

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	
<b>OF PACICORP DBA ROCKY MOUNTAIN</b>	)	<b>CASE NO. PAC-E-14-02</b>
<b>POWER FOR ADVANCE AUTHORIZATION</b>	)	
<b>TO TRANSFER SPARE TRANSFORMERS</b>	)	
<b>PURSUANT TO A SHARING AGREEMENT</b>	)	<b>ORDER NO. 33070</b>
	)	

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On May 23, 2014, PacifiCorp dba Rocky Mountain Power (“Rocky Mountain” or “Company”) filed an Application with the Commission requesting advance authorization to transfer spare transformers to other participating utility companies, if required, pursuant to a sharing agreement.

On June 23, 2014, the Commission approved Rocky Mountain’s Application via unanimous voice vote during its weekly decision meeting.

**APPLICATION**

In its Application, Rocky Mountain outlined the history behind the FERC-approved Spare Transformer Equipment (“STEP”) Program. The Company says that STEP is a coordinated approach to increase the electric power industry’s inventory of spare transformers and streamline the process of transferring those transformers to affected utilities in the event of a transmission outage caused by a terrorist attack. STEP requires each participating utility to sell its spare transformers if requested to any other participating utility that suffers a “triggering event.” A “triggering event” is defined as “an act or coordinated acts of deliberate, documented terrorism, as defined in the Homeland Security Act of 2002. . . .”

According to the Company, the STEP sharing agreement was negotiated among more than 50 utilities and provides each participating utility with legally enforceable rights to access readily available spare transformers that have been committed to STEP. Rocky Mountain believes that if a triggering event occurs, participating STEP utilities possess self-executing and legally enforceable rights to acquire spare transformers from participating STEP utilities.

Rocky Mountain entered into its STEP agreement on December 6, 2013, with other participating utility companies across the United States. However, the Company’s status as a full participating member of STEP is contingent upon relevant state regulatory approvals.

Based on preliminary information provided by the Edison Electric Institute (EEI), the Company believes that its obligation under the sharing agreement will be two spare transformers. The first transformer is rated as a 500-230 kV and 193 MVA, the second transformer is rated at 345-138 kV and 141 MVA. This obligation is subject to adjustment as determined by a commitment formula found in the sharing agreement. The commitment of the two transformers does not prohibit the Company from utilizing the equipment for its own needs so long as the spare transformers are replaced within 18 months.

The Company has evaluated the risk of having to sell a spare transformer to another STEP participating utility and believes that the combination of committing existing spare transformers and the low probability of a triggering event result in an acceptable risk. The Company claims that it takes steps to maintain the safety and security of its substations and it does not believe it is reasonable or economically feasible to amass a spare transformer inventory large enough to allow full system restoration following a worst case scenario terrorist attack. The Company alleges that its customers will benefit from the increased access to available spare transformers in the event that the Company experiences a triggering event without the added costs of significant increases in its spare transformer inventory.

The purchase price for transformer(s) transferred to a utility experiencing a triggering event is defined in the sharing agreement. STEP utilities must pay an annual fee of approximately \$5,000 to participate in the transformer exchange program. The Company does not request any ratemaking treatment for fees or any new inventory required by the terms of the agreement.

### **COMMISSION DISCUSSION AND FINDINGS**

On January 3, 2007, the Commission approved an equivalent application submitted by Idaho Power Company (“Idaho Power”), authorizing Idaho Power to participate in its own Transformer Sharing Agreement. *See* Order No. 30211 at 4. Similarly, the Commission finds that the proposed Agreement presented by Rocky Mountain complies with the requirements of *Idaho Code* § 61-328. *Id.* The Commission finds that participation in STEP, as referenced and more thoroughly explained above, is in the public interest and will not adversely affect customer rates because the Company does not seek rate recovery for the sale/exchange of transformers under their Agreement with participating utilities.

**CONCLUSIONS OF LAW**

The Idaho Public Utilities Commission has jurisdiction over PacifiCorp dba Rocky Mountain Power, an electric utility, and the issues presented in Case No. PAC-E-14-02 pursuant to Idaho Code, Title 61, and the Commission’s Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

**ORDER**

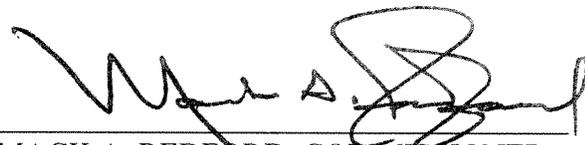
IT IS HEREBY ORDERED that Rocky Mountain’s Application to participate in the Spare Transformer Equipment Program is approved.

IT IS FURTHER ORDERED that Rocky Mountain shall advise the Commission if it is required to purchase additional transformers or if it expands the number of voltage classes subject to the Spare Transformer Equipment Program.

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.*

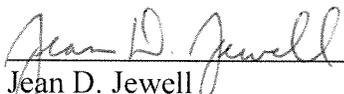
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 2<sup>nd</sup> day of July 2014.

  
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PAUL KJELLANDER, PRESIDENT

  
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MACK A. REDFORD, COMMISSIONER

  
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MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
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Jean D. Jewell  
Commission Secretary

O:PAC-E-14-02\_np