

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Investigation of the
Costs and Benefits of PacifiCorp's Net
Metering Program

Docket No. 14-035-114

**Sierra Club's Reply In Support of
Motion to Dismiss Rocky Mountain
Power's Request for Single Issue Rate
Increase**

Sierra Club moved on December 20, 2016, to dismiss PacifiCorp's (d/b/a Rocky Mountain Power) November 9, 2016, filing in this case. That filing, styled as a "Compliance Filing" should be dismissed because it is (1) inconsistent with the Commission's instruction to file net metering cost of service studies commensurate with the Company's yet-to-be-filed next rate case; and (2) seeks single issue ratemaking by setting new rates for a small group based on test year load data different from the existing rates for all other customers based on a different test year data. PacifiCorp filed an "Opposition of Rocky Mountain Power to Motions to Dismiss and for Summary Judgment" on January 12, 2017 ("Response").

PacifiCorp's Response does not, and cannot, overcome the simple fact that the Compliance Filing is not commensurate with a "next" rate case test year. Nor does the response demonstrate that the requested rate change for a discrete group of customers is not single issue ratemaking. Sierra Club's motion should therefore be granted and the Compliance Filing dismissed with leave to refile with the company's next rate case.

I. The Commission’s November 2015 Order Clearly Requires The Cost of Service Analysis of Net Metered Customers To Be Commensurate With the Next General Rate Case Test Year.

The Commission’s November 2015 Order requires PacifiCorp to file the net metering cost of service studies based on the test years used in the company’s next rate case. That is, concurrent with the next rate case. The Division, the Office and PacifiCorp all agreed that the Commission should analyze costs and benefits over a one year period “commensurate with the test period PacifiCorp relies on in its next general rate case.” (Order at 7-8.) The Commission was clear that the data to be used are not only based on a one year time period, but specified which time period: the year used for purposes of the next rate case. This was to ensure that the cost of service analysis used “the same test period data employed to establish all customers’ rates.” (Id. at 8.) PacifiCorp’s “Compliance Filing” is based on 2015 test year data. There is no dispute that 2015 test year data is not the data that is, or will be, “employed to establish all customers’ rates.” That fact should be dispositive and the “Compliance Filing” should be dismissed until PacifiCorp refiles based on data that will be used to set all customers’ rates.

PacifiCorp attempts to sidestep the Commission’s explicit instruction by attributing an unexpressed contradictory intent to the Commission and by selectively paraphrasing the Commission’s November, 2015, Order. (Resp. at 12 (asserting what the Commission believed but did not express), 13 (referring to revenue data from GRC test year period, but not load data from same period, as “commensurate”).) The Commission should not countenance this revisionist interpretation and should apply the plain and unambiguous instruction from its November 2015 Order. Cost of service studies for NEM should use all data—including class load data—from the period used in the next general rate case.

II. PacifiCorp’s Requested Rate Changes Outside a General Rate Case Constitute Single Issue Ratemaking.

The company’s filing is not merely a “Compliance Filing,” as it is titled. Rather, it seeks to increase base rates for a specific group of customers outside a general rate case, and justifies that single issue rate change on data different from the test year data used to set all other customers’ rates. This constitutes single-issue ratemaking, which is generally prohibited. (Sierra Club Mot. at 3-6.)

PacifiCorp’s response contends that its requested rates for a discrete group of net metered customers is not single issue ratemaking because the policy against single issue ratemaking intends to match revenue to expenses and investments in the same test year. (Resp. at 29-30, citing *Utah Dept. of Business Regulation v. Public Service Commission*, 614 P.2d 1242, 1248 (Utah 1980).) PacifiCorp contends that single issue ratemaking prohibits general rate increases based on one (or a few) factors without considering other factors. (*Id.* at 29.) PacifiCorp argues that this does not apply to the requested rate change in this case because the company “matched” the cost of service studies for net metered customers to existing authorized revenue requirements. (*Id.* at 30.) PacifiCorp’s argument misses the point.

The proposed change here is specifically based on the change in one factor—revenue reduction from a subset of net metered customers—without considering other factors, such as how other customers’ rates should be adjusted to recover costs prudently incurred for all customers. Moreover, PacifiCorp’s filing is not “matched” in important respects. The revenues being allocated are from a test year used for the 2014 rate case, whereas the load data used for cost of service is from 2015, customer costs for application fees from 2015, and the proposed rates are designed based on class loads over five previously-filed class cost of service studies. *See* Steward Dir. at 28, 35; Meredith Dir. at 4. Thus, the net metering cost of service studies and

proposed rates would be based on some 2015 data and various combinations of other data, while other customers' rates are based on data from years earlier. That is exactly the mis-match between data sets to set different rates that single-issue ratemaking prohibitions are intended to avoid. *See* Sierra Club Motion at 4 (quoting 73B C.J.S. Public Utilities § 21).

Perhaps most importantly, the single-issue limited nature of PacifiCorp's requested rate change highlights the true purpose of the change. Without adjustments to rates for other customers, through a general rate case, the additional revenues collected from net metered customers cannot be reallocated to non-net metered customers, which is the entire premise of the company's proposal. Even if deferral is ultimately ordered, deferred revenue from new net metering rates would be applied to future customers in future years through a reduction in revenue requirement allocated based on future rate design, not reallocated to the current customers to whom the company claims net metering customer costs have been shifted. Indeed, the fact that PacifiCorp seeks to change rates for net metered customers immediately and thereby increase revenue, Seward Dir. at 37, while postponing any possible reallocation of those revenues as bill savings for non-net metered customers until some indefinite future highlights that the true intent is to discourage company revenue erosion through customer self-generation and not PacifiCorp's professed concern over cost shifting to non generating customers. Compliance Filing at p.2, ¶4. PacifiCorp should not be allowed to target a new, radical, rate change to eradicate competition to its monopoly electricity supply from customer self-supply without having to simultaneously open its books through a general rate case and deliver the new revenues to the customers it professes to protect.

Conclusion

The costs and benefits of net metered customer generation should be assessed based on a single set of all data (cost, revenue and loads) and should be the same set used to establish rates for all customers. The so-called “Compliance Filing” fails to do this and should therefore should be dismissed.

Respectfully submitted this 26th day of January, 2017.

s/ Travis Ritchie
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