

ORIGINAL

Decision No. 73449

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation)
on the Commission's own motion into)
the reasonableness of Water Main)
Extension Rules presently effective)
for water utilities throughout the)
State, and the development of such)
revised extension rule as appears)
reasonable.)

Case No. 5501
(Reopened August 24, 1965)

(Appearances are listed in Appendix A)

THIRD PRELIMINARY OPINION AND ORDER

Public hearing on this reopened proceeding was held before Examiner Catey in San Francisco on September 18 and November 13 and 14, 1967, and in Los Angeles on October 16, 1967.

The Commission staff presentation on the five subjects included in the present scope of this investigation was made by an engineer and an accountant. Cross-examination of the staff witnesses is completed.

Full-Contribution Provision

Paragraph 2 of Decision No. 72215, dated March 28, 1967, sets forth the present scope of this investigation. Item "b" in that paragraph relates to the desirability, propriety, feasibility and effect of:

- "b. Adding a new provision to the main extension rule which would permit or require any water utility to file an amendment to the rule requiring that all in-tract facilities be financed by contributions rather than refundable advances."

The Commission staff discusses this subject in Section III of Exhibit No. 69. The staff studies indicate that there are both desirable and undesirable aspects to a full-contribution rule, from

the standpoint of the utilities and their customers. The staff expressed no opinion as to whether a full-contribution provision should be incorporated in the rule.

An important aspect of this investigation is expressed in the word "propriety", used in delineating the scope of the proceeding. The present interest-free use of subdividers' advances has long been considered a sufficient and reasonable form of financial assistance to be provided to water utilities in recognition of the mutual problems of, and benefits to, both parties in the extension of facilities to serve subdivisions. In the absence of rather conclusive evidence as to the propriety of requiring one segment of the business community to contribute to another, in total, the in-tract facilities needed to serve new territory, we cannot find that such a provision is proper.

At the hearing on November 13, 1967, the Home Builders Council of California moved that a full-contribution provision be dropped from the list of subjects to be considered in this proceeding. Several other parties joined in the motion and none opposed it. The presiding examiner asked if any of the parties wished to present evidence in support of a full-contribution rule prior to the Commission's ruling on the motion. None offered to make such a presentation.

The record to date does not justify a full-contribution rule. No additional evidence in favor of such a rule is forthcoming. Considerable time could be wasted in receiving evidence in opposition to such a rule. Under these circumstances, it is appropriate to rule now on the pending motion.

Findings and Conclusion

The Commission finds that:

1. The propriety of a full-contribution rule has not been shown.
2. All parties have been afforded an opportunity to present evidence in support of a full-contribution rule.

The Commission concludes that the pending motion to exclude further consideration of a full-contribution rule in this proceeding should be granted.

IT IS ORDERED that the scope of this proceeding is modified to delete therefrom the subject set forth as item "b" in paragraph 2 of Decision No. 72215.

The effective date of this order is the date hereof.

The Secretary is directed to cause a copy of this order to be served upon each of the respondents.

Dated at San Francisco, California, this 5th day of DECEMBER, 1967.

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners

APPENDIX A

LIST OF APPEARANCES

RESPONDENTS

Bacigalupi, Elkus, Salinger & Rosenberg, by Claude N. Rosenberg, for California-American Water Company; Knapp, Gill, Hibbert & Stevens, by Wyman C. Knapp, for California Cities Water Company and California Consolidated Water Company; McCutchen, Doyle, Brown & Enersen, by A. Crawford Greene, Jr., for California Water Service Company and San Jose Water Works; Homer H. Hyde, for The Campbell Water Company; Kennan H. Beard, Jr., for Del Este Water Company; Alex Lawrence, for Dominguez Water Corporation; F. T. Searles, John C. Morrissey, R. Workman & John C. M. Lambert, by John C. M. Lambert, for Pacific Gas and Electric Company; John E. Skelton, for San Gabriel Valley Water Company; Walker Hannon, for Suburban Water Systems.

INTERESTED PARTIES

Charles L. Stuart and C. G. Ferguson, for American Water Works Association, California Section; John C. Luthin, for Brown & Caldwell; Brobeck, Phleger & Harrison, by Robert N. Lowry, for California Water Association; Cooper, Schmake & Louie, by Fred F. Cooper, for Home Builders Council of California; Harold W. Kennedy and Edward H. Gaylord, by Edward H. Gaylord, for County of Los Angeles and Fire Protection Districts of the County of Los Angeles.

COMMISSION STAFF

Cyril M. Saroyan, Counsel, and Martin Abramson.