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May 31, 2024

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UTILITIES COMMISSION

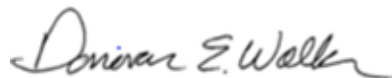
Commission Secretary
Idaho Public Utilities Commission
11331 W. Chinden Boulevard
Building 8, Suite 201-A
Boise, Idaho 83714

Re: Case No. IPC-E-24-22
In The Matter of Idaho Power Company's Compliance Filing to Update the
Customer Surcharge to Collect Incremental Costs of Distribution
Undergrounding of the New 138 kV Transmission Line in the Wood River
Valley and Establish Necessary Regulatory Accounting Treatment

Dear Commission Secretary:

Attached for electronic filing is Idaho Power Company's Compliance Filing in the
above-entitled matter. If you have any questions about the attached filing, please do not
hesitate to contact me.

Sincerely,



Donovan Walker

DEW:cd

Enclosures

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Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)
COMPANY'S IN THE MATTER OF IDAHO) CASE NO. IPC-E-24-22
POWER COMPANY'S COMPLIANCE)
FILING TO UPDATE THE CUSTOMER) COMPLIANCE FILING
SURCHARGE TO COLLECT)
INCREMENTAL COSTS OF DISTRIBUTION)
UNDERGROUNDING OF THE NEW 138 KV)
TRANSMISSION LINE IN THE WOOD)
RIVER VALLEY AND ESTABLISH)
NECESSARY REGULATORY)
ACCOUNTING TREATMENT)
_____)

Idaho Power Company ("Idaho Power" or "Company") hereby respectfully submits this compliance filing to update the surcharge for Idaho Power customers in Blaine County to pay for additional undergrounding of the Wood River Valley 138 kilovolt ("kV") Transmission Line ("WRV Project"), in accordance with the Idaho Public Utilities Commission's ("Commission") Order No. 35452.¹ Idaho Power provides herewith, as Attachment 1, Tariff Schedule 96, Blaine County Underground Surcharge, which has

¹ *In the Matter of Idaho Power Company's Petition for Approval of a Customer Surcharge and Modified Line Route Configuration for Construction of a New 138 kV Transmission Line in the Wood River Valley*, Case No. IPC-E-21-25.

been updated with proposed distribution surcharge amounts for Blaine County customers on each listed retail tariff schedule. The Company also describes how it has complied with the Commission's requirements in Order No. 35452 and clarifies how it will implement regulatory accounting treatment related to the surcharge, as previously authorized by the Commission.

I. PRIOR PROCEEDING AND BACKGROUND

1. On August 6, 2021, in Case No. IPC-E-21-25, Idaho Power petitioned the Commission for an order: (1) approving a proposed surcharge for the Company's customers in Blaine County to pay for additional undergrounding of the previously approved WRV Project; (2) approving modifications to the line route that had previously been approved in the Certificate of Public Convenience and Necessity ("CPCN") granted to Idaho Power by the Commission in Order No. 33872; (3) determining that the Commission's findings and directives in Order No. 33872 have express authority over any other conflicting agency or local government action or order pursuant to *Idaho Code* § 67-6528, and (4) requesting an accounting order authorizing the Company to depreciate the incremental capital costs associated with the incremental costs of the WRV Project over the 20-year surcharge collection period.

2. On June 28, 2022, the Commission issued Order No. 35452, approving the Company's application as filed, which included authorizing the proposed surcharge and methodology, approving the modified WRV Project line route ("Owl Rock Road Route"), and granting an accounting order as requested by the Company.

3. The Order requires Idaho Power to go back to the Commission with updated WRV Project cost information to ensure that the final incremental surcharge amount is

based on actual project costs and updated cost estimates. More precisely, Idaho Power is required to provide the Commission with the estimated cost of the Owl Rock Road Route when it receives pre-construction pricing for the WRV Project and, within six months of project completion, file a final determination of the incremental project cost along with any changes to the surcharge.² This compliance filing fulfills these requirements with reasonable deviations as described below.

4. Additionally, the Commission's Order detailed a number of customer communication requirements, including to: 1) work with Commission Staff ("Staff") to develop language for a bill insert on Blaine County customers' electric bills that explains the surcharge and will be sent to customers before the surcharge becomes effective; 2) include the surcharge as a line-item on Blaine County customers' electric bills; and 3) vet the language of the surcharge line-item with Staff.³ Idaho Power has accomplished or has committed to these requirements as described in detail below.

WRV Project and the 2017 CPCN

5. Idaho Power's WRV Project includes a combination of electric distribution, transmission, and substation work, in which the Company will bury or rebuild existing distribution lines as well as build a new overhead and underground transmission line between the Wood River substation in Hailey and the Ketchum substation in northeastern Ketchum. The new transmission line and related facilities will provide a redundant source of energy into the northern portion of the Wood River Valley, including the communities of Ketchum and Sun Valley and portions of Blaine County (collectively referred to as the "North Valley").

² Order 35452, p. 16.

³ *Id.*

6. The North Valley contains the resort communities of Ketchum and Sun Valley, as well as the Sun Valley Ski Resort. Currently, the North Valley is served by the Wood River and Ketchum substations, which are connected to the Company's transmission system by a single-source, 12.4 mile, 138-kV radial line that was built in 1962 with wooden poles. If the line experiences sustained outages, the outages may be lengthy because access to repair the line is impeded by residential development, rough terrain, and aged construction roads in many areas. Further, the mountainous terrain limits vehicle access, impedes equipment set-up, and contributes to avalanche threats. Ultimately, the need to construct the WRV Project was to: (1) increase reliability to the area by providing a redundant source of energy, and (2) reconstruct the existing and aging 138-kV radial transmission line without long-term disruption of service to the North Valley.

7. In 1995, the Company first undertook an extensive public involvement process regarding the proposed construction of the WRV Project. At the conclusion of the process, Idaho Power carefully evaluated the input received from the area's public officials and citizens. The general response at that time was that, despite the unavoidable risk of an outage to the existing transmission line, the proposed new transmission line should not be built. The reasons for the public opposition included the difficulty of finding an acceptable route for the transmission line, aesthetic impacts, perceived health and safety concerns, and the requirement that local funding of incremental costs of placing

part or all the line underground would be required. The project was put on hold indefinitely and Idaho Power's previous CPCN to construct the line was cancelled.⁴

8. Subsequently, in 2004, Idaho Power initiated several Community Advisory Committees ("CAC") and undertook a comprehensive, cooperative transmission planning exercise with the communities and leaders across its service territory. These committees were created to provide a cooperative effort between the Company and the communities it serves in developing an outline for prioritized improvements and additions to Idaho Power's transmission and substation infrastructure. One of those, the Wood River CAC, was convened in 2007 and developed the Wood River Valley Electrical Plan ("WREP"), a comprehensive plan for future transmission facilities in the Wood River Valley.

9. The WREP included construction of the redundant 138-kV transmission line between the Wood River and Ketchum substations. The WREP was updated in 2011 after additional deliberations and extensive public outreach, and in 2012 the CAC reconvened to provide additional input for planned open house events. In 2014, both the City of Ketchum and the Ketchum Energy Advisory Committee were invited to join the CAC, which reaffirmed the need for a second energy path into the North Valley.

10. While most of the parties generally agreed upon the purpose and need for the redundant transmission line, the consensus opinion was that a feasible route could only be obtained and permitted as long as at least a portion of the line was underground. However, the parties were unable to reach agreement about the funding and payment of

⁴ *In the Matter of the Application of Idaho Power Company for an Amended Certificate of Public Convenience and Necessity No. 272*, Case No. IPC-E-95-06, Order No. 26107 and cancelled Certificate No. 272 (Aug. 1995); Case No. U-1006-89, Order No. 11315 and Certificate No. 272 (Feb. 1974).

any incremental cost difference between an overhead, or least-cost alternative, and an underground, or higher-cost build.

11. In the absence of agreement, Idaho Power proposed the following alternative line route and facilities: 138-kV overhead transmission from the Wood River substation, north along Highway 75, to an underground transmission transition point near Elkhorn Road, and then underground to the Ketchum substation. These proposed facilities would follow the same path as the existing distribution lines, replacing them and minimizing the aesthetic impact. The route was economically equivalent to the Company's standard construction configuration and therefore would not require any additional incremental cost recovery from the local jurisdictions.

12. On November 8, 2016, the Company brought the proposed line route to the Commission in Case No. IPC-E-16-28, requesting the Commission find that the new 138-kV transmission line and related facilities to provide redundant service from the Wood River substation into the Ketchum substation was needed, and further requesting the Commission grant a CPCN for construction of the line as proposed and agreed upon by the local jurisdictions. The Commission issued Order No. 33872 on September 15, 2017, granting Idaho Power's request for a CPCN for a second 138-kV line, approving the requested route of overhead transmission from the Wood River substation to the transition point near Elkhorn Road, then underground transmission to the Ketchum substation. After the Commission's decision, this authorized route became known as the 2017 CPCN Route—the baseline to which the cost of Owl Rock Road Route is compared to determine the incremental surcharge total, as described in detail below.

Blaine County Commission Conditional Use Permit

13. Prior to the CPCN proceeding described above, Idaho Power submitted an application to the Blaine County Board of Commissioners (“County Board”) for a Conditional Use Permit (“CUP”), which was ultimately denied. The Company then filed a new CUP application in November 2017 with the County Board to seek out a mutually acceptable route configuration that was consistent with the CPCN route and acceptable to Blaine County, with the opportunity to mutually agree to certain micro-siting of facilities, and for the County Board to request additional undergrounding should it identify a method to fund the additional incremental cost of such undergrounding.

14. Following filing of the new CUP application, Idaho Power worked with the Blaine County Planning and Zoning (“P&Z”) Commission, with engagement from the County Board, and lengthy public hearing processes, conducting extensive analysis of the micro-siting options identified by the P&Z Commission. The CUP application was approved on January 15, 2019, though no specific route for the line was approved.

15. Several parties appealed the decision of the P&Z Commission approving the CUP to the County Board, which ultimately issued a decision modifying the CUP approved the P&Z Commission by requiring Idaho Power to bury the transmission line.⁵ However, recognizing it could be difficult to secure the required funding to bury the entire transmission line, the decision left open the possible consideration of “an overhead transmission line in this area.”⁶

16. Funding to underground substantial portions of the line proved difficult, although the County Board explored a variety of options, including passing a bond or

⁵ County Board's June 2019 Decision on Appeal.

⁶ *Id.*

government grants. The County Board, with consultation from the P&Z Commission, prioritized portions of the line and facilities for undergrounding. To cover the cost of the incremental undergrounding, the County Board asked Idaho Power to develop a surcharge mechanism that would be placed on Blaine County customers' electric bills.

Owl Rock Road Route and Development of the Surcharge

17. The new line configuration, the Owl Rock Road Route, was agreed upon by all parties involved in the P&Z and CAC efforts and included the burial of: (1) an additional 1.4 miles of transmission line, located to the south from Elkhorn Road to near Owl Rock Road, and (2) the existing distribution line for approximately 8 miles along the planned route along Buttercup Road to Highway 75.

18. The transmission line would include overhead construction from the Wood River substation to the underground transition point at Owl Rock Road. Additionally, rather than place the existing distribution lines as under-build on the new overhead transmission structures, the existing distribution lines along the route would be buried. This will both reduce the height of the transmission poles and reduce the number of lines in the air as the transmission line will have three energized wires while the existing distribution line has between three and six energized wires and one neutral wire.

19. On December 22, 2020, Idaho Power filed an application to the County Board for CUP approval of the Owl Rock Road Route funded by a surcharge mechanism to be placed on Blaine County customers' electric bills. The County Board approved the CUP for the Owl Rock Road Route on March 9, 2021.

20. Under this CUP, the County Board modified the "all underground" condition for the WRV Project and replaced the language with a condition that the CUP was

contingent on partial undergrounding as decided on with the Owl Rock Road Route. This final CUP from the County Board gave Idaho Power authority to move forward with an application with the Commission for approval of a modified line route CPCN based on the Owl Rock Road Route, as well as authority to develop a surcharge that would be used to collect the incremental costs of undergrounding from Blaine County customers.

21. Following the County Board's issuance of the final CUP, Idaho Power filed its petition for a modified line route and surcharge implementation in Case No. IPC-E-21-25 ("2021 Case"), the Order from which resulted in Idaho Power making this compliance filing.

WRV Project Status

22. In the fall of 2023, preparatory work began on the distribution line portion of the WRV Project. To prepare for undergrounding of the distribution line, crews first excavated a duct bank and made multiple bores along the eight-mile route. Next, the distribution line is going to be installed in the duct bank and equipment will be installed to connect existing customers. The distribution line is anticipated to be complete and energized in November 2024. Work on the transmission portion will be staggered, with energization anticipated in 2026.

II. SURCHARGE

23. When Idaho Power filed its petition in the 2021 Case, the Company assumed that the transmission and distribution portions of the WRV Project would be energized at the same time. However, undergrounding distribution along the length of the line as well as other construction considerations resulted in a staggered schedule with distribution construction occurring first and then transmission construction.

24. With staggered construction, Idaho Power cannot implement a single surcharge, as originally envisioned. If the Company were to implement a single surcharge, it would collect both distribution- and transmission-related incremental costs before the Company had fully invested in constructing the transmission portion. Such collection would result in a mismatch of surcharge revenue collection and capital investment. As such, Idaho Power intends to split the surcharge implementation into two phases:

- Phase 1: November 2024 in-service month for underground distribution with December 2024 implementation of the distribution portion of the surcharge on Blaine County customers' electric bills.
- Phase 2: 2026 in-service timing for transmission (actual month to be determined closer to construction) with the surcharge for the transmission portion of the line added to Blaine County customers' electric bills the month following transmission energization.

25. This compliance filing is associated with Phase 1 implementation of the distribution-only portion of the surcharge. The updated Schedule 96 (Attachment 1) reflects distribution amounts for all applicable rate schedules. A legislative redline version of Schedule 96 is included as Attachment 2.

Incremental Total Estimate

26. In Idaho Power's petition in the 2021 Case, the Company proposed to calculate the incremental cost of the Owl Rock Road Route by identifying the difference between (1) the total estimated project cost of the 2017 CPCN Route and (2) the total actual project cost of the Owl Rock Road Route. That is, the incremental cost of burying

the distribution and transmission identified by Blaine County is the difference between the cost of the actual project and the estimate of the line Idaho Power would have constructed had it not been for the arrangement with Blaine County. This whole-line approach to developing the incremental total resulted in the initial estimated incremental cost of \$9.8 million (\$5.7 million for incremental distribution and \$4.1 million for incremental transmission).

27. In Order No. 35452, the Commission authorized Idaho Power's proposed method of determining the incremental total but required that the Company return to the Commission with updated cost information, to ensure that the final incremental surcharge amount would be based on actual project costs and updated cost estimates.

Total Incremental Distribution Cost

28. With staggered distribution and transmission construction, Idaho Power has developed a distribution-specific incremental cost, which has been derived in a manner consistent with the Commission's authorized methodology in Order No. 35452 but is specific to distribution. That is, it is the total cost of the distribution-only portion of the Owl Rock Road Route less a distribution-only alternative estimate. The resulting distribution incremental cost is \$6.2 million.

29. Attachment 3 to this filing includes a table showing how Idaho Power derived the \$6.2 million incremental cost for distribution-related investment. The table includes four major components:

- (1) Table Line 1 – Total WRV distribution project cost (actual): \$20M;
- (2) Table Line 33 – The total loaded cost estimate of the all-above-ground alternative distribution line: \$11.8M;

(3) Table Line 34 – Other costs that are reduced due to underground construction: \$2M; and

(4) Table Line 35 – Distribution incremental cost: \$6.2M.

30. The distribution incremental cost calculation is as follows: (Table Line 1 – Line 33 – Line 34 = Line 35). Because the distribution line configuration Idaho Power would have constructed under a standard construction configuration was not built, the Company cannot identify the precise costs it would have incurred under the hypothetical scenario. That is, request for proposals issued for the work to be performed or materials to be procured was based on a different distribution line configuration and, therefore, Idaho Power cannot compute with certainty the portion of the costs that would have been incurred under a different distribution line configuration.

31. To estimate the incremental costs associated with the modified distribution line configuration, the Company built a cost estimate associated with a comparable overhead distribution line rebuild with a standard construction configuration that entails replacement of all distribution line equipment, including overhead wires and pole-mounted equipment, except for most of the distribution poles.

32. Costs were then added to reflect: (1) the overhead distribution work being performed on an energized system, (2) the replacement of a portion of the existing wood poles with taller, steel poles as required by the line design, and (3) the addition of distribution intersect poles that would have been required for the distribution under-build. Finally, Allowance for Funds Used During Construction, overheads, and a contingency were applied to the total alternative project estimate as is standard when developing a project cost estimate. Considering the above listed elements, which are itemized on the

table in Attachment 3 from lines 2-32, the resulting alternative distribution project costs (Line 33) is \$11.8 million.

33. This \$11.8 million amount reflects Idaho Power's best estimate of distribution-only costs—the distribution costs that Idaho Power would have incurred to build the line all above ground (i.e., the closest approximation of a distribution-only 2017 CPCN Route). The \$11.8 million estimate is the amount for which Idaho Power has requested recovery in Case No. IPC-E-24-07, which will be filed concurrent with this compliance filing.⁷

34. After the distribution estimate is subtracted from the project total, the resulting increment is approximately \$8.2 million. However, Idaho Power identifies that another \$2 million (Line 34) is included in the \$20 million total project cost for which Blaine County customers should not be responsible. These costs are distribution-related expenditures included in the project total but which require special consideration because they result in lower transmission costs than if the Company had constructed the 2017 CPCN Route – or the all-above-ground alternative line.

35. In other words, the distribution undergrounding produces a credit (or reduced cost) on the transmission side, lowering the transmission project cost for all customers compared to the above ground alternative. Idaho Power estimates this transmission benefit at approximately \$2 million. More specifically, with distribution now fully underground, transmission poles will be shorter, thereby avoiding steel costs. Similarly, underground distribution means that fewer transmission foundations need to be

⁷ *In the Matter of the Application of Idaho Power Company to Increase Rates for Electric Service to Recover Costs Associated with Incremental Capital Investments and Certain Ongoing Operations and Maintenance Expenses.*

built and the holes for the transmission poles can be shallower.

36. Because the distribution undergrounding for Blaine County resulted in cost savings from avoiding distribution under-build on the transmission line, Idaho Power believes the estimated \$2 million in reduced costs should be reasonably incurred as standard costs of construction by all Idaho Power customers. However, because this benefit will not be realized until the transmission line is constructed, Idaho Power is not seeking recovery of the \$2 million in IPC-E-24-07. Rather, Idaho Power will seek to match the timing of recovery for this project cost category with the realization of the corresponding benefit in a future proceeding.

37. Once the \$11.8 million alternate distribution project estimate and the \$2 million of distribution cost/transmission benefit is subtracted from the total project cost, the final distribution incremental cost is \$6.2 million – the amount which Idaho Power believes is reasonably applied to Blaine County customers for the incremental cost of undergrounding the distribution portion of the WRV Project.

38. Originally, in the 2021 Case, Idaho Power estimated \$5.7 million for the distribution portion of the increment. As discussed above, Idaho Power considers the \$6.2 million updated amount to be reasonable and justified based on current materials and labor costs.

39. In Order No. 35452, the Commission states that the Company should return to the Commission with updated project costs and estimates “within six months after project completion.”⁸ Idaho Power presents the current information—the updated alternative estimate and the final project cost—for review in this filing, actions that the

⁸ Order No. 35452, p. 10.

Company believes are consistent with the intent of the Commission’s language to rely on the most up-to-date costs to determine the incremental amount applied to Blaine County.

Updated Surcharge Amounts

40. Using the \$6.2 million incremental cost determination, Idaho Power calculated distribution-specific customer surcharges, using the same model it used to develop the surcharge amounts in the 2021 Case. The proposed distribution surcharge amounts are:

- \$2.00 per month for Residential and Small General Service customers, and
- \$8.02 per month for non-residential customers (Large General Service, Industrial, and Irrigation).

41. To capture changes since the 2021 Case, the Company updated two of the surcharge model’s foundational elements: customer billing information and the discount rate. For customer data, Idaho Power replaced the billing data used to derive the surcharge amounts in the 2021 Case with the most recent calendar year (2023) of Blaine County billing data, which reflects up-to-date customer counts.

42. Regarding the discount rate, the Company’s 2021 analysis used a 9.59 percent discount rate for its 20-year net present value calculation. That discount rate was the Equity Gross Up Rate derived from Idaho Power’s general rate case (“GRC”) in 2011. However, because the Company settled a new GRC in 2023, it changed its assumed discount rate to 8.91 percent for the updated revenue projection analysis. This discount rate, once again, is based on the Equity Gross Up Rate from Idaho Power’s settlement in Case No. IPC-E-23-11.⁹

⁹ *In the Matter of the Application of Idaho Power Company for Authority to Increase Its Rates and Charges for Electric Service in the State of Idaho and For Associated Regulatory Accounting Treatment.*

43. The combination of these two opposing factors—updated (and larger) customer counts and a lower discount rate—put collective downward pressure on the customer surcharge amounts. That is, even though the distribution incremental cost is higher than originally estimated, the per-customer impact is smaller when only considering distribution costs.

Customer Communication

44. Per the Commission’s directive in Order No. 35452, Idaho Power has developed a communication plan that ensures customers receive additional information about the surcharge before it becomes effective. Directly after filing, Idaho Power will send postcards to all Blaine County customers. The postcards, which will be mailed in the first week of June 2024, include information about the WRV Project, the proposed distribution surcharge amounts, and IPUC details to participate in this proceeding. The Company consulted with and incorporated edits from Staff in development of the final postcard. The communication is included as Attachment 4.

45. The Company has also updated the Wood River Valley Reliability Project website,¹⁰ specifically the “Surcharge & FAQ” section, to include the proposed distribution surcharge amounts and proceeding information to participate in this case.

46. Idaho Power plans to develop another communication to notify customers prior to the surcharge being placed on bills for the first time. The Company will consult with Staff on the delivery method and language of that communication.

47. For the transmission surcharge, Idaho Power will repeat this process: an informational postcard about the proposed transmission surcharge amounts and the

¹⁰ <https://woodrivervalleyreliability.com/>

associated compliance filing, update of the Wood River Valley Reliability Project website, and a final communication to Blaine County customers in advance of the transmission surcharge being placed on bills. Idaho Power will continue to consult with Staff before finalizing customer communications.

Bill Presentment and Timing

48. The proposed two-phase approach to surcharge collection will result in Idaho Power adding two new lines on Blaine County customers' bills: one for distribution and the other for transmission, with each charge expected to roll off customers' bills approximately 20 years after initial implementation. Both the staggered implementation and the two bill lines are a shift from what Idaho Power originally proposed, which was a one-time implementation and a single line on the bill. However, the staggered WRV Project construction schedule has necessitated these changes. Idaho Power believes that the two-phase implementation and the two line items is the most transparent and reasonable option.

49. At a briefing with Staff on May 20, 2024, Idaho Power presented the following language associated with the two lines that will appear at appropriate times on Blaine County customers' bills:

- Line Item 1: Blaine County Surcharge to Fund Distribution Undergrounding
- Line Item 2: Blaine County Surcharge to Fund Transmission Undergrounding

50. As part of this compliance filing, Idaho Power only seeks to add Line Item 1 to customers' bills the month following the month of distribution energization, as specified in Schedule 96. The distribution portion of the WRV Project is expected to be energized in November 2024, placing the distribution surcharge on customers' bills beginning

December 2024, consistent with the timing noted in Schedule 96—should line energization be delayed, so too will the surcharge implementation. Additionally, because the distribution surcharge implementation timing is dependent on the energization of the distribution line, it does not match the January 1, 2025, effective date of rates in the concurrent rate filing in IPC-E-24-22. This timing difference is reasonable, as the two collection methods (surcharge versus customer rates) are specifically collecting different amounts from different groups and on different timelines.

51. The Company will file a secondary compliance filing with the Commission closer to transmission energization and, in that filing, seek implementation of the transmission surcharge amounts and the addition of Line Item 2 on customer bills.

III. ACCOUNTING ORDER AND TREATMENT

52. In Order No. 35452, the Commission approved Idaho Power's request for an accounting order authorizing the Company to depreciate the incremental capital costs associated with the WRV Project over the estimated 20-year surcharge collection period and match the annual depreciation expense with the actual annual principal payment of the incremental capital so that the incremental costs are fully depreciated over the same time period as the surcharge is collected. The Commission's order affirmed that such treatment would ensure that the Company's retail customer base would be held harmless from a revenue requirement perspective.

53. As described above in Section II, Idaho Power proposes to implement the WRV Project surcharge in two stages: one for incremental distribution costs (associated with this filing) and another for the incremental transmission costs (to be implemented the month following the transmission in-service month). With this staggered energization timing, Idaho Power will begin collecting surcharge revenue at different times. As such,

Idaho Power clarifies that it will separately depreciate distribution and transmission-related incremental capital costs over their respective estimated 20-year collection periods.

54. Idaho Power believes that two separate depreciation schedules, each estimated for 20 years and associated with a specific surcharge (distribution and transmission), is consistent with the spirit of the Commission's previous authorization and align with accepted accounting practices.

IV. MODIFIED PROCEDURE

55. Idaho Power believes that consideration of this compliance filing does not require an evidentiary proceeding and accordingly the Company requests that this Petition be processed under RP 201-204 allowing for consideration of issues by Modified Procedure, i.e., by written submissions rather than by evidentiary hearing.

V. COMMUNICATIONS AND SERVICE OF PLEADINGS

56. Communications and service of pleadings, exhibits, orders, and other documents relating to this proceeding should be sent to the following:

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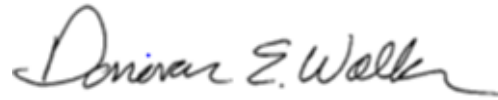
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VI. CONCLUSION

57. Idaho Power appreciates the Commission's review and consideration of the compliance items related to the WRV Project surcharge. The Company believes the information supplied herein meets the Commission's directives in Order No. 35452 and, as such, respectfully requests that the Commission approve: the updated incremental

distribution total, Schedule 96 as revised, and the two-stream accounting treatment as described herein.

Respectfully submitted this 31st day of May 2024.

A handwritten signature in black ink that reads "Donovan E. Walker". The signature is written in a cursive style with a large initial 'D'.

DONOVAN E. WALKER
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 31st day of May 2024, I served a true and correct copy of the within and foregoing IDAHO POWER COMPANY'S COMPLIANCE FILING upon the following named parties by the method indicated below, and addressed to the following:

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Christy Davenport, Legal Assistant

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-24-22**

IDAHO POWER COMPANY

ATTACHMENT 1

SCHEDULE 96
BLAINE COUNTY SURCHARGE
TO FUND THE UNDERGROUNDING
OF CERTAIN FACILITIES

PURPOSE

The purpose of this schedule is to set forth the monthly surcharge to fund the incremental cost of undergrounding certain transmission and distribution facilities at the request of Blaine County. The monthly surcharge will be billed separately by the Company to its Customers within the corporate limits of Blaine County.

APPLICABILITY

This schedule is applicable to all Customers served under the Company's schedules listed below within the corporate limits of Blaine County.

CHARGE

The applicable monthly surcharge will be applied to Customers' bills starting on the first bill date of the month following energization of the facilities and will remain in effect throughout the payback period. The payback period is assumed to be twenty (20) years. Any over- or under-collection relative to actual incremental project costs may be addressed through surcharge modification and/or increases or decreases to the payback period.

<u>Schedule</u>	<u>Description</u>	<u>Monthly Surcharge For Distribution Facilities</u>
1	Residential Service	\$2.00
3	Master Metered Mobile Home Park	\$2.00
5	Residential – Time-of-Day Pilot Plan	\$2.00
6	Residential Service On-Site Generation	\$2.00
7	Small General Service	\$2.00
8	Small General Service On-Site Generation	\$2.00
9S	Large General Service – Secondary	\$8.02
9P	Large General Service – Primary	\$8.02
9T	Large General Service – Transmission	\$8.02
19S	Large Power Service – Secondary	\$8.02
19P	Large Power Service – Primary	\$8.02
19T	Large Power Service – Transmission	\$8.02
24	Agricultural Irrigation Service	\$8.02

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-23-22**

IDAHO POWER COMPANY

ATTACHMENT 2

SCHEDULE 96
BLAINE COUNTY SURCHARGE
TO FUND THE UNDERGROUNDING
OF CERTAIN FACILITIES

PURPOSE

The purpose of this schedule is to set forth the monthly surcharge to fund the incremental cost of undergrounding certain transmission and distribution facilities at the request of Blaine County. The monthly surcharge will be billed separately by the Company to its Customers within the corporate limits of Blaine County.

APPLICABILITY

This schedule is applicable to all Customers served under the Company's schedules listed below within the corporate limits of Blaine County.

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<u>Schedule</u>	<u>Description</u>	<u>Monthly Surcharge For Distribution Facilities</u>
1	Residential Service	<u>\$3,422.00</u>
3	Master Metered Mobile Home Park	<u>\$3,422.00</u>
5	Residential – Time-of-Day Pilot Plan	<u>\$3,422.00</u>
6	Residential Service On-Site Generation	<u>\$3,422.00</u>
7	Small General Service	<u>\$3,422.00</u>
8	Small General Service On-Site Generation	<u>\$3,422.00</u>
9S	Large General Service – Secondary	<u>\$14,368.02</u>
9P	Large General Service – Primary	<u>\$14,368.02</u>
9T	Large General Service – Transmission	<u>\$14,368.02</u>
19S	Large Power Service – Secondary	<u>\$14,368.02</u>
19P	Large Power Service – Primary	<u>\$14,368.02</u>
19T	Large Power Service – Transmission	<u>\$14,368.02</u>
24	Agricultural Irrigation Service	<u>\$14,368.02</u>

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-23-22**

IDAHO POWER COMPANY

ATTACHMENT 3

ATTACHMENT 3: Derivation of Incremental Surcharge for Distribution Portion of Owl Rock Road Route

Actual Distribution Project Cost		
1	Total WRV Project Distribution Cost ¹	\$ 19,994,550
Overhead Distribution Alternative Cost Summary		
2	Materials	
3	Material Lines Devices ²	\$ 867,017.28
4	Material Conductor	\$ 670,075.19
5	Material Pole Structures ³	\$ 618,710.53
6	<i>Subtotal</i>	\$ 2,155,803.00
7	Purchased Services	
8	Contract Lines Construction	\$ 5,982,694.00
9	Contract Lines Design	\$ 482,693.00
10	Contract Miscellaneous ⁴	\$ 935,663.00
11	Contract Permitting	\$ 1,840.00
12	<i>Subtotal</i>	\$ 7,402,890.00
13	Other Expense	
14	521 Company Vehicles	\$ 45,889.00
15	599 Other Miscellaneous Expense	\$ 227,291.00
16	<i>Subtotal</i>	\$ 273,180.00
17	Labor	
18	Distribution Designer	\$ 48,220.95
19	Drafter Transmission	\$ 756.88
20	Facility Siting Coordinator	\$ 206.72
21	Ground Disturbance Assessor	\$ 1,352.80
22	Inspector - Lines	\$ 87,990.00
23	Project Manager - PEC	\$ 138,448.51
24	Real Estate Specialist	\$ 2,881.00
25	Right of Way Agent	\$ 527.94
26	Senior Resource Professional - Terrestrial	\$ 1,082.07
27	Surveyor	\$ 19,824.98
28	T&D Engineer	\$ 11,824.15
29	<i>Subtotal</i>	\$ 313,116.00
30	Overhead & AFUDC	
31	Calculated Overhead (10.5%)	\$ 1,065,223.85
32	Calculated AFUDC (7.34%)	\$ 584,337.00
33	Total Loaded Cost⁵	\$ 11,794,549.85
Other Costs/Transmission Credit		
34	Reduced costs from underground construction ⁶	\$ 2,000,000.00
Incremental Distribution for Surcharge		
35	Distribution Incremental Amount	\$6,200,000

¹ Represents Distribution Portion of the Owl Rock Road Route

² Disconnect switches, service transformers, reclosers, regulators

³ Distribution poles, insulators, cross arms, ties

⁴ Flagging, laydown yards, cranes/trucks, tree trimming, waste management, other misc.

⁵ WRV Project distribution cost presented in IPC-E-24-07

⁶ Reduced costs from avoiding underbuild distribution (shorter transmission poles/less steel, fewer foundations, shallower holes)

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-23-22**

IDAHO POWER COMPANY

ATTACHMENT 4

FAQs

Why is there a surcharge?

In 2021, the Blaine County Commission requested the undergrounding of:

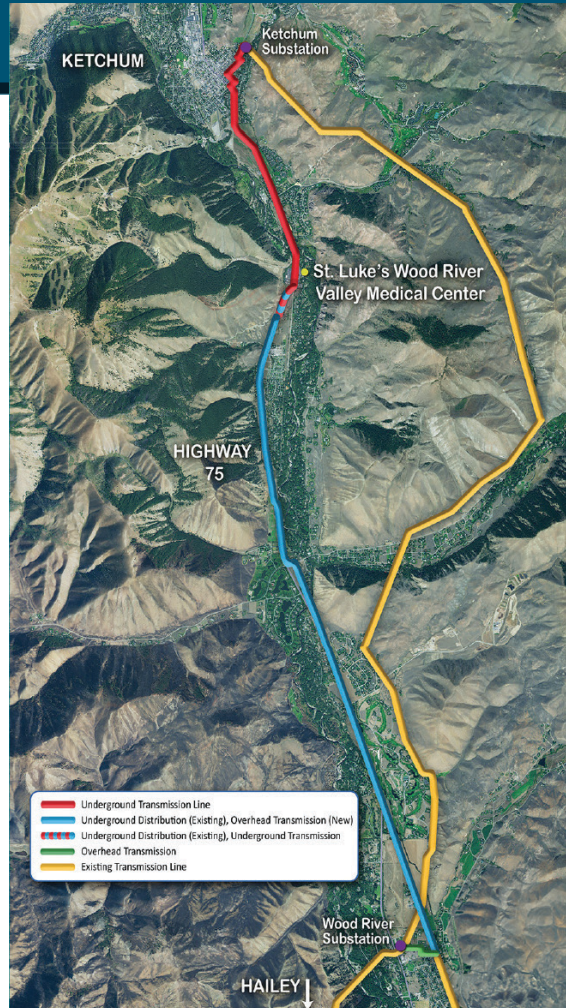
- 1.4 miles of the new Wood River–Ketchum transmission line along State Highway 75 between Elkhorn Road and Owl Rock Road
- 8 miles of existing distribution line located along State Highway 75 and Buttercup Road

The surcharge will cover the additional cost of undergrounding those sections — work that was outside the scope of the original project.

How much would the surcharge cost customers in Blaine County?

Idaho Power originally anticipated a single surcharge for both distribution and transmission undergrounding.

To apply costs more fairly and accurately based on the timing of construction, Idaho Power now plans to split the amount into two surcharges — one to pay for burying the existing distribution lines and a second to pay for burying the new



transmission line. If approved by the IPUC, the surcharge would add the fixed charges below to Blaine County customers' monthly bills for an estimated 20 years:

- Proposed distribution surcharge for residential and small general service: \$2.00 per month
- Proposed distribution surcharge for non-residential: \$8.02 per month
- Transmission surcharge: Expected to be determined in 2025-26

What happens next?

Over the next few months, Idaho Power will finalize the distribution surcharge through the IPUC's regulatory process. You can learn more about this case (IPC-E-24-22) and file written comments on the surcharge proposal at puc.idaho.gov.

We'll notify you again before the distribution surcharge goes into effect.

For more information, visit woodrivervalleysreliability.com

An Update on the Blaine County Reliability Project and Related Surcharge

Construction has started on the new Wood River–Ketchum transmission line. This project will make power more reliable in the upper Wood River Valley by providing a second high-voltage line to keep the lights on in case of outages on either line. At the request of the Blaine County Commission, Idaho Power will place some powerlines underground. A surcharge on Blaine County customers' electric bills, approved by the Idaho Public Utilities Commission (IPUC) in June 2022 (Case No. IPC-E-21-25), will cover the cost of burying these lines.

Idaho Power recently filed a request with the IPUC to start the process of implementing the surcharge. See the other side of this postcard for more information.



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