

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
ENERGY BRANCH

RESOLUTION E-3382
May 4, 1994

R E S O L U T I O N

RESOLUTION E-3382. SIERRA PACIFIC POWER COMPANY,
ORDER AUTHORIZING REVISED UNIT COSTS FOR ELECTRIC LINE
EXTENSIONS.

BY ADVICE LETTER 231-E, FILED ON DECEMBER 6, 1993.

SUMMARY

1. By Advice Letter 231-E, filed December 6, 1993, Sierra Pacific Power Company (Sierra) requests authorization to revise its unit cost charges for electric line extensions for extensions beyond the free length.
2. No protests were filed for Sierra's Advice Letter 231-E.
3. Sierra's request is authorized by this Resolution.

BACKGROUND

1. Sierra's tariff extension rules (Rules 15 and 15.1) include charges for extensions which exceed the free footage amount. Section E.2 of Rule 15 and Decision 85-08-043 require Sierra to review annually its known and estimated costs of construction of line extensions and to submit a tariff revision when such costs change more than 10 percent since the last revision. The last time Sierra's unit costs were approved was thirty years ago, and unit costs have changed by more than ten percent.
2. Based on recorded data and updated by use of industry standard practices, Sierra's proposed unit costs, including CIAC taxes, are:

	<u>Overhead Extensions</u>	<u>Underground Subdivisions</u>	<u>Underground Developments</u>
<u>Present</u>	\$2.10	\$3.08	\$5.63
<u>Proposed</u>	\$14.10	\$22.87	\$40.45

May 4, 1994

3. In the development of its overhead unit costs, Sierra chose the time period of its review as July 1990 through July 1991. All of its overhead extensions (63 projects) were analyzed. 16 projects were not considered due to uncertain information. All projects were installed by Sierra. Transformer and service costs were excluded. Joint pole credits were made to capture appropriate costs. Charges were escalated to 1993 dollars using Handy-Whitman indices. Handy-Whitman indices were 1.005 for 1992 and 1.0305 for 1993. For underground unit costs, Sierra's only experience was three projects in the 1992 period. Sierra installed all cabling and electric devices for each project.

4. Unit costs increased due to inflation of labor and material. Sierra's California extensions are frequently in inaccessible mountainous areas with rocky soil and heavy snow conditions. When constructing power lines, these conditions have a number of affects on costs as outlined below:

(A) Rocky soil and boulders make digging extremely difficult and time consuming. Most pole holes and all trenches are dug with a backhoe instead of an auger or ditch witch. Blasting may be required and large boulders frequently require digging oversize holes.

(B) Access to many project sites is on difficult roads slowing travel. During peak summer months, tourists impede travel.

(C) A large portion of Sierra's lines are not accessible by bucket truck or any other vehicle; therefore, Sierra's linemen have to climb, rig, and do labor intensive hand work more than in convential sites.

(D) In some places, only a helicopter can bring in materials.

(E) Vehicles take abnormal stress which tends to raise Sierra's cost of maintenance. Sierra purchases only 4-wheel drive vehicles.

(F) Because of snow loading, Sierra's span lengths are shorter than elsewhere, around 200 feet per span.

(G) Almost all of Sierra's line extensions are in heavily treed areas requiring tree removal or trimming.

NOTICE

1. Notice was provided by Sierra to other utilities and interested parties in compliance with Section III, Paragraph of General order 96-A. Also, publication was made in the Commission Calendar.

PROTESTS

1. No protests were filed for Sierra's Advice Letter 231-E.

DISCUSSION

1. Sierra has not been granted a unit cost increase for over 30 years. Sierra's California operations are a small part of its total business operation. As a result, Sierra had few projects by which to base a cost change. Sierra's continued cost increases led it to request a change at this time. Sierra's costs reflect extensions in inaccessible areas with difficult soil and terrain.
2. The proposed unit costs were developed using recorded data compared to estimated costs per foot for a "typical" test work order. Estimated costs were found to be similar, validating the proposed unit costs.
3. The Commission Advisory and Compliance Division has reviewed Sierra's filing and concurs that Sierra's costs reflect current labor and material costs in its service area and that its unit costs, as proposed, are reasonable.

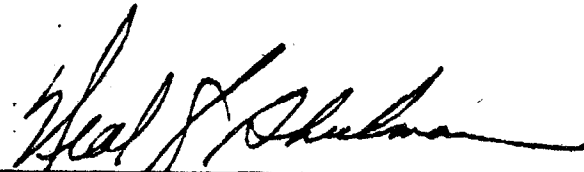
FINDINGS

1. Sierra filed Advice Letter 231-E on December 6, 1993 requesting authorization to increase its unit cost charges for electric line extensions for extensions beyond the free length.
2. Sierra has not been granted an increase in its unit costs for over thirty years. Labor and material costs to construct line extensions have increased since unit costs were last authorized.
3. The terrain and soil conditions in Sierra's territory are difficult and atypical of normal utility operations.
4. Sierra's requested increase in extension unit costs is based on recorded expenditures updated using industry standards.
5. Based on Sierra's filing and data request responses, Sierra's request to revise its extension unit costs in Advice Letter 231-E is reasonable.

THEREFORE, IT IS ORDERED that:

1. Sierra Pacific Power Company is authorized to revise its unit costs as requested by Advice Letter 231-E.
2. Advice Letter 231-E and accompanying tariff sheets shall be marked to show that they were authorized by this Resolution E-3382.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on May 4, 1994. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
P. GREGORY CONLON
Commissioners

Commissioner JESSIE J. KNIGHT JR.
being necessarily absent did not
participate.