

–BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH–

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IN THE MATTER OF THE APPLICATION OF)	DOCKET No. 20-035-04
ROCKY MOUNTAIN POWER FOR AUTHORITY TO)	Exhibit No. DPU 4.0 R
INCREASE ITS RETAIL ELECTRIC UTILITY)	
SERVICE RATES IN UTAH AND FOR APPROVAL)	
OF ITS PROPOSED ELECTRIC SERVICE)	
SCHEDULES AND ELECTRIC SERVICE)	
REGULATIONS.)	

FOR THE DIVISION OF PUBLIC UTILITIES
DEPARTMENT OF COMMERCE
STATE OF UTAH

Rebuttal Testimony of

ROBERT A. DAVIS

October 5, 2020

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1 **I. INTRODUCTION**

2 **Q: Please state your name and occupation.**

3 A: My name is Robert A. Davis. I am employed as a Utility Technical Consultant at the
4 Utah Department of Commerce-Division of Public Utilities (“Division”).

5 **Q: Are you the same Robert A. Davis who filed direct testimony in this matter.**

6 A: Yes.

7 **II. PURPOSE OF DIRECT TESTIMONY**

8 **Q: What is the purpose of your rebuttal testimony in the Phase I revenue requirement**
9 **of this proceeding?**

10 A: My rebuttal testimony offers the Division’s conclusions and recommendations in
11 response to Utah Clean Energy’s (“UCE”) witness Sarah Wright’s proposal to open a
12 docket for the proposed Subscriber Solar Program (“Program”) and proposal to offer
13 subscriber solar blocks to low income customers.

14 **Q: Can you offer a brief summary of the Division’s conclusions?**

15 A: Yes. The Division has reviewed the testimony of Office of Consumer (“OCS”) witness
16 Alyson Anderson and UCE witness Sarah Wright. The Division generally agrees with the
17 OCS’s observations concerning Rocky Mountain Power’s (“RMP”) Program. Unless
18 RMP provides the parties with ample evidence of the resource costs and accounting of
19 the Program, the Division recommends RMP withdraw its proposal and open it as a
20 stand-alone docket when the resource costs and accounting become available.

21 The Division’s review of UCE’s testimony raises concerns of potential contradictions
22 between UCE’s proposals and the current and proposed Subscriber Solar Program that
23 might violate Schedule 73. UCE’s proposal to carve out blocks for low income customers
24 reduces the chance that the Program will be self-supportive and changes the scope of both
25 programs. I will discuss this concern and others in my testimony below.

26 To the extent that my testimony or the testimony of other Division witnesses fails to
27 address a particular issue in RMP’s Subscriber Solar proposal does not preclude the
28 Division’s acceptance or rejection of that issue. The Division reserves its right to provide
29 additional comments on the proposed Program or respond to other parties’ comments in
30 future filings or at hearing.

31 **III. RECOMMENDATION**

32 **Q: Please offer the Division’s recommendations concerning RMP’s proposed**
33 **Subscriber Solar program.**

34 A: The Division finds RMP’s solar subscriber proposal reasonable in structure and generally
35 supports its proposal with the recommendations stated in my direct testimony.¹ However,
36 unless RMP provides the parties with ample evidence of the resource costs and
37 accounting of the Program as part of this general rate case docket, it should withdraw its

¹ See Division witness Robert A. Davis, 20-035-04_RMP GRC Subscriber Solar_DPU 4.0_Davis_DIR_9-2-20, September 2, 2020. <https://pscdocs.utah.gov/electric/20docs/2003504/315249PhsIDirTestRobertADavisDPU9-2-2020.pdf>.

38 proposal and open it as a stand-alone docket.

39 **IV. UTAH CLEAN ENERGY PROPOSALS**

40 **Q: Please explain the Division's concerns with UCE's proposal.**

41 A: The Division appreciates UCE's interest in making renewable energy available to low
42 income customers. However, the lack of critical cost and accounting information for the
43 proposed Program makes it difficult to contemplate how UCE's proposal might work.
44 The concept of carving out blocks for low income customers presents problems and
45 contradictions within the construct of the proposed and existing Program.

46 **Q: Does the Division have concerns with setting aside blocks for low income customers?**

47 A: Yes. Both programs are constructed to be self-supporting which is necessary for the
48 programs to be in the public interest. The current program has been fairly successful so
49 far but not one-hundred percent self-supported, as the OCS appropriately points out in its
50 direct testimony.² RMP openly admits that it expects the uptake of its proposal to be
51 longer than the current program. The resource cost is a power purchase agreement
52 ("PPA") with fixed cost for the life of the contract. The energy from the resource that is
53 not subscribed will be booked to the energy balancing account ("EBA") as a net power
54 cost and paid by all customers. Carving out blocks for low income customers may have
55 an impact if those blocks are not subscribed. Additionally, offering blocks to low income

² See OCS witness Alyson Anderson's Direct Testimony at lines 72-82.

56 customers at a reduced rate will cause pricing issues within the Program and Schedule
57 73.³

58 **Q: Does the Division have concerns regarding the pricing of the blocks for low income**
59 **customers and cost shifting to other Schedule 73 customers?**

60 A: Yes. Current customers and future customers of the proposed Program pay a premium
61 and administrative costs to participate in the program which makes the programs self-
62 supportive. The Division is unclear how low income customers might pay these
63 premiums if they are not currently able to afford the full cost of normal electrical service
64 and require assistance through other programs to pay their electric bills. UCE proposes
65 that other Schedule 73 customers be required to pay a premium on top of their
66 subscription premiums to help low income customers pay for their subscriptions to keep
67 the program(s) self-supportive.⁴

68 To the extent that Schedule 73 customers do wish to subsidize low income customer
69 participation in the program, other alternative options may be available but the Division
70 opposes additional premiums being added to the solar subscriber subscription purchases.

71 **Q: Does the Division support UCE's proposal to dedicate future rounds of subscriber**
72 **solar to participation of customers who cannot otherwise access solar energy?**

³ Rocky Mountain Power predicts that both Subscriber Solar programs will eventually merge as customers move from old to new and free up blocks. See Comeau's Direct Testimony at lines 143-146.

⁴ See UCE witness Sarah Wright's Direct testimony at lines 133-134.

73 A: At lines 84-88, UCE witness Wright states: *Future rounds of the Subscriber Solar*
74 *Program should not duplicate opportunities to access solar energy that already exist*
75 *through other utility programs or tariffs or through general service from the Company.*
76 *Instead, future rounds of Subscriber Solar should seek to expand participation from*
77 *categories of customers who cannot otherwise access solar energy.”* The Division does
78 not understand UCE’s proposal or the necessity of the proposal. The Subscriber Solar
79 program, current and proposed, is designed to provide another opportunity for all eligible
80 customers to receive their energy needs from renewable resources that cannot otherwise
81 do so under other programs. The Division is unclear on what group of customers is not
82 eligible to participate in subscriber solar now that UCE is seeking access for. Therefore,
83 the Division recommends that UCE’s proposal be rejected at this time.

84 **Q: Does the Division agree with UCE witness Sarah Wright’s disagreement with**
85 **RMP’s assumption that the cost of solar resources will always be higher than**
86 **avoided cost?**

87 A: The Division is unclear whether Ms. Wright is referring to the solar resource for the
88 proposed Program or solar resources in general. Ms. Wright’s statement at lines 43-46
89 *“The Company’s proposed Program redesign is premised on the assumption that the cost*
90 *of solar resources will always be higher than avoided cost, and I do not agree that the*
91 *purchase of solar energy will necessarily come at a premium in the future.”*

92 The Division understands that the PPA pricing of the solar resource dedicated to either of
93 the subscriber solar programs will most likely always be higher than similar solar
94 resources used in the calculation of avoided cost. If a solar resource is known to be at or
95 below the avoided cost and capable of being developed, the Division expects that the
96 resource would be pursued as part of the generation system for all customers. Subscriber
97 Solar’s purpose is to allow customers to choose incremental additional solar that would
98 not otherwise be part of the normal generation system. As a result, it is expected that in
99 most cases incremental solar not already pursued as least cost generation would therefore
100 be higher than avoided cost.

101 The solar resources developed for the solar subscriber programs are dedicated systems
102 located within Utah where ample acreage and transmission capacity exists for the
103 facilities. Although, excess generation might be transported to the regional market as
104 available energy and booked as net power costs in the EBA, the primary purpose of the
105 facility is to provide energy to the Program where the costs of the facility are recovered
106 through subscription revenues. These dedicated resources serve a different purpose than
107 the generation supplied by utility owned solar resources or third party qualifying facilities
108 (“QFs”) and priced accordingly. The Division seeks clarification how UCE intends to
109 lower the premium price after the PPA is established for the Program’s resource.

110 **V. SUMMARY AND CONCLUSIONS**

111 **Q: Will you summarize your analysis and findings for RMP’s proposed subscriber**
112 **solar program and offer your recommendations?**

113 A: Yes. RMP’s proposed Subscriber Solar Program mirrors the current subscriber solar
114 program with the exception of customer billing, including large customers over 100
115 MWh, and treatment of net power costs in the EBA. The Division has several concerns
116 regarding how RMP intends to keep the two programs separate or blend the programs,
117 mitigate customer migration from the original program to the new program, EBA
118 impacts, and subscription ramp rate.

119 The Division understands that PacifiCorp/RMP plans to retain ownership of the
120 Renewable Energy Credits (“RECs”) and all other environmental attributes including but
121 not limited to carbon emission reduction credits. PacifiCorp plans to retire those credits
122 on behalf of subscribers as it does for the current program.

123 If approved, the Division recommends the Commission direct RMP to report annually in
124 a similar format and concurrently with the current subscriber solar program. The Division
125 generally supports RMP’s proposed Subscriber Solar Program based upon the limited
126 information it has received to this point. However, unless RMP provides the parties with
127 ample evidence of the resource costs and accounting of the Program, the Division
128 recommends RMP withdraw its proposal and open it as a stand-alone docket when the
129 information becomes available.

130 Specifically, the Division recommends the following:

- 131 1) Refer to the current program as Solar Subscriber I and the proposed program as
132 Solar Subscriber II;
- 133 2) Direct RMP to report the progress of the proposed Solar Subscriber II similar to
134 and concurrently with the current Solar Subscriber I including administrative, billing,
135 and marketing costs, subscribership uptake and costs, tracking and reporting plan, and
136 other factors mentioned herein;
- 137 3) Direct RMP to provide parties with billing examples for residential and non-
138 residential subscriber solar customers under both programs in a timely manner;
- 139 4) Direct RMP to provide the parties with a plan to mitigate customer migration from
140 Solar Subscriber I to Solar Subscriber II;
- 141 5) Direct RMP to make clear how released capacity from Solar Subscriber I will be
142 treated and how any unrecovered costs will be treated;
- 143 6) Direct RMP to support its proposal with the missing information stated herein for
144 the resource; and
- 145 7) Direct RMP to demonstrate how program costs will be allocated among ratepayers
146 should the program not reach full subscribership within five years of the resource's
147 operation date.

148 The Division reserves its rights to make further recommendations as information
149 becomes available.

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

151 **A:** Yes, it does.