

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION & COMPLIANCE DIVISION
Energy BranchRESOLUTION G-2734
June 24, 1987.R E S O L U T I O N

RESOLUTION G-2734, SOUTHERN CALIFORNIA GAS COMPANY (SOCAL) REQUEST FOR AUTHORIZATION TO INCREASE UNIT COST CALCULATION FOR GAS SERVICE LINE EXTENSIONS, APPLICABLE THROUGHOUT THE SYSTEM, BY ADVICE LETTER 1708 FILED APRIL 30, 1987.

SUMMARY

Southern California Gas Company (SoCal) requests authority to increase the amount of the unit cost calculation for gas service line extensions from \$6.45 to \$7.20 per foot. Rule No. 21, Section H.1 provides that the Company will review its cost of gas main and service extension annually, and revise the unit costs when these costs have changed by more than 10% from the time of the last revision.

BACKGROUND

1. SoCal's filed Rule No. 21, Section H.1, provides that the Company will review its cost of gas main and service extension annually, and submit tariff revisions of the unit costs when these costs have changed by more than 10% from the time of the last revision.
2. SoCal states that it has analyzed its service costs for year ended December 1986, and costs were found to have changed by more than 10%. Accordingly, Rule No. 21 is proposed to be revised to reflect unit costs for use in determining a required advance payment for gas service extensions.
3. During the year 1986, SoCal states it installed a total of 2,781,021 feet of gas service extensions within the system applicable to the unit cost calculation. This resulted in an average cost of \$7.22 per foot for extensions

beyond the free length allowed. This compares with the current filed unit cost of \$6.45 per foot. SoCal proposes this figure be changed to \$7.20 per foot.

4. SoCal states that "[t]his service cost increase reflects continued inflationary pressures since the last revision in the unit cost in 1983. The main extension unit cost is not being revised by this filing as the increase is less than 10% since the last revision."

DISCUSSION

1. Southern California Gas Company submitted workpapers with this advice letter, supporting the unit cost calculations for both main extensions and line extensions beyond the free footage length.
2. Staff from both Service and Safety and Energy Branches of the Evaluation and Compliance Division have reviewed SoCal's advice letter filing and have no objections to the increased line extension calculation of \$7.20 per foot.
3. No protests were received regarding the increased line extension calculation of \$7.20 per foot.

FINDINGS

1. Southern California Gas Company is required to review gas main and service extensions annually per D.85-08-043, which addressed competitive bidding for customer installation of electric and gas line extensions and connections.
2. The company is directed to submit a request for unit cost changes when these costs have either increased or decreased by 10% from the time of the last revision.
3. SoCal's current gas service extension unit charges are \$6.45 per foot beyond the free footage. The calculated average unit costs have risen to \$7.22 per foot, or, a 12% increase since 1983. SoCal has opted to request the unit cost charge for line extensions be increased to \$7.20 per foot. The charge for main extensions, currently set at \$6.20 per foot beyond the free footage, shall remain the same for its unit cost increase remains below 10%.

We find that the rates, charges and conditions of service authorized in this Resolution are just and reasonable; therefore,

IT IS ORDERED that:

1. Southern California Gas Company is authorized to increase its gas service extension unit cost beyond the free footage from \$6.45 per foot to \$7.20 per foot.
2. This advice letter and tariff sheets shall be marked to show that they were accepted for filing by Commission Resolution G-2734.
3. The effective date of this authorized unit cost increase and the applicable tariff sheets will be June 24, 1987.

I certify that this Resolution was adopted by the Public Utilities Commission at its regularly scheduled meeting June 24, 1987. The following Commissioners approved it:

STANLEY W. HULETT
President
Frederick R. Duda
John B. Ohanian
Commissioners



Executive Director

Commissioner Donald Vial, being necessarily absent, did not participate.

Commissioner G. Mitchell Wilk being necessarily absent, did not participate.