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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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	Docket No. 20-035-04 Surrebuttal Testimony Cost of Service
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PREFILED SURREBUTTAL TESTIMONY OF SARAH WRIGHT

ON BEHALF OF

UTAH CLEAN ENERGY

NOVEMBER 6, 2020

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1 **I. INTRODUCTION**

2 **Q. Please state your name, title, and business address.**

3 A. My name is Sarah Wright, Executive Director of Utah Clean Energy. My business address
4 is 1014 2nd Avenue, Salt Lake City, Utah 84103.

5 **Q. Did you file direct testimony and rebuttal testimony in Phase II of this docket?**

6 A. Yes.

7 **Q. Please summarize your surrebuttal testimony?**

8 A. My surrebuttal testimony responds to the rebuttal testimony of Rocky Mountain Power
9 (“Company” or “RMP”) related to removing the third tier block rate for residential
10 customers, AMI, and the proposed method to unbundle rates. Generally, I recommend that
11 the Public Service Commission (“Commission”) deny the proposed unbundled rates and
12 the removal of the third tier, and only conditionally approve RMP’s proposal for AMI,
13 conditional upon the creation of a collaborative rate design process that will better identify
14 benefits of AMI. This collaboration would also provide a more appropriate forum for
15 stakeholders to collaborate on methods to potentially unbundle rates and replace the third
16 tier with a more effective customer incentive.

17 **II. ADVANCED METERING INFRASTRUCTURE**

18 **Q. According to Company witness Mr. Meredith, the full deployment of AMI is far
19 enough away that it is too early to design TOU rate proposals. How do you respond?**

20 A. As I have explained in rebuttal testimony, deployment of AMI should be coupled with a
21 clear plan to implement new technologies, practices, and measures that drive efficiency and
22 create broad customer benefits. The meter reading benefits cited by the Company in
23 support of its proposal represent only a small portion of the potential benefits that AMI

24 could provide. RMP also says that it “intends to expand and/or improve its time varying
25 rate options in the future” and that this metering infrastructure is necessary to provide a
26 “platform for the Company to do that.” (Mr. Meredith, Rebuttal Testimony, lines 1256 -
27 1258). This statement is very ambiguous and does not provide customers with any idea of
28 what additional benefits and functionality they may receive from the AMI technology they
29 are being asked to pay for. A collaborative stakeholder process guided by the Office of
30 Consumer Services’ (“Office”) recommendations on this issue provides the greatest
31 opportunity to identify these benefits and ensure that customers get the most out of this
32 technology.

33 **Q. How has the Company responded to the Office’s recommendation to implement an**
34 **Advanced Rate Design Roadmap?**

35 A. The Company “agrees that the development of a robust plan for future rate design offerings
36 is a very good idea.” (Mr. Meredith, Rebuttal Testimony, lines 1283 – 1284). However,
37 instead of pursuing an Advanced Rate Design Roadmap, Mr. Meredith recommends
38 developing future rate design offerings through “an inclusive stakeholder process . . . so
39 that interested parties could share their input and collaborate with the Company. Such a
40 process occurred in Docket No. 16-035-36, under which the Company’s experimental
41 residential electric vehicle time of use rate, Schedule 2E, was approved.” (Mr. Meredith,
42 Rebuttal Testimony, lines 1285 – 1288).

43 **Q. How do you respond?**

44 A. UCE participated in the process of developing Schedule 2E, and I am supportive of Mr.
45 Meredith’s recommendation to develop advanced rate designs through a stakeholder
46 process, with input from industry experts and technical sessions so that stakeholders are

47 well versed with advanced rate design options. Generally, I agree that developing new
48 rates design offerings through collaborative stakeholder processes is more likely to “result[]
49 in better outcomes for customers.” (Mr. Meredith, Rebuttal Testimony, line 1291).
50 However, I still believe that the Office’s recommendations provide a sound framework to
51 help guide this stakeholder process for this initial rate design and beyond. Whether the goal
52 is to develop an Advanced Rate Design Roadmap, or some other set of findings, I support
53 following the Office’s recommendations to help guide this process.

54 **Q. What is your recommendation related to RMP’s AMI proposal?**

55 A. I support Commission approval of the Company’s proposal to implement AMI *only if* it is
56 paired with a Commission requirement for a collaborative process in which stakeholders
57 work together to design a roadmap or other plan that satisfies the Office’s
58 recommendations laid out in Mr. Nelson’s testimony. I believe this collaborative process
59 should be informed by experts on rate design and AMI to ensure that all parties fully
60 understand the scope of potential solutions. The goal of this proceeding should be to
61 develop advanced rate designs, considering different unbundled rate options, and consistent
62 with the Office’s recommendations related to AMI, to be implemented in the next general
63 rate case.

64 **III. INCLINING BLOCK RATES**

65 **Q. According to the Company, removal of the third tier pricing for residential customers**
66 **is reasonable in part because “circumstances have changed markedly since inverted**
67 **tiered block rates first were introduced in 2001.” (Mr. Meredith, Rebuttal Testimony,**
68 **lines 578 – 579). Do you agree?**

69 A. Yes, but the issue is not whether or not the third tier still retains value in light of changed
70 circumstances, the issue is whether changed circumstances have provided potentially better
71 tools to incent energy saving behavior. If the latter is true, RMP should replace the third tier
72 with a more efficient energy-saving tool instead of simply removing it. As many parties
73 have noted, metering infrastructure now enables the use of other advanced rate designs, like
74 TOU rates, in order to send energy users price signals that encourage conservation.
75 Advancements in energy efficient technologies, like EVs, and controllable appliances, have
76 also created additional energy saving opportunities that could be leveraged by new rate
77 designs. However, RMP has not proposed to replace the third tier with any of these
78 alternative tools. I remain concerned that removing the third tier without replacing it with
79 another rate design mechanism that sends customers a price signal to conserve energy is not
80 in the public interest.

81 **Q. Do you agree with Mr. Meredith that removing the third tier will remove “a**
82 **disincentive to electric vehicle adoption?” (Mr. Meredith, Rebuttal Testimony, line**
83 **629).**

84 A. Not in the near term. Electricity under the current tiered structure in Utah is largely a
85 cheaper fuel source than gasoline. So, there is no immediate need to make this change. But
86 that said, as we electrify more of our homes and buildings, we need to make sure that we
87 get the rate design correct. The collaborative rate design process that we recommend above
88 provides a robust opportunity to develop a long-term plan with new rate designs that send
89 proper signals to minimize costs for customers and the system.

90 **Q. What do you recommend?**

91 A. Before or concurrent with eliminating the third tier, I recommend that the Commission
92 approve an alternative rate design option that is tailored to encourage conservation and
93 beneficial use of electricity. A residential TOU rate is one option, but there are a variety of
94 other rate design options the Company could consider. I recommend that the Company and
95 stakeholders work together to develop this replacement through the advanced rate design
96 stakeholder process discussed above.

97 IV. PROPOSED UNBUNDLING OF RATES

98 **Q. Mr. Meredith said that “unbundling rates provides stakeholders with useful
99 information on how rates recover different aspects of utility services.” (Mr. Meredith,
100 Rebuttal Testimony, lines 415-416). Has RMP shown why its proposed method of
101 unbundling rates is the best way to provide stakeholders with this useful information?**

102 A. No. RMP’s proposal seems to be the first of its kind and the Company does not appear to
103 compare its proposal with any alternative, more established unbundling methods. The
104 Office originally expressed this concern in its direct testimony, when it said that the
105 Company’s unbundling proposal is unprecedented and not supported by any cost manuals.
106 (Mr. Nelson, Direct Testimony, lines 426-428). The Company has only provided one
107 example of a state where this sub-functionalization is used, Wyoming, but it could only say
108 that the method has “generally not been controversial.” (Mr. Meredith, Rebuttal Testimony,
109 line 251). This is far from a declaration of success for this method, and at the very least
110 RMP should have established why this method is superior to other more established
111 unbundling methods. By not including this explanation the Company has not met its burden
112 to show why it’s proposal would result in just and reasonable rates. The Commission

113 should not approve the proposal until parties are given the opportunity to see how RMP's
114 proposal stacks up to more established unbundling methods.

115
116 Further, as Mr. Nelson stated in his rebuttal testimony, "RMP's unprecedented proposal [for
117 unbundling rates] removes a link between its costs study and its rate designs and is not well
118 understood by stakeholders." (Mr. Nelson, Rebuttal Testimony, lines 159-160). The
119 Office's concerns establish a reasonable question as to whether RMP's proposal does in
120 fact make it easier for stakeholders to understand how utility services are recovered in
121 rates. The Office's concerns support my conclusion that the Commission should refrain
122 from approving RMP's unbundling proposal in this rate case, until stakeholders can better
123 understand the proposed method and how it compares to alternatives.

124 **Q. According to the Company, unbundling of rates at this time is also beneficial because**
125 **it will provide stakeholders with information that "can be useful for developing new**
126 **programs, such as the Community Renewable Energy Program." (Mr. Meredith**
127 **rebuttal testimony, lines 417 – 418). How do you respond?**

128 A. The Company's proposed unbundling *could* affect the Community Renewable Energy
129 Program ("CRP"), but it is premature to say that RMP's proposal *will* be useful to the CRP.
130 To my knowledge the parties negotiating the terms and rate components of the CRP have
131 not reached a point where parties have agreed to a specific rate design proposal. As such,
132 we do not yet know whether unbundled rates will enhance the rate design in the CRP.
133 Further, because RMP did not compare its proposed unbundling method to others, we do
134 not know whether RMP's proposal is best suited for whatever rate design stakeholders
135 choose for the CRP. The Company's statement that its proposed unbundling method can be

136 useful for programs like the CRP puts the cart before the horse and should be disregarded
137 as support for its proposed unbundling method.

138 **Q. What is your recommendation related to RMP's proposed unbundling method?**

139 A. I recommend that the Commission reject the Company's proposed method for unbundling
140 rates in this proceeding. RMP has not sufficiently established why it's largely untested
141 proposal is superior to any other established method of unbundling rates, and the concerns
142 raised by the Office call into question whether RMP's proposal would produce the most
143 just and reasonable rates for customers. Similar to my recommendations regarding the
144 removal of the third tier and AMI issues, I believe this issue would be best served if parties
145 addressed it outside of the rate case, where stakeholders can work together to explore best
146 practices regarding rate unbundling through the collaborative advanced rate design
147 stakeholder process that I referenced above.

148 **V. CONCLUSION**

149 **Q. Please summarize your conclusions.**

150 A. I recommend that the Commission decline to approve RMP's proposals for unbundling
151 rates and removing the third tier in block rates. I also recommend that the Commission's
152 approval of RMP's proposal related to AMI be contingent upon RMP creating a stakeholder
153 process to collaboratively develop new rate designs and measures that fully leverage the
154 benefits of AMI. This collaborative process should be guided by the Office's
155 recommendations related to AMI and be intended to identify new rate designs for proposed
156 implementation in the next general rate case.

157 **Q. Does that conclude your testimony?**

158 A. Yes.