

ORIGINAL

Decision No. 68864

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CALIFORNIA WATER & TELEPHONE COMPANY }
for authorization to carry out the }
terms of a certain contract. }

Application No. 47324
(Filed February 10, 1965)

OPINION AND ORDER

California Water & Telephone Company (utility) seeks authority to carry out the terms of an agreement with Monterey Peninsula Associates (subdivider) which deviates from the provisions of utility's water main extension rule.

Utility provides water service to various areas within the Counties of San Diego, Los Angeles and Monterey. It also provides telephone service to various areas within the Counties of Los Angeles, Imperial, Riverside and San Bernardino.

Subdivider is the owner and developer of an area known as Skyline Forest, located in Monterey County, delineated on the map attached as Exhibit "A" to the agreement. Utility's filed tariff service area maps, hereby incorporated herein by reference, show that Skyline Forest is adjacent to the "2nd Lift" portion of the southwest extremity of utility's system serving the City of Monterey. It is also near utility's "2nd Lift" system serving the upper part of the Pebble Beach area.

Subdivider plans to develop Skyline Forest as a single- and multi-unit residential area over a period of years. Unit No. 1 is now being constructed as shown on Exhibit "A" but the timing of the development of the remainder of the subdivision

will be determined later, based upon economic considerations, governmental regulations and other factors.

On February 8, 1965, in order to provide for the orderly development of Skyline Forest and to avoid unnecessary duplication of facilities, utility and developer entered into the agreement designated Exhibit 1, attached to the pleading. The agreement sets forth a "master plan" for the financing and installation of water facilities needed to serve the entire subdivision.

The agreement deviates from utility's main extension rule in that:

(1) \$28,200 of the cost of distribution mains, services and hydrants for Unit No. 1 and \$87,700 of the cost of similar facilities for the rest of the subdivision will be contributed by subdivider rather than advanced by subdivider, subject to refund over a period of years on a percentage-of-revenue basis.

(2) \$4,600 of the cost of distribution mains, services and hydrants for Unit No. 1, \$14,500 of the cost of similar facilities for the rest of the subdivision and the \$12,300 cost of a connecting line will be provided by utility rather than advanced by subdivider, subject to refund over a period of years on a percentage-of-revenue basis.

(3) \$78,300 cost of a storage tank and two pumps is to be provided by utility rather than advanced by subdivider, subject to total refunds in proportion to the degree of occupancy of the lots within the subdivision.^{1/}

^{1/} This is not strictly a deviation because utility's rule permits, rather than requires, an advance for such facilities.

(4) Subdivider is to contribute all necessary tank sites, pump sites and transmission main easements.

(5) Subdivider acknowledges utility's disclaimer of responsibility to furnish water for purposes other than domestic, irrigation or industrial uses.

In summary, subdivider will contribute \$115,900 rather than advance \$225,600 subject to refund. Conversely, utility will pay \$109,700 of the cost of the system rather than assume the contingent liability for refund of \$225,600.

The potential effect on customers' water rates is an important consideration in any request for deviation by a utility from its filed main extension rule. In the deviation proposed herein, it is apparent that the deviation will benefit the customers unless many of the subdivided lots remain vacant. Utility is hereby placed on notice that the degree of utilization of facilities installed for Skyline Forest and paid for by utility will be reviewed in any future rate proceedings, to determine whether the utility's investment was speculative or uneconomic.

The Commission finds that:

1. The terms and conditions of the agreement proposed herein, and the deviations from utility's filed main extension rule resulting therefrom are not adverse to the public interest.

2. The portion, if any, of Skyline Forest served from utility's "1st Lift" system reasonably can be included in the "1st Elevation Zone" of utility's Monterey Peninsula Tariff Area; the remainder of the subdivision reasonably can be included in the "2nd Elevation Zone".

The Commission concludes that the application should be granted.

ORDER

IT IS ORDERED that:

1. California Water & Telephone Company (utility) is authorized to carry out the terms and conditions of the agreement dated February 8, 1965, a copy of which is attached to the pleading as Exhibit 1, and to deviate from its filed main extension rule to the extent provided by that agreement.

2. After the effective date of this order, utility shall file revised tariff sheets, including tariff service area maps, to provide for the application of (a) the "1st Elevation Zone" rates of its Monterey Peninsula Tariff Area schedules to any and all portions of Skyline Forest to be served from utility's "1st Lift" system, and (b) the "2nd Elevation Zone" rates to the remainder of Skyline Forest. Such filing shall comply with General Order No. 96-A. The effective date of the revised tariff sheets shall be four days after the date of filing.

3. Within thirty days after the effective date of this order, utility shall file with this Commission a revised summary list of contracts and deviations to include the agreement referred to in paragraph 1 of this order. Such filing shall comply with General Order No. 96-A.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 13th day of April, 1965.

Frederick B. Hallock
President

Robert E. English

George J. Hoover

Augusta

William Lee Belmont
Commissioners