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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. 20-035-04

**PREFILED SURREBUTTAL TESTIMONY AND EXHIBITS OF
CHRISTOPHER BENSON**

The University of Utah (“University” or “U of U”) hereby submits this Prefiled Surrebuttal Testimony of Christopher Benson in this docket.

DATED this 6th day of November, 2020.

JAMES DODGE RUSSELL & STEPHENS

By: _____



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CERTIFICATE OF SERVICE
Docket No. 20-035-04

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Docket No. 20-035-04

Surrebuttal Testimony of Christopher F. Benson

On Behalf of the

University of Utah

U of U Exhibit RD 2.0

November 6, 2020

1 **Q. Please state your name and business address.**

2 A. My name is Christopher F. Benson. My business address is V Randall Turpin Bldg.,
3 1795 E South Campus Drive, Salt Lake City, UT 84112.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by the Facilities Management Department of the University of Utah. My
6 title is Associate Director, Sustainability and Energy.

7 **Q. Are you the same Christopher Benson that previously filed direct testimony in**
8 **Phase II of this docket on behalf of the University of Utah (“University”)?**

9 A. Yes, I am.

10 **Q. What is the purpose of your surrebuttal testimony?**

11 A. My surrebuttal testimony addresses two topics. First, I provide an update to statements in
12 my direct testimony regarding the status of the University’s negotiations for a second
13 Schedule 32 contract. Second, I respond to portions of the Phase II rebuttal testimony of
14 Robert M. Meredith, filed on behalf of Rocky Mountain Power (“RMP” or “Company”).

15 **I. STATUS OF NEGOTIATIONS FOR SCHEDULE 32 CONTRACT**

16 **Q. Can you provide the updated status of the University’s negotiations for a second**
17 **Schedule 32 contract?**

18 A. Yes. In my direct testimony, I discussed the University’s existing Schedule 32 contract
19 with RMP and associated PPA with Cyrq Energy related to a 20 MW geothermal plant
20 near Fallon, Nevada. I also discussed the fact that the University was actively seeking an
21 additional renewable energy contract with RMP and sought to acquire additional capacity
22 and energy through a PPA with a solar developer. On September 25, 2020, the

23 University announced that it had signed a 25-year PPA with the Castle Solar Project, near
24 Huntington, Utah, which will deliver 20 MW of solar capacity and energy to the
25 University. These two projects, combined with other on-campus initiatives, will bring
26 the University to 71% of all electrical energy coming from renewable sources. This
27 brings the University closer to its commitment to reach carbon neutrality by 2050.

28 **II. RESPONSE TO MR. MEREDITH'S REBUTTAL TESTIMONY**

29 **Q. To which portions of Mr. Meredith's rebuttal testimony will you respond?**

30 A. I will respond to Mr. Meredith's statements regarding Schedule 32 rate design, found at
31 lines 994-1113 of his rebuttal testimony.

32 **Q. Please summarize Mr. Meredith's rebuttal testimony regarding Schedule 32.**

33 A. Mr. Meredith responds to my direct testimony and to direct testimony filed by Justin
34 Bieber on behalf of the Utah Association of Energy Users ("UAE"). Both Mr. Bieber
35 and I filed direct testimony supporting a rate design for Schedule 32 in which the delivery
36 facilities charge for the Schedule 32 customer was the same as the delivery charge for the
37 associated full-requirements customer (Schedule 6, 8, and 9). Mr. Meredith does not
38 support UAE's and the University's proposed design for Schedule 32. Instead, Mr.
39 Meredith asserts that Schedule 32 customers should pay more for delivery service than
40 full requirements customers pay for that same service.

41 **Q. What would be the effect of RMP’s proposal to change the rate structure for**
42 **Schedule 32 customers?**

43 A. RMP’s proposal in this docket would drastically increase the delivery facilities charge
44 imposed on Schedule 32 customers. In its application and direct testimony, RMP
45 proposed to increase the current charge of \$3.85 per kW to \$5.32 per kW for transmission
46 voltage customers like the University—a 38% increase in the delivery charge. In its
47 Phase I rebuttal testimony, RMP has updated its revenue requirement proposal such that
48 it now seeks to increase the current charge of \$3.85 per kW to \$5.01 per kW for
49 transmission voltage customers—a 30% increase in the delivery charge.

50 While we expect and have planned on a reasonable level of cost escalation over
51 time, this proposed change would alter the nature of demand fees for the tariff. RMP has
52 less than 1 year of data for a single customer, the University of Utah. The proposed
53 change to Schedule 32 is, therefore, premature and poorly justified. The proposed change
54 to the delivery facilities charge disproportionately increases the costs for Schedule 32
55 customers compared to those using Schedules 6, 8 and 9, and adds an unavoidable
56 financial burden to long-term contracts already in place.

57 **Q. Mr. Meredith states that it would be “problematic” for the delivery charge in**
58 **Schedule 32 to match the delivery charge for Schedule 6, 8, and 9.¹ Do you agree?**

59 A. No. Mr. Meredith’s position is inconsistent with this Commission’s prior rulings in
60 Docket No. 14-035-T02, as discussed in my direct testimony.

¹ See Rebuttal Testimony of Robert M. Meredith (“Meredith Rebuttal”) at lines 1042-1066.

61 First, RMP agreed in Docket No. 14-035-T02 that UAE’s proposal—which
62 sought to match the delivery charge in Schedule 32 with the delivery charges in
63 Schedules 6, 8, and 9—was “reasonable and conceptually sound.”² The proposal that
64 UAE and the University support in this docket is reasonable and is not problematic.

65 Second, this Commission adopted UAE’s proposal in Docket No. 14-035-T02
66 precisely because “under PacifiCorp’s proposal Schedule 32 customers would be paying
67 a different effective rate than their full service counterparts.”³ The proposal that UAE
68 and the University support in this docket is entirely consistent with the Commission’s
69 ruling in Docket No. 14-035-T02. RMP’s proposal seeks to modify the Schedule 32 rate
70 structure despite the Commission’s recognition in Docket No. 14-035-T02 that
71 prospective Schedule 32 customers like the University would “be using Schedule 32 to
72 make long-term resource decisions” and that, therefore, it was important to adopt a rate
73 design “that both achieves the objectives of SB 12 and maintains a measure of
74 consistency with the way currently approved rates and schedules address demand
75 charges.”⁴

76 Third, Mr. Meredith’s assertion that it would be “problematic” for Schedule 32
77 customers and their full service counterparts to pay the same rate for delivery facilities
78 charges is based on the fact that a Schedule 32 customer pays a daily on-peak power
79 charge, while its full service counterpart pays a power charge based on the highest 15-

² *In the Matter of Rocky Mountain Power’s Proposed Electric Service Schedule No. 32, Service from Renewable Energy Facilities*, Docket No. 14-035-T02, Report and Order dated March 20, 2015 (“Schedule 32 Order”) at 13 & 27. A true and correct copy of the Schedule 32 Order is attached hereto as U of U Exhibit RD 2.1.

³ *Id.* at 28.

⁴ *Id.* at 32.

80 minute interval during the monthly billing period.⁵ Mr. Meredith notes that this makes it
81 easier for a Schedule 32 customer to avoid paying the power charge than it is for a full
82 service customer. RMP itself proposed the daily power charge in Docket No. 14-035-
83 T02 to give effect to Utah Code § 54-17-805(3)(b), which requires RMP to exclude from
84 a Schedule 32 customer's bill "any kilowatts of electricity delivered from the renewable
85 energy facility that coincide with the contract customer's monthly metered kilowatt
86 demand measurement, adjusted for transmission losses."⁶ The Commission adopted
87 RMP's position, stating that "PacifiCorp's Power Charge provides the Contract Customer
88 the opportunity to avoid demand-related generation costs on days this service is not
89 received and requires the Contract Customer to pay for this service on days it is needed."⁷
90 The Commission did not find it "problematic" in Docket No. 14-035-T02 to tie the
91 Schedule 32 delivery facilities charge to the delivery charge in Schedules 6, 8, and 9
92 while also calculating power charges for Schedule 32 customers on a daily basis.

93 **Q. Do you have any additional comments in response to Mr. Meredith's stated**
94 **concerns about Schedule 32 customers potentially avoiding demand fees?**

95 A. Yes. The University of Utah did not commit to our Schedule 32 power purchase
96 agreements to more easily avoid demand fees. We committed to these long-term
97 agreements to significantly accelerate our sustainability goals. Schedule 32 was selected
98 because we believed the rate design provided us with the best tools to manage loads and
99 costs over 25 years.

⁵ As Mr. Meredith notes, this includes all kW for Schedule 6 customers but only on-peak kW for Schedules 8 and 9. See Meredith Rebuttal Test. at lines 1044-1048.

⁶ See Schedule 32 Order at 28 (citing Utah Code § 54-17-805(3)).

⁷ *Id.* at 32-33.

100 With that said, it is appropriate for the University and any other future Schedule
101 32 customer to pay less in generation demand charges if they do not use the RMP system
102 during times of peak demand. Even customers under Schedule 6, 8, and 9 can utilize
103 similar tools, like energy storage, demand limiting, and energy efficiency to reduce
104 monthly demand fees. I have always understood the peak demand fees of these tariffs to
105 provide both a penalty for impacts to system capacity/loss and as an incentive for
106 customer investment in better-managed operations. I was frankly surprised to see Mr.
107 Meredith imply that actions taken to manage loads and reduce daily strain on the grid are
108 somehow inappropriate.

109 **Q. Mr. Meredith suggests that adopting the UAE and University position could result**
110 **in cost shifting to other customers.⁸ How do you respond?**

111 A. First, as this Commission stated in Docket No. 14-035-T02, “PacifiCorp’s Power Charge
112 provides the Contract Customer the opportunity to avoid demand-related generation costs
113 on days this service is not received, and requires the Contract Customer to pay for this
114 service on days when it is needed.”⁹ RMP’s proposal in this docket attempts to reduce
115 this opportunity to avoid demand-related generation costs by proposing to increase the
116 delivery facilities charge (which cannot be avoided) and to decrease the daily power
117 charges (which can be avoided). As such, Mr. Meredith’s proposal appears to be an
118 effort to shift the burden of cost recovery *towards* Schedule 32 customers and *away* from
119 full requirements customers.

⁸ Meredith Rebuttal Test. at lines 1062-1066.

⁹ Schedule 32 Order at 32-33.

120 Second, Mr. Meredith's statement that a Schedule 32 customer could shift
121 demand-related generation costs to other customers is not supported by any actual data.
122 As Mr. Meredith notes, RMP did not have sufficient data to perform a cost of service
123 analysis for any Schedule 32 customer.¹⁰ Without such data, Mr. Meredith is merely
124 speculating that adoption of the UAE and University proposal in this docket could
125 potentially result in shifting costs to other customers. By unbundling costs of Schedule 6,
126 8, and 9, we now understand that the Schedule 32 customers have actually been paying
127 higher delivery fees than the other tariffs in the Customer Class, which I understand was
128 not the original intention. Cost shifting has already occurred at the detriment of Schedule
129 32 customers and what RMP now proposes would exacerbate the problem. The changes
130 proposed by the University and UAE would better realign delivery fees between
131 customers, as was the original intent. There is no basis in this record to impose higher
132 daily power charges on Schedule 32 customers than on full service requirements
133 customers.

134 **Q. RMP's alternative proposal is to increase each Schedule 32 billing component**
135 **equally. How do you respond?**

136 A. RMP's alternative proposal is certainly more reasonable than its primary position. This
137 alternative position would retain the existing ratio between the Schedule 32 billing
138 components, which would maintain some level of consistency from current rates to
139 going-forward rates. That proposal continues to charge Schedule 32 customers more for
140 delivery facilities charges than it does to Schedule 32 customers, which is *inconsistent*

¹⁰ Meredith Rebuttal Test. at lines 1074-1077.

141 with the Commission's order adopting Schedule 32 in Docket 14-035-T02. The
142 Commission adopted UAE's proposal in that docket precisely because it sought to
143 eliminate the difference in delivery facilities charges between Schedule 32 and full
144 service requirements customers. The University continues to support its proposal, also
145 supported by UAE, that the delivery facilities charges for Schedule 32 customers be the
146 same as the delivery charges for full service customers.

147 **Q. Does this conclude your surrebuttal testimony?**

148 **A.** Yes, it does.