

proposed subdivision. It is therefore planned to construct 2,880 feet of new 8-inch main, paralleling the existing 4-inch main, at an estimated cost of \$12,931.04. Since Renwick's subdivision could be adequately supplied from a 6-inch main, it is proposed that Renwick advance the estimated cost of a 6-inch main in the amount of \$10,080 and that Vallecito pay the estimated additional cost of the 8-inch main.

The amount advanced by Renwick would be subject to refund, without interest, over a period of 20 years from the date of completion of the construction, from connection charges that Vallecito would assess other developers of real property lying along the subject main extension. It is proposed that the connection charge would be the product resulting from multiplying \$3.50 by the distance in lineal feet of any subdivision or development along or adjacent to the extension.

The application explicitly states that the proposed extension would be located within Vallecito's certificated area. Section 1001 of the Public Utilities Code states, in part, "This article shall not be construed to require any such corporation to secure such certificate for ... an extension within or to territory already served by it, necessary in the ordinary course of its business". There is no showing that the subject extension is other than would normally be required to serve a new subdivision in the utility's service area. A certificate is not required to extend a main into an area that applicant is authorized, and in fact duty bound, to serve under its presently effective certificate and filed tariffs.

If the extension were to be constructed according to Vallecito's effective main extension rule, Renwick would be required to advance the estimated reasonable cost of the installation of mains, from the nearest existing main at least equal in size to that required to serve the development. The amount so advanced, subject

to adjustment to actual cost, would be refunded as provided by the filed main extension rule. In cases where the application of the rule appears impracticable or unjust to either party, the matter may be referred to the Commission by application or complaint.

The application contains no showing as to why the filed main extension rule should not be applied in this case. Moreover, the application would, without a showing as is required by Section 454 of the Public Utilities Code, have the Commission authorize charges to certain future customers of the utility, which charges would not be required if the subject extension were to be installed according to the utility's presently-filed tariffs. Further, since the customers located along the extension would be subject to charges not applicable to other customers of the utility, such charges would be discriminatory. Such practices are clearly prohibited by Sections 453 and 532 of the Public Utilities Code.

We conclude that the provisions of the proposed agreement are unreasonable and unjust and that Vallecito's request to be authorized to enter into the agreement and accept payment thereunder should be denied.

The Commission having considered the request of applicant and being of the opinion that the application should be denied and that a public hearing is not necessary; therefore,

IT IS ORDERED that Application No. 42009 is hereby denied.

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

Dated at San Francisco, California, this 26th day of April, 1960.

President

Commissioners

Commissioners

Commissioners

Commissioners