

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3391
September 15, 1994

R E S O L U T I O N

RESOLUTION E-3391. PACIFIC GAS AND ELECTRIC COMPANY
REQUESTS APPROVAL OF AN EXCEPTIONAL CASE ELECTRIC LINE
EXTENSION AGREEMENT WITH THE COUNTY OF ALAMEDA.

BY ADVICE LETTER 1460-E, FILED ON JANUARY 18, 1994.

SUMMARY

1. By Advice letter 1460-E, filed January 18, 1994, Pacific Gas and Electric Company (PG&E) requests authorization of an Exceptional Case Facilities Agreement (Agreement) with the County of Alameda (Alameda). Under the Agreement, PG&E would build a 6,654 foot overhead electric line extension to serve an Alameda County transceiver communications tower (tower) in Livermore. In return, Alameda would pay PG&E \$32,887 rather than a standard payment of \$66,055. The tower is in an isolated area and extension costs for the project are substantially below the utility's average tariff costs. These circumstances justify exceptional case treatment.
2. No protests were received for PG&E Advice Letter 1460-E.
3. This Resolution approves PG&E's request.

BACKGROUND

1. On January 18, 1994, PG&E submitted for approval an Exceptional Case Facilities Agreement between PG&E and Alameda. The Agreement provides for a 6,654 foot overhead electric distribution line extension to an Alameda County communications tower.
2. Gary R. Holm, acting for the County of Alameda, signed the Agreement on December 22, 1993 and the County of Alameda has agreed to this contract.
3. PG&E's Tariff Extension Rule 15 (Rule 15) contains the following exceptional case provision:

"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,

PG&E 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."

4. The criteria for exceptional case consideration were established in Commission Resolution E-3341, dated October 20, 1993, as follows:

- A. The extension is beyond the applicant's free footage allowance; and
- B. The construction of the proposed extension departs from utility "optimal" construction conditions as described in Note 1 (not included) and has one or more of the following characteristics:
 - The extension is speculative in nature; or
 - The extension involves unusual service requirements or
 - has unusual local site characteristics; or
 - The extension is in an isolated location; or
 - The connected load is small, intermittent or nonexistent (e.g. sprinkler controls) and
- C. The total estimated cost of the job is greater than \$10,000; and
- D. PG&E has provided the applicant with the greater of either
 - a revenue based allowance or
 - a free footage allowance equivalent to \$10,000.

NOTICE

Public notification of this filing has been made by placing it on the Commission Calendar and by mailing copies of this filing to other utilities, governmental agencies, and to all interested parties who requested such notification.

PROTESTS

No party filed a protest of Advice Letter 1460-E.

DISCUSSION

1. The estimated annual kilowatt-hour usage expected from the tower is approximately 40,000 kilowatt hours. When served on electric Tariff Rate Schedule A-1--Small General Service, the estimated base annual revenue is \$3,201. The length of the overhead extension required to serve the tower is 6,654 feet. Normally, such an electric overhead distribution line would be extended under PG&E's Rule 15.B (Overhead Extensions to Individual Applicants for Service). Alameda's free footage allowance for this project is 375 feet for lighting and air conditioning. The charge for the excess length of 6,279 feet would be \$66,055 at a cost of \$10.52 per foot.

2. PG&E is of the opinion that the extension qualifies as an exceptional case based on its Tariff Rule Section 15.E.7. for the following reasons:

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- A. The extension is beyond Alameda's free footage allowance.
 - B. The extension is in an isolated location at Mines Road, Mile Mark 8.38 in Livermore, California, a remote part of eastern Alameda County, where the possibility of additional service requests is unlikely.
 - C. The estimated extension cost of \$31,083 is greater than \$10,000 and not supported by base annual revenues
3. PG&E's estimated construction cost for this project is \$4.67 per foot. This is substantially below the utility's average cost of \$10.52 per foot. The reasons for this lower cost include inexpensive right of way acquisition, easy access along the route, and single phase service for the light demands of the communications tower, with concomitant use of smaller poles and greater distances between poles.
4. PG&E would charge Alameda \$32,887 for an exceptional case extension. The payment would consist of the following approximate items: Construction cost of \$31,000, less PG&E credits of \$17,000, and charges of \$6,000 for Contributions In Aid of Construction taxes (CIAC taxes) and \$13,000 cost-of-ownership charges. Most of these charges are refundable if additional load develops in the area.
4. PG&E is of the opinion that this Agreement protects PG&E's other ratepayers from bearing the cost of this exceptional case.
5. The Commission Advisory and Compliance Division (CACD) has reviewed the terms of this Agreement and supporting workpapers. PG&E would deviate from the extension rule by charging estimated construction costs, rather than tariff average costs, and by using revenue credits rather than defined footage allowances. The Agreement adds costs-of-ownership and CIAC taxes to Alameda's other charges. The Agreement is consistent with previous Exceptional Case filings in which PG&E sought and obtained Commission approval and is advantageous to Alameda. This filing will not increase any rate or charge, cause the withdrawal of service nor conflict with any rate schedule or rule. CACD concurs with PG&E's request for this specific case only. All future Exceptional Case agreements should be considered on a case-by-case basis.

FINDINGS

1. PG&E filed Advice Letter 1460-E on January 18, 1994 requesting approval for an exceptional case electric line extension agreement with the County of Alameda.
2. Providing electric service to the County of Alameda's transceiver communications tower requires an extension in an isolated area where future load growth is unlikely.

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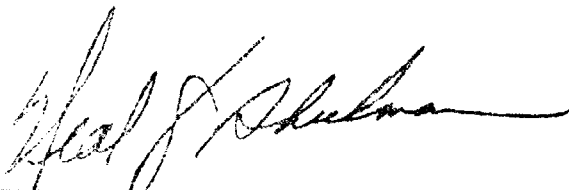
3. Revenues from the tower are anticipated to be approximately \$3,200 per year, insufficient to recompense PG&E for the extension costs of \$31,000.
4. Construction costs for the proposed line are substantially lower than average tariff charges.
5. These circumstances satisfy the criteria for Exceptional Case treatment under PG&E's Tariff Rule 15.E.7.
6. The Exceptional Case Facilities Agreement between PG&E and the County of Alameda would provide service to Alameda under terms which are fair to Alameda and to PG&E's ratepayers.
7. The County of Alameda and PG&E have agreed to this contract.
8. Acceptance of this Agreement for this specific extension is not considered in any way as a precedent or endorsement by the Commission of PG&E's current practices in dealing with line extensions and/or acquisitions.

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THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company's Advice Letter 1460-E is approved.
2. Pacific Gas and Electric Company shall revise its list of Contracts and Deviations to include the Agreement ordered above and shall file such revised tariff sheets with the Commission within sixty (60) days of the effective date of this Resolution.
3. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on September 15, 1994. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
P. GREGORY CONLON
JESSIE J. KNIGHT, Jr.
Commissioners