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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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	Docket No. 13-035-184 **SIERRA CLUB POST-HEARING BRIEF ON NET METERING ISSUES**

Pursuant to the direction of the Utah Public Service Commission ("Commission") on July 29, 2014, Sierra Club hereby submits its post-hearing legal brief opposing the application by Rocky Mountain Power (the "Company") to impose a monthly fee of $4.65 on its residential net metering customers. The Company has not carried its burden of showing that the proposed net metering fee is just and reasonable, and therefore the Commission must reject the fee.

I. Introduction

As part of its general rate case, Rocky Mountain Power seeks to impose a fee on residential customers who have made a personal investment in rooftop solar systems, thereby reducing their own consumption of power from the utility's system. The Company's simplistic view of the matter is that because net metering customers purchase less power, they shift costs to other

residential customers. However, cost shifting cannot be positively identified through the kind of narrow analysis the Company offers—rather, the overall costs and benefits that net metering offers the utility's system must be understood and quantified in order to assess whether net metering customers should be assessed a special fee. As it happens, Utah law requires that such a cost-benefit analysis be conducted before a net metering fee is imposed. Because the Company seeks this fee through its general rate case, it bears the heavy burden of proof to show that the fee is just and reasonable in light of the costs of benefits. The Company does not meet that burden.

In its direct case the Company offered several different interpretations of the "costs" of rooftop solar, but did not provide any testimony regarding benefits until after Sierra Club and Utah Clean Energy submitted expert testimony quantifying those benefits. Even considering this last-minute effort, the Company's incomplete view of net metering's benefits does not satisfy the statutory requirement. Because the Company has not come forward with sufficient evidence or analysis, this Commission cannot approve the proposed fee.

There is no urgency to impose a fee before the proper cost-benefit analysis can be done. The Company currently has a very low level of net metered, rooftop solar—less than one-tenth of one percent. As Company witness Marx states: "[a]t very low penetration levels of rooftop solar, which the Company is presently witnessing, we see very little impact on the distribution system."[1] The Company has not even estimated how many years it will take before their system reaches the level of rooftop solar penetration at which other utilities have observed challenges.[2] Furthermore, the amount of alleged cost-shifting is extremely small—about $100,000 spread across over 740,000 residential customers.[3] Contrary to the Company's assertion that these facts

[1] Transcript of July 28, 2014 Hearing, Vol. 1, at 53-54 (Marx testimony).
[2] Transcript, Vol. 1, at 104:13-17 (Marx testimony).
[3] Transcript, Vol. 1, at 43:3-13 (Walje testimony).

call for immediate action, the low level of solar penetration shows that the Commission has time to follow the Legislature's instruction before approving any net metering fee.

II. Legal Standard

Any change in the rates charged by a public utility must be supported by substantial evidence, and the essential finding that the rates are just and reasonable must be made in accordance with that evidence.[4] Further, the burden is on the utility to prove that each element of rate relief requested is just and reasonable, and "not upon the commission, the commission staff, or any interested party or protestant; to prove the contrary." The utility can sustain its burden only through substantial evidence, not by assertions in the testimony of company officials.[5]

III. Argument

The Company's request for a net metering fee must satisfy not only the cost-causation and public interest standards that apply to all rate requests, but also the additional requirement contained in Utah Code §54-15-105 for this particular type of fee. As discussed below, that statute calls for a broad analysis of costs and benefits of net metering, which the Company has failed to put forward in this rate case. The Company's suggestion that the avoided cost rate to be paid to utility-scale solar resources delimits the benefits of net metering overlooks the very different legal and factual context of net metered rooftop solar resources. Simply inserting this avoided cost rate into the cost-benefit equation would not satisfy the statutory mandate. Finally,

[4] *See Utah Dep't of Bus. Regulation, Div. of Pub. Utilities v. Pub. Serv. Comm'n*, 614 P.2d 1242, 1245 (Utah 1980).
[5] *Id.* at 1244-45 ("The company must support its application by way of substantial evidence, and the mere filing of schedules and testimony in support of a rate increase is insufficient to sustain the burden.").

the Company's proposed net metering fee discriminates against net metering customers without any cost-of-service justification. Because the record is inadequate to support a finding by this Commission that the charge is just and reasonable, and because the burden of creating that record falls on the Company, the Commission must deny the proposed fee.

A. A Cost-Benefit Analysis Is Required Before a Net Metering Fee Can Be Imposed

At the time Rocky Mountain Power filed this general rate case, Utah Code §54-15-105 required that before any charge could be imposed on a net metering customer, the governing authority must "determine[] that . . . the electrical corporation will incur direct costs from the interconnection or from administering the net metering program that exceed benefits, as determined by the governing authority, resulting from the program."[6] Indeed, when the Commission approved the Company's net metering program in 2009, it recognized that "to the extent the Company determines it is being adversely affected by net metering, . . . under Utah Code §54-15-105(1)(a) the Company has the ability to approach the Commission with information on *both costs and benefits* to address the issue."[7]

Despite this clear direction, the Company's January 3, 2014 application did not provide information on both costs and benefits. The Company presented information on the decrease in revenue it recovers from net metering customers, but made no case regarding direct costs attributable to net metering customers,[8] no showing that net metering customers are more costly to serve, and no evidence whatsoever regarding the benefits that distributed solar offers the

[6] Utah Code Ann. § 54-15-105 (West 2008) (amended 2014).
[7] *See* Docket No. 08-35-78, Order dated February 12, 2009, at 13, 18-19 (emphasis added).
[8] Despite pre-filed testimony claiming increased operation, maintenance, and integration costs for rooftop solar, Marx conceded at the hearing that the Company currently incurs no integration costs for rooftop solar due to the low penetration, and does not even know when such costs might arise. Transcript, Vol. 1 at 105:13-17. Thus, all of the Company's testimony regarding this "cost" of rooftop solar is unsupported by evidence and is irrelevant to the Commission's decision on the proposed net metering fee.

utility's system.[9] Only in its rebuttal testimony, filed four months later and only a month before the hearing in this matter, did the Company offer up a post-hoc estimate of the benefits of net metering. Although Senate Bill 208 amended Section 54-15-105 while this rate case was pending, the key requirement that any net metering fee be based on a determination of the costs and benefits did not fundamentally change. That section currently states:

> The governing authority shall: (1) determine, after appropriate notice and opportunity for public comment, whether costs that the electrical corporation or other customers will incur from a net metering program will exceed the benefits of the net metering program, or whether the benefits of the net metering program will exceed the costs; and (2) determine a just and reasonable charge, credit, or ratemaking structure, including new or existing tariffs, in light of the costs and benefits.

The Commission must therefore determine whether the cost of the net metering program will exceed the benefits. This mandate is not limited to a particular utility, nor a particular subset of net metering customers, nor a particular functional category of costs and benefits. The Commission's decision on the net metering fee is unquestionably governed by Section 54-15-105. A basic principle of statutory interpretation is that the legislature's specific direction controls over a more general one.[10] Thus, this section requiring a cost-benefit analysis before any net metering fee is imposed applies in this general rate case. Because the Company has elected to seek this net metering fee through its rate case, the burden of establishing that the costs exceed the benefits, and that its proposed fee is just and reasonable, falls entirely on it.

[9] *See* Transcript, Vol. 1, at 39:3-10 (Walje testimony that the Company did not supplement its direct case following the Commission's April 16, 2014 order regarding SB 208 "because our filing was specifically focused on the under-recovery of the use of the distribution system by current net metering customers").
[10] *See, e.g., Floyd v. W. Surgical Assocs., Inc.*, 773 P.2d 401, 404 (Utah Ct. App. 1989) ("Under general rules of statutory construction, where two statutes treat the same subject matter, and one statute is general while the other is specific, the specific provision controls.").

The statute does not require a cost-benefit analysis only to have that analysis set aside when a net metering charge or credit is designed; rather it requires that the charge or credit be just and reasonable "in light of the costs and benefits." The Company's theory of costs and benefits, as explained by Company witness Gregory Duvall, compares the Public Utilities Regulatory Policies Act ("PURPA") avoided cost rate to the retail rate. However, this analysis is completely disconnected from the Company's proposed net metering charge, which is based on lost fixed cost recovery.[11] The Company's final theory seems to be that the retail rate is higher than the PURPA avoided cost rate, and therefore, *some* kind of additional charge on net metering customers is appropriate. This is an unprecedented approach to ratemaking that is contrary to Utah law.

B. Utah Code §54-15-105 Requires a Global Examination of Net Metering

The Company's estimate of benefits is the avoided cost rate paid to qualifying facilities under PURPA, and would include only the avoided cost of energy. However, the text and legislative history of Section 54-15-105 do not limit the types of benefits that can be considered, and suggests that a wide range of values *should be* considered. Limiting the benefits of net metering to the PURPA avoided costs, as the Company advocates, does not fulfil the statutory mandate.

First, Section 54-15-105 incorporates the state's "just and reasonable" standard, which considers "the cost of providing service to each category of customer, economic impact of charges on each category of customer, and on the well-being of the state of Utah; methods of reducing wide periodic variations in demand of such products, commodities or services, and means of encouraging conservation of resources and energy."[12] Thus, a just and reasonable rate

[11] *See* Transcript, Vol. 1, at 186:7-20 (Duvall testimony). Indeed, Duvall acknowledges that he doesn't know whether the Company was aware of his estimates of costs and benefits when it formulated the net metering fee. *Id.* at 186.
[12] Utah Code Ann. § 54-3-1.

may take into consideration the well-being of the state of Utah, which would include public health and economic development considerations. A just and reasonable rate should also reflect the values of "conservation of resources and energy," hence the statute permits this Commission to consider both the load reduction and fossil fuel conservation benefits of distributed solar as part of determining whether a charge on net metering customers is just and reasonable.

Second, this Commission has a well-developed PURPA avoided cost jurisprudence formed over many years, of which the Legislature is presumed to be aware.[13] Yet, the Legislature chose not to define net metering benefits as coextensive with PURPA avoided costs, and did not mention avoided costs in this section of the statute, despite doing so in the adjacent Section 104. The absence of a reference to PURPA or avoided costs in Section 105 should therefore be accorded significance.[14] Finally, limiting the benefits of net metering to the PURPA avoided cost rate would render Section 54-15-105 absurd, as it would call for the Commission to undertake an examination, following notice and public comment, of whether the avoided cost rate is greater than the costs of net metering, which the Company has defined as the retail rate.[15] Such an absurd construction of the statute is disfavored.

A statement by Senate Bill 208's sponsor, Senator Curtis Bramble, confirms that the comparison of costs and benefits was viewed as a complex matter within the expertise of the Commission:

> There's some concern that the net metering customers aren't paying their fair share; on the other hand, the net metering customers think that they may be paying more than what they should. So rather than us try to do the work of the Public Service

[13] *State v. Houston*, 263 P.3d 1226, 1230 (Ut. Ct. App. 2011) (noting presumption that legislature is aware of case law and reasoning that the Legislature's omission of elements from that case law into revised statute, while including other elements, is intentional and must be given significance).
[14] *Carrier v. Salt Lake Cnty.*, 2004 UT 98, ¶ 30, 104 P.3d 1208 (". . . statutory construction presumes that the expression of one should be interpreted as the exclusion of another. Thus, we should give effect to any omission in the ordinance language by presuming that the omission is purposeful." (internal citations omitted)).
[15] *See* Duvall Rebuttal Testimony (RMP Exhibit 2) at lines 30-46.

> Commission – all we're saying is that this will direct – that's why the language is clear – the governing authority, meaning the Public Service Commission.[16]

Senator Bramble also stated that the bill "directs [the Commission] to look at the costs and benefits in a more global perspective."[17] His reference to the possibility that net metering customers "may be paying more than what they should" also indicates that the cost-benefit analysis the Legislature had in mind would consider a wider range of net metering values than just avoided energy costs.

C. PURPA Avoided Cost Rates Do Not Define the Benefits of Net Metering

The Company eventually proposed that the benefits of net metering under §54-15-105 can be determined solely by reference to the Commission's previous avoided cost determinations for solar qualifying facilities ("QFs"). The Company refers to Docket No. 12-035-100, which concerned the rate to be paid to QFs larger than three megawatts, and the ongoing Docket No. 14-035-T04,[18] in which the Company seeks to reduce the rate paid to QFs up to three megawatts by about two-thirds, down to $30 per megawatt-hour.[19]

While the Company is correct that the Commission has previously determined the avoided energy value from utility-scale solar resources, those PURPA proceedings do not cast much light on the benefits of net metering.[20] First, the legal framework applicable to PURPA avoided cost determinations does not constrain this Commission's determination of avoided costs, and this

[16] Hearing on S.B. 208 before the H. Public Utilities and Technology Comm., 60th Leg., 2014 Gen. Sess. (Utah 2014) (statement of Sen. Curtis Bramble) *available at* http://utahlegislature.granicus.com/MediaPlayer.php?clip_id=17038&meta_id=500377.
[17] *Id.*
[18] *See* Duvall Rebuttal Testimony (RMP Ex. 2), at lines 37-41; *see also* Transcript, Vol. 1, at 182:14-21 (Duvall testimony).
[19] *See* Transcript, Vol. 1, at 183:8-11 (Duvall testimony).
[20] *See* Transcript, Vol. 1, at 242:7-19 (testimony of Dan Gimble that in Docket 12-035-100, Commission was determining a value for solar QFs and not evaluating the costs and benefits of net metering).

Commission's prior PURPA determinations did not reflect a fully developed evidentiary record regarding avoided costs other than energy and capacity. Moreover, net metered customers interact with the utility in a way that is fundamentally different from the utility's interaction with QFs and that affects the value offered by each resource.

PURPA requires utilities to purchase electricity generated by small power production facilities known as QFs at a price no greater than the utility's avoided cost.[21] The Federal Energy Regulatory Commission ("FERC") has defined avoided costs as "the incremental costs to an electric utility of electric energy or capacity or both which, but for the purchase from the qualifying facility or qualifying facilities, such utility would generate itself or purchase from another source."[22] The key principle for PURPA avoided cost determinations is that the costs must be those that the utility can actually avoid through the purchase of electricity from the QF. Typically, the avoided cost rate compensates QFs only for capacity and energy.[23]

In Docket 12-035-100, the Commission evaluated proposals from various parties to include in the avoided cost rate for large QFs values for fuel price hedging, fuel price volatility, avoided transmission and distribution costs, and environmental risk such as a regulatory price for greenhouse gas emissions. The Commission acknowledged that these types of non-capacity and non-energy costs could be included consistent with PURPA, but only if the connection between these avoided cost categories and the QFs could "be projected and tested with a reasonable degree of certainty."[24] The Commission concluded that the evidence in the docket for these categories of costs did not meet that standard.[25]

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[21] 18 C.F.R. § 292.303(a);16 U.S.C. § 796(17)(A).
[22] 18 C.F.R. § 292.101(b)(6).
[23] *See, e.g., Am. Ref-Fuel Co., Covanta Energy Grp., Montenay Power Corp., & Wheelabrator Technologies, Inc.*, 107 FERC ¶ 61,016, ¶15 (Apr. 15, 2004) ("avoided cost rates are not intended to compensate the QF for more than capacity and energy").
[24] Docket No. 12-035-100, August 16, 2013 Order, at 41.
[25] *Id.*

PURPA and the FERC regulations erect a high threshold of evidentiary certainty regarding whether certain costs will be incurred by the utility and could be avoided through the purchase of electricity from QFs. This Commission has accordingly been cautious about extending the components of the avoided cost rate paid to QFs beyond the avoided cost of energy and capacity. However, because PURPA does not govern state-law net metering programs, which apply at the retail rather than wholesale level, this Commission has wider discretion regarding which avoided costs to include in a net metering benefit analysis.[26] Section 54-15-105(1) does not limit the benefits analysis to PURPA avoided costs; it does not mention PURPA or refer to any of this Commission's decisions under that statute. Rather, it refers broadly to a determination of the "benefits" of net metering, which can include broader societal and utility system values than are typically considered under PURPA. Indeed, the structure of net metering is so fundamentally different from how the Company interacts with QFs that it makes little sense to apply an avoided cost rate developed in the PURPA context to a benefits determination for net metering.

Utah law imposes restrictions on the characteristics of net metered units that distinguish them from QFs in ways that are relevant to a calculation of the benefits. First, residential units cannot be greater than 25 kilowatts, and nonresidential units may not exceed 2 megawatts. In contrast, a solar QF may be up to 80 megawatts. Capacity determines where the unit is interconnected—net metered units are connected at the distribution level and therefore influence power flow in a way that is quite different from QFs connected at the transmission level. Net metered units are always connected at lower voltage levels, and thereby offer improvements in line losses over those offered by QFs, since they also avoid transformer losses. The size of net metered solar also means that voltage swings are less of an issue for rooftop than for utility scale solar.[27]

[26] *See* Transcript, Vol. 1, at 184:4-6 (Duvall testimony).
[27] *See* Mulvaney Surrebuttal Testimony (Sierra Club Exhibit 2.0 SRT), at p. 29.

Second, state law requires a net metered unit to be located on or adjacent to the utility customer's property, and be "intended primarily to offset part or all of the customer's requirements for electricity."[28] In contrast, a QF's output is intended primarily for export to the utility and does not reduce load growth.[29] The utility pays the retail rate only for electricity that is exported by the net metered customer, and does not even know how much power the net metered unit has actually generated. Most of the generation by net metered units offsets the customer's own load,[30] thereby reducing the utility's capacity requirements and need for energy purchases at expensive hours. The PURPA avoided cost rate for purchased power does not capture load-reduction benefits. Indeed, an avoided cost rate cannot even be applied to the unknown generation that is consumed onsite, which is invisible to the utility. As Office of Consumer Services witness Dan Gimble stated, the fact that net metered units generate power within the distribution system, closer to the customer, "would be a difference" between the benefits offered by a net metered system and those offered by a solar QF.[31]

A final difference is that each March, the net excess on every net metering customer's account is eliminated and the net metering customer receives no compensation.[32] The value of this annual excess is credited at the avoided cost rate and dedicated to the Company's low-income assistance programs—a value to all ratepayers. In contrast, the utility is required to purchase all of the output from a QF.[33]

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[28] Utah Code §54-15-102(3).
[29] *See* Transcript, Vol. 1, at 233:2-3, 14-17 (testimony of Dan Gimble that solar qualifying facilities do not reduce load growth).
[30] *See id.* at 235:3-6 (testimony of Dan Gimble that a significant portion of a net metered customer's product is used to satisfy its own load).
[31] *See* Transcript, Vol. 1, at 235:7-23.
[32] Utah Code §54-15-104(3)(a)(ii), (4).
[33] 16 U.S.C. § 824a-3(m)(1). Following the 2005 amendments to PURPA, a utility is exempted from this obligation if a determination has been made that the QF has nondiscriminatory access to wholesale markets; no such determination has been made in Utah.

Company witness Gregory Duvall acknowledged in response to discovery and at the hearing that there may be differences between the energy values, line losses, generation capacity value, and transmission and distribution values offered by large-scale solar farms and rooftop systems.[34] He added that he considers rooftop solar resources to be "non-firm" and suggested that this might offset any increased values associated with rooftop systems.[35] The Company's position seems to be that while some avoided costs of rooftop solar might be higher than for QFs, some might be lower, and the Commission should just assume that these cancel each other out and not investigate the matter further.[36] This casual approach is completely contrary to the evidentiary standards required by this Commission when customer rate increases are at issue.

D. The Company's Evaluation of Net Metering Costs and Benefits is Contrary to Commission Precedent and Company Practice

When the Company has previously considered distributed generation as a system resource, it evaluated the costs and benefits in a more comprehensive way than it suggests would suffice in this rate case. In Docket No. 11-035-104, this Commission approved the Company's Solar Incentive Program, which provides rebate incentives to customers who install rooftop solar. The Company's application in support of the program included a cost-effectiveness analysis done by the Cadmus Group, which evaluated the incentive program under several cost-effectiveness tests, including the ratepayer impact test, the utility cost test, and the total resource cost test.[37] That

[34] Transcript, Vol. 1, at 174:23 to 175:6; *see also* TASC Cross- Exhibit 3, TASC Data Request 2.18 (admitted at Transcript at 89:8-9, 90:14-17).
[35] Transcript, Vol. 1, at 175:6-15.
[36] When asked whether the Company had considered doing an actual analysis comparing these costs and benefits, Mr. Duvall testified that "it's probably inevitable that some of the States, including Utah, are probably, you know, going to want to look at that." Transcript, Vol. 1, at 177:12-14. Mr. Duvall's statement accurately reflects the inquiry that the Utah Legislature has asked this Commission to undertake.
[37] *See* Docket No. 11-035-104, Rocky Mountain Power Application for Approval of Solar Incentive Program, Exhibit K (filed August 10, 2012).

analysis was consistent with the Commission's order in Docket 09-035-27, which concluded that the cost-effectiveness tests typically applied to demand-side management programs were appropriate for evaluating small-scale renewable resources. The Commission went on to find that the "Company has developed more sophisticated methods for estimating utility cost savings from DSM programs rather than relying on avoided costs approved for Schedule No. 37 payments to small qualifying facilities."[38] Thus, this Commission's precedent and previous Company practice recognize that, in part because distributed solar resources offer load reduction benefits, their cost effectiveness should be determined based on cost-benefit tests performed from multiple perspectives, and that reliance on PURPA avoided costs is inappropriate.

The kinds of cost-benefit tests performed to evaluate the demand-side management programs and used by the Cadmus Group to test the solar incentive program are similar to those recently used in a study done for the Nevada Utility Commission.[39] This kind of study is ideal because it examines the costs and benefits from different perspectives, and allows the parties a framework through which to evaluate sensitivities about key variables.

E. The Proposed Fee Treats Residential Net Metering Customers Differently From Other Residential Customers Without Justification

The Company's proposed fee is based on lost recovery of fixed costs from net metering customers because they purchase less electricity than the average non-net metering residential customer.[40] On its face, the Company's rationale for this fee would apply to any customer who purchases a below-average amount of electricity each month. To justify this disparate treatment,

[38] In the Matter of the Proposed Revisions to the Utah Demand Side Resource Program Performance Standards, 2009 Order, at pages 2-3, 4-6.
[39] *See* Sierra Club Exhibit 2.2 SRT [Exhibit SC__DLM-6].
[40] The Company has no evidence that it costs more to serve net metering customers. *See* Transcript, Vol. 1, at 147:17-25 (Steward testimony).

the Company asserts that an efficiency customer has lower consumption at the peak hour, while a net metering customer may have little or no reduction in their consumption at the distribution peak.[41] However, the Company's claim regarding the difference between low-consumption customers and net-metering customers is not supported by any actual evidence, only by unsupported assertions in testimony,[42] which is inadequate to meet its burden under Utah law.[43] The Company's theory also incorrectly assumes that all others customers with below-average consumption have flatter loads. In fact, many of those low-consumption customers may have unusually peaky loads. For example, a customer who turns on the air conditioning in a weekend house that has not been cooled all week would make a large contribution to the Friday evening peak, but still have a low monthly bill. Because the utility has offered no evidence in support of its different treatment of net metering residential customers, the imposition of a fee on those customers is an impermissible preference under Utah Code § 54-3-8.[44]

IV. Conclusion

The Company cannot claim that residential net metering customers are shifting costs to non-net metering customers without looking at whether those net metering customers are reducing the overall costs attributed to the residential class and to Utah as a whole. The Company has not

[41] *See* Transcript, Vol. 1, at 112:1-3, 12-18 (Steward testimony that "these customers have a different load shape and a different load factor than the average residential customer").
[42] When asked by Mr. Rossetti about her assertion that a net metering customer was "peakier" than an efficiency customer, Ms. Steward pointed to the diagrams in her rebuttal testimony comparing the load factor of a net metering customer and an average residential customer, but conceded that there was no similar calculation for Diagram C, which compares the average residential load to that of a customer with high efficiency air conditioning. Transcript, Vol. 1, at 126:5-21.
[43] *See Utah Dep't of Bus. Regulation*, 614 P.2d at 1245 ("The company must support its application by way of substantial evidence, and the mere filing of schedules and testimony in support of a rate increase is insufficient to sustain the burden.").
[44] Sierra Club agrees with the analysis of this issue offered in the post-hearing briefs filed by Utah Clean Energy and The Alliance for Solar Choice, and incorporates by reference their arguments regarding discrimination against net metering customers.

done a separate cost-of-service study for net metering customers, nor evaluated how the reduced consumption by net metering customers, and exports of energy to the distribution system, may be lowering costs for the system as a whole.[45] If net metering customers are decreasing the overall amount of fixed costs incurred by the Company, [46] then it may be justified for those customers to pay a smaller share of fixed costs. This is precisely why the analysis required by Section 54-15-105 is needed before any fee is imposed. Cost shifting cannot be claimed absent this broader analysis of costs and benefits.

In sum, the Company has not put forward substantial evidence to support its fee—neither the cost-benefit analysis that the statute requires, nor evidence justifying imposition of the fee on a subset of the residential class. For the foregoing reasons, Sierra Club respectfully requests that the Commission deny Rocky Mountain Power's application to impose a monthly residential net metering facilities charge, and that the Commission initiate a separate proceeding, as outlined in the testimony of Sarah Wright, to investigate the costs and benefits of net metering.

DATED this 8th day of August, 2014.

Respectfully submitted,

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[45] *See* Transcript, Vol. 2, at 297:1-25 to 298:4-8 (Powell testimony).
[46] *See* Transcript, Vol. 2, at 332:13 to 334:16 (Faryniarz testimony regarding impact of distributed solar generation on rates for residential class).

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