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Division of Public Utilities

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To: Public Service Commission

From: Energy Section
Irene Rees, Director
Judith Johnson, Manager
Marlin H. Barrow, Utility Analyst

Date: May 20, 2004

Subject: PacifiCorp. Line Extension Policy Investigation.

Issue: In a November 3, 2003 letter to D. Douglas Larson of PacifiCorp, the Commission expressed its desire to correct possible confusion resulting from apparent disparities that exist in the current Electric Service Regulation No. 12 and Electric Service Schedule No. 300 of PacifiCorp. These disparities were emphasized by Mr. Bob Reeder, who, on behalf of his client, Malt-O-Meal, expressed concerns over these disparities in a letter to the Commission dated October 15, 2003. The Commission requested that the Division work with PacifiCorp and Mr. Reeder to find a reasonable solution, which can be presented to the Commission.

As a result of this direction, the Division, PacifiCorp and Malt-O-Meal met on a number of occasions to discuss the issues relating to this tariff. During these discussions a number of potential solutions to the issue were explored. As a result of these discussions parties determined that an appropriate solution could be reached with a revision to the Line Extension Policy.

~~This~~ These discussions led to a solution that would split the Facilities Charge (FC) between Transmission assets and Distribution assets, keeping the current FC of 1.25% for distribution facilities and creating a new lower FC of 1.00% for transmission only facilities. This reduction to the FC for transmission assets is based on PacifiCorp's costs directly attributable to transmission assets only. In conjunction with this newly defined facilities charge, PacifiCorp would also request a tariff revision of the line extension revenue allowance, reducing the current allowance from 24 months to 16 months on distribution facilities and establishing a 20 month revenue allowance for transmission facilities. These proposed solutions are intended to solve the issues raised in the letter from the Commission to D. Douglas Larson. These solutions are acceptable to the parties involved in the discussions and are supported by all parties as an appropriate resolution to the existing issue.

As a result of these discussions, PacifiCorp and Malt-O-Meal have come to an agreement on the issues that concerned Malt-O-Meal. PacifiCorp is preparing to file revisions to their Electric Service Regulation No. 12 and Electric Service Schedule No. 300. When filed, the Division will look at those tariff revisions to see if the current ambiguities that exist in those schedules, concerning their line extension policies for non-residential customers, are clarified.

Cc: Committee of Consumer Services
D. Douglas Larsen
Rea Peterson
Bob Reeder
John Stewart