

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF ROCKY MOUNTAIN) CASE NO. PAC-E-23-21
POWER’S PROPOSED CHANGES TO)
ELECTRIC SERVICE REGULATION NO. 12)
) ORDER NO. 36039
)

On October 3, 2023, PacifiCorp dba Rocky Mountain Power (“Company”), filed a Tariff Advice (PAC-TAE-23-01) proposing changes to its Electric Service Regulation No. 12—Line Extensions (“Regulation No. 12”), effective January 1, 2024.

At the Commission’s October 17, 2023, Decision Meeting, Staff recommended the Commission process the Tariff Advice as a formal case to allow for formal participation by interested parties.

On October 23, 2023, the Commission converted the Tariff Advice to a formal case, issued a Notice of Application, and set a deadline for interested parties to intervene. Order No. 35967. No one petitioned to intervene.

On November 14, 2023, the Commission issued a Notice of Modified Procedure establishing public comment and Company reply deadlines. Order No. 35994. Staff filed comments to which the Company replied. No other comments were filed.

The Commission now issues this Final Order directing the Company to require those customers whose loads would exceed 25,000 kilovolt-amperes (“kVA”) to take service at transmission-voltage.

THE APPLICATION

The Company cited concerns with service requests from prospective large customers with loads that may never fully materialize or be abandoned. As it stands, prospective large customers are eligible for an allowance up to nine times the estimated monthly revenue generated from the customer under Regulation No. 12. The Company is concerned that large projects eligible for the allowance necessitate upfront investment, but the projects may never be fully built out leaving the Company with stranded, expensive infrastructure investments that would not be offset from revenue generated from the customer, as anticipated. This situation would leave other customers to pay for the investments.

To avoid the type of harm described above, the Company proposes to add part 3(b) to Regulation No. 12 to limit allowances for customers whose service requirements exceed 25,000 kVAs. The Company’s proposal would limit the allowance to the “cost of metering equipment necessary to measure the Customer’s usage.” Tariff Advice at 2.

For customers who entered a master electric service agreement (“MESA”) with the Company prior to October 3, 2023, the Company proposes to provide the allowance according to the terms of the MESA.

For those customers who have received a written estimate of the line extension allowance prior to October 3, 2023, but have not yet executed a MESA with the Company, the Company proposes to give those customers six months from the filing date to execute a MESA to receive the allowances included in the estimate.

Any requests made after October 3, 2023, would be subject to the updated Regulation No. 12.

THE COMMENTS

1. Staff Comments

Staff believed the Company’s proposal to change Regulation No. 12 for customers whose loads will exceed 25,000 kVAs did not adequately fit the situation the Company described as prompting the request. Despite agreeing that requiring these large customers to pay for the full cost of the line extension upfront would remove the threat of stranded assets, Staff argued that eliminating the line extension allowance as proposed by the Company would instead cause the Company to over recover the costs associated with line extensions.

The root of Staff’s over-recovery concern is that an action to solve one potential problem should not create another problem. Staff argued that eliminating the line extension allowance for customers who would require more than 25,000 kVAs *and* are not served under Schedule No. 9 (i.e. have distribution costs embedded in rates) would be impacted by the change. According to Staff, under the proposed changes to Regulation No. 12, some customers could end up paying for distribution-voltage facilities twice—before taking service through the line extension costs as proposed by the Company and later through rates with distribution costs embedded. Staff ultimately suggested an alternative to the Company’s proposal. Staff recommended the Company adopt a method like Idaho Power’s charge for Large Power Service customers where the customer must pay for full substation costs before taking service with an allowance to refund those charges

over five years with continued use of capacity (*see* Idaho Power’s Schedule No. 19). Staff felt this better protected the Company and customers from stranded asset risk and provided affected customers the appropriate allowance.

2. Company Reply Comments

The Company requested the Commission approve its proposed modifications to Regulation No. 12.¹ Alternatively, the Company offered that if the Commission chooses not to approve its proposed modifications, then requiring customers who need more than 25,000 kVAs for service to take service as transmission-voltage customers is reasonable.² The Company explained that service requests for distribution-voltage load is new to the Company and it presents significant risks. The Company stated that of the 35 pending load requests exceeding 25,000 kVAs system-wide, only two are requesting distribution voltage with the remaining requesting transmission-voltage.³ The Company stated that if unchanged, large customers receiving service under distribution-voltage service would be eligible for line extension allowances of about \$400,000 to \$630,000 per megawatt (“MW”).

Regarding Staff’s recommendation to adopt a method like Idaho Power’s Schedule No. 9 charge for Large Power Service customers where customers must pay for the full substation costs before taking service, the Company cited several reasons why this would not be implemented as proposed by Staff to address the concerns raised. The Company cited the challenges to serve customers whose loads exceed 25,000 kVA which Idaho Power’s Schedule No. 19 was not designed for and the substation credit offered by Idaho Power being less generous than the Company’s which Idaho Power’s Schedule No. 19 rates account for. The Company noted that Idaho Power mitigates the risk of stranded assets under Schedule No. 19 by capping eligibility at 20 MW.⁴

The Company distinguished its request from Staff’s suggestion citing the investment required to service customers with loads larger than 25,000 kVAs. The Company stated that

¹ The proposed change has been approved in Utah, Wyoming, and Oregon.

² The Company stated “[t]ransmission-voltage customers receive a line extension allowance equal to the cost of metering necessary to measure their usage and pay lower rates designed for large customers in exchange for owning and operating some of their own facilities.” Reply comments at 7.

³ The requests encompass the six-state service area served by PacifiCorp. The Company has no pending large load requests for Idaho. The Company noted that pursuant to the 2020 Protocol, transmission-voltage facility costs are allocated across the system which ensures costs incurred in one jurisdiction to serve a single load are not shifted to customers in other jurisdictions.

⁴ The Company stated that the 20 MW cap established for Idaho Power’s Schedule No. 19 is below the threshold it proposes to limit line extension allowances to.

customers with loads exceeding 25,000 kVAs almost always require a dedicated substation whereas customers served under Idaho Power's Schedule No. 19 might—or might not—be served by dedicated substations. Because of this difference in investment required to serve large customers, the Company argued the risk of stranded assets is different. Additionally, because the facilities that require loads exceeding 25,000 kVAs are generally unique, if the customer abandons the facility, it is less likely that it will be repurposed and therefore the investment will be stranded.

The Company explained that if it adopted a method for line extension allowances like Idaho Power's, the allowance for distribution-voltage customers might be smaller than the cost of upgrades required. The Company emphasized that serving large customers requires costly investments which are made specifically for the large customers' facility. The Company stated that its distribution-voltage rates are not designed to account for this type of investment, and it seeks to protect customers from subsidizing large customers or being stuck with stranded assets that cannot be used by other customers.

The Company requested Commission approval of its original proposal to limit allowances for large customers. Alternatively, the Company would request to serve all customers with loads exceeding 25,000 kVAs under the transmission-voltage.

COMMISSION DISCUSSION AND FINDINGS

The Company is an electric corporation and public utility, and the Commission has jurisdiction over it and the issues in this case under Title 61 of the Idaho Code. The Commission has express statutory authority to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, or discriminatory, or in violation of any provision of law, and may fix the same by Order. *Idaho Code* §§ 61-502 and 61-503.

After reviewing the record in this case, including Staff's comments and the Company's reply, we feel the best option to avoid the risk of stranded assets from large customers whose prospective loads exceeding 25,000 kVAs never fully materialize, or are abandoned before the Company can recover costs it expended, is to require these large customers to take service at transmission-voltage. While this is not the only possible solution, it addresses the potential issue described by the Company. This will prevent the situation the Company cited as prompting its Application where transmission-voltage level customers could take service at distribution-voltage and receive an allowance even though the customer *could* abandon the facility leaving the

Company and its customers to pay for stranded cost of assets. It also prevents the concern Staff cited in its comments where the Company could avoid paying allowances to distribution-voltage customers and still recover distribution costs from those customers through the costs embedded in rates.

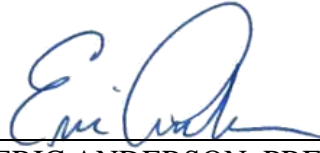
ORDER

IT IS HEREBY ORDERED that the Company shall require all customers who request service exceeding 25,000 kVAs to take service at transmission-voltage and under the appropriate schedule(s).

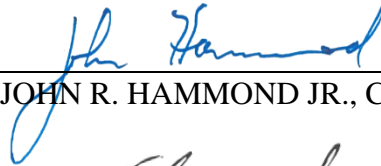
IT IS FURTHER ORDERED that the Company shall file updated tariffs as a compliance filing within 21 days of this Final Order.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date upon this Order regarding 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. *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 27th day of December 2023.



ERIC ANDERSON, PRESIDENT

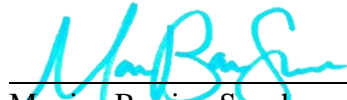


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Monica Barrios-Sanchez
Interim Commission Secretary

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