

ORIGINALDecision No. 60382

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 SAN GABRIEL VALLEY WATER COMPANY for
 an Order Approving and Authorizing
 an Agreement between Applicant and
 Brent Builders, Inc., for the
 Extension of Service by Applicant to
 Real Property of Brent Builders, Inc.

Application No. 42150
 (Amended)

OPINION AND ORDER

San Gabriel Valley Water Company, ^{1/} a corporation, by the
 above-entitled application, filed April 13, 1960, and amended May 24,
 1960, requests authority to carry out the terms and conditions of an
 agreement with Brent Builders, Inc., ^{2/} a corporation, dated April 12,
 1960. The agreement, a copy of which is attached to the amendment to
 the application as Exhibit A, covers the installation of water mains,
 services, fire hydrants, pumps, storage, and other facilities to
 serve a 605 lot subdivision to be located within the limits of the
 City of Montebello, Los Angeles County.

A certificate of public convenience and necessity for an
 area including the subdivision to be served under the subject agree-
 ment has been requested in Utility's Application No. 41843. The
 requested certificate is being granted in Decision No. 60382 which
 is being issued concurrently with this decision.

The agreement provides that the proposed subdivision is to
 be developed in three successive tracts. Before the development of
 the initial unit, Tract No. 24749, Subdivider is to advance the sum
 of \$109,880, such advance being the estimated cost of distribution
 facilities to serve the 200 lots comprising Tract No. 24749 in the

1/ Sometimes hereinafter called Utility.

2/ Sometimes hereinafter called Subdivider.

amount of \$72,380, and, in addition, \$37,500 for pumps, storage and other plant to serve the entire subdivision. The \$37,500 advance for the plant applicable to the entire subdivision includes \$7,000 representing 20% of the estimated cost of a connection to an aqueduct of the Metropolitan Water District, \$20,000 representing 50% of the estimated cost of a 600,000-gallon reservoir, \$8,500 representing the estimated cost of pumping facilities required exclusively for service to the subdivision, and \$2,000 representing the estimated cost of fencing and landscaping the reservoir site. In addition, the amount subject to refund will include \$4,000, representing the cost of land for a reservoir site which is to be deeded to Utility by Subdivider.

Before the development of the second unit, Tract No. 24254, Subdivider is to advance \$56,340 as the estimated cost of distribution facilities to serve the 220 lots comprising the tract, and \$6,000 as the estimated cost of pumping facilities required to provide water at suitable pressure to serve the higher elevations of both Tracts 24254 and 24255.

Before the construction of facilities to serve the third portion, Tract No. 24255, comprising 185 lots, Subdivider is to advance \$34,805 as the estimated cost of the required distribution facilities.

Within 60 days after the completed cost of the facilities has been determined by Utility, the amounts advanced will be adjusted on an actual cost basis. The adjusted sums are to be refunded under the percentage of revenue method as set forth in Utility's filed Rule No. 15, Main Extensions. However, the refunds are to be based on the estimated annual revenue for Utility's Merced Hills Tariff Area, of which the subdivision will be a part, rather than utility estimated average revenue as provided in the main extension rule.

Utility's filed main extension rule provides that pumps and storage facilities required exclusively for the service requested may be included in the advance upon approval of the Commission. All pumping facilities specified in the agreement are required exclusively to provide water service at suitable pressure for the subject subdivision. The 600,000-gallon reservoir is necessary because Metropolitan Water District restricts variations in flow of its deliveries to 2 second feet except on 24 hours' notice. This restriction necessitates a storage reservoir to meet the peaks in Utility's anticipated demand. Storage is also required as Metropolitan may occasionally shut down its aqueduct to make connections and repairs. The reservoir was designed for a larger capacity than that required exclusively for the subject subdivision so it would serve Utility's Whittier District as a whole. Utility alleges that, according to its calculations, substantially in excess of 50% of the reservoir's capacity will be required exclusively for service to the subject subdivision.

The agreement provides that Subdivider is to advance the entire estimated cost of landscaping the reservoir site. The amendment to the application states that Subdivider specifically required that the site be improved with landscaping, subject to its approval, so as to provide an attractive screen for the subdivision. Since the landscaping is exclusively for the benefit of the subdivision, the entire estimated cost is to be advanced by Subdivider.

The inclusion of 20% of the estimated cost of the connection at the Metropolitan aqueduct is not in accordance with the main extension rule. The connection is to be used to supply both the subject subdivision and Utility's Whittier Division generally. The amendment to the application states that, by locating the connection

within the subject subdivision, offsite piping can be eliminated and the cost of onsite piping reduced. Service from the connection could also be made available to the subdivider sooner than from a point outside of the subdivision. The selected location requires Utility to install 900 feet more of main to connect to its Whittier Division than would otherwise be required. The selection of 20% of the cost of the connection as the amount to be advanced by Subdivider is a judgment figure which was arrived at after considering the above-mentioned factors.

The provision that refunds be made on the basis of the Merced Hills Tariff Area average revenue, instead of the average revenue for the utility as a whole, constitutes a deviation from the utility's filed main extension rule. In supporting this deviation, Utility states that the Merced Hills' rates as applied for in Application No. 41843 are higher than those now effective for its adjacent Whittier Division. The rates as proposed for Merced Hills are also higher than those of Utility's other divisions in Los Angeles and San Bernardino Counties. The subject advance is to be for the Merced Hills Tariff Area alone and includes the cost of a considerable amount of backup plant. Utility is of the opinion that because of the special considerations, it would be equitable to base the refunds on the rates to be effective in the area to be served under the agreement.

The agreement is not to become effective until its authorization is obtained from this Commission. It contains a provision that it shall, at all times, be subject to change or modification by this Commission in the exercise of its jurisdiction.

The Commission having considered the request of Utility and being of the opinion and finding that the requested deviations

from applicant's filed main extension rule are justified, that the application should be granted and that a public hearing is not necessary; therefore,

IT IS HEREBY ORDERED that San Gabriel Valley Water Company be and it is authorized to carry out the terms and conditions of the written agreement, dated April 12, 1960, with Brent Builders, Inc., and to render the service described therein under the terms, charges, and conditions stated therein.

IT IS HEREBY FURTHER ORDERED that San Gabriel Valley Water Company shall file with this Commission within thirty days after the effective date of this order, two certified copies of the agreement as executed, together with a statement of the date on which the agreement is deemed to have become effective.

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

Dated at San Francisco, California, this 12th day of July, 1960.

[Signature]
President
[Signature]
[Signature]
Theodore Jenner
Commissioners

Commissioner Peter E. Mitchell - being necessarily absent, did not participate in the disposition of this proceeding.