

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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In the Matter of the Application of Rocky Mountain Power to Implement Programs Authorized by the Sustainable Transportation and Energy Act	)	Docket No. 16-035-36 DPU Exhibit 1.0 REB
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**REBUTTAL TESTIMONY – PHASE I**

**OF**

**ROBERT A. DAVIS**

**ON BEHALF OF THE**

**UTAH DIVISION OF PUBLIC UTILITIES**

**November 23, 2016**

1 **Q: Would you state your name, position, and business address for the record, and explain**  
2 **for whom you are testifying?**

3 **A:** My name is Robert A. Davis. I am employed by the Division of Public Utilities (Division).  
4 My business address is 160 East 300 South, Salt Lake City, Utah. My testimony is on  
5 behalf of the Division.

6  
7 **Q: Did you previously file testimony in this case?**

8 **A:** Yes. I filed direct testimony in Phase I of this matter addressing several issues on  
9 November 9, 2016.

10

11 **Q: What is the purpose of your rebuttal testimony?**

12 **A:** The purpose of my rebuttal testimony is to address Utah Clean Energy's (UCE) proposal  
13 to utilize the kWh generated from the Solar and Storage project grants to community  
14 service organizations under the Blue Sky program. UCE's proposal appears to be an  
15 alternative<sup>1</sup> to the proposal the Division recommended in direct testimony to ensure  
16 that the benefits of the project are captured for Utah ratepayers. If several issues or  
17 details, which I discuss herein, are addressed, the Division believes both proposals could  
18 be implemented.

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<sup>1</sup> UCE's proposal mirrors the Subscriber Solar program by determining energy blocks, in kWh, directly dependent upon the output of the solar array and made available through grants in the same way current Blue Sky customers participate. (Direct Testimony of Sarah Wright at lines 175-185).

19 **Q: Would you briefly describe the Company's Solar and Storage project and its proposed**  
20 **use of Blue Sky funds?**

21 **A:** The Company proposes to construct a solar and storage project in Central Utah utilizing  
22 funding provided by the STEP program in addition to funds from the Blue Sky program,  
23 which would be used to purchase solar panels for the project. The project is designed to  
24 alleviate pending transmission issues during peak loading and provide a learning  
25 environment for Company engineers to better understand distributed energy resources.

26

27 **Q: What is the Division's recommendation for ensuring that the benefits flow to Utah**  
28 **ratepayers?**

29 **A:** The Division proposes that the Utah ratepayers be credited through the EBA for the  
30 market value of the output. The Division's proposal assumes that the Solar and Storage  
31 project will displace market purchases and, thus, the other states should be indifferent  
32 to this treatment.

33

34 **Q: What is your understanding of UCE's proposal?**

35 **A:** As I understand, UCE is proposing to use the output or generation from the project's  
36 solar panels to make grants available under the Blue Sky program similar to the way  
37 community projects are currently funded from Blue Sky monies.

38

39 **Q: Does the Division agree with UCE's witness, Ms. Sarah Wright's, concerns with the use**  
40 **of Blue Sky funds for the Solar and Storage project?**

41 **A:** Not entirely. However, the Division does agree with Ms. Wright that if the project costs  
42 are born entirely by Utah ratepayers, then the benefits should be captured for those  
43 same ratepayers.

44

45 **Q: Do you agree with Ms. Wright's proposed mechanism as a method to align the**  
46 **Company's Solar and Storage project, which is a pilot, with the Blue Sky Community**  
47 **Grant program?**

48 **A:** The Division does not oppose UCE's proposed mechanism. However, it does need some  
49 clarification on how UCE's proposed mechanism will grant credits from the project's  
50 solar production to the Blue Sky program. For example, it is not clear from Ms. Wright's  
51 direct testimony how UCE proposes the grants to be structured, either as capacity or  
52 energy, the longevity of the grants, the disposition of the Renewable Energy Credits  
53 (RECs), or portability of a grant.

54

55 **Q: Should the grants be determined by capacity or energy?**

56 **A:** UCE compares their proposed mechanism as being similar to the Subscriber Solar  
57 Program, where participants buy blocks of capacity and the associated energy in kWh.  
58 For customers without an interval meter, the energy is fixed at 200 kWh for each  
59 capacity block, otherwise, the energy value is proportional to the actual output of the  
60 solar resource.

61

62 Given the relatively limited capacity of the Solar and Storage project, the Division would  
63 be supportive of capacity grants having the energy value proportional to the actual  
64 output. For example, if a customer is granted two blocks of capacity and each block is  
65 determined to have produced 100 kWh for the month, then the customer would receive  
66 a credit of 200 kWh on their bill. If they used 1,000 kWh during the month, they would  
67 be billed for 800 kWh. This approach would ensure that the project's capacity  
68 proportional to the Blue Sky funding is captured and made available for grants and the  
69 energy is not over subscribed.

70

71 **Q: Over how long of time period should the grants be awarded?**

72 **A:** The Division believes it would be reasonable to limit the grants to a short time, possibly  
73 to the length of the pilot program. Unlike the Subscriber Solar program, the grant  
74 recipients are not "paying" for anything. And unlike community projects under the Blue  
75 Sky program, grant recipients are not solely responsible for the on-going operation and  
76 maintenance (O&M), capital upgrades, etc.

77

78 **Q: What would happen if a customer receiving a grant moved?**

79 **A:** Under the Subscriber Solar program, as long as the customer moves within RMP's Utah  
80 service territory, they take their blocks with them. This part of the Blue Sky program is  
81 similar to the Subscriber Solar program and could work in the same way.

82

83 **Q: How would RECs be treated under the Division's proposal?**

84 **A:** The Division anticipates that the Company could bank the RECs in a similar proportional  
85 method. For example, if 100 percent of the cost to build the solar portion of the project  
86 comes from Blue Sky funds, those RECs would be attributed in the same fashion as they  
87 are currently for the Blue Sky program. If 100 percent does not come from Blue Sky  
88 funds, the RECs would be proportioned between Blue Sky and other uses<sup>2</sup> of the RECs by  
89 the Company on behalf of Utah ratepayers.

90

91 **Q: Do you have any final thoughts for your rebuttal testimony?**

92 **A:** The Division's position on the Solar and Storage project has been supportive. However  
93 as stated in my direct testimony, if Utah ratepayers are going to provide the funding for  
94 the project, the benefits need to go exclusively to Utah ratepayers. UCE's proposal is  
95 reasonable in that if Blue Sky funds are used to build the solar array in full or part, there  
96 should be some benefits proportionately returning to the Blue Sky program.

97

98 The comments offered in this rebuttal testimony do not preclude me from making  
99 further comments in live surrebuttal during the hearing pertaining to this or any other  
100 component of Phase I of this proceeding.

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<sup>2</sup> Such as banking for future Utah RPS requirements or compliance under a federal mandate.

102 **Q:** Does this conclude your rebuttal testimony?

103 **A:** Yes it does.