

July 21, 2015

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, Washington 98504-7250

RE: Docket UE-143932—Pacific Power & Light Company's Testimony and Exhibits

Pacific Power & Light Company, a division of PacifiCorp (Pacific Power or Company), submits for filing an original and four copies of the testimony and exhibits of R. Bryce Dalley and William G. Clemens.


The Company respectfully requests that all data requests regarding this matter be addressed to:

By e-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
Pacific Power & Light Company
825 NE Multnomah Street, Suite 2000
Portland, OR 97232

If you have any informal inquiries regarding this matter, please contact Ariel Son, Manager, Regulatory Projects, at (503) 813-5410.

Sincerely,


R. Bryce Dalley
Vice President, Regulation

Enclosures

Cc: Service List

CERTIFICATE OF SERVICE

I hereby certify that I have this day served this document upon all parties of record in this proceeding by electronic mail and/or Overnight Delivery.

Walla Walla Country Club

Melinda Davison
Jesse E. Cowell
Davison Van Cleve, P.C.
333 S.W. Taylor, Suite 400
Portland, OR 97204
jec@dvclaw.com
mjd@dvclaw.com

Walla Walla Country Club

David Grossman
Minnick-Hayner, P.S.
PO Box 1757
Walla Walla, WA 99362
grossman@minnickhayner.com

Walla Walla Country Club

Stanley M. Schwartz
Matthew Daley
Witherspoon-Kelley
422 W. Riverside Ave., Suite 1100
Spokane, WA 99201
sms@witherspoonkelley.com
mwd@witherspoonkelley.com

PacifiCorp

R. Bryce Dalley
Vice President Regulation
825 NE Multnomah, Suite 2000
Portland, OR 97232
bryce.dalley@pacificorp.com

PacifiCorp

Troy Greenfield
Claire Rootjes
Schwabe, Williamson & Wyatt
1420 5th Ave., Suite 3400
Seattle, WA 98101
tgreenfield@schwabe.com
crootjes@schwabe.com

The Walla Walla Country Club

1390 Country Club Road
Walla Walla, WA 99362
jeff@wwocountryclub.com

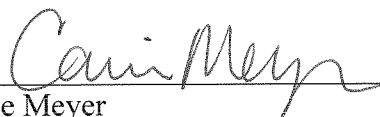
**Washington Utilities & Transportation
Commission**

Sally Brown
Assistant Attorney General
1300 S. Evergreen Park Dr. SW
Olympia, WA 98504-7250
sbrown@utc.wa.gov

Public Counsel

Simon ffitch
Office of the Attorney General
800 Fifth Ave., Suite 2000
Seattle, WA 98104-3188
simonf@atg.wa.gov

DATED at Portland, OR this 21st day of July 2015.



Carrie Meyer
Supervisor, Regulatory Operations

Exhibit No.____(RBD-1T)
Docket UE-143932
Witness: R. Bryce Dalley

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WALLA WALLA COUNTRY CLUB,

Complainant,

v.

PACIFIC POWER & LIGHT COMPANY,
a division of PacifiCorp

Respondent.

Docket UE-143932

**PACIFIC POWER & LIGHT COMPANY
DIRECT TESTIMONY OF R. BRYCE DALLEY**

July 2015

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ATTACHED EXHIBITS

- Exhibit No. RBD-2: Walla Walla Service Area Maps
- Exhibit No. RBD-3: Complainant’s Response to DR 35
- Exhibit No. RBD-4: Professional Resume of Mr. Stanley M. Schwartz
- Exhibit No. RBD-5: January 3, 2013 Agreement between WWCC and Columbia REA
- Exhibit No. RBD-6: November 30, 2012 Electric Service Agreement
- Exhibit No. RBD-7: Columbia REA Customer Requested Work Agreement
- Exhibit No. RBD-8: Additional Documents Relating to the Removal of Conduit on Columbia REA Property

1 **Q. Please state your name, business address, and present position with Pacific**
2 **Power & Light Company (Pacific Power or Company), a division of PacifiCorp.**

3 A. My name is R. Bryce Dalley and my business address is 825 NE Multnomah Street,
4 Suite 2000, Portland, Oregon 97232. I am currently employed as Vice President,
5 Regulation for Pacific Power.

6 **QUALIFICATIONS**

7 **Q. Please describe your education and professional experience.**

8 A. I received a Bachelor of Science degree in Business Management with an emphasis
9 in finance from Brigham Young University in 2003. I completed the Utility
10 Management Certificate Program at Willamette University in 2009, and I have also
11 attended various educational, professional, and electric industry-related seminars.

12 I have been employed by Pacific Power since 2002 in various positions within
13 the regulation and finance organizations. I was appointed Manager of Revenue
14 Requirement in 2008 and was promoted to Director, Regulatory Affairs and Revenue
15 Requirement in 2012. I assumed my current position as Vice President, Regulation,
16 in January 2014. I am responsible for all regulatory activities in Washington, Oregon,
17 and California.

18 Additionally, I oversee a number of other departments in the Company,
19 including the Customer and Regulatory Liaison Department. The ten members in that
20 department work closely with the Washington Utilities and Transportation
21 Commission (Commission) Staff in resolving customer complaints. The members of
22 that team ensure internal processes and systems comply with all tariffs. Additionally,
23 they represent the Company in the process of seeking approval of tariff revisions.

1 **PURPOSE AND SUMMARY OF TESTIMONY**

2 **Q. What is the purpose of your testimony in this proceeding?**

3 A. My testimony addresses a number of issues arising from the general competitive
4 practices of Columbia Rural Electric Association (Columbia REA), as well as its
5 specific actions to secure the Walla Walla Country Club (WWCC or Club) as its
6 customer. Those general practices and specific actions have further highlighted the
7 operational and safety reasons for removal of facilities when a customer requests
8 permanent disconnection.

9 **Q. Please list the topics addressed in your testimony.**

10 A. Mr. William G. Clemens, Pacific Power’s Regional Business Manager, addresses the
11 significant safety reasons for removal of facilities when a customer requests
12 permanent disconnection.¹ My testimony addresses the following:

- 13 • The unique circumstance resulting from Columbia REA exceeding its
14 historical mandate and capitalizing on the absence of a service area agreement
15 with Pacific Power by aggressively pursuing Pacific Power’s customers;
- 16 • The terms and application of Pacific Power’s net removal tariff; and
- 17 • The operational reasons for removing facilities when a customer requests
18 permanent disconnection.

19 **WALLA WALLA—HISTORICAL CONTEXT**

20 **Q. Does Pacific Power provide electric utility service to communities in Eastern**
21 **Washington?**

22 A. Yes. In 1910, four small electric companies in Astoria and Pendleton, Oregon, and

¹ Pacific Power Exhibit No. WGC-1T.

1 Walla Walla and Yakima, Washington, became Pacific Power. The new company
2 served 7,000 customers. Since that time, Pacific Power has grown to serve
3 communities throughout Eastern Washington.

4 **Q. Is Washington unique among the states served by PacifiCorp?**

5 A. Although PacifiCorp serves customers in six states (California, Idaho, Oregon, Utah,
6 Washington, and Wyoming), its tariff provisions related to permanent disconnection
7 and removal of facilities are unique to Washington. Unlike any other state
8 jurisdiction in which PacifiCorp provides electric service, Washington does not have
9 statutory provisions granting exclusive service areas to electric utilities. Because
10 PacifiCorp's service areas in its other states are exclusive, it does not face safety or
11 operational concerns related to customer requests for permanent disconnection arising
12 from competition with other utilities for customers.

13 Pacific Power's net removal tariff is not only unique among PacifiCorp's state
14 jurisdictions, but it is also unique among electric utilities in Washington. To protect
15 customers, avoid duplicative facilities, and prevent disputes over service area, most
16 utilities in Washington have service area agreements. Although Washington does not
17 have allocated service areas, the Washington Legislature has stated that it is in the
18 public interest for cooperatives and public utilities to establish service area
19 agreements to prevent duplication of facilities. Pacific Power agrees with the
20 legislature, and all neighboring utilities in Washington have successfully negotiated
21 service area agreements—including public utility districts, municipal utility districts,
22 rural electric associations and cooperatives, and other investor-owned utilities—
23 except Columbia REA.

1 In just two counties in Washington (Columbia and Walla Walla), the regulated
2 electric utility (Pacific Power) has been unable to negotiate a service area agreement
3 with the rural electric association (Columbia REA), despite engaging in
4 negotiations—including negotiations mediated by Commission Staff. Pacific Power
5 customers can therefore choose to permanently discontinue receiving service from the
6 Company and switch electric service providers. This unique situation requires a tariff
7 governing the terms of permanent disconnection, including appropriately charging
8 departing customers for the total actual costs of disconnection. Such a tariff is
9 necessary to protect Pacific Power’s remaining customers from cost shifting.

10 **Q. Is Pacific Power party to any service area agreements with a rural electric**
11 **association in Eastern Washington?**

12 A. Yes. For 20 years, Pacific Power and the Benton Rural Electric Association (Benton
13 REA) have enjoyed a great working relationship under a service area agreement. In
14 fact, the Company and Benton REA just renewed the agreement with another 20-year
15 term.

16 **Q. What is the Rural Electrification Act of 1936?**

17 A. The Rural Electrification Act of 1936 was enacted to provide federal loans to further
18 “rural electrification and the furnishing of electric energy to persons *in rural*
19 *areas who are not receiving central station service[.]*”²

20 **Q. When did Columbia REA first begin its efforts to compete in the greater Walla**
21 **Walla area serviced by Pacific Power?**

22 A. As mentioned previously, Pacific Power has served customers in Columbia and Walla
23 Walla counties since 1910. Pacific Power did not have any customers requesting

² 7 U.S.C. 902, Sec. 2 (emphasis added).

1 permanent disconnection to switch electric utility providers until 1999, which
2 ultimately necessitated the filing of the net removal tariff. My understanding is that
3 Pacific Power and Columbia REA had an informal agreement that whichever utility's
4 facilities were closer to a customer would serve that customer. This agreement
5 prevented duplication of facilities and safety and operational concerns. Columbia
6 REA respected that agreement until a management change in 1999.

7 **Q. Since 1999, have there been any efforts to establish a service area agreement**
8 **with Columbia REA?**

9 A. Pacific Power filed a motion to suspend proceedings in Docket UE-001734 on July
10 27, 2001, indicating an interim service area agreement had been reached with
11 Columbia REA. The Commission granted Pacific Power's request to suspend
12 proceedings, approved the interim service area agreement in Docket UE-011085, and
13 appointed a mediator to assist with the negotiations of a permanent service area
14 agreement. Between July 2001 and May 2002, Pacific Power and Columbia REA
15 had several meetings to discuss the terms of a permanent service area agreement but
16 were unable to reach such an agreement. The details of the negotiations are protected
17 under a confidentiality agreement. On May 21, 2002, the Company notified the
18 Commission that negotiations were unsuccessful and requested to proceed with
19 Docket UE-001734.

20 Pacific Power and Columbia REA resumed service area negotiations starting
21 on May 15, 2003. Those negotiations formally ended July 29, 2004, again with no
22 agreement being reached. The details of those negotiations are also protected under a
23 confidentiality agreement.

1 In 2007, Pacific Power reached out to the CEO of Columbia REA about a
2 service area agreement. The CEO of Columbia REA informed Pacific Power's
3 President that Columbia REA would not solicit customers served by Pacific Power
4 but declined to sign an agreement. From 2007 to the present, the number of
5 permanent disconnections requested has increased significantly, making it clear that
6 Columbia REA actively solicited Pacific Power's customers in spite of the informal
7 agreement that had been reached. This has resulted in numerous safety and
8 operational concerns about the effect on rates for Pacific Power's remaining
9 customers. Given these safety and operational concerns, in September 2013, Pacific
10 Power's President requested in writing that the Columbia REA CEO work with
11 Pacific Power to negotiate a service area agreement. Columbia REA did not
12 acknowledge the request in a written response, although Pacific Power and Columbia
13 REA communicated by telephone. The Pacific Power President raised the issue and
14 requested support from the mayors of Walla Walla, College Place, and Dayton, which
15 are communities that have been adversely affected by Columbia REA's active
16 solicitation and installation of duplicate facilities. Each mayor committed to support
17 a service area agreement. In addition, the Mayor and City of College Place
18 recommended including a requirement for a service area agreement as part of a right-
19 of-way safety ordinance.

20 **Q. Please describe some of the competitive practices employed by Columbia REA in**
21 **Walla Walla and Columbia counties since 1999.**

22 A. The Company is aware of direct solicitations that Columbia REA has made to
23 existing Pacific Power customers by in-person visits to businesses, media ads and

1 direct electronic mail. These solicitations have included offers of rates that are lower
2 than Pacific Power's authorized rates, offers to cover the line extension expenses,
3 offers to pay the cost of removing facilities such as the offer in this case, as well as
4 offers to lock rates for five years.

5 **Q. What is the direct result of the Columbia REA's competitive practices in Walla**
6 **Walla and Columbia Counties since 1999?**

7 A. The most concerning result is the unnecessary and unsafe duplication of facilities
8 caused by Columbia REA's aggressive pursuit of Pacific Power's customers. The
9 competitive practices employed by Columbia REA have drastically changed the
10 landscape in Walla Walla. To illustrate this impact, I have provided maps of Pacific
11 Power's Walla Walla service area as it existed in 1997, 2007, 2010 and 2013, as
12 Exhibit No. RBD-2.

13 Columbia REA's practices also have resulted in a drastic increase in
14 permanent disconnections. As reported in the thoroughgoing report filed in
15 November of 2013 in Docket UE-132182, between 2003 and 2012, Pacific Power
16 permanently disconnected 68 customers. In 2013 alone, Pacific Power provided 44
17 estimates for permanent disconnection.

18 **WWCC IS A NOMINAL PARTY**

19 **Q. How is the context regarding Columbia REA and its actions in Walla Walla**
20 **relevant in this proceeding?**

21 A. While the WWCC is the named Complainant, as reflected by its prior actions before
22 the Commission on the topic of Pacific Power's net removal tariff, as well as the

1 documents produced in this proceeding, Columbia REA is the driving force and the
2 real party in interest in this docket.

3 **Q. Has Columbia REA been active before the Commission on the topic of Pacific**
4 **Power's net removal tariff?**

5 A. Yes. Columbia REA has intervened in all proceedings relating to the net removal
6 tariff. Most recently, it intervened in Docket UE-132182 and proposed a number of
7 changes to Schedule 300 and Rule 6, all pertaining to facilities removal. Clearly,
8 Columbia REA seeks a more favorable environment to continue its pursuit of
9 customers, unimpeded by the cost of necessarily removing facilities.

10 **Q. What did Columbia REA do when Pacific Power elected to withdraw the portion**
11 **of its proposed tariff revision pertaining to Schedule 300 and Rule 6, to allow for**
12 **gathering additional information regarding the costs of removal and other**
13 **operational and safety considerations presented by customer requests for**
14 **permanent disconnection?**

15 A. First, it objected to the withdrawal. Shortly after the Commission granted Pacific
16 Power's motion to withdraw and dismissed Columbia REA as a party, a civil lawsuit
17 was initiated against Pacific Power in Walla Walla County Superior Court.

18 **Q. Was the WWCC the named plaintiff in that action?**

19 A. Yes. Pacific Power has since learned, however, that Columbia REA was entirely
20 responsible for funding that action, which was ultimately removed to the United
21 States District Court for the Eastern District of Washington and dismissed by the
22 Honorable Lonny R. Suko.

1 **Q. Specifically, what has Pacific Power learned about the relative roles of Columbia**
2 **REA and the WWCC in prior civil litigation and in this proceeding against**
3 **Pacific Power?**

4 A. Initially, two law firms were listed as counsel to the WWCC in this proceeding,
5 Witherspoon Kelley and Reese Baffney Frol & Grossman. The lead attorney was
6 Stanley Schwartz, who is General Counsel to Columbia REA.³ When the civil action
7 was dismissed by Judge Suko and this proceeding was initiated, a third law firm was
8 added to the team, Davison Van Cleve. It appears that Columbia REA's General
9 Counsel, Mr. Schwartz, remains the lead attorney. Columbia REA is responsible for
10 paying the fees of all three law firms as well as all court costs and other litigation-
11 related expenses.⁴

12 Additionally, Columbia REA has agreed to be responsible for all costs
13 associated with disconnection from Pacific Power, with the exception of the WWCC
14 paying \$271.00 per month on a thirty-six month, no-interest loan of \$9,790.50.⁵

15 Under the terms of their Electric Service Agreement, Columbia REA
16 anticipates the cost of constructing necessary facilities on the WWCC property will
17 total \$318,732.50.⁶ Columbia REA is entirely responsible for all of the actual
18 construction costs.⁷ Securing the use of facilities installed by Pacific Power at net
19 book value would save Columbia REA considerable expense. That is one of the

³ Exhibit No. RBD-3 (Complainant's Response to DR 35) and Exhibit No. RBD-4 (Professional resume of Mr. Schwartz).

⁴ Exhibit No. RBD-5 (January 3, 2013 Agreement between WWCC and Columbia REA).

⁵ *Id.*

⁶ Exhibit No. RBD-6 (November 30, 2012 Electric Service Agreement).

⁷ *Id.*

1 primary policy issues presented in this proceeding—whether Columbia REA should
2 enjoy a competitive advantage at the expense of remaining Pacific Power customers.

3 **Q. Is the true issue presented bigger than what is reflected in Complainant’s**
4 **testimony?**

5 A. Certainly. Columbia REA is a real party in interest. It is paying three law firms to
6 prosecute its position, through the nominal Complainant, the WWCC. Pacific Power
7 understands there are a number of other customers who have been solicited by
8 Columbia REA and are simply sitting on the sidelines, while awaiting the outcome of
9 this matter.

10 **PACIFIC POWER’S NET REMOVAL TARIFF**

11 **Q. What was the impetus for Pacific Power seeking to implement a tariff to charge**
12 **a customer for the cost to permanently disconnect from Pacific Power’s system**
13 **when switching utility providers?**

14 A. As I mentioned previously, Columbia REA’s aggressive solicitation of Pacific Power
15 customers necessitated the filing of a net removal tariff.

16 **Procedural History of the Net Removal Tariff**

17 **Q. What is the procedural history of the net removal tariff?**

18 A. On November 9, 2000, in Docket UE-001734, Pacific Power filed a request to
19 implement a tariff to charge a customer for the cost to permanently disconnect from
20 Pacific Power’s system when switching utility providers. The Commission
21 suspended the tariff revisions on November 29, 2000, pending hearings on the
22 Company’s proposal.

1 On May 11, 2001, the Company filed direct testimony.⁸ Commission Staff
2 filed testimony on July 2, 2001, which included alternative tariff language, referred to
3 as the “Modified Tariff Proposal.”⁹ Under the Modified Tariff Proposal, the
4 Company would charge all customers requesting to permanently disconnect service if
5 the Company’s facilities used to provide service would not likely be reused by Pacific
6 Power at the site. Commission Staff also proposed a sunset date and reporting
7 requirements. Testimony was filed by Columbia REA, which had been granted
8 intervention in the proceeding on a limited basis on July 3, 2001.¹⁰

9 On August 20, 2002, Pacific Power filed rebuttal testimony, which included
10 acceptance of the Modified Tariff Proposal sponsored by Staff.¹¹ An evidentiary
11 hearing was held on September 20, 2002.

12 The Commission issued the Eighth Supplemental Order in Docket UE-001734
13 approving the Company’s filing on November 26, 2002. In the order, the
14 Commission referenced the sunset date and reporting requirement discussed with the
15 Modified Tariff Proposal; however, neither provision was included in the ordering
16 paragraphs or Appendix A of the order. The Company filed its compliance tariff on
17 December 12, 2002, Advice No. 02-010, Docket UE-021649. The Company later
18 filed substitute pages in Docket UE-021649 on December 20, 2002, and December
19 23, 2002. On December 30, 2002, the Commission issued its Ninth Supplemental
20 Order in Docket UE-001734 approving the Company’s compliance tariffs. The
21 Company began filing annual reports with the Commission in 2004.

⁸ Direct Testimony of William G. Clemens on behalf of Pacific Power, Docket UE-001734.

⁹ Testimony of Henry B. McIntosh on behalf of Commission Staff, Docket UE-001734.

¹⁰ Testimony of Thomas Husted on behalf of Columbia REA, Docket UE-001734.

¹¹ Rebuttal Testimony of William G. Clemens on behalf of Pacific Power, Docket UE-001734.

1 In 2006, the Company reviewed the Commission’s eighth and ninth
2 supplemental orders in Docket UE-001734 and contacted Mr. Henry McIntosh,
3 Commission Staff’s witness in that docket, regarding the sunset date and reporting
4 requirements. The Company asked Mr. McIntosh whether any action was required to
5 address the order’s discussion of the sunset date. Mr. McIntosh agreed with the
6 Company that the ordering paragraphs did not include the sunset date and therefore
7 no action was required. Mr. McIntosh recommended the Company continue to file its
8 annual report. Given this guidance from Commission Staff, the Company did not
9 take any further action related to the sunset date. As advised by Commission Staff,
10 the Company has continued to file an annual report each year.

11 The first change to the Company’s net removal tariff was filed June 7, 2012,
12 Advice 12-04, Docket UE-120846, in accordance with RCW 80.28.060 and WAC
13 480-80-105. The purpose of the filing was to relocate the rule from Rule 4,
14 *Application for Electric Service*, to Rule 6, *Facilities on Customer’s Premise*, add
15 clarity to the methodology used to calculate the net removal costs, and add time for
16 the Company to complete the reconciliation of the estimate to actual costs. Before
17 submitting this filing, Pacific Power met with Michael Foisy of Commission Staff to
18 discuss all the changes, using the cover letter it had drafted for the filing as a guide.
19 Commission Staff did not have any objections to the proposed changes, and the
20 proposed filing was added to the No Action Agenda for the Commission’s July 12,
21 2012 Open Meeting. The tariff revisions became effective on July 13, 2012.

22 The only other proposed change to the net removal tariff was filed on
23 January 11, 2013, as part of the Company’s general rate case (Docket UE-130043).

1 The initial filing included proposed revisions to Pacific Power's Schedule 300,
2 *Charges as Defined by the Rules and Regulations*, and Rule 6, *General Rules and*
3 *Regulations*. Schedule 300 and Rule 6 relating to the costs charged to customers for
4 permanent disconnection, removal of facilities, and reconnection.

5 Commission Staff, Public Counsel, the Energy Project, and the Columbia
6 REA filed testimony in Docket UE-130043 on June 21, 2013. Public Counsel, the
7 Energy Project, and Columbia REA objected to the Company's proposed changes to
8 Schedule 300 and Rule 6. Specifically, all three parties questioned the use of
9 estimates of the costs associated with disconnection and reconnection of service,
10 rather than actual cost data, to support the proposed revisions.

11 In response to the parties' concerns, Pacific Power filed a motion to withdraw
12 its proposed revisions to Schedule 300 and Rule 6 from Docket UE-130043 on July
13 11, 2013. In the motion, Pacific Power acknowledged the lack of actual cost data to
14 support its proposed tariff revisions and moved to withdraw the changes to allow the
15 Company to collect and analyze information regarding the actual costs of removal.
16 The Company also took the opportunity to analyze the other operational and safety
17 considerations associated with customer requests for permanent disconnection.

18 The Commission granted the Company's motion to withdraw its proposed
19 revisions to Schedule 300 and Rule 6 from Docket UE-130043 in Order 04, issued
20 July 29, 2013. In that order, the Commission noted that a thoroughgoing review of
21 Schedule 300 and Rule 6 was overdue. Further, reports regarding experience under
22 the tariff would help ensure reasonable conduct by all concerned, and provide data to
23 evaluate the tariff's operation. Accordingly, Pacific Power was directed to file a new

1 docket a thoroughgoing report detailing its experience in applying Schedule 300 and
2 Rule 6.

3 On November 27, 2013, Pacific Power filed its “Report on Permanent
4 Disconnection and Removal of Facilities under Schedule 300 and Rule 6” in
5 compliance with Order 04.

6 **Terms of the Net Removal Tariff**

7 **Q. What does the net removal tariff provide regarding the allocation of costs in the
8 event a customer requests permanent disconnection?**

9 A. Pacific Power’s net removal tariff is contained in Rule 1, Rule 6 and Schedule 300.
10 Permanent Disconnection is defined as follows: “Disconnection of service where the
11 customer has either requested the Company permanently disconnect the Company’s
12 facilities or chosen to be served by another electric utility provider.”¹² Rule 6
13 provides: “When Customer requests Permanent Disconnection of Company’s
14 facilities, Customer shall pay to Company the actual cost for removal less salvage of
15 those facilities that need to be removed for safety or operational reasons”¹³
16 Pacific Power is required to provide an estimate of the cost of removing facilities,
17 before initiating the work.¹⁴ The customer is required to pay the estimated amount,
18 before disconnection and removal of the facilities¹⁵ No later than 60 days after
19 disconnection and removal, Pacific Power determines the actual cost for removal less
20 salvage, and issues either an invoice or refund.¹⁶

21 Schedule 300 of Pacific Power’s tariff also provides that the rate charged for

¹² Rule 1.

¹³ Rule 6.

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.*

1 removal of facilities for “non-residential service removals” is the “actual cost less
2 salvage.”¹⁷

3 **Q. How is Pacific Power’s net removal tariff applied?**

4 A. The net removal tariff is necessarily applied in conjunction with safety standards and
5 codes, such as the National Electric Safety Code (NESC), municipal requirements, as
6 well as Company standards and policies.

7 **Q. In general, how would you describe the history of Pacific Power’s application of
8 the net removal tariff?**

9 A. The Company has been applying the net removal tariff since its approval in 2002.
10 Because this tariff is so unique, and because Pacific Power’s focus is providing safe
11 and reliable electric service to its customers at just and reasonable rates (and not
12 permanently disconnecting service), the Company has been learning how to
13 appropriately implement the tariff as disconnections are performed. The Company’s
14 focus is safety issues related to duplicate facilities and preventing remaining
15 customers from subsidizing the costs created by departing customers. As reflected in
16 Pacific Power’s thoroughgoing report in Docket UE-132182, application of the net
17 removal tariff has been inconsistent as the Company’s experience and knowledge has
18 increased. As an example, for a period of time, Pacific Power agreed to sell and
19 transfer underground facilities upon permanent disconnection as an accommodation
20 to disconnecting customers.

21 **Q. Please provide an example of a circumstance in which a former customer
22 requested or insisted upon purchasing underground facilities.**

23 A. A good example is the City of Walla Walla hydro/water facility. Consistent with

¹⁷ Schedule 300.

1 Section 4.A of Pacific Power’s franchise agreement with the City of Walla Walla,
2 Pacific Power provided the accommodation. The City contractually assumed
3 ownership of certain facilities. An effort was made to relieve Pacific Power of future
4 liability relating to those facilities. But in light of a provision of the NESC that I will
5 later discuss, there remains a significant issue as to whether Pacific Power is actually
6 relieved of liability, particularly as to third parties. The governing bill of sale
7 included a provision prohibiting use of the facilities by another electric service
8 provider.

9 **Q. Does Pacific Power continue to accommodate customers requesting permanent**
10 **disconnection by agreeing to sell and transfer underground facilities?**

11 A. No. As I will later address, Pacific Power interprets the NESC to obligate the
12 Company to remove or perpetually maintain the underground facilities upon
13 disconnection. The NESC does not provide for contractually transferring the duty to
14 maintain facilities that are not removed and any resulting liability.

15 **Q. Please provide an example of a circumstance in which Pacific Power removed**
16 **underground conduit, on the property of a customer requesting permanent**
17 **disconnection.**

18 A. On October 31, 2013, Columbia REA submitted a Customer Requested Work
19 Agreement, by which Pacific Power was requested to remove its facilities including
20 underground conduit, on Columbia REA’s property located at 115 East Rees, Walla
21 Walla County, State of Washington.¹⁸ Columbia REA submitted a check for the
22 entire estimated cost of removal. As reflected in the additional documents relating to
23 that removal, Columbia REA has failed to pay the outstanding balance of \$2,588,

¹⁸ Exhibit No. RBD-7 (Columbia REA Customer Requested Work Agreement).

1 reflected in the final invoice.¹⁹

2 **Q. At any point during the process of removal of conduit from its property, did**
3 **Columbia REA take any of the positions now advocated in this matter through**
4 **the WWCC?**

5 A. No. Columbia REA never contended that the conduit should be left in the ground in
6 exchange for payment of net book value.

7 **EVOLUTION OF COST CALCULATIONS UNDER THE NET REMOVAL TARIFF**

8 **Q. Has Pacific Power’s method of calculating costs under the net removal tariff**
9 **evolved over time?**

10 A. Because implementation of the net removal tariff has been a learning process for the
11 Company, the Company’s cost calculation methods have been refined over time.
12 New issues have also arisen as permanent disconnection requests have increased.

13 When the Company’s tariff was initially approved in 2002, the charges for
14 removal of residential service drops and meters only were set at \$200 for overhead
15 service and \$400 for underground service. These charges were based on the
16 Company’s estimated cost for performing the work. For all other removals, the
17 charge was set at “Actual Costs, Less Salvage.” The Company initially considered
18 net removal costs as the labor cost to remove the facilities less any salvage value.
19 This charge was intended to be reasonable and fair, but to also avoid or lessen the
20 impact on remaining customers. Net book value of the removed facilities was not
21 included in the calculation. The salvage value was determined from the Company’s
22 Retail Construction Management System (RCMS).

¹⁹ Exhibit No. RBD-8 (Additional documents relating to the removal of conduit on Columbia REA property).

1 As the Company gained experience in applying the net removal tariff, the
2 methodology for the calculation was refined. In 2003, the Company identified
3 situations where the salvage value exceeded the actual (labor) costs. In this situation,
4 using the actual (labor) cost less salvage resulted in a credit to the customer. This
5 made it clear that not all costs were being included using this calculation
6 methodology. Pacific Power therefore modified how it determined salvage value and
7 began to offset salvage by the net book value of the removed facilities. If the
8 calculation resulted in a positive number, then the customer was credited a salvage
9 value. If it resulted in a negative number, no credit for salvage would be applied to
10 the job. The Company followed this policy until late 2012.

11 With the significant increase in removal work performed in 2010 and 2011,
12 the Company again reviewed its calculation methodology and determined that it
13 needed to update its calculation of net book value because the remaining net book
14 value of the removed facilities was not being appropriately captured in the
15 calculation. Since the net book value of the removed facilities is a cost that the
16 Company incurs as a result of the customer's request to permanently disconnect
17 electric service, the Company considers net book value a component of the actual cost
18 of the removal. Beginning in late 2012, the Company included the remaining net
19 book value of the removed facilities in the actual cost for removals. The method used
20 to calculate net book value is further described below.

21 The Company also determined that a more consistent approach to establishing
22 salvage value of electric facilities for removal work was necessary. The Company
23 therefore developed a template worksheet to determine salvage value.

1 A. Method to Calculate Net Book Value

2 **Net Book Value Calculation:**

3 Net Book Value = Retirement Amount (Gross Plant) – Accumulated Depreciation

4 The Company uses the group depreciation method for its fixed assets; the estimated
5 accumulated depreciation for an asset within an asset group is the calculated
6 depreciation for the asset based on its vintage and the retirement characteristics (the
7 approved survivor model or Iowa Curve) for the asset group.

8 The retirement amount of the asset is determined as follows:

9 **Specific Asset Identification (gross cost):**

10 The removed asset is specifically identified from the Company’s property records.

11 **Assets Using Handy Whitman Index (gross cost):**

12 If the removed asset is not specifically identified in the Company’s property records,
13 then the Company will apply the Handy-Whitman Index of Public Utility
14 Construction Cost (HW). The HW was developed specifically for electric utility
15 construction and used to trend earlier valuations and original cost records to estimate
16 reproduction cost at prices prevailing at a certain date. The index consists of prices
17 and cost trends for basic materials, labor, and equipment.

18 The calculation for a removed asset using the HW is:

19 ○ Retirement amount = Vintage year HW (1) / Current year HW * Cost of new asset

20 (1) Vintage year is the estimated year that the removed asset was originally installed.

21 **Mass Assets (gross cost):**

22 Mass assets are typically referred to as poles and conductor where the assets are
23 tracked by location, vintage year, and asset class. Mass assets are retired based on the

1 average costs of all assets for the given location, vintage year, and asset class. The
2 calculation for a removed Mass Asset is:

3 ○ Retirement amount = Average costs of installed asset for a given location, vintage
4 year (1), asset class * quantity retired.

5 B. Method of Salvage Value Calculation

6 The Company provides a full salvage value if facilities are to be reused by the
7 Company in their current condition. This value is the average price from Pacific
8 Power’s material management accounting system (SAP MM). For transformers older
9 than two years, the Company sends the transformers in for maintenance before
10 redeploying them. For these transformers, the salvage value used is a percentage of
11 the SAP MM price.

12 The Company performs annual inventory audits at all of its locations.
13 Additionally, every three to four years there is an internal audit performed by an
14 internal finance team. The last internal audit conducted for the Company’s Walla
15 Walla district occurred in 2011. The Company completed its internal audit of its
16 Yakima district September 2013.

17 C. Other Cost Calculation Issues

18 1. *Line Extension Costs*

19 Pacific Power’s Washington Rule 1, approved by the WUTC, defines “extensions”
20 as:

21 [A] branch from, a continuation of, or an increase in the capacity of Company
22 owned transmission or distribution lines or facilities that have not been
23 removed, at customer request, within the last five years. An Extension may be
24 single-phase, three-phase, or a conversion from single-phase to three-phase.
25 The Company will *own, operate and maintain* all Extensions made under
26 these Rules. (Emphasis added)

1 Facilities are those things designed, built, installed, or otherwise used to serve the
2 specific function of providing electric power and service. The demarcation point
3 between a customer's facilities and the Company's facilities is the point of
4 attachment. The Company owns all facilities up to the point of attachment, as well as
5 the meter. Customers own the facilities beyond the point of attachment, excluding
6 metering.

7 The Company does not have a specific reporting process that provides a
8 summary of all the facilities that were paid for or provided by customers through a
9 line extension. The Company can identify the facilities provided by customers
10 through a line extension through a manual review of individual work orders. The
11 Company does not include facilities that were provided or installed by customers in
12 the original line extension when determining net book value.

13 In the context of its various interventions in proceedings before the
14 Commission, Columbia REA has questioned whether the Company provides a credit
15 to those customers who paid a portion of the installation costs for the facilities being
16 removed. The Company has not historically included line extensions that were paid
17 for by customers in its calculations for permanent disconnection. In reviewing the
18 actual cost calculation methodology, the Company made a change to incorporate
19 customer contributions made toward the original installation as a credit towards the
20 net book value of the facilities removed. Removal requests made within five years of
21 the line extension installation are eligible for a proportional line extension credit.

22 This five-year timeframe is consistent with the duration used for customer refunds on

1 line extensions.²⁰ It is important to note, however, that facilities that were paid for as
2 part of a line extension could be removed at no cost to the departing customer if the
3 facilities are located within the public right-of-way. Since 2003, the Company has
4 completed a total of 9,514 line extensions in Washington. Of those line extensions,
5 two had permanent disconnections completed within five years of the line extension
6 being installed.

7 **OPERATIONAL REASONS FOR REMOVING UNDERGROUND FACILITIES**
8 **UPON A CUSTOMER'S REQUEST FOR PERMANENT DISCONNECTION**

9 **Q. Has Pacific Power ultimately concluded that operational reasons require**
10 **removal of underground facilities when any customer requests a permanent**
11 **disconnection?**

12 A. As I previously mentioned, Mr. Clemens addresses the safety reasons necessitating
13 removal of underground facilities when a customer requests permanent disconnection.
14 In addition to those safety reasons, Pacific Power has concluded that operational
15 considerations necessitate removal of underground facilities whenever a customer
16 requests permanent disconnection.

²⁰ Rule 14, Section II.B. and Section IV.C.

1 **Duty Imposed Under the NESC**

2 **Q. Please identify and discuss the operational reasons for necessarily removing all**
3 **underground facilities upon a customer’s request for permanent disconnection.**

4 A. First, Pacific Power interprets the NESC to require removal of all underground
5 facilities unless the utility provider is willing to assume the duty to perpetually
6 maintain those facilities after permanent disconnection.

7 NESC Part 3, Safety Rules for the Installation and Maintenance of
8 Underground Electric Supply and Communication Lines, Section 313.B.3, requires
9 that the Company’s unused underground lines and equipment either be removed or
10 maintained in a safe condition. Because the Company has an obligation both to
11 reduce costs for its customers and comply with the requirements of the NESC, the
12 Company determined that all Company facilities not likely to be reused by Pacific
13 Power to serve its customers would be removed as part of a customer’s request to
14 permanently disconnect service, including underground facilities. This eliminates the
15 need for the Company to track or to maintain the facilities or to remove them at a
16 later date.

17 I have reviewed the testimony of Mr. Marne, submitted on behalf of the
18 Complainant. Mr. Marne essentially concedes that NESC Section 3 does not provide
19 for the sale of underground facilities to a departing customer or the new utility
20 provider, with termination of the duty of perpetual maintenance. Specifically, Mr.
21 Marne avoids that issue by stating: “NESC Rule 313.B.3 does not provide specific
22 details for individual circumstances.”²¹ Pacific Power has carefully reviewed the
23 NESC and there is absolutely no limitation upon the duty of the disconnecting utility

²¹ Exhibit No. DJM-1CT, p. 2, ll. 17-18.

1 provider to remove or maintain the underground facilities in a safe condition. Pacific
2 Power is simply not prepared to expose its remaining customers to the potential
3 negative financial ramifications of failing to strictly adhere to the governing
4 provisions of the NESC.

5 **Q. You previously mentioned that Pacific Power no longer agrees to accommodate**
6 **a disconnecting customer by selling underground facilities. Did the terms of the**
7 **net removal tariff play any role in that ultimate decision?**

8 A. Yes. The net removal tariff does not provide for the sale of underground facilities
9 upon permanent disconnection. Pacific Power concluded that the few
10 accommodations afforded to departing customers since the net removal tariff was
11 initially approved in 2002 were inconsistent with the net removal tariff.

12 **Net Book Value Does Not Capture All of the Actual Costs Resulting from a Customer's**
13 **Request to Permanently Disconnect**

14 **Q. Columbia REA, through the Club in this matter, argues that departing**
15 **customers should be allowed to purchase underground facilities for just net book**
16 **value. Would that be sufficient to cover all of the actual costs to Pacific Power's**
17 **remaining customers?**

18 A. No. Other fixed costs of providing service to customers would be shifted to other
19 Pacific Power customers. In effect, even in a circumstance where a customer pays the
20 net book value associated with facilities on a customer's property, Pacific Power's
21 other customers would absorb fixed transmission and generation costs no longer
22 borne by the departing customer. Although the net removal tariff is intended to hold

1 Pacific Power's remaining customers harmless from the effects of a departing
2 customer, not all costs can be captured in the cost calculation.

3 In addition, the Company's tariff states the actual cost for removal of facilities
4 may not include any amount for facilities located on a public right-of-way, except for
5 the service drop and meter or unless the customer specifically requested that those
6 facilities to be removed. In 2012, the Company also excluded the removal of area
7 lights from the costs that departing customers would pay, provided that the customer
8 had been billed for the light for a minimum of three years. The Company has been
9 encouraging the removal of area lights due to the costs associated with maintaining
10 and replacing them. By excluding the removal of area lights from the amounts a
11 customer would pay, the Company eliminated any barrier a customer might have
12 from requesting that only the area light be removed.

13 Because net book value is insufficient to capture the full financial impact
14 resulting from a customer requesting to disconnect from Pacific Power's system,
15 additional stranded costs should be evaluated as part of the net removal tariff to
16 ensure remaining customers are not negatively harmed by a departing customer. As
17 the Company has gained more experience with the application of the net removal
18 tariff, these issues have surfaced. The Company intends to address these items in a
19 future revision to the net removal tariff, but Pacific Power is not proposing those
20 modifications in this docket.

1 **Q. In the very unique competitive environment resulting from Columbia REA**
2 **aggressively pursuing customers of a regulated utility, in this case Pacific Power,**
3 **all in the absence of a service area agreement, would Columbia REA enjoy a**
4 **competitive advantage by acquiring facilities installed by Pacific Power for just**
5 **net book value?**

6 A. Yes. Using the immediate circumstance as an example, to install just the
7 underground facilities (conduit and vaults) would cost roughly \$94,500. Through the
8 WWCC and its paid experts, Columbia REA seeks to acquire all existing (above-
9 ground and underground) facilities for net book value, \$24,049. The total current net
10 book value is \$30,813.46 but that includes \$6764 of WWCC-provided facilities.

11 As I mentioned previously, under the terms of their Electric Service
12 Agreement, Columbia REA anticipates the cost of constructing necessary facilities on
13 the WWCC property will total \$318,732.50.²² Columbia REA is entirely responsible
14 for all of those construction costs.²³ Securing the use of Pacific Power owned
15 facilities at net book value would save Columbia REA considerable expense. Pacific
16 Power's remaining customers should not be required to subsidize Columbia REA's
17 expansion of its service area.

18 **Q. Does this conclude your direct testimony?**

19 A. Yes.

²² Ex. RBD-6 (November 30, 2012 Electric Service Agreement).

²³ *Id.*

Exhibit No. RBD-2
Docket UE-143932
Witness: R. Bryce Dalley

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WALLA WALLA COUNTRY CLUB,

Complainant,

v.

PACIFIC POWER & LIGHT COMPANY,
a division of PacifiCorp

Respondent.

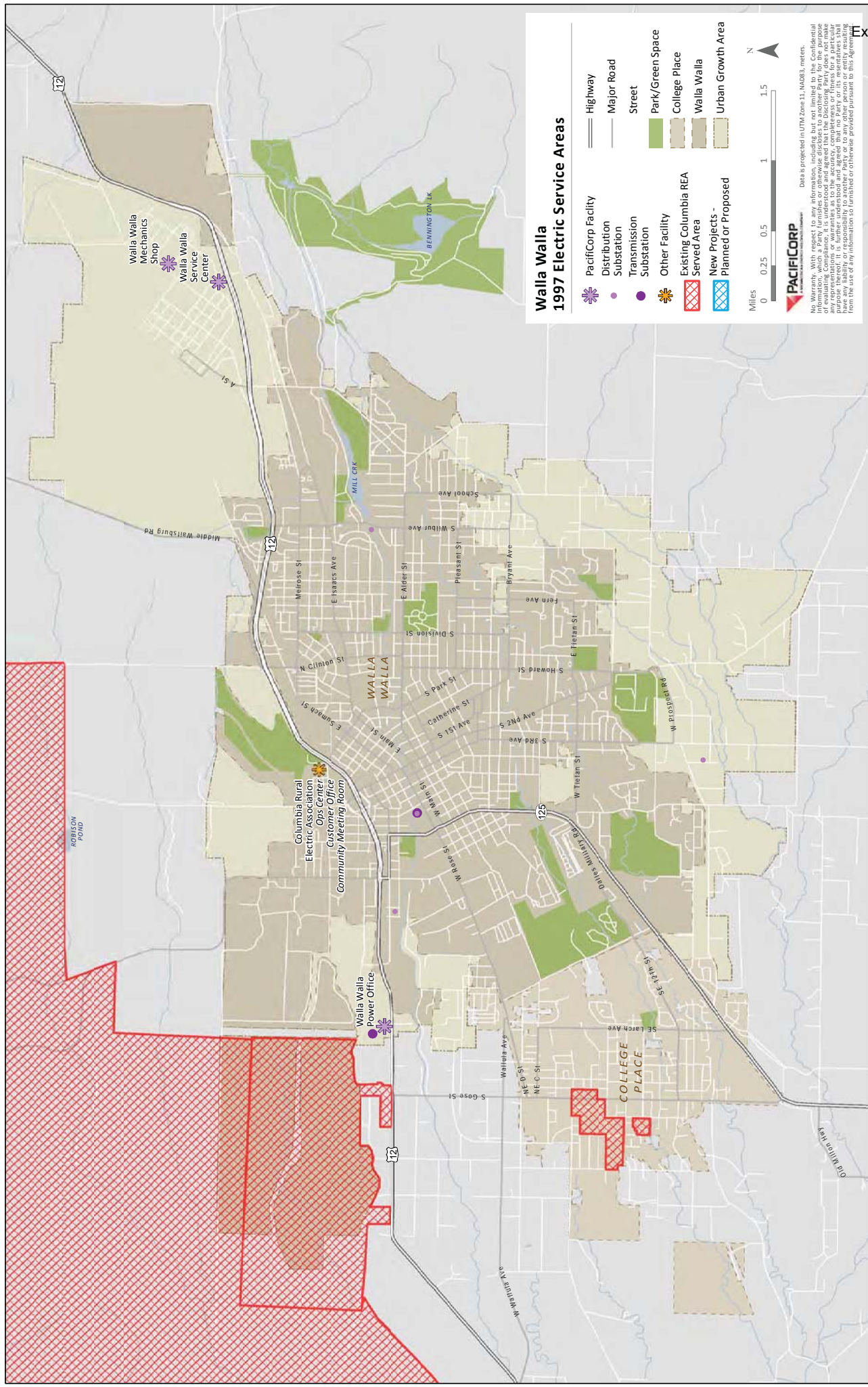
Docket UE-143932

PACIFIC POWER & LIGHT COMPANY














EXHIBIT OF R. BRYCE DALLEY

Walla Walla Service Area Maps

July 2015



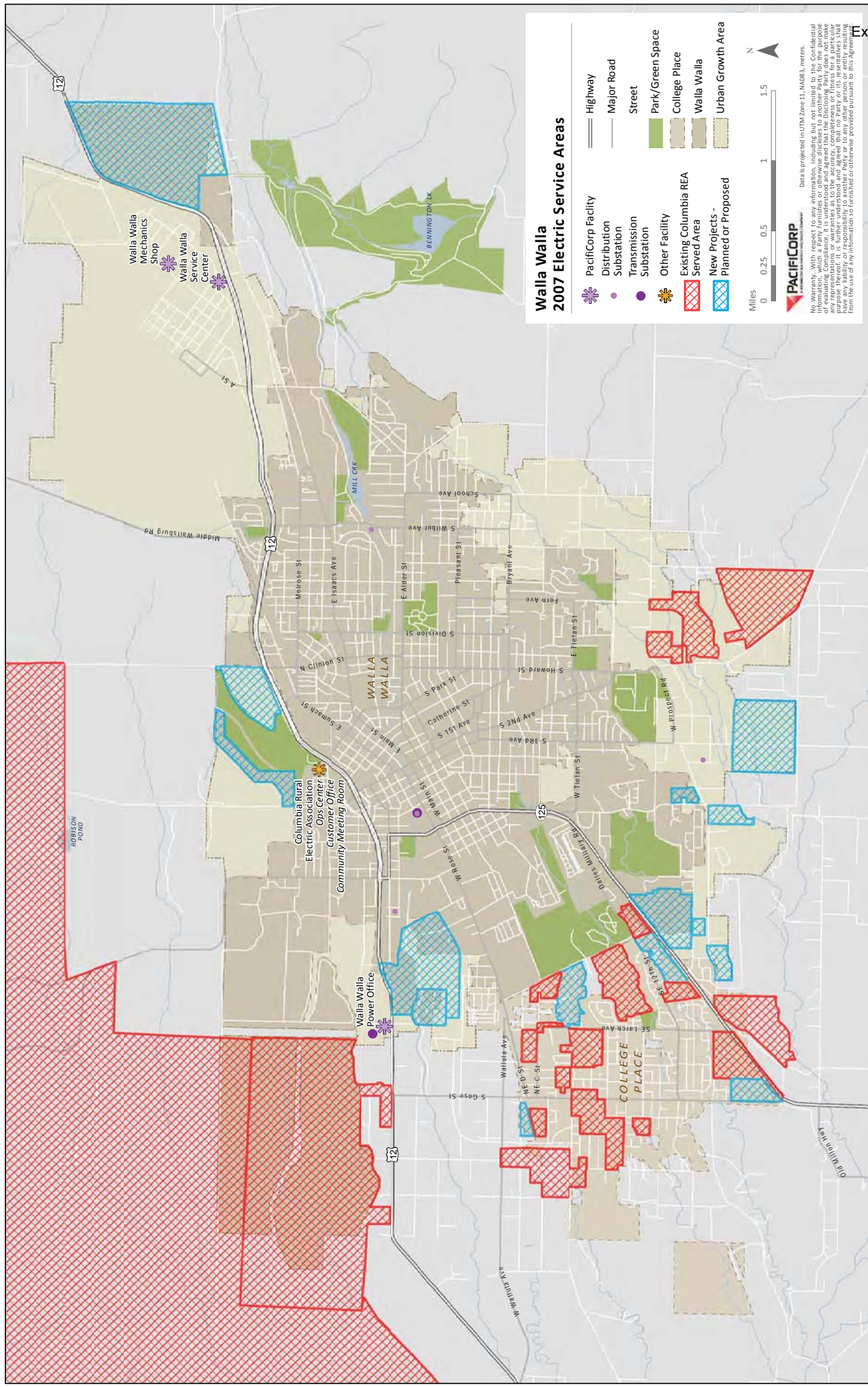
Walla Walla 1997 Electric Service Areas

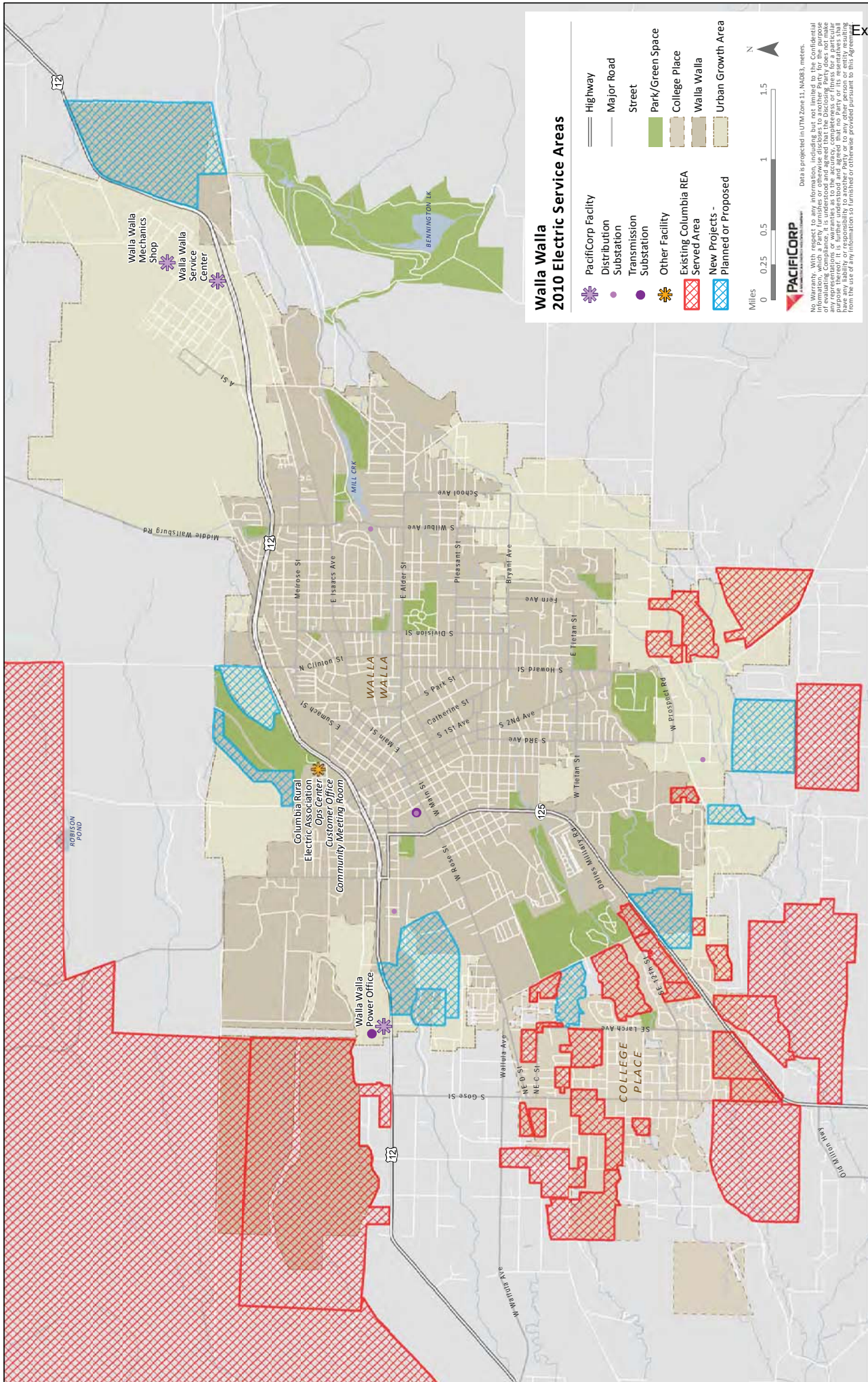
-  PacificCorp Facility
-  Distribution Substation
-  Transmission Substation
-  Other Facility
-  Existing Columbia REA Served Area
-  New Projects - Planned or Proposed
-  Highway
-  Major Road
-  Street
-  Park/Green Space
-  College Place
-  Walla Walla
-  Urban Growth Area

Miles 0 0.25 0.5 1 1.5
N



Data is projected in UTM Zone 11, MADS83, meters.
No warranty, with respect to any information, including but not limited to, the Confidential Information, is made by the Disclosing Party for the use of the Confidential Information for any purpose other than that for which it was provided. The use of the Confidential Information for any other purpose, without the prior written consent of the Disclosing Party, is prohibited. It is further understood and agreed that no Party or its representatives shall be liable for any damages, including but not limited to, consequential damages, arising from the use of any information so furnished or otherwise provided pursuant to this Agreement.





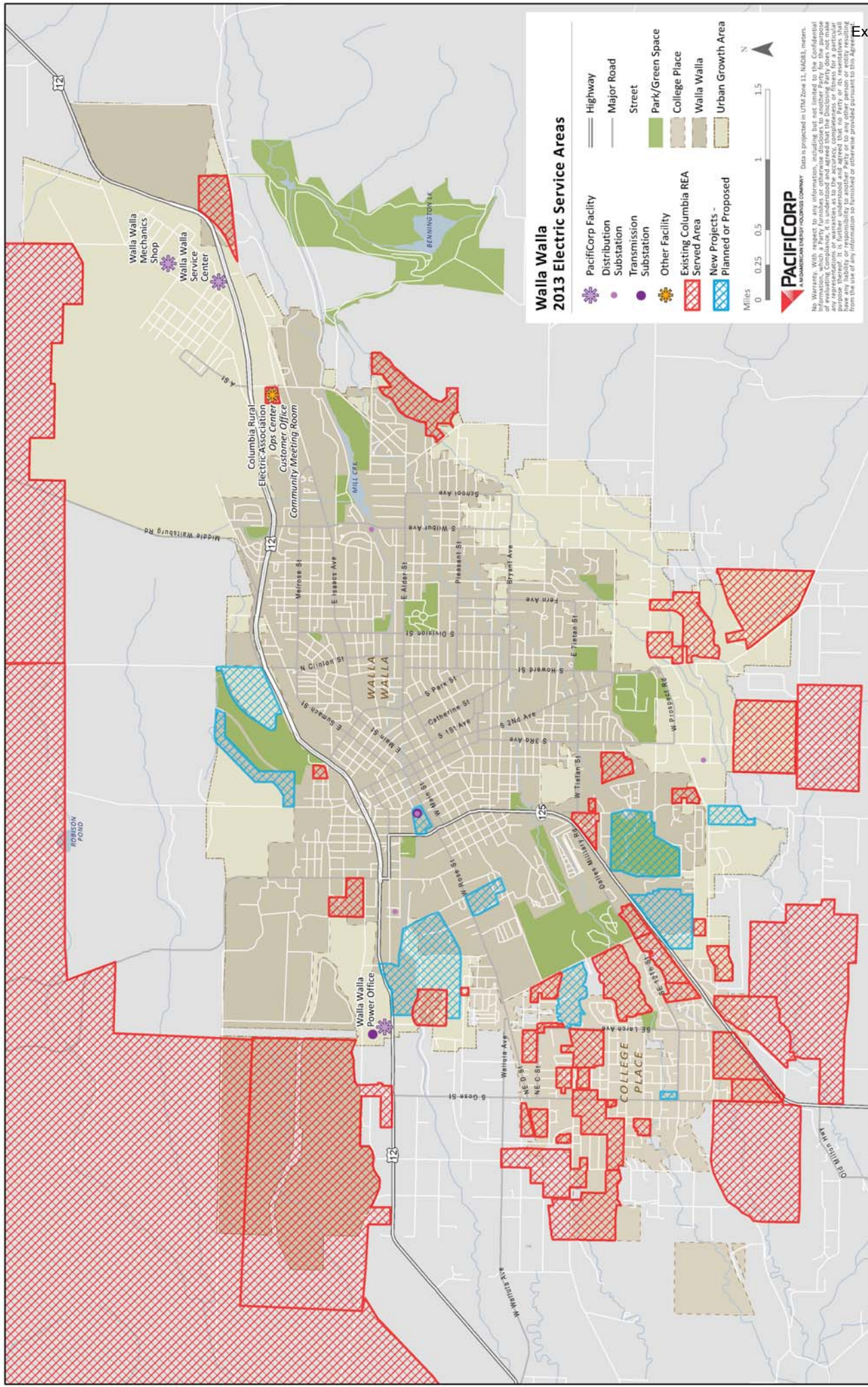


Exhibit No. RBD-3
Docket UE-143932
Witness: R. Bryce Dalley

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WALLA WALLA COUNTRY CLUB,

Complainant,

v.

PACIFIC POWER & LIGHT COMPANY,
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Respondent.

Docket UE-143932

PACIFIC POWER & LIGHT COMPANY

EXHIBIT OF R. BRYCE DALLEY

Complainant's Response to DR 35

July 2015

1 is relevant, and (2) is intended to harass and cause unnecessary or to needlessly
2 increase the cost of this litigation. Without waiving said objections, WWCC
3 responds that the document speaks for itself and is subject to further interpretation by
4 the parties as the need arises.

5 34. The authorities cited in your Joint Representation Agreement were all decided in the
6 context of criminal prosecutions. Set forth any authority you have for your
7 contention that your communications with CREA and its counsel Witherspoon,
8 Kelley, Davenport & Toole P.S. after the date the Joint Representation Agreement
9 was executed by all the signators are protected from disclosure under the attorney-
10 client privilege.

11 **RESPONSE:** WWCC objects to this Data Request on the ground that it seeks
12 to discover information that (1) is not relevant to the issues in this proceeding, nor
13 will it lead to the discovery or production of information that is relevant, and (2) is
14 intended to harass and cause unnecessary or to needlessly increase the cost of this
15 litigation. WWCC further objects to this Data Request on the ground that it seeks a
16 legal conclusion and is outside the scope of permissible discovery in this matter.

17 35. Please refer to Attachment I, page 44. Scott Peters of CREA states that “our attorney
18 has spoken to Tom...” Who is the individual referred to as CREA’s attorney?

19 **RESPONSE:** WWCC objects to this Data Request on the ground that it seeks to
20 discover information that (1) is not relevant to the issues in this proceeding, nor will it
21 lead to the discovery or production of information that is relevant, and (2) is intended
22 to harass and cause unnecessary or to needlessly increase the cost of this litigation.

23 Without waiving said objection, WWCC responds that it is likely Scott Peters of
24 CREA was referring to Stanley M. Schwartz, who on behalf of Witherspoon Kelley,
25 is general counsel to CREA.

26 36. Please refer to Attachment I, page 14. A representative of The Walla Walla Country

Exhibit No. RBD-4
Docket UE-143932
Witness: R. Bryce Dalley

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WALLA WALLA COUNTRY CLUB,

Complainant,

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PACIFIC POWER & LIGHT COMPANY,
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Respondent.

Docket UE-143932

PACIFIC POWER & LIGHT COMPANY

EXHIBIT OF R. BRYCE DALLEY

Professional Resume of Mr. Stanley M. Schwartz

July 2015

STANLEY M. SCHWARTZ



Spokane
Phone: 509.624.5265

Legal Assistant: Karina Hermanson

Practice Areas:

- [Business and Corporate](#)
- [Environmental, Land Use and Zoning](#)
 - [Litigation](#)
 - [Municipal Law](#)
 - [Real Estate](#)

PRINCIPAL

Primary Practice: [Land Use](#), [Municipal Law](#), [Real Estate](#), [Business & Corporate](#)

Education:

- J.D., Gonzaga University, 1984, Gonzaga Law Review Technical Editor
- B.A., University of Denver, 1980

Stanley Schwartz has been recognized as one of the country's Best Lawyers in Land Use & Zoning, Municipal, and Real Estate law. *Best Lawyers*, a partner publication of *U.S. News & World Report*, is the oldest and most respected peer-review journal in the legal profession.

Stanley practices in the areas of land use, municipal, real estate, environmental, business and corporate law. Stanley acts as the City Attorney for the Cities of Cheney and Airway Heights and handled the legal work that led to the successful incorporations of the cities of Liberty Lake in 2001 and Spokane Valley in 2003. He also serves as General Counsel to the Spokane Public Facilities District and Columbia Rural Electric Association. He has special expertise in real estate

development, land use entitlements permits and related transactional, administrative, and litigation issues.

For 15 years, Stanley was employed by the City of Spokane as an Assistant City Attorney, representing the City departments of engineering and construction services, capital programs, real estate, economic and community development, zoning and planning, environmental programs, waste water management, and transportation. During his tenure, he represented the City in numerous real estate transactions, land use issues involving the development of significant public and private projects, eminent domain actions, and environmental law issues.

- Licensed to practice in Washington and Idaho
- Joined Witherspoon Kelley in 2000

Highlights/Achievements

- Gonzaga University School of Law, Adjunct Professor of Zoning and Land Use
- Presenter of “A Short Course on Local Planning” for the Washington State Department of Commerce
- Author and presenter at Washington State Bar Association seminars and other professional associations

Representative Work

- Incorporations of Liberty Lake, 2001, and Spokane Valley, 2003
- *Pinecrest Homeowners Association v. City of Spokane*, Court of Appeals Case No. 20916-4 (2003) (Zoning)
- *Spokane Research and Defense Fund v. City of Spokane*, 96 Wn.App. 568 (1999) (Lease disclosure)
- *Priorities First v. City of Spokane*, 93 Wn.App. 406 (1998) (Legality of initiative as to reelection of public officials)
- *C.L.E.A.N. v. City of Spokane*, 133 Wn.2d 455 (1997) (Spokane downtown redevelopment)

Professional/Civic Activities

- Washington State Bar Association – Land Use and Environmental Law Section and Corporate Counsel
- United States District Court, Eastern District of Washington and Idaho District Court
- Ninth Circuit Court of Appeals

DISCLAIMER: These materials have been prepared by Witherspoon Kelley for informational purposes only and are not legal advice. This information is not intended to create, and receipt of it does not constitute, a lawyer-client relationship. Internet subscribers and online readers should not act upon this information without seeking professional counsel. Do not send us information until you speak with one of our lawyers and get authorization to send that information to us.

Exhibit No. RBD-5
Docket UE-143932
Witness: R. Bryce Dalley

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WALLA WALLA COUNTRY CLUB,

Complainant,

v.

PACIFIC POWER & LIGHT COMPANY,
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Respondent.

Docket UE-143932

PACIFIC POWER & LIGHT COMPANY

EXHIBIT OF R. BRYCE DALLEY

January 3, 2013 Agreement between WWCC and Columbia REA

July 2015



January 3, 2013.

Jeffery C. Thomas, General Manager
Walla Walla Country Club
1644 Plaza Way, #508
Walla Walla, WA 99362

Re: Electric Service with Columbia Rural Electric Association.

Dear Mr. Thomas:

This letter sets forth the understanding and agreement between the Walla Walla Country Club ("WWCC") and Columbia Rural Electric Association ("CREA"), jointly referred to as "Parties", with regard to expenses related to the installation and delivery of electric service under the Electric Service Agreement, signed by WWCC and CREA on October 31, 2012 to include disconnection charges assessed by Pacific Power and reasonable costs, attorney fees and other related expenses incurred by WWCC.

1. Background. WWCC has received an estimate from PacifiCorp to disconnect its existing electrical service. The disconnection may include removal, retention or purchase of existing underground conduit that contains electric lines and related facilities. A dispute exists between WWCC and PacifiCorp with regard to the ownership and removal of the underground conduit. PacifiCorp claims it holds right, title and interest in the conduit and may either remove conduit or take action to destroy the conduit so that it may not be used for future electric service. The Parties believe PacifiCorp's action will unnecessarily damage the golf course property and result in waste of materials. CREA further believes reuse of the conduit would expedite installation of new utility service, decrease the cost to extend service and avoid wasting the conduit.

2. Costs and Expenses.

A. Disconnect from Pacific Power. Pacific Power has provided WWCC with an estimate stating that the disconnection fee will be approximately \$19,581.00 ("Disconnection Fee"). CREA agrees to: (i) reimburse WWCC the full amount of the Disconnection Fee and (ii) recover from WWCC the amount of \$9,970.50 ("Loan Amount"). WWCC agrees and promises to pay the Loan Amount to CREA over a period of thirty six (36) months through monthly payments of \$271.00 that will be added to the WWCC charges for electric service. The first payment will be due upon receipt of the first bill for electric service. No interest will be charged on the Loan Amount provided timely payments are made. In the event the Loan Amount is not

back math... 9970.50

951.8

J. Thomas
Walla Walla Country Club
January 3, 2013.

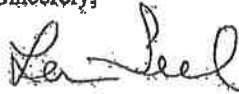
paid as set forth herein, the Parties agree that CREA may exercise all remedies provided by the CREA Bylaws, rules and policies including all remedies available at law or in equity.

B. Attorney Fees, Court Costs and Related Expenses. To assist in resolving the dispute with PacifiCorp, WWCC has engaged its attorney, Thomas K. Baffney. CREA agrees to reimburse WWCC its reasonable attorney fees, court costs and related expenses incurred for legal services delivered to WWCC that relate to the removal, acquisition, retention or similar claims involving the ownership, control, right or interest of WWCC in the underground conduit. WWCC authorizes Mr. Baffney to periodically consult with CREA management and attorneys in order to review and discuss this matter, including WWCC's reasonable attorney fees. CREA shall reimburse WWCC directly for reasonable attorney fees upon presentation of an invoice.

C. Miscellaneous. This Letter of Understanding is an amendment to the Electric Service Agreement.

The Parties acknowledge by signing below that the above matters are understood and agreed on the day and year set forth below.

Sincerely,



Les Teel
CEO Columbia Rural Electric Association

The above is acknowledged and agreed by the Walla Walla County Club this 3rd day of January, 2013.


Jeff Thomas, General Manager

Exhibit No. RBD-6
Docket UE-143932
Witness: R. Bryce Dalley

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WALLA WALLA COUNTRY CLUB,

Complainant,

v.

PACIFIC POWER & LIGHT COMPANY,
a division of PacifiCorp

Respondent.

Docket UE-143932

PACIFIC POWER & LIGHT COMPANY

EXHIBIT OF R. BRYCE DALLEY

November 30, 2012 Electric Service Agreement

July 2015

Name: Walla Walla Country Club
 Location #: C02-44-0100, 0103, 0104, 0105, 0110, 0115, 0120
 Account #: 17765

**ELECTRIC SERVICE AGREEMENT
 COLUMBIA RURAL ELECTRIC ASSOCIATION
 PO Box 46, Dayton, WA 99328-0046**

This Agreement is made and entered into this 30th day of November, 2012 (the "Effective Date"), by and between COLUMBIA RURAL ELECTRIC ASSOCIATION, (hereinafter "Cooperative") and Walla Walla Country Club (hereinafter "Member"), jointly referred to as "parties".

NOW, THEREFORE, the Cooperative agrees to sell and deliver to the Member, and the Member agrees to purchase and receive all of Member's requirements for electric power and energy, (excepting that which may be furnished by facilities qualifying under the Public Utility Regulatory Policies Act (PURPA)) on the following terms and conditions:

1. **Delivery Of Service/System Ownership/Exclusivity** – The electric energy and related or agreed services (the "Electric Service") to be furnished under this Agreement will be delivered and received at a mutually agreed points on the Member's property located at (if available):

1390 Country Club Road, Walla Walla, Washington, parcel no.'s 360731140057,
 360731540055, 360731140009, 360731510115

in the SE 1/4 of the NW 1/4 Section 31, Township 07 N, Range 36 EWM, in Walla Walla County.

A legal description of the property is attached as Exhibit A (the "Property").

The Member shall not use the Electric Service as an auxiliary or supplement to any other source of electric power, except that which qualifies under PURPA, nor resell the Electric Service. The electrical lines, conduit, facilities, components and all related equipment installed by the Cooperative (the "Facilities"), for the purpose of providing Electric Service to the Property, are and shall remain the property of the Cooperative.

During the term of this Agreement, and as part of the consideration exchanged by the parties, the Cooperative shall be the sole and exclusive provider of Electric Service to the Property.

2. **Service Characteristics** – The Electric Service shall be:

Multiple connections of :

(a)	3 phase	277/480 secondary voltage	at 45kva.	Rate 4.0	400 Amps	to serve: Plaza Way 15 HP Pump C02-44-0100
(b)	3 phase	277/480 secondary voltage	at 300kva	Rate 5.0	800 Amps	to serve: 330 HP Pump C02-44-0105
(c)	1 phase	120/240 secondary voltage	at 37.5kva	Rate 1.3	200 Amps	to serve: Tennis Lights C02-44-0110

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(d)	3 phase	120/208 secondary voltage	at 225kva	Rate 3.2	1600 Amps	to serve: Club House C02-44-0115
(e)	3 phase	277/480 secondary voltage	at 45kva	Rate 3.0	400 Amps	to serve: 14 th Fairway 30 HP Pump & Bathroom C02-44-0120
(f)	3 phase	120/240 secondary voltage	at 25kva	Rate 1.3	200 Amps	to serve: 6 th Tee Box Bathrooms C02-44-0103
(g)	3 phase	120/240 secondary voltage	at 45kva	Rate 1.3	200 Amps	to serve: Maintenance Bldg C02-44-0104

Electric Service will be measured by metering devices installed, maintained and owned by the Cooperative. Additional service connections may be added to the Property through Cooperative work order accepted by the Member.

3. **Payment** – The Member shall purchase the Electric Service at the rates and upon the terms periodically established, and revised, by the Cooperative’s Board of Directors. The presently effective rates are attached hereto and made a part of this Agreement.

The billing period shall commence upon use of Electric Service, or ninety (90) days after the date the Cooperative makes Electric Service available to Member, whichever first occurs. "Available" means the ability of the Cooperative to deliver electrical power through Cooperative lines, facilities and appurtenances to the Property regardless of Member's use of Electric Service.

Invoices (or Billing Statements) shall be paid at the office of the Cooperative in Dayton or Walla Walla, Washington. Payments shall be made upon the terms set forth in the Billing Statement. Upon a failure to make payment when due, the Cooperative may discontinue service to the Property following written notice to the Member. Discontinuance of service shall not relieve the Member of any obligations under this Agreement. Member further agrees to pay all expenses, including reasonable attorney fees, which the Cooperative incurs in the collection of all obligations due the Cooperative from the Member. At the sole option of the Cooperative, patron equities, earnings and credits may be applied against any delinquent or past due charges, fees or costs related to Electric Service.

4. **Membership** – Prior to delivery and receipt of Electric Service, the Member shall make application and become a member of the Cooperative. Thereafter, the terms of this Agreement, the Cooperative Articles of Incorporation, Bylaws, Resolutions, Rules and Policies shall govern the provision of Electric Service.

5. **Code Compliance** – The Member represents and warrants that the premises and Property to be served are, at all times, in conformance with the National Electrical Code and all applicable city, county and state codes.

6. **Right Of Access** – Representatives of the Cooperative shall be permitted to enter the Property at all reasonable times in order to perform work and maintenance, and to make inspections related to the Electric Service. The Cooperative's activity or work on the Property shall be performed with minimal disturbance to the Property. Upon completion of the work or activity, the Property shall be restored to the condition in which it was found with reasonable wear and tear excepted.

7. **Easement** – Member hereby grants to the Cooperative an easement over, under, across and through Member's premises and Property for utility purposes, including, without limitation, the right to construct, operate and maintain such underground lines, poles, anchors, wires, facilities, and attachments thereto, as may be required for the purpose of delivering power, energy and service to Member. Member covenants not to remove or alter lateral support from any such poles, anchors or wires. To the extent required by law, Member shall, upon the request of the Cooperative, execute a separate recordable easement in substantial conformance with the terms of this section.

8. **Continuity Of Service** – The Cooperative shall make reasonable efforts and diligence to provide a constant and uninterrupted supply of electric power and energy to Member. If the supply of Electric Service shall fail, be interrupted or become defective through, without limitation, an act of God, governmental action, weather, acts of third parties, accident, strike, labor disruption, operational/maintenance/construction work on the electrical distribution or service system, equipment failure, inability to secure right of way, permits, or any other cause beyond the reasonable control of the Cooperative, the Cooperative shall not be liable therefor for any damage or loss that may be caused thereby. Member, except for Cooperative's willful or negligent misconduct, hereby waives its right to recover, and irrevocably releases Cooperative from and against all claims that it may now have or hereafter acquire against the Cooperative for, any costs, expenses, damage, liability or cause of action arising from or related to the provision of Electric Service to the Property or any portion thereof.

9. **Term** – This Agreement shall commence on the date service is available and shall remain in effect for a period of 10 years (the "Initial Term"). After the Initial Term, this Agreement shall automatically renew, without action of the parties, for one (1) year terms. This Agreement may be terminated by: (a) either party upon 180 days advance written notice ("Termination") or (b) upon thirty (30) days notice from Member if CREA electric rates exceed the rates charged by PacifiCorp for similar electric service during a six (6) month period ("Rate Termination"). Upon Termination, the Cooperative reserves the right, but not the obligation, to remove the Electric Service and all related improvements, appurtenances and equipment, to include assessment for costs of removing the Electric Service and, if applicable, a reasonable disconnection charge against Member (see Section 10(c)). Prior to a Rate Termination, the Parties shall meet and confer in good faith to review electric rates (past and forecasted), service demands and other cost considerations. If this Agreement is terminated under the Rate Termination provision above, Member shall not be responsible to pay the early termination charge set forth in section 10 (c) below.

10. **Construction** – Construction costs for the Facilities service total \$318,732.50. This estimated cost is valid for 30 days from the date of this agreement. Payment of the costs are allocated as follows:

- (a) The Cooperative will pay or provide a credit of \$318,732.50 as set forth in the Cooperative Line Extension Policy.
- (b) The Member will pay \$ 0 toward construction of the Facilities.
 In full
 Or Amortized as set forth on Exhibit C (which may include a promissory note and security interest in the Property).

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(c) Early Termination Charge: In the event this Agreement is terminated prior to the Initial Term set forth in Section 9, Member shall pay a termination charge which shall be determined as follows: Cost of construction contributed by CREA (i.e., the line extension credit, Section 10(a)) divided by the Initial Term, with the sum multiplied by the number of months remaining in the term of this Agreement. The early termination charge shall be paid by Member within thirty (30) days of termination. Interest, at the maximum amount legally permissible, shall accrue on the unpaid and due amount.

(d) Member Responsibilities Primary and Service Trenching.

The Cooperative shall furnish all engineering, labor and materials for the Facilities and Electrical Service. Customer shall cooperate and allow entry onto the Property as is reasonable and necessary for the Facilities and Electrical Service. Construction by the Cooperative shall commence following satisfaction of the conditions set forth in subsections (a) and (b), above.

11. Succession And Approval – This Agreement shall be binding upon and inure to the benefit of the heirs, successors, legal representatives and assigns of the respective parties hereto.

12. Compliance – Failure on the part of the Member to accept service from the Cooperative, or to comply with the Articles of Incorporation, Bylaws, Rules and Regulations of the Cooperative, or to carry out the terms and conditions of this Agreement, shall not relieve the Member from the obligation to make the payments as required herein or the conditions set forth in this Agreement.

13. Interconnection – The Cooperative reserves the right to connect additional Members onto or beyond the end of the service described herein or, when applicable, the line extension covered by the Agreement without affecting the amount or payment of the amounts due herein.

14. Notices – All notices required, or permitted to be given under this Agreement, shall be in writing and delivered when received at the address set forth below.

To the Member:

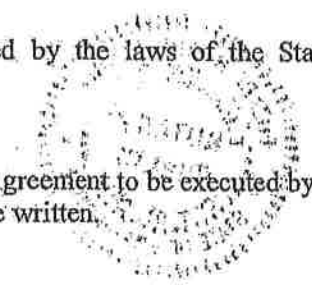
Name: Walla Walla Country Club
Title: _____
Address: 1644 Plaza Way #508, Walla Walla, WA 99362
Phone: 509-520-8282

To the Cooperative: Columbia Rural Electric Association
Attn: Manager of Financial Services
PO Box 46, Dayton, WA 99328-0046
(800) 642-1231

15. **Representation Of Member** - Member represents that, as of the Effective Date, the person signing this Agreement has authority and, to the extent necessary, has received consent from the entity described below to execute this Agreement and bind Member to this Agreement. This Agreement is a valid and binding obligation enforceable by the Cooperative in accordance with its terms.

16. **Governing Law** - This Agreement shall be governed by the laws of the State of Washington. Venue shall be Walla Walla County, Washington.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.



COLUMBIA RURAL ELECTRIC ASSOCIATION

By: _____

Title: ~~CEO~~ Jim Cooper,
Manager of Financial Services
(13)

Partnership, Corporation or Other Entity

Name: Walla Walla Country Club

Fed I.D. # (if applicable)

91-0457050

City, State & Zip Code:

Walla Walla, WA 99362

IN WITNESS whereof the Walla Walla Country Club has caused this contract for electric service to be executed by its duly authorized officers.

By: _____

Partner/Officer/Member

STATE OF Washington,
COUNTY OF Walla Walla } ss.

On this 7th day of Dec, 2012, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared GARY K. HANSON, to me known to be the individual that executed the foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS MY HAND and official seal hereto affixed the day and year first above written.



Elizabeth Langley
Notary Public in and for the
State of Washington
Residing at: Walla Walla
Commission expires: 10/01/14

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 2012, before me, the undersigned, a Notary Public in and for the State of _____, duly commissioned and sworn, personally appeared _____, to me known to be the individual that executed the foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS MY HAND and official seal hereto affixed the day and year first above written.

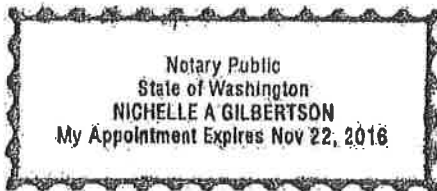
Notary Public in and for the
State of _____
Residing at: _____
Commission expires: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF COLUMBIA)

On this 13th day of December, 2012, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared ~~Les Teel~~, to me known to be the ~~CEO~~ ^{Manager of Financial Services} General Manager of COLUMBIA RURAL ELECTRIC ASSOCIATION, the Corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said Corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument on behalf of the Corporation.

Jim Cooper
(178)

WITNESS MY HAND and official seal hereto affixed the day and year first above written.



Nichelle A. Gilbertson

Nichelle A. Gilbertson
Notary Public in and for
the State of Washington
Residing at Dayton Washington.
My commission expires: NOV. 22, 2016

Exhibit No. RBD-7
Docket UE-143932
Witness: R. Bryce Dalley

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WALLA WALLA COUNTRY CLUB,

Complainant,

v.

PACIFIC POWER & LIGHT COMPANY,
a division of PacifiCorp

Respondent.

Docket UE-143932

**PACIFIC POWER & LIGHT COMPANY
EXHIBIT OF R. BRYCE DALLEY
Columbia REA Customer Requested Work Agreement**

July 2015

Work Order #: 5777704
Cust. Acct. #: 44350051-001

PACIFIC POWER, a division of PACIFICORP CUSTOMER REQUESTED WORK AGREEMENT

This Customer Requested Work Agreement (this "Agreement"), dated October 30, 2013, is between Pacific Power, a division of PacifiCorp, ("Company") and COLUMBIA RURAL ELECTRIC, ("Customer"), for work to be performed by Company for Customer at or near 115 E Rees in Walla Walla County, State of Washington.

Description:

Remove Company facility

Company facilities, that will no longer be used to provide service due to Customer switching from taking service from Company to taking service from another utility, will be removed at Customer's expense, less salvage value in excess of book value, if any.

Third-Party Relocation Costs: This work does not include any third-party relocation costs. Customer shall be solely responsible for obtaining cost estimates from any third-parties attached to the existing facilities, and Customer shall be solely responsible for making all necessary arrangements to transfer third-party facilities to the replacement facilities, or any alternative arrangements to accommodate all such third-parties.

Payment to Company: In consideration of the work to be performed by Company, Customer agrees to pay the estimated costs of \$14,426.00, in advance. Payment to Company will be adjusted to actual cost after completion of work. If actual cost is less than estimated cost the difference will be refunded to Customer by Company. If actual cost is greater than estimated cost the Company will bill Customer and Customer will pay the additional amount to Company. Estimated cost is valid for 90 days from the agreement date.

Any correspondence regarding this work shall be directed to the appropriate party as shown below:

Columbia Rural Electric
Scott Peters
PO Box 96
Dayton, WA 99328
Phone ()
Cellular ()
Fax ()

Pacific Power
Mike Gavin
650 Douglas
Walla Walla, WA 99362
Phone (509) 522-7008
Cellular ()
Fax ()

This Agreement, upon execution by both Company and Customer, shall be a binding agreement for work performed by Company to accommodate Customer at the Customer's expense. The provisions of Appendix A General Terms and Conditions are an integral part of this Agreement.

COLUMBIA RURAL ELECTRIC

By Ken Wood
Signature
Title CEO
LES TEE
Print name of Signing Officer
10-31-13
Date

PACIFIC POWER, a division of PACIFICORP

By Don Thomson
Signature
Title Operations Manager
DON THOMSEN
Print name of Signing Manager/Officer
11-5-2013
Date

15462

**Appendix A
GENERAL TERMS AND CONDITIONS**

LIABILITY AND INDEMNIFICATION

The Customer shall indemnify, defend and hold harmless the Company to this Agreement and the Company's officers, directors, agents, employees, successors and assigns from any and all claims, demands, suits, losses, costs, and damages of any nature whatsoever, including attorney's fees and other costs of litigation brought or made against or incurred by the Company and resulting from, arising out of, or in any way connected with any act, omission, fault or negligence of the Customer, its employees or any officer, director, or employee or agent of the same and related to the subject matter of this Agreement. The indemnity obligation shall include, but not be limited to, loss of or damage to property, bodily or personal injury to, or the death of any person. The Customer's obligation under this provision of the Agreement shall not extend to liability caused by the sole negligence of the Company.

WORK COMPLETION

Company agrees to use commercially reasonable efforts to begin performance of the work on the date(s) specified above. In those instances where by reason of unanticipated events or emergencies which cause power outages or threaten the Company's ability to continuously provide electric service as it is required to do by law or by contract, then the Company personnel assigned to perform the work may be withdrawn from the work until such time as the unanticipated event or emergency is concluded. In the event that the Company personnel are removed from the work in response to such an event or emergency, then the time for completion of the work shall be extended by a period of time equal to that period from the time the personnel are removed from the work until they are available to complete the work plus 48 hours.

It is expressly agreed that the Company and those persons employed by the Company in connection with the work described herein are not employed by or employees of the Customer.

Company warrants that its work shall be consistent with prudent utility practices. COMPANY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE WARRANTY OF MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE, AND SIMILAR WARRANTIES. Company's liability for any action arising out of its activities relating to this Agreement shall be limited to repair or replacement of any non-operating or defective portion of the work. Under no circumstances shall Company be liable for economic losses, costs or damages, including but not limited to special, indirect, incidental, punitive, exemplary or consequential damages.

The Customer may, at reasonable times and by written agreement with the Company, request additional work within the general scope of the work as described in this Agreement or request the omission of or variation in the work, provided, however, that the Customer and Company agree to increase or decrease the amount the Customer is to pay the Company and such changes in scope are reasonably acceptable to the Company. Any such change to the scope of the work and the associated adjustment of costs shall be in writing and shall be submitted when obtained as an addendum to this agreement after being signed by both parties.

GENERAL

PAYMENTS: All bills or amounts due hereunder shall be payable to Company on the 25th day following the postmarked date of the bill. In the event that all or a portion of Customer's bill is disputed by Customer, Customer shall pay the total bill and shall designate that portion disputed. If it is later determined that Customer is entitled to a refund of all or any portion of the disputed amount, Company shall refund that portion of the amount of which Customer is found to be entitled. All billing statements shall show the amount due for the work performed.

COLLECTION: Customer shall pay all costs of collection, including court costs and reasonable attorney's fees upon default of customer, in addition to interest at a rate of 1.5 percent per month on any amounts not paid within thirty (30) day of invoice.

ASSIGNMENT: Customer shall not assign this Agreement to any successor without the written consent of Company, which consent shall not be unreasonably withheld. If properly assigned, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the party making the assignment.

Exhibit No. RBD-8
Docket UE-143932
Witness: R. Bryce Dalley

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WALLA WALLA COUNTRY CLUB,

Complainant,

v.

PACIFIC POWER & LIGHT COMPANY,
a division of PacifiCorp

Respondent.

Docket UE-143932

PACIFIC POWER & LIGHT COMPANY

EXHIBIT OF R. BRYCE DALLEY

**Additional Documents Relating to the Removal of Conduit
on Columbia REA Property**

July 2015

True up Invoice



Walla Walla Office
650 E Douglas
Walla Walla, Washington 99362

PRO FORMA INVOICE

Customer

Name Columbia REA
Address 115 E Main
City Dayton State WA ZIP _____

Date 2/14/2014
Request # 5777704
WO # 5777704
Acct # 44360051 001
Site ID # 437724653 003
Employee: P81558

Actuals Reconciliation

**REMOVE 3 PHASE LINE EXTENSION, 180'X4 #2AAAC, 180' PARLEY
2 D/GUYS & ANCHORS, A 45'DE POLE, 4"RISER, 180 350TPX UG
SERVICE CABLE, 150' 4" CONDUIT AND CT METER.
TRANSFER TRANSFORMER at 115 E Rees AVE, Walla Walla, WA.**

Description	TOTAL
Customer Related Portion for Removal of Pacific Power Facilities	\$16,319.00
Net Book Value of Pacific Power Facilities to be Removed	\$1,201.00
Less Salvage Value of Removed Facilities	(\$536.00)
Less Advance paid from Preliminary Estimate	(\$14,426.00)
Total Additional Invoice	\$2,558.00

Office Use Only

**Invoice costs are valid for only 90 days from invoice date!
Please remit payment to address at top of invoice.**

Exhibit No. WGC-1T
Docket UE-143932
Witness: William G. Clemens

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WALLA WALLA COUNTRY CLUB,

Complainant,

v.

PACIFIC POWER & LIGHT COMPANY,
a division of PacifiCorp

Respondent.

Docket UE-143932

**PACIFIC POWER & LIGHT COMPANY
DIRECT TESTIMONY OF WILLIAM G. CLEMENS**

July 2015

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ATTACHED EXHIBITS

Exhibit No. WGC-2: Walla Walla Safety Issue Illustrations

1 **Q. Please state your name, business address, and present position with Pacific**
2 **Power & Light Company (Pacific Power or Company), a division of PacifiCorp.**

3 A. My name is William G. Clemens and my business address is 650 East Douglas
4 Avenue, Walla Walla, Washington 99362. I am currently employed as a Senior
5 Regional Business Manager.

6 **QUALIFICATIONS**

7 **Q. Please describe your professional experience.**

8 A. I have worked for 33 years in a variety of positions for Pacific Power, including
9 Customer Service Representative, Conservation Inspector, Industrial Account
10 Manager, Program Field Manager, Area Energy and Community Service Manager,
11 and General Business Manager. In those roles, I have been based in communities
12 throughout Washington and Oregon.

13 **PURPOSE OF TESTIMONY**

14 **Q. What is the purpose of your testimony in this proceeding?**

15 A. My testimony addresses the safety reasons necessitating removal of facilities when a
16 customer requests permanent disconnection, the issues inherent with abandoned and
17 duplicate facilities, the removal costs associated with the disconnection of the Walla
18 Wall Country Club (WWCC), and the testimony of Complainant witnesses
19 Mr. Bradley G. Mullins and Mr. Jeffrey C. Thomas.

20 **SAFETY ISSUES PRESENTED IN WALLA WALLA**

21 **Q. What circumstance in Walla Walla leads to the Company's principal safety**
22 **concerns?**

23 A. The majority of Pacific Power's safety concerns arise from duplicate facilities. The

1 Washington Legislature has declared that the duplication of electric facilities
2 of public utilities and cooperatives is “uneconomical, may create unnecessary hazards
3 to the public safety, discourages investment in permanent underground facilities, and
4 is unattractive, and thus is contrary to the public interest.”¹ But the statute only
5 discourages duplication of facilities; it does not specifically prohibit duplication.
6 Because the Company has been unable to successfully negotiate a service area
7 agreement with Columbia Rural Electric Association (REA), the Company is faced
8 with operating in a service area where duplicate facilities exist. PacifiCorp does not
9 contend with this issue with any other electric service provider in Washington or in
10 any of its other five state jurisdictions.

11 Addressing the safety issues associated with Columbia REA duplication of
12 Pacific Power’s existing facilities is critical to the safety of the public as well as the
13 Company’s employees. I have provided a number of pictures illustrating some of the
14 safety issues encountered in Walla Walla.²

15 **Q. Is delayed utility response to emergency or potentially dangerous situations one**
16 **of Pacific Power’s safety concerns?**

17 A. Yes. As an example, Pacific Power was contacted regarding a substation fire.
18 Company personnel immediately responded and determined it was a Columbia REA
19 substation. Company personnel then contacted Columbia REA to report the fire and
20 facilitate a response. Obviously, such delays can have dire consequences.

21 Pacific Power also responded to a report of a primary line too close to the
22 ground. Upon arrival, Company personnel determined that the line belonged to

¹ RCW 54.48.020 Legislative declaration of policy.

² Pacific Power Exhibit No. WGC-2 (Photos illustrating safety issues).

1 Columbia REA.

2 Emergency responders are increasingly confused by duplicate facilities. It is
3 imperative that the responders know which utility to call for an immediate and
4 appropriate response.

5 **Q. Has Columbia REA or a former customer’s electrician connected service before**
6 **Pacific Power has had a reasonable opportunity to disconnect?**

7 A. Yes. When Pacific Power is in the process of permanently disconnecting a customer,
8 the Company requests that neither Columbia REA nor the customer’s electrician
9 connect service until the permanent disconnection of facilities is entirely complete.
10 On multiple occasions, Pacific Power has arrived to remove its facilities and
11 Columbia REA has already connected and commenced serving the customer. On one
12 occasion, Pacific Power found its meter spinning backwards, indicating there was a
13 power feed from the building into the Company’s system. In the process of
14 completing the duplicate connection, Columbia REA or the customer’s electrician
15 connected two systems to a common ground, causing a power flow between the two
16 providers.

17 **Q. What safety concerns does Pacific Power have regarding installation of buried**
18 **lines directly under Pacific Power’s overhead facilities?**

19 A. Both utilities have arrived to requested excavation locates and painted “No CREA” or
20 “No PP+L” directly on top of the other provider’s high voltage cables. Underground
21 locates for the Company are performed by Locate Inc. Underground locates
22 for Columbia REA are performed by Columbia REA. The Company has also seen
23 examples where the utility locate conducted by Locate Inc. or Columbia

1 REA identifies only one electric utility's facilities when two electric utilities are
2 present. Repairs to Company facilities (such as a distribution pole hit by a car) could
3 be delayed because Columbia REA must come locate its facilities before any
4 digging can begin.

5 **Q. What safety issues arise from multiple electric providers serving the same**
6 **structure?**

7 A. The Company received a request from a customer to permanently disconnect service
8 so the customer could switch utility providers. The customer was located in a multi-
9 tenant building served by Pacific Power. It is unsafe for one building to be served by
10 two utilities. For example, firefighters or electricians may be unaware the building
11 has a second source of electricity. The Company cannot permanently disconnect a
12 service to a multi-tenant structure unless all of the tenants choose to switch providers.

13 The Company also discovered a single-family residence receiving electrical
14 service from Columbia REA while still connected to Pacific Power's energized
15 facilities.

16 **Q. Have safety concerns arisen from violations of clearance standards?**

17 A. Yes. Columbia REA's contractor planned to bury a new high voltage line 12 inches
18 from one of the Company's 7,200 volt lines. The Company contacted Columbia REA
19 and requested the line be located at least six feet from the Company's facilities, which
20 is Pacific Power's construction standard. Columbia REA was reluctant to move its
21 facilities, but addressed the clearance issue after local authorities and Labor and
22 Industries became involved. Columbia REA was required to lower a distribution line
23 under the Company's Walla Walla to Wallula 230 kV line because required

1 clearances were not met. The Company is currently working to address
2 another clearance issue involving Columbia REA's distribution line under the
3 Company's Walla Walla to Hurricane 230 kV line.

4 **Q. Have municipalities begun to address safety concerns arising from duplicate**
5 **facilities?**

6 A. Pacific Power has a duty to its customers, employees, other utility workers,
7 emergency first responders and the public to develop and enforce standards to ensure
8 their safety. Although the Company uses the National Electric Safety Code (NESC),
9 which are the minimum requirements that utilities must meet, as a guide, the
10 Company's standards are construction standards and may exceed the minimum
11 requirements of the NESC. In the interest of safety, NESC guidelines themselves
12 defer, as appropriate, to local utility standards. Since the issue of multiple utilities
13 serving the same area without a service area agreement or dedicated service territory
14 is unique to Washington, the NESC does not specifically address some of the issues
15 facing the Company, such as multiple electric utilities serving the same structure. In
16 these situations, if the Company does not already have a standard or policy to address
17 the issue, one is created. Unfortunately, the Company cannot compel another utility
18 to follow these same standards and has only received a modest amount of cooperation
19 from Columbia REA in addressing its safety concerns.

20 Certain cities have started working with Pacific Power to address these safety
21 concerns. Pacific Power has provided comments and recommendations—in addition
22 to committing its full support to the highest level—in draft standards developed by
23 the City of College Place. Once adopted, these standards can be an example for other

1 affected cities. The Company has also urged the cities to require service area
2 agreements between utilities as part of these new standards.

3 **PROBABLE FUTURE SAFETY ISSUES**

4 **Q. In addition to the over-arching safety issues that you just addressed, are there**
5 **other safety reasons for removing Pacific Power’s underground facilities from**
6 **the WWCC property?**

7 A. Yes. As addressed in Mr. R. Bryce Dalley’s testimony, the NESC imposes
8 continuing duties and liability. Pacific Power would have no access to the facilities
9 on the property of the WWCC. Abandoning facilities poses a risk of harm to workers
10 performing excavation and/or other tasks in the area. If a worker performing
11 excavation discovers empty conduit, he or she may continue digging, on the
12 assumption that there is only abandoned conduit in the area. However, in the process
13 of additional digging, he or she may encounter an energized circuit. Failing to
14 remove underground facilities creates a safety risk, as a worker may fail to perceive a
15 necessity of securing locates. Empty conduit only increases that possibility. The
16 WWCC would have no means to locate the subject facilities.

17 **Q. Has the WWCC submitted a Customer Requested Work Agreement?**

18 A. No. The WWCC has never requested that Pacific Power proceed with removal of its
19 facilities and permanent disconnection.

20 **Q. When did Pacific Power last provide a detailed estimate of the cost to remove its**
21 **facilities to effectuate a permanent disconnection?**

22 A. On January 25, 2013, Pacific Power provided a detailed removal estimate.

1 **Q. What was the total estimated cost of removal, at that time?**

2 A. \$104,176.

3 **Q. Has the Company updated the associated net book value?**

4 A. Yes. The updated net book value is \$24,049.

5 **Q. Has Pacific Power secured any updated quotes for the physical removal of the**
6 **facilities?**

7 A. No. The remaining cost components of the estimate have not been updated. Pacific
8 Power's estimates are valid for 90 days.

9 **Q. If the WWCC had timely submitted a Customer Requested Work Agreement**
10 **shortly following receipt of the January 25, 2013 estimate, would \$104,176 have**
11 **been the final cost of removal?**

12 A. Not necessarily. Once Pacific Power completes removal of its facilities and
13 permanent disconnection of service, the actual costs of removal are reconciled to the
14 estimate. The WWCC would have either received a final invoice or a refund for the
15 difference, depending upon whether the actual costs exceeded or came in under the
16 estimate.

17 **RESPONSE TO TESTIMONY OF MR. MULLINS AND MR. THOMAS**

18 **Q. Mr. Mullins asserts that the Company has not demonstrated safety or**
19 **operational reasons that require removal of facilities on the Complainant's**
20 **premises.³ How do you respond?**

21 A. Mr. Dalley has addressed the numerous operational reasons necessitating removal of
22 underground facilities upon permanent disconnection, while I have addressed the
23 safety reasons for removal. Mr. Mullins is arguing for a result which is not provided

³ Testimony of Bradley G. Mullins, Exhibit No. BGM-1CT at 11-12.

1 for in the net removal tariff, namely the sale of Pacific Power's facilities at a figure
2 that would aid Columbia REA in its competitive practices in Walla Walla and
3 Columbia counties.

4 **Q. The WWCC asserts its decision to change electric utility service providers was**
5 **mainly a result of deteriorating customer service.⁴ How do you respond?**

6 A. The WWCC has been a customer of Pacific Power for nearly a century. In my
7 experience, the relationship between the Company and the WWCC has been positive
8 and cooperative. I am unaware of any customer service-related complaints made by
9 the WWCC and am surprised at the characterization that customer service has
10 deteriorated. In fact, I was originally told by WWCC personnel that the Club would
11 not be switching to Columbia REA. Only when Columbia REA committed to cover
12 the majority of the costs of the removal of the Pacific Power facilities did the WWCC
13 decide to switch to Columbia REA.

14 **Q. Does this conclude your testimony?**

15 A. Yes.

⁴ Testimony of Jeffrey C. Thomas, Exhibit No. JCT-1T at 10.

Exhibit No. WGC-2
Docket UE-143932
Witness: William G. Clemens

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WALLA WALLA COUNTRY CLUB,

Complainant,

v.

PACIFIC POWER & LIGHT COMPANY,
a division of PacifiCorp

Respondent.

Docket UE-143932

PACIFIC POWER & LIGHT COMPANY

EXHIBIT OF WILLIAM G. CLEMENS

Walla Walla Safety Issue Illustrations

July 2015

PacifiCorp and Columbia REA facilities are located along both sides of JB George. A county road widening job on JB George required both PacifiCorp and Columbia REA to work on facilities at the same time. At various times, PacifiCorp crews, Columbia REA crews and county road contractor were working within the road right-of-way at the same time.



Columbia REA trenched in close proximity of PacifiCorp anchors at Dell and Bowman. PacifiCorp was required to be on site to ensure pole did not fall.



Example of Locate at Canberra: Locate performed by Columbia REA shows "No CREA". Locate performed by Locate Inc. shows that there are PacifiCorp facilities present.



Example of Locate at Cottonwood: Locate performed by Locate Inc. indicates "No PPL". However, there is a Columbia REA vault present.



Columbia REA's proposed underground line does not meet PacifiCorp's six foot minimum clearance for separation of facilities. Columbia REA's proposed primary underground line is staked to run between PacifiCorp's pole and guy wire.



CREA Conduits

Columbia REA bored conduit (six) between PacifiCorp's and another utility's facilities. In doing so, Columbia dug into PacifiCorp's buried conduit, requiring PacifiCorp to make repairs.



Pine Street Trenching

Columbia REA is trenching within 6 feet of PacifiCorp's facilities. Note the close proximity of the backhoe to PacifiCorp's distribution pole.



Pine Street (Looking West)

Columbia REA has staked a proposed location for their underground line and a junction box. Both are located within close proximity of PacifiCorp's facilities.



Columbia REA staked their primary line to be located approximately 2.5 feet from the locate mark of PacifiCorp's facilities. Columbia REA was reluctant to move their line to provide at least 6 feet of separation from PacifiCorp's facilities, stating that their proposed location met the minimum NESC requirements. After city and Labor and Industries were involved, Columbia REA moved the line and provided the 6 feet of separation.

