

Idaho Public Utilities Commission

Case No. IPC-E-14-01, Order No. 32982

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Commission adopts tariff revisions to accommodate industrial expansions

Large industrial customers of Idaho Power Company who must pay for new substation or transmission facilities to serve their increased electric load may receive upfront credits for each year up to five years to help them meet the expense of the expanded facilities.

The Idaho Public Utilities Commission has approved a revision to Idaho Power's tariff for industrial customers that will make it more affordable for industrial customers requiring Idaho Power to upgrade transmission or substation facilities needed to serve one customer.

Builders of residential and commercial developments already receive an allowance under the "Rule H tariff" to help pay for distribution-related line extensions. The cost of new or expanded facilities is typically shared between the new customer and the utility, lowering the cost barrier customers face when seeking new or additional line extensions. The allowance makes it possible for the amount of upfront charges to be paid by the customer to be reduced by permitting the utility to collect a portion of the expense over time.

When Glanbia Foods, Inc., a Gooding cheese plant, applied for a Rule H allowance last year, Idaho Power claimed the allowance applied to only distribution voltage equipment, not new substations or high-voltage transmission lines. Glanbia 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 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. Vested interest payments are provided the party that paid for the initial expansion as new customers who are using the same facilities are later added. In the Glanbia case (IPC-E-13-09), the commission eventually approved an allowance of \$1.25 million using a formula allowing it \$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.

As a result of the Glanbia case, the commission directed Idaho Power to propose a substation and transmission allowance and vested interest provision for large industrial customers.

In this case, the commission adopted Idaho Power's proposed allowance of up to \$65,480 per MW multiplied by the customer's projected increase in load for each year up to five years. If the load used by the new customer decreases, it would receive less of an allowance. The tariff revision is effective immediately.

A full text of the commission's order, along with other documents related to this case, is available on the commission's Web site at www.puc.idaho.gov. Click on "Open Cases" under the "Electric" heading and scroll down to Case No. IPC-E-14-01.

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