

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
LEGAL
WORKING FILE**

**FROM: MICHAEL W. MORRISON
KATHY STOCKTON**

DATE: JANUARY 21, 2015

**RE: IDAHO POWER'S ANNUAL COMPLIANCE FILING TO UPDATE THE
SUBSTATION ALLOWANCE UNDER SCHEDULE 19, LARGE POWER
SERVICE, TARIFF ADVICE NO. 14-03**

BACKGROUND

On December 23, 2014, Idaho Power ("Company") filed a tariff advice with the Commission proposing an update to the Substation Allowance outlined in Schedule 19, Large Power Service, as required by Idaho Public Utilities Commission Order Nos. 32893 and 32914. The Company proposes that the updates become effective February 1, 2015.

STAFF ANALYSIS

Staff reviewed the Company's cost estimation methodology, and found it to conform with the methodology used in IPC-E-13-09 (Glanbia Foods Petition for Allowance to Rule H), and IPC-E-14-01 (Schedule 19 Update, Tariff Advice No. 13-08). Overall, the Substation Allowance increased 1.9% from \$64,580 to \$65,787.

Staff notes that the Company has updated its design standards for the type of 30 MVA substations used to compute the Schedule 19 Substation Allowance. Changes include an increase in UG 4 feeder cable size from 1,000 MCM to 1,100 MCM, and an increase in concrete foundation thickness. These changes have resulted in a 13.3% increase in the cost of UG 4 feeder cable, a 6.9% increase in labor costs, and a 4.3% increase in vehicle costs.

Staff also notes that the Company undertook a reorganization that resulted in changes to the names of groups used in the computation of overhead rates. According to the Company, this

reorganization did not change the functions of any of these groups. The calculated overhead rate decreased from 14.71% to 14.03%. Staff finds the overhead rate calculation and the resulting overhead rate to be reasonable.

STAFF RECOMMENDATIONS

The Company's methodology is consistent with that approved by the Commission in Order Nos. 32893 and 32914. Staff therefore recommends that the Company's proposed update to Schedule 19 be approved with an effective date of February 1, 2015.

COMMISSION DECISION

Does the Commission wish to approve the Company's proposed update to Schedule 19 with an effective date of February 1, 2015?



Michael W. Morrison



Kathy Stockton

Udmemos/ipcta1403