

ORIGINAL

Decision No. 45312

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WALTER C. HANSEL, HARRY NELSON,
 GEORGE A. POHL and WALTER W. WEIR, JR.
 Complainants,

vs.

PACIFIC GAS AND ELECTRIC COMPANY,
 a corporation,

Defendant.

Case No. 5227

Walter W. Weir, Jr., for complainants;
Ralph W. DuVal and Frederick T. Searls,
 for defendant; G. Douglas Thompson, for
 Vacaville Chamber of Commerce.

O P I N I O N

Complainants ask that defendant be required to extend domestic water service to their homesites a short distance west of defendant's present Vacaville service area which, at the location in question, extends about 700 feet west of the existing city limits. (1)

Defendant, by its answer, denies the material allegations of the complaint and avers that it has not undertaken nor does it desire to render public utility water service in the area, due to lack of a water supply more than sufficient to meet the needs of customers within its present service area. Defendant further avers, in substance, that the development of an increased supply of water to meet the needs of complainants and other prospective customers situated beyond the limits of its service area would necessitate a large capital outlay, together with added fixed charges and operating expenses, with only a small increase in gross revenues from sales by means of the necessary additions to its existing

(1) P. G. & E. Co. Advice No. 31-W, filed 4-26-50, effective 5-26-50.

Vacaville system. Other defenses raised by defendant's pleading are that the complaint fails to show wherein defendant has done or omitted to do any act in violation of any provision of law or of any order or rule of the Commission; that complainants are without lawful right to demand or receive water service from defendant for use at the premises or in the area mentioned in the complaint; and that the Commission is without power to require defendant to comply with complainants' demands, or to order defendant to enlarge or extend its present Vacaville water service area to any extent whatsoever. Defendant asks that the complaint be dismissed.

A public hearing in this case was held at Vacaville on November 9, 1950, before Examiner Gregory, upon a joint record with another complaint against the company for water service filed by a group of residents located north of the northerly city limits of Vacaville. (Isenberger et al. v. Pacific Gas and Electric Company, Case No. 5207.) The issues raised in that case are the subject of a separate decision.

The evidence shows that the four complainants, Hansel, Nelson, Pohl and Weir, in the spring of 1950, purchased residential lots fronting on Buck Avenue for a distance of approximately 650 feet west of the terminus of defendant's main on Buck Avenue about 700 feet west of the westerly city limits of Vacaville. (2)

Hansel purchased his lot before applying for water service and assumed he would receive water because other homes outside the city limits and just east of his lot were being served in the area which the company claims the right to serve. Hansel's plans for building a home have been postponed until circumstances permit him to begin construction, but he wants water in order to landscape the property.

(2) On November 7, 1950, another purchaser of a lot adjacent to complainant Weir's land applied for water service and was refused by defendant's local manager.

Nelson owns the Vaca Valley Inn, situated south of U. S. Highway 40, and is now building a residence there. He desires water in order to landscape his lot on Buck Avenue where he eventually plans to build a home and retire if he sells Vaca Valley Inn. He testified, however, that the Inn is not for sale at the present time.

Weir, an attorney who represented himself and the other complainants, purchased his lot in order to build a home. Construction was under way at the time of the hearing. He desires water for domestic purposes.

Pohl desires water for domestic use. At the time of the hearing he was planning to begin construction of a home within a few weeks of being assured of a water supply.

On November 8, 1950, the Vacaville City Council enacted an ordinance annexing approximately 40 acres of land adjoining the former city limits on the north for a school site. Vaca Valley Village and Bonita Vista subdivisions, lying generally along the state highway in the southerly portion of the city, were annexed in 1945 and 1949, respectively. Caughy Subdivision No. 2, fronting on County Road No. 142 to the west, was annexed in 1950. The Mayor of Vacaville testified that plans call for annexation of additional territory west and north of the city, and that a federal housing project, organized in 1942 and receiving water from defendant for distribution through project facilities, is in process of annexation.⁽³⁾ Engineering surveys have been authorized by the city for territory west of County Road No. 142 and about a mile north of Buck Avenue, with the idea of including that area as part of the city in the near future. Complainants' property lies within the area to be surveyed.

(3) On October 17, 1950, Pacific Gas and Electric Company filed with the Commission Advice No. 32-W for the purpose of enlarging the Vacaville water service area to include the Bonita Vista and Caughy No. 2 subdivisions, not indicated as within the city limits on maps of the City of Vacaville referred to by the company as a basis for filing its previous Advice No. 31-W.

The city has also applied to the company for water service to a sewage treatment plant, to be completed by June of this year, located on Browns Valley Road about three-quarters of a mile north of the present northerly city limits. Counsel for defendant stated that while the company would give consideration to supplying water service to any annexed areas it would also have to consider the effect of such expansion on the supply available for present and prospective customers within the city limits.

The company's facilities for supplying water in and in the vicinity of Vacaville were described by its operating officials. These facilities include the original system, purchased from a predecessor in 1928; 5 producing wells located at distances varying from one-half mile to a mile and a half east of the city; approximately 80,000 feet of cast iron and transite transmission and distribution pipe ranging from 12 inches to 2 inches in diameter; and a 375,000 gallon steel tank located on a hill in the town, used for peak storage, adjacent to which is a small pressure system to serve several customers in the immediate vicinity of the pressure tank.

The record shows that as the city has grown the company has experienced considerable difficulty in securing an adequate supply of water from its wells. The original wells were sunk to a depth of about 400 feet. Later wells are down about 700 feet. One of the original wells caved in and has been abandoned. Another well, located in the new field east of the original wells, discharges large quantities of sand. During several days of hot weather last summer peak demands exceeded the total pumping capacity of all the wells and caused a drop of from 100,000 to 150,000 gallons in the main storage tank. The superintendent of the company's water systems testified he anticipated that further additions to the Vacaville system would have to be made in order to supply even the present service area.

The territory in which the company now is rendering water service in Vacaville and vicinity with a few exceptions lies within the city limits. The exceptions include an elongated area extending north near the easterly city limits, also served by the company's predecessor; a small, heavily built up section in the area to the southwest, near County Road No. 142; and, finally, a small area, adjacent to and east of the locality in which complainants desire service, extending for a distance of about 700 feet outside the present city limits along both sides of Buck Avenue, in which the company now serves six consumers. In addition, the company supplies water through about 11 connections located within the city limits to persons outside the city who have their own distribution lines.

The company introduced operating statements of its Vacaville Water System for the years 1945-1949 and an estimated statement for 1950. These statements, summarized, indicate as follows:

(Defendant's Exhibit No. 4)

| | <u>1945</u> | <u>1946</u> | <u>1947</u> | <u>1948</u> | <u>1949</u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Operating Revenues | \$32,182.85 | \$36,455.80 | \$29,521.22 | \$36,667.37 | \$43,315.58 |
| Operating Expenses | 24,905.80 | 26,146.31 | 26,000.26 | 31,143.58 | 37,898.46 |
| Net for return | 13,283.05 | 10,309.49 | 2,920.96 | 5,523.79 | 5,417.12 |
| Fixed Capital | 249,716.94 | 303,566.83 | 313,745.74 | 367,290.46 | 430,104.82 |
| Rate of return | 5.3% | 3.4% | .9% | 1.5% | 1.3% |
| Average number of customers | 625 | 636 | 679 | 770 | 857 |
| Average Revenue per customer | \$36.40 | \$40.52 | \$39.03 | \$38.69 | \$41.31 |

(Defendant's Exhibit No. 5)

1950 Estimate

| | |
|--|-----------|
| Operating revenues (a) | \$46,000 |
| Operating expenses (b) | \$38,350 |
| Net for return | \$ 7,650 |
| Cost of properties plus working capital | \$463,505 |
| Rate of return | 1.65% |
| (a) 9 months actual and 3 months estimated | |
| (b) 8 months actual and 4 months estimated | |

The distance between the end of the company's main on Buck Avenue and a point west thereof which would include the premises of the four complainants and the other applicant for service, previously mentioned, is approximately 650 feet. The manager of the company's commercial department conceded that such an extension would entail a "purely nominal" investment, estimated between \$1000 and \$2000. He was also of the opinion that as cities such as Vacaville continue to develop, the company should give consideration to expanding its service area so as to take in contiguous territory that is building up fairly thickly, when such additions are reasonably warranted by the circumstances.

This proceeding does not present an unusual problem. The Commission, on numerous occasions, has considered the question of expansion of a public utility water service to supply the needs of residents and industries in territory both contiguous to existing service areas as well as in more distant localities, and has consistently applied the rule of reasonableness in disposing of such cases.

We find from the evidence in this case that it would be reasonable, under existing conditions, to require defendant to extend its water service facilities for a distance of approximately 650 feet from the end of defendant's present facilities along Buck Avenue, in the vicinity of Vacaville, so as to provide domestic water service to the premises of those who may be entitled to receive such service, including complainants herein, located north and south of said Buck Avenue.

O R D E R

Public hearing having been held in the instant proceeding, the matter having been submitted, the Commission now being fully

advised and basing its order upon the findings and conclusions contained in the foregoing opinion,

IT IS ORDERED that within sixty (60) days after the effective date of this order Pacific Gas and Electric Company, under and in accordance with its rules and regulations on file with this Commission, shall extend its water service facilities in and along Buck Avenue in the vicinity of the City of Vacaville, for a distance of approximately 650 feet beyond the present westerly end of defendant's facilities in said Buck Avenue and shall provide domestic water service in accordance with applicable schedules of rates, rules and regulations to the premises of those who may be entitled to receive such service, including complainants herein, located on both sides of Buck Avenue along the length of the extension herein directed to be installed.

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

Dated at San Francisco, California, this 30th day of January, 1951.

R. E. Anderson
Justus J. Calver
Harold S. Huler
Rosevelt P. Foster

Commissioners.