

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application)	Docket No. 17-035-61
of Rocky Mountain Power to Establish)	
Export Credits for Customer)	Direct Testimony
Generated Electricity)	of Cheryl Murray
)	For the Office of
)	Consumer Services

PHASE II
DIRECT TESTIMONY

OF

CHERYL MURRAY

FOR THE OFFICE OF CONSUMER SERVICES

MARCH 3, 2020

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION 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 City, Utah
4 84111.

5 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

6 A. I am testifying on behalf of the Office of Consumer Services (OCS).

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

8 A. Yes, I provided rebuttal testimony in Phase I of this docket.

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

10 A. The purpose of my testimony is to provide OCS's view regarding Rocky Mountain
11 Power's (RMP) proposal to establish what it refers to as a "Net Billing Program"
12 (Program) which includes an export credit rate to be paid to customer generators for
13 their excess electricity.

14 **Q. PLEASE PROVIDE A BRIEF BACKGROUND OF THIS DOCKET.**

15 A. On December 1, 2017, RMP filed an application to establish export credits for
16 customer generated electricity [Docket No. 17-035-61]. This application was the
17 result of a stipulation in Docket No. 14-035-114¹ approved by the Public Service
18 Commission (PSC) on September 29, 2017 (Stipulation).²

19 The Stipulation included the following provision:

¹ In the Matter of the Investigation of the Costs and Benefits of PacifiCorp's Net Metering Program.

² For a fuller background of the issues leading to the development of this docket see the February 3, 2020 Direct Testimony of RMP witness Joelle Steward. Unless otherwise noted, capitalized terms not otherwise defined have the same meaning as the Stipulation.

20 “In the Export Credit proceeding, the Commission will determine a just and
21 reasonable rate for export credits for customer generated electricity. Parties
22 may present evidence addressing reasonably quantifiable costs or benefits or
23 other consideration they deem relevant, but the party asserting any position
24 will bear the burden of proving its assertions (for example, Parties may
25 present evidence addressing the following costs or benefits: energy value,
26 appropriate measurement intervals, generation capacity, line losses,
27 transmission and distribution capacity and investments, integration and
28 administrative costs, grid and ancillary services, fuel hedging, environmental
29 compliance, and other considerations).” [Stipulation at 30].

30

31 The Stipulating Parties further agreed to support a procedural schedule that would
32 allow the PSC to conclude the Export Credit Proceeding no later than three years after
33 the proceeding was initiated. [Stipulation at 28]. This docket began December 1,
34 2017, and therefore must be resolved by the end of 2020. The Export Credit
35 Proceeding was bifurcated into two phases, with Phase I determining the load
36 research study plan which was implemented in 2019.

37 **Q. WHAT IS THE PURPOSE OF PHASE II OF THE EXPORT CREDIT**
38 **PROCEEDING?**

39 A. As specified in provision 30 of the Stipulation, “[i]n the Export Credit proceeding, the
40 Commission will determine a just and reasonable rate for export credits for customer
41 generated electricity.” Phase II will address the issue of the rate to be paid to
42 customer generators for excess electricity.

43 **Q. WHAT IS RMP'S PROPOSAL TO COMPENSATE CUSTOMER**
44 **GENERATORS FOR EXCESS ELECTRICITY?**

45 A. RMP proposes that the compensation rate for excess electricity will “vary based on
46 when the energy is exported, with different prices for summer, winter, on-peak, and
47 off-peak times.” [Joelle Steward Direct Testimony, lines 43 and 44]. The method of
48 determining the rate is explained in the Direct Testimony of RMP witness Robert M.
49 Meredith. The price/rate provided for export credits will be updated annually on July
50 1.

51 **Q. DOES OCS HAVE CERTAIN CRITERIA IT BELIEVES SHOULD BE**
52 **INCORPORATED INTO THE PROGRAM?**

53 A. Yes. While OCS is not offering a specific program or export credit rate in this
54 testimony we do believe there are certain criteria that should be incorporated in any
55 Program adopted by the PSC.

56 **Q. WHAT CRITERIA WILL OCS USE IN DETERMINING ITS POSITION IN**
57 **THIS DOCKET?**

58 A. OCS has two primary principles it will use in evaluating proposals for export credit
59 rates and determining what specific proposal to support:

60 1) True cost-based rate: OCS asserts that the Program should, to the greatest extent
61 reasonable, remove subsidies provided by non-participants to customer generators.
62 Likewise, customer generators should be compensated for excess electricity at a rate
63 that reflects all the quantifiable benefits associated with that energy; and
64 2) Bill Simplicity and Transparency: customer generators should be able to
65 understand how the charges and credits on their bills are calculated.

66 **Q. ARE THERE RELEVANT COMMISSION ORDERS THAT INFORM THE**
67 **OCS POSITION?**

68 A. Yes. In its July 1, 2015 Order in Docket No. 14-035-114, the PSC concluded:

69 “for purposes of performing the analysis under Utah Code Ann. § 54-15-
70 105.1(1), the relevant costs and benefits are those that accrue to the utility or
71 its non-net metering customers in their capacity as ratepayers of the utility.
72 Costs or benefits that do not directly affect the utility’s cost of service will not
73 be included in the final framework to be established in this phase of the
74 docket.”

75

76 In that same docket, in its November 10, 2015 order the PSC stated:

77 “The categories of costs in both studies³ should generally be consistent with
78 those PacifiCorp employs in preparing cost of service studies for ratemaking
79 purposes. To the extent any party believes a cost impact of net metering
80 should be included in one of the studies or used to supplement the result of a
81 study, the party bears the burden to demonstrate the existence of the impact
82 and that it will be (or has been)_realized in the test period.”

83 OCS will expect that any party proposing export credit rates in this docket will adhere
84 to the PSC’s requirements.

85 **Q DOES RMP’S PROPOSAL MEET OCS’S CRITERIA FOR A COST BASED**
86 **RATE?**

³ The studies referred to are the ACOS and CFCOS that RMP was ordered to perform in its next general rate case. Docket No. 14-035-114.

87 A. OCS has reviewed RMP’s proposal and believes that it is generally reasonable. It
88 appears that it will help to minimize subsidies from non-participants to customer
89 generators. OCS generally supports RMP’s inclusion of avoided costs, avoided line
90 losses and integration costs as being appropriate components for pricing excess
91 exported energy. OCS is not yet in a position to opine on whether additional elements
92 should also be included in the compensation rates. OCS anticipates that other parties
93 will present additional potential rate components in their direct testimony. The OCS
94 team will review those proposals and consider whether to support any additional rate
95 components.

96 **Q. IS RMP’S PROPOSAL CONSISTENT WITH OCS’S CRITERIA FOR BILL**
97 **TRANSPARENCY AND SIMPLICITY?**

98 A. OCS does not have enough information to determine whether the proposal is
99 adequately transparent and simple or whether adjustments or modifications to the
100 specific RMP export billing protocols and calculation methodologies should be made.
101 We have issued discovery to better understand the details and will make updated and
102 refined recommendations in rebuttal testimony.

103

104 However, as an initial matter, we are concerned that it will be difficult for customer
105 generators to understand how compensation is determined. We are also concerned
106 that the name “Net Billing Program” may be confusing to customers. RMP indicates
107 that exported energy will be measured in “real time” but clearly there is some level of
108 time over which it will actually be measured. What is not clear is whether this “real
109 time” measurement will be presented in a transparent way that customer generators

110 will be able to track and understand. OCS has issued a data request to try to better
111 understand this issue and will continue to investigate the details of billing and
112 whether RMP’s proposal results in appropriately transparent and understandable bills
113 for customer generators.

114 **Q. HAS OCS REVIEWED RMP’S PROPOSED ELECTRIC SERVICE**
115 **SCHEDULE NO. 137 NET BILLING SERVICE?**

116 A. Yes. OCS believes that on Original Sheet No. 137.1 the last sentence in the paragraph
117 APPLICATION should be modified. It currently reads, in part ...”and has executed
118 an Interconnection Agreement for **Transition Program** Service with the Company.”
119 Transition Program is the name of Electric Service Schedule 136, which is proposed
120 to be closed to new service. Thus the reference in that sentence to “Transition
121 Program Service” should be changed to match Schedule 137 “Net Billing Service”—
122 or whatever other name may ultimately be used for the Program.

123 **Q. PLEASE SUMMARIZE OCS’S POSITION AND RECOMMENDATION.**

124 A. Although it may be impossible to entirely eliminate cross-subsidies, OCS asserts that
125 any Program should eliminate subsidies from non-participants to customer generators
126 to the extent possible. The billing and determination of the excess credit rate should
127 be simple to understand and transparent as much as practical. OCS generally supports
128 the inclusion of avoided costs, avoided line losses and integration costs, and will
129 review other proposals as they are filed to evaluate whether additional components
130 should be included in the compensation. OCS has concerns about the “real time”
131 netting proposal and if it will result an appropriately transparent and understandable
132 billing. OCS will conduct additional discovery and provide an updated position in

133 rebuttal testimony. Finally, OCS recommends that RMP modify the language in

134 Schedule 137.1 as noted above.

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

136 **A. Yes.**