



# Idaho Public Utilities Commission

P.O. Box 83720, Boise, ID 83720-0074

RECEIVED

2018 JAN 25 PM 2:13  
C.L. Butch Otter, Governor  
Paul Kjellander, Commissioner  
Kristine Raper, Commissioner  
Eric Anderson, Commissioner  
IDAHO PUBLIC UTILITIES COMMISSION

## MEMORANDUM

**TO: PARTIES OF RECORD  
COMMISSION SECRETARY**

**FROM: SEAN COSTELLO**

**DATE: JANUARY 25, 2018**

**SUBJECT: SECOND REVISED DIRECT TESTIMONY OF MIKE MORRISON  
CASE NO. IPC-E-17-13**

Please find enclosed the Second Revised Direct Testimony of Mike Morrison in IPC-E-17-13. As a result of Idaho Power's Production Request Nos. 1-3, and Vote Solar's Production Request No. 1, certain minor errors were discovered in Dr. Morrison's workpapers underlying his testimony in this matter.

While these errors have an effect on the statistical analysis included in Dr. Morrison's testimony as it relates to hypothetical, illustrative avoided cost calculations, they are immaterial to Staff's underlying conclusions and recommendations in this case.

Included along with this Memorandum is Dr. Morrison's Second Revised Testimony. Access information to Dr. Morrison's revised workpapers – which include a change log, including tabs detailing the changes made to the workpapers – as well as the effects of those changes, was provided to the Parties by email on January 24, 2018.

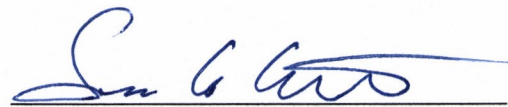
The changes are also summarized directly below:

Page	Line	From	To
11	6	2016 rates	2017 rates
11	Table 1	Old Table 1	New Table 1
11	25	(\$926.75/yr)	(\$1011.03/yr)
12	2	(\$1,161.34/yr)	(\$1,265.08/yr)
12	2	\$234.59	\$254.05
12	4	(\$133.96)	(\$116.80)
12	5	\$100.63	(\$137.25)

Table 1:

Annual Average	Non-NEM Customers	NEM Excluding Schedule 84 Credit	NEM with Schedule 84 Credit (Current Rates)	NEM Staff Proposal
kWh Consumed	11,776	13,581	13,581	13,581
Excess kWh	0	3,644	3,644	3,644
Billed kWh	11,776	13,581	9,937	13,581
Bill before Excess Generation Credit	\$ 1,083.40	\$ 1,265.08	\$ 1,011.03	\$ 1,265.08
Excess Generation Credit	N/A	N/A	N/A	\$ 116.80
Final Bill	\$ 1,083.40	\$ 1,265.08	\$ 1,011.03	\$ 1,148.28

Please do not hesitate to contact me if you have any questions regarding these changes.



Sean Costello  
Deputy Attorney General

1 in my analysis.

2 Q. Please summarize your analysis.

3 A. Because residential customers account for most  
4 net metering generation capacity, and virtually all net  
5 metering growth, my analysis focused on Residential  
6 Schedule 1 customers. I used the Company's 2017 rates  
7 for all analyses. In order to estimate an average net  
8 metering customer's bill under Staff's proposal, I  
9 used 2015 DSM avoided cost rates; however, as I indicated  
10 earlier, I believe that the exact methodology for  
11 calculating net metering avoided cost rates should be  
12 determined in a separate docket. I have summarized my  
13 analysis in Table 1.

Annual Average	Non-NEM Customers	NEM Excluding Schedule 84 Credit	NEM with Schedule 84 Credit (Current Rates)	NEM Staff Proposal
kWh Consumed	11,776	13,581	13,581	13,581
Excess kWh	0	3,644	3,644	3,644
Billed kWh	11,776	13,581	9,937	13,581
Bill before Excess Generation Credit	\$ 1,083.40	\$ 1,265.08	\$ 1,011.03	\$ 1,265.08
Excess Generation Credit	N/A	N/A	N/A	\$ 116.80
Final Bill	\$ 1,083.40	\$ 1,265.08	\$ 1,011.03	\$ 1,148.28

14  
15  
16  
17  
18  
19 Table 1: Consumption and billing for average non net metering (Non-NEM) and Net Metering (NEM) customers under current rates and Staff's Proposal.

20 Q. Currently, what is the magnitude of the cost  
21 shift under Schedule 84?

22 A. Under Schedule 84, a net metering customer's  
23 monthly excess generation is subtracted from her monthly  
24 consumption, and so an average net metering customer pays  
25 substantially less (\$1011.03/yr) than she would pay

1 without the Schedule 84 excess energy credit  
2 (\$1,265.08/yr). A portion of the \$254.05 difference  
3 represents the avoided cost due to excess energy provided  
4 by the net metering customer (\$116.80), and is therefore  
5 not a subsidy. The remaining (\$137.25) represents the  
6 cost shift from an average residential net metering  
7 customer to the general body of residential ratepayers.  
8 A summary of consumption, excess generation, and billing  
9 information can be found in Table 1.

10 Q. Does Staff's proposal eliminate all intraclass  
11 subsidies?

12 A. Staff's proposal eliminates all intraclass  
13 subsidies that are due to the Schedule 84 Net Metering  
14 program; however, intraclass subsidies that are not  
15 related to net metering remain in place. By virtue of  
16 their slightly greater average consumption (Table 1),  
17 there would be a small subsidy from average net metering  
18 customers to non-net metering customers; however, as  
19 discussed earlier, this type of cost shift is not unique  
20 to net metering customers.

21 **THE COMPANY'S NET ZERO CUSTOMER ANALYSIS**

22 Q. What are net zero customers, and why are they  
23 important?

24 A. As we have already discussed, Schedule 84  
25 allows net metering customers to "bank" energy credits

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 25TH DAY OF JANUARY 2018, SERVED THE FOREGOING **SECOND REVISED PAGES FOR THE DIRECT TESTIMONY OF MICHAEL MORRISON**, IN CASE NO. IPC-E-17-13, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

LISA D NORDSTROM  
REGULATORY DOCKETS  
IDAHO POWER COMPANY  
PO BOX 70  
BOISE ID 83707-0070  
E-MAIL: [lnordstrom@idahopower.com](mailto:lnordstrom@idahopower.com)  
[dockets@idahopower.com](mailto:dockets@idahopower.com)

TIMOTHY E TATUM  
CONNIE ASCHENBRENNER  
IDAHO POWER COMPANY  
PO BOX 70  
BOISE ID 83707-0070  
E-MAIL: [ttatum@idahopower.com](mailto:ttatum@idahopower.com)  
[caschenbrenner@idahopower.com](mailto:caschenbrenner@idahopower.com)

C TOM ARKOOSH  
ARKOOSH LAW OFFICES  
802 W BANNOCK ST STE 900  
PO BOX 2900  
BOISE ID 83701  
E-MAIL: [tom.arkoosh@arkoosh.com](mailto:tom.arkoosh@arkoosh.com)  
[erin.cecil@arkoosh.com](mailto:erin.cecil@arkoosh.com)

MATTHEW A NYKIEL  
ID CONSERVATION LEAGUE  
102 S EUCLID #207  
PO BOX 2308  
SANDPOINT ID 83864  
E-MAIL: [mnykiel@idahiconservation.org](mailto:mnykiel@idahiconservation.org)

ELIAS BISHOP  
AURIC SOLAR LLC  
2310 S 1300 W  
W VALLEY CITY UT 84119  
E-MAIL: [elias.bishop@auricsolar.com](mailto:elias.bishop@auricsolar.com)

ERIC L OLSEN  
ECHO HAWK & OLSEN PLLC  
PO BOX 6119  
POCATELLO ID 83205  
E-MAIL: [elo@echohawk.com](mailto:elo@echohawk.com)

ANTHONY YANKEL  
12700 LAKE AVENUE  
UNIT 2505  
LAKEWOOD OH 44107  
E-MAIL: [tony@yankel.net](mailto:tony@yankel.net)

KELSEY JAE NUNEZ LLC  
920 N CLOVER DR  
BOISE ID 83703  
E-MAIL: [kelsey@kelseyjaenunez.com](mailto:kelsey@kelseyjaenunez.com)

TOM BEACH  
CROSSBORDER ENERGY  
2560 9<sup>TH</sup> STREET, SUITE 213A  
BERKELEY CA 94710  
E-MAIL: [tomb@crossborderenergy.com](mailto:tomb@crossborderenergy.com)

**ELECTRONIC ONLY**  
MICHAEL HECKLER  
[michael.p.heckler@gmail.com](mailto:michael.p.heckler@gmail.com)  
ZACK WATERMAN  
[zack.waterman@sierraclub.org](mailto:zack.waterman@sierraclub.org)



ABIGAIL R GERMAINE  
DEPUTY CITY ATTORNEY  
BOISE CITY ATTORNEY'S  
PO BOX 500  
BOISE ID 83701-0500  
E-MAIL: [agermaine@cityofboise.org](mailto:agermaine@cityofboise.org)

DAVID BENDER  
EARTHJUSTICE  
3916 NAKOMA ROAD  
MADISON WI 53711  
E-MAIL: [dbender@earthjustice.org](mailto:dbender@earthjustice.org)

JOHN R HAMMOND JR  
FISHER PUSCH LLP  
PO BOX 1308  
BOISE ID 83701  
E-MAIL: [jrh@fisherpusch.com](mailto:jrh@fisherpusch.com)

RYAN B FRAZIER  
BRIAN W BURNETT  
KIRTON McCONKIE  
PO BOX 45120  
SALT LAKE CITY UT 84111  
E-MAIL: [rfrazier@kmclaw.com](mailto:rfrazier@kmclaw.com)  
[bburnett@kmclaw.com](mailto:bburnett@kmclaw.com)

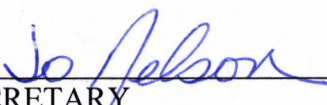
PRESTON N CARTER  
DEBORAH E NELSON  
GIVENS PURSLEY LLP  
601 W BANNOCK ST  
PO BOX 2720  
BOISE ID 83701  
E-MAIL: [prestoncarter@givenspursley.com](mailto:prestoncarter@givenspursley.com)  
[den@givenspursley.com](mailto:den@givenspursley.com)

BRIANA KOBOR  
VOTE SOLAR  
986 PRINCETON AVENUE S  
SALT LAKE CITY UT 84105  
E-MAIL: [briana@votesolar.org](mailto:briana@votesolar.org)

**ELECTRONIC ONLY**  
SNAKE RIVER ALLIANCE  
[wwilson@snakeriveralliance.org](mailto:wwilson@snakeriveralliance.org)

NW ENERGY COALITION  
[diego@nwenergy.org](mailto:diego@nwenergy.org)

DOUG SHIPLEY  
INTERMOUNTAIN WIND AND  
SOLAR LLC  
1953 WEST 2425 SOUTH  
WOODS CROSS UT 84087  
E-MAIL: [doug@imwindandsolar.com](mailto:doug@imwindandsolar.com)

  
\_\_\_\_\_  
SECRETARY