

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky)	
Mountain Power to Implement Programs)	Docket No. 16-035-36
Authorized by the Sustainable)	DPU Exhibit PII 2.0
Transportation and Energy Act)	

DIRECT TESTIMONY – PHASE TWO

of

Myunghee Sim Tuttle

ON BEHALF OF THE

UTAH DIVISION OF PUBLIC UTILITIES

March 7, 2017

1 **Direct Testimony**

2 **Commercial Line Extension Pilot Program**

3 **Q. Please state your name and occupation.**

4 A. My name is Myunghee Sim Tuttle. I am employed by the Division of Public Utilities
5 (“Division”) at the Utah Department of Commerce as a Utility Analyst in the Energy
6 Section.

7 **Q. What is your business address?**

8 A. My business address is 160 East 300 South, Heber Wells Building – 4th Floor, Salt Lake
9 City, Utah, 84111.

10 **Q. On whose behalf are you testifying?**

11 A. The Division.

12 **Q. Please summarize your educational and professional experience.**

13 A. I graduated from Brigham Young University in 2015 with a Bachelor’s of Arts degree in
14 International Relations with a Political Economy emphasis.

15 **Q. Have you testified before the Commission on prior occasions?**

16 A. No. I have not.

17 **Q. What is the Purpose of your testimony?**

18 A. The purpose of my testimony is to present the Division’s analysis and recommendations
19 to the Utah Public Service Commission (“Commission”) on Rocky Mountain Power’s
20 (“Company”) proposed Commercial Line Extension Pilot Program (“Line Extension
21 Program”). The Company’s proposed Line Extension Program is part of the Sustainable
22 Transportation and Energy Plan Act (“STEP”) and has been designated as one of the

23 programs to be evaluated in Phase Two of the STEP, per the Commission’s Phase Two
24 Scheduling Order.¹

25 **Q. Will you please describe the Company’s proposed Line Extension Program?**

26 A. Yes. The Company proposes a new Electric Service Regulation No. 13 (“Regulation 13”)
27 to implement the Line Extension Program. The Line Extension Program incentivizes
28 developers to install an appropriate backbone system at the beginning of a new
29 development by providing 20 percent of the backbone costs to a developer; however, the
30 20 percent may not exceed \$50,000.² The Company has budgeted \$2,500,000 for the
31 five-year program period.³ Regulation 13, as proposed, uses funds from the STEP to
32 reduce the backbone costs for a commercial/non-residential development or mixed-use
33 development.

34 **Q. Is the Line Extension Program consistent with the STEP?**

35 A. Yes. The Company’s Line Extension Program proposal is consistent with Utah Code §
36 54-20-105(1)(d). The statute allows the Commission to authorize “a large-scale electric
37 utility” to implement “a commercial line extension pilot program” as one of the
38 innovative utility programs. The Company is a large-scale electric utility and the program
39 is a commercial line extension pilot program. Therefore, the Company’s request to
40 implement the Line Extension Program comports with Section 54-20-105(1)(d).

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¹Phase Two Scheduling Order, Notice of Phase Two Technical Conferences and Notice of Phase Two Hearing, October 21, 2016.

² Direct Testimony of F. Robert Stewart, p. 7

³ Application to Implement Programs Authorized by the Sustainable Transportation and Energy Plan Act, p. 4.

43 **Q. How will the incentives described in Regulation 13 be applied?**

44 A. The Line Extension Program incentives described in Regulation 13 will be applied by the
45 Company under Electric Service Regulation No. 12 (“Regulation 12”) section 4, when a
46 developer requests a line extension. Developers will not apply directly to the Company
47 under Regulation 13 to obtain credits to the cost of installing a commercial line
48 extension, but rather through current Regulation 12.

49 **Q. What is your opinion on the creation of a new Regulation 13 as compared to**
50 **revision of existing Regulation 12?**

51 A. Presenting the incentive provisions as a new Regulation 13, as opposed to adding it to
52 existing Regulation 12, is an appropriate method to facilitate the Line Extension Program.
53 Since Regulation 13 is proposed to adopt a temporary program, it is better to keep the
54 incentive provisions separate from the permanent provisions in Regulation 12. In that
55 way, if after the five-year pilot period, the Line Extension Program is found to not be
56 beneficial and the program is terminated, the incentive provisions in Regulation 13 can be
57 closed and the tariff can be withdrawn.

58 **Q. What is the Division’s opinion on the budgeted amount of 2.5 million dollars?**

59 A. Given the information available, the Division views the \$2.5 million as a reasonable
60 amount to be budgeted for the Line Extension Program. However, due to the lack of
61 available information, the Company was not able to quantify the expected benefits and
62 costs of this program as a basis for the budget estimation. Instead, the Company
63 estimated the budget amount by reviewing previous backbone contracts.
64 The allocation of the budgeted \$2.5 million over five years is proposed by the Company
65 as follows:

- 66 a) in 2017, \$1,000,000 is allotted;
67 b) in 2018, \$1,000,000 is allotted;
68 c) in 2019, \$500,000 is allotted; and,
69 d) there is no funding allocated for the years 2020 and 2021.⁴

70 However, if there are any remaining funds available after 2019, the funding would be
71 used to provide continued incentives in 2020 and 2021.

72 **Q. Does the Division intend to monitor the progress and costs of the Line Extension**
73 **Program?**

74 A. Yes. The Division intends to thoroughly review the report the Company is mandated to
75 provide at the end of the STEP. The Division requests the Commission require the
76 Company to include the analysis quantifying the benefits of the Line Extension Program
77 in the STEP report. In addition, the Division recommends the Commission require the
78 Company to provide annual reports showing how the incentives from Regulation 13 are
79 being used each of the five years.

80 **Q. What is the Division's view of the Line Extension Program?**

81 A. The Line Extension Program has merit because it can promote efficiency in economic
82 development by avoiding the expenses and problems of piecemeal installation of local
83 distribution facilities that result in higher overall costs. Nonetheless, the Division is
84 concerned that the Company was not able to quantify the actual costs and benefits of this
85 program before deciding on the budget amount. However, in balancing the various
86 competing factors, the Division's concerns regarding the lack of better forecasting of

⁴ Company's Application to Implement Programs Authorized by the Sustainable Transportation and Energy Plan Act, September 12, 2016, p. 4.

87 costs do not outweigh the overall benefits of this program. The Division believes the risks
88 presented by having a somewhat uncertain cost of this program may be managed by
89 appropriate oversight and monitoring. Therefore, the Division recommends the
90 Commission approve the Line Extension Program.

91 **Q. What other recommendations do you propose?**

92 A. As previously stated, the Division recommends the Commission require the Company to
93 include the analysis quantifying the benefits of the Line Extension Program in its overall
94 STEP report. Second, the Division recommends the Commission order the Company to
95 provide annual reports showing how the incentives from Regulation 13 are being used in
96 each of the respective five years of the pilot. The Division will audit the information
97 accordingly.

98 **Q. Does this complete your testimony with respect to the Line Extension Program?**

99 A. Yes.