

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3297
NOVEMBER 23, 1992

R E S O L U T I O N

RESOLUTION E-3297. ORDER AUTHORIZING PACIFIC POWER & LIGHT COMPANY TO INCREASE CHARGES FOR ELECTRIC LINE EXTENSIONS BEYOND THE FREE LENGTH.

BY ADVICE LETTER 244-E, FILED ON APRIL 9, 1992 AND
ADVICE LETTER 244-E-A (SUPPLEMENTAL), FILED ON JULY
14, 1992

SUMMARY

1. By Advice Letter 244-E, filed on April 9, 1992 and Advice Letter 244-E-A (Supplemental), filed on July 14, 1992, Pacific Power & Light Company (PP&L) requests approval of increased line extension charges. Charges for line extensions beyond the free length would increase from \$5.50 to \$7.00 per foot for overhead line extensions to individual applicants and from \$4.50 to \$8.50 per front foot for underground line extensions within new residential subdivisions. The requested changes are caused by increased construction costs.
2. This Resolution approves the request.

BACKGROUND

1. PP&L's extension rules, Tariff Rules 15 and 15.1, require annual review of known and estimated extension construction costs and the submission of tariff revisions if such costs have increased by ten per cent since the last revision. The charges are intended to recover the utility's cost for line extensions in excess of the free length. The free length is that part of an extension that the utility is required to install at its expense and is specified in the tariff based upon the customer's appliances or upon a specific distance in subdivisions.
2. Section 783 of the Public Utilities Code (Code) requires the Commission to enforce the energy utility extension rules that were in effect on January 1, 1982. An exception that allows utilities to revise unit costs is contained in subsection 783(a).

NOTICE

1. Notice was provided by PP&L to other utilities and interested parties in compliance with Section III, Paragraph G,

of General Order 96-A. Also, publication in the Commission Calendar.

PROTESTS

1. No protests were received.

DISCUSSION

1. PP&L has submitted work papers in support of its filing that show overhead line extension cost increases of 27% over a six and one-half year period. For underground extensions in subdivisions, an increase of 89% has occurred. Rounded, these increases would be recovered by charges beyond the free length increasing from \$5.50 to \$7.00 per foot for overhead line extensions to individual applicants and from \$4.50 to \$8.50 per front foot for underground line extensions within new residential subdivisions.

2. Typically, state and federal taxes on contributions in aid of construction (CIAC tax) are included in the excess footage charge. PP&L is not requesting inclusion of this component in its excess footage charge. These costs will not be passed on to existing customers, and PP&L's stockholders will absorb the costs. By letter dated August 20, 1992, PP&L states:

"Pacific Power & Light has elected not to file tariffs to gross up the contribution. Therefore in compliance with D. 87-09-026, the company will exclude from rate base the deferred tax balance related to contributions in aid of construction (CIAC). The expense portions of the current and deferred taxes related to contributions in aid of construction nullify each other both on a current year basis as well as over time. Thus there is no impact on net operating income from tax expenses associated with the contributions in aid of construction. So with the elimination of the deferred tax balance in rate base, customers are not paying for any taxes associated with contributions in aid of construction. The stockholders in effect absorb any such costs."

3. The Energy Branch of the Commission Advisory and Compliance Division (CACD) reviewed PP&L's filing and workpapers, determined that they conform to PP&L's periodic review tariff provisions, and concluded that the filing reasonably depicts overhead and underground extension costs.

4. Except as noted above, this filing will not increase or decrease any rate or charge, cause the withdrawal of service, nor conflict with other schedules or rules.

November 23, 1992

FINDINGS

1. The Energy Branch of CACD reviewed PP&L's filing and workpapers and recommends approval.
2. We find these revisions as requested in Advice letter 244-E and 244-E-A (Supplemental) are just and reasonable and should be adopted.

THEREFORE, IT IS ORDERED that:

1. Pacific Power and Light Company is authorized under Public Utilities Code Section 783 and General Order 96-A to revise its costs per foot for electric overhead line extensions to individual applicants and for underground extensions within new residential subdivisions as requested by Advice Letter 244-E and 244-E-A (Supplemental).
2. Pacific Power and Light Company's Advice Letters 244-E and 244-E-A (Supplemental) and accompanying tariff sheets shall be marked to show that they were authorized by Resolution E-3297.
3. The Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on November 23, 1992. The following Commissioners approved it:


NEAL J. SHULMAN
Executive Director

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