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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<br><br>**ERRATA DIRECT TESTIMONY OF ROGER ARMSTRONG, SUMMIT COUNTY COUNCIL** |

**Q. Please state your name, business address and present position with Summit County.**

A. My name is Roger Armstrong. My business address is 60 N. Main Street, P.O. Box 128, Coalville, Utah 84017. I am a member of the Summit County Council. I have served in this capacity since January 2013.

6 **Q. What is the purpose of your testimony?**

7 A. The purpose of my testimony is to present the perspective of local government, and more
8 specifically, the residents of Summit County (the "County"), as it relates to the Rocky Mountain
9 Power Compliance Filing and Request to Complete All Analyses Required under the Net
10 Metering Statute for the Evaluation of the Net Metering Program, dated November 9, 2016 (the
11 "Compliance Filing").

12 **Q. Please summarize your testimony.**

13 A. Summit County is a local government in Utah serving the interests of a large number of
14 citizens who are customers of PacifiCorp ("Rocky Mountain Power"). The County has
15 established community-level renewable energy and pollution reduction goals that may be
16 impacted by the outcomes of this docket. More specifically, the County is a participant in the
17 Mountain Town Community Solar Program, which was approved and funded beginning in April
18 2016. The County is also a participant in the Community Renewable Energy study. The County
19 is responsible for protecting the public health and safety of its residents, which includes
20 facilitating access to clean air, dependable and affordable energy, clean water and a livable
21 environment. The County has determined that meaningful reductions in pollution and
22 greenhouse gas emissions will benefit all County residents, visitors, and businesses through
23 improved public health, additional economic opportunities, long-term energy price stability and a
24 stronger sense of community sustainability.

25 Further, the County is a net metering customer of Rocky Mountain Power who consumes
26 a large amount of electricity across many sites. The County has an interest in developing new
27 renewable energy systems through net metering arrangements in collaboration with other local

28 governments. The cost-benefit methods and values set through this docket have the potential to
29 impact the County's existing renewable energy systems and ability to develop new projects.

30 **Q. Please provide the prospective of Summit County with respect to the Compliance**
31 **Filing.**

32 A. In November 2016, Rocky Mountain Power proposed to the Public Service Commission
33 a new rate structure for rooftop solar beginning on December 9, 2016 (this proceeding is referred
34 to as the "Net Metering Docket"). The new rate structure would significantly reduce the cost
35 savings to rooftop solar customers of Rocky Mountain Power, potentially making the payback
36 period for the initial capital cost outlay of a rooftop solar system cost prohibitive. Rocky
37 Mountain Power asserts that the costs of rooftop solar exceed its benefits, and therefore, rooftop
38 solar should not continue to receive a subsidy from the state.

39 *Free Market Principles*

40 The problem with this approach is that it assumes an ideal free market system, where
41 Rocky Mountain Power and the solar industry would compete without subsidies. However,
42 Utah's electrical power market is not a free market. The government long ago intervened in the
43 free market and granted special privileges to certain private companies, like Rocky Mountain
44 Power. It is those special privileges (monopolistic powers, guaranteed profit, subsidies, and
45 government police powers such as eminent domain) that has allowed Rocky Mountain Power to
46 become the gatekeeper of the Utah electrical grid. As a result, true competition does not
47 naturally exist in the regulated electrical power industry. The Public Service Commission acts as
48 regulator over Rocky Mountain Power and ensures that rates remain reasonable for customers.

49 The Public Service Commission's role is a result of the lack of competition, which competition,
50 if it existed, would naturally drive down the cost of electrical power.

51 All parties can agree that having an electrical grid based upon diversified energy sources,
52 including traditional and renewable energy sources, is good public policy and improves the
53 health of our electrical grid. All parties can also agree that competition is a good thing – it brings
54 down the prices of goods and services to customers.

55 The disconnect here is that because of governmental intrusion into the market place,
56 which gave Rocky Mountain Power special privileges, those special privileges act as a barrier for
57 other companies entering the Utah electrical power market. No one can compete with Rocky
58 Mountain Power. The state provided to Rocky Mountain Power the capital (through guaranteed
59 rates) to build the electrical grid infrastructure. As the gatekeeper of the grid, Rocky Mountain
60 Power decides who will have access to it.

61 As a result, it took legislation to require Rocky Mountain Power to allow access to the
62 grid by the solar industry through the "Net Metering Program." In order to invite elements of
63 competition into the electrical power market, which is the intent of the Net Metering Program,
64 the Public Service Commission needs to remove barriers to entry into the market, not put up new
65 ones. Removing barriers can take many forms; for example, taking a more expansive view of
66 long term benefits provided by rooftop solar and enabling other viable renewable energy
67 sources. While the Office of Consumer Services ("OCS") opposes such an expansive view, in
68 part, because it may be at the expense of non-solar customers, such a perspective is short-
69 sighted. The long term result of competition will bring down the costs to all customers, which is
70 in the best interests of Summit County, its residents and the State of Utah.

71

72 *Cost-Benefit Analysis*

73 UCA §54-15-105.1 mandates that the Public Service Commission engage in a cost-
74 benefit analysis of the Net Metering Program. Such a cost-benefit analysis was not bounded by
75 self-imposed time periods, which restrict the benefits to the short term. Other utilities, such as
76 fiber optic cable and broadband services, have dealt with this circumstance by looking at the long
77 term benefits of encouraging competition, which has led directly to a net decrease in the cost of
78 these services to customers. That needs to remain the ultimate goal of the Public Service
79 Commission – reducing the costs of electrical power to the citizens of the State of Utah, while
80 maintaining the health of the electrical grid.

81 Without a more expansive view of benefits, the County is not optimistic for the solar
82 industry in Utah. We fear that Utah will succumb to the same fate as was experienced in Nevada
83 during 2015, where the same type of rate structure proposed by Rocky Mountain Power was
84 imposed throughout the State of Nevada, with a resultant decrease of 99% in rooftop solar
85 applications and an attendant decrease in solar industry jobs.

86 Rocky Mountain Power's cost-benefit analysis that it has presented to the Public Service
87 Commission fails to recognize the value that distributed generation provides within
88 neighborhoods and communities; more specifically, the excess generation of one net-metered
89 customer providing clean renewable power at no cost to neighboring households. This
90 distribution reduces transmission line losses, reduces the amount of electricity generation
91 required from Rocky Mountain Power and reduces emissions known to negatively impact human

92 health.[1] Providing renewable energy is a public good that should be encouraged rather than cost
93 burdened by those individuals or entities who have voluntarily incurred the cost of rooftop solar.
94 Rocky Mountain Power's proposed Schedule 136 and Schedule 5 provide for a 3-tier rate
95 design for new solar customers that will reduce the kWh credit back to customers from 10.5
96 cents/kWh to 7.1 cents/kWh and increase the cost of service to net metering customers by
97 effectively creating a new commercial rate. Estimates are that the implementation of Rocky
98 Mountain Power's proposed schedules will result in a reduction in net savings to solar residential
99 households of between $250 and $400 annually, thus increasing the payback period from thirteen
100 (13) years to thirty (30) years.[2] This circumstance effectively ends the Net Metering Program in
101 Utah. Such is a substantial detriment to the County and its sustainability programs and goals.
102 Such protectionist barriers insulate Rocky Mountain Power from fair competition and is
103 anathema to the free market.[3]

**Signature Page to Follow**

[1] See National Renewable Energy Laboratory, Methods for Analyzing the Benefits and Costs of Distributed Photovoltaic Generation to the U.S. Electric Utility System, Technical Report NREL/TP-6A20-62447 (September 2014).

[2] See Direct Testimony of Tim Woolf and Direct Testimony of Melissa Whited.

[3] The phase out of the Renewable Energy Systems Tax Credit, UCA Title 59, Chapter 10, Part 10, further impedes entry by the solar industry into the Utah electrical power market.

I declare, under penalty of perjury, that I am the below named person and that the foregoing information and facts as described in this document are true, complete and correct to the best of my knowledge, information and belief.

July 26, 2017
Date

Roger Armstrong

State of Utah )
) ss.
Summit County )

Subscribed and sworn to before me by Roger Armstrong on this 26th day of July, 2017.

Notary Public
CHRISTA S. HORTIN
Commission #692758
My Commission Expires
January 21, 2021
State of Utah

Notary Public in and for the State of Utah
Residing in Wanship, Utah
My commission expires: 1-21-21