

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	CASE NO. IPC-E-24-22
COMPANY’S COMPLIANCE FILING TO)	
UPDATE THE CUSTOMER SURCHARGE)	NOTICE OF FILING
TO COLLECT INCREMENTAL COSTS OF)	
DISTRIBUTION UNDERGROUNDING OF)	NOTICE OF INTERVENTION
THE NEW 138 KV TRANSMISSION LINE IN)	DEADLINE
THE WOOD RIVER VALLEY AND)	
ESTABLISH NECESSARY REGULATORY)	ORDER NO. 36251
ACCOUNTING TREATMENT)	
)	

On May 31, 2024, Idaho Power Company (“Company” or “Idaho Power”) submitted a compliance filing requesting that the Idaho Public Utilities Commission (“Commission”) update the surcharge paid by customers residing in Blaine County, Idaho for incremental costs of distribution undergrounding related to the new 138 kilovolt (“kV”) Wood River Valley Transmission Line (“WRV Project”) (“Filing”). The Company’s Filing also included four Attachments. The Company requested issuance of the final order with rates effective by December 1, 2024.¹ The Company also requested its Filing be processed via Modified Procedure. As of June 26, 2024, two public comments have been submitted in this case.

With this Order, the Commission provides notice of the Company’s Filing and sets a deadline for interested parties to intervene.

BACKGROUND

The Company endeavored for years to establish a redundant 138 kV transmission line in Blaine County, Idaho, particularly to serve the North Valley area including Ketchum and Sun Valley. This project has a long and complex history dating back to 1974 when the Company first obtained a Certificate of Public Convenience and Necessity (“CPCN”) for the line. The Company stated the first effort to build the redundant line ended in 1995 due to public opposition, routing challenges, and funding issues for undergrounding. The original CPCN was canceled in 1995.

In 2014, following collaborative process with various stakeholder groups, the Company applied for a Conditional Use Permit (“CUP”) with the Blaine County Planning and Zoning

¹ The Filing stated that the Company expected the distribution line would be energized before December 2024 with updated surcharge rates effective December 1, 2024, unless the project was delayed. Filing at 17-18.

Commission (“P&Z”) to construct the WRV Project. This application was denied, and the denial was upheld by the Blaine County Board of County Commissioners (the “County Board”).

On September 15, 2017, the Commission granted the Company a new CPCN for the WRV Project. This approval specified a route with overhead transmission from the Wood River substation to a transition point near Elkhorn Road, then underground transmission from there to the Ketchum substation (“2017 CPCN Route”). The 2017 CPCN Route formed the baseline for the least-cost alternative. The Commission acknowledged the extensive public involvement and encouraged continued collaboration among all parties.

Following this CPCN approval, the Company filed a new CUP application with the P&Z in November 2017. The Company worked with the P&Z on potential micro-siting adjustments for the overhead portion and additional underground sections that Blaine County might fund. The P&Z approved the CUP application on January 15, 2019, providing seven undergrounding options for the County Board to consider.

On June 4, 2019, the County Board granted a CUP with the condition that the entire transmission line be underground from the Wood River Substation to Ketchum. The County Board recognized the funding challenges this would present and stated that funding discussions should be exhausted before considering any overhead options.

Unable to secure funding for complete undergrounding, the County Board held public stakeholder meetings in September 2020 to consider alternative burial options. After these meetings, the County Board expressed interest in a partial undergrounding option. This plan involved burying an additional 1.1 miles of the transmission line south from the Elkhorn substation and burying the distribution line along the entire route.

To fund this option, the County Board requested that the Company consider a new surcharge on all power bills within Blaine County separate from existing franchise fees. The Company agreed to a maximum surcharge of 3% on a monthly flat fee basis, subject to regulatory approval. Based on 2019 revenues, this surcharge was projected to fund about \$9.1 million in upfront burial and financing costs over 20 years.

After further analysis, the Company proposed an extended burial plan called the “Owl Rock Road Route.” This plan would extend the transmission line burial an additional 1.4 miles south from Elkhorn Road to a point near Owl Rock Road and bury the distribution line for the

entire route length. The total incremental cost was estimated at \$9.8 million—including \$5.7 million for distribution line burial and \$4.1 million for transmission line burial. This would be funded by the same estimated fixed surcharge over approximately 20 years.

On December 22, 2020, the Company filed a CUP application with the County Board for the Owl Rock Road Route. The County Board approved this CUP application on March 15, 2021. This Final CUP modified the previous “all underground” condition to the partial underground solution outlined in the Owl Rock Road Route plan.

In Case No. IPC-E-21-25, the Company asked for, and the Commission granted, approval of the Company’s proposed surcharge, modifications to the CPCN granted in Order No. 33872 relative to the line route, a finding by the Commission that its previous orders had authority over local governments, and an 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.” Filing at 2; *see* Order No. 34691.

NOTICE OF FILING

YOU ARE HEREBY NOTIFIED that the Company stated that the WRV Project now has staggered construction, necessitating a two-phase surcharge implementation. Phase 1 covers undergrounding distribution lines, effective December 2024. Phase 2 addresses transmission lines, planned for 2026. This Filing pertains to Phase 1, updating Schedule 96 for distribution-related charges on Blaine County customers’ bills.

YOU ARE FURTHER NOTIFIED that the Company proposed calculating the Owl Rock Road Route’s incremental cost by comparing actual costs to estimated costs of the 2017 CPCN Route. This approach yielded an initial \$9.8 million estimate. The Company stated that the Commission approved the method but that the Commission required updated cost information for the final surcharge determination. *See* Order No. 35452.

YOU ARE FURTHER NOTIFIED that the Company stated that it developed a distribution-specific incremental cost for the Owl Rock Road Route consistent with the Commission’s authorized method. This approach compared the actual distribution project cost to an estimated alternative for an overhead distribution line. After removing the overhead distribution estimate from the WRV Project total—\$20 million—the incremental costs of undergrounding the distribution lines is about \$8.2 million. The Company also identified \$2 million in distribution

costs that confer transmission benefits it removed from the total incremental costs of undergrounding it opined Blaine County customers should not bear due to the transmission benefits conferred from undergrounding. The Company proposed to recover \$6.2 million in incremental distribution costs from Blaine County customers.

YOU ARE FURTHER NOTIFIED that the Company stated that the \$2 million transmission benefit stems from cost savings associated with underground distribution—such as shorter transmission poles and fewer transmission foundations. The Company believed these savings should be shared among all customers on the system.

YOU ARE FURTHER NOTIFIED that the Company explained that this updated information was compliant with the Commission’s Order to provide revised project costs and estimates within six months of project completion. *See* Order No. 35452.

YOU ARE FURTHER NOTIFIED that the Company proposed updated surcharges of \$2.00 a month for Residential and Small General Service customers and \$8.02 a month for non-residential customers. The Company also stated that it believed that its customer communication complied with Order No. 35452.

YOU ARE FURTHER NOTIFIED that the Company’s Filing provided information regarding the bill presentation and timing of its proposed surcharge—adopting a two-stage approach. The Company also asserted that its accounting treatment complied with Order No. 35452.

YOU ARE FURTHER NOTIFIED that the Filing, and accompanying attachments, are available for public inspection during regular business hours at the Commission’s office. The Filing, and accompanying attachments, are also available on the Commission’s website at www.puc.idaho.gov. Click on the “ELECTRIC” icon, select “Open Cases,” and click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission’s jurisdiction under Title 61 of the Idaho Code, and that all proceedings in this matter will be conducted pursuant to the Commission’s Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

NOTICE OF INTERVENTION DEADLINE

YOU ARE FURTHER NOTIFIED that persons desiring to intervene in this matter to obtain parties' rights of participation must file a Petition to Intervene with the Commission pursuant to this Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and -.073. **Persons who wish to intervene as a party must file a Petition to Intervene no later than 21 days after the date of service of this Order.** Such persons shall also provide the Commission Secretary with their email address to facilitate further communications. After the intervention deadline runs, the Commission Secretary shall issue a Notice of Parties that identifies the parties and assigns exhibit numbers to each party. Once the Notice of Parties has issued, Commission Staff shall informally confer with the Company and any intervening parties about how to further process this case and shall then report back to the Commission on a proposed case schedule.

YOU ARE FURTHER NOTIFIED that persons who would like to present their views without parties' rights of participation and cross-examination do not have to intervene but may present their views by submitting written comments to the Commission.

YOU ARE FURTHER NOTIFIED that the following people are designated as the Company's representatives in this matter:

Donovan Walker
Alison Williams
Idaho Power Company
1221 West Idaho Street 83702
P.O. Box 70
Boise, ID 83707-0070
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awilliams@idahopower.com
dockets@idahopower.com

ORDER

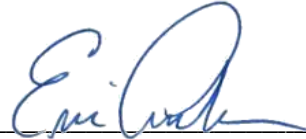
IT IS HEREBY ORDERED that persons desiring to intervene in this matter must file a Petition to Intervene no later than 21 days from the service date of this Order. Once the deadline has passed, the Commission Secretary shall prepare and issue a Notice of Parties.

IT IS FURTHER ORDERED that, after the Notice of Parties has issued, Commission Staff shall confer with the parties regarding a procedural schedule for this matter including, if necessary, a hearing in this matter.

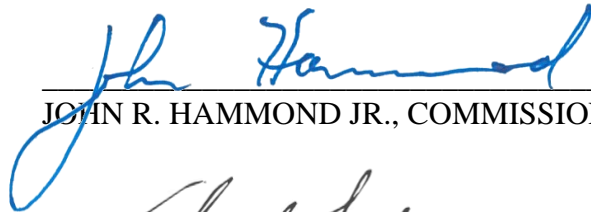
NOTICE OF FILING
NOTICE OF INTERVENTION DEADLINE
ORDER NO. 36251

IT IS FURTHER ORDERED that parties comply with Order No. 35375, issued April 21, 2022. Generally, all pleadings should be filed with the Commission electronically and will be deemed timely filed when received by the Commission Secretary. *See* Rule 14.02. Service between parties should continue to be accomplished electronically when possible. However, voluminous discovery-related documents may be filed and served on CD-ROM or a USB flash drive.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 9th day of July 2024.



ERIC ANDERSON, PRESIDENT

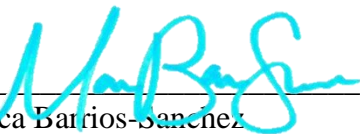


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Monica Barrios-Sanchez
Commission Secretary

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