

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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<b>In the Matter of Rocky Mountain</b>	)	<b>Docket No. 14-035-T02</b>
<b>Power's Proposed Electric</b>	)	<b>Direct Testimony of</b>
<b>Service Schedule No. 32,</b>	)	<b>Cheryl Murray</b>
<b>Service from Renewable</b>	)	<b>for the</b>
<b>Energy Facilities</b>	)	<b>Office of Consumer Services</b>

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September 9, 2014

1 **Q. WHAT IS YOUR NAME, TITLE, AND BUSINESS ADDRESS?**

2 A. My name is Cheryl Murray. I am a utility analyst for the Office of Consumer  
3 Services (Office). My business address is 160 East 300 South, Salt Lake  
4 City, Utah.

5 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

6 A. The purpose of my testimony is to provide the policy position of the Office  
7 regarding the proposed Electric Service Schedule 32, Service from  
8 Renewable Energy Facilities (Schedule 32).

9 **Q. PLEASE PROVIDE A BRIEF OVERVIEW OF SCHEDULE 32.**

10 A. Schedule 32 allows a Rocky Mountain Power (Company) customer to meet  
11 some or all of its electricity service requirements directly from renewable  
12 energy generated by a Renewable Energy Facility (REF) that is either  
13 owned by that customer or provided through a contractual agreement with  
14 a renewable energy producer. Electricity generated by the REF is  
15 transmitted to the customer over the Company's transmission and  
16 distribution facilities and generally the Company will provide the customer's  
17 supplemental and/or back-up power needs.

18

19 Schedule 32 identifies the conditions of service, pricing, as well as the  
20 contracting and interconnection procedures required for a customer to  
21 obtain electricity generated by a REF.

22 **Q. DOES SCHEDULE 32 SET THE PRICE CUSTOMERS PAY FOR**  
23 **ELECTRICITY GENERATED BY THE REF?**

24 A. It does not. The rate customers pay for electricity generated by the REF is  
25 to be negotiated between the customer and the REF. The Company is a  
26 party to that process insofar as they deliver the energy from the REF to the  
27 customer, collect the contracted rate from the customer and pay that  
28 contracted rate or amount to the REF. According to the Company, Federal  
29 Energy Regulatory Commission (FERC) regulations and rules governing its  
30 Open Access Transmission Tariff (OATT) require that the Company take  
31 intermediary ownership of the energy.

32 **Q. WHAT SERVICES ARE PROVIDED UNDER SCHEDULE 32?**

33 A. The Company lists five (5) categories of services to be provided under  
34 Schedule 32:<sup>1</sup>

- 35 1. Renewable Power and Energy
- 36 2. Metering and Billing Services
- 37 3. Delivery Service
- 38 4. Backup Service
- 39 5. Supplementary Service.

40 **Q. WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S PURPOSE IN**  
41 **DEVELOPING THE PROPOSED SCHEDULE 32?**

42 A. Based on Company testimony and discussions at two technical  
43 conferences, it appears that the Company has three main objectives in

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<sup>1</sup> Direct Testimony of David L. Taylor, page 6, lines 131 -- 135.

44 creating Schedule 32<sup>2</sup>: 1) provide a mechanism for implementing Senate  
45 Bill 12 requirements as codified in Utah Code; 2) recover all incremental  
46 costs from Schedule 32 participants thereby ensuring that other customer  
47 classes are not subsidizing Schedule 32 customers; and 3) structure the  
48 tariff such that participants pay roughly the equivalent amount they would  
49 pay for similar services on existing schedules.

50 **Q. PLEASE FURTHER EXPLAIN THESE ISSUES.**

51 A. The Schedule 32 tariff responds to Senate Bill 12 which was passed in the  
52 2012 Utah legislative session. Codified as Utah Code Title 54, Chapter 17,  
53 Part 8, “Renewable Energy Contracts”, a customer may receive electric  
54 service from a Renewable Energy Facility (or facilities) subject to the  
55 customer agreeing to pay the utility “for all incremental costs associated  
56 with metering facilities, communication facilities, and administration...” It is  
57 clear that the first two objectives I listed above are linked because the  
58 relevant statute requires that all incremental costs are to be paid by the  
59 customer taking service from a REF.

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61 The third objective, structuring the tariff such that participants pay roughly  
62 the equivalent amount they would pay for similar services on existing

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<sup>2</sup> An additional element of Schedule 32 is that it would apply to all customers taking service under the renewable statute eliminating the need to negotiate rates and terms of service for individual customers. (Direct testimony of David L. Taylor, page 3, lines 50 – 53.)

63 schedules, relates to delivery, backup and supplementary service that  
64 customers can currently receive under existing tariffs. It does not relate to  
65 the rates customers would have paid for energy purchased under their  
66 existing electric service schedules, when that service is replaced, entirely  
67 or in part, by energy purchased from the REF. As noted above energy from  
68 the REF is priced based on rates negotiated between the customer and the  
69 REF. The Company has stated that although it has tried to create a tariff  
70 that will be roughly equivalent to existing tariffs, individual customers will  
71 experience varied outcomes based on their specific load profiles.

72 **Q. WHAT IS THE OFFICE'S OPINION REGARDING THE COMPANY'S**  
73 **OBJECTIVES WITH SCHEDULE 32?**

74 A. The Office believes that it is appropriate for the Company to attempt to keep  
75 Schedule 32 customers from paying more for back-up and supplementary  
76 services. However, our primary concern is that no costs associated with  
77 Schedule 32 participation will be shifted to other customer classes; those  
78 costs should be borne entirely by the customers that cause them to be  
79 incurred.

80 **Q. TO WHICH TARIFF SCHEDULES (CUSTOMER CLASSES) IS**  
81 **SCHEDULE 32 APPLICABLE?**

82 A. Customers who qualify for Schedules 6, 8 or 9 that desire to receive all or  
83 part of their electricity from a REF in Utah are eligible for Schedule 32  
84 service. Schedules 6, 8 and 9 are applicable to large commercial and  
85 industrial customers. Statute 54-17-801(4) requires "The amount of

86 electricity provided to a contract customer under a renewable energy  
87 contract may not be less than 2.0 megawatts". Thus Schedule 32 is limited  
88 to customers using larger amounts of energy.<sup>3</sup>

89 **Q. GIVEN THAT CUSTOMERS REPRESENTED BY THE OFFICE ARE**  
90 **SMALL CUSTOMERS AND CANNOT TAKE SERVICE UNDER**  
91 **SCHEDULE 32, WHAT IS THE OFFICE'S INTEREST IN THIS DOCKET?**

92 A. Although customer schedules represented by the Office (Residential  
93 Schedules and Schedules 10 and 23) cannot participate in Schedule 32  
94 they can be affected if the tariff is not properly designed to collect all  
95 appropriate costs from Schedule 32 customers. As I stated above our goal  
96 is that no costs caused by Schedule 32 customers be shifted to other  
97 customer classes including those represented by the Office.

98 **Q. ON JULY 10, 2014, THE COMPANY FILED REVISED PROPOSED**  
99 **TARIFF SCHEDULE 32 AS AN EXHIBIT TO THE DIRECT TESTIMONY**  
100 **OF DAVID L. TAYLOR.<sup>4</sup> DOES THIS TARIFF MEET THE OFFICE'S**  
101 **GOAL OF NO COST SHIFTS TO OTHER CUSTOMERS?**

102 A. The Office cannot unequivocally state that no cost shifts will occur if  
103 Schedule 32 is approved as proposed. As noted above the Company  
104 asserts that it has attempted to ensure that Schedule 32 customers cover

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<sup>3</sup> Statute 54-17-801(3) provides an opportunity for a single contract customer to aggregate multiple delivery locations.

<sup>4</sup> The Company originally filed proposed Electric Service Schedule No. 32, Service from Renewable Energy Facilities on April 25, 2014.

105 their base costs and all incremental costs associated with Schedule 32  
106 participation.

107 **Q. HAVE OTHER PARTIES RAISED CONCERNS RELATED TO**  
108 **SCHEDULE 32?**

109 A. Yes. In the technical conferences and in additional meetings some parties  
110 (potential customers and renewable energy producers) have expressed  
111 concerns with the tariff as currently written. For example, there is some  
112 concern with the amount of the administrative fee that the Company has  
113 proposed, especially as it will relate to customers that aggregate to meet  
114 the size requirements of participation. The Company's proposal is that the  
115 fee needs to apply to each customer making up the aggregation, potentially  
116 multiplying the total monthly administrative fee substantially.

117 **Q. DOES THE OFFICE HAVE A POSITION REGARDING THE PROPOSED**  
118 **ADMINISTRATIVE FEE?**

119 A. We do not necessarily support the dollar amount assigned to the  
120 administrative fee; however, we do support the concept that costs incurred  
121 to administer participation in Schedule 32 must be fully recovered from  
122 Schedule 32 customers. It is our understanding that the Company's  
123 determination of the administrative fee amount was based on discussions  
124 with Company employees who have done similar work. The administrative  
125 fee is subject to change over time and may be decreased or increased as  
126 necessary.

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128 It is the Office's opinion that starting with the best estimate of the costs that  
129 will be incurred to perform necessary services is a reasonable approach;  
130 and, the Company is in the best position to provide that estimated cost. We  
131 recommend that any decrease in the administrative fee proposed by other  
132 parties should be accompanied by substantial evidence that all costs will be  
133 recovered.

134 **Q. DO YOU HAVE ANY ADDITIONAL COMMENTS REGARDING**  
135 **CONCERNS EXPRESSED IN THE AFORMENTIONED MEETINGS?**

136 A. Yes. The Office is concerned that some parties may be seeking lower costs  
137 rather than more accurate costs. While we understand this desire, lower  
138 costs for Schedule 32 customers must not come at the expense of other  
139 customers.

140 **Q. ARE THERE ADDITIONAL ISSUES REGARDING THE TARIFF THAT**  
141 **YOU WOULD LIKE TO ADDRESS?**

142 A. There is one additional issue that the Office recommends the Commission  
143 address – surcharges. Schedule 32 specifies that all monthly bills shall be  
144 adjusted in accordance with Schedule 193, DSM tariff rider. The Office  
145 supports this provision; however, other surcharges should also apply. The  
146 Office asserts that Schedule 32 should be revised to include provisions that  
147 the following surcharges will also be applied to Schedule 32 customers'  
148 monthly bills:

149 1) Schedule 91, Surcharge to Fund Low Income Residential Lifeline  
150 Program;



- 151 2) Schedule 94, Energy Balancing Account;  
152 3) Schedule 98, REC Revenue Adjustment; and  
153 4) Schedule 195, Solar Incentive Program Cost Adjustment.

154 The Office recommends that in order to avoid any future controversy over  
155 the issue of applicable surcharges the Commission should specify that  
156 these surcharges will be applied to Schedule 32.

157 **Q. DOES THE OFFICE SUPPORT THE COMPANY'S PROPOSED**  
158 **SCHEDULE 32?**

159 A. The Office has not identified any specific problems with Schedule 32 as  
160 proposed other than failure to identify all applicable surcharges; however,  
161 we recognize that other parties to this docket may identify problems in their  
162 direct testimony. We will review any evidence or proposals presented and  
163 give consideration to efficient or effective means of solving those problems  
164 so long as they do not create cost shifts to other customers.

165 **Q. DO YOU HAVE ANY FINAL COMMENTS?**

166 A. The Office's position is that the implementation of Schedule 32 must  
167 maintain ratepayer indifference for non-participants – there must be no  
168 shifting of costs from Schedule 32 customers to other customers.

169 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

170 A. Yes, it does.