

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>Surrebuttal 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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December 2, 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  
3 Consumer Services (Office). My business address is 160 East 300 South,  
4 Salt Lake City, Utah.

5 **Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY IN THIS DOCKET?**

6 A. Yes, I provided direct testimony on September 9 and rebuttal testimony on  
7 October 9, 2014.

8 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

9 A. The purpose of my testimony is to respond to certain issues raised in the  
10 October 9, 2014, rebuttal testimony of parties to this docket. My  
11 surrebuttal responses will be provided in the context of the policy position  
12 of the Office regarding the proposed Electric Service Schedule 32, Service  
13 from Renewable Energy Facilities (Schedule 32).

14 **Q. WHAT ISSUES FROM PARTIES REBUTTAL TESTIMONY WILL YOU  
15 ADDRESS?**

16 A. In my surrebuttal testimony I will respond to the Company's revised  
17 proposal related to the administrative fee and customer charge. I will also  
18 address Mr. Vrba's and Ms. Wrights' rebuttal testimony regarding the  
19 Office's position on ratepayer indifference.

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24 *Administrative Fee and Customer Charge*

25 **Q. PLEASE SUMMARIZE THE OFFICE'S REBUTTAL POSITION ON THE**  
26 **COMPANY'S PROPOSED ADMINISTRATIVE FEE AND CUSTOMER**  
27 **CHARGE.**

28 A. In my rebuttal testimony I stated that "[a]lthough the Office is not  
29 convinced of the value of economies of scale, parties have made some  
30 compelling points regarding the combined burden of the administrative fee  
31 and customer charge and the level of each charge. The Office asserts  
32 that the Company should provide additional evidence of the need for both  
33 charges as well as the amount of the charges. The Company should also  
34 identify the cost components of the customer charge and administrative  
35 fee to ensure there is no duplication of charges for services."<sup>1</sup>

36 **Q. HAS THE COMPANY PROVIDED ADDITIONAL EVIDENCE**  
37 **REGARDING THESE ISSUES?**

38 A. Yes. In his rebuttal testimony Company witness David Taylor addresses  
39 the Administrative fee. He explains that the current customer billing  
40 system was not programmed to accommodate complex billing. He further  
41 states that the Company intends to review options for upgrading the  
42 customer service billing system in 2015. At that time the Company will  
43 determine if automating Schedule 32 billing is cost effective and if so, the  
44 Company will propose a revised administrative fee.

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<sup>1</sup> Murray, direct testimony, page 6 lines 113 – 120.

46           Significantly, Mr. Taylor also provides a description of the 16-step billing  
47           process and a high and low estimate of the time required for each step.  
48           Based on the lower time estimate he proposes a new, lower administrative  
49           fee. In addition, he recommends that Schedule 32 incorporate the same  
50           customer charge as the applicable full requirements schedule (Schedules  
51           6, 8 and 9).<sup>2</sup>

52   **Q.    WHAT IS THE OFFICE’S POSITION REGARDING THE COMPANY’S**  
53   **NEW PROPOSAL RELATED TO THE ADMINISTRATIVE FEE AND**  
54   **CUSTOMER CHARGE?**

55   A.    Until such time as a party can present credible evidence demonstrating  
56           that the new proposal is too high or should otherwise be adjusted, the  
57           Office supports the Company’s proposal to reduce the Administrative Fee  
58           to \$260 per month per delivery point and to use the applicable customer  
59           charge as approved for Schedules 6, 8 and 9.

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61   *Capacity Payment*

62   **Q.    PLEASE BRIEFLY EXPLAIN THE CAPACITY PAYMENT ISSUE.**

63   A.    The Office has expressed our concern that Schedule 32 participation  
64           should not result in costs shifted to other customer classes. In rebuttal,  
65           Mr. Vrba and Ms. Wright each state that in its concern with cost shifting,  
66           the Office fails to account for the capacity contribution provided by  
67           Schedule 32 participants.

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<sup>2</sup> Taylor, rebuttal testimony, page 6, lines 99 – 100.

68 **Q. WHAT IS THE OFFICE'S RESPONSE?**

69 A. As a matter of policy the Office's basic premise is to maintain ratepayer  
70 neutrality, but we acknowledge that establishing neutrality may be limited  
71 to some extent by what has been prescribed in statute.

72 **Q. IN WHAT AREAS DOES THE STATUTE REQUIRE SOMETHING THAT**  
73 **MAY NOT BE ENTIRELY CONDUCIVE TO RATEPAYER**  
74 **NEUTRALITY?**

75 A. First, to ensure ratepayer neutrality it would be necessary to require  
76 Schedule 32 participants to pay backup rates. However, it appears that  
77 the statute does not allow the Company to apply backup rate charges to  
78 those customers. Also, the Office agrees that there may be some level of  
79 capacity contribution provided by Schedule 32 participants that they are  
80 not compensated for, but as noted in my rebuttal testimony the statute is  
81 very prescriptive in this regard.

82 **Q. IS THERE A POTENTIAL SOLUTION TO THE CAPACITY PAYMENT**  
83 **ISSUE THAT WORKS WITHIN THE CURRENT STATUTE?**

84 A. The Office believes that a rate design change for Schedules 6, 8 and 9  
85 may provide at least a partial solution. However, to the extent that a rate  
86 design change is necessary or contemplated as a remedy to the capacity  
87 contribution issue, the Office asserts that a general rate case is the  
88 appropriate venue to evaluate the impacts of any proposed rate design  
89 change. For example, any change to the method of calculation of monthly

90 metered demand would have intra-class implications that would need to  
91 be analyzed by all interested parties and presented to the Commission.

92 **Q. DO YOU HAVE A RESPONSE TO THE POTENTIAL “SOLUTIONS” TO**  
93 **THE CAPACITY PAYMENT ISSUE PUT FORWARD BY OTHER**  
94 **PARTIES?**

95 A. Yes. To date, no party has presented any proposals that the Office  
96 supports. For example, UCE proposes to use avoided cost rates as  
97 determined in docket 12-035-100. Avoided cost rates were determined in  
98 that docket for a specific purpose: delivering Qualifying Facility (QF)  
99 output to a utility. If a facility would like to receive those avoided cost  
100 prices then it should pursue becoming a QF. Further, I also note that the  
101 counter-proposals put forward by some parties appear to over-  
102 compensate for the capacity value provided.

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104 *Legal Briefs*

105 **Q. DO YOU HAVE A RESPONSE TO THE DIVISION OF PUBLIC**  
106 **UTILITIES’ (DIVISION) TESTIMONY REGARDING SUBMISSION OF**  
107 **LEGAL BRIEFS IN THIS DOCKET?**

108 A. Yes. In his rebuttal testimony Division witness, Dr. Abdinasir Abdulle,  
109 indicated there is a potential legal issue associated with proposals to  
110 provide capacity payments. He expresses his view that under the statute  
111 only that production that coincides with the measured demand of the  
112 customer can be used as an offset to the customer’s demand charge. He

113 further states that the “Commission may want to have parties brief these  
114 issues”<sup>3</sup>.

115 **Q. DOES THE OFFICE SUPPORT THE DIVISION’S ASSESSMENT**  
116 **REGARDING LEGAL BRIEFS?**

117 A. Yes. The Office, in rebuttal testimony, expressed a similar position  
118 regarding the limitations for capacity payments as allowed under the  
119 statute. It is the Office’s view that to the extent the Commission wants to  
120 consider different capacity payment options, it should solicit legal briefs  
121 that address whether such payments are allowed under statute.

122 **Q. DOES THAT CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

123 A. Yes, it does.

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<sup>3</sup> Abdulle Rebuttal testimony pages 7 and 8.