

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISIONRESOLUTION E-3298
November 23, 1992

R E S O L U T I O N

RESOLUTION E-3298. PACIFIC GAS AND ELECTRIC COMPANY
REQUEST FOR AUTHORIZATION FOR AN UNECONOMIC LINE
EXTENSION TO SERVE CAL-ONE CELLULAR AT A COMMERCIAL
TRANSMITTER STATION LOCATED IN MCKINLEYVILLE, CA.

BY ADVICE LETTER 1370-E, FILED ON SEPTEMBER 10, 1991

SUMMARY

1. By Advice Letter 1370-E, filed September 10, 1991, Pacific Gas and Electric Company (PG&E) requests authorization of an Exceptional Case Uneconomic Facilities Agreement (Agreement) with Cal-One Cellular (Cal-One). The Agreement authorizes an underground electric line extension to serve a commercial transmitter station on Murray Road in McKinleyville. Service to the Cal_One transmitter station qualifies as an exceptional case. Under the Agreement, Cal One will pay PG&E's installation costs, Contributions-in-Aid-of-Construction Tax (CIAC) and a one-time cost-of-ownership charge. These charges result in a one-time payment by Cal-One of \$74,533.
2. This Resolution authorizes PG&E to enter into the Agreement with Cal-One for the site in McKinleyville.

BACKGROUND

1. PG&E submitted the Agreement with Cal-One, dated August 15, 1991, by Advice Letter 1370-E, in accordance with Section X.A. of General Order 96-A. The Agreement provides for an underground electric line extension to serve the applicant's commercial transmitter station located on Murray Road in McKinleyville. Cal-One requested that PG&E install facilities and deliver and sell electricity for the operation of Cal-One's permanent equipment.
2. Installation of approximately 2080 feet of new, underground distribution line will be required to serve the transmitter station. The expected load is 17,508 kilowatt hours per year. PG&E calculates that this load would create base annual revenues of \$1,207. PG&E used a cost to revenue ratio of 4.63 to determine that it was willing to expend \$5,589 in capital costs to serve Cal-One. This ratio is derived from the

inverse of the monthly cost of ownership charge in PG&E's tariffs times 12 for an annual ratio.

3. The Agreement requires Cal-One to pay a total of \$74,533. This charge is comprised of \$32,230, PG&E's installation costs in excess of the \$5,589; \$ 9,024 for CIAC tax; a \$23,959 one-time cost-of-ownership charge; and miscellaneous charges of \$9,320.

DISCUSSION

1. Because the base revenues from Cal-One cannot support PG&E's installation costs, the excess facility costs, cost-of-ownership and CIAC taxes must be offset by a contribution from Cal-One. The Energy Branch of the Commission Advisory and Compliance Division (CACD) notes that PG&E did not consider the appliances such as electric lights and motors at the site. Future advice letters should consider electric appliances and the free footage associated with such loads.

2. The Commission established guidelines for evaluating uneconomic extensions in Resolution E-3259. The proposed line to serve Cal-One should be considered uneconomic because it fits the following guideline measures from Resolution E-3259:

- A. The jobsite is remote and isolated, located in timbered territory on private property.
- B. The total estimated cost of the job is greater than \$10,000 (estimated at \$37,819).
- C. PG&E has provided the applicant with a revenue based allowance (greater than zero free footage allowance).

NOTICE

1. Public notification of this filing has been made by placing it on the Commission calendar 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.

FINDINGS

1. The Agreement covers PG&E's installation of electric facilities for Cal-One's commercial transmitter site in McKinleyville.

2. Such construction constitutes a shortfall in estimated load revenue 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 \$74,533 by Cal-One will prevent PG&E's costs of construction, taxes, and ownership for these facilities from becoming a burden on other ratepayers.

November 23, 1992

4. Acceptance of this Agreement 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:

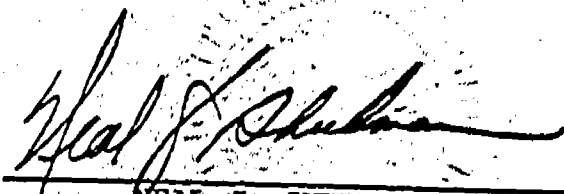
1. Advice Letter 1370-E and the accompanying "Exceptional Case Uneconomic Facilities Agreement" shall be marked to show that they were accepted for filing by Resolution E-3298 of the California Public Utilities Commission.

2. This order applies only to the Agreement filed by Pacific Gas and Electric Company Advice Letter 1370-E and does not set a precedent nor constitute a blanket endorsement of the methodology used herein for the use in other line extensions and/or acquisitions.

3. Pacific Gas and Electric Company shall revise its list of Contracts and Deviations to include the Agreement listed above and shall file such revised tariff sheets with the Commission within sixty (60) days of the effective date of this Resolution.

4. This 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