

May 20, 2019

VIA ELECTRONIC FILING

Mark L. Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

RE: Advice 19-02—Rule 14—General Rules and Regulations—Line Extensions

Pacific Power & Light Company (Pacific Power), a division of PacifiCorp, submits this proposed tariff applicable to Pacific Power’s electric service in the state of Washington in compliance with RCW 80.28.050, WAC Chapter 480-80, and the Washington Utilities and Transportation Commission’s (Commission) Rules and Regulations. Pacific Power respectfully requests an effective date of June 28, 2019.

First Revision of Sheet No. R14.1	Rule 14	General Rules and Regulations—Line Extensions
First Revision of Sheet No. R14.2	Rule 14	General Rules and Regulations—Line Extensions
First Revision of Sheet No. R14.3	Rule 14	General Rules and Regulations—Line Extensions
Second Revision of Sheet No. R14.4	Rule 14	General Rules and Regulations—Line Extensions
Third Revision of Sheet No. R14.5	Rule 14	General Rules and Regulations—Line Extensions
First Revision of Sheet No. R14.6	Rule 14	General Rules and Regulations—Line Extensions
Second Revision of Sheet No. R14.7	Rule 14	General Rules and Regulations—Line Extensions
First Revision of Sheet No. R14.8	Rule 14	General Rules and Regulations—Line Extensions

This filing builds upon modifications to Pacific Power’s Rule 14—Line Extensions, which began in the company’s Advice 18-01—Facilities Charges filing made last year. That filing reduced the facilities charges and the duration of certain contract minimums. This filing increases line extension allowances and allows the application of the unused portion of those allowances to certain costs associated with underground extensions. The proposed changes, detailed below, reduce the costs to customers to obtain power for new construction and new load additions. These proposed allowances allow Pacific Power to recover its capital investments while minimizing rate impacts to customers.

Pacific Power is providing notice of the proposed tariff change concurrent with this filing in

accordance with WAC 480-100-193(1).

Discussion of Proposed Tariff Revisions

1. Increase in Line Extension Allowances

The company is proposing to raise the allowance to \$3,150 per residence, to be allocated within residential subdivisions to \$450 for the service, and \$2,700 for the primary, transformers, and secondary (Rule 14.II.A and 14.IV.B). For non-residential customers the proposed allowance is two times the estimated annual revenue (Rule 14.III.A.1 through 4). Please refer to Attachment C, which provides the basis for the company's proposed line extension levels. The calculation for the proposed line extension allowance levels is based on the 10-year present value of revenue less the 10-year present value of avoided costs and the 10-year present value of the revenue requirement associated with the line extension allowance investment. This calculation measures the contribution that a new customer provides to fixed cost recovery over a 10-year period and is set at a level where other customers should be economically indifferent towards new customer additions.

The company's proposed changes better align the company's policies with other Washington investor-owned utilities. With the proposed allowances, Pacific Power's allowances are in line with other utilities' allowances.

2. Use of the Line Extension Allowance for Certain Underground Costs

Under the current rules, applicants are required to provide at their cost, "trenching and backfilling, imported backfill material, conduits, and equipment foundations that the Company requires for the Extension." (Rule 14.II.F, 14.III.C, and 14.IV.D). The proposed change is to add language to these sections that allows any allowance not otherwise used for the line extension to be used for these costs. The company is not proposing that this portion of the allowance be included in the customer's contract minimum, consistent with the current tariffs. A proposed sentence was added to the definition of Facilities Charges to clearly address the facilities charges that are included in the Contract Minimum Bill.

3. Other Changes

Proposed language was added to reflect company practices and the requirements of WAC 480-100-313 Meter charges (Rule 14.I.D).

A new definition was added, 14.I.H. Refunds, and the language on refunds that was common in Sections II, III, and IV was moved to this new section. Additionally some clarifications were added to this new section that reflect the company's practice.

The company is also proposing a clarifying adjustment to Facilities Charges, which addresses when a new customer connects to a line extension funded by another customer, and the new customer pays a refund (Rule 14.II.C.2 and 12.III.B.3).

Washington Utilities and Transportation Commission

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It is respectfully requested that all data requests regarding this filing be addressed to:

By email (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, Oregon, 97232

Please direct informal inquiries to Ariel Son, Regulatory Affairs Manager, at (503) 813-5410.

Sincerely,

 /s/
Etta Lockey
Vice President, Regulation
Pacific Power & Light Company
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
(503) 813-5701
etta.lockey@pacificorp.com

Enclosures

Attachments

Attachment A: Summary Page of Tariffs
Attachment B: Proposed Tariff Sheets
Attachment C: Proposed Line Extension Allowance Calculation

Attachment A

Summary Page of Tariffs

The proposed tariff sheets to be revised in Pacific Power and Light Company's currently effective Tariff WN U-75 are designated as follows:

First Revision of Sheet No. R14.1	Rule 14	General Rules and Regulations—Line Extensions
First Revision of Sheet No. R14.2	Rule 14	General Rules and Regulations—Line Extensions
First Revision of Sheet No. R14.3	Rule 14	General Rules and Regulations—Line Extensions
Second Revision of Sheet No. R14.4	Rule 14	General Rules and Regulations—Line Extensions
Third Revision of Sheet No. R14.5	Rule 14	General Rules and Regulations—Line Extensions
First Revision of Sheet No. R14.6	Rule 14	General Rules and Regulations—Line Extensions
Second Revision of Sheet No. R14.7	Rule 14	General Rules and Regulations—Line Extensions
First Revision of Sheet No. R14.8	Rule 14	General Rules and Regulations—Line Extensions

Attachment B

Proposed Tariff Sheets

Rule 14
GENERAL RULES AND REGULATIONS – LINE EXTENSIONS

I. 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 12 times the Facilities Charges. Contract Minimum Billings begin on the date service is first made available by the Company, unless a later date is mutually agreed upon. The Applicant or subsequent customer(s) shall pay the Contract Minimum Billing as specified by this Rule.

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 \$200. 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.

If Applicant or customer requests changes that require additional estimates, they must advance the Company's estimated Engineering Costs, but not less than \$200 for each additional estimate. The Company will not refund or credit these payments.

D. EXTENSION ALLOWANCE:

The Extension Allowance is the portion of the Extension that the Company may provide, or allow, without cost to the Applicant. The portion will vary with the class of service that the Applicant requests and shall not exceed the Extension Cost. The Extension Allowance does not include additional 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. The Extension Allowance is not available to Customers receiving electric service under special pricing contracts.

Company meters, and any associated current and voltage transformers, required to determine a customer's usage for billing of electric service in accordance with the Company's filed tariff are provided at no cost to the customer. These meters are provided in addition to any applicable Extension Allowance.

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(N)

(continued)

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Issued By Pacific Power & Light Company

By:  Etta Lockey

Title: Vice President, Regulation

Rule 14
GENERAL RULES AND REGULATIONS – LINE EXTENSIONS

I. CONDITIONS AND DEFINITIONS: (continued)

E. EXTENSION COSTS:

Extension Costs are the Company's total costs for constructing an Extension using the Company's standard construction methods, including services, transformers, labor, materials and overhead charges.

F. EXTENSION LIMITS:

The provisions of this rule 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.

G. 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 Schedule Billings. Schedule 300 specifies the Facilities Charges. For the purpose of applying the Contract Minimum Bill, Facilities Charges include the costs for poles, electrical equipment and conductors, additional costs due to customer requests in excess of the design necessary to serve the customer and refunds between customers.

H. REFUNDS:

A Customer that pays a refundable advance for a portion of the construction costs of an Extension may receive refunds if additional Applicants connect to the Extension. The Company will, at its initiative or on request from the Customer, compute the refunds for each of the next three Applicants utilizing any portion of the initial Extension and make collections from the Applicants and refunds to the original Customer provided the following two conditions are satisfied:

1. The original Extension has been in service less than five years when the additional connections are made.
2. The original Extension has been in service less than seven years when the application for refund is made.

(N)

(N)
(K/R14.3)

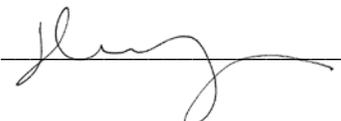
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Rule 14
GENERAL RULES AND REGULATIONS – LINE EXTENSIONS

I. CONDITIONS AND DEFINITIONS: (continued)

H. REFUNDS: (continued)

Refundable advances are Extension advances paid for providing poles, electrical equipment and conductors. The Customer may waive any refund that is less than 25% of their refundable advance in order to accept three refunds offering greater value. For non-waived refunds the refund calculation is made as provided in the section for the Customer who paid the refundable advance. A Customer is not eligible for refunds from future Extension applications from themselves. Advances are not refundable if there is a cost allocation based on the Customer's demand, and the Customer pays their share and the Company pays the remainder. Applicants who are billed an advance must pay the advance before the Company will provide service.

(N)

(N)

I. RESTRICTIONS:

An Extension of the Company's facilities is subject to these rules and other rules and restrictions. These may include, but are not limited to: laws of the United States; State law; executive and administrative proclamations; Commission orders or regulations; or, any lawful requirement of a governmental body

(M/R14.2)

J. 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 the rights-of-way, easements, or licenses in a form acceptable to the Company, or if requested by the Applicant, the Company will do so at the Applicant's expense.

K. RULES PREVIOUSLY IN EFFECT:

Rule changes do not modify existing Extension contracts. If a Customer advanced funds for an Extension under a rule or a contract previously in effect, the Company will make refunds for additional Customers as specified in the previous rule or contract.

(M/14.2)

L. 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.

II. RESIDENTIAL EXTENSIONS:

A. EXTENSION ALLOWANCES:

The Extension Allowance for Residential applications is \$3,150. The Extension Allowance for Residential applications in a Planned Development is \$450. Residential Service meters used by the Company for billing purposes are provided at no cost to the Applicant. The Applicant must advance the costs exceeding the Extension Allowance prior to the start of construction.

(C)

(C)

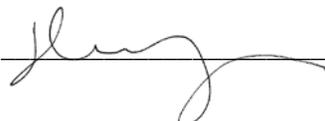
(K/R14.4)

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Rule 14
GENERAL RULES AND REGULATIONS – LINE EXTENSIONS

II. **RESIDENTIAL EXTENSIONS:** (continued)

B. **ADDITIONAL CUSTOMERS, ADVANCES AND REFUNDS:**

Refunds are subject to the provisions of Section I.H. Refunds, and are computed based on 25% of the cost of the shared facilities.

(M/R14.3)
(C)
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C. **REMOTE AND SEASONAL SERVICE:**

1. **CONTRACTS:**

The Company will make Extensions for Remote and Seasonal Residential Service 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 five years.

(M/R14.3)

2. **ADDITIONAL APPLICANTS:**

Refunds are subject to the provisions of section I.H. Refunds, and are based on an allocated share of the original Customer's contribution. The Company will determine these shares taking into account: (a) how much of the original line the new Applicant shares; (b) the load sizes of the Applicant and the existing Customers; and (c) the advances of the existing Customers.

(C)

The Facilities Charges of Customers that receive refunds are reduced by the Facilities Charge amount associated with the refund and are allocated to the Applicant paying the refund.

(D)
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(C)

The Applicant also must pay the estimated cost of any facilities exceeding the Extension Allowance.

D. **THREE PHASE RESIDENTIAL SERVICES:**

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

E. **TRANSFORMATION FACILITIES:**

When an existing residential Customer adds load, or a new residential Customer builds in a subdivision where secondary service is available at the lot line, either by means of a transformer or a secondary junction box and the existing transformation facilities or service conductors are unable to serve the increased residential load:

1. The facilities upgrade shall be treated as a standard line extension if the Customer's demand exceeds 25 kVA, or if the facilities serve only that customer.
2. The facilities upgrade shall be treated as a system improvement and not be charged to the Customer if the Customer's demand does not exceed 25 kVA and the facilities are shared by two or more customers.

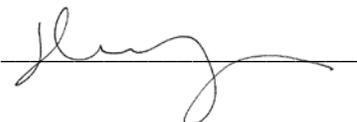
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(K/R14.5)

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Rule 14
GENERAL RULES AND REGULATIONS – LINE EXTENSIONS

II. RESIDENTIAL EXTENSIONS: (continued)

F. UNDERGROUND EXTENSIONS:

The Company will construct an Extension 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 VI of this Rule. The Applicant may provide 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, less any allowance not otherwise utilized in providing electrical equipment and conductors to serve the Applicant.

(M/R14.4)

(M/R14.4)
(N)

III. NONRESIDENTIAL EXTENSIONS:

A. EXTENSION ALLOWANCES:

1. LESS THAN 1,000 KW:

The Company will grant Nonresidential Applicants requiring less than 1,000 kW an Extension Allowance equal to two times the estimated annual revenue the Applicant will pay the Company. The Applicant must advance the costs exceeding the Extension Allowance prior to the start of construction.

(C)

The Company may require the Customer to pay a Contract Minimum Billing for five years.

2. 1,000 KW OR GREATER:

The Company will grant Nonresidential Applicants requiring 1,000 kW or greater an Extension Allowance equal to two times the estimated annual revenue the Applicant will pay the Company. The Applicant must advance the costs exceeding the Extension Allowance. Fifty percent of the advance is due when the contract is executed with the remaining balance due upon completion of the Extension.

(C)

The Customer must pay a Contract Minimum Billing for 10 years from the date service is taken.

If service is terminated within the first 10 years, the Customer must pay a termination charge equal to the Extension Allowance less 1/10th of the allowance for each year service was taken.

3. REMOTE SERVICE:

The Company will grant Applicants for Remote Service an Extension Allowance equal to two times the estimated annual revenue the Applicant will pay the Company. The Applicant must advance the costs exceeding the Extension Allowance prior to the start of construction. The Applicant must also pay a Contract Minimum Billing for as long as service is taken, but in no case less than five years.

(C)

(K/R14.6)

(continued)

Rule 14
GENERAL RULES AND REGULATIONS – LINE EXTENSIONS

III. NONRESIDENTIAL EXTENSIONS: (continued)

A. EXTENSION ALLOWANCES: (continued)

(M/R14.5)

4. SEASONAL SERVICE (INCLUDING FROST PROTECTION SERVICE):

The Company will grant Applicants for Seasonal Service an Extension Allowance equal to two times the estimated annual revenue the Applicant will pay the Company. The Applicant must advance the costs exceeding the Extension Allowance prior to the start of construction. The Applicant must also pay an annual Contract Minimum Billing in November of each year, for as long as service is taken, but in no case less than five years. However, Customers on Agricultural Pumping Schedules shall pay an annual Contract Minimum Billing in November of each year, for only five years.

(C)

5. STREET LIGHTING:

The Extension Allowance to streetlights taking service under Rate Schedules 51 or 53 is equal to five times the annual revenue from the lights to be added. The Applicant must advance costs exceeding the Extension Allowance prior to the lights being added.

(M/R14.5)

B. ADDITIONAL CUSTOMERS, ADVANCES AND REFUNDS:

1. INITIAL CUSTOMER – LESS THAN 1,000 KW:

Refunds are subject to the provisions of Section I.H. Refunds are computed based on 25% of the cost of the shared facilities.

(C)
(C)

2. INITIAL CUSTOMER – 1,000 KW OR GREATER:

Refunds are subject to the provisions of section I.H. Refunds are computed on a proportionate share basis.

(C)
(C)

Proportionate Share = (A + B) x C

Where:

A = [Shared footage of line] x [Average cost per foot of the line]

B = Cost of the other shared distribution equipment, if applicable

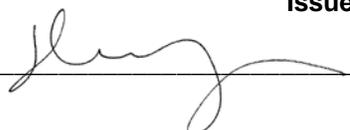
C = [New additional connected load]/[Total connected load]

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Rule 14
GENERAL RULES AND REGULATIONS – LINE EXTENSIONS

III. NONRESIDENTIAL EXTENSIONS: (continued)

B. ADDITIONAL CUSTOMERS, ADVANCES AND REFUNDS: (continued)

3. ADJUSTMENT OF CONTRACT MINIMUM BILLING:

The Facilities Charges of Customers that receive refunds are reduced by the Facilities Charge amount associated with the refund and are allocated to the Applicant paying the refund.

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(C)

C. UNDERGROUND EXTENSIONS:

The Company will construct 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 VI of this Rule. The Applicant may provide 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, less any allowance not otherwise utilized in providing electrical equipment and conductors to serve the Applicant.

(C)
(C)
(C)

D. STREET LIGHTING:

The Extension Allowance to streetlights taking service under rate schedules 51 or 53 or 54 is equal to five times the annual revenue from the lights to be added. The Applicant must provide a non-refundable advance for costs exceeding the Extension Allowance prior to the lights being added. Facilities charges and Contract Minimum Billings do not apply to streetlights.

IV. EXTENSIONS TO PLANNED DEVELOPMENTS:

A. GENERAL:

Planned Developments, including subdivisions and mobile home parks, are areas where groups of buildings or dwellings may be constructed at or about the same time. The Company will install facilities in developments before there are actual Applicants for service under the terms of a written contract.

B. ALLOWANCES AND ADVANCES:

For Nonresidential developments the Developer must pay a non-refundable advance equal to the Company's estimated installed costs to make primary service available to each lot.

For Residential developments the Company will provide the Developer an Extension Allowance of \$2,700 for each lot. The Developer must pay a non-refundable advance for all other costs to make secondary voltage service available to each lot. No Extension Allowance will be provided to the Developer for lots without secondary voltage service to the lot line.

For both Nonresidential and Residential developments the Company may require the Developer to pay for facilities to provide additional service reliability or for future development.

(continued)

Rule 14
GENERAL RULES AND REGULATIONS – LINE EXTENSIONS

IV. EXTENSIONS TO PLANNED DEVELOPMENTS: (continued)

C. REFUNDS:

Refunds are subject to the provisions of section I.H. Refunds and computed based on 25% (C)
of the cost of the shared facilities. (C)

D. UNDERGROUND EXTENSIONS:

The Company will construct Extensions underground when requested by the Developer or required by local ordinances or conditions. The Developer must pay for the conversion of any existing overhead facilities to underground, under the terms of Section VI of this Rule. The Developer may provide trenching and back filling, imported backfill material, conduits, and (C) equipment foundations that the Company requires for the development. If the Developer requests, the Company will provide these items at the Developer's expense, less any allowance (C) not otherwise utilized in providing electrical equipment and conductors to serve the Developer. (C)

V. EXTENSION EXCEPTIONS:

A. APPLICANT BUILT EXTENSIONS:

1. GENERAL:

An Applicant may contract with someone other than the Company to build an 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 an Applicant Built 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.

(continued)

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Attachment C

Proposed Line Extension Allowance Calculation

PACIFICORP
STATE OF WASHINGTON
CALCULATION OF LINE EXTENSION ALLOWANCE

Description	No. of customers	Annual Revenue	10 year Present value of Revenue (\$)	10 year Present value of Avoided Cost (\$)	10 year Present Value of Line Ext. Cost (\$)	Line Extension Allowance (\$)	Residential Line Extension Calculation (\$)	Non-Residential Line Extension Calculation (\$)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
						=(4)-(5)-(6)	=(7)/(2)	=(7)/(3)
Residential	111,904	\$153,508,191	\$1,082,677,107	\$448,819,953	\$280,706,090.84	\$353,151,063.93	\$3,155.83	
Non-Residential	24,373	\$195,265,992	\$1,377,190,486	\$677,849,202	\$309,705,990.28	\$389,635,293.07		2.00
Discount rate (%)	6.91%							
Annualization Factor ¹	11.27%							

PacifiCorp proposes a Line Extension Allowance of \$3,150 for Residential customers and 2.00 times annual revenue for Non-Residential customers.

¹From Use of Facilities Charges - 12/31/2017 Basis, Distribution Plant section based on Incremental Cost of Capital.

Includes return of capital, recovery of capital, state & federal income taxes, local property taxes, operation & maintenance and other taxes.