

Duffley, Kimberly

From: Duffley, Kimberly
Sent: Monday, October 1, 2018 1:31 PM
To: 'Breitschwerdt, E. Brett'; Jirak, Jack; 'Dodge, Tim R'; Cummings, Layla
Subject: Confidential Questions
Attachments: Further Questions.docx

The Commission would like a response to the attached confidential questions based upon the filings made this morning. If possible, please respond by 3:00 p.m. today. If that is not possible, please respond and let us know what time period might be possible to respond? I will send an email to the group of attorneys to indicate that I have sent these confidential questions to Duke and the Public Staff.

Kim

Kimberly W. Duffley | Senior Staff Attorney
North Carolina Utilities Commission
(919) 733-0833

OFFICIAL COPY

Oct 05 2018

Duffley, Kimberly

From: Breitschwerdt, E. Brett <bbreitschwerdt@mcguirewoods.com>
Sent: Monday, October 1, 2018 3:10 PM
To: Duffley, Kimberly; Jirak, Jack; Dodge, Tim R; Cummings, Layla
Subject: RE: Confidential Questions
Attachments: Active_107889069_2_Further Commission Questions (Duke Resposne to Qs 1-2 3_05 10-1-18).DOCX

Kim, please see attached for Duke's response to Q1 and a joint response to Q2. Duke's response to Q3 is under development.

From: Duffley, Kimberly [mailto:kduffley@ncuc.net]
Sent: Monday, October 1, 2018 1:31 PM
To: Breitschwerdt, E. Brett <bbreitschwerdt@mcguirewoods.com>; Jirak, Jack <Jack.Jirak@duke-energy.com>; Dodge, Tim R <tim.dodge@psncuc.nc.gov>; Cummings, Layla <Layla.Cummings@psncuc.nc.gov>
Subject: Confidential Questions

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Duffley, Kimberly

From: Breitschwerdt, E. Brett <bbreitschwerdt@mcguirewoods.com>
Sent: Tuesday, October 2, 2018 9:57 AM
To: Duffley, Kimberly; Jirak, Jack; Dodge, Tim R; Cummings, Layla
Subject: RE: Confidential Questions
Attachments: Active_107889069_3_Further Commission Questions (Duke Response to Qs 1-3 Updated 10_00am 10-2-18).DOCX

Good morning Kim,

Please see Duke Energy's updated answers to the Commission's Confidential Questions, adding a response to Question 3. No modifications were made to the previously-provided responses to Questions 1-2.

Thanks,
BB

From: Duffley, Kimberly [mailto:kduffley@ncuc.net]
Sent: Monday, October 1, 2018 1:31 PM
To: Breitschwerdt, E. Brett <bbreitschwerdt@mcguirewoods.com>; Jirak, Jack <Jack.Jirak@duke-energy.com>; Dodge, Tim R <tim.dodge@psncuc.nc.gov>; Cummings, Layla <Layla.Cummings@psncuc.nc.gov>
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Response to Questions 1-3[Q3 Added 10-2-18]Further Questions: **CONFIDENTIAL**

1. Duke's October 1, 2018 filing in E-100, Sub 101 is unclear as to the status of the FERC-jurisdictional project in the DEP territory, which you state is engaged in construction planning and negotiations with DEP. Is this project definitively moving forward with construction? In other words, is the FERC-jurisdictional project being built, **[BEGIN CONFIDENTIAL [REDACTED] END CONFIDENTIAL]**

Duke Response: The project has not executed an Interconnection Agreement, and therefore DEP has no assurance that the project will move forward with construction. Thus, the two state-jurisdictional projects remain interdependent with and contingent upon the Network Upgrades assigned to the earlier-queued FERC project.

2. You seem to indicate that the two state-jurisdictional projects in DEP would be subject to the proposed modification of Section 4.3.9? However, this interpretation seems to be inconsistent with the plain language of Section 4.3.9. Specifically, according to your October 1, 2018 letter, these two projects are past the applicable point in the interconnection process requiring payment, as they have "executed Facilities Study Agreements." You appear to be applying the amendment retroactively? Should not these facilities proceed under the existing NCIP for payment of Network Upgrades and not be required to make the prepayment under the new Section 4.3.9, correct?

Duke and Public Staff Joint Response: Counsel for Duke and the Public Staff have discussed this issue, and the Parties agree that requiring Interconnection Customers currently in Facilities Study to make the Milestone Commitment within a reasonable period of time best meets the objectives of requiring the Milestone Commitment. Duke and the Public Staff support a timeframe of 30 Business Days from the date of the Commission's Order as the longest possible timeframe that would be reasonable, in light of the Step 2 Evaluation process commencing on December 3, 2018. For the avoidance of doubt, the Parties support requiring Interconnection Customers in Facilities Study today to make the Milestone Commitment and do not view this as improper or "retroactive" application of this provision. Establishing this requirement as applicable to Interconnection Customers in Facilities Study today would be similar to the Commission's approval of the increased study deposits for both new Interconnection Requests as well as all Interconnection Requests in the study process in the May 15, 2015 Order.

3. You state that "in addition to the Interconnection Customers identified above, the Companies also anticipate that other Interconnection Customers, currently progressing through System Impact Study and that are likely to receive a Facilities Study Agreement in the future, will trigger Network Upgrades and be responsible for the new Milestone Commitment required under proposed Section 4.3.9." This interpretation of Section 4.3.9 seems to be prospective, consistent with the Public Staff's interpretation of how to apply this new standard. Please provide further clarity as to HOW MANY projects could be required to make this milestone payment in both DEP and DEC.

Response to Questions 1-3[Q3 Added 10-2-18]

Duke Response: Per the Joint Response to Confidential Question #2, the Companies and Public Staff support the application of 4.3.9 to both projects currently in Facilities Study and new projects entering Facilities Study after the date the Commission approves the Milestone Commitment. The number of potential additional projects that would be subject to the Milestone Commitment during the Tranche 1 Evaluation Process (Oct. 9, 2018 – March 25, 2019) is highly dependent on which Interconnection Customers bid into the Tranche CPRE RFP. The Companies' general expectation is that [BEGIN CONFIDENTIAL [REDACTED] [REDACTED] END CONFIDENTIAL] complete System Impact Study and receive a Facilities Study Agreement between now and March 2019. Whether these Interconnection Customers trigger the Milestone Commitment will be dependent on whether Network Upgrades are identified in System Impact Study to safely and reliably interconnection the Generating Facilities, as well as whether the Project is a NC Jurisdictional Interconnection Customer versus an Interconnection Customer being evaluated under the FERC-jurisdictional Large Generator Interconnection Procedures or Small Generator Interconnection Procedures.