

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: February 11, 2021**

REGULAR  CONSENT  EFFECTIVE DATE February 12, 2021

**DATE:** January 28, 2021

**TO:** Public Utility Commission

**FROM:** Steve Storm

**THROUGH:** John Crider **SIGNED**

**SUBJECT:** IDAHO POWER COMPANY:  
(Docket No. ADV 1223/Advice No. 20-15)  
Requests Reduction in the Substation Allowance Rate per MW for  
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 or Company), which reduces the substation allowance for Schedule 19, Large Power Service, and allow it to go into effect on February 12, 2021.

**DISCUSSION:**

Issue

Whether the Commission should approve Idaho Power's update to Schedule 19, Large Power Service, which reduces the substation allowance provided to large industrial customers.

Applicable Law

ORS 757.205 requires every public utility to file with the Commission, within a time to be fixed by the Commission, schedules which shall be open to public inspection, showing all rates, tolls and charges which it has established and which are in force at the time for any service performed by it within Oregon.

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*

Idaho Power's advice filing of December 30, 2020, seeks to update the 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 Idaho Power having to fund and construct new or incremental substation capacity.

Schedule 19 customers, when new substation capacity is necessary in order to meet their service requirements, will be eligible to receive a \$49,016 per MW of incremental load allowance towards the cost of the facilities. This is an approximate 0.5 percent reduction in the current allowance of \$49,253 per MW.<sup>1</sup> 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 to not exceed the actual cost of the substation facilities funded by the customer.

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<sup>1</sup> Established in Docket No. ADV 1104, which is associated with the Company's Advice No. 20-04.

Idaho Power attributes the reduction in the allowance primarily to the reduction in the Company's general overhead rate from 9.57 percent to 8.97 percent.

Idaho Power asserts that it used the same methodology for cost estimation in the issue at hand as it used in Advice No. 18-09 (Docket No. ADV 820) and Advice No. 20-04 (Docket No. ADV 1104),<sup>2</sup> and the current filing reflects updated material costs, labor rates, and the stations overhead rate. The Company notes that the cost of the 128kV/13.09kV, 44.8 MVA transformer and of the 4-unit metalclad switchgear remain as in the previous update filings, as it has not made new purchases of this equipment.<sup>3</sup>

#### *Review*

Staff reviewed the Company's confidential workpapers included with its application. Staff found calculations in the workpapers to be correct and the use of "standard" substation equipment for calculating the allowance to be reasonable. No other aspect of the Company's methodology has changed from its prior update.<sup>4</sup>

### **PROPOSED COMMISSION MOTION:**

Approve the proposed tariff revision to Idaho Power Schedule 19, and allow it to go into effect on February 12, 2021.

ADV 1223 Staff Report (Advice No 20-15 Idaho Power) 210128

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<sup>2</sup> Docket No. ADV 1223, Idaho Power, *Update the Substation Allowance contained within Schedule 19*, p.1, filed Dec. 30, 2020. Staff previously examined Idaho Power's methodology.

<sup>3</sup> *Id.*

<sup>4</sup> See Docket No. ADV 1104, *Staff Report for the April 21, 2020 Public Meeting*, Apr. 14, 2020; see also Docket No. ADV 820, *Staff Report for the August 28, 2018 Public Meeting*, Aug. 27, 2018.