

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND  
COMPLIANCE DIVISION  
ENERGY BRANCH

RESOLUTION G-3117  
April 6, 1994

R E S O L U T I O N

RESOLUTION G-3117. SOUTHERN CALIFORNIA GAS COMPANY,  
ORDER AUTHORIZING REVISED UNIT COSTS FOR GAS LINE  
EXTENSIONS.

BY ADVICE LETTER 2235 FILED NOVEMBER 5, 1993.

---

SUMMARY

1. By Advice Letter 2235, filed November 5, 1993, Southern California Gas Company (SoCalGas) requests authorization to revise the unit cost charges for gas line extensions specified in Gas Tariff Rules 20 and 21. For main extensions beyond the free length, SoCalGas proposes to increase the filed unit cost as set forth in Rule 20 from \$7.30 per foot to \$8.00 per foot without Contribution-in-Aid-of Construction taxes. For service extensions beyond the free length, SoCalGas proposes to increase the filed unit cost from \$7.20 per foot to \$9.00 per foot.
2. No protests were filed for SoCalGas Advice Letter 2235.
3. SoCalGas' request is authorized by this Resolution.

BACKGROUND

1. SoCalGas' Tariff Rules 20 and 21 set forth provisions for extensions of gas distribution mains and services necessary to furnish permanent gas service. The changes would set new charges for main line and service extensions which exceed the free footage amount.
2. Section 20.E.2 of SoCalGas' Tariff Rule 20 and Decision 85-08-043 require SoCalGas to annually review its known and estimated costs of construction of line extensions and to submit a tariff revision when such costs have changes of more than 10 percent since the last revision. Section H.1 of Gas Rule 21 provides a similar requirement for gas distribution service extension charges. The unit costs have changed by ten percent or more when compared to current charges.
3. Line extension unit costs are system-wide average costs-per-foot. Unit costs are based on recorded costs of completed jobs, updated to reflect increases. During 1992, SoCalGas installed a total of 1,647,900 feet of gas mains, three inches

April 6, 1994

in diameter and less, in its system, at a system-average unit cost of \$8.05 per foot. SoCalGas proposes to increase the filed unit cost, as set forth in Section B.3.a of Rule 20, to \$8.00 per foot. This is a 9.5% increase over the current unit cost of \$7.30 per foot of main, which reflects inflation since SoCalGas' last filing.

4. SoCalGas' last filing for an increase in the unit cost for main extensions was in 1989, based upon 1988 construction costs. SoCalGas' Advice Letter 1906, approved by Resolution G-2898, established the current unit cost of \$7.30 per foot of main, effective November 22, 1989.

5. During 1992, SoCalGas installed a total of 2,293,784 feet of gas services two inches in diameter and less, in its system-average unit cost of \$8.98 per foot. SoCalGas proposes to increase the filed unit cost, as set forth in Section A.3.a of Rule 21, to \$9.00 per foot. This is 25% increase over the current unit cost of service.

6. SoCalGas last filed for an increase in the unit cost for service extensions in 1987, based upon 1986 construction costs. SoCalGas' Advice 1708, approved in Resolution G-2734, established the current unit cost of \$7.20 per foot of service, effective June 24, 1987. The increase of this cost to \$9.00 reflects inflation since SoCalGas' last filing.

#### NOTICE

1. Notice was provided by SoCalGas to other utilities and interested parties in compliance with Section III, Paragraph of General Order 96-A. Also, publication was made in the Commission Calendar.

#### PROTESTS

1. No protests were filed for SoCalGas Advice Letter 2235.

#### DISCUSSION

1. SoCalGas proposes to revise its unit costs for gas main and service extensions specified in Gas Tariff Rule 20 and 21.

2. SoCalGas used the same methodology for developing unit costs for main extensions that were used in previous Advice Letter 1906 approved in Resolution G-2898, effective November 22, 1989.

3. SoCalGas requested that Advice Letter 2235 be made effective for service on statutory notice (40th calendar day after the date of filing). Since SoCalGas is requesting a rate increase, Commission approval is required.

4. SoCalGas' proposed main extension costs have been reviewed and compared to other gas utility costs and to the rate of inflation. Costs have increased at less than the inflation rate since they were last set in 1989 (using 1988 recorded data) for

April 6, 1994

main extensions, and as set in 1987 (using 1986 recorded data) for service extensions. The Commission Advisory and Compliance Division considers the cost increases for gas main and service extensions to be reasonable.

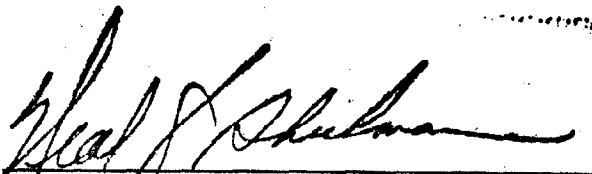
**FINDINGS**

1. SoCalGas' requested increase in extension unit costs is based on recorded expenditures which have increased at less than the inflation rate since they were last set in 1989 for main extensions and in 1987 for service extensions.
2. SoCalGas' request to revise its extension unit costs is reasonable.

**THEREFORE, IT IS ORDERED that:**

1. Southern California Gas Company, as requested by Advice Letter 2235, is authorized under Public Utilities Code Sections 532 and 783, Commission Decision 85-08-043, and General Order 96-A to revise its unit costs.
2. Advice Letter 2235 and accompanying tariff sheets shall be marked to show that they were authorized by this Resolution G-3117.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on April 6, 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