

BEFORE THE PUBLIC SERVICE

COMMISSION OF UTAH

In the Matter of the Investigation
into Extending and Expanding the
Solar Incentive Program and Possible
Development of an Ongoing Program

Docket No. 11-035-104

~~~~~  
HEARING PROCEEDINGS  
~~~~~

TAKEN AT: Public Service Commission
Hearing Room 451
160 East 300 South
Salt Lake City, Utah

DATE: Wednesday, September 12, 2012

TIME: 2:04 p.m.

REPORTED BY: Scott M. Knight, RPR

1

APPEARANCES

2

.HEARING OFFICER: DAVID R. CLARK

3

FOR DIVISION OF PUBLIC UTILITIES:

4

PATRICIA E. SCHMID, ESQ.,

5

ASSISTANT ATTORNEY GENERAL

6

160 East 300 South, Sixth Floor

7

Salt Lake City, Utah 84114

8

.

9

FOR UTAH CLEAN ENERGY:

10

SOPHIE HAYES, ESQ.,

11

UTAH CLEAN ENERGY

12

1014 2nd Avenue

13

Salt Lake City, Utah 84103

14

.

15

FOR ROCKY MOUNTAIN POWER:

16

YVONNE R. HOGLE, ESQ.,

17

ROCKY MOUNTAIN POWER

18

201 South Main Street, Suite 2300

19

Salt Lake City, Utah 84111

20

.

21

FOR US MAGNESIUM:

22

GARY A. DODGE, ESQ.,

23

HATCH, JAMES & DODGE

24

10 West Broadway, Suite 400

25

Salt Lake City, Utah 84101

	INDEX	
1		
2		
3	WITNESS	Page
4	DAVID L. TAYLOR	
5	EXAMINATION	7
6	BY-MS.HOGLE	
7	ERIK JOHN ANDERSON	
8	EXAMINATION	20
9	BY-MS.HOGLE	
10	CAROLYN ROLL	
11	EXAMINATION	30
12	BY-MS.SCHMID	
13	CHERYL MURRAY	
14	EXAMINATION	33
15	BY-MR.CLARK	
16	SARA BALDWIN	
17	EXAMINATION	38
18	BY-MS.HAYES	
19	ROGER SWENSON	
20	EXAMINATION	43
21	BY-MR.DODGE	
22	CROSS-EXAMINATION	45
23	BY-MS.HOGLE	
24	REDIRECT EXAMINATION	50
25	BY-MR.DODGE	

1

Hearing Proceedings

2

September 12, 2012

3

PROCEEDINGS

4

MR. CLARK: All right. We'll be on the record.

5

My name is David Clark. I'm the designated

6

hearing officer for this proceeding. We are here to address

7

Docket No. 11-035-104 in a hearing that has been duly noticed

8

in the matter of the investigation into extending and expanding

9

the Solar Incentive Program and possible development of an

10

ongoing program. And we will begin with the appearance of

11

Counsel beginning with the applicant, Ms. Hogle.

12

MS. HOGLE: Good afternoon. Yvonne Hogle on

13

behalf of Rocky Mountain Power. With me here today are Dave

14

Taylor and Erik Anderson, who are here to present and support

15

the company's application in this proceeding.

16

MR. CLARK: Thank you.

17

Ms. Schmid.

18

MS. SCHMID: Good afternoon. Patricia E. Schmid

19

with the attorney general's office representing the Division of

20

Public Utilities. And with me as the Division's witness is Ms.

21

Carolyn Roll.

22

MR. CLARK: Thank you.

23

MS. MURRAY: And I'm Cheryl Murray with the

24

Office of Consumer Services. And I'm Counsel-less today.

25

MR. CLARK: Thank you.

1 Other appearances?

2 MS. HAYES: Thank you. Sophie Hayes on behalf
3 of Utah Clean Energy. With me is Sara Baldwin, who will
4 provide a brief statement in support of the application.

5 MR. CLARK: Thank you, Ms. Hayes.

6 MR. DODGE: And Gary Dodge. I'm actually here
7 in two contexts. I'm here as Counsel for UAE. Although UAE
8 does not intend to submit any evidence, it does not have a
9 witness that intends to participate. And then also on behalf of
10 US Magnesium, LLC. And Roger Swenson is US Mag's witness.

11 MR. CLARK: Thank you.

12 And we do have a party on the phone. Would you
13 identify yourself, please?

14 MR. JENNIGES: Yes, this is Aaron Jenniges from
15 The Cadmus Group. I was requested to attend by Rocky
16 Mountain Power.

17 MR. CLARK: Thank you. And are you able to hear
18 all of us?

19 MR. JENNIGES: I can hear most of you. There's a
20 couple of the women, sound like they're farther away from the
21 phone, that I couldn't hear.

22 MR. CLARK: Okay. We'll keep our microphones
23 close to us and on.

24 Anyone else that I overlooked?

25 All right. Ms. Hogle, would you like to begin?

1 MS. HOGLE: Yes. Thank you. Before introducing
2 our witness, I would like to propose that he be sworn.

3 MR. CLARK: Thank you. And--just so you're all
4 aware, we'll have you stay seated at Counsel table for the
5 purpose of delivering your testimony.

6 MS. HOGLE: Also Erik.

7 MR. CLARK: I'll swear them. I can swear you both
8 at the same time. That's fine.

9 Do you solemnly swear that the testimony you're
10 about to give shall be the truth, the whole truth, and nothing but
11 the truth?

12 MR. TAYLOR: Yes, I do.

13 MR. ANDERSON: Yes, I do.

14 DAVID L. TAYLOR, being first duly sworn, was
15 examined and testified as follows:

16 EXAMINATION

17 BY-MS.HOGLE:

18 Q. Can you please state your name and your position
19 with Rocky Mountain Power?

20 A. My name is David L. Taylor. I'm employed by
21 Rocky Mountain Power as manager of regulatory affairs for the
22 State of Utah. My business address is 201 South Main, Suite
23 2300, Salt Lake City, Utah 84111.

24 Q. And what is the purpose of your testimony here
25 today?

1 A. I'll briefly review the history of events that led up to
2 the finding of the application in this docket. And I'll also
3 discuss the key elements of proposed Solar Incentive Program
4 as described in that application.

5 Q. Please proceed.

6 A. Thank you. On August 3 of 2007, the Public
7 Service Commission approved a Schedule No. 107 Solar
8 Incentive Program as a pilot that was to run for five years. That
9 was to provide customer incentives to customers who purchased
10 and installed solar photovoltaic systems. That program was
11 intended to run for a period of 2007 through 2011. I'll say that
12 it was a very, very small program and was fully subscribed early
13 in each of those periods.

14 In September of 2010, Rocky Mountain Power filed
15 an assessment of the program and also provided some
16 recommendations for program changes. In that report, Rocky
17 Mountain Power concluded that the pilot program goal to gain
18 experience with the technology and the market delivery
19 infrastructure, along with costs and benefit information, had
20 been accomplished. As a result of that, we recommended that
21 the program continue through 2010 but terminate at that point,
22 and then the funding that was provided for that program for
23 another year being collected in rates be used to fund an energy
24 storage demonstration project.

25 At the invitation of the Commission, a number of

1 parties, including the Division of Public Utilities and the Office
2 of Consumer Services, submitted comments and recommended
3 that the program continue and not terminate at the end of 2010.
4 Many of those parties, in fact, recommended that the program
5 both be extended beyond its existing term and be greatly
6 expanded from its current size.

7 In December of 2010, after reviewing the comments
8 of the parties, Rocky Mountain Power submitted additional
9 comments, indicating that we were agreeable to continue the
10 program through the end of its original five-year term. And in
11 those comments, the company also supported the establishment
12 of the process to determine whether or not an expanded solar
13 photovoltaic program in Utah is appropriate, and if so, how such
14 a program might be structured and administered.

15 In July of 2011, the Commission opened this docket
16 that we're involved in today, directed the Division of Public
17 Utilities to organize and lead a work group to investigate, again,
18 extending and expanding the solar program, and if appropriate,
19 design an ongoing program that would be cost-effective.

20 In December of 2011, the Commission approved, at
21 the recommendation of the Division, an extension and expansion
22 of the current program for one additional year and then further
23 directed the Division to lead a work group, again, to investigate
24 the expansion and extension of the program.

25 At the direction of the Commission, Rocky Mountain

1 Power, the Division, the Office, Utah Clean Energy, and a
2 number of other parties participated in work group meetings
3 over several months to investigate that charge, whether or not
4 to extend and expand the Solar Incentive Program. The efforts
5 of that work group led to the development of a new Solar
6 Incentive Program that was filed on August 10 of this year and
7 that we're discussing here today.

8 So, let me just give you a brief overview, or
9 perhaps not as brief as some of the other witnesses, since it's
10 usually my responsibility to explain what we filed. But let me
11 give you a little brief overview of the program as it was filed.
12 Mr. Erik Anderson, who is here with me today, will discuss the
13 details of the program tariff Schedule 107. He's also available
14 to address any questions about the administrative details of how
15 the program will actually operate.

16 Also, Aaron Jenniges from Cadmus is on the phone.
17 And he's available to answer any questions you might have
18 about the cost-effectiveness report that Cadmus prepared in
19 support of this filing.

20 The program is intended to promote the installation
21 of solar voltaic electric generation equipment by customers.
22 And that's designed to offset their electric usage on the
23 customer's site. It's not intended to incent commercial-scale
24 programs that are planning to resell that power, but it's intended
25 to be used by customers putting on-site solar generation for

1 their own use.

2 Through the program, the company will pay a
3 rebate incentive, upon completion and inspection, an
4 interconnection of approved solar projects. The program's
5 designed to provide approximately \$50 million in incentives over
6 the life of the program. The program is intended to provide
7 incentives for projects over a five-year period through the end of
8 calendar year 2017. And the performance-based incentives for
9 larger customers will be paid in five annual installments,
10 therefore, taking five years to pay for the late installments at the
11 end of the program. Those would be paid through most likely
12 the end of 2021.

13 Applications for participation in the first year of the
14 program will be accepted beginning in January of 2013.
15 However, administrative costs have already begun to be
16 incurred and will be incurred between now and January. And
17 that's why we've asked that the program--cost recovery for the
18 program become effective October 12 of this year.

19 The program is segregated into three program
20 sectors. There's a sector for residential customers, which
21 provides to help fund projects up to 4 kilowatts in size, a
22 program for small or nonresidential customers that would
23 provide incentives for projects up to 25 kilowatts in size, and a
24 program for larger, nonresidential customers that would provide
25 incentives for projects between 25 and 1,000 kilowatts in size.

1 For the residential and small nonresidential
2 sectors, the incentives will be made as a single payment upon
3 project completion, inspection, and interconnection with the
4 system. For the larger nonresidential customers, those will be
5 paid over a five-year period in five installments reflecting a 6
6 percent interest rate on those payments. Those annual
7 installments will be conditioned upon certain minimum system
8 performance requirements, as detailed in Schedule 107 of the
9 tariff.

10 Exhibit C to the application is a table that shows
11 the annual program capacity bisector, the size of the incentives
12 for each sector, and the maximum incentive bisector and total
13 program payments to be made over the period of the program.
14 These incentive levels of program capacities are also detailed in
15 the tariff itself.

16 Selection of projects will be done through a lottery
17 process. And the details of the application and the lottery
18 process, again, are contained in the tariff.

19 A deposit will be required for those customers
20 which have been selected through the lottery. And after
21 completion and interconnection of the projects, those deposits
22 will be refunded back to the customers. However, if the project
23 does not reach completion within the appropriate timeline, that
24 that--those deposits will be forfeited.

25 Residential and small nonresidential systems will

1 have 12 months to complete and interconnect their projects.
2 Larger systems, because they're usually more complicated, have
3 a little more lead time involved--will have 18 months to complete
4 and interconnect their projects.

5 For the smaller residential and small nonresidential
6 customers, the incentive payment will be made within 60 days
7 after we received their claim form and completed all the
8 inspections as necessary. And the first installment for the
9 larger programs will be within that same 60-day period.

10 As part of this program, it's required that
11 participants who were eligible to participate in the company's
12 Cool Keeper program are required to participate in that program
13 to be eligible for an incentive under this program.

14 As renewable energy generation systems produce
15 renewable energy certificates, this program has a provision
16 wherefore those renewable energy credits are proportionally
17 shared between the system owner and Rocky Mountain Power
18 ratepayers. There's a simplified process detailed in the tariff
19 that determines a fixed level of RECs to be credited from each
20 project to Rocky Mountain Power each year for a 20-year period.

21 It's the intent of the company to use those RECs
22 not to market or sell but to satisfy the renewable power
23 requirements in the voluntary portfolio standard or target that
24 was developed under 70202 a couple of years ago. Again, the
25 process for calculating and tracking the RECs is described in

1 more detail in the tariff.

2 The program as proposed compares very favorably
3 on a cost-effectiveness basis with the demand side and energy
4 efficiency programs currently operated by Rocky Mountain
5 Power. Using a similar cost-effective analysis that's used in the
6 demand side programs, the new program delivers a utility
7 cost/benefit ratio of 1.75. The Cadmus report on
8 cost-effectiveness was attached to the application as Exhibit B.
9 And again, Aaron Jenniges from Cadmus is on the phone and
10 can answer any questions about that should you have some
11 about that analysis.

12 Administrative costs for the program are not
13 anticipated to be greater than 10 percent of the total incentive
14 cost over the term of the program. In fact, if the program
15 reaches its full size potential, it very likely will be less than 10
16 percent.

17 Program costs will be tracked in the balancing
18 account. Cost and revenues both will flow through that
19 balancing account, which will include an annual 6 percent
20 carrying charge.

21 And Exhibit B--excuse me--Exhibit E to the
22 application is a table that gives a projection of annual program
23 cost--revenues associated with recovering those costs, carrying
24 charges, and deferred account balances over the life of the
25 program.

1 I will just say that those are estimates at this point.
2 And particularly the revenue section of that will be modified as
3 we go over the life of the program, depending upon what the
4 actual expenditures turn out to be.

5 Program costs are in addition to Rocky Mountain
6 Power's revenue requirement. And the collection of those will
7 be on top of our approved revenue requirement. The annual
8 revenue collection will be spread on an equal percent basis to
9 all electric service schedules and to any special contracts which
10 are deemed that it would apply to.

11 Each schedule's share will be collected as a
12 per-kilowatt-hour charge through Schedule 195, the solar
13 incentive plan cost adjustment tariff. However, they will not be
14 called out as a separate line item on customers' bills as the
15 current DSM surcharges; but rather, those bills as displayed
16 will--each kilowatt-hour charge will reflect the kilowatt-hour
17 charge from the standard tariff plus the Schedule 195 charge
18 added together. That's what will display on the bill.

19 What this does is it allows to satisfy both the
20 objective of being able to track the revenues collected very
21 specifically, but not having to include this as a special line item
22 on the tariff. And the calculation of those rate spread and the
23 rate design of that surcharge is shown in Exhibit F, as well
24 as--and then the rate is shown in Schedule 195.

25 The proposed initial collection rate is approximately

1 0.3 percent of revenue for each rate schedule. Since it's the
2 same percent for each rate schedule, produces a different
3 kilowatt-hour rate for each of those schedules, and that rate
4 ranges from 0.0175 to 0.0386 cents per kilowatt-hour. But
5 again, each of those kilowatt-hour rates is approximately 0.3
6 percent of the revenue for that class.

7 The recovery through Schedule 195 is to begin on
8 the effective date of this program and will continue for
9 approximately a nine-year period until the program costs have
10 been recovered from customers.

11 Again, we've requested that collection begin
12 October 12 of this year. That's concurrent with the rate change
13 expected from our general rate case and will require only one
14 rate change. We'll also start to collect costs during the period
15 which were beginning to incur administrative or program costs in
16 advance of the initial incentives that will begin next year.

17 It's expected that over the life of the program that
18 the rates in Schedule 195 will be reviewed and modified as
19 necessary. Particularly that will be reviewed in the context
20 every time there's a rate change in the general rate case, or at
21 any other point in time, so as to keep the revenues and the
22 costs relatively aligned with each other and minimize as much
23 as possible the carrying costs that would be involved with that
24 balancing account.

25 There will be an annual report filed each year by

1 June 1. And in those reports, the company can propose
2 modifications to the program if they're deemed necessary, either
3 on program structure or incentive levels or anything else that is
4 felt to be necessary to make the program continue to be
5 effective.

6 Obviously, any program adjustments would need to
7 be approved by the Commission and would be expected that
8 they would be, again, recommended in June and by the end of
9 October, they would be either approved or rejected by the
10 Commission so that they could be implemented the beginning of
11 the subsequent program year.

12 Finally, I just want to thank all the parties for
13 working together to develop this program that I've just
14 described. While it's not being presented as a stipulation, it
15 was developed through a collaborative process that involved a
16 lot of work from all the parties that participated.

17 Restate the company's support for the program. I
18 recommend that the Commission approve it and the tariffs that
19 were filed with the application with an effective date of October
20 12 of 2012.

21 That concludes my comments. Thank you.

22 MS. HOGLE: Mr. Taylor is available for questions.

23 MR. CLARK: Any cross-examination for Mr. Taylor?

24 Thank you.

25 Ms. Hogle, your next witness.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

ERIK JOHN ANDERSON, being first duly sworn,
was examined and testified as follows:

EXAMINATION

BY-MS.HOGLE:

Q. Can you please state your name and your position
with Rocky Mountain Power?

A. My name is Erik John Anderson. I work as the
customer generation manager for Rocky Mountain Power.

Q. And what is the purpose of your testimony here
today?

A. Purpose of my testimony is to provide a little more
detail on Schedule No. 107 and also respond to any questions
about the implementation of the program.

Q. Please proceed.

MR. CLARK: Just before you begin, Mr. Anderson,
let me make it clear for the record that you have been sworn
simultaneously with Mr. Taylor.

THE WITNESS: Sounds good.

Dave went into a pretty good amount of detail, so I
only have a few additional comments on Schedule 107. As
Dave discussed in his testimony, the program is designed to be
broken into three program sectors, a residential program
sector--section, which will allow systems up to four kilowatts; a
small nonresidential section, which will allow systems up to 25
kilowatts; and a large nonresidential section, which will go from

1 25 kilowatts to 1 megawatt.

2 Each of these sectors will have their own capacity
3 allotments in each of the program years. For example, in the
4 first year, the residential will have 500 kilowatts of capacity
5 available, the small nonresidential will have 3 megawatts, and
6 the large nonresidential will have 3 megawatts.

7 Each subsequent year of the program additional
8 capacity will be released in each of these program sectors. In all
9 but the residential sector, these--the amount of available
10 capacity will escalate in each year throughout the program. In
11 the--and the residential program, it will stay at 500 kilowatts a
12 year.

13 If, during any of the program years, one of the
14 different program sectors does not fully use all of the capacity,
15 that capacity will be rolled forward into the next year in that
16 program sector, so it will stay--we should achieve the desired
17 amount of installed systems in each program sector by the end
18 of the program.

19 With regards to the incentives, the program is
20 designed to have a decreasing incentive as the program
21 develops or progresses through the program years. For
22 example--and each program sector has its own incentive level.
23 In the residential, it will start at \$1.25 per installed watt. In the
24 small nonresidential, it will start at one dollar per installed watt.
25 And in the large, it will start at 80 cents. Each of those program

1 sectors, as we progress through the program, will decrease by
2 five cents installed kilowatt--or installed watt each year as we
3 progress through the program.

4 As Dave discussed, for the residential and small
5 nonresidential system, this is designed as a onetime payment, a
6 rebate that will be paid after the customer has completed the
7 installation and submitted an incentive claim form and the
8 facility has been inspected.

9 The large nonresidential program, as Dave
10 discussed, will have five--will receive five payments. One of
11 those at the same point as the small nonresidential will, and
12 then four subsequent payments yearly after that.

13 During the discussions to design the program with
14 the amount of incentive that was going to be allocated to the
15 large production--or the large nonresidential systems, it--there
16 was some discussion that we should try and ensure that these
17 systems produce the power as expected. So, rather than give
18 one upfront payment for the entire large incentive amount, that
19 some production goals be established.

20 The goal--the design was to strike--or the desire
21 was to strike a balance between ensuring the rate payers get
22 what they're paying for and that the obligation is not too
23 onerous or prevent the ability of large customers from securing
24 financing by putting too onerous of a requirement on there.

25 So, what was developed was an 85 percent target

1 from the expected output of the program--or of the system
2 based on the components included and the design
3 characteristics of the installed system, using PVWatts program
4 developed by the National Renewable Energy Laboratory.

5 The company will determine what the expected
6 output of that system will be per year, and then in the
7 customer--during that--each year, produces 85 percent of that
8 total, we will--they will be eligible for the full amount of the
9 incentive. If they do not hit the 85 percent target, then their
10 incentive for that year will be reduced proportionally to how
11 much they fell short of that target. So, that's--and--hopefully
12 with that, we won't prevent anybody from getting any financing,
13 but we will ensure that the customers who put those systems will
14 probably maintain them and keep them working at least for the
15 first five years.

16 Regarding the enrollment process, we're going to
17 build on what we implemented in the 2012 program year and use
18 a lottery process. We have found that this prevents customer
19 angst about technology. In the--earlier in the pilot program, we
20 did a first come, first serve procedure. And there was significant
21 customer concern about the release of the capacity. So, the
22 decision was made to give customers two weeks to file an
23 abbreviated application to--if they are interested in participating
24 in the program. At that time, we'll randomize those and develop
25 a queue based off the randomization results. We'll then go

1 through in each individual program sector and offer the capacity
2 to the customers.

3 At that point, the customers will be required to pay
4 a deposit if they're interested still in participating. That deposit
5 is, has been set at \$20 per kW installed, or \$100, whichever is
6 greater. That is a refundable deposit if the project is installed
7 within the timelines. If it is not installed, that money will be
8 used to offset the costs of the programs. It will be placed in the
9 balancing account and used to offset the costs of the programs.

10 There is--the next in the enrollment process, the
11 next part of the enrollment process is the customer will be
12 required during--two months after they are notified of their
13 acceptance into the program, they'll be required to submit a
14 complete net metering interconnection application. If they do
15 not submit this application, which signifies that they still intend
16 to move forward with their project, they will be removed from the
17 program and their deposit will be forfeited.

18 Then their next obligation is to interconnect in the
19 timeline stated in the tariff, as Dave mentioned, either 12
20 months for residential and small nonresidential or 18 months for
21 the large nonresidential. If they don't interconnect with those
22 timelines, their deposit would be forfeited and they'd be
23 removed from the program.

24 We do propose to allow customers who have
25 already participated in previous years to participate in the

1 expanded program if they'd like to expand their system that they
2 have installed. The one requirement is that if the--they will be
3 placed sort of at the end of the queue when we do the
4 randomization process, we will release the capacity to new
5 customers who have not participated historically. And then if
6 there's still available capacity, we will open that up to repeat
7 customers, in essence.

8 We already talked after a system is installed the
9 customer will be required to file an incentive claim form. This
10 incentive claim form is--asks the specific components that were
11 installed, asks for the program characteristics like the azimuth
12 of their system, the tilt, and some other specifics about how
13 they installed their program. This will let us finalize the amount
14 of their incentive based on actual installs rather than based on
15 their proposed installation. So, it will give us more accurate
16 reading on what their installation should be. We will then send
17 out inspectors to inspect the facilities. The plan is that all large
18 nonresidential systems will be--
19 would be inspected to ensure that they meet with their incentive
20 claim form.

21 With the small nonresidential and the residential
22 program, we would propose to inspect one in seven of the
23 facilities after the first two facilities for each contractor would be
24 inspected. And then after that, one in seven of the installed
25 facilities would be inspected just to decrease the program costs.

1 The--to be eligible for the system, equipment must
2 be purchased after the customer has been accepted into the
3 program. Systems installed or purchased prior to acceptance
4 will not be eligible to receive an incentive. As part of the
5 incentive claim form, we will be requiring that they submit the
6 invoices of their system.

7 As Dave discussed, to encourage energy efficiency,
8 we will be requiring people who are eligible to participate in
9 Cool Keeper and have the right hardware at their facilities to
10 participate in Cool Keeper in order to participate in the Solar
11 Incentive Program.

12 Dave discussed the REC proposal. Just as a little
13 bit of background, we do--we would assume that each--for each
14 installed watt, we would--the company would be deemed to
15 receive 0.28 megawatt hours per incentivized kilowatt per year
16 for the 20 years of the program. This amount was established
17 because there are approximately--the incentive amount is paying
18 for approximately 20 percent of the installed cost of the systems
19 looking at historic data.

20 And using a 1.4, using an estimate of what most
21 systems in this area will produce, which is about 1.4 megawatt
22 hours per year for installed kilowatt, we divided that by 20
23 percent. And that came up with a 0.28 megawatt hour for
24 incentivized kilowatt. And Dave talked about how all these
25 RECs won't be used or--they won't be sold. They'll just be used

1 to hit this SB 202 targets.

2 So, with that, those are my prepared comments, but
3 I'm eligible--available to answer any questions.

4 MR. CLARK: Any cross-examination for Mr.
5 Anderson?

6 Thank you.

7 Mr. Taylor, I have a question just before we leave
8 you. Since this application is not verified, was it prepared under
9 your direction and control?

10 MR. TAYLOR: It was.

11 MR. CLARK: And is the information presented in it
12 true, to the best of your knowledge--

13 MR. TAYLOR: It is.

14 MR. CLARK: --and belief? Your summaries were
15 very thorough. But in case there's something else there that the
16 Commission needs to rely on, I appreciate your testimony in that
17 regard.

18 Anything else, Ms. Hogle?

19 MS. HOGLE: Not for now. Thank you.

20 MR. CLARK: Thank you. Ms. Schmid?

21 MS. SCHMID: Thank you. May the Division's
22 witness, Ms. Carolyn Roll, be sworn?

23 MR. CLARK: Certainly.

24 Do you solemnly swear that the testimony you are
25 about to give shall be the truth, the whole truth, and nothing but

1 the truth?

2 MS. ROLL: Yes, I do.

3 MR. CLARK: Thank you.

4 CAROLYN ROLL, being first duly sworn, was
5 examined and testified as follows:

6 EXAMINATION

7 BY-MS.SCHMID:

8 Q. Could you please state your name, business
9 address, employer, and position for the record?

10 A. Yes. My name is Carolyn Roll. And my business
11 address is 160 East 300 South, Salt Lake City, Utah 84114. And
12 I am a utility analyst employed by the State of Utah Division of
13 Public Utilities.

14 Q. Did you participate on behalf of the Division of
15 Public Utilities in this docket?

16 A. Yes, I did.

17 Q. Was the memorandum the Division filed, dated
18 August 29, 2012, prepared with your participation and direction?

19 A. Yes, it was.

20 Q. To the best of your knowledge, are the statements
21 therein true and correct?

22 A. Yes, they are.

23 Q. Do you adopt that memorandum as your testimony
24 in this case?

25 A. Yes, I do.

1 Q. Do you have a brief summary that you would like to
2 provide?

3 A. Yes. It is very brief.

4 As stated in the Division's memorandum to the
5 Commission dated August 29, 2012, we recommended that the
6 Commission approve the application for the Solar Incentive
7 Program and approve the proposed Electric Service Schedules
8 107 and 195 with an effective date of October 12, 2012.

9 As directed by the Commission in their order dated
10 December 21, 2012--2011--excuse me--the Division, pursuant to
11 our own recommendation order, organized and led a work group
12 to investigate extending and expanding the program. On January
13 25, 2012, the Commission held a scheduling conference to
14 schedule a straw man proposal deadline, technical conferences,
15 and work group meetings. These meetings were held between
16 February and August 12 and resulted in the proposed program
17 that Rocky Mountain Power filed with the Commission on August
18 10, 2012.

19 The Division supports the program as developed
20 through a process with other parties. And the Division--but the
21 Division does not represent that the program reflects complete
22 agreement of all the parties. Based on the cost-effectiveness
23 results and the potential to add to Utah's renewable clean
24 energy capacity, the Division believes that the program is in the
25 public interest.

1 In addition, the Division believes that the proposed
2 promotional program is in accordance with Rule 746-404. And
3 that concludes my summary.

4 MS. SCHMID: Ms. Roll is available for
5 cross-examination and questions from the hearing officer.

6 MR. CLARK: Thank you.

7 Any cross-examination for Ms. Roll?

8 MS. HOGLE: (Moves head from side to side.)

9 MR. CLARK: Thank you.

10 Anything further, Ms. Schmid?

11 MS. SCHMID: Nothing further.

12 MR. CLARK: Thank you.

13 Ms. Murray, do you intend to testify?

14 MS. MURRAY: I do.

15 MR. CLARK: All right. Would you raise your right
16 hand, please? Do you solemnly swear that the testimony you
17 are about to give will be the truth, the whole truth, and nothing
18 but the truth?

19 MS. MURRAY: Yes, I do.

20 CHERYL MURRAY, being first duly sworn, was
21 examined and testified as follows:

22 EXAMINATION

23 BY-MR.CLARK:

24 Q. Thank you. Would you please state your name and
25 your role with the Office and your business address for the

1 record, please?

2 A. Yes. My name is Cheryl Murray. I'm a utility
3 analyst with the Office of Consumer Services. My business
4 address is 160 East 300 South, Salt Lake City, Utah.

5 Q. Thank you. And we have on file a memorandum
6 dated August 29, 2012. Were you involved in the preparation of
7 this statement or memo?

8 A. Yes, I was.

9 Q. And is the information in it true, to the best of your
10 knowledge and belief?

11 A. Yes, it is.

12 Q. You adopt it as your testimony?

13 A. I do.

14 Q. Do you have a summary of your statements here in
15 the memo--

16 A. Yes, I do.

17 Q. --for the Commission? Please go ahead.

18 A. The Office represents the interest of residential and
19 small commercial customers. Our evaluation of the Solar
20 Incentive Program was conducted and recommendations offered
21 in keeping with our responsibilities to those customers. The
22 Office has participated in all aspects of this docket, including
23 technical conferences, settlement meetings, and offering an
24 initial straw man proposal. The company has presented a
25 comprehensive background and overview of the program, but

1 there are a few areas of particular interest to the Office that I
2 will briefly address.

3 Cost-effectiveness. In order for the Office to
4 support a Solar Incentive Program, foremost it had to be
5 demonstrated that it was cost-effective and remains cost-
6 effective over the life of the program. Results of the Cadmus
7 cost-effectiveness analysis indicate the program compares very
8 favorably to current DSM and energy efficiency programs with a
9 benefit-to-cost ratio of 1.63 for the utility cost test. My number
10 is slightly different than Mr. Taylor's because I--
11 mine accounts for free ridership.

12 Broad customer participation. The structure of the
13 program allows for participation from different customer classes
14 with varying system sizes. Since the majority of customer
15 classes are funding the program, it is important that they have
16 an opportunity to participate.

17 Cost recovery. Although the accounting of
18 accounting program costs will occur through a balancing
19 account, charges will not be displayed as a line item on
20 customer bills. The Office does not believe that it is appropriate
21 to call out only solar costs when other resources such as coal
22 and natural gas are not distinguished separately.

23 Renewable energy certificates. Solar projects will
24 generate renewable energy certificates, which will be
25 proportionally assigned between the company and participants

1 in the program. This appropriately allows customers funding the
2 program to receive benefits associated with RECs.

3 Demand-side management and energy efficiency
4 participation. Residential and small commercial customers
5 desiring to participate in the solar program must agree to
6 participate in the Cool Keeper program if eligible. Along those
7 same lines, the Office has previously taken the position that
8 requiring cost-effective DSM measures prior to adding solar
9 systems ensures that ratepayer dollars are better spent as it
10 minimizes the extent to which the resources receiving incentives
11 are serving inefficient loads.

12 And we believe that this is an area that should be
13 monitored. And if it becomes more feasible to require
14 implementation of DSM or energy efficiency measures, those
15 requirements should become part of this program or subsequent
16 programs.

17 Annual report. The company states that it will file
18 an annual report and it may suggest program modifications at
19 that time. The Office supports this procedure and anticipates
20 that the Commission will schedule a process if any party
21 proposes modifications after the reporting period.

22 Special contract customers. The Office
23 recommends that the Commission include language in its order
24 that special contract customers are subject to Schedule 195.
25 Currently, there appears to be a circular argument in use

1 relative to the EDA facilitated by having language in the tariff
2 docket indicating that special contracts are subject to the tariff
3 to the extent detailed in the contract, but at the same time
4 having contract language that indicates the tariff only applies if
5 specifically ordered in the tariff docket. The Commission can
6 preempt this situation for the solar program by clearly indicating
7 that special contracts are subject to this tariff and ordering that
8 future contracts specifically include that requirement.

9 In conclusion, it is the Office's view that the Solar
10 Incentive Program is in the public interest and the resulting
11 rates are just and reasonable. The Office recommends that the
12 Commission approve the company's application. We further
13 recommend that in its order the Commission address the issue
14 of special contracts and also require that company solar
15 incentive contracts or agreements clearly state that customer
16 rates and rate structures are subject to change for reasons
17 given in our August 29 memo. And that concludes my summary.

18 MR. CLARK: Thank you.

19 Cross-examination for Ms. Murray.

20 All right. Thank you, Ms. Murray. Anything

21 further?

22 MS. MURRAY: No. Thank you.

23 MR. CLARK: Thank you.

24 Ms. Hayes?

25 MS. HAYES: Thank you. Utah Clean Energy would

1 like to call Sara Baldwin to provide a statement of support for
2 the proposed program. And I ask that she can be sworn right
3 now.

4 MR. CLARK: Do you solemnly swear that the
5 testimony you are about to give shall be the truth, the whole
6 truth, and nothing but the truth?

7 MS. BALDWIN: Yes, I do.

8 MR. CLARK: Thank you.

9 SARA BALDWIN, being first duly sworn, was
10 examined and testified as follows:

11 EXAMINATION

12 BY-MS.HAYES:

13 Q. Ms. Baldwin, please state your name and business
14 address for the record.

15 A. Yes. My name is Sara Baldwin. My business
16 address is 1014 Second Avenue, Salt Lake City, Utah 84103.

17 Q. Have you previously testified before this
18 Commission?

19 A. No.

20 Q. Please provide your professional experience and
21 qualifications.

22 A. Sure. I am a senior policy associate--
23 excuse me--senior policy and regulatory associate for Utah
24 Clean Energy. I've been with Utah Clean Energy since 2004.
25 And in that time, I've been actively involved in numerous

1 regulatory proceedings and dockets relating to interconnection
2 standards, net metering, smart grid standards, and integrated
3 resource planning.

4 Outside of the utility regulatory arena, I served on
5 the energy development and environment subcommittee of
6 Governor Herbert's ten-year energy initiative and participated in
7 other State renewable energy initiatives. I also hold honors BS
8 and BA degrees from the University of Utah.

9 Q. Please describe your participation in this docket.

10 A. On behalf of Utah Clean Energy, I've engaged in
11 the company's Solar Incentive Program efforts since before the
12 inception of the pilot Solar Incentive Program that was approved
13 in 2007. And throughout the duration of the solar incentive pilot
14 program, as part of Docket 07-035-T14, Utah Clean Energy
15 submitted comments on the company's annual program reviews,
16 the third-year program evaluation, and in response to
17 Commission requests for comments on the program.

18 When the Commission opened Docket 11-035-104,
19 Utah Clean Energy participated in all of the solar incentive work
20 group meetings for both 2011 and 2012 work groups. We
21 submitted a straw man proposal in the initial technical
22 conference of the 2012 work group and provided information and
23 analysis throughout the work group meetings and settlement
24 negotiations.

25 Utah Clean Energy also brought in experts from the

1 Sandia National Laboratories for a technical conference on
2 distributed solar integration issues and relevant studies.

3 We worked with the Company, the Division, the
4 Office, and work group members throughout the process to
5 create a proposal for a new solar incentive program designed to
6 be cost-effective. And Utah Clean Energy submitted comments
7 in support of the company's proposed tariff on August 29, 2012.

8 Q. Did you participate in the development of those
9 comments?

10 A. Yes, I did.

11 Q. To the best of your knowledge, is the information
12 therein true and correct?

13 A. Yes, it is.

14 Q. Do you adopt these comments as your testimony?

15 A. Yes, I do.

16 Q. And do you have a statement you would like to
17 present to the Commission?

18 A. Yes.

19 Utah Clean Energy supports the company's
20 proposal for a new solar incentive program for the following
21 reasons: This proposal is a product of numerous work group and
22 settlement discussions and represents the input, analysis,
23 recommendations, and compromises of those work group
24 participants. The proposal has been informed by
25 representatives of the solar industry and by numerous diverse

1 stakeholders.

2 The proposed five-year \$50 million program will
3 provide incentives for 60 megawatts of new distributed solar
4 resources, which provide unique benefits for society,
5 ratepayers, and utility. These benefits, which Utah Clean
6 Energy has described in comments in Dockets 07-035-T14 and
7 11-035-104, include valuable summertime energy generation,
8 energy price risk mitigation, emission and pollution-free
9 electricity generation, environmental risk mitigation, rapid
10 deployment capability, and economic and public health benefits.

11 This program has been designed to be
12 cost-effective according to the utility cost test, which is the
13 threshold test in determining program prudence. Passing the
14 utility cost test indicates that the ratepayer-funded portion of the
15 distributed solar resource is less than the utilities avoided cost.

16 This program leverages private investments to
17 cost-effectively develop a valuable and beneficial distributed
18 solar resource for Rocky Mountain Power. Utah Clean Energy is
19 also supportive of the company's proposal to file annual reports
20 and believe this will provide an opportunity to evaluate and
21 improve this program as it progresses.

22 For these reasons, Utah Clean Energy recommends
23 that the Commission approve this new solar incentive program
24 as proposed and with an effective date of October 12, 2012, as
25 just and reasonable and in the public interest.

1 Q. Excuse me. Does that conclude your testimony?

2 A. Yes. Thank you.

3 MS. HAYES: Ms. Baldwin is now available for
4 questions, if any.

5 MR. CLARK: Any cross-examination?

6 Thank you.

7 MS. BALDWIN: You're welcome.

8 MR. CLARK: Mr. Dodge.

9 MR. DODGE: Is it all right if we sit here, or would
10 you like us to--

11 MR. CLARK: No. I think you're fine. You're fine
12 where you are, as long as the court reporter can--

13 MR. DODGE: We will speak up.

14 US Mag's witness is Roger Swenson. He should be
15 sworn in.

16 MR. CLARK: Thank you. Do you solemnly swear
17 that the testimony you are about to give shall be the truth, the
18 whole truth, and nothing but the truth?

19 MR. SWENSON: Yes, I do.

20 MR. CLARK: Thank you.

21 ROGER SWENSON, being first duly sworn, was
22 examined and testified as follows:

23 EXAMINATION

24 BY-MR.DODGE:

25 Q. Mr. Swenson, could you describe for the record who

1 you are and who you represent?

2 A. I'm an energy consultant for US Magnesium. My
3 business address is 1592 East 3350 South, Salt Lake City, Utah
4 84106. I work for US Magnesium in regulatory matters
5 associated with energy and have testified before the
6 Commission in numerous proceedings associated with both the
7 cost of energy purchased from the company, as well as energy
8 sales to the company through a--an existing qualifying facility
9 under PURPA. So, I have been through a lot of proceedings
10 associated with energy and the associated buying or selling of
11 the energy--electrical energy here.

12 In this matter, it was brought to our attention just in
13 the past couple of weeks that there were comments filed that
14 indicated that we would somehow come under this program and
15 that we would be--as US Magnesium, would be forced to pay
16 potentially hundreds of thousands of dollars associated with
17 these costs for providing the incentives for the solar program.

18 US Magnesium relied on the application as filed by
19 the company, which clearly shows that there were no expected
20 revenues based on their understanding of our contract and the
21 contract associated with US Magnesium's special contract rate.

22 If US Magnesium had understood that there was
23 any potential for coming under that obligation or having the
24 ability to participate in such a program, we would have been
25 involved in the working groups and the determination of how

1 these costs should be fairly allocated.

2 We didn't have that chance. And it was simply
3 because we didn't understand in any context that it was
4 appropriate for US Magnesium as a special contract customer to
5 bear these kinds of costs.

6 MR. DODGE: Thank you. No further questions.

7 MR. CLARK: Any cross-examination for Mr.
8 Swenson?

9 MS. HOGLE: Yes, thank you. Just a few.

10 CROSS-EXAMINATION

11 BY-MS.HOGLE:

12 Q. Mr. Swenson, good afternoon.

13 A. Good afternoon.

14 Q. You testified that it was just brought to your
15 attention a couple of weeks ago that the party that you
16 represent, US Magnesium, would be subject to the surcharge
17 that would be charged to support or your portion of the
18 surcharge for the program would be applied to US Magnesium.
19 Is that correct?

20 A. No. I'm--I might have misstated. What was
21 brought to our attention was--were comments that were filed
22 that somehow--there should be more discussion or somehow
23 this matter should be considered in this docket by comments
24 filed by the Office of Consumer Services.

25 Q. Thank you. You also testified, I believe, that you

1 relied on the company's application for your understanding that
2 US Magnesium would not come under the purview of the
3 surcharge that would be charged to support the Solar Incentive
4 Program. Is that correct?

5 A. We looked at the application and clearly saw that
6 there were no revenues allocated to us.

7 Q. Did you, by chance, happen to review Exhibit F
8 filed with the application?

9 A. I had a chance to read the application once. And
10 I--that's all I've seen is just a very quick reading of the
11 application, because we had to file comments very quickly after
12 we saw it.

13 Q. Did you know that the company filed its application
14 in August, I believe August 12, 2012?

15 A. That's my understanding. I saw the date.

16 Q. Okay. Mr. Swenson, would you--would it surprise
17 you to know that there is a line item in Exhibit F showing that
18 US Magnesium, as a special contract customer, would be
19 subject to the surcharge in this program?

20 A. What I saw in the application that I saw was that
21 Kennecott had some charges associated with it but the other
22 two special contracts did not. And that's what gave me the
23 indication that there was no obligation.

24 Q. Isn't it true that you are under a contract currently
25 that will not expire until 2014? Is that correct?

1 A. That's correct.

2 Q. And under that special contract, there is no
3 provision for a surcharge to support a solar incentive program.
4 Is that correct?

5 A. That's correct.

6 Q. So, doesn't it stand to reason that the reason why
7 the surcharge or revenues showing in Exhibit F for US
8 Magnesium, which are zero, would not be reflected in the--in
9 that line item because currently US Magnesium will not be
10 charged that surcharge until after its special contract expires?

11 A. Yes.

12 Q. You indicated earlier that it had come to your
13 attention just recently that there were comments filed by the
14 OCS indicating that--or recommending that there be a specific
15 provision that a surcharge be applied to special contracts
16 expressly on future special contracts. Is that correct?

17 A. It wasn't clear to me in the reading of the document
18 whether it was associated with future contracts or whether it
19 was being suggested that the order contemplated in this docket
20 would just make them appropriate for the contract that's in place
21 right now. So, it was just, it was unclear to us and it was
22 unclear to me listening to the committee's testimony today,
23 whether or not it was being suggested that it was just based on
24 future contracts or to somehow change today's contract.

25 Q. And who brought that to your attention?

1 A. Mr. Dodge brought the attention, brought us the
2 comments of the Office to my attention.

3 Q. Are you aware that Mr. Dodge participated in the
4 workshops that were held?

5 MR. DODGE: I'm going to object to this question. I
6 did not ever participate on behalf of US Mag. I don't understand
7 where you're going with it. I was a UAE representative in it.
8 And I think it's highly inappropriate to suggest that I was there
9 for US Mag. And if I need to testify as a participant, I will, but
10 we were assured throughout that special contracts would not be
11 subject to this. It was the company that made that
12 representation, among others. So, if we are going to get into
13 that, then I'm going to ask to be sworn as a witness, if she's
14 going to try to impute knowledge to US Mag through me.

15 MR. CLARK: Understanding that, Ms. Hogle, do
16 you want to ask your question or rephrase it, or how would you
17 like to proceed?

18 MS. HOGLE: Well, I'll just ask one more question
19 related to that.

20 BY MS. HOGLE:

21 Q. Mr. Swenson, how long has Mr. Dodge been
22 representing US Magnesium in this proceeding?

23 A. Today.

24 Q. Just today?

25 A. Just today.

1 Q. Okay. Did he by chance file, or did you by chance
2 file an intervention?

3 A. I did file an intervention on behalf of US
4 Magnesium.

5 Q. Okay.

6 A. Or comments is exactly what it was.

7 MS. HOGLE: Okay. I have no further questions.

8 MR. DODGE: I do have some redirect in light of
9 that. I'm not frankly sure where Ms. Hogle is going with it, but I
10 think I need to draw some more information from Mr. Swenson in
11 light of that, if that's okay.

12 MR. CLARK: Please proceed.

13 REDIRECT EXAMINATION

14 BY-MR.DODGE:

15 Q. Mr. Swenson, were you at any time, by anyone,
16 prior to my telling you what the Office had filed, notified that US
17 Mag should be an intervenor in this process or its contract may
18 be subject to potential change in this docket?

19 A. No, never.

20 Q. Had you ever been told that, would you have
21 intervened and attempted to protect your interest?

22 A. I would have been in every working group meetings.

23 Q. Are you aware of another special contract in a
24 similar situation that there was not a participant in the docket
25 but who would theoretically be affected by this suggestion?

1 A. Yes, I am.

2 Q. And to your knowledge, did they ever intervene in
3 this docket?

4 A. No, they did not.

5 Q. And in your view, is it important for US Mag to be
6 told if its contract is going to be somehow affected in another
7 docket where its contract's not been directly at issue?

8 A. Yes.

9 Q. Thank you. And was it Rocky Mountain itself that
10 told you at some point or not--another, that your contract would
11 not be affected by this?

12 A. I don't remember, my best inclination was that--in
13 reading the application, didn't appear to us that we had anything
14 to do in this docket associated with our existing contract.

15 MR. DODGE: Thank you. No further questions.

16 MR. CLARK: Thank you. Any other questions for
17 Mr. Swenson? Or is there any other party or witness present?
18 Okay.

19 I have some questions. I'll direct some of them to
20 individual witnesses and--because most of you have worked on
21 this project together, I thought it best if I address questions to
22 you as a panel so that I can receive all of your perspectives, or
23 at least all who want to share a perspective. And if I feel I need
24 one specific perspective, I'll ask for it.

25 But I think to be efficient, let me begin with Mr.

1 Swenson, where we've just left off. I'm looking at a statement in
2 your comments on page .2 that says, US Mag did not participate
3 in this process in large part because it was assured that the
4 proposal would not be available to it and would not affect it.

5 I'd like to understand the basis for that statement,
6 what you meant by--

7 MR. SWENSON: That came from Mr. Dodge in his
8 participation for UAE. And he would have explained to us if
9 there was any need for us to be involved.

10 MR. CLARK: Although he didn't represent you.

11 MR. SWENSON: Right. There was no need to
12 have him represent us in that matter. And no payments were
13 ever made to Mr. Dodge in relation to him representing us in any
14 of those working group meetings.

15 MR. DODGE: And, Judge, that was in part the
16 basis for my offering to be sworn in as a witness, because I did
17 ask that question. And the issue came up. And the discussion
18 was from the company that this would not apply to special
19 contracts where their contracts didn't specifically say they were
20 subject to it absent a determination by the Commission that--a
21 separate determination it would, so I assured them they didn't
22 have to get involved. I'm happy to go on the record and testify
23 to that under oath.

24 It's frankly shocking to me that there's any notion
25 that consistent with due process one can amend two contracts

1 in a docket that has nothing to do with those two contracts. But
2 it--I'd be happy to be sworn, if that would be appropriate, to give
3 that testimony.

4 MR. CLARK: It's not necessary from my
5 perspective, Mr. Dodge.

6 But I do have a follow-up question for Mr. Swenson.
7 The statement that US Mag is not eligible for the program, could
8 you help me with that or--

9 MR. SWENSON: We didn't understand in any
10 meaningful manner that we could apply to this program and
11 didn't expect that there was any basis for taking part in it.

12 MR. CLARK: For any other party, is that true or is
13 US Mag as a customer eligible to participate?

14 MR. TAYLOR: Can I address this?

15 MR. CLARK: Mr. Taylor.

16 MR. TAYLOR: If you'll turn to the tariff--Schedule
17 107, page .1 of the tariff, in the applicable paragraph, it states
18 that this program is available, it's to all customers served by the
19 company in the State of Utah billed on all rate schedules, and
20 special contract customers whose bills are subject to Schedule
21 195, the Solar Incentive Program surcharge.

22 So, the intent of the tariff is, if your current
23 contract does not allow to be billed the surcharge, then you're
24 not eligible to participate in the program. If your contract allows
25 for the surcharge and you're reading the bill, the surcharge,

1 then you are eligible to participate in the program. Under that
2 scenario, the current US Magnesium contract does not have a
3 provision for this type of charge. And so at least during the
4 term of this, of at least in our interpretation under the term of
5 this contract, they would not be able to participate in the
6 program, and they would not be subject to Schedule 195.

7 Now, when that contract expires and will be
8 renewed again, then that would depend on what the new
9 contract would say at that point in time as to whether or not it's
10 applicable.

11 MR. CLARK: Thank you.

12 Anyone have a comment or further testimony on
13 this subject? Ms. Murray.

14 MS. MURRAY: I do have a comment regarding the
15 suggestion that we're proposing contracts be changed not in a
16 contract docket and not with input from the party who is--owns
17 the contract. And both today and in our comments, I said, We
18 recommend that in future, special contracts and contract
19 amendments the company be required. We did not suggest that
20 existing contracts be modified at this time or that they be
21 subject, where the contract does not now provide for that.

22 MR. CLARK: Any other response to my last
23 question?

24 Then, another question for either Mr. Dodge or Mr.
25 Swenson. The statement in the comments on page 2, This

1 docket does not involve the required parties--adequate notice
2 has not been provided, and acting on the OCS suggestion would
3 violate basic due process rights.

4 It's essentially a legal statement, so perhaps Mr.
5 Dodge, you could help me with this. Does that address the
6 application to existing contracts, or are you speaking more
7 broadly than that? And if so, I'd like to understand the basis for
8 the due process arguments.

9 MR. DODGE: Yeah. And I probably should. I think
10 Mr. Swenson was probably repeating that from me. When I
11 called him as UAE's attorney, but also as a periodic Counsel for
12 US Mag, I said, "There's no way this can be done on this
13 docket. It violates basic due process." I believe that's true
14 whether it applies to this or future contract. How can the
15 Commission in this docket, in which Nucor is not an intervenor,
16 not a party--

17 MS. SCHMID: US Mag.

18 MR. DODGE: --Kennecott is not a party, US Mag is
19 not a party--the three special contract customers and we were
20 never notified by the filing or by anything until comments filed
21 just weeks before the hearing with no chance for testimony, no
22 chance for legal briefs, no chance for anything. How can the
23 Commission in this docket make a determination of a contract
24 term that has to go in a contract to be negotiated two years from
25 now? I think that violates all notions of fundamental due

1 process. And frankly, it would probably require us to appeal it,
2 because I don't think you can in this docket bind three separate
3 parties who really aren't intervenors here to a contract term.

4 And basic notions of due process require at least
5 the parties who are affected be told about it. I didn't
6 cross-examine Ms. Murray, but her comments were not even
7 sent to any of the three contract customers, to my knowledge.
8 Got sent to me as UAE lawyer and participant in the task force.
9 And I'm the one who realized and notified US Mag. They
10 weren't even told those comments had been made. If basic due
11 process doesn't at least require that, I don't know what it
12 requires.

13 MR. CLARK: Help me to understand, Mr. Dodge,
14 what you mean by these companies would be bound to a
15 contract term. Wouldn't there still be negotiation around
16 whether the schedule would or would not apply?

17 MR. DODGE: As I understand the Office's request-
18 -and the clarification by Ms. Murray is not how I read that, by
19 the way, and even still don't--it's how I read it. I'm glad she's
20 clarified that's all she meant. But even if it's only limited to
21 future contracts, what she--they appear to be asking is for you
22 to rule in this solar incentive docket that in the future Kennecott
23 contract, which is, I think, going to be before you very soon; in a
24 future Nucor contract--but I don't know when it comes before
25 you; and the future US Mag contract that doesn't come before

1 you until 2014, that you decide today that a term of that contract
2 will be that those contract customers will be subject to the
3 surcharge. I don't think you can do that in a docket where those
4 parties aren't even there.

5 MR. CLARK: What is your sense of what notice
6 requirements would be necessary under this case, where--well,
7 you understand the procedural background of it, because you
8 participated of it--
9 in it in another role. What type of notice would these customers
10 have needed to have?

11 MR. DODGE: You bring up--and I'll address
12 that--you bring up the unusual situation in this one. And it is
13 unusual, because by consensus, including UAE, those that were
14 participants, we agreed to a shortened type of approach
15 because we understood it to be noncontroversial, to be not
16 opposed by anybody. We had no idea the Office was going to
17 throw a curve ball, trying to amend several contracts or
18 determine in this docket for future special contracts what those
19 contractual provisions would have to be.

20 Had they known that, they would have opposed the
21 schedule. They would have said, We have a right to testimony
22 and discovery. I don't even think you can properly do it until
23 there's a docket before you to implement those contracts. If you
24 try in one docket to say, In all future special contract dockets
25 we're going to be doing X, I think you're getting into a

1 rulemaking context where the parties weren't there or weren't
2 notified.

3 So, at a minimum--and usually these kind of things
4 start with somebody filing an application, saying, Please, do
5 this, Commission. This wasn't started that way. It was on
6 comments on a non-opposed tariff change. But the--so, what I
7 would expect for due process is for somebody--
8 the company, presumably, or the Office, if they feel that way--to
9 open a docket saying, We propose to set the terms for future
10 special contracts on this issue. And they would give notice to
11 those that would be affected. They'd have a chance to
12 intervene. They'd have a chance to do discovery. They'd have a
13 chance to do testimony, cross-examination, and have that issue
14 in a proper context go before the Commission for resolution.

15 MR. CLARK: Any of the lawyers in the room want
16 to address Mr. Dodge's statement?

17 MS. SCHMID: I would on behalf of the Division.
18 The Division believes that it is not necessary now to address the
19 issue of whether or not this particular charge would apply to a
20 particular special contract and that it is proper for that issue to
21 be addressed in a specific docket dealing with a specific special
22 contract. Thus, there would be no change at this time.

23 MR. CLARK: Any other party?

24 Ms. Hogle.

25 MS. HOGLE: Just a couple. When the Commission

1 issued notice of the investigation into extending and expanding
2 the Solar Incentive Program, it included a gentleman by the
3 name of Mike Legge, who is, my understanding, at least back in
4 January 2012, when this was noticed, worked or does work still
5 for US Magnesium. So, on the notice issue, I think that US
6 Magnesium had notice, unless this gentleman no longer works
7 there or worked there at the time. I don't know if--

8 MR. SWENSON: Retired. He retired. I'm sorry.

9 MS. HOGLE: Retired prior to January--

10 MR. SWENSON: January . . .

11 MS. HOGLE: Okay.

12 And then I also--

13 MR. CLARK: Just for the record, in case your
14 comments weren't heard, Mr. Swenson, could you repeat them
15 so the reporter--

16 MR. SWENSON: Mr. Legge is retired from US
17 Magnesium, as the president of U.S. Magnesium, as of January
18 1.

19 MR. CLARK: Of 2012.

20 MR. SWENSON: 2012, yes.

21 MR. CLARK: Do you have any knowledge of where
22 the comments might have gone that were mailed to him in
23 January of 2012?

24 MR. SWENSON: No.

25 MR. CLARK: Okay. Thank you.

1 Anything else, Ms. Hogle?

2 MS. HOGLE: Well, I just would encourage, Mr.
3 Hearing Officer, to take administrative notice of the EBA Docket
4 09-035-15. And I believe in that docket--I don't remember
5 specifically, but there was an issue about whether the EBA
6 surcharge would apply to special contracts and how that would
7 all be included. I don't remember specifically how that worked
8 out, but it would be a place where the Commission could go for
9 a little history on what--how it has considered and analyzed that
10 issue.

11 Thank you.

12 MR. CLARK: Anything else on this? Mr. Dodge.

13 MR. DODGE: I'm sorry. I feel compelled to
14 respond both to Ms. Hogle's arguments. First of all, whether or
15 not Mike Legge was still employed by US Mag, what he got
16 notice of was the company application for a Solar Incentive
17 Program that by its own exhibit showed that US Mag would not
18 be subject to it. How that translates in the notice that there's
19 going to be a comment from left field that their contract ought to
20 be amended or their future contract decided in this docket on
21 this issue eludes me.

22 Secondly, I agree with Ms. Hogle on the EBA.
23 What you'll find there is that the Commission said that'll be
24 determined in specific contract proceedings. And today, US
25 Mag is not being charged the EBA surcharge, because the

1 Commission hasn't decided how and whether or not and in what
2 manner that ought to apply to US Mag. So, that's what they did
3 in that docket. They followed due process in that one and didn't
4 try to impose it in a way that wasn't noticed in advance that
5 there might be an impact on their contract.

6 MR. CLARK: I'm a little confused by your first
7 statement, Mr. Dodge. The application was filed in August of
8 2012. We're talking about events in January of 2012, or have I
9 missed something along the way?

10 MS. HOGLE: Correct. It's January--I was alluding
11 to an email from the Public Service Commission notifying a
12 broad base of individuals or parties about--I believe a
13 continuation of the 07-035-T14 docket, which was the original
14 program and, you know, notifying that there would be a
15 continuation of workshops and such that carried into or morphed
16 into this 11-035-104 docket.

17 MR. CLARK: That order or notice is part of the
18 docket, so we'll consult that for what it represents.

19 Now, Ms. Murray, just a question or two for you.
20 Help me to understand why these special contract customers
21 should be subject to Schedule 195. I'd like you to elaborate on
22 that a little on your recommendation.

23 MS. MURRAY: Well, because they are part of the
24 system, they take energy from the system, and they are able to
25 participate in the program if they are subject to the charge. So,

1 to us, it just seems reasonable that they would be part of the
2 overall group that is contributing to these resources that provide
3 certain benefits for all customers.

4 MR. CLARK: What's the effect of the program on
5 the utility's costs, or what's the projected effect?

6 MS. MURRAY: You mean the \$50 million? Is that
7 what you're referring to, not the cost benefit? You're looking for
8 the dollar amount.

9 MR. CLARK: No. I'm looking for the cost benefit
10 effect.

11 MS. MURRAY: Oh, well, the benefit cost from the
12 Cadmus report is 1.63 if you consider free ridership, and it's
13 1.75, I believe, without that consideration. So, it's a
14 cost-effective program.

15 MR. CLARK: I think that's all my questions on this
16 subject, except just one more whoever wants to address this.
17 What's the typical interval for renewal of special contracts? And
18 is it one year? That seems to be what I see, but I'm not sure I
19 know.

20 MR. TAYLOR: Every contract is different. We have
21 one contract that is currently on annual renewals. We have
22 some others that are on for a period of approximately four or
23 five years. I think that the current US Magnesium was a
24 five-year contract that we're currently under. So, there's a wide
25 range of the terms of which those contracts can be brought

1 before the Public Service Commission.

2 And if I could, I would just like to respond to a
3 couple of comments of Mr. Dodge on representations as far as
4 this program and special contracts, if I could.

5 MR. CLARK: Fine with me, subject to
6 cross-examination. I'll give you that opportunity, Mr. Dodge.

7 MR. DODGE: Certainly.

8 MR. TAYLOR: I don't recall specific
9 representations about whether or not this program would apply
10 to special contracts. However, I'm quite certain that if we had a
11 discussion about it, our response would be consistent with how
12 we always respond to these type of surcharges and credits as
13 they relate to special contracts, that it's not Rocky Mountain
14 Power's intent to change an existing contract, that we would
15 abide by the terms of that contract. And if their contract does
16 not currently provide for this type of a surcharge to be applied,
17 as the US Mag contract does not, it would not be our intent that
18 this applied to them during the term of the current contract. So,
19 I--if we had a conversation, I'm pretty sure that's what the
20 representation was, which I think is consistent with Mr. Dodge's
21 representation.

22 Now, when these contracts expire, then there very
23 well may include that provision in the new contract. But it's
24 certainly not our intent to change existing contracts that
25 were--the term of existing contracts as a result of this.

1 MR. CLARK: Any follow-up there, Mr. Dodge?

2 MR. DODGE: I do have a question for Ms. Murray,
3 if I may, on her last answer to you.

4 MR. CLARK: Certainly.

5 MR. DODGE: I think this is important for you to
6 understand in light of her answer.

7 Ms. Murray, you gave the results of the utility cost
8 test. Do you recall what the results of the rate payer impact test
9 were for this solar program?

10 MS. MURRAY: I do not recall. I know it did not
11 pass the rate payer impact.

12 MR. DODGE: Would you expect, subject to check,
13 that with free ridership, it was a 0.50?

14 MS. MURRAY: That sounds about what I
15 remember.

16 MR. DODGE: And is it your understanding that a
17 program that does not pass the rate payer impact test means
18 that nonparticipating rate payers may see their rates go up as a
19 result of it even if participants may see the rates go down?

20 MS. MURRAY: Well, I think you find that same
21 thing with the utility cost test sometimes. I mean, rates are
22 going to go up. And we viewed this as a long-term look at what
23 is going to happen with this resource--it's providing diversity of
24 resources. And we just feel like because it passes the utility
25 cost test, which is the test that is generally considered by this

1 Commission, that that's what we're looking at as the major test
2 for it to pass.

3 MR. DODGE: But my question is, do you accept
4 that the program that does not pass the rate payer impact test,
5 assuming the assumptions are accurate and the analysis is
6 accurate, means that nonparticipants will see the rates go up as
7 a result of this program?

8 MS. MURRAY: I accept that.

9 MR. DODGE: Thank you. No further questions.

10 MR. CLARK: Before we leave this subject, any
11 other information that the party feels is necessary or important
12 for the Commission to receive?

13 Let's be in recess until 25 minutes until the hour.

14 Off the record.

15 (Recess taken, 3:28-3:36 p.m.)

16 MR. CLARK: We'll be back on the record. I'm
17 going to change subjects now. And again, I'll address this
18 question to all of the witnesses. It relates to the customer bill
19 as the revenue impacts are reflected in the bill. I appreciated
20 Mr. Taylor's explanation of this. I want to confirm my
21 understanding, and then ask a question or two.

22 But as I understand it, the rate that will be on the
23 customer's bill, if this application's approved, will include not
24 only the Schedule 1 rate, but some--it'll be affected by a need to
25 recover revenue for this program. And that increment won't be

1 represented in any specific way on the bill, but it will rather be
2 bundled into whatever rate is shown on the bill. Am I right
3 about that?

4 MR. TAYLOR: Yes, your understanding is correct.
5 Let me just give you an example to make it as clear as I can.
6 Just for the sake of simplicity, let's just assume that the
7 kilowatt-hour rate for one of the tiers for the residential class is
8 10 cents a kilowatt-hour. In Exhibit F, where we lay out the
9 charges, and again in Schedule 195, the proposed rate, at least
10 at the beginning of this program, for the residential class is
11 0.0356 cents per kilowatt-hour. So, what would display on the
12 customer's bill and would be used in the calculation of the
13 customer's bill is 10.0356 cents.

14 What that does is allows us to meet the objectives
15 of some of the participants who didn't believe they should be
16 called out specifically on the bill, but lays it out in a way where
17 we can track exactly what the revenues collected are.

18 MR. CLARK: And is there any other surcharge or
19 program cost that is treated in this way in the company's billing
20 process.

21 MR. TAYLOR: In the State of Utah, there are not
22 any other charges that are collected outside the standard tariff
23 that are then rolled into the price displayed on the bill. They're
24 all shown as separate line items. And we're getting quite a
25 number of them on the bill.

1 However, in some other States, this is a common
2 practice. In the State of Oregon, for example, they have a wide
3 range of credits and surcharges for a number of things--each
4 that's a per kilowatt-hour rate. But what shows on the bill is the
5 aggregate of all of those in addition to the standard tariff rate.
6 So, this is similar to what's done in the State of Oregon for
7 some similar type things, but it's not been done in Utah before,
8 to my knowledge.

9 MR. CLARK: And from the perspective of the
10 Division and the Office, what would be your reasoning behind
11 wanting this particular program revenue requirement to be
12 treated in this way?

13 MS. MURRAY: Well, as I said in my comments,
14 from the Office's perspective, solar is a resource. Natural gas
15 resources, coal resources--
16 they're all bundled together and not--there's no distinction made
17 as to the cost for coal resources versus a natural gas resource.
18 So, we feel like that it is reasonable to include solar costs in
19 that resource mix.

20 MR. CLARK: That's distinct from demand-side
21 management, for example, in your--in the Office's position.

22 MS. MURRAY: Yes.

23 MR. CLARK: Any other thoughts, or is there any
24 other rationale?

25 Ms. Baldwin.

1 MS. BALDWIN: I would just concur with Ms.
2 Murray's argument that we don't call out other resources on
3 customer bills. And distributed solar resource is shown to be a
4 valuable resource and part of the energy mix, so we would also
5 agree with and support the company's proposed mechanism to
6 track it separately kind of without calling it out.

7 MR. CLARK: And so, Mr. Taylor, how do we help a
8 customer who goes to Schedule 1, sees a rate, looks at their
9 bill, sees a different number? Is there a thread that will connect
10 this for them?

11 MR. TAYLOR: That is one of the challenges of
12 doing it this way is you simplify things in one way, you
13 complicate things in another. So, they would have to have both
14 tariffs and add those numbers together. They would probably
15 need to talk to one of our customer service representatives to
16 help them through that process.

17 Having said that, there are not very many at least
18 residential customers, I think, who go through that exercise of
19 comparing the bill back to the tariff, even though perhaps they
20 should. But that is one of the shortcomings of this approach is
21 it does make the price listed on the bill the sum of two tariffs
22 rather than something you can point to in one single tariff--
23 (Reporter-initiated discussion to clarify the record.)

24 MR. TAYLOR: --rather than a single tariff price that
25 you can point to.

1 Having said that, every time you put a new line item
2 or surcharge on the bill, that also generates a lot of calls to the
3 customer--to our customer service centers call centers
4 wondering what those are and that type of thing. So, either way
5 you do--you have some customer service implications.

6 MR. CLARK: And for the Division and the Office,
7 who would receive calls, as well, your preference is to take the
8 approach that has been recommended.

9 MS. SCHMID: Yes.

10 MS. MURRAY: Yes.

11 MR. CLARK: Mr. Taylor, is there any way to have
12 some tariff language that might lead a customer through this?

13 MR. TAYLOR: Yeah. I think--and perhaps--I think
14 we're already talking about this in--there are already language
15 in all of the tariffs--says you're also subject to these other type
16 of charges. This would be added to those tariffs, as well.
17 Perhaps you could--you would have to have some additional
18 language subject to it, but it's not going to be shown on your
19 bill. I'm not exactly--what that language would be.

20 MR. CLARK: That would be on--

21 MR. TAYLOR: But that's on the tariff itself. It's not
22 on the customer's bill.

23 MR. CLARK: Right. I'm speaking about the tariff.
24 So, it would be Schedule 1 that--

25 MR. TAYLOR: Schedule 1, it says you're--in

1 addition to these, you're subject to these additional charges and
2 credits.

3 MR. CLARK: Thank you.

4 Just a couple of other questions for all of you. The
5 program as is proposed has various size or cap limits and--is
6 there any--is from a particular rationale that those who
7 participated in developing the program have in mind for the
8 limits that exist?

9 MR. TAYLOR: Well, I'll give my overview. And
10 some others may want to give their perspectives, as well. First
11 of all, we were dealing within a general agreement of what the
12 total dollar amount of the program would be. So, then, you have
13 to apportion that between the years and the different segments
14 of the program.

15 The residential sector in particular, which is still
16 quite small, at 500 kW a year, was recommended by a couple of
17 the parties primarily as a result of residential rate design, where
18 a customer who would participate in this would be a net
19 metering customer and in some respects try to offset the
20 majority of all of their energy usage, but still uses all of the
21 infrastructure of the system but only a portion of that is covered
22 through the customer charge.

23 And so I think out of concern for that, they wanted
24 to keep the residential part of the program relatively small while
25 we continue to work through in subsequent rate cases just what

1 those type of collections ought to be to a customer charge.

2 Then, when you get to the other programs, I think it was just a
3 reasonable split of available capacity between those two.

4 MR. CLARK: Anyone like to add to that?

5 And what happens after five years?

6 MR. TAYLOR: Absent some additional action, this
7 program will terminate on its on--on its own merits. That being
8 said, that doesn't preclude at some point in time a discussion
9 reopening as to whether the program should be continued
10 beyond the five-year term. But absent that, you know, we will
11 receive programs and select them through 2017, if I got my
12 numbers right--for five years and do the payments for the
13 remaining periods after that. But it will terminate, you know, at
14 that--end of that period absent some other action taking place.

15 MR. CLARK: And the parties haven't provided for
16 any--anything subsequent.

17 MR. TAYLOR: Other than it's always open to those
18 discussions.

19 At some point in time, we would hope that the solar
20 industry comes to a point where it can stand on its own without
21 these type of incentives. That's one reason why the levels of
22 the incentives drop from year to year. Whether that will be the
23 case after this five-year period or not remains to be seen.

24 MR. CLARK: As parties--strike that. As the
25 company files its annual report, have the parties thought about

1 the process by which they would comment on the report? If I
2 understood the testimony correctly, there would be some kind of
3 a comment period. Is that an expectation? Is there a proposal
4 or a thought regarding what a reasonable process would be for
5 parties to be able to respond to the company's report and its
6 recommendations for adjustments?

7 MS. MURRAY: I don't believe there was any
8 discussion about that. Although I'm certain we anticipated--and
9 I assume the Division, as well--that the Commission would want
10 to see parties' comments regarding that report. And I think that
11 a process similar to the DSM report responses and various other
12 reports that are filed could be set up in order to accept
13 comments and recommendations from the parties.

14 MR. CLARK: If the Commission were to provide in
15 this order for a 30-day window for comments on the company
16 report and recommendations regarding adjustments, would that
17 be satisfactory to those who are here?

18 MS. BALDWIN: Yes.

19 MS. MURRAY: I believe.

20 MR. CLARK: For the record, I'm seeing assent, I
21 think.

22 MS. ROLL: Yes.

23 MR. TAYLOR: We wouldn't have any opposition to
24 that.

25 MR. CLARK: Would the company be willing to

1 provide quarterly reports on the balance--in the balancing
2 account similar to what you do with other balancing accounts?
3 Would that be a problem for the company?

4 MR. TAYLOR: We could certainly provide reports
5 periodically on what the balance is. Whether it's quarterly,
6 semiannually, annually, we could do that. As long as you're just
7 asking what's the balance, that's a pretty straightforward simple
8 thing to provide.

9 MS. SCHMID: Pardon me. Before we leave this
10 topic, may we have a moment?

11 MR. CLARK: Sure. We'll be off the record.

12 (Recess taken, 3:50-3:52 p.m.)

13 MR. CLARK: Back on the record.

14 MR. ANDERSON: This is Erik Anderson from
15 Rocky Mountain Power. We do have some concern in the depth
16 that would be required in quarterly reports. They do take some
17 significant time to produce in-depth quarterly reports on the
18 output, or on the cost of these systems. As Dave suggested, a
19 simple sort of "Here's what we brought in. Here's what we spent
20 quarterly" is pretty simple to do. You know, one line, two lines.
21 But any more in-depth presentation quarterly, it becomes
22 onerous to do it that frequently.

23 So, we hope that the, if it was going to become a
24 quarterly situation that it would be the expectation would be a
25 limited subset of information or just basically the totals. And

1 then with a more thorough annual review is what we would hope
2 to have.

3 MR. CLARK: Thank you, Mr. Anderson.

4 MS. ROLL: And just to comment on the 30 days,
5 the Division would just like to note that that would generally be
6 adequate. And if it's a tariff change by statute, we have to do it
7 in 30 days.

8 We would be anticipating that, you know, if it was a
9 special circumstance, we would receive an action request from
10 the Commission. And then if we felt like we needed to set up a
11 schedule or something like that, then we would proceed in that
12 order, because during--as we discussed--as we were going
13 through this, discussing, you know, the reviews that would
14 happen that we set up during our discussions that there may be
15 changes or something, and so we would anticipate as a group
16 that we would come together to discuss what we felt those
17 changes may be. It wouldn't just necessarily be something from
18 the company. So, if there was a situation like that, we may
19 have need--additional time, so that's how we were, as we
20 discussed during our work group meetings that we would
21 proceed that way.

22 MR. CLARK: Thank you, Ms. Roll.

23 Any other--

24 MS. BALDWIN: May I make one other comment?

25 MR. CLARK: Surely. Surely, Ms. Baldwin.

1 MS. BALDWIN: Just with respect to the quarterly
2 reports, I think we would be supportive of whatever would
3 minimize the administrative aspect of the program on the
4 company and to ensure that this larger program is as
5 administratively efficient as possible.

6 And also, I'd like to just make note that in our
7 submitted comments on August 29, we did provide some
8 recommendations with respect to what could be included in the
9 company's program annual report at which point--or on which
10 subjects the respective parties could respond and provide any
11 additional recommendations or suggestions.

12 MR. CLARK: Thank you.

13 MS. BALDWIN: Thank you.

14 MR. CLARK: And just another question or two on
15 administrative costs. Mr. Taylor, I think the phrase used in the
16 application is that the program costs are not anticipated to be
17 greater than 10 percent. And you talked in your summary about
18 that being somewhat related to the level of participation--do you
19 have any more information about that, or do you have a sense
20 of what the other bound might be if participation were much less
21 than you expect, or did the parties talk about this at all?

22 MR. TAYLOR: I don't believe there was any great
23 in-depth discussion about this other than that administrative
24 costs ought to be limited to 10 percent. With the program of this
25 size, that should be pretty easy to do. If you have a program

1 the size of the existing solar incentive plan, which has very few
2 participants in it and very little revenue, so forth, the
3 administrative costs of that are much greater than 10 percent.
4 But again, it was a learning exercise.

5 I don't know at what point you would exceed the 10
6 percent. But our expectation is, if we're anywhere near the level
7 of participation that we've projected here, that we should be
8 able to do it within the 10 percent. And Erik may have more
9 specifics on that than I do.

10 MR. ANDERSON: Running these programs, I don't
11 anticipate over the life of the program that we be--that we'd
12 exceed 10 percent. I think that's a very achievable goal. I do
13 have a little concern in the first year of the program just as
14 we're developing thing--the process for the program that we
15 might in the first year, where not too many incentives have been
16 paid, where there might be some imbalance--where for the first
17 year we're at 15 percent just because there's been some
18 marketing costs or some up-front costs and not that many
19 incentives paid. But over the life of the program, I don't foresee
20 it exceeding 10 percent.

21 MR. CLARK: Any other party desire to comment on
22 this subject?

23 Well, that concludes my questions. I want to
24 express the Commission's appreciation to all of you for being
25 here today and to those of you who participated in the work

1 group. There's clearly been a lot of time and effort devoted to
2 this proposal. And Commission's grateful for your efforts to
3 bring it forward today. Thank you very much. We'll be off the
4 record.

5 (Proceedings concluded at 3:58 p.m.)

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25