

ORIGINALDecision No. 49396

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SOUTHERN COUNTIES GAS COMPANY OF)
 CALIFORNIA for an Order Permitting) Application No. 34781
 a Deviation from its Filed Rule and)
 Regulation No. 20.)

OPINION AND ORDER

In this application Southern Counties Gas Company of California requests authority to render gas service to the Sunny Knolls Subdivision in the Palos Verdes Estates area in Los Angeles County, under conditions somewhat at variance with applicant's filed Rule and Regulation No. 20, Gas Main Extensions.

The Sunny Knolls development, according to the application, consists of 34 lots of highly desirable property, 25 of which have already been sold in the first three months that the subdivision has been opened. The total main extension required for this development is 3,240 feet of 2-inch main.

Applicant has submitted a tabulation, designated as Exhibit B, showing the names of existing owners and parcels within this subdivision, the dates when they plan construction, whether they have applied for gas service, the appliances which they have indicated will be installed when gas service is available, their estimated annual billing, and the free allowance to which they would be entitled on the basis of such billing under applicant's Extension Rule and Regulation No. 20. This information, we understand, was determined from a survey and shows that at the present time there are four large houses already under construction for which applications for gas service have been made.

Applicant's Rule and Regulation No. 20, on file with this Commission, provides that a free allowance of 175 feet for a gas main extension will be provided by applicant for each person applying for gas service whose annual billing it is estimated will be \$40 or less and, as an additional allowance, an investment equivalent to four times the amount by which the estimated annual billing will exceed \$40; provided, in any event, that there is an existing structure on the property for which a request for gas service has been made, or that construction of a structure has been started in which gas service will be taken within 90 days from the date of the application. No free allowance is provided for where gas service is to be used for space heating only.

In case the extension exceeds the free allowance, as provided for in the above rule and regulation, the customer is required to advance to the Company the cost of the excess footage, which is subject to refund over a period of not to exceed 10 years for new business connected in accordance with the provisions of the extension rule.

The free main extension allowance for the four large houses already under construction and for which applications for gas service have already been made is 1,134 feet. The main extension required to serve these four customers is estimated to be 2,650 feet, which after deducting the free allowance leaves an excess footage of 1,516 feet or an advance of \$2,668.16.

There are nine other lot owners in the subdivision who, according to the information obtained by applicant, plan to start construction within four months and have filed application for gas service with applicant indicating the gas appliances to be installed. These nine owners do not yet qualify for a free allowance under the extension rule because they have not as yet started construction of any structure on the property.

The free allowance to which these nine property owners would otherwise be entitled under the extension rule is 2,576 feet. If the free allowance of 1,134 feet for the four customers whose houses are already under construction is added to the 2,576 feet, there would be a total free allowance for these nine customers, plus the four houses under construction, of 3,710 feet. The total main extension for the subdivision is 3,240 feet, which is 470 feet less than the free allowance provided for under the extension rule. In addition to the above there are three other homes to be constructed at a later date which would provide 525 feet of main under the extension rule, raising the free allowance to 4,235 feet. If the mains were installed in a piecemeal manner the cost would be materially more than if the entire extension were installed at one time.

Applicant states that sufficient free allowance to provide the extension necessary to supply gas to all of the subdivision cannot be made unless a deviation from Rule 20 is authorized since only four applicants for gas service who have started construction can immediately qualify for the allowance under that rule. Authorization to deviate from the extension rule so that applicant may install the extension for the entire subdivision is requested for the following reasons:

- (a) Unlike the almost universal practice in the development of subdivisions, property in the Sunny Knolls tract is being sold without commitment of the developer to provide, or for providing, utility service. It is a practical impossibility to get all of the lot owners in this tract together on the deposits necessary under Rule 20 for applicant to lay the main extension if such cannot be done as a free allowance;
- (b) Applications already filed for gas service by property owners in the subdivision show that extensive use of gas appliances is planned, as shown in Exhibit B; considerable gas usage is consequently to be expected if gas is made available to them. The gas load per unit can be

greatly enhanced if the gas is made available immediately and the property owners are then able to make plans based on maximum use of gas rather than competitive fuels;

- (c) Construction of facilities to deliver gas can be done more economically for the entire subdivision rather than on a piecemeal basis;
- (d) A large and continuing loss of gross revenues will be experienced in the future if applicant loses saturation of gas usage because service is not available when such plans are made, yet still must extend mains within six months to a year entirely with free allowances. . An extension entirely with free allowances could be required in the subdivision upon application for gas service by as few as (a) the four property owners who have already started construction and qualified for such allowances plus the nine who plan to start construction within four months; or (b) at most, 17 customers (including the four plus nine just mentioned) for a gas usage resulting in the billing of less than \$40 a year and thus entitled to only the minimum free allowance of 175 feet per customer.

It is applicant's contention that if it is granted permission now to install the entire extension, which it would surely be required to do within a relatively short time, it would be in a better position to assure a maximum gas use and utilization of the facilities for the area in question; further, it would encourage the use of gas by owners of the other lots who have not as yet made application for gas service.

In view of the above information the Commission is of the opinion that a deviation should be granted to applicant, permitting it to install at its own expense the mains necessary to serve the subdivision as set forth in Exhibit "A".

The Commission having considered the request of applicant and it being of the opinion that the application should be granted, that a public hearing in the matter is not necessary, and sufficient cause appearing, therefore,

IT IS HEREBY ORDERED that Southern Counties Gas Company of California is hereby authorized to deviate from its filed Rule and

Regulation No. 20, Gas Main Extensions, to the extent that it be permitted to install at its own expense, without an advance from applicants, gas mains in the Sunny Knolls Subdivision as set forth on the map in Exhibit "A", attached to and made a part of the application.

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

Dated at South Pasadena California, this 8th day of December, 1953.

R. F. [Signature]
 President

Justice J. [Signature]

[Signature]

[Signature]

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 Commissioners