

ORIGINAL

Decision No. 55523

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of RIM OF THE WORLD WATER COMPANY for a certificate of public convenience and necessity to operate a water company.))))	Application No. 38130 (First Supplemental) (Amended)
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and

In the Matter of the Application of RIM OF THE WORLD WATER COMPANY for a certificate of public convenience and necessity to operate a water company.))))	Application No. 38130
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In the Matter of the Application of RIM OF THE WORLD WATER COMPANY for authority to issue shares of stock.))))	Application No. 38219
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PETITION FOR MODIFICATION OF
PARAGRAPH 1a of DECISION
NO. 53984

Douglas Badt, president, for applicant.
Walter J. Cavagnaro, for the Commission staff.

O P I N I O N

Rim of the World Water Company, a corporation, filed the above-entitled First Supplemental application on February 6, 1957, seeking authority to extend its water system into tentative Tracts Nos. 5087, 5088, and 5089, and Camp Deer Miss, in unincorporated territory in the San Bernardino mountains, San Bernardino County, and filed an amendment thereto on June 11, 1957, seeking authority to extend its water system contiguously under Section 1001 of the Public Utilities Code, and seeking a deviation from the Commission's General Order No. 103 to allow it to install double-dipped, welded steel pipe instead of double-dipped and wrapped, welded steel pipe,

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which latter type is the minimum standard under said General Order.

On May 31, 1957, applicant filed a Petition for Modification of Decision No. 53984, dated October 30, 1956, in Applications Nos. 38130 and 38219. (The last-numbered application concerned itself with a stock issue and was not affected by applicant's Petition for Modification.) Said petition sought a modification of ordering Paragraph 1a of Decision No. 53984 (supra), which had required applicant to have had installed and placed in operation two 50,000-gallon storage tanks, and requested that applicant be ordered, instead, to install one 100,000-gallon storage tank.

A public hearing on these matters was held before Examiner Stewart C. Warner on June 26, 1957 at Los Angeles. There were no protests to the granting of the application, but the Commission staff submitted a memorandum, Exhibit No. 14, containing, among other things, a statement by a Commission hydraulic engineer of items which he testified, should be considered in connection with the application, both as originally filed and as amended, and containing certain staff recommendations with respect to water service.

General Information

By Decision No. 53984 (supra), applicant was granted a certificate of public convenience and necessity to operate a public utility water system in tentative Tract No. 5086 on Rim of the World Highway in the San Bernardino mountains, and authority was granted to applicant to issue stock for conveyance, by Rowco, Inc., applicant's parent company and the corporation which is subdividing tentative Tracts Nos. 5086 to 5091, inclusive, of the water system

properties in tentative Tract No. 5086 installed and owned by said Rowco, Inc., to applicant.

The evidence adduced at the hearing on applicant's original applications on August 16, 1956, as outlined in Decision No. 53984 (supra), showed that applicant proposed to acquire from said Rowco, Inc., seven wells, of which six were producing wells, with a combined production capacity of 186.3 gallons per minute; that tentative Tract No. 5086 contained 295 lots, none of which had been sold, nor on any of which had construction commenced; that better operating pressures and standby water service would be maintained with the installation of two 50,000-gallon storage tanks instead of a 100,000-gallon storage tank which applicant proposed to acquire from Rowco.

Decision No. 53984 (supra) denied applicant's request for a certificate of public convenience and necessity to construct and operate a water system in tentative Tracts Nos. 5087 through 5091, and restricted applicant's certificated service area to Tract No. 5086, pending further order of the Commission.

Description of Proposed Additional Service Area

The record shows that Tract No. 5087 contains 124 lots, Tract No. 5088, 82 lots, and Tract No. 5089, 101 lots, for a total of 307 lots to be included in applicant's proposed additional service area.

The record shows that in Tract No. 5086, 50 lots have been withdrawn from the market and made not available for sale. Of the remaining 245 lots, approximately one-half, or 125 lots, have been sold. A witness for applicant anticipated that the

remaining 125 lots in said Tract No. 5086 still unsold would be sold within the next four to six months. Approximately 12 of the lots sold were being built on, but applicant had no consumers in Tract No. 5086 as of the date of the June 26, 1957, hearing. Two model houses had been constructed, and water service was being furnished by applicant to the real estate tract office.

Service to Camp Deer Miss

The record shows that for the past two years, water service has been furnished by applicant to Camp Deer Miss without charge. Said camp is located about one-half mile east of Tract No. 5086, has its own pump, and transmission, and storage facilities, and secures its water from the flow of applicant's well No. 1. Said well No. 1 is located about 3,000 feet east of Tract No. 5086, and its flow is about 20 gallons per minute. Camp Deer Miss has pumped approximately 1,200,000 gallons per year from this well for its total supply, but its maximum 24-hour demands have not exceeded 20,000 gallons. Such demands have occurred during the 60-day annual season for the Camp Deer Miss recreational area which comprises about 7.5 acres. Well No. 1 is not connectible to applicant's sources of water supply for Tract No. 5086.

Sources of Water Supply

All of applicant's wells are so-called horizontal type wells, as distinguished from conventional vertical type wells.

The record shows that, at the time of the August 16, 1956, hearing on applicant's original application, applicant proposed to acquire title to the wells and well sites for wells Nos. 1, 2, 3, 4, 5, 6 and 7. The record in the instant proceeding

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discloses that wells Nos. 2 and 3 have a total flow of about one gallon per minute and are not used and that well No. 4, with a flow of 23 gallons per minute, is at a location considered not to be practicable to pipe to either the applicant's collecting or main storage tank. Applicant was ordered by Decision No. 53984 (supra) to certify to the Commission in writing that it possessed clear title to all of its well sites. On February 1, 1957, applicant filed copies of grant deeds from Rowco, Inc. to applicant dated January 15, 1957, covering lot 5, the location of the 100,000-gallon storage tank, and lot 81, the proposed location of another storage tank, and lots Nos. 258 and 259, the locations of wells Nos. 5, 6, and 7, all in Tract No. 5086.

Since the August 16, 1956 hearing, applicant has caused to be drilled wells Nos. 8 and 9, located on lot No. 49 as shown on Exhibit 2, in Tract No. 5089.

The total production capacity of applicant's wells Nos. 5 through 9, inclusive, according to tests made by applicant, is 330 gallons per minute, but the staff report, Exhibit No. 14, shows an aggregate test flow rate of only 190 gallons per minute. The record shows, however, that tests on its horizontal wells were made on an aggregate basis as distinguished from an individual flow basis; that check valves had been installed in each well, thereby

possibly limiting the flow thereof; that tests were made, principally, during the spring season of the year; and that only limited experience of the year-round flow and production capacity of applicant's wells has been obtained or submitted for the record herein being considered.

Applicant's general manager testified that Rowco, Inc., has, within recent weeks, drilled wells Nos. 21 and 22 in Tract No. 5087, and that well No. 21, during a 14-day continuous test, produced 50 gallons per minute at 17 pounds pressure, and that well No. 22, during a 10-day continuous test, produced 12 gallons per minute at 14 pounds pressure. This witness testified that applicant proposed to connect these wells to the water system proposed to be installed in Tracts Nos. 5087, 5088, and 5089 and to its present water system in Tract No. 5086. Said witness further testified that arrangements had been made to utilize a private 60,000-gallon storage tank on property adjoining said tracts for mutual emergency purposes.

Development of Applicant's Certificated Area (Tract No. 5086) and
its Proposed Area (Tentative Tracts Nos. 5087, 5088, and 5089, and
Contiguous Tentative Tracts Nos. 5090 and 5091.)

Applicant's consulting engineering witness submitted a report, Exhibit No. 12, purporting to show that applicant's sources of water supplies were adequate for its certificated area, the proposed additional areas, and for contiguous areas. He testified that the total development by Rowco, Inc., would be approximately 1,000 lots; that, based on the past history of the San Bernardino mountains, it was his opinion that, of these 1,000 lots, only

approximately 25% would be ultimately built on; and that, consequently, applicant would ultimately, be serving only approximately 250 consumers. He based his opinion upon his qualification, not as a real estate broker, but as an engineer familiar with the water system development of public utility and mutual water companies in the San Bernardino mountains.

Request for Deviation from General Order No. 103

Applicant's consulting engineering witness further testified that it was his opinion that double-dipped welded steel pipe would have the same physical life as double-dipped and wrapped welded steel pipe in the San Bernardino mountain area; and that his opinion was based on his general knowledge of soil conditions in the San Bernardino mountains, but not necessarily on any study thereof which he had made or reviewed; and that he recommended that applicant be granted its request for a deviation from the requirements of General Order No. 103 on such grounds.

Agreements for Water Service

Exhibit No. 1 is a proposed water main extension agreement, dated June 14, 1957, between applicant and Rowco, Inc., which provided, among other things, that Rowco, Inc., would construct and install the water system in Tracts Nos. 5087, 5088, and 5089, and provided that such water system would include pipes, connecting laterals, valves, distribution mains, etc., but made no provision for the acquisition by applicant or transfer to it of Rowco's wells Nos. 21 and 22 and their well sites. Applicant's witness, its general manager, testified that it was his understanding that such wells and well sites would be included in the water system proposed to be acquired by applicant from Rowco, Inc., according to the refund provision of said Exhibit No. 1.

Exhibit No. 13 is an agreement, dated June 26, 1957, between applicant and Ethel Hickey, doing business as Camp Door Miss, which provided, among other things, that applicant would deliver water to said Camp in an amount not to exceed 1,000,000 gallons per year; that applicant would not be obligated to deliver more than 18,750 gallons of water in any 24-hour period; that the rate payable for said 1,000,000 gallons would be the flat rate of \$72 per year, payable in advance; that water would be delivered by applicant at the mouth of well No. 1; that said Camp would pay all costs of transmission and distribution from said well-mouth together with all storage, pumping costs, etc.; and certain other provisions regarding possible future operations and connections with other consumers, not applicable to the considerations of the instant proceeding.

Petition for Modification Dated May 31, 1957 of Paragraph 1a of Decision No. 53984 (supra).

In its Petition for Modification, dated May 31, 1957, of Paragraph 1a of Decision No. 53984 (supra), applicant requested that it be authorized to substitute one 100,000-gallon storage tank for the two 50,000-gallon storage tanks ordered by said paragraph for the reason that, prior to the issuance of said decision, but subsequent to the hearing of August 16, 1956, on applicant's original application, applicant had already constructed said 100,000-gallon storage tank. The record shows that the staff recommendation submitted at said original hearing and the opinion of applicant's witness regarding the advisability of installing two 50,000-gallon storage tanks were based on erroneous topographical contour map information, and that, further, the U. S. Forest Service had

requested the installation of a large, high-pressure tank at a high elevation for fire protection purposes.

Staff Report and Recommendations

An analysis of applicant's present and proposed sources of water supply contained in the staff report Exhibit No. 14 (supra), and the staff recommendations contained therein, indicates that the supply of water for Tract No. 5086, comprising the 245 lots proposed to be sold, is, at best, only adequate for the needs and demands of said tract; that applicant's water system installation should be engineered to remove high pressure conditions at the elevations lower than the 100,000-gallon storage tank and to remove the low pressure conditions in the areas in the immediate vicinity of the high storage tank; that a collecting system from applicant's wells should be designed to fully utilize the available water supply; that multiple collecting tanks and pumps should be installed to reasonably insure continuous service; that applicant should make a study of the replenishment of its water supplies, as well as an investigation into other sources of supply; that each well should be equipped for individual sampling and discharge to drain, plus facilities to measure flows and pressures; that applicant should certify to the Commission that it possesses clear title to wells Nos. 5, 6, 7, 8, and 9 and the well sites therefor, and to wells Nos. 21 and 22 and the well sites therefor, if such wells are to be acquired by applicant; and that no deviation from the Commission's minimum standards set forth in General Order No. 103 regarding double-dipped and wrapped, welded steel pipeline installations should be authorized.

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Other Sources of Water Supply

Exhibit No. 6 is a copy of a letter, dated June 3, 1957, from Running Springs Forest Water Company to applicant, in which said Running Springs Forest Water Company agreed to deliver emergency water in the amount of 150 gallons per lot per day to each lot owned by Rowco, Inc. The cost of delivering this water would be borne by Rowco, Inc., or applicant. The record in the original proceeding shows that Running Springs Forest Water Company is approximately three miles east of applicant's service area, and applicant's witnesses testified that the cost of private transmission facilities would be very high, and that no specific study thereof had been made by applicant or by Rowco, Inc.

Other possible sources of supply, which the record shows, are Deep Creek and City Creek, and their tributaries. It was not demonstrated, however, that these sources can be adequately or economically developed.

Findings and Conclusions

After a careful review of the record in this proceeding the Commission is of the opinion and finds and concludes that applicant has not demonstrated that public convenience and necessity require that it be authorized to extend its water system to Tracts Nos. 5087, 5088, and 5089, nor has it demonstrated that the restrictions imposed by Decision No. 53984 (supra) against applicant's extending its water system outside Tract No. 5086, without further order of the Commission, should be modified or alleviated, except as to service being furnished to Camp Deer Miss. The application, in so far as it relates to said service will be granted, the Commission finding that public convenience and necessity require such extension.

For the reason that applicant has its well No. 1, which cannot be feasibly interconnected with the other sources of water supply for Tract No. 5086 at present, the Commission finds and concludes that applicant should be permitted to deviate from its filed rates in furnishing service to said Camp Deer Miss and that it should be authorized to render such service from said well No. 1 in accordance with the terms of the agreement dated June 26, 1957, Exhibit No. 13 (supra), except as to those terms and conditions which may be inconsistent with this decision and subject to the condition that no service shall be rendered from said well No. 1 to any other consumer without first obtaining a further order from this Commission.

The Commission finds and concludes that applicant's sources of water supply are adequate for Tract No. 5086, only; that to authorize applicant to extend its water service to serve a potential of 1,000 lots based on the available water supply would place applicant's sources of water supply for its presently certificated area in a precarious condition and would jeopardize such supplies and, therefore, would be adverse to the public interest; and that applicant's request to extend its water system to tentative Tracts Nos. 5087, 5088, and 5089, and contiguously, should be denied.

The Commission finds and concludes that applicant should not be granted authority to deviate from the minimum standards for steel pipeline installations set forth in General Order 103; that such standards are minimum, and should not be reduced; that applicant made no good showing why such standards should be reduced; that to so reduce them would be contrary to the public interest; and that applicant's request therefor should be denied.

The Commission finds and concludes that, in view of the exigencies disclosed by the record with respect to the request of the U. S. Forest Service for a large high-pressure tank, applicant's Petition for Modification of paragraph 1a of Decision No. 53984

(supra), with respect to the installation of a 100,000-gallon tank instead of two 50,000-gallon tanks, should be granted.

O R D E R

First Supplemental application, as amended as above entitled, and Petition for Modification, dated May 31, 1957, of Paragraph 1a of Decision No. 53984, dated October 30, 1956, having been filed, a public hearing having been held, the matter having been submitted, and now being ready for decision,

IT IS HEREBY ORDERED as follows:

1. That the First Supplemental application and the amendment thereto filed May 31, 1957, requesting authority to deviate from General Order No. 103 as it pertains to the installation of double-dipped and wrapped welded, steel pipe, of Rim of the World Water Company, a corporation, for a certificate of public convenience and necessity and authority to extend its water system to tentative Tracts Nos. 5087, 5088, and 5089, and into contiguous areas in accordance with the provisions of Section 1001 of the Public Utilities Code, be and they are denied, except that the application in so far as it pertains to furnishing water service to Camp Deer Miss in accordance with the provisions of the agreement, dated June 26, 1957, between applicant and Ethel Hickey, doing business as Camp Deer Miss, Exhibit No. 13, be and it is granted, and the restrictions imposed by Decision No. 53984, dated October 30, 1956, against applicant's extending its water system without further order of the Commission, be and they are modified to provide for said water service to said Camp Deer Miss, and that applicant is granted a certificate of public convenience and necessity for such extension.
2. That applicant shall not extend service from its well No. 1 to any other consumer than Camp Deer Miss as provided in paragraph 1 of this order, without further order of this Commission.
3. That applicant shall file with this Commission within thirty days after the effective date of this order two certified copies of the agreement as executed with Camp Deer Miss together with a statement of the date on which the contract is deemed to have become effective.
4. That paragraph 1a of Decision No. 53984 (supra), in so far as the said paragraph required applicant to install two 50,000-gallon storage tanks, be and it is modified to provide, instead, that applicant shall install one 100,000-gallon storage tank.

5. That in all other respects Decision No. 53984 (supra) shall remain in full force and effect.

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

Dated at San Francisco, California, this 3rd day of September, 1957.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners

Commissioner Matthew J. Dooley, being necessarily absent, did not participate in the disposition of this proceeding.