



Control Number: 46831



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**SOAH DOCKET NO. 473-17-2686
PUC DOCKET NO. 46831**

RECEIVED

**APPLICATION OF EL PASO
ELECTRIC COMPANY TO
CHANGE RATES**

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**BEFORE THE STATE OFFICE
OF PUBLIC UTILITY CARRIERS
ADMINISTRATIVE HEARINGS**

2017 JUL 18 PM 2:41

**COMMISSION STAFF'S RESPONSE TO SOLAR ENERGY INDUSTRIES
ASSOCIATION'S
FIRST REQUEST FOR INFORMATION
QUESTION NOS. SEIA 1-1 THROUGH SEIA 1-15**

The Staff of the Public Utility Commission of Texas (Staff) stipulates that the following response(s) to request(s) for information/request(s) for admission/request(s) for production may be treated by all parties as if the answers were filed under oath.

Dated: July 18, 2017

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Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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Division Director



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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on July 18, 2017, in accordance with 16 Tex. Admin. Code § 22.74.



Katherine Lengieza Gross

SEIA 1-1 On page 3, line 18, Staff witness Abbott indicates he reviewed “portions of EPE’s application and previous rate proceedings.” Please identify with specificity the documents in EPE’s current application and the documents from “previous rate proceedings” that Mr. Abbott reviewed in developing his testimony.

RESPONSE:

See the footnotes included in Mr. Abbott’s direct testimony for references to the documents reviewed from EPE’s current application and from previous rate proceedings that are relevant to the content of Mr. Abbott’s direct testimony. Additionally, Mr. Abbott reviewed portions of the unit cost study in EPE’s class cost of service model in preparing his direct testimony.

Preparer: William Abbott

Sponsor: William Abbott

SEIA 1-2 In the current proceeding, Staff witness Abbott's direct testimony makes no mention of EPE's Residential and Small Commercial DG proposal, and only includes two pages of Q&A on a single topic of the non-DG residential customer charge. Additionally, no other Staff witness discusses the Residential and Small Commercial DG issues at any level of detail in their direct testimony. Does the Staff support EPE's Residential and Small Commercial DG proposal in full with no changes beyond those discussed in Staff's Direct Testimony? If not, please explain in detail why not and provide any and all changes that Staff recommends to EPE's DG proposal in this proceeding.

RESPONSE:

See the Errata to the direct testimony of Grant Gervais and associated workpapers for Staff's proposed rates applicable to DG customers as well as the implementation of Staff adjustments that affect those rates.

Preparer: William Abbott

Sponsor: William Abbott

SEIA 1-3 The workpapers of Staff witness Grant Gervais includes a separate Residential DG class and a three-part rate design with a TOU energy charge in Attachment PCC-5_AIS Final tab 'WP_Staff_Proposed_Rates'. Does Mr. Gervais and/or Staff support without any further changes, other than those reflected in Staff's Direct Testimony, EPE's proposal for the creation of a separate rate class for Residential DG customers and the application of a three-part rate that includes a demand charge to Residential and Small Commercial DG customers? If not, please explain why not and provide any and all changes Mr. Gervais would recommend EPE make to its proposal.

RESPONSE:

Staff's direct testimony does not recommend any changes to EPE's DG proposals other than those described or implemented in the direct testimony and workpapers of Grant Gervais.

Preparer: William Abbott

Sponsor: William Abbott

SEIA 1-4 Attachment PGG-3 of the direct testimony of Staff witness Grant Gervais shows a customer unit cost of \$21.31. Attachment PCC-5_AIS Final tab 'WP_Staff_Proposed_Rates' has a proposed customer rate of \$17.03. Please explain in detail the reasons why the two figures are not equivalent.

RESPONSE:

The two figures are not equivalent because the proposed customer rate of \$17.03 was calculated by scaling EPE's requested customer rate to Staff's proposed revenue requirement, as described in the direct testimony of Grant Gervais page 17, line 20 through page 18 line 3. Note that these customer cost values have changed in Mr. Gervais' errata.

Preparer: Grant Gervais

Sponsor: Grant Gervais

SEIA 1-5 Attachment PGG-3 of the direct testimony of Staff witness Grant Gervais shows a Residential DG customer unit cost of \$21.31. EPE's original proposal has a Residential DG customer cost of \$16.65, with an additional \$1.50 for a TOU surcharge. Please explain in detail the elements in Staff's calculation that led to a higher unit cost for Residential DG customers.

RESPONSE:

The details of Mr. Gervais' unit cost analysis can be found in the errata excel workpapers included with the errata to his direct testimony. The variances in functional costs at the class level, which result in different unit cost calculations, are discussed in the direct testimony of Grant Gervais at page 8.

Preparer: Grant Gervais

Sponsor: Grant Gervais

SEIA 1-6 In Docket 44941, Mr. Abbott's cross-rebuttal testimony stated that "residential DG customers are substantially different from other residential customers" and that the "status-quo residential classification and rate design misaligns rates and costs for net-metered DG customers, and inequitably results in these customers avoiding significant capacity costs that they cause, to the ultimate detriment of other ratepayers." This issue was not discussed in Mr. Abbott's Direct Testimony in this proceeding. Does Mr. Abbott and/or Staff continue to hold this position based on the facts in the current proceeding? If so, please provide all studies and analyses relied upon to support this position. If not, please explain in detail why not and provide all studies and analyses that have changed Mr. Abbott's and/or Staff's position.

RESPONSE:

In developing the recommendation in his direct testimony in this proceeding, Mr. Abbott did not review or evaluate the application or intervenor testimonies filed in Docket 44941 or his recommendation in that proceeding that "Residential DG customers are substantially different from other residential customers in regard to the relationship between the costs they impose upon the system and their net-metered kilowatt-hour (kWh) usage" and that the "status-quo residential classification and rate design misaligns rates and costs for net-metered DG customers, and inequitably results in these customers avoiding significant capacity costs that they cause, to the ultimate detriment of other ratepayers." See Mr. Abbott's testimony in Docket 44941 for the studies and analyses he relied upon to support his positions in that proceeding.

Preparer: William Abbott

Sponsor: William Abbott

SEIA 1-7 In Docket 44941, Mr. Abbott's cross-rebuttal testimony stated that "EPE's proposal better aligns rates and costs compared to the status-quo, is fair and equitable, and is not unreasonably discriminatory or prejudicial towards DG customers." This issue was not addressed in Mr. Abbott's Direct Testimony. Does Mr. Abbott and/or Staff continue to hold this position based on the facts in the current proceeding? If so, please provide all studies and analyses relied upon to support this position. If not, please explain why not and provide all studies and analyses that have changed Mr. Abbott's and/or Staff's position.

RESPONSE:

In developing the recommendation in his direct testimony in this proceeding, Mr. Abbott did not review or evaluate the application or intervenor testimonies filed in Docket 44941 or his recommendation that EPE's proposal in that proceeding "better aligns rates and costs compared to the status-quo, is fair and equitable, and is not unreasonably discriminatory or prejudicial towards DG customers." See Mr. Abbott's testimony in Docket 44941 for the studies and analyses he relied upon to support his positions in that proceeding.

Preparer: William Abbott

Sponsor: William Abbott

SEIA 1-8 In Docket 44941, Mr. Abbott's cross-rebuttal testimony stated that "In light of this, EPE's proposal regarding the establishment of a separate partial requirements rate class that includes a three-part rate design with a demand charge is reasonable and should be approved." This issue was not addressed in Mr. Abbott's Direct Testimony. Does Mr. Abbott and/or Staff continue to hold this position based on the facts in the current proceeding? If so, please provide all studies and analyses relied upon to support this position. If not, please explain why not and provide all studies and analyses that have changed Mr. Abbott's and/or Staff's position.

RESPONSE:

In developing the recommendation in his direct testimony in this proceeding, Mr. Abbott did not review or evaluate the application or intervenor testimonies filed in Docket 44941 or his recommendation in that proceeding that "In light of this, EPE's proposal regarding the establishment of a separate partial requirements rate class that includes a three-part rate design with a demand charge is reasonable and should be approved." See Mr. Abbott's testimony in Docket 44941 for the studies and analyses he relied upon to support his positions in that proceeding.

Preparer: William Abbott

Sponsor: William Abbott

SEIA 1-9 Does Staff believe that a rate design that is fair and equitable and is not unreasonably discriminatory or prejudicial towards customers must allow a customer to be able to reasonably respond to the rate design, learn from their past energy and demand usage, and apply it to their future energy and demand usage? If Staff does not agree with this, please explain why this is not a critical component of a fair and equitable rate design.

RESPONSE:

No. Rate design involves establishing rates. A customer's ability to reasonably respond to a particular rate design, learn from their past energy usage and demand, and apply it to their future energy usage and demand involves factors beyond rate design; therefore it cannot be the case that a fair and equitable rate design alone must allow a customer to reasonably respond to a particular rate design, learn from their past energy usage and demand, and apply it to their future energy usage and demand.

Preparer: William Abbott

Sponsor: William Abbott

SEIA 1-10 If the answer to SEIA 1-9 above is yes, given that EPE has no ability to tell Residential and Small Commercial DG customers what their historic demand is (see EPE's response to SEIA 1-11), and given that EPE will not even be able to tell customers when they hit their peak demand in a previous billing month (see EPE's response to SEIA 13-1), how does Staff expect Residential and Small Commercial DG customers to respond to the price signal that EPE's proposed demand charge sends? If the answer is that they cannot respond to the price signal (because they have no ability to know what they were doing at the time of their peak usage as EPE will not provide the date and time of the peak usage), then how is EPE's proposed DG rate design fair and equitable and not unreasonably discriminatory or prejudicial towards DG customers?

RESPONSE:

N/A

Preparer: William Abbott

Sponsor: William Abbott

SEIA 1-11 Does Staff believe it is appropriate to collect costs that were allocated on a 4CP, 4CP A&E, or MCD basis through a rate design based on an individual customer's maximum NCP demand, even when the individual's maximum NCP demand has no relationship with the 4CP, 4CP A&E, and MCD demand levels as confirmed by EPE in response to SEIA 6-2? If yes, please explain why Staff supports a rate design that is inconsistent with cost-causation principles.

RESPONSE:

Mr. Abbott has not reviewed EPE's response to SEIA 6-2 at this time.

Mr. Abbott believes it may be appropriate in some cases to collect costs that were allocated on a 4CP, 4CP A&E, or MCD basis through a rate design based on an individual customer's maximum NCP demand. Mr. Abbott does not support a rate design that is inconsistent with cost-causation.

Preparer: William Abbott

Sponsor: William Abbott

SEIA 1-12 Does Staff disagree with the recommendations that the NARUC DER Manual has regarding the design and implementation of demand-based rates for mass-market customers? See generally the direct testimony of Kevin Lucas at page 47-55 for a discussion of some of the recommendations. If Staff disagrees with the NARUC DER Manual on any of these issues, for each issue with which the Staff disagrees, please provide a detailed explanation why the NARUC DER Manual's recommendations should be ignored and please provide all studies and analyses relied upon to support this position.

RESPONSE:

In developing the recommendation in his direct testimony in this proceeding, Mr. Abbott did not review or evaluate the NARUC DER Manual or the testimony of Kevin Lucas.

Preparer: William Abbott

Sponsor: William Abbott

SEIA 1-13 In Docket 44941, Mr. Abbott's cross-rebuttal testimony stated that "In-home networked load control systems and energy storage devices are emerging technologies that could provide significant cost savings when paired with a reasonably cost-based three-part rate design."

- a. This issue is not addressed in Mr. Abbott's Direct Testimony. Does Mr. Abbott and/or Staff continue to hold this position. If not, please explain in detail why not and provide all studies or analyses that have changed Mr. Abbott's and/or Staff's position.
- b. Does Mr. Abbott have any data on the cost, affordability, and penetration of said in-home networked load control systems and energy storage devices in Texas?
- c. Does Mr. Abbott have any data on the cost, affordability, and penetration of said in-home networked load control systems and energy storage devices in El Paso Electric Company's service area?
- d. Does Mr. Abbott and/or Staff believe that a three-part rate design should be implemented prior to these technologies being reasonably accessible and affordable to the average mass-market customer in their service area?

RESPONSE:

- a. In developing the recommendation in his direct testimony in this proceeding, Mr. Abbott did not review or evaluate the application or intervenor testimonies filed in Docket 44941 or his recommendation in that proceeding that "In-home networked load control systems and energy storage devices are emerging technologies that could provide significant cost savings when paired with a reasonably cost-based three-part rate design." See Mr. Abbott's testimony in Docket 44941 for the studies and analyses he relied upon to support his positions in that proceeding.
- b-c. Not at this time.
- d. Consistent with the fact that three-part rate designs have been approved regularly by the Commission for decades without regard for the accessibility and affordability of in-home networked load control systems and energy storage devices, Mr. Abbott believes that the accessibility and affordability of these technologies are not vitally necessary for the implementation of three-part rate designs.

Preparer: William Abbott

Sponsor: William Abbott

SEIA 1-14 Does Staff support the creation of other residential rate classes for customers that might have different demand profiles, such as rural vs urban, single family vs multifamily, those with or without air conditioning, and those with evaporative vs refrigerated air condition? If not, please explain in detail why not and please provide all studies, analyses, guidelines or other documentation upon which Staff relies for the determination of when an existing residential rate class should be divided into two or more classes.

RESPONSE:

Mr. Abbott has not evaluated any rate applications that include any detailed proposals for the creation of such classes which are supported by relevant and necessary information. He would evaluate any such requests based upon the details of the request as well as any information provided and any other relevant facts.

Preparer: William Abbott

Sponsor: William Abbott

SEIA 1-15 On page 17 of his cross-rebuttal testimony in Docket 44941, Mr. Abbott discusses that if Residential DG customers are separated into their own class and have lower coincident peak demand, they will benefit as fewer costs will be allocated to this customer class. Does Mr. Abbott continue to support this position as previously stated? If so, please explain in detail why Mr. Abbott and/or Staff did not propose that customers without air conditioning, who also would have lower-than-typical coincident peak demands, also be separated into their own class so they can realize this benefit?

RESPONSE:

In developing the recommendation in his direct testimony in this proceeding, Mr. Abbott did not review or evaluate the application or intervenor testimonies filed in Docket No. 44941 or his recommendation on page 17 of his testimony in that proceeding. Proposing a separate class for customers without air conditioning was not necessary for Mr. Abbott's cross-rebuttal testimony in Docket No. 44941.

Preparer: William Abbott

Sponsor: William Abbott