

Decision No. 42259

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 THE CALIFORNIA OREGON POWER COMPANY
 for approval and authority to revise
 and make effective Rule and Regulation
 No. 20, governing Electric Line Exten-
 sions of said Power Company.

ORIGINAL

Application No. 29620

Brobeck, Phleger & Harrison by George D.
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 for The California Oregon Power Company.

O P I N I O N

The California Oregon Power Company asks for authorization to revise Rule and Regulation No. 20 governing the terms and conditions under which it will extend its electric lines to serve new customers. Because of increases in costs and reductions in rates since the original rule was first filed in 1934, the utility at this time desires to reduce the free footage lengths of line extensions, increase the amount (per foot) of required deposits for line extensions in excess of free footage lengths and effect certain changes in the methods of making refunds.

Attached to the application are Exhibits A to K, inclusive, consisting of copies of the present and proposed Rule and Regulation No. 20, statements of increases in labor and material costs, decreases in revenues, and changes in cost to revenue ratios.

Three additional exhibits were presented at the public hearing in Yreka on October 15, 1946, before Examiner Edwards, by Witness F. C. Bask for the utility. These additional exhibits show the increases in price of items of common labor and material since the establishment of the extension rule in its present form in 1934. Exhibit B showed increases between 1940 and 1947 of 65.8% in labor,

61.5% in poles, and 96.2% in copper wire. Increases in similar items between 1934 and July, 1948, are 122.85%, 67.1% and 154.5%, respectively.

A principal change proposed in the new rule is in the reduced footage allowance under Paragraph A, "Free Extensions," covering extension allowances without cost to applicants for service.

<u>Class of Service</u>	<u>Allowances</u>	
	<u>Present Rule</u>	<u>Proposed Rule</u>
Lighting	200 feet	200 feet
Refrigeration	200	100
Cooking (6 kw range)	900	400
Water Heating (2.5 kw heater)	375	300
Air Heating (10 kw)	1,500	600
Power per hp (First 5 hp)	150	100
(Over 5 hp)	200	100

Under both schedules the allowance for seasonal customers is one-half of the distances set forth above. The present schedule allows 150 feet per kw for heating and cooking load while the proposed schedule provides fixed amounts per range, water heater, or air heating unit. The allowances shown under the present rule in the above table are calculated on the minimum size units for which extension distance will be allowed under the proposed rule. The new schedule does not give any credit for range capacity greater than 6 kw, nor water heater capacity of more than 30 gallons. For this comparison, an average rating of 2.5 kw for a 30-gallon water heater is assumed. Likewise, credit for air heating in excess of 10 kw will not be given and heating installations less than 10 kw in size will receive no free footage.

In substantiation of the reduced allowances, Witness J. C. Boyle testified that uniform rates are maintained throughout the territory and that there is not a higher rate for rural service compared to city service, which would help carry the extra capital and expense of long, free extensions. With particular reference to the proposed reduction in heating allowance, he testified that this will

be served mostly on the 8 mill block which he considers to be a low rate for this type of load. Mr. Boyle also testified that a heating load less than 10 kw would not warrant a free extension allowance.

Mr. Boyle was questioned as to the allowance for space heating for commercial use inasmuch as the 600 feet is specified for: "completely electric house heating, 10 kw or more." He stated that for commercial installations of 10 kw or more of space heating, this same allowance would be made and the words "house heating" interpreted as "space heating." It is desirable that the wording of the rule give a clear indication of that intent, and the rule herein authorized will provide allowances to all classes of customers for space heating installations.

Another principal change is in the price of extensions under Paragraph B, "Extensions Beyond Free Length," as follows:

<u>Type of Line</u>	<u>Amount of Deposit</u>	
	<u>Present Rule</u>	<u>Proposed Rule</u>
Single Phase	25¢ per foot	40¢ per foot
Three Phase	30¢	50¢
Third Wire	5¢	*

*The proposal for the third wire is not set up in this part of the new schedule, but will be handled under Paragraph D of the rule on a cost determination basis.

These values of 40 cents and 50 cents per foot are based on 66 job orders closed between January and October, 1947, as shown by Exhibit C. The utility contends that the substantial price increases of labor and material since 1934, warrant the requested increases in footage rates for deposits on single and three-phase lines.

The utility proposes a new condition to limit extensions, including the cost of services, transformers, and meters, to ten times the estimated annual revenue and proposes not to be required to construct, own, and maintain any extension where the total cost exceeds a ten-to-one ratio. The Commission believes that such a limitation

should not be placed on the length of extensions. An examination of Exhibit G does not indicate that the lack of such a provision in the present rule has caused an undue increase in the ratio of distribution plant to revenue. It is believed that Paragraph H, "Exceptional Cases," of the proposed rule provides adequate protection to both the utility and its applicant customers against impractical or unjust operation of the extension rule. Further protection of the utility appears unnecessary.

The utility proposes to change its provisions for refunding of advances. The present rule provides for refunds equal to 10% of the annual bills for electric service 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 appear more appropriate.

The company proposes to maintain the ten-year limitation on refund of advances beginning with the date the company is first ready to render service. In support of this period, Witness Bask was requested to and subsequently submitted the results of a survey of 27 extensions started between January 1, 1935 and September 30, 1938. This survey showed 76.06% of the advances had been refunded within ten years. In view of this high percentage of refunds under the present method, the company's proposal under the new method appears reasonable.

The utility proposes certain new general provisions. Special construction, other than single or three-phase lines, would be handled

on a cost determination basis with each 40 cents of cost considered as one foot of line for application of free allowance or advance provisions of the rule. It is also proposed that applicants for service shall furnish satisfactory evidence that they will take the service applied for or pay any difference if a lesser quantity of appliances is installed. These new provisions appear to be reasonable.

The present provision for "Exceptional Cases," is reworded in the proposed rule, to provide that the company and applicant may agree upon terms mutually satisfactory or, failing to agree, to refer the matter to the Public Utilities Commission of the State of California for special ruling. Such an agreement on part of the utility also is subject to authorization of the California Public Utilities Commission and the rule should so provide.

The utility proposes to continue to apply present Rule and Regulation No. 20 to those who apply in writing prior to the effective date of the new rules and on or before said effective date have:

- (a) Completed electrical installations ready for connection and service.
- (b) Completed construction of a house or other building or structure, for which electric service is applied for or required, to the extent of a frame and roof thereon.

This proposed treatment appears unfair to those who have, in good faith, requested or applied for service but whose construction may not have progressed to the extent indicated at the time the new rule becomes effective. On the other hand, the company should not be required to construct extensions under the present rule for a period longer than that necessary for it to erect the necessary facilities under the present construction program. Failure on the part of the prospective customers to be ready, at least to the extent indicated above, to take service when the company is ready to commence construction of the extension should relieve the company of the obligation of

making the extension under the present rule. The order following will specify the procedure under which the company may terminate the extension of service under the present rule and may make effective the rule herein authorized.

No one appeared at the hearing to object to the granting of the authority sought herein. Notice of the hearing had been placed in five newspapers of general circulation in this area, several days prior to the meeting. At the hearing, the utility asked that the application be amended and the new rule be made effective on five days' notice in place of the usual statutory notice. We believe the matter is urgent and the utility's request should be granted.

O R D E R

Application as entitled above having been filed with the Public Utilities Commission of the State of California, a public hearing having been held thereon, the matter having been duly submitted and the Commission now being fully advised in the premises and finding that the increases authorized herein are justified, therefore,

IT IS HEREBY ORDERED that the California Oregon Power

Company:

1. May file not less than ten (10) days after the effective date of this order, to be effective on not less than five (5) days' notice, the Rule and Regulation No. 20, Electric Extensions, set forth in Exhibit A attached hereto.
2. Concurrently with the making effective of said Rule and Regulation No. 20 shall cancel its presently existing Rules and Regulations No. 20 as shown on Original C.R.C. Sheet No. 162-E and Revised C.R.C. Sheets Nos. 161-E, 268-E, and 269-E.
3. Shall file with the Commission within sixty (60) days from and after the effective date of the Rule and Regulation No. 20 authorized herein, a list of the prospective customers who, on or before the effective date of said rule, have signed an application for service under the previously existing Rules and Regulations No. 20, and shall construct extensions to said customers under said previously existing Rules and Regulations No. 20 provided that on the date the company is ready to begin construction of each particular extension, said customers to be served by that extension have either: (a) completed construction of the building to be served to an extent of a frame and roof thereon; or (b) if the building has been completed for more than one year, have wired said building for electric service.

4. Shall, not less than ten (10) days prior to the effective date of the new Rule and Regulation No. 20 authorized herein: (a) mail notices of the company's proposed action under the foregoing procedure to each prospective customer from whom the company now has a request or application, either verbal or written, for an electric service extension; (b) publish a copy of said notice in at least one newspaper of general circulation in Crescent City, Yreka and Alturas; and (c) post a copy of such notice in a conspicuous place in each of its commercial offices.

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

Dated at San Francisco, California, this 23rd day of November 1948.

J. T. [Signature]
[Signature]
[Signature]
[Signature]
Commissioners

EXHIBIT A

THE CALIFORNIA OREGON POWER COMPANY

RULE AND REGULATION NO. 20

ELECTRIC EXTENSIONS

Extensions of overhead electric distribution lines of standard voltages necessary to supply bona fide applicants for service of a permanent and established character, normally will be made by the Company in accordance with the following rules:

A. FREE EXTENSIONS

Line extensions will be made without cost to the applicants if the length of line required does not exceed the allowable free length as follows:

Customer Service

For each lighting customer	200 feet
For each electric refrigerator customer	100
For each electric range, 6 kw or more, customer	400
For each automatic electric storage type water heater, 20 gallon or more tank capacity, customer	300
For each permanently installed, completely electric space heating, 10 kw or more, customer	600
For each horse power of connected power load	100

For each seasonal customer such as resort enterprise, summer cabin, beach cottage or mountain cabin, the Company will extend one-half the distance set forth above.

Only one refrigerator, one range, or one water heater per customer will be counted in determining free footage allowances, and no free footage will be allowed for electric welders or loads having similar characteristics.

Where the proposed extension requires changes to or additions on existing facilities, different allowances may be effective as provided in Section D-3.

(Continued)

EXHIBIT A

THE CALIFORNIA OREGON POWER COMPANY

RULE AND REGULATION NO. 20
ELECTRIC EXTENSIONS (Continued)

3. EXTENSIONS BEYOND FREE LENGTH

1. Line extensions of greater length than the free extension will be made provided the applicants for service advance to the Company 40 cents for each foot of single phase line and 50 cents for each foot of three phase line in excess of the free length.
2. Amounts advanced in accordance with Section B-1, hereof will be refunded as follows:
 - (a) When a new permanent installation is supplied by means of an extension on which there remains an unrefunded advance, the company will refund 40 cents in the case of single phase lines, and 50 cents in the case of three phase lines, for each foot that the allowable free length of line under Section A for the new installation exceeds the length of line required to supply the new installation.
 - (b) When such installation is supplied through a series of extensions on which there is more than one unrefunded advance, the refund will be applied to such prior advances beginning with the first from the point of supply.
 - (c) Refunds of an advance will be made only during the ten-year period beginning with the date the Company is first ready to render service from the extension and in no case will the Company refund more than the amount advanced or pay interest on the advance.
 - (d) When two or more parties make a joint advance for the same extension, refunds will be paid to each party in the proportion that the amount advanced by each bears to the total advance.
 - (e) No refunds will be made to any customer until all of the appliances or equipment covering the class of service under consideration in computing the free extension of the Company, have been installed.

C. REAL ESTATE SUBDIVISIONS

1. Line extensions to and/or within real estate subdivisions will be constructed by the Company in advance of applications for service when the entire cost of such extension, exclusive of service, transformers and meters, is advanced to the Company. Such extensions will be owned and maintained by the Company.
2. Amounts advanced in accordance with Section C-1 hereof will be refunded in the same manner as provided under Section B-2.
3. Extensions to serve individual applicants in real estate subdivisions will be made in accordance with Sections A and B.

(Continued)

EXHIBIT A

THE CALIFORNIA OREGON POWER COMPANY

RULE AND REGULATION NO. 20
ELECTRIC EXTENSIONS (Continued)

D. GENERAL

1. Under this rule the Company will build lines only along public roads and highways and upon private property across which satisfactory rights of way may be obtained without cost to the Company. Lines upon private property across which the Company cannot obtain rights of way under satisfactory conditions, and private lines beyond the point where the service is delivered, must be built, owned and maintained by the applicant or applicants.
2. The length of line required for an extension will be considered as the distance along the shortest practical route as determined by the Company from the Company's nearest distribution pole to the pole from which service is delivered.
3. For service necessitating construction other than single phase or three phase on new poles; such as, single phase or three phase on existing poles, an additional conductor on existing poles, or other special construction, such service will be supplied under the following conditions:
 - (a) The cost of such construction will be determined by the Company. Each 40 cents of such cost will be considered equivalent to one foot of line extension.
 - (b) The free extension allowance will be determined in accordance with Section A-1 and applied against the cost of construction at the rate of 40 cents per foot.
 - (c) The cost remaining, if any, will be advanced by the customer and in the same manner as under Section B.
 - (d) All other provisions of Rule 20, including refunds and limitations, are applicable hereto.
4. Customers shall furnish the Company with satisfactory evidence that they will take the class of service under consideration.
5. If the Company makes or has made a line extension to serve a customer and the customer does not take the minimum class of service applied for, the Company will calculate and bill the customer, and the customer shall pay an amount according to the Company's Rule and Regulation No. 20, as though service had been requested on the basis of the actual class of service taken, and such amount collected shall be treated as an advance subject to refund.

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EXHIBIT A

THE CALIFORNIA OREGON POWER COMPANY

RULE AND REGULATION NO. 20
ELECTRIC EXTENSIONS (Continued)

E. CONTRACTS

As a condition precedent to the building of any extension under the provisions of these rules, the Company may require from each prospective customer the execution of a contract adequately assuring that the customer will take and pay for the service, for which he applies, continuously for a period of three (3) years from the date the Company is first ready to render service.

F. OWNERSHIP OF LINES AND FACILITIES

Sole and exclusive title to any extension constructed under these rules shall be vested in the Company.

G. EXTENSIONS FOR TEMPORARY OR SPECULATIVE BUSINESS

Extensions for temporary service as more generally defined in Rule No. 22, Temporary Service, or speculative business or to loads which the Company considers of doubtful permanency, will not be made under this rule.

H. EXCEPTIONAL CASES

In unusual circumstances when the application of these rules appears impracticable or unjust to either party, the Company and the applicant may agree, subject to authorization by the Public Utilities Commission of the State of California, upon terms mutually satisfactory and in case of failure to such agreement, either the applicant or the Company may refer the matter to the Commission for special ruling.