

Decision No. 41110

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CALIFORNIA ELECTRIC  
POWER COMPANY for Approval and  
Authority to Revise and make Effective  
Rule and Regulation No. 20, governing  
Electric Line Extensions, of said Power  
Company.

Application No. 28932

Douglas L. King and Henry W. Coil, by Henry W. Coil,  
for Applicant; J. J. Deuel and Edson Abel by J. J.  
Deuel, for California Farm Bureau Federation.

O P I N I O N

This is an application by California Electric Power Company for authority to amend and revise its Rule and Regulation No. 20 comprising the rules under which the company will make extensions of its electric lines to serve new customers or increased loads. The application was set for hearing at the same time as the company's Application No. 28791, in which it requests a general upward revision of its rates for electric service. Evidence was taken on this application immediately following the presentation of the company's showing in Application No. 28791.

The revisions in Rule No. 20 which the company seeks to have approved are, according to the evidence, an attempt to reflect in the provisions of the rule the increase in costs of labor and material which must be expended in making electric extensions, as well as the decrease in unit revenues which have come about by reason of several rate reductions. Both influences have resulted in a marked change in the ratio of capital costs to annual revenues since the provisions of the present Rule No. 20 were originally established.

The evidence shows that average labor costs per man-hour increased from 98¢ in 1941 to \$1.62 in 1947, or 65%. It likewise shows that the weighted average cost for distribution materials has increased 75% between December 1940 and

September 1947. In addition, it is shown that the installed cost, including labor and materials, for transformers, has increased 141% to 161% since 1941. With respect to revenues a typical example of decreases between 1930 and 1947 for estimated equal monthly usages shows reductions ranging from 16% to 56%.

In order to meet these changed cost factors, the company proposes to modify the free footage allowance applicable to various appliances and types of consuming apparatus, and to increase the charge per foot of extension in excess of the free footage allowances which the customer is required to deposit in advance of construction. Free footages for domestic lighting, refrigeration, and water heating remain the same as the present rule. Free footage allowances for ranges are reduced from 800 feet to 400 feet, for space heating from 50 feet to 35 feet per kw, and for domestic motor equipment from 100 feet and 125 feet to 50 feet per hp. For customers other than domestic, provision is made to provide additional free footage for the larger connected lighting loads and to provide the same free footage for power loads as required by the present rule. The free footage allowance for space heating equipment is reduced in the same manner as domestic space heating allowances. Free allowances to customers who make only seasonal use of the service are reduced to 50% of those allowed to year around customers.

The other major change in the rule increases the deposit required, per foot of line extension in excess of the free allowance, from the present 25¢ per foot to 35¢ per foot for 2-wire extensions and 50¢ per foot for 3-wire extensions. Estimates, based on mid-1947 prices, submitted in evidence, indicate a range from 39¢ per foot for single phase 2.3 or 4 kv to 60¢ per foot for 4 kv 3-phase lines. A minor change in the rule results from changes in the method of refunding advances. Domestic customers will no longer be refunded a percentage of their monthly bills, but will receive specified lump sum refunds predicated upon the equipment used by customers subsequently served from the same extension. Customers other than domestic customers will receive refunds based only upon a percentage of the bills for electric service, which percentage has been increased from the present 10% to

15%. Such customers will not receive lump sum refunds on account of additional subsequent extensions. Other changes in the rule are relatively minor and reflect largely the changes in free footage allowances and the cost of excess footage as heretofore discussed.

One further problem relates to the determination of the applicability of the rule herein proposed. In the construction of line extensions there is always a period of lag between the date the company is requested to extend service and the date on which construction actually takes place. This time lag, since the end of the recent war, has been considerably lengthened because of the serious difficulties in obtaining manpower and materials in sufficient quantities to meet the tremendous increase in demand for electric service. This problem has been particularly severe in the territory served by this applicant. Obviously, any new rule should apply to any prospective customers making application on and after the date that the rule becomes effective. It is equally clear that this company has many prospective customers waiting for service who have made oral or written application or have indicated a desire for service from the company. It seems equitable that such customers be given service under the present rule to avoid undue penalties in so far as the proposed rule may constitute an increased financial burden. On the other hand, in view of the rapidly increasing cost of construction, the company should not be required to construct extensions under the old rule over a period longer than necessary for it to erect the necessary facilities under the present construction program. Failure on the part of the customers to be ready to take service when the company's construction is completed should relieve the company of the obligation of making the extension under the present rule. The application of the revised rule to such customers would appear reasonable. The Order following will specify the procedure under which the company may terminate the extension of service under present Rule No. 20 and may make effective the rule herein submitted.

O R D E R

California Electric Power Company, having submitted a modification of its Rule and Regulation No. 20, a public hearing having been held, evidence presented

and the matter submitted for decision, and finding that such modifications and revisions are reasonable, and that any increases in rates and charges which may result from such modifications are justified,

IT IS HEREBY ORDERED that California Electric Power Company:

(1) File and make effective on or after March 1, 1948 the revision and modification of its Rule and Regulation No. 20, Electric Extensions, submitted herein as Exhibit H.

(2) Concurrently therewith withdraw and cancel Rule and Regulation No. 20, Electric Extensions, Revised C.R.C. Sheets Nos. 355-E, 356-E, and 357-E.

(3) File with the Commission on or before June 30, 1948 a list of prospective customers who shall have signed on or before March 1, 1948 an application for service under Rule and Regulation No. 20 (Revised C.R.C. Sheets Nos. 355-E to 357-E inclusive).

(4) Construct extensions to said customers under Rule and Regulation No. 20 (Revised C.R.C. Sheets Nos. 355-E to 357-E inclusive) provided that on the date the company is ready to begin construction of the particular extension said customers have either (a) their premises wired for electric service, or (b) shall have completed construction of the premises to the extent of a frame and roof thereon.

(5) Mail notices of the foregoing procedure to each prospective customer from whom the company now has a request or application for an electric service extension, publish a copy of said notice in at least one newspaper of general circulation in each of the company's operating districts not later than February 20, 1948, and post a copy of such notice in a conspicuous place in each of its commercial offices.

The effective date of this Order is twenty days from and after the date hereof.

Dated at Los Angeles, California, this 13<sup>th</sup> day of January, 1948.

L. T. Johnson  
Justus Z. Grauer  
Wm. H. Howell  
Harold P. Hill  
Samuel P. Potter

Commissioners