

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application)	Docket No. 16-035-36
of Rocky Mountain Power to)	Phase 3
Implement Programs Authorized)	Surrebuttal Testimony of
By the Sustainable Transportation)	Cheryl Murray for the
And Energy Plan Act)	Office of Consumer Services

May 16, 2017

1 **Q. WHAT IS YOUR NAME, TITLE, AND BUSINESS ADDRESS?**

2 A. My name is Cheryl Murray. I am a utility analyst for the Office of Consumer
3 Services (Office). My business address is 160 East 300 South, Salt Lake
4 City, Utah.

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

6 A. Yes. I provided direct testimony on behalf of the Office on November 9,
7 2016 in Phase 1 and direct and rebuttal testimony on April 6 and April 27,
8 2017, respectively in Phase 3 of this Docket.

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

10 A. In my surrebuttal testimony I present the Office's final recommendation for
11 the time of use (TOU) rates that should be offered for residential electric
12 vehicle owners during this pilot program.

13 **Q. IS THE OFFICE'S FINAL RECOMMENDATION CONSISTENT WITH**
14 **YOUR REBUTTAL TESTIMONY?**

15 A. Yes, although after further review and consideration of the positions of
16 other parties our recommendations are now more refined. In my rebuttal
17 testimony I stated that the Office had some concerns about the complexity
18 of combining a TOU rate structure with tiered rates as suggested in the
19 direct testimony of Utah Clean Energy/Southwestern Efficiency Project
20 (UCE/SWEEP) witness, Ms. Sarah Wright. However, after further study
21 and discussion we concluded that we could support including a TOU rate
22 that incorporates different rates for different tiers of energy consumption,
23 as including such a rate could provide interesting study results. Therefore,

24 we expressed support for a pilot program that compares two TOU rates
25 with similar price differentials between on- and off-peak, one that simply
26 has two time periods and the other that incorporates two tiers of energy
27 use within each time period. (Murray Rebuttal page 7, lines 146-153).

28 Since rebuttal was filed, the Office has continued to have
29 substantial discussions with UCE and also with the Division of Public
30 Utilities (Division), who also expressed support for a similar study. (Davis
31 Rebuttal, page 8, lines 143 – 145.) In those discussions we evaluated
32 specific rate designs that met the general criteria that the Office and the
33 Division supported in rebuttal.

34 As a result, the Office now supports a TOU pilot program that
35 utilizes most of the components proposed by the Company. The
36 settlement being submitted today indicates support for everything except
37 the time periods and the energy rates. The Office now further proposes
38 that we utilize the time periods proposed by the Company and the Rate
39 Option 1 proposed by the Company along with a Rate Option 2 that
40 incorporates tiers to facilitate the study of different changes to behavior
41 with and without tiered rates.

42 **Q. WHY DOES THE OFFICE SUPPORT THIS REVISED PROPOSAL?**

43 A. The Office provides this updated recommendation in the spirit of
44 compromise and to reflect progress made toward finding common ground
45 among the positions presented in direct and rebuttal testimony. Also,
46 through discussions among the parties in this case and in light of trends

47 the Office is observing generally there is an emerging and increasing
48 interest in TOU rates as well as specifically with TOU rates that also
49 incorporate tiers. In our view, existing studies do not provide a large body
50 of evidence regarding TOU rates with tiers. Thus, the Office has
51 concluded that utilizing this TOU pilot to further study and evaluate TOU
52 rates with and without tiers would provide valuable information that would
53 benefit the Commission and customers as these types of rates continue to
54 be evaluated in different regulatory contexts.

55 **Q. DOES THE OFFICE SUPPORT A SPECIFIC RATE**
56 **RECOMMENDATION FOR RATE OPTION 2?**

57 A. No. As I indicated in rebuttal testimony (Murray Rebuttal, page 8, lines 158
58 - 161), we were waiting for discovery responses to be able to model
59 options and determine a more appropriate breakpoint for where the
60 second tier rate should be applied. That work was a necessary
61 prerequisite for determining specific energy rates to propose in Rate
62 Option 2. The Office has worked intensely with UCE and the Division to
63 develop the model that could evaluate different break points for the tiers
64 as well as the rates for both tiers and both time periods. This work is not
65 complete enough for the Office to endorse a specific proposal at this time.
66 It is our understanding that UCE may propose something specific in its
67 testimony that would be consistent with the principles that the Office views
68 as the primary objectives for the Rate Option 2 design. We will review any

69 proposal presented in surrebuttal testimony and be prepared to respond at
70 hearing.

71 **Q. PLEASE EXPLAIN THE PRINCIPLES THAT THE OFFICE SUPPORTS**
72 **FOR RATE OPTION 2.**

73 A. The Office believes the following principles comprise the primary
74 objectives for the Rate Option 2 design:

- 75 • Maintain approximately the same differential between on- and off-
76 peak rates for both Rate Option 1 and Rate Option 2, so that the
77 primary difference between the two rate designs to be studied is
78 whether and how having tiered rates impacts changes in
79 consumption.
- 80 • Establish a meaningful difference between tier 1 and tier 2 for both
81 TOU time periods, while assuring that the Company's revenue
82 requirement would still be collected.
- 83 • Design appropriate cut off between tier 1 and 2 to create a
84 meaningful rate design differential. Tiers should be developed in
85 the context of the residential average monthly consumption of 700
86 kWh with an understanding of how the additional consumption
87 associated with electric vehicle charging will impact total
88 consumption.

89 **Q. DO YOU BELIEVE THE COMMISSION CAN APPROVE A RATE**
90 **DESIGN WITHOUT ALL THE SPECIFICS BEING PRESENTED?**

91 **A.** Yes. The Office believes it would be appropriate for the Commission to
92 approve the recommendations we have presented. The tiered rate
93 proposal has been in the record since the very first round of testimony.
94 The Office has simply refined its position to find common ground with
95 other parties in the case. It was not clear to the parties that the
96 workpapers were insufficient to create concrete alternate rate proposals
97 until midway through the proceeding. The Commission should not be
98 limited in what it can order by what data has been provided by the
99 Company (in testimony and workpapers). If the Commission is persuaded
100 by the evidence favoring a proposal that includes the Company's Rate
101 Option 1 and a tiered rate for Rate Option 2, it should order that such a
102 design is in the public interest and require the Company to develop the
103 specific numeric proposal in a compliance phase in this case. Because of
104 the complexity associated with a new rate design, the compliance phase
105 should also allow comments and reply comments so that the parties can
106 provide feedback on whether the appropriate objectives were achieved in
107 the Company's compliance rate filing. This compliance phase need not
108 take longer than a few weeks. The Office notes that the STEP statute
109 requires approval of an electric vehicle program before July 1, 2017 (§54-
110 20-103(1)). The Office believes that the Commission can meet the
111 requirement by approving the program with a rate design concept and that
112 the program could go into effect while the rate design compliance is being

113 finalized. If final rate design is put in place shortly after July 1, the pilot
114 program will not be impaired and the statutory requirements are still met.

115 **SUMMARY**

116 **Q. PLEASE SUMMARIZE THE OFFICE'S FINAL RECOMMENDATIONS**
117 **FOR TOU RATES FOR THE PILOT PROGRAM IN PHASE 3 OF THIS**
118 **DOCKET.**

119 A. The Office recommends that the Commission order a TOU pilot that uses
120 the Company's definition of on- and off-peak periods, the Company's
121 proposal for Rate Option 1, and a TOU rate with two tiers for both on- and
122 off-peak rates. The Office further recommends that the Commission order
123 a short compliance phase in this proceeding which would require the
124 Company to submit specific rates that would comply with the concepts the
125 Commission determines are in the public interest. The Commission
126 should also allow comments and reply comments on such a compliance
127 filing so that the Commission can ensure that the rates meet the
128 Commission's objectives.

129 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

130 A. Yes, it does.