

Decision No. 52449**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CALIFORNIA ELECTRIC
 POWER COMPANY, pursuant to its Rule
 and Regulation No. 15(K) for a special
 ruling authorizing a line extension
 into the Northeast Lucerne Valley
 and Joshua Tree-Yucca Valley areas
 without the deposit of funds called
 for by its Rule and Regulation No.
 15(A) and (B)

Application No. 37418

OPINION AND ORDER

California Electric Power Company in this application requests authority to construct two electric line extensions under conditions which differ from its filed Rule and Regulation No. 15, Line Extensions. The proposed extension in Northeast Lucerne Valley is estimated by applicant to cost \$70,000 for 22 miles 12 kv of line and the extension in Joshua Tree - Yucca Valley \$93,400 for 29.4 miles of 4.8 kv line.

According to applicant, if the provisions of its Rule and Regulation 15(A) and 15(B) were to be applied in these instances, prospective customers would have to deposit with applicant in advance of construction \$26,600 for the Northeast Lucerne Valley area and \$45,500 for the Joshua Tree - Yucca Valley area. Applicant proposes to make the extensions without deposits but on the basis of Schedule E-1, Extension Service, attached to the application as Exhibit A, and requests, pursuant to its Rule and Regulation 15(K), ^{1/}an ex parte ruling granting authorization for said construction without deposit.

1/ (K) 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 upon terms mutually satisfactory, and in case of failure of such agreement, either the Company or the applicant may refer the matter to the Public Utilities Commission for special ruling.

Said Schedule E-1 provides for application of the regular effective rates in the respective areas, but provides further that the minimum charge will be not less than \$72 per meter per year; payable at the rate of \$12 per bi-monthly billing period, non-accumulative. To qualify for construction of a line without cost to the applicants there must be at least one applicant per 1,000 feet of line, and all dwellings or buildings for which electric service is desired shall be completely wired. Under the schedule a contract will be required for each separately metered service guaranteeing payment of the minimum charges for an initial three-year period. Minimum charges will apply thereafter on a year-to-year basis. In the event a customer desires to terminate service prior to expiration of the three-year term of his contract, provision is made for his payment of the remaining minimum charges due under the contract, or transfer of his contract obligations to the subsequent customer at the same location. Provision is also made for refund of any amounts collected from the original customer which might be duplicated by payments from a subsequent customer covering the same billing period.

Exhibit B, attached to the application, shows the location of the Extension Service areas, the boundaries thereof, and the number of dwellings in each section. The maps show 110 houses in the Northeast Lucerne Valley area and 165 cabins in the Joshua Tree - Yucca Valley area.

Exhibit C to the application presents a development of ratios of estimated cost of constructing the extensions to estimated annual revenues under the conditions proposed in the application, whereby the total cost of the extensions would be borne by the utility and revenues would be based on the increased minimum charges applicable under the proposed Schedule E-1. The ratios so developed are 8.24 to 1 for the Northeast Lucerne Valley extension and 7.53

to 1 for the Joshua Tree - Yucca Valley extension. For comparison, Exhibit C also shows the development of cost to revenue ratios under the provisions of Rule and Regulation No. 15 and applicable rates without increases in minimum charges. These ratios are 9.86 to 1 for the Northeast Lucerne Valley extension and 9.58 to 1 for the Joshua Tree - Yucca Valley extension.

It is applicant's contention that the advances required by Rule and Regulation No. 15 cannot be collected from the groups of prospective customers involved and, furthermore, that even if such advances were obtained and no increases were made in the tariff minimum charges, applicant would operate at a loss in these areas as expenses would greatly exceed revenues.

Exhibit D to the application shows the development of an estimated rate of return of 0.2% for the two extensions with revenues estimated under the proposed Schedule E-1. The Joshua Tree - Yucca Valley extension is estimated to produce a net of \$930 annually for income taxes and return, whereas, for the Lucerne Valley extension it is estimated expenses will exceed revenues \$108 a year.

Applicant is of the opinion that there is an adequate underground water supply available to support future developments of both areas, and furthermore, that future development of said areas will be greatly assisted by the establishment of electric service therein. Applicant states that the use of electric energy will expand to the point where the proposed extensions may be self-supporting, at which time it will consider the possibility of transferring services from Schedule E-1 to the regular applicable tariffs then in effect.

Applicant's proposal appears to present a practicable means of providing electric service to prospective customers in the two areas involved. Applicant's request will be granted, subject to the provision that construction and operation of either or both of the extensions will not be permitted to burden or prejudice other customers of applicant.

The Commission having considered the request of applicant and being of the opinion that the charges, rates, terms and conditions of proposed Schedule E-1 are just and reasonable and that the application should be granted subject to certain conditions and that a public hearing is not necessary, therefore,

IT IS HEREBY ORDERED that California Electric Power Company is authorized to construct electric line extensions within the areas of Northeast Lucerne Valley and Joshua Tree - Yucca Valley, as delineated in Exhibit B attached to the application, without the deposit of funds by customers as called for by its Rule and Regulation No. 15(A) and (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. Applicant shall file under the procedure of General Order No. 96 the contract form to be used to guarantee payment of minimum charges by customers as prescribed by Schedule E-1.
3. Applicant shall establish such subsidiary accounts as may be necessary and on or about March 15 of each year shall submit to the Commission the following information for the first five years following the completion of the extension for the preceding year for each of the extension areas:
 - a. The average number of customers, the number of customers as of the end of the year, the amount of energy delivered, the line footage constructed during the year, and the line footage in service as of the end of the year.
 - b. The amount of electric plant, by primary plant accounts, in service as of the end of the year.
 - c. A statement of estimated rate of return substantially in the form of Exhibit D attached to the application.

IT IS HEREBY FURTHER ORDERED that if California Electric Power Company has not constructed any portion of either of the line extensions herein authorized by December 31, 1957, the authority herein granted is null and void as of December 31, 1957. ✓

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

Dated at San Francisco, California, this 4th day of January, 1956.

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners

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

SCHEDULE E-1

EXTENSION SERVICE

Northeast Lucerne Valley
and
Joshua Tree-Yucca Valley

APPLICABILITY

This schedule is applicable to all service supplied in the following described territory either by or through the Northeast Lucerne Valley or the Joshua Tree-Yucca Valley line extension and in accordance with special conditions set forth herein.

TERRITORY

Northeast Lucerne Valley:

Sections 6, 7, 18, 19, 30 and the north half of Section 31 all in T. 5 N., R. 2 E., SBB & M.

Sections 1 to 5 inclusive, 9 to 16 inclusive, 21 to 27 inclusive, the north half of Section 8, the east half of Section 20, the east half of Section 28, the east half of Section 33, the west half of Section 34, the northeast quarter of Section 35, and the north half of Section 36, all in T. 5 N., R. 1 E., SBB & M.

The northwest quarter of Section 3 and the northeast quarter of Section 4 in T. 4 N., R. 1 E., SBB & M.

Joshua Tree-Yucca Valley:

Sections 32, 33 and 34 of T. 1 N., R. 6 E., SBB & M.
Sections 11 to 15 inclusive of T. 1 S., R. 5 E., SBB & M.
Sections 1 to 18 inclusive of T. 1 S., R. 6 E., SBB & M.
Sections 5 to 8 inclusive and Sections 17 and 18 of T. 1 S., R. 7 E., SBB & M.

RATE

For northeast Lucerne Valley the rate or rates of any other applicable schedule or schedules in Rate Zone N, and for Joshua Tree-Yucca Valley the rate or rates of any other applicable schedule or schedules in Rate Zone S.

MINIMUM CHARGE

The minimum charge of the other applicable schedule, but not less than \$72 per meter per year, payable at the rate of \$12 per bimonthly billing period, nonaccumulative. Such minimum charge payments will apply during and after the 3-year initial contract period.,

SPECIAL CONDITIONS

a. Minimum Extension Requirements:

Extension of electric distribution lines in the territory described above will be constructed under this schedule by the Company, without cost to the applicants whenever the average length of line does not exceed 1,000 feet per customer and provided the conditions of 1 and 2 of this section are met.

1. The length of line for which extension is required will be the measurement from the nearest distribution pole and along the shortest practical route and in accordance with good engineering practice as determined by the Company, for which a good and sufficient right of way is obtainable to the last pole of the extension.
2. All dwellings or buildings for which electric service is desired shall be completely wired for such service prior to construction of the extension to render service.

b. Contracts:

A contract will be required for each separately metered service guaranteeing payment of the minimum charges for the initial period of three years. For all applicants the initial 3-year period shall commence on the date service connection is made to the customer's conductors.

c. Termination of Service:

If a customer desires to vacate the premises and terminate service under this schedule prior to the expiration of the 3-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 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 exceeding such advance minimum payments, equal to the amounts collected from the subsequent customers at the same location during the remainder of the original customer's contract period. Such refunds will be made once a year.

d. Other Special Conditions:

The special conditions of the other applicable schedule used in conjunction with this schedule shall also apply.

e. 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. 15, Sections (A) and (B) shall not apply.