

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: DAYN HARDIE
DEPUTY ATTORNEY GENERAL

DATE: JANUARY 17, 2020

SUBJECT: IN THE MATTER OF IDAHO POWER COMPANY'S APPLICATION TO
UPDATE THE SUBSTATION ALLOWANCE UNDER SCHEDULE 19—
LARGE POWER SERVICE; CASE NO. IPC-E-19-40.

On December 27, 2019, Idaho Power Company ("Company") applied for approval to update the substation allowance outlined in Schedule 19—Large Power Service ("Substation Allowance"). Application at 1. The Company's Substation Allowance typically is filed as a tariff advice. *Id.* at 2. However, Commission Staff requested the Company file this update as a case. *Id.* The Company requests March 15, 2020 effective date and that its Application be reviewed under Modified Procedure. *Id.* at 1, 4-5.

THE APPLICATION

The Company seeks to decrease its Substation Allowance by 29%, from \$69,397 per megawatt ("MW") to \$49,253 per MW¹. *Id.* at 3; Attachment 2. The proposed change results from updated material and labor costs. *Id.* Material costs increased by about 5%, and labor costs increased by about 16%. *Id.* at 3-4.

Materials costs increased because the Company has installed larger transformers when upgrading substations. The Company changed the default transformer it uses to estimate costs from the 30 mega volt amp ("MVA") transformer it historically has used to the 44.8 MVA transformer it has typically installed in recent years.² *Id.* at 3. The 44.8 MVA transformer increased material

¹ The maximum possible allowance will be determined by multiplying the customer's actual increase in load by \$49,253 per MW but will not exceed the actual cost of the substation facilities.

² In Order No. 34277, the Commission found it was "reasonable and just to base estimated transformer costs on other, actual similar transformer costs..."

costs by 20%. *Id.* This increase was offset somewhat by a 6% reduction to the cost of the 4-unit metalclad and a 9.81% to 9.57% decrease in the general overhead rate. *Id.*


Labor costs increased because the construction labor rate increased by about 2.75% , and because the Company added 80 hours of System Protection Engineering labor.³

STAFF RECOMMENDATION

Staff recommends the Commission issue a Notice of Application and Notice of Modified Procedure with a twenty-one (21) day comment period for Staff and other interested persons and a seven (7) day reply comment period for the Company.

COMMISSION DECISION

Does the Commission wish to issue a Notice of Application and Notice of Modified Procedure that establishes a twenty-one (21) day comment period for Staff and any other interested persons and a seven (7) day reply comment period for the Company?

For: 
Dayn S. Hardie
Deputy Attorney General

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³ System Protection Engineering includes time for project scoping, fault studies, setting and logic development, panel shop testing, and commission relaying. On average, System Protection Engineering requires between 80 and 120 hours.