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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
IDAHO POWER COMPANY FOR AUTHORITY) CASE NO. **IPC-E-08-2**
TO MODIFY ITS RULE H CHARGES AND)
CREDITS RELATED TO DISTRIBUTION LINE) COMMENTS OF THE
INSTALLATIONS AND UNDERGROUND) COMMISSION STAFF
SERVICE ATTACHMENTS.)
)
)

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Kristine A. Sasser, Deputy Attorney General, and in response to the Notice of Modified Procedure issued in Order No. 30541 on April 28, 2008 in Case No. IPC-E-08-2, submits the following comments.

BACKGROUND

On March 10, 2008, Idaho Power Company filed an Application requesting modification of its Rule H tariff charges and credits for installing distribution lines and underground service to customers' premises. Specifically, the Company proposes to update Section 4(b) concerning Underground Service Attachment Charges.

In its Application, the Company notes 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 experienced increased costs for labor and materials, and has observed an increase in

the construction of larger-sized residential properties within its service territory that require a larger-sized conductor than that currently used as a cost basis in determining costs and credits. Idaho Power currently installs three sizes of service wire to provide electric service to residences but can only bill customers for the least expensive wire. Approximately 70 percent of customers are currently being billed for the correct wire size.

For customers who take service under Schedules 1, 4, 5, or 7,¹ the Company's current Rule H tariff assesses additional charges for customers who choose underground, rather than overhead, service. Charges in Section 4(b) are divided into two types: a "Base" Charge and a "Distance" Charge (priced per foot based on the length of the installation).

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. Customers receive standard overhead service from the Company at no charge, but are charged an added cost when installing underground service. 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 (\$6.90 per foot with 1/0 cable, \$7.50 per foot with 4/0 cable, and \$9.60 per foot with 350 cable).

The Company also requests a change to the discount in Distance Charges for customers who provide their own trenching and conduit. The current charge for wire in customer-provided trenching is \$1.05 per foot. The existing tariff does not distinguish between types of wire. The proposed charges 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.

Finally, the Company's Base Charge is currently \$30 for service from existing underground facilities, and \$255 for service from overhead facilities that require the addition of a 2-inch riser. The Company proposes to increase the Base Charge to \$40 for service for existing underground facilities and \$395 for service requiring a 2-inch riser. The Company also proposes to add a charge for a 3-inch riser option to address the larger-sized services not previously envisioned when the tariff was created.

¹ Schedules: 1 – Residential Service; 4 – Residential Energy Watch (optional); 5 – Residential Time-of-Day (optional); 7 – Small General Service.

STAFF ANALYSIS

It has been eleven years since Idaho Power last updated charges listed in section 4(b) of its Rule H tariff. The Company has experienced increased costs for labor and materials over that period, and Staff agrees with Idaho Power that those increased costs should be reflected in the tariff. By keeping line extension costs current, new customers pay more of their share of the costs for new service. When line extension costs are allowed to become stale, the higher costs of providing service to new customers is generally shifted onto existing customers for recovery in general rate cases. Although small, charging new customers the full cost of new service is one step closer toward an objective of making growth pay for itself. In the future, Staff would like to see Idaho Power make more frequent filings (perhaps annually like Avista does) to keep line extension costs current.

With regard to the specific amounts of the revised charges proposed by Idaho Power, Staff reviewed in detail the Company's assumptions and cost estimates. Staff also met with Company personnel to review the Company's computerized cost estimation system. Staff is satisfied that the revised charges proposed by Idaho Power are reasonable.

Staff also supports the Company's proposal to further refine its line extension charges based on conductor size. By offering the proposed pricing for multiple service sizes instead of a single service size, the Company can more accurately match the charges a customer must pay to the actual costs incurred to install service. Maintaining different charges for different service sizes helps ensure that some customers do not pay more than they should and other customers pay less.

Customer Notification and Opportunity for Comment

Idaho Power reported that on April 4, 2008, it sent 481 letters to building contractors in its service territory notifying them of the proposed rule changes. The Company also issued a press release on April 1, 2008, and a news article appeared in the *Idaho Business Review* on April 14, 2008. In noticing the Company's Application, the Commission established an intervention deadline of April 22, 2008. No petitions to intervene were received; therefore, the Commission issued a Notice of Modified Procedure and set a 21-day comment period.

Staff believes that Idaho Power has made reasonable efforts to notify affected customers of the proposed change. Further, Staff believes that customers have been provided ample opportunity to comment.

RECOMMENDATIONS

Staff recommends approval of the Company's Application to amend line extension charges and credits in its Rule H tariff. Staff recommends an effective date of June 1, 2008.

Respectfully submitted this 19TH day of May 2008.



Kristine A. Sasser
Deputy Attorney General

Technical Staff: Rick Sterling

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 19TH DAY OF MAY 2008, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-08-2, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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