

Decision No. 48607**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 COAST COUNTIES GAS AND ELECTRIC COMPANY,)
 a corporation, for authority to withdraw and)
 cancel its filed and effective rule and) Application No. 34147
 regulation governing gas main extensions and)
 to file and make effective, a revised rule)
 and regulation in lieu thereof.)

W. E. Johns, for applicant
Edson Abel, for California Farm
 Bureau Federation
Homer R. Ross, for the California Manufacturers'
 Association
Arthur E. Laffsa, for 12th Naval District,
 interested parties
Lloyd E. Cooper, for Commission's Staff

O P I N I O N

By its application filed March 11, 1953 Coast Counties Gas and Electric Company requests authority to cancel its present rule governing gas main extensions and file a revised rule in lieu thereof.

A public hearing was held before Examiner Daly on April 21, 1953 at San Francisco and the matter was submitted. Although an affidavit of service by mailing was received in evidence indicating service upon numerous Municipal, State and Federal Officials and Agencies no appearance was made in protest to the authority sought. Several appearances, as above indicated, were made as interested parties.

The rule herein considered sets forth the terms and conditions in accordance with which applicant would normally make extensions of gas distribution mains for the purpose of supplying service to new customers. Its present rule affecting gas main extensions is set forth in Applicant's Rule and Regulation No. 20, Revised Cal. P.U.C. Sheet No. 1007-G as part of its filed gas tariff schedules. The present rule was filed October 5, 1948 in conformity with Decision No. 42041, dated September 14, 1948 in Case No. 4958.

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

FREE EXTENSION ALLOWANCE TO THE APPLICANT
FOR DOMESTIC SERVICE

	<u>Present Rule</u>	<u>Proposed Rule</u>
Cooking with Standard Range	100 feet	50 feet
Automatic Water Heater	100 feet	50 feet
Combination of both cooking and automatic water heating in same residence, an additional		50 feet
Refrigeration for food preservation (4 cu. ft. or larger)	50 feet	25 feet
Space Heating or Summer Air-conditioning per 10,000 BTU rating of standard equipment	20 feet	
Space Heating or Summer Air Conditioning per 5,000 BTU rating of standard equipment (maximum allowance 80 feet).		4 feet

Under the proposed rule seasonal or intermittent gas use (i.e. summer homes) would be entitled to one-half of the above allowance. In the case of related premises (i.e. residence and guest house, or residence and detached servants' quarters) which are served from one meter the free extension rule would apply to the principal residence only.

In the classification "Other General Services", which would include Auto Courts and Motels, applicant proposes to allow 25 feet for each \$10 estimated annual revenue per customer in excess of the first \$10 of such revenue. No free footage allowance would be made where a customer uses gas for space heating only. Extensions beyond the free length service would have to be advanced by the customer at the rate of \$1.54 per foot.

According to applicant the controlling factors in determining the lengths of gas distribution mains which it will install

without charge to its customers are the cost of construction and anticipated revenues from the load to be connected. Notwithstanding the fact that since 1948 subsequent rate increases have resulted in additional revenues, it is asserted that operating costs such as labor and material, cost of gas and taxes have increased to an even greater extent.

Exhibit No. 1 was introduced in evidence by applicant to illustrate deterioration of justifiable free footage allowance. The exhibit covers a typical applicant for extension service using a specified number of cubic feet of gas in the operation of a stove, water heater and furnace. A comparison between the years 1948 and 1953 disclosed the following:

	<u>1948</u>	<u>1953</u>
Revenue (1)	\$ 50.43	\$ 64.15
Costs	29.70	42.90
Margin	20.73	21.25
Capitalized at 6½%	319.00	327.00
Equivalent Footage of 2" Main (2)	293 feet	224 feet

Applicants chief engineer testified that the proportionate reduction between 293 feet and 224 feet is reflected in the reduced free footage allowance provided for in the proposed rule.

Exhibit No. 2 was entitled "New Business Gas Main Extensions Which Required Advances, 1952" and may be summarized as follows

Total number of Jobs	83
Total Costs	\$123,637.51
Number of Customers	117
Estimated Annual Revenue	14,119.35
Ratio-Capital to Revenue	8-1

(1) Figure includes only partial out-of-pocket costs. No allowance made for labor of meter reading, billing or collections.

(2) Cost of 2" main was \$1.09 per foot in 1948; \$1.46 in 1953.

The proposed rule provides that applicant will require each customer for such extended gas service to execute a contract on the form filed with this Commission. Attached to the application are those proposed standard forms of gas main extension agreements to be executed by customers for gas service under the company's General Service, Firm Industrial and Dehydrator and Interruptible Industrial schedules. ✓

A question was raised with respect to applicant's failure to specifically use the words "bridge or bridges" in the proposed rule. Applicant, however, stated for the record that where accessible, practicable and permissible extension mains will be attached to a bridge or bridges where necessary to provide service to a customer. In a situation where an extension main cannot be attached to a bridge it was asserted that other means of making the extension would be utilized.

During the course of the hearing applicant amended that portion of its rule dealing with single meters and related premises. Originally it was worded as follows: "When two or more residences are to be served on one meter, free length allowance is to be based on one only of the group." For the purpose of clarification the language was amended to read: "Related premises, such as main residence and guest house, or residence and detached servants' quarters, will ordinarily be served through one meter, and free allowance will be made for principal residence only." The Commission's staff representative pointed out on cross-examination of applicant's witness that the rule made no provision whatsoever for one of the residences whereas the intermittent or seasonal user is granted one-half of the overall free allowance. In addition the Commission's staff representative alluded to the fact that the provision covering Other General Service (i.e. auto courts, motels or similar), supra, could just as easily cover the related premises situation. ✓

After consideration of the evidence the Commission is of the opinion and so finds that the provisions of the proposed rule and regulation No. 20 as set forth in Exhibit A attached to the application, with the exception of that portion of the rule covering related premises, are just and reasonable and that any increase in rates or charges that may result from the application of the rule and regulation contained in Exhibit A are justified. ✓

O R D E R

Application having been filed, a public hearing held thereon, the Commission informed in the premises,

IT IS ORDERED:

(1) That after the effective date hereof and in conformity with General Order 96 Coast Counties Gas and Electric Company is authorized to file in quadruplicate Gas Main Extension Rule and Regulation No. 20 as set forth in Exhibit A attached to the application, and make said rule effective on not less than five days' notice to the Commission and the public, provided that the following amended language set forth on page 1 is deleted therefrom:

"Related premises, such as main residence and guest house, or residence and detached servants' quarters, will ordinarily be served through one meter, and free allowance will be made for principal residence only."

(2) Concurrently with the filing as authorized in paragraph 1 hereof applicant shall cancel its present Rule and Regulation No. 20 as shown on Revised Cal. P.U.C. Sheet No. 1007-G.

(3) In effecting transition from the present extension rule basis to the new rule, Coast Counties Gas and Electric Company shall apply the provisions of the present rule in the arrangements for construction of extensions to those prospective customers who, in good faith, heretofore have signed applications for service or those having actively negotiated for service during the six months' period prior to the effective date of the new extension rule. For those

instances where no advance is required under the existing extension rule, the company will construct the extension and in those cases requiring an advance the company will construct the extension provided the prospective customers advance the required amount under the existing extension rule within six months after the effective date of this order. The company shall notify all such prospective customers of this requirement within 30 days hereof.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 19th day of May, 1953.

R. F. [Signature]
President

Justin J. [Signature]

Harold [Signature]

[Signature]

[Signature]
Commissioners