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Attorneys for Idaho Clean Energy Association, Inc.

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

DIRECT TESTIMONY OF MICHAEL LEONARD

ON BEHALF OF

IDAHO CLEAN ENERGY ASSOCIATION, INC.

ORIGINAL

1 Q. Please state your name and business address:

2 A. Michael Leonard, Aurora Power & Design, Inc., 3412 N. 36th St. Boise, ID 83703.

3 Q. Please describe professional work experience in the solar industry

4 A. I have been a designer and installer since 1985 specializing in all types of renewable
5 energy including on-grid and off-grid solar systems and net-metered solar systems. I also
6 installed one of the first net-metering systems in Idaho. I have designed and installed prime
7 power systems for the telecom industries, hydropower systems, and both on-grid and off-grid
8 power systems for resorts and private individuals. I have designed and developed a lot of the
9 control systems that we use today. I have also helped to write the standards for licensing and
10 solar installers for the state of Idaho Department of Building Safety. I helped to develop current
11 guidelines for inspectors and solar installers for the state. I've built and distributed stuff all over
12 the world.

13 Q. What is the purpose of your testimony?

14 A. The purpose of the testimony is to have the PUC understand the negative effect this
15 docket has caused us in terms of both loss of business and ability to help our customers
16 reasonably project return on investment.

17 Q. Please describe the business you currently work for and what you do on an average day.

18 A. Currently my business is Aurora Power and Design. As the owner of the business I
19 oversee all purchasing, engineering, sales, and general administration of the business. I develop
20 plans for customers and how renewable energy might work best for them and their goals. I do
21 everything. I'll even wash the dishes.

22 Q. How would you describe the types of people who decide to install rooftop solar?

23 A. Some of them are doing it for a reduction of their power bills or financial reasons. Others

1 are for environmental reasons, to help offset their carbon footprint.

2 Q. Have you noticed any changes throughout the years regarding who decides to install
3 rooftop solar?

4 A. Yes. It used to be more affluent individuals, whereas now it is more and more common
5 for basically middle-income individuals and also younger and younger folks. I don't know if
6 that's because of financial issues or just because of generational change. It has definitely gone
7 towards more financially motivated individuals. It used to be a ratio of roughly 1:20 for financial
8 to environmental. Now I would say it's flipped almost all the way around. But now you can't say
9 that the financially motivated are not also environmentally minded, but the lower costs of the
10 installed systems has moved the demographic into more individuals who are both
11 environmentally and financially conscious. It makes sense on both sides now.

12 Q. Can you describe how the filing has impacted your business the past few months and how
13 you predict it will impact your business prior to a decision by the Commission?

14 A. We have noticed that almost all of our customers are aware of the filing. We have had
15 calls from older customers on how it might impact them and whether they have to be active in
16 some way to fight this filing and also new customers are waiting to see what the filing is and
17 what the outcome will be before they invest their money in renewable systems.

18 Q. Do you think this proposed rule change would encourage more growth of renewable
19 energy in Idaho or less?

20 A. Less.

21 Q. What other effects has this filing had on your business?

22 A. We have to think about shifting away from net metered and more towards the non-
23 metered solar systems for homes and also generator sales. We are looking to explore more

1 towards standby generator systems and non-net-metered residential solar systems.

2 Our purchasing is also affected. We're not going to bulk purchase our modules as we
3 previously did. We're going to keep our inventory down. We're missing out on cost breaks
4 because of that.

5 As far as hiring of employees, we have to look for a different type of employee with a
6 different skill set. We wouldn't be hiring electricians, we would be hiring mechanics. The skill
7 sets we would need for a standby generator is substantially different than for a solar system. For
8 generator installations, we wouldn't need anybody with too much of an education background.
9 Basically a general laborer would be fine for much of the work. We have to wait and see how it's
10 going to go to see who we're going to hire. It's delaying our actual hiring. We also have to wait
11 to decide which direction to go on our interns from BSU as well, whether mechanical or electric
12 engineers.

13 Additionally, a secondary impact is having to spend a lot of time and energy and financial
14 resources on contesting this class change. All of our installers have had to put a lot of energy and
15 time, diverting our focus from our main business, to dealing with this potential rate change. We
16 also have to invest more staff time dealing with nervous customers in regard to how this is going
17 to impact their future return on their existing systems as well as with prospective customers on
18 the potential to have new systems in the future.

19 Q. What impact do you think a decision by the Commission to place on-site generation into
20 its own rate class would have on your business specifically in the time period from designating a
21 stand-alone rate class for on-site generation to the time in which the rates for such a class would
22 be determined?

23 A. It adds quite the heavy level of doubt to the thinking process for potential customers

1 considering whether they want to buy a system or not. People are holding off right now. I think
2 they feel that they would be more exposed. There's no reason to put it in a separate rate class
3 unless there's intent to next impose a completely different financial structure. Customers see a
4 separate class as the beginning of onerous minimum charges.

5 Q. What percentage of potential customers would you say are refraining from making
6 purchases of rooftop solar because of the docket for a separate rate class for on-site generation
7 currently in front of the Commission?

8 A. From what I've gleaned from talking to people, my guess is that at least 30% of them are
9 holding off.

10 Q. Do you agree with Idaho Power's statement that "no additional uncertainty will be
11 created because of the Commission issuing a determination on customer classification?"

12 A. No.

13 Q. Why not?

14 A. There's no need for a separate classification unless there is a desire by Idaho Power to
15 charge differently than the existing current rate class.

16 Q. How would you describe the uncertainty that would be created by the Commission
17 putting on-site generation into its own classification?

18 A. For us, the uncertainty would be a chilling effect on growth in the net-meter renewable
19 markets. I also believe we would see changes to the cost to the consumer for their system, which
20 means that they may not be able to justify installation of the system on a financial basis. That's
21 what customers are looking at, and justifiably so.

22 Also, it's too bad because it's a missed opportunity for Idaho Power. Idaho Power can
23 benefit from green energy generation close to the point of consumption that is below their cost of

1 production. I have not seen any evidence that rooftop solar has caused Idaho Power to add O&M
2 costs or take on greater capital expenditures on their part. There are also extremely good grid
3 benefits by lowering line losses on the distributed energy side and increasing power quality.

4 Q. What percentage of your company is involved in net-metered systems?

5 A. About 50%.

6 Q. So would it be hard for a business to survive losing a chunk out of half its business?

7 A. Very hard. Especially because it would almost be instantaneous. And there are other
8 companies that are exclusively net-metered system installers. I don't believe they could make the
9 transition. I'm sure it's making a lot of other installers very nervous.

10 Q. Would approval of this filing diminish or increase the potential for confusion among
11 customers considering investments in rooftop solar?

12 A. It would greatly increase the confusion by introducing a greater level of uncertainty into
13 their calculations and a feeling of maybe being punished for having a renewable energy system.

14 Q. When making a sales pitch, do you or any other sales people that you know indicate to
15 potential customers that the rate structure for net-metering is not subject to change?

16 A. We never say that. We always say that "currently the payback period is x" and explain
17 how things would work as they currently stand. And also quite a few customers have been under
18 the impression that Idaho Power will no longer credit them the power back.

19 Q. If this filing were approved and the Commission were to place on-site generating
20 customers in a separate rate class, without taking any other actions, what would you predict the
21 long-term impact on your business to be?

22 A. Our customers would wisely ask the question of why they need a separate rate class if
23 they're not planning to change the rates as they currently stand. It injects a certain level of doubt

1 and uncertainty, which undermines a good chunk of our business.

2 Q. Does this conclude your direct testimony?

3 A. Yes.

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CERTIFICATE OF SERVICE

I certify that on December 22, 2017, a true and correct copy of the DIRECT TESTIMONY OF MICHAEL LEONARD was served upon all parties of record in this proceeding via the manner indicated below:

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