BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, CHAIRMAN
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

IN THE MATTER OF THE APPLICATION OF
UNS ELECTRIC, INC. FOR THE
ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES
DESIGNED TO REALIZE A REASONABLE
RATE OF RETURN ON THE FAIR VALUE OF
THE PROPERTIES OF UNS ELECTRIC, INC.
DEVOTED TO ITS OPERATIONS THROUGH
THE STATE OF ARIZONA, AND FOR
RELATED APPROVALS.

Docket No. E-04204A-15-0142

Rate Design Direct Testimony of

Jeff Schlegel

Southwest Energy Efficiency Project (SWEEP)

December 9, 2015
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Introduction

Q. Please state your name and business address.
A. My name is Jeff Schlegel. My business address is 1167 W. Samalayuca Drive, Tucson, Arizona 85704-3224.

Q. For whom are you testifying?
A. I am testifying on behalf of the Southwest Energy Efficiency Project (SWEEP).

Q. Have you filed direct testimony in this docket previously?
A. Yes. I filed direct testimony on behalf of SWEEP on November 6, 2015, and errata on November 9, 2015.

Q. What is the purpose of your rate design direct testimony?
A. In my rate design testimony, I will address:

1. Why UNS Electric’s proposal to increase the Basic Service Charge is not in the interest of customers and should be rejected.

2. Why UNS Electric’s proposal to eliminate the third residential usage tier is not in the interest of customers and should be rejected.

3. Why UNS Electric should expand its Demand Side Management (DSM) offerings to help customers alleviate the impact of optional demand charges.

4. SWEEP’s recommendations for the proposed Economic Development Rider.

5. SWEEP’s recommendations on the Lost Fixed Cost Revenue Recovery (LFCR) Mechanism and why full revenue per customer decoupling is a superior option for addressing the broader set of issues that UNS Electric has raised in its rate case application.

6. Why energy efficiency as a core, fundamental resource meeting the real energy needs of customers at lowest cost should be afforded stability by expensing program funding in base rates. And

7. How UNS Electric customers can be provided with more useful information about utility costs and resources.
UNS Electric’s Proposal to Increase the Basic Service Charge is Not in the Interest of Customers and Should be Rejected

Q. Please describe the UNS Electric, Inc., (“UNS Electric” or “Company”) proposal to increase the customer basic service charge.

A. To recover a large portion of its proposed rate increase, UNS Electric proposes to increase mandatory fixed charges for several customer classes. Table 1 details the Company-proposed increases to the residential customer fixed charges.

Table 1. UNS Electric Proposed Increases to Customer Fixed Charges

<table>
<thead>
<tr>
<th>Customer Class</th>
<th>Current Customer Fixed Charge ($/month)</th>
<th>Proposed Customer Fixed Charge ($/month)</th>
<th>Proposed Increase (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Service (RES-01)</td>
<td>$10.00</td>
<td>$20.00</td>
<td>100%</td>
</tr>
<tr>
<td>Residential Time of Use (RES-01 TOU)</td>
<td>$11.50</td>
<td>$20.00</td>
<td>74%</td>
</tr>
<tr>
<td>Residential Time of Use Super Peak (RES-01 TOU SP)</td>
<td>$11.50</td>
<td>$20.00</td>
<td>74%</td>
</tr>
<tr>
<td>Residential CARES (CARES-F)</td>
<td>$4.90</td>
<td>$9.00</td>
<td>84%</td>
</tr>
</tbody>
</table>

Q. Please describe the changes UNS Electric proposed for residential customers.

A. The Company proposes to increase the monthly fixed charge from $10.00 to $20.00 for Residential Service customers. This represents a 100% increase in the monthly fixed charge. The Company also proposes to increase the monthly fixed charge for Residential Time of Use and Residential Time of Use Super Peak customers by 74% — from $11.50 to $20.00. Finally, the Company proposes to increase the monthly fixed charge for Residential CARES customers by 84% — from $4.90 to $9.00.

Q. Does SWEEP support these proposed increases?

A. No, SWEEP does not. These increases are very significant, and SWEEP opposes them because the Company’s proposal:

1. Would significantly reduce the amount of control residential customers have over their bills.

These numbers were calculated using data provided by the Company in Revised Schedule H-3.
2. Includes costs that are not appropriate for inclusion in a customer fixed charge.

3. Would disproportionately impact low-use customers, many of whom are low-income customers.

4. Would mute the price signal to customers to conserve energy and become more energy efficient. And,

5. Would make UNS Electric’s fixed customer charge one of the highest in the western United States.

Q. Please explain how the Company’s proposal would reduce the amount of control residential customers have over their bills.

A. Customers have no ability to decrease mandatory fixed charges on their energy bills. However, they can control and mitigate costs recovered volumetrically by reducing their energy use. For this reason, a 100% increase in the fixed customer charge has a very significant impact on the portion of the bill that residential customers can control.

For example, consider an average residential customer using ~826 kWh per month. Under the current rate structure for RES-01, this customer would pay $10.00 in customer fixed charges per month. Fixed charges would constitute 12% of the monthly bill; and volumetric charges would comprise 88%. Under the new proposed rate structure, this customer would pay $20 in fixed charges per month. Fixed charges would constitute 21% of the bill, while volumetric charges would comprise 79%.

By increasing the portion of the bill recovered by fixed charges while reducing the portion of the bill recovered volumetrically, the Company’s proposal would significantly reduce the portion of the bill over which residential customers have control. Specifically, the residential customer under the proposed rate design would be able to control and mitigate 88% of the bill, but under the new rate design only 79% of the bill could be controlled by a customer.

See Table 2 for my calculations for a typical residential customer (RES-01).

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2 The average monthly usage amount was calculated from Schedule E-7 using the Company reported “Average Annual kWh Use” for the residential sector for the Test Year Ending on December 31, 2014.
Table 2: Impact of Customer Fixed Charges on Average Residential Customer Using 826 kWh (Rate RES-01) Under the Current and Proposed Rates³

<table>
<thead>
<tr>
<th>Bill Component</th>
<th>Current Rate</th>
<th>Proposed Rate</th>
<th>Bill for Average Residential Customer Using 826 kWh/month Under Current Rate</th>
<th>Bill for Average Residential Customer Using 826 kWh/month Under Proposed Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Service Charge</td>
<td>$10.00</td>
<td>$20.00</td>
<td>$10.00</td>
<td>$20.00</td>
</tr>
<tr>
<td>Energy Charge 1st 400kWh</td>
<td>$0.019300</td>
<td>$0.030810</td>
<td>$7.72</td>
<td>$12.32</td>
</tr>
<tr>
<td>Energy Charge 401-1,000kWhs</td>
<td>$0.034350</td>
<td>$0.050810</td>
<td>$14.62</td>
<td>$21.63</td>
</tr>
<tr>
<td>Energy Charge, all additional kWhs</td>
<td>$0.038499</td>
<td>$0.050810</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>Base Power Supply Charge, all kWhs</td>
<td>$0.064510</td>
<td>$0.049260</td>
<td>$53.27</td>
<td>$40.68</td>
</tr>
<tr>
<td>PPFAC</td>
<td>$(0.002139)</td>
<td>$-</td>
<td>$(1.77)</td>
<td>$-</td>
</tr>
<tr>
<td><strong>Total Fixed Charges</strong></td>
<td><strong>$10.00</strong></td>
<td><strong>$20.00</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Volumetric Charges</strong></td>
<td><strong>$73.85</strong></td>
<td><strong>$74.63</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL Bill</strong></td>
<td><strong>$83.85</strong></td>
<td><strong>$94.63</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Charge as % Total Bill</td>
<td>12%</td>
<td>21%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Q. Please explain your second objection.

A. UNS Electric’s proposal represents a significant departure from previous rate cases regarding the methodology for allocating distribution system costs. Historically, the Company acknowledges that the customer fixed charge has been limited to metering, meter reading, service (service drop) to the specific customer, and customer service and billing – consistent with the Basis Customer Method (discussed below).⁴ However in this proposal, UNS Electric has reclassified several distribution-related costs as “customer” costs. Indeed, a comparison between the Company’s class of service allocation factors between this rate case and its last one, reveal that the Company has newly allocated several distribution-related cost categories to the

³ These numbers were calculated using data provided by the Company in Revised Schedule H-3.
⁴ See Direct Testimony of Craig A. Jones, Page 37, Lines 5-6
“customer” category when it has not done so in the past (e.g. zero dollars were
allocated to the customer category in the past).

Q. In SWEEP’s view is the Company’s reclassification and addition of other costs to the
basis customer charge appropriate?

Q. No. The definition and composition of a customer fixed charge should be consistent
with the definition contained in Bonbright’s Principles of Utility Rates. Bonbright
defines basic customer costs as those operating and capital costs found to vary with
the number of customers regardless, or almost regardless, of power consumption.
These costs include only those related to metering, accounting, billing, and other
direct customer service costs.

Consistent with Bonbright’s Principles of Utility Rates, the Basic Customer Method
should be used to determine the customer fixed charge. This method includes only the
costs for direct basic customer service – e.g., the costs to hook up and maintain a
customer’s account. The basic customer costs should include the costs for the meter and
service drop, meter reading, and billing. The customer fixed charge should not include
grid-related costs of transmission and distribution plant, which are driven largely by the
amount of customer usage and demand.

Q. UNS Electric argues conceptually that the customer fixed charge should be designed
to recover the average unavoidable fixed costs that utilities incur each month. What
is your view of this argument?

A. UNS Electric’s argument is erroneous and should be rejected. It is not required nor
always appropriate for fixed costs to be recovered through fixed charges. Just because
a cost is “fixed” does not make it a basic customer cost that should be included in a
customer fixed charge. There is a big leap between “fixed costs” and “recovery of
fixed costs through fixed charges,” and there are many examples in the commercial
world of fixed costs not being recovered through fixed charges. Oil refineries, hotels,
and supermarkets all have significant fixed costs, but they recover these in volumetric
prices by selling gasoline, hotel rooms, and groceries. Some may argue that fixed
costs of a utility distribution system or larger utility system should be recovered in a
fixed customer charge. This is not the intent of a basic customer charge. The intent of
a basic customer charge is to recover direct customer costs that vary based on the
number of customers, not the fixed or sunk costs of the utility system.

Q. Please explain your third objection.

A. UNS Electric’s proposal will disproportionately affect low-use customers, many of
whom are low-income customers. Indeed, low-use customers will see a greater

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5 See Schedule G-7 from the Company’s current and last general rate case.
7 See Direct Testimony of Dallas J. Dukes, Page 17, Lines 17-20
proportional increase in bills than high-use customers under increased fixed charges. For example, a customer using 500kWh per month will experience a 19% increase in the total bill under the proposed residential rates. A different customer using 1,500kWh will experience a 7% increase. This difference highlights the inequities inherent in increasing customer fixed charges.

Q. Please explain your fourth objection.

A. Increasing the basic service charge mutes the price signal to customers by reducing the amount of utility bill cost savings that customers experience when they conserve energy or become more energy efficient. As such, a higher basic service charge reduces the customer incentive to engage in energy efficiency opportunities because customers can affect only a smaller portion of their total utility bills. As a result, increasing the fixed charge portion of the customer’s bill limits options for investment in energy efficiency for a customer.

Commission policy should encourage and incent (through price signals and other means) customers to control their utility bills, and should provide opportunities and encouragement to reduce customer utility bills when lower cost options are available.

Q. Please explain your fifth objection.

A. Compared with several other utilities in the western region, UNS Electric has an above-average customer fixed charge. Increasing the residential fixed charge to $20 per month will make UNS Electric’s fixed charge one of the highest in the region. See Figure 1.

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8 Average household electricity usage data by income level from the 2009 U.S. EIA Residential Energy Consumption Survey reveals that households with incomes below 150% of the federal poverty level use less electricity than households above the level. In 2009, Arizona low-income households used 25.1% less electricity than non-low-income households.
Q. Given these objections, what does SWEEP recommend?

A. Based on my review of the Company’s testimony and exhibits, it appears that the customer fixed charge for residential customers (RES-01), based on the inclusion of only those direct basic customer costs allowable under the Basic Customer Method, should be about $9.00. UNS Electric should either reduce the customer fixed charge or continue with the current $10.00 monthly customer charge for these customers.

More specifically, I recommend that UNS Electric should calculate and submit in this proceeding a schedule of proposed customer fixed charges for all sectors and rate classes that are derived using the Basic Customer Method with costs limited solely to direct basic customer costs.

**UNS Electric’s Proposal to Eliminate the Third Residential Usage Tier is Not in the Interest of Customers and Should be Rejected**

Q. Please describe UNS Electric’s proposal.

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9 Customer charge and minimum bill are from utility specific residential single-phase customer active tariff as of October 3, 2015.
A. UNS Electric proposes to remove the third and highest volumetric usage tier from the standard residential rate (RES-01). The Company would eliminate the 1,000+ volumetric usage tier and offer two usage tiers only — one for usage between 0-400kWh, and one for usage above 400kWh.

Q. Does SWEEP support this proposal?

A. No. SWEEP does not support this proposal. SWEEP believes it is appropriate to offer inclining block rates. Inclining block rates provide an important signal to customers to encourage energy conservation and the efficient use of energy, and discourage wasteful energy use.

Q. What does SWEEP recommend?

A. SWEEP recommends that the Commission reject UNS Electric’s proposal. SWEEP supports the continuation of the three tiers.

**UNS Electric Should Expand Demand Side Management Offerings to Help Customers Alleviate the Impact of Optional Demand Charges**

Q. Is UNS Electric proposing to implement demand charges for residential customers?

A. Yes. UNS Electric is proposing to implement *optional* residential tariffs that include demand charges for residential customers who are not net metering customers. The proposed three-part rates would also include fixed customer charges and energy charges. Similar optional small business tariffs have also been proposed for small business for customers who are not taking service under the Net Metering Rider. UNS Electric is proposing mandatory demand charges for residential and small business net metering customers.  

Q. How should UNS Electric help customers – even those who opt-in – to manage and alleviate the impact of demand charges?

A. As part of any rate case proceeding, SWEEP believes it is essential to provide customers with more tools to manage and alleviate increasing energy costs caused by the rate increase itself and by any new pricing mechanisms that have been introduced. In this particular instance, SWEEP recommends that UNS Electric expand its Demand Side Management offerings to help customers alleviate the impact of optional demand charges.

Q. What are some new and expanded offerings that UNS Electric should offer?

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10 See Direct Testimony of Dallas J. Dukes, Page 4, Lines 6-8.
A. UNS Electric’s existing energy efficiency programs offer a great platform that should be leveraged to help customers alleviate the impact of demand charges. For example, UNS Electric’s energy efficiency pool pump rebates could be leveraged to deliver a pool pump demand response program. UNS Electric should also look to programs implemented by other utilities in the southwest. For example, NV Energy’s integrated energy efficiency and demand response smart thermostat program has delivered air conditioning savings of 11% while also delivering significant demand response capacity. Home energy report programs have also successfully delivered demand savings.\(^{12}\)

Q. What does SWEEP recommend?

A. SWEEP recommends that UNS Electric develop a DSM customer-peak-demand-reduction proposal as part of this rate case and be required to implement new DSM offerings prior to the implementation of new demand charges so that customers have a suite of tools available to them to manage demand charges.

**UNSW Electric Should Demonstrate that the Economic Development Rider Will be Net Beneficial; and Participants Should be Required to Deploy Demand Side Management**

Q. Please describe the Economic Development Rider proposed by UNS Electric.

A. UNS Electric is proposing an Economic Development Rider to “put the UNS Electric service territory in a better competitive position to attract and expand business load.”\(^{14}\) The Economic Development Rider would provide a bill discount to qualifying additional load from new or expanding business over a 5-year period. The discount would begin at 20% and decline over time for qualifying “Economic Development” projects; and would begin at 30% and decline over time for qualifying “Economic Redevelopment” projects.\(^{15}\)

Q. Does SWEEP have concerns about the Economic Development Rider?

A. Yes. It is unclear if the proposed Economic Development Rider will be net beneficial for all customers. For example if the Economic Development Rider drives new load during the system peak, it could add significant costs to the utility system.

Q. What does SWEEP recommend?


\(^{13}\) Ibid.

\(^{14}\) See Direct Testimony of Dallas J. Dukes, Page 31, Lines 18-19.

\(^{15}\) See Direct Testimony of Dallas J. Dukes, Pages 30-32.
A. SWEEP recommends that the Company be responsible for demonstrating that the Economic Development Rider would deliver more benefits than costs to the system. This demonstration should include the impacts of lost revenue from the proposed discount. In addition, any new or existing participating customer should be required to deploy Demand Side Management (DSM) to reduce system impacts and costs, and to help the customer lower their costs further through cost-effective DSM measures.

**UNS Electric’s Proposed Changes to its Lost Fixed Cost Revenue Recovery Mechanism**

Q. Has UNS Electric proposed changes to its Lost Fixed Cost Revenue Recovery (LFCR) Mechanism?

A. Yes. UNS Electric has proposed several changes to the LFCR mechanism. These changes include allowing the recovery of lost fixed costs attributable to generation in the LFCR\(^{16}\) and increasing the year-over-year cap from 1% to 2\(^{\%}\).\(^{17}\)

Q. What does SWEEP think of these proposed changes?

A. SWEEP supports the current LFCR mechanism and the costs included in that mechanism. Specifically, SWEEP does not support the addition of generated-related costs in the LFCR nor an increase in the year-over-year cap. UNS Electric has other opportunities to manage the amount and cost of generation resources, including through planning, market and procurement mechanisms. In addition, as I discuss further below, SWEEP believes that decoupling is a better and more effective mechanism than the LFCR to address the broader set of issues that UNS Electric has described in its rate case application, including the recovery of authorized costs and the under-recovery of fixed costs.

**Decoupling to Reduce the Financial Disincentive to Electric Utility Support of Energy Efficiency**

Q. Does UNS Electric experience a financial disincentive to its support of energy efficiency when its customers respond and become more energy efficient?

A. Yes. Traditional utility regulation links the utility’s financial health to volumetric sales of electricity, resulting in a utility financial disincentive to support energy efficiency and other demand-side resources that reduce sales. Energy savings by UNS Electric customers (which are beneficial for customers, the economy, the utility system, and the environment) result in lower revenues for the Company and the under-recovery of Commission-authorized utility fixed costs. In general, this

\(^{16}\) See Direct Testimony of Craig A. Jones, Page 76, Line 19

\(^{17}\) See Direct Testimony of Craig A. Jones, Page 76, Line 24
financial disincentive can reduce utility support and enthusiasm for cost-effective
resources such as energy efficiency programs that minimize the long-term costs of
providing service. It could also impede potentially crucial utility support for building
energy codes and other policies that reduce utility bills for customers and serve
societal interests.

Q. Should a decoupling mechanism for UNS Electric be implemented to reduce the
financial disincentive and encourage UNS Electric to support additional increases in
energy efficiency through programs and other initiatives such as support of building
energy codes?

A. Yes. The financial interest of UNS Electric should be better aligned with the interests
of its customers by reducing financial disincentives to utility support of energy
efficiency, thereby resulting in more energy savings and larger reductions in customer
energy bills.

SWEEP supports decoupling mechanisms to address issues related to energy
efficiency, e.g., when such mechanisms would be effective in substantially increasing
customer energy efficiency and reducing the financial disincentive to electric utility
support of increased energy efficiency.

SWEEP is not in favor of decoupling solely or primarily as a mechanism for the
utility to recover its fixed costs. Therefore, in SWEEP’s view the implementation of
decoupling is premised on substantial increases in customer energy efficiency, for
which the decoupling mechanism would reduce the financial disincentive to the
utility of such increased energy efficiency. Because the Electric Energy Efficiency
Resource Standard (EERS) will deliver substantial energy efficiency savings for UNS
Electric customers, decoupling in this situation is justified.

Q. Does full decoupling completely and effectively reduce Company disincentives for
the support of activities that eliminate energy waste, including activities not directly
linked to the Company’s energy efficiency programs?

A. Yes. Full decoupling completely and effectively reduces Company disincentives for
the support of activities that eliminate energy waste. As such, full decoupling is
important not only for full utility support of energy efficiency programs but also for
activities that reduce sales but are not or may not be directly linked to the Company’s
portfolio of energy efficiency programs. This could include utility support for
building energy codes; appliance standards; energy education and marketing; state
and local government energy conservation efforts; and federal energy policies.

Q. Why is full revenue decoupling a policy option worthy of Commission consideration?

A. As I testified above, the financial interest of UNS Electric should be better aligned
with the interests of its customers by reducing financial disincentives to utility
support of energy efficiency, thereby resulting in more energy savings, total lower
costs for customers, and larger customer energy bill reductions. Full revenue
decoupling completely and effectively reduces utility company disincentives for the
support of activities that eliminate energy waste. As such, full revenue decoupling is
important not only for full, enthusiastic utility support of energy efficiency programs
but also for activities that reduce sales but are not or may not be directly linked to the
Company’s portfolio of energy efficiency programs.

Q. Why is full revenue decoupling a superior option for the treatment of utility financial
disincentives to energy efficiency than the Company’s Lost Fixed Cost Revenue
Recovery (LFCR) mechanism?

A. The Company’s LFCR mechanism inadequately reduces utility disincentives to
energy efficiency, and therefore results in fewer opportunities for customers to reduce
their energy bills. Consequently, it discourages Company support of building energy
codes, appliance efficiency standards, and state initiatives and legislation. The LFCR
mechanism also represents an automatic rate increase. In contrast, because full
revenue decoupling allows for rate adjustments in both a positive and negative
direction, decoupling could result in either a credit or a charge on the customer bill.

LFCR does nothing to reduce UNS Electric’s financial incentive to encourage
customers to use more electricity – and the more customers waste energy, the more
UNS Electric revenues and earnings increase. Also, under the LFCR, as the Arizona
economy recovers and electric demand increases, UNS Electric revenues and
earnings could also increase. Specifically, UNS Electric could retain all revenues
higher than the authorized revenue levels, which would result in higher earnings.
UNS Electric would also retain all revenues higher than the authorized revenue levels
from increased electrification and electric vehicles. In contrast, full decoupling would
provide a credit to customers for any revenues higher than authorized revenues
(determined as authorized revenue per customer multiplied by the number of
customers).

Q. What action does SWEEP recommend?

A. SWEEP recommends that UNS Electric develop and file a proposal for full revenue
per customer decoupling in this rate case, which the parties and Commission should
consider in this proceeding.

Ensuring Adequate Funding and Stability for Energy Efficiency by Expensing
Energy Efficiency Program Funding in Base Rates

Q. Why should energy efficiency be adequately funded in base rates at stable levels?

A. As I testified in my direct testimony, energy efficiency is a core resource meeting the
real energy needs of customers at lowest cost. In order to provide adequate and
appropriate treatment for this core, fundamental energy and capacity resource,
SWEEP recommends that a total of $5 million of energy efficiency program funding
be expensed in base rates. As a core resource, it is appropriate for energy efficiency
cost recovery to be in base rates rather than in a separate adjustor mechanism.
Recovery of energy efficiency program costs in base rates will help ensure that the
numerous public interest benefits of this core resource will be fully realized.

Q. Should the Demand Side Management (DSM) adjustor still remain intact?
A. Yes. As I explained in my direct testimony, the adjustor mechanism should remain
intact and be used as an adjustor to recover or refund any energy efficiency funding
amount above or below the $5 million in base rates. In this way, the DSM adjustor
would serve as a flexible means of accounting and adjusting for the market realities of
actual energy efficiency spending.

Providing Customers with Useful Information about Utility Costs and Resources

Q. Does SWEEP support providing customers with useful information about utility costs
and resources on the customer bill?
A. Yes. Customers should be provided with useful information on utility costs and
resources so that customers can fully understand how their money is being allocated
and spent, and on which resources and costs. The customer bill itself should be
simplified so that information is readily accessible and easy to understand for
customers. There are two objectives here: providing a simple bill to customers, and
providing useful and transparent information to customers.

Q. How can these two objectives be achieved without burdening or confusing
customers?
A. These two crucial objectives – transparency and simplicity – could be achieved
without burdening customers by:

1. Simplifying the regular bill by presenting fewer cost categories and treating all
energy resources equally in terms of disclosure (for example, not including the
Demand Side Management adjustor as a line item on the bill, which would be
consistent with the treatment of other energy resources, whose costs are not
expressly identified by the current bill format).

AND

2. Providing supplemental information on utility costs and energy resources to
customers at all times via the web and quarterly or annually via a bill insert,
email, and/or other communication – and not on the customer bill itself. This
information could include a simple graphic that illustrates how each rate dollar is
spent. If such a graphic were included, however, the costs associated with each
and every energy resource would also need to be clearly delineated. In addition,
all regular bills sent to customers would direct customers to the location on the
web where utility and energy resource costs, as well as the energy resource mix, would reside, with a phone number customers could call for specific details.

Conclusion

Q. Does this conclude your rate design testimony?

A. Yes.