

Decision No. 61003

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's  
own motion into the status, practices,  
operations, rates, contracts, rules,  
facilities and service of J. R. MILLS  
and GWENDOLYN MILLS, doing business  
as SNOBOWL WATER SYSTEM.

Case No. 6466

Hardin and Gorgas, by E. L. Gorgas, for J. R. Mills  
and Gwendolyn Mills, respondents.  
Lucien Berthier, for Slide Inn Improvement Associa-  
tion, Inc., interested party.  
Hugh N. Orr, for the Commission staff.

O P I N I O N

Nature of Proceeding

On April 26, 1960, the Commission issued its Order  
Instituting Investigation in the above-entitled proceeding for the  
purpose of determining:

1. Whether respondents, individually or as Snobowl Water System, are operating as a public utility water corporation within the meaning of Sections 241 and 2701 of the Public Utilities Code.
2. Whether the facilities owned and operated by respondents are adequate to serve the needs of the public within the area served or intended to be served by respondents; whether respondents have and in the future will have an adequate supply of water for furnishing service to present and future customers; and whether respondents should be ordered to extend or to restrict service.
3. Whether respondents should be ordered to cease and desist from any practice or operation which may be found to be unlawful or in violation of any section of the Public Utilities Code or any rule or order of this Commission.

4. Whether any order should be made directing respondents to perform such act or acts as may be necessary to bring their respective operations and practices into conformity with the provisions of the Public Utilities Code, and the rules, regulations and orders of this Commission; and whether to enter any other order or orders that may be appropriate in the lawful exercise of the Commission's jurisdiction in the premises.

Public Hearing

After due notice, public hearing was held before Examiner E. Ronald Foster at Sonora, Tuolumne County, on October 5, 1960, at the conclusion of which the matter was taken under submission and is now ready for decision.

Prior Proceeding

It is of record that on March 9, 1959, Application No. 40909 was filed by respondents herein, requesting a certificate of public convenience and necessity to construct and operate a water utility, under the name of Snobowl Water System, in and adjacent to Snobowl Subdivision Number 1, located about 21 miles east of Sonora on State Highway 108, Tuolumne County, and the establishment of rates. A public hearing was held in that matter on July 30 and 31, 1959, along with Case No. 5801, which concerned these same individuals who own and operate a water utility, under the name of Slide Inn Water Company, in another area about one-half mile to the southwest. On the second day of hearing, counsel for applicants requested a continuance to allow time for amending the application. No amendment having been filed, by Decision No. 59447, dated December 29, 1959, the Commission dismissed the said application for lack of prosecution.

Commission Staff's Investigation

At the hearing in the instant proceeding, a Commission staff engineer introduced a report, Exhibit No. 1, containing the results of his investigation of the respondents' water system. There follows a summary of his testimony.

Water service is presently being rendered to customers located in various portions of the 40-acre tract originally requested to be certificated in Application No. 40909, as shown on a map attached thereto and described therein as being located in the S.E.½ of the N.E.½ of Section 20, T.3 N., R.17 E., M.D.B.&M. Service is now being provided for compensation to 14 residences, one restaurant and one lodge which contains eight housekeeping and eight other units. It is estimated that potential development in the area could total 100 customers.

The source of supply consists of a drilled well equipped with a 1-horsepower electric motor and pump unit capable of producing approximately ten gallons of water per minute, the well being located immediately adjacent to a residence owned by respondents on the west side of the Sonora-Mono State Highway 108. Water storage is provided by a 10,000-gallon redwood tank on the hillside northwest of the well. The distribution system consists of over 2,000 feet of two-inch and smaller pipe, most of which is of plastic material. Service connections are generally made with the use of 3/4-inch galvanized pipe, none of which are presently equipped with meters.

While the supply of water available from the well appears to be adequate to serve approximately 20 customers, the existing storage capacity is only sufficient to provide standby

supply for one day during periods of maximum consumption of those presently being served, and supply problems will develop if the well should be out of service for periods longer than 24 hours. Approximately 10,000 gallons of additional storage capacity is required to provide reasonable continuity of service to the present customers and an additional dependable source of supply is required if water service is to be extended to any new customers. The distribution system has been improperly designed and does not meet the requirements of the Commission's General Order No. 103; there are excessive lengths of two-inch pipe and a number of dead ends. The engineer concluded that if at least 10,000 gallons of additional storage is installed at a suitable elevation in the eastern part of the service area and the two dead ends in the eastern part of the system are interconnected with four-inch pipe, then reasonably adequate service could be provided for the present customers.

If respondents were found to be providing public utility service subject to the jurisdiction of the Commission, this witness suggested that either (a) a cease and desist order be issued forbidding the furnishing of water service until respondents make a proper showing concerning such matters as financial ability, economic feasibility of operations and a properly designed water system; or (b) respondents be declared a public utility and ordered to make improvements necessary to assure adequate water service to the area for which such finding is made. He recommended that respondents be restricted from subsequent expansion in this area unless the authorization of the Commission is first obtained and that they be restrained from providing public utility service to

any areas other than those served by them under the names of Slide Inn Water Company and Snobowl Water System without first obtaining a certificate of public convenience and necessity from this Commission.

Position of Respondents

Respondents admitted that they own and are operating a water utility system in that 40-acre tract in unincorporated territory in Tuolumne County hereinabove described. They indicated their willingness and desire to be subject to the jurisdiction of this Commission.

Respondent J. R. Mills introduced as Exhibit No. 2 a copy of the map which was attached as Exhibit A to Application No. 40909, revised by markings thereon to show many changes. Neither of the storage tanks proposed to be located east of the service area and none of the four-inch pipe running therefrom to the Snobowl Subdivision have been installed. The existing 10,000-gallon storage tank on the west side of Highway 108 has been moved to a location 50 feet higher in elevation and a two-inch pipeline laid therefrom. Also, some 500 feet of two-inch pipe, connecting therewith has been laid in a newly constructed access road parallel to and west of the highway.

This witness testified that the pumping unit has been housed, the well properly sealed from possible contamination by surface water, and the storage tank covered in accordance with recommendations made by the State Department of Public Health. He introduced as Exhibits No. 3 and No. 4 photostat copies of two letters dated April 4, 1960, and August 24, 1960, respectively, which indicate that water samples taken from the system had been analyzed and found to be free from contamination.

Respondents requested that the same schedules of rates for general metered and flat rate service as those now on file for their Slide Inn Water Company be authorized for Snobowl Water System.<sup>1/</sup> Such requested rates are somewhat higher than those now being charged by respondents in their Snobowl System. Exhibit No. 6 shows the estimated annual revenues which would be obtainable at the requested rates, as follows:

	<u>Per Year</u>
16 one-family dwellings at \$40 each .....	\$ 640
1 motel, minimum charge for 1½" meter(a) .....	162
1 restaurant, (b) minimum charge for 1" meter(a) .....	90
1 trailer court, (b) minimum charge for 1½" meter(a) .....	<u>162</u>
Total	\$1,054

(a) Meters not yet installed.

(b) Restaurant and trailer court are owned and operated by respondents.

Exhibit No. 5 shows the annual expenses of operating the system as estimated by respondents, as follows:

	<u>Per Year</u>
Electric power, approx. ave. at \$12 per mo. ....	\$ 144
Labor: wages for a man to watch tanks, pump and make minor repairs, at \$50 per mo. ....	600
Other expenses, such as rebuilding pump .....	120
Bookkeeping, billing, attorney fees, etc. ....	<u>150</u>
Total	\$1,014

<sup>1/</sup> At the hearing, J. R. Mills asked that in the future the system be designated as the Snow Bowl Water System. This is at variance with the spelling Snobowl used in all filings heretofore made. No reason was given for this request.

Respondents presented no showing of the amount already invested in the system nor the estimated cost of certain additions and improvements under consideration.

Witness Mills further testified that practically all lots designated on Exhibit No. 2 have been sold. He stated his desire to be permitted to make a few more service connections to unoccupied lots so that owners thereof may proceed to build thereon.

#### Findings and Conclusions

Based upon the evidence of record herein, the Commission finds and concludes that J. R. Mills and Gwendolyn Mills have been and are a water corporation as that term is defined in Section 241 of the Public Utilities Code and a public utility as defined by Section 2701 of said Code and, as such, their operations are under the jurisdiction and control of this Commission.

The fact that respondents are here found to be a public utility requires that the Commission direct respondents to comply immediately with those provisions of the Public Utilities Code which impose particular duties upon each public utility, such as the filing and observance of rate schedules, together with the rules affecting service.

The Commission finds and concludes, however, that the present record is insufficient for a final determination of the level of rates which respondents should be authorized to charge for the service being rendered and to be rendered. Further proceedings must be held for such purposes at a future date. Authorization to increase rates on respondents' Snobowl System will not be granted at this time.

O R D E R

The above-entitled matter having been heard, and the evidence therein having been fully considered, the matter is now ready for decision based upon the findings and conclusions contained in the foregoing opinion; therefore,

IT IS HEREBY ORDERED that respondents J. R. Mills and Gwendolyn Mills, owners of a water system being operated under the name of Snobowl Water System, supplying water for compensation for residential and other purposes in and adjacent to Snobowl Subdivision No. 1 within the 40-acre area delineated on the map filed as Exhibit No. 2, in Tuolumne County, be, and they are, declared to be a public utility subject to the control and jurisdiction of this Commission.

IT IS HEREBY FURTHER ORDERED as follows:

1. That, within thirty days after the effective date of this order, said respondents shall prepare and file in quadruplicate with this Commission, and in conformity with the Commission's General Order No. 96, rates for water service furnished to their customers, which rates shall not be higher than the rates presently being charged for such service. Such rates shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

2. That, within forty-five days after the effective date of this order, respondents shall file in quadruplicate with this Commission, in conformity with the provisions of General Order No. 96, rules governing customer relations, a tariff service area map acceptable to the Commission and sample copies of printed forms normally used in connection with customers' services. Such rules,



tariff service area map and forms shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

3. Within sixty days after the effective date of this order, respondents shall file with this Commission four copies of a comprehensive map drawn to an indicated scale not smaller than 100 feet to the inch, delineating by appropriate markings the various tracts of land and territory served; the principal water production, storage, and distribution facilities; and the location of the various water system properties of respondents.

4. That, within three months after the effective date of this order, respondents shall prepare and file with this Commission an inventory and original cost appraisal of their water system properties, together with the related depreciation reserve requirement.

5. That respondents shall determine the accruals for depreciation by dividing the original cost of the utility plant less estimated future net salvage less depreciation reserve by the estimated remaining life of the plant. Respondents shall review the accruals when major changes in plant composition occur and at intervals of not more than five years. Results of these reviews shall be submitted to the Commission.

6. That within four months after the effective date of this order, respondents shall submit to the Commission, in writing, a schedule of proposed additions and improvements to the existing water facilities to be installed in conformity with the minimum requirements of the Commission's General Order No. 103. Such schedule shall include such details as the sizes, lengths and capacities of the several units of such facilities, the estimated

cost thereof, the probable date when they will be installed and placed in operation, and a general statement of the manner in which such installations will be financed by respondents.

7. That respondents shall not supply water service outside of their service area as delineated on Exhibit No. 2 and shall not render water service to more than twenty customers within the said service area without further order of this Commission.

8. That said respondents J. R. Mills and Gwendolyn Mills, both together and individually, be, and they hereby are, restrained from providing public utility service to any areas other than those served by them under the names of Slide Inn Water Company and Snobowl Water System without first having obtained a certificate of public convenience and necessity from this Commission.

9. That submission is set aside and this proceeding is reopened for the following purposes:

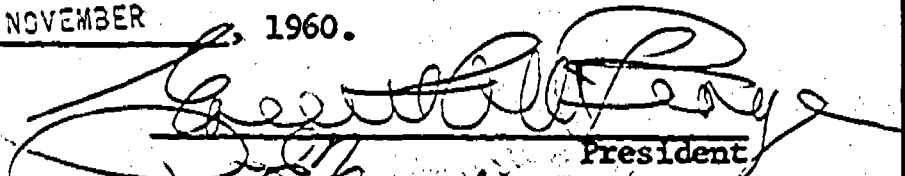
- a. Determination of the original cost, estimated if not known (historical cost appraisal), of the respondents' Snobowl Water System properties, used and useful in the public service, and also the depreciation reserve requirement applicable to such properties.
- b. The establishment of fair and reasonable rates for respondents' Snobowl Water System.
- c. Determination of the sufficiency of water supply and adequacy of the water storage and distribution facilities of said Snobowl Water System.
- d. Issuance of such further orders herein as may be appropriate in the exercise of the Commission's jurisdiction.

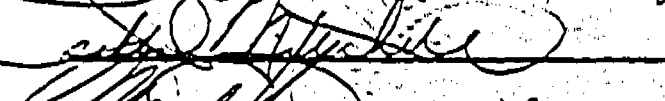
The Secretary is directed to cause a certified copy of this decision to be served upon each of the respondents and their attorneys and on the California State Department of Public Health, the California Division of Real Estate, the Chairman of the Board


of Supervisors of Tuolumne County and the Health Officer of Tuolumne County, and the effective date of this order shall be twenty days after the date of such service upon the parties.

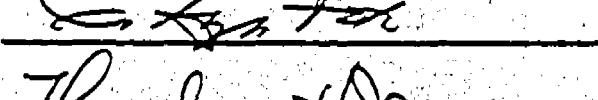
Further hearing in this reopened proceeding shall be held before such Commissioner and/or Examiner and at such time and place as may be hereafter designated, and the Secretary is directed to cause appropriate notice of further hearing to be given at least ten days before such hearing.

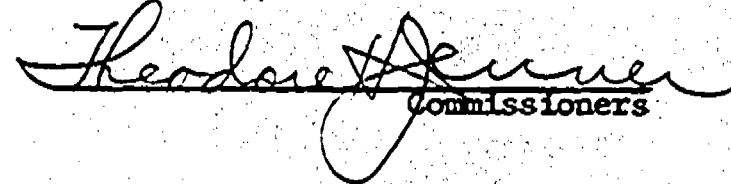
Dated at San Francisco, California, this 15<sup>th</sup> day of NOVEMBER, 1960.

  
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 President

  
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