

March 4, 2020

VIA ELECTRONIC FILING

Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Gary Widerburg
Commission Administrator

RE: **Docket No. 19-035-31**
In the Matter of the Formal Complaint of W. Michael Sessions against Rocky Mountain
Power
Supplemental Information Filing

In accordance with the Order to Supplement Record issued by the Public Service Commission of Utah (“Commission”) on February 20, 2020, in this docket, Rocky Mountain Power (“the Company”) respectfully submits a cost summary as supplemental information in this proceeding. The Company appreciates the opportunity to supplement the record in this matter.

Line Extension Project Process

To explain how the Company calculates the costs of projects such as the project completed for Mr. Sessions, Rocky Mountain Power believes it is useful to provide a brief summary of the process for a line extension request.

In 2019, Rocky Mountain Power completed 2,111 line extensions projects to residential, commercial, industrial and irrigation customers in Utah through Electric Service Regulation No. 12 – Line Extensions. Of those, 1,281 were residential customers. When a customer approaches the Company with a line extension request, the Company’s representative, typically an estimator, meets with the customer to determine the customer’s needs, including such aspects as size and scope of the request, source of power, route of the line extension, and potential rights-of-way needed. The Company then designs the job using engineering standards for voltage drop and equipment/material size, along with other aspects of the engineering design.

The Company uses project management software, called Retail Construction Management System (“RCMS”), to track and manage the details associated with construction projects and assemble all costs for completing the project. Even a typical project such as Mr. Sessions’ can require over 100 raw materials along with associated labor and other costs to complete the project. Also, the Company is required to track and report its costs according to the Federal Energy Regulatory Commission (“FERC”) chart of accounts. The RCMS computer system has been programmed to manage all requirements, including warehouse loading, construction

projects, inventory lists, as well as transfer information to other computer applications for accounting, budgeting, contracting and other business purposes.

Once an estimator designs a project, the estimator enters the design into RCMS by selecting the components needed for each aspect of the design. Most of these components are grouped into the system as compatible units (“CU”) meaning the estimator specifies the major component, and all the other necessary smaller components are automatically included. For example, they select the CU for a pole mounted transformer of the right size and voltage, and the associated mounting hardware and connectors are included in the CU. RCMS calculates the total project costs, including raw materials, labor, vehicle, and overheads.

Cost Summary

For Mr. Sessions’ specific project, the overall cost to provide service to his residence after his extensive remodel was \$11,881 as calculated in RCMS. This cost was for both the pole replacement and transformer upgrade before the application of Mr. Sessions’ line extension allowance (two allowances of \$1,100 for a total of \$2,200 for two residential meters). At the request of the customer, the Company provided the following Cost Summary, which was discussed at the hearing on February 13, 2020. This Cost Summary provides the information in an “accounting view” after the costs are assigned to the various FERC accounts.

<u>Mike Sessions, 2 lot res, WD 06492129, overhead</u>		
<u>job costs</u>		Material, Labor Vehicle, Contct
FERC	Major item and associated hardware	& Other
108.2	Material Salvage	-\$210
108.36	Removal Labor - Distribution	\$2,373
364	Poles, Towers & Fixtures	\$2,326
365	Overhead Conductors & Devices	\$5,198
368	Line Transformers - Blanket	\$1,377
369.1	Services - Overhead	\$116
370	Meters	\$262
373	Street Lights & Signal Systems	\$439
	Total	\$11,881
<u>less allowance and credit(s)</u>		
	Line Extension Allowance	\$2,200
	Company Cost: Pole & cross arm	\$5,044
<u>total cost to customer</u>		
	Customer Advance	\$4,637

Because the costs are assigned to FERC accounts, this summary does not break down the costs into isolated parts of the complete project. At the request of the Commission and for the benefit of Mr. Sessions and the record in this matter, the Company submits this additional detail of the cost summary with an explanation for each of the line items.

Cost Summary (Operational View)				
	Total	<i>RMP</i>	<i>Customer</i>	
	Project Cost	Pole Replacement	Transformer Upgrade	Note
Raw Materials/Overhead	2,284	787	1,497	(1)
Salvage	(210)	-	(210)	(2)
Removal/Installation Labor	6,360	2,235	4,125	(3)
Purchase Services	3,447	2,022	1,425	(4)
Total Project Cost	11,881	5,044	6,837	
Less: Line extension allowance			(2,200)	(5)
Total Project Cost (after allowance)	9,681	5,044	4,637	

Raw Materials/Overhead (Note 1)

The Company notes that the raw materials for this project included 116 different stock items primarily from the Company's warehouse, three of which required wire to be measured and cut, and included a 45 foot pole, cross arm and 25 kVA transformer to be loaded onto trucks from the stockyard.

Salvage (Note 2)

The \$210 salvage value for the transformer is an average value that is automatically calculated in the RCMS system according to the age of the pole; the salvage value adheres to FERC accounting standards.

Removal/Installation Labor (Note 3)

The total labor hours required for this project were approximately 35 hours; 12.5 hours for the pole removal and replacement and 22.5 hours for the transformer upgrade. The average labor rate for this project was \$182; this figure is a fully-loaded labor rate, meaning it includes wages, benefits, employment taxes, vehicle depreciation, and fuel. The Company notes that some of the labor and transportation costs of this project happened prior to and after the project installation at Mr. Sessions' residence. Thus the labor hours required for this project may not have been visible to Mr. Sessions.

Purchase Services (Note 4)

This is the cost of contract labor for specific aspects of the project for which the Company does not perform itself. For this project, the purchase services included flagging services for traffic control and vacuum truck work, which is used to locate buried lines and excavate.

Line Extension Allowance (Note 5)

The Company's line extension tariff provides a residential customer with a line extension allowance of \$1,100 per meter. Mr. Sessions was credited with two allowances for a total of \$2,200.

Additional Verification

The Company performs work such as this on a daily basis in its regular course of providing electrical service to its customers. However, to provide additional verification that the costs assigned to the pole replacement were correctly calculated, the Company re-ran the cost to replace a similar pole in RCMS, and the project cost was \$5,146. The Company notes that this is slightly higher than the pole replacement project at Mr. Sessions' residence due to the fact that his project was completed in 2018, and the same project today would be slightly more expensive due to increases that have occurred in costs such as labor rates.

Other Response

Mr. Sessions also disputes the fact that a 25 kVA transformer was required to service his residence based on the square footage of the residential structure and the loads that are imposed from a typical structure of that size, taking into account that Mr. Sessions made the request for two meter bases, serving two separate residential units. At the hearing, the Company presented RMP Exhibit 2, the DA 411 Construction Standards, which is a copy of the table that is used to determine what size of transformer is necessary¹. Mr. Sessions repeatedly points to his personal usage history for evidence that the 25 kVA transformer is not needed. Rocky Mountain Power appreciates Mr. Sessions' efforts to manage his energy usage. However, the Company believes it is important to note that it cannot size the equipment to serve Mr. Sessions' residence based on his personal energy usage history. Electric equipment must be designed and sized to provide service to the potential load. Although one specific customer may not impose those loads, a subsequent customer may, and Rocky Mountain Power's obligation is to provide reliable service for reasonable foreseeable loads.

Summary

The Company calculated the cost of the project in accordance with its engineering standards, and the cost represents the fair and accurate cost to upgrade the facilities necessary serve Mr. Sessions' remodeled residence, which was increased in size and converted into two units.

Sincerely,



Joelle Steward

cc: W. Michael Sessions

¹ At the hearing and in the Correspondence from Complainant filed on February 19, 2020, Mr. Sessions erroneously used the table to conclude that it prescribed a 50 kVA transformer. The appropriate line to use for Mr. Sessions is for a home size of (1) customer with a 3501-4500 sq. ft. home, which is a peak load of 17, and a transformer of 25 kVA.

CERTIFICATE OF SERVICE

Docket No. 19-035-31

I hereby certify that on March 4, 2020, a true and correct copy of the foregoing was served by electronic mail to the following:

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