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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

<p>In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations</p>	<p>Docket No. 20-035-04</p>
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PREFILED REBUTTAL TESTIMONY OF

DOUGLAS J. HOWE

ON BEHALF OF

WESTERN RESOURCE ADVOCATES

October 16, 2020

1 **Q: Please state your name, position, and business address.**

2 A: My name is Douglas J. Howe. I am an energy policy analyst and am testifying on behalf
3 of Western Resource Advocates (WRA). My business address is 624 E. Alameda St.,
4 Unit 16, Santa Fe, New Mexico 87501.

5 **Q: Are you the same Douglas J. Howe who provided direct testimony (on Phase II**
6 **issues) on behalf of Western Resource Advocates?**

7 A: Yes.

8 **Q: Please summarize your rebuttal testimony.**

9 A: The purpose of this rebuttal testimony is to generally support the Company's Utah
10 Advanced Metering Infrastructure (AMI) Project, but to also agree with OCS Witness
11 Ron Nelson that the Company has not yet done a complete job of laying out the benefits
12 of the project and that it should develop and submit to the Commission an Advanced Rate
13 Design Roadmap. In my direct testimony, I recommended that the company adopt a
14 time-varying rate schedule as the default for residential customers when the AMI project
15 is completed. I would certainly see that as being one of the aspects included in the
16 Roadmap.

17 **Q: Do you believe that the Company should pursue the Utah AMI Project?**

18 A: Yes, I do. As utilities throughout the West pursue clean energy policies, the resource
19 portfolios of these utilities are going to change considerably with higher penetrations of
20 variable energy resources, both at the utility scale and at the small scale with distributed
21 energy resources (DERs). This evolution of the utility portfolio is going to require a

22 different, modernized and updated grid from the one we have currently. One of the
23 features of the modernized grid is going to be two-way communication with and the
24 ability to apply real-time control to DERs and customer demand, and to detect outages
25 and faults in the system when they happen (not when or if they are reported by a
26 customer). Another feature of the modern grid is the capability to allow customers to
27 control their demand in order to use electricity in the most cost-effective manner. The
28 installation of AMI is the customer platform on which this happens.

29 **Q: Do you agree with Mr. Nelson's assessment that the AMI project is not cost-**
30 **effective¹?**

31 A: I believe the Utah AMI Project could be shown to be cost-effective, but I would agree
32 with Mr. Nelson that the Company did not do that in its filing. The Company's argument
33 is sort of a "leap of faith" argument. They have cited the savings available in reduced
34 meter reading², and these savings do not produce a positive net present value (NPV)
35 when using the Company's cost of capital; hence the assessment that it is not cost-
36 effective. I would note, though, that it does have a positive internal rate of return over a
37 20 year life, which suggests to me that the AMI project would likely have a positive NPV
38 if other benefits were quantified and included, such as savings from improved outage
39 management, savings in avoidance of excess generation, transmission and distribution
40 investment, and reduction in consumer bills from advanced rate designs.

¹ Nelson Direct, 98:1930.

² Mansfield Direct, 28:586-597

41 **Q: Do you believe that the Company has narrowly focused the AMI project on meter**
42 **reading savings, as noted by Mr. Nelson³?**

43 A: The Company does elaborate on many other benefits from the AMI project that would be
44 available down the road⁴, but Mr. Nelson is correct that the Company's has only
45 quantified the savings due to reduced meter reading in this filing.

46 To that end, Mr. Nelson is absolutely correct that an AMI project cannot be cost-justified
47 on the basis of reduced meter reading. Indeed, if the objective is to reduce meter reading
48 costs, then the solution is to reduce meter reading frequency. This was the lesson in the
49 United Kingdom during the 1990's when their utilities were being deregulated and
50 privatized. What we learned in their experience is that no level of meter reading
51 automation can match the cost-savings available by simply reducing manual meter
52 reading frequency. Today, UK utilities are only required to provide an actual meter read
53 once *in every two years*; interim monthly bills are simply estimated subject to a true-up.
54 Nevertheless, UK utilities are moving forward (under government mandate) with their
55 own AMI projects intended to provide all of these other benefits to customers. None of
56 those benefits are justified on meter reading savings.

57 The point of this is that reduced meter reading is at best a subsidiary, even minor benefit
58 of an AMI project. An AMI project can never be justified if reduced meter reading is the
59 core purpose and every other benefit is the add-on.

³ Nelson Direct, 99:1938

⁴ Mansfield Direct, 2 to 27:575

60 **Q: Do you agree with the OCS position that the Utah AMI Project should be denied?**

61 A: My direct testimony did not address revenue requirement issues, so I will not take a
62 position on revenue requirement issues in this rebuttal testimony. However, I would
63 hope that the Company does not simply walk away from the Utah AMI Project, but rather
64 works with the Commission and parties like the OCS and WRA to develop a stronger
65 proposal, as I am certain can be done. To this end, I think Mr. Nelson's proposal of an
66 Advance Metering Rate Design Roadmap is a good first step.

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

68 A: Yes, it does.