

DOCKET NO. E-100, SUB 127
DOCKET NO. E-100, SUB 136

FILED

DEC 05 2012

Clerk's Office
N.C. Utilities Commission

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-100, SUB 127

**In the Matter of
Biennial Determination of Avoided Cost
Rates for Electric Utility Purchases from
Qualifying Facilities - 2010**

DOCKET NO. E-100, SUB 136

**In the Matter of
Biennial Determination of Avoided Cost
Rates for Electric Utility Purchases from
Qualifying Facilities – 2012**

REPLY OF THE
PUBLIC STAFF

NOW COMES THE PUBLIC STAFF - North Carolina Utilities Commission, by

and through its Executive Director, Robert P. Gruber, pursuant to the Commission's Order Requesting Comments on Motion to Suspend Availability of Avoided Cost Rates issued on November 8, 2012, and submits the following reply:

1. On November 21, 2012, the Public Staff filed its response to the motion filed by Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc. (PEC), requesting that the Commission (a) suspend as of December 1, 2012, the availability of the long-term rates in PEC's Schedule CSP-27 approved in Docket No. E-100, Sub 127, and (b) authorize PEC to offer to purchase energy, capacity, or both from eligible qualifying facilities (QFs) that have not entered into a purchase power agreement (PPA) with PEC as of December 1, 2012, based upon the variable rates approved in Docket No. E-100, Sub 127 (Sub 127), until the

Clerks
 AL
 Tamm
 Watson
 Green
 Duffley
 Conrad
 Hoover
 Kite
 Hilburn
 Sessions
 Ericson
 Jones
 Hodge

Commission approves new long-term rates in Docket No. E-100, Sub 136 (Sub 136).

2. In that response, the Public Staff recommended that the following standard be approved: For QFs that filed their applications for certificates of public convenience and necessity (CPCNs) no later than November 1, 2012, and receive CPCNs by Orders issued by January 16, 2013, they are entitled to any of the avoided cost rate options in the currently approved Schedule CSP-27, including the long-term options (assuming they are otherwise eligible in terms of size and such factors). For QFs that are under two megawatts (MW) in size that are now exempted from the certification requirement in G.S. 62-110.1, the Public Staff recommended that the standard for determining the availability of the Sub 127 long-term rates would be whether or not they filed their reports of construction by November 1, 2012.

3. One reason the Public Staff recommended the November 1, 2012, deadline was the opportunity a later date would provide for barely conceived projects potentially to be made eligible for the Sub 127 long-term rates by the filing of incomplete or otherwise inadequate CPCN applications.

4. It has come to the Public Staff's attention that a number of QFs relied on the avoided cost projections filed by PEC in its 2012 REPS Compliance Plan, specifically Table 7 on page D-7, of PEC's filing dated September 4, 2012, in Docket No. E-100, Sub 137. This table shows annualized avoided cost rates as approved in Sub 127 as being the avoided cost rates for 2012 (current) and as the

projected avoided cost rates in 2013 and 2014. Time and money were invested in preparing CPCN applications without any awareness that a November 1, 2012, deadline would be requested.

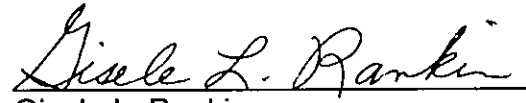
5. It is the undersigned counsel's understanding that in the reply to be filed today by PEC and Duke Energy Carolinas, LLC (DEC), PEC and DEC plan to state that they would not object if the Commission determined that, due to the circumstances of PEC's motion to suspend, it allowed PEC to adopt the Public Staff's proposed solution with a December 1, 2012 deadline, instead of a November 1, 2012 deadline. The Public Staff also would not object and believes the December 1 date would be consistent with the Public Utility Regulatory Policies Act of 1978, 16 U.S.C. § 824a-3. However, in this regard, the Public Staff would note that moving the filing deadline by one month would also necessitate moving by one month the January 16, 2012, deadline for a CPCN to have been granted. Finally, the Public Staff recommends that the Commission provide that a QF's CPCN application had to have been substantially complete and otherwise ready to be processed as of December 1, 2012, in order to qualify for the Sub 127 rates.

WHEREFORE, the Public Staff respectfully requests that the foregoing be taken into consideration by the Commission in its decision-making in this proceeding.

Respectfully submitted, this the 5th day of December, 2012.

PUBLIC STAFF
Robert P. Gruber
Executive Director

Antoinette R. Wike
Chief Counsel



Gisele L. Rankin
Staff Attorney

430 North Salisbury Street – Dobbs Building
4326 Mail Service Center
Raleigh, North Carolina 27699-4326
Telephone: (919) 733-6110
gisele.rankin@psncuc.nc.gov

CERTIFICATE OF SERVICE

I do hereby certify that I have this day served a copy of the foregoing upon each of the parties of record in this proceeding or their attorneys of record by causing a copy of the same to be properly addressed to each and sent by email or deposited in the United States Mail, postage prepaid.

This the 5th day of December, 2012.


Gisele L. Rankin