





Rule No. 20  
GAS MAIN EXTENSIONS

Sheet 3

(Continued)

B. INSTALLATION RESPONSIBILITIES

1. **APPLICANT RESPONSIBILITY.** In accordance with the Utility's design, specifications, and requirements, Applicant is responsible for:
  - a. **SUBSTRUCTURES.** Furnishing, installing, and upon acceptance by the Utility, conveying to the Utility ownership of all necessary installed Substructures, and,
  - b. **PROTECTIVE STRUCTURES.** Furnishing, installing, and upon acceptance by the Utility, conveying to the Utility ownership of all necessary Protective Structures.
2. **UTILITY RESPONSIBILITY.** Utility is responsible for the installation of Distribution Main, valves, regulators, and other related distribution equipment required to complete the extension, including all necessary Trenching, backfilling, and other digging as required.

The Applicant may elect to provide the trench, as discussed in Section B.3.b. If Applicant chooses to perform the trenching, it must also secure permits from the governmental authority having jurisdiction. If Applicant qualifies for an extension allowance under Section C, the Utility will provide Applicant with a reimbursement or credit for the Utility's project-specific estimated cost-per-foot of trench.

3. **INSTALLATION OPTIONS**

- a. **UTILITY-PERFORMED WORK.** Where requested by Applicant and mutually agreed upon, the Utility may furnish and install the substructures and/or Protective Structures, provided Applicant pays the Utility its total estimated installed cost.
- b. **APPLICANT-PERFORMED WORK.** Applicant may elect to install that portion of the new extension normally installed by the Utility, in accordance with the Utility's design and specifications, using qualified contractors. (See Section G, Applicant Installation Option.)

C. EXTENSION ALLOWANCES

1. **GENERAL.** Utility will complete an extension without charge provided the Utility's total estimated installed cost does not exceed the allowances as determined, from permanent, bona-fide loads to be served by the extension within a reasonable time, as determined by the Utility. The allowance will first be applied to the Service Extension (including the Meter Set Assemblies), in accordance with Rule No. 21. Any excess allowance will be applied to the Distribution Main Extension to which the Service Extension is connected.

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 5730  
DECISION NO.

306

ISSUED BY

**Dan Skopec**  
Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

SUBMITTED Nov 20, 2020  
EFFECTIVE Nov 20, 2020  
RESOLUTION NO. \_\_\_\_\_

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Rule No. 20  
GAS MAIN EXTENSIONS

Sheet 4

(Continued)

C. EXTENSION ALLOWANCES (Continued)

2. BASIS OF ALLOWANCES. Allowances shall be granted to an Applicant for Permanent Service; or to an Applicant for a subdivision or development under the following conditions:

- a. Utility is provided evidence that construction will proceed promptly and financing is adequate; and,
- b. Applicant has submitted evidence of building permit(s) or fully-executed home purchase contract(s) or lease agreement(s); or,
- c. Where there is equivalent evidence of occupancy or gas usage satisfactory to the Utility.

The allowances in Section C.3 and C.4 are based on a revenue-supported methodology using the following formula:

$$\text{ALLOWANCE} = \frac{\text{NET REVENUE}}{\text{COST-OF-SERVICE FACTOR}}$$

3. RESIDENTIAL ALLOWANCES. The allowance for Distribution Main Extensions, Service Extensions, or a combination thereof for Permanent Residential Service on a per-unit basis is as follows:

WATER HEATING .....	\$643
SPACE HEATING .....	\$698
COOKTOP & OVEN .....	\$114
DRYER STUB .....	\$160
SPACE COOLING .....	\$1,098

4. NON-RESIDENTIAL ALLOWANCES. The total allowance for both gas Main and Service extensions for Permanent Non-Residential service is determined by the Utility using the formula in Section C.2. Utility, at its election, may apply a Non-Residential Allowance Net Revenue Multiplier of three point four (3.4) as defined in Section I, when it serves as a reasonable proxy for the formula in section C.2.

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

5. SEASONAL, INTERMITTENT, INSIGNIFICANT, AND EMERGENCY 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.

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 5730  
 DECISION NO.

ISSUED BY  
**Dan Skopec**  
 Vice President  
 Regulatory Affairs

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 SUBMITTED Nov 20, 2020  
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Sheet 5

(Continued)

D. CONTRIBUTIONS OR ADVANCES BY APPLICANT

1. GENERAL. Contributions or Advances by an Applicant to the Utility for the installation of an extension to receive Utility service consists of such things as cash payments, the value of the facilities deeded to the Utility, and the value of Trenching performed by Applicant.
2. PROJECT-SPECIFIC COST ESTIMATE. The Utility's total estimated installed cost will be based on a project-specific estimated cost.
3. CASH PAYMENT. A cash payment will only be required if Applicant's allowance is less than the Utility's total estimated installed cost (excluding Meter Set Assemblies, services, and Betterments).
4. POSTPONEMENT. At the Utility's option, the payment of that portion of such an Advance that the Utility estimates would be refunded within six (6) months under other provisions of this rule may be postponed for six (6) months if: (1) the Utility is provided evidence the construction will proceed promptly and financing is adequate; (2) Applicant has submitted evidence of building permit(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 the Utility; and (4) Applicant agrees in writing to pay at the end of six (6) months all amounts not previously advanced.
5. TAX. All Contributions and Advances by Applicant are taxable and shall include an Income Tax Component Contribution and Advances (ITCCA) at the rate provided in the Utility's Preliminary Statement. ITCCA Tax will be either refundable or non-refundable in accordance with the corresponding contribution.
6. REFUNDABLE AND NON-REFUNDABLE AMOUNTS. Applicant shall contribute or advance, before the start of Utility's construction, the following:
  - a. REFUNDABLE AMOUNT. Applicant's refundable amount is the portion of the Utility's total estimated installed cost, including taxes, to complete the extension (excluding Meter Set Assemblies, services, and Betterments), including the estimated value of the Trenching, that exceeds the amount of extension allowance determined in Section C; or,

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(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 2888-A  
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ISSUED BY  
**William L. Reed**  
 Vice President  
 Chief Regulatory Officer

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Mar 28, 2000  
 EFFECTIVE Jul 1, 2000  
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Sheet 6

(Continued)

D. CONTRIBUTIONS OR ADVANCES BY APPLICANT (Continued)

6. REFUNDABLE AND NON-REFUNDABLE AMOUNTS. (Continued)

- b. NON-REFUNDABLE DISCOUNT OPTION. In lieu of contributing the refundable amount determined in Section D.6.a, Residential Applicants have the option of contributing, on a non-refundable basis, fifty percent (50%); Non Residential Applicants may be eligible, at the Utility's option, based on expected revenues of such refundable amounts.
- c. OTHER NON-REFUNDABLE AMOUNTS. Applicant's non-refundable amount is the Utility's estimated value of the Substructures and Protective Structures required by the Utility for the 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.

8. PAYMENT ADJUSTMENTS.

- a. CONTRACT COMPLIANCE. If, after six (6) months following the date the Utility is first ready to serve residential loads for which allowances were granted (three (3) years for non-residential loads), Applicant fails to take service, or fails to use the service contracted for, Applicant shall pay the Utility an additional Contribution or Advance, based on the allowances for the revenues generated from loads actually installed.
- b. EXCESS FACILITIES. If the loads provided by Applicant(s) result in the Utility installing facilities which are in excess of those needed to serve the actual loads, and the Utility elects to reduce such excess facilities, Applicant shall pay the Utility 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 entered into.
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 extension is first ready for service.

(Continued)

(TO BE INSERTED BY UTILITY)

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6C10

ISSUED BY

**Lee Schavrien**

Senior Vice President

Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED May 4, 2011

EFFECTIVE Jun 3, 2011

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E. REFUND BASIS (Continued)

4. RESIDENTIAL. Refunds will be made on the basis of a new customer's Permanent Load which produces additional revenues to the Utility. The refund will be deducted from the total refundable amount, and the remaining amount subject to refund represents that portion of the extension cost not supported by revenues. (See Section E.11 for series refund provisions.)
5. NON-RESIDENTIAL. Utility shall be responsible for reviewing Applicant's actual base annual revenue for the first three (3) years from the date the Utility is first ready to serve. Applicant shall be responsible for notifying the Utility 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.)
6. UNSUPPORTED EXTENSION COST. When any portion of a refundable amount has not qualified for a refund at the end of thirty-six (36) months from the date the Utility is first ready to serve, Applicant will pay to the Utility an Ownership Charge, as defined in Section I, on the remaining refundable balance. Monthly ownership charges are intended to offset the refundable amount, and will normally be accumulated and deducted from refunds due Applicant. This provision does not apply to individual residential Applicants.
7. REFUND TIMING. Refunds will be made without interest within ninety (90) days after the date of first service to new permanent loads, except that refunds may be accumulated to a fifty dollar (\$50) minimum, or the total refundable balance, if less than fifty dollars (\$50).
8. MAXIMUM REFUND. No refund shall be made in excess of the refundable amount nor after a period of ten (10) years from the date the Utility is first ready to serve. Any unrefunded amount remaining at the end of the ten (10) year period shall become the property of the Utility.
9. PREVIOUS RULES. Refundable amounts paid, contributed, or advanced under conditions of a rule previously in effect will be refunded in accordance with the provisions of such earlier rule.
10. JOINT APPLICANTS. When two (2) or more parties make joint Contributions or Advances on the same extension, refunds will be distributed to these parties in the same proportion as their individual Contributions or Advances bear to the total refundable amount, or as they may mutually agree.

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(Continued)

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**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

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Sheet 8

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(Continued)

E. REFUND BASIS (Continued)

11. **SERIES OF EXTENSIONS.** Where there are a series of extensions, commencing with an extension having an outstanding amount subject to refund, and each extension is dependent upon the previous extension as a direct source of supply, a series refund will be made as follows:

- a. Additional service connections supplied from an extension on which there is a refundable amount will provide refunds first to the extension to which they are connected; and,
- b. When the amount subject to refund on an extension in a series is fully refunded, the excess refundable amount will provide refunds to the extension having the oldest outstanding amount subject to refund in the series.

F. APPLICANT DESIGN OPTION FOR NEW INSTALLATIONS

When Applicant selects competitive bidding, the Distribution Line Extension may be designed by Applicant's qualified contractor or sub-contractor in accordance with Utility's design and construction standards. All Applicant Design work of gas facilities must be performed by or under the direction of a licensed professional engineer and all designed work submitted to Utility must be certified by an appropriately licensed professional engineer, consistent with the applicable federal, state, and local codes and ordinances. The applicant design option is available to Applicants for new main extensions. Under this option, the following applies:

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- 1. Applicant shall notify Utility, in a manner acceptable to the Utility.
- 2. Applicant designs shall conform to all applicable federal, state and local codes and ordinances for utility installation design (such as, but not limited to the California Business and Professions Code).
- 3. Utility may require applicant's designer to meet the Utility's pre-qualification requirements prior to participating in applicant design.
- 4. Applicant designers shall obtain Utility construction standards and design specifications prior to performing applicant design. The Utility may charge for any of these services.
- 5. Utility will perform one plan check on each applicant design project at no expense to Applicant. Utility will perform all subsequent plan checks at Applicant's expense.
- 6. For designs performed by non-utility designers, Utility will credit Applicant with the amount of Utility's design bid less any appropriate charges such as for plan checking, changes, or revisions.
- 7. In the case of applicant designed projects requiring an advance, Utility will apply the design credit against the Applicant's advance.

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(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 2708-A  
DECISION NO. 97-12-098, 97-12-099 &  
98-03-039  
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ISSUED BY  
**William L. Reed**  
Vice President  
Chief Regulatory Officer

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Rule No. 20  
GAS MAIN EXTENSIONS

Sheet 9

(Continued)

F. APPLICANT DESIGN OPTION FOR NEW INSTALLATIONS (Continued)

- 8. If no advance is required, Utility will refund/reimburse the Applicant for the Utility's estimated cost of design after the (Line/Main) Extension project accounting is completed.
- 9. Utility shall perform all Utility's project accounting and cost estimating.

G. APPLICANT INSTALLATION OPTION

- 1. **COMPETITIVE BIDDING.** When Applicant selects competitive bidding, the extension may be installed by the Applicant's qualified contractor or subcontractor in accordance with the Utility's design and specifications. Under this option, the following applies:
  - a. Upon completion of Applicant's installation, and acceptance by Utility, ownership of all such facilities will transfer to Utility.
  - b. Applicant shall provide to Utility, prior to Utility preparing the gas main extension contract, the Applicant's Contract Anticipated Costs subject to refund to perform the work normally provided by Utility. The Applicant shall submit, on a form provided by Utility, a statement of such costs. If the Applicant elects not to provide such costs to Utility, the Applicant shall acknowledge its election on the form and Utility will use its estimated costs.
  - c. Applicant shall pay to the Utility, subject to the refund and allowance provisions of Rules 20 and 21, the Utility's estimated cost of work performed by Utility for the Gas Main Extension, including the estimated costs of design, administration, and installation of any additional facilities.
  - d. The lower of Utility's estimated refundable costs or Applicant's Contract Anticipated Costs, as reported in G.1.b, for the work normally performed by Utility, shall be subject to the refund and allowance provisions of Rules 20 and 21.
  - e. Applicant shall pay to the Utility the estimated cost of Utility's inspection which shall be a fixed amount, not subject to reconciliation. Such inspection costs may be subject to otherwise available allowances up to the difference between the Applicant's Contract Anticipated Cost as reported in G.1.b and Utility's estimated costs for performing the same work, but not to exceed the Utility's estimated costs.
  - f. Only duly authorized employees of the Utility are allowed to connect to, disconnect from, or perform any work upon the Utility's facilities.

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(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 3260-B  
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ISSUED BY  
**Lee Schavrien**  
 Vice President  
 Regulatory Affairs

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Rule No. 20  
GAS MAIN EXTENSIONS

Sheet 10

(Continued)

G. APPLICANT INSTALLATION OPTION (Continued)

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.).
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 the Utility's existing facilities, at the request of or to meet the convenience of an Applicant or customer, and agreed upon by the Utility, normally shall be performed by the Utility at Applicant's expense. If the existing facilities relocation or rearrangement is designated as a special facility, refer to Rule No. 02, Section O for the appropriate ownership charge rate. 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, the Utility shall abandon or remove its existing facilities at the option of the Utility. Applicant or customer shall be responsible for the costs of all related relocation, rearrangement, and removal work.

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(TO BE INSERTED BY UTILITY)  
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ISSUED BY  
**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
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EFFECTIVE Sep 16, 2011  
RESOLUTION NO. \_\_\_\_\_

Rule No. 20  
GAS MAIN EXTENSIONS

Sheet 11

(Continued)

H. SPECIAL CONDITIONS (Continued)

2. PERIODIC REVIEW. Utility will periodically review the factors it uses to determine its residential allowances, non-refundable discount option percentage rate, Non-Residential Net Revenue Multiplier and cost-of-service factor stated in this rule. If such review results in a change of more than five percent (5%), the Utility 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.

Additionally, Utility shall review and submit proposed tariff revisions to implement relevant Commission decisions from other proceedings that affect this Rule.

3. EXCEPTIONAL CASES. When the application of this rule appears impractical or unjust to either party or the ratepayers, the Utility or Applicant may refer the matter to the Commission for a special ruling, or for the approval of special condition(s) which may be mutually agreed upon.

4. SERVICE FROM HIGH PRESSURE LINES. The Utility will not tap a gas transmission line except at its option when conditions in its opinion justify such a tap. Such taps are made in accordance with the provisions of this rule.

I. DEFINITIONS

ADVANCES. Cash payments made to the Utility prior to the initiation of any work done by the Utility which is not covered by allowances.

APPLICANT. A person or agency requesting Utility to supply gas service.

APPLICANT'S CONTRACT ANTICIPATED COST. The cost estimate provided by the Applicant's contractor to the Applicant for performing the applicable refundable work, as stated on the Applicant's cost statement form (Form 66602), or in the case where the work is performed by the Applicant, the Applicant's own cost estimate on the signed form.

BETTERMENTS. Facilities installed for the Utility's operating convenience such as, but not limited to, the following: to improve gas flow or correct poor pressure conditions, to increase line capacity available to an existing system, to permit pressure conversion of an area, or to install proportionally larger pipe than necessary to provide for future load growth, will be installed at the expense of the Utility.

CONTRIBUTION. In-kind services, and/or the value of all property conveyed to the Utility at any time during the Utility's work on an extension which is part of the Utility's total estimated installed cost of its facilities, or cash payments not covered by Applicant's allowances.

(Continued)

(TO BE INSERTED BY UTILITY)  
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Regulatory Affairs

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Rule No. 20  
GAS MAIN EXTENSIONS

Sheet 12

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I. DEFINITIONS (Continued)

**COST-OF-SERVICE FACTOR.** The Cost-of-Service (COS) factor is divided into the Net Revenue to determine the Utility's line extension allowance. The COS factor includes depreciation, authorized return, income taxes, property taxes, Operation and Maintenance (O&M) expense, Administrative and General (A&G) expense, Franchise Fees and Uncollectibles (FF&U), property insurance, and replacement of facilities, if needed, for 60 years at no additional cost to customer. For the purpose of calculating allowances, a COS factor of 17.91% will be used.

**CUSTOMER-DRIVEN SCOPE OF WORK MODIFICATION.** The modifications required to accommodate the construction design needs of a new extension-of-main project for a specific customer.

**DATE THE APPLICATION IS APPROVED.** The earlier of either the effective date of the contract for the extension of gas main or the date when the Utility first invoices the customer for the extension of gas main.

**DISTRIBUTION MAINS.** Mains which are operated at distribution pressure, and supply two (2) or more services or run parallel to the property line in a public right-of-way.

**EXCAVATION.** All necessary trenching, backfilling, and other digging to install extension facilities, including furnishing of any imported backfill material and disposal of spoil as required, surface repair and replacement, and landscape repair and replacement.

**FRANCHISE AREA.** Public streets, roads, highways, and other public ways and places where Utility has a legal right to occupy under franchise agreements with governmental bodies having jurisdiction.

**INSIGNIFICANT LOADS.** Small operating loads such as log lighters, barbecues, outdoor lighting, etc.

**INTERMITTENT LOADS.** Loads which, in the opinion of the Utility, are subject to discontinuance for a time or at intervals.

**INVOICE.** When a gas corporation presents an offer to the customer for the extension of gas main in response to an application for an extension of gas main pursuant to Section 783(f) of the Public Utilities Code.

**JOINT TRENCH.** Excavation that intentionally provides for more than one service, such as gas, electricity, cable television, or telephone, etc.

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ISSUED BY  
**Dan Skopec**  
Vice President  
Regulatory Affairs

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SUBMITTED Nov 20, 2020  
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RESOLUTION NO. \_\_\_\_\_

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Rule No. 20  
GAS MAIN EXTENSIONS

Sheet 13

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I. DEFINITIONS (Continued)

**MAIN EXTENSION.** The length of main and its related facilities required to transport gas from the existing distribution facilities to the point of connection with the service pipe.

A Main Extension consists of new distribution facilities of the Utility that are required to extend service into an open area not previously supplied to serve an Applicant. It is a continuation of, or branch from, the nearest available existing permanent Distribution Main, to the point of connection of the last service. The Utility's Main Extension includes any required Substructures and facilities for transmission taps but excludes service connections, services, and meters.

**METER SET ASSEMBLY.** Meter, service pressure regulator, and associated fittings.

**NET REVENUE.** That portion of the total rate that supports Utility's extension costs and excludes such items as fuel costs, transmission, storage, public purpose programs, and other energy adjustment costs that do not support the extension costs.

**NON RESIDENTIAL ALLOWANCES NET REVENUE MULTIPLIER.** This is a revenue-supported factor determined by Utility that is applied to the net revenues expected from non-residential loads to determine non-residential allowances.

**OWNERSHIP CHARGE.** The monthly ownership charge is a percentage rate applied against the remaining refundable balance after thirty-six (36) months from the date the Utility is first ready to serve. This charge recovers the cost of operating and maintaining customer-financed facilities that are not fully utilized. The Ownership Charge includes property taxes, Operation and Maintenance (O&M), Administrative and General (A&G), Franchise Fees and Uncollectibles (FF&U), property insurance, and replacement for 60 years at no additional cost. For the purpose of calculating Ownership Charge, a 0.74% per month factor will be used.

**PERMANENT SERVICE.** Service which, in the opinion of the Utility, is of a permanent and established character. This may be continuous, intermittent, or seasonal in nature.

**PROTECTIVE STRUCTURES.** Fences, retaining walls (in lieu of grading), barriers, posts, barricades, and other structures as required by the Utility.

**RESIDENTIAL DEVELOPMENT.** Five (5) or more dwelling units in two (2) or more buildings located on a single parcel of land.

**RESIDENTIAL SUBDIVISION.** An area of five (5) or more lots for residential dwelling units which may be identified by filed subdivision plans or an area in which a group of dwellings may be constructed about the same time, either by a builder or several builders working on a coordinated basis.

(Continued)

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ISSUED BY  
**Dan Skopec**  
 Vice President  
 Regulatory Affairs

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