

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  
2014 JAN 28 PM 2:41  
IDAHO PUBLIC  
UTILITIES COMMISSION

Street Address for Express Mail:  
472 W WASHINGTON  
BOISE ID 83702-5918

Attorney for the Commission Staff

## BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF )	
IDAHO POWER COMPANY TO IMPLEMENT )	CASE NO. IPC-E-14-01
A SCHEDULE 19 SUBSTATION ALLOWANCE )	
AND TRANSMISSION VESTED INTEREST )	
(TARIFF ADVICE NO. 13-08). )	COMMENTS OF THE
)	COMMISSION STAFF
)	
)	

---

**COMES NOW** the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Weldon B. Stutzman, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued in Order No. 32962 on January 7, 2014, submits the following comments.

### BACKGROUND

On December 23, 2013, Idaho Power Company filed Tariff Advice No. 13-08, annual compliance filing to update the substation allowance and vested interest provisions under Schedule 19, Large Power Service. This is the Company's first annual compliance filing to implement a substation allowance and vested interest provision for Schedule 19 customers as required by Commission Order Nos. 32893 and 32914. The Company's filing is in response to the Commission's Orders in Case No. IPC-E-13-09. The Commission in that case approved a

request by Glanbia Foods, Inc. for an allowance against construction costs for upgrades to Idaho Power's transmission and substation facilities.

The filing consists of three new tariff sheets comprised of three sections: (1) defined terms used in the substation allowance and transmission vested interest sections, (2) the substation allowance section outlining when a customer would qualify to receive an allowance, the maximum possible allowance, and how a customer will receive a refund, and (3) the transmission vested interest section explaining when a customer would qualify to receive a vested interest and how vested interest charges would be calculated. Idaho Power proposed a February 1, 2014 effective date. A copy of the proposed tariff additions is attached for reference.

## **STAFF REVIEW**

### **Basic Tariff Structure and Defined Terms**

The basic structure of the proposed additions to Schedule 19 is closely patterned after Idaho Power's Rule H. However, where Rule H governs distribution line installations, the additions to Schedule 19 govern transmission line installations. Defined terms have been added to Schedule 19 that mirror comparable terms in Rule H. Staff believes the "Definitions" section of the proposed tariff is satisfactory.

### **Substation Allowances and Refunds**

In Case No. IPC-E-13-09, the Commission concluded Glanbia is entitled to an allowance of \$65,734 per MW multiplied by the 19 MW Glanbia planned to obtain through the new facilities it is constructing. The amount of the allowance was based on the estimated cost per MVA of a standard set of 30 MVA transformation facilities. Following the same procedure used to compute an allowance for Glanbia, Idaho Power has computed a proposed allowance amount of \$64,580 for Schedule 19. The small difference between the allowance amount computed for Glanbia and the new amount proposed for Schedule 19 can be attributed to minor changes in costs of individual items comprising the standard set of transformation facilities in the time since the Glanbia allowance was calculated. In addition, the Company has used an updated station overhead rate to determine the Schedule 19 allowance amount. The Company states its calculation of overhead is similar to the method used to calculate the Company's general distribution overhead rate that is updated annually in the Company's Rule H New Service Attachments and Distribution Line Installations compliance filing. Staff has reviewed the

calculations of the proposed Schedule 19 allowance amount, including the updated overhead rate, and believes they are accurate and consistent with orders in the Glanbia case.

In Order No. 32848, the Commission directed the parties to consider how to structure an allowance so that large investments made by Idaho Power in new facilities do not become stranded, creating a cost risk to Idaho Power's other customers if the customer later goes out of business. In Order No. 32893, the Commission ordered the allowance to be credited against the customer's bill over a five-year period. Staff and Idaho Power worked together to devise a refund methodology in which the customer would receive a portion of the allowance in each year based on the amount of load increase that actually materialized in each year. Exactly the same refunding methodology developed in the Glanbia case has been proposed in the Schedule 19 tariff. Staff believes the methodology is fair and reasonable to both Idaho Power and the customer, and achieves the Commission's objective of relieving other customers of risk.

### **Transmission Vested Interest**

The transmission vested interest section explains when a customer would qualify to receive a vested interest and how vested interest charges would be calculated. The language in this section has been adapted from very similar language contained in Rule H. One of the only material differences from Rule H is to restrict the vested interests for transmission to situations in which the customer is served by a radial feed. This restriction is necessary, Staff believes, for administrative simplicity and to avoid exceedingly complex and perhaps inaccurate determinations of how costs should be shared among subsequent transmission and/or distribution customers. The only other material difference from Rule H is the removal of a distance ratio from the vested interest calculation. This was necessary because new customers cannot connect to transmission lines anywhere but at the ends (i.e., at substations), thus making a distance ratio not applicable. Staff believes the transmission vested interest section of the proposed tariff addition is consistent with the Commissions directives in the Glanbia case and appropriate for application to all qualifying Schedule 19 customers.

### **STAFF RECOMMENDATIONS**

Staff recommends approval of the proposed additions to Idaho Power's Schedule 19 tariff. Although the Company has requested a February 1, 2014 effective date, that date cannot

be accommodated given the established schedule for this case. Consequently, Staff recommends that an effective date be established as of the date of a final Commission Order in this case.

Respectfully submitted this 28<sup>th</sup> day of January 2014.



---

Weldon B. Stutzman  
Deputy Attorney General

Technical Staff: Rick Sterling

i:umisc:comments/ipce14.1wsrps comments

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 28<sup>TH</sup> DAY OF JANUARY 2014, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-14-01, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

LISA D NORDSTROM  
IDAHO POWER COMPANY  
PO BOX 70  
BOISE ID 83707-0070  
E-MAIL: [lnordstrom@idahopower.com](mailto:lnordstrom@idahopower.com)  
[dockets@idahopower.com](mailto:dockets@idahopower.com)

  
\_\_\_\_\_  
SECRETARY