

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-100, SUB 127

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Biennial Determination of Avoided Cost	) ORDER ESTABLISHING
Rates for Electric Utility Purchases from	) BIENNIAL PROCEEDING,
Qualifying Facilities – 2010	) REQUIRING DATA, AND
	) SCHEDULING PUBLIC HEARING

BY THE COMMISSION: These are the 2010 biennial proceedings held by this Commission pursuant to the provisions of Section 210 of the Public Utility Regulatory Policies Act of 1978 (PURPA) and the Federal Energy Regulatory Commission (FERC) regulations implementing those provisions which delegated to this Commission certain responsibilities for determining each utility's avoided costs with respect to rates for purchases from qualifying cogenerators and small power production facilities.

These proceedings are also being held pursuant to G.S. 62-156 which requires this Commission to determine the rates to be paid by electric utilities for power purchased from small power producers as defined in G.S. 62-3(27a).

In order to facilitate the determination of avoided cost rates, the Commission is of the opinion that the present Order should be entered at this time in order to establish a schedule for the 2010 biennial determination of such rates in this docket. Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. (Progress), Duke Energy Carolinas, LLC (Duke), Virginia Electric and Power Company d/b/a Dominion North Carolina Power (NC Power), and Western Carolina University (WCU) should be made parties to these proceedings.

The Commission has determined that it will attempt to resolve all issues arising in this docket based on a record developed through public witness testimony, statements, exhibits and avoided cost schedules verified by persons who would otherwise be qualified to present expert testimony in a formal hearing, and written comments on the statements, exhibits and schedules, rather than a full evidentiary hearing for the purpose of receiving expert testimony. The Commission believes this procedure is appropriate given the recurring nature of the issues and decisions which have traditionally arisen in these proceedings.

IT IS, THEREFORE, ORDERED as follows:

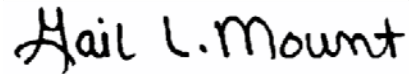
1. That Progress, Duke, NC Power, and WCU are hereby made parties to these proceedings;
2. That Progress, Duke, NC Power, and WCU's filings shall include the following:
  - a. A set of proposed rates for purchases from qualifying facilities, showing all calculations for deriving said proposed rates, including inflation rates and discount rates used, and
  - b. Proposed standard form(s) of contract between qualifying facilities and the utility, describing any differences between said proposed standard form(s) of contract and the currently approved standard contract, including the reasons for such differences.
3. That Progress, Duke, NC Power, and WCU shall file the statements and exhibits specified in decretal paragraph 2 above on or before Monday, November 1, 2010.
4. That other persons desiring to become formal parties to this proceeding may petition the Commission for leave to intervene on or before Monday, January 10, 2011.
5. That all parties, other than the four electric utilities herein, shall file with the Commission the comments and exhibits that they wish to present in this proceeding on or before Monday, January 10, 2011.
6. That the electric utilities and intervenors shall file reply comments on or before Wednesday, February 16, 2011.
7. That parties are requested to file proposed orders on or before Wednesday, March 16, 2011.
8. That a public hearing solely for the purpose of taking nonexpert public witness testimony is hereby scheduled to begin on Tuesday, January 25, 2011, at 9:00 a.m., in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina; and
9. That Progress, Duke, NC Power, and WCU shall publish, at their own expense, in newspapers having general circulation in their respective North Carolina service areas, the "Notice of Public Hearing" attached hereto as Appendix A once a

week for two successive weeks, beginning with the week of November 8, 2010, and shall submit Affidavits of Publication to the Commission no later than the date of the hearing.

ISSUED BY ORDER OF THE COMMISSION.

This the 5<sup>th</sup> day of May, 2010.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Gail L. Mount". The signature is written in a cursive, flowing style.

Gail L. Mount, Deputy Clerk

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**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-100, SUB 127

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Biennial Determination of Avoided Cost                     ) NOTICE OF PUBLIC  
Rates for Electric Utility Purchases from                 ) HEARING  
Qualifying Facilities – 2010                                     )

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission has scheduled a public hearing in this docket which will commence on Tuesday, January 25, 2011, at 9:00 a.m., in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina, for the purpose of taking nonexpert public witness testimony as a part of its 2010 biennial determination of avoided cost rates for purchases of electricity by the electric utilities who are parties to this docket from qualifying cogeneration and small power production facilities. The electric utilities who are parties to this docket are Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. (Progress), Duke Energy Carolinas, LLC (Duke), Virginia Electric and Power Company d/b/a Dominion North Carolina Power (NC Power), and Western Carolina University (WCU).

The Public Utility Regulatory Policies Act of 1978 (PURPA) requires electric utilities to offer to purchase electric energy from cogeneration and small power production facilities which obtain qualifying status under PURPA. The rates for such purchases shall be set by the state regulatory authority, shall be just and reasonable to the ratepayers of the electric utility and in the public interest, shall not discriminate against qualifying cogenerators or qualifying small power producers, and shall not exceed the incremental cost to the electric utility of acquiring alternative electric energy. As a part of its responsibility in these matters, the North Carolina Utilities Commission determines on a biennial basis the avoided cost rates and conditions for the purchase of electricity by electric utilities from qualifying cogeneration and small power production facilities in North Carolina.

In addition to the requirements of PURPA, G.S. 62-156 requires the North Carolina Utilities Commission to determine the rates and contract terms to be observed by electric utilities in purchasing power from small power producers as defined in G.S.62-3(27a). The rates established pursuant to G.S. 62-156 shall not exceed, over the term of the purchase power contract, the incremental cost to the

electric utility of the electric energy which, but for the purchase from a small power producer, the utility would generate or purchase from another source.

The purpose of the hearing cited in this Notice is to consider revision of the avoided cost rates and contract terms previously set by Utilities Commission for the purchase of electricity by the electric utilities who are parties to this proceeding from qualifying cogeneration and small power production facilities in North Carolina.

The Public Staff is required by statute to represent the using and consuming public in proceedings before the Commission. Written statements to the Public Staff should include any information which the writer wishes to be considered by the Public Staff in its investigation of the matter, and such statements should be addressed to Mr. Robert P. Gruber, Executive Director, Public Staff — North Carolina Utilities Commission, 4326 Mail Service Center, Raleigh, North Carolina 27699-4326.

The Attorney General is also authorized by statute to represent consumers in proceedings before the Commission. Statements to the Attorney General should be addressed to The Honorable Roy Cooper, Attorney General of North Carolina, c/o Utilities Section, Post Office Box 629, Raleigh, North Carolina 27602-0629.

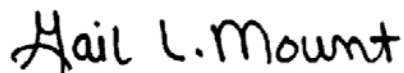
Written statements are not evidence unless those persons submitting such statements appear at a public hearing and testify concerning the information contained in their written statements.

Any person desiring to intervene in the matter as a formal party of record should file a motion under Commission Rules R1-6, R1-7, and R1-19 no later than Monday, January 10, 2011. All such motions should be filed with the Chief Clerk of the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4325. The comments and exhibits to be presented in this proceeding by formal parties other than Progress, Duke, NC Power, and WCU must be filed with the Commission no later than Monday, January 10, 2011.

ISSUED BY ORDER OF THE Commission.

This the 5<sup>th</sup> day of May, 2010.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Gail L. Mount". The signature is written in a cursive, flowing style.

Gail L. Mount, Deputy Clerk

NOTE TO PRINTER: Cost of Advertising will be paid by the Applicant. It is required than an Affidavit of Publication be submitted to the Commission by the Applicant.