

ORIGINAL

Decision No. 61754

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHERN CALIFORNIA EDISON COMPANY,)
a corporation, for an Order authorizing)
the furnishing of electrical service)
to customers in portions of eastern)
San Bernardino County.)

Application No. 42868
(Amended)

OPINION AND ORDER

Applicant's Request

Southern California Edison Company, a corporation, by the above-entitled application filed November 17, 1960, and by an amendment to the application filed January 11, 1961, seeks a Commission order authorizing the furnishing of electric service to customers in the Camino-Chambless area of eastern San Bernardino County.

The installation to serve these customers consists of a 220/66/16 kv substation, at the Metropolitan Water District of Southern California's Camino switching station located on Highway 66 approximately 20 miles west of Needles, and approximately 38.4 miles of 66 kv subtransmission line extending westward along Highway 66 to Chambless, together with approximately 16.5 miles of 16 kv distribution lines extending laterally from the 66 kv line. A map of this construction is attached to the application and marked Exhibit A.

Exhibits B and C attached to the application relate to the construction. Estimated costs of the facilities as ultimately installed, as well as upon three alternative bases, are set forth in revised Exhibit D. A list of the customers initially served

from these facilities, together with estimated loads, revenues, free footage, and deposits taken, are shown in revised Exhibit E, together with summarized information showing the relationship of estimated revenues to costs of construction for the various alternative bases.

The amendment to the application presented revised Exhibits D and E so as to reflect the cost of the 220/66 kv transformation facilities at Camino which had been omitted in the original filing.

Related Formal Matters

The Commission in Decision No. 34741, dated November 4, 1941, in Application No. 23635, granted applicant a certificate to exercise the rights and privileges of Ordinance No. 482 granted by the County of San Bernardino.

On May 6, 1959, this Commission issued Decision No. 58376 in Application No. 40765 which authorized applicant and California Electric Power Company to establish boundary lines in or along the boundaries of the Counties of Kern, Los Angeles, Riverside and San Bernardino, according to the maps, Exhibits A, B and C, and the legal descriptions, Exhibits I, II and III, attached to said Application No. 40765. According to the provisions of said Decision No. 58376, the eastern portion of San Bernardino County containing the Chambless and Camino areas was assigned as a portion of the service area of applicant. Ordering paragraph 6 of this decision reads as follows:

"That, except upon further certificate of this Commission, applicants shall not supply electricity within any parts or portions of Kern, San Bernardino or Riverside Counties not now served by them except through extensions of their existing system made in the ordinary course of business as contemplated by Section 1001 of the Public Utilities Code."

Prospective Load and Plant Construction

There are reportedly a number of residences, stores, service stations, railroad installations, and communication facilities located westerly along Highway 66 in scattered localities within approximately 40 miles of the Metropolitan Water District's Camino Switching Station. Applicant's survey of the needs for electric service in this area and the potential future requirements for agricultural, industrial and commercial development were, in applicant's judgment, sufficient to justify the installation of facilities which would stimulate this development.

By reason of contracts entered into in 1945 and 1958, authorized by Commission Decisions No. 38628 dated January 22, 1946, and No. 60789 dated September 27, 1960, respectively, and supplements and amendments thereto, applicant acquired the right to use certain electrical facilities of the Metropolitan Water District of Southern California, including the right to connect to the Camino Switching Station.

Applicant concluded that the appropriate way to serve customers in the area between Camino and Chambless was from a 66 kv subtransmission source of supply and to furnish individual customers from 16 kv distribution facilities to be connected to the 66 kv subtransmission line. Based on the conclusion that a 220/66 kv transformation at Camino and 66 kv facilities between Camino and Chambless would be an extension of applicant's system in the ordinary course of business, agreements were concluded with customers in the vicinity to extend 16 kv lines to them from the 66 kv subtransmission facilities. These extensions were made in accordance with the provisions of applicant's Rule 15, Line Extensions, in effect at the time of the negotiations, and deposits

totaling \$25,816.95 were collected. Inasmuch as the 16 kv laterals from the 66 kv transmission would involve 66/16 kv transformations at a number of points between Camino and Chambless, the proposed construction was modified for initial operation and the 66/16 kv stepdown facilities were installed at Camino as a more economical alternative to the initial design. However, the line from Camino to Chambless was constructed to operate at 66 kv at such a time as the load requirements of the customers exceed its 16 kv capabilities.

As installed, the 220/66/16 kv substation at Camino cost \$180,210.35, the 66 kv line from Camino to Chambless \$280,115.62, and the 16 kv tap line facilities \$120,807.20, making a total of \$581,133.17. The estimated annual revenue to be derived from sales of energy to existing customers is \$21,510.00 which, when related to the total cost of the project, results in a cost-to-revenue ratio of 27 to 1. Service off this line was first rendered on June 10, 1960.

Under the alternative possibilities of construction, operation of the Camino to Chambless line at 66 kv with 66/16 kv transformations at points of take-off would have resulted in a total estimated cost of \$625,763.36 for the project or, if 66/16 kv substations had been located only at Camino and Chambless with additional 16 kv circuits as required, the estimated cost would be \$715,339.09. If the line from Camino to Chambless had been designed and installed for 16 kv operation, the estimated total cost of the project would be \$514,495.51.

If the Camino to Chambless line had been treated as a 16 kv distribution line and negotiations entered into on that basis, deposits totaling \$92,928.15 would have been required as compared with the \$25,816.95 actually collected.

Findings and Conclusions

From this record it is apparent that the installation is not in accordance with applicant's filed tariffs and that applicant has made a sizeable investment in facilities in an effort to stimulate the development of electric load in a sparsely settled area. It has been the policy of this Commission to not permit uneconomic extensions to burden other ratepayers and the order herein will require applicant to keep such records as will facilitate any rate-making adjustments which may be found necessary.

Although the point of connection for the electric energy supply for the area is on the facilities of Metropolitan Water District of Southern California, the filing of this application has made it unnecessary to consider whether or not this extension from those facilities may be considered as an extension of applicant's existing system made in the ordinary course of business as contemplated by Section 1001 of the Public Utilities Code. Therefore, in view of the certificate herein requested and to be authorized the applicability of ordering paragraph 6 of Decision 58376 is not considered.

From a review of the record it is evident that the Camino-Chambless substation and extension is necessary for rendering electric service to the residents of the area and it is found as a fact and concluded that public convenience and necessity require that a certificate be issued, and the order hereinafter will so provide.

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

That the Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate or enjoy such certificate of public convenience and necessity for any amount of money 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 Commission having considered the request of applicant and being of the opinion that a public hearing is not necessary; therefore,

IT IS HEREBY ORDERED as follows:

1. That a certificate of public convenience and necessity be and it is hereby granted to Southern California Edison Company to construct, operate, maintain and use the Camino-Chambless substation and extension in San Bernardino County as described in the application herein.

2. That applicant shall establish such subsidiary accounts as may be necessary to an independent financial record of this portion of its system and commencing in 1961 shall, on or before April 15 of each year submit to the Commission the following information regarding the Camino-Chambless substation and extension:

- (a) The amount of electric plant, by primary plant accounts, in service as of the end of the year.
- (b) A statement of the revenues and expenses associated with the project, including the development of an estimated rate of return.

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

Dated at San Francisco, California, this 4th day of April, 1961.

Robert A. ...
 President

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George E. Hoover

Fredrick B. Holcomb
 Commissioners