

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of Rocky Mountain Power's)	Docket No. 14-035-T02
Proposed Electric Service Schedule No. 32,)	DPU Exhibit 1.0R
Service from Renewable Energy Facilities)	

Rebuttal Testimony of
Abdinasir M. Abdulle, Ph.D.
Division of Public Utilities

October 9, 2014

1 **Q. Are you the same Dr. Abdinasir Abdulle who filed direct testimony in this**
2 **proceeding?**

3 A. Yes.

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

5 A. In this testimony I will address some issues raised by Ms. Sarah Wright of Utah Clean
6 Energy, Mr. Kevin Higgins of Utah Association of Energy Users, and Mr. Ros Rocco
7 Vrba of Energy of Utah.

8 Silence on any issue should not be construed as agreement or disagreement on that issue
9 by the Division.

10 **Sarah Wright**

11 **Q. In her direct testimony (lines 128-133) Ms. Wright indicated that the Company's**
12 **proposed calculation of the power charge "assumes that the entire MW capacity of**
13 **contracted power is available in all hours to offset peak demand." Do you agree with**
14 **this assertion?**

15 A. No. Contrary to Ms. Wright's assertion, the Division understands that the calculation of
16 power charges is based on the 15 minute period of the consumer's greatest use of power,
17 regardless of the percent availability of the contracted power. Hence, the Division
18 believes that the Company performed the netting of the demand properly.

19 **Q. Ms. Wright asserts that Schedule 32 administrative cost is too high. Do you believe**
20 **the administrative fee is too high?**

21 A. Perhaps. Ms. Wright provided as an example the annual administrative cost of \$27,000
22 for a customer who aggregates five meters to attain the 2 MW. The Company provided
23 an estimate of its cost to hand prepare bills for these potential customers. The
24 Company's estimate, the one that Ms. Wright used in her example, is \$450 per meter, per
25 month. The Company's estimate assumes that it will take six hours to prepare each bill
26 each month at an hourly labor cost of \$75 ($6 \times 75 = 450$). While the Division accepts the
27 Company's characterization of the complexity of hand preparing bills for these potential
28 customers, intuitively, the Company's estimate appears excessive.

29 **Q. Would you explain why you think the Company's estimate appears excessive?**

30 A. The Company's estimate assumes that it will take approximately six hours to prepare
31 each bill regardless whether a customer is aggregating bills or taking delivery from a
32 single source. In other words, the Company's estimate assumes that there are neither
33 economies of scale nor gains in efficiency (after initial billings) both of which would
34 likely reduce the necessary time to prepare a bill.

35 For example, once an initial bill has been prepared for a customer, the Company should
36 have a template that could be used to speed the process in preparing future bills both for
37 that customer and for other customers that enter contracts.

38 The Division also notes that the Company's estimate lacks detail, making it difficult to
39 objectively determine whether the estimate is reasonable. Therefore, absent further
40 supporting evidence for the Company's estimate, the Division would support a more
41 modest initial administrative charge with discounts for additional meters, possibly with a
42 limit set on the total number of meters allowed under one administrative fee. For
43 example, an initial charge could be set for the first meter with additional but discounted
44 charges for each additional meter up to a total of 10 meters. If the customer has other
45 meters, those meters would fall under a different initial administrative fee and
46 aggregation of meters.

47 The Division recommends that the Commission direct the Company to provide a more
48 detailed itemization of its estimated costs for preparing bills prior to the implementation
49 of Schedule 32.

50 **Kevin Higgins**

51 **Q. In his direct testimony (lines 234-241), Mr. Higgins provided alternative**
52 **recommendations for the combination of customer charge and administrative fee.**
53 **Can you comment on these proposed alternative recommendations?**

54 A. Yes. Mr. Higgins believes that the combination of customer charge and administrative fee
55 proposed by the Company is too high. To mitigate this cost, Mr. Higgins proposed two
56 options: 1) use Schedule 31 customer charge and eliminate the administrative fee, and 2)
57 set the administrative fee at \$200 per month and set the customer charge at the
58 customer's applicable rate schedule.

59 As previously indicated, the Company's administrative fee appears to be excessive.

60 However, Mr. Higgins provides no empirical analysis for his proposals.

61 The Division notes that Mr. Higgins' proposals appear intended solely to reduce the
62 combination of the customer charge and administrative fee. Though the Division
63 recognizes that a reduction in this combined cost would encourage participation in the
64 new Schedule, the Division believes that the participating customer needs to pay the costs
65 it imposes on the system. Artificially reducing these costs would result in other
66 ratepayers subsidizing Schedule 32 customers.

67 Again, the Division recommends that the Company provide better support for its
68 administrative fee.

69 **Ros Rocco Vrba**

70 **Q. In his direct testimony, Mr. Vrba argued that the capacity contribution of the**
71 **renewable resource should be considered as an offset to the capacity cost. Would**
72 **you comment on this?**

73 A. Yes. This schedule is designed to implement SB12 which allows those customers who
74 desire to receive at least a portion of their electricity from a renewable resource to do so.
75 The statute indicates that the utility will enter into two separate contracts, one with the
76 customer and one with the producer, and that the "duration and pricing" of the two
77 contracts are to be the same. (UCA § 54-17-803(3)(b)) The statute also appears to allow
78 a capacity credit as an exclusion to the Company collecting "all metered electric service."

79 (UCA § 54-17-805(3)) However, it appears that Mr. Vrba is proposing an additional
80 capacity credit above the “electricity delivered from the renewable energy facility that
81 coincides with the contract customer’s monthly metered kilowatt demand measurement.”

82 (UCA § 54-17-805(3)(b)) Therefore, the Division does not agree with the idea of
83 incorporating Mr. Vrba’s capacity contribution into the calculation of prices in Schedule
84 32.

85 The prices in this schedule are not intended to be the same as those in Schedules 37 and
86 38 where appropriate recognition is given to a resource’s capacity contributions. If we
87 want to incorporate all the elements in the pricing system of Schedules 37 and 38 in the
88 pricing system of Schedule 32, then there would be no need for Schedule 32 because
89 these customers could arrange for service through either Schedule 37 or 38 depending on
90 their size.

91 **Messrs. Higgins and Vrba**

92 **Q. Are there additional issues associated with intervenor recommendations that you**
93 **would like to address?**

94 A. Yes. Messrs. Higgins and Vrba make recommendations that may not leave other
95 ratepayers neutral or indifferent because they suggest capacity, backup power, and other
96 credits and charges be calculated in ways that differ from Schedule 31 and other
97 customers’ schedules. For example, whereas allocations are determined by a single peak
98 hour in each of 12 months, Mr. Higgins proposes aggregating across multiple hours to
99 determine a capacity credit. In the Division’s opinion, their proposals would not leave

100 other customers neutral or indifferent. Mr. Higgins implies that the Company's proposals
101 would unfairly deprive Schedule 32 customers of capacity contributions that should be
102 their rightful due, implicitly ignoring the fact that in supplying backup (or, as Mr.
103 Higgins prefers, "shaping") power, the Company must maintain reserves to meet the
104 entire amount of the contractual maximum renewable generation. Other customers are not
105 neutral or indifferent with regard to these provisions of Mr. Higgins' proposals.

106 Furthermore, the Division understands SB 12 to be an enabling statute to allow certain
107 Rocky Mountain Power customers to obtain renewable energy from offsite, possible third
108 party-owned, generating sources. Contrary to what Mr. Vrba implies,¹ the Division does
109 not understand SB 12 to require revenue maximization to the generator or guarantee that
110 the acquisition of such offsite renewable generating sources is economically beneficial.

111 For these reasons the Division believes that these proposals are not just and reasonable or
112 in the public interest and should therefore be rejected by the Commission.

113 **Q. Is there a potential legal issue associated with their proposals as well?**

114 A. Yes. While I am not a lawyer, there could be an issue raised here regarding the meaning
115 and scope of UCA § 54-17-805 (3)(b), which appears to provide for a capacity payment,
116 but only insofar as it complies with a monthly demand charge that is consistent with rate
117 design and interstate and class allocation methods in effect for non-Schedule 32
118 customers. Specifically, only that production from the renewable resource that coincides

¹ See, for example, Direct Testimony of Ros Rocco Vrba, lines 103-105.

119 with the measured demand of the customer can be used as an offset to the customer's
120 demand charge. The Commission may want to have parties brief these issues.

121 **Q. Does this conclude your rebuttal testimony?**

122 A. Yes.