

**BEFORE THE NORTH CAROLINA UTILITIES COMMISSION
DOCKET NO. E-100, SUB 175**

In the Matter of:)	
Biennial Determination of)	
Avoided Cost)	INITIAL COMMENTS
Rates for Electric Utility)	APPALACHIAN VOICES
Purchases from)	REGARDING NEW RIVER
Qualifying Facilities – 2021)	LIGHT AND POWER
)	

I. INTRODUCTION

Intervenor Appalachian Voices provides the following comments and request of the Commission regarding Appalachian State University d/b/a New River Light and Power Company’s (“New River”)¹ filing in this proceeding dated December 21, 2021. These comments are submitted pursuant to the Commission’s August 13, 2021 scheduling order and February 7, 2022 order extending the deadline for initial comments to February 24, 2021. Appalachian Voices is a 501(c)(3) nonprofit headquartered in Boone, North Carolina. New River provides electric service to the University and residents of Boone, including many members of Appalachian Voices.

Appalachian Voices has reviewed New River’s December 21, 2021 filing and requests that the Commission provide an opportunity for intervenor and public comments on any subsequent avoided cost rates and net billing rates proposed by New River, whether in this docket or a separate docket later this year, as signaled by New River in its filing. Appalachian Voices further requests that the Commission require New River to incorporate avoided transmission and distribution costs into its avoided cost rates, and

¹ Appalachian Voices’ comments are focused on New River given its headquarters in Boone and significant public and customer interest in New River’s solar policies. Appalachian Voices takes no position on WCU’s proposal at this time but reserves the right to comment in future proceedings.

that the Commission reject New River's newly proposed \$8.25 per month administrative fee on its solar customers.

II. PROCEDURAL STATUS AND REQUEST

New River notified the Commission in its December 21, 2021, joint filing with Western Carolina University ("WCU") that it has changed power suppliers from Duke Energy Carolinas via Blue Ridge Electric Membership Corporation to Carolina Power Partners ("CPP") and has accordingly updated its avoided cost rates to reflect the wholesale rates paid to CPP.

New River indicates that it "expects to update its avoided cost rates later in 2022 upon the completion of a cost-of-service study."² New River further indicates that this cost-of-service study "is the first step toward consideration of a possible future net billing rate."³ In response to a Appalachian Voices' First Data Request, included as Exhibit A, New River states that it anticipates filing a rate case that would address these issues in early summer 2022.⁴

Appalachian Voices requests that the Commission allow for intervenor comments on any subsequent filings by New River to revise its avoided cost rates later this year. Appalachian Voices further requests the opportunity for intervenor and public comments on any future net billing or net metering rates proposed, whether they are proposed in this

² Joint Comments, Proposed Rates and Contracts of Western Carolina University and New River Light & Power, at 3 (Dec. 21, 2021).

³ *Id.* at 4. New River currently only offers its customers a Buy All, Sell All or Forced Sale policy for rooftop solar.

⁴ Exhibit A, New River Response to Appalachian Voices' First Data Request, at 1-13 [hereinafter Exhibit A, Data Response].

docket or in a separate docket.⁵ Appalachian Voices has members in New River's territory that have an interest in New River's solar policies.

III. NEW RIVER'S AVOIDED COST RATE SHOULD INCLUDE AVOIDED TRANSMISSION AND DISTRIBUTION COSTS

The Commission's initial scheduling order in this proceeding required that the utilities, including New River, provide in their initial filings "[a] set of proposed rates for purchases from qualifying facilities, showing all calculations for deriving said proposed rates, including inflation rates and discount rates used."⁶ However, in its December 21, 2021 joint filing with WCU, New River did not provide any information on what its proposed avoided cost rates are nor how they were calculated. This lack of information in the filing makes it difficult to fully assess whether the proposed rates are just and reasonable. Nevertheless, New River has responded to a data request providing enough information for Appalachian Voices to recommend that certain avoided costs should be incorporated, namely New River's distribution and transmission costs.

In its Data Request, Appalachian Voices asked whether New River's proposed rates reflect avoided distribution costs paid to Blue Ridge Electric Membership Corporation ("BREMCO"), and avoided transmission costs paid to Duke Energy Carolinas ("DEC") that would result from instead purchasing customer-owned generation from New River customers, and if so, what those rates are. New River responded that those rates are not included in the avoided cost rate.⁷

⁵ New River has indicated in its response to Appalachian Voices' First Data Request that it anticipates filing its 2022 Cost of Service Study as part of a rate case filing with the Commission in early summer 2022. Exhibit A, Data Response 1-13.

⁶ Scheduling Order at 2.

⁷ Exhibit A, Data Response 1-3.

Appalachian Voices further asked, “If No, why not?” New River responded only by stating that, due to the manner in which DEC and BREMCO calculate the transmission and distribution charges, “there is not an accurate process to determine if [New River] has any avoided transmission (or distribution) costs from SPP (Small Power Producer) generation. For this reason, no additional avoided costs from transmission (or BREMCO distribution) were included.”⁸

The methodology by which DEC calculates a transmission customer’s (such as New River’s) load ratio share of DEC’s total system revenue requirement, according to New River, is to use a 12-month rolling average.⁹ Similarly, BREMCO uses a historical 12-month period to determine New River’s load ratio share of BREMCO’s annual revenue requirement and divides that value by 12 to determine New River’s monthly distribution charges.¹⁰ Both of these costs are directly related to the amount of “load” required on DEC and BREMCO’s systems in order to wheel power generated by CPP and sold to New River to meet energy demand in New River’s system. As such, if that load requirement is reduced through the purchase instead of SPP power from within New River’s system, then it can be concluded that New River’s DEC transmission and BREMCO distribution costs will be lower as a result. Regardless of whether that value can be calculated in real-time or even on a monthly basis, these costs are “avoided costs” and should be included in New River’s avoided cost calculation.

Further, New River’s explanation for not including avoided transmission and distribution costs in its avoided cost calculation is internally inconsistent and insufficient.

⁸ *Id.* at 1-3(b).

⁹ *Id.*

¹⁰ *Id.*

As described in the utility’s response to the First Data Request, New River states that its avoided cost calculation is based on a 2-year forecast of natural gas prices.¹¹ With that being the case, if New River justifies its proposed avoided cost rate based on 2-year projections of gas prices, it should be willing and able to, at a minimum, project monthly transmission and distribution costs and incorporate those into the avoided cost calculation.

New River further explains in the First Data Request response that “The determination of the SPP customer’s demand avoided costs is based on the output of the SPP at the time of [New River’s] [Coincident Peak] demand.”¹² This again provides a justification for, rather than against, including the transmission and distribution costs in the avoided cost calculation. If New River is able to measure and value avoided energy and demand costs in real time, based on real-time reductions resulting from SPP generation, then New River should also be able to attribute and value avoided transmission and distribution costs resulting from SPP output based on the percentage of New River’s load for which the utility is paying transmission and distribution costs. This does not seem to be an overly complicated calculation, and New River clearly has the capability with its Advanced Metering Infrastructure in place. In fact, New River reported to the Commission in 2019 that its AMI capabilities include data for “Coincident Peak Demand (DEC Transmission)” and “Coincident Peak Demand (BREMCO Distribution).”¹³ As such, Appalachian Voices respectfully requests that the Commission

¹¹ *Id.* at 1-2(b).

¹² *Id.*

¹³ New River Light and Power Updated Cost of Service Study Using Advance Metering System Data (June 2019), Docket No. E-34, Sub 46, <https://starw1.ncuc.net/NCUC/ViewFile.aspx?Id=7d1254bd-8f60-4e8a-be63-63311f63b418>.

require New River to incorporate the avoided transmission and distribution costs in its avoided cost calculation.

IV. METERING AND ADMINISTRATIVE CHARGE

Turning to New River's proposed administrative charge, Appalachian Voices respectfully requests that the charge be denied. Under federal and state law, rates paid and charged to qualifying facilities ("QFs"), such as New River's SPP solar customers, must be just, reasonable, and nondiscriminatory.¹⁴ The utility bears the burden of proof that its rates are just and reasonable.¹⁵ That burden has not been met with regard to New River's proposed administrative charge, which it adopted from WCU without any underlying analysis or justification.

New River included in its joint filing with WCU a request to approve a monthly \$8.25 metering and administrative charge imposed on QFs, including its SPP customers with rooftop solar.¹⁶ While this charge has been in place for WCU for many years, this is the first such request by New River. The joint filing stated that this charge was a "reasonable estimate of the monthly administrative charges of WCU and [New River]," but no further basis was provided to support the level of this monthly charge.

In its First Data Request to New River, Appalachian Voices asked how New River calculated the proposed administrative charge. New River responded that its "proposed administrative charges are those utilized by WCU as reasonable estimates until New River can complete its 2022 cost of service study" and that New River was adopting

¹⁴ 16 U.S.C. § 824a-3 (a)-(c); 18 C.F.R. § 292.303(c)(1); 18 C.F.R. § 292.304(a); N.C. Gen. Stat. § 62-130; N.C. Gen. Stat. § 62-131; N.C. Gen. Stat. § 62-140; N.C. Gen. Stat. § 62-156.

¹⁵ N.C. Gen. Stat. § 62-75.

¹⁶ Joint Filing (Dec. 21) at p. 4.

WCU's proposed charge "without alteration."¹⁷ New River provided no further explanation or justification as to why adopting WCU's proposed charge was appropriate for New River. Additionally, in response to questions about what portion of the proposed charge was for administrative overhead and what portion for meter reading, or why an extra charge for meter reading was necessary when New River has installed AMI on most or all of its meters, the utility provided no explanation or justification and merely referred to its earlier response about the proposed charge being a "reasonable estimate."¹⁸

Appalachian Voices also asked why New River is now proposing to add the administrative charge when it elected not to do so in the 2020 and 2018 avoided cost filings (New River also declined to collect an administrative charge in the 2014 and 2016 filings as well). New River responded that "As part of DEC's Schedule PP (NC) there is an administrative charge of \$19.91 per month. Therefore, New River has had an administrative charge as part of its avoided cost filings." However, in each of the past four avoided cost filings, New River has in fact selected not to collect an administrative charge.¹⁹ For instance, in the joint WCU and New River filing from November 2018, New River stated that it "will continue to offer variable avoided cost rates based on the Duke PP(NC) *but will not recover the administrative charge to suppliers that is found in Schedule PP(NC).*"²⁰

¹⁷ Exhibit A, Data Response 1-6.

¹⁸ *Id.* at 1-7-1-11.

¹⁹ Additionally, as an attachment to its response, New River shared DEC's 2020 PP(NC) schedule, which shows the \$19.91-per-month charge. However, DEC's 2021 schedule shows a \$3.00 per month charge for systems under 15 kilowatts, which most if not all residential solar systems fall under.

²⁰ See Joint Comments and Proposed Rates of Western Carolina University and New River Light and Power (Nov. 1, 2018), Docket No. E-100, Sub 158, <https://starw1.ncuc.net/NCUC/ViewFile.aspx?Id=cc39e35b-27b0-45c2-b3fc-51cc52dadbd4>; see also Joint Comments and Proposed Rates of Western Carolina University and New River Light and Power, at 1-2 (April 17, 2014) (waiving administrative charges); New River Light and Power Exhibit NRLP-1 and

Finally, in its response to the question as to why New River would only now propose an administrative charge when the utility had elected not to do so in prior filings, and immediately following the incorrect claim that it “has had an administrative charge as part of its (prior) avoided cost filings,” New River goes on to explain that “Since [New River] just began receiving power from CPP on January 1, 2022, and is the process of performing a cost of service study for its upcoming rate case filing, this transition period required some assumptions to be made. Utilizing WCU’s administrative charges was a reasonable assumption during this transition period.”

In other words, and in sum, New River is proposing a new administrative charge, while incorrectly claiming it has had one all along; adopting WCU’s charge based on a “reasonable assumption” for which no further explanation is given; justifying the charge based on the administrative charge found in an outdated PP(NC) schedule for DEC, which is no longer New River’s power provider; and doing all of this before New River can calculate its own administrative charge using a cost of service study based on its new cost structure with CPP that will not be completed until later this year.

Given New River’s lack of independent justification and failure to meet its burden of proof for adopting WCU’s charge, Appalachian Voices requests that the Commission reject New River’s proposed administrative charge, particularly while New River’s cost of service study is pending. Failing to reject the charge would significantly impact New River’s customer-generators and discourage further solar adoption.

NRLP-2 (November 28, 2016), E-100, Sub 148 (waiving administrative charges); Joint Comments and Proposed Rates of Western Carolina University and New River Light and Power, at 3 (November 1, 2018), E-100, Sub 158 (waiving administrative charges). Appalachian Voices has also independently confirmed with solar customers that New River has not been imposing an administrative charge to date.

For instance, New River’s “buy all, sell all” policy that only compensate customer-owned generation at avoided cost already serves as a significant disincentive for New River customers. For example, under a retail rate net metering offering, the typical payback period for a rooftop solar system would be 20-25 years at New River’s current retail rate. However, at avoided cost that payback period nearly triples to between 60 and 70 years. This likely explains why only 15 of New River’s customers had installed solar as of the date of New River and WCU’s joint filing. Adding an \$8.25 per month charge (or \$99 per year) onto New River’s existing buy all, sell all rate would further disincentivize residential and commercial solar investments by extending that payback period well beyond 100 years.

Additionally, the administrative charge alone would eliminate any financial benefits solar customers would receive from more than the first 2 kilowatts of installed solar (with those benefits calculated based on an avoided cost rate of 3.56 cents per kilowatt-hour²¹ and the cost of residential solar based on a statewide average installed cost of \$2,630 per kilowatt).²² In other words, a residential customer of New River would have to spend more than \$5,200 on a rooftop solar system in order for that customer to receive any financial benefit in return from New River’s buy all, sell all rate. All such benefits up to that point would be eliminated by the new administrative fee.

²¹ This value represents New River’s Summer Premium Peak rate for QFs and is the maximum credit value offered to QFs during hours when solar photovoltaic systems would be generating electricity. As such, the actual average avoided cost rate earned by QFs on an annual basis under New River’s “Energy Credits Tariff” will likely be lower and render customer solar investments even less cost-effective than described in these comments. NRLP Energy Credits Tariff, https://nrlp.appstate.edu/sites/default/files/nrlp_2021_energy_credits_tariff.pdf.

²² The average installed cost used for this analysis represents the average cost-per-kilowatt of installed residential rooftop solar systems statewide in North Carolina as reported by EnergySage. <https://www.energysage.com/local-data/solar-panel-cost/nc/#:~:text=As%20of%20February%202022%2C%20the,Carolina%20coming%20in%20at%20%2413%2C150.>

V. IMPACT OF NEW RIVER’S “BUY ALL, SELL ALL” RATE AND PROPOSED ADMINISTRATIVE CHARGE ON LOCAL, UNIVERSITY AND NORTH CAROLINA CLIMATE AND CLEAN ENERGY GOALS

New River’s buy all, sell all rate and proposed administrative charge undermine the ability of the Town of Boone, Appalachian State University, and, by extension, the State of North Carolina to meet their respective climate and clean energy goals. In January 2021, the Town of Boone unanimously approved a climate resolution calling for a 5 to 7 percent annual reduction in town-wide greenhouse gas emissions, community-wide climate neutrality by 2030 and 100 percent clean energy by 2040, while “encouraging residents to use renewable energy sources such as solar power.”²³ In other words, the Town Council recognized that distributed, customer-owned solar is a critical part of achieving the town’s climate goals. New River’s current and proposed rooftop solar rates serve as a significant barrier to achieving those goals, and would prevent the town and county from reaping the jobs and tax benefits that a strong, local rooftop solar industry would provide.

New River is owned and operated by Appalachian State University, an institution guided by state objectives and principles. New River serves all or the large majority of the university’s electrical load. The university’s Climate Action Plan reflects the climate goals outlined in Governor Roy Cooper’s Clean Energy Plan, including to “reduce electric power sector greenhouse gas emissions by 70% below 2005 levels by 2030” and “attain carbon neutrality by 2050.”²⁴ Currently, New River only offers a limited amount

²³ Gianna Holiday, *Boone Town Council Approves Climate Resolution, Targets Town-Wide Renewable Energy by 2050*, *The Appalachian*, Jan. 25, 2021, <https://theappalachianonline.com/boone-town-council-approves-climate-resolution/>

²⁴ North Carolina Clean Energy Plan, at 11 (October 2019), https://files.nc.gov/governor/documents/files/NC_Clean_Energy_Plan_OCT_2019_.pdf; see also Session Law 2021-165, <https://ncleg.gov/Sessions/2021/Bills/House/PDF/H951v6.pdf>.

of renewable energy offsets to the community and University through the utility's new Green Power Program, which is not fed by local renewable energy production but rather existing hydroelectric plants located in Tennessee and elsewhere in North Carolina.

Those offsets will only allow the university to achieve 15% renewable energy "purchases."²⁵ If New River were to encourage residential and commercial investment in distributed renewable energy it would support both the university and the town, and the State of North Carolina, in achieving their respective climate and clean energy goals. Instead, New River's current and proposed rates and administrative charge serve as a significant barrier and disincentive.

VI. BUY ALL, SELL ALL ALTERNATIVE AND TIMELINE FOR COST OF SERVICE STUDY, REVISION TO AVOIDED COST RATE AND NET BILLING PROPOSAL

As stated in its December 21, 2021 filing, New River currently only offers a buy all, sell all option for renewable small power generators and does not currently offer net metering or net billing rates. New River further indicates that it is undertaking a cost of service study, which "is the first step toward consideration of a possible future net billing rate."²⁶ Appalachian Voices supports consideration of an alternative or replacement policy and requests that the Commission allow for intervenor and public input on any subsequent policy and rates proposed by New River, whether in this docket or a separate docket.

Appalachian Voices requests that New River provide a timeline by which the utility anticipates completing and filing its 2022 cost of service study and, following the

²⁵ New Power Provider Serves Appalachian State University's New River Light & Power. BusinessWire. Jan 2022. <https://www.businesswire.com/news/home/20220105006028/en/New-Power-Provider-Serves-Appalachian-State-University%E2%80%99s-New-River-Light-Power> .

²⁶ *Id.* at 4.

filing of that study, a timeline for which New River anticipates it would file a new avoided cost rate proposal and a net billing proposal, as suggested in the present filing. In response to Appalachian Voices' First Data Request, it appears New River's current plans are to file a rate case in early summer 2022.²⁷

VII. THERE IS STRONG LOCAL OPPOSITION TO NEW RIVER'S CURRENT AND PROPOSED AVOIDED COST RATES AND ADMINISTRATIVE CHARGE, AND SUPPORT FOR A NEW OFFERING THAT ENCOURAGES INVESTMENT IN CUSTOMER-OWNED GENERATION

Appalachian Voices initiated a public petition on February 18, 2022 addressed to Ed Miller, General Manager, New River Light & Power; Nick Katers, Associate Vice Chancellor for Facilities Management, Appalachian State University; Sheri Everts, Chancellor, Appalachian State University; and, the North Carolina Utilities Commission.

The petition urges the addressees to:

1. Withdraw or reject New River's request to impose a \$8.25 monthly fee on customers in the town of Boone who choose to install solar;
2. Replace New River's "forced sale" (also referred to as a "buy all, sell all") policy for solar customers, which prevents them from using their own homegrown electricity and discourages solar investment, with a policy that encourages customer-owned generation and is consistent with the Town of Boone's Community Climate Action Plan, Appalachian State University's Climate Action Plan and the North Carolina Clean Energy Plan; and,
3. Provide ample opportunity for public input from members of our community on the anticipated Cost of Service Study and any new solar policy that New River plans to develop in the year ahead.²⁸

²⁷ Exhibit A, Data Response 1-13.

²⁸Petition to Withdraw or Reject New River Light & Power's Proposal for a Punitive New Fee on Solar Customers in the Town of Boone, https://actionnetwork.org/petitions/petition-to-withdraw-or-reject-new-river-light-powers-proposal-for-a-punitive-new-fee-on-solar-customers-in-the-town-of-boone?fbclid=IwAR1mWKp6vs_En7jMaXbkA71fELxil5peKht16_oCds4gaWYzIvxR67ofPjM.

As of the filing of these comments more than 350 New River customers, residents of the Town of Boone, and Appalachian State University students, faculty and staff have signed the petition.²⁹ A copy of the petition and signatures is attached as Exhibit B.

VIII. CONCLUSION

For the foregoing reasons, Appalachian Voices requests that the Commission provide opportunity for intervenor and public input on any updated avoided cost and solar rate design proposals submitted to the Commission by New River later this year, as indicated in the utility's December 21, 2021 filing. Appalachian Voices further requests that the Commission require New River to account for avoided transmission and distribution costs in its avoided cost rates. Finally, Appalachian Voices requests that the Commission reject New River's proposal to impose an \$8.25 fee on its solar customers as the utility has failed to provide any analysis or justification needed to meet its burden of proof that the charge is just, reasonable, and nondiscriminatory.

Respectfully submitted this the 24th day of February, 2022.

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²⁹ While many signatories are permanent residents of Boone, some are students who attend ASU and reside in Boone but have permanent addresses elsewhere. Personal addresses are redacted in the copy filed with the Commission.

CERTIFICATE OF SERVICE

I hereby certify that all persons on the docket service list have been served true and accurate copies of the foregoing comments by electronic mail.

This the 24th day of February, 2022.

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Exhibit A

**Appalachian Voices and Southern Alliance for Clean Energy
First Data Request to New River Light and Power
2021 Avoided Cost Proceeding (NCUC Docket No. E-100, Sub 175)
February 10, 2022
NRLP Response: February 22, 2022**

In accordance with the North Carolina Utilities Commission (“Commission”) practice and procedure and Rule 33 and 34 of the North Carolina Rules of Civil Procedure, Appalachian Voices and the Southern Alliance for Clean Energy (“SACE”), as intervenors¹ in this proceeding, propound the following written data requests to New River Light and Power, (“NRLP” or “Applicant”), to be answered under oath, in writing, and requested within 10 days of the service date for the interrogatories and requests for production. These interrogatories and requests for production are continuing in nature to the extent permitted by Rule 26(e) of the North Carolina Rules of Civil Procedure.

If the information or data responsive to the following data requests has already been fully produced in response to a data request propounded by another party then it is not necessary to reproduce it here, but please cite to the relevant response.

If not otherwise stated, page numbers refer to New River Light and Power’s Initial Statement in this docket, No. E-100, Sub 175.

Avoided Cost Rate

NRLP indicates that it “expects to update its avoided cost rates later in 2022 upon the completion of a cost-of-service study.”² NRLP further indicates that this cost-of-service study “is the first step toward consideration of a possible future net billing rate.”³ Please answer the following requests related to NRLP’s avoided cost rates:

- 1-1. What is NRLP’s current avoided cost rate, and how was it calculated?
NRLP Response: NRLP’s current avoided cost rates are the rates set forth in Duke Energy Carolinas’ (DEC) Schedule PP (NC) Purchased Power effective November 1, 2020. A copy of this rate schedule is provided in the attached file: Response 1-1_DEC Schedule PP (NC) Effective November 1, 2020, PDF file. DEC methodology in calculating these avoided cost rates can be found in its filing with the NCUC under Docket No. E-100, Sub 167.
- 1-2. Does the currently proposed rate reflect the combined wholesale energy and demand cost NRLP is paying to Carolina Power Partners?
NRLP Response: Yes
 - a. If so, what are those rates?
When and if confidentiality agreement is cleared through Carolina Power Partners, NRLP will provide: Response 1-2.a._2022 NRLP Avoided Costs-CONFIDENTIAL.pdf. [Note: The capacity rate shown in this file is considered confidential by CPP.]

¹ Appalachian Voices Petition to Intervene is pending before the Commission.

² Joint Comments, Proposed Rates and Contracts of Western Carolina University and New River Light & Power, at p. 3.

³ *Id.* at 4.

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- b. Please provide the basis for those rates and any supporting data or documentation.
NRLP Response: NRLP began receiving wholesale power from Carolina Power Partners (CPP) on January 1, 2022. NRLP's cost of purchased power is based on a contracted capacity rate and an energy rate based on a natural gas price index. For the SPP No Demand calculations provide in 1-2.a., the estimated cost of energy was developed from the forecasted cost of natural gas for 2022 and 2023. For the SPP Demand calculations provided in 1-2.a., the estimated cost of energy is the same as for the SPP No Demand while the avoided demand cost was based on NRLP's contracted capacity rates from CPP for 2022 and 2023. The determination of the SPP customer's demand avoided costs is based on the output of the SPP at the time of NRLP's CP demand. A summary of CPP projected purchased power costs are included in the file that will be provided when and if a confidentiality is accepted by CPP: Response 1-2.b._CPP Power Costs-CONFIDENTIAL.pdf. [Note: The capacity rate shown in this file is considered confidential by CPP.]

- 1-3. Does the proposed avoided cost rate also reflect avoided distribution costs paid to Blue Ridge Electric Membership Corporation and avoided transmission costs paid to Duke Energy Carolinas?

NRLP Response: No

- a. If so, what are those rates? Please provide any supporting documentation.
NRLP Response: N/A

- b. If not, why not?
NRLP Response: DEC uses a 12-month rolling average to determine each transmission customer's load ratio share of DEC's total system revenue requirement for that year. Therefore, there is not an accurate process to determine if NRLP has any avoided transmission costs on a monthly basis from SPP generation. For this reason, no additional avoided costs from transmission were included. BREMCO uses a historical 12-month period to determine NRLP's load ratio share of BREMCO's annual revenue requirement. This annual amount is then divided by 12 to determine NRLP's monthly distribution charges. Therefore, there is not an accurate process to determine if NRLP has any avoided distribution costs on a monthly basis from SPP generation. For this reason, no additional avoided costs from BREMCO's distribution were included.

- 1-4. Does the current "Energy Credits Tariff"⁴ reflect the wholesale and demand costs currently being paid to Carolina Power Partners?

NRLP Response: No

⁴ Link to tariff: https://nrlp.appstate.edu/sites/default/files/nrlp_2021_energy_credits_tariff.pdf

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- a. If so, is that contract with CPP comprised of a time-varying and seasonal wholesale energy and demand cost structure?

NRLP Response: N/A

- b. If the Energy Credits tariff does not accurately reflect the CPP cost structure, why is the tariff structured as it is?

NRLP Response: NRLP only began receiving power supply from CPP on January 1, 2022. Therefore, the current Energy Credits Tariff is based on DEC's avoided costs as discussed in NRLP's Response 1-1.

Administrative Service Charge

In its initial filing, WCU and NRLP state that “If a cogenerator or small power producer is willing to forego a demand credit, WCU and NRLP will forego the \$25 administrative fee since they will not have to pay demand credits,” and instead will impose an “\$8.25 monthly charge for meter reading and administrative overhead” that “is based on a reasonable estimate of the monthly administrative charges of WCU and NRLP.” NRLP did not request approval for administrative charges on cogenerators or small power producers in either the 2018 or 2020 avoided cost proceedings.

- 1-5. How did NRLP calculate its proposed administrative charges of \$25 and \$8.25?
NRLP Response: NRLP's proposed administrative charges are those utilized by WCU as reasonable estimates until NRLP can complete its 2022 cost of service study.
- 1-6. Is NRLP adopting WCU's proposed charges without alteration?
NRLP Response: For the current filing of docket no. E-100, Sub 175, yes.
- 1-7. If so, what is the justification for that approach?
NRLP Response: See NRLP Response 1-5.
- 1-8. Please provide any documentation, analysis, or other documents that support NRLP's calculation of administrative and meter costs for interconnected systems.
NRLP Response: N/A
- 1-9. What comprises the “administrative overhead” described in NRLP's explanation of the charges?
NRLP Response: See NRLP Response 1-5.

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- 1-10. How much of the proposed charges are for meter reading, and how much for administrative overhead?

NRLP Response: See NRLP Response 1-5.

- 1-11. Why is an extra charge for “meter reading” necessary, when NRLP has installed Advanced Metering Infrastructure on most or all of its meters?

NRLP Response: See NRLP Response 1-5.

- 1-12. Why is NRLP now proposing to add the administrative charges, when it elected not to do so in the 2020 and 2018 avoided cost filings?

NRLP Response: As discussed in NRLP Response 1-1, NRLP’s current and previous avoided cost rates are those as filed by DEC in its Schedule PP (NC). As part of DEC’s Schedule PP (NC) there is an administrative charge of \$19.91 per month. Therefore, NRLP has had an administrative charge as part of its avoided cost filings. Since NRLP just began receiving power from CPP on January 1, 2022, and is the process of performing a cost of service study for its upcoming rate case filing, this transition period required some assumptions to be made. Utilizing WCU’s administrative charges was a reasonable assumption during this transition period.

Timeline for Cost of Service Study, Revision to Avoided Cost Rate and Net Billing Proposal

- 1-13. Please provide a timeline by which NRLP anticipates completing and filing its 2022 Cost of Service Study.

NRLP Response: NRLP anticipates submitting a cost of service model as part of its rate case filing with the NCUC in early summer 2022.

- 1-14. Following the filing of the Cost of Service Study, what is the anticipated timeline for NRLP to file a new avoided cost rate proposal and a “possible future” net billing proposal, as suggested in the initial filing?

NRLP Response: NRLP will address any required adjustments to its avoided costs and address the potential use of a net billing rate through its upcoming rate case filing with the NCUC.