

ORIGINAL

Decision No. 42030

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Suspension and Investigation on the
Commission's own motion of proposed
Rules and Regulations No. 20, Electric
Extensions filed by Coast Counties
Gas and Electric Company.

Case No. 4957

J. K. Horton, William E. Johns, Bert B. Snyder
for Coast Counties Gas and Electric Company;
J. J. Deuel, Edson Abel and Alex Meyers for
California Farm Bureau Federation;
Henry George Baron for City of Taft;

O P I N I O N

Coast Counties Gas and Electric Company, hereinafter sometimes referred to as the company, filed on June 8, 1948 under its Advice No. 92-E a revision of its Rules and Regulations No. 20, covering the terms and conditions under which it will extend its electric lines to serve new customers.

Because of the rather extensive changes in line extension practices which would have become effective under the proposed revision of the rule, it appeared appropriate to set the matter for public hearing in order to afford interested parties an opportunity to present their views. The Commission, therefore, on June 29, 1948, issued its order suspending the effective date of the filing and instituting an investigation into the propriety and reasonableness of the said Rules and Regulations No. 20.

A public hearing was held on July 26 in Watsonville before Commissioner Huls and Examiner Knorr after publication of notice of hearing in five newspapers of general circulation in the electric service area of the company. At that hearing evidence was also taken in connection with a collateral proceeding under Case No. 4958 regarding a proposed revision of

the company's gas main extension rule. At the hearing evidence was presented by a witness for the company respecting the past development of the extension rule, recent changes in costs of line construction and changes in revenues from electric service, the experience of the company in constructing of extensions during a sample period, and the intended application of the provisions of the proposed rule. Evidence was presented by an engineer of the Commission's staff showing the effect of the difference between the company's domestic schedules inside and outside of incorporated areas on the economics of extensions in unincorporated territory, the recent experience of the company in the growth of plant and revenues, and a determination of the ratio of capital expenditure to annual revenue which would result in no return from additional investment.

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. Under the proposed rule the company would continue to make extensions for residential customers on the basis of footage allowances. For other customers the company proposes to install without charge lengths of line equivalent in cost to three times the first year's billing as estimated by the company for the service desired. The other principal changes which would become effective under the proposed rule are the inclusion of service lengths in the measured length of the extension, a change in the method of calculating advances necessary to provide for extensions beyond the free allowances, a change in the methods of refund of such advances, and the addition of a provision relieving the company of any obligation to extend when the total length of the extension exceeds three times the free length. These principal changes and their effects will be discussed in order.

The following table shows a comparison of the present allowances for domestic customers with the allowances which would be established under the company's proposal.

Extension Allowance Without Cost to the Applicant for Domestic Service

<u>Class of Service</u>	<u>Present Rule</u>	<u>Proposed Rule</u>
Lighting	200 feet	200 feet
Refrigerator	200 feet	200 feet ***
Water supply or pressure system pump	-	100 feet
Standard Range	400 feet	400 feet
Automatic Water Heater	400 feet	400 feet
Space heating, per kw	50 feet	25 feet

* Allowance for summer homes or seasonal business is one-half of the scheduled allowances.

*** Limited to built-in refrigerators.

No change has been made with respect to lighting, cooking, or water heating, except that minimum capacities are specified for units of the last two classes. The company proposes to discontinue an allowance for movable refrigerators, but would retain a 200 foot allowance for built-in refrigerators which the witness testified was intended to refer to refrigerated rooms, or space commonly referred to as "walk-in" refrigerators. Under the proposed rule an allowance of 100 feet would be provided for a domestic water pump. The allowance for space heating would be reduced from 50 feet to 25 feet per kw and under the proposed rule space heating would have to be both permanently installed and automatically controlled in order to qualify. There is considerable discussion in the record of the relationship of the several free footage allowances for domestic uses and Exhibit No. 5 shows some indication of an appropriate relationship between those quantities. It appears that some adjustment should be made in the footage allowances for a lighting customer and that allowances should be made for domestic refrigeration of both the walk-in and ordinary types. Accordingly, the free footage allowances specified for domestic service in the rule herein ordered are fair and reasonable.

Considerable objection was presented by counsel for California Farm Bureau Federation to the use of a cost-to-revenue relationship as a

basis for extensions to serve new customers. Such a basis was in effect on the company's system prior to June 16, 1928. While the use of costs and revenues in the determination of extension allowances has the advantage of providing for the construction of extensions more closely in conformity with the economies of utility operation, nevertheless the application of an extension rule containing those provisions is difficult and often is questioned by prospective customers. The company's proposal was to use company-wide average costs in estimating the cost of new extensions, and to use revenues as estimated by its agents for the individual installations. Thus, although extension costs might reasonably be determined in accordance with experience, the factor of revenues would necessarily be predicated upon the prospective customer's statement of his proposed operations and the company's agent's understanding of such statements. It is desirable that extension rules be so framed as to be capable of definite determination with as little complication as possible. It is important that prospective customers should be reasonably able to determine their rights with respect to a proposed extension. The establishment of footage allowances, of course, does necessitate the formulation of an extension rule predicated on average conditions. This is not unique since the structures of tariffs in general are designed to produce an aggregate result when applied to the conditions of service within the several classes. Accordingly, the electric extension rule herein ordered will provide appropriate free footage allowances for lighting, power, heating and cooking uses by customers other than domestic customers.

The proposed rule provides for measurement of the extension distance to the customer's meter location without deduction for service length. In those cases where an advance is necessary, such a provision is not compatible with the statement in the rule that the company will also furnish, install, and maintain the necessary transformers and meters and the service wires to the first permanent point of support on the customer's premises without cost to the applicants.

Under the present extension rule extensions of a length greater than provided under the free allowances will be built by the company provided the applicants advance to the company 25¢ per foot for the first 2,000 feet of the excess and 20¢ per foot for all excess over 2,000 feet. Under the proposed rule the applicants would be asked to advance the estimated cost of the excess portion of the extension. Much of the foregoing discussion in regard to cost and revenue considerations in respect to free length allowances also applies here. Both the present and proposed gas main extension rule provide for advances on a basis similar to that proposed for electric extensions. The company's witness indicated, however, that it was somewhat easier to arrive at average cost for electric extensions than for gas extensions. Since it was the witness' position that estimates would be predicated on average costs, it is desirable and appropriate that the rule should provide for advances at specified rates per foot which are predicated on such costs. Applicant's witness presented testimony to show that its average cost of electric pole lines has increased from something less than 25¢ per foot in 1937 to about 48¢ per foot at the present time. The company's witness indicated a preference for the use of estimated costs rather than a stated figure because of assumed difficulties in providing for an amendment to its extension rule. The company many times has amended its tariffs and has made a considerable number of changes in its extension rule, although this is the first change in its extension rule since 1937. The electric extension rule as worded herein will provide for an advance by applicants in the rate of 40¢ per foot for extensions beyond the free footage allowances.

The company proposes to change its provisions for refunding of advances. The present rule provides for refunds equal to 10% of the annual bills for electric energy used by the customers operating the original installations, together with refunds in stated dollar amounts for the connection of additional installations on an extension for which advances had been made. 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 an 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. Such refund arrangements are appropriate.

The company included in its proposed rule a clause reading as follows:

" . . . and further provided Company shall not be obligated to extend when total length of the extension exceeds (3) times the free footage allowances under section b-1 above."

The company's witness indicated that it would propose building extensions which exceeded that limit under the provisions of the rule when such extensions were along roads or highways where the company anticipated further addition of customers. It desired to have the option, however, as a matter of management decision. It appears that the last section of the present rule, which the company proposed to retain in the new rule, provides adequate protection to both the company and its applicant customers against impractical or unjust operation of the extension rule. Further protection of the company appears to be unnecessary.

In effecting the transition from the present extension basis to the new rule, it appears appropriate to apply the provisions of the present rule in the arrangements for construction of extensions to those prospective customers who, in good faith, have signed applications for service prior to the effective date of the new extension rule.

O R D E R

The Commission having on its own motion suspended the effective date of tariff Sheets Nos. 414-E to 417-E inclusive, filed under Advice No. 92-E on June 8, 1948 by Coast Counties Gas and Electric Company, which sheets comprised a revision and refiling of Rules and Regulations No. 20, Electric Extensions, and having on its own motion instituted an investigation

into the propriety and reasonableness of said Rules and Regulations No. 20, a public hearing having been held, the matter being under submission and the Commission concluding that Rules and Regulations No. 20 set forth in said tariff sheets are unjust and unreasonable to the extent that the provisions of said rules and regulations differ from those in Exhibit A attached to and made a part of this Order, and finding that the rules and Regulations set forth in Exhibit A attached hereto are just and reasonable, and that any increases in rates or charges that may result from the application of the Rules and Regulations contained in Exhibit A hereto are justified,

IT IS HEREBY ORDERED

1. That the suspension of tariff Sheets Nos. 414-E, 415-E, 416-E, and 417-E covering Rules and Regulations No. 20, Electric Extensions, be and it is hereby made permanent.
2. Coast Counties Gas and Electric Company within ten (10) days from and after the effective date of this Order shall file, to be effective on not less than five (5) days' notice, the Rules and Regulations No. 20, Electric Extensions, set forth in Exhibit A attached hereto.
3. Concurrently with the making effective of the Rule and Regulation No. 20 herein ordered and set forth in Exhibit A, Coast Counties Gas and Electric Company shall cancel its presently existing Rules and Regulations No. 20 as shown on Revised Sheets CRC Nos. 275-E to 278-E inclusive, but shall complete the processing and arrangements under said presently effective Rules and Regulations No. 20 for those customers who have signed applications for service and for whom the necessary extension conforms with the provisions of said rule and regulation, unless the application of the terms and conditions of the new rule and regulation herein ordered would result in a lesser advance by the applicant customers.

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

Dated at San Francisco, California this 14th day of
September, 1948.

R. Z. Indravan
Justice J. Calver
Leo J. Lawrence
Harold P. Kils
Harold P. Kils
Commissioners.

COAST COUNTIES GAS AND ELECTRIC COMPANY

RULES AND REGULATIONS NO. 20

ELECTRIC EXTENSIONS

Extensions of overhead electric distribution lines necessary to supply bona fide applicants for electric service of a permanent and established character will be made by the Company, entirely or partially at its own expense, in accordance with the following rules:

(A) INCORPORATED TERRITORY:

All such extensions along public streets, roads and highways, within the incorporated limits of cities and towns, will be constructed by the Company without cost to such applicants.

(B) FREE EXTENSION IN UNINCORPORATED TERRITORY:

1. The Company will construct, without cost to such applicants, the following lengths of line along public roads and highways, and upon private property across which satisfactory rights of way may be obtained without cost to the Company:

(a) Domestic Service: (For each customer to be served under a domestic service schedule.)

Lighting	150 feet
Refrigeration	125 feet
Water supply or pressure system pump	100 feet
Cooking (6Kw range or more)	400 feet
Automatic storage water heating (3 kw or more)	400 feet
Permanently installed or automatically controlled space heating, not more than 20 kw, per kw	25 feet

Not more than one unit per class will be counted for any one residential customer in determining the allowances for refrigeration, water pump, cooking, and water heating. For summer homes and seasonal occupancy, one-half of the above scheduled distances will be allowed.

(b) Agricultural, Commercial and Other Service: (For each customer to be served under the general power, agricultural power, commercial and other schedules except domestic schedules.)

Lighting, first 3 kw or less of con- nected load	150 feet
Each additional kw of initially con- nected load	50 feet
Power, first 50 hp of connected load per hp	75 feet
Each additional hp	50 feet
Heating and Cooking, per kw	25 feet

2. The Company also will furnish, install and maintain the necessary transformers and meters and the service wires to the first permanent point of support on the customer's premises without cost to such applicants.

3. Lines upon private property across which the Company cannot obtain rights of way under satisfactory conditions must be built, owned and maintained by the customer. The customer, if he so desires, may construct, own and maintain all of that portion of an extension upon private property.

4. The length of line required for an extension will be considered as the distance from the nearest distribution pole and along the shortest practicable route to the point where connection is made to the customer's facilities. Any change in or addition to the existing facilities of the Company will not be considered as a part of the extension except in unusual cases.

(C) RURAL EXTENSION BEYOND FREE LENGTH:

1. Extensions of lines in rural territory of a length greater than that provided under Section B-1 above, will be built, owned and maintained by the Company, provided the applicant (or applicants) for service advances to the Company 40¢ for each foot in excess of the free length specified in Section B-1.

2. The amount advanced hereunder will be subject to refund, without interest, as provided for in Section (D), provided, however, that no repayments will be made by the Company in excess of the amount advanced by the applicant (or applicants) and further provided that no repayments will be made by the Company after a period of ten (10) years from the date the extension on which the advance is made is completed.

3. In cases where more than one applicant is to be served from such an extension the advance payment required shall be computed on the basis of the combined load.

(D) METHODS OF REFUND:

The amount advanced in accordance with Section (C) will be subject to refund in the following manner:

1. For such additional permanent installations as may be supplied by means of such an extension (or from subsequent extensions thereof) an amount determined as follows:

The free footage allowance for the new installation in accordance with Section B-1, less footage of additional line (if any) required to serve, multiplied by the estimated cost per foot used in determining the advance on the original extension.

Such refunds will be made within thirty (30) days after the date of first service to the new installation (or as soon thereafter as practicable.)

2. In cases where such additional installation (or installations) is supplied through a series of extensions, on any of which an advance is still refundable, the refunds due and payable will be applied to repay in turn each of such advances which are refundable beginning with the first in series from the point of supply.

Amounts advanced under the conditions established by a rule previously in effect will be refunded in accordance with the requirements of such rule.

3. When two or more parties make a joint advance on the same extension such refunds as may accrue will be distributed in the same proportion as each advance bears to the total advance.

4. No refunds will be made by the Company on advances, or portions thereof, covering extensions which have been in service more than ten (10) years.

(E) REAL ESTATE SUBDIVISIONS:

1. Overhead electric line extensions to and/or in real estate subdivisions will be constructed, owned and maintained by the Company under special contract in advance of application for service only when the entire cost of such lines and associated equipment (excluding the cost of transformers, meters and services) including overhead charges is advanced to the Company.

2. The amount advanced will be subject to refund, without interest, as provided for in Section D-1 for each customer served from such extension, provided, however, no repayment will be made by the Company in excess of the amount advanced to the Company and further provided that no repayments will be made by the Company after a period of ten (10) years from the date the extension on which the advance is made is complete.

3. Extensions to serve individual applicants in such tracts will be governed by the general rule applicable.

4. Underground facilities may be installed in real estate subdivisions provided:

- (a) The installation is made by the Company.
- (b) The entire cost of the underground facilities other than transformers and meters is paid in advance by the subdivider; such payment shall not be subject to refund.
- (c) The cost of subsequent service connections which are underground are paid for by either the subdivider or the customer.

(F) EXTENSIONS FOR TEMPORARY OR SPECULATIVE BUSINESS:

Extensions for temporary service or for business of a speculative character or of questionable permanency will not be made under these rules.

(G) EXCEPTIONAL CASES:

In unusual circumstances when the application of these rules appears impracticable or unjust to either party, or in case of the extension of lines of a higher voltage, the Company or the applicant may refer the matter to the Public Utilities Commission for special ruling, or for the approval of special conditions mutually agreed upon.