



Oregon

Kate Brown, Governor

Public Utility Commission

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April 21, 2020



BY EMAIL

Lisa Nordstrom

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Idaho Power Company

RE: Advice No. 20-04

At the public meeting on April 21, 2020, the Commission adopted Staff's recommendation in this matter docketed as ADV 1104. The Staff Report, a receipted copy of the sheets in your advice filing, and the signed LSN are attached.

A handwritten signature in blue ink, appearing to read "Nolan Moser".

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

(503) 378-3098

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 21, 2020**

REGULAR CONSENT EFFECTIVE DATE April 22, 2020

DATE: April 13, 2020

TO: Public Utility Commission

FROM: Mitchell Moore

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

SUBJECT: IDAHO POWER COMPANY:
(Docket No. ADV 1104/Advice No. 20-04)
Updates substation allowance in Schedule 19, Large Power Service.

STAFF RECOMMENDATION:

The Public Utility Commission of Oregon (Commission) should approve the advice filing submitted by Idaho Power Company (Idaho Power, IPC, or Company) which updates a substation allowance for Schedule 19, and allow it to go into effect on April 22, 2020.

DISCUSSION:

Issue

Whether the Commission should approve Idaho Power's update to Schedule 19, Large Power Service to reduce a substation allowance provided to large industrial customers in its Idaho service territory.

Applicable Law

The Commission may approve tariff changes if they are deemed to be fair, just and reasonable. See ORS 757.210. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0025. Filings that propose any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the change. See ORS 757.220; OAR 860-022-0020. OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules must include in its filing a statement plainly indicating the increase, decrease, or other change

made with the filing, the number of customers affected by the proposed change and the resulting change in annual revenue; and the reasons or grounds relied upon in support of the proposed change. OAR 860-022-0030(1) further requires that for tariff or schedule filings proposing increased rates, the utility must for each separate schedule, identify the total number of customers affected, the total annual revenue derived under the existing schedule, and the amount of estimated revenue which will be derived from applying the proposed schedule, the average monthly use and resulting bills under both the existing rates and the proposed rates that will fairly represent the application of the proposed tariff or schedules, and the reasons or grounds relied upon in support of the proposed increase.

Analysis

Background

In this filing, the Company seeks to update a substation allowance provision in its Schedule 19 tariff schedule. The purpose of the substation allowance is to offset a portion of a customer's upfront cost responsibility when the customer's request for service results in the requirement to fund new or incremental substation capacity.

When new substations capacity is required, the customer would be eligible to receive a \$49,253 per MW of new load rebate on the cost of the facilities. This is a 29 percent reduction in the current rebate allowance of \$72,559. The allowance is normally distributed over the course of five years, to ensure that the increase in load is commensurate with the rebate amount. In certain situations the Company may distribute the funds in an upfront lump sum payment. The allowance is limited to the cost of the project.

The reduction in the allowance is attributed to updating the transformer cost to reflect what is most commonly installed to serve Schedule 19 customers.

Because the Company has most commonly purchased 44.8 megavolt amp ("MVA") transformers in recent years, the Company proposes updating the allowance to reflect the transformer cost for a 44.8 MVA transformer rather than continuing to use a budgetary estimate for a 30 MVA transformer as used in prior years' filings. This updated input ensures the per-MW amount of the allowance most closely aligns to the costs the customer would be responsible for funding upfront.

The Company will continue updating the substation allowance on an annual basis in order to reflect current costs

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Conclusion

Based on the review of the facts of the filing, and the work papers submitted by the Company demonstrating the calculation of costs, Staff concludes that the proposed adjustment to the substation allowance is reasonable and should be approved.

PROPOSED COMMISSION MOTION:

Approve the advice filing submitted by Idaho Power, which updates a substation allowance for Schedule 19, and allow it to go into effect on April 22, 2020.

IPC ADV 1104 / Advice No. 20-04 Schedule 19 costs.

SCHEDULE 19
LARGE POWER SERVICE
(Continued)

SPECIAL ARRANGEMENTS FOR SUBSTATION ALLOWANCES

Definitions

Substation Allowance is the portion of the cost of the Substation Facilities funded by the Company.

Substation Facilities include those facilities and related equipment that transform the voltage of energy from a 44 kilovolt or higher rating to a 34.5 kilovolt or lower rating.

Substation Allowance

If a Schedule 19 Customer's request for service requires the installation of new or upgraded transformer capacity in Substation Facilities, the following considerations will be included in the separate agreement between the Customer and the Company:

The Customer will initially pay for the cost of new or upgraded Substation Facilities required because of the customer's request. The Customer will be eligible to receive a Substation Allowance based upon subsequent sustained usage of capacity by the Customer.

- a. Substation Allowance: The maximum possible allowance will be determined by multiplying the customer's actual increase in load by \$49,253 per MW, but will not exceed the actual cost of the Substation Facilities funded by the Customer. (R)
- b. Substation Allowance Refunds: The Substation Allowance will be refunded to the Customer over a five-year period, with annual payments based on the Customer's Basic Load Capacity at the time of refund. The first refund will be paid one year following the first month energy is delivered through the new Substation Facilities, and will equal the per MW Substation Allowance times the new or added load as measured in MW, with the product divided by five.

The Substation Allowance for the subsequent years will equal the Substation Allowance from the previous year if there is no change in load from the previous year. If there is a change in load from the previous year, the refund will be based on the following adjustment, which will be added to or subtracted from the Substation Allowance received in the previous year:

$$\frac{(\text{Change in load from the previous year as measured in MW}) \times (\text{Substation Allowance per MW})}{\text{Number of Substation Allowance Refunds remaining in five-year period}}$$

The Customer's annual refunds will be made in accordance with the Substation Allowance amount stated in the separate construction agreement between the Customer and the Company. The Company may, at its sole discretion, provide the full Substation Allowance as an upfront lump sum to the Customer.

Received by OPUC
Filing Center

LESS THAN STATUTORY NOTICE APPLICATION

This document may be electronically filed by sending it as an attachment to an electronic mail message addressed to the Commission's Filing Center at puc.filingcenter@state.or.us.

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

IN THE MATTER OF THE APPLICATION OF)	UTILITY L.S.N. APPLICATION
IDAHO POWER COMPANY)	NO. <u>2258</u>
(UTILITY COMPANY))	(LEAVE BLANK)
TO WAIVE STATUTORY NOTICE.)	

NOTE: ATTACH EXHIBIT IF SPACE IS INSUFFICIENT.

1. GENERAL DESCRIPTION OF THE PROPOSED SCHEDULE(S) ADDITION, DELETION, OR CHANGE. (SCHEDULE INCLUDES ALL RATES, TOLLS AND CHARGES FOR SERVICE AND ALL RULES AND REGULATIONS AFFECTING THE SAME)
Update to Schedule 19, Large Power Service. Please see the supplement to Advice No. 20-04.



2. APPLICANT DESIRES TO CHANGE THE SCHEDULE(S) NOW ON FILE KNOWN AND DESIGNATED AS: (INSERT SCHEDULE REFERENCE BY NUMBER, PAGE, AND ITEM)
Schedule 19 – Large Power Service - First Revised Sheet No. 19-6

3. THE PROPOSED SCHEDULE(S) SHALL BE AS FOLLOWS: (INSERT SCHEDULE REFERENCE BY NUMBER, PAGE AND ITEM)
Schedule 19 – Large Power Service, Second Revised Sheet No. 19-6

4. REASONS FOR REQUESTING A WAIVER OF STATUTORY NOTICE:

Idaho Power Company is submitting this L.S.N. for this supplemental filing for Advice No. 20-04 at Staff's request. The replacement tariff in this supplemental filing is being provided less than 30 days between the date of this filing and the requested effective date.

5. REQUESTED EFFECTIVE DATE OF THE NEW SCHEDULE(S) OR CHANGE(S): April 22, 2020

. AUTHORIZED SIGNATURE 	TITLE Lisa D. Nordstrom, Lead Counsel	DATE April 3, 2020
PUC USE ONLY		
<input checked="" type="checkbox"/> APPROVED <input type="checkbox"/> DENIED	EFFECTIVE DATE OF APPROVED SCHEDULE(S) OR CHANGE <u>04/22/2020</u>	
AUTHORIZED SIGNATURE 	DATE 04/21/2020	