

**ORIGINAL**

Decision No. 60674

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 PACIFIC GAS AND ELECTRIC COMPANY )  
 (a) for such certificate or cer- )  
 tificates of public convenience and )  
 necessity as may be necessary to )  
 extend the service areas of its )  
 Loomis and Rocklin Water Systems, )  
 and to exercise such franchise )  
 rights as may be required; and )  
 (b) for authorization to supply )  
 water in the new areas involved )  
 under the tariff schedules herein )  
 proposed. )  
 (Water) )

Application No. 42208

O P I N I O N

Pacific Gas and Electric Company, by the above-entitled application filed April 29, 1960, requests a certificate of public convenience and necessity to extend its existing water utility service area in and near the town of Loomis and the City of Rocklin, Placer County, to include adjacent territory not heretofore served and to exercise an existing franchise granted in 1888 by Placer County in said extended area. Applicant also requests authority to apply rates in the proposed area that are higher than its present Loomis and Rocklin rates.

One of the areas for which a certificate is requested is adjacent to the new Del Oro High School constructed by Placer Joint Union High School District in the vicinity of Loomis. An agreement providing for the furnishing of water service to the school has been requested to be authorized by Application No. 41542 filed by the applicant herein on October 2, 1959 and amended on April 29, 1960.

Decision No. <sup>61873</sup> in the said application is being issued concurrently with the decision in the application herein.

Applicant currently provides public utility water service in eight principal service areas in Placer County, furnishing both treated and untreated water. The water supplied to the Placer County systems in various towns is obtained from applicant's canals and, after treatment, is distributed to the several service areas.

It appears that customer growth in the Loomis and Rocklin areas has been relatively slow for the last several years, the active connections totaling approximately 685 at the end of the year 1959. However, initial subdivision development adjacent to Loomis and Rocklin is now estimated to increase this total to approximately 840 in the near future and ultimately, to approximately 2,100.

According to applicant the cost of additional back-up plant required to properly serve the future customers will be substantially higher than the cost of the existing plant. In view of this higher incremental cost per additional customer to serve the proposed areas, it is alleged that higher rates are necessary to avoid placing an undue burden on existing customers.

The distribution mains in the new subdivisions are proposed to be financed in accordance with the provisions of applicant's filed main extension rule and, hence, applicant alleges that such investment will not initially contribute fully to the increased total cost of serving the new customers; however, as the cost of distribution facilities in the new subdivisions is refunded by applicant to subdividers, in time, a further increase in total cost to serve the new customers will result through the necessary return on investment thus made by applicant.

Exhibit F of the application contains data indicating that the annual cost of serving customers in the initial portions of the subdivision developments approximates \$81 per customer, exclusive of return on main extension advances. This same exhibit shows that such annual cost may decline to approximately \$73 per customer when the subdivisions reach ultimate development. According to applicant, these figures when related to applicant's estimated average annual revenue under the proposed rates of \$78 per customer imply that existing Loomis-Rocklin rates, and even applicant's proposed rates, are below a reasonable level for the service rendered.

Applicant proposes to make effective in the areas requested to be certificated herein its presently effective Placer Water System rates, charges and rules as follow:

Schedule  
No.

3	General Metered Service; Treated Water
F-2	Private Fire Protection Service
F-3	Public Fire Hydrant Service

Rule and Regulation Nos.: T-1 through T-18.

The proposed general metered service schedule provides for several monthly service charges depending upon meter sizes. These readiness-to-serve charges include no usage of water, as do the present Loomis-Rocklin area minimum charge type rates which is Schedule No. 1 of Placer Water System. The proposed schedule also provides two levels of quantity rates, depending upon volume of usage, such charges to be added to the monthly service charge in computing the total billing amount.

Although the areas for which applicant seeks a certificate are adjacent to and are to be served by extensions from existing facilities, no estimates have been submitted to show the effect on earnings resulting from the consolidated operations. Further, it

has not been clearly demonstrated that the costs per customer as estimated for present operations of the Loomis and Rocklin systems would be applicable in the event the prospective customers are added to these systems.

Upon a review of the merits of applicant's request for authorization to make effective rates higher than those presently in effect for its Loomis and Rocklin systems in the new areas, the Commission finds and concludes that such request has not been properly justified and, accordingly, will be denied. This action, however, will not prejudice applicant's right to renew its request for a general rate increase upon presentation of a complete showing of justification for its Loomis and Rocklin systems.

After due consideration, the Commission is of the opinion, and so finds, that public convenience and necessity require the construction, operation and maintenance of a public utility water system in the proposed areas. The Commission further finds that applicant may exercise within the proposed Loomis and Rocklin areas the franchise granted by the County of Placer to its predecessor, Frederick Birdsall.

The certificate of public convenience and necessity issued herein is subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of the franchise involved herein, or the certificate of public convenience and necessity, or the right to own, operate or enjoy such franchise or certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the issuance of such franchise, certificate of public convenience and necessity or right.

O R D E R

The Commission having considered the request of applicant and being of the opinion that the certificate requested in the

application should be granted and that a public hearing is not necessary; therefore,

IT IS ORDERED that:

1. A certificate of public convenience and necessity is hereby granted to Pacific Gas and Electric Company to construct and operate a public utility water system for the distribution and sale of water in the areas set forth in Exhibit D of the application.

2. A certificate of public convenience and necessity is hereby granted to Pacific Gas and Electric Company to exercise in the areas certificated herein the water franchise granted by the County of Placer to applicant's predecessor, Frederick Birdsall, in January 1888, as described on page 320 of Book E of the Supervisor's Minutes.

3. Applicant is authorized to apply, after the effective date of this order, its presently effective Placer Water System Schedules Nos. 1, F-2 and F-3, and Rules and Regulations Nos. T-1 through T-18, to the areas certificated herein.

4. Applicant shall, prior to exercising the authority herein granted, file in quadruplicate with this Commission in accordance with the procedure prescribed by General Order No. 96, revised tariff schedules acceptable to this Commission, including tariff service area maps, to provide for the application of said tariff schedules to the areas certificated herein. Such revised tariff sheets shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

5. Applicant shall file, within one hundred eighty days after the system is placed in operation under the rates and rules authorized herein, four copies of a comprehensive map drawn to an indicated scale not smaller than 400 feet to the inch, delineating by appropriate markings the mains, tracts of land and territory served in

both its Loomis and its Rocklin service areas; the principal water production, storage and distribution facilities; and the location of the various water system properties of applicant.

6. In all other respects the application be and it is hereby denied.

The authority herein granted will expire if not exercised within one year from the date hereof.

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

Dated at San Francisco, California, this 1<sup>st</sup> day of September, 1960.

[Signature]  
President

[Signature]

[Signature]

[Signature]

Commissioners