

DECISION MEMORANDUM

TO: COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSIONER KEMPTON
COMMISSION SECRETARY
COMMISSION STAFF

FROM: DON HOWELL AND KRISTINE SASSER
DEPUTY ATTORNEYS GENERAL

DATE: MARCH 25, 2008

SUBJECT: APPLICATION OF IDAHO POWER COMPANY FOR AUTHORITY TO
MODIFY ITS RULE H CHARGES AND CREDITS RELATED TO
DISTRIBUTION LINE INSTALLATIONS AND UNDERGROUND
SERVICE ATTACHMENTS, CASE NO. IPC-E-08-02

On March 10, 2008, Idaho Power Company filed an Application with the Commission seeking authority to modify its Rule H tariff relating to the charges and credits for installing distribution lines and underground service. Specifically, the Company wishes to update Section 4(b) concerning Underground Service Attachment Charges. The Company requests that the Application be processed by Modified Procedure and that the updated charges become effective May 1, 2008.

THE APPLICATION

The Company asserts that the last major change to its charges and credits (specific to this section of its Rule H tariff) occurred in February 1997. Since that time, the Company has noted an increase in the construction of larger-sized residential properties within its service territory that require a larger-sized conductor than the Company originally contemplated and used as a cost-basis in determining its current charges and credits. The Company currently installs three sizes of service wire to provide electric service to the customer, but its existing tariff only provides for a uniform charge. Approximately 70% of customers are currently being billed for the correct wire size. The use of larger-sized conductors has prompted Idaho Power to submit this Application.

Currently, Section 4(b) of the Company's Rule H tariff (New Service Attachments and Distribution Line Installations or Alterations) assigns additional charges for customers who

take service under Schedules 1, 4, 5, or 7. These customers must pay for underground service attachments. The charges in this section are divided into two types: the Base Charge and the Distance Charge (priced per foot based on the length of the installation).

1. Distance Charge. The current method used to calculate the Distance Charge compares the cost difference between installing overhead and underground service based on a single service-size.¹ The Distance Charge is currently \$5.05 per foot and contemplates use of the 1/0 underground cable. In its Application, the Company proposes a Distance Charge calculation using the same method (overhead vs. underground), but with an additional assessment dependent on the size of the wire. The proposed charges are \$6.90 per foot with 1/0 cable, \$7.50 per foot with 4/0 cable, and \$9.60 per foot with 350 cable.

Section 4(b) also addresses the discount in Distance Charges for customers who provide their own trenching. The existing charge for wire in customer-provided trenching is \$1.05 per foot. The proposed charges were determined by measuring the cost difference between installing overhead and underground service for each service type. This is the same method that was used when the charges were originally created. The proposed charges for the service wire are \$2.15 per foot with 1/0 cable, \$3.60 per foot with 4/0 cable, and \$4.65 per foot with 350 cable.

2. Base Charge. The Company's Base Charge is currently \$30 for service from existing underground facilities, and \$255 for service from overhead facilities due to the cost of the 2" riser. The Company proposes to increase the Base Charge to \$40 for service from existing underground facilities and \$395 for service requiring a 2" riser. The Company also proposes to add a charge for a 3" riser option to address the larger-sized services not previously envisioned when the tariff was created. By offering variable pricing determined by the service size, the Company submits that it can more accurately match the customer charges to actual costs incurred for installing service.

3. Requested Effective Date. In order to meet the spring and summer construction demand, the Company requests that the updated tariff become effective on May 1, 2008. The Company is planning a communication effort to work with builders and electricians in its service territory. Current plans include a press release, an ad in the Idaho Business Review, and a

¹ Customers receive standard overhead service from the Company at no charge, but must pay the added cost to install underground service.

mailing to active builders and electricians with an updated price list 30 days in advance of the new rates taking effect.

STAFF RECOMMENDATION

Staff has reviewed the Application and recommends that the case proceed by Modified Procedure. Although the extent of the proposed changes is limited, the Application may elicit responses from the affected parties. Consequently, Staff recommends the Commission suspend the rate changes to be effective May 1, 2008, issue a Notice of Application, and set a short deadline for intervention. Once the parties are determined, they can discuss processing the case via Modified Procedure.

COMMISSION DECISION

1. Does the Commission wish to suspend the Company's proposed effective date of May 1, 2008, pursuant to *Idaho Code* § 61-622, issue a Notice of Application, and set a short deadline for intervention?
2. Once the Notice of Parties is issued, should the Staff Attorney convene an informal prehearing conference for the parties to discuss processing this case via Modified Procedure?
3. Anything else?



Don Howell and Kristine A. Sasser
Deputy Attorneys General

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