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IDAHO PUBLIC UTILITIES COMMISSION

**LISA D. NORDSTROM**  
Senior Counsel

May 1, 2009

**VIA HAND DELIVERY**

Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
472 West Washington Street  
P.O. Box 83720  
Boise, Idaho 83720-0074

Re: Case No. IPC-E-08-22  
*Rule H*

Dear Ms. Jewell:

Enclosed for filing please find an original and seven (7) copies of Idaho Power Company's Reply Comments in the above matter.

Also, I would appreciate it if you would return a stamped copy of this letter for Idaho Power's file in the enclosed stamped, self-addressed envelope.

Very truly yours,

Lisa D. Nordstrom

LDN:csb  
Enclosures

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UTILITIES COMMISSION

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION )  
OF IDAHO POWER COMPANY FOR ) CASE NO. IPC-E-08-22  
AUTHORITY TO MODIFY ITS RULE H )  
TARIFF RELATED TO NEW SERVICE ) IDAHO POWER COMPANY'S  
ATTACHMENTS AND DISTRIBUTION ) REPLY COMMENTS  
LINE INSTALLATIONS OR ALTERATIONS )  
\_\_\_\_\_ )

COMES NOW, Idaho Power Company ("Idaho Power" or "the Company"), and in response to Comments filed in this docket, submits the following Reply Comments.

**I. ALLOWANCES**

The Company's proposal to provide allowances equal to the installed costs of "standard" overhead terminal facilities is intended to provide a fixed credit toward terminal facilities and/or line installations for customers requesting service under Rule H. The fixed allowance of \$1,780 for single phase service and \$3,803 for three phase service is based on the cost of the most commonly installed facilities and attempts to mitigate intra-class and cross-class subsidies by requiring customers with greater

facilities requirements to pay a larger portion of the cost to serve them. The Company's approach and ultimate recommendation for determining allowances was intended primarily to achieve the goal of reducing upward pressure on rates. The cost/economic analyses conducted by the Commission Staff and the Building Contractors Association of Southwestern Idaho ("Building Contractors") will not have the same effect.

By providing allowances equal to the "standard" and most common services installed (see Scott Sparks' filed workpapers pages 12-13, included as Attachment No. 1, and the Company's Responses to Requests Nos. 23 and 24 of the Commission Staff's First Production Request, included as Attachment No. 2), the Company can help ensure that the additional costs associated with larger "non-standard" services are recovered from those customers requesting the services rather than spreading those additional costs to all ratepayers. Specifically, Idaho Power calculated and recommended allowances that were impartial to customer classes and minimized subsidization of terminal facilities costs. Under the Company's proposal, the quantification of standard terminal facilities costs would be updated annually. Attachment No. 3 summarizes the positions of the parties as presented in Comments filed with the Commission in regard to major issues like allowances.

The Company is not entirely opposed to Staff's recommendations for allowances; however, it does have a few concerns. First, if the Company was to pay an allowance equal to overhead terminal facilities on larger service installations, it is possible that the allowance could be inflated by the lack of equipment sizing equivalents. For instance, if a 750 kVa underground padmount transformer is required for a new service, the Company would calculate an allowance based on a similar overhead installation.

Because there are no 750 kVa overhead transformer equivalents, the allowance would be calculated based on an installation of three overhead transformers totaling 1,000 kVa. This clearly results in an inflated allowance resulting from equipment sizing differences in underground and overhead transformers.

Second, Staff does not address Schedule 1 Non-residence and Multiple Occupancy. If the Commission was to accept Staff's recommendation for Schedule 1, the Company would propose keeping the existing allowance of providing a meter only for Schedule 1 Non-residential, providing a \$1,780 allowance for single phase transformers installed in multiple occupancy projects and a \$3,803 allowance for three phase transformers installed in multiple occupancy projects.

Third, the Company wishes to clarify Staff's Attachment 8. Under the column Staff's Proposal, "Terminal Facilities" allowances for Schedules 1, 7, 9, and 24 should be identified as "Overhead Terminal Facilities." Additionally, Staff identifies an existing allowance of 80 percent of terminal facilities for Schedule 24 three phase services. The correct existing allowance is to provide overhead terminal facilities. Idaho Power Attachment No. 4 revises Staff's Attachment 8 to identify in underline the clarifications described above.

The Company does not agree with the Building Contractors' recommendation that all terminal facilities (overhead and underground) be provided and included in rate base. As proposed by both Idaho Power and the Commission Staff, Company-funded allowances provided inside subdivisions would be determined based on the costs associated with the installation of overhead terminal facilities -- whether a fixed amount as proposed by Idaho Power or a variable amount as proposed by Staff. The only

difference is that under Idaho Power's proposal, the allowance would be credited on the subdivision's original work order and under Staff's proposal, the allowance would become refundable to the payee of the original work order as customers connected for permanent service.

For reasons stated above, the Company does not entirely agree with the Idaho Irrigation Pumpers Association's ("IIPA") claim that "the proposed Rule H changes do not in any way address the incremental costs of growth as it applies to associated Transmission and Generation costs." As pointed out on page 5 of Mr. Said's testimony, although "there are no requirements for contributions in aid of construction for new transmission and generation . . . . [R]educing the Company's new customer-related distribution rate base by reducing allowances and refunds will relieve one area of upward pressure on rates and will take a step toward growth paying for itself." The Company also disagrees with IIPA's assertion that the proposed single phase and three phase allowances represent a "Minimum Service Design" rather than a standard design. Pages 12-13 of Scott Sparks' workpapers filed with the Application and the Company's Responses to Requests Nos. 23 and 24 to the Commission Staff's First Production Request (Attachments Nos. 1 and 2, respectively) provide an itemized list of all materials and labor the Company used in determining standard overhead terminal facilities for single phase and three phase services. Idaho Power recognizes the IIPA's concern for proposed allowances associated with large three phase installations; however, it is not the Company's intent to fund all terminal facilities costs for these non-standard service installations.

## **II. SUBDIVISION LOT REFUNDS**

The Company stands by its proposal to discontinue subdivision lot refunds in an effort to shift a greater portion of the cost for facilities installed inside subdivisions from the general rate base to those customers requesting new facilities. As explained in the Company's response to Staff's First Production Request No. 22, included as Attachment No. 5, "if refunds are eliminated, the Company's rate base no longer grows by refunded amounts." This is consistent with the Company's stated objectives outlined in its Application. The Company is not opposed to Staff's recommendation that transformer costs inside subdivisions be refunded to the subdivider/developer as new homes connect for permanent service.

On page 28 of his testimony, Mr. Slaughter recommends that the Commission increase the per-lot-refund for line extensions to \$1000. Mr. Slaughter points to the information presented on his Exhibit No. 204 as the basis for his proposed \$1000 lot refund amount. Exhibit No. 204 contains a listing of the Company's distribution rate base by customer class as it was presented in Idaho Power's 2008 general rate case, Case No. IPC-E-08-10. As can be seen on Exhibit No. 204, the total distribution rate base per residential customer is \$1002, or approximately the \$1000 proposed by Mr. Slaughter. Exhibit No. 204 also shows that the Company's investment in distribution substations, primary lines and transformers, secondary lines and transformers, services, and meters is included in the \$1002 number.

The purpose of the lot refund has been to reimburse a portion of the line extension costs that developers are required to pay in advance of construction. These refunds are provided as customers begin taking permanent service from Idaho Power.

For residential installations inside subdivisions, the line extension costs represent investment in primary and secondary lines but *do not* include costs associated with distribution substations, terminal facilities, or meters. Mr. Slaughter includes the costs of distribution substations, terminal facilities, and meters in his calculation; this is incorrect and creates an appearance of inflated developer investment. With these facts in mind, it is clear that Mr. Slaughter's method for developing his lot refund recommendation is flawed. Therefore, because the true cost basis for lot refunds does not align with Mr. Slaughter's recommendation, the Company does not agree that lot refunds for line extensions should be raised to \$1,000 per lot.

It has been pointed out in individual letters sent to the Commission and in the Comments/testimony provided by the Building Contractors that increases in housing prices have a direct impact on the number of buyers eligible to make home purchases. The Company does not dispute this generalization; however, it does dispute the implication that updating the charges and credits in this filing will have a direct impact on housing prices. It is well known that the costs associated with home construction are diverse and well beyond the costs associated with electrical service alone. When taking into account all costs (engineering, planning, permitting, grading, materials, labor, utilities, etc.) associated with new home construction inside and outside of subdivisions, the Company does not believe there is a one-for-one relationship between charges and credits under Rule H and the price of homes. Ultimately, the market sets housing prices -- not home builders, suppliers, utilities or developers. Builders and developers have the opportunity to adjust their construction practices to meet current demand by assessing all related construction costs, including, but not limited to, supplier and

subcontractor contracts, general overheads, profit margins, and the number and type of homes they choose to build. This is evidenced by the fact that home prices have varied dramatically, both increasing and decreasing in value, since Idaho Power Company last made major revisions to Rule H in 1997.

### **III. UNDERGROUND SERVICE**

The Company does not support Staff's recommendation that underground service should be provided at no cost for Schedule 1 and Schedule 7 if the customer supplies the trench, backfill, conduit, and compaction. Instead, the updated underground service attachment charges proposed in Rule H Section 4.b. should apply when underground service is requested. It is important to note these charges account for costs associated with overhead services and they only reflect the incremental costs of providing underground service as opposed to overhead (see Attachment No. 6, the Company's Responses to Requests Nos. 9 and 10 of the Commission Staff's First Production Request). If the Commission determines that underground service should be provided at no additional charge, then the Company recommends a maximum distance limitation of 100 feet of 1/0 service cable and a maximum sized service panel of no more than 200 amperages. Services requiring more than 100 feet of service cable would be subject to the charges listed under Rule H Section 4.b.

### **IV. WORK ORDER COST METHOD AND CONTROLS**

Staff's Comments and ultimate recommendation concerning Idaho Power's work order cost method and controls were based on a review of a confidential internal memorandum specifically designed to identify outliers -- not the overall disparity between work order estimates and actual costs. The report was originally prepared to

satisfy Sarbannes-Oxley requirements to “review a selection of contributions in aid of construction work orders where actual costs were greater than or less than estimated costs to ensure that the original estimate charged to the customer reasonably represents costs of services provided.” Each identified outlier had a logical explanation for a variance and the report summary clearly states in bold that “the results of the review found that all of the work order estimates were reasonable.” The Company believes that its current internal audit process of reviewing work order cost estimates not only satisfies Sarbannes-Oxley requirements but ensures that a reasonable amount of contributions in aid of construction are collected.

#### **V. GENERAL OVERHEAD RATE**

General overheads are costs that are incurred in direct support of the Company’s construction process, but would be very difficult to directly associate to a particular construction job. These costs are accumulated and allocated back to construction jobs based on a cost allocation methodology. It is Idaho Power Company’s policy, per 18 CFR Part 101 Electric Plant Instructions (4) (2007), to apply overheads to construction work orders.

18 CFR Part 101 Electric Plant Instructions (4)(2007) allows the pay and expenses of the general officers, administrative workers, engineering supervisors, and other engineering services applicable to construction work to be charged to construction. As a result, some of the construction related-employees that support Rule H projects charge a portion of their wages and other expenses to general overheads (FERC account 107). Like all other plant additions, all overhead charges are initially charged to FERC account 107, Construction Work in Progress, and then subsequently

moved to FERC account 101, Electric Plant in Service, when the work order they have been applied to is completed. Overhead charges are applied to the work order monthly as a percentage of actual charges to the work order.

Staff alleges in its Comments that an adjustment to the overhead rate charged under Rule H outside of a general rate case, as proposed by the Company, would result in a double collection of costs. That is, Staff claims that increasing the overhead rate charged under Rule H to 15 percent prior to the next general rate case proceeding would result in the collection of the difference between the current overhead rate of 1.5 percent and the proposed 15 percent rate (13.5 percent) in both general rates and again from those requesting line extensions under Rule H.

The Company does not agree with Staff's assessment of double counting. Because overhead costs do not become additions to electric plant in service until the work order they have been applied to is completed, any future overhead costs would not be included in electric plant in service and therefore in rates until the next general rate case. As described earlier, all overhead charges are ultimately charged to FERC account 101, Electric Plant in Service, when the work order they have been applied to is completed. Any incremental plant additions that occurred or will occur beyond the 2008 test year are not included in current rates. Correspondingly, any incremental overhead costs charged to FERC account 101 beyond the 2008 test year would not be included in current rates. From a ratemaking perspective, the Company's proposal to increase the current overhead rate charged under Rule H will simply reduce the level of overhead costs that would otherwise be included in rate base as part of a future general rate case.

## **VI. VESTED INTEREST PERIOD**

The Company proposes to reduce the vested interest period from five years to four years based on a supportive internal report. Idaho Power does not oppose Staff's recommendation to keep the vested interested period at five years. The Company opposes the Building Contractors' recommendation that the vested interest period be increased to ten years.

## **VII. CHANGES TO DEFINITIONS**

The Company does not oppose Staff's recommendation to modify the definition of "Unusual Conditions"; however, it does recommend adding language to the last sentence of Staff's proposal. The last sentence would read: "Cost associated with unusual conditions are separately stated and are subject to refund **if not encountered.**"

In addition, Staff proposed that a section be added to Subsection 6.h. to specify that "if unusual conditions are not encountered, the Company will issue the appropriate refund within 30 days of completion of the project." The Company appreciates Staff's concern for specifying a time limit for unusual conditions refunds; however, the Company is limited in its flexibility to refund due to existing contracts signed with subcontractors of the Company. Currently, construction contracts with subcontractors of Idaho Power Company specify that subcontractors must invoice the Company for work completed within 60 days of project completion. Because of this stipulation, the Company cannot commit to issuing refunds 30 days after completion of projects for unusual conditions not encountered. Nevertheless, the Company agrees with Staff that refunds for unusual conditions not encountered should be made in a timely manner and will work to narrow the time frame for subcontractor invoicing in future contract

negotiations. The Company recommends a 90-day refund period for unusual conditions not encountered while it works to negotiate new contracts with subcontractors.

## **VIII. RELOCATIONS IN PUBLIC ROAD RIGHTS-OF-WAY**

### **A. Background**

For at least 30 years, Idaho Power's Rule H and its predecessor rules have required that parties who request the relocation of Company utility facilities are obligated to pay for the costs of the relocations. This policy ensures that the costs of relocations are borne by the parties benefitting from the requests and not by all of the Company's customers through higher electric rates. In this case, the Company has proposed a new Section 10 to Rule H, which specifically addresses the situation where Company facilities are located in public road rights-of-way. Ada County Highway District ("ACHD"), Association of Canyon County Highway Districts ("ACCHD"), and the City of Nampa ("Nampa") all submitted substantially similar Comments urging the Commission to reject the Company's proposed Section 10 because it would usurp the authority of public road agencies to govern the public use and the safety of public highways. For purposes of these Reply Comments and the proposed Section 10, a "public road agency" is any state or local agency, county, or municipality that administers the public road rights-of-way and is requesting Idaho Power to relocate utility facilities.

Idaho Power respectfully submits that ACHD, Nampa, and ACCHD (hereinafter collectively referred to as "the Agencies") misunderstand (1) what the Company is requesting, (2) the scope of the Commission's authority to regulate utility rates and operations, and (3) how the Commission's jurisdiction encompasses the allocation of

costs arising out of relocation of utility facilities, including relocation in public road rights-of-way. This misunderstanding is clearly illustrated in the comments of ACCHD. "The IPUC does not have authority to approve Idaho Power's proposed Rule H-Section 10. The proposed terms would place the IPUC in the position of having to determine what does or does not constitute a general public benefit versus a third-party benefit versus a shared benefit. *This determination it [sic] outside the expertise and role of the IPUC.*" (Emphasis added.) (Comments ACCHD, p. 3.) Both the Commission and the Agencies are charged with performing their statutory duties consistent with the public interest. The public that ACHD and ACCHD serve are the users of the roads and highways within the particular geographic locale encompassed by the districts' boundaries. In the case of the City of Nampa, the public is the citizens of the City.

For the Idaho Public Utilities Commission, the public interest extends beyond a specific local geographic area. The public interest that the Commission must protect covers every citizen of the state of Idaho receiving utility service from regulated public utilities.

It is the Agencies' position that they have sole and complete jurisdiction to determine when relocation is required to avoid "incommoding the public." Idaho Power agrees. However, the Agencies go one step further and contend that their authority to require relocation also gives them the sole discretion to decide if the utility will receive any reimbursement from third parties benefitting from the road improvement and relocation. It is this second step that Idaho Power disputes. It is Idaho Power's contention that the Commission also has an obligation to protect the public interest and when it comes to allocating the costs of utility facility relocations to determine utility

rates and charges, the Commission has exclusive jurisdiction. Fortunately, there is a win-win resolution to this disagreement. Idaho Power's proposed Section 10 of Rule H allows the Commission to exercise its jurisdiction concurrently with the Agencies in a way that does not contravene, in any way, the important role the Agencies play in constructing, operating, and maintaining the streets and highways within their jurisdiction.

Attachment No. 7 is a flowchart that graphically depicts how the Company's proposed Section 10 accommodates these concurrent jurisdictions and protects all of the public, both local and state wide.

#### **B. Summary of Proposed Section 10 of Rule H**

The vast majority of Idaho Power's distribution facilities are located on public roads rights-of-way. Transmission facilities, because of their large size and for safety and operating reasons, are generally located on private rights-of-way or on public land where the Company obtains long-term permits for the location of transmission facilities.

The desirability of utilizing public road rights-of-way to locate electrical distribution facilities was recognized early in Idaho's history. In 1903, the Legislature established Idaho Code § 62-705, which granted electric utilities the right to utilize all public roads, streets, and highways for electric facilities so long as that usage did not "incommode the public use of the road, highway, street . . . ." (Idaho Code § 62-705.)

Idaho Power's proposed Section 10 does not have any impact on the authority of public road agencies to manage and control their rights-of-way. More specifically, Section 10 has no impact on the public road agencies' right to require utilities to relocate their facilities from the road rights-of-way, at no cost to the public road agency, where

the facilities incommode the public use. Instead, Section 10 addresses the entirely separate issue of whether the utility relocation costs should be borne by the utility (and all of its customers) or by a third party who directly benefits from the relocation. This determination involves the Company and the third party and has no impact on the public road agencies' jurisdiction over its rights-of-way.

Section 10 provides a simple, time-tested standard for determining whether the Company or a third party should pay for utility relocations caused by road improvements. The basic rule is that the third party should pay the same percentage of the utility relocation costs as it pays for the underlying road improvement costs. In summary, the proposed Section 10 rules provide:

1. If the public road agency determines that it will use 100 percent of its own funds for the road improvements that necessitate the utility relocation, then Idaho Power would pay 100 percent of the utility relocation costs it incurs.

2. If the public road agency determines that 100 percent of the cost of a road widening or other improvement should be funded by payments from a party other than the public road agency, "a third-party," then it will be presumed that the highway project is being performed to exclusively benefit the third party making the contribution. In that instance, utility relocation costs would be borne 100 percent by the third party.

3. If the public road agency determines a highway improvement should be funded partially by using the public road agency's own funds and partially by a contribution from a third party or parties, then the utility would collect the same percentage of relocation costs from the third party. For example, if the public road agency was funding 50 percent of the cost of a right-of-way improvement from its own

funds and a third-party was paying an impact fee or otherwise funding the other 50 percent of the cost of the right-of-way improvement, the utility would collect 50 percent of its relocation expense from the third party and the balance would be recovered in the Company's electric rates.

The cost-sharing arrangement proposed in Section 10 is simple, straightforward, and allows the public road agency, in the initial instance, to decide to what degree road improvement work and resulting utility relocation work are for a public purpose or for the specific benefit of a third party.

**C. Agencies Misunderstand the Scope of the Commission's Jurisdiction**

The Agencies correctly note in their Comments that the jurisdiction of the IPUC is limited to that expressly granted by the Legislature. *Washington Water Power Company v. Kootenai Environmental Alliance*, 99 Idaho 875, 591 P.2d 122 (1979). Idaho Power agrees. However, it cannot be seriously argued (and the Agencies do not so argue) that the Commission does not have the authority to regulate how utilities will recover the costs of relocating their facilities in their rates and charges. This authority includes the authority to require the beneficiaries of a relocation of utility facilities to contribute the cost of that relocation. Such contributions affect rates because if the utility receives such a contribution, it does not have to include those costs in its rates, thereby reducing upward pressure on rates. In spite of this long-standing principal of cost-causation ratemaking, the Agencies argue that *in this one situation* the Legislature has divested the Commission of its authority to determine how utilities will recover the cost of relocating utility facilities in their rates. The Agencies argue that in this one instance, the Legislature intended that the regulation of how utilities recover the costs of

relocating their facilities should be handed over to the dozens of state and local public road agencies.

Idaho Power does not believe any intent to limit the Commission's jurisdiction to regulate utility cost recovery is manifested in any of the cases or statutes cited by the Agencies. Instead, Idaho Power contends that this Commission has been given exclusive jurisdiction to determine utility rates and charges arising out of the cost of relocation of utility facilities. The Company's position is supported in both the Idaho statutes and case law.

Idaho Code § 61-502 provides:

**DETERMINATION OF RATES.** Whenever the commission, after a hearing had upon its own motion or upon complaint, shall find that the rates, fares, tolls, rentals, charges or classifications, or any of them, demanded, observed, charged or collected by any public utility for any service or product or commodity, or in connection therewith, including the rates or fares for excursions or commutation tickets, or that the **rules, regulations, practices, or contracts or any of them, affecting such rates,** fares, tolls, rentals, charges or classifications, or any of them, are unjust, unreasonable, discriminatory or preferential, or in any wise in violation of any provision of law, or that such rates, fares, tolls, rentals, charges or classifications are insufficient, **the commission shall determine** the just, reasonable or sufficient **rates,** fares, tolls, rentals, charges, classifications, **rules, regulations, practices or contracts** to be thereafter observed and in force **and shall fix the same by order as hereinafter provided,** and shall, under such rules and regulations as the commission may prescribe, fix the reasonable maximum rates to be charged for water by any public utility coming within the provisions of this act relating to the sale of water. (Emphasis added.)

This section of the Idaho Code makes it clear that the Legislature has granted the Commission broad authority to regulate the practices and contracts of utilities as they affect rates. It also makes it clear that the Commission has the authority to

determine just and reasonable utility practices and contracts and to issue orders addressing those practices.

Idaho Code § 61-503 provides:

**POWER TO INVESTIGATE AND FIX RATES AND REGULATIONS.** The commission shall have power, upon a hearing, had upon its own motion or upon complaint, to investigate a single rate, fare, toll, rental, charge, classification, rule, regulation, contract or practice, or any number thereof, or the entire schedule or schedules of rates, fares, tolls, rentals, charges, classifications, rules, regulations, contracts or practices, or any thereof, of any public utility, and to establish new rates, fares, tolls, rentals, charges, classifications, rules, regulations, contracts or practices or schedule or schedules in lieu thereof.

Idaho Code § 61-301 provides:

**CHARGES JUST AND REASONABLE.** **All charges** made, demanded or received **by any public utility**, or by any two (2) or more public utilities, for any product or commodity furnished or to be furnished or any service rendered or to be rendered **shall be just and reasonable.** Every unjust or unreasonable charge made, demanded or received for such product or commodity or service is hereby prohibited and declared unlawful. (Emphasis added.)

The Agencies' Comments raise the specter that approval of Section 10 by the Commission might be in conflict with the Idaho Constitution. Idaho Power disagrees. In the case of *Grindstone Butte Mutual Canal Company, Etc., v. Idaho Public Utilities Commission*, 102 Idaho 175, 627 P.2d 804 (1981), the Idaho Supreme Court analyzed the constitutional and statutory limitations placed on the Commission. The Court said:

Appellants contend that the Commission acted outside its constitutional and statutory limitations by giving consideration to the concepts of conservation, optimum use and resource allocation. We do not agree. While the Idaho Public Utilities Commission is a body with statutorily defined jurisdiction, it is also true that the Commission operates in the public interest to insure that every public utility operates

as shall promote the safety, health, comfort of the public and as shall be in all respects adequate, efficient, just and reasonable. I.C. §§ 61-301 & 61-302. The power to fix rates is for the public welfare. *Agricultural Products v. Utah Power & Light Co.*, *supra*. The Commission has the authority to investigate and determine whether a rate is unjust, unreasonable, discriminatory or preferential, or in any wise in violation of any provision of law. I.C. §§ 61-502 & 61-503. 'Every power expressly granted, or fairly to be implied from the language used, where necessary to enable the Commission to exercise the powers expressly granted should be afforded.' *Washington Water Power Co. v. Kootenai Environmental Alliance*, 99 Idaho 875, 879 591 P.2d 122, 126 (1979). *Citing United States v. Utah Power & Light Co.*, 98 Idaho 665, 667, 570 P.2d 1353, 1355 (1977), *quoting* 64 Am. Jur.2d, Public Utilities, §232 (1972).

The relief requested by Section 10 of Idaho Power's proposed Rule H falls squarely within the Commission's grant of authority as described in the above-cited cases and statutes. The Commission is charged with ensuring that costs of utility facility relocation have not been unreasonably charged to Idaho Power customers when, in fact, the relocation of utility facilities wholly or partially benefits a person or entity other than the public. If costs are being unreasonably allocated, the Commission has the authority to provide a remedy.

**D. Agencies Misunderstand What Idaho Power is Requesting**

The Agencies direct the bulk of their comments to pointing out the exclusive jurisdiction the Agencies possess to manage public highways and public rights-of-way within the Agencies' respective geographic boundaries. They characterize the proposed Section 10 of the Company's proposed Rule H as an encroachment on the Agencies' authority to exercise its ongoing responsibilities for constructing, operating, and maintaining road systems. The Comments of Nampa sum up the position of the Agencies very succinctly. "Nampa advises the IPUC to delete the proposed Section 10

and any other parts of the proposed Rule H that attempt to regulate the relocation of utilities on municipal land. Such relocation regulation is outside the jurisdiction of the IPUC.” (Comments of City of Nampa, p. 4.) Nampa casts its net too widely. The Commission has always had the authority to regulate relocation of utilities on utility-owned rights-of-way located on municipal property. For example, if Nampa wanted to construct an addition to its City Hall and to do so needed Idaho Power to relocate its utility facilities off of an Idaho Power easement, Idaho Power would request that the City pay the relocation costs in accordance with Rule H. Idaho Power’s authority to request those costs be paid by Nampa and the Commission’s authority to require Nampa to pay those costs has always been part and parcel of Rule H. Idaho Power does not believe that the City is disputing that fact.

The Agencies cite *Village of Lapwai v. Alligier*, 78 Idaho 124, 129, 229 P.2d 475, 478 (1956) as support for their position. *Lapwai* confirms that municipalities, through franchise agreements with utilities, exercise authority within their municipal boundaries to allow or disallow a utility to locate facilities in their streets and alleys. *Lapwai* confirms that when a franchise agreement expires, a city is not required to procure the consent of the Commission as a condition of requiring removal of utility facilities from the cities, streets, and alleys. *Lapwai*, however, does not address the central question presented here, that is a utility’s ability to obtain compensation from private parties that receive a benefit when a city requires the relocation of utility facilities within the public right-of-way when that utility has a valid franchise to operate in that city.

The Agencies also cite *Rich v. Idaho Power Company*, 81 Idaho 487, 346 P.2d 596 (1959) in support of their position. Again, *Rich* does not speak to the issue

presented by Section 10 of Rule H. In the *Rich* case, the Idaho Board of Highway Directors had sought a declaratory judgment to determine the constitutionality of a statute passed by the Idaho Legislature in 1957 providing that utilities would be reimbursed out of dedicated state highway funds for the cost of relocating their utility facilities located on any federal-aid primary or secondary system or on the inter-state system of Idaho public highways, when determined necessary by the Idaho Board of Highway Directors. While *Rich* upheld the common law rule that utilities locating facilities in public rights-of-way can be required to relocate their facilities at their own expense if the safety of the public required it, the principal issue addressed in *Rich* was the source of funding for the utility's cost of relocation. In *Rich*, the court decided that the recently passed statute requiring utility relocation costs be reimbursed to the utility out of the dedicated state highway fund violated the Idaho Constitution's prohibition on the lending of state credit. No such issue exists here. Under Idaho Power's proposed Section 10, public highway funds are never used to reimburse Idaho Power for relocation expense. To the extent it is applicable to this case, *Rich* is essentially a restatement of this common rule law. Idaho Power is not seeking to contravene the common law rule that its use of the public road right-of-way is subordinate to the paramount use of public road right-of-way if that use interferes with the public benefit. Idaho Power's proposed Section 10 does not require any of the Agencies to reimburse the Company for relocation costs where relocation is required to *benefit the public*. It is only in those cases where the road widening or improvement benefits a third party that the Company believes the Idaho Commission should play a role. The Commission

should approve rules that require such third party to reimburse Idaho Power so that the costs of the relocation are not unfairly shifted to the Company's customers.

**E. The Commission Is Well Suited to Resolve Disputes Arising Under Section 10**

The Comments of the Agencies point out a number of problems they perceive with the definition and treatment of third-party beneficiaries under Section 10. Idaho Power's proposed Section 10 addresses the real-life situation where highway improvements and the concurrent requirement to relocate utility facilities is driven by real estate development adjacent to streets and highways. In response to that situation, the ACCHD states, "The notion seems to be that some improvements are made for the general public and other improvements are made only for the benefit of an identifiable third-party." (Comments of ACCHD, p. 4.) That notion is exactly correct and gets to the heart of the problem that arises when potential economic development within the jurisdiction of an agency colors how the agency views the public interest in association with allocation of the costs of relocating utility facilities. Idaho Power's proposed Rule H sets forth an easy way to parse the respective public benefits of a particular highway improvement project. If the public road agency is willing to utilize its own funds to perform highway improvement, then it is highly probable that the public interest drives the need for the improvement. However, when the public road agency obtains a contribution from a third party to reduce the cost of a highway improvement, it is strong evidence that all or a portion of the highway improvement will confer a benefit on an identifiable third party and is not totally for the benefit of the public.

The Agencies' Comments reflect a concern that Section 10 does not specifically define what constitutes a third-party beneficiary. In its Comments, ACCHD states,

“Section 10 does not clearly define what constitutes a third-party beneficiary, providing only examples: ‘private or public third-parties such as real estate developers, local improvement districts, or adjacent land owners.’ This definition is problematic and overly broad.” (ACCHD comments, p. 4.) First, the Agencies are apparently unfamiliar with the Commission’s quasi-judicial role and its considerable experience in fact-finding and resolving disputes. Applying the facts of an individual case to broad policy and legal definitions is precisely what the Commission does all the time. There is no question that the Commission is fully capable of analyzing and resolving individual fact situations arising out of the definitions contained in Section 10. With respect to the Agencies’ concern that a third party might be a public agency, Idaho Power is confident that if questions arise, the Commission will be able to assess the respective impacts and benefits as between multiple public agencies and private entities and determine an appropriate allocation of costs between public bodies, private entities, and other utility customers.

**F. Other Alternative Forums for Resolving Disputes Are Not Practical**

Under the Agencies view of the law, the only alternative available to Idaho Power for resolving disputes arising out of an unreasonable assessment of relocation costs is for the Company to file declaratory judgment actions in district court each time it perceived that a public road agency had unreasonably assigned relocation costs to the utility. Such an approach would be expensive, time consuming, and, frankly, impractical.

While Idaho Power believes that its proposed Section 10 of Rule H provides a simple, efficient way of determining whether all or a portion of relocation costs should be

paid by utility customers or by a third party, the Company also believes there must be a neutral forum that can efficiently resolve disputes. Idaho Power contends that the Commission is uniquely positioned to provide that dispute resolution process.

The Agencies propose that the best way for Idaho Power to address relocation cost issues is to negotiate contracts with highway districts and revise its franchise agreements with municipalities. It should be noted that most, if not all, of Idaho Power's franchise agreements with individual municipalities already contain the following language: "The Grantee shall bear the cost of relocating its facilities at the city's request, unless the facilities are to be relocated for the benefit for third party, in which case the third party shall the pay the costs of relocation." However, problems may arise if a city determines, perhaps for economic development reasons, that a particular street improvement project will be characterized as a city project, thereby relieving a real estate developer of the cost of reimbursing the utility for relocation costs. (See the testimony of Idaho Power Witness David Lowry.)

In the case of non-municipal highway agencies, the Company is willing to work with these agencies to voluntarily develop workable solutions. ACHD correctly points out in its Comments that Idaho Power's proposed Section 10 is very similar to ACHD's Resolution 330. Resolution 330 has generally worked well in assigning relocation costs. The principal problem with the approach of negotiating individual resolutions, ordinances, contracts, and franchise agreements is that Idaho Power operates in dozens of individual highway jurisdictions. If Section 10 provides an over-arching rule, voluntary, individual agreements will be much easier to develop.

However, even with voluntary agreements, when a question arises concerning the equity of an allocation as determined by a public road agency, Idaho Power believes there needs to be a forum, at the Idaho Public Utilities Commission, to which such disputes can be presented for resolution. Idaho Power's Exhibit No. 1 in this case, the communications between the City of Nampa and Idaho Power regarding the City's unwillingness to assess costs of relocation to a local improvement district along Nampa-Caldwell Boulevard, is a good example of a situation where a neutral third party, like the Commission, might have concluded that a public's road agency's determination that a relocation cost should be borne totally by the utility rather than by a third party was not reasonable.

**G. The Reference to Local Improvement Districts Needs to be Clarified**

In their Comments, the Agencies all identify a drafting problem in the Company's proposed Section 10. They point out that Rule H currently includes the definition of a local improvement district ("LID") as being a district which provides for the funding of the differential between the higher cost of underground facilities as compared to overhead facilities. The Agencies urge the Commission that should it decide to include Section 10 in Rule H as proposed by Idaho Power, that references to any LID as a third-party beneficiary be clarified and limited to the definition currently included in Rule H; i.e., underground/overhead differential LIDs.

Idaho Power appreciates the Agencies pointing out this potential problem area. In Rule H, "local improvement district" is a defined term (and therefore capitalized when used in the text of the Rule) and is limited to the type of LID considered under Idaho Code § 50-2503-LIDs. Proposed Section 10 of Rule H did not capitalize "LID" or "local

improvement district” because it was the intention of the Company that in Section 10, the term LID or local improvement district be used generically and not be limited to a LID for funding the underground/overhead differential as defined in Rule H. It was Idaho Power’s intention that the term LID be used in its broader sense of any taxation district. If the Commission decides to approve the inclusion of Section 10 in Idaho Power’s Rule H, the Company will provide additional language clarifying the difference in types of LIDs referred to in Rule H.

#### **H. Conclusion**

Idaho Power acknowledges that the Agencies have the exclusive authority to determine that relocation of utility facilities located in public road rights-of-way is necessary so as not to “incommode public use.” (Idaho Code § 62-705.) Idaho Power also agrees that whenever relocation of utility facilities from public road rights-of-way are necessary to avoid incommoding the public use, the cost of relocation should not be borne by the public road agencies. Idaho Power is only asking the Commission to continue to exercise the jurisdiction it currently exercises to determine who pays the cost of relocating utility facilities located in public roads when persons or entities other than the general public receive some or all of the benefit of the relocation. Section 10 does not encroach upon the Agencies’ authority to determine that relocation of utility facilities is necessary. However, the question of who pays for the cost of relocating utility facilities directly bears on utility rates and charges and, as a result, falls squarely within the jurisdiction of the Commission.

## **IX. RESPONSE TO ISSUES RAISED BY THE BUILDING CONTRACTORS**

In his testimony in this case, Mr. Said references general rate cases that occurred in 2003, 2005, 2007, and 2008. He also references single issue rate cases to address the inclusion of gas-fired plants in 2005 and 2008. Mr. Said concludes that these increases have been related to growth because “additional revenues generated from the addition of new customers and load growth in general is not keeping pace with the additional expenses created and required to provide ongoing safe and reliable service to new and existing customers.” (Said Direct, p. 5, L. 9.) The Company’s loads have been growing by approximately 50 average megawatts (“MW”) per year and by approximately 80 MW per year at the time of the system peak. Growth in generation plant investment, transmission plant investment, and distribution plant investment are all impacting the growth in electric rates. Attachment 1 to Staff’s Comments explains the relationship between growth and inflation in greater detail.

Yet, the Building Contractors state that, “in itself, however, growth does not cause higher costs. In inflation adjusted terms, if the same facilities are provided at the same real unit cost, then average real cost per customer will not change.” (Slaughter Direct, p. 11, LI. 17-19.) The statement suggests that the only factor influencing electric prices in this decade has been inflation. However, for customers of a regulated utility, the extent to which customers experience the effects of inflation is directly related to growth.

As an example, suppose a car buyer purchases a new car in 2009 and does not replace it until 2020. Inflation may drive the cost of a comparable car up during the next eleven years, but the car buyer will not experience the impact of that inflation until

he/she replaces the car in 2020. Similarly, an electric utility customer is insulated from the impacts of inflation on the cost of facilities until they need to be replaced. To the extent that some replacement of plant occurs each year, such impacts of inflation are experienced by customers. However, as growth occurs, new plant costs in addition to normal replacement costs add to the impact of inflation experienced by customers. The Building Contractors want the Commission to ignore the impact that growth has on ensuring that customers feel the full impact of inflation sooner rather than later. People do not want their car payments to increase just because their neighbor bought a new car. Similarly, existing customers do not want to see rate increases just because there are new customers on the system.

Mr. Slaughter points out that dating back to the 1950s, demand growth has been encouraged. For many years of Idaho Power Company's existence, it was in a surplus generation and surplus transmission situation. Under those conditions, the addition of new customer loads required no new generation costs and no new transmission costs, only new distribution costs. As a result, the Company and the Commission could be promotional (i.e., providing greater allowances) with regard to its line installation provisions. Costs per customer may actually have been declining at times even with generous allowances. Today's situation is not comparable to those times. Customers are experiencing the full incremental impact of adding new generation and transmission facilities to the Company's system. The Building Contractors want the Commission to ignore the current situation and isolate distribution costs from other costs of growth experienced by customers even though promotional provisions of the past may have

been established in light of total costs of serving customers. Now is not the time to continue promotional activity at the expense of existing customers.

The Building Contractors suggest that the proposed Rule H is discriminatory against new customers. Rule H addresses the costs that must be paid by individuals who are not currently customers of Idaho Power for the opportunity to become customers. If the new line installation investment is solely to provide service to new customers, the Commission is authorized by law to require that the new customers bear the cost of that new investment. *Idaho State Homebuilders v. Washington Water Power*, 107 Idaho 415, 690 P.2d 350 (1984). So long as all potential new customers are treated in a like manner, there is no unlawful discrimination.

In general, the Building Contractors and Mr. Slaughter imply that customers are not paying for the full value of the product they receive. In order to move toward more appropriate pricing, he wants the Commission to continue to require that the Company spend significant amounts of capital on distribution facilities so that customers will experience the impacts of inflation as it occurs. The Building Contractors are silent as to the impacts their recommendation has on the Company's ability to replace and upgrade service to existing customers. If Idaho Power had unlimited access to capital, the Building Contractors' recommendation might not impact the Company's ability to replace or upgrade existing facilities. However, Idaho Power does not have unlimited access to capital. To the extent that the Company must invest in new distribution facilities for the benefit of new customers, the Company will have less capital available for other capital projects. The Building Contractors, through Mr. Slaughter, argue that new investment benefits existing customers by lowering average costs, but those

benefits must be examined from a wider perspective and compared to the benefits that may be derived if the limited capital resources are utilized for other purposes. Now is the time for the Commission to reduce Company investment in new distribution facilities in order to allow for investment in other infrastructure that is more valuable to customers.

#### **X. CONCLUSION**

Idaho Power respectfully requests that the Commission issue an Order approving the proposed Rule H modifications as set forth in the Application and these Reply Comments to become effective 120 days after the Order is issued. Because of the extended effective date, Idaho Power would like to point out that all customers, builders, and developers affected by any and all approved Rule H modifications will have ample time to modify their planning and construction decisions prior to the effective date. In addition, all Idaho Power construction work orders signed and paid in full before the effective date will be subject to the provisions of the existing Rule H tariff.

DATED at Boise, Idaho, this 1<sup>st</sup> day of May 2009.

  
LISA D. NORDSTROM  
Attorney for Idaho Power Company

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 1<sup>st</sup> day of May 2009 I served a true and correct copy of IDAHO POWER COMPANY'S REPLY COMMENTS upon the following named parties by the method indicated below, and addressed to the following:

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**City of Nampa AND Association of Canyon County Highway Districts**

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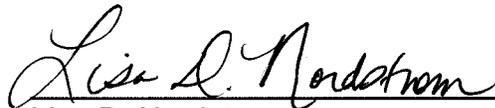
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\_\_\_\_\_  
Lisa D. Nordstrom

**BEFORE THE**  
**IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-08-22**

**IDAHO POWER COMPANY**

**ATTACHMENT NO. 1**

## Section 7: Line Installation and Service Attachment Allowances

Allowances were calculated based on standard overhead terminal facilities installation costs for single and three phase customer needing 200 amperage of connected load at their meter base.

### **Residential Allowances Schedule 1, 4, and 5**

Single phase terminal facilities were based on:

Travel cost -	5 man line crew & ½ hour of travel time	
Labor cost-	Installing material	
Material cost -	Primary line hot clamp	(DHTAA)
	Switch Arm	(DBK18)
	Switch	(DSCS351)
	Transformer	(DT25R1)
	Transformer Bussing	(DYS25)
	Service	(D3P2)
	Ground rod	(DGRO)

**TIMW101 - DESIGN VERSION DETAILS - [ PROD ]**

SELECT TO STEP THROUGH DESIGN POINT. EXECUTE TO CREATE NEW POINT.

Design Version: 0001327 [ DHT ] Status: PLAN [ 10/14/2008 ] [ 14:39 ]

Description: SCHEDULE 1,4,OR 5 TERM CREDIT VERSION 2 WITH 25 KVA TRAN 19.9

Designer: RMP0557 Service Type: UG

Billing Template: ST [ 10/14/2008 ] Salvage:

Rate Category: External Cross Reference:

Estimated Cost: \$1,779.50 Transfer to Work Order:

Quote: \$1,780.00 Navigate to Work Order:

Quote Date: 10/14/2008

CU Category: Cost Class: IPCO

Crew Size: 5 Work Hours: 8.00

Trip Time: .5 Resources: PERS TRAVELCE

Execute Attributes Notes Finance

**Design Version Point Details**

Point	Cross Reference	Task	CU Groups	CU List	Resources	Material	Permits	Contracts	Documents
0001	TERM ALLOWAN	02	-	-	-	-	-	-	-

The transformer used was for the highest distribution voltage that Idaho Power uses so that all allowances would be adequate for all customer needing terminal facilities only.

**Non-Residential Allowances  
Schedule 7, 9, 24**

Three phase terminal facilities were based on:

- Travel cost - 5 man line crew & ½ hour of travel time
- Labor cost- Installing material
- Material cost - Primary line hot clamp (3) (DHTAA)
- Switch Arm (1) (DAA3D)
- Switch (3) (DSC151)
- Arrester (3) (DLAR15)
- Transformer Mount (1) (DCMB)
- Transformer (3) (DT15A1)
- Transformer Bussing (1) (DYY151)
- Service (1) (D4P2)
- Ground rod (1) (DGRO)

**TIMW101 - DESIGN VERSION DETAILS - [ PROD ]**

File Edit Navigate Options View Help

SELECT TO STEP THROUGH DESIGN POINT. EXECUTE TO CREATE NEW POINT.

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Design Version: 0000073227 013 Status: PLAN 08/25/2008 13:17

Description: SCHEDULE 7,9, & 24 THREE PHASE ALLOWANCE

Designer: RMP0557 Service Type: UG

Billing Template: RUL001 Salvage:

Rate Category: External Cross Reference:

Estimated Cost: \$3,803.35 Transfer to Work Order:

Quote: \$3,803.00 Navigate to Work Order:

Quote Date: 08/27/2008

CU Category: Cost Class: IPCO

Crew Size: 5 Work Hours: 8.00

Trip Time: .5 Resource: PERS TRAVELCE

Execute Attributes Notes Finance

**Design Version Point Details**

* Point	Cross Reference	Task	CU Groups	CU List	Resources	Material	Permits	Contracts	Documents
0001	TERM ALLOWAN	02	-	\	\	-	-	-	-

**BEFORE THE**  
**IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-08-22**

**IDAHO POWER COMPANY**

**ATTACHMENT NO. 2**

**REQUEST NO. 23:** Please provide a cost breakdown of \$1,780 Standard Terminal Facilities allowance for single phase line installations and service attachments showing how much of that cost is the transformer, service conductor, etc.

**RESPONSE TO REQUEST NO. 23:** The single phase standard terminal facilities allowance is based on three components: (1) travel time and vehicle costs for a crew of five, (2) materials costs, and (3) labor and equipment costs. The breakdown of this allowance is as follows:

Travel and Vehicle cost	\$ 134.50
Material Cost	\$1,435.39
Labor and Equipment	<u>\$ 209.61</u>
Total	<u>\$1,779.50</u>

The material components include:

Hot Line Clap – connect to the main line	\$ 16.78
Pole mount bracket for the switch	\$ 37.71
Switch (Non Load Break)	\$ 89.95
25 KVA Transformer	\$1,096.69
Transformer wiring and connectors	\$ 46.80
125 feet of #2 triplex service wire	\$ 100.95
Transformer ground rod	\$ 22.23
Power Meter	<u>\$ 24.28</u>
Total Material Cost	<u>\$1,435.39</u>

The response to this Request was prepared under the direction of Scott Sparks, Senior Pricing Analyst, Idaho Power Company, in consultation with Barton L. Kline, Lead Counsel, Idaho Power Company.

**REQUEST NO. 24:** Similarly, please provide a cost breakdown of \$3,803 Standard Terminal Facilities allowance for three phase installations and service attachments showing how much of that cost is the transformer, service conductor, etc.

**RESPONSE TO REQUEST NO. 24:** The three phase standard terminal facilities allowance is based on three components: (1) travel time and vehicle costs for a crew of five, (2) materials costs, and (3) labor and equipment costs. The breakdown of this allowance is as follows:

Travel and Vehicle cost	\$ 269.00
Material Cost	\$ 2,540.90
Labor and Equipment	\$ 993.48
Total	\$ 3,803.38

The material components include:

Hot Line Clap – connect to the main line	\$ 50.34
Wood cross arm for switch	\$ 134.17
Lighting arresters	\$ 142.65
Switch (Non Load Break)	\$ 149.46
Transformer mounting Wing	\$ 233.94
25 KVA Transformer	\$ 1,376.88
Transformer wiring and connectors	\$ 98.76
125 feet of #2 triplex service wire	\$ 146.03
Transformer ground rod	\$ 22.23
Power Meter	\$ 186.44
Total Material Cost	\$2,540.90

The response to this Request was prepared under the direction of Scott Sparks, Senior Pricing Analyst, Idaho Power Company, in consultation with Barton L. Kline, Lead Counsel, Idaho Power Company.

**BEFORE THE**  
**IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-08-22**

**IDAHO POWER COMPANY**

**ATTACHMENT NO. 3**

**Rule H Filing IPC-E-08-22  
Summary of Comments**

	Allowances	Lot Refunds	Misc. Costs	Vesting	General Overheads	Formatting and Definitions	Highway Relocations
<b>Idaho Power Existing Tariff</b>	<p><b>Rate 01</b> – Subdivision: overhead(OH) terminal facilities(TF) + \$800/lot                      Non-electric: OH TF + \$1,000                      All-Electric: OH TF + \$1,300                      Non-Residence – meter only  <b>Rate 07 &amp; Multiple Occupancy</b>                      1 phase: OH TF                      3 phase: 80% of OH TF  <b>Rate 09</b> – 1 phase: \$1,726                      3 phase: \$80% of OH TF  <b>Rate 24</b> – 1 phase: \$1,726                      3 phase: 100% of OH TF  <b>Rate 19</b> - Case-by-case basis</p>	\$800 per lot	Outdated	5 years	1.5% cap	Outdated	No section
<b>Idaho Power Proposed Tariff</b>	<p>1 phase: \$1,780                      3 phase: \$3,802  <b>Rate 19</b> - case-by-case</p>	No lot refunds	Update all	4 years	Update to actual rate as proposed.	In response to Staff, propose 90 day refund period for unusual conditions.	Add section
<b>IPUC Staff</b>	<p><b>Rate 01</b> – 100% OH TF  <b>Rate 07</b> – 1 phase: 60% OH TF, 3 phase: 25% OH TF  <b>Rate 09 &amp; 24</b> – 100% OH TF  <b>Rate 19</b> – no change, case-by-case</p>	No lot refunds. Refund costs of terminal facilities to developer as customers connect.	Update all	5 years	Update at next general rate case	Agree with proposed. Clarify "Unusual Conditions" definition. Require refunds within 30 days for unusual conditions.	Agree with proposed section.
<b>BCA of SW Idaho</b>	100% of Terminal facilities	Increase to \$1,000 per lot	Not addressed	10 years	Update at next general rate case	Not addressed	Not addressed
<b>Idaho Irrigation PA</b>	Suggested cost/benefit analysis. Should not penalize larger customers. Should not ignore economies of scale.	Not addressed	Not addressed	Not addressed	Not addressed	Not addressed	Not addressed
<b>ACCHD</b>	Not addressed	Not addressed	Not addressed	Not addressed	Not addressed	Not addressed	IPUC does not have jurisdiction. Have problems with "third party" definition and constitutional concerns.
<b>City of Nampa</b>	Not addressed	Not addressed	Not addressed	Not addressed	Not addressed	Not addressed	
<b>ACHD</b>							

**BEFORE THE**  
**IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-08-22**

**IDAHO POWER COMPANY**

**ATTACHMENT NO. 4**

## Idaho Power Line Extension Allowances

### Clarification of Staff's Attachment 8

*(Clarifications Underlined)*

	<b>Existing Allowance</b>	<b>IPC Proposal</b>	<b>STAFF PROPOSAL</b>
<b>Schedule 1</b>	Subdivision Non-electric heat All-electric heat Non-residence <u>Multiple Occupancy</u> Single Phase <u>Three Phase</u>	\$1,780/ transformer \$1,780 \$1,780 <u>Meter Only</u>	<u>Overhead Terminal Facilities</u> <u>Overhead Terminal Facilities</u> <u>Overhead Terminal Facilities</u> <u>Not addressed</u>
<b>Schedule 7</b>	Single Phase Three Phase	<u>\$1,780/transformer</u> <u>\$3,803/transformer</u>	<u>Not addressed</u> <u>Not addressed</u>
<b>Schedule 9</b>	Single Phase Three Phase	\$1,780 \$3,803	60% of <u>Overhead Terminal Facilities</u> 25% of <u>Overhead Terminal Facilities</u>
<b>Schedule 24</b>	Single Phase Three Phase	\$1,780 \$3,803	<u>Overhead Terminal Facilities</u> <u>Overhead Terminal Facilities</u>
<b>Schedule 19</b>	Single Phase Three Phase Case-by-case	\$1,780 \$3,803 Case-by-case	<u>Overhead Terminal Facilities</u> <u>Overhead Terminal Facilities</u> Case-by-case

**BEFORE THE**  
**IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-08-22**

**IDAHO POWER COMPANY**

**ATTACHMENT NO. 5**

**REQUEST NO. 22:** If lot refunds in subdivisions are discontinued, please explain whether Idaho Power believes it will be at risk for recovering the cost of facilities installed in the subdivision if the subdivision does not fully build out.

**RESPONSE TO REQUEST NO. 22:** No. Lot refunds represent additions to rate base at the time of the refund. If refunds are eliminated, rate base no longer grows by refunded amounts. Instead, a customer's contribution in aid of construction remains an offset to rate base. If lot refunds are discontinued, the Company will not be required to refund any portion of installation costs related to subdivision work orders. In turn, CIACs paid up front on work orders for facilities installed within subdivisions will not be offset by the costs of providing lot refunds.

The response to this Request was prepared under the direction of Scott Sparks, Senior Pricing Analyst, Idaho Power Company, in consultation with Barton L. Kline, Lead Counsel, Idaho Power Company.

**BEFORE THE**  
**IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-08-22**

**IDAHO POWER COMPANY**

**ATTACHMENT NO. 6**

**REQUEST NO. 9:** Please provide an analysis for the cost of the distance charge (per foot) for Company installed facilities with 1/0 underground cable, 4/0 underground cable, and 350 underground cable, and for each service:

- a. How the Company determines the appropriate size of the crew for each type of service attachment;
- b. How the Company determines the amount of trip time;
- c. How the Company calculated the labor cost and what is included in that cost for each type of service attachment;
- d. If applicable, please provide the cost of each required material for each type of service attachment;
- e. A breakdown of costs showing how much of that price is travel cost, labor cost, material cost, or any other costs that contribute to the final proposed cost.

**RESPONSE TO REQUEST NO. 9:** Idaho Power's analysis on construction costs is based on travel time, equipment, labor, and materials. The Company construction costs are determined by the standard construction staffing level, the equipment that is required to complete the work, the time it takes to safely finish a project, and the travel time to the construction destination. Currently, Idaho Power uses a computer software system called "Asset Suite" to track material expenses and determine construction costs.

- a. The crew size for an underground service is a 2 person crew, determined by the Company's standard construction staffing level.
- b. Travel time is based on average travel time, which is 0.5 hours. In urban areas, traffic constraints may cause delays greater than 0.5 hours, and in rural areas,

remote location may require travel time greater than 0.5 hours, but, on average, travel time to jobs is approximately 0.5 hours.

c. Labor cost is a combination of travel time and "wrench time." Wrench time includes time spent doing the work and vehicles used. Wrench time has been calculated using time and motion studies that have been integrated into the work order construction and inventory system.

d. Underground service cable charges are for material only, based on 100 feet, and are as follows:

1/0 Wire	\$173.26
4/0 Wire	\$229.91
350 Wire	\$415.70

e. 1/0 service includes:	Travel and vehicles	\$134.50
	Materials	\$173.26
	Labor & Equipment	\$568.37
	Overhead Service Differential	<\$155.00>
	Total	\$721.13

4/0 service includes:	Travel and vehicles	\$134.50
	Materials	\$229.91
	Labor & Equipment	\$569.65
	Overhead Service Differential	<\$155.00>
	Total	\$799.06

350 service includes:	Travel and vehicles	\$134.50
	Materials	\$415.70
	Labor & Equipment	\$603.95
	Overhead Service Differential	<\$155.00>
	Total	\$999.15

The response to this Request was prepared under the direction of Scott Sparks, Senior Pricing Analyst, Idaho Power Company, in consultation with Barton L. Kline, Lead Counsel, Idaho Power Company.

**REQUEST NO. 10:** Please provide an analysis for the cost of the distance charge (per foot) for customer provided trench and conduit with 1/0 underground cable, 4/0 underground cable, and 350 underground cable, and for each service:

- a. How the Company determines the appropriate size of the crew for each type of service attachment;
- b. How the Company determines the amount of trip time;
- c. How the Company calculated the labor cost and what is included in that cost for each type of service attachment;
- d. If applicable, please provide the cost of each required material for each type of service attachment;
- e. A breakdown of costs showing how much of that price is travel cost, labor cost, material cost, or any other costs that contribute to the final proposed cost.

**RESPONSE TO REQUEST NO. 10:** Idaho Power's analysis on construction costs is based on travel time, equipment, labor, and materials. The Company construction costs are determined by the standard construction staffing level, the equipment that is required to complete the work, the time it takes to safely finish a project, and the travel time to the construction destination. Currently, Idaho Power uses a computer software system called "Asset Suite" to track material expenses and determine construction costs.

- a. The crew size for an underground service is a 2 person crew, determined by the Company's standard construction staffing level.
- b. Travel time is based on average travel time, which is 0.5 hours. In urban areas, traffic constraints may cause delays greater than 0.5 hours, and in rural areas,

remote location may require travel time greater than 0.5 hours, but, on average, travel time to jobs is approximately 0.5 hours.

c. Labor cost is a combination of travel time and "wrench time." Wrench time includes time spent doing the work and vehicles used. Wrench time has been calculated using time and motion studies that have been integrated into the work order construction and inventory system.

d. Underground service cable charges are for material only, based on 100 feet, and are as follows:

1/0 Wire	\$ 94.97
4/0 Wire	\$151.58
350 Wire	\$262.56

e. 1/0 service includes:	Travel and vehicles	\$ 53.80
	Materials	\$ 94.97
	Labor & Equipment	\$217.79
	Overhead Service Differential	<\$155.00>
	Total	\$211.56

4/0 service includes:	Travel and vehicles	\$ 53.80
	Materials	\$151.58
	Labor & Equipment	\$215.23
	Overhead Service Differential	<\$155.00>
	Total	\$265.61

350 service includes:	Travel and vehicles	\$ 53.80
	Materials	\$262.56
	Labor & Equipment	\$245.64
	Overhead Service Differential	<\$155.00>
	Total	\$407.00

The response to this Request was prepared under the direction of Scott Sparks, Senior Pricing Analyst, Idaho Power Company, in consultation with Barton L. Kline, Lead Counsel, Idaho Power Company.

**BEFORE THE**  
**IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-08-22**

**IDAHO POWER COMPANY**

**ATTACHMENT NO. 7**

# RELOCATIONS FLOWCHART

