



Oregon

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Public Utility Commission

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February 6, 2024



BY EMAIL

Idaho Power Company

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RE: Advice No. 23-16

At the public meeting on February 6, 2024, the Commission adopted Staff's recommendation in this matter docketed as ADV 1583. 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 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 that 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.

RULE H
NEW SERVICE ATTACHMENTS AND
DISTRIBUTION LINE INSTALLATIONS
OR ALTERATIONS
 (Continued)

2. General Provisions (Continued)

I. Customer Provided Trench Digging and Backfill. The Company will at its discretion allow an Applicant, Additional Applicant or subdivider to provide trench digging and backfill. The Customer will sign a Memorandum of Agreement, detailing the work to be performed by the Customer and the specifications that must be met prior to the start of construction. The Applicant shall be responsible for the current and reasonable future costs associated with the Line Installation's conduit system, which may include, but is not limited to, the costs of trenching, boring, excavating, backfilling, ducts, raceways, road crossings, paving, vaults, transformer pads, and any required permits. The Company shall own and maintain the conduit system once Company conductors have been installed. In a joint trench, backfill must be provided by the Company. Costs of customer provided trench and backfill will be removed from or not included in the Cost Quote and will not be subject to refund.

3. Line Installation Charges

If a Line Installation is required, the Applicant or Additional Applicant will pay a partially refundable Line Installation Charge equal to the Work Order Cost less applicable Line Installation Allowances identified in Section 7.

4. Service Attachment Charges.

a. Overhead Service Attachment Charge. If an overhead Service Attachment is required, the Applicant or Additional Applicant will pay a non-refundable Service Attachment Charge equal to the Work Order Cost less applicable Service Attachment allowances identified in Section 7.

b. Underground Service Attachment Charge. Each Applicant or Additional Applicant will pay a non-refundable Underground Service Attachment Charge for attaching new Terminal Facilities to the Company's distribution system. The Company will determine the location and maximum length of service cable.

i. Single Phase 400 Amps or Less and Single Phase Self-Contained Multiple Meter Bases 500 Amps or Less

Underground Service Cable (Base charge plus Distance charge)

Base charge from:

underground	\$ 27.00	(I)
overhead including 2" riser	\$ 961.00	(I)
overhead including 3" riser	\$1,170.00	(I)

Distance charge (per foot)

Company Installed Facilities with:

1/0 underground cable	\$ 13.46	(R)
4/0 underground cable	\$ 14.42	(I)
350 underground cable	\$ 19.01	(I)

Customer Provided Trench & Conduit with:

1/0 underground cable	\$ 3.91	(I)
4/0 underground cable	\$ 4.87	(I)
350 underground cable	\$ 7.01	(I)

RULE H
NEW SERVICE ATTACHMENTS AND
DISTRIBUTION LINE INSTALLATIONS
OR ALTERATIONS
(Continued)

4. Service Attachment Charges (Continued)

b. Underground Service Attachment Charge (Continued)

- ii. All Three Phase, Single Phase Greater Than 400 Amps, and Single Phase Self-Contained Multiple Meter Bases Greater Than 500 Amps. If a three phase, single phase greater than 400 amp, or single phase self-contained multiple meter base greater than 500 amp underground Service Attachment is required, the Applicant or Additional Applicant will pay a non-refundable Underground Service Attachment Charge equal to the Work Order Cost.

5. Vested Interest Charges.

Additional Applicants connecting to a vested portion of a Line Installation will pay a Vested Interest Charge to be refunded to the Vested Interest Holder. Additional Applicants will have two payment options:

Option One - An Additional Applicant may choose to pay an amount determined by this equation:

Vested Interest Charge = A x B x C where;

A = Load Ratio: Additional Applicant's Connected Load divided by the sum of Additional Applicant's Connected Load and Vested Interest Holder's load.

B = Distance Ratio: Additional Applicant's distance divided by original distance.

C = Vested Interest Holder's unrefunded contribution.

Option Two. An Additional Applicant may choose to pay the current Vested Interest, in which case the Additional Applicant will become the Vested Interest Holder and, as such, will become eligible to receive Vested Interest Refunds in accordance with Section 8.a.

If Option One is selected, the Additional Applicant has no Vested Interest and the previous Vested Interest Holder remains the Vested Interest Holder. The Vested Interest Holder's Vested Interest will be reduced by the newest Additional Applicant's payment.

The Vested Interest Charge will not exceed the sum of the Vested Interests in the Line Installation. If an Additional Applicant connects to a portion of a vested Line Installation which was established under a prior rule or schedule, the Vested Interest Charges of the previous rule or schedule apply to the Additional Applicant.

6. Other Charges

- a. Alteration Charges. If an Applicant or Additional Applicant requests a Relocation, Upgrade, Conversion or removal of Company facilities, the Applicant or Additional Applicant will pay a non-refundable charge equal to the Cost Quote.
- b. Engineering Charge. Applicants or Additional Applicants will be required to prepay all engineering costs for Line Installations, and/or. Alterations greater than 16 estimated hours. Estimates equal to or less than 16 hours will be billed to the Applicant or Additional Applicant as part of the construction costs, or after the engineering is completed in instances where construction is not requested. Engineering charges will be calculated at \$94.00 per hour.

(1)

RULE H
NEW SERVICE ATTACHMENTS AND
DISTRIBUTION LINE INSTALLATIONS
OR ALTERATIONS
(Continued)

6. Other Charges (Continued)

- c. Joint Trench Charge. Applicants, Additional Applicants, and subdividers will pay the Company for trench and backfill costs included in the Cost Quote. In the event the Company is able to defray any of the trench and backfill costs by sharing a trench with other utilities, the cost reduction will be included in the Cost Quote.
- d. Overhead Service Attachment Charge for Non-Residence. Applicants or Additional Applicants requesting service to a residential property (Schedules 1 and 5) for purposes other than serving a Residence will pay a service connection charge of \$351.00. This charge only applies to non-residences (shop, garage, etc) where there is an existing overhead transformer within 100' of the non-residence structure. (R)
- e. Rights-of-Way and Easement Charge. Applicants or Additional Applicants will be responsible for any costs associated with the acquisition of rights-of-way or easements.
- f. Temporary Line Installation Charge. Applicants or Additional Applicants will pay the installation and removal costs of providing Temporary Line Installations.
- g. Temporary Service Attachment Charge. Applicants or Additional Applicants will pay for Temporary Service Attachments as follows:
 - i. Underground - \$75.00 (I)

The Customer-provided pole must be set within two linear feet of the Company's existing transformer or junction box.
 - ii. Overhead - \$351.00 (R)

The Customer-provided pole shall be set in a location that does not require more than 100 feet of #2 aluminum service conductor that can be readily attached to the permanent location by merely relocating it.

The electrical facilities provided by the Customer on the pole shall be properly grounded, electrically safe, meet all clearance requirements, and be ready for connection to Company facilities.

The Customer shall obtain all permits required by the applicable state, county, or municipal governments and will provide copies or verification to the Company as required. The above conditions must be satisfied before the service will be attached.
- h. Temporary Service (Overhead or Underground), Overhead Permanent, and Customer Provided Trench Inspection Return Trip Charge. A Return Trip Charge of \$75.00 will be assessed each time Company personnel are dispatched to the job site at the customer's request, but are unable to connect the service due to action or inaction on the Customer's part. The charge will be billed after the conditions have been satisfied and the connection has been made. (I)

RULE H
NEW SERVICE ATTACHMENTS AND
DISTRIBUTION LINE INSTALLATIONS
OR ALTERATIONS
 (Continued)

6. Other Charges (Continued)

- i. Unusual Conditions Charge. Applicants, Additional Applicants, and subdividers will pay the Company the additional costs associated with any Unusual Conditions included in the Cost Quote. This payment, or portion thereof, will be refunded to the extent that the Unusual Conditions are not encountered.

In the event that the estimate of the Unusual Conditions included in the Cost Quote is equal to or greater than \$10,000, the Applicant, Additional Applicant or subdivider may either pay for the Unusual Conditions or may furnish an Irrevocable Letter of Credit drawn on a local bank or local branch office issued in the name of Idaho Power Company for the amount of the Unusual Conditions. Upon completion of that portion of the project which included an Unusual Conditions estimate, Idaho Power Company will bill the Applicant, Additional Applicant or subdivider for the amount of Unusual Conditions encountered up to the amount established in the Irrevocable Letter of Credit. The Applicant, Additional Applicant or subdivider will have 15 days from the issuance of the Unusual Conditions billing to make payment. If the Applicant, Additional Applicant or subdivider fails to pay the Unusual Conditions bill within 15 days, Idaho Power will request payment from the bank.

- j. Underground Service Return Trip Charge. When a residential Customer agrees to supply the trench, backfill, conduit, and compaction for an underground service, a Return Trip Charge of \$124.00 will be assessed each time the Company's installation crew is dispatched to the job site at the Customer's request, but is unable to complete the cable installation and energize the service due to action or inaction on the Customer's part. (I)

7. Line Installation and Service Attachment Allowances

The Company will contribute an allowance toward the cost of the Terminal Facilities necessary for Line Installations and/or Service Attachments. Allowances are based on the cost of providing and installing Standard Terminal Facilities for single phase and three phase services.

- a. Allowances for Overhead and Underground Line Installations and Overhead Service Attachments

<u>Class of Service</u>	<u>Maximum Allowance per Service</u>	
Residential:		
Schedules 1, 5	\$3,681.000	(I)
Non-residence	Cost of new meter only	
Non-residential:		
Schedules 7, 9, 24		
Single Phase	\$3,681.00	(I)
Three Phase	\$7,639.00	(I)

RULE H
NEW SERVICE ATTACHMENTS AND
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OR ALTERATIONS
(Continued)

7. Line Installations and Service Attachment Allowances (Continued)

- b. Allowances for Subdivisions and Multiple Occupancy Projects. Developers of Subdivisions and Multiple Occupancy Projects will receive a \$3,681.00 allowance for each single phase transformer installed within a development and a \$7,639.00 allowance for each three phase transformer installed within a development. Subdividers will be eligible to receive allowances for Line Installations inside residential and non-residential subdivisions. (I)
(I)

8. Refunds

- a. Vested Interest Refunds. Vested Interest Refunds will be paid by the Company and funded by the Additional Applicant's Vested Interest Charge as calculated in accordance with Section 5. The initial Applicant will be eligible to receive refunds up to 80 percent of their original construction cost. Additional Applicants that become Vested Interest Holders will be eligible to receive refunds up to their total contribution less 20 percent of the original construction cost.

A Vested Interest Holder and the Company may agree to waive the Vested Interest payment requirements of Additional Applicants with loads less than an agreed upon level. Waived Additional Applicants will not be considered Additional Applicants for purposes of Section 8.a.i.a) below.

i. Vested Interest Refund Limitations

- a) Vested Interest Refunds will be funded by no more than 4 Additional Applicants during the 5-year period following the completion date of the Line Installation for the initial Applicant.
- b) In no circumstance will refunds exceed 100 percent of the refundable portion of any party's cash payment to the Company.

b. Subdivision Refunds

- i. Applicants will be eligible for Vested Interest Refunds for facilities installed inside Subdivisions if the construction was NOT part of the initial Line Installation. Customers requesting additional Line Installations within a Subdivision will be considered new Applicants and become eligible for Vested Interest Refunds.
- ii. A subdivider will be eligible for Vested Interest Refunds for payments for Line Installations outside the subdivision.