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December 29, 2017

Diane Hanian, Secretary  
Idaho Public Utilities Commission  
472 West Washington Street  
P.O. Box 83720  
Boise, Idaho 83720-0074

Re: Tariff Advice No. 17-05  
Annual Compliance Filing to Update the Substation Allowance under  
Schedule 19, Large Power Service

Dear Ms. Hanian:

Idaho Power Company ("Idaho Power" or "Company") hereby submits its proposed update to the Substation Allowance amount outlined in Schedule 19, Large Power Service. This is the annual compliance filing to update the Substation Allowance amount contained within Schedule 19 as required by Idaho Public Utilities Commission Order Nos. 32893 and 32914. The following tariff sheet identifies the proposed modification:

Fourth Revised Sheet No. 19-6    Cancelling    Third Revised Sheet No. 19-6

The cost estimation methodology the Company used in this tariff advice is the same methodology the Company presented in Case Nos. IPC-E-13-09 and IPC-E-14-01. The updated Substation Allowance reflects updated material costs, labor rates, and the stations overhead rate. The Substation Allowance amount changed slightly, increasing by \$470 to \$64,386. The primary reason for the increase in the Substation Allowance is that the general overhead rate increased from 8.82 percent to 11.48 percent. However, the overall increase in the Substation Allowance was offset by a decrease in the cost of a transformer, including the 4-unit Metalclad, which decreased by approximately \$71,000.

The Company is providing the workpapers used to calculate the per megawatt Substation Allowance and the stations overhead rate in hard copy by mail as confidential attachments to this tariff advice. Please note that information in the workpapers is commercially sensitive and if disclosed freely could subject Idaho Power or its customers to risk of competitive disadvantage or other business injury. The undersigned attorney, in accordance with RP 67, certifies that the workpapers contain information that is a trade secret as described in *Idaho Code* § 74-101, et seq., and § 48-801, et seq., and as such are exempt from public inspection, examination, or copying.

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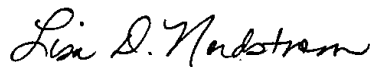
Idaho Power is also proposing a modification to the language in Schedule 19 regarding the maximum possible Substation Allowance. Currently, the maximum possible allowance is determined by multiplying the Customer's projected increase in load in megawatts by the Substation Allowance. The Company proposes to modify the language to use the Customer's actual increase in load realized at the end of five years instead of using the Customer's projected increase in load provided to the Company at the time the customer initiates its service request. This change will help eliminate the motivation for customers to overstate their load projection, ensure a fair allowance commensurate with actual utilization of facilities paid for by a customer, and reduce customer confusion.

As the language exists today, the Company believes customers may be incented to overstate their load request to maximize the amount of the potential allowance. This could result in additional facilities being installed on behalf of the customer that are not needed or utilized. Providing an allowance based on the actual sustained load of the customer will ensure the Substation Allowance provided to the Customer will align with the Customer's actual utilization of the substation facilities funded by the Customer. Lastly, this modification will help to minimize customer confusion regarding the applicability of an allowance.

The Company respectfully requests that the proposed updates are approved and become effective February 1, 2018.

If you have any questions regarding this tariff advice, please contact Regulatory Analyst Zach Harris at 388-2305 or [zharris@idahopower.com](mailto:zharris@idahopower.com).

Sincerely,



Lisa D. Nordstrom

LDN:kkt

Enclosures

SCHEDULE 19  
LARGE POWER SERVICE  
 (Continued)

SPECIAL ARRANGEMENTS FOR SUBSTATION ALLOWANCES AND/OR TRANSMISSION VESTED INTEREST (Continued)

**Definitions** (Continued)

Transmission Vested Interest Portion is that part of the Company's transmission system in which a Transmission Vested Interest is held.

**Substation Allowance**

If a Schedule 19 Customer's request for service requires the installation of new or upgraded transformer capacity in Substation Facilities, the following considerations will be included in the separate agreement between the Customer and the Company:

The Customer will initially pay for the cost of new or upgraded Substation Facilities required because of the Customer's request. The Customer will be eligible to receive a one-time Substation Allowance based upon subsequent sustained usage of capacity by the Customer.

a. Substation Allowance: The maximum possible allowance will be determined by multiplying the Customer's actual increase in load by \$64,386 per MW, but will not exceed the actual cost of the Substation Facilities.

b. Substation Allowance Refunds: The Substation Allowance will be refunded to the Customer over a five-year period, with annual payments based on the Customer's Basic Load Capacity at the time of refund. The first refund will be paid one year following the first month energy is delivered through the new Substation Facilities.

The refunds will occur based on the following adjustment, which will be added to the Substation Allowance received in the previous year. If there is no change in load from the previous year, the Substation Allowance for that year is equal to the Substation Allowance from the previous year:

$$\frac{((\text{Change in load from the previous year as measured in MW}) \times (\text{Substation Allowance per MW}))}{\text{Number of Substation Allowance Refunds remaining in five-year period}}$$

The Customer's annual refunds will be made in accordance with the Substation Allowance amount stated in the separate construction agreement between the Customer and the Company.

**Transmission Vested Interest**

If a Schedule 19 Customer's request for service requires the installation of new or upgraded capacity in Transmission Facilities, and those Transmission Facilities are serving the Customer by a radial feed, the following considerations will be included in the separate agreement between the Customer and the Company:

SCHEDULE 19  
LARGE POWER SERVICE  
(Continued)

SPECIAL ARRANGEMENTS FOR SUBSTATION ALLOWANCES AND/OR TRANSMISSION VESTED INTEREST (Continued)

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a. Substation Allowance: The maximum possible allowance will be determined by multiplying the Customer's ~~projected~~actual increase in load by ~~\$63,91664,386~~ per MW, but will not exceed the actual cost of the Substation Facilities.

b. Substation Allowance Refunds: The Substation Allowance will be refunded to the Customer over a five-year period, with annual payments based on the Customer's Basic Load Capacity at the time of refund. The first refund will be paid one year following the first month energy is delivered through the new Substation Facilities.

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