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December 18, 2017

VIA ELECTRONIC FILING

M. Lynn Jarvis
Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4325

**RE: Duke Energy Progress, LLC Proposed Order
Docket No. E-2, Sub 1113**

Dear Ms. Jarvis:

I enclose the Proposed Order of Duke Energy Progress, LLC for filing in connection with the referenced matter. An electronic copy is being emailed to briefs@ncuc.net.

Thank you for your attention to this matter. If you have any questions, please let me know.

Sincerely,



Robert W. Kaylor

Enclosure

cc: Parties of Record

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1113

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	PROPOSED ORDER GRANTING
Application of Duke Energy Progress, LLC)	CERTIFICATE OF
For a Certificate of Environmental)	ENVIRONMENTAL
Compatibility and Public Convenience and)	COMPATIBILITY AND PUBLIC
Necessity Pursuant to <u>N.C. Gen. Stat.</u> §§)	CONVIENCE AND NECESSITY
62-100 et seq. to Construct Approximately)	
6.91 Miles of New 230kV Transmission)	
Line in Carteret County, North Carolina)	

BY THE COMMISSION: On August 3, 2017, Duke Energy Progress, LLC (“Duke Energy Progress,” “DEP,” or the “Company”) filed an Application and direct testimony, pursuant to N.C. Gen. Stat. §§ 62-100 et seq. and Commission Rules R1-5 and R8-62, for a Certificate of Environmental Compatibility and Public Convenience and Necessity (“Certificate” or “CPCN”) authorizing the construction of a new 6.91 mile 230 kilovolt (“kV”) transmission line in Carteret County, North Carolina between DEP’s existing Havelock–Morehead Wildwood 115kV North line near the Town of Harlowe and the existing Havelock – Morehead Wildwood 230kV line near the Town of Newport.

On August 9, 2017, the Commission issued an Order Scheduling Hearings, Requiring Filing of Testimony, Establishing Discovery Guidelines and Requiring Public Notice (“Scheduling Order”). The Scheduling Order, among other things, scheduled a public witness hearing on DEP’s Application to be held in Beaufort, Carteret County, on Thursday, November 30, 2017, and an expert witness hearing to be held in Raleigh on Tuesday, December 5, 2017. Further, the Scheduling Order required DEP to publish a

Public Notice containing a summary of its Application, the details of the public witness hearing, and other information. The Scheduling Order and the Public Notice provided, however, that the hearing might be canceled if no significant protests were filed with the Commission.

On September 14, 2017, the State Clearinghouse filed comments with the Commission requesting that supplemental information be provided in response to comments of the Department of Natural and Cultural Resources for further review and comment. The State Historical Preservation Officer has approved DEP's survey methods for historical sites but DEP has not yet conducted any surveys.

On September 21, 2017, DEP filed an affidavit of publication demonstrating that the public notice had been published once a week for four weeks in a newspaper having general coverage in Carteret County.

On November 15, 2017, the Public Staff filed a letter stating that it investigated the Application filed by DEP, determined that the proposed transmission line meets the requirements of N.C. Gen. Stat. ("G.S.") § 62-105, and recommended issuance of the Certificate once the Commission receives a letter from the State Clearinghouse stating that no further State Clearinghouse review action by the Commission is required for compliance with the North Carolina Environmental Policy Act.

DEP is the only party to file testimony in this docket.

The Commission did not receive any petitions to intervene or protests in this docket.

On November 15, 2017, DEP filed a Motion to Cancel Hearings, asserting that DEP and the Public Staff are the only parties to this proceeding, that no party opposed

approval of the Certificate, and that unless the Commission required DEP's expert witnesses to testify in person, there appeared to be no necessity to conduct the public hearing scheduled for November 30, or the expert witness hearing scheduled for December 5. Further, the Public Staff did not object to the Motion.

On November 17, 2017, the Commission issued an Order cancelling the public witness hearing and the evidentiary hearing, accepting into the record the testimony, exhibits and affidavits presented, and requiring DEP to file a proposed order on or before December 18, 2017.

On December 18, 2017, DEP filed a proposed order.

Based upon the Company's verified Application, the testimony and exhibits received into evidence by Commission order, and the record as a whole, the Commission makes the following:

FINDINGS OF FACT

1. Duke Energy Progress is duly organized as a public utility under the laws of the State of North Carolina and is subject to the jurisdiction of the Commission. DEP is engaged in the business of generating, transmitting, distributing and selling electric power in its assigned territory in North Carolina.

2. DEP is required by the Federal Energy Regulatory Commission ("the FERC") to comply with Reliability Standards of the North American Electric Reliability Corporation ("NERC"). NERC may impose stringent penalties for violations of NERC Reliability Standards.

3. DEP's Application identified the need to build a new 230kV transmission line in Carteret County, North Carolina. The new transmission line is required to mitigate a

voltage problem in the Havelock area and to increase electric capacity and service reliability across the Eastern North Carolina region. The new line from the proposed Harlowe 115kV-230kV Substation in the Town of Harlowe to the proposed Newport 230kV Switching Station along the Havelock-Morehead Wildwood 230kV line near the Town of Newport will increase electric capacity for the immediate area and ensure reliable service in the DEP service area in the region. The new line will provide benefits to the entire region, including Carteret and Craven County residents and businesses, through enhanced reliability for DEP customers as well as customers of rural electric cooperatives and municipally owned electric utilities.

4. No party filed testimony or statements objecting to the granting of the Certificate for the transmission line.

5. DEP's application meets the requirements of G.S. 62-105 by showing that: (1) The proposed transmission line is necessary to satisfy the reasonable needs of the public for an adequate and reliable supply of electricity; (2) When compared with reasonable alternative courses of action, construction of the transmission line in the proposed location is reasonable, preferred, and in the public interest; (3) The costs associated with the proposed transmission line are reasonable; (4) The impact that the proposed transmission line will have on the environment is justified considering the state of available technology, the nature and economics of the alternatives, and other material considerations; and (5) The environmental compatibility, public convenience and necessity require the construction of the transmission line.

6. It is in the public interest, reasonable and prudent to grant the requested Certificate.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NOS. 1-2

These findings of fact are essentially informational, jurisdictional, and procedural in nature and are uncontested.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 3-6

The evidence supporting these findings of fact appears in DEP's Certificate Application, the direct testimony of witnesses Timothy J. Same and Mark Byrd, the comments of the State Clearinghouse, and the filing of the Public Staff.

On August 3, 2017, DEP filed its CPCN application requesting authorization to construct a new 230kV transmission line in Carteret County. The application stated that DEP is required by the FERC to comply with NERC reliability standards. NERC may impose stringent penalties for violations of its reliability standards.

In accordance with these standards, DEP's application stated that it plans its transmission system to supply projected demands in a reliable manner at all demand levels over the range of forecasted system demand, under contingency conditions. DEP stated that in accordance with the NERC reliability standards, it routinely conducts studies of its transmission system to identify required improvements. DEP also stated that its transmission system included lines in every county that it serves, and maintaining the transmission backbone is critical to ensuring that electricity remains reliable for the future.

DEP witness Same testified that by summer 2020 an outage of the Havelock terminal of the Havelock-Morehead Wildwood 115kV North line will cause voltages in the Havelock area to fall below planning criteria. Accordingly, witness Same testified that the new transmission line is needed to mitigate the voltage problem, increase electric

capacity and service reliability across the Eastern North Carolina region, and ensure that NERC Reliability Standards are met.

Exhibit A of DEP's application is a Routing Study and Environmental Report (the "Report"), which stated that the study area for routing the proposed line is located between the City of Havelock and the Towns of Newport and Harlowe within Carteret and Craven Counties and is generally bound by the Havelock-Morehead Wildwood 115kV line and U.S. 70 to the west, State Route 101 and the Marine Corps Air Station ("MCAS") Cherry Point to the north, public and private roads to the east, and the Newport River to the south. The Croatan National Forest ("CNF"), managed by the U.S. Forest Service, bisects the central portion of the study area. The study area and regional features are shown in Figure 2-1 of the Report.

The Report demonstrated that the initial preferred route begins at the proposed Harlowe 230kV – 115kV Substation southeast of the Town of Harlowe and north of State Route 101. The alignment exits the substation to the west for approximately 0.35 miles and then turns southwest for approximately 0.85 miles, crossing the Harlowe Creek Clubfoot Canal and State Route 101. West of State Route 101, the route continues along an increasingly western heading for approximately 1.13 miles before it arrives at the eastern boundary of the CNF. The route continues west southwest crossing through the CNF for approximately 1.2 miles. Upon exiting the CNF, the route continues west and parallels the CNF boundary for approximately 3.17 miles until it meets the Havelock – Morehead Wildwood 115kV South Transmission Line northeast of the Town of Newport. Then the alignment turns north and parallels the existing overhead transmission line for

approximately 1.56 miles before arriving at the proposed Newport 230kV Switching Station as shown in Figure 2-2 of the Report.

After selection of the preferred route and preparation of the routing and siting report, DEP learned that the site for the proposed Harlowe 230kV – 115kV Substation needed to be moved to minimize impacts to features regulated under the Clean Water Act. Changing the substation location required slightly adjusting the alignment of the preferred route with the newly proposed Harlowe Substation being located west of State Route 101 and eliminating the proposed highway crossing as well as crossing the Harlowe Canal. The new alignment and substation locations are illustrated in Figure 5-1 of the Report. The revised route begins at the proposed Harlowe 230kV – 115kV Substation near the Town of Harlowe and southwest of State Route 101. The alignment exits the Substation heading west for approximately 1.29 miles across private pine plantations before it arrives at the eastern boundary of the CNF. The route then crosses through the CNF for approximately 0.95 miles. Upon exiting the CNF, the route continues west and parallels the CNF boundary for approximately 3.12 miles across active forest plantations, Significant Natural Heritage Areas, and private conservation easements until it meets the Havelock – Morehead Wildwood 115kV South Transmission Line north of the town of Newport. In the vicinity of this location, the route crosses an additional 1,310 feet of CNF lands. From here the alignment turns north and parallels the existing overhead transmission line for approximately 1.55 miles before arriving at the proposed Newport 230kV Switching Station.

The Report stated that the proposed in-service date for the new line is March of 2020, and that the projected cost is approximately \$32 million.

DEP fully described the transmission line routing process, studies and physical properties in the Report. The Commission concludes that the Report satisfies the requirements of G.S. c62-102.

On September 14, 2017, the State Clearinghouse filed a letter with the Commission stating that the North Carolina Department of Natural and Cultural Resources had requested additional information prior to their concurrence with the application.

On November 15, 2017, the Public Staff submitted a letter in support of DEP's application stating: "Based on its investigation and review of the application, the Public Staff recommends that the Commission issue the certificate requested in this proceeding once the Commission receives a letter from the State Clearinghouse stating that no further State Clearinghouse review action by the Commission is required for compliance with the North Carolina Environmental Policy Act."

DEP witness Same testified that 16 landowners would be directly affected by having at least some portion of the proposed 125 foot right-of-way on their property. On July 29, 2017, DEP sent letters to 18 landowners who own land that is within 250 feet of the proposed centerline of the preferred route. These letters included the appropriate reference to G.S. § 40A-11 and thus provided the necessary 30-day notice for DEP to enter the properties for the purpose of surveys, soil borings, appraisals, and assessments.

None of the impacted landowners intervened or filed comments in this proceeding. DEP and the Public Staff were the only parties to this proceeding and no party or person has objected to the requested CPCN.

Having carefully reviewed the application, and based on all the evidence of record and the recommendation of the Public Staff, the Commission finds and concludes that the proposed transmission line satisfies the environmental compatibility and public convenience and necessity requirements of G.S. § 62-100 *et seq.*, and that a CPCN should be issued for the proposed transmission line construction.

IT IS, THEREFORE, ORDERED that pursuant to N.C. Gen. Stat. § 62-102, upon the Commission receiving a letter from the State Clearinghouse that no further action is required by the Commission for compliance with the North Carolina Environmental Policy Act, a certificate of environmental compatibility and public convenience and necessity to construct approximately 6.91 miles of new transmission line in Carteret County, North Carolina, as described in DEP's application is issued, and the same is attached as Appendix A.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of _____, 2017.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

APPENDIX A

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1113

KNOW ALL MEN BY THESE PRESENTS, THAT

DUKE ENERGY PROGRESS, LLC

is hereby issued this

**CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AND PUBLIC
CONVENIENCE AND NECESSITY PURSUANT TO G.S. 62-102**

to construct approximately 6.91 Miles of New 230kV Transmission Line in Carteret County, North Carolina that will originate at the proposed Harlowe 230kV – 115kV Substation southeast of the Town of Harlowe and north of State Route 101 and terminate at the proposed Newport 230kV Switching Station

subject to receipt of all federal and state permits as required by existing and future regulations prior to beginning construction and further subject to all other orders, rules, regulations, and conditions as are now or may hereafter be lawfully made by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2017.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

CERTIFICATE OF SERVICE

I certify that a copy of the Proposed Order of Duke Energy Progress, LLC, in Docket No. E-2, Sub 1113, has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid to the following parties:

David Drooz
Heather D. Fennell
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david.drooz@psncuc.nc.gov
heather.fennell@psncuc.nc.gov

This the 18th day of December, 2017.



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