PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3281
JUNE 17, 1992

R E S O L U T I O N

RESOLUTION E-3281. PACIFIC GAS AND ELECTRIC COMPANY'S REQUEST FOR AUTHORIZATION TO ALLOW PACIFIC POWER AND LIGHT COMPANY TO PROVIDE AN ELECTRIC LINE EXTENSION AND SERVICE TO TWO CUSTOMERS IN PACIFIC GAS AND ELECTRIC COMPANY'S SERVICE TERRITORY

BY ADVICE LETTER 1389-E, FILED ON MARCH 24, 1992.

SUMMARY

1. By Advice Letter 1389-E, filed March 24, 1991, Pacific Gas and Electric Company (PG&E) requests authorization to enter into two agreements between Pacific Power and Light Company (PP&L) and PG&E to allow PP&L to extend service to two residences located in PG&E's service territory.

2. This Resolution conditionally authorizes PG&E to enter into the agreements.

BACKGROUND

1. Two residents of PG&E service territory, William Zak and Don Marlin, requested that PG&E provide them with electric service. These customers live in an isolated area near Lakehead, California. This portion of PG&E's service territory borders the PP&L service territory.

2. To provide service to these two residences, PG&E would have to extend an overhead distribution line approximately 15,000 feet and construct a 7,500 foot underground distribution line through designated wilderness. PP&L has an electric distribution line approximately 3,500 feet away from the two residences.

3. PG&E requests authorization of these agreements because it would be more economical if PP&L provides service to Zak and Marlin. PG&E estimates that it would cost $435,000 to construct the required lines. PP&L estimates that it can construct its extension at a cost of $23,844.

4. The Zak residence has agreed to advance PP&L $4,345. This amount is subject to refund under Rule 15-Line Extensions. Also, Marlin has reached an agreement with PP&L.

5. PG&E tariff rule 15.1 E.4. allows PG&E to apply for a special California Public Utilities Commission (CPUC) ruling when a line extension is uneconomic for PG&E to provide.

DISCUSSION

1. PG&E's cost to install this line extension and associated facilities is substantially in excess of that which PG&E would be able to recover in rates under the standard provisions of its Electric Tariff Rule 15, "Electric Line Extensions." This is the reason for filing these agreements under the provisions of the Exceptional Case clause of the filed tariff schedules.

2. These agreements are unique in that one utility (PP&L) will be providing service in another utility's (PG&E) certificated service territory.

3. Given the isolated nature of the area that will be served, CACD supports these agreements because of economy. If PG&E is denied the authority to enter these agreements then the two customers would have to advance to PG&E a significantly greater amount than they would to PP&L. Also, some risk for ratepayers may still be present if the extension does not lead to sizable revenues.

4. PP&L agrees to provide electric service to these customers in accordance with its tariffs.

5. CACD recognizes the precedent of having one utility provide service in another utility's service area. PP&L is only allowed to service these two residences in PG&E's service area. Any additional connections to the PP&L extension would have to receive Commission approval.

6. Although the location which PP&L will be serving is at present isolated, CACD recognizes the possibility that a residential development could be built near the PP&L line. At that time, it may be necessary for PP&L to negotiate an agreement with PG&E to transfer ownership of the territory to PG&E.

NOTICE:

1. Public notice of this filing has been made by publication in the Commission's calendar on March 24, 1992, and by mailing copies of the filing to adjacent utilities, government entities and other interested parties.

PROTESTS

1. No protests to this Advice Letter were received by the Commission Advisory and Compliance Division.

FINDINGS

1. These agreements are acceptable to PG&E, PP&L, and customers Zak and Marlin.

2. The agreements will provide service to two customers in an isolated area without causing a burden on PG&E's or PP&L's ratepayers.

3. The rates, charges and conditions of service as proposed by the agreements between PG&E and PP&L are just and reasonable and the agreements should be accepted for filing.

THEREFORE,

IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized to enter into the agreements with PP&L as filed by this Advice Letter 1389-E.

2. Advice Letter 1389-E and accompanying tariff sheets shall all be marked to show that they were accepted for filing by Resolution E-3281 of the California Public Utilities Commission.

3. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 17, 1992. The following Commissioners approved it:

NEAL SHULMAN
Executive Director

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