

ORIGINALDecision No. 50075

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of PACIFIC
 GAS AND ELECTRIC COMPANY for a certificate
 or certificates of public convenience and
 necessity under Article 1 of Chapter 5 of
 the Public Utilities Code, to construct,
 operate and maintain the natural gas project
 herein described and to exercise franchise
 rights in connection therewith; and for
 authorization to supply natural gas service
 in the City of Folsom and adjacent areas in
 the County of Sacramento and to make effective
 rates applicable to such service.
 (Natural Gas Project - Folsom)

Application
No. 34813

R. W. DuVal and J. C. Morrissey for applicant.
William W. Evers and George C. Young for the
 Commission staff.

OPINION AND ORDER

By Decision No. 49578 dated January 18, 1954, in Application No. 34813, Pacific Gas and Electric Company was granted a certificate of public convenience and necessity to construct, operate and maintain a natural gas project in the City of Folsom and adjacent areas, subject to certain conditions. On February 23, 1954 the Commission granted a rehearing to determine whether such conditions should be removed. Rehearing was held before Examiner Daly on April 22, 1954 at San Francisco.

Decision No. 49578 authorized applicant to extend natural gas service from north of Fair Oaks to the City of Folsom and thence to Folsom Prison a distance of approximately nine miles. The Prison requires both firm and interruptible service. To provide the firm service would require a 6-inch main to the City and a 3-inch main to the Prison. To provide both services would require an 8-inch main to the City and a 6-inch main to the Prison. Section E 2(b) of Pacific Gas and Electric Company's Rule and Regulation No. 15

provides that an applicant for an extension of interruptible service shall pay, "an amount of money equal to the estimated cost of that portion of such extension and/or enlargement of capacity necessary to supply such applicant's load." In accordance therewith, the Department of Finance approved an agreement of the Department of Correction to pay \$98,986.50. Said amount consists of the estimated difference in cost between laying a 3-inch main and a 6-inch main (\$16,666.00), and one-half of the estimated cost of the 8-inch main (\$82,320.50). The Commission concluded that the estimate should be based upon the difference in cost between laying a 6-inch main and an 8-inch main (\$31,365) rather than one-half the cost of an 8-inch main (\$82,320.50). The Commission therefore required that any payment made pursuant to agreement be based upon actual cost and in no event more than \$48,031. (\$31,365 + \$16,666). The Commission further required that applicant maintain records in such a manner that actual costs could be determined readily and that certain information pertaining thereto be filed with the Commission annually for a three-year period. These conditions applicant asserts are erroneous and place upon it an undue burden.

Applicant contends that Section E 2 (b) of Rule and Regulation No. 15 is applicable to interruptible extensions only and does not cover the situation where the extension is for the purpose of applying both firm and interruptible service.

Exhibit 7 indicates that if the Prison were required to pay in accordance with the ratio that the demand for interruptible service bears to the total capacity of the mains, it would have to pay \$106,613.

Applicant argues that the arrangement was entirely agreeable to the Prison representatives. The savings to the Prison

as the result of using gas in the place of oil would assertedly pay the extension cost in a relatively short time. In addition applicant argues that the agreement accords the Prison more than its proper share of the savings in capital cost arising out of combining the two projects, namely, service to the City and adjacent areas, and the extension to the Prison.

Applicant indicated that Section F of Rule and Regulation No. 15 provides for exceptional cases. It reads in part, "In unusual circumstances when the application of the provisions of this rule appears impractical or unjust to either party ... the company or the applicant may refer the matter to the Public Utilities Commission of the State of California for special ruling, or for the approval of any special conditions which may be mutually agreed upon." This is the section that applicant should have relied upon in the first instance. Applying said section to the additional evidence received and considering the fact that no protest was entered by either the Department of Finance or the Department of Correction there appears to be sufficient justification for deleting from Decision No. 49578 the condition relating to the payment of \$48,031.

It is noted that Section F of Rule and Regulation 15 makes no mention as to whether actual or estimated costs are to be used. Applicant has presented persuasive arguments in support of its use of estimated costs in its determination of the amount that the State must pay for this extension. Therefore, the condition requiring that the advance payment be based upon actual costs will also be deleted from Decision No. 49578.

With respect to the keeping of certain records, applicant argues that such practice is usually limited to instances where

higher rates are charged. This proceeding does not involve any authority to charge higher rates. In addition applicant asserts that maintaining such records would result in great expense and would constitute an undue burden. In line with the above conclusion this condition also will be deleted from Decision No. 49578.

Therefore, good cause appearing,

IT IS ORDERED:

(1) That Decision No. 49578 dated January 18, 1954 in Application No. 34813 is hereby amended by deleting therefrom ordering paragraphs 2 and 4.

(2) In all other respects Decision No. 49578 shall remain in full force and effect.

Dated at San Francisco, California, this
25th day of May, 1954.

John L. Mitchell
President
James F. Cullen
Francis J. Patten
Deane Higgins
Commissioners