

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 23, 2021**

REGULAR CONSENT EFFECTIVE DATE March 15, 2021

DATE: February 16, 2021

TO: Public Utility Commission

FROM: Sabrina Soldavini

THROUGH: Bryan Conway, Caroline Moore, and Scott Gibbens **SIGNED**

SUBJECT: IDAHO POWER COMPANY:
(Docket No. ADV 1222/Advice No. 20-14)
Updates Rule H, New Service Attachments and Distribution Line
Installations or Alterations.

STAFF RECOMMENDATION:

Staff recommends that the Oregon Public Utility Commission (Commission) approve Idaho Power Company's (Idaho Power, IPC, or Company) Advice No. 20-14, which updates its Rule H, New Service Attachments and Distribution Line Installations or Alterations, effective with service rendered on and after March 15, 2021.

DISCUSSION:

Issue

Whether the Commission should approve Idaho Power's Advice No. 20-14, which updates its Rule H, by modifying charges and allowances related to new service attachments and distribution line installations.

Applicable Law

ORS 757.205 requires public utilities to file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time. Pursuant to ORS 757.210, the Commission may approve tariff changes if they are deemed to be fair, just, and reasonable.

Filings that make 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 changes. ORS 757.220; OAR 860-022-0015. Tariff filings to be effective on less than 30 days following notice of the change may be authorized with a waiver of less than statutory notice pursuant to ORS 757.220 and OAR 860-022-0020.

Analysis

Background

When a new customer is connected to an electric utility, it requires a transformer (which may be shared) and an overhead or underground conductor to connect to the meter base. Idaho Power's term for those collective items is "Standard Terminal Facilities" (STF). A portion of STF costs are recovered through every customer's basic rates. As 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 to the new customer are appropriate to the degree that the connection costs exceed basic STF costs.

Idaho Power's Rule H, New Service Attachments and Distribution Line Installations and Alterations, plays a dual role at the time of a new service installation. First, it establishes the costs and charges of all the elements that may be involved with a new installation (for example, the cost per foot of a conductor). Second, Rule H establishes the basic STF cost, or allowance, above which the installation costs must be borne by the new customer. Annually, Idaho power updates the various individual elements' costs and the allowances to maintain their currency.

On December 30, 2020, Idaho Power filed Advice No. 20-14, requesting updates to its Rule H, New Service Attachments and Distributions Line Installations or Alterations. Idaho Power seeks to update all Rule H charges and credits associated with new service attachments and distribution line installations or alterations to keep tariff rates current with actual costs.

Generally these charges have increased. The Company notes that increases in materials, labor and vehicle costs are the primary drivers for the changes. For example, Idaho Power notes in its application that the material costs for 2-inch risers increased by 13 percent, the labor rate for Rule H work increased from \$68.00 to \$71.00 per hour, and vehicle costs decreased from \$55.97 to \$45.89 per hour due to lower fuel costs.¹

Additionally, the Company proposes to slightly increase the Single and Three Phase allowances from \$2,231 to \$2,262 and from \$5,396 to \$5,485, respectively. The

¹ For a list of all charges and their difference from 2020 levels, see Idaho Power's Initial Filing, page 4.

Company notes that the increase was largely driven by an increase in the general overhead rate from 10.25 percent to 14.50 percent.

Overall, the Company is requesting changes to Rule H charges and allowances that range from minus 5 percent (3-inch riser charge) to plus 8 percent (overhead service attachment charge).

Staff notes that the company is proposing no change in the methodology used to calculate either the customer charges or customer allowances, and this filing merely updates those values to maintain alignment with input costs.

Review

Staff requested and received copies of the Company's workpapers in electronic spreadsheet format. Staff has reviewed the filing and associated workpapers to ensure that all changes to the tariff correspond with the calculated increase in costs, as well as the calculated allowance offset. Staff finds that the proposed updates have been correctly calculated and that the corresponding tariff updates are correct.

Conclusion

Based on Staff's review of the Idaho Power's filing and associated workpapers, Staff concludes that the proposed revisions are correct and consistent with applicable law. Staff further finds that the proposed changes result in rates that are fair, just, and reasonable. Staff recommends Idaho Power's updated Rule H go into effect.

PROPOSED COMMISSION MOTION:

Approve Idaho Power's Advice No. 20-14, updating its Rule H, New Service Attachments and Distribution Line Installations or Alterations, effective with service rendered on and after March 15, 2021.