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IDAHO PUBLIC
UTILITIES COMMISSION

LISA D. NORDSTROM
Lead Counsel
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February 23, 2018

VIA HAND DELIVERY

Diane Hanian, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

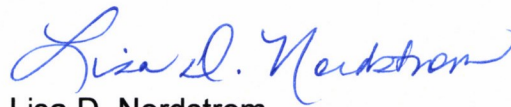
Re: Case No. IPC-E-17-13
New Schedules for Residential and Small General Service Customers with
On-Site Generation
Idaho Power Company's Surrebuttal Testimony

Dear Ms. Hanian:

Enclosed for filing in the above matter please find an original and eight (8) copies each of the Surrebuttal Testimony of Timothy E. Tatum, the Surrebuttal Testimony of Connie G. Aschenbrenner, and the Surrebuttal Testimony of David M. Angell. One copy of each of the aforementioned testimonies has been designated as the "Reporter's Copy." In addition, a disk containing Word versions of the testimonies is enclosed for the Reporter.

If you have any questions about the enclosed documents, please do not hesitate to contact me.

Very truly yours,



Lisa D. Nordstrom

LDN:kkt
Enclosures

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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR)
AUTHORITY TO ESTABLISH NEW) CASE NO. IPC-E-17-13
SCHEDULES FOR RESIDENTIAL AND)
SMALL GENERAL SERVICE CUSTOMERS)
WITH ON-SITE GENERATION.)
_____)

IDAHO POWER COMPANY
SURREBUTTAL TESTIMONY
OF
TIMOTHY E. TATUM

1 Q. Please state your name.

2 A. My name is Timothy E. Tatum.

3 Q. Are you the same Timothy E. Tatum that
4 previously presented direct and rebuttal testimony?

5 A. Yes.

6 Q. What is the purpose of your surrebuttal
7 testimony?

8 A. The purpose of my surrebuttal testimony is to
9 respond to recommendations by intervening parties in their
10 rebuttal testimony.

11 Q. Please describe the recommendations made by
12 intervening parties in rebuttal testimony.

13 A. Several parties continue to recommend that the
14 Idaho Public Utilities Commission ("Commission") deny Idaho
15 Power Company's ("Idaho Power" or "Company") request to
16 establish separate customer classes and address only how
17 customers with on-site generation are compensated for the
18 energy they export to the grid.¹

19 Q. What is your response to these
20 recommendations?

21 A. The parties who filed rebuttal testimony raise
22 a number of important issues related to cost-of-service,
23 rate design, and compensation structure that the Company

¹ Beach Rebuttal, p. 2, ll. 14-15; King Rebuttal, p. 10, ll. 2-3;
Kobor Rebuttal, p. 30, ll. 9-13.

1 agrees are worthy of investigation and further analysis;
2 however, it is not necessary to explore these issues prior
3 to making a decision regarding separate classes for
4 residential and small general service customers who install
5 on-site generation.

6 The fundamental disagreement in this case appears to
7 be related to the sequence of steps that should be taken
8 and the timing of those steps. The parties are generally
9 aligned with the notion that more studies related to cost-
10 of-service, rate design, system-impact, and/or compensation
11 structures for net metering service are necessary prior to
12 deciding the need for separate rate classifications, as
13 requested by the Company in this case. Contrary to those
14 views, the Company believes that it is important to first
15 establish whether customers with on-site generation have
16 load characteristics that are fundamentally different than
17 full requirements customers, and therefore, warrant a
18 separate classification for rate design purposes.

19 Q. Why does the Company believe that establishing
20 separate rate classifications for residential and small
21 general service customers with on-site generation is the
22 appropriate first step?

23 A. Throughout this case the Company has presented
24 evidence that demonstrates that customers who install on-
25 site generation tend to reduce the volume of energy

1 required from Idaho Power without a corresponding reduction
2 in their utilization of the electric system or grid. The
3 problem presented by the Company in this case is that the
4 current rate design, which collects the vast majority of
5 service costs (fixed and variable) on a volumetric basis,
6 is no longer appropriate for a growing segment of customers
7 who are making investments in technologies that result in a
8 reduction of the volume of energy they would otherwise take
9 from Idaho Power. The rate design applied to net metering
10 customers is outdated and unsustainable into the future.

11 Historically, the first step in the rate-making
12 process has been to establish different classifications of
13 customers based on the time, nature, and pattern of use.² A
14 cost-of-service study is then performed to determine proper
15 assignment of costs to each of the respective customer
16 classes. Once the cost to serve each class of customers is
17 determined, the final step is to determine the appropriate
18 rate design for each class. The Company is recommending
19 that this longstanding ratemaking process be applied to
20 these circumstances.

21 Q. Why does the Company feel it is unnecessary to
22 conduct the generic docket, to understand the benefits and

² On page 7 of Order No. 26780, the Commission described class differentiating characteristics identified in *Idaho State Homebuilders v. Washington Water Power*, 107 Idaho 415, 420, 690 P.2d 350, 355 (1984).

1 costs that distributed generation interconnection brings to
2 the electric system, prior to a determination on rate
3 classifications in the current case?

4 A. The question at the center of this case is
5 whether customers with on-site generation are fundamentally
6 different than full requirements customers. The Company
7 has presented evidence that the load service requirements
8 and usage characteristics of residential and small general
9 service customers who install on-site generation are
10 substantially different than that of residential and small
11 general service customers without on-site generation. The
12 determination of customer classification is not dependent
13 on the cost to serve those customers, nor is it dependent
14 on any benefits a customer's excess net energy exports may
15 provide to the system.

16 Q. Please summarize how the Company's current
17 request for separate customer classes relates to the
18 Company's long-term plan for residential and small general
19 service customers with on-site generation.

20 A. The Company has concluded that net metering
21 with volumetric rates is not sustainable, and in light of
22 that conclusion, has asked the Commission to establish
23 separate classes for residential and small general service
24 customers with on-site generation and to initiate a process
25 to explore the costs and benefits of serving those classes

1 of customers. If the Commission determines customers with
2 on-site generation should be in a separate customer class,
3 the next step would be to investigate pricing and
4 compensation structures for those customers based on the
5 cost and benefits associated with serving those customers.

6 Q. Does this conclude your testimony?

7 A. Yes, it does.

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1 **ATTESTATION OF TESTIMONY**

2 STATE OF IDAHO)
3) ss.
4 County of Ada)

5 I, Timothy E. Tatum, having been duly sworn to
6 testify truthfully, and based upon my personal knowledge,
7 state the following:

8 I am employed by Idaho Power Company as the Vice
9 President of Regulatory Affairs and am competent to be a
10 witness in this proceeding.

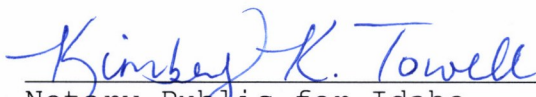
11 I declare under penalty of perjury of the laws of
12 the state of Idaho that the foregoing surrebuttal testimony
13 is true and correct to the best of my information and
14 belief.

15 DATED this 23rd day of February 2018.

16 
17 _____
18 Timothy E. Tatum

19 SUBSCRIBED AND SWORN to before me this 23rd day of
20 February 2018.





Notary Public for Idaho
Residing at Boise, Idaho
My commission expires: 12/20/20



CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 23rd day of February 2018 I served a true and correct copy of SURREBUTTAL TESTIMONY OF TIMOTHY E. TATUM upon the following named parties by the method indicated below, and addressed to the following:

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