

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH**

**Application of Rocky Mountain Power for Authority :
to Increase its Retail Electric Utility Service Rates in : Docket No. 20-035-04
Utah and for Approval of its Proposed Electric Service :
Schedules and Electric Service Regulations :**

**SURREBUTTAL TESTIMONY
OF
RICHARD A. BAUDINO**

ON BEHALF OF

THE KROGER CO.

BAUDINO REGULATORY CONSULTING, INC.

NOVEMBER 6, 2020

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SURREBUTTAL TESTIMONY OF RICHARD A. BAUDINO

1 **Q. Please state your name and business address.**

2 A. My name is Richard A. Baudino. My business address is Baudino Regulatory
3 Consulting, Inc., 1347 Frye Road, Westfield, NC.

4

5 **Q. What is your occupation and by whom are you employed?**

6 A. I am a regulatory consultant and the President/Owner of Baudino Regulatory
7 Consulting, Inc.

8

9 **Q. Did you previously submit prefiled testimony in this proceeding?**

10 A. Yes, I submitted Direct and Rebuttal Testimony on behalf of The Kroger Co.
11 ("Kroger").

12

13 **Q. What is the purpose of your Surrebuttal Testimony?**

14 A. The purpose of my Surrebuttal Testimony is to address issues relating to cost and
15 revenue allocation and Schedule 6 rate design that were addressed by Rocky Mountain
16 Power ("RMP" or "Company") witness Robert Meredith in his Rebuttal Testimony.

17

1 **Q. Please summarize Mr. Meredith's revenue allocation for Schedule 6 as contained**
2 **in his Rebuttal Testimony.**

3 A. According to Mr. Meredith's Rebuttal Testimony, the overall percentage change in
4 base rates is 3.6%, or \$72.0 million. Mr. Meredith's proposed increase for Schedule 6
5 customers is 1.6%. Mr. Meredith based his revised class revenue allocation proposals
6 on his revised class cost of service study ("CCOSS"), the results of which are presented
7 in his Exhibits RMP___(RMM-1R), RMP___(RMM-2R), and RMP___(RMM-3R).
8 Mr. Meredith testified that the Company proposed smaller base revenue increases for
9 Schedules 6 and 8 in response to recommendations from myself and Walmart witness
10 Mr. Chris.¹

11
12 **Q. What is the subsidy that is currently being paid by Schedule 6 customers based**
13 **on Mr. Meredith's revised CCOSS?**

14 A. Exhibit RMP___(RMM-1R), page 1 of 2, shows that at the Company's current rate of
15 return, Schedule 6 customers are paying a total yearly revenue subsidy of \$38.676
16 million. Exhibit RMP___(RMM-1R) page 2 of 2 further shows that at the Company's
17 target rate of return, Schedule 6 would be paying a total yearly revenue subsidy of
18 \$20.151 million. This means that Schedule 6 customers should have a revenue
19 reduction of \$20.151 million at RMP's requested revenue increase, rather than a 1.6%
20 increase as proposed by Mr. Meredith.

¹ Rebuttal Testimony of Mr. Meredith, pages 3 - 5.

1 **Q. What is your position with respect to Mr. Meredith's proposed revenue allocation**
2 **in his Rebuttal Testimony?**

3 A. Mr. Meredith's testified that his proposed revenue increase to Schedule 6 customers is
4 1.6%, which is 2.0% less than the overall increase of 3.6%. However, Schedule 6
5 Composite customers who remain on Schedule 6 would receive a higher percentage
6 increase, 2.8%, under Mr. Meredith's proposal based on my analysis of his Rebuttal
7 work papers. Although this increase is much higher than it should be, it represents a
8 slight improvement over Mr. Meredith's filed revenue allocation in his Direct
9 Testimony. As I noted in my Direct Testimony, Schedule 6 Composite customers that
10 remain on Schedule 6 would have actually received a larger percentage increase than
11 the system average percentage increase based on Mr. Meredith's original revenue
12 allocation. Under Mr. Meredith's proposal, at least these customers would receive an
13 increase that is slightly less than the system average increase.

14
15 Although Mr. Meredith's proposed increase to Schedule 6 Composite customers
16 remaining on Schedule 6 is lower than the system average increase of 3.6%, further
17 movement should be made toward cost based rates for these customers. I recommend
18 that the percentage increase to Schedule 6 Composite customers remaining on
19 Schedule 6 be reduced 2.0% below the overall system base percentage increase. Based
20 on Mr. Meredith's Rebuttal testimony, this increase would be 1.6% on present
21 revenues from these customers of \$427.999 million. If the Commission orders a lower
22 base percentage increase for the Company, then I recommend that the Commission

1 utilize the recommendation in my Direct Testimony and apply an increase of 50% of
2 the overall system base percentage increase.

3
4 **Q. Please summarize Mr. Meredith's position with respect to your recommendation**
5 **regarding energy charges for Schedule 6.**

6 A. Mr. Meredith disagreed with my recommendation of no increase to the overall energy
7 rates for Schedule 6. Mr. Meredith cited to the current average energy charges for
8 Schedule 6 and 8, with Schedule 6 being higher than Schedule 8 currently. In order to
9 remedy this situation, I continue to recommend that the Schedule 6 energy rates be
10 based on my recommendation in my Direct Testimony and that the Commission direct
11 the Company to reduce average energy charges for Schedule 8 below the Schedule 6
12 energy charges to Mr. Meredith's proposed 3.39 cents per kilowatt-hour ("kWh").

13
14 **Q. Did Mr. Meredith provide any additional information in his Rebuttal Testimony**
15 **that supported lowering the summer and winter power charge differential from**
16 **1.34 to 1.13?**

17 A. No. Mr. Meredith continued to rely on the EIM energy pricing difference, but did not
18 provide any seasonal analysis of the capacity cost differential between summer and
19 winter pricing seasons. I continue to recommend that the Commission reject Mr.
20 Meredith's proposed reduction in the summer/winter kilowatt ("kW") demand charge
21 differential and that the current 1.34 differential be maintained.

22

1 **Q. Please address Mr. Meredith's position with respect to the multi-site commercial**
2 **rate that you recommended in your Direct Testimony.**

3 A. Mr. Meredith expressed two concerns with this proposal, but also stated that it was an
4 interesting idea.² He also stated that the idea could be discussed at the Company's
5 proposed future rate design collaborative.

6
7 Kroger appreciates Mr. Meredith's willingness to discuss the multi-site commercial
8 rate during a future rate design collaborative, assuming the Public Service Commission
9 of Utah ("Commission") adopts the Company's proposed collaborative. However,
10 whether or not the Commission orders such a future collaborative to take place, I
11 maintain the recommendation in my Direct Testimony that the Commission order
12 RMP to study, evaluate, and implement a multi-site commercial rate for Schedule 6 in
13 its next rate case.

14
15 **Q. Does this complete your Surrebuttal Testimony?**

16 A. Yes.

² Direct Testimony of Mr. Meredith, page 38.