McGuireWoods LLP
2600 Two Hannover Square
Raleigh, NC 27601
Phone: 919.755.6600
Fax: 919.755.6699
www.mcguirewoods.com

Andrea R. Kells
Direct: 919.755.6614

MCGUIREWOODS

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Clerk's Office
N.C Utilities Commission

akells@mcguirewoods.com

June 6, 2011

Ms. Renne Vance, Chief Clerk
North Carolina Utilities Commission
430 North Salisbury Street
Raleigh, North Carolina 27603

Re: Docket No. E-100, Sub 128
Investigation of Integrated Resource Planning in NC-2010

Dear Ms. Vance:

Please find enclosed one original and twenty-five (25) copies of the *Proposed Order of Dominion North Carolina Power* for filing in the above-captioned proceeding.

Also enclosed are a copy on disk and a copy to be file-stamped and returned with our courier. Please do not hesitate to call me if you have any questions. Thank you for your assistance in this matter.

Sincerely,

Andrea R Kells

Andrea R. Kells

ARK:kjg

Full Dist.
Vdisk-P. Barnes

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

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N.C Utilities Commission

DOCKET NO. E-100, SUB 128

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Investigation of Integrated Resource Planning in North Carolina – 2010	)))))	PROPOSED ORDER OF DOMINION NORTH CAROLINA POWER

HEARD: Commission Hearing Room, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina, on January 24, 2011

BEFORE: Commissioner William T. Culpepper, III, Presiding
Chairman Edward S. Finley, Jr.
Commissioner Lorinzo L. Joyner
Commissioner Bryan E. Beatty
Commissioner Susan W. Rabon
Commissioner ToNola D. Brown-Bland
Commissioner Lucy T. Allen

APPEARANCES:

For Virginia Electric and Power Company d/b/a Dominion North Carolina Power:

Robert W. Kaylor
Law Office of Robert W. Kaylor
3500 Glenwood Avenue, Suite 330
Raleigh, North Carolina 27612

For Duke Energy Carolinas, LLC:

Robert W. Kaylor
Law Office of Robert W. Kaylor
3500 Glenwood Avenue, Suite 330
Raleigh, North Carolina 27612

Charles A. Castle
526 South Church Street, EC03T
Charlotte, North Carolina 28202

For Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc.:

Len S. Anthony
P.O. Box 1551
North Carolina 27602

For the Using and Consuming Public:

Robert S. Gillam
Public Staff – North Carolina Utilities Commission
430 N. Salisbury Street
Raleigh, North Carolina 27603

Leonard G. Green
Assistant Attorney General, North Carolina Department of Justice
P.O. Box 629
Raleigh, North Carolina 27602

BY THE COMMISSION: General Statute (G.S.) 62-110.1(c) requires the North Carolina Utilities Commission (Commission) to "develop, publicize, and keep current an analysis of the long-range needs" for electricity in this State. The Commission's analysis should include: (1) its estimate of the probable future growth of the use of electricity; (2) the probable needed generating reserves; (3) the extent, size, mix, and general location of generating plants; and (4) arrangements for pooling power to the extent not regulated by the Federal Energy Regulatory Commission (FERC). G.S. 62-110.1 further requires the Commission to consider this analysis in acting upon any petition for the issuance of a certificate for the public convenience and necessity of construction of a generating facility. In addition, G.S. 62-110.1 requires the Commission to submit annually to the Governor and to the appropriate committees of the General Assembly a report of: (1) the Commission's analysis and plan; (2) the Commission's progress to date in carrying out such plan; and (3) the program of the Commission for the ensuing year in connection with such plan. G.S. 62-15(d) requires the Public Staff to assist the Commission in making its analysis and plan pursuant to G.S. 62-110.1.

G.S. 62-2(a)(3a) declares it a policy of the State to:

> assure that resources necessary to meet future growth through the provision of adequate, reliable utility service include use of the entire spectrum of demand-side options, including but not limited to conservation, load management and efficiency programs, as additional sources of energy supply and/or energy demand reductions. To that end, to require energy planning and fixing of rates in a manner to result in the least cost mix of generation and demand-reduction measures which is achievable, including consideration of appropriate rewards to utilities for efficiency and conservation which decrease utility bills ....

S.L. 2007-397 (Senate Bill 3), signed into law on August 20, 2007, amended G.S. 62-2(a) to add subsection (a)(10) that provides that it is the policy of North Carolina "to promote the development of renewable energy and energy efficiency through the implementation of a Renewable Energy and Energy Efficiency Portfolio Standard (REPS)" that will: (1) diversify the resources used to reliably meet the energy needs of North Carolina's consumers; (2) provide greater energy security through the use of indigenous energy resources available in North Carolina; (3) encourage private investment in renewable energy and energy efficiency; and (4) provide improved air quality and other benefits to the citizens of North Carolina. To that end, Senate Bill 3 further provides that "[e]ach electric power supplier to which G.S. 62-110.1 applies shall include an assessment of demand-side management and energy efficiency in its resource plans submitted to the Commission and shall submit cost-effective demand-side management and energy efficiency options that require incentives to the Commission for approval." G.S. 62-133.9(c).

Senate Bill 3 also specifically defines demand-side management (DSM) as "activities, programs, or initiatives undertaken by an electric power supplier or its customers to shift the timing of electric use from peak to nonpeak demand periods" and defines an energy efficiency (EE) measure as "an equipment, physical or program change implemented after 1

January 2007 that results in less energy being used to perform the same function." G.S. 62-133.8(a)(2) and (4). EE measures do not include DSM. G.S. 62-133.8(a)(4).

To meet the requirements of G.S. 62-110.1 and G.S. 62-2(a)(3a), the Commission conducts an annual investigation into the electric utilities' integrated resource planning. Integrated Resource Plans (IRPs) are intended to identify those electric resource options that can be obtained at least cost to the ratepayers consistent with adequate, reliable electric service. IRPs consider both demand-side options, such as conservation, EE and DSM programs, and supply-side options, including alternative supply-side energy resources, in the selection of resource options.

Commission Rule R8-60 sets out the Commission's requirements for the electric utilities' IRPs and the process for review of such IRPs. The Commission first enacted Rule R8-60 in 1988 and revised it several times thereafter. Rule R8-60 was substantially altered by the Commission's Order issued on July 11, 2007, in Docket No. E-100, Sub 111. The 2007 revisions to Rule R8-60 require biennial reports with annual updates in lieu of annual reports, continual assessments by the utilities of programs that promote DSM and EE, an increased amount of information to be provided regarding those assessments, an expansion of the planning horizon from ten to fifteen years, and an accounting in the reports for the effects of demand response (DR) and EE programs and activities. On February 28, 2008, the Commission issued an order in Docket No. E-100, Sub 113, which revised existing Commission Rules and promulgated new rules implementing Senate Bill 3. The Commission further amended Commission Rule R8-60 and promulgated Rule R8-67(b), which directs electric power suppliers subject to Commission Rule R8-60 to file their REPS compliance plans as part of their IRP filings.

Commission Rule R8-60 requires that each of the investor-owned utilities (IOUs) furnish the Commission with a biennial report in even-numbered years beginning in 2008 that contains its current IRP together with all information required by subsection (i) of Rule R8-60 covering a two-year period. In odd-numbered years, each utility shall file an annual report containing an updated 15-year forecast, supply and demand-side resources expected to satisfy those loads, the reserve margin thus produced, as well as significant amendments or revisions to the most recently filed biennial report, including amendments or revisions to the type and size of resources identified, as applicable. In addition, each biennial and annual report should (1) be accompanied by a short-term action plan that discusses those specific actions currently being taken by the utility to implement the activities chosen as appropriate per the applicable biennial and annual reports, (2) include the utility's REPS compliance plan pursuant to Rule R8-67(b), and (3) incorporate information concerning the construction of transmission lines pursuant to Rule R8-62(p). Within 150 days after the filing of each utility's biennial report and within 60 days after the filing of each utility's annual report, the Public Staff or any other intervenor may file its own plan or an evaluation of, or comment on, the utilities' biennial and annual reports. The Public Staff or any other intervenor may identify any issue that it believes should be the subject of an evidentiary hearing. The Commission must schedule one or more hearings to receive public testimony.

Procedural History

Biennial 2010 Plans (IRPs) were filed in Docket No. E-100, Sub 128 by Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. (PEC); Duke Energy Carolinas, LLC (Duke), Virginia Electric and Power Company d/b/a Dominion North

Carolina Power (Dominion) (collectively, the IOUs), and by the North Carolina Electric Membership Corporation (NCEMC) and the four independent electric membership corporations (EMCs), i.e., Piedmont EMC (Piedmont), Rutherford EMC (Rutherford), EnergyUnited EMC (EnergyUnited), and Haywood EMC (Haywood).

In addition, REPS compliance plans were filed in Docket No. E-100, Sub 128 by PEC, Duke, Dominion, GreenCo Solutions, Inc. (GreenCo), Halifax EMC (Halifax), and EnergyUnited.

In addition to the Public Staff, the following parties initially intervened in the 2010 IRP proceeding: The Carolina Industrial Groups for Fair Utility Rates I, II, and III (CIGFUR I, II, and III); the North Carolina Sustainable Energy Association (NCSEA); the Public Works Commission of the City of Fayetteville (FPWC); Nucor Steel-Hertford (Nucor); the North Carolina Waste Awareness and Reduction Network, Inc. (NC WARN); Southern Alliance for Clean Energy (SACE); and Carolina Utility Customers Association, Inc. (CUCA). The Attorney General filed a Notice of Intervention pursuant to G.S. 62-30.

On December 3, 2010, the Commission issued an Order Scheduling Public Hearing (Scheduling Order), which scheduled a public hearing for the sole purpose of taking nonexpert public witness testimony regarding the filed IRPs and REPS compliance plans filed in this proceeding, for Monday, January 24, 2011.

On December 13, 2010, SACE filed a Request for Evidentiary Hearing regarding the 2010 IRPs. On December 17, 2010, NC WARN filed a pleading in support of SACE's request for an evidentiary hearing. On December 28, 2010, PEC filed a Motion and Response to the Southern Alliance for Clean Energy and NC WARN's Request for Evidentiary Hearing.

On January 13, 2011, the Public Staff filed a Motion for Extension of Time requesting an Order extending the deadline for filing intervenor comments to February 10, 2011, which the Commission granted by Order issued January 19, 2011.

On February 9, 2011, Dominion filed an updated 2010 REPS compliance plan. On February 10, 2011, the Public Staff, SACE, and NC WARN filed comments on the 2010 IRPs and the 2010 REPS compliance plans filed in this proceeding.

On February 23, 2011, Duke filed a Motion for Extension of Time to File Reply Comments from February 24, 2011, to March 1, 2011, which the Commission granted by Order issued February 24, 2011. Reply comments were filed on March 1, 2011, by Blue Ridge EMC, Dominion, Duke, and PEC. On March 10, 2011, Public Staff filed clarifications to two items contained in its February 20, 2011, Comments. On March 14, 2011, PEC filed a letter updating the information contained in its 2010 IRP regarding its Weatherspoon coal units.

On April 14, 2011, the Commission issued an Order Denying Request for Evidentiary Hearing regarding the request for hearing filed by SACE on December 13, 2010. On April 29, 2011, NC WARN filed a Motion to Reconsider, requesting the Commission to reconsider that Order to the limited extent of allowing parties to submit proposed orders and/or briefs before the Commission issues a final order.

On May 2, 2011, Duke made a Supplemental Filing in Response to the Initial Comments of the Public Staff Regarding DSM Programs.

On May 5, 2011, the Commission issued an Order Allowing Parties to File Proposed Orders and/or Briefs.

Based upon the foregoing, the information contained in the 2010 IRPs, the 2010 REPS compliance plans, the comments and reply comments filed in this proceeding, and the Commission's record of this proceeding, the Commission makes the following:

FINDINGS OF FACT

1. Dominion's 15-year forecasts of native load requirements and other system capacity or firm energy obligations are reasonable and appropriate.

2. Dominion's consideration of supply-side and demand-side resources expected to satisfy those loads is reasonable and appropriate.

3. Dominion's reserve margins thus produced are reasonable and appropriate.

4. Dominion's efforts and plans to offer DSM and EE measures and programs are appropriate.

5. Dominion's 2010 IRP provided all information required by Rule R8-60 relating to generating facilities, wholesale power purchase and sale contracts, transmission facilities, alternative supply-side resources and levelized busbar costs.

6. Dominion's 2010 IRP complies with the filing requirements of Rule R8-60, is reasonable, and should be approved.

7. Dominion's 2010 REPS compliance plan is reasonable and should be approved.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 1

The evidence supporting this finding of fact is contained in Dominion's 2010 IRP and the record in this proceeding.

Chapter 2 of Dominion's 2010 IRP describes the Company's methodology for forecasting its peak demand and energy sales needs. Dominion uses econometric models with an end-use orientation to forecast energy sales at the customer class level and hourly loads at the system level. Dominion's 15-year forecast from 2011 through 2025 predicted that its summer peaks will grow at a compound annual rate of approximately 2%. The average annual growth of its summer peak from 2011 through 2025, which is considered its system peak, is 342 MW. Dominion predicts that load reductions from its DSM programs will reduce its 2025 peak load by approximately 4%. Dominion's energy sales are predicted to grow at an average annual rate of approximately 2%. The Company predicts that the MWh savings from its EE programs will reduce its energy sales by approximately 3% in 2025.

The Public Staff reviewed Dominion's 2010 IRP peak and energy forecasts and found them to be reasonable for planning purposes.

Based upon the foregoing, the Commission concludes that Dominion's energy and peak load forecasts are reasonable and appropriate and should be approved. Dominion's forecasting methodology is well accepted in the industry and has proven over time to be reasonably accurate.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 2

The evidence for this finding of fact is contained in Dominion's 2010 IRP and the record in this proceeding.

Chapter 3 of Dominion's 2010 IRP describes the existing and proposed supply- and demand-side resources that the Company plans to use to meet its forecasted load.

On the supply side, Dominion owns a fleet of 104 generation units, including 4 nuclear, 22 coal, 1 wood, 2 natural gas, 2 heavy oil, 7 CC, 46 CT, 6 pumped storage, and 14 hydro units, with a summer capacity exceeding 16,000 MW, and is diverse in terms of capacity, age, operating characteristics and fueling requirements. Chapter 3 also explains that Dominion owns and operates several renewable resources, describes changes the Company has planned for its existing generation, including uprates, environmental improvements, retirements and new construction, and discusses Dominion's non-utility generation (NUG) resources and wholesale power sales. In compliance with the Commission's Order Approving Integrated Resource Plans and REPS Compliance Plans regarding the 2008 and 2009 IRPs, Docket Nos. E-100, Subs 118 and 124 (Aug. 10, 2010), Dominion provides at Appendix 3L further details regarding the load for its wholesale customers.

On the demand side, Dominion currently has two DSM tariffs, Standby Generation and Curtailable Service, available in Virginia. The Company is currently engaged in or has completed several DSM pilot programs in Virginia, and operates several DSM-related consumer education programs in North Carolina and Virginia. On September 1, 2010, Dominion applied to the Commission for approval of six DSM programs: Air Condition Cycling Program (Docket No. E-22, Sub 465); Commercial Distributed Generation Program (Docket No. E-22, Sub 466); Commercial HVAC Upgrade Program (Docket No. E-22, Sub 467); Commercial Lighting Program (Docket No. E-22, Sub 469); Low Income Program (Docket No. E-22, Sub 463); and Residential Lighting Program (Docket No. E-22, Sub 468). The Company also filed its DSM/EE Rider for approval on the same date in Docket No. E-22, Sub 464. With the exception of the Commercial Distributed Generation Program, which is still pending, the Commission approved these DSM and EE programs on February 22, 2011. The DSM/EE Rider filing is also still pending approval. Dominion intends to implement Evaluation, Measurement and Verification plans to quantify the level of energy and demand savings achieved by its approved programs in North Carolina and Virginia.

Public Staff stated that its investigation indicated that the projected operating and capital costs used in the production models and resource options evaluations by the IOUs, including Dominion, were conducted in a reasonable manner for purposes of this proceeding. Public Staff's statements regarding DSM/EE programs will be addressed further herein under Finding of Fact No. 4.

Based on the foregoing and the record in this proceeding, the Commission concludes that Dominion's plan for supply-side and demand-side resources expected to satisfy its loads is reasonable and appropriate and should be approved.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 3

The evidence for this finding of fact is contained in Dominion's 2010 IRP and the record in this proceeding.

Chapter 4 of Dominion's 2010 IRP discusses the Company's Planning Assumptions, and states that it participates in the PJM capacity planning processes for short- and long-term capacity planning. As a PJM member, Dominion is a signatory to PJM's Reliability Assurance Agreement (RAA), which obligates the Company to own or procure sufficient capacity to maintain overall system reliability. PJM determines these obligations for each zone through its annual load forecast and reserve margin guidelines, and then conducts a capacity auction for meeting these requirements three years into the future. The auction process determines the actual reserve margin and the capacity price for each zone for the third planning year. PJM's 2009 assessment recommended using a reserve margin of 15.3% for the entire PJM footprint. Dominion uses PJM's reserve margin guidelines in conjunction with its own load forecast to determine its long-term capacity requirement. The effective reserve margins for the first three years of the planning period are 16.1% (2011), 16.7% (2012), and 13.0% (2013). Because Dominion is only obligated under the RAA to maintain a reserve margin for its portion of the PJM coincidental peak load, it used a coincidence factor of 96.3% to derive an effective reserve margin of 11.0% for 2014 through 2025.

Public Staff did not raise any issues with Dominion's projected reserve margins.

Based on the foregoing and the record in this proceeding, the Commission concludes that the reserve margins produced by Dominion's plan for supply-side and demand-side resources expected to satisfy its loads are reasonable and appropriate and should be approved.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 4

The evidence supporting this finding of fact is contained in Dominion's 2010 IRP, Dominion's reply comments, and the record in this proceeding.

As discussed above, Dominion described its existing and planned demand-side resources, including current DSM tariffs, current and completed DSM pilot programs, current consumer education programs, and approved and proposed DSM programs, in Section 3.2 of its 2010 IRP.

Public Staff stated in its Comments that it is not evident in their IRPs that the IOUs have fully considered the use of their DSM resources to achieve fuel savings. Public Staff recommended that the Commission require the IOUs to investigate this use of their DSM resources and include a discussion of their investigations in their next biennial IRPs. Public Staff encouraged each IOU and EMC to investigate, develop, and implement all available cost-effective DSM and EE. Public Staff also noted that Dominion discontinued two consumer education efforts included in its 2009 IRP, its CFL Education program and the Energy Saving Tip of the Day program.

Dominion stated in its reply comments that, as Public Staff noted in its Comments, the Company indicated in a response to a Public Staff data request in this proceeding that it intends to use its DSM resources to the fullest extent within the design constraints of the individual programs once all programs are approved by the Commission. Dominion also referenced its statement in its IRP that it is currently reviewing eight potential additional DSM programs and may file those for Commission approval in the future. The Company noted that on September 1, 2010, it filed pursuant to Rule R8-69, in Docket No. E-22, Sub 464, an application for recovery of costs associated with six new DSM and EE programs, which is still pending approval. Contemporaneously with that application, the Company filed for approval of the six new DSM/EE programs, including the Air Conditioner Cycling Program (Docket No. E-22, Sub 465), the Residential Lighting Program (Docket No. E-22, Sub 468), the Commercial HVAC Upgrade Program (Docket No. E-22, Sub 467), the Commercial Lighting Program (Docket No. E-22, Sub 469), the Low Income Program (Docket No. E-22, Sub 463), and Commercial Distributed Generation Program (Docket No. E-22, Sub 466). Dominion noted that these requests for approval as well as the cost recovery application are currently pending at the Commission. With the exception of the Commercial

Distributed Generation Program, which is still pending, the Commission approved these DSM and EE programs on February 22, 2011.

Dominion also stated that, as it reported in its 2010 IRP, the CFL Education program was discontinued because its web content referenced the Company's CFL price reduction program, which concluded December 31, 2009, and this material was replaced with information about the Company's Residential Lighting Program. In addition, as explained in its IRP, Dominion stated that the Energy Saving Tip of the Day program was discontinued because the Company is focusing its energy conservation web content on the DSM Programs recently approved by the Virginia SCC. Although Dominion removed this content from its web site, more than 100 energy saving tips are still available on the site.

Based on the foregoing and Dominion's 2010 IRP and reply comments, the Commission concludes that Dominion's efforts and plans to offer DSM and EE programs and measures are reasonable and appropriate for purposes of this proceeding and should be approved.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 5

The evidence supporting this finding of fact is contained in Dominion's 2010 IRP and the record in this proceeding.

Rule R8-60(h) requires that biennial IRPs, such as the 2010 IRPs, contain each company's then-current integrated resource plan, together with all of the information listed by Rule R8-60(i), which includes: forecasts of load, supply-side resources, and demand-side resources; generating facilities; reserve margins; wholesale contracts for the purchase and sale of power; transmission facilities; demand-side management; assessment of alternative supply-side energy resources; evaluation of resource options; and levelized busbar costs.

In Chapter 3 of its 2010 IRP, Dominion provides information on its existing generation resources, including generation fleet demographics, existing capacity resource mix by unit type, as well as existing renewable resources. Dominion also provides information on planned changes to existing generation in the form of uprates, derates, and environmental improvements, potential generation retirements, and planned generation under construction, including the Bear Garden and Virginia City Hybrid Energy Center, both located in Virginia.

With regard to wholesale power purchase and sale contracts, Dominion describes in its 2010 IRP that a portion of its load and energy requirements are supplemented with contracted NUG units and market purchases, and noted that NUGs noted as firm capacity resources are included in the 2010 IRP, while NUGs located at customer sites or from which Dominion does not have a contract to purchase capacity on a firm basis are not included in the IRP. The 2010 IRP further stated that except for those NUG contracts, Dominion does not have any bilateral contractual obligations with wholesale power suppliers or power marketers. As a member of PJM, Dominion may self-schedule or buy capacity through the RPM auction process; the Company has procured its capacity obligations from the RPM market through May 31, 2014. Dominion also stated that it currently provides full requirements wholesale power sales to three entities, which are included in its load obligation and forecast, and has partial requirements contracts to supply the supplemental power needs of two electric cooperatives.

Regarding transmission facilities, Dominion's 2010 IRP states that the Company has over 6,000 miles of transmission lines in North Carolina, Virginia, and West Virginia at voltages ranging from 69 kV to 500 kV, all of which facilities are integrated into PJM.

Dominion describes planned additions and upgrades to its North Carolina and Virginia transmission facilities, and provides lists of its existing transmission and distribution lines and its transmission interconnection projects, transmission lines and associated facilities under construction.

Dominion's 2010 IRP also described the Company's assessment of alternative supply-side resources, and reported that it considered the following resources for further analysis in the busbar screening model: biomass, CC 2x1, CC 3x1, CT, coal-fired integrated gasification combined cycle (IGCC) technology, nuclear, pulverized coal (PC), hydro, solar PV, and off- and on-shore wind. Resources not included as a busbar resource for further analysis faced barriers such as the feasibility of the resource in Dominion's service territory, the state of technology development, and the availability of reasonable cost information. Dominion committed to continue to assess all alternative supply-side resources going forward, and stated its commitment to using technologies at reasonable and prudent costs that best meet its customers' needs.

Dominion's 2010 IRP states that the Company's busbar model was designed to estimate the levelized busbar costs of various technologies on an equivalent basis, and that the model's results show the levelized cost of power generation at different capacity factors, representing Dominion's initial quantitative comparison of various alternative resources. The comparisons include fuel, heat rate, emissions, variable and fixed operating and maintenance costs, expected service life, and overnight construction costs. Options with poor economics were screened out, and project costs for remaining options included a mix of internally developed cost information and data provided by the EIA and the EPRI. Dominion's busbar model results showed that CT and CC 3x1 technologies, along with biomass and nuclear, are the most cost-effective resources for meetings its requirements. Dominion conducts a separate evaluation of non-dispatchable technologies, resulting in a preferred economic order for these resources of hydro, on-shore wind, solar PV, solar thermal, and off-shore wind. Dominion stated that while the assessment of alternative resource types and the busbar screen process provide a useful foundation for selecting resources for further analysis, the busbar curve is somewhat static in nature because it relied on an average of all of the cost data over a resource's lifetime. To compensate, Dominion conducted further analysis using its Strategist model, which incorporates seasonal variations in cost and operating characteristics while integrating new resources with existing system resources. Dominion reported that this analysis more accurately matched the cost-effective resources, resulting in a more accurate selection of the type and timing of additional resources that best fit the Company's existing generation and future needs.

Public Staff did not raise any issue with Dominion's description of its generating facilities, wholesale contracts for the purchase and sale of power, transmission facilities, assessment of alternative supply-side energy resources, and evaluation of levelized busbar costs.

Based on the foregoing, the Commission's review of Dominion's 2010 IRP, and the entire record of this proceeding, the Commission concludes that Dominion's presentation of generating facilities, wholesale power purchase and sale contracts, transmission facilities, assessment of alternative supply-side energy resources, and evaluation of levelized busbar costs in its 2010 IRP is reasonable and should be approved.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 6

The evidence supporting this finding of fact appears in Dominion's 2010 IRP, the record in this proceeding, and the requirements of Commission Rule R8-60.

Dominion's 2010 IRP was prepared on a Load Serving Entity (LSE) basis, specifically the Dominion LSE ("DOM LSE"), and represents the Company's service territories in North Carolina and the Commonwealth of Virginia as part of the PJM Interconnection, LLC Regional Transmission Organization. Dominion stated that it developed its 2010 IRP to meet rising customer demand for reliability electricity at the lowest reasonable cost and to include provisions to achieve policy goals from individual state legislatures by expanding the Company's electric generation capacity and increasing its DSM programs. Dominion's 2010 IRP includes chapters on load forecasting, existing supply- and demand-side resources, planning requirements and constraints, and future supply- and demand-side resources.

Dominion has responded in its 2010 IRP to all of the applicable subsections of Rules R8-60(h) and R8-60(i). In addition to the requirements of Rule R8-60(i) discussed in more detail herein, Dominion's 2010 IRP contained, as required by Rule R8-60(h)(3), a short-term action plan discussing specific actions being taken by Dominion to implement the activities chosen as appropriate per the 2010 IRP, as well as, per Rule R8-60(h)(4), the Company's REPS compliance plan. In addition, per Rule R8-62(p), Dominion's IRP incorporates information concerning the construction of transmission lines. The Public Staff did not raise any issues with Dominion's compliance with the filing requirements of Rule R8-60.

Based on the foregoing and the record in this proceeding, the Commission concludes that Dominion's 2010 IRP as a whole complies with the requirements of Rule R8-60 and should be approved.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 7

The evidence supporting this finding of fact is contained in the record in this proceeding and in Dominion's 2010 REPS compliance plan.

Dominion originally filed its 2010 REPS compliance plan with its 2010 IRP, and subsequently filed a revised REPS compliance plan on February 9, 2011. The 2010 REPS compliance plan (REPS plan) provides that Dominion plans to meet its statutory goals under the REPS through the year 2021 and thereafter with a combination of EE, Renewable Energy Certificates (RECs), and new renewable energy where economically feasible. As noted by Dominion, G.S. 62-133.8(d) sets the initial compliance target for solar in years 2010 and 2011 at 0.02% of the previous year's baseline load, with overall REPS compliance beginning in 2012, along with swine waste and poultry waste set-asides. Dominion plans to begin implementing EE programs in the near future that will contribute to the overall REPS goals, subject to Commission approval.

Dominion stated that it is responsible for meeting the REPS requirements for the Town of Windsor, one of its wholesale customers. The Company plans to meet both its obligations and the Town of Windsor's requirements, with out-of-state RECs, in accordance with the Commission order of September 22, 2009, that clarified that Dominion may use out-of-state RECs to meet all of its REPS requirements per G.S. 62-133.8(b)(2)(e).

Dominion stated in its REPS plan that its strategy for compliance with the solar requirement is to buy unbundled RECs, which it has done for years 2010 and 2011 from outside of North Carolina to minimize costs of compliance. It reported that, under the Commission's oversight, it joined a group of electric suppliers to issue joint requests for proposals for swine waste and poultry litter energy to meet the current set-aside requirements, and that proposals received from these suppliers were undergoing evaluation.

Dominion also stated that it will apply EE programs approved by the Commission to meet the REPS requirements, and listed the potential EE programs with their projected resulting energy savings, if approved. These EE programs are some of the programs requested for approval, as discussed above herein.

In accordance with the requirements of Rule R8-67, Dominion's REPS plan listed for itself and, where applicable, for the Town of Windsor: projected North Carolina retail sales and year-end number of customer accounts by customer class for each year of the planning period; a statement regarding current and projected avoided cost rates for each year of the planning period; projected total and incremental costs anticipated to implement its REPS plan for each year of the planning period; and a comparison of projected costs to the annual cost caps contained in G.S. 62-133.8(h)(4). Finally, Dominion stated that did not file a REPS Rider in 2010, as permitted by Rule R8-67(b)(viii), but expects to file a REPS Rider in 2011, and that it will ensure that the facilities from which it purchases RECs have registered with the Commission pursuant to Rule R8-66.

Public Staff stated in its comments that "after discussions with the Public Staff, DNCP has agreed to obtain in-state RECs for 75% of the [Town of Windsor's] requirements as required by G.S. 62-133.8(c)(2)(d)."

Dominion clarified in its reply comments that, subsequent to discussions with Public Staff, it agreed that it would make a serious effort to find in-state solar RECs to use to meet the Town of Windsor's REPS compliance requirements. Dominion noted that it has kept records of its efforts to obtain in-state solar RECs for this purpose, but so far has only been able to obtain 4 solar RECs for purposes of the Town of Windsor's compliance, and needs approximately 10 total RECs for the Town. The Company noted that it is currently in discussions with several solar REC developers in North Carolina with available solar RECs that can comply with 2010 Solar RECs requirements, but those developers are awaiting Commission approval as new Renewable Energy Facilities. The Company noted that it plans to continue to search for sources for the remaining solar RECs needed for the Town of Windsor.

Based on the foregoing, the Commission's review of Dominion's 2010 REPS compliance plan, and the entire record in this proceeding, the Commission concludes that the 2010 REPS compliance plan submitted by Dominion is reasonable for purposes of this proceeding and should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That this Order shall be adopted as a part of the Commission's current analysis and plan for the expansion of facilities to meet future requirements for electricity for North Carolina pursuant to G.S. 62-110.1(c).

2. That the 2010 biennial IRP filed in this proceeding by Dominion is hereby approved.

3. That the 2010 REPS compliance plan filed in this proceeding by Dominion is hereby approved.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of ______, 2011.

NORTH CAROLINA UTILITIES COMMISSION

Gail L. Mount, Deputy Clerk

CERTIFICATE OF SERVICE

I hereby certify that the foregoing *Proposed Order of Dominion North Carolina Power* submitted in Docket No. E-100, Sub 128 has been served this day by mail, first class, postage prepaid, or electronically upon all parties of record in the above-captioned docket.

This the 6th day of June, 2011.

By: Andrea R Kells

Andrea R. Kells
McGuireWoods LLP
434 Fayetteville Street, Suite 2600 (27601)
P.O. Box 27507
Raleigh, North Carolina 27611
(919) 755-6614 (Direct)
(919) 755-6699 (Fax)
akells@mcguirewoods.com