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Preston N. Carter (ISB No. 8462)
Deborah E. Nelson (ISB No. 5711)
Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
den@givenspursley.com
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Attorneys for Auric Solar, LLC

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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER
COMPANY'S APPLICATION FOR
AUTHORITY TO ESTABLISH NEW
SCHEDULES FOR RESIDENTIAL AND
SMALL GENERAL SERVICE
CUSTOMERS WITH ON-SITE
GENERATION

Case No. IPC-E-17-13

AURIC SOLAR, LLC'S JOINDER AND
MEMORANDUM IN SUPPORT OF IDAHO
CLEAN ENERGY ASSOCIATION'S MOTION
TO DISMISS

Auric Solar, LLC ("Auric Solar") files this Joinder and Memorandum in Support of Idaho Clean Energy Association's ("ICEA") Motion to Dismiss (filed October 27, 2017) under IDAPA 31.01.01.256.04.

Auric Solar fully joins ICEA's Motion to Dismiss and ICEA's Memorandum in Support. It files separately to present its unique interests as a business that would be greatly impacted by the changes proposed in Idaho Power's pending application ("Application").

BACKGROUND

As ICEA describes, in November 2012 Idaho Power sought to establish a separate class for net metering customers. *See* Order No. 32846 at 1-3 (describing the 2012 application). After

technical hearing and public testimony, the Commission rejected Idaho Power's request. In relevant part, the Commission:

- 1) Instructed Idaho Power that, if it wished to establish a separate customer class for distributed energy generation, "it should do so in the context of a general rate case." Order No. 32846 at 9.
- 2) Advised Idaho Power "that it would enhance consideration of future major program-specific changes if [Idaho Power] informed and obtained feedback from its customers and other stakeholders" before filing an application. *Id.* at 5.
- 3) Refused to move net metering customers into a separate rate class because, among other things, the Company's proposal was "inconsistent with State policy as expressed in the Idaho Energy Plan" and because a separate rate class would "discourage investment in distributed generation." *Id.* at 9.

Idaho Power filed the pending Application in July 2017. The Application asks the Commission to do what the Commission refused to do in 2013: establish a new schedule for residential and small general service customers with on-site generation. Application at 6-7.¹

Auric Solar respectfully submits that the Commission meant what it said in Order No. 32846. If Idaho Power would like to create a separate customer class, it must do so in the context of a general rate case and only after meaningfully obtaining and considering feedback from its customers and other stakeholders. The Application does not meet these conditions and should be dismissed.

What's more, the current Application suffers the same flaws the Commission identified in 2013. Idaho Power's request to create a separate customer class is still inconsistent with the Idaho Energy Plan. Creating a separate class—particularly creating a class *without indicating how that class will be treated in the future*—still injects uncertainty into the market, disrupting

¹ The Application also requests that the Commission require smart inverters within 60 days after the IEEE publishes an industry standard definition. Application at 2. The issue of smart inverters can proceed separately from the issue of rate classes.

businesses and discouraging investment in distributed energy generation. The Application should be dismissed for these reasons as well.

This is not to say that Auric Solar wants the Commission to avoid addressing the unique benefits and costs created by distributed energy generation. Auric Solar recognizes, as the Commission did in Order No. 32846, that distributed generation poses issues that ought be addressed. By seeking dismissal of this Application, Auric Solar asks only that the benefits and costs of distributed generation be addressed in an appropriate proceeding consistent with the Commission's orders. If the Commission is not inclined to dismiss the case, Auric Solar requests that the Commission order the parties to enter discussions with the goal of establishing a study or other process similar to that conducted in Case No. IPC E-14-18. The results of this study may then be used in a general rate case that meets the conditions set forth in Order No. 32846. Auric Solar is open to working with the other parties, including Idaho Power, to agree upon an appropriate procedure.

ARGUMENT

1. The *Application* does not meet the terms of Order No. 32846.

In 2012, Idaho Power requested, among other things, that the Commission establish a separate class for customers with on-site generation. The Commission refused, laying out the steps Idaho Power must take to raise the issue a second time:

If the Company wishes to raise these issues again, then it should do so **in the context of a general rate case**. We agree with the Company that net metering customers do escape apportion of the fixed costs and shift the cost burden to other customers in their class. However, we find that **more work needs to be done** to establish the correct customer charge for those that net meter.

Order No. 32846 at 9 (emphasis added).

The Application does not comply with the Commission's instructions. The Application seeks to establish a separate customer class, yet is not brought as a general rate case. The current Application facially violates Order No. 32846.

The Commission also recognized that "more work need[ed] to be done to establish the correct customer charges for those that net meter." *Id.* Idaho Power's Application and discovery responses make clear that this work has not been done. For example, Idaho Power's Application states that a separate customer class "will position the Company to study [net metering] customers, providing the data necessary to understand how this customer segment utilizes this system." Application at 9. Yet Idaho Power admits that it **can already** study net metering customers: "The Company is currently able to gather the information that is necessary to study various segments of customers" Idaho Power Company's Response to the First Production Request of the Commission Staff at 5-6 (emphasis added), attached as Exhibit 1. The Company just doesn't **want to** until the Commission creates a separate class: "[S]hould the Commission decline to authorize the establishment of the requested new customer classes, the Company would have no reason to modify its cost-of-service study or ratemaking processes." *Id.*

In other words, Idaho Power does not want to undertake the "work need[ed]" to establish customer charges until **after** the Commission establishes a new customer class. Idaho Power wants to "separate first, study later." This approach is contrary to the Commission's directions in Order No. 32846.

In addition, in 2013 the Commission noted that input from the public was thoughtful, thorough, and overwhelmingly opposed to Idaho Power's Application. *Id.* at 4. In light of public opposition, the Commission directed Idaho Power:

[W]e advise the Company that it would enhance consideration of future major program-specific changes if it informed and obtained

feedback from its customers and others stakeholders before proposing them.

Id. at 4.

The current Application does not meet this requirement. While Idaho Power held a workshop in 2016 and two meetings in 2017, these meetings were intended to announce Idaho Power's intent and solicit feedback from attendees, not to tailor the proposal in light of public input. Aschenbrenner Testimony at 15-24. It is not apparent from the Application that Idaho Power actually took this feedback into account. A review of public comments filed in this proceeding reveals the same "overwhelming opposition" that concerned the Commission in 2013. Auric Solar submits that Idaho Power must do more than go through the motions. It has to meaningfully consider public input and shape its application accordingly. The Company has not done so here.

In short, Idaho Power's Application seeks approval of what the Commission rejected in 2013: creation of a separate customer class "in isolation," without "full[] vet[ing]" in a general rate case, without undertaking the work needed to establish correct customer charges, in the face of overwhelming public opposition, without having meaningfully considered public input. Idaho Power's Application does not meet the letter or the spirit of Order No. 32846. It should be dismissed.

2. The *Application* is inconsistent with State policy and will unduly discourage investment in distributed energy generation.

In Order No. 32846, the Commission provided several substantive reasons for rejecting Idaho Power's request to create a separate customer class: among other things, the proposal was "inconsistent with State policy as expressed in the Idaho Energy Plan" and "would discourage investment in distributed generation." Order No. 32846 at 9.

The current Application suffers these same flaws. The Idaho Energy Plan contains the same language as in 2013, urging the Idaho PUC to “ensure non-discriminatory policies for interconnection and net metering.” Order No. 32846 at 6 (quoting Idaho 2012 State Energy Plan). Idaho Power does not demonstrate how its current Application complies with the State Energy Plan any more than its 2012 application (which did not).

Creating a separate customer class will also discourage investment in distributed generation. Particularly troubling is Idaho Power’s request to create a separate class without indicating how that class will be treated. This injects extreme uncertainty into the market, which in turns threatens to cast a pall over the entire industry. As one member of the public aptly summarized:

This case creates not just short-term limbo during the proceedings, an approval of a separate rate class would create a long-term limbo that will delay and unduly influence investment decisions in on-site generation.

...

Approving Idaho Power (IPC)’s request for a separate rate class would send a message that the rate structure for customers with on-site generation will fundamentally change, but nobody has any idea what to plug in as an assumption.

...

I am thankful that my small business is not vulnerable to this type of disruption by a monopoly; if my customer base went on hold while waiting for the promise of future regulation change down the road, I wouldn’t be able to cover staff and overhead while waiting. IPC has far more opportunity to recover its fixed costs than we small businesses do.

Comment of Steve White, Oct. 24, 2017, attached as Exhibit 2 (emphasis in original).

Rooftop solar and other distributed energy systems require significant, up-front costs that are returned over time. Auric Solar’s business is driven by customers’ evaluation of the up-front

cost versus long-term returns. As Mr. White's comment accurately states, a customer cannot engage in an informed cost-benefit analysis if that customer knows it will be treated differently in the future, but does not know *how* the customer will be treated. If Idaho Power's proposal is accepted, Auric Solar's potential customers will be placed in an untenable position of incurring a known, substantial, up-front cost without knowing the long-term return. An economically rational customer will not purchase a distributed energy system under these circumstances.

Auric Solar submits that this type of uncertainty and business disruption falls squarely within the Commission's concern about discouraging investment in distributed energy resources. Auric Solar urges the Commission to prevent this disruption by dismissing Idaho Power's pending Application and ordering, as it did in 2013, that any future application be carried out in a general rate case or other proceeding that will fully evaluate the costs and benefits of distributed energy generation, and that will provide certainty after it is over.

ALTERNATIVE RELIEF

Auric Solar recognizes, as the Commission did in Order No. 32846, that distributed energy generation creates unique benefits to, and burdens on, the electrical system. Auric Solar's attempt to dismiss this case is not an attempt to avoid these issues. Auric Solar merely requests that the issues be addressed in the appropriate context, with the appropriate facts, and in a manner that is not unduly disruptive to it and other businesses.

If the Commission is not inclined to dismiss the case, Auric Solar respectfully requests that the Commission order a process by which Idaho Power and the affected parties conduct a study or other proceeding that considers the costs and benefits of distributed energy generation. This process can be similar to that used in the solar integration case, Case No. IPC E-14-18, attached to ICEA's Motion to Dismiss. The results of any such process may then be used in a general rate case, consistent with Order No. 32846. Auric Solar therefore respectfully requests,

as an alternative to dismissal, that the Commission order the parties to come together to discuss a timeline, methodology, source of inputs, and technical group to study the costs and benefits of net metering and on-site generation, with the results to inform an eventual general rate case.

Dated: October 27, 2017.

GIVENS PURSLEY LLP



Preston N. Carter

Givens Pursley LLP

Attorneys for Auric Solar, LLC

CERTIFICATE OF SERVICE

I certify that on October 27, 2017, a true and correct copy of the **AURIC SOLAR, LLC'S JOINDER AND MEMO IN SUPPORT OF ICEA'S MOTION TO DISMISS** was served upon all parties of record in this proceeding via the manner indicated below:

Commission Staff

Diane Hanian, Commission Secretary
Idaho Public Utilities Commission
472 W. Washington Street
Boise, ID 83702
Diane.holt@puc.idaho.gov
(Original and 7 copies provided)

Sean Costello, Deputy Attorney General
Idaho Public Utilities Commission
472 W. Washington Street (83702)
P.O. Box 83720
Boise, ID 83720-0074
Sean.costello@puc.idaho.gov

Hand Delivery & Electronic Mail

Electronic Mail

Electronic Mail

Lisa D. Nordstrom
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, ID 83707
lnordstrom@idahopower.com
dockets@idahopower.com

Matthew A. Nykiel
Benjamin J. Otto
Idaho Conservation League
P.O. Box 2308
102 E. Euclid, #207
Sandpoint, ID 83864
mnykiel@idahoconservation.org
botto@idahoconservation.org

Briana Kobor
Vote Solar
360 22nd Street, Suite 730
Oakland, CA 94612
briana@votesolar.org

Timothy E. Tatum
Connie Aschenbrenner
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, ID 83707
ttatum@idahopower.com
caschenbrenner@idahopower.com

Abigail R. Germaine
Boise City Attorney's Office
150 N. Capitol Blvd.
P.O. Box 500
Boise, ID 83701-0500
agermaine@cityofboise.org

Vote Solar
c/o David Bender
Earthjustice
3916 Nakoma Road
Madison, WI 53711
dbender@earthjustice.org

Electronic Mail (continued)

Idaho Irrigation Pumpers Association, Inc.
c/o Eric L. Olsen
Echo Hawk & Olsen, PLLC
505 Pershing Ave., Suite 100
P.O. Box 6119
Pocatello, ID 83205
elo@echohawk.com

Elias Bishop
Auric Solar, LLC
2310 S. 1300 W.
West Valley city, UT 84119
Elias.bishop@auricsolar.com

Idaho Clean Energy Association
c/o David H. Arkoosh
Law Office of David Arkoosh
P.O. Box 2817
Boise, ID 83701
david@arkooshlaw.com

Zack Waterman
Idaho Sierra Club
503 W. Franklin Street
Boise, ID 83702
Zach.waterman@sierraclub.org

Snake River Alliance NW Energy Coalition
c/o John R. Hammond Jr.
Fisher Pusch LLP
101 South Capital Blvd., Suite 701
Boise, ID 83702
jrh@fisherpusch.com

Anthony Yankel
12700 Lake Avenue, Unit 2505
Lakewood, OH 44107
tony@yankel.net

Idahydro and Idaho Clean Energy Association
c/o C. Tom Arkoosh
Arkoosh Law Offices
802 W. Bannock Street, Suite 900
P.O. Box 2900
Boise, ID 83701
Tom.arkoosh@arkoosh.com
Erin.cecil@arkoosh.com

Sierra Club
c/o Kelsey Jae Nunez
Kelsey Jae Nunez LLC
920 N. Clover Drive
Boise, ID 83703
kelsey@kelseyjaenunez.com

Michael Heckler
3606 N. Prospect Way
Garden City, ID 83714
Michael.p.heckler@gmail.com

Snake River Alliance
wwilson@snakeriveralliance.org

NW Energy Coalition
diego@nwenergy.org

Electronic Mail (Continued)

Intermountain Wind and Solar, LLC
c/o Ryan B. Frazier
Brian W. Burnett
Kirton McConkie
50 East South Temple, Suite 400
P.O. Bo 45120
Salt Lake City, UT 84111
rfrazier@kmclaw.com
bburnett@kmclaw.com

Intermountain Wind and Solar, LLC
c/o Doug Shipley
Dale Crawford
1952 West 2425 South
Woods Cross, UT 84087
doug@imwindandsolar.com
dale@imwindandsolar.com



Preston N. Carter

EXHIBIT 1

LISA D. NORDSTROM (ISB No. 5733)
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
Telephone: (208) 388-5825
Facsimile: (208) 388-6936
lnordstrom@idahopower.com

Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION	)	
OF IDAHO POWER COMPANY FOR	)	CASE NO. IPC-E-17-13
AUTHORITY TO ESTABLISH NEW	)	
SCHEDULES FOR RESIDENTIAL AND	)	IDAHO POWER COMPANY'S
SMALL GENERAL SERVICE CUSTOMERS	)	RESPONSE TO VOTE SOLAR'S
WITH ON-SITE GENERATION	)	FIRST SET OF DATA REQUESTS
	)	TO IDAHO POWER COMPANY
	)	

COMES NOW, Idaho Power Company ("Idaho Power" or "Company"), and in response to Vote Solar's First Set of Data Requests to Idaho Power Company dated September 27, 2017, herewith submits the following information:

REQUEST NO. 1: Please produce your responses to all discovery requests served on you by any other party and your responses to each such request.

RESPONSE TO REQUEST NO. 1: To date, the only discovery propounded in this case is the Idaho Public Utilities Commission ("Commission") Staff's First Production Request to Idaho Power which was provided to all parties on October 11, 2017. As a matter of course, copies of Idaho Power's responses to discovery requests in this case will be provided to the parties.

The response to this Request is sponsored by Kimberly Towell, Executive Assistant, Idaho Power Company.

REQUEST NO. 2: Reference Application, page 4, paragraph 4. Please describe and quantify an on-site generation customer's "respective share for... grid-related services," including but not limited to how the "respective share" relates to the customer's actual contribution to class loads used to allocate costs in a cost-of-service-study.

RESPONSE TO REQUEST NO. 2: The context of the statement referenced on page 4, paragraph 4, was how the existing retail rate designs currently applicable to residential and small general service net metering customers were structured to collect the costs associated with the grid under the assumption that customers would only need one-way services provided solely by the utility. In his testimony, Mr. Tatum describes that this pricing structure does not work for customers with on-site generation because when the existing rate structure is applied against monthly net consumption, customers with on-site generation may pay less than their share of grid-related services they require while receiving credit for their respective kilowatt-hour ("kWh") of production at the full retail rate.

Please see the response to Vote Solar's Data Request No. 17 for the quantification of the estimated revenue requirement for the residential net metering customer segments.

The response to this Request is sponsored by Connie Aschenbrenner, Rate Design Manager, Idaho Power Company.

REQUEST NO. 3: Reference Application, page 5, paragraph 7. Please provide all analyses showing, confirming, or in any way supporting your assertion that net metering service acts as a regressive wealth transfer from lower-income to higher-income customers in your service territory, including your definitions of “lower-income” and “higher-income” as used in this paragraph, and all income data for the residential customers taking service under Schedule 84, Customer Energy Production Net Metering, that you relied on to make the assertion regarding the transfer of wealth from lower-income to higher-income customers.

RESPONSE TO REQUEST NO. 3: Idaho Power does not gather income information for its customers and has not performed an analysis according to income level. The discussion on page 5, paragraph 7, of the Application was a reference to Mr. Tatum’s testimony. In his testimony, Mr. Tatum referenced an October 2016 Public Utilities Fortnightly article when he stated that others in the industry have concluded that the net metering policy is regressive in nature and that the subsidy from non-solar to solar customers constitutes a regressive wealth transfer from lower-income customers to higher-income customers. Mr. Tatum expressed that Idaho Power shares this concern.

The response to this Request is sponsored by Tim Tatum, Vice President of Regulatory Affairs, Idaho Power Company.

REQUEST NO. 4: Please identify, by date, time and substation, each instance when customer-sited distributed generation connected to your distribution system caused a backflow at a distribution substation.

RESPONSE TO REQUEST NO. 4: Jamieson circuit 012 experiences reverse power flow due to customer-sited distributed generation. Idaho Power has consistent measurement history since May 16, 2017, on this distribution circuit. Since that date, there have been 84 instances where the reverse power flow condition has occurred. See Attachment 1 for the date and time when reverse power flow has occurred.

Additionally, there are seven substations where customer-sited distributed generation has contributed to reverse power flow conditions. These stations have both customer-sited distributed generation and Public Utility Regulatory Policies Act of 1978 ("PURPA") contracted distributed energy resources ("DER"). Table 1 below provides the PURPA DER in-service date and number of customers with on-site generation. The dates and times of reverse power flow are shown in Attachment 2.

Table 1 - PURPA DER In-service Dates

Substation	PURPA DER In-service Date	Customers with On-Site Generation
CARO	Feb 10, 2017	4
OCHD	Feb 11, 2017	6
MORA	Feb 8, 2017	12
SCSU	Apr 5, 2017	1
CACK	Jan 19, 2017	1
NYSA	Feb 20, 2017	7
VALE	Nov 1, 2016	5

The response to this Request is sponsored by David M. Angell, Transmission and Distribution Planning Manager, Idaho Power Company.

REQUEST NO. 5: Reference Angell Direct at 11-13.

(a) Please confirm that the negative loads for the "Net Zero Net Metering Customer" flow to, and serve the load of, another customer on the distribution system.

(b) Please confirm that by serving the load of another customer on the distribution system, the "Net Zero Net Metering Customer" negative loads reduce the cumulative load placed on the distribution substations and all equipment upstream of the substation, including the substation distribution transformers, the transmission system, and generation.

(c) Please confirm that (i) the "Exported Net Excess" energy depicted in Figure 2 represents electricity that is delivered to another customer and is, therefore, also contained in that customer's delivered load for the same "Hour Ending" and (ii) some or all of the kW depicted as "Exported Net Excess" in Figure 2 is also contained in the kW depicted as load for the "Standard Service" customer.

RESPONSE TO REQUEST NO. 5:

(a) Not necessarily. While it could be true in many instances, there are times when the excess energy will flow to the transmission system. The flow to the transmission system will occur when large amounts of distributed generation is present on the distribution circuit.

(b) No. The "Net Zero Net Metering Customer" will reduce the instantaneous load of the distribution substation and the equipment upstream when the customer is producing power. However, it does not mean that the distribution substation and upstream equipment will experience a reduced peak load. The peak load will only be reduced if there is a coincidence of customer power production and load on the distribution substation.

(c)

i. Not necessarily. The "Exported Net Excess" energy represents the amount of energy the "Net Zero Metering Customer" is injecting back into the distribution system and it is independent of another customer's load. The total "Exported Net Excess" energy of customers and other distributed resources may be sold in the wholesale market during conditions where this generation when combined with Idaho Power's minimum required generation level for reliable operation exceeds Idaho Power's system load.

ii. No. Figure 2 only refers to the amount of energy the "Net Zero Metering Customer" is injecting back into the distribution system compared to the load used by a Standard Service customer at the same time. The two customers are nearby each other, however, it does not represent that some or all the "Exported Net Excess" energy is consumed by that customer.

The response to this Request is sponsored by David M. Angell, Transmission and Distribution Planning Manager, Idaho Power Company.

REQUEST NO. 6: Reference Angell Direct at 12 lines 9-10. Please confirm that: (1) "daily absolute demand requirements of the two customers are similar" refers to the individual customer's maximum daily peak, not to the demand during the system peak hour; and (2) that the "Net Zero Net Metering Customer" had a lower demand during the system peak hour on June 29, 2016, than the "Standard Service Residential Customer".

RESPONSE TO REQUEST NO. 6:

(1) No. The daily absolute demand requirements refers to the mathematical absolute value of the hour demands of the two customers.

(2) Yes, the "Net Zero Net Metering" Customer had a lower demand during the system coincident peak hour.

The response to this Request is sponsored by David M. Angell, Transmission and Distribution Planning Manager, Idaho Power Company.

REQUEST NO. 7: Reference Angell Direct page 15, line 5 to page 18, line 2 and Exhibit 14.

(a) Please provide the date and hour of the Company's system peak during each of the last ten (10) years.

(b) For each of the date and hours of system peak for the last ten (10) years, provide the solar irradiance in "Standardized Units" and the "Load – Irradiance" in "Standardized Units" similar to that used in Figures 3 and 4.

(c) Provide the date and hour of peak load, and the load, during the last five (5) years for each distribution substation in your system that serves residential and small general service ("R&SGS") customers.

RESPONSE TO REQUEST NO. 7:

(a) Idaho Power System peak is provided in Table 1 below. The time represents the end of hour at which it was measured.

Table 1 - Idaho Power System Peak		
Year	Date	Peak (MW)
2007	Jul 13 4:00 pm	3,193
2008	Jun 30 3:00 pm	3,414
2009	Jul 22 8:00 pm	3,031
2010	Jun 28 7:00 pm	2,930
2011	Jul 6 8:00 pm	2,973
2012	Jul 12 4:00 pm	3,245
2013	Jul 2 4:00 pm	3,407
2014	Jul 8 6:00 pm	3,184
2015	Jun 30 4:00 pm	3,402
2016	Jun 28 7:00 pm	3,299
2017	Jul 7 5:00 pm	3,422

(b) Figures 3 and 4 were created by comparing the load of a specific feeder with the solar irradiance measured close to the feeder head by a specific sensor recently installed by Idaho Power for the study that was attached as Exhibit No. 14 to Mr. Angell's testimony. The study only gathered data for the summer of 2013. Irradiance data from the sensor is not available outside the summer of 2013 timeframe. The same study cannot be completed for a system peak since the service territory of Idaho Power extends from Eastern Oregon to Eastern Idaho and the load – irradiance relationship will be meaningless.

(c) Idaho Power measures and maintains load data of for each substation transformer. Please see the Attachment for the substation transformer peak load, dates, and times.

The response to this Request is sponsored by David M. Angell, Transmission and Distribution Planning Manager, Idaho Power Company.

REQUEST NO. 8: Reference Angell Direct, page 19, lines 4-7. Please produce the Integrated Resource Plan analysis for on-site generation additions for the service areas for the most recent three (3) Integrated Resource Plans.

RESPONSE TO REQUEST NO. 8: The 2017 Integrated Resource Plan ("IRP") is the only IRP that includes an analysis of on-site generation. A description of how the on-site generation is incorporated in the load forecast is located on pages 35 and 36 of the 2017 IRP Appendix A: Sales and Load Forecast. Page 20 of the Attachment, the IRP Advisory Committee Economy, Sales and Load Forecast presentation, provides additional information on this analysis.

The response to this Request is sponsored by David M. Angell, Transmission and Distribution Planning Manager, Idaho Power Company.

REQUEST NO. 9: Reference Aschenbrenner Direct at 15. Please produce the 2016 Annual Net Metering Status Report and all similar reports for the years 2012 through present except for the document filed as Exhibit 9 with your testimony in this case.

RESPONSE TO REQUEST NO. 9: In 2013, the Commission issued Order Nos. 32846 and 32925, directing Idaho Power to file an annual Net Metering Status Report. The first report was filed in 2014. Please see Attachments 1 - 3 for the 2014, 2015, and 2016 Net Metering Status Reports.

The response to this Request is sponsored by Connie Aschenbrenner, Rate Design Manager, Idaho Power Company.

REQUEST NO. 10: Reference Aschenbrenner Direct at 28 note 14.

(a) Please produce the cost-of-service study from the Company's last general rate case.

(b) Please produce the workpapers for the cost-of-service study from the Company's last general rate case in native, unlocked, electronic format with formulas intact.

(c) To the extent the Company's last cost-of-service study allocated costs based on system peak (at any level of the system), multiple coincident peaks (i.e., 3CP, 4CP or 12CP), and/or class noncoincident peaks, please provide the date and time (hour ending) of each such peak and noncoincident peak for each class.

RESPONSE TO REQUEST NO. 10:

(a) Please see Attachments 1 and 2 containing the cost-of-service study from the Company's last general rate case, Case No. IPC-E-11-08 ("2011 GRC"). Please note these files reflect a modification that was made in the course of 2011 GRC to correct a data entry error related to one of the allocation factors in the Company's initial filing; therefore, the study provided in these attachments will not exactly tie to the publicly-available study posted on the Commission's website in the 2011 GRC. Attachment 26 provides instructions for linking the two modules of the study provided as Attachments 1 and 2.

(b) Please see Attachments 3 through 25 for the workpapers for the cost-of-service study filed in the Company's 2011 GRC.

(c) Please see Attachment 27 for the date and time (hour ending) of the 2010 monthly system coincident peaks and the monthly non-coincident peaks for each class.

The response to this Request is sponsored by Connie Aschenbrenner, Rate Design Manager, Idaho Power Company.

REQUEST NO. 11: Reference Aschenbrenner Direct at 31, lines 17-24. Please provide all studies and other evidence that supports your contention that energy efficiency measures are called upon at all hours and are, therefore, “always delivering energy reduction.”

RESPONSE TO REQUEST NO. 11: To clarify, the full context of the statement made in Ms. Aschenbrenner’s testimony was: “a customer who installs an energy efficiency measure is reducing their reliance (and lowering the cost to serve) in every hour that measure is called upon. That is, the energy efficiency measure is always delivering energy reduction.” However, different energy efficiency measures use energy at different hours of every day. For example, an energy efficient refrigerator will use less energy than a standard refrigerator at all hours of the day, while an energy efficient clothes washer will use less energy than a standard clothes washer when that clothes washer is in use, which can happen at any hour of any day.

Listed below are the studies and other evidence known to the Company that support the statement that energy efficiency measures are reducing their reliance in every hour that measure is called upon.

- Idaho Power’s third-party Energy Efficiency Potential Study
 - <https://www.idahopower.com/EnergyEfficiency/reports.cfm>
- End-Use Load and Consumer Assessment Program (ELCAP) study
 - <https://elcap.nwcouncil.org/Documents/Electric%20Energy%20Use%20Single%20Family.pdf>
- Northwest Energy Efficiency Alliance’s (NEEA) Residential Building Stock Assessment: Metering Study
 - <https://neea.org/docs/default-source/reports/residential-building-stock-assessment--metering-study.pdf?sfvrsn=6>
- End-Use Load Research in the Pacific Northwest
 - <https://conduitnw.org/layouts/Conduit/FileHandler.ashx?rid=3280>

- Idaho Power's Demand-Side Management 2016 Annual Report, Supplement 1: Cost-Effectiveness, pages 1-8
 - <https://www.idahopower.com/EnergyEfficiency/reports.cfm>
- Idaho Power's Integrated Resource Plan, Appendix C, Technical Report, pages 71-82
 - <https://www.idahopower.com/AboutUs/PlanningForFuture/irp/default.cfm>
- Translating Aggregate Energy Efficiency Savings Projections into Hourly System Impacts
 - <http://www.energy.ca.gov/2016publications/CEC-200-2016-007/CEC-200-2016-007.pdf>
- State of the Art of Energy Efficiency: Future Directions
 - <https://emp.lbl.gov/sites/default/files/st-art-energy-effic-end-use-load-shape-data.pdf>
- Regional Technical Forum's Business Case for End-Use Data Collection
 - <https://rtf.nwcouncil.org/subcommittee/business-case-end-use-data-collection>

The response to this Request is sponsored by Connie Aschenbrenner, Rate Design Manager Regulatory Affairs, Idaho Power Company.

REQUEST NO. 12: Reference Aschenbrenner Direct at 33, lines 1-2.

(a) Please identify each distribution system component that you contend net metering customers utilize when they “are exporting energy to the grid.”

(b) State whether you contend that a net metering customer’s utilization of the grid to export electricity is separate from, and in addition to, the nearby customer’s use of the distribution system to receive a net metering customer’s export electricity.

(c) If a net metered customer’s export electricity flow is used to serve a nearby customer’s load, and is, therefore, part of the nearby customer’s import flow of electricity, please explain how you propose to assign costs to that flow of electricity to avoid double counting the same flow of electricity as both the net metering customer’s export flow and the non-net metering customer’s import flow.

RESPONSE TO REQUEST NO. 12:

(a) Net metering customers, when exporting energy, utilize and rely on the electric grid just like energy consuming customers. All energy consuming customers require voltage for their electrical devices to draw power and function. Net metering customers require grid provided voltage for a grid-tied inverter to convert direct current to alternating current electricity in synchronism with the grid. The grid voltage is supplied by generators located throughout the grid and transmitted through the transmission and distribution systems. The net metering customers export energy only when their generation exceeds their load. This export condition may not align with the local or Idaho Power’s system load. Thus, the grid operators must accommodate the extra energy by adjusting the dispatch of Idaho Power’s generation. The net metering customer utilizes more than just the distribution system components, they use the entire grid from the generation, substations, and transmission lines.

(b) Yes, it is separate from another customer's use of the grid. Referring to the response in (a) above, the net meeting customer, when exporting, interacts with the grid in a different manner than an energy consuming customer.

(c) Idaho Power is not proposing a cost assignment methodology in this case.

The response to this Request is sponsored by David M. Angell, Transmission and Distribution Planning Manager, Idaho Power Company.

REQUEST NO. 13: Reference Aschenbrenner Direct at 33, lines 16-21. Please provide the methodology that you contend should be applied to determine a net metering customer's "appropriate amount of costs" and the methodology you contend should be applied to determine the amount of billing that would reflect a net metering customer's "utilization of the grid."

RESPONSE TO REQUEST NO. 13: The Company is not proposing a cost assignment methodology as a part of this case. The Company has recommended that, in order to establish a methodology that determines the appropriate amount of costs and accurately reflects their utilization of the grid, the Commission establish a formal process by which a comprehensive review of the compensation structure for customers with on-site generation can be analyzed and vetted collaboratively with interested parties. Idaho Power believes this would best be done through a collaborative process where stakeholders and other utilities can participate.

The response to this Request is sponsored by Connie Aschenbrenner, Rate Design Manager, Idaho Power Company.

REQUEST NO. 14: Reference Aschenbrenner Direct at 34-35 and Table 3.

Please provide the 2016 hourly load data, in native, unlocked, electronic format with formulas intact, for the net zero residential customer and the "Nearby Residential" customer used for the comparison of rates paid in Table 3.

RESPONSE TO REQUEST NO. 14: Please see the Attachment for the hourly load data for the net zero residential customer and the "Nearby Residential" customer used for the comparison of rates paid in Ms. Aschenbrenner's Testimony, Table 3.

The response to this Request is sponsored by David M. Angell, Transmission and Distribution Planning Manager, Idaho Power Company.

REQUEST NO. 15: Reference Aschenbrenner Direct at 36, lines 8-17.

(a) Please identify where in Mr. Tatum's testimony intra-class subsidies other than the one you contend exists for net metered customers are discussed.

(b) Please identify all intra-class subsidies that exist within the R&SGS customer classes.

RESPONSE TO REQUEST NO. 15:

(a) On pages 4 and 5 of his testimony, Mr. Tatum explains that the current pricing structure applicable to residential and small general service customers does not perfectly align costs incurred with prices paid for each individual customer but that overall this rate structure has worked for customers who receive one-way service from Idaho Power.

(b) Idaho Power has not performed the requested analysis.

The response to this Request is sponsored by Tim Tatum, Vice President of Regulatory Affairs, Idaho Power Company.

REQUEST NO. 16: Reference Aschenbrenner Exhibit 9 at pp 5-6 of 18. Please define an "inappropriate cost shifting," including but not limited to:

(a) Whether you contend that any reduction in volumetric energy use by a customer since the last rate case test year constitutes an "inappropriate cost shift";

(b) Whether you contend that revenue collection from an individual customer should match that customer's contribution to the class loads at the peak periods used for allocating revenue requirement to the class; and

(c) The qualities and attributes of a near-term "cost shift" that make it an "inappropriate cost shift" rather than an appropriate "cost shift."

RESPONSE TO REQUEST NO. 16: The existing retail rate design currently applicable to residential and small general service net metering customers was structured to collect the costs associated with the grid under the assumption that customers would only need one-way services provided solely by the utility. This pricing structure does not work for customers with on-site generation because when the existing rate structure is applied against monthly net consumption, customers with on-site generation may pay less than their share of grid-related services they require while receiving credit for their respective kWh of production at the full retail rate. The net monthly meter read is not representative of the customer's usage of the system.

(a) No.

(b) No. Mr. Tatum addresses this on page 4 of his testimony, beginning with line 22.

(c) The cost shift that results from the combination of net metering and the current rate design, coupled with the substantial growth in the Company's net metering service, results in the potential for an inappropriate cost shift. Mr. Tatum discusses this again in his testimony on page 6, lines 13-25.

The response to this Request is sponsored by Connie Aschenbrenner, Rate Design Manager, Idaho Power Company.

REQUEST NO. 17: Reference Aschenbrenner Exhibit 9 at 6 of 18.

(a) Please provide the methodology, assumptions, calculations, and workpapers supporting the "estimated cost shift" as of the end of 2015 and as of the end of 2016. Please provide all responsive calculations and workpapers in native, unlocked, electronic format with formulas intact.

(b) Please describe the basis for, and how you calculated, that the 366 residential net metered customers were responsible for a total annual revenue requirement of \$464,266.67 and that the 566 residential net metered customers were responsible for a total annual revenue requirement of \$665,969.

RESPONSE TO REQUEST NO. 17:

(a) Please see Attachments 1 and 2 for the workpapers used to derive the estimated cost shift in 2015 and 2016.

(b) To quantify the estimated cost shift occurring in 2015, the Company first identified how many residential net metering customers had 12 months of billing data during 2015 – this data set contained 366 customers. Using a methodology similar to that used to assign costs during a general rate case, the Company estimated the Idaho-jurisdictional revenue requirement for those 366 net metering customers and compared that to the base rate revenue collected from those customers during 2015.

To determine the estimated residential net metering revenue requirement, the Company started with the residential customer class's functionalized and classified revenue requirement authorized in the Company's 2011 GRC. Other subsequent increases/decreases to the residential class revenue requirement authorized by the Idaho Public Utilities Commission since the 2011 GRC were added or subtracted to quantify an "adjusted" residential class revenue requirement. From that class level

revenue requirement, a functionalized and classified unit cost was determined, as detailed in Column 12 of the "Annual NM Rev Req" tabs contained in Attachment 1.

The Company then utilized the residential net metering segment's Advanced Metering Infrastructure ("AMI") data to determine the segment's average monthly kWh usage, system coincident demand, and non-coincident demand for 2015. Demand at the time of the monthly system peak (System Coincident kW) and the average energy consumed by month (Average Monthly kWh) were determined based on the average of each customer's positive consumption in every hour, or zero in the event that a customer was a net producer of electricity in a given hour. Demand at the time of the group non-coincident demand (Non-Coincident kW) was determined based on the absolute value of the average usage in that hour.

Once the 2015 net metering usage was determined, these values were multiplied by the per-unit costs listed in Column 12 to determine the estimated 2015 net metering revenue requirement of \$464,532, as detailed in Column 14 of Attachment 1.

The estimated revenue requirement was compared to the total base rate revenue collected from those 366 customers to determine the estimated cost shift.

To quantify the estimated cost shift occurring in 2016, the Company first identified how many residential net metering customers had 12 months of billing data during 2016 – this data set contained 570 customers. Using the same methodology described above, the Company updated its analysis with 2016 billing and AMI data to determine the net metering customer segment's estimated functionalized and classified revenue requirement of \$665,969 and compared that to the total base rate revenue collected from the 570 customers to determine the estimated cost shift.

The response to this Request is sponsored by Connie Aschenbrenner, Rate Design Manager, Idaho Power Company.

REQUEST NO. 18: Reference Tatum Direct at 13, lines 15-25.

(a) Please explain the difference between reduction in customer usage that results in “unduly reduc[ing] collection of class revenue” and reduction in customer usage that results in acceptable reduction of collection of class revenue.

(b) Please confirm that “fixed” costs are “transfer[red]” to other residential customers after a reduction in class revenue collection due to net metering, as described on lines 21-25, only when rates are reset in subsequent general rate cases, and only to the extent that the residential class’s allocated revenue requirement is not reduced by the same or greater amount.

RESPONSE TO REQUEST NO. 18:

(a) The collection of class revenue is unduly when the reduction in usage is due to a resulting net monthly meter read that does not accurately represent the customer’s utilization of Idaho Power’s system. As explained on page 4, lines 17-22, of Mr. Tatum’s testimony, the existing retail rate designs currently applicable to residential and small general service net metering customers were structured to collect the costs associated with the grid under the assumption that customers would only need one-way services provided solely by the utility.

This is in comparison to a customer whose reduction in usage is due to less energy being consumed or even no energy being consumed. In this case, the number used to bill this customer more closely aligns with the degree to which the customer used Idaho Power’s system.

(b) This statement is inaccurate. A reduction in fixed costs collection due to net metering is shifted to other customers annually through the Company’s Fixed Cost Adjustment mechanism.

The response to this Request is sponsored by Tim Tatum, Vice President of Regulatory Affairs, Idaho Power Company.

REQUEST NO. 19: Reference Tatum Direct at 18, lines 11-18. Please identify Idaho's policies on cost causation and how you contend net metering rates should be structured to provide price signals that reflect those policies.

RESPONSE TO REQUEST NO. 19: In the Company's most recent fully-litigated general rate case, IPC-E-08-10, the Idaho Public Utilities Commission ("Commission") approved Idaho Power's filed 3CP/12CP class cost-of-service study methodology, which was generally guided by principles detailed in the Electric Utility Cost Allocation Manual, published January 1992, by the National Association of Regulatory Utility Commissioners. The Company selected a 3CP/12CP method that used allocators derived from the three summer (June, July, August) unweighted coincident peaks and all 12-month unweighted coincident peaks (3CP/12CP) to assign demand-related costs to the various customer classes. To the extent that Idaho has a policy on cost causation, Idaho Power believes it exists in the Commission's publicly available orders.

Idaho Power has not proposed how rates should be structured for net metering customers in this case. However, Idaho Power's primary goal in designing fair and appropriate rate structures is to reflect the cost to serve customers in each rate class.

The response to this Request is sponsored by Tim Tatum, Vice President of Regulatory Affairs, Idaho Power Company.

DATED at Boise, Idaho, this 18th day of October 2017.



LISA D. NORDSTROM
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 18th day of October 2017 I served a true and correct copy of IDAHO POWER COMPANY'S RESPONSE TO VOTE SOLAR'S FIRST SET OF DATA REQUESTS TO IDAHO POWER COMPANY upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

Sean Costello
Deputy Attorney General
Idaho Public Utilities Commission
472 West Washington (83702)
P.O. Box 83720
Boise, Idaho 83720-0074

☒ Hand Delivered
☐ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email sean.costello@puc.idaho.gov

Idahydro

C. Tom Arkoosh
ARKOOSH LAW OFFICES
802 West Bannock Street, Suite 900
P.O. Box 2900
Boise, Idaho 83701

☐ Hand Delivered
☒ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email tom.arkoosh@arkoosh.com
erin.cecil@arkoosh.com

Idaho Conservation League

Benjamin J. Otto
Idaho Conservation League
710 N. 6th st.
Boise, Idaho 83702

☐ Hand Delivered
☒ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email botto@idahoconservation.org

Matthew A. Nykiel
Idaho Conservation League
102 South Euclid #207
P.O. Box 2308
Sandpoint, Idaho 83864

☐ Hand Delivered
☒ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email mnykiel@idahoconservation.org

Idaho Irrigation Pumpers Association, Inc.

Eric L. Olsen
ECHO HAWK & OLSEN, PLLC
505 Pershing Avenue, Suite 100
P.O. Box 6119
Pocatello, Idaho 83205

☐ Hand Delivered
☒ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email elo@echohawk.com

Anthony Yankel
12700 Lake Avenue, Unit 2505
Lakewood, Ohio 44107

☐ Hand Delivered
☒ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email tony@yankel.net

Auric Solar, LLC
Preston N. Carter
Deborah E. Nelson
GIVENS PURSLEY LLP
601 W. Bannock Street
Boise, Idaho 83702

☐ Hand Delivered
☒ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email prestoncarter@givenspursley.com
den@givenspursley.com

Elias Bishop
Auric Solar, LLC
2310 S. 1300 W.
West Valley City, Utah 84119

☐ Hand Delivered
☒ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email elias.bishop@auricsolar.com

Vote Solar
David Bender
Earthjustice
3916 Nakoma Road
Madison, Wisconsin 53711

☐ Hand Delivered
☒ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email dbender@earthjustice.com

Briana Kobor
Vote Solar
360 22nd Street, Suite 730
Oakland, California 94612

☐ Hand Delivered
☒ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email briana@votesolar.org

City of Boise
Abigail R. Germaine
Deputy City Attorney
Boise City Attorney's Office
150 N. Capitol Blvd.
P.O. Box 500
Boise, Idaho 83701-0500

☐ Hand Delivered
☒ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email agermaine@cityofboise.org

Idaho Clean Energy Association
C. Tom Arkoosh
ARKOOSH LAW OFFICES
P.O. Box 2900
Boise, Idaho 83701

☐ Hand Delivered
☒ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email tom.arkoosh@arkoosh.com
erin.cecil@arkoosh.com

David H. Arkoosh
Law Office of David Arkoosh
P.O. Box 2900
Boise, Idaho 83701

☒ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email david@arkooshlaw.com

Sierra Club

Kelsey Jae Nunez
KELSEY JAE NUNEZ LLC
920 North Clover Drive
Boise, Idaho 83703

☐ Hand Delivered
☒ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email kelsey@kelseyjaenunez.com

Zack Waterman
Director, Idaho Sierra Club
503 West Franklin Street
Boise, Idaho 83702

☐ Hand Delivered
☒ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email zack.waterman@sierraclub.org

Michael Heckler
3606 North Prospect Way
Garden City, Idaho 83714

☐ Hand Delivered
☐ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email michael.p.heckler@gmail.com

**Snake River Alliance
NW Energy Coalition**

John R. Hammond, Jr.
FISHER PUSCH LLP
101 South Capitol Boulevard, Suite 701
Boise, Idaho 83702

☐ Hand Delivered
☒ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email jrh@fisherpusch.com
wwilson@snakeriveralliance.org
diego@nwenergy.org

Intermountain Wind and Solar, LLC

Ryan B. Frazier
Brian W. Burnett
KIRTON McCONKIE
50 East South Temple, Suite 400
P.O. Box 45120
Salt Lake City, Utah 84111

☐ Hand Delivered
☒ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email rfrazier@kmclaw.com
bburnett@kmclaw.com

Doug Shipley
Dale Crawford
Intermountain Wind and Solar, LLC
1952 West 2425 South
Woods Cross, Utah 84087

☐ Hand Delivered
☒ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email doug@imwindandsolar.com
dale@imwindandsolar.com

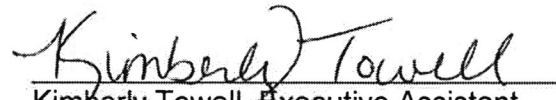

Kimberly Towell, Executive Assistant

EXHIBIT 2

Diane Holt

From: Steve White <steve@berkeleyinc.com>
Sent: Tuesday, October 24, 2017 3:56 PM
To: Diane Holt
Subject: comment on case IPC-E-17-13

Hello,

Please submit the below comment on the above-referenced case.

As a Chartered Financial Analyst with a career in investment advising, I would like to ensure the PUC recognizes the harmful impact of this filing. If approved, a separate rate class would create long-term uncertainty which changes the economics of investing in on-site generation. This case creates not just a short-term limbo during the proceedings, an approval of a separate rate class would create a long-term limbo that will delay and unduly influence investment decisions in on-site generation.

In my role, I often counsel people who are considering investing in on-site generation. Like installers, I routinely make assumptions on the probability of future rate changes to forecast a return on investment. For any investment in general, the higher the risk, the higher the return must be to motivate someone to invest. **Approving Idaho Power (IPC)'s request for a separate rate class would send a message that the rate structure for customers with on-site generation will fundamentally change, but nobody has any idea what to plug in as an assumption.** The uncertainty created by such a policy decision is toxic – it increases the return customers need to see to overcome the uncertainty, and it forces installers to win or lose projects based on the aggressiveness of their rate change assumptions relative to other installers responding to the same RFP.

The impact could be a death knell to the fledgling solar installer industry in this state. These companies are staffed by young, competent engineers and installers—and now this filing threatens their industry's future and their individual employment. When considering projects with economic benefits spanning 25+ years, customers have the flexibility to wait for more visibility on rate design. Small businesses, however, need to make payroll. I am thankful that my small business is not vulnerable to this type of disruption by a monopoly; if my customer base went on hold while waiting for the promise of future regulation changes down the road, I wouldn't be able to cover staff and overhead while waiting. IPC has far more opportunity to recover its fixed costs than we small businesses do.

Some uncertainty is normal; this is not. If IPC has not provided sufficient cost/benefit analysis to establish what customers should assume when investing in on-site generation, then the PUC does not have enough information to conclude that the current rate design is fundamentally wrong and unstable.

Commissioners, please do not allow IPC to put this unnecessary and unfounded burden on small business. Please protect the interests of small business and individual customers against destructive attempts like this.