

## **DECISION MEMORANDUM**

**TO: COMMISSIONER KJELLANDER  
COMMISSIONER RAPER  
COMMISSIONER ANDERSON  
COMMISSION SECRETARY  
COMMISSION STAFF**

**FROM: SEAN COSTELLO  
DEPUTY ATTORNEY GENERAL**

**DATE: AUGUST 4, 2017**

**SUBJECT: 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.**

On July 27, 2017, Idaho Power Company ("Idaho Power" or "Company") applied to the Commission for authority to establish new schedules for residential and small general service ("R&SGS") customers with on-site generation. The Company claims new schedules are needed because its existing rate design inaccurately reflects the costs and benefits of serving customers that have on-site generation. Idaho Power also asked that the Commission convene a prehearing conference, under Rule 211 (discussing Prehearing Conferences) to establish procedure for this case. With its Application, the Company attached its clean and proposed Tariff 101 Schedule 6, 8, Rule H-I, 54, 55, 63, 66, 72, 81, 84, 91, 98, and Direct Testimonies by David M. Angell, Connie G. Aschenbrenner, and Timothy E. Tatum.

### **THE APPLICATION**

The Company states that in recent years the number of its customers choosing on-site generation and, therefore, taking bi-directional services, has outpaced the Company's extant net metering rates, leading to unfair cost shifting between certain customer classes. The Company states that "[t]he rates currently charged to net metering customers were not designed to reflect the value of the bi-directional service being provided to them by the grid nearly every hour of every day, nor do they accurately reflect any potential benefits of on-site generation." Application at 1. Idaho Power maintains that due to this value imbalance and related pricing

inaccuracies, it is time, in line with the electric utility industry nationwide, to reassess the appropriateness of net metering policies established decades ago. *Id.* at 1-2.

The Company proposes to correct claimed unfair cost shifting by amending its net metering rate design to remove rate design based incentives for net metering and facilitate the expansion of on-site generation that is scalable and sustainable into the future. *Id.* at 2.

Specifically, Idaho Power asks that the Commission:

1. Close Schedule 84 to new service for R&SGS customers with on-site generation after December 31, 2017;
2. Establish two new classes for R&SGS customers with on-site generation that ask to connect to Idaho Power's system on or after January 1, 2018, with no pricing changes at this time;
3. Amend all applicable Company tariff schedules to require the installation and operation of smart inverters for all new customer-owned generator interconnection within 60 days following the Institute of Electrical and Electronic Engineers adopting of an industry standard definition of smart inverters; and
4. When this case is over, open a generic case to establish a compensation structure for customer-owned distributed energy resources.

*Id.* at 15-16. The Company further requests that the Commission convene a prehearing conference to establish proper procedure for the case. *Id.* at 16.


#### **STAFF RECOMMENDATION**

Staff recommends the Commission issue a Notice of Application and deadline to intervene, with a 21-day intervention deadline. Staff also recommends the Commission direct Staff to convene an informal prehearing conference for the Company, Staff, and any intervenors to discuss a schedule to process this case and other issues that may be raised by the parties. After the informal prehearing conference occurs, Staff would report back to the Commission so another Order can issue setting further procedure, including a public hearing for customers.

#### **COMMISSION DECISION**

Does the Commission wish to issue a Notice of Application and deadline to intervene, with a 21-day intervention deadline?

Does the Commission wish to direct Staff to convene an informal prehearing conference for the Company, Staff, and any intervenors to discuss a schedule to process this case and other issues that may be raised by the parties?

  
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Sean Costello  
Deputy Attorney General

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