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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF PACIFICORP'S)
APPLICATION TO ADD CLARIFYING) CASE NO. PAC-E-04-4
LANGUAGE TO ITS ELECTRIC SERVICE)
REGULATION NO. 12 LINE EXTENTSION)
RULE AS PERTAINS TO APPLICANT-BUILT) COMMENTS OF THE
LINE EXTENSIONS.) COMMISSION STAFF
_____)**

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Scott Woodbury, Deputy Attorney General, and in response to the Notice of Application, Notice of Modified Procedure and Notice of Comment/Protest Deadline issued on July 30, 2004, submits the following comments.

BACKGROUND

On July 16, 2004, PacifiCorp submitted for Commission approval proposed tariff pages associated with its Electric Service Regulation No. 12 Rule, which pertains to Line Extensions. The purpose of the filing is to add clarifying language to Regulation 12 regarding availability of the Applicant-Built Line option. The proposed revision to Regulation 12, Section 5(a), Applicant-Built Line Extensions, explicitly states that the applicant-built option applies only to new construction and is not available for "relocations, conversions from overhead to underground, going from single-phase to three-phase or increasing the capacity of facilities." PacifiCorp states

that the proposed clarification reflects the Company's long-standing practice. The proposed clarification to Regulation 12 Section 1(d), qualifies the definition of Extension by excluding circumstances where a line has been removed, at customer request, within the prior five years.

PacifiCorp is also proposing a change to Regulation 12 Section 1(c), Engineering Costs, to clarify that large, complex or speculative extensions are to be defined from the perspective (or judgment) of the Company. Under the Company's existing rules, customers must advance the Company's estimated engineering costs for developments that are "large, complex or speculative" but are not required to advance engineering costs in other circumstances. The purpose of this change is to avoid disputes between the Company and the customer as to whether a development is "large, complex or speculative."

ANALYSIS

Availability of the Applicant-Built Line Option

PacifiCorp's existing line extension rules as spelled out in Rule 12 permit customers (Applicants) to build line extensions using an approved contractor. Rule 12 §5(a) 1 states the following:

5. EXTENSION EXCEPTIONS

(a) Applicant Built Line Extensions

(1) General

An Applicant may contract with someone other than the Company to build a Line Extension. The Applicant must contract with the Company before starting construction of a Line Extension. When the Applicant has completed construction of the Line Extension and the Company approves it, the Company will connect it to the Company's facilities and assume ownership.

PacifiCorp is proposing to clarify the rule by inserting the underlined language as follows:

An Applicant may contract with someone other than the Company to build a Line Extension. The following circumstances, however, are not an option for Applicant Built Line Extensions: relocations, conversions from overhead to underground, going from single phase to three phase, or increasing the capacity of facilities. The Applicant must contract with the Company before starting construction of a Line Extension. When the Applicant has completed construction of the Line Extension and the Company approves it, the Company will connect it to the Company's facilities and assume ownership.

In conjunction with the proposed change shown above, the Company is also proposing to add clarifying language to the definition of an "Extension" as follows:

- (d) Extension – A branch from, a continuation of, or an increase in the capacity of, an existing Company owned transmission or distribution line, where a line has not been removed, at customer request, within the last 5 years. An extension may be single-phase, three-phase or a conversion of a single-phase line to a three-phase line. The Company will own, operate and maintain all Extensions made under this regulation.

The purpose of these proposed changes is to more clearly distinguish rules as they apply to new line extensions as opposed to relocations or alterations of existing lines. Staff believes that the proposed changes accurately reflect the manner in which PacifiCorp has interpreted and applied the rules in the past. Staff also believes the Company's interpretation of the rules is reasonable and that the proposed language changes make this interpretation clear.

In response to a Staff production request asking why PacifiCorp restricts the applicant built line extension option to only new line extensions, the Company cites safety and liability concerns. PacifiCorp points out that working within proximity of energized power lines is a clear safety risk. The Company contends that hand digging is required within 2 feet of an insulated buried line, and that Idaho's overhead line safety act limits contractors from working within 10 feet of a standard distribution line. PacifiCorp admits that not all relocations require such work, but notes that many do. The Company believes that the safety risk and potential for liability resulting from electrical contact that could occur by qualified or non-qualified individuals who are working under the direction of an applicant is higher for relocations and alterations simply by virtue of the fact that more of that work would be in closer proximity to energized facilities than is the case with construction of new line extensions.

PacifiCorp also cites the potential for claims against the Company due to failure to provide service to other customers on the line during construction. At a minimum, in addition to connecting the new line to the grid, relocations or alterations have the additional requirement of de-energizing the old line, switching load and removing the old line. This additional work requires additional coordination and greater exposure to problems according to the Company.

Staff believes that PacifiCorp's long standing practice of restricting the applicant built option to only new line extensions is based on sound reasoning. Staff contends that safety should be kept paramount and understands the liability concerns of the Company.

Clarification Regarding Payment for Engineering Charges

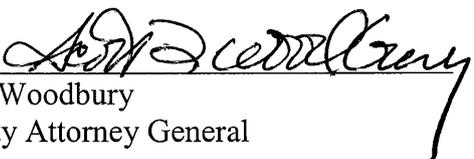
PacifiCorp has informed Staff that on occasion, customers have disputed payment of engineering charges for developments that are “large, complex or speculative.” PacifiCorp’s rules do not require that engineering charges be advanced when developments are not judged to be large, complex or speculative. The dispute generally boils down to differences of opinion between the customer and the Company as to whether the proposed development is, in fact, large, complex or speculative. The proposed tariff change will permit the Company to use its own judgment in deciding whether the “large, complex or speculative” standard is met.

Staff believes it would be very difficult to define in the tariff precisely what constitutes “large, complex or speculative.” Furthermore, Staff believes a precise definition is unnecessary. Each line extension is unique, and the possible circumstances associated with each one would make it nearly impossible to develop tariff language where virtually no judgment needed to be exercised. Staff believes this is one instance wherein the Company should be allowed to exercise its judgment. Staff believes the language proposed by the Company is acceptable.

RECOMMENDATIONS

Staff recommends that PacifiCorp’s proposed changes to its Electric Service Regulation No. 12 be approved as filed.

Respectfully submitted this 27th day of August 2004.



Scott Woodbury
Deputy Attorney General

Technical Staff: Rick Sterling

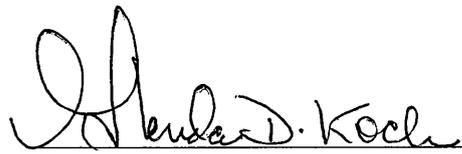
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 27TH DAY OF AUGUST 2004, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. PAC-E-04-4, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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