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2013 MAY 10 PM 4:51
IDAHO PUBLIC
UTILITIES COMMISSION

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Before the

IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE) Case No. IPC-E-12-27
APPLICATION OF IDAHO POWER)
COMPANY FOR AUTHORITY TO)
MODIFY ITS NET METERING)
SERVICE AND TO INCREASE THE)
GENERATION CAPACITY LIMIT)

DIRECT TESTIMONY OF PAUL R. WOODS

ON BEHALF OF
THE CITY OF BOISE

May 10, 2013

ORIGINAL

1 **Q. Please state your name and business address.**

2 A. Paul R. Woods. My business address is 150 North Capitol Blvd., 4th Floor,
3 Boise, Idaho 83702.

4 **Q. Who are you employed by and in what capacity?**

5 A. I am employed as the Environmental Manager in the Boise City Public Works
6 Department.

7 **Q. What are your responsibilities in this position at the City of Boise?**

8 A. As the Environmental Manager for the City of Boise, I oversee the City's
9 environmental programs, including wastewater treatment services, solid waste
10 management and recycling service, household hazardous waste recycling services, air
11 quality and climate protection services, and assistance with energy efficiency
12 improvements.

13 **Q. What professional experience do you have that you use in this position?**

14 A. Over the past 25 years, my experience includes engineering, project
15 management and financial assistance on unique and complex civil and environmental
16 projects in both public and private organizations.

17 **Q. What is your educational background?**

18 A. I have a Bachelor of Science Degree in Civil and Environmental Engineering
19 from the University of Wisconsin – Madison. I also have a Master of Science Degree in
20 Public Administration from Boise State University. I am a licensed professional civil
21 engineer in the state of Idaho.

22 **Q. What is the purpose of your Direct Testimony in this proceeding?**

1 A. To convey the City's opposition to the Application of Idaho Power Company
2 ("IPCo") in Case No. IPC-E-12-27. The City has retained other outside technical experts
3 who will testify on the details of the proposed rate changes. My testimony is to provide
4 the more generalized opposition to the proposed rate filing because it is contrary to the
5 City's efforts to respond to community interest in sustainable development and re-
6 development as a vital component of future economic vitality.

7 **Q. What is the City's interest in providing sustainable development and re-**
8 **development opportunities?**

9 A. A primary example is the City's Comprehensive Land-Use Plan, developed
10 with significant public input, which provides in pertinent part that:

11 Boise's growth will happen in a sustainable, efficient, and
12 responsible manner that maintains and enhances its
13 treasured quality of life, while meeting the challenges of
14 the future. Boise is committed to becoming a more
15 sustainable community by taking steps to enhance the
16 local, regional, and global environment. A sustainable
17 community is one where the integrated economic, social
18 and environmental systems are structured to support
19 healthy, production, and meaningful lives for its residents,
20 while laying the foundation for a high quality of life
21 without compromising the ability of future generations to
22 meet their own needs.¹

23
24 Furthermore:

25 Boise is committed to becoming a more sustainable
26 community by taking steps to reduce its impact on the
27 environment...the city will also strive to address many
28 other aspects of sustainability, such as climate
29 change...energy conservation and alternative energy
30 production²

31

¹ Blueprint Boise, Boise's Comprehensive Plan, at p. 1-1. http://pds.cityofboise.org/media/114868/blueprint_boise_woaoc.pdf.

² Id. at p. 2-1.

1 **Q. Are there other examples of efforts related to sustainable development**
2 **and re-development being led by the City?**

3 A. The Mayor and Council approved a resolution committing the City to strive to
4 achieve the U.S. Mayor's Climate Initiative. A citizen committee appointed by the
5 Mayor developed specific recommendations for the City to achieve the goals by:

- 6 • Implementing an outreach program for residential developers and
7 builders that can demonstrate how to build energy efficient homes
8 and provide education on renewable energy sources including, but
9 not limited to: pre-wiring and pre-plumbing for potential solar
10 installations;
- 11 • Initiating a program to achieve a net zero energy use in new
12 residential construction by 2030;
- 13 • Allowing sustainable practices through amendments to the Boise
14 City Code, including allowances for solar photovoltaic panels on all
15 existing and new homes; and
- 16 • Providing incentives for all development that include density
17 bonuses for sustainable practices above minimum code levels
18 including renewable energy resources.

19 The City is moving forward with phased implementation of these recommendations.

20 **Q. Has the City of Boise and Idaho Power Company collaborated on efforts**
21 **to achieve the City's sustainability efforts?**

22 A. Yes. The City of Boise and IPCo have long been partners in serving the
23 citizens and businesses of our community. As a recent example, the City provided close

1 to \$400,000.00 in funding to IPCo to provide home energy audits and installation of
2 energy efficiency measures in over 700 homes in an effort to pilot an improved energy
3 efficiency outreach program. IPCo also provided the City with \$1,000.00 in funding to
4 conduct an energy efficiency workshop for the community last summer. The City's
5 intervention in opposition to IPCo's proposals in this case is not typical of our
6 organizations interaction; however, this case is far from typical, as implementation of
7 what the utility proposes in this case could significantly and negatively impact the City's
8 economic development and sustainability policies and goals. Accordingly, the City felt
9 that it was essential to participate in this case.

10 **Q. You have stated that the City has retained expert testimony on the rate**
11 **design. Are there concerns that have been identified by City staff with the proposed**
12 **rate change?**

13 A. The concern of staff is that if the proposed rate change is approved, the
14 changes would:

- 15 1. Create rate shock for existing net metering customers who have
16 already invested in net metering;
- 17 2. Create a rate-gaming opportunity for large residential customers,
18 which would harm non-participating customers;
- 19 3. Introduce a new rate methodology for recovering fixed costs that is
20 applied only to a small group of customers and eliminates the
21 existing rate design that promotes the efficient use of resources and
22 energy conservation;

- 1 4. Impose inequitable rates for customers with similar consumption
2 patterns; and
3 5. Limit consumer choice and restrict economic development.

4 **Q. Why does the City feel the new rate creates rate shock with existing net**
5 **metering customers?**

6 A. For net metering customers who install electrical generation units where the
7 annual output closely matches their annual consumption, their annual costs just for the
8 monthly service charge under the existing tariff for residential and small general service
9 customers are approximately \$60.00 per year. Under the proposed tariff, the monthly
10 service charge would increase to \$251.04 per year for residential net metering customers
11 and \$269.88 per year for small general service net metering customers. It is hard to
12 imagine any net metering customer who installed electrical generation units where the
13 annual output closely matches their annual consumption would have planned for a 318%
14 and 348% rate increase respectively for the rate class affected in one year under this
15 program. This doesn't even take into consideration the additional Basic Load Capacity
16 charge IPCo requests that it be allowed to impose on these customers.

17 **Q. Can you describe what you see as the rate-gaming opportunity that would**
18 **be harmful to non-participating customers?**

19 A. Yes. The proposed tariff creates an incentive for the installation of systems
20 that generate very small amounts of power in order to access the lower per KWh rate. If
21 a residential customer with high consumption were to install a very small net metering
22 system, then that customer would be able to access the lower per KWh consumption rate
23 contained in IPCo's proposed tariffs in this case, a rate that is 40% lower than the

1 existing residential rate. This outcome would reduce revenue to IPCo for consumption in
2 excess of net generation, but we fail to see how this is good public policy. The result
3 would be reduced revenue for consumption very similar to non-participants and therefore
4 a transfer of fixed cost. It appears that this rate design would in fact create a subsidy for a
5 subset of net metering customers.

6 **Q. Why does the proposed rate structure introduce a new rate methodology**
7 **for recovering fixed costs that is applied only to a small group of customers and**
8 **eliminates the existing rate design that promotes the efficient use of resources and**
9 **energy conservation?**

10 A. Under the existing residential rate structure for both net metering and non-net
11 metering customers, IPCo's fixed costs are reasonably recovered by a combination of the
12 fixed customer charge and per kilowatt hour consumption rate. In this rate design, IPCo
13 recovers its fixed cost in a manner that provides incentives for energy conservation and
14 promotes efficient use of resources. The proposed rate structure appears to recover fixed
15 cost through a dramatic increase in the customer fee that is unavoidable and therefore
16 removes incentives for energy conservation and efficient use of resources.

17 In addition, the targeting of net metering customers for fixed cost recovery in
18 the residential class seems odd. It would seem as though seasonal or other intermittent
19 users would create a much larger class of residential customers that create potential fixed
20 cost recovery inequities, and that IPCo would evaluate the equitable differences within
21 the class as a whole.

22 **Q. Can you explain why the proposed rate structure imposes inequitable**
23 **rates for customers with similar consumption patterns?**

1 A. Yes. If an energy-efficient customer were to consume 300 KWhs in a month,
2 the cost for this service would be approximately \$26.00 in customer and per KWh
3 charges. A net metering customer with a similar net consumption of 300 KWhs in a
4 month would incur customer and KWh charges of \$34.00. In the rate filing, IPCo did not
5 provide any detailed cost of service study to detail why such a differential in the
6 residential class is warranted — other than generalized statements that the net metering
7 customer “uses” the distribution system. A detailed analysis on the difference in the cost
8 of service needs to be performed to justify the rate differential.

9 **Q. Why does the proposed rate structure limit consumer choice and restrict**
10 **economic development?**

11 A. The proposed rate structure serves to limit consumer choice by placing
12 economic burdens for fixed cost recovery on a small segment of the residential class that
13 is not applied to others. In this light, the proposed rate appears punitive and an attempt to
14 limit consumer choice. The dramatic increase in annual cost for these current and future
15 net metering customers serves as a barrier to the development of this generation resource.
16 Further, development of this industry in the absence of these barriers could bring new
17 business and jobs to our community. The Mayor and City Council place the highest
18 priority on fostering economic development and environmental protection in our
19 community, and the creation of a stable regulatory environment that promotes net
20 metering is consistent with their priorities.

21 **Q. Does the type of net metering service that is at issue in this case something**
22 **which the City of Boise wishes to continue to promote and foster?**

1 A. Yes. The City believes that net metering can be employed to help it meet its
2 sustainability goals. Furthermore, net metering can both help citizens of Boise manage
3 their energy consumption, while also providing IPCo with a clean and local energy
4 generation resource. The City believes further development and expansion of net
5 metering will also promote the economic development of industries that support
6 renewable power generation in this area which, of course, leads to the addition of new
7 jobs and investments in our community. The City's interest in net metering and
8 customer-sited generation is not unique and is a trend that continues to grow. For
9 example, the city of Lancaster, California, has recently required almost all new homes to
10 either come equipped with solar panels or be in subdivisions that produce one kilowatt of
11 solar energy per house.³

12 **Q. Does this conclude your testimony in this case?**

13 A. Yes.

³ See With Help from Nature, a Town Aims to Be a Solar Capital, The New York Times, by Felicity Barringer, Published April 8, 2013. www.nytimes.com/2013/04/09/us/lancaster-calif-focuses-on-becoming-solar-capital-of-universe.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY That on this **10th** day of May, 2013, I caused a true and correct copy of the foregoing to be served upon the following in the manner indicated:

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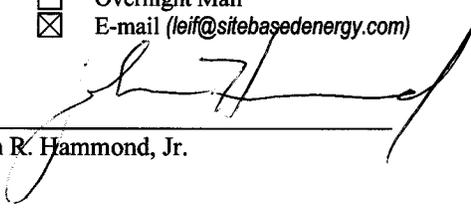
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