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February 8, 2011

ADVICE LETTER 2205-E-A / 1989-G-A
(U902-M)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: SUPPLEMENTAL; REVISION OF RESIDENTIAL ELECTRIC AND GAS LINE
EXTENSION ALLOWANCES AND OWNERSHIP CHARGES IN RULE 15**

San Diego Gas & Electric Company (SDG&E) hereby submits for approval the following revisions to its electric and gas tariffs as shown in the enclosed attachments C and D, respectively.

PURPOSE

This Advice Letter proposes to revise the residential line extension allowances and ownership charges referenced in SDG&E's Electric and Gas Rule 15.

BACKGROUND

At the request of Energy Division staff, SDG&E is making this supplemental filing, which replaces in its entirety Advice Letter 2205-E/1989-G, dated November 15, 2010, to further revise the Gas Residential Allowance values. SDG&E's residential line extension allowance represents a cap, per customer, that SDG&E will spend on new residential electric and gas installations. D.07-07-019, dated July 12, 2007, approved refinements to the methodology SDG&E uses to calculate electric and gas residential line extension allowances and the cost of ownership charges applicable to refundable costs in excess of a line extension allowance.

SDG&E Electric Rule 15.I.2 and SDG&E Gas Rule 15.H.2 authorize the utility to periodically review its factors for determining residential allowances and ownership charges and, if as a result of the updated inputs, the factors change by more than five percent (5%), the utility will submit a tariff revision proposal to the Commission for review and approval. Such proposed changes shall be submitted no sooner than six (6) months after the last revision.

DISCUSSION

In October, SDG&E concluded a review of the factors it uses to determine its residential allowance and cost of ownership charges. This review revealed that updated factors produced changes in the allowances and ownership charges beyond the five percent (5%) threshold. Therefore, the allowances and cost of ownership charges should change as shown below:

Allowances		
	Current	Revised
Electric Residential Allowance	\$2,026	\$2,578
Gas Residential Allowance		
Water Heating	585	554
Space Heating	482	479
Oven/Range	50	99
Dryer Stub	132	140
Total	\$1,249	\$1,272

Ownership Charges		
	Current	Revised
Electric Ownership Charge	0.43% / month	0.42% / month
Gas Ownership Charge	0.40% / month	0.46% / month

These updated allowances and ownership charges have been incorporated into SDG&E's Electric and Gas Rule 15. Attachments A and B illustrate the methodology underlying the calculations of both the updated residential allowances and monthly ownership charges.

This filing will not create any deviations from SDG&E's tariffs, cause withdrawal of service from any present customers, or impose any more restrictive conditions than currently exist.

EFFECTIVE DATE

SDG&E believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. Therefore, SDG&E respectfully requests that changes to the tariffs filed herein become effective March 10, 2011, 30 days from the date filed.

PROTEST

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received by February 28, 2011, 20 days from the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
 Attention: Tariff Unit
 505 Van Ness Avenue
 San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Honesto Gatchalian (inj@cpuc.ca.gov) and Maria Salinas (mas@cpuc.ca.gov) of the Energy Division. A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Megan Caulson
Regulatory Tariff Manager
8315 Century Park Court, Room 32
San Diego, CA 92123-1548
Facsimile No. (858) 654-1788
E-mail: mcaulson@semprautilities.com

NOTICE

A copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties in A.06-12-009, by either providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1788 or by e-mail at SDG&ETariffs@semprautilities.com.

CLAY FABER
Director – Regulatory Affairs

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Aurora Carrillo

Phone #: (858) 654-1542

E-mail: acarrillo@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed / Received Stamp by CPUC)

Advice Letter (AL) #: 2205-E-A / 1989-G-A

Subject of AL: Supplemental: Revision of Residential Electric and Gas Line Extension Allowances and Ownership charges in Rule 15

Keywords (choose from CPUC listing): Rules

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision / Resolution #:

D.07-07-019

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL _____

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: _____

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 3/10/2011

No. of tariff sheets: 10

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Electric and Gas Rule 15 and TOC

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

mas@cpuc.ca.gov and jnj@cpuc.ca.gov

San Diego Gas & Electric

Attention: Megan Caulson

8330 Century Park Ct, Room 32C

San Diego, CA 92123

mcaulson@semprautilities.com

¹ Discuss in AL if more space is needed.

General Order No. 96-B
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission

DRA

D. Appling
S. Cauchois
J. Greig
R. Pocta
W. Scott

Energy Division

P. Clanon
S. Gallagher
H. Gatchalian
D. Lafrenz
M. Salinas

CA. Energy Commission

F. DeLeon
R. Tavares

Alcantar & Kahl LLP

K. Harteloo

American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

J. Zaiontz

Barkovich & Yap, Inc.

B. Barkovich

Bartle Wells Associates

R. Schmidt

Braun & Blaising, P.C.

S. Blaising

California Energy Markets

S. O'Donnell
C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

CCSE

S. Freedman
J. Porter

Children's Hospital & Health Center

T. Jacoby

City of Chula Vista

M. Meacham
E. Hull

City of Poway

R. Willcox

City of San Diego

J. Cervantes
G. Lonergan
M. Valerio

Commerce Energy Group

V. Gan

Constellation New Energy

W. Chen

CP Kelco

A. Friedl

Davis Wright Tremaine, LLP

E. O'Neill
J. Pau

Dept. of General Services

H. Nanjo
M. Clark

Douglass & Liddell

D. Douglass
D. Liddell
G. Klatt

Duke Energy North America

M. Gillette

Dynegy, Inc.

J. Paul

Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell
M. Scanlan

Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg
J. Heather Patrick

J. Squeri

Goodrich Aerostructures Group

M. Harrington

Hanna and Morton LLP

N. Pedersen

Itsa-North America

L. Belew

J.B.S. Energy

J. Nahigian

Luce, Forward, Hamilton & Scripps LLP

J. Leslie

Manatt, Phelps & Phillips LLP

D. Huard
R. Keen

Matthew V. Brady & Associates

M. Brady

Modesto Irrigation District

C. Mayer

Morrison & Foerster LLP

P. Hanschen

MRW & Associates

D. Richardson

OnGrid Solar

Andy Black

Pacific Gas & Electric Co.

J. Clark
M. Huffman
S. Lawrie
E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

R. W. Beck, Inc.

C. Elder

School Project for Utility Rate
Reduction

M. Rochman

Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

F. Chiang

Sutherland Asbill & Brennan LLP

K. McCrea

Southern California Edison Co.

M. Alexander
K. Cini

K. Gansecki

H. Romero

TransCanada

R. Hunter
D. White

TURN

M. Florio
M. Hawiger

UCAN

M. Shames

U.S. Dept. of the Navy

K. Davoodi

N. Furuta

L. DeLacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing
Communities Association

S. Dey

White & Case LLP

L. Cottle

Interested Parties in:

A.06-12-009

Attachment A. SDG&E Electric Residential Allowance

Line			
1	Residential Distribution Revenue		\$521,610,298
2	Residential Customers		1,224,253
3	Average Residential Customer Revenue	Line 1 / Line 2	\$426.06
4	Revenue Cycle Service Credits	Source: CPUC Sheet 15558-E, Eff. Oct 1, 2002. Methodology authorized by CPUC D.99-12-046	\$8.68
		<i>Billing</i>	\$5.85
		<i>Meter Services</i>	\$0.60
		<i>Meter Reading</i>	\$2.23
5	Net Revenue per Customer	Line 3 - Line 4.	\$417.38
6	Cost of Service Factor	Sources: LACC factors from 2009 Sempra Utilities Economic Assumptions Manual; O&M, A&G and FFU factors from 2008 General Rate Case	16.19%
		<i>LACC factor</i>	11.441%
		<i>O&M factor</i>	2.468%
		<i>A&G factor</i>	1.045%
		<i>FFU factor</i>	0.295%
		<i>60-year replacement multiplier</i>	1.0616
7	Allowance per Customer	Line 5 / Line 6. Adjustment for RCS Credits authorized by CPUC D.99-12-046.	\$2,578
8	Cost of Ownership Charge	Sources: LACC factors from 2009 Sempra Utilities Economic Assumptions Manual; O&M, A&G and FFU factors from 2008 General Rate Case	5.01% per year
			0.42% per month
		<i>Property Tax factor</i>	0.907%
		<i>O&M factor</i>	2.468%
		<i>A&G factor</i>	1.045%
		<i>FFU factor</i>	0.295%
		<i>60-year replacement multiplier</i>	1.0616

Attachment B. SDG&E Gas Residential Allowance per End Use

Line			
1	Allocated Base Margin in Transportation Rates	Source: TY 2008 General Rate Case, D.08-07-046, with attrition adjustment.	\$ 188,637,396
2	Non-Base Margin Items in Transportation Rates	Source: for balancing account information, 1/1/2010 Consolidated Gas Rate Changes Advice Letter (Advice Letter 1912-G). All other information, 2009 BCAP Decision, D.08-12-020.	\$ 39,508,178
3	Revenue Requirement in Transportation Rates	Line 1 + Line 2	\$228,145,575
4	Items Not Used in Line Extension Rate		\$46,731,340
		Items Not Used in Line Extension Rate Are:	
		BBT Transmission Costs	\$ 1,744,902
		Local Transmission Costs	\$ 5,478,260
		Non Base Margin items in Transport Rate	\$39,508,178
5	Line Extension Basis	Line 3 - Line 4	\$181,414,235
6	Average Year Throughput Therms	Source: 2009 BCAP Decision D.08-12-020.	\$ 326,003,002
7	Line Extension Rate (\$ per Therm)	Line 5 / Line 6.	\$0.5565
8	Average UEC per End-Use in Therms	Source: SoCalGas and SDG&E Analysis of 2009 Residential Appliance Saturation Study	
		Water Heat	159
		Space Heat	137
		Cooking	28
		Clothes Drying	40
9	Net Revenue per End-Use	Line 7 * Line 8	
		Water Heat	\$88.30
		Space Heat	\$76.43
		Cooking	\$15.73
		Clothes Drying	\$22.27
10	Cost of Service Factor	Sources: LACC factors from 2009 Sempra Utilities Economic Assumptions Manual; O&M, A&G and FFU factors from TY 2008 General Rate Case	15.94% per year
		LACC factor	10.980%
		O&M factor	1.941%
		A&G factor	2.227%
		FFU factor	0.251%
		60-year replacement multiplier	1.0351
11	Allowance per End-Use	Line 9 / Line 10.	
		Water Heat	\$554
		Space Heat	\$479
		Cooking	\$99
		Clothes Drying	\$140
12	Cost of Ownership Charge	Sources: Property tax factors from 2009 Sempra Utilities Economic Assumptions Manual; O&M, A&G and FFU factors from TY 2008 General Rate Case	5.55% per year 0.46% per month
		Property Tax Factor	0.945%
		O&M factor	1.941%
		A&G factor	2.227%
		FFU factor	0.251%
		60-year replacement multiplier	1.0351

ATTACHMENT C
ADVICE LETTER 2205-E-A

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 22237-E	RULE 15, DISTRIBUTION LINE EXTENSIONS, Sheet 4	Revised 20416-E
Revised 22238-E	RULE 15, DISTRIBUTION LINE EXTENSIONS, Sheet 12	Revised 20418-E *
Revised 22239-E	RULE 15, DISTRIBUTION LINE EXTENSIONS, Sheet 13	Revised 20419-E
Revised 22240-E	TABLE OF CONTENTS, Sheet 1	Revised
Revised 22241-E	TABLE OF CONTENTS, RULES, Sheet 7	Revised 22215-E



RULE 15

Sheet 4

DISTRIBUTION LINE EXTENSIONS

C. DISTRIBUTION LINE EXTENSION ALLOWANCES

1. General: Utility will complete a Distribution Line Extension without charge provided utility's total estimated installed cost does not exceed the allowances from permanent, bona-fide loads to be served by the Distribution Line Extension within a reasonable time, as determined by utility. The allowance will first be applied to the Service Extension (including the metering), in accordance with Rule 16. Any excess allowance will be applied to the Distribution Line Extension to which the Service Extension is connected.
2. Basis of Allowances: Allowances shall be granted to an Applicant for Permanent Service, or to an Applicant for a subdivision or development under the following conditions:
 - a. Utility is provided evidence that construction will proceed promptly and financing is adequate, and,
 - b. Applicant has submitted evidence of building permit(s) or fully-executed home purchase contract(s) or lease agreement(s), or,
 - c. Where there is equivalent evidence of occupancy or electric usage satisfactory to utility.

The allowances in Sections C.3. and C.4. are based on a revenue-supported methodology using the following formula:

$$\text{ALLOWANCE} = \frac{\text{NET REVENUE}}{\text{COST OF SERVICE FACTOR}}$$

3. Residential Allowances: The allowance for Distribution Line Extensions, Service Extensions, or a combination thereof, for Permanent Residential Service is \$2,578 per meter or residential dwelling unit.
4. Non-Residential Allowances: The allowance for Distribution Line Extensions, Service Extensions, or a combination thereof, for Permanent Non-Residential Service is determined by utility using the formula in Section C.2. The utility, at its election, may apply a Non-Residential Allowance Net Revenue Multiplier as defined in Section J.

Where the Distribution Line Extension will serve a combination of residential and non-residential meters, residential allowances will be added to non-residential allowances.

5. Seasonal, Intermittent, Emergency and Insignificant Loads: When an Applicant requests service that requires a Distribution Line Extension to serve loads that are seasonal or intermittent, the allowance for such loads shall be determined using the formula in Section C.2. No allowance will be provided where service is used only for emergency purposes, or for Insignificant Loads.

(Continued)



RULE 15

DISTRIBUTION LINE EXTENSIONS

J. DEFINITIONS

Advance: Cash payments made to the utility prior to the initiation of any work done by the utility which is not covered by allowances.

Applicant: A person or agency requesting utility to supply electric service.

Applicant's Contract Anticipated Cost: The cost estimate provided by the Applicant's contractor to the Applicant for performing the applicable refundable work, as stated on the Applicant's cost statement form (Form 65502), or in the case where the work is performed by the Applicant, the Applicant's own cost estimate on the signed form.

Betterment: Facilities installed by Applicant at the request of utility in addition to those required under Section B.1.a.

Cabling: Conductors (including cable-in-conduit, if used), connectors, switches, as required by utility for primary, secondary, and service installations.

Commercial Development: Two (2) or more enterprises engaged in trade or the furnishing of services, (e.g., shopping centers, sales enterprises, business offices, professional offices, and educational or governmental complexes) and located on a single parcel or on two (2) or more contiguous parcels of land.

Conduit: Ducts, pipes or tubes of certain metals, plastics and other materials acceptable to utility (including pull wires and concrete encasement where required) for the installation and protection of electric wires or cables.

Contribution: In-kind services and the value of all property conveyed to the utility at any time during the utility's work on an extension which is part of the utility's total estimated installed cost of its facilities, or cash payments not covered by Applicant's allowances.

Cost of Service Factor (COS): The factor that is divided into the Net Revenue to determine the Utility's investment in distribution facilities. The COS Factor includes depreciation, return, income taxes, property taxes, Operating and Maintenance (O&M), Administrative and General (A&G), Franchise Fees and Uncollectible Expenses (FF&U) and replacement of facilities for 60 years at no additional cost to customer. For the purpose of calculating residential allowances, a COS Factor of 16.19% will be used.

Distribution Line Extension: New distribution facilities of utility that is a continuation of, or branch from, the nearest available existing permanent Distribution Line (including any facility rearrangements and relocations necessary to accommodate the Distribution Line Extension) to the point of connection of the last service. Utility's Distribution Line Extension includes transmission underbuilds and converting an existing single-phase line to three-phase in order to furnish three-phase service to an Applicant, but excludes service transformers, meters and services.

Distribution Lines: Utility's overhead and underground facilities which are operated at distribution voltages as set forth in utility's Rule 2, and which are designed to supply two (2) or more services.

Distribution Trench Footage: The total trench footage used for calculating cabling costs. It is determined by adding the total length of all new and existing trench for the installation of underground primary and secondary Distribution Lines designed to supply two (2) or more services (excluding service trench footage under Rule 16).

(Continued)

12P3

Issued by

Date Filed

Feb 8, 2011

Advice Ltr. No. 2205-E-A

Lee Schavrien

Effective _____

Senior Vice President
Regulatory Affairs

Decision No. 07-07-019

Resolution No. _____

R



RULE 15

DISTRIBUTION LINE EXTENSIONS

J. DEFINITIONS (Continued)

Excavation: All necessary trenching, backfilling, and other digging to install Distribution Line Extension facilities, including furnishing of any imported backfill material and disposal of spoil as required, surface repair and replacement, landscape repair and replacement.

Feeder Conduit: Conduit for such uses as part of a backbone system to provide for future anticipated load growth outside the subdivision involved, to provide for future anticipated load growth in the existing subdivision and the existing subdivisions in close proximity, to balance loads between substations, to interconnect the service to the subdivision with service to subsequent developments outside the subdivision, and to provide the flexibility and versatility of modifying or supplying emergency backup power to the area involved.

Franchise Area: Public streets, roads, highways and other public ways and places where the utility has a legal right to occupy under franchise agreements with governmental bodies having jurisdiction.

Industrial Development: Two (2) or more enterprises engaged in a process which creates a product or changes material into another form or product and located on a single parcel or on two (2) or more contiguous parcels of land.

Insignificant Loads: Small operating loads such as gate openers, valve controls, clocks, timing devices, fire protection equipment, alarm devices, etc.

Intermittent Loads: Loads which, in the opinion of the utility, are subject to discontinuance for a time or at intervals.

Net Revenue: That portion of the total rate revenues that supports utility's distribution line and service extension costs and excludes such items as energy, transmission, Competition Transition Charge (CTC), public purpose programs, revenue cycle services revenues, and other revenues that do not support the Distribution Line and Service Extension costs. For residential line extensions the net revenue is a fixed amount calculated from the annual total residential distribution rate revenue divided by the number of residential customers with a deduction for revenue cycle service credits.

Non-Residential Allowance Net Revenue Multiplier: This is a revenue-supported factor determined by the utility that is applied to the net revenues expected from non-residential load to determine non-residential allowances.

Ownership Charge: Monthly charge as a percentage rate applied against the remaining refundable balance after twelve (12) months from the date the Utility is first ready to serve. This charge recovers the cost of operating and maintaining customer-financed facilities that are not fully utilized. The Ownership Charge includes property taxes, Operations and Maintenance (O&M), Administrative and General (A&G), Franchise Fees and Uncollectible expenses (FF&U), and replacement of facilities for 60 years at no additional cost to customer. For the purpose of calculating the Ownership Charge, a 0.42% per month will be used.

Permanent Service: Service which, in the opinion of utility, is of a permanent and established character. This may be continuous, intermittent, or seasonal in nature.

Pole Line: Poles, cross-arms, insulators, conductors, switches, guy-wires, and other related equipment used in the construction of an electric overhead line.

(Continued)

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The following sheets contain all the effective rates and rules affecting rates, service and information relating thereto, in effect on the date indicated herein.

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Advice Ltr. No. 2205-E-A

Decision No. 07-07-019

Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Feb 8, 2011

Effective _____

Resolution No. _____



San Diego Gas & Electric Company
San Diego, California

Revised Cal. P.U.C. Sheet No. 22241-E
Canceling Revised Cal. P.U.C. Sheet No. 22215-E

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Sheet 7

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ATTACHMENT D
ADVICE LETTER 1989-G-A

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 18667-G	RULE 15, GAS MAIN EXTENSIONS, Sheet 3	Revised 16747-G
Revised 18668-G	RULE 15, GAS MAIN EXTENSIONS, Sheet 9	Revised 16749-G
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Revised 18670-G	TABLE OF CONTENTS, Sheet 1	Revised 18665-G
Revised 18671-G	TABLE OF CONTENTS, Sheet 5	Revised 18630-G



RULE 15

GAS MAIN EXTENSIONS

C. EXTENSION ALLOWANCES

1. General: Utility will complete a Distribution Main Extension without charge provided the utility's total estimated installed cost does not exceed the allowances as determined from permanent bona-fide loads to be served by the extension within a reasonable time, as determined by the utility. The allowance will first be applied to the Service Extension (including the metering), in accordance with Rule 16. Any excess allowance will be applied to the Distribution Main Extension to which the Service Extension is connected.
2. Basis of Allowances: Allowances shall be granted to an Applicant for Permanent Service; or to an Applicant for a subdivision or development under the following conditions:
 - a. Utility is provided evidence that construction will proceed promptly and financing is adequate; and,
 - b. Applicant has submitted evidence of building permit(s) or fully-executed home purchase contract(s) or lease agreement(s); or,
 - c. Where there is equivalent evidence of occupancy or gas usage satisfactory to the utility.

The allowances in Section C.3. and C.4. are based on a revenue-supported methodology using the following formula:

$$\text{ALLOWANCE} = \frac{\text{NET REVENUE}}{\text{COST OF SERVICE FACTOR}}$$

3. Residential Allowances: The allowance for Distribution Main Extensions, Service Extensions, or a combination thereof, for Permanent Residential Service on a per-unit basis, is as follows:

Water Heating	\$554
Space Heating	\$479
Oven/Range	\$ 99
Dryer Stub	\$140

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4. Non-Residential Allowances: The allowance for Distribution Main Extensions, Service Extensions, or a combination thereof, for Permanent Non-Residential Service is determined by utility using the formula in Section C.2. The utility, at its election, may apply a Non-Residential Allowance Net Revenue Multiplier as defined in Section I.

Where the extension will serve a combination of residential and non-residential meters, residential allowances will be added to the non-residential allowances.

5. Seasonal, Intermittent, Emergency and Insignificant Loads: When Applicant requests service that requires an extension to serve loads that are seasonal or intermittent, the allowance for such loads shall be determined using the formula in Section C.2. No allowance will be provided where service is used only for emergency purposes, or for Insignificant Loads.

(Continued)



RULE 15

Sheet 9

GAS MAIN EXTENSIONS

H. SPECIAL CONDITIONS (Continued)

2. Periodic Review: Utility will periodically review the factors it uses to determine its residential allowances, nonrefundable discount option percentage rate, and cost of service factor stated in this rule. If such review results in a change of more than five percent (5%), the utility will submit a tariff revision proposal to the Commission for review and approval. Such proposed changes shall be submitted no sooner than six (6) months after the last revision.

Additionally, Utility shall review and submit proposed tariff revisions to implement relevant Commission decisions from other proceedings that affect this Rule.

3. Exceptional Cases: When the application of this rule appears impractical or unjust to either party or the ratepayers, the utility or Applicant may refer the matter to the Commission for a special ruling, or for the approval of special condition(s) which may be mutually agreed upon.

I. DEFINITIONS

Advances: Cash payments made to the utility prior to the initiation of any work done by the utility which is not covered by allowances.

Applicant: A person or agency requesting the utility to supply gas service.

Applicant's Contract Anticipated Cost: The cost estimate provided by the Applicant's contractor to the Applicant for performing the applicable refundable work, as stated on the Applicant's cost statement form (Form 65502), or in the case where the work is performed by the Applicant, the Applicant's own cost estimate on the signed form.

Betterment: Facilities installed for the utility's operating convenience such as, but not limited to the following: to improve gas flow or correct poor pressure conditions, to increase line capacity available to an existing system, to permit pressure conversion of an area, or to install proportionally larger pipe than necessary to provide for future load growth, will be installed at the expense of the utility.

Contribution: In-kind services, and/or the value of all property conveyed to the utility at any time during the utility's work on an extension which is part of the utility's total estimated installed cost of its facilities, or cash payments not covered by Applicant's allowances.

Cost of Service Factor (COS): The factor that is divided into the Net Revenue to determine the Utility's investment in distribution facilities. The COS Factor includes depreciation, return, income taxes, property taxes, Operations and Management (O&M), Administrative and General (A&G), Franchise Fees and Uncollectible expenses (FF&U) and replacement of facilities for 60 years at no additional cost to customer. For the purpose of calculating residential allowances, a Cost of Service Factor of 15.94% will be used.

Distribution Mains: Facilities which are operated at distribution pressure, and supply three (3) or more services or run parallel to the property line in a public right-of-way.

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RULE 15

GAS MAIN EXTENSIONS

I. DEFINITIONS (Continued)

Distribution Main Extension: The length of main and its related facilities required to transport gas from the existing distribution facilities to the point of connection with the service pipe. A Main Extension consists of new distribution facilities of the utility that are required to extend service into an open area not previously supplied to serve an Applicant. It is a continuation of, or branch from, the nearest available existing permanent Distribution Main, to the point of connection of the last service. The utility's Main Extension includes any required Substructures and facilities for transmission taps but excludes service connections, services, and meters.

Excavation: All necessary trenching, backfilling, and other digging as required to install extension facilities including furnishing of any imported backfill material, and disposal of spoil as required, surface repair and replacement, landscape repair and replacement.

Franchise Area: Public streets, roads, highways, and other public ways and places where the utility has a legal right to occupy under franchise agreements with governmental bodies having jurisdiction.

Insignificant Loads: Small operating loads such as log lighters, barbecues, outdoor lighting, etc.

Intermittent Loads: Loads which, in the opinion of the utility, are subject to discontinuance for a time or at intervals.

Joint Trench: Excavation that intentionally provides for more than one service, such as gas, electricity, cable television, telephone, etc.

Net Revenue: That portion of the total rate that supports utility's distribution main and service extension costs and excludes such items as fuel costs, transmission, public purpose programs, and other costs that do not support the distribution main and service extension costs. For residential main extensions the net revenue is a fixed amount calculated from the annual total residential base margin revenue, less allocated transmission costs, divided by average year deliveries and multiplied by average annual consumption for each of the four end-uses (water heat, space heat, cooking, and clothes drying).

Non-Residential Allowances Net Revenue Multiplier: This is a revenue-supported factor determined by utility that is applied to the net revenues expected from non-residential loads to determine non-residential allowances.

Ownership Charge: Monthly charge as a percentage rate applied against the remaining refundable balance after 36 months from the date the Utility is first ready to serve. This charge recovers the cost of operating and maintaining customer-financed facilities that are not fully utilized. The Ownership Charge includes property taxes, Operations and Maintenance (O&M), Administrative and General (A&G), Franchise Fees and Uncollectible expenses (FF&U) and replacement of facilities for 60 years at no additional cost to customer. For the purpose of calculating the Ownership Charge, a 0.46% per month will be used.

Permanent Service: Service which, in the opinion of the utility is of a permanent and established character. This may be continuous, intermittent, or seasonal in nature.

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