

**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.