NB

Decision No. 60673

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the application of PACIFIC GAS AND ELECTRIC COMPANY for an order authorizing it to carry out the terms and conditions of an agreement, dated June 11, 1959, with PLACER JOINT UNION HIGH SCHOOL DISTRICT for water service for its Del Oro High School. (Water)

Application No. 41542
Amended

OPINION AND ORDER

Pacific Gas and Electric Company, by the above-entitled application filed October 2, 1959, and by first amendment thereto filed April 29, 1960, seeks authorization of this Commission to carry out the terms of an agreement, dated June 11, 1959, and a supplemental agreement dated March 23, 1960, with Placer Joint Union High School District covering a main extension to Del Oro High School near Loomis, Placer County.

Subsequent to the filing of the original application in this matter, applicant filed Application No. 42208 on April 29, 1960, requesting authority to extend its present Loomis service area approximately 200 feet along its northern boundary so that the proposed point of delivery to the school would be located within the area applicant intends to offer service. It is further requested that rates higher than those in effect in the present Loomis service area be made applicable within this extended area, as well as in other areas in which applicant is also now seeking to offer service. Decision No. 60671 in Application No. 42208, is being issued concurrently with the decision herein.

Applicant's original proposal provided for the refunding of a main extension advance under a method which deviates from applicant's filed main extension rule in several particulars. It was alleged that costs of providing service to the school would be substantially in excess of revenue derivable therefrom and that such costs would be more adequately met by the then proposed main extension agreement. Applicant now proposes by its supplemental agreement to apply, in principle, its filed main extension rule in providing service to the school, but in combination with the higher rates for water service concurrently requested to be authorized by Application No. 42208, supra.

The principal deviation from applicant's filed main extension rule involved in this proceeding stems from that part of the rule which provides that amounts advanced, if different from actual costs incurred, be adjusted upward or downward in determining the refundable advance. The school district is prohibited from incurring this form of contingent liability within a budget period and is restricted to a firm amount to cover the main extension cost. In this case the school district is to advance an amount which will be $5,060 less than the estimated cost of the extension. Applicant's original agreement provided that the school district's cash advance be $16,951, the difference between the estimated cost of the extension, amounting to $22,011, and a firm "credit" of $5,060 derived by crediting the school district now with 44 per cent of the estimated annual revenue from the extension for a period of 10 years.

The agreement, as supplemented, further proposes to adjust the "credit" in the following manner. If the actual cost is less than $22,011, applicant will reduce the credit allowance of $5,060 by the amount of the difference between $22,011 and the actual cost.

If the actual cost exceeds $22,011, the credit will be correspondingly increased. Only the actual amount of the school district's advance, namely $16,951, is to be subject to refund. Refunds are to be payable to the school district, however, only after the amount of the credit has been offset by accumulated amounts which would otherwise have been refunded to the school district. This refund is to be based on the 44 per cent, 10-year refunding provision in applicant's filed main extension rule.

Applicant's request for authority to carry out the terms and conditions of the agreement dated June 11, 1959, and supplement thereto dated March 23, 1960, is contingent upon the granting by the Commission of authority for (1) the extension of the Loomis and Rocklin service areas, and (2) applying in the new areas the rates set forth in applicant's Schedule No. 3, which rates are higher than those presently in effect for the Loomis and Rocklin water systems.

Further, applicant prays, in the amendment to the application, if the Commission does not grant a certificate for the extensions sought and authority to apply Schedule No. 3 in those extended areas, that the Commission dismiss the amendment to this application and then authorize applicant to carry out only the terms and conditions of the agreement dated June 11, 1959.

Inasmuch as authority to make effective Schedule No. 3 is denied in Decision No. 60674, applicant's request will be confined to the original application and agreement.

The said agreement deviates from applicant's filed Rule No. T-15, Main Extensions, in several respects. One of such deviations provides, in Section 3.3, for payment by the school district of "..... a facility charge equal to one half of one per cent

per month of the unrefunded portion of said net main extension advance ....." This proposed charge constitutes an increase in charges not provided for in applicant's filed tariff schedules, and for which no proper showing has been made.

Accordingly, the Commission finds and concludes that the terms and conditions of the proposed contract are not justified and the application will be denied. This action, however, will not be prejudicial to applicant's right to extend service to the school district under its presently effective tariff schedules.

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

IT IS HEREBY ORDERED that Application No. 41542 is denied.

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

Dated at San Francisco, California, this 1st day of September, 1960.

President

Commissioners