BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PACIFICORP D/B/A PACIFIC POWER & LIGHT COMPANY, Respondent.	)	Docket No. UE-130043

EXHIBIT NO.___(PLT-5)

PREVIOUS TESTIMONY OF WILLIAM G. CLEMENS AND HENRY B. MCINTOSH

June 21, 2013

Docket UE _____
Exhibit T-_____ (WGC-T)

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

PACIFICORP

Direct Testimony of William G. Clemens

May 2001

Q. Please state your name and business address.

A. My name is William G. Clemens and my business address is 650 East Douglas Avenue, Walla Walla, Washington.

Q. What is your current position with PacifiCorp?

A. I am Regional Community Manager for PacifiCorp.

Q. Please briefly describe your professional background.

A. I have worked for PacifiCorp for over nineteen years. I initially worked for the Company in Portland, then moved to Roseburg, Oregon and worked as a customer service representative. I have since held a variety of positions for the Company including Conservation Inspector, Industrial Account Manager, Program Field Manager, Area Energy and Community Service Manager and General Business Manager. In addition to Portland and Roseburg, Oregon, I have worked for the Company in Bend, Oregon, Sunnyside, Washington, and Walla Walla, Washington.

Q. What is the purpose of your testimony?

A. My testimony will describe the Company's proposed change to Electric Service Rule 4.

Q. Please describe the Company's proposed changes to its Rule 4.

A. The Company is proposing to add tariff provisions enabling the Company to charge a customer who requests disconnection of Company facilities in order for the customer to switch electric suppliers, to pay for the estimated net removal cost of those facilities. The proposed tariff language was included in the Company's initial filing

Q. Please describe the specific changes you are proposing.

A. They are described in the following section of my testimony.

Removal of Facilities

Q. The Company is proposing to charge customers requesting disconnection for "net removal costs." What are "net removal costs"?

A. We define "net removal costs" as the cost to remove the facilities less salvage value.

Q. Please describe the types of costs the Company will typically incur?

A. Costs will likely include the labor associated with pulling the PacifiCorp meter and removing poles, conductor and transformers.

Q. Why is the Company receiving requests for removal of distribution facilities?

A. All such requests to date have occurred in Eastern Washington. The Columbia Rural Electric Association, Inc., ("CREA") is an electric cooperative providing retail service to its members in and around Dayton, Washington. CREA is soliciting PacifiCorp's current retail customers in an effort to provide retail electric service to these electric end users. CREA has constructed a new substation, presumably to increase their system capabilities and has been active in seeking franchise rights from local governments. To date, PacifiCorp customers switching to CREA are located in Walla Walla County in Eastern Washington.

Q. How many customers have requested the company to remove facilities?

A. To date, four PacifiCorp residential customers have requested removal of our facilities to switch to CREA, and we have three additional residential customer requests pending. In addition, four commercial customers have made this supplier switch and we have four commercial customer requests pending.

Q. What is PacifiCorp's estimate of how many customers will leave the company?

A. PacifiCorp has no experience in Washington upon which to base a prediction of how many customers are considering, or how many will choose to switch to another electric supplier, but it would appear that competition for customers has become a fact in certain areas of Washington, and PacifiCorp assumes that removal requests for the purpose of switching suppliers will be an ongoing, recurring circumstance.

Q. Does the introduction of competition in an area result in duplication of facilities?

A. Yes. In College Place, adjacent to Walla Walla, Washington, there are now a number of streets where PacifiCorp distribution facilities have been present for some time and where new, duplicative CREA distribution facilities have recently been installed.

Q. Why can't PacifiCorp simply leave the distribution facilities in place and thereby avoid the removal costs?

A. For safety and operational reasons, PacifiCorp must pull its meter prior to the new supplier interconnecting with the end-use customer.

Q. Why should the customers that seek disconnection pay the net removal costs?

A. PacifiCorp believes that customers that cause costs to be incurred should bear responsibility for paying those costs. When a customer initiates service with PacifiCorp, the Company incurs costs for labor and investments in assets to bring service to the customer. These include the costs to install the meter, the service drop, and frequently new poles, conductor and a transformer.

Q. Does PacifiCorp currently charge removal less salvage to any group of customers?

A. Yes. For years customers requesting a relocation of facilities pay for the removal costs less salvage. In addition, the customer pays for any new facilities installed. Rule 14, VI. Relocation or Replacement of Facilities. The circumstances behind this filing are very similar to a relocation, but involve two utilities, with the new supplier contracting with the customer for the new facilities and the old line being removed and salvaged by the former supplier.

Q. If departing customers do not pay the net removal costs, what will PacifiCorp propose to do?

A. PacifiCorp will record the removal costs less salvage value on its books and records. Should these entries be within a test year utilized for ratemaking purposes, these costs will be properly reflected in future rates of those customers that remain customers of PacifiCorp.

Q. Does that conclude your testimony?

A. Yes.

Docket UE 001734
Exhibit T-_____ (WGC-T)

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

PACIFICORP

Rebuttal Testimony of William G. Clemens

August 2002

Q. Are you the same William G. Clemens that submitted prefiled direct testimony on behalf of PacifiCorp in May 2001?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. I am sponsoring rebuttal testimony that addresses the July 2001 Direct testimony of staff-witness Henry B. McIntosh.

Q. Are you also providing rebuttal to the July 2001 Reply testimony of Thomas H. Hustad of the Columbia Rural Electric Association, Inc. ("CREA")?

A. No, due to the subject matter of CREA's prefiled testimony. PacifiCorp's application and prefiled testimony asserts that the Company has lost customers to a competitive provider and proposes what PacifiCorp deems an appropriate net removal cost charge to such departing customers. The Reply testimony of Mr. Hustad addresses CREA's franchises in Eastern Washington, whether or not CREA has solicited PacifiCorp's retail customers, the cooperative's policies regarding removal of facilities and whether or not PacifiCorp's proposed net removal cost charges are anticompetitive.

Counsel informs me that while the issues addressed in CREA's prefiled testimony may possibly be relevant to a service territory agreement proceeding before the Commission under RCW 54.48, PacifiCorp does not believe that these factors are relevant to processing the Company's proposed tariffed net removal cost charges. Counsel further informs me that Washington precedent indicates that CREA does not have a substantial interest in rates charged to PacifiCorp customers, nor does the Commission have jurisdiction in a proceeding addressing proposed changes in tariffed rates to consider competition between PacifiCorp and CREA or the impacts of PacifiCorp's rates on CREA's operations. PacifiCorp's position is that the focus in this proceeding is on the appropriateness of PacifiCorp's proposed net removal cost charges, not on whether competition exists, whether competition is good, what CREA's removal policies may be, nor on whether the cooperative is soliciting PacifiCorp customers.

Direct Testimony of Henry B. McIntosh

Q. How does Staff describe its position relative to PacifiCorp's proposed tariffs?

A. Staff proposes an alternative to the language of PacifiCorp's proposed net removal cost charge tariffs in the prefiled testimony of Henry B. McIntosh. Staff believes that PacifiCorp's language is vague, is not expressly limited to govern removal of distribution facilities nor does it define such facilities. McIntosh testimony, pp. 3-4.

Q. What does Staff propose?

A. Staff proposes that a net removal charge be approved, but one different from PacifiCorp's proposal in the following respects:

(a) Staff wishes to clarify that charges only apply to distribution facilities;

(b) Staff proposes that the charges apply to any customer requesting permanent disconnection in circumstances where the facilities will not be reused at that site or when the customer specifically requests that a facility be removed;

(c) Staff's proposal limits and defines the scope of the distribution facilities involved;

(e) Staff's proposal, where possible, states a specific charge for certain applications of the tariff; e.g., $200 for overhead residential and $400 for underground residential removals.

Q. What is the Company's response to Staff's suggested changes to PacifiCorp's proposed Rule 4 in Tariff WNU-74?

A. PacifiCorp believes that Staff's proposals have merit and, subject to minor clarification language described below, the Company will amend its proposed tariff language to reflect Staff's proposals. Staff's proposed language to Rule 4(f) follows with PacifiCorp's suggested minor modification underlined and in italics.

In Rule 4(f) add the following after the existing paragraph on page f.3:

a) When Customer requests Company to permanently disconnect Company's facilities, under circumstances where the facilities would likely not be reused at the same site, Customer shall pay to Company the actual cost for removal less salvage of only those distribution facilities that need to be removed for safety or operational reasons, and only if those facilities were necessary to provide service to Customer. However, the actual cost for removal less salvage charged to Customer making a request under this paragraph shall not include any amount for any distribution facilities located on public easement (other than the meter and overhead or underground service). When the facilities removed by Company are residential overhead service & meter only, the charges shall be $200. When the facilities removed by Company are residential underground service & meter only, the charges shall be $400.

b) When Customer requests Company to permanently disconnect Company's facilities, under circumstances where the facilities would likely not be reused at the same site and Customer also requests Company to remove specific distribution facilities, Customer shall pay to Company the amounts described in paragraph (a) above, as well as the actual cost for removal less salvage of any different distribution facilities Customer requests be removed. Notwithstanding the last sentence of paragraph (a), the actual cost for removal less salvage charged to a Customer making a request under this paragraph may include amounts for distribution facilities located on public easement if Customer specifically requests such facilities be removed.

c) Company shall remove facilities pursuant to paragraph (a) and (b) only to the extent it can do so without an adverse impact on the service provided, or to be provided, to other customers.

In billing for removal of distribution facilities under paragraphs (a) and (b), Company shall charge Customer for the actual cost for removal, less salvage, unless the specific charge stated in paragraph (a) applies. Company shall provide an estimate of such charges to Customer prior to removal of facilities. The Customer shall pay the amount estimated prior to disconnection and removal of facilities. The facilities shall be removed at a date and time convenient to both the Customer and Company. Within 10 business days after removal, Company shall determine the actual cost for removal less salvage, and adjust Customer's estimated bill to that amount *unless the specific charge stated in paragraph (a) applies*.

Q. Is Staff proposing other conditions to PacifiCorp's proposed net removal cost charges?

A. Yes. Staff proposes that the changes to Rule 4 in Tariff WNU-74 bear a "sunset date" of December 31, 2005. PacifiCorp does not object to an established expiration date for the proposed net removal charges thereby placing the burden on the Company to affirmatively come before the Commission to extend or modify the charges.

In addition, Staff proposes that annual reporting requirements be imposed on PacifiCorp that would reflect the number of times the tariff was applied, customer date, nature of request, estimated removal cost and salvage, actual removal cost and salvage, description of facilities removed, and the accounts used to book each transaction. PacifiCorp has no objection to imposition of this reporting condition.

Q. Please summarize the Company's reasoning for proposing implementation of net removal cost charges.

A. The need to remove the facilities is grounded on safety and operational concerns. Certain facilities should be removed to avoid placing electric supplier employees and public safety personnel such as firemen in a potentially harmful situation where duplicative electric distribution facilities are present; some energized, some not.

The reason to impose such costs on departing customers is that these persons cause PacifiCorp to incur the removal costs. The Company believes that it is not fair or reasonable that PacifiCorp be required to absorb such net removal costs or to have an annualized net removal expense incorporated into rates under which remaining customers would shoulder the burden of the removal costs incurred. PacifiCorp maintains that it is sound regulatory policy to impose such costs on the departing customers.

Q. Does that conclude your testimony?

A. Yes.

Exhibit T-___ (HBM-T1)
Docket No. UE-001734
Witness: Henry B. McIntosh

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,	)	**DOCKET NO. UE-001734**
Complainant,	)	
v.	)	
PACIFICORP,	)	
Respondent.	)	

DIRECT TESTIMONY OF
Henry B. McIntosh

STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

July 2, 2001

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Henry Burke McIntosh and my business address is 1300 South Evergreen Park Drive Southwest, P.O. Box 47250, Olympia, Washington 98504. My e-mail address is hmcintos@wutc.wa.gov.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by the Washington Utilities and Transportation Commission (Commission) as a Regulatory Consultant.

Q. DESCRIBE YOUR EDUCATIONAL BACKGROUND AND RELEVANT EXPERIENCE.

A. I have M.B.A., M.A., and A.B. degrees from the University of California, and I have worked in the energy and utility fields continuously for about 24 years. Although I have some gas industry experience, my main work has been in the electricity field. I have worked for the Missouri Public Service Commission, Public Service Company of New Mexico, and R.W. Beck, a consulting firm. I have been employed at the Washington Commission since May 1994. I have made presentations in many Open Meetings before this Commission, and I have testified in Rate Case Settlements before the Commission.

Q. WHAT IS THE SUBJECT OF YOUR TESTIMONY?

A. The subject of my testimony is an evaluation of the filing by PacifiCorp in this Docket, involving a tariff revision that requires customers disconnecting service, to pay the net cost of removal of facilities. I sponsor an alternative to the language proposed by the Company.

Q. WHAT IS STAFF'S RECOMMENDATION?

A. The Commission should reject the tariff revision proposed in the filing and authorize the Company to file tariff revisions consistent with Staff recommendations. The specific language Staff proposes is contained later in my testimony, and in Ex. ___(HBM-2).

Q. WHAT IS PACIFICORP'S PROPOSED TARIFF CHANGE?

A. PacifiCorp proposes a change to Rule 4 in Tariff WNU-74:

4. <u>APPLICATION FOR SERVICE</u>

. . .

(f) <u>Availability of Facilities</u>: Company shall not be required to maintain facilities in place or to continue the availability of facilities installed for the Customer's service when: (a) facilities are not being utilized to provide service in accordance with an application for service; or (b) when such service is not furnished in accordance with contract provisions set forth in this tariff.

When a Customer requests the Company to disconnect Company's facilities so that Customer may switch to another electric utility, Customer shall pay to Company, prior to disconnection, the estimated removal cost less salvage of those facilities that will no longer be used as a result of Customer switching to the other utility.

The italicized text is the new language proposed by the Company. A copy of PacifiCorp's Tariff Rule 4, including this proposed language, is in Ex. __(HBM-3).

Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF PACIFICORP'S PROPOSAL.

A. PacifiCorp is using this filing to recoup its costs of facilities removal without passing those costs on to the general body of customers. Those customers who cause the cost of facilities removal would bear the cost, under PacifiCorp's proposal.

Q WHAT HAS PROMPTED PACIFICORP TO PROPOSE THIS REVISION?

A. According to the Company's testimony, the City of Dayton passed Ordinance in January 2001, allowing more than one electricity provider in the city. The Columbia Rural Electric Association (CREA) is installing its own lines and some PacifiCorp customers are switching service to CREA. PacifiCorp has been removing facilities without charge when these customers switch. (Ex. ___(WGC-T1) at 2).

Q **PLEASE DESCRIBE THE FACILITIES THAT MAY BE SUBJECT TO REMOVAL UNDER PACIFICORP'S PROPOSAL.**

A. The Company's proposed tariff language is not clear on this point, but the Company has stated that its proposal is limited to distribution facilities. (Ex. ___(HBM-4), PacifiCorp Response to Public Counsel Data Request No. 20). The Company has also stated that its proposal does not apply to primary facilities in the public right-of-way. (Ex. ___(HBM-5), PacifiCorp Response to Staff Data Request No. 2.15).

Q. WHY ARE PACIFICORP'S PROPOSED TARIFF REVISIONS UNACCEPTABLE TO STAFF?

A. The language in PacifiCorp's proposal is vague. The scope of PacifiCorp's proposal is not expressly limited to distribution facilities. Further, PacifiCorp does not define which distribution facilities are covered by the charge. For example, PacifiCorp's proposed language is ambiguous as to whether secondary facilities on public easement are subject to removal.

PacifiCorp's proposal is also discriminatory. It only applies to a customer who requests disconnection because it will be seeking service from a competing provider. So a customer disconnecting for other reasons would not be subject to the charge. There is no cost basis for this distinction, so PacifiCorp's proposal is discriminatory in an economic sense. There is no apparent or strong policy reason why all customers seeking permanent disconnection should not bear the same costs they impose on PacifiCorp.

Q. IF A COST OF REMOVAL TARIFF WAS APPROVED, HOW OFTEN WOULD IT BE APPLIED?

A: That is not possible to predict with certainty. However, we expect the number to be small. The Company so far has received only fifteen requests for disconnection from customers switching to another utility. Eight removals have occurred. The Company states it is unaware of other situations in which customers would permanently disconnect service, other than for purposes of relocating facilities upon customer request. For such facility relocations, a charge for the net cost of relocation already exists. (Ex. __(HBM-6), PacifiCorp Responses to Staff Data Request No. 2.3 and Public Counsel Data Request No. 22).

Q. PLEASE EXPLAIN STAFF'S PROPOSAL.

A. Staff proposes that a net removal charge be approved. Staff 's proposal is different from PacifiCorp's proposal in the following respects: a) Staff's proposal clarifies that the charges apply only to distribution facilities; b) the charges apply to any customer requesting permanent disconnection in circumstances where the facilities will not be reused at that site or when the customer specifically requests that a facility be removed; c) it limits and defines the scope of the distribution facilities involved; d) where possible, it states a specific charge for certain applications of the tariff. Staff considers a cost-based charge of $200 for overhead residential, and $400 for underground residential removals, as reasonable. These charges should be imposed in a uniform manner. A flat, predetermined rate provides clarity and predictability to customers and rules reduces the opportunity for discriminatory treatment.

Q. WHY SHOULD THE NET REMOVAL CHARGES APPLY ONLY WHEN THE FACILITIES WILL NOT BE REUSED AT THE CUSTOMER'S SITE?

A. In the case of temporary disconnections to a site, such as when ownership changes, there is usually no need for disconnection or reconnection by physical removal of property, as switching off the service serves the same purpose. The next occupant would use the facilities.

Q. WHAT IS THE SCOPE OF THE FACILITIES THAT CAN BE REMOVED FOR CHARGE UNDER STAFF'S PROPOSAL?

A. If a customer specifically requests removal of facilities on public easement, a charge may apply. Otherwise, a charge applies only to removal of those distribution facilities serving the customer that are not on public easement. Such distribution facilities generally include a meter, and a conductor, known as a "service drop." In some cases, the property could be other conductors, poles and line transformers. In rare cases, the property would be high voltage transmission lines, if they were entirely dedicated to the customer under discussion. These limitations provide a reasonable boundary on the applicable charges.

Q IS THE DISTINCTION BETWEEN TRANSMISSION AND DISTRIBUTION PLANT ALWAYS CLEAR?

A. No. For example, what is transmission and what is distribution may be disputed in the case of a large industrial customer who takes power at directly at high voltage. Providing a correct definition of distribution facilities is difficult. If disputes arise, the issues may need to be resolved by the Commission.

Q. PLEASE STATE STAFF'S PROPOSAL.

A. Staff proposes the following language be added to Rule 4 of PacifiCorp's Tariff:

In Rule 4 (f) add the following after the existing paragraph on page F.3:

a) When Customer requests Company to permanently disconnect Company's facilities, under circumstances where the facilities would likely not be reused at the same site, Customer shall pay to Company the actual cost for removal less salvage of only those distribution facilities that need to be removed for safety or operational reasons, and only if those facilities were necessary to provide service to Customer. However, the actual cost for removal less salvage charged to Customer making a request under this paragraph shall not include any amount for any distribution facilities located on public easement (other than the meter and overhead or underground service). When the facilities removed by Company are residential overhead service & meter only, the charges shall be $200. When the facilities removed by Company are residential underground service & meter only, the charges shall be $400.

b) When Customer requests Company to permanently disconnect Company's facilities, under circumstances where the facilities would likely not be reused at the same site and Customer also requests Company to remove specific distribution facilities, Customer shall pay to Company the amounts described in paragraph (a) above, as well as the actual cost for removal less salvage of any different distribution facilities Customer requests be removed. Notwithstanding the last sentence of paragraph (a), the actual cost for removal less salvage charged to a Customer making a request under this paragraph may include amounts for distribution facilities located on public easement if Customer specifically requests such facilities be removed.

c) Company shall remove facilities pursuant to paragraph (a) and (b) only to the extent it can do so without an adverse impact on the service provided, or to be provided, to other customers.

In billing for removal of distribution facilities under paragraphs (a) and (b), Company shall charge Customer for the actual cost for removal, less salvage, unless the specific charge stated in paragraph (a) applies. Company shall provide an estimate of such charges to Customer prior to removal of facilities. The Customer shall pay the amount estimated prior to disconnection and removal of facilities. The facilities shall be removed at a date and time convenient to both the Customer and Company. Within 10 business days after removal, Company shall determine the actual cost for removal less salvage, and adjust Customer's estimated bill to that amount.

Q. ARE THERE OTHER CONDITIONS OF STAFF'S PROPOSAL?

A. Yes. There should be a sunset date and reporting requirements to ensure reasonable conduct by all concerned.

1. The tariff revision should bear a "sunset date" of December 31, 2005. This puts the burden on PacifiCorp to affirmatively seek the continuance of the tariff. This sunset date coincides with the end of the current Rate Plan for PacifiCorp. The sunset date does not prohibit changes to the tariff in the meantime. Such changes would be subject to normal tariff change procedures, but any such changes should also be subject to the sunset date.

2. PacifiCorp should be required to report annually on its experience under the tariff language. It would report number of times the tariff was used, date, customer type, nature of request, estimated removal cost and salvage, actual removal cost and salvage, description of facilities removed, and the accounts used to book each transaction. The annual reports should be due beginning one year after the proposed tariff language takes effect.

Q. WHAT IS THE BASIS FOR THE $200 CHARGE FOR REMOVAL OF RESIDENTIAL METERS AND OVERHEAD SERVICE DROPS, AND $400 CHARGES FOR UNDERGROUND SERVICE DROPS?

A. These figures are based on Staff's understanding of the Company's average cost of removal in these situations. We expect the Company to have justified these figures by the time this testimony is offered. In the case of commercial and industrial customers, we expect that net removal costs are not amenable to such averaging and will be dealt with on a case-by-case-basis. It is primarily for this reason that we recommend reporting on each incident of removal in periodic reports to the Commission.

Q. DOES PACIFICORP'S CURRENT TARIFF CONTAIN ANY CHARGES THAT ARE SIMILAR TO THE PROPOSED CHARGES?

A. Yes. Under terms of Tariff WN U – 74, Line Extensions Rule 14, III.A.1, the Company can require a non-residential customer to pay a contract minimum billing for five years, regardless of whether or not the customer remains connected to the system for that period. Rule III.A.2 provides that any non-residential customer who leaves before ten years must repay the standard line extension allowance.

In Tariff WN U-74, General Rules and Regulations, 6(f), a customer requesting relocation of facilities pays the net cost of relocation. In each of these examples, the customer has caused the cost to be incurred and the customer pays the cost. Copies of Rule 14.III.A and 6(f) are in Ex. ___(HBM-7).

Q. IS THERE A DANGER THAT FACILITIES OF NEIGHBORING CUSTOMERS COULD BE IMPAIRED BY REMOVAL OF FACILITIES PURSUANT TO THE CHANGES PROPOSED BY THE COMPANY OR STAFF?

A. No. Facilities being used by customers other than those requesting removal of property would not be removed. (Ex. ___(HBM-8), PacifiCorp Response to Staff Data Request No. 2.23).

Q. ARE THERE REASONS THAT THE PROPERTY SHOULD BE REMOVED WHEN A DIFFERENT ELECTRIC PROVIDER IS CHOSEN BY THE CUSTOMER?

A Yes. In response to Staff Data Request No. 2.19, PacifiCorp states that in that situation, the Company removes facilities for safety and operational reasons. Staff has no reason to dispute that response,. (Ex. __(HBM-9). For example, fire fighters must quickly obtain electricity Company cooperation to de-energize circuits which might endanger firefighters or citizens during an emergency. The existence of two service drops presents a confusing situation to emergency personnel that is not acceptable.

Q. IS THE STAFF PROPOSAL REASONABLE?

A. Yes. It is reasonable to charge customers based on the cost their action imposes on the Company.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

Docket-UE001734
Ex__(HBM-2)
Witness : H B McIntosh
July 2, 2001

STAFF PROPOSED LANGUAGE TO BE ADDED TO RULE 4 OF PACIFICORP'S TARIFF:

In Rule 4 (f) add the following after the existing paragraph on page F.3:
a) When Customer requests Company to permanently disconnect Company's facilities, under circumstances where the facilities would likely not be reused at the same site, Customer shall pay to Company the actual cost for removal less salvage of only those distribution facilities that need to be removed for safety or operational reasons, and only if those facilities were necessary to provide service to Customer. However, the actual cost for removal less salvage charged to Customer making a request under this paragraph shall not include any amount for any distribution facilities located on public easement (other than the meter and overhead or underground service). When the facilities removed by Company are residential overhead service & meter only, the charges shall be $200. When the facilities removed by Company are residential underground service & meter only, the charges shall be $400.

b) When Customer requests Company to permanently disconnect Company's facilities, under circumstances where the facilities would likely not be reused at the same site and Customer also requests Company to remove specific distribution facilities, Customer shall pay to Company the amounts described in paragraph (a) above, as well as the actual cost for removal less salvage of any different distribution facilities Customer requests be removed. Notwithstanding the last sentence of paragraph (a), the actual cost for removal less salvage charged to a Customer making a request under this paragraph may include amounts for distribution facilities located on public easement if Customer specifically requests such facilities be removed.

c) Company shall remove facilities pursuant to paragraph (a) and (b) only to the extent it can do so without an adverse impact on the service provided, or to be provided, to other customers.

In billing for removal of distribution facilities under paragraphs (a) and (b), Company shall charge Customer for the actual cost for removal, less salvage, unless the specific charge stated in paragraph (a) applies. Company shall provide an estimate of such charges to Customer prior to removal of facilities. The Customer shall pay the amount estimated prior to disconnection and removal of facilities. The facilities shall be removed at a date and time convenient to both the Customer and Company. Within 10 business days after removal, Company shall determine the actual cost for removal less salvage, and adjust Customer's estimated bill to that amount.

ADDITIONAL CONDITIONS
There should be a sunset date and reporting requirements to ensure reasonable conduct by all concerned.

1. The tariff revision should bear a "sunset date" of December 31, 2005. This puts the burden on PacifiCorp to affirmatively seek the continuance of the tariff. This sunset date coincides with the end of the current Rate Plan for PacifiCorp. The sunset date does not prohibit changes to the tariff in the meantime. Such changes would be subject to normal tariff change procedures, but any such changes should also be subject to the sunset date.
2. PacifiCorp should be required to report annually on its experience under the tariff language. It would report number of times the tariff was used, date, customer type, nature of request, estimated removal cost and salvage, actual removal cost and salvage, description of facilities removed, and the accounts used to book each transaction. The annual reports should be due beginning one year after the proposed tariff language takes effect.