

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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| In the Matter of the Application of |) | |
| Rocky Mountain Power for Authority |) | Docket No. 13-035-184 |
| to Increase its Retail Electric Utility |) | Surrebuttal COS/RD |
| Service Rates in Utah and for |) | Testimony of |
| Approval of Its Proposed Electric |) | Daniel E. Gimble |
| Service Schedules and Electric |) | For the Office of |
| Service Regulations |) | Consumer Services |

July 17, 2014

1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME, POSITION AND YOUR BUSINESS ADDRESS.

3 A. My name is Daniel E. Gimble. I am a manager with the Office of Consumer
4 Services (Office.) My business address is 160 E. 300 S., Salt Lake City, Utah.

5

6 Q. DID YOU PREVIOUSLY PREPARE AND FILE DIRECT AND REBUTTAL
7 TESTIMONY IN THIS PROCEEDING?

8 A. Yes. On May 22, 2014, I filed direct testimony in the areas of cost-of-service,
9 rate spread and residential rate design. My rate design testimony included the
10 Office's recommendations on the Company's proposed residential net metering
11 (NM) facilities charge. On June 26, 2014, I filed rebuttal testimony on NM
12 facilities charge issues.

13

14 Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

15 A. My surrebuttal testimony responds to the NM rebuttal testimony filed by the
16 Company (Walje, Steward and Duvall), the Division (Powell and Fairynairz), Utah
17 Clean Energy (Wright and Gillam), The Alliance for Solar Choice (Miksis), and
18 Utah Citizens Advocating Renewable Energy (Rossetti). I also take the
19 opportunity to summarize the Office's recommendations on NM issues prior to
20 hearings.

21

22 II. RESIDENTIAL NET METERING

23 *Response to RMP*

24 Q. PLEASE SUMMARIZE THE COMPANY'S CURRENT POSITION ON ITS
25 PROPOSED RESIDENTIAL NM FACILITIES CHARGE

26 A. Despite acknowledging that issues pertaining to NM costs and benefits can
27 continue to be debated, the Company recommends implementing a NM facilities
28 charge in this proceeding.¹ The Company also recommends that the NM
29 facilities charge be set at either \$4.65 per month or \$1.55/kW per month, if the

¹ Walje Rebuttal, page 5, lines 95-97.

30 Commission prefers using the Office's proposed \$/kW rate design.² Lastly, the
31 Company states that the avoided cost method (and rates) adopted by the
32 Commission in a recent QF proceeding (Docket 12-035-100) provides adequate
33 evidence for determining the value (benefit) of solar resources. This avoided
34 cost evidence demonstrates that a facilities charge is warranted based on the
35 difference between the costs (8.8 cents/kWh to 14.4 cents/kWh) and benefits
36 (approximately 3.0 cents/kWh) of the residential NM program.³

37

38 Q. WHAT IS THE OFFICE'S RESPONSE TO THE COMPANY'S REBUTTAL NM
39 POSITION?

40 A. The Office agrees with the Company that sufficient evidence exists in this case to
41 support implementing a new residential NM facilities charge at either \$4.65 or
42 \$1.55/kW. We note that SB 208 requires the Commission to consider both the
43 costs and benefits of NM in order to determine the impacts on the utility and
44 other customers. While certain parties have provided new analysis of NM costs
45 and benefits, other parties have referred to existing regulatory processes such as
46 avoided cost and resource planning dockets where a similar set of costs and
47 benefits have already been evaluated.

48

49 Q. DOES THE OFFICE AGREE WITH THE COMPANY THAT THE AVOIDED
50 COSTS ESTABLISHED IN DOCKET 12-035-100 PROVIDE A REASONABLE
51 APPROXIMATION OF THE VALUE OF SOLAR RESOURCES TO RMP'S
52 SYSTEM?

53 A. The avoided cost evidence is certainly compelling. Specifically, the Company,
54 Division and Office all relied on the Commission's Schedule 37 and 38 avoided
55 cost rates as proxies for testing the reasonableness of NM avoided costs
56 (benefits) presented in the cost-benefit analyses undertaken by UCE and the
57 Sierra Club. These "benefit" comparisons demonstrate that the avoided cost

²Steward Rebuttal, page 1-2, lines 19-27 and page 3, lines 54-60.

³Duvall Rebuttal, page 4, lines 83-90.

58 rates for solar QF resources are substantially lower than NM avoided costs
59 (benefits) estimated by UCE and the Sierra Club.

60

61 Q. IN DOCKET 12-035-100, DID THE COMMISSION ALSO ADDRESS THE ISSUE
62 OF POTENTIALLY DOUBLE COUNTING ENVIRONMENTAL BENEFITS WHEN
63 ASSESSING THE RISK MITIGATION ATTRIBUTES OF RENEWABLE
64 RESOURCES?

65 A. Yes. In its August 16, 2013, Avoided Cost Order in Docket 12-035-100, the
66 Commission provided specific guidance on the issue of valuing environmental
67 risks. In the order, the Commission stated the following:

68

69 “...to the extent potential costs associated with environmental risks and
70 hedging can be projected and factored into the Company’s decision-
71 making, they should be accounted for in PacifiCorp’s IRP modeling and
72 resource portfolio evaluation process where cost risk and uncertainty are
73 evaluated to identify a least-cost, risk-adjusted, long-term resource plan.”
74 (Order at page 41)

75

76 “We believe our policy with respect to REC ownership encourages
77 renewable development...[Thus,]...we approve no specific adjustments to
78 value fuel price hedging, fuel price volatility or environmental risk.” (Order
79 at page 42)

80

81 As is the case for QF projects, REC ownership also remains with residential NM
82 customers. Thus, the Commission’s opinion on valuing environmental risks for
83 avoided cost purposes is instructive for evaluating the potential environmental
84 benefits associated with NM production.

85

86 Q. IS THE INFORMATION AND ANALYSIS CONTAINED IN RESOURCE
87 PLANNING CASES ALSO RELEVANT TO EVALUATING THE COSTS AND
88 BENEFITS ASCRIBED TO SOLAR RESOURCES?

89 A. Yes. A primary concern for the Office throughout our NM testimony has been
90 that the method(s), assumptions and data used by the parties to analyze NM
91 costs/benefits should be consistent with resource planning (IRP) and ratemaking
92 (GRCs, avoided cost, etc.) cases. For instance, PacifiCorp's 2013 IRP includes
93 a range of carbon prices with a base value of \$16.00/ton implemented initially in
94 2022 and escalated thereafter.⁴ Several parties challenged the Company's
95 proposed carbon price range as being too narrow and limiting for assessing
96 impacts on candidate resource portfolios. In acknowledging the 2013 IRP, the
97 Commission "accepted PacifiCorp's approach" for evaluating carbon price
98 impacts and suggested continued discussion of the issue in future IRP public
99 meetings.⁵ Thus, a party in a NM case proposing a different set of carbon price
100 values implemented at a different time would likely have an evidentiary burden to
101 show that 1) circumstances materially differ from the period of time when the
102 Commission published its IRP Order and that changes in assumptions relating to
103 carbon prices are warranted⁶ and 2) a double counting of environmental benefits
104 does not exist.

105

106 Q. WOULD A SIMILAR EVIDENTIARY BURDEN HOLD WITH RESPECT TO
107 COMMISSION ORDERS IN AVOIDED COST AND RATE PROCEEDINGS?

108 A. Yes. Again, a party would have to demonstrate that new evidence exists or
109 circumstances significantly differ from the time when the Commission rendered
110 its decisions in rate proceedings. This in no way limits a party from presenting
111 new evidence or arguments to the Commission in a NM case, but may establish
112 a higher level of proof if the Commission recently entered findings on the same or
113 similar set of issues in rate proceedings.

⁴In its 2013 IRP, PacifiCorp uses \$16.00/ton (starting in 2022) as its base carbon price.

⁵Utah Commission's Order on PacifiCorp 2013 IRP, January 2, 2014, page 22.

⁶For example, a party could raise the EPA's recent actions related to regulating greenhouse gases (the 111[d] rule) as evidence representing materially changed circumstances. In commenting on PacifiCorp's 2013 IRP Update, the Office supported the Company in retaining the 2022 carbon price starting date for purposes of the IRP Update. The Office further stated that the impact of EPA's proposed 111(d) rule on carbon price assumptions for the 2015 IRP may require moving up the 2022 beginning date to 2020 or earlier. (Office's Comments on PacifiCorp's 2013 IRP Update, CO2 Price Assumption, June 20, 2014, page 4.)

114

115 Q. IS THERE ANY SPECIFIC COMPANY REBUTTAL TESTIMONY THAT THE
116 OFFICE WANTS TO COMMENT ON?

117 A. Yes. The Company indicates that because residential NM customers' load
118 shape and load factors will differ from more typical residential customers, it plans
119 to initiate a load research study by December 2014 to obtain more precise time-
120 based data for purposes of developing specific allocation factors, billing
121 determinants and possibly a three-part rate structure that would include a
122 demand charge, in addition to customer and energy charges. This information
123 could potentially be used to develop a separate residential NM schedule for
124 partial requirements service.⁷

125 The Office supports the Company's effort to gather more detailed load
126 information on residential NM customers. The Office also considered the
127 possibility of developing a distinct tariff for residential NM customers and notes
128 that two utilities have standby charges for NM customers.⁸ The concept of a
129 three-part NM rate design should be explored further once the Company has
130 made the results from the load research study available to the Commission and
131 interested parties. One initial concern we have is that a new rate design that
132 includes some form of demand or standby charge will require the installation of
133 metering equipment to measure peak kW demand. While the cost for metering
134 equipment will initially be minimal due to the relatively small number of residential
135 NM customers, it will increase over time as the NM program expands.
136 Consequently, the assignment of costs associated with metering equipment
137 beyond a pilot phase would have to be addressed as part of any rate design
138 proposal for residential NM customers.

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⁷Steward Rebuttal, pages 13-14, lines 234-272.

⁸Dominion Virginia Power's NM tariff includes distribution and transmission standby charges for NM customers whose PV systems are rated between 10 kW – 20 kW. Duke Power Carolinas also includes a standby charge for larger NM customers.

142 *Response to DPU*

143 Q. HAS THE DIVISION'S POSITION ON RESIDENTIAL NM ISSUES CHANGED IN
144 ITS REBUTTAL CASE?

145 A. No. The Division still supports assessing a NM charge on residential NM
146 customers based on principles of cost causation and fairness.⁹ The Division
147 further states that: 1) SB 208 requires some level of cost-benefit analysis; 2) the
148 cost-benefit analysis provided by intervening parties is not persuasive; and 3)
149 additional analysis may be needed to comply with the NM provisions in SB 208
150 before imposing a facilities charge or credit.¹⁰ The Division also still appears to
151 recommend that the NM charge be capped at a flat rate of \$4.25 whereas the
152 Company and Office have updated their respective NM charge calculations to
153 reflect the \$6.00 per month residential customer charge included in the GRC
154 settlement.¹¹

155

156 Q. WHAT IS THE OFFICE'S RESPONSE TO THE DIVISION'S POSITION ON
157 RESIDENTIAL NM ISSUES?

158 A. The positions of the Division and Office continue to be very similar. Both parties
159 continue to maintain that a residential NM charge is supported by the evidence
160 and are not opposed to opening a separate docket, if the Commission decides
161 that additional analysis of NM cost and benefits and impacts on the utility and
162 other customers is required. The Division recommends that any separate NM
163 process scheduled by the Commission conclude by the middle of 2015, which
164 the Office would support as being feasible.

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⁹Powell Rebuttal, pages 2-3, lines 23-26 and 27-30.

¹⁰Powell Rebuttal, page 3, line 35; Faryniarz, page 3, lines 32-36.

¹¹Not updating the NM charge per the GRC settlement may be an oversight that the Division intends to clarify in surrebuttal after reviewing the Company's and Office's updated calculations.

170 *Response to UCE – Ms. Wright*

171 Q. IN HER REBUTTAL OF DR. POWELL OF THE DIVISION, MS. WRIGHT
172 REVIEWS SOME OF HER DIRECT TESTIMONY AS IT RELATES TO
173 CONSOLIDATING AN INVESTIGATION OF RATE DESIGN, COST RECOVERY
174 AND RESIDENTIAL NM. (WRIGHT REBUTTAL, PAGE 4, LINES 49-54) DOES
175 THE OFFICE HAVE A COMMENT ON THIS TESTIMONY?

176 A. Yes. The Company is preparing to launch a NM load research study later this
177 year that responds to Ms. Wright's direct testimony. The results of this study
178 could potentially be used to develop an alternative NM rate design along the lines
179 of partial requirements service. The Office views this as a positive development
180 and looks forward to discussing the results from the NM study with the Company,
181 Division, UCE and other interested parties.

182

183 *Response to UCE – Mr. Gilliam*

184 Q. MR. GILLIAM CRITICIZES THE OFFICE FOR SEGREGATING NM COSTS
185 AND BENEFITS INTO FUNCTIONAL CATEGORIES FOR ANALYTICAL
186 PURPOSES. (GILLIAM REBUTTAL, PAGE 9, LINES 160-166) PLEASE
187 EXPLAIN WHY THE OFFICE PROPOSED TO SEPARATE COSTS AND
188 BENEFITS BY FUNCTIONAL CATEGORY.

189 A. In a cost-of-service (COS) study, functionalizing costs by production,
190 transmission, distribution, etc. is typically the first step in the process of allocating
191 costs to the various rate schedules. For analytical purposes, the Office continues
192 to recommend separating out NM costs and benefits by functional category as an
193 appropriate organizational step. This separation allows the Commission to better
194 determine how NM costs and benefits stack up by functional category.

195

196 Q. MR. GILLIAM ASSERTS THAT "EXPERIENCE IN OTHER STATES HAS
197 FOUND THAT BENEFITS GENERALLY EXCEED THE COSTS OF NET
198 METERING, AND NO ADDITIONAL CHARGES ARE NECESSARY OR
199 APPROPRIATE." (GILLIAM REBUTTAL, PAGE 10, LINES 180-181) DID MR.

200 GILLIAM PROVIDE A LIST OF STATES WHERE A DETERMINATION HAS
201 BEEN MADE THAT BENEFITS EXCEED THE COSTS OF NM?

202 A. No. UCE provided no evidence substantiating this claim. To the contrary, it
203 appears that regulatory agencies and/or legislatures in approximately half (22) of
204 the 43 states where NM is currently in place are making a concerted effort to
205 revisit NM policies, which often entail an evaluation of NM costs and benefits.¹²
206 These states include California, Colorado, Arizona, Hawaii, Massachusetts,
207 Idaho, Iowa, Kansas, Louisiana, Utah and Washington.

208

209 *Response to TASC – Mr. Miksis*

210 Q. IN HIS REBUTTAL (PAGE 10, LINES 5-14), MR. MIKSIS POINTS TO THE
211 OFFICE'S DIRECT TESTIMONY (LINES 515 -517, 617-619) TO SUPPORT
212 TASC'S POSITION THAT AN INADEQUATE COST-BENEFIT ANALYSIS OF
213 NM HAS BEEN CONDUCTED. IS IT THE OFFICE'S POSITION THAT THE
214 COMPANY'S ANALYSIS OF NM COSTS AND BENEFITS HAS BEEN
215 DEFICIENT?

216 A. Mr. Miksis appears to be confusing different sections of my testimony, which
217 requires some explanation. First, the Office rebutted the Company's claim that
218 NM customers were causing *additional* costs to the distribution system. If the
219 evidence provided by the Company supported its claim, then the facilities charge
220 should be designed to recover the incremental costs associated with these
221 impacts on the distribution system costs. Since the Company has not
222 demonstrated that NM customers impose additional costs on the distribution
223 system, the Office has not included additional costs in our proposed facilities
224 charge.

225 Second, the Office did acknowledge in rebuttal that additional information
226 from the Company would be helpful to more accurately determine the value of
227 NM output. In the rebuttal testimony of Mr. Duvall, the Company submitted
228 additional evidence on the value of solar resources related to a recent avoided

¹²Greentech Media, "As Net Metering Battles Move to Small Markets, Solar Advocates Claim Early Victories," Stephen Lacey, March 20, 2014.

229 cost docket (12-035-100). In that avoided cost docket, the Commission valued
230 solar resources at approximately 3.0 cents/kWh for 2015 and about 4.3
231 cents/kWh on a levelized basis. Therefore, there currently exists a significant
232 discrepancy or gap between the avoided cost rates paid to a QF solar resource
233 and the compensation currently provided to a residential NM customer, which is
234 over 10 cents/kWh.

235 .

236 Q. MR. MIKSIS STATES THE CURRENT NM COST SHIFT OF \$701,296
237 PRESENTED IN YOUR DIRECT TESTIMONY INCLUDES THE FIXED COSTS
238 OF GENERATION AND TRANSMISSION, IN ADDITION TO DISTRIBUTION
239 FIXED COSTS. (MIKSIS REBUTTAL, PAGE 11) DOES THE OFFICE AGREE
240 THAT THE \$701,296 INCLUDES GENERATION, TRANSMISSION AND
241 DISTRIBUTION FIXED COSTS?

242 A. Yes. The \$701, 296 represents the total amount of fixed cost shifted to non-NM
243 residential customers. The fixed cost shift related to only the distribution and
244 retail functions is \$340,117.

245

246 Q. MR. MIKSIS' CALCULATIONS AT PAGE 11, LINES 4-11 OF HIS REBUTTAL
247 TESTIMONY INDICATE THAT THE COST SHIFT TO A NON-NM
248 RESIDENTIAL NM CUSTOMER IS VERY SMALL. WHAT IS THE OFFICE'S
249 RESPONSE?

250 A. The Office has two comments on the materiality issue implied by TASC's cost
251 shift calculations. First, participation in the residential NM program in Utah has
252 been growing and is anticipated to double in size in approximately three years.
253 Since the magnitude of the cost shift will correspondingly increase over time, the
254 Office believes that it is important to address the cost shift issue before there is a
255 significant increase in participation in the residential NM program. Second, utility
256 ratemaking often involves relatively small percentage changes in rates or minor
257 adjustments to a utility's requested revenue requirement level. In the current
258 GRC docket, the Division and Office proposed various adjustments to the

259 Company's filed revenue requirement that were below \$200,000.¹³ Relatively
260 small adjustments to a utility's proposed revenue requirement and rate tariffs are
261 often a normal outcome of the Commission, Division and Office fulfilling their
262 respective statutory duties so that just and reasonable rates can be established
263 for customers.

264

265 Q. MR. MIKSIS ASSERTS THAT THE COMMISSION HAS PREVIOUSLY
266 REJECTED RECOVERING ALL DISTRIBUTION COSTS IN A FIXED CHARGE.
267 HE FURTHER STATES THE PROPOSED NM CHARGE IS CONTRARY TO
268 COMMISSION PRECEDENT (MIKSIS REBUTTAL, PAGE 14, LINES 13-18).
269 DOES THE OFFICE AGREE WITH TASC'S PERSPECTIVE ON THIS ISSUE?

270 A. The Office assumes that TASC is referring to the matter of the residential
271 customer charge, which was last litigated in Docket 09-035-23.¹⁴ In its order in
272 that GRC, the Commission rejected the Company's proposal to include costs
273 related to distribution and certain retail accounts in the fixed customer charge
274 and instead adopted the Office's proposed customer charge of \$3.75, which was
275 calculated based on the Commission's customer charge formula. The Office has
276 continued to calculate a customer charge based on a modified version of
277 Commission's formula and in the current GRC proposed a customer charge of
278 \$6.00 per month, which was agreed to by parties in the GRC settlement.

279 The NM issue presents a very different situation where fixed cost
280 responsibility is shifted between NM and non-NM customers. If that cost shift is
281 not addressed, then the non-NM segment of the residential class will pay higher
282 energy rates.

283

¹³A sample of relatively small adjustments to revenue requirement proposed by Division and Office witnesses in Docket 13-035-184 included: "Solar Integration Charges" - \$10,000 (Evans, DPU); "Shortfall in OATT Revenue from Non-PC Wind Resources" - \$100,000 (Evans, DPU); "REC Revenue Increase" - \$181,169 (Davis, DPU); "Lobbying Expense" - \$89,337 (Orton, DPU); "DSM/Blue Sky - BTL Expense" - \$10,812 (Orton, DPU); "401 (K) Administrative Expense" - \$74,533 (Ramas, OCS); and "Populus-Terminal Condemnation Settlements/Accumulated Depreciation" - \$50,726 (Ramas, OCS).

¹⁴The Office notes that TASC did not follow the normal practice of explicitly citing the docket and identifying the specific charge when discussing Commission precedent.

284 Q. MR. MIKSIS STATES THAT BASING THE NM CHARGE ON THE COSTS TO
285 THE AVERAGE RESIDENTIAL CUSTOMER IGNORES DIFFERENCES IN
286 CUSTOMER USAGE OF THE POWER SYSTEM AND COST CAUSATION.
287 (MIKSIS REBUTTAL, PAGES 14, LINES 18-21). WHAT IS THE OFFICE'S
288 RESPONSE?

289 A. Mr. Miskis' concern appears to be that calculating the NM charge on the
290 distribution-related costs to serve an average customer may result in over-
291 charging the NM segment of the residential class because of the differences in
292 the NM versus non-NM load at the time of peak demand on the local distribution
293 system. However, the evidence from the Company's August 2010 "Utility Scale
294 Rooftop Solar" study shows that residential solar PV systems are providing very
295 little output at the time of peak demand. Therefore, a NM customer is taking
296 power from RMP during the time of peak demand just like a typical residential
297 customer.

298
299 Q. SHOULD THE NM LOAD RESEARCH STUDY INITIATED BY THE COMPANY
300 HELP TO IDENTIFY DIFFERENCES BETWEEN NM AND NON-NM LOAD
301 CHARACTERISTICS?

302 A. Yes. The study should provide useful information on NM customers' load shape,
303 load factor and contribution to peak demand. The data should also allow parties
304 to better understand whether it makes sense to create a residential NM class for
305 cost allocation and rate design purposes.

306
307 Q. MR. MIKSIS CRITICIZES THE OFFICE FOR RECOMMENDING THAT THE
308 COMMISSION ESTABLISH ITS POLICY BLUEPRINT FOR NM PRIOR TO
309 UNDERTAKING AN EVALUATION OF NM COSTS AND BENEFITS. (MIKSIS
310 REBUTTAL, PAGES 16-17, LINES 14-21 AND 1-3) WHAT IS THE OFFICE'S
311 RESPONSE?

312 A. The Commission has sufficient evidence to implement a new NM facilities charge
313 and has examined risk mitigation benefits relating to solar and other renewable
314 resources in recent avoided cost dockets. If the Commission's decision is to

315 delay implementation of a new facilities charge until NM costs and benefits can
316 be further studied, it should simply inform current NM customers and the general
317 public that the proposed NM charge is undergoing review and that a scheduling
318 conference will be held in near future.

319

320 *Response to UCARE – Mr. Rossetti*

321 Q. IN REBUTTAL TESTIMONY, UCARE STATES THE OFFICE ADVOCATES ON
322 BEHALF OF THE CITIZENS OF UTAH. (ROSSETTI REBUTTAL, PAGE 3,
323 LINES 26-27) IS MR. ROSSETTI'S STATEMENT ACCURATE?

324 A. Not entirely. The Office has a statutory mandate to assess the impact of utility
325 rate changes and other regulatory actions related to an applicable public utility on
326 residential and small commercial consumers and through its director, advocate a
327 position *most advantageous* (emphasis added) to its residential and small
328 commercial constituency. Therefore, the Office broadly represents the interests
329 of all residential and small commercial customers of public utilities in cases
330 before the Commission.¹⁵

331

332 Q. WHAT IS THE OFFICE'S RESPONSE TO THE CONCERNS RAISED BY
333 UCARE REGARDING THE COSTS REQUIRED TO MODIFY THE COMPANY'S
334 BILLING SYSTEM TO ACCOMMODATE A \$/KW CHARGE (ROSSETTI
335 REBUTTAL, PAGE 6, LINES 79-84)?

336 A. The Company's response to Office DR 39.2 indicates that no modifications to the
337 billing system are required to accommodate a separate charge for new NM
338 customers. Adding the separate charge to the bills of existing NM customers is
339 estimated to cost approximately \$1,200 and would be a one-time expense.
340 Thus, the administrative costs are very small and represent a non-recurring
341 expense.

342

343 Q. UCARE CONTENDS THAT THE OFFICE HAS NOT IDENTIFIED ANY NM
344 BENEFITS AND IT IS DISINGENUOUS TO CLAIM THAT THERE IS NO VALUE

¹⁵ Utah Code Ann. §§ 54-10a-201 and 301 (2013).

345 IN NM OFFSETTING HIGH COST PEAK ELECTRICITY. (ROSSETTI
346 REBUTTAL, PAGES 4-5, LINES 56-65) HAS THE OFFICE EVER CLAIMED
347 THAT NM DOES NOT PROVIDE ANY BENEFIT OR VALUE IN OFFSETTING
348 THE COST OF PEAK ELECTRICITY?

349 A. No. Clearly, there is evidence in this record that the production from residential
350 NM provides value to RMP and its customers during the peak period. The
351 graphs included on Page 5 of Mr. Rossetti's rebuttal testimony indicate a
352 correlation between NM production and system demand during the peak period.
353 Nevertheless, there is an important distinction to be made between "peak period"
354 and "peak demand." In his rebuttal testimony, Mr. Rossetti appears to be
355 referring to the "on-peak period," which covers a broad, 16-hour time period
356 between 7 am – 11 pm. The peak demand, however, is the specific hour during
357 the day when electricity demand is the highest. In terms of meeting peak
358 demand, NM production rapidly drops off in the later part of the afternoon and is
359 not available to meet the peak demand that occurs in the summer months during
360 the early evening.

361 Further, neither UCARE nor any other party in this docket have provided
362 evidence that NM resources are offsetting energy generation or market
363 purchases that are significantly higher than average energy costs. In contrast,
364 net power costs were modeled in the avoided cost case (12-035-100) with and
365 without a solar resource to demonstrate actual differences in net power costs
366 (i.e., benefits) attributable to a solar resource.

367
368 Q. UCARE STATES THAT IT IS THE OFFICE'S RESPONSIBILITY TO DEVELOP
369 A NM PROPOSAL THAT WILL BE EQUITABLE TO ALL PARTIES INVOLVED,
370 INCLUDING RESIDENTIAL NM CUSTOMERS (ROSSETTI REBUTTAL, PAGE
371 7, LINES 110-114). HAS THE OFFICE DEVELOPED A NM PROPOSAL THAT
372 TREATS NM AND NON-NM IN A FAIR AND BALANCED MANNER?

373 A. The Office has considered and balanced the interests of all residential customers
374 in a number of ways, as evidenced by our NM testimony in this proceeding:

- 375 • First, the Office recommends a fair and cost-based residential NM charge
376 based on the rated kW output of individual NM customers. This “size-
377 based” approach means that smaller residential NM customers would
378 have lower bill impacts than larger NM customers and more than 50% of
379 residential PV systems are rated at less than 3 kW. The Company
380 supports this \$/kW approach as a reasonable alternative and UCE witness
381 Gilliam states that UCE is “generally supportive of differentiating charges
382 to reflect net impacts.”¹⁶
- 383 • Second, the Office requested information through a data request to the
384 Company pertaining to the energy and capacity benefits of NM output.
- 385 • Third, the Office recommends that the Commission take an active role in
386 communicating its policy direction on the residential NM program. We
387 propose that parties work together to develop appropriate “messaging”
388 and that the results of this collaborative effort be presented to the
389 Commission in a compliance filing.

390

391 The vast majority of residential customers represented by the Office are not NM
392 customers. In developing a reasonable set of recommendations for the
393 Commission to consider in making a decision on this complex matter, the Office
394 has done its best to represent residential customers on all sides of the NM issue.

- 395
- 396 III. OFFICE NM RECOMMENDATIONS
- 397 Q. PLEASE SUMMARIZE THE OFFICE’S RECOMMENDATION ON THE
398 RESIDENTIAL NM FACILITIES CHARGE.
- 399 A. The Office has proposed a residential NM facilities charge of \$1.54/kW and
400 believes that the evidence on this record is sufficient for the Commission to
401 include such a charge on the bills of NM customers. Specifically, evidence from
402 recent avoided cost dockets indicates that NM-related benefits are not large
403 enough to offset the need for the NM facilities charge.

¹⁶Gilliam Rebuttal, page 9, lines 167-170. UCE’s position, however, is that it is premature to impose any NM charge at this time until NM costs and benefits are more fully analyzed in a separate proceeding.

404 If the Commission determines that it is unable to authorize the
405 implementation of a new residential NM facilities charge or credit until NM cost
406 and benefits are more fully analyzed in a separate docket, the Office will continue
407 to recommend that a NM valuation method be used that best fits the legal, policy
408 and factual circumstances unique to Utah and relies on information and data that
409 are generally consistent across resource planning and ratemaking cases. The
410 Office has also recommended a specific process for the Commission to follow if it
411 decides to open a separate docket. (Gimble Rebuttal, page 4, lines 102-118.)
412

413 Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

414 A. Yes.

415

416