

DEC 6 1995

Decision 95-12-013 December 6, 1995

OPINION ON PILOT PROGRAM FOR APPLICANTS BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's own motion to consider the line extension rules of electric and gas utilities.

R.92-03-050 (Filed March 31, 1992)

ORIGINAL

option of designing facilities for their own projects. design of distribution facilities, so that applicants have the quantify the potential savings, if any, from "unbundling" the allow the Commission to identify the issues, collect data, and facilities are designed by the utilities. The pilot program should gas and electric (See Appendix A for appearances) facilities for

Background In Decision (D.) 94-12-026, the Commission adopted changes to modernize the gas and electric line extension rules. Also, the Commission stated:

"We conclude that the question of applicant installation and design should be addressed in a separate phase of this proceeding, and the parties should attempt to negotiate a mutually acceptable applicant pilot design program. A pilot design program will permit identification of the issues, and accurate quantification of the potential savings, if any, from "unbundling" the design of utility facilities. The assigned ALJ shall set a schedule for review of the results of the pilot program and shall schedule workshops and hold evidentiary hearings, if necessary, so that the Commission may, in 1995, address the question of applicant design." (D.94-12-026, pp. 12 and 16.)

Typically, an applicant would be a developer requiring gas and/or electric service to a project.

DEC 9 1992

Decision 92-12-013 December 6, 1992

**OPINION ON PILOT PROGRAM FOR APPLICANT
DESIGN OF UTILITY GAS AND ELECTRIC FACILITIES**

Summary

The major California gas and electric utilities are directed to implement a 24-month pilot program to test the feasibility of applicants¹ designing distribution facilities for gas and electric service to their projects. Currently, these facilities are designed by the utilities. The pilot program should allow the Commission to identify the issues, collect data, and quantify the potential savings, if any, from "unbundling" the design of distribution facilities, so that applicants have the option of designing facilities for their own projects.

Background

In Decision (D.) 94-12-026, the Commission adopted changes to modernize the gas and electric line extension rules. Also, the Commission stated:

"We conclude that the question of applicant installation and design should be addressed in a separate phase of this proceeding, and the parties should attempt to negotiate a mutually acceptable applicant pilot design program. A pilot design program will permit identification of the issues, and accurate quantification of the potential savings, if any, from 'unbundling' the design of utility facilities. The assigned ALJ shall set a schedule for review of the results of the pilot program and shall schedule workshops and hold evidentiary hearings, if necessary, so that the Commission may, in 1995, address the question of applicant design." (D.94-12-026, pp. 15 and 16.)

¹ Typically, an applicant would be a developer requiring gas and/or electric service to a project.

Between January and May of 1995, a total of four workshops were held dealing with applicant design issues and the exploration and development of an acceptable pilot program. An independent facilitator was employed to expedite the process. Participants in the workshops included the utilities, interested independent utility consulting groups and developer/builder groups. Toward Utility Rate Normalization (TURN), Utility Consumers Action Network (UCAN), and Division of Ratepayer Advocates (DRA). The workshops concluded on May 2, 1995.

On July 14, 1995, the workshop participants filed an Applicant Design Workshop Report.³ On August 4, 1995, the utilities⁴ filed comments on the workshop report. On August 18, 1995, Utility Design, Inc. (UDI) and DRA filed reply comments. UDI and DRA participated in the workshops but did not join in submitting the workshop report as requested and reviewed and expanded on the workshop report.

Discussion Further, the utilities point out that the pilot program We have carefully reviewed the workshop report, comments and reply comments. Generally, we believe that an applicant design program should be uniform for all the utilities. With this in mind

the design of utility facilities has a direct impact on the safe operation of such facilities, and it is beyond dispute that any applicant design program must ensure, first

and foremost, that the safety of the utility system is not compromised in the slightest. Accordingly, the issues addressed separately.

3. The Applicant Design Workshop Report was submitted by the following workshop participants: Pacific Gas and Electric Company (PG&E), Southern California Edison Company (Edison), San Diego Gas & Electric (SDG&E), Southern California Gas Company (SoCalGas), Southwest Gas, Sierra Pacific Power (Sierra Pacific), PacificCorp, California Building Industry Association, TURN, UCAN, Utility Specialists, Inc., Utility Design Company, Professional Utility Coordinators, Power Plus!, Robert Gray & Associates, Precision Planning, Paul A. Moote & Associates and Trenchers West.

4. Joint comments were filed by PG&E, SoCalGas, Edison, SDG&E, Southwest and PacificCorp.

mind, we address below the issues raised with regard to the implementation of a pilot program to collect data.

Scope of Pilot Program
The workshop report would permit the utilities (other than SDG&E) to restrict the pilot program to residential line and extensions only. The workshop report would also permit the utilities to limit the program to residential facilities. SDG&E argues that the only difference between residential and commercial facilities is that commercial facilities may be somewhat larger.

On the other hand, the utilities assert that residential subdivisions account for 70-90% of all design projects related to new business. The utilities believe that as the program progresses and utilities gain data and experience, the scope of work should be reviewed and expanded as practical.

Further, the utilities point out that the pilot application design program proposed by the utilities and agreed to by the great majority of workshop participants involves a dramatic departure from the way utility facilities have been designed since prior to the turn of the century. The design of utility facilities has a direct impact on the safe operations of such facilities, and it is beyond dispute that any applicant design program must ensure, first and foremost, that the safety of the utility system is not

compromised in the slightest. Accordingly, the utilities propose to confine the scope of the pilot program to residential projects, which generally are less complex and involve fewer issues of safety and liability. Only SDG&E, which has prior experience with applicant design of non-residential projects, feels sufficiently

5. There is agreement that transmission facilities would not be opened to applicant design at this time.

experienced with applicant design to warrant applicant design of non-residential projects at the outset; UDI argues that in order to be effective and produce meaningful results, the applicant design program must allow applicants to perform the gas and electric design for any type of project whether it is a simple subdivision, a temporary service, a gas mainline relocation, or a complicated overhead conversion. According to UDI, to segregate and compartmentalize the program into only residential new business projects would not only deny all ratepayers the immediate benefit of savings from the unbundling of engineering costs, but also would disadvantage applicants for commercial and overhead conversion projects. Further, UDI submits that since each project will have a unique set of constraints affecting its design, the exact scope of work for each project could be determined when the application is made. According to UDI, only at that time can an informed decision be made as to the extent of the design work to be performed by the applicant's engineer or by the utility company based on the complexity of the project and the experience of the applicant's engineer. The utilities disagree with UDI's contention that limiting the pilot program to residential projects would deny all ratepayers the immediate benefit of savings from the unbundling of engineering costs. The utilities point out that the pilot program has been designed to generate a credit to the applicant consisting of the costs which the utility avoids by not designing the facilities and instead engaging in more limited plan check activities. According to the utilities, this is the only "immediate benefit of savings" that will be produced by the pilot program and such benefit, if any, flows only to the applicant. Thus, there are no immediate savings for ratepayers. Nonetheless, the utilities believe that, if the pilot program demonstrates that applicants may safely and reliably design utility projects

sufficient numbers, they may be able to make appropriate, permanent adjustments to their design process. It is the utilities' belief that while there certainly is the potential for longer-term ratepayer savings, any such savings are far from "immediate" and certain. After careful consideration, we agree with the utilities that both applicants and the utilities will need time to establish the procedures for dealing with each other. Therefore, limiting the pilot program to residential projects at the outset does make sense. Accordingly, we conclude that at the outset the pilot program should be limited to applicant design for residential installations, except in the case of SDG&E which would permit non-residential projects if designers meet minimum pre-qualification standards. The other utilities should open their pilot programs to applicant design of non-residential projects when they are ready to do so. Such an approach will allow the incorporation of non-residential projects into the pilot program in a cautious, prudent manner.

Pre-qualification of Designers

The workshop report would allow SDG&E and SoCalGas to restrict applicants to a select group of designers "pre-qualified" by the utility. The other utilities have not asked for this limitation on designer qualifications.

DRA argues that the construction industry has long developed the experience necessary to secure experienced responsible engineering design services. Therefore, DRA believes that the restriction proposed by SDG&E and SoCalGas is unreasonable. According to the utilities, this is the "immediate benefit of savings" that will be produced by the pilot program and such benefit, if any, flows only to the applicant. Thus, there are no immediate savings for ratepayers. Nonetheless,

SDG&E is the only utility that has had previous experience with applicant's doing their own design and applicants may safely and

We keep in mind that the applicant is required to provide the utility with a design that complies with the utility's design standards. Also, as required by the Business and Professions Code (Cal. Bus. & Prof. Code § 6700 et seq.), applicants/designers/engs should be professionally registered and the designer's official seal should appear on original drawings, as is the usual practice for the construction industry.

SoCalGas and SDG&E state that the proposed pre-qualification procedures would be minimal and would be intended to place applicant designers on the same footing as utility designers and subcontractors. In the case of SoCalGas and SDG&E, applicant designers would simply be required to pass a written exam administered by utility staff. SoCalGas and SDG&E would impose no requirement that third party designers attend training sessions, but such training may be made available (at a fee) if the designer so desires. At a minimum, SoCalGas would require that the Professional Engineer who signs the plans pass the written exam. SoCalGas and SDG&E's pre-qualification tests will be derived from the same tests administered to their Service Planners, Planning Technicians and others who perform design work. The

The workshop report would allow SoCalGas and SDG&E to require that they be named as additional insured in the Designer's Errors and Omissions Insurance Policy. The other
7. "This chapter, except for those provisions which apply to civil engineers and civil engineering, shall not be applicable to the performance of engineering work by such manufacturing, mining, public utility, research and development or other industrial corporation or by employees of such corporation, provided such work is in connection with or incidental to the products, systems, or services of such corporation or its affiliates." (Cal. Bus. & Prof. Code § 6747, emphasis added.)

Since the engineering work will not be performed by a public utility, there should be no exemption from the requirements of the Business and Professions Code for applicant design. Therefore, the effective date of this decision.

requirement is intended to help ensure a high quality effort that will ensure safety standards are met and avoid the need for repeated plan checks that reduce the savings occasioned by applicant design in the first place. Without this requirement, SoCalGas and SDG&E anticipate needless frustration and lost time both for utility personnel and for third party designers, who will be billed for all additional plan checks.

Although not all of the utilities are seeking pre-qualification procedures, all of the workshop parties expressed interest in determining the extent to which pre-qualification procedures enhance the program or detract from the program. In the absence of any data whatsoever on this matter, the utilities submit that the Commission should not prejudge this issue and should instead allow SoCalGas and SDG&E to implement the above-described minimum pre-qualification procedures.

We agree. The data collected should be useful, at least, to determine whether pre-qualification of designers does reduce the number of additional plan checks. We will review this issue at the close of the pilot program.

Designer's Errors and Omissions Insurance

The workshop report would allow SoCalGas and Southwest Gas to require that they be named as "additional insured" in the Designer's Errors and Omissions Insurance Policy. The other utilities have not requested that the applicant's designer carry such insurance.

We believe that the matter of insurance is a utility management decision. We will allow each utility to specify its insurance requirements, however, we will review this issue at the close of the pilot program.

Duration of Pilot Program

As set forth in the workshop report, the pilot program should be in effect for 24 months with semi-annual review workshops commencing from the effective date of this decision. Therefore,

the utilities should, within 60 days of conclusion of the pilot program, file a report in this docket and serve copies on all parties. Parties may file comments and reply comments on the report. The assigned administrative law judge should take any other additional appropriate steps to allow the Commission to further address the questions of applicant design of gas and electric utility facilities.

At the conclusion of the 24-month pilot program, we will need some time to evaluate the benefits and drawbacks of the applicant design pilot program. To avoid unnecessary disruption to members of the public who may be contemplating applicant design for their projects, the program should continue while we complete our review. We will authorize the utilities to continue the applicant design pilot program for up to an additional 12 months, unless we terminate or modify it earlier. We expect that the utilities will assist the Commission in expeditiously completing its review, in which case the final 12-month review period may end earlier.

Confidentiality and Utility Charges

The workshop report notes that the utilities' cost estimating information is confidential and cost estimating will be performed solely by the utility. The utilities do not intend to release this information to an applicant designer.

The utilities' design standards are also considered proprietary, but the utilities plan to copyright their design manuals and sell them to applicant designers. In addition, the utility will check the plan for each applicant designed project. The utility will perform the first plan check for each project at no charge, but the applicant designer will be charged for subsequent plan checks of the same project. We agree with the proposals regarding the treatment of confidential cost estimating information and with the utilities' proposal to charge for additional plan checks and for design manuals. We will, however, require the utilities to file by Advice

Letter (the fees and hourly rates they intend to charge. The utility may propose to change its fees and hourly rates during the pilot program if experience indicates that changes are warranted, provided that the utility gives participants at least 30 days notice of the change and that the utility files the proposed changes by Advice Letter. The utilities must account for revenues from fees and the sale of design manuals in a tracking account.

In summary, we conclude that the workshop report should be adopted subject to the changes discussed above. Comments on Proposed Decision On September 26, 1995, the utilities filed comments on the proposed decision. Reply comments were filed by UDI, DRA and the Engineers and Scientists of California. We have reviewed their comments and to the extent that these comments require discussion or changes to the proposed decision, the discussion or changes have been incorporated into the body of this order. Public Utilities Code § 783 Analysis

In accordance with Public Utilities (PU) Code § 783, we make the following findings:

- A. Section 783(b)(1) The economic effect of the line and service extension terms and conditions upon agriculture, residential housing, mobile home parks, rural customers, urban customers, employment, and commercial and industrial building and development.

Some parties to this proceeding contend that applicant's design of gas and electric facilities will reduce the costs of gas and electric line and service extensions. If so, that could eventually lead to lower rates for all customers. While such contentions appear to have merit, a limited pilot program is needed to collect data. In view of possible savings to all customers, it is in the public interest that such a pilot data collection program be instituted. The economic effect of such a pilot program on all customer classes is not beneficial will be advised by the utilities to file by Advice Letter. We will, however, require the utilities to file by Advice

negligible, since all customers will have the option of applicant design or design by the utility during the proposed pilot program.

Also, employment and commercial and industrial building and development in the state of California will not be significantly affected, either directly or indirectly, by the proposed pilot program.

B. Section 783(b) (2) The effect of requiring new or existing customers applying for an extension to an electrical or gas corporation to provide transmission or distribution facilities for other customers who will apply to receive line and service extension in the future.

The applicant design pilot program has no discernible impact on such applicants.

C. Section 783(b) (3) The effect of requiring a new or existing customer applying for an extension to an electrical or gas corporation to be responsible for the distribution of reinforcements of, relocations of, or additions to that gas or electrical corporation.

The applicant design pilot program has no discernible impact on such applicants.

D. Section 783(b) (4) The economic effect of the terms and conditions upon projects, including redevelopment projects, funded or sponsored by cities, counties, or districts.

The applicant design pilot program has no discernible impact on projects funded by local governments. If, at all, there may be positive benefits to local governments through implementing the pilot program.

E. Section 783(b) (5) The effect of the line and service extension regulations, and any modifications to them, on existing ratepayers.

It is expected that the effect of the proposed pilot applicant design pilot program will be to reduce rates to existing customers by limiting utility investment in design costs. However, for purposes of collecting data to establish the extent of such savings, if any, an applicant design pilot program should be implemented.

F. Section 783(b)(6) The effect of the line and service extension regulations, and any modifications to them, on the consumption and conservation of energy.

The effect of the pilot program on the consumption and conservation of energy is negligible since the pilot program makes no change to existing patterns of consumption or to design standards for conservation of energy.

G. Section 783(b)(7) The extent to which there is cost justification for a special line and service extension allowance for agriculture.

There are no special allowances for agricultural loads in the pilot program. The pilot program will generally treat all applicants in the same manner.

In summary, the overall impact of the proposed pilot program on existing rate payers is anticipated to be positive, and it would be in the public interest to implement a pilot program for purposes of collecting data. The respondent utilities and interested parties should also jointly develop criteria to evaluate the success of the program. The initial criteria could be developed during the first six months of the program and refined prior to each of the workshops specified in the Applicant Design Workshop Report.

Findings of Fact

1. As required by D.94-12-026, the parties have prepared a workshop report for implementing a pilot program for applicant design of gas and electric distribution facilities.

2. Except for SDG&E, the utilities request that the applicant design pilot program be limited to new line extensions for residential projects only.

3. SDG&E and SoCalGas request that designers be "pre-qualified" by the utility.

4. SoCalGas and Southwest Gas request that the utility be named as an "additional insured" in the Designer's Errors and Omissions Insurance Policy.

5. No party proposes that transmission facilities be opened to applicant design at this time.

6. The parties recommend that the pilot applicant design program last for 24 months and there be semi-annual review workshops.

7. The Commission needs up to 12 months to evaluate the results of the pilot applicant design program and to publish its decision.

8. The pilot program should permit identification of the issues and permit quantification of the potential savings, if any, from "unbundling" the design of utility facilities. The utilities should collect the necessary data to enable such an evaluation to be made.

9. The utilities propose to assess charges for second and subsequent plan checking and to sell their design manuals. These activities will increase the utilities' revenues.

10. The utilities regard cost estimating information as proprietary and confidential.

Conclusions of Law
The scope of the applicant design pilot program should not be limited to new line extensions for residential projects.

2. Except for SDG&E, the utilities should phase-in applicant designs of non-residential projects after the utilities have gained sufficient experience with applicant design of residential projects.

3. For purposes of the pilot program, the utilities may impose reasonable pre-qualification requirements for applicant designers comparable to requirements imposed on utility employees.

4. The utilities may impose reasonable requirements for Errors and Omissions Insurance. An applicant who believes that a utility's insurance requirement is unreasonable may file a complaint with the Commission and seek relief.

5. Applicant design of transmission facilities should not be included in the applicant design pilot program.

6. The Applicant Design Workshop Report, attached as Appendix B, should be adopted by the Commission subject to the modifications discussed above.

7. The utilities should be directed to implement a 24-month pilot program with semi-annual review workshops to enable the Commission to further consider the matter of applicant design of gas and electric utility distribution facilities.

8. It is reasonable for the utilities to collect fees and sales charges for plan checking and design manuals and sales revenues should be accounted for in a tracking account.

9. Utility cost-estimating information is proprietary and confidential for the purpose of the applicant design pilot program.

10. Since the Commission needs time to evaluate the results of the 24-month pilot program and it is not in the public interest to stop and restart the pilot program, the utilities should be authorized to continue the applicant design pilot program for up to a further 12 months, unless we terminate or modify it earlier.

11. It is reasonable to require the respondent utilities and interested parties to jointly develop criteria to evaluate the success of the program.

12. The analysis provided herein is sufficient at this time to meet the requirements of U.C.G.S. 78B-2 while necessary and sufficient information is collected from the pilot program.

For purposes of the pilot program, the utilities may impose reasonable pre-qualification requirements for applicant designers comparable to requirements imposed on utility employees.

IT IS ORDERED that the utilities may impose reasonable pre-qualification requirements for applicant designers comparable to requirements imposed on utility employees.

The recommendations of the Applicant Design Workshop Report filed on July 14, 1995, attached as Appendix B, for a 24-month applicant design pilot program, are adopted with the additional requirement that the applicant design option continue

for up to a further 12 months unless we terminate or modify it earlier.

2. Pacific Gas and Electric Company, Southern California Gas Company, Southern California Edison Company, Sierra Pacific Power Company, San Diego Gas & Electric Company, Southwest Gas Corporation, and PacifiCorp (utilities) shall implement a 24-month pilot applicant design program with semi-annual review workshops as set forth in the Applicant Design Workshop Report, as modified herein.

3. No later than 60 days after conclusion of the 24-month pilot program, the utilities shall file a report in this docket on the results of the pilot program and serve copies on all parties and participants in the workshops.

4. The assigned administrative law judge shall receive comments on the utilities' report on the results of the pilot program and take further action as appropriate to allow the Commission to further consider the applicant design option for gas and electric utility distribution facilities.

5. The utilities shall implement the pilot program commencing January 1, 1996, and data shall be collected for a 24-month period thereafter.

6. The respondent utilities and interested parties shall jointly develop criteria to evaluate the success of the program.

7. Except for San Diego Gas & Electric Company, which has experience with applicant design of non-residential facilities, the other utilities may limit the pilot program to applicant design of residential facilities. However, the other utilities may open their pilot programs to applicant design of non-residential facilities when they are ready to do so.

8. To allow the Commission sufficient time to evaluate the results of the pilot program, the utilities shall continue the applicant design option for an additional 24 months after the conclusion of the first 24 months of the pilot program unless we terminate or modify it earlier.

9. This proceeding shall remain open for review of applicant design and installation issues related to utility gas and electric facilities as set forth in the Applicant Design Workshop Report, as set forth herein.

This order is effective today.

Dated December 6, 1995 at San Francisco, California.

The utilities shall file a report in this docket on the results of the pilot program and serve copies on all parties and participants in the workshop.

DANIEL W. FESSLER

President

GREGORY CONLON

JESSIE J. KNIGHT, JR.

HENRY M. DUQUE

JOSIAH L. NEPPER

Commissioners

4. The utilities shall implement the pilot program commencing January 1, 1996, and data shall be collected for a 24-month period thereafter.

5. The respondent utilities and interested parties shall jointly develop criteria to evaluate the success of the program.

6. Except for San Diego Gas & Electric Company, which has experience with applicant design of non-residential facilities, other utilities may limit the pilot program to applicant design of residential facilities. However, the other utilities may open their pilot programs to applicant design of non-residential facilities when they are ready to do so.

APPENDIX A

List of Appearances

Respondents: Andrew Wilson Bettwy, Attorney at Law, and Robert M. Johnson, Attorney at Law, for Southwest Gas Corporation; David Gilmore, Attorney at Law, and George Hannah, for Southern California Gas Company; Edward E. Ives, and David Norris, Attorney at Law, for Sierra Pacific Power Company; Richard F. Locke, Attorney at Law, for Pacific Gas and Electric Company; Lowell H. Orren, Attorney at Law, for Southern California Edison Company; James C. Paine, Attorney at Law, for PacificCorp; and Vicki Thompson, Attorney at Law, and Michael R. Thorp, Attorney at Law, for San Diego Gas & Electric Company.

Interested Parties: Robert Finkelstein, for Toward Utility Rate Normalization (TURN); Marco Gomez, Attorney at Law, for Bay Area Rapid Transit (BART); Biddle & Hamilton, by Richard L. Hamilton, Attorney at Law, and Richard Hairston, for Western Mobile Association; Benjamin H. Scharf, Attorney at Law, and Bruce E. Stanton, Attorney at Law, for Golden State Mobilehome Owners' League; John D. Quinley, for Cogeneration Service Bureau; Jeff Nahigian, for JBS Energy, Inc.; Roger Poynts, for Utility Design, Inc.; Eileen Reynolds, for California Association of Realtors; Bartle Wells Associates, by Reed V. Schmidt, for California City-County Street Light Association; and Armour, Goodin, Schlotz and MacBride, by James Squeri, Attorney at Law, for California Building Industry Association.

Division of Ratepayer Advocates: Janice Grau, Attorney at Law and Julian Ajello.

Commission Advisory and Compliance Division: John Dutcher.

(END OF APPENDIX A)



San Diego Gas & Electric

PO BOX 1431 • SAN DIEGO, CA 92112 • 619 592 5050

MICHAEL R. THORP
LAW DEPARTMENT
ATTORNEY

FILE NO R.92-03-050
PUF 100

July 14, 1995

VIA HAND DELIVERY
San Diego Office
California Public Utilities Commission
1350 Front Street, Room 4006
San Diego, CA 92101

Re: R.92-03-050

Dear Sir or Madam:

Enclosed for filing are the original and 4 copies of the **APPLICANT DESIGN WORKSHOP REPORT**, in the above-referenced proceeding. Please time-stamp these documents and forward them to the Docket Clerk of the California Public Utilities Commission in San Francisco, California, in the enclosed pre-addressed, stamped envelope.

Also, attached is a copy to be time-stamped and returned to me with the messenger.

This Report is submitted pursuant to the scheduling order issued by Administrative Law Judge ("ALJ") Patrick on January 12, 1995. For the information of all interested parties, ALJ Patrick has requested that any comments on this report be filed by August 4, 1995. Reply comments are to be filed by August 18, 1995.

Thank you for your attention to this matter.

Very truly yours,

Michael R. Thorp
Michael R. Thorp

Enclosures

cc: ALJ Bertram D. Patrick (via overnight courier)
All Parties of Record
All Applicant Design Workshop Participants

MRT/dew

STUFF

San Diego Gas & Electric

R.92-03-050
101 100

**APPLICANT DESIGN
WORKSHOP REPORT**

San Diego Office
California Public Utilities Commission
1350 Front Street,
San Diego, CA
Southern California Edison
San Diego Gas & Electric
Southern California Gas

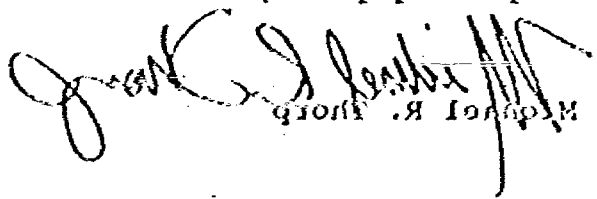
Southwest Gas
Sierra Pacific Power

Enclosed for filing are original and 4 copies of
the APPLICANT DESIGN WORKSHOP REPORT
California Building Industry Association
Toward Utility Rate Normalization
Utility Consumers Action Network
Utility Specialists, Inc.
Utility Design Company
Professional Utility Coordinators

Also, attached and returned to me with the
Power Plus
Robert Gray & Associates
Precision Planning
Paul A. Moore & Associates
Trenchers West
This report is submitted pursuant to the scheduling
order issued by Administrative Law Judge ("ALJ") Patrick on
January 12, 1992. The participation of all interested
parties, ALJ Patrick, and any comments on this
report be filed by August 4, 1992. Reply comments are to be
filed by August 18, 1992.

Thank you for your attention to this matter.

Very truly yours,


Michael R. Thorp

Enclosures

cc: All Parties D. 8/14/92 (overnight courier)
All Parties of Record
All Applicant Design Workshop Participants

MRT/bdw

APPLICANT DESIGN PILOT PROGRAM

This Applicant Design Workshop Report is being submitted by each of the workshop participants listed on the cover page. Two workshop participants -- Utility Design, Inc. and the Division of Ratepayer Advocates -- have decided not to be submitting parties.

October 1991
October 1992
April 1993
October 1994

VISION

Introduce competition to the design phase of line extension to provide a quality product with savings to applicant and ratepayer.

Applicant design should:

- Provide cost benefits to applicant, utilities, ratepayer.
- Be a system with applicant choice.
- Be administratively efficient.
- Be service-oriented.
- Provide competitive benefits with existing quality or better.
- Maintain existing safety standards.
- Provide mutually neutral liability or better.
- Adequately serve customers.
- Reduce utility operating costs.
- Improve cooperation between stakeholders.
- Shorten design lead time.

WORKSHOP OBJECTIVE

An all-party settlement on applicant design pilot programs as soon as possible but no later than July 12, 1995.

THE PROCESS

Participants agreed to work in a collaborative manner to come to a consensus on all aspects of the Program. However, if consensus was not reached for specific issues, a majority vote was used as the decision-making tool.

The utilities assert that the scope of work covers approximately 10 - 20% of all new business-related projects. As the Program progresses and utilities gain data and experience, the scope of work specified will be reviewed and expanded as practical.

APPLICANT DESIGN PILOT PROGRAM

This Applicant Design Pilot Program is being submitted by each of the workshop participants listed on the cover page. The workshop participants listed on the cover page and the Division of Regulatory Affairs have decided to participate in the program. **PROGRAM TIMETABLE**

- Target start date: October 1, 1995 or as soon as possible
- Estimated Program period: 2 years
- Review workshops: April, 1996
October, 1996
April, 1997
October, 1997

(At the discretion of the Program participants, a January, 1996 review may be added to address quickly detected problems or make obvious improvements as early as possible after implementation of the Program.)

Comments: At least one of the workshop participants (Utility Design, Inc.) would like the pilot program to begin earlier than October 1, 1995.

SCOPE OF WORK

The applicant may elect to provide designs for either utility installation or applicant installation projects.

In order for the Program to be manageable and produce meaningful data, the utilities propose to initially limit the scope to:

- New line extensions for residential subdivisions:

- Pacific Gas & Electric Company
- Southern California Edison Company
- Southern California Gas Company
- Southwest Gas Corporation

- Residential and non-residential line extensions, relocations, overhead to underground conversions:

The utilities assert that the above scope of work covers approximately 70 - 90% of all new business-related projects. As the Program progresses and utilities gain data and experience, the scope of work specified will be reviewed and expanded as practical.

Comments: The majority of the group is in agreement on this issue as shown above. However, at least one party is in disagreement with any limitations being placed on the scope of work and believes "open access" should be allowed by all utilities during all phases of the Program.

APPLICANT DESIGNER RESPONSIBILITIES

- Design drawings and provide support documentation.
 - Joint trench/pole intent drawings.
 - Composite drawings.
 - Single line drawings, key sketch.
 - Base maps.
 - Construction detail drawings.
 - Street light design.
 - Engineering calculations (e.g., voltage drop, flicker, pulling tension, pole sizing, guying, etc.)
 - Substructure information.
 - Stub/full/branch service locations (preapproved by utility).
 - Main locations.
 - Meter locations (preapproved by utility).
- Identify permits.
 - Identify rights-of-way as required by utility.
 - Trench cost allocation estimate.
- Coordination with other utilities if joint trench.
 - Tentative construction scheduling for joint trench.
 - Gas handling procedures.
- Leak test requirements.
- Conflict checks.
- Material list.

UTILITY RESPONSIBILITIES

- Design format standards.
- Global facilities planning (e.g., size, kind of pipe/conductor, carriers, conduits, tiles, pressure/voltage/phase, system isolation requirements and material specifications).
- Job accounting and cost estimating.
- Contracts/Agreements.
- Utility plan check at completion of applicant design.
- Value analysis.

PROCESS FLOW: The majority of the group is in agreement on this issue as shown above. However, at least one party is in disagreement with the limitation on the scope of work and prefers "open access" should be allowed by the utility. Please refer to Attachment A for a copy of the chart depicting the flow of work agreed to by the group for the Program.

QUALIFICATIONS FOR APPLICANT DESIGNER RESPONSIBILITIES

Engineering registration as required by the Business and Professions Code with optional pre-qualification by utility. (See SoCalGas note in "Comments" below.)

• Utilities planning to require pre-qualification:

- San Diego Gas & Electric Company
- Southern California Gas Company

• Utilities not planning to require pre-qualification:

- Pacific Gas & Electric Company
- Southern California Edison Company
- Southwest Gas Corporation

Those utilities planning to require pre-qualification during the Program will identify their requirements prior to the October 1 start date.

Note: Applicant designers are subject to State and Federal regulations as applicable to utility design.

Comments: As a result of legal analysis after the conclusion of workshops, SoCalGas and Southwest Gas have determined they will require designers to be professionally registered and the designer's official seal appear on the applicant's design drawings. The other utilities will not specifically require proof of engineering registration.

CONFIDENTIAL & PROPRIETARY INFORMATION

Utility cost-estimating information is confidential and will be performed solely by the utility. Accordingly, no confidential information will be released to an applicant designer during the course of the Program and a non-disclosure agreement is not required.

Utility design standards are considered proprietary to each utility. Consequently, each utility's design manual will be copyrighted and sold to applicant designers for a fee which will recover the utility's cost of preparing and distributing the manual.

LIABILITY/INSURANCE REQUIREMENTS

It was noted that most registered engineers carry \$1 million in Errors and Omissions liability insurance. However, this is not legally required by the Business and Professions Code. After legal review, the utilities agreed to initially use the Program as a testing ground for this issues as follows:

- Utilities requiring they be named as an additional insured on the applicant designer's General Liability policy.

Southern California Gas Company

Southwest Gas Corporation

Utilities not requiring insurance of the applicant's designer.

San Diego Gas & Electric Company

Pacific Gas & Electric Company

Southern California Edison Company

STANDARDS & REQUIREMENTS

PROGRAM REVIEW

The Applicant's designer is responsible to follow the respective utility's design standards as well as requirements of governing jurisdictions applicable to utility installations.

All required design data will be provided in a format acceptable to the utility. The data required is that which would be produced by the utility for its own design. Each utility's desired format will be specified prior to the start of the Program.

PLAN CHECKS

The Utility is responsible for plan checking the applicant's design for compliance with the Utility's design and construction standards. The applicant's designer is responsible for compliance with all other non-Utility codes, standards, and ordinances.

Plan checks will be performed solely by the utility and in a timely manner. The time requirement will be objective (e.g., applicant-designed plans and utility-designed plans receive equal treatment). The Program will provide a benchmark for developing a standard for timeliness.

One plan check will take place at no charge. A fee will be established for subsequent plan checks and charged to the applicant. The fee/hourly rate charged by each utility will be specified prior to the start of the Program.

FINANCIAL RESPONSIBILITY

Each utility will provide a credit toward the applicant's advance for the cost of design. If no advance is required, the utility will reimburse the applicant for the cost of design. The amount of credit/reimbursement to the applicant will be identified prior to the applicant making a design choice and will equal the amount the applicant would have paid to the utility for design. Each utility will identify its estimated cost of design prior to the October 1 start date.

In the event more than one plan check is required, the utility will charge the applicant for all subsequent plan checks in excess of one.

Comments: The majority of the group is in agreement on this issue. However, at least one party has a concern regarding the timing of payments/credits for applicant design. Specifically, they propose that payment should be made up-front by the applicant to the utility or their outside designer. Currently, utilities do not normally collect these moneys from an applicant until after the design is completed. In order to address this issue, it was agreed by the group that the timing of payment/credit for the cost of design would be reviewed during the course of the Program.

PROGRAM REVIEW

Semi-annual workshops will be held to assess the Program, analyze data, determine what aspects are working well and what changes may be necessary to improve the process. All participants agreed to collect data on a job-specific basis during the Program. A matrix has been developed to standardize the collection of data by each utility and facilitate the review process. (Refer to Attachment B for a copy of the matrix).

PLAN CHECKS

The Utility is responsible for plan checking the applicant's design for compliance with the Utility's design and construction standards. The applicant's designer is responsible for compliance with all other non-Utility codes, standards, and ordinances.

Plan checks will be performed solely by the utility and in a timely manner. The time requirement will be objective (e.g., applicant-designed plans and utility-designed plans receive equal treatment). The Program will provide a benchmark for developing standards for timeliness.

One plan check will take place at no charge. A fee will be established for subsequent plan checks and charged to the applicant. The fee/charge will be charged by each utility and specified prior to the start of the Program.

San Diego Gas & Electric Company has been authorized to sign this Applicant Design Workshop Report on behalf of each of the undersigned workshop participants.

Respectfully submitted,

Michael R. Thorp
Richard Locke, Esq.
PACIFIC GAS & ELECTRIC COMPANY

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Michael R. Thorp
Steve Carpenter
TRENCHERS WEST

Michael R. Thorp
Michael R. Thorp, Esq.
SAN DIEGO GAS & ELECTRIC COMPANY

July 14, 1995

San Diego Gas & Electric Company has been authorized to sign this Applicant Design Workshop Report on behalf of each of the undersigned workshop participants.

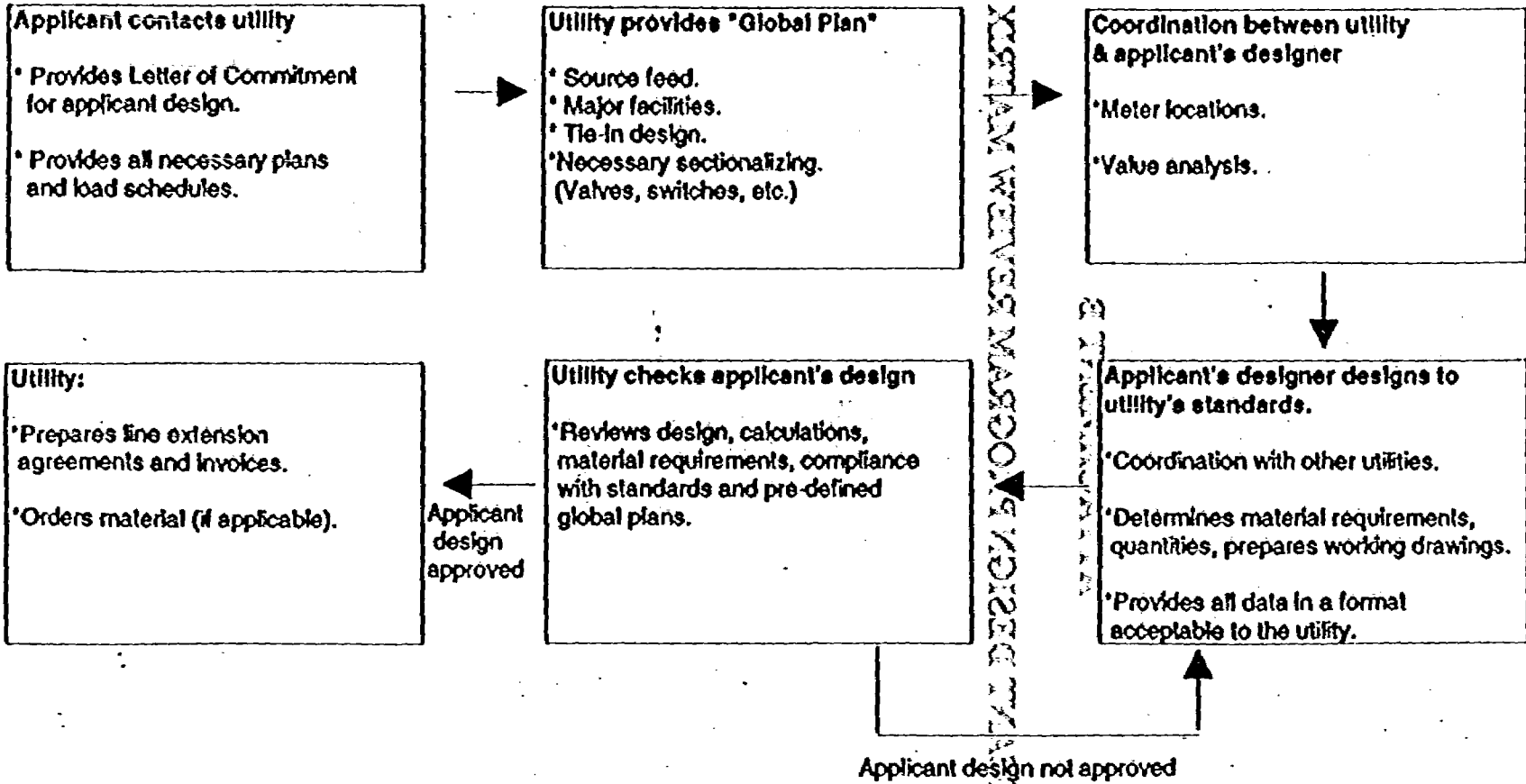
Respectfully submitted,

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<i>Michael R. Shoop</i> Linda Lee, Esq. SERRA PACIFIC COMPANY	<i>Michael R. Shoop</i> Dave Norris, Esq. SERRA PACIFIC COMPANY
<i>Michael R. Shoop</i> Lafayette, Esq. TURKISH CAN	<i>Michael R. Shoop</i> Rick Baker CHIA
<i>Michael R. Shoop</i> Burtin Yorkel UTILITY DESIGN CONSULTANTS	<i>Michael R. Shoop</i> George Dickerson PROC. UTILITY COORD.
<i>Michael R. Shoop</i> Robert Gray ROBERT GRAY & ASSOCIATES	<i>Michael R. Shoop</i> Steve Bray POWER PLUS
<i>Michael R. Shoop</i> Allison PAUL MOORE & ASSOCIATES	<i>Michael R. Shoop</i> Fred Evans PRECISION PLANNING
<i>Michael R. Shoop</i> Michael R. Thoy, Esq. SAN DIEGO GAS & ELECTRIC COMPANY	<i>Michael R. Shoop</i> Steve Carpenter TEACHERS WEST

ATTACHMENT A
APPLICANT DESIGN FLOW CHART

July 14, 1992

APPLICANT DESIGN FLOW CHART



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APPENDIX B
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APPLICANT DESIGN PROGRAM REVIEW MATRIX

Development of the program

- Develop a plan for the program
 - Obtain approval from the Board
 - Obtain approval from the public
 - Obtain approval from the State
 - Obtain approval from the local community



- Obtain approval from the Board
 - Obtain approval from the public
 - Obtain approval from the State
 - Obtain approval from the local community

ATTACHMENT B

- Obtain approval from the Board
 - Obtain approval from the public
 - Obtain approval from the State
 - Obtain approval from the local community

- Obtain approval from the Board
 - Obtain approval from the public
 - Obtain approval from the State
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 - Obtain approval from the local community

TRAND WOLF, DISEO T/MAC, 199A

Data provided by: _____
Utility/Company Name

	A	B	C	D	E	F	G	H	I	J
1	GAS or ELECTRIC (G or E)	JOB TYPE	UTILITY NAME	PRE-QUALIFICATION REQUIRED Y or N	TRADITIONAL UTILITY-ONLY DESIGN COST	UTILITY PLAN CHECK COST FOR APPLICANT DESIGN (FREE PLAN CHECK ONLY)	UTILITY AVOIDED COST FOR APPLICANT DESIGN	# OF PLAN CHECKS PERFORMED BEYOND FIRST FREE	\$ CHARGED FOR PLAN CHECKS BEYOND FIRST FREE	APPLICANT COMMENTS
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										

.....Utility-only entries.....

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(END OF APPENDIX B)

*JOB TYPE	
1	RESIDENTIAL SUBDIVISION
2	RESIDENTIAL DEVELOPMENT
3	NON-RESIDENTIAL DEVELOPMENT
4	INDIVIDUAL RESIDENTIAL
5	INDIVIDUAL NON-RESIDENTIAL
6	RELOCATION
7	OH TO UG CONVERSION
8	SINGLE-USE TRENCH
9	OTHER
*JOB SIZE	
A	1 - 25 LOTS/BUILDINGS
B	25 - 50 LOTS/BUILDINGS
C	50 - 100 LOTS/BUILDINGS
D	GREATER THAN 100 LOTS/BUILDINGS
E	OTHER

(0 05E)	TYPE	TYPE	TYPE	TYPE	TYPE	TYPE	TYPE	TYPE	TYPE	TYPE
DESIGN	JOB	PHASE	REQUIRED	COST	ORIGIN	DESIGN	ENGINEER	ENGINEER	COMMENTS	
PHASE			QUALIFICATION	DESIGN	BY WHOM	APPROVAL	BEYOND	BEYOND	APPROVAL	
PHASE			LEVEL	PHASE	FOR APPROVAL	BY WHOM	CHECKS	CHECKS	APPROVAL	
PHASE				PHASE	COST	PHASE	1 OF 1	2 CHANGED		
V	II	C	D	E	F	G	H	I	J	