

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of)	Docket No. 16-035-36
Rocky Mountain Power to Implement)	Direct Testimony of
Programs Authorized by the)	Danny A.C. Martinez
Sustainable Transportation and)	For the Office of
Energy Plan Act)	Consumer Services
)	

March 7, 2017

1 **I. INTRODUCTION**

2
3 **Q. WHAT IS YOUR NAME, YOUR OCCUPATION AND YOUR BUSINESS**
4 **ADDRESS?**

5 A. My name is Danny A.C. Martinez. I am a utility analyst for the Office of
6 Consumer Services (“Office”). My business address is 160 E. 300 S., Salt Lake
7 City, Utah 84111.

8

9 **Q. PLEASE DISCUSS YOUR EDUCATION AND QUALIFICATIONS.**

10 A. I have B.S. and M.S. degrees in economics from the University of Utah. I also
11 have a M.P.A. degree from the University of Utah. My private and public sector
12 work experience spans over 25 years including ten years in financial services
13 and ten years teaching economics. In 2010, I was hired by the Office of
14 Consumer Services. At the Office, I have worked primarily in the areas of cost of
15 service (“COS”), rate design, and demand side management (“DSM”). I filed
16 testimony on cost of service and rate design issues in the last Questar Gas
17 general rate case (Docket 13-057-05). I also filed direct testimony on rate design
18 issues in Rocky Mountain Power’s past two general rate cases (Dockets 11-035-
19 200 and 13-035-184). Lastly, I have attended various training opportunities,
20 including an intensive course on cost of service and rate design issues.

21

22 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN PHASE 2 OF THIS**
23 **CASE?**

24 A. I will present the Office’s review and analysis of the Company’s Commercial Line
25 Extension Pilot Program proposal included in the application made by Rocky
26 Mountain Power Company (“RMP or “Company”) to implement the Sustainable
27 Transportation and Energy Plan (“STEP”) Act passed in the 2016 session by the
28 Utah Legislature. I will also address the Office’s recommended reporting
29 requirements regarding the five clean coal research projects under review in
30 Phase 2 of this docket.

31

32 **Q. DOES THE OFFICE SUPPORT THE USE OF STEP FUNDS FOR THE**
33 **COMMERCIAL LINE EXTENSION PILOT PROGRAM AND THE FIVE CLEAN**
34 **COAL RESEARCH PROJECTS IN PHASE 2 OF THIS CASE?**

35 A. Yes. The Office supports the use of STEP funds as proposed by the Company
36 for the Commercial Line Extension Pilot Program (“Program”), however, the
37 Office is recommending the following improvements to the proposal:

- 38 • The Company should provide specific reporting demonstrating and
39 measuring benefits from the commercial line extension allowance.
- 40 • The Regulation 13 tariff should accurately reflect that the allowance is
41 connected with further electric vehicle (“EV”) charging infrastructure
42 development.
- 43 • In addition, the Company should include annual and final reporting for the
44 line extension program as described in its STEP Reporting Plan.

45

46 The Office also supports the use of STEP funds as proposed by the Company for
47 the Phase 2 clean coal research projects so long as the Company is required to
48 file with the Commission appropriate reporting for each project.

49

50 **II. COMMERCIAL LINE EXTENSION PROGRAM**

51

52 **Q. PLEASE DESCRIBE THE STANDARD FOR INNOVATIVE UTILITY**
53 **PROGRAMS, SUCH AS THE COMMERCIAL LINE EXTENSION PROGRAM**
54 **PILOT, AS AUTHORIZED BY THE STEP LEGISLATION.**

55 A. Utah Code 54-20-105(1)(d), states, “The Commission may authorize, subject to
56 funding available under Subsection 54-7-12.8(6)(b)(ii)(B), a large-scale utility to
57 implement programs that the commission determines are in the interest of large-
58 scale electric utility customers to provide for the investigation, analysis, and
59 implementation of . . . a commercial line extension pilot program.”

60

61 The standard for the Program is that the Company must show that the Program
62 is in the interest of customers.

63

64 **Q. WHAT POTENTIAL BENEFITS DID THE COMPANY IDENTIFY RESULTING**
65 **FROM THE PROPOSED COMMERCIAL LINE EXTENSION PROGRAM?**

66 A. At lines 79 – 80 of his direct testimony, Company witness Stewart summarized
67 that potential Program benefits include “the avoidance of the expenses and
68 problems of piecemeal installation” such as avoidance of under sizing
69 extensions, avoidance of space conflicts and joint use of trench to mention a few.
70 These costs are incurred each time a developer requires electricity service. The
71 Company further asserts that the allowance defrays costs to developers in
72 developing primary voltage lines which distribute power to and throughout a
73 given development to which the individual lots/buildings are connected. However,
74 benefits to developers do not constitute general benefits to customers.

75

76 The Office agrees that there may be some small savings, other than just for
77 developers, due to efficiencies of avoiding piecemeal installations. Some
78 additional benefit may be derived from this Program through the reporting
79 information that evaluates whether cost efficiencies were in fact achieved.

80

81 **Q. ARE THERE OTHER CUSTOMER BENEFITS THAT RESULT FROM THE**
82 **PROGRAM?**

83 A. Yes. The Company asserts that in addition to cost savings for developers,
84 another design feature of the Program is that the allowance promotes the build
85 out of electricity backbone to encourage development of EV charging
86 infrastructure at commercial developments that have parking facilities.

87

88 The Office supports the Program’s intent to facilitate development of
89 infrastructure necessary for installing EV charging technology such as DC fast
90 chargers. This technology deployment potentially provides workplace EV
91 charging and thus benefits current EV customers and possibly encourages EV
92 purchases in the future. This Program in conjunction with the EV TOU Program

93 Pilot potentially promotes EV usage and will provide benchmarking data to
94 evaluate how well these programs encourage EV usage.

95

96 **Q. DID THE COMPANY PROVIDE ANY ESTIMATES QUANTIFYING**
97 **PROJECTED BENEFITS FROM THIS PROGRAM?**

98 A. No. In OCS 7.4, the Office asked the Company if they had quantified the
99 benefits explained anecdotally by Mr. Stewart. In its response, the Company
100 stated that it has not quantified the benefits. The Company reiterated its
101 narrative describing how cost savings may be derived from avoidance of
102 piecemeal installation.

103

104 **Q. DID THE COMPANY PROVIDE A METHOD TO DEMONSTRATE THAT THE**
105 **PROGRAM PROVIDES BENEFITS TO CUSTOMERS ASIDE FROM**
106 **DEVELOPERS RECEIVING THE 20% ALLOWANCE?**

107 A. No. While Mr. Stewart alludes to the allowance reducing identifiable costs that
108 are incurred by the Company, the reduction of RMP's costs can only be
109 estimated by comparing to previous years. The Company did not provide the
110 benchmarking data needed for this type of comparative analysis in its application.
111 To measure the benefit of avoidance of expenses and problems of piecemeal
112 installations, the Company needs to provide historical cost information to
113 compare the Program's impact on costs to historical backbone installation costs.
114 The Office understands that this is a new venture for the Company and any
115 potential benefits of the Program won't be realized and measured quantitatively
116 until the Program is underway. Yet the Company in its application could have
117 provided benchmarking data and how this information would be used to measure
118 cost savings.

119

120 **Q. DID THE COMPANY INDICATE THAT THEY WOULD PROVIDE REPORTING**
121 **THAT WOULD DEMONSTRATE POTENTIAL COST SAVINGS RESULTING**
122 **FROM THE PROGRAM?**

123 A. Yes. Company witness Stewart stated in his direct testimony that the measure of
124 cost savings could only be estimated by comparing to previous years.¹ In OCS
125 7.3, the Office asked the Company to provide previous years' costs which the
126 Company intends to use for cost reduction comparisons discussed in Mr.
127 Stewart's testimony. In its response, the Company stated they were in the
128 process of preparing the requested standardized reports and copies will be
129 provided as soon as they are completed. The Company later provided a
130 supplemental response to OCS 7.3 by providing project and cost data for the
131 past five years in the spreadsheet format the Office requested.

132

133 **Q. DOES THE COMPANY'S RESPONSE TO OCS 7.3 SATISFY THE OFFICE'S**
134 **CONCERN FOR REPORTING BENEFITS FROM THE PROGRAM?**

135 A. No, but it is a step in the right direction. The response provided a summary of
136 costs incurred by various parties to backbone projects and the underlying data
137 supporting the summary for the past five years. This raw data could be
138 developed into a benchmark for comparative purposes, yet it requires further
139 development and explanation as to what the data means and how the data will
140 be used for comparisons.

141

142 **Q. WHAT DOES THE OFFICE RECOMMEND TO THE COMMISSION AND THE**
143 **COMPANY TO BE INCLUDED WITHIN THE PROGRAM REPORT?**

144 A. The Office proposes that the Program Report ("Report") should include
145 information quantifying whether the Program is providing benefits to customers.
146 The Report should be filed with the Commission annually and contain the
147 following elements:

- 148 • The development of the historical benchmark
- 149 • The cost comparison methodology
- 150 • Program expenditures for the year
- 151 • The cost savings, if they exist, from the Program

¹ See F. Robert Stewart's direct testimony at lines 131 – 132.

- 152 • Cumulative cost savings over the life of the Program
153 • Explanations and/or observations for the cost savings results
154 • Percentage of projects with EV infrastructure development

155 The Company indicated in its response to OCS DR 9.3(a) that this information
156 could be included in the STEP reporting plan outlined in the testimony of
157 Company witness Steven McDougal.²

158

159 **Q. DOES THE OFFICE SUPPORT THE COMPANY’S STEP REPORTING PLAN**
160 **AS OUTLINED IN MR. MCDUGAL’S PHASE 1 REBUTTAL TESTIMONY?**

161 Yes. In our direct testimony in Phase 1, the Office recommended that the
162 Commission require the Company to file annual reports and final evaluations of
163 projects.³ In his testimony, Mr. McDougal outlined the Company’s proposal for a
164 STEP Reporting Plan. In general, the Company’s proposed Reporting Plan is
165 similar to the reporting recommended by the Office. However, the Office further
166 recommends that the Commission memorialize in its order that this type of
167 general reporting will be required for all projects in the STEP Program. The
168 Office also notes that for some projects, the Company should include in its
169 reporting additional specific elements such as those described above for the
170 Commercial Line Extension Pilot Program.⁴

171

172 **IV. COMMERCIAL LINE EXTENSION TARIFF**

173

174 **Q. PLEASE SUMMARIZE THE OFFICE’S CONCERNS WITH THE COMPANY’S**
175 **LINE EXTENSION TARIFF IN THE COMPANY’S APPLICATION.**

176 A. The Office identified two issues with the Company’s tariff. First, in the
177 Company’s application, paragraph 60, it states “the tariff will also encourage
178 electric vehicle use by providing for electrical conduit extensions to parking areas

² The Company’s response to OCS DR 9.3(a) states, “The report each year will also include the information identified in the Company’s STEP reporting plan as described in the Rebuttal Testimony of Steven R. McDougal (lines 260 – 284).

³ Direct testimony of Danny A.C. Martinez, Docket No. 16-035-36 Phase 1, filed November 9, 2016, Lines 49 – 95.

⁴ Mr. McDougal’s Phase 1 rebuttal testimony also proposed additional specific reporting elements for the NOx reduction clean coal projects and the Gadsby Emissions Curtailment Program, Lines 285 – 304.

179 that have been identified as potential electrical vehicle charging location
180 stations.” The language currently in the tariff does not encourage development
181 of electricity backbone for EV infrastructure development. The Office
182 recommends that if the Company would like to utilize these funds in support for
183 developing backbone to support EV charger deployment, then Regulation 13
184 tariff needs to explicitly indicate the terms and conditions for doing so.

185 Second, the Company’s tariff is vague in describing the conditions for
186 eligibility for the allowance. The Office is concerned with the current language of
187 the tariff under the “Provisions of Service” section. The last sentence of that
188 section reads, “Developers that are building on *lots may* be required to install
189 conduit from either Company or Developer primary voltage power source(s) to
190 future electric vehicle charging locations on their property.” (Emphasis added.)
191 The Office asserts that this sentence needs to be more explicit in describing the
192 developer’s obligation to receive the allowance.

193

194 **Q. DID THE OFFICE REQUEST INFORMATION FROM THE COMPANY ON HOW**
195 **THE PROGRAM WOULD BE IMPLEMENTED TO SUPPORT EV**
196 **INFRASTRUCTURE DEVELOPMENT?**

197 A. Yes. The Office asked the Company in OCS 9.1 to explain the specific criteria
198 that will be used to determine whether or not the buildout for EV infrastructure will
199 be required for disbursing funds for the Commercial Line Extension Program.
200 This information was not expressly stated in the Company’s tariff. In OCS 9.1,
201 the Company responded with its intention to provide backbone for EV charging
202 infrastructure development. The Company stated:

203

204 As discussed in the December 6, 2016 technical conference, the
205 Company and the STEP program are supportive of electrical
206 vehicle use. Thus, where a developer is benefiting from STEP
207 funds, and the developer is installing parking, it is proposed that
208 electrical conduit also be installed that will facilitate providing power
209 to electric vehicle charging stations. As also discussed the
210 Company has chosen the criteria that 2% of the parking spaces are
211 able to be served. The “may” accommodates the situation where
212 the developer already has electrical vehicle charging as part of their

213 development. Additional investment for future charging will not be
214 required.
215

216

217 **Q. DO YOU BELIEVE THAT MR. STEWART’S RESPONSE TO OCS 9.1 IS**
218 **CLEARLY AND EXPLICITLY STATED IN THE TARIFF?**

219 A. No. The tariff language states, “Developers that are building on **lots** may be
220 required to install conduit from either the Company or Developer primary voltage
221 source(s) to future electric vehicle charging locations on their property.”
222 (Emphasis Added.) The use of the word “lots” in the tariff is too vague; “lots”
223 could refer to parking lots or development lots. The tariff must be clear on the
224 type of lots since it defines whether or not a developer is eligible for the Program.
225 In addition, Mr. Stewart’s answer during the technical conference and reiterated
226 in the Company’s response to OCS 9.1 specifically said that developments with
227 parking lots will be required to install conduit for EV charging infrastructure and
228 those who don’t have parking lots in their development are not required to install
229 conduit for EV charging infrastructure. This should be clearly stated in the
230 Regulation 13 tariff.

231

232 **Q. DOES THE OFFICE HAVE SPECIFIC RECOMMENDED CHANGES TO THE**
233 **TARIFF LANGUAGE TO REMEDY THESE PROBLEMS THAT HAVE BEEN**
234 **IDENTIFIED?**

235 A. Yes. The issues identified by the Office can be resolved by including additional
236 language in the “Provision of Service” section of the Regulation 13 tariff. The
237 Office recommends that the Company should be required to have a tariff that
238 clearly lays out all requirements of the Program. This can be accomplished by
239 adding the language identified in bold below:

240

241 **PROVISIONS OF SERVICE:** To be eligible for the 20% reduction in
242 their advance the developer must enter into a line extension
243 contract as provided in Regulation 12. If the development is to be
244 constructed in phases, the backbone request must be for
245 installation of the backbone for that phase, otherwise it must be for

246 installation of the backbone for the entire development. In either
247 case the design will include capacity for future development.
248 Developers that are building on lots **that include parking are**
249 required to install conduit from either Company or Developer
250 primary voltage power source(s) to future electric vehicle charging
251 locations on their property **accounting for 2% of the parking**
252 **spaces.**

253
254 **Developers are also eligible for the 20% reduction if the**
255 **development already includes electrical vehicle charging**
256 **serving 2% of parking spaces or parking is not included in the**
257 **development.**
258

259 **V. PHASE 2 CLEAN COAL PROJECTS**

260

261 **Q. PLEASE DESCRIBE WHAT CONSTITUTES THE PHASE 2 CLEAN COAL**
262 **PROJECTS.**

263 **A.** Phase 2 of this docket includes five research projects which will investigate the
264 use of clean coal technologies.⁵

- 265 • Solar Thermal Integration
- 266 • Enhanced Coal Bed Methane Recovery
- 267 • CarbonSAFE – CO₂ Sequestration
- 268 • Biomass Co-Firing
- 269 • Cryogenic Carbon Capture

270

271 **Q. WHAT IS THE OFFICE’S POSITION ON THESE FIVE CLEAN COAL**
272 **RESEARCH PROJECTS?**

273 **A.** As with the Phase 1 clean coal projects, the Office believes that the Phase 2
274 clean coal projects may be funded by the STEP Act pursuant to Section 54-20-
275 104 subsection (1) – “a program that authorizes a large-scale electric utility to
276 investigate, analyze, and research clean coal technology.”

277

⁵ See Exhibits B(1) and B(2) of the Company’s September 12, 2016 filing in this docket.

278 **Q. DOES THE OFFICE HAVE ANY RECOMMENDATIONS REGARDING**
279 **REPORTING REQUIREMENTS FOR THE PHASE 2 CLEAN COAL**
280 **PROJECTS?**

281 **A.** Yes. Utah Code Section 54-20-104 also authorizes the Commission to review
282 clean coal program expenditures to determine if they have been made prudently
283 in accordance with the purposes of the program. The Office recommends that
284 the Commission require the Company to file reporting on all clean coal projects
285 (both Phase 1 and Phase 2 projects) and that this reporting should be in
286 accordance with the Company's proposed STEP Reporting Plan as discussed
287 earlier in this testimony.

288

289 **VI. CONCLUSION**

290

291 **Q. PLEASE SUMMARIZE THE OFFICE'S RECOMMENDATIONS FOR THE**
292 **PROGRAM.**

293 **A.** The Office recommends that the Commission:

- 294 • Require the Company to file an annual report for the Commercial Line
295 Extension Program which includes the following elements:
 - 296 ○ The development of the historical benchmark
 - 297 ○ The cost comparison methodology
 - 298 ○ Program expenditures for the year
 - 299 ○ Annual cost savings, if they exist, from the Program
 - 300 ○ Cumulative cost savings over the life of the Program
 - 301 ○ Explanations and/or observations for the cost savings results
 - 302 ○ Percentage of projects with EV infrastructure development
- 303 • Require the Company to amend its tariff to include the revisions to the
304 "Provisions of Service" section proposed at lines 241 – 257 of my testimony
305 into the Regulation 13 tariff
- 306 • Require the Company to file reporting for all clean coal projects as outlined by
307 the Company in its STEP Reporting Plan.

308

309 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

310 A. Yes it does.