

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



January 12, 2007

Advice Letter 2938-E

Rose de la Torre  
Pacific Gas & Electric  
77 Beale Street, Room 1088  
Mail Code B10C  
San Francisco, CA 94105

Subject: Request for Exceptional Case Treatment to Allow an Overhead Line Extension to  
Serve the Community of Scotia in Humboldt County

Dear Ms. de la Torre:

Advice Letter 2938-E is effective December 28, 2006. A copy of the advice letter is returned  
herewith for your records.

Sincerely,

Sean H. Gallagher, Director  
Energy Division

<b>REGULATORY RELATIONS</b>	
Tariffs Section	
M Brown	D Poster
R De la Torre	S Ramaiya
B Lam	
JAN 19 2007	
Records	
Return to	File
cc to	



**Brian K. Cherry**  
Vice President  
Regulatory Relations

77 Beale Street, Room 1087  
San Francisco, CA 94105

*Mailing Address*  
Mail Code B10C  
Pacific Gas and Electric Company  
P.O. Box 770000  
San Francisco, CA 94177

415.973.4977  
Internal: 223.4977  
Fax: 415.973.7226  
Internet: BKC7@pge.com

November 28, 2006

**Advice 2938-E**

(Pacific Gas and Electric Company ID U39 E)

**Subject: Request for Exceptional Case Treatment to Allow an Overhead Line Extension to Serve the Community of Scotia in Humboldt County**

Public Utilities Commission of the State of California

**Purpose**

At the request of the Pacific Lumber Company and its forestry arm, Scotia Pacific Company, LLC (PALCO), and with the concurrence of The City of Rio Dell and Humboldt County, Pacific Gas and Electric Company (PG&E) hereby submits to the California Public Utilities Commission (Commission or CPUC) a request under Electric Rules 15.I.3 and 16.G to approve a one time exception to provisions of Electric Rule 15 to allow an overhead line extension to serve the community of Scotia in Humboldt County.

**Background**<sup>1</sup>

Electric Rule 15.A.3.a requires that distribution line extensions for new residential subdivisions be constructed underground, unless criteria set forth in Electric Rule 15.H.1 are met. Under Electric Rule 15.H.1., overhead distribution line extensions may be constructed in residential subdivisions in only two circumstances: (1) the lots in the subdivision existed as legally described parcels prior to May 5, 1970 and significant overhead lines exist in the subdivision, or (2) the minimum parcel size in the subdivision is three acres and certain other conditions are satisfied.

Similarly, Electric Rule 16.C.3.a requires that services be installed underground where required to comply with applicable tariff schedules, laws, ordinances, or similar requirements of governmental authorities having jurisdiction.

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<sup>1</sup> Note: Factual recitation regarding the history of the community of Scotia was provided to PG&E by PALCO.

The community of Scotia, which is owned and operated by PALCO, was founded in the 1880s and is one of the last company towns in America. PALCO has continuously provided its Scotia workforce with housing and services, including electricity and distribution of electricity. In order to evolve to a more traditional municipal structure and allow the residents of Scotia to purchase their homes, PALCO has requested that the nearby City of Rio Dell annex most of Scotia, including the town's 274 residences, into Rio Dell's boundary. The area where the residences are located currently is part of one legal parcel. PALCO is also seeking approval from the City of Rio Dell to subdivide the residential area so that PALCO may sell individual residences to its current and former employees and possibly others.

The residential units in Scotia were built decades before May 5, 1970. PALCO was incorporated in 1869 and began its operations in Humboldt County in 1882. The community of Scotia was originally established as a logging camp known as Forestville. Forestville's name was changed to Scotia in 1888. PALCO's first sawmill was completed in 1887 and first power plant was built in 1892. PALCO expanded its operations in response to the demand for lumber created by the 1906 San Francisco earthquake. Additional expansion occurred in the 1920's, both at the mill and in the community of Scotia, including the development of a theater, bank, new school, church and hospital. Over the years, PALCO's mills and power plant were renovated and upgraded.

The current version of Scotia's residential neighborhood began to take shape in 1905. Additional residential development occurred through 1925. Eight houses were added in the early 1950s, bringing the total number of residences to 274. The homes in Scotia are generally homogenous – most are of the Craftsman style and a few of the earliest are of the National Folk style. Only minor changes in the residential neighborhood have occurred since the 1950s.

Electricity generated by PALCO's biomass-fueled cogeneration plant has been and continues to be delivered to the residences using primarily overhead lines. Because Scotia has to date been a company town, the residences are located on a single parcel rather than individual legally described parcels and, therefore, the Scotia subdivision project does not fit squarely within the historic subdivision exemption from the requirement to underground distribution facilities in residential subdivisions.

To facilitate the subdivision of the community of Scotia, and to provide for individual ownership of the residences, PALCO has requested that PG&E provide electric service to the town.

PALCO's existing, primarily overhead, electric facilities in the community of Scotia do not meet PG&E's design, construction and operating requirements. New facilities will be required to enable PG&E to provide electric service to the

residences in Scotia. PALCO desires that PG&E replace the existing aboveground facilities with aboveground facilities, notwithstanding Electric Rule 15.H.1.

### **Proposal**

Electric Rules 15.1.3 and 16.G provide that in exceptional cases, where the application of the standard provisions of Electric Rules 15 and 16 would be impractical or unjust to PG&E, an applicant or ratepayers, PG&E or the applicant for the extension of service may ask the Commission to issue a special ruling authorizing an exception.<sup>2</sup>

Because application of the standard provisions of Electric Rules 15 and 16 (requiring that electric facilities installed to serve a new subdivision be installed underground) would result in significant changes to the historic character and appearance of the town and add significantly to the costs of the residential dwelling units, PG&E requests that an exception to the standard provisions of Electric Rules 15 and 16 be allowed so that PG&E may replace the existing aboveground electric facilities with new aboveground electric facilities to serve the 274 residences in the community of Scotia.

The City of Rio Dell's municipal code normally requires utilities to be underground, but has an exception for those facilities exempted by the line extension rules. The first paragraph of Municipal Code Section 1.802.6 provides as follows:

Each unit or lot within the subdivision shall be served by gas (if required), electric, telephone and cablevision facilities. All utilities within the subdivision and along peripheral streets shall be placed underground except those facilities exempted by the Public Utilities Commission regulations.

Section 314-85.1 of the Humboldt County Zoning Regulations provides that "Public utility transmission and distribution lines, both overhead and underground, shall be permitted in any zone without limitation as to height and without the necessity of first obtaining a Use Permit."

The City of Rio Dell and Humboldt County both support this proposal as

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<sup>2</sup> Rule 3.12 of the CPUC's Rules of Practice and Procedure discusses requirements for applications for exemption from the rules in Decision (D.) 80864 (74 CPUC 454). Those requirements do not apply to this situation, as D.80864 addressed undergrounding of distribution facilities in proximity to a designated state scenic highway. Although the town of Scotia is in proximity to a portion of Highway 101, that portion of Highway 101 is **not** a designated scenic highway. In addition, even if it were, the bulk of what PG&E is proposing to build are replacement facilities, and thus this proposal is in keeping with the spirit of D.80864.

consistent with their zoning and subdivision regulations. Letters indicating this support are included with this filing as Exhibit A (City of Rio Dell) and Exhibit B (Humboldt County). The attached letter from the City of Rio Dell is conditioned upon the relocation of the existing telephone and cable facilities to the new PG&E poles. PG&E will work with the local telephone and cable utilities, and will not proceed with overhead construction unless and until there is a relocation agreement acceptable to all utilities and the City of Rio Dell.

This filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any other rate schedule or rule.

### **Protests**

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than **December 18, 2006**, which is 20 days after the date of this filing. Protests should be mailed to:

CPUC Energy Division  
Tariff Files, Room 4005  
DMS Branch  
505 Van Ness Avenue  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: [jnj@cpuc.ca.gov](mailto:jnj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

Brian K. Cherry  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-7226  
E-mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

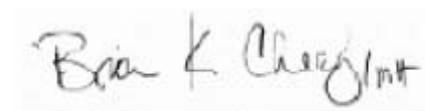
**Effective Date**

PG&E requests that this advice filing become effective on regular notice, **December 28, 2006**, which is 30 calendar days after the date of filing.

**Notice**

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and sent via U.S. mail to parties shown on the attached list. Address change requests should also be directed to Rose de la Torre at (415) 973-4716. Advice letter filings can be accessed electronically at:

<http://www.pge.com/tariffs>

A handwritten signature in black ink that reads "Brian K. Cheong". The signature is written in a cursive style and is positioned above the typed name.

Vice President - Regulatory Relations

**Attachments**

CC: Ann Trowbridge  
Dennis Wood  
R.L. Leonard, Mayor, City of Rio Dell  
John Miller, City Manager, City of Rio Dell  
Kirk Gerard, Humboldt County Director of Community Development  
Services

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. Pacific Gas and Electric Company U39M

Utility type:

ELC       GAS  
 PLC       HEAT       WATER

Contact Person: Megan Hughes

Phone #: (415) 973-1877

E-mail: MEHr@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas  
PLC = Pipeline      HEAT = Heat      WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **2938-E**

Subject of AL: Request for Exceptional Case Treatment to Allow an Overhead Line Extension to Serve the Community of Scotia in Humboldt County

Keywords (choose from CPUC listing): Line Extensions

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>:

Resolution Required?  Yes  No

Requested effective date: **CPUC Approval**

No. of tariff sheets: 0

Estimated system annual revenue effect: (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed<sup>1</sup>:

Pending advice letters that revise the same tariff sheets: N/A

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

[inj@cpuc.ca.gov](mailto:inj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)

Utility Info (including e-mail)

Attn: Brian K. Cherry

Vice President, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

<sup>1</sup> Discuss in AL if more space is needed.

## **Exhibit A**



# CITY OF RIO DELL

675 WILDWOOD AVENUE RIO DELL, CALIFORNIA 95562-1597

CITY HALL  
(707) 764-3532  
FAX 764-5480

PUBLIC WORKS DEPARTMENT  
(707) 764-5754

POLICE DEPARTMENT  
(707) 764-5641  
FAX 764-2569



November 8, 2006

Sean Gallagher  
Director, Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, Room 4004  
San Francisco, CA 94102

Dear Mr. Gallagher:

The City of Rio Dell supports PG&E's request for approval to replace existing overhead electric distribution facilities with new overhead distribution facilities to serve the residences in the Town of Scotia and requests that the Commission expeditiously approve the PG&E Advice Letter. This letter of support is conditioned upon the relocation of the existing telephone and cable facilities located on poles containing PALCO electric facilities to the new PG&E poles.

The City of Rio Dell is a small rural community located near the Eel River, about 25 miles south of the City of Eureka. The Town of Scotia lies across the Eel River from the City of Rio Dell. The City of Rio Dell and the Town of Scotia have a long history of working together to solve local issues and improve quality of life in the region.

The Town of Scotia, which is owned and operated by The Pacific Lumber Company (PALCO), was founded in the 1880s and is one of the last company towns in America. PALCO has continuously provided its Scotia workforce with housing and services, including electricity and distribution of electricity. In order to move to a more traditional municipal structure and allow the residents of Scotia to purchase their homes, PALCO has requested that the nearby City of Rio Dell annex most of Scotia, including the town's 274 residences, into Rio Dell's boundary.

For decades, PALCO has generated electricity at its biomass-fueled cogeneration plant, a portion of which it delivers to the residences in Scotia using mostly overhead lines. As part of the transition to a more traditional municipal structure, PALCO has asked PG&E to replace PALCO as Scotia's electric service provider.

We understand PG&E proposes to replace most of the distribution facilities in Scotia to ensure compliance with rules applicable to PG&E. Rio Dell supports PG&E's proposal to replace existing overhead facilities with new overhead facilities, rather than underground facilities. The Town of Scotia has always been served via overhead facilities. The City of Rio Dell likewise is served primarily by overhead lines. Additionally, PG&E's approach will keep costs down for the residents of Scotia who are excited about this opportunity to purchase their homes.

Regulation 1.802.6 of the City of Rio Dell's Subdivision Regulations provides that electric facilities are to be placed underground unless they are exempted by California Public Utilities Commission regulations. Accordingly, if the CPUC approves PG&E's Advice Letter, no action by the City would be required in connection with the installation of overhead facilities in Scotia.

In sum, the City of Rio Dell reiterates its support for PG&E's proposal to replace existing overhead electric distribution facilities in Scotia with new overhead facilities coupled with the relocation of the existing telephone and cable facilities located on poles containing PALCO electric facilities to the new PG&E poles. This is an important component of an important local project and we urge the Commission to approve the PG&E Advice.

Sincerely,



R. L. Leonard, Mayor  
City of Rio Dell

cc: Dennis Wood, PALCO

## **Exhibit B**



PLANNING DIVISION  
COMMUNITY DEVELOPMENT SERVICES

## COUNTY OF HUMBOLDT

3015 H STREET

EUREKA, CALIF. 95501-4484 PHONE (707) 445-7541

November 13, 2006

Mr. Sean Gallagher  
Director, Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, Room 4004  
San Francisco, CA 94102

Dear Mr. Gallagher:

The Humboldt County Community Development Services Department joins the City of Rio Dell in conditionally supporting PG&E's request for approval to replace existing overhead electric distribution facilities with new overhead distribution facilities to serve the residences in the Town of Scotia and requests that the Commission expeditiously approve the PG&E Advice Letter.

As documented in the City of Rio Dell's letter to you dated 11/8/06:

"The Town of Scotia, which is owned and operated by The Pacific Lumber Company (PALCO), was founded in the 1880s and is one of the last company towns in America. PALCO has continuously provided its Scotia workforce with housing and services, including electricity and distribution of electricity. In order to move to a more traditional municipal structure and allow the residents of Scotia to purchase their homes, PALCO has requested that the nearby City of Rio Dell annex most of Scotia, including the town's 274 residences, into Rio Dell's boundary.

For decades, PALCO has generated electricity at its biomass-fueled cogeneration plant, a portion of which it delivers to the residences in Scotia using mostly overhead lines. As part of the transition to a more traditional municipal structure, PALCO has asked PG&E to replace PALCO as Scotia's electric service provider.

We understand PG&E proposes to replace most of the distribution facilities in Scotia to ensure compliance with rules applicable to PG&E. Rio Dell supports PG&E's proposal to replace existing overhead facilities with new overhead facilities, rather than underground facilities. The Town of Scotia has always been served via overhead facilities. The City of Rio Dell likewise is served primarily by overhead lines.

Additionally, PG&E's approach will keep costs down for the residents of Scotia who are excited about this opportunity to purchase their homes.

Regulation 1.802.6 of the City of Rio Dell's Subdivision Regulations provides that electric facilities are to be placed underground unless they are exempted by California Public Utilities Commission regulations. Accordingly, if the CPUC approves PG&E's Advice Letter, no action by the City is required in connection with the installation of overhead facilities in Scotia."

For all of the above reasons, the Community Development Department supports PG&E's proposal to replace existing overhead electric distribution facilities in Scotia with new overhead facilities. This is an important component of an important local project and we urge the Commission to approve the PG&E Advice Letter.

Sincerely,



Kirk Girard  
Director of Community Development Services

cc: Dennis Wood, PALCO

**PG&E Gas and Electric Advice  
Filing List  
General Order 96-A, Section III(G)**

ABAG Power Pool	Douglass & Liddell	PG&E National Energy Group
Accent Energy	Downey, Brand, Seymour & Rohwer	Pinnacle CNG Company
Aglet Consumer Alliance	Duke Energy	PITCO
Agnews Developmental Center	Duke Energy North America	Plurimi, Inc.
Ahmed, Ali	Duncan, Virgil E.	PPL EnergyPlus, LLC
Alcantar & Kahl	Dutcher, John	Praxair, Inc.
Ancillary Services Coalition	Dynergy Inc.	Price, Roy
Anderson Donovan & Poole P.C.	Ellison Schneider	Product Development Dept
Applied Power Technologies	Energy Law Group LLP	R. M. Hairston & Company
APS Energy Services Co Inc	Energy Management Services, LLC	R. W. Beck & Associates
Arter & Hadden LLP	Exelon Energy Ohio, Inc	Recon Research
Avista Corp	Exeter Associates	Regional Cogeneration Service
Barkovich & Yap, Inc.	Foster Farms	RMC Lonestar
BART	Foster, Wheeler, Martinez	Sacramento Municipal Utility District
Bartle Wells Associates	Franciscan Mobilehome	SCD Energy Solutions
Blue Ridge Gas	Future Resources Associates, Inc	Seattle City Light
Bohannon Development Co	G. A. Krause & Assoc	Sempra
BP Energy Company	Gas Transmission Northwest Corporation	Sempra Energy
Braun & Associates	GLJ Energy Publications	Sequoia Union HS Dist
C & H Sugar Co.	Goodin, MacBride, Squeri, Schlotz &	SESCO
CA Bldg Industry Association	Hanna & Morton	Sierra Pacific Power Company
CA Cotton Ginners & Growers Assoc.	Heeg, Peggy A.	Silicon Valley Power
CA League of Food Processors	Hitachi Global Storage Technologies	Smurfit Stone Container Corp
CA Water Service Group	Hogan Manufacturing, Inc	Southern California Edison
California Energy Commission	House, Lon	SPURR
California Farm Bureau Federation	Imperial Irrigation District	St. Paul Assoc
California Gas Acquisition Svcs	Integrated Utility Consulting Group	Stanford University
California ISO	International Power Technology	Sutherland, Asbill & Brennan
Calpine	Interstate Gas Services, Inc.	Tabors Caramanis & Associates
Calpine Corp	IUCG/Sunshine Design LLC	Tecogen, Inc
Calpine Gilroy Cogen	J. R. Wood, Inc	TFS Energy
Cambridge Energy Research Assoc	JTM, Inc	Transcanada
Cameron McKenna	Luce, Forward, Hamilton & Scripps	Turlock Irrigation District
Cardinal Cogen	Manatt, Phelps & Phillips	U S Borax, Inc
Cellnet Data Systems	Marcus, David	United Cogen Inc.
Chevron Texaco	Matthew V. Brady & Associates	URM Groups
Chevron USA Production Co.	Maynor, Donald H.	Utility Cost Management LLC
City of Glendale	MBMC, Inc.	Utility Resource Network
City of Healdsburg	McKenzie & Assoc	Wellhead Electric Company
City of Palo Alto	McKenzie & Associates	Western Hub Properties, LLC
City of Redding	Meek, Daniel W.	White & Case
CLECA Law Office	Mirant California, LLC	WMA
Commerce Energy	Modesto Irrigation Dist	
Constellation New Energy	Morrison & Foerster	
CPUC	Morse Richard Weisenmiller & Assoc.	
Cross Border Inc	Navigant Consulting	
Crossborder Inc	New United Motor Mfg, Inc	
CSC Energy Services	Norris & Wong Associates	
Davis, Wright, Tremaine LLP	North Coast Solar Resources	
Defense Fuel Support Center	Northern California Power Agency	
Department of the Army	Office of Energy Assessments	
Department of Water & Power City	OnGrid Solar	
DGS Natural Gas Services	Palo Alto Muni Utilities	