

Decision 89 03 055 MAR 22 1989

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Suspension and)
Investigation on the Commission's own)
motion of tariff filed by Advice)
Letter No. 779 of Southern California)
Water Company, Big Bear District, in)
San Bernardino County.)

(I&S)
Case 88-03-042
(Filed March 23, 1988)

O'Melveny & Myers, by Thomas N. Harding,
Attorney at Law, for Southern California
Water Company, applicant.
Best, Best & Krieger, by Richard T. Anderson,
Attorney at Law, for Big Bear City
Community Services District, protestant.

O P I N I O N

Summary of Decision

This decision approves Southern California Water Company's (SCWC) Advice Letter 779 (AL-779) for extension of service area to serve a 98-acre parcel of property. The approval is contingent upon the construction of two additional wells by SCWC. The decision also rejects the protest filed by the Big Bear City Community Services District (District).

Background

On February 16, 1988, SCWC filed AL-779 for authority to extend its service area to serve a 98-acre parcel (the Parcel) of property. The proposed development is intended to serve approximately 180 single-family residences. It is contiguous to SCWC's presently effective Big Bear District service area.

By letter dated March 2, 1988, District filed a protest to AL-779. The specifics of the District's protest are set forth later. ✓

The Water Utilities Branch (Staff) of the Commission Advisory and Compliance Division recommended that AL-779 be suspended pursuant to Public Utilities Code § 455 until July 25, 1988 and the matter be set for hearing. Based on the Branch's recommendation, on March 23, 1988, the Commission took the following action:

1. Instituted an investigation to determine whether the tariff sheets filed by SCWC under AL-779 are unreasonable or unlawful in any particular manner, and to issue any order or orders that may be lawful and appropriate in the exercise of the Commission's jurisdiction in the matter.
2. Suspended the process and effectiveness of tariffs filed by SCWC under AL-779 until July 25, 1988 or until further Commission order, whichever occurs sooner.
3. Ordered public hearings in this investigation to be held before an Administrative Law Judge.

Decision (D.) 88-07-063 extended the suspension of the tariffs filed under AL-779 until further Commission order.

Public Hearings

Public hearings were held on May 24 and July 21, 1988 in Los Angeles and on June 13 and 14, 1988 in San Francisco before Administrative Law Judge (ALJ) Garde. The proceeding was submitted upon receipt of concurrent reply briefs on November 28, 1988.

After conclusion of the hearing and prior to the date for filing reply briefs, on September 8, 1988, District filed a petition, pursuant to Rule 84 of the Commission's Rules of Practice and Procedure, to reopen the proceeding for taking additional evidence. In support of its petition, District cited certain problems in SCWC's Moonridge system. District also cited a SCWC progress report filed with the California Department of Health Services (DHS).

Since the petition did not raise any new material that had not been examined during the four days of hearing, the ALJ denied the petition. We affirm the ruling.

Water Systems of District and SCWC

The District service area covers the unincorporated area known as Big Bear City. SCWC's Moonridge system and the Sugarloaf-Erwin Lake system are located within the boundaries of the District service area. District has various systems in the remainder of the service area within its boundaries which include what is known as Downtown Big Bear City, Shay Meadows, and portions of Erwin Lake area. Figure 1 in Appendix A delineates District's service area.

SCWC's Big Bear District consists of five separate systems. They are Big Bear Lake-Moonridge, Fawnskin, Lake William, Rimforest, and Sugarloaf-Erwin Lake systems. Big Bear Lake-Moonridge and Sugarloaf-Erwin Lake systems consist of two separate interconnected systems.

The proposed 98-acre Parcel is contiguous to the Sugarloaf system and is also within District's service area.

Groundwater Basins

The groundwater basins surrounding the Big Bear Lake are shown in Figure 1. The groundwater basins on the south side of Big Bear Lake serving the Big Bear Lake-Moonridge systems include: Mill Creek, Village, Rathbone, and Division. The Mill Creek and Village Basins have no wells at all. On the North side of the Lake are the Grout Creek North Shore and West Baldwin basins. The Grout Creek Basin which serves Fawnskin and the North Shore Basin are underdrafted. The West Baldwin Basin is the primary source of supply for District. The Sugarloaf-Erwin Lake system's main source of supply is from the Erwin Basin. ✓

Figure 1 also shows the sustained yields for the basins. Sustained yield of a basin is the amount of water that can be extracted from that groundwater basin over a long period of time, which includes wet and dry cycles, without bringing about some

undesirable result. The undesirable result could be a lowering of water levels so that shallow wells would be dewatered; or the quality of water extracted from the basin could deteriorate due to lower water levels. When the quantity of water extracted from a basin exceeds the sustained yield of the basin, an overdraft occurs.

District's Source of Water Supply

District has one well in Erwin Basin, eight wells in West Baldwin Basin, one well in the Division Basin and two slant wells in Van Dusen Basin.

In addition, District has two other sources from the Fish Hatchery and Green Spot Springs.

District's storage facilities include the Peery Reservoir (1.5 million gallons), the Green Spot Reservoir (1.1 million gallons) and the Holden Reservoir (1 million gallons). District's storage facilities are interconnected.

District proposes to serve the Parcel from a 12-inch water main located 1,200 feet north of the Parcel.

SCWC's Source of Water Supply

SCWC's Sugarloaf-Erwin Lake system has eight wells in the Erwin Basin and one well in West Baldwin Basin.

In addition SCWC has a 300,000 gallon storage tank in the Sugarloaf-Erwin Lake system.

The Big Bear-Moonridge system has 31 wells and 3.1 million gallons storage capacity.

With addition of the Yosemite Reservoir (1.2 million gallons) the total storage in the Moonridge subsystem will be 4,317,000 gallons.

SCWC proposes to serve the Parcel from the 8-inch water main connecting the Sugarloaf and Erwin Lake systems.

The Parcel

The Parcel is located east of SCWC's Sugarloaf service area and is contiguous with it. Figure 1 shows the exact location of the Parcel.

The 98-acre Parcel is intended to serve approximately 180 single-family dwellings. At the conclusion of the hearing, no firm plans for the development of the Parcel had been made. It is estimated that an additional 36 acre-feet of water per year will be needed to serve the 180 homes.

The Parcel is owned by Dr. S. Allan Hurwitz. In a letter to the Commission (Exhibit 15), Dr. Hurwitz strongly urges the Commission to allow SCWC to serve the Parcel.

Moratorium of Service Connection in the Big Bear District

D.88-01-025 in SCWC's Big Bear District general rate case (A.87-04-067) directed the Staff to monitor conditions in the Big Bear District and to report to the Commission with a recommendation on whether a service connection moratorium was necessary (Ordering Paragraph 5).

On April 13, 1988, Staff issued its report¹ which recommended that SCWC, by July 1, 1988, complete and have in operation a storage tank, as ordered by DHS. Staff also recommended that by November 1, 1988, SCWC complete and have in operation two additional wells. Staff recommended that a service connection moratorium be imposed for new buildings with permits not yet issued in the Moonridge system in the event SCWC failed to complete the projects on time. ✓

The general rate case was reopened to receive evidence on the staff report. D.88-05-025 in the reopened phase of the proceeding ordered, among other things, SCWC to: ✓

¹ The report prepared by Staff has been incorporated as part of the record in this proceeding at District's request. Figure 1 is included in the report.

- o Complete installation and have in operation the proposed Stanfield Well and 1.2 million gallon Yosemite storage tank as ordered by DHS by July 1, 1988.
- o Complete construction and have in operation and connected to the Big Bear Lake-Moonridge system two additional wells in the North Shore, Mill Creek, or Village Water Basins or adequate substitute therefor by November 1, 1988.
- o Not to establish connections for new buildings with permits not yet issued for the Moonridge area if the above-described projects are not completed on time.
- o Continue to negotiate with Big Bear Municipal Water district to use lake water as a new source of supply.

On October 14, 1988, SCWC wrote a letter to the Commission regarding its compliance efforts to construct two new wells by November 1, 1988.

According to SCWC, despite its best efforts, it was unable to complete the two wells. SCWC believes that it can complete the wells by June 30, 1989 and has requested the DHS to extend the construction deadline.

SCWC's letter reports that it has completed and placed in service a transmission line and booster station which connect the Sugarloaf-Erwin Lake system to the Yosemite storage tank. This project completes the linkage between the Moonridge and Sugarloaf-Erwin Lake systems, which will allow flexibility so that water can now be transferred from either system to the other system in the event of impending shortage. SCWC contends that by this connection it has provided "an adequate substitute" for the wells and has thus complied with the Commission's order.

On November 28, 1988, District filed a request, pursuant to Rule 73 of the Commission's Rules of Practice and Procedure, to take official notice of the letter.

As requested by District, we will take official notice of the letter.

District's Position

District is opposed to the extension of SCWC's service area to serve the Parcel. District's objection is based on the following allegations:

1. SCWC intends to service this proposed development from a severely overdrafted basin in the area where its Erwin Lake well field is located and as a result of the overdrafted condition of this basin, SCWC is unable to adequately serve this development,
2. District has an adequate water system to adequately serve this development from its Greenspot Reservoir, and
3. SCWC's continuing to provide unlimited service from overdrafted sources impairs District's water conservation efforts.

According to District, the DHS-ordered interconnection between the Sugarloaf system and the Moonridge system is primarily for the purpose of supplying water from SCWC's wells in the Erwin Basin to its Yosemite storage tank in the Moonridge system. In support of its contention, District cites that SCWC was unable to complete the two new wells ordered in D.88-05-025 by November 1, 1988 and is now relying on water from the Erwin Basin to avoid the moratorium in the Moonridge area.

District's witness Glen A. Brown, a consulting geologist, testified that based on his studies, he concluded that the sustained yield of the Erwin Basin was 250 acre-feet per year. According to Brown, since 1976 the combined annual pumping of SCWC and District exceeded the sustained yield of the Erwin Basin causing a cumulative overdraft of approximately 2,000 acre-feet. Brown maintains that in order to eliminate this cumulative overdraft, combined annual pumping of SCWC and District would have

to be less than 250 acre-feet for a period of time so that natural recharge would start bringing water levels up. Brown opines that if SCWC was allowed to add the 98-acre Parcel to its service area and was to provide water service to 180 residences on that property, and was to increase its pumpage from the Erwin Basin in order to do that, the cumulative overdraft would be increased. ✓

Further, District contends that SCWC's current water use of approximately 600 gallons per minute is close to the 680 gallons per minute capacity of its existing wells in the Sugarloaf system. District believes that due to this limitation, SCWC does not have sufficient capacity in its wells to both supply its existing customers in its Sugarloaf-Erwin Lake system and provide significant quantities of water to its Yosemite storage tank to supply the Moonridge system. District maintains that in evaluating SCWC's capability to provide water supply to its customers in the Sugarloaf-Erwin Lake system, consideration must be given to the additional demand which will be placed on existing wells by the addition of new customers. District points out that in addition to the customer growth, the water use in the Big Bear Valley area will increase because of the change in the ratio of full-time to part-time residents. District believes that the percentage of full-time residents in the area will increase.

In addition, District notes that the water outage during part of the Christmas-New Year's Holiday 1987 in SCWC's Big Bear District is another example of supply problems faced by SCWC. ✓

Based on the above, District concludes that SCWC's wells in the Erwin Basin are not capable of both satisfying the existing demands in the Sugarloaf-Erwin Lake system and supplying supplemental water to the Moonridge system, and at the same time providing water service to 180 homes in the Parcel. Therefore, District requests that the Commission not allow SCWC to serve the Parcel.

SCWC's Position

SCWC believes that it is suited to serve the Parcel because (1) the Parcel is contiguous to its Sugarloaf system; (2) its transmission main connecting the Sugarloaf and Erwin Lake systems bisects the Parcel; (3) District does not have any facilities in the immediate area of the Parcel and will have to extend a line quite a distance to the area.

Next, SCWC maintains that its contention is reinforced by the expressed strong preference of the owner of the Parcel to be served by SCWC.

SCWC disagrees with District's contention that SCWC would be unable to provide water service to the Parcel from its Sugarloaf-Erwin Lake system. SCWC contends that there have been no outages in the Sugarloaf-Erwin Lake system resulting from production problems or inadequate water supply from wells in the Erwin Basin. According to SCWC, with the interconnection between the Moonridge and Sugarloaf systems, it will have over 30 sources of water and over four million gallons of storage. SCWC maintains that with such resources available to it, the 36 acre-feet of water per year needed to serve the Parcel will be a negligible additional burden.

SCWC believes that District estimate of 149 new customers per year is too high. According to SCWC, District based its estimate of customer growth on the average number of connections added between 1973 and 1987 which was a period of rapid growth in the Bear Valley area. SCWC claims that recent customer growth in the Sugarloaf-Erwin Lake system has been 73 per year, and the average over the last three years has been even lower than that.

SCWC takes issue with the main allegation in District's protest that it would be undesirable to allow SCWC to serve the Parcel because it would be serving from the overdrafted Erwin Basin. According to SCWC's witness Stetson, a water resources engineer, the determination of sustained yield is anything but an

exact science. Stetson testified that there have been a number of studies made since 1978 with regard to the sustained yield of the Erwin Basin. According to Stetson, these studies, some of which Mr. Brown participated in, have yielded substantially different results as to the sustained yield of the basin. Stetson's explanation of the diversity of these various estimates is that not enough data is available and not enough time has passed to allow an accurate estimate of sustained yield of the Erwin Basin. Stetson opines that a real overdraft in a basin can only be ascertained if the water level in the basin declines in wet and dry years for a period of 10 to 15 years. SCWC claims that there is no testimony on record that water levels in the Erwin Basin have declined in such a manner over such a period. Therefore, SCWC believes that if the decision in this proceeding is based on anticipation of an overdraft in the Erwin Basin, such a decision would be based not on any reasoned public water policy, but on a guess.

In addition, SCWC claims that District's estimate of the sustained yield of 250 acre-feet per year for the Erwin Basin is derived from insufficient data. According to SCWC, in calculating the sustained yield figure District's witness Brown used water level data for only a few select wells. SCWC argues that in order to make an accurate estimate of sustained yield, ground water levels throughout the basin should be used.

SCWC states that the results of water quality analysis conducted on its wells in the Erwin Basin indicate that there has been no deterioration in the quality of water from its wells. According to SCWC, the fact that there is no deterioration of water quality confirms its position that there is no overdraft in the basin.

SCWC contends that District is responsible for overdrafting the West Baldwin Basin and that if it were to provide service to the Parcel, it would have to do so from a severely overdrafted basin.

Next, SCWC addresses the issue of conservation. SCWC contends that it has a very effective conservation program in place in the Big Bear District. According to SCWC, its conservation measures are part of its tariffs and include measures which authorize the company to put flow restrictors in a customer's meter if that customer violates the conservation measures adopted by the City of Big Bear Lake. The tariffs also require developers to install low-flow toilets in new construction and to adopt other conservation measures.

Based on the above, SCWC believes that it has demonstrated its ability to provide water to the Parcel. Also, SCWC believes that it has a strong conservation policy and has demonstrated a comprehensive long-term strategy for improving water supply in its Big Bear District. Therefore, SCWC requests the Commission to dismiss District's protest and to end the suspension of the tariffs filed in AL 779-W.

Discussion

In deciding which of the two competing water purveyors should serve the Parcel we will first consider the three allegations made in District's protest.

Overdrafted Basin

In considering District's allegation that the combined pumpage by SCWC and District from the Erwin Basin has exceeded the basin's sustained yield of 250 acre-feet causing a cumulative overdraft of approximately 2,000 acre-feet, we note that the record contains other estimates of sustained yield for that basin which do not support District's allegation. According to Figure 1, the sustained yield for the Erwin Basin is 600 acre-feet per year. In his 1978 study, District's witness Brown estimated the sustained yield for the Erwin Basin to be 300 acre-feet per year. Brown revised this estimate in his 1987 study to be 250 acre-feet per year. According to Brown, he revised his estimate of sustained yield because, "we collected additional data, not only on water

levels but additional pumpage, and gave us a somewhat longer period of time in which to base an estimate on; and at the same time additional environmental conditions started appearing with the Erwin Subarea."

From this testimony we can surmise that the estimate of sustained yield varies with the type of data used and the period over which it was collected. The fact that Brown revised his estimate of sustained yield for the Erwin Basin for the past (since 1976) as well as future years, leads us to the conclusion that determination of sustained yield is not an exact science. Also, since the estimates of sustained yield for the Erwin Basin varies by as much as 100% we are persuaded that they are not conclusive.

Turning to the question of overdraft of the Erwin Basin, we find that the two experts who have testified have similar disagreement regarding its existence. District's Exhibit 6 shows the recorded pumpage from the Erwin Basin for the years 1985, 1986, and 1987 to be 559, 437, and 547 acre-feet respectively. If we compare these withdrawals from the Erwin Basin with the higher sustained yield estimate of 600 acre-feet from Figure 1, there is no overdraft.² However, if we accept District's sustained yield estimate of 250 acre-feet, a serious overdraft condition exists because the recorded pumpage in past three years was well in excess of the sustained yield. ✓

Ideally the sustained yield of basin should exceed the pumpage from the basin over a period of time. Therefore, another indication of a basin's sustained yield being exceeded would be the lowering over a long period of time (including both wet and dry cycles) of the water levels in the basin or a deterioration of the quality of water in the basin. There is conflicting testimony and

² The production of 750 acre-feet for 1986 shown in Figure 1 includes production from slant wells and springs and stream diversions and is in excess of the actual pumpage from the basin.

evidence regarding the water levels in the Erwin Basin. However, we note that the results of water quality analysis conducted on SCWC's wells, in the Erwin Basin, over a long period of time show no deterioration of the quality of water in the basin. We believe that this is a significant indicator.

In summary, we note that the estimates of the sustained yield of the Erwin Basin vary by as much as 100%. The other two indicia of overdraft are lowering of the water level and deterioration of water quality. The lowering of water level has not been established for the basin and test results show that the water quality in the basin has not deteriorated. Therefore, after considering all the relevant evidence we are not persuaded that the Erwin Basin is being overdrafted.

District Has An Adequate Water System to Serve the Parcel

In its letter of protest District alleges that it can supply the Parcel from its Green Spot Reservoir. During the hearings, District's General Manager Perry testified that District would serve the Parcel from its Peery Reservoir through a 12-inch transmission main which runs approximately 1,200 feet north of the Parcel.

District has one well in the Erwin Basin, eight wells in the West Baldwin Basin, one well in the Division Basin, and two slant wells in the Van Dusen Basin. In addition, District receives a small supply from the Fish Hatchery and Green Spot Springs which feed the Green Spot Reservoir.

Since District has changed its position and now plans to supply the Parcel from sources other than the Green Spot Reservoir, we will examine these other water supply sources. District's other sources of supply are the West Baldwin and Division Basin. We note that by District's own admission, the sources are from overdrafted basins. This can be deduced from the following testimony of Perry:

"Q. OK. Maybe I'll reserve that question for him.

"So I guess what you're saying, then, Mr. Perry, is that all of your sources for water except, arguably, the two Van Dusen slant wells are in basins that are overdrafted in your belief?

"A. That's correct.

"Q. Mr. Perry, the District's position is that they're in a better position to supply this Parcel because Southern California Water Company would have to supply it from an overdrafted basin; is that correct?

"A. Partially correct.

"Q. But haven't you just told us that if District were to supply that Parcel, it would have to supply it from other, possibly more seriously overdrafted basins?

"A. I disagree with that statement.

"Q. Why is that?

"A. The records that I'm familiar with show that the District's sources are much less overdrafted than the Erwin subarea which is running in the range of 119 percent overdrafted."

Although District alleges that SCWC is responsible for overdrafting the Erwin Basin, District by its own admission is responsible for overdrafting the West Baldwin Basin, which is evident from the following testimony:

"Q. Does that mean, then, Mr. Perry, taking those two statements in conjunction, that District is responsible for overdrafting the West Baldwin Basin?

"A. That is correct."

Based on the above, we can conclude that District plans to serve the Parcel from what it admits are overdrafted basins. Therefore, we are not persuaded that District has better sources than SCWC to serve the Parcel.

Allowing SCWC To Serve the Parcel Would Impair
District's Conservation Efforts

District contends that in order to achieve significant conservation goals, District has limited the number of new connections to 96 per year. District alleges that because SCWC cannot adopt similar conservation measures without the approval of the Commission, a decision to allow SCWC to provide service to the Parcel will impair District's conservation effort.

It is clear from the extensive testimony that both parties have comparable stringent conservation measures in place. Because of the conservation programs, once the proposed 180 new connections are in place, there will be no significant difference in water use if either party is allowed to serve the Parcel. However, we recognize that during the development phase of the Parcel, District has the ability to limit the number of connections per year and SCWC does not. This ability would provide an advantage to District only for the limited duration of extreme water shortage during the development phase of the Parcel. However, we believe that this is not a significant reason to deny SCWC the authority to serve the Parcel because if severe water shortage occurs during the development phase of the Parcel, District or SCWC can petition the Commission to limit the number of connections per year to the Parcel.

Other Consideration

Although District's protest was based on the three allegations discussed above, we believe that there are other factors which should be considered in determining whether SCWC or District should serve the Parcel. They are:

1. SCWC's problems in the Moonridge System.
2. Proximity of the Parcel to the logical operating territory of the utility/district.

SCWC's Problems in the Moonridge System

As mentioned earlier, SCWC experienced certain outages in its Moonridge system. In order to correct the problem, the Commission in D.88-05-025 ordered SCWC to install two new wells in the Moonridge system or adequate substitute therefor by November 1, 1988. D.88-05-025 prohibited SCWC from establishing new connections in the Moonridge system if the wells or their substitute were not completed on time. D.88-05-025 also ordered SCWC to complete interconnection between the Moonridge system and the Sugarloaf system through the Yosemite reservoir.

SCWC has completed the Yosemite storage tank and the interconnection between the Moonridge system and Sugarloaf system. However, SCWC was unable to complete the wells and has requested an extension to June 30, 1989 of the construction deadline. In the meantime, SCWC is relying on the interconnection between the systems to be "an adequate substitute" for the wells in order to avoid a moratorium on new connections in the Moonridge system.

District maintains that the interconnection between the Moonridge system is primarily for the purpose of supplying water from SCWC's wells in the Erwin Basin to the Moonridge system. According to District, SCWC's reliance on the interconnection as "an adequate substitute" for the unconstructed wells supports District's position.

SCWC contends that problems in the Moonridge system are irrelevant in this proceeding. According to SCWC, it has not experienced outages in its Sugarloaf-Erwin Lake system, only in its Moonridge system. Moreover, SCWC maintains that these problems have nothing to do with supply but are caused by peak weekend demands when the population swells from 10,000 to over 100,000.

We believe that District raises a valid concern regarding SCWC's reliance on water from Erwin Basin as a substitute for the required wells in the Moonridge system. Even if the Commission accepts water from the Sugarloaf system as adequate for not

imposing a moratorium on new connections in the Moonridge system, it could only be looked upon as a temporary solution to the supply problems in the Moonridge system. We believe that the construction of the wells ordered in D.88-05-025 will be the appropriate long-term solution to the problems in the Moonridge system. The construction of the wells will also alleviate the burden on the Erwin Basin of supplying water to the Moonridge system. Therefore, we believe that approval of the extension of service area requested in AL-779 should be contingent upon the completion of the wells ordered in D.85-05-025.

Proximity of the Parcel to the Operating Territory of the Utility/District

Figure 1 shows that the Parcel is contiguous to SCWC's Sugarloaf system and that it is not adjacent to any of District's system. Therefore, the consideration of proximity of the Parcel to the operating territory clearly favors SCWC as the better qualified entity to serve the Parcel because the construction costs would be lower.

In addition to the proximity of the Parcel to the Sugarloaf system, SCWC has the added advantage of the presence of its transmission main which runs through the middle of the Parcel. District would be required to extend a transmission line over 1,200 feet to serve the Parcel.

Comments on the Decision

SCWC did not file comments on the ALJ's proposed decision. On March 14, 1989, District filed a motion requesting the acceptance of its late-filed comments. We grant District's motion and accept its comments. On March 17, 1989, SCWC filed a reply to District's comments. After reviewing District's comments and SCWC's reply, we see no need to modify the ALJ's proposed decision.

In addition, on March 9, 1989, District filed a motion requesting that the Commission take official notice of Compliance

Order 04-010 of DHS dated February 15, 1989. We will grant the motion and take official notice of the Compliance Order.

The Compliance Order imposes a moratorium on new connections in the Moonridge system until certain improvements are made to the system and approval to provide new connections is given by DHS. Among the significant improvements required by DHS is the construction of the two wells ordered in D.88-05-025. We share DHS's concerns regarding the problems in the Moonridge system. Accordingly, in reaching our decision to authorize SCWC to serve the Parcel we have taken into account the effect of the problems in the Moonridge system on SCWC's ability to extend its service area in the Sugarloaf system. Therefore, we have made the authority granted by this decision contingent upon the construction of the two wells.

Findings of Fact

1. SCWC filed AL-779 for extension of service area to serve the Parcel and its 180 new residences.
2. District filed a protest to AL-779 contending, among other things, that it was better qualified to serve the Parcel.
3. Based on Staff's recommendation the Commission issued an order instituting investigation and suspended the process and effectiveness of tariffs filed under AL-779 until July 25, 1988.
4. D.88-07-063 extended the suspension of the tariffs under AL-779 until further Commission order.
5. District contends that if SCWC is allowed to serve the Parcel, it will do so from the overdrafted Erwin Basin.
6. In order to establish that a basin is being overdrafted it is necessary to estimate the basin's sustained yield with a certain degree of accuracy.
7. Estimates of sustained yield from the Erwin Basin vary from 250 acre-feet to 600 acre-feet.
8. The lowering of water levels in a groundwater basin and/or deterioration of the quality of water from the basin over a

long-term period are indicators of overdraft conditions in the basin.

9. The quality of water from the Erwin Basin has not deteriorated over a ten-year period.

10. The lowering of water levels in the Erwin Basin have not been established.

11. District plans to serve the Parcel from what it considers to be overdrafted basins.

12. Both District and SCWC have comparable stringent conservation measures in place.

13. Once the proposed 180 new connections are in place, there will be no significant impact on water use if either SCWC or District is allowed to serve the Parcel.

14. The Parcel is contiguous to SCWC's Sugarloaf system and is not adjacent to any of District's system.

15. SCWC's transmission main is located in the Parcel.

16. District's transmission line is located 1,200 feet north of the Parcel.

17. The Commission has ordered SCWC to construct two new wells in the Moonridge system.

18. The construction of the wells will alleviate the burden on the Erwin Basin of supplying water to the Moonridge system.

19. The owner of the Parcel has expressed strong desire to receive service from SCWC.

Conclusions of Law

1. SCWC's AL-779 for extension of service to serve the Parcel should be approved.

2. The approval of AL-779 should be contingent upon the completion of the two wells ordered in D.88-05-025.

3. District's protest should be rejected.

ORDER

IT IS ORDERED that:

1. The suspension and process of the tariff sheets filed by Southern California Water Company (SCWC) under Advice Letter 779 (AL-779) is revoked. SCWC is authorized to extend its service area to serve the 98-acre parcel described in this order.

2. The authority granted in Ordering Paragraph 1 shall be effective upon SCWC completing the two wells ordered in Ordering Paragraph 2 of Decision (D.) 88-05-025.

3. The tariff sheets filed under AL-779 shall become effective after the Water Utilities Branch of Commission Advisory and Compliance Division has verified that the wells ordered in D.88-05-025 are constructed and placed in service.

4. The protest filed by the Big Bear City Community Services District is rejected.

5. This proceeding is closed.

This order is effective today.

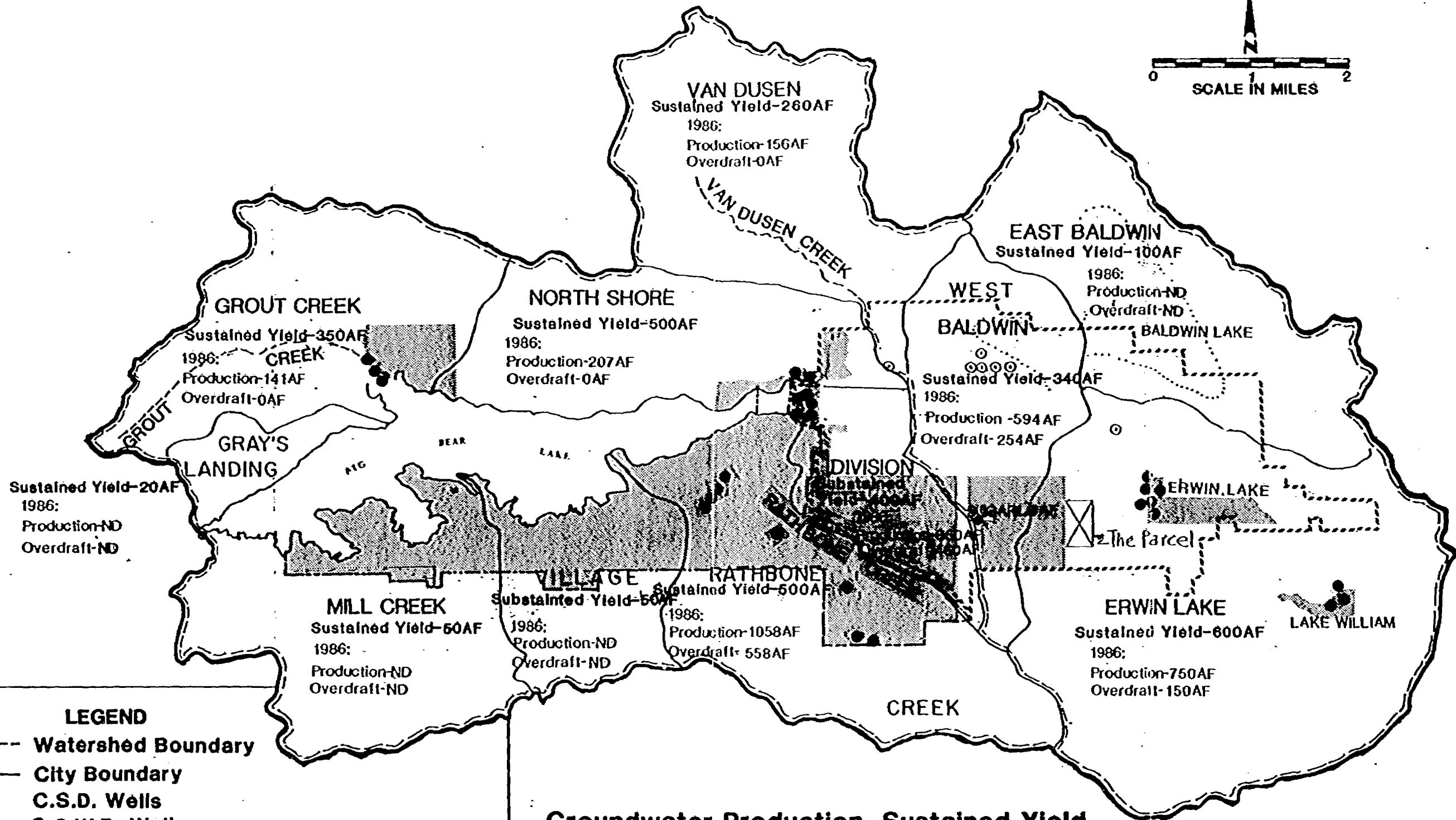
Dated MAR 22 1989 , at San Francisco, California.

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
Commissioners

Commissioner Patricia Eckert,
present but not participating

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.

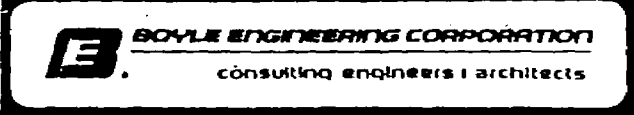
Victor W. ... Executive Director



- LEGEND**
- Watershed Boundary
 - City Boundary
 - C.S.D. Wells
 - S.C.W.D. Wells
 - Hydrographic Sub-areas
 - Community Services District Boundary
 - ▨ So. Calif. Water Co. Service Area Boundary

Groundwater Production, Sustained Yield, and Overdraft for Hydrographic Sub-Areas in Big Bear Area

Figure 1



Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Letter No. 779 of Southern California)
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OPINION

Summary of Decision

This decision approves Southern California Water Company's (SCWC) Advice Letter 779 (AL-779) for extension of service area to serve a 98-acre parcel of property. The approval is contingent upon the construction of two additional wells by SCWC. The decision also rejects the protest filed by the Big Bear City Community Services District (District).

Background

On February 16, 1988, SCWC filed AL-779 for authority to extend its service area to serve a 98-acre parcel (the Parcel) of property. The proposed development is intended to serve approximately 180 single-family residences. It is contiguous to SCWC's presently effective Big Bear District service area.

By letter dated March 2, 1988, District filed a protest to AL-779. The specifics of the District's protests are set forth later.

The Water Utilities Branch (Staff) of the Commission Advisory and Compliance Division recommended that AL-779 be suspended pursuant to Public Utilities Code § 455 until July 25, 1988 and the matter be set for hearing. Based on the Branch's recommendation, on March 23, 1988, the Commission took the following action:

1. Instituted an investigation to determine whether the tariff sheets filed by SCWC under AL-779 are unreasonable or unlawful in any particular manner, and to issue any order or orders that may be lawful and appropriate in the exercise of the Commission's jurisdiction in the matter.
2. Suspended the process and effectiveness of tariffs filed by SCWC under AL-779 until July 25, 1988 or until further Commission order, whichever occurs sooner.
3. Ordered public hearings in this investigation to be held before an Administrative Law Judge.

Decision (D.) 88-07-063 extended the suspension of the tariffs filed under AL-779 until further Commission order.

Public Hearings

Public hearings were held on May 24 and July 21, 1988 in Los Angeles and on June 13 and 14, 1988 in San Francisco before Administrative Law Judge (ALJ) Garde. The proceeding was submitted upon receipt of concurrent reply briefs on November 28, 1988.

After conclusion of the hearing and prior to the date for filing reply briefs, on September 8, 1988, District filed a petition, pursuant to Rule 84 of the Commission's Rules of Practice and Procedure, to reopen the proceeding for taking additional evidence. In support of its petition, District cited certain problems in SCWC's Moonridge system. District also cited a SCWC progress report filed with the California Department of Health Services (DHS).

Since the petition did not raise any new material that had not been examined during the four days of hearing, the ALJ denied the petition. We affirm the ruling.

Water Systems of District and SCWC

The District service area covers the unincorporated area known as Big Bear City. SCWC's Moonridge system and the Sugarloaf-Erwin Lake system are located within the boundaries of the District service area. District has various systems in the remainder of the service area within its boundaries which include what is known as Downtown Big Bear City, Shay Meadows, and portions of Erwin Lake area. Figure 1 in Appendix A delineates District's service area.

SCWC's Big Bear District consists of five separate systems. They are Big Bear Lake-Moonridge, Fawnskin, Lake William, Rimforest, and Sugarloaf-Erwin Lake systems. Big Bear Lake-Moonridge and Sugarloaf-Erwin Lake systems consist of two separate interconnected systems.

The proposed 98-acre Parcel is contiguous to the Sugarloaf system and is also within District's service area.

Groundwater Basins

The groundwater basin surrounding the Big Bear Lake are shown in Figure 1. The groundwater basins on the south side of Big Bear Lake serving the Big Bear Lake-Moonridge systems include: Mill Creek, Village, Rathbone, and Division. The Mill Creek and Village basins have no wells at all. On the North side of the Lake are the Grout Creek North Shore and West Baldwin basins. The Grout Creek basin which serves Fawnskin and the North Shore Basin are underdrafted. The West Baldwin Basin is the primary source of supply for District. The Sugarloaf-Erwin Lake system's main source of supply is from the Erwin Basin.

Figure 1 also shows the sustained yields for the basins. Sustained yield of a basin is the amount of water that can be extracted from that groundwater basin over a long period of time, which includes wet and dry cycles, without bringing about some

undesirable result. The undesirable result could be a lowering of water levels so that shallow wells would be dewatered; or the quality of water extracted from the basin could deteriorate due to lower water levels. When the quantity of water extracted from a basin exceeds the sustained yield of the basin, an overdraft occurs.

District's Source of Water Supply

District has one well in Erwin Basin, eight wells in West Baldwin Basin, one well in the Division Basin and two slant wells in Van Dusen Basin.

In addition, District has two other sources from the Fish Hatchery and Green Spot Springs.

District's storage facilities include the Peery Reservoir (1.5 million gallons), the Green Spot Reservoir (1.1 million gallons) and the Holden Reservoir (1 million gallons). District's storage facilities are interconnected.

District proposes to serve the Parcel from a 12-inch water main located 1,200 feet north of the Parcel.

SCWC's Source of Water Supply

SCWC's Sugarloaf-Erwin Lake system has eight wells in the Erwin Basin and one well in West Baldwin Basin.

In addition SCWC has a 300,000 gallon storage tank in the Sugarloaf-Erwin Lake system.

The Big Bear-Moonridge system has 31 wells and 3.1 million storage capacity.

With addition of the Yosemite Reservoir (1.2 million gallons) the total storage in the Moonridge subsystem will be 4,317,000 gallons.

SCWC proposes to serve the Parcel from the 8-inch water main connecting the Sugarloaf and Erwin Lake systems.

The Parcel

The Parcel is located east of SCWC's Sugarloaf service area and is contiguous with it. Figure 1 shows the exact location of the Parcel.

The 98-acre Parcel is intended to serve approximately 180 single-family dwellings. At the conclusion of the hearing, no firm plans for the development of the Parcel had been made. It is estimated that an additional 36 acre-feet of water per year will be needed to serve the 180 homes.

The Parcel is owned by Dr. S. Allan Hurwitz. In a letter to the Commission (Exhibit 15), Dr. Hurwitz strongly urges the Commission to allow SCWC to serve the Parcel.

Moratorium of Service Connection in the Big Bear District

D.88-01-025 in SCWC's Big Bear District general rate case (A.87-04-067) directed the Staff to monitor conditions in the Big Bear District and to report to the Commission with a recommendation on whether a service connection moratorium was necessary (Ordering Paragraph 5).

On April 13, 1988, Staff issued its report¹ which recommended that SCWC, by July 1, 1988 complete and have in operation a storage tank, as ordered by DHS. Staff also recommended that by November 1, 1988, SCWC complete and have in operation two additional wells. Staff recommended the imposition of a service connection moratorium be imposed for new buildings with permits not yet issued in the Moonridge system in the event SCWC failed to complete the projects on time.

The general rate case was reopened to receive evidence on the staff report. D.88-05-025 in the reopened phase of the proceeding ordered, among other things, SCWC to:

¹ The report prepared by Staff has been incorporated as part of the record in this proceeding at District's request. Figure 1 is included in the report.

- o Complete installation and have in operation the proposed Stanfield Well and 1.2 million gallon Yosemite storage tank as ordered by DHS by July 1, 1988.
- o Complete construction and have in operation and connected to the Big Bear Lake-Moonridge system two additional wells in the North Shore, Mill Creek, or Village Water Basins or adequate substitute therefor by November 1, 1988.
- o Not to establish connections for new buildings with permits not yet issued for the Moonridge area if the above-described projects are not completed on time.
- o Continue to negotiate with Big Bear Municipal Water district to use lake water as a new source of supply.

On October 14, 1988, SCWC wrote a letter to the Commission regarding its compliance efforts to construct two new wells by November 1, 1988.

According to SCWC, despite its best efforts, it was unable to complete the two wells. SCWC believes that it can complete the wells by June 30, 1989 and has requested the DHS to extend the construction deadline.

SCWC's letter reports that it has completed and placed in service a transmission line and booster station which connect the Sugarloaf-Erwin Lake system to the Yosemite storage tank. This project completes the linkage between the Moonridge and Sugarloaf-Erwin Lake systems, which will allow flexibility so that water can now be transferred from either system to the other system in the event of impending shortage. SCWC contends that by this connection it has provided "an adequate substitute" for the wells and has thus complied with the Commission's order.

On November 28, 1988, District filed a request, pursuant to Rule 73 of the Commission's Rules of Practice and Procedure, to take official notice of the letter.

As requested by District, we will take official notice of the letter.

District's Position

District is opposed to the extension of SCWC's service area to serve the Parcel. District's objection is based on the following allegations:

1. SCWC intends to service this proposed development from a severely overdrafted basin in the area where its Erwin Lake well field is located and as a result of the overdrafted condition of this basin, SCWC is unable to adequately serve this development,
2. District has an adequate water system to adequately serve this development from its Greenspot Reservoir, and
3. SCWC's continuing to provide unlimited service from overdrafted sources impairs District's water conservation efforts.

According to District, the DHS ordered interconnection between the Sugarloaf system and the Moonridge system is primarily for the purpose of supplying water from SCWC's wells in the Erwin Basin to its Yosemite storage tank in the Moonridge system. In support of its contention, District cites that SCWC was unable to complete the two new cells ordered in D.88-05-025 by November 1, 1988 and is now relying on water from the Erwin Basin to avoid the moratorium in the Moonridge area.

District's witness Glen A. Brown, a consulting geologist testified that based on his studies, he concluded that the sustained yield of the Erwin Basin was 250 acre-feet per year. According to Brown, since 1976 the combined annual pumping of SCWC and District exceeded the sustained yield of the Erwin Basin causing a cumulative overdraft of approximately 2,000 acre-feet. Brown maintains that in order to eliminate this cumulative overdraft, combined annual pumping of SCWC and District would have

to be less than 250 acre-feet for a period of time so that natural recharge would come in and start bringing water levels up. Brown opines that if SCWC was allowed to add the 98-acre Parcel to its service area and was to provide water service to 180 residences on that property, and was to increase its pumpage from the Erwin Basin in order to do that, the cumulative overdraft would be increased.

Further, District contends that SCWC's current water use of approximately 600 gallons per minute is close to the 680 gallons per minute capacity of its existing wells in the Sugarloaf system. District believes that due to this limitation, SCWC does not have sufficient capacity in its wells to both supply its existing customers in its Sugarloaf-Erwin Lake system and provide significant quantities of water to its Yosemite storage tank to supply the Moonridge system. District maintains that in evaluating SCWC's capability to provide water supply to its customers in the Sugarloaf-Erwin Lake system, consideration must be given to the additional demand which will be placed on existing wells by the addition of new customers. District points out that in addition to the customer growth, the water use in the Big Bear Valley area will increase because of the change in the ratio of full-time to part-time residents. District believes that the percentage of full-time residents in the area will increase.

In addition, District notes that the water outage during part of the Christmas-New Year's Holiday 1987, in SCWC's Big Bear District is another example of supply problems faced by SCWC.

Based on the above, District concludes that SCWC's wells in the Erwin Basin are not capable of both satisfying the existing demands in the Sugarloaf-Erwin Lake system and supplying supplemental water to the Moonridge system, and at the same time providing water service to 180 homes in the Parcel. Therefore, District requests that the Commission not allow SCWC to serve the Parcel.

SCWC's Position

SCWC believes that it is suited to serve the Parcel because (1) the Parcel is contiguous to its Sugarloaf system; (2) its transmission main connecting the Sugarloaf and Erwin Lake systems bisects the Parcel; (3) District does not have any facilities in the immediate area of the Parcel and will have to extend a line quite a distance to the area.

Next, SCWC maintains that its contention is reinforced by the expressed strong preference of the owner of the Parcel to be served by SCWC.

SCWC disagrees with District's contention that SCWC would be unable to provide water service to the Parcel from its Sugarloaf-Erwin Lake system. SCWC contends that there have been no outages in the Sugarloaf-Erwin Lake system resulting from production problems or inadequate water supply from wells in the Erwin Basin. According to SCWC, with the interconnection between the Moonridge and Sugarloaf systems, it will have over 30 sources of water and over four million gallons of storage. SCWC maintains that with such resources available to it, the 36 acre-feet of water per year needed to serve the Parcel will be a negligible additional burden.

SCWC believes that District estimate of 149 new customers per year is too high. According to SCWC, District based its estimate of customer growth on the average number of connections added between 1973 and 1987 which was a period of rapid growth in the Bear Valley area. SCWC claims that recent customer growth in the Sugarloaf-Erwin Lake system has been 73 per year, and the average over the last three years has been even lower than that.

SCWC takes issue with the main allegation in District's protest that it would be undesirable to allow SCWC to serve the Parcel because it would be serving from the overdrafted Erwin Basin. According to SCWC's witness Stetson, a water resources engineer, the determination of sustained yield is anything but an

exact science. Stetson testified that there have been a number of studies made since 1978 with regard to the sustained yield of the Erwin Basin. According to Stetson, these studies, some of which Mr. Brown participated in, have yielded substantially different results as to the sustained yield of the basin. Stetson's explanation of the diversity of these various estimates is that not enough data is available and not enough time has passed to allow an accurate estimate of sustained yield of the Erwin Basin. Stetson opines that a real overdraft in a basin can only be ascertained if the water level in the basin declines in wet and dry years for a period of 10 to 15 years. SCWC claims that there is no testimony on record that water levels in the Erwin Basin have declined in such a manner over such a period. Therefore, SCWC believes that if the decision in this proceeding is based on anticipation of an overdraft in the Erwin Basin, such a decision would be based not on any reasoned public water policy, but on a guess.

In addition, SCWC claims that District's estimate of the sustained yield of 250 acre-feet per year for the Erwin Basin is derived from insufficient data. According to SCWC, in calculating the sustained yield figure District's witness Brown used water level data for only a few select wells. SCWC argues that in order to make an accurate estimate of sustained yield, ground water levels throughout the basin should be used.

SCWC states that the results of water quality analysis conducted on its wells in the Erwin Basin indicate that there has been no deterioration in the quality of water from its wells. According to SCWC, the fact that there is no deterioration of water quality confirms its position that there is no overdraft in the basin.

SCWC contends that District is responsible for overdrafting the West Baldwin Basin and that if it were to provide service to the Parcel, it would have to do so from a severely overdrafted basin.

Next, SCWC addresses the issue of conservation. SCWC contends that it has a very effective conservation program in place in the Big Bear District. According to SCWC, its conservation measures are part of its tariffs and include measures which authorize the company to put flow restrictors in a customer's meter if that customer violates the conservation measures adopted by the City of Big Bear Lake. The tariffs also require developers to install low-flow toilets in new construction and to adopt other conservation measures.

Based on the above, SCWC believes that it has demonstrated its ability to provide water to the Parcel. Also, SCWC believes that it has a strong conservation policy and has demonstrated a comprehensive long-term strategy for improving water supply in its Big Bear District. Therefore, SCWC requests the Commission to dismiss District's protest and to end the suspension of the tariffs filed in AL 779-W.

Discussion

In deciding which of the two competing water purveyors should serve the Parcel we will first consider the three allegations made in District's protest.

Overdrafted Basin

In considering District's allegation that the combined pumpage by SCWC and District from the Erwin Basin has exceeded the basin's sustained yield of 250 acre-feet causing a cumulative overdraft of approximately 2,000 acre-feet, we note that the record contains other estimates of sustained yield for that basin which do not support District's allegation. According to Figure 1, the sustained yield for the Erwin Basin is 600 acre-feet per year. In his 1978 study, District's witness Brown estimated the sustained yield for the Erwin Basin to be 300 acre-feet per year. Brown revised this estimate in his 1987 study to be 250 acre-feet per year. According to Brown, he revised his estimate of sustained yield because, "we collected additional data, not only on water

levels but additional pumpage, and gave us a somewhat longer period of time in which to base an estimate on; and at the same time additional environmental conditions started appearing with the Erwin Subarea."

From this testimony we can surmise that the estimate of sustained yield varies with the type of data used and the period over which it was collected. The fact that Brown revised his estimate of sustained yield for the Erwin Basin for the past (since 1976) as well as future years, leads us to the conclusion that determination of sustained yield is not an exact science. Also, since the estimates of sustained yield for the Erwin Basin varies by as much as 100% we are persuaded that they are not conclusive.

Turning to the question of overdraft of the Erwin Basin, we find that the two experts who have testified have similar disagreement regarding its existence. District's Exhibit 6 shows the recorded pumpage from the Erwin Basin for the years 1985, 1986, and 1987 to be 559, 437, and 547 acre-feet respectively. If we compare these withdrawals from the Erwin Basin with the higher sustained yield estimate of 600 acre-feet from Figure 1, there is no overdraft. However, if we accept District's sustained yield estimate of 250 acre-feet, a serious overdraft condition exists because the recorded pumpage in past three years was well in excess of the sustained yield.

Ideally the sustained yield of basin should exceed the pumpage from the basin over a period of time. Therefore, another indication of a basin's sustained yield being exceeded would be the lowering over a long period of time (including both wet and dry cycles) of the water levels in the basin or a deterioration of the quality of water in the basin. There is conflicting testimony and evidence regarding the water levels in the Erwin Basin. However, we note that the results of water quality analysis conducted on SCWC's wells, in the Erwin Basin, over a long period of time show

no deterioration of the quality of water in the basin. We believe that this is a significant indicator.

In summary, we note that the estimates of the sustained yield of the Erwin Basin vary by as much as 100%. The other two indicators of overdraft are lowering of the water level and deterioration of water quality. The lowering of water level has not been established for the basin and test results show that the water quality in the basin has not deteriorated. Therefore, we conclude that District has not met its burden of proof that the Erwin Basin is being overdrafted.

District Has An Adequate Water System to Serve the Parcel

In its letter of protest District alleges that it can supply the Parcel from its Green Spot Reservoir. During the hearings, District's General Manager Perry testified that District would serve the Parcel from its Peery Reservoir through a 12-inch transmission main which runs approximately 1,200 feet north of the Parcel.

District has one well in the Erwin Basin, eight wells in the West Baldwin Basin, one well in the Division Basin, and two slant wells in the Van Dusen Basin. In addition, District receives a small supply from the Fish Hatchery and Green Spot Springs which feed the Green Spot Reservoir.

Since District has changed its position and now plans to supply the Parcel from sources other than the Green Spot Reservoir, we will examine these other water supply sources. District's other source of supply are the West Baldwin and Division Basin. We note that by District's own admission, the sources are from overdrafted basins. This can be deduced from the following testimony of Perry:

"Q. OK. Maybe I'll reserve that question for him.

"So I guess what you're saying, then, Mr. Perry, is that all of your sources for water except, arguably, the two Van Dusen

slant wells are in basins that are overdrafted in your belief?

"A. That's correct.

"Q. Mr. Perry, the District's position is that they're in a better position to supply this Parcel because Southern California Water Company would have to supply it from an overdrafted basin; is that correct?

"A. Partially correct.

"Q. But haven't you just told us that if District were to supply that Parcel, it would have to supply it from other, possibly more seriously overdrafted basins?

"A. I disagree with that statement.

"Q. Why is that?

"A. The records that I'm familiar with show that the District's sources are much less overdrafted than the Erwin subarea which is running in the range of 119 percent overdrafted."

Although District alleges that SCWC is responsible for overdrafting the Erwin Basin, District by its own admission is responsible for overdrafting the West Baldwin Basin, which is evident from the following testimony:

"Q. Does that mean, then, Mr. Perry, taking those two statements in conjunction, that District is responsible for overdrafting the West Baldwin Basin?

"A. That is correct."

Based on the above, we can conclude that District plans to serve the Parcel from what it admits are overdrafted basins. Therefore, we are not persuaded that District has better sources than SCWC to serve the Parcel.

Allowing SCWC To Serve the Parcel Would Impair
District's Conservation Efforts

District contends that in order to achieve significant conservation goals, District has limited the number of new connections to 96 per year. District alleges that because SCWC cannot adopt similar conservation measures without the approval of the Commission, a decision to allow SCWC to provide service to the Parcel will impair District's conservation effort.

It is clear from the extensive testimony that both parties have comparable stringent conservation measures in place. Because of the conservation programs, once the proposed 180 new connections are in place, there will be no significant difference in water use if either party is allowed to serve the Parcel. However, we recognize that during the development phase of the Parcel, District has the ability to limit the number of connections per year and SCWC does not. This ability would provide an advantage to District only for the limited duration of extreme water shortage during the development phase of the Parcel. However, we believe that this is not a significant reason to deny SCWC the authority to serve the Parcel because if severe water shortage occurs during the development phase of the Parcel, District or SCWC can petition the Commission to limit the number of connections per year to the Parcel.

Other Consideration

Although District's protest was based on the three allegations discussed above, we believe that there are other factors which should be considered in determining whether SCWC or District should serve the Parcel. They are:

1. SCWC's problems in the Moonridge System.
2. Proximity of the Parcel to the logical operating territory of the utility/district.

SCWC's Problems in the Moonridge System

As mentioned earlier, SCWC experienced certain outages in its Moonridge system. In order to correct the problem, the Commission in D.88-05-025 ordered SCWC to install two new wells in the Moonridge system or adequate substitute therefor by November 1, 1988. D.88-05-025 prohibited SCWC from establishing new connections in the Moonridge system if the wells or their substitute were not completed on time. D.88-05-025 also ordered SCWC to complete interconnection between the Moonridge system and the Sugarloaf system through the Yosemite reservoir.

SCWC has completed the Yosemite storage tank and the interconnection between the Moonridge system and Sugarloaf system. However, SCWC was unable to complete the wells and has requested an extension to June 30, 1989 of the construction deadline. In the meantime, SCWC is relying on the interconnection between the systems to be "an adequate substitute" for the wells in order to avoid a moratorium on new connections in the Moonridge system.

District maintains that the interconnection between the Moonridge system is primarily for the purpose of supplying water from SCWC's wells in the Erwin Basin to the Moonridge system. According to District, SCWC's reliance on the interconnection as "an adequate substitute" for the unconstructed wells supports District's position.

SCWC contends that problems in the Moonridge system are irrelevant in this proceeding. According to SCWC, it has not experienced outages in its Sugarloaf-Erwin Lake system, only in its Moonridge system. Moreover, SCWC maintains that these problems have nothing to do with supply but are caused by peak weekend demands when the population swells from 10,000 to over 100,000.

We believe that District raises a valid concern regarding SCWC's reliance on water from Erwin Basin as a substitute for the required wells in the Moonridge. Even if the Commission accepts water from the Sugarloaf system as adequate for not imposing a

5. District contends that if SCWC is allowed to serve the Parcel, it will do so from the overdrafted Erwin Basin.

6. In order to establish that a basin is being overdrafted it is necessary to estimate the basin's sustained yield with a certain degree of accuracy.

7. Estimates of sustained yield from the Erwin Basin vary from 250 acre-feet to 600 acre-feet.

8. The lowering of water levels in a groundwater basin and/or deterioration of the quality of water from the basin over a long-term period are indicators of overdraft conditions in the basin.

9. The quality of water from the Erwin Basin has not deteriorated over a ten-year period.

10. The lowering of water levels in the Erwin Basin have not been established.

11. District plans to serve the Parcel from what it considers to be overdrafted basins.

12. Both District and SCWC have comparable stringent conservation measures in place.

13. Once the proposed 180 new connections are in place, there will be no significant impact on water use if either SCWC or District is allowed to serve the Parcel.

14. The Parcel is contiguous to SCWC's Sugarloaf system and is not adjacent to any of District's system.

15. SCWC's transmission main is located in the Parcel.

16. District's transmission line is located 1,200 feet north of the Parcel.

17. The Commission has ordered SCWC to construct two new wells in the Moonridge system.

18. The construction of the wells will alleviate the burden on the Erwin Basin of supplying water to the Moonridge system.

19. The Parcel is contiguous to SCWC's Sugarloaf system.

20. The Parcel is not adjacent to any of District's systems.

moratorium on new connections in the Moonridge system, it could only be looked upon as a temporary solution to the supply problems in the Moonridge system. We believe that the construction of the wells ordered in D.88-05-025 will be the appropriate long-term solution to the problems in the Moonridge system. The construction of the wells will also alleviate the burden on the Erwin Basin of supplying water to the Moonridge system. Therefore, we believe that approval of the extension of service area requested in AL-779 should be contingent upon the completion of the wells ordered in D.85-05-025.

Proximity of the Parcel to the Operating Territory of the Utility/District

Figure 1 shows that the Parcel is contiguous to SCWC's Sugarloaf system and that it is not adjacent to any of District's system. Therefore, the consideration of proximity of the Parcel to the operating territory clearly favors SCWC as the better qualified entity to serve the Parcel because the construction costs would be lower.

In addition to the proximity of the Parcel to the Sugarloaf system, SCWC has the added advantage of the presence its transmission main which runs through the middle of the Parcel. Whereas, District will be required to extend a transmission line over 1,200 feet to serve the Parcel.

Findings of Fact

1. SCWC filed AL-779 for extension of service area to serve the Parcel and its 180 new residences.
2. District filed a protest to AL-779 contending, among other things, that it was better qualified to serve the Parcel.
3. Based on Staff's recommendation the Commission issued an order instituting investigation and suspended the process and effectiveness of tariffs filed under AL-779 until July 25, 1988.
4. D.88-07-063 extended the suspension of the tariffs under AL-779 until further Commission order.

21. The owner of the Parcel has expressed strong desire to receive service from SCWC.

Conclusions of Law

1. SCWC's AL-779 for extension of service to serve the Parcel should be approved.

2. The approval of AL-779 should be contingent upon the completion of the two wells ordered in D.88-05-025.

3. District's protest should be rejected.

ORDER

IT IS ORDERED that:

1. The suspension and process of the tariff sheets filed by Southern California Water Company (SCWC) under Advice Letter 779 (AL-779) is revoked. SCWC is authorized to extend its service area to serve the 98-acre parcel described in this order.

2. The authority granted in Ordering Paragraph 1 shall be effective upon SCWC completing the two wells ordered in Ordering Paragraph 2 of Decision (D.) 88-05-025.

3. The tariff sheets filed under AL-779 shall become effective after the Water Utilities Branch of Commission Advisory and Compliance Division has verified that the wells ordered in D.88-05-025 are constructed and placed in service.

4. The protest filed by the Big Bear City Community Services District is rejected.

5. This proceeding is closed.

This order is effective today.

Dated _____, at San Francisco, California.