

Decision No. 62513

ORIGINAL

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 certificates
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.

Application No. 42208
(Filed April 29, 1960)

(Water)

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.

Application No. 41542
(Filed October 2, 1959;
Amended April 29, 1960)

(Water)

F. T. Searls, John C. Morrissey and
John S. Cooper, for applicant.

Hugh N. Orr, for the Commission staff.

OPINION ON REHEARING

Rehearing Granted

On September 20, 1960, Pacific Gas and Electric Company (Pacific) filed petitions for rehearing of Decision No. 60674 in Application No. 42208 and Decision No. 60672 in Application No. 41542. Both of the decisions were issued ex parte by the Commission on September 1, 1960.

On October 11, 1960, the Commission issued orders granting rehearing in both applications. A public hearing on the consolidated matters was held in Loomis on June 27, 1961, before Examiner James F. Haley; evidence was received and arguments were heard. The

matters were taken under submission upon the filing of transcript on July 26, 1961. This opinion and order results from a reconsideration of said decisions following such rehearing.

Decision No. 60674 in Application No. 42208

By Application No. 42208, Pacific requested that the Commission grant to it: (1) certificates of public convenience and necessity to extend its existing dedicated water service areas in and near the Town of Loomis and the City of Rocklin to include adjacent territory and to exercise in the extended areas franchise granted in 1888 by Placer County; and (2) authority to apply its Schedule No. 3 water rates in the proposed area, which rates are higher than the Schedule No. 1 rates authorized for its present Loomis and Rocklin service areas.

Among the proposed service area extensions, for which the higher Schedule No. 3 rates were requested, is an extension of the present Loomis service area for approximately 200 feet along its northern boundary to include the connection to the main owned by the school district, and from which service is furnished to the new Del Oro High School just outside of Loomis.

By Decision No. 60674, the Commission authorized Pacific to extend service into the areas requested but denied it the authority to apply its Schedule No. 3 rates in these additional areas, authorizing, instead, the lower Schedule No. 1 rates which apply in the existing Loomis and Rocklin service areas. The denial was made on the basis that Pacific had not made a showing to justify the proposed higher rate levels for the newly certificated areas.

Decision No. 60673 in Application No. 41542

By Application No. 41542, as amended, Pacific sought 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 the main extension to Del Oro High School. This application amounted to a request by Pacific to deviate from its filed main extension rule to serve the new high school by imposing a facility charge. The amendment eliminated the facility charge and proposed to apply, in principle, the main extension rule in providing service to the school. The only significant deviation from the main extension rule proposed in the application as amended was the method of making refunds, which would have permitted advance determinations of amounts subject to refund. This amended arrangement was conditioned upon Pacific being authorized to charge Schedule No. 3 rates, as proposed in Application No. 42208, for the water served to the high school. Pacific requested that, in the event the Commission denied the rate proposal in Application No. 42208, it be authorized to enter into the agreement as proposed in the original Application No. 41542, prior to amendment.

The Commission having denied Pacific's request to apply Schedule No. 3 rates, the amended proposal in Application No. 41542 was eliminated from further consideration. By Decision No. 60673, the Commission denied Pacific's request to deviate from its filed main extension rule on the grounds that the proposed facility charge would constitute an increase in charges not provided for in applicant's filed tariffs and for which no proper showing had been made.

Pacific's Showing on Rehearing

Pacific introduced, as Exhibit No. 5, a study of the results of operations of the Loomis and Rocklin systems for the year 1959 on a recorded basis and for the year 1961 on an estimated basis. For each system, the results for the year 1961 include separate estimates for the present operations, the initial development in the newly certificated areas and for the total operations. While Exhibit No. 5 and the testimony of Pacific's witnesses related thereto show that Pacific is, and will be, operating at a loss in Loomis and Rocklin, such evidence demonstrates conclusively that the earnings position of both systems will be bettered by the developments occurring in the new areas, even under the lower Schedule No. 1 rates. The evidence provides no support for Pacific's plea for authority to apply Schedule No. 3 rates to the new areas. Pacific's remedy does not lie in the establishment of a rate pattern which, under the specific circumstances, we find to be discriminatory. Its remedy would appear to lie, rather, in requesting and justifying a general water rate increase to apply throughout its Loomis and Rocklin service areas, not just to the newly certificated portions thereof.

Pacific failed to make a convincing showing on rehearing to justify its request that a special facility charge, over and above the charges contemplated in its filed tariffs, be assessed against the school district in connection with the main extension to Del Oro High School. Pacific argues that, if it is not allowed to make such a facility charge, it will experience a revenue deficiency of \$500 per year. The special facility charge, in the light of evidence presented upon rehearing, appears to be a device by which Pacific hopes to come out whole on an extension which is uneconomic at the rate levels now authorized for its Loomis area. Here again, Pacific's remedy would

appear to lie in making application for, and justifying, a general water rate increase.

Findings and Conclusions

Upon careful consideration of all the facts and circumstances of the complete record, we find justified: (1) the denial by Decision No. 60674, of Pacific's request to apply higher rates to the newly certificated portion of its Loomis and Rocklin service areas than apply in the older areas; and (2) the denial, by Decision No. 60673, of Pacific's request to depart from the main extension rule of its filed tariffs in providing service to Del Oro High School. Said decisions will be affirmed.

The action we are taking herein will not prejudice applicant's right (1) to request a general rate increase upon presentation of a complete showing of justification for such an increase to apply throughout its Loomis and Rocklin service areas and (2) to apply the terms of its filed main extension rule to the now-constructed extension serving Del Oro High School.

O R D E R

Based upon the evidence of record and upon the findings and conclusions set forth in the preceding opinion,

IT IS ORDERED that Decision No. 60674, dated September 1, 1960, in Application No. 42208 and Decision No. 60673, of the same date, in Application No. 41542 are hereby affirmed.

Dated at San Francisco, California, this 5th day of SEPTEMBER, 1961.

[Signature]
President
[Signature]
For
George T. Hoover
[Signature]
Commissioners