

Rocky Mountain Power
Docket No. 16-035-_____
Witness: Gary W. Hooegeveen

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Direct Testimony of Gary W. Hooegeveen

November 2016

1 **Q. Please state your name, business address and present position with PacifiCorp,**
2 **dba Rocky Mountain Power (the “Company”).**

3 A. My name is Gary W. Hoogeveen. My business address is 1407 West North Temple,
4 Suite 310, Salt Lake City, Utah 84116. My present position is Senior Vice President
5 and Chief Commercial Officer of Rocky Mountain Power.

6 **Qualifications**

7 **Q. Please summarize your education and business experience.**

8 A. I have a B.S. degree in Physics from the University of Northern Iowa and Masters
9 and Ph.D. degrees in Space Physics from Rice University. For the last 16 years, I
10 have worked for the Berkshire Hathaway Energy family of companies. In the five
11 years immediately preceding my current position at Rocky Mountain Power, I
12 served as President and Chief Executive Officer of the Kern River Gas
13 Transmission Company headquartered in Salt Lake City.

14 **Q. What are your responsibilities with Rocky Mountain Power?**

15 A. My main responsibilities focus on community affairs, public policy and building
16 relationships with our communities. These relationships facilitate open
17 communication that allow the Company to understand the needs of our customers
18 and to develop or change policies and programs that will meet those needs and keep
19 pace with the evolving environment. We work diligently across our organization to
20 offer the services our communities and customers want, without adversely affecting
21 other customers. I have been personally involved in advancing new programs that
22 provide additional options for customers who want more renewable energy and
23 have overseen the development of those programs with the objective of balancing

24 the needs of all customers and the Company's obligation to provide safe, reliable
25 and efficient electric service.

26 **Purpose and Summary of Testimony**

27 **Q. What is the purpose of your testimony?**

28 A. The purpose of my testimony is to introduce and support the Company's
29 Compliance Filing and Request to Complete All Analyses Required Under the Net
30 Metering Statute for the Evaluation of the Net Metering Program ("Compliance
31 Filing"). The Compliance Filing includes the components that comply with the
32 Order issued by the Public Service Commission of Utah ("Commission") in this
33 docket on November 10, 2015 ("November 2015 Order"), enabling the completion
34 of the evaluation of the net metering program required by Utah Code Ann. § 54-15-
35 105.1 (the "Net Metering Statute"). The Compliance Filing requests modifications
36 to the net metering program, including a new rate structure for residential net
37 metering customers. I also describe a corresponding tariff advice letter, filed
38 concurrently with the Compliance Filing, that requests to close to new service the
39 currently effective Schedule 135, Net Metering Service, and approve, in its place,
40 proposed Schedule 135A, which mirrors Schedule 135 and would be in place
41 temporarily until the Commission makes the final determination in Subsection Two
42 (as defined below) of the Net Metering Statute. I will give an overview of the major
43 components of the Company's filings, explain why the Company's proposals
44 should be adopted and identify the witnesses who will present the details of the
45 filings.

46 **Q. Please summarize your testimony.**

47 A. My testimony provides a general overview of the Compliance Filing and the
48 concurrently-filed tariff advice filing that are intended to complete the final phases
49 of the evaluation of the Company's net metering program, required by the Net
50 Metering Statute. The Net Metering Statute requires the Commission to "determine
51 a just and reasonable charge, credit or ratemaking structure, including new or
52 existing tariffs, in light of the costs and benefits of the net metering program."
53 Consistent with the November 2015 Order, the Company prepared actual and
54 counterfactual cost of service studies ("ACOS" and "CFCOS") and a study with
55 net metering segregated into its own class ("NEM Breakout COS"). The studies use
56 calendar year 2015 actual data, including data collected from the Company's load
57 research study for residential net metering customers. The ACOS and CFCOS were
58 prepared consistent with Commission-approved standards for cost of service that
59 have evolved over many years. The Company's data demonstrates that the costs of
60 the net metering program do, in fact, exceed its benefits and that residential
61 customers with private generation systems have unique load and cost characteristics
62 that require modification from the current rate structure to avoid cost-shifting to
63 other customers. Recent exponential growth of the net metering program, evident
64 in the data supporting this filing and described in detail below and in supporting
65 testimony, precipitated this Compliance Filing and the concurrent tariff advice
66 filing, requesting immediate relief.¹ This dramatic growth forms the basis for the

¹As part of this docket, the Commission left open the possibility of addressing the ratemaking structure of the net metering program, "in a further phase of this docket, a general rate case or other appropriate proceeding." November 2015 Order at 1.

67 Company's recommendation to replace the current rate structure for residential net
68 metering customers with its proposed three-part rate structure, which includes a
69 fixed monthly charge, an on-peak demand, and an energy charge. Proposed
70 Schedule 5 reflects the costs and benefits to the system, and the unique load and
71 cost characteristics of net metering customers. In the interim, the Company also
72 proposes a transition tariff, Schedule 135A, as described below.

73 The Company supports renewable resources and customer choice for
74 additional renewable products as long as an appropriate rate structure is in place
75 that allows customers to use private generation without adversely affecting other
76 residential customers or the Company. However, the combination of declining
77 prices for private generation systems, generous government subsidies and excessive
78 retail rate compensation for their generation has contributed to exponential growth
79 that shifts costs to the Company and its other customers. This growth renders the
80 current ratemaking structure for residential net metering customers unsustainable;
81 accordingly, that structure must change to prevent adverse impacts to other
82 customers.

83 As is demonstrated by the results of the comparison of the ACOS to the
84 CFCOS, under the current net metering program, the costs of the program exceed
85 the benefits to the system, and the costs that should be paid by net metering
86 customers are shifted to other customers. With no change, this will result in
87 increasing levels of subsidies in favor of net metering customers built into other
88 customers' rates in future rate cases. In between cases, the Company bears the costs
89 resulting from the incremental growth in the number of new net metering

90 customers. This is the type of situation that was contemplated in the Commission's
91 order approving the change to the net metering cumulative generation capacity to a
92 20 percent cap of the Company's 2007 peak load from 0.1 percent. In that order, the
93 Commission extended an invitation to the Company to return to the Commission if
94 the extremely generous cap of 20 percent proved to be harmful.² For the net
95 metering program to continue, its rate structure must be corrected to accurately
96 reflect the impact of the program on the system and to properly allocate costs
97 between customers as part of proper rate design.

98 **Filing Request**

99 **Q. What does the Company seek in its filings?**

100 A. In this Compliance Filing, the Company requests that the Commission:

- 101 (1) Find that the CFCOS, the ACOS, and the NEM Breakout COS are
102 compliant with and fulfill the November 2015 Order;
- 103 (2) Find, based on the cost of service analyses, that the costs of the net metering
104 program under the current structure exceed its benefits;
- 105 (3) Find, based on the cost of service analyses, that the unique usage
106 characteristics of residential net metering customers justify segregating
107 them into a distinct class for ratemaking;
- 108 (4) Determine that the current rate structure for residential net metering
109 customers is unjust and unreasonable because it does not reflect the costs
110 imposed on and the benefits contributed to the system and unfairly shifts
111 costs of net metering customers to other customers;

² Docket No. 08-035-78, Report and Order, at 13 (Utah P.S.C. February 12, 2009).

- 112 (5) Approve and implement the Company's net metering program
113 modifications in the new Schedule 136 for net metering service, including
114 new application fees for interconnections and elimination of the option for
115 non-residential customers to take compensation at the average retail rate for
116 excess generation, effective June 1, 2017;
- 117 (6) Approve and implement new rates on Electric Service Schedule 5 for
118 residential customer generators that account for their differing load
119 characteristics and ensure that net metering customers pay for the fixed
120 costs for infrastructure, backup grid reliability, and electric service they
121 require, effective June 1, 2017; and
- 122 (7) Approve a waiver of Utah Admin. R. 746-312-13 to implement new
123 application fees, as explained in more detail in Company witness Ms. Joelle
124 R. Steward's testimony.

125 Because time is of the essence due to the increasing growth in net metering
126 customers, the Company also seeks, through its concurrent tariff advice filing,
127 approval to close current Schedule 135 service to prospective net metering
128 customers who apply for net metering service after December 9, 2016. In addition,
129 the Company requests approval and implementation of Schedule 135A to be
130 effective after December 9, 2016, to be in place temporarily until the Commission
131 rules on Subsection Two of the Net Metering Statute (as defined below). Schedule
132 135A differs from Schedule 135 only in that it states "Customers will be subject to
133 all changes to net metering service including changes to credits, charges or rate
134 structures offered herein and in related tariffs resulting from the final determination

135 under Utah Code Ann. § 54-15-105.1 which may include, without limitation, a
136 transfer from this tariff to all new applicable service schedules approved by the
137 Commission."

138 The advice filing also includes a request for approval of a slight
139 modification to the Interconnection Agreement for Net Metering Service with the
140 Company, reflecting the shift to the new schedule at the appropriate time and
141 administrative updates. Prospective net metering customers applying for net
142 metering service after December 9, 2016, would be on notice that their rates may
143 change upon a final determination on Subsection Two of the Net Metering Statute.

144 **Q. Why does the Company believe that a change to Schedule 135 is necessary at**
145 **this time?**

146 A. The Net Metering Statute requires the Commission to reconsider the ratemaking
147 structure in light of the costs and benefits of the program.³ Due to the exponential
148 growth of net metering, it is imperative that the Commission consider the issue
149 immediately to prevent significant cost shifts from net metering customers to all
150 other customers. The Company's proposed change to the current net metering tariff
151 achieves the purpose and mandate of Senate Bill 208, enacted by the Utah
152 Legislature and signed into law on March 25, 2014, including the Net Metering
153 Statute, which reads:

154 54-15-105.1 Determination of costs and benefits - Determination of
155 just and reasonable charge, credit or ratemaking structure.

156 The governing authority shall:

³ See also Utah Code Ann. § 54-4-4(1)(a)(i) and (ii) (requiring the Commission to take action if there is a finding that "rates ... are unjust, unreasonable ... or ... insufficient.")

157 (1) determine, after appropriate notice and opportunity for public
158 comment, whether costs that the electrical corporation or other
159 customers will incur from a net metering program will exceed the
160 benefits of the net metering program, or whether the benefits of the
161 net metering program will exceed the costs; and

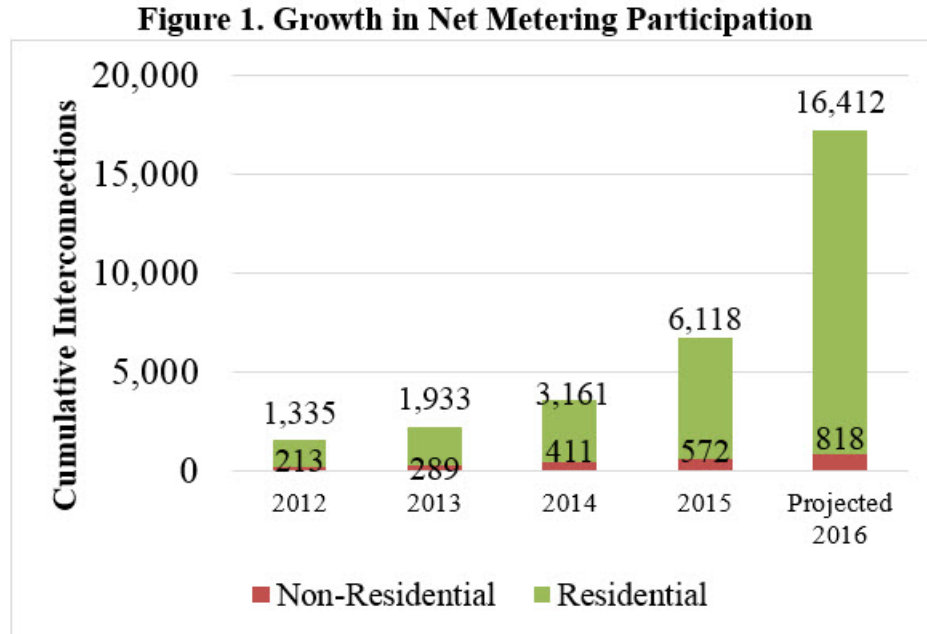
162 (2) determine a just and reasonable charge, credit, or ratemaking
163 structure, including new or existing tariffs, in light of the costs and
164 benefits.

165 Utah Code Ann. § 54-15-105.1 (hereafter, § 54-15-105.1(1) will be referred to as
166 “Subsection One” and § 54-15-105.1(2) as “Subsection Two”).

167 The Commission opened the current docket to ensure a focused, complete,
168 and appropriate evaluation of the net metering program. In its November 2015
169 Order, the Commission approved the appropriate framework for the Subsection
170 One analysis, and directed the Company to file its ACOS, CFCOS, and NEM
171 Breakout COS. The Compliance Filing satisfies the Commission's directive. As is
172 demonstrated by the cost of service analyses, supported by the testimony and
173 exhibits of Company witness Mr. Robert M. Meredith, residential net metering
174 customers are not adequately covering the fixed costs associated with their use of
175 the grid. These costs are then shifted to all other customers. Private generation is
176 growing exponentially. In 2013, the Company was providing net metering service
177 to approximately 2,200 net metering customers. At the end of calendar year 2015,
178 approximately 6,700 of the Company's Utah residential customers were enrolled
179 on Schedule 135. As of October 7, 2016, 7,000 additional customers have enrolled,
180 with over 3,500 more expected to enroll by the end of the year. As more customers
181 enroll in net metering, the cost shift to other customers is increasing and will
182 continue to do so if not addressed. Figure 1 below demonstrates the cumulative

183 count of customers participating in net metering over the past several years as well
184 as the Company's projection for the end of 2016.

185



186 **Q. Why should residential net metering customers be subject to a different rate**
187 **structure than other residential customers?**

188 A. As is demonstrated by the testimony and exhibits filed by Company witnesses Ms.
189 Joelle Steward and Mr. Douglas L. Marx, the usage characteristics of net metering
190 customers differ from other residential customers, which the current rate structure
191 fails to adequately capture. Net metering customers use the grid more than other
192 customers because they both import and export electricity. In addition, because
193 peak solar generation often does not coincide with the time of the Company's peak
194 load, net metering customers' private generation systems have only a modest ability
195 to reduce peak load. The Company incurs costs to build its system to meet peak
196 load. Mr. Marx testifies that a net metering customer's peak production to the grid
197 occurs during the spring months, but their peak demand occurs during summer

198 months. These factors result in the need to increase the size of the distribution
199 facilities as a result of net metering.

200 **Q. What rate structure is the Company proposing?**

201 A. To satisfy Subsection Two of the Net Metering Statute, the Company proposes a
202 three-part rate structure that accounts for the unique load characteristics of
203 residential net metering customers and ensures that net metering customers pay
204 their fair share of fixed costs for infrastructure and backup grid reliability. This rate
205 design appropriately matches the costs to the customers that cause them. The
206 proposed rate structure includes a fixed monthly charge, a charge for demand
207 during peak hours, and an energy charge. The Company's proposed three-part
208 structure is calculated based on the Company's cost of service studies. The
209 proposed rate structure is described in more detail in the testimony and exhibits of
210 Ms. Steward.

211 **Q. When does the Company propose the new rate structure take effect?**

212 A. The Company requests the new rates take effect June 1, 2017. In Subsection Two
213 of the evaluation, the Commission must determine the appropriate charge, credit or
214 ratemaking structure in light of the costs and benefits determined in Subsection
215 One. Once the cost/benefit analysis under Subsection One is accepted, and a
216 showing is made that the costs of the net metering program exceed its benefits, the
217 Commission must implement Subsection Two in accordance with the mandate of
218 the Net Metering Statute. The Company proposes that the new rate structure
219 become effective when the Commission approves Schedule 136 and Schedule 5,
220 which the Company respectfully requests be by June 1, 2017, and that it apply to

221 new net metering customers on a prospective basis, as explained in detail in Ms.
222 Steward's testimony.

223 **Q. How does the Company propose to treat current net metering customers?**

224 A. The Company supports keeping the current net metering customers on the existing
225 net metering program and their current rate schedule. We acknowledge that current
226 customers made investments based on the current structure and respect the
227 customers' need for reasonable certainty for recovery of their investments. The
228 Company expects this issue to be considered in a future proceeding. Current
229 customers may voluntarily opt in to the new Schedule 5.

230 In addition, current net metering customers generally do not have meters
231 that are capable of billing the on-peak demand charge that is included in the
232 proposed rate structure. Transitioning these customers to the new schedule would
233 be operationally and administratively challenging.

234 **History of Net Metering in Utah**

235 **Q. What is the history of the net metering program in Utah?**

236 A. As a result of a Commission order in Docket No. 97-035-01, the Commission
237 agreed to organize a task force in the “interest of concrete proposals, well analyzed
238 as to the costs and benefits, and specifics of program delivery ...” with respect to
239 energy efficiency and renewable resources.⁴ The order outlined specific programs
240 for which the parties requested analysis. Included in this list were green pricing, *net*
241 *metering*, and energy efficiency. On December 23, 1999, the Energy Efficiency and

⁴ See *In the Matter of the Investigation Into the Reasonableness of Rates and Charges of PacifiCorp, dba Utah Power & Light Company*, Report and Order (March 4, 1999), 1999 WL 35637961, at *68 (Utah P.S.C. March 4, 1999).

242 Renewable Task Force recommended that a “net metering program be established
243 in Utah Power’s service territory.”⁵ Pursuant to legislation, the net metering
244 program officially launched in 2002.⁶ Over the years, the net metering program has
245 changed to implement legislative amendments to the net metering law, encourage
246 more participation in the program by establishing a higher amount of generating
247 capacity, incorporate a requirement that net metering customers sign
248 interconnection agreements, and change the rate paid for excess energy, among
249 other modifications.⁷

250 **Q. How have these modifications to the net metering program taken place?**

251 A. One of the more significant modifications to the net metering program dealt with a
252 change to the credit to net metering customers for excess energy in Docket No. 08-
253 035-78. In that docket, titled *In the Matter of the Consideration of Changes to*
254 *Rocky Mountain Power’s Schedule No. 135 - Net Metering Service*, parties
255 requested and the Commission approved a change to the credit for excess energy
256 from avoided costs to the kilowatt-hour method, which amounts to a credit at the
257 full retail rate.⁸ In the same docket, the Commission approved a modification that
258 established a higher amount of generating capacity from private solar systems from
259 0.1 percent to 20 percent of the Company's 2007 peak demand.⁹ Both modifications
260 were based on perceived barriers to the implementation of the net metering
261 program. While most parties either recommended or did not object to the 20 percent

⁵ Docket No. 97-2035-01, Report of the Energy Efficiency and Renewable Task Force, at 36 (Utah P.S.C. December 23, 1999).

⁶ L. Utah 2002, Ch. 6.; See also Docket No. 02-035-T05, Tariff Approval Letter (Utah P.S.C. June 24, 2002).

⁷ See Docket Nos. 08-035-78, 08-035-T04, 09-035-T03, 10-035-T04, 10-035-T12, 11-035-T05, 12-035-T09, 13-035-T09, 13-035-T10, and 14-035-T06.

⁸ Docket No. 08-035-78, Report and Order, at 13 (Utah P.S.C. February 12, 2009).

⁹ *Id.*

262 cap, the Company proposed a one-percent cap and objected to the 20 percent cap.
263 In its order approving the 20 percent cap, the Commission indicated that, to the
264 extent the Company, "determines it is being adversely affected by net metering ...
265 the Company has the ability to approach the Commission with information on both
266 costs and benefits to address the issue."¹⁰

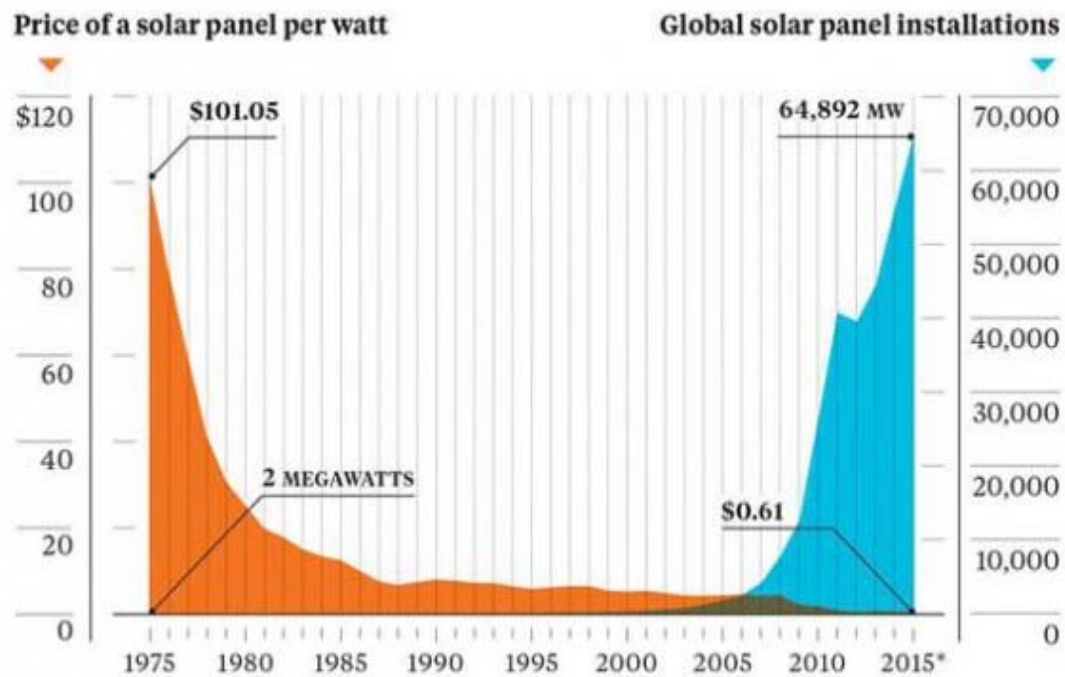
267 **Q. Why has the Commission approved modifications to the net metering program**
268 **in discrete cases?**

269 A. Historically, the net metering program has been treated like the Company's other
270 programs, including its energy efficiency programs, the Utah Solar Incentive
271 Program ("USIP") and, more recently, its newly approved tariff programs and rates
272 for renewable energy options in Schedules 32 and 34. Changes to energy efficiency
273 programs and to USIP have typically also occurred in discrete cases. Similar to its
274 energy efficiency programs and USIP, the Company must file an annual report with
275 the Commission to provide updated information regarding, among other things, the
276 net metering program's participation rates.

277 **Q. How has the net metering program changed from its initial implementation?**

278 A. The significant decrease in cost for private solar generation systems since its initial
279 implementation has undoubtedly been the most important factor in the growth of
280 the program. Graph 1 below shows the significant drop in the prices of solar panels
281 per watt from a high of approximately \$100 in the 1970s to \$0.61 in 2015.

¹⁰ *Id.*

Graph 1. Solar panel prices¹¹

283 However, government subsidies as well as the modifications I describe
 284 above have also contributed to the rapid growth in solar installations. The
 285 Company's data demonstrates that private solar generation is increasingly popular
 286 in Utah in particular, and is projected to grow at a similar pace for the foreseeable
 287 future. This growth has highlighted the fact that the current ratemaking structure
 288 for the net metering program is not sustainable and harms other customers.

289 **Q. What challenges does private solar generation pose to the Company and its**
 290 **customers?**

291 A. As shown in the testimony and exhibits of Ms. Steward and Mr. Meredith, the
 292 results of the Subsection One cost/benefit analysis performed using a comparison
 293 of the ACOS and the CFCOS show that the current ratemaking structure shifts costs

¹¹ <https://cleantechnica.com/2014/09/04/solar-panel-cost-trends-10-charts/>

294 to other customers in the amount of \$2.0 million annually. If the current ratemaking
295 structure for residential net metering does not change, the Company's data indicates
296 that the cumulative cost shift related to residential net metering will be
297 approximately \$670 million over the next 20 years. With no change, this will result
298 in increasing levels of subsidies in favor of net metering customers built into other
299 customers' rates in future rate cases. In between cases, the Company bears the costs
300 resulting from the incremental growth in the number of new net metering
301 customers. This is the type of situation that was contemplated in the Commission's
302 order approving the change to the net metering cumulative generation capacity from
303 one percent to a 20 percent cap of the Company's 2007 peak load. In that order, the
304 Commission provided that the Company could come back to the Commission if
305 the extremely generous cap of 20 percent proved to be harmful, which we now
306 know that it is under the current structure.¹²

307 **Q. What has the Company proposed in the past to address the challenges posed**
308 **by net metering?**

309 A. In the Company's 2014 general rate case in Docket No. 13-035-184 ("2014 GRC"),
310 the Company requested approval of a fixed monthly net metering facilities charge
311 for residential net metering customers to cover distribution and certain customer
312 service costs. In a notice issued April 16, 2014, the Commission stated its intent to
313 address the implementation of the Net Metering Statute in the 2014 GRC. The
314 Commission invited the public to submit written comments and also directed
315 intervenors to address the costs and benefits of the net metering program as part of

¹²Docket No. 08-035-78, Report and Order, at 13 (Utah P.S.C. February 12, 2009).

316 their written testimony on cost of service issues. Several parties filed testimony
317 responding to the Company's proposed charge and provided additional testimony
318 regarding the costs and benefits of the net metering program. All other issues in the
319 case were eventually settled, and the Commission held hearings devoted solely to
320 the net metering issue. Following the hearings, the Commission issued its order in
321 the 2014 GRC. In a two-to-one decision,¹³ the Commission declined to approve the
322 proposed net metering charge but, "recognizing the importance of the issues raised
323 by parties in the rate case," established the current docket to examine the costs and
324 benefits of the Company's net metering program.¹⁴ The Commission also decided
325 that it would perform the evaluation in two steps. After establishing the appropriate
326 analytical framework, the Commission indicated it would examine the costs and
327 benefits that result from applying the data to the approved analytical framework,
328 and ultimately make the Subsection Two determination, "in a further phase of this
329 docket, a general rate case or other appropriate proceeding."¹⁵

330 **Commitment to Renewable Energy**

331 **Q. Does the Company have a position on the use of renewable resources?**

332 A. Yes. The Company supports the deployment of cost-effective renewable resources.
333 Currently, the Company's owned generating capability is comprised of
334 approximately 20 percent renewable energy including wind, solar, and

¹³See Docket No. 13-035-184, Report and Order, at 78 (Utah P.S.C. August 29, 2014) (dissenting, Chairman (then Commissioner) LeVar, stated, "I believe imposition of the proposed charge represents good public policy, sends proper price signals to homeowners considering an investment in a residential distributed general system, and better ensures viable and stable future growth of the residential net metering program.").

¹⁴Docket No. 14-035-114, Notices of Comment Period and Scheduling Conference, at 1; WL 6713287 at *1 (Utah P.S.C. November 21, 2014).

¹⁵Docket No. 14-035-114, Notices of Comment Period and Scheduling Conference (Utah P.S.C. November 21, 2014).

335 geothermal.¹⁶ The Company's parent, Berkshire Hathaway Energy ("BHE") is the
336 owner of MidAmerican Energy Company and PacifiCorp, which are, respectively,
337 the largest and second largest, rate-regulated utility owners of wind resources in the
338 U.S. according to the American Wind Energy Association. More than 42,000 Utah
339 customers are currently enrolled in the Company's voluntary Blue Sky renewable
340 energy program. In 2015 alone, Blue Sky customers supported 159 million
341 kilowatt-hours of western region wind energy providing benefits equivalent to
342 planting 2.2 million trees. In January 2017, the Company will launch its Subscriber
343 Solar program, which is already approximately 98 percent subscribed.

344 **Q. Does the Company support providing renewable resource service options to**
345 **customers?**

346 A. Yes. In response to our customers' requests for more renewable resource options,
347 the Company created its Subscriber Solar program. This program provides many
348 advantages including: no upfront costs, no long-term commitments, no installation
349 or financing costs, and appropriate rate design for participating customers. In
350 addition, the Company recently obtained approval of Tariff Schedule 34, the
351 Renewable Energy Tariff. The Company wants to provide its customers with
352 renewable options at reasonably low costs. The Company's Subscriber Solar
353 Program, which is a utility-scale solar project (also referred to as universal solar),
354 meets both criteria. For example, wholesale universal solar can be acquired today
355 for less than \$0.04/kWh, whereas retail net metering costs non-participating

¹⁶ All or some of the renewable energy attributes associated with wind, solar and geothermal facilities may be used in future years to comply with renewable portfolio standards or other regulatory requirements or sold to third parties in the form of renewable energy credits or other environmental commodities.

356 residential customers up to \$0.145 kWh. As part of its parent company – BHE –
357 Rocky Mountain Power is a nationwide leader in the development of renewable
358 energy and, as such, supports customers' desire to participate in renewable energy,
359 including net metering programs, so long as those programs do not create adverse
360 impacts to the Company or its customers.

361 **Q. If the Company supports renewable energy and net metering, what is the**
362 **Company addressing with this filing?**

363 A. Notwithstanding the Company's support for renewable energy, the net metering
364 program must be implemented in a cost-effective manner and consistent with state
365 laws and policies.¹⁷ The Company supports the development of cost-effective
366 renewable energy and customers' desire to participate in renewable energy
367 programs, but it must not be at the expense of other customers or the Company.
368 Customers partially relying on self-generation through the net metering program
369 must pay their fair share of the costs to serve them, including costs associated with
370 electrical infrastructure and reliable energy when the private generation system is
371 not generating sufficient energy. In addition, the structure of the net metering
372 program must send accurate price signals to all customers in order to maximize
373 benefits to the utility's system while, at the same time, protecting other customers
374 from unfair and unexpected cost shifting. More than 820,000 Rocky Mountain
375 Power customers are currently served in Utah with safe, reliable, and efficient

¹⁷ In addition to the mandate in the Net Metering Statute, Utah Code Ann. § 54-17-602 states “*to the extent it is cost effective to do so, beginning in 2025 the annual retail electric sales in this state ... must consist of qualifying electricity or renewable certificates in an amount equal to 20 percent of adjusted gross sales.*”

376 electricity. The interests of all of these customers must be considered in designing
377 the net metering rate structure.

378 **Q. Please identify the witnesses supporting the Company's filing and the subject**
379 **of their testimony.**

380 A. The Company's filing is further supported by Company witness Ms. Steward who
381 testifies about the policy considerations of cost of service and rate design; the
382 unique usage and load characteristics of net metering customers that justify their
383 separation to a different class within the residential class; the Company's transition
384 plan I discussed briefly in my testimony above; and the Company's proposed
385 ratemaking structure, including proposed tariffs and rate design proposals.
386 Company witness Mr. Meredith explains how the ACOS, CFCOS, and the NEM
387 Breakout COS were developed, the results of the comparison of the ACOS and
388 CFCOS, and the results of the Company's NEM Breakout COS relative to how the
389 net metering program impacts various customer classes. He also describes the load
390 research study and the incorporation of that data into the cost of service studies.
391 Company witness Mr. Marx supports the engineering and administration costs that
392 are included in the cost of service studies and explains how the Company accounts
393 for private solar generation facilities in the distribution design criteria and planning.
394 He also explains the potential effects of private solar generation on the Company's
395 grid and distribution system. Finally, Company witness Mr. Michael G. Wilding
396 provides the net power cost benefits attributed to net metering customers.

397 **Q. Please summarize your testimony**

398 A. The Company's ACOS, CFCOS and NEM Breakout COS studies are appropriate,
399 reliable and were prepared consistent with the Commission's November 2015
400 Order. The results of these studies, as set forth in the testimony and exhibits
401 supporting the Compliance Filing, bear out that the current structure of the net
402 metering program does not accurately account for the actual costs and benefits that
403 net metering customers bring to the Company's system. Rather, those studies show
404 that net metering customers are currently shifting some of their costs to other
405 customers. Further, the NEM Breakout COS study shows that net metering
406 customers have unique characteristics that justify creating a separate residential net
407 metering customer class so that the costs and benefits those customers bring to the
408 system can be clearly identified and properly addressed. Based on the foregoing,
409 the Company asks that the Commission approve the Company's proposals set forth
410 in this Compliance Filing and in the concurrent tariff advice filing which address
411 the current problems with the net metering program and offer needed changes that
412 balance the interests of all customers.

413 **Q. Does this conclude your testimony?**

414 A. Yes.