit. The energy credit shall consist of the sum of the energy rate per KWH, as determined in Rate, BLUE RIDGE EMC AVOIDED COST NO DEMAND or BLUE RIDGE EMC AVOIDED COST DEMAND, for all KWH purchased from the Supplier during the current billing period.

3. General Requirements for Parallel Generation Operation. The Supplier understands and agrees to comply with the General Requirements for Parallel Generator Operation which are attached hereto and incorporated by reference. The provisions stated therein become terms and conditions of this agreement. Additionally, the Application for Parallel Operation completed and signed by the Supplier is attached hereto and incorporated by reference. In reliance upon the accuracy of the *information stated therein, the University has agreed to enter into the* Agreement. Therefore, if the information is not true, such shall constitute a breach of this agreement and the University's remedy shall be to cease all payments to Supplier and disconnect the small power production

facility from the NRLP grid. The Supplier agrees to allow the University, its employees or agents to enter upon Supplier's property at any time to conduct inspections of the Supplier's generation equipment and interconnection equipment.

4. Contract Period. The initial term of this agreement shall be for a period of five (5) years with automatic renewal each year until replaced by a new contract or termination by the University or Supplier. The University reserves the right to terminate the contract at any time upon written notice to the Supplier in the event that the Supplier violates any of the terms or conditions of this agreement or operates his generation facilities in a manner which is detrimental to the University or any of its customers or if the University sells the off-campus electric distribution system. Supplier may terminate the contract on thirty (30) days written notice to the University. In the event of early termination of a contract, the Supplier will be required to pay to the University al costs occasioned by such early cancellation. Nothing in this agreement shall be construed to require the University to purchase power from the Supplier at times when such power is not required on University's system or when such purchase would detrimentally impact the University's other customers.

5. Assignability. The parties agree that this contract is not assignable.

IN WITNESS WHEREOF, on the day and year first above written, the Parties hereto have caused their names to be thereunto subscribed.

____________________	______________________________
SUPPLIER	NEW RIVER LIGHT AND POWER