

Idaho Public Utilities Commission

Case No. IPC-E-14-01, Order No. 32962

January 14, 2014

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Idaho Power proposes tariff revisions to accommodate industrial expansions

The Idaho Public Utilities Commission is taking comment on revisions to an Idaho Power Company tariff, expanding it to accommodate industrial customers who require new substations and transmission equipment.

The “Rule H Tariff” currently permits residential and commercial customers to receive an allowance or upfront credit to help pay for distribution-related line extensions, but industrial customers do not have such a mechanism in place.

When Glanbia Foods, Inc., a Gooding cheese plant, applied for a Rule H allowance last year, Idaho Power claimed the allowance applies to only distribution voltage equipment, not new substations or high-voltage transmission lines often required by industrial customers.

The cost of new or expanded facilities to serve new customers is typically shared between the customer and the utility. The primary purpose of an allowance is to lower the cost barrier customers face when requesting new or additional service. The amount of upfront charges to be paid by the customer is reduced and the utility collects it from all customers over time. An allowance against construction costs recognizes that customers continue to pay for a portion of facilities in electric rates. In Glanbia’s case, the cheese plant is funding \$8.3 million in Idaho Power facility improvements (\$4.5 million for a 10-mile transmission line and \$3.8 million for a substation) and, at the same time, increasing its annual power bill to Idaho Power by about \$7 million.

Glanbia requested an allowance of \$2.3 million and also asked for entitlement to future potential “vested interest” payments that can be awarded when new customers are later added who use the same facilities. The commission eventually decided on an allowance of \$1.25 million using a formula that allowed Glanbia \$65,734 per megawatt of the plant’s projected load of 19 MW. The commission also allowed vested interest payments to be directed to Glanbia if new customers connect to the Glanbia property substation facilities within the next five years.

The commission's order in the Glanbia case directed Idaho Power to file a proposed permanent allowance for large power customers like Glanbia.

In this filing, Idaho Power proposes an allowance of up to \$65,480 per MW multiplied by the customer's projected increase in load. The allowance would be refunded to the customer over a five-year period.

Comments are accepted via e-mail through Jan. 28 by accessing the commission's homepage at www.puc.idaho.gov and clicking on "Case Comment Form," under the "Electric" heading. Fill in the case number (IPC-E-14-01) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.

A full text of the commission's order, along with other documents related to this case, is available on the commission's Web site. Click on "Open Cases" under the "Electric" heading and scroll down to the above case number.

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