

From: Kahlon, Gurbux  
Sent: 2/7/2014 3:47:47 PM  
To: Myers, Richard A. (richard.myers@cpuc.ca.gov); Prusnek, Brian C (BPrusnek@semprautilities.com); Doll, Laura (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=LRDD)  
Cc:  
Bcc:  
Subject: RE: gas pipeline extensions to rural communities

Either electric or propane.

Thanks for looking into it.

*Gurbux Kahlon*

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**From:** Prusnek, Brian C [mailto:BPrusnek@semprautilities.com]  
**Sent:** Friday, February 07, 2014 3:34 PM  
**To:** Myers, Richard A.; lrdd@pge.com  
**Cc:** Kahlon, Gurbux  
**Subject:** RE: gas pipeline extensions to rural communities

Hi Richard –

I've sent it off to our folks and we should be able to meet the timeline.

This may be a silly question but do you know what these customers use today? are they electric only or do they have propane?

Thanks!

**From:** Myers, Richard A. [<mailto:richard.myers@cpuc.ca.gov>]  
**Sent:** Friday, February 07, 2014 3:17 PM  
**To:** Prusnek, Brian C; [lrdd@pge.com](mailto:lrdd@pge.com)  
**Cc:** Kahlon, Gurbux  
**Subject:** gas pipeline extensions to rural communities

Hi Brian and Laura: I was involved in a phone call with legislative staff person (Sue Kately) on Wednesday. She's interested in investigating whether natural gas pipelines and service lines could be built to smaller rural communities who currently don't have natural gas service but may be fairly near utility natural gas pipelines. She prepared the attached document. She asked that the Energy Division look into the viability of having residents and businesses in these communities pay for the required facilities through a special on-bill charge. According to Ms Kately, these residents would really want natural gas service, and aren't looking for a subsidy from other utility ratepayers.

Please prepare responses to the following questions:

- 1) If an entire existing community or town wanted to receive natural gas from SoCalGas/PG&E, please describe the process that the community and the utility would or should undertake.
  
- 2) What would your preferred approach be – i.e. should the town government officially approach the utility? Or, would it be acceptable for a grouping of residents and businesses to make their request?
  
- 3) If approached by a town or grouping of residents, could the utility prepare a “ballpark” estimate of the costs so that the town or residents could consider whether they want to move

forward?

4) Could the town or grouping of residents prepare their own design for the required facilities? (I doubt if this would be their preferred approach but I thought I'd ask.)

5) Assuming that a utility transmission or distribution pipeline is near a town, would the utility first need to assess whether there is adequate capacity on the line to serve the town?

6) I understand basically how the distribution main and service line extension process typically works. In the circumstance where an entire existing town or large group of residents approached the utility with a request for natural gas service would that same basic process still apply? That is, would "allowances" be provided, and the applicants then be required to pay for the excess (above the allowance) up to the estimated costs of the facility?

7) Could the applicant/town use the 50% nonrefundable option?

8) Assuming that the estimated cost of the required facilities exceeded the allowances, would there be any significant problems with recovering those excess amounts from residents or businesses through some type of special on-bill charge? Please describe any issues you see with such an approach.

9) If a special on-bill charge could be made, could it be made over a long period of time, e.g. several years? Please indicate your opinion of the period of time over which the charge should be assessed. If you have any particular line of reasoning for the length of time, please explain.

10) Would it be necessary to also assess a cost-of-ownership charge at some point in time if the refundable option was chosen?

11) If you care to describe any other issues or provide any other comments on this approach, please do so.

Thanks for your response. If possible, please get back to me in about 10 business days, say by Feb 24th. Please let me know if that's a problem.

Richard

PS: Laura, I spoke with PG&E's [Redacted] a couple times recently about gas main and service line extensions and he was very helpful. Thanks for putting me in touch with him.