



# Oregon

Kate Brown, Governor

**Public Utility Commission**

201 High St SE Suite 100

Salem, OR 97301-3398

**Mailing Address:** PO Box 1088

Salem, OR 97308-1088

503-373-7394

November 17, 2020



BY EMAIL

PacifiCorp, dba Pacific Power

[Etta.lockety@pacificorp.com](mailto:Etta.lockety@pacificorp.com)

[Michael.wilding@pacificorp.com](mailto:Michael.wilding@pacificorp.com)

[Cathie.allen@pacificorp.com](mailto:Cathie.allen@pacificorp.com)

[Oregondockets@pacificorp.com](mailto:Oregondockets@pacificorp.com)

RE: Advice No. 20-009

At the public meeting on November 17, 2020, the Commission adopted Staff's recommendation in this matter docketed as ADV 1148. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

A handwritten signature in blue ink, appearing to read "Nolan Moser".

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

(503) 378-3098

ITEM NO. RA1

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: November 17, 2020**

REGULAR  X  CONSENT \_\_\_\_\_ EFFECTIVE DATE  November 18, 2020

**DATE:** November 9, 2020

**TO:** Public Utility Commission

**FROM:** Eric Shierman

**THROUGH:** Bryan Conway, JP Batmale, and Sarah Hall **SIGNED**

**SUBJECT:** PACIFIC POWER:  
(Docket No. ADV 1148/Advice No. 20-009)  
Updates to Rule 13 – Line Extension Allowance for Non-Residential  
Transportation Electrification Customers.

**STAFF RECOMMENDATION:**

The Public Utility Commission of Oregon (OPUC or Commission) should approve Pacific Power's (PacifiCorp or Company) Advice No. 20-009.

**DISCUSSION:**

Issue

Whether the Commission should approve Advice No. 20-009, PacifiCorp's proposal to revise the Company's Rule 13 to grant a larger allowance to non-residential transportation electrification customers.

Applicable Rule

Under ORS 757.205(1):

Every public utility shall file with the Public Utility Commission, within a time to be fixed by the commission, schedules which shall be open to public inspection, showing all rates, tolls and charges which it has established and which are in force at the time for any service performed by it within the state, or for any

service in connection therewith or performed by any public utility controlled or operated by it.

The Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. ORS 757.210. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0025. OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules must include in its filing a statement plainly indicating the increase, decrease, or other change made with the filing, the number of customers affected by the proposed change and the resulting change in annual revenue; and the reasons or grounds relied upon in support of the proposed change.

Filings that propose any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the change. ORS 757.220; OAR 860-022-0015. Tariff filings to be effective on less than 30 days following notice of the change may be authorized with a waiver of less than statutory notice pursuant to ORS 757.220 and OAR 860-022-0020.

OAR 860-022-0030(1) further requires that for tariff or schedule filings proposing increased rates, the utility must for each separate schedule, identify the total number of customers affected, the total annual revenue derived under the existing schedule, and the amount of estimated revenue which will be derived from applying the proposed schedule, the average monthly use and resulting bills under both the existing rates and the proposed rates that will fairly represent the application of the proposed tariff or schedules, and the reasons or grounds relied upon in support of the proposed increase.

OAR 860-021-0045(1) requires that an electric company shall furnish service connections to the customer's service entrance for the connection of its distribution system to the customer's premises.

Through SB 1547, the legislature supported electric company investment and participation in the electric vehicle marketplace through infrastructure investments and programs that accelerate transportation electrification and create access to electric vehicles for customers.

Executive Order 20-04 establishes Governor Brown's new greenhouse gas emissions goals for the State of Oregon, and directs state agencies to identify and prioritize actions to meet those goals. Section 5.4(B) of the Executive Order directs the Public Utility Commission to "[e]ncourage electric companies to support transportation electrification infrastructure that: supports GHG reductions, helps achieve the

transportation electrification goals set forth in Senate Bill 1044 (2019), and is reasonably expected to result in long-term benefit to customers.”

The Commission adopted Staff’s recommendation to modify Pacific Power’s line extension allowance under Rule 13 in Advice No. 14-010 on August 5, 2014.

## Analysis

### *Background*

On July 13, 2020, PacifiCorp filed Advice No. 20-009, a proposal for a new line extension allowance for non-residential customers focused on transportation electrification. These customers are businesses that plan to own and/or operate new electric vehicle service equipment (EVSE) and where eighty percent or more of the electricity will be used to service transportation load.<sup>1</sup> In its filing, PacifiCorp refers to these businesses as transportation electrification customers.

Transportation electrification customers in Pacific Power’s service territory can *already* utilize a line extension allowance under Rule 13. The current nonresidential line extension allowance is set to one year of expected new annual revenue. In this filing, PacifiCorp proposes doubling that allowance to two years of revenue for non-residential line extensions related to commercial customers servicing as transportation electrification load.<sup>2</sup> PacifiCorp filed this update to Rule 13 in support of the Governor’s Executive Orders 17-21 and 20-04 to decarbonize the economy through the electrification of the transportation sector.<sup>3</sup>

This proposal was not filed as a transportation electrification program in accordance with OAR 860-087-0030. For this reason, Staff weighs the merit of PacifiCorp’s proposal under the principles of a line extension allowance, not as a program for accelerating transportation electrification.

The fundamental principle applied in the past to line extension allowances was to promote the growth of new load without increasing costs for other ratepayers. A line extension allowance is the amount of money ratepayers pay for a construction project that requires incremental distribution system investments. Incremental growth in demand for electricity can lower rates if the revenues received from new customers are greater than the costs incurred to serve the new customers. A line extension allowance

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<sup>1</sup> See Docket No. ADV 1148, Pacific Power, Advice No. 20-009 Rule 13 – Line Extension Allowance for Non-Residential Transportation Electrification Customers, July 13, 2020, p. 2.

<sup>2</sup> Ibid, p. 6.

<sup>3</sup> Ibid, p. 1.



uses a portion of the monetary benefit coming from the incremental increase in load to provide an allowance for the construction costs required.

The intent of both the Governor's Executive Order 20-04 Section 5.4(B) and SB 1547 make clear that the electric utilities should be encouraged to increase the access to the use of electricity as a transportation fuel. Prior to this filing, an electric company had not requested a line extension allowance to increase transportation electrification infrastructure. Therefore, Staff is balancing the past principles applied to line extension allowances with the intent of the Executive Order and the legislature in this filing. Here, Staff attempts to balance the value of incenting new load while avoiding excessive distortion of price signals in order to determine whether these charges are fair, just, and reasonable.<sup>4</sup>

As Staff wrote in its Public Meeting Memo recommending the Commission approve PacifiCorp's last Rule 13 modification: "Without an appropriate price signal customers may ask the Company to invest in distribution facilities when in fact there is no economic benefit for the investment."<sup>5</sup> To use a colloquial financial phrase, a line extension allowance should generally ensure the new customers have some "skin in the game" of the new distributions system investment.

#### *Eighty Percent Threshold*

PacifiCorp included an important distinction for what constitutes a transportation electrification company. To qualify for this line extension allowance, at least 80 percent of the customer's estimated annual load must be dedicated to serving transportation charging infrastructure. At a public workshop on July 31, 2020, the Company described this language as avoiding a problem where a data center is built with some EVSE in its parking lot to qualify the entire project for a transportation electrification line extension allowance. Staff finds this provision reasonable as it avoids incenting business to abuse this higher allocation of ratepayer funds. This provision will help the Company avoid paying the higher allowance for non-transportation purposes.

#### *The Breakeven Point*

A metric PacifiCorp puts forth to help determine the reasonableness of line extension allowances for their system is a breakeven point between expenditures on the new project and the benefit the new load will provide to existing ratepayers. In Attachment A on the second to last page of PacifiCorp's Advice No. 20-009 filing, the Company shows, on line 8, the breakeven point to be 3.3 years of expected annual revenue.<sup>6</sup>

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<sup>4</sup> See ORS 757.210.

<sup>5</sup> See Advice No. 14-010, OPUC Staff, Staff Report, July 29, 2014, p. 3.

<sup>6</sup> See Docket No. ADV 1148, Pacific Power, Advice No. 20-009 Rule 13 – Line Extension Allowance for Non-Residential Transportation Electrification Customers, July 13, 2020, p. 13.

<u>Line No.</u>	<u>Description</u>	<u>Source</u>	<u>Units</u>	<u>Value</u>
1	Revenue from Non-Residential Schedules 23, 28, 30 and 48	Table A from UE 352 (Rates Eff. 10/1/2019)	(\$000)	650,310
2	Marginal Cost to Serve Commercial Load from Resource Value of Solar Model		(\$/MWh)	50.31
3	Energy from Non-Residential Schedules 23, 28, 30 and 48	Table A from UE 352 (Rates Eff. 10/1/2019)	MWh	7,660,867
4	Marginal Cost to Serve Commercial Load from Resource Value of Solar Model	Line 2 * Line 3 / 1,000	(\$000)	385,418
5	Net Margin from Non-Residential Schedules 23, 28, 30 and 48	Line 1 - Line 4	(\$000)	264,892
6	Annualization Factor	Use of Facilities for Incremental Dist. Investment		12.2%
7	Investment Supported by Revenue	Line 5 / Line 6	(\$000)	2,165,918
8	Supportable Non-Residential Transportation Line Extension Allowance	Line 7 / Line 1	Revenue Multiplier	3.3

Together these eight steps form the following equation.

$$Breakeven\ Point = \frac{Revenue - Marginal\ Cost\ to\ Serve\ Load * Energy\ Sales}{Annualization\ Factor} * \frac{1}{Revenue}$$

Because the revenue multiplier is derived from aggregate data, individual projects will vary. PacifiCorp's current practice of paying out one year of revenue to nonresidential customers' line extension allowances sends a price signal that limits cost shifting and mitigates the risk an individual project's allowance will exceed the benefit to ratepayers.

Staff finds this breakeven framework reasonable for PacifiCorp. By designing a transportation line extension allowance of two years of revenue or two-thirds of the breakeven point, PacifiCorp still *retains* a buffer between the proposed allowance and the expected breakeven point, although it does shift more risk to other ratepayers.

#### *Appropriate Load Data*

While Staff and the Company arrived at an early agreement regarding the framework PacifiCorp had proposed, Staff had questions about the data used to find the breakeven point. PacifiCorp had originally proposed using the load profile of a typical commercial customer. Staff requested that PacifiCorp use the load profile from known transportation electrification customers, rather than an aggregated class of nonresidential customers. Staff asked for this as it better reflected the revenue, cost, and energy delivery data of these specific customers. PacifiCorp was very amenable to Staff's suggestion and

collected and aggregated EVSE customer data. This allowed for a more granular level of analysis overall.

*Marginal Cost of Service Discovery through the RVOS Model*

Staff was also initially skeptical of the Company's use of the Resource Value of Solar (RVOS) model to determine the marginal cost to serve EVSE customers. PacifiCorp argued that this model was best suited to estimate the marginal cost of specific customers in specific locations. Upon review, Staff confirmed that the RVOS data and methodology used in this filing matched the system inputs with what PacifiCorp last filed in UM 1910.

By applying the RVOS model to the more accurate transportation electrification customer load shape, PacifiCorp's marginal cost of service increased in line with Staff's expectations for nonresidential customers with very low load factors. Such customers have greater need for both generation and distribution system capacity. While Staff remains somewhat skeptical of scaling the use of RVOS to find the marginal cost of service for more customers types, the limited application here to transportation electrification customers proved reasonable and streamlined the process. Upon final review, Staff has reasonable confidence that the RVOS model has provided a relatively accurate measure of transportation electrification customers' higher marginal costs.

*Stakeholder Comments*

The Oregon Solar Energy Industries Association (OSEIA) expressed concerns about the use of the RVOS model, given the fact that it has not been fully approved by the Commission and its use might establish a precedent. OSEIA does not necessarily oppose this transportation line extension allowance but requests the Company hold a public workshop to discuss any updates to this line extension allowance. Staff recommends this use of RVOS not be seen as setting a precedent for its future use and will look to work with PacifiCorp and stakeholders in the future to consider use of another method to establish the marginal cost to serve transportation electrification customers when Rule 13 is next updated.

*Results*

The combination of the more granular load shape and RVOS showed the Company's proposed increase in line extension allowance was reasonable for transportation electrification customers.<sup>7</sup> Substituting the higher, updated value of \$83.42/MWh as the marginal cost to serve transportation electrification customers for the originally proposed \$50.31/MWh yielded the following result:

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<sup>7</sup> See Attachment A – TE Specific Customers.xlsx.

$$\text{Breakeven Point} = \frac{\$312,000 - \$83.42 * 2,157}{12.2\%} * \frac{1}{\$312,000} = 3.5$$

As shown above, the new analysis found that, at \$83.42/MWh, EVSE customers have a significantly higher marginal cost to serve than the previous \$50.31/MWh average for commercial customers. However, the greater gross revenue from Schedule 45's rate design captures those costs with sufficient free cash flow to support a multiplier of two years of forecasted revenue. Additionally, the breakeven point slightly increased to 3.5, offering an even slightly higher buffer for the Company to pay out two years of expected revenue as an allowance and still be reasonably expected to provide long-term benefit to all customers.

### Conclusion

PacifiCorp deserves credit for being the first electric company in Oregon to file a transportation line extension allowance. The Company was helpful in quickly responding to Staff's information requests. After completing EVSE-specific analysis, the Company has demonstrated to Staff that its transportation line extension allowance is reasonable, and EVSE projects receiving this allowance will not be funded beyond the point at which the allowance breaks even with ratepayer benefit. Staff also finds the use of RVOS to establish marginal costs reasonable for this Rule 13 update, non-precedential overall, and will work with PacifiCorp and stakeholders to consider other methods to establish the marginal cost of service for transportation electrification customers when the rule is next updated.

### **PROPOSED COMMISSION MOTION:**

Approve Advice No. 20-009, PacifiCorp's proposal to revise the Company's Rule 13 to grant a larger allowance to non-residential transportation electrification customers.

**GENERAL RULES AND REGULATIONS**  
**LINE EXTENSIONS**

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**II. Residential Extensions (continued)**

**F. Underground Extensions**

The Company will construct Extensions underground when requested by the Applicant or if required by local ordinance or conditions. The Applicant shall provide all trenching and back filling, imported backfill material, conduits, and equipment foundations that the Company requires for the Extension. If the Applicant requests, the Company will provide these items at the Applicant's expense. The Applicant must also pay for the conversion of any existing overhead facilities to underground, under the terms of Section VI of this Rule.

**III. Nonresidential Extensions**

**A. Extension Allowance – Delivery at Transmission Voltage**

The Company will grant Consumers taking service at 57,000 volts or above an Extension Allowance of the metering necessary to measure the Consumer's usage. Other than the allowance, Consumers taking delivery at transmission voltage are subject to the same line extension provisions as a Consumer requiring more than 1000 kW who takes service at less than 57,000 volts.

**B. Extension Allowance – Delivery at Secondary or Primary Voltage**

**1. 1,000 kW or less**

The Company will grant Nonresidential Applicants requiring 1,000 kW or less an Extension Allowance equal to the estimated annual revenue the Applicant is expected to pay the Company in a year of normal operations under cost-based service. The Applicant must advance the costs exceeding the Extension Allowance prior to the start of construction.

The Company may require the Consumer to pay a Contract Minimum Billing for five years. If the Consumer is Remote they shall pay a Contract Minimum Bill for as long as service is taken, or until they no longer meet the criteria for Remote Service.

**2. Over 1,000 kW**

The Company will grant Nonresidential Applicants requiring more than 1,000 kW an Extension Allowance equal to the estimated annual revenue which the Applicant is expected to pay the Company in a year of normal operations under cost-based service. The Applicant must advance the costs exceeding the Extension Allowance. Fifty percent of the advance is due when the contract is executed with the remaining balance due upon completion of the Extension.

The Applicant must pay a Contract Minimum Billing for as long as service is taken.

If service is terminated within the first ten (10) years, the Applicant must pay a termination charge equal to the Extension Allowance less 1/10th of the allowance for each year service was taken.

**3. Nonresidential Transportation Electrification Charging**

The Company will grant Nonresidential Applicants, for which 80% or greater of the estimated annual load of Applicant's facilities' will be dedicated to serving transportation charging infrastructure, two times the estimated annual revenue which the Applicant is expected to pay the Company in a year of normal operations under cost-based service. The Applicant must advance the costs exceeding the Extension Allowance.

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**III. Nonresidential Extensions (continued)**

**B. Extension Allowance – Delivery at Secondary or Primary Voltage (continued)**

**3. Nonresidential Transportation Electrification Charging (continued)**

The Applicant must pay a Contract Minimum Billing for as long as service is taken.

If service is terminated within the first ten (10) years, the Applicant must pay a termination charge equal to the Extension Allowance less 1/10th of the allowance for each year service was taken.

**4. Additional Capacity**

The Extension Allowance for Consumers, where it is necessary for the Company to increase the capacity of their facilities to serve the Consumer's additional load, is calculated on the increase in revenue estimated to occur as a result of the additional load.

**C. Additional Applicants, Advances and Refunds – All Voltages**

**1. Initial Consumer - 1,000 kW or less**

A Consumer that pays for a portion of the construction of an Extension may receive refunds if additional Applicants connect to the Extension. The Consumer is eligible for refunds during the first five (5) years following construction of an Extension for up to three (3) additional Applicants. Each of the next three Applicants, for which refunds are not waived, utilizing any portion of the initial Extension must pay the Company, prior to connection, 25% of the cost of the shared facilities. The Company will refund such payments to the initial Consumer.

**2. Initial Consumer - 1,000 kW or greater**

A Consumer that pays for a portion of the construction of an Extension may receive refunds if additional Applicants connect to the Extension. The Consumer is eligible for refunds during the first five (5) years following construction of an Extension for up to three (3) additional Applicants. Each of the next three Applicants, for which refunds are not waived, utilizing any portion of the initial Extension must pay the Company, prior to connection, a proportionate share of the cost of the shared facilities. The Company will refund such payments to the initial Consumer.

Proportionate Share = (A + B) x C

Where:

A = [Shared footage of line] x [Average cost per foot of the line]

B = Cost of the other shared distribution equipment, if applicable

C = [New additional connected load]/[Total connected load]

**3. Adjustment of Contract Minimum Billing**

The Facilities Charges of Consumers that receive a refund are reduced by the Facilities Charge amount associated with the refund and are allocated to the Applicant paying the refund.

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**III. Nonresidential Extensions (continued)**

**C. Additional Applicants, Advances and Refunds – All Voltages (continued)**

**3. Adjustment of Contract Minimum Billing (continued)**

After five years Consumers with ongoing Facilities Charges on Direct Assigned facilities, which subsequently are used to serve other consumers, may have their Facilities Charges adjusted based on their proportionate share of the extension costs. The Consumer's proportionate share is determined using the greater of their total contracted demand or two year historical peak demand for the "New additional connected load" in the proportional share formula above.

If the Company releases reserved capacity under Section III.D. Consumers may have the basis of their Facilities Charges reduced by the value of the released capacity.

**D. Reduction in Contract Capacity or Demand**

The Company is not obligated to reserve capacity in Company substations, or on Company lines, or maintain service facility capacity in place to serve a Consumer in excess of the maximum recorded and billed Consumer demand in the most recent 36 months, unless contract provisions providing for greater demand are less than 36 months old.

If there are contract provisions providing for additional incremental capacity in the future, the cost of which was included in the Consumer's allowance or advance, the incremental capacity will be reserved or made available by the date given in the contract and kept available for a period of 36 months, after which the Company is no long obligated to keep available the unused portion of that incremental capacity.

**E. Underground Extensions**

The Company will construct line Extensions underground when requested by the Applicant or if required by local ordinance or conditions. The Applicant must pay for the conversion of any existing overhead facilities to underground, under the terms of Section VI of this Rule. The Applicant must provide all trenching and backfilling, imported backfill material, conduits, and equipment foundations that the Company requires for the Extension. If the Applicant requests, the Company will provide these items at the Applicant's expense. When the Extension is to property which is not part of an improved development, the Company may require the Applicant to pay for facilities on Applicant's property to provide for additional service reliability or for future development.

**F. Street Lighting**

The Extension Allowance to streetlights taking service under Rate Schedules 51/751 or 53/753 or 54/754 is equal to five times the annual revenue from the lights to be added. The Applicant must provide a non-refundable advance for costs exceeding the Extension Allowance prior to the lights being added. Facilities charges and Contract Minimum Billings do not apply to streetlights.

**IV. Extensions to Planned Developments**

**A. General**

Planned developments, including subdivisions and mobile home parks, are areas where groups of buildings or dwellings may be constructed at or about the same time. The Company will install facilities in developments before there are actual Applicants for service under the terms of a written contract.

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**IV. Extensions to Planned Developments (continued)**

**A. General (continued)**

When an existing development is re-platted or changes configuration or use, the revised portion of the development shall be designed to meet current standards. For impacted lots that have had been built upon and have Consumers who have been receiving service in excess of five years, the Applicant will be responsible for the costs of removal, and thereafter their request will be treated as a new construction request. Otherwise the request will be treated as a relocation.

**B. Allowances and Advances**

For nonresidential developments the Developer must pay a non-refundable advance equal to the Company's estimated installed costs to make primary service available to each lot. An Applicant, who contracts for service before or in conjunction with the Developer, may contract to use the excess of their allowance, if any, to help fund the primary voltage facilities necessary to serve them.

For residential developments the Company will provide the Developer an Extension Allowance of \$600 for each lot to which secondary voltage service is made available. The Developer must pay an advance for all other costs.

For multi-unit residential buildings, the Company will provide a total Extension Allowance of \$1100 for each residence.

For both nonresidential and residential developments the Company may require the Developer to pay for facilities to provide additional service reliability or future development.

**C. Refunds**

The Company will make no refunds due to Applicants connecting within a development. Except for Network Upgrades, a Developer may receive refunds when Applicants outside the development connect to the Extension to the development, or to a feeder extending alongside or through the development, for which the Developer has paid an advance. The Developer is eligible for these refunds during the first five (5) years following construction of the Extension for up to three (3) additional Applicants. Each of the next three (3) Applicants, for which refunds are not waived, connecting to any portion of the refundable Extension, must pay the Company, prior to connection, 25% of the cost of the shared facilities. The Company will refund such payments to the Developer.

**D. Underground Extensions**

The Company will construct line Extensions underground when requested by the Developer or required by local ordinances or conditions. The Developer must pay for the conversion of any existing overhead facilities to underground, under the terms of Section VI of this Rule. The Developer must provide all trenching and backfilling, imported backfill material, conduits, and equipment foundations that the Company requires for the development. If the Developer requests, the Company will provide these items at the Developer's expense.

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**V. Extension Exceptions**

**A. Applicant Built Line Extensions**

**1. General**

An Applicant may contract with someone other than the Company to build a Line Extension. The following circumstances, however, are not an option for Applicant Built Line Extensions: relocations, conversions from overhead to underground, going from single-phase to three-phase, or increasing the capacity of facilities. The Applicant must contract with the Company before starting construction of an Applicant Built Line Extension. When the Applicant has completed construction of the Line Extension and the Company approves it, the Company will connect it to the Company's facilities and assume ownership.

**2. Liability and Insurance**

The Applicant assumes all risks for the construction of an Applicant Built Line Extension. Before starting construction, the Applicant must furnish a certificate naming the Company as an additional insured for a minimum of \$1,000,000. The Applicant may cancel the policy after the Company accepts ownership of the Line Extension.

**3. Advance for Design, Specifications, Material Standards and Inspections**

The Applicant must advance the Company's estimated costs for design, specifications, material standards and inspections. When the Applicant has completed construction, the Company will determine its actual costs and may adjust that portion of the Applicant's advance. If the actual costs exceed the Applicant's advance, the Applicant must pay the difference before the Company will accept and energize the Line Extension. If the actual costs are less than the Applicant's advance, the Company will refund the difference.

The Company will estimate the frequency of inspections and convey this to the Applicant prior to the signing of the contract. For underground Line Extensions, the Company may require that an inspector be present whenever installation work is done.

**4. Construction Standards**

The Applicant must construct the Line Extension in accordance with the Company's design, specifications, and material standards and along the Company's selected route. Otherwise, the Company will not accept or energize the Line Extension.

**5. Transfer of Ownership**

Upon approval of the construction, the Company will assume ownership of the Line Extension. The Applicant must provide the Company unencumbered title to the Line Extension.

**6. Rights-of-Way**

The Applicant must provide to the Company all required rights-of-way, easements and permits in accordance with paragraph 1. I. of this Rule.

**7. Contract Minimum Billing**

The Company may require the Applicant to pay a Contract Minimum Billing as defined in paragraph 1. B. of this Rule.

**8. Deficiencies in Construction**

If, within 24 months of the time the Company energized the Line Extension, it determines that the Applicant provided deficient material or workmanship, the Applicant must pay the cost to correct the deficiency.

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**V. Extension Exceptions (continued)**

**A. Applicant Built Line Extensions (continued)**

**9. Line Extension Value**

The Company will calculate the value of a Line Extension using its standard estimating methods. The Company will use the Line Extension Value to calculate Contract Minimum Billings, reimbursements, and refunds.

**10. Line Extension Allowance**

After assuming ownership, the Company will calculate the appropriate Extension Allowance. The Company will then reimburse the Applicant for the construction costs covered by the Extension Allowance, less the cost of any Company provided equipment or services, but in no case more than the Line Extension Value.

**B. Duplicate Service Facilities**

The Company will furnish Duplicate Service Facilities if the Consumer advances the estimated costs for facilities in excess of those which the Company would otherwise provide. The Consumer also must pay Facilities Charges for the Duplicate Facilities for as long as service is taken, but in no case less than five years.

**C. Emergency Service**

The Company will grant Applicants requesting Emergency Service an Extension Allowance equal to the estimated increase in annual revenue the Applicant will pay the Company. The Applicant must advance the costs exceeding the Extension Allowance prior to the start of construction. The Applicant must also pay a Contract Minimum Billing for as long as service is taken, but in no case less than five years.

**D. Intermittent Service Facilities**

The Company will serve Intermittent loads provided the Consumer advances the estimated cost of facilities above the cost of facilities which the Company would otherwise install. The Consumer also must pay a Contract Minimum Billing for as long as service is taken, but in no case less than five years. If load fluctuations become a detriment to other Consumers, the Company may modify the facilities and adjust the Contract Minimum Billing.

**E. Temporary Service**

For Temporary Service requests requiring only a service loop connection and where there are 120/240 volt facilities of adequate capacity available, the Applicant shall pay the Temporary Service charge specified in Schedule 300.

For all other Temporary Service requests the Applicant shall pay:

- a) the estimated installation cost, plus
- b) the estimated removal cost, plus
- c) the estimated cost for rearranging any existing facilities, less
- d) the estimated salvage value of the facilities required to provide Temporary Service.

The Applicant is also responsible for electric service supplied under the appropriate rate schedule; any advances required for sharing previous Extensions; and, depending on the customer class, Contract Minimum Billings.

If a temporary Consumer takes service continuously for 60 consecutive months from the date the Company first delivered service, the Company will classify them as permanent and refund any payment the Consumer made over that required of a permanent Consumer. The Company will not refund the Facilities Charges.

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**VI. Relocation or Replacement of Facilities**

**A. Relocation of Facilities**

If requested by an Applicant or Consumer, and adequate clearances can be maintained and adequate easements/rights-of-way can be obtained, the Company will: relocate distribution facilities; and/or, replace existing overhead distribution facilities with comparable underground (overhead to underground conversion, or conversion). If existing easements are insufficient for the new facilities, the Applicant is responsible for obtaining new easements. Substation facilities and transmission voltage facilities will be relocated at the discretion of the Company.

For conversions, the new underground system must not impair the use of the remaining overhead system. The Applicant or Consumer must elect either: to provide all trenching and back filling, imported backfill material, conduits, and equipment foundations that the Company requires for the Extension; or, to pay the Company to provide these items.

In addition, for both relocations and conversions, the Applicant must advance the following:

1. The estimated installed cost of the new facilities plus the estimated removal expense of the existing facilities, less
2. The estimated salvage value of the removed facilities.

This Advance is not refundable. The Company is not responsible for allocating costs and responsibilities among multiple Applicants.

**B. Local Governments – Relocations**

When Company facilities located in the franchise easement require relocating due to a public project, the relocation is done without charge to the local government Applicant.

**C. Local Governments – Conversions**

The conversion costs to a local government Applicant, as part of a public project which would necessitate the relocation of Company's facilities, consist of: the costs of all necessary excavating, road crossings, trenching, backfilling, raceways, ducts, vaults, transformer pads, and other devices peculiar to underground service. If the conversion is not part of a public project necessitating relocation of Company's facilities the overhead retirement costs are included in the conversion costs charged to the local government. The overhead retirement costs are: the original cost, less depreciation, less salvage value, plus removal costs of the existing overhead distribution facilities no longer used or useful by reason of the conversion.

In addition the local government shall by ordinance or other means provide that all Consumers, served from the overhead facilities to be removed, perform wiring changes on their Premises so the service may be furnished from the underground distribution system in accordance with the Company's rules, and have authorized the Company to discontinue its overhead service upon completion of the underground conversion.

The Company will not charge the local government if the total conversion costs incurred by the Company during one calendar year for conversions does not exceed five-one hundredths of one percent (0.05%) of the Company's annual revenues derived from Consumers residing within the boundaries of the local government. Otherwise the local government shall, in advance, either pay the conversion costs or direct the Company to expense the conversion costs. When expensed said conversion shall be conditioned by the following:

(continued)

(M11)

(M11)

(M13)



**VI. Relocation or Replacement of Facilities (continued)**

**C. Local Governments – Conversions (continued)**

1. Company shall collect the conversion costs from the Consumers located within the boundaries of the local government; however, the local government may direct Company to collect conversion costs from only a portion of the Consumers located within the boundaries of the local government.
2. Conversion costs incurred by the Company shall be accumulated in a separate account in Company's books with interest accruing from the date Company incurs the cost. The rate of such interest shall be equal to the effective cost of the senior security issue which most recently preceded the incurrence of the cost.
3. Company shall collect the conversion costs and interest over a reasonable period of time subject to approval of The Public Utility Commission of Oregon. Said pay-back shall not exceed the depreciable life of the facilities. Collection shall begin as soon as practicable after the end of the year in which the conversion costs are incurred.
4. Conversion costs to be recovered from each Consumer shall be calculated by applying a uniform percentage to each Consumer's total monthly bill for service rendered within the boundaries of the local government. Said conversion costs will be shown as a separate item on individual Consumer bills.

(M12)

(M12)

**VII. Contract Administration Credit**

Applicants may waive their right to receive refunds on a Line Extension advance. Applicants who waive this right will receive a Contract Administration Credit up to the amount specified in Schedule 300. The Applicant's choice to receive the Contract Administration Credit must be made at the time the Extension advance is paid.