

**EXHIBIT NO. ___(LFL-1T)
DOCKET NO. UE-141335
WITNESS: LYNN F. LOGEN**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of:

**King County, Washington; BNSF Railway;
Frontier Communications Northwest, Inc.;
Verizon Wireless; and New Cingular Wireless
PCS, LLC.**

Docket No. UE-141335

For a Declaratory Order

**PREFILED DIRECT TESTIMONY (NONCONFIDENTIAL) OF
LYNN F. LOGEN
ON BEHALF OF PUGET SOUND ENERGY, INC.**

NOVEMBER 19, 2014

PUGET SOUND ENERGY, INC.
PREFILED DIRECT TESTIMONY (NONCONFIDENTIAL) OF

LYNN F. LOGEN

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1 **I. INTRODUCTION**

2 **Q. Please state your name, business address and position with Puget Sound**
3 **Energy, Inc. (“PSE”).**

4 A. My name is Lynn F. Logen, my business address is 10885 NE 4th Street,
5 Bellevue, Washington, 98009-5591. I am Supervisor of Tariffs at PSE.

6 **Q. Have you prepared an exhibit describing your professional qualifications?**

7 A. Yes, I have. It is Exhibit No. ____ (LFL-2).

8 **Q. What is the nature of your prefiled direct testimony in this proceeding?**

9 A. This prefiled direct testimony describes and explains 1) the history and scope of
10 the service agreement that initiated electric service via the Maloney Ridge line, 2)
11 the nature and method of the service currently provided to the customers taking
12 service via the Maloney Ridge line, and 3) PSE’s tariffs that may be applicable to
13 installation of a new Maloney Ridge line.

14 **Q. Please describe your role in this Maloney Ridge line proceeding.**

15 A. I am responsible for overseeing implementation and application of PSE's tariffs
16 and agreements, including Schedule 85 (Line Extensions and Service Lines) and
17 Schedule 80 (General Rules and Provisions). I also oversee the service
18 agreements executed by and between PSE and the Maloney Ridge line customers.

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II. THE SERVICE AGREEMENTS

Q. Why was the Maloney Ridge line constructed?

A. The Maloney Ridge line was constructed at the request of the General Telephone Company of The Northwest, Inc. (“General Telephone”) in order to provide electric service to its microwave station on Maloney Ridge. Through an agreement between General Telephone and Puget Sound Power & Light Company (now PSE) dated September 23, 1971, PSE agreed to furnish and install a single phase primary electrical distribution system approximately seven miles terminating at the General Telephone microwave station. In this 1971 agreement General Telephone agreed to pay for all costs of installation (including costs of labor, supervision, materials, equipment, overhead, engineering, surveying and acquiring rights of way). General Telephone also agreed to pay the actual costs of maintenance, a minimum charge for electric service and the costs of removal. A copy of such agreement is provided as Exhibit No ___(LFL-3).

Q. Are other customers served by the Maloney Ridge line?

A. Yes. Since the initial construction, other entities have executed service agreements, (“Service Agreement”) specifically,

- Service Agreement dated September 20, 1994, between PSE and GTE Northwest Inc. (“GTE”);
- Service Agreement dated January 3, 1995, between PSE and Burlington Northern Railroad (“BNSF”);
- Service Agreement dated March 29, 1995, between PSE and King County, and
- Service Agreement, dated June 12, 1995, between PSE and Maloney Ridge Users Association.

1 A copy of each of these Service Agreements is provided as Exhibit No. ____ (LFL-
2 4). These four entities comprise all the customers receiving service on the
3 Maloney Ridge line.

4 **Q. Please describe the method for recovery of costs related to operation and**
5 **maintenance of the Maloney Ridge line.**

6 A. Through the Service Agreements, BNSF, King County, GTE, and the Maloney
7 Ridge Users Association agree to pay all operating costs for the Maloney Ridge
8 line. Paragraph 4 of each Service Agreement states, “Operating Costs shall
9 include any repair and maintenance costs incurred by Puget pursuant to [Repair
10 and Maintenance of System], and costs in connection with securing or
11 maintaining operating rights.”

12 **Q. Please describe the method for recovery of costs related to providing service**
13 **to the Maloney Ridge line customers.**

14 A. Each Service Agreement provides that electric service to be provided and billed
15 according to PSE’s Electric Tariff G. Specifically, electric service is provided to
16 each customer served by the Maloney Ridge line under PSE’s Schedule 24,
17 General Service. Schedule 24 is available to all non-residential customers with a
18 demand of less than 50 kW. PSE provides service to approximately 115,000
19 customers under Schedule 24. Schedule 24 recovers the costs of providing
20 electric service, including power costs and recovery of the costs of the
21 transmission and distribution systems through the kWh charge.

1 **III. APPLICABLE TARIFFS**

2 **Q. Please describe applicable tariff provisions relating to the Maloney Ridge line**
3 **that were in effect in September, 1971, when the initial agreement was signed.**

4 A. Electric tariff WN U-56, Schedule 67 in paragraph 6 provided that the Puget
5 Sound Power & Light Company shall not be required to construct any line
6 extension because of extra-ordinary construction costs or has an investment ratio
7 which makes it economically unfeasible, and that any extension which exceeded
8 2,600 feet per customer did not fall under the provisions of Schedule 67 and
9 instead separate arrangements would be made with the customer. See Exhibit
10 No. ___(LFL-5).

11 **Q. Please describe the tariff provisions relating to the Maloney Ridge line that**
12 **were in effect when revised agreements were signed in 1994 and 1995.**

13 A. Electric tariff WN U-60, Schedules 80 and 85 applied to the agreements signed in
14 1994 and 1995. Schedule 80 was effective starting May 2, 1985, and Schedule 85
15 was effective starting June 6, 1991. Schedule 80, Paragraph 9 provided in part
16 that PSE shall not be required to provide service if to do so would be
17 economically unfeasible. Schedule 85, Paragraph 13 provided that PSE shall not
18 be required to construct any extension that is economically unfeasible in the
19 reasonable judgment of PSE but may provide service on terms and conditions that
20 require payment of an amount sufficient to justify PSE's investment. See Exhibit
21 No. ___(LFL-6).

1 **Q. Please describe the tariff provisions relating to the Maloney Ridge line that**
2 **are in effect today.**

3 A. Electric tariff WN U-60, Schedules 80 and 85 that are in effect today are attached
4 as Exhibit No. ____ (LFL-7). Schedule 80, paragraph 9, reflects language
5 regarding economic feasibility that is identical to Schedule 80 that has been in
6 effect since July 8, 1982, when tariff WN U-60 first went into effect. Schedule 85
7 reflects provisions including: (1) PSE will use least cost design principles to
8 determine the service and meter location; (2) PSE shall determine the appropriate
9 location, design, phase, voltage and capacity for all facilities installed; (3) the
10 point of delivery of service for non-residential underground service at secondary
11 voltage will be at the property line if distribution facilities are located on public
12 right-of-way;¹ (4) the point of delivery for non-residential service at primary
13 voltage will normally be at the location which is most conveniently located with
14 respect to PSE's existing distribution facilities; and (5) if the costs, including but
15 not limited to construction, operation and maintenance, are expected to be
16 significantly different from standard amounts, PSE may utilize the electric
17 facilities investment analysis to determine the costs. The points of delivery
18 defined in Schedule 85 are incorporated into Schedule 80 in Paragraph 5 of
19 Schedule 80. Schedule 80 Paragraph 12 provides that electric service is
20 inherently subject to disruption and that PSE shall have no liability for any

¹ In this case, the point of delivery at secondary voltage is the boundary of the National Forest.

1 disruption in service due to causes beyond PSE's control, including acts of the
2 elements and breakdowns.

3 **Q. Please explain how Schedule 80 relates to all other schedules in PSE's electric**
4 **tariff.**

5 A. Schedule 80 is the general rules and provisions that apply to all services that PSE
6 provides, including electric service under Schedule 24 and line extensions under
7 Schedule 85. Schedule 80 also includes the rules regulating electric service
8 prescribed by the Washington Utilities and Transportation Commission.

9 **Q. Please explain how Schedule 80 addresses interruptions of service.**

10 A. Schedule 80, in Section 12 states that "Electric Service is inherently subject to
11 disruption, including interruption, suspension, curtailment and fluctuation." And
12 that "Neither the Company nor any other person or entity shall have any liability
13 to any Customer or any other person or entity for any disruption in service or for
14 any loss or damage caused thereby if such disruption is attributable to the causes,
15 work or actions from any of the following:" Schedule 80 then includes a list of
16 reasons for disruption of service. PSE responds to all disruptions in service and
17 makes necessary corrective maintenance repairs. Since the customers on
18 Maloney Ridge are responsible for the costs of operation and maintenance of the
19 line, PSE believes that decisions regarding when preventative maintenance (such
20 as replacement of the entire cable) should be completed, best fall to the customers.

1 **Q. What is PSE's process when a customer requests new service?**

2 A. Each request for service is reviewed, and those requests that involve remote
3 locations, small load, expected high operation or maintenance costs, or limited
4 operating rights are all subject to further review. Depending on the situation, PSE
5 may provide service in one of several ways, such as by primary voltage service at
6 the beginning of the line and the customer would construct, own and maintain the
7 line as long as it was in use, or where the future costs are relatively certain, a price
8 that includes future maintenance and replacement may be given for PSE to build,
9 own and maintain the line. Additionally, PSE may provide service on a
10 conditional basis when operating rights are subject to renewal at the customer's
11 expense, such that PSE has no obligation to serve if the operating rights cannot be
12 renewed and the customer must pay for removal of the line if required by the
13 permitting agency. Finally, service may be offered under an agreement where the
14 customer is responsible for future actual costs of maintenance and operation as
15 well as costs of installation.

16 **Q. Under which option described above is service provided to Maloney Ridge**
17 **customers?**

18 A. The last option, where the customer enters into an agreement and is required to
19 pay costs related to installation and actual costs of future operation and
20 maintenance.

1 **Q. Why was service provided to Maloney Ridge under such a service agreement?**

2 A. The line to Maloney Ridge was not economically feasible due to several reasons:
3 the small load, high costs of line installation, limited operational rights, and the
4 expectation that future maintenance costs would far outweigh the maintenance
5 costs included in electric rates.

6 **Q. Why were the installation and future maintenance costs expected to be so**
7 **high?**

8 A. Line installation and maintenance was expected to be high due to the location of
9 the line. The line follows a dirt road up the side of a mountain, which is subject to
10 slides. Further, the elevation (3,368 feet) means that snow is present for many
11 months during the year, making access difficult, time consuming and expensive.
12 Often, repair crews need to obtain road equipment, snow cats and helicopters to
13 access the line. The City of Skykomish is at 928 feet of elevation and most of the
14 2,440 foot elevation gain to Maloney Ridge is in the approximate 7 miles of dirt
15 U.S. Forest Service road that the Maloney Ridge line follows. Please see the
16 Prefiled Direct Testimony of Jennifer A. Boyer, Exhibit No. ___(JAB-1T) for a
17 more detailed description of the efforts required to access the Maloney Ridge line.

18 **Q. Are operational rights at issue on the Maloney Ridge line?**

19 A. Yes. Each Maloney Ridge line customer is responsible for obtaining operating
20 rights from at least one entity, including the U.S. Forest Service. At least one
21 permit expired and had not yet been renewed as of October 13, 2014. Another

1 permit appears to require renewal at the end of 2014. Exhibit No. ____ (LFL-8)
2 provides the status of the Maloney Ridge line customers' operating rights.

3 **Q. Do the Service Agreements govern replacement of the Maloney Ridge line?**
4 **Why or why not?**

5 A. Yes, PSE interprets the Service Agreements to include replacement when
6 replacement, in whole or in parts, is necessary to maintain operation of the line.
7 In addition, paragraph 10 of the 1994-1995 Service Agreements incorporates
8 Schedule 80. Paragraph 5 of Schedule 80 provides,

9 Any cost to the Company of providing Secondary or Primary
10 [voltage] service, at the request of the Customer or for the
11 Customer's convenience, to a Point of Delivery other than the
12 normal Point of Delivery set out above shall be paid by the
13 Customer and shall be in addition to any other amounts which the
14 Customer may be required to pay for said Secondary or Primary
15 service.

16 In other words, the Service Agreements require the Maloney Ridge customers to
17 pay the costs related to the remote point of delivery requested. Schedule 80,
18 paragraph 6, affirms that the Service Agreements are appropriate by including the
19 provision that "For electric service in large quantity or under special conditions,
20 the Company may require a suitable written agreement." Service at Maloney
21 Ridge is under special conditions due to the topography and remoteness of the
22 location and the higher than normal operation and maintenance costs.

23 **Q. If the Service Agreements did not exist or if the Commission finds that the**
24 **Service Agreements do not govern replacement of the Maloney Ridge line,**
25 **would PSE install a new line?**

1 A. No, because it would be economically infeasible. Schedule 80, paragraph 9,
2 provides, “The Company shall not be required to provide service if to do so would
3 be economically unfeasible.” PSE considered the Maloney Ridge line an
4 economically infeasible line extension when constructed in 1971. PSE continues
5 to consider the Maloney Ridge line to be an economically infeasible line
6 extension today. The Maloney Ridge line extends into a remote area within the
7 Mount Baker-Snoqualmie National Forest. There is very little chance of
8 additional load, and the existing load does not justify the cost of the line extension.
9 PSE has received several requests for economically infeasible line extensions in
10 the last few years and has presented various options to customers. The option
11 most readily accepted by customers is for the customer to (i) take primary voltage
12 service at the point where the existing electric distribution system ends and (ii)
13 install, own and operate the primary voltage system from that point to the point of
14 use. Other options that PSE has discussed with customers is to offer service
15 pursuant to a contract where the customer(s) pay the costs of future operations
16 and maintenance, offering service subject to a payment calculated using the
17 electric facilities investment analysis (“FIA”) model, and (as a last resort) refusal
18 of service pursuant to WAC 480-100-123.

19 **Q. If the existing Service Agreements do not govern replacement of the Maloney**
20 **Ridge line, are there alternatives to make replacement economically feasible?**

21 A. Yes, as mentioned earlier, Schedule 80 applies to Schedule 85, and between the
22 two schedules PSE can offer a wide range of options including providing primary
23 voltage service at the beginning point of the line, utilizing the electric facilities

1 investment analysis model, and entering into a new service agreement to provide
2 service. These options all assume that sufficient operating rights can be obtained
3 for the line and a permit for replacement can be obtained. Examples of
4 agreements for extending service that was not economically feasible include 1) an
5 agreement with a railroad to construct the Scenic substation in order to provide
6 service for its tunnel, and 2) an agreement to provide service via a submarine
7 cable to Blake Island. Absent these agreements, service would not have been
8 provided because such installations would have been economically infeasible.

9 **Q. What costs would the Maloney Ridge line customers be responsible for if a**
10 **new line were installed pursuant to Schedule 85?**

11 A. Should the Commission determine that the Service Agreements do not apply to
12 replacement of the Maloney Ridge line, it should be replaced as a line extension
13 under the current Schedule 85. The customers served by the line would be
14 responsible for the cost of line installation, trenching, backfill, restoration, and for
15 obtaining operating rights (permitting). The customers would not be responsible,
16 however, for a “margin allowance” calculated under Schedule 85. That margin
17 allowance would be approximately \$20,414.00. In addition, PSE would apply the
18 electric FIA model to determine additional costs for maintenance (including
19 future replacement), to be paid by the customers served by the line.

20 Alternatively, the line could be replaced as a customer-requested modification to
21 the existing line. Under Schedule 85, customers are responsible for all costs of
22 customer-requested modifications with no margin allowance applied. Finally,
23 Schedule 80 provides, in section 34, where an entity requests a change in existing

1 electric facilities that entity shall pay the cost of such change to enhance
2 reliability for the requesting entity. In summary, there are three different tariff
3 provisions that apply to replacement of the Maloney Ridge line should the Service
4 Agreements not apply to costs of a replacement.

5 **IV. CONCLUSION**

6 **Q. Does this conclude your prefled direct testimony?**

7 **A. Yes, it does.**