DOCKET NO. E-7, SUB 1026

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of:	)	
Application of Duke Energy Carolinas, LLC	)	
For Adjustment of Rates and Charges	)	**POST-HEARING BRIEF**
Applicable to Electric Service in North Carolina	)	

NCSEA'S POST-HEARING BRIEF

In accordance with the 18 July 2013 *Notice of Due Date for Proposed Orders* issued by the North Carolina Utilities Commission ("Commission"), the North Carolina Sustainable Energy Association ("NCSEA") submits this post-hearing brief in the matter of the *Application of Duke Energy Carolinas, LLC* ("DEC") *for Adjustment of Rates and Charges Applicable to Electric Service in North Carolina* ("Application" or "DEC's Application"). NCSEA believes the Commission, in any final order on DEC's Application, should:

- Convene a formal working group comprised of North Carolina League of Municipalities ("NCLM") members, the Public Staff (if interested), and DEC decision-makers to foster greater collaboration between DEC and its municipal retail customers;[1]
- Reject any increase to DEC's standby charge;[2]
- Clarify that parties representing qualified facilities (or other affected DEC customers) will have an opportunity, if needed, to file formal comments

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[1] The relief being requested here is very similar, if not identical, to relief being sought in this proceeding by the North Carolina League of Municipalities.
[2] The relief being requested here is very similar, if not identical, to relief being sought in this proceeding by the Commercial Group.

and be heard in connection with DEC's changes to its extra facilities "prepayment" option; and, finally,

- Address, to the extent it is appropriate in this proceeding, the adequacy of DEC's efforts to provide its customers – particularly its residential customers – with notice of forecasted demand peaks.

These requests for relief are explained in more detail below.

I. THE COMMISSION SHOULD CONVENE A FORMAL WORKING GROUP COMPRISED OF NCLM MEMBERS, THE PUBLIC STAFF (IF INTERESTED), AND DEC DECISION-MAKERS TO FOSTER GREATER COLLABORATION BETWEEN DEC AND ITS MUNICIPAL RETAIL CUSTOMERS.

North Carolina League of Municipalities ("NCLM") Witness Wright, explaining the purpose of his testimony, testified that

> cities and investor-owned utilities that serve them should work more cooperatively to find mutually beneficial solutions to the challenges that [they] both face.

Transcript of Testimony of Multi-Day Hearing Beginning on 7/8/13 – Volume 5, p. 124 ("Tr. Vol. __ at p. __"), Commission Docket No. E-7, Sub 1026 (12, 17 & 18 July 2013). NCLM Witness Wright concluded his testimony by saying,

> We welcome the opportunity to enter into further dialogue and find common ground and mutually acceptable, workable solutions for both the cities and for [DEC].

Id. at p. 138.

The desire of North Carolina's municipalities to collaborate more closely with Duke Energy's post-merger North Carolina operating companies is not a new desire. In an August 2012 merger-related Commission filing, NCSEA and the City of Raleigh indicated that this desire existed at least as early as a year ago. At that time, NCSEA

encouraged the Commission to create a working group and Raleigh Mayor Nancy McFarlane wrote:

> I wish to express the desire of the City of Raleigh to work collaboratively with Duke Energy Corporation and its subsidiaries [DEC] and [PEC] as the companies work to integrate their programs and practices, particularly with regard to tree protection, undergrounding of service lines, renewable energy and energy efficiency.

NCSEA's Response to Motion for Reconsideration, p. 6 and Exhibit A, Commission Docket Nos. E-2, Sub 998 and E-7, Sub 986 (8 August 2012). NCLM's renewed call for a working group in PEC's (now DEP's) recent rate case, *see* Commission Docket No. E-2, Sub 1023, and in this proceeding highlights the ongoing need for a working group.

During his testimony, DEC President Newton indicated DEC was willing to help form a working group. President Newton engaged in the following exchange with NCLM's Counsel:

> Q: . . . you respond to the municipal customers' request for a forum to address their issues, and indicate that the Company is willing to work with the League of Municipalities to foster a dialogue. Is that a fair summary of [your] testimony?
> A: Yes, it is.
> . . .
> Q: . . . through the testimony of League Witnesses Coughlan and Davis, the League has requested that the Commission direct the Company to convene a working group to consider service regulations and rate design issues that may facilitate innovation on the part of municipal customers. Does your testimony . . . signify the Company's agreement to this request?
> A: So make sure I understood your question. You're asking whether we would agree to – to help form a working group with the League to look at service regs and rate design issues?
> Q: That's correct.
> A: *Be happy to do that.*

Tr. Vol. 1 at pp. 182-83 (DEC Witness Newton testimony) (emphasis added).

With DEC having indicated its willingness in this proceeding to participate in a working group, this Commission can cultivate collaboration by (1) directing DEC to convene the working group by inviting (a) NCLM, (b) DEC's municipal retail customers, and (c) the Public Staff to a "kick-off" meeting (at which scheduling and pressing substantive matters can be discussed) as soon as possible after entry of a final Commission order in this proceeding, and (2) providing for a formal, as-needed, reporting mechanism to ensure the working group discussions offer optimal potential for collaborative forward progress.

By directing DEC to convene the working group as soon as possible, the working group can agree on scheduling/frequency of meetings and begin discussing some of the more pressing substantive matters. At the "kick-off" meeting, DEC could for example share its proposal for an LED lighting tariff[3] with municipalities and get their feedback before the tariff is actually filed later this year. As NCLM Witness Henderson stated in response to a Commissioner Rabon question: "[T]he information I had is that [DEC was] looking at filing an LED rate and what my testimony is is that filing [any old] LED rate versus filing one with the structure that allows for the reductions in cost is two different things." Tr. Vol. 5 at p. 68. Using the working group to solicit municipality input prior to filing of the tariff can help make sure the LED tariff is as responsive as practicable to municipality concerns.

As to formal reporting by the working group, DEC President Newton testified: "I don't know that we need the bureaucracy of a formal, you know, sort of reporting to the

[3] DEC Witness Bailey testified that a "new Duke Energy Carolinas LED tariff offering is currently under study and the Company hopes to file by the end of 2013." Tr. Vol. 5 at p. 331 (DEC Witness Bailey testimony).

Commission, *although I'm happy to do that if – if that's what the Commission desires.* I would like to think we'd be able to work together without a formal proceeding of any kind." Tr. Vol. 1 at pp. 183-84 (DEC Witness Newton testimony) (emphasis added). NCSEA certainly understands DEC President Newton's desire to avoid a purely "bureaucratic" reporting requirement. At the same time, some formality might help avoid a repeat of miscommunications that appear to have stymied recent dialogue between DEC and some municipalities. *See, e.g.,* Tr. Vol. 5 at p. 38 *et seq.* (exchange between DEC Witness Bailey and City of Durham's Counsel regarding an earlier meeting between DEC and some cities).

Commission "creation" of a working group will help foster greater communication between NCLM's members and DEC and, at the same time, promote the advancement of the State's "policy . . . to conserve energy through efficient utilization of all resources." N.C. Gen. Stat. § 62-155(a). Especially in light of DEC's expressed willingness to participate, NCSEA supports NCLM's request that the Commission convene a working group comprised of NCLM members, the Public Staff (if interested), and DEC decision-makers.

II. THE COMMISSION SHOULD REJECT DEC'S PROPOSED INCREASED STANDBY CHARGE.

N.C. Gen. Stat. § 62-75, entitled "Burden of proof," provides in pertinent part as follows:

> Except as otherwise limited in this Chapter, in all proceedings instituted by the Commission for the purpose of investigating any rate, service, classification, rule, regulation or practice, the burden of proof shall be upon the public utility whose rate, service, classification, rule, regulation or practice is under investigation to show that the same is just and reasonable.

DEC proposes in this proceeding to increase its standby charge from the current rate of $1.1894/kW to $1.194/kW.[4] NCSEA Bailey Cross-Ex. 1 at p. 5 (DEC response to NCSEA data request 1-3). NCSEA agrees with the Commercial Group that DEC has failed to meet its burden of proof justifying this charge increase. NCSEA believes the Commission should reject DEC's proposed increased standby charge.

With regard to the proposed increased standby charge, DEC Witness Bailey testified as follows:

> A: . . . The current charge is designed to recover the Company's cost of local facilities when the generator should cease to operate, and the Company must immediately replace the output of the generator. . . . The Company believes that the Standby Charge is properly designed for its purpose and that the charges have been fairly determined. Nonetheless, *standby is a complex topic, and is made more so with a greater pene[]tration of renewable energy supplies*. This is an area of sig[]nificant interest to the Company and we are studying its implications. The Company will commit to fully evaluating this issue and making appropriate adjustments if warranted in its next rate case.

Tr. Vol. 5 at p. 327 (DEC Witness Bailey testimony) (emphasis added).

Despite DEC Witness Bailey's testimony that DEC believes the proposed increased standby charge has been "fairly determined," the record evidence indicates that DEC has not met its burden to show that the proposed increased charge is just and reasonable. A review of the record evidence, *see infra*, highlights DEC's failure to meet its burden of proof.

Before the record evidence is reviewed, however, it is important to clearly state what is not at issue and what is at issue. That DEC has costs associated with its

[4] "Due to improper cell references, the filed value [in DEC's Application] was incorrectly stated as $1.244 per kW." NCSEA Bailey Cross-Ex. 1 at p. 5 (DEC response to NCSEA data request 1-3).

distribution system is not being challenged; rather, the justness and reasonableness of how DEC allocates these costs to and seeks to recoup some of these costs from its customer-generators is at issue.

As complex as standby may be, the complexity itself cannot be used to obviate DEC's requirement that it show its proposed increased standby charge is just and reasonable, particularly when the record is clear on several points:

- First, DEC acknowledges that it "has standardized its distribution[[5] standby] charge by determining the North Carolina average cost to serve per kilowatt. The calculation uses NC Cost of Service distribution related expenses and NC non-coincident demands for large power customers." NCSEA Bailey Cross-Ex. 1 at p. 4 (DEC response to NCSEA RFP 1-4(c)). The average cost to serve a class of customers includes cross-subsidization costs.[6]
- Second, DEC acknowledges, however, that "[o]ne of the aims of a fairly determined standby charge is that it eliminates as much as possible cross-subsidy[.]" Tr. Vol 5 at p. 384 (DEC Witness Bailey testimony).
- Third, there is "absolutely" the potential that a "customer generator may subsidize other customers by virtue of the fact that its distributed generation may reduce line losses, provide voltage support and defer the

[5] DEC "does not plan for standby load at the transmission or generation level at this time" and therefore "use[s] only the distribution portion in pricing standby service." Tr. Vol. 5 at pp. 310, 384 (DEC Witness Bailey testimony).

[6] As the Commission has noted, "cross-subsidies exist throughout utility tariffs in support of various State policies." NCSEA Bailey Cross-Ex. 1 at p. 7 (an excerpt from *Order Amending Net Metering Policy*, p. 11 n. 3, Commission Docket No. E-100, Sub 83 (31 March 2009)).

need for distribution grid upgrades[.]"[7] Tr. Vol. 5 at pp. 384-385 (DEC Witness Bailey testimony). DEC Witness Bailey conceded that "there are things that Duke doesn't know or hasn't quantified, like some of the system benefits of renewable customer-owned generation[,]" Tr. Vol. 5 at p. 386, and, after acknowledging that Georgia Power recently quantified distributed solar benefits at approximately a penny out of 13 being paid to its distributed solar facilities, he conceded that "it's possible" that "distributed solar customer generators could be conferring similar – not the same – similar avoided distribution benefits here in Duke territory." Tr. Vol. 5 at pp. 388-389 (DEC Witness Bailey testimony); *see* NCSEA Bailey Cross-Ex. 1 at pp. 10-14 (excerpt from transcript of recent IRP hearing before Georgia PSC).

- Fourth, with regard to any potential cross-subsidy running from other customers to a customer generator, DEC Witness Bailey was unable to clearly articulate how a customer generator is any different than an energy-efficient customer, who is NOT required to pay a standby charge, in terms of receiving – or not receiving – a distribution-level "subsidy." The following exchange took place between Witness Bailey and the Commercial Group's Counsel:

[7] It should be noted that the Commission has opined on this potential. "The Commission agrees with those parties that assert that renewable customer-owned generation almost certainly provides some additional benefits and that the utilities should have acknowledged those benefits in their analyses." See Tr. Vol. 5 at p. 385; NCSEA Bailey Cross-Ex. 1 at p. 7 (an excerpt from *Order Amending Net Metering Policy*, p. 11, Commission Docket No. E-100, Sub 83 (31 March 2009)).

Q: Let's consider two retail facilities with the identical footprint, identical load characteristics, and they are considering installing two types of technology: One is a 200 kw solar generator, and store two decides to install day lighting, which when the – when the sun is out reduces their load by 200 kws, okay?

A: All right.

Q: Understood that hypothetical? Now, both of those facilities['] load changes almost immediately when the sun is covered by clouds, correct?

A: Yes.

Q: And what is it about facility one with a solar generation, that when the – when the sun goes behind the clouds, Duke has to supply 200 kw more? What is it – what cost does that facility one impose that the second facility that has day lighting that when the cloud comes out, all of a sudden it has to turn on the lights and Duke has to supply 200 kws of load? What is the differentiation in cost between those two?

A: *At this point I'd have to say I'm not sure, but as I discussed yesterday, we're going into a comprehensive review of particularly solar. Standby will be a part of that. It's going to get a more extensive review than we've had in the past.*

Tr. Vol. 6 at p. 32 (DEC Witness Bailey testimony) (emphasis added).

- Fifth, DEC Witness Bailey stated very clearly that he thinks the current proposed increased standby charge will prove inaccurate in the light of the results of the comprehensive solar study that DEC is performing. The following exchange took place between Witness Bailey and NCSEA's Counsel:

Q: And looking at your rebuttal testimony at page 11, lines 9 and 10, your commitment to making appropriate adjustments to the standby charge implies that taking this complexity into account, your proposed charge may not, in fact, be the fairest charge once the study results come back in, but Duke will work to make it better if it's not the fairest charge; is that fair to say?

A: What it says very simply is we're going to study the issue.
Q: And you're willing to make warranted appropriate adjustments?
A: Indeed.
Q: And my question is: Does that statement imply that adjustments might be needed?
A: *I think adjustments are going to be needed for sure.*

Tr. Vol. 5 at p. 390 (DEC Witness Bailey testimony) (emphasis added).

The foregoing record evidence – evidence which was elicited from DEC and its witness *and* is uncontroverted – undergirds NCSEA's and the Commercial Group's assertions that DEC has not met its burden of proof with regard to its proposed increased standby charge. Commission approval of DEC's proposed increased standby charge would not only run counter to the record evidence, but also could work to prejudice customer generators for at least two years: DEC knows "for sure" that its proposed charge is not accurate and that adjustments will need to be made in a future rate case, yet has promised not to apply for another rate increase for at least two years. *See* Tr. Vol. 5 at p. 391 (DEC Witness Bailey testimony). In light of the foregoing, NCSEA supports the Commercial Group's argument that the Commission should reject DEC's proposed increased standby charge. It is just and reasonable to leave the standby charge unchanged in this proceeding and permit DEC to revisit the issue in its next rate case.

III. THE COMMISSION SHOULD CLARIFY THAT PARTIES REPRESENTING QUALIFIED FACILITIES (OR OTHER AFFECTED DEC CUSTOMERS) WILL HAVE AN OPPORTUNITY, IF NEEDED, TO FILE FORMAL COMMENTS AND BE HEARD IN CONNECTION WITH DEC'S CHANGES TO ITS EXTRA FACILITIES "PREPAYMENT" OPTION.

DEC's proposed Service Regulations Leaf M[8] explains that, at the request of the customer, and pursuant to the customer's agreement to either pay a monthly "Extra Facilities Charge" or be billed under an alternative prepayment option,

> the Company will furnish, install, own and maintain facilities which are in addition to those necessary for delivery of service at one point, through one meter, at one voltage, in accordance with the applicable rate schedule, such additional facilities to be furnished under an "Extra Facilities Clause" added to and made a part of the Company's standard form of contract[.]

Qualified facilities, such as solar farms, frequently require extra facilities and thus NCSEA, in its representative capacity, has a keen interest in extra facilities charge-related issues.

In this proceeding, DEC "proposes to change the way in which the Extra Facilities Charge ("EFC") calculation is made by adopting a new methodology." Tr. Vol. 5 at p. 314 (DEC Witness Bailey testimony). Under DEC's new methodology, the proposed change to the *monthly* EFC payment option is clearly set out: "the monthly charge rate declines from 1.7% to 1.1%." *Id.*; NCSEA Bailey Cross-Ex. 1 at p. 1 (NCLM data request illustrating proposed change in tariff language, including the rate reduction).

[8] DEC's current Service Regulations Leaf M is the last page of Exhibit A to DEC's Application. DEC's proposed Service Regulations Leaf M is the last page of Exhibit B to DEC's Application.

DEC has not clearly set out its proposed change to the "alternative prepayment option." In Paragraph 5.C. of the DEC and Public Staff stipulated settlement, DEC and the Public Staff agree:

> that within 30 days of the date of the Approval Order, DEC will develop a new methodology for calculating an alternative payment under the alternative payment option and will file the methodology and appropriate tariff changes for review and approval by the Commission following an opportunity for other parties to comment.

Agreement and Stipulation of Settlement, p. 10, Commission Docket No. E-7, Sub 1026 (17 June 2013). During his testimony, DEC Witness Bailey explained:

> While revising its Extra Facilities Charge rate calculation methodology, the Company also examined its methodology for calculating Extra Facilities *prepayments* pursuant to its "alternative payment option." . . . The Company is still working through the impacts of this change to its accounting and other processes, and intends to file the appropriate changes to its Tariff within 30 days of the date of the Approval Order[.]

Tr. Vol. 5 at pp. 321-322 (emphasis added).

To provide a point of comparison, during the recent Duke Energy Progress, Inc. ("DEP") rate case, DEP clearly set out the changes it was proposing to both of its options: DEP set out that, in the absence of a prepayment, its monthly facilities charge rate was declining from 2.0% to 1.3%; DEP also set out that, under its prepaid option, the charge rate was declining from 1.0% to 0.5%. *See DEP's Application*, Ex. A at p. 127 of 130 and Ex. B at p. 117 of 120, Commission Docket No. E-2, Sub 1023 (12 October 2012).

While DEC has not clearly set out the rate change it will propose for its alternative prepayment option, DEC Witness Bailey testified that "we expect that what we will derive will be more favorable to the customer than the existing language." Tr. Vol. 5 at p. 381; Tr. Vol. 5 at p. 382 (DEC Witness Bailey reiterates that DEC's

expectation is that the alternative prepayment option charge will go down). DEC Witness Bailey's testimony provides a degree of comfort.

NCSEA knows, however, that expectations can change or fail to materialize. In order to ensure that NCSEA's members' rights are preserved, NCSEA prays the Commission clarify that, where the stipulated settlement currently provides that DEC, within 30 days of an Approval Order, will "file the methodology and appropriate tariff changes for review and approval by the Commission following an opportunity for other parties to comment," the stipulated settlement contemplates a formal comment period before the Commission. DEC Witness Bailey testified that such a reading was a "reasonabl[e] interpret[ation]." Tr. Vol. 5 at p. 382.

IV. THE COMMISSION SHOULD ADDRESS, TO THE EXTENT IT IS APPROPRIATE IN THIS PROCEEDING,[9] THE ADEQUACY OF DEC'S EFFORTS TO PROVIDE ITS CUSTOMERS – PARTICULARLY ITS RESIDENTIAL CUSTOMERS – WITH NOTICE OF FORECASTED DEMAND PEAKS.

In 1975, the North Carolina General Assembly enacted N.C. Gen. Stat. § 62-155, entitled "Electric power rates to promote conservation." The statute provides in pertinent part:

> (b) If the Utilities Commission after study determines that conservation of electricity and economy of operation for the public utility will be furthered thereby, it shall direct each electric public utility to notify its customers by the most economical means available of the anticipated periods in the near future when its generating capacity is likely to be near peak demand and urge its customers to refrain from using electricity at these peak times of the day. . . .
> (c) The Commission itself shall inform the general public as to the necessity for controlling demands for electricity at peak periods and shall require the several electric public utilities to carry out its program of information and education in any reasonable manner.

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[9] NCSEA has already raised a virtually identical argument in connection with DEC's pending DSM/EE cost recovery rider proceeding. *See NCSEA's Amended Post-Hearing Brief*, pp. 13-15, Commission Docket No. E-7, Sub 1031 (22 July 2013). In that same proceeding, DEC and the Public Staff argued that it would be more appropriate if the issue were considered in this docket. In their joint proposed order, DEC and the Public Staff, standing in the shoes of the Commission, state:

> The Commission has had the authority since 1975 to direct the electric utilities to notify their customers of anticipated periods of peak demand without imposing additional costs on ratepayers. Thus, the Commission believes that the notification requested by NCSEA is not appropriate to be a DSM/EE program, with its costs recovered through the DSM/EE rider. The issue of the notice to customers of impending peaks has been raised in both Docket No. E-7, Sub 1026 and in prior integrated resource plan dockets, and the Commission believes it would be more appropriate to consider the issue in those dockets.

Joint Proposed Order of Duke Energy Carolinas, LLC, and the Public Staff, p. 31, Commission Docket No. E-7, Sub 1031 (25 July 2013). While NCSEA believes the issue was appropriately raised in DEC's DSM/EE cost recovery rider proceeding, it is raising the issue in this proceeding as well out of an abundance of caution.

N.C. Gen. Stat. § 62-155(b) & (c).

Thirty-three years after enactment of the statute, in 2008, the Commission – after analysis – "recommend[ed] that utilities aggressively pursue opportunities for increased demand response" and concluded that "[d]emand response programs have a tremendous potential to impact peak demand and should be fully utilized by utilities." *Report of the Commission to the Governor of North Carolina et al. Regarding an Analysis of Rate Structures, Policies, and Measures to Promote Renewable Energy Generation and Demand Reduction in North Carolina*, p. 48, Commission Docket No. E-100, Sub 116 (2 September 2008). More recently, in 2012, the Commission "strongly encourage[d] utilities to take reasonable measures to inform all customers of the forecasted summer peak to allow all customers to engage in voluntary demand response and peak shaving." *Order Denying Rulemaking Petition*, pp. 10-11, Commission Docket No. E-100, Sub 133 (30 October 2012).

Despite the Commission's 2008 recommendation and its 2012 strong encouragement, DEC does not appear to have taken clear and discernible steps to inform its residential customers of the forecasted summer peaks so that they can engage in voluntary demand response and peak shaving. During the hearing in this matter, the following exchange between Public Staff Witness Floyd and NC WARN's Counsel occurred:

> Q: And so some of the – some of the large industrial high load customers are notified when there is times that could be a peak period . . . .
>
> A: That's true. . . . The Company does have programs to notify customers if they choose to enroll in those programs to – to receive day ahead notification or a few hours in some instances.
>
> . . .
>
> Q: Are there similar programs for the residential customers?

A: No, sir.
Q: And how would a residential customer know when a peak period is coming up?
A: He typically would not unless the Company makes a general broadcast over media to ask customers to conserve, which they have done.

Tr. Vol. 8 at pp. 169-171 (Public Staff Witness Floyd testimony).

In response to the 5 February 2013 comments filed by the Public Staff in the 2012 IRP proceeding (Commission Docket No. E-100, Sub 137), DEC discussed its plans to inform its customers of the system summer peaks so that they might engage in voluntary demand response and peak shaving. DEC stated in pertinent part that it "proactively provide[s] voluntary programs for customers to participate in managing peak demand[,]" and

> [i]n addition, during those periods when peak customer usage and/or system conditions may forecast the need for customers to take additional conservation measures, DEC and PEC have communication plans that include notifying appropriate state government agencies through existing emergency communication channels, the general public through the news media and other means, as well as notifying Company facilities and employees to conserve electricity.

Duke Energy Carolinas and Progress Energy Carolinas' Reply Comments ("DEC's IRP Reply Comments"), pp. 7-8, Commission Docket No. E-100, Sub 137 (5 March 2013).

DEC's IRP Reply Comments are not responsive to the core issue. When the issue is *notification* of customers about forecasted summer peaks, it is inapposite that DEC provides programs for customers to participate in managing peak demand, unless one of those programs is a program that *notifies* the customers of impending summer peaks. Similarly, when the issue is notification so that customers can engage in *voluntary* demand response and peak shaving, DEC notifications limited to when DEC has a "need for customers to take additional conservation measures" does not provide residential

customers the full opportunity to *voluntarily* peak shave at those times when DEC does not "need" them to. A DEC peak notification program will enable residential customers to *voluntarily* peak shave and thereby offers them the opportunity to serve themselves in at least two ways: First, reduced residential consumption at peak demand times can reduce long-term cost of service and yield savings in the form of lower future proposed revenue requirements; and second, reduced residential peak consumption can reduce the residential allocation of future proposed revenue requirements.

If appropriate in this proceeding, the Commission should – pursuant to its statutory authority set out in N.C. Gen. Stat. § 62-155(b) & (c) and its mandate to inform the general public as to the necessity for controlling demands for electricity at peak periods set out in N.C. Gen. Stat. § 62-155(c) – direct DEC to develop and propose a peak notification plan designed to, *inter alia*, notify its residential customers by the most economical means available of the anticipated periods in the near future when DEC's generating capacity is likely to be near peak demand and (2) urge its residential customers to refrain from using electricity at these peak times of the day.

CONCLUSION

For the reasons set out *supra* in this post-hearing brief, NCSEA prays the Commission in any final order on DEC's Application:

- Direct DEC to convene a formal working group comprised of North Carolina League of Municipalities ("NCLM") members, the Public Staff (if interested), and DEC decision-makers to foster greater collaboration between DEC and its municipal retail customers;
- Reject any increase to DEC's standby charges;

- Clarify that parties representing qualified facilities (or other affected DEC customers) will have an opportunity, if needed, to file formal comments and be heard in connection with DEC's forthcoming changes to its extra facilities "prepayment" option; and, finally,
- Address, to the extent it is appropriate in this proceeding, the adequacy of DEC's efforts to provide its customers – particularly its residential customers – with notice of forecasted demand peaks.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that all persons on the docket service list have been served true and accurate copies of the foregoing Post-Hearing Brief by hand delivery, first class mail deposited in the U.S. mail, postage pre-paid, or by email transmission with the party's consent.

This the 19th day of August, 2013.

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