BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of Rocky Mountain Power's	)	Docket No. 14-035-T02
Proposed Electric Service Schedule No. 32,	)	
Service from Renewable Energy Facilities	)	DPU EXHIBIT 1.0

Direct Testimony of

Abdinasir M. Abdulle, Ph.D.

Division of Public Utilities

September 9, 2014

INTRODUCTION

Q. Please state your name, business address, and employment for the record.

A. My name is Dr. Abdinasir M. Abdulle. My business address is 160 E. 300 South, Salt Lake City, Utah 84114; I am employed by the Utah Division of Public Utilities (Division or DPU).

Q. On whose behalf are you testifying in this proceeding?

A. I am testifying on behalf of the Division.

Q. Would you summarize your education background for the record?

A. I have a Ph.D. in Economics from Utah State University. I have been employed by the Division for about 12 years.

SCOPE OF TESTIMONY

Q. What is the purpose of your testimony?

A. In this proceeding Rocky Mountain Power (Company) is requesting Public Service Commission (Commission) approval for its proposed Electric Service Schedule 32 – Service from Renewable Energy Facilities. As explained in Mr. Taylor's direct testimony, the Company made some changes to its original proposed Schedule 32, filed with the Commission on April 25, 2014, for which it is seeking Commission approval. My direct testimony will address the proposed Schedule 32 and the proposed changes to it as presented in the direct testimony and exhibits of Company witness, Mr. Taylor.

In particular, I will address whether or not the proposed tariff is consistent with Utah Code Title 54, Chapter 17, Part 8 and whether or not it reflects the prices in the Commission Order in Docket No. 13-035-184.

Q. Why is Schedule 32 needed?

A. Utah Code Title 54, Chapter 17, Part 8, requires the Company to enter into a renewable energy contract with a requesting customer to supply some or all of the contract customer's electric service from one or more renewable energy facilities selected by the contract customer. To implement this code, the Company will need to enter a separate contract with each and every customer who requests a renewable contract.

The Company is proposing Schedule 32, which will apply to all customers seeking a renewable energy contract, to simplify the contracting process. Characteristics that are unique to a customer will be captured in that customer's contract.

Q. Would you give a brief description of Utah Code 54, Chapter 17, Part 8?

A. This Code requires the Company to enter into a contract with a customer who is requesting to receive at least some of its electricity needs from at least one renewable resource located in a place different than where it will be consumed. This renewable resource, which maybe a qualifying facility, could be owned by either the customer, somebody other than the customer, or by a combination of any of these. The electricity that is delivered under this contract will not be included in a net metering program. All of the incremental costs associated with this service will be borne by the customer. However, the environmental attributes associated with the renewable energy facility will belong to the owner of the renewable energy facility unless the owner of the renewable energy facility contractually agrees otherwise.

In the case where the electricity from renewable energy belongs to a person other than the contract customer, the code requires the Company to purchase the electricity from the owner of the electricity and sell it to the customer with the same duration and price as it purchased from the owner.

The Company will deliver the electricity from one or more renewable resource to a single metered delivery location or from one or more renewable resources to a single customer’s multiple delivery locations.

The Code sets certain limits. The minimum of amount of electricity that will be provided to a customer is 2 MW. However, customers are allowed to aggregate their metered delivery locations to meet the 2 MW limit. Once the customer meets the 2 MW minimum requirement, the customer can be provided an additional amount that could be less than the 2 MW minimum requirement.

The code also sets a cap of 300 MW for the amount of electricity that a renewable energy facility could generate and be delivered to a customer. For any delivery location, the amount of energy delivered in any hour should not exceed its metered kilowatt-hour for that hour. The contractual obligation of the Company to purchase electricity will cease if the customer defaults his/her contractual obligation to purchase and pay for this electricity from the Company.

Q. Would you please provide a brief summary of the Tariff proposal the Company filed with the Commission on April 25, 2014?

A. In an attempt to implement the Code, the Company filed with the Commission its proposed Electric Service Schedule No. 32 – Service from Renewable Energy Facility. It is applicable to those customers who take service under Schedules 6, 8, and 9 who request to receive electricity from a renewable energy facility located in Utah and have a transmission system that connects the point of interconnection of the renewable energy facility with the Company's system and the delivery location of the customer.

The tariff will allow the customer to receive electricity from a renewable energy facility that is owned by the customer, but is located in a place different than where it is consumed, or is contractually tied to the customer. The customer will bear the costs associated with the renewable energy facility.

Under Schedule 32, the Company will enter in a renewable energy contract with the renewable energy facility to purchase renewable energy and power. The Company also enters into a contract with the customer to sell this renewable energy and power. The Company will also provide backup service when the renewable energy facility is producing less than the contracted capacity. Furthermore, the Company will provide supplementary power to the customer for the amount of power in excess of the amount in the contract power. Other services provided under the proposed Schedule 32 include the delivery services and the metering and billing services.

This electricity could be delivered from one or more renewable energy facility to one or more customer's delivery points. Service will be metered and billed separately for each delivery location. The tariff sets limits, similar to those in the code, to the amount of electricity that can be delivered to a customer and the amount of electricity that could be generated by a renewable energy facility and delivered to a customer.

Q. How does the Company propose to price the metering and billing services?

A. Exhibit RMP_(DLT-2) accompanying the direct testimony of Mr. Taylor shows the calculations for the price of metering and billing services under Schedule 32 for the stipulated steps 1 and 2 revenue requirement, rate spread, and tariff rates approved in Docket No. 13-035-184. The Company calculated the metering and billing charges as the sum of the customer charge and the administrative fee. For the monthly customer charge per customer agreement, the Company uses the customer charges of the stipulated Schedule 31 (Docket No. 13-035-196). The monthly administrative fee of a customer agreement is calculated as the product of the estimated number of hours per month needed to prepare a bill for one customer agreement (6 hours) and the Company's internal hourly rate ($74.73). This is shown in Exhibit RMP_(DLT-2) for the stipulated steps 1 and 2 revenue requirement, rate spread, and tariff rates in Docket No. 13-035-184.

Q. Would you comment on this proposed metering and billing service charge?

A. Yes. The Division counter checked the customer charge values used in the proposed Schedule 32 against those in Schedule 31 and determined that the Company used the correct customer charge values from Schedule 31. In addition, the Division recognizes the complexities associated with the preparation of a bill for a customer agreement under Schedule 32. Therefore, the Division agrees with the Company's calculation of the charges associated with the metering and billing service.

Q. How did the Company calculate the delivery and backup service charges?

A. To calculate the delivery service and backup service charges, the Company used data from the cost of service study and the stipulated steps 1 and 2 revenue requirement, rate spread, and tariff rates in Docket No. 13-035-184. The Company calculated the delivery facilities charges by dividing the sum of the transmission demand and distribution poles and wires, transformer, and substation costs adjusted for the 2014 settlement stipulation by the capacities (KW) of Schedules 8 and 9 facilities.

The generation backup facilities charge was calculated by dividing the cost of the generation demand reserved for backup by the capacities of Schedules 8 and 9 facilities. Both of the delivery facilities charge and the generation facilities charges apply to the KW of renewable contract power.

Q. Do you agree with this calculation?

A. Yes. When the renewable energy facility is producing, the Company has to deliver the power and the energy it produced to the customer using network transmission and distribution. The costs associated with the use of these network facilities will be borne by the customer and is captured by the delivery service charge. The delivery charge will be the same regardless of whether the power and energy is delivered to the customer from a renewable energy facility or from Company's generation facility.

Furthermore, since the renewable energy facility is an intermittent resource, the Company has to have generation resources standing by to be used when the renewable energy facility is producing less than its contractual capacity. The costs associated with keeping generation resources standing by is captured by the backup charge. The Division determined that the Company used the correct input data from the 2014 GRC and correctly calculated the delivery and backup service charges.

Q. How did the Company calculated the backup power charge?

A. The Company calculated the backup power charge as the sum of Schedules 8 and 9 facilities charge and on-peak power charge less the delivery charge and the backup charge expresses as KW/day. This charge is based on the fifteen (15) minute period of the customer's greatest use of backup power during on-peak hours of each day. This charge is applied to the backup power used during forced or maintenance outages of the renewable energy facility.

Q. Does the Division has any concerns about the Company's calculation of the backup power charge?

A. No. However, the Division points out that certain service prices discussed above rely on the Company's functionalization of its costs.

While this functionalization is present in the Company's cost of service models, the specifics have not been litigated before and explicitly approved by the Commission.

On the other hand, as explained by Mr. Taylor, for a specific general service schedule, a customer who uses backup power every day during a month would pay the same facilities and power charge as if that customer did not sign up for Schedule 32.

Q. What changes did the Company propose for the Schedule 32 filed on April 25, 2014?

A. The Company proposed two major changes: inclusion of distribution substations in the calculation of delivery facilities charges and the use of the on-peak days of the month rather than all days of the month in the calculation of the daily backup power charge. This resulted in an increase in both charges. The Company also proposed some minor language changes intended to clarify the tariff.

Q. Would you comments of the Company's proposed changes to tariff?

A. Yes. The Division reviewed all of the proposed changes and determined that they are reasonable.

Q. What is your conclusion?

A. The Division reviewed the Company's filing and determined that the filing is reasonable and complies with Utah Code Title 54, Chapter 17, Part 8. Therefore, the Division recommends that the Commission approve it as filed.

Q. Does that conclude your Direct testimony?

A. Yes.