

ORIGINAL

Decision No. 81575

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of CORNELIUS T. CRONIN, doing)
business as AMBLER PARK WATER)
UTILITY for an order approving)
a main extension.)

Application No. 53848
(Filed February 20, 1973)
(Amended April 5, 1973)

Brian Finegan, Attorney at Law, for
Cornelius T. Cronin, applicant.
Jim J. Morrison, for Salinas Rural
Fire Protection District; Walter
A. Thompson, for Harper Canyon
County Water District; Robert T.
Adcock, for Toro Water Service;
Harriet Gordon, for herself; and
Walter Wong, for Monterey County
Health Department; interested
parties.
James M. Barnes and John J. Gibbons,
for the Commission staff.

O P I N I O N

Cornelius T. Cronin, doing business as Ambler Park Water Utility (Ambler), seeks authority to extend water service into two contiguous areas consisting of a 34-lot residential subdivision, known as Rim Rock Subdivision, located approximately 5,000 feet east of Ambler Park Subdivision and connected by a service area corridor 100 feet on either side of San Benancio and Harper Canyon Roads, and a 63-unit residential development known as Rancho El Toro Country Club (Section A). Ambler presently furnishes utility water service to approximately 141 residential customers in the Ambler Park Subdivision located approximately 9 miles southwest of the city of Salinas in Monterey County.

Public Hearing

After notice, public hearing was held before Examiner Johnson in Salinas on May 16 and 17, 1973 and the matter was submitted. Testimony was presented on behalf of Ambler by its owner, its attorney, a consulting engineer, the Rim Rock Subdivision developer, a geologist, and a structural engineer. Testimony was presented on behalf of the Commission staff by an assistant utilities engineer from the Utilities Division, and an auditor from the Finance and Accounts Division. In addition, testimony was presented by a representative of the Monterey County Health Department, the president of Harper Canyon County Water District, and a representative of Toro Water Service.

Present Operations

The present system consists of one well approved by Monterey County, three storage tanks with a combined capacity of 35,000 gallons, and a distribution system over two miles in length, consisting primarily of 4-inch cement asbestos pipe. The availability of water to the present system is sufficient but a survey of customers by the staff engineer revealed complaints of low water pressure during peak summer hours.

Proposed Construction

Ambler's consulting engineer summarized the proposed installation designed to conform to the requirements of this Commission's General Order 103. The proposed additions to the present system are summarized in Exhibit 2 and will consist of 8-inch main from Lot 3 of Ambler Park Subdivision along San Benancio County Road to Harper Canyon Road. A 6-inch main will be installed from this point along Harper Canyon Road and Rim Rock Canyon Road to a proposed storage installation. This installation will consist of two 25,000-gallon steel tanks, 8 feet high and 21 feet in diameter, at an elevation of approximately 850 feet. Another storage installation consisting of one 12,000-gallon redwood tank, 15 feet in diameter and 12 feet high, and two 25,000-gallon

steel tanks, 8 feet high and 21 feet in diameter will be installed on a one-half acre site just west of the lot line between Lots 3 and 4 of the Rim Rock Subdivision at an elevation of approximately 550 feet. These 5 storage tanks will be fed by booster pumps.

There will be three pressure zones (Zone 3 being the highest) with the storage tanks in each zone maintaining the pressure for the houses in its respective zones. In addition, storage in the lower zones is available for pumping to the higher zones.

Since the water for the Zone 2 and Zone 3 storage is pumped through the Ambler Park Subdivision, the staff engineer recommended the installation of either an additional 6-inch transmission main at a cost of approximately \$8,500 or an 8-inch relay to a larger main, to prevent the drawdown from reducing pressures in the Ambler Park Subdivision to an unsatisfactorily low level. Ambler's consulting engineer testified that the pumping would be done only off-peak and would therefore have no adverse effect on the water pressure for the Ambler Park Subdivision residents. He further testified that the installation of a pressure reducing valve and backfeeding from Zone 2 would improve water pressure in the lower pressure portions of the subdivision, Zone 2A. He recommended manual operation of the pressure reducer valve to prevent storage tank drainage in case of pipe rupture. Ambler's consultant engineer further testified that a minimum of 40 psi would be maintained during periods of maximum demand in the Rim Rock Subdivision. The staff engineer testified that the off-peak pumping would eliminate the need for the additional main and that backfeeding from Zone 2 would improve water pressure in the existing service area. He recommended, however, that automatic pressure regulating valves be installed in series in order to maintain adequate storage and pressure for the entire service area during the absence of Ambler personnel. The order will provide for automatic operation of the pressure regulating valves with manual override shutoff valves and alarms to sound in the event that a pipe rupture reduces pressure below a predetermined amount.

Fire hydrants are proposed throughout the Rim Rock and Rancho El Toro Country Club subdivisions but not along San Benancio and Harper Canyon Roads.

Water Supply

A licensed geologist, testifying on behalf of Ambler, stated that there was ample water for two to three times the number of present customers, that additional water would not be needed for many years, that a 72-hour stabilized drawdown test had not been performed on the new well, and that there are no active faults in the Ambler service area.

Permits

The proposed extension requires a State Health Department water supply permit to be issued by the Monterey County Health Department. A department representative testified that Monterey County conditioned approval of such a permit upon the installation of an additional well and 100,000 gallons of storage at Rim Rock and El Toro.

The water storage tanks are to be built in accordance with the Monterey County building code. A structural engineer retained by Ambler testified that a conservative figure for the compaction strength of the storage tank site would be 2,000 pounds per square foot and that the loading of the full tanks would only be approximately 800 pounds per square foot. He further testified that state law and Monterey County require that the tank structures withstand a seismic force equal to 20 percent of the force of gravity and that he will design the structures to meet this requirement and submit the plans to the Commission staff for review.

A use permit issued by the Planning Commission of the county of Monterey is required before the installation of the water storage tanks and pump station. Ambler's attorney testified that such a use permit (Exhibit 1) was granted by resolution dated January 10, 1973.

The record shows that Monterey County approved the two subdivisions under Section 115495 of the Business and Professions Code which requires findings that the subdivision will have no adverse environmental effect, and that because such approval was made on a timely basis that a California Environmental Quality Act finding is not required in this case.

Construction Contributions and Advances

Ambler's financing proposal is tabulated in Exhibit 3 as follows:

Item	Advances		Contributions:		Total
	Proprietary:	for	in Aid of	Construction:	
	Capital	Construction:	Construction:		
<u>Rim Rock Extension</u>					
On-Site Mains	\$ -	\$33,175	\$ -		\$ 33,175
Off-Site Mains	-	38,090	-		38,090
Pump Station	8,000	-	-		8,000
Pump Sites	-	-	2,000		2,000
Tanks	19,000	-	-		19,000
Tank Sites	-	-	1,000		1,000
Pump and Tank Foundations	-	-	1,000		1,000
Engineering Expense	-	-	8,000		8,000
<u>Rancho El Toro Extension</u>					
New Well Lots & Easements	-	-	15,000		15,000
On-Site Mains	-	-	15,640		15,640
Total	27,000	71,265	42,640		140,905

The staff accountant recommends that the financing be modified so that the Rim Rock subdivider is required to contribute without refund the \$38,090 for off-site mains; that the on-site mains, services, and hydrants having an estimated cost of \$33,175 be financed by a main extension agreement in which Section C.2.d of the extension rule be waived; that the subdivider be required to advance the estimated cost of \$8,000 for pump stations under the special facility Section C.2.b of the main extension rule; and, that

the extension agreement be amended to permit the utility to offset refunds due on the main extension agreement against added ad valorem taxes resulting from construction of new plant to serve the subdivision, until such time as gross revenues from the water service to the subdivision exceed the added property taxes. The subdivider testified that the contribution of \$38,090 for off-site mains was acceptable to him as was the modification of the extension rule to offset ad valorem taxes. He objected to the waiver of Section C.2.d of the main extension rule on the basis that such a waiver would preclude the possibility of his ever receiving a full refund of the \$33,175 advance for on-site mains, services, and hydrants. He also objected to being required to advance \$8,000 for pump stations on the basis that his contribution was already all that could be reasonably expected and the pump station was beneficial to all Ambler customers, not just those in the Rim Rock Subdivision. We find his position is reasonable and it will be adopted.

Rates

Ambler's owner testified that he planned to place his present rate into effect in the new service areas. He further testified that in the near future he planned to file with this Commission fire protection rates applicable to all in his service area who requested such service.

Position of Other Parties

The president of Harper Canyon County Water District (Harper) testified that portions of Harper's service area are included in the requested addition to Ambler's service area. He stated that the remaining service area would be insufficient to support a water operation and in his opinion any certificate grant ensuing from this proceeding should include all of Harper's service area as delineated in Exhibit 7.

Exhibit 5, which he introduced into evidence, was a letter from the Salinas Rural Fire District transmitting a map showing the recommended placement of three fire hydrants along Harper Canyon Road. He also introduced as Exhibit 6 a price quotation from a plumbing supply company indicating a cost of \$426.64 per fire hydrant. He testified that the residents along Harper Canyon Road were desirous of and willing to pay for fire protection service. The order that follows will require Ambler to file fire protection rates and will permit the expansion of the service area within Harper's service area on an advice letter filing.

The representative of Toro Water Service testified to his opposition to the granting of the requested certificate on the basis of previous negotiations with Rancho El Toro and lack of notification of the application by Ambler. He admitted under cross-examination that Rancho El Toro had informed him in April 1972 that it intended taking service from Ambler.

Findings

1. Public convenience and necessity require the installation of the proposed extensions.
2. The proposed facilities will improve service to the present customers and benefit existing dwellings which have inadequate or poor quality wells in the Rim Rock area.
3. There is an adequate supply of potable water for the foreseeable future.
4. The proposed extension has been designed to conform to the requirements of General Order 103.
5. There is a need for public fire protection along San Benancio and Harper Canyon Roads.
6. The existing rate schedules should be applied to the new areas and a fire protection tariff schedule should be filed.
7. It is reasonable to modify the present financing arrangement to convert the \$38,090 cost of off-site mains from an advance for

construction to a contribution in aid of construction, and to have refunds due under the main extension agreement offset against added ad valorem taxes resulting from new construction to serve the subdivision until gross revenues from the subdivision exceed the added tax. Further modification of the extension rule agreement is unreasonable.

8. The water storage tanks will be designed to withstand a seismic force equal to 20 percent of the force of gravity to comply with California State and Monterey County requirements.

9. The upper level, Zone 2, water storage tanks should be filled only during off-peak hours. Backfeed from this upper level will improve water pressure to the existing service area. The associated pressure regulating valves should be automatically operated with manual overrides and alarms to signal a lower level pipe rupture.

10. An additional well and additional storage of 100,000 gallons for Rim Rock and El Toro were required as a prerequisite to obtaining a State Health Department water supply permit through the Monterey County Health Department.

11. A California Environmental Quality Act finding is not required for the proposed expansion of the service area.

12. The requested service area includes a portion of the Harper Canyon County District service area.

Conclusions

1. The authority sought by Ambler should be granted to the extent set forth in the order which follows.

2. Ambler should be authorized to extend its service area to encompass the residue of the Harper Canyon County Water District service area on an advice letter filing.

3. Ambler should file appropriate fire protection tariff schedules.

4. The main extension agreement between Ambler and Rim Rock Subdivision should be modified to have the \$38,090 off-site main costs classified as a contribution, and to have refunds due under the main extension agreement offset against added ad valorem taxes resulting from new construction to serve the subdivision until gross revenues from the subdivision exceed the added tax.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Cornelius T. Cronin, doing business as Ambler Park Water Utility, authorizing him to extend facilities to serve the area within 100 feet of San Benancio and Harper Canyon Roads, the Rim Rock Subdivision and Rancho El Toro Country Club in Monterey County.

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 shall file by advice letter in accordance with General Order No. 96-A tariff sheets for fire protection rates applicable throughout Ambler service area, with the condition that all applicants for fire hydrant service along San Benancio and Harper Canyon Roads shall contribute the total cost for fire hydrant service facilities and installation.

4. Compliance by applicant with paragraph 2 of this order shall constitute acceptance of the right and obligation to furnish public utility water service to the area covered by Rim Rock Subdivision and Rancho El Toro Country Club. The authorities granted herein shall expire unless the tariff filing authorized in paragraph 2 above is filed within eighteen months after the effective date of this order.

5. Within ten days after service is first furnished to the public under the authority granted herein, applicant shall submit written notice thereof to this Commission.

6. Applicant shall not extend facilities or offer to serve any areas outside of his present service area and the area certificated herein without authority first having been obtained from this Commission except that service may be extended to residents in the residue of the Harper Canyon County Water District service area on the approval of an advice letter filing.

7. Applicant shall prepare and keep current the system of maps required by paragraph 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. Prior to the date service is first furnished to the public under authority herein, applicant shall apply for and receive final approval from the county of Monterey for a franchise for the proposed extension and submit written notice thereof to the Commission.

9. Applicant shall have a 72-hour stabilized drawdown test made on the new well before tying into the system and shall submit written notice of the results to the Commission.

10. The new well shall be tied into the system prior to serving the areas authorized herein.

11. Automatic pressure regulating valves shall be installed to permit the backfeeding from Zone 2 to the existing service area. Such valve installations shall be equipped with manual override valves and alarms signaling a distribution main rupture.

12. The main extension agreement between Ambler and Rim Rock Subdivision shall be modified to change the \$38,090 cost of off-site mains from a refundable advance to a contribution without refund, and to provide for offsetting refunds due under the main extension agreement against added ad valorem taxes resulting from

new construction to serve the subdivision until gross revenues from the subdivision exceed the added tax. A copy of the modified contract shall be filed within ninety days after the effective date of this order.

13. Applicant shall maintain a minimum of 40 psi in the new service areas authorized herein.

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

Dated at San Francisco, California, this 3rd
day of JULY, 1973.

Vernon L. Sturgeon
President
[Signature]
[Signature]
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Commissioners