

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: February 13, 2020**

REGULAR  CONSENT  EFFECTIVE DATE March 15, 2020

**DATE:** February 3, 2020

**TO:** Public Utility Commission

**FROM:** George Compton

**THROUGH:** Michael Dougherty, John Crider, and Matt Muldoon **SIGNED**

**SUBJECT:** IDAHO POWER:  
(Docket No. ADV 1076/Advice No.19-14)  
Updates Charges/Credits under Rule H – New Service Attachments and  
Distribution Line Installations/Alterations.

**STAFF RECOMMENDATION:**

Approve Idaho Power's Advice Filing No. 19-14, to update charges/credits under Rule H – New Service Attachments and Distribution Line Installations/Alterations, with an effective date of March 15, 2020.

**DISCUSSION:**

Issue

Whether the Public Utility Commission of Oregon (Commission) should approve Idaho Power's Advice Filing No. 19-14, which would update charges/credits under Rule H – New Service Attachments and Distribution Line Installations/Alterations.

Applicable Rule or Law

Idaho Power's filing is made under ORS 757.205. ORS 757.205 requires that public utilities file all rates, rules, and charges with the Commission.

## Analysis

### *Background*

Hooking up a new customer to an electric utility requires a transformer (which may be shared) and an overhead or underground conductor to connect to the meter base. Idaho Power's (or Company's) term for those items is "Standard Terminal Facilities" (or STF). Their cost is recovered through every customer's basic rates. Since the STF's costs are recovered through the general revenue requirement, it would be inappropriate for a new customer to also be charged up front for those same basic facilities. On the other hand, up-front charges are appropriate to the degree that the connection costs exceed basic STF costs.

Rule H – New Service Attachments and Distribution Line Installations/Alterations plays a dual role at the time of a new service installation. First, it establishes the costs/prices of all the elements that may be involved with a new installation. Example: cost per foot of 4/0 conductor. Second, it establishes the basic STF cost, or "allowance," above which the installation costs must be borne by the new customer.

Each year, the various individual elements' costs and the allowance are updated to maintain their currency. As an example of the degree of granularity that goes into how some of the various elements' costs are assembled, consider the costs of the Underground 2" Riser portion of a new installation: Company vehicle - \$83, Labor - \$197, Materials, including 2" PVC, 35 feet of 1/0 triplex cable, etc. - \$302, for a total of \$583. The \$583 is what goes into the Rule H tariff; updating the \$583 figure entails the updating of the costs of the indicated constituent parts. So when, for example, the current application signifies that Underground 2" Riser costs have risen by 2 percent, Idaho Power has kept track of what was happening to each of the riser's constituent costs in order to arrive at that figure.

### *The Application*

The current application calls for price changes for new service attachments and distribution line installations or alterations that range from minus 3 percent to plus 5 percent. The 5 percent increase applied to two of the items having the lowest current unit costs.<sup>1</sup> Conversely, the increase for the highest cost item, Underground 3" Risers, was only 2 percent. Overall the increases are not out of line with a 2019 PPI index increase of 1.3 percent.<sup>2</sup> Notably, the General Overheads surcharge was reduced from 12 percent to 10.25 percent. The 3 percent *reduction* applies to the Schedules 1, 7, 9, and 24 Single Phase basic STF Allowances. It should be noted that, depending upon

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<sup>1</sup> For example, one of the 5% increases applies to 1/0 triplex cable, whose current cost is just 43 cents per foot.

<sup>2</sup> Source: Google to "Trade Economics."

the installation circumstances, a reduction in the allowance increases likelihood that a new customer will receive an installation charge owing to actual costs exceeding the allowance.

### Conclusion

Idaho Power has proposed modest updates of Rule H service installation elements' costs and allowances in keeping with the long-standing regulatory objective of striving for cost-based rates.

### **PROPOSED COMMISSION MOTION:**

Approve Idaho Power's Advice Filing No. 19-14, to update charges/credits under Rule H – New Service Attachments and Distribution Line Installations/Alterations, with an effective date of March 15, 2020.