

BEFORE THE RAILROAD COMMISSION  
OF THE STATE OF CALIFORNIA.

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CHARLES LEROY BUTLER,  
Complainant,

-vs.-

PACIFIC GAS & ELECTRIC COMPANY,  
Defendant.

Case No. 451.

Charles LeRoy Butler for Complainant.  
Charles P. Catten for Defendant.

THELEN, Commissioner.

O P I N I O N

This is a complaint to compel the defendant to extend its gas and electric service to complainant's premises.

Complainant has built a home on Lot 32, Block 22 in the tract known as North Cragmont in unincorporated territory adjacent to the northeasterly limits of the City of Berkeley. He alleges that he has requested the defendant to serve him with both gas and electricity, but that the defendant has refused to do so on the ground that the cost of making the necessary extensions would be greater than the revenue to be derived from the service would warrant.

The hearing in this case was held on September 25, 1913.

It appeared at the hearing that complainant has built a home on the hills northeast of Berkeley on Keeler Avenue near its intersection with Miller Avenue in the tract known as North Cragmont. While this house is several blocks distant from the nearest gas service and the nearest electric service of the defendant company, the complainant contended that the defendant company should nevertheless extend its system to his premises at its own expense and that he should be served at the prevailing prices of the defendant in this territory for gas and electricity. The gas rate is 90 cents

per thousand cubic feet with a minimum of 50 cents per month and the electric rate 7 cents per kilowatt hour with a minimum of \$1.00 per month. The complainant introduced evidence to show that the North Cragmont tract is growing rapidly and that the defendant company will soon have to build gas mains and electric wires to points near his premises to take care of the growing business.

The defendant company contended that if it is compelled to serve the complainant with gas it will be compelled to build a 4-inch gas pipe from the present terminus at Spruce and Marin Streets, Berkeley, a distance of 1800 feet easterly along Marin Avenue and then a 2-inch pipe southerly along Keeler Avenue a distance of 750 feet to complainant's premises, and that the total cost will be \$1,672.00; also that if it is compelled to serve complainant with electricity it will be obliged to extend its primary wire from Spruce and Regal Streets, Berkeley, to Keeler and Miller Avenues, installing 17 poles and 7,500 feet of wire, and that the total cost will be \$458.95. Defendant contended that there is no present need for either of these extensions and that it would be unfair to compel it to invest this capital to serve a single present customer. Defendant offered that if complainant would advance the cost of making the gas and electric extensions, it would repay to him each month 20% of his monthly bills and 20% of the monthly bills of any other person served from the extensions until the full cost advanced by complainant should have been repaid, at which time complainant should convey to defendant the title to the extensions in the streets.

The evidence shows that the tract called North Cragmont was first built upon in 1912; that building operations thereon, particularly in the lower westerly portion, between Spruce and Euclid Avenues, have been rapid; that there are now about twenty-five houses on the tract, of which fifteen were erected during the last year; that out of some fifteen hundred lots some one thousand have already been sold, and that quite a number of people contemplate building soon.

Statistics supplied by the defendant company show that in 1912 it served five customers in this tract with gas and at the end of the first half of 1913, eleven; that defendant in 1912 sold 56,600 cubic feet of gas in this tract and during the first half of 1913, 255,000 cubic feet; that in 1912 the receipts from the sale of gas were \$51.30 and during the first half of 1913, \$226.12; that in 1912 six applications for gas service were made and in 1913, up to September 15, 1913, twenty; that three applications for gas service, including that of the complainant, have not been filled; and that while the investment for gas distribution in this tract was \$644.30 in 1912, it increased only \$34.00 during the first half of 1913, while the customers more than doubled.

The evidence shows that Marin Avenue is the east and west axis of the tract and that when the tract develops a gas pipe of a diameter of at least 4 inches will have to be extended from the present terminus on Spruce Street, in Berkeley, easterly along this avenue. If the gas pipe were extended along this avenue at the present time, service could be given therefrom to Miss Hoskins, living on Lot 22 in Block 4, on Cragmont Avenue and to Mr. Runnels, who is building on Lot 1 in Block 15 at the intersection of Marin and Euclid Avenues and Bonnie Lane, both of whom desire to use gas. As other houses are erected to the south and north, they could also be served from this main axis.

Witnesses testified that if gas and electricity could be had, they would build on Lot 27, Block 22; Lot 31, Block 22; and Lots 1 and 2, Block 25 - all of which premises would be served by the line to complainant's premises and on extension thereof to Miller Avenue and Latham Lane.

The question presented by this complaint, particularly with reference to the gas extension, is a difficult one. Careful consideration must be given to the rights of both parties, so that the conclusion arrived at will be just to each. While it is undoubtedly the duty of the gas company to build all extensions within certain territory at its own expense, it is equally clear that there must be

some limit beyond which such action on the part of the gas company might result in ~~the~~ incurring unreasonable capital expenditures which would cast unduly large burdens on the existing consumers. In sparsely settled districts the problem is more difficult than in cities and towns and more thickly settled territory, in which it is almost uniformly the duty of the utility to make the extensions at its own cost. At the same time, it cannot be expected that extensions in sparsely settled territory will always pay the same return which the utility expects to receive within more thickly settled territory; otherwise the people in the cities would be receiving service at comparatively low rates while those outside would largely receive no service at all.

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In considering the problem in each particular instance, consideration must also be given to the question whether the territory is growing so that a particular extension will later be used to serve an increasing number of customers instead of serving only the one for whose immediate use it was constructed. In the present case, the defendant will before long be obliged to extend its gas pipe up Marin Avenue entirely irrespective of the complainant's demand for service.

The Commission has established no fixed rule to govern these cases. Each case must be dealt with on its own merits, bearing in mind the undoubted duty of the utility to extend entirely at its own expense in certain territory. In the present case, I find that the public convenience and necessity, based on the present demand and the prospects for the immediate future, require the extension of defendant's 4-inch gas main at its own expense part way along Marin Avenue, to the west line of Bonnie Lane, but that it would not be fair to compel the defendant to extend beyond that point at the present time unless the consumer pays in addition to the regular rate an additional sum each month sufficient to compensate the defendant for interest, maintenance and depreciation on the necessary extension beyond that point. In the present case, it would take about 1461 feet of pipe beyond this point to reach the complainant's

premises. Applying the average cost of 2-inch pipe hitherto installed by the defendant in this district, I find that this extension, exclusive of service connection and meter, would cost \$247.78. If 11% per annum is allowed for interest, depreciation and maintenance, \$27.25 per year or about \$2.25 per month will be necessary for interest, maintenance and depreciation. I accordingly find that the defendant should extend its gas pipes and serve the complainant with gas, but only if he will first enter into a written agreement to pay to defendant, in addition to the regular rates for gas, the sum of \$2.25 per month on condition that for each additional customer served from the extension beyond the west point of Bonnie Lane the sum of \$2.25 shall be reduced by 50 cents per month until it is entirely wiped out. Complainant shall also in said agreement agree that he will pay defendant the said sum of \$2.25 or such lesser amount for the full period of one year after the pipe is laid to his premises, whether he uses gas or not.

Defendant urged that it had no franchise to deliver gas at any point in Alameda County outside of the limits of incorporated cities and towns. Notwithstanding this fact, defendant has been serving customers in Cragmont, <sup>North Cragmont,</sup> Thousand Oaks, Rust and other places in Alameda County and in so doing has been laying its pipes along and across public highways. Counsel for defendant stated that application would be made promptly to the Board of Supervisors of the County of Alameda for a franchise. This course should certainly be followed. In view of the statement that this application will be made, I recommend that no specific order be made at the present time directing the defendant to make such application. As the defendant cannot lawfully extend its gas pipes on the public roads and highways without a franchise from the county, the Commission will expect the defendant to proceed with all possible expedition and to include North Cragmont in its application.

Referring now to the extension for the electric service, it appeared at the hearing that the telephone company has built a

line partly on private property to the complainant's house; that the defendant has an agreement with the telephone company by which it may use the latter company's poles; that by doing so the cost to defendant of extending its electric service to complainant's house will be reduced from \$452.95 to about \$180.00; that this extension may hereafter be used to serve other customers; and that it is reasonable that defendant should make this extension at its own expense without the payment by complainant of any compensation other than the regular rates. I recommend that defendant be directed to extend its electric system to complainant's house and to serve him at the regular rates. The observations hereinbefore made as to the need of securing a franchise to serve gas would seem to apply equally to a franchise for the service of electricity.

I submit herewith the following form of order:

O R D E R .

A public hearing having been held in the above entitled case and each side having introduced evidence and the case having been submitted and being now ready for decision, and the Commission finding that the directions hereinafter given are just and reasonable,

IT IS HEREBY ORDERED that Pacific Gas & Electric Company be and the same is hereby directed to extend its 4-inch gas pipe from its present terminus at the intersection of Spruce Street and Marin Avenue, in Berkeley, California, easterly along Marin Avenue to a point at or near the west line of Bonnie Lane and thence with a pipe of such diameter as in its judgment may be necessary to the premises of the complainant in this proceeding and thereafter to serve said premises with gas, on condition that complainant shall first enter into a written agreement to pay to defendant, in addition to the regular rates for gas, the sum of two and 25/100 (\$2.25) dollars per month, on condition that for each additional customer served from the extension beyond the west point of Bonnie Lane, the sum of two and 25/100 (\$2.25) dollars shall be reduced by

fifty (50¢) cents per month until it is entirely wiped out. Complainant shall also agree in said agreement that he will pay defendant said sum of two and 25/100 (\$2.25) dollars or such lesser amount for the full period of one year after the pipe is laid to his premises, whether he uses gas or not.

AND IT IS FURTHER ORDERED that Pacific Gas & Electric Company be, and it is hereby directed to extend its electric system to the premises of complainant at its own sole cost and expense and thereafter to serve said premises with electricity at the regular rates.

AND IT IS FURTHER ORDERED that if any apparently unreasonable delays be incurred in the execution of this order, complainant may make further representations to this Commission.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 30th day of September, 1913.

John M. Eastleman  
A. Gordon  
Mar. Thelan  
Edwin O. Edgerton

Commissioners.