

1 PREPARED DIRECT TESTIMONY

2 OF

3 NELSON HAWK

4 JUNE 22, 2009

5

6 1. Q. PLEASE STATE YOUR FULL NAME AND BUSINESS ADDRESS.

7 A. My name is Nelson Hawk, and my business address is 4170 Ashford Dunwoody
8 Road, Suite 550, Atlanta Georgia 30319.

9

10 2. Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

11 A. I am the Chairman of EnerVision, Inc. (EnerVision), a utility consulting firm that
12 specializes in providing business, management and technical services to electric
13 utilities. EnerVision primarily focuses on providing consulting services to
14 electric cooperatives, such as Okefenoke Rural Electric Membership Corporation
15 (OREMC).

16

17 3. Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND.

18 A. I graduated in 1973 from the Georgia Institute of Technology (Georgia Tech) with
19 a Bachelors Degree in Electrical Engineering. In 1980, I received a Masters of
20 Business Administration (MBA) Degree from Florida International University
21 (FIU).

22

23 4. Q. PLEASE STATE YOUR PROFESSIONAL EXPERIENCE.

1 A. I have worked in the utility industry for over 39 years. I began my career with the
2 Florida Power and Light Company (FPL) in March 1970 and spent 24 years in the
3 Distribution, Power Plants, System Planning, Finance, Marketing and Energy
4 Conservation, Load Research and Load Management areas. My last two years at
5 FPL, I was the Director of Market Planning and then the Director of Regulatory
6 Affairs. In 1994, I joined Oglethorpe Power Corporation (OPC) as the Vice
7 President of the Marketing and Economic Development Group. In 1997,
8 EnerVision was spun off to become an independent company. I was the
9 President/CEO of EnerVision, responsible for the overall direction and operations
10 of the firm, including Management Consulting Services, Power Supply,
11 Transmission, Wholesale and Retail Rates, and End-User & Energy Services
12 Consulting Services. In 2007, I became the Chairman of EnerVision, focusing on
13 business development activities and performing value-added work for
14 EnerVision's clients.

15
16 5. Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

17 A. The purpose of my testimony is to discuss the new Public Utility Regulatory
18 Policy Act (PURPA) Standards on Integrated Resource Planning (Section
19 111(d)(16)), Rate Design Modifications (Section 111(d)(17)), Smart Grid
20 Investment (Section 111(d)(18)), and Smart Grid Information (Section
21 111(d)(19)), as amended by the Energy Independence and Security Act of 2007
22 (EISA) and how each of these new PURPA Standards affects OREMC.
23

1 It should be noted that there was a technical glitch in the writing of EISA related
2 to the numbering of the four standards. In the original legislation, the Smart Grid
3 Investment Standard was Section 111(d)(16) (the same as the Integrated Resource
4 Planning Standard), and the Smart Grid Investment Standard was Section
5 111(d)(17) (the same as the Rate Design Modifications Standard) – resulting in
6 much confusion when specifically identifying the four new standards. This
7 technical glitch in the numbering scheme was corrected as part of the American
8 Recovery and Reinvestment Act of 2009 (ARRA), subsequent to the notice that
9 was provided to OREMC members regarding the four new PURPA standards and
10 the related proceedings to be conducted by OREMC.

11
12 **New PURPA Standard on Integrated Resource Planning (Section 111(d)(16))**

13 6. Q. PLEASE DESCRIBE THE PURPA STANDARD ON INTEGRATED
14 RESOURCE PLANNING (Section 111(d)(16)).

15 A. This new PURPA Standard (Section 111(d)(16)) requires affected utilities to
16 consider and determine: 1) whether energy efficiency resources should be
17 integrated into a utility's integrated resources planning (IRP) efforts; and 2)
18 whether or not to adopt policies establishing cost-effective energy efficiency
19 alternatives as "priority" resources.

20
21 Integrated resource plans (IRPs) typically involve utilities that are supplying
22 power and energy to other utilities and/or customers directly. IRPs are not usually
23 required of independent distribution utilities or cooperatives such as OREMC.

24

1 7. Q. CAN OREMC IMPLEMENT THIS NEW PURPA STANDARD ON
2 INTEGRATED RESOURCE PLANNING (Section 111(d)(16))?

3 A. Yes, OREMC already implements this standard. OREMC obtains their power
4 supply energy resources for their members through several long-term contractual
5 agreements and purchases that extend through 2014 and beyond. OREMC has
6 recently completed additional contractual arrangements for long-term power
7 supply provisions that will meet much of their future needs; however, not all of
8 their projected needs are fulfilled through these arrangements. The load forecasts
9 used by OREMC reflect their energy efficiency and demand-side management
10 (DSM) programs and initiatives that are already in place.

11
12 As OREMC considers energy efficiency and DSM programs with their current
13 power supply arrangements, these individual programs, both existing and
14 potentially new initiatives, are compared to the contractual power supply
15 contracts on a program-by-program basis. OREMC evaluates energy efficiency
16 and DSM programs that could integrate with their power supply efforts.

17 OREMC's planning approach also provides for updated evaluations and
18 implementation of cost-effective energy efficiency and DSM programs on a
19 priority basis for its members periodically.

20
21 Thus, OREMC does not need to adopt the new PURPA Standard on Integrated
22 Resource Planning (Section 111(d)(16), including both Parts (A) and (B)) because
23 its current resource planning efforts already integrate and effectively evaluate
24 energy efficiency alternatives on a priority basis.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

8. Q. SHOULD OREMC ADOPT THE NEW PURPA STANDARD ON INTEGRATED RESOURCE PLANNING (Section 111(d)(16))?

A. No. OREMC does not need to adopt this new PURPA Standard (Section 111(d)(16), including both Parts (A) and (B)) because OREMC already performs resource planning activities that incorporate what is called for in this standard.

9. Q. DOES THIS NEW PURPA STANDARD ON INTEGRATED RESOURCE PLANNING (Section 111(d)(16)) ADVANCE THE THREE GOALS OF PURPA?

A. Yes, this new PURPA Standard on Integrated Resource Planning (Section 111(d)(16)) advances the three PURPA goals – encouraging the conservation of energy, improving the efficiency of utility electric facilities and providing equitable rates for utility customers/members. Energy efficiency resources, by definition, help to conserve energy. Whether or not energy efficiency resources promote the efficient use of utility facilities and can be provided with equitable rates in the long run can best be determined through the measurement and verification of energy efficiency programs over an extended period of time.

New PURPA Standard on Rate Design Modifications (Section 111(d)(17))

10. Q. PLEASE DESCRIBE THE NEW PURPA STANDARD ON RATE DESIGN MODIFICATIONS (Section 111(d)(17)).

A. This new PURPA Standard (Section 111(d)(17)) calls for affected utilities to consider and determine, in General (A), whether the utility’s electric rates “(i)

1 align utility incentives with the delivery of cost effective energy efficiency; and
2 (ii) promote energy efficiency investments”. While generally this Standard is
3 concerned with the utility providing incentives and promoting energy efficiency,
4 this Standard also specifically requires that utilities consider and make a
5 determination on the following six Policy Options (B):

6 Policy Option 1. “(i) removing the throughput incentive and other regulatory
7 and management disincentives to energy efficiency;”

8 Policy Option 2. “(ii) providing utility incentives for the successful
9 management of energy efficiency programs;”

10 Policy Option 3. “(iii) including the impact on adoption of energy efficiency
11 as one of the goals of retail rate design, recognizing that energy efficiency
12 must be balanced with other objectives;”

13 Policy Option 4. “(iv) adopting rate designs that encourage energy efficiency
14 for each customer class;”

15 Policy Option 5. “(v) allowing timely recovery of energy efficiency related
16 costs;”

17 Policy Option 6. “(vi) offering home energy audits, offering demand response
18 programs, publicizing the financial and environmental benefits associated
19 with making home energy efficiency improvements, and educating
20 homeowners about all existing Federal and State incentives, including the
21 availability of low-cost loans, that make energy efficiency improvements
22 more affordable.”
23

1 11. Q. DOES OREMC SUPPORT THE GENERAL OBJECTIVES OF THE RATE
2 DESIGN MODIFICATIONS STANDARD IN SECTION 111(d)(17)?

3 A. Yes, OREMC does support the objectives and is already incorporating each of the
4 Policy Options in its retail rate designs and programs to the extent appropriate for
5 its members.

6
7 12. Q. PLEASE DESCRIBE HOW EACH OF THE SIX POLICY OPTIONS HAS
8 BEEN ADDRESSED OR WILL BE CONSIDERED BY OREMC.

9 A. Policy Option 1 – Removing the Throughput Incentive, etc. It should first be
10 noted that, as a member-owned cooperative, OREMC does not have an inherent
11 motivation to make a profit. Rather, it is management’s responsibility to provide
12 safe and reliable electric service at the lowest possible cost, and thus provide
13 value to its members. Management actually has an incentive, and a responsibility
14 to its members, to invest in energy efficiency technologies and programs
15 wherever cost-effective. Therefore, by definition, distribution cooperatives such
16 as OREMC do not have fundamental regulatory or management disincentives to
17 investing in energy efficiency. Any “throughput incentive” that might exist in
18 rate design (that allows a utility to recover additional fixed costs as consumption
19 increases) should not have a significant impact – positively or negatively – on
20 investment by the cooperative in energy efficiency. Rather, any potential
21 investment in efficiency would be evaluated on its stand-alone ability to provide
22 benefits to the membership.

23

1 OREMC is not unlike most electric distribution utilities in that they do not have
2 complete alignment of costs and rates. In some of their rate classifications there
3 is a portion of fixed cost that is recovered through the energy component of the
4 rate (the energy charge). OREMC has recognized for some time the need to more
5 closely align rates with actual costs. Their current approach is to gradually
6 increase the monthly customer charge for residential customers over time to more
7 appropriately reflect the amount of fixed costs that are included. Their monthly
8 residential customer charge is currently being reviewed with the expectation that
9 the current residential customer charge of \$10 will be increased (pending Board
10 approval). Their commercial rates are also currently under review with the
11 expectation that the current customer charges and demand charges will be
12 increased (pending Board approval). Further increases in the customer charge to
13 residential and commercial customers may occur as the results of future cost of
14 service studies determine such increases are appropriate.

15
16 As further described in the discussion of Policy Options 3 and 4, OREMC's rates
17 are designed to encourage efficient conservation. OREMC is committed to
18 continuing to evaluate and adjust rates to more fully align costs with rates, and
19 advance cost-effective energy conservation.

20 Policy Option 2 – Providing Program Incentives, etc. Based on comparisons of
21 the costs to implement energy efficiency programs to the costs of power supply
22 resources available through their existing contractual arrangements, OREMC has
23 not found it cost-effective to provide direct incentives for energy efficiency
24 programs. Given the relatively low cost of power associated with their power

1 supply, OREMC has had difficulty in demonstrating the cost-benefit to their
2 membership of conservation programs other than those related to direct load
3 control (impacting only the highest of the peak hours in the Summer period).
4 OREMC does periodically review potential energy efficiency programs to
5 determine if offering additional conservation/energy efficiency programs is
6 beneficial to the membership, and intends to offer such programs that are found
7 cost-effective.

8 Policy Options 3 and 4 – Rate Design Goals, Structure, etc. While energy
9 efficiency has not been an explicit goal of OREMC's rate design, rates have
10 become more favorable to energy efficiency over time as OREMC has
11 implemented its rate design strategy. Increasing the amount of fixed costs
12 included in the customer charge component (as discussed in Policy Option 1) is
13 one example. Another example is the inclining block rate structure currently in
14 place for residential customers. Retail energy prices to residential customers in
15 the Summer months increase as energy usage increases above the base level of
16 1,000 kWh per month. OREMC is currently evaluating this inclining block
17 structure to potentially increase the differential between the two energy blocks
18 even further – to provide an even greater incentive for members to conserve
19 energy. Under Winter residential rates, customers are charged the same amount
20 per kWh regardless of usage. On the commercial side, there are declining blocks
21 in place, but the rates are structured such that customers are provided an incentive
22 to maximize the energy usage relative to the demand they require. Customers are,
23 therefore, encouraged to use electricity efficiently in all time periods (increasing
24 load factor) rather than being indifferent as to their maximum usage and/or high

1 variability in their energy requirements. OREMC plans to continue to monitor the
2 structure of its rates and modify them going forward based on the results of future
3 cost of service studies.

4 Policy Option 5 – Timely Cost Recovery, etc. This Policy Option primarily
5 applies to the state commissions that regulate investor-owned utilities (IOUs) and
6 allow IOUs to earn a regulated rate of return on assets in order to provide a return
7 to shareholders. For this policy option, commissions are to consider whether to
8 allow regulated utilities to recover their costs associated with energy efficiency
9 investments/programs in a timely manner. As described in Policy Option 1,
10 OREMC is owned by its member-customers. All of OREMC’s costs must be
11 recovered by its customers in a timely manner – including investments and
12 programs associated with energy efficiency – if OREMC is to provide maximum
13 value to its members.

14 Policy Option 6 – Program Offerings, Promotion, Education, etc. OREMC highly
15 values a membership that is well informed on how to use energy efficiently. To
16 that end, OREMC readily provides information on the benefits of energy
17 efficiency and educational tools to assist members as they seek to use electricity
18 more wisely. The following are examples of how OREMC promotes energy
19 efficiency:

- 20 • OREMC provides energy audits to members upon request at no charge to
21 the member.
- 22 • OREMC’s website links members to a “Stretch Your Energy Dollars”
23 page that outlines several items most commonly found in energy audits
24 that waste energy.

- 1 • OREMC’s website also provides an Energy Efficiency Tip of the Month,
2 which highlights new ways for members to use energy more wisely.
- 3 • OREMC’S newsletter provides energy efficiency articles, tips, and
4 suggestions on ways for members to use energy more wisely.
- 5 • OREMC member service representatives provide education in local
6 schools and at public events on the wise and safe use of electricity.

7

8 13. Q. CAN OREMC IMPLEMENT THIS NEW PURPA STANDARD ON RATE
9 DESIGN (Section 111(d)(17))?

10 A. Partially. With the exceptions noted in the responses to Policy Options 1 and 5 in
11 the previous question, OREMC can implement this new PURPA Standard on Rate
12 Design (Section 111(d)(17)) and is already doing so where appropriate.

13

14 14. Q. SHOULD OREMC ADOPT THE NEW PURPA STANDARD ON RATE
15 DESIGN MODIFICATIONS (Section 111(d)(17))?

16 A. No. OREMC has considered all six Policy Options and has adopted those that are
17 appropriate for its members/consumers. OREMC, therefore, does not need to
18 adopt this new PURPA Standard.

19

20 15. Q. DOES THIS NEW PURPA STANDARD ON RATE DESIGN
21 MODIFICATIONS (Section 111(d)(17)) ADVANCE THE THREE GOALS OF
22 PURPA?

23 A. Yes, this new PURPA Standard on Rate Design (Section 111(d)(17)) advances the
24 three PURPA goals – encouraging the conservation of energy, improving the

1 efficiency of utility facilities, and providing equitable rates for utility
2 customers/members. Energy efficiency programs by definition encourage energy
3 conservation and – particularly those that are demand side management
4 alternatives – help improve the efficiency of utility facilities. Energy efficiency
5 programs designed with incentives that are cost-effective to members, particularly
6 when evaluated with the Ratepayer Impact Measurement (RIM) test, meet the
7 PURPA goal of providing equitable rates.

8
9 **New PURPA Standard on Smart Grid Investments (Section 111(d)(18))**

10 16. Q. PLEASE DESCRIBE THE NEW PURPA STANDARD ON SMART GRID
11 INVESTMENTS (Section 111(d)(18)).

12 A. This new PURPA Standard is directed at states (i.e., regulatory agencies). They
13 are to consider whether it is appropriate: (1) to require utilities to consider smart
14 grid investments before investing in any grid technology, (2) to authorize
15 recovery of capital and O&M expenditures related to smart grid deployments, and
16 (3) to authorize timely recovery of the remaining book value of any equipment
17 rendered obsolete as a result of deployment of a qualified smart grid system.
18 Obviously, as drafted, the legislation cannot be implemented by cooperatives such
19 as OREMC that are unregulated and do not have investor return concerns.

20
21 17. Q. HOW IS “SMART GRID” DEFINED IN THE LEGISLATION?

22 A. While “smart grid” is not defined in the legislation, there are several
23 characteristics identified that provide a further understanding of the types of

1 investments that are to be considered. For example, EISA characterizes the smart
2 grid as one that reflects:

- 3 a) an increased use of digital information and controls technology;
- 4 b) dynamic grid optimization;
- 5 c) deployment and integration of distributed resources and generation
6 (including renewables);
- 7 d) development and incorporation of demand response, demand-side
8 resources, and energy efficiency resources;
- 9 e) real-time, automated, interactive technologies that optimize the physical
10 operation of appliances and consumer devices, etc.;
- 11 f) integration of “smart” appliances and consumer devices;
- 12 g) deployment and integration of advanced electricity storage and peak
13 shaving technologies, including plug-in hybrids;
- 14 h) timely information and control options provided to consumers; and
- 15 i) development of standards for communication and interoperability of
16 appliances and equipment interconnected with the distribution grid.

17 The National Rural Electric Cooperative Association (NRECA) recently offered a
18 good definition in a webinar presentation related to the new PURPA standards.

19 They defined smart grid as: “a collection of technologies including AMI
20 (*Automatic Metering Infrastructure*) and distribution automation integrated
21 through an effective communications infrastructure and software tools to provide
22 enhanced value and services to members.”
23

1 18. Q. CAN OREMC IMPLEMENT THIS NEW PURPA STANDARD ON SMART
2 GRID INVESTMENTS (Section 111(d)(18))?

3 A. No. While OREMC is not capable of implementing this standard as drafted (since
4 the standard is directed at the states), OREMC is in favor of employing smart grid
5 technology wherever it is cost-effective. With respect to the first consideration to
6 be made by the states, OREMC currently evaluates all technologies, including
7 smart grid technologies, prior to making any investments, and their staff fully
8 intends to continue this practice. While this does not guarantee that smart grid
9 technologies will be selected, OREMC has fairly evaluated and implemented
10 smart grid technologies in the past whenever it was reasonable to do so.

11 OREMC's decision to deploy a TWACS Automatic Meter Reading (AMR)
12 system throughout their service territory is a recent example. Currently, all
13 residential meters have been installed and plans are to have all commercial meters
14 installed by the end of 2009. To date, some distribution automation technologies,
15 such as SCADA, have not been implemented due to the high capital costs
16 identified in feasibility studies. OREMC intends to invest in additional smart grid
17 technologies as they are determined to be cost-effective and beneficial for the
18 membership.

19
20 With respect to the second and third considerations to be made by the states
21 (recovery of new investment and recovery of stranded investment), as a member-
22 owned cooperative OREMC does not have a profit motivation, or investors that
23 desire/require a rate of return on equity. Ultimately, OREMC's members are the
24 only source of money to fund new investments (or to pay for stranded

1 investments) and, therefore, decisions on when and where to implement smart
2 grid technologies must be made based on the overall interests of, and benefits
3 provided to, the membership.
4

5
6 19. Q. SHOULD OREMC IMPLEMENT THIS NEW PURPA STANDARD ON
7 SMART GRID INVESTMENTS (SECTION 111(d)(18))?

8 A. No, since OREMC cannot reasonably implement this Standard as written.
9 However, as discussed in the answer to the previous question, OREMC's
10 evaluation and implementation of smart grid investments/technologies reflect full
11 compliance with the intent of this Standard.
12

13 20. Q. DOES THIS NEW PURPA STANDARD ON SMART GRID INVESTMENTS
14 (Section 111(d)(18)) ADVANCE THE THREE GOALS OF PURPA?

15 A. Yes. By definition, appropriately utilized smart grid technologies will promote
16 conservation and the efficient use of facilities (the first two purposes).
17 Implementation of smart grid technologies will continue to promote equitable
18 rates (the third purpose) provided that the costs and benefits of the respective
19 smart grid investments are borne by the same group of members.
20

21 **New PURPA Standard on Smart Grid Information (Section 111(d)(19))**

22 21. Q. PLEASE DESCRIBE THE NEW PURPA STANDARD ON SMART GRID
23 INFORMATION (Section 111(d)(19)).

- 1 A. This new PURPA Standard (Section 111(d)(19)) requires that affected utilities
2 consider and determine whether their electricity customers should be provided
3 direct written or electronic access to information concerning:
- 4 • time-based electricity prices at wholesale ((19)(B)(i)(I));
 - 5 • time-based electricity prices at retail ((19)(B)(i)(II));
 - 6 • the customer's actual usage ((19)(B)(ii));
 - 7 • the customer's actual daily usage and pricing (hourly pricing and usage,
8 where available), and day-ahead price projections ((19)(B)(iii)); and
 - 9 • the sources of power provided by the utility, including the greenhouse gas
10 (GHG) emissions associated with each type of generation source
11 ((19)(B)(iv)).

12

13 22. Q. PLEASE DESCRIBE HOW ASPECTS OF THIS STANDARD REGARDING
14 INFORMATION ON THE *WHOLESALE* ELECTRICITY MARKET
15 ((19)(B)(i)(I)) AFFECT OREMC.

16 A. OREMC obtains wholesale power supply energy resources under long-term
17 contractual arrangements. These long-term contractual arrangements with their
18 power supply providers do not allow wholesale electricity price information to be
19 released by OREMC or to be made publicly available. Were OREMC to make
20 such information available to its members, they would be in violation of these
21 contractual arrangements.

22

1 23. Q. PLEASE DESCRIBE HOW ASPECTS OF THIS STANDARD REGARDING
2 *RETAIL PRICING INFORMATION* ((19)(B)(i)(II) and (19)(B)(iii)) AFFECT
3 OREMC.

4 A. OREMC's retail rates are not day-ahead price based, so there are no day-ahead
5 hourly retail price signals to provide. Additionally, there is not an hourly day-
6 ahead wholesale market upon which OREMC could construct reasonable day-
7 ahead retail price signals. Therefore, it is not practical for OREMC to provide
8 day-ahead retail price information.

9
10 24. Q. PLEASE DESCRIBE HOW ASPECTS OF THIS STANDARD REGARDING
11 *CUSTOMER USAGE INFORMATION* ((19)(B)(ii) and (19)(B)(iii)) AFFECT
12 OREMC.

13 A. OREMC currently provides usage information in kWh to all customers for each
14 billing period on their respective customer billing statements. Information for the
15 current billing month is provided, as well as for the previous twelve months for
16 comparison purposes. Additionally, residential customers now have the ability
17 (with the TWACS system) to access their hourly usage via the internet. The
18 OREMC website links customers to the Interval Data Retrieval System (iDRS)
19 where they can review their historical usage for the previous two years. When
20 practical, OREMC intends to provide additional usage information to members in
21 the future based on an evaluation of the costs and benefits to the membership.

22

1 25. Q. PLEASE DESCRIBE HOW ASPECTS OF THIS STANDARD REGARDING
2 INFORMATION ON *SOURCES OF POWER*, INCLUDING GREENHOUSE
3 GAS EMISSIONS ((19)(B)(iv)) AFFECT OREMC.

4 A. Currently, it is not possible to provide this information due to the nature of
5 OREMC's wholesale power arrangements. In many of the contractual
6 arrangements, OREMC's power providers have discretion to provide power from
7 a variety of generating resources (which are not specifically made known to
8 OREMC) as well as from power purchases in which specific generating resources
9 may not be identified even to OREMC's power provider.

10
11 26. Q. CAN OREMC IMPLEMENT THIS NEW PURPA STANDARD ON SMART
12 GRID INFORMATION (Section 111(d)(19))?

13 A. No. With respect to *wholesale* information contemplated by this Standard,
14 OREMC cannot implement the Standard and be in compliance with their
15 contractual power supply agreements. From a practical standpoint, the *retail*
16 pricing information contemplated by this Standard cannot be provided, since
17 OREMC does not offer real-time rate options to its members and – unlike some
18 other regions in the United States – there is not a regional market structure in
19 place in the Southeast that provides hourly pricing signals on a day-ahead basis.
20 OREMC can, and does, provide much of the *customer usage* information
21 contemplated by this standard to members and will provide additional information
22 to members when it becomes technically feasible and cost-effective to do so.
23 Regarding the *sources of power* information, OREMC cannot provide the
24 information as contemplated by this Standard, since the specific sources of

1 generation, and the amount of generation from these sources, that actually provide
2 power to OREMC are not known.

3

4 27. Q. SHOULD OREMC ADOPT THIS NEW PURPA STANDARD ON SMART
5 GRID INFORMATION (Section 111(d)(19))?

6 A. No.

7

8 28. Q. DOES THIS NEW PURPA STANDARD ON SMART GRID INFORMATION
9 (SECTION 111(d)(19)) ADVANCE THE THREE GOALS OF PURPA?

10 A. Perhaps. The information outlined in this new PURPA Standard on Smart Grid
11 Information (Section 111(d)(19)) may or may not meet the goals of PURPA.
12 While some of this information may help customers to conserve energy, it is
13 generally unknown if providing the various types of information to customers is
14 directly correlated to the conservation of energy. Clearly, one would reasonably
15 expect a direct linkage between retail pricing and conservation, but even this
16 linkage implicitly assumes that the price signal is perceived as “high” by the
17 consumer and that there is reasonable price elasticity during this period (i.e., the
18 customer is motivated to change behavior and has the means to reduce
19 consumption). Merely providing the other types of information contemplated by
20 this Standard – wholesale prices, greenhouse gases, and even customer usage
21 information – has not yet been determined to be correlated to energy
22 consumption. Therefore, it is inconclusive if the first goal of PURPA – the
23 conservation of energy – will be met via this Standard. Similarly, if providing
24 customers with such information clearly results in customers using electricity

1 more efficiently (such that utility facilities are operated more in a more efficient
2 manner), then the second goal of PURPA would be met. However, the results on
3 customer behavior of providing these various pieces of information are not known
4 with any degree of certainty. With respect to the third goal of PURPA, how the
5 costs and benefits associated with implementing this Standard might be attributed
6 (or allocated) to various among customer groups, has not yet been determined.
7 Therefore, it is not known at this time whether equitable rates could be
8 implemented, and the potential of this Standard to advance the third PURPA goal
9 is also unknown.

10

11 29. Q. DOES THIS CONCLUDE YOUR TESTIMONY?

12 A. Yes it does.

VERIFICATION

STATE OF GEORGIA
COUNTY OF DEKALB

Personally appeared before me, the undersigned attesting officer, duly authorized by law to administer oaths, Nelson Hawk, who after first being duly sworn, deposes and states on oath that:


1. The Direct Testimony to which this verification is attached is being filed on behalf of Okefenoke Rural Electric Membership Corporation's ("Okefenoke REMC") staff.
2. My address is:
4170 Ashford Dunwoody Road
Suite 550
Atlanta, GA 30319
3. I am not an Okefenoke REMC member and do not have an Okefenoke REMC account number.
4. My signature appears below.
5. The information supplied in the attached Direct Testimony is true and correct to the best of my knowledge. However, the Direct Testimony is not based solely on my knowledge, but includes information obtained by and through my agents, representatives and members of Okefenoke REMC's staff.
6. The foregoing verification is provided in accordance with Rule 8 of Okefenoke REMC's Rules for Conducting Proceedings required by the Public Utility Regulatory Policy Act (PURPA) of 1978 (as amended by the Energy Independence and Security Act (EISA) of 2007).

This 17th day of June, 2009.



Nelson Hawk

Sworn to and subscribed
before me, this 17th
day of June, 2009.



Notary Public
My Commission Expires:
(S E A L)

