

(Decision No. R94-269)

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

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IN THE MATTER OF PROPOSED )  
RULEMAKING REGARDING LINE )  
EXTENSION POLICIES OF ELECTRIC )  
UTILITIES UNDER RULES 31 AND 32 )  
4 CCR 723-3. )

DOCKET NO. 93R-417E

RECOMMENDED DECISION OF  
ADMINISTRATIVE LAW JUDGE  
WILLIAM J. FRITZEL

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Mailing Date: March 15, 1994  
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APPEARANCES: C. Chandler Lippitt, Esq., Denver, Colorado  
for Public Service Company of Colorado;

Steven H. Denman, Esq., Denver, Colorado for  
WestPlains Energy;

John J. Conway, Esq., Denver, Colorado for  
Colorado Rule Electric Association;

Deborah S. Waldbaum, Esq., Denver, Colorado  
for the Colorado Office of Consumer Counsel.

STATEMENT

By Decision No. C93-856 (July 21, 1993) the Commission instituted rulemaking. This docket was opened as a result of a petition for rulemaking filed by Public Service Company of Colorado (Public Service) on May 12, 1993. Public Service requested that the Commission commence rulemaking to amend existing Rules 31 and 32 of the Commission's Rules Governing Electric Utilities (4 CCR 723-3).

In its decision instituting rulemaking, the Commission stated that the rules proposed by Public Service would provide more flexibility to the utilities in the development of line extension tariffs. The proposed rules would allow specific terms and conditions of the Electric Utilities line extension charges to be set in the companies' tariffs rather than in the rules. Under the proposed rules, the terms and conditions would be subject to commission review pursuant to its suspension and hearing authority.

The current Rules 31 and 32 have very detailed terms and conditions governing line extension charges.

The Commission mailed notice of proposed rulemaking on July 23, 1993. The notice of proposed rulemaking was published in The Colorado Register on August 10, 1993. The Commission set the proposed rules for hearing for November 8, 1993. The hearing was continued by the Commission to allow the interested parties to propose more substantive rules. The hearing was continued to February 24, 1994 at which time the matter was heard by the undersigned Administrative Law Judge, to whom the matter was assigned. Written comments were filed by WestPlains Energy (WestPlains), Public Service, Colorado Association of Home Builders (CAHB), San Miguel Power Association, Inc. (San Miguel) and Home Builders Association of Metropolitan Denver (Home Builders).

This docket proceeded to hearing on February 24, 1994. Public Service, The Office of Consumer Counsel (OCC), WestPlains, Colorado Rural Electric Association (CREA), San Miguel and Staff of the Colorado Public Utilities Commission (Staff) filed a Stipulation with attached proposed rules. This Stipulation was marked for identification as Exhibit No. 1 and admitted into evidence.

Pursuant to § 40-6-109, C.R.S., the record of this proceeding along with a written recommended decision are transmitted to the Commission.

FINDINGS OF FACT AND CONCLUSION THEREON:

The current electric rules, 31 and 32 are complex and inflexible. The rules require a gross embedded cost methodology which may not be in the interest of the utilities or the rate payers. The current electric extension rules were adopted in the 1980's which reflected the then economic conditions in Colorado. Since that time, the economy in Colorado has changed. The stipulating parties have proposed new rules 31 and 32 to replace the existing rules in order to enable the various electric utilities serving customers of Colorado to respond quickly to the economic conditions in their particular service territories. The parties state that there exists unique circumstances in their service territories and therefore they need the flexibility to provide efficient extension tariffs. The stipulating parties have consider the concerns addressed by the Commission at the initial hearing. The proposed rules provide more substantive rules than initially proposed and included a provision for consideration of alternative energy sources including photovoltaics. Finally, the Commission will retain its regulatory authority over the jurisdictional electric utilities' extension tariffs.

It is found and concluded that the Stipulation filed on February 23, 1994 by the above named parties containing proposed Rules 31 and 32 should be accepted. It is further found and

concluded that proposed Rules 31 and 32 of the Commission's Rules Regulating the Service of Electric Utilities attached as Exhibit B to the Stipulation and attached to this decision as Appendix A should be adopted.

Pursuant to § 40-6-109, C.R.S., it is recommended that the Commission enter the following Order.

ORDER

THE COMMISSION ORDERS THAT:

1. The Stipulation filed on February 23, 1994 by Public Service Company of Colorado, the Colorado Office of Consumer Counsel, WestPlains Energy, Colorado Rural Electric Association, San Miguel Power Association, Inc., and the Staff of the Colorado Public Utilities Commission is accepted.

2. Proposed Rules 31 and 32 of the Commission's Rules Governing Electric Utilities (4 CCR 723-3) attached as Appendix A to this Decision are adopted.

3. The rules shall be effective 20 days after publication by the Secretary of State.

4. An opinion of the Attorney General of the State of Colorado shall be sought regarding the constitutionality and legality of the rules found in Appendix A of this Decision.

5. The Commission director shall file with the Office of the Secretary of State of Colorado, for publication in The Colorado Register, a copy of the rules found in Appendix A adopted by this Decision, and when obtained, a copy of the opinion of the Attorney General of the State of Colorado regarding the constitutionality and legality of these rules.

6. The rules found in Appendix A attached to this Decision should be submitted by the Commission's Director to the appropriate committee of reference of the Colorado General Assembly, if the General Assembly is in session at the time this Order becomes effective, or to the Committee on Legal Services, if the General Assembly is not in session, for an opinion as to whether the adopted rules conform with § 24-4-103, C.R.S.

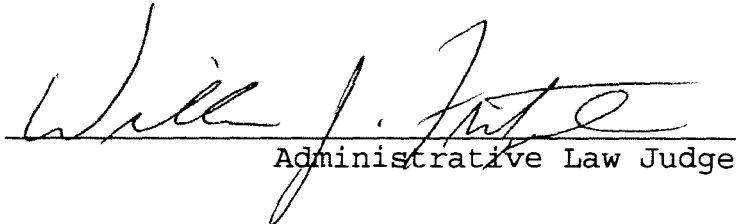
7. This Recommended Decision shall be effective on the day it becomes the Decision of the Commission, if that is the case, and is entered as of the date above.

8. As provided by § 40-6-109, C.R.S., copies of this Recommended Decision shall be served upon the parties, who may file exceptions to it.

- a. IF NO EXCEPTIONS ARE FILED WITHIN 20 DAYS AFTER SERVICE OR WITHIN ANY EXTENDED PERIOD OF TIME AUTHORIZED, OR UNLESS THE DECISION IS STAYED BY THE COMMISSION UPON ITS OWN MOTION, THE RECOMMENDED DECISION SHALL BECOME THE DECISION OF THE COMMISSION AND SUBJECT TO THE PROVISIONS OF § 40-6-114, C.R.S.
- b. IF A PARTY SEEKS TO AMEND, MODIFY, ANNUL, OR REVERSE BASIC FINDINGS OF FACT IN ITS EXCEPTIONS, THAT PARTY MUST REQUEST AND PAY FOR A TRANSCRIPT TO BE FILED, OR THE PARTIES MAY STIPULATE TO PORTIONS OF THE TRANSCRIPT ACCORDING TO THE PROCEDURE STATED IN § 40-6-113, C.R.S. IF NO TRANSCRIPT OR STIPULATION IS FILED, THE COMMISSION IS BOUND BY THE FACTS SET OUT BY THE ADMINISTRATIVE LAW JUDGE AND THE PARTIES CANNOT CHALLENGE THESE FACTS. THIS WILL LIMIT WHAT THE COMMISSION CAN REVIEW IF EXCEPTIONS ARE FILED.

9. If exceptions to this Decision are filed, they shall not exceed 30 pages in length, unless the Commission for good cause shown permits this limit to be exceeded.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

  
Administrative Law Judge

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PROPOSED RULE 31  
OF THE  
RULES REGULATING THE SERVICE  
OF ELECTRIC UTILITIES  
4 CCR 723-3

**BASIS, PURPOSE AND STATUTORY AUTHORITY**

The basis and purpose of this modification to existing Rule 31 of the Rules Regulating the service of Electric Utilities is to replace the existing rule in its entirety with the rule proposed below. The statutory authority for this modification is found in § 40-2-108, C.R.S.

RULE 31

Service Connection and Distribution Line Extension -- Each electric utility shall file with the Commission its specific provisions for the making of service connections and distribution line extensions. No electric utility shall make or refuse to make any connection or extension except as permitted by this Rule or by tariffs currently effective and on file with the Commission, and which are open to public inspection at each office of the utility where applications for service are received. Each utility's specific provisions shall:

1. Set for the service connection and distribution line extension requirements to be observed by the utility;
2. Be just and reasonable with respect to the impact upon existing customers through rates and service;
3. Provide for service connections and distribution line extensions by customer class and the appropriate terms and conditions under which such connections and extensions will be made;
4. Obligate the utility to provide service connection information to a customer, upon request, necessary to allow the customer's facility(s) to be connected to the utility's system;
5. Obligate the utility to exercise due diligence with respect to providing an estimate to the customer of the anticipated cost of the connection and/or extension;



6. Set forth a policy equitably allowing future customers to share costs incurred by the initial or existing customers served by such connection and/or extension, including a refund of customer connection and/or extension payments when appropriate;
7. Describe specific customer categories within each customer class such as permanent, indeterminate and temporary;
8. Consider the implications of such provisions on energy efficiency and conservation; and
9. Require the utility to provide information or an evaluation of alternative energy sources relating to the proposed extension. (For example, the utility may refer the customer to industry vendors or provide an evaluation similar to that set forth on Appendix A attached hereto.)

APPENDIX A - PHOTOVOLTAIC COST EVALUATION

1. Applicants, when requesting of the utility a cost estimate of a distribution line extension, shall receive a photovoltaic system cost evaluation, upon meeting the following conditions:

- a. providing the utility with load data (estimated monthly kilowatt-hour usage) as requested by the utility to conduct the comparison; and
- b. meeting the requirements of paragraph 2 of this section.

In performing the evaluation, the utility will consider line extension distance, overhead/underground construction, terrain, other variable construction costs, and the probability of additions to the line extension within the life of the open extension period.

2. For applicants whose ratio of estimated monthly kilowatt-hour usage divided by line extension mileage is less than or equal to one thousand (1,000), (i.e. Kwh/Mileage is  $\leq 1,000$ ), the utility will provide or arrange for the provision of a photovoltaic system cost evaluation.

For applicants whose ratio exceeds one thousand (1,000), the utility will inform the applicant that the applicant may request a photovoltaic cost evaluation. If the applicant makes such a request, the applicant will be required to:

- a. provide the utility with load data (estimated monthly kilowatt-hour usage), as requested by the utility to conduct the comparison; and
- b. pay the cost of performing the evaluation.

PROPOSED RULE 32  
OF THE  
RULES REGULATING THE SERVICE  
OF ELECTRIC UTILITIES  
4 CCR 723-3

**BASIS, PURPOSE AND STATUTORY AUTHORITY**

The basis and purpose of this modification to existing Rule 32 of the Rules Regulating the Service of Electric Utilities is to replace the existing rule in its entirety with the rule proposed below. The statutory authority for this modification is found in § 40-2-108, C.R.S.

RULE 32

Electric Transmission Line Extension -- Each electric utility shall file with the Commission its specific provisions for the making of transmission line extensions. No electric utility shall make or refuse to make any extension except as permitted by this Rule or by tariffs currently effective and on file with the Commission, and which are open to public inspection at each office of the utility where applications for services are received. Each utility's specific provisions shall:

1. Set for the transmission line extension requirements to be observed by the utility;
2. Be just and reasonable with respect to the impact upon existing customers through rates and service;
3. Provide the terms and conditions under which such extensions will be made;
4. Obligate the utility to provide service connection information to a customer's facility(s) to be connected to the utility's system;
5. Obligate the utility to exercise due diligence with respect to providing an estimate to the customer of the anticipated cost of the extension;
6. Set forth a policy equitably allowing future customers to share costs incurred by the initial or existing customers served by such extension, including a refund of customer extension payments when appropriate;



7. Describe specific customer categories within each customer class such as permanent, indeterminate and temporary; and
8. Consider the implications of such provisions on energy efficiency and conservation.

(Decision No. R94-269-E)

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

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|---------------------------------|---|----------------------|
| IN THE MATTER OF PROPOSED       | ) |                      |
| RULEMAKING REGARDING LINE       | ) | DOCKET NO. 93R-417E  |
| EXTENSION POLICIES OF ELECTRIC  | ) |                      |
| UTILITIES UNDER RULES 31 AND 32 | ) | <u>ERRATA NOTICE</u> |
| 4 CCR 723-3.                    | ) |                      |

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Mailed Date: April 6, 1994  
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Decision No. R94-269  
(Mailed Date: March 15, 1994)

STATEMENT

Appendix A of Decision No. R94-269, page 1, Rule 31 numbered paragraph no. 1, First Line: delete the word "for" and insert "forth".

Appendix A of Decision No. R94-269, page 4, Rule 32 numbered paragraph no. 1, first line: delete the word "for" and insert "forth".

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

  
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Administrative Law Judge