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STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

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Clerk's Office
N.C. Utilities Commission

DOCKET NO. E-100, SUB 136

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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

) PUBLIC VERSION OF
) STIPULATION OF
) SETTLEMENT BETWEEN
) DOMINION NORTH CAROLINA
) POWER AND THE
) RENEWABLE ENERGY GROUP

Virginia Electric & Power Company, d/b/a Dominion North Carolina Power (DNCP), and the Renewable Energy Group (REG) hereinafter referred to as the Stipulating Parties, through counsel and pursuant to G.S. 62-69, respectfully submit the following Stipulation of Settlement for consideration by the Commission in the above-captioned proceeding.

1. The nominal installed cost of the combustion turbine ("CT") used in DNCP's avoided cost calculations is **BEGIN CONFIDENTIAL** **END CONFIDENTIAL** per kW (in 2013 dollars) as stated in the DNCP's November 12, 2012 Comments, Exhibits and Avoided Cost Schedule of Dominion North Carolina and the direct and rebuttal testimony of Mr. Bruce Petrie in this proceeding. That CT installed cost of **BEGIN CONFIDENTIAL** **END CONFIDENTIAL** per kW (in 2013 dollars) is exclusive of AFUDC and the cost of CWIP as allowed in Virginia, land and other greenfield CT related costs. Under the avoided cost methodology used by DNCP, the cost of AFUDC is accounted for separately from the calculation of the CT installed cost, but the AFUDC and financing cost amounts were included in the final calculation of the Company's avoided capacity cost rates. At the request of the Public Staff, DNCP has

calculated the equivalent installed cost of the CT including AFUDC (but without land and other greenfield CT related costs), which is **BEGIN CONFIDENTIAL** **END CONFIDENTIAL** per kW (in 2013 dollars). Using this per kW CT cost, inclusive of AFUDC, produces avoided capacity rates that are equal to the rates that were filed and based on the **BEGIN CONFIDENTIAL** **END CONFIDENTIAL** per kW CT nominal cost, exclusive of financing costs (in 2013 dollars). The Stipulating Parties agree that **BEGIN CONFIDENTIAL** **END CONFIDENTIAL** per kW (in 2013 dollars) is a reasonable and appropriate installed cost per kW (inclusive of AFUDC) for purposes of calculating DNCP's avoided capacity rates in this proceeding. This agreement does not constitute an admission by either Stipulating Party that land or other greenfield related costs should or should not have been included in DNCP's calculation of DNCP's installed cost and is without prejudice to any position that a Stipulating Party may take with respect to that issue in any future proceeding.

2. The Stipulating Parties agree that avoided capacity rates proposed by the Company are a reasonable and appropriate estimate of DNCP's avoided capacity costs for purpose of this proceeding, subject to the provisions of this paragraph 2:

- a. DNCP's currently proposed capacity rates should be offered as Option A under DNCP's Schedule 19-FP.
- b. DNCP will calculate and include in Schedule 19-FP an Option B with avoided capacity rates calculated using the same on-peak hours (for both summer months and non-summer months) as used by Duke Energy Carolinas, LLC, in its currently effective Option B rates. DNCP will file such Option B for approval by the

Commission in this proceeding. For the avoidance of doubt, the Stipulating Parties agree that such on-peak and off peak hours for summer and non-summer months shall be as follows:

- (i) The on-peak period hours for DNCP's Option B shall be those hours, Monday through Friday, beginning at 1 P.M. and ending at 9 P.M. during summer months (June 1 through September 30 for Option B) and beginning at 6 A.M. and ending at 1 P.M. during non-summer months (October 1 through May 31 for Option B).
 - (ii) The off-peak period hours for DNCP's Option B shall be all other weekday hours and all Saturday and Sunday hours. All hours for the following holidays shall be considered as off-peak: New Year's Day, Memorial Day, Good Friday, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, and Christmas Day.
- c. In consideration of the addition of Option B to DNCP's Schedule 19-FP, the Stipulating Parties agree that the performance adjustment factor (PAF) under Schedule 19-FP for qualifying facilities that are not run-of-river hydro QFs should be 1.2 for purposes of this proceeding.
- d. The agreement of the Stipulating Parties to the provisions of this paragraph 2 is without prejudice to any position that a Stipulating Party may take with respect to those issues or analogous issues in any future proceeding.

3. The Stipulating Parties agree to discuss further the structure and availability of two-year variable energy and capacity rates.

4. The Stipulating Parties agree that nothing herein waives the right of either Stipulating Party to assert a position or to cross-examine the other Stipulating Party's witnesses with respect to Article 6 of the Agreement for the Sale of the Electrical Output to Virginia Electric and Power Company.

5. The Stipulating Parties agree that no portion of this Stipulation of Settlement will be binding on the Stipulating Parties unless the entire Stipulation of Settlement is accepted by the Commission.

6. The Stipulating Parties agree to jointly support the Commission's adoption of this Stipulation of Settlement and use their best efforts to implement and achieve its provisions.

7. For and in consideration of the terms and conditions of this Stipulation of Settlement, both of the Stipulating Parties agree to the provisions of this paragraph 7. Each Stipulating Party waives its right to cross-examine the other Stipulating Party's witnesses with respect to their pre-filed testimony and other documents filed in this proceeding on the matters settled by this Stipulation of Settlement. Each Stipulating Party agrees to stipulate into the record each other's pre-filed direct and rebuttal testimony related to the matters settled by this Stipulation of Settlement as it relates to a Stipulating Party; provided that such stipulation does not constitute a party's agreement to any position taken in the pre-filed testimony and without prejudice of a Stipulating Party to oppose the same or similar testimony in any other proceeding. Each Stipulating Party agrees to represent to the Commission that this Stipulation of Settlement is designed to resolve, for purposes of this proceeding, the issues described herein as they relate to DNCP. A Stipulating Party's witnesses or counsel shall have

the right to respond to the questions concerning this Stipulation of Settlement posed by a person not a party to this Stipulation of Settlement, including a member of the Commission, so long as such testimony is not inconsistent with this Stipulation of Settlement.


The foregoing is agreed and stipulated to, this the ~~30~~³¹~~TH~~ day of October, 2013.

VIRGINIA ELECTRIC & POWER COMPANY,
d/b/a Dominion North Carolina Power

By: 

Horace P. Payne
Counsel for Dominion North Carolina Power

RENEWABLE ENERGY GROUP

By: 

Charlotte A. Mitchell
Styers, Kemerait & Mitchell
Counsel for the Renewable Energy Group