

WELDON B. STUTZMAN
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0318
IDAHO BAR NO. 3283

RECEIVED
2008 SEP -3 PM 2:20
IDAHO PUBLIC
UTILITIES COMMISSION

Street Address for Express Mail:
472 W. WASHINGTON
BOISE, IDAHO 83702-5983

Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	
COMPANY'S APPLICATION FOR APPROVAL)	CASE NO. IPC-E-08-15
OF AN AMENDMENT TO AN AGREEMENT)	
BETWEEN AVIMOR, LLC, AND IDAHO)	
POWER COMPANY AND FOR AUTHORITY)	COMMENTS OF THE
TO IMPLEMENT A LINE CAPACITY CHARGE)	COMMISSION STAFF
_____)	

The Staff of the Idaho Public Utilities Commission, by and through its Attorney of Record, Weldon B. Stutzman, Deputy Attorney General, submits the following comments in response to Order No. 30623 issued on August 13, 2008.

BACKGROUND

On July 29, 2008, Idaho Power Company filed an Application for approval of an amendment to an Agreement the Company has with Avimor LLC. Avimor is the developer of a subdivision north of Boise and agreed to pay Idaho Power \$4.3 million to construct facilities specified in the Agreement required to serve the development. The Company requested Commission approval of the Agreement in an earlier case, and the Commission approved the Agreement with modifications. Case No. IPC-E-06-23, Order No. 30322.

The amendments to the contract for which the Company now requests approval include refunds for connections within the Avimor development at \$110 per kW of estimated demand for residential service connections, assuming that each connection is 10 kW; refunds for non-residential loads are calculated by multiplying \$110 times the kVA rating of the distribution transformers serving each non-residential account. Additionally, this amendment would allow contributions from customers connecting in a geographic area outside of the Avimor project. These line capacity charges would be assessed at \$1,100 per customer receiving service under Schedule 1, and non-residential service schedules would pay \$110 times the kVA rating of the distribution transformer service of each non-residential account. In subdivisions where Rule H applies, line capacity charges would be collected in addition to regular Rule H charges. Refunds, including refunds of line capacity charges, would be paid to Avimor for no more than 10 years, or until Avimor has received the full \$4.3 million amount it contributed for the construction of facilities.

STAFF ANALYSIS

The Amendment uses the most recent test year values to determine the refund amount Avimor will receive for each residential and non-residential customer taking service within the Avimor project from Idaho Power. Residential electric service is supplied under Idaho Power's Rate Schedule 1 and non-residential electric service is supplied under Rate Schedules 7, 9, 19, and 24. The two most recent test year values used to calculate the refund amount are from 2005 and 2007. These values are from the IPC-E-05-28 and IPC-E-07-08 general rate case filings of the Company.

The base year values are shown in Exhibit No.1 of Company witness Timothy Tatum's testimony. In this exhibit, there are four different input values for each base year. These input values are the Total Residential Transmission Rate Base with Transmission Station Equipment Removed, Average Number of Customers, and Distribution Substation Rate Base. The computed values in this exhibit are Transmission Lines and Transmission & Distribution per Customer which is the sum of Transmission Rate Base per Customer and Distribution Rate Base per Customer. The input values and computed values under the heading IPC-E-05-28 in the Company's exhibit are the same values under the same heading from Staff's Attachment A in Case No. IPC-E-06-23. Under the heading IPC-E-07-08 in this exhibit, the Total Residential

Transmission Rate Base and Distribution Substation Rate Base came from Exhibit No. 52, page 1, Column (B), lines 18 and 23, respectively in the same case. The Transmission Station Equipment is a ratio of Account 353 amount, Exhibit No. 49, page 1, Column (B), line 40 and Transmission Plant, Exhibit No. 49, page 6, Column (B), line 63, multiplied by the Residential Transmission Rate Base. The project required the construction of a 3.4 mile transmission line. Therefore, only transmission lines and no other transmission equipment should be part of the cost. The Transmission Lines amount was determined by deducting the Transmission Station Equipment from the Total Residential Transmission Rate Base.

The rounded maximum refund amount of \$1,100 in Company Exhibit No. 1 for each permanent residential connection is the sum of the average incremental cost of Transmission Rate Base per Customer and Distribution Rate Base per Customer between the two test years. The average incremental cost for the Transmission Rate Base per Customer is the incremental change of Transmission Lines divided by the incremental growth of customers between the two test years. In the same manner, the Distribution Rate Base per Customer is the quotient of the incremental change of Distribution Substation Rate Base and the incremental growth of customers during the same period. Using the same methodology as the previous case, the Amendment updates the refund amount from \$1,000 to \$1,100 and allows for refunds, suggested by the Commission, for connections outside of the Avimor project that use the same facilities paid for by Avimor.

Each permanent residence is set to have an estimated demand of 10 kW. As a result, the refund amount would be \$110 per kW for residential service. Unlike the residential service, non-residential service has different demands based on their needs. Therefore, the refund amount for a non-residential load is \$110 times the kVA rating of the distribution transformer serving each non-residential account.

STAFF RECOMMENDATION

Staff believes that the Company reasonably calculated the refund amounts of \$1,100 for each permanent residential connection and \$110 times the kVA rating of the distribution transformer for each non-residential connection within the Avimor project. The Company used the same methodology that the Staff used to calculate the refund amount in the original Agreement, in Case No. IPC-E-06-23, Order No. 30322. Staff also agrees that a line capacity

charge, which is the same as the refund amounts within the Avimor project, should be implemented for those customers requiring electric service connection outside the project boundaries who will use the transmission and substation facilities paid for by Avimor. Therefore, the Staff recommends that the Commission approve the terms of this Amendment between Avimor LLC and Idaho Power Company and authorize implementation of a Line Capacity Charge.

Respectfully submitted this 3rd day of September 2008.



Weldon B. Stutzman
Deputy Attorney General

Technical Staff: TJ Golo

i:\umisc\comments\ipce08.15wstj

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 3RD DAY OF SEPTEMBER 2008, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-08-15, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

BARTON L KLINE
LISA D NORDSTROM
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070
E-MAIL: bkline@idahopower.com
lnordstrom@idahopower.com

JOHN R GALE
TIMOTHY E TATUM
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070
E-MAIL: rgale@idahopower.com
ttatum@idahopower.com



SECRETARY

CERTIFICATE OF SERVICE