

ORIGINAL

Decision No. 87279

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
PACIFIC GAS AND ELECTRIC COMPANY  
for authorization, among other  
things, to abandon a portion of its  
Jackson District Water System.

(Water)

Application No. 56692  
(Filed August 16, 1976)

Kathy Graham, Attorney at Law, for Pacific Gas  
and Electric Company, applicant.  
Michael H. Chisholm, Attorney at Law, for Mr.  
and Mrs. Richard Sist, Jerold L. Hales,  
Susan Hacker, Billy Outsinger, Joseph Matich,  
Anthony Antonini, and William Engle; and  
Milan Matulich, for himself; protestants.  
Howard C. Rolland, for Drytown County Water  
District, interested party.  
James Rood, Attorney at Law, for the Commission  
staff.

INTERIM OPINION

Pacific Gas and Electric Company (PG&E), in addition  
to its primary business of furnishing electric and gas service  
to customers in central and northern California, also distributes  
and sells water in cities, towns, and rural areas in central  
California.

PG&E's Jackson District water system consists of the interconnected Amador, Ione, and Jackson canals, a number of domestic town water systems, a treated water pipeline from Sutter Creek to Amador City, and a canal from Amador City to Drytown.<sup>1/</sup>

In this application PG&E seeks to abandon a portion of the Amador City canal and to transfer nine of its present untreated water customers on the portion of the canal to be abandoned to treated water service from a pipeline to be installed, owned, and operated by the Drytown County Water District (District). A copy of the letter of understanding dated March 4, 1976 signed by a representative of PG&E and the directors of District is attached as Appendix A. PG&E further seeks authority to transfer six other present water customers now served by the canal to its Amador City water system.

Protests were received from customers proposed to be transferred to District.

Public hearing was held before Examiner Mallory at Sutter Creek on January 18 and 19, 1977, and the matter was submitted upon receipt of the hearing transcript.

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<sup>1/</sup> As of December 31, 1975, the Jackson District water system supplied 1,709 customers in the communities of Amador City, Ione, Sutter Creek, and Sutter Hill and in territory adjacent to the canals. Water for the system is obtained from PG&E's Tabeaud Reservoir, which is part of its Mokelumne River Hydraulic Project.

Prior to and during the course of the hearing attempts were made by PG&E and protestants to reach an agreement concerning rates and services. Although no agreement wholly satisfactory to PG&E and protestants was made, PG&E changed its proposals in an attempt to reach settlement. At the conclusion of the hearing PG&E agreed to retain as its customers those customers initially proposed to be transferred to District, subject to the condition that upon transfer of ownership of the properties to be so served, or upon any material increase in water usage the transfer to District would take place. PG&E also proposed to assess metered rates to protestants after connection to the pipeline, including those protestants engaged in commercial irrigation (farming and irrigation of pastureland). The latter would be assessed a modified schedule of irrigation rates as described hereinafter. It is the intent of PG&E that future pipeline customers will become customers of District, who would own the pipeline. PG&E proposes to contribute \$25,000 to District, which amount PG&E estimates to be half the cost of construction.

Protestants object to the rate schedule proposed by PG&E, to the conditions under which they would become customers of District, and to District's rate schedule applicable to any transferred customers.

The Commission staff recommended, inter alia, that the ownership of the pipeline be retained by PG&E in order that adequate service be provided to protestants. It is the staff's position that material benefits will accrue to PG&E upon construction of the pipeline in the form of substantial savings from lost water and canal maintenance costs which more than offset the construction and maintenance costs of the pipeline.

All parties to the proceeding agree that the proposed pipeline is necessary to provide potable water to District and to existing canal customers. The issues herein concern the ownership of the pipeline, the water rates to be assessed present canal and future pipeline customers, and terms and conditions under which the pipeline should be constructed.

District's Evidence

A director of District testified substantially as follows in support of the application.

District was formed in 1961 by the Amador County Board of Supervisors to solve an emergency water problem. Funds for formation of District and capital improvements heretofore made have been supplied by Amador County. Any funds necessary for construction of a pipeline would be advanced by the county to District.

Pursuant to a directive from the State Department of Health, District constructed a treatment plant in 1969 to purify the water District obtains from the canal. That plant is operated by a part-time employee who is nearing retirement. That employee is not a licensed treatment plant operator. The State Department of Health has informed District that it must employ a licensed operator, which the witness estimated would increase present labor cost by approximately \$600 per month.

District has made a cost analysis which showed that operation and maintenance of a pipeline for transmission of treated water purchased from PG&E will be less costly than the continued operation and maintenance of its filter plant. Therefore, District supports the granting of the application and agrees to

accept as customers the present canal customers of PG&E, although such customers are located outside District's boundary. District proposes to charge those customers its present rates, which are higher than PG&E's present rates for untreated water or proposed rates for treated water.<sup>2/</sup>

The witness testified that the present revenues from tax levies and water sales are sufficient only to pay District's operating costs and amortize an existing debt of \$10,000 for construction of its filter plant. District has the ability to raise the funds necessary to construct the proposed pipeline. Estimates made by the witness indicate that District can construct the 4-inch pipeline as proposed in the application for the \$25,000 to be contributed by PG&E using contributed labor and careful control of purchases and construction costs.

The record indicates that a 4-inch pipeline is adequate only to serve District's existing customers and to provide service to the canal customers proposed to be transferred to District. A pipeline of that size would be barely adequate if additional customers are added within District or if existing or new customers along the pipeline increase their water usage. It appears from the record that it is feasible to install a 6-inch pipeline without incurring significantly greater construction costs. The record also indicates that a 6-inch pipeline would be compatible with existing facilities.

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<sup>2/</sup> District's present rates for Drytown residents are \$8 per month for the first 20,000 gallons, plus \$0.40 per 1,000 gallons for amounts in excess of 20,000 gallons. 20,000 gallons is equivalent to 2,674 cubic feet.

PG&E's Evidence

Evidence in support of the application was presented by two witnesses appearing for PG&E. Their testimony is summarized in the following statements.

PG&E proposes that a pipeline be constructed and owned by District which will roughly parallel and replace the portion of the Amador Canal to be abandoned.<sup>3/</sup> PG&E proposes to contribute to District a sum of \$25,000, which it estimates is approximately half the construction cost. In the event actual construction cost substantially exceeds the estimate, PG&E would raise its contribution by an unspecified amount.

PG&E desires to furnish treated water service to existing canal customers and to a person claiming a water right. Under PG&E's proposal, as amended at the hearing, PG&E will retain all existing canal customers. Six of those customers served from the siphon portion of the canal will be transferred to PG&E's Amador City system. Other canal customers initially proposed to be transferred to District will continue to be served, but only as long as they retain ownership of the property receiving water service and as long as their water needs do not increase to the extent that a larger meter is required. When ownership of the property is transferred or when water needs materially increase, District would assume responsibility for the water service to such customers and District's rates would be assessed. All new customers served by the pipeline would be District customers. Measured

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<sup>3/</sup> The pipeline will extend from an existing PG&E main on School Street in Amador City to District's treatment plant. The portion of the pipeline within the city limits of Amador City will be owned by PG&E and the remainder by the District. PG&E will install a separate treated water main on Amador Creek Road to serve six customers.

quantities of water delivered by PG&E to the nine present customers (and three added customers to be offered water trough service) would be deducted from the total quantity of water delivered to District. District would determine whether it had adequate water to supply any additional needs of PG&E's existing customers.

About 270 acre-feet of water is lost annually because of evaporation and runoff at the end of the canal, which would be saved if a pipeline is constructed. In addition, the water drunk by cattle grazing on land adjacent to the canal is an uncompensated usage.<sup>4/</sup> The water entering the canal is treated water from PG&E's Tanner Reservoir. The treated water no longer meets Department of Health standards for drinking water after being placed in the canal. The canal water is used by present customers for drinking as well as for other purposes. It is PG&E's view that the canal water is unsuitable for domestic purposes, and PG&E desires to supply treated water under higher pressures to its present customers, including District.

It is planned that District will use a 4-inch polyvinyl chloride pipe in the construction of the pipeline, which will provide 160 gallons per minute at Drytown, less the amount used by other pipeline customers. It is estimated that based on current usage an excess of 40 gallons per minute will be provided, without considering the usage of two commercial irrigation customers who will be furnished 1-inch meters or to the water supplied for cattle watering troughs. If the total usage exceeds 170 gallons per minute, the usage by pipeline customers will decrease the amount of water furnished to District. There are now 43 to 46 customers in the district, and there are 17 unbuilt lots in the district.

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<sup>4/</sup> Part of the runoff is accumulated and used by Mr. Fancher without cost. Mr. Fancher and Messrs. Vairo, Garibaldi, and Santinelli would be offered service as water trough customers.

PG&E's present rates for untreated water for service furnished at the berm of the canal are as follows:

SCHEDULE NO. 12

GENERAL FLAT RATES - UNTREATED WATER

<u>Rates</u>	<u>Per Connection Per Month</u>
For each separate premise, including garden irrigation up to 10,000 sq.ft.	
Six months, May through October .....	\$6.00
Six months, November through April .....	3.50
For garden irrigation in excess of 10,000 sq.ft. during the months May through October, per 100 Sq.ft. ....	.03
For swimming pools during the months May through October .....	5.00
For premises on which not more than 1,000 sq.ft. is occupied or irrigated .....	2.00



The rates proposed to be assessed for pipeline customers other than those that qualify as commercial irrigation customers are as follows:<sup>5/</sup>

## SCHEDULE NO. 1

GENERAL METERED SERVICE - TREATED WATER

<u>Rates</u>	<u>Per Meter Per Month</u>
Monthly Quantity Charge:	
First 600 cu.ft. or less .....	\$ 1.85
Next 1,400 cu.ft., per 100 cu.ft. ....	.25
Next 3,500 cu.ft., per 100 cu.ft. ....	.20
Next 9,500 cu.ft., per 100 cu.ft. ....	.15
Over 15,000 cu.ft., per 100 cu.ft. ....	.12
Monthly Minimum Charge:	
For 5/8-inch meter .....	\$ 1.85
For 3/4-inch meter .....	2.25
For 1-inch meter .....	3.50
For 1-1/2-inch meter .....	6.00
For 2-inch meter .....	9.50
For 3-inch meter .....	18.00
For 4-inch meter .....	30.00

The Monthly Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Charge.

Present canal customers who now irrigate two acres or more (Matulich and Engle) would be furnished one-inch meters and would be assessed on the basis of the following rate schedule:

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<sup>5/</sup> Customers Matich, Antonini, Hales, Sist, Lapp, and Cutsinger will be served under Schedule No. 1.

TABLE I  
COMMERCIAL IRRIGATION SERVICE  
TREATED WATER

<u>Rates</u>	<u>Per Meter</u> <u>Per Month</u>
Monthly Quantity Charge:	
First 600 cu.ft. or less .....	\$1.85
Next 1,400 cu.ft., per 100 cu.ft. ....	.25
Next 1,000 cu.ft., per 100 cu.ft. ....	.20
Over 3,000 cu.ft., per 100 cu.ft. ....	.06

Monthly Minimum Charge:

(Same as Schedule No. 1.)

Protestant Matich, who owns ten acres and is a current canal customer, would not be eligible under PG&E's proposal to use the above rate schedule because Matich does not irrigate five acres at the present time.

Property owner Vaira, a present canal customer, and property owners Fancher, Garibaldi, and Santinelli, who are not canal customers but who graze cattle adjacent to the canal, will be provided with one service connection each at the pipeline and a 3/4-inch meter to supply water to cattle watering troughs.

Commission Staff Evidence

An assistant utility engineer presented evidence in the form of a report, received as evidence as Exhibit 4. The field study made by the staff engineer was conducted in August 1976, prior to the time that PG&E amended its proposals. In the course of his field study the engineer inspected the canal and the treatment facilities of District and conducted interviews with canal customers and representatives of PG&E and District. The report describes in detail the results of the staff investigation and contains the following conclusions:

1. District and its present customers would receive benefit from substitution of the pipeline in place of the Amador Canal inasmuch as District would be able to eliminate the use of its treatment plant.
2. PG&E would benefit by not having to operate and maintain the open ditch. Regardless of ownership, a pipeline would require considerably less maintenance than the canal, and would also result in much less lost water through seepage, evaporation, and transpiration. (The staff evidence shows that canal maintenance cost for a recent year was \$6,059, and that the estimated value of the 270 acre-feet of water per year which would no longer be lost is about \$7,050, based on the proposed tail-block rate of 6 cents per 100 cubic feet for commercial irrigation.)
3. The substitution of the closed treated water system for the untreated water ditch system is the substitution of a different, new, and improved public utility water service. No longer will customers be required to come to the berm of the ditch to receive nonpotable water. The water will meet the requirements of the California Department of Public Health for domestic service.
4. Contribution of \$25,000 by PG&E toward installation of the pipeline appears to be reasonable. However, District could contribute its portion to PG&E so that transfer to customers from PG&E to District would not be necessary. Thus service could be provided by PG&E for all of the present customers as well as District at the approximate locations at which they are now being served.

5. The conditions for future irrigation service to customers who now receive irrigation service from the Amador Canal should be similar to those set forth by Decision No. 84428 dated May 13, 1975 in Application No. 55059, and those customers who do not qualify should be served under Schedule No. 2, Domestic Flat Rates - Treated Water.

The staff recommends that the abandonment of the Amador Canal should be approved under the following conditions:

- a. The pipeline should be installed under the funding arrangements as shown in the application, except that District's portion should be contributed to PG&E and the customers served therefrom should remain PG&E customers.
- b. The meter serving District should be set at District's boundaries.
- c. PG&E should be required to provide water to irrigation customers at applicable flat rates for untreated water subject to all of the following conditions:
  1. Only to customers of record on August 16, 1976.
  2. Customers who are irrigating two or more acres.
  3. Customers who are engaged in commercial cultivation.
- d. Existing customers who do not qualify as irrigation customers should be served under Schedule No. 2, Domestic Flat Rates - Treated Water.
- e. Any new customers located along the ditch to be abandoned should be served under either Schedule No. 1, General Metered Service - Treated Water, or Schedule No. 2, Domestic Flat Rates - Treated Water.
- f. Customers' premises situated along the pipeline to be installed by PG&E on Amador Creek Road should also be subject to conditions c, d, and e above.

Testimony of Protestants

Six protestants testified in opposition to the conditions under which PG&E would provide service from the pipeline. All protestants object to becoming customers of District because the current water rates of District result in higher charges than protestants desire to pay. All protestants also object to PG&E's proposed condition for service from the pipeline that upon transfer of the property served by sale or bequest, or upon increase in water usage, service would be provided by District in place of PG&E.

Protestants Hales, Sist, and Hacker testified that they desire to have continued service from PG&E under the rates set forth in its Schedule No. 2 - Domestic Flat Rates - Treated Water.<sup>6/</sup> The record also shows that protestants Cutsinger and Antonini, who could not attend the hearing, also desire continued service by PG&E under Schedule No. 2 rates. Protestant Engle, who owns 58 acres

<sup>6/</sup> Schedule No. 2 now applies in the towns and certain areas adjacent to Amador City, Sutter Creek, and Sutter Hill and contains the following rates:

Rates

	<u>Per Connection</u> <u>Per Month</u>
For single family dwellings to include garden irrigation up to 7,000 sq.ft.	
Six months, May through October .....	\$4.50
Six months, November through April ...	3.25
For garden irrigation in excess of 7,000 sq.ft. during the months May through October, per 100 sq.ft. ....	.05
For each additional apartment or family unit served through one service connection .....	1.50
For small house usage without garden or other water requirements .....	2.50

and irrigates approximately 3 acres of pastureland and 5 acres of orchard, and who waters cattle, desires service under the rates in Table 1 or the rates in PG&E's Schedule No. 11 - General Metered Service - Untreated Water.<sup>7/</sup> Protestant Matulich, who irrigates approximately 6½ acres of fruit trees and pasture, desires service from PG&E under its Schedule No. 11. Protestant Matulich testified that upon application for service from PG&E approximately 8 years ago, he was advised that if meters were installed, Amador Canal customers would be charged under Schedule No. 11 rather than under Schedule No. 12. Matulich claims the right to continued service under Schedule No. 11 rates pursuant to an alleged prior oral agreement with the PG&E local representative.

7/ Schedule No. 11 is applicable to service of untreated water from the company's ditch system, excluding resale service, to commercial and industrial users and public agencies on the company's Jackson District ditch system.

Schedule No. 11 contains the following rates:

Rates

				<u>Per Meter</u>	<u>Per Month</u>
Monthly Quantity Charge:					
First	1,000 cu.ft.,	per 100 cu.ft. ..	\$	.20	
Next	2,000 cu.ft.,	per 100 cu.ft. ..		.15	
Next	7,000 cu.ft.,	per 100 cu.ft. ..		.05	
Next	90,000 cu.ft.,	per 100 cu.ft. ..		.03	
Over	100,000 cu.ft.,	per 100 cu.ft. ..		.025	
Monthly Minimum Charge:					
For	3/4-inch meter,	or less .....	\$	2.00	
For	1-inch meter	.....		2.50	
For	1-1/2-inch meter	.....		3.50	
For	2-inch meter	.....		5.00	
For	3-inch meter	.....		7.50	
For	4-inch meter	.....		10.00	
For	6-inch meter	.....		15.00	
For	8-inch meter	.....		20.00	

(Continued)

With respect to the level of District rates, protestant Hales testified that he irrigates approximately  $3/4$  acre during the months of June, July, and August and uses approximately 7,200 gallons of water per day. Under District's rate schedule, the basic quantity of 20,000 gallons would be used in 3 days, and water used in excess of that amount would be charged for at a rate of 40 cents per 1,000 gallons. His present charge for summer months is about \$8.50 per month. Under District's schedule, the charge for the same amount of water would rise to approximately \$94.90 or an increase of about \$85. Protestant Matich also uses about the same quantity of water as Hales and would be affected in the same manner.

Protestant Matich testified in behalf of his mother, Helen Matich. Protestant Matich objected to the proposed restriction of commercial irrigation water rates to those property owners who are now irrigating 2 acres or more and to the proposal that water service be provided by District upon transfer of property by inheritance. Protestant Matich stated that in prior years substantially more acreage was irrigated than the  $3/4$  acre now irrigated by Mrs. Matich, and when the property is transferred to his mother's heirs, it is their intent to irrigate in excess of  $3/4$  acre. Protestant Matich desires that PG&E provide service to the Matich property at rates set forth in Table 1 (above) and that upon transfer of the property to the heirs of the present owner, PG&E, rather than District, provide service.

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7/ (Continued)

The Monthly Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Charge.

### Issues

It is clear that substantial benefits to PG&E, to District, and to other present canal customers will result from the construction of the proposed pipeline in place of the present Amador Canal and that construction of the proposed pipeline is required by public convenience and necessity and is required in the interest of public health and safety. Upon completion of the pipeline and connections therefrom to existing customers and to others obtaining water from the canal, the canal is no longer required to serve public convenience and necessity and may be abandoned.

Therefore, the pipeline should be built. The questions to be resolved herein are:

1. The size of the pipeline necessary to provide reasonable and adequate service to present canal customers and future pipeline customers of PG&E or District.
2. Whether the District or PG&E should construct and own the pipeline.
3. What water rates should be applicable to the pipeline customers proposed to be retained by PG&E.

### Discussion of Size of Pipeline

The record shows that the design and engineering of the proposed pipeline was undertaken by District. District intends to construct the pipeline with the funds contributed by PG&E, inasmuch as it has no ready source of additional funds. District's officers



would assume responsibility as the contractor for construction of the new facilities.<sup>8/</sup> It can be inferred that the limitation of available funds prompted the design of a pipeline of a size that is barely adequate for present needs of District and of existing canal customers and which provides for little or no expansion.

The record indicates that construction of a 6-inch rather than a 4-inch pipeline would incur very little additional construction cost because the only material additional cost is the larger sized PVC pipe and some possible reconstruction of PG&E facilities adjacent to the pipeline. PG&E offered to raise its contribution to District in the event the amount of \$25,000 is insufficient to cover higher construction costs. That offer implied that PG&E would not object to the construction by District of a 6-inch pipeline.

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<sup>8/</sup> This proposal of District may be in violation of Section 1090 of the California Government Code, which provides:

"Members of the Legislature, state, county, district, judicial district, and city officers or employees shall not be financially interested in any contract made by them in their official capacity, or by any body or board of which they are members. Nor shall state, county, district, judicial district, and city officers or employees be purchasers at any sale or vendors at any purchase made by them in their official capacity.

"As used in this article, 'district' means any agency of the state formed pursuant to general law or special act, for the local performance of governmental or proprietary functions within limited boundaries."

Future public convenience and necessity require that the pipeline be of an adequate size to serve known customers' needs and the needs of potential customers. Therefore, a 6-inch pipeline should be required to be constructed to replace the canal to be abandoned.

Discussion of Ownership of the Pipeline

As heretofore indicated, PG&E, District, and other canal customers will receive material benefits from the construction of the pipeline. The canal customers, including District, will receive treated water in place of untreated water, and the treated water will meet the health and potability standards of the State Department of Public Health.

The District will be able to discontinue the operation of its present treatment plant and will not need to hire an additional employee whose wages cannot be met from the present revenues to District. Thus, if the pipeline is constructed without outlay of funds in addition to those contributed by PG&E, District will save treatment plant operating costs and will not need to raise water rates or ad valorem taxes to property owners in the district.

PG&E will also receive substantial monetary benefits, as it will no longer incur canal maintenance expenses estimated to be about \$6,000 annually, and it will no longer incur loss of 270 acre-feet of water estimated to have a value of about \$7,000 annually. It readily can be seen that PG&E can recover its proposed \$25,000 contribution to District in about 2 years. If PG&E constructs the pipeline, it probably would recover its investment through reduction in maintenance expenses and water losses in a matter of 5 to 6 years. Thus, the greatest monetary benefits from the construction of the pipeline redound to PG&E. PG&E appears reluctant to assume ownership of the pipeline because it would be required

to serve additional customers who are not now canal customers.<sup>9/</sup>  
The present canal customers receive water at the berm of the ditch;  
if PG&E owns the canal it would be required to establish a larger  
service area on either side of the pipeline.<sup>10/</sup>

PG&E revised its original proposal at the hearing to the extent that existing canal customers would continue to be served by PG&E even though the pipeline was proposed to be owned by District. The conditions under which PG&E would continue to serve existing customers are opposed by protestants because those conditions assertedly would impair property values and eventually provide substantially higher water rates should protestants become customers of District. A more immediate problem to protestants is the proposal that upon request for additional amount of water, PG&E would transfer service to District, and District may not have sufficient excess to supply an adequate amounts of water. If future public convenience and necessity are to be served, PG&E should provide water service to all existing and potential pipeline customers without the conditions which PG&E proposes to impose in its amended proposal made at the hearing. The most feasible means of removing protestants' objections is to have PG&E retain ownership of the pipeline.

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<sup>9/</sup> Two persons, who are not present customers but whose cattle drink from the canal, were offered watering trough service by PG&E at the hearing.

<sup>10/</sup> In Decision No. 84428, supra, PG&E established a treated water service area of 50 feet on either side of the Jamestown pipeline and 25 feet on each side of the distribution mains installed to serve existing customers in connection with abandonment of a portion of its Sonora ditch.

Considering that PG&E will receive the greatest monetary benefits from the pipeline, that District does not have adequate financial resources to construct the pipeline without financial assistance from PG&E or other source, and that public convenience and necessity will not be served by the conditions proposed to be imposed by PG&E in connection with continued service to present pipeline customers, it is clear that PG&E, and, not District, should construct and own the proposed pipeline. The entire construction cost of the pipeline should be borne by PG&E inasmuch as District has no ready source of funds with which to make a contribution to the construction cost, and because of the material benefits to PG&E from the substitution of the pipeline for canal as heretofore discussed, exceed the benefits to be derived by District.

Findings

1. PG&E operates as a public utility water company in connection with the sale and distribution of water in its Jackson District water system. That system includes the Amador Canal.
2. PG&E sells water from its Amador Canal to the Drytown Water District (District) and to nine other customers. District receives water at the end of the canal, and other customers receive water at the berm of the canal.
3. District was required by the State Department of Health to construct a treatment plant to provide potable water to its approximate 43 to 46 customers. That plant was erected at an approximate cost of \$10,000 with funds advanced by the county of Amador.

4. The annual funds available to District from property taxes and sales of water are approximately equal to the annual costs of purchased water, debt service, and the operating and maintenance expenses of its facilities.

5. District has been advised that it must employ a licensed treatment plant operator to replace a part-time employee. The employment of a licensed treatment plant operator will substantially increase District's costs.

6. District has made a cost analysis which showed that construction of a pipeline for transmission of treated water from PG&E would be less costly than continued operation of its treatment plant.

7. PG&E proposes that the pipeline be constructed by District. PG&E proposes to contribute to District the sum of \$25,000, which PG&E estimates is half the cost of construction of the pipeline.

8. District does not have sufficient funds to supplement the contribution of PG&E. District proposes to construct a 4-inch PVC pipeline at an approximate total cost of \$25,000 using contributed labor.

9. The proposed 4-inch pipeline will not serve the present and future needs of the District, the present canal customers of PG&E, and the future needs of additional irrigation and cattle-watering customers.

10. A 4-inch pipeline is barely adequate to serve the needs of PG&E's current canal customers, including District, and would provide only a minimal reserve capacity. A 6-inch pipeline is required to be constructed to provide reasonable and adequate service to all present and potential customers.

11. Upon construction of the pipeline, PG&E proposes to abandon the Amador Canal and to serve present canal customers and other current water users from the pipeline under conditions hereinafter enumerated.

12. The estimated annual water loss from Amador Canal through evaporation and waste is approximately 270 acre-feet. At PG&E's lowest proposed resale rate the annual value of such lost water is \$7,000. The annual maintenance cost for the Amador Canal is approximately \$6,000. Construction of a pipeline to replace Amador Canal would eliminate the water losses and the canal maintenance costs.

13. Construction of the proposed pipeline would achieve substantial conservation of water in accordance with recent Commission directives by the elimination of water losses from evaporation and runoff at the end of the canal. (Ccf. Decision No. 86959 dated February 10, 1977, in Case No. 10114, Investigation Into the Operations, etc., Relating to Water Conservation.)

14. The proposed \$25,000 contribution by PG&E toward the construction of the proposed pipeline would be recovered in approximately two years through the value of water formerly lost from the canal and from canal maintenance costs.

15. Both District and PG&E will receive direct monetary benefits from the construction and operation of a pipeline to replace the Amador Canal. In addition, present and prospective customers of District and present canal customers of PG&E will receive substantial benefit in the form of potable water which meets State Department of Health standards, and that water served from the pipeline will be under constant higher pressure than water served from the canal.

16. Public convenience and necessity and public health and safety require the immediate construction of the proposed pipeline to replace the existing Amador Canal.

17. PG&E will receive monetary benefits equal to or greater than District from the construction of the proposed pipeline to replace the Amador Canal. PG&E has the ability to finance and to place into operation the proposed pipeline while District does not have that financial capability.

18. PG&E proposes that present canal customers and certain other persons taking water from the canal will continue to be served by it when the pipeline is built. The conditions under which these customers would be served contemplate, among other things, that customers would be transferred to District from PG&E when (1) the property owners transfer title to their property to others by sale or inheritance, or (2) when the amount of water required by a customer is substantially increased.

19. Present canal customers proposed to be served by PG&E from the pipeline would be adversely affected by the transfer to District under conditions proposed by PG&E because District's rates would be higher than the rates proposed by PG&E for commercial irrigation or for other usages, and because sufficient water may not be available from District to meet the future needs of those customers.

20. The conditions under which PG&E offers service to existing canal customers would become moot if PG&E constructs the pipeline and provides water service to all present and potential pipeline customers.

21. In view of Findings 15 through 19, PG&E, rather than District, should construct, own, and maintain the pipeline. The pipeline constructed by PG&E to replace the Amador Canal should be

of sufficient capacity to meet the needs of all present and potential customers of that pipeline. The minimum adequate size of such pipeline is six inches.

22. Upon construction and operation of the pipeline described above, public convenience and necessity no longer require the operation of the Amador Canal. Concurrent with the establishment of service to existing customers, including District, through such pipeline facilities, PG&E should be authorized to abandon the remaining portion of the canal and related appurtenances no longer necessary and required by the public.

23. No data were presented specifically directed to implementation of the California Environmental Quality Act of 1970 (CEQA) pursuant to Rule 17.1 of the Commission's Rules of Practice and Procedure. Approval of the construction of the proposed pipeline is a nonministerial project involving the issuance of a permit, license, certificate, or entitlement of use for which this Commission has principal responsibility for approving. The project is one which would ordinarily be expected to have a significant effect on the environment but which may qualify for a negative declaration. This Commission is the lead agency involving the construction of the pipeline and abandonment of the canal. Additional data are required to be furnished to the Commission in order to determine whether the approval of the construction of the proposed pipeline and abandonment of the canal may have a significant effect on the environment. PG&E should furnish the information necessary for the Commission staff to prepare an initial study pursuant to Rule 17.1(c)(3) of the Commission's Rules of Practice and Procedure.



24. PG&E plans to meter all service from the pipeline, including service to District. Metering of water results in reduction in wastage and leads to conservation.

25. When the pipeline is in service, PG&E proposes to serve protestants, District, and water trough customers which do not now commercially irrigate two acres or more at the rates set forth in Schedule No. 1 - General Metered Service - Treated Water (See page 9, supra); and proposes to assess the rates in Table 1 - Commercial Irrigation Service - Treated Water (see page 10, supra) for present customers who commercially irrigate two acres or more. The proposed rates will be just, reasonable, and nondiscriminatory, except that commercial irrigation rates should be made applicable to any pipeline customer who in the future may irrigate two acres or more.

26. The additional conditions, other than described in the preceding finding, under which PG&E offers service to protestants and to water trough customers are not reasonable and are discriminatory. Such conditions should not be adopted. PG&E should serve all present and potential customers who request service within 50 feet of the pipeline.

27. PG&E proposes to transfer present customers served from the siphon portion of Amador Canal to its Amador City system and to assess rates for treated water applicable within that system. Such transfer and resulting rates will be just and reasonable.

28. Protestant Matulich requests that he be served under Schedule No. 11 - General Metered Service - Untreated Water, on the basis that an oral agreement to assess rates in that schedule was made by him and the local representative of PG&E at the time he first became a canal customer. PG&E must abide by its tariffs; therefore, if such oral agreement existed, it had no force or effect. Protestant Matulich should be accorded the same rates as other commercial irrigation customers as set forth in Table 1.

29. The meter serving District should be set at District's boundary.

Conclusions

1. PG&E should be authorized to construct the proposed pipeline in accordance with the preceding findings.

2. PG&E should immediately furnish to the Commission staff the information necessary for it to prepare an initial study pursuant to Rule 17.1(c)(3) of the Commission's Rules of Practice and Procedure. Construction of the pipeline should not commence until the requirements of CEQA have been met.

3. Upon commencement of service from the pipeline, PG&E should be authorized to abandon the Amador Canal as provided in the order which follows.

INTERIM ORDER

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 remaining portion of the Amador City Canal starting at Amador City Reservoir (Canal Station 2407 + 71) to the end (Canal Station 2513 + 71), a total of 10,600 feet, upon

completion of the construction of a treated water pipeline between a point on East School Street within Amador City Water Service area to a point with the boundary of the Drytown County Water District and the related distribution mains to connect all customers presently receiving untreated water service from the canal authorized to be abandoned and who desire to receive service from the treated water pipeline and the prospect customers offered watering trough service, subject to the following conditions:

- (a) Applicant shall pay all costs of connecting the existing customers to the treated water pipeline.
- (b) Applicant shall offer service from the pipeline to its commercial irrigation customers subject to the conditions listed below, 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. The water purchased may be used domestically but must also be used for irrigating two or more acres in commercial cultivation.
- (c) The rates of applicant for treated water service both to resale and to domestic customers formerly served from the abandoned canal facilities shall be those set forth in Schedule No. 1.

2. Upon the connection and transfer of applicant's existing canal customers who may desire water service from the Drytown pipeline, applicant shall be relieved of its duties and obligations as a water corporation arising out of its ownership and operation of the canal facilities to be abandoned.

3. Applicant is authorized by appropriate filing to revise the Jackson District water 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 Drytown pipeline and 25 feet on each side of the distribution mains installed to serve existing customers.

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 1(c)) who are connected to the Drytown pipeline.

6. Within forty-five days after the connection and transfer of applicant's existing canal customers and water trough customers who may desire water service, 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 Drytown pipeline and the distribution mains to serve treated water to the existing ditch customers and to water trough customers 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 Drytown pipeline.

8. Applicant Pacific Gas and Electric Company shall not commence construction work on the new pipeline facilities until it complies with Finding 23 and Conclusion 2 of this opinion and after a further order from the Commission.

9. The authority granted to applicant by this order shall be exercised within three 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 3rd  
day of MAY, 1977.

Roluf Bakmanil  
President  
William Lyons Jr.  
Veronica L. L. L.  
Richard D. L.

Commissioners

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LETTER OF UNDERSTANDING  
(Dated March 4, 1976)

For the purpose of providing treated water to Drytown County Water District (District) for use within the community of Drytown, Pacific Gas and Electric Company (PGandE) is willing to, upon completion and approval of all work, contribute \$25,000 toward the cost of a pipeline to be constructed by the District, commencing on East School Street in Amador City and ending north of PGandE's Amador City System near Quartz Mountain Road, contingent upon, but not limited to, the following terms:

1. Maximum delivery shall be 160 gpm.
2. Point of delivery of PGandE water shall be at a 2-inch meter installed on East School Street at or near PGandE's service area boundary in Amador City.
3. Pipeline to be completely owned, maintained and operated by District.
4. All customers of PGandE on the existing Amador City Canal section between Sta. 2428+67 and its end about Sta. 2513+71 shall become customers of District; existing customers on the siphon pipe between Amador City Reservoir and Sta. 2428+67 serving the canal section will remain PGandE customers.
5. Existing PGandE Amador City Canal between Sta. 2428+67 and its end about Sta. 2513+71, and all its services are to be abandoned.
6. District shall, upon California Public Utilities Commission (CPUC) authorization, assume all public utility obligations to PGandE ditch customers which become customers of the District.
7. District shall be responsible for compliance with current laws and standards relating to domestic water supply; PGandE to certify potability at point of delivery.
8. In the interest of water conservation, District shall meter its customers' accounts.
9. District and PGandE shall enter into a resale water contract.

A.56692 km

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10. Charges for water delivered to District by PGandE shall be in accordance with Schedule No. 1, General Treated Water Service, Jackson Water System.

11. All conditions of this Understanding shall be subject to approval by the CPUC.