

**ORIGINAL**Decision No. 49926

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 SAN DIEGO GAS & ELECTRIC COMPANY, a )  
 corporation, for such certifications, )  
 authorizations and approvals as may )  
 be necessary for the extension of its )  
 electric service to and into the terri- )  
 tory now served by Escondido Mutual )  
 Water Company, the acquisition by )  
 applicant of the electric distribu- )  
 tion system of said Company, and of )  
 a new power contract between appli- )  
 cant and said Company. )

Application No. 35233

Chickering & Gregory, attorneys, by  
Walter C. Fox, Jr., for applicant.  
 Glenn & Wright, attorneys, by Eugene Glenn,  
 for Escondido Mutual Water Company.  
Norman R. Johnson, for the Commission staff.

O P I N I O N

San Diego Gas & Electric Company,<sup>1/</sup> a corporation, by the above-entitled application filed March 10, 1954, seeks authority to acquire the electric distribution system of Escondido Mutual Water Company,<sup>2/</sup> and to establish rates for electric service, and requests a certificate of public convenience and necessity covering the area now served by Escondido. Exhibit No. 6 is an inventory and appraisal of the properties proposed to be acquired. Said exhibit includes a map of the area in unincorporated territory surrounding the City of Escondido, but excluding it, in San Diego County. The purchase price stated in the application is \$825,000 plus the cost of additions and

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<sup>1/</sup> Hereinafter referred to as applicant.

<sup>2/</sup> Hereinafter referred to as Escondido.

betterments, less depreciation, less retirements from December 1, 1952 to the date of acquisition.

A public hearing in this matter was held before Examiner Warner on March 25, 1954, in San Diego. There were no protests to the granting of the application.

General Information

San Diego Gas & Electric Company furnishes public utility gas and electric service throughout San Diego County. Its total fixed capital is in excess of \$143,000,000 and total revenues for the year 1953 amounted to \$36,187,000.

Escondido has been furnishing electric service in connection with its water system operations since 1915. The company owns and operates two hydroelectric plants known as its Rincon and Bear Valley plants with installed capacities as of December 1, 1952 of 300 kva and 600 kva, respectively. These are not to be sold to applicant. The electric distribution system comprises 12 kv and lesser voltage distribution lines, substations and transformers and, since 1917, an interconnection has been effected with applicant's lines and surplus energy has been sold to applicant. Also, applicant has furnished energy to the mutual company through said interconnection, and during the 12-month period ending April 30, 1952, 76.2 per cent of the kilowatt hour input to the distribution system came from applicant with the remaining 23.8 per cent being generated by the mutual company's hydro plants.

Electric service is being furnished by Escondido to approximately 2,200 customers of all types throughout an area comprising 18.22 square miles. The area is gently rolling agricultural land in the back country of San Diego County which is rapidly being developed as residential homesites comprising one or two acres each.

Rates

Applicant proposes to apply its presently filed rates for electric service to the area except that it proposes to establish temporary rates for commercial lighting and commercial power which would be in effect for a three-year period to ease the transition from Escondido's rates to applicant's present rates. The following table shows the effect upon Escondido's customers of the application of the proposed interim rates.

Comparison of Effect of Proposed and Present Rates  
(Based on year ending May 31, 1953)

Rate Schedule	:San Diego Gas : :& Electric Co.:	: Escondido : :Mutual Wtr.Co.:	: Amount : : of : :Proposed Rates:Present Rates: Decrease :
D-2, Residential	\$ 54,445.82	\$ 60,922.27	\$ 6,476.45
DW-2, Combination Residential Water Heating	98,466.86	120,294.32	21,827.46
L-2-T, Temporary Commercial Lighting	19,847.79	13,990.64	(5,857.15)
P-1-T, Temporary Commercial Power	23,413.01	20,990.06	(2,422.95)
P-3, Agricultural Power	47,303.93	58,549.30	11,245.37
H-1, Commercial Cooking, Heating and Battery Charging	1,479.86	1,713.57	233.71
Total	<u>\$244,957.27</u>	<u>\$276,460.16</u>	<u>\$31,502.89</u>
	(Increase)		

Analysis of the preceding tabulation indicates that the proposed rates would increase the charges to commercial lighting customers by about \$5,900 and to commercial power customers by about \$2,400, but with an over-all reduction to all types of customers of about \$31,500 on an annual basis. The record shows in Exhibit 4 that the application of applicant's present rates would increase the rates to commercial lighting customers by about \$7,900 and to commercial power customers by about \$4,600 with an over-all annual reduction of about \$27,300.

Appraisal of Properties Proposed to be Acquired

Applicant's consulting engineering witness submitted an inventory of properties proposed to be acquired and an appraisal of those properties. The appraisal based on reproduction cost new, less depreciation as of December 1, 1952, showed a total of \$857,000. Applicant has agreed as shown in Exhibit No. 2, which is a contract dated March 3, 1954 between Escondido and applicant, to purchase the properties for \$825,000 plus additions and betterments less retirements and plus materials and supplies as of the closing date of the contract.

Request for a Certificate of Public Convenience and Necessity

By Decision No. 5101 dated February 4, 1918, in Application No. 3146, the Commission granted a certificate of public convenience and necessity to applicant to construct and operate an electric distribution system in San Diego County but eliminated therefrom the area being served by Escondido until such time as applicant acquired the electric distribution properties of Escondido.<sup>2/</sup> Applicant now requests a certificate covering the Escondido area.

Conclusion

The Commission has considered the request of San Diego Gas & Electric Company for a certificate of public convenience and necessity to furnish electric distribution service in the area formerly served by the electric department of Escondido Mutual Water Company and is of the opinion that it should be granted subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of this certificate

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<sup>2/</sup> By Decision No. 5101 other areas of San Diego County not pertinent to the instant proceeding were eliminated.

of public convenience and necessity or the right to own, operate or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right.

The action taken herein shall not be construed to be a finding of the value of the property herein described.

The Commission has considered applicant's request for authority to apply its present rates to the Escondido area, except that it be authorized to establish temporary rates for commercial lighting and commercial power service, and is of the opinion and so finds that the rates herein authorized are just and reasonable.

Applicant should determine the historical cost or estimated historical cost, less depreciation, of the properties shown in Exhibit No. 6 plus additions and betterments less retirements to date, and should file a report of such determination with the Commission for its review, and the order which follows will so require.

#### O R D E R

Application as above entitled having been filed, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that public convenience and necessity require that a certificate of public convenience and necessity be granted to San Diego Gas & Electric Company, a corporation, to construct and operate an electric distribution system in the area formerly served by the electric department of Escondido Mutual Water Company in the unincorporated area of San Diego County as shown on the map on Page 2 of Exhibit No. 6, therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be granted to the San Diego Gas & Electric Company

to construct and operate an electric distribution system in the territory hereinabove described and that portion of Decision No. 5101 dated February 4, 1918 referred to in the preceding opinion is superseded and canceled as it applies to territory formerly served by the electric department, Escondido Mutual Water Company.

IT IS HEREBY FURTHER ORDERED as follows:

1. That applicant be and it is authorized to apply its presently filed rates for electric service throughout the area formerly served by Escondido Mutual Water Company, except that applicant shall file its temporary rates for commercial lighting and commercial power service as contained in this application.
2. That within 180 days after the effective date of this order applicant shall file with the Commission a report of the historical cost and estimated historical cost, less depreciation, of the properties acquired from Escondido Mutual Water Company.
3. That the contract, Exhibit No. 2, dated March 3, 1954 between Escondido Mutual Water Company and San Diego Gas & Electric Company be and it is approved.

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

Dated at San Francisco, California, this 20<sup>th</sup> day of April, 1954.

R. F. [Signature]  
President

James F. [Signature]

Marionette [Signature]

John L. [Signature]

Deane [Signature]  
Commissioners