

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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**In the Matter of the Application of Rocky Mountain Power for Authority To Increase Its Retail Electric Utility Service Rates in Utah and for Approval of Its Proposed Electric Service Schedules and Electric Service Regulations** )  
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**Docket No. 13-035-184**  
**DPU Exhibit 2.0 REB-COS**

Artie Powell, PhD

Pre-Filed Rebuttal Testimony

Cost of Service

Division of Public Utilities

June 26, 2014

1 **Q: WOULD YOU STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION FOR THE RECORD?**

2 A: My name is Artie Powell; I am the energy section manager within the Division of  
3 Public Utilities; my business address is 160 East 300 South, Salt Lake City, Utah.

4 **Q: HAVE YOU PREVIOUSLY FILED TESTIMONY ON BEHALF OF THE DIVISION IN THIS CASE?**

5 A: Yes, I filed testimony on several cost of service issues on May 1, 2014, on behalf  
6 of the Division. I also filed direct revenue requirement testimony on May 22,  
7 2014.

8 **Q: WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

9 A: I will summarize the Division's position on the net metering issue. The  
10 Company's proposed net metering surcharge, is the only issue not covered by  
11 the settlement agreement filed with the Commission on June 25, 2014.

12 The Division's witness, Mr. Stan Faryniarz with La Capra Associates, will address  
13 specific comments on some of the direct testimony pertaining to net metering  
14 filed by other intervenors in this case.

15 **Q: WHAT IS THE DIVISION'S POSITION ON THE NET METERING SURCHARGE PROPOSED BY THE**  
16 **COMPANY?**

17 A: In direct testimony, Mr. Faryniarz acknowledged that the Company failed to  
18 provide "a benefit-cost analysis of the net metering program." However, the  
19 Division concluded that "the Net Metering Charge proposed by the Company . . .  
20 is within the zone of reasonableness and that it acceptably balances costs and  
21 benefit until such a study can be undertaken." (Faryniarz, direct testimony, lines  
22 75-709)

23 As I explained in my direct testimony, the net metering charge is about collecting  
24 existing costs in an equitable manner. The net metering charge would have the

25 residential net metering customers as a group pay on average the same  
26 (average) amount as other non-net metering residential customers.

27 **Q: IS THIS STILL THE DIVISION'S POSITION?**

28 A: Yes. The Division is not persuaded by the testimony filed by the intervening  
29 parties in this case. Mr. Faryniarz will address the inadequacy of the analysis  
30 provided by some of the intervenors on the net metering issue.

31 **Q: WHAT COST BENEFIT ANALYSIS MUST BE COMPLETED UNDER SB 208 BEFORE THE COMMISSION**  
32 **COULD ADOPT THE COMPANY'S NET METERING CHARGE?**

33 A: As I previously explained, the net metering charge is about recovery of cost for  
34 existing infrastructure. A cost benefit analysis will not change those costs.

35 SB 208 requires some cost-benefit analysis. While the Company did not provide  
36 a comprehensive evaluation of benefits in its direct case, others have and will  
37 continue to analyze the benefits. As Mr. Faryniarz indicates in his testimony,  
38 parties have not successfully shown that net-metering benefits are not reflected  
39 in current rates. The cost benefit analysis required by SB 208 should be  
40 conducted with an eye toward three important issues. First, whether a net  
41 metering program is in the public interest. Second, how a net metering program  
42 could be structured as to be in the public interest. Three, at what rate net  
43 metering customers should be compensated.

44 If in the Commission's determination these questions require more analysis even  
45 after testimony is complete in this case, the Division does not oppose the

46 suggestion that further inquiry occur, either under the current docket or a  
47 separate proceeding.

48 If the Commission does determine to expand the inquiry on this issue beyond  
49 the current schedule in this docket, the Division recommends that the  
50 Commission pursue a schedule that would conclude by midyear 2015.

51 **Q: DO YOU HAVE ANY FURTHER COMMENTS ON THIS ISSUE?**

52 A: Yes. The Division anticipates that the Company and others will file substantial  
53 rebuttal testimony on this issue. The Division will review the testimony and  
54 respond accordingly in its surrebuttal testimony. Additional analysis may further  
55 illuminate the three key issues I identify above.

56 **Q: DOES THAT CONCLUDE YOUR REBUTTAL TESTIMONY?**

57 A: Yes it does.