

Decision No. 72260

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN CALIFORNIA EDISON COMPANY, a corporation, for approval of an Agreement dated July 18, 1966 between Southern California Edison Company and THE IRVINE COMPANY, a corporation, relating to certain underground electrical service facilities.

Application No. 48755  
(Filed August 31, 1966)

OPINION AND ORDER

Southern California Edison Company (applicant) requests authorization to carry out the details of an agreement dated July 18, 1966, and amendment thereto dated November 17, 1966, with The Irvine Company (Irvine), copies of which are attached to the application marked Exhibit 1 and 1-A, respectively. The agreement as amended relates to the installation of certain underground electric line extension facilities in Orange County.

Irvine is said to be the owner of large amounts of real property in Orange County, approximately 9,600 acres of which is involved in the agreement herein.

The agreement states Irvine intends to develop the Real Property, which is delineated in Appendix A of the agreement, during the next 20 years or more in accord with Irvine's General Land Use Plan shown on Appendix B of the agreement. Irvine intends to effect such development over said period of time by contracting with an indeterminate number of other persons, firms and/or corporations collectively called Developers who will, among other things, be subdividing the several portions of the Real Property.

To promote the development of the Real Property and to make appropriate advance arrangements to assure the availability of primary electrical underground facilities prior to ultimate subdivision by the Developers, Irvine and applicant propose, as provided in the agreement, the advance installation of underground electric primary distribution system feeders (the Backbone System) within the boundaries of the Real Property to which distribution systems of the later subdivisions and developments may be connected to provide underground electrical service. Such Backbone System is generally shown on revised Appendix C of the amendment to the agreement. According to the agreement, Irvine is willing to advance to applicant the estimated cost of the Backbone System. Applicant, in the original application, estimated the total cost of the Backbone System to be approximately \$4,700,000. The amendment to the application, Exhibit 1-A, filed January 11, 1966, states that this figure was taken from a previous study which involved less than the 9,600 acres now proposed for development and that applicant presently estimates the total cost for the system would be \$6,200,000.

The agreement provides that applicant will install, own and maintain the Backbone System provided that, except as set forth in the agreement, before the start of construction of any part of the Backbone System, Irvine shall advance to applicant: (a) a sum equal to the estimated difference between the cost of the said part of the Backbone System and an equivalent overhead extension; and (b) subject to the provisions of applicant's Rule No. 15, an amount equal to the estimated cost of the equivalent overhead line for said part of the Backbone System.

The agreement states that Irvine may install the underground duct system (including necessary conduits, ducts, manholes, vaults, and service lateral ducts) for any part of the Backbone System so long as such installation is in accordance with applicant's specifications.

Upon acceptance by applicant of such installations, Irvine will transfer ownership of such facilities to applicant, and the latter will estimate the cost thereof and credit such cost to Irvine as though Irvine had made an advance in such amount and applicant had constructed that particular portion of the Backbone System. Under such circumstances, Irvine will also advance to applicant the inspection fee based upon the schedule set forth in applicant's Rule No. 15.

According to the agreement, advances by Irvine of the amounts equal to the estimated cost of an equivalent overhead line or credits for portions of the system installed by Irvine, will be refunded to Irvine in accordance with applicant's Rule No. 15, plus any amounts which may have been advanced by Irvine for inspection fees, but not to exceed the total amounts advanced or credited toward the estimated cost of an equivalent overhead system.

Applicant and Irvine propose a method which they allege will spread the burden of the cost of the Backbone System and also provide to Irvine a means of recouping a portion or all of those advances or costs allocated to Irvine which represent the estimated differences between the cost of the Backbone System and an equivalent overhead extension. The manner in which the parties propose to accomplish the above is set forth as follows:

Applicant agrees that, before making a connection directly or indirectly to the Backbone System for the purpose of providing electric service therefrom for the first time to a specific portion of the Real Property, it will, during the time the agreement, as amended, is in effect and for a period of ten (10) years thereafter, collect from each person, firm or corporation requesting such connection, a fee in accordance with the following schedule:

(a) For electric service to a residential development having ten (10) or less dwelling units per gross acre, such connection

A. 48755 VJ

fee shall be \$160 per dwelling unit or \$720 per gross acre, whichever is less; provided, however, that such fee shall in no event be less than \$160 per gross acre;

(b) For electric service to a residential development having more than ten (10) dwelling units per gross acre, such connection fee shall be \$72 per dwelling unit or \$1,600 per gross acre, whichever is less;

(c) For commercial, educational, light industrial or research purposes that do not fall within the purview of the purposes delineated in subparagraph (d), such connection fee shall be \$480 per gross acre; and

(d) For heavy industrial, agricultural, golf course, park or water pumping purposes or the like, an appropriate connection fee representing a just and equitable allocation to such proposed use of a portion of the estimated cost of the Backbone System shall be established by agreement between the person, firm or corporation requesting the connection, applicant and Irvine.

Applicant states the amount of the connection fees to be collected pursuant to the agreement has been determined by allocating, in the light of applicant's operating experience and current costs, to each type and size of anticipated connection development, a sum which, in the judgment of applicant and Irvine, should fairly reflect the quantum of cost participation which the particular development should, on the basis of load, bear to the estimated cost of the Backbone System. The connection fee for heavy industrial, agricultural, golf course, park or water pumping purposes has not been specified in the agreement since such loads are unpredictable without more precise knowledge of the nature and character of the development and it is proposed that the fee for such uses be set by agreement when the details of the anticipated electrical load are known.

A. 48755 VJ/LM

The agreement provides that on or before July 31 and January 31 of each year the agreement is in effect and for a period of ten years thereafter, applicant will refund to Irvine an amount equal to all of the aforesaid connection fees received from Developers during the preceding six months.

The agreement provides that a review of the connection fee schedule will be made at the end of each two-year period (or lesser period if deemed appropriate) to determine whether revisions should be made, in the light of changes in costs of material and labor, improved installation techniques and economic and other relevant factors. Such revisions if appropriate will be subject to Commission authorization.

The agreement states that it shall not become effective until authorized by this Commission and is subject at all times to such changes or modifications as this Commission may make in the exercise of its jurisdiction.

The agreement is for a basic term of 20 years subject to cancellation by either party upon six months' prior notice after the first 10 years thereof. Applicant agrees that it will continue for a period of 10 years after termination or cancellation of the Agreement to collect the third party connection fees contemplated by the agreement and to refund an equivalent amount to Irvine.

In entering into the agreement Irvine will advance a large sum of money for substantial periods of time prior to connections to the Backbone System by Developers. Until such connections to the system are made, Irvine will not be entitled to recoup any of the advances or costs allocated for the construction of the Backbone System.

This negotiated agreement is not deemed to be a service agreement as contemplated by applicant's Rule 15 but proposes to develop real property to make basic electric facilities available in

advance of anticipated applications for electric service to ultimate users in future residential subdivisions and other developments.

Applicant is placed on notice that if it should appear in future proceedings that carrying out the details of the agreement is not compensatory, such inadequacy is not to be imposed on applicant's other electric customers.

The Commission finds that the proposed agreement is not adverse to public interest and concludes that the application should be granted. A public hearing is not necessary.

IT IS ORDERED that:

1. Southern California Edison Company is authorized to carry out the details of the written agreement with the Irvine Company, dated July 18, 1966, and amendment thereto dated November 17, 1966, copies of which are attached to the application as Exhibits 1 and 1-A, respectively.

2. Southern California Edison Company shall file with this Commission within thirty days after the effective date of this order, four certified copies of the agreement as amended, together with a statement of the date on which said agreement is deemed to have become effective.

3. Southern California Edison Company shall notify the Commission of the date service is first furnished under said agreement within thirty days thereafter and shall notify the Commission of the date of termination of the agreement within thirty days after date of termination.

4. Southern California Edison Company shall file with this Commission within thirty days after the effective date of this order and in conformity with General Order No. 96-A, the summary required by that general order, listing all contracts and deviations, including the agreement herein authorized. Such list shall become effective

A. 48755 VJ

upon statutory notice (30 days) to the Commission and to the public after filing as hereinabove provided.

5. Southern California Edison Company shall, on or before January 31 following each calendar year that this agreement is in effect and for a period of ten years thereafter as provided in the agreement file with this Commission a report concerning the performance of the parties under the agreement, which report shall include but need not be limited to a summary of the advances made during such prior year by The Irvine Company to applicant and of the connection fees collected during such year by applicant pursuant to the agreement.

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

Dated at San Francisco, California, this 11<sup>th</sup> day  
of APRIL, 1967.

*W. E. Mitchell*  
President  
*William W. Bennett*  
*Augusta*  
*William Sproule, Jr.*  
*Shed P. Morrison*  
Commissioners