

7. **Please reference page 12 of Mr. Lucas’s direct testimony, where he states that “If network upgrades on DEP’s transmission system are necessitated by the Facility, the upgrades could soon be inadequate due to the needs of future facilities in PJM’s North Carolina queue. Because of future clusters, upgrades to accommodate the Facility could soon need to be replaced with even greater transmission assets long before the end of their normal service life (40 to 60 years).”**

- a. **Please describe in detail the factual basis for this claim.**

Please see the Public Staff’s response to questions 5.a. above. As seen in the graph in the 5.a. response, there is much more capacity planned in North Carolina in its clusters AF and AG. Given the amount of generation seeking to interconnect in this area of the State, the Public Staff believes it is likely that these upgrades will become inadequate within a few years. Mr. Lucas provides more detail on page 12, lines 12 through 19, of his direct testimony.

- b. **Is it Your position that in designing Affected System Upgrades, DEP does not consider whether other projects already in the interconnection queue might render such Affected System Upgrades obsolete? Does the Public Staff consider this to be Prudent Utility Practice?**

The Public Staff believes that DEP does not consider future clusters when developing an affected system study. At this time, the Public Staff has not determined if this practice is imprudent. The Public Staff will need to evaluate PJM’s retooling of its AD1 cluster and DEP’s resulting affected system study.

- c. **Have You ever communicated with DEP, DEC, or any other utility about the concern expressed in Mr. Lucas’s testimony? If so, please describe all such communications.**

Please see the Public Staff’s response to question 1.

The Public Staff has also had general discussions regarding interties between the utilities within the context of the IRP.

- d. **Is it Your position that replacement of a transmission asset prior to the end of its normal service life does not provide benefits to ratepayers?**

Given the magnitude of potential upgrades and the possibility of stranded assets, it is uncertain if “stranded” assets would or would not provide benefits to ratepayers by the end of their normal service life. The nature of the upgrades and the removed/retired equipment must be evaluated on a case-by-case basis only after a completed DEP affected system study with the PJM retooling incorporated.

The Public Staff acknowledges that, due to changes in laws, load growth, and reliability requirements, the utility may prudently make the decision to retire a

transmission asset prior to the end of its useful life but those decisions would need to be evaluated on a case by case basis. It is the Public Staff's position, however, that holistic planning prior to building these assets in the first place is the most prudent action at this point in time.

- e. Is it Your position that replacement of a transmission asset after the end of its normal service life does provide benefits to ratepayers?**

See the answer to 7.d above.