

**ORIGINAL**Decision No. 75352

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of TAHOE PARADISE WATER AND GAS CO.,  
a corporation, for an order approving  
a standard form contract for use in  
acquisition of water facilities  
financed through issuance of assess-  
ment district bonds.

Application No. 50613  
(Filed October 14, 1968;  
Amended January 6, 1969)

McCutchen, Doyle, Brown & Enersen, by J. Thomas  
Rosch, for applicant.

W. B. Stradley and John J. Gibbons, for the  
Commission staff.

O P I N I O NAuthorization Requested

In its application as originally filed, applicant sought Commission approval of a standard form of contract to be used in acquisition of water facilities which were financed through issuance of assessment district bonds. That contract, which is similar to a main extension contract, would be executed with the city or county acting as trustee for the property owners. The refunds would be payable to the county, acting as trustee, for distribution to the owners of the assessed properties.

Testimony on behalf of the staff was presented by a financial examiner who expressed opposition to the payment of refunds on assessment bond financed plant in lot-type developments as proposed in the original application. He noted that accounting for such plant in a manner similar to main extension financed plant would result in enabling a utility to claim depreciation on large amounts of plant that eventually would be contributed. He stated

that it was the position of the Finance and Accounts Division that depreciation expense should be allowed for rate-making purposes only on balances actually refunded, and that the remainder should be amortized as Contributed Plant.

By amendment to this application filed January 6, 1969, applicant now seeks only Commission authority to extend its service into two new subdivisions contiguous to its existing service area and approval of a contract applicable to just the two new subdivisions. One such subdivision, designated Unit 60, consists of 321 lots; the other, Unit 58, contains 72 lots. Applicant projects between 20 and 30 new residences in or as a result of facilities installed to serve the two subdivisions, and an additional 20 new residences in the present service area, within two years.

Applicant requests an order which will:

1. Authorize execution and use by applicant of the contract attached to the application as Exhibit 3 and received into evidence as Exhibit 1.
2. Authorize applicant to serve Tahoe Paradise Units 58 and 60 and the residences adjacent to the 8-inch pipeline to be acquired under the terms of Exhibit 1.
3. Require the facilities acquired under Exhibit 1 be accounted for by applicant as contributions in aid of construction, Account No. 265.

After due notice, public hearing was held at San Francisco on January 17, 1969, before Examiner Gillanders and the matter submitted.

Applicant's vice president and operations officer and applicant's treasurer presented testimony and exhibits designed to show the effect of the proposed acquisition on the operations of the company.

According to the testimony and exhibits the incremental income will be \$1,287 for the first year, \$3,072 for the second year, and \$4,902 for the third year. Such incremental income should offset part of the net loss now being experienced by the company which for the year ending December 31, 1968 amounted to \$4,216.10.

The staff does not oppose the application but points out that its lack of opposition is based on the facts and circumstances of the amended application only and is not to be construed as a general endorsement of financing of water facilities by means of assessment district bonds.

Findings of Fact.

1. Tahoe Paradise Water and Gas Company and County of El Dorado have entered into an agreement with relation to a system of domestic water service to Tahoe Paradise Units Nos. 58 and 60 Assessment District.

2. Said agreement is not adverse to the public interest.

Conclusions of Law

1. Applicant should be authorized to carry out the terms and conditions of the contract which is Exhibit 1.

2. Applicant must account for the facilities acquired by said contract as contributions in aid of construction.

O R D E R

IT IS ORDERED that:

1. Applicant is authorized to carry out the terms of the contract received into evidence as Exhibit 1.

2. Applicant is authorized to serve Tahoe Paradise Units 58 and 60 and the residences adjacent to the 8-inch pipeline to be acquired under the terms of Exhibit 1.

3. Applicant must account for the facilities acquired under the terms of Exhibit 1 as contributions in aid of construction, Account 265.

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

Dated at San Francisco, California, this 25th day of FEBRUARY, 1969.

William J. Agnew, Jr.  
President

Augustus

Richard P. Morsley

W. F. Brown

Thomas Moran  
Commissioners