

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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

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HEARING PROCEEDINGS  
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Taken at: Utah Public Service Commission
160 East 300 South, Fourth Floor
Salt Lake City, Utah 84145-0585

Date: Tuesday, December 9, 2014

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Reported by: Teena Green, CSR, RPR, CRR, CBC

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1 December 9, 2014 9:02 a.m.

2 P R O C E E D I N G S

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4 THE HEARING OFFICER: Good morning, ladies
5 and gentlemen. I'm Commissioner Clark, and seated to
6 my left is Chairman Ron Allen, seated to his left is
7 Commissioner Thad LeVar.

8 This is the time that we have noticed for
9 a hearing to examine advice letter No. 14-02 in Docket
10 14-035-T02 pertaining to proposed Schedule 32, service
11 from renewable energy facilities.

12 We propose first to have the parties,
13 Counsel, enter their appearances, introduce their
14 witnesses, and then to discuss any preliminary matters
15 that counsel desire to raise.

16 And let's begin with Rocky Mountain Power.

17 MS. HOGLE: Good morning. Yvonne Hogle on
18 behalf of Rocky Mountain Power. With me here today to
19 testify are Mr. Dave Taylor and Mr. Bruce Griswold on
20 behalf of the Company.

21 MS. SCHMID: Good morning.
22 Patricia E. Schmid with the Attorney General's Office
23 on behalf of the Division of Public Utilities. With
24 me, as the Division's witness today, is
25 Mr. Charles H. Peterson. Mr. Peterson will be

1 adopting, as is, the testimony prefiled by
2 Dr. Abdinasir Abdulle.

3 Thank you.

4 MR. OLSON: Rex Olson representing the
5 Office of Consumer Services, and Cheryl Murray will be
6 our witness.

7 MS. HAYES: Good morning. Sophie Hayes
8 with Utah Clean Energy, and here as Utah Clean
9 Energy's witness is Ms. Sarah Wright.

10 MR. DODGE: Good morning, Mr. Chairman,
11 Mr. Commissioner. Gary Dodge on behalf of -- I've
12 appeared in this docket on behalf of two clients, one
13 is the UAE Intervention Group, and Mr. Kevin Higgins
14 will testify on its behalf today. Separately, I've
15 intervened on behalf of Power Corp. And on behalf of
16 Power Corp, we filed direct testimony of Brent Giles.
17 He is not able to be here because of a back surgery
18 and has requested that his comments be accepted as
19 comments -- as public comments rather than as
20 testimony.

21 Thank you.

22 THE HEARING OFFICER: Thank you.

23 Any other appearances? Any preliminary
24 matters?

25 Oh, yes, please.

1 MS. RHOADES: I apologize. Good morning.
2 In addition, Meshach Rhoades on behalf of
3 Walmart, and here with me today is Mr. Steve Chriss.

4 THE HEARING OFFICER: Thank you very much.
5 Any others? Preliminary matters?

6 We have a motion that was filed by
7 Interwest and a response was filed.

8 Does anyone want to address that motion
9 briefly?

10 MR. OLSON: Your Honor, I'll address that
11 motion.

12 It's our contention that both the Office
13 and the Division, inasmuch as that testimony was
14 filed, but the witness is not here and available for
15 cross-examination, it should not be treated as
16 testimony but merely as comment. That was our
17 request.

18 THE HEARING OFFICER: Thank you for your
19 filing in that regard.

20 Is there any further comment on that
21 matter?

22 MS. SCHMID: The Division supports the
23 motion.

24 THE COURT: Thank you.

25 MS. HOGLE: Rocky Mountain Power would

1 also support the motion. Thank you.

2 THE HEARING OFFICER: Is there any
3 opposition?

4 The motion is granted and the statement or
5 testimony that was prefiled will be received as public
6 comment, as will the documents presented by the City
7 of Salt Lake.

8 Any other preliminary matters?

9 I have just one more and this may be
10 addressed in the summary of witnesses. We'd like you
11 to know that we're mindful of the recommendation of at
12 least a couple of the witnesses, that the Commission
13 consider requesting briefing regarding the meaning of
14 Section 54-17-8053B. And specifically, the term
15 "monthly metered kilowatt demand measurement," how
16 that might relate to the proposals before the
17 Commission.

18 And we'd like to hear the parties'
19 positions on that and we'd proposed to do that after
20 the first break, to give you a little opportunity to
21 discuss that, if you didn't anticipate addressing that
22 this morning.

23 And we'll allow about a 15-minute
24 timeframe for the break. That should happen somewhere
25 around 10:30 or so.

1 Is that acceptable? Any objections to
2 that process?

3 Okay. Well, if there's nothing else to
4 address before we begin to hear from witnesses,
5 Ms. Hogle.

6 MS. HOGLE: Good morning. The Company
7 calls Mr. Dave Taylor and I believe he needs to be
8 sworn.

9 THE HEARING OFFICER: Thank you.

10 Do you solemnly swear that the testimony
11 you are about to give shall be the truth, the whole
12 truth, and nothing but the truth?

13 THE WITNESS: Yes, I do.

14 DAVID L. TAYLOR,
15 called as a witness for and on behalf of the Company,
16 being previously duly sworn, was examined and
17 testified as follows:

18 THE HEARING OFFICER: Thank you very much,
19 Mr. Taylor. Please be seated.

20 DIRECT EXAMINATION

21 BY MS. HOGLE:

22 Q. Can you please state your name and your
23 position for the record.

24 A. My name is David L. Taylor. I'm the
25 manager of regulatory affairs for the State of Utah

1 for Rocky Mountain Power. My street address is 201
2 South Main Street, Suite 2300, Salt Lake City, Utah,
3 84111.

4 Q. And how long have you been employed with
5 Rocky Mountain Power?

6 A. I will have been there 35 years in about
7 two weeks.

8 Q. And in what would you say is your area of
9 expertise?

10 A. I've spent over 30 of those years in the
11 pricing of regulatory areas of the company. I think a
12 majority of that time has been focused on cost of
13 service and rate design issues. I prepared my first
14 cost of service study in 1982 and I believe I first
15 testified before this Commission on cost of service
16 and rate design in 1988. I will say it's been a while
17 since I've been in this seat.

18 Q. And in that capacity, did you prepare or
19 cause to be prepared direct rebuttal and surrebuttal
20 testimony and accompanying exhibits in this case?

21 A. I did.

22 Q. And do you have any changes to any of that
23 testimony?

24 A. I do not.

25 MS. HOGLE: I'd like to move for the

1 admission as evidence, Mr. Taylor's direct, rebuttal,
2 surrebuttal, accompanying exhibits in the record.

3 THE HEARING OFFICER: Any objections?

4 It's received.

5 (The Direct Testimony, Rebuttal Testimony,
6 and Surrebuttal Testimony of Mr. Taylor, and the
7 accompanying exhibits were received into evidence.)

8 MS. HOGLE: Thank you.

9 BY MS. HOGLE:

10 Q. Mr. Taylor, typically, I would ask you if
11 you would like to provide a summary for the Commission
12 and everybody present, but given the complexity of
13 this tariff, I'm going to break that up by asking
14 specific questions about the Company's proposed
15 Schedule 32.

16 Is that okay?

17 A. That's okay with me.

18 Q. Okay. First, can you provide some
19 background on how Schedule 32 came to be?

20 A. Certainly.

21 Schedule 32 was developed to implement
22 Senate Bill 12 that was passed by the Utah State
23 Legislature in 2012. Senate Bill 12 allows a customer
24 that desires to have a larger portion of his
25 electrical service provided for renewable energy

1 sources than is currently included in the Company's
2 resource portfolio. They can do that by contracting
3 to receive power and energy from a specific renewable
4 energy facility.

5 Customers already have had the opportunity
6 to put renewable energy generation behind the meter on
7 their own property, but most customers don't have
8 enough room or enough real estate on their business
9 site to do that. So what Senate Bill 12 does, is
10 provides them an opportunity to get renewable energy
11 from the renewable resources that's located at a
12 location different from where the customer takes
13 power.

14 I'll just say that I was personally
15 involved in the crafting of Senate Bill 12 from its
16 initial conceptual development through the drafting of
17 the language and its presentation before the
18 legislature.

19 Q. And what would you say guided the
20 development of SB 12?

21 A. I believe there were three overriding
22 principles that guided the development of Senate Bill
23 12. First, if a customer wants to be served by
24 renewable energy, they ought to be able to do that. I
25 think in the words of Senator Madsen, who is the

1 sponsor of the bill, if someone wants to buy organic
2 tomatoes, they ought to be able to buy organic
3 tomatoes. That was his analogy.

4 Second, with the customer receiving
5 renewable energy, ought to bare all of the costs
6 associated with acquiring and delivering that energy
7 to the customer.

8 And third, the customers who receive
9 renewable energy should pay the utility standard
10 tariff rate prices for the electric service that it
11 requires and receives from the utility beyond those
12 provided from the renewable energy facility.

13 Rocky Mountain Power made an advice
14 finding in April of this year that presented Schedule
15 32. It was designed to comply with Senate Bill 12 and
16 incorporate those overriding principles that I've just
17 described.

18 Q. And is there an important point that you
19 think should be kept in mind in reviewing proposed
20 Schedule 32?

21 A. Well, when Rocky Mountain Power prepared
22 Schedule 32, it was designed to treat the customer in
23 the renewable generation facility very much the same
24 way as if that generator were located behind that
25 customer's meter. Obviously, because it's located

1 somewhere different, delivery charges have to be taken
2 into account, but we tried to design the tariff so
3 that the impact on the customer is very much as if
4 that generator were behind the customer's meter.

5 Q. And what has transpired during the course
6 of this case?

7 A. Well, since we made that initial filing,
8 there have been several technical conferences held and
9 a number of discussions between the parties in the
10 case, there have been three rounds of testimony filed.
11 The Company has made a number of revisions to the
12 initial tariff in response to suggestions and
13 proposals and testimony made by the parties along the
14 way in this case.

15 And we did that in the cases where we felt
16 that those recommendations were reasonable, where they
17 were in compliance with the tariff, and whether in
18 compliance with the statute and whether we felt made
19 improvements over what was originally filed. The
20 Company also made a few modifications to the tariff
21 where some of the parties felt and argued that it was
22 not in full compliance with the Senate Bill 12
23 statute.

24 As I discuss the elements of the tariff,
25 I'll explain where these modifications were made and

1 the reasons that Rocky Mountain Power agreed to make
2 some of those changes.

3 Q. So how does proposed Schedule 32 work?

4 A. Well, before I go through the description
5 of the tariff itself, let me first say that I
6 acknowledge that the tariff is pretty complex. Many
7 customers have complained or at least commented on the
8 fact that it was quite complex. However, it's
9 necessary, in this case, to ensure that the tariff,
10 number one, complies with Senate Bill 12, and two,
11 that the customer pays appropriate costs for the
12 services that are being provided.

13 Because customers taking Schedule 32
14 service receive electricity from sources other than
15 Rocky Mountain Power, they may or they may not require
16 all of the Company's services during a given month or
17 on any given day. Therefore, it was necessary to
18 unbundle the current tariff rate that customers pay to
19 ensure that the customers are paying for those
20 individual services that they receive.

21 The customer, under Schedule 32, ought to
22 pay only for the services they receive from the
23 Company; but to avoid shifting cost to other
24 customers, they should pay for all of the services
25 they receive from the Company.

1 So let me now walk through the key
2 elements of the tariff and how it was intended to
3 work.

4 First, the customer, obviously, is going
5 to pay the cost of the renewable power and energy that
6 comes from the renewable energy facility. Those costs
7 are passed directly through to the customer. And to
8 accommodate this, Rocky Mountain Power purchased the
9 electricity from the renewable energy facility and
10 then we resell that same power to the customer at the
11 very same price that it's acquired from the renewable
12 energy facility.

13 Now, Rocky Mountain Power purchases and
14 resells electricity for two reasons. First, in Utah,
15 a third-party generator cannot sell directly to a
16 retail customer. So to accommodate that, we purchase
17 the power and resell it to the customer, but even as
18 the tariff allowed, as the statute allows, the
19 customer can own that renewable facility themselves.
20 But even if the customer owns that facility, it's
21 necessary for Rocky Mountain Power to take ownership
22 of that electricity in order to qualify for network
23 transmission service that's then used to deliver the
24 power to the customer.

25 Now, this is one part of the tariff I

1 don't think there's any disagreement among the
2 parties: Everyone agrees that the customers ought to
3 pay the full cost coming from that renewable energy
4 facility.

5 Now, the tariff has a customer charge and
6 an administrative fee. The customer charge, as in the
7 current proposal before the Commission, is the same as
8 a customer would pay in the otherwise applicable
9 general service schedule. That would be Schedule 6, 8
10 or 9, depending upon the size or voltage level of the
11 customer.

12 The Company originally had proposed a
13 higher customer charge, one that was derived or linked
14 to the customer charges in the current partial
15 requirements schedule, Schedule 32. But after
16 reviewing some of the comments from the parties, we
17 agreed that perhaps that would -- perhaps was an
18 overcharge there, particularly since we had the
19 administrative fee as well. And so we agreed, in our
20 rebuttal testimony and currently before the
21 Commission, to move those customer charges to the same
22 as the otherwise applicable service tariff.

23 Now, there's an administrative fee along
24 with the customer charge. And that's to really cover
25 the cost of manual data collection and billing.

1 Again, it's a complicated tariff. The current billing
2 system is not designed to deal with this type of
3 service on a fully-automated basis, so each of these
4 billings would have to be done by hand.

5 Our original estimates came to an
6 administrative fee of \$450 for every delivery point.
7 There was quite a bit of push back on that and
8 probably understandably so. Some parties felt that we
9 hadn't supported or justified that -- clearly not
10 explained the reasons for it enough. And so we went
11 and asked our billing team to go back and refocus and
12 resharpen their pencils and look at what -- the
13 minimum cost they really could do it for.

14 They came back with a 16-step process that
15 they felt was necessary to do a manual billing, all
16 the way from collecting the data from the generator
17 all the way through reviewing and issuing the bill to
18 the customer. That 16-step process came to about
19 three and a half hours; and at \$75 an hour, that came
20 to \$260. And that's what we propose in our rebuttal
21 testimony.

22 The DPU, UAE, and Utah Clean Energy have
23 suggested that some of those 16 steps in that process
24 really relate more to the collection of data from the
25 generation facility and they would not be repeated if

1 a single customer had more than one delivery point.
2 You would only have to collect that data from the
3 generation source once. And so they suggested that an
4 administrative fee should be lower cost for customers
5 that had more than one delivery point. They
6 recommended that that fee should be \$150 for each
7 additional delivery point, suggested that \$110 of that
8 fee would be related to collecting data from the
9 generator.

10 We reviewed that position and felt that,
11 actually, there was some merit to that. We went back
12 again to our billing team and asked them if the
13 suggestions made by the Division and others made
14 sense, and they said, "Yeah, that's probably right."

15 And so what we've suggested or what I'm
16 suggesting now is we actually take that \$260 and split
17 it into two pieces, \$110 for the generator and then
18 \$150 for each delivery point. What that means is that
19 in the case where there's one generator and one
20 customer, they would pay \$260, the 110 plus the 150.
21 If a customer had multiple delivery points, it would
22 be \$150 for each additional delivery point.

23 However, the tariff and the statute also
24 allow that there can be more than one generation
25 source serving a single customer or group of

1 customers. And so we would propose that when there
2 are more than one generation source, that there be
3 \$110 fee for each additional generation source.

4 So if a customer had two generation
5 sources, they'd pay \$110 twice to collect data from
6 two generation sources, then \$150 for manually
7 calculating the bill for each delivery point. Again,
8 just separated into those two functions, one cost for
9 the generator, a separate cost for each delivery
10 point.

11 The tariff has a delivery charge -- and
12 this is one area where it's different, that most
13 customers with their own generation -- this generation
14 is located at someplace different from where the
15 customer uses the power. And so all of the energy
16 that the customer uses has to come across the
17 Company's transmission and distribution system.

18 Now, when the renewable energy facility is
19 generating enough electricity to meet the customer's
20 usage requirements, Rocky Mountain Power delivers that
21 electricity from the renewable facility to the
22 customer.

23 At other times, when the renewable energy
24 facility is either not generating at all or generating
25 less than the customer's requirements, Rocky Mountain

1 Power then delivers electricity to the customer from
2 our own generation resources.

3 Now, to avoid charging the customer twice
4 for using the same transmission and distribution
5 system, the tariff has proposed a single delivery
6 charge regardless of whether the generation is coming
7 from the renewable energy facility or from other
8 customer generation resources. And that's another
9 reason why it was necessary to make these facilities
10 qualify for network transmission service, so you can
11 deliver from multiple sites to get to the customer.

12 Now, to calculate the rate for the
13 delivery charge, it's necessary to separate the demand
14 component into the current general service tariff
15 between the delivery component and a generation
16 component. So the delivery charge, as we propose it,
17 is based on the transmission and distribution
18 components from the functionalized cost of service
19 study that we've presented in the last general rate
20 case, which was the basis to set the current rates
21 that we have in Utah to date.

22 With delivery cost removed, then, the
23 remaining portion of the combined facilities charge
24 and power charge in the general service tariff becomes
25 the generation capacity-related component. And I'll

1 talk about that in just a minute in my summary.

2 Now, there's a minor difference between
3 how the Company calculated that delivery charge and
4 that proposed by UAE witness Kevin Higgins. He
5 proposes a similar but slightly different approach for
6 separating the delivery component from the generation
7 component out at the general service rate. And as I
8 said in my rebuttal testimony, while the two
9 approaches produce slightly different rates, either
10 approach is reasonable. However, I don't agree with
11 Mr. Higgins's representation that, under my approach,
12 the Schedule 32 customers would pay a different
13 effective rate for delivery service than they do under
14 the general service, than the general service
15 counterparts.

16 Since the current rate in the general
17 service tariff is not unbundled, there isn't an
18 identifiable delivery component and so we have to
19 separate that out. So I'm not quite sure why he says
20 they would be paying different than the general
21 service tariff, that that's not broken out currently,
22 but, again, either approach, either the way we did it
23 or the way UAE proposed doing it, is reasonable and I
24 think they're both conceptually sound.

25 The tariff also has a daily power charge

1 that covers the cost of the Company providing
2 generation capacity during periods when the renewable
3 energy facility is either not generating or generating
4 at less than its full capacity. The daily power
5 charge includes the remaining generation and related
6 costs included in the applicable general service
7 tariff.

8 Now, I take those remaining costs and
9 they're divided by the average number of onpeak days
10 in the month to arrive at a rate which was billed
11 during onpeak hours each day. There's also a small
12 adjustment to that to account for the difference
13 between a customer's average daily peak and the single
14 monthly peak, but the main goal here is taking that
15 charge which generally is billed monthly and
16 separating it into a daily charge. And, again, for a
17 general service customer, they would pay that on the
18 highest 15 minutes of their greatest use any time in
19 the whole month.

20 When customers provide a sum of their own
21 energy requirements from their own generation
22 resources, such as we have here in this tariff
23 Schedule 32 or happens under our partial requirements
24 tariff Schedule 31, again, we break that down to a
25 daily rate.

1 And moving to daily charges acknowledges
2 that these customers, number one, they're not
3 full-requirements customers. And, second, it provides
4 the customers with an opportunity to avoid
5 demand-related generation cost on days that service is
6 not required from Rocky Mountain Power.

7 When the renewable energy facility is able
8 to meet the customer's peak load requirements during
9 the onpeak hours of the day, the customer won't pay
10 that charge for that day, but on days when the
11 renewable energy facility is not able to meet the
12 customer's peak load requirement, the customer will
13 pay that daily charge for service that day.

14 The daily power charge is designed in such
15 a way that if a customer requires the Company to
16 provide the full-capacity requirement every day during
17 the month, that that customer would pay essentially
18 the same in the combination of the delivery charge and
19 the daily power charge as that customer would have
20 paid for the demand component under the general
21 service tariff.

22 Q. So what is the major point of contention
23 regarding the Company's proposed Schedule 32,
24 Mr. Taylor?

25 A. Before I answer that, I see I left out a

1 couple of points I need to make. I apologize for
2 that.

3 Finally, all energy consumed by the
4 customer beyond that which is provided from the
5 renewable energy facility is billed under our
6 applicable general service kilowatt hour rates. And
7 any supplemental power and energy, that's power and
8 energy requirements beyond the contractual capacity of
9 that renewable energy facility, is also billed at
10 otherwise applicable general service tariff rates.

11 Now, do you want to ask your question
12 again?

13 Q. So what is the major point of
14 disagreement, would you say, among the parties as far
15 as the Company's Schedule 32 tariff?

16 A. Several parties argue that under the
17 proposed structure of Schedule 32, particularly the
18 15-minute demand measurement in the daily power charge
19 that we just discussed, that participating customers
20 will receive very little, if any, credit against their
21 bills for the capacity provided from the renewable
22 energy facility. That's not necessarily true. It
23 really depends on the energy source of the renewable
24 energy facility.

25 Just case in point, if a customer is

1 receiving power from a geothermal plant or a waste
2 heat from natural gas compression, as several
3 customers have suggested they may do, that generation
4 facility very well may fully offset the customer's
5 billing event and they wouldn't pay those daily
6 charges.

7 On the other hand, if the generation is
8 solar or wind, while those facilities may indeed
9 provide generation during some of that onpeak period,
10 it's unlikely that the solar and wind will provide a
11 significant reduction to the customer's billing demand
12 because of the daily generation profile and the
13 intermittent nature of those generation resources.

14 Now, the impact of solar or wind
15 generation on the customer's billing demand is the
16 same under Schedule 32 as it would be if that
17 generator were located on the customer's premises
18 behind their meter. And if we change how we bill
19 demand for Schedule 32 customers, those customers, I
20 believe, would receive a preferential treatment not
21 available to other customers that have a similar
22 generation source behind their meter. And, again,
23 treating those customers similarly was one of our
24 objectives when we developed Schedule 32.

25 Now, Senate Bill 12 is very clear that

1 customers using this service are to be billed for all
2 delivered service of the Company's applicable tariff
3 rates, with adjustments for kilowatts and kilowatt
4 hours delivered from the renewable energy facility.
5 The statute even specifically states the contract
6 customer's monthly metered kilowatt demand
7 measurement.

8 Under Company tariffs, billing demands are
9 calculated using the 15-minute period of greatest use.
10 Therefore, the minimal impact of solar or wind
11 generation on the customer's billing demand is really
12 a function of, first, the daily generation profile and
13 intermittent nature of those generation resources and,
14 second, how the demand component and tariff rates are
15 billed.

16 So the fact that solar and wind may
17 produce very little, if any, offset to the customer's
18 billing demands is really not a function of how
19 Schedule 32 is structured, but it's a function, again,
20 of the intermittent nature of those resources and how
21 billing demand, in general, is dealt with.

22 Now, if parties want to change the basic
23 structure of Rocky Mountain Power's rates, they're
24 certainly free to make those arguments in a general
25 rate case and have those addressed before the

1 Commission. But if we're to restructure the concept
2 of billing them only for Schedule 32 and allow them to
3 avoid what I believe are legitimate costs, we very
4 likely would be shifting costs to other customers.
5 And I'm not sure that that's what the intent of the
6 tariff is.

7 Q. So what is your response to some of the
8 other approaches regarding the power charge?

9 A. Well, let me specifically address the
10 recommendation made by UAE witness Kevin Higgins.

11 While Mr. Higgins considers a daily power
12 charge at useful constructs, he proposes to make the
13 charge even more granular by converting it into what
14 he calls an hourly onpeak shaping charge. I don't
15 agree with that approach, for a couple of reasons.

16 First, at that level of granularity, the
17 proposed hourly onpeak shaping charge ceases, in my
18 opinion, to be a demand-related charge and simply
19 becomes additional energy or kilowatt hour charge. I
20 think that option, too, consists with how other rates
21 are designed, including rates for customers that have
22 generation behind the meter. I don't think that's
23 good rate design. I also don't think it's supported
24 by the language of Senate Bill 12, the statute which,
25 as I pointed out earlier, points to the contract

1 customer's monthly meeting kilowatt hour demand
2 measure.

3 Q. Do you have any final comments,
4 Mr. Taylor?

5 A. I would encourage the Commission to
6 approve Schedule 32, as it's currently proposed by
7 Rocky Mountain Power.

8 And that concludes my summary. Thank you.

9 MS HOGLE: The witness is available for
10 questions.

11 THE HEARING OFFICER: Thank you.

12 Ms. Schmid?

13 CROSS EXAMINATION

14 BY MS. SCHMID:

15 Q. Thank you. Good morning, Mr. Taylor.

16 A. Good morning.

17 Q. In your summary, you put forth a new
18 method proposed for calculating the administrative fee
19 for Schedule 32. You divided the administrative fee
20 into two parts, a generation part and a delivery part;
21 is that right?

22 A. Yeah. The part for collecting data from
23 the generator and the part for creating the bill for
24 the customer, yes.

25 Q. Do you recall the testimony of the

1 Division's witness, Dr. Abdinasir Abdulle, where he
2 talked about economies of scale?

3 A. Yes.

4 Q. Do you recall that Dr. Abdulle's
5 testimony, and as mentioned in Mr. Peterson's
6 testimony, set a ten-meter cap for an economy of scale
7 benefit?

8 A. I remember that, yes.

9 Q. Does the Company propose any sort of cap,
10 either on the number of meters that will qualify for
11 the split fee or the generation sources or is it
12 unlimited?

13 A. I think it would be unlimited. However, I
14 think that getting beyond ten, either generators or
15 customer delivery points is probably unlikely.

16 Q. You also talked about the 15 minutes of
17 greatest use concept. Do you recall that?

18 A. Yes.

19 Q. Do Schedules 8 and 9 incorporate that
20 15 minutes of greatest use concept into their rate
21 design?

22 A. They do.

23 Q. Thank you.

24 MS. SCHMID: Those are all my questions.

25 THE HEARING OFFICER: Mr. Olson?

1 MR. OLSON: We have no questions.

2 MS. HAYES: No questions. Thank you.

3 THE HEARING OFFICER: Mr. Dodge?

4 CROSS EXAMINATION

5 BY MR. DODGE:

6 Q. Morning, Mr. Taylor.

7 A. Morning.

8 Q. A couple of quick questions.

9 You criticize Mr. Higgins's daily demand
10 charge -- excuse me, hourly demand charge proposal
11 partly on the grounds that you read the statute to
12 require a monthly measurement and yet the Company's is
13 a daily measurement; correct?

14 A. That's correct.

15 Q. So you've already walked away from the
16 notion that it has to be based just on a one-time
17 monthly measure demand to a 22 or 20, however many
18 onpeak days there are measured, event; correct?

19 A. That's correct. And we did that so we
20 would treat them consistently to customers that had
21 generation behind the meter, because that's how that's
22 billed.

23 Q. Let's talk about that.

24 So under Schedule 31, it is not required
25 that there be a one monthly measured amount; right?

1 Schedule 31 already incorporates a daily?

2 A. That's correct.

3 Q. And so there's nothing in the law, that
4 you're aware of, is there, or in the statutes or
5 anything that says that you can't define measured
6 demand in any way the Commission approves?

7 MS. HOGLE: Objection, calls for a
8 legal --

9 BY MR. DODGE:

10 Q. Let's take away the legal part. Let's
11 leave out, for right now, Senate Bill 12.

12 Are you aware of anything in the
13 Commission orders or tariffs or anywhere else that
14 says you have to use a one-time monthly measurement
15 versus a daily or other measurement?

16 A. No, but I do believe that going to hourly
17 eliminates the concept of demand all together. And
18 regardless of whether it's allowable under the
19 statute, I still wouldn't support it.

20 Q. And I understand you wouldn't, but your
21 hourly -- I mean your daily, again, is a diversion
22 from a one-time monthly?

23 A. Yes. I agree with that.

24 Q. And it isn't actually an energy charge,
25 it's an onpeak energy charge. It's only charged over

1 eight onpeak hours during the summer, correct, under
2 Mr. Higgins's proposal?

3 A. That's correct. And our current schedules
4 for large customers have different energy charges for
5 on- and off-peak periods, so this would be an
6 additional energy charge during the onpeak period.

7 Q. Right. And onpeak energy charge, which is
8 different than a 24/7 energy charge?

9 A. That's correct, as is currently
10 incorporated into Schedules 8 and 9 today.

11 Q. And then you say you're trying to remain
12 similar to Schedule 31.

13 How many behind-the-meter solar farms are
14 you aware of in the State of Utah?

15 A. Well, we have a number of customers that
16 have behind-the-meter solar.

17 Q. On their rooftops?

18 A. Well, they have it on their property. I
19 don't know where they're physically located, but we
20 have customers that have behind-the-meter solar.

21 Q. And don't you agree, though, that Senate
22 Bill 12 and Schedule 32 is aimed at a different
23 process than behind the meter. Your normal
24 behind-the-meter generator is a cogen or emergency
25 backup generator, or something like that, not a

1 renewable facility like a wind farm or a solar farm.

2 Don't you agree with that?

3 A. Well, you've asked two or three questions
4 there, so can I try to pick them out one at a time?

5 Q. Please.

6 A. Yes, Schedule 32 is different from
7 Schedule 31 in that the generation source is located
8 somewhere else, but we do have customers on the
9 partial requirements schedule, Schedule 31, that have
10 behind-the-meter renewable generation.

11 Q. Can you give us an example of one and the
12 size of it.

13 I mean I'm aware of one of my customers
14 with a very, very small -- but I'm trying to
15 understand, are you trying to create a similarity
16 requirement that doesn't really exist or is there a
17 lot of renewable energy behind the meters out there
18 that you're aware of?

19 A. Well, the one that comes quickest to my
20 mind is Tooele Army Depot that has quite a bit of
21 renewable generation on the facility.

22 Q. And what do they have?

23 A. I know they have solar and they have a
24 couple of other renewable sources there.

25 Q. And what size?

1 A. I don't know the size right off the top of
2 my head, but it's several megawatts.

3 Q. You talk about shifting cost to other
4 customers. You acknowledge, though, do you not, that
5 if there's value in the onpeak hours when a solar, for
6 example, or wind facility is generating -- and under
7 your proposal, unless they offset the entire daily
8 onpeak demand, they will get no benefit for that
9 onpeak energy; right?

10 A. They will get no reduction to their demand
11 billing for that day, that's correct.

12 Q. Right.

13 So is that not shifting costs the other
14 way, if there's value?

15 If you assume that there's value in onpeak
16 generation, even if it misses one 15-minute increment
17 in the eight-hour period, do you agree that there's a
18 value there that's not being compensated for, credited
19 under your proposal for Schedule 32?

20 A. To the same extent that a customer who has
21 a peak in their demand for one hour or one day during
22 the month may pay maybe a bigger charge than a fully
23 cost allocated charge would have for them, but again,
24 that's consistent with how rates are billed. So there
25 may be situations where there is some onpeak benefit

1 being provided from the customers that's not fully
2 compensated under the tariff, that's correct, but I
3 believe that going to Mr. Higgins's proposal would go
4 the other direction.

5 Q. And if it's the case that this may not
6 adequately compensate someone for their onpeak
7 generation, perhaps the answer to keeping Schedules 31
8 and 32 similar is to change 31 and not to make 32 have
9 the same deficit.

10 Would you not agree with that?

11 A. Well, you can certainly argue to change
12 any tariff schedule that would come before the
13 Commission. I'll just say that we just barely
14 established rates for under Schedule 31 by
15 stipulation, which I think your client was a
16 signatory.

17 Q. And I think you -- well, a client, not
18 probably UAE, I believe it was US Magnesium that was a
19 signatory, but my point is there's no need to keep
20 them similar if it means they're both
21 undercompensating the customer for onpeak generation.

22 Wouldn't you agree with that?

23 A. Again, if UAE wants to come and make
24 recommendations to change how we have our current rate
25 structures, they're welcome to do that.

1 Q. I'm not talking about general rate
2 structures. I'm talking about one that's being set
3 today in this hearing for Schedule 32.

4 Shouldn't that be the best rate,
5 regardless of whether there's another schedule that
6 arguably ought to be changed in the future?

7 A. I think consistency is important.

8 Q. Thank you.

9 MR. DODGE: No further questions.

10 MS. RHOADES: I just have a few questions.

11 THE HEARING OFFICER: Ms. Rhoades?

12 MS. RHOADES: Thank you.

13 CROSS EXAMINATION

14 BY MS. RHOADES:

15 Q. Do you agree that when the Company
16 developed Schedule 32 it focused on the two megawatt
17 minimum size requirement when it calculated the rates
18 using cost of service and current rates for Schedules
19 8 and 9 for service over one megawatt?

20 A. Well, I'm not quite sure I fully
21 understand your question. If you're asking me when we
22 first presented the tariff, did we only look at
23 customers over one megawatt in size, the answer to
24 that is, yes, but we rectified that in our rebuttal
25 case.

1 Q. Can you talk a little bit about that
2 proposal?

3 A. Yeah.

4 It was suggested that as we laid out the
5 prices for delivery and for daily demand charges, that
6 they were based off of rate Schedules 8 and 9, for
7 charges designed strictly for customers larger than
8 one megawatt.

9 And the statute allows and the tariff does
10 allow for one customer entity to aggregate multiple
11 delivery points even though those individual delivery
12 points are smaller than two megawatts to meet that
13 two-megawatt threshold to qualify for the tariff. And
14 some of those may be smaller than one megawatt in
15 size.

16 And I acknowledge that that's correct and
17 it was an oversight on our part when we originally
18 developed the tariff. That's why we, in our rebuttal,
19 modified the tariff to have charges for customers
20 smaller than one megawatt. And those are derived from
21 the general service Schedule 6, which is for
22 distribution voltage customers under one megawatt.

23 MS. RHOADES: No further questions.

24 THE HEARING OFFICER: I'm sorry,
25 Ms. Rhoades?

1 MS. RHOADES: No further questions.

2 THE HEARING OFFICER: Thank you very much.

3 Redirect?

4 MS. HOGLE: The Company has no redirect.

5 THE HEARING OFFICER: Thank you.

6 Questions from the Commission?

7 CROSS EXAMINATION

8 BY MR. ALLEN:

9 Q. Mr. Taylor, I'm curious, Ms. Murray
10 proposed that Schedule 32, in her testimony, should
11 include all surcharge adjustments, such as Schedule
12 91, the low income; 94, the EBA, the REC, the solar
13 schedules; but I believe you just addressed 193, which
14 is the DSM schedule.

15 Can you explain the Company's position on
16 what those schedules would look like?

17 A. We agree with Ms. Murray, that -- and it
18 is our intent that customers taking service under
19 Schedule 32 would be subject to all those surcharges
20 and credits that are applied to other bills. We
21 actually need to fix all of our tariffs, in that
22 regard, to make the language more clear, and we would
23 fix Schedule 32 accordingly.

24 MR. ALLEN: Great. Thanks for clarifying
25 that.

1 THE HEARING OFFICER: Good morning,
2 Mr. Taylor.

3 THE WITNESS: Good morning.

4 THE HEARING OFFICER: Taking you back to
5 the question of consistency between Schedules 31 and
6 32, do you have anything more to say on that subject
7 to us?

8 And I mean by that, are we talking about
9 consistency for consistency sake or are there reasons
10 deeper than that, that a schedule that was adopted by
11 stipulation or was presented through a stipulation to
12 the Commission and Schedule 32 need to be consistent?

13 THE WITNESS: Well, first of all, I do
14 think it is important to treat customers that have
15 their own generation sources consistently, whether
16 it's behind the meter or located somewhere else. But
17 I also think the way we propose to structure the
18 tariff is designed, again, to give those customers an
19 opportunity to avoid demand charges, if they can
20 generate across the peak demand period on any given
21 day, rather than charging them for a whole month, if
22 they just did it one time.

23 So consistency is important, but I also
24 think the way we've structured the tariff is
25 appropriate for these type of customers.

1 THE HEARING OFFICER: Changing subjects,
2 I'm going to ask you about a detail that you may or
3 may not be conversant with this morning, but as we
4 looked at your development of the customer charge
5 piece, it seemed to us that for Schedules 6 and 8, or
6 with respect to those schedules, you drew on the most
7 recent rate case, but with respect to Schedule 9, you
8 drew on the 11035200 rate case to incorporate the
9 customer charge.

10 Are you aware of that distinction and the
11 sources?

12 THE WITNESS: If I did, that was an
13 oversight. They should be equal to the current 6, 8
14 and 9 tariff rates. If they're not, that was a
15 mistaken oversight on my part.

16 THE HEARING OFFICER: Thank you.
17 Any further questions?

18 MS. HOGLE: No further questions from the
19 Company. Thank you.

20 THE HEARING OFFICER: Okay. Mr. Taylor,
21 you're excused. Thank you very much.

22 We'll be off the record for a moment.

23 (A recess was taken.)

24 THE HEARING OFFICER: On the record.

25 MS. SCHMID: Thank you.

1 The Division would like to call, as its
2 witness, Mr. Charles H. Peterson.

3 Could Mr. Peterson please be sworn?

4 THE HEARING OFFICER: Do you solemnly
5 swear that the testimony you are about to give shall
6 be the truth, the whole truth, and nothing but the
7 truth?

8 THE WITNESS: Yes.

9 THE HEARING OFFICER: Please be seated.

10 THE WITNESS: One moment. I forgot my
11 water glass.

12 MS. HOGLE: Your Honor, excuse me. We
13 have one more witness and I was wondering about the
14 order of the witnesses. I apologize.

15 THE HEARING OFFICER: What's counsel's
16 preference?

17 And if you'd like to present your witness
18 now and there's no objection to that, we can ask
19 Mr. Peterson to wait for a few moments or minutes.

20 MS. HOGLE: We would, Your Honor. Thank
21 you.

22 The Company calls Mr. Bruce Griswold.

23 THE HEARING OFFICER: We'll remember
24 you've been sworn.

25 Mr. Griswold, I apologize for leaping over

1 you in that way.

2 THE WITNESS: No worries.

3 THE HEARING OFFICER: Do you solemnly
4 swear that the testimony you are about to give shall
5 be the truth, the whole truth, and nothing but the
6 truth?

7 THE WITNESS: I do.

8 BRUCE GRISWOLD,
9 called as a witness for and on behalf of the Company,
10 being previously duly sworn, was examined and
11 testified as follows:

12 THE HEARING OFFICER: Please be seated.

13 DIRECT EXAMINATION

14 BY MS. HOGLE:

15 Q. Good morning, Mr. Griswold.

16 A. Good morning.

17 Q. Could you please state your name and your
18 position with the Company for the record.

19 A. Sure.

20 My name is Bruce Griswold, spelling
21 G-R-I-S-W-O-L-D. I'm with PacifiCorp, director of
22 short-term origination and QF contracts. My address
23 is 825 Northeast Multnomah, Portland, Oregon, 97232.

24 Q. And in that capacity, did you prepare or
25 cause to be prepared rebuttal and accompanying

1 exhibits for this case?

2 A. Yes, I did.

3 Q. And do you have any changes to your
4 testimony?

5 A. I do not.

6 Q. And so if I were to ask you the questions
7 today that were in your rebuttal testimony, your
8 answers would be the same?

9 A. That's correct.

10 MS. HOGLE: The Company moves for the
11 admission of the rebuttal testimony and accompanying
12 exhibits of Mr. Bruce Griswold as evidence.

13 THE HEARING OFFICER: Any objection?
14 They're received.

15 (Rebuttal Testimony and accompanying
16 exhibits of Mr. Bruce Griswold were received into
17 evidence.)

18 BY MS. HOGLE:

19 Q. Mr. Griswold, do you have a summary that
20 you would like to give today?

21 A. Yes, I do.

22 Q. Please proceed.

23 A. So in my rebuttal testimony, I addressed
24 two issues. One was kind of the contract and
25 confidentiality issues that were raised in the direct

1 testimony of Mr. Burba, Energy of Utah, and Mr. Duncan
2 of Ormat, Nevada. I also introduced two form example
3 contracts that the Company would expect to use in
4 support of Schedule 32. One is an electric service
5 agreement for renewable energy and the second is a
6 form of a qualifying facility power purchase
7 agreement, which would be used for purchase of any
8 nonfirm renewable energy generated by the renewable
9 energy facility in excess of the customer's load.

10 So I'd like to break this down into the
11 two pieces. One is the -- first, the confidentiality.
12 The Company views that the proprietary business
13 information between the renewable energy facility and
14 the customer is their information and is not meant to
15 be made public, nor would we use that information for
16 any benefit in the marketplace.

17 However, we believe that identifying,
18 classifying what terms should be considered
19 confidential is necessary to maintain the
20 confidentiality of the business deal while also
21 allowing the Company to pass through the appropriate
22 costs that can be used to accurately invoice the
23 customer for receipt and delivery of the renewable
24 energy from the renewable energy facility.

25 One of the items that Mr. Burba brought up

1 was the price. And what the Company has proposed is
2 to use a proxy price, one, for example, a dollar a
3 megawatt hour. That could be provided by the energy
4 facility and the customer for the renewable energy, as
5 long as the remaining fees and charges in Schedule 32
6 are not impacted, thus alleviating the confidentiality
7 concerns on price.

8 There are also other options that could be
9 included around some of the terms between the
10 renewable energy facility and the customer. You know,
11 we could include some reps and warrants in the
12 electric service agreement for renewable energy and
13 the QF agreement, QF power purchase agreement.

14 I'd also like to speak to the contracts
15 themselves. I introduced and I described two form
16 contracts the Company would use. The form electric
17 service agreement and the form QFPPA were not intended
18 to provide anything but be a sample of the types of
19 contracts that would be used under any proposed
20 transaction on Schedule 32. These are separate and
21 distinct from the contract that would be between
22 generating the renewable energy facility and the
23 customer itself.

24 The first form, the energy service
25 agreement for renewable, is an example of what the

1 contract would be between the Company, the renewable
2 energy facility, and the customer. It provides an
3 example of what the terms and conditions look like,
4 which are defined in Schedule 32.

5 This agreement is modeled after the
6 electric service agreement, the partial service
7 requirement agreement under Schedule 31 where a
8 customer uses on-site generation to meet its load and
9 needs with backup and supplemental service provided
10 and an occasional sale of the utility when the
11 generation exceeds load.

12 However, there is one significant
13 difference. In this case, for the electric service
14 agreement for renewable, the generation is located off
15 site. That requires that there be some additional
16 delivery and hourly true-up aspects to meet Schedule
17 32. This template agreement would allow for limited
18 modification of the terms and conditions by the
19 parties to meet the specific transaction arrangements
20 that have been set out between the generation,
21 renewable generation, the customer, and the Company,
22 but still be in compliance with Schedule 32, the
23 Company's electric service regulations, and all other
24 applicable rules and regulations.

25 The second form agreement is the form QF

1 power purchase agreement. It's an addendum to the
2 electric service agreement for purchasing renewable
3 energy that's generated in excess of the customer's
4 load. This form agreement is modeled after the Utah's
5 QF power purchase agreement that's used for compliance
6 with Schedule 37 and 38.

7 This form agreement is the best
8 alternative for purchasing the excess generation from
9 the renewable energy facility. The transaction is a
10 purchase of energy to offset energy that the Company
11 would have otherwise purchased in the market. And it
12 also meets FERK requirements for the use of network
13 transmission to acquire that energy from that
14 renewable generator and move it to the Company's load
15 and it also sets the price of energy at the avoided
16 cost.

17 The agreement is consistent with the power
18 purchase agreements used to purchase excess energy
19 from QFs and is in compliance with PURPA and state QF
20 rules and regulations.

21 That concludes my summary.

22 MS. HOGLE: Mr. Griswold is available for
23 cross examination or for questions from the bench.

24 Thank you.

25 THE HEARING OFFICER: Thank you.

1 Ms. Schmid?

2 MS. SCHMID: No questions.

3 MR. OLSON: No questions.

4 MS. HAYES: No questions. Thank you.

5 THE HEARING OFFICER: Mr. Dodge?

6 CROSS EXAMINATION

7 BY MR. DODGE:

8 Q. Good morning, Mr. Griswold. A few
9 questions.

10 You've indicated that the contracts
11 attached to your testimony are forms and that some
12 limited modifications will be allowed. I assume
13 you're not asking the Commission to approve these
14 forms, per se, they're more for illustrative purposes;
15 is that correct?

16 A. That's correct.

17 Q. You discussed the proxy price approach or
18 alternative approaches to maintaining confidentiality.
19 I understand your testimony to mean the Company is
20 willing to do that upon the customer's request?

21 A. That's correct, yes.

22 Q. While recognizing that the contracts
23 aren't being approved, per se, and that you'll be
24 willing to negotiate on the limited-basis
25 modifications, there are a few things that I did want

1 to ask you about in your form contracts to make sure
2 that there's no, I guess, disagreements -- well, that
3 there are no misunderstandings, I guess, between you
4 and at least me.

5 And the first would be, on the first page,
6 if you'll turn to the form ESA, Electric Service
7 Agreement, you indicate, on the cover of that, that
8 it's a three-way agreement. And although in the
9 opening paragraph you only reference the customer, I
10 assume you will add in the renewable energy project
11 owner as a third party.

12 Is that the intent?

13 A. Yes.

14 Q. A couple of quick questions in that
15 agreement, then.

16 For example, on page 4 of 19 of the form
17 energy contract, under the definition of "generation
18 interconnection agreement," you reference, "Large
19 generator interconnection agreement." I suspect most
20 of these may well be small.

21 Do you intend to use either of the FERK
22 small SGIA, or small generator interconnect agreement,
23 or a form attached to the Utah rule for under 20
24 megawatts if it's a small facility?

25 A. We would use, I guess, the most

1 appropriate interconnection agreement that would be
2 put from place between the renewable energy facility
3 and the PacifiCorp transmission; in this case, the
4 transmission provider.

5 Q. Well, are you aware that Utah has a
6 specific Commission rule dealing with interconnections
7 of up to 20 megawatts?

8 A. I am aware, yes.

9 Q. And this is not intended to suggest under
10 20 megawatts connections would be under anything but
11 that rule. In other words, it would fall under the
12 Commission rule if it's a smaller than 20-megawatt
13 connection, would it not?

14 A. Yes. You know, really, the
15 interconnection component of this would be between the
16 project itself, the generating project itself, and
17 PacifiCorp Trans. It's really referenced in here as a
18 necessary element that needs to be -- you know,
19 documented that's in place.

20 Q. And I guess part of the reason I'm asking
21 is that there is -- of course, throughout these
22 agreements, a lot of -- you know, they're not us, you
23 know, PacTran is very different, you can't touch them,
24 you know, don't blame us for them, et cetera, which I
25 understand, but that's at a FERK level; right? And

1 below a FERK level -- actually, this Commission may
2 have jurisdiction based on its rule of
3 interconnections.

4 Even if it's PacTran doing it, you
5 acknowledge, do you not, that it could fall under this
6 Commission's jurisdiction if it's small enough?

7 MS. HOGLE: Objection, legal question.

8 Only answer if you know the answer.

9 MR. DODGE: I'm just asking his
10 understanding, obviously. I'm not asking him to rule
11 on it.

12 THE WITNESS: Well, my understanding
13 would --

14 THE HEARING OFFICER: Pardon me,
15 Mr. Griswold. This is formality, but please answer
16 the question within your own understanding and not in
17 terms of a legal assessment.

18 THE WITNESS: Very good.

19 My understanding is -- you know, there is
20 the separation between FERK and the state relative to
21 various rules on interconnection. However, I work in
22 the merchant side of the business and I don't have
23 enough detail to provide probably a strong answer to
24 that.

25 BY MR. DODGE:

1 Q. Fair enough. Thank you.

2 If you'll turn to page 5 of 19, under your
3 definition of "net output," it talks in terms of all
4 of the energy and capacity produced by the renewable
5 energy facility.

6 You accept, do you not, that there could
7 be a circumstance where the renewable facility will
8 sell a certain number of megawatts to one customer and
9 choose not to sell the rest, the entire output to
10 either that customer or other customers might choose
11 to sell it on the open market or might choose to sell
12 it as a QF?

13 MS. HOGLE: Objection, beyond the scope.

14 MR. DODGE: Well, I don't think it's
15 beyond the scope, because it defines "net output" as
16 all energy and capacity. And later, I'll get into it,
17 it says that the customer has to sell all energy and
18 capacity. And I'm trying to confirm that that is not
19 your intent, to force the renewable energy facility to
20 sell all of it to one customer or even to a group of
21 customers under Schedule 32.

22 THE HEARING OFFICER: Mr. Griswold, do you
23 understand the question?

24 THE WITNESS: I do.

25 THE HEARING OFFICER: Do you have an

1 opinion or perspective?

2 THE WITNESS: Sure.

3 So just from the definition of "net
4 output," net output, from a generating perspective, is
5 really meant to be the energy in excess of the -- kind
6 of the station service requirements of -- in the
7 qualifying facility world of supplying their own needs
8 while even just operating. And under that definition
9 of qualifying facility, in PURPA, the net output
10 simply means that the QF has the opportunity to sell
11 it to the utility and the utility has the obligation
12 to buy it.

13 In trying to adapt this to Schedule 32,
14 recognizing you may have, you know, a single generator
15 selling to multiple points of delivery or multiple
16 generators selling to multiple points of delivery, you
17 know, we try to incorporate a definition that at least
18 got to the basic point of that the energy being sold
19 would be sold, the net energy would be sold on an
20 excess basis to the utility. If you step back to the
21 point about this being an example contract, it was
22 meant to show, in the simplest manner, a single
23 generator and a single receiver with the excess going
24 to the utility.

25 As I mentioned, it's -- and Mr. Dodge

1 pointed out that it was a contract that's negotiable,
2 it's meant to be adaptable to limited scales to
3 whatever the project and the customer are doing. And
4 so from that extent, I do accept what Mr. Dodge has
5 said. However, it's going to vary from project to
6 project.

7 BY MR. DODGE:

8 Q. Thank you.

9 If you'll look briefly at Section 2.1, in
10 the middle of that section, it has the phrase that
11 begins -- or the sentence that begins, "In the event
12 that the Commission order approving this agreement
13 requires any change," et cetera.

14 Is it the Company's intent to have each of
15 these Schedule 32 contracts approved by the
16 Commission?

17 A. That is my understanding.

18 Q. And then turning to the Addendum A, which
19 is the QF power purchase agreement, the form, again,
20 in the same way, it's a form not here for Commission
21 approval, per se; correct?

22 A. Correct.

23 Q. Do you know whether there's an intent to
24 have a power purchase agreement of this type submitted
25 to the Commission for approval?

1 In other words, if a renewable facility
2 signs one of these to sell its excess power, will that
3 come before the Commission for approval as well?

4 A. Yes. In this case, it's an addendum to
5 the electric service agreement. In other words, the
6 expectation is very similar to a partial requirements
7 customer that has generation behind the meter. It
8 also has, too, electric service agreement and it also
9 has an excess generation, a qualifying facility
10 agreement. And so both of these would go before the
11 Commission for approval.

12 Q. Thank you.

13 And you reference, in that agreement, the
14 intent is to have pricing consistent with either
15 Schedule 37 or 38.

16 Do I understand it to be your intent that,
17 based on the specific circumstance of the QF, you will
18 either adopt the then current Schedule 37 prices or
19 use the Schedule 38 model to determine prices?

20 A. That's correct. It's based on the size of
21 the project, the generating facility.

22 MR. DODGE: Thank you. No further
23 questions.

24 THE HEARING OFFICER: Ms. Rhoades?

25 MS. RHOADES: We don't have any questions,

1 Your Honor. Thank you.

2 THE HEARING OFFICER: Redirect.

3 MS. HOGLE: No redirect from the Company.

4 Thank you.

5 THE HEARING OFFICER: Thank you.

6 Questions from the Commission?

7 Thank you, Mr. Griswold. You're excused.

8 THE WITNESS: Thank you.

9 THE HEARING OFFICER: I do have a question
10 for Mr. Taylor, however.

11 THE WITNESS: Can I answer from here?

12 THE HEARING OFFICER: Please do.

13 I apologize, I missed something -- and,
14 again, this is a detail that -- if you'd look at
15 page 14 of your rebuttal, I'm referring you to table 2
16 on that page.

17 THE WITNESS: Okay.

18 THE HEARING OFFICER: Toward the bottom of
19 that table, there's a reference to backup energy
20 charges and then incorporating, by reference, Schedule
21 6, 8 and 9.

22 THE WITNESS: The term "backup" should
23 probably not be there, if that's your question.

24 THE HEARING OFFICER: Well, my question
25 was -- okay, because what I was looking for in

1 Schedule 32 was backup energy charges. And if you
2 could help me locate that or perhaps you're telling me
3 that would be a futile exercise.

4 THE WITNESS: Yeah. Energy charges, the
5 tariff just refers back to the general -- applicable
6 general service tariff. This is a little sloppy work,
7 on my part, carried over from earlier tables when we
8 had a backup concept in the tariff.

9 Also, to clarify your question on the
10 customer charges you asked earlier, I believe that the
11 prices are correct. It was just one of the references
12 to them had the old tariff number on it, but I think
13 the pricing there is the current schedule behind the
14 customer charge.

15 THE HEARING OFFICER: In dollars, is that
16 255 or 247 or --

17 THE WITNESS: The current price is 247 and
18 then step 2 will go to 259.

19 THE HEARING OFFICER: Two fifty --

20 THE WITNESS: Nine.

21 THE HEARING OFFICER: Okay. Thank you.
22 Anything further, Ms. Hogle?

23 MS. HOGLE: Nothing further.

24 THE HEARING OFFICER: Ms. Schmid?

25 MS. SCHMID: Now would be the proper time

1 for the Division to call its witness,
2 Mr. Charles H. Peterson. And we will note, if we can,
3 for the record, that Mr. Peterson was previously sworn
4 in my premature calling of him. And my apologies to
5 Mr. Griswold.

6 THE HEARING OFFICER: Please be seated,
7 Mr. Peterson.

8 CHARLES E. PETERSON,
9 called as a witness for and on behalf of the Division,
10 being first duly sworn, was examined and testified as
11 follows:

12 DIRECT EXAMINATION

13 BY MS. SCHMID:

14 Q. Good morning. Could you please state your
15 full name, employer, business address, and position
16 for the record.

17 A. Yes. My name is Charles E. Peterson. I
18 have to correct my attorney, my employer is the
19 Division of Public Utilities. The address is here in
20 the Heber Wells Building on the fourth floor, and my
21 current job title is technical consultant.

22 Q. We note that the Division's witness who
23 submitted direct and rebuttal testimony was
24 Dr. Abdinasir Abdulle and we noted that you have
25 submitted surrebuttal testimony on behalf of the

1 Division.

2 Could you please explain?

3 A. Yes.

4 Two or three weeks ago, Dr. Abdulle rather
5 abruptly left the Division to take care of some family
6 matters that were going to require potentially a
7 lengthy period of time to resolve.

8 Q. Did you --

9 A. Excuse me.

10 Q. Go ahead.

11 A. I think I was basically finished.

12 I was then asked to step in for the
13 Division in this matter.

14 Q. Did you participate, on behalf of the
15 Division, in the preparation of Dr. Abdulle's direct
16 and rebuttal testimony?

17 A. Yes. I was a backup to him and assisted
18 him in preparing his testimony previously.

19 Q. Today, do you adopt Dr. Abdulle's direct
20 and rebuttal testimony as your own?

21 A. Yes.

22 Q. With regard to your surrebuttal testimony,
23 did you prepare that in connection with your
24 participation for the Division in this docket?

25 A. Yes.

1 Q. Do you have any corrections to make to
2 that surrebuttal testimony?

3 A. Two corrections for clarification.

4 Line 86, although, perhaps this is now
5 somewhat moot, but I inconsistently stated ten meters
6 and it should be nine meters.

7 And for clarification, on line 118, I
8 refer to our Utah-called annotated chapter 5417801 and
9 it should be clarified that I meant all of part 8 and
10 not just that particular Section 801.

11 MS. SCHMID: With that explanation and
12 those corrections, the Division would like to move for
13 the admission of the direct testimony of Dr. Abdulle,
14 DPU Exhibit No. 1.0; the rebuttal testimony of
15 Dr. Abdulle, DPU Exhibit No. 1.0R; and the surrebuttal
16 testimony of Mr. Charles E. Peterson, Division Exhibit
17 No. 1.0SR.

18 THE HEARING OFFICER: Any objections?
19 They're received in evidence.

20 (Direct Testimony of Dr. Abdulle, DPU
21 Exhibit No. 1.0; the Rebuttal Testimony of
22 Dr. Abdulle, DPU Exhibit No. 1.0R; and the Surrebuttal
23 Testimony of Mr. Charles E. Peterson, Division Exhibit
24 No. 1.0SR, were received into evidence.)

25 BY MS. SCHMID:

1 Q. Mr. Peterson, do you have a summary to
2 present today?

3 A. Yes, I do.

4 Q. Please proceed.

5 A. Good morning, Commissioners.

6 The Division generally supports the tariff
7 provisions proposed by Rocky Mountain Power in the
8 rebuttal and surrebuttal testimony of Mr. Taylor. And
9 also, at this point, we are prepared to agree with and
10 accept the change to administrative fee that
11 Mr. Taylor testified to a few moments ago.

12 The fee is described by Mr. Taylor, in his
13 latest proposal, as consistent with what I proposed in
14 my surrebuttal testimony and, in fact, expands beyond
15 what I had originally proposed. And I regret that he
16 did this, because it took away a lot of flame and fury
17 that I was prepared to deliver this morning.

18 In the Division's view, the Company's
19 proposal for Schedule 32 is consistent with other
20 existing tariffs and appears to be based on the views
21 Mr. Taylor described earlier that is consistent with
22 the view that customers who -- instead of having
23 renewable energy within their own property behind the
24 meter, as it's usually described, are instead able to
25 remove that generation to remote locations without

1 requiring the remote generation facility to become a
2 public utility. This generation provided to the
3 customer may be owned by that customer or may be a
4 third party.

5 The Division supports this conception of
6 Schedule 32 and its underlined legislation. The
7 capacity issue of maximizing capacity payments has
8 been raised by some developers and their supporters.
9 The Division believes this could largely be solved by
10 simply having the developer build the facility as a
11 qualifying facility under PURPA.

12 Moving on, the major issues that the
13 Division still sees remaining has to do with the
14 testimony of Mr. Kevin Higgins, representing the UAE
15 Intervention Group, and he has offered an alternative
16 to Schedule 32 that the Company has provided.

17 The Division understands that there are
18 two primary differences between the Company's
19 proposal, as set forth in Mr. Taylor's rebuttal
20 testimony and Mr. Higgins's proposal. The first is
21 that Mr. Higgins relies primarily on the terms and
22 numbers set forth in the stipulation in the most
23 recent general rate case, Docket No. 13-035-184.

24 Mr. Taylor, from whom you've just heard,
25 relies upon the Company's cost of service study in

1 that same docket, but then makes an across-the-board
2 adjustment of approximately 2 percent to adjust it to
3 a -- or to make an adjustment for the stipulation
4 settlement.

5 Two, Mr. Higgins proposes to have hourly
6 shaping charges to cover the costs that might be
7 incurred by a customer when its remote generating
8 facility fails, for whatever reason, to provide enough
9 power for its needs. Mr. Taylor proposes to provide
10 the daily power charges in a fashion the Division
11 believes is consistent with the existing Schedule 31.

12 The Company argues and the Division agrees
13 that to accept Mr. Higgins's proposal of his shaping
14 charges effectively eliminates the concept of demand
15 charge. And Mr. Higgins, in his own testimony in
16 surrebuttal, seems to agree with that characterization
17 when he says, by quote, "By making the charge more
18 granular, it indeed converges with an onpeak energy
19 charge, as Mr. Taylor contends," end quote.

20 As to the issue of which data source to
21 use as a basis for Schedule 32 rates, the Division is,
22 more or less, neutral. Neither the stipulation data
23 nor the cost of service study is said to be the one
24 and only one right data source, because absent a new
25 and preferably Commission-approved cost of service

1 study, both sets of data do not reflect the actual
2 current cost faced by the Company.

3 And furthermore, these rates will
4 necessarily be updated in the next general rate case.
5 However, the Division does accept, as I said a moment
6 ago, that the Company's -- accept the Company's
7 position that to effectively make demand charges
8 hourly at best creates a new definition of demand
9 charge and at worst, makes Schedule 32 inconsistent
10 with existing tariffs and definitions, which, in turn,
11 would likely eliminate the neutrality of other
12 ratepayers, the neutrality to the Schedule 32
13 customers.

14 Through the Company's cost-of-service
15 model, allocations and rate designs are interrelated.
16 What Mr. Higgins is proposing and what others support
17 is a fundamental change to the definition of demand
18 but only for Schedule 32 customers. It is blatantly
19 unfair to manipulate that definition to the benefit of
20 one group of customers without considering the effects
21 on all customers and the Company through a general or
22 broad cost of service study and docket.

23 If the Commission, however, believes an
24 hourly demand-like charge is appropriate and then the
25 Division recommends that the Commission should explore

1 doing that across all rate schedules that include
2 demand charges -- and we, the Division, don't believe
3 that this can be done in this docket, but perhaps more
4 importantly the Division has been advised and believes
5 that such a charge, as Mr. Higgins is proposing, may
6 be contrary to the specific statute, which has been
7 referenced earlier as 54-17-8053B.

8 And as I understood this morning, the
9 Commission is going to hear discussion later today on
10 that particular issue. And the Division was one of
11 the parties recommending legal briefing on that.

12 The rest of my opening comments was my
13 before-mentioned flame and fury about the
14 administrative fee. The Division accepts the
15 Company's current proposal and, which, of course, will
16 subsequently be reviewed in the next general rate
17 case.

18 The Division believes that it is important
19 for the Commission to approve a schedule to make
20 operational part A 5417. And once there is actual
21 experience with Schedule 32, customers or the Company
22 can bring forward changes to that schedule for the
23 Commission's consideration.

24 And just to reiterate what's already been
25 expressed in other ways, as with all other service,

1 electric service schedules, the first implementation
2 of the schedule does not have to stand for all time.
3 The Division recommends that the Company -- or excuse
4 me, the Commission approve the tariff sheets as filed
5 with Mr. Taylor's rebuttal testimony and accepted as
6 he has modified today.

7 Thank you.

8 MS. SCHMID: Mr. Charles Peterson is now
9 available for cross-examination questions and
10 questions from the Commission.

11 THE HEARING OFFICER: Thank you.

12 We're contemplating a recess of -- let's
13 have some estimates of cross-examination for
14 Mr. Peterson.

15 MS. HOGLE: The Company has none.

16 MR. OLSON: We have none, Your Honor.

17 MS. RHOADES: No questions.

18 MR. DODGE: Just a couple of minutes.

19 MS. RHOADES: None, Your Honor.

20 THE HEARING OFFICER: The floor is yours,
21 Mr. Dodge.

22 CROSS EXAMINATION

23 BY MR. DODGE:

24 Q. I seem to be the only one talking this
25 morning.

1 Mr. Peterson, good morning.

2 A. Hello.

3 Q. You suggest that if Mr. Higgins's hourly
4 demand component be adopted for Schedule 32, that the
5 Commission needs to look at doing the same thing for
6 all of the other schedules.

7 Is that your testimony?

8 A. We believe that there should be a
9 consistency in the demand definition across all
10 schedules, so that is basically the Division's
11 recommendation.

12 Q. So if, as the Company has proposed and you
13 have supported, a daily demand component is adopted,
14 then you think all the other schedules should be
15 changed to a daily demand measurement instead of a one
16 time per month?

17 A. Well, as Mr. Taylor previously pointed
18 out, Schedule 31 already has effectively a daily
19 demand component to it, so the idea of a daily demand
20 component is not a new concept here. What is a new
21 concept is converting that to an hourly component.
22 And the Division believes that needs to be studied --
23 the effects of that across all rate schedules need to
24 be studied.

25 Q. And did you study that across all rate

1 schedules when it was adopted for Schedule 31?

2 A. I don't remember, I don't have knowledge
3 of that.

4 Q. Then why would there be impacts across all
5 rate schedules?

6 A. Because of the interrelationship between
7 the allocation -- the interrelationship between the
8 cost of service and rate design.

9 Q. You understand the Schedule 31 is not
10 included in cost of service analyses --

11 A. No.

12 Q. -- because it's a partial requirement
13 schedule and they propose the same for Schedule 32, do
14 you not?

15 A. I'm sorry, that's beyond my expertise.

16 Q. Okay. One other question: You do
17 understand that the proposal to use the concept --
18 well, first of all, you've talked in terms of payments
19 for capacity. You understand there's no payment here,
20 it's a credit against the customer's otherwise demand
21 charge; correct?

22 A. Yes. I misspoke.

23 Q. Okay. In terms of that credit, you do
24 understand that Mr. Higgins's proposal to measure the
25 demand credit for Schedule 32 only applies to the

1 portion that is renewable energy?

2 In other words, if I have a ten megawatt
3 load and I have a one-megawatt renewable energy, it's
4 only the one megawatt that would have the credit
5 calculated in the way Mr. Higgins proposed, not all of
6 the other nine megawatts.

7 You understand that, do you not?

8 A. Yes. I think that should be implicit.

9 MR. DODGE: Okay. No further questions.

10 THE WITNESS: Okay.

11 THE HEARING OFFICER: Redirect?

12 MS. SCHMID: Just one.

13 REDIRECT EXAMINATION

14 BY MS. SCHMID:

15 Q. So would it be correct to say that the
16 Company proposal that the Division endorses is an
17 attempt to harmonize treatment across schedules so
18 there will be no ripple effect and that under
19 Mr. Higgins's proposal, you see a deviation from other
20 schedules that may have a ripple effect?

21 A. I think that's a fair characterization,
22 that the Division's concern that changing the
23 definition may affect other schedules in ways that we
24 don't currently understand.

25 MS. SCHMID: Thank you.

1 THE HEARING OFFICER: Thank you.

2 I think there might be a question or two
3 from the Commission, but we're going to be in recess
4 until a quarter to 11:00 before we hear those.

5 And just to remind you, I want to hear
6 from you on the legal briefing issue after the break.

7 MR. OLSON: Excuse me.

8 Is that on whether or not it ought to be
9 briefed or do you want to have us --

10 THE HEARING OFFICER: It's whether or not
11 it ought to be briefed. We recognize one option would
12 be we're ready to present our legal position now, but
13 the preliminary question is, would you like to provide
14 briefs for the Commission on that question?

15 MR. OLSON: Thank you.

16 THE HEARING OFFICER: Okay.

17 (A recess was taken.)

18 THE HEARING OFFICER: We'll be on the
19 record.

20 We'll conclude with Mr. Peterson and then
21 address the briefing question.

22 Are there questions from the Commission
23 for Mr. Peterson?

24 You're excused. Thank you.

25 Sorry for the dramatic buildup and the --

1 THE WITNESS: You're fine, Commissioner.

2 THE HEARING OFFICER: Okay. Now that we
3 know that Mr. Peterson won't hold that against us,
4 what did counsel have to say about briefing this
5 question of the meaning of 54178053 V?

6 Ms. Hogle?

7 MS. HOGLE: The Company would like the
8 opportunity to brief.

9 THE HEARING OFFICER: Okay.

10 MS. SCHMID: The Division would, as well,
11 I believe, if it would be most helpful to the
12 Commission.

13 MR. OLSON: The Office's position is that
14 if you think you want additional information about
15 that, a legal briefing is the way to do it.

16 MS. HAYES: I am happy to provide a legal
17 brief, I might even put a Christmas bow on it.

18 THE HEARING OFFICER: We'll look forward
19 to that.

20 Mr. Dodge?

21 MR. DODGE: My view is that if the
22 Commission thinks it would be helpful, we're happy to
23 provide it. We would request that it not be limited
24 to one legal issue, because I think the legal issue
25 quickly spills over into other arguments and I don't

1 know how you limit it, other than by page number. So
2 if you call for post-hearing briefs, we'd be more than
3 happy to brief it, we'd request a page number
4 limitation rather than an issue limitation.

5 THE HEARING OFFICER: Ms. Rhoades?

6 MS. RHOADES: If the Commission so
7 requests, we'd be happy to provide --

8 THE HEARING OFFICER: Is there any
9 objection to the scope of the brief being just
10 applicable to the proceeding issues in the proceeding
11 generally, as long as it's addressing legal matters,
12 and what do we think about page limitation? Ten?

13 MS. SCHMID: Ten?

14 THE HEARING OFFICER: Is ten pages
15 adequate? Is that suitable?

16 MR. DODGE: Yes.

17 MS. HOGLE: Yes.

18 THE HEARING OFFICER: And what would you
19 like from a timing perspective? December 24?
20 December 26?

21 MS. SCHMID: I think it would be helpful
22 to have a transcript to assist in the briefing
23 process.

24 THE HEARING OFFICER: Sure, it would.

25 MS. SCHMID: So perhaps a time period

1 after the transcript is available would help.

2 THE HEARING OFFICER: Sure.

3 And that's likely to be one to two weeks.

4 So does mid-January work? Does that seem
5 reasonable? Do you have a calendar in front of you,
6 Mr. Dodge? Do you want to suggest a date for us?

7 MR. DODGE: I do. And I was going to say,
8 I think mid-January is a good time to shoot for, the
9 15th or the 16th. The 15th is a Thursday, I think
10 some people don't like Friday deadlines.

11 THE HEARING OFFICER: Does the 15th work?
12 Then it will be the 15th, ten-page limit,
13 and the scope will be legal issues that have arisen in
14 the context of the hearing.

15 Anything my fellow commissioners want to
16 add to that or -- okay.

17 Anything further, Ms. Schmid?

18 MS. SCHMID: Nothing further. Oh, one
19 question, though.

20 Will there just be one set of initial
21 briefs or will there be reply briefs as well?

22 THE HEARING OFFICER: We'd only
23 contemplated one round, but we're always open to
24 counsel's feelings on these matters.

25 MS. SCHMID: I would suggest just one

1 round.

2 MS. HOGLE: The Company would support
3 that.

4 MR. OLSON: And so would the Office.

5 MS. HAYES: I have to apologize, I have to
6 throw a tiny wrench into something. I am out of town
7 on the 14th and the 15th. I know that some parties
8 dislike Fridays, but I would respectfully request that
9 the deadline be moved to the 16th so that I can submit
10 this.

11 THE HEARING OFFICER: Any objection to
12 that?

13 MS. HOGLE: No objection.

14 MR. OLSON: No objection.

15 THE HEARING OFFICER: Okay. It will be
16 the 16th, then, January 16, 2015.

17 Anything else, Ms. Schmid?

18 MS. SCHMID: No, Your Honor.

19 THE HEARING OFFICER: Okay. Mr. Olson?

20 MR. OLSON: Thank you, Your Honor. We'd
21 like to call Cheryl Murray.

22 THE HEARING OFFICER: Do you solemnly
23 swear that the testimony you are about to give shall
24 be the truth, the whole truth, and nothing but the
25 truth?

1 THE WITNESS: Yes, I do.

2 THE HEARING OFFICER: Thank you very much.
3 Please be seated.

4 CHERYL MURRAY,
5 called as a witness for and on behalf of the Office,
6 being first duly sworn, was examined and testified as
7 follows:

8 DIRECT EXAMINATION

9 BY MR. OLSON:

10 Q. Ms. Murray, would you please state your
11 name for the record, please.

12 A. Cheryl Murray.

13 Q. And where are you employed?

14 A. I'm employed with the Office of Consumer
15 Services at 160 East 300 South.

16 Q. And what is your job title?

17 A. Utility analyst.

18 Q. Did you prepare direct rebuttal and
19 surrebuttal testimony in this matter?

20 A. Yes, I did.

21 Q. Do you have any changes or corrections to
22 the testimony or the documents that you submitted?

23 A. No, I do not.

24 MR. OLSON: We would move, then, that the
25 direct, rebuttal, and surrebuttal testimony be

1 admitted into evidence.

2 THE HEARING OFFICER: Any objections?

3 They've received.

4 (Direct Testimony, Rebuttal Testimony, and
5 Surrebuttal Testimony of Cheryl Murray was received
6 into evidence.)

7 MR. OLSON: Thank you.

8 BY MR. OLSON:

9 Q. Have you prepared a summary in this
10 matter?

11 A. Yes, I have.

12 Q. If you would please provide it to the
13 Commission now.

14 A. Yes.

15 I had prepared a brief summary, and due to
16 Mr. Taylor's testimony this morning, it is now
17 exceedingly brief.

18 Throughout this process, the Office's goal
19 has been that no cost caused by Schedule 32 customers
20 be shifted to other customer classes, including those
21 represented by the Office. That remains our position.

22 Regarding the administration fee, the
23 Office supports the Company's administrative fee
24 proposal provided by Mr. Taylor this morning.

25 And regarding the capacity contribution

1 credit, as I stated in my testimony, it's the Office's
2 view that the statute appears to be prescriptive in
3 regard to the capacity contribution credit and a rate
4 design revision may be required to provide a solution.
5 If the Commission wants to consider different capacity
6 payment options, the Office asserts it should solicit
7 legal briefs, as has been decided this morning
8 already.

9 And that concludes my testimony.

10 MR. OLSON: Ms. Murray is available for
11 cross-examination.

12 THE HEARING OFFICER: Cross-examination
13 for Ms. Murray?

14 MS. HOGLE: The Company has none.

15 MS. SCHMID: The Division has none.

16 MS. HAYES: No questions. Thank you.

17 MR. DODGE: No questions.

18 MS. RHOADES: No questions. Thank you.

19 THE HEARING OFFICER: From the Commission?
20 You don't get to redirect, Mr. Olson.

21 MR. OLSON: Doggone it. Maybe later.

22 THE HEARING OFFICER: You're excused,
23 Ms. Murray. Thank you very much.

24 Ms. Hayes?

25 MS. HAYES: Thank you.

1 Utah Clean Energy would like to call
2 Ms. Wright as its witness. Ms. Wright will need to be
3 sworn.

4 THE HEARING OFFICER: Do you solemnly
5 swear that the testimony you are about to give shall
6 be the truth, the whole truth, and nothing but the
7 truth?

8 THE WITNESS: I do.

9 THE HEARING OFFICER: Thank you. Please
10 be seated.

11 SARAH WRIGHT,
12 called as a witness for and on behalf of Utah Clean
13 Energy, being first duly sworn, was examined and
14 testified as follows:

15 DIRECT EXAMINATION

16 BY MS. HAYES:

17 Q. Good morning, Ms. Wright.

18 Will you please state your name, title,
19 and business address for the record.

20 A. Certainly.

21 My name is Sarah Wright. I'm the
22 executive director of Utah Clean Energy and our
23 business address is 1014 Second Avenue, Salt Lake
24 City, Utah, 84103.

25 Q. Did you file direct, rebuttal, and

1 surrebuttal testimony on behalf of Utah Clean Energy
2 in this docket on September 9, October 9, and
3 December 2, respectively, in this docket?

4 A. Yes, I did.

5 Q. If I asked you the same questions today,
6 would your answers be the same?

7 A. Yes.

8 Q. I request admission of the prefiled
9 testimony of Sarah Wright.

10 THE HEARING OFFICER: Any objections?

11 MR. OLSON: No objections.

12 THE HEARING OFFICER: It's received.

13 (The prefiled testimony of Sarah Wright
14 was received into evidence.)

15 BY MS. HAYES:

16 Q. Have you prepared a summary of your
17 testimony that you'd like to present today?

18 A. Yes, I have.

19 Q. Please go ahead and give that.

20 A. Thank you.

21 Utah Clean Energy is a nonprofit public
22 interest organization whose mission is to lead and
23 accelerate the clean energy transformation. We'd like
24 to stop energy waste, create clean energy, and build a
25 smart energy future in the most economic means

1 possible. We see the implementation of SB 12 and
2 Schedule 32 as an important means to leverage private
3 investments in clean energy to help achieve an
4 economic transition.

5 We appreciate the Utah legislators'
6 efforts to provide the opportunity for large energy
7 users to purchase or develop renewable energy projects
8 in excess of what Rocky Mountain Power provides to
9 their customers. Our goal in this docket is a tariff
10 that is reasonable, both for participants and
11 nonparticipants.

12 In the interest of collaboration and
13 finding a hopefully workable solution and to get this
14 program started, our positions have evolved over the
15 course of this docket. While we are not sure whether
16 a tariff structured as laid out in our surrebuttal
17 testimony will work for customers wanting to build or
18 purchase offsite renewable energy, we think that our
19 recommendations that align with UAE's recommendations
20 and some of Rocky Mountain's proposals and others
21 offer a reasonable and reasonably clear approach.

22 Utah Clean Energy generally supports the
23 concepts as proposed for Schedule 32, as laid out in
24 the direct testimony in Table 1 of Mr. Kevin Higgins
25 for UAE, as well as some of the resulting proposed

1 tariff adjustments made by Rocky Mountain Power in
2 their rebuttal testimony.

3 Specifically, Utah Clean Energy recommends
4 the following: Customer charges, we support the
5 customer charges, as proposed in the rebuttal
6 testimony of Mr. David Taylor for Rocky Mountain
7 Power; administrative fee, we are supportive of the
8 proposal that Mr. Taylor put forth today; and with
9 respect to the delivery charges, we support the
10 delivery charges, as proposed in the direct testimony
11 of Kevin Higgins of UAE.

12 With respect to demand charges, we support
13 UAE's proposal for the more granular hourly power
14 charges, as Mr. Higgins characterizes them as shaping
15 charges or as characterized by Mr. Higgins as shaping
16 charges, although we refer to them as the demand
17 charges, because they are based on the hourly maximum
18 demand. And we support that, in lieu of the daily
19 power charges as proposed by Mr. Taylor.

20 The hourly demand calculations, as
21 proposed by Mr. Higgins, is a tool for more fairly
22 calculating the monthly billing for Schedule 32
23 customers. It allows Schedule 32 customers to receive
24 some credit for the capacity contribution associated
25 with the renewable energy portion of their energy. It

1 does not impact the entire energy -- their entire
2 energy base for the renewable energy contracts in
3 proportion to the actual generation and peak hours.

4 And that concludes my summary.

5 MS. HAYES: Ms. Wright is available for
6 questioning.

7 THE HEARING OFFICER: Cross-examination
8 for Ms. Wright?

9 MS. HOGLE: None from the Company.

10 MS. SCHMID: None.

11 MR. OLSON: Yes, if I may.

12 THE HEARING OFFICER: Mr. Olson?

13 CROSS EXAMINATION

14 BY MR. OLSON:

15 Q. Ms. Wright, do you have your testimony?

16 A. I do.

17 Q. If I could have you look at your rebuttal
18 testimony, lines 137 through 148, I think it's on
19 page 7.

20 A. I'm not quite there yet. Somehow my
21 binder -- I have two directs.

22 Q. I get that. Well, there are a couple --

23 A. I apologize for that.

24 MR. DODGE: What do you need, the
25 rebuttal?

1 THE WITNESS: I'm sorry. Which lines?

2 BY MR. OLSEN:

3 Q. I'm sorry, I made a mistake. It's in your
4 surrebuttal.

5 Do you have that?

6 A. Which lines?

7 Q. One thirty-seven there, it says -- you
8 say, "In existing general service tariffs such as 6, 8
9 and 9, only one 15-minute interval factors into the
10 monthly metered kilowatt demand measurement. However,
11 because Schedule 32 does not yet exist, its monthly
12 metered kilowatt demand measurement has not yet been
13 defined."

14 Is that correct?

15 A. Yes, that's correct.

16 Q. Ms. Wright, isn't it true that by defining
17 "demand" significantly differently in Schedule 32,
18 that customers of similar size with similar load
19 profiles will be given preferential treatment if they
20 choose to take power pursuant to Schedule 32 rather
21 than 6, 8 or 9?

22 A. I'm trying to remember the conversation
23 that we just had, but this is a completely different
24 tariff. And it's just like backup generation is
25 completely different and held out, as I understand it,

1 from the other customers that -- I'm not an expert in
2 the rate design, but as I understand it, these
3 customers are a separate customer class.

4 Q. They are a separate customer class, but
5 would you agree treating them differently could create
6 preferential treatment to them relative to other --

7 A. Well, treating them not differently could
8 also create preferential. So it could, but it could
9 also -- by not giving them any credit for the
10 renewable energy that they provide, could create
11 preferential treatment in reverse.

12 MR. OLSON: Okay. I have nothing further.
13 Thank you.

14 THE HEARING OFFICER: Thank you.

15 MR. DODGE: I have no questions.

16 MS. RHOADES: I have no questions.

17 THE HEARING OFFICER: Redirect first and
18 then questions from the Commission.

19 MS. HOGLE: No questions. Thank you.

20 THE HEARING OFFICER: Thank you,
21 Ms. Wright. You're excused.

22 THE WITNESS: Thank you.

23 THE HEARING OFFICER: Mr. Dodge?

24 MR. DODGE: Thank you, Mr. Commissioner.

25 UAE calls Kevin C. Higgins.

1 THE HEARING OFFICER: Do you solemnly
2 swear that the testimony you are about to give shall
3 be the truth, the whole truth, and nothing but the
4 truth?

5 THE WITNESS: Yes, I do.

6 THE HEARING OFFICER: Thank you. Please
7 be seated.

8 KEVIN C. HIGGINS,
9 called as a witness for and on behalf of the UAE
10 Intervention Group, being first duly sworn, was
11 examined and testified as follows:

12 DIRECT EXAMINATION

13 BY MR. DODGE:

14 Q. Mr. Higgins, would you please give us your
15 name and your business and for whom you're appearing.

16 A. Yes. My name is Kevin C. Higgins, I'm a
17 principal in the firm Energy Strategies. My business
18 address is 215 South State Street, Suite 200, Salt
19 Lake City, Utah, 84111. And I'm here on behalf of the
20 UAE Intervention Group.

21 Q. Mr. Higgins, in this docket, UAE prefiled
22 your direct testimony labeled UAE Exhibit 1.0 with
23 attached UAE Exhibit 1.1 and 1.2, as well as your
24 surrebuttal testimony labeled as UAE Exhibit 1.0SR
25 with an attached UAE Exhibit 1.1SR.

1 Does that testimony represent your
2 testimony here this morning?

3 A. Yes, it does.

4 Q. And do you have any corrections to it?

5 A. I do not.

6 MR. DODGE: I would move the admission of
7 the UAE exhibits I just referenced, Commissioner.

8 THE HEARING OFFICER: Any objections?
9 They're received.

10 (Direct Testimony, UAE Exhibit 1.0, with
11 attached UAE Exhibit 1.1 and 1.2; and Surrebuttal
12 Testimony, UAE Exhibit 1.0SR, with attached UAE
13 Exhibit 1.1 SR was received into evidence.)

14 BY MR. DODGE:

15 Q. Mr. Higgins, could you please provide a
16 summary of your prefiled testimony in this case?

17 A. Yes, I can. Thank you.

18 Good morning, Commissioners.

19 The task before the Commission and the
20 parties in this case is to design rates to implement
21 Senate Bill 12. The question at hand is how do we
22 design rates that are just and reasonable and which
23 will allow retail customers to import renewable energy
24 consistent with the intent of Senate Bill 12?

25 The rate schedule that Rocky Mountain

1 Power has proposed for implementing Senate Bill 12 is
2 Schedule 32. As an initial matter, I believe that
3 customers choosing Schedule 32 service are likely to
4 pay a premium for the renewable energy that would
5 displace their purchase of Rocky Mountain Power supply
6 generation. Potential Schedule 32 customers may be
7 willing to pay a premium for renewable energy for
8 various reasons, including societal considerations or
9 to meet certain corporate objectives.

10 I believe that in implementing Senate Bill
11 12 we should be striving to design rates that allow
12 customers to evaluate this likely premium for
13 renewable energy on a level playing field relative to
14 purchasing all of their generation service from Rocky
15 Mountain Power.

16 This means that we should be very careful
17 not to add any additional premiums to the economics of
18 this decision that are purely the result of the
19 artefacts of rate design. If we add additional
20 premiums of this sort, we run the risk of thwarting
21 the legislature's intent in passing Senate Bill 12.
22 Schedule 32 is a type of partial requirements service,
23 and as a general proposition, designing rates for
24 partial requirements service is a challenging task.

25 To that end, Rocky Mountain Power has done

1 an admirable job in structuring Schedule 32 into three
2 interrelated services.

3 Number one, delivering the contracted-for
4 renewable energy.

5 Number two, filling in or shaping the
6 power required by the customer when the peak amount of
7 contracted-for renewable energy is not fully
8 available.

9 And number three, providing the
10 supplementary power service beyond the contracted-for
11 amount of renewable energy. So the division of the
12 rate schedule and to these three services is a useful
13 construct.

14 Over the course of this proceeding, the
15 Company and UAE have reached agreement on most of the
16 structural issues and rates proposed in this case,
17 leaving only two issues in contention between us, but
18 let me start with our areas of agreement.

19 First, I agree with the Company's proposed
20 treatment of supplementary power and energy and have
21 no recommended changes to the Company's proposal for
22 that service.

23 Second, I agree with the administrative
24 and customer charges proposed by Mr. Taylor in his
25 rebuttal testimony and as further refined in his

1 testimony this morning.

2 Third, I agreed with Mr. Taylor's rebuttal
3 proposal to establish a separate set of Schedule 32
4 rates for customers with billing demands below one
5 megawatt, which corresponds to Schedule 6 service.

6 And fourth, I agree that the base energy
7 charges for shaping power, or called backup energy
8 charges by Mr. Taylor, should be the same as the
9 energy charges on the customer's otherwise applicable
10 rate schedule.

11 Now, with Rocky Mountain Power and UAE
12 having agreed to the structure and rates for these
13 various components of Schedule 32, it allows us to
14 focus on our two remaining areas of disagreement,
15 which are the calculation of the delivery facilities
16 charge and the rate design to recover demand-related
17 shaping costs.

18 I'll start with the delivery facilities
19 charge. The disagreement between the Company and UAE
20 on this issue is relatively straightforward. The
21 Company's proposed delivery facilities charges are
22 based on the delivery facility revenue requirement for
23 Schedule 6, 8 and 9 in the Company's class cost of
24 service study filed in the last general rate case.

25 In contrast, my proposed delivery

1 facilities charges are based on the delivery facility
2 share of costs embedded in actual Schedule 6, 8 and 9
3 rates.

4 Now, if rates were set exactly equal to
5 the revenue requirement for demand and energy in the
6 Company's cost of service study, then the Company's
7 approach and my approach would produce the same
8 answer. However, in Utah, the result of the Company's
9 cost of service study is just one factor among several
10 that are used in setting rates for full-service
11 customers.

12 In general, the actual rates in the
13 Company's tariff do not match the Company's cost of
14 service study results, and this is certainly true for
15 Schedule 6, 8 and 9. As a consequence, under the
16 Company's approach, Schedule 32 customers would pay
17 higher effective rates for delivery service than their
18 counterparts who take fully bundled service under
19 Schedules 6, 8 or 9.

20 Now, Mr. Taylor has said in his summary
21 today that he doesn't understand this criticism that
22 I'm making because the Company doesn't have unbundled
23 rates. And I agree the Company doesn't have unbundled
24 rates, but if you assign the proportion of delivery
25 costs that are in the cost of service study to the

1 actual rates and come up with a share or proportion
2 represented by those, then you would see that that is
3 a smaller delivery charge than what Mr. Taylor has
4 calculated using the cost of service study on a
5 standalone basis without regard to how rates had
6 actually been set.

7 And so if you don't attempt to design your
8 delivery charge off the actual rates, then you're
9 going to have a mismatch between what Schedule 32
10 customers pay and what customers pay who are on fully
11 bundled service, and that's going to distort the
12 economics of making this decision. In fact, you know,
13 it would be, in fact, an unwarranted premium in the
14 Schedule 32 rate design that would unreasonably thwart
15 implementation of Senate Bill 12.

16 My recommended approach, which Mr. Taylor
17 acknowledges is reasonable, corrects this problem.

18 Finally, I'll turn to my second and
19 remaining disagreement with the Company, which is the
20 recovery of demand-related costs for shaping service,
21 which Mr. Taylor refers to as the daily power charge.

22 The daily power charge proposed by the
23 Company for Schedule 32 is intended to recover
24 demand-related cost of supplying power to the customer
25 during hours in which the customer's renewable

1 generation is less than the contracted amount. This
2 is essentially shaping service, which, depending on
3 the resource, the Schedule 32 customer may very well
4 need on a daily basis.

5 For example, a Schedule 32 customer
6 importing generation from a solar resource will see
7 its import reach its peak during the middle part of
8 the day and then start to decline as the sun moves
9 toward the horizon. In general, the solar resource
10 will not produce any energy after 8:00 p.m., even in
11 the summer. So the customer will need to make up the
12 difference between the output of its solar import and
13 its renewable contract amount by purchasing the
14 necessary shaping power from the Company. And since
15 Rocky Mountain Power's onpeak period extends until
16 9:00 p.m. in the summer, the Schedule 32 customer must
17 purchase all of its generation from the Company in
18 that final hour of the onpeak period.

19 Now, as a practical matter, the Company's
20 proposed daily power charge will require the customer
21 to pay its demand charge for the day based on its
22 demand in that final hour. What this means is that a
23 Schedule 32 customer who delivers reliable solar
24 capacity for seven hours out of the eight summer
25 onpeak hours during a summer day will get absolutely

1 zero credit for this capacity against the onpeak
2 demand charge. That is, the daily power charge for
3 this customer will be the same as if this customer
4 brought in absolutely no renewable capacity at all
5 during the remainder of the day or the earlier part of
6 the day.

7 In my opinion, this result is
8 fundamentally unreasonable and is largely an artifact
9 of the rate design for full-service customers. My
10 proposal is to make the daily power charge more
11 granular by converting it into an hourly onpeak
12 shaping charge. This approach solves this problem by
13 providing the Schedule 32 customer with a pro rata
14 demand credit for the renewable energy capacity the
15 customer imports during the onpeak period.

16 And at the same time, if the Schedule 32
17 customer provides no capacity during the onpeak
18 period, my approach would charge that customer the
19 full amount of the demand-related cost for that onpeak
20 period.

21 It would simply be recovered through this
22 hourly onpeak shaping charge, but it would recover all
23 of the demand cost, that is how the rate was designed.
24 Thus, the rate is designed both to be compensatory to
25 the utility and yet still reasonably acknowledge the

1 capacity contribution by the Schedule 32 customer's
2 renewable energy imports. I believe this approach
3 strikes the proper balance the Commission should be
4 striving to achieve in implementing Senate Bill 12.

5 And that concludes my summary.

6 THE HEARING OFFICER: Thank you,
7 Mr. Higgins. A couple of quick follow-up questions
8 with respect to testimony today.

9 Mr. Peterson referred to your surrebuttal
10 testimony, and I would refer you to page 10 of your
11 surrebuttal, in which he stated something to the
12 effect that he thought you essentially conceded that
13 your hourly shaping charge became converted into an
14 energy charge.

15 Do you have any response to that?

16 THE WITNESS: Well, sure.

17 Mr. Peterson read an excerpt from my
18 testimony and the excerpt he read was, by making this
19 charge more granular, it indeed converges to an onpeak
20 energy charge, as Mr. Taylor contends, and I agree
21 with that. That is my testimony. But of course, I go
22 on to say, however, there is nothing wrong with that,
23 given the unique character of this aspect of Schedule
24 32 service, that is providing shaping and backup power
25 to customers who bring external capacity to the

1 system. Recovering demand-related costs through the
2 hourly onpeak shaping charge is perfectly appropriate.

3 Both the Company and I have departed from
4 the literal interpretation of measured demand in
5 Schedules 6, 8 and 9. Neither one of us has proposed
6 that that definition be used for purposes of Schedule
7 32. To the Company's credit, they took that maximum
8 monthly demand and they made it more granular. They
9 said, "Let's look at it on a daily basis."

10 And I think that that was a good faith
11 step forward in trying to address this issue, this
12 question. Unfortunately, it has absolutely no benefit
13 to the type of resources that I believe the
14 legislature probably intended by passing Senate Bill
15 12. That is, it will do absolutely nothing for a
16 solar resource.

17 So I simply took the Company's idea, a
18 good idea, and just took it one step further. I just
19 made it -- instead of making it a daily demand charge,
20 I made it hourly, the same set of costs are involved.
21 If a customer doesn't bring any resource to the table,
22 both approaches charge that customer for the full
23 demand charge they would otherwise pay. I have simply
24 made it more granular by focusing on the hourly
25 capacity that the customer brings to the table and the

1 hourly need that customer might have to purchase from
2 Rocky Mountain Power to provide the deficit between
3 what its resource brings and what its contracted
4 amount is.

5 THE HEARING OFFICER: Mr. Higgins, turn
6 the page, if you will, to page 12 of your surrebuttal,
7 I'm reading on line 240. You've laid out there Senate
8 Bill 12. There will be legal briefing on this and I'm
9 not asking you to address in any manner the legality,
10 but I'm asking you, in your expert testimony, why you
11 believe -- or in your expert opinion, why you believe
12 that your proposal flows from and is consistent with
13 the statutory language.

14 THE WITNESS: Sure.

15 If you look at the statutory language, .3
16 identifies the customer's burden, if you will. In
17 other words, part 3 tells us -- before we get to the
18 subparts A, B, C and D, part 3 tells us what the
19 customer shall pay. So if you look at that language,
20 both Rocky Mountain Power and UAE have proposed what
21 we think the customer should pay. And this -- if we
22 look at this language here, it tells us that a
23 qualified utility that enters into a local energy
24 contract shall charge a contract customer for all
25 metered electric service delivered to the contract

1 customer.

2 Now, Rocky Mountain Power defines what
3 metered electric service delivered to the contract
4 customer means in the Schedule 32 tariff. And in the
5 case of the daily peak power charge, that is defined
6 within Schedule 32 and it is not the same definition
7 as Schedules 6, 8 or 9. I think that's perfectly
8 appropriate.

9 Under my proposal, again, subpart 3 here,
10 the metered electric service delivered to the contract
11 customer is also defined in Schedule 32. So the
12 burden on the customer, the charge the customer must
13 pay is laid out in the main body of 3. After that, we
14 have a series of customer protections, there are
15 certain costs that must be excluded from this charge.
16 So A, B, C and D don't tell us what must be paid, 3
17 tells us what must be paid. A, B, C and D tell us
18 what must not be paid.

19 And if you look at B, which is the source
20 of, you know, some contention in this hearing, I would
21 say that both the Company's approach and my approach
22 pass. That is, the requirements that the customer
23 must pay are laid out in 3.

24 And then you get to subpart B, it tells us
25 that any kilowatts of electricity delivered from the

1 renewable energy facility that coincide with the
2 contract customer's monthly meter to kilowatt demand
3 measurement must be excluded.

4 Well, the Company does this by excluding
5 the portion of the customer's peak demand on a daily
6 basis. That is their measurement that they use. They
7 take the monthly metered kilowatt demand measurement
8 and they look at it every day and they decide what the
9 customer shall pay and what part gets excluded.

10 My approach does a very similar thing,
11 except it looks at it every hour, it looks at every
12 onpeak hour -- that customer's measured kilowatt
13 demand in a month. And my approach also excludes what
14 the customer -- the amount that coincides with the
15 capacity the customers are bringing to the table.

16 So I would say that, you know, without
17 offering a legal opinion, it strikes me that both the
18 Company's approach and the approach I'm advocating
19 would pass this test. So the question then just comes
20 down to, okay, which approach is more reasonable,
21 which approach is more consistent with the
22 legislature's likely objectives in passing Senate Bill
23 12?

24 And I will put it to you that I believe
25 the approach I'm recommending on this issue better

1 balances the objectives the Commission should have in
2 setting this rate design.

3 THE HEARING OFFICER: Thank you. I have
4 no further initial questions.

5 Mr. Higgins is available for cross.

6 MS. HOGLE: Just a few.

7 THE HEARING OFFICER: Ms. Hogle?

8 CROSS EXAMINATION

9 BY MS. HOGLE:

10 Q. Mr. Higgins, would you agree with me that
11 you were not involved in the drafting of this statute
12 that you were just testifying about?

13 A. I was not involved -- counsel of the UAE
14 was involved, as I understand.

15 Q. Thank you.

16 And you are not a lawyer; correct?

17 A. I am not, although I am required to
18 associate with them as part of my job.

19 Q. And just one more question: Do you
20 support converting the demand component of any rate to
21 an hourly rate for all retail customers?

22 A. No, I do not. I think it's absolutely
23 unnecessary to do that. I think that the rate design
24 for Schedule 6, 8 and 9, in their current form, are
25 reasonable, but I also believe that when you are faced

1 with a special category of service, which partial
2 requirement service is, you need to look at the
3 objectives and the essence of the nature of that
4 service.

5 And it's entirely reasonable to have a
6 different definition of "billing demand" and a
7 different way to apply demand charges when you have a
8 service in which to qualify for the service you have
9 to bring renewable energy to the table. That's the
10 criteria, you have to be bringing something to the
11 table to get this right. And so I think that --
12 whereas, the rate designs for 6, 8 and 9 don't need
13 any changing, it's entirely appropriate to have a
14 specialized rate design for what is a very specialized
15 type of service.

16 Q. Under Schedule 31, how is that design
17 different from the one that you're proposing?

18 A. Well, Schedule 31, of course, differs from
19 Schedule 6, 8 and 9. And so it already departs from
20 the billing demand definitions in 6, 8 and 9, which is
21 entirely appropriate, but Schedule 31 uses a daily
22 measurement of demand, which I think is reasonable or
23 may be reasonable. Schedule 31, I didn't testify in
24 the Schedule 31 proceeding.

25 And with respect to Schedule 32, I believe

1 that making that daily peak demand charge even more
2 granular is entirely appropriate when you consider
3 that the resources that would qualify for allowing a
4 customer to take Schedule 32 service are renewable
5 energy resources that, by their nature -- they take
6 solar, by their nature, are not going to be fully
7 available during the fully defined onpeak period for
8 Schedules 6, 8 or 9.

9 And so in order to address what was the
10 reasonable intent of the legislation, it's necessary
11 to ask further questions and ask if we can refine the
12 good idea the Company put forward and make it a better
13 fit for these types of resources.

14 Q. Isn't it true that you want to make an
15 exception to current rate design because solar and
16 wind are intermittent resources, by what you're
17 proposing?

18 A. I would say that Schedule 32 should have
19 its own rate design. And I don't view it as an
20 exception to rate design, because we already have the
21 other rate schedules designed and we have definitions
22 of billing demand, but the legislature, not UAE, not
23 me, the legislature has adopted a law that provides
24 that customers are entitled to be able to purchase
25 this product.

1 And I think it's incumbent upon the
2 Commission and the parties to this case to try to find
3 a way that applies rate design in such a way that it
4 doesn't thwart the intent of the legislature. The
5 rate designs we have for Schedule 6, 8 and 9 were
6 never intended to serve customers who are bringing in
7 renewable energy from the outside. They are designed
8 for full-service customers.

9 So I'm not looking to make an exception to
10 rate design, I'm simply trying to apply good rate
11 design to the circumstances of this service.

12 MS. HOGLE: I have no further questions.

13 THE HEARING OFFICER: Ms. Schmid?

14 CROSS EXAMINATION

15 BY MS. SCHMID:

16 Q. Good morning.

17 A. Good morning.

18 Q. In your testimony and here today, you
19 talked about solar and wind as renewable resources; is
20 that right?

21 A. Yes.

22 Q. Are they the only type of renewable
23 resources that the legislature has defined as
24 "renewable resources," renewable energy source?

25 A. No.

1 Q. So geothermal energy is a renewable energy
2 source located outside the state?

3 A. Yes.

4 Q. Waste heat and waste gas are defined as a
5 renewable energy source; is that right?

6 A. Yes.

7 Q. Is it possible that geothermal could
8 provide -- I'll just call it product, during summer
9 and winter peak hours?

10 A. Yes, it is.

11 Q. And is the same true for waste gas and
12 waste heat?

13 A. Yes, it is.

14 Q. Turning to the statute, specifically
15 54178053, and recognizing that you are not a lawyer
16 and please recognize that I'm not an economist, I've
17 got just a question, and this question is based on
18 your plain reading of the knowledge and your plain
19 knowledge of the word "definition."

20 Is it your understanding that the word
21 "coincide" means that things occur at the same time?

22 And I'm looking at your testimony on line
23 251, where you present the section of the statute that
24 uses that word, "coincide."

25 A. The answer to your question is "yes."

1 Q. Let's talk about how a customer's monthly
2 metered kilowatt demand measurement is made now under
3 existing tariffs. We may have touched on this, but
4 I'd just like some clarification for my benefit.

5 How is the monthly metered kilowatt demand
6 measurement done now under Schedule 9?

7 A. Well, you have the measurement of demand,
8 which is done using a demand meter, which looks at
9 15-minute loads that are registering on the meter.
10 And so you have the measurement of demand, which takes
11 place over all of the hours of the month. Then you
12 have billing demand --

13 Q. Okay.

14 A. -- which is different from measured
15 demand. Billing demand is the definition of how you
16 get charged for your demand.

17 And so a company takes the measured
18 demand, which is basically the raw data, and for
19 Schedule 9 customers, say, it will take the peak, the
20 maximum demand that occurs during the onpeak hours and
21 that becomes the customer's billing demand as distinct
22 from its measured demand. Its measured demand is the
23 information that the demand meter is collecting for
24 the purpose of allowing the Company to come up with a
25 billing demand.

1 Q. So let's move to your shaping charge
2 concept.

3 What portion of your shaping charge would
4 occur at the same time as Schedule 9's customer's
5 monthly meter demand or meter billing demand, the two
6 things you defined?

7 A. They would coincide 100 percent. That is,
8 I would have the Company take its monthly measured
9 demand data and look at it every hour. And for every
10 hour in which the customer is deficient in importing
11 its renewable energy relative to its contract amount,
12 the customer would pay that hourly shaping charge in
13 the amount that it is coming up short.

14 So it would be, in fact, an hour-by-hour
15 coincident charge. It would not simply be based, say,
16 on the maximum that occurred on a day or a month, but
17 in fact, it would be, as I said, granular. It would
18 perfectly coincide with the capacity the customer is
19 bringing into the system every single onpeak hour.

20 Q. And that is different than the way that it
21 is measured for, say, Schedule 9?

22 A. The measurement is the same, the
23 definition of "billing demand" is different. The
24 definition of "billing demand" for Schedule 9 is the
25 maximum demand that occurs during the onpeak period.

1 The definition of "billing demand" for the Company's
2 proposal is the maximum that occurs in a day, so it's
3 different from Schedule 9's billing demand. They're
4 both using the same measured demand, but they are
5 using different definitions of "billing demand."

6 So Schedule 9 has a billing demand based
7 upon maximum in the month. The Company takes the same
8 data but picks out the maximum every single day and
9 you have a different charge for every single day.
10 Mine simply looks at every single hour of the onpeak
11 period and there's a charge for every single hour of
12 the onpeak period that you require of the service.

13 Q. Thank you.

14 A. Thank you.

15 MS. SCHMID: That's all I have.

16 THE HEARING OFFICER: Thank you.

17 MR. OLSON: I have no questions.

18 THE HEARING OFFICER: Thank you,
19 Mr. Olson.

20 MS. HAYES: No questions. Thank you.

21 MS. RHOADES: No questions. Thank you.

22 THE HEARING OFFICER: Redirect?

23 I have a couple, Mr. Higgins.

24 From the Company's presentation in this
25 matter, are you able to tell how Schedule 32 service,

1 as it's proposed, would be treated in a general rate
2 case cost of service study?

3 THE WITNESS: I would say that it's a safe
4 inference that it would be treated in the way Schedule
5 31 is, which is that, you know, it's not typical to
6 take a partial requirements rate schedule and to run
7 it through a cost of service study. Rather, what you
8 do is you say, okay, this rate instead has some of the
9 same characteristics of rate schedules that we are
10 running through and so its rate design has some nexus
11 to it.

12 It's not exactly the same, but there is
13 some nexus to it. And you take the revenues that you
14 would expect to recover from this partial requirements
15 service and you treat it as a revenue credit against
16 the overall revenue requirement that would otherwise
17 apply.

18 So that's what I believe the Company would
19 likely do with this rate schedule in the future. I
20 don't know that for sure, but that's my guess as to
21 how they would handle it.

22 THE HEARING OFFICER: What type of service
23 precisely is offered under Schedule 31, if you know?

24 THE WITNESS: Schedule 31 offers back-up
25 maintenance and supplementary service for on-site

1 generation, as a general matter, so it's a type of
2 partial requirement service.

3 THE HEARING OFFICER: And it's already
4 clear on the record, but the pattern in that schedule
5 is to have demand or capacity evaluated on a daily
6 basis rather than the hourly, as you proposed for
7 Schedule 32; right?

8 THE WITNESS: That is correct. And I'll
9 note that there is no size limit on the overall amount
10 of capacity that can be purchased under Schedule 31,
11 but the legislature did put a cap, under Schedule 32,
12 of 300 megawatts. And so, whereas, they might have
13 some similarities in the type of service that they
14 are, Schedule 32, you know, has been called out
15 separately by the legislature.

16 And so I think that even though there are
17 some similarities between 31 and 32, I think the
18 Commission should feel free to have the latitude to
19 identify or come up with a rate design that would
20 specifically fit the Schedule 32 customers, and, you
21 know, bearing in mind that the legislature itself
22 capped the amount of load that could qualify for this
23 tariff, for this rate schedule.

24 THE HEARING OFFICER: Thank you.
25 Mr. Dodge, any follow up?

1 MR. DODGE: No, thank you.

2 THE HEARING OFFICER: You're excused,
3 Mr. Higgins.

4 THE WITNESS: Thank you very much, Your
5 Honor.

6 THE HEARING OFFICER: Thank you.
7 Ms. Rhoades?

8 MS. RHOADES: Yes. Walmart would like to
9 call Mr. Chriss to the stand.

10 THE HEARING OFFICER: Please raise your
11 right hand.

12 Do you solemnly swear that the testimony
13 you are about to give shall be the truth, the whole
14 truth, and nothing but the truth?

15 THE WITNESS: I do.

16 THE HEARING OFFICER: Thank you. Please
17 be seated.

18 STEVE W. CHRISS,
19 called as a witness for and on behalf of Walmart,
20 being first duly sworn, was examined and testified as
21 follows:

22 DIRECT EXAMINATION

23 BY MS. RHOADES:

24 Q. Thanks, Mr. Chriss.

25 For the record, will you please state your

1 name and position and address.

2 A. My name is Steve W. Chriss. I am senior
3 manager, energy regulatory analyst, for Walmart
4 Stores, Incorporated. My business address is 2001
5 Southeast 10th Street, Bentonville, Arkansas,
6 72716-0550.

7 Q. Thank you.

8 Can you briefly describe Walmart's
9 operations in Utah?

10 A. Sure.

11 Walmart operates 53 retail units in Utah
12 and approximately 51 of those stores are under Rocky
13 Mountain Power. We have approximately 16,000
14 associates and we purchased \$1.9 billion worth of
15 goods and services from Utah-based suppliers in
16 supporting about 26,000 supplier jobs in the state.

17 Q. Have you previously prepared testimony in
18 this docket?

19 A. I have. I prepared direct testimony.

20 Q. At the time that you prepared the
21 testimony, was everything accurate in the testimony
22 that was filed?

23 A. Yes.

24 MS. RHOADES: I'd move for the admission
25 of the direct testimony of Steve Chriss filed on

1 September 9, 2014.

2 THE HEARING OFFICER: Any objections?

3 It's received in evidence.

4 (The Direct Testimony of Steve Chriss was
5 received into evidence.)

6 BY MS. RHOADES:

7 Q. Mr. Chriss, were you present this morning
8 during Mr. Taylor's testimony?

9 A. I was.

10 Q. And in light of that testimony, can you
11 summarize your recommendations to the Commission
12 today?

13 A. Sure.

14 My direct testimony dealt with the
15 proposed customer and administrative fees from Rocky
16 Mountain Power's initial filing, as well as the
17 setting of the distribution and generation backup
18 charges.

19 A number of things have changed since
20 Rocky Mountain Power's initial filing. They did
21 address the Schedule 6 issue by creating rates for the
22 less than one megawatt customers and then Mr. Taylor
23 proposed this morning a more unbundled administrative
24 fee. My understanding of that fee is that it would be
25 \$110 per month for generation data, regardless of the

1 number of contracts involved.

2 I'm going to look to Mr. Taylor for a big
3 nod yes.

4 MR. TAYLOR: Well, for each generator.

5 THE WITNESS: Well, for each generator for
6 each month. And then an additional \$150 per month per
7 contract for all customer accounts that are involved.
8 So if we have one generator and five accounts, we
9 would pay \$110 in a month for that generator and then
10 we'd pay \$150 per account for the five accounts, and
11 that is my understanding. My understanding is also
12 that Rocky Mountain Power does not propose a cap for
13 the number of accounts.

14 Walmart supports this change, including
15 not capping the number of accounts.

16 MS. RHOADES: I have no further questions.

17 THE HEARING OFFICER: Thank you.

18 Cross-examination? Ms. Hogle?

19 MS. SCHMID: No.

20 MS. HOGLE: Nothing.

21 MS. HAYES: No, thank you.

22 THE HEARING OFFICER: Okay. Mr. Dodge?

23 MR. DODGE: No questions. Thank you.

24 THE HEARING OFFICER: From the Commission?

25 MR. ALLEN: No.

1 THE HEARING OFFICER: Thank you. You're
2 excused.

3 THE WITNESS: Thank you.

4 THE HEARING OFFICER: I have a couple of
5 housekeeping matters before we conclude.

6 Is there anything else from the parties
7 before we conclude our hearing today?

8 I think there are --

9 MR. TAYLOR: Mr. Clark, if I may, I would
10 just ask that when we're off the record, if I could
11 just have a couple of minutes, I would appreciate
12 that. Thank you.

13 THE HEARING OFFICER: Sure.

14 And I note that there are a couple of
15 parties who filed testimony who aren't present today,
16 beyond those that have already been mentioned. And I
17 just want the record to reflect that the Commission
18 will receive that testimony as public comment in this
19 docket.

20 I also want to -- or we want to recognize
21 that, as far as we're aware, this is Mr. Taylor's last
22 appearance, in a formal way, before the Commission
23 after 30-something years of being here on a regular
24 basis. We wanted to acknowledge that, Dave, and wish
25 you well in your future endeavors. Thank you.

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And if there's nothing further, we'll be
off the record.

(Concluded at 11:52 a.m.)



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CERTIFICATE

This is to certify that the proceedings in the foregoing matter were reported by me in stenotype and thereafter transcribed into written form;

That said proceedings were taken at the time and place herein named;

I further certify that I am not of kin or otherwise associated with any of the parties of said cause of action and that I am not interested in the event thereof.

Teena Green

Teena Green, RPR, CSR, CRR, CCG

