

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of  
PACIFIC GAS AND ELECTRIC COMPANY, a  
corporation, for an order of the  
Railroad Commission fixing and estab-  
lishing the terms and conditions in  
accordance with which applicant shall  
extend its existing water distribution  
system in the City of Stockton to the  
manufacturing plant of the National  
Paper Products Company.

Application No. 5069.

The City of Stockton, a municipal cor-  
poration,

Complainant,

vs.

Case No. 1414.

Pacific Gas and Electric Company,  
Defendant.

Appearances:

R. W. Duval for Pacific Gas and Electric Company,  
Loutitt and Stewart, by Gordon A. Stewart, for  
National Paper Products Company,  
M. P. Shaughnessy for City of Stockton,  
Gerald B. Wallace and A. R. Bogue for Consumers'  
League of the City of Stockton.

MARTIN, Commissioner.

O P I N I O N .

Pacific Gas and Electric Company, a public utility cor-  
poration, engaged in the business of supplying water to the City of  
Stockton for domestic, industrial and municipal purposes, asks this  
Commission to fix equitable terms and conditions whereby it shall  
make the certain extension of its existing water mains as requested  
by the National Paper Products Company.

The application alleges in effect that said National Paper  
Products Company secures water for use in its plant by pumping from

its private wells on its own property, that the supply of water from these wells is insufficient and inadequate for its purposes, and that said company has not been a water consumer of applicant since the establishment of the plant in Stockton in 1918. And further upon an investigation and report by applicant's engineers as to the most efficient and economical manner of extending its mains to said manufacturing plant including the estimated cost and the probable revenue that would be obtained for the service, the National Paper Products Company was informed that applicant would not at its sole cost and expense make the extension requested.

Complainant, City of Stockton, in Case No. 1414, alleges in effect that the Yosemite Subdivision within the city limits is a rapidly growing industrial district with no water mains installed for the distribution of water for domestic or other purposes to dwellings and industrial plants; that within said subdivision is located the plant of the National Paper Products Company and adjoining is the plant of the Cedar Products Company; that, at the present time about 400 persons are employed in said plants many of whom would no doubt prefer to reside in the vicinity of their employment and with the introduction of water service to said subdivision many new dwellings would be constructed and occupied by employees of the nearby industries.

It is further alleged that the municipality through its Fire Department is obligated to furnish fire protection within the city limits and cannot give this protection to said dwellings and industries unless the water mains of defendant corporation are extended to serve this subdivision. Wherefore, complainant asks for an order of this Commission requiring the extension of defendant's water mains to provide service.

A public hearing was held at Stockton and by consent of all parties the above proceedings were consolidated for hearing and decision.

The evidence shows that Yosemite subdivision was subdivided and put on the market four years ago and at present all lots have been sold mainly to individuals for home sites. When the plant of the National Paper Products Company was erected in 1918 there were only two dwellings in said subdivision, now there are forty-eight, their only source of water supply being from private wells.

At the hearing in this proceeding, the City Engineer of the City of Stockton presented plans for a proposed system of sewers for Yosemite subdivision. These plans had been theretofore submitted to the City Council for its approval. It was contended that it would be futile to install a sewage system and difficult to provide adequate sanitary facilities unless a satisfactory water supply could be obtained.

The National Paper Products Company has an investment of approximately \$1,250,000 in its plant and an extension now under construction will double this amount. Further, land has been purchased adjoining said subdivision by the Globe Milling Company and by the Price Pump Works upon which it appears plants will be erected aggregating in cost over \$3,000,000. Applicant submitted at the hearing a map delineating the proposed extensions of its existing mains; also an estimated cost by its engineers as of May, 1920, of \$11,572, for the extension to the plant of National Paper Products Company and of \$9,270 additional for the distribution system proposed to serve the fourteen city blocks of said subdivision.

It appears from the evidence that the possible present use of water and therefore revenue at the rates in effect will be small considering the investment in the proposed extensions, but that the introduction of adequate water service will promote the building of additional industrial plants and dwellings in this area with a resulting increase in water use and revenue.

The Pacific Gas and Electric Company has dedicated its service to the City of Stockton, and it is reasonable that it should provide service for the growth of the city. The develop-

ment for which the extension herein is desired is a part of the logical growth of the city, and will not only benefit the city itself but will also benefit the utilities serving within its limits. An obligation rests upon applicant herein to deliver water as a commodity to all within the class that requires such service and to make the <sup>reasonable</sup> necessary extensions. It is obvious that a utility serving a territory such as this must in reason make extensions to provide for the development of its territory, and that therefore the Pacific Gas and Electric Company should make at its own expense the necessary extensions in order to serve the so-called Yosemite subdivision and the plant of the National Paper Products Company. In view of the fact that there will be only a few consumers on this extension until further development occurs, and a large part of the service rendered will be to the National Paper Products Company, that company is receiving a service greater in value than the amount which it would be required to pay under the rate schedule now in effect for such service. The utility should therefore receive a special rate which should continue in effect until such time as the gross annual revenue for water used from the extensions amount to at least 20 per cent of the capital invested in said extensions.

#### O R D E R

The Pacific Gas and Electric Company having applied to this Commission for an order establishing the terms and conditions whereby it shall make the certain extension of its existing water mains necessary to render service to the National Paper Products Company and the City of Stockton having filed a complaint and requested that this Commission make an order requiring Pacific Gas and Electric Company to make the necessary pipe main extensions to render water service to Yosemite subdivision and a public hearing having been held, and the Commission being fully apprised in the premises:

IT IS HEREBY ORDERED that the Pacific Gas and Electric

Company shall, at its own expense, install a pipe extension of its existing eight (8) inch water main to the plant of the National Paper Products Company and also a distribution system of pipe mains in what is known as the Yosemite subdivision so as to provide adequate water service for this industrial and residential district, upon the condition that the National Paper Products Company enter into an agreement with the Pacific Gas and Electric Company to pay to the latter the special rates established herein, until such time as the gross annual revenue from said extensions equals 20 per cent of the capital invested in said extensions.

IT IS HEREBY FURTHER ORDERED that the rate for the special service provided for the National Paper Products Company shall be sixty (60) dollars monthly, in addition to the legal rates in effect for the service rendered, to continue in effect until such time as the gross annual revenue from all other uses of water from above ordered extensions at regular rates shall total in amount twenty (20) per cent of the actual capital investment in the said extensions ordered.

IT IS HEREBY FURTHER ORDERED that all use of water from said extensions by National Paper Products Company plant and by residents of Yosemite subdivision shall be charged for at the regular rates in effect.

IT IS HEREBY FURTHER ORDERED that the above ordered pipe extensions shall be installed within ninety (90) days from the date of this order and that within ten (10) days after completion of the work the Pacific Gas and Electric Company shall file with the Commission a statement in detail showing the improvements installed and the cost thereof.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 21<sup>st</sup> day of July, 1920.

Edwin O. Edwards  
H. S. Loveland  
James R. Tolson  
H. W. Brundage  
Iwing Martin