

November 3, 2003

D. Douglas Larson
Vice President, Regulation
PacifiCorp
One Utah Center, Suite 2300
Salt Lake City, UT 84111

Re: Non-residential Line Extensions

Dear Mr. Larson:

Your letter on October 2, 2003 identified a potential problem with non-residential line extensions provided pursuant to PacifiCorp's Electric Service Regulation No. 12 as modified in Docket No. 99-035-10. You indicated that recently a non-residential customer was confused by the Company's line extension policy as the customer's charge for service was higher than expected due to a minimum bill provision. The minimum bill provision added cost above what would normally be calculated from the applicable rate schedule. This occurred even though the customer's line extension costs are less than their extension allowance and the customer is operating at estimated revenue levels. You stated that this consequence of changes to Electric Service Regulation No. 12 was not discussed before the Commission in that case. You have requested that the Commission notify the Company if we see merit in addressing this issue.

On October 15, the Commission received a letter from Robert Reeder, counsel for Malt-O-Meal, responding to the issue raised in your letter. Mr. Reeder described the adverse effect on customers of the unintended consequence of changes made to Regulation No. 12 in Docket No. 99-035-10. He suggests a specific tariff change as a possible solution.

On October 28, in response to an action request from the Commission, the Division of Public Utilities recommended that corrective action be taken. The Division offered three alternative tariff change solutions, including the one suggested by Mr. Reeder.

It is a Commission objective to have utility tariffs that are clear and understandable. The Company's Electric Service Regulation No. 12 defines "Extension Allowance" as the portion of the Extension that the Company may provide, or allow, *without cost to the Applicant* (emphasis added). The situation you have described results in a customer operating as designed paying more than normal rate schedule costs due to the minimum bill provision. This means the "extension allowance" is not without cost to the applicant. Therefore, the Company's tariff may not be clear and understandable. This confusion about the extra cost might be a barrier to business expansion in the state. We therefore desire to have this issue addressed.

We request the Division of Public Utilities work with PacifiCorp, Mr. Reeder and any other interested Party to attempt to find a reasonable solution to this problem that can be presented to the Commission by January 2, 2004.

/s/ Ric Campbell, Chairman

/s/ Constance B. White, Commissioner

/s/ Ted Boyer, Commissioner

Copy to:

Mr. Robert Reeder
Committee of Consumer Services
Division of Public Utilities