

May 20, 2019

**VIA ELECTRONIC FILING**

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Received  
Records Management  
05/20/19 11:14  
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**RE: Advice 19-02—Rule 14—General Rules and Regulations—Line Extensions**

Pacific Power & Light Company (Pacific Power), a division of PacifiCorp, submits this proposed tariff applicable to Pacific Power’s electric service in the state of Washington in compliance with RCW 80.28.050, WAC Chapter 480-80, and the Washington Utilities and Transportation Commission’s (Commission) Rules and Regulations. Pacific Power respectfully requests an effective date of June 28, 2019.

First Revision of Sheet No. R14.1	Rule 14	General Rules and Regulations—Line Extensions
First Revision of Sheet No. R14.2	Rule 14	General Rules and Regulations—Line Extensions
First Revision of Sheet No. R14.3	Rule 14	General Rules and Regulations—Line Extensions
Second Revision of Sheet No. R14.4	Rule 14	General Rules and Regulations—Line Extensions
Third Revision of Sheet No. R14.5	Rule 14	General Rules and Regulations—Line Extensions
First Revision of Sheet No. R14.6	Rule 14	General Rules and Regulations—Line Extensions
Second Revision of Sheet No. R14.7	Rule 14	General Rules and Regulations—Line Extensions
First Revision of Sheet No. R14.8	Rule 14	General Rules and Regulations—Line Extensions

This filing builds upon modifications to Pacific Power’s Rule 14—Line Extensions, which began in the company’s Advice 18-01—Facilities Charges filing made last year. That filing reduced the facilities charges and the duration of certain contract minimums. This filing increases line extension allowances and allows the application of the unused portion of those allowances to certain costs associated with underground extensions. The proposed changes, detailed below, reduce the costs to customers to obtain power for new construction and new load additions. These proposed allowances allow Pacific Power to recover its capital investments while minimizing rate impacts to customers.

Pacific Power is providing notice of the proposed tariff change concurrent with this filing in

accordance with WAC 480-100-193(1).

## **Discussion of Proposed Tariff Revisions**

### **1. Increase in Line Extension Allowances**

The company is proposing to raise the allowance to \$3,150 per residence, to be allocated within residential subdivisions to \$450 for the service, and \$2,700 for the primary, transformers, and secondary (Rule 14.II.A and 14.IV.B). For non-residential customers the proposed allowance is two times the estimated annual revenue (Rule 14.III.A.1 through 4). Please refer to Attachment C, which provides the basis for the company's proposed line extension levels. The calculation for the proposed line extension allowance levels is based on the 10-year present value of revenue less the 10-year present value of avoided costs and the 10-year present value of the revenue requirement associated with the line extension allowance investment. This calculation measures the contribution that a new customer provides to fixed cost recovery over a 10-year period and is set at a level where other customers should be economically indifferent towards new customer additions.

The company's proposed changes better align the company's policies with other Washington investor-owned utilities. With the proposed allowances, Pacific Power's allowances are in line with other utilities' allowances.

### **2. Use of the Line Extension Allowance for Certain Underground Costs**

Under the current rules, applicants are required to provide at their cost, "trenching and backfilling, imported backfill material, conduits, and equipment foundations that the Company requires for the Extension." (Rule 14.II.F, 14.III.C, and 14.IV.D). The proposed change is to add language to these sections that allows any allowance not otherwise used for the line extension to be used for these costs. The company is not proposing that this portion of the allowance be included in the customer's contract minimum, consistent with the current tariffs. A proposed sentence was added to the definition of Facilities Charges to clearly address the facilities charges that are included in the Contract Minimum Bill.

### **3. Other Changes**

Proposed language was added to reflect company practices and the requirements of WAC 480-100-313 Meter charges (Rule 14.I.D).

A new definition was added, 14.I.H. Refunds, and the language on refunds that was common in Sections II, III, and IV was moved to this new section. Additionally some clarifications were added to this new section that reflect the company's practice.

The company is also proposing a clarifying adjustment to Facilities Charges, which addresses when a new customer connects to a line extension funded by another customer, and the new customer pays a refund (Rule 14.II.C.2 and 12.III.B.3).

