

ORIGINAL

Decision No. 78849

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of SERENO DEL MAR WATER COMPANY,
a California corporation, for
authorization to extend service
area.

Application No. 52340
(Filed December 7, 1970;
Amended April 22, 1971)

O P I N I O N

This application by Sereno Del Mar Water Company, a California corporation, filed December 7, 1970, and the amendment filed April 22, 1971, requests authority to extend water service into a contiguous area known as Sereno Del Mar Subdivision No. 2. This Sonoma County subdivision, composed of 49 lots, is located north of Bodega Bay adjacent to Scotty Creek. Applicant has requested an ex parte order in this matter. The results of a staff review of this application and a field investigation made on January 6, 1971 are presented in a report which is hereby received in evidence as Exhibit No. 1.

Background

Decision No. 76460, in Application No. 50830, dated November 25, 1969, granted a certificate of public convenience and necessity to Sereno Del Mar Water Company to serve a 50-lot, 42-acre subdivision, Sereno Del Mar Subdivision No. 1. In this decision in ordering paragraph No. 11, the utility was prohibited from extending service without prior authority of the Commission because of the limited quantity of proven water supply. Because of the expectation that the utility would not break even for many years applicant offered and the Commission ordered a loss reimbursement fund amounting to \$200 per lot.

Water Supply

In the original Application No. 52340, applicant proposed to construct a dam to impound Scotty Creek water during the six months of greater rainfall to serve Unit No. 2. By an amendment applicant now proposes to use a new well (No. 3) located approximately 1,000 ft. upstream from the treatment plant. This well is 65 ft. in depth, and showed a capacity of 17.2 gallons per minute at the end of a 72-hour test when pumped simultaneously with wells No. 1 and No. 2. The total capacity of the three wells at the end of the 72-hour test is shown to be 31.4 gallons per minute. The test was performed between March 22 and March 25, 1971. This quantity of water, in conjunction with existing 50,000 gallons of storage, is just sufficient to serve 99 customers on a metered basis and, therefore, meets the water supply requirement of the Commission's General Order No. 103, Rules Governing Water Service Including Minimum Standards for Design and Construction.

The water to be produced from well No. 3, as described in Exhibit H attached to the amendment, contains 1.16 milligrams per liter of manganese. The U. S. Public Health Drinking Water Standards recommend an upper limit of .05 milligrams per liter. This water also shows excessive turbidity. Water from well No. 3, like that from the other wells, will require treatment before it can be distributed. Approximately 1,000 ft. of 4-inch pipe will be required to connect this well to the treatment plant at an estimated cost of \$5,000. A well pump estimated to cost \$1,500 will also be required. Applicant does not propose to connect this well to the system until the customer growth reaches a point where its capacity is needed.

Water Plant

The estimated intract water plant required to serve Unit No. 2, Sereno Del Mar Subdivision, is shown on Exhibit E, attached to the application. The water system design conforms to the standards outlined in the Commission's General Order No. 103.

Applicant has installed a treatment plant to remove iron and manganese from the water and has completed the further development of a water supply to obtain more than the 28 gallons per minute required by ordering paragraph No. 12 in the above decision.

Financing

Applicant states on page 2 of the amendment to the application that the subdivider, Ocean Investments, is to finance the construction of the expanded water system at its sole expense and to transfer it to applicant without charge as "Contributions in Aid of Construction."

Economic Feasibility

Ocean Investments recognizes that the utility will probably be operating for many years at an out-of-pocket loss; therefore, it proposes to contribute the intract plant for Unit No. 2 and has agreed to enter into a loss reimbursement agreement for \$200 per lot when sold, similar to that authorized in Decision No. 76460 for Unit No. 1.

Findings

1. The proposed plant is designed in conformity with General Order No. 103.

2. The water supply is sufficient to serve only the 99 lots projected in Units 1 and 2.

3. With the subdivider contributions and loss-reimbursement fund provided below, the project is economically feasible.

4. Public convenience and necessity require the construction of the system described in the application as amended.

Conclusion

A certificate of public convenience and necessity should be issued subject to the requirements and conditions stated below.

The action taken herein is for the issuance of a certificate of public convenience and necessity only and is not to be considered as indicative of amounts to be included in proceedings for the purpose of determining just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Sereno Del Mar Water Company authorizing it to extend its public utility water system to serve Sereno Del Mar Subdivision No. 2, near Bodega Bay, Sonoma County, as delineated on the map attached to the application as Exhibit A.

2. Applicant shall file revised tariff sheets, including tariff service area maps, to provide for the application of its present tariff schedules to service rendered in said subdivision. Such filing shall comply with General Order No. 96-A. The effective date of the revised tariff sheets shall be four days after the date of filing.

3. Applicant is authorized to deviate from its filed tariff Rule No. 15, Main Extensions, to accept the water system facilities or equivalent funds necessary for service to said subdivisions, as contributed plant.

4. Compliance by applicant with paragraph 2 of this order shall constitute acceptance by it of the right and obligation to furnish public utility water service to the area authorized herein. The authority granted herein shall expire unless the designated tariff sheets are filed within one year after the effective date of this order.

5. Applicant shall not extend service outside of Sereno Del Mar Subdivision Units No. 1 and No. 2 unless authorized by this Commission upon a showing that an adequate supply of good quality water is available to serve such additional area.

6. Applicant shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order insofar as applicable, is hereby made a part of this order.

7. Applicant shall prepare and keep current the system of maps required by paragraphs I.10.a. of General Order No. 103. Within six months after the water system is placed in operation under the authority granted herein, applicant shall file with the Commission two copies of the maps.

8. The authority granted in paragraph 1 shall not be exercised until applicant has obtained from Ocean Investments a loss reimbursement agreement in a form acceptable to the Commission which require Ocean to pay to applicant \$200 per lot upon the sale or transfer by the developer of lots in Sereno Del Mar Subdivision, Unit 2, for the purpose of paying out-of-pocket expenses which exceed gross operating revenues. Such fund shall be deposited in an interest bearing special fund account of the utility separate from other cash accounts, with a bank or savings and loan association; the fund, with

its earned interest, shall be expended insofar as operating revenues are deficient, only for out-of-pocket operations, repairs, maintenance of facilities excluding any management fees or salaries paid to stockholders or affiliated developers. Expenditures from the fund for replacement of plant facilities may also be made but only after letter approval from this Commission.

9. Upon the tenth anniversary of the initial deposit, any amount remaining in the special fund not utilized for the purposes set out above shall be refunded to Ocean Investments or paid to its designee. Applicant shall provide Ocean with a statement not later than March 31 each year detailing the purpose, description and amount of all additions to and withdrawals from the fund during the prior calendar year, and the balance in the fund at the close of the year. A copy of this statement shall concurrently be filed with the Commission, attention of the Finance and Accounts Division. Two copies of this agreement shall be filed with the Commission concurrently with the filing of the tariffs authorized in ordering paragraphs of this decision.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 22nd
day of JUNE, 1971.

[Signature]
Chairman
[Signature]
[Signature]
Commissioners