

Decision No. 22527

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of
PACIFIC GAS AND ELECTRIC COMPANY,
a corporation, for an order of the
Railroad Commission of the State
of California, granting to appli-
cant a certificate of public con-
venience and necessity to construct,
operate and maintain, in portions
of the Counties of Tehama, Glenn,
and Colusa, the electric lines and
facilities herein described; author-
izing the construction and installa-
tion of said electric lines in ac-
cordance with so-called substandard
construction; and approving the
establishment of a special rate area
embracing the territory in which said
electric lines are to be located.

ORIGINAL

Application No. 22527

BY THE COMMISSION:

FOURTE SUPPLEMENTAL OPINION AND ORDER

The Pacific Gas and Electric Company on September 26, 1940 filed a letter-application requesting authority to construct, operate and maintain a certain extension to its electric distribution system to serve 67 new customers in Shasta County; to deviate from the requirements of this Commission's General Order No. 64-A (Rules for Overhead Line Construction) in constructing said line; to deviate from provisions of its filed extension Rule No. 20, and to extend its present Paskenta-Elk Creek-Stonyford Rural Extension Rate Area to embrace the territory in which certain lines are to be located. Since this application is similar to that involved in the establishment of service in the Paskenta-Elk Creek-Stonyford Area and is concerned with the extension of the existing special rate area, it is considered appropriate to treat this application as a supplement to Application No. 22527.

The proposed new extension, which would serve the territory in Shasta County extending south and west of Redding, comprises the construction of 18.6 miles of (12,000 volt) distribution line to serve 67 customers. This would result in serving an average of 3.6 customers per mile of line, while the Paskenta-Stonyford system serves only slightly more than 2 customers per mile of line. The estimated cost of the proposed new extension is approximately \$34,900 which produces a higher unit cost per mile than was experienced in the Paskenta-Stonyford system, nevertheless the ratio of line costs to probable annual revenue within the next four years will be about the same in the case of both projects, namely, approximately 8 to 1. While this ratio is greater than is employed in the normal extension practice, it is not believed to be unreasonable under the circumstances which are similar to those found and favorably passed upon in the original application.

Looking to the future in respect to the circumstance under which additional extension to this project will be made, it is the opinion of the Commission that such added extension, made during the first two years after completion of the initial 18.6 miles of line, should be constructed on an investment-revenue ratio not exceeding that in the project presently to be built. After the expiration of this two-year period the future added extensions should be constructed in accordance with the then existing general extension policy, giving due consideration to any added revenue arising from applying rate surcharges.

The line costs of the proposed extension are somewhat higher than average costs because of tree clearing and trimming and because of furnishing labor and materials to three operators of communication lines to take care of anticipated inductive interference. It may be possible, however, to actually construct the

lines at less cost than the estimated cost by building the extension under contract which the applicant proposes to do.

Under the foregoing conditions, particularly since the ratio of investments to revenue is high, it appears necessary to apply the presently effective Paskenta-Stonyford rates which carry a 33 1/3% surcharge. The practical way to accomplish this would be to extend this Paskenta-Stonyford rate area to include the project covered by this application. Because of the similarity and kindred nature of the projects, the principles and conclusions set forth in the original decision are deemed applicable and need not here be recounted. In view, however, of the customer and utility obligations expressed in Decision No. 31907, the original conditions of that decision insofar as future rate reductions and earnings are concerned must be held to operate independently of the extension herein proposed.

These matters of line costs, revenues and relationship were gone into carefully at the time the original application was given consideration. The project constructed has produced results which are as good or better than were anticipated. Under these conditions and in view of the particular circumstances surrounding this project, it appears reasonable to view the construction and operation of the proposed project as justifiable and it does not appear that any good purpose would be served by a public hearing in the matter; therefore, good cause appearing,

IT IS HEREBY ORDERED that Pacific Gas and Electric Company be authorized to construct an extension of its electric distribution system in Shasta County substantially as proposed in the above described application.

IT IS HEREBY FURTHER ORDERED that Pacific Gas and Electric Company be authorized in the construction of the above extension to deviate from the provisions of its filed Rule and Regulation No.20

and General Order No. 64-A. As to the latter, any construction deviations shall be in accordance with revisions set forth in Exhibit "C" attached to the (original) application insofar as they are applicable to the particular type of construction to be employed.

IT IS HEREBY FURTHER ORDERED that Pacific Gas and Electric Company be authorized to enlarge the present Paskenta-Elk Creek-Stonyford Rural Extension Rate Area to embrace the territory in which the extension project herein authorized is to be located, maintaining said original Paskenta-Elk Creek-Stonyford Rate Area as Zone A of said area.

IT IS HEREBY FURTHER ORDERED that Pacific Gas and Electric Company be authorized to charge for service rendered in the aforesaid special rate area the rates contained in its Schedules Nos. L-41, L-42, D-41, DA-41, E-41, P-41, P-42, and P-43 (now on file with the Commission) which rates, however, include a temporary surcharge of 33 1/3%.

The foregoing authorizations are subject to the following conditions and not otherwise:

That Pacific Gas and Electric Company shall, within sixty (60) days from the date of this Order, file the rate schedules herein authorized and in a manner satisfactory to the Railroad Commission, and with such filing shall submit a map setting forth the special rate area herein authorized, together with a "Preliminary Statement" suitably defining the boundary of such rate area.

The effective date of this Order shall be the date hereof.

Dated in San Francisco, California this 1st day
of October 1940.

Ray S. Cuddy
Frank M. ...
...
Justice S. ...
Commissioners

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