

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF IDAHO POWER** ) **CASE NO. IPC-E-24-02**  
**COMPANY’S ANNUAL COMPLIANCE** )  
**FILING TO UPDATE THE SUBSTATION** )  
**ALLOWANCE UNDER SCHEDULE 19,** ) **ORDER NO. 36114**  
**LARGE POWER SERVICE** )  
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On December 29, 2023, Idaho Power Company (“Company”), filed Tariff Advice No. 23-03 (“Tariff Advice”) proposing an update to the Substation Allowance (“Allowance”) outlined in Schedule 19, Large Power Service, as required by Idaho Public Utilities Commission Order Nos. 32893 and 32914. The Company requested the update to the Allowance become effective February 1, 2024.

At the Commission’s January 9, 2024, Decision Meeting, Staff presented a Decision Memorandum recommending the Commission treat the Tariff Advice as an application, establish public comment and company reply deadlines, and suspend the Company’s proposed effective date. This would provide additional time to obtain public comment and review the Company’s significant proposed decrease in the Allowance. The Commission found it reasonable to treat the Company’s filing as an Application rather than a tariff advice.

On January 22, 2024, the Commission issued a Notice of Application, Notice of Modified Procedure, and Notice of Suspension of Proposed Effective Date, suspending the Company’s proposed effective date until March 15, 2024. Staff submitted comments to which the Company replied. No other comments were received.

Having reviewed the record in this case, the Commission now issues this final Order approving the Company’s Application as filed, effective March 15, 2024.

**THE APPLICATION**

The Company proposed decreasing the Allowance from \$79,444 per Megawatt (“MW”) to \$71,006 per MW—a decrease of about 11 percent. The updated Allowance reflects updated material costs, labor rates, vehicle costs, and the stations’ overhead rate. According to the Company, the primary drivers of this decrease were lower costs of the 4-unit metal clad switchgear and a reduction in the stations’ overhead rate from 6.57 percent to 4.7 percent.

The Application also included the proposed tariff sheets in clean and legislative form.

## STAFF COMMENTS

Staff reviewed the Company's Application and recommended the Commission approve the update with a slight modification. In response to Staff's production requests, the Company discovered several errors that changed the Allowance update. The errors included omission of several costs that should have been applied to some of the standard materials; (2) improper application of taxes; and (3) stores and distribution rates that were applied incorrectly. Other than verifying and correcting these miscalculations, Staff believes (1) the Company used proper methods that comply with prior Commission orders to determine and apply overhead rates; and (2) the direct labor, vehicle, and material costs contained in the Application represent current costs. Accordingly, Staff recommends approval of the Company's proposed Allowance at the increased amount of \$71,052—a \$46 per MW increase to the Company's proposed Allowance.

Staff confirmed the Company's overall calculations followed the method approved in prior Commission orders.<sup>1</sup> Currently, the Company determines the per MW substation allowance by dividing the estimated fully loaded costs for constructing a 44.8 Megavolt-Ampere transformer substation, which is the rating of the transformer the Company commonly uses for this type of service.

Staff described general overhead expenses as capital costs not directly assigned to a specific asset or individual project. The proposed general overhead rate for the 12 months ending October 31, 2023, is 4.7 percent—a decrease from the current authorized 6.57 percent rate. Staff verified the Company's inputs and calculation of general overheads and believed they were proper and accurate.

## COMPANY REPLY COMMENTS

The Company agreed with Staff's recommendations and proposed corrected Schedule 19 Substation Allowance of \$71,052 per MW. The Company requested the Commission issue and order approving the Allowance in that amount, effective March 15, 2024, and directing the Company to submit a corrected tariff sheet for approval.

## COMMISSION DISCUSSION AND FINDINGS

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, 61-502, and 61-503. The Commission has the power to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable,

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<sup>1</sup> These methods were approved in Order Nos. 32893, 32914, and 34576.

preferential, discriminatory, or in violation of any provision of law, and to fix the same by order. *Idaho Code* §§ 61-502, and 61-503. Having reviewed the record, we find it reasonable to approve the corrected Schedule 19 Substation Allowance in the amount of \$71,052 per MW, effective March 15, 2024. Because this amount differs from that contained in the proposed tariff sheets attached to the Application, we also find it reasonable to direct the Company to submit as a compliance filing updated Schedule 19 tariff sheets reflecting the approved allowance amount.

**ORDER**

IT IS HEREBY ORDERED that the corrected updates to the Schedule 19 Substation Allowance in the amount of \$71,052 per MW are approved, effective March 15, 2024.

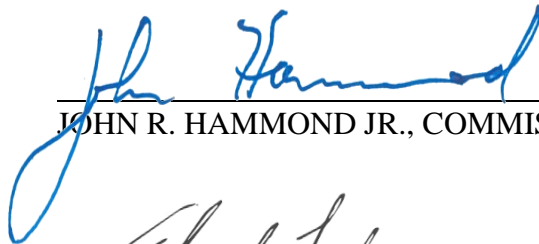
IT IS FURTHER ORDERED that the Company shall submit updated Schedule 19 tariff sheets reflecting the approved allowance amount as a compliance filing.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order about any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 11<sup>th</sup> day of March 2024.



ERIC ANDERSON, PRESIDENT




JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:

  
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Monica Barrios-Sanchez  
Commission Secretary

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