

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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**In the Matter of the Investigation of the Costs )  
and Benefits of PacifiCorp's Net Metering )  
Program )**

**Docket No. 14-035-114**

**DPU Exhibit 3.0R**

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**Rebuttal Testimony of**

**Myunghee Sim Tuttle**

**Division of Public Utilities**

**July 25, 2017**

1 **Q: Please state your name, employer, title, and business address for the record.**

2 A: My name is Myunghee Sim Tuttle. I am employed by the Division of Public Utilities  
3 (“Division”) at the Utah Department of Commerce as a Utility Analyst in the Energy  
4 Section. My business address is 160 East 300 South, Salt Lake City, Utah.

5 **Q: Are you testifying on behalf of the Division?**

6 A: Yes.

7 **Q: Please briefly describe your educational background and professional experience.**

8 A: I graduated from Brigham Young University with a Bachelor of Arts degree in  
9 International Relations with a Political Economy emphasis. Since joining the Division, I  
10 have testified before the Public Service Commission in 16-035-36 docket and have  
11 submitted comments in other dockets. I also have attended the NARUC Utility Rate  
12 School.

13 **Q: Have you previously filed testimony in this proceeding?**

14 A: No, I have not.

15 **Q: Please briefly describe the purpose of your testimony.**

16 A: The purpose of my rebuttal testimony is to express the Division’s support for the  
17 residential customer charge proposed by Utah Office of Consumer Services (“OCS”)  
18 witness Mr. Danny A.C. Martinez. In his direct testimony, Mr. Martinez disagrees with  
19 the Company’s proposed residential customer charge of \$15 and recommends a  
20 residential customer charge of \$8.50. After reviewing OCS’s proposal, the Division  
21 agrees with the analysis of revaluing the customer charge and supports the customer  
22 charge of \$8.50. However, the Division’s support for the OCS’s customer charge  
23 recommendation does not imply the Division suggests adopting the customer charge in

24 the current proceeding. The rates should not be adopted outside of a general rate case.  
25 Additionally, the Division is sponsoring a joint proposal with OCS, and the proposal does  
26 not include the customer charge Mr. Martinez outlined.

27 **Q: Does the Division have a guiding principle it follows on the issues regarding**  
28 **customer charges?**

29 A: Yes. As mentioned by both DPU witnesses Dr. Artie Powell and Mr. Stan Faryniarz in  
30 their direct testimonies, a customer charge should include the costs that are caused by  
31 every customer each month and generally increase with the number of customers.<sup>1</sup>

32 **Q: Please briefly explain the Commission's Method, which OCS witness Mr. Martinez**  
33 **uses to derive the residential customer charge of \$8.50. What is the Division's view**  
34 **of his approach?**

35 A: Mr. Martinez uses the Commission's Method, also known as the 1985 methodology, with  
36 some additional cost adjustments to calculate the residential customer charge. The  
37 Commission's Method includes the following components:<sup>2</sup>

- 38 • Customer Billing & Accounting Expense (acct. 903.2)
- 39 • Meter Reading (acct. 902.1)
- 40 • Meters - Depreciation Expense
- 41 • Meter Plant (acct. 370)
- 42 • Meters - Accumulated Depreciation
- 43 • Service Drop - Depreciation Expense
- 44 • Service Drop Plant (acct. 369)

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<sup>1</sup> See Commission Order in Docket 82-057-15, p. 27.

<sup>2</sup> See Direct Testimony of Danny A.C. Martinez in Docket 14-035-114, p. 4.

- 45                   • Service Drop - Accumulated Depreciation

46                   The Division supports OCS's approach of using the Commission's Method to calculate  
47                   the customer charge. The Division believes that the Commission's Method results in a  
48                   reasonable customer charge because it includes the cost components that generally  
49                   increase with the number of customers.

50                   To calculate the customer charge using the components listed above, Mr. Martinez  
51                   includes costs for "Distribution-Service" and "Distribution-Meter" from the "Unit Costs  
52                   –earned" tab in "A COS UT Dec 2015 NEM Breakout.xlsx." as the basis for his  
53                   calculation.<sup>3</sup> Because "Distribution-Service" and "Distribution-Meter" include FERC  
54                   accounts listed in the Commission's Method, the Division believes that this approach is  
55                   reasonable in this proceeding even though "Distribution-Service" and Distribution-  
56                   Meter" includes other service and meter related cost accounts besides the FERC accounts  
57                   listed in the Commission's Method.

58                   The Division recommends, in a future general rate case, the Commission adopt a  
59                   residential customer charge derived from an analysis considering only the individually  
60                   calculated costs of the FERC accounts listed in the Commission's Method. In this way, a  
61                   more precise and fair residential customer charge can be promoted and the re-calculated  
62                   customer charge may be lower or higher than OCS's proposed customer charge of \$8.50.

63                   **Q: Mr. Martinez recommends including some additional cost accounts in the customer**  
64                   **charge calculation. What is the Division's view on this recommendation?**

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<sup>3</sup> See Direct Testimony of Danny A.C. Martinez in Docket 14-035-114, lines 123-132.

65 A: Mr. Martinez includes the following additional accounts to derive the residential  
66 customer charge:<sup>4</sup>

- 67 • Meter Expense - Account 536
- 68 • Meter Maintenance - Account 597
- 69 • Customer Supervision - Account 901
- 70 • Customer Records, Customer Systems - Account 903.1
- 71 • Customer Records, Collections - Account 903.3
- 72 • Customer Accounting, Customer Requests - Account 903.5
- 73 • Customer Contact Expenses in Customer Accounting Common - Account 903.6

74 The Division supports the OCS's recommendation of adding these accounts to the  
75 customer charge calculation. Mr. Martinez explains the reason for his recommendation of  
76 adding these accounts is that "these accounts are customer-related and do not vary by size  
77 of the residential customer."<sup>5</sup> The Division believes that this is a reasonable justification  
78 for adding these accounts in the customer charge. However, in the next general rate case,  
79 the Division's support for this list may change upon closer examination of the individual  
80 components of the FERC accounts listed in the Commission's Method.

81 **Q: Mr. Martinez recommends removing some cost accounts in the customer charge**  
82 **calculation. What is the Division's view on this recommendation?**

83 A: Mr. Martinez makes an adjustment to remove the following:

- 84 • FERC Subaccount 903.0 – Mr. Martinez recommends removing 903.0 subaccount  
85 value because "it includes labor and expenses for billing, accounting, and

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<sup>4</sup> See Direct Testimony of Danny A.C. Martinez in Docket 14-035-114, p. 4.

<sup>5</sup> See Direct Testimony of Danny A.C. Martinez in Docket 14-035-114, lines 110-111.

86 collections for transmission service under PacifiCorp's OATT."<sup>6</sup> The Division  
87 supports this recommendation because transmission costs are not directly related  
88 to the costs of serving Utah residential customers, and the Company should not be  
89 able to include these costs in the customer charge.

- 90 • Directly assigned retail costs accounted for in the Company's proposed  
91 application fee – Because the Company intends to collect administrative costs  
92 through the proposed application fee, Mr. Martinez recommends removing the  
93 retail costs related to administration and customer service to avoid double  
94 counting revenues. The Division supports this recommendation.
- 95 • Transformers – In DPU witness Mr. Stan Faryniarz' direct testimony, he clearly  
96 expresses the Division's view of excluding transformer costs in the customer  
97 charge.<sup>7</sup> The Division stands by this recommendation and supports Mr. Martinez'  
98 recommendation to remove transformer costs in the residential customer charge.
- 99 • The Miscellaneous line item included in the Company's proposal – The Division  
100 supports the OCS's recommendation to remove the miscellaneous line item in the  
101 customer charge. Miscellaneous costs are not approved in the Commission's  
102 Method. These line item costs, which the Company included in its proposal, are  
103 not directly customer related costs and do not increase with the number of  
104 customers.

105 The Division supports the OCS's recommendation to remove these cost components in  
106 the residential customer charge. However, as previously mentioned, the Division's

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<sup>6</sup> See Direct Testimony of Danny A.C. Martinez in Docket 14-035-114, lines 154-155.

<sup>7</sup> See Direct Testimony of Stan Faryniarz in Docket 14-035-114, lines 707-714.

107 support for this list may change, in the next general rate case, upon closer examination of  
108 the individually calculated cost components of the FERC accounts listed in the  
109 Commission's Method.

110 **Q: Should the residential customer charge of \$8.50 be adopted outside of a general rate**  
111 **case?**

112 A: No. In Dr. Powell's direct testimony, he expresses that rates should be set in the next  
113 general rate case;<sup>8</sup> the Division stands by that recommendation. The Division  
114 recommends the Commission not grant the Company's request of adopting a rate at the  
115 end of this proceeding.

116 **Q: Besides OCS, are there other parties who specifically took issue with the Company's**  
117 **proposed residential customer charge? What is the Division's view on their**  
118 **positions?**

119 A: Besides OCS, Vivint Solar and Vote Solar specifically addressed the Company's  
120 proposed residential customer charge in their direct testimonies. Vote Solar witness Mr.  
121 Rick Gilliam disagrees with the Company's proposed customer charge by stating that the  
122 150% increase in the customer charge is "not justified and should be rejected under any  
123 circumstance."<sup>9</sup> Vivint Solar witness Mr. Thomas Plagemann states in his direct  
124 testimony that the Company is discriminating against residential solar customers by  
125 proposing a high monthly fixed charge of \$15.<sup>10</sup> The Division agrees that the Company's  
126 proposed customer charge is too high but does not agree with these parties' rationale for  
127 opposing the Company's proposed customer charge.

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<sup>8</sup> See Direct Testimony of William Powell in Docket No. 14-035-114, lines 82-83.

<sup>9</sup> See Direct Testimony of Rick Gilliam in Docket No. 14-035-114, line 85.

<sup>10</sup> See Direct Testimony of Thomas Plagemann in Docket No. 14-035-114, p. 4.

128 **Q:** **Does that conclude your rebuttal testimony?**

129 **A:** Yes it does.