

RETURN TO ENERGY BRANCH
ROOM 3102

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

E-10

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3150
May 10, 1989

R E S O L U T I O N

RESOLUTION NO. E-3150. PACIFIC GAS & ELECTRIC COMPANY (PG&E). ORDER AUTHORIZING ACCEPTANCE OF A SPECIAL CONTRACT WITH STEVEN W. SWEENEY (Sweeney) FOR UNDERGROUND ELECTRIC EXTENSION UNDER THE "EXCEPTIONAL CASE" CLAUSE OF RULE NO. 15 OF THE UTILITY'S FILED ELECTRIC TARIFFS. ADVICE LETTER NO. 1246-E, FILED MARCH 29, 1989.

SUMMARY

1. PG&E has requested authority under Section X.A. of General Order No. 96-A to enter into a special agreement with Sweeney which provides for an underground line extension to serve the applicant's electrical needs and which is submitted under Section E.7. of PG&E's Electric Rule No. 15.
2. This resolution grants PG&E the authorization to enter into this special agreement.

BACKGROUND

1. Section E.7. of PG&E's Rule 15 states: "In unusual circumstances, when the application of these rules appears impractical or unjust to either party, or in the case of the extension of lines of a higher voltage, the Utility or the applicant shall refer the matter to the Public Utilities Commission for special ruling or for the approval of special conditions which may be mutually agreed upon, prior to commencing construction."
2. The terms of the proposed agreement are consistent with PG&E's established policy for uneconomic line extensions and are the same as those in similar agreements approved by the Commission.

DISCUSSION

1. The proposed agreement covers installation and service through underground electric facilities on the applicant's property located in Fieldbrook, Humboldt County. The facilities will serve the applicant's residence and cabinet shop. These will consist of 2,300 feet of 12kv underground distribution line.

2. The total installed cost of the facilities is estimated at \$22,945. which is substantially in excess of what PG&E would install at its own expense under the standard provisions of the Electric Line Extension (Rule No. 15).

3. The proposed agreement provides that Sweeney shall pay \$7,995 in advance of construction (Advance). This is the difference between (1) the cost of PG&E installing the facilities, including Contribution-in-Aid-of-Construction (CIAC) and the equivalent one time Cost of Ownership charge; and (2) five times the estimated annual base revenue (gross revenue less Energy Cost Adjustment Clause revenue) to be collected from the service location.

4. The Commission has authorized PG&E to collect a tax (28%) on CIAC. This additional charge of \$2,239 is required due to the treatment of CIAC as ordinary income by the Federal Tax reform Act of 1986. These CIAC charges will be proportionally refunded as the Advance is refunded, in accordance with the provisions of the agreement.

5. The Advance (and CIAC tax) paid by Sweeney shall be subject to refund, without interest, for each separately-metered new permanent electric load served directly from the facilities, or a subsequent extension therefrom.

6. The amount of the refund for each new service extension shall be five times the first year's actual base revenue, exclusive of revenue attributable to any adjustments for additional installed load, less the cost of PG&E serving new load.

7. Sweeney shall also pay PG&E, the amount of \$5,303 (Equivalent One-Time Cost-of-Ownership Payment) which is the present worth of the monthly costs to PG&E of owning, operating and maintaining the facilities for a period of ten years.

8. These total advance and charges paid by Sweeney are itemized below:

Advance-----	\$7,995
CIAC-----	2,239
Cost of Ownership	<u>5,303</u>
Total	\$15,537

9. These total charges of \$15,537 prevent the extension from becoming a burden on other ratepayers as would otherwise be the case. This payment by Sweeney represents the total cost of the facilities by PG&E (\$22,945) less two and a half times the estimated annual revenue (\$2,990).

10. The Commission Advisory and Compliance Division (CACD) has reviewed this filing and proposed contract agreement and believes that it is consistent with other previously approved uneconomic line extensions. CACD, therefore, recommends its approval.

11. The utility alleges and CACD agrees that this filing will not cause the withdrawal of service or conflict with any other rate schedule or rule.

12. Public notification of this filing has been made by mailing copies of the Advice letter to other utilities, governmental agencies and to all interested parties who requested such notification. To conserve mailing costs the agreement itself was not mailed to any of the above parties, but copies were available upon written request.

13. The CACD has received no protests to this filing.

FINDINGS

1. PG&E's proposed agreement with Sweeney is just and reasonable because it provides service to the applicant without creating a burden on other ratepayers.

THEREFORE, IT IS ORDERED that:

1. Pacific Gas & Electric Company is authorized under the provisions of Section X.A. of General Order No. 96-A and under Section 532 of the Public Utilities Code to enter into the

