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
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**

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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1 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.I.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.²

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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² 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 and 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
**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](http://www.pge.com/tariffs)

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
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

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:

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:

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  
jinj@cpuc.ca.gov and 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

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

22-Nov-06