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Decision 96-09-044 September 4, 1996

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application bearing docket number 96-09-044 of SOUTHERN CALIFORNIA GAS COMPANY for authority to offer installation of automatic earthquake gas shut-off valves, and related matters.

(U 904 G)

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**Summary**

The Southern California Gas Company (SoCalGas) is authorized to:

(1) offer services to install automatic earthquake gas shut-off valves purchased by the customer from outside sources;

(2) offer services to remove such valves and to restore gas service after such a valve has tripped; and

(3) allow qualified contractors to install such valves on SoCalGas' side of the meter, if so far as

includin The current seismic services pilot program, approved in Resolutions G-3167 and G-3188, will be extended to new customers effective on the date that the installation service authorized herein becomes effective. It is SoCalGas' present intent to offer SoCalGas' services to new customers through its existing distribution system.

Also, the Commission concludes that the issues of "ratepayer compensation" and "subsidization of optional services from base rates" should be addressed in SoCalGas' "Performance Based Regulation" proceeding (Application No. 95-06-002). The application, titled "SoCalGas' Proposal," is available at the Commission's website at [www.puc.ca.gov](http://www.puc.ca.gov).

Since June 14, 1995, SoCalGas has been authorized to offer a seismic services pilot program primarily consisting of the provision of an automatic earthquake gas shut-off valve. SoCalGas was authorized to offer both "subscription" service in which SoCalGas would continue to own the valve it installed, and "sales"

I. See Resolution Nos. 3167 and 3188.

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service, a technology service proposed to be provided to customers in which the valve SoCalGas installed was sold to the customer.<sup>1</sup> SoCalGas requests that its pilot program be replaced with a new tariffed service based on the lessons learned from the pilot program. The new service is detailed in the proposed tariff sheets attached as Appendix A to this decision.

Under the new service proposed, SoCalGas would no longer sell earthquake shut-off valves or provide them to customers as part of a subscription service. Rather, customers would purchase valves from unregulated, commercial vendors other than SoCalGas. Customers would then have the option of contracting with SoCalGas to install the valve at a tariffed charge or of contracting with a plumbing contractor or other qualified person for installation of the valve.

SoCalGas states that, in general, installation of a valve on SoCalGas' side of a meter tends to be less costly than valve(s) installation on the customer(s) side of the meter. SoCalGas intends that valves it installs will be placed on its side of the meter, or unless this location is infeasible or undesirable in a particular circumstance. To provide increased customer options, SoCalGas proposes to allow qualified persons to install earthquake valves on SoCalGas' side of the meter, subject to limitations and conditions in the "Criteria" that SoCalGas proposes for Commission approval, attached as Appendix B to this decision. And SoCalGas requests that the Commission agree to act as arbiter of any disputes over the application or implementation of those criteria. Also, SoCalGas points out that a customer could have a plumbing contractor or other qualified person install the customer's valve.

SoCalGas would continue to offer its services to its customers, and to do so in a manner that does not interfere with the proposed new service. SoCalGas would continue to offer its services to its customers, and to do so in a manner that does not interfere with the proposed new service.

1 See Resolutions 3167 and 3188.

on the customer's side of the meter without having to meet the criteria proposed by SoCalGas for work on its side of the meter.<sup>2</sup>

SoCalGas will offer installation service not only to its customers, but also to vendors of valves who want to market them on an "installed" basis to gas consumers. SoCalGas would "install" a valve on its side of a meter, or allow other installers to do so, only with the consent of the customer, not just automatically.

(ii) SoCalGas requests that the Commission require that the new valves installed on SoCalGas' facilities (whether by SoCalGas or by another qualified installer) be models that have been certified by the City of Los Angeles as meeting its standards, even if these valves are to be installed for customers outside the City of Los Angeles. SoCalGas proposes this requirement to reduce "false trips" of valves. According to SoCalGas, an excessive number of false trips could impact its ability to maintain adequate service to its customers generally. (See the notes on page 6 of the briefs.) This proposal has been rejected by the California Public Utilities Commission, which has given the matter further consideration. (A X#B#Q#A)

2 Such installations would be subject to any state or local building and safety codes that might apply. Also, gas service could still be closed by SoCalGas in the case of an unsafe condition on the customer's side of the meter.

The current City of Los Angeles standards were adopted in 1994. They have a more stringent requirement for avoiding false trips (that is, the valve closing for reasons other than ground movement exceeding an established level), than the standards for certification applied by the California State Architect. The state standards are based on American National Standards Institute standards that were adopted in 1981, and which are currently being considered for revision. SoCalGas believes that it is increasingly important to require avoidance of false trips as the number of valves installed by its customers increases. According to SoCalGas, the availability of manpower both that of SoCalGas and of other providers to restore individual customers' gas services would be greatly strained if there are many false trips in earthquakes where the ground movement is less than what can be expected to cause gas leaks or structural damage.

On the SoCalGas proposes an installation fee for a "standard" no retrofit installation (where there is an existing meter not being otherwise scheduled for replacement) of \$72.50 plus a \$9 transaction fee for all installations ordered at one time. For "standard" new gas service installations (or where the meter is not otherwise being replaced), SoCalGas proposes a charge of \$45, plus the \$9 transaction fee. For all other installations, SoCalGas would quote an amount for each job in advance, based on a trip charge, quarter hour labor charge, materials charges, and a delivery transaction fee. The rates for those various charges are set forth in SoCalGas' proposed tariff (Appendix A).

Restoration of gas service at a premises after the customer's valve has tripped would be the responsibility of the customer from service to the end of service, and to "any third

person. Also, SoCalGas proposes to offer a valve removal service and a gas service restoration service, as set forth in the proposed tariff (Appendix A). Customers would have the option of having a valve removed by SoCalGas or by any other qualified provider. Customers would have the option of having service restored by

SoCalGas, by other persons, or by themselves. SoCalGas states that none of the costs of providing the proposed services are covered in current rates for gas service. The services will be offered solely at SoCalGas' shareholder risk. The rates proposed are intended to cover all costs and provide a reasonable profit margin for businesses of this nature; but it is SoCalGas' intention to cover all additional costs. SoCalGas will be solely at risk if the revenues fail to cover the additional costs. SoCalGas incurs to provide the services.

SoCalGas proposes that the ratemaking treatment of any profits, from these services, be subject to the outcome of its PBR proceeding (A.95-06-002). SoCalGas suggests that a memorandum account be established to ensure that a decision in A.95-06-002 can have effect retroactively to the date of effectiveness of the services proposed in this application, to avoid any cause of expense

SoCalGas requests that the proposed services be authorized on a continuing basis without a termination date, rather than as a "pilot" program with a sunset date. Also, SoCalGas requests that it be allowed to revise its charges for the services from time to time by filing for Commission approval by advice letter or as otherwise may be permitted by a decision to be issued in its PBR proceeding.

Position of Toward Utility Rate Normalization (TURN)

TURN filed comments opposing SoCalGas' request for ex parte treatment of its application. TURN argues that the costs of this program must be properly accounted for and the revenues should be equitably allocated between ratepayers and shareholders.

TURN points out that while SoCalGas proposes that costs and profits of this service will accrue to shareholders, the application provides no assurance that the cost accounting for this new service will protect ratepayers from subsidizing a program designed to profit only shareholders. According to TURN, SoCalGas' statement that "None of the costs of providing the services proposed by SoCalGas herein are covered in current rates for gas service" seems to ignore the apparent fact that rate base assets will be (or already have been) used for this new offering. And TURN has questions regarding the particular assets which have been or will be used for this service and how ratepayers will be reimbursed for that use. For instance:

1. Use of labor, vehicles, materials, and other direct costs;
2. Use of computers and billing procedures and communications devices, insurance, administrative staff, and other overheads to administer the program;
3. Use of shared services such as legal, regulatory, human resources, and offices to waiver and real estate;

4. Development of the expertise in valve installation which another contractor will be required to pay for in attending SoCalGas' course; and (iv) marketing "Jolt" is an expedited service with delivery of valves or base rates at full rate.

5. Marketing assets such as customer information and bill inserts. It is noted that TURN states that it has no objection to SoCalGas' proposal to determine the ratemaking treatment of "profits" in the PBR proceeding. However, TURN questions how base rates will be adjusted to account for the nonutility services performed using utility assets, if SoCalGas' request is approved on an expedited basis without hearings.

Also, TURN argues that the program design could benefit from public input. TURN points out that under SoCalGas' proposal, a customer will be required to do his or her own market research and procurement for a shut-off valve which is likely to be purchased only once. TURN questions whether the customer savings resulting from such competition will cover these administrative costs, and whether the savings will be as great as those SoCalGas could obtain through volume purchasing of shut-off valves. Further, TURN has concerns that the new program design may increase customer complaints from problems associated with the customer obtaining the correct valve and making it available when SoCalGas arrives for installation. TURN has concerns that the benefits of this new program design, with its potential for confusion which accompanies increased customer choice, will outweigh such costs.

Further, TURN argues that if SoCalGas' proposal is approved without hearings, the Commission should deny SoCalGas' request that the application be approved on a permanent and continuing basis rather than as a pilot program with a sunset date. TURN believes that these measures are necessary to ensure an appropriate review of the success of this new service! TURN recommends an initial two-year term, after which a full review of costs and benefits should be performed. Lastly, TURN submits that

if the Commission approves SoCalGas' request without hearings, the Commission should also require full memorandum account treatment of all costs of this service, including those already expended.

Position of Save Our Services Coalition (SOS)

The SOS opposes SoCalGas' request for ex parte treatment of its request. SOS contends that evidentiary hearings are needed to properly address SoCalGas' proposal since it differs vastly from the current pilot program. Thus, SOS argues that the pilot program cannot be used as a basis for the new service.

Member SOS shares the concern of TURN that SoCalGas' proposal provides no assurance that the cost accounting for this new service will protect ratepayers from subsidizing a program designed to allow profit only to shareholders. Of particular concern to SOS is the use of SoCalGas' assets that would require reimbursement to ratepayers such as labor, certain other direct costs, and administrative overhead costs.

Member SOS acknowledges that SoCalGas has identified certain rate treatment issues, such as the allocation of benefits, that should be subject to the outcome of the PBR proceeding. SOS argues that, however, one possible benefit that is not mentioned is that there may be a societal and/or ratepayer benefit when the actions of some consumers, who have installed earthquake valves, result in a higher degree of safety for the entire neighborhood of consumers. SOS submits that this type of benefit should be addressed in review. Accordingly, SOS believes that it is probably preferable to review some, if not all, of the aspects of SoCalGas' proposal as part of its PBR proceeding, notwithstanding its own proposal.

SOS is concerned that SoCalGas' proposal does not adequately address issues of safety that arise from the SOS installation and service of earthquake valves. SOS is concerned first whether the proposed program will result in higher safety for those who can pay for it. And SOS questions whether it is fair to require nonresidents and nonusers to pay for safety benefits. Furthermore, SOS argues that the new service should be treated as a separate service.

responsibility of a public utility to safeguard the interests of all consumers on an equal basis. But without such blade notation  
SOS contends that because of the significant issues of public safety that are not addressed by SoCalGas' hearings are necessary to assure that the public is adequately protected.

Accordingly, SOS urges the Commission to set the matter for hearing or consolidate the request with SoCalGas' pending PBR application. Position of California Plumbing & Heating, Inc., et al., and Cooling Contractors Association, et al., (CAPHCC) be heard at Johnson

TEROGEN CAPHCC opposes SoCalGas' request for ex parte treatment. CAPHCC shares the same concerns as TURN and expects the issue of subsidization by ratepayers and shareholder profits to be addressed in SoCalGas' PBR proceeding. CAPHCC believes that public input is necessary and the issues raised should be addressed through an evidentiary hearing. But, a good service would include codes as above.

In response to the protests of TURN, SOS, and CAPHCC (protestants), SoCalGas points out that between general rate cases if a utility actually expends more or less than the test year blade estimate of costs, the Commission does not change the utility's rates. If a utility expends additional amounts to provide a new, optional service not allowed for in the last general rate case, the utility has no way to increase rates for regular utility service to recover those additional costs. Therefore, the utility must look only to the rates to be charged for the new service itself. For this reason SoCalGas has carefully developed its proposed rates to recover all the labor, materials, administration, office and other costs created by providing the service. It has looked at 202

SoCalGas contends that for the period until a new general rate case cycle goes into effect, there is no reason why there should be any adjustment in its rates for basic gas service as a result of authorization of its valve installation service. Further, SoCalGas points out that its proposal in this application

is fully consistent with the treatment of costs and revenues from SoCalGas' pilot seismic services program authorized by the California Commission in Resolution G-3167, to grant rate of return on its rate base. SoCalGas notes that the Commission has endorsed its pending PBR application (A.95-06-002) as the appropriate forum for resetting SoCalGas' base rates in lieu of a full general rate case application (see Decision 96-08-014). No SoCalGas served an exhibits supplemental showing on May 3, 1996, in that proceeding, as intervenors requested by Division of Ratepayer Advocates, TURN, and certain other intervenors, based on a 1996 test year. SoCalGas believes that it has successfully excluded from its PBR showing the costs of providing either the existing pilot program seismic services or the successor earthquake valve installation service. Therefore, SoCalGas argues there is simply no reason for delay in addition to those to authorize its proposed valve installation service pending a final decision on rates for basic utility service in the PBR proceeding. Furthermore, SoCalGas points out that to the extent that having an accounting that shows the recorded costs of providing seismic services is of assistance in assuring that future rates for basic service do not subsidize optional seismic services, this information is available and will continue to be available if the present application is approved. SoCalGas notes that Resolution G-3167 required SoCalGas to keep separate accounting of the costs of its seismic services pilot program and SoCalGas proposes to continue separate accounting through a memorandum account for all the costs of providing the seismic installation service of seismic

Also, SoCalGas argues that it is not the appropriate proceeding for the Commission to address ratepayer compensation for intangible assets in a decision approving SoCalGas' application for the seismic installation service. Therefore, in its PBR filing application, SoCalGas is asking the Commission to make a generic determination on the issue of ratepayer compensation for pursuit of

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new, utility-related products and services by SoCalGas and/or its affiliated companies or the marketing activities of its unregulated gas

Turning to the issue of use of customer information, SoCalGas states that it is not clear from TURN's protest whether it is addressing the issue of ratepayer compensation for the use of information about customers gained by SoCalGas in the course of providing utility services. SoCalGas suggests that if TURN is merely raising the issue of ratepayer compensation for information about customers, the issue should be deferred to the PBR proceeding for the reasons discussed above. There is no board mechanism available to a gas company. However, SoCalGas argues that if TURN is proposing that the Commission should prohibit SoCalGas from using customer-specific information it possesses in its communications with customers about the availability of an earthquake valve in seismic installation service, the Commission should reject TURN's position. SoCalGas points out that this service would be a tariffed service at rates approved by the Commission, offered by SoCalGas itself and not by an unregulated affiliate. It would not provide the parties with unfair competition. Addressing the issue of unfair competition raised by SOS, SoCalGas submits that the program structure proposed by its service application is extremely pro-competitive. SoCalGas points out that it proposes to unbundle the sale of valves from its current piloting seismic services program and to exit the business of selling valves entirely. Furthermore, although SoCalGas would remain in the business of installing valves at a regulated price, it also envisions proposing to allow other qualified competitors to install earthquake valves for customers on SoCalGas facilities.

In its protest, SoCalGas submits that, contrary to the assertions of SOS, plumbing contractors already have skilled labor and administrative forces, and with respect to those assets, SoCalGas has no undue competitive advantage. SoCalGas believes that SOS's protest is entirely without specific allegations as to how SoCalGas has any such improper or undue competitive advantage over plumbing contractors.

To Addressing TURN's recommendation that the Commission ~~also~~ receive public input, particularly in regard to the notion that SoCalGas be the buyer of all valves, SoCalGas submits that this is exactly contrary to the approach that the Commission has adopted to generally for making utility services more competitive! SoCalGas argues that earthquake valves are clearly an area in which the Commission's policy of letting competition substitute for regulation should be allowed! on a technical basis of just how

so! So Regarding the arguments of CAPHCC and SOS; that SoCalGas' seeks to implement an untested service without requesting input even from the very customers who are to be served, SoCalGas points out that SOS fails to state any different ways it would propose the two service be provided; or Absent some concrete alternatives, SoCalGas submits that there is simply no reason for the Commission to suffer substantially delay the availability of this service to customers who would choose it; it is no secret what division between the subdivisions

Regarding SOS's contentions that evidentiary hearings are needed because SoCalGas' proposal differs from the pilot program, SoCalGas believes that SOS is wrong to the extent that SOS claims the that experience from SoCalGas' pilot seismic program provided no useful input to this application. SoCalGas argues that from a customer's point of view, the end product is the same under the current pilot program or SoCalGas' proposed successor service plan. A automatic shut off valve on his or her gas service, installed and so ready to operate in case of a serious earthquake. And according to SoCalGas, the lesson learned from the pilot program is that there is interest and desire for increased peace of mind among many

A. SoCalGas offered a "price, location and delivery" to the city of Los Angeles to SOS, chose to offer the city of Los Angeles a lower price, SoCalGas offers the city of Los Angeles a lower price for its proposed service to the city, if it was ever going to be a price for the city to respond to the pilot project, it would now be necessary for a city and its customers to pay a higher price for a service that is being offered to the city at a lower price.

customers); but not at a cost equal to or greater than \$250<sup>4</sup>. SoCalGas submits that its proposal directly addresses this issue by providing for increased competition in both sales and installation of earthquake valves.

Other Developments refers to other activities within the industry

and SoCalGas states that on July 30, 1996, the Ad Hoc Committee on Earthquake Preparedness of the Los Angeles City Council met to discuss amendments to the current city ordinance that requires installation of an automatic gas shut-off valve for new construction and remodels exceeding \$10,000 in cost. The ad hoc committee asked the city attorney to draft amendments to the city ordinance that would mandate installation of automatic valves for single-family residences upon sale; for all master-metered service; multifamily residences; and for commercial buildings/hotels and motels. The ordinance was to be drafted to specifically exempt individually metered multifamily units until the Commission now only considers this application. The exemption specifically acknowledges the high cost of mandating the installation of between automatic valves in this circumstance without SoCalGas' full and active involvement in the ongoing planning of the program and oversight of

Further, SoCalGas states that this pending ordinance is part of the second in an expected series of ordinances in the City of Los Angeles that would ultimately mandate installation of automatic gas earthquake gas shut-off valves on virtually all buildings in the city. Although it is not possible to predict exactly the details of the amendment to the existing ordinance that will be considered

and placed before the Board, SoCalGas' goal is to establish an incentive to

4 SoCalGas tested a "price point" under its current pilot program of \$275, close to the \$250 minimum sales price for an installed valve under the current program. SoCalGas states that from the response at that point, it was evident that a price for sale and installation below \$250 would be necessary for a substantial percentage of customers to conclude the product was worth its price.

by the full City Council on August 13, 1996, SoCalGas believes that it is very likely that the number of valves required by law to be installed in the City of Los Angeles will soon be significantly increased. SoCalGas submits that it is in the interests of the gas consuming public in the City of Los Angeles that they have the full option of convenient, cost-effective, and reliable installation service from SoCalGas by the time any additional legal requirements become effective.

Discussion ~~It isbridge but not necessary to attach~~ .S

We agree with SoCalGas that no protestant has raised any material issues of contested fact that require an evidentiary hearing before the Commission acts to authorize the services proposed by SoCalGas has proposed herein. No hearings should be held on issues of "ratepayer compensation" can be addressed in SoCalGas' PBR application, with costs and revenues from seismic installation services being subject to a memorandum account. Also, the issue of ensuring that when rates for basic utility service are reset they do not subsidize optional services such as seismic installation should be addressed in the PBR application in which rates for basic service are being addressed. Accordingly, SoCalGas' proposed public earthquake valve service proposal should be approved ex parte.

Findings of Fact ~~It isbridge but not necessary to attach~~ .S

1. It is in the interest of the gas consuming public in the Los Angeles area that they have the option of convenient, cost-effective, and reliable installation service from SoCalGas, in addition to such services that are available from local plumbing services and other qualified persons.

2. SOS's protest is without specific allegation as to how SoCalGas has any improper or undue competitive advantage over plumbing contractors ~~noting that many other firms offer the same services, or to offer proposed services, to the proposed~~

and (c) The seismic services program proposed by SoCalGas is pro-competitive since SoCalGas will not be in the business of selling valves, qualified competitors will be allowed to install valves on SoCalGas' side of the meter, and SoCalGas' charges for its services will be set forth in its tariff and to which all billing pursuant to the terms of the meter will be subject. There is no valid reason to delay the implementation of SoCalGas' proposed earthquake valve service.

2. Issues of ratepayer compensation and subsidization of paid optional services, such as SoCalGas' proposed "earthquake" valve service, should be addressed in SoCalGas' pending PBR proceeding. Accordingly, protestants' requests for evidentiary hearings in this proceeding should be rejected as off-mission because any such proceedings would be rejected as off-mission because any such proceedings would be redundant.

3. SoCalGas' proposed "earthquake shut-off valve service" to program provides ample opportunity for competition by local licensed plumbing services and other qualified persons. Accordingly, the anti-competitive arguments of ICAPCO should be rejected.

4. SoCalGas should be directed in Resolution 3167 covering its pilot program, maintain a full accounting of its proposed "earthquake valve service", to ensure that a decision in its PBR proceeding (A.95-06-002) can have effect retroactively to the date of effectiveness of the services proposed in this application.

5. In the absence of specific allegations as to how SoCalGas has any improper or undue competitive advantage over plumbing contractors, and since (1) SoCalGas will not be in the business of selling valves; (2) qualified competitors will be allowed to install valves on SoCalGas' side of the meter; and (3) SoCalGas' charges for its services will be set forth in its tariff, it is reasonable to conclude that SoCalGas' proposed "earthquake" valve service is not anti-competitive.

6. No valid safety concern has been raised by the protestants that would require the utility to delay implementation of its proposed service, or to provide earthquake shut-off valves.

to all its customers at ratepayer expense. Accordingly, the safety arguments of SOS should be rejected; instead, it should be

SoCalGas' proposed earthquake valve service should be implemented as a utility tariffed optional service with no sunset date.

DANIEL W. HEBERER  
ROBERT L. KIRKHAM  
HENRY M. DOWNE  
OSCAR J. HEPFER  
ORDER  
Commissioner

IT IS ORDERED that:

1. Southern California Gas Company (SoCalGas) is authorized to offer automatic earthquake shut-off valve installation and removal services and gas service restoration after tripping of an earthquake valve, at the tariffed charges, terms and conditions as set forth in Appendix A to this decision.

2. SoCalGas shall maintain a separate accounting and establish a memorandum account to record costs and revenues from the services proposed herein, to be subject to the outcome of Application 95-06-002, retroactive to the date the new service is established.

3. SoCalGas is authorized to allow persons meeting the criteria set forth in the proposed "Criteria" attached as Appendix B to this decision to install and remove automatic earthquake gas shut-off valves on SoCalGas' facilities. The Commission shall be the arbiter of any disputes over the application or implementation of those criteria.

4. SoCalGas shall close to new customers its existing pilot program seismic services currently provided for in Rule 10 effective with implementation of the new service authorized by this decision.

This order is effective today, as of 11:59 p.m. on September 4, 1996, at San Francisco, California.

Based on this study, I would like to add the following:

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DANIEL Wm. PESSLER  
JESSIE J. KNIGHT, JR.  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
Commissioners

TI IS ORDERED ENDED

President P. nGrégory Conlon,  
being necessarily absent, did  
not participate.

see [Topic A](#) for this question.

... S. 200-00-00 not required  
for this test

3. Sociology is a discipline which deals with the study of society and its organization, structure, and development.

to implement effective community behavior for its role in effective implementation with participation by the business sector.

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APPENDIX A

EXEMPLARY TARIFF LANGUAGE OF THE PAGE OF THE  
OFFER INSTALLATION OF AUTOMATIC EARTHQUAKE GAS SHUT-OFF VALVES

## APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY TO OFFER INSTALLATION OF AUTOMATIC EARTHQUAKE GAS SHUT-OFF VALVES

SOCIALIST STATE RULE TO WHICH IT SHOULD BE SUBJECT, PERTAINING TO THE  
HUMAN RIGHTS ACT OF 1986, AS AMENDED BY THE  
BILLY BROADBENT ACT OF 1990, AND TO THE  
T. IN AN EFFORT TO PREVENT THE  
NEW AUTOMATIC VALVE FROM BEING USED IN THIS APPLICATION.

## H. SERVICE SERVICES CHARGES

This Section is designed to new customers as of the date of  
selectionness of Section I of this Rule. Existing customers  
under this Section will continue to be served under this Rule  
until the expiration of any contracts for service under it.  
People who receive services under this Section I of this Rule for the first  
time may receive incentives as of the day they begin to receive  
service under the terms of those contracts and this Section of  
law, at the discretion of the company, convert the contracts to  
selections under Section I of this Rule.

### EXEMPLARY TARIFF LANGUAGE TO IMPLEMENT SERVICES PROPOSED BY SOUTHERN CALIFORNIA GAS COMPANY

THE OFFER IS MADE AS FOLLOWS:  
Service of an automatic earthquake shut-off valve. The utility  
offers to the service selection fee after a  
year, or less if the option converts the contract to  
major service.

June 21, 1996

1. Availability. Effective June 21, 1996, the utility  
will offer, on a bi-monthly basis, service to single-residence  
family households located in service areas of  
the service territory for a \$4-monthly fee.  
In service areas not served from the following  
boundaries and services:

2. Options. Where offered, single-residence gas users  
may elect from among the following options, upon execution  
of a written contract prior to the utility's implementation  
beginning the work. The desired form of such contract  
shall be on file with the Commission.

3. Conditions listed under Section 3, before the end), and  
subject to the customer's receipt of the following:

EXEMPLARY TARIFF LANGUAGE TO IMPLEMENT SOCALGAS' APPLICATION TO  
OFFER INSTALLATION OF AUTOMATIC EARTHQUAKE GAS SHUT-OFF VALVES

SOUTHERN CALIFORNIA GAS COMPANY  
NOVEMBER 21, 1995 SIEFFO OT  
ENVIRONMENTAL GAS SHUT-OFF VALVE

SoCalGas' Tariff Rule 10 would be modified, beginning in Section H., to read as shown below. Note that Section H is the current pilot program, and it would be closed to new customers. Section I. is an entirely new section that would be added to reflect the new services proposed in this application.

#### H. SEISMIC SERVICES CHARGES

This Section is closed to new customers as of the date of effectiveness of Section I of this Rule. Existing customers under this Section will continue to be served under its terms until the expiration of any contracts for service under it. Customers with contracts for service under this Section signed before the effective date of Section I of this Rule but who have not had valves installed as of that date may elect to receive service under the terms of those contracts and this Section or may, at the customers' option, convert the contracts to installation service under Section I of this Rule.

The Utility, for a \$50.00 charge per unit, will restore gas service to any customer in its service territory after the closure of an automatic earthquake shut-off valve. The Utility may, at its option, waive the service-restoration fee after a major earthquake.

0001, NO. 6001

1. Applicability. Effective June 15, 1995, the Utility shall offer, on a pilot basis, Seismic Services to single-family residential customers residing in selected areas of its service territory for a 24-month period. Participants in Seismic Services may select from among the following products and services:

2. Options. Where offered, single-residential customers may elect from among the following options, upon execution of a written contract prior to the Utility's representative performing the work. The general form of such contract shall be on file with the Commission.

a. Full enrollment in Seismic Services (once the conditions listed under Section 3. below are met), and entitle the customer to receive all of the following:

(1) Installation of an automatic, earthquake shut-off valve, owned by (and installed on) SoCalGas' side of the meter.

(2) An individual, comprehensive consumer orientation session lead by the Utility's representative.

(3) One free gas service restoration per year to restore service due to an earthquake valve's closure. The Utility may, at its option, extend a second free gas service restoration to subscribers after a major earthquake, up to one thousand dollars per household.

(4) Once a year inspection on the valve performed by the Utility's representative.

(5) A SafeStart Kit (a service restoration tool kit containing the basic tools needed to close and restore gas service), an instruction booklet describing how to close or restore gas service and refight appliances, and a videotape that shows demonstrates these instructions. A fee of \$100 to \$1,000 will be levied to members of the utility.

b. the purchase of one or more of the following:

(1) The SafeStart Kit. The following charges shall apply at the time of sale:  
 (a) Tool kit (plus applicable sales tax)..... \$20 to \$40

(b) Service Restoration Fee (if no service is required (after an earthquake valve closes)) \$50

(2) Sale and installation of the valve (without subscription service), if the following conditions can be met:

(a) Service can be performed safely and without damaging the customer's facilities;

(b) The Utility's meter or customer's gas piping can accommodate installation of an automatic earthquake shut-off valve without undue difficulty or expense on the part of the Utility; and,

(c) The Utility's liability for personal injury and property damage caused by the failure of the valve to properly close in an earthquake is limited to a maximum of \$10,000 per valve;

then the following charges shall apply at the time of sale and installation:

## APPENDIX A

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~~3. To reduce costs on customer's gas piping (plus) (1)~~  
~~to obtain applicable fees (and takes) \$250 to \$450~~

~~3. Subscription Service. Customers may enroll in Seismic services provided all of the following conditions can be met:~~

- a. ~~Service can be performed safely and without damage to the customer's facilities.~~
- b. ~~The Utility is able to accommodate installation of an automatic earthquake shut-off valve without undue difficulty or expense on the part of the Utility.~~

~~3. Enrollment in Seismic Subscription Services is less than 20,000 subscribers.~~

~~b. The Utility's liability for personal injury and property damage caused by the failure of the valve to properly close in an earthquake is limited to a maximum of \$10,000 per valve.~~

~~If the conditions described above are met, each customer will be required to execute a written contract prior to the Utility's representative performing work. The general form of such contract shall be on file with the Commission.~~

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**4. Charges.** To install an automatic earthquake shut-off valve on the Utility's side of the meter, and subscribe to Seismic Services, the following charge(s) shall apply:

- a. One-Time Activation Fee, to be set by the Utility (\$80 to \$130).
- b. Service Fee per month, to be set by the Utility (\$5 to \$18 for the 24-month contract period).
- c. Service Cancellation Fee for early cancellation, the lesser of the remaining Service Fee(s) shown above and \$50.
- d. Service-Restoration Fee when an earthquake valve closes a gas line. This fee is \$50. Subscribers may receive one free service to restoration per year. Subscribers will not receive higher priority for post-earthquake gas service restorations than non-subscribers.

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**5. Billing and Collections**

- a. Except as otherwise provided herein, the Utility will apply its standard billing and collections practices for the Seismic Services pilot program, subject to the following:
- a.1. Customers may elect to receive bills via telephone or mail.
  - a.2. Bills for services rendered for the duration of the pilot program will be billed separately from regular gas services, and shall be due and payable upon presentation at the point of service.
  - a.3. The Activation Fee shall be due and payable upon installation of the valve and/or service activation. The Utility may, based upon customer preferences, include this charge on the first month's bill.
  - a.4. Subscribers may elect one of five payment options for their Service Fee bills, due and payable at the start of the period: monthly, quarterly, semi-annually, annually, or biennially. Payment options may be discounted as determined by the Utility, for longer payment terms, with the highest discount provided, for the greatest prepayment.
  - a.5. The Utility may implement other, or electronic payment options (e.g., automatic debit or credit cards) and to establish payment terms for such options.
  - a.6. If payment is not received within 19 days after the mailing date on the bill, any unpaid amount will be subject to a 1.5% late payment charge per month. The minimum late payment charge will be \$1.00.
  - a.7. The Utility may remove the earthquake valve, if it deems appropriate, if the Utility determines a subscriber has an outstanding balance over 60 days past due; however, the Utility will not terminate regular gas service as a result of delinquencies in payment of Seismic Services charges. Termination of regular gas service will be governed by the provisions of Rule No. 9.
  - a.8. The Utility may terminate subscriptions under the Seismic Services pilot program as it deems appropriate, if the subscriber is no longer in the service area, fails to pay bills, or for other reasons.

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**6. For Further Information:** *anoticeoffebus, pab, pab, a*

- a. Customers questioning their Seismic Services Contract may call the Utility's 24-hour toll-free number: 1-(800) 427-2200, *anoticeoffebus, pab, pab, a*
- b. Customer inquiries about bills may be directed to (909) 394-4350 between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, on normal business days. *anoticeoffebus, pab, pab, a*
- c. Complaints may be referred to the Consumer Affairs Branch of the Public Utilities Commission, Room 5109, 1107 South Broadway Street, Los Angeles, California 90012. *anoticeoffebus, pab, pab, a*

**I. EARTHQUAKE VALVE INSTALLATION SERVICE:** *anoticeoffebus, pab, pab, a*

1. **Applicability:** *anoticeoffebus, pab, pab, a* SoCalGas will install automatic earthquake gas shut-off valves for its gas customers, or for people who sell valves to its gas customers when the gas customers consent to the installation. The service does not include the valve itself, which must be provided by the gas customer or seller of the valve. The valve must be a model approved for installation by the City of Los Angeles, even if the valve is being installed outside the boundaries of the City. SoCalGas offers to install valves for gas customers in all classes, including residential, commercial and industrial customers.

2. **Charge for installation:** *anoticeoffebus, pab, pab, a*
  - a. For an installation for a residential, commercial, and industrial customer with an existing size 3 or smaller meter in "standard" configuration (as defined below), the installation charge is \$72.50, plus other applicable charges (as described below). *anoticeoffebus, pab, pab, a*
  - b. A "standard" meter configuration is defined to be one that meets all of the following conditions: if the meter is located above ground, the meter is within reasonable driving distance of a structure, the meter set requires no extensive repiping, the meter set has a bypass "T" downstream of the meter, the valve can be installed on SoCalGas' side of the meter without shutting off gas service; if the meter set is located in an enclosure, there is room in the enclosure for the valve to be installed.

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c. If a valve is installed when a new size 3 or smaller meter is set on an existing meter, otherwise, scheduled to be replaced by a size 3 or smaller meter, with a "standard" meter configuration, the installation charge is \$45.00, plus other applicable charges described below. ~~Services required during removal of old meter consists of backup of line services to determine not needed~~  
~~dry for installation in any other circumstances, no bread~~  
~~order SoCalGas will provide the customer with an individual estimate of the charge which the customer must approve before SoCalGas will perform the installation. The estimate will be based on a trip charge of \$32.50, a labor charge per quarter hour on the job of \$15.00, and the cost of materials used in performing the installation, plus other applicable charges described below.~~  
~~including backup services for line connection to new meter at time of valve installation, plus other applicable charges described below.~~  
~~e. For each order placed at one time, regardless of the number of valve installations on the order, a transaction fee of \$9.00 will be charged.~~

f. If there are any applicable governmental fees or taxes (including sales tax), their costs will be quoted before installation and added to the charge. If SoCalGas is required to obtain a permit for the ~~supplies~~ <sup>installation</sup> from a local government, a fee of \$20.00 for the cost of SoCalGas' labor to obtain the permit will be charged.

### 3. Responsibility for valve after installation

After installation, the valve is the property of the gas customer and the gas customer can have the valve removed at any time, except where the valve is required by law to be installed. At the time of installation, SoCalGas may require the gas customer to agree to transfer the valve to a subsequent purchaser of the premises or to remove the valve before the time of sale (where removal is allowed by law).

### 4. Charge for removal of valves

SoCalGas offers a valve removal service. The charge for valve removal is \$47.50 for a customer with a size 3 or smaller meter in a "standard" configuration, plus a transaction fee of \$9.00 for all valve removals ordered at one time. The removal service charge for other customers will be quoted in advance based on a trip charge, labor time, materials and transaction fee. The customer also has the option of having the valve removed by a person other than SoCalGas who meets qualifications approved by the Commission.

### 5. Charge for restoring gas service after a valve activates

If a valve is activated and shuts off gas service, it is the responsibility of the customer to arrange and pay for restoration of service. SoCalGas offers to restore service after activation of an earthquake shut-off valve for a charge of \$50.00 for customers with size 3 or smaller meters. For larger customers with larger meters, SoCalGas' charge for restoration of service will be quoted in advance based on an estimate. SoCalGas has the option to waive charges for restoration of service after a major earthquake.

**6. Payment of sufficient and timely bills by SoCalGas to obtain payment due to SoCalGas prior to the date of the bill if all charges will be due on completion of the service provided, unless other options, such as installment payments, are agreed to by SoCalGas and the customer, and SoCalGas may bill for services rendered pursuant to this section in its bill for gas service, but will not terminate gas service for failure to pay for installation service.**

**7. Permission for installation of valves on SoCalGas' facilities**

SoCalGas allows other persons other than itself to provide installation and removal service for automatic earthquake gas shut-off valves on SoCalGas' side of the meter. This permission is subject to conditions approved by the Commission and other conditions required by law.

**8. Responsibility for valve failure installation**

After installation of valves by the customer and if the customer can prove the valve was caused by faulty work, except that the valve is determined by SoCalGas to be faulty. At the time of installation, SoCalGas will advise the gas company to advise the customer the valve is responsible for damage resulting from use of the valve.

**9. Charges for removal of valves**

SoCalGas offers a charge for removal of valves if a customer with a size 3 or smaller meter in a "standard" configuration pays a transaction fee of \$50.00 for all valve removals or charges one fee. The removal service charge for a trip charge, if so will be charged in advance based on a trip charge, if so, meter reads and transaction fee. The customer also pays the option to pay the valve removal by a person other than SoCalGas who meets qualifications approved by the Commission.

**10. Charges for restored gas service after a valve failure**

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APPLICATION OF

## SOUTHERN CALIFORNIA GAS COMPANY

## TO OFFER INSTALLATION OF

## AUTOMATIC EARTHQUAKE GAS SHUT-OFF VALVES

## Criteria for Qualifying Contractors to Work on Company Facilities

To provide customers with the latest cost options and the widest number of vendors possible, SoCalGas proposes to allow independent contractors to work on the SoCalGas piping system solely for the purpose of installing earthquake shut-off valves. However, to ensure that the integrity and safety of the SoCalGas piping system is maintained, contractors will have to be licensed and certified by SoCalGas under company contract. All sites and facilities related to this will be SoCalGas owned property. Contractors will have to meet the following criteria in order to work on the SoCalGas piping system.

## 1. Criteria for SoCalGas Training Program

**Criteria for Qualifying Contractors to Work on Company Facilities**

SoCalGas will develop a training program of 1-2 days to provide contractors with a basic understanding of SoCalGas piping systems topics such as basic troubleshooting; corrective protection; pressure regulation; insulation; piping support; welding and fabrication; and gas piping standards. This training will be provided at a company site for senior contractors.

SoCalGas will develop a training program of 1-2 days to provide contractors with a basic understanding of SoCalGas piping systems topics such as basic troubleshooting; corrective protection; pressure regulation; insulation; piping support; welding and fabrication; and gas piping standards. This training will be provided at a company site for senior contractors.

## 2. Criteria with Description of Transition (DOT) Inspections

Contractors working on pipeline facilities pertaining to safety services functions must pass a DOT 1B qualification and successfully demonstrate in basic level with respect to the Code of Federal Regulations 49. Contractors will have to satisfy these requirements or must have three years or more experience in executing programs of third party contractors to provide case, the program must be submitted by a third party to contractors must provide sufficient resources to assist SoCalGas in conducting audits to the DOT and CPUC.

Contractors working on the SoCalGas piping system will also have to conform with DOT and CPUC requirements for insuring and reporting incidents. Training to satisfy these requirements will be provided in the SoCalGas training program described above.

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**APPLICATION OF  
SOUTHERN CALIFORNIA GAS COMPANY  
TO OFFER INSTALLATION OF  
AUTOMATIC EARTHQUAKE GAS SHUT-OFF VALVES  
BY JAY PRO-TUJI  
June 21, 1998**

**Criteria for Qualifying Contractors to Work on Company Facilities**

To provide customers with the lowest cost options and the widest number of vendors possible, SoCalGas proposes to allow independent contractors to work on the SoCalGas piping system solely for the purpose of installing earthquake shut-off valves. However, to ensure that the integrity and safety of the SoCalGas piping system is maintained, contractors will have to be properly trained and comply with all state and federal requirements with which SoCalGas must comply. Contractors will have to meet the following criteria in order to work on the SoCalGas piping system.

**1. Complete SoCalGas Training Program**

SoCalGas will design a training program of 1-2 days to provide contractors with a basic understanding of SoCalGas meter sets up to and including size 3 meters on standard delivery pressure. This training will address topics such as riser identification; cathodic protection; pressure regulation; installations on multiple meter manifolds; handling and reporting incidents; use of the portable bypass device; and refilling compressed natural gas bottles. This training will be provided at a competitive price for such courses.

**2. Comply with Department of Transportation (DOT) Rulings**

Contractors working on pipeline facilities performing safety sensitive functions must have a DOT approved drug and alcohol program in place that will meet Part 199 of the Code of Federal Regulations 49. Contractors will have to participate in existing programs or must have their own programs. In either case, the program must be audited by a third party or contractors must provide other reasonable assurances that satisfy SoCalGas' reporting requirements to the DOT and CPUC.

Contractors working on the SoCalGas piping system will also have to conform with DOT and CPUC requirements for handling and reporting incidents. Training to satisfy these requirements will be provided in the SoCalGas training program described above.

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3. Work within the following operating parameters

- Work independently only on size 3 and smaller meter installations with standard delivery pressure (1/3 PSI), except as provided below.
- Install all valves downstream of the pressure regulator. Under no conditions can contractors work upstream of the pressure regulator.
- Install valves approved by the City of Los Angeles as meeting its standards.

Due to the complexity of multi-stage pressure regulation and the sensitivity of large volume gas meters, unsupervised contractor access to SoCalGas facilities will be limited to single and multiple installations being served at standard delivery pressure (1/3 PSI) with meters up to and including size 3. SoCalGas will provide system design consultation and by-pass service, at a labor rate of \$60 per hour, for qualified contractors to install earthquake valves on SoCalGas facilities with multi-stage pressure regulation and or meters larger than size 3.

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(END OF APPENDIX B)