



Idaho Public Utilities Commission

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MEMORANDUM

**TO: PARTIES OF RECORD
COMMISSION SECRETARY**

FROM: SEAN COSTELLO

DATE: MARCH 6, 2018


**SUBJECT: REVISED DIRECT TESTIMONY OF STACEY DONOHUE
CASE NO. IPC-E-17-13**

Please find enclosed the Revised Direct Testimony of Stacey Donohue in IPC-E-17-13. All but one of these corrections carried through from Dr. Morrison's revised calculations to Ms. Donohue's testimony in this matter, the other is a typographical error. These corrections do not affect Staff's underlying conclusions and recommendations in this case. Included along with this Memorandum is Ms. Donohue's Revised Testimony.

The changes are summarized as follows:

Page	Line	From	To
10	7	13,113	13,581
10	9	11,781	11,776
11	10	1,332	1,805
12	5	\$100.63	\$137.25
12	7	2022	2021
12	8	\$708,000	\$985,000
12	9	0.14%	0.19%
15	12	\$8.39	\$11.44
15	13	\$100.63	\$137.25
18	23	1,332	1,805

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


Sean Costello
Deputy Attorney General

1 residential customers with average usage.

2 The Company's data provided to Dr. Morrison shows
3 that average net metering customers have higher usage than
4 average standard service customers even after accounting for
5 their own on-site generation. After offsetting their
6 consumption through their own on-site generation, an average
7 net metering customer consumes 13,581 kilowatt hour (kWh)
8 annually from the Company. By comparison, an average non-
9 net metering customer consumes 11,776 kWh annually from the
10 Company.

11 Nevertheless, the Company then applied the effects
12 of a 6kW solar photovoltaic (PV) system to the average
13 residential customer usage to create its "strawman" future
14 net metering customer.

15 Because any customer with below average usage
16 receives a subsidy from any customer with above average
17 usage, applying a 6kW solar PV system to average usage
18 significantly reduced usage below what is observed with
19 actual net metering customers in the sample the Company
20 provided to Dr. Morrison.

21 Based on this methodology, the Company calculated
22 a \$444 subsidy per its future "strawman" net metering
23 customer. This estimate is highly speculative because it is
24 not based on observed actual usage of net metering
25 customers.

1 The Company then multiplied this figure across its
2 projected growth in net metering customers and determined
3 that the future cost shift could range from \$755,000 to \$1.9
4 million over the next five years.

5 Q. How should the cost shift have been calculated?

6 A. Future net metering customer usage should have
7 been forecast using actual net metering customer
8 consumption. After offsetting their consumption from the
9 Company with their own on-site generation, the average net
10 metering customer uses 1,805 kWh more energy annually than
11 an average residential customer.

12 Q. Did Staff conduct its own analysis of the cost
13 shift?

14 A. Yes. Staff does not believe that power consumed
15 by the customer at the time it is produced by the customer's
16 own generation should be included in the cost shift
17 calculation. The only transactions that should be
18 considered are those that happen at the meter: 1) the power
19 supplied by the Company, and 2) excess generation supplied
20 by the customer.

21 The Company is currently paying net metering
22 customers retail rates for the energy net metering customers
23 push across the meter and back onto the grid. Any payment
24 amount that exceeds the cost the Company would have incurred
25 to acquire that energy is a subsidy to net metering

1 customers.

2 By applying avoided cost rates to the excess
3 generation only, Dr. Morrison calculated the current subsidy
4 from the body of standard service ratepayers to an average
5 net metering customer to be \$137.25 annually.

6 Using the Company's most aggressive forecast for
7 net metering growth, the cost shift in 2021 would be about
8 \$985,000. Assuming that residential class revenue remains
9 stable at \$515 million, the cost shift represents 0.19
10 percent of the annual residential class revenues.

11 Q. Why do you believe the cost shift should be
12 addressed even though it is relatively small?

13 A. The cost shift should be addressed because it is
14 caused by an inappropriate valuation of energy delivered to
15 the grid by net metered residential customers and not, for
16 example, by certain inevitable subsidies created by
17 consumption patterns, which cannot be controlled by the
18 Company or the Commission.

19 Q. Company witness Tatum claims that "Cost shifting
20 is generally accepted and regulators nationwide have
21 attempted to address it." Tatum Direct at 14. Please
22 respond to the suggestion that the Idaho Commission should
23 follow the lead of other states on this issue.

24 A. I have not reviewed the consumption data, cost
25 shift calculations, and evidence presented in other states.

1 only eliminates the cost shift caused by excess generation,
2 which is the only way that net metering customers are
3 different from standard customers as a class. Other cost
4 shifts associated with other-than-average billed consumption
5 remain, just as they remain for any other standard service
6 residential customer.

7 Q. How will this impact current net metering
8 customers?

9 A. Using the Company's DSM avoided cost rate as a
10 placeholder for the revised excess generation credit, Dr.
11 Morrison calculated that these two changes would increase
12 the average net metering customer's bill by \$11.44/month,
13 which is \$137.25 annually. This amount exactly offsets the
14 current subsidy received by net metering customers described
15 earlier.

16 Q. The Company states that the current net metering
17 pricing structure does not adequately reflect the cost to
18 serve net metering customers who use grid services every
19 hour of the month, but pay less than their respective share
20 of costs when generation is valued at the full retail rate
21 and netted against consumption on a monthly basis.
22 Application at 3. Does Staff's proposal addresses that
23 concern?

24 A. Yes. By adjusting the credit for excess
25 generation from the retail rate to an avoided cost rate and

1 Do you agree with this assessment?

2 A. No. A customer who installs a net metering system
3 is almost identical to a customer who installs an energy
4 efficiency measure. An energy efficiency measure only
5 delivers energy reduction in the hours that it is
6 functioning, which is the same as a net metering system.
7 For example, if a customer chooses to override the
8 efficiency setting on a smart thermostat, the device does
9 not provide savings during that time and the grid is called
10 upon to serve higher demand.

11 Q. On page 29 of her testimony, Ms. Aschenbrenner
12 claims that a net metering customer's usage is not similar
13 to a standard service residential customer who has little
14 monthly kWh usage. Do you agree?

15 A. No. To defend this statement, the Company
16 provides a chart showing the differing load patterns between
17 net metering and standard service residential customers on a
18 single day. One day of load pattern data does not support a
19 claim about monthly usage. Further, Ms. Aschenbrenner's
20 statement assumes that net metering customers are low usage,
21 but Dr. Morrison's analysis shows that after offsetting
22 their consumption with their own on-site generation, the
23 average net metering customer uses 1,805 kWh more annual
24 energy from the Company than non-net metering customers.

25 Q. Ms. Aschenbrenner admits on page 35 of her

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 6TH DAY OF MARCH 2018, SERVED THE FOREGOING **REVISED PAGES FOR THE DIRECT TESTIMONY OF STACEY DONOHUE**, IN CASE NO. IPC-E-17-13, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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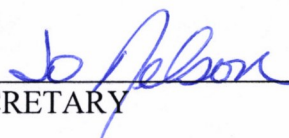
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