

ORIGINALDecision No. 60973

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SOUTHERN COUNTIES GAS COMPANY OF
CALIFORNIA, a corporation, for an
Order of the Commission authorizing
Applicant to deviate from its Rule
No. 20, Gas Main Extensions, and to
Construct and Operate an Extension
of its System to Supply Natural Gas
Service to La Chusa Highlands.

Application No. 42604

OPINION AND ORDER

In this application, filed August 23, 1960, Southern Counties Gas Company of California requests permission to deviate from its Rule No. 20, Gas Main Extensions, in order to extend gas mains, at its own expense, westerly along U.S. Highway 101 from the Trancas Beach Area of Malibu, in Santa Monica Bay Division, to an area known as La Chusa Highlands.

The application states that all of the 133 building sites in La Chusa Highlands have been sold and that 63 homes are estimated for completion by the end of 1961. An additional 21 homes along the approach main can be expected to be served by that time.

The total footage of main required to serve La Chusa Highlands is approximately 17,900 feet, 5,300 feet of which is approach main. Main installation costs based on the size of main required to serve this area are estimated at \$53,510. The actual main installation, due to sizing for future growth, will necessitate an expenditure of about \$76,000. The builders are planning to pipe almost every home to provide gas for space heating, water

heating and cooking for an average allowance of 180 feet per customer. This indicates that 100 three-use customers would be needed to provide the full extension without an advance. With 84 customers connected by the end of 1961 the free allowance at 180 feet per customer would be 15,120 feet, resulting in a deficiency of 2,780 feet. Forty customers are estimated to be added during 1962 which would offset this deficiency.

Exhibit E, attached to the application, shows a summary of earnings based upon estimated operations as of the end of each of the years 1961 and 1962. The rates of return for these years are 2.34% and 3.28%, respectively. The estimates indicate that applicant would more than recover its out-of-pocket expenses in serving the customers along the proposed extension. Applicant proposes to make General Service Schedule No. G-6.2 applicable in the area and the foregoing estimates of earnings are based on the application of that schedule.

The application states that, "If the Commission should conclude that Applicant would be making its present customers bear an undue burden by providing a return on the main allowance deficiency during the early period of the proposed operation, Applicant stipulates that if it is required or requested to furnish to the Commission a system rate of return study at any time within the period in which a deficiency in main allowance, as computed under our presently filed Rule No. 20, may exist; an appropriate adjustment will be made to the rate base calculation to eliminate the possibility of other customers being required to bear the cost of return on this proposed main extension."

In view of the rates of return estimated by applicant for the early years of operation of this project, the Commission

will accept the stipulation with the understanding that an appropriate adjustment, if any, will be included in the rate of return calculation in future rate increase applications and the order will so provide.

Based on the foregoing statements, and taking into account the stipulation offered by applicant, 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 areas as set forth in Exhibit A.

The Commission having considered the request of applicant and 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 No. 20, Gas Main Extensions, to the extent that it be permitted to install at its own expense, without an advance from applicants for gas service, gas mains in the La Chusa Highlands area, as set forth on the map in Exhibit A, attached to and made a part of the application.

IT IS HEREBY FURTHER ORDERED that applicant shall maintain its records in connection with the main extension authorized herein in such a manner as to permit compliance with the stipulation stated in Paragraph VII of the application and ready verification thereof by the Commission and shall show an appropriate

adjustment to a rate of return calculation included in future rate increase applications.

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

Dated at Los Angeles, California, this 1st day of November, 1960.

[Signature]
 President

[Signature]

[Signature]

[Signature]

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 Commissioners