

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 6, 2024**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ March 15, 2024

DATE: January 25, 2024

TO: Public Utility Commission

FROM: Laurel Anderson

THROUGH: Bryan Conway and Marc Hellman **SIGNED**

SUBJECT: IDAHO POWER COMPANY:
(Docket No. ADV 1583/Advice No. 23-16)
Update to Charges and Credits under Rule H, New Service Attachments
and distribution Line Installations or Alterations.

STAFF RECOMMENDATION:

Staff recommends that the Public Utility Commission of Oregon (Commission) approve Idaho Power Company's (Idaho Power or Company) Advice No. 23-16, which updates its Rule H, New Service Attachments and Distribution Line Installations of Alterations, effective with service rendered on and after March 15, 2024.

DISCUSSION:

Issue

Whether the commission should approve Idaho Power's Advice No. 23-16, which updates its Rule H, by modifying charges and allowances related to new service attachments and distribution line installations or alterations.

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 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

Connection of a new customer to an electric utility typically requires a transformer (which may be shared with other customers) and an overhead or underground conductor that connects 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 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 elements that may be involved with a new installation, such as 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. Idaho Power annually updates costs of the various elements and the allowances to maintain their currency.

Idaho Power filed Advice No. 23-16 on December 26, 2023, requesting updates to its Rule H, New Service Attachments and Distribution 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. The last time the rates were revised was March 15, 2023.

As with most other goods and services in today's economy, these costs have increased. Idaho Power notes that Rule H charges have increased primarily due to increases in labor costs, in addition to increased costs for certain materials as well as the increase to the general overhead rate from 8.25 percent to 11.25 percent. However, the decrease in vehicle costs helped offset a portion of these increased costs. Single phase and three phase allowances, provided to customers as an offset to their upfront cost responsibility, increased by 16 percent and 17 percent respectively. In addition, the construction labor rate (the labor rate used to develop the charges and credits) increased from \$81 to \$88. The Engineering Charge increased by

approximately 9 percent, which results in the proposed Engineering Charge increasing from \$86 to \$94 per hour.

The cost of materials included with in the Underground Service Attachment Distance Charge for Company Installed 1/0, 4/0, and 350 underground cable decreases by approximately 16 percent, 7 percent, and less than 1 percent, respectively. The cost of materials included in that same category of charges for Customer Provided Trench and Conduit saw an approximate 11 percent reduction for 1/0 conductor, while the cost of 4/0 and 350 conductor increased by approximately 6 percent and 13 percent, respectively. However, these cost increases for 4/0 and 350 conductor were predominantly offset by the approximate 20 percent and 10 percent decreases in two- and three-inch Schedule 40 conduit, respectively, which is included as part of the applicable Company installation type.

A line truck and bucket truck are the primary vehicles utilized to perform Rule H type work and the hourly rate for both vehicles decreased by 6 percent, or from \$57.99 to \$54.51 per hour. Because vehicle costs make up approximately 10 percent of the total costs associated with the proposed Rule H charges and credits, the decreased vehicle rate results in a moderate decrease to each of the proposed Rule H charges and credits.

Additionally, Idaho Power proposes to increase the Single and Three Phase allowances from \$3,164 to \$3,618 and from \$6,513 to \$7,639, respectively, primarily due to the increased costs of transformers, which is partially offset by the decrease in vehicle costs as noted above.

Staff notes that the Company is not proposing any 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 has reviewed the filing to ensure that all changes to the tariff correspond with the calculated change in costs, as well as the calculated allowance offset. Staff finds the proposed updates have been correctly calculated and that the corresponding tariff updates are correct.

Conclusion

Based on Staff's review of Idaho Power's filing, Staff concludes that the proposed revisions are correct and consistent with applicable law. Staff additionally 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.

The Company has reviewed a draft of this memo and voiced no concerns.

PROPOSED COMMISSION MOTION:

Approve Idaho Power's Advice No. 23-16, updating its Rule H, New Service Attachments and Distribution Line Installations or Alterations, effective with service rendered on and after March 15, 2024.