

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION R-3490
MAY 21, 1997

R E S O L U T I O N

RESOLUTION R-3490. SIERRA PACIFIC POWER COMPANY REQUESTS APPROVAL OF ITS CONTRACT WITH PLUMAS SIERRA RURAL ELECTRIC COOPERATIVE TO SERVE ENERGY TO FRINGE CUSTOMERS WITHIN EACH OTHER'S SERVICE TERRITORY.

THE REQUEST IS GRANTED.

BY ADVICE LETTER 248-E, FILED ON JANUARY 30, 1997.

SUMMARY

1. By Advice Letter [AL] 248-E filed on January 30, 1997, Sierra Pacific Power Company [Sierra] requests approval of its August 6, 1996 agreement with Plumas Sierra Rural Electric Cooperative [Plumas]. The agreement will allow each party to serve fringe customers within the other party's service territory.
2. There were no protests filed for AL 248-E. This Resolution grants the request.

BACKGROUND

1. Sierra and Plumas [a California rural electric cooperative] share some common service boundaries. Both have a few customers in their respective areas to whom electric service may be furnished more economically and conveniently by the other party.
2. Sierra estimates that currently there are about five potential customers in the Plumas area that could be served by Sierra under the agreement. Those customers live in isolated rural areas away from Plumas' operations but closer to Sierras' operations. There is currently one potential customer in Sierra's area that could be served by Plumas. Few, if any, additional fringe customers are expected to be affected by this agreement in the foreseeable future.
3. Affected customers would apply to the utility in whose service area they are located. If the utility determines that the applicant could be better served under the fringe area

agreement, both utilities will work together to provide the service to the applicant in the most economical way.

4. Distribution line costs incurred in extending service to new customers will be in accordance with Line Extension Rule 15. The applicant for service will contribute towards the cost of line extension. Sierra shall retain the ownership and possession of, and maintain at its own expense, all additions to, and changes in, the extension lines.

5. Sierra and Plumas will provide service to the affected customers according to their tariffs on file at the time the service is provided.

6. Decision 96-12-084 has put Sierra on a rate freeze plan until January 1, 2001.

7. The agreement needs the approval of this Commission and the Rural Utilities Service to be effective.

NOTICE

1. Sierra served notice of of AL 248-E by mailing copies to other utilities, government agencies, and parties that requested such information. AL 248-E was noticed in the Commission Calendar.

PROTESTS

1. No party protested AL 248-E.

DISCUSSION

1. An agreement allowing one utility to provide service in another utility's certificated service area is not unusual. In the past similar agreements have been entered between utilities. For example, the Commission approved Resolution E-3281, dated June 17, 1992, whereby Pacific Power and Light Company was authorized to provide service to residents of Pacific Gas and Electric Company in service border areas.

2. Sierra's cost to install the line extensions to fringe customers in Plumas' territory is expected to be lower than that of Plumas for those customers, and vice versa.

3. Given the isolated nature of the area to be served, the Energy Division supports the agreement. If Sierra is denied the authority to enter into this agreement, the fringe applicants would most probably have to advance a greater amount to Plumas for electric service.

4. It is possible that in the future some developments could occur near Sierra's or Plumas' lines serving the fringe customers. If either party so wishes, it can transfer ownership

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of the territory back to itself by giving the other party a twelve month written notice of termination of the agreement.

FINDINGS

1. Sierra Pacific Power Company filed Advice Letter 248-E on January 30, 1997, requesting approval of its contract with Plumas Sierra Rural Electric Cooperative to serve energy to fringe customers within each other's service territory.
2. Approximately six potential customers could be affected by this agreement.
3. The agreement will allow fringe customers to be served more conveniently and economically.
4. The Energy Division recommends approval of the agreement.

THEREFORE, IT IS ORDERED that:

1. Sierra Pacific Power Company's request in its Advice Letter 248-E for approval of its contract with Plumas Sierra Rural Electric Cooperative is hereby granted.
2. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on May 21, 1997. The following Commissioners approved it:


WESLEY FRANKLIN
Executive Director

P. Gregory Conlon, President
Jessie J. Knight, Jr.
Henry M. Duque
Josiah L. Neeper
Richard A. Bilas
Commissioners