

Decision 90 06 010 JUN 06 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of Meadowbrook Water Co. of Merced,
Inc. for authority to extend its
service area (U 204-W).

) Application 89-07-041
) (Filed July 24, 1989;
) amended August 24, 1989)

O P I N I O N

ORIGINAL

Meadowbrook Water Co. of Merced, Inc. (Meadowbrook) is a public utility water company presently serving 762 flat rate and 6 metered customers in an area just northwest of the city limits of Merced. The present service area is bounded by the Atchison Topeka and Santa Fe Railway tracks on the north, Highway 99 on the south, Thornton Road on the east, and N. Franklin Road on the west.

Meadowbrook seeks authority to extend its service area to both contiguous and non-contiguous areas as follows:

1. Contiguous Areas:

- a. East of Thornton Road and north of the Santa Fe Railway track: 32.6 acres of residential land, and 25.7 acres for a future commercial center. The main extension up to this area, and throughout the commercial center has already been paid for by Paul Fry, previous owner of the commercial property. At present, none of the commercial center lots have been sold; however, inquiries have been made to the local building permit agencies.
- b. East of Thornton Road and south of the Santa Fe Railway track: This represents approximately 137.8 acres of which 99 acres are owned by Fred Walker, Jr., President of MWC. The remaining portion is owned by a sewer district. At present the sewer district is holding this land in reserve, and plans to utilize the land for filtration as the area develops.

The filtering systems will not require fresh water supplies; consequently, the water usage by the sewer district is anticipated to be minimal.

- c. West of Franklin Road: Several private residences (approximately ten) and the Merced Irrigation District have requested service. The water requested by the Merced Irrigation District would be used to service their headquarters building.

2. Non-Contiguous Areas

- a. Langtree and Valley Home Sites: These sites are illustrated in Exhibit B of the application. Each subdivision consists of approximately 45 residences which are presently obtaining water from their own private wells. The water produced from these wells contain high nitrates and there are other water quality problems which make them undesirable as domestic water supply sources. The residents of this area along with officials of Merced County would like to secure a safe water supply.

Meadowbrook alleges that it has received several requests for water service from owners of homes located in the above-described areas. Meadowbrook has also entered into a contract with Merced County in which it agrees to enter into additional agreements to provide service to a minimum of 96 service connections. The County has applied for Proposition 55 (Safe Drinking Water Bond Act) funding for the main extensions necessary for this project. The existing homes, businesses, and lots are located in the Langtry and Valley Home Site subdivisions. All of the potential customers in these areas now have their own sources of supply, but most of these wells produce water containing high nitrates. About 60 of the existing customers are expected to

request service within 2 years after a main is extended westerly along Ashby Road.

The facilities installed at county expense will remain the property of Merced County. Service stubs, valves, and valve boxes will be installed while the mains are being laid.

A copy of the present service area map with the contiguous extensions of service area shown in red is attached to the application as Exhibit A. The area east of Thornton and north of the Sante Fe railroad will be served through a new 12-inch line installed to serve the Paul Fry property, which is being developed into a commercial center.

The area east of Thornton Road and south of the Sante Fe railroad totals 138.7 acres, 99 of which are owned by Fred Walker, the president of Meadowbrook. The remaining 39.7 acres are owned by the sewer district.

Six residents of homes west of N. Franklin Road and the Merced Irrigation District have requested service. Another area west of N. Franklin Road where service has been requested by residents, is located north of the Southern Pacific railroad. The owner of several homes on Trindade Road has requested service due to high nitrates in the water.

The small triangular area west of Trindade Road is shown on Exhibit A and also on Exhibit B (a map with a much larger scale) attached to the application. This area containing about 30 residences is known as the Langtry subdivision. It is one of two developed areas for which the distribution mains will be funded through a Proposition 55 grant. A main extension is planned to be installed along Ashby Road adjacent to the Langtry subdivision, which will extend west to and beyond Gurr Road to serve the existing homes in the Valley Home Sites area, also shown on Exhibit B.

The area between the Langtry subdivision and Valley Home Sites is owned by the Xavier Cattle Co., a dairy which, along with

another dairy in this area, may be causing the high nitrates in shallow wells in this area.

Applicant proposes to file Exhibits A and B as revised service area maps, upon receipt of approval of these service area extensions.

The contiguous areas will be served from existing mains or by the individual or subdivision provisions of Rule 15, the water main extension rule. Applicant's cost will be limited to the service lines for existing homes.

The mains for the non-contiguous areas, which includes the Langtry subdivision, will be financed as a contribution by Merced County.

Meadowbrook has recently had a well driller deepen its oldest well to obtain water of better quality and has plans to drill a fourth well, to serve these extended service areas. For purposes of showing financial ability, Meadowbrook's 1988 balance sheet and income statement is attached to the application as Exhibit D.

All service will be rendered at the filed rates authorized by the Commission.

The County Health Department has been instrumental in encouraging the community to abandon the wells with high nitrates.

Approval or permits for construction of the main extensions will be required by Merced County. Since Merced County and its health department are vitally interested in these improvements, such approval is expected without delay.

On November 27, 1989 the Commission Water Utilities Branch submitted its report, which is received in evidence as Exhibit 1. Exhibit 1 contains the following conclusions and recommendation:

"The customers in the contiguous N. Franklin Road area, and in the non-contiguous areas of Langtry and Valley Home Sites, would be well-served by MWC's system.

"The contiguous Thornton Road area would also be well-served by MWC's extension, especially by the addition of the fourth well as the commercial center develops.

"Due to the above reasons, the Branch recommends that this application be approved on an ex parte basis after the following condition has been met:

"A. MWC should file with the assigned Administrative Law Judge a copy of an agreement reached with the County of Merced authorizing MWC to maintain and/or replace, if necessary, existing sections of pipe owned by the County, as mentioned in paragraphs 8 and 9 of this report.

"B. MWC should write a letter to the assigned Administrative Law Judge confirming its agreement to pay for service connections if, in fact, proposition 55 funding is unable to cover them, as detailed in paragraph 8."

On February 9, 1990 counsel for Meadowbrook submitted an agreement between Meadowbrook and Merced County which is received in evidence as Exhibit 2. This agreement meets the two conditions recommended by the staff.

No protest to the granting of the application has been received.

Findings of Fact

1. Meadowbrook seeks to extend its service area as set forth in the application.

2. No protests to the application have been received.

3. The Commission's Water Utilities Branch recommends the application be granted if Meadowbrook meets certain conditions.

4. The agreement set forth in Exhibit 2 meets the conditions set forth by the Water Utilities Branch.

Conclusion of Law

Public convenience and necessity require the proposed extension.

O R D E R

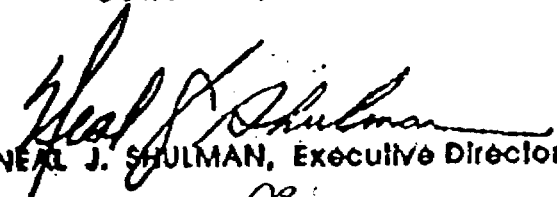
IT IS ORDERED that Meadowbrook Water Co. of Merced, Inc. may extend its source testimony as proposed in the application.

This order is effective today.

Dated JUN 06 1990, at San Francisco, California.

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

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


NEAL J. SHULMAN, Executive Director
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