

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY  
AND COMPLIANCE DIVISION  
Energy Branch

RESOLUTION E-3256  
February 20, 1992

R E S O L U T I O N

RESOLUTION E-3256. PACIFIC GAS AND ELECTRIC COMPANY  
REQUEST FOR AUTHORIZATION TO EXTEND ELECTRIC SERVICE TO  
REDWOOD HILL RANCH IN SANTA ROSA UNDER THE EXCEPTIONAL  
CASE PROVISION OF THE UTILITY'S LINE EXTENSION RULE.

BY ADVICE LETTER 1364-E, FILED ON JULY 12, 1991.

SUMMARY

1. By Advice Letter 1364-E, filed February 22, 1991, Pacific Gas and Electric Company (PG&E) requests authorization of an Exceptional Case Uneconomic Facilities Agreement (Agreement) with Redwood Hill Ranch Limited Partnership (Partners) to install electric distribution facilities to six lots in the Redwood Hill Ranch residential subdivision (Redwood Hill) located in Santa Rosa, Sonoma County. In PG&E's opinion, the subdivision is a speculative venture because the lots within it are to be sold individually without guaranteed construction of residences. The Agreement would require Partners to advance the extension cost, plus a contribution in aid of construction tax, and a cost of ownership charge. Under the Agreement, PG&E would install its electric facilities prior to individual applications for service, and Partners would pay \$240,296 to PG&E.
2. The Commission Advisory and Compliance Division (CACD) has reviewed PG&E's proposal and recommends amendments to reflect existing tariff provisions for refunds if future customers apply for service.
3. This Resolution authorizes PG&E to enter into the Agreement, as amended.

### BACKGROUND

1. The Agreement provides that Partners will pay to PG&E capital costs of \$102,228, Contribution in Aid of Construction tax of \$28,624, and cost of ownership charges \$75,994. In addition to this refundable amount, Partners will receive a credit of \$2,000 for engineering fees paid and an additional charge of \$35,450 for trenching and CIAC tax thereon. Partners would therefore pay \$240,296; the net of above charges.
2. PG&E would obligate itself under the Agreement to install 6,981 feet of new backbone underground distribution line to serve the six lots in Redwood Hill. This system will be the backbone for further development in the area. The well water system for the development is expected to require pumps that will exceed the rated horsepower that can be served by single phase service. PG&E will therefore install new conductors on existing adjacent overhead lines to provide three phase service adequate for the pumps.
3. PG&E seeks Commission authorization of the Agreement under the Exceptional Cases section (Section E.7) of its Gas Extension Rule (Tariff Rule 15). That provision is as follows:

#### EXCEPTIONAL CASES

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

### NOTICE

1. Public notification of this filing has been made by placing it on the Commission calendar for July 16, 1991 and by mailing copies of the filing to other utilities, governmental agencies and to all interested parties who requested such notification.

### PROTESTS

1. No one has protested this Advice Letter filing.

### DISCUSSION

1. PG&E believes that this agreement qualifies as an "Exceptional Case" under the provisions of Section E.7. of PG&E's Electric Tariff Rule 15 because the residential subdivision is a speculative venture with no immediate source of revenue.
2. CACD agrees with PG&E that Redwood Hill is speculative and that use of the Exceptional Cases provision is reasonable to protect other ratepayers. However, PG&E's Agreement also deviates from the Utility's extension rule by using a revenue to cost criteria for refunding. This practice is inconsistent with PG&E's tariffs.
3. Under PG&E's Rule 15, individual applicants for service are entitled to extensions of specified footage by the utility based on specific appliances to be installed. This "Free Footage" allowance should be applied as the appropriate method of refunding in the event that individual applicants for service purchase lots in Redwood Hill and subsequently build residences.

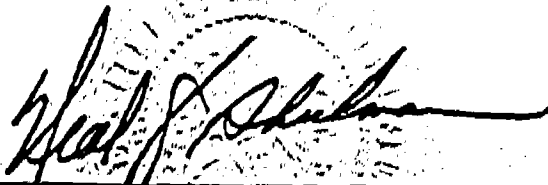
### FINDINGS

1. The Agreement covers PG&E's installation of electric distribution facilities prior to receiving any applications for service.
2. Such construction constitutes a speculative venture and should be considered an "Exceptional Case" under the provisions of Section E.7 of PG&E's Electric Tariff Rule 15.
3. Payment of the \$240,296 by Partners will prevent PG&E's cost of construction and ownership of these facilities from becoming a burden on other ratepayers. The payment by Partners is subject to refund under the Agreement when applications for service occur.
4. Acceptance of this Agreement, amended as recommended by CACD, is for this specific case only. It does not set a precedent nor does it constitute an endorsement of PG&E's practices concerning uneconomic line extensions. All future "Exceptional Cases" agreements must be considered by the Commission on a case-by-case basis.

THEREFORE, IT IS ORDERED that:

1. On or before the tenth day (10) following the effective date of this Resolution, PG&E shall file a revised Advice Letter 1364-E and accompanying Uneconomic Extension Agreement with Redwood Hill Estates to include revised refund provisions by Partners as authorized by this Resolution. Upon receipt, the documents shall be marked to show that they were accepted for filing in compliance with Resolution E-3256 of the California Public Utilities Commission.
2. Pacific Gas & Electric Company shall revise its List of Contracts and Deviations to include the Revised Agreement ordered above and shall file such revised tariff sheets with the Commission within sixty (60) days of the effective date of this Resolution.
3. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on February 20, 1992. The following Commissioners approved it:



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NEAL J. SHULMAN  
Executive Director

DANIEL Wm. FESSLER  
President  
JOHN B. OHANIAN  
NORMAN D. SHUMWAY  
Commissioners

Commissioner Patricia M. Eckert  
being necessarily absent, did not  
participate.