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8 **BEFORE THE ARIZONA CORPORATION COMMISSION**

9 GARY PIERCE, Chairman  
10 BOB STUMP  
11 SANDRA KENNEDY  
12 PAUL NEWMAN  
13 BRENDA BURNS

14 IN THE MATTER OF THE APPLICATION )  
15 OF ARIZONA PUBLIC SERVICE COMPANY )  
16 FOR A HEARING TO DETERMINE THE FAIR )  
17 VALUE OF THE UTILITY PROPERTY OF THE )  
18 COMPANY FOR RATEMAKING PURPOSES, )  
19 TO FIX A JUST AND REASONABLE RATE )  
20 OF RETURN THEREON, TO APPROVE RATE )  
21 SCHEDULES DESIGNED TO DEVELOP SUCH )  
22 RETURN. )

DOCKET NO. E-01345A-11-0224

**NOTICE OF FILING  
TESTIMONY OF JEFF  
SCHLEGEL IN PARTIAL  
OPPOSITION TO THE  
PROPOSED SETTLEMENT  
AGREEMENT**

23 Southwest Energy Efficiency Project (“SWEEP”), through its undersigned counsel,  
24 hereby provides notice that it has this day filed the testimony of Jeff Schlegel in partial  
25 opposition to the proposed Settlement Agreement in connection with the above-captioned  
matter.

1 DATED this 18<sup>th</sup> day of January, 2012.

2 ARIZONA CENTER FOR LAW IN  
3 THE PUBLIC INTEREST

4 By   
5 \_\_\_\_\_

6 Timothy M. Hogan  
7 202 E. McDowell Rd., Suite 153  
8 Phoenix, Arizona 85004  
9 Attorneys for Southwest Energy Efficiency  
10 Project

11 ORIGINAL and 13 COPIES of  
12 the foregoing filed this 18<sup>th</sup> day  
13 of January, 2012, with:

14 Docketing Supervisor  
15 Docket Control  
16 Arizona Corporation Commission  
17 1200 W. Washington  
18 Phoenix, AZ 85007

19 COPIES of the foregoing  
20 Electronically mailed this  
21 18<sup>th</sup> day of January, 2012 to:

22 All Parties of Record

23   
24 \_\_\_\_\_

**BEFORE THE ARIZONA CORPORATION COMMISSION**

COMMISSIONERS

GARY PIERCE, Chairman  
BOB STUMP  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BRENDA BURNS

IN THE MATTER OF THE APPLICATION OF  
ARIZONA PUBLIC SERVICE COMPANY FOR  
A HEARING TO DETERMINE THE FAIR  
VALUE OF THE UTILITY PROPERTY OF THE  
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TO FIX A JUST AND REASONABLE RATE OF  
RETURN THEREON, TO APPROVE RATE  
SCHEDULES DESIGNED TO DEVELOP SUCH  
RETURN.

DOCKET NO. E-01345A-11-0224

Testimony in Partial Opposition to the Proposed Settlement Agreement of

**Jeff Schlegel**

**Southwest Energy Efficiency Project (SWEEP)**

January 18, 2012

**Testimony in Partial Opposition to the Proposed Settlement Agreement of  
Jeff Schlegel, SWEEP**

**Docket No. E-01345A-11-0224**

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**Introduction**

1  
2  
3 Q. Please state your name and business address.

4  
5 A. My name is Jeff Schlegel. My business address is 1167 W. Samalayuca Drive,  
6 Tucson, Arizona 85704-3224.

7  
8 Q. Did you submit direct testimony in this proceeding?

9  
10 A. Yes. I filed direct testimony and direct rate design testimony on behalf of the  
11 Southwest Energy Efficiency Project (SWEEP).

12  
13 Q. Have there been any changes in your qualifications or representation of SWEEP?

14  
15 A. No.

16 **Summary of SWEEP's Testimony in Partial Opposition to the Proposed Settlement**

17  
18 Q. What is the purpose of your testimony?

19  
20 A. In my testimony, I will:

- 21  
22     ▪ Summarize how the proposed Settlement Agreement limits the Commission from  
23 fully exploring the policy options for addressing utility financial disincentives to  
24 energy efficiency, including limiting the Commission's consideration of full  
25 revenue decoupling;
- 26     ▪ Describe why full revenue decoupling, a mechanism the Commission adopted  
27 one month ago in the Southwest Gas rate case after a thorough evaluation of all  
28 of the evidence, is a superior option for the treatment of utility financial  
29 disincentives to energy efficiency compared to the lost fixed cost revenue  
30 recovery mechanism proposed in the Settlement Agreement;
- 31     ▪ Recommend that the Commission substitute full revenue decoupling in place of  
32 the lost fixed cost revenue recovery mechanism proposed in the Settlement  
33 Agreement because full revenue decoupling more completely and effectively  
34 reduces utility company disincentives for the support of activities that eliminate  
35 energy waste, while lost fixed cost revenue recovery does not;
- 36     ▪ Express why rate case moratoriums can limit the Commission's ability to direct  
37 energy policy, and emphasize why caution should be exercised when enacting a  
38 rate case moratorium, especially one as long as four years;
- 39     ▪ Explain that performance incentives are an important policy instrument that the  
40 Commission should exercise to influence and direct energy efficiency outcomes  
41 during the energy efficiency implementation plan process;
- 42     ▪ Provide recommendations on objectives and design criteria for an energy  
43 efficiency performance incentive that establishes a clear connection between the

- 1 performance incentive level and the achievement of cost-effective energy  
2 savings.
- 3 ■ Describe why and how energy efficiency, as a fundamental resource meeting the  
4 real energy needs of customers at lowest cost, should be adequately funded in  
5 base rates at stable levels; and
  - 6 ■ Explain how and why the impacts of Commission-adopted policies should be  
7 reflected and accounted for in adjustments to test year sales used to set rates.

8 **Utility Financial Disincentives to Energy Efficiency and Preserving the**  
9 **Commission’s Ability to Consider Options and Decide Energy Policy**

- 10
- 11 Q. How does the proposed Settlement Agreement offer to address utility financial  
12 disincentives to energy efficiency?  
13
- 14 A. The Settlement Agreement proposes to implement a lost fixed cost revenue (LFCR)  
15 recovery mechanism. This mechanism would recover a portion of the distribution and  
16 transmission costs associated with the pursuit of energy efficiency and distributed  
17 generation by residential, commercial, and industrial customers. The Settlement  
18 Agreement would also allow residential customers to “opt out” of this LFCR  
19 mechanism by accepting higher fixed charges through an increased basic service  
20 charge.  
21
- 22 Q. Does the proposed Settlement Agreement limit the Commission from fully  
23 considering the policy options for addressing utility financial disincentives to energy  
24 efficiency?  
25
- 26 A. Yes. By offering only one option for addressing utility financial disincentives to  
27 energy efficiency (i.e., the LFCR mechanism), the proposed Settlement Agreement  
28 limits the Commission from fully exploring and vetting the various policy options it  
29 could consider, including full revenue decoupling.  
30

31 In contrast, the proposed Settlement Agreement offered in the Southwest Gas rate  
32 case (and adopted by the Commission in December 2011), gave the Commission a  
33 choice: it presented two clear policy options for Commission consideration – a LFCR  
34 mechanism and a full revenue decoupling mechanism. As such, the Southwest Gas  
35 Settlement Agreement provided a framework for the Commission to thoroughly vet  
36 the policy and legal issues surrounding both full revenue decoupling and lost fixed  
37 cost revenue recovery and to make a decision after a thorough deliberation of all of  
38 the evidence.  
39

- 40 Q. Does the Settlement Agreement address, in a positive and responsive manner, the  
41 concerns raised by Commissioners during the Special Open Meeting on December  
42 16, 2011, about settlement agreements limiting the Commission’s ability to consider a  
43 full range of options and decide energy policy?  
44

1 A. No. As discussed above, the proposed Agreement does not offer a framework for the  
2 Commission to thoroughly vet the policy and legal issues surrounding both lost fixed  
3 cost revenue recovery and full revenue decoupling. Indeed, in any adoption of the full  
4 Settlement as filed, the Commission would not be able to consider full revenue  
5 decoupling at all. Instead, it would have to consider this option *entirely outside* of the  
6 Agreement. Accordingly, the proposed Settlement limits the Commission's ability to  
7 direct energy policy related to the treatment of utility financial disincentives to energy  
8 efficiency and is therefore not responsive to the stated concerns by Commissioners at  
9 the December meeting. Most notably, the proposed Settlement excludes from  
10 Commission consideration full revenue decoupling — the very option that the  
11 Commission approved for the Southwest Gas Company one month ago after a  
12 thorough evaluation of evidence on both lost fixed cost revenue recovery and full  
13 revenue decoupling.

14  
15 Q. Why is full revenue decoupling a policy option worthy of Commission consideration?  
16

17 A. As I testified in my direct testimony, the financial interest of the Arizona Public  
18 Service Company ("Company" or "APS") should be better aligned with the interests  
19 of its customers by reducing financial disincentives to utility support of energy  
20 efficiency, thereby resulting in more energy savings, total lower costs for customers,  
21 and larger customer energy bill reductions.

22  
23 Full revenue decoupling completely and effectively reduces utility company  
24 disincentives for the support of activities that eliminate energy waste. As such, full  
25 revenue decoupling is important not only for full, enthusiastic utility support of  
26 energy efficiency programs but also for activities that reduce sales but are not or may  
27 not be directly linked to the Company's portfolio of energy efficiency programs. This  
28 could include utility support for building energy codes; appliance standards; energy  
29 education and marketing; state and local government energy conservation efforts; and  
30 federal energy policies.

31  
32 Q. Why is full revenue decoupling a superior option for the treatment of utility financial  
33 disincentives to energy efficiency than the proposed LFCR mechanism?  
34

35 The proposed LFCR mechanism inadequately reduces utility disincentives to energy  
36 efficiency, and therefore results in fewer opportunities for customers to reduce their  
37 energy bills. Consequently, it discourages Company support of building energy  
38 codes, appliance efficiency standards, and state initiatives and legislation. It will also  
39 likely result in contentious and protracted technical proceedings at the Commission  
40 (as has been the experience in lost revenue recovery mechanism proceedings in other  
41 states). Finally, the LFCR mechanism represents an automatic rate increase. In  
42 contrast, because full revenue decoupling allows for rate adjustments in both a  
43 positive and negative direction, decoupling could result in either a credit or a charge  
44 on the customer bill.  
45

1 LFCR does nothing to reduce APS' financial incentive to encourage customers to use  
2 more electricity – and the more customers waste energy, the more APS revenues and  
3 earnings increase. Also, under LFCR in the Agreement, as the Arizona economy  
4 recovers and electric demand increases, APS revenues and earnings would also  
5 increase. Specifically, APS could retain all revenues higher than the revenue levels  
6 established by the Agreement, which would result in higher earnings. APS would also  
7 retain all revenues higher than the revenue levels established by the Agreement from  
8 increased electrification and electric vehicles. In contrast, full decoupling would  
9 provide a credit to customers for any revenues higher than authorized revenues  
10 (determined as authorized revenue per customer multiplied by the number of  
11 customers).

12  
13 Q. Does the proposed residential opt-out rate serve the interest of customers who want to  
14 reduce their energy bills?

15  
16 A. No. The residential opt-out rate requires customers to accept higher fixed charges  
17 through an increased basic service charge. As I testified in my rate design direct  
18 testimony, SWEEP does not support increasing the basic service charge as a  
19 mechanism to recover additional fixed costs. Increasing the basic service charge  
20 mutes the price signal to customers by reducing the amount of utility bill cost savings  
21 that customers experience when they conserve energy or increase their energy  
22 efficiency.

23  
24 Q. What action should the Commission take on the Settlement Agreement?

25  
26 A. The Commission should approve the Settlement Agreement with the exception of  
27 Section IX (see additional comments of other portions of Section IX, below). In its  
28 stead, the Commission should substitute the Company's original decoupling proposal.

29 **Rate Case Moratorium/Stay-Out Provision and Preserving the Commission's**  
30 **Ability to Decide Energy Policy and Respond to Changing Conditions**

31  
32 Q. Does the Settlement Agreement propose a rate case moratorium?

33  
34 A. Yes. The proposed Settlement Agreement includes a four-year rate case stay-out  
35 provision that, if adopted, would prohibit the Company from filing a new general rate  
36 case application until July 1, 2016.

37  
38 Q. Do rate case moratoriums limit the Commission's ability to direct and determine  
39 energy policy?

40  
41 A. Rate case moratoriums effectively freeze rates for a specified period of time, despite  
42 shifts in the economy or energy/regulatory policies that might otherwise call for a  
43 reexamination of and possible change to rates. In turn, rate case moratoriums can  
44 limit the Commission's ability to direct energy policy, especially those policies that  
45 come about or evolve after establishment of the moratorium in question.

1  
2 Q. Are there any recent examples to illustrate this point?

3  
4 Yes. The Settlement Agreement adopted in Tucson Electric Power Company's (TEP)  
5 2008 rate case included a stay-out provision that prohibits the Company from filing a  
6 new general rate case application until mid-2012. As the Commission is fully aware,  
7 this stay-out provision has constrained Commission options and actions related to the  
8 achievement of the Electric Energy Efficiency Standard (adopted in 2010) and the  
9 Commission's review of the TEP EE Implementation Plan, and may prevent or limit  
10 TEP customers from receiving the full value of energy efficiency investments (i.e.,  
11 reducing their utility bills and lowering total costs for customers).

12  
13 Q. Are rate case moratoriums a good idea during uncertain economic times?

14  
15 A. During uncertain economic times, a rate case moratorium may offer stability to  
16 customers in the form of a rate freeze. Alternatively, it may subject customers to  
17 higher than necessary rates and costs or to higher future costs. And, when combined  
18 with the LFCR mechanism in the Agreement (rather than full decoupling), it results in  
19 APS retaining all of the revenues that are higher than the revenue levels established  
20 by the Agreement rather than providing credits to customers, for the full period of the  
21 stay-out provision. For these reasons, SWEEP believes the Commission should  
22 exercise caution when enacting a moratorium, especially one as long as four years (as  
23 proposed in this Settlement Agreement).

24  
25 Q. What action should the Commission take to mitigate the negative effects of the long  
26 stay-out provision?

27  
28 A. If the Commission chooses to adopt the proposed Agreement, SWEEP recommends  
29 shortening the stay-out period to three years. At the very least, SWEEP recommends  
30 that in three years time or sooner the Commission exercise its authority to initiate a  
31 systematic review to determine if rates are just and reasonable for customers and to  
32 determine whether the continuation of the stay-out provision is warranted.

33 **Energy Efficiency Performance Incentive**

34  
35 Q. What does the Settlement propose for an energy efficiency performance incentive?

36  
37 A. If adopted, the Settlement Agreement would slightly modify the Company's current  
38 performance incentive by removing and changing certain performance tiers. It would  
39 also initiate a stakeholder process for the development of a new performance  
40 incentive by December 31, 2012, for Commission consideration and possible  
41 implementation at a later date.<sup>1</sup>  
42

---

<sup>1</sup> See Sections 9.14b and 9.14d of the proposed Settlement Agreement.

1 Q. Does the Electric Energy Efficiency Standard provide guidance for when a  
2 performance incentive may be adopted?  
3

4 A. Yes. The Electric Energy Efficiency Standard states that, “In the implementation  
5 plans required by R14-2-2405, an affected utility may propose for Commission  
6 review a performance incentive to assist in achieving the energy efficiency standard  
7 set forth in R14-2-2404. The Commission may also consider performance incentives  
8 in a general rate case” (R14-2-2411). In other words, the Electric Energy Efficiency  
9 Standard allows for performance incentives to be proposed and adopted during a rate  
10 case or during the annual energy efficiency implementation plan process.  
11

12 Q. Does SWEEP have a preference on when performance incentives should be proposed  
13 and adopted?  
14

15 A. Yes. SWEEP views performance incentives as an important policy instrument that the  
16 Commission should exercise to influence and direct energy efficiency programs and  
17 outcomes for the benefit of customers. To that end, we believe it is critical for the  
18 Commission to be able to oversee and modify performance incentive design during  
19 the energy efficiency implementation plan process, when new energy efficiency  
20 programs and initiatives are proposed, reviewed, and approved by the Commission,  
21 and when energy efficiency policy is implemented.  
22

23 Q. What is your view of the timing of the process for the development of a new  
24 performance incentive, as set forth in the Settlement Agreement Section 9.14d?  
25

26 A. Consistent with the arguments above, SWEEP believes the new performance  
27 incentive should be developed by mid-2012, filed by APS as part of its 2013 Demand  
28 Side Management (DSM) Implementation Plan, and considered by the Commission  
29 as part of its review of the 2013 DSM Implementation Plan. There is no reason for  
30 APS, Staff, and stakeholders to wait until December 2012 to complete the  
31 development of a new performance incentive that will better incent achievement of  
32 cost-effective energy savings.  
33

34 Q. But mid-2012 is likely earlier timing than a final decision in this proceeding, correct?  
35

36 A. Yes. For this reason SWEEP recommends that APS initiate a process now to work  
37 with Staff and other stakeholders to develop a new performance incentive for  
38 Commission consideration as part of the 2013 DSM Implementation Plan process.  
39

40 Q. Does SWEEP have any recommendations with respect to the performance incentive,  
41 if the Commission were to adopt the proposed Settlement Agreement with the  
42 performance incentive process and timing as set forth in the Settlement Agreement?  
43

44 A. Yes. If the Commission adopts the proposed Settlement Agreement, thereby delaying  
45 the consideration of a new performance incentive until December 2012 at the earliest,  
46 the Commission should make known its objectives for performance incentive design.

1 and these objectives should be set forth in the Commission's final decision. In  
2 SWEEP's view an appropriately designed performance incentive would meet the  
3 following objectives:

- 4
- 5 1. It encourages the Company to pursue cost-effective energy efficiency;
- 6
- 7 2. It is designed in such a way to avoid any perverse incentives;
- 8
- 9 3. It is based on clearly-defined goals and activities that are sufficiently  
10 monitored, quantified, and verified;
- 11
- 12 4. It is available only for activities for which the Company plays a distinct and  
13 clear role in bringing about the desired outcome; and
- 14
- 15 5. It is kept as low as possible while balancing and meeting the objectives and  
16 principles mentioned above.
- 17

18 Q. Does SWEEP have any additional recommendations on specific design criteria for the  
19 performance incentive, which the Commission should require in its final decision?

20

21 A. Yes. If the Commission adopts the proposed Settlement Agreement with the process  
22 to develop a new performance incentive, the Commission should also require the  
23 following design criteria for the new performance incentive:

- 24
- 25 ■ Encourage the achievement of energy savings and net benefits for customers  
26 through a performance incentive with an eligible incentive level equivalent to 7%  
27 of net benefits on a pre-tax basis;
- 28
- 29 ■ Include new components and metrics that emphasize increased  
30 comprehensiveness of energy efficiency program services provided to customers  
31 and result in higher percent savings, encourage cost-efficiency in the use of  
32 ratepayer funds (i.e., total net benefits to customers per dollar of ratepayer  
33 funding provided), and target the achievement of specific performance goals such  
34 as serving a targeted number of low income customers and/or issuing a specific  
35 targeted number of residential loans or a targeted total loan amount; and,
- 36
- 37 ■ Have an absolute dollar cap on the total incentive amount that the Company may  
38 earn, set at 115% of the eligible incentive level (determined at 100% of target  
39 performance), thereby not incenting increased program spending through the  
40 design of the performance incentive mechanism or its incentive cap.
- 41

**Adequate Funding and Stability for Energy Efficiency**

1  
2  
3 Q. Does the proposed Settlement Agreement adequately support energy efficiency?  
4

5 A. No. The proposed Settlement Agreement, except for a general statement in support of  
6 energy efficiency<sup>2</sup>, does not include provisions to adequately fund or support energy  
7 efficiency. For example, it does not support the level of savings set forth in the  
8 Electric Energy Efficiency Standard (there is no explicit support for the energy  
9 savings levels in the Energy Efficiency Standard or for any other level of savings for  
10 customers) and does not provide adequate or stable funding. Also, the Agreement  
11 does not fund a majority of energy efficiency costs in base rates. This is in contrast to  
12 other energy resources, which are afforded stability through funding in base rates.  
13

14 Q. How can adequate funding for energy efficiency be ensured?  
15

16 A. In order to provide adequate treatment for this central and least cost resource, total  
17 funding of \$70 million for energy efficiency should be expensed in base rates, while  
18 commensurately reducing the Demand Side Management (DSM) adjustor.<sup>3</sup> Since \$10  
19 million of energy efficiency funding is already expensed in base rates, a \$60 million  
20 increase would be necessitated. The DSM adjustment mechanism should still remain  
21 intact, but should recover or refund any energy efficiency funding amounts above or  
22 below \$70 million, as needed to implement and deliver energy efficiency offerings to  
23 customers. In this way, the DSM adjustment mechanism would serve as a flexible  
24 means of recovering additional energy efficiency funding (as needed). For example,  
25 based upon the Commission Staff's Second Revised Report and Recommended Order  
26 on APS' 2012 DSM Implementation Plan, SWEEP estimates that expensing \$70  
27 million of energy efficiency program costs in base rates would reduce the total  
28 amount collected through the 2012 DSM adjustor for 2012 energy efficiency  
29 programs (not including demand response costs) from \$71.4 million<sup>4</sup> to \$1.4 million,  
30 reducing the DSM adjustor for 2012 energy efficiency programs from about \$0.0022  
31 per kWh<sup>5</sup> to \$0.000052 per kWh.  
32

33 Q. Why should energy efficiency be adequately funded in base rates at stable levels?  
34

35 A. Energy efficiency is a fundamental resource meeting the real energy needs of  
36 customers at lowest cost. Additionally, it is a positioned to become the Company's

---

<sup>2</sup> Section 9.1 of the proposed Settlement Agreement states, "The Signatories support energy efficiency as a low cost energy resource."

<sup>3</sup> As I testified in my direct testimony, in its 2012 DSM Implementation Plan, the Company proposed to spend \$78 million, while delivering \$194 million in net benefits to customers. Hence, expensing \$70 million in base rates would equate to approximately 90% of these anticipated funds.

<sup>4</sup> The \$71.4 million amount includes the cost of 2012 energy efficiency programs; the cost of the proposed Codes and Standards program; measurement, evaluation, and research; and the energy efficiency performance incentive.

<sup>5</sup> This value accounts for the \$10 million in energy efficiency funds already expensed in base rates.

1 primary resource to meet energy growth over the next decade. In fact, from 2011 to  
2 2020, energy efficiency will meet more than half of APS' planned energy growth,  
3 making it the Company's largest growing energy resource for meeting load growth  
4 over the next ten years. For these reasons, energy efficiency must be satisfactorily  
5 funded and provided funding stability – else the numerous public interest benefits of  
6 this core resource may not be realized. Stability in policies and funding is a key to  
7 maximizing the customer benefits from energy efficiency.

8 **Accounting for Commission-Adopted Policies as an Adjustment to Sales**  
9

10 Q. Are there other rate-making issues in this case that the Commission should consider,  
11 as part of a package of improved practices in utility regulation and ratemaking in an  
12 era of focusing on reducing customer energy bills through increased energy  
13 efficiency?  
14

15 A. Yes. The current system for ratemaking does not fully account for Commission-  
16 adopted policies. In particular, it does not account at all for the Electric Energy  
17 Efficiency Standard or its impacts. Indeed, the test year sales based on an historic test  
18 year and used to set rates in this proceeding ignore the energy savings required by the  
19 Standard that will be experienced in the years for which the new rates are effective.  
20

21 Q. Why is it important to account for Commission-adopted policies when setting rates?  
22

23 A. If the rate setting process does not account for Commission-adopted policies, a  
24 disconnect arises between ratemaking and the very policies themselves. This  
25 disconnect can lead to regulatory lag, mismatches between cost causation and cost  
26 recovery, and the under-recovery of authorized fixed costs. The Commission should  
27 approve rates that are adequate in recovering Commission-authorized costs within the  
28 same time period in a manner that is consistent with the effects of Commission-  
29 adopted policies.  
30

31 Q. How can the Commission remedy this issue?  
32

33 A. The impacts of Commission-adopted policies should be reflected and accounted for in  
34 the test year sales used to set rates. As I testified in my direct rate design testimony, a  
35 post-test year adjustment to sales (which would impact revenues) should be applied to  
36 test year sales, to account for the energy savings and load-reducing effects of the  
37 Commission-adopted Electric Energy Efficiency Standard requirements. The Electric  
38 Energy Efficiency Standard requirements and their impacts on sales are known and  
39 measurable. Further, applying the post-test year adjustment would result in better and  
40 more accurate alignment of revenues and expenses based on these known and  
41 measurable quantities. If the Commission is concerned whether a full 100% of the  
42 Electric Energy Efficiency Standard requirement would be met in each and every  
43 year, the post-test year adjustment could be applied at a level of 75% of the Electric  
44 Energy Efficiency Standard requirement.  
45

1  
2  
3  
4  
5  
6

**Conclusion**

Q. Does this conclude your testimony?

A. Yes.