

ORIGINAL

Decision No. 78406

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Alfred C. and Ollie M. Dysart (dba Mountain Water Company) under Section 1001 of the Public Utilities Code, for authority to extend its service area to include all of the northwest one-fourth of the southwest one-fourth of Section 6 not already included; all of the southwest one-fourth of Section 17; and all of Section 19. All of this land is in Township 3 South, Range 1 East, San Bernardino Base and Meridian, Riverside County.

Application No. 51830  
(Filed April 17, 1970)

(Amendment filed  
May 18, 1970)

O P I N I O N

The applicants have authority to provide public utility water service to a total of approximately 80 acres in the Southwest 1/4 of Section 6, Township 3 South, Range 1 East, S.B.B. & M, Riverside County (Decision Number 61651 dated March 14, 1961 in Application No. 42471; and Decision No. 65699 dated July 9, 1963 in Application No. 45062).

Decision No. 65699, supra, includes ordering paragraph No. 2 which provides: "Applicants shall not extend their water system beyond the boundaries of their certificated area without further order of the Commission."

By Application No. 51830 as amended, applicants request authority to extend service to an area, hereinafter Parcel No. 1, consisting of 37 acres contiguous to the present service area on the north, and to extend service to an area, hereinafter Parcel No. 2, consisting of approximately 700 acres located approximately two miles south of the present service area, all in Riverside County. Both areas are in or in the vicinity of the City of Banning. The staff investigated the application, and made a report which is filed herein as Exhibit No. 1. Pertinent material from Exhibit No. 1 is herein referred to.

Management and Affiliated Interests

Mr. and Mrs. Dysart own Parcel No. 1; the subdivider will be Donald P. McGuire, the Dysarts' son-in-law. The Dysarts also own 662 acres in Parcel No. 2 and the remaining 32 acres are owned by Mr. and Mrs. McGuire.

Mr. Dysart is a farmer and rancher, and currently farms approximately 8,000 acres in the Banning area. Mr. McGuire is a land developer and residential builder.

Mr. Dysart operates the system and clerical work is performed by his daughter. Mr. Dysart's farm labor crew is available for construction and repairs.

The easterly parcel of 60 acres in applicants' service area was owned by the Dysarts when it was added to the service area in 1963, was subsequently sold by the Dysarts and has never been developed. Present customers in the developed service area have been connected as a result of gradual development by Mr. Dysart as the landowner and Mr. McGuire as the developer and builder.

### History

Applicants were granted a certificate of public convenience and necessity by Decision No. 61651, supra, to serve approximately 12 acres located north of U. S. Interstate Highway No. 10 approximately one and one-half miles west of downtown Banning, and were restricted from further extension without further order of the Commission. Decision No. 65699, supra, granted a contiguous addition to the certificated area of approximately 68 acres, continued in force the restriction from extending outside the certificated area and ordered applicants to install additional storage capacity when the number of customers should exceed 70.

### Franchise Requirements

Applicants have a franchise from Riverside County and no additional franchise is required.

### Service Area and Development Plans

The present service area consists of approximately 80 acres of relatively flat land sloping gently upward approximately 30 feet in elevation from south to north. As of November 1, 1970, 64 residential customers were being served. At ultimate development the existing service area will contain approximately 240 lots. The requested Parcel No. 1 contains approximately 37 acres and is contiguous to the service area on the north. The Dysarts and Mr. McGuire plan to develop Parcel No. 1 at a relatively slow rate of approximately six residences per year. No subdivision plans have been submitted for Parcel No. 1. The developers estimate that the subdivision will contain 95 to 105 residential lots.

Parcel No. 2 contains all of the southwest one-fourth of Section 17 and that portion of Section 19 lying below elevation 2,625 feet, totalling approximately 700 acres, all of which are in Township 3 South, Range 1 East, San Bernardino Base and Meridian. Elevations vary from approximately 2,320 feet in the northeast to 2,625 feet in the southwest.

Applicants plan to subdivide Parcel No. 2 into lots of two and one-half acres and larger, and estimate that growth will begin at a relatively low initial rate of four customers per year, gradually increasing until full development of approximately 150 lots is reached in 20 to 30 years. The first subdivision (tentative Tract No. 4134) consists of approximately 76 acres subdivided into 27 lots located in the east-central portion of Section 19. Tract maps or plans for providing water service to the isolated 40 acres have not been developed and, at present, there is no necessity for water service.

Other Purveyors

The only other purveyors within the vicinity of applicants' requested service area are Banning Water Company, a municipally-owned water utility, and the Beaumont Irrigation District. The Banning City Council has voted to approve the application rather than oppose it. The Beaumont Irrigation District's engineer informed the staff engineer that the District's Board of Directors would not oppose the application.

Description of Systems

Present Service Area and Parcel No. 1

Water is supplied into the system from three wells and two booster pumps with capacities as shown below:

<u>Item</u>	<u>GPM</u>
Well No. 1	22
East Pump, Well No. 2	81
West Pump, Well No. 2	98
Well No. 3	130
Booster No. 1	16
Booster No. 2	<u>250</u>
Total Capacity	597

The supply from Well No. 1, located at the northwest end of the present service area, is pumped into four storage tanks with a capacity totalling 35,000 gallons. Two hydropneumatic tanks of 1,500 and 1,000 gallons capacity are located adjacent to Well No. 1 and are interconnected with hydropneumatic tanks located at Wells Nos. 2 and 3. Well No. 2, located near the southwest part of the service area, is equipped with two 20-HP submersible pumps with automatic controls set to allow only one pump to operate until system demands require a greater capacity. Both pumps supply a 1,500-gallon hydropneumatic tank. Applicants could increase the output of Wells Nos. 2 and 3 when necessary by installing higher capacity pumps. The output of Wells Nos. 2 and 3 when test pumped was approximately 2,800 gpm. The supply from the hydropneumatic tanks at Wells Nos. 2 and 3 can be diverted into the storage located

adjacent to Well No. 1 by manual control. Well No. 3 has been drilled since Decision No. 65699 ordered applicant to install additional storage when the number of customers exceeds 70. Well No. 3 presently equipped with a 30-HP pump obviates the necessity of additional storage until the number of customers exceeds 160.

A 2-HP pump circulates water through the four storage tanks to prevent water stagnation.

A 2-HP booster and a 10-HP booster, taking suction from the storage tanks, deliver 16 gpm and 250 gpm, respectively, into the hydropneumatic system.

A demand of approximately 480 gpm could be sustained for approximately four hours, after which storage would be depleted and the maximum supply would be limited to the capacity of the well pumps, or 331 gpm. This water supply is sufficient to supply the present service area and the proposed Parcel No. 1 for the foreseeable future at pressures meeting the requirements of General Order No. 103.

The distribution system consists of 6,750 feet of 6-inch, 200 feet of 8-inch, and 200 feet of 10-inch double-dipped and wrapped steel mains. Two 6-inch mains terminate near the north boundary of the service area. Applicants propose to extend these mains into Parcel No. 1.

Parcel No. 2

Two wells located in the northeastern part of Section 19 deliver water to the system through interconnected 1,500-gallon hydropneumatic tanks. Pressures are maintained at approximately 45 to 85 psi.

Pumping equipment at Well No. 1 consists of a 10-HP submersible pump which, when tested at 50.6 gpm, resulted in a drawdown of 17 feet, or a specific yield (gallons per minute per foot of drawdown) of 2.97. A 54-hour test was made on this well during the course of which production was increased from 75 gpm to 102 gpm. The specific yields were 1.41 at 75 gpm and 0.73 at 102 gpm.

Well No. 2 is equipped with a 15-HP submersible pump which, when tested instantaneously at 98.7 gpm, resulted in a drawdown of 34.4 feet, or a specific yield of 2.87. A sustained test of 46 hours resulted in a specific yield of 1.27 at 75 gpm and 0.92 at 145 gpm. Pumping equipment presently installed extracts approximately 51 gpm from Well No. 1 and 99 gpm from Well No. 2.

The tests described above indicate that sustained pumping affects the stability of the water table.

Applicants state that if more production is required, other wells will be drilled, possibly in the southwest one-fourth of Section 17 where a study indicates that more productive aquifers exist. Applicants state that a transmission main would be installed connecting the high yield wells in the presently certificated area to Parcel No. 2 if water requirements indicate a necessity for such installation. This would require the installation of approximately 14,000 feet of main.

Approximately 5,800 feet of 6-inch, Class 150, asbestos-cement mains have been installed. Approximately 2,300 feet of main extends south along the eastern portion of Section 19. Four meters

and services are installed, all of which serve cattle watering tanks providing water to approximately 200 head of cattle owned by applicants. The installation meets the requirements of General Order No. 103, Rules Governing Water Service Including Minimum Standards for Design and Construction.

Proposed Systems

Applicants propose to serve Parcel No. 1 by extending the two existing 6-inch mains terminating near the north boundary of the present service area directly into Parcel No. 1. Subdivision plans have not been submitted for Parcel No. 1; however, applicants state that plans are being prepared. Applicants now have a sufficient water supply and the restriction from extending contiguously imposed by Ordering Paragraph No. 2 in Decision No. 65699 may be rescinded. Applicants will then be at liberty to extend contiguously by advice letter filing when a requirement for service develops.

The southern extremity of applicants' existing 6-inch main in Parcel No. 2 extends along the eastern boundaries of Lots Nos. 1 and 16 in tentative Tract No. 4134. Applicants propose to serve tentative Tract No. 4134 by extending the existing 6-inch main approximately 6,200 feet, installing three booster pumps and a 60,000-gallon reservoir. At ultimate development of Parcel No. 2, applicants propose to have installed an additional 30,200 feet of 6-inch main and two 100,000-gallon reservoirs located at an elevation of 2,710 feet.



Service

All pumps supplying the hydropneumatic systems in the existing and proposed service areas are automatically controlled, maintaining pressures in the system from approximately 45 to 85 psi. No formal or informal complaints have been filed with the Commission since the utility was certificated in 1961.

The last laboratory analysis of the water made on March 18, 1970 showed a fluoride content of 1.1 parts per million. Drinking water standards established by the U. S. Department of Public Health recommend that fluoride content should not exceed 1.0 parts per million but does not recommend the rejection of the source of supply until the concentration exceeds twice that amount. The Riverside County Health Department informed the staff engineer that the current level of fluoride content was not considered injurious to health and that no treatment would be required.

Main Extension Rule, Advances and Contributions in Aid of Construction

Applicants propose to finance the extension into Parcel No. 1 estimated at \$4,115, by application of its main extension rule with advances from applicants as individuals or from Mr. McGuire as the developer. Applicants propose to donate as a contribution in aid of construction the utility plant already installed in Parcel No. 2 totalling \$25,582 (adjusted by the staff to \$26,122 to include land at well sites and four existing meters and services), and propose to contribute additional plant estimated at \$34,250 to serve tentative Tract No. 4134.

As of December 31, 1969 applicants advance contracts amounted to \$5,522, all of which were with Mr. McGuire and proprietary capital amounted to \$74,411. Refunds were current as of that date.

Cash Drain

Applicants estimate customer growth in Parcel No. 1 will be at the rate of six per year and that customer growth in Parcel No. 2 will begin at four per year with a gradual acceleration of the rate. The staff views these growth rates as reasonable.

Applicants' annual revenue per customer for the past six years has ranged from \$104.24 to \$114.31, averaging \$108.61 for the six-year period, which amount has been used by applicants and staff for estimating revenues from Parcels Nos. 1 and 2.

Applicants' estimate of \$44.81 per customer per year (calculated by the staff from applicants' annual reports to be \$45.51) for operating and maintenance expenses is based on the average amounts charged to the operating expense accounts during the past six years and appears to be insufficient as applicants' records show that no operation and maintenance employee labor or vehicle expense have been listed for the past five years. Materials for operating and maintaining the system are listed in only one of the past five years. The staff has estimated reasonable amounts for these expenses and has estimated that the value to the water utility of an office adjacent to applicants' residence to be \$240 per year. Power for pumping expense per customer is expected to increase substantially with the addition of Parcel No. 2 as the power service charges for the two existing well pumps and the addition of two or

three booster pumps will serve relatively few customers during the early years of the development period. The staff estimated these expenses by applying current power rates to the estimated power requirements.

Applicants' current assessed valuation for ad valorem tax purposes is approximately one-sixteenth of net plant. Should the assessed valuation ever be increased to 25 percent of new plant, applicants' ad valorem taxes would quadruple.

The staff estimates that an extension from the existing system into Parcel No. 1 would not result in a cash drain on applicant. It is estimated that six customers connected for a full year would produce revenues of \$650 and that operating expenses including taxes on additional plant required and excluding depreciation would not exceed \$465.

The staff estimated out-of-pocket expenses to serve Parcel No. 2 on a pro-rata customer basis except that power for pumping and ad valorem taxes applicable to the isolated Parcel No. 2 were allocated entirely to customers in that area. The staff estimates that the loss excluding depreciation with four residential customers the first year would amount to only \$400 and that the net before depreciation for the third year with 13 residential customers would amount to \$90.

Applicants are willing to support any operating losses during the developmental period. In view of applicants' ownership of farm and ranch land exceeding 900 acres and proprietary interest in the water company and indicated net worth as of November 1, 1969

of approximately \$1,178,000 and the relatively low operating losses expected to occur in Parcel No. 2, the establishment of a loss reimbursement fund is not recommended.

Staff Recommendations

The staff recommends that:

- a. Ordering Paragraph No. 5 of Decision No. 65699, dated July 9, 1963 requiring that when the number of customers exceeds 70 the utility should install additional storage, connected so that water from Well No. 2 can be stored, should be rescinded.
- b. The restriction from extending beyond Parcel No. 1 should be lifted.
- c. Applicants should be authorized to serve the 27 lots in Parcel No. 2 and 33 additional customers along the existing pipeline not to exceed a total of 60. The remainder of Parcel No. 2 should not be certificated until such time as an adequate firm water supply has been developed and after definite land development plans are available.
- d. Applicants' current composite depreciation rate of 3.3 percent should be reviewed and updated to include the existing facilities installed in Parcel No. 2 and any new facilities required to serve Parcels Nos. 1 and 2.

Findings

The Commission finds that:

1. Applicants possess the financial resources to construct and operate the proposed system in Section 19, Township 3 South, Range 1 East, S.B.B. and M.
2. The water supply and distribution facilities will be sufficient to enable applicants to provide reasonable service for the additional areas set forth in Finding No. 3, supra.

3. Applicants' rates presently authorized by the Commission are fair and reasonable for the service to be rendered in the additional areas applicants are herein authorized to serve.

4. Public convenience and necessity require that applicants be authorized to serve the additional areas for which authority is herein sought.

5. A public hearing is not necessary.

Conclusions

1. The restriction contained in Decision No. 65699 against extending into contiguous territory should be cancelled.

2. The requirement in Decision No. 65699 that applicants install additional storage should be rescinded.

3. The application should be granted as set forth in the ensuing order.

The certificate of public convenience and necessity issued herein is subject to the following provision of law:

The Commission shall have no power to authorize the capitalization of the franchise involved herein or these certificates of public convenience and necessity, or the right to own, operate or enjoy such franchise or certificates of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the issuance of such franchise, certificates of public convenience and necessity or right.

O R D E R

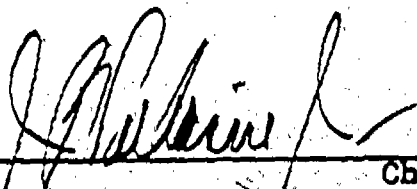
IT IS ORDERED that:


1. Ordering Paragraph No. 2 of Decision No. 65699 restricting applicants from extending service outside their present certificated area is rescinded.
2. Ordering Paragraph No. 5 of Decision No. 65699 is rescinded.
3. A certificate of public convenience and necessity is granted to Alfred C. and Ollie M. Dysart dba Mountain Water Company authorizing them to construct a water system in that portion of Parcel No. 2 known as Tract No. 4134, Riverside County, consisting of approximately 76 acres and the area adjacent to the existing pipeline extending to Sunset Avenue on the east, to the section line between Sections 18 and 19 on the north and for 300 feet on the south and west.
4. Applicants shall not extend or provide water service outside of that portion of Parcel No. 2 certificated herein without further order of the Commission.
5. Within sixty days after the effective date of this order, applicants shall file a tariff service area map to include the area


certificated in Paragraph No. 3 herein. Such filing shall comply with General Order No. 96-A. The effective date of the revised tariff map shall be four days after the date of filing.

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

Dated at San Francisco, California, this 9th day  
of MARCH 1, 1971.

  
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Chairman

  
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Vernon L. Sturgeon

  
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Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.