

"RECOMMENDATION

"We recommend that Fitch Mountain be partially relieved of the restriction on new water connections only within its present service area. These new water connections should be limited to individual single-family residences. The basis for this recommendation is that while the utility can serve additional customers without adversely affecting current customers, we do not believe that the current level of service justifies unlimited subdivision development within the present service area. The restriction could be fully lifted after the utility completes its planned improvements of additional storage, replacing mains and interconnection of the three separate sub-areas.

"Fitch Mountain would still require Commission approval before they could extend or furnish water service outside of its present service area. Fitch Mountain's request would be by advice letter for a contiguous expansion or by application for a Certificate of Public Convenience and Necessity (CPCN) for a non-contiguous extension. We recommend that the utility be put on notice that they shall not extend or furnish service outside its present service area without further order of the Commission. Their request would need to include evidence of a level of water service that meets the standards of General Order No. 103.

"BACKGROUND

"The Commission by Case No. 8902, filed March 25, 1969, opened an investigation into the rates, operations, facilities, practices and services of Fitch Mountain. This investigation resulted from the utility customers' protest over a request to increase rates by an advice letter filing. The customers were also protesting the quality of service. Decision No. 76673 resulted from this investigation. The current application requests an order relieving Fitch Mountain from the restrictions on provision of water service contained in Ordering Paragraph No. 4 of the Decision.

"This utility has had a history of poor service and the restriction on new hookups was initially imposed by the Commission in Decision No. 69490 (dated August 3, 1965 in Application No. 47184). Ordering Paragraph No. 7 of Decision No. 69490 stated:

'7. Applicant shall not serve any new or additional premises nor extend service to any tract or subdivision unless and until the Commission, upon a satisfactory showing having been made, shall have modified this service restriction by subsequent order. This restriction shall not apply, however, to service to customers who have applied for service prior to the effective date of this order or who have under construction, as of said date, facilities which will require water service.'

"The utility was also ordered to make the following system improvements:

'4. Within six months after the effective date of this order, applicant shall install doors and locks on all pumphouses, a new well and pump with a capacity of at least 200 gpm, and a 50,000-gallon storage tank, which storage tank shall be connected to both the Camp Rose and Del Rio sections of the existing system with at least a 4-inch main. Within ten days after completion of these improvements, a report shall be submitted to the Commission setting forth the details and cost of the improvements.'

"The Commission in Decision No. 57221, dated August 19, 1958, in Application No. 37103, ordered the utility to replace portions of pipelines as follows:

'2. John Sciarra shall prepare, or have prepared, and shall submit to the Commission, within thirty days after the date of issuance of this decision, a detailed report acceptable to the Commission indicating the portions of the transmission and distribution pipelines in both the Del Rio and Camp Rose areas of his system to be replaced by pipe of 4-inch diameter or larger size, in order to alleviate present pressure deficiencies, together with an itemized estimate of the cost of installation of such replacements and a schedule for completion thereof by June 1, 1959. Applicant shall forthwith commence and thereafter complete the installations, and

shall advise the Commission, in writing, on or before October 10, 1958 and every two months thereafter, of the progress of said installations, until the project has been fully completed.'

"ANALYSIS

"The Commission has recently authorized two variances or exemptions from the restriction on new water hookups (Decision No. 91973, dated July 2, 1980, in Application No. 59531 and Decision No. 88397, dated January 24, 1978, in Application No. 57569). The basis for authorizing the two new hookups was that the utility had made a number of improvements that improved the level of water service. These improvements are itemized on Exhibits A and B attached to this application. The utility's future planned improvements include: Storage tank in Del Rio sub-area, interconnection of Camp Rose and McDonough Heights sub-areas; and extensive replacement of undersized mains. The staff investigations of A.59531, A.57569 and an advice letter rate increase (Resolution No. W-2441, dated October 31, 1978) found that the level of service has improved since this utility was purchased in 1975 by Mr. Toomey.

"However, the utility has not complied with the Commission's order (O.P. No. 4 in Decision No. 69490) to install a 50,000 gallon storage tank and connect said tank to both the Camp Rose and Del Rio sections (sub-areas). We also found that a door and lock had not been installed on one of the pumphouses. Mr. Toomey stated that he would install a door and lock. The utility has not replaced the portions of pipelines in Del Rio and Camp Rose (O.P. No. 2 in Decision No. 57221), but the utility has alleviated the pressure deficiencies with the improvements itemized on Exhibits A and B.

"Mr. Toomey stated that he intends to make the following additional improvements to the water system:

- "1. Install a storage tank in Del Rio sub-area.
- "2. Interconnect Camp Rose and McDonough Heights sub-areas.
- "3. Obtain a DWR loan to replace undersized mains and other improvements. The utility has been accorded Priority No. 255 on DWR's November, 1979 priority list for a DWR loan.

"The amount of the DWR loan and the specific improvements are not final at this time. Mr. Toomey stated that while he wants to upgrade the water system, he is concerned about the size of a surcharge that the customers will accept. The utility's loan application was filed with DWR on October 23, 1980.

"There are some level unimproved lots in the service area, but most of the lots are on fairly steep hill-sides with narrow roads. There are no sewers and the present customers are on septic tanks. The Sonoma County sanitarian reports that there have been about five definite applications for building permits and about 20 inquiries about permits in the utility's service area during the past four years. We do not anticipate a large increase in customers, but the complete removal of the restriction before the installation of the planned system improvements could cause service problems in some areas due to the undersized mains.

"We analyzed the water supply vs. water requirements for each of the three sub-areas. The water supply is sufficient to meet the domestic water requirements using our equation $Q = Ncf$ per G.O. No. 103. The utility does not meet the fire flow requirements due to undersized mains. The utility has water rights to 624 gpm (1.39 cfs) from the underlay of the Russian River. It is presently using about 370 gpm. Mr. Toomey reports that with the planned larger mains, the utility can pump a larger quantity of water with the existing pumps and motors on the wells.

"With the planned improvements, the utility can furnish good water service; and the restriction could be unconditionally removed. However, we have

serious reservations about complete removal of the restriction at this time. There has been a sufficient improvement in service to permit new hookups for those persons that desire to build an owner-occupied single-family residence. These people would be saved the time and expense of filing an application for an exemption or variance. There also would be a saving to the Commission in not having to process such applications. However, we do not want to open the door to possible subdivision or speculative development until the planned additional improvements are installed."

Testifying in opposition to the application and to the staff recommendation were Ernest Garbarino, president of Fitch Mountain Association and several members of that association. These water customers complained that there was insufficient water pressure at each of their premises, although there was a concensus agreement among the large attendance at the hearing that water service had materially improved under the stewardship of Warren F. Toomey, president of Fitch.

While acknowledging that the service problems complained of did exist, Fitch made it clear that these low pressure points on the system are wholly unrelated to the requested lifting of the restriction.

The record shows that the many water customers present at the hearing were far more concerned with Fitch's proposed borrowing to finance system improvements and the resultant cost in increased rates of such improvements. In this regard, William K. Johnson moved for a continuance of the hearing until Fitch submits a complete plan to improve the system to serve both the existing customers and the potentially developable lots.

Charles Steinbergs, P.E., assistant environmental engineering specialist, testified that only a limited lifting of the service connection ban would be justified, based upon his analysis of the system from a public health stance. He reasoned that there is insufficient storage volume in two of the three interconnected areas in the Fitch system to permit his department's endorsement of the relief requested. With respect to Fitch's and the staff's estimate that only 6 to 12 new connections could reasonably be expected to result from the granting of the relief sought in this application, the witness concurred that the number of new connections contemplated would not have any discernible effect upon storage or service.

We are of the view that following the staff recommendation in this case is in the public interest as it will continue the upgrading process of Fitch's water service.

Findings of Fact

1. D.76673 dated January 20, 1970 ordered that Fitch shall not extend or furnish water service outside its present service area and shall not provide water service to any new customer without further order of this Commission.

2. Since 1970 there have been sufficient improvements on the system to permit a partial lifting of the restriction on new connections to single-family residences within Fitch's service area, as requested by Fitch.

3. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Conclusions of Law

1. The motion to continue the hearing should be denied.

2. The restriction on new connections within Fitch's service area should be partially lifted to permit water connections to new single-family residences.

O R D E R

IT IS ORDERED that:

- 1. The motion to continue this matter to a later date is denied.
- 2. The restriction in Ordering Paragraph 4 of D.76673 dated January 20, 1970 is amended to read as follows:

4. Fitch Mountain Water Co., Inc. shall not extend or furnish water service outside its present service area and may only provide water service to new residential customers residing in single-family homes within its present service area without further order of this Commission.

3. Fitch Mountain Water Co., Inc. shall not extend or furnish water service to multiple-family residential developments or to subdivision developments, as defined by Rule No. 15, within its present service area without further order of this Commission.

This order becomes effective 30 days from today.

Dated OCT 20 1981, at San Francisco, California.

JOHN E. BRYSON
 President
 RICHARD D. GRAVELLE
 LEONARD M. CRIMES, JR.
 VICTOR CALVO
 PRISCILLA C. GREW
 Commissioners

I certify that this decision was approved by the above Commissioners today.

John E. Bryson