

**BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF VERMONT**

PUC Case No. 19-1270-TF

**Petition of Washington Electric Cooperative, Inc. (WEC))
requesting rate design changes and a change in rate)
schedules pursuant to 30 V.S.A. § 225 and 226)
effective June 17, 2019**

**REBUTTAL TESTIMONY
OF
JASON A. STRONG
ON BEHALF OF
WASHINGTON ELECTRIC COOPERATIVE, INC.**

September 25, 2019

Summary of Testimony

Mr. Strong's rebuttal testimony provides responses to the following:

- Addresses the cost of service study methodology.

1 **Q. Please state your name and business address?**

2 **A. My name is Jason A. Strong. My business address is 20701 Cooperative Way, Dulles,**
3 **VA 20166.**

4 **Q. What is your present occupation?**

5 **A. I am employed as the Vice President of Regulatory Affairs at the National Rural Utilities**
6 **Cooperative Finance Corporation.**

7 **Q. Have you previously testified in this proceeding?**

8 **A. Yes, I filed testimony on May 1, 2019 and presented a summary of the cost of service**
9 **study and rate design to the Vermont Public Utility Commission (PUC) at a workshop on**
10 **July 31, 2019. I also filed supplemental testimony on August 16, 2019.**

11 **Q. What is the purpose of your testimony?**

12 **A. To respond and offer rebuttal testimony to the PUC after reviewing the Public Service**
13 **Department's (Department) testimony filed on September 4, 2019.**

14 **Q. Did you review the testimony from the Department Witnesses Dan Potter, Sean**
15 **Foley and Carol Flint?**

16 **A. Yes. I reviewed the testimony submitted by Witnesses Dan Potter, Sean Foley and Carol**
17 **Flint. I specifically address and respond to the testimony of Mr. Foley regarding the cost**
18 **of service study.**

19 **Q. How do you respond to Mr. Foley's concerns that the cost of service study**
20 **methodology diverges from past practice and precedent in Vermont?¹**

¹ See Direct Testimony of Sean Foley on Behalf of Vermont Public Service Department at 4-5 (September 2, 2019) (Foley Direct Testimony).

1 **A.** I agree with Mr. Foley that the cost of service study follows the methodology outlined in
2 the National Association of Regulatory Utility Commissioners (NARUC) manual. As
3 outlined in my May 1, 2019 Prefiled Direct Testimony, the cost of service study follows
4 these generally accepted methods of functionalizing, classifying and allocating costs to
5 WEC's rate classifications of members based on cost causation principles, which are
6 generally accepted in the electric utility industry.² By following generally accepted
7 methods, practices and procedures, including those put forth by NARUC and utilized in
8 the currently-filed cost of service study, the intent is to remove the bias that could
9 otherwise sway the outcome of cost of service study results to achieve an intended
10 outcome based on policy goals and objectives by utilizing alternative methods not
11 generally accepted in the industry. As outlined in my May 1, 2019 Prefiled Direct
12 Testimony, the currently-filed cost of service study model has been previously utilized in
13 Vermont and the results have been accepted by the PUC.³

14 **Q.** **What specific issues did Mr. Foley raise with respect to the embedded cost of service**
15 **study?**

16 **A.** Mr. Foley's concerns were limited to one discrete example of Production Plant costs
17 being classified and allocated based on demand.⁴ Mr. Foley supports this position by

² See Prefiled Direct Testimony of Jason A. Strong on Behalf of Washington Electric Cooperative, Inc. (May 1, 2019) (Strong Prefiled Direct Testimony).

³ Strong Prefiled Direct Testimony at 8.

⁴ Foley Direct Testimony at 4-5.

1 pointing to Green Mountain Power's (GMP) methodology in which Production Plant
2 costs were classified and allocated in an embedded cost of service study using a Fuel
3 Offset methodology.⁵ However, the Department acknowledges that the GMP rate design
4 case is "the only case where the 'Fuel Offset Method' was considered and/or applied in
5 the last 5 years."⁶

6 **Q. Would the classification and allocation of Production Plant based on the methods**
7 **put forth by Mr. Foley change the outcome of the proposed rate design i.e., classify**
8 **and allocate Production Plant as energy-related?**

9 **A.** No. Production Plant was properly classified as demand-related and subsequently
10 allocated in the cost of service study model based on the 12 monthly coincident peak
11 (CP) average kW demand for power produced. However, were Production Plant to be
12 classified as energy-related and subsequently allocated in the cost of service study model
13 to energy, this alternative method would not change the outcome of the proposed rate
14 design. Using Residential as an example, the cost of service study cost-based rates
15 identifies the per unit cost of Customer, Demand and Energy of \$29.40, \$63.35 and
16 \$0.04025, respectively.⁷ The proposed Residential rate design shifts a portion of the

⁵ *Id.* at 5 (citing *GMP Rate Design*, Case No. 18-2850-TF, Heintz pf. at 9).

⁶ Department of Public Service's Responses to the Washington Electric Cooperative's First Set of Discovery Requests at 22 (September 18, 2019) (Department Discovery Response). The Department Discovery Response is attached as Exhibit 1 (DPS Responses to WEC Discovery Requests) to the September 25, 2019 Rebuttal Testimony of Patricia H. Richards.

⁷ Strong Prefiled Direct Testimony at 21; *See also* Strong Prefiled Direct Testimony, Exhibit WEC 11-JAS-2.

1 customer-related and one-hundred percent of the demand-related revenue collection to
2 the two-tiered energy rate. Regardless of whether Production Plant were classified and
3 allocated on demand and/or energy, the proposed rate design collects the costs at issue in
4 the two-tiered energy charge.

5 **Q. Does the Department take issue with the proposed customer charges?**

6 **A.** No. Department witnesses do not raise issues that refute the methods, practices,
7 procedures classifying and allocating the customer-related fixed charges that support the
8 underlying proposed increases in the monthly customer charges.

9 **Q. Does this conclude your testimony at this time?**

10 **A.** Yes.

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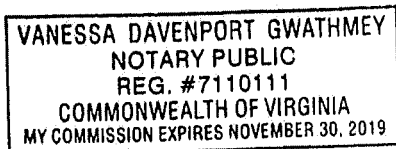
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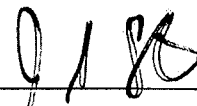
AFFIDAVIT OF JASON A. STRONG

**State of Virginia)
Loudon County)**

Jason A. Strong, being first duly sworn on his oath, states:

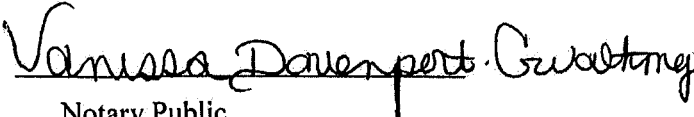
1. My name is Jason A. Strong. I work in Dulles, Virginia, and I am employed by the National Rural Utilities Cooperative Finance Corporation as the Vice President of Regulatory Affairs.
2. Attached hereto and made a part hereof for all purposes in my testimony on behalf of Washington Electric Cooperative, Inc. consisting of Five (5) pages, having been prepared in written form for introduction into evidence in the above-captioned proceeding.
3. I have knowledge of the matters set forth therein. Jason A. Strong being duly sworn, deposes and says that the statements contained in the foregoing prepared testimony and the exhibits attached hereto are true and accurate to the best of his knowledge, information and belief, and that such prepared testimony constitutes his sworn testimony in this proceeding.





Jason A. Strong

Sworn to and ascribed before me this the 25 day of SEPTEMBER, 20 19



Notary Public

My Commission Expires: 11.30.2019