

ORIGINAL

Decision No. 41930

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Suspension and Investigation on the
Commission's own motion of proposed
Rule and Regulation No. 20, Electric
Extensions filed by San Diego Gas
and Electric Company.

Case No. 4961

Chickering and Gregory, by Frederick M. Fisk,
for San Diego Gas and Electric Company;
Manley W. Edwards, for the Commission's staff.

O P I N I O N

San Diego Gas and Electric Company,^{1/} on June 30, 1948,
filed under its Advice No. 116 a revision of its Rule and Regulation
No. 20, covering the terms and conditions under which it will ex-
tend its electric lines to serve new customers.

Because of the rather extensive changes in extension
practices which would have become effective under the proposed
revision of the extension rule, it appeared appropriate to suspend
the filing and set the matter for public hearing in order to afford
interested parties an opportunity to present their views. The
Commission, therefore, on July 20, 1948, issued its order suspending
the effective date of the filing and instituting an investigation
into the propriety and reasonableness of said Rule and Regulation
No. 20. A public hearing was held July 29 in San Diego before
Commissioner Huls and Examiner Knerr after publication of notice
of hearing in five papers of general circulation in the service
area of the Company.

^{1/} In this Opinion, San Diego Gas and Electric Company will some-
times be referred to as the Company.

At the hearing, evidence was presented by witnesses for the Company respecting the past development of the extension rule, recent changes in costs of line construction and revenues from electric service, the experience of the Company in the growth of distribution plant and electric revenues during the period from 1932 to June 30, 1948, and the expected results to be obtained from operation of the proposed extension rule.

The presently effective extension rule provides for the construction by the Company of certain lengths of line, depending upon the use to be made of the electric service by the customer, without cost to the customer and the construction of additional lengths of line upon deposit by the customer of a specified amount per foot for such additional construction. Such a "footage" rule was first made effective by the Company on April 1, 1932. Minor changes and alterations subsequently were made effective December 1, 1933 and July 15, 1938 but no change has been made in the basic allowance since 1932. A supplementary temporary rule was made effective April 1, 1936 for a period of one year and subsequently was extended to April 1, 1945. The temporary rule in effect during that period provided for some increase in free footage allowances and a decrease in the advance required per foot of extension beyond the free length in those cases in rural territory where special construction deviations from the basic requirements of this Commission's Rules for Overhead Line Construction could be used.

A second supplementary and temporary rule was made effective July 1, 1946 for a period of one year and subsequently was renewed for a second year, expiring July 1, 1948. That second supplementary rule provided for construction by the Company, in addition to construction provided under the regular extension rule, of 1,500 feet of "main line" for each new customer for whom a main line extension would be necessary. The temporary rule established

definitions of main lines and branch lines so that in general main lines were constructed under the temporary rule and branch lines were constructed in accordance with the regular rule. The witness for the Company stated that the principal difficulties experienced in application of the temporary rule and the corresponding segregation of main line and branch line allowances were difficulties in acquainting the Company's personnel with the administration of the rule. He recalled only one case in which a customer had objected to the operation of the rule and in that case the customer's difficulty was occasioned by a misapplication of the provisions of the rule and was cleared by correct application thereof.

The new Rule and Regulation No. 20, filed by the Company under its Advice No. 116 would establish the main line and branch line distinction as a part of the regular rule. The footage allowance for main line distances, under the proposed rule, would be dependent upon the customer's use of the service. Specified footage allowances would be established for both main line and branch line extensions for the several classes of use. The following table shows a brief comparison of the footage allowances under the present rule and under the proposed rule:

Class of Electric Service	Extension Allowance in Feet		
	Under Present Rule No. 20	Under Proposed Rule	Effective 7-15-1938
	Branch Line	Main Line	Allowance

(A) Residential Service:

	150 per Cust.	150 per Cust.	150 per Cust.
Lighting	150 " "	150 " "	150 " "
Refrigeration *	100 " "	100 " "	200 " "
Cooking *	75 " kw	300 " "	600 " "
Water Heating *	75 " "	300 " "	300 " "
Power; less than 5 hp	75 " hp	10 " hp	20 " hp
" , 5 hp and over	100 " "	10 " "	20 " "
Heating	50 " kw	10 " kw	20 " kw

(B) Commercial and Other Service (Connected Load Basis):

	150 per Cust.	150 per Cust.	200 per Cust.
Lighting	150 per Cust.	150 per Cust.	200 per Cust.
Power; less than 5 hp	75 " hp	75 " hp	75 per hp
" ; 5 to 15 hp	100 " "	75 " "	75 " "
" , over 15 hp	100 " "	-	-
Heating, Air, up to 50 kw	50 " kw	25 " kw	25 " kw
" : " over 50 kw	50 " "	-	-
Heating, Water and Cooking,			
up to 50 kw	75 " "	25 " "	25 " "
over 50 kw	75 " "	-	-
Street Lighting Circuit,			
per 1,000 lumens	-	-	100 " unit

(C) Commercial and Other Service (Guaranteed Annual Revenue Basis): **

Lighting, \$30 or more per year	-	6 per \$1	6 per \$1
Power, \$180 or more per year	-	6 " "	6 " "
Heating, \$36 or more per year	-	4 " "	4 " "
Street Lighting, pole line ext.	-	-	8 " "

* Not more than one unit per class will be counted for any one residential customer in determining the allowances for refrigeration, cooking, and water heating.

** Guaranteed annual revenues shall be not less than minimum charges on the appropriate schedules and not more than \$12 per year per horsepower, or per kilowatt, of connected load.

It will be noted that the branch line allowances under the proposed rule are similar to those under the present rule, with some variations.

In addition to some alteration of the footage allowances, the proposed rule provides changes in the amount of advance required for construction of lines beyond the free allowance. The

advance under the proposed rule would be 35 cents per foot for single-phase extension and 40 cents per foot for three-phase line, as compared with 25 cents per foot under the present rule.

Under the proposed rule a change would be made in the method of refunding advances. The present rule provides for a refund equal to 10% of the annual bills for electric energy used for power, cooking, and water heating on an extension for which an advance had been made by the customers. Additional refunds stated in dollar amounts are provided in the event that additional equipment is connected permanently to such an extension. Refunds under the proposed rule would be calculated on the basis of the unused free footage allowances credited because of the subsequent addition of new customers to a branch line extension. The application of the proposed refund provision, therefore, would have the effect of adjusting the extension arrangements to reflect the connection of subsequently added customers as though such customers were served at the time of the original construction.

In discussing the application of the proposed rule, the Company's witness indicated that it was the intent under the rule to apply the branch line allowances, for a customer or limited group of customers located beyond the end of the main line allowance, toward the construction beyond the end of the main line even though the additional line would appear to be classified as a main line extension under the definition contained in the proposed rule. He further testified, with respect to the free footage allowances for residential service, that the intention was to provide only one set of allowances for electric refrigeration for any one customer with a similar limitation on allowances for electric cooking and electric water heating.

The effect of the new rule, according to the testimony, is to provide for the construction of branch lines in which the

ratio of investment in distribution plant to the estimated annual revenue would vary from a ratio of 3.0 to 1 for large commercial, power and heating loads to a maximum ratio of 7.5 to 1 for small heating loads. The ratios for residential business would range from 4.5 to 1 up to a maximum of 5.5 to 1. In those cases where the full allowances of both main line and branch line would apply the corresponding ratios vary from a minimum of 4.5 to 1 to a maximum of 10.0 to 1. In comparison with these ratios, the evidence shows that during the year 1940 the Company constructed nearly 500,000 feet of extensions at an average cost of \$.375 per foot, exclusive of assignment materials. On those extensions, the estimated annual revenue was \$92,461 resulting in a ratio of extension costs to estimated revenue of 2.8 to 1. Extensions made during the year 1940 were used since they were the basis of the Company's most recent analysis of its line extension experience. The Company presented evidence indicating increases in the average labor costs per man-hour for all union employees, excluding overtime payments, from \$.940 in 1941 to \$1.508 in 1947, an increase during that period of 60%. The Company also showed the percentage increase in costs of the items of distribution material most commonly used in line extensions. Those percentage increases during the period from 1941 to 1947 ranged from about 11% for guy wire to approximately 134% for six-pin crossarms. The Company's witness also presented estimated costs of typical distribution lines based on the 1948 unit costs used for estimating purposes and excluding the cost of transformers, meters, and services. Those costs for single-phase installations range from a minimum of 47 cents per foot on a one-mile, single-phase, four-kv extension to a maximum of 96 cents per foot on a 300-foot, three-wire secondary extension.

Contrasted with the trend in costs, the Company's witness presented a statement showing the typical decreases in revenue

between 1932, when the first footage type of extension rule became effective, and 1947. Those decreases ranged from 10% to about 34% for the typical consumptions shown. For residential service at 100 kw hours per month the decrease was from \$4.59 to \$3.46 or slightly less than 25%.

It is apparent that average line costs have increased and revenues per unit of consumption have decreased since the establishment of the footage allowances in 1932 and the establishment of the presently effective extension rule in 1938. Therefore, appropriate adjustments of the free footage allowances and the advance per foot of length for construction beyond the free allowance should be made. The Company's proposal to provide branch line and main line allowances and thereby reflect to the customers the more favorable position of extensions along roads and highways where additional business may be developed appears to be reasonable and practical. No objections have been presented by interested parties to the proposal submitted by the Company with its Advice No. 116. It is deemed reasonable to authorize the Company to make effective the proposed extension rule.

Two questions remain, the handling of applications now on file and the treatment of refunds on advances made under previous rules. With respect to applications now on file, the Company's witness stated that it intended to complete the processing of applications received under the present rule, together with the temporary rule which expired July 1, 1948, in accordance with the terms of those rules unless the application of the proposed rule would result in a more favorable arrangement for the customers in which event the negotiations would be completed under the proposed rule. Advances now held by the Company for extensions made under the previous rules have been accepted by the Company under appropriate extension contracts and will continue to be refunded in accordance

with those contracts and therefore in accordance with the extension rule in effect at the time the contracts were executed:

O R D E R

San Diego Gas and Electric Company having submitted a modification of its Rule and Regulation No. 20 by its Advice No. 116, a public hearing having been held, evidence presented and the matter submitted for decision, and it being hereby found that the provisions of said revision of its Rule and Regulation No. 20 are just and reasonable and that any increases in rates or charges as may result from such modification are justified,

IT IS HEREBY ORDERED:

(1) That the suspension of Rule and Regulation No. 20 filed by San Diego Gas and Electric Company on June 30, 1948 be and hereby is removed and San Diego Gas and Electric Company is authorized to place said Rule and Regulation No. 20 in effect as of August 30, 1948, the effective date of this order.

(2) Concurrently with the making effective of said Rule and Regulation No. 20 as filed on June 30, 1948 and shown on Revised Cal. PUC Sheets, Nos. 843-E to 847-E, inclusive, and Original Cal. PUC Sheet No. 848-E, San Diego Gas and Electric Company shall cancel its Rule and Regulation No. 20 as shown on Revised Sheets CRC No. 608-E, 609-E, 610-E, and 611-E and Original Sheet CRC No. 612-E.

(3) San Diego Gas and Electric Company shall cancel as of July 1, 1948, the date upon which the provisions thereof automatically expired its special and temporary Rule and Regulation No. 20-F as shown on Revised CRC Sheet No. 803-E.

The effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 10th day of August, 1948.

Walter Russell
Margaret P. Hule
August Fetter

Commissioners.