

April 17, 2015

VIA ELECTRONIC FILING

Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Attention: Steven V. King
Executive Director and Secretary

RE: Docket No. U-140621 – Rulemaking to Consider Adoption of Rules to Implement RCW Ch. 80-54 Relating to Transmission Facilities--Comments of Pacific Power & Light

Dear Mr. King:

In accordance with the Notice of Opportunity to Respond to Written Comments (Notice) issued March 24, 2015, Pacific Power & Light Company, a division of PacifiCorp (Pacific Power or Company), provides the attached comments responsive to the Notice. The Notice invites interested parties to comment on the Third Revised Draft Rules Governing Access to Utility Poles, Ducts and Conduits (Third Revised Draft Rules), and requests responses to a list of eight items. The Company appreciates the opportunity to provide comments and looks forward to further participation in this rulemaking.

The Company's general comments on the Third Revised Draft Rules and Staff's recommendations in the Comment Matrix focus on overlashing. Proposed WAC 480-54-030(11) sets forth requirements for overlashing and, as modified in the Third Revised Draft Rules, include parameters for overlashing as well as the information required in notices for overlashing. WAC 480-54-030(11)(a) requires written notice of overlashing to be submitted to an owner at least 10 days before overlashing, with a limit of 30 poles per notice. Occupants may proceed with the overlashing absent the owner's written refusal within seven days of receiving the notice and owners may only refuse overlashing if it would significantly adversely affect the pole or other occupants' attachments.¹ While this provides limitations on the number of poles per notice, it does not limit the number of notices that may be submitted. Conceivably, an occupant could submit an unlimited number of notices. Seven days does not provide adequate time for review of unlimited responses. To mitigate the potential for unlimited notices, it would be helpful to limit the number of affected poles and notices that may be submitted within a 10-day period. The Company recommends limiting the number of poles identified for overlashing in a 10-day period to 100 poles and the number of notices submitted to no more than five.

¹ WAC 480-54-030(11)(c)(d).

The Company reserves the right to provide comments on any other issues or future draft rules in this rulemaking.

Additionally, the Company provides the following responses to the eight items presented for comment in the Notice:

- (1) The safety risks posed by attachments to poles on which both electric transmission lines and electric distribution lines are attached, including but not limited to the provisions of the National Electric Safety Code or other industry standard guidelines that identify and quantify those risks and whether poles used primarily for electric distribution lines pose the same risks.

Response:

The primary safety risks associated with joint-use attachments to transmission poles with distribution lines attached is the possibility of over-loading the structure or not meeting the required separation clearances at the point of attachment established in the National Electric Safety Code (NESC). The State of Washington in policy M 22-86.03 requires greater line to ground clearances over highway crossings than what is set forth in NESC. If the joint attachment does not meet the line-ground highway clearance, high profile vehicles could contact the wire and pull structures and wire down when travelling. If a structure is overloaded, the main risk is structure failure. Depending on the location of the transmission structure, a structure failure could also cause damage to public property. The danger with not meeting the required separation clearances at the point of attachment is individual exposure to high voltage wire contact, which could cause severe burn, injury or death.

- (2) The amount of time required to replace a pole (based on actual replacement data, rather than estimates).

Response:

Based on 2014 replacement data, pole replacements average approximately 60 days.

In determining this average, the Company considered the time span beginning with the day the estimator received a request to generate a design and estimate through the completion of construction. Of note is the variation that can be created while waiting for a licensee to accept a cost estimate and request the Company to complete construction. After the estimator completes the design the joint use department provides the licensee a cost estimate to complete the work. The Company must then wait for the licensee to accept the cost estimate and request the Company to proceed with construction.

- (3) Whether the timelines in draft WAC 480-54-030 should be modified to apply to applications for attachment to up to 300 (rather than 100) poles on condition that the owner may complete any required pole replacement within a longer period of time than authorized for other make-ready work (and if so, a proposal for that longer period of time).

Response:

The timelines as currently proposed for attachment to up to 100 poles should not change. However even at a threshold of 100 poles, owners need longer periods of time than included in the draft rules for any required pole replacements. As stated in comments filed by Pacific Power on February 6, 2015, in this proceeding, unlike other make-ready work, pole replacements require engineering design, securing permits from government bodies, performing underground locates, coordination of service outages and requisite notification to customers of the outages, and actual scheduling the work, which includes flaggers, heavy equipment and crews. After the pole is replaced, transfers of all occupants' attachments to the new pole must occur and the old pole must be removed and the ground surfaces restored. Based upon examples from actual 2014 licensee requested pole replacements in Washington State, the company recommends a minimum of sixty days from the date of licensee acceptance of the cost estimate, as additional time to complete a pole replacement.

- (4) The fees that owners currently charge to process and respond to applications for attachments to poles, ducts, or conduits and the types of costs on which those charges are based.

Response:

Please refer to Attachment A, which is taken from exhibit B of the Company's pole attachment agreements in Washington. Costs are based upon the average time and actual costs to perform these functions.

- (5) The fees that owners currently charge to undertake make-ready work and the types of costs on which those charges are based.

Response:

Attachment B is a list of estimated costs (not fees) for the most common make-ready work performed by the Company on behalf of licensees and does not include estimated costs for pole replacements. The cost estimates in Attachment B are only for the purposes of licensee budgeting, planning and advance cost approvals. The make-ready work is invoiced at actual costs after the work is performed.

- (6) The rates that owners currently charge occupants for attachment to the owners' poles, ducts, or conduits, and the types of costs included in the ARMIS or FERC accounts used to calculate attachment rates in compliance with the Federal Communications Commission (FCC) formula.

Response:

Attachment C is the Company's most current pole attachment rental rate worksheet for the state of Washington. Rates are calculated using FERC accounts and utility data in compliance with the FCC cable rate formula.

- (7) The types of costs, if any, that an owner incurs in connection with attachments to its poles, ducts, or conduits that the owner cannot recover through an application fee, make-ready work charge, or attachment rate calculated and charged consistent with the FCC rules.

Response:

Following are some of the costs the owner incurs in connection with attachment to its poles which have not been explicitly considered for direct cost recovery in the Draft rules:

1. The costs of assessing the occupant's notices of overloading.
2. The costs of performing and administering post-construction inspections of applicant's new construction.
3. The costs of performing and administering post-construction inspections of occupant's overloading.
4. The costs related to coordinating occupant's pole transfers.
5. The costs of performing and administering post-construction inspections of occupant's completed pole transfers.
6. The costs of performing and administering occupant/applicant requested field meets.
7. The costs of administering occupant's non-compliance with terms of the pole attachment agreement.
8. The costs of administering occupant's non-compliance with safety requirements.
9. The costs related to pole attachment contract negotiations for new or replacement agreements including assignment of existing contracts.
10. The costs of administering incoming pole attachment data reconciliations initiated by occupants.

The Company's costs for administering pole attachments and performing joint use related inspections are not included in the costs used to calculate the rental rate.

- (8) The extent, if any, to which the FCC's Open Internet decision, In re Protecting and Promoting the Open Internet, GN Docket No. 14-28, FCC 15-24, Report and Order on Remand, Declaratory Ruling, and Order (March 12, 2015), affects the Commission's ability to adopt rules implementing RCW 80.54 or rules that vary from the FCC's own pole attachment rules.

Response:

Pacific Power has no comments on this issue at this time but reserves the right to comment in reply if needed.

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Informal questions concerning this filing may be directed to Natasha Siores, Director, Regulatory Affairs & Revenue Requirement, at (503) 813-6583.

Sincerely,

R. Bryce Dalley/cm

R. Bryce Dalley
Vice President, Regulation

Attachments

Attachment A

Exhibit B
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Fee Schedule for non-recurring charges

1. Application Processing Fee (ENS or written) \$26.65 + \$4.00 per Pole

2. Inspections

In instances when PacifiCorp has sufficient electronic Pole Attachment data existing in its system of record, PacifiCorp may elect to perform a desktop Inspection, which is defined as an Inspection performed using only existing electronic data, maps and pictures. There are no Inspection fees associated to a desktop Inspection.

In instances when PacifiCorp does not have sufficient electronic data to perform a desktop Inspection or the desktop Inspection results in findings that require a field visit, the following Inspection fees apply:

2(a) Pre-Construction Inspection Fees - these fees are based upon Applications by various entities that wish to attach a cable, or other device, to PacifiCorp's facilities and also occurs prior to when a Licensee wishes to place new cables and/or additional equipment. All Pre-Construction and Post-Construction Inspections are broken into three levels of time usage and complexity.

Level 1 (Visual Inspection) \$31.30 first Pole; \$17.65 each Pole thereafter
Level 1 Inspections are defined as a "drive by" that does not require the inspector to exit the vehicle and are intended to identify that clearances and strength of the structure are visibly verifiable. These Inspections are typically performed when the Licensee has provided all required information given the type of request on the Application form.

Level 2 (Measured Inspection) \$41.20 first Pole; \$30.40 each Pole thereafter
Level 2 Inspections are most commonly performed when the Poles do not appear to have proper clearance to accommodate the newly proposed Attachment or when the Licensee has failed to provide all required information given the type of request on the Application form.

Level 3 (Pole Analysis Inspection) \$88.55 first Pole; \$75.90 each Pole thereafter
Level 3 Inspections are most commonly performed when the Poles do not appear to have proper strength to accommodate the newly proposed Attachment or when the Licensee has failed to provide all required information given the type of request on the Application form. This level of inspection is highly common on requests for use of transmission Poles.

PacifiCorp will not charge Pre-Construction Inspection Fees for an Application to remove Attachments.

Exhibit B
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2(b) Post-Construction Inspection Fees - these Inspections are completed after a Pre-Construction Inspection has been approved, and the installation by the original requesting company has been completed.

Level 4 (Visual Inspection) \$31.30 first Pole; \$17.65 each Pole thereafter
Level 4 Inspections are defined as a “drive by” that does not require the inspector to exit the vehicle and are intended to identify that the Licensee has complied with the engineering data provided in the Application form. This level of inspection will be used for all removals of Attachments, unless the removal has resulted in damage to the Pole in which case additional fees to assess the damage may apply.

Level 5 (Measured Inspection) \$41.20 first Pole; \$30.40 each Pole thereafter
Level 5 Inspections are most commonly performed when it appears that the Licensee has failed to perform construction in accordance with the specifications on their Application form, has created a NESC violation or has attached to the Pole prior to receiving approval from PacifiCorp.

Level 6 (Pole Analysis Inspection) \$88.55 first Pole; \$75.90 each Pole thereafter
Level 6 Inspections are most commonly performed when it appears that the Licensee has attached to a Pole prior to receiving approval from PacifiCorp and appears to have compromised the integrity of the existing structure. This level of Inspection is highly common on requests for use of transmission Poles.

3. Unauthorized Attachment Charge

\$100.00 + Back Rent, per Pole

Back Rent shall consist of 5 years of rent at the current rental rate.

4. Topping Fee

A charge of \$64 per Pole will be assessed, where PacifiCorp completes a Pole replacement for the benefit of the Licensee and the transfer of Attachments on the Pole requires removal of the top of the Pole to be completed by PacifiCorp.

5. Return Trip Fee

A charge of \$255 per Pole will be assessed, where PacifiCorp completes a Pole replacement for the benefit of the Licensee and the removal of the replaced Pole cannot be completed at the time of construction due to the Licensee’s Attachment or other attachers’ existing Attachment(s) on the Pole necessitating PacifiCorp to return to the site once the necessary transfer is complete. Removal of the Pole is not included in this charge.

This Fee Schedule is subject to change and may be modified once a year by PacifiCorp upon sixty (60) days written notice to Licensee.

Attachment B

Non - PRU Cost Reference Spreadsheet

Version 2014.1

| Facility Type | FIS Recommendation Number | Corrective Action | Not to Exceed Cost Estimate <i>Includes Travel</i> |
|--------------------------|---------------------------|--|---|
| Streetlight | N/A | Install New | ESTIMATING |
| | 1 | Sugg. raise/lower StLight (2 mn worst case) | \$604 |
| | 2 | Sugg. raise/lower StLight/Sugg. Placing StLight conductor in conduit/Sugg. Ground StLight mast (2 mn worst case) | \$825 |
| | 3 | Sugg. Placing StLight conductor in conduit | \$414 |
| | 4 | Sugg. Ground StLight mast | \$411 |
| | 5 | Sugg. Placing StLight conductor in conduit/Sugg. Ground StLight mast | \$624 |
| Secondary/Neutral | 10 | Drip Loop -- Reshape | \$366 |
| | 11 | Drip Loop -- Shorten | \$1,013 |
| | 12 | Sugg. Resag secondary/Neutral | \$1,013 |
| | 13 | Sugg. Raise secondary/Neutral | \$403 |
| | 14 | Extend Riser | \$1,280 |
| | 15 | Reposition Riser | \$1,683 |
| Primary | 20 | Primary UG drip loop -- Reshape | \$549 |
| | 21 | Primary UG Drip Loop -- Shorten | \$1,648 |
| | 22 | Resag | \$2,211 |
| | 23 | Extend Riser | \$2,244 |
| | 24 | Reposition Riser | \$3,676 |
| | N/A | Primary Raise or Reframe | ESTIMATING |
| Guy/Anchor | 30 | Replace Downguy (no anchor) | \$1,175 |
| | 31 | Add new power anchor/abandon existing anchor to Communication | \$1,898 |
| | N/A | Anchor issue with R/W problem | ESTIMATING |
| | 32 | Cut in guy insulator | \$753 |
| Misc | | | |
| Additional Labor Adder | 40 | Loaded Jrn Lnmn Manhour Rate (1 Man for 1 Hr) <i>Use this to add or subtract an hour of labor for any reason such as access, extra travel, etc</i> | \$183 |
| Flagging | 41 | \$250 min charge (Y/N) | \$250 |

* The costs above utilize PacifiCorp's labor rates which are subject to change. The printed version of this document may be out of date. Please verify you are using the most current version.

** This cost estimate spreadsheet provides estimated costs for non-capital PacifiCorp make-ready work for licensee planning, cost approval and budgeting purposes ONLY. Any rates, terms and conditions outlined in joint use agreements will supercede the contents of this document, unless agreed upon otherwise in writing.

** PacifiCorp reserves the right to update this spreadsheet at any time. Notification of any changes will be communicated to the applicable parties in accordance with current joint use agreements.

Attachment C

2015 PacifiCorp Joint Use Rates Cable Television
(Year End 2013 Data)

| <u>Description</u> | <u>Report Reference or Formula</u> | <u>Washington</u> |
|---|------------------------------------|-------------------|
| 1 Net Costs of Bare Pole | | |
| A Plant In Service | | \$ 94,489,562 |
| B Accumulated Book Depreciation | | \$ (53,114,724) |
| C Accumulated Deferred Taxes | | \$ (11,880,049) |
| D Net Pole Investment Account 364 | | \$ 29,494,789 |
| | | 15.0% |
| E Exclusion of X-arms, Etc. | 15% of 1D | \$ (4,424,218) |
| F Net Pole investment | 1D - 1E | \$ 25,070,570 |
| G Total Poles in Service | From Company Records | 98,503 |
| H Net Costs of Bare Pole | 1F / 1G | \$ 254.52 |
| 2 Depreciation Rate Adjusted to Reflect Net Investment | | |
| A Depreciation Rate for Gross Pole Investment | State Depreciation Rate | 3.64% |
| B Gross Pole Investment | | \$ 94,489,562 |
| C Net Pole Investment | 1D | \$ 29,494,789 |
| D Gross Pole/Net Pole Investment Ratio | 2B / 2C | 3.204 |
| E Depreciation Rate Net Investment | 2A X 2D | 11.66% |
| 3 Administrative & General Expenses Factor | | |
| A Administrative & General Expenses | | \$ 13,226,426 |
| B Net Plant Investment | | \$ 802,142,019 |
| C Administrative & General Expenses Factor | 3A / 3B | 1.65% |
| 4 Maintenance Expense Factor | | |
| A Account 593 Maintenance Expense | | \$ 4,780,670 |
| B Net Plant Poles, Conductors, Devices, and Services | | \$ 78,613,586 |
| C Maintenance Expense Factor | 4A / 4B | 6.08% |
| 5 Normalized Tax Factor (expressed as % of Net Plant Invest) | | |
| A Total Taxes | | \$ 27,571,793 |
| B Net Plant Investment State | | \$ 802,142,019 |
| C Normalized Tax Factor | 5A / 5B | 3.44% |
| 6 Cost of Capital = Authorized Rate of Return | | |
| A Authorized Rate of Return | | 7.360% |
| 7 Combined Carrying Charge Factor - Poles | | |
| A Depreciation Expense factor | 2E | 11.66% |
| B Admin & Gen Exp Factor | 3C | 1.65% |
| C Maintenance Exp Factor | 4C | 6.08% |
| D Tax Normalization Factor | 5C | 3.44% |
| E Authorization Rate of Return | 6A | 7.36% |
| F Total Carrying Charge Factor | SUM 7A - 7E | 30.19% |
| 8 Amount of Requested Space / Usable Space | | |
| A Pole Length | | 37.50 |
| B Safety Corridor | | - |
| C Portion Buried Underground | | (6.00) |
| D Ground Clearance | | (18.00) |
| E Pole Length | | 13.50 |
| F Assumed Space Used Per Pole (1 foot) | | 7.41% |
| 9 Pole Attachment Rate per Foot of Attachment | | |
| A Net cost of bare pole (1H) | 1H | \$ 254.52 |
| B Total Carrying Charge Factor (7F) | 7F | 30.19% |
| C Percentage of Requested Space (8F) | 8F | 7.41% |
| D Rental Rate (A*B*C) | 9A X 9B X 9C | \$ 5.69 |