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2017 DEC 22 PM 2:58
IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for City of Boise

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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

Case No. IPC-E-17-13

DIRECT TESTIMONY OF STEPHAN L. BURGOS

**ON BEHALF OF
THE CITY OF BOISE**

December 22, 2017

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

2 A: Stephan L. Burgos. My business address is 150 N. Capitol Blvd., 4th Floor, Boise, Idaho

3 83702.

4 **Q: Who are you employed by and in what capacity?**

5 A: I am employed as the Public Works Director in the Boise City Public Works Department

6 **Q: What are your responsibilities in this position at the City of Boise?**

7 A: As the Public Works Director for the City of Boise, I oversee the City's engineering

8 programs, planning and construction of municipal facilities, enterprise fund financial management,

9 environmental programs, including water renewal services, solid waste management, recycling

10 service, and compost service, air quality and sustainability and climate protection services, and

11 energy planning.

12 **Q: What professional experience do you have that you use in this position?**

13 A: Over the past 25 years, my experience includes engineering, project management and

14 program management on unique and complex environmental projects in both public and private

15 organizations.

16 **Q: What is your educational background?**

17 A: I have a Bachelor of Science Degree in Civil and Environmental Engineering from Duke

18 University and received post-graduate training as a United States Naval Officer.

19 **Q: Have you previously testified in front of the Idaho Public Utilities Commission**

20 **(“PUC” or “Commission”)?**

21 A: No, I have not.

22 **Q: What is the purpose of your Direct Testimony in this proceeding?**

1 A: To convey the City's concerns with the Application of Idaho Power Company ("IPC") in
2 Case No. IPC-E-17-13. My testimony is to provide the more generalized concerns with the
3 proposed Application because it is contrary to the City's efforts to promote the use of renewable
4 energy as part of our overall approach to sustainability and addressing climate change. In addition,
5 the City recently completed construction of the first zero-net energy building in the state of Idaho.
6 The financial analysis supporting the construction of the zero-net energy building relied on
7 payback periods for the installation of photo-voltaic panels as a result of IPC's existing net
8 metering approach. A change to this approach could negatively impact Water Renewal Fund
9 ratepayers. The Water Renewal Fund is the enterprise fund operated by the City to provide used
10 water collection and treatment to the Boise community. Reduction in costs to deliver these services
11 by such projects as the Zero-Net-Energy building directly results in a downward pressure on water
12 renewal rates.

13 **Q: What is the City's interest in promoting renewable energy as part of an overall**
14 **approach to sustainability?**

15 A: A primary example is the City's Comprehensive Land-Use Plan, developed with
16 significant public input, which provides in pertinent part that:

17 Boise's growth will happen in a sustainable, efficient, and
18 responsible manner that maintains and enhances its treasured quality
19 of life, while meeting the challenges of the future. Boise is
20 committed to becoming a more sustainable community by taking
21 steps to enhance the local, regional, and global environment. A
22 sustainable community is one where the integrated economic, social
23 and environmental systems are structured to support healthy,
24 productive, and meaningful lives for its residents, while laying the
25 foundation for a high quality of life without compromising the
26 ability of future generations to meet their own needs.¹
27
28

¹ Blueprint Boise, Boise's Comprehensive Plan, at p. 1-19. http://pds.cityofboise.org/media/114868/blueprint_boise_woaac.pdf.

1 Furthermore:

2
3 Boise is committed to becoming a more sustainable community by
4 taking steps to reduce its impact on the environment . . . the city will
5 also strive to address many other aspects of sustainability, such as
6 climate change . . . energy conservation and alternative energy
7 production. . . .²

8
9 In addition, the City has committed to energy use reduction goals for municipal buildings
10 and operations. Specifically, the City has committed to reduce energy use in existing municipal
11 buildings by 50% from the 2010 baseline energy use by the year 2030. For new municipal
12 buildings, the City has committed to increasingly stringent energy use requirements such that all
13 new buildings will be zero net energy by 2030. Solar energy and net metering will be a critical
14 mechanism for the City in meeting these goals.

15 Lastly, the City has initiated the development of a Renewable Energy Strategy to consider
16 how best to increase and integrate renewable energy resources and in doing so, is actively
17 promoting policies that will enhance renewable energy use.

18 **Q: Are there other examples of efforts related to sustainable development and re-**
19 **development being led by the City?**

20 **A:** In 2009, the Mayor and City Council approved a resolution committing the City to strive
21 to achieve the U.S. Mayor's Climate Initiative. A citizen committee appointed by the Mayor
22 developed specific recommendations for the City to achieve specific goals by:

- 23 • Implementing an outreach program for residential developers and builders that
24 can demonstrate how to build energy efficient homes and provide education on
25 renewable energy sources including, but not limited to, pre-wiring and pre-
26 plumbing for potential solar installations;

² *Id.* at p. 2-1.

- 1 • Initiating a program to achieve a net zero energy use in new residential
2 construction by 2030;
- 3 • Allowing sustainable practices through amendments to the Boise City Code,
4 including allowances for solar photovoltaic panels on all existing and new
5 homes; and
- 6 • Providing incentives for all development that include density bonuses for
7 sustainable practices above minimum code levels including renewable energy
8 resources.

9 The City is moving forward with phased implementation of these recommendations.

10 In 2014, the Mayor and City Council approved a resolution committing the City to strive
11 to achieve the goals set forth in an updated Mayors Climate Change Agreement. The goals which
12 are relevant and potentially negatively impacted by IPC's Application are:

- 13 • Striving to establish and meet or exceed locally-established targets for reducing
14 energy use, especially fossil fuels, by taking actions in our own operations and
15 throughout our communities, placing particular emphasis on engaging the
16 community – citizens, businesses, schools and organizations – in a concerted
17 campaign to set and achieve such targets.
- 18 • Increasing the use of clean, alternative energy by supporting the development
19 of renewable energy resources, building the renewable energy technology
20 manufacturing capacity of cities, recovering landfill methane for energy
21 production, and supporting the use of waste to energy technology.

22 Finally, the City's recently initiated Renewable Energy Strategy will study potential renewable
23 energy production goals for the larger Boise community. The study will consider approaches and

1 policies to promote the use of renewable energy as a clean, local supply of energy for Boise
2 residents.

3 **Q: Have the City and IPC collaborated on efforts to achieve the City's sustainability**
4 **efforts?**

5 A: Yes. The City and IPC have long been partners in serving the citizens and businesses of
6 our community. As a recent example, in 2015 the City and IPC collaborated under IPC's
7 Wastewater Cohort Program to promote energy efficiency at wastewater facilities. As a result of
8 this work, energy use at the City's Lander Street Water Renewal Facility was reduced by 14%.
9 Another example is our partnership on the installation of electric vehicle charging stations
10 throughout the City. As part of our sustainability efforts, the City is looking to expand the viability
11 of electric vehicle use in Boise. Part of this work includes the need to work with IPC to install EV
12 charging stations around the City.

13 The City's contention with IPC's proposals in this case is not typical of the City and IPC's
14 interaction. However, the City has no choice but to oppose IPC's Application, as IPC is attempting
15 to create a new schedule for net metering customers prior to clearly establishing the need based on
16 an independent study of benefits and costs associated with net metering. Implementation of what
17 the utility proposes in this case could significantly and negatively impact the City's economic
18 development and sustainability policies and goals. Accordingly, the City felt that it was essential
19 to participate in this case

20 **Q: IPC has proposed closure of Schedule 84 to Residential and Small General Service**
21 **Customers (R&SGS) with on-site solar generation and proposes a new schedule for these**
22 **customers. Are there concerns that have been identified by the City with the proposal of a**
23 **new customer schedule?**

1 A: The concerns of the City are several fold:

- 2 • IPC's creation of a new schedule for net metering customers creates uncertainty
3 which is already having a negative effect on the installation of rooftop solar at
4 a time when the City is promoting the expanded use of renewable energy.
- 5 • IPC has not completed a thorough, independent study on the impacts, both
6 positive and negative, including the cost or value of distributed solar energy,
7 related to net metering to demonstrate that a new schedule is justified.
- 8 • IPC suggests net metering results in cost shifting to non-net metering
9 customers, but has not provided sufficient data showing that this impact is
10 material to the company or to non-net metering customers. In addition, IPC has
11 failed to demonstrate how this potential cost shift by net metering customers is
12 substantially different from other distinguishable customers within the same
13 class.
- 14 • The City is a net metering customer at our Zero-Net-Energy Maintenance and
15 Administration Building at the Twenty Mile South Farm and could be
16 negatively impacted by the formation of a new schedule. This could then
17 negatively affect Water Renewal Fund ratepayers as the City's ability to
18 accurately assess cost implications for future net metering projects would be
19 hampered by the uncertainty associated with a new schedule.

20 **Q: What effect do you believe IPC's proposal in its Application would have on economic**
21 **development in the City?**

22 A: I believe the proposal would have a deleterious effect on the City's economic development,
23 both in negatively affecting businesses already housed in Boise, as well as sending a negative

1 message to businesses that are looking to expand to new locations. In fact, we are already hearing
2 from companies that install solar panel systems that their business decreased dramatically almost
3 immediately after the filing of this Application.

4 As in just about any industry, when companies are looking for a location for an expansion
5 or relocation, they often are looking for a community that would serve as a market for their
6 products and/or services; that is, they want a place where the citizens would also be customers.
7 The new classification proposed in this Application would essentially stifle the development of
8 solar energy generation at residential or commercial buildings through IPC customers becoming
9 net metering customers. The market would likely hold at current levels (assuming those customers
10 maintain their systems) with limited new growth.

11 **Q: Why does the City feel the new customer class for R&SGS creates uncertainty or**
12 **instability in the renewable market related to net metering?**

13 A: For net metering customers who have installed electrical generation units or are
14 considering doing so, the uncertainty created by a new schedule creates concern on whether IPC
15 will adjust net metering rates in the near term and therefore, leads to uncertainty on payback
16 periods and the ultimate economic feasibility of the systems. The uncertainty on payback periods
17 has already had a negative impact on the solar installation market as consumers are waiting to see
18 how this case proceeds prior to making long term commitments on installed electrical generation
19 units. By IPC refusing to conduct a rate study and value solar prior to attempting to create a
20 separate class, customers will be unable to determine the economic feasibility of a rooftop solar
21 project prior to investment.

22 **Q: The City proposes an alternative structure and procedure for this case. Can you**
23 **describe what this procedure would look like and why the City feels it would be beneficial?**

1 A: Yes. The City believes it is imperative that we establish the value of net metering through
2 a detailed, independent study of both the benefits and costs of distributed solar generation prior to
3 establishing a new schedule for net metering customers. The data generated by this study is critical
4 to establishing whether the impacts of net metering customers are significant enough to warrant
5 the need for a new schedule. The study would also help establish the value of solar generation
6 within the IPC service area and assist in the consideration and development of future renewable
7 energy concepts or projects.

8 **Q: IPC claims that allowing R&SGS customers to remain in the same schedule as other**
9 **customers causes a cost shifting to those other customers by subsidizing on-site generators.**
10 **What is the City's perspective on this issue?**

11 A: Cost shifting occurs on a daily basis throughout the IPC service territory. For example, the
12 rate paid by a residential customer that lives in an isolated service area that requires significant
13 infrastructure to deliver energy, pays the same residential rate as someone located close to a
14 generation source that requires far less infrastructure to deliver the same electricity. In effect, there
15 is cost shifting from the isolated residential customer, whose power is more expensive to deliver,
16 to the customer located closer to the generation source, whose power is less expensive to deliver.
17 And this occurs with no benefit to IPC other than the payment of the residential rate as opposed to
18 the cost shifting that might occur as a result of a net metering customer that's also providing the
19 benefit of additional sources of energy and potentially reducing peak demands that drive the need
20 for additional generation.

21 **Q: Is the City itself a net metering customer?**

22 A: Yes. In 2016, the City completed construction of the Twenty Mile South Farm
23 Maintenance and Administration Building. In keeping with our municipal building energy

1 reduction goals, the Mayor and City Council approved the project as a pilot to test the feasibility
2 and performance of a zero-net energy building. The building was designed to meet an extremely
3 low energy use intensity (energy use per square foot) by first maximizing energy efficiency and
4 then utilizing rooftop photo-voltaic panels and ground source heat pumps as sources of renewable
5 energy. In the first year of operation, the building operated as a net positive generator of energy.
6 This resulted in shortened payback period of approximately 11 years for the total project. Because
7 the building's useful life is expected to be approximately 50 years or more, this decreased payback
8 period provides operational savings to the Water Renewal Fund. As a result, this reduced cost
9 provides downward pressure on the water renewal rates paid by the citizens of Boise.

10 **Q: What harmful effects would the City itself experience if this new class was**
11 **established?**

12 A: By establishing a new schedule for net metering customers with the uncertainty of how
13 rates may change in this new schedule, the City would be potentially restrained in committing to
14 further net metering projects that are exposed to a risk of potentially higher costs. This would
15 potentially preclude us from being able to meet energy reduction goals, that under current
16 conditions, are demonstrating a financial benefit to Boise citizens.

17 **Q: Is there anything else you would like to add?**

18 A: As the cost to install and operate renewable energy sources continues to decrease, the City
19 of Boise believes that renewable energy will be the primary source of power in the future. Our
20 renewable energy industries were starting to show signs of promise and demonstrate how they
21 could be value added to our city's and our state's economy. Other states and other countries are
22 actively promoting this industry and recognize the significant job creation and financial benefits it
23 can have on the local economy. These communities are implementing smart policies and programs

1 to help those industries grow. Unfortunately, IPC's proposal of a new schedule for net metering
2 customers is having the opposite effect. We know that the IPC's proposed new schedule has
3 already had a negative impact on the solar installation industry because of the uncertainty it creates.
4 This will only continue and likely worsen if the new schedule is established as this creates further
5 uncertainty on how rates will be impacted and when.

6 **Q: What is your request of the Commission related to IPC's Application?**

7 A: The City would ask that this Commission deny IPC's request to close Schedule 84 and
8 create a new class for R&SGS on-site generation customers. The City would also ask the
9 Commission to direct IPC that prior to establishing a separate rate class for R&SGS on-site
10 generation customers, it engage in a process to accurately value on-site solar generation.

11 **Q: Does this conclude your testimony in this case:**

12 A: Yes.

CERTIFICATE OF SERVICE

I hereby certify that I have on this 22nd day of December 2017, I caused a true and correct copy of the foregoing to be served upon the following in the manner indicated:

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