

-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH-

In the Matter of the Application of DIXIE- ESCALANTE RURAL ELECTRIC ASSOCIATION, INC., for a Variance to its Line Extension Policy for the Painted Desert Subdivision in St. George, Utah)))))	<u>DOCKET NO. 01-066-01</u> <u>REPORT AND ORDER</u>
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ISSUED: October 23, 2001

By the Commission

By letter dated June 12, 2001, Dixie Escalante Rural Electric Association (Dixie) requested that the Commission approve a variance to Dixie's line extension policy that would permit the extension of facilities into Phases I and II of the Painted Desert Subdivision, located in Saint George, Utah. The Division of Public Utilities (Division) filed a August 30, 2001, Memorandum generally describing the Division's investigation and analysis of the situation and recommending approval of the variance.

Dixie's line extension policy requires property owners to pay a construction advance for extension of power lines pursuant to the terms and conditions contained in its Electric Service Regulations. Oftentimes, a developer will pay the construction advance fees for the lots in a subdivision under development. This is done so that the electric distribution infrastructure for the subdivision can be installed at one time, rather than lot by lot. Electric service is also more easily made available to attract potential property owners to purchase in the subdivision. The developer usually recovers his utility service construction advance expenses, paid to the utility, through the prices demanded for the lots in the subdivision. The developer of the Painted Desert Subdivision paid a construction advance to have electric service extended for four lots of the subdivision in order to have power available for four homes that were built in the subdivision for inclusion in a local Parade of Homes promotion. Apparently, the developer began to experience financial difficulties. The developer did not pay any additional construction advance fees for the other lots, beyond the initial four, in the Painted Desert subdivision. No additional electric service distribution infrastructure facilities were installed to provide service to the other lots in the subdivision. The developer recorded the subdivision with St. George City as a completed subdivision and listed the lots for sale to the public. Contractors and other interested parties filed liens on the subdivision development and ultimately took possession of individual lots to satisfy debt owed to them.

As time has passed, various owners of subdivision lots have desired electric service. Under Dixie's line extension policy, however, charges to these early requesters of service would be prohibitive since they would be paying a substantial part of the electric distribution infrastructure costs necessary for the entire subdivision's facilities (which would have been completely installed under more normal circumstances during development of the subdivision), but put in place to serve only a limited number of the lots instead of the entire subdivision. Installation of the electric distribution facilities for the subdivision on this type of incremental basis, lot by lot, also presents engineering and construction difficulties which would not be encountered if all the facilities were installed at one time. Dixie has had numerous meetings with Painted Desert lot owners to reach a mutually acceptable resolution. Attempting to accommodate the interests of Dixie, to place the facilities in an efficient manner and to not unduly

burden its existing customers with the costs of the Painted Desert subdivision's infrastructure, with the interests of Painted Desert subdivision property owners, who have differing time frames in which they may desire electric service and their willingness to cover the Painted Desert subdivision facilities extension costs nearer in time to when they actually need or request electric service.

Dixie proposes that the Commission approve a variance to its line extension policy unique to this subdivision. The variance would permit the property owners in the Painted Desert subdivision, Phases I and II, to pay the subdivision's construction advance fee for Dixie's infrastructure facilities' extension in the subdivision that would have normally have been paid by the developer. This fee will be allocated pro rata to the individual lots; calculated to be \$2,000 per lot. Individual property owners would pay their \$2,000 share of the subdivision's construction advance fee at the time a Painted Desert property owner requested electric service from Dixie; in addition to the other charges required under Dixie's line extension policy from an individual property owner requesting new electric service. The proposed variance permits Dixie to place the infrastructure facilities in the subdivision at one time, recover the costs of the subdivision's facilities extension from the subdivision's property owners rather than burdening Dixie's other customers, and permits the Painted Desert subdivision lot owners to pay the subdivision's infrastructure costs on their own timetable, when they desire electric service, rather than some time before they want service.

We agree that the proposed variance represents a reasonable resolution permitting the extension of electric service to Phases I and II of the Painted Desert subdivision; balancing the interests of the subdivision's property owners, Dixie and Dixie's other customers. We will issue an order approving the variance. We believe that future property owners of lots located in the subdivision should have a reasonable opportunity to be informed of the variance granted. We will direct Dixie to include specific provisions in its tariff's description of the line extension policy that note the variance's additional \$2,000 charge that will be required for electric service connections requested for the lots in Phases I and II of the Painted Desert subdivision. We conclude that potential customers should be able to find this information in the utility's tariff provisions, rather than searching Commission orders relating to the utility.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that

1. Dixie Escalante Rural Electric Association, Inc., is granted the requested variance. Requesters of electric service to be extended to lots in Phases I and II of the Painted Desert subdivision, may be required to pay an additional \$2,000 charge, in addition to other charges which may be required for such extension pursuant to the utility's tariff.
2. Dixie Escalante Rural Electric Association, Inc., shall revise its tariff, as discussed above, to reflect the variance granted by this Order.

DATED at Salt Lake City, Utah, this 23rd day of October, 2001.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Richard M. Campbell, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary

G#26607