

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 21, 2008**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** October 22, 2008

DATE: October 6, 2008

TO: Public Utility Commission

FROM: Lisa Gorsuch

THROUGH: Lee Sparling, Ed Busch, and Judy Johnson

SUBJECT: IDAHO POWER: (Advice No. 08-05) Revises Rule H, New Service Attachments and Distribution Line Installations or Alterations.

STAFF RECOMMENDATION:

Staff recommends that Idaho Power Company's Advice No. 08-05 be approved and the associated revisions of Rule H, New Service Attachments and Distribution Line Installations or Alterations, go into effect on October 22, 2008.

DISCUSSION:

Idaho Power Company (IPCo or Company) filed Advice No. 08-05 with the Oregon Public Utility Commission (OPUC) on July 21, 2008, with an effective date of September 5, 2008. This filing, proposing revisions to Rule H, New Service Attachments and Distribution Line Installations or Alterations, prompted Staff to review this tariff in its entirety. Staff asked the Company to extend the effective date to allow time for additional data requests and review. On July 28, 2008, IPCo filed to extend the effective date to October 22, 2008.

IPCo proposes revisions to update charges to reflect increases in costs for labor and material and add provisions for varying material costs based on load size.

The Company has noted an increase in construction of larger-sized residential properties that require larger-sized conductors than those originally used as a cost-basis in determining the charges and credits under Rule H.

By updating pricing in Rule H to include multiple service sizes instead of a single service size, they can more accurately match the charges a customer must pay to the actual costs incurred to install service. The Distance Charge, the Base Charge, and the Customer Provided Trench & Conduit Charge (per foot) in Rule H will be revised as a result of this filing.

IPCo proposes revisions to its Distance Charge in Rule H using the same method of identifying differences between installation of overhead and underground service as before; however, they have identified and priced three service wire sizes that are now commonly installed: 1/0 underground cable at \$6.90 per foot, 4/0 underground cable at \$7.50 per foot, and 350 underground cable at \$9.60 per foot. This update is necessary to close a gap in the existing provisions, which only include pricing for the least expensive wire size. As a result of this gap, 58 percent of the customers are currently under billed for the wire size actually installed.

IPCo proposes revisions to its Base Charge in Rule H, which is payable in addition to the Distance Charge described above. The Base Charge is currently \$30 if the customer takes service from existing underground facilities and \$255 if the customer takes service from overhead facilities that require the addition of a 2" riser. Using the same cost calculation method as when the tariff was originally created, the Company has calculated that these costs are now \$40 for service from existing underground facilities and \$395 for overhead service requiring a 2" riser. In addition, the revisions include a new option of a 3" riser, priced using the same cost method, to address larger-sized services not previously envisioned when the tariff was created. The Base Charge for overhead service requiring a 3" riser will be \$520.

IPCo proposes revisions to its Customer Provided Trench & Conduit Charge (per foot) to also reflect three wire sizes. The current charge for wire in customer-provided trenching is \$1.05 per foot. The revised charges are \$2.15 per foot with 1/0 cable, \$3.60 per foot with 4/0 cable, and \$4.65 per foot with 350 cable.

IPCo responses to Staff Data Requests and workpapers provided justification for cost increases resulting from the proposed changes to Rule H. Staff and IPCo agreed Rule H needs to be comprehensively reviewed for revisions beyond the current isolated changes.

IPCo has stated they will be filing major tariff revisions to Rule H with the Idaho Public Utilities Commission this month, which will be followed by a similar filing in Oregon in the spring of 2009. The proposed changes will reduce the possibility of undercharging customers for services billed under Rule H until a full revision of the rule can be considered this coming year.

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PROPOSED COMMISSION MOTION:

Idaho Power Company's Advice No. 08-05 be allowed to go into effect on October 22, 2008, acknowledging the Company's commitment to Staff to file major revisions to Rule H, New Service Attachments and Distribution Line Installations or Alterations, in the spring of 2009.