

Rocky Mountain Power  
Docket No. 13-035-184  
Witness: Joelle R. Steward

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

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Rebuttal Testimony of Joelle R. Steward

June 2014

1 **Q. Are you the same Joelle R. Steward who submitted direct testimony in this**  
2 **proceeding on behalf of PacifiCorp dba Rocky Mountain Power (“the**  
3 **Company”)?**

4 A. Yes.

5 **Purpose and Summary of Rebuttal Testimony**

6 **Q. What is the purpose of your rebuttal testimony?**

7 A. My rebuttal testimony responds to the direct testimonies of parties responding to  
8 the Company’s proposal to implement a net metering facilities charge.  
9 Specifically, I respond to testimony on this issue submitted by Mr. Daniel E.  
10 Gimble for the Office of Consumer Services (“OCS”), Mr. Artie Powell and Mr.  
11 Stan Faryniarz for the Division of Public Utilities (“DPU”), Mr. Nathanael Miksis  
12 for The Alliance for Solar Choice (“TASC”), Mr. Rick Gilliam and Ms. Sarah  
13 Wright for Utah Clean Energy (“UCE”), Mr. Dustin Mulvaney for the Sierra Club,  
14 and Mr. Michael D. Rossetti for Utah Citizens Advocating Renewable Energy  
15 (“UCARE”). Both the DPU and the OCS support implementation of a new charge  
16 for net metering customers at this time based on the principles of cost causation.  
17 TASC, UCE, the Sierra Club, and UCARE all oppose the implementation of a  
18 separate charge for net metering customers.

19 **Q. Has the Company modified its proposal for the net metering facilities charge**  
20 **in this rebuttal filing?**

21 A. Yes, the Company has modified the proposed net metering facilities charge to  
22 reflect the updated revenue requirement and residential customer charge agreed  
23 to by parties in this proceeding. With these changes, the Company’s proposed

24 facilities charge is now \$4.65 per month. Page one of Exhibit RMP\_\_\_\_(JRS-1R)  
25 shows this calculation. Alternatively, the Company is agreeable to the facilities  
26 charge proposal from OCS that recovers the costs through a \$ per installed  
27 kilowatt (“kW”) rather than a flat monthly charge.

## 28 **Proposed Net Metering Facilities Charge**

29 **Q. Please explain why the proposed net metering facilities charge changed**  
30 **from \$4.25 to \$4.65 per month.**

31 A. As I noted in my direct testimony, the calculation for the facilities charge takes into  
32 account the level of the residential customer charge; the \$4.25 proposed in my direct  
33 testimony was based on a customer charge of \$8.00. Since the customer charge  
34 agreed to in the stipulation in this case (“Stipulation”) is less than the \$8.00 per  
35 month reflected in my direct testimony, the proposed Net Metering Facilities  
36 Charge increases in order to recover the fixed costs not in the customer charge and  
37 will not be recovered through net metering customers’ energy usage. The  
38 Company also took into account the reduced revenue requirement increase by  
39 proportioning downward the distribution and customer service costs in the  
40 calculation. The result is that an average of \$4.65 per month for distribution and  
41 customer service related costs will not be recovered through rates from average net  
42 metering customers. This amount continues to reflect only a portion of the fixed  
43 costs, with the remaining fixed costs recovered through the energy rates.

44 **Q. Please explain OCS’s proposal for a facilities charge based on a \$ per**  
45 **installed kW.**

46 A. While the OCS states that it generally supports the proposed facilities charge,

47 Mr. Gimble recommends implementing the charge on a \$ per kW basis so that  
48 the monthly amount paid by individual net metering customers would reflect the  
49 rated production capability of each facility.<sup>1</sup> The \$ per kW charge is calculated by  
50 taking the same fixed cost revenue deficiency identified for net metering customers  
51 as in the Company's calculation (after taking into account the proposed customer  
52 charge) and dividing it by the kW of installed customer generation for participants in  
53 the net metering program.

54 **Q. Does the Company agree that this is a reasonable alternative for recovering**  
55 **fixed costs from net metering customers?**

56 A. Yes, at this time the Company is not opposed to the adoption of this alternative rate  
57 design. Based on the updated revenue requirement, this alternative results in a  
58 charge of \$1.55 per installed kW, or approximately \$4.96 per month for a  
59 customer with the average installation size of 3.2 kW. Page two of Exhibit  
60 RMP\_\_(JRS-1R) shows the calculation for the alternative.

61 **Q. Is the proposed net metering charge revenue neutral for the Company?**

62 A. Yes. The revenue from the charge is reflected in the overall allocation to the  
63 residential class agreed to by the parties in the Stipulation. In the absence of the  
64 charge, the target revenue from that charge must be recovered through higher  
65 energy rates from all residential customers, not just NEM customers, in order to  
66 achieve the allocated revenue target for the residential class.

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<sup>1</sup> Mr. Daniel Gimble COS/RD Direct, ll. 661-663.

67 **Response to Opposing Parties**

68 **Q. UCE, Sierra Club, TASC, and UCARE argue that the Commission should**  
69 **not adopt a charge for net metering customers because the Company did**  
70 **not present a cost benefit analysis for net metering, as required by Senate**  
71 **Bill 208. Do you agree?**

72 A. No. First, the Company's filing shows through the rebuttal testimony of Mr.  
73 Gregory N. Duvall that the value of solar generation is approximately three cents  
74 per kilowatt-hour (“kWh”), based on the avoided cost valuation methodology  
75 already adopted by the Commission for solar resources. This is considerably less  
76 than the retail energy rates that range from 8.8 cents and 14.4 cents per kWh that  
77 net metering customers avoid by offsetting usage with distributed generation and  
78 are credited with for excess generation.

79 Second, the Company’s proposal is limited to recovering costs for only  
80 distribution and customer service costs. These are costs that are incurred for  
81 facilities and services necessary for the provision of service to all customers today,  
82 including net metering customers. However, as I explained in my direct testimony,  
83 as a result of the residential rate structure, which was developed for full  
84 requirements service and places a significant portion of these costs in the volumetric  
85 energy charges, these costs will not be fairly recovered from net metering customers  
86 who rely on the Company for partial requirements service. As a result, absent  
87 the charge, these distribution and customer service costs will be shifted to other  
88 residential customers through higher energy rates. The Company's proposal is

89 intended to minimize this cost shifting, regardless of the introduction and passage  
90 of Senate Bill 208.

91 **Q. Please explain why the distribution and customer service costs should be**  
92 **reflected in a fixed charge to net metering customers.**

93 A. These are not costs that go away with the existence of or growth in customer  
94 generation; however, as a result of the rate structure, customers will no longer  
95 adequately pay for these costs when they install distributed generation. These are  
96 costs for distribution infrastructure and services that are currently used and  
97 useful and known and measurable, serving all customers today including net  
98 metering customers. The rebuttal testimony of Mr. Douglas L. Marx addresses  
99 how solar distributed generation does not offset the costs and needs of the  
100 distribution system for net metering customers.

101 This was also recognized by both the DPU and OCS in direct testimony.  
102 Mr. Gimble states: “the Office does not believe that evidence can be produced to  
103 show that the residential NM output provides enough value to offset distribution  
104 costs.”<sup>2</sup> Mr. Powell states:

105 The Division views the net metering charge as a cost causation issue. The  
106 principle of cost causation indicates that those customers causing the costs, in this  
107 case all customers using the infrastructure, should pay for those costs. Net  
108 metering customers, while decreasing their energy consumption taken from the  
109 Company, still utilize the infrastructure put in place to deliver energy when  
110 needed.<sup>3</sup>

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<sup>2</sup> *Id.*, at ll. 621-623.

<sup>3</sup> Powell COS/RD Direct, ll. 182-187.

111 Customer service expenses likewise are not diminished with the  
112 existence of customer generation or changes in usage. Net metering customers as  
113 much as any other residential customer receive customer service support such as  
114 billing, metering, answering and responding to customer phone calls, providing  
115 customers with online access to their accounts, customer and community  
116 communications and outreach, payment processing, providing pay stations, and  
117 handling collections; individual usage levels or usage patterns in no way impact the  
118 occurrence of these costs, and therefore, should be reflected in a rate structure that  
119 fairly captures these costs for all customers.

120 Notably, the proposed net metering charge does not recover *all*  
121 distribution and customer service costs through a fixed charge. The calculation,  
122 shown in Exhibit RMP\_\_\_ (JRS-1R), continues to reflect that 75 percent of these  
123 costs not included in the customer charge are recovered through the customer's  
124 net billed energy consumption charges. The net metering facilities charge, in  
125 conjunction with the customer charge, merely recognizes a minimum level of  
126 contribution for the facilities and services available that are not being fully  
127 recovered through the current rate structure.

128 **Q. UCE argues that because the current number of net metering customers**  
129 **is very low and significant growth is not projected by the Company, urgent**  
130 **action by the Commission is not warranted at this time.<sup>4</sup> Do you agree?**

131 A. No. The Company believes that now, while the number of impacted customers is  
132 small, is precisely the time to ensure rates are consistent with cost causation in  
133 order to minimize any further cost shifting as the number of customer generators

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<sup>4</sup> Gilliam, COS/RD Direct, ll.105-109; Wright COS/RD Direct, ll. 559-565.

134 grows and before more customers undertake long-term commitments. As Mr.  
135 Gimble noted in his direct testimony:

136 [I]t is important for the Commission to send a clear policy signal in this  
137 proceeding on the NM facilities charge so that potential NM customers can make an  
138 informed economic decision when evaluating whether or not to invest in a solar  
139 PV system. Delaying a decision on the NM facilities charge would create  
140 uncertainty for prospective NM customers while leaving the current cost shift  
141 issue unresolved.<sup>5</sup>

142 Additionally, it's not clear what constitutes significant growth to UCE that  
143 would warrant action. As noted in my direct testimony, the number of customers  
144 installing facilities and participating in net metering has grown by over 30 percent  
145 annually. In just the five months since my direct testimony was prepared, the total  
146 number of net metering customers has grown by a nearly additional 20 percent.  
147 Nearly 90 percent of net metering customers are residential. Given the climate and  
148 solar potential in Utah, this growth is expected to continue.

149 **Q. UCE, TASC, and UCARE argue that the net metering facilities charge is**  
150 **unfairly targeting net metering customers.<sup>6</sup> Do you agree?**

151 A. No. Net metering customers are a distinctly different type of customer than  
152 customers that rely on the Company for all electricity needs, or full requirements  
153 service. The graphs below show a typical load profile on the summer distribution  
154 peak day (Diagram A) and the winter distribution peak day (Diagram B) for (1)  
155 an average residential customer without distributed generation facilities and (2)

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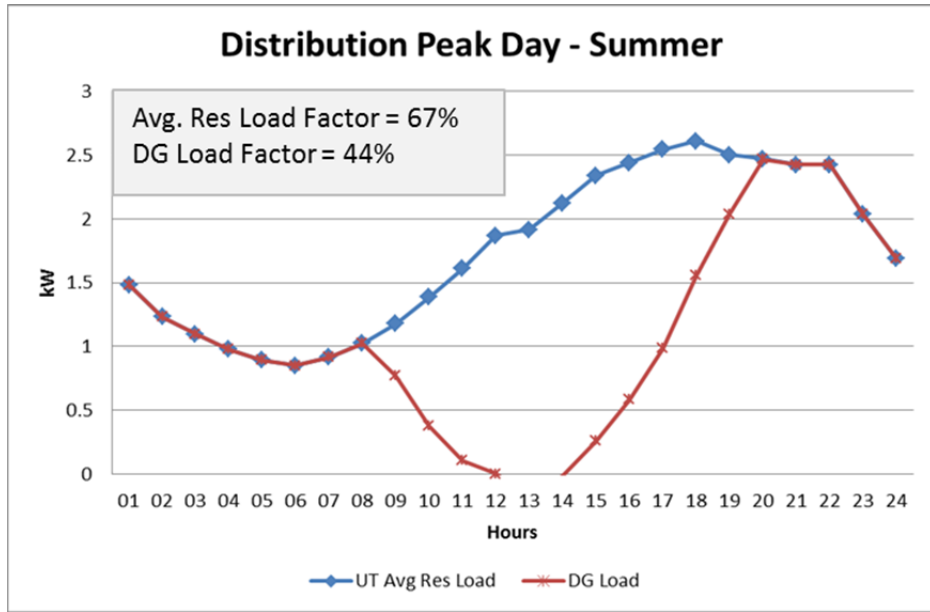
<sup>5</sup> Gimble COS/RD Direct, ll. 724-729.

<sup>6</sup> Gilliam COS/RD Direct, ll. 399-413; Miksis COS/RD Direct, 27:5-28:9; Rossetti COS/RD Direct, ll. 164.

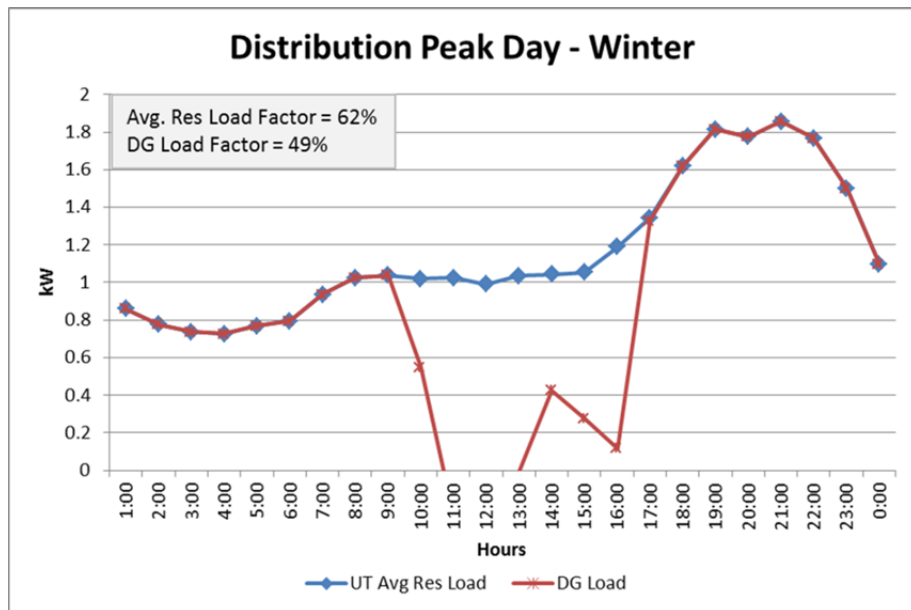


156 the load profile for residential customer with a rooftop solar facility, based on a  
157 generation profile from National Renewable Energy Labs (“NREL”) PVWatts  
158 calculator for a 3.2 kW facility in Salt Lake City.

**Diagram A**



**Diagram B**



159 Historically, rates for residential customers have been designed on the  
160 premise that the customers had no other viable choice when buying and using  
161 electricity but to pay regulated rates. This allowed the energy component of  
162 two-component, full requirements service rates to be loaded with fixed costs  
163 not reflecting more complex cost causation. The residential rate was developed  
164 for a customer that receives full requirements service for energy from the grid and  
165 delivers no energy back to the grid.

166 Moreover, since the load characteristics of the majority of residential  
167 customers were very similar, rates have been developed for the average  
168 residential customer with an average load factor (frequency and stability of usage),  
169 an average load curve (usage pattern), and average billing determinants. But when  
170 the net metering customer's generator operates, the customer has a markedly  
171 different load curve and load factor than the average residential customer for whom  
172 the residential rate was designed; however, as shown in the graphs above, the  
173 customer peak usage remains relatively unchanged. Accordingly, residential net  
174 metering, or partial requirements, customers are not *similarly situated* to  
175 other residential customers, as UCE contends.<sup>7</sup>

176 As I explained in my direct testimony for cost of service, distribution system  
177 costs are incurred and allocated to customer classes based on customers'  
178 contribution to either the distribution system peak (substations and primary lines),  
179 the non-coincidental peak (line transformers and secondary lines) or by the  
180 number of customers (service lines and meters). Customer service costs are  
181 driven by the number of customers and are generally allocated to customer classes

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<sup>7</sup> Gilliam, COS/RD Direct, ll. 412.

182 using weighted customer factors. This means that distribution and customer  
183 service costs are allocated to the residential class on maximum or peak usage and  
184 number of customers. As Diagrams A and B show, solar distributed generation  
185 does not reduce the contribution to the distribution peaks. However, in the current  
186 residential rate structure a significant portion of these costs are recovered through  
187 energy rates. As a result, the reduction in billed consumption for net metering  
188 customers does not fully recover the costs that their usage imposes on the  
189 distribution system so other residential customers pay those costs. Furthermore,  
190 since net metering customers are credited for excess production at the rate block  
191 the customer is able to avoid paying as a consequence of that production, their  
192 billed consumption is even lower than what they have actually taken from the  
193 grid. For non-residential customers with onsite generation rates include demand  
194 charges and/or backup facilities charges that better capture the costs of serving  
195 these customers.

196 **Q. Is the reduction in usage by customers with distributed generation similar to**  
197 **other customer behaviors such as those who adopt energy efficiency, as**  
198 **asserted by TASC and UCARE?<sup>8</sup>**

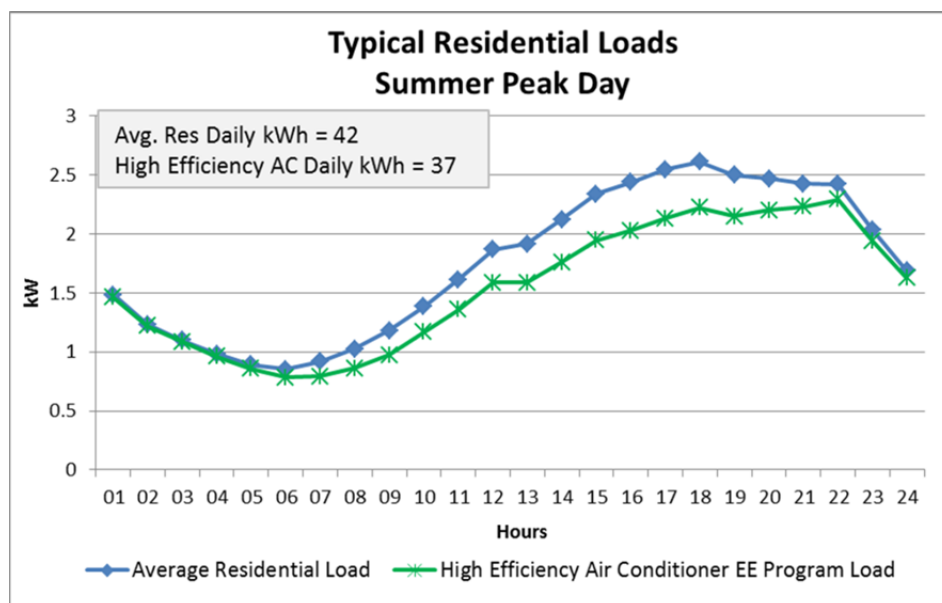
199 A. No. Net metering customers are not equivalent to the average residential customer  
200 who reduces consumption through energy efficiency or reduces peak usage  
201 through demand response programs. A net metering customer's avoidance of a  
202 kWh *purchase* from the grid is not the same as a residential customer's permanent  
203 avoidance of a kWh of *consumption* via energy efficiency or demand-side  
204 management. When a residential customer adopts energy efficient appliances or

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<sup>8</sup> Miksis COS/RD Direct, 15:9–19; Rossetti COS/RD Direct, ll. 280-298.

205 behaviors, both energy consumption and energy purchases from the grid are  
206 reduced. They also reduce energy consumption at the time of the system peak,  
207 improving load shape and load factor and ultimately the class and system load  
208 factor. Diagram C below shows an average profile for a residential customer  
209 compared to a customer that installs a high efficiency air conditioner. This shows  
210 that in addition to overall lower usage, the customer's usage at the peak is reduced.

**Diagram C**



211 In contrast, when a customer adds distributed generation, energy purchases  
212 by the customer from the grid are reduced but that customer's total energy  
213 consumption may remain unchanged. So if there are any interferences with the  
214 output of a customer's generation facility, such as cloud cover or an outage, then  
215 the Company must stand ready to serve the customer.

216 Similarly, most residential demand-side measures result in the customer  
217 reducing energy consumption at the time of the system peak, improving load shape  
218 and load factor and ultimately the class and system load factor. In contrast, when

219 a customer adds distributed generation, the customer's peak energy production  
220 may not be coincident with the peak usage of the grid.

221 **Q. How do you respond to UCE's argument that the cost shifting the Company**  
222 **claims applies to any customer with lower than average consumption?**<sup>9</sup>

223 A. The Company has raised concerns about intra-class cross-subsidization between  
224 high use customers and low use customers as a result of the low monthly customer  
225 charge in every rate case for several years. In the current case the Company again  
226 raised this argument in support of the proposed customer charge of \$8.00 per  
227 month. While the issue is similar, low usage full requirements customers are  
228 distinct from net metering or partial requirements customers in that their load  
229 shape and load factor are more consistent with the residential class, for which rates  
230 are designed. Also, with net metering customers the cost shifting is exacerbated by  
231 the fact that the full retail energy rate is applied to the excess generation that is  
232 sold back to the Company, thus shifting additional costs to other customers because  
233 of the fixed cost recovery that is embedded in the full retail energy.

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<sup>9</sup> Gilliam COS/RD Direct, ll. 552-553.

234 **Q. UCE witness Sarah Wright recognizes a constraint in the current residential**  
235 **rate structure and states: “in order to make cost recovery for ‘fixed’ costs**  
236 **equitable, non-customer charge fees should be based on consumption *and***  
237 ***demand* to better reflect contributions to peak and cost causation.”<sup>10</sup>**  
238 **(emphasis added). She notes that non-residential customers pay a demand**  
239 **fee and recommends that the Commission investigate practicable options for**  
240 **residential rate design.<sup>11</sup> Do you agree with these statements?**

241 **A.** I generally agree with her statements, particularly in regards to a potential  
242 approach for rates that better facilitate cost recovery with cost causation for the  
243 relatively new but growing sub-class of residential customers that rely on the  
244 Company for partial requirements service. The Company is exploring the  
245 development of a new rate schedule class for these customers by deploying a load  
246 research study to gather specific time-based data that will allow the development of  
247 allocation factors and billing determinants for residential customers with  
248 distributed generation. As Ms. Wright notes, residential customers are not  
249 currently equipped with meters that allow the Company to measure customers’  
250 peak kW demand. The load research study will allow us to measure these  
251 customers’ usage at the time of the system coincident peaks, which is the driver  
252 for allocations of transmission and generation costs.

253 Since the current number of customers in this sub-class is still relatively  
254 small, the Company could install meters capable of measuring demand and  
255 develop a three-part rate structure with customer, demand, and energy charges,

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<sup>10</sup> Wright COS/RD Direct, ll. 254-256.

<sup>11</sup> *Id.*, at ll. 263-264.

256 similar to rate structures for non-residential customers. The three-part rate  
257 structure would better reflect cost recovery with cost causation by having: 1) costs  
258 necessary for the provision of service to all customers (i.e., customer service and  
259 distribution facilities) recovered through monthly fixed charges; 2) costs driven by  
260 system peak demand recovered through kW charges; and 3) costs driven by  
261 overall energy consumption recovered through kWh charges. Three-part rates  
262 better capture variations between customer load shapes and load factors, which is  
263 why they are more readily used for non-residential customer classes, which  
264 display a considerably wider range of usage patterns and load factors by individual  
265 customers than the residential class. With net metering customers being a new type  
266 of partial requirements customer, with significantly different load pattern and load  
267 factor than the typical residential customer for which the current two-part rates are  
268 designed, a three-part rate is a better rate design. Additionally, a separate rate  
269 structure for this sub-class could reflect time of use differentiation in rates that  
270 will provide more accurate price signals than the current tier block rate structures  
271 and provide better incentives to customers with distributed generation to  
272 maximize the benefits to the grid and the customers it serves.

273 **Q. Should the Commission wait and see the outcome of the load study the**  
274 **Company has initiated before adopting a net metering facilities charge in this**  
275 **proceeding?**

276 A. No. There is sufficient evidence presented in this case that shows that the negligible  
277 benefits, if any, do not offset the costs incurred for the distribution system and  
278 customer services to support the proposed net metering facilities charge at this

279 time. Moreover, a sizable portion of these costs are still being recovered through  
280 energy charges even after implementation of the net metering facilities charge.  
281 While the new study will help refine future rates for a potential new class of  
282 residential customers requiring partial requirements service, adopting the proposed  
283 net metering facilities charge now will help transition net metering customers to  
284 new rates and rate designs. In fact, the alternative structure proposed by OCS for a  
285 \$ per installed kW may help residential customers become familiar with a kW  
286 demand-based charge.

287 **Q. How do you respond to UCE’s argument that the net metering facilities**  
288 **charge does not distinguish between exported energy and solar energy**  
289 **consumed onsite<sup>12</sup> and that the application is inconsistent with the**  
290 **rationale<sup>13</sup>?**

291 A. The premise for these arguments—that the Company’s rationale for the net  
292 metering facilities charge is based on the time during which solar generation  
293 exceeds consumption—is incorrect. The rationale for the charge is that the  
294 residential rate structure recovers a significant portion of fixed costs through energy  
295 rates and therefore does not adequately reflect cost causation.<sup>14</sup> See my discussion  
296 above for how cost causation for distribution and customer service costs is  
297 inconsistent with the residential rate structure.

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<sup>12</sup> Gilliam, COS/RD Direct, ll. 231-285.

<sup>13</sup> *Id.*, at ll. 384-396.

<sup>14</sup> Steward Direct, ll. 493-495.



298 **Q. Do you agree with the Sierra Club that the proposed net metering facilities**  
299 **charge will impact energy usage or decisions to make energy efficiency**  
300 **investments?**<sup>15</sup>

301 A. No. A significant portion of the customer's bill will still be based on volumetric  
302 energy rates. As previously noted, the proposed charge recovers only a portion of  
303 the distribution and customer service costs with the remaining costs in the energy  
304 rates, along with *all* of the costs related to generation and transmission.  
305 Accordingly, a significant incentive remains with the current residential rates to  
306 encourage and reward energy efficiency.

307 Additionally, the combined monthly fixed charge of \$10.65 with the  
308 customer charge and the facilities charge is still less than other utilities, including  
309 the neighboring Dixie Escalante, which has \$14.00 monthly residential customer  
310 charge plus a \$30.00 per month charge for net metering customers.

311 **Q. OCS recommends that the Company develop stronger messaging to**  
312 **provide current and potential future residential net metering customers on**  
313 **the Commission's net metering policy and how rates for net metering**  
314 **customers may change over time.**<sup>16</sup> **Do you agree with this recommendation?**

315 A. Yes. Following a Commission decision in this proceeding, the Company is  
316 willing to work with parties to craft appropriate messaging for current and potential  
317 net metering customers on the potential for rate changes over time.

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<sup>15</sup> Mulvaney, COS/RD Direct, 34:9-19.

<sup>16</sup> Gimble, COS/RD Direct, ll. 764-783.

318 **Q. While DPU supports the net metering facilities charge and it calculates the**  
319 **charge to be \$4.81 based on its proposed \$5.00 customer charge, DPU**  
320 **recommends that the charge not be higher than \$4.25 per month at this time**  
321 **based on the principle of gradualism.<sup>17</sup> Do you agree?**

322 A. No. Since DPU appears to agree that the charge reflects cost causation, it is  
323 inconsistent to hold back \$0.40 in the name of gradualism. Based on the  
324 rationale discussed in my testimony and that of the other Company witness,  
325 the Company recommends that the Commission implement the \$4.65 charge in  
326 this proceeding.

327 **Q. UCARE argues that there is a considerable financial benefit realized by the**  
328 **Company as a result of the excess generation being used to serve a net**  
329 **metering customer's neighbor and through the expiration of the excess**  
330 **credits at the end of the net metering program year.<sup>18</sup> Do you agree?**

331 A. No. This argument overlooks the fact that the cost to those neighboring customers  
332 for that non-dispatchable energy is between 8.8 cents to 14.4 cents per kWh  
333 which, as I previously noted, is considerably higher than the Company's avoided  
334 cost of energy. Since that rate includes fixed costs, that neighbor essentially ends  
335 up paying for the fixed costs required to serve the net metering customer that the  
336 net metering customer does not pay by virtue of the rate structure. UCARE also  
337 acknowledges and identifies this cost shift, which it characterizes as "straining at  
338 gnats."<sup>19</sup>

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<sup>17</sup> Faryniarz, COS/RD Direct, ll. 323-374.

<sup>18</sup> Rossetti, COS/RD Direct, ll. 77-91.

<sup>19</sup> *Id.*, at ll. 198-207.

339           Regarding the expiration of the excess credits at the end of the net  
340           metering program year, as UCARE points out, Senate Bill 208 provides that these  
341           excess credits will be valued at avoided cost and granted to the Company’s low  
342           income assistance program, or other use as directed by the Commission. As a  
343           result, there will be no financial benefit to the Company in the test period from  
344           any expiring credits. It is also interesting to note that the legislature has valued the  
345           credits at avoided cost, which is the same valuation discussed in Mr. Gregory N.  
346           Duvall’s rebuttal testimony.

347   **Q.    Have you identified other errors in UCARE’s analysis and assertions?**

348   A.    Yes. On page nine, UCARE claims a reduction of emissions based on his claim  
349           that “residential NEM customers produced 13,012,995 kWh of excess electricity  
350           for the reporting period.”<sup>20</sup> However, this figure that it characterizes as excess  
351           electricity, which appears in Exhibit RMP\_\_\_\_(JRS-8), is not excess electricity  
352           produced by net metering customers; instead, 13,012,995 kWh is the annual net  
353           billed *usage* by net metering customers.

354   **Q.    Do you have other comments on the direct testimony of UCARE?**

355   A.    Possibly. However, the Company was not served a copy of UCARE’s direct  
356           testimony at the time it was filed, May 22, 2014. The Company did not become  
357           aware of UCARE’s testimony until June 24, 2014. Accordingly, the Company has  
358           not had an opportunity to thoroughly review the testimony, has not received any  
359           workpapers, and has not been able to issue any data requests prior to filing this  
360           rebuttal testimony. Therefore, the Company reserves the right to provide any  
361           additional rebuttal to UCARE’s direct testimony with the surrebuttal filing.

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<sup>20</sup> *Id.*, at ll. 167-168.

362 **Q. Please summarize your recommendation.**

363 A. The Company's proposed net metering facilities charge, which has been revised to  
364 \$4.65 per month, or alternatively, \$1.55 per installed kW, is necessary in order to  
365 better reflect the costs of serving net metering customers and to minimize cost  
366 shifting. The proposed charge recovers costs related to the distribution system and  
367 customer services that net metering customers require for service but are not fairly  
368 captured through the current residential rate structure. As such, the proposed  
369 charge is an improvement in the balance between cost recovery and cost causation.  
370 Future steps towards further improving this balance may include the development  
371 of three-part rates for residential customers, but until that time, the current  
372 proposed charge is a reasonable and cost based solution.

373 **Q. Does this conclude your rebuttal testimony?**

374 A. Yes, it does.