

Decision No. 70197**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of CALIFORNIA WATER SERVICE COMPANY, a corporation, for a certificate of public convenience and necessity to construct an extension to its public utility water system in the City of Salinas, in the County of Monterey and to establish rates for service.

Application No. 47793
(Filed August 4, 1965)

In the Matter of the Application of ALISAL WATER CORPORATION, a California corporation, for a certificate of public convenience and necessity to construct an extension to its public utility water system in the City of Salinas, in the County of Monterey, and to establish rates for service.

Application No. 47872
(Filed September 3, 1965)

Arthur G. Atteridge and Graham James & Rolph, by Boris N. Lakusta and Richard A. Eastman, for Alisal Water Corporation, applicant and protestant. McCutchen, Doyle, Brown, Trautman & Enersen, by A. Crawford Greene, Jr., for California Water Service Company, applicant and protestant. John D. Reader, for the Commission staff.

O P I N I O N

Public hearing in these matters was held before Examiner Emerson on September 16 and 24, 1965, at Salinas. The matters are submitted and ready for decision.

The two applicants are public utility water corporations which operate water systems with adjoining service areas at Salinas. The Salinas system of California Water Service Company^{1/} supplies approximately 10,600 consumers, while that of Alisal Water Corporation^{2/} supplies about 2,600.

1/ Hereinafter referred to as California.

2/ Hereinafter referred to as Alisal.

As shown by their respective tariff service area maps, each utility holds itself out to provide public utility service in undeveloped or uninhabited areas somewhat beyond their existing facilities. Each is ready and willing to provide fully adequate service within the boundaries delineated on such maps and, at least in the present matters, even beyond such boundaries.^{3/}

Lying astride the common boundary line shown on these maps is a parcel of land of about 126 acres, 106 acres of which constitute a proposed residential subdivision known as Laurel Heights. This subdivision is a land development, rather than a housing development, in which the subdivider will develop and sell only the lots. Eight units are contemplated, the units being opened up in successive stages as lots are sold off. The first unit to be developed will have 31 lots within Alisal's service area and 25 lots within California's service area. The second unit will have 9 lots in Alisal's area and 56 lots in California's area. The third unit of 61 lots has one lot partly within each utility's area. A total of about 380 lots lie within California's service area.

The principal entrance to the subdivision (Madeira Avenue) is from East Laurel Drive about 1,350 feet northwesterly from Sanborn Road. This distance, plus somewhat more than the subdivision frontage on East Laurel Drive, is wholly within Alisal's service area.

The water utility customer nearest to the subdivision entrance is served by Alisal from the end of an existing water main in East Laurel Drive, approximately 400 feet northwesterly of

^{3/} In passing, it should be emphasized that these maps, while indicating a "holding out" to provide service within the boundaries which the utilities delineate thereon, are not of themselves determinative of the precise boundaries of the dedicated service area of either utility. In effect, they do no more than portray for the benefit of an inquiring public those areas from within which an application for water service will be entertained by the utility.

Sanborn Road and within 950 feet of the subdivision entrance. California's nearest customer is on the order of 1,730 feet from the subdivision entrance.

On the easterly side of East Laurel Drive and almost directly opposite the Laurel Heights subdivision lies a prospective "Hilldale" subdivision for which a tentative map has been filed with the City of Salinas. This subdivision is wholly within Alisal's service area and normally would be served, among other means, by Alisal's main in East Laurel Drive and the extension thereof to the Laurel Heights subdivision.

If each utility were to serve only those lots in Laurel Heights that lie within its own service area, water mains of the two utilities would parallel each other past approximately 50 lots. In addition, a paralleling of some 1,732 feet of mains would occur in East Laurel Drive and Sanborn Road. Such duplication of facilities clearly would be wasteful. The public interest will be better served if only one utility serves the Laurel Heights subdivision and the Commission finds the fact so to be.

The plans of each utility provide for "in-tract" facilities which will be completely adequate for serving the overall development. Each utility proposes to install two wells of sufficient capacity not only to serve the development but to provide additional water for their existing systems. Except for construction costs (and the attendant advances to be made by the developer) the proposed in-tract systems are to all practical purposes identical. Each system would more than meet the minimum requirements specified in this Commission's General Order No. 103. Each of the "in-tract" systems could be operated as a water system complete in itself; however, the utilities' plans call for full integration with their existing systems.

Alisal's construction costs are generally lower than those of California. For serving the Laurel Heights subdivision, Alisal's costs would be approximately \$137,800, while those of California would approximate \$161,000. For Alisal's construction the developer would have to advance \$79,616 while for California's construction the comparable advance would be \$106,000; the latter not including some \$50-60,000 for a system tie-line proposed to be installed along East Laurel Drive. The developer, of course, prefers to do business with Alisal. Clearly, Alisal can construct its proposed system at a lesser cost and future burden upon ratepayers and will require a lesser advance from the subdivision developer than California.

Alisal's existing system, on occasion, has problems concerning quantity and pressure of water in the vicinity of its main in East Laurel Drive and Sanborn Road. If it serves the Laurel Heights subdivision, as it proposes, these problems will be eliminated. Its overall system would be strengthened and benefited thereby. No service problems of a similar nature are apparent on California's system.

Each utility proposes to apply its general system rates within the new subdivision. Alisal's rates for residential service are lower than California's rates. On the Alisal system a water bill for a typical monthly residential usage of 1,500 cubic feet of water would be \$4.30 while on the California system the bill for an identical amount of water would be \$5.30, or 23 percent higher. Clearly, the lower charges of Alisal would be advantageous to the users in the Laurel Heights subdivision.

A choice between these two utilities, while not really involving any complexity, is not easy to make. Both are well managed, are attentive to the needs of their customers, provide generally excellent service, have the confidence of the public and respond to regulation. They are well known to this Commission and

each is a fine operator of a public utility water system. The evidence in this instance favors Alisal primarily, we find, because of its lesser costs and lower rates and secondarily because greater benefit will redound to the public by the improved service to its overall system which will result from integration of the Laurel Heights segment into the rest of its system. We find, therefore, that public convenience and necessity will best be met if Alisal is granted authority to construct and operate the water system necessary to serve the Laurel Heights subdivision.

The Commission concludes that the application of Alisal Water Corporation should be granted and that the application of California Water Service Company should be denied. A certificate will be issued to Alisal.

The certificate issued herein is subject to the following provision of Law:

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 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.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity be and it is hereby granted to Alisal Water Corporation for the extension, construction and operation of a public utility water system within the area delineated by the doubled red line on Exhibit A attached to Application No. 47872 enclosing the Laurel Heights subdivision and adjoining parcels.

2. The application herein of California Water Service Company (Application No. 47793) be and it is hereby denied.

3. Each of the aforesaid utilities shall file with this Commission, by not later than thirty days after the effective date of this order, tariff service area maps revised in such manner as will reflect the foregoing.

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

Dated at San Francisco, California, this 11th day of JANUARY, 1966.

Frederick B. Holcomb
President
Paul S. Fisher
George T. Brown
August
William M. Beaud
Commissioners