

DECISION MEMORANDUM

TO: COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSIONER KEMPTON
COMMISSION SECRETARY
LEGAL
WORKING FILE

PAC-E-08-09

FROM: DANIEL KLEIN

DATE: NOVEMBER 6, 2008

RE: FORMAL COMPLAINT OF MARIAN MATHEWSON AGAINST ROCKY MOUNTAIN POWER

On September 15, 2008, the Commission received a "formal" complaint (Attachment 1) from Marian Mathewson against Rocky Mountain Power. Ms. Mathewson believes Rocky Mountain Power's remote facility fee is unfair and punitive. Ms. Mathewson was unsatisfied with the outcome of the informal procedures to resolve her complaint and have filed this formal complaint.

BACKGROUND

The Commission received an informal complaint from Marian Mathewson who lives at 3125 Harkness Canyon Rd. near McCammon, Idaho. Currently, Ms. Mathewson is powering her home with solar and wind. She is in the process of selling her house and is now interested in getting service from Rocky Mountain Power (RMP). When she initially contacted the Commission last year, she had not received a quote from RMP. Daniel Klein instructed her to contact the Company and have them prepare a quote on the costs to obtain service from RMP. Ms. Mathewson received a ballpark quote from RMP in December 2007. Ms. Mathewson has taken exception with RMP's practice of charging a monthly facilities charge at properties that the Company considers to be remote.

Under Rocky Mountain Power's current tariff, Ms. Mathewson will be charged \$19,867 (ballpark figure) for a line extension approximately one mile in length. She will then be charged for her actual energy usage and a monthly facilities charge. The monthly facilities charge is

\$180 (1.67% of the customer's allowance of \$2,805 + .67% of the customer's line extension cost of \$19,867) minus 20% of her usage. The applicable tariff provisions (Attachment 2) apply to service locations more than one-half mile from existing distribution facilities. It is Staff's understanding that this monthly charge is designed to recover potential operation and maintenance expenses following construction of a line extension. The charge would be assessed for as long as service is taken at this address or other customers move into the area and reduce the distance between Ms. Mathewson and the closest current customer.

STAFF RECOMMENDATION

Ms. Mathewson is not satisfied with the outcome of the informal complaint. Consequently, she has filed a formal complaint. *See* Rules 23, 25 and 54, IDAPA 31.01.01.023, .024 and .054.

Staff recommends that the Commission issue a summons to Rocky Mountain Power directing the Company to file a response to the Complaint.

COMMISSION DECISION

Does the Commission wish to accept Ms. Mathewson's formal complaint? Does the Commission wish to issue a Summons?



Daniel Klein

DK:udmemos/Mathewson formal complaint dec memo

RECEIVED

2008 SEP 15 AM 8:23

Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074
Attn: Jean Jewell, Commission Secretary

IDAHO PUBLIC
UTILITIES COMMISSION

September 12, 2008

Dear Ms. Jewell,

I have an issue with the remote facility fee policy of Rocky Mountain Power. I have been working with Daniel Klein from your office since November 30, 2007 and he recently decided that it would be best for me to file a formal complaint. This is that formal complaint.

Rocky Mountain Power charges a "remote facility fee" for homes farther than ½ mile from the last power source. The most recent quote on this fee was \$180 per month plus whatever power is used that month. According to Journeyman estimator Rex Kendall, this fee never goes away unless at some point Rocky Mountain Power decides to remove it.

My contention is that this fee is unfair and punitive for the following reasons:

1. Idaho Power does not charge a similar fee no matter how far power is taken. (Dave at 800-488-6151 ext 7745). I do not have an option on power companies; therefore, I am at the mercy of Rocky Mountain Power if I want to have grid power.
2. The line, which would be buried, is unlikely to need maintenance which the company claims is the reason for the fee. If the line were to be damaged accidentally, that person would be liable. It is unlikely that such damage would occur secretly. I am responsible for digging and filling the trench. Rocky Mountain Power's latest quote for laying the line was \$19,867. There is no cost to Rocky Mountain Power for the installation that I can determine.
3. This fee is forever or until the company decides to eliminate it. How likely is this to happen? What if I decide to return to wind and solar power alone, which I have done for the past 9 years? I would be forced to be a customer whether I want to be or not. What about future owners? Would they be forced to be customers as well?

I believe that this is simply a fee that the company charges because they can. It makes no sense except corporate greed. One home 8/10 of a mile from the last power source poses no political danger to the company and could be a source of added income.

I have been on wind and solar power since 1999 and would like the flexibility of having a grid-tie system, but Rocky Mountain Power is making this impossible. As a widow on a teacher's pension, I cannot afford an electric bill plus \$180 even assuming that the fee would stay at that rate. It would seem that in spite of all of the talk about "saving energy" and "being green," when it comes to someone who is actually doing it, the deck is really stacked against her.

I am asking the Idaho Public Utilities Commission to look into this matter and to remove this punitive, unreasonable fee from Rocky Mountain Customers in general and me specifically.

Sincerely,



Marian Mathewson
3125 E. Harkness Canyon Rd
McCammon, ID 83250-1555
208-254-3978



I.P.U.C. No. 1

Original Sheet No. 12R.1

ELECTRIC SERVICE REGULATION NO. 12

STATE OF IDAHO

Line Extensions

1. CONDITIONS AND DEFINITIONS

- (a) **Contracts** -- Before building an Extension, the Company may require the Applicant to sign a contract. Where a tenant occupies the service location, the Company may require the property owner to sign the contract.
- (b) **Contract Minimum Billing** -- The Contract Minimum Billing is the greater of: (1) the Customer's monthly bill; or (2) 80% of the Customer's monthly bill plus the Facilities Charges. Customers on a seasonal rate receive an annual Contract Minimum Billing of the greater of (1) the Customer's annual bill; or (2) 80% of the Customer's annual bill plus the Annual Facilities Charge. The Annual Facilities Charge is twelve (12) times the Facilities Charges. Any Contracted Minimum Billings shall begin upon the date service is first delivered or 30 days after the completion of the extension whichever occurs first, as determined by the Company, unless a later date is mutually agreed upon.
- (c) **Engineering Costs** -- The Company includes designing, engineering and estimating in its Extension Costs. The Company will provide these services at no charge unless, in the Company's judgment, it determines the extension is large, complex or speculative. For large, complex or speculative Extensions, the Applicant or Customer must advance the Company's estimated Engineering Costs, but not less than the minimum specified in Schedule 300. The Company will apply this advance payment to its Extension Costs. If the Extension Allowance exceeds the Extension Costs, the Company will refund the excess up to the amount of the Applicant's or Customer's advance.

(Continued)

Submitted Under Advice Letter No. 06-06

ISSUED: August 14, 2006

EFFECTIVE: September 15, 2006

Attachment 2
Page 1 of 6



LP.U.C. No. 1

Original Sheet No. 12R.2

1. **CONDITIONS AND DEFINITIONS** (continued)

(c) **Engineering Costs** – (continued)

If the Applicant or Customer requests changes that require additional estimates, they must advance the Company's estimated Engineering Costs, but not less than the minimum specified in Schedule 300 for each additional estimate. The Company will not refund or credit this payment.

(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.

(e) **Extension Allowance** – The Extension Allowance is the portion of the Extension that the Company provides or allows without cost to the Applicant. The portion will vary with the class of service that the Applicant requests. The Extension Allowance does not include costs resulting from: additional voltages; duplicate facilities; additional points of delivery; or any other Applicant requested facilities that add to, or substitute for, the Company's standard construction methods or preferred route. An Extension Allowance will be provided only if the Company has reasonable assurance as to the permanent continuation of required revenue. The Extension Allowance is not available to customers receiving electric service under special pricing contracts.

(f) **Extension Costs** – Extension Costs are the Company's total costs for constructing an Extension using the Company's standard construction methods, including services, transformers and meters, labor, materials and overheads.

(g) **Extension Limits** – The provisions of this regulation apply to Line Extensions that require standard construction and will produce sufficient revenues to cover the ongoing costs associated with them. The Company will construct Line Extensions with special requirements or limited revenues under the terms of special contracts.

Examples of special requirements include, but are not limited to, unusual costs incurred for obtaining rights-of-way, overtime wages, use of special equipment and facilities, accelerated work schedules to meet the applicant's request, or non-standard construction requirements.

(Continued)

Submitted Under Advice Letter No. 06-06

ISSUED: August 14, 2006

EFFECTIVE: September 15, 2006

Attachment 2
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I.P.U.C. No. 1

Original Sheet No. 12R.3

1. **CONDITIONS AND DEFINITIONS (continued)**

- (h) **Facilities Charges** -- The Facilities Charges are those costs associated with the ownership, operation and maintenance of facilities built to provide service and are in addition to rate schedule billings. Schedule 300 specifies the Facilities Charges.
- (i) **Permanent Service** -- Service to Customers where the Company is assured of continued use for more than five years, unless a contract specifies otherwise.
- (j) **Restrictions** -- The Company's Extension of facilities is subject to restrictions imposed during war or other emergencies, by the laws of the United States, the State of Idaho, by executive and administrative proclamations, by orders or regulations of the Commission or by any lawful requirement of a governmental body.
- (k) **Routes, Easements and Rights-of-Way** -- The Company will select the route of an Extension in cooperation with the Applicant. The Applicant must pay all costs of complete, unencumbered, rights-of-way, easements, or licenses to use land, and for any preparation or clearing the Company may require. The Applicant may acquire and prepare these in a form acceptable to the Company, or if requested by the Applicant, the Company will do so at the Applicant's expense.
- (l) **Regulation Previously in Effect** -- Rule changes do not modify existing Extension contracts. If a Customer advanced funds for an Extension under a regulation or a contract previously in effect, the Company will make refunds for additional Customers as specified in the previous regulation or contract.
- (m) **Service Conductors** -- The secondary-voltage conductors extending from the pole line, the underground secondary-voltage main, a secondary-voltage transformer, or a secondary-voltage switch cabinet to the Point of Delivery.

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Submitted Under Advice Letter No. 06-06

ISSUED: August 14, 2006

EFFECTIVE: September 15, 2006

Attachment 2
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I.P.U.C. No. 1

Original Sheet No. 12R.4

2. RESIDENTIAL EXTENSIONS

(a) Standard Residential

(1) Extension Allowances

The Extension Allowance for standard residential applications includes transformation facilities, meter and Service Conductors. Transformation facilities and Service Conductors may serve more than one customer.

Transformation facilities for overhead systems include the transformer, associated fuses, lightning arresters, grounds and supporting racks. The Company, at its discretion, may substitute secondary voltage conductors for transformation facilities. Transformation facilities for underground systems include the transformer and grounds.

The Service Conductor allowance includes the conductors, connectors and other equipment necessary to make the service connection. This allowance provides a maximum of 100 linear feet from a pole, connection box or transformer to the Point of Delivery.

The Applicant must advance the costs exceeding the Extension Allowance prior to the start of construction.

(2) Additional Customers, Advances and Refunds

A Customer that pays for a portion of the construction of an Extension may receive refunds if additional Customers connect to the Extension. The Customer is eligible for refunds during the first five (5) years following construction of an Extension. The cost responsibility shall be 100% for the first Customer and shall decrease by 20% for each successive Customer for shared facilities. Payments made to the Company by each successive Applicant shall, in turn, be refunded by the Company to the most recent previous Applicant.

(b) Remote and Seasonal Service and Service to Unimproved Subdivisions

(1) Extension Allowances

Residential customers defined as Remote or Seasonal Service customers or those located in Unimproved Subdivisions, have the same Extension Allowance as Standard Residential Customers.

(Continued)

Submitted Under Advice Letter No. 06-06

ISSUED: August 14, 2006

EFFECTIVE: September 15, 2006

Attachment 2
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2. RESIDENTIAL EXTENSIONS

(b) Remote and Seasonal Service and Service to Unimproved Subdivisions (continued)

(2) **Contracts**

The Company will make Extensions for Remote or Seasonal Residential Service or in an Unimproved Subdivision according to a written contract. The contract will require the Applicant to advance the estimated cost of facilities in excess of the Extension Allowance. The Applicant shall also pay a Contract Minimum Billing for as long as service is taken, but in no case less than 5 years.

(3) **Additional Customers, Advances and Refunds**

Customers that pay a portion of the construction of an Extension may receive refunds if additional Applicants connect to the Extension. The Customer is eligible for refunds during the first five (5) years following construction of the Extension. The cost responsibility shall be 100% for the first customer and shall decrease by 20% for each successive customer for shared facilities. Payments made to the Company by each successive Applicant shall, in turn, be refunded by the Company to the most recent previous Applicant. Customers in unimproved subdivisions platted prior to January 1, 1997, where electrical service had not been provided to any customer prior to that date, have a refund period of ten (10) years.

Additional Applicants must share the Facilities Charges of existing Customers.

Additional Applicants also must pay the estimated cost of any facilities exceeding the Extension Allowance.

(c) **Three Phase Residential Service**

Where three phase residential service is requested, the Applicant shall pay the difference in cost between single phase and three phase service.

(d) **Underground Extensions**

The Company will construct line Extensions underground when requested by the Applicant or if required by local ordinance or conditions. The Applicant must pay for the conversion of any existing overhead facilities to underground, under the terms of Section 6 of this regulation. The Applicant must provide all trenching and backfilling, imported backfill material, conduits, and equipment foundations that the Company requires for the Extension. If the Applicant requests, the Company will provide these items at the Applicant's expense.

(Continued)



LP.U.C. No. 1

Original Sheet No. 300.3

ELECTRIC SERVICE SCHEDULE NO. 300 - Continued

<u>Sheet No.</u>	<u>Description</u>	<u>Charge</u>
12R.3	Facilities Charges	
	Facilities Installed at Customer's Expense	0.67% per month
	Facilities Installed at Company's Expense	1.67% per month
12R.4	Residential Extension Advance	Cost in excess of transformers, meter and service installation.
12R.6	Non-residential Extension Advance	Cost in excess of \$90 per kW of estimated demand.
12R. 11	Temporary Service Charge: Service Drop and Meter only (Charge is for connection and disconnection)	Single phase: \$ 85.00 Three phase: \$115.00
12R.13	Contract Administration Allowance	\$250
25R.1	Customer Guarantee Credit 1: Restoring Supply After an Outage For each additional 12 hours	\$50.00 \$25.00
25R.2	Customer Guarantee Credit 2: Appointments	\$50.00
25R.2	Customer Guarantee Credit 3: Switching on Power	\$50.00
25R.2	Customer Guarantee Credit 4: Estimates for New Supply	\$50.00

Submitted Under Advice No. 06-06

ISSUED: August 14, 2006

EFFECTIVE: September 15, 2006
 Attachment 2
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