

1 **Q. Please state your name, business address and present position with Rocky**
2 **Mountain Power (the Company), a division of PacifiCorp.**

3 A. My name is Carol L. Hunter. My business address is 201 South Main, Suite
4 2300, Salt Lake City, Utah 84111. I am Vice President of Communications and
5 Division Services at Rocky Mountain Power (“the Company”). As part of my
6 duties I am responsible for the planning and oversight of the Company’s energy
7 efficiency and demand side management initiatives.

8 **Q. What is the purpose of your rebuttal testimony?**

9 A. I will address the UAE and Wal-Mart proposal to eliminate the requirement that a
10 customer transfer to Rocky Mountain Power all "Environmental Attributes"
11 attributable to a Rocky Mountain Power sponsored and funded demand side
12 management program.

13 **Q. Is this rate case the proper forum to address and resolve ownership of**
14 **renewable energy credits and other environmental attributes?**

15 A. No. These issues should be addressed by a Commission rulemaking docket as
16 prescribed in SB202 and codified in Utah Code Section 54-17-601. However,
17 since the issue has been raised, I will respond to the UAE and Wal-Mart proposal.

18 **Q. How are Rocky Mountain Power demand side management programs**
19 **funded?**

20 A. Rocky Mountain Power’s demand side management and energy efficiency
21 programs are funded by all customers of Rocky Mountain Power through Electric
22 Service Schedule No.193, Demand Side Management (DSM) Cost Adjustment.
23 The DSM Cost Adjustment, which collects just over two percent of each

24 customer's monthly bill, is designed to recover the costs incurred by the Company
25 associated with Commission-approved demand side management expenditures.

26 The revenue received through the DSM Cost Adjustment is used to support cost-
27 effective load management and energy efficiency programs. Customer incentives
28 associated with these programs are designed to influence customers' energy
29 efficient decisions, not to completely compensate customers for their investment.

30 **Q. How do customers benefit?**

31 A. All customers receive benefits from the energy efficiency programs, including
32 customers participating directly and non-participants, through lower net power
33 costs. When traditional embedded cost pricing methods are used to set retail rates
34 in an increasing cost environment, retail consumers receive a significantly
35 dampened price signal regarding the higher incremental cost of new energy
36 resources. Lacking the proper price signal, customers may not choose DSM
37 opportunities even when it would be cost-effective for the total customer base if
38 this decision was made. Ways in which to overcome this inadequate price signal
39 include offering customers DSM programs, educating customers on energy
40 efficiency and encouraging policy makers to adopt energy efficient technologies,
41 codes and standards.

42 In addition, customers directly participating in energy efficiency programs
43 realize a direct benefit of lower electricity bills and/or improved efficiency.

44 **Q. How are energy efficiency programs and the associated environmental**
45 **attributes treated in the Company's integrated resource plan?**

46 A. The IRP assumes that carbon based resource options competing against energy
47 efficiency resources carry an additional cost for carbon. As a consequence, energy
48 efficiency resources are given added value in comparison to carbon based
49 alternatives. Since the value ascribed energy efficiency resources within the IRP
50 is the cost to beat in designing DSM programs, it's inappropriate after such an
51 evaluation to transfer the value those carbon offsets to any customer who requires
52 a utilities DSM program to justify the investment in a energy efficiency project.

53 **Q. In his testimony Mr. Steve W. Chriss (UAE-WM Exhibit (COS/RD2) claims**
54 **it is the participating customer who implements the measure and owns the**
55 **measure, not the Company? (UAE-WM Exhibit COS/RD2, page 5, line 1)?**
56 **Do you agree with this representation?**

57 A. I agree the participating customer owns the physical asset, but ownership of the
58 physical assets that result in energy savings is not the question. The question in
59 this case is when an individual customer accepts funds from other customers
60 under the premise the incentive was integral in making the project happen, does
61 the participating customer retain ownership of the environmental attributes or do
62 the environmental attributes belong to all customers.

63

64 **Q. Mr. Chriss proposes that when a customer such as Wal-Mart accepts an**
65 **incentive by participating in one of Rocky Mountain Power’s demand-side**
66 **management programs, the participating customer should retain the**
67 **environmental attributes associated with the energy savings. Is this**
68 **equitable?**

69 A. No. The value of the environmental attributes has been captured in the design of
70 the demand-side management program and therefore is already reflected in the
71 incentive paid participating customers. Consequently, the value of the
72 environmental attributes should benefit all of Rocky Mountain Power’s Utah
73 customers, not merely the participating customer.

74 **Q. In his testimony Mr. Chriss stated the current contractual language requires**
75 **the transfer of the environmental attributes without any corresponding**
76 **payment or consideration to the customer. Is this correct?**

77 A. No. As stated earlier, the incentive received by customers reflects the value of the
78 environmental attributes.

79 **Q. Mr. Chriss testifies the transfer of environmental attributes to Rocky**
80 **Mountain Power serves as an impediment to broader participation in energy**
81 **efficiency and demand reduction programs. Is this correct?**

82 A. No. Since 2005, when this requirement was placed in our standard contract
83 language, thousands of customers have participated in Company sponsored
84 demand side management projects. To date, Mr. Chriss’ client Wal-Mart is the
85 only customer that has insisted that the language be changed.

86

87 **Q. Mr. Chriss testifies the transfer of environmental attributes to Rocky**
88 **Mountain Power is inconsistent with the recently enacted Utah Code Sections**
89 **54-17-601(10)(e)(i) and 54-17-603(4)(b). Is this correct?**

90 A. No. Sections 54-17-601(10)(e)(i) and 54-17-603(4)(b) do not state customers who
91 own demand side measures have the “right” to the environmental credits or
92 attributes derived from those measures if the measures are the product of funding
93 provided by other customers. That is why contracts between Rocky Mountain
94 Power, acting on behalf of funding customers, and participating customers
95 delineate ownership of environmental attributes, such as renewable energy
96 credits. If the customers funding Rocky Mountain Power’s demand-side
97 management programs do not receive the benefits associated with environmental
98 attributes they fund, they should rightly question if the tariff programs should
99 continue as currently constituted.

100 **Q. Who benefits when the “environmental attributes” cited by Mr. Chriss are**
101 **transferred to Rocky Mountain Power?**

102 A. Rocky Mountain Power’s customers, not the Company, are the beneficiaries.
103 Wal-Mart and the Utah Association of Energy Users want to claim the benefits of
104 investments made possible through funds provided by other Rocky Mountain
105 Power customers.

106 **Q. Do you agree with Mr. Chriss’ claim that under his proposal the funding**
107 **customers would receive equitable benefits for financing demand side**
108 **measures of participating customers?**

109 A. No. I maintain that funding customers should continue to receive the value of

110 “environmental attributes.” While the value today or even the future value may
111 not be large, that value should belong to the funding customers to the extent they
112 made the attributes possible. Wal-Mart and other participating customers have
113 the option of installing energy efficiency measures at their cost without an
114 incentive from the funding customers and retaining all the environmental benefits.

115 **Q. What recommendation do you have regarding Mr. Chriss’s proposal?**

116 A. I recommend that the Commission reject his proposal.

117 **Q. Does this conclude your rebuttal testimony?**

118 A. Yes.