

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) CASE NO. IPC-E-12-03
AUTHORITY TO MODIFY AND UPDATE)
ITS RULE H TARIFF.) ORDER NO. 32473
_____)**

On December 29, 2011, Idaho Power Company filed its annual compliance filing to update charges and credits under Rule H, New Service Attachments and Distribution Line Installations or Alterations. The Company filed this as a Tariff Advice No. 11-05 and requested approval by March 1, 2012, so the updates could be effective March 15, 2012.¹ After reviewing the filing, Staff recommended that the Commission process the tariff advice through the use of Modified Procedure because it appeared that some of the changes go beyond the usual “updates” of charges and credits contemplated by Commission Order Nos. 30853 and 30955.

On January 18, 2012, the Commission issued a Notice of Application/Notice of Modified Procedure and established comment deadlines. Order No. 32439. Staff was the only person or party to file comments. Based on the record established in this case, the Commission approves Idaho Power’s Application to modify and update its Rule H tariff as set out in greater detail in the body of this Order.

THE APPLICATION

The Company proposes cost updates to the charges and credits outlined in Rule H, New Service Attachments and Distribution Line Installations or Alterations. This is the annual compliance filing to update Rule H charges and credits as required by Commission Order Nos. 30853 and 30955. In addition, the Company is proposing to remove metering costs from the calculation of single-phase and three-phase allowances. The Company claims that metering costs are not charged on Rule H work orders and, therefore, such costs are not appropriate when calculating Company-funded allowances.

The Company is also proposing to add a new charge to the Other Charges section of Rule H. The Company claims that the new, flat charge (Overhead Service Attachment Charge for Non-Residence) would reduce overhead costs by eliminating the need for individual work

¹ The Company is requesting a 14-day implementation period to update computer systems and prepare new communication materials.

orders each time a request is made for overhead service attachments for non-residences. Finally, the Company is proposing minor “housekeeping” edits to the tariff.

COMMENTS

Idaho Power proposes to exclude metering costs from the single-phase and three-phase allowances because they are not included in work order cost estimates. Metering costs include both the cost of the meter as well as the labor involved in installing the meter. Historically, no customers have been charged metering costs as part of an upfront work order cost. Metering costs have been recovered through base rates charged to all customers. Consequently, Staff agrees that it is appropriate to exclude metering costs in computing single- and three-phase allowance amounts. To reflect the change, Staff recommended that the Company delete the phrase “cost of new meter only” from the maximum allowance per service for residential non-residences and replace it with “\$0.00” to be consistent with the calculation of allowances for the other residential schedules.

The Company is also proposing to implement a flat charge for overhead services to non-residence structures. Currently, the charge is based on work order costs specific to each individual service attachment request. The Company claims that “costs associated with these service attachment requests rarely vary between customers, and therefore, a flat charge is appropriate” and this new charge will “reduce overhead costs for the Company.”

In order to determine the extent that costs may vary between customers, Staff requested the actual costs for each non-residence overhead service attachment completed in the past year. The Company provided a random sample of ten work orders for overhead service attachments to non-residences. Staff’s analysis revealed that the most expensive work order was roughly double the cost of the least expensive work order (\$229.36 and \$115.34, respectively). Had the proposed flat charge of \$181 been in effect, 40% of customers would have paid more than their actual work order costs and 60% of customers would have paid less than their actual work order costs. Therefore, 40% of customers would have subsidized the attachment costs for the remaining 60% of customers. Staff maintains that these subsidies are not insignificant. As a result, Staff recommended that the Commission deny the Company’s proposal to add a new, flat rate Overhead Service Attachment Charge for Non-Residences.

In addition to minor “housekeeping” edits to the tariff (as contemplated by Commission Order Nos. 30853 and 30955), the Company proposed to (1) correct the definition

of terminal facilities to indicate that underground service wire is not included and (2) add in a new defined term, connected load, to clarify the calculation of vested interest charges. The Company also proposed to add Schedule 3 to the preamble of Rule H. Schedule 3 covers master-metered mobile home park residential service and, in Staff's opinion, should have been included in Rule H previously because work done for this schedule appropriately falls under Rule H. Staff does not oppose these proposed changes.

In responding to audit requests from the Staff, the Company found errors in four of the six distance charges for underground service attachments. The Company calculated the charges for 125 feet of cable instead of 100 feet of cable as specified in the tariff. Thus, the Company proposed charges that were calculated incorrectly. Staff recommended that the Company be directed to resubmit its proposal with the correct charges.

FINDINGS AND CONCLUSIONS

Idaho Power is a public utility pursuant to *Idaho Code* §§ 61-119 and 61-129. The Commission has jurisdiction over this matter pursuant to Title 61 of the Idaho Code and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.* Based on our review of the Company's Application and the comments of Commission Staff, we find that it is just and reasonable to allow Idaho Power to modify and update charges and credits under its Rule H tariff.

Specifically, we find that removing metering costs from single- and three-phase allowance amounts is appropriate because metering costs are not included in work order cost estimates. We direct Idaho Power to delete the phrase "cost of new meter only" from Maximum Allowance per Service for Residential Non-residences and replace it with "\$0.00."

We find that, at this time, Idaho Power's proposal to implement a new, flat charge for overhead services to non-residences is not justified. Initially, the Company maintained that costs associated with these service attachments rarely vary between customers and that a flat charge would reduce overhead costs for the Company. However, Staff's analysis revealed large variations in the cost of service attachments between customers. The Company also affirmed, upon further investigation, that general overhead costs would not be reduced by the implementation of a flat charge as originally indicated. Consequently, we find it just and reasonable to direct the Company to continue to charge customers their actual work order costs regarding requests for overhead service attachments. We encourage Idaho Power to renew its

request for a new, flat charge for overhead services to non-residences when it is able to provide adequate support and data to justify the proposal.

In responding to audit requests by Staff, the Company discovered errors in four distance charges calculated for underground service attachments. Idaho Power calculated the charges based on 125 feet of cable instead of 100 feet of cable, as specified in the Rule H tariff. We direct the Company to correct these calculation errors prior to submitting its conformed tariff. The Commission finds that the remaining language and housekeeping changes to Idaho Power's Rule H tariff are just and reasonable and consistent with our directives in Order Nos. 30853 and 30955.

ORDER

IT IS HEREBY ORDERED that the Application of Idaho Power for authority to modify and update charges and credits under its Rule H tariff is approved, as set out in greater detail in the body of this Order. Changes shall be effective March 15, 2012.

IT IS FURTHER ORDERED that Idaho Power file conforming tariffs no later than March 9, 2012.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 29th
day of February 2012.



PAUL KJELLANDER, PRESIDENT



MACK A. REDFORD, COMMISSIONER

Out of the Office on this Date
MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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