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To Comm and A

Barb Barrows

From: Diane Campbell [dianecampbell@onewest.net]
Sent: Friday, October 13, 2006 3:13 PM
To: Tonya Clark
Cc: Tom McCauley
Subject: Revised Comments Case No. IPC-E-06-17

October 12, 2006

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
P.O. Box 83720
Boise, ID 83720-0074

Re: Case No. IPC-E-06-17
Application

Dear Ms. Jewell,

I have read the proposed application by Idaho Power Company, an IDACORP Company, for authority to revise net metering requirements in schedule 84 for electric service to it's customers.

In rebuttal, and in support of their application, I submit the following comments. I have followed Idaho Powers "Application" format and referenced their application by Section, page, and paragraph.

I also request I be able to participate in any oral argument in front of the IPUC should a hearing be held. If intervenor status is required, I request I be granted such status. Please provide notification of a hearing and my status as may be necessary.

Thank-you for the opportunity to comment,

Sincerely,

Donald K. Campbell, President
Lone Eagle Aquaculture, Inc.
First Ascent Fish Farm, LLC

Office 208-543-4387
Fax 208-543-9277
E-mail loneeagle@magiclink.com

GENERAL COMMENTS

A. GREEN ENERGY. At present, Idaho Power Company has developed and is implementing or will soon implement a "Green Energy Program." In talking with individuals who are contributing to this program, they are under the impression their money is going for research and development of green energy in the State of Idaho.

However, the Green Energy Program, mediated through a federal program has very specific definitions as to what constitutes green energy generation. Hydroelectric dams do not qualify under these guidelines and few of the generating facilities owned by Idaho Power Company qualify.

Based on a review of these federal guidelines, my generation facility meets the federal definitions of Green Energy

B. When we first began investigating the potential for the development of a small scale hydroelectric plant, the payment programs available through Idaho Power precluded development. However, Idaho Power later implemented a program encouraging development of small scale power production. This became the "Net Metering Program."

Some within Idaho Power, and I do not remember who, indicated the net metering program was a positive public relations program for IPCO. Thus, it was only after Idaho Power changed it's method of compensation that I considered investing in the construction and operation of our generating facility.

Today, however, Idaho Power is backing away from their "net metering program" for a variety of reasons.

1. Definition of "Firm Power." The power produced from my facility has been more reliable than that provided by Idaho Power. Yet, they say they cannot depend on my power because I have not signed a contract. A contract is not physics, but if is a contact that is needed, why has Idaho Power not brought this to my attention?

AT NO TIME, THROUGH OUT THE HISTORY OF MY PROJECT, HAS IDAHO POWER EVEN SUGGESTED WE SIGN A CONTRACT. To suggest we do not meet the required definition of "firm power" is disingenuous.

Idaho Power has never presented any contractual or other payment alternatives to me. Neither have they ever reviewed my facilities, nor have they reviewed our development plans. Yet by their own admission (personal communication: Tom McCauley with Mr. Scott Gates, October 13, 2006) there are only 4 net metering facilities with which they have concerns.

Mine is one of them. If Mr. Scott Gates, the Net Metering Administrator, was interested in the program he is administering (and if he were employed by me) he would be out of the office and doing site visitations. He would be reviewing the net metering programs on the ground and educate himself on the facilities for which he bears responsibility.

I have never met Mr. Gates, nor, to my knowledge has he ever been to my generating facility.

2. Multiple Meters on Site. Idaho Power has admitted they have not taken into account that we have multiple meters on our farm. Our farm is nearly a mile long and with electrical needs at several locations, we have a total of 3 meters. Our generation facility was built close to our commercial demand

center (our fish farm) and thus the "net meter" only reflects our use at this one location.

At the time of installation of our generating plant, THIS WAS FINE.

Yet, today, Idaho Power is saying, "well, yes we understand that your total use is in excess of the power generated but, the value of the power used elsewhere is not the same." Idaho Power was aware of the situation at the time the plant was installed. Idaho Power was well aware of the design and planned use. They have now changed their minds and have presented an untrue scenario.

Their suggestion otherwise is disingenuous.

Comments regarding Case No. IPC-E-06-17 Application

I. INTRODUCTION

Page 2, para 1. Idaho Power draws an unsupportable conclusion when it writes, "Therefore, the Company is proposing modifications to its net metering provision to eliminate certain financial barriers to participation

This phrase suggests there are currently financial barriers to participation and this is abundantly true for many projects, and my own project has been no exception. For example, the cost of pipe, engineering, installation, etc. is expensive. The cost of transformers, paying the engineering of Idaho Power, wiring, safety interconnects are expensive and all of these costs were borne by me, the generation customer.

Idaho Power representatives told us we would be paying for Idaho Power's time, hardware, and effort expended and associated with the development and installation of our project. Without objection, I

assumed those costs when I put in my power generation project.

However, the greatest financial barrier to the future development of any small scale generation facility, including any "green energy" facility, will be the proposed change in the net metering tariff as presented in this Application. This proposal (personal communication S. Gates) for payment of the 85% annual average of the Mid Columbia Rate is the financial barrier to the development of "green energy" such as that produced at our generation facility.

Page 2, para 1. If there is cost shifting to non-participating customers, that "cost shifting" according to my conversation with Mr. Scott Gates, appears to be more a function of management of the net metering program by Idaho Power rather than a function of the intent of the net metering program.

Idaho Power has allowed through their own decision making processes, participation in the net metering program by power producers who should have possibly been assigned into a different program, such as a "QF" program.

In my opinion, this is not the fault of either the tariff or those of us who have built our systems based on the original "intent" of the net metering program, but rather the mismanagement of the program by Idaho Power. Any alternative programs that may be available have never been discussed through-out the history of my project. Is Idaho Power so inept or afraid of us they don't want to discuss these issues? After all, there are by Mr. Gates' admission a total of 4 individuals with whom they might have to talk.

Secondly, without being pejorative, Idaho Power has created several administrative positions to oversee the net metering program. There is at least a "Net Metering Administrator," a "Manager," (are there more?) and, I have to assume each of these "positions" is assigned a secretary to help administer a program involving a mere 26 power producers and only 4 who may, in the short term, be producing power in excess of consumption (personal communication Mr. Scott Gates).

Therefore, I must agree with Idaho Power on this point, "cost shifting" has occurred. The power produced under the net metering tariff can in no way pay for this level of administration.

Not being one to simply criticize, I offer the following suggestion: possibly, Idaho Power could administer the program with one administrative secretary.

II. PROCEDURAL HISTORY

Page 2, para 4. Power Evaluation. Idaho Power values it's power at a certain dollar amount and a customer pays this amount for a given amount of electricity. For example, a Small General Service customer wants to use power provided by Idaho Power. Idaho Power values that power at \$0.0768 per Kwh. If the "actual value" of the "generation itself" is less than what the Company is paying, shouldn't Idaho Power reduce it's rates for all residential, commercial, and industrial customers to more accurately reflect the true "value" of it's power?

Page 2, para 4. Idaho Power writes, "Net metering allows Idaho Power to avoid some generation costs and perhaps some transmission costs, but few, if any, other costs. Therefore, Idaho Power does not recover its full costs of providing service from net metering customers."

I am a net metering customer. This statement is patently untrue and misrepresents Idaho Power's

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participation in the development of my net metering operation. Ms. Monica B. Moen and Mr. Barton L. Kline have lied to you, Ms. Jewell, and to the Idaho Public Utilities Commission.

When I developed my project I was required to meet very specific criteria demanded by Idaho Power prior the project going forward. These criteria included among other items: safety equipment, transformers, and transmission lines. Additionally, I was required to deliver my power to a certain location, chosen by Idaho Power.

I agreed to all of the requirements of Idaho Power.

1. I paid for all of the electrical engineering costs associated with the entire interconnection package. The system used by Idaho Power at the time my project began was very expensive and thus, presented a "financial barrier" to the development of small scale projects. As a point of fact, my own electrical engineers showed Idaho Power how to redesign their protection package so it could be produced less expensively and function more reliably.

It is this design, or a simple modification thereof, that is used by all other net metering customers (personal communication Mr. Scott Gates).

Not only did I pay for my own electrical engineering, but I was billed for Idaho Power's time and materials.

2. I paid for all of the costs associated with installation of all wiring, transmission lines, transformers, safety systems (and anything else Idaho Power wanted me to do) from my generation facility to Idaho Power transmission lines.

3. I paid for all costs associated with the development and installation and operation of my own facility.

I strongly object to Idaho Power's accountants and attorneys insinuating that Idaho Power "does not recover its full costs of providing service from net metering customers."

I can attest, Idaho Power has billed and recovered their money, or at least all they chose to bill, from me. To hold me accountable for any "unbilled" time or materials is wrong.

Finally, I believe this section of the Application was written with limited knowledge of the history of this program. It is not my intent to in any way besmirch the integrity of the people who helped me develop my project -- those individuals are beyond reproach and are a credit to the Company (Mr. Randy Allphin is one, other names available on request). Nor is it my intent to in any way suggest I have been excessively charged for costs associated with the development of my project.

To the contrary, the electrical engineers employed by Idaho Power are among the finest individuals with whom I have worked. I have never, until today, mentioned or complained about having to pay Idaho Power's charges for interconnection. When I went into this project, I knew we were paving new ground and whenever this happens, "you pay your money and take your chances."

We did "pay our money", and through perseverance and determination, we succeeded. For some attorneys or administrators to denigrate the intentions and successes of all of us involved, both Idaho

Power engineers and ourselves, is out of place and petty.

Page 3, para 1. Idaho Power writes, "Net generation ... is provided by customers to Idaho Power on a non-firm basis, or on an "if and when available" basis."

This statement is both indefensible and displays the writer's ignorance of the net metering customers. My operation came on line in December of 2003. History will show the power provided by Idaho Power has been less reliable than that provided by my own plant. We have been off-line on two occasions: 1) We replaced our turbine and generator, and 2) a neighbor drove his pick-up off the road and broke a vacuum relief valve.

Other than those two occasions, we have consistently produced power 24-7-365.

Mr. Scott Gates said that I produced "non-firm power" (personal communication). After I explained our generation facility and how any fluctuation in "received power" monitored by Idaho Power was a function of our daily and weekly use, Mr. Gates retracted his statement. For example, we use our power for our ice machine, lights and heating in our hatchery buildings, and freezers.

Our ice machine is in operation during normal business hours 5 days per week (we use 800 – 1500 lbs of ice per week in our business). Our hatchery has lights and it is in operation from 0800 to 1800 daily. Thus, Idaho Power would "see" fluctuating power usage, not fluctuating production from our plant. This fluctuation corresponds to the same "fluctuation" in use it realizes from any customer on their system.

In fact our power generation is and has been more dependable than any dam generator operated by Idaho Power.

I had been told by Idaho Power, one of the purposes of the net metering program was for a small scale user to produce power and use that power at a small scale rate thus eliminating the need for Idaho Power to have to provide "higher value" power to a Small General Service customer in a rural and out of the way location. Furthermore this part of the grid has improved it's stability as a result of my generation. Prior to the installation we suffered a higher number of outages than we do presently.

I think we have succeeded in helping Idaho Power to accomplish its goal. I find it disingenuous for an attorney to suggest otherwise.

If, on the other hand, Idaho Power wants to change how it defines "firm power" I would like to know. If they would like to require a contract, then present it; if they would like to include all meters, bring this suggestion to the table.

If Idaho Power has concerns about individual operators and their generation facilities, then define those concerns. But to spend so much money and time on this process is ridiculous.

However, it is how a bureaucracy justifies itself.

Page 3, para 1. Idaho Power correctly states, "the value of firm versus non-firm energy is not recognized under the current net metering tariffs ..." However, Idaho Power incorrectly states that ALL net metering projects provide "non-firm" power. If Idaho Power chooses to pay less for Non-firm power then they should do so; I support this choice. But for Idaho Power to change the definition of "firm" power for the purposes of this Application is inappropriate.

By the admission of Mr. Scott Gates (personal communication) I produce "firm" power.

Page 3, para 2. Subsidy. Idaho Power states that it and its rate payers are "subsidizing" net metered generation projects. Yet, no where in this document has Idaho Power made a case for how it has subsidized a project. Its attorneys have used conjecture and innuendo and have not provided any facts in support of their position.

Based on my conversations with Idaho Power, and those of the electrical engineers and consultants (employed by me) who have discussed this issue with Idaho Power, Idaho Power has billed for all costs associated with my project -- no subsidy or subsidies have been provided.

III. MODIFICATIONS TO REDUCE COST-SHIFTING

Page 4, para 1. Idaho Power has not defined what "costs" are uncollected? What are these costs? My own experience is that the costs uncollected by Idaho Power are the costs associated with my own construction.

I can state unequivocally Idaho Power has not "collected" the cost of developing and constructing my project. They have not "collected" the cost of excavation, the cost of pipe, the cost of installation, the cost of engineering, the cost of 2 turbines and 2 generators, nor have they collected the cost of building construction.

I can also state Idaho Power has collected the cost, paid by me, for transformers and their installation, the interconnection package, and the engineering.

So far, the attorney's argument is without merit.

Page 4, para 2. I will not contest the validity of the examples provided. However, I will opine that these two examples are beyond the scope of the original intent of the net metering tariff, as developed by both Idaho Power and the Idaho Public Utilities Commission. Based on my conversation with Mr. Scott Gates, it is my opinion projects such as those described have been mismanaged by Idaho Power. They should not be included in the current tariff, but for whatever reason, they slipped through the Idaho Power bureaucracy.

Page 4, para 3. I agree with Idaho Power's position regarding net metering, that "the primary purpose of net metering is to allow customers to realize the value of their generation by directly and immediately offsetting PART OR ALL of their energy consumption (emphasis is mine)." Yet, Idaho Power then contradicts itself when it "contends that generation in excess of consumption should be viewed differently."

I believe Idaho Power has simply mismanaged the current tariff. Those of us who have developed our generation projects and have developed and are continuing to develop and expand our businesses (partly because of the availability of power) are operating in the spirit of the tariff.

I should not be held responsible because Idaho Power has not adequately managed this program.

Page 5, para 1. Idaho Power incorrectly asserts "power purchased under net metering is non-firm." This is not a true statement.

While this phrase may be relevant in some instances, it is certainly not true in the case of the generation

from my plant. I maintain, the power production from my generation facility has been more "firm" than that of Idaho Power. If Idaho Power was proposing to pay less for non-firm power I would support that. I do not believe however that they should lump us all together and exact a penalty on those of us who are producing firm power.

Page 5, para 2. This paragraph could be interpreted as saying that while Idaho Power Company is requesting a change for customers who provide non-firm power, it is not requesting a change for those customers providing "firm" power.

Alternatively I could conclude Idaho Power is wanting to credit an amount per Kwh equal to 85% of the most recently calculated monthly per kwh Avoided Energy Cost as defined in Schedule 84, but is requesting that generators providing "firm" power be credited according to the current tariff.

If this is true, then Idaho Power recognizes the value of "firm" power such as that provided by my generating facility.

If this is not true, then I would like to submit Idaho Power consider maintaining the current tariff for all producers of "firm power."

If Idaho Power Company does not support the definition of firm power as defined to me by Mr. Scott Gates, then a correct definition is necessary.

Given the level of expense for the installation of my generation facility, whose construction was initiated only after many discussions with Idaho Power and the passage of the tariff by the IPUC, the change in payment offered in this paragraph is wrong. I developed my operation in good faith assuming Idaho Power and the IPUC were also operating in good faith.

Should this Application go forward, I can see I was wrong to expect either entity to be an honorable institution.

Lastly, when I did have a conversation with Mr. Gates he told me one of the proposals was to pay the annual average of the Mid-Columbia Rate. I asked him what that would mean in real dollars and he indicated, "there would probably be no real effect on the amount I would be paid." He continued, "You will probably be paid less during some of the year and more during other times." I asked him to send me the rates paid for the previous year.

The rate schedule sent to me by Mr. Gates did not reflect his statements. I find it curious he would so grossly misrepresent the data. I have to conclude he knew the information but was trying to cover up the information to try and divert any criticism.

VI. MODIFICATION TO ELIMINATE A FINANCIAL BARRIER

No Comments

V. ALTERNATIVES TO NET METERING.

This paragraph, while grammatically very passive, is generally good. However, it underscores my

opinion Idaho Power has been negligent in managing the net metering program. This paragraph suggests the "cost shifting" purported to be caused by the net metering program is caused by the misclassification of projects by Idaho Power managers and administrators.

VI. CUSTOMER COMMUNICATION.

Yes, Mr. Scott Gates contacted me, by phone, on August 18, 2006, as I recall. I never received a letter outlining the proposed revisions until after my conversation with Mr. Gates. I have to say, I believe the purpose of the conversation was to gather information from which Idaho Power could develop arguments against we "26." Mr. Gates did a fine job of extracting information.

Yet, my conversation with Mr. Gates was beneficial. From that conversation, I was able to conclude the Idaho Power has mismanaged the original intent of the net metering program. Mr. Gates told me, (paraphrasing by me) "we are wanting to change the net metering program not because of people like you, but because there are people out there taking advantage of the program."

Yet today (personal communication: Mr. Tom McCauley, October 13, 2006) in a conversation between Mr. Tom McCauley and Mr. Gates, Mr. Gates unequivocally stated Mr. Campbell is one of the operators with whom they are concerned.

Again, I would like to reiterate, at no time had I ever received a telephone call or a visit from any representative of Idaho Power Company concerning our generation facility or it's operation, prior to the above mentioned telephone conversation.

If the issue was as important as the "Application" suggests, it would have been much more cost effective and beneficial to have discussed the concerns personally.

VII. TARIFF CHANGES

No comments

VIII. MODIFIED PROCEDURE

I would agree with the request to modify procedures provided the content of the application were true.