

Decision No. 84428**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of
 PACIFIC GAS AND ELECTRIC COMPANY for
 authorization to abandon a portion of
 its Tuolumne Water System.
 (Water)

Application No. 55059
 (Filed July 24, 1974)

John C. Morrissey, Malcolm H. Furbush, Robert
 Ohlbach, and Joseph S. Englert, Jr., by
Joseph S. Englert, Jr., Attorney at Law,
 for Pacific Gas and Electric Company,
 applicant.

Daniel F. Gallery, Attorney at Law, for
 Tuolumne County Water District No. 2, and
Richard T. Tarrant, Attorney at Law, for
 Sonora Water Company, protestants.

John H. Matkin, for Tuolumne County Taxpayers
 Association, interested party.

Timothy E. Treacy, Attorney at Law, and
Eugene M. Lill, for the Commission staff.

O P I N I O N

Pacific Gas and Electric Company (PG&E) requests authority in this application to abandon a portion of its Tuolumne Water System which consists of a series of water conduits of various types (including ditches, flumes, and pipes) and regulating and standby reservoirs situated in the western portion of Tuolumne County, California, lying between the South Fork Stanislaus River and the North Fork Tuolumne River, together with a number of piped water distribution systems, which are located in PG&E's Jamestown, Sonora, and Tuolumne City water service areas. The water supply for the Tuolumne Water System comes from the South Fork Stanislaus River.

The facilities that PG&E proposes to abandon are the lower portion of the Sonora Ditch from Canal Station 121 + 76 to the end, Canal Station 163 + 72, and the entire Jamestown Ditch between Canal Station 0 + 00 and the treatment plant, Canal Station 233 + 89, and appurtenant facilities, a total of about 5.22 miles. Eighty-two customers are presently being supplied with ditch water by PG&E from the facilities proposed to be abandoned. PG&E is willing to connect these customers and those making bona fide requests for ditch service before the beginning of construction of the proposed pipeline, without charge, to the new pipeline which PG&E proposes to construct. PG&E also proposes a new treated water service area of 50 feet on each side of the proposed new pipeline and 25 feet on each side of distribution lines installed to serve existing customers.

PG&E proposes to install a treated water pipeline between the Sonora Town System and the Jamestown Treatment Plant. The pipeline will consist of 14,500 feet of 12-inch main, 6,000 feet of 10-inch main, and various regulators, altitude valves, and bypasses. The proposed pipeline will have a gravity flow of 1,400,000 gallons per day. This installation will, among other things, allow PG&E to meet its commitment to the State Department of Public Health for improved water quality to Jamestown. Additionally, the new pipeline will eliminate water losses associated with open ditch carriage, thus increasing system capacity.

PG&E requests the Commission to issue appropriate orders:

1. Granting and conferring upon PG&E authority to abandon the facilities described above and shown in Exhibit B attached to the application.

2. Relieving PG&E of its duties and obligations as a water corporation arising out of its ownership and operation of the facilities to be abandoned, such order to take effect immediately upon the connection and transfer of PG&E's existing ditch customers to treated water service from the Jamestown pipeline.
3. Authorizing PG&E by appropriate filing to close its rate schedules to new customers as to service from the facilities to be abandoned upon the beginning of construction of the proposed pipeline and to revise the Tuolumne Ditch System service area map by deleting the facilities to be abandoned.
4. Authorizing PG&E concurrently with the second numbered paragraph above to establish by appropriate filing a treated water service area of 50 feet on each side of the proposed pipeline and 25 feet on each side of distribution mains installed to serve existing customers.
5. Authorizing PG&E to put into effect Schedule No. 1 as to those customers who are connected to the proposed pipeline.

Public hearings on the application were held before Examiner Cline at Sonora on September 23 and 24, 1974. The matter was taken under submission upon the receipt in evidence, pursuant to stipulation, of Exhibits 12 and 13 on November 22, 1974.

Issues

1. Should PG&E be authorized to abandon a part of its Tuolumne Water System; namely, its Jamestown Ditch and part of its Sonora Ditch, upon the installation of a treated water pipeline between the Sonora Town System and the Jamestown Treatment Plant?
2. Should the new treated water service area be restricted to 50 feet on each side of the proposed PG&E pipeline and 25 feet on each side of the distribution mains installed to serve existing customers?

3. Should Mr. Tamerlane at PG&E Outlet J-177 receive the same consideration as PG&E's present irrigation customers?

4. Should Volponi Acres Mutual Water Corporation (Volponi) be served by PG&E or by Sonora Water Company?

5. Who should serve the other customers who are presently receiving domestic water service from Sonora Water Company and untreated water service from PG&E?

6. At what rates should irrigation service be offered by PG&E from the closed water system?

7. At what rates should resale service be offered by PG&E from the closed water system?

8. At what rates should domestic water service be offered by PG&E from the closed water system?

Discussion

1. Should PG&E be authorized to abandon a part of its Tuolumne Water System; namely, its Jamestown Ditch and part of its Sonora Ditch, upon the installation of a treated water pipeline between the Sonora Town System and the Jamestown Treatment Plant?

The installation of the pipeline between Sonora and Jamestown will enable PG&E to meet its commitment to the State Department of Public Health for improved water quality to Jamestown at a lower cost than with the installation of a new treatment plant at Jamestown. None of the parties at the hearing opposed the substitution of the pipeline for the open ditch providing certain conditions are met.

Approximately 90 percent of the existing customers are using the present irrigation service for domestic service, and these customers will be receiving a higher quality service by being connected to the treated water pipeline.

The staff points out there are four irrigation customers who do not require treated water. They would be opposed to the abandonment if their costs for water are increased. One of the irrigation customers who has an organic farm operation expressed concern about the addition of chlorine to the irrigation water.

Sonora Water Company expressed concern about the increased cost of purchased water in case of abandonment and the recovery of the costs of its water treatment plant which will not be used if it purchases fully treated water.

Volponi supports the changeover as it will receive a better quality water from the pipeline than from the ditch.

The staff recommends that the applicant be permitted to abandon the open ditches when the existing customers have been connected to the new pipeline or have declined service.

Exhibit 14 which is a letter from the State of California Department of Public Health dated January 20, 1975, was received in evidence without objection of the parties on March 31, 1975. This letter states that an engineering evaluation of the Jamestown Ditch was made by Water Sanitation personnel and that the following listed health hazards were found and concluded:

- "1. A 6-inch sewer line crossing over the ditch, northwest of the hospital.
- "2. Garbage scattered along the railroad right-of-way above the open ditch.
- "3. Flow from two ravines go directly into the ditch.
- "4. A reservoir was found with polluted water at the railroad crossing. The high water mark was approximately two feet below the levee protecting the ditch.

- "5. A chicken house was observed directly above the ditch.
- "6. A large pasture is situated along the side of the ditch. There were many animals feeding in this pasture which is located at the first railroad crossing past the lime kiln.
- "7. Eleven residences are located above the open ditch and all are on septic tanks.
- "8. The ditch passes through a horse pasture at Campo Seco.
- "9. The entire ditch is accessible to the public at any time.
- "10. Various animal fecal matter was observed along the entire length of the ditch at various points.

"The conclusion of our Water Sanitation Section is that the construction of a closed domestic line from Sonora to Jamestown to serve only the community of Jamestown, Sonora Water Company and Volponi Acres Mutual Water Company, is not the complete answer. Approximately 75 individual customers will still be served contaminated water from the ditch. The answer to this serious health problem is to eliminate the flow of ditch water entirely by eliminating the ditch itself and serve all customers treated water through a closed line."

The abandonment by PG&E of the Jamestown Ditch and a part of the Sonora Ditch will be authorized subject to certain conditions:

2. Should the new treated water service area be restricted to 50 feet on each side of the proposed PG&E pipeline and 25 feet on each side of the distribution mains installed to serve existing customers?

Tuolumne County Water District No. 2 (TCWD No. 2) has no objection to PG&E's proposal to replace the open ditch with the pipeline. However, TWCD No. 2 opposes any curtailment of PG&E's service area obligations in the making of such needed improvements.

TCWD No. 2 contends that the delineation of the service area of PG&E's Tuolumne Water System was actually settled when PG&E filed a map delineating its service area pursuant to Ordering Paragraph 5 of Decision No. 54818 issued April 9, 1957 in Application No. 36646. A copy of this map was received in evidence as Exhibit 5 in this proceeding. In its brief TCWD No. 2 urges for purposes of approximation that PG&E's existing service area laterally from the Jamestown Ditch would be roughly one-half the distance from the Jamestown Ditch to Table Mountain-Montezuma Ditch and to the Phoenix-Algerine Ditch.

On the other hand, TCWD No. 2 in its brief points out that PG&E has contended that Exhibit 5 does not define the service area but that the service area of the ditch system is that which PG&E has designated on its Tariff Sheet No. 682-W for the Tuolumne Water System, to wit:

"1. Territory served by the Company

"The area in which service is or will be furnished by this Company is located in Tuolumne County and is described as follows:

Town Systems: The territory shown on the Jamestown, Sonora and Tuolumne Service Area Maps.

Ditch System: The territory adjacent to the Company's canal system in Tuolumne County, below Lyons Reservoir."

The locations where the water is currently used out of the Jamestown Ditch are shown on Exhibit B of the application by circled numbers, and two of them are over 3,000 feet from the Jamestown Ditch.

PG&E's witness testified:

"...you see them on the map of Exhibit B.

"Some of them are relatively close to the ditch.

"They are clustered in different places along the ditch.

"Some of them are a distance away, that is, not directly on the ditch.

"They run a sort of gamut of location as to the ditch, but generally speaking they are what I would consider close or adjacent to it.

"The service, of course, is at the berm, the customer's place of use as (sic) somewhere else."

TCWD No. 2 contends that the Commission can approve PG&E's request to abandon the Jamestown Ditch but that there can be no abandonment or curtailment of the service area unless it is shown that the area no longer needs water, or that PG&E would incur a substantial loss in continuing its obligation to serve the area. TCWD No. 2 cites In re Los Angeles Warehouse Company (1947) 47 CPUC 113 at 117 in which the Commission said with respect to an application to abandon public utility warehouse service:

"Denial of the application will be without prejudice to further hearing if and when applicant is prepared to show that its facilities and services are no longer required by the general public, or to show convincingly that the services can no longer be continued except at a financial loss or at an unreasonable low return which cannot be corrected through rate adjustment."

PG&E's witness Malone testified that the Department of Public Health has ordered PG&E to install filtration equipment at Jamestown and that it is cheaper to pipe water from Sonora than to construct a completely new water treatment plant for the customers in Jamestown. He further testified that the 50- and 25-foot service areas are proposed to facilitate the furnishing of service to

those applicants whose property actually touches or abuts upon the corridor and that PG&E does not intend to make treated water available to the whole area between Sonora and Jamestown because the transmission main is being built to bring treated water to Jamestown.

TCWD No. 2 requests that the Commission in approving PG&E's application to abandon the Jamestown Ditch expressly deny the proposed delineation of a 50-foot service area along the pipeline, and that it expressly add the following to its order in this application:

"Provided that the Company's existing service area shall in no way be abridged or curtailed by the replacement of the Jamestown Ditch, with the Jamestown Pipeline, and it shall continue to provide water service from said Pipeline to all applicants requesting the same (except that all extensions of service beyond 50 feet from the Pipeline shall be subject to Main Extension Rule Rule 15)."

Sonora Water Company requests that the Commission condition the authority for PG&E to abandon its Jamestown Ditch with a provision that PG&E shall not provide treated water service to any customer who is now receiving treated water from Sonora Water Company or to any future customer located within the service area of Sonora Water Company. PG&E stated that it would not expand into the service area of Sonora Water Company or Volponi and that it does not object to an order to that effect.

In its brief the staff states that the definition of the service area for the pipeline as proposed by PG&E would be a minimum rather than a maximum service area and that the order in this proceeding could reserve the resolution of the maximum service area for the order to be issued in Application No. 54199 of PG&E for an increase in rates for water service in its Tuolumne Water System.

PG&E points out that the primary purpose of the pipeline is to get treated water to Jamestown and that the pipeline is designed to allow for future growth of Jamestown for a 20-year period. Expanding the service in the intervening area between Jamestown and Sonora for many miles in either direction would reduce the time during which the pipeline could supply adequate water to Jamestown.

PG&E contends that when a new type of water service is substituted an entirely different service area necessarily is substituted.

PG&E points out that the owner of a water supply may make a limited dedication of it to public use, confining the use to such territory as he sees fit, and that the Commission has no jurisdiction to compel a water utility to extend its service to prospective consumers who reside outside of the area to which the water of the utility has been dedicated. (California Water and Tel. Co. v Public Utilities Comm. (1959) 51 Cal 2d 478.)

The question of dedicating facilities in new areas is a matter of discretion for a water utility. (Thury v Lucerne Water Co. (1964) 62 Cal PUC 525 and California Water and Tel. Co. v Public Utilities Comm., supra.)

The substitution of the closed treated water system for the untreated water ditch system is the substitution of a new and improved water service under which PG&E will furnish water through its own transmission and distribution mains to the customers for a former water service to which the customers were required to come to the berm of the ditch themselves for water. It is unreasonable to require

PG&E to provide the new water service to the entire service area of the portion of the ditch system which is to be abandoned. The service area for the new water service should be that which PG&E initially is willing to serve subject of course to the condition that the customers of the portion of the ditch system to be abandoned continue to be properly served.

PG&E has stated on the record that requests for service beyond the minimum service area will be considered as extensions under Rule 15 and pursuant to Sections 1001 of the Public Utilities Code, subject to the availability of the water supply and the economic need and reasonableness of the request for service.

We find that the new treated water service area should be restricted to 50 feet on each side of the proposed PG&E pipeline and 25 feet on each side of the distribution mains installed to serve existing customers.

3. Should Mr. Tamerlane at PG&E Outlet J-177 receive the same consideration as PG&E's present irrigation customers?

Exhibit 13 shows that over the last three years Mr. Tamerlane has fenced over three acres for pasture, set posts to support sprinkler risers, bought nearly 4,000 feet of irrigation pipe plus the necessary sprinkler heads, risers, fittings, valves, etc., and a 5-hp irrigation pump, and designed and cast a 17,000-gallon reinforced concrete holding tank for the specific purpose of irrigating three acres of pasture through PG&E Outlet J-177 for a total investment approaching \$5,000. The irrigation system was installed on the basis of using irrigation water from the open ditch at irrigation rates, but after learning of the proposed pipeline, Mr. Tamerlane has withheld the completion of his irrigation system until he could determine what rates for irrigation water service would prevail.

Under the circumstances the Commission will provide in the order below that Mr. Tamerlane at PG&E Outlet J-177 should receive the same consideration as PG&E's present irrigation customers receive in this proceeding.

4. Should Volponi be served by PG&E or by Sonora Water Company?

Volponi since January 1, 1969 has been purchasing untreated water from PG&E during the six months of May through October, but during the six months of November through April Volponi has purchased treated water from Sonora Water Company because of the sedimentation and the muddy appearance of the water furnished during that six-month period from the PG&E ditch. The transite pipe which provides the connection between Volponi and Sonora Water Company costs approximately \$9,000 of which Volponi has already paid one-half and Sonora Water Company the remaining one-half. The witness for Sonora Water Company testified that if Sonora Water Company were reimbursed the entire \$9,000 for the cost of the connection it would be made whole.

The annual revenue of Sonora Water Company is in the order of \$7,000 to \$7,200 a year of which Volponi provides approximately \$2,518, or over one-third.

At the hearing the witness for Sonora Water Company stated that it desired to continue to serve Volponi because of its investment in the service connection and because it could not afford to lose one-third of its annual revenue. PG&E is willing for Volponi to be served by Sonora Water Company because PG&E will then be relieved of its obligation to make a service connection to Volponi.

Volponi did not enter an appearance at the proceeding but did write letters to the Commission dated September 27 and October 28, 1974, stating its position with respect to the application. By stipulation both letters were received in evidence as Exhibit 12.

Counsel for the staff did not object to the receipt of late-filed Exhibit 12 assuming consideration of the following:

"The record discloses a substantial revenue impact on Sonora Water Company if it loses Volponi as a customer. This deficiency would probably have to be made up by Sonora Water Company's other customers. Exhibit 12 does not give any good reason for Volponi's desire to buy directly from PG&E, other than its desire to be 'independent' of Sonora Water Company. This desire seems to be of lesser merit than the dollar impact on Sonora Water Company of the loss of this customer. The existing relationship should be preserved."

The last two paragraphs of Volponi's letter dated September 27, 1974 read as follows:

"After P.G.&E.Co. installs and puts in operation its treated water pipeline, we wish the same equal right with Sonora Water Co., to hook onto the P.G.&E.Co. treated water pipeline, and to be independent of Sonora Water Co. We want only to be independent of Sonora Water Co. and be able to purchase water direct from P.G.&E. treated water pipeline, at the rate established by the Public Utilities Commission therefor, being the rate allowed to be charged by P.G.&E.Co. to all water resale customers."

"We support the piping plan outlined in the above-numbered petition, and did not appear at the recent hearing on said petition held in Sonora, because it appeared that said hearing was solely for the purpose of abandoning a portion of the Tuolumne Water System of P.G.&E., and we did not know that we were expected to appear and assert our rights to purchase water from said public utility, or make other appearance therein. We received no specific notice of the hearing other than the newspaper notification of said hearing. By this letter we are only asking that we be permitted to purchase water directly from the P.G.&E. treated water pipeline, at a rate to be charged by said utility to all other customers."

The closing paragraphs of Volponi's letter dated October 28, 1974, read as follows:

"Information RE: Volponi Acres Water Corporation.

"Be it known that on the 24th day of October, 1974, that there was a general meeting of the members of the Volponi Acres Water Corporation held at the Jamestown Community Hall concerning the issue at hand. It was voted by the members to discontinue water service with Sonora Water Company. This action was taken pending Pacific Gas and Electric Company filtered water to be piped to Jamestown. This, also, affects the eighty-two (82) customers now served by the Pacific Gas and Electric ditch water.

"RE: Volponi Acres Water Corporation is no longer affiliated with Sonora Water Company in any respect."

Volponi desires to receive service from PG&E instead of Sonora Water Company. For Sonora Water Company to be made whole it should be reimbursed for the remaining \$4,500 which it has invested in the transite pipe connection. The order will provide that Volponi may elect to receive water from PG&E at PG&E's authorized resale rate upon payment by Volponi to Sonora Water Company of \$4,500. In the event such election is not exercised by Volponi, Sonora Water Company shall continue to serve Volponi, and PG&E shall be relieved of its obligation to provide water service to Volponi.

5. Who should serve the other customers who are presently receiving domestic water service from Sonora Water Company and untreated water service from PG&E?

There are at least two customers who are receiving domestic water service from Sonora Water Company and untreated water service from PG&E which would not qualify for irrigation service under the staff recommendations. PG&E is willing for Sonora Water Company to provide the entire water service to these customers and Sonora Water Company is willing to do so.

Upon the abandonment of the ditch facilities PG&E should be relieved of the obligation to serve customers who do not qualify for irrigation service from PG&E and who are presently receiving domestic service from Sonora Water Company.

6. At what rate should irrigation service be offered by PG&E from the closed water system?

In the application PG&E provides for no special schedule of rates for its irrigation customers.

The staff in Exhibit 11 recommends that PG&E be required to provide water to irrigation customers at applicable irrigation rates subject to the following:

- "(1) Only to customers of record July 24, 1974.
- "(2) Water is to be used for irrigation only.
- "(3) Customers are irrigating two or more acres.
- "(4) Customer is engaged in commercial cultivation."

PG&E points out that under Schedule 13, the untreated water rate applicable to the four commercial irrigation customers is currently about 2 cents per Ccf. PG&E's water treatment expenses in the Tuolumne Water System amount to 12.67 cents per Ccf, and this figure does not take into consideration capital recovery, property taxes, raw water costs, customer expenses, transmission and distribution expense, administrative and general expense or common utility plant.

Schedule No. 13 is a uniform rate of flow schedule. The irrigation customers will be converted to a closed pipe system and will be peaking on the system. Low rates for water may result in inordinate use of the water.

PG&E at the hearing offered an alternative rate for the irrigation customers. This rate would apply the Schedule No. 1 rates for the first 3,000 cubic feet of water per month and 10 cents per Ccf for any excess usage. The utilization of this rate possibly would relieve PG&E from having to provide two services and two metering devices to each of these customers. This proposal would be a compromise between the staff's recommendation of Schedule No. 13 rates, which presently are 2 cents per Ccf and would go to 4 cents per Ccf under PG&E's current rate proposal, and the 17.5 cents per Ccf under the proposed tail block in Schedule No. 1.

The staff proposes that the rates for the irrigation customers be handled as a deviation from Schedule No. 1 and a special contract with each irrigation customer be filed in accordance with General Order No. 96-A.

The Commission will authorize PG&E to serve the irrigation customers including Mr. Tamerlane, subject to the limitations proposed by the staff, as a deviation from Schedule No. 1 under special contracts filed in accordance with General Order No. 96-A, at rates pursuant to Schedule No. 1 for the first 3,000 cubic feet per month and a tail block of 6 cents per Ccf for amounts used in excess of 3,000 cubic feet per month.

7. At what rates should resale service be offered by PG&E from the closed water system?

In Exhibit 11 the staff recommends that PG&E provide water to Sonora Water Company at General Metered Service, Untreated Water rates, Schedule No. 11. PG&E points out that the tail block rate for water under Schedule No. 11 is only $2\frac{1}{2}$ cents per Ccf and that the Schedule No. 11 rates are lower than the rates Sonora Water Company is paying for untreated water under Schedule No. 6.

PG&E's present Schedule No. 1 provides a tail block rate of 10 cents per Ccf over 10,000 cubic feet per month. In PG&E's proposed Schedule No. WT-1 the tail block rate is 17.5 cents per Ccf over 20,000 cubic feet per month. The Sonora Water Company tail block rate for sales over 5,000 cubic feet per month is 30 cents per Ccf.

PG&E's cost for the operation and maintenance of its water treatment plant alone is 12.67 cents per Ccf. According to the table entitled "Tuolumne Water System Effect on Schedule No. 6 (Resale) Customer's Bills of Transfer from Untreated Water from Ditch to Treated Water from Sonora-Jamestown Pipeline" which is a part of Exhibit 6 shows that the difference in the Sonora Water Company's annual cost between taking untreated water from the ditch and receiving treated water from the pipeline would be \$915 at present rates and \$1,494 at proposed rates.

The record shows that Sonora Water Company would save \$480 a year in material and supply expenses for its abandoned treatment operation and an indeterminate amount from the reduced need for electric power and supervision for the treatment operation. Sonora Water Company has approximately \$3,000 invested in its water treatment plant which it would no longer be required to operate. PG&E plans to install some 3,400 feet of six-inch main to provide service to Sonora Water Company.

PG&E should reimburse Sonora Water Company for the \$3,000 invested in its water treatment plant which will no longer be used and useful as a condition to its abandonment of the Jamestown Ditch. The resale rates should be those provided in Schedule No. 1 with such increases as may be authorized by the Commission in Application No. 54199.

8. At what rates should domestic water service be offered by PG&E from the closed water system?

PG&E proposes to offer water service from the closed water system upon the abandonment of the Jamestown Ditch under Schedule No. 1.

No party objected to the application of Schedule No. 1 to the domestic customers after they cease receiving untreated water from the Jamestown Ditch and begin receiving treated water from the closed system. Schedule No. 1 is the appropriate schedule for the domestic water services from PG&E's closed system.

Findings

1. The installation of the pipeline between Sonora and Jamestown will enable PG&E to meet its commitment to the State Department of Public Health for improved water quality to Jamestown.

2. The existing domestic customers of the ditches to be abandoned by PG&E will receive a higher quality of water service by being connected to the treated water pipeline.

3. A health hazard presently exists for the customers who are using contaminated untreated water for domestic purposes from the PG&E ditches proposed to be abandoned.

4. The health hazard to the present customers who are using untreated water for domestic purposes from the PG&E ditches proposed to be abandoned will be eliminated upon these customers being connected to the treated water pipeline and the abandonment of the ditches.

5. PG&E should be permitted to abandon the open ditches as proposed in the application when the existing customers have been connected to the new pipeline or have declined service, subject to the conditions set forth in the order below.

6. The primary purpose of the pipeline is to get treated water to Jamestown.

7. The pipeline is designed to allow for future growth of Jamestown for a twenty year period.

8. Expanding the treated water service in the intervening area between Jamestown and Sonora for many miles in either direction would reduce the time during which the pipeline could supply adequate water to Jamestown.

9. It is unreasonable to require PG&E to provide treated water service from the closed pipeline to the entire service area of the portion of the ditch system which is to be abandoned.

10. The service area for the new treated water service should be that which PG&E initially is willing to serve, subject to the condition that the customers of the portion of the ditch system to be abandoned continue to have the opportunity to be served.

11. PG&E will consider requests for service beyond the minimum service area as extensions under Rule 15 and pursuant to Section 1001 of the Public Utilities Code, subject to the availability of the water supply and the economic need and reasonableness of the request for service.

12. The new treated water service area should be restricted to 50 feet on each side of the proposed PG&E pipeline and 25 feet on each side of the distribution mains installed to serve existing customers.

13. Over the last three years Mr. Tamerlane has invested approximately \$5,000 in facilities to enable him to irrigate three acres of pasture through PG&E Outlet J-177.

14. After learning of the proposed PG&E pipeline Mr. Tamerlane has withheld the completion of his irrigation system until he knows what the rates for irrigation water service will be.

15. Mr. Tamerlane should receive the same consideration for irrigation service at PG&E Outlet J-177 as PG&E's present irrigation customers receive in this proceeding.

16. Volponi has been purchasing untreated water from PG&E during the six months of May through October, but during the six months of November through April Volponi has purchased treated water from Sonora Water Company because of the sedimentation and the muddy appearance of the water furnished from the PG&E ditch during that six-month period.

17. Volponi and Sonora Water Company each paid one-half of the approximate \$9,000 cost of the connection between the two water companies.

18. If Sonora Water Company is reimbursed \$4,500 for its share of the cost of the connection between Volponi and Sonora Water Company it will be made substantially whole.

19. Volponi desires to receive treated water service from PG&E rather than from Sonora Water Company after completion of the treated water pipeline between Sonora and Jamestown.

20. Volponi should be permitted to elect to receive treated water service from PG&E under PG&E's Schedule No. 1 upon payment by Volponi to Sonora Water Company of the sum of \$4,500. In the event Volponi does not elect to receive treated water service from PG&E, Sonora Water Company should continue to offer service to Volponi and PG&E should be relieved of its obligation to serve Volponi upon abandonment of the ditches as authorized in the order below.

21. Upon the abandonment of the ditch facilities PG&E should be relieved of the obligation to serve the customers who do not qualify for irrigation service and who are presently receiving domestic service from Sonora Water Company.

22. Under Schedule No. 13 the untreated water rate applicable to the four commercial irrigation customers is about 2 cents per Ccf at present rates and about 4 cents per Ccf at proposed rates.

23. PG&E's water treatment expenses in the Tuolumne Water System amount to 12.67 cents per Ccf.

24. PG&E seeks to apply to its irrigation customers the Schedule No. 1 rates for the first 3,000 cubic feet of water and 10 cents per Ccf for usage in excess of 3,000 cubic feet per month, as a compromise between the staff proposal and PG&E original proposal to apply Schedule No. 1 with a tail block under proposed rates of 17.5 cents per Ccf.

25. Upon abandonment of the untreated water service PG&E should be authorized to continue to serve its irrigation customers including Mr. Tamerlane, subject to the limitations proposed by the staff, as a deviation from Schedule No. 1 under special contracts filed in accordance with General Order No. 96-A, at rates pursuant to Schedule No. 1 for the first 3,000 cubic feet per month and a tail block of 6 cents per Ccf for quantities in excess of 3,000 cubic feet per month.

26. The difference in the annual cost to Sonora Water Company between untreated water service from the ditch and treated water service from the pipeline under Schedule No. 1 would be \$915 at present rates and \$1,494 at proposed rates.

27. Upon the substitution by PG&E of the treated water service for the untreated water service Sonora Water Company would save \$480 a year in material and supply expenses for its abandoned treatment operation and its water treatment plant in which it has an investment of approximately \$3,000 would no longer be used and useful in its utility operations.

28. As a condition to the abandonment of the Jamestown Ditch PG&E should be required to reimburse Sonora Water Company \$3,000 for its water treatment plant which will no longer be used and useful.

29. The resale rates for treated water service to customers formerly served from the abandoned ditch facilities should be those set forth in Schedule No. 1 with such increases as may be authorized by the Commission in Application No. 54199.

30. Schedule No. 1 is the appropriate schedule for treated water service to domestic customers formerly receiving untreated water service from PG&E's open ditches which are authorized to be abandoned in this decision.

Conclusion

The application should be granted subject to the conditions set forth in the following order.

O R D E R

IT IS ORDERED that:

1. Applicant Pacific Gas and Electric Company is authorized pursuant to Section 451 of the Public Utilities Code to abandon the facilities shown in Exhibit B to the application and described in the application as the lower portion of the Sonora Ditch from Canal Station 121 + 76 to the end, Canal Station 163 + 72, and the entire Jamestown Ditch between Canal Station 0 + 00 and the treatment

plant, Canal Station 233 + 89, and appurtenant facilities, a total of about 5.22 miles, upon completion of the construction of a treated water pipeline between the Sonora Town System and the Jamestown Treatment Plant and distribution mains to connect all customers presently receiving untreated water service from the ditches authorized to be abandoned (except customers who are presently also receiving service from Sonora Water Company) and who desire to receive service from the treated water pipeline and Mr. Tamerlane at applicant's Outlet J-177 should he also desire service at that outlet, subject to the following conditions:

- (a) Volponi Acres Mutual Water Corporation shall be permitted to elect to receive treated water service from applicant under applicant's Schedule No. 1 upon payment of the sum of \$4,500 to Sonora Water Company. In the event Volponi Acres Mutual Water Corporation does not make such payment to Sonora Water Company and elect to receive treated water service from applicant, Sonora Water Company shall continue to offer water service to Volponi Acres Mutual Water Corporation and applicant shall be relieved of its obligation to serve Volponi Acres Mutual Water Corporation upon the abandonment of the ditches authorized herein.
- (b) Applicant shall pay all costs of connecting the existing customers, and Mr. Tamerlane at applicant's Outlet J-177, to the treated water pipeline.
- (c) Applicant shall offer service from the pipeline to its irrigation customers subject to the conditions listed below, and to Mr. Tamerlane at applicant's Outlet J-177, as a deviation from Schedule No. 1 under special contracts filed in accordance with General Order No. 96-A, at rates pursuant to Schedule No. 1 for the first 3,000 cubic feet per month and a tail block of 6 cents per Ccf for quantities of water in excess of 3,000 cubic feet per month.

- (1) The irrigation customers other than Mr. Tamerlane must have been customers of record on July 24, 1974.
- (2) The water purchased may be used domestically but must also be used for irrigating two or more acres in commercial cultivation.
- (d) Applicant shall reimburse Sonora Water Company \$3,000 for its water treatment plant which will no longer be used and useful when Sonora Water Company begins receiving treated water service from applicant.
- (e) The rates of applicant for treated water service both to resale and to domestic customers formerly served from the abandoned ditch facilities shall be those set forth in Schedule No. 1.

2. Upon the connection and transfer of applicant's existing ditch customers and Mr. Tamerlane at Outlet J-177, who may desire water service from the Jamestown pipeline, applicant shall be relieved of its duties and obligations as a water corporation arising out of its ownership and operation of the facilities to be abandoned.

3. Applicant is authorized by appropriate filing to close its rate schedules to new customers as to service from the facilities to be abandoned upon the beginning of construction of the proposed pipeline and to revise the Tuolumne Ditch System service area map by deleting the facilities to be abandoned.

4. Concurrently with the discontinuance of service from the facilities to be abandoned pursuant to paragraph 2 of this order, applicant is authorized to establish by appropriate filing a treated water service area of 50 feet on each side of the Jamestown pipeline and 25 feet on each side of the distribution mains installed to serve existing customers, provided that such service area shall not include any of the service areas of Sonora Water Company and Volponi Acres Mutual Water Corporation.

5. Applicant is authorized by appropriate filing to put into effect Schedule No. 1 as to those customers (other than the irrigation customers for which deviation from Schedule No. 1 is required by Ordering Paragraph No. 1(c)) who are connected to the Jamestown pipeline.

6. Within forty-five days after the connection and transfer of applicant's existing ditch customers and Mr. Tamerlane at Outlet J-177, who may desire water service from the Jamestown ditch, applicant shall notify the Commission in writing of such fact and of its abandonment of the facilities in Ordering Paragraph 1.

7. Within forty-five days after the completion of the Jamestown pipeline and the distribution mains to serve treated water to the existing ditch customers and to Mr. Tamerlane at Outlet J-177, who may desire such service, applicant shall file with the Commission two copies of a service area map delineating the service area for treated water service from the Jamestown pipeline.

8. The authority granted to applicant by this order shall be exercised within two years from the date hereof.

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

Dated at San Francisco, California, this 13th
day of MAY, 1975.

Vernon L. Stevenson
President
William J. Agnew
Robert R. Fernald
Commissioners