

ORIGINALDecision No. 62718

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

Appearances at further hear-
 ing in reopened proceeding:

Mardin and Gorgas, by E. L. Gorgas, for J. R.
 Mills and Gwendolyn Mills, respondents.
Lucien Berthier and Walter N. Zipser, for
Slide Inn Improvement Association, Inc.,
 interested party.
Edmund J. Texeira, for the Commission staff.

O P I N I O N

The prior decision in the above-entitled case, Decision
 No. 61063, dated November 15, 1960, ordered respondents, doing bus-
 iness as Snobowl Water System, among other things, as follows:

1. Within specified time limits, to make certain
 tariff filings in conformity with the provisions
 of the Commission's General Order No. 96.
2. Within 60 days after the effective date of the
 order, to file four copies of a comprehensive
 map showing the territory served and the various
 principal components of their water system
 properties.
3. Within three months after the effective date of
 the order, to file with the Commission an in-
 ventory and original cost appraisal of their water
 system properties, together with the related
 depreciation reserve requirement.
4. Within four months after the effective date of the
 order, to submit to the Commission a written
 detailed schedule of proposed additions and im-
 provements to the existing water facilities to be
 installed in conformity with the minimum require-
 ments of the Commission's General Order No. 103.

5. To render water service to not more than 20 customers within the service area as delineated on the map filed as Exhibit No. 2, pending further order of the Commission.

Pending respondents' anticipated compliance with the foregoing order of the Commission, by the same order submission of the matter was set aside and the proceeding was reopened for the following purposes: (a) determination of the original cost of respondents' Snobowl Water System properties and the depreciation reserve requirement applicable thereto; (b) establishment of fair and reasonable rates for the system; (c) determination of the sufficiency of water supply and adequacy of the water storage and distribution facilities of the system; and (d) issuance of such further orders as may be appropriate.

Necessitated by respondents' dilatory and incomplete compliance with the Commission's orders, a further hearing in the reopened proceeding was held before Examiner E. Ronald Foster, at Sonora, on August 25, 1961. The matter was again taken under submission and is now ready for decision.

On May 1, 1961, or nearly five months after the effective date of Decision No. 61063, the Commission received copies of a report dated April 22, 1961, prepared by respondents' engineer. In addition to summarizing the water supply, storage and distribution facilities now available, the engineer recommended that a second well be drilled and equipped with a pumping unit, an additional storage tank be installed and some 4-inch pipelines be laid, including a crossing of the State highway, as shown on the map attached to the report. The engineer estimated the cost of these improvements to be as follows:

A new, 8-inch well, 200 feet deep	\$1,500
Pump and controls	600
One 20,000-gallon R.W. tank	1,500
1,600 feet of 4-inch concrete-lined wrapped steel pipe, including highway crossing and 7 valves	4,548
Subtotal	8,148
Contingencies 10%	815
Total Estimated Cost	8,963

The engineer added his opinion that upon completion of the improvements, the system would be capable of serving approximately 100 customers.

Also on May 1, 1961, tariff schedules were filed in quadruplicate in conformity with the Commission's General Order No. 96, as required by ordering paragraphs 1 and 2 of Decision No. 61063, except that the tariff service area map was not filed and has not yet been filed.

Four copies of the map required by ordering paragraph 3 of Decision No. 61063 were filed with the Commission on August 2, 1961. This map is identical with the one attached to the engineer's report and a copy of which was introduced at the hearing as Exhibit No. 7.

On August 14, 1961, or over 8 months after the effective date of Decision No. 61063, the Commission received an inventory and appraisal of the water system properties, with a letter of transmittal dated August 10, 1961, prepared by an accounting service on behalf of respondents, which was intended to be in compliance with ordering paragraph 4 of Decision No. 61063. The following is a summary of the material furnished:

<u>Description</u>	<u>Total Service or Depreciated Life</u>	<u>Amount</u>
Drilled well 200 feet deep with casing and housing	20 years	\$1,085.27
One 1-hp Jacuzzi submersible pump	10 years	405.00
Floatless liquid level control installed	25 years	95.00
10,000-gallon redwood tank	25 years	916.48
Installation of tank	25 years	297.60
Piping across highway	25 years	250.00
3,001 feet of 2-inch plastic pipe, plus fittings, estimated cost \$1.25 per foot	25 years	3,776.00*
550 feet of 1-inch plastic pipe at 75¢ per foot installed, plus fittings	25 years	412.50
Engineering cost to date		509.00
Attorney fees to date		75.00
Wages to self (Mills) for time ..		750.00
Total		8,571.85

* Should be \$3,751.25

However the inventory and appraisal, as submitted, is deficient in the following respects: (a) it is inaccurate; (b) neither the date of the appraisal nor the ages of the several items of properties are shown; (c) no depreciation reserve requirement is indicated; (d) the basis for the figures, such as vouchers, is not indicated; and (e) it is not possible to determine whether the items of engineering costs, attorney fees and owner's wages are properly includible.

The following basic information has been obtained from the reports as supplemented by testimony of respondent J. R. Mills at the hearing:

- a. The only supply of water now available to the system is a well located on the west side of the State highway, equipped with an electrically operated pumping unit, with a rated capacity of 10 g.p.m.
- b. The available water storage consists of a 10,000-gallon tank located above the well, at the western edge of the service area.
- c. The existing distribution system includes five comparatively long lines of 2- and 1-inch pipe constituting dead ends which are not provided with blow-off valves for flushing the lines.
- d. The system is now supplying water to 20 customers consisting of a motel, a restaurant, a trailer court, one permanent resident, and 16 seasonal or week-end residences.
- e. The rates now on file, as provided in ordering paragraph 1 of Decision No. 61063, are as follows:

	<u>Per Service Connection Per Year</u>
For a single family residence	\$24.00
Snobowl Motel	60.00
Snobowl Restaurant	60.00

(There is no filed rate for the trailer court presently owned by respondents.)

- f. The second well, expected to produce at least 10 g.p.m., is promised to be drilled not later than October 15, 1961. Upon its completion, it is to be equipped with a suitable pumping unit, and a 4-inch pipeline, approximately 200 feet long, is to connect this source with the existing distribution system at the trailer court, as shown in the map, Exhibit No. 7.

- g. Respondents have a prospective sale of certain property within the service area. One of the conditions of the sale is that respondents furnish not to exceed three service connections from their water system.
- h. Upon completion of the said prospective sale, respondents will be financially able to install the rest of the proposed improvements, namely: (a) the installation of a storage tank of at least 20,000 gallons capacity (now planned to be a 30,000-gallon tank, according to respondents' testimony), on the hillside east of the service area at the same elevation as the existing tank on the west side; and (b) the laying of an additional 1,400 feet of 4-inch pipelines to connect the existing and future storage tanks with the distribution system including a highway crossing, all as shown on the map, Exhibit No. 7, to be completed during the first six months of 1962.
- i. The respondents' engineer's map, filed with his report, shows about 350 feet of 2-inch pipe to be laid northward from the new well to connect with existing piping in the elliptically shaped subdivision, also to be done in 1962; this was not included in his cost estimate, however.

According to the staff representative at the hearing, a well supply of 10 g.p.m. and storage of 10,000 gallons, as at present, is barely sufficient to adequately serve 20 customers. Assuming a combined supply of at least 20 g.p.m. from both wells with the present storage of 10,000 gallons, a total of 25 customers could be served. With 20 g.p.m. from the wells and total storage of at least 30,000 gallons, the system could be expected to supply about 75 customers. The estimated potential development in the service area is approximately 100 customers.

Paragraph II.4. of the Commission's General Order No. 103 requires that:

- "a. Measuring Devices. Each utility shall install a suitable measuring device, or otherwise determine production, at each source of supply in order that a record may be maintained of the quantity of water produced by each source.

- "b. Records. At least once each month, the quantity produced from each source of supply shall be determined. Twelve-month totals by sources shall be recorded and transmitted to the Commission in the utility's annual report to the Commission."

Findings and Conclusions

Upon consideration of the evidence the Commission finds and concludes as follows:

1. That compliance by respondents with the Commission's earlier Decision No. 61063 has been tardy, deficient and not responsive to the several requirements thereof in many respects. No material improvements have been added to the water system since the previous hearing on October 5, 1960.
2. That respondents are financially able to make the improvements recommended by their engineer and that they should be required to install and place in operation certain additions and betterments to their water system.
3. That respondents should now be required to install suitable measuring devices on their present and future sources of supply as a means of determining the productive capacities of the said sources of supply and of recording the amounts of water actually delivered from each source.
4. That respondents should not be permitted to extend service to any additional customers until an additional source of water supply has been installed and placed in operation. The number of such additional customers to which the system can render adequate service, besides those consumers now being supplied with water from the system, will depend upon the productive capacity of the additional source of supply, the total amount of storage which will be provided, and the extent to which the distribution system is improved by the installation of larger mains.

5. That respondents have failed to present a proper showing of the amount already invested in the system and that the present record is insufficient as a basis for determining any different or more adequate level of rates which respondents should be authorized to charge for the service being rendered and to be rendered. Such showing is incumbent upon the utility owners and should now be made the subject of a separate proceeding. Upon receipt of an application filed in accordance with prescribed rules and procedure, the Commission will further consider the matter of rates for water service.

O R D E R

A further public hearing having been held and basing its order on the findings and conclusions set forth in the foregoing opinion,

IT IS HEREBY ORDERED as follows:

1. That respondents J. R. Mills and Gwendolyn Mills, owners of a water system being operated under the name of Snobowl Water System, shall:

- a. Forthwith file in quadruplicate with this Commission in conformity with the provisions of General Order No. 96, a tariff service area map acceptable to the Commission, to complete the requirements of ordering paragraph 2 of Decision No. 61063.
- b. Within thirty days after the effective date of this order, prepare and file in quadruplicate with this Commission, and in conformity with the Commission's General Order No. 96, a revised schedule of rates for General Flat Rate Service to include an annual rate of \$60 for service to a trailer court.

Such tariff service area map and revised rate schedule 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, said respondents shall prepare and file with this Commission, in addition to the material heretofore furnished in partial compliance with ordering paragraph 4 of Decision No. 61063, such supplemental information and data as may be necessary to determine 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.

3. That, on or before December 31, 1961, said respondents shall have installed and placed in operation the following water system facilities at the locations approximately as shown on the map, Exhibit No. 7, filed in this proceeding:

- a. An 8-inch well, drilled approximately 200 feet deep, to be equipped with a suitable electrically operated pumping unit and including the necessary controls.
- b. Approximately 200 feet of pipe having an inside diameter of not less than four inches, including the necessary valves and fittings, to connect the discharge of the said pumping unit with the existing distribution system at the trailer court.
- c. A suitable measuring device at the existing well No. 1 and at the said new well, by means of which the production capacity of each source can be determined and the amounts delivered therefrom can be recorded.
- e. Five blow-off valves of suitable size to be installed at the termination of the existing 2- and 1-inch dead-end pipelines, by means of which the said lines can be flushed out.

Within thirty days after completion thereof, defendants shall file with the Commission a written report indicating the date when each unit of such facilities was placed in operation and the actual cost thereof; the report shall also contain such details as the tested production capacity of the well and the delivery capacity of the pumping unit under the system's operating conditions.

4. That on or before June 30, 1962, said respondents shall have installed and placed in operation the following additional facilities at the locations approximately as shown on the map filed as Exhibit No. 7 in this proceeding:

- a. A storage tank having a capacity of not less than 20,000 gallons, to be installed easterly of the service area at the same elevation as the existing 10,000-gallon tank west of the State highway.
- b. Approximately 1,400 feet of pipe having an inside diameter of not less than four inches, including the necessary valves and fittings, to connect the existing and future storage tanks with the distribution system, including a crossing of the Sonora-Mono State Highway 108.
- c. Approximately 350 feet of pipe having an inside diameter of not less than two inches, to be laid northward from the new well to connect with existing piping in the elliptically shaped subdivision.

Within thirty days after completion thereof, defendants shall file with the Commission a written report indicating the date when each unit of such facilities was placed in operation, the actual cost thereof, and the capacity of the storage tank actually installed.

IT IS FURTHER ORDERED that:

5. Upon completion and placing in operation of all of the facilities required to be installed by the foregoing paragraph 3 of this order and upon submission of written proof, acceptable to the Commission, that the combined production capacity of the two wells is at least 20 gallons of water per minute, then paragraph 7 of the order in Decision No. 61063, dated November 15, 1960, shall be deemed revised to read "twenty-five customers" in lieu of the present wording "twenty customers."

6. Upon completion and placing in operation of all of the facilities required to be installed by the foregoing paragraph 4 of this order, respondents then may petition the Commission for

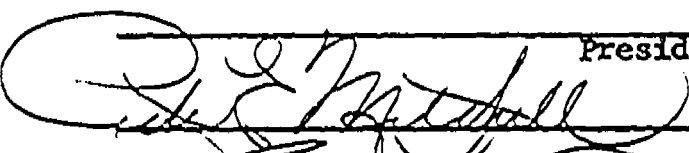


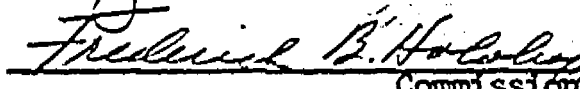
a modification of this order as to the total number of customers to whom water service may be rendered; however, until further order of this Commission may be issued, either ex parte or after further hearing, the number of such customers shall be as limited by ordering paragraph 7 of Decision No. 61063 and as revised by the foregoing paragraph 5 of this order.

IT IS FURTHER ORDERED that this investigation, Case No. 6466, be and it is hereby discontinued.

The Secretary of the Commission is directed to cause a certified copy of this decision to be served upon each of the respondents, and to mail copies to their attorneys and to 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.

The effective date of this order shall be twenty days after the date of service upon respondents.

Dated at Dos Angeles, California, this 24th day of OCTOBER, 1961.

 President


 Commissioners

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.