

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 14, 2015

REGULAR _____ CONSENT X EFFECTIVE DATE April 27, 2015

DATE: March 31, 2015

TO: Public Utility Commission

FROM: Suparna Bhattacharya ^{SB}

THROUGH: Jason Eisdorfer and Marc Hellman ^{JE MA}

SUBJECT: IDAHO POWER COMPANY: (Docket No. ADV 8/Advice No. 15-04)
Updates Rule H, New Service Attachments and Distribution Line
Installations or Alterations.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Idaho Power Company's (IPC or Company) updated Rule H, as described in Advice 15-04, effective on and after April 27, 2015.

DISCUSSION:

In this filing, IPC submits proposed updates to the charges and allowances as outlined in Rule H, New Service Attachments and Distribution Line Installations or Alterations. This advice filing is similar to the annual filing the Company submitted January 27, 2014, and seeks to keep all charges and allowances current with variations in actual costs. In addition to the annual cost updates, the Company also seeks to change the maximum allowed amperage (amp) requirements specified in current Sections 4.b.i. and 4.b.ii. of Rule H for certain applications.

History

In March 2003, the Commission approved comprehensive revisions to IPC's Rule H. The proposed changes included revisions to cost estimates, charges, allowances, refunds, and other miscellaneous provisions. In October 2008, the Company proposed to update charges for underground service attachments in Rule H (Advice No. 08-05). The Commission approved the proposed update of IPC's charges for underground service attachments with an effective date of October 22, 2008. In January 2010, the Company proposed significant revisions to the Company's Rule H Distribution Line Extensions and made associated changes to Schedule 66 Miscellaneous Charges (Advice No. 10-01). Staff found that the revisions would improve the readability and administration of Rule H and would appropriately shift the cost of new service attachments and distribution line installations or alterations from system revenue

requirement to new applicants that request construction. The Commission approved the proposed changes with an effective date of July 1, 2010. As discussed and agreed to by the Company and Staff during the 2010 update, IPC envisioned filing annual updates to Rule H to update the fixed charges and credits in the tariff. IPC has filed these updates annually since 2011.

Current Filing

On January 8, 2015, the Company filed Rule H updates in Tariff Advice No. 15-01. While working on Staff's data requests the Company identified errors in several proposed charges and allowances within the filing and withdrew the entire filing on February 24, 2015.

The Company re-calculated Rule H charges and allowances, and filed Advice No. 15-04 on March 11, 2015. The revised filing requests for the following:

- a) Increase in Base Charge and Distance Charge of Underground Service Attachment shown in Section 4.b.i of Rule H tariff. The primary drivers of the increase are higher overhead, material, equipment, and labor costs.
- b) Increase in Other Charges that include: i) Engineering Charge, ii) The Overhead Service Attachment Charge for Non- Residence, iii) The Temporary Service Attachment Charge for Underground and Overhead, iv) The Temporary Service and Overhead Permanent Return Trip Charge, and v) The Underground Permanent Return Trip Charge. These charges are specified in Section 6 of the Rule H tariff. A rise in overhead, material, equipment, and labor costs are primarily driving the increase in Other Charges.
- c) Decrease in Single-Phase allowance, driven by the reduced cost of a 25 KVa transformer and increase in Three-Phase Allowances due to higher overhead and 15 KVa transformer costs. These charges are specified in Section 7 of the Rule H tariff.
- d) Language modification in Section 4.b (4.b.i. and 4.b.ii.) of the Rule H tariff. Section 4.b establishes charges for customers requesting installation of Underground Service Attachments. The current filing seeks to change the maximum allowed amperage (amp) requirements in Sections 4.b.i. and 4.b.ii of Rule H for certain applications.

In the current Rule H tariff for Oregon, Section 4.b.i. states that customers who have a 400 amp panel or smaller can qualify to have a service installed and be billed an established per foot charge since these installations do not require additional design or engineering time. All other Underground Service Attachments are charged based on "Work Order Costs" per Section 4.b.ii. The

Company requires a distribution designer to map and create a work order and design the job for attachment to facilities with all three-phase and single-phase greater than 400 amp panel per Section 4.b.ii., and all customers are charged a work order cost.

The Company states in this advice filing that some of the customers within its Idaho service area, especially developers of fourplex buildings installing single-phase 500 amp self-contained multiple meter bases qualify for charges as specified in Section 4.b.i., but were precluded from this provision because of the higher amp size. In September 2014, Idaho Public Utilities Commission approved the Company's request to modify the tariff language so that customers using single phase self-contained multiple meter bases of 500 amps or less can be charged based on Section 4.b.i. of Rule H (Tariff Advice No. 14-01).

While the Company has not received any requests for this configuration in the Oregon service area, the current filing seeks to modify the Rule H language so that in future customers in Oregon requesting underground attachments to facilities with 500 amps panel or less can be approved under Section 4.b.i. With this modification, as stated by the Company, installations can be finished much faster as no design/engineer time is required. Moreover, this change would also ensure consistency in the treatment of the customers who may operate in both the Company's Idaho and Oregon service areas.

Staff's Analysis

To reach its recommendation regarding IPC's filing, Staff reviewed the current filing, associated Rule- H tariff sheets, as well as spreadsheets, that were provided by the Company in response to Staff's data requests. Staff reviewed material, labor and equipment costs associated with base charge, distance charge, other charges, and allowances as specified in points a, b and c above, for the years 2014 and 2015. Staff had several rounds of discussions with the Company about overhead costs, the primary driver for higher charges and reviewed the worksheets showing the forecasted overhead rate for 2015 and the actual overhead rate for 2014. Staff considers that the Company's proposed charges and allowances in the current filing, to be recovered from the cost causers- Rule H customers, are reasonable.

Staff also analyzed the ramifications of the inclusion of those customers in Section 4.b.i. that are requesting underground service attachments for single-phase 500 amp self-contained multiple-meters. As mentioned above, under the current tariff, these customers will be charged per Section 4.b.ii., based on the full work order costs. The Company has not received any requests for this configuration in the Oregon service area. Upon Staff's request, the Company estimated the difference between full work order cost and what a customer would pay under section 4.b.i. Staff identified that

customers will pay less, if the request is processed via the fixed charges proposed in Section 4.b.i.

After further discussions with the Company, Staff confirmed that this modification would help complete installations within 5-7 business days since the Company installs this service the same as it would for all other single-phase installations per Section 4.b.i. The customers can pay their charges for this service with their electric bill. If processed under Section 4.b.ii, the same service would require approximately two to three months as the project would be processed via the work order process that involves additional design/engineer time.

The charges and allowances as reflected in the sixth revised Rule H tariff sheets H-5 through H-9, are as proposed under the current filing.

Staff appreciates the Company's effort in providing all the electronic worksheets that were required for the analysis. The Company has reviewed the memo and has no areas of concern.

PROPOSED COMMISSION MOTION:

Idaho Power Company's Advice No. 15-04 updating Rule H Tariff be approved, effective on and after April 27, 2015.