

1 **Q. Please state your name, business address and present position with Rocky**
2 **Mountain Power (or the “Company”).**

3 A. My name is David L. Taylor. My business address is 201 South Main, Salt Lake
4 City, Utah. I am employed as the Manager of Regulatory Affairs for the state of
5 Utah.

6 **Qualifications**

7 **Q. Please briefly describe your education and business experience.**

8 A. I received a B.S. in Accounting from Weber State College in 1979 and a M.B.A.
9 from Brigham Young University in 1986. I have been employed by Rocky
10 Mountain Power or its predecessors since 1979. At Rocky Mountain Power (RMP
11 or Company), I have worked in the Accounting, Budgeting, and Pricing and
12 Regulatory areas. From 1987 to the present, I have held several supervisory and
13 management positions in Pricing and Regulation.

14 **Q. Have you appeared as a witness in previous regulatory proceedings?**

15 A. Yes. I have testified on numerous occasions in Utah as well as in California,
16 Idaho, Montana, Oregon, Washington, and Wyoming.

17 **Purpose and Summary of Testimony**

18 **Q. What is the purpose of your testimony?**

19 A. In my testimony I present and explain the proposed Electric Service Schedule No.
20 32, Service from Renewable Energy Facilities (Schedule 32), which was filed
21 with the Commission on April 25, 2014. I will present a revised Schedule 32 to
22 reflect the prices from the stipulated revenue requirement and general service
23 tariff prices from RMP’s 2014 general rate case in Docket No. 13-035-184 (2014

24 GRC) and the current cost of service study presented in that docket. In my
25 testimony I also correct two errors in the initial filing and present minor language
26 changes to the filed tariff.

27 **Q. Please describe proposed Electric Service Schedule No. 32.**

28 A. Schedule 32 is a retail service option which allows a Customer to receive electric
29 service from the RMP which includes electricity generated by a Renewable
30 Energy Facility that is owned by the Customer or is under a contractual
31 arrangement with the Company and the customer; as provided in Utah Code Title
32 54, Chapter 17, Part 8, Renewable Energy Contracts (SCH 32 Renewable
33 Statute). The proposed Schedule 32 governs the conditions of service, pricing, and
34 the contracting and interconnection procedures under which RMP will execute a
35 contract to supply electric service to a customer from one or more renewable
36 energy facilities which are owned or contractually tied to that customer.

37 **Background**

38 **Q. What is the history of Schedule 32 and why is Rocky Mountain Power**
39 **proposing it now?**

40 A. During the 2012 Utah legislative session Senate Bill 12 was passed unanimously
41 by both houses and signed into law. This bill, now codified at Utah Code Title 54,
42 Chapter 17, Part 8, “Renewable Energy Contracts”, allows a customer to receive
43 electric service based on the costs of a certain Renewable Energy Facility if the
44 customer pays all of the costs associated with the Renewable Energy Facility. The
45 customer’s electric service requirements beyond those provided by the Renewable
46 Energy Facility will be provided at standard utility tariff rates.

47 Since the SCH 32 Renewable Statute passed, the Company has received
48 inquiries from numerous customers, cities, and renewable energy developers
49 expressing interest in providing and receiving renewable energy service under the
50 law. To provide guidance and to avoid the need to negotiate the rates and terms of
51 service individually with each customer, the Company has developed proposed
52 Schedule 32, attached as RMP Exhibit___(DLT-1), that would apply to all
53 customers taking service under the provision of the SCH 32 Renewable Statute.
54 RMP Exhibit___(DLT-1) also includes a redline version showing the revisions
55 from the tariff included with the Company's filing. I will describe the Company's
56 proposed Schedule 32 in more detail later in my testimony.

57 **Q. Please provide an overview of the SCH 32 Renewable Statute.**

58 A. Under the SCH 32 Renewable Statute, a customer that desires to have a larger
59 portion of its electric service provided by renewable energy sources than is
60 currently included in the Company's resource portfolio may contract to receive
61 this power and energy from a specific Renewable Energy Facility. The customer
62 is responsible for all of the costs and bears all of the risks of the delivery of
63 energy from the Renewable Energy Facility which may be owned and operated by
64 either the customer or a third party. The Renewable Energy Facility is responsible
65 for all interconnection requirements and interconnection costs.

66 To meet the requirements of network transmission service, the delivery of
67 the contracted energy from the Renewable Energy Facility will be facilitated by
68 two matching and linked contracts. The Company will execute a contract with the
69 owner of the Renewable Energy Facility to purchase electricity for resale to the

70 customer (or in some cases more than one customer). The Company will
71 subsequently sell that electricity to the customer(s) under renewable energy
72 contracts with the same duration and pricing as the contract between the Company
73 and the owner of the Renewable Energy Facility. To protect other retail
74 customers, the Company's performance and obligations under both contracts will
75 be tied to the performance of the counterparties under each contract, such that the
76 Company's contract with the owner of the Renewable Energy Facility will
77 terminate if the retail customer defaults in its obligation to purchase and pay for
78 the electricity under its contract with the Company, and the Company's contract
79 with the customer will terminate if the Renewable Energy Facility fails to meet its
80 obligations under its contract with the Company.

81 The Company will accept delivery of the electricity from the Renewable
82 Energy Facility at the prescribed point of delivery and then will utilize the
83 Company's transmission and distribution facilities to provide electric service to
84 the customer. The Company's contract with the Renewable Energy Facility is
85 expected to be considered a network resource under the Company's network
86 transmission service agreement with PacifiCorp Transmission.

87 The Company will also provide the customer with backup service during
88 periods when the Renewable Energy Facility is not producing electricity or is
89 generating at less than its contracted capacity. In addition, the Company will
90 provide supplementary service at standard general service rates for the electric
91 service regularly used by the customer that exceeds the capacity of the Renewable

92 Energy Facility. Supplementary and backup service is provided from the
93 Company's resource portfolio and is not 100 percent renewable energy.

94 While service under the SCH 32 Renewable Statute allows a single
95 customer to take service from more than one Renewable Energy Facility and for
96 more than one customer to take service from a single Renewable Energy Facility,
97 it does not allow a Renewable Energy Facility to serve the undivided aggregate
98 load of multiple customers or to serve the undivided aggregate load of multiple
99 delivery points of a single customer. In other words, the generation capacity used
100 to serve one customer cannot be reassigned to serve another customer or another
101 delivery point during periods of load fluctuations among the customers or
102 delivery points.

103 **Q. Will service under the SCH 32 Renewable Statute be net metering service?**

104 A. No. Service under the SCH 32 Renewable Statute specifically prohibits net
105 metering. Excess generation in one 15 minute period cannot be used to offset
106 under generation in another 15 minute period. During each 15 minute period the
107 electricity delivered to the Company from the Renewable Energy Facility is
108 netted against the electricity delivered by the Company to the customer. During
109 each 15 minute period the metered electric service delivered to the customer is
110 segregated into renewable power and energy, backup service, and supplementary
111 service. Excess generation in any period can be sold to RMP at the Company's
112 applicable avoided cost rates through a separate power purchase agreement under
113 the applicable avoided costs tariff (Schedule 37 or Schedule 38).

114 **Overview of Schedule 32**

115 **Q. Please describe proposed Schedule 32 implementing the SCH 32 Renewable**
116 **Statute in more detail.**

117 A. Proposed Schedule 32 filed by RMP on April 25, 2014 includes the conditions
118 that a customer must meet to be eligible for service under the SCH 32 Renewable
119 Statute. It also includes the procedures for executing a renewable energy contract
120 and an outline of the interconnection obligations of the Renewable Energy
121 Facility. Schedule 32 further provides the prices for the services provided
122 thereunder and describes how the power and energy delivered to the customer is
123 segregated into these services.

124 In addition to the updated prices in proposed Schedule 32, which I discuss
125 later in my testimony, the revisions to the tariff language are intended to clarify
126 the tariff. The revisions reflect clarifications based on comments received during
127 the June 10, 2014 technical conference in this docket and subsequent
128 conversations with interested parties in the case.

129 **Q. What are the services provided under Schedule 32?**

130 A. There are five general categories of service provided under Schedule 32:

- 131 1. Renewable Power and Energy
- 132 2. Metering and Billing Services
- 133 3. Delivery Service
- 134 4. Backup Service
- 135 5. Supplementary Service

136 The derivation of the tariff prices for Metering and Billing Services,
137 Delivery Service, and Backup Service are shown in Exhibit RMP____(DLT-2).
138 Pages 1 and 2 of Exhibit RMP____(DLT-2) show the calculations using the cost of
139 service study presented in the 2014 GRC, and the stipulated step 1 revenue
140 requirement, rate spread and general service tariff prices from that docket. Pages 3
141 and 4 of the exhibit show the calculations aligned with the stipulated step 2 price
142 change in that docket.

143 **Q. Please explain Renewable Power and Energy Services provided under**
144 **Schedule 32.**

145 A. To facilitate service under Schedule 32, RMP will execute a power purchase
146 agreement with the Renewable Energy Facility that will provide the renewable
147 power and energy to be used by the Customer. The Renewable Energy Facility
148 may be owned and operated by either the customer or a third party.

149 RMP and the Customer will execute a Renewable Energy Contract for the
150 sale and delivery of electricity from the Renewable Energy Facility to the delivery
151 location or locations under one or more Customer Agreements. A Customer
152 Agreement is more commonly known as a Rocky Mountain Power customer
153 account. For example, a grocery store chain may have multiple locations in Utah.
154 Each location is considered a separate customer account or Customer Agreement
155 even though they share the same parent Company. The Renewable Energy
156 Contract will include all of the costs of electricity provided from the Renewable
157 Energy Facility and will match all prices, terms, and conditions of the contract
158 between RMP and the Renewable Energy Facility.

159 **Q. Will RMP negotiate the material terms of the contract with the Renewable**
160 **Energy Facility, such as price, quantity and contract duration?**

161 A. No. While RMP will be a party to both the contract with the Renewable Energy
162 Facility and the contract with the ultimate customer, the material commercial
163 terms of the Renewable Energy Contract will be negotiated between the customer
164 and the Renewable Energy Facility. Once those parties reach agreement on the
165 material commercial terms, RMP will work with both the Customer and the
166 Renewable Energy Facility to finalize any other contract terms necessary to
167 facilitate the transaction.

168 **Q. Why is a Renewable Energy Contract required when the ultimate Customer**
169 **owns and operates the Renewable Energy Facility?**

170 A. In order to take network transmission service, RMP must be able to designate the
171 Renewable Energy Facility as a network resource and the ultimate customer's
172 load as network load. In order to qualify as a designated network resource and be
173 transmitted across the transmission system using network transmission service,
174 the generation from the Renewable Energy Facility must be owned, purchased or
175 leased by RMP. Therefore the Company must purchase the renewable energy
176 from the Renewable Energy Facility and then resell the energy to the ultimate
177 customer, even if the ultimate customer owns the Renewable Energy Facility.

178 **Q. What are the prices and services provided in the metering and billing**
179 **services category?**

180 A. Metering and billing services include the Customer Charge and the
181 Administrative Fee. The monthly Customer Charge is equal to the Customer

182 Charge in Schedule 31 (Backup Service) and is billed for each Customer
183 Agreement. In addition to the monthly Customer Charge there is a \$450 per
184 month Administrative Fee per Customer Agreement to cover the cost of manual
185 data collection and billing. The Administrative Fee reflects the complexities for
186 billing this type of account which requires matching the generation output of the
187 Renewable Generation Facility with the metered usage of the customers during
188 each 15 minute period and segregating the delivered service into renewable power
189 and energy, backup service, and supplementary service. Using an excel
190 spreadsheet format for a single customer agreement is estimated to take six to
191 eight hours per agreement per month at the current billing rate of \$75.00 per hour.

192 The derivation of the Customer Charges and Administrative Fee are
193 shown on pages 1 and 3 of Exhibit RMP___(DLT-2).

194 **Q. Please describe the delivery service provided as part of Schedule 32.**

195 A. The Company will, by means of the dual contracts, deliver the electricity from the
196 Renewable Energy Facility to the Customer utilizing the Company's transmission
197 and distribution facilities, when applicable. During periods when the Renewable
198 Energy Facility is not generating or is generating at less than its contracted
199 capacity the Company will deliver electricity from its resource portfolio to the
200 customer also using the Company's transmission and distribution facilities. To
201 avoid charging the Customer twice to use the same transmission and distribution
202 facilities Schedule 32 includes a single delivery charge.

203 The Delivery Facilities Charge is a monthly per kW facilities charge for
204 either electricity delivered by the Company from the Renewable Energy Facility

205 or backup service electricity delivered from the Company's generation facilities.
206 The delivery facilities charge includes the full retail cost of the Company's
207 transmission system, including wheeling costs less wheeling revenue, and
208 distribution system when applicable.

209 The calculation of the Delivery Facilities Charges is shown on pages 2 and
210 4 of Exhibit RMP___(DLT-2).

211 **Q. What are the Backup Services provided under Schedule 32 and how were the**
212 **associated prices developed?**

213 A. Backup Service is comprised of two components. First, the Generation Backup
214 Facilities Charge is a monthly per kW charge to have generation facilities
215 standing by to serve the Customer during periods when the Renewable Energy
216 Facility is not generating or is generating at less than its contracted capacity. The
217 monthly Generation Backup Facilities Charge includes the cost of generation
218 planning reserves (13 percent of generation demand costs).

219 Second, the Backup Power Charge is a daily demand charge per kW to
220 replace electric service ordinarily generated by the Renewable Energy Facility
221 during forced or maintenance outages of the facility. The Backup Power Charge
222 includes the remaining generation demand related costs included in the applicable
223 general service tariff power charges. These remaining costs are divided by the
224 average number of on-peak days in a month to arrive at the rate which is billed
225 during on-peak hours each day. Backup Service is provided from the Company's
226 resource portfolio and is not 100 percent renewable energy.

227 The derivation of the Generation Backup Facilities Charges and the
228 Backup Power Charges are shown on pages 2 and 4 of Exhibit RMP___(DLT-2).

229 The Delivery service and Backup Service rates are designed such that a
230 Customer that uses Backup Power every day during a month would pay
231 essentially the same in facilities charges and power charges as a Customer on the
232 otherwise applicable general service tariff.

233 **Q. What is Supplementary Service?**

234 A. Supplementary Service is electrical service used by a Customer in addition to the
235 contracted capacity of the Renewable Energy Facility. Supplementary Power is
236 billed under the pricing provisions of the applicable general service schedule. In
237 addition, all energy not supplied by the Renewable Energy Facility is billed under
238 the pricing provisions of the applicable general service schedule. Supplementary
239 Service is provided from the Company's resource portfolio and is not 100 percent
240 renewable energy.

241 **Q. Do the calculations in Exhibit RMP___(DLT-2) include any changes or**
242 **corrections to the calculations provided with the Company's April 25, 2014,**
243 **filing?**

244 A. Yes. In addition to updating the calculation to reflect the cost of service and the
245 stipulated revenue requirement, rate spread, and general service tariff prices from
246 the 2014 GRC, two corrections were made to the calculations.

247 First, the cost of service for distribution substations was inadvertently left
248 out of the initial calculation of the distribution component of the Delivery

249 Facilities Charge. The cost of the distribution substations is now included on line
250 2 of pages 2 and 4 of Exhibit RMP____(DLT-2).

251 Second, the calculation of the daily Backup Power Charge was incorrectly
252 calculated using all 30 days of the month rather than the on-peak days of the
253 month. Since the Backup Power Charge is only billed Monday through Friday,
254 excluding holidays, during on-peak hours, dividing the remaining generation
255 demand related costs by all 30 days of the month understates the on-peak daily
256 rate. This correction is reflected on lines 22 and 33 of pages 2 and 4 of Exhibit
257 RMP____(DLT-2).

258 **Q. What are the resulting Schedule 32 rates and when will they become**
259 **effective?**

260 A. Approved step 1 rates will become effective upon approval of the Commission in
261 this docket. Approved step 2 rates will become effective on September 1, 2015,
262 which is the rate effective date of the step 2 rate increase proposed in a stipulation
263 in the 2014 GRC. The proposed Schedule 32 rates are shown in Table 1 below:

Table 1

	Proposed Schedule 32	
	Step 1 ⁶	Step 2 ⁷
Customer Charges¹		
Secondary Voltage	\$131.00	\$133.00
Primary Voltage	\$596.00	\$605.00
Transmission Voltage	\$668.00	\$678.00
Administrative Fee¹		
All Voltages	\$450.00	\$450.00
Delivery Facilities Charges²		
Secondary Voltage	\$7.97	\$8.05
Primary Voltage	\$6.83	\$6.91
Transmission Voltage	\$4.29	\$4.34
Generation Backup Facilities Charges³		
Secondary Voltage	\$1.25	\$1.26
Primary Voltage	\$1.25	\$1.26
Transmission Voltage	\$1.38	\$1.39
Backup Power Charges⁴		
On-Peak Secondary Voltage		
May - Sept	\$0.64	\$0.65
Oct - Apr	\$0.39	\$0.39
On-Peak Primary Voltage		
May - Sept	\$0.63	\$0.63
Oct - Apr	\$0.38	\$0.38
On-Peak Transmission Voltage		
May - Sept	\$0.57	\$0.58
Oct - Apr	\$0.32	\$0.33
Backup Energy Charges	Sch 6, 8, 9	Sch 6, 8, 9
Supplementary Power and Energy Charges⁵	Sch 6, 8, 9	Sch 6, 8, 9
Notes:		
¹ per Customer Agreement per Month.		
² per kW of Renewable Contract Power.		
³ per kW of Backup Contract Power.		
⁴ per On-Peak kW per Day; No charge for Off-Peak Demand. 1/2 On-Peak Charges during schedule maintenance.		
⁵ Facilities Charges ,Power Charges and Energy Charges for Supplementary Power shall be billed under the applicable general service schedule.		
⁶ Step 1 rates will become effective upon approval of Schedule 32		
⁷ Step 2 rates will become effective September 1, 2015.		

264 Q. Please summarize your testimony.

265 A. Rocky Mountain Power filed the proposed Schedule 32 to facilitate the
266 implementation of Utah Code Title 54, Chapter 17, Part 8, “Renewable Energy

267 Contracts". The proposed Schedule 32 governs the conditions of service, pricing,
268 and the contracting and interconnection procedures under which Rocky Mountain
269 Power will execute a contract to supply electric service to a customer from one or
270 more renewable energy facilities which are owned or contractually tied to that
271 customer. The proposed Schedule 32 prices are based on the filed cost of service
272 study and the stipulated revenue requirement and general service tariff prices
273 from Rocky Mountain Power's 2014 general rate case.

274 I believe proposed Schedule 32 is in the public interest and I recommend
275 that it be approved by at the Commission.

276 **Q. Does this conclude your direct testimony?**

277 A. Yes.