

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1300

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of:

Duke Energy Progress, LLC's Request to)	
Initiate Technical Conference Regarding)	
the Projected Transmission and)	COMMENTS OF CIGFUR II ON
Distribution Projects to be included in a)	T&D INFORMATION FILING
Performance-Based Regulation)	
Application)	

NOW COMES the Carolina Industrial Group for Fair Utility Rates II (CIGFUR) and respectfully submits comments, pursuant to the Commission's June 15, 2022 *Order Scheduling Technical Conference and Setting Procedures for Technical Conference* on the T&D Information Filing submitted by Duke Energy Progress, LLC (DEP) on July 15, 2022.

At the outset, CIGFUR notes that it endeavored to provide as thorough of comments as possible within the time frame allowed, but five (5) business days was insufficient for CIGFUR's technical experts to perform a robust or exhaustive analysis of Duke's T&D Information Filing. For this reason, CIGFUR reserves its right to conduct further discovery when permissible and/or to raise any factual or legal issue—whether or not included in these comments—related or unrelated to Duke's T&D filing during the course of rate case litigation to ensue beginning on or about October 6, 2022, when DEP has indicated it will file applications for general rate case and performance-based regulation, respectively.

CIGFUR respectfully overviews the following comments on Duke's T&D Information Filing:

- (1) Attached hereto and identified as Attachment A is a copy of the PowerPoint slide deck presented to be presented by one of CIGFUR's technical experts, Robert (Bob) Stephens, Principal, Brubaker & Associates, Inc. Attached hereto and identified as Attachment B is a copy of Mr. Stephens' website biography.
- (2) As an initial matter, CIGFUR emphasizes that the energy transition is forecasted to have severe rate impacts on all classes of customers. As a result, mitigating and managing rate shock should be front of mind as DEP prepares to file its applications for general rate case and performance-based regulation, respectively. Along these same lines, proposed investments in the T&D system should be prioritized to the extent they maximize reliability benefits and minimize rate impacts to DEP's customers.
- (3) DEP must be able to show system reliability benefits exceed, or are at least proportional, to costs of each planned T&D investment for which DEP intends to recover costs through a multi-year rate plan (MYRP). In addition, CIGFUR stresses the importance of ensuring clear price signals are being sent to all classes of customer in order to encourage efficient demands on the electric system and more economic system investments.
- (4) In addition, CIGFUR generally supports delivery voltage alignment to embedded costs and recommends, akin to voltage-differentiated demand and energy charges offered by Duke Energy Indiana or lower demand charges for higher-voltage customers offered by Duke Energy Carolinas, a direct reduction

to demand and energy charges for the Large General Service (LGS) class of customers. The justification for this is that higher voltage customers take primary, not secondary, service, and thus do not use secondary system assets and should not have to pay for them.

- (5) CIGFUR applauds DEP's efforts thus far to obtain state/federal funding opportunities available pursuant to the Infrastructure Investment and Jobs Act, H.R. 3684, 117th Cong. (2021) (IIJA). As indicated in its initial and reply comments filed in Docket No. M-100, Sub 164, CIGFUR supports the pursuit of every possible avenue of federal and/or state funding provided pursuant to the IIJA. However, IIJA funds should be: (a) used to offset costs that otherwise would have been incurred by DEP; and (b) used for the direct benefit of DEP's North Carolina ratepayers through mitigating ratepayer impacts associated with the ongoing energy transition, in a manner that is fair and proportional to the relative rate impacts to each class of customers as a result of implementing House Bill 951 (S.L. 2021-165). In addition, IIJA grants awarded to DEP should be subject to oversight by the Commission to ensure there is no double-recovery, inasmuch as DEP's ratepayers should not pay for any costs offset through federal and/or state funding provided pursuant to the IIJA. Instead, DEP's ratepayers should receive a dollar-for-dollar offset in costs recovered through base rates.
- (6) CIGFUR recommends using metrics above and beyond SAIDI and SAIFI to evaluate reliability. Duke has previously acknowledged in various settings that as more and more renewable energy resources are accommodated on the

system, power quality concerns increase as well.¹ While “fewer and shorter outages” is of course also an important reliability consideration, power quality events can adversely impact facility operations for an industrial customer as significantly, if not more significantly, than a power outage. A voltage sag, for example, occurs “when the voltage drops to less than 90% of the nominal or standard voltage, as specified in R8-17(b)(2) of the Commission’s rules. A sag is normally a relatively short event, a few cycles, or about a tenth of a second.”² Power sags affect industrial customers with different levels of severity, ranging from total plant shutdowns and damage to equipment, to lost revenues and inability to meet production demand. Because power quality are fundamentally and inextricably linked to one another, and more importantly because a reliable system in terms of SAIDI and SAIFI metrics does not, by itself, necessarily translate into a system with good power quality, the Commission should direct DEP to explicitly incorporate power quality metrics into its evaluation of system reliability, especially as it plans capital investments in DEP’s transmission and distribution systems. More specifically, CIGFUR recommends incorporating the following power quality metrics into DEP’s T&D capital investment planning: (a) Momentary Average Interruption

¹ See, e.g., Direct Testimony of John W. Gajda on behalf of DEP and Duke Energy Carolinas, LLC, at p. 13, ll. 7-12, p. 47, ll. 12-16, Docket No. E-100, Sub 101 (stating, in pertinent part, that “interconnecting these vast quantities of large, uncontrolled power export QF Generating Facilities to the distribution system has required new and evolving technical standards to mitigate the potential for localized power quality impacts and distribution system reliability risks, and to proactively manage future challenges in planning and operating the distribution and transmission system[;]” and stating further that “DEC and DEP have increasingly begun to experience power quality impacts and to recognize potential operational reliability risks associated with the growing levels of utility-scale solar generators interconnecting to the distribution system in North Carolina.”).

² Direct Testimony of Michael Ferguson, Manager, Pulp Manufacturing/Recovery and Utilities, on behalf of Blue Ridge Paper Products, Inc. d/b/a Evergreen Packaging, Docket Nos. E-2, Sub 998 and E-7, Sub 986 (Sep. 8, 2011).

Frequency Index (MAIFI) = total number of momentary customer interruptions per year / total number of customers; (b) changes in voltage, including transient change, sag, surge, undervoltage, harmonic distortion, noise, stability, and flicker; and (c) frequency deviations.

CIGFUR appreciates the opportunity to submit these comments.

Respectfully submitted this the 25th day of July, 2022.

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CERTIFICATE OF SERVICE

The undersigned attorney for CIGFUR hereby certifies that she served the foregoing Comments of CIGFUR upon the parties to this proceeding, as listed on the service list available on the NCUC's online docket system, by electronic mail.

This the 25th day of July, 2022.

/s/ Christina D. Cress
Christina D. Cress

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