

ORIGINAL

Decision No. ~~75014~~

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of
VALLECITO WATER COMPANY,
a corporation for a Certificate
of Public Convenience and Necessity
to furnish water service to Tracts
29803 and 29942, adjacent to its
present service area.

Application No. 50485
(Filed August 13, 1968)
(Amendment filed
August 21, 1968)

O P I N I O N

Vallecito Water Company, a California corporation (applicant) requests authority to extend its water service to Tracts Nos. 29803 and 29942, both in Los Angeles County, and containing a total of approximately 94 acres divided into 203 residential lots.^{1/} The tracts are contiguous to applicant's presently certificated service area which comprises approximately 3,400 acres in Los Angeles County, including the City of Industry. Applicant presently has approximately 4,900 active service connections.

A staff hydraulic engineer's report (Exhibit I) shows the following facts:

By reason of the difficulty in serving the irregular terrain in the requested service area, applicant requests that

^{1/} The two tracts are being developed by the Prudential Savings and Loan Association, hereinafter referred to as "Prudential".

surcharges be applied to present rates in order to recover incremental increases in fixed and commodity costs. A surcharge of \$1.20 per meter per month added to minimum charges is requested to recover increased fixed charges and a surcharge of \$0.11 per 100 cubic feet is requested to recover increased commodity costs. The proper zone rates for the area should be based on all elements contributing to the cost of service which should be determined in Application No. 50498 for rate increase now before the Commission.

The requested area varies in elevation from 660 feet to 1,080 feet and rises sharply from north to south. Applicant proposes to install 2.2 million gallons of storage in the proposed area to be supplied by boosting from existing reservoirs. Twelve houses in Tract No. 29803 have been completed and, except for water service, are ready for occupancy. Streets and sewers are under construction in both tracts. Three pressure zones are proposed with a small hydropneumatic system for supplying extreme elevations. Elevations are generally higher in the requested area than in the existing service area.

The main sizing, amount of storage, and boosting facilities are governed largely by the fire-flow requirements of Los Angeles County which require 1,750 gallons per minute for a period of eight hours. These facilities could be used to some extent for further expansion in the vicinity of the requested area but would be of limited usefulness for serving the existing service area.

Applicant's water supply is from six wells located in the City of La Puente north of the present service area. Well locations vary from approximately 800 feet to approximately 4,200 feet north of the service area. A 30-inch transmission main conveys water thereto. The total well capacity is approximately 8,000 gallons per minute and total storage amounts to 5,281,154 gallons.

Applicant's existing water supply, distribution system and facilities, and service meet or exceed the requirements of General Order No. 103, and in conjunction with the proposed system, are adequate to serve the present customers and the requested area.

Applicant has, in the past, been restricted against extending in-tract facilities pursuant to the main extension rule for the reason that its ratio of advances to net utility plant exceeded 50 percent. The ratio of advances to net utility plant was 41.7 percent at the end of 1967. On September 30, 1968, applicant's ratio of advances to net utility plant was 46.8 percent.

The applicant states that Prudential will advance to applicant the costs of in-tract facilities estimated at \$128,900, such costs to be subject to refund under the terms of applicant's filed main extension Rule No. 15. Applicant further states that Prudential will contribute the estimated costs of \$335,900 for off-site and special facilities plus the land with its improvements for the reservoir sites required for serving the tracts.

If the requested authority is granted, applicant's ratio of advances to net utility plant will be 43.9 percent.

The applicant further states that Prudential has advanced \$14,677.01 to defray the costs incurred in engineering the water facilities, securing water plans and specifications, and for legal expense. It requests authority to include those amounts in the refund agreement.

Based upon the application and the staff's report the Commission finds that:

1. Applicant's existing facilities in conjunction with proposed facilities are adequate to serve present customers and the requested area.
2. Public convenience and necessity require water service to the requested area by applicant.
3. A rate based upon incremental surcharges to present rates should not be a part of this proceeding and should more properly be included in applicant's current Application No. 50498 for rate increase.
4. Applicant would be required to pay for all of the back-up plant required for the requested area in a short time if it followed the main extension rule in this instance. Due to the unusually high back-up plant expenditures required, which would be of limited utility to applicant's existing customers, the requested deviation requiring contributions in aid of construction rather than advances for construction for the back-up plant should be authorized. However, if the off-site plant installed for this development is to be utilized for further

extensions of service into adjacent areas, it would be equitable to have the future subdividers make a contribution on a pro rata basis which would revert to Prudential.

A public hearing is not necessary.

Based on the foregoing findings the Commission concludes that the application should be granted as set forth in the following order.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Vallecito Water Company, a corporation, authorizing it to construct a public utility water system to serve the area including Tracts Nos. 29803 and 29942, excluding Lot No. 148, Los Angeles County.
2. After the effective date of this order, applicant is authorized to file a revised service area map clearly indicating the boundaries to provide for the application of its present tariff schedules to the area certificated herein. 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. Applicant is authorized to deviate from its filed main extension Rule No. 15 to accept contributions in aid of construction for the installation of special facilities set forth in Exhibit C attached to the application plus the land with its improvements for the reservoir sites.

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4. Applicant's request to establish a surcharge for the area certificated herein is denied.

5. Applicant shall include the amounts advanced by Prudential Savings and Loan Association used for engineering and securing plans and specifications for Tracts Nos. 29803 and 29942 in the main extension contracts related to these subdivisions. Legal expenses and cost incurred in preparing and filing this application shall not be included in the advances for construction contracts.

6. Within one hundred eighty days after the effective date of this order, applicant shall submit a study to determine what benefits would be realized by developers in adjacent areas because of the special facilities to be constructed and the land with its improvements to be utilized for the reservoir sites in connection with this development. Applicant shall also submit a plan showing an equitable assignment of the cost of these special facilities and related improved land to developers of the adjacent areas. Upon acceptance or modification of this plan, the Commission will, by supplemental order, authorize and direct its implementation. Any assignment of costs to future developers shall be collected by Vallecito Water Company and paid to Prudential Savings and Loan Association or its successors in interest in accordance with such supplemental order.

7. Within ten days after service is first rendered to the public under the rates and rules authorized herein, applicant shall submit written notice thereof to the Commission.

8. The authority granted herein shall expire unless the designated tariff sheets are filed within one year after the effective date of this order.

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

Dated at San Francisco, California, this 7.6th day of NOVEMBER, 1968.

William Symons, Jr.
President
Stewart W. Bernard

Commissioners

Commissioner A. W. Gatov, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Fred P. Morrissey, being necessarily absent, did not participate in the disposition of this proceeding.