

ORIGINALDecision No. 50033

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of the SAN DIEGO GAS &)
 ELECTRIC COMPANY, pursuant to its)
 Rule and Regulation No. 20 E for a)
 special ruling authorizing an excep-)
 tional and unusual line extension)
 into the Agua Caliente-Canebreak)
 Area without the deposit of funds)
 called for by its Rule and)
 Regulation 20B.)

Application No. 35078

OPINION AND ORDER

San Diego Gas & Electric Company, in this application, requests authority to construct an electric line extension under conditions which differ from its tariff Rule and Regulation No. 20 - Line Extensions. The proposed extension, reaching to Agua Caliente Hot Springs and Canebrake Canyon, would require a total of about 23 miles of main and branch lines. Applicant estimates the cost thereof to be \$136,234.50.

According to applicant, its Rule and Regulation No. 20, Electric Extensions, if followed in this instance, would require a deposit of \$31,321.50 as an advance by the prospective customers in aid of construction. Applicant proposes to make the extension without a deposit but on a basis which is outlined in Exhibit A attached to the application, and requests an ex parte ruling granting authorization for said construction without deposit.

In its prayer applicant has referred to the collection from customers of the deposit "required and called for under the present provisions of its Rule and Regulation 20-D". It appears that the intended reference is to applicant's Rule and Regulation 20, Section B, which describes the deposits required and conditions precedent to construction of extensions beyond the free length specified in

Section A of said rule. Section D of said rule refers to extensions for temporary and speculative business. Since the business described in the application is not considered to be temporary or speculative, Section D of applicant's Rule 20 is not applicable in this instance.

Exhibit B attached to the application shows the approximate geographic location of the proposed extension and the relative location of the customers and business to be served. A list of those who have applied for service, and prospective customers and business which applicant expects to be connected within one year of completion of the line, is shown in Exhibit C to the application. Said exhibit also shows the prospective load of each customer, the estimated annual revenue, the main and branch line allowances, and the length of branch line required. In summary, the data shown in Exhibit C is as follows:

	<u>Those Who Have Applied For Service</u>	<u>Estimated Additional Business</u>	<u>Total</u>
Number of customers	47	35	82
Estimated annual revenue	\$2,381	\$4,555	\$6,936
Main line allowance	11,900 ft.	10,175 ft.	22,075 ft.
Branch line allowance	12,000 ft.	13,275 ft.	25,275 ft.
Branch line required	5,790 ft.	3,500 ft.	9,290 ft.

A cost estimate detail is given in Exhibit D, and a summary of the cost, line allowances under Rule 20, and cost to revenue ratio is shown in Exhibit E. The cost to revenue ratio is stated to be 19.63 to 1. Exhibits A to E, inclusive, are incorporated herein by reference.

It is apparent that the estimated annual revenue from presently signed and immediately prospective business will be less than the annual cost of the extension and may be less than the sum of only two of the items of cost, depreciation accrual and property taxes. Therefore, it appears further that applicant, in proposing to construct the extension under the stated conditions, has recognized an obligation to extend its electric service into the area arising from its

representations during the hearing in Application No. 33404.¹ By Decision No. 48060, dated December 16, 1952, the Agua Caliente-Canebrake area was excluded from Mountain Empire Cooperative's service area and was left in the area covered by San Diego Gas & Electric Company's certificate of public convenience and necessity.

Under these circumstances, it is appropriate that applicant's request be granted subject to certain conditions. The basis for construction of the extension and the delivery of electric service thereby should be established more definitively than as outlined in Exhibit A. Provisions affecting charges for service to customers in the area should be shown in a tariff schedule as a part of applicant's tariffs. These provisions will be discussed later. Furthermore, the Commission is authorizing applicant's request herein upon the premise that the construction of this extension upon a basis substantially as proposed by applicant shall not be permitted to burden or prejudice other customers of applicant.

Basis for Serving the Agua Caliente-Canebrake Area:

Applicant's proposal to install the third wire of its three-phase 12,000-volt system to the point of beginning of the extension and thence to build 111,565 feet of main line is sufficiently well defined in Exhibit B. According to Exhibit A, applicant will plan branch lines for all customers willing to contract for service under the provisions of said exhibit and any excess beyond the free allowance on branch lines is to be advanced by the customers, subject to refund as provided for in applicant's Rule and Regulation No. 20. Exhibit C lists the "Branch Line Required" as less than the "Branch Line Allowance" in many instances although Exhibit B indicates

1

Application No. 33404, application of Mountain Empire Electric Cooperative, Inc. to operate electric service in Southeastern San Diego County, heard July 31, 1952, at Campo, California.

that the distances to be covered by the branch lines exceed both the amount "required" and the "allowance". Under applicant's Rule 20, the branch line allowances for branch lines located beyond the allowed length of main line may be applied to the main line extension. Accordingly, the 15,985 feet by which the "Branch Line Allowance" exceeds the "Branch Line Required", as shown in Exhibit C, will be credited toward the extension of main line. The practical result of this credit is that each customer shown in Exhibit C will be expected to advance 35 cents per foot of single-phase branch line, or 40 cents per foot of three-phase branch line, beyond the length of branch line shown in Exhibit C as "Branch Line Required" for that customer. As an alternate to such an advance, the customer may build, own and maintain his own line from the end of the branch line provided by applicant. The distance covered by a service connection is not included in branch line distances under applicant's Rule 20.

According to item 5 of Exhibit A, applicant proposes to make no further main line allowances for subsequent extensions until the total of the original main line allowances, plus the main line allowances for customers and loads subsequently connected, equals the total length of main line. The main line allowance of 22,075 feet shown in Exhibit C plus the credit of 15,985 feet of unused branch line allowance, discussed above, brings the original main line allowance to 38,060 feet. The main line distance is shown to be 111,565 feet, leaving 73,505 feet of excess main line. Essentially, applicant is offering its presently prospective customers more advantageous conditions than those of its extension rule but would not accord the full allowances of its rule to future customers on further extensions in the same general area. Such a provision is unreasonably discriminatory and would serve to impede the further development of this area as compared with other areas on applicant's system. Development of the

area served by this extension is vitally necessary if the extension is to become economically sound.

Applicant proposes to require the guarantee of minimum payments of at least \$30.00 per year by all original customers for a period of three years and to obtain contracts for this purpose on certain of its filed contract forms. Those customers who request service subsequent to the establishment of the original group also should be required to guarantee a like minimum charge for a three-year period and the authorization herein granted will so provide.

In item 6 of Exhibit A, applicant proposes to use its "Contract for Service Extension," (C.R.C. Sheet No. 299-E), with minor modification in Section II thereof, when the \$30.00 annual minimum is controlling. In cases when the regular minimum of the applicable rate schedule equals or exceeds \$2.50 per month or \$30.00 per year, applicant proposes to use its "Contract for Electric Service" (C.R.C. Sheet No. 756-E). The latter form is inappropriate for this purpose in two respects. In the third paragraph of Section I of said form provision is made for the requirement by the company of a new agreement in the event the customer's load is increased. A customer, having once obligated himself for a three-year period to pay certain minimum charges deemed necessary for the establishment of service, should not later be required, because his load is increased, to guarantee higher charges for another three-year period or for the remainder of the first period by reason of conditions surrounding the initial establishment of service. However, through operation of the minimum charge provisions and special conditions of the regular tariff, a customer's minimum charge may be greater than that provided under the service extension contract when the customer's load is greater than that specified in the contract.

The second inappropriate condition of the Contract for Electric Service (C.R.C. Sheet No. 756-E) is Section V thereof. Said Section V provides for cancellation of such a contract during its term, provided the customer pays to the company the net cost of installing and removing facilities, or some proportion of said cost. Under the circumstances which warrant the requirement of three-year contracts as a precedent to the establishment of service in this area, it is not proper that some customers be afforded the opportunity to avoid the completion of their commitment by payment of a lesser amount for net cost of installing and removing minor facilities.

Applicant's form "Contract for Service Extension" (C.R.C. Sheet No. 299-E) may be used to provide the guarantee by every customer in the area of the applicable minimum charge whether it be the annual cumulative minimum of \$30.00 or a minimum charge established by the provisions of the tariff schedule initially applied for the particular service. Appropriate wording may be used in Section II of said form.

Applicant proposes that such contract guarantees as are entered into by the original customers shall be maintained for the full three years of service at the particular premises unless transferred in acceptable manner to a subsequent customer at that location. As an acceptable manner of transfer, applicant indicates that such a contract may be assumed by the new owner or occupant or a superseding contract for the balance of the period may be required. The obligation of the original customer under such a contract rests with the original customer and cannot be transferred to a subsequent customer by unilateral action of applicant without the consent of the subsequent customer. An appropriate modification of applicant's proposal will be authorized.

The Commission having considered the request of applicant and being of the opinion that the application should be granted subject to certain conditions and that a public hearing is not necessary, therefore,

IT IS HEREBY ORDERED that San Diego Gas & Electric Company is authorized to construct the electric line extension substantially as shown in its Exhibit B attached to the application without the collection from customers of the deposit which would be required and called for under the present provisions of its Rule and Regulation No. 20-B, subject to the following conditions, unless and until modified by further order of this Commission:

1. Within 30 days after the effective date hereof, applicant shall file as a part of its tariff schedules and make effective on neither less than 5 nor more than 30 days' notice a tariff schedule E-1 substantially as shown in Appendix A to this order.
2. To establish the guarantee of payment by its customers of the minimum charges prescribed by Schedule E-1, applicant may require contracts as provided in said Schedule E-1 on its form "Contract for Service Extension" as filed on C.R.C. Sheet No. 299-E with modification shown in Appendix B to this order or as subsequently modified by filing of revised form and tariff sheet under the procedure of General Order No. 96.
3. Applicant shall make such other and further extensions of its electric lines in the territory covered by Schedule E-1 in conformity with its electric extension rule on file and in effect at the time.
4. Applicant shall establish such subsidiary accounts as may be necessary and report to the Commission on or about March 15 of each year for the first five years following the completion of the extension the following:
 - a. The amount of electric plant, by primary plant accounts, in service as of December 31 of the preceding year in the territory covered by Schedule E-1,
 - b. The amount of property taxes paid during the preceding year with respect to such plant,

- c. The amount of depreciation expense applicable to said plant during the preceding year,
- d. The amount of distribution operation and maintenance expense applicable to said plant during the preceding year, and
- e. The average number of customers, amount of energy delivered, and the amount of revenue billed for service supplied during the preceding year in the territory covered by Schedule E-1.

IT IS HEREBY FURTHER ORDERED that if San Diego Gas & Electric Company has not constructed the electric line extension herein authorized by December 31, 1956, the authority herein granted is null and void as of December 31, 1956.

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

Dated at Los Angeles, California, this 11th day of May, 1954.

John E. Mitchell
President
Justus F. Cline
Herbert Pottel
Deane Juggins
Commissioners

Original Cal. P.U.C. Sheet No. _____

SCHEDULE E-1

EXTENSION SERVICE - AGUA CALIENTE - CANEBRAKE

APPLICABILITY

This schedule is applicable during the contract period in conjunction with any other applicable schedule to all service supplied in the following described territory either by or through the Agua Caliente - Canebrake line extension described in Application No. 35078.

TERRITORY

The entire territory served by the company in Townships 13, 14 and 15 South, Ranges 5, 6, 7 and 8 East, San Bernardino Base and Meridian, excluding the Cuyamaca Rancho.

RATE

The rate or rates of any other applicable schedule or schedules.

MINIMUM CHARGE

The minimum charge of the other applicable schedule but not less than \$30.00 per meter per year payable at the rate of \$2.50 per month and cumulative annually.

SPECIAL CONDITIONS

(a) Contracts: A contract will be required for each separately metered service, guaranteeing the payment of the minimum charges for the initial period of three years. For all original applicants on the Agua Caliente-Canebrake extension the initial three-year period shall commence when service is first supplied or 90 days following completion of the company's lines, whichever is the earlier. For service supplied to subsequent applicants at other locations served either by or through the Agua Caliente-Canebrake extension the initial three-year period shall commence when service is first supplied or 90 days following completion of the company's facilities to supply such service, whichever is the earlier.

(b) Termination of Service: If a customer desires to vacate the premises and terminate service under this schedule prior to the expiration of the three-year term of his contract, the unpaid balance of minimum charges for the remainder of the contract period shall become due and payable and will be billed with the closing bill for service unless the customer has arranged with the company for the transfer of his contract to, or the execution of a superseding contract for the remainder of the period by, the subsequent customer with the same or greater load at the same location.

In the event that a customer terminates service under this provision prior to the end of the contract period and pays to the company the minimum charges for the remainder of the contract period, the company will refund amounts, not

APPENDIX A
Page 2 of 2

SCHEDULE E-1

SPECIAL CONDITIONS--contd.

exceeding such advance minimum payments, equal to the amounts collected from subsequent customers at the same location during the remainder of the original customer's contract period. Such refunds will be made once each year.

(c) Other Special Conditions: The special conditions of the other applicable schedule used in conjunction with this schedule shall also apply.

(d) Rules and Regulations: This schedule is subject to the Rules and Regulations on file with the Public Utilities Commission of the State of California except that the provisions of Rule and Regulation No. 20, Section B, shall not apply and deposits will not be taken for the excess of the Agua Caliente-Canebrake extension (the "main line" substantially as shown in Exhibit B and the "branch lines" as listed under "Branch Line Required" in Exhibit C attached to Application No. 35078), beyond the free length allowed for the original customers and loads on said extension.

APPENDIX B

MODIFICATION OF
CONTRACT FOR SERVICE EXTENSION

C.R.C. SHEET NO. 299-E

FOR USE WITH SCHEDULE E-1

1. When the regular minimum does not exceed \$2.50 monthly or \$30.00 per year, Section II will be modified to read:

It is further agreed by the parties hereto that in consideration of the premises and the construction and equipment of said line by the Company, the said party of the second part agrees to pay to the Company annually at least \$30.00 for the service for each and every year for three years even if the service rendered at the aforesaid rate would not amount to that sum. This minimum annual bill shall be discontinued and the regular minimum rate of Schedule No. _____ will be charged after three years.

(Modified portions indicated by underlines for purposes of this appendix only)

2. When the regular minimum under the applicable rate schedule equals or exceeds \$2.50 per month or \$30.00 per year the above modified wording of Section II will be modified further to show the applicable amount annually for each and every year if an annual minimum or the applicable amount monthly for each and every month for three years if a monthly minimum charge.