

January 12, 2001

ADVICE 2209-G-B/1963-E-B

(Pacific Gas and Electric Company ID U 39 M)

Subject - Proposal For Revisions to Changes to Line Extension Proceeding (R.92-03-050) per Decision 99-06-079

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its proposed changes to the following electric and gas tariff sheets. The affected tariff sheets are listed on the enclosed Attachment I. For clarity, the tariff sheets in Attachment I replace *in toto* those originally filed in Advice 2209-G-A/1963-E-A.

Purpose

The purpose of this filing is to present PG&E's proposed revisions to Rule 15--*Distribution Line Extensions*. These proposed changes are made in response to Decision (D.) 99-06-079 dated June 24, 1999.

Background

D. 99-06-079 orders PG&E to file changes to line extension rules consistent with this decision. These include:

- Ordering Paragraph 1 of D. 99-06-079 in which the Commission ordered PG&E to modify its Line Extension Rules "to reflect the deletion of Option 1, along with the irrevocable option selection requirement." In Finding of Fact No. 1 the Commission defined Option 1 as "construction of Line Extension [which] can only be undertaken by the utility."

PG&E has revised these tariffs in accordance with the protest of Polaris Group and at the direction of the Commission's Energy Division to make its Distribution Line Extension Rules similar to those of other California gas and electric Utilities.

Proposed Changes

In compliance with Ordering Paragraph 1 of D.99-06-079, Electric and Gas Rule 15 are revised as follows:

Gas Rule 15:

Section D.2. PG&E's "Unit Cost" section is deleted.

Section D.3. Reference to "unit cost" is deleted.

Section G.1.a. This section made the applicant's choice final. This section has been deleted per the Ordering paragraph 1. "The Line Extension Rules ...shall be modified to reflect the deletion of Option 1, along with the irrevocable option selection requirement."

Section H.2. Removed the "unit cost" language from the "Periodic Review" section.

Electric Rule 15:

Section D.2. PG&E's Unit Cost section is deleted.

Section D.3. Reference to "unit cost" is deleted.

Section G.1.a. This section made the applicant's choice final. This section has been deleted per the Ordering paragraph 1; "The Line Extension Rules...shall be modified to reflect the deletion of Option 1, along with the irrevocable option selection requirement."

Section I.2. Removed the "unit cost" language from the "Periodic Review" section.

In compliance with direction from the Commission's Energy Division, PG&E is not proposing to modify its existing Distribution and Extension Agreement Declarations and its General Terms and Conditions to reflect the proposed revisions to Rule 15 at this time. Changes to these forms will be filed upon approval of this Advice Letter.

Effective Date

In accordance with Ordering Paragraph 2 of D.99-06-079, PG&E requests that this filing become effective when the Commission approves these revisions.

Vice President, Regulatory Relations

Attachments

Cc: UDI
Polaris Group



RULE 15—GAS MAIN EXTENSIONS
(Continued)

C. EXTENSION ALLOWANCES (Cont'd.)

4. **NON-RESIDENTIAL ALLOWANCES.** The allowance for Distribution Main Extensions, Service Extensions, or a combination thereof, for Permanent Non-Residential service is determined by PG&E using the formula in Section C.2.

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

5. **SEASONAL, INTERMITTENT, 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.

D. CONTRIBUTIONS OR ADVANCES BY APPLICANT

1. **GENERAL.** Contributions or Advances by an Applicant to PG&E for the installation of a Distribution Main Extension to receive PG&E service consists of such things as cash payments, the value of the facilities deeded to PG&E, and the value of Trenching performed by Applicant.

(D)

2. **PROJECT-SPECIFIC COST ESTIMATES.** PG&E's total estimated installed cost will be based on a project-specific estimated cost.

(D) (T)

3. **CASH ADVANCE.** A cash advance will only be required if Applicant's excess allowance is less than PG&E's total estimated installed cost to complete a Distribution Main Extension.

(T)

(Continued)



RULE 15—GAS MAIN EXTENSIONS
(Continued)

D. CONTRIBUTIONS OR ADVANCES BY APPLICANT (Cont'd.)

4. POSTPONEMENT. At PG&E's option, the payment of that portion of such an advance that PG&E estimates would be refunded within six (6) months under provisions of this rule may be postponed for six (6) months if: (1) PG&E is provided evidence the construction will proceed promptly and financing is adequate; (2) Applicant has submitted evidence of building permits(s) or fully executed home purchase contract(s) or lease agreement(s); or (3) where there is equivalent evidence of occupancy or gas usage satisfactory to PG&E; and (4) Applicant agrees in writing to pay at the end of six (6) months all amounts not previously Advanced. (T)
5. TAX. All Contributions and Advances by Applicant are taxable and shall include an Income Tax Component Contribution (ITCC) at the rate provided in PG&E's Preliminary Statement. ITCC Tax will be either refundable or non-refundable in accordance with the corresponding Contribution. (T)
6. REFUNDABLE AND NON-REFUNDABLE AMOUNTS. Applicant shall advance or contribute, before the start of PG&E's construction, the following: (T)
- a. REFUNDABLE AMOUNT. Applicant's refundable amount is the portion of PG&E's total estimated installed cost, including taxes, to complete the Distribution Main Extension (including distribution regulators, PG&E's estimated value of the Distribution Trenching, and any non-residential service facilities, and excluding Betterment), that exceeds the amount of the Distribution Main Extension allowance determined in Section C; or,
- b. NON-REFUNDABLE DISCOUNT OPTION. In lieu of contributing the refundable amount determined in Section D.7.a, Applicant has the option of contributing, on a non-refundable basis, fifty percent (50%) of such refundable amount, plus
- c. OTHER NON-REFUNDABLE AMOUNTS. Applicant's non-refundable amount is PG&E's estimated value of the Substructures, Protective Structures, required by PG&E for the Distribution Main Extension under Section B.1.
7. JOINT APPLICANTS. The total Contribution or Advance from a group of Applicants will be apportioned among the members of the group in such manner as they may mutually agree. (T)

(Continued)



RULE 15—GAS MAIN EXTENSIONS
(Continued)

D. CONTRIBUTIONS OR ADVANCES BY APPLICANT (Cont'd.)

8. PAYMENT ADJUSTMENTS.

(T)

- a. **CONTRACT COMPLIANCE.** If, after six (6) months following the date PG&E is first ready to serve residential loads for which allowances were granted (one (1) year for non-residential loads), Applicant fails to take service, or fails to use the service contracted for, Applicant shall pay PG&E an additional Contribution or Advance, based on the allowances for the revenues actually generated.
- b. **EXCESS FACILITIES.** If the loads provided by Applicant(s) result in PG&E installing facilities which are in excess of those needed to serve the actual loads, and PG&E elects to reduce such excess facilities, Applicant shall pay PG&E its estimated total cost to remove, abandon, or replace its excess facilities, less the estimated salvage value of any removed facilities.

E. REFUND BASIS

1. **GENERAL.** Refunds are based on the allowances and conditions in effect at the time the contract is signed. Residential Allowances: the allowance in excess of that needed for the Residential Service Extension in accordance with Rule 16 will be applied to the Distribution Main Extension to which the Service Extension is connected. Non-Residential Allowances: the allowances for non-residential applicants will be applied to the combined refundable cost of the Distribution and Service Extension.
2. **TOTAL REFUNDABLE AMOUNT.** The total amount subject to refund is the sum of the refundable amounts made under Section D.7.
3. **REFUND PERIOD.** The total refundable amount is subject to refund for a period of ten (10) years after the Distribution Main Extension is first ready for service.
4. **RESIDENTIAL.** Refunds will be made on the basis of a new customer's Permanent Load which produces additional revenues to PG&E. The refund will be deducted from the total refundable amount, and the remaining amount subject to refund represents that portion of the Distribution Main Extension cost not supported by revenues. (See Section E.11 for series refund provisions.)
5. **NON-RESIDENTIAL.** PG&E shall be responsible for reviewing Applicant's actual base annual revenue for the first three (3) years from the date PG&E is first ready to serve. Applicant shall be responsible for notifying PG&E if new, permanent load is added from the fourth (4th) through the tenth (10th) year from the date first ready to serve. Such review shall determine if the additional revenue supports any refunds to the Applicant. (See Section E.11 for series refund provisions.)

(Continued)



RULE 15—GAS MAIN EXTENSIONS
(Continued)

G. APPLICANT INSTALLATION OPTION

1. **COMPETITIVE BIDDING.** When Applicant selects competitive bidding, the Distribution Main Extension may be installed by Applicant's qualified contractor or subcontractor in accordance with PG&E design and specifications. Under this option, the following applies:

- a. PG&E's total estimated installed project-specific cost will apply regardless of whom Applicant selects to perform the installation.
- b. Upon acceptance by PG&E, ownership of such facilities will transfer to PG&E.
- c. Applicant shall pay to PG&E, subject to refund, any PG&E project-specific estimated costs associated with the Distribution Main Extension, including estimated costs of design, administration, and installation of any additional facilities and labor needed to complete the Distribution Main Extension.
- d. PG&E's total project-specific estimated installed cost is subject to the refund and allowance provisions of the applicable rule.
- e. Applicant shall pay to PG&E, as a non-refundable amount, the cost of inspection.
- f. Only duly authorized employees of PG&E are allowed, to connect to, disconnect from, or perform any work upon PG&E's facilities.

(D)

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(T)

2. **MINIMUM CONTRACTOR QUALIFICATIONS.** Applicant's contractor or subcontractor (QC/S) shall:
- a. Be licensed in California for the appropriate type of work, such as, but not limited to, gas and general.
 - b. Employ workmen properly qualified for the specific skills required (plastic fusion, welding, etc.).
 - c. Comply with applicable laws (Equal Opportunity regulations, OSHA, EPA, etc.)

(Continued)



RULE 15—GAS MAIN EXTENSIONS
(Continued)

G. APPLICANT INSTALLATION OPTION (Cont'd.)

3. **OTHER CONTRACTOR QUALIFICATIONS.** An Applicant for service who intends to employ a QC/S also should consider whether the QC/S:
 - a. Is technically competent.
 - b. Has access to proper equipment.
 - c. Demonstrates financial responsibility commensurate with the scope of the contract.
 - d. Has adequate insurance coverage (worker's compensation, liability, property damage, etc.).
 - e. Is able to furnish a surety bond for performance of the contract, if required.

H. SPECIAL CONDITIONS

1. **FACILITY RELOCATION OR REARRANGEMENT.** Any relocation or rearrangement of PG&E's existing facilities, at the request of or to meet the convenience of an Applicant or customer, and agreed upon by PG&E, normally shall be performed by PG&E at Applicant's expense. Where new facilities can be constructed in a separate location, before abandonment or removal of any existing facilities, and Applicant requests to perform the new construction work, it can be performed under the applicable provisions of Section G, Applicant Installation Options.

In all instances, PG&E shall abandon or remove its existing facilities at the option of PG&E. Applicant or customer shall be responsible for the costs of all related relocation, rearrangement, and removal work.

2. **PERIODIC REVIEW.** PG&E 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%), PG&E 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.

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Additionally, PG&E shall submit by advice letter proposed tariff revisions, which result from other relevant Commission decisions, to the allowance formula for calculating line and service extension allowances.

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Pacific Gas and Electric Company
San Francisco, California

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Cal. P.U.C. Sheet No.
Cal. P.U.C. Sheet No.

20356-G
20277-G

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Issued by
DeAnn Hapner
Vice President
Regulatory Relations

Date Filed January 12, 2001
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