

ORIGINAL

Decision No. 62791

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's)
own motion into the practices,)
operations, contracts, rules)
facilities and service of the)
DEL MAR UTILITIES, a corporation.)

Case No. 6240

Additional Appearances

Phil D. Swing, for the Association for the
Consolidation of Del Mar with the City
of San Diego, interested party.
Chester O. Newman, for the Commission staff.

O P I N I O N

This investigation was instituted on March 17, 1959. Following a public hearing on March 24, 1959, Decision No. 58216, dated March 31, 1959, ensued. Prior to said latter date the respondent had notified the Commission that, commencing April 1, 1959, it would not accept applications for additional water service connections, a question of the adequacy of the respondent's water supplies having arisen. Pursuant to said decision the respondent was directed to accept new applications for water service pending further hearings on the investigation and pending further order of the Commission.

Adjourned hearings were held in September, 1959; the matter was submitted; and Decision No. 59883, dated April 5, 1960, ensued. By said decision the submission of the matter was set aside, and the

matter was reopened for further hearings to be set in the future. The respondent was ordered to reject any application filed within 30 days after the effective date of said decision where it appeared to the respondent that construction of the facilities for which the new service was desired would not have been commenced prior to the end of the 30-day period.

A further hearing was held on January 26, 1961, following which Decision No. 61653, dated March 14, 1961, ensued. By said decision respondent was authorized to accept applications for water service for a 19-unit apartment and for the properties of 2 prospective customers.

Further hearings were held in March, 1961, following which Decision No. 62010, dated May 16, 1961, ensued. By said decision the restrictions imposed by Decision No. 59883 on the acceptance by the applicant of applications for water service were lifted for a six-months' period, which said period would expire November 16, 1961. Following the hearings in March, 1961, briefs by counsel on the legal question of obtaining water rights in the San Dieguito Basin were filed by respondent's counsel and by counsel for the City of Del Mar. Also statements were submitted by the parties summarizing and comparing the estimated costs of acquiring and developing a water supply and obtaining water rights from said basin with the estimated costs of obtaining water from the Metropolitan Water District. Said statements were received in evidence at a further hearing before Commissioner Fox and Examiner Warner on September 7, 1961, at Del Mar. The matter was submitted for decision on said date subject to the filing of briefs which said briefs were received

from the respondent on October 9, 1961, and from the City of Del Mar on October 13, 1961. The matter is now ready for decision.

The respondent's present source of water supply, obtained under contract from the City of San Diego, is subject to a court order which, among other things, extended San Diego's obligation to continue to supply respondent with 724 acre-feet of water per water year until June 14, 1963.

Exhibit No. 57 shows that the respondent's potential water consumption for the water year 1961, based on actual water consumption for said year plus the full use of the Del Mar Hotel and plunge, the furnishing of water service to vacant property which is metered, to unmetered vacant property, and for fire prevention, is 668 acre-feet. The annual water requirements for the ultimate development of the City of Del Mar were estimated by a Commission staff engineer to be approximately 1,100 acre-feet and such ultimate development was estimated to be reached within approximately 10 years. It appears that the respondent should secure additional water supplies of about 376 acre-feet per year, as a minimum, and a maximum of about 557 acre-feet per year.

The City of Del Mar contends that it is the respondent's obligation to develop or obtain any supplemental sources of water supply which may be required. The City urged, based on engineering reports which it submitted, that the respondent attempt to develop sources of water supply in the San Dieguito Basin and offered to join with the respondent in the costs of exploring the water supply in the Basin.

The respondent, pursuant to orders of the Commission, employed engineers to study and report on the availability of an adequate water supply in the San Dieguito Basin, and concluded that exploring for, or developing of, this source of water supply was impractical.

It is the contention of the respondent that the only practical source of water supply is the purchase of Metropolitan Water District water through the San Diego County Water Authority. Such water purchase would have to be effected by the City of Del Mar, and resold to the respondent. The City of Del Mar is not a member of the San Diego County Water Authority and the cost of its joining the Metropolitan Water District and being annexed to the Authority would cost the taxpayers of the City approximately \$392,500. The cost of connection to Metropolitan Water District facilities was estimated to be \$223,250, and additional costs including the cost of a filter plant and chlorination facilities, a pressure reducer, and engineering and contingencies, would bring the total cost of acquiring a water supply through the medium of annexation by the City of Del Mar to the San Diego Water Authority and the Metropolitan Water District, to approximately \$692,075. To this amount would be added annual Metropolitan Water District and San Diego County Water Authority assessments approximating \$27,000, and the quantity cost of untreated water purchased of \$21 per acre-foot commencing January 1, 1962. The current cost of treated water purchased by the respondent from the City of San Diego under its current contract therewith is \$43.56 per acre-foot.

The respondent estimates that the cost of San Dieguito Basin water would vary from approximately one to six million dollars, depending on the costs of water rights' acquisition.

The City of Del Mar contended that estimated costs of acquisition were exaggerated, and that such costs should not exceed \$409,000.

The briefs of counsel have been carefully considered and, based on the evidence before us, the following findings and conclusions are made:

1. That the respondent's water supplies are adequate for the time being and for the foreseeable future up to and including May 31, 1962.

2. That to require the respondent to explore and develop a water supply in San Dieguito Basin would not be in the public interest for the following reasons:

- a. The availability of water-bearing land is questionable.
- b. The cost of obtaining water-bearing land would be considerable.
- c. The initial and permanent water supplies obtainable from water-bearing land are questionable.
- d. The quality of water supplies, if obtainable, is questionable, and such quality may be made unpotable by salt water intrusion or contamination.
- e. The legal right to export water from the basin to Del Mar is questionable; would be subject to court determination; and the costs of such determination are indeterminable.

3. That the respondent should be directed to enter into conversations looking toward the negotiation of a contract with the City of Del Mar for the purchase by the respondent, from the city, of Metropolitan Water District water obtained by the city through the San Diego County Water Authority.

4. That Decision No. 62010 should be modified as to the ordering paragraph 1.a. thereof to provide that Decision No. 59883 be modified as to the ordering paragraph 1 thereof and that the respondent be authorized to accept applications for water service up to and including May 31, 1962; provided that it appears to the respondent that construction of the facilities for which any service is desired has been commenced prior to that date.

5. That unless the conversations between the respondent and the City of Del Mar and negotiations therewith are successfully consummated prior to May 31, 1962, the restrictions imposed by Decision No. 59883 should be reimposed.

6. That the respondent should be directed to report to the Commission in writing, within 30 days after the effective date of the order which follows, the results of its conversations and negotiations with the City of Del Mar and every 30 days thereafter until such conversations and negotiations shall have been successfully consummated.

O R D E R

An investigation on the Commission's own motion having been instituted, public hearings having been held, Decisions Nos. 58216, 59883, 61653, and 62010 having been issued, a further hearing having been held and further evidence having been adduced therein, the matter having been submitted subject to the filing of briefs, said briefs having been received and, based on the findings and conclusions hereinbefore set forth,

IT IS HEREBY ORDERED as follows:

1. That the respondent Del Mar Utilities be, and it is, directed to enter into conversations looking toward the negotiation of a contract with the City of Del Mar for the purchase by the respondent, from the city, of Metropolitan Water District water obtained by the city through the San Diego County Water Authority.

2. That Decision No. 62010, dated May 16, 1961, be, and it is, modified as to the ordering paragraph 1.a. thereof, and that Decision No. 59883, dated April 5, 1960, be, and it is, modified as to the ordering paragraph 1 thereof, and that the respondent be, and

it is, authorized to accept applications for water service up to and including May 31, 1962; provided that it shall appear to the respondent that construction of the facilities for which any new water service is desired has been commenced prior to said date.

3. That unless the conversations between the respondent and the City of Del Mar and negotiations therewith are successfully consummated prior to May 31, 1962, the restrictions imposed by Decision No. 59883 shall be reimposed.

4. That the respondent be, and it is, directed to report to the Commission, in writing, within thirty days after the effective date of this order, the results of its conversations and negotiations with the City of Del Mar, and every thirty days thereafter until such conversations and negotiations shall have been successfully consummated.

The effective date of this order shall be twenty days after the date hereof, except that the effective date of Paragraph 2 of this order shall be the date hereof.

Dated at San Francisco, California, this 14th day of NOVEMBER, 1961.

[Handwritten Signature]
President
[Handwritten Signature]
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Commissioners