

ITEM NO. CA5

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 1, 2015

REGULAR _____ CONSENT X EFFECTIVE DATE _____

DATE: October 30, 2015

TO: Public Utility Commission

FROM: Scott Gibbens *SG*

THROUGH: Jason Eisdorfer and Marc Hellman *J* *MK*

SUBJECT: PACIFICORP AND UMATILLA ELECTRIC COOPERATIVE: (Docket No.UA 167) Requests Allocation of Service Territory for a Specific Customer.

STAFF RECOMMENDATION:

The Public Utility Commission (Commission) should approve the customer allocation agreement between PacifiCorp and Umatilla Electric Cooperative (UEC) (collectively Applicants) to allocate service of an expanding facility for a specific customer.

ISSUE:

Whether the Commission should approve a customer allocation agreement that allocates a portion of PacifiCorp territory for the purpose of allowing UEC to serve a customer that is expanding a facility, currently served by UEC, into PacifiCorp territory.

RULE:

Under ORS 758.410(1):

Any person providing a utility service may contract with any other person providing a similar utility service for the purpose of allocating territories and customers between the parties and designating which territories and customers are to be served by which of said contracting parties; and the territories and customers so allocated and designated may include all or any portion of the territories and customers which are being served by either or both of the parties at the time the contract is entered into, or

which could be economically served by the then existing facilities of either party, or by reasonable and economic extensions thereto.

A contract allocating territory or customers must be filed with the Commission and contain the information required in OAR 860-025-0010. The Commission, in turn, must publish notice of the filing within thirty days, allowing any customer, or if the Commission chooses, to request a hearing within thirty days of the notice. ORS 758.420. When no hearing is held, on the basis of the applicant's filing the Commission "shall enter an order either approving or disapproving the contract as filed, together with any appropriate findings of the facts supporting such order." ORS 758.425.

The criteria for approving an allocation contract are set forth in ORS 758.405. Under this statute, if the Commission finds (1) that the contract will eliminate or avoid unnecessary duplication of facilities, (2) will promote the efficient and economic use and development and the safety of operation of the utility systems of the parties to the contract, and (3) provide adequate and reasonable service to all territories and customers affected thereby, the Commission must approve the contract.

ANALYSIS:

UEC provides retail electric service to an industrial customer that owns and operates a facility on Tax Lot 5N-28-14-2500, in Umatilla County, Oregon. The facility's power is currently provided by a UEC substation that was built specifically to serve the facility. The facility includes a building that was built with the majority of its footprint in UEC service territory, but will be expanded to cross into PacifiCorp's service territory on its north side. The customer is building an expansion building adjoining to the north wall of the existing building that is entirely in PacifiCorp's service territory. The customer desires that all service be provided by UEC and its already existing substation, which has the capacity to do so.

PacifiCorp and UEC entered into a customer allocation agreement on July 21, 2015. Under the agreement, the portions of the facility in PacifiCorp territory will be served by UEC. The contract only authorizes the allocation of service to the expanded portion of existing building, and to the expansion building while this customer remains the owner of the facility. The Applicants applied for approval of the agreement with the Commission on August 20, 2015, and amended the application on September 16, 2015. Notice of the application was published on September 16, 2015. No timely request for hearing was received.

Staff reviewed the customer allocation agreement, the Applicants' responses to three information requests, previous allocation contract dockets, and the construction costs of power service for the facility's substation. In approving customer allocation agreements, Commission evaluates the merits of the application based on ORS 758.415. Staff finds the proposed agreement meets the criteria set forth in the statute.

First, this agreement avoids unnecessary duplication of facilities. Based on the investment already made by UEC into the substation, PacifiCorp would need to invest substantial capital to provide service to the facility. These costs can be avoided by utilizing the UEC substation already in service.

Second, the agreement promotes efficient and economic use and safe development and operation by allowing UEC to continue serving its customer from existing facilities already integrated into its electric system. The customer fully supports the agreement and would garner the added convenience of having a single utility serving the facility.

Third, the agreement ensures that existing customers will continue to receive adequate and reasonable service because no customer is required to change or add electric utility providers.

The applicants were provided a draft copy of this memo and have no concerns.

PROPOSED COMMISSION MOTION:

The customer allocation agreement between PacifiCorp and UEC, dated July 21, 2015, be approved.