

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) CASE NO. IPC-E-23-11
AUTHORITY TO INCREASE ITS RATES)
AND CHARGES FOR ELECTRIC SERVICE)
IN THE STATE OF IDAHO AND FOR)
ASSOCIATED REGULATORY ACCOUNTING)
TREATMENT.)
_____)

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

GRANT T. ANDERSON

1 Q. Please state your name, business address, and
2 present position with Idaho Power Company ("Idaho Power" or
3 "Company").

4 A. My name is Grant T. Anderson. My business
5 address is 1221 West Idaho Street, Boise, Idaho 83702. I am
6 employed by Idaho Power as a Regulatory Consultant in the
7 Regulatory Affairs Department.

8 Q. Please describe your educational background.

9 A. In May of 2013, I received a Bachelor of Science
10 degree in Microbiology from Oregon State University. In May of
11 2015, I earned a Master of Business Administration degree from
12 Boise State University. In addition, I have attended the
13 electric utility ratemaking course The Basics: Practical
14 Regulatory Training for the Electric Industry, a course
15 offered through New Mexico State University's Center for
16 Public Utilities.

17 Q. Please describe your work experience with Idaho
18 Power.

19 A. In 2018, I was hired as a Regulatory Analyst in
20 the Company's Regulatory Affairs Department. My primary
21 responsibilities as a Regulatory Analyst included supporting
22 the Company's Commercial and Industrial customer classes' rate
23 design and general support of tariff rules and regulations. In
24 2021, I was promoted to my current position as a Regulatory
25 Consultant. My responsibilities expanded to include the

1 development of complex cost-related studies and support of the
2 Company's Residential and Small General Service ("R&SGS") and
3 on-site generation customer classes' rate design.

4 Q. What is the purpose of your testimony in this
5 matter?

6 A. My testimony will address the Company's rate
7 design proposals for residential, on-site generation, large
8 commercial, and industrial customers.

9 Q. How is your testimony organized?

10 A. My testimony is organized as follows:

- 11 • First, I describe the Company's proposed rate changes for
12 residential service under Schedule 1, Residential Service
13 Standard Plan ("Schedule 1"), Schedule 3, Master-Metered
14 Mobile Home Park Residential Service ("Schedule 3"), and
15 Schedule 5, Residential Service Time-of-Use ("Schedule
16 5").
- 17 • Second, I describe the Company's proposed Residential
18 Price Modernization Plan for all residential service
19 customers.
- 20 • Third, I describe the Company's proposed rate changes for
21 on-site generation under Schedule 6, Residential Service
22 On-Site Generation ("Schedule 6") and Schedule 8, Small
23 General Service On-Site Generation ("Schedule 8").
- 24 • Fourth, I describe the Company's proposed rate changes for
25 large commercial customers taking primary and transmission

1 service under Schedule 9, Large General Service ("Schedule
2 9") and for industrial customers taking service under
3 Schedule 19, Large Power Service ("Schedule 19").

4 • Lastly, I will address updates to Schedule 68,
5 Interconnections to Customer Distributed Energy Resources
6 ("Schedule 68").

7 Q. Are you sponsoring any exhibits?

8 A. Yes. I am sponsoring the following exhibits:

9	<u>Exhibit</u>	<u>Description</u>
10	Exhibit No. 53	Calculation of Proposed Rates
11	Exhibit No. 54	Typical Monthly Billing Comparison
12	Exhibit No. 55	Residential Price Modernization Plan
13	Exhibit No. 56	Schedule 6/8 Non-Legacy Bill Comparison

14 **I. RESIDENTIAL RATE DESIGN**

15 Q. What are the Company's residential service
16 schedules?

17 A. Idaho Power has four residential service
18 schedules, Schedules 1, 3, 5, and 6. Schedule 1 is available
19 to all customers taking service for general domestic use.
20 Schedule 3 is available only to master-metered mobile home
21 parks included on the Company's list of "grandfathered" mobile
22 home parks. Schedule 5 is an optional, time-of-use pricing
23 program with an on-peak and off-peak time-of-use period.
24 Schedule 6 is an optional net metering service that I will
25 more fully describe later in my testimony.

1 Q. What is the annual revenue requirement to be
2 recovered from residential service customers?

3 A. The annual revenue requirement to be recovered
4 from residential service customers, which includes Schedules
5 1, 3, 5, and 6, is \$650,093,265, as shown on page 5 of Company
6 Witness Mr. Paul Goralski's Exhibit No. 48, representing a
7 12.25 percent increase.

8 Q. What are the changes the Company is proposing to
9 the current rate design for residential service?

10 A. For the residential service schedules, the
11 Company is proposing to adjust each of the billing components
12 to move closer to its cost of service. This includes a
13 proposal to initially increase the Service Charge from the
14 existing \$5.00 per month to \$15.00 for all residential
15 schedules. Also, for Schedule 5, the Company is proposing
16 modifications to the definitions of on- and off-peak to better
17 align with the Company's hours of highest risk as informed by
18 its Integrated Resource Plan ("IRP") as described in more
19 detail in the Direct Testimony of Company Witness Ms. Connie
20 Aschenbrenner.

21 Q. Where does the Company show a comparison of the
22 present and proposed rates within each of the Company's
23 service schedules?

24 A. Pages 1-5 of Exhibit No. 53 shows a comparison
25 of the present and proposed rates for each of the residential

1 service schedules, which I will describe later in my
2 testimony.

3 **A. Schedule 1, Residential Service Standard Plan**

4 Q. Could you please describe the present rate
5 structure under Schedule 1 for residential service?

6 A. Yes. Residential service under Schedule 1 has a
7 present Service Charge of \$5.00 per month and seasonal
8 inclining block tiered rates where the price of energy is
9 higher when a customer uses more than a given threshold during
10 a monthly billing period. Table 1 provides a summary of the
11 present base tariff rates under Schedule 1.

12 **Table 1**
13 Schedule 1 Residential Energy Rates - Present

	<u>Summer</u>	<u>Non-Summer</u>
Energy Charge, per kWh		
First 800 kWh	8.6518 ¢	8.0390 ¢
801-2,000 kWh	10.4033 ¢	8.8627 ¢
All Additional kWh Over 2,000	12.3585 ¢	9.8154 ¢

14
15 Q. How does the Company propose to spread the
16 proposed revenue increase for Schedule 1 to the rates within
17 that schedule?

18 A. The Company proposes to increase the Energy
19 Charges - while slightly decreasing the price differential
20 between the three energy blocks - and increase the Service
21 Charge from \$5.00 per month to \$15.00 per month. The proposed
22 Energy Charges are summarized below in Table 2. I will discuss

1 the justification and rationale for the increase in the
2 Service Charge later in my testimony.

3 **Table 2**

4 Schedule 1 Residential Energy Rates - Proposed

	<u>Summer</u>	<u>Non-Summer</u>
Energy Charge, per kWh		
First 800 kWh	10.2985 ¢	9.3050 ¢
801-2,000 kWh	11.7937 ¢	10.0034 ¢
All Additional kWh Over 2,000	13.9291 ¢	10.7014 ¢

5

6 Q. How will the proposal impact a residential
7 customer with average consumption?

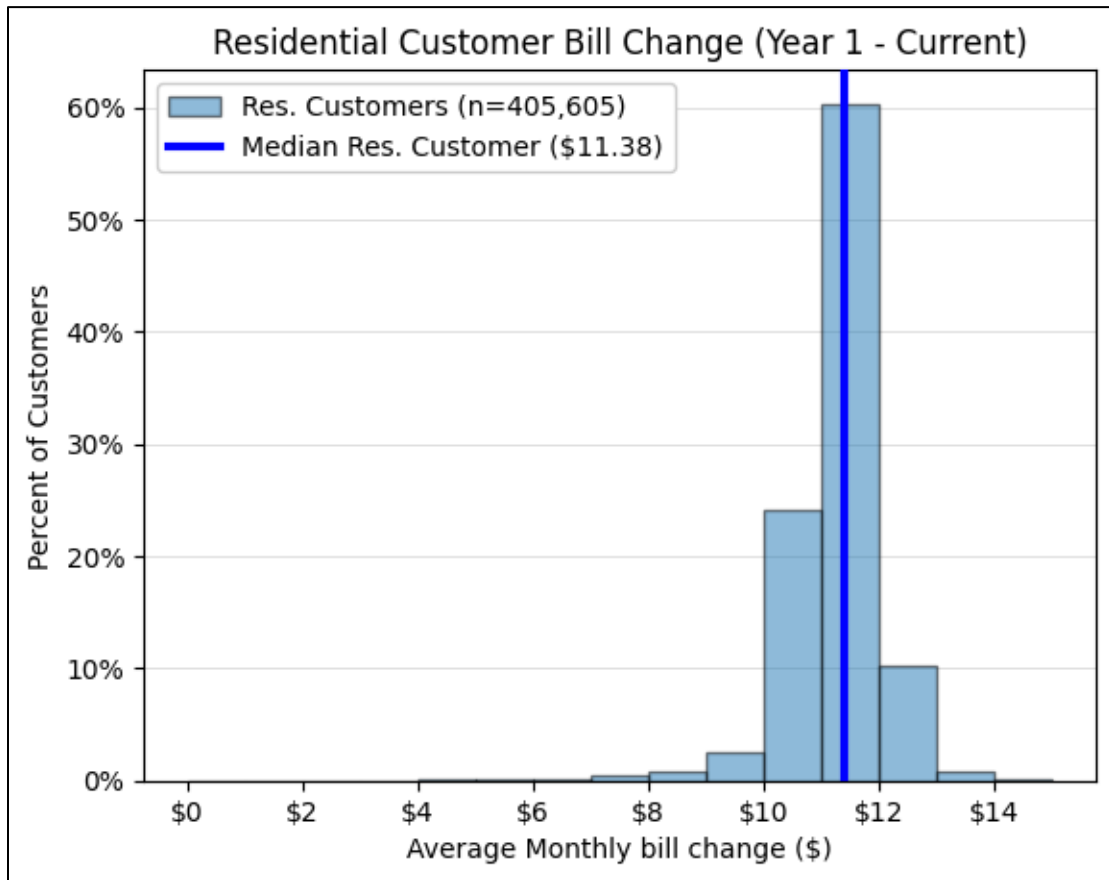
8 A. Inclusive of the increase to the Service Charge,
9 the proposed bill changes for a customer on Schedule 1 using
10 an average of 950 kilowatt hours ("kWh") per month is \$12.26
11 per month, or a 12.8 percent change in their electric bill.
12 The present average monthly bill for 950 kWh is \$95.73, and
13 that would increase to \$107.99. Page 1 of Exhibit No. 54 shows
14 the bill comparison table for the bill change across different
15 average monthly usage levels. The largest increase across the
16 different usage levels shown is a \$17.98 per month increase,
17 or a 3.2 percent change in their electric bill, for a customer
18 using 5,000 kWh.

19 Q. Did the Company evaluate the distribution of
20 customer bill impacts for residential customers?

21 A. Yes. Figure 1 shows the distribution of Schedule
22 1 bill impacts reflective of the overall increase in revenue
23 from the residential class of 12.25 percent and a \$15.00

1 Service Charge. The median average monthly bill increase in
2 the first year of the transition is \$11.38. Based on
3 historical 2022 energy consumption, 89 percent of residential
4 customers would have an average monthly bill increase of \$12
5 or less.

6 **Figure 1**
7 Residential Price Modernization Bill Impact
8 Year 1 vs Current



9

10 Q. Did the Company evaluate the distribution of
11 customer bill impacts for low-income residential customers?

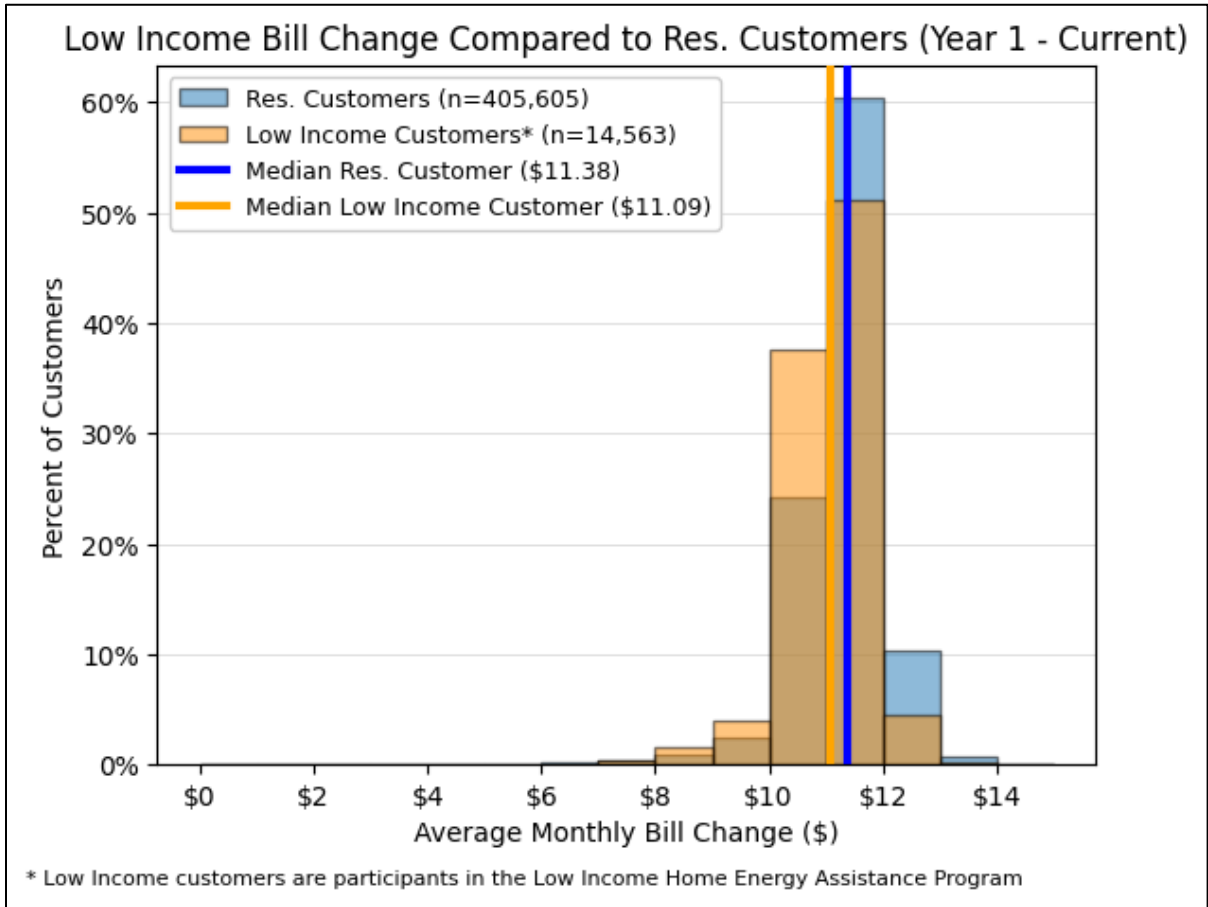
12 A. Yes. The Company prepared some of the same bill
13 impact information, but specific to low-income customers.

14 Because the Company does not track income information for its

1 customers, this impact analysis relied on those customers
2 identified as having received energy assistance through the
3 Low-Income Home Energy Assistance Program ("LIHEAP") as a
4 proxy for a low-income customer segment. Figure 2 shows the
5 distribution of low-income customer bill impacts reflective of
6 the overall increase in revenue from the residential class of
7 12.25 percent and a \$15.00 Service Charge. The median average
8 monthly bill increase in the first year of the transition is
9 \$11.09. Approximately 95 percent of the low-income customer
10 segment shown would have an average monthly bill increase of
11 \$12 or less as a result of the year one changes requested in
12 this case.

13 //

1 **Figure 2**
 2 Residential Price Modernization Bill Impact - Low Income
 3 Year 1 vs. Current



4
 5 As shown in Figure 2, these low-income customers are not
 6 disproportionately negatively impacted under the Company's
 7 residential rate design proposal.

8 Q. Does the Company propose any other changes to
 9 Schedule 1?

10 A. Yes. The Company is proposing additional
 11 increases to the Service Charge while commensurately
 12 flattening the inclining block structure in 2025 and 2026. I
 13 will address this in more detail later in my testimony when
 14 describing the Company's proposed Residential Price

1 Modernization Plan. These additional proposed changes are
2 designed to be revenue neutral relative to rates as proposed
3 for 2024 in this docket.

4 **B. Schedule 3, Master-Metered Mobile-Home Park Residential**
5 **Service**

6 Q. Do you propose any rate design changes for
7 Schedule 3?

8 A. No. The only change to Schedule 3 is an increase
9 in the Service Charge from \$5.00 to \$15.00 per month and a
10 uniform decrease in the Energy Charge to achieve the required
11 revenue for that schedule. The Company's proposed rate design
12 for Schedule 3 is shown on page 4 of Exhibit No. 53.

13 **C. Schedule 5, Residential Service Time-of-Use Plan**

14 Q. Could you please describe the present rate
15 structure under Schedule 5 for residential service?

16 A. Yes. Residential service under Schedule 5,
17 currently has an on-peak and off-peak time block in both the
18 summer and non-summer seasons. In the summer, the on-peak
19 block is eight hours long and in the non-summer, the on-peak
20 block is 14 hours long. The off-peak rate is the same for both
21 summer and non-summer seasons. The summer on-peak rate is
22 currently 1.7x higher than the off-peak rate, and the non-
23 summer on-peak rate is 1.3x higher than the off-peak rate.
24 Table 3 provides a summary of the present base tariff rates
25 under Schedule 5.

26 //

1 **Table 3**
 2 Schedule 5 Residential Time-of-Use Energy Rates - Present

	<u>Summer</u>	<u>Non-Summer</u>
Energy Charge, per kWh		
On-Peak	12.8910 ¢	9.5159 ¢
Off-Peak	7.3899 ¢	7.3899 ¢
<i>On:Off Differential</i>	<i>1.7x</i>	<i>1.3x</i>

3
 4 Q. How does the Company propose to spread the
 5 proposed revenue increase to Schedule 5 rates?

6 A. The Company proposes to shorten the on-peak
 7 periods, increase the price differential between on-peak and
 8 off-peak Energy Charge time blocks, and increase the Service
 9 Charge from \$5.00 per month to \$15.00 per month, consistent
 10 with all other residential service schedules. Table 4
 11 summarizes the proposed Energy Charges.

12 **Table 4**
 13 Schedule 5 Residential Time-of-Use Energy Rates - Proposed

	<u>Summer</u>	<u>Non-Summer</u>
Energy Charge, per kWh		
On-Peak	27.9642 ¢	13.4745 ¢
Off-Peak	6.9911 ¢	8.9830 ¢
<i>On:Off Differential</i>	<i>4.0x</i>	<i>1.5x</i>

14
 15 Q. How will the proposal impact a residential time-
 16 of-use customer with average consumption?

17 A. Inclusive of the increase to the Service Charge,
 18 the proposed bill change for a Schedule 5 residential customer
 19 using an average of 1,400 kWh per month is \$17.59 per month,
 20 or a 12.5 percent change in their electric bill. The present
 21 bill for 1,400 kWh is \$140.25 and would increase to \$157.84.

1 Page 3 of Exhibit No. 54 shows the bill comparison table for
2 the bill change across different average monthly usage levels.
3 The largest dollar increase across the different usage levels
4 shown is a \$37.10 per month increase, or 7.6 percent for a
5 customer using 5,000 kWh per month.

6 This average monthly bill comparison assumes no change
7 in usage. Presumably, a customer will respond to the price
8 signal between the new on- and off-peak time-of-use blocks,
9 resulting in the opportunity to reduce their energy bill.

10 Q. Did the Company evaluate the time-of-use periods
11 for Schedule 5?

12 A. Yes. As I will describe later in my testimony,
13 the Company is proposing changes to the definitions of the
14 time blocks commensurate with increasing the price
15 differential between on- and off-peak. I will describe the
16 proposed changes to the time blocks as part of the Company's
17 Residential Price Modernization Plan.

18 Q. Are you proposing any other changes to Schedule
19 5?

20 A. Similar to Schedule 1, there are additional
21 revenue neutral rate changes that I will describe in the
22 context of the Residential Price Modernization Plan.

23 //

1 **II. RESIDENTIAL PRICE MODERNIZATION PLAN**

2 **A. *Residential Price Modernization Plan Overview***

3 Q. What is the Company's Residential Price
4 Modernization Plan?

5 A. The Company proposes a three-year transition
6 period to modify the structure of its residential rates to
7 include the following:

- 8 1. Increase the Service Charge for residential service
9 under Schedules 1, 3, 5, and 6 to \$35.00 per month and
10 lower Energy Charges commensurately. If the Company
11 files a general rate case during the Residential Price
12 Modernization Plan transition the rates would be updated
13 to reflect any Commission approved rate changes.
- 14 2. Eliminate inclining block tiered rates for Schedules 1
15 and 6, resulting in Energy Charges that are flat for
16 each season.
- 17 3. Update the time periods for on- and off-peak periods for
18 Schedule 5 to better reflect the hours of system risk.

19 Q. When does the Company propose these changes
20 occur?

21 A. The first Service Charge increase is included
22 with the proposed revenue increase in this proceeding. The
23 second- and third-year changes would go into effect on January
24 1, 2025, and January 1, 2026, respectively. As I previously

1 described, the Company proposes to update the on- and off-peak
2 periods under Schedule 5 effective January 1, 2024.

3 Q. Does the first year of the Residential Price
4 Modernization Plan include more than just the transitioning?

5 A. Yes. The first year of the Residential Price
6 Modernization Plan also includes the increase in revenue
7 requirement. However, the second and third year of the
8 Residential Price Modernization Plan transition is revenue
9 neutral relative to the first year and does not increase the
10 Company's Commission-approved revenue requirement as proposed
11 in this docket.

12 **B. Fixed Service Charge**

13 Q. What is the Service Charge?

14 A. The Service Charge is a flat fixed amount that a
15 customer pays every month irrespective of usage.

16 Q. How much is the Service Charge for residential
17 service?

18 A. For residential service, the Service Charge is
19 presently \$5.00 per month.

20 Q. What proportion of a residential customer's cost
21 of service is related to fixed costs?

22 A. On average, the cost of service for a
23 residential customer is \$105.84 per month, and \$29.52 or about
24 28 percent of this value is energy related. The remaining
25 \$76.32 or about 72 percent is fixed and not energy related.

1 Q. What proportion of revenues from residential
2 customers is recovered through the fixed Service Charge?

3 A. For Schedule 1, only about five percent of
4 revenue is collected through the Service Charge. For Schedule
5 5, only about three percent of revenue is collected through
6 the Service Charge.

7 Q. What Service Charge does the Company propose for
8 the end of the three-year transition?

9 A. The Company proposes the Service Charge be set
10 at \$35.00 for all residential service schedules.

11 Q. Why is the Company proposing the same Service
12 Charge for both Schedule 1 and Schedule 5?

13 A. Schedule 5 is an optional rate schedule that
14 residential customers can choose to take service under. The
15 Company would like residential customers to opt-in to time-of-
16 use residential service because they want the opportunity to
17 save money by shifting usage to off-peak periods - not because
18 a Service Charge benefits them under a particular residential
19 service offering. Therefore, having the same Service Charge
20 for both Schedule 1 and Schedule 5 would prevent customers
21 from choosing one schedule or the other based upon the dynamic
22 between the fixed and volumetric charges.

23 Q. How does \$35.00 per month compare to the fixed
24 service or customer charge for other electric utilities in
25 Idaho?

1 A. At \$35.00 per month, the Company's residential
 2 Service Charge would be within the range of the fixed monthly
 3 rates that other Idaho electric utilities charge for
 4 residential customers. Table 5 below shows the fixed monthly
 5 residential charges for all Idaho electric utilities with more
 6 than 1,000 customers.

7 **Table 5**
 8 Fixed Monthly Residential Charges for Idaho Electric Utilities
 9 with More Than 1,000 Customers

Utility	Price
Avista	\$ 7.00
City of Idaho Falls	20.00
Fall River Rural Electric Cooperative	39.00
Inland Power & Light Company	26.55
Kootenai Electric Cooperative	32.50
Lower Valley Energy	16.00
Northern Lights	30.00
Raft Rural Electric Cooperative	22.50
Rocky Mountain Power	8.00
Salmon River Electric Cooperative	43.00
United Electric Cooperative	22.00
Average	\$ 24.23
<i>Note: All fixed monthly charges available from each utility's website as of May 22, 2023.</i>	

10
 11 Avista and Rocky Mountain Power have proposed similar changes
 12 to their fixed residential charges in current dockets. If both
 13 were approved as filed, the final year of their respective

1 transition periods would increase the average fixed monthly
2 residential charge in Table 5 from \$24.23 to \$28.32.¹

3 **C. Tiered Energy Charges**

4 Q. How do the Company's current tiered energy
5 charges work for Schedule 1?

6 A. Schedule 1 customers are subject to seasonal
7 inclining block tiered rates where the price of energy is
8 higher when a customer uses more than a given threshold during
9 a monthly billing period. Additionally, energy charges vary in
10 price by season, with higher energy pricing in the summer
11 season of June through August and lower pricing in the non-
12 summer season of September through May.

13 **D. Time-of-Use**

14 Q. What are the current time-of-use periods for
15 Schedule 5 and what changes does the Company propose?

16 A. Currently, the on-peak period for Schedule 5 is
17 weekdays from 1 p.m. to 9 p.m. during summer months and from 7
18 a.m. to 9 p.m. during non-summer months excluding holidays.
19 The off-peak period is during all other hours. The summer
20 season is defined as June through August and the non-summer
21 season is defined as September through May.

¹ *In the Matter of the Application of Avista Corporation for the Authority to Increase its Rates and Charges for Electric Natural Gas Customers in the State of Idaho, Case Nos. AVU-E-23-01 and AVU-G-23-01, Miller Direct at 27 (proposing Schedule 1 basic charge increasing from \$7 to \$35 over 5 years). In the Matter of the Application of Rocky Mountain Power for Authority to Implement the Residential Rate Modernization Plan, Case No. PAC-E-22-15, Meredith Direct at 2-3 (proposing basic charge increasing from \$9 to \$29.25 over 5 years).*

1 As described in the Direct Testimony of Ms.
2 Aschenbrenner, the Company is proposing the time-of-use
3 definitions for applicable rate classes be updated to better
4 align with hours of highest risk as informed by Idaho Power's
5 IRP. Specifically for Schedule 5, the on-peak period proposed
6 is Monday to Saturday from 7 p.m. to 11 p.m. during the summer
7 months. During the non-summer months the on-peak period would
8 be Monday to Saturday from 7 a.m. to 9 a.m. and 6 p.m. to 9
9 p.m.

10 The Company is also proposing to modify the summer
11 season for all rate classes to June through September, which
12 is described in more detail in the Direct Testimony of Ms.
13 Aschenbrenner.

14 Q. What are the current price differentials between
15 on- and off-peak?

16 A. The current summer on-peak rate is 12.8910 cents
17 per kWh and the off-peak rate is 7.3899 cents per kWh,
18 resulting in a 1.7x differential between on- and off-peak. The
19 current non-summer on-peak rate is 9.5159 cents per kWh,
20 resulting in a 1.3x differential between on- and off-peak.

21 Q. What price differentials is the Company
22 proposing in its Residential Price Modernization Plan?

23 A. The Company is proposing an on-peak to off-peak
24 price ratio of 4.0x for the summer and 1.5x for the non-
25 summer.

1 Q. How did the Company develop its recommended
2 pricing structure for residential time-of-use?

3 A. Ms. Aschenbrenner directed me to develop an
4 offering in a manner that would be most effective at promoting
5 a response to the price signal. From evaluating industry
6 trends I found a common theme: as the price ratio increases,
7 customers shift usage in greater amounts, but at a declining
8 rate. A database of customer response to time-varying rates
9 conducted by Brattle² shows a relationship between price
10 response and price ratio where a 4.0x peak to off-peak price
11 ratio could provide a peak impact of approximately 10 percent.
12 For the non-summer season, the Company selected a 1.5
13 differential to only moderately increase the existing
14 differential to send a price signal to customers during the
15 more narrowly defined hours of highest system risk during the
16 non-summer season. I believe this design will elicit customer
17 adoption, incentivize customers to shift load outside of the
18 highest risk hours, and provide customers an opportunity to
19 reduce their electric bills.

20 **E. Rate Design Calculations**

21 Q. What prices does the Company propose for the
22 three-year Residential Price Modernization Plan?

² The Brattle Group, *Arcturus 2.0: A Meta-analysis of Time-varying Rates for Electricity*, The Electricity Journal, vol. 30, issue 10 (Dec. 2017).

1 A. Exhibit No. 55 shows the proposed prices,
2 billing determinants, and anticipated revenue for the
3 Residential Price Modernization Plan. It is important to note,
4 the anticipated residential revenue for each year of the
5 transition does not increase in years two or three of the
6 plan. Rather, in each successive year of the transition
7 period, the revenue from the Service Charge increases and
8 revenue from the Energy Charge decreases commensurately, which
9 ensures a revenue neutral proposal. Additionally, for
10 Schedules 1 and 6, the differences between the three energy
11 blocks are eliminated by the final transition year. Table 6
12 summarizes the proposed prices for Schedules 1 and 6 for each
13 year of the transition.

14 **Table 6**
15 Proposed Schedule 1 and 6 Prices by Transition Year

Description	Transition Year			
	Current	Year 1	Year 2	Year 3
Service Charge	\$ 5.00	\$ 15.00	\$ 25.00	\$ 35.00
<i>Summer Energy Charges</i>				
First 800 kWh	8.6518 ¢	10.2985 ¢	9.5182 ¢	8.7379 ¢
801-2,000 kWh	10.4033 ¢	11.7937 ¢	10.2658 ¢	8.7379 ¢
All Additional kWh	12.3585 ¢	13.9291 ¢	11.5634 ¢	8.7379 ¢
<i>Non-Summer Energy Charges</i>				
First 800 kWh	8.0390 ¢	9.3050 ¢	8.3859 ¢	7.4669 ¢
801-2,000 kWh	8.8627 ¢	10.0034 ¢	8.7351 ¢	7.4669 ¢
All Additional kWh	9.8154 ¢	10.7014 ¢	9.0306 ¢	7.4669 ¢

16
17 //

1 Table 7 summarizes the proposed prices for Schedule 5
 2 for each year of the transition.

3 **Table 7**
 4 Proposed Schedule 5 Prices by Transition Year

Description	Transition Year			
	Current	Year 1	Year 2	Year 3
Service Charge	\$ 5.00	\$ 15.00	\$ 25.00	\$ 35.00
<i>Summer Energy Charges</i>				
On-Peak	12.8910 ¢	27.9642 ¢	26.0477 ¢	24.1307 ¢
Off-Peak	7.3899 ¢	6.9911 ¢	6.5119 ¢	6.0327 ¢
<i>On:Off Differential</i>	1.7x	4.0x	4.0x	4.0x
<i>Non-Summer Energy Charges</i>				
On-Peak	9.5159 ¢	13.4745 ¢	12.5509 ¢	11.6273 ¢
Off-Peak	7.3899 ¢	8.9830 ¢	8.3672 ¢	7.7515 ¢
<i>On:Off Differential</i>	1.3x	1.5x	1.5x	1.5x

5
 6 Q. How were prices for the three-year Residential
 7 Price Modernization transition determined?

8 A. The \$35.00 Service Charge was determined by
 9 taking residential revenue from Schedules 1, 3, and 5, and
 10 multiplying by the proportion of cost of service related to
 11 all other fixed costs besides generation and transmission
 12 costs and dividing by the number of monthly billings. The
 13 resulting \$36.09 was rounded down to \$35.00. To determine
 14 prices for the transition, the Service Charge was increased by
 15 one-third of the difference between the present \$5.00 Service
 16 Charge and \$35.00 in each year of the transition.

17 Flat seasonal Energy Charges in the final year of the
 18 transition were determined by applying the seasonal
 19 differential and solving for the remaining revenue required

1 for the class after removing the proposed Service Charge
2 revenue. Prices for each transition year were determined by
3 decreasing the Energy Charge by one-third of the difference
4 between the present and final transition year price in each
5 subsequent period.

6 To determine the proposed Schedule 5 Energy Charges,
7 the final transition year on- and off-peak Energy Charges were
8 set to reflect a 4:1 differential while also reflecting the
9 increase in recovery from the higher Service Charge.

10 Q. Why is the Company proposing to modify the on-
11 and off-peak price differential?

12 A. The proposal is intended to send a more
13 meaningful price signal to customers to shift energy usage to
14 off-peak hours. Providing this price signal in conjunction
15 with the shorter window of time for the on-peak period
16 furthers two distinct objectives: (1) incenting customers to
17 shift usage from highest risk hours, and (2) creating an
18 opportunity for customers to reduce bills.

19 ***F. Customer Bill Impacts***

20 Q. How would the Company's proposed rate increase
21 and the Residential Price Modernization Plan impact customers
22 at different usage levels?

23 A. Page 1 of Exhibit No. 54 shows a bill comparison
24 table for the bill impact of the first year of the transition
25 for Schedule 1 customers across different usage levels and

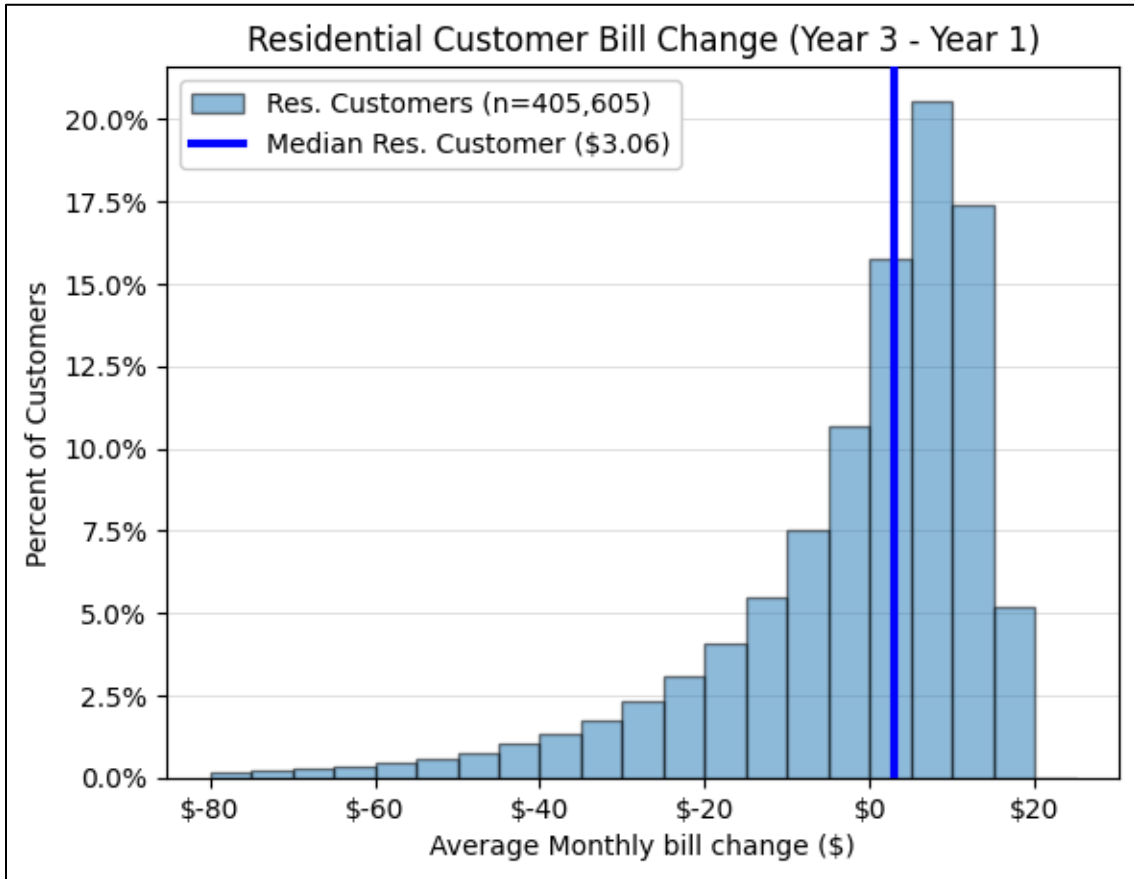
1 page 2 shows the same for the change from the first year to
2 the final year of the transition. The largest change shown
3 over the transition is for a customer using 150 kWh, which
4 would see a \$10.38 per month increase in the first year. The
5 increase for a customer using 150 kWh for the entire
6 transition period is \$27.76 per month. The difference between
7 these values demonstrates the need to make the changes in
8 price over the requested three-year period to moderate
9 customer impacts. Pages 3 and 4 of Exhibit No. 54 shows the
10 same information, except for the proposed transition for
11 Schedule 5.

12 Q. Did the Company evaluate the distribution of
13 customer bill impacts for the full transition of the
14 Residential Price Modernization Plan?

15 A. Yes. Figure 3 shows the distribution for the
16 final year of the transition period for Schedule 1 customers,
17 as compared to the first year. The changes implemented in
18 years two and three will be revenue neutral and the median
19 average monthly bill increase in the final year of the
20 transition, compared to the first year, is \$3.06. Based on
21 historical 2022 energy consumption, 86 percent of residential
22 customers would have an average monthly bill increase of \$12
23 or less between year one and year three of the plan.

24 //

1 **Figure 3**
 2 Residential Price Modernization Bill Impact
 3 *Final Year of Transition vs. Year 1*

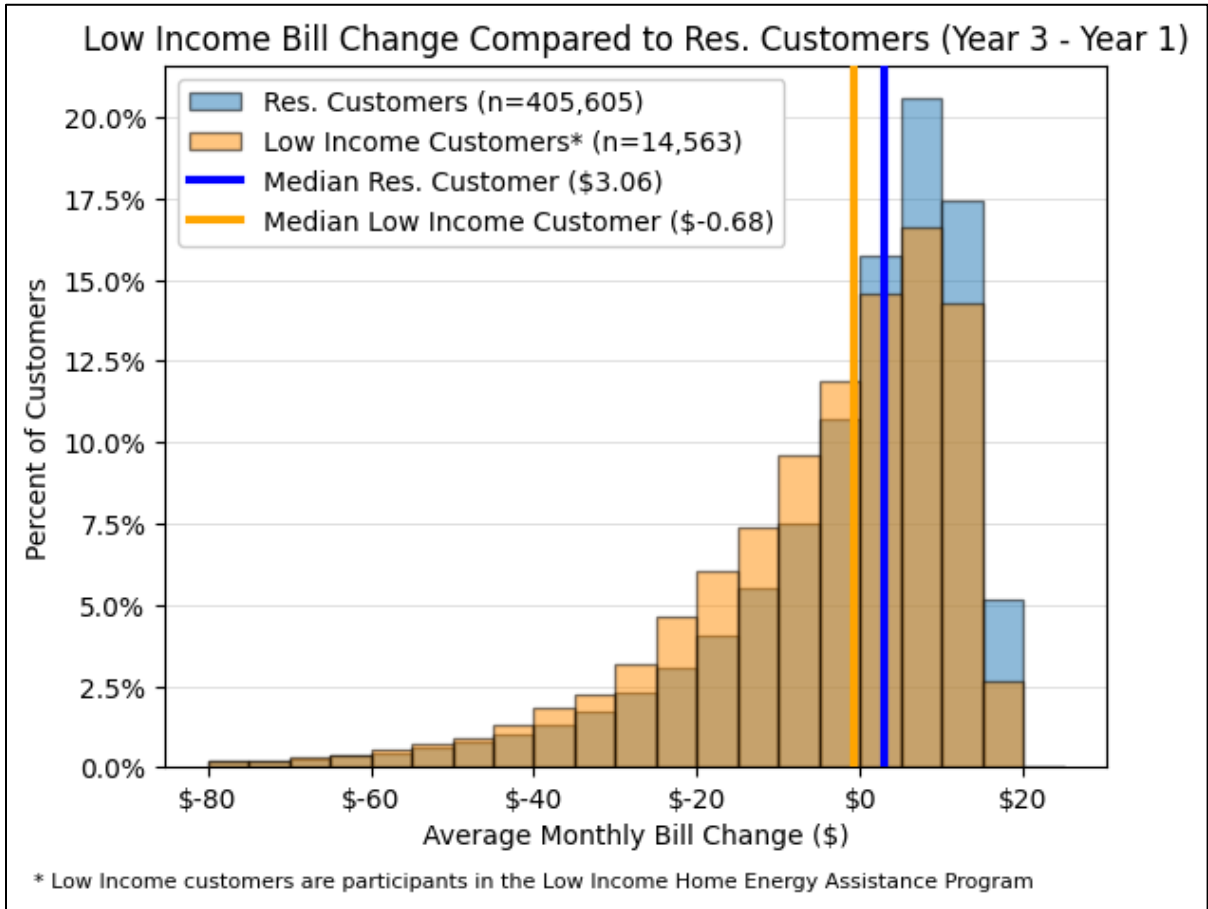


4

5 Q. Did the Company similarly evaluate the
 6 distribution of low-income customer bill impacts for the full
 7 transition of the Residential Price Modernization Plan?

8 A. Yes. Figure 4 shows the distribution for the
 9 final year of the transition for the low-income customer
 10 segment, compared to other residential customers. The median
 11 average monthly bill change in the final year of the
 12 transition, compared to the first year, is a \$0.68 decrease
 13 and 90 percent of the low-income residential customer segment
 14 would have an average monthly bill increase of \$12 or less.

1 **Figure 4**
 2 Residential Price Modernization Bill Impact - Low Income
 3 *Final Year of Transition vs. Year 1*



4
 5 As shown in Figure 4, these low-income customers are not
 6 disproportionately negatively impacted under the Company's
 7 Residential Price Modernization Plan.

8 **III. ON-SITE GENERATION RATE DESIGN**

9 Q. What are the Company's on-site generation
 10 service schedules?

11 A. Idaho Power has three on-site generation service
 12 schedules; however, only Schedules 6 and 8 are separate
 13 customer classes with their own rate design and cost
 14 allocation. The third on-site generation service is under

1 Schedule 84, Customer Energy Production Net Metering Service
2 ("Schedule 84"), where customers take their retail electric
3 service under the applicable standard service schedule (e.g.,
4 Schedules 9, 19, or 24). For purposes of rate design
5 discussion, on-site generation rate design for these customer
6 classes is addressed under the applicable standard service
7 schedule.

8 Q. What is the revenue requirement to be recovered
9 from Schedules 6 and 8?

10 A. The annual revenue target to be recovered from
11 Schedules 6 and 8 is \$14,723,344 and \$55,219, as shown on page
12 3 and 6 of Exhibit No. 53. As noted in the Direct Testimony of
13 Ms. Aschenbrenner, the Class Cost-of-Service ("CCOS") study
14 allocated costs to Schedules 6 and 8 are higher than revenue
15 collection under rates that mirror the Service Charge and
16 Energy Charges for the respective standard service under
17 Schedules 1 and 7.

18 Q. What is the current rate design structure for
19 on-site generation service under Schedules 6 and 8?

20 A. Schedules 6 and 8 rate design currently mirrors
21 the structure and rates for residential and small general
22 customers without on-site generation on Schedules 1 and 7,
23 respectively. Both rate structures currently have a \$5.00
24 Service Charge and an inclining block Energy Charge.

1 Q. Please summarize the Company's proposed rate
2 design changes for Schedules 6 and 8.

3 A. For Schedule 6, the Company is proposing in this
4 case to retain the linkage with rates under Schedule 1. In
5 addition, customers taking service under Schedule 6 will also
6 have the option to elect to take time-of-use rates which would
7 retain a linkage with rates under Schedule 5. All Schedule 6
8 rates, under the standard or time-of-use option would follow
9 the Service Charge transition under the Company's Residential
10 Price Modernization Plan.

11 For Schedule 8, the Company is proposing in this case
12 to retain the linkage with rates under Schedule 7. As
13 described in the Direct Testimony of Company Witness Mr. Zack
14 Thompson, the Company is proposing an increase in the Schedule
15 7 Service Charge from \$5.00 to \$20.00 per month.

16 Q. Why is Idaho Power requesting to maintain the
17 relationship with the respective applicable retail service
18 schedules?

19 A. The Company acknowledges that its proposal for
20 these on-site generation schedules does not address that, as
21 informed by the CCOS, the cost to serve these customers is
22 higher than standard service. However, similar to the
23 rationale for suggesting a three-year transition for the
24 Residential Price Modernization Plan, the Company is proposing

1 that residential rates be modified with gradualism in mind to
2 moderate bill impacts on individual customers.

3 After the final year of the three-year transition, the
4 Company will explore whether circumstances warrant further
5 rate design modifications for on-site generation customer
6 classes. For example, if all costs related to the distribution
7 system and customer service were collected through the Service
8 Charge for Schedule 6, the Service Charge would equate to
9 approximately \$50 per month. The Company suggests evaluating
10 further movement towards the cost to serve in a future case
11 after or near the end of the transition period for the
12 Company's Residential Price Modernization Plan.

13 Q. Have you prepared an exhibit that illustrates
14 the rate design proposal for revenue recovery of Schedules 6
15 and 8?

16 A. Yes. Exhibit No. 53 shows the proposed prices,
17 billing determinants, and anticipated revenue for Schedules 6
18 and 8. These rates align with the proposed rates for Schedules
19 1 and 7, respectively.

20 Q. Have you prepared an exhibit that shows the
21 billing impact of this rate design proposal on customers
22 receiving service under Schedules 6 and 8?

23 A. Yes. Exhibit No. 54 shows bill comparisons for
24 the proposed transition period for rates under Schedules 1 and
25 5, which would be applicable to customers taking service under

1 Schedule 6. Pages 1 and 3 of Exhibit No. 54 shows a bill
2 comparison for the first year of the transition for customers
3 across different usage levels.

4 Additionally, Exhibit No. 56 shows a comparison for
5 non-legacy Schedule 6 and 8 customers with 12 months of
6 billing data in 2022 under the existing and proposed rates.
7 The average monthly increase shown for Schedule 6 non-legacy
8 customers is an 18 percent increase and for Schedule 8 is a 43
9 percent decrease.

10 **IV. LARGE GENERAL SERVICE - SCHEDULE 9 (PRIMARY/TRANSMISSION)**

11 Q. What is the revenue requirement for Schedule 9
12 customers taking service at the Primary and Transmission
13 levels?

14 A. The annual revenue requirement for Schedule 9
15 Primary and Transmission level customers as shown on page 5 of
16 Mr. Goralski's Exhibit No. 48 is \$43,557,610.

17 Q. What is the current rate structure for Schedule
18 9 Primary and Transmission Service?

19 A. All customers taking service under Schedule 9
20 Primary or Transmission Service pay seasonal time-of use
21 Energy Charges, seasonal Demand Charges, a summer On-Peak
22 Demand Charge, a Basic Charge, and a Service Charge. Customers
23 may also pay a Facilities Charge for Company-owned facilities
24 installed beyond Idaho Power's Point of Delivery.

1 Q. Have you prepared an exhibit that illustrates
2 the rate design proposal for Primary and Transmission Service
3 under Schedule 9?

4 A. Yes. The rate design proposal for Schedule 9
5 Primary and Transmission Service is located on pages 7 and 8
6 of Exhibit No. 53 and targets the revenue shown on page 5 of
7 Mr. Goralski's Exhibit No. 48. For all rate components, the
8 Company is proposing rates that represent a uniform 30 percent
9 movement towards the costs to serve that rate component, and
10 the Energy Charges are informed by the marginal price of
11 energy for each time-of-use period. The costs to serve each
12 rate component are indicated on page 6 of Mr. Goralski's
13 Exhibit No. 43.

14 Q. What other changes is the Company proposing for
15 Schedule 9 Primary and Transmission Service rate design?

16 A. In addition to the incremental movement towards
17 the costs to serve each of the rate components, the Company is
18 proposing to change the definition of the time-of-use periods.

19 Q. What definition for on/mid/off-peak does the
20 Company propose for Schedule 9?

21 A. The Company proposes to change the definition of
22 the TOU periods for the summer season as follows:

- 23 • On-Peak: 7:00 p.m. to 11:00 p.m. Monday through
24 Saturday, except holidays

- 1 • Mid-Peak: 3:00 p.m. to 7:00 p.m. and 11:00 p.m.
2 to 12:00 a.m. Monday through Saturday, except
3 holidays
- 4 • Off-Peak: 12:00 a.m. to 3:00 p.m. Monday through
5 Saturday and all hours on Sunday and holidays.

6 For the non-summer season, the Company proposes to change the
7 definition of the time-of-use periods to the following:

- 8 • On-Peak: 6:00 a.m. to 9:00 a.m. and 5:00 p.m. to
9 8:00 p.m. Monday through Saturday, except
10 holidays
- 11 • Mid-Peak: 9:00 a.m. to 12:00 p.m., 4:00 p.m. to
12 5:00 p.m., and 8:00 p.m. to 10:00 p.m. Monday
13 through Saturday, except holidays
- 14 • Off-Peak: 10:00 p.m. to 6:00 a.m. and 12:00 p.m.
15 to 4:00 p.m. Monday through Saturday and all
16 hours on Sunday and holidays

17 Q. Why is the Company proposing to modify the
18 definition of time-of-use hours?

19 A. Similar to the change in the definition of hours
20 for residential time-of-use, the proposal better aligns these
21 definitions with hours of highest risk on the Company's
22 system. Aligning these hours with highest risk is consistent
23 with the evaluation performed in the development of the
24 Company's 2023 IRP.

1 Q. Have you prepared an exhibit that shows the
2 billing impact of this rate design proposal on customers
3 receiving Primary Service under Schedule 9?

4 A. Yes, page 5 of Exhibit No. 54 shows the billing
5 comparisons between the existing rates and proposed rates for
6 Schedule 9 Primary Service.

7 **V. LARGE POWER SERVICE, SCHEDULE 19**

8 Q. What is the revenue requirement to be recovered
9 from Large Power Service customers taking service under
10 Schedule 19?

11 A. The annual revenue requirement for Schedule 19
12 customers as shown on page 5 of Mr. Goralski's Exhibit No. 48
13 is \$164,068,656, representing a 6.61 percent increase.

14 Q. What is the current rate structure for customers
15 taking service on Schedule 19?

16 A. Service under Schedule 19, similar to service
17 under Schedule 9, is provided at Secondary, Primary, and
18 Transmission Service levels. All customers taking service
19 under Schedule 19 pay seasonal time-of-use Energy Charges,
20 seasonal Demand Charges, a summer On-Peak Demand Charge, a
21 Basic Charge, and a Service Charge. Customers taking Primary
22 or Transmission Service may also pay a Facilities Charge for
23 Company-owned facilities installed beyond Idaho Power's Point
24 of Delivery. In addition, Schedule 19 includes a 1,000

1 kilowatts per month minimum Billing Demand and Basic Load
2 Capacity.

3 Q. Have you prepared an exhibit that illustrates
4 the proposed rate design to recover the annual revenue
5 requirement for Schedule 19?

6 A. Yes. The rate design proposal for Schedule 19 is
7 shown on pages 9-11 of Exhibit No. 53 and targets the proposed
8 class revenue increase. For all rate components, the Company
9 is proposing rates that represent a uniform 30 percent
10 movement towards the costs to serve that rate component, and
11 the Energy Charges are informed by the marginal price of
12 energy for each time-of-use period. The costs to serve each
13 rate component are indicated on page 7 of Mr. Goralski's
14 Exhibit No. 43.

15 Q. What definition for on/mid/off-peak does the
16 Company propose for Schedule 19?

17 A. The Company proposes the same definition for
18 on/mid/off-peak as described for Schedule 9.

19 Q. Have you prepared an exhibit that shows the
20 billing comparisons between the existing rates and the
21 proposed rates for Schedule 19 Primary Service customers?

22 A. Page 6 of Exhibit No. 54 shows the billing
23 comparisons between the existing rates and the proposed rates
24 for Schedule 19 Primary Service customers. The higher load

1 factor customers will see a lower overall increase as compared
2 to low load factor customers.

3 **VI. UPDATES TO SCHEDULE 68**

4 Q. What other changes are addressed in your direct
5 testimony?

6 A. In addition to the rate design proposals
7 described herein, I will address the proposed revisions to
8 Schedule 68. Attachment to the Application Nos. 1 and 2 show
9 the revisions in clean and legislative format, respectively,
10 for each of the respective tariff schedules.

11 Q. What is Schedule 68?

12 A. Schedule 68 is Idaho Power's tariff schedule
13 that applies to the construction, operation, and maintenance
14 of all interconnections to customer Distributed Energy
15 Resources ("DER" or "DERs") interconnected in parallel -
16 meaning operating and receiving voltage from Idaho Power's
17 system.

18 Q. What changes is the Company proposing to
19 Schedule 68?

20 A. The Company has proposed an update to the return
21 trip charge and a modification to the applicability section
22 regarding regenerative drives. Additionally, the Company has
23 proposed several miscellaneous revisions to improve the
24 administration of the interconnection process. Pages 68-1 to

1 68-13 in Attachment Nos. 1 and 2 show these administrative
2 improvements.

3 Q. What is the return trip charge?

4 A. A return trip charge is billed to the customer
5 each time Company personnel are dispatched to the job site but
6 are unable to conduct the on-site inspection due to one or
7 more conditions not being met that had been certified as
8 complete by the customer or installer on the System
9 Verification Form.

10 Q. Why is the Company updating the return trip
11 charge?

12 A. The return trip charge of \$61.00 was last
13 updated in 2020 based on meter technician miles driven, number
14 of inspections, vehicle rates, and labor rates. The updated
15 return trip charge calculation includes the miles and number
16 of inspections for the years 2020 through 2022 and updates the
17 Company's vehicle and labor rates for 2023.

18 Q. What is the change in the return trip charge?

19 A. The updated calculations result in a decrease to
20 the return trip charge in Schedule 68 from \$61.00 to \$52.00.
21 The change in the return trip charge is primarily driven by a
22 reduction in the average miles per inspection and efficiency
23 gains in time per inspection.

24 Q. What is a regenerative drive?

1 A. A regenerative drive allows electrical energy
2 generated by a motor under braking conditions to be used
3 again, or regenerated, rather than being completely lost to
4 heat. Applications that involve frequent starts and stops,
5 constant deceleration, or overhauling loads are candidates for
6 this use case. Examples include elevators, downhill conveyers,
7 and flywheels. The period of time during which regeneration
8 routes electricity back to the utility is small, based on the
9 limited amount of energy available from the driven load.

10 Q. Why does the Company believe a revision to
11 Schedule 68 is needed for regenerative drives?

12 A. Regenerative drives provide a source of electric
13 power independent from the bulk power system and is considered
14 a Distributed Energy Resource ("DER") connected in parallel
15 with the Company's system and pursuant to Schedule 68 is
16 subject to the smart inverter requirements therein.

17 As described to me, regenerative drives do not
18 typically raise the same concerns as other DERs with respect
19 to grid stability and reliability that are addressed with
20 smart inverters. For example, regenerative drives operate
21 infrequently and only for a few seconds at a time. These short
22 operations are not long enough to expect a change in reactive
23 power output to meet the voltage/reactive power capability
24 threshold for smart inverters. In addition, regenerative
25 drives cannot function with the loss of utility source - if

1 the grid loses power the drive will automatically also be de-
2 energized and won't be able to begin regenerating or continue
3 regenerating, which effectively eliminates the risk of that it
4 will contribute to an island condition and obviates the need
5 for anti-islanding protection.

6 Q. What changes does the Company propose to
7 accommodate the installation of regenerative drives?

8 A. To account for installations that are within the
9 scope of Schedule 68 but do not implicate the same challenges
10 that smart inverters are intended to address, the Company
11 proposes to amend the Applicability section to address other
12 technologies that use similar methods to generate electricity
13 in parallel with the Company's system, including but not
14 limited to regenerative drives used in elevators and other
15 energy recapture systems.

16 Specifically, the Company proposes to evaluate the
17 following criteria to determine whether a regenerative drive
18 or other energy recapture system can be interconnected outside
19 of the IEEE 1547 requirements: (1) magnitude of exports; (2)
20 duration of the exports; and (3) ability of DER to operate
21 during the loss of the utility source.

22 Q. Does this conclude your direct testimony in this
23 case?

24 A. Yes, it does.

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DECLARATION OF GRANT T. ANDERSON

I, Grant T. Anderson, declare under penalty of perjury under the laws of the state of Idaho:

1. My name is Grant T. Anderson. I am employed by Idaho Power Company as a Regulatory Consultant in the Regulatory Affairs Department.

2. On behalf of Idaho Power, I present this pre-filed direct testimony and Exhibit Nos. 53 through 56 in this matter.

3. To the best of my knowledge, my pre-filed direct testimony and exhibits are true and accurate.

I hereby declare that the above statement is true to the best of my knowledge and belief, and that I understand it is made for use as evidence before the Idaho Public Utilities Commission and is subject to penalty for perjury.

SIGNED this 1st day of June 2023, at Boise, Idaho.

Signed: Grant T. Anderson
GRANT T. ANDERSON