

ORIGINAL

Decision No. 79546

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 authori- )  
 zation to extend service area. )

Application No. 53002  
 (Filed November 17, 1971)

O P I N I O N

This application by Sereno Del Mar Water Company requests authority to extend water service into a contiguous area consisting of 69 lots and known as Sereno Del Mar Subdivision No. 3. The present service area consists of 99 lots and is located about 3-1/2 miles north of Bodega Bay, east of and adjacent to State Highway 1 in the Scotty Creek watershed in Sonoma County. Applicant has requested an ex parte order in this matter. The results of a staff review of this application were presented in a report which is hereby received in evidence as Exhibit No. 1.

Decision No. 76460, dated November 25, 1969, in Application No. 50830, granted a certificate of public convenience and necessity to Sereno Del Mar Water Company to serve a 50-lot, 42-acre subdivision known as 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 supplies. Because of the expectation that the utility would not break even for many years, the applicant offered, and the Commission ordered, establishment of a loss reimbursement fund amounting to \$200 per lot.

Decision No. 78849, dated June 22, 1971, in Application No. 52340, granted authorization to extend service into a contiguous area known as Sereno Del Mar Subdivision No. 2. Subdivision No. 2 is composed of 49 lots and is contiguous to Sereno Del Mar Subdivision No. 1. In this decision, also, a loss reimbursement fund amounting to \$200 per lot was ordered.

At one time (Application No. 52340) applicant proposed to construct a dam to impound Scotty Creek water during the six months of greater rainfall. By an amendment, the applicant abandoned the idea of constructing a dam and instead a third well was developed which yielded approximately 17.2 gallons per minute. This quantity, combined with the two previous wells, provided for a total of 31.3 gallons per minute. The utility recently has developed a fourth well in Scotty Creek. This 14-foot, 36-inch diameter diversion well yielded 7.5 gallons per minute during a 72-hour test period which was completed on August 25, 1971. This yield, together with the other wells, provides for a total water supply of 38.8 gallons per minute. Test pump data, well log and chemical analysis were submitted with the application as Exhibits C and D, respectively.

The drawing submitted with the application, Exhibit A, shows that the existing water distribution system as well as the additional water mains which will be placed for improved circulation within the system meets the requirements of General Order No. 103. An existing 50,000-gallon storage tank, together with the four wells, will supply an acceptable amount of water to permit serving the proposed additional 69 lots.

Applicant submitted as Exhibit F an estimate by applicant's engineer of \$28,830 as the cost of extending service into Subdivision No. 3. It is the intention of the subdivider, Ocean Investments, to finance the construction of the extension at its sole cost and expense, and donate same to applicant without charge as a contribution in aid of construction.

It is also stated in the application that applicant is willing to establish a provision for a deferred capital expenditure fund to cover the cost of the installation of meters and pressure reducing valves, the connection of Well No. 3 into the system and the development of other water supplies together with additional treatment facilities should it become necessary.

It is understood by Ocean Investments that applicant will probably continue to operate for some time at an out-of-pocket loss; therefore, the intract facilities for Subdivision No. 3 will be contributed and a loss reimbursement agreement of \$200 per lot when sold will be established for Subdivision No. 3, similar to the provisions ordered in Decisions Nos. 76460 and 78849 for Subdivisions Nos. 1 and 2, respectively.

Based on these facts, the Commission finds:

1. The proposed water system for Sereno Del Mar Subdivision No. 3 conforms to the requirements of General Order No. 103.
2. The presently existing water supply appears to be adequate for the potential total active metered connections.
3. With the subdivider contributions and loss reimbursement fund the project is economically feasible.
4. Public convenience and necessity require the construction of the system described in the application.
5. A public hearing is not necessary.

The Commission concludes that a certificate of public convenience and necessity should be issued subject to the conditions and requirements hereafter stated.

#### O R D E R

IT IS ORDERED that:

1. After the effective date of this order, Sereno Del Mar Water Company is authorized to extend its public utility water system to serve Sereno Del Mar Subdivision No. 3, near Bodega Bay, Sonoma County, as delineated on the map attached to the application as Exhibit A.
2. After the effective date of this order, applicant is authorized to file revised tariff sheets, including tariff service area maps, to provide for the application of its present tariff schedules to the area authorized herein. 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 extend facilities to serve Sereno Del Mar Subdivision No. 3 to the extent that applicant may accept the water system facilities or equivalent funds 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 file a report in this proceeding describing method employed and date of completion of treatment facilities capable of processing raw water at the minimum rate of 40 gpm. Such report is to be filed within thirty days after completion of construction but not later than January 31, 1973.

6. Applicant shall not extend service outside of Sereno Del Mar Subdivision Units Nos. 1, 2 and 3 unless authorized by this Commission upon a showing that an adequate supply of good quality water is available to serve such additional area.

7. 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.

8. Applicant shall prepare and keep current the system 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.

9. Applicant shall enter into a loss reimbursement agreement in a form acceptable to the Commission which requires the developers to pay to applicant \$200 per lot upon the sale or transfer by the developer of lots in Sereno Del Mar Subdivision Unit 3 to pay out-of-pocket expenses, which exceed gross operating revenues. Such fund is to 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; further, the fund, with its earned interest, shall be used insofar as operating revenues are deficient only for out-of-pocket operations, repairs, maintenance and replacement of facilities, excluding any management fees or salaries paid to stockholders or affiliated developers. Expenditures from the fund for replacement of plant facilities may be made only after letter approval from this Commission.

10. Applicant shall establish a provision for a deferred capital expenditure fund to cover the cost of the installation of meters and pressure reducing valves, the connection of Well No. 3 into system and the development of other water supplies together with additional treatment and storage facilities should it become necessary.

11. 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 the developers or paid to their designee. Applicant shall provide developers 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.

12. Applicant shall provide water meters to all new service connections together with pressure regulators as required.

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

Dated at Los Angeles, California, this 18<sup>th</sup> day of APRIL, 1972.

[Signature]  
Chairman  
[Signature]  
[Signature]  
[Signature]  
Commissioners