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Decision No. _____

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
SAN JOSE HIGHLANDS WATER COMPANY, a)	Application No. 45913
California corporation, for an ex-)	Filed October 29, 1963
tension of service.)	

Leopold Diel, for applicant.
Norman E. Andrews, for San Jose Water Works,
interested party.
Clyde F. Norris and John G. Gibbons, for
the Commission staff.

O P I N I O N

By this application, San Jose Highlands Water Company, a corporation, seeks a certificate of public convenience and necessity to construct an extension of its present system.

This application was heard before Examiner Catey at San Jose on February 3, 1964, and was submitted on that date. Copies of the application, the amended application filed on January 3, 1964, and notice of hearing had been served in accordance with this Commission's rules of procedure. There are no protestants in this proceeding.

Present and Proposed Areas

Applicant's present service area is outlined in red on Exhibit CDE to the amended application. It consists of some 88 acres known as San Jose Highlands, Units Nos. 1 and 2, subdivided into 150 lots, situated in the northeast corner of the City of San Jose, Santa Clara County. This area is immediately north of the westerly end of Alum Rock Park. It was certificated to applicant by Decision No. 64952, dated February 13, 1963, in Application No. 44417, at which time the present Units Nos. 1 and 2 were designated

jointly as Unit No. 1. That decision prohibited extensions by applicant into contiguous territory unless authorized by the Commission. The nearest potentially competitive system is that of San Jose Water Works.

The additional area now requested by applicant is outlined in green on Exhibit CDE. It consists of additional units (Nos. 3, 4 and 5) of the initial subdivision development. Those additional units include about 39 acres, subdivided into 63 lots. Applicant has been advised by the affiliated land developer that 46 lots, primarily in Unit No. 1, have been sold. Several homes have already been constructed and further construction is planned for the near future.

Water Supply and Requirements

Applicant's original source of supply was a single 2-inch metered service from a nearby large main of San Jose Water Works. By letter dated August 6, 1963, Exhibit A to the amended application, San Jose Water Works assured applicant's president that an additional 2-inch service would be installed to supply water to applicant's system. Applicant's engineer testified that the second connection had been installed and would be placed in service soon, and that the two services would provide a flow of approximately 260 gallons per minute to applicant's system. A Commission staff engineer testified that the installation of facilities in the requested areas will comply with General Order No. 103.

A vice president of San Jose Water Works testified that it has been the policy of that utility not to undertake direct service to the public in the higher elevations beyond the east and west sides of its present service area, as such service area is delineated on its filed tariff service area maps. Requests for service to other purveyors of water, such as applicant herein, for resale outside of San Jose Water Works' service area, are sometimes

granted, however. Although the agreement by which such resale service was to have been provided to applicant by San Jose Water Works was filed in applicant's original certificate proceeding, it has been considered by the Commission only for the limited purpose of determining availability of an adequate supply of potable water for applicant's certificated area. San Jose Water Works must abide by its filed tariffs in rendering such resale service unless it first obtains authorization from the Commission to deviate therefrom. Unless the deviations are temporary or minor in nature, which they appear not to be in this case, a formal application is required.

Present System and Proposed Additions

Water from San Jose Water Works' system is lifted to applicant's 500,000-gallon storage tank by means of two booster stations. Part of the distribution system functions as a transmission main to the tank, but interlocks, pressure controls and pressure-reducing valves have been installed to prevent excessive pressures and fluctuations in pressures in the distribution system. The pressure-reducing valves also prevent excessive pressures in the lower portion of the service area when those areas are being served from the storage tank during off cycles of the booster pumps.

Applicant proposes to extend additional mains and service pipes to serve Units Nos. 3, 4 and 5 from the present system. A small hydropneumatic pressure system will be installed to serve homes near the present storage tank, and an additional pressure-reducing valve assembly is planned for the lowest lots in the area.

Financing

Decision No. 64952 authorized applicant to issue not to exceed an aggregate par value of \$130,000 of its 5 percent non-cumulative preferred stock and \$20,000 of its common stock to finance the construction of the water system to serve Units Nos. 1

and 2, those units having been considered as the initial development to which applicant's main extension rule need not apply. Exhibit B to the current application shows that the actual costs are somewhat less than originally estimated, totalling less than \$105,000, excluding cost of meters.

Exhibit B also shows that the estimated cost of additional facilities to serve Units Nos. 3, 4 and 5 is \$21,500, excluding cost of meters. These facilities consist almost entirely of plant appropriately covered by advances from the subdivider. This will result in a level of advances at approximately 17 percent of net plant, which is well below the 50 percent maximum prescribed by applicant's main extension rule.

Permits

The City of San Jose did not require applicant to secure a city franchise. In lieu thereof, the city issued a permit, under the terms of which applicant pays the city annual license fees prescribed by ordinance. Applicant has applied for a public water supply permit from appropriate health authorities.

Rates and Rules

Applicant's present tariffs provide for general metered service and public fire hydrant service, as established by Decision No. 64952. No changes in rates are proposed by applicant.

Applicant's present rules were filed in 1963 and the staff engineer did not recommend that they be revised.

Findings and Conclusions

The Commission finds that:

1. Public convenience and necessity require the construction of extensions of applicant's water system to serve the areas requested herein.

2. San Jose Water Works, in providing two 2-inch service connections to serve water to applicant's system for resale, has

made available to applicant an adequate water supply to serve the areas requested. Applicant has not shown, however, that it has sufficient water available to permit unrestricted further expansion.

3. The facilities proposed to be installed by applicant are adequate to serve the requested areas and conform with the requirements of General Order No. 103.

4. Applicant has the financial ability to extend its system into the requested areas.

5. It is fair and reasonable for applicant to charge the same rates in the requested areas as it charges in its present areas.

6. Applicant's system is now adequate to permit its offering service to its customers through 3/4-inch and 1-inch meters, in addition to the 5/8 x 3/4-inch meters to which it was restricted by Decision No. 64952.

The Commission concludes that the certificate requested by applicant should be granted but that the restriction against extending service outside its certificated areas should remain in effect.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to applicant, San Jose Highlands Water Company, authorizing it to construct extensions of its public utility water system to serve Units Nos. 3, 4 and 5 of San Jose Highlands Subdivision in San Jose, Santa Clara County, as such territory is outlined in green on the map, Exhibit CDE to the amended application herein.

2. Applicant shall not extend service outside of its certificated areas, nor file any revised tariff service area map

indicating its willingness so to extend service, without first having obtained authorization therefor by further order of this Commission.

3. After the effective date of this order, and not less than five days before service is first furnished to the public under the authority granted herein, applicant shall file revised tariff sheets, including tariff service area maps clearly indicating the boundaries of the certificated areas, to provide for the application of its present tariff schedules, modified to permit service through 3/4-inch and 1-inch meters as set forth in Appendix A attached to this order, to the areas certificated heretofore and herein. Such filing shall comply with General Order No. 96-A, and the revised sheets shall become effective on the fourth day after the date of filing.

4. Compliance by applicant with paragraph 3 of this order shall constitute acceptance by it of the right and obligation to furnish public utility water service within the area certificated herein. The authority granted herein shall expire unless the designated tariff sheets are filed within one year after the effective date of this order.

5. Within ten days after service is first furnished to the public under the authority granted herein, applicant shall submit written notice thereof to this Commission.

6. Within thirty days after service is first furnished to the public under the authority granted herein, applicant shall file four copies of a comprehensive map, drawn to an indicated scale of not more than 400 feet to the inch, delineating by appropriate markings the tracts of land and territory served; the principal

water production, storage and distribution facilities; and the location of the various water system properties of applicant.

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

Dated at San Francisco, California, this 16th day of MARCH, 1964.

William A. Bennett
President
John P. Hill
George T. Hoover

Commissioners

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Frederick B. Holoboff, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as San Jose Highlands Subdivision, San Jose, Santa Clara County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 500 cu. ft. or less	\$ 5.00
Next 500 cu. ft., per 100 cu. ft.60
Next 1,000 cu. ft., per 100 cu. ft.41
Next 3,000 cu. ft., per 100 cu. ft.30
Over 5,000 cu. ft., per 100 cu. ft.18
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 5.00
For 3/4-inch meter	7.50
For 1-inch meter	10.00

The Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Rates.