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Decision No. 84341

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE VIEJAS COMPANY, )  
owner and developer of Palo Verde )  
Ranch, for permission to utilize )  
overhead extensions to serve resi- )  
dential development pursuant to )  
Rules 20 E.7. and 20.1 E.4 (SDG&E) )  
and Rule 15 I. (PT&T). )

Application No. 55246  
(Filed October 15, 1974)

O P I N I O N

Applicant The Viejas Company, of Alpine, California, requests an exemption from the line extension undergrounding provisions of Rule 15 I, PUC Tariff 36-T of The Pacific Telephone and Telegraph Company (PT&T) and Rule No. 20.1 E. of the tariff of San Diego Gas & Electric Company (SDG&E) to permit overhead extensions of telephone and electric power distribution lines in the 1,091-acre subdevelopment area of Palo Verde Ranch. No protests to the application have been received.

The two rules require all line extensions within new residential subdivisions and developments to be undergrounded, except where all of the lots in the subdivision or development are three acres or more, or where the application of the rules appears impractical or unjust due to unusual or exceptional circumstances. In the latter case, the matter may be referred to the Commission, as is here being done for special ruling for exemption from the requirements of the rules.

The application shows: The Viejas Company is the owner and developer of the Palo Verde Ranch, which is a country estates development located in the south-central portion of San Diego County lying two miles southeast of the community of Alpine. It consists of 1,659 acres of terrain which varies in altitude above sea level from 1,640 feet to 2,255 feet. Construction of the Palo Verde Ranch began in 1963 with the developer providing streets, utilities, community recreation facilities, and other improvements to serve ranch sites on which individual purchasers build single-family custom homes. The minimum site area in the entire development is 2 acres while the average is 2-3/4 acres. Deed restrictions recorded May 21, 1971 in Book 1971 at page 106697 in the office of the San Diego County Recorder prohibit further splitting of parcels into homesites of less than 2 acres by purchasers and their successors in interest. San Diego County zoning likewise prohibits development in excess of one dwelling unit per 2-acre site within the Palo Verde Ranch. There are presently 189 existing ranch sites covering 568 acres. The remaining 1,091 acres of the ranch will be developed into 381 additional ranch sites. Initially a 33-parcel unit will be developed followed by a 348-parcel unit. It is anticipated that the development will be completed in 1993 and will then consist of 570 homes and have a population of 2,137. The gross density of Palo Verde Ranch will be 0.34 dwelling units per acre. The developed area averages 12 percent of total site area; this includes both streets and ranch sites. Over the entire Palo Verde Ranch, approximately 88 percent will remain in its natural condition. Included within the development are two man-made lakes of 7 and 50 acres in size which are stocked with game fish and are available to the residents and their guests for swimming and boating. The existing development is served by 4.9 miles of improved streets which have been accepted into the county-maintained road.

system. The entire area is agriculturally zoned and the development plans are consistent with the existing zoning. Water service is provided to the development by the Rio San Diego Municipal Water District, and sewage is disposed of by county-approved septic tanks and leech lines. Natural gas service is not available. Many of the parcels are extremely deep and many have an extraordinary amount of footage fronting the road. One parcel has 610 feet fronting on the road. SDG&E supplies electricity to the existing development by overhead lines. PT&T serves the development. There are few other subdivision developments in the immediate area and none is served by underground utilities. The nearest development, Alpine Highlands, is one mile north. It consists of half-acre homesites and is served by overhead utility lines. The nearest highway is Interstate 8 running east from San Diego to El Centro. No portion of the 1,659-acre Palo Verde Ranch development may be seen from this highway, nor would overhead lines be visible from any state or national parks located in the region.

Applicant states that the cost to the developer of undergrounding electric and telephone utilities for the 33-parcel unit of the Palo Verde Ranch development alone is equal to \$76,377. (Costs were arrived at partly through consultation with SDG&E.) Of this amount only \$10,202 would ultimately be refunded to the developer due to the time limits set in the tariffs with respect to the building out of the subdivision since it is the individual homesite purchaser rather than the developer who will determine when the improvements requiring electrical and communication facilities will be constructed. Applicant anticipates that construction of individual homes will not be completed in this unit for 10 years and thus the total refund will likewise not be received until that time. The net cost of undergrounding for the 33 parcels is estimated by applicant to be \$66,175

or \$2,005 per parcel and compares with a total cost for overhead extension of the utilities in the amount of \$6,315 or only \$191 per parcel, or 10 times as much to underground utilities as to provide overhead service. Applicant estimates that for the entire 381 parcels the total advances to utilities for undergrounding would equal \$793,566, only \$98,798 of which would be refundable at the projected rate of building by homesite purchasers. To the net advance figure of \$694,768 applicant estimates there must be added the developer's cost of trenching and backfilling of \$386,606 at present rates, which yields a total developer cost to underground utilities in the entire 381-parcel plot of \$1,801,374 or \$2,838 per parcel. Comparing this with the total cost for overhead extension of utilities in the amount of \$112,315 or \$295 per parcel equals developer costs of nearly 10 times the cost of overhead to install underground facilities. Applicant contends that in addition to these costs to the developer, the relative cost to the individual home builder for the extension of utilities must likewise be considered since any money saved by the individual home builder who is permitted to utilize overhead extension of utilities rather than shoulder the expense of undergrounding may be utilized for other amenities in connection with the home construction, landscaping, and site development which they regard as more desirable. The depth of the parcels in the subdevelopment is such that the developer anticipates that the average distance for utility extensions will exceed 250 feet as parcel owners endeavor to place their homesites as far from the roadway as possible in order to ensure the privacy and rural atmosphere they are seeking in this development. Utilizing figures supplied by independent engineers and the two affected utilities, applicant estimates the cost of bringing underground utilities to a homesite 250 feet from the nearest roadway to be \$1,795. Applicant states that the same house could be served by

overhead lines at no cost to the individual homesite owner according to representatives of the SDG&E and PT&T companies, and thus the total actual cost for these 33 units, which is ultimately passed on to the consumer as a result of the requirement that utilities be underground rather than overhead, is \$125,410 or \$3,800 per parcel versus a total cost of overhead utilities in the amount of \$6,315 or only \$191 per parcel and represents a cost differential for the individual parcel purchaser and home builder of nearly 20 times the cost of overhead utilities. When the developer's cost of \$1,081,374 is added to reflect the total cost to the consumer, the result is \$1,765,269. Compared with an equivalent overhead utility cost of \$112,315, the cost of undergrounding the entire subdevelopment is estimated by applicant to be nearly 16 times as costly to the consumer as overhead utilities.

The application shows that the county of San Diego on November 21, 1973 issued a Final Environmental Impact Report (EIR) covering the development of the subject subdivision. This report was based on a Draft Environmental Impact Report (DEIR) submitted to the county by applicant, comments from other agencies, and findings of the County Environmental Review Board. The DEIR notes (page 68) that "If overhead electric lines are utilized there will be an adverse aesthetic impact. The impact is localized however, affecting primarily the Palo Verde Ranch homeowners". The EIR contains no finding that overheading utilities will have any effect on the environment or that utilities must be undergrounded. The application also shows that on August 23, 1974 the San Diego County Planning Commission approved the Palo Verde Ranch Private Development Plan (PDP 73-06)<sup>1/</sup> as being consistent with the county general plan and in its approval

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<sup>1/</sup> PDP 73-06 is the county designation of the 1,091-acre area for which applicant requests exemption.

stated, among other things, "BE IT FURTHER RESOLVED AND ORDERED that this Commission finds that the real property to be divided is of such size and shape and is affected by such topographical location and condition that it is impractical for the subdivider to conform fully to the requirements of Section 81.403(e) of the Subdivision Ordinance and therefore recommends waiver of the provisions of Section 81.403(e) of the County Subdivision Ordinance to permit the installation of overhead utility distribution facilities in the remaining units encompassed in the Palo Verde Ranch Development Plan, PDP 73-06". (Section 81.403(e) of the Subdivision Ordinance of the County of San Diego requires the undergrounding of utilities in all new subdivisions having lots of less than three acres.) The above resolution was approved by the San Diego County Board of Supervisors on October 23, 1974. On September 18, 1974 the Board of Supervisors of San Diego County formally adopted a motion which directed the director of its Planning Commission to draft an amendment to the county zoning law exempting subdivisions from utility undergrounding if the lot sizes are two acres or more. The county's present law exempts three-acre or greater lots. The adoption also authorized the board's chairman to request the Public Utilities Commission to amend utility tariffs so that undergrounding requirements in San Diego County apply only to subdivisions having lots less than two acres principally for the reason that "undergrounding is so costly for large lots, some developers promote small lot subdivisions only, thus causing a greater density in population, when, in reality, a low density population is more in accordance with the County General Plan". The application contains a letter purporting to be from SDG&E in which it is stated that that company would not object to building the proposed electric system overhead if an exemption is granted to the subdivision by the Public Utilities Commission.

Applicant contends that the conditions prevailing within the subdevelopment, namely, the rocky and mountainous character of the region, the extraordinary amount of footage per parcel fronting roads, the extreme depth of the parcels, and the exorbitant cost of undergrounding, are unusual and exceptional circumstances which make it impractical and unjust to require the undergrounding of extensions of telephone, cable television, and electrical power distribution lines.

After consideration the Commission finds that the application of the involved rules requiring the undergrounding of extensions of telephone and electrical power distribution lines within the subdevelopment known as Palo Verde Ranch would be impractical and unjust due to unusual and exceptional circumstances and that SDG&E and PT&T, as the case may be, should be permitted to construct overhead telephone and overhead electrical power distribution lines within the 1,091-acre Palo Verde Ranch development. A public hearing is not necessary. In making our findings the Commission has given consideration to the EIR concerning the development prepared and filed by the county of San Diego.

O R D E R

IT IS ORDERED that:

1. San Diego Gas & Electric Company may construct overhead electrical power distribution lines in the 1,091-acre subdevelopment known as Palo Verde Ranch located near Alpine, California.

2. The Pacific Telephone and Telegraph Company may construct overhead telephone lines in the 1,091-acre subdevelopment area known as Palo Verde Ranch located near Alpine, California.

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

Dated at San Francisco, California, this 22<sup>nd</sup>  
day of APRIL, 1975.

Vernon L. Stearns  
President  
William Symons Jr.  
Donald Ross  
Calvin Bateman  
Commissioners