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Dominion®

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JUN 27 2012

**Clerk's Office
N.C. Utilities Commission**

VIA OVERNIGHT MAIL

June 26, 2012

Ms. Gail Mount
Chief Clerk
North Carolina Utilities Commission
430 North Salisbury Street
Dobbs Building
Raleigh, North Carolina 27603

**Re: Response of Dominion North Carolina Power to Order Approving 2011
Annual Updates to 2010 Biennial Integrated Resource Plans and 2011 REPS
Compliance Plans -- Docket No. E-100, Sub 128**

Dear Ms. Mount:

Pursuant to ordering paragraph 11 of the North Carolina Utilities Commission's ("Commission") Order Approving 2011 Annual Updates to 2010 Biennial Integrated Resource Plans and 2011 REPS Compliance Plans in Docket No. E-100, Sub 128, Virginia Electric and Power Company d/b/a Dominion North Carolina Power ("Company" or "DNCP") submits this response regarding the designation of confidential information in DNCP's 2011 REPS Compliance Plan. Enclosed for filing are an original and thirty copies of this letter along with the Revised Public and Confidential Versions of DNCP's 2011 REPS Compliance Plan. The confidential versions are contained in a separate envelope and should be filed *under seal*.

Background

On September 1, 2011, DNCP filed public and confidential versions of its 2011 IRP and REPS Compliance Plan with the Commission pursuant to Rule R8-67(b). In its cover letter, the Company requested that certain items in the 2011 IRP and 2011 REPS Compliance Plan be designated confidential.

On May 30th, 2012, the Commission issued its Order in the above captioned case. In its Order, the Commission questioned whether the following information designated confidential in the 2011 REPS Compliance Plan should have been so designated and directed the Company to explain its reasons for marking such information as confidential.

(2)
AB
ZComm
Watson
Green
Duffley
Hoover
Sessoms
Kitt
Ernessen
Jones
Hodge
Exec. Dir.
Legal 3
Acad 3
Econ 2
Elec 3
Hilburn

Figure 1.2.1 Company's REPS Compliance Plan Summary
Figure 1.3.2 Company's Solar REC Compliance by Year
Figure 1.3.4 Company's Swine REC Compliance by Year
Figure 1.4.1 North Carolina Energy Efficiency Program Energy Savings
Figure 1.7.1 Company's Compliance Cost Summary
Figure 1.8.1 Company's Comparison of Annual Caps

The Commission also questioned the confidential designation of similar information provide by the Company on behalf of the Town of Windsor.

Figure 1.2.2 Town of Windsor REPS Compliance Summary
Figure 1.5.3 Town of Windsor's Retail Sales
Figure 1.5.4 Town of Windsor's Customer Accounts
Figure 1.7.2 Town of Windsor's Compliance Cost Summary
Figure 1.8.2 Town of Windsor's Comparison to Annual Cost Caps

In particular, the Commission wanted to know why the following types of information contained in the above listed figures should be confidential: (a) projections of the energy efficiency savings to be achieved by specific programs; (b) total energy efficiency savings to be achieved; (c) number of general, solar, swine and poultry RECs purchased and number needed; (d) number of retail customers by customer class; (e) annual cost cap per customer class; (f) total annual cost cap per customer class; (g) cost of REPS compliance; and (h) projected administrative costs.

DNCP's Response

After reexamining the information and considering the points made by the Commission, the Company agrees that much of the information designated as confidential in the September 1, 2011 version of the 2011 REPS Compliance Plan should have been made public. The information to be made public and remain confidential is discussed below.

DNCP Data

Figure 1.2.1 The energy efficiency (MWh) data depicted on Figures 1.2.1 is not confidential. Since there was only one row of data on the chart that was marked confidential, the entire Figure 1.2.1 is now public.

Figure 1.3.2 The first row "Target (MWh)" for the Company's Solar REC Compliance year is not confidential. Likewise, the Town of Windsor's target for solar RECs is not confidential. The rest of Figure 1.3.2 should remain confidential for the following reasons:

The row of "Less Banked RECs" describes the Company's position in terms of RECs needed for compliance. This information could be used by potential vendors and/or suppliers of solar RECs to set prices based on their perceived need by DNCP for those

RECs. Any increase in the price of RECs would hurt DNCP's customers because those costs are ultimately passed through to customers. In the Company's opinion, such information should be considered a "trade secret" pursuant to G.S. 62-152 (3) because it constitutes "business information" or market intelligence that could be used by a potential vendor/supplier to set or raise prices for RECs based on the perceived need for such RECs DNCP. This information could be used for competitive advantage in negotiations with the Company. The same reasoning applies for keeping confidential the information related to the "Net Target" row for the Town of Windsor.

"Purchased RECs" and "Net Solar REC Position" each provide information that could also be useful to vendors/suppliers of solar RECs because now that DNCP's solar REC target and the Town of Windsor's solar REC targets are public, it is not difficult for a seller to determine the number of RECs each entity would need. Therefore, the Company believes such information falls within the definition of trade secret pursuant to G.S. 62-152 (3) for the same reasons as discussed above.

Figure 1.3.4 The first row "Target (MWh)" for the Company's Swine REC Compliance year is not confidential. Likewise, the Town of Windsor's target for solar RECs is not confidential. The rest of Figure 1.3.2 should remain confidential for the following reasons:

The row of "Less Banked RECs" describes the Company's position in terms of RECs needed for compliance. This information could be used by potential vendors/suppliers of swine RECs to set prices based on their perceived need by DNCP for those RECs. Any increase in the price of RECs would hurt DNCP's customers because those costs are ultimately passed through to customers. Hence, the Company believes such information falls within the definition of trade secret pursuant to G.S. 62-152 (3) for the same reasons as discussed above. The same reasoning applies to keeping confidential the information in the "Net Target" row for the Town of Windsor.

"Purchased RECs" and "Net Swine REC Position" each provide information that could also be useful to vendors/suppliers of swine RECs because now that DNCP's swine REC target and the Town of Windsor's swine REC targets are public, it is not difficult for a seller to determine the number of RECs each entity would need. Therefore, the Company believes such information falls within the definition of trade secret pursuant to G.S. 62-152 (3) for the same reasons as discussed above.

Figure 1.4.1 The energy efficiency (MWh) data depicted on Figures 1.4.1 is not confidential. The entire figure 1.4.1 is now public.

Figure 1.7.1 The Company's target for Solar (MWh), Swine (MWh), Poultry (MWh), and General REPS are not confidential.

The Company believes that the "REC Cost (\$MWh)" and "Projected Cost" for solar, swine, poultry, and general REPS should remain confidential. The Company believes

this information could be used by potential vendors/suppliers in pricing the RECs. Any increase in the price of RECs would hurt DNCP's customers because those costs are ultimately passed through to customers. In the Company's opinion such information would be considered a "trade secret" pursuant to G.S. 62-152 (3) because it constitutes "business information" or market intelligence which could be used by a potential vendor/supplier to set or raise prices for RECs based on what the Company currently pays for RECs. Likewise, a vendor/supplier could set or raise prices for RECs based on the knowledge of what DNCP thinks they will cost. Knowing DNCP's thoughts on REC costs could undermine the Company's ability to negotiate the best prices for the RECs.

The Company believes that the "Total Projected Compliance Cost" can be made public because it would be difficult for potential sellers of RECs to breakdown the underlying costs and prices of DNCP for each type of REC and/or renewable energy.

Figure 1.8.1 The Company believes that all of the information in figure 1.8.1 "Company's Comparison to Annual Caps" can be made public.

Town of Windsor

Figure 1.2.2 After consulting with the Town of Windsor, all of Figure 1.2.1 can be made public.

Figure 1.5.3 After consulting with the Town of Windsor, all of Figure 1.5.3 can be made public.

Figure 1.5.4 After consulting with the Town of Windsor, all of Figure 1.5.4 can be made public.

Figure 1.7.2 After consulting with the Town of Windsor, the Town of Windsor's targets for Solar (MWh), Swine (MWh), Poultry (MWh), and General REPS as contained in Figure 1.7.2 are not confidential.

Because the Company provides the Town of Windsor with REPS compliance under a full requirements contract, the Company believes that the "REC Cost (\$MWh)" and "Projected Cost" for solar, swine, poultry, and general REPS should remain confidential. The Company believes this information could be used by potential vendors/suppliers in pricing the RECs. Any increase in the price of RECs would hurt the Town of Windsor and its customers because those costs are ultimately passed through to customers. Hence, the Company believes such information falls within the definition of trade secret pursuant to G.S. 62-152 (3) for the same reasons as discussed above in the "DNCP Response" section of this letter.

The Company believes that the "Total Projected Compliance Cost" can be made public because it would be difficult for potential sellers of RECs to breakdown the underlying costs and prices of DNCP for each type of REC and/or renewable energy.

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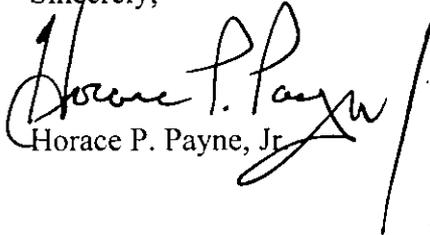
Figure 1.8.2 After consulting with the Town of Windsor, all of Figure 1.8.2 can be made public.

Revised 2011 REPS Compliance Plan

The Company apologizes for designating too much of its 2011 REPS Compliance Plan as confidential. The Company recognizes it needs to be more exacting in making such designations in the future.

Along with this letter response, the Company files Revised Public and Confidential version of its 2011 REPS Compliance Plan. No data has been changed from the Plan filed September 1, 2011. Instead, the Company has removed the confidential designations as described in this letter.

Sincerely,


Horace P. Payne, Jr.

Enclosures

FILED

JUN 27 2012

Clerk's Office
N.C. Utilities Commission

**DOMINION NORTH CAROLINA POWER
2011 REPS COMPLIANCE PLAN**

Pursuant to North Carolina Utilities Commission ("NCUC") Rule R8-67 (b), Virginia Electric & Power Company d/b/a Dominion North Carolina Power ("Company") submits its Renewable Energy and Energy Efficiency Portfolio Standard ("REPS") Compliance Plan in accordance with N.C.G.S. § 62-133.8 (b), (c), (d), (e) and (f), and the aforementioned NCUC Rule R8-67(b). The REPS Compliance Plan covers the current (2011) and immediately subsequent two calendar years (2012-2013). This North Carolina REPS Compliance Plan is an addendum to the Company's 2011 Integrated Resource Plan ("IRP").

As indicated in the Company's REPS Compliance Report filed on August 25, 2011, the Company has met its 2010 REPS requirement.

1.1 RENEWABLE ENERGY REQUIREMENTS

An overview of North Carolina's REPS requirements and Virginia's Renewable Energy Portfolio Standard ("RPS") goals are provided in Chapter 4, Section 4.3 of the Company's 2011 Integrated Resource Plan ("2011 Plan") filed simultaneously with this addendum.

1.2 COMPLIANCE PLAN

In accordance with Rule R8-67 (b) (i), the Company describes its planned actions to comply with G.S. 62-133.8 (b), (c), (d), (e), and (f) for each year.

The Company

The Company plans to meet North Carolina's statutory goals through the year 2021 and thereafter with a REPS Compliance Plan that includes the use of Renewable Energy Certificates ("RECs"), energy efficiency ("EE") and new company-generated renewable energy where economically feasible. North Carolina General Statute § 62-133.8(d) sets the initial compliance target for solar in years 2010 and 2011 as 0.02% of the previous year's baseline load, with overall REPS compliance beginning in 2012, along with swine waste and poultry waste set-asides. The Company began implementing the energy efficiency programs in North Carolina by introduction of the Residential Lighting Program in May 2011 and the other approved programs in June 2011. These programs will contribute to the overall REPS goals, subject to approval by the NCUC.

On September 22, 2009, the NCUC issued an order on the Company's motion for further clarification in Docket No. E-100, Sub 113 ruling that the Company is allowed to utilize out-of-state RECs to meet all of its REPs requirements per G.S. 62-133.8(b)(2)(e). Therefore, in accordance with such order, the Company plans to meet DNCP's obligations with a mix of purchased out-of-state RECs, in-state RECs, qualified energy efficiency programs, and qualified company-generated renewable energy where economically feasible. Figure 1.2.1 provides the summary for the 2011 to 2013 REPS Compliance Plan.

Figure 1.2.1 2011-2013 COMPANY'S REPS COMPLIANCE PLAN SUMMARY

	2011	2012	2013
Baseline Sales Forecast (MWh)	3,996,743	4,135,654	4,287,900
NC Total REPs Requirement %		3%	3%
Total REPS Target (MWh) ¹		119,903	124,070
NC Total Solar Target %	0.02%	0.07%	0.07%
Total Solar Target (MWh) ¹	866	2,798	2,895
NC Total Swine Target %		0.07%	0.07%
Total Swine Target (MWh) ¹		2,798	2,895
NC Total Poultry Target % ^{1,2}		3.02% of 170,000 MWh	3.07% of 700,000 MWh
Total Poultry Target (MWh)		5,137	21,490
General REPS Requirement (net of Solar, Swine and Poultry) (MWh)		109,170	96,790
Energy Efficiency (MWh) ³	12,777	15,130	17,956
Company-Generated Renewables (MWh)			28,939

Notes: (1) 2011 target is based on actual 2010 retail sales of 4,329,303 MWh. 2012-2013 targets are based on baseline retail sales forecasts. The total target is the product of the previous year's baseline load and the current year target percentage. (2) Calculation may not equal due to rounding. (3) Per the statute, the energy savings from EE programs in 2011 can be retained and applied to the 2012 target.

The Town of Windsor

The Company is also responsible for meeting REPs requirements for the Town of Windsor, a wholesale customer of the Company, as outlined in Figure 1.2.2

Figure 1.2.2 2011-2013 TOWN OF WINDSOR REPS COMPLIANCE PLAN SUMMARY

	2011	2012	2013
Baseline Sales Forecast (MWh)	50,800	51,100	52,700
NC Total REPs Requirement %		3%	3%
Total REPS Target (MWh) ¹		1,524	1,533
NC Total Solar Target %	0.02%	0.07%	0.07%
Total Solar Target (MWh) ¹	11	36	36
NC Total Swine Target %		0.07%	0.07%
Total Swine Target (MWh) ¹		36	36
NC Total Poultry Target % ²		0.04% of 170,000 MWh	0.04% of 700,000
Total Poultry Target (MWh) ¹		68	280

General REPS Requirement (net of Solar, Swine and Poultry) (MWh)	1,384	1,181
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Notes: (1) 2011 target is based on actual 2010 retail sales of 50,348 MWh reported by the Town of Windsor. 2012-2013 targets are based on forecasts from the Town of Windsor. The total target is a product of the previous year's baseline retail sales and the current year target percentage.

Solar RECs

The Company's strategy for DNCP's compliance with solar requirements is to buy unbundled out-of-state RECs to minimize the compliance cost to the ratepayers. The Company has purchased or entered into contracts to purchase solar RECs for DNCP's compliance with G.S. 62-133.8 (b) and (d) through 2013. Specifically, the Company has entered into contracts for the purchase of Solar RECs for the term of six (6) years with Integrys Energy Services Inc (d/b/a Solar Star California). This contract will provide enough Solar RECs to satisfy DNCP's compliance for the years 2012 thru 2014 and approximately 35% of the requirements for 2015 through 2017.

The Company is currently negotiating a contract with a facility located in NC that will satisfy the Town of Windsor's compliance requirements for 2011 and 2012. As per the guidance and advice received from Public Staff, the Company intends to purchase 75% of the Solar Carve-out REPS requirements for the Town of Windsor from solar facilities located inside the state.

Swine and Poultry RECs

Under the oversight of the Commission, a group of electric suppliers subject to North Carolina statutes, including the Company, issued joint requests for proposals ("RFPs") for swine waste and poultry litter energy that meet the current set-aside requirements. Several proposals from Swine and Poultry waste RECs suppliers were received and evaluated. Negotiations were finalized with five (5) swine waste RECs suppliers and the Company has signed long term contracts with all five of these suppliers. The joint buyers' group is also negotiating with a poultry litter RECs supplier for a long term contract.

General REPS Requirements Net of Solar, Swine and Poultry

The Company plans to comply with the general REPS requirements, which begin in 2012, using a combination of the approved options to include obtaining qualifying RECs, applying EE programs, and using company-generated new renewable energy that qualify under North Carolina law. The Company's 2011 IRP, of which this Plan is filed as an addendum, includes in the Preferred Plan, beginning in 2013, company-generated new renewable energy from biomass fuel co-firing at the Company's Virginia City Hybrid Energy Center (VCHEC) expected to go on-line in 2012 as well as biomass fuel conversions at the Altavista, Hopewell and Southhampton power stations (pending approval).

1.3 REC CONTRACTS

In accordance with Rule R8-67 (b) (ii), the Company provides a list of executed contracts to purchase renewable energy certificates.

As mentioned in the previous section, the Company has purchased Solar RECS and entered into long-term Swine Waste and Solar REC contracts to comply with G.S. 62-133.8 (b) and (d) and (e). Figures 1.3.1 and 1.3.3 provide summaries of the contracts.

Figure 1.3.1 2011-2013 Solar REC Purchase Contract Summary¹

	Total Volume	Volume / Year	Term	Price / MWh	Total Expense
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Volume	[REDACTED]			Total Expense	[REDACTED]

Notes: Contracts are confidential. (1) The Company plans to retain any surplus RECs from 2010 and 2011 and use for future compliance. (2) Contracts for Town of Windsor compliance.

Figure 1.3.2 COMPANY'S SOLAR REC COMPLIANCE BY YEAR

Type of REC	2011	2012	2013
Solar			
Target (MWh)	866	2,798	2,895
Less Banked RECs	[REDACTED]	[REDACTED]	[REDACTED]
Town of Windsor ²	2	12	12
Net Target	[REDACTED]	[REDACTED]	[REDACTED]
Purchased RECs	[REDACTED]	[REDACTED]	[REDACTED]
Net Solar REC Position	[REDACTED]	[REDACTED]	[REDACTED]

Notes: (1) 1,313 RECs banked in 2010. (2) Town of Windsor's 25% allowable out of state requirement is added to the Company's requirement for execution efficiency. Town of Windsor's remaining 75% in state solar requirement is satisfied separately. Therefore, it is not included in Figure 1.3.2.

Figure 1.3.3 2011-2013 Swine Waste REC Purchase Contract Summary

	Total Volume	Volume / Year ¹	Term	Price / MWh ²	Total Expense
██████████	██████	██████	██████	██████	██████
██████████	██████	██████	██████	██████	██████
██████████	██████	██████	██████	██████	██████
██████████	██████	██████	██████	██████	██████
██████████	██████	██████	██████	██████	██████
Total Volume	██████			Total Expense	██████

Notes: Contracts are confidential. (1) Reduced volumes in first year of contract. Volume / Year shows first full calendar year production. (2) Price escalates approximately 2.5% per year. Prices given are for initial year. (3) Assumes 50% of RECs are produced with swine waste (contract requires at least 50% production from swine waste).

Figure 1.3.4 COMPANY'S SWINE REC COMPLIANCE BY YEAR

Type of REC	2012	2013
Swine		
Target (MWh)	2,798	2,895
Less Banked RECs	██████	██████
Town of Windsor	36	36
Net Target	██████	██████
Purchased RECs	██████	██████
Net Swine REC Position	██████	██████

Notes: (1) Expected delivery in 2011 from contracts listed in Figure 1.3.2. (2) Company is actively attempting to purchase Swine Waste RECs from out of state suppliers to comply.

Based on the Company's assessment of the current status of the signed contracts (shown in Figure 1.3.3), it is highly unlikely that the Swine Waste Compliance Requirements will be satisfied for the 2012 compliance year.

1.4 ENERGY EFFICIENCY PROGRAMS

In accordance with Rule R8-67 (b) (iii), the Company provides a list of planned or implemented energy efficiency measures, including a brief description of the measure and projected impacts.

The Company will apply its energy efficiency programs approved by the NCUC to meet the NC REPS requirements as permitted by law. Figure 1.4.1 lists the potential energy efficiency programs and gives a projection of the resulting energy savings from each program.

**Figure 1.4.1 NORTH CAROLINA ENERGY EFFICIENCY PROGRAMS
ENERGY SAVINGS (MWh)**

	2011 ¹	2012	2013
Commercial HVAC Upgrade Program	252	550	895
Commercial Lighting Program	1,648	3,568	5,804
Low Income Program	114	250	494
Residential Lighting Program	10,763	10,763	10,763
Energy Efficiency Total	12,777	15,130²	17,956

Note: (1) Per the statute, the energy savings from energy efficiency programs in 2011 can be retained and applied to the 2012 target. (2) Total does not equal due to rounding.

A brief description of these energy efficiency programs can be found in Section 3.2.6 of the IRP of which this report is an addendum. The Company also intends to seek approval of additional programs with the NCUC in the future.

1.5 RETAIL SALES & CUSTOMER ACCOUNTS

In accordance with Rule R8-67 (b) (iv), the Company states the projected Company's North Carolina retail sales and year-end number of customer accounts by customer class for each year.

The Company

Figure 1.5.1 summarizes the Company's North Carolina retail sales and Figure 1.5.2 summarizes the year-end number of customer accounts by customer class for each year of the REPS Compliance Plan.

Figure 1.5.1 COMPANY'S NORTH CAROLINA RETAIL SALES¹

Year	Residential Sales (MWh)	Commercial Sales (MWh) ²	Industrial Sales (MWh)	Total Sales (MWh)
2011 (projected)	1,588,607	999,488	1,408,648	3,996,743
2012 (projected)	1,621,287	1,051,317	1,463,050	4,135,654
2013 (projected)	1,638,102	1,071,132	1,578,666	4,287,900

Notes: (1) Excludes the Town of Windsor's wholesale customer load. (2) Includes the Public Authority and Street and Traffic Lighting load.

Figure 1.5.2 COMPANY'S NORTH CAROLINA CUSTOMER ACCOUNTS¹

Year	Residential Customers	Commercial Customers ²	Industrial Customers	Total Customers
2011 (projected)	103,200	18,202	57	121,459
2012 (projected)	104,541	18,412	57	123,010
2013 (projected)	106,256	18,660	57	124,973

Notes: (1) Customer account totals are year-end forecasts. These differ slightly from Appendix 2F in the 2011 IRP which are average yearly amounts. (2) Includes the Public Authority and Street and Traffic Lighting accounts.

Town of Windsor

Figure 1.5.3 summarizes the Town of Windsor's retail sales and Figure 1.5.4 summarizes the year-end number of customer accounts by customer class for each year of the REPS Compliance Plan.

Figure 1.5.3 TOWN OF WINDSOR'S RETAIL SALES¹

Year	Residential Sales (MWh)	Commercial Sales (MWh)	Industrial Sales (MWh)	Total Sales (MWh)
2011 (projected)	20,900	21,900	8,000	50,800
2012 (projected)	21,000	22,000	8,100	51,100
2013 (projected)	22,000	22,500	8,200	52,700

Note: (1) Sales are year-end forecasts provided by the Town of Windsor.

Figure 1.5.4 TOWN OF WINDSOR'S CUSTOMER ACCOUNTS¹

Year	Residential Customers	Commercial Customers ²	Industrial Customers	Total Customers
2011 (projected)	1,428	410	2	1,840
2012 (projected)	1,430	415	2	1,847
2013 (projected)	1,435	420	2	1,857

Notes: (1) Customer account totals are year-end forecasts provided by Town of Windsor.

1.6 AVOIDED COST RATES

In accordance with Rule R8-67 (b) (v), the Company provides the following statement regarding the current and projected avoided cost rates for each year.

Figure 1.6.1 identifies the projected avoided energy and capacity cost from the Biennial Determination of Avoided Costs Rates for Electric Utility Purchases from Qualifying Facilities – 2010 proceeding E-100, SUB 127 before the North Carolina Utilities Commission. Avoided energy and capacity cost as used in the 2011 IRP are given below in Figure 1.6.2.

Figure 1.6.1 PROJECTED AVOIDED ENERGY AND CAPACITY COST (from E-100 sub 127)

	On-Peak (\$/MWh)	Off-Peak (\$/MWh)	Capacity Price (\$/kW-Year)
2011	50.09	38.46	49.93
2012	52.31	40.09	20.23
2013	54.84	41.19	8.41

Figure 1.6.2 PROJECTED AVOIDED ENERGY AND CAPACITY COST (from NC 2011 IRP)

	On-Peak (\$/MWh)	Off-Peak (\$/MWh)	Capacity Price (\$/kW-Year)
2011	58.13	42.76	49.93
2012	59.52	45.05	20.23
2013	57.20	43.34	8.41

1.7 TOTAL & PROJECTED COSTS

In accordance with Rule R8-67 (b) (vi), the Company provides the projected total and incremental costs anticipated to implement the REPS Compliance plan for each year.

The Company

The Company's total and incremental costs for the plan year 2011 are expected to consist of the cost to purchase unbundled out-of-state solar RECs. The projected costs for 2012 and 2013 are expected to consist of the sum of the costs required to comply with solar, swine, poultry and other general renewable requirements. Outside legal costs, joint RFP consulting engineer's fees and NC RETS system development costs and ongoing user fees could also be incurred. Figure 1.7.1 outlines the Company's Compliance Cost Summary for RECs procurement from 2011 to 2013.

Figure 1.7.1 COMPANY'S COMPLIANCE COST SUMMARY

Type of REC	2011	2012	2013
Solar			
Target (MWh)	866	2,798	2,895
REC Cost (\$/MWh) ¹	██████	██████	██████
Projected Cost	██████	██████	██████
Swine			
Target (MWh)	0	2,798	2,895
REC Cost (\$/MWh) ²		██████	██████
Projected Cost		██████	██████
Poultry			
Target (MWh)	0	5,137	21,490
REC Cost (\$/MWh) ²		██████	██████

Projected Cost			
General REPs			
Target (MWh)	0	109,170	96,790
Less Energy Efficiency ³			
Less Company-Generated Renewable			
Net Target			
REC Cost (\$/MWh) ²			
Projected Cost			
Projected Administrative Cost ⁴			
TOTAL PROJECTED COMPLIANCE COST	\$29,526	\$689,980	\$1,695,167

Notes: (1) Solar REC costs for 2011-2013 are from contracts listed in Figure 1.3.1. (2) 2012/2013 projected REC costs are based on market estimates, signed contracts and/or ongoing negotiations. (3) Energy efficiency for 2012 is the sum of 2011 and 2012. (4) Administrative costs include, but are not limited to: NC-RETs fees, broker fees, and miscellaneous expenses.

The Town of Windsor

The Town of Windsor's total and incremental costs for the plan year 2011 are expected to consist of the purchase of qualified solar RECs. The projected costs for 2012 and 2013 are expected to consist of the sum of the costs required to comply with solar, swine, poultry and other general renewable requirements. Figure 1.7.2 outlines the Town of Windsor's Compliance Cost Summary from 2011 to 2013.

Figure 1.7.2 TOWN OF WINDSOR'S COMPLIANCE COST SUMMARY

Type of REC	2011	2012	2013
Solar			
Target (MWh)	11	36	36
REC Cost (\$/MWh) ^{1,2}			
Projected Cost			
Swine			
Target (MWh)	0	36	36
REC Cost (\$/MWh) ²			
Projected Cost			
Poultry			
Target (MWh)	0	68	280
REC Cost (\$/MWh) ²			
Projected Cost			
General REPs			
Target (MWh)	0	1,384	1,181

REC Cost (\$/MWh) ²		████	████
Projected Cost		████	████
TOTAL PROJECTED COMPLIANCE COST	\$970	\$10,812	\$24,447

Notes: (1) Solar REC costs for 2011 are weighted averages from contracts listed in Figure 1.3.1. (2) 2012/2013 projected REC costs are based on market estimates, signed contracts and/or ongoing negotiations.

1.8 ANNUAL COST CAPS

In accordance with Rule R8-67 (b) (vii), the Company provides the following comparison of projected costs to the annual cost caps contained in G.S. 62-133.8 (h) (4).

Figure 1.8.1 provides a comparison of the Company's projected costs to the annual cost caps for each year of the REPS Compliance Plan. Compliance costs are allocated to the Customer Classes based on the percentage of each of the Customer Class Cost Caps to the Total Cost Cap.

Figure 1.8.1 COMPANY'S COMPARISON TO ANNUAL CAPS

Compliance Year 2011	Residential Customers	Commercial Customers	Industrial Customers	Total Customers
Projected Year-End Annual Customers	103,200	18,202	57	121,459
Annual Cost Cap per Customer	\$10	\$50	\$500	-
Annual Cost Cap, Total	\$1,032,000	\$910,100	\$28,500	\$1,970,600
Projected Cost of Compliance¹	\$15,463	\$13,636	\$427	\$29,526

Compliance Year 2012	Residential Customers	Commercial Customers	Industrial Customers	Total Customers
Projected Year-End Annual Customers	104,541	18,412	57	123,010
Annual Cost Cap per Customer ²	\$12	\$150	\$1,000	-
Annual Cost Cap, Total	\$1,254,492	\$2,761,800	\$57,000	\$4,073,292
Projected Cost of Compliance¹	\$212,500	\$467,825	\$9,655	\$689,980

Compliance Year 2013	Residential Customers	Commercial Customers	Industrial Customers	Total Customers
Projected Year-End Annual Customers	106,256	18,660	57	124,973
Annual Cost Cap per Customer	\$12	\$150	\$1,000	-
Annual Cost Cap, Total	\$1,275,072	\$2,799,000	\$57,000	\$4,131,072
Projected Cost of Compliance¹	\$523,220	\$1,148,557	\$23,390	\$1,695,167

Notes: (1) Projected costs were allocated to the customer classes based on customer percentage of total cost cap. (2) Annual cost cap per customer increases in 2012 per 62-133.8 (h) (4).

Figure 1.8.2 provides a comparison of the Town of Windsor's projected costs to the annual cost caps for each year of the REPS Compliance Plan.

Figure 1.8.2 TOWN OF WINDSOR'S COMPARISON TO ANNUAL CAPS

Confidential information indicated by italics.

Compliance Year 2011	Residential Customers	Commercial Customers	Industrial Customers	Total Customers
Projected Year-End Annual Customers	1,428	410	2	1,840
Annual Cost Cap per Customer	\$10	\$50	\$500	-
Annual Cost Cap, Total	\$14,280	20,500	\$1,000	\$35,780
Projected Cost of Compliance¹				\$970

Compliance Year 2012	Residential Customers	Commercial Customers	Industrial Customers	Total Customers
Projected Year-End Annual Customers	1,430	415	2	1,847
Annual Cost Cap per Customer ²	\$12	\$150	\$1,000	-
Annual Cost Cap, Total	\$17,160	\$62,250	\$2,000	\$81,410
Projected Cost of Compliance¹				\$10,812

Compliance Year 2013	Residential Customers	Commercial Customers	Industrial Customers	Total Customers
Projected Year-End Annual Customers	1,435	420	2	1,857
Annual Cost Cap per Customer	\$12	\$150	\$1,000	-
Annual Cost Cap, Total	\$17,220	\$63,000	\$2,000	\$82,220
Projected Cost of Compliance¹				\$24,447

Notes: (1) The Town of Windsor is to determine the allocation among the different customer classes. (2) Annual cost cap per customer increases in 2012 per 62-133.8 (h) (4).

1.9 REPS RIDER

In accordance with Rule R8-67 (b) (viii), the Company provides an estimate of the amount of the REPS rider and the impact on the cost of fuel and fuel-related costs rider necessary to fully recover the projected costs.

The Company did not file a REPS Rider in 2010 and is not filing a REPS Rider in 2011. As described in the Company's REPS Compliance Report filed on August 26, 2011, the Company

expects to spend in total under \$60,000 for 2010 and 2011 REPS compliance for DNCP and Town of Windsor. Due to the relatively small cost of compliance so far, the Company does not consider it to be cost-effective to seek recovery of these costs at this time. The Company recognizes that any recovery of these costs will need to be approved by the Commission.

1.10 REGISTRATION INFORMATION

In accordance with Rule R8-67 (b) (ix), the Company provides the following statement in response to the requirement that, to the extent not already filed with the Commission, the electric power supplier shall, on or before September 1 of each year, file a renewable energy facility registration statement pursuant to Rule R8-66 for any facility it owns and upon which it is relying as a source of power or RECs in its REPS compliance plan..

The Company will confirm that the facilities generating solar, swine, poultry and/or other renewable RECs, used by the Company for its REPS Compliance Plan have registered and filed the appropriate information with the NCUC pursuant to Rule R8-66.