

Decision No. 31238

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of  
CALIFORNIA WATER SERVICE COMPANY,  
a corporation, for approval of map  
defining and describing dedicated  
service area in and adjacent to the  
City of Redding, California, and for  
order making effective immediately  
certain changes in rules applicable  
to its Redding water system.

Application No. 21951

McCutchen, Olney, Mannon & Greene  
by Henry D. Costigan for applicant.  
Jesse Carter, City Attorney for City  
of Redding.  
Roscoe Anderson in propria persona.

BY THE COMMISSION:

O P I N I O N

In this proceeding California Water Service Company, a corporation, asks the Commission to establish a definite area of service for its water works supplying consumers in and in the vicinity of the City of Redding, Shasta County. In its application the Company alleges that the City of Redding, a municipal corporation, proposes to build and now actually has under construction a duplicate water system designed to supply water to any and all water users throughout the entire territory served by the utility and, upon the ground that further extension of its system to new territory hereafter will be non-compensatory, asks that it no longer be required to install new facilities for such purposes.

A public hearing in this matter was held at Redding before

Examiner M. R. MacKall.

According to the evidence, during the past few years frequent efforts have been made at different times by the City of Redding to acquire the water works owned by applicant supplying the community. In Decision No. 26890 the Commission fixed the value of this water system for condemnation purposes at two hundred and twenty-four thousand dollars (\$224,000) as of April 11, 1933, upon request of the municipality. The property was not acquired at that time and, although the owners recently offered to sell the entire system for the sum of one hundred seventy thousand dollars (\$170,000), the offer was not accepted and the City of Redding is now installing a complete water works capable of duplicating all service deliveries in the territory covered by this utility. The City of Redding has secured a grant of one hundred sixty-two thousand dollars (\$162,000) from the federal government through the Public Works Administration and has issued general obligation bonds to the extent of two hundred thousand dollars (\$200,000), all of which sums are to be devoted to water works construction. Initial contract was let on the fifth day of April, 1938, for installation of the first unit of the municipal plant consisting of river intake works, pumping plant, transmission line and storage reservoir. Completion of the whole system is anticipated to require about one year.

Applicant presented testimony to the effect that several requests have been received recently for extension of mains to serve newly subdivided tracts in and adjoining the City of Redding, especially since definite construction is now in progress for erection of the Shasta Dam on the Sacramento River, a few miles north

of Redding near the Town of Kennett. The utility takes the position that, in view of the fact that it is the avowed plan of the city to serve water in and throughout all territory now or hereafter to be supplied by applicant either within the corporate limits or outside thereof in adjacent territory, to require further extension of mains and service lines by the utility is unfair, unreasonable, and obviously will be non-compensatory.

Officials of the city frankly conceded that their municipal water plant was designed to supply water to all demanding service throughout the entire territory now supplied by the utility and upon completion would parallel all service facilities then provided by applicant in and near Redding. On behalf of the city it was further admitted that the municipal water plant would not be in a position to extend service to the various recently subdivided tracts and other new sections of the community now requesting water service for some time after completion of the main distribution system as now planned. As the evidence indicated the probability that city authorities would agree to acquire or pay for any new main extensions necessary to be installed by the utility before the municipal plant could be placed in operation and be in a position to provide the requested service, this proceeding was submitted with the understanding that negotiations would be commenced without delay to devise a plan mutually acceptable to the utility and the City of Redding covering the financing, installation, operation and ultimate disposition of ownership and service obligations therein of all new water main extensions. Since submission, a resolution has been passed by the City Council of Redding which, among other things, indicates a willingness to pay the utility the

actual cost of the extension into one part of the territory desiring service provided such installation is made in accordance with plans and specifications approved by the city itself.

It appears from the evidence that the circumstances in this case fully justify a limitation in main extension demands upon this utility. The public, however, should not be made to suffer unduly by the present conditions. To this end applicant should not deny a service extension to any party or parties willing to pay the full costs thereof without the customary refund privilege. Where the right of refund is insisted upon in main extensions, the matter should be handled through agreement with the city authorities to provide proper reimbursement by the municipal plant. The company therefore will be permitted to restrict and limit its service area in cases involving the extension of mains requiring refunds of a portion or all of the costs thereof. The boundaries of this territory will embrace all existing mains and will coincide with the area set out and delineated upon that certain map filed herein and designated "Exhibit No. 2," subject to the conditions set forth above and in the following Order.

O R D E R

California Water Service Company, a corporation, having filed an application as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully advised in the premises,

IT IS HEREBY ORDERED that the California Water Service Company, a corporation, be and it is hereby authorized to refuse

all demands in its Redding Division, in the County of Shasta, for extension of water mains at its own expense without reimbursement or where deposits covering the estimated costs therefor are proffered subject to refund by said company, in the territory outside the area delineated on that certain map filed herein and designated "Exhibit No. 2" and which is made a part hereof by reference, subject to the following conditions:

That water service will be furnished by said company to subdivisions or individuals outside of the area established above provided the cost of installation of all facilities required in furnishing the water supply is advanced by the applicant for service with no obligation upon the part of said company to refund all or any part of the payment so advanced or provided further that the City of Redding will guarantee to reimburse the company for all expenditures made in the facilities installed within a time limit acceptable to said company.

IT IS HEREBY FURTHER ORDERED that, within thirty (30) days from the date of this Order, California Water Service Company, a corporation, be and it is hereby authorized to submit to this Commission for its approval amended rules and regulations providing for the limitation of its service obligations in its Redding Division as provided in this Order.

For all other purposes, the effective date of this Order shall be twenty (20) days from the date hereof.

Dated at San Francisco, California, this 6<sup>th</sup> day of September, 1938.

Ray B. Whipple  
Leon S. Whipple  
Frank A. Whipple  
Ray L. Kelley

Commissioners.