



State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THOMAS BRADY
Deputy Director

CHRIS PARKER
Director, Division of Public Utilities

GARY HEBERT
Governor

GREG BELL
Lieutenant Governor

ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director
Artie Powell, Energy Section Manager
Justin Christensen, Utility Analyst

Date: September 24, 2013

Re: **Recommendation – Approval of Proposed revisions to Regulation 12**
Docket No. 13-035-T13 Electric Service Regulation No. 12 Line Extension.

RECOMMENDATION (APPROVAL)

The Division of Public Utilities (“Division”) recommends that the Public Service Commission (“Commission”) approve Rocky Mountain Power’s (“Company”) proposed revision to Electric Service Regulation No. 12 Line Extension.

ISSUE

On September 10th, 2013, the Company filed an application with the Commission requesting approval for its proposed revisions of Sheet Nos. 12.R.3, 12.R.4, 12.R.7, and 12.R.9 of Electric Service Regulation No. 12 – Line Extension. The Company requested an effective date of October 10th, 2013. On September 13th, 2013, the Commission issued an Action Request to the Division requesting an investigation. The Commission also asked the Division to report back its findings and recommendations by September 25, 2013. This memorandum represents the Division’s response to the Commission’s Action Request.

DISCUSSION

On September 10th, 2013, the Company filed an application with the Commission requesting approval for its proposed revisions of Sheet Nos. 12.R.3, 12.R4, 12.R7, and 12.R.9 of Electric Service Regulation No. 12 – Line Extension. The specific proposed revisions are:

1. In Sheet 3, Paragraph 1j, (An Applicant who paid a refundable advance on an Extension is eligible for up to ~~three~~ **four** refunds during the first ~~five~~ **ten** years. Within that ~~five~~ **ten** year period the Applicant may waive any refund that is less than ~~25%~~ **20%** of the Applicant's total refundable advance in order to accept ~~three (3)~~ **four (4)** refunds offering greater value. An Applicant may also waive refunds from future Extension applications from themselves.)
2. In sheet 4, Paragraph 2b, (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~~ **ten** years following construction of an Extension for up to ~~three~~ **four** additional Applicants as given in section 1j Refunds. Each of these ~~three~~ **four** Applicants utilizing a portion of the initial Extension, for which a refund was not waived, must pay the Company, prior to connection, ~~25%~~ **20%** of the cost of the shared facilities. The Company will refund such payments to the initial Customer.)
3. In sheet 7, Paragraph 3c part 1, (A Customer that pays for 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~~ **ten** years following construction of an Extension for up to ~~three~~ **four** additional Applicants as given in section 1j Refunds. Each of these Applicants utilizing a portion of the initial Extension, for which a refund was not waived, must pay the Company, prior to connection, ~~25%~~ **20%** of the cost of the shared facilities. The Company will refund such payments to the initial Customer.)
4. In Sheet 7, Paragraph 3c part 2, (A Customer that pays for 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~~ **ten** years following construction of an Extension for up to ~~three~~ **four** additional Applicants. Each of these Applicants utilizing a portion of the initial Extension, for which a refund was not waived, must pay the Company, prior to connection, a proportionate share of the cost of the shared facilities. The Company will refund such payments to the initial Customer.)
5. In Sheet 9, Paragraph 4c, (The Company will make no refunds for facilities installed within a development. However, a Developer may receive refunds on an advance paid

for a new Extension to, or backboneed through, the development, if additional Applicants connect to that Extension outside the development. The Developer is eligible for these refunds during the first ~~five~~ **ten** years following construction of the Extension for up to ~~three~~ **four** additional Applicants as given in section 1(j) Refunds. Each of these Applicants, for which a refund was not waived, must pay the Company, prior to connection, ~~25%~~ **20%** of the cost of the shared facilities. The Company will refund such payments to the Developer.)

According to the Company, they have met with members of the Utah State legislature and representatives of real estate developers over the last few months. All aforementioned parties agreed that five years was too short a time for customers and developers to recoup costs from additional customers. Therefore the Company proposes changes for eligibility of refunds from five years to ten, and number of refunds from three to four. The last change is the amount each additional applicant pays to the Company to connect to the extension line. The current amount is 25% for each applicant, and the proposed new amount will be 20%. Under the current language, the initial customer would receive 75% back if three additional customers connect to the extension. With the proposed language, the initial customer would only receive 60% back if three additional customers connect, but would receive 80% back if four additional customers connect to the extension line. (See Table 1)

Table 1: Refund Schedule

Additional Customers	Applicant Recovers	
	Current Language	Proposed Language
0	0%	0%
1	25%	20%
2	50%	40%
3	75%	60%
4	NA	80%

While the requirement of four additional customers (as opposed to three) may make it more difficult to recover the initial costs of the extension, the additional time potentially allows the initial customer or Applicant to recover slightly more in the long run. In other words, these two factors offset each other to some extent but potentially leave the initial customer or Applicant better off in the long run.

Under the current language, if the Company cannot locate an Applicant that is due a refund, the Applicant has 24 months from the connection to claim the refund. The Company does not propose changing this language.

CONCLUSION

The Division has reviewed these proposed revisions and determined that they are reasonable. Therefore the Division recommends that the Commission approve the Company's revisions to Regulation No. 12 Line Extensions.

CC Dave Taylor, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List