

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the                    )  
Consideration of Changes            ) Docket No. 08-035-78  
to Rocky Mountain Power's         )  
Schedule No. 135 - Net               )  
Metering Service                     )

HEARING BEFORE

Chairman Ted Boyer

Commissioner Ron Allen

Commissioner Ric Campbell

Public Service Commission  
160 East 300 South  
Salt Lake City, Utah

Monday, January 12, 2009

1:38 p.m. to 3:58 p.m.

Lori Lawrence  
Certified Shorthand Reporter  
Registered Professional Reporter

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A P P E A R A N C E S  
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1 I N D E X  
 2 - - - - -

	WITNESSES:	PAGE
3		
4	Travis Tanner	
	D	9, 17
	X by Comm. Allen	18
5	X by Comm. Campbell	20
	X by Chairman Boyer	23
6		
	David L. Taylor	
7	D	14
	X by Chairman Boyer	25
8		
	William Powell	
9	D by Ms. Schmid	28
	X by Comm. Campbell	32
10		
	Cheryl Murray	
11	D	36
	X by Comm. Allen	39
12		
	Jeff Burks	
13	X by Comm. Campbell	44
14		
	Kent Baker	46
15		
	Macdaniel Ball	47
16		
	Colin Jack	
	D	50
17	X by Comm. Campbell	55
18		
	Vicki Bennett	56
19		
	Kevin Fox	
	D	58
20	X by Comm. Campbell	67
21		
	Sarah Wright	
	D	68
22	X by Comm. Campbell	74
23		
	Ben Mates	77
24		
	Andy Schoenberg	80
25		

	WITNESSES:	PAGE
1		
2	Jim French	
3	D	83
4	Ed Firmage, Jr.	85
5	Ann Ober	89
6	Kirsten Peterson	92
7	Bradley Stevens	96
8	David L. Taylor	
9	Further X by Comm. Campbell	99
10	William Powell	
11	Re-D by Ms. Schmid	100
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

## P R O C E E D I N G S

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Salt Lake City, Utah

Monday, January 12, 2009; 1:38 p.m.

CHAIRMAN BOYER: Let's go on the record, and we'll discuss how we envision proceeding in this hearing. Thank you. For those of you who don't appear here regularly, we are the three commissioners that constitute the Public Service Commission along with our staff, of course. My name is Ted Boyer. I'm currently the chair of the Public Service Commission.

This is the time and place duly noticed for the hearing on comments regarding changes to Rocky Mountain Power's Schedule 135, net metering service, and we appreciate that many of you have already filed written and/or electronic comments.

We have a lot of people here interested, I assume, to speak to us, and we have a limited time, so maybe what we first ought to do is find out how many people wish to address the commission on this subject, and then we'll divide that into the available minutes and see if we can make some sense of how to proceed.

1                   We would typically hear from Rocky  
2 Mountain Power. It's their schedule, and they are  
3 the utility affected by the changes that might be  
4 made, and then we would hear from those who wish to  
5 speak to the -- shall we say proposed, suggested,  
6 anticipated changes, including the Division of  
7 Public Utilities, who is here.

8                   And, Mr. Dodge, I assume you're  
9 representing the UAE?

10                  MR. DODGE: Correct.

11                  CHAIRMAN BOYER: There may be other  
12 parties as well as individuals. And Ms. Murray,  
13 who's standing in the back, sitting now in the  
14 back, is passing a sign-up sheet around so we can  
15 get a list of all of the names. How many of you do  
16 wish to be heard this afternoon? Just show by  
17 raising your hands.

18                  Okay. I see ten people, unless there's  
19 someone hiding behind the pillar, plus the parties  
20 that I've identified here, Mr. Dodge, Ms. Schmid  
21 and her client, and Rocky Mountain Power, so -- and  
22 the Committee of Consumer Services will also  
23 address us.

24                  Okay. With that, I think we should be  
25 fine in terms of time if each party has an

1 opportunity to speak for a few minutes, five  
2 minutes or ten minutes. Perhaps the Rocky Mountain  
3 Power would need more time inasmuch as they're  
4 responding to comments from numerous parties.

5 Let me explain about testifying before  
6 us. You can either provide sworn or unsworn  
7 testimony to us. For us to base our order  
8 exclusively on your testimony, it would have to be  
9 sworn testimony. However, if you do give sworn  
10 testimony, you subject yourself to the possibility  
11 that you may be cross-examined by one or more of  
12 the attorneys in the room.

13 So I think what we'll do is begin by  
14 hearing from Rocky Mountain Power.

15 Have you got the list completed, Ms.  
16 Murray?

17 MS. MURRAY: Yes.

18 CHAIRMAN BOYER: Thank you. If others  
19 come, we'll supplement this. We'll hear from Rocky  
20 Mountain Power first. We'll hear from the Division  
21 of Public Utilities, who's sitting here at the  
22 table. We'll hear from the Committee of Consumer  
23 Services and from the Utah Association of Energy  
24 Users, and then we will proceed to hear from those  
25 of you who are here to testify as members of the

1 public or other organizations, unless somebody  
2 wishes to proceed in a different manner. We're  
3 open to suggestion. Sounds like that might work.

4 Did I identify the docket when we went on  
5 the record? It's Docket No. 08-035-78.

6 Okay. With that, let's turn the time  
7 over, then, to Rocky Mountain Power.

8 MR. SOLANDER: Thank you, Chairman Boyer.  
9 This is Daniel Solander on behalf of the company.  
10 The company has prepared some responses to the  
11 meeting notice and each of the points addressed,  
12 and I have with me Travis Tanner, our -- the  
13 company's net metering manager, and he has prepared  
14 some remarks and would also be available to take  
15 questions after he's done presenting his testimony.

16 CHAIRMAN BOYER: Very well.

17 MR. SOLANDER: And also Dave Taylor, our  
18 Utah State regulatory manager.

19 CHAIRMAN BOYER: Very well. Why don't we  
20 swear both of these witnesses right now. Would you  
21 please stand and raise your right hand.

22 \\\

23 \\\

24 \\\

25 \\\



1 TRAVIS TANNER and DAVID L. TAYLOR,  
2 produced as witnesses, having been first duly  
3 sworn, were examined and testified as follows:

4 CHAIRMAN BOYER: Please be seated. You  
5 may proceed. Mr. -- Travis, would you state and  
6 spell your name for the record, please.

7 THE WITNESS: My name's Travis Tanner,  
8 T-R-A-V-I-S T-A-N-N-E-R.

9 CHAIRMAN BOYER: Very well. You may  
10 proceed.

11 DIRECT TESTIMONY

12 THE WITNESS: Just going through the  
13 questions from the Docket 035-78. The first one  
14 that was addressed was removing tariff language  
15 referencing a cap. Rocky Mountain Power responded  
16 removing the cap from the schedule. Don't oppose  
17 that.

18 Under B, implement a customer-generated  
19 electric cap or limitation at twenty percent of  
20 Rocky Mountain Power's 2007 peak demand.

21 Currently it's at .1 percent, which is  
22 four thousand six hundred one hundred and fifty.  
23 We feel like twenty percent gives the impression of  
24 a target, and we're opposed to having a number like  
25 that used.

1           Q     (BY MR. SOLANDER) What would you  
2 recommend instead of having a twenty percent number  
3 on there?

4           A     We'd leave it to the commission, of  
5 course. If we went to a one percent cap --  
6 currently as of 12/31/2008 enrolled capacity for  
7 net metering in Utah was 656 kW, comprised of  
8 roughly 320 customers. If it went to a one percent  
9 cap, that would take it to 46,150 kW, which is  
10 significantly above the current 656 as of the end  
11 of '08.

12                   CHAIRMAN BOYER: So the notion would be  
13 that we remove the cap and then at some future  
14 point, the volume or the amount of  
15 consumer-generated electricity becomes burdensome  
16 for whatever reason, we could reconsider it at that  
17 time?

18                   THE WITNESS: Correct.

19                   CHAIRMAN BOYER: Okay. Thank you,  
20 Mr. Tanner.

21                   THE WITNESS: Under Bullet C, consider  
22 whether elimination of any cap can be done under  
23 existing statute or require statutory change.

24                   We'd defer that to the commission's  
25 counsel. No comment on that.

1           Going on to Bullet 2, to set the mounty  
2           (phonetic) of credit for net excess generation,  
3           under Bullet A, it says for residential and small  
4           commercial net metering customers, move it from  
5           avoided cost to either a tariff provision using a  
6           kilowatt-hour credit or the monetary credit value  
7           based on the applicable Rocky Mountain Power retail  
8           rate, which tariff provision would be applied to  
9           all such customers.

10           We're fine changing our current practice.  
11           Our current practice is the avoided cost. We're  
12           fine moving it to a kilowatt -- offsetting  
13           kilowatt-hours for kilowatt-hours. Some of the  
14           other states, Oregon, for example, does exactly  
15           that, kilowatt-hour for kilowatt-hour. What we  
16           found there is it's very simple. It's easy to  
17           explain to customers. It's easy to administer.  
18           We're in the process of automating that with our  
19           billing system right now. We're spending  
20           considerable amount of money upgrading our billing  
21           system to do that, and it takes it to an automated  
22           where we -- an automated calculation where we have  
23           less exposure for errors, and I think the statute  
24           under the net metering statute as it is looks for a  
25           simple way for end-use customers to generate

1 electricity primarily for customer's own use, and I  
2 think kilowatt-hour is an easy way for us to do  
3 that.

4           Going to 2B, for large customers from  
5 avoided cost to a tariff provision permitting  
6 annual individual customer's choice between the  
7 avoided cost and the kilowatt-hour.

8           So currently customers do have the option  
9 of becoming qualified facilities. The qualified  
10 facility interconnection rule, as I understand, is  
11 being reviewed right now to simplify it. By taking  
12 net metering and putting it into where there's  
13 different options, options -- the C option kind of  
14 follows. It makes it more difficult to administer  
15 and explain to customers.

16           And I guess it's under 2B, two i's there,  
17 an alternative rate, identify the update --  
18 identified and updated annual in the tariff filed  
19 with the commission, calculate by dividing Rocky  
20 Mountain Power's Utah revenue per schedule  
21 applicable to the net metering customer by the  
22 schedule corresponding kilowatt-hours, use data  
23 from previous FERC Form 1.

24           And an alternative rate would just make  
25 it more difficult to administer. All of the other

1 states that we work in, they have one or the other.  
2 Oregon kilowatt-hours seems to be the prevailing  
3 way.

4 But our real theme here is we want to get  
5 away from the annual billing, which  
6 kilowatt-hours -- later this year, Rocky Mountain  
7 Power's billing system will be able to  
8 automatically do that. It will be automated. Gets  
9 rid of inefficiencies, makes it much easier for us  
10 to administer and less risk for errors.

11 C, determine how to classify customers  
12 into residential, small commercial, and large  
13 commercial customer categories for net metering  
14 provisions.

15 Again, we feel like splitting the  
16 commercial rates into who can get the kilowatt-hour  
17 versus the avoided cost. It takes away from the  
18 simplicity of really what we'd like to see with net  
19 metering and the administration of it. And again  
20 in any other state that we do, in Oregon, we do  
21 have metering under, it is kilowatt-hours.

22 The third bullet -- Dave Taylor will  
23 address this, but what I would like to say as a  
24 lead-in to him -- for him is: With solar, which is  
25 by far the prevailing generation for net metering

1 in Utah, eighty-five percent of solar is generally  
2 produced between the hours of nine and three.  
3 Electric facilities are utilized outside of that  
4 time frame. There's a cost to serve those  
5 customers. The cost to serve net metering  
6 customers is typically larger than it is for non  
7 net metered customers. Looking at just the  
8 metering costs, the single-phase meter that we're  
9 using in our system is about \$35. The net metering  
10 cost is about 125, which is borne by Rocky Mountain  
11 Power or our ratepayers.

12 Turn it to Dave.

13 DIRECT TESTIMONY

14 THE WITNESS: Okay. My name's David L.  
15 Taylor. I'm the manager of regulatory affairs for  
16 the State of Utah for Rocky Mountain Power, and I  
17 would just like to add on this Issue No. 3 to which  
18 Travis has just addressed. Rocky Mountain Power is  
19 not supportive of eliminating the minimum billing  
20 provision for net metering customers who generate  
21 excess kilowatt-hours in a given month and carry  
22 them forward to the following month.

23 Minimum bills and customer charges that  
24 are included in our tariffs today reflect the  
25 understanding that there's costs associated with

1 customers even when there's very little or even no  
2 usage in a given month for that customer. At a  
3 minimum, these costs are the costs associated with  
4 metering and billing, and then there's also costs  
5 just to connect that customer to the grid.

6 As calculated under a formula developed  
7 at the Utah commission for our customer charge to  
8 the residential class, the cost for a meter, a  
9 service drop region reading the meter and rendering  
10 the bill, is just under \$4 a month. I think in the  
11 current finding we have before the commission, it  
12 calculates at \$3.82 a month. Currently the  
13 customer charge for the residential customers in  
14 the State of Utah is \$2, so that's significantly  
15 less than that amount. The minimum bill in the  
16 current tariff at \$3.67 a month is roughly  
17 equivalent to the cost of those metering and  
18 billing costs that we've just discussed.

19 So even when a customer may be net zero  
20 in a given month -- and by "net zero," I mean that  
21 they generate at some time during the month an  
22 equivalent on kilowatt-hours that they consume in  
23 the month, or even in cases where a net metering  
24 customer produces more kilowatt-hours in a given  
25 month than they produce, they still use all of the

1 same distribution facilities that our other regular  
2 customers do, and these costs are then in addition  
3 to those metering and billing costs that we just  
4 discussed, and none of those costs are included in  
5 either the customer charge or the minimum bill.

6 And I'm not recommending that we bump up  
7 the minimum bill of the charges for these customers  
8 but just to indicate that these customers, when  
9 they do net meter, they use the same distribution  
10 facilities as a standard residential customer that  
11 we have.

12 Just as an example, a typical residential  
13 customer, about forty percent of their bill is  
14 associated with the distribution, billing, and  
15 customer service elements of our service. These  
16 are the same services and facilities that are used  
17 by net metering customers.

18 And so a typical customer with a bill of  
19 just over \$60 a month would -- we would incur costs  
20 of 24, \$25 a month for these type of costs, none of  
21 which we would be charging to these net metering  
22 customers.

23 So I would encourage the commission not  
24 to change the provision and eliminate the minimum  
25 billing requirement for a customer even when they



1 generate in a given month more than they consume.

2 Thank you.

3 CHAIRMAN BOYER: Thank you, Mr. Taylor.

4 Mr. Tanner, were you going to address No.

5 4?

6 FURTHER DIRECT TESTIMONY

7 THE WITNESS: Yes. No. 4 talks about  
8 putting wording clarifying renewable energy credits  
9 associated with excess generation or owned by the  
10 customer generator or otherwise agreed to or  
11 designated by the customer.

12 Short answer to this question is we don't  
13 know. We've had a lot of internal discussions  
14 currently. We don't take those REC's. There's a  
15 lot going on with REC's at this point, and we'd  
16 like to leave it out of our tariff, and we're not  
17 taking those REC's, and have it addressed at a  
18 later date when more information's available.

19 CHAIRMAN BOYER: Okay. Thank you,  
20 Mr. Tanner and Mr. Taylor as well.

21 Do the attorneys wish to cross-examine  
22 either of these two witnesses?

23 MS. SCHMID: No questions.

24 CHAIRMAN BOYER: Okay. I think the  
25 commission -- I think we'll just hold our questions

1       until we've heard from everyone, unless you want  
2       to -- yeah, of the four representative parties.  
3       Well, we can see if the commission has questions  
4       right now, since we have Mr. Tanner and Mr. Taylor  
5       there all dressed up.

6                   Commissioner Allen?

7                   COMMISSIONER ALLEN: Thank you,  
8       Mr. Chairman, I do have a question for Mr. Tanner.

9                   CROSS-EXAMINATION

10          BY COMMISSIONER ALLEN:

11               Q     You throw out the one percent as an  
12               allowable or reasonable increase on the cap, but  
13               I'm curious. Do you justify that through  
14               engineering concerns? Have you done studies, or  
15               are you just recommending that it's a reasonable  
16               change? I'm not quite sure where that comes from.

17               A     You know, there are engineering concerns.  
18               The .1 has caused, you know, contentions because  
19               it's felt that it limits it. Twenty percent's a  
20               very, very high cap. One percent seemed more  
21               reasonable. One, it really depends upon how the --  
22               if every customer upon a line had a net metering  
23               generation, you know, more studies would have to be  
24               done.

25               Q     Well, the follow-up question to that

1 would then be: What typical type of -- what do you  
2 usually see as lead time? As far as how much  
3 information you have in terms of who's coming on  
4 line, will you have large projects all coming on  
5 line at the same time, or historically and  
6 expectedly perhaps are things spread out more?

7 A Yeah. In Utah, we haven't seen any large  
8 loads come on. In Oregon, we have. In Oregon,  
9 we've had one 200 kW and a couple 100 kW installs  
10 come on, which is a very large system, and, you  
11 know, the lead time that we see come in from when  
12 the application comes in to when they actually  
13 start generating may be six months.

14 Q Have they had any problems in Oregon with  
15 too many people or large facilities coming on line  
16 too quickly?

17 A No. The Oregon rules have -- there's an  
18 administrative rule, and it has a lot of built-in  
19 language that kind of puts framework to it where --  
20 you know, an example may be if there's more than  
21 ten percent, you know, upon a given feeder, then it  
22 goes through kind of an if-then-else-type scenario.

23 COMMISSIONER ALLEN: Thank you.

24 \\\

25 \\\

1 CROSS-EXAMINATION

2 BY COMMISSIONER CAMPBELL:

3 Q Let me follow up first on the cap issue,  
4 and I think it was in our rule making where we had  
5 talked or we had received information related to  
6 the percent on a given circuit that could be net  
7 metered that might start causing problems, and I  
8 thought that was a lot larger than one percent.

9 A It is.

10 Q What was it? Do you remember that  
11 number?

12 A It's either ten or twenty percent, I  
13 believe, I recollect, but the one percent wouldn't  
14 be a percent upon a feeder. It would be a state  
15 cap, is the way I was --

16 Q Right. And the state cap would be less  
17 problematic than an individual circuit, wouldn't  
18 it?

19 A Correct. You know, under the current  
20 rules, the way we would handle it is if we did  
21 start having a lot of large installs occurring on  
22 one feeder, we'd take it to an area engineer, and  
23 there may be upgrades that may be required, which  
24 would be borne by the generator.

25 Q So based on what you just said, if we go

1 with the lowest number you said at ten percent on a  
2 circuit -- and I don't know if that's the right  
3 number.

4 A Yeah.

5 Q We could go up to ten percent without  
6 engineering concerns, couldn't we?

7 A On a larger system, all of them are  
8 reviewed by an area engineer, and there could be a  
9 myriad of reasons that could cause problems, but as  
10 a general statement, where you're coming from, I  
11 think that's correct.

12 Q I just wanted to understand clearly where  
13 the engineering constraints might be.

14 A Yeah, and the one percent -- I probably  
15 shouldn't have even put out a number. I was just  
16 trying to put perspective to, you know, what a one  
17 percent versus a --

18 Q I mean clearly when the commission puts a  
19 twenty percent number out there, I think it  
20 indicates that we view that there's no need for a  
21 cap. We're just a little hesitant -- when the  
22 legislature gives us authority to increase the cap  
23 but not explicitly to remove the cap that we're a  
24 little hesitant to remove it without their  
25 permission.

1           Let me ask you questions related to your  
2 commercial, residential -- or your, I guess, lack  
3 of desire to split the way we handle this. Let me  
4 start with an easy one. Let's start with 2C. I  
5 mean wouldn't -- wouldn't it be easy to split these  
6 customers based on current schedules? Couldn't we  
7 say Schedule 23 clearly is similar to residential  
8 customers and could follow the kilowatt-hour  
9 approach, but Schedule 6, large commercial  
10 customers, is a separate stage? I mean wouldn't  
11 that be a way to clearly define the various  
12 customer classes based on our current schedules?

13           A     It could, but it just adds to -- I mean  
14 in all of our customers combined, we just hit the  
15 thousand customer mark, but having to explain all  
16 this, having to have the knowledge base to explain  
17 it to people, going through exceptions on when you  
18 can do this, when this is a different offering,  
19 programming it -- we're trying to automate  
20 everything -- it just becomes more difficult.

21           Q     Okay.

22           A     But it could be tracked and done.

23           Q     Did you feel like Schedule 6 customers  
24 would be undercompensated because of their demand  
25 charge as part of their schedule?

1           A     No. A Rate 6 or, you know, a Rate 8,  
2           which would be a large customer, the amount of  
3           generation that they'd have to be -- that they'd  
4           have to have installed to even have one month of a  
5           credit would be many hundreds of kilowatt-hours,  
6           so, you know, the way I would expect on a Rate 6 or  
7           a Rate 8 customer is -- I don't think that would be  
8           likely that they'd run into that scenario just  
9           because of the size of solar you'd have to have to  
10          get to a 500 kW load in a month.

11                    COMMISSIONER CAMPBELL: All right. Thank  
12          you.

13                    CHAIRMAN BOYER: Just a couple of  
14          questions.

15                            CROSS-EXAMINATION

16          BY CHAIRMAN BOYER:

17           Q     If hypothetically you had a residential  
18          customer or a commercial customer that had more  
19          than one residence or more than one place of  
20          business, all of which generated electricity, can  
21          you -- can your systems accommodate transferring  
22          them among and between those various places of  
23          business?

24           A     In Oregon, they have something similar  
25          called aggregation metering points, and if -- the

1 scenario I think you just described as an example  
2 would be two different facilities, both generating,  
3 and it's all hooked through the distribution system  
4 so the power flows different ways, so I guess the  
5 answer would be yes. What -- I think I'll leave it  
6 at that.

7 Q For example, if one had excess  
8 generation, one didn't, could those --

9 A Yeah, that's right.

10 Q -- credits be changed?

11 A In Oregon there's different rules because  
12 the concept is -- in Oregon it goes through a list  
13 of items you have to meet. The first one is it has  
14 to be contiguous, which means it's in the same  
15 area, fed off the same feeder, and on the same rate  
16 schedule. You can imagine if it was a residential  
17 schedule and a commercial schedule, it would be  
18 difficult to, you know, value that, which one gets  
19 used first. Conceptually it could be done.  
20 Aggregation metering are more costly to do, and  
21 they have to manually be applied.

22 Q It would have to be done manually?

23 A It would.

24 Q Thank you. Say, for example, you have a  
25 customer who has accrued credits for excess



1 generation and moves. Would those credits stay  
2 with the customer? Do they stay with the facility  
3 that generated them?

4 A My understanding is they stay with the  
5 customer.

6 Q And is that how it's done in other states  
7 as well?

8 A It's my understanding.

9 Q Does the company have any position on  
10 whether or not third parties could actually finance  
11 the installation of generating facilities?

12 This is kind of a legal question here. I  
13 guess let me ask Mr. Solander then.

14 MR. SOLANDER: Actually Mr. Taylor is  
15 also pretty knowledgeable about this subject, but  
16 it's my understanding that would make them -- the  
17 third party a public utility under Utah law. Is  
18 that --

19 CROSS-EXAMINATION

20 THE WITNESS: Yeah. When we've addressed  
21 this issue in the past with customers, what we've  
22 told them is that if one party owns the generation  
23 facility and another party is our customer, then I  
24 don't think state law would allow them to transfer  
25 those kilowatt-hours. That would make them a

1 utility, and if they entered into some type of  
2 leasing arrangement for our customer to lease those  
3 facilities from somebody else, I think that would  
4 probably be okay, but if they're selling them to  
5 transfer them kilowatt-hours, I think that would be  
6 in violation of current Utah statutes, as I  
7 understand it.

8 MR. SOLANDER: Or at least make them  
9 subject to the commissioners' jurisdiction.

10 Q (BY CHAIRMAN BOYER) So the distinction  
11 would be a different -- the distinction or the  
12 difference would be if they are simply owning the  
13 facilities but not selling the generation?

14 A Well, I mean if the customer either owns  
15 or leases the facility, then I think we're fine  
16 with the net metering, but if one party owns the  
17 facility and then sells the kilowatt-hours out of  
18 those to our customer to offset their usage, I  
19 think that would make that a transaction between  
20 utilities rather than -- and I don't think that's  
21 currently allowed.

22 Q Okay. Thank you. Is the company aware  
23 of any pending or proposed legislation that might  
24 affect the Title 54 as it relates to net metering  
25 or billing cycles or anything like that?

1           A     The company's not proposing any  
2     legislation on those areas. Beyond that, I don't  
3     know if another party is.

4           CHAIRMAN BOYER: All right. I wondered  
5     if you knew if anyone else was doing something.  
6     Okay. Thank you very much.

7           Mr. Solander, do you have any other  
8     questions in the nature of redirect?

9           MR. SOLANDER: At this time, I'd save any  
10    possible redirect for Mr. Tanner or Mr. Taylor  
11    after we've heard the other parties.

12          CHAIRMAN BOYER: Okay. Very well. Thank  
13    you. Let's turn now, then, to Division of Public  
14    Utilities. Ms. Schmid?

15          MS. SCHMID: Thank you. Patricia Schmid  
16    with the Attorney General's Office for the Division  
17    of Public Utilities, and with me is Dr. William  
18    Powell, manager of the energy section of the  
19    Division of Public Utilities. Could Dr. Powell  
20    please be sworn?

21          CHAIRMAN BOYER: Please stand, Dr.  
22    Powell. Please raise your right hand.

23    \\

24    \\

25    \\

1 WILLIAM POWELL,  
2 produced as a witness, having been first duly  
3 sworn, was examined and testified as follows:

4 CHAIRMAN BOYER: Please be seated.

5 DIRECT EXAMINATION

6 BY MS. SCHMID:

7 Q Dr. Powell, you have participated on  
8 behalf of the division in this docket, haven't you?

9 A Yes, I have.

10 Q Do you have any comments that you would  
11 like to make today?

12 A I believe just some brief comments that I  
13 could make.

14 Q Please proceed.

15 A Commissioners, thank you and good  
16 afternoon. We filed comments on November 26th in  
17 response to the commission's notice of the docket.  
18 We covered basically four areas in our comments:  
19 The disposition of net metering credits, the formal  
20 reporting requirements, recommendations regarding  
21 program caps, and updates for changes to relevant  
22 codes and standards.

23 Of these four areas that we discussed, by  
24 far I think the disposition of net metering credits  
25 and the program cap are the issues that are of most

1 concern to most people here today. Maybe I could  
2 address those two first and then just make some  
3 very brief comments. I'll try to incorporate some  
4 comments to the commission's questions to the  
5 company.

6           Some parties in the case have recommended  
7 raising the cap, some a lot, some others very  
8 modestly, I guess, relatively speaking. Some have  
9 entertained eliminating the cap entirely. The  
10 division took a slightly different position on  
11 this, and we offered a compromise where the company  
12 would report to the commission when they approached  
13 the cap, and we recommended that once the company  
14 or once the program reaches eighty percent of the  
15 cap, then the company would report to the  
16 commission that fact with recommendations and  
17 observations on any problems or concerns that they  
18 might have.

19           The company has recommended today or  
20 suggested today that the cap could be raised to one  
21 percent. Again, we didn't take that approach. We  
22 thought the cap at this point in time was a  
23 non-issue given the participation level, but we  
24 don't see any reason why the cap probably couldn't  
25 be raised modestly also to accommodate potential

1 growth. Twenty percent does seem a little  
2 excessive to me, but I'm not an engineer, and my  
3 opinion on that is not based on any engineering  
4 concerns.

5           We recommended on the excess generation  
6 that on a monthly basis or that it be viewed as the  
7 company has said they were willing to do, trading a  
8 kilowatt-hour for a kilowatt-hour. We believe that  
9 when you look at it as the company explained, that  
10 eliminating the minimal bill or trying to offset  
11 customer charges or fixed charges is not  
12 appropriate. At this time we recognize that, as  
13 the company explained, that even if a customer --  
14 unless a customer generates hour for hour what they  
15 consume, they're not avoiding those distribution or  
16 other fixed costs. They go on serving that  
17 customer.

18           We also recognized, however, in our memo  
19 that the typical net metering customer at this time  
20 is installing PV systems and that those PV systems  
21 produce at a time -- at the most valuable times of  
22 the day, and so in some sense, they may be  
23 subsidizing other ratepayers in general by avoiding  
24 the highest cost energy.

25           Given that, we believe that we can move

1 away from the current practice of paying avoided  
2 costs, at least for residential customers. We did  
3 recommend that commercial customers be given a  
4 choice between some kind of kilowatt-hour credit  
5 versus avoiding cost rate.

6 In discussions that we've had, I believe  
7 in technical conferences, it was indicated that  
8 unless a customer produces coincidentally with  
9 their peak or where their demand charge is going to  
10 originate from, they will not receive the full  
11 value of their net metering systems.

12 The company has indicated or at least  
13 pointed out that under the Schedule 37, there is a  
14 three-megawatt limit for renewable QF's, which  
15 would include -- so the commercial customers would  
16 have the option of moving the Schedule 37 anyway as  
17 a QF. That might be an alternative, as the company  
18 has pointed out, but I'm not quite sure it  
19 addresses completely the issues that have been  
20 raised around demand charges for commercial  
21 customers and the value of their net metering  
22 systems.

23 Finally, we've recommended some minimal  
24 reporting requirements for the company. I think  
25 this would be consistent with the recommendation

1 that we've put forth in terms of the company  
2 notifying the commission about the cap or as we  
3 approach the cap and their concerns about that. It  
4 also gives us a convenient way of collecting and  
5 analyzing any information about the net metering  
6 system.

7 I believe that will conclude my remarks  
8 at this time. Thank you.

9 CHAIRMAN BOYER: Thank you, Dr. Powell.

10 Do any of those -- any of you at counsel  
11 table have questions for Dr. Powell?

12 Okay. Let's turn to the commissioners.  
13 Commissioner Allen? Commissioner Campbell?

14 COMMISSIONER CAMPBELL: Just a couple.

15 CROSS-EXAMINATION

16 BY COMMISSIONER CAMPBELL:

17 Q With the division's approach of kind of  
18 an eighty percent relook at the cap, do you feel  
19 that that could prevent -- or that could present a  
20 timing barrier? I mean we're only talking -- the  
21 cap currently is about four megawatts, and let's  
22 say we're at seventy percent of the cap and then  
23 someone wants to come in with a two-megawatt  
24 system. Wouldn't they be presented with a  
25 regulatory barrier of us having to go through this



1 process of increasing the cap? Couldn't that  
2 timing affect their project?

3 A It possibly could. I think there are a  
4 couple of mitigating factors, though. The company  
5 pointed out one in a question that I believe,  
6 Commissioner Campbell, you addressed to the  
7 company, and that was how much lead time does the  
8 company have, especially for larger systems, and I  
9 think there's probably enough lead time there that  
10 the company could come in, if they came in right  
11 away after they received their application, to  
12 interconnect the system.

13 Also I believe under the statute, the  
14 company has the ability to surpass the cap on their  
15 own, and if they have no concerns with the amount  
16 of power either on an individual feeder line or the  
17 system in general, then I believe they could go  
18 ahead and at least start the process and then come  
19 in and inform the commission that they're either  
20 exceeding the cap or approaching the twenty percent  
21 they had proposed.

22 Also raising the cap to one percent, as  
23 the company suggested, gives a lot more head room  
24 at this time I think between the number of net  
25 metering or the capacity that we have in the state

1 right now and what that cap would be.

2 Q Do you view the value of the power that's  
3 typically solar, you know, as far as it offsets the  
4 peak, do you see that as sufficient value there to  
5 also offset the minimum bill?

6 A I think that's the position that we tried  
7 to stress in our memo, was is that we recognize  
8 that there are those fixed costs that these  
9 customers are not going to avoid. At least in  
10 general they're not going to be avoided. I think  
11 it would be a special case, and probably in those  
12 special cases, there would be no need for that  
13 customer to be on the grid in the first place. If  
14 they're -- if they're offsetting one per one every  
15 hour that they consume, why not just install your  
16 system and go off the grid entirely?

17 So they're going to incur those fixed  
18 costs, and so if we pay those customers anything  
19 other than an avoided cost rate, there is a subsidy  
20 running from general ratepayers to the net metering  
21 customer himself.

22 However, we've also recognized that  
23 usually those systems are producing at the highest  
24 cost hours of the day. PV systems produce more  
25 intensively in the summer, you know, when the sun's

1 shining, and that tends to be the peaking time of  
2 the system anyway.

3 So there's an offset. They're providing  
4 very valuable energy at the peak that offsets  
5 those. I don't think personally that that would  
6 completely offset the need for a minimal bill or  
7 the costs that are covered, are intended to be  
8 covered under the minimal bill.

9 I think we also recommended in our memo  
10 that given the direction we're going and especially  
11 if participation mushrooms, that the commission may  
12 want to revisit not only the customer charge  
13 itself -- the level of customer charge but maybe  
14 even the way that customer charge is defined, as  
15 Mr. Taylor was describing a little bit earlier.

16 Q Is that personal opinion based on some  
17 sort of economic study, analysis numbers?

18 A No. We don't have that type of  
19 information in front of us, or we haven't done that  
20 analysis.

21 CHAIRMAN BOYER: Thank you, Dr. Powell.  
22 Anything further, Ms. Schmid?

23 MS. SCHMID: No. We would like to  
24 request that redirect be reserved after all parties  
25 and participants have provided testimony or

1 comments, however.

2 CHAIRMAN BOYER: I think that makes  
3 perfectly good sense, Ms. Schmid.

4 Let's turn now to -- Ms. Murray, are you  
5 going to testify?

6 MS. MURRAY: Yeah.

7 CHAIRMAN BOYER: Would you please stand  
8 and raise your right hand.

9 CHERYL MURRAY,  
10 produced as a witness, having been first duly  
11 sworn, was examined and testified as follows:

12 CHAIRMAN BOYER: Thank you. Please be  
13 seated. You may proceed.

14 DIRECT TESTIMONY

15 THE WITNESS: On November 25th, 2008, we  
16 had provided a memo to the commission stating our  
17 position regarding the net metering issue, and I'd  
18 just like to point out a few of the things that we  
19 stated in that memo.

20 First, regarding the removal of the cap,  
21 while the committee does not see an urgent need to  
22 increase or remove the cap, we really don't object  
23 to a reasonable increase in the amount.

24 As the company has been explaining this  
25 morning, there are some issues around it. We don't

1       have the engineering details or anything to  
2       determine what it should be, but we think that  
3       based on current participation, it may be a while  
4       before the cap is reached, but we don't object to  
5       some sort of an increase in that amount.

6                 Regarding determining the appropriate  
7       value of excess customer-generated electricity  
8       credits: Determining whether a value for  
9       electricity credits other than the currently  
10      approved method of average energy price is  
11      appropriate is not possible based on the  
12      information that we currently possess.

13                Dr. Powell has talked about the value  
14      provided by solar energy and the time of day when  
15      it is produced, and we are hopeful and think that  
16      it's possible that at the conclusion of the solar  
17      pilot program, we might be able to access  
18      information that would give us a better idea of  
19      what that value may end up being.

20                The committee believes that any change to  
21      the established tariff must maintain certain policy  
22      objectives, and these objectives would provide  
23      important customer protections. One, costs of the  
24      program paid by nonparticipating customers within  
25      their rates are not greater than the value that

1 they receive, and in this mix of consideration of  
2 that, there should be an inclusion of the cost of  
3 the metering, the billing, all of those things,  
4 some of which have been pointed out by Rocky  
5 Mountain Power today.

6 No. 2, net metering participants should  
7 pay their share for the infrastructure required to  
8 operate Rocky Mountain Power's system.

9 And, three, net metering payments should  
10 not provide sufficient enticements for customers  
11 who oversize their generation besides -- beyond  
12 offsetting part or all of the customer's  
13 requirements for electricity. We believe that that  
14 was the intent of PURPA and that they should get a  
15 fair value but not overpricing.

16 That concludes my comments.

17 CHAIRMAN BOYER: Thank you, Ms. Murray.

18 Do any of those of you at counsel table  
19 have questions of Ms. Murray?

20 Okay. There are none.

21 Commissioner Allen?

22 COMMISSIONER ALLEN: Thank you,  
23 Mr. Chairman. I have a question.

24 \\\

25 \\\

1 CROSS-EXAMINATION

2 BY COMMISSIONER ALLEN:

3 Q Ms. Murray, I've been researching the  
4 history behind the cap a little bit. It seems that  
5 it may be possible -- and I could be wrong -- that  
6 the Committee of Consumer Services are the ones who  
7 originally insisted on the cap that we have. Does  
8 that strike a cord with you? That was part of the  
9 original plan? I don't know if you remember that  
10 history, if you're aware of that.

11 A I do not remember that.

12 Q Okay. Is there anyone else who -- if  
13 there's someone else that is familiar with that  
14 history, I would like to know the answer to that  
15 sometime this afternoon. Okay. Well, I didn't  
16 mean to put you on the spot, but I ran across  
17 something that suggested that was the case, and I  
18 wanted to clarify that.

19 A I would suspect we supported a cap, but I  
20 don't know that -- you know, but I'll see if I can  
21 find out.

22 COMMISSIONER ALLEN: Okay. Thank you.

23 CHAIRMAN BOYER: Commissioner Campbell?

24 All right. And I have no questions.

25 Thank you, Ms. Murray.

1                   Let's turn now to Mr. Dodge.

2                   MR. DODGE: Thank you, Mr. Chairman.  
3 Gary Dodge with the Utah Association of Energy  
4 Users. With me at counsel table is Jeff Burks, who  
5 works with Energy Strategies, and he here -- is  
6 also here representing UAE.

7                   Mr. Burks will probably -- I will briefly  
8 respond to the policy questions that the commission  
9 asked. We didn't file prefiled comments, so we'd  
10 like to briefly do that and then have Mr. Burks  
11 fill in. I suppose he ought to be sworn. You  
12 never swear lawyers because you don't expect us to  
13 tell the truth, but I suppose Mr. Burks --

14                  CHAIRMAN BOYER: Not going to rise to the  
15 occasion.

16                  Yeah. We have heard rumors that you were  
17 back in town from New Mexico. Welcome back. Would  
18 you please stand and raise your right hand and be  
19 sworn.

20                                 JEFF BURKS,  
21                   produced as a witness, having been first duly  
22                   sworn, was examined and testified as follows:

23                  CHAIRMAN BOYER: Thank you. You may be  
24 seated.

25                  Mr. Dodge?



1                   MR. DODGE: Thank you. And again,  
2                   Mr. Chairman, I will briefly lay out UAE's  
3                   responses to the questions that the commission  
4                   asked in its order, and it will be brief.

5                   UAE agrees with the commission that no  
6                   cap is needed practically. We agree that legally  
7                   you need to set one because the statute says it's  
8                   either .1 or some other number set by you. We  
9                   therefore support you setting a high cap like  
10                  twenty percent and directing the company to come  
11                  back if they find engineering constraints arise.  
12                  That would be a delightful problem if we had that,  
13                  so much response that we had to come in and slow it  
14                  down. I don't anticipate that, but it would be  
15                  delightful.

16                  We support the commission's various  
17                  pricing options. We note just as a matter, as  
18                  several others did, that we don't believe the  
19                  kilowatt-for-kilowatt setoff adequately compensates  
20                  commercial and industrial customers who pay a  
21                  demand charge. We think at a minimum that excess  
22                  amount, if any, ought to be paid at a full tariff  
23                  rate like the commission has attempted to do by  
24                  using an average annualized value.

25                  We support not making it any more

1 complicated than it needs to be, but we think  
2 that's a complication that's worthwhile to incent  
3 solar panels on commercial and industrial  
4 facilities.

5 We also agree with the commission or at  
6 least with the question that was asked by the  
7 commission that the existing schedule set out the  
8 best way to categorize customers into residential,  
9 small commercial, large commercial, and industrial.  
10 We think you ought to use those same  
11 classifications.

12 On the issue of REC's, we -- the UAE  
13 strongly supports commission tariff provision or  
14 provision in the tariff and the commission order  
15 stating that the REC's belong to the customers  
16 unless they're bought at fair value and in a  
17 voluntary way, and, in fact, we believe it's  
18 imperative.

19 I was glad to hear -- I haven't actually  
20 been involved with a net metering contract. The  
21 normal DSM contract that the customer -- that the  
22 company requires customers to sign requires the  
23 customer to transfer the REC's to the utility,  
24 which we think is in violation of the existing  
25 statute that was passed a year ago and also against

1 public policy.

2           If the net metering contracts don't  
3 require that, we think that's good, and we think  
4 your order ought to direct that it not require  
5 that. If the net metering contracts do require  
6 that, we think that ought to be removed. We  
7 believe strongly that REC's need to stay with the  
8 customer. It's an important part of making any  
9 kind of renewable project at any level --  
10 residential, commercial, or industrial -- doable  
11 financially, particularly at the larger commercial  
12 and industrial level, that the finances are going  
13 to dictate, the economics are going to dictate  
14 whether it's done or not. We think that's a very  
15 critical part of making the economics hopefully pan  
16 out somewhat.

17           So with that, that's all I have to add,  
18 and I'll ask Mr. Burks if he has anything to add,  
19 and he would be free to answer any questions.

20           CHAIRMAN BOYER: Thank you, Mr. Dodge.

21           THE WITNESS: I have nothing to add to  
22 Counselor Dodge's excellent remarks. I'm here to  
23 answer questions. We can further elaborate on what  
24 Mr. Dodge said.

25           CHAIRMAN BOYER: Very well. Thank you.

1           Anyone at counsel table have questions  
2           for Mr. Burks? Can't cross-examine Mr. Dodge, and  
3           I wouldn't advise it in any event.

4           Okay. Let's see if the commissioners  
5           have questions. Mr. Campbell?

6           COMMISSIONER CAMPBELL: I just have one.

7           CROSS-EXAMINATION

8           BY COMMISSIONER CAMPBELL:

9           Q     And that is: Do you have any rationale  
10          or justification that could be used to go to a  
11          twenty percent number subject to engineering  
12          constraints?

13          A     No, not specifically. We think the  
14          numbers should be high, though, to enable the  
15          market and customers to develop these systems.

16                 I could speak from recent experience I've  
17          had in New Mexico working for Public Service  
18          Company of New Mexico, and we initially -- we had a  
19          similar solar PV program for customers, and we  
20          found that the demand for PV systems with the  
21          incentives that we provided far exceeded what we  
22          had originally budgeted and had testified before  
23          the commission we would budget for the program.

24                 And therefore I think -- we think it's  
25          prudent to err on the side of establishing the cap

1 as high as possible.

2 Q I know you're just back to the state, but  
3 are you aware of what our renewable goal is here in  
4 the state?

5 A I'm afraid -- I know it's voluntary, but  
6 I do not know what the rough percentage is.

7 Q Are you aware of, in the statute, if  
8 there's any direction of how we reach that goal? I  
9 mean could that goal be reached all with net  
10 metering?

11 A I'm not aware of the statute, but I would  
12 be surprised if you could achieve the renewable  
13 goal, if you're talking about the voluntary goal  
14 for the entire State of Utah, with net metering  
15 alone.

16 MR. DODGE: Mr. Chairman, may I -- one  
17 other thing. I meant to say this and forgot to.  
18 One of UEA's members is Wal-Mart, and Mr. Kent  
19 Baker of Wal-Mart, I believe out of Denver, is on  
20 the phone listening in, and I would just invite you  
21 to ask him whether he has any additional comments  
22 from the UAE or Wal-Mart perspective.

23 CHAIRMAN BOYER: Let's do that at this  
24 time, then.

25 Mr. Baker, are you still with us on line?

1                   MR. KENT BAKER: I am. I am. I believe  
2 Gary did a -- Mr. Dodge did an excellent job with  
3 covering our points that we're concerned about.  
4 Primarily we think the tariff language reference  
5 for the cap should be removed. We think twenty  
6 percent -- I agree completely that it should be  
7 higher, that the utility can come back in if it  
8 runs into engineering problems. I mean those  
9 problems can be addressed at that time.

10                   Down on 2B, I think customers should be  
11 given a choice. I think anytime you can remove any  
12 barrier to participation in renewable energy, by  
13 removing these barriers, that serious consideration  
14 should be given to removing any barrier that there  
15 might be.

16                   As to the REC ownership, we feel very  
17 strongly that the individual or the entity that  
18 generates the power should be entitled to the  
19 REC's, and that certainly applies to excess  
20 generation. Thank you.

21                   CHAIRMAN BOYER: Thank you, Mr. Baker.

22                   Okay. And I have no questions of  
23 Mr. Burks. I think now it would be an appropriate  
24 time to hear from other members of the audience who  
25 wish to be heard, and I have a list, and maybe

1 we'll just go down in the order in which you were  
2 enrolled. But first let me check with our reporter  
3 to make sure she does not need a break yet.

4 Do you need a break yet?

5 THE REPORTER: I'm fine.

6 CHAIRMAN BOYER: All right. Well proceed  
7 a little longer.

8 Let's begin with Ms. Ball -- Mr. Ball.  
9 I'm sorry. You can come up here and sit at the  
10 stand here if you would like. Mr. Ball, do you  
11 wish to give sworn or unsworn testimony?

12 MR. MACDANIEL BALL: Unsworn. I just  
13 want to make a comment.

14 CHAIRMAN BOYER: Very well. Please  
15 proceed.

16 MR. MACDANIEL BALL: I'm here to just  
17 support the commission's recommendations that the  
18 metering cap be expanded. I've committed the rest  
19 of my life to be supportive of the advancement of  
20 clean energy, energy efficiency, and anything that  
21 gets in the way of creating those, I would like to  
22 see all of that removed. We need to encourage as  
23 many individuals as possible to spend the money to  
24 create their own clean power.

25 It was discussed that one of the

1 advantages of solar use is that we're creating  
2 power from nine to three during the day when  
3 power's most needed, and the other important point  
4 is that that is -- that power that's being created  
5 is clean power, and it does not have any  
6 pollutants, and it's the only power that we have  
7 that does not have costs that we're not  
8 considering.

9           If we consider six cents a kilowatt-hour  
10 for coal, we're not considering the health costs or  
11 the environmental costs, so if a person is able to  
12 create -- I guess I'm disagreeing with Mrs. Murray  
13 on this. If a person is able to manufacture power  
14 during the day by the sun and it exceeds their need  
15 of their own individual residence or their own  
16 company, then that is a wonderful thing because  
17 it's much less pollution that has to happen.

18           I guess an overall comment that I'd like  
19 to make -- and it's less than a minute -- is that  
20 we have a utility model that says -- and it's our  
21 normal corporate model that says we're in the  
22 business of making money, and we need to buy energy  
23 at the cheapest rate, sell it at a good rate, and  
24 sell as much of it as possible, and that model  
25 comes into conflict with energy that's produced



1 through conservation or clean energy.

2                   So we have to ask the question to the  
3 utility: Is this burdensome? And I think the  
4 whole model has to be transformed to where we're  
5 all working on the same page, which is: Energy  
6 conservation should have incentives for the  
7 utility. Clean energy, however it's coming into  
8 the system, should be providing incentives for the  
9 utility so that their bottom line is -- if it's  
10 sacrificed in some way, if the manager doesn't lose  
11 his job because we're creating so much more clean  
12 energy or using less energy, which is a good thing.  
13 We don't want to have more energy. We want to have  
14 less energy.

15                   CHAIRMAN BOYER: Thank you, Mr. Ball.

16                   Bradley Stevens?

17                   MR. BRADLEY STEVENS: Could you put me at  
18 the end of the schedule?

19                   CHAIRMAN BOYER: Oh, absolutely.

20                   MR. BRADLEY STEVENS: Thank you.

21                   CHAIRMAN BOYER: Absolutely. We'll skip  
22 you for now, then. The man wants to have the last  
23 word.

24                   Colin Jack? Mr. Jack, do you wish to  
25 give sworn or unsworn testimony?

1                   MR. COLIN JACK: I can give sworn  
2 testimony.

3                   CHAIRMAN BOYER: Very well. Please raise  
4 your right hand.

5                                   COLIN JACK,  
6           produced as a witness, having been first duly  
7           sworn, was examined and testified as follows:

8                   CHAIRMAN BOYER: Please be seated. You  
9 may proceed.

10                                   DIRECT TESTIMONY

11                   THE WITNESS: Let me introduce myself.  
12 Probably most people don't know me. My name is  
13 Colin Jack. I'm the electrical engineer and chief  
14 operations officer for Dixie Escalante. We're  
15 electric cooperative in St. George, Utah. Dixie  
16 Escalante is a nonprofit electric cooperative, so  
17 we serve our customers their needs for what it  
18 costs. I think because of our nonprofit structure,  
19 I believe we have the lowest rates in Utah if not  
20 the entire western United States.

21                                   But just by way of background, besides my  
22 twenty years' experience with conventional power  
23 systems, I have ten years' experience working  
24 overseas with rural power systems, including solar  
25 home systems on grass huts and jungles all over

1 Asia, Africa, South America, and Central America,  
2 so I've done thousands of solar home systems.

3           Currently Dixie Escalante, in partnership  
4 with St. George City, is doing a solar project  
5 called Sun Smart, and I'm hoping everybody's heard  
6 about it. The governor's coming down on Wednesday  
7 to do a ribbon cutting. We're building -- well, we  
8 have facilities for two megawatts of solar panels.  
9 We've currently built a thousand kW, and we're  
10 offering those shares for sale to our customers as  
11 well as St. George City residents on a voluntary  
12 basis, anybody that wants to buy into it, for about  
13 half of what it would cost to install solar home  
14 systems on their own home.

15           Anyway, so by way of background, I just  
16 wanted to give you a little technical background.

17           So as I was listening to the discussion,  
18 some of the technical questions were coming up, and  
19 my concerns are two. No. 1, technical, and, No. 2,  
20 protecting my customers.

21           On a technical issue, we talk about a  
22 minimum, and there's two different concerns on a  
23 minimum. One, the minimum penetration of solar or  
24 any other renewable energy. The IEEE 1547, which  
25 governs or which is the regulations or the rules,

1 the technical standard for renewable energy, states  
2 that a ten-percent maximum per feeder is the  
3 maximum you can have without reaching stability  
4 problems, because we know that any source of  
5 renewable energy is subject to go off at any time.

6 So when we're talking about how much  
7 would be the maximum, well, there's two  
8 considerations. One is technical, and the  
9 technical maximum is ten percent, according to  
10 IEEE, who know a lot more about it than I do as a  
11 group. The second one is financial. I believe  
12 that the .1 percent was set, and it was set before  
13 I returned to the United States. I just moved back  
14 in 2006, and these regulations were written before  
15 that.

16 But my understanding is the .1 percent  
17 was set to reflect the one kW for every one  
18 megawatt of demand that a given utility has, and  
19 that limit wasn't set on a technical basis. That  
20 was set on a financial basis, because until we have  
21 more experience, we don't know what the financial  
22 impact will be to the utility for having net  
23 metering.

24 So for that, Dixie Escalante is very  
25 interested to keep a cap reasonable at least until

1 we can see what's the financial impact to the rest  
2 of our customers, and maybe the .1 percent is the  
3 best place to keep it until we have more  
4 experience.

5           When we talk about the costs, there's  
6 several things to talk about. The Utah Power and  
7 Light's -- you know, Rocky Mountain Power's -- I'm  
8 sorry. I was from Utah a long time ago. When I  
9 went overseas, I came back, they have a different  
10 name.

11           But Rocky Mountain Power's experience for  
12 solar power generates between nine a.m. and three  
13 p.m. is consistent with our same experience. Our  
14 own solar installations in St. George, which by the  
15 way has the best sun in the state, and, however,  
16 that does not correspond with our peak demand, not  
17 even close.

18           Solar generation drops off, you know --  
19 what did we say? Eighty-five percent between nine  
20 and three. It essentially drops off at four p.m.  
21 Our peak in the summer is consistently between five  
22 p.m. and seven p.m. In the winter, it's  
23 consistently early in the morning from six to eight  
24 and then again in the evening from six to eight, so  
25 the solar energy generated does not in any way help

1       our peak.

2                   So when we're setting up a net metering  
3       customer -- and Dixie Escalante has a tariff that  
4       allows for that, same as every other utility, but  
5       we do have to be aware that that is a cost because  
6       we're providing power on peak, and we're receiving  
7       power, we're banking power for our customers that  
8       they're generating off peak, so that's a cost.

9       That's a cost.

10                   Also the other cost that we have to take  
11       into account, Rocky Mountain Power mentioned the  
12       service drop, the meter cost, the cost of the bill,  
13       but also there's the cost of operation and  
14       maintenance, energy, customer service. There's a  
15       proportional cost per customer to do all of those  
16       functions, and if I'm selling power at cost, then  
17       those other costs have to come from the customer  
18       service charge, so waiving a customer service  
19       charge on a given month would mean that necessarily  
20       we'd have to socialize those costs to my other non  
21       net metering customers.

22                   So those were the comments I had and  
23       questions I wanted to address.

24                   CHAIRMAN BOYER: Great. Thank you very  
25       much, Mr. Jack. Inasmuch as you gave sworn

1 testimony, let's see if counsel have questions for  
2 Mr. Jack.

3 Let's go to the commissioners.  
4 Commissioner Allen?

5 COMMISSIONER ALLEN: No.

6 CHAIRMAN BOYER: Commissioner Campbell?

7 COMMISSIONER CAMPBELL: I just have one.

8 CROSS-EXAMINATION

9 BY COMMISSIONER CAMPBELL:

10 Q I believe this hearing is dealing with  
11 Rocky Mountain Power's net metering tariff. Is it  
12 your interpretation that when we deal with the cap,  
13 that we're dealing just with their cap or with the  
14 caps of all the utilities in the state?

15 A My understanding is it would be just  
16 their cap because I believe -- and correct me if  
17 I'm wrong. I believe our cap is set by our  
18 governing body, which is the board of directors,  
19 but that doesn't mean that what Rocky Mountain  
20 Power does doesn't set a precedent for the rest of  
21 us.

22 CHAIRMAN BOYER: Okay. Thank you very  
23 much, Mr. Jack. You may be seated.

24 Vicki Bennett. Ms. Bennett, do you wish  
25 to give sworn testimony or unsworn?

1 MS. VICKI BENNETT: Unsworn is fine.

2 CHAIRMAN BOYER: Very well. You may  
3 proceed.

4 MS. VICKI BENNETT: Good afternoon,  
5 commissioners. My name is Vicki Bennett, and I'm  
6 the director of Sustainability in the Environment  
7 for Salt Lake City, so the comments that I'm giving  
8 are from Salt Lake City and from Mayor Becker, and  
9 Salt Lake City supports the recommendation as it's  
10 published right now. We're extremely excited and  
11 applaud you for the leadership that you're taking  
12 on the matter of net metering. We really feel that  
13 it is very important to affirm that renewable  
14 energy is an important source of energy and will  
15 provide benefits to all of our citizens and  
16 businesses.

17 We're very much encouraging that, you  
18 know, kilowatt return for private citizens and  
19 small businesses and basically as much as possible  
20 that we can find to be fair for the larger  
21 industries.

22 As for the cap, we feel it's important to  
23 have a fairly high cap. Right now it's fairly --  
24 you know, at the .1 percent is not allowing for  
25 true investment in solar energy or other net



1 metered energy in the state. Projects take a long  
2 time. We can't expect to quickly change the cap if  
3 a project is being promoted.

4           And, secondly, one of the major goals  
5 that we have as a city is to try to incentivize  
6 renewable energy companies to come in, actually  
7 build perhaps solar panels, build renewable energy  
8 equipment, and it's been found that in other  
9 states, in other countries, that states that really  
10 do incentivize renewable energy through net  
11 metering, things like good renewable portfolio  
12 standards, very strong ones, they're the ones that  
13 do get these businesses, and it would help our  
14 economy locally.

15           And we also feel it's very important, as  
16 part of the cost, to allow smaller customers and  
17 even larger businesses to afford this is to allow  
18 them to keep the REC's so that they can apply that  
19 as they look at how they're going to finance their  
20 systems.

21           One of the major risks that industries  
22 have told me they have here in the state right now  
23 is trying to determine what the future cost of  
24 power is going to be, and, secondly, it also  
25 relates to climate change issues, not knowing what

1 sort of carbon taxes there may be, what sort of  
2 capitate systems may be put in place.

3 By being able to manage their own risks,  
4 part of that by perhaps creating their own solar  
5 energy, their own alternative energy, it's helping  
6 them mitigate those risks, and we feel that's  
7 extremely important for the future. Thank you.

8 CHAIRMAN BOYER: Thank you, Ms. Bennett.

9 Kevin Fox? Mr. Fox, do you wish to give  
10 sworn or unsworn testimony?

11 MR. KEVIN FOX: Sworn.

12 CHAIRMAN BOYER: Please raise your right  
13 hand.

14 KEVIN FOX,  
15 produced as a witness, having been first duly  
16 sworn, was examined and testified as follows:

17 CHAIRMAN BOYER: Please be seated. You  
18 may proceed.

19 DIRECT TESTIMONY

20 THE WITNESS: Thank you. Again, my name  
21 is Kevin Fox. I represent the Interstate Renewable  
22 Energy Council. IREC is a nonprofit organization  
23 that seeks to work with states to implement  
24 policies that will help employ renewable energy  
25 systems. With funding from the U.S. Department of

1 Energy, part of our mission includes assisting  
2 states in adopting interconnection and net metering  
3 procedures. During the past two years, IREC has  
4 appeared before about eighteen public utility  
5 commissions across the country.

6 IREC appreciates the opportunity to  
7 address the commission on the proposed changes to  
8 Rocky Mountain Power's net metering tariff. There  
9 are five issues that I would like to address. We  
10 have filed comments in this docket, so I will be  
11 brief.

12 First on the issue of aggregate cap, IREC  
13 supports the position put forward by the  
14 commission. Seventeen states currently place no  
15 cap, no aggregate cap on the amount of net metered  
16 systems. IREC believes this approach has three  
17 very strong benefits.

18 First of all, it maximizes private  
19 investment in energy capacity. Secondly, it  
20 maximizes growth in renewable energy. And, third,  
21 this approach fosters significant growth in  
22 in-state green jobs.

23 We do understand that there is some  
24 language in SB 84 that can be interpreted as  
25 requiring a numeric cap. In that case, we would

1 support a cap of twenty percent as proposed by the  
2 commission.

3 As the gentleman from Dixie Escalante  
4 suggested, there really are two issues here. One  
5 is technical. One is financial. I'll address the  
6 technical issue first and hold my comments on the  
7 financial aspects till the end of my comments.

8 From a technical standpoint, the  
9 commission has a process underway to develop  
10 technical interconnection standards. As drafted  
11 currently, those interconnection standards do  
12 include a screen for interconnecting distributed  
13 generation. That screen is fifteen percent of a  
14 feeder's capacity. That fifteen percent number is  
15 included in the Federal Energy Regulatory  
16 Commission's small generator interconnection  
17 procedures. It is also included in every state's  
18 interconnection procedures with which I am  
19 familiar. The fifteen percent, therefore, is a  
20 strong number.

21 In terms of the seventeen states that  
22 have gone to no aggregate cap on a net metered  
23 system, the latest one to do so is Hawaii. Hawaii  
24 determined that the only limitation should be the  
25 fifteen percent meter capacity saturation level.

1           Second, on the issue of valuing monthly  
2 excess generation, IREC supports the basic approach  
3 outlined by the commission. For residential and  
4 small commercial customers, IREC understands Rocky  
5 Mountain Power's desire for administrative ease and  
6 efficiency, so we do support the kilowatt-hour  
7 rollover for the residential and small commercial  
8 customers. We believe that that is an equitable  
9 solution. Easier administration certainly means  
10 lower costs, and that is good for all of Rocky  
11 Mountain Power's ratepayers, including meter  
12 customers.

13           For large commercial customers, we do  
14 support an approach as outlined by the commission  
15 that will allow the choice of either the FERC Form  
16 1 approach or Schedule 37's avoided costs. FERC  
17 Form 1 alternative for large commercial customers  
18 is, in our opinion, an elegant approach that helps  
19 address the detrimental impacts that demand charges  
20 can have on the economics of distributed  
21 generation.

22           I would point out that it is easy to  
23 identify the number from FERC Form 1, and so again,  
24 we think that that would assist with the  
25 administrative efficiency of implementing that

1 choice.

2 I would also note that there are fewer  
3 customers that would fit into the large commercial  
4 category, and I'll address where I think the  
5 delineation should be in just a second.

6 And so the vast majority of commercial  
7 customers, vast majority of net metered customers  
8 most likely are going to be the smaller customers  
9 that would have the simple kilowatt-hour rollover,  
10 and that would again assist the administrative  
11 efficiency that we are looking for.

12 Third, on the issue of the delineation  
13 between small and large commercial customers, IREC  
14 believes again administrative ease is facilitated  
15 by basing delineation on eligibility for Rocky  
16 Mountain Power's commercial tariffs.

17 In that respect, Rocky Mountain's  
18 Schedule 23 is a small commercial customer tariff.  
19 We believe that it makes sense for the small  
20 commercial customer designation to be -- to be  
21 basically eligibility under Schedule 23. Large  
22 commercial customers then would be those that take  
23 service under Schedules 6, 8, and 9.

24 Fourth, on the issue of REC ownership,  
25 IREC supports clarifying language that states that

1 all REC's associated with on-site generation stay  
2 with the customer generator. I understand Rocky  
3 Mountain Power's point about market still being in  
4 developmental stage. However, a couple of the  
5 commenters have already suggested here that REC's  
6 can be a very important way of assisting with the  
7 financing of a renewable energy project. In order  
8 to get that value, though, the developer needs to  
9 have the certainty of ownership over those REC's.  
10 That's necessary in order to be able to enter  
11 forward contracts for the sale of those REC's.  
12 Without that certainty of income stream, the income  
13 stream is not as valuable in helping with system  
14 financing.

15 Fifth and finally in response to some of  
16 the discussion that has taken place here on the  
17 financial aspects of the consideration about  
18 aggregate caps, IREC's position is that we would  
19 support a minimum customer service charge that  
20 covers the basic metering and billing requirements.  
21 We believe that that is fair. However, we do not  
22 support the concept of a minimum bill fee. We  
23 agree that there are costs associated with net  
24 metering, but what's important to understand is  
25 that there are also significant benefits associated

1 with net metering industry due to generation.

2           Utah Clean Energy has entered a number of  
3 studies into the record here that discuss those  
4 benefits and place quantities on them. The latest  
5 report that has come to similar conclusions is a  
6 report that was prepared by RW Beck for APS, a  
7 large investor-owned utility in Arizona. Report is  
8 titled Solar Future Arizona, and what that report  
9 found, as with all the other reports, is that there  
10 are significant benefits that are brought to the  
11 utility and its ratepayers by distributed  
12 generation. Those include avoided generation  
13 capacity costs, avoided transmission capacity  
14 costs, and avoided distribution capacity costs,  
15 also avoided energy charges, line losses, and  
16 reduced load on transformers that can improve the  
17 life of that equipment. Those are benefits that  
18 distributed generation customers bring to the  
19 utility and its ratepayers based on their own  
20 private investment. We believe that it's fair in a  
21 rate structure and in a metering structure to  
22 recognize those values.

23           I would say as well I'd like to point out  
24 that, you know, from a financial standpoint, SB 84  
25 does provide a mechanism that allows Rocky Mountain



1 Power to come forward with a request for an  
2 approval of additional charges if it believes that  
3 net metering customers are indeed being subsidized  
4 by their customers. What that requires, however, I  
5 would point out is that Rocky Mountain Power  
6 demonstrate that there are direct costs associated  
7 with net metering that exceed the benefits of net  
8 metering. At this point, we have not done the  
9 necessary studies to determine if that is indeed  
10 the case, and so it seems inappropriate to be  
11 discussing the application of minimum billing  
12 charge for net metered customers.

13 One thing I would like to point out in  
14 response to comments that were provided earlier by  
15 the Division of Public Utilities. There was a  
16 statement that commercial customers -- well, let me  
17 just start with: If you take a look at the rate  
18 schedules that are going to be available, six,  
19 eight, and nine for commercial customers, many of  
20 those customers are receiving a kilowatt-hour  
21 credit for instantaneous energy put on the grid.  
22 That's how it will work under net metering.

23 The value of that energy when you look at  
24 the tariff schedules is about two to three cents  
25 per kilowatt-hour. However, the Division of Public

1 Utilities had testified that the value of a  
2 particular solar energy put on the grid during the  
3 day would be perhaps most likely even above avoided  
4 costs.

5           So these customers are going to be  
6 getting two to three cents for the kilowatt-hours  
7 in terms of the value of the credit for what they  
8 put on the grid despite the fact that that energy  
9 is worth considerably more to Rocky Mountain Power.  
10 I think that demonstrates the problem that demand  
11 charge rates have with distributed generation.  
12 Customers are going to get two to three cents for  
13 value despite the fact that they are providing  
14 something to the grid that has significantly higher  
15 value than that, and again, that doesn't even take  
16 into account the benefits associated with avoided  
17 capacity for transmission generation and  
18 distribution.

19           Our recommendation to you would be to  
20 raise the cap -- again, if that cap can be removed,  
21 that would be the ideal situation -- as a default,  
22 twenty percent. Certainly would be an acceptable  
23 number. If Rocky Mountain Power feels that there  
24 are costs that exceed the benefits, then it has the  
25 mechanism to come forward, present those to the

1 commission, and give you an opportunity to  
2 determine if there needs to be an adjustment in the  
3 tariffs that are available for net metered  
4 customers.

5 And with that, I'll conclude my comments.

6 Thank you.

7 CHAIRMAN BOYER: Thank you, Mr. Fox.

8 Do counsel have questions of Mr. Fox?

9 Commissioner Allen? Commissioner  
10 Campbell?

11 COMMISSIONER CAMPBELL: I do have one.

12 CROSS-EXAMINATION

13 BY COMMISSIONER CAMPBELL:

14 Q I was a little unclear when you said that  
15 you recognized that there were minimum costs for  
16 net metering customers for billing and those type  
17 of costs, yet you don't support the minimum bill  
18 costs. How would you suggest that those costs get  
19 collected by the utility?

20 A The minimum billing costs -- and many  
21 states approach this issue with the same sort of  
22 resolution, and that is if the customer's otherwise  
23 applicable retail tariff has minimum charges, that  
24 would apply to other charges. Then the net metered  
25 customer would also be subject to that tariff and

1 those minimum charges and would pay that, and that  
2 makes sense, we think, for the billing and metering  
3 component. It's the additional charge, anything  
4 that might hit a net metered customer and be more  
5 detrimental than what other customers who are  
6 similarly situated but do not have on-site  
7 generation would have to pay.

8 CHAIRMAN BOYER: Okay. Thank you very  
9 much, Mr. Fox.

10 Let's turn now to Sarah Wright.  
11 Ms. Wright, do you wish to give sworn testimony or  
12 unsworn?

13 MS. SARAH WRIGHT: Sworn testimony.

14 CHAIRMAN BOYER: Please raise your right  
15 hand.

16 SARAH WRIGHT,  
17 produced as a witness, having been first duly  
18 sworn, was examined and testified as follows:

19 CHAIRMAN BOYER: Please be seated and  
20 proceed.

21 DIRECT TESTIMONY

22 THE WITNESS: Sarah Wright for Utah Clean  
23 Energy. We're a nonprofit public interest group,  
24 and we are partnering to build the new clean energy  
25 economy through the advancement of energy

1 efficiency and renewable energy.

2           And I really appreciate the opportunity  
3 to provide public comments on the proposed  
4 modifications to Rocky Mountain Power's net  
5 metering tariff. I extend my sincere appreciation  
6 to the commission for all the work that they've  
7 done on this issue, and we also thank Rocky  
8 Mountain Power for their interest in facilitating  
9 distributed renewable energy, including -- and also  
10 combined heat and power as in the Senate Bill 84.

11           So we support -- Utah Clean Energy  
12 supports the proposed changes to Rocky Mountain  
13 Power's net metering tariff as identified in the  
14 commission's notice of proposed modifications that  
15 was issued on December 18th, and I have a few  
16 comments with respect to some of the different  
17 issues.

18           With regard to Item A, removal of the  
19 tariff language and reference to a cap, we support  
20 removing the reference to a total generating cap in  
21 the net metering tariff if the statute -- it is  
22 felt that the statute does not allow for the  
23 elimination of the cap.

24           We are very supportive of the twenty  
25 percent number by Rocky Mountain -- twenty percent

1 of Rocky Mountain Power's 2007 peak demand. As  
2 stated in other people's comments, we think it's  
3 very important to send a strong message to the  
4 industry that Utah is open for business, that we do  
5 want net metering customers and solar energy  
6 dealers and installers to come to Utah, and the  
7 current cap is very low and sends an opposite  
8 message, so we think the cap should be raised. We  
9 think twenty percent is a good number.

10 With response to Rocky Mountain Power's  
11 concern that it would be seen as a goal, I think  
12 that it's just a number in a tariff. I don't know  
13 if people saw .1 percent as a goal. I don't think  
14 so. I don't think the twenty percent will be seen  
15 as a goal.

16 With respect to the value for residential  
17 and small commercial, we understand Rocky Mountain  
18 Power's position that you want ease of  
19 administration, and we support the rollover of a  
20 kilowatt-hour per kilowatt-hour tariff for the  
21 residential and small commercial.

22 For the large customers, there is --  
23 Rocky Mountain Power has indicated they have  
24 significant supply side resource needs, and net  
25 metering customers have the potential to help meet

1 these needs with valuable low or no-carbon  
2 resources.

3           Distributed renewable energy resources  
4 require a significant up-front capital investment  
5 on the part of the customer, and so it's very  
6 important to value the excess generation as closely  
7 to its value to the system as we can. I think, as  
8 Kevin Fox mentioned, that the generation that  
9 they're -- what they're generating that's below  
10 excess is valued very low for these -- for these  
11 large commercial customers at two to three cents,  
12 generally, a kilowatt-hour. So we think that if  
13 there is indeed any excess, we should value it  
14 appropriately.

15           And they -- large -- excuse me. Large  
16 commercial customers do face a disincentive for  
17 investing in on-site generation given the nature of  
18 the demand that energy charges, so we support a  
19 tariff provision that allows individual customer  
20 choice for large commercial customers to value the  
21 excess generation at avoided cost or according to  
22 FERC Form 1 method that was delineated in the  
23 commission's notice of proposed modifications. We  
24 believe the FERC Form 1 method provides a creative  
25 yet very simple approach that will help ensure that

1 all customer classes receive a fair and appropriate  
2 value for excess generation that they provide to  
3 the system.

4           And then again, while outside the scope  
5 of this docket, Utah Clean Energy suggests that the  
6 issue of demand and energy charges and their impact  
7 on distributed energy financing should be addressed  
8 in current and future rate design dockets because  
9 it is a critical issue if you want to incent  
10 customers to help with generation, especially with  
11 clean, carbon-free generation.

12           Item C, customer classification, we agree  
13 with IREC. We looked at the rate schedules in the  
14 FERC Form 1. We think that residential and  
15 Schedule 23 should be in the residential and small  
16 commercial and that Schedules 6, 8, and 9, that  
17 they're appropriate for the alternative excess  
18 generation payments.

19           With respect to the minimum monthly fee,  
20 again, we support that net metered customers pay  
21 the basic service charges that all customers have  
22 on their bill. We do not promote -- we do not  
23 support an additional minimum monthly fee because  
24 of the benefits that distributed renewable energy  
25 provides to the system.



1           And I will go back to Appendix A and our  
2           comments that were submitted on November 26th. We  
3           submitted a number of studies that have looked at  
4           the value of distributed renewable energy and that  
5           they provide to the system, including studies by  
6           the Department of Energy, California Energy  
7           Commission, and others, so there has been a lot of  
8           analysis done, and we would hope that we could look  
9           at that as we go forward.

10           And with respect to renewable energy  
11           credit ownership, we appreciate the commission's  
12           proposal to include clarification in the language  
13           on the ownership to REC's for excess generated  
14           electricity. We would hope that that would apply  
15           to all generation from the system, not just the  
16           excess generation.

17           And again as others have mentioned, the  
18           value of the renewable energy credits is a big part  
19           of many financing schemes or financing methods for  
20           renewable energy, and we would hope that they would  
21           stay with the generator.

22           And that concludes my comments.

23           CHAIRMAN BOYER: Thank you, Ms. Wright.

24           Counsel have questions for Ms. Wright?

25           Commissioner Allen? Commissioner

1 Campbell?

2 COMMISSIONER CAMPBELL: Just one.

3 CROSS-EXAMINATION

4 BY COMMISSIONER CAMPBELL:

5 Q When you talked about the tariff  
6 language, eliminating the tariff language in the  
7 discussion of a cap, do you understand that we  
8 could have no tariff language related to a cap and  
9 still have a cap outside of that fifteen to twenty  
10 percent or whatever the statute requires us to  
11 have? I mean that does not have to be part of the  
12 tariff, does it?

13 A I'm sorry. I'm not sure of the answer to  
14 that question.

15 Q It just seemed that you suggested that  
16 you support elimination of the cap and then --  
17 within the tariff, but if the commission felt we  
18 couldn't actually eliminate the cap as it relates  
19 to net metering, we could still not have language  
20 referring to the cap so it doesn't provide it --  
21 for someone looking at the tariff, it doesn't  
22 provide some sort of barrier in their mind, yet we  
23 could still have a cap outside of that. Does that  
24 make sense?

25 A So where would the cap be?

1           Q     You seem to think that they're mutually  
2 exclusive.

3           A     Well, as I -- maybe -- I'm probably not  
4 understanding your question, but as I understood  
5 it, you proposed two methods, either no cap or a  
6 twenty percent cap.

7           Q     No. I think -- I think -- I think we're  
8 accepting the company's recommendation that the  
9 tariff does not have to talk about a cap and we  
10 just deal with the cap, whatever that level is, as  
11 part of our course of business. In the order, we  
12 could identify the cap in the order, and that's  
13 what we'd live under.

14          A     In the order, you would --

15          Q     Do you feel that if the commission is  
16 required to have a cap, that that has to be in the  
17 tariff?

18          A     I don't have the legal expertise to  
19 answer that question. I would say whatever is in  
20 writing, whether it be the order or in the tariff,  
21 it should be large enough to send a signal to  
22 industry that we are very open to net metering  
23 customers.

24                     I know that right now in freeing the  
25 grid, they -- you have to have a five percent or

1 higher cap, but what I'm hearing is that number is  
2 going to go up to get the best score as far as a  
3 state that's really open to advancing. So I'm  
4 sorry. I don't have a legal answer.

5 Q Well, I guess what I'm just saying is I  
6 understand the company's position to be: We'll  
7 eliminate the tariff framers out of the cap, but we  
8 still want a cap of one percent. And so my point  
9 is: I don't think they have to be --

10 A Right, and I could agree that they don't  
11 have to be. I still think one percent, unless it's  
12 backed up by some engineering reason, you know,  
13 maybe we should go with the fifteen percent that's  
14 on the feeder line that's in the interconnection,  
15 net metering interconnection rules, but one percent  
16 seems arbitrary, especially the fact that the  
17 commission -- I mean that the company can come in  
18 at any time and say, you know, this is adversely  
19 impacting our company.

20 So thank you.

21 CHAIRMAN BOYER: Okay. Thank you very  
22 much, Ms. Wright.

23 THE WITNESS: Thank you.

24 CHAIRMAN BOYER: We will take a  
25 ten-minute recess, reconvene here about a quarter

1 after, sixteen after.

2 (A recess was taken from 3:07 p.m.  
3 to 3:18 p.m.)

4 CHAIRMAN BOYER: Okay. Let's go back on  
5 the record in Docket No. 08-035-78.

6 Ben Matts or Mates?

7 MR. BEN MATES: Mates.

8 CHAIRMAN BOYER: Mr. Mates, do you wish  
9 to give sworn or unsworn testimony?

10 MR. BEN MATES: Unsworn.

11 CHAIRMAN BOYER: Very well. Please take  
12 a seat and proceed.

13 MR. BEN MATES: My name is Ben Mates, and  
14 I'd like to thank the commission for the  
15 opportunity to comment on this docket number, and a  
16 lot of what I have to say has already been said by  
17 prior witnesses and commentators and in particular  
18 Mr. Ball and Mr. Fox as well as Ms. Wright.

19 So basically I'd like to say that my  
20 comments address a commitment that I have, which is  
21 to public health, that I think that the commission  
22 ought to be doing everything possible to stimulate,  
23 motivate, incentivize the use of clean energy and  
24 to make that as cheap and as easy as possible for  
25 citizens to produce their own power.

1                   Right now there are -- as Mr. Ball  
2 mentioned, there are external health and  
3 environmental costs that are not borne by the  
4 ratepayers, and so I would like to see that -- you  
5 know, I would even go so far as to say that the  
6 ratepayers ought to be subsidizing the net metering  
7 customers for their -- I guess their courage and  
8 their vision, because that's really the direction  
9 that we're heading.

10                   And so I would just say that -- or urge  
11 the commission to eliminate any of the costs that  
12 are involved with becoming a net metering customer  
13 as an incentive to -- you know, of the adoption of  
14 those.

15                   And I'd just like to underscore, you  
16 know, or put forth that once we solve this problem,  
17 it's solved forever, you know, this problem of -- I  
18 mean you look outside on a winter's day or a  
19 summer's day, and you see a brown haze, and  
20 anything that we can do to eliminate the production  
21 of, you know, coal-fired power, I think, you know,  
22 everyone benefits from a healthier environment, you  
23 know, lower health costs, making our city more  
24 attractive to investment or business, or just as a  
25 quality of life, a great place to live.

1           So, yeah, there's the public health issue  
2           is a really strong one that I, you know, would like  
3           to put forth for your consideration.

4           The other issue is efficiency, and as  
5           Mr. Fox pointed out, there are efficiencies in  
6           distributed generation that ought to be taken into  
7           consideration, that, you know, there are also  
8           environmental costs involved with building a power  
9           plant. It takes up land that perhaps isn't already  
10          in use. There are transmission lines that have to  
11          be strung, and the power's lost -- a certain amount  
12          of the power is lost in transmission, which doesn't  
13          occur when there's distributed generation.

14          So another issue that I'd like to bring  
15          up is that when -- as the commission, no doubt, is  
16          aware of with the Blue Sky program, the more people  
17          who adopted the Blue Sky program, the cost came  
18          down, and I would expect a similar occurrence with  
19          the net metering, that if we stimulate the use of  
20          renewable power, the cost of renewable power is  
21          going to come down, you know, the more it's put  
22          into use.

23          And again, as I said before, once we  
24          solve this problem, once we bring that cost down,  
25          it's down forever, and we don't have to build any

1 more dirty coal-fired power plants.

2 So that concludes my comments, and thank  
3 you.

4 CHAIRMAN BOYER: Thank you, Mr. Mates.

5 Andy Schoenberg? Mr. Schoenberg, would  
6 you like to give sworn or unsworn testimony?

7 MR. ANDY SCHOENBERG: Unsworn.

8 CHAIRMAN BOYER: Unsworn? Very well.

9 Thank you. You may proceed.

10 MR. ANDY SCHOENBERG: I'm a net metered  
11 customer of Rocky Mountain Power, and I just wanted  
12 to make a couple of comments of my experience.

13 First of all, I do occasionally generate  
14 more per month than I buy from Rocky Mountain, and  
15 it's -- it is obnoxious that I don't get even  
16 credit, so I'm a strong supporter of the proposed  
17 changes, the twenty percent, the -- and also the --  
18 basically the kilowatt charge.

19 I would like to add, I submitted  
20 petitions from a lot of Utahans on really looking  
21 at a much larger picture of we need to incentivize  
22 solar. Right now we're only getting seven and a  
23 half cents a kilowatt-hour for installed solar, and  
24 you look at California. They're already paying  
25 fifteen. Germany's paying twenty-five cents a



1 kilowatt-hour.

2           The reason California, of course, has  
3 higher rates is because they don't want the dirty  
4 energy. Why should we be generating coal-fired  
5 energy that pollutes our atmosphere, that produces  
6 thousands of pounds of mercury in the atmosphere?  
7 And that -- what Rocky Mountain calls externalized  
8 cost is borne by society anyway.

9           I've heard the chair of the mechanical  
10 engineering department recently spoke about the  
11 real cost of coal-fired power generation, and if we  
12 really put the health costs and the environmental  
13 costs on it, we should be charging people  
14 twenty-five cents a kilowatt-hour for coal-fired  
15 energy, whereas with solar, you have -- you have  
16 much less of a cost involved, and on top of that,  
17 it is a much more secure source of energy.

18           When Rocky Mountain Power went down for  
19 three days, I have a -- I have a backup system of  
20 batteries, and I was able to run my refrigerator  
21 and lights and so on for three days while waiting  
22 for Rocky Mountain to come, so it's a security  
23 issue as well to have your own power generation  
24 system.

25           In terms of the loss of business for

1 Rocky Mountain -- and I appreciate the concern your  
2 company has. If everybody went to solar, you would  
3 lose a certain amount of revenue, but maybe you  
4 could rethink your business model, because I can  
5 see a lot of business opportunity for somebody that  
6 supplies services for a distributed power system,  
7 the battery backup system, the cleaning of the  
8 solar panels when it snows, and all of those kind  
9 of issues that, you know, us old folks may not be  
10 able to do that, and that's a service that you  
11 could provide.

12 So, you know, rethink your idea of  
13 generating dirty, dirty energy. The scientists say  
14 if we're going to stop the melting of the glaciers,  
15 eighty percent of our energy will have to come from  
16 renewables, and so I don't know exactly how you're  
17 going to do it, but you need to rethink how you're  
18 going to generate that energy, and so I encourage  
19 you to rethink your business model. That's my  
20 comments.

21 CHAIRMAN BOYER: Thank you,  
22 Mr. Schoenberg.

23 Jim French? Mr. French, do you wish to  
24 give sworn or unsworn testimony?

25 MR. JIM FRENCH: Sworn, please.

1                   CHAIRMAN BOYER: Please raise your right  
2 hand.

3                                   JIM FRENCH,  
4           produced as a witness, having been first duly  
5           sworn, was examined and testified as follows:

6                   CHAIRMAN BOYER: Please be seated and  
7 proceed.

8                                   DIRECT TESTIMONY

9                   THE WITNESS: I'd like to thank the  
10 Public Service Commission for their  
11 recommendations. These changes will encourage  
12 renewable energy in Utah, and also as Sarah Wright  
13 pointed out and others have, it will encourage  
14 renewable energy, economic development in Utah. I  
15 think it will not by itself, but it will go a long  
16 way.

17                                   In my comments that I submitted, I  
18 pointed out what's happening in Colorado, and  
19 there's a lot happening in Colorado. There's a lot  
20 of -- Vistas Wind I think has a plant there.  
21 There's thousands of jobs in renewable energy  
22 industry, and that's something that can happen  
23 here, and this is a way to get it going.

24                                   There's a couple of reasons that there's  
25 very little solar in Utah. One is the cost of PV,

1 and then the second one, I think, is that net  
2 metering rules have discouraged renewable energy  
3 and especially the avoided costs.

4 So I think that the twenty percent peak  
5 demand is a very good goal, and it's something  
6 actually that Rocky Mountain Power, through the  
7 bill that Senator Curtis Bramble introduced and was  
8 passed in session last year. The renewable  
9 portfolio standard does list a twenty percent  
10 renewable energy goal. Now, it's a soft goal.  
11 There's no definite timetables, and hopefully that  
12 will be rectified in the future, but -- so the  
13 twenty percent goes with the current regulation  
14 that's on the statute now.

15 Let's see here. Oh, the kilowatt-hour  
16 credit, and I understand that's a rollover month to  
17 month, and if there's still kilowatt-hour credits  
18 at the end of April, I think -- is it April? Then  
19 those revert back to the company, and I support  
20 that wholeheartedly, and the kilowatt-hour  
21 logistically, I think with Rocky Mountain Power,  
22 easier to keep track of and to develop.

23 I'd like to thank Kevin Fox for coming  
24 and testifying here today.

25 And No. 3, the minimum monthly bill fee,

1 and I understand that to be the two dollar charge  
2 that everyone is charged in their bill, so there  
3 would be no additional charge for renewable energy  
4 for solar PV, people that have that installed, and  
5 I support that. The two dollars is certainly  
6 understandable.

7 And the renewable energy credits, I agree  
8 with -- most everyone says that they should go to  
9 the -- to the owner of the customer generator, and  
10 I also agree with Sarah Wright in that all of the  
11 credits should revert -- the REC's should go to the  
12 customer generator and not just the excess ones.  
13 Thank you.

14 CHAIRMAN BOYER: Thank you, Mr. French.

15 Are there questions from counsel of  
16 Mr. French?

17 Commissioner Allen? Commissioner  
18 Campbell?

19 Thank you very much for participating.  
20 You may step down.

21 Ed Firmage, Jr.? Mr. Firmage, do you  
22 wish to give sworn or unsworn testimony?

23 MR. ED FIRMAGE, JR.: Unsworn's fine.

24 CHAIRMAN BOYER: Proceed, please.

25 MR. ED FIRMAGE, JR.: I appreciate the

1 chance to say a few words. Mostly I wanted to just  
2 express my appreciation to you for a -- an  
3 exemplary if not aggressive agenda with these  
4 changes. It's an unusual pleasure to be able to  
5 say something nice about what our state is doing on  
6 the environmental front, and this is a very  
7 positive change, in my opinion.

8 I speak here both as an individual  
9 interested in doing my part for providing clean  
10 energy and also as a small business owner. So I  
11 support all of the proposed changes, and I would  
12 urge the commission to consider future changes  
13 along an even more progressive line, particularly  
14 the rate at which excess power is purchased back  
15 from distributed generation.

16 Right now solar energy is a marginal, at  
17 best, investment. It has a long-term payoff, but  
18 it is a long-term payoff, and anyone making an  
19 investment in solar energy today is doing so out of  
20 principle, and I think it's incumbent, given the  
21 challenges that we face here in Utah with clean air  
22 and health and also generally with global climate  
23 change, to recognize the contribution that people  
24 are making as early adopters.

25 So I would favor a more aggressive rather

1 than less aggressive approach to power buy-back to  
2 try and put the economics of solar on a more  
3 competitive footing with coal, which is not truly  
4 cheap. It is artificially cheap because the  
5 externalized costs are not counted, and if they  
6 were, the rate would be far higher, and we wouldn't  
7 need to incentivize people to adopt solar or wind  
8 or other clean forms of energy. The fact that we  
9 don't is simply a case of false accounting, and we,  
10 as early adopters of renewable energy, are being  
11 penalized by this artificial accounting system.

12 I want to address the issue of the cap.  
13 Again, I support the twenty percent. Several  
14 people have spoken to the issue of business  
15 development. Rocky Mountain Power has expressed  
16 its concern that this be viewed as a goal rather  
17 than just a cap, and while I recognize that it is a  
18 cap and not a goal, if it were perceived to be  
19 something different, so much the better for the  
20 State of Utah.

21 Right now we have a very competitive  
22 disadvantage in terms of our perception outside of  
23 the state. It's a real reason for disinvestment in  
24 Utah as opposed to what's happening in Colorado or  
25 California. We need to change that perception.

1 There is a business case to be made for putting  
2 Utah on a competitive level with other states, so I  
3 would support that, that cap.

4 The current -- I don't want to embarrass  
5 Mr. Fox here because I really appreciated his  
6 remarks, but IREC grades each of the states  
7 according to their policies for net metering, and  
8 Utah ranked last. Along with several other states,  
9 it received an F from IREC, and this is a chance to  
10 rectify that and make our state proud again.

11 I want to also just underscore on this  
12 issue of economic development and making Utah  
13 competitive again or at least not putting a  
14 competitive roadblock the way there is today with  
15 our existing net metering. It's the perception of  
16 many that the future of our economy will be in  
17 renewable energy, that this will be the thing that  
18 pulls us not only out of global climate change but  
19 also out of our economic slump. It is imperative  
20 that the State of Utah and its regulatory bodies do  
21 everything they can to promote this kind of  
22 development because it is the key to our economic  
23 as well as our environmental future.

24 So I think with that, I will finish my  
25 remarks. Thanks.



1                   CHAIRMAN BOYER: Thank you very much, Mr.  
2 Firmage.

3                   Ann Ober? Welcome, Ms. Ober.

4                   MS. ANN OBER: Hi.

5                   CHAIRMAN BOYER: Do you wish to give  
6 sworn or unsworn testimony?

7                   MS. ANN OBER: Unsworn is fine.

8                   CHAIRMAN BOYER: Great. Thank you. You  
9 may proceed.

10                  MS. ANN OBER: My name is Ann Ober, and I  
11 am here representing Salt Lake County and Mayor  
12 Peter Corroon. I first wanted to thank everyone  
13 who's been involved in this process for what feels  
14 like several years now. It means a great deal to  
15 him and to the county that we're making these types  
16 of moves.

17                  So Salt Lake County spent the last year  
18 studying how we might install up to ten megawatts  
19 of solar energy on our county facilities. We  
20 looked at fifty-two facilities and announced last  
21 week that we believe we have the ability to start  
22 doing installations of larger magnitudes on  
23 locations like the Salt Palace.

24                  Because of -- we're doing this for  
25 several reasons. One is the economic development

1 issues that have been addressed here earlier today  
2 but also because we are hedging. We believe that  
3 the way our financial scale model came out, that we  
4 can make this cost effective over the course of the  
5 life of the solar panels.

6 To address a couple of issues in the  
7 rate. The first is the cap. We believe that the  
8 cap needs to be changed. As I stated, the county's  
9 looking at a ten-megawatt system over the course of  
10 fifty-two of our facilities, and if that's the  
11 case, we would quickly exceed the 4.6-megawatt cap  
12 that exists now.

13 So we -- we're doing this to incentivize  
14 solar in residential and in commercial applications  
15 outside of the county proper. We've also received  
16 phone calls from other counties, other  
17 municipalities who are interested in following our  
18 modeling, and we just believe that we're going to  
19 hit those marks pretty fast, and we would encourage  
20 you to look at making the cap as high as possible.  
21 So we would ask that you go with your twenty  
22 percent marker.

23 On the rates for the residential, we're  
24 in firm support. For the commercial, we're in firm  
25 support. We appreciate both of those options.

1 We've had a difficult time with the idea of doing a  
2 1.8-megawatt system on the Salt Palace, knowing  
3 that when the Salt Palace turns off, we will have  
4 some excess, not much, but we'll have some excess  
5 generation, and making sure that we're able to  
6 recoup our costs for that type of generation is  
7 important to us.

8 The final issue we'd like to address is  
9 the REC's, and I will once again go back to what  
10 Sarah Wright said earlier, that we believe that all  
11 REC's need to be turned over to the producer of the  
12 energy. When we were looking at our modeling for  
13 the pricing structure, that was one of the tools  
14 that we could use to make these systems work, and  
15 because we know we're going to be one of the front  
16 runners for Utah in getting these systems or  
17 systems this size installed, we're looking at every  
18 penny counting.

19 We know that we're going to be paying  
20 more for panels today than we may be paying in  
21 twenty years just because the market's dropping on  
22 those costs, but it takes early adopters to get  
23 those panels cheaper, and we're willing to become  
24 one of those early adopters, but we need every  
25 penny we can get. Thank you.

1                   CHAIRMAN BOYER: Thank you very much, Ms.  
2 Ober, and also to the mayor for participating in  
3 this topic.

4                   Jeff Burks, you've signed up on the list,  
5 but you've already had an opportunity to speak.

6                   MR. JEFF BURKS: Yes, sir.

7                   CHAIRMAN BOYER: Let's see. Is there  
8 anything who came late who wishes to address us?

9                   Yes, please. Would you like to give  
10 sworn or unsworn testimony?

11                   MS. KIRSTEN PETERSON: Unsworn today.  
12 Thank you.

13                   CHAIRMAN BOYER: Very well, would you  
14 state your name for the record, please, and spell  
15 it.

16                   MS. KIRSTEN PETERSON: My name is Kirsten  
17 Peterson. That's K-I-R-S-T-E-N. Peterson,  
18 P-E-T-E-R-S-O-N. And I'm here today because I've  
19 been paying attention to this issue for many years.  
20 Very curious to see when the public and businesses  
21 and the government would be ready for alternative  
22 energy, so I would like to just speak in support of  
23 your efforts. Thank you very much for all of your  
24 hard work, everybody in this room. I know many of  
25 you have been working on this for years and years.

1           A little background on me. I come from  
2           an advertising and marketing background and fully  
3           participated in retooling this country with  
4           technology in the high technology boom, and I  
5           really see this adaptation as imperative to our  
6           economic and social and also health and well-being  
7           of our environment and our physical condition.

8           The issue of net metering is going to  
9           play an important role in economic development. As  
10          an advertiser, I work independently with small  
11          businesses throughout the state and am gauging  
12          their readiness to make adaptations on conservation  
13          measures and purchases of renewable energy as a  
14          source, both in solar and wind, and if we can do  
15          everything we can to make that affordable for these  
16          businessmen, it's going to provide a lot of  
17          economic development.

18          So I want to support the twenty percent  
19          cap with that perspective, and I would also ask and  
20          question why the cap, when we really need to do  
21          everything we can to integrate alternative energies  
22          and clean energy into the environment, into the  
23          mix.

24          Also as an individual and as a consumer  
25          that lives in suburbia in the State of Utah and as

1 a citizen of the State of Utah, in talking to my  
2 friends and neighbors and my community, I see a  
3 significant shift and a readiness to begin to adapt  
4 and adopt these new technologies, and the issue  
5 always boils down to the economics and the cost,  
6 and it seems fair that a kilowatt for kilowatt is  
7 reasonable for these customers, and so I also  
8 support that in your arrangement.

9 I want to add that I think ultimately  
10 that the clean energy has a higher value than  
11 energy generated by traditional methods of the  
12 coal-fired plants. I took a short walk last winter  
13 with my -- a child, and it happened to be an  
14 inversion time, and we were both sick for a month.

15 Please, sir, please, everybody in the  
16 room, everything that can be done must be done.  
17 Thank you.

18 CHAIRMAN BOYER: Thank you very much,  
19 Ms. Peterson.

20 Yes, sir. Would you like to be heard?  
21 We still have to come back to Mr. Stevens too.

22 Okay. Do you wish to give sworn or  
23 unsworn testimony?

24 MR. ORRIN FARNSWORTH: Unsworn is fine.

25 CHAIRMAN BOYER: Very well. Would you

1 please state your name for the record and spell it.

2 MR. ORRIN FARNSWORTH: My name is Orrin,  
3 O-R-R-I-N, Farnsworth. I'm the president of the  
4 Utah Solar Association, and I wanted to apologize  
5 for being late. We were at a meeting with  
6 (unintelligible) talking about the potential of  
7 bringing a lot of new renewable energy business  
8 into Utah, and with actions like you're looking at  
9 today, I think those things will happen.

10 I've been in the industry since 1984 in  
11 Utah working in the solar industry, and the  
12 opportunity is great, and I just want to put my  
13 support in for everything that has been said while  
14 I have been here, and I think with what you're  
15 doing will bring numerous -- I would say tens of  
16 thousand potential new jobs into Utah with the  
17 energy policies that we can put in place to make  
18 happen.

19 CHAIRMAN BOYER: Thank you very much,  
20 Mr. Farnsworth.

21 And I think that brings us now to  
22 Bradley Stevens. Mr. Stevens, do you wish to give  
23 sworn testimony or unsworn testimony?

24 MR. BRADLEY STEVENS: Unsworn is fine.

25 CHAIRMAN BOYER: Very well, sir. Please

1 proceed.

2 MR. BRADLEY STEVENS: Thank you for the  
3 opportunity to address the commission today. I  
4 wanted to go last because I wear so many hats and I  
5 have so many fingers in pies, I wanted to take a  
6 look at the whole thing.

7 Just as a matter of introduction, I also  
8 am here on behalf of the Utah Solar Association,  
9 the chairman of the State Electrical Board,  
10 chairman of the Construction Services Commission,  
11 and I'm also a renewable energy designer, provider,  
12 and installer, so this affects me on a lot of  
13 levels.

14 And as far as Rocky Mountain Power goes,  
15 from a business standpoint for me, raise your  
16 rates. It would be great. That makes the payback  
17 on solar quicker so we can put more in. As a  
18 consumer, that stinks, so I'm in the middle between  
19 the whole thing.

20 I do have to say that cap needs to  
21 change. There are many systems going to be coming  
22 on board this year. The cap is going to be  
23 reached, and it needs to move. We have discussed  
24 everything from ten percent -- well, one percent,  
25 ten percent, to twenty percent. I would support



1 the twenty percent. If that needs to be fifteen or  
2 ten with something where we meet eighty-five  
3 percent of that, we relook at it. That would be  
4 great.

5 I've also -- on the kilowatt-hour for  
6 kilowatt-hour, that is a great way to do this. I  
7 think many consumers will appreciate that.

8 The minimum fee issue, I can understand  
9 Rocky Mountain Power's concern with that, and I  
10 also think that people who are doing renewable  
11 energies on their homes and on their businesses  
12 have no problem paying that minimum fee as long as  
13 it's not exorbitant. You mentioned two or three  
14 dollars a month. Right now I have a customer down  
15 in Spanish Fork, which is not part of Rocky  
16 Mountain Power, that's paying \$25 a month minimum  
17 fee. That's a little bit high.

18 The renewable energy credits, having them  
19 stay with the generator is very important. As  
20 mentioned before, that's a good way to help offset  
21 some of the costs of these systems, which makes  
22 them more feasible.

23 I've also had the opportunity recently to  
24 work with one large customer here in Utah who had  
25 two buildings. They use a lot of power. We needed

1 to install one megawatt on each of their buildings  
2 to offset their power bill, and it was not  
3 feasible. As I went in to give them the proposal  
4 for this, I looked over their power bill. They're  
5 actually -- they use so much power, they're getting  
6 it for about three cents a kilowatt-hour. The  
7 payback on that system is forever, so that was  
8 infeasible.

9 But what we did end up looking at was  
10 their demand charges for their big systems coming  
11 on line and spiking the demand meter. Those were  
12 \$120,000 a year, so being an electrician and also a  
13 solar person, we opted to go the electrical route  
14 and start taking a look at their equipment so that  
15 we could help get the demand charge down.

16 So I just want to applaud the commission.  
17 Move forward. There's good things coming. And I'd  
18 like to see the cap raised. Thank you.

19 CHAIRMAN BOYER: Thank you very much,  
20 Mr. Stevens. Before we go back to Rocky Mountain  
21 Power for whatever redirect they might have,  
22 Commissioner Campbell has a question for Rocky  
23 Mountain Power.

24 \\\

25 \\\

1 FURTHER CROSS-EXAMINATION

2 BY COMMISSIONER CAMPBELL:

3 Q I just want to follow up on an issue that  
4 was raised by Dixie Escalante, and I guess,  
5 Mr. Taylor, we've sat through a lot of these  
6 hearings before with net power cost experts. Could  
7 you refresh my memory? What time period does the  
8 company use to buy peak power? I mean when you buy  
9 blocks of peak power, what is that time period?

10 A Generally it's a sixteen-hour block in  
11 the wintertime, which is -- I think it's like six  
12 a.m. to ten p.m. It's a pretty wide block in the  
13 wintertime. In the summer, there's a -- what they  
14 call a super peak, which is an eight-hour block in  
15 the afternoon.

16 So while we are similar to Dixie  
17 Escalante in that our hourly peak occurs later in  
18 the afternoon after the solar panels would have  
19 their primary production, but the hours in which  
20 they produce would still fall across those  
21 high-load hours where power is more expensive.

22 COMMISSIONER CAMPBELL: Thank you.

23 CHAIRMAN BOYER: Okay. Let's go back to  
24 Mr. Solander. Do you have any further testimony?

25 MR. SOLANDER: We do not have any further

1 testimony. Thank you.

2 CHAIRMAN BOYER: Okay. Thank you,  
3 Mr. Solander.

4 Ms. Schmid, you also reserved some  
5 additional time?

6 MS. SCHMID: Yes, and I have just a  
7 couple of redirect questions.

8 CHAIRMAN BOYER: Very well.

9 REDIRECT EXAMINATION

10 BY MS. SCHMID:

11 Q Dr. Powell, you heard Mr. Fox discuss the  
12 value and the payment for generated energy. Do you  
13 have any comments that you would like to make  
14 regarding those statements?

15 A Yes. If I could, for just a moment, make  
16 some clarifications. I believe that Mr. Fox  
17 indicated that we had testified or were trying to  
18 imply that the value of the energy coming from a  
19 net metering customer such as a PV system would be  
20 greater than the avoided costs. I don't believe  
21 that's what I said, or that wasn't our position in  
22 our memo, but apparently it wasn't very clear what  
23 I said, which I probably have forgotten anyway.

24 But so let me just clarify what we were  
25 trying to say and maybe a little bit more

1 background. A retail rate, such as for a customer  
2 on Schedule 1 or even the commercial customers,  
3 are -- industrial customers on six, eight, and nine  
4 is -- the way we do rate setting is necessarily an  
5 average rate over the year, and so what we were  
6 trying to say was is that there are at least some  
7 hours, as Mr. Taylor just indicated, where the  
8 value of the energy coming from that PV system is  
9 going to be greater than the retail rate that that  
10 customer's paying.

11 So for a commercial customer whose retail  
12 energy rate, as we've heard here today, is in the  
13 two- or three-cent range, the value of that energy  
14 is very likely, at least in some of those hours,  
15 going to be more valuable than that two or three  
16 cents. In other words, if PacifiCorp had to go out  
17 and buy that power on the market, it would very  
18 likely be much more than the two- or three-cent  
19 range during those peak hours.

20 Now, it is true -- I do agree with what  
21 Mr. Fox was saying that there may be some hours of  
22 the day when the value of that resource is still  
23 greater than the avoided cost. Again, the way we  
24 do Schedule 37 -- and if you'll remember the  
25 history of Schedule 37 or at least the intent of

1       Schedule 37 was for those small qualifying  
2       facilities, to give them a posted rate that would  
3       then reduce the administrative burden of entering  
4       into negotiations and contractual arrangements with  
5       PacifiCorp to be paid under a QF contract.

6                But again, the Schedule 37 by that  
7       simplicity, is still -- even though there's  
8       different options under Schedule 37, the way the QF  
9       takes the pricing -- for example, it can be split  
10      between winter and summer rates -- they're still  
11      average rates, and so again, there may be some  
12      hours out of the day when those avoided costs are  
13      less than the value of the energy coming from those  
14      PV systems.

15               Just a couple of quick comments on the  
16      cap. There's been a lot of discussion today  
17      whether it should be one percent or twenty percent  
18      or some other number in between. I would just make  
19      the comment. One witness today indicated that the  
20      company always has the ability to come in if  
21      they're in trouble for one reason or another,  
22      whether it's a technical issue about the  
23      transmission or distribution system or whether it's  
24      a financial situation, to seek relief from the  
25      commission.

1           And that's exactly what we were trying to  
2           avoid with our recommendation. We believe that it  
3           would be better for a smaller cap to be imposed but  
4           maybe greater than the .1 percent that's currently  
5           in place and let the company come in on a regular  
6           basis and indicate where they are relative to that  
7           cap and then, if they're approaching that cap, to  
8           report that also to the commission, and if  
9           they're -- and minimize any potential problems that  
10          might exist under the cap.

11           Also I guess I would just indicate that  
12          we testified that subsidization is going both ways  
13          between net metering customers and non net metering  
14          customers. We don't know on balance what that  
15          subsidy or cross-subsidization nets out to.  
16          There's been some testimony or comments today that  
17          were not including a lot of beneficial  
18          externalities, clean energy, clean air, health, and  
19          others, and to at least a certain extent, the  
20          division recognizes and acknowledges that those  
21          externalities exist.

22           Again with respect to the cap, if you  
23          raise the cap to twenty percent, whichever  
24          direction that subsidy goes, the net subsidy then,  
25          you're only magnifying that subsidy. So again,

1       ours was kind of a cautious approach. Raise the  
2       cap seems reasonable but to a modest amount and let  
3       the company report on a regular basis to the  
4       commission on where that cap is at and if they're  
5       experiencing any problems. Thank you.

6           Q     I do have one more question.

7           A     Okay.

8           Q     Several commentators had mentioned the  
9       phrase "minimum bill" and ascribed an amount of  
10      perhaps two or three dollars to that. Could you  
11      clarify "minimum bill" and "customer charge,"  
12      please?

13          A     The customer charge right now for Rocky  
14      Mountain Power is two dollars per month. The  
15      minimum bill is somewhat higher than that, and my  
16      recollection is it's in the seven dollar range, so  
17      there is a -- there is a slight difference between  
18      the customer charge and the minimal bill, and my  
19      understanding of -- and the comments and the  
20      questions that were directed towards the division  
21      went towards what the minimal bill is. I'd have to  
22      ask Rocky Mountain Power. I don't recall right off  
23      the top of my head what the minimum bill is.

24                   MR. DAVID TAYLOR: Would you like me to  
25      address that?



1                   CHAIRMAN BOYER: I think Mr. Taylor  
2 already did that. Remind us.

3                   MR. DAVID TAYLOR: He's right. For a  
4 residential customer, the customer charge is \$2 a  
5 month. However, if the total bill falls below  
6 \$3.67, there's a minimum bill of \$3.67 that the  
7 customer's obligated to pay, and our position is  
8 that we would support retaining that minimum bill  
9 obligation for the net metering customer. We  
10 wouldn't -- we don't support raising it for net  
11 metering customer but not eliminating it.

12                  CHAIRMAN BOYER: Thank you, Mr. Taylor.  
13 Anything further, Ms. Schmid?

14                  MS. SCHMID: Nothing further.

15                  CHAIRMAN BOYER: Ms. Murray, anything  
16 further?

17                  MS. MURRAY: Nothing.

18                  CHAIRMAN BOYER: Mr. Dodge?

19                  MR. DODGE: No thank you.

20                  CHAIRMAN BOYER: Well, on behalf of the  
21 commission, I would like to thank everyone for  
22 participating, the company, the agencies, the other  
23 entities and associations. It's been very helpful  
24 and instructive to us, and with that, that will  
25 conclude this hearing. We'll take the matter under

1       advisement and issue an order at our earliest  
2       convenience. Thank you, all.

3                       (The proceedings concluded  
4                       at 3:58 p.m.)

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1 STATE OF UTAH )  
 )  
2 COUNTY OF SALT LAKE )

3 I, Lori Lawrence, C.S.R., R.P.R., and  
4 Notary Public for the State of Utah, residing in  
5 Salt Lake County, certify:

6 That the foregoing proceedings were taken  
7 before me at the time and place herein set forth;

8 That the testimony of the witnesses and  
9 all objections made and all proceedings had of  
10 record at the time were recorded stenographically  
11 by me and were thereafter transcribed into printing  
12 under my direction and the transcript is a full,  
13 true, and correct record of my stenographic notes  
14 so taken;

15 That I am neither counsel for nor related  
16 to any party to said action nor in anywise  
17 interested in the outcome thereof.

18 IN WITNESS WHEREOF, I have subscribed my  
19 name and affixed my seal this 14th day of January  
20 2009.

21  
22  
23  
24  
25

Lori Lawrence  
C.S.R., R.P.R.  
Notary Public