

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

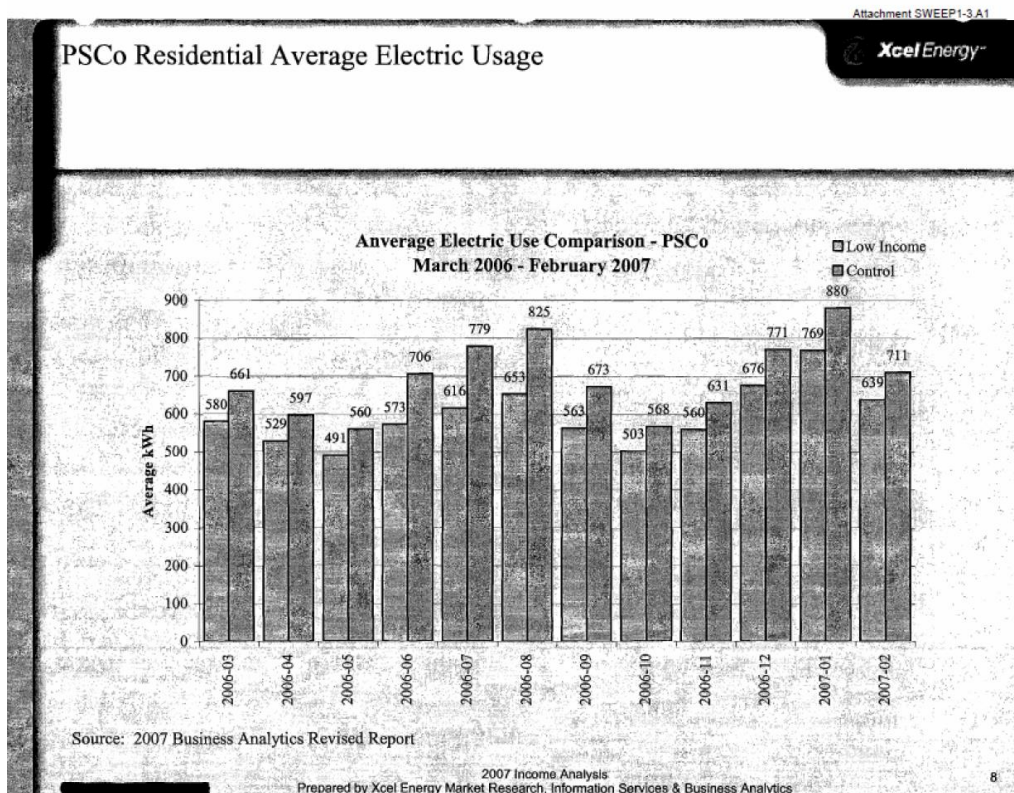
| | | |
|---|---|-----------------------------------|
| In the Matter of the Application of | : | |
| Rocky Mountain Power for Authority | : | Docket No. 09-035-23 |
| To Increase its Retail Electric Utility | : | |
| Service Rates in Utah and for | : | SWEEP – UCE Response to Office of |
| | : | Consumer Services |
| Approval of Its Proposed Electric | : | Rate Design Phase |
| Service Schedules and Electric | : | Second Data Request |
| Service Regulations | : | |

Directions: For the purpose of the following data requests, the term document includes without limitation, data, data compilations, information, records, and electronically stored documents, referred to, relied upon, or considered source data or information by SWEEP and UCE or any person working or testifying on their behalf.

2.1 Rate Design At lines 61-66 of his rebuttal testimony, Dr. Collins states that there is a high correlation between low income residential customers and low usage customers and the Office’s rate design proposal places a relatively larger burden on low income customers. Regarding this testimony, please respond to the following question:

(a) Please provide any studies or analysis conducted by SWEEP-UCE or other documents obtained by SWEEP-UCE showing a “high correlation between low income residential customers and low usage residential customers” in Utah upon which SWEEP-UCE relied in making this statement?

Response: Based on recent information provided by Public Service Company of Colorado, low income customers on average use less than the average residential customer. This is particularly true during the summer months. See below:



The loads and usage of RMP residential customers and PSCo residential customers are likely similar given our similar climates.

2.2 Rate Design

The Division's decoupling proposal, which SWEEP-UCE endorsed in its rebuttal testimony, requires all residential customers irrespective of usage and income levels to participate in the decoupling pilot.

(a) Please explain whether SWEEP-UCE believes a decoupling revenue reconciliation mechanism, in general, has a disproportionate impact on low income residential customers. Please provide all studies, analysis and/or documents supporting SWEEP-UCE's response.

Response: SWEEP-UCE, as of this date, has not conducted any explicit studies or analysis of the rate impact on low income residential customers. However, as shown in the answer to Rate Design data request 2.1 shown above, the average usage of low income customers is below the average usage for all customers. Simple logic leads one to the conclusion that the dollar impact on bills of low usage customers will be lower than the dollar impact on bills of high usage customers. The reconciliation mechanism will add a volumetric charge or rebate to all kWh usage of the residential class to adjust the collection of fixed distribution charges to amount that the Commission authorizes. In absolute terms the more you use the bigger the bill impact. But in terms of percentage changes in the bill, in the non-summer months the bill impact will be the same regardless of usage. For the summer months, the bill impact is different. In absolute terms the bill impact will be higher for high use customers, but in percentage terms the impact will be lower. This is because in the summer high use customers have disproportionately higher bills due to the tiered rate design.

(b) Assuming future revenue under-recovery for the residential class is largely driven by changes in usage resulting from SWEEP-UCE's proposed 3rd and 4th summer energy rate blocks, would that information change in any way SWEEP-UCE's response to 2.2(a) above? Please fully explain your answer.

Response: No, our response is the same. According to the Company's logic each customer regardless of usage places approximately the same cost on the system by just being a customer. Thus each customer should

pay the same amount in a fixed charge; this was the Company's original proposal. By collecting the fixed distribution charge in a volumetric rate the higher user will pay a higher percentage of this fixed distribution cost. The reasoning behind collecting the fixed charge in a volumetric rate is send price signals to encourage customers to utilize electricity more efficiently. The reconciliation process if it has any detrimental impact on low income customers will be very small compared to the beneficial impact of the proposed design on low use residential customers.

2.3 **Rate Design**

With respect to UCE and SWEEP sponsored rebuttal testimony filed March 23, 2010, please separately identify, and describe in detail, each document and/or document draft upon which SWEEP and UCE relied as support of each of the following conclusions and recommendations found in Mr. Cavanagh's Rebuttal Testimony on lines 34-41:

(a) The Division's proposed residential rate design and revenue decoupling pilot would advance customer interests.

(b) The Division's proposed residential rate design and revenue decoupling pilot would advance environmental interests.

(c) The Division's proposed residential rate design and revenue decoupling pilot avoided inequitable increases in fixed charges.

(d) The Division's proposed residential rate design and revenue decoupling pilot increases customers' rewards for saving energy.

(e) The Division's proposed residential rate design and revenue decoupling pilot reduces barriers to energy efficiency progress on the RMP system.

(f) The Division's proposed residential rate design and revenue decoupling pilot builds appropriately on the successful implementation of an analogous decoupling mechanism at Questar Gas.

(g) The Division's proposed residential rate design and revenue decoupling pilot helps align RMP shareholder interests with customer interests in minimizing the cost of reliable electricity service.

Response: The quoted material is from the summary of Mr. Cavanagh's rebuttal testimony. The remainder of his testimony provides the documents on which he relies in support of these contentions, including but not limited to the testimony of Dr. William A. Powell and Dr. Abdinasir Abdulle, which addresses all seven items on this list, and the references cited in the remainder of the Cavanagh testimony. Additional references on the merits of revenue decoupling and related issues, which reinforce Mr. Cavanagh's conclusions, include:

- National Action Plan for Energy Efficiency, *Aligning Utility Incentives with Investments in Energy Efficiency*, November 2007, www.epa.gov/RDEE/documents/incentives.pdf.
- Lesh, P. G., *Rate Impacts and Key Design Elements of Gas and Electric Utility Decoupling: A Comprehensive Review*, June 30, 2009, www.raponline.org/Pubs/Lesh-CompReviewDecouplingInfoElecandGas-30June09.pdf
- Breaking the Consumption Habit: Ratemaking for Efficient Resource Decisions. Sheryl Carter. *Electricity Journal*. December 2001: 66-74.
- Decoupling Mechanisms: Energy Efficiency Policy Impacts and Regulatory Implementation. Tory Weber, Athena Besa, and Bill Miller. ACEEE Summer Study. 2006.
- Decoupling For Electric & Gas Utilities: Frequently Asked Questions. NARUC. September 2007. http://www.naruc.org/Publications/NARUCDecouplingFAQ9_07.pdf
- Kushler, M., D. York, and P. White, *Aligning Utility Interests with Energy Efficiency Objectives: A Review of Recent Efforts at Decoupling and Performance Incentives*, American Council for an Energy-Efficient Economy (ACEEE), Report U061, October 2006, www.aceee.org/pubs/u061.htm.
- Financial Analysis of Incentive Mechanisms to Promote Energy Efficiency: Case Study of a Prototypical Southwest Utility. Peter Cappers, Charles Goldman, Michele Chait, George Edgar, Jeff Schlegel, and Wayne Shirley. Ernest Orlando Lawrence Berkeley National Laboratory. March 2009. <http://eetd.lbl.gov/ea/emp/reports/lbnl-1598e-app.pdf>.

2.4 **Rate Design**

Unless expressly identified and described in your responses to earlier questions in this DR Set #2, please identify and describe the method and results from any analysis or evaluation SWEEP, UCE, or any person working or testifying on their behalf, conducted or reviewed pertaining to intra- and inter-class rate impact comparisons between rate design proposals with and without the Division's revenue decoupling proposal.

Response: SWEEP-UCE, as of this date, has not performed any explicit analysis of inter-class rate impact comparisons between rate design proposals with and without the Division's revenue decoupling proposal. For intra-class rate impacts see responses above.

2.5 **Rate Design**

Unless expressly identified and described in your responses to earlier questions in this DR Set #2, please identify and describe the method and results from any analysis or evaluation SWEEP, UCE, or any person working or testifying on their behalf, conducted or reviewed pertaining to a comparison of RMP's test year revenue and expense forecasts with and without the Division's revenue decoupling proposal.

Response: As of this date, SWEEP-UCE has not performed any analysis pertaining to a comparison of RMP's test year revenue and expense forecasts with and without the Division's revenue decoupling proposal.

2.6 **Rate Design**

Unless expressly identified and described in your responses to earlier questions in this DR Set #2, please identify and describe the method and results from any analysis or evaluation SWEEP, UCE, or any person working or testifying on their behalf, conducted or reviewed pertaining to a comparison of RMP's actual return on equity (ROE) for the period 2005-2009 with and without the Division's revenue decoupling proposal.

Response: SWEEP-UCE, as of this date, has not performed any analysis pertaining to a comparison of RMP's actual return on equity (ROE) for the period 2005-2009 with and without the Division's revenue decoupling proposal.

2.7 **Rate Design**

Please identify and describe each document SWEEP, UCE or any person working or testifying on their behalf, received from or sent to the Division relating to the Division's revenue decoupling proposal. This data request includes a request for drafts of any documents including testimony, whether or not the testimony was filed. For each document identified, state the date it was received or sent and identify and describe any correspondence or communication (oral, written, or electronic) that accompanied the document.

Response: Neither SWEEP, UCE nor their expert witnesses sent documents to or received documents from the Division relating to their decoupling proposal.

2.8 **Rate Design**

Please identify and describe by date, author, recipient and content, each document, e-mail, note, memorandum, or other correspondence that SWEEP, UCE or any person working or testifying on their behalf, received from or sent to the Division relating to the Division's revenue decoupling proposal. Please also identify and describe in detail any meetings, discussions, or phone conversations that were held between persons representing or testifying on behalf of SWEEP-UCE and the Division, pertaining to the Division's revenue decoupling proposal.

Response: SWEEP, UCE and their expert witnesses did not receive documents, e-mails or memorandums from the Division relating to the Divisions revenue decoupling and no documents, e-mails or memorandums were sent to the Division by SWEEP, UCE or their expert witnesses regarding the Divisions revenue decoupling proposal.

UCE's Executive Director, Sarah Wright had one brief conversation with Phil Powlick, Division Director, immediately following the January 21, 2010 Utah Energy Forum at the Salt Lake City and County Building. We were

discussing legislation, energy efficiency and utility efficiency programs as a follow-up to the Energy Forum discussion and Phil Powlick mentioned that the Division was planning to file testimony in support of revenue decoupling, that they were looking to replicate the Questar model and that their proposal would only apply to the residential sector. This is the only conversation or contact by any of the parties listed in 2.8 above prior to the filing of the Division testimony.

Rate Design

Please indicate the date that SWEEP or UCE and Mr. Cavanagh first discussed any decoupling proposal to be made by the Division in this docket.

Response: UCE and Mr. Cavanagh began discussions on March 8, 2010 regarding the decoupling proposal made by the Division. This contact was made by UCE.

2.9 Rate Design

Please identify and describe the terms of retention, including compensation, for Mr. Cavanagh's participation in this docket.

Response: There are no terms of retention as Mr. Cavanagh is not receiving compensation for his testimony.

2.10 Rate Design

Please indicate whether SWEEP, UCE or NRDC's Energy Program has received any funds since 2005 from any electric utility and, in particular, any electric utility affiliated with either PacifiCorp or RMP. If funds have been received, please state the date received, amount, and the project/purpose to which the funds were applied, and identify and describe any contract, terms or conditions pertaining to the funds.

Response:

SWEEP: SWEEP received \$5,000 from PacifiCorp on November 3, 2006 for sponsorship of the 2006 SWEEP regional energy efficiency workshop which was held in Utah that year. SWEEP also received \$2,000 from PacifiCorp on May 8, 2008 for sponsorship of the Zero Energy Homes workshop we organized in Salt Lake City. These payments represent a

tiny fraction of the overall SWEEP budget over the past five years. There was no contract or other conditions pertaining to these funds.

NRDC Energy Program: NRDC does not accept contributions from any electric utilities for any purpose.

UCE: Utah Clean Energy has received funding from electric utilities as outlined below. The bulk of this funding was for marketing green pricing programs to businesses and communities from April 2004- July 2008. Contract terms were related to the metrics for marketing the green pricing program, such as number of businesses contacted, number of business presentations, number of community presentations, media outreach, etc. Additionally, we undertook a small marketing project working with RMP's DSM program and the City of Moab to market RMP's DSM programs to the Moab businesses and community between August 2005 and March 2007. The metrics were similar to those for the green pricing program.

Utah Clean Energy

Summary of Funds Received from Electric Utilities since 2005

| Company | Amount | Date(s) Received | Scope of Work/Purpose | Contract Length |
|------------|-----------|---|---|-------------------------|
| PacifiCorp | \$ 30,000 | Paid in Installments: 8/11/04, 10/22/04, 4/27/05, 7/13/05 | Marketing of the Blue Sky Program in various Utah communities | April 2004 - March 2005 |
| PacifiCorp | \$ 40,000 | Paid in Installments: 8/8/05, 10/31/05, 3/1/06, 4/21/06 | Marketing of the Blue Sky Program in various Utah communities | April 2005 - March 2006 |
| PacifiCorp | \$ 40,000 | Paid in Installments: 7/7/06, 10/23/06, 3/2/07, 5/15/07 | Marketing of the Blue Sky Program in various Utah communities | April 2006 - March 2007 |
| PacifiCorp | \$ 20,000 | Paid In Installments: 7/31/07, 3/4/08 | Marketing of the Blue Sky Program in various Utah communities | April - December 2007 |

| | | | | |
|------------|-----------|--|---|--------------------------|
| PacifiCorp | \$ 10,000 | 5/23/2008 | Marketing of the Blue Sky Program in various Utah communities | January - April 2008 |
| PacifiCorp | \$ 10,000 | 9/4/2008 | Marketing of the Blue Sky Program in various Utah communities | April - July 2008 |
| PacifiCorp | \$ 750 | 7/13/2005 | Reimbursement of Blue Sky Program marketing supplies | N/A |
| PacifiCorp | \$ 980 | 8/4/2006 | Reimbursement of Blue Sky Program marketing supplies | N/A |
| PacifiCorp | \$ 893 | 12/21/2006 | Reimbursement of Blue Sky Program marketing supplies | N/A |
| PacifiCorp | \$ 425 | 1/27/2007 | Reimbursement of Blue Sky Program marketing supplies | N/A |
| PacifiCorp | \$ 50,000 | 12/14/2006 | Community Renewables Grant - Identify and advance small scale community-based renewable energy projects | Dec. 2006 - Nov. 2007 |
| PacifiCorp | \$ 18,000 | Paid In Installments: 12/27/05, 10/23/06, 4/30/07 | Promotion of Utah Power's DSM Programs in Moab, Utah | August 2005 - March 2007 |
| UAMPS | \$ 1,500 | 5/16/2005 | Development of marketing materials promoting wind power | N/A |

Respectfully submitted,

Utah Clean Energy

/s/ Sarah Wright

Sarah Wright
1014 2nd Ave.
Salt Lake City, UT 84103