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Decision No. 91328 FEB 13 1980

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own )  
motion into the allowances, rules, )  
practices, and procedures concerning )  
free footage for new connections of )  
Pacific Gas and Electric Company, San )  
Diego Gas & Electric Company, Southern )  
California Edison Company, Southern )  
California Gas Company, Sierra Pacific )  
Power Company, California-Pacific )  
Utilities Company, Southwest Gas Cor- )  
poration, and Pacific Power & Light )  
Company, respondents. )

Case No. 10260  
(Filed February 15, 1977)

(Appearances are listed in Appendix A.)

INTERIM OPINION

As a result of changing circumstances regarding natural gas supply and electrical generation, this Commission instituted this investigation to consider whether existing free footage allowances should be modified or abolished. The respondent utilities, Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (Edison), Southern California Gas Company (SoCal), Sierra Pacific Power Company (Sierra), C. P. National (CPN),<sup>1/</sup> Southwest Gas Corporation (Southwest), and Pacific Power and Light Company (PP&L), were ordered to present comprehensive reports, including examples of proposed revised tariffs addressing the following issues:

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<sup>1/</sup> Formerly California Pacific Utilities Company.

1. If the allowances are abolished, would housing costs increase or construction activity be depressed?
2. Would abolition result in new construction being all electric? If so, would the electrical system be able to absorb the additional load demands?
3. Should allowances be suspended for all uses other than for basic needs--space and water heating, cooking, lighting, and refrigeration?
4. Should conversions be discouraged by eliminating allowances for equipment presently served by another source of energy?
5. Should refund provisions be eliminated in whole or in part?

Nineteen days of public hearings were held before Administrative Law Judge N. R. Johnson in Los Angeles, San Diego, and San Francisco commencing March 1, 1978 and concluding July 25, 1979. The matter was submitted upon receipt of concurrent reply briefs due October 1, 1979. Testimony was presented on behalf of the Commission staff, PG&E, SDG&E, Sierra, Edison, SoCal, Southwest, Associated Building Industry of Northern California (ABI), California Energy Resources Conservation and Development Commission (CEC), California Building Industry Association (CBIA), Land Developers of Northern California (Developers), and Western Mobilehome Association (WMA). Statements were made on behalf of the California Farm Bureau Federation (Farm Bureau) and ABI. Opening and/or closing briefs were received from the Farm Bureau, the Commission staff, PG&E, SDG&E, Edison, SoCal, Southwest, CEC, CBIA, Developers, and WMA.

On October 12, 1979 SoCal made a motion to strike the reply brief of CEC or, in alternative, be permitted an opportunity to reply to it. The basis of the motion is that the brief is inappropriate because it affirmatively urges the adoption of the CEC proposal. The motion is hereby denied. ✓

On May 21, 1957, the Commission on its own motion initiated Case No. 5945 to investigate whether new rules governing the extension of electric and gas service should be established. Existing rules of each utility serving electricity or gas provided a length of extension which would be made at no expense to each new customer. Beyond the length provided free by the utility, the new customer was required to advance an amount based on the cost per foot of the extension. Money so advanced was subject to refund. The length of the free extension, or allowance, which would be made available was determined by the number and type of appliances which the new customer installed and varied according to the rules of each utility. Among utilities serving electricity, the maximum allowance thus available varied from 700 feet to 2,000 feet. Among utilities serving gas, the maximum allowance varied from 25 feet to over 175 feet. Moreover, the cost per foot of extension varied from utility to utility.

On September 15, 1959, following public hearing and oral argument, the Commission issued Decision No. 59011. By this decision, the Commission ordered that extension rules be made uniform throughout the State. In recognition of declining marginal and average costs of producing energy, however, the Commission ordered that allowances continue to be determined by the number and type of appliances installed. In continuing to provide such allowances, the rules were intended to reflect the benefits conferred on ratepayers as a whole. As the Commission concluded, "allowances should be sufficient to encourage load, but not so great as to burden existing customers."

## I - GENERAL

Responses to the five listed primary questions were received from the Commission staff, ABI, and the respondent utilities and the answers are tabulated below:

Party	Housing Costs Increase	New Construction: All Electric	Suspend Non-Basic Allowances	Should Conversions Be Discouraged	Should Refunds Be Eliminated
	(1)	(2)	(3)	(4)	(5)
Commission Staff	Yes	No	Yes	Yes	No
Pac. Gas & Elec. Co.	Yes	Unknown	Yes	Yes	No
San Diego Gas & Elec. Co.	Yes	Yes	Yes	Yes	No
So. Calif. Edison Co.	Yes	No	Yes	No	No
So. Calif. Gas Co.	Yes	Yes	No	Yes	No
Sierra Pac. Power Co.	Yes	Yes	No	No	No
C. P. National	Yes	Yes	No	No	No
Southwest Gas Corp.	Yes	No	Yes	No	No
Pac. Power & Light Co.	Yes	No	Yes	Yes	No
Assoc. Building Ind. of No. Calif.	Yes	Yes	No	No	No

The following summarizes the positions of the parties to the proceeding with respect to these primary issues and their recommended tariff change proposals.

Position of Commission Staff

The position of the Commission staff was presented into evidence on behalf of the Gas Branch by associate utilities engineer Grayson Grove and on behalf of the Electric Branch by junior utilities engineer Farzad Ghazzagh.

The Gas Branch concludes that abolishing the free footage allowances for gas customers would increase construction costs but would have a minimal effect on the construction industry as population growth will continue to support the demand for new housing. The Electric Branch agrees that the relatively slight increase in housing costs would have a minimal effect on construction activities.

The Gas Branch believes that abolition of free footage gas main extension allowances would not unequivocally result in all-electric construction as operating economics favor natural gas, whereas the Electric Branch believes the abolition of free footage allowances would probably result in a substantial increase in the number of all-electric homes. Both branches agree that the electric systems will need additional time for long-range plans to meet the additional loads that would be created should new construction be all electric.

Both the Gas Branch and Electric Branch advocate uniform allowances for basic needs as a means of encouraging conservation and alternative energy use and agree the inducement to switch from one energy source to another, contained in existing extension allowances, should be eliminated and also agree that refunds of advances should not be eliminated.

In its briefs the staff argues that consistent with current Commission policy to reduce energy growth and promote full utilization of clean renewable energy sources, the extension rules should now be adjusted to promote conservation and to encourage the efficient use of natural gas as an interim primary fuel pending full development of renewable energy sources. Under these circumstances, the staff argues that electric extension allowances should be available only to the extent that energy efficiency is promoted. The staff further recommends that the

Commission issue an interim decision directing the respondent utilities to submit experimental tariffs providing allowances based on energy efficiency.

Position of PG&E

After discussion with developers, building associations, lending agencies, and planning groups, PG&E concludes that the elimination of free footage allowances would increase the unit housing costs approximately \$700 a lot but that due to the current high demand for housing, such an increase in costs would not adversely affect construction activity with the possible exception of the low-cost housing sector where such increases would be proportionately greater.

PG&E believes the effect of the elimination of free footage allowances on the proportionate number of all-electric homes is difficult, if not impossible, to evaluate because of the various conflicting factors such as building restrictions on electric resistance heating, consumer preference for dual systems, the relative efficiencies of gas and electricity, the relative cost of gas and electric appliances, the uncertainty of the continued availability of natural gas, and the generally lower construction costs of all-electric homes. With timely approvals for the construction of electric generating facilities, PG&E anticipates being able to meet any increased demands caused by the construction of a relatively higher percentage of all-electric homes.

PG&E believes that extension allowances should be provided only for basic residential needs and voluntary conservation measures and that presently existing allowances for conversions from one energy source to another should be eliminated.

PG&E believes that the elimination of existing refund provisions would be inequitable but that a revision of the refund provisions, including a reduction of the refund payback period, would be in order.

In its brief PG&E argues that: (a) the existing free footage allowances should be reduced because they are promotional by proportioning the amount of allowance to the installed load, and the reduction in allowances will not seriously impact construction activity because the resulting higher construction costs are small compared to the cost of the house nor result in the all-electric construction if both gas and electric allowances are reduced proportionately; (b) all respondent utilities propose a reduction in allowances and therefore, at issue, is only the level of reduced allowances; (c) PG&E's proposed allowances are equitable to existing and new customers and to PG&E and meet the basic needs for both gas and electric customers; (d) the revised extension rules should include an energy conservation allowance to conform to this Commission's current consideration of conservation as a major goal of utilities; (e) a cost of ownership of 1 percent per month for cost in excess of five times annual base revenue is reasonable and in current use; and (f) the submission of experimental tariffs based on energy efficiency is inappropriate.

Position of SDG&E

SDG&E believes that the abolition of extension allowances would probably result in increased housing costs and might result in the depression of construction activities. In addition, SDG&E believes that under these circumstances, new construction would be all electric and its present supply plans do not allow for the electrical demands that would result.

SDG&E also believes that consideration should be given to the implementation of a uniform allowance per customer for basic needs only.

SDG&E advocates the elimination of allowances for conversions but does not believe in the elimination of extension allowance refund provisions.

In its briefs SDG&E argues that: (a) simplicity and equity should be the guidelines for the design of the electric extension rules and that it was necessary to replace the existing line and service extension rules encompassing five different philosophies with one rule reflecting a single philosophy for line extensions and one rule reflecting a single philosophy for service extensions; (b) the general outline employed in the utilities' proposed line extensions is general, underground extensions, overhead extensions, allowances and refunds, and special conditions; (c) specific conservation incentives are more effectively achieved by a specific conservation program rather than by inclusion in extension rules because many of the cost-effective methods of achieving conservation are already mandated by building standards, there would be no conservation incentive for customers building in close proximity to existing facilities, it would provide benefits to new customers to be paid for by existing customers, and the land developer is not necessarily the home builder; (d) SDG&E has a proposed Builder Conservation Program that should be used to induce conservation measures rather than the extension rule; and (e) there is no evidence justifying greater allowances in rural areas than in urban areas as the extensions are generally more expensive, and the revenues are not correspondingly greater.

Position of Edison

Edison believes that the elimination of free footage allowances would increase housing costs but because of the present demand for housing, would not result in the depression of construction activity. According to Edison, such abolition of allowances would result in a significant increase in the number of all-electric homes but that the resulting increase in electric demand could be accommodated by appropriate revisions in its resource plan.



Edison believes that a basic allowance would be appropriate and that customers should not be denied allowances for conversion from one energy source to another. According to Edison, existing refund provisions should be updated and revised but not eliminated.

In its briefs Edison argues that its proposal for a basic residential free footage allowance and a refund provision based on base rate revenues is both reasonable and responsive to the issues raised in this proceeding. Edison further argues that conservation incentives should be included in conservation programs rather than be included as a part of the extension rules and that the total elimination of basic allowances for electricity is unsupported by the record and would be unfair to new home builders.

Position of SoCal

SoCal believes that the abolition of extension allowances would result in increased housing costs but that in today's market the effect of such increased costs on construction activity is difficult to assess. Such action could, according to SoCal, result in new construction becoming all electric because developers can be expected to use only electric appliances to avoid added construction costs. SoCal notes that one development of all-electric homes could act to foreclose adjacent developments as it could result in prohibitive extension costs to subsequent developments.

SoCal's latest tariff proposal reflects one basic allowance for two of the three basic uses, i.e., space and water heating and cooking. SoCal believes that allowances for equipment presently served by another source of energy should be eliminated and that present refund provisions should be retained.

In its briefs SoCal argues that: (a) so-called promotional allowances may be appropriate when they inure to the overall public benefit; (b) reasonable extension allowances are necessary to equitably distribute the financial burdens associated with extensions, maintain a proper balance between gas and electricity, and promote the use of gas as the more efficient energy source; (c) from the conservation viewpoint, the direct use of gas is to be preferred over the indirect use of gas through electric generation; (d) if the total cost of utilities to the developer is reasonable, both gas and electric capabilities are likely to be installed; (e) it is firmly convinced that adoption of CEC's proposal will cause builders and developers to forego the installation of gas systems; and (f) there is no rational reason to provide conservation rebates by extension allowance.

Position of Sierra

Sierra believes that the abolition of extension allowances would increase construction costs but that the majority of construction activity would not be depressed due to developers transferring the added costs to the ultimate buyer. Sierra notes that those projects on the brink of financial instability might be forced out of the market which would result in additional increases in the cost of existing units. The elimination of extension allowances would, according to Sierra, result in all-electric construction as the developers attempt to conserve costs. The electric utilities could meet such increased demand given sufficient time to properly plan their resource additions.

Sierra believes that free footage allowances should be abolished and that all customers should advance 100 percent of the cost of the facilities required to provide service subject to refund on a percentage-of-revenue basis.

Position of CPN

CPN agrees that the abolition of allowances would increase housing costs and could result in reduced construction activity, particularly in rural service areas. According to CPN, such action could also result in new construction being all electric but believes that the electric utilities could absorb the resultant additional load given adequate time for planning.

CPN believes that any extension allowances should be related to anticipated revenues to be derived from each extension and that conversion allowances should not be discontinued.

CPN also believes that the elimination of refunds should not be permitted as it would create inequities in the present extension rules and would discourage new line extensions.

Position of Southwest

Southwest believes that the elimination of extension allowances would increase housing costs but, because of the present high demand for housing, such increased costs would have a minimal impact on construction activity. All-electric construction could result in its Big Bear service area where lifeline electric rates and supplemental woodburning could combine to keep utility costs for these intermittently occupied all-electric homes relatively low. Southwest's other areas would probably use LPG and oil for heating and electricity for cooking and water heating, irrespective of extension allowances.

Southwest's latest proposal is for a basic allowance for two of the three basic needs of water and space heating and cooking. Southwest believes that allowances for conversions should be granted and that refund provisions should not be eliminated.

In its briefs Southwest argues that its service areas are more sparsely served than those of other utilities requiring longer extensions and justifying greater free footage allowances. Southwest further argues that the lesser allowances advocated by the other parties could result in increased housing costs, elimination of the choice of fuels, and an increase in the proportionate number of all-electric homes in Southwest's service area.

Position of PP&L

PP&L believes that the elimination of free footage allowances would increase housing costs approximately \$300 to \$400 a home but would not depress construction activity. Such action would not materially change the existing trend toward all electric currently being experienced in PP&L's service area.

PP&L believes that extension allowances should be suspended for all uses and the facilities to be furnished by the utilities should be limited to the required transformers, service drops, meters, and a nominal dollar expenditure applicable to the pole line.

PP&L has historically experienced very few conversions qualifying for extension allowances. Therefore, the elimination of such allowances would have minimal effect on PP&L. PP&L believes refunds should be made only on advances in existence at the time new extension rules are implemented.

Position of ABI

ABI believes that the elimination of extension allowances would result in increased housing costs and that construction activity would be partially depressed because there is less market demand for increasingly higher priced housing that would result from such action. ABI also believes that such action would result in almost entirely all-electric connections for new homes. ABI

states that what is basic to one person is luxury to another, and this should be taken into consideration when devising extension allowances. Also, ABI states that the elimination of conversion allowances would defeat its expansion efforts into alternative energy sources. ABI also believes that the present extension and refund provisions have proven to be satisfactory and should be retained.

Position of CEC

CEC takes the position that all free footage allowances in their present form be abolished and the utilities be ordered to file experimental tariffs within 90 days with allowances directly tied to the structure or load to be served. CEC believes each respondent utility should propose its own tariffs so as to tailor its tariffs to the needs of its serving areas.

In its brief CEC argues that: (a) present line extension rules discourage conservation; (b) the success of present rules in promoting load growth proves that such allowances provided for conservation measures would promote conservation; (c) CEC's proposal does not discard existing policy but merely applies the existing incentives to further today's goals rather than yesterday's; and (d) line extension incentives should be additive to mandatory measures, not in place of them.

Position of WMA

Testimony presented on behalf of WMA indicated that under PG&E's proposal, the net new cost to a mobile home park developer would be increased approximately \$385 to \$425 per mobile home park space. In addition, several witnesses testifying on behalf of WMA stated their belief that its existing line and service extension allowances should not be changed. According to these witnesses, mobile home parks are the last source of moderate cost housing and any increases to the developers and tenants would be very adverse to public interest.

In its briefs WMA argues that: (a) any change in existing gas and electric tariffs, which shifts a greater share of the financial responsibility to the customer, would greatly burden the mobile home park tenant by forcing the mobile home operator to charge higher rents due to the increased costs of the development; (b) the shifting of a larger portion of the costs of extensions to the mobile home developer would result in inequitable apportionment of this cost; (c) there is no compelling reason to disturb the present relationship between old and new ratepayers; (d) there is no evidence that the elimination of free footage allowances would serve any energy conservation goals; (e) the proposals advanced by some that link free footage allowances to the energy efficiency of homes constructed are inappropriate for the mobile home developer who only develops the lot and does not construct the dwelling; and (f) the reduction or elimination of free footage allowances and the shifting of costs to the developer would work a severe hardship on an already burdened housing industry and on mobile home parks in particular, would encourage all-electric construction contrary to this Commission's goal of promoting the use of natural gas, and would inhibit the ability of the mobile home developer to utilize park layouts that would incorporate passive solar features.

Position of Developers

Testimony presented on behalf of Developers indicated that: (a) the proposed revisions to the extension rules presented into evidence in this proceeding would, if adopted, have a severe economic impact on the major portion of the housing growth in the northern counties area of California; (b) the developments in the northern counties area generally consist of lots ranging in size from 3 to 20 acres necessitating relatively longer extensions, usually overhead, per applicant and necessitating that no reduction

be made in existing line and service extension allowances; (c) the present rules generally require an advance for a typical development of about \$890 per home as contrasted to the staff's proposal of \$4,370 per home and PG&E's proposal of \$6,720 per home; (d) under the proposals, approximately six years would be required for the return of the advance under the staff's proposal and under PG&E's proposal portions of the advance would never be refunded; (e) the uneconomic line proposal requires close scrutiny before adoption by this Commission; and (f) the percentage of new homes in unincorporated areas ranged from 63.5 to 73.4 percent in Tehama, Glen, and Shasta Counties for the years 1977 and 1978.

In its briefs Developers argue that: (a) new customers whose extensions are typical of current growth are entitled to receive service without capital contribution to the utility; (b) the proposals offered by the Commission staff and the utilities will severely impact development activity; (c) conservation measures can be fully provided for under the present rules; (d) reduced allowance will encourage the use of less efficient alternate energy sources; (e) PG&E's proposal for charging monetary capital costs for land developments is discriminatory and nonjustifiable; and (f) reductions in line extension allowances are, in fact, rate increases which in accordance with the requirements of the Public Utilities Code must be supported by an adequate justification.

Position of CBIA

Testimony presented on behalf of CBIA indicated that: (a) the abolition of the existing free footage allowances would increase builders' costs up to \$1,200 per unit which would have to be passed on to the buyer in the form of higher costs; (b) each \$1,000 added to the sale price of a home eliminates over 100,000 families in California from the marketplace; (c) the effect of various regulatory agency acts on housing has been delegated a

low priority in comparison to other effects such as environmental impact; (d) CBIA is very active in the development of passive and active solar systems; and (e) the granting of credits for additional footage for use of cost-effective conservation methods, in addition to basic free footage allowances, should be implemented.

Position of Farm Bureau

In its briefs Farm Bureau argues that: (a) there is no evidence that present free footage allowances applied to non-residential agricultural customers have had anti-conservation effects; (b) the present allowances are based on connected horsepower and thus do not promote wasteful use; (c) increasing the initial cost of gas and electric facilities could result in the builders utilizing alternate, less efficient forms of energy; (d) current line extension allowances should be retained for nondomestic customers because they pay for the line extension costs over time through their regular bills; and (e) it is more conservation oriented to base allowances on connected loads rather than revenues.

Discussion

From the above summaries of positions of the parties to this proceeding, it is obvious that the complete abolition of free footage allowances is not recommended but that present line extension and related service facilities be modified with respect to both form and substance. The reasons advanced against the complete abolition of free footage allowances include the resulting increased construction costs and possible adverse effect on construction activity, the possible loss of availability of the relatively energy-efficient use of natural gas for water and space heating, and the possible necessity for outlying applicants for electric service being forced to install inefficient self-generation units.



It is noted that the positions of the various parties encompass a wide variety of proposed modifications to existing rules ranging from no change from present rules to elimination of all extension allowances with refunds of advance, based on revenue multiples, providing the sum of monetary inducements to applicants for service.

It is obvious from the record that all parties are in agreement that the abolition of free footage allowances would increase housing costs and could impact construction activity. Estimates placed in the record of the dollar effect of such abolition of extension allowances on housing costs range from approximately \$400 to \$1,200 per unit. When consideration is given to the average cost of new homes in California and the present all-time high in housing demand, it would appear unlikely that these increases would significantly impact housing construction. Evidence presented by the building industry is conflicting. Dire consequences are predicted from the elimination of allowances, yet it is stated that there will always be a market for each home built. In our opinion, the relative size of the increased housing costs related to line extension rules as compared to the ravages of inflation and the skyrocketing building and mortgage interest rates indicates our rules should have little effect on home sales or construction. In any event the order that follows restructures and modifies line and service extension allowances and does not eliminate them, so the question is somewhat academic. ✓

It is much more difficult to assess the impact of extension rule allowance modification on the relative percentage of all-electric homes. The record fully supports diametrically opposite findings ranging from no impact on the proportionate amount of gas and electric served homes to the complete elimination of gas extensions for new construction. It is generally

accepted that modification of extension rule allowances to a degree that increases the developers' overall construction costs could motivate the developer to carefully weigh the relative economics of constructing all-electric homes as compared to gas and electric homes. However, several offsetting factors are noted in the record. These include public demand for the more energy-efficient gas and space heating and CEC building standards that severely restrict the use of electric resistance heating in areas served by natural gas.

We reconfirm at this time the policy conclusion, enunciated in Decision No. 89177 in the Liquefied Natural Gas Terminal proceeding, that on both economic and environmental grounds, natural gas is the preferred fuel for residential energy needs. The adopted extension rules set forth in the ensuing order are designed to strongly favor the use of natural gas for cooking and space and water heating where it is available and the use of electricity for these purposes where natural gas is unavailable and alternate energy sources are less economical and/or efficient than electricity. Under these circumstances, the effect of the adopted rules on the relative number of all-electric homes should be negligible.

It is noted that except for Farm Bureau, WMA, and representatives of the building industry, the parties participating at the hearing are in agreement that if extension allowances are to be granted they should be based only on the basic needs. Such a policy is considered to be conservation oriented in that load promotional aspects of the extension rules are mitigated. In addition, such a policy tends to facilitate an equitable sharing of the cost of universal utility service.

The adopted extension rules providing basic gas extension allowances for the installation of cooking, space and water heating, and connections for gas dryers effectively renders moot the question as to whether conversions should be discouraged by eliminating allowances for equipment presently served by another source of energy.

All the parties to the proceeding are in complete agreement that refund provisions should not be eliminated. The adopted extension rules reflect this unanimity of opinion in those circumstances where advances are collected and free footage is available. ✓

Initial Tariff Proposals

The original gas and electric extension rule proposals submitted by the Commission staff and respondent utilities were predicated on the assumption of declining natural gas supplies and the individual parties' analyses of the basic issues as discussed above. However, in late 1978 and early 1979, the parties to the proceeding modified their original proposals to reflect: (a) this Commission's recommended use of natural gas over alternate fuels as the main energy source pending the full development of renewable energy resources; (b) the Department of Energy's recent study suggesting that regulatory decisions, which inhibit the growth of gas usage by residential users, are promoting the inefficient allocation of premium energy supplies; and (c) the present improved outlook for natural gas supplies. In addition, in the interest of developing uniform extension rules, the California utilities attempted to refine their proposals in order to develop rules which are similar in structure and philosophy and contain only minor differences to reflect individual utility operations.

The presently existing extension rule format for both gas and electric utilities provides free footage allowances predicated on the load the applicant for service will contract to use. The greater the load the greater the free footage allowances. The basic concept of this extension rule design was promulgated many years ago to provide that each customer pay his own pro rata share of the cost of the facilities required to serve him. The objective was to not burden other ratepayers, to encourage growth of the gas and electric utilities and to permit utilization of the economies of scale then existing for the overall benefit of all the utility ratepayers. Today the economies of scale have been replaced by the ever-increasing costs of the new facilities required to serve additional load. The implementation of new concepts in extension rule design is dictated.

The line extension free footage allowance philosophy is incorporated in some of the utilities' tariff rules relating to service facility extensions. Consequently, the following two sections relating to the basic concepts adopted in the revised extension rules include reference to service extension allowances where applicable.

## II - BASIC GAS ALLOWANCES

In general the Commission staff and the respondent gas utilities recommend that the extension allowances for residential premises be granted as a specific dollar or footage amount for service to at least two of the three basic uses, i.e., space and water heating and cooking, and that the allowances and/or refunds for nonresidential uses be based on multiples of annual revenues.

The following tabulation sets forth the line and service extension allowances proposed by parties to the proceeding:

Party	A L L O W A N C E	
	Line	Service
Comm. staff-gas		
Residential-2/3 basic <sup>1/</sup> <sup>2/</sup>	75'	40'
Nonresidential	Greater of 1 x total annual rev. or resid. allowance	IELO <sup>3/</sup>
Solar sys. 40% energy req.	25'	--
Pac. Gas and Elec. Co. <sup>1/</sup>		
Residential-2/3 basic <sup>1/</sup>	\$100	\$100
Nonresidential	2 x annual base rev. minus gas cost	IELO <sup>3/</sup>
Priority 1 & 2	1 x above	IELC <sup>3/</sup>
Priority 3 & 4		\$80
Energy cons. structure	--	

<sup>1/</sup> Allowance for at least two of three basic uses, i.e., space and water heating and cooking. No allowance will be given for one basic use nor nonbasic uses such as swimming pool heaters, air-conditioning equipment, gas barbecues, etc.

<sup>2/</sup> For Southwest and C. P. National, the staff recommends 150 feet for two basic uses and 50 feet for solar and 50 feet of service for two basic uses.

<sup>3/</sup> IEIC - Included in Extension Line Computations; RAIEIC - Residential Allowance or IEIC.

Party	ALLOWANCE		Service
	Line		
San Diego Gas & Elec. Co.			
Priority 1			
Residential-2/3 basic <sup>1/</sup>	75'		40'
Nonresidential	Greater of 2 x base rev. or resid. allowance		40' (if 2/3)
Other than Priority 1			
Gas-assisted solar of 40% energy + 1 basic	2 x base revenue		IELO <sup>3/</sup>
	25'		
So. Calif. Gas Co.			
Priority 1			
Residential-2/3 basic <sup>1/</sup>	75'		40'
Nonresidential	Greater of resid. or 1 x revenue		RAIELO <sup>3/</sup>
Other than Priority 1	1 x annual revenue		IELO <sup>3/</sup>
C. P. National <sup>4/</sup>			
Residential	<u>Needles</u>	<u>Tahoe</u>	No serv.
Each gas range cust.	40'	15'	Rule
Each auto. water heater	50'	30'	Proposal
Space heating			
1st 10,000 Btu		5'	
Per 10,000 Btu add'l		4'	
Each gas clothes dryer		5'	
Air cond., per 10,000 Btu		10'	
Other than Residential			
Space heating			
1st 10,000 Btu		5'	
Per 10,000 Btu add'l		4'	
Cooking, per 10,000 Btu		5'	
Per 10,000 Btu other equip.		10'	
Southwest Gas Corp.			
Priority 1			
Residential-2/3 basic <sup>1/</sup>	240'		50'
Nonresidential	Greater of resid. or 1 x annual revenue		RAIELO <sup>3/</sup>
Other than Priority	1 x annual revenue		IELO <sup>3/</sup>
Gas-assisted 40% solar + 1 basic	25'		

<sup>4/</sup> Submitted pursuant to CPUC order instituting investigation.

It should be noted that the above proposed gas tariffs reflect a substantial reduction in the free footage allowances presently in effect. For example, the residential allowance of 75 feet proposed by SoCal and SDG&E can be compared to these two utilities' present residential allowance of 177 feet for customers installing a range, an automatic water heater, a clothes dryer, and a 70,000 Btu furnace. It is possible, however, for such an allowance to be increased to 100 feet for SDG&E with the installation of a gas-assisted solar system. The testimony and exhibits generally support the concept of providing a basic allowance for the installation of at least two of the three basic uses on the basis that such an allowance does not encourage the installation of unnecessary gas appliances and thus can be construed as a conservation-oriented rule. The extension rule proposed by CPN, although representing a drastic reduction in free footage allowances, is still based on the concept of greater allowances for greater load and might thus be considered as a promotional tariff. CPN did not present its proposal at the public hearings on this matter and it is possible that had it actively participated in the hearings, it might have altered its proposal to conform to the consensus standard.

In deriving its proposed line and service extension allowances PG&E prepared a tabulation of justifiable expenditures for four selected annual usages of 792, 1,200, 1,500, and 2,400 therms. This tabulation indicated that at an assumed zero and 10.33 percent rate of return, the revenues would support no free footage allowance for the first three annual consumptions and that any extension allowance must therefore be made on a basis other than economic justification. In consideration of the practical aspect that natural gas, where available, should be utilized for space heating rather than electricity, PG&E proposes a \$100 line

extension allowance and an additional \$100 service extension allowance for residential homes.<sup>2/</sup> For nonresidential Priority 1 and 2 applicants, PG&E proposes a line extension allowance equal to twice the base rate annual revenues minus the cost of gas, and for Priority 3 and 4 applicants, PG&E proposes a line extension allowance of one times the base rate revenues minus the cost of gas. In both instances PG&E includes the service extension costs with the line extension costs in determining the refundable amount.

The residential applicant line extension allowance of 75 feet and the service extension allowance of 40 feet proposed by the Commission staff (except for Southwest and CPN), SDG&E, and SoCal were premised on the desire of these parties to preserve the applicant's option to select either gas or electricity for water and space heating and to thus provide for the possible use of relatively energy-efficient natural gas as a primary fuel pending development of renewable energy sources. These proposed residential allowances are believed sufficient to provide enough incentive to the builder to preclude the construction of all-electric homes and, at the same time, be modest enough so as not to unduly burden the other ratepayers on the utilities' systems.

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<sup>2/</sup> PG&E proposes the allowance be applied for each separately metered residence irrespective of who owns the meter. This appears reasonable and will be adopted.

Southwest and CPN propose relatively more liberal line and service extension allowances than discussed above and justify such action on the bases that their relatively sparsely settled rural service areas require greater allowances to provide sufficient incentive to builders to not install all-electric homes. It is noted that the present rules of CPN and Southwest provide more liberal allowances than PG&E, SDG&E, and SoCal for this very reason. However, the staff believes that the 240-foot allowances proposed by Southwest and the allowances proportioned on the gas-consuming appliances the applicant will contract to use proposed by CPN are excessive and recommends a residential line extension allowance of 150 feet and a service extension allowance of 50 feet for the installation of two of the three basic uses for both Southwest and CPN.

For the residential applicant, the line and service extension allowances proposed by the Commission staff, SDG&E, and SoCal appear to represent a reasonable compromise between fully cost compensated allowances and the necessity for providing sufficient builder incentive to preserve the dual energy optimum for the majority of applicants for utility service and would ordinarily suffice to justify their adoption. However, it has come to our attention that because the relative cost of residential gas cooking facilities substantially exceeds the cost of comparable electric cooking facilities, the relative proportion of electric ranges and ovens to gas ranges and ovens is steadily increasing. It is axiomatic that the cumulative effect of the preponderance of new electric residential cooking facilities on electric system peak demands could be quite marked and thereby necessitate the installation of additional peaking and/or base load generating plant at an earlier date than if the number of new residential gas cooking facilities equaled or exceeded the number of new residential



electric cooking facilities. Under these circumstances, it is reasonable to provide further incentive for the installation of new residential gas cooking facilities. Similar arguments could be advanced to induce the installation of gas clothes dryers in preference to electric clothes dryers. Consequently, the order that follows will provide for the installation of pilotless gas cooking and water and space heating facilities and the plumbing for a gas dryer as a prerequisite for obtaining any gas allowances for PG&E, SDG&E, and SoCal. Upon installation of these requisite facilities, the applicant will be entitled to a gas line extension allowance of 75 feet and a service extension allowance of 40 feet.

The staff's recommended allowances for Southwest and CPN will be adopted due to their uniquely rural service areas.

The preservation of dual energy sources for residential applicants, thus provided, is energy-efficient and compatible with our stated policy of utilizing natural gas instead of alternate fuels as the main energy source to be used while we explore and establish new, clean, and renewable energy sources.

We may, however, schedule further hearings upon request of one or more respondent utilities to accept evidence on the effect of requiring the installation of gas facilities for the three basic uses and the installation of the plumbing for gas dryers as a prerequisite for any allowances on gas utility extensions.

It will be noted from the proposed allowance tabulation that the parties to the proceeding proposed a wide variety of allowances and/or refunds for the nonresidential applicant ranging from the greater of the residential allowance or one times total annual revenue as proposed by the staff to one times annual base rate revenue minus the cost of gas as proposed by PG&E for Priority 3 and 4 customers. In addition, some of the utilities' proposals differentiate between the various priority classifications. In those instances where a multiple of revenues is used as a basis for computing the allowance or refund, the cost of service facilities are included in the extension costs in computing the amount to be advanced or subject to refund. The presently effective tariffs provide, in general, that the line and service extension allowances for nonresidential Priority 1 customers will be proportional to the installed gas load, whereas for industrial and gas engine use and/or interruptible use the total line and service extension allowance will be based on 1.5 and/or 1.0 times the annual revenue. Because of the similarity of usage characteristics and loads between residential and nonresidential Priority 1 customers, it is reasonable to provide similar allowances. Naturally, those Priority 1 customers who do not utilize either cooking or clothes drying facilities should not be required to install such gas facilities as a prerequisite to obtaining line and service extension allowances. For other commercial and industrial customers, a different situation prevails. The sole basis of the allowances has been to encourage consumption during the period of declining marginal costs.

The record is mixed on the load promotional qualities of these allowances. Some argue that they have promoted load and could be utilized to promote conservation with proper revisions. Others argue that energy costs are so high in these sectors today that industry and commerce must seek out the processes most efficient in the long run irrespective of any short-term refund based on consumption.

We are persuaded to eliminate existing refunds for nonresidential customers for a variety of reasons. Clearly, the initial policy of encouraging load to reduce costs to all ratepayers has no more basis in fact. Further, consumers in these sectors must seek the most energy efficient processes to stay competitive. Thus, we see little reason to burden the existing ratepayers with the substantial costs of providing revenue-based allowances to new consumers in these sectors. To do so would be to impose a burden with no consequent benefit.

In terminating the existing refunds for nonresidential customers, however, we do not close the door to creative proposals from the utilities or consumers in these sectors. It seems likely that cost-based allowances could be developed to encourage construction of highly efficient commercial buildings and industrial facilities which utilize heat recovery systems, solar process heat, or cogeneration. Our existing record is devoid of such suggestions but we encourage proposals from interested persons and groups.

## III - BASIC ELECTRIC ALLOWANCES

As with the gas utilities, the electric line and service extension rules generally proportion the free footage allowances to the loads the customers will contract to use. To reflect current economic conditions and eliminate the promotional aspects of currently effective extension rules, the Commission staff and respondent electric utilities propose the following free footage allowances:

<u>Party</u>	<u>Line Extension</u>	<u>Service Extension</u>
Commission staff		No proposal
Residential		
Basic residential	200'	
Electrical water heating <sup>1/</sup>	100'	
Electrical space heating <sup>1/</sup>	300'	
Electrical air conditioning <sup>2/</sup>	100'	
Electrical water well pump	20'	
Electric-assisted solar heating	100'	
Nonresidential <sup>3/</sup>	None	
So. Calif. Edison Co.		No proposal
Residential	300'	
Nonresidential <sup>3/</sup>	None	

<sup>1/</sup> Not available where gas main exists within a distance equal to 200 feet multiplied by number of customers.

<sup>2/</sup> Only where lifeline rate discounts allowed and where energy-efficiency rates of air conditioner equal or exceed 10.

<sup>3/</sup> No basic allowances granted. However, advances subject to refund.

<u>Party</u>	<u>Line Extension</u>	<u>Service Extension</u>
Pac. Gas and Elec. Co. Residential	\$200	Complete 100' serv. lateral. <sup>2/</sup> \$80 energy cons. structure if no gas
Nonresidential <sup>3/</sup>	None	
San Diego Gas & Elec. Co. Residential	\$180	Complete 100' serv. lateral. <sup>4/</sup>
Nonresidential <sup>3/</sup>	None	
Sierra Pac. Power Co.	None <sup>3/</sup>	
C. P. National		No proposal
Domestic ) Other ) 1,500' maximum	500' 50'/hp 100'/kW	

<sup>4/</sup> Utility will furnish one span of overhead service where permitted.

These proposals represent a substantial decrease from existing line extension rules which provide residential allowances from 200 to 300 feet for lights and small appliances and additional amounts for each major appliance such as 75 feet for each refrigerator, 275 feet for each storage-type water heater, between 150 and 200 feet for each electric range, 800 feet for a heat pump, and 50 to 75 feet per horsepower for air-conditioning equipment. The presently effective allowances for nonresidential applicants range from 100 to 125 feet per kilowatt (kW) of lighting load, from 50 to 75 feet per kW of cooking load, from 125 to 175 feet per horsepower of connected motor load, and 50 feet per horsepower for air-conditioning load.

The residential allowance of 300 feet proposed by Edison equals its presently existing free footage allowance for basic lights and small appliances and represents the minimum free footage allowance that Edison believes appropriate. The \$200 residential

allowance for PG&E represents the investment justified on a cost-allocation basis for a rate of return between the residential class rate of return and system average rate of return at rates proposed by PG&E in its then current rate increase application. The \$180 allowance proposed by SDG&E represents its average investment per residential customers. Sierra's proposal conforms to presently existing, recently approved rates for its Nevada operations which form the bulk of its operations. CPN's proposed electric line extension rule is unchanged from the currently effective rule. According to CPN, this rule was modified December 17, 1976 and reflects its current position on line extensions.

In deriving its recommended free footage allowance, the record shows the Commission staff multiplied the average net revenue per kilowatt-hour (kWh) (the product of the average rate per kWh and a 10 percent assumed rate of return), the average usage, and the life of the extension and divided this product by the average cost per foot of line with the following results:

Average basic residential use	187 feet rounded to 200 feet
Water heating lifeline allowances	185 feet rounded to 200 feet
Space heating average lifeline	311 feet rounded to 300 feet
Air conditioning average use	74 feet rounded to 100 feet

No allowances were proposed for other than the above basic uses and an electrical water well pump. Air-conditioning allowances are proposed to be applicable only in those areas where an air-conditioning lifeline allowance is given and where the energy efficiency ratio of the air-conditioning equipment is equal to or greater than 10 on the basis that such allowances would otherwise be promotional in character. Furthermore, the staff proposes that electrical water and space heating allowances be granted only in those areas where natural gas is not available to encourage the utilization of the more energy-efficient natural gas water and space heaters.

The above conditioned free footage allowances by the staff appear reasonable. However, they exceed the average length of electric extensions and thus do not create an incentive for conservation. We conclude that a basic electric allowance should not be adopted if we are to achieve our objectives of encouraging the use of gas and encouraging efficient use of electricity. Only conservation allowances will be adopted for electric lines.

For those areas where natural gas is not available special circumstances exist.<sup>2/</sup> Such residences are built beyond the economic reach of gas lines and must rely on electricity to a much greater extent. Consequently, for residential premises in areas where gas is not available, we will adopt allowances which both create incentives for conservation and take into consideration the special circumstances that exist.

Agricultural customers occupy a rather unique position in that the normal conservation measures cannot be adapted to most agricultural operations. In addition, the availability of natural gas service for agricultural operations is severely limited. Consequently, the viable alternatives normally available to such customers are electricity and fossil fueled engines and/or devices. Under these circumstances, the utilization of electricity for agricultural purposes is to be encouraged. Consequently, we will adopt electric allowances for agricultural load equal to 700 feet which is roughly the average length of agricultural line extensions.

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<sup>2/</sup> Areas not served by gas are defined as areas for which the nearest point of service is more than 200 feet per metered customer to be served beyond an existing main.

As previously indicated, the respondent electric utilities, with the exception of CPN, propose no allowances for nonresidential loads but provide for refunds as a multiple of revenues. For the reasons noted in our discussion of nonresidential gas refunds, we will terminate all nonresidential electric line extension refunds with the exception of agricultural loads.

#### IV - CONSERVATION ALLOWANCES

"Conservation", as used in this decision, is defined as the efficient use of energy sources. This includes the efficient use of gas and electricity, the encouragement of the use of gas instead of electricity where gas is available, and the encouragement of solar energy. Thus, we encourage the use of gas for space and water heating because the total energy for the fuel consumed to generate the required electric energy would exceed the total energy required for direct gas firing.

In addition to the basic extension and/or service allowances proposed by the Commission staff and respondent utilities, additional allowances are proposed for the installation of gas-assisted solar heaters capable of supplying 40 percent of the energy requirements by the Commission staff, SDG&E, and Southwest, and an additional allowance for an energy conservation structure was proposed by PG&E. CEC recommends that basic allowances be entirely replaced with conservation allowances designed to promote conservation measures in much the same manner that existing line and service extension rules promote load growth for gas and electric utilities.

As previously discussed, several parties have urged that:

(a) conservation programs be kept separate from line extension allowances on the basis that merging the two programs will make



administration more difficult; (b) CEC is in the best position to effect cost-effective programs; and (c) it is best to permit the utilities to work with the builders to promote conservation.

The record is not persuasive that the administration of conservation-oriented line extension allowances is either more difficult or more complicated than the administration of the existing rules with their load promotional aspects. The building standards promulgated by CEC are minimum standards and in no way are to be construed as ceilings to the voluntary implementation of additional conservation measures. In fact, CEC's primary emphasis in this proceeding has been to devise line extension measures that will induce builders to substantially exceed its minimum building standards. The CEC has recommended that extension allowances and credits be given to cost-effective, energy-efficient building design or appliances in proportion to the amount they exceed state building or appliance standards, or provide equivalent energy savings by other methods. Conservation methods encompassed in CEC's proposal include conservation planning aspects in subdivision design (e.g., lot orientation for passive solar use), solar space conditioning in proper combination with other conservation measures, and the installation of electric load management equipment.

Proportioning free footage allowances to the amount of load an applicant for service would contract to use was successfully utilized to promote load growth under existing extension rules. It is reasonable to assume and several parties so testified that similar provisions directed toward promoting the installation of conservation devices would also be successful.

It is noted that CEC makes no specific proposal other than to recommend existing extension rules be replaced with conservation-oriented rules to be devised by the respective utilities. According to CEC's recommendations, such rules would be interim in nature and

after a two-year trial period, CEC would desire that further hearings be held to evaluate the effectiveness of the rules and, where indicated, modify such rules. We see no justification for such two-year interim rules. It will be noted, however, that this interim decision provides that the adopted line and service extension rules and conservation allowances will not become effective pending early hearings to develop a record on the reasonableness of the conservation allowances set forth in the appendices to this order. ✓

We have provided a basic allowance for residential gas service contingent on the provision of gas service for four basic uses and special allowances for residential electric service where gas is unavailable. We have also provided electric free footage allowances for agricultural extensions. In addition, we will provide additional monetary allowances for conservation measures taken in excess of those mandated by current building codes. ✓

In areas served by gas, any residential unit meeting the requirement for a basic gas allowance shall be eligible for both gas and electric conservation allowances. In such cases, each designated conservation measure installed will generate an allowance for both gas and electric service. Thus, even though a conservation measure may conserve only gas, both a gas and electric allowance will be earned.

We adopt this concept of crossover allowances to advance Commission policy. In areas served by gas, gas conservation measures preserve this preferred fuel for other uses. Ultimately, more gas is made available for electric power generation. On the other hand, to conserve electricity reduces the amount of high cost fuel needed to generate electricity. This fuel is often gas. If electric utilities can reduce the use of marginally priced gas, average prices of gas for all customers can be reduced.

In areas served by gas, residences which do not qualify for the basic gas allowance shall not be eligible for either gas or electric conservation allowances. We believe this restriction is necessary to ensure that there is no encouragement to construct all-electric homes in areas served by gas.

In areas not served by gas, no basic electric allowance will be available but conservation allowances will be twice those available in areas which are served by gas. In all areas, conservation allowances for multi-family units will be one-half the allowance indicated in this order. We have reduced the multi-family allowance to take into account the smaller per unit costs and savings of conservation measures in this type of housing.

Applicants shall be eligible for conservation allowances irrespective of the cost of any new main or service extension. The parties and the respondent utilities may propose specific means to resolve offsets that may exist between extension costs and conservation allowances. Respondent utilities should propose specific procedures to account for conservation allowances, and should comment on whether the cost of these allowances should be treated as an expense or an investment.

PG&E's proposed additional extension allowance of \$80 for an energy conservation structure would be additive to its energy conservation home program that has been in existence since 1973. Eligibility for the energy conservation home program and proposed conservation extension allowance is established by a scoring system with 50 points as the minimum qualifying points for a single-family dwelling unit. Qualifying points are given for such items as insulation and double glazing in excess of the requirements of the building standards, solar-assisted space and water heating systems, the installation of setback thermostats and pilotless ignition systems for space heaters, efficient air conditioners, fluorescent lighting, and other energy conserving devices. Each point represents annual savings of approximately three therms of gas or 30 kWh of electric energy.

PG&E's home conservation program was the only such program detailed on this record. However, in its briefs, SDG&E included its proposed home conservation program incorporating additional conservation measures, such as the planting of appropriate shade trees and others. We will, therefore, base our conservation allowances on both PG&E's existing conservation scoring system and SDG&E's proposed home

conservation point system. However, we convert the points into dollar allowances derived from the product of the equivalent footage allowance and \$2.50, which seems to be half the average unit cost per foot currently experienced by the utilities. In addition, we make several adjustments to take into account both the cost of as well as the savings from the conservation devices. We believe these adjustments are necessary to provide adequate incentives to builders to adopt these measures. In addition, certain adjustments have been made to eliminate extreme allowances that could cause overemphasis on certain devices. Finally, we believe that a solar hot water system should be required to provide at least 50 percent of the water heating load to qualify for an allowance. Our record in OII 42, which includes many of the parties to this proceeding and has taken a much closer look at the economics of solar systems, indicates that this is a minimum acceptable performance standard for cost-effectiveness.

We recognize that these conservation allowances are new and that experience, changing circumstances, and new information may necessitate change. Thus, we encourage any of the respondent utilities or any interested person to recommend prudent changes with supporting evidence. However, we see no need for a two-year trial period as recommended by the CEC.

We do, however, believe it appropriate to monitor closely the implementation and impacts of the substantial reorientation of line extension rules mandated by this order. We are particularly concerned that sufficient data be developed to permit a reliable assessment of the effectiveness of the new line extension credits as a conservation inducement, and of their cost-effectiveness in relation to the marginal cost of meeting new demand for energy supplies. Therefore, we shall order the respondent utilities to conduct studies for submission to the Commission, to determine (1) which customers and developers take advantage of the new line extension credits and for what end uses; (2) what percentage of new construction has utilized each of the allowed credits; and (3) what cost impact and energy savings result from these allowances.

We also emphasize our belief that allowances should not be offered for conservation or solar devices that are mandated by any state or federal law or regulation. We instruct the staff to monitor changes in these laws and regulations and to recommend changes in allowances as appropriate.

Subject to these provisions, we adopt the following conservation point allowances:

<u>Items</u>	<u>Gas Point Allowance<sup>1/</sup></u>	<u>Electric Point Allowance<sup>1/</sup></u>
Gas-assisted solar system providing 50% energy req.	25	-
Electric-assisted solar system providing 50% energy req.	-	25
<b>Insulation</b>		
Ceiling - R-30	10	10
Walls - R-19	10	10
Floors - R-19 where R-11 req.	5	5
- R-11 where not req.	10	10
Double glazing where not req., each 25 square feet	5	5
<b>Major Appliances</b>		
Gas range with pilotless ignition	5	5
Oven with light and window	1	1
Thermostatic top burner	2	2
Microwave oven	10	20
<b>Space Heating</b>		
Setback thermostat	10	10
Pilotless ignition system	-	5
Clogged filter indicator	5	5
Used with air conditioning	10	10
Individual zone wall-mounted thermostats	-	15
<b>Water Heating</b>		
Conventional with insulation blanket	5	5
Conservation with reduced pilot	10	10
Conservation with reduced pilot and improved insulator	15	15

<sup>1/</sup> Filed utility tariffs will show dollar amount equal to product of above allowances and \$2.50.

<u>Items</u>	<u>Gas Point Allowance<sup>1/</sup></u>	<u>Electric Point Allowance<sup>1/</sup></u>	✓
Fireplace chimney			
Positive damper - no gas by lighter	45	5	
Fireplace with heat exchanger or freestanding models		20 <sup>2/</sup>	
(must be capable of providing more than 50% of space heating capacity in conjunction with reduced electric heating capacity)			
Air conditioning in areas of lifeline allowances			
Central or room units - EER = 7	-	-	
- EER = 8	20	20	
- EER = 9	40	40	
- EER = 10 or more	70	70	
Lighting			
Fluorescent application			
Kitchen area	6	6	
Laundry area	3	3	
Bathrooms (each)	6	6	
Recreation room	6	6	
Shop or garage	3	3	
Builder Supplied Appliances			
Refrigerator less 100 kWh/month	30	30	
Laundry dryer with automatic drying control	5	15 <sup>2/</sup>	
Passive Solar Design Features			
House to lot orientation (minor axis within 22.5 of true south) (must include all other passive solar items)	25	25	
Evergreen trees providing protection from prevailing winter winds on north, north-east or northwest exposure (per tree, 5 gal. minimum if newly planted (N/A if part of package)	1	1	

<sup>2/</sup> Available only in areas not served by gas. ✓



<u>Items</u>	<u>Gas Point Allowance<sup>1/</sup></u>	<u>Electric Point Allowance<sup>1/</sup></u> ✓
Deciduous trees providing summer shade on south, southwest or southeast facades (per tree, .5 gal. minimum if newly planted) (N/A if part of package)	2	2
Roof overhang or operable exterior awnings on south exposure (per inch exceeding minimum 12" overhang up to maximum 33" overhang, measured horizontally)	1	1

V - TARIFF PROPOSALS-OTHER

General

In addition to modifications to line and service extension free footage allowances, some of the parties to this proceeding proposed such related tariff provision changes as the refund provisions; the combining of electric Rule 15-Line Extensions, Rule 15.1-Underground Extensions Within New Residential Subdivisions, and Rule 15.2-Underground Extensions Within New Commercial and Industrial Developments into a single rule; relocation of and additions to definitions presently in the extension rule to Rule 1-Definitions; to provide for cost-of-ownership charges for uneconomic extensions; and revise unit advance charges when costs change by 5 rather than 10 percent.

Refund Provisions-Gas

As previously discussed, the existing gas extension rules provide free footage allowances for both residential and nonresidential customers proportional to the loads the applicants will contract to install and use. Similarly, the existing refund provisions provide refunds for new customers equal to the difference in these customers' free footage allowance and the length of extension, if

any, required to serve them times the unit cost per foot of extension applicable at the time the original extension was installed.

With the proposed new extension rule tariffs providing for both monetary and free footage allowances, the continuation of existing refund provisions is difficult. Under PG&E's proposal, both the allowance and refund are expressed as dollar amounts and the computation of refunds is simple and uncomplicated. Similarly, CPN's proposal is a continuation of existing tariff provisions, and the computation of refunds is relatively simple.

However, the proposals sponsored by the Commission staff, SoCal, and Southwest are not so succinctly set forth. None of the proposals provide for a translation from a dollar allowance to a footage allowance or vice versa. From the record and briefs in this matter, it appears that such an omission was unintentional. In any event we will provide for the generation of refunds by all residential gas customers to all customers required to make advances. The amount of refund will be made equal to a dollar allowance of the new customer less the cost of the main extension, if any, required to serve the new applicant.

#### Refunds-Electric

The tariff provisions relating to line extensions for the California electric utilities are included in Rule 15 entitled "Line Extensions", Rule 15.1 entitled "Underground Extensions Within New Residential Subdivisions", and Rule 15.2 entitled "Underground Extensions Within New Commercial and Industrial Developments". Each rule has a separate and different refund provision as follows:

- (a) Rule 15 - Amount of free footage allowance in excess of line required for new customer multiplied by the unit cost per foot applicable at time extension was built plus refunds for appliances and loads installed in excess of load originally contracted for when installed within one year of first taking service.

- (b) Rule 15.1 - Total refundable advance divided by number of lots to be served refunded for each lot as it is served.
- (c) Rule 15.2 - Billed revenue for first 12-month billing period related to total cost as a percentage and applied to the total amount subject to refund.

The Commission staff and respondent electric utilities all combined Rules 15, 15.1, and 15.2 when submitting their proposed extension rule. The Commission staff utilized the refund provisions of Rule 15 for the computation of the residential refund, and the refund provisions of Rule 15.2 for the computation of the refund for nonresidential customers. Edison, SDG&E, and PG&E propose refund provisions comparable to their respective extension allowances by providing the equivalent of the basic residential allowance for each residential connection and refunds based on revenue for non-residential customers. Edison and SDG&E use the first 12-month base rate revenues as a refund, and PG&E proposes 50 percent of base rate revenues for the first four years after commencing service. Sierra's refunds are computed as the product of annual revenue, (4), and the number of years remaining in the 10-year period commencing with the installation of the original extension divided by (10). Edison and SDG&E also provide for the nonresidential load refund that if the base rate revenue for each of the second, third, or fourth 12-month billing period exceeds the amount already refunded, an additional refund shall be made in the amount of that excess.

Because we are terminating residential basic free footage allowances for electric extensions, there is no basis for refunds on these extensions. We therefore terminate all refunds on residential electric extensions. As previously discussed, we intend to terminate the existing nonresidential refunds, except agricultural customers will be entitled to an allowance of 700 feet.

Refund Period

With the exception of CPN, the respondent utilities recommended that the refund period be shortened from ten to three or four years. According to the record, the basis for this recommendation was that most of the advance refunds that were generated occurred within four years of the time the utility was ready to render service and the bookkeeping required for the residue was relatively large and not justifiable. When consideration is given to the fact that most building activity that would generate refunds occurs in subdivisions or developments where early occupancy is anticipated, it is not surprising that the bulk of refunds is made within the four-year payback period proposed by most of the parties to the proceeding. Those not participating in the early refunds are, in general, located in fringe areas or are associated with projects, such as mobile home parks, that have slow-fill rates. They are the utility customers that need and are benefited most by the ten-year payback period. We are not persuaded that cost and labor of the additional booking outweigh the benefits to these customers and will continue, in effect, the ten-year period for the payback of advances for gas extensions.

Electric Rules Combination

The presently effective electric line extension Rules 15-Line Extensions, 15.1-Underground Extensions Within New Residential Subdivisions, and 15.2-Underground Extensions Within New Commercial and Industrial Developments were promulgated at different times and are applicable for varying construction activities. The record clearly indicates that having three different rules with partially overlapping application creates administrative problems because of the confusion that arises concerning which provision of which rule is applicable for a specific situation. According to the testimony of one of SDG&E's witnesses, these three rules, together with the related service extension Rule 16, encompass five different philosophies for dividing the cost of the extension between the customer and the utility, and every extension will involve the application of one or more of these philosophies. These different philosophies, according to this witness, are: (a) an underground extension built exclusively in accordance with Rule 15; (b) the exclusive use of Rule 15.1 for an underground residential subdivision; (c) the exclusive use of Rule 15.2 for commercial or industrial developments; (d) underground service from an overload source in accordance with Rule 16; and (e) underground service from an underground source in accordance with Rule 16. We are persuaded of the advantages and desirability of combining the three extension rules into one rule, set forth in Appendix C, that is similar in format and content to those proposed by Edison, PG&E, SDG&E, and the Commission staff and modified by us as previously and subsequently discussed.

Definitions

Our past decisions implementing uniform extension rules provided the utilities the option of incorporating certain specific definitions as a part of the line extension rule or including such definitions in the respective Rule 1-Definitions. In this proceeding, those respondent utilities that presently include the definitions in the line extension rule are proposing to relocate these definitions in Rule 1-Definitions. Also, a few new definitions are being proposed to reflect proposed modifications to the line and service extension rules and/or clarify rule provisions that have been difficult to administer because of lack of adequate definitions. Some definitions that have caused confusion have been deleted.

PG&E's presently effective gas and electric line extension rules contain the bulk of PG&E's definitions. PG&E proposes to relocate these definitions in its respective gas and electric Rule 1 and define the following additional terms for both gas and electric: bona fide use, commercial development, Commission, enterprise, excavating, industrial development, land project development, mobile home park, residential development, residential dwelling unit, residential subdivision, service delivery point, and trench spoil. PG&E also proposes to add the definition of distribution main to gas Rule 1 and substructures to electric Rule 1. The new definitions appear to be straightforward, easily understandable, and reasonable and PG&E will be authorized to file its proposed Rule 1-Definitions.

SDG&E similarly proposes to relocate its line extension rule definitions to Rule 1 and add the following definitions to both its gas and electric rules: base rate revenue, bona fide use, commercial development, Commission, conservation meter, customer, enterprise, house metered service, individually metered service, industrial development, mastermetered service, mobile home park, multi-family accommodation, multiple dwelling, nonresidential, residential, residential development, service delivery point, single-family dwelling unit, standby, submetered service, surface repairs, temporary service, tenant, trenching, and trench spoil. SDG&E also proposes that the definitions of appliance and distribution main be added to gas Rule 1 and the definitions of appropriate supply facility, backfill, conduit, excavating, family dwelling unit, overhead distribution system, overhead extension, overhead service, overhead source, service entrance conductors, service lateral, substructures, trench foot, underground distribution system, underground electric system, underground extension, and underground source be added to electric Rule 1. These proposed definitions also appear to be reasonable and SDG&E will be authorized to file its proposed Rules 1-Definitions.

Edison proposes to modify slightly its definition of applicant to include parties requesting it to install an electric facility and to add a definition of excavating and substructures. Edison's proposal appears to be in order and will be authorized.

The other respondent utilities propose no change to their existing definitions.

Uneconomic Extensions

Edison, PG&E, SDG&E, SoCal, and the Commission staff propose a special condition for the line extension rule providing for a 10-year cost-of-ownership charge for uneconomic extensions. An uneconomic extension is one in which the estimated total installed cost of extension facilities to be owned by the utility is in excess of five times the estimated annual revenue at the base rates of the appropriate rate schedule from permanent load served directly from the extension equal to a percentage of such excess cost. The utilities' proposals make such payments optional, whereas the staff's Electric Branch proposal makes such payments mandatory and specifies a payment of three-fourths a percent a month.

We are aware of circumstances where extensions are requested by customers where the load is insufficient based on established rates to generate sufficient revenues to cover the utilities' operating expenses. The tariff rule will provide for extensions under these circumstances through the application of a cost-of-ownership charge.

Unit Advance Cost

The presently effective tariffs provide that the utilities will review their costs of construction of underground line extensions annually and prepare contemplated tariff revisions when such costs have changed by more than 10 percent since the last revision of costs included in the tariffs. SDG&E, SoCal, and Southwest propose that this 10 percent factor be reduced to 5 percent. The record does not support either the necessity or desirability of such a reduction, and it will not be permitted.



Service Extension Rules

Gas

Proposed revised gas service extension rules were submitted by PG&E, SDG&E, SoCal, and Southwest. The rules proposed by SDG&E, SoCal, and Southwest were essentially similar and contained only minor modifications to reflect previously discussed adopted service allowances. These proposals appear reasonable and uncontroversial and provide the basis for the adopted service extension rule set forth in Appendix D. PG&E's proposed service extension rule generally parallels the above-discussed rules but includes additional provisions relating to such matters as its rights of ingress to and egress from customers' premises, the prohibition of rental charges by PG&E's customers for the use of their property for the placement of meters, regulators, etc., the prohibition against applicants' constructing structures or operating wells within 10 feet of PG&E's facilities, and PG&E's right to refuse to install gas pipes on structures not constituting a firm earthen mass. These additional provisions were neither detailed in the direct testimony nor subjected to cross-examination by any parties to the proceeding. Under these circumstances, even though a cursory review indicates these provisions are not unreasonable, we will require an advice letter showing providing detailed support for each of them before accepting them for filing. Consequently, in this proceeding, PG&E will be ordered to file the gas service extension rule set forth in Appendix D.

Electric

Only SDG&E and PG&E proposed revisions for their respective electric service extension rules. SDG&E's proposal consolidates the provisions relating to underground services but does not provide any substantive changes. Consequently, it will be adopted.

PG&E initially proposed to modify its service extension rule only to the extent necessary to provide for an energy conservation allowance for residential appliances. Early in the proceeding, however, PG&E changed its proposed electric service extension rule to parallel, to the extent possible, the provisions of its proposed gas service extension rule. According to the testimony of PG&E's witness, the only substantive change between the two proposals was the elimination of the provision that if a service facility is less than 400 amperes or fewer than four customers would be served from it, the customer has the responsibility for paying for the pole riser. It is noted, however, that the newest proposal contains the same ingress and egress provisions and prohibition against the assessment of rental charges by the customer previously discussed with reference to the gas service extension rule. Consequently, we will provide that PG&E continue its presently effective electric service extension rule until such a time as we have accepted an advice letter showing supporting the adoption of those specific provisions.

## VI - FINDINGS AND CONCLUSIONS

### Findings of Fact

1. Existing line extension rules were designed at a time when the marginal costs of gas and electric utilities were declining and plentiful supplies of energy were taken for granted.

2. The basic concept of the existing rules has been to encourage new load growth so that the economies of scale could bring reduced rates to all ratepayers.

3. This concept has been accomplished in the existing rules by increasing the amount of the free footage allowed in a new extension in direct proportion to the amount of new load added to the utility system.

4. During the past few years, the marginal costs of both gas and electric utilities have rapidly increased. There is no evidence that these increases will stop any time in the foreseeable future.

5. Also during the past few years, periodic concern has arisen over the future availability of adequate gas and electric supplies. While no shortage of gas or electricity is imminent, plentiful supplies of either can no longer be assumed.

6. These new realities have caused this Commission to adopt new policies for the protection of consumers. These policies are to promote increased energy efficiency and conservation, to reduce energy growth, to promote increased utilization of clean renewable energy sources such as solar energy, and to promote the use of natural gas over alternate fuels as the main energy resource pending full development of renewable resources.

7. Existing line extension rules are in direct conflict with these policies because they promote increased energy growth.

8. The complete elimination of free footage allowances could increase the cost of new housing. Because these increases would be relatively small in comparison to the total cost of the home and increases in other costs, they will not have a significant adverse impact on housing construction or the housing market.

9. The effect of the complete elimination of allowances on the proportionate amount of all-electric home construction cannot be accurately assessed. Many factors other than line extension allowances have an impact. These include CEC building standards which severely restrict use of electric resistance heating, consumer preference for dual systems, the relative costs of gas and electric appliances, and the generally lower construction cost of all-electric homes.

10. CEC building standards and consumer preference for dual systems may not prevent a significant shift to all-electric construction.

11. Any potentially adverse impacts on the housing market or in the increased construction of all-electric homes can be minimized by changing line extension allowances rather than eliminating them.

12. Conservation, as used in this decision, is defined as the efficient use of energy sources. This includes the efficient use of gas and electricity, the encouragement of the use of gas instead of electricity where gas is available, and the encouragement of the use of solar energy.

13. Line extension allowances based on conservation and solar measures will be no more difficult or costly to administer than existing allowances based on energy consuming measures.

14. Basic gas allowances and/or refunds for line and service extensions for residential customers should be based on the installation of gas cooking and space and water heating appliances and the installation of the plumbing for a gas dryer.

15. The basic gas allowance for residential customers who install the three basic gas appliances and provide for a gas dryer should be 75 feet for line extension and 40 feet for service extension. This represents a reasonable compromise between fully cost-compensated allowances and the necessity for providing sufficient builder incentive to preserve the dual energy option for most applicants for utility service.

16. The service territories of Southwest and CPN are relatively sparsely settled rural areas. This justifies larger basic residential gas line extension allowances of 150 feet and service extension allowances of 50 feet for the installation of the three basic uses and plumbing for a gas dryer to provide sufficient incentive to builders to not install all-electric homes.

17. An area is not served by gas if the nearest point of service in the area is more than 200 feet per metered customer to be served away from an existing gas main.

18. Basic allowances for electric line extensions should be eliminated. To encourage conservation, all allowances for electric line extensions should be based on conservation measures.

19. Except for Priority 1 gas customers and agricultural electric customers, no allowances or refunds should be granted for nonresidential gas or electric line or service extensions.

20. Building standards are minimum standards and are not ceilings to the voluntary implementation of additional conservation measures.

21. Proportioning monetary allowances to conservation measures beyond those mandated by building standards should promote the installation of conservation devices.

22. The gas and electric conservation allowances set forth in the ensuing order should be implemented by the respondent utilities 45 days after the effective date of this order unless further hearings are scheduled on the reasonableness of the conservation allowances set forth in this opinion and/or the necessity of providing gas service for the three basic uses and the plumbing for a gas dryer as a prerequisite for allowances. ✓

23. The amount of refund for gas customers should be equal to the free footage allowance minus the main required times the unit cost of main at the time of installation for residential customers. ✓

24. Refund provisions for electric line extensions should be eliminated.

25. The present 10-year refund payback period should be retained for refunds based on free footage allowances.

26. Existing electric Rules 15-Line Extensions, 15.1-Underground Extensions Within New Subdivisions, and 15.2-Underground Extensions Within New Commercial and Industrial Developments should be combined into one rule.

27. PG&E, SDG&E, and Edison should be authorized to file their respective proposed Rule 1-Definitions.

28. A 10-year cost-of-ownership charge should be authorized for extensions where the estimated total installed cost of extension facilities to be owned by the utility is in excess of five times the estimated annual revenue at the base rates of the appropriate rate schedule from permanent load served directly from the extension equal to a percentage of such excess cost. ✓

29. The presently effective tariffs, which provide that the utilities will review their costs of construction of underground line extensions annually and prepare contemplated tariff revisions when such costs have changed by more than 10 percent since the last revision of costs included in the tariffs, should be retained.

30. PG&E, SDG&E, SoCal, and Southwest should file service extension rules essentially similar to the rule set forth in Appendix D. PG&E should be permitted to make an advice letter showing supporting proposed gas service extension rule changes not included in Appendix D and electric service extension rule changes which parallel the gas rule changes requiring support.

31. It is appropriate to monitor closely the implementation and impacts of the substantial reorientation of line extension rules mandated by this order and to order the respondent utilities to conduct and submit studies of these matters.

32. The following order should be effective the date of signature in the interest of expediting the implementation of the full footage allowance changes ordered herein, because the adopted full footage allowance rules will encourage energy efficient construction.

#### Conclusions of Law

1. The presently effective line and service extension rules promote energy consumption, require ratepayers to subsidize new extensions for which they no longer receive a benefit, and are contrary to state and national policy.

2. Existing line and service extension rules should be terminated and replaced with new rules for allowances that are consistent with current policies and will be more equitable to the ratepayers.

3. The gas line extension rule set forth in Appendix B herein is reasonable and should be adopted by respondent gas utilities to be effective 45 days after the effective date of this order unless further hearings are held to assess the prerequisites for and the amounts of the basic and conservation allowances set forth therein.

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4. The electric line extension rule set forth in Appendix C herein is reasonable and should be adopted by respondent electric utilities to be effective 45 days after the effective date of this order unless further hearings are scheduled as provided.

5. The gas service extension rule set forth in Appendix D herein is reasonable and should be adopted by PG&E, SDG&E, SoCal, and Southwest. PG&E should be permitted to make an advice letter filing supporting proposed gas and electric service extension rule changes not included in Appendix D.

6. SDG&E should be authorized to file its proposed electric service extension rule.

7. The gas and electric conservation allowances included in Appendices B and C above should be filed by the respondent utilities 45 days after the effective date of this order unless further hearings are scheduled as provided.

8. PG&E, SDG&E, and Edison should be authorized to file their respective proposed Rule 1-Definitions.

9. The changes in tariff rules authorized herein are reasonable and the present tariff rules, insofar as they differ from those prescribed herein, are for the future unjust and unreasonable.

10. The investigation of this matter should be terminated and this interim order finalized unless further hearings are scheduled as provided.

O R D E R

IT IS ORDERED that:

1. Unless further hearings are scheduled as provided, each respondent providing gas service shall, within forty-five days from the effective date of this order in accordance with the procedure prescribed by General Order No. 96-A, file with this Commission the rule substantially as set forth in Appendix B attached to this decision. Such rule shall become



effective on 'not less than five days' notice to the Commission and to the public and shall cancel and supersede the corresponding existing gas rule.

2. Unless further hearings are scheduled as previously provided, each respondent providing electric service shall, within forty-five days from the effective date of this order in accordance with the procedure prescribed by General Order No. 96-A, file with this Commission the rule substantially as set forth in Appendix C attached to this decision. Such rule shall become effective on not less than five days' notice to the Commission and to the public and shall cancel and supersede the corresponding existing electric rule.

3. Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Gas Company, and Southwest Gas Corporation shall, within forty-five days from the effective date of this order in accordance with the procedure prescribed by General Order No. 96-A, file with this Commission the rule substantially as set forth in Appendix D attached to this decision. Such rule shall become effective on not less than five days' notice to the Commission and to the public and shall cancel and supersede the corresponding existing gas rule. PG&E may, within sixty days from the effective date of this order, submit an advice letter showing supporting proposed gas and electric service extension rule changes not included in Appendix D.

4. PG&E, SDG&E, and Southern California Edison Company may, within sixty days from the effective date of this order in accordance with the procedure prescribed by General Order No. 96-A, file with this Commission their respective proposed Rule 1 - Definitions. Such rule shall become effective on not less than five days' notice to the Commission and to the public and shall cancel and supersede the corresponding existing gas and electric rules.

5. Further hearings may be held for good cause shown, upon the motion of any party filed within thirty days of the date of this order, to consider adjustments to any of the pre-requisites for and the amounts of the basic and conservation allowances included herein. Such motion shall contain specific facts in sufficient detail to permit review and cross-examination by all parties on short notice, and shall be filed in the Docket Office with an original and 12 copies and a certificate of service on all parties of record. Such facts shall include, but not be limited to:

- a. A comparison of the proposed changes to the allowances included herein in terms of:
  1. Short- and long-term energy and capacity savings;
  2. Short- and long-term costs and savings to the consumer and the ratepayers; and
  3. Costs of conservation measures in relation to the points awarded therefor.
- b. Reasons for suggesting alternate means of converting points to dollars.
- c. Reasons for suggesting changes in the pre-requisites for basic and conservation allowances.

6. Each of the respondent utilities shall conduct studies, for submission to the Commission on an annual basis, to determine:

1. Which customers and developers take advantage of the new line extension credits and for what end uses;
2. What percentage of new construction has utilized each of the allowed credits; and

3. What cost impacts and energy savings result from these allowances.

The first such studies shall be submitted no later than July 1, 1981.

The effective date of this order is the date hereof.

Dated FEB 13 1980, at San Francisco, California.

John E. Guyon  
President

Deborah L. Stinson

Charles H. Howell

Charles J. Edrich

Randall W. Jones  
Commissioners



APPENDIX A

LIST OF APPEARANCES

Respondents: Randall W. Childress, Attorney at Law, for San Diego Gas & Electric Company; John S. Fick, Attorney at Law, for Southern California Gas Company; Malcolm H. Furbush, by Bernard J. Della Santa, Attorney at Law, for Pacific Gas and Electric Company; Carol Henningson and H. Clinton Tinker, Attorneys at Law, for Southern California Edison Company; Richard S. Jarrett, for California-Pacific Utilities Company; Susan L. Oldham, Attorney at Law, and George M. Stout, for Sierra Pacific Power Company; and Warren Tullman, Attorney at Law, and Wallace C. Kolberg, for Southwest Gas Corporation.

Interested Parties: Chett T. Chew, for City of San Diego; George Gilmore and Gordon Gill, by Kathleen Weinheimer and Christopher Ellison, Attorneys at Law, for California Energy Resources Conservation and Development Commission; Graham and James, by David J. Marchant, Boris H. Lakusta, and Cecile Tenery, Attorneys at Law, for Western Mobilehome Association; Allan M. Jones, for San Diego Building Contractors Association; Charles Kinney, Attorney at Law, for Associated Building Industry; Robert S. Strasburg, Attorney at Law, for himself and Other Northern Counties Land Developers; and Glenn T. Sullivan and Allan R. Crown, Attorneys at Law, for California Farm Bureau Federation.

Commission Staff: Peter Fairchild, Attorney at Law, and John L. Dutcher.

PROPOSED  
RULE 15\*  
GAS MAIN EXTENSIONS

Extensions of gas distribution mains necessary to furnish permanent gas service to applicants (including developers) will be made in accordance with the following provisions:

A. General

1. The utility will install, own, operate and maintain gas distribution main extensions 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 and easements satisfactory to the utility may be obtained without cost of condemnation by the utility.
2. The length of main required for an extension will be considered as the distance along the shortest practical and available route, as determined by the utility, from the utility's nearest permanent distribution main.
3. When an applicant requests service to a residence occupied seasonally or intermittently, one-half of the allowance provided herein will apply. The allowance will not be reduced as a result of the installation of solar heat or energy conservation equipment. No allowance will be provided where service is used for standby or emergency purposes only.
4. Gas service facilities on the applicant's premises shall be installed as provided in Gas Service Extensions, Rule 16.\*\*

B. Main Extensions to Applicants for Service

Gas main extensions will be made by the utility at its expense provided the length of main required does not exceed the free length as shown below:

\* Rule 20 for SoCal Gas Co.

\*\* Rule 21 for SoCal Gas Co.

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B. Main Extensions to Applicants for Service (Continued)

1. Free Footage Allowances to Applicants for Priority I Service

An allowance of 75\* feet will be granted any Priority I Service applicant if the following criteria are met:

- a. Residential service must include gas space heating, water heating, cooking and an outlet for gas clothes drying.
- b. Non-residential service must include all uses mentioned above to receive the allowance unless it is documented that the service is and will not be used by the applicant. No allowance will be granted for one service use.
- c. Multifamily complexes will be allowed one-half the above allowance and one-half the conservation incentive if the complex has central gas space and water heating and applicant agrees to install gas clothes dryers if laundry facilities are provided. Documentation must be provided to the utility to show that individual metering was considered and proven economically infeasible. Such documentation shall be kept with other utility records of the service.

2. No Free Footage Allowance to Applicants for Other Than Priority I Service

Any extension and/or enlargement required will be installed, owned, operated and maintained by the utility provided the applicant pays to the utility an amount equal to the estimated cost of such extension or enlargement. The utility will install, own, operate and maintain the necessary service regulations, meters, and services, all in accordance with the provisions of Rule 16. \*\*

\* CPN and SWGas 150 feet.

\*\* Rule 21 (SoCal Gas).

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B. Main Extensions to Applicants for Service (Continued)

3. Non-refundable Monetary Conservation Incentive to Applicants with a Permanent Gas-Assisted Solar Energy System and Other Conservation Measures

A monetary conservation incentive shall be paid to applicant for each separately metered customer by multiplying each point by \$2.50 on the following basis:

<u>Item</u>	<u>Points</u> <sup>1/</sup>
Solar	
Water Heating System designed to provide a minimum of 50% of the system's energy requirement	25
Insulation	
Ceiling - R-30	10
Walls - R-19	10
Floors - R-19 where R-11 req.	5
- R-11 where not req.	10
Double glazing where not req., each 25 sq. feet	5
Major Appliances	
Gas range with pilotless ignition	5
Oven with light and window	1
Thermostatic top burner	2
Microwave oven	10
Space Heating	
Setback thermostat	10
Clogged filter indicator	5
Used with air conditioning	10
Water Heating	
Conventional with insulation blanket	5
Conservation with reduced pilot	10
Conservation with reduced pilot and improved insulator	15

<sup>1/</sup> In areas served by gas, these incentives are available only for residences served by gas space and water heating, pilotless gas cooking, and gas dryer hook-up. In residences that qualify, both electric and gas line allowances will be given for the same conservation measure. An area is served by gas if it is within a distance equal to 200 feet times the number of metered residences to be served from an existing gas main.

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B. Main Extensions to Applicants for Service (Continued)

<u>Item</u>	<u>Points</u> <sup>1/</sup>
Fireplace chimney	
Positive damper - no gas by lighter	5
Fireplace with heat exchanger or freestanding models (must be capable of providing more than 50% of space heating capacity)	20
Air conditioning in areas of lifeline allowances	
Central or room units - EER = 7	-
- EER = 8	20
- EER = 9	40
- EER = 10 or more	70
Lighting	
Fluorescent application	
Kitchen area	6
Laundry area	3
Bathrooms (each)	6
Recreation room	6
Shop or garage	3
Builder Supplied Appliances	
Refrigerator using less than 100 kWh/month	30
Gas Laundry dryer with automatic drying control	5
Passive Solar Design Features	
House to lot orientation (minor axis within 22.5 of true south) (must include all other passive solar items)	25
Evergreen trees providing protection from prevailing winter winds on north, northeast or northwest exposure (per tree, 5 gal. minimum if newly planted) (N/A if part of package)	1
Cooling Benefit	
Deciduous trees providing summer shade on south, southwest or southeast facades (per tree, 15 gal. minimum if newly planted)	2
Roof overhang or operable exterior awnings on south exposure (per inch exceeding minimum 12" overhang up to maximum 33" overhang, measured horizontally)	1

<sup>1/</sup> In areas served by gas, these incentives are available only for residences served by gas space and water heating, pilotless gas cooking, and gas dryer hook-up. In residences that qualify, both electric and gas line allowances will be given for the same conservation measure. An area is served by gas if it is within a distance equal to 200 feet times the number of metered residences to be served from an existing gas main.



**B. Main Extensions to Applicants for Service (Continued)****4. Main Extensions Beyond the Free Length**

Extensions of mains no greater than 3 inches in diameter beyond the free length will be made by the utility provided applicants for such extensions advance to the utility \$ \_\_\_\_\_ for each foot of main in excess of the allowance. Extensions requiring pipe sizes greater than 3 inches in diameter will be made provided the applicant will advance to the utility, the utility's estimated cost of the extension in excess of the allowance.

**5. Main Extensions to Serve Subdivisions, or Developments**

Gas distribution main extensions to and/or in subdivisions or developments will be installed by the utility in advance of applications for service by ultimate users only when the entire estimated cost of such extensions, as determined by the utility, is advanced to the utility. This cost may include the cost of any gas pipe installed at the utility's expense in conjunction with a previous extension, in anticipation of the current extension.

**6. Extensions to Serve More than One Applicant**

In cases where more than one applicant is to be served from the same extension, the total free length thereof will be considered to be the sum of the individual allowances made to each applicant. The amount to be advanced by the members of the group shall be apportioned among them in such a manner as they shall mutually agree upon.

**7. Method of Refund**

The amount advanced in accordance with Section B hereof will be subject to refund as follows:

B. Main Extensions to Applicants for Service (Continued)7. Method of Refund (Continued)

- a. Refunds of an advance will be based on connection of separately-metered Priority 1 customers; will be made without interest; and will be made within 90 days after date of first service to such customer, except that refunds may be accumulated to \$50.00 minimum or the total refundable balance if less than \$50.00.
- b. For such customer, the utility will refund an amount based on the footage that the allowable free length exceeds the length of main (if any) required to serve, multiplied by the unit cost per foot applicable at the time the extension was originally constructed.
- c. When two or more parties make a joint advance on the same extension, refunds will be distributed to these applicants in the same proportion as their individual advances bear to the total joint advance.
- d. Where there is a series of extensions, commencing with an extension having an outstanding advance and where one or more subsequent extensions are installed, each of which is dependent on the previous extension as a direct source for its gas supply, a series refund will be made as follows:
  - (1) Additional connections supplied from an extension on which there is an outstanding advance will provide refunds first to the extension to which they are connected.
  - (2) When the advance on an extension in a series is fully refunded or if there was no original advance made, additional connections will provide refunds to the extension having the oldest outstanding advance in the series.

B. Main Extensions to Applicants for Service (Continued)7. Method of Refund (Continued)

- e. No refund will be made by the utility in excess of the amount advanced by the applicant or applicants, nor after service has been discontinued, nor after a period of ten year from the date the utility is first ready to render service from the extension, and any unrefunded amount remaining at the end of the ten-year period will be retained by the utility.
- f. Amounts advanced under a rule previously in effect will be refunded in accordance with the provisions of such rule.

C. Special ConditionsI. Contracts

Each applicant for service and persons requesting an extension in advance of applications for service may be required to execute contracts covering the terms under which the utility will install mains at its expense, or contracts covering main extensions for which advance deposits will be made in accordance with the provisions of the tariff schedules. Such contracts shall be in the form on file with the Public Utilities Commission as part of the utility's effective tariff schedules.

These contracts will provide, among other things, that applicant will install, commence using in a bona fide manner within six months after the date of completion of the main extension and continue to so use for the period of the contract, those appliances and items on which the utility's allowances are based. Such contract will also provide that if any applicant fails to take service or fails to install one or more of the appliances or items contracted for, the utility may calculate and bill the customer and the customer shall pay an amount according to the utility's main extension rule in effect at the time the extension was made, as though service had been requested on the basis of the actual appliances and equipment installed and utilized.

C. Special Conditions (Continued)2. Periodic Review

The utility will annually review its costs to install main extensions, and shall prepare a contemplated tariff revision when such costs have changed by more than 10 percent since the last revision of the charge for excess footage set forth in this rule. Contemplated revisions shall be submitted to the Commission for review in proposed form and not less than 10 days prior to any contemplated filing date.

3. Temporary Service

Extensions for temporary service or for operations of speculative character or of questionable permanency will not be made under this rule, but will be made in accordance with the rule pertaining to temporary service.

4. Service from High Pressure Transmission Mains

The utility will not tap a gas transmission main except at its option, when conditions in its opinion justify such a tap. Where such taps are made, the applicant will pay the utility the cost of such tap, and extensions of distribution mains supplied thereby will be made in accordance with the provisions of this rule.

5. Special Facilities

The utility shall install only those facilities that it determines are necessary to provide standard service in accordance with the tariff schedules. Where the applicant requests the utility to install special facilities which are in addition to, in substitution for, or which result in higher costs than the standard facilities which the utility would normally install, the extra cost thereof, shall be paid by the applicant.

6. Relocations

If relocation of distribution or transmission main is solely to meet the convenience of the applicant or the customer, or is due to the placement or erection of a structure over the utility's facilities by the customer, such relocation, including metering facilities, shall be performed by the utility at the expense of the applicant or the customer.

C. Special Conditions (Continued)7. Exceptional Cases

When the application of this rule appears impractical or unjust to either party, the utility or the applicant may refer the matter to the Commission for special ruling or for the approval of special conditions which may be mutually agreed upon, prior to commencing construction.

8. Postponement of Advance

The utility, at its option, may postpone that portion of an advance which it estimates would be refunded within six months under the provisions of this rule. At the end of such six-month period, the utility shall collect such amounts which are not refundable.

9. Lean Extensions

A lean extension is defined as any extension that will not have at least 90 percent of its planned loads connected and receiving energy in a bona fide manner within six months of completion of the distribution facilities by the utility. The applicant, for service to a lean extension, shall pay a cost of ownership charge in addition to other payment. The cost of ownership charge shall be \_\_\_\_\_ percent per month of the estimated cost of the extension, not including trenching and backfilling, which is in excess of five times the estimated annual revenue from any connected loads. These payments shall continue until the development reaches 90 percent of its planned connected load or for ten years, whichever occurs first. For land sale subdivisions or developments, both residential and commercial/industrial, the applicant can be required to pay the continuing cost of ownership charge in advance. Advance payments of cost of ownership charges shall be proportionately refunded to the applicant or his assignee if planned loads develop during the ten-year service interval.

ELECTRIC DISTRIBUTION LINE EXTENSIONS

Extensions of overhead and underground distribution lines of standard voltages (\_\_\_\_ kV or less) necessary to furnish permanent electric service to applicants (including developers) will be made by the utility in accordance with the following provisions:

## A. General

1. Rights-of-Way. The utility will install, own, operate, and maintain 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 and easements satisfactory to the utility may be obtained without cost or condemnation by the utility.
2. Length and Location of Line. The length of line required for an extension will be considered as the distance along the shortest practical and available route, as determined by the utility, from the utility's nearest permanent and appropriate distribution facility to the point from which the service connection is to be installed.
3. Alternative Routes. Where applicable laws or regulations prevent the utilization of what otherwise would be the shortest practicable route for an overhead line extension, for the purpose of delivering electric service to the applicant, the applicant shall, subject to the provisions of the line extension rule, provide the utility an alternative longer right-of-way and easement satisfactory to it. If the applicant chooses to request underground delivery over what would otherwise be the shortest practicable route, the utility will, where feasible in accordance with rules on underground extensions, provide such underground delivery.
4. Seasonal, Intermittent, or Standby. When an applicant requests an extension to serve a residence occupied or operated seasonally or intermittently, one-half of the incentive provided herein will apply. No allowance or incentive will be provided where service is used for standby or emergency purposes only.
5. Services. Service facilities, as determined by the utility, will be installed, owned, and maintained as provided in Rule No. 16.
6. Street Lights. Street lights and appurtenant facilities shall be installed in accordance with the appropriate tariff schedule. Street light extensions will be installed under the applicable nonresidential overhead or underground provisions of this rule.
7. Definitions. See Rule No. 1, Definitions.

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## B. Underground

## 1. Underground extensions are required:

- a. To and within a new residential subdivision or development, unless exempted under Section E.1 of this rule, or
- b. To and within a new commercial or industrial development, or
- c. To comply with applicable laws and ordinances or similar requirements of public authorities, or
- d. Where the utility maintains or desires to maintain underground distribution facilities.

## 2. Installation Responsibilities

- a. The applicant, at his expense and in accordance with the utility's specifications and requirements, will:
  - (1) Perform all necessary excavation.
  - (2) Furnish, install and convey to the utility any necessary substructures, including distribution and feeder conduit required.
  - (3) Reimburse the utility for the estimated installed cost of any substructures installed at the utility's expense in conjunction with a previous extension in anticipation of the current extension.
  - (4) Pay the utility, as a nonrefundable sum, the cost of any reinforcement, addition or rearrangement needed to provide the requested service.
- b. The utility will:
  - (1) Complete the underground distribution system.
  - (2) Own, operate, and maintain distribution facilities installed by it or conveyed to it under this rule, except for substructures and enclosures that are on, under, within, or part of a building or structure.

## 3. Advance Payment:

## Residential

The applicant will pay to the utility \$ \_\_\_\_\_ times the total trench footage of distribution line from the utility's appropriate existing supply facility to the point from which the service connection is to be installed (excluding transformers, meters, and services).

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b. Nonresidential

The applicant will pay to the utility for its total estimated cost of the work necessary to complete the extension (excluding transformers, meters and services).

C. Overhead Extensions

1. Overhead extensions may be installed for individual applicants, including commercial, industrial, agricultural, residential (four or less), or public authorities, where underground extensions are not required under Section B.1 above, or to and within residential subdivisions/developments as set forth under Section B.1 below.

2. Installation Responsibilities

The utility shall install, own, operate, and maintain overhead line extensions.

3. Advance Payment

Residential and Nonresidential

The applicant will pay the utility \$ \_\_\_\_\_ times the total footage of distribution line, from the utility's appropriate existing supply facility to the point from which the service connection is to be installed (excluding transformers, meters and services).

D. Incentives and Allowances

1. Residential



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a. A monetary conservation incentive shall be paid to the applicant for each separately metered customer by multiplying each point by \$2.50 on the following basis:

<u>Item</u>	<u>Points</u> <sup>1/</sup>
<b>Solar</b>	
Water heating System designed to provide a minimum of 50% of the system's energy requirement - - - - -	25
<b>Insulation</b>	
Ceiling - R-30 - - - - -	10
Walls - R-19 - - - - -	10
Floors - R-19 where R-11 req. - - - - -	5
- R-11 where not req. - - - - -	10
Double glazing where not req., each 25 square feet - - - - -	5
<b>Major Appliances</b>	
Gas range with pilotless ignition - - - - -	5
Oven with light and window - - - - -	1
Thermostatic top burner - - - - -	2
Microwave oven <sup>2/</sup> - - - - -	20
<b>Space Heating</b>	
Setback thermostat - - - - -	10
Clogged filter indicator - - - - -	5
Used with air conditioning - - - - -	10
Individual zone wall-mounted thermostats <sup>2/</sup> - - - - -	15
Pilotless ignition system - - - - -	5
<b>Water Heating</b>	
Conventional with insulation blanket - - - - -	5
Conservation with reduced pilot - - - - -	10
Conservation with reduced pilot and improved insulator - - - - -	15

1/ In areas served by gas, these incentives are available only for residences served by gas space and water heating, pilotless gas cooking, and gas dryer hook-up. In residences that qualify, both electric and gas line allowances will be given for the same conservation measure.

In areas not served by gas, these incentives shall be doubled.

An area is served by gas if it is within a distance equal to 200 feet times the number of metered residences to be served off an existing gas main.

2/ Available only in areas not served by gas.

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<u>Item</u>	<u>Points</u> <sup>1/</sup>
Fireplace chimney	
Positive damper - no gas by lighter - - - - -	5
Fireplace with heat exchanger or freestanding models - - - - - (must be capable of providing more than 50% of space heating capacity)	20
Air conditioning in areas of lifeline allowances	
Central or room units - EER = 7	-
- EER = 8 - - - - -	20
- EER = 9 - - - - -	40
- EER = 10 or more - - - - -	70
Lighting	
Fluorescent application	
Kitchen area - - - - -	6
Laundry area - - - - -	3
Bathrooms (each) - - - - -	6
Recreation room - - - - -	6
Shop or garage - - - - -	3
Builder Supplied Appliances	
Refrigerator using less than 100 kWh/month - - - - -	30
Laundry dryer with automatic drying control <sup>2/</sup> - - - - -	15
Passive Solar Design Features	
House to lot orientation (minor axis within 22.5 of true south) - - - - - (must include all other passive solar items)	25
Evergreen trees providing protection from prevailing winter winds on north, northeast or northwest exposure (per tree, 5 gal. minimum if newly planted) (X/A if part of package) - - - - -	1
Cooling Benefit	
Deciduous trees providing summer shade on south, southwest or or southeast facades (per tree, 15 gal. minimum if newly planted) - - - - -	2
Roof overhang or operable exterior awnings on south exposure (per inch exceeding minimum 12" overhang up to maximum 33" overhang, measured horizontally) - - - - -	1

<sup>1/</sup> In areas served by gas, these incentives are available only for residences served by gas space and water heating, pilotless gas cooking, and gas dryer hook-up. In residences that qualify, both electric and gas line allowances will be given for the same conservation measure.

In areas not served by gas, these incentives shall be doubled.

An area is served by gas if it is within a distance equal to 200 feet times the number of metered residences to be served off an existing gas main.

<sup>2/</sup> Available only in areas not served by gas.

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2. Agricultural

Allowances will be made on the following basis:

- a. A free footage allowance equal to 700 feet of trench footage for underground of line footage or for overhead, whichever is applicable, will be given for each agricultural customer, following connection and utilization of service.
- b. This allowance will not be available to rural subdivision.

E. Special Conditions

1. Overhead Line Extensions to and within Residential Subdivisions or Developments. Overhead extensions may be constructed when conditions in either a. or b. below are found to exist.

- a. (1) The lots within the residential subdivision or development existed as legally described parcels prior to May 5, 1970, and overhead lines exist within the subdivision or development, or
- (2) The new residential subdivision or development is one for which a master plan, preliminary map, or tentative map was filed before May 5, 1970, with the appropriate local authorities pursuant to the Subdivision Map Act and an agreement for electric service was entered into with the utility before May 5, 1972.

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- b. The minimum parcel size within the new residential subdivision or real estate development, identifiable by a map filed with the local governmental authority, is 3 acres and the applicant for the extension shows that all of the following conditions exist:
- (1) Local ordinances do not require underground construction.
  - (2) Local ordinances or land use policies do not permit further division of the parcels involved such that parcel sizes less than 3 acres could be formed.
  - (3) Local ordinances or deed restrictions do not allow more than one single-family dwelling or accommodation on a parcel of less than 3 acres, or any portion of a parcel of less than 3 acres.
  - (4) New overhead lines constructed to or within a residential subdivision would not be in proximity to\*, and visible from\*, a designated scenic highway, state or national park, or other area determined by a governmental agency to be of unusual scenic interest to the general public.
  - (5) Exceptional circumstances do not exist which, in the utility's opinion, warrant the installation of underground distribution facilities. Whenever the utility invokes this provision, the circumstances shall be described promptly in a letter to the Commission, with a copy to the applicant for the extension.
  - (6) The utility does not elect to install the extension underground for its own operating convenience. Whenever the utility elects to install the extension underground for its own operating convenience, the extra cost exceeding that of overhead shall be borne by the utility.

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\* "In proximity to" shall mean within 1,000 feet from each edge of the right-of-way of designated state scenic highways and from the boundaries of designated parks and scenic areas. "Visible from" shall mean that overhead distribution facilities could be seen by motorists or pedestrians traveling along scenic highways or visiting parks or scenic areas.

2. **Contracts.** Each applicant for service and persons requesting an extension in advance of applications for service may be required to execute written contracts covering the terms under which the utility will install such extension at its expense, or written contracts covering such extensions for which advances or payments will be made in accordance with the provisions of the tariff schedules. Such contracts shall be in the form on file with the Public Utilities Commission as part of the utility's tariff schedules. These contracts will provide, among other things, that applicant will install, commence using in a bona fide manner within six months after the date of the completion of such extension, and continue to so use for the length of the contract, the equipment and items for which service was contracted and on which the utility based the extension. Such contracts will further provide that if any applicant fails to take service or fails to install the equipment or items contracted for, the utility may remove, abandon, or reduce the facilities installed and the applicant shall pay the total costs incurred by the utility less credit for any previous advance or payment for such extension.
3. **Group of Applicants.** The total advance payment from a group of applicants will be apportioned among the members of the group in such manner as they mutually agree upon.
4. **Periodic Review.** The utility will annually review its costs of construction of line extensions, and shall prepare a contemplated tariff revision when such costs have changed by more than 10 percent since the last revision of the charge per trench foot for underground distribution lines as used in Section B-3, or the changes per foot for overhead distribution lines as used in Section C.3. hereof. Contemplated revisions shall be submitted to the Commission for review in proposed form when prepared and not less than 30 days prior to any contemplated filing date.
5. **Rules Previously in Effect.** Amounts advanced under a rule previously in effect will be refunded in accordance with the conditions and requirements of such rule.
6. **Temporary Service.** Extensions for temporary service or for operations of speculative character or questionable permanency will not be made under this rule, but will be made in accordance with Rule 13, Temporary Service.
7. **Service from Transmission Facilities.** This rule does not apply to the extension of transmission facilities unless the utility desires to extend such facilities for its operating convenience.

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8. **Transmission Underbuilds.** Where all or a portion of the distribution line is to be constructed on existing transmission poles of the utility, the estimated cost of such construction will be determined by the utility and added to the costs of any required extension as determined under other provisions of this rule.
9. **Special Facilities.** The utility shall install only those facilities which it determines are necessary to provide standard service in accordance with the tariff schedules. Where the applicant requests the utility to install special facilities which are in addition to, in substitution for, or otherwise results in a higher cost than the standard facilities which the utility normally would install, the extra cost thereof, including applicable continuing costs of ownership, shall be paid by the applicant.
10. **Conversion of Existing Single-Phase Lines to Three-Phase Lines.** Line extensions will be either single-phase or three-phase as determined by the utility in accordance with the tariff schedules. Where it is necessary to convert an existing line from single-phase in order to furnish three-phase service to an applicant, the estimated cost of converting the existing line to three-phase will be determined by the utility and added to the costs of any required extension as determined under Section B.2 and C.2.
11. **Relocation.** If relocation of distribution or transmission lines is done solely to meet the convenience of an applicant or customer, or is due to the placement or erection of a structure over or under the utility's facilities by the customer, such relocation shall be performed by the utility at the expense of the applicant or the customer.
12. **Exceptional Cases.** When the application of these rules appears impractical or unjust to either party, or in the case of the extension of lines of a higher voltage, the utility or the applicant may refer the matter to the Public Utilities Commission for special ruling or for the approval of special conditions which may be mutually agreed upon, prior to commencing construction.
13. **Postponement of Advance.** The utility at its option, may postpone all or a portion of the advance payment for a period of six months for residential applicants and one year for nonresidential customers.

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14. Lean Extensions. A lean extension is defined as any extension that will not have at least 90% of its planned loads connected and receiving energy in a bona fide manner within six months of completion of the distribution facilities by the utility. The applicant, for service to a lean extension, shall pay a cost of ownership charge in addition to other payment. The cost of ownership charge shall be \_\_\_\_\_ percent per month of the estimated cost of the extension, not including trenching and backfilling, which is in excess of five times the estimated annual revenue from any connected loads. These payments shall continue until the development reaches 90% of its planned connected load or for ten years, whichever occurs first. For land sale subdivisions or developments, both residential and commercial/industrial, the applicant can be required to pay the continuing cost of ownership charge in advance. Advance payments of cost of ownership charges shall be proportionately refunded to the applicant or his assignee if planned loads develop during the ten-year service interval.

PROPOSED  
RULE 16  
GAS SERVICE EXTENSIONS

Extensions of gas distribution services necessary to furnish permanent gas service to applicants will be made by the utility in accordance with the following rules:

A. General

1. Upon application, the utility will furnish and install at its expense, a service pipe of suitable capacity from its gas main to the property line of property abutting on any public street, highway, alley, land or road along which it has or will install street mains, and will install a further extension on the private property or as much of such extension as may be necessary to reach a meter location that is satisfactory to the utility.
2. The length of the required service extension will be considered as the distance along the shortest practical and available route, to the nearest suitable meter location as determined by the utility.
3. In cases where the applicant's building is located more than 200 feet from the main, or where service pipe is taken off a high pressure transmission main, or where a present or potential hazard or obstruction exists or where the applicant's building prevents the utility from prudently installing a service pipe, the utility may, at its discretion, require the meter to be located at or near the applicant's property line, as close as practical to the utility's main at a location agreed upon by the applicant.
4. When an applicant will use gas service in establishments occupied seasonally or intermittently, such as seasonal resorts and cottages or other part-time establishments, one-half the allowance provided herein will apply. No allowance will be provided for equipment used for standby or emergency purposes only. No allowance will be made for swimming pool heaters or incidental uses, such as hobby equipment, gas barbecues and log lighters. The allowance will not be reduced as a result of the installation of solar heat or energy conservation equipment.



A. General (Continued)

5. The utility will not install more than one service pipe to supply a single premise, unless it is for the convenience of the utility or an applicant requests additional service and, in the opinion of the utility, an unreasonable burden would be placed on the applicant if the additional service were denied. When an additional service pipe is installed for the convenience of the applicant, the applicant shall pay the actual installed cost of the entire length of the additional service pipe.
6. When a service extension is made to a meter location on private property which is subsequently subdivided into separate premises, with ownership of portions thereof divested to other than the applicant or the customer, the utility shall have the right, upon written notice, to discontinue service without obligation or liability. Gas service, as required by the applicant or customer, will be re-established in accordance with the applicable provisions of the utility's rules.

B. Service Extensions to Applicants for Service

Gas service extensions on private property will be made by the utility at its expense provided the length of service required does not exceed the free length as shown below.

1. For each Priority 1 applicant requesting service that meets the requirements set forth in Rule 15\*\* B.1: an allowance of 40\* feet.
2. For each applicant for other than Priority 1 service, the entire cost of the service connection shall be included in the determination of required investment for mains and services and treated in accordance with the rule governing main extensions to these classes of customer. (Refer to Rule 15\*\* B.2.)

\* 50 feet for SWGas and CP National.

\*\* Rule 20 for SoCal Gas.

C. Service Connections Beyond the Free Length

1. When the length of service connection on the applicant's premise necessary to reach the approved meter location exceeds the free allowance as stated above, the applicant shall pay to the utility the cost of the excess length at \$ \_\_\_\_\_ per foot of service pipe 2 inches in diameter and smaller.
2. The cost per foot of service pipe will be based upon the system-wide average unit cost of installing service pipe 2 inches in diameter and smaller during the preceding calendar year and will be revised to become effective in accordance with Section G below.
3. For service pipe larger than 2 inches in diameter, the utility will charge the actual cost per foot, less the cost for a distance equal to the allowed free footage.
4. If, based on the appliances or equipment found installed, there is a lesser allowance than that originally granted and an advance is required, additional to any prior advance made by the applicant, such additional advance shall be paid by the applicant.
5. If, based on the appliances or equipment found installed, there is a greater allowance than originally granted and the applicant has made an advance, an appropriate refund will be made within 90 days after notice to the utility of such added appliances, provided these are added within one year of commencing service.

D. Branch Service

For additional dwelling units on the same or adjoining premises, the utility will install a branch service at the option of the utility, and will grant allowances on private property under the conditions as set forth in Sections B and C.

E. Relocation of Services

1. When in the judgment of the utility the relocation of a service, including metering facilities, is necessary and is due either to the maintenance of adequate service or operating convenience of the utility, the utility normally shall perform such work at its expense.

E. Relocation of Services (Continued)

2. If relocation of service pipe is solely to meet the convenience of the applicant or the customer, or is due to the placement or erection of a structure over the utility's facilities by the customer, such relocation, including metering facilities, shall be performed by the utility at the expense of the applicant or the customer.

F. Other Types of Service Connections

Where an applicant or customer requests another type of service connection, such as stub service, curb meters and vaults, or service from transmission mains, the utility will consider each such request and will grant such reasonable allowances as it may determine.

G. Periodic Review

The utility will review its costs of construction of services annually and shall prepare a contemplated tariff revision when such costs have changed by more than ten percent since the last revision of the charge for excess footage as used in Section C.1. Contemplated revisions shall be submitted to the Commission for review in proposed form when prepared and not less than 30 days prior to any contemplated filing date.

H. Exceptional Cases

In unusual circumstances, when the application of this rule appears impractical or unjust to either party, the utility or the applicant shall refer the matter to the Public Utilities Commission for special ruling or for the approval of special conditions which may be mutually agreed upon, prior to commencing construction.