

R6-84 APPROVAL OF EXPANSION PROJECTS

(a) Each LDC that has an established Fund shall, on at least an annual basis, file a request for approval of any Project(s) which previously have not been approved and which it proposes to undertake within the next year and for which it proposes to use expansion funds. The request shall include an analysis of each proposed Project. For each proposed Project, the LDC's analysis shall contain the following:

- (1) A precise geographic description, a map, a detailed description of the physical facilities, including their projected operating parameters, and the arrangements that have been or are proposed to be made to obtain right-of-ways;
- (2) The date when construction is proposed to begin and end, specific construction budgets and a timetable for disbursements from the Fund; and
- (3) A net present value analysis calculated in a generally accepted manner. The net present value calculation shall reflect only the income tax benefits to be realized by the LDC.

(b) The request shall also include a prioritizing of the proposed Projects by the LDC to the extent practicable based upon the degree of feasibility; the existence of an active demand and previous requests for service; the extent of contributions from local governments, potential end users, or others; benefits to the LDC's transmission or distribution system; the improvement in the feasibility of subsequent extensions into relatively densely populated counties or towns resulting from an initial Project, if applicable; and any other relevant factors.

(c) The Commission shall provide for notice of each request for approval filed under this Rule and shall afford an opportunity for review and comment by interested parties. The Commission shall set the request for hearing if it deems it appropriate.

(d) The Commission shall enter an order approving or denying funding on a project-specific basis. The order shall include a finding of the negative net present value of each Project approved, which shall be the maximum amount to be disbursed from the Fund for that Project. In determining the Projects to be approved for each annual period, the Commission shall consider the balance in the fund at the time of the approval, the relative merit of each Project based on customer need, the degree of economic feasibility, and such other factors as the Commission deems pertinent and consistent with the intent of G.S. 62-158 and G.S. 62-2(9). To the extent the Commission's order approving a Project is based on different assumptions, including design, projected load or amount or sources of funding, than those used by the LDC in its request for approval, the LDC shall have the right not to proceed with the Project or to invest its funds in the same, and no use may be made of expansion funds on such Project absent further order of the Commission.

(e) The LDC may, at any time, based upon changes in circumstances, propose modifications with respect to Projects previously approved by the Commission. If the Commission finds such a proposal to constitute a material change in an approved Project, the Commission shall provide for appropriate notice and shall afford an opportunity for review and comment by interested parties. The Commission shall set the proposal for hearing if it deems it appropriate.

(f) If construction on an approved Project has not begun within one year of the order granting approval, the Commission may require the LDC to show cause why the balance in its Fund allocated to such Project should not be allocated to other approved Projects or otherwise disposed of as ordered by the Commission.

(NCUC Docket No. G-100, Sub 57, 4/9/92.)