

Decision No. 42505

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ALAMO OAKS COMMUNITY CLUB

Complainant

Vs

Case No. 4970

CALIFORNIA WATER SERVICE
COMPANY

Defendant

Howard Foulds for complainant; McCutchen,
Thomas, Matthew, Griffiths & Green, Attorneys,
by Robert M. Brown, for defendant.

O P I N I O N

Alamo Oaks Community Club, a non-profit association, having a membership of some 100 persons residing in a 160-acre tract, approximately two miles north of the town of Danville, in Contra Costa County, filed a formal complaint against the California Water Service Company alleging the club members have tried diligently to secure water service from this utility, but the company refuses to extend its water mains other than at full cost to the residents. The complainant requested a hearing for a complete explanation of the cost figures and a showing as to why the utility should not be obligated to supply water service to an area apparently within a territory in which it holds a franchise to the exclusion of all other water utilities. In its answer to the complaint the company alleged that the Alamo Oaks tract is beyond the limits of its service area but that it is willing to extend water service in accordance with Section B of its Rule and Regulation No. 19, on file with this Commission.

A public hearing in this matter was held before Examiner Edwards at Danville on December 20, 1948.

The record shows that there has been correspondence between the complainant and the utility since 1944, concerning an extension of service to complainant's territory, but that no agreement was reached by the parties as to terms and conditions under which the extension should be installed.

The complaint asks that the residents not be required to advance the cost of any portion of the necessary water service facilities, on the grounds that the territory is rapidly developing and that utility water service is necessary for sanitary and fire protection purposes. However, at the hearing, Mr. Charles R. Spahr, president of the club, while objecting to the utility's proposal to classify this extension under Section B of its rules providing for extensions in subdivisions, asked that the Commission require the company to extend its mains on the basis of Section A, General Extensions, which provides that, at its expense, the utility will extend 100 feet of main for each customer. Under this section of the rule, the cost of any additional footage must be deposited by the applicant, but in no case will the cost be based on a main exceeding four inches in diameter. Mr. Spahr also claimed that the cost of the pump and tank should be advanced by the utility because these items could be of use in serving other nearby areas. Witnesses for the complainant testified that Alamo Oaks tract is not a recorded subdivision, and that the property was developed some thirty years ago as a suburban home project on an acreage basis.

The only water supply in the area is obtained from individually-owned wells, which are becoming unreliable because of the drop in the water table during recent years. Further, the many cess-pools and septic tanks have increased the danger of pollution of the underground supply.

Witness Stone for the club claimed that the utility has a moral obligation to serve the area and that it should have faith in the

future development. He has no objection to paying higher rates until the extension cost is amortized, but is not willing to advance any money as an extension deposit. The utility offers to extend its service in accordance with Section B of its Rule and Regulation No. 19 governing water main extensions to subdivisions as regularly filed with this Commission.

The record shows that the estimated total cost of the extension is \$55,858, segregated as follows:

<u>Description</u>	<u>No. of Units</u>	<u>Total Amount Year 1948</u>
Six-inch steel pipe and fittings.....	13,346 feet	\$32,931
Four-inch steel pipe and fittings.....	1,800 feet	3,847
Booster pump and house.....	1	3,300
50,000-gallon redwood tank.....	1	11,780
Land (booster site, easement and tank)...		<u>4,000</u>
Total.....		55,858

Mr. N. C. Nutting, witness for the utility, testified that this estimate was made by the utility's engineering department on the basis of Section B, Extensions to Serve Subdivision, Tracts or Housing Projects, of Rule and Regulation No. 19. He claims that the territory in question is a subdivision and, accordingly, the cost of all of the necessary facilities should be advanced by the applicant. Witness Nutting testified that this area would require an above-average capital investment per customer, because of the large lots and distance between customers.

The Commission realizes the need of this area for adequate water service but does not find at this time sufficient reason to warrant such a long extension on a more liberal basis than that provided by Section A, General Extensions, of the company's Rule and Regulation No. 19. It is presumed that many of these residents will continue to use their present wells after the utility service is available, so that there is little prospect of sufficient revenue to justify the company to construct the proposed extension at its own expense until the area has been further developed.

The purpose of the extension rule is to provide an economic and sound basis for a utility to serve areas similar to this and to prevent overextension to serve customers where the prospective revenue is so low as not to pay the incremental costs of service. It would be discriminatory and unduly burdensome on all of the utility's present customers to require this extension to be made without an advance deposit for excess footages above the free length.

The record indicates the maximum number of consumers which might presently take service from this extension is 43 in Alamo Oaks and 35 along El Pintado Road. The price of the four-inch main, exclusive of pump and tank, indicates a capital cost substantially less than \$500 per customer if all 78 residents take water service, with no credit for free footage allowance. Mr. Spahr indicated that an individual well and pump cost over \$1,300 installed in this area, and that this extension advance appears to be considerably less costly per customer. Furthermore, the entire advance is refundable at the approximate rate of \$200 for each additional customer connected, and, if the territory develops sufficiently within the next ten years, all original depositors may obtain full refunds under the rule. If all 78 residents sign for service and thereby obtain a 100-foot free extension each, the approximate initial deposit from each customer will be less than \$300. If a less number of potential customers sign up, the individual advance deposit, of course, will be correspondingly higher.

The utility offered the club the assistance of its engineering staff to work out the most economical means of serving the area, and the Commission recommends that the club avail itself of this offer. The premises of the residents in this area are widely separated; since the territory is not solidly built up, revenue prospects are not too promising and, under these circumstances, a water utility is not justified in extending service without some financial assistance.

The Commission is of the opinion that in this instance the utility should be required to extend service to this tract on the basis of its rule covering general extensions and that the costs of any mains in excess of four inches in diameter, together with the cost of necessary pumps and tanks, should be borne by the utility. The area long has been settled and does not appear to fall into the subdivision class contemplated in Section B of the utility's extension rule. The order herein will provide for an extension to the tract on the basis of Section A of the rule with allowances for free footage in effect at this time.

O R D E R

The above-entitled complaint having been filed with this Commission, a public hearing having been held and the matter submitted for decision,

IT IS HEREBY ORDERED that upon proper application to California Water Service Company, the residents of the Alamo Oaks community and those adjacent to El Pintado Road, north of the town of Danville, shall be entitled to receive water service in accordance with the provisions of Section A of said company's Rule and Regulation No. 19, Water Main Extensions, presently in effect.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 15th day of February, 1949.

R. E. Dunning
Justice F. Garner
Frank H. Lawrence
Harold F. Kille
Wm. E. Pottel
Commissioners