

DOCKET NO. 03-0371

DIVISION OF CONSUMER ADVOCACY'S

RESPONSES TO THE

COUNTY OF MAUI'S REBUTTAL INFORMATION REQUESTS

COM-CA-RIR-31 CA-RT-1, page 12, lines 12-13: The witness states:
WHY DOES THE CONSUMER ADVOCATE CONTEND THAT
THIS PROCEEDING IS FOCUSED ON SUPPLY-SIDE
RESOURCES?

a. What consumer interests are advanced by focusing only on
the supply-side aspects of distributed generation?

RESPONSE: The witness's rebuttal testimony indicates that the Commission, in
Order No. 20582, established the focus of this docket on distributed
generation involving the use of small-scale electric generating
technologies (see CA-RT-1, page 12, lines 14 – 21). The witness
did not evaluate why the Commission set "[t]he focus of this
investigative docket . . . on distributed generation" and not the
distributed energy resources definition that includes "targeted
end-use and demand side management." Accordingly, matters that
are outside the scope of this proceeding were not considered by
the witness in his rebuttal testimony.

b. What consumer interests are advanced by not considering
the demand-side aspects of distributed generation?

RESPONSE: See response to subpart a. above.

- c. How is the Commission's record enhanced by the CA's contention that the focus of the instant proceeding should only be on the supply-side aspects of distributed generation?

RESPONSE: See response to subpart a. above.

COM-CA-RIR-32 CA-RT-1, page 29, lines 1-3: The witness states:
5. develop rules and reporting requirements to prevent cross-subsidization of utility-owned customer-sited DG by non-DG utility customers, to the extent practical.
Provide example rules and reporting requirements that prevent cross-subsidization.

RESPONSE: See CA-RT-1, page 35, line 14 through page 41, line 17, and page 55, line 7 through page 57, line 10.

COM-CA-RIR-33

CA-RT-1, page 32, lines 6-9: The witness states:

The existing rates, however, were not designed to recover revenues for fixed costs currently incurred if energy sales are decreased due to installation of a customer-owned generating unit whose energy is not metered by the utility.

What costs does the witness believe will be avoided by the utility if a customer on Maui chooses DG? Short-run marginal costs only? Long-run marginal costs? Provide any cost study relied on by the witness to reach the conclusion that utility fixed cost recovery will be impaired on Maui if customers choose DG.

RESPONSE:

The "costs" the witness believes that may be avoided, or deferred, by the utility if a customer chooses to install a customer sited DG unit are described in the witness's direct testimony (see for example, page 33, line 10 through page 39, line 18). The avoided, or deferred, marginal costs of a customer choosing DG are short-run and/or long-run depending on the type of resource installed (for example, as available versus firm), the location of the DG in relation to the load served, the operating reliability of the unit and who controls the output of the DG facility, and the amount and timing of the DG's installation relative to the utility's need for additional generating resources and/or T&D improvements. The potential negative cost implications of customer-installed DG that could result in higher cost, and/or less reliable service, to other ratepayers is described in the witness's direct testimony (see CA-T-1, page 39, line 5 through page 46, line 14). The amount of the utility's fixed cost recovery in commercial energy rate schedules applicable to DG customers is provided in HECO's

exhibit HECO-502. Additional information relating to the recovery of a substantial portion of the utility's fixed cost in the energy charges that may be impaired if customers choose DG is described in HECO's direct testimony (see for example, HECO-T-5, page 12, line 4 through page 15, line 13).

COM-CA-RIR-34 Provide a copy of any testimony on standby rate design prepared by the witness and submitted to any state commission in the US, together with a copy of the Commission decision in each such docket setting forth the decision on standby rate issues addressed by the witness.

RESPONSE: Mr. Herz provided testimony on standby rates involving two cooperatives in Ohio and an investor-owned utility in Missouri in the late 1970's and early 1980's in connection with those utilities implementation of PURPA cost of service and ratemaking standards. Mr. Herz also submitted testimony regarding standby charges for a Michigan gas utility in the early 1980's. Copies of those testimonies, and the decisions reached in each such instance, are no longer in the witness's possession.

COM-CA-RIR-35 CA-RT-1, pages 32-35:

- a. Under the CA proposal, would DG customers receiving DG service from MECO pay the same standby rates and charges as DG customers that install and own their own DG systems, and rely on MECO for standby service?

RESPONSE: In general, similarly situated DG facilities should be subject to the same rates, terms and conditions regardless of ownership in a manner that is not discriminating or anti-competitive to the utility, third parties or customers (see for example, CA-RT-1, page 56, lines 4 – 6). It is difficult to respond to this information request with any degree of specificity since the specific facts pertaining to the customer-sited DG and the level of backup service required are not known at this time. In addition, the arrangement under which MECO could offer DG service is not known at this time, nor are the specific MECO standby rates and charges that could be applicable to MECO customers that install and own their own DG systems known at this time.

- b. How would this affect the proposed tariff rates submitted by MECO for DG service in the CHP docket?

RESPONSE: Since the CHP tariff is not an issue in this proceeding, Mr. Herz has not analyzed this tariff to respond to this question at this time.