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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

<p><b>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</b></p>	<p><b>Docket No. 20-035-04</b></p>
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**BRIEF ON ISSUES FROM PHASE II – COST OF SERVICE**

**ON BEHALF OF**

**UTAH CLEAN ENERGY**

**NOVEMBER 30, 2020**

During the Phase I hearing on November 6, 2020, counsel for Rocky Mountain Power (“RMP” or “Company”) provided a revised proposal recommending parties be permitted to file legal briefing and closing arguments, consisting of ten pages to be used by parties “however they want—legal argument, outline, road mapping, summation—everyone gets 10 pages.”<sup>1</sup> The Company also proposed up to 20 minutes of oral argument for each phase of the proceeding in which a party put forward a witness.<sup>2</sup> The Public Service Commission (“Commission”) issued a Notice the same day asking parties to provide any objections to RMP’s proposal. Only the Office of Consumer Services (“Office”) submitted an objection. The Office also put forward an alternative proposal that would allow parties to submit eight pages of briefing on each phase in which the party provided testimony. The Commission accepted the Office’s alternative briefing proposal and issued an amended Scheduling Order on November 12, 2020, to reflect RMP’s proposal as adjusted by the Office’s alternative. Pursuant to this amended Scheduling Order Utah Clean Energy (“UCE”) submits this final summary of select issues from our cost of service testimony.

Throughout this rate case the Company has proposed the implementation of new rate designs, rate design elements, and technologies that have the potential to modernize the utility’s service to customers and create new opportunities for customers to leverage energy efficient technologies. UCE’s testimony is largely focused on these elements. Through our testimony we advocate for the introduction of new advanced rate designs and modernization of existing rate designs in a way that allows customers to benefit from energy efficient technology, provides additional choices that facilitate use of new technologies, and helps customers better understand and manage their energy usage. We understand that utility experience with advanced rate designs

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<sup>1</sup> Docket 20-035-04, Hearing Transcript from November 6, 2020, pages 9 – 10.

<sup>2</sup> Docket 20-035-04, Hearing Transcript from November 6, 2020, pages 9 – 10.

and new technologies is evolving, and we support elements of the Company's filing as just and reasonable provided they will move energy service, and utility customers, towards a more energy efficient future and improved customer choice. Rate design and technology proposals that meet these goals are just and reasonable and in the public interest. In some cases, we recommend that approval of utility proposals be conditioned on future collaborative work by RMP and stakeholders to ensure that customers receive the full benefits of changes to rates. We appreciate the willingness of RMP and other stakeholders in this proceeding to participate in future workgroups, and look forward to participating ourselves.

Utah Clean Energy's recommendations are as follows.

Regarding RMP's proposal to replace Schedule 6A with a new Time of Use rate for general service distribution customers, we agree that the revised Schedule 6A is likely to incentivize electric vehicle charging for some customers with low load factors who would experience high energy costs under the current Schedule 6A. However, the Company's proposed revision is too inflexible to accommodate many customers who may want to install EV charging infrastructure, and is not well-suited for low- to moderate-load factor customers in the range of 6 to 29 percent. To that end, we recommend that the PSC direct RMP to keep the current Schedule 6A available and introduce the Schedule 6A revisions as Schedule 6C. Company witness Mr. Meredith opposed our recommendation on the grounds that if revenue reductions resulting from the revised Schedule 6A are not recovered from other Schedule 6A customers then the Company and other customers will be at risk.<sup>3</sup> However, the Company's cost of service study shows that Schedule 6 customers are earning a higher relative rate of return compared to the system average, even after RMP reduced their proposed revenue increase for Schedule 6 customers.<sup>4</sup> To address

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<sup>3</sup> Docket 20-035-04, Rebuttal Testimony of Mr. Meredith for RMP, October 16, 2020, lines 823 – 828.

<sup>4</sup> Docket 20-035-04, Surrebuttal Testimony of Mr. Baudino for Walmart, November 6, 2020, pages 3 – 4.

concerns about revenue risk, WRA has proposed that the revised Schedule 6A be implemented as a pilot alongside the existing Schedule 6A until the Company has more data about the revenue impact on customers, and UCE also supports this recommendation.<sup>5</sup>

As Ms. Wright mentioned in her testimony, the revisions to Schedule 6A alone are not sufficient to address the varying needs of customers who wish to offer the EV charging infrastructure necessary to enable greater deployment of electric vehicles. UCE also supports WRA's proposal to create a separate proceeding to explore and develop EV-specific rates in Utah.

UCE opposed the elimination of the third-tier block rate for residential customers without implementation of some other tool or mechanism to incent energy saving behavior. However, UCE recognizes that electrification of appliances in homes and buildings may justify redesign of residential customer rates. The Company's proposal to reduce the cost of winter low-usage tiers and eliminate the highest-usage tier in the summer will reduce costs for customers who choose to adopt cleaner more efficient electric heating and cooling appliances. UCE recognizes that exploration of appropriate rate designs will take time and will benefit from stakeholder involvement in order to get the rate design right. Ultimately, UCE could support the Company's proposal to eliminate the third tier for residential rates provided that the Company is required to work with stakeholders to develop new rate designs that sends residential customers proper signals to minimize costs for customers and for the system. UCE recommends that the Commission direct the Company to work with stakeholders through the collaborative rate design process recommended by the Office to develop a new residential rate design that appropriately

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<sup>5</sup> Docket 20-035-04, Surrebuttal Testimony of Mr. Kressig for WRA, November 6, 2020, lines 28 – 39.

balances price signals that encourage the use of new electric technologies with incentives for conservation such that the rate design can be implemented in the next rate case.

Similarly, RMP has proposed charging customers for the cost associated with Advanced Metering Infrastructure before identifying a plan to ensure customers benefit from the full range of benefits of this technology. UCE supports approval of RMP's AMI proposal if it is conditioned upon the creation of a stakeholder proceeding guided by the Office's recommendations on this issue. As is the case with residential rate re-design, the intent of this proceeding should be to develop a plan to ensure that customers receive benefits and functionality from the AMI they are paying for, to be implemented in the next rate case.

Finally, UCE continues to recommend that the Commission deny the Company's proposal to unbundle rates in the manner they have proposed. The Company has not met its burden to show why its proposal would result in just and reasonable rates because it has not presented evidence that its proposal is comparable to or better than other established unbundling methods. This issue could be addressed through the advanced rate design collaborative, where stakeholders can work with RMP to better understand the Company's proposal and alternatives for unbuilding rates.

RESPECTFULLY SUBMITTED on November 30, 2020.

Utah Clean Energy

/s/ Hunter Holman

Hunter Holman

*Counsel for Utah Clean Energy*