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April 1, 2022

Ms. A. Shonta Dunston
Chief Clerk
North Carolina Utilities Commission
430 N. Salisbury Street
Raleigh, NC 27603

**RE: In the matter of Biennial Determination of Avoided Cost Rates
for Electric Utility Purchases from Qualifying Facilities – 2021
NCUC Docket E-100, Sub 175
*Reply Comments of New River Light & Power***

Dear Ms. Dunston:

On behalf of New River Light & Power, in the above referenced matter and docket, and in compliance with the Commission's Orders of August 13, 2021, and February 7, 2022, Reply Comments are herewith provided.

Should you have any questions concerning this filing, please do not hesitate to contact me.

Sincerely,

/s/ David T. Drooz

David T. Drooz

pbb

A Pennsylvania Limited Liability Partnership

California Colorado Delaware District of Columbia Florida Georgia Illinois Minnesota
Nevada New Jersey New York North Carolina Pennsylvania South Carolina Texas Washington

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-100, SUB 175

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Biennial Determination of Avoided Cost Rates for Electric Utility Purchases from Qualifying Facilities - 2021)))))	NEW RIVER LIGHT & POWER REPLY COMMENTS
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NOW COMES Appalachian State University d/b/a New River Light & Power (NRLP), pursuant to the Commission’s August 13, 2021, Order Establishing Biennial Proceeding, Requiring Data, and Scheduling Public Hearing, and the February 7, 2022, Order Granting Joint Motion for Extension of Time, and submits the following Reply Comments.

1. The December 21, 2021, “Joint Comments, Proposed Rates and Contracts of Western Carolina University and New River Light and Power” (NRLP Comments), proposed to pay an avoided cost rate to small power producers who have contracts with NRLP under the buy-all/sell-all tariff. NRLP has approximately 12 customers (plus Appalachian State University) on small power provider tariff rates, and they are primarily rooftop solar generators. The rate to be paid to those small power producers (SPP) for their electricity delivered to the NRLP system is based on the cost NRLP will save by not buying the electricity from its wholesale supplier (the avoided cost).

2. The NRLP Comments also noted that NRLP planned to conduct a cost of service study, and that the cost study could be used to update NRLP avoided cost rates at a later date and possibly to develop a net billing rate. NRLP contemplates that a new net billing rate will be proposed in a general rate case.

3. Appalachian Voices filed Initial Comments (App Voices Comments) in this proceeding on February 24, 2022, that are specific to NRLP. The App Voices Comments made three requests to the Commission:

- a. That the Commission provide App Voices with an intervention and public comment on any subsequent avoided costs rates and net billing rates proposed by NRLP;
- b. That NRLP incorporate avoided transmission and distribution costs into its avoided cost rates; and
- c. That the Commission reject NRLP's proposed \$8.25 per month administrative fee on its solar customers.

4. NRLP supports the request for App Voices to be provided opportunity to intervene and provide public comments with regard to any subsequent avoided costs rates and net billing rates proposed by NRLP. That is standard procedure for ratemaking. Ratepayer and public input is an important part of ratemaking.

5. NRLP filed "Amended Proposed Rates and Contracts" on March 1, 2022, in which it withdrew its request for the \$8.25 monthly administrative fee it had previously proposed for its Small Power Supplier Reimbursement Formula with No Demand Credit rate, and also withdrew its previous \$25.00 monthly administrative fee proposal for the Small Power Supplier Reimbursement Formula with Demand Credit rate. The 12 SPP customers of NRLP are all on the "no demand" rate; there are no customers subject to the rate with the withdrawn \$25.00 monthly fee.

6. NRLP maintains that its proposed avoided costs rates, as amended, are appropriate for the present proceeding without adjustment for avoided transmission and distribution costs.

- a. NRLP did not include the Duke Energy Carolinas, LLC (DEC) transmission costs or the Blue Ridge Electric Membership Corporation (BREMCO) distribution costs in NRLP's current filing of avoided costs in part because it is not a simple calculation for NRLP to make and is better done in the upcoming cost of service study. Both the DEC transmission costs and BREMCO distribution costs are based on historical total system kW demand from NRLP at the specific hour of DEC's and BREMCO's system peaks. There is a potential that the output from the SPP customers did reduce NRLP's kW demand during DEC's and BREMCO's peak hour. NRLP is currently in the process of reviewing the hourly load (or kW) data for each of these SPP customers as part of preparing for the allocated cost of service study for the upcoming rate case. To the extent that analysis shows there are avoided transmission and distribution costs resulting from customer-owned generation being supplied to the NRLP system, that information will be considered in the context of proposing new rates in the next general rate case.
- b. In past NRLP avoided cost proceedings, the avoided cost rates approved by the Commission for NRLP have been based on its wholesale power supplier's Commission-approved avoided cost rates, which do not include any avoided transmission or distribution costs. The NRLP avoided cost filing in the present

proceeding is consistent with that approach approved by the Commission in previous years.

- c. Appalachian Voices appears to be interested in NRLP avoided costs for purposes of establishing rates that will be paid to NRLP's SPP customers (primarily the NRLP customers who generate electricity with photovoltaic panels and deliver that renewable energy back to the NRLP distribution system). Those rates are governed by N.C. Gen. Stat. § 62-156(b)(2), which provides:

Avoided Cost of Energy to the Utility. - The rates paid by an electric public utility to a small power producer for energy shall not exceed, over the term of the purchase power contract, the incremental cost to the electric public utility of the electric energy which, but for the purchase from a small power producer, the utility would generate or purchase from another source. A determination of the avoided energy costs to the utility shall include a consideration of the following factors over the term of the power contracts: the expected costs of the additional or existing generating capacity which could be displaced, the expected cost of fuel and other operating expenses of electric energy production which a utility would otherwise incur in generating or purchasing power from another source, and the expected security of the supply of fuel for the utilities' alternative power sources.

(Emphasis added.) This definition is specific to avoided generation assets, fuel, purchased power, “and other operating expenses of electric energy production.” It does not include reference to transmission and distribution costs of utilities. For purposes of the reimbursement rates to SPP customers (NRLP's customers who deliver solar energy back to the NRLP system), any avoided transmission and distribution costs would not be required under this statute.

d. It appears that DEC and DEP did not include avoided transmission and distribution costs in their filings in this docket. NRLP is no different.

7. Although not mentioned in Parts I or VIII of the App Voices Comments where specific requests are made to the Commission, the App Voices Comments at Part VI also ask NRLP to provide a timeline for its upcoming cost of service study and new avoided cost rate proposal and net billing proposal. NRLP does not have any more refined timeline than what was previously provided: early summer of 2022. That estimated timing is subject to change.

THEREFORE, New River Light & Power respectfully requests that the Commission approve the NRLP filing of December 21, 2021, as amended by the NRLP filing of March 1, 2022.

This the 1st day of April, 2022.

FOX ROTHSCHILD LLP

By: /s/ David T. Drooz

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*Attorney for Appalachian State University
d/b/a New River Light & Power*

CERTIFICATE OF SERVICE

I hereby certify that all parties of record as shown on the Commission's Service List for the docket, have been served a copy of the foregoing New River Light & Power Replay Comments, either by electronic mail or by depositing the same in the U.S. Mail, first class delivery, postage prepaid.

This the 1st day of April, 2022.

/s/ David T. Drooz

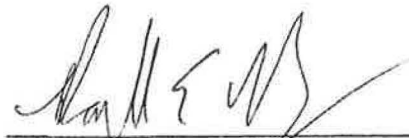
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*Attorney for Appalachian State University
d/b/a New River Light & Power*

COUNTY OF TRANSYLVANIA)
STATE OF NORTH CAROLINA)

VERIFICATION

I, Randall E. Halley, Managing Principal of Summit Utility Advisers, Inc., and consultant to New River Light & Power, solemnly swear that the facts stated in the foregoing New River Light & Power Reply Comments are true and correct to the best of my knowledge and belief.

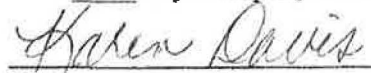
This the 1st day of April, 2022.



Randall E. Halley

Sworn to and Subscribed Before me

This 1 day of April, 2022



Notary Public (Signature)

(SEAL)



Printed Name

My Commission Expires May 23, 2024

