

ORIGINAL

Decision No. 80173

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

UNITED BROTHERHOOD OF CARPENTERS  
& JOINERS OF AMERICA, LOCAL 586  
HOUSING SPONSORSHIP CORPORATION,

Complainant,

vs.

SOUTHERN CALIFORNIA WATER  
COMPANY,

Defendant.

Case No. 9247  
(Filed July 14, 1971)

Stewart Weinberg, Attorney at Law, for complainant.  
Patrick A. Randolph, Jr., Attorney at Law, for  
defendant.

J. E. Johnson, for the Commission staff.

O P I N I O N

Complainant United Brotherhood of Carpenters & Joiners of America, Local 586 Housing Sponsorship Corporation, seeks an order requiring defendant Southern California Water Company to furnish, at its own expense, sufficient water meters to supply Rancho Cordova Apartments and to refund \$10,450 (plus interest) collected by defendant for special water meters to serve the apartment complex.

Public hearing was held before Examiner Catey at Sacramento on February 9, 1972. Defendant's vice president-revenue requirements and vice president-operations testified on behalf of defendant. A Commission staff engineer presented a report summarizing factual information relative to the complaint. Complainant adopted the staff report and testimony related thereto as its evidence. The matter was submitted on February 9, 1972, subject to the filing of a late-filed exhibit, the hearing transcript and complainant's and defendant's briefs.

Complainant and Defendant

Complainant is a non-profit corporation organized to provide housing for low-income families and individuals who are elderly, handicapped, displaced from urban renewal areas, victims of natural disasters, or occupants of substandard housing where no adequate housing exists.

Defendant is a public utility water corporation under the jurisdiction of this Commission, providing water service in various parts of California including the Cordova District in the unincorporated Rancho Cordova area of Sacramento County.

Basis for Complaint

Complainant sponsored the construction of a 95-unit housing complex known as Rancho Cordova Apartments, in the community of Rancho Cordova, about ten miles east of Sacramento. Complainant entered into a contract with Campbell Construction Company (contractor) to construct the housing complex. The contract specifications required the provision of utilities, including water. Contractor constructed water lines within the complex extending to defendant's meter sites and also installed seven fire hydrants on those private water lines.

Western Enterprises, the previous owner of the land parcel upon which the complex was built, had been informed by defendant that water service could be provided to the complex, with no installation charges, from the existing 8-inch distribution main located along the north side of the complex. It later became apparent that two 8-inch connections would be needed to meet the fire flow required by the local fire protection agency in addition to normal domestic consumption. The provision of a second service connection required the extension of about 194 feet of 8-inch main. Western Enterprises paid defendant \$2,200 for this construction, on behalf of complainant.

Contractor, on behalf of complainant, was required by defendant to provide \$10,450 as the estimated cost of installing two special, low-loss, high-flow, 8-inch water meters and the 8-inch service connections from the mains to the meters, less the estimated cost of the 4-inch meter and service connection which defendant estimated would normally be installed were it not for the fire flows required. The \$10,450 deposit was subject to adjustment if the estimated cost exceeded actual cost. After construction was completed, the net effect of actual cost of the 8-inch services and meters less the revised estimate for a 4-inch service and meter was \$9,876, or \$574 less than the amount provided to defendant. Pending the outcome of this proceeding, defendant has not refunded the \$574.

Defendant's monthly charges for water service to the complex have not been billed to complainant on the basis of two 8-inch metered services. The charges have been based upon the amounts applicable to a single 4-inch metered service plus a separate 8-inch unmeasured private fire protection service. During the first three months of service, before defendant had been able to obtain delivery of the special 8-inch meters, defendant billed complainant as though no more water had been used during that period than would be covered by the minimum charges for a 4-inch metered service.

#### Discussion

Defendant has no tariff on file covering combined domestic service and private fire protection service. When complainant requested such service, defendant had at least four technically correct alternative procedures open to it:

1. Refuse to serve complainant under other than the filed tariffs.
2. Negotiate a special agreement and, by advice letter, submit the executed agreement for Commission authorization.

3. If a mutually acceptable agreement could not be negotiated, submit a formal application for authorization to enter into a particular agreement so that the issues could be argued at a hearing and decided by the Commission.
4. If combined domestic and private fire protection service might also be made available to other customers, submit a request, preferably by formal application, for approval of a tariff schedule covering such service. Establishing this new class of service could be of sufficient importance as to preclude a simple advice letter filing.

If defendant had refused to serve complainant with a combination domestic and private fire protection service, this would have been technically correct under defendant's tariffs but would not have been very helpful to complainant. The piping within the complex had already been installed with the fire hydrants connected to the same pipes serving all other water usage within the complex. Complainant would have had to rearrange its own piping to separate the fire hydrants from the rest of the internal piping in the complex, would have had to contribute the cost of the fire line extension and services, but would have contributed a smaller amount for the normal "detector-check" meters installed on private fire protection services. Monthly charges for separate domestic service through a 4-inch metered service and private fire protection service through two 8-inch services would be \$8 per month more than under the billing arrangement adopted by defendant.

Exhibit No. 8 shows that two normal detector-check meters would cost about \$4,600 less than the two special meters required for combined domestic and fire protection load. At this late date, we would not consider it reasonable to require complainant to separate its own plumbing but it should be given that option if it feels that the saving on the less expensive meters would be sufficiently offsetting. If this option is adopted by complainant, the labor cost of changing the meters should be borne by defendant.

Defendant attempted to carry out the second alternative procedure hereinbefore listed, but was unable to arrive at a special agreement for combined domestic and private fire protection service which was mutually agreeable to the parties. Presumably, if agreement had been reached, defendant would have requested authorization to carry out its terms and conditions, pursuant to Section X.A of General Order No. 96-A.

When defendant was unable to negotiate an acceptable agreement, it should have filed an application for authorization of either its proposed agreement or a tariff schedule incorporating the terms of that agreement. Instead, defendant collected the \$10,450 deposit subject to adjustment if so ordered in this proceeding.

While defendant technically was remiss in not following proper procedure for establishing rates and conditions of service not covered by its tariffs, we must concede that the unorthodox procedure did avoid the possibility of delays in providing service to complainant pending normal processing of a formal application. Further, the issues are now before us in this proceeding, so no damage has been done. We nevertheless caution defendant to avoid repetitions of this situation in the future, by advance planning and by prompt action when a disagreement arises with a potential customer such as complainant.

In regard to the reasonableness of the arrangement tentatively adopted by defendant, we note that the end result, compared with the end result of providing separate domestic and private fire protection service pursuant to its tariffs, is:

- (1) Defendant invests the same amount in plant.
- (2) Defendant receives somewhat less revenue per month.
- (3) Defendant's ad valorem taxes would be somewhat higher (Exh. No. 8).
- (4) Defendant would have more complex meters but fewer feet of service pipe to maintain and ultimately to replace.

- (5) Complainant's contribution for the fire line extension, services and meters would be greater but complainant would save the cost of revising its own piping.

Findings and Conclusions

The Commission finds that:

1. Defendant has extended and provided service to complainant on a combined domestic and private fire protection basis, which basis is not covered by defendant's tariffs.
2. The contributions and monthly charges collected by defendant have resulted in investment, revenues and expenses of defendant not significantly different from the provision of separate domestic and private fire protection service pursuant to defendant's tariffs.
3. The contribution on behalf of complainant of the difference between the actual cost of the combined 8-inch services and meters and the reasonable estimated cost of a single 4-inch service and meter is reasonable where subsequent monthly charges are based upon hypothetical separate 4-inch domestic and 8-inch private fire protection services.

We conclude that complainant should be given the option of separate or combined service in this instance.

O R D E R

IT IS ORDERED that:

1. Within ten days after the effective date of this order defendant Southern California Water Company shall offer to complainant United Brotherhood of Carpenters & Joiners of America, Local 586 Housing Sponsorship Corporation, the option of:
  - a. A 4-inch domestic metered service and two separate 8-inch private fire protection services, pursuant to defendant's tariffs, or
  - b. An agreement providing for combined domestic and private fire protection service through two 8-inch metered services whose meters are designed for the low losses and high flows required for fire flows.

2. If complainant elects the separate services described in 1.a. above, it shall be required to separate its own domestic and fire protection lines to eliminate interconnections, and defendant shall refund promptly the difference between the contributions it has tentatively received and the contributions which would have been received pursuant to defendant's tariffs.

3. If complainant elects to continue the combined services described in 1.b. above, defendant shall submit in this proceeding, for authorization by supplemental order herein, an agreement with complainant providing for contribution on behalf of complainant of the cost of the fire main extension plus the difference between the actual cost of the two 8-inch combined domestic and private fire protection services and meters and the reasonable estimated cost of a single 4-inch domestic service and meter. In this event, defendant shall refund promptly the difference between the contributions it has tentatively received and the contributions payable under the agreement. The agreement shall also provide that monthly charges for water service through the two 8-inch combined services shall be based upon the charges applicable under defendant's tariffs for a single 4-inch domestic metered service and two 8-inch private fire protection services.

4. If, within thirty days after the effective date of this order, complainant fails to elect one of the options in 1.a. or 1.b. above, defendant may assume that option 1.a. has been elected and shall proceed in accordance with its filed tariffs.

5. Within forty days after the effective date of this order, defendant shall file a written statement in this proceeding stating which option has been elected, showing the derivation of the amount of refund due complainant, and certifying that the refund has been made.

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

Dated at San Francisco, California, this 20th  
day of JUNE, 1972.

William J. Strickland Chairman  
James V. Strickland  
Vernon L. Strickland  
James V. Strickland Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.