



Oregon

Kate Brown, Governor

Public Utility Commission

201 High St SE Suite 100

Salem, OR 97301-3398

Mailing Address: PO Box 1088

Salem, OR 97308-1088

503-373-7394

February 11, 2021



BY EMAIL

Idaho Power Company

dockets@idahopower.com

lnordstrom@idahopower.com

RE: Advice No. 20-15

At the public meeting on February 11, 2021, the Commission adopted Staff's recommendation in this matter docketed as ADV 1223. 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 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.¹ 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.

¹ 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),² 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.³

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.⁴

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

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

³ *Id.*

⁴ 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.

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 \$49,016 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.