

Idaho Public Utilities Commission

Case No. PAC-E-14-02, Order No. 33070

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Rocky Mountain Power given green light to participate in spare transformer program

BOISE (July 8, 2014) – The Idaho Public Utilities Commission has approved an eastern Idaho utility’s application to become part of a national program to sell spare transformers to other utilities in the event of a terrorist attack.

PacifiCorp, which does business in eastern Idaho as Rocky Mountain Power, will become one of more than 50 utilities to participate in the Spare Transformer Equipment Program (STEP). Idaho Power Company, which operates across southern Idaho, has been part of STEP since 2007.

STEP requires each participating utility to sell its allotted spare transformers if requested to another participating utility that suffers a “triggering event,” which is defined by the Homeland Security Act as “an act or coordinated acts of deliberate, documented terrorism.”

Rocky Mountain Power’s obligation under the sharing agreement will be two spare transformers, each one rated at a different size. The commitment to the two transformers does not prohibit the company from using the equipment for its own needs so long as spare transformers are replaced within 18 months. Because the transformers are spare units, electricity delivery to Rocky Mountain Power’s customers will not be compromised.

Should a triggering event occur, participating utilities would be entitled to exercise “call rights” to acquire any of the spare transformers committed under STEP in the relevant voltage class. Unlike a voluntary mutual assistance program, the call rights are self-executing and are legally enforceable.

The program saves utilities and their customers of the cost of amassing a spare transformer inventory large to allow full system restoration following a worst-case scenario terrorist attack. The Edison Electric Institute, a consortium of regulated utilities across the nation, filed an application with the Federal Energy Regulatory Commission to give public utilities the authority to engage in the future transfers of transformers under a sharing agreement.

The agreement, FERC said, prevents utilities from having to purchase substantially more transformers and helps them avoid delays when they need to find, negotiate, order, transport and test a replacement transformer. Rocky Mountain Power paid \$10,000 to Edison Electric Institute to become part of the program and will pay an annual fee of \$5,000 to EEI to administer the nationwide program.

The Idaho commission said Rocky Mountain Power's participation in the program is in the public interest and noted that participation will not impact rates because Rocky Mountain Power is not seeking rate recovery for the sale or exchange of the transformers.

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