



August 19, 2010

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CLAIBORNE YARBROUGH  
KITTY HAWK NC 27949-9004



**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALIEGH**

DOCKET NO. E-22, SUB 459  
DOCKET NO. E-22, SUB 461

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-22, SUB 459

In the Matter of Application of Dominion  
North Carolina Power for an Increase in and  
Revisions to Its Rates and Charges Applicable to  
Electric Utility Service in North Carolina

DOCKET NO. E-22, SUB 461

In the Matter of Application of Dominion  
North Carolina Power for Authority to Adjust its  
Electric Rates Pursuant to G.S. 62-133.2 and  
NCUC Rule R8-55

NOTICE OF PUBLIC HEARINGS ON  
GENERAL RATE INCREASE  
APPLICATION, DETERMINATION  
OF NEED, AND FUEL  
ADJUSTMENT APPLICATION

NOTICE IS HEREBY GIVEN that on February 15, 2010, Virginia Electric and Power Company, d/b/a Dominion North Carolina Power (DNCP or Company), filed an application with the Commission requesting authority to adjust and increase its rates for retail electric service in North Carolina. In this application, DNCP is requesting authority to increase its rates and charges to produce an additional \$46,100,000 in revenues, which would be an increase of approximately 14%. On July 30, 2010, DNCP filed pursuant to G.S. 62-110.6, a supplemental application providing additional testimony and information to support recovery in base rates for the construction costs of certain out-of-state generation facilities.

On August 10, 2010, DNCP filed its application for an annual fuel charge adjustment in Docket No. E-22, Sub 461. This application has been consolidated with the general rate case application for hearing for the purpose of determining whether an increment or decrement rider is required in order to reflect actual changes in the cost of fuel and the fuel cost component of purchased power over or under the base fuel rate established for DNCP in its previous general rate case. The dates for hearings and for prefiled expert testimony and exhibits with respect to the fuel adjustment application are the same as the dates for the general rate case application.



In support of the requested general increase in its rates, DNCP states that its proposal to increase its rates is necessary to recover the increased costs of providing safe, reliable, and economically beneficial service to its approximately 119,000 North Carolina customers and to maintain the credit quality and access to capital required to make substantial future investments in its system. DNCP further states that the requested increase in rates and charges would produce an overall rate of return to the Company of 8.98% and a return on common equity of 11.9%.

More specifically, DNCP makes the following assertions: (1) the cost of serving its North Carolina retail customers has increased substantially during the period since it agreed to a five-year rate change moratorium in its last general rate case in 2005, and that its non-fuel base rates have not been increased since 1993; (2) it has made significant investments in its generation, transmission, and distribution infrastructure over the past five years, and plans to continue to make significant investments for the benefit of its North Carolina customers; and (3) it is experiencing an under-recovery of purchased power costs which it seeks to remedy on a going-forward basis. To remedy the asserted under-recovery of purchased power costs, the Company proposes to change the way those costs are recovered so that they would be subject to adjustment in its annual fuel adjustment proceeding without the necessity of a general rate case proceeding.

The Company requested that the proposed rates become effective on April 15, 2010. The Commission has issued an order suspending the proposed rate increases until January 1, 2011, and set the applications for a general rate increase and a fuel charge adjustment for hearing as follows:

Williamston: August 31, 2010, at 7:00 p.m. in Williamston City Hall, Assembly Room, Second Floor, 102 East Main Street. \*\* There is no elevator in the building. If handicapped access is needed, contact Melanie Holtz in the Commission's Clerk's office at [holtz@ncuc.net](mailto:holtz@ncuc.net).

Manteo: September 1, 2010, at 7:00 p.m. in the Dare County Justice Center, Courtroom A, 962 Marshall C. Collins Drive;

Elizabeth City: September 2, 2010, at 7:00 p.m. in the Pasquotank County Courthouse, Courtroom B, 206 East Main Street;

Roanoke Rapids: September 8, 2010, at 7:00 p.m. in J. Reuben Daniel City Hall and Police Station, Conference Room, 1040 Roanoke Avenue; and

Raleigh: Tuesday, October 12, 2010, at 9:00 a.m. in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street.

The hearings on August 31, September 1, September 2, and September 8, 2010, will be held solely for the purpose of receiving the testimony of public witnesses. The hearings will resume in Raleigh on October 12, 2010, and will continue as required for further testimony of public witnesses and testimony and cross-examination of witnesses for the Company, the Public Staff, and other intervenors with respect to the general rate application, the determination of need for certain out-of-state generation facilities, and the annual fuel clause adjustment application.

### EFFECT OF PROPOSED GENERAL RATE INCREASE

The following table shows DNCP's proposed percentage increases in North Carolina retail revenues by customer classes (including changes to both base revenues and fuel revenues):

Customer Class	Proposed Percentage Increase in Revenues
Residential	14.08%
Small General Service and Public Authority	14.17%



Large General Service	14.32%
6VP	14.28%
Nucor	14.51%
Traffic Control	14.72%
Outdoor Lighting	15.37%
Miscellaneous	-4.00%
<b>Overall</b>	<b>14.07%</b>

For customers on Residential Schedule 1, the proposed rates would increase their average monthly bill as follows:

**Residential Schedule 1  
 Monthly Bill Based on 1,000 kWh per Month Billed**

Season	Under Existing Rates (\$/month)	Under Proposed Rates (\$/month)	Change (\$/month)	Percent (\$/month)
Winter	\$ 95.49	\$ 109.03	\$ 13.54	14.2%
Summer	\$ 106.52	\$ 121.16	\$ 14.64	13.7%

*This table includes gross receipts tax, the fuel adjustment rider, and the fuel experience modification factor rider. It does not include the proposed decrement rider for the Bear Garden Generation Station.*

The increases shown above include a proposed increase in the basic customer charge from \$9.50 to \$10.46 for most residential customers. DNCP also proposes to increase the basic customer charge for most small general service customers from \$16.91 to \$18.59 and for most large general service customers from \$71.36 to \$82.64.

Customers other than those on Residential Schedule 1 would experience increases in their monthly bills based upon their particular rate schedules and usage levels.

**PROPOSED RATE DESIGN/RATE SCHEDULE CHANGES**

DNCP's general rate case application also proposes certain rate design changes, including the use of fuel rates that vary by customer class. The Company proposes to differentiate its fuel rates by customer classes, with the intention of balancing the proposed increases in base rates and reducing the disparity in class rates of return so that all customer classes would experience approximately the same total increase in rates.

The Company also proposes to close Rate Schedule 6 (Large General Service) and Rate Schedule 1DF (Dual Fuel Service-Residential) to new customers and to eliminate the energy conservation discount for Residential Rate Schedules 1, 1P, and 1T. Customers currently on these rate schedules may remain, and customers that currently receive the energy conservation discount will continue to receive it while they remain on those rate schedules.

In addition, the Company proposes to cancel Rider RLC (Residential Water Heater Load Control Service). If this cancellation is allowed, participating customers would no longer receive the rate credit.

The Commission may consider additional or alternative rate design proposals that were not included in the Company's application and may order increases or decreases in individual rate schedules that differ from those proposed by the Company. In no event, however, will the Commission approve any increase in total revenues beyond the total increase in revenues requested by the Company.



## OTHER MATTERS

A list of present rates, together with details of the proposed adjustments in rates, can be obtained at the business offices of DNCP or at the Office of the Chief Clerk of the North Carolina Utilities Commission, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina, where a copy of the application is available for review. These materials, as well as pleadings, the pre-filed testimony and exhibits of all parties, the transcripts of all hearings, briefs, and proposed orders, may be viewed as they become available on the Commission's web site at [www.ncuc.net](http://www.ncuc.net). Click on "Docket Search" and type in the docket and sub docket numbers. In addition, a detailed list that compares DNCP's present and proposed rates is available on the Public Staff's website at: [www.pubstaff.commerce.state.nc.us/pselec/ncpower\\_rate\\_increase\\_summary.pdf](http://www.pubstaff.commerce.state.nc.us/pselec/ncpower_rate_increase_summary.pdf).

Persons desiring to present testimony for the record should appear at one of the public hearings. Persons desiring to send written statements to inform the Commission of their positions in the matter should address their statements to the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4325 and reference Docket Nos. E-22, Subs 459 and 461. However, such written statements cannot be considered competent evidence unless those persons appear at the hearing and testify concerning the information contained in their written statements.

Persons having an interest in the investigation and desiring to intervene in this consolidated proceeding as formal parties of record should file their motions to intervene not later than September 1, 2010, and in accordance with Rules R1-5, R1-6, R1-7, and R1-19 of the Commission's Rules and Regulations. These motions should reference Docket Nos. E-22, Subs 459 and 461, and should be filed with the Chief Clerk of the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4325. All parties to these proceedings planning to present expert testimony must prefile their testimony and exhibits not later than September 16, 2010.

The Public Staff is authorized by statute to represent consumers in proceedings before the Commission. Written statements to the Public Staff should include any information which the writers wish to be considered by the Public Staff in its investigation of the matter. Such statements should be addressed to

Mr. Robert P. Gruber  
Executive Director,  
Public Staff-NC 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 Division  
9001 Mail Service Center  
Raleigh, North Carolina 27699-9001

This the 11th day of August, 2010.

NORTH CAROLINA UTILITIES COMMISSION

Gail L. Mount, Deputy Clerk