

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-2898
November 22, 1989

R E S O L U T I O N

RESOLUTION G-2898. SOUTHERN CALIFORNIA GAS COMPANY.
ORDER AUTHORIZING REVISED UNIT COSTS FOR GAS LINE
EXTENSIONS.

BY ADVICE LETTER 1906, FILED OCTOBER 17, 1989.

SUMMARY

1. By Advice Letter 1906, filed October 17, 1989, Southern California Gas Company (SoCalGas) requests authorization to increase the unit cost charges for gas line extensions from \$6.20 per foot, to \$7.30 per foot. This is a 17.5 percent increase after six years.
2. This resolution approves SoCalGas' request.

BACKGROUND

1. SoCalGas Tariff Rule 20 sets forth provisions for extensions of gas distribution mains necessary to furnish permanent gas service to new applicants. The charges are intended to recover the utility's costs for line extensions which exceed the free footage allowance. Tariff Rule 20 Section E.2 states that the utility will review its gas main extension costs annually, and submit revisions if these costs have changed by more than ten percent since the last revision. SoCalGas' main extension costs have been reviewed for the year ended December 31, 1988 and have increased by approximately 17.5%.
2. Section 783 of the Public Utilities Code (Code) requires the Commission to continue to enforce the rules governing the extension of service by gas and electric utilities that were in effect on January 1, 1982. Code Section 783 (a) provides an exception that allows utilities to revise unit costs.

NOTICE

1. Public notification of this filing has been made by publication in the Commission's calendar and by mailing copies of the Advice Letter to other utilities, governmental agencies and to all interested parties who requested such notification.

PROTESTS

1. No protests have been received.

DISCUSSION

1. SoCalGas submitted Advice Letter 1906 revising Rule 20 gas main extension unit costs. SoCalGas' average installation costs for gas mains (three inch diameter and under) during 1988, was approximately \$7.30 per foot. Therefore, SoCalGas is requesting that the Commission increase its unit costs for main extensions to \$7.30 per foot. The present unit cost for main extensions, which became effective on June 15, 1983, is \$6.20 per foot. This is an increase of 17.5% after six years. According to SoCalGas, the major reason for the increase is the continued inflationary pressures since 1983.

2. The Commission Advisory and Compliance Division (CACD) staff met with SoCalGas to discuss the workpapers for the revised unit cost estimates. The 1988 cost data indicated that approximately 99% of the pipe installed was plastic.

3. CACD believes that SoCalGas' request is reasonable because it reflects recorded costs. Therefore, CACD recommends approval.

FINDINGS

1. SoCalGas' requested increase in main extension unit costs is based on recorded expenditures. Therefore, SoCalGas' request to revise its gas main extension unit cost is just and reasonable.

2. In light of this increased unit cost for specific line extensions, SoCalGas should ensure that customers requesting line extensions are fully informed about their options to perform this work privately and to obtain competitive bids for such work as specified in Tariff Rule 20.

November 22, 1989

THEREFORE IT IS ORDERED that:

1. Southern California Gas Company is authorized under Public Utilities Code Sections 532 and 783, and General Order 96-A to revise its unit cost as requested by Advice Letter 1906.

2. Southern California Gas Company shall inform all customers requesting line extensions of the competitive bidding option.

3. Advice Letter 1906 and accompanying tariff sheets shall be marked to show that they were authorized by Resolution G-2898.

4. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the California Public Utilities Commission at its regular meeting on November 22, 1989. The following commissioners approved it:

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners

Wesley Franklin
Acting Executive Director