

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Investigation of the Costs)
and Benefits of PacifiCorp’s Net Metering) DOCKET NO. 14-035-114
Program) NOTICE

ISSUED: March 9, 2015

Pursuant to the November 21, 2014, Notices of Comment Period and Scheduling Conference (“November 21 Notices”), parties in this docket submitted comments and reply comments on February 6, 2015, and February 20, 2015, respectively. After considering those comments, the Public Service Commission of Utah (“Commission”) issues this notice to clarify certain issues in advance of the Technical, Status, and Scheduling Conference scheduled for Monday, March 16, 2015 (“March 16 Conference”). Additionally, we ask parties to come to the March 16 Conference prepared to discuss an option, described later in this notice, to utilize the remaining four technical conference placeholder dates.

We appreciate the concerns expressed by some parties with respect to workload, time, and resources. We intend this notice to clarify the issues we intend to address in the current step of this docket, culminating in the hearings scheduled for October 6-8, 2015, and the issues we intend to address later. In our November 21 Notices we stated: “In the next step, we intend to establish the appropriate analytical framework for making the required determinations under Utah Code Ann. § 54-15-105.1” We additionally stated that during “a further phase of this docket, a general rate case[,] or other appropriate proceeding” we intend to “examine the costs and benefits that result from applying data to the approved analytical framework.”¹

¹ November 21 Notices at pp. 2-3.

After considering the comments and replies, the issues that seem appropriate to consider now include the topics outlined below in our proposal for the use of the remaining placeholder dates. Those issues seem necessary to establishing an appropriate framework we could subsequently apply to examine the net metering costs and benefits and consider any future rate design proposal.

TECHNICAL CONFERENCES

We note that generally, the purpose of a technical conference is to enable parties to better understand each other's positions and the data underlying those positions. A technical conference should not become a forum to advocate one position or another because that advocacy would convert the technical conference into a hearing. Additionally, because the purpose of a technical conference is to increase understanding among the parties, we do not consider it appropriate or helpful to utilize a technical conference for the presentation of research or data by someone who is not a party to the docket.

Considering those guidelines, we ask parties to come to the March 16 Conference prepared to discuss the option, described below, to utilize the remaining four technical conference placeholder dates. **In the absence of a consensus, or near-consensus, for an alternate approach, the proposal below demonstrates our intention for utilization of the four placeholder dates.** We hope this proposal allows the issues in this docket to move forward in a way that does not unnecessarily tax the workload, time, and resources of the parties. However, we are open to considering alternative approaches at the March 16 Conference.

We propose utilizing the April 27, May 12, and June 25 placeholder dates for informal workgroup discussions. We propose establishing four informal workgroups, two of which could

meet on the mornings of those dates and two of which could meet on the afternoon of those dates, in office space arranged by the Commission. We anticipate that the Commission and its staff would not participate in these informal discussions, and that the discussions would not become part of the docket record.

We propose utilizing the July 8 placeholder date for reports from the four informal workgroups identifying issues on which participants were able to reach consensus or near-consensus, and issues on which there is no apparent consensus. We anticipate that these reports would function more as a traditional technical conference with Commission participation.

We would intend to invite the Division of Public Utilities (“Division”) and the Office of Consumer Services (“Office”) each to lead and report on two of the workgroups. Our proposed informal workgroups (for which we are open to alternate recommendations made at the March 16 Conference) are:

1. Applicability, modification, and usefulness of the traditional demand side management costs and benefits test equations. This workgroup could discuss the applicability of each test to the statutory language of Utah Code Ann. § 54-15-105.1. Topics this workgroup could discuss include the perspective and purpose of each test; specification of the equations; identification of inputs (recognizing that consensus on inputs may be unlikely, but more likely on the issue of where an input would fit into the equation if it is used); inclusion of costs and benefits to the Utah jurisdiction from changes in interjurisdictional cost allocation factors due to the net metering program, the source of inputs and the extent to which they are obtainable, quantifiable, and

supportable; the proper time period for evaluation; and the need for threshold or sensitivity analysis.

2. Net metering program impacts on the distribution system. This workgroup could discuss incremental impacts on the distribution system due to the net metering program and the interrelationship between the distribution system and the net metered customers.
3. Adapting an avoided cost model to evaluate net metering program benefits. This workgroup could discuss the differences in operational characteristics between distributed generation and utility scale generation, potential differences in objectives between avoided costs under PURPA and net metering program benefits under Utah Code Ann. § 54-15-105.1, and whether any adjustments would be necessary to apply PURPA avoided costs in the net metering context.
4. Integrated Resource Planning Perspective. This workgroup could discuss potential differences in the value of net metering program benefits depending on the extent to which the program reduces PacifiCorp's capacity needs and decremental energy costs, and how any adopted analytical framework could incorporate this factor.

We look forward to a discussion at the March 16 Conference of whether these proposed workgroups, or some other alternative, would be the most efficient and effective use of the remaining placeholder dates. We anticipate issuing another scheduling order following the March 16 Conference. We remind parties that prior to the discussion of these issues during the status and scheduling conference on the afternoon of March 16, there will be a technical conference that morning. As we stated previously:

One purpose of the technical portion of the conference is to allow parties who filed comments and/or reply comments requested in the November Notice to respond to clarifying questions from the parties at the conference. We request the Division [] to lead this discussion. An additional purpose of the technical portion of the conference is to allow parties to address definitions and nomenclature applicable to the Commission's required determinations under Utah Code Ann. § 54-15-105.1. Commission staff will lead this discussion.²

Additionally, we hope the following discussion will clarify some of the issues discussed in the comments and reply comments.

INDEPENDENT EVALUATOR/FACILITATOR

Utah Code Ann. § 54-15-105.1 places the responsibility on the Commission to evaluate the costs PacifiCorp and non net metered customers incur from the net metering program, and the benefits of the net metering program. We do not intend to delegate that statutory responsibility to an evaluator.

Additionally, we intend this docket to proceed in a similar matter to other Commission dockets, following the same statutes and rules. Technical conferences, testimony, and hearings should move forward under established guidelines and precedent. We do not see a need to utilize an outside party to facilitate that process.

EXTERNALITIES

Both the Division and the Office urge the Commission to make a decision now regarding whether to consider externalities, and to open a separate proceeding if the Commission chooses

² *In the Matter of the Investigation of the Costs and Benefits of PacifiCorp's Net Metering Program, Scheduling Order and Notices of Technical Conference and Hearing, January 14, 2015, at p. 4.*

to do so. However, the record in front of us at this point simply is insufficient to establish a clear definition of externalities.

We will continue to consider evidence and arguments regarding whether, or the extent to which, externalities should factor into an analysis of net metering costs and benefits, and we may be in a position to make findings on that issue at some point in this docket. However, we expect a party advocating for consideration of a factor that could be defined as an externality to establish that factor's applicability, quantifiable value, and proper placement in an analytical framework or equation. We do not expect a party who is not advocating for the inclusion of a particular factor to establish those issues.

EVALUATION OF RESIDENTIAL AND NON-RESIDENTIAL

Numerous parties have commented on whether our evaluation should consider the residential net metering program independent of non-residential net metering. It is not apparent that this issue is ripe for a decision. We note that ultimately, the purpose of the evaluation required of the Commission under Utah Code Ann. § 54-15-105.1 is to apply that analysis to rate design. Currently, we do not have a specific alternative rate design proposal in front of us for consideration.

We hope whatever analytical framework decisions we make in this step of this docket could be applied, with or without modifications, to both residential and non-residential net metering. We invite parties to address in their testimony the extent to which that hope may be realized depending on the various analytical options.

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DATED at Salt Lake City, Utah, this 9th day of March, 2015.

/s/ Ron Allen, Chairman

/s/ David R. Clark, Commissioner

/s/ Thad LeVar, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary
DW#264248

CERTIFICATE OF SERVICE

I CERTIFY that on the 9th day of March, 2015, a true and correct copy of the foregoing was served upon the following as indicated below:

By Electronic-Mail:

Robert C. Lively (bob.lively@pacificorp.com)
Yvonne R. Hogle (yvonne.hogle@pacificorp.com)
Daniel E. Solander (daniel.solander@pacificorp.com)
Rocky Mountain Power

D. Matthew Moscon (dmmoscon@stoel.com)
Attorney for Rocky Mountain Power

Data Request Response Center (datarequest@pacificorp.com)
PacifiCorp

Jerold G. Oldroyd (oldroydj@ballardspahr.com)
Theresa A. Foxley (foxleyt@ballardspahr.com)
Ballard Spahr LLP

Peter J. Mattheis (pjm@bbrslaw.com)
Eric J. Lacey (elacey@bbrslaw.com)
Brickfield, Burchette, Ritts & Stone, P.C.

Jeremy R. Cook (jrc@pkhlawyers.com)
Parsons Kinghorn Harris, P.C.

William J. Evans (bevans@parsonsbehle.com)
Vicki M. Baldwin (vbaldwin@parsonsbehle.com)
Parsons Behle & Latimer

Gary A. Dodge (gdodge@hjdllaw.com)
Hatch, James & Dodge

Kevin Higgins (khiggins@energystrat.com)
Neal Townsend (ntownsend@energystrat.com)
Energy Strategies

Roger Swenson (roger.swenson@prodigy.net)
E-Quant Consulting LLC

Travis Ritchie (travis.ritchie@sierraclub.org)
Gloria D. Smith (gloria.smith@sierraclub.org)
Casey Roberts (casey.roberts@sierraclub.org)
Sierra Club

David Wooley (dwooley@kfwlaw.com)
Keyes, Fox & Wiedman LLP

Arthur F. Sandack, Esq (asandack@msn.com)
IBEW Local 57

Kurt J. Boehm, Esq. (kboehm@BKLawfirm.com)
Jody Kyler Cohn, Esq. (Jkylercohn@BKLawfirm.com)
Boehm, Kurtz & Lowry

Brian W. Burnett, Esq. (brianburnett@cnmlaw.com)
Callister Nebeker & McCullough

Stephen J. Baron (sbaron@jkenn.com)
J. Kennedy & Associates

Sophie Hayes (sophie@utahcleanenergy.org)
Utah Clean Energy

Capt Thomas A. Jernigan (Thomas.Jernigan@us.af.mil)
Mrs. Karen White (Karen.White.13@us.af.mil)
USAF Utility Law Field Support Center

Meshach Y. Rhoades, Esq. (rhoadesm@gtlaw.com)
Greenberg Traurig

Steve W. Chriss (Stephen.Chriss@wal-mart.com)
Wal-Mart Stores, Inc.

Anne Smart (anne@allianceforsolarchoice.com)
The Alliance for Solar Choice

Michael D. Rossetti (solar@trymike.com)

Meshach Y. Rhoades, Esq. (rhoadesm@gtlaw.com)
Greenberg Traurig

Christine Brinker (cbrinker@swenergy.org)
Southwest Energy Efficiency Project

Patricia Schmid (pschmid@utah.gov)
Justin Jetter (jjetter@utah.gov)
Rex Olsen (rolsen@utah.gov)
Assistant Utah Attorneys General

By Hand-Delivery:

Division of Public Utilities
160 East 300 South, 4th Floor
Salt Lake City, UT 84111

Office of Consumer Services
160 East 300 South, 2nd Floor
Salt Lake City, UT 84111

Administrative Assistant