NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION

April 17, 2017

M. Lynn Jarvis, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

Re: Docket No. E-100, Sub 148

Dear Ms. Jarvis:

On March 28, 2017, the Public Staff filed in the above-referenced docket the testimony of John Robert Hinton. We since discovered that on page 19, line 8 of witness Hinton's testimony, the year "2012" was incorrectly inserted in place of the year "2022." I have included a corrected page 19 to this letter. In addition, we since have discovered that Table 7 on page 29 and Table 8 on page 65 contained incorrect values. Corrected versions of these pages are also attached to this letter.

The Public Staff apologizes for these errors and for any inconvenience it may have caused the Commission or the parties.

By copy of this letter, I am forwarding a copy of the above to all parties of record.

Sincerely yours,

Electronically submitted
/s/ Tim R. Dodge
Staff Attorney
tim.dodge@psncuc.nc.gov

TRD/cla

Enclosure

Executive Director	Communications	Economic Research	Legal	Transportation
(919) 733-2435	(919) 733-2810	(919) 733-2902	(919) 733-6110	(919) 733-7766
Accounting	Consumer Services	Electric	Natural Gas	Water
(919) 733-4279	(919) 733-9277	(919) 733-2267	(919) 733-4326	(919) 733-5610

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perspective is applied in various regulatory proceedings. For example, one of the central arguments in DNCP's application to join PJM was that DNCP's membership would make the Company part of a vast integrated transmission system with interfaces with PJM-E, PJM-W, and AEP with greater access to generation resources, load diversity, and improved reserve sharing across the region.[12] DNCP's 2016 IRP indicates a capacity need of approximately 4,457 MWs, with the first resource need in 2022.[13] As such, I do not find the Company's argument that there is no capacity value associated with incremental QF generation as reasonable.

Q. DO YOU AGREE WITH THE PROPOSED INSTALLED COSTS OF A CT USED BY THE UTILITIES?

A. The CT costs and inputs used by the utilities appear to be reasonable and in compliance with the Commission's holding in the Phase One Order that utilities use the installed cost of a CT per kW from publicly available industry sources, such as the EIA, PJM's cost of new entry studies, or comparable data, tailored only to the extent clearly needed to adapt any such information to the Carolinas and Virginia.[14]

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[12] See testimony of DNCP witness Paul Koonce in Application of Dominion North Carolina Power to Join PJM as PJM South in Docket No. E-22, Sub 418, filed on May 3, 2004.

[13] 2016 Integrated Resource Plan of DNCP, Docket No. E-100, Sub 147, p. 5 and p. A-130 (April 29, 2016).

[14] Phase One Order at p. 48.

Table 7

DNCP's Schedule FP Schedule 19 – Option B – Energy Rates								
	Variable		Five-year		Ten-year		15-year	
	Rate	Change	Rate	Change	Rate	Change	Rate	Change
On-peak	3.292	-14%	3.189	-28%	3.394	-29%	NA	NA
Off-peak	2.656	-18%	2.687	-28%	2.872	-30%	NA	NA
Annualized	2.791	-17%	2.793	-28%	2.983	-30%	NA	NA

Note: The proposed energy rates are shown in DNCP Exhibit 12, page 2 of 2.

Q. PLEASE DISCUSS THE METHODOLOGY USED BY THE UTILITIES TO ESTIMATE THEIR AVOIDED ENERGY COSTS.

A. All three utilities use either the PROMOD or the PROSYM production costing model to estimate their avoided energy costs over the next 10 to 15 years. The models provide a chronological estimate of the hourly fuel costs, variable O&M costs, and generation unit start-up costs associated with the production of energy. This estimate is performed by replicating the future costs of operating each utility's generating units combined with other supply-side resources, such as its DSM programs and purchases from other generators. The model dispatches the generating units in a least cost manner subject to various constraints, such as scheduled maintenance of generating units, transmission import limitations, spinning reserve requirements, generation ramp rates, and minimum run times. The least cost dispatch is modeled in combination with the utility's energy sales and peak demand forecasts and the resource expansion plan from its

Table 8

	Capacity Payments	Energy Payments	Total Revenue	% Change from 2014
2014 DEC Approved Rates	$162,508	$466,314	$628,823	NA
DEC Proposed Rates	$54,356	$347,669	$402,026	-36%
Public Staff Recommended	$57,889	$402,876	$460,765	-27%
2014 DNCP Approved Rates	$151,073	$456,125	$607,198	NA
DNCP Proposed Rates	$0	$321,426	$321,426	-47%
Public Staff Recommended	NA	$337,680	NA	NA

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.