

ORIGINAL

Decision No. 72646

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the suspension and investigation on the Commission's own motion of an original filing of Tariff Rule No. 15.1, Underground Extensions within Residential Tracts or Subdivisions, Cal. P.U.C. Sheet Nos. 3863-E to 3867-E, inclusive, filed by SOUTHERN CALIFORNIA EDISON COMPANY, by Advice Letter No. 315-E.

Case No. 8513
(Filed August 23, 1966)

Rollin E. Woodbury, Harry W. Sturges, Jr., Clinton Tinker, for Southern California Edison Company, respondent.
Chickering & Gregory, by Sherman Chickering, C. Hayden Ames, Don Richardson, Stanley Jewell, for San Diego Gas and Electric Company; Cooper, Schnake and Louie, by Fred F. Cooper, for Home Builders Council of California; John Ormasa, K. R. Edsall, Eric W. Martens, for Southern California Gas Company of California; F. T. Searls, John C. Morrissey, Ross Workman, John C. M. Lambert, for Pacific Gas and Electric Company; Stuart R. Foutz, Richard M. Pierce, Harold Gold, Manuel Briskin, for Department of Defense and other executive agencies of the United States of America; Earle W. White, Jr., for Southwest Gas Corporation; J. L. Mulloy, for Department of Water and Power, City of Los Angeles; H. W. Carmack, for City of Oakland; Louis Possner, for Bureau of Franchises and Public Utilities, City of Long Beach; Everett B. Murphy, for Western Liquid Gas Association, interested parties.
Robert C. Marks and V. V. MacKenzie, Counsel; Walter Cavagnaro and Kenneth J. Kindblad, for the Commission staff.

O P I N I O N

By filing (Advice Letter No. 315-E) made on July 28, 1966, Southern California Edison Company (Edison) proposes to supplement its tariff schedules in the form of a new Rule No. 15.1 (Exhibit No. 1)^{1/} covering the installation of electrical distribution facilities.

^{1/} See Appendix A.

C. 8513 SK/ds *

in "Underground Extensions Within Residential Tracts or Subdivisions". The stated purpose of the proposed rule is to encourage the installation of underground electrical distribution facilities in new residential tracts or subdivisions. Edison states that the rule will also serve to increase electric usage in such tracts and subdivisions. Edison claims that the new rule is consistent with the fundamental theory and purpose of extension rules; that it is similar to its companion rule, No. 15, in that it provides for greater company investment for larger customer loads; and that the applicant, under the proposed new rule, would normally be required to make no capital contribution if all of his major energy uses are supplied electrically. This filing was suspended by the investigation order herein.

By Decision No. 71727, dated December 20, 1966, the Commission extended the period of suspension to and including June 25, 1967 unless otherwise ordered.

By Decision No. 71807, dated January 4, 1967, the Commission ordered Edison to forthwith cease and desist, until further order, from entering into any form of contract or arrangement relating to or in any way pertaining to the tariff schedules proposed under Advice Letter No. 315-E.

Eleven days of public hearings were held before Examiner Gillanders in San Francisco and/or Los Angeles during the period October 17 through December 16, 1966. The proposed new Rule No. 15.1 was the issue considered during this time.

During the course of the proceeding, the examiner ruled that Edison's Exhibits Nos. 11, 10 and 4 would not be received into evidence. Subsequently, counsel for Southern California Gas Company and Southern Counties Gas Company of California (Gascos) moved that the

Commission be given the opportunity to indicate whether or not Edison had sustained its burden of proof. The examiner took this motion under submission.

On December 19, 1966 Edison filed a "Petition and Motion" requesting the Commission to review the record made in the afternoon of December 15, and the record made on December 16, 1966 and to reverse the "erroneous rulings" made by the examiner during such proceedings and to order further hearings to be held as promptly as possible.

Gascos requested time to answer Edison, and all parties were given until December 30, 1966 to file responses.

By Decision No. 72229, dated March 28, 1967, the Commission granted Edison's "Petition and Motion" of December 19, 1966 and ordered the submission heretofore entered set aside and reopened the matter for further hearing. Eighteen more days of hearing were held in San Francisco before Examiner Gillanders during the period April 12 through May 15, 1967.

On May 8, 1967 Edison filed a "Petition and Motion" requesting the Commission to review the record in this proceeding of April 21, May 4 and May 5, 1967 and to review the "erroneous and prejudicial rulings" made by the examiner during such proceedings. The record has been reviewed. The examiner's rulings were correct. The "Petition and Motion" is denied.

On May 10, 1967 the Department of Defense and other Executive Agencies of the United States of America filed a "Petition and Motion" requesting the Commission to reverse the ruling of the examiner with respect to the matter of filing written briefs. This "Petition and Motion" is denied.

On May 12, 1967 Counsel for Home Builders Council of California made three separate groups of motions. We have reviewed these various motions, and they are denied.

During the course of the proceeding, evidence was adduced from 11 witnesses, 27 exhibits were received and 3,666 pages of transcript were recorded.

The matter was submitted on May 15, 1967 after oral closing statements were received. The position of the various parties as contained in their closing statements is described below.

It is Edison's position that, as a responsible member of the communities which it serves, its proposed Rule 15.1 is an endeavor to further respond to public concern for undergrounding of its facilities. It is designed to provide an alternate means whereby the added investment could be covered by added revenues from the portion of the public obtaining the benefit of the underground service without burdening other customers. Edison requests the Commission to find that Rule 15.1 is in the public interest and thus permit it to go into effect.

It was the position of the Commission staff that the purpose of the proposed rule "to encourage the installation of underground electric distribution facilities in new residential tracts or subdivisions," would not be achieved by the proposed rule, and, in addition, the evidence presented had failed to support other portions of Advice Letter No. 315-E.

It is the position of the Home Builders Council of California that the proposed rule should be rejected on each of the following grounds:

- "1. The filing does not comply with General Order 96.
- "2. The proposed rule is arbitrary, unjust and unreasonable.
- "3. The proposed rule imposes an undue, unjust and unreasonable burden on the new customers of Edison.
- "4. The proposed rule continues the differential cost concept, which the Commission finds to be outmoded and unreasonable. The Commission intends to revise that portion of the decisions in Case 5945 that relates to imposition of differential cost advances for underground tracts in Case 8209, as soon as practicable.
- "5. The proposed rule includes estimating charges that are improper and unlawful.
- "6. The rule is improperly designed to be a competitive tool rather than a means of determining fair allowances for new customers.
- "7. The load promotional effect of the rule would result in substantial additional profits for Edison's shareholders, at the expense of Edison's new customers.
- "8. The allowances proposed by Edison in its filing are inadequate."

It is the position of Gascos that each of the four propositions discussed in its oral statement, if standing alone, would justify the permanent suspension of Edison's filing, but when the four propositions are taken together they provide an overwhelming basis for permanent suspension.

Pacific Gas and Electric Company (PG&E) is opposed to the Commission's approval of Edison's proposed rule because it believes such rules tend to become statewide and if applied to PG&E's service area it would increase the total utility cost to its customers.

The Federal Government filed as an interested party in this matter and expressed the following:

1. The Federal Government is extremely interested in "beautility", which, in this case, means underground distribution and its accelerated installation.

2. The Federal Government is also interested in how and who pays the increased costs associated with underground distribution.

The Federal Government does not wish to be associated by fact or action with either the electric industry or the natural gas industry, or the favoring of one set of views over the other. The Government requests the Commission to limit the issues in this matter to two alternatives--either approval or permanent suspension of Edison's proposal--neither of which is especially repugnant to the Government interests.

The only issue now before us is simply: Has Edison sustained its burden of proof in support of the proposed rule? The Commission finds that Edison has failed to do so.

Exhibit 1,^{2/} sponsored by Edison's executive vice president, states, in part:

"The new rule is responsive to the demands being made by government officials, community leaders, civic associations, and customer groups for the installation of underground electrical facilities to enhance community aesthetics."

During cross-examination, Edison's executive vice president and its consulting engineer testified, however, that the demands by these groups were not made specifically to Edison but that Edison recognized the desires of these groups and was responding more or less to what Edison considered public pressure. Although not listed by Edison as a group desiring the proposed rule (per Exhibit No. 1), the record indicates Edison did discuss its proposal with certain representatives of home builders groups. There is, therefore, no

^{2/} Titled "Advice No. 315-E".

express testimony on the needs of "government officials, community leaders, civic associations, and customer groups." Nor is there testimony on the reaction of any of these groups to the proposed rule. As to the Home Builders Council of California, their position as noted above is that the proposed rule should be rejected.

Exhibits Nos. 10, 11 and 13 were purported to demonstrate, among other things, that net revenue from the added load which the proposed rule would generate would cover carrying costs of added investment in facilities. This contention, however, was not supported as on cross-examination Edison's witness who sponsored the exhibit testified he did not know how much it was going to cost to generate, transmit, and distribute the kilowatt-hours necessary to produce the revenues which were indicated would be generated, and he did not know of anyone who did know.

Exhibit No. 10, it developed, was not based on Edison's own experience or projection but on broad estimates developed by Edison Electric Institute through compilation of material gathered through a nationwide mail solicitation by circular and is of very little, if any, value in this case. For example, it indicates large, medium, and small single family residences use electric dryers exactly the same number of kilowatt-hours and produce exactly the same revenues, but that multi-family residences do not use electric dryers at all. Edison's witness, who had asked the Commission to accept as a reasonable assumption that occupants of multi-family dwellings do not dry clothes electrically, conceded under cross-examination that electricity was in fact so used but he had no way of

quantifying it because the Edison Electric Institute had no figures in its circular for such use. It is clear that Exhibit No. 10 has little if any probative value in this case.

With respect to Exhibit No. 4,^{5/} the witness testified that the data for annual kilowatt-hour usage employed in determining the "tract billing foot" came from Exhibit No. 10. As we have already characterized Exhibit No. 10 as having little or no probative value in this case, Exhibit No. 4 must be considered as having the same frailties.

We consider now Exhibit No. 11,^{6/} which Edison's witness stated is purported to show the impact on operations and the reasonableness of such impact had the proposed rule been in effect in 1965. This exhibit, in turn, is also based on Exhibit No. 10 which we have noted has virtually no probative value in this case. Notwithstanding this defect, the witness who presented Exhibit No. 11 did not know the source or validity of the basic material used to develop it and conceded his own calculations therein contained substantial discrepancies between figures in his worksheets and in the exhibit.

At the April 12 hearing Edison introduced Exhibit No. 19 (a revision of Exhibit No. 11), which was designed to correct the errors noted above developed during cross-examination on Exhibit No. 11. The same witness was used, and his answers on cross-examination were not convincing. See Tr. 1344, lines 4-6, Tr. 1343, ✓

5/ Titled "Rule 15.1 Calculation of TBF (Tract Billing Foot) Allowances".

6/ Titled "Impact Tests of Rule No. 15.1 and Edison's Underground Conversion Program".

C. 8513 SK/ds **

lines 9-13; Tr. 1396, lines 1-24; Tr. 1404, lines 3-14; Tr. 1411, lines 21-23; Tr. 1412, lines 11-23; Tr. 1421, line 24; Tr. 1422, line 13; Tr. 1426, lines 8-16.

Exhibit No. 7^{7/} purports to estimate the unit costs of \$1.50 to be applied to each TBF (Tract Billing Foot) of the proposed rule. Cross-examination of Edison's witness for this exhibit revealed it not only contained numerous errors, but was questionable with respect to principles and procedures. For example, it added a 5 percent charge for "future reinforcements" which is a part of the cost of future extensions and not those intended to be made under the proposed rule. Further, it is intended to charge for transformers under the nomenclature of "cable terminating enclosures". In addition, a charge of 41.8¢ per foot is contemplated for "duct only," whereas the duct with cable combined is only 44.8¢ per foot.

^{7/} Titled "Summary of Cost Details and Derivation of Unit Estimating Costs for Underground Distribution Systems Using Pre-assembled Cable-In-Duct With Pad Mounted Transformers".

We turn now to the testimony of Edison's consultant, who was requested by Edison to make an independent check of the reasonableness of proposed Rule 15.1 and of its application to the Edison system. He testified that he had reviewed the information basic to various company exhibits and made an independent evaluation of the results reflected in such exhibits. He obtained additional information from the company and requested that additional calculations and statistical comparisons be made for use in testing the reasonableness of the proposed rule. He conferred with various officials and their staffs and reviewed with the company witnesses the matters to which they were to testify. His investigations and evaluations led him to the conclusion that the proposed rule would be a wise policy for Edison to institute even if the various quantitative analyses had not indicated the degree of reasonableness which, in his opinion, they do indicate. He further testified that he had considered many qualitative factors and that even if the results of the calculations had been somewhat different the qualitative factors would have led him to the same conclusion provided the numbers were still within some range of reasonableness. It is his belief that the record clearly shows that from the standpoint of quantitative analyses the rule is reasonable and feasible and that none of the attacks on Edison's quantitative analyses result in proving the infeasibility of the rule.

His evaluation and opinion that Edison had done a good job in its design of Rule 15.1 was not persuasive.

In evaluating his testimony, we also considered, of course, his acceptance of those key Edison exhibits which we have stated are of little if any value in this case.

Based upon the discussion of Edison's evidence above, and our findings which are set forth below, it is not necessary to discuss the evidence presented by the other parties to this proceeding.

Where so much of the testimony is inaccurate and based on a doubtful sampling by a trade association it is clear the evidence is insufficient to support a decision in favor of respondent.

The Commission finds that:

1. Exhibit 10, the keystone exhibit in this proceeding, is based on a sampling developed through mailed questionnaire techniques, is replete with contradictory assumptions and has little probative value.
2. Exhibits 4, 11 and 19 being based upon an exhibit having insufficient probative value, are themselves of little probative value.
3. Exhibit 7 is replete with error and is entitled to no weight.
4. The testimony and conclusions of Edison's consultant is of little or no probative value, because it is based on his acceptance of Exhibits 10, 11, 19 and 4 and the fallacies and errors contained therein, and also because his own testimony is not convincing.
5. Edison having the burden to do so failed to prove to the satisfaction of the Commission that its filing through Advice Letter 315-E would result in a reasonable practice.
6. The approval of Advice Letter 315-E would result in an unreasonable practice.

We conclude that the filing should be permanently suspended.

ORDER

IT IS ORDERED that:

1. Tariff Rule No. 15.1, Underground Extensions within Residential Tracts or Subdivisions, Cal. P.U.C. Sheets Nos. 3863-E to 3867-E, inclusive, filed by Southern California Edison Company on July 28, 1966 under Advice Letter No. 315-E is permanently suspended.


2. Case No. 8513 is discontinued.

The effective date of this order shall be the date hereof.

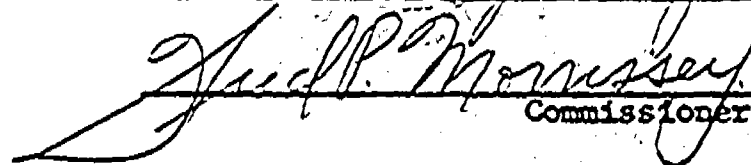
Dated at San Francisco, California, this 20th day of JUNE, 1967.



President







Commissioners

APPENDIX A

Rule No. 15.1

UNDERGROUND EXTENSIONS
WITHIN RESIDENTIAL TRACTS OR SUBDIVISIONS

Extension of underground distribution lines of standard voltages utilizing preassembled cable-in-duct underground construction (PCD), necessary to furnish permanent electric service to and/or within a residential tract or subdivision in advance of receipt of applications for service, will be made by the utility in accordance with the following provisions:

A. General. The utility will construct, own, operate, and maintain underground lines only along public streets, roads, and highways which the utility has the legal right to occupy, and on public lands and private property across which rights of way satisfactory to the utility may be obtained without cost or condemnation by the utility.

B. Installation.

1. All necessary trenching and backfilling for the underground PCD distribution lines will be performed by the developer (the developer of the tract or subdivision) at his expense and in accordance with the utility's specifications. All work by the developer shall be performed at such times and in a manner which will permit the utility to perform its work without delay and in an efficient manner.
2. The utility will complete the underground distribution system to and/or within the residential tract or subdivision, including primaries, secondaries, pad-mount transformers, services, that portion of the PCD primaries which may extend beyond the boundaries of the subdivision to the feed point, and necessary backbone feeders.
3. The underground distribution facilities will be owned, operated, and maintained by the utility.

C. Advance by Developer.

1. The developer shall advance to the utility the estimated difference in cost (exclusive of transformers and meters) of the underground extension and an equivalent overhead extension; however, the payment of the portion of such advance as the utility estimates would be refunded within six months shall be postponed for six months if the developer furnishes to the utility evidence satisfactory to it that he has received state and local authorizations to proceed promptly with construction and

(Continued)

APPENDIX A

Rule No. 15.1

UNDERGROUND EXTENSIONS
WITHIN RESIDENTIAL TRACTS OR SUBDIVISIONS
(Continued)

that he has adequate financing, provided further that the developer agrees in writing to pay to the utility at the end of six months all amounts not previously advanced which are not then refundable. The utility shall then make demand for all such amounts not previously advanced which are not then refundable.

2. Where there are 10 or more single-family houses or 20 or more separately metered multifamily units in a residential tract or subdivision, the utility will estimate the amount of the advance by determining the length of the underground PCD distribution lines, expressed in tract billing feet (TBF), and applying a unit cost of \$1.50 to each TBF. The determination of the number of TBF is set forth in Section E. of this rule.
3. Where backbone primary feeders are considered by the utility to be necessary to serve the residential tract or subdivision, the utility will determine their location. The utility will estimate the amount of the advance for backbone circuits by determining the length of the backbone circuit and applying a unit cost of \$8.00 to each foot of backbone circuit. The utility will also estimate the amount of the advance for sub-structures (including trenching, backfilling, ducts, boxes, manholes, vaults, and associated facilities) by applying a unit cost of \$5.70 per trench foot for 2 ducts plus a unit cost of \$2.80 per trench foot for each additional pair of ducts required.
4. The developer shall also advance to the utility the estimated cost (exclusive of transformers, services, and meters) of an equivalent overhead line extension; however, the payment of the portion of such advance as the utility estimates would be refunded within six months shall be postponed for six months if the developer furnishes to the utility evidence satisfactory to it that he has received state and local authorizations to proceed promptly with construction and that he has adequate financing, provided further that the developer agrees in writing to pay to the utility at the end of six months all amounts not previously advanced which are not then refundable. The utility shall then make demand for all such amounts not previously advanced which are not then refundable.

(Continued)

APPENDIX A

Rule No. 15.1

UNDERGROUND EXTENSIONS
WITHIN RESIDENTIAL TRACTS OR SUBDIVISIONS

(Continued)

C. Advance by Developer. (Continued)

5. Where there are 10 or more single-family houses or 20 or more separately metered multifamily units in a residential tract or subdivision, the utility will estimate the amount of the advance for the equivalent overhead line extension by applying a unit cost of \$1.70 to each TBF as determined in Section E. for a single-family tract or subdivision and by applying a unit cost of \$48.50 for each meter in a multifamily development. In addition, the amount of the advance for backbone primary feeders necessary for the equivalent overhead system shall be estimated by applying a unit cost of \$3.45 per circuit foot for one circuit and a unit cost of \$2.05 for each additional circuit occupying the same pole line.
6. The unit costs set forth in this section are subject to change to reflect future changes in costs of labor, materials, supplies, construction practices, and other appropriate components of overhead and underground distribution construction costs. The utility will review such costs annually and shall prepare a contemplated tariff revision when such unit costs have changed by more than 10 percent since the last revision of the unit costs as used in Sections C.2., C.3., and C.5.

D. Refund of Advance.

1. The amount of the advance, determined pursuant to Sections C.1., C.2., and C.3., to be refunded within the six months period stated in Section C.1. will be determined from the unit cost per TBF as specified in Section C.2. of this rule and the following TBF allowances:

(Continued)

APPENDIX A

Rule No. 15.1

UNDERGROUND EXTENSIONS
WITHIN RESIDENTIAL TRACTS OR SUBDIVISIONS
 (Continued)

D. Refund of Advance. (Continued)

	<u>TBF</u> <u>Allowance</u>
For lighting, refrigerator, and appliances, each customer	10
For each electric cooking customer	6
For each electric clothes drying customer	
Single-family house	5
Multifamily unit, separately metered	1
For each electric water heating customer	
Single-family house in excess of 1800 sq.ft. ..	30
Single-family house 1200-1800 sq.ft.	22
Single-family house under 1200 sq.ft.	15
Multifamily unit, separately metered	12
For each electric space heating customer	
Single-family house in excess of 1800 sq.ft. ..	43
Single-family house 1200-1800 sq.ft.	32
Single-family house under 1200 sq.ft.	22
Multifamily unit, separately metered	13
For each electric total air conditioning customer	
Single-family house in excess of 1800 sq.ft. ..	17
Single-family house 1200-1800 sq.ft.	13
Single-family house under 1200 sq.ft.	9
Multifamily unit, separately metered	5
2. Electrical appliances and equipment must be designed, applied, and installed in accordance with good engineer- ing practice.	
3. An electric customer, as referred to in Section D.1. (refrigerator; cooking, clothes drying, water heating, space heating, total air conditioning), is one who uses the electric installation exclusively for all regular requirements in the single-family dwelling.	
4. The amount of the advance, determined pursuant to Sections C.4. and C.5., to be refunded within the six months' period stated in Section C.4., shall be refunded in accordance with Section C.2. of Rule No. 15.	

(Continued)

APPENDIX A

Rule No. 15.1

UNDERGROUND EXTENSIONS
WITHIN RESIDENTIAL TRACTS OR SUBDIVISIONS
(Continued)

E. Determination of TBF.

1. For a tract or subdivision consisting of 10 or more single-family houses, the total TBF will be the sum of the following:
 - a. The street-front footage of all lots (except as provided in c.).
 - b. Recreational, school, and other public use sites will be considered as that footage (front, sides, and/or back) which parallels and is adjacent to any PCD circuit within the tract or subdivision.
 - c. Where a lot is bounded by intersecting streets, one-half of the total lot frontage on both streets will be used.
 - d. The footage of the PCD circuit from the tract or subdivision boundary to the base of the riser pole which connects the PCD underground system to an overhead feed point or the connection point of an existing or planned underground system.
2. For a multifamily development of 20 or more separately metered multifamily units, the total TBF will be the sum of the following:
 - a. Where there is one meter per service: 50 TBF per meter; where there are two meters per service: 43 TBF per meter; and where there are three or more meters per service: 33 TBF per meter.
 - b. The footage of PCD circuit, if any, which is in excess of 200 feet beyond the boundary of the development.

F. Exceptional Cases. In unusual circumstances, when the application of Rule No. 15.1 appears impractical or unjust to either party, the utility or the developer shall refer the matter to the Public Utilities Commission for special ruling or for approval of special conditions which may be mutually agreed upon, prior to commencing construction.