BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

AR 506
AR 510

In the Matter of	)
	)
Rulemaking to Amend and Adopt Permanent Rules in OAR 860, Divisions 024 and 028, Regarding Pole Attachment Use and Safety (506).	)
	)
Rulemaking to Amend Rules in OAR 860, Division 028 Relating to Sanctions for Attachments to Utility Poles and Facilities (510).	)
	)

REPLY COMMENTS OF CENTRAL LINCOLN PUD AND NORTHERN WASCO COUNTY PUD REGARDING DIVISION 28 RULES

Pursuant to the procedural schedule in this docket, Central Lincoln Peoples' Utility District (CLPUD) and Northern Wasco County Peoples' Utility District (NWCPUD) (collectively, "Utilities") submit these reply comments.

1. Introduction

a. Objectives. One of CLPUD's and NWCPUD's objectives in this rulemaking is to achieve rental rates rules that (1) minimize disputes because rate calculations are transparent, (2) are fair to the Utilities' consumers, who invest in these poles, and (3) do not result in cross subsidies between pole owners' customers and pole user customers or among pole attachers. A second objective is achieve rules regarding

terms and conditions of utility pole joint use that permit reasonable management of utility poles by owners so that the poles can be maintained safely and reliably.

b. OJUA. The Utilities joined in discussions with Oregon Joint Use Association (OJUA) regarding Division 28 rules, including sanctions rules. Regarding new proposed sanctions rules, CLPUD and NWCPUD can accept the resolutions of sanctions rules (proposed rules OAR 860-028-0120 through 860-028-0230) proposed by OJUA. CLPUD and NWCPUD hope that as a result of the bargaining among pole owners and users at OJUA on sanctions issues, the new rules will result in a clean-up of old violations, and that there will be no new violations of construction standards or safety rules. The Utilities also generally support the conclusions of the OJUA regarding Division 28 (non-sanctions) rules except where these comments propose alternative resolutions.

c. Workshops. The Utilities also participated in workshops in this docket. In some instances, based on those workshop discussions, the Utilities' positions submitted in Opening Comments may have changed. If there has been a change to the Utilities' position in Opening Comments, then the change will be identified in these Reply Comments.

2. Carrying Charges

In Opening Comments[1] at pages 2-10, the Utilities addressed various issues in this docket regarding carrying charges, found in the definitions section of the Commission's rules, OAR 860-028-0020. The Utilities' position has not changed substantially since Opening Comments. However, CLPUD and NWCPUD have the

[1] *See*, Opening Comments of Central Lincoln PUD and Northern Wasco County PUD Regarding Division 28 Rules, dated September 28, 2006.

following additional comments in light of Staff's new proposed rules and in light of workshop discussions.

a. **OAR 860-028-0020(3).** Staff urges a definition of Carrying Charges that calculates carrying charge percentages on both distribution and transmission plant. This is because Staff has defined "pole" to include both distribution poles and transmission poles. *See*, Staff proposed OAR 860-028-0020(21).[2] It also appears, however, that the Staff proposed rule *would not preclude* owners (such as the Utilities) from calculating and separately stating distribution pole rental rates and transmission pole rental rates, provided that the "carrying charge" calculations were based on separate accounting data. The Utilities prefer to calculate separate carrying charges (and separate rental rates) for distribution poles and for transmission poles. The Staff proposed definition of "Carrying Charge" appears to be flexible enough to permit either a "rolled-in" rental rate including both distribution and transmission pole costs, or separately stated distribution pole rates and transmission pole rates.

If that is what Staff intended, then the Utilities can support the Staff definition of carrying charge. However, the Utilities urge the Commission to adopt specific language to indicate that this is permitted, as follows:

> **OAR 860-028-0110(XX)** Pole owners may charge transmission pole rental rates separately from distribution pole rental rates, provided that the owner can demonstrate that calculations are consistent with these rules and are based on separately stated distribution and transmission account data.

b. **OAR 860-028-0020(32) & 028-0100(6)** Based on comments at the first workshop in this docket, the Utilities propose amending two rules to better state how applications for pole attachments are to be processed when the application involves more

[2] Staff Second Round of Comments, dated November 6, 2006, Attachment C, page 2

than the "threshold number of poles" or when multiple applications in any 30-day period involve more than the "threshold number of poles."

As Staff's rules are currently proposed, the definition of "threshold number of poles" contains a phrase "in any 30-day period." The Utilities understand that the phrase "in any 30-day period" was added to the definition of "threshold number of poles" to capture the concept that multiple applications for pole attachment can be submitted consecutively in a short period of time, each application under the threshold number of poles, but cumulatively the applications could request access in numbers that exceed the "threshold." That would be problematic for pole owners, who may be unable to respond to those applications in the time frames that are established in these rules at 860-028-0100.

In workshops, pole attachers commented that the addition of "in any 30-day period" to the definition of threshold number of poles is without meaning or context, but should be addressed in the rule where "threshold number of poles" has substantive meaning. CLPUD and NWCPUD agree with those comments. The Utilities therefore propose to amend both OAR 860-028-0020(32) (definition of threshold number of poles) and 860-028-0100(6) (regarding the application process for pole attachments) to clarify the intent of the parties and Staff, as follows:

> **OAR 860-028-0020(32)**: "Threshold number of poles" means 50 poles, or one-tenth of one percent (0.10 percent) of the owner's poles, whichever is less~~, in any 30 day period~~.
>
> **860-028-0100(6)**: If the application involves more than the threshold number of poles, or if multiple applications in any 30-day period cumulatively would involve more than the threshold numbers of poles, or if the application involves requests for access to transmission poles, then

> the parties must negotiate a mutually satisfactory longer time frame to complete the approval process.[3]

c. <u>OAR 860-028-0020(3)(e)(C) (Cost of Money for COU)</u>[4] Oregon's statutes say the following about calculating just and reasonable attachment rental rates:

> A just and reasonable rate shall ensure the public utility, telecommunications utility or consumer-owned utility the recovery from the licensee of not less than all the additional costs of providing and maintaining pole attachment space for the licensee *nor more than the actual capital and operating expenses, including just compensation,* of the public utility, telecommunications utility or consumer-owned utility attributable to that portion of the pole, duct or conduit used for the pole attachment […].

See, ORS 757.282(1) (emphasis added). The statute thus authorizes the Commission to fix a rental rate for consumer owned utilities that includes "just compensation."

Some parties have argued that the language "actual capital and operating expenses, including just compensation" prohibits consumer owned utilities from recovering anything other than their "actual" debt costs, stating that the statute allows only "actual" costs.[5] Based on its reading of the statute, OCTA argues that the Commission is precluded from awarding any cost of money that might reflect an equity-type investment by consumer owned utilities and their customers, as that would be a "hypothetical" "actual" cost. OCTA misreads the statute.

OCTA appears to confuse "capital expense" with the concept of "cost of capital," which is an aspect of determining just compensation. In interpreting ORS 757.282(1), the Commission must first look to the text and context of the statute. *PGE v. Bureau of*

[3] This proposed rules also addresses issues that the Utilities have with whether the permit application process for new or modified attachments (*see*, proposed OAR 860-028-0100) are workable for transmission poles. The rule is proposed again, infra at pp. 10-12 of these Reply Comments, to address the issue of processing requests for access to transmission poles.

[4] This section of the Utilities' Reply Comments represents a departure from our Opening Comments, in which we supported the original Staff formulation of cost of money for a consumer owned utility.

[5] Comments of OCTA, Dated September 28, 2006, pp. 3-4 ("But the law limits rental rates to a portion of "<u>actual</u>" costs, not hypothetical costs." (emphasis in original)).

Labor & Industries, 27 Or. 606, 610-612 (1993). In the absence of a statutory definition, the common meaning of words should apply. *Id,* 27 Or at 611. There is no definition in the statute of what "capital and operating expense" means, but the common meaning of these words, as well as common industry usage, is clear. In public utility regulation, the term "capital expense" is a known term with a known meaning, as is "cost of capital." The two concepts are not synonymous. Capital expenses, in ordinary usage[6] and also within the utility industry,[7] mean *investment in capital assets*. In other words, the ORS 757.282(1) language "actual capital […]" expense" therefore means the utility's actual investment in the capital asset, or the utility pole. The statute then goes on to authorize recovery of "just compensation" in the calculation of the rental rate ("the actual capital and operating expenses, *including just compensation[.]" Id.)* What OCTA urges the Commission to do is to apply the adjective "actual" to "just compensation," apparently assuming that "capital expense" has the same meaning as "cost of capital."[8]

This interpretation of the statute is not called for by the language of the statute, and indeed could lead to an absurd result. Consumer owned utilities vary greatly in their choices of financing, and their financial statements reflect a wide variety of debt to equity ratios.[9] Some utilities have a great deal of debt; some have very little. Some consumer

[6] *See*, Webster's New Universal Unabridged Dictionary, 1996 ("capital expenditure" is "an addition to the value of fixed assets, as by the purchase of a new building."). In Oregon, dictionaries provide a useful starting point for determining what words mean, at least in the abstract. *State v. Holloway*, 138 Or.App. 260, 265; 908 P.2d 324, 327 (1995).

[7] Courts also recognize that technical terms, or terms of art, used in statutes may be understood to have the meaning given the words by the "art or science" to which they apply. *Corning Glass Works v. Brennan,* 417 US 188, 201-202 (1973).

[8] Indeed, applying the adjective "actual" to "just compensation" is almost a contradiction in terms. Certainly debt costs can be measured, but measuring equity costs is more art than science. When the Commission determines the "just compensation" for an IOU, it employs the tools it can, but ultimately, the compensation that is "just" is a judgment call by the OPUC. This is why state commissions sometimes award equity returns that are substantially different from the equity returns awarded by FERC for the same utility.

[9] "Equity" for a consumer owned utility is calculated by subtracting liabilities from total assets.

owned utilities have no outstanding debt at all. Some of these utilities, such as cooperatives, must go to private lending markets at market-based rates for their financing and must return capital to their members, who have provided capital to the cooperative. Some public utility districts revenue finance many capital investments. We urge the Commission to consider that limiting "just compensation" for a consumer owned utility to actual cost of debt, without any consideration of the capital these utilities and their customers have already invested in their utility poles, could result in some instances in there being no "just compensation" awarded to the utility at all, which would be the logical extreme compelled by OCTA's interpretation of the statute.[10] Clearly the Legislature did not intend that result, as the statute directs the Commission to calculate just and reasonable rental rates, *including just compensation*, for consumer owned utilities.

The question the Commission must deal with is the meaning of "just compensation" as it applies to a consumer owned utility and is probably one of first impression for this Commission. CLPUD and NWCPUD acknowledge that peoples' utility districts do not have "equity" costs in the same way that investor owned utilities do. However, their customers have invested considerably in the utility plant that supports pole attachments. There is value to that investment, and there is an opportunity cost to the consumer owned utilities of that capital that should be reflected in pole rental rates. The Commission should recognize that value and calculate "just compensation" to the state's consumer owned utilities with those investments in mind.

[10] It could also signal to pole owners whether to invest in poles that have capacity for attachments. CLPUD and NWCPUD currently install oversized distribution poles on the expectation that there will be requests for attachments. Investing in oversized poles at the outset makes attachment request processing easier for all involved, but it does impose additional costs on the pole owner and their customers. The Commission should not send a signal to these utilities that the investment is not valued by this Commission.

Given the variety of financing approaches of Oregon's consumer owned utilities, CLPUD and NWCPUD urge the Commission to adopt a measure of cost of capital for these utilities that adjusts to fairly reflect their actual circumstances, as follows:

> **OAR 860-028-0020(3)(e)(C**): For a consumer-owned utility, the cost of money is equal to the weighted average of the utility's embedded cost of long term debt and the most recent cost of equity authorized by the Commission for ratemaking purposes for an electric company as defined in OAR 860-038-0005, minus 200 basis points. The assumed equity cost is also adjusted to reflect the actual capital structure of the Cooperative, Municipal Utility, or Peoples' Utility District. For each 1% difference in capital structure from that associated with the most recent cost of equity decisions, the assumed cost of equity is adjusted by a factor of 4 basis points.

This formula was developed by OPUC Staff as a way of accommodating the various financing situations of the state's consumer owned utilities. It is also a formula that produces results that appear fair.

The formula begins with a recent cost of equity awarded by this Commission to an Oregon investor owned utility and then subtracts 200 basis points. This aspect of the formula recognizes at the outset the differences between investor-owned and consumer-owned utilities in capital costs for utility investment. The formula then adjusts the "equity" cost further to reflect the varying capital structures (debt-to-equity ratios) of the consumer owned utilities, assuring that those utilities without debt (or with very low debt levels when compared to equity) do not recover the adjusted equity cost based on a capital structure that is weighted too heavily to equity. Finally, the result of this formula appears to be "fair" across a wide spectrum of consumer owned utilities' and their actual circumstances. For instance, for those consumer owned utilities with no debt, the formula permits the Commission to determine a cost of money that avoids also choosing a proxy "cost of debt" for the utility. Attachment A to these comments is a spreadsheet

showing how the formula would adjust for the varying situations of consumer owned utilities.

An alternative would be to begin with cost of debt and add basis points to reflect the investment consumer owned utilities' customers have made in utility plant. The Utilities understand that the OPUC Staff will propose an alternative approach that begins with a consumer owned utilities' debt costs and adds 100 basis points. Alternatively, if the consumer owned utility lacks actual debt, then the Staff formula uses a "proxy" cost of debt, the 10-year U.S. Treasury Rate, and adds 200 basis points. The Utilities prefer the first formula, referenced above and in Attachment A, due to the fact that the equity based formula can accommodate more variety in consumer owned utility legal structures and financing situations, and thus accommodates cooperatives as well as municipal utilities and peoples' utility districts.

In sum, the Utilities urge the Commission to reject interpretations of ORS 757.282(1) which would permit consumer owned utilities to recover only actual debt costs in their rental rates. Such an approach does not result in "just compensation" to the customers of consumer owned utilities, which have funded investments in utility poles. It does not take into account "the interests of the customers of the public utility, telecommunications utility or consumer-owned utility that owns the facility upon which the attachment is made." ORS 757.279(1).

3. Staff Definition of "Pole" (OAR 860-028-0020(21)

Staff has proposed a definition of "pole" to include a "transmission pole or a distribution pole owned or controlled by a public utility, telecommunications utility or a

consumer owned utility."[11] This definition could be problematic in the future, as new materials and engineering are resulting in *transmission tower structures* that resemble "poles." Newly constructed transmission towers carry many hundreds of kV of power and are indeed "transmission towers", even though they may resemble "poles" more than they resemble the large, bulky lattice type structures that are pictured in Staff's comments.[12] These new facility designs, however, do not change the need to individually negotiate terms and conditions of access to transmission towers. Access to these structures will continue to cause all of the safety, reliability, and permit processing issues that coordination raised in Staff's comments and in the comments of pole owners. *See* these Reply Comments, *infra*, at pp. 14-15.

The Utilities propose the following alternative definition of pole:

> **OAR 860-028-0020(21)**: "Pole" has the following meanings. For electric facilities, "pole" means an electric transmission pole owned or controlled by the public utility or consumer owned utility and carrying voltages greater than 34.5 kV but less than 230 kV, or an electric distribution pole owned or controlled by a public utility or consumer owned utility and carrying voltages less than 34.5 kV. "Pole" does not include electric transmission towers carrying voltages greater than 230 kV, regardless of the shape of the transmission tower structure. For telecommunications facilities, "pole" means a transmission pole or a distribution pole owned or controlled by the telecommunications utility.

4. Application Process (OAR 860-028-0100)

For many practical reasons, the Utilities believe that transmission pole owners should be permitted to process applications for access to transmission poles using more flexible procedures than those Staff has proposed for distribution poles. Consumer owned utilities have adopted the practice of installing distribution poles in anticipation of pole attachment requests. In other words, wooden distribution poles intentionally have

[11] Staff Second Round of Comments, dated November 6, 2006, Attachment C, page 2.
[12] Id., Staff Comments, Attachment A, page 3 of 5.

extra capacity for pole attachments, and processing requests for these attachments is fairly straightforward. Attachments themselves are more easily installed on a wooden distribution pole than on a transmission pole. The attachment application process rules (in OAR 860-028-0100) are workable for purposes of processing applications for attachments to distribution poles.

That is not the case for transmission poles. Electric transmission poles are individually engineered structures of wood, metal, concrete, composite material or metal. They are designed and installed to carry only the loading the electric utility planned for it to carry. There is no excess capacity on transmission poles for attachments. As well, installations of attachments are not simple due to the fact that the transmission pole structures may not be made of wood. As a consequence, when a joint user requests access to the transmission pole, processing the request requires individual evaluations and engineering. This work cannot be accomplished in the time frames and under the application processing rules we are establishing in OAR 860-028-0100.

The Utilities request that the Commission adopt revisions to OAR 860-028-0100(3)(e) and -0100(6) which clarify that the time frames for processing permit requests for access to transmission poles may be longer than required for processing permit requests regarding distribution poles. The Utilities request that the Commission amend Staff's proposed OAR 860-028-0100(3)(e) to clarify that there is no automatic right on the part of applicants to undertake installation of attachments on transmission poles if the applicant has not heard from the owner within 45 days, as this rule is currently proposed by Staff. The Utilities request the following language be added to Staff's proposed rule:

> **OAR 860-028-0100(3)(e):** If the owner does not provide the applicant with notice that the application is approved, approved with conditions, or

> denied within 45 days from its receipt, then the applicant may begin installation; *except that* the applicant may not begin installation of attachments on transmission poles in any case without the notice from the owner.

The Utilities further request that the Commission amend Staff's proposed rule 860-028-0110(6), as follows:

> **860-028-0100(6)**: If the application involves more than the threshold number of poles, or if multiple applications in any 30-day period cumulatively would involve more than the threshold numbers of poles, or if the application involves requests for access to transmission poles, then the parties must negotiate a mutually satisfactory longer time frame to complete the approval process.

5. Rental Rate Calculations (OAR 860-028-0110)[13]

Regarding rental rate calculations, the traditional Commission rental rate calculation, generally reflected in Staff's proposed rules, bears reconsideration. It appears that the Staff proposal applies a kind of FCC-based "cable-only" rental rate to all joint users, both cable television providers *and* telecommunications providers. The original FCC cable rate formula has been superceded by a two formulae, one for "cable only" providers, and a second for telecommunications providers and cable television providers that also provide telecommunications services. The new formula for telecommunications providers, and cable providers also providing telecommunications or internet services, results in a more proportionate sharing of pole costs than the "cable only rate" formula used by Oregon.[14]

It is difficult to understand the policy justification for having consumers of electricity, an essential service, subsidize consumers of non essential services such as

[13] In Opening Comments, CLPUD and NWCPUD supported Staff's proposed calculation of a rental rate, found in Staff's proposed OAR 860-028-0110(2). *See*, Opening Comments, p. 21.
[14] The FCC "cable rate" is found at 47 C.F.R. § 1.1409(e)(1). The FCC formula for telecommunications providers and cable operators providing telecommunications services is found at 47 C.F.R. § 1.1409(e)(2).

cable television or telecommunications services. This result is not compelled by Oregon's statute, as indicated in the Reply Comments of Idaho Power. At a minimum, it is time for the Oregon Commission to reexamine the statute and adopt a rule that is fair to pole owners' customers.

Idaho Power has proposed a rental rate formula that CLPUD and NWCPUD support, for the reasons stated in Idaho's Supplemental Comments[15] and in their Reply Comments.[16] Alternatively, the Commission should consider outright adoption of the FCC telecommunications rental rate formula, which would result in a fair sharing of pole owner costs.

6. Rental Rates v. Individual Charges (Staff 860-028-0110(4))

CLPUD and NWCPUD prefer rules that permit ready calculation of a uniform rental rate. The Utilities also prefer a system that does not result in cross subsidies, even among joint users. In the experience of the Utilities, some joint users are more prolific than others in the sense that they request many more new and modified attachments to than do other joint users. It does not seem fair to the Utilities that the costs that these more prolific joint users impose on the pole owners in make ready work, inspections, and processing, should be spread to all joint users. The Utilities prefer to charge individual joint users through permit fees or individually assessed charges for the actual costs they uniquely impose, rather than spreading those costs to all attachers through rental rates. Therefore, the Utilities prefer the Staff rule 860-028-0110(4)[17], which defines what is in rental rates and what will be collected through direct charges.

[15] Filed October 25, 2006, in this docket.
[16] To be filed.
[17] From Staff's November 11, 2006 Filing.

The Utilities are mindful of the need to keep clear records so that demonstrations can be made that costs have been fully recovered, but not double recovered, through this process.

7. <u>Transmission Towers</u>

The Utilities urge the Commission to thoughtfully consider whether access to transmission towers at the same terms and conditions as will apply to access to electric distribution systems is a good idea and should be mandated in the rules being developed in this docket. The Oregon statutes do not seem to mandate access to transmission towers. ORS 757.270(1) states:

> Attachments are "installed upon any pole or […] right of way, duct, conduit, manhole or handhole or **other similar facility or facilities** owned or controlled, in whole or in part […]" by utilities.

The question is whether "any similar facility" could encompass transmission towers. There's no legislative history in Oregon that the Utilities could find that addresses this issue. Transmission towers, however, are megastructures that sometimes carry many hundreds of megawatts of power in interstate commerce and therefore affect electric reliability across large sections of the country. For that reason, interstate transmission systems are subject to coordination, control, and reliability regulations of multi-state reliability organizations and the Federal Energy Regulatory Commission. Transmission towers therefore do not seem to be similar to "poles, rights of way, ducts, conduits, manholes, or hand holes." There does not seem to be a compelling need expressed in statute to establish rules governing access to transmission towers, and indeed that result would probably be unwarranted.

The Utilities urge the Commission to permit transmission tower owners to grant access to transmission towers at individually negotiated terms and conditions that reflect the necessary safety and reliability concerns of transmission tower owners, and at rates that reflect the significant costs that would accompany evaluations of transmission tower access. The rules should be amended to clarify that Division 28 rules do not govern access, rates, terms, and conditions regarding attachments to transmission towers, but that such matters may be mutually agreed upon by the owner and applicant:

> **OAR 860-028-0050(a):** OAR Chapter 860 Division 028 governs access to utility poles, conduits, and support equipment by occupants in Oregon, and it is intended to provide just and reasonable provisions for when the parties are unable to agree on certain terms. OAR Chapter 860 Division 028 does not govern access to electric transmission towers, which shall be a matter for negotiation between the transmission tower owner and the applicant.

If the Commission believes that rules need to be established for access to transmission towers, then the Utilities urge the Commission to take these issues up in a separate rulemaking.[18]

8. Wireless

CLPUD & NWCPUD support opening a new rulemaking to deal with wireless issues. The Utilities agree with Oregon Staff and OJUA that wireless issues were raised very late in this docket. Wireless attachments raise many issues related to service continuity, safety, pole engineering, and cost recovery that simply were not contemplated by any of the parties when AR 506 began. The Utilities recommend that these issues be taken up in a separate docket, or a third phase of this docket, to consider wireless issues.

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[18] These issues could be taken up with wireless issues.

9. Conclusion

For all the reasons stated herein, CLPUD and NWCPUD request that the Commission adopt rules consistent with the Utilities' Opening and Reply Comments.

DATED: November 17, 2006.

CENTRAL LINCOLN PUD
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ATTACHMENT A: (C) For a consumer-owned utility, the cost of money is equal to the weighted average of the utility's embedded cost of long term debt and the most recent cost of equity authorized by the Commission for ratemaking purposes for an electric company as defined in OAR 860-038-0005, minus 200 basis points. The assumed equity cost is also adjusted to reflect the actual capital structure of the COOP, MUNI, or PUD. For each 1% difference in capital structure from that associated with the most recent cost of equity decisions, the assumed cost of equity is adjusted by a factor of 4 basis points.

					Cost	10%
Examples:					Percentage of Equity	50%
4bps/1% capital structure change based on UE 115						
Most Recent Authorized ROE (UE 179 PacifiCorp)						
Fictitious PUD*		Cost	Percentage	wt. percent		
*Estimated	Debt	0.00%	0%	0.00%		
	Equity	6.00%	100%	6.00%	Premium over embedded debt	6.00%
		Total ROR		**6.00%**	(ROR - Debt Cost)	
Northern Wasco PUD*		Cost	Percentage	wt. percent		
*Estimated	Debt	5.25%	75%	3.94%		
	Equity	9.00%	25%	2.25%	Premium over embedded debt	0.94%
		Total ROR		**6.19%**	(ROR - Debt Cost)	
Central Lincoln*		Cost	Percentage	wt. percent		
*Estimated	Debt	5.00%	10%	0.50%		
	Equity	6.40%	90%	5.76%	Premium over embedded debt	1.26%
		Total ROR		**6.26%**	(ROR - Debt Cost)	
Oregon Trail Coop		Cost	Percentage	wt. percent		
(ficticious)	Debt	5.54%	47%	2.60%		
	Equity	7.96%	51%	4.06%	Premium over embedded debt	1.12%
		Total ROR		**6.66%**	(ROR - Debt Cost)	

Certificate of Service

I certify that I have this day served the foregoing document upon all parties of record in AR 506 and AR 510 by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-13-0070, to all parties or attorneys of parties listed on the Commission's service list in this matter.

Dated this 17th day of November, 2006.

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