

1 Q. **WOULD YOU PLEASE STATE YOUR NAME FOR THE RECORD?**

2 A. Mark V. Flandro

3 Q. **BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR BUSINESS**
4 **ADDRESS?**

5 A. I am employed by the Utah Department of Commerce, Division of Public
6 Utilities (Division) as a Public Utility Analyst. My business address is at the Heber Wells
7 Building, 160 East 300 South, Salt Lake City, Utah, 84114.

8 Q. **PLEASE BRIEFLY STATE YOUR EDUCATIONAL AND PROFESSIONAL**
9 **BACKGROUND.**

10 A. I hold a Bachelor of Science degree in Civil Engineering, from the University of
11 Utah. I have twenty-five years experience working for a public utility as a engineer
12 and as a manager of engineering disciplines. I am a retired US Army Lt. Colonel and a
13 graduate of the US Army Corps of Engineers Officer Basic and Advanced Courses, and
14 the US Army Command and General Staff College. I have worked four years overseas in
15 Western Europe and in the Middle East in military construction project management, in
16 Great Britain as a church representative, and in Eastern Europe in public utilities
17 consulting. I have eight years of regulatory experience with the State of Utah, Division of
18 Public Utilities, working in the Electric and Energy (gas and electric) Sections.

19 Q. **WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS HEARING?**

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1 A. My testimony will address PacifiCorp's proposed changes to its Electric Service
2 Rate Schedules and Regulations found in the direct testimony of PacifiCorp's Mr. F.
3 Robert Stewart, dated and filed March 15, 2001, in rate case Docket No. 01-035-01.

4 **Q. HOW DO YOU PROPOSE TO PRESENT YOUR TESTIMONY?**

5 A. I will present testimony concerning PacifiCorp's proposed new fee for Meter Verification
6 for Multiple Units, followed by testimony concerning PacifiCorp's new
7 Tampering/Unauthorized Reconnection Charge. I will also provide testimony regarding
8 PacifiCorp's proposal for Other Work At Customer's Request. Under each item I will
9 indicate the current situation, the Company's proposal for changes, the Division's
10 conclusions based upon the Company's testimony and written discovery data responses
11 and verbal discussions with Company personnel, and the Division's recommendation
12 regarding the Company's proposal. Finally, I will provide testimony regarding Mr.
13 Stewart's testimony regarding Dispute Resolution Wording Changes and what he terms
14 as Other Changes.

15 **Q. WHAT REASONS DOES THE COMPANY GIVE FOR THE PROPOSED**
16 **CHANGES AND FEE ADDITIONS TO ITS TARIFF OUTLINED IN MR.**
17 **STEWART'S TESTIMONY?**

18 A. PacifiCorp indicates proposed changes are being made to ensure that the customers who
19 request specific services pay the associated costs for the services. PacifiCorp also
20 indicates it is proposing to add new service provisions in Utah, in this rate case, that are

1 currently in effect in other PacifiCorp jurisdictions and that by adding these provisions in
2 Utah it will provide additional consistency between its service territories.

3 **Q. WHAT IS PACIFICORP’S PROPOSED METER VERIFICATION FEE FOR**
4 **MULTIPLE UNIT BUILDINGS?**

5 **A.** On Page 2 of Mr. Stewart’s testimony, starting on line 8, he indicates:

6 “When a new multiple unit development is built, the developer/owner is
7 responsible for permanently labeling each meter base with the correct service
8 address of the unit served by the meter. If the meter bases are incorrectly labeled
9 then a crossed meter situation exists, and customer billings are associated with the
10 wrong usage. This problem can persist for years before being discovered.”

11 PacifiCorp presently does not charge developer/owners for the labor involved to perform
12 a total multiple unit meter/labeling verification. In this rate case, PacifiCorp proposes to
13 charge the developer/owner a Meter Verification Fee of \$15 (a new fee proposed to be
14 added to Electric Service Schedule No. 300) for each multiple unit meter on the building
15 with a fee waiver to the owner if no crossed meters are found (all meters correctly
16 labeled). This fee will be charged on new buildings (only when the verification is not
17 done by the electrical contractor), upon subsequent requests for meter verifications, and at
18 the request of owners/buyers at the time of property sale, etc. New language has been
19 added to Electric Service Regulation No. 7, Metering, describing the conditions where
20 this proposed meter verification fee will be charged and makes reference to Electric Rate

1 Schedule 300 where the proposed new \$15 fee per unit is shown.

2 **B. WHAT CONCLUSIONS HAS THE DIVISION REACHED AND/OR VERIFIED**
3 **THAT HAS LED TO THE DIVISIONS’S RECOMMENDATION REGARDING**
4 **PACIFICORP’S PROPOSED METER VERIFICATION FEE FOR MULTIPLE**
5 **UNIT BUILDINGS?**

6 A. The Division conclusions based upon testimony, data responses and verbal discovery are
7 as follows:

- 8 – Building owners are responsible for the correct labeling of meter bases in their
9 multiple unit buildings.
- 10 – The meter labeling verification fee will not normally be charged to an individual
11 multiple unit tenant, but is intended to hold the building owners responsible for
12 the correct labeling of meters, thus charging building owners the verification fee
13 when PacifiCorp is requested to verify meter labeling. All meters on a building
14 are checked upon a meter labeling verification request, thus the \$15 fee is charged
15 for each of the total number of meters on the building. Again, the fees are waived
16 if no crossed or mislabeled meters are found. Billing for this service is to the
17 building owner when applicable.
- 18 – Multiple tenant building developers/new building owners normally have their own
19 electrical contractor perform the initial meter verification on a new building and
20 PacifiCorp normally is not involved in this initial meter labeling and verification.

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- 1 PacifiCorp could be requested to do this verification when crossed metering is
2 suspected and then this fee could apply.
- 3 – Multiple tenant buildings normally have a manager who represents the owner, so
4 PacifiCorp usually can identify who the building owner is for billing purposes.
- 5 – When asked, PacifiCorp indicated it does not know how many meters were found
6 to be crossed in Utah in each year 1998, 1999, 2000 and thus far in 2001. The
7 Company indicates it has not been tracking such information but it indicates that
8 such meter verification checks are requested at times in Utah to help building
9 owners at times of building sales and to help resolve billing issues. The Company
10 estimates that the number of crossed meters could range between 1% and 3% of
11 new meters which could range between 150 to 450 crossed meters per year in
12 Utah, with the Company’s best estimate being 300 meters per year.
- 13 – In Oregon, PacifiCorp has in place a meter verification fee of \$20 per unit. The
14 Company indicates it will be proposing a verification fee in Washington and it is
15 examining multi-unit buildings in Wyoming to see if such a fee is warranted in
16 that state. The Company indicates that Oregon and Utah are the states where the
17 most crossed meter potential exists due to the greater number of multiple unit
18 buildings in these two states.
- 19 – DPU Exhibit 7.1 (MVF), is PacifiCorp’s Data Response No. 14.8 to the
20 Division’s Data Request No. 14.8 which asks PacifiCorp the following: “Please

1 provide the detail for how the Company derived the \$15 verification fee. . . . etc.”

2 Based upon a 1998 Oregon study methodology and sample case, and using Utah
3 labor rates, the average cost per multi tenant unit for labor and travel was \$17.80
4 per unit verified. This is PacifiCorp’s basis for the \$15 multiple tenant per unit
5 verification fee proposed in Utah.

6 – The new language proposed for Regulation No. 7, third new paragraph under
7 “Installation”, indicates that some type of meter verification certification can be
8 provided to building owners as a result of a total meter labeling inspection of a
9 multiple tenant building by PacifiCorp. The Company indicates that this
10 certification would be some type of a form letter prepared and provided by the
11 Company to the building owner if requested.

12 – Assuming that PacifiCorp will be conducting meter labeling verification for an
13 average of 300 units in multiple unit buildings per year in Utah into the future at
14 \$15 per unit, the Division estimates that the approximate amount of additional
15 revenue that would be generated by the proposed new meter verification fees
16 would be \$4,500 annually.

17 **Q. WHAT IS THE DIVISION’S RECOMMENDATION REGARDING**
18 **PACIFICORP’S PROPOSAL TO ADD A METER VERIFICATION FEE FOR**
19 **MULTIPLE TENANT UNITS IN UTAH?**

20 **A.** The Division supports PacifiCorp’s request for the proposed addition of a meter

1 verification fee for multiple units in multiple tenant buildings in Utah. Since initial meter
2 labeling on a new or remodeled building is the owner/developer's responsibility, and
3 since this work is normally done by the builder's electrical contractor before completion
4 of the new building, it appears PacifiCorp will normally not be doing any of this initial
5 work. PacifiCorp will only be charging this verification fee on a limited basis to solve
6 billing disputes caused by switched meters and at other limited occasions at the request of
7 building owners (such as at time of sale, etc.). Even at these times, building owners are
8 not charged this fee if no crossed meters are found. In the cases where switched meters
9 are found, the Division agrees that PacifiCorp should be able to recover some of its costs
10 for this meter verification work..

11 **Q. WHAT IS PACIFICORP'S PROPOSED TAMPERING/UNAUTHORIZED**
12 **RECONNECTION CHARGE?**

13 A. On Page 3 of Mr. Stewart's testimony, starting on line 19, he indicates:

14 "The Company is proposing to implement a new fee of \$75.00 for
15 Tampering/Unauthorized Reconnection of service. The purpose of this fee is to
16 charge customers for the cost of work required to document that the Company's
17 facilities have been tampered with or an unauthorized reconnection has
18 occurred."

19 Additionally, starting on line 23 of Page 3, he says:

20 "This proposed fee is in addition to the provision of Section 3(b) in Regulation 7

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1 which states that the customer will be responsible for paying for restoration of the
2 Company's equipment due to tampering. In addition, the tampering charge is not
3 a waiver of any right by the Company to recover billing losses due to tampering.”
4 PacifiCorp presently does not charge for the labor involved to investigate and document,
5 with a second witness, its cases where a meter reader or other party recognizes that a
6 meter has been tampered with and unauthorized reconnection of power has occurred. The
7 Company is now proposing that it be allowed to recover some of its costs for meter
8 tampering verification and documentation. New language has been added to Electric
9 Service Regulation No. 10, Termination of Service and Deferred Payment Agreements,
10 describing the Tampering/Unauthorized Reconnection Charge as it applies to all
11 customers and makes reference to Electric Service Schedule 300 where the proposed new
12 \$75 charge is shown.

13 **Q. WHAT CONCLUSIONS HAS THE DIVISION REACHED AND/OR VERIFIED**
14 **THAT HAS LED TO THE DIVISIONS'S RECOMMENDATION REGARDING**
15 **PACIFICORP'S PROPOSED ADDITION OF A TAMPERING/UNAUTHORIZED**
16 **RECONNECTION CHARGE IN UTAH?**

17 **A.** The Division conclusions based upon testimony, data responses and verbal discovery are
18 as follows:
19 – In a Data Response (14.16), PacifiCorp described the process the Company goes
20 through when it is discovered that a meter has been tampered with and that an

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1 unauthorized service reconnection has occurred, as follows:

2 “The company becomes aware of tampering of the Company’s facilities in
3 a number of different ways. The most common are: a meter reader sees a
4 missing seal or other evidence of tampering while meter reading and
5 reports it; during routine meter testing a meterman sees indications of
6 tampering and investigates further; a neighbor or associate become aware
7 of tampering and informs the Company.

8 Once the Company has reason to believe that there may be tampering, a
9 meterman checks the site to see if there is any evidence of tampering. *If*
10 *the meterman is able to determine tampering has occurred, he will then*
11 *arrange a return trip to the site to document, with a witness or other*
12 *means, the actual tampering.* (Italics added by Mark Flandro. This is what
13 the requested fee is for).

14 If the meterman is unable to determine that tampering has occurred but
15 suspects this may be the case, a check meter may be installed at the
16 transformer or secondary junction box and this check meter will be
17 monitored over a period of time. If after a period of monitoring, evidence
18 of tampering is obtained, the tampering will be documented as above.”

19 – PacifiCorp has estimated that there will be approximately 400 cases of tampering
20 per year in its Utah service territory. PacifiCorp knows it does have tampering

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1 cases in Utah but has not had a reporting methodology for tampering cases in
2 place since it has not been a tariff item in this state. As a result, PacifiCorp, when
3 asked, was not able to provide the Division the number of Utah tampering cases in
4 the last three years and thus far in 2001.

- 5 – The Utah estimate of 400 tampering cases per year is based upon multiplying the
6 Utah customer count by the Oregon ratio of tampering (including unauthorized
7 reconnections) incidents divided by the customer base. (Oregon and Washington
8 each have in place a \$75 fee, so number of occurrence data is available).
- 9 – DPU Exhibit 7.2 (MVF), is PacifiCorp’s Data Response No. 14.14 to the
10 Division’s Data Request No. 14.14 which asks PacifiCorp the following: “Please
11 provide the detail for how the Company derived the \$75 tampering/unauthorized
12 reconnection charge. . . .etc.” This analysis shows an example of a tampering
13 case with a total cost to the Company of \$141.91, of which the Company is asking
14 for \$75 per tampering case as an average charge. This \$75 is the same charge
15 shown for this work in the Oregon and Washington tariffs. In Mr. Stewart’s
16 testimony, he states, starting on page 3, line 22: “We estimate the cost of this
17 work to be in excess of \$90.00.”
- 18 – If there is damage to the power meter or to the Company’s power lines or other
19 facilities, the damage will be repaired and the customer will be billed for the
20 repairs. The Company will also estimate the unauthorized power usage for the

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1 month and will bill the customer for this use. These repair and usage costs are
2 separate from the \$75 tampering/unauthorized reconnection fee requested in this
3 rate case.

4 – PacifiCorp indicates in a Data Response that the new charge is for either
5 tampering or unauthorized reconnection. Tampering may involve some alteration
6 that would reduce the power usage registered on the meter or could involve the
7 customer reconnecting their own power after it has been disconnected.

8 Tampering could involve meters or power lines. The proposed fee for tampering
9 is intended to reimburse the Company for the majority of the typical costs
10 associated with investigating/documenting/correcting tampering.

11 – PacifiCorp further indicates in a Data Response that it has proposed a set fee for
12 this service rather than a fee based on “actual costs” for ease of administration and
13 clarity for customers.

14 – Assuming that PacifiCorp will be conducting an average of 400
15 tampering/reconnection documentation actions per year in Utah into the future at a
16 \$75 per charge per action, the Division estimates that the approximate amount of
17 additional revenue that would be generated by the proposed
18 tampering/unauthorized reconnection fee would be \$30,000 annually.

19 **Q. WHAT IS THE DIVISION’S RECOMMENDATION REGARDING**
20 **PACIFICORP’S PROPOSAL TO ADD A TAMPERING/UNAUTHORIZED**

1 RECONNECTION CHARGE IN UTAH?

2 A. The Division supports PacifiCorp's request for a tampering/unauthorized reconnection
3 charge to customer's for investigation and documentation work involved in electric
4 facility tampering/unauthorized reconnection cases, as proposed in this rate case, where
5 the customer has engaged in this unauthorized activity. The Division feels that the
6 Company has the responsibility to the larger body of its customers not to allow a few
7 dishonest customers to try to obtain power by tampering with meters or power lines in
8 order to get free power or to try to reconnect to the grid when they might have been
9 denied service for credit or other valid reasons. The Division also feels that there is a
10 serious question of customer safety when meters and power lines are tampered with that
11 may be discouraged by some measure if customers know that there is a charge to them for
12 such tampering or unauthorized reconnection of power.

13 DPU Exhibit 7.3 (MVF) shows the total revenue impact for Electric Rate Schedule No.
14 300 additions proposed by Mr. Stewart in his testimony for Meter Verification For
15 Multiple Units [\$4500] and for Tampering/Unauthorized Reconnection incidents
16 [\$30,000], or a total of \$34,500 for both.

17 **Q. WHAT IS PACIFICORP'S "OTHER WORK AT CUSTOMER'S REQUEST"**
18 **PROPOSAL?**

19 A. The Company is proposing to add language to its Electric Service Regulation No. 1,
20 General Provisions, to clarify that if a customer requests the Company to perform work

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1 on their behalf, there will be an associated charge made of the actual costs of performing
2 this work. The proposed new language, a new paragraph No. 6 in Regulation No. 1, is as
3 follows:

4 “For work which a Customer requests the Company to perform, and remuneration
5 is not given in the Electric Service Schedules or addressed or referenced in these
6 Regulations, the Customer shall pay the Company’s cost for performing that
7 work”.

8 The Company gives the following as some examples of the type of requests this language
9 in the “General Provisions” Regulation might be applied to:

- 10 – Customer request for the Company to disconnect service during non-working
11 hours (after normal working hours) for the purpose of trimming trees or
12 performing electrical work,
- 13 – lifting overhead power lines for house moves,
- 14 – setting a customer owned rural service pole for a customer’s meter base, or
15 – locating customer owned underground facilities, etc.

16 **Q. WHAT CONCLUSIONS HAS THE DIVISION REACHED AND/OR VERIFIED**
17 **THAT HAS LED TO THE DIVISIONS’S RECOMMENDATION REGARDING**
18 **PACIFICORP’S PROPOSED ADDITION OF “OTHER WORK AT**
19 **CUSTOMER’S REQUEST” LANGUAGE IN THE UTAH ELECTRIC SERVICE**
20 **REGULATION NO. 1?**

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1 A. The Division conclusions based upon testimony, data responses and verbal discovery are
2 as follows:

3 – Discussions with PacifiCorp regulatory personnel indicate that charges for work
4 done at customer request that is not covered by specific rate schedules or
5 regulations has, in past years, almost always been able to be charged after normal
6 discussions with customers regarding the work to be done and after the work is
7 performed. This is a current practice. However, PacifiCorp indicates that in
8 today's society, more people [customers] want to see this practice or policy in
9 writing in the Company's Regulations, so the Company is proposing this addition
10 to Regulation No. 1, as new paragraph 6.

11 – The Company reports that Oregon has a similar provision in its tariff and will be
12 proposing making the same addition in its Washington and Wyoming tariffs.

13 – PacifiCorp has not been collecting specific data with regard to work done at
14 customer request outside of specific rate schedules and regulations in Utah, so it
15 was unable to provide the Division any historical data as to the number of
16 occasions where this type of Company work occurred and how much customers
17 paid for the work. The Company also was unable to estimate the number of future
18 customer requests they might receive year-by-year in Utah.

19 – The Company indicates it is its normal practice to provide customers with a cost
20 estimate to do the work before the work is performed. It indicates it is Company

1 practice to inform the customer if the job involves overtime. The Company says it
2 provides a standard form with a brief description of the work to be performed and
3 the required dollar advance to the customer, which requires a customer signature
4 and payment prior to any work being done.

5 **Q. WHAT IS THE DIVISION’S RECOMMENDATION REGARDING**
6 **PACIFICORP’S PROPOSAL TO ADD LANGUAGE TO ITS ELECTRIC**
7 **SERVICE REGULATION NO. 1 REGARDING “OTHER WORK AT**
8 **CUSTOMER’S REQUEST”?**

9 **A.** The Division supports PacifiCorp’s request to add specific language to its Regulation No.
10 1 regarding charges for work done at customer request as proposed in Mr. Stewart’s
11 testimony. This addition places a current operating process into the Company’s Electric
12 Service Regulations which should help customers, Company customer service personnel
13 and regulators who deal with customers.

14 **Q. HAS THE DIVISION REVIEWED THE COMPANY’S DISPUTE RESOLUTION**
15 **LANGUAGE CHANGES TO ELECTRIC SERVICE REGULATION NO. 1,**
16 **GENERAL PROVISIONS, TO SEE IF THE CHANGES MADE COMPLY WITH**
17 **THE PUBLIC SERVICE COMMISSION RECENT RULE CHANGES HAVING**
18 **TO DO WITH THIS TOPIC? DOES THE DIVISION HAVE A**
19 **RECOMMENDATION REGARDING THE COMPANY’S PROPOSAL?**

20 **A.** Yes and yes. The Division has compared the new language shown in Mr. Stewart’s

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1 UP&L Exhibit No. 4, pages 4, 5 and 6 with the dispute resolution rule changes made
2 recently by the Commission and has found that the proposed PacifiCorp changes are in
3 compliance with the new rules. The Division was directly involved with the Commission
4 as the new rules were being drafted, revised and approved in the recent rule change
5 process. Therefore, the Division supports the Company's dispute resolution language
6 additions that are part of Mr. Stewart's testimony.

7 **Q. HAS THE DIVISION REVIEWED PACIFICORP'S PROPOSED "OTHER**
8 **CHANGES" OUTLINED IN MR. STEWART'S DIRECT TESTIMONY**
9 **STARTING ON PAGE 5, LINE 19, REGARDING ELECTRIC SERVICE**
10 **SCHEDULE NO. 13 (REMOVING OBSOLETE LINE EXTENSION LANGUAGE)**
11 **AND OTHER CHANGES (UPDATING NOMENCLATURE FOR TARIFF NO. 43**
12 **TO TARIFF NO. 44, ISSUE DATES, EFFECTIVE DATES, ETC.) TO**
13 **DETERMINE IF THESE CHANGES ARE ACCURATE AND SHOULD BE**
14 **MADE AS PROPOSED? DOES THE DIVISION HAVE A RECOMMENDATION**
15 **REGARDING THESE PROPOSED CHANGES?**

16 A. Yes and yes. The Division has reviewed all of the "Other Changes" proposed by Mr.
17 Stewart and find that they are accurate and appropriate. Therefore, the Division supports
18 the recommended changes under this part of his testimony.

19 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

20 A. Yes.

