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Decision No. 91122 DEC 18 1979

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
TEHACHAPI MOUNTAIN LAND & ORCHARD CO.,
doing business as TEHACHAPI MOUNTAIN
WATER SERVICE, a public utility, for
an Order Authorizing the Sale of
Certain Properties of Tehachapi
Mountain Water Service, a public
utility, to TERRANCE LEE JETTON &
WAYNE E. GROOM, individuals.

Application No. 59044
(Filed August 2, 1979)

O P I N I O N

Tehachapi Mountain Land & Orchard Co., a California corporation, dba Tehachapi Mountain Water Service, by Application No. 58264, filed August 1, 1978, requested authority under Section 851 of the California Public Utilities Code to sell and transfer the water system to Terrance Lee Jetton and Wayne E. Groom, individuals. Decision No. 89823 authorizing the transfer was issued January 4, 1979.

By letter to this Commission, dated July 30, 1979, which was accepted for filing as a petition for modification of Decision No. 89823 on August 2, 1979, and assigned instant Application No. 59044, Mr. Groom advised this Commission that it had been necessary for him to assume complete ownership of the Tehachapi Mountain Water Service, as Mr. Jetton was no longer affiliated, and requested that the compliance date assigned in Ordering Paragraph 7.b. of Decision No. 89823 be extended from July 31, 1979 to at least July 31, 1981.

Ordering Paragraph 7.b. of Decision No. 89823 reads:

"7.b. By July 31, 1979 connect Well No. 3 into the system and have a pump test made to show the capacity of the well in gallons per minute, static and pumping levels, discharge pressures, pump efficiencies, and a description of the equipment. The results of the test to be provided the Commission staff."

In support of his petition, Mr. Groom avers that he has made all necessary payments for the purchase and ongoing maintenance, repair and operation of the water system. To support his claim, and to clear the records, Mr. Groom secured and has provided the staff with a copy of a grant deed from Mr. Jetton and Mr. Groom to Mr. and Mrs. Groom, as joint tenants, which deed has been placed in the Commission file on this matter.

Mr. Groom states in the application that to date he has made repairs of several leaks in a 6-inch water main, which was found by Groom to be leaking badly, had the water analyzed, had applied for, and received, his water supply permit from the Kern County Health Department and, at a cost in excess of \$5,000, had replaced the motor, the pump, and 400 feet of pipe column of Well No. 2. He also stated that he had efficiency tests made on the new pump and motor for Well No. 2 on July 11, 1979 by Southern California Edison, and that he has installed new and rebuilt meters to replace inoperative meters as finances permitted. These repairs, improvements and allied actions by Mr. and Mrs. Groom are indicative of their intent to improve the utility system in the public interest. Copies of the permit and of the pump test (showing date of test as of July 17, 1979) have been received by the Commission and are in the Commission files on Application No. 58264 as compliance with Decision No. 89823. The pump on Well No. 2 was tested at 193 gpm capacity. The water supply permit was granted on the basis of the existing 28 customers.

A. 59044 FG

Mr. Groom, on the basis that Well No. 2 was operating and that the estimated \$8,000 cost of connecting Well No. 3 was not justified nor feasible, requested a time extension of two years, within which to comply with Ordering Paragraph No. 7.b. of Decision No. 89823.

Since the date of filing of instant application, however, the Commission staff has been informed by Mr. Groom, by telephone, that the new pump in Well No. 2 has burned out due to a failure in the casing above the pump, permitting sand to enter into the pump. Mr. Groom stated that the well contractor estimated it would cost \$10,000 to reactivate this well, including a new casing. He states that it is not financially feasible for him to spend either the \$10,000 to repair Well No. 2 or the \$8,000 estimated to be required to activate Well No. 3 at this time as, due to the high cost to date of necessary repairs to other portions of the system, he has been operating the system at a deficit of \$10,000 per year. He states that the water system is operating at the present time with only the capacity of Well No. 1 of 33 gpm, as tested by Southern California Edison Company on March 6, 1978, and that this has proved adequate to supply the normal needs of the 28 customers, now that the irrigation season is over. However, he is greatly concerned that, if there should be a heavy irrigation demand which could deplete the 4,000-gallon hydropneumatic storage and cause his pump to burn out, this well may also be lost. The utility does not have a separate irrigation schedule, nor exclusive irrigation customers, but some of the 28 customers served have orchards on their premises.

The Commission, in Decision No. 88080, dated November 8, 1977, in Case No. 10252, determined that the 185 gpm supply at that time would probably be adequate to meet the demands imposed by the 30 existing customers, and that the minimum of 250 gpm required by General Order No. 103, including fire flow, would fulfill the requirements of the customers and the general order. Decision No. 88080 also

A. 59044 FG

prohibits the utility from extending its mains to serve additional customers or to serve new customers from existing distribution facilities without further order of this Commission. These restrictions were continued by Decision No. 89823, dated January 4, 1979, in Application No. 58264. Pending the attainment of an adequate water supply of 250 gpm, these restrictions should remain in effect.

Discussion

Due to budgetary constraints, the Commission staff made no field investigation, but endeavored to secure clarification and documentation through telephone calls to Mr. Groom.

Mr. Groom has advised the staff in various telephone calls of his and Mrs. Groom's intentions to upgrade the water system and make it a paying proposition. To this end he had accomplished repairs noted and, after the work on Well No. 2, the utility had a water supply capacity of 226 gpm from Wells Nos. 1 and 2. This was approaching the amount of 250 gpm that had been determined in Decision No. 88080 would satisfy all the requirements of General Order No. 103, for the then 30 connections, while a lesser amount would not. Accordingly Decision No. 88080 restricted further connections, and the restriction was continued by Decision No. 89823. As conditions have worsened, a continued restriction on further connections is necessary until a total supply of 250 gpm, as determined adequate in Decision No. 88080, is reached.

In view of the major expenses met and pending, Mr. Groom has, during telephone discussions with the staff, requested authorization to continue with Well No. 1 and with the authority to curtail irrigation until he is able to reactivate Well No. 2 or activate Well No. 3. He further requested that only one of these two wells be required, and that the time of compliance be extended to at least July 31, 1981. Mr. Groom states he is preparing to request a loan under the California Safe Drinking Water Bond Act of 1976 but is

unable to provide a time schedule at this time. Considering the foregoing circumstances in conjunction with the required scope of work and the necessity for obtaining adequate financing, the staff considers that the request to extend the time for compliance to July 31, 1981 is reasonable and justified.

Until the failure of Well No. 2, this petition was essentially a request to regularize the purchase by Mr. Wayne E. Groom of the Tehachapi Mountain Water Service as an individual, which he has done, rather than as a partner with Mr. Terrance Lee Jetton, which was authorized, and for a modification of Ordering Paragraph 7.b. of Decision No. 89823. It now becomes necessary to consider the modification requested in relation to the changed conditions in the water supply.

The statement in the application regarding ownership is considered as an application for authority under Section 851 to sell and transfer the water system to correct existing records, without remuneration, rather than as a modification to Decision No. 89823, since all significant facts are given. The sale and transfer is supported by grant deed to Wayne E. Groom and Evelyn F. Groom as joint tenants. It will be authorized on that basis.

Findings of Fact

1. Terrance Lee Jetton did not participate in the purchase of Tehachapi Mountain Water Service, although authorized by Decision No. 89823 to do so.
2. By grant deed, Terrance Lee Jetton and Wayne E. Groom have conveyed their interests in Tehachapi Mountain Water Service to Wayne E. Groom and Evelyn F. Groom, husband and wife, as joint tenants.
3. Mr. and Mrs. Groom have borne all of the expenses of purchase, maintenance, and operation since assuming complete control of the utility.

4. Well No. 2 was rebuilt, at a cost of over \$5,000, and had a tested capacity of 193 gpm prior to burning out due to a broken casing permitting sand to enter. The cost to rebuild again, to include casing, was estimated by a well contractor to be \$10,000.

5. Well No. 1 was last tested on March 6, 1978 at which time its capacity was determined to be 33 gpm.

6. Well No. 1 has provided adequate domestic service, less irrigation, for the existing 28 customers.

7. The estimated cost of activating Well No. 3 is \$8,000.

8. An adequate supply, to include fire flow, was stated in Decision No. 88080 to be 250 gpm.

9. The costs of repairing Well No. 2 or connecting Well No. 3 into the system are beyond the financial capability of the utility at this time.

10. The utility is restricted from providing service to new customers without further order of this Commission.

11. Mr. and Mrs. Groom have demonstrated intent to improve the utility system in the public interest.

12. Additional time is required to permit correction of the water supply deficiency.

Conclusions of Law

1. Ownership and operation of the Tehachapi Mountain Water Service by Mr. and Mrs. Groom, as joint tenants, would not be adverse to the public interest.

2. Use of water for irrigation should be suspended or curtailed as necessary pending augmentation of supply.

3. Ordering Paragraph 7.b. of Decision No. 89823 should be revised to require an overall water supply of 250 gpm for the system by July 31, 1981.

4. The restriction placed on new connections by Decision No. 89823 should be continued pending provision of required overall supply.

5. The application should be granted as set forth in the following order.

6. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Transfer of ownership and control of the Tehachapi Mountain Water Service from Terrance Lee Jetton and Wayne E. Groom to Wayne E. Groom and Evelyn F. Groom is hereby authorized.

2. Ordering Paragraph 7.b. of Decision No. 89823 in Application No. 58264 is changed to read as follows:

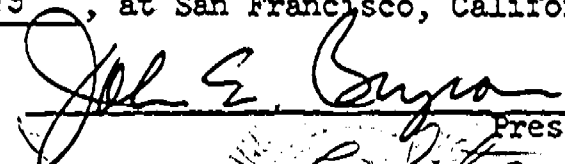
"7.b. By July 31, 1981 provide a minimum of 250 gpm water supply for the system. Capacity to be confirmed by pump tests made to show the capacity of the well, or wells, in gallons per minute, static and pumping levels, discharge pressures, pump efficiencies, and a description of the equipment. The results of the tests to be provided to the Commission staff."

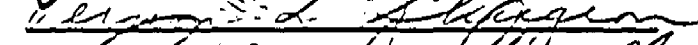
3. Use of water for irrigation may be suspended or curtailed by the utility as deemed necessary pending augmentation of supply.


4. Except as modified above, Decision No. 89823 remains in full force and effect.


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

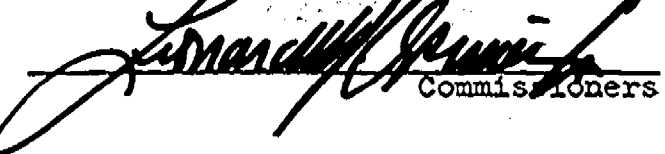
Dated DEC 18 1979, at San Francisco, California.



President








Commissioners