

CAROLINA INDUSTRIAL GROUP FOR FAIR UTILITY RATES II (CIGFUR)

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T&D Technical Conference
DEP's PBR Application

- ▶ B.S., Mechanical Engineering, Southern Illinois University at Carbondale
- ▶ M.B.A., University of Illinois at Springfield
- ▶ Since 1997, has worked as a utility ratemaking expert for Brubaker & Associates, Inc. (BAI)
- ▶ Prior to joining BAI, 8 years of utility regulatory experience through his work in various positions in the Planning & Operations Department, and subsequently as a technical advisor to Commissioner at the Illinois Commerce Commission (ICC)
- ▶ Prior to working at the ICC, worked as Energy Planner at a Midwestern electric utility where his duties centered on Integrated Resource Planning and administering load management programs

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TECHNICAL EXPERT FOR CIGFUR

MEGA TRENDS DRIVING CAPITAL SPEND

- Grid Improvement
- Tech Advances, Renewables, Integration of DERs
- Grid Infrastructure
- Severe Weather
- Population Growth
- Service Continuity and Reliability
- Reduce Carbon Dioxide (CO₂) emissions (House Bill 951)

IMPORTANT PRIORITIES DEP SHOULD CONSIDER

A. Manage Cost of Service

- Competitively Priced High-Quality Service – Drives North Carolina Economy
- Rate Changes Must be as Gradual as Feasible

B. Capital Projects

- Least Cost (Coordinate Production, Transmission, Distribution Resource Options)
- Capital Budget Timing
 - Manage Cost of Service and Rate Base Growth
 - Do Not Accelerate Capital Spend

C. Tariff Rates

- Can Encourage Conservation Through Efficient Price Signals
- Must Reflect Cost of Service, Including System Use

T&D SERVICE QUALITY

A. Reliability

- Supply/Demand
 - Asset Options
 - Demand Options (Interruptibility)

B. Power Quality (Production and/or T&D Delivery – Least Cost)

- Voltage Stability
- Frequency Stability
- Outage SAIDI/SAIFI/CAIDI Tolerances

TARIFF RATES AND EFFICIENT CONSUMPTION

➤ T&D Cost of Service

- Transmission (Coincident Demands)
- Distribution
 - ❖ Customer Non-Coincident Circuit/Class Demands
 - ❖ Customer Density – Circuit Miles

➤ Customer Conservation

- Prices Reflect Costs
- Economic Incentive to Conserve
 - ❖ Customer Energy Investments
 - ❖ Customer Load Changes

- ▶ Importance of gradualism and avoiding rate shock as energy transition progresses and DEP embarks on its first PBR rate case
- ▶ DEP must be able to show system reliability benefits > costs of planned T&D capital spending
- ▶ Delivery voltage should be aligned with embedded costs (i.e. higher voltage customers who do not use secondary service should not pay for secondary system assets)
- ▶ NCUC must ensure IIJA funds are maximized and applied for sole benefit of ratepayers
- ▶ SAIDI/SAIFI, by themselves, are insufficient reliability/power quality metrics for industrial customers

TAKEAWAYS FROM CIGFUR'S PERSPECTIVE

Thank you for your time.

Happy to answer any questions you may have.