

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-100, SUB 118
DOCKET NO. E-100, SUB 124

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-100, SUB 118)	
)	
In the Matter of)	
Investigation of Integrated Resource)	
Planning in North Carolina – 2008)	ORDER SCHEDULING HEARINGS ON 2009
)	INTEGRATED RESOURCE PLANS AND
DOCKET NO. E-100, SUB 124)	REPS COMPLIANCE PLANS AND
)	CONSOLIDATING DOCKETS
In the Matter of)	FOR DECISION
Investigation of Integrated Resource)	
Planning in North Carolina – 2009)	

BY THE PRESIDING COMMISSIONER: Integrated Resource Planning (IRP) is intended to identify those electric resource options that can be obtained at least cost to the ratepayers consistent with adequate, reliable electric service and other legal obligations. IRP considers conservation, efficiency, and load management, as well as supply-side alternatives in the selection of resource options.

Commission Rule R8-60 defines an overall framework within which the IRP process takes place in North Carolina. Analysis of the long-range need for future electric generating capacity pursuant to G.S. 62-110.1 is included in the Rule as a part of the IRP process.

Introduction

Several General Statutes and Commission Rules guide the Commission's review of the electric utilities' planning. G.S. 62-110.1(c) requires the Commission to "develop, publicize, and keep current an analysis of the long-range needs" for electricity in this State. The Commission's analysis should include: (1) its estimate of the probable future growth of the use of electricity; (2) the probable needed generating reserves; (3) the extent, size, mix, and general location of generating plants; and (4) arrangements for pooling power to the extent not regulated by the Federal Energy Regulatory Commission (FERC). G.S. 62-110.1 further requires the Commission to consider this analysis in acting upon any petition for construction. In addition, G.S. 62-110.1 requires the Commission to submit annually to the Governor and to the appropriate committees of the General Assembly the following: (1) a report of the Commission's analysis and plan for the future requirements of electricity for

North Carolina; (2) the progress to date in carrying out such plan; and (3) the program of the Commission for the ensuing year in connection with such plan. G.S. 62-15(d) requires the Public Staff-North Carolina Utilities Commission (Public Staff) to assist the Commission in this analysis and plan.

In addition, G.S. 62-2(3a) vests the Commission with the duty to regulate public utilities and their expansion in relation to long-term energy conservation and management policies. These policies include assuring that “resources necessary to meet future growth through the provision of adequate, reliable utility service include use of the entire spectrum of demand-side options, including but not limited to conservation, load management and efficiency programs, as additional sources of energy supply and/or energy demand reductions.”

To meet the requirements of G.S. 62-110.1 and G.S. 62-2(3a), the Commission conducts an annual investigation into the electric utilities’ integrated resource plans (IRPs). Commission Rule R8-60 requires that each of the electric utilities furnish the Commission with a biennial report in even-numbered years that contains the specific information set out in that Rule. In odd-numbered years, each of the electric utilities must file an annual report updating its most recently filed biennial report. Further, Commission Rule R8-67(b) requires any electric power supplier subject to Rule R8-60 to file a Renewable Energy and Energy Efficiency Portfolio Standard (REPS) compliance plan as part of its IRP report. Within 150 days after the filing of each electric utility’s biennial report and within 60 days after the filing of each electric utility’s annual report, the Public Staff or any other intervenor may file its own plan or an evaluation of, or comments on, the electric utilities’ IRP reports.¹ Furthermore, the Public Staff or any other intervenor may identify any issue that it believes should be the subject of an evidentiary hearing.²

New Legislation and Commission Rules

Senate Bill 3

S.L. 2007-397 (Senate Bill 3), which was signed by Governor Easley on August 20, 2007, added subsection (a)(10) to G.S. 62-2(a). Subsection (a)(10) provides that it is the policy of North Carolina to promote the development of renewable energy and energy efficiency through the implementation of an REPS that will: (1) diversify the resources used to reliably meet the energy needs of North Carolina’s consumers; (2) provide greater energy security through the use of indigenous energy resources available within North Carolina; (3) encourage private investment in renewable energy and energy efficiency (EE); and (4) provide improved air quality and other benefits to the citizens of North Carolina. To that end, Senate Bill 3 further provides that each electric power supplier to which G.S. 62-110.1 applies shall include an assessment of

¹ Commission Rule R8-60(j).

² Id.

demand-side management (DSM) and EE in its resource plans submitted to the Commission and shall submit cost-effective DSM and EE options that require incentives to the Commission for approval.³

Commission Rules

On July 11, 2007, the Commission issued an Order in Docket No. E-100, Sub 111, revising Commission Rules R8-60 and R8-61. Revised Rule R8-60 replaces the requirement for annual reports on IRP with a requirement for biennial reports on IRP with annual updates. It also requires the electric utilities continually to assess programs that promote DSM and EE, and increases the amount of detailed information required for those assessments. It expands the planning horizon from 10 to 15 years and requires that the reports account for the effects of demand response (DR) and EE programs and activities. The 2008 reports were the first reports filed pursuant to revised Commission Rule R8-60.

On February 29, 2008, the Commission issued an Order in Docket No. E-100, Sub 113, which revised existing Commission rules and promulgated new rules implementing Senate Bill 3. The Commission further amended Commission Rule R8-60 to require electric utilities to include their REPS compliance plans in their biennial reports and annual updates.

Procedural History / Docket No. E-100, Sub 118

Biennial reports on the 2008 IRPs (2008 biennial reports) were filed by Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. (PEC); Duke Energy Carolinas, LLC (Duke); Virginia Electric and Power Company d/b/a Dominion North Carolina Power (DNCP) (collectively, the investor-owned electric utilities), and by the North Carolina Electric Membership Corporation (NCEMC) and the four independent electric membership corporations (EMCs), i.e., Piedmont EMC (Piedmont), Blue Ridge EMC (Blue Ridge), Rutherford EMC (Rutherford), and EnergyUnited EMC (EnergyUnited). REPS compliance plans were filed by PEC, Duke,⁴ DNCP, GreenCo Solutions, Inc. (GreenCo),⁵ Halifax EMC (Halifax), and EnergyUnited.

On August 18, 2008, GreenCo requested a waiver of the requirement for each of its member EMCs to file individual REPS compliance plans and permission for it to file a consolidated REPS compliance plan on behalf of its member EMCs.⁶ On the same day,

³ G.S. 62-133.9(c).

⁴ Duke's REPS compliance plan includes the REPS compliance plan for Rutherford.

⁵ GreenCo filed a consolidated REPS compliance plan on behalf of its members: Albemarle EMC, Blue Ridge, Brunswick EMC, Cape Hatteras EMC, Craven-Carteret EMC, Central EMC, Edgecombe-Martin EMC, Four County EMC, French Broad EMC (French Broad), Haywood EMC (Haywood), Jones-Onslow EMC, Lumbee River EMC, Pee Dee EMC, Piedmont, Pitt & Greene EMC, Randolph EMC, Roanoke EMC, South River EMC, Surry-Yadkin EMC, Tideland EMC, Tri-County EMC, Union Power Cooperative, and Wake EMC.

⁶ GreenCo stated that separate filings would be made by EnergyUnited, Halifax, and Rutherford, which are not members.

NCEMC, Blue Ridge, Piedmont, and French Broad requested a waiver of the requirement to file individual REPS compliance plans and permission to have GreenCo file a consolidated REPS compliance plan on their behalf. On August 22 and 25, 2008, Duke filed a motion for an extension of time to file its biennial report and REPS compliance plan to November 3, 2008. On August 27, 2008, the Commission granted the requests of GreenCo, NCEMC, Blue Ridge, Piedmont, and French Broad for waiver of the requirement that each member EMC file an individual REPS compliance plan and for permission to file a consolidated report, and granted Duke's request for an extension of time to file its biennial report and REPS compliance plan. On August 27, 2008, Rutherford filed a notice with the Commission that its REPS compliance plan would be included in Duke's biennial report and REPS compliance plan. On August 28, 2008, Rutherford filed its biennial report and Halifax filed its REPS compliance plan. On August 29, 2008, DNCP and EnergyUnited filed their biennial reports and REPS compliance plans. On September 2, 2008, PEC filed its biennial report and REPS compliance plan. On September 12, 2008, NCEMC, Blue Ridge, and Piedmont filed their biennial reports and NCEMC also filed its Energy Efficiency Potential Study Final Report. On the same day, GreenCo filed the consolidated REPS compliance plan and a motion for a protective order and confidential treatment for information attached to the consolidated report. On September 18, 2008, the Commission granted GreenCo's request for a protective order. On November 3, 2008, Duke filed its biennial report and REPS compliance plan. On March 25, 2009, the Public Staff moved that the deadline for the filing of initial and reply comments on the biennial reports be extended. The Commission granted the requested extension of time by order issued March 30, 2009.

In addition to the Public Staff, the following parties have intervened in the 2008 proceeding: the Carolina Industrial Group for Fair Utility Rates I, II, III (CIGFUR); the North Carolina Waste Awareness and Reduction Network, Inc. (NC WARN); the Carolina Utility Customers Association, Inc. (CUCA); GreenCo; Fibrowatt LLC (Fibrowatt); and the North Carolina Sustainable Energy Association (NCSEA). The Attorney General filed a Notice of Intervention pursuant to G.S. 62-20.

On January 29, 2009, Fibrowatt filed comments regarding the REPS compliance plans. On April 16, 2009, NC WARN filed its initial comments on the biennial reports and a request for evidentiary hearing. On April 24, 2009, initial comments were filed by NCSEA, which were specifically in regard to the REPS compliance plans. Also, on April 24, 2009, the Public Staff submitted its initial comments in the Sub 118 proceeding.

On May 27, 2009, reply comments were filed by Duke, PEC, DNCP, and the Public Staff. On the same day, additional comments were submitted by NC WARN.

On July 28, 2009, the Commission issued an Order Denying Request for Evidentiary Hearing, Scheduling Public Hearing, and Requiring Public Notice. This Order set the public hearing in the Sub 118 docket for August 31, 2009.

On August 12, 2009, NC WARN filed a Motion for Reconsideration and Renewal of Request for Hearing.

The public hearing was held as scheduled with six public witnesses in attendance. All six public witnesses testified in regard to REPS compliance plan issues.

Procedural History / Docket No. E-100, Sub 124

On or about September 1, 2009, the 2009 updates to the 2008 biennial IRPs (2009 update reports) were filed by PEC, Duke, DNCP, NCEMC, Piedmont, Rutherford, EnergyUnited, and Haywood. Blue Ridge had previously entered into a full requirements power purchase agreement with Duke whereby the entire Blue Ridge load is now included in Duke's IRP. Also, on or about September 1, 2009, the 2009 REPS compliance plans were submitted by the electric utilities, GreenCo, Halifax, and EnergyUnited. To date, the following parties have intervened in the 2009 IRP proceeding: CIGFUR, CUCA, NC WARN, Nucor Steel-Hertford, and the City of Fayetteville. The Attorney General filed a Notice of Intervention pursuant to G.S. 62-20. The Public Staff is also a party.

On October 15, 2009, the Public Staff filed a motion for an extension of time until January 15, 2010, for the Public Staff and other intervenors to file alternative IRP annual reports, evaluations of, or comments on the 2009 IRPs.

CONCLUSIONS

The IRP report filings in Docket Nos. E-100, Sub 118 and E-100, Sub 124 are made up of two distinct parts: the first part is the traditional IRP and the second part is the REPS compliance plan. The revised IRP rules, as set forth in Rule R8-60, call for the filing of biennial reports during even-numbered years. In odd-numbered years, annual reports are filed that update much of the information contained in the most recent biennial reports. Thus, the reporting cycle is comprised of a two-year reporting period.

The 2009 updates to the 2008 biennial reports have now been filed. These reports supersede much of the information contained in the 2008 reports. Because these reports complete a two-year reporting cycle, the Commission has decided to consolidate the 2008 and 2009 IRP dockets for purposes of decision. In addition, because of the great interest regarding many of the IRP issues as they affect the investor-owned public utilities in particular, the Commission finds good cause to schedule an evidentiary hearing to consider the 2009 IRPs and REPS compliance plans filed by PEC, Duke, and DNCP.⁷ This procedure supercedes and replaces the normal comment process specified by Commission Rule R8-60(j) for the 2009 IRPs filed by the investor-owned public utilities. Furthermore, as to the 2008 IRPs filed by the

⁷ This action largely renders moot the Motion for Reconsideration and Renewal of Request for Hearing filed by NC WARN in Docket No. E-100, Sub 118 on August 12, 2009.

investor-owned public utilities, the Commission sees no need for an evidentiary hearing on those plans in view of the fact that interested parties have previously filed comments in Docket No. E-100, Sub 118.

The 2009 IRPs filed by the other utilities will be addressed through the normal comments process as contained in Rule R8-60(j).⁸ However, the Public Staff's motion for an extension of time to file comments as to the 2009 IRPs filed by the other utilities is hereby granted.

After the filing of proposed orders and briefs, the Commission will issue its Order in the consolidated dockets.

In addition to the evidentiary hearing discussed above, the Commission is required to hold a public hearing solely for the purpose of taking nonexpert public witness testimony regarding the 2009 IRPs. The Commission will convene the public witness hearing on the evening of Monday, March 15, 2010. The testimony to be received at the public witness hearing shall not include evidence from the formal parties.

IT IS, THEREFORE, ORDERED as follows:

1. That a night hearing for the convenience of public witnesses and solely for the purpose of taking nonexpert public witness testimony regarding the 2009 IRPs and REPS compliance plans is hereby scheduled as follows:

Raleigh: 7:00 p.m., on Monday, March 15, 2010, Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina.

2. That PEC, Duke, DNCP, NCEMC, Piedmont, Rutherford, EnergyUnited, Haywood, GreenCo, and Halifax shall publish the Notice of Hearings, attached hereto as Appendix A, in newspapers having general coverage in their respective North Carolina service areas once a week for two consecutive weeks, beginning with the week of December 6, 2009; that said notice shall cover no less than 1/6 of a page; and that each company shall file its respective proof of publication with the Commission no later than the date of the public hearing.

3. That an evidentiary hearing to consider the 2009 IRPs and REPS compliance plans filed by Duke, PEC, and DNCP is hereby scheduled as follows:

Raleigh: 9:30 a.m., on Tuesday, March 16, 2010, Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina.

⁸ The Commission notes, however, that EnergyUnited's REPS compliance plan failed to respond to the informational items set forth in Commission Rule R8-67(b)(1). EnergyUnited should refile its 2009 REPS compliance plan on or before December 1, 2009, to provide such information.

4. That the 2009 IRPs and REPS compliance plans filed by the other utilities shall be addressed through the normal comment process as contained in Rule R8-60(j); that EnergyUnited shall refile its 2009 REPS compliance plan on or before December 1, 2009, to provide the information required by Commission Rule R8-67(b)(1); and that the Public Staff and other intervenors are hereby granted an extension of time until January 15, 2010, to file comments pursuant to Rule R8-60(j) regarding the 2009 IRPs filed by the other utilities who are not investor-owned.

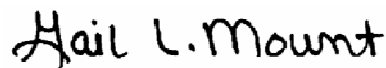
5. That the direct testimony and exhibits of Duke, PEC, and DNCP shall be filed not later than Friday, December 11, 2009. The Public Staff and other Intervenor shall file their direct testimony and exhibits not later than Friday, February 12, 2010. Duke, PEC, and DNCP shall file their rebuttal testimony and exhibits not later than Friday, March 5, 2010.

6. That petitions to intervene in these consolidated proceedings shall be filed not later than Friday, February 12, 2010. Those parties who have previously been allowed to intervene in Docket No. E-100, Sub 118, are hereby recognized as parties to Docket No. E-100, Sub 124.

ISSUED BY ORDER OF THE COMMISSION.

This the 19th day of October, 2009.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Gail L. Mount". The signature is written in a cursive, slightly stylized font.

Gail L. Mount, Deputy Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-100, SUB 118
DOCKET NO. E-100, SUB 124

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Investigation of Integrated Resource Planning)	NOTICE OF HEARINGS
in North Carolina – 2008 and 2009)	

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission (Commission) has scheduled hearings in conjunction with the Commission's review and evaluation of Integrated Resource Planning (IRP) in North Carolina. The purpose of the review and evaluation is to ensure that each regulated electric utility operating in North Carolina is developing reliable projections of the long range demands for electricity in its service area, and is developing a combination of reliable resource options for meeting the anticipated demands in a cost-effective manner. IRP is intended to identify those electric resource options which can be obtained at least cost to ratepayers in North Carolina consistent with adequate, reliable electric service. IRP considers conservation, efficiency, load management, and other demand-side programs alternatives in the selection of resource options. In addition, new rules require that electric power suppliers include their plans for meeting customer electric needs via renewable energy resources and energy efficiency programs.

A public hearing for the convenience of public witnesses and solely for the purpose of taking nonexpert public witness testimony is hereby scheduled as follows:

Raleigh: 7:00 p.m., on Monday, March 15, 2010, Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina.

During the public hearing to be held in this docket, the Commission will receive testimony from nonexpert public witnesses with respect to the most current IRPs (including renewable energy and energy efficiency plans) filed for 2009, by Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. (PEC); Duke Energy Carolinas, LLC (Duke); Virginia Electric and Power Company d/b/a Dominion North Carolina Power (DNCP); North Carolina Electric Membership Corporation, Piedmont EMC, Rutherford EMC, EnergyUnited EMC, and Haywood EMC. In addition, during the public hearing, the Commission will receive testimony from nonexpert public witnesses

with the respect to the Renewable Energy and Energy Efficiency Portfolio Standard (REPS) compliance plans filed by GreenCo Solutions, Inc. and Halifax EMC.

In addition to the public hearing, the Commission has scheduled an evidentiary hearing which will be convened in Commission Hearing Room 2115 in Raleigh on Tuesday, March 16, 2010, at 9:30 a.m. for the specific purpose of considering the 2009 IRPs and REPS compliance plans filed by Duke, PEC, and DNCP. During this hearing, the Commission will receive the expert testimony from witnesses for Duke, PEC, DNCP, the Public Staff, and other intervenors.

Anyone wishing to review the IRPs and REPS compliance plans filed by the utilities may do so either at the Commission's website, www.ncuc.net, by selecting the Docket Information tab and entering Docket Nos. E-100, Sub 118 or E-100, Sub 124, or at the Office of the Chief Clerk of the Commission, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina. Upon request, the Chief Clerk will place copies of the IRPs, compliance plans and any other documents filed in this proceeding in centrally-located public libraries where they may be copied without prohibition. Such a request may be made by writing to the Chief Clerk, North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4325, by giving the name and address of the library to which the information is to be mailed.

Persons desiring to send written statements to inform the Commission of their positions in the matter should address their statements to:

Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, NC 27699-4325

Petitions to intervene shall be filed not later than Friday, February 12, 2010, in conformity with applicable Commission rules.

The Public Staff - North Carolina Utilities Commission, through its Executive Director, is required by statute to represent the using and consuming public in proceedings before the Commission. Written statements to the Public Staff should be addressed to:

Robert P. Gruber, Executive Director
Public Staff – North Carolina Utilities Commission
4326 Mail Service Center
Raleigh, NC 27699-4326

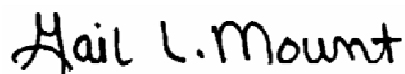
The Attorney General is also authorized by statute to represent the using and consuming public in proceedings before the Commission. Statements to the Attorney General should be addressed to:

The Honorable Roy Cooper
Attorney General of North Carolina
c/o Utilities Section
9001 Mail Service Center
Raleigh, NC 27699-9001

ISSUED BY ORDER OF THE COMMISSION.

This the 19th day of October, 2009.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Gail L. Mount". The signature is written in a cursive, flowing style.

Gail L. Mount, Deputy Clerk

NOTE TO PRINTER: Advertising cost shall be paid by the Applicant. It is required that the Affidavit of Publication be filed with the Commission by the Applicant.