



# Oregon

Kate Brown, Governor

## Public Utility Commission

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February 13, 2020



BY EMAIL

Idaho Power Company

Attn: Lisa Nordstrom

lnordstrom@idahopower.com

RE: Advice No. 19-14

At the public meeting on February 13, 2020, the Commission adopted Staff's recommendation in this matter docketed as ADV 1076. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

(503) 378-3098

**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.

RULE H  
NEW SERVICE ATTACHMENTS AND  
DISTRIBUTION LINE INSTALLATIONS  
OR ALTERATIONS  
 (Continued)

2. General Provisions (Continued)

I. Customer Provided Trench Digging and Backfill. The Company will at its discretion allow an Applicant, Additional Applicant or subdivider to provide trench digging and backfill. The Customer will sign a Memorandum of Agreement, detailing the work to be performed by the Customer and the specifications that must be met prior to the start of construction. The Applicant shall be responsible for the current and reasonable future costs associated with the Line Installation's conduit system, which may include, but is not limited to, the costs of trenching, boring, excavating, backfilling, ducts, raceways, road crossings, paving, vaults, transformer pads, and any required permits. The Company shall own and maintain the conduit system once Company conductors have been installed. In a joint trench, backfill must be provided by the Company. Costs of customer provided trench and backfill will be removed from or not included in the Cost Quote and will not be subject to refund.

3. Line Installation Charges

If a Line Installation is required, the Applicant or Additional Applicant will pay a partially refundable Line Installation Charge equal to the Work Order Cost less applicable Line Installation Allowances identified in Section 7.

4. Service Attachment Charges.

a. Overhead Service Attachment Charge. If an overhead Service Attachment is required, the Applicant or Additional Applicant will pay a non-refundable Service Attachment Charge equal to the Work Order Cost less applicable Service Attachment allowances identified in Section 7.

b. Underground Service Attachment Charge. Each Applicant or Additional Applicant will pay a non-refundable Underground Service Attachment Charge for attaching new Terminal Facilities to the Company's distribution system. The Company will determine the location and maximum length of service cable.

i. Single Phase 400 Amps or Less and Single Phase Self-Contained Multiple Meter Bases 500 Amps or Less

Underground Service Cable (Base charge plus Distance charge)

Base charge from:

underground	\$ 23.00	(I)
overhead including 2" riser	\$583.00	(I)
overhead including 3" riser	\$845.00	(I)

Distance charge (per foot)

Company Installed Facilities with:

1/0 underground cable	\$ 9.68	(I)
4/0 underground cable	\$ 10.26	(I)
350 underground cable	\$ 12.35	(I)

Customer Provided Trench & Conduit with:

1/0 underground cable	\$ 3.36	(I)
4/0 underground cable	\$ 3.94	(I)
350 underground cable	\$ 5.23	(R)

RULE H  
NEW SERVICE ATTACHMENTS AND  
DISTRIBUTION LINE INSTALLATIONS  
OR ALTERATIONS  
(Continued)

6. Other Charges (Continued)

- c. Joint Trench Charge. Applicants, Additional Applicants, and subdividers will pay the Company for trench and backfill costs included in the Cost Quote. In the event the Company is able to defray any of the trench and backfill costs by sharing a trench with other utilities, the cost reduction will be included in the Cost Quote.
- d. Overhead Service Attachment Charge for Non-Residence. Applicants or Additional Applicants requesting service to a residential property (Schedules 1 and 5) for purposes other than serving a Residence will pay a service connection charge of \$237.00. This charge only applies to non-residences (shop, garage, etc) where there is an existing overhead transformer within 100' of the non-residence structure. (l)
- e. Rights-of-Way and Easement Charge. Applicants or Additional Applicants will be responsible for any costs associated with the acquisition of rights-of-way or easements.
- f. Temporary Line Installation Charge. Applicants or Additional Applicants will pay the installation and removal costs of providing Temporary Line Installations.
- g. Temporary Service Attachment Charge. Applicants or Additional Applicants will pay for Temporary Service Attachments as follows:
  - i. Underground - \$59.00 (l)  
The Customer-provided pole must be set within two linear feet of the Company's existing transformer or junction box.
  - ii. Overhead - \$237.00 (l)  
The Customer-provided pole shall be set in a location that does not require more than 100 feet of #2 aluminum service conductor that can be readily attached to the permanent location by merely relocating it.  
  
The electrical facilities provided by the Customer on the pole shall be properly grounded, electrically safe, meet all clearance requirements, and be ready for connection to Company facilities.  
  
The Customer shall obtain all permits required by the applicable state, county, or municipal governments and will provide copies or verification to the Company as required. The above conditions must be satisfied before the service will be attached.
- h. Temporary Service (Overhead or Underground), Overhead Permanent, and Customer Provided Trench Inspection Return Trip Charge. A Return Trip Charge of \$59.00 will be assessed each time Company personnel are dispatched to the job site at the customer's request, but are unable to connect the service due to action or inaction on the Customer's part. The charge will be billed after the conditions have been satisfied and the connection has been made. (l)

RULE H  
NEW SERVICE ATTACHMENTS AND  
DISTRIBUTION LINE INSTALLATIONS  
OR ALTERATIONS  
(Continued)

6. Other Charges (Continued)

- i. Unusual Conditions Charge. Applicants, Additional Applicants, and subdividers will pay the Company the additional costs associated with any Unusual Conditions included in the Cost Quote. This payment, or portion thereof, will be refunded to the extent that the Unusual Conditions are not encountered.

In the event that the estimate of the Unusual Conditions included in the Cost Quote is equal to or greater than \$10,000, the Applicant, Additional Applicant or subdivider may either pay for the Unusual Conditions or may furnish an Irrevocable Letter of Credit drawn on a local bank or local branch office issued in the name of Idaho Power Company for the amount of the Unusual Conditions. Upon completion of that portion of the project which included an Unusual Conditions estimate, Idaho Power Company will bill the Applicant, Additional Applicant or subdivider for the amount of Unusual Conditions encountered up to the amount established in the Irrevocable Letter of Credit. The Applicant, Additional Applicant or subdivider will have 15 days from the issuance of the Unusual Conditions billing to make payment. If the Applicant, Additional Applicant or subdivider fails to pay the Unusual Conditions bill within 15 days, Idaho Power will request payment from the bank.

- j. Underground Service Return Trip Charge. When a residential Customer agrees to supply the trench, backfill, conduit, and compaction for an underground service, a Return Trip Charge of \$96.00 will be assessed each time the Company's installation crew is dispatched to the job site at the Customer's request, but is unable to complete the cable installation and energize the service due to action or inaction on the Customer's part. (I)

7. Line Installation and Service Attachment Allowances

The Company will contribute an allowance toward the cost of the Terminal Facilities necessary for Line Installations and/or Service Attachments. Allowances are based on the cost of providing and installing Standard Terminal Facilities for single phase and three phase services.

- a. Allowances for Overhead and Underground Line Installations and Overhead Service Attachments

<u>Class of Service</u>	<u>Maximum Allowance per Service</u>	
Residential:		
Schedules 1, 5	\$2,231.00	(R)
Non-residence	Cost of new meter only	
Non-residential:		
Schedules 7, 9, 24		
Single Phase	\$2,231.00	(R)
Three Phase	\$5,396.00	(I)

RULE H  
NEW SERVICE ATTACHMENTS AND  
DISTRIBUTION LINE INSTALLATIONS  
OR ALTERATIONS  
(Continued)

7. Line Installations and Service Attachment Allowances (Continued)

- b. Allowances for Subdivisions and Multiple Occupancy Projects. Developers of Subdivisions and Multiple Occupancy Projects will receive a \$2,231.00 allowance for each single phase transformer installed within a development and a \$5,396.00 allowance for each three phase transformer installed within a development. Subdividers will be eligible to receive allowances for Line Installations inside residential and non-residential subdivisions. (R)  
(I)

8. Refunds

- a. Vested Interest Refunds. Vested Interest Refunds will be paid by the Company and funded by the Additional Applicant's Vested Interest Charge as calculated in accordance with Section 5. The initial Applicant will be eligible to receive refunds up to 80 percent of their original construction cost. Additional Applicants that become Vested Interest Holders will be eligible to receive refunds up to their total contribution less 20 percent of the original construction cost.

A Vested Interest Holder and the Company may agree to waive the Vested Interest payment requirements of Additional Applicants with loads less than an agreed upon level. Waived Additional Applicants will not be considered Additional Applicants for purposes of Section 8.a.i.a) below.

i. Vested Interest Refund Limitations

- a) Vested Interest Refunds will be funded by no more than 4 Additional Applicants during the 5-year period following the completion date of the Line Installation for the initial Applicant.
- b) In no circumstance will refunds exceed 100 percent of the refundable portion of any party's cash payment to the Company.

b. Subdivision Refunds

- i. Applicants will be eligible for Vested Interest Refunds for facilities installed inside Subdivisions if the construction was NOT part of the initial Line Installation. Customers requesting additional Line Installations within a Subdivision will be considered new Applicants and become eligible for Vested Interest Refunds.
- ii. A subdivider will be eligible for Vested Interest Refunds for payments for Line Installations outside the subdivision.