

## **CREA Data Request 0012**

Referring to page 3 of Mr. R. Bryce Dalley's testimony, he states that Pacific Power was unable to negotiate a service area agreement with CREA. Please provide a complete copy of a draft proposed service area agreement PacifiCorp offered to CREA and explain PacifiCorp's understanding of why CREA was unwilling to execute an agreement with Pacific Power.

## **1st Supplemental Response to CREA Data Request 0012**

The Company continues to object to this request on the ground that it includes an incomplete recitation of the testimony presented by Mr. Dalley on the subject. The Company objects on the additional ground that it lacks sufficient knowledge or information to respond regarding the motivation and intention of CREA. Additionally, it is inaccurate to state that the Company "offered" a service area agreement to CREA. Rather, on two separate occasions, the Company and CREA engaged in the process of negotiating an agreement. Subject to and without waiving these objections, please see the Company's response to WUTC Data Request 4 as well as the following supplemental response:

Please refer to Attachment CREA 0012 1<sup>st</sup> Supplemental for the following documents responsive to this request:

- PacifiCorp-CREA Agreement in Principle dated March 4, 2002.
- CREA Responses to PacifiCorp's Second Set of Data Requests in Docket UE-001743.
- July 30, 2001 Application of PacifiCorp Requesting Approval of an Interim Service Territory Agreement with Columbia Rural Electric Association Inc.

PREPARER: Ariel Son

SPONSOR: TBD



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March 13, 2002

JAMES C. PAINE  
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**OVERNIGHT DELIVERY**

The Honorable Karen M. Caillé  
Administrative Law Judge  
Washington Utilities and Transportation Commission  
1300 S Evergreen Park Drive SW  
Olympia, WA 98504-7250

**Re: PacifiCorp-CREA Agreement In Principle**

Dear Judge Caillé:

In an effort to keep all interested parties apprised of the status of the negotiations between PacifiCorp and Columbia Rural Electric Association, Inc. ("CREA"), enclosed please find an executed Agreement in Principle between the parties. PacifiCorp and CREA hope to successfully negotiate the matters described in the Agreement in Principle in an expeditious manner with due consideration to your extension of the procedural schedule in Docket No. UE-001734, PacifiCorp's application seeking to establish net removal charges.

Should you or any interested party have questions or concerns regarding this matter, please do not hesitate to contact me.

Very truly yours,

James C. Paine

Enclosure

cc: Parties of Record

Oregon  
Washington  
California  
Utah  
Idaho

## AGREEMENT IN PRINCIPLE

### Addressing Allocation of Retail Electric Service Territory In Walla Walla, Garfield and Columbia, Counties Washington

Between

**PACIFICORP and COLUMBIA RURAL ELECTRIC ASSOCIATION, INC.**

#### 1. PARTIES.

1.1 Parties to the Agreement in Principle. The parties to this Agreement in Principle are PacifiCorp and Columbia Rural Electric Association, Inc. ("CREA") (collectively the "Parties").

#### 2. BACKGROUND AND PURPOSE.

2.1 Background. PacifiCorp and CREA provide retail electric service in the State of Washington. PacifiCorp wishes to explore means to avoid construction of uneconomic duplicative electric facilities and to avoid unnecessary hazards to public safety that duplicative facilities may cause, legislative policy goals reflected in RCW 54.48.020 and 54.48.030.

The Parties have met in recent weeks and discussed establishment of a comprehensive service territory agreement applicable to Walla Walla County, Garfield County and Columbia County, Washington.

2.2 Purpose. The purpose of this Agreement in Principle is to set out the essential terms and conditions for preliminary negotiations through which the Parties intend to establish several objectives, including a mutual aid agreement, a comprehensive agreement addressing the allocation of service territory in Walla Walla County, Garfield County and Columbia County, Washington, and to transfer certain distribution facilities and related assets with the right and the obligation to serve approximately 950 retail customers in Burbank, Washington from PacifiCorp to CREA, pending complete documentation of the arrangement for subsequent submission to the Washington Utilities and Transportation Commission ("WUTC") in an effort to secure necessary regulatory approvals.

#### 3. ACKNOWLEDGEMENT OF REGULATORY APPROVALS NEEDED.

3.1 The Parties acknowledge that RCW 54.48.030 provides that in order for any service territory agreement to be effective, such agreement must be presented to and approved by the Washington Utilities and Transportation Commission ("Commission").

3.2 The Parties acknowledge that RCW 80.12.020 provides that in order for any distribution asset sale agreement to be effective such agreement must be presented to and approved by the Commission.

#### 4. ASSETS PURCHASE AND TRANSFER OF CUSTOMERS.

4.1 PacifiCorp and CREA will cooperate to negotiate an Asset Purchase Agreement whereunder PacifiCorp will seek Commission approval to transfer distribution facilities used to render service to retail customers within Burbank, Washington. As a part of this contemplated application, PacifiCorp will seek to be relieved of the obligation to serve approximately 950 retail customers in Burbank, Washington, and such area will become CREA's exclusive territory under the Service Territory Agreement. PacifiCorp will value the relevant assets and negotiations on the purchase price and terms and conditions of the asset purchase agreement will commence thereafter.

#### 5. SERVICE TERRITORY AGREEMENT.

5.1 Scope of Contemplated Service Territory Agreement. The contemplated Service Territory Agreement will govern all of the Parties' activities associated with soliciting and providing electric retail service in the Washington Counties of Columbia, Garfield and Walla Walla.

5.2 Term. The contemplated Service Territory Agreement will be for a period of five (5) years. The effective date of the contemplated Service Territory Agreement will commence on the first business day following the effective date of an order of the Commission approving this Agreement (the "Effective Date"). The contemplated Service Territory Agreement will have an evergreen provision that allows for one-year extensions.

In addition, within three (3) years from the Effective Date of the contemplated Service Territory Agreement, the Parties will reopen discussions to consider whether the Parties' experience with the "non-exclusive" service territory designation (described below) applicable to Columbia, Garfield and designated areas within Walla Walla Counties, Washington has been satisfactory.

5.3 No Solicitation to Customers of Other Party. The Parties agree that the contemplated Service Territory Agreement will reflect terms and conditions providing that neither PacifiCorp nor CREA will extend electric service facilities to or solicit electric service from a customer at a particular location in Columbia, Garfield or Walla Walla Counties, Washington that is being served by the other party before the Effective Date or during the term of this Agreement. If customers of a party seek to switch electric service providers, such a switch will only occur upon mutual agreement of the Parties and the customer. Any customer that is permitted to switch electric service providers will be required to be responsible for all costs associated with the switch, including any costs of removal of distribution facilities of the previous supplier, less salvage value thereon. The 200 foot measurement from "adequate facilities" described in section 5.5 below will not change due to any customer switching service providers, i.e., measuring the 200 foot distance will be made from facilities that existed prior to the customer having switched service providers. The Parties agree that neither party is under any obligation to grant permission for a customer to switch although that permission will not be unreasonably withheld.

5.4 Exclusive Service Territories. The contemplated Service Territory Agreement will identify assigned exclusive service territories in Walla Walla County, Washington within which PacifiCorp or CREA will be the exclusive provider of retail electric service for the relevant term of the agreement. Some of the exclusive areas are established by city limits that are defined as of December 31, 2001.

5.5 Non-Exclusive Service Territories. The contemplated Service Territory Agreement will designate that Garfield and Columbia counties and a specifically identified area in Walla Walla County, Washington will be non-exclusive service territory. When only one Party has adequate facilities within 200 feet of the potential customer's service entrance or development backbone entrance point, in which case, that Party shall have the exclusive right to serve that new customer. In the event that both Parties have adequate facilities within 200 feet or neither party does, then such customer will be non-exclusive and may be served by either party. The distances will be determined by distance measured from the point of adequate facilities to the service entrance or development backbone entrance point from the date of customer application.

Executed service contracts in existence prior to the execution date of this Agreement will be honored. Any and all such executed agreements will be identified during the contemplated negotiation process.

5.6 No "Runners" Clause. The contemplated Service Territory Agreement will provide that neither Party will construct distribution facilities that are not designed to serve a specific identifiable potential customer, i.e., neither Party will construct facilities for the speculative purpose of gaining closer proximity to areas that may be the locale of future, unidentified potential customers.

## 6. MUTUAL AID AGREEMENT.

6.1 The contemplated Service Territory Agreement will provide that PacifiCorp and CREA will, in good faith, attempt to negotiate and execute a mutual aid agreement under which each Party pledges to provide assistance to the other during times of emergency, contingent upon available resources.

## 7. SALE OF PACIFICORP FACILITIES IN EASTERN WASHINGTON.

7.1 The contemplated Service Territory Agreement will provide that in the event that during the duration of the agreement PacifiCorp determines that it will sell or otherwise dispose of distribution facilities located in Walla Walla, Columbia or Garfield Counties, Washington, PacifiCorp will notify CREA of PacifiCorp's intentions to sell contemporaneously with notification by PacifiCorp to other potential purchasers.

## 8. DISPUTE RESOLUTION.

8.1 The contemplated Service Territory Agreement will provide that in the event of a dispute under the Agreement, the steps taken to resolve the dispute may include such steps as a

meeting of the parties, mediation or arbitration. The Parties acknowledge that if resolution of a dispute results in modification of the contemplated Service Territory Agreement that Commission approval may be required before such modifications may be effective.

9. TERM AND TERMINATION.

9.1 The term of this Agreement in Principle is from date of execution by the parties to July 1, 2002. This term may be extended, but only by mutual agreement of the Parties. In the event that either or both parties concludes during the course of these negotiations that an overall agreement will not be reached between the parties that is mutually satisfactory, either or both parties may terminate this agreement after giving two weeks written notice.

10. COUNTERPARTS.

10.1 This Agreement in Principle may be executed in several counterparts including facsimile copies, each of which shall be deemed an original and all of which taken together shall constitute a single instrument.

AGREED TO AND ACCEPTED ON THIS 4th DAY OF MARCH, 2002.

PACIFICORP

COLUMBIA RURAL  
ELECTRIC ASSOCIATION, INC.

By: M. R. Wright  
Matthew Wright  
Executive Vice President

By: Thomas Husted  
Thomas Husted  
Chief Operating Officer/  
General Manager

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND )  
TRANSPORTATION COMMISSION, )  
 )  
Complainant, )  
 )  
v. )  
 )  
PacifiCorp, d/b/a/ Pacific Power & )  
Light, )  
 )  
Respondent. )

DOCKET NO. UE-001734

**SECOND SET OF PACIFICORP DATA REQUESTS TO  
COLUMBIA RURAL ELECTRIC ASSOCIATION, INC.**

*And Responses Thereto*

PacifiCorp serves herein its Second Set of Data Requests on the Columbia Rural Electric Association, Inc. ("CREA") in the above-captioned proceeding. PacifiCorp serves these Data Requests pursuant to the provisions of ALJ Caillé's May 4, 2001 Prehearing Conference Order and the provisions of WAC 480-09-480. Pursuant to the provisions of the Prehearing Conference Order, PacifiCorp asks that CREA provide its responses within five (5) working days from receipt thereof.

**I. DEFINITIONS**

1. "Documents" refers to all writings and records of every type in your possession, control, or custody, whether or not claimed to be privileged or otherwise excludable from discovery, including but not limited to: testimony and exhibits, memoranda, papers, correspondence, letters, reports (including drafts), analyses, studies, summaries, comparisons, tabulations, books, pamphlets, maps, cooperative board or other minutes, notes, computer data (including e-mail), budgets, workpapers, engineering diagrams, mechanical and electrical recordings.

When used with respect to a document, stating the nature of the document (e.g., letter, memorandum, cooperative board or other minutes); the date, if any, appearing thereon; the date, if known, on which the document was prepared; the general subject matter of the document; and the identity of each person who wrote, or otherwise participated in the preparation of the document.

3. "CREA" refers to Columbia Rural Electric Association, Inc., any affiliated company, or any officer, director or employee of Columbia Rural Electric Association, Inc, or any affiliated company.

## II. INSTRUCTIONS

1. Please identify the person from whom the information and documents supplied in response to each Data Request were obtained and the person who prepared each response.

2. These requests are continuing in nature and PacifiCorp asks CREA to file supplemental answers as soon as possible in the event that CREA obtains further or different information.

3. Please provide the responses to these Data Requests by Monday, July 8, 2002, to:

James C. Paine  
Stoel Rives, LLP  
Suite 2600  
900 SW Fifth Avenue  
Portland, OR 97204-1268  
e-mail: jcpaine@stoel.com

## III. DATA REQUESTS

Pac-10: The attached article from the June 3, 2002 edition of *Clearing Up* indicates that CREA issued an "information release" stating that CREA "plans to respond to the numerous requests . . . from PacifiCorp customers who desire electrical service from the cooperative." Please provide a copy of this information release.

**RESPONSE:** See attached copy of information release, which was originally provided to *Clearing Up* at its request.

Pac-11: The attached article from the June 3, 2002 edition of *Clearing Up* indicates that CREA issued an "information release" stating that CREA "plans to respond to the numerous requests . . . from PacifiCorp customers who desire electrical service from the cooperative." With respect to these requests:

(a) Please indicate how many such requests have been received.



- (b) For each such request, please indicate the date in which it was received and how such request was made (i.e., oral, written).
- (c) Please provide a copy of any written requests.
- (d) In the case of telephone requests, please provide any written records relating to such requests.
- (e) Please indicate whether or not any such requests were the result of solicitation by CREA.

**RESPONSE:** (a), (b), (c), and (d), see tables submitted in response to Staff DR 73; (e) none of such requests were the result of solicitation by CREA.

Pac-12: The attached article from the June 3, 2002 edition of *Clearing Up* indicates that CREA issued an "information release" stating that CREA "will also continue to pursue new customers throughout the Walla Walla and Columbia County areas." With respect to this statement, please indicate:

- (a) If CREA is "continuing" to pursue new customers, was it engaging in such actions while the interim service area agreement was in effect?
- (b) What steps is CREA taking to "pursue" new customers?
- (c) Please provide a copy of any documents or written materials prepared or used by CREA to solicit new customers, including written materials distributed to potential new customers, written scripts for verbal solicitations of potential new customers, or notes relating to such verbal solicitations.

**RESPONSE:** (a) no; (b) Objection, not reasonably calculated to lead to admissible evidence, e. g. CREA's marketing and business plans have no bearing on the instant tariff application for exit fees; however, without waiving that objection, CREA pursues new members by offering them good service at reasonable rates and by being responsive to their requests; (c) see attached copy of brochure that is given to new members and to potential members of CREA when requested.

Pac-13: The standard form of Electric Service Agreement provided in response to PacifiCorp Data Request No. 8 refers to a "Line Extension Policy." Please provide a copy of this Line Extension Policy (or similar document setting forth the terms and conditions under which CREA connects new customers).

**RESPONSE:** See attached copy of Line Extension Policy.

Pac-14: With respect to CREA's line extension policy (or similar such policy setting forth standard terms and conditions under which CREA connects new customers), has CREA granted exceptions to such policy (i.e., connected new customers in departure from that policy)? If so, please identify the circumstances under which the policy has not been followed, and provide copies of any documents or written materials in connection with such circumstances.

**RESPONSE:** No.

Pac-15: Does CREA have any arrangement with any local contractors under which CREA is the exclusive electric provider? If so, please provide the details regarding such arrangement, and a copy of any documents or written materials in connection with such arrangement.

**RESPONSE:** No.

Pac-16: The standard form of Electric Service Agreement provided in response to PacifiCorp Data Request No. 8 contains a blank in paragraph 9 as to the term in years. What is the standard term (*i.e.*, length or duration) of contracts under which CREA connects new customers? With respect to this standard term, has CREA granted exceptions to such policy (*i.e.*, connected new customers in departure from that policy)? If so, please identify the circumstances under which the policy has not been followed, and provide copies of any documents or written materials in connection with such circumstances.

**RESPONSE:** Zero to fifteen years, depending on line extension cost and payment terms in each contract.

Pac-17: CREA's response to PacifiCorp Data Request No. 2 indicates that CREA is not "duplicating the facilities" of PacifiCorp because it is not installing an "exact replication of facilities in a particular area." In those areas discussed in Mr. Husted's testimony at page 2, lines 3-7, how is CREA serving its customers? Please provide a description of the facilities installed by CREA, and explain how such facilities are not a duplication of PacifiCorp's existing facilities.

**RESPONSE:** The CREA facilities that have been installed to serve members since the Franchise was approved within the City of Dayton are single-phase overhead. At the site in Walla Walla, CREA provides service from underground facilities. PacifiCorp does not have similar services in that area. In College Place, CREA has recently rebuilt old single-phase lines to serve existing members and built new three-phase lines (both overhead and underground) to reach new members, none of whom were served by PacifiCorp, so there was no duplication.

Pac-18: CREA's response to PacifiCorp Data Request No. 2 indicates that CREA is not "duplicating the facilities" of PacifiCorp because it is not installing an "exact replication of facilities in a particular area."

- (a) Please provide any basis for using "exact replication" as the standard for "duplication of facilities."

- (b) Is it CREA's position that only "exact replication" is prohibited by Chapter 54.48 RCW?
- (c) If so, please explain the basis for that interpretation.
- (d) Please identify any precedent or decision from Washington or any other jurisdiction that supports the use of "exact replication" as the standard for "duplication of facilities."

**RESPONSE:** (a) Webster's *New World Dictionary* defines duplication as a "copy, replica". It also defines duplicate, in relevant part, as "an exact copy or reproduction" (noun) or "corresponding exactly" (adjective). *Microsoft Word*, in its *Thesaurus*, lists "replication" as an alternative to "duplication". *The Oxford Dictionary and Thesaurus*, 1996 American Ed., Oxford University Press, states "duplicate" is synonymous with "match, reproduction, replica or replication". (b) Objection, calls for a conclusion of law and not factual information; moreover Chapter 54.48 RCW defines itself to be a statement of policy not of prohibition. (c) see Chapter 54.48 RCW. (d) Objection, calls for conclusions of law, research and work product readily obtainable by PacifiCorp through its own efforts; without waiving that objection, CREA is not aware of any precedent or decision from Washington or any other jurisdiction which defines the standards for "duplication of facilities".

**RESPONSES DATED: JULY 3, 2002**

## COLUMBIA RURAL ELECTRIC ASSN., INC.

### Board Policy #201

### Subject: Line Extension

Dated: February 27, 2001

Supersedes Date: February 29, 2000

#### Objective:

#### Procedure:

#### Policy:

It is the policy of Columbia Rural Electric Assn., Inc. to make electric service available to all applicants in the Cooperative's service area under the prevailing rates and conditions of service.

#### 1.) Extensions to Permanent Consumers covered by an existing Rate Schedule

- A) The Cooperative will contribute towards all line extensions at the published line extension credit by rate schedule for each applicant an amount equal to the following: The average investment for the previous three years total capital costs per each individual rate schedule will be utilized as the Line Extension Credit for the year. The average investment is calculated utilizing the year-end REA Form 7 and specific rate schedule statistics. The Board of Directors shall annually review and approve the Line Extension Credit.
- B) Line extension costs in excess of those outlined in Section 1.A. will be paid by the member. The member will have the following two options for the payment of the costs in excess of the Cooperative's contribution:
  1. A cash payment applied as a Contribution in Aid of Construction before the line extension is constructed,
  2. or the Cooperative will finance the balance of the required Contribution in Aid of Construction and add an Amortization Charge onto the Customers monthly bill. The Charge will be contracted over a 10 year period at an interest rate established utilizing the Cooperative's cost of capital determined annually (when the annual budget is set). The interest rate will be set as published by the National Rural Utilities Cooperative Finance Corporation (NRUCFC) loan rate at the first of each year plus 1%. The Board of Directors shall annually review and approve the contract interest rate and may adjust this interest rate as needed.
- C) If subsequent consumers are connected within the line extension for a period of five years from the date the Cooperative makes the initial service available, a cash contribution refund may be made and/or the Amortization Charge in Section B. may be reduced to the existing consumer on a prorated basis. Any new primary line extension made from the end pole of a preceding extension will be considered a separate extension and will not affect the previous extension

contract. The Cooperative, at its sole discretion, may parcel the extension cost when multiple accounts are being served or are planned for future service. In such cases, no refund will be made.

D) For those full-time residential consumers that are all electric and qualify per the 1987 Model Conservation Standards adopted by the Bonneville Power Administration, or an equivalent State Energy Code, the Cooperative may contribute an additional Conservation Promotion Allowance. This allowance will be added to the Line Extension Credit from Section 1-A. The Conservation Promotion Allowance will be set by the Board of Directors on an annual basis. To be considered Full time Residential the applicant must :

1. Produce evidence that he/she is owner of the property on which the dwelling is located; the dwelling be located on a separate parcel of land dedicated to that dwelling only; provide proof that the land is zoned for permanent dwellings.
2. Permanently attach the dwelling to the local water (Well) and sewer (septic) system, approved by the County Health Office.
3. Require only a single-phase 120/240 volt service.
4. Manufactured homes must have a poured in place foundation, have skirting around the perimeter, have the axles and tongues removed, and meet the first three requirements of this section.

### 2.) Extensions to Temporary Consumers covered by an existing Rate Schedule

All requests for service being transitory in nature as specified by the member or determined by the Cooperative shall be treated as a temporary service.

- A) All temporary services shall require a cash contribution in an amount equal to the cost of installation and removal (up and down charges) of the extension minus any salvage value. The cost of installation shall include the cost of the transformers and meters.
- B) The temporary service shall be billed on the applicable rate and conditions of service while it is in place.
- C) A temporary service that qualifies as a permanent service within one year, will be eligible to convert to a new contract as outlined in section 1A and receive a refund for any excess contribution previously made.

### 3.) Contract Periods

All new services shall be required to enter into a contract for service for a period as outlined below:

- A) No term contracts for services that qualify under Section 2. This contract will remain active as long as service is in place.

- B) Five (5) years for all new services when a cash payment is made as a Contribution in Aid of construction for all cost with no line extension credit applied by the cooperative. Consumer shall be responsible for all costs excluding transformer and meter. Payment must be received before line extension is constructed.
- C) Fifteen (15) years for all new services that receive the published line extension credit as outlined in Section 1.

4.) Authority to Waive

- A) The Board of Directors reserves the right to waive, by formal board action, any or all of the Extension Policy in the event special conditions arise or exist.

ATTESTED ss\Wm D Stonecipher  
Secretary

## Information Release

### Columbia REA/PacifiCorp Discussions

5/30/02

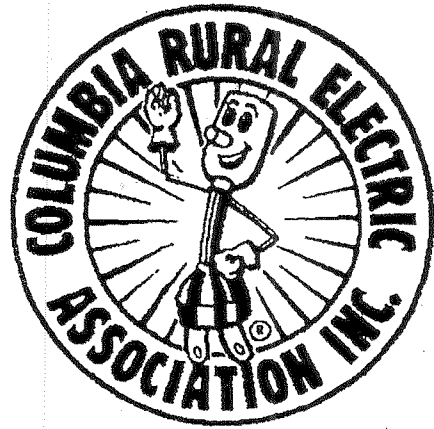
Columbia Rural Electric Cooperative (CREA) and PacifiCorp agreed in July 2001 to begin discussions on three principles important for the future of service in the area. The three issues were:

- mutual aid agreement that would enhance public safety in the area potentially affected by multiple service providers
- territorial allocation clarity
- transfer or sale of customers

PacifiCorp and CREA had a Memo of Understanding (MOU) that laid out the process for discussions on these items. WUTC assigned a person to oversee the discussions. An Agreement in Principle (AIP) was completed in March 2002 and delivered to the Commission. An initial agreement date of May 15 was proposed in the AIP. PacifiCorp and CREA have continued discussions relative to a final agreement up to the deadline. A meeting occurred May 13 that indicated further negotiations would not lead to a final resolution of all points in the AIP. A second meeting on Friday, May 17 confirmed that parties could not reach agreement.

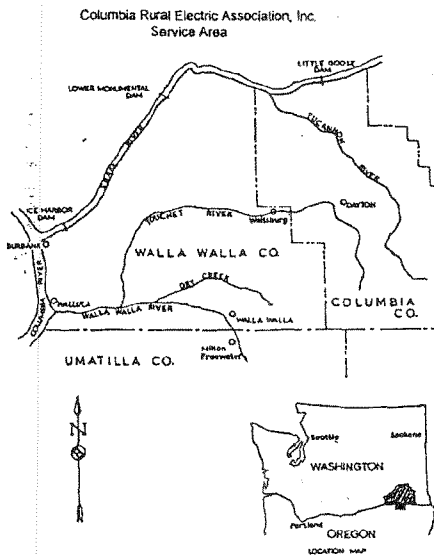
Columbia REA entered into and continued these negotiations with the desire to improve service, safety and reliability for all customers in the area. We pursued a comprehensive agreement that would include all three principles agreed upon in July 2001. After lengthy discussions we could not agree on a valuation for PacifiCorp facilities in the area. We have decided that further discussions will be fruitless because we are very far apart on our estimates for the value of the facilities. We were hopeful an agreement could be reached and are willing to discuss these principles again in the future if PacifiCorp places a more realistic value on the facilities.


In the absence of an agreement with PacifiCorp, Columbia REA plans to respond to the numerous requests we have had from PacifiCorp customers who desire electrical service from the cooperative. We will also continue to pursue new customers throughout the Walla Walla and Columbia County areas through open competition with PacifiCorp.



Walla Walla – Dayton – Burbank

Phone: 382-2578 or 1-800-642-1231



A Touchstone Energy™ Cooperative 

### About Columbia REA

Columbia Rural Electric Association, Inc. is a locally based, member owned electric cooperative. The cooperative was formed in January 1939 to serve rural farm customers who did not have electrical distribution services and found it too expensive to hook up to the existing power distribution system. We have grown from our original group of farm members to almost 3,400 accounts today in Walla Walla and Columbia Counties in Washington and a portion of Umatilla County in Oregon. Columbia REA's headquarters is located in Dayton, WA. Service centers are also located in Walla Walla and Burbank.

Columbia REA serves a diverse mix of members. Our original membership has grown to include a number of very large irrigation and commercial customers. Among our customers are large fruit orchards, vineyards, irrigated croplands and a large tree fiber farm. We also serve many other smaller irrigation customers.

Among our large commercial customers are a four-year college, two large extended care facilities and a large retail store in College Place. Columbia REA is serving a significant portion of the new residential

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development in and around College Place and adjacent to Walla Walla.

In addition we serve a number of smaller subdivisions and many individual residences in our three county service area.

### New Service

If you are planning to start a new home, farming operation, or business near a Columbia REA distribution line we would be happy to serve you. Please call us at 382-2578 or 1-800-642-1231 for additional information.

### Membership Information

Anyone who receives electrical service from Columbia REA becomes a member-owner of the cooperative. Each member shares in the benefits of the cooperative. Following is information about membership benefits.

- Local ownership: The cooperative is owned by its members. We are governed by a nine-member board of directors, elected from the membership.

(See other side)



- **Community Involvement:** As a locally owned company we are community oriented. We participate as sponsors in many community activities.
- **High quality, responsive customer service:** Columbia REA has maintenance crews located in Walla Walla, Dayton, and Burbank. This allows us to respond quickly to member needs. Around the clock after hours crews are available for local emergencies. A local phone call puts our members in touch with immediate assistance from Columbia REA twenty-four hours a day.
- **Stable rates:** Columbia REA purchases all of its power from the Bonneville Power Administration. We have a fixed price contract for all of our energy and transmission through the year 2001 and for all of our energy needs through 2006. We also have a special rate from Bonneville for purchases in the summer months. This helps to keep our irrigation rates low. These power purchase arrangements together with our own operational efficiency initiatives will ensure stable rates well into the 21st century.
- **Financial returns:** The revenues received by Columbia REA from its members are used to pay for the

operations of the utility. The excess each year becomes member equity and is periodically returned to the members. In 2001 we returned almost \$900,000 to existing and former members. Over the past five years we have returned almost \$5 million to our members.

- **Scholarship program:** Columbia REA has a scholarship program for qualifying members or dependents of members whose primary residence is served by the cooperative. These are four-year continuing education scholarships for post high school education. We presently award \$14,000 in scholarships annually.
- **Touchstone Energy:** Columbia REA is a Touchstone Energy Cooperative. This association of over 600 electric cooperatives, agree to operate under a very high standard of service. If an electric cooperative is identified as a Touchstone Energy Cooperative you can expect reliable, responsive service at the lowest possible price.
- **Senior citizen discount:** For senior citizen members that meet age and income requirements Columbia REA waives the monthly basic charge on the power bill.
- **Electric Ambassador Program:** Participation in this grass roots program is available to all members. Information

about energy industry issues is provided to program participants to help them stay up to date on issues facing the cooperative. The program also provides opportunities for members to participate in resolution of issues.

- **Newsletter:** Each member receives a bimonthly newsletter with utility industry information, tips on efficient energy use, news about the cooperative and much more.
- **Annual membership meeting:** Each year in the spring an annual membership meeting is held to elect new board members and to consult members on important issues facing the cooperative. A meal is provided and door prizes awarded to members.
- **Website:** In early 2002 our website, [www.columbiarea.com](http://www.columbiarea.com) was launched. The website provides information about Columbia REA and provides another mechanism for members to report meter readings and in the future will provide on line account and bill paying features.
- **Other services:** Columbia REA offers budget billing, surge protection equipment rental, security light rental, and satellite Internet access.



RBD-41X REVISED  
SERVICE DATE

AUG 06 2001

STATE OF WASHINGTON  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION  
1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250  
(360) 664-1160 • TTY (360) 586-8203

August 6, 2001


**NOTICE OF OPPORTUNITY TO COMMENT**  
**(Friday, August 10, 2001)**

**RE:** Washington Utilities and Transportation Commission v. PacifiCorp, d/b/a  
Pacific Power and Light, Docket No. UE-001734

TO ALL PARTIES OF RECORD:

The Commission acknowledges receipt of PacifiCorp's Application Requesting Approval of an Interim Service Territory Agreement with Columbia Rural Electric Association (CREA) under the provisions of chapter 54.48 RCW filed under Docket No. UE-011085. A Memorandum of Understanding (MOU) executed by PacifiCorp and CREA accompanies the Application. The MOU sets forth the framework under which those parties will attempt to negotiate a permanent service area agreement. Copies of the Application and MOU are included with this Notice.

The Commission will consider treating the Application as a request in Docket No. UE-001734, from which the Application and MOU evolved. The Commission seeks comments from the parties concerning the proposal and the process. Please file your comments by close of business, **Monday, August 13, 2001.**

Sincerely,  
  
CAROLE WASHBURN  
Secretary

Encl.



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UE-011085  
(P)

July 30, 2001

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**OVERNIGHT MAIL**

Ms. Carole J. Washburn  
Secretary  
Washington Utilities and Transportation Commission  
1300 S Evergreen Park Drive SW  
Olympia, WA 98504-7250

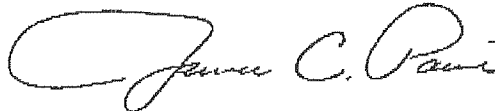
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COMMUNICATIONS SECTION

**Re: Application of PacifiCorp Requesting Approval of an Interim Service Territory Agreement with Columbia Rural Electric Association**

Dear Ms. Washburn:

Enclosed for filing in this matter are an original and nineteen (19) copies of PacifiCorp's Application Requesting Approval of an Interim Service Territory Agreement with Columbia Rural Electric Association.

Very truly yours,



James C. Paine

JCP:jlf  
Enclosures

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SEATTLE PORTLAND VANCOUVER, WA BOISE SALT LAKE CITY WASHINGTON, D.C.



**1. Memorandum of Understanding**

Under the terms of the MOU (attached hereto and identified as Application Exhibit 1), PacifiCorp and CREA (together the "Parties") commit to entering into negotiations seeking to, among other things, explore potential agreement in the following areas:

- (A) provision of mutual assistance during emergencies;
- (B) an exclusive service territory agreement for consideration by the Commission;
- (C) criteria for determining service to new customers in unassigned areas for Commission consideration;
- (D) wholesale power supply and pricing;
- (E) exchange and/or transfer of distribution assets.

The PacifiCorp-CREA Memorandum of Understanding ("MOU") provides that, contingent upon Commission approval of the MOU under section 54.48.030 RCW as an interim service territory agreement, negotiations will commence between the Parties in an effort to agree upon, execute and present for Commission consideration, a long-term service territory agreement. The MOU provides that during negotiations between the Parties each retail electric provider would continue to provide service to currently-served customers and that CREA would not request any new electric distribution franchise rights to provide service in communities where PacifiCorp holds the franchise to provide such service. These particular terms, in fact constitute a service territory agreement, and the MOU is being submitted to the Commission for approval under section 54.48.030 RCW. Should the Commission not approve the MOU, the agreement will have no force and effect.

The MOU further provides that the Parties will ask the Commission to identify/nominate a state government representative to attend all negotiating meetings between the Parties and to actively review and supervise the process.

PacifiCorp cannot overemphasize the importance of the Commission's approval of the MOU provisions constituting an interim service territory agreement and the nomination of a representative to supervise the negotiating process between PacifiCorp and CREA. Without affirmative Commission action on these two requests, further negotiations between the Parties will be jeopardized.

If negotiations are successful, the Parties will strive to complete their substantive work, analysis and negotiations and submit a long-term service territory agreement for the Commission's consideration by December 31, 2001. In the event negotiations are unsuccessful, the Parties commit to promptly notify the Commission that such has occurred.

The MOU also references a PacifiCorp request to hold in abeyance the procedural schedule in Docket No. UE-001734, PacifiCorp's proposal to impose net removal costs on customers asking the Company to remove its distribution facilities in order to receive service from an alternative electricity supplier. PacifiCorp filed a motion seeking such relief on Friday, July 27, 2001.

**2. Relief Requested**

PacifiCorp respectfully requests that the Commission issue an order:

1. Approving the PacifiCorp-CREA Memorandum of Understanding as an interim service territory agreement under the provisions of chapter 54.48 RCW that is in the public interest.

2. Nominating a state government representative to attend all negotiating meetings between the Parties and to actively review and supervise the process.
3. For such other relief as is deemed appropriate by the Commission.

DATED: July 30, 2001.

Respectfully submitted,



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Of Attorneys for PacifiCorp  
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**MEMORANDUM OF UNDERSTANDING  
AND  
INTERIM SERVICE TERRITORY AGREEMENT**  
between  
**Columbia Rural Electric Association Inc.**  
and  
**PacifiCorp**

**July 27, 2001**


Columbia REA and PacifiCorp (herein, "the Parties") both provide distribution electrical service in Southeast Washington, including areas surrounding the City of Walla Walla, and in Northeast Oregon. The Parties agree that it is in the best public interest of these communities for the companies to reach a neighboring agreement to improve safety, service, reliability and to reduce the duplication of service facilities. The Parties have agreed to engage in good faith discussions to resolve issues and further these public interests. This Memorandum of Understanding ("MOU") will be immediately submitted to the Washington Utilities and Transportation Commission for approval ("WUTC"), and, except as to item 3 below, shall not be effective until such approval is received. The Parties agree to jointly request such approval. If such approval is received, during the course of these discussions, the Parties further agree to abide by the terms of this Memorandum of Understanding (MOU). If approval of the WUTC is not received, this MOU shall have no force or effect. In consideration of the foregoing:

1. A representative for WUTC will be invited to attend all subsequent meetings between the Parties to actively review and supervise the process.
2. The Parties agree to explore potential agreement in the following areas:
  - a. Agreement to provide mutual assistance for response to emergencies;
  - b. Assignment of areas for exclusive service to existing and new customers;
  - c. Criteria for determining service to new customers in unassigned areas;
  - d. Exchange and/or transfer of distribution assets;
  - e. Supply and pricing of wholesale power.
3. Upon the execution of this Memorandum of Understanding, PacifiCorp will formally request that Docket No. UE-001734 before the WUTC be held in abeyance henceforward during the term of this agreement, which for purposes of this item shall include the period taken by the WUTC for its approval or disapproval of this MOU. Also effective with the execution of this MOU, PacifiCorp relieves Columbia REA of all requirements to respond to the data requests served on it in UE-001734 for so long as that proceeding is held in abeyance. The parties hereto so stipulate and, as to them, shall treat the stay of UE-001734 as being effective immediately.
4. Each utility agrees that it will not solicit or accept requests for service from any existing customer of the other utility for the term of this agreement.

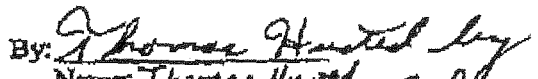



5. Columbia REA agrees not to request any new electric distribution franchise rights to provide service in communities where PacifiCorp holds the franchise to provide such services for the term of this agreement.
6. All discussions between the Parties in pursuit of an agreement shall be held in strict confidence, and shall involve other parties only by mutual advanced agreement. The Parties agree not to use the content of these discussions, including any work papers, maps, proposals, correspondence or other materials, in any future administrative, regulatory or legal proceeding.
7. The parties will seek to complete their substantive work, analysis and negotiations regarding the items contained in #2 a-e by December 31, 2001 for submittal to the WUTC.
8. Neither party is obligated to enter into a future agreement, and neither party shall have any claim in the event that the parties fail to arrive at a future agreement. Any future agreement will be subject to the approval of the WUTC, and no agreement regarding territory shall be binding absent such approval.
9. In the event either or both parties conclude during the course of these negotiations that an overall agreement will not be reached between the parties that is mutually satisfactory, either or both parties may terminate this agreement after giving two weeks advanced written notice.
10. The term of this Memorandum of Understanding is from date of approval by the WUTC to July 1, 2002, unless either party elects to earlier terminate this MOU as provided above. This term may be extended, but only by mutual agreement of the Parties.
11. Each party shall be responsible for its own expenses in connection with this MOU and the discussion and negotiation of any agreements.

PACIFICORP

By:   
 Name: Frank Mitchell  
 Title: VP Commercial

COLUMBIA REA

By:   
 Name: Thomas Hurst  
 Title: General Manager 

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CERTIFICATE OF SERVICE

I hereby certify that I served a copy of the foregoing document upon the parties of record in Docket UT-001734 by U.S. Mail, addressed to said parties/attorneys' addresses as shown below:

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DATED: July 30, 2001.

  
James C. Paine  
Of Attorneys for PacifiCorp