

ALJ/hh

Decision 93732 NOV 13 1981

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Walter M. Carlson, John R. Gisburne
and L. Richard Lankes,

Complainants,

v

Big Basin Water Company, Inc.,

Defendant.

Case 10725
(Filed March 2, 1979)

In the Matter of the Application of
K. J. McGRANAHAN and MAHLON McPHERSON,
doing business as BIG BASIN WATER
COMPANY, for Authorization to Execute
and Perform Contracts for Water
Service.

Application 60139
(Filed December 8, 1980;
amended March 6, 1981)

Walter M. Carlson and John R. Gisburne, for
themselves, complainants.

Vaughan, Paul & Lyons, by John G. Lyons,
Attorney at Law, and Dennis J. Kenoe,
Attorney at Law, for K. J. McGranahan and
Mahlon McPherson, defendants in C.10725
and applicants in A.60139.

Thomas B. Swartz, Wallace R. Nugent, Attorneys
at Law, and William D. Nugent, for Galleon
Properties, intervenor.

Vivianne Chaumont Oates, Attorney at Law, and
Richard B. McMillan, for the California
Department of Health Services; Bronson,
Bronson & McKinnon, by Richard A. Ardoin,
Attorney at Law, for Nagilluc, Inc.;

Mary E. Hammer, for the Resource Defense Fund;

Kuth N. Chesnire, for herself; and Mark Gillard,
for State Senator Henry J. Mello; interested
parties.

Alvin S. Pak, Attorney at Law, and Robert H.
Bennett, for the Commission staff.

O P I N I O N

The complaint alleges that defendant water company was negotiating with a developer to provide 140 additional service connections when defendant did not have sufficient water to serve present customers. The complaint requests that the Commission issue an order forbidding further expansion of the system until an adequate water supply is available for present customers, including fire protection and irrigation. Defendant's Answer was filed on May 8, 1979. It admitted that negotiations were underway and denied any water shortage.

The parties favored settlement without a hearing, but continuous meetings accomplished nothing until October 1, 1980, when a developer (Galleon Properties, Inc.) petitioned to intervene and requested that a hearing be scheduled. Application (A.) 60139 was filed on December 1, 1980. It requested that the Commission approve two water service contracts executed by the owners of Big Basin Water Company and representatives of Galleon Properties, Inc. and Nagilluc, Inc., formerly Boulder Creek Golf and Country Club. The two matters were consolidated and hearings were held before Administrative Law Judge Edward G. Fraser on January 15, March 19, 20, 27, April 6 and 7, 1981 in San Francisco, and March 18, 1981 in Santa Cruz.

Testimony and exhibits were provided by complainants, the water company as defendant and applicant, the Department of Health Services, the Commission staff, Galleon Properties, Inc., and Nagilluc, Inc. Statements were made by Mary E. Hammer, Ruth Cheshire, and Mark Gillard. Additional statements were made by customers of the water company and a Santa Cruz County supervisor. The management of the water company certified that an effort would be made to resolve all customer complaints.

Big Basin Water Company had 424 service connections during the latter part of 1980. Developers Galleon Properties, Inc., and Nagilluc were seeking to have water service extended to 299 lots, including 27 condominiums built by the former, which were ready for occupancy in October 1980. The Department of Health Services refused to issue a water permit to Big Basin Water Company authorizing any expansion until certain tests were undertaken to determine water quantity and quality, system improvements were completed, and additional sources of water were located and connected to the system. The State Division of Real Estate refused to authorize sale of the 27 condominiums until a water permit was obtained from the Department of Health Services.

The Department of Health Services presented expert testimony from two witnesses, a geologist and an engineer, regarding the minimum additional water supply required before an expansion of the system could be authorized and the likelihood of obtaining this increment from either wells or surface-flow. The developers also provided expert testimony on these issues from several experts who did not agree with the information provided by the opposition. Counsel for the developers also raised the legal issue that the Department of Health Services may have exceeded its authority by efforts to regulate the quantity of water that must be provided.

During the last day of hearing staff counsel presented a stipulation and after minor changes were made, the document was signed by all parties, or their counsels. It was agreed that, since all issues were resolved by the stipulation, Case (C.) 10725 should be dismissed and A.60139 should be granted.

We therefore adopt as our findings the provisions of the attached Stipulation of Parties. We find the stipulated resolution of these proceedings to be reasonable.

Conclusions of Law

1. C.10725 should be dismissed.
2. A.60139 should be granted.
3. The Stipulation of Parties should constitute the Commission's order in this proceeding.

O R D E R

IT IS ORDERED that:

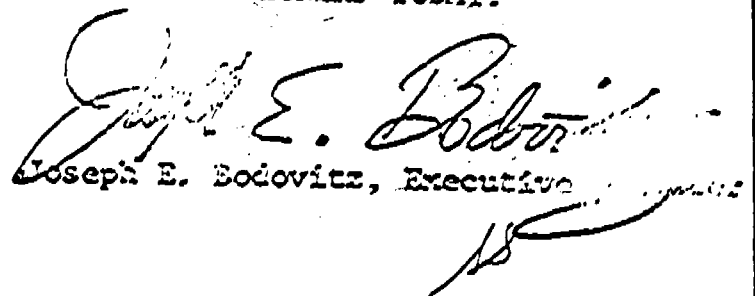
1. C.10725 is dismissed.
2. A.60139 is granted.
3. K. J. McGranahan and Mahlon McPherson are authorized to provide additional water service connections under the terms and conditions set forth in the Stipulation of Parties attached hereto as Appendix A.

This order becomes effective 30 days from today.

Dated NOV 13 1981, at San Francisco, California.

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

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


Joseph E. Bodovitz, Executive

1 BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

2 Walter M. Carlson, John R. Gisburne)
and L. Richard Lankes,)

3)
4) .Complainants,)

5) v.)

6) Big Basin Water Company, Inc.,)

7) Defendant.)

Case No. 10725
(Filed March 2, 1979)

8 In the Matter of the Application of)
9 Y.J. McGRANAHAN and MARLON McPHERSON,)
10 doing business as BIG BASIN WATER)
and Perform Contracts for Water)
11 Service.)

Application No. 60139
(Filed December 8, 1980
amended March 6, 1981)

12 STIPULATION AS TO FACTS
13 AND RECOMMENDATIONS

14 TO THE HONORABLE EDWARD G. FRASER, ADMINISTRATIVE LAW JUDGE, AND
15 THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA:

16 The undersigned parties do hereby stipulate to the following
17 facts and recommendations and each of them for the purpose of
18 resolving all matters now in controversy or at issue in the
19 above-entitled proceedings:^{1/}

20 1. That K.J. McGranahan and Mahlon McPherson, doing
21 business as the Big Basin Water Co., hereinafter referred to as
22 "BBWC", are operating as a duly authorized public utility water
23 corporation in the County of Santa Cruz pursuant to the laws of
24 the State of California and the regulations of the Public Util-

25 _____
26 ^{1/} These proceedings have been consolidated for the purpose
27 of process and disposition. They will hereinafter be
referred to collectively as "Re Big Basin".

1 ities Commission of the State of California and are the defendants
2 in Case No. 10725 and the applicant in Application No. 60139.

3 2. That Galleon Properties, Inc., hereinafter referred to
4 as "Galleon", a Nevada corporation, is an intervenor in Re Big
5 Basin.

6 3. That the Department of Health Services of the State of
7 California, hereinafter referred to as "the DHS", is an inter-
8 venor in Re Big Basin and constitutes a duly created state agency
9 exercising, inter alia, various authorities as specified in the
10 California Safe Drinking Water Act, Health & Safety Code Sections
11 4010, et seq.

12 4. That Nagilluc, Inc., a California corporation, hereinafter
13 referred to as "Nagilluc", is an intervenor in Re Big Basin.

14 5. That Big Basin Water Protection Association, hereinafter
15 referred to as "the Association", is the complainant in Case No.
16 10725 and is a representative of certain ratepayers of BBWC.

17 6. That the Staff of the Public Utilities Commission,
18 hereinafter referred to as "the Commission Staff", is a party to
19 Re Big Basin.

20 7. That Galleon is the developer of the following properties
21 and units:

22 (a) those certain twenty-seven (27) condominium units
23 known as Unit 6A of Culligan Country Club Villas, hereinafter
24 referred to as "Culligan Unit 6A", such units being fully construc-
25 ted and ready for sale and occupancy upon the issuance of a final
26 public report by the Department of Real Estate of the State of
27 California; and,

1 (b) those certain one hundred thirty-two (132) single-
2 family units known as Units 2 and 3 of Galleon Heights, herein-
3 after referred to as "Galleon Units 2 and 3", such units being as
4 yet unconstructed.

5 8. That Nagilluc is the developer of those certain one
6 hundred forty (140) condominium units known as Unit 7 of Culligan
7 Country Club Villas, hereinafter referred to as "Culligan Unit 7",
8 such units being as yet unconstructed.

9 9. That BBWC has as yet to issue any unconditional "will
10 serve" letters committing itself to provide water service to
11 Culligan Units 6A and 7 and Galleon Units 2 and 3.

12 10. That the DHS has restrained BBWC from the issuance of
13 any such "will serve" letters as described in paragraph 9 herein-
14 above by virtue of and through a limitation placed upon the number
15 of domestic service connections, viz., 425, which may be lawfully
16 served by BBWC under its existing permit from the DHS.^{2/}

17 11. That the DHS imposed the 425 connection limitation upon
18 BBWC due to the concern of the DHS, as variously shared by BBWC,
19 the Commission Staff, the Association and local government agen-
20 cies and officials of Santa Cruz County, that BBWC had inadequate
21 supplies of water, either source or storage, to serve its present
22 customers and that the connection of any additional customers

23 _____
24 ^{2/} It is not intended by any party hereto that the lawfulness
25 of the subject limitation is conceded by its agreement to
26 this stipulation and its terms. To the extent that the
27 lawfulness of the 425 condominium limitation may be raised
by any party to Re Big Basin, it is not the intention of
any party hereto that this stipulation be used in the
resolution of that matter.

1 would exacerbate the adverse effects of that inadequacy.

2 12. That to resolve the concern of the DHS and the parties
3 identified in paragraph 11 hereinabove and to improve the water
4 facilities of BBWC, BBWC, Galleon and Nagilluc variously entered
5 into:

6 (a) An agreement dated March 20, 1980, entitled "Water
7 Agreement" and,

8 (b) An agreement dated March 28, 1980, entitled
9 "Settlement Agreement and Releases".

10 13. That the agreements identified in paragraph 12 herein-
11 above are currently pending review by the Public Utilities Com-
12 mission and are the subject of Application No. 60139.

13 14. That the parties hereto agree that the public interest
14 would be best served if the agreements identified in paragraph 12
15 hereinabove were approved by the Public Utilities Commission
16 subject to the following terms and conditions:

17 (a) That BBWC, Galleon and Nagilluc shall and do hereby
18 agree to proceed diligently to satisfy their respective obliga-
19 tions as provided by and within the time periods set forth in
20 said agreements; and,

21 (b) That BBWC shall and does hereby agree to proceed
22 diligently, within the financial capabilities of BBWC and the
23 provisions of applicable law, to complete such construction and
24 improvements required by the DHS to obtain a final revised water
25 permit, provided that the improvements to be made at Jameson and
26 Corvin Springs shall be completed on or before August 1, 1981;
27 and,

1 (c) Galleon and Nagilluc, upon performance of con-
2 ditions (g), (h) and (i) of this paragraph 14 and the annexation
3 of Galleon Units 2 and 3 to BBWC's service territory, hereby agree
4 to convey irrevocably and without limitation, all of their rights,
5 title and interest in the additional well source, appurtenances,
6 and easements, commonly known as "Well No. 4" and currently owned
7 by Galleon, to BBWC, its heirs, successors and assigns and shall
8 forthwith deliver to the Commission Staff a duly executed and
9 acknowledged conveyance with irrevocable instructions to deliver
10 and record said conveyance to BBWC upon the occurrence of such
11 conditions (g), (h) and (i) and said annexation.

12 (d) That BBWC shall operate and maintain Well No. 4
13 in accordance with reasonable utility management and engineering
14 practices, provided that BBWC shall not undertake to commit or
15 commit any acts which unreasonably interfere with the testing of
16 Well No. 4 as set forth hereinbelow; and,

17 (e) That, in accordance with the testing procedures
18 approved by the DHS set forth in and attached hereto as "EXHIBIT
19 A", BBWC shall and does hereby agree to provide to the DHS data as
20 required in EXHIBIT A, the purpose of such data being to permit
21 the DHS to evaluate and make findings regarding the reliable
22 production of the various sources of supply, excluding storage,
23 owned by BBWC and available to its customers; provided that such
24 data shall be collected for the months of April, May, June, July,
25 August, September and October for each of the calendar years of
26 1981, 1982, 1983 and 1984; and,

27 (f) That, should the data required by paragraph 14(e)

1 hereinabove show that the production from all sources of supply for
2 the month of maximum use is less than the lesser of (i) 386,500
3 gallons per day (500 gallons-per-connection-per-day times 773
4 connections) or (ii) actual recorded usage on a per-connection-per-
5 day basis multiplied by 773 connections for the months in which
6 production data are collected, Galleon and Nagilluc shall and do
7 hereby agree to the following:

8 AT THE OPTION OF GALLEON AND NAGILLUC,

9 OPTION 1. TO provide unconditionally to BBWC such
10 further sources of supply as are necessary to increase the level
11 of production required by paragraph 14(f) hereinabove of the
12 various sources of supply, excluding storage, owned by BBWC to
13 (i) 386,500 gallons per day OR (ii) actual recorded usage as to
14 condominiums and individual lots respectively on a per-connection-
15 per-day basis multiplied by 773 connections, whichever of (i) or
16 (ii) is less; OR,

17 OPTION 2. TO reduce the number of units to be construc-
18 ted at Galleon Units 2 and 3 or Culligan Unit 7 or each of them as
19 Galleon and Nagilluc may agree such that the production of the
20 various sources of supply, excluding storage, owned by BBWC on a
21 per-connection basis is equal to (i) 500 gallons per-connection-
22 per-day multiplied by the sum of 773 less the number of units
23 which will not be constructed, or (ii) the actual recorded usage
24 as to condominiums and individual lots respectively on a per-
25 connection-per-day basis multiplied by the sum of 773 units less
26 the number of units which will not be constructed, whichever of
27 (i) or (ii) is less; OR,

~~CONFIDENTIAL~~

* Provided, further, that notwithstanding any provision herein to the contrary, neither Galleon nor Nagilluc shall be required to develop additional sources of supply hereunder in excess of 500,000 gallons per connection per day for each connection added by Galleon or Nagilluc within Culligan Unit 7 or Galleon Unit 7 or 3.

[Handwritten signatures and initials]

1 OPTION 3. TO unconditionally provide to BBWC such
2 further sources and to reduce the number of units to be constructed
3 at Galleon Units 2 and 3 or Culligan Unit 7 in such various amounts
4 as to satisfy the requirements set forth in paragraph 14(f) herein-
5 above.

6 Said options shall be exercised at such time as the DHS makes
7 its findings regarding the reliable production of the various
8 sources of supply, excluding storage, owned by BBWC or within a
9 reasonable time thereafter not to exceed six months by the sub-
10 mission of a written notice to the Public Utilities Commission;
11 provided that the DHS, subject to the approval of the Commission
12 Staff, may waive the requirement for data describing such produc-
13 tion in the months of April, May, June, July, August, September
14 and October for the calendar years 1983 and 1984, and thereby
15 release Galleon and Nagilluc from any further obligations under
16 this paragraph 14(f); provided further that for the purposes of
17 this stipulation only any additional source added to the sources
18 of supply owned by BBWC shall be rated according to the standards
19 set forth in EXHIBIT A hereto for the calendar months of April,
20 May, June, July, August, September and October of the year in
21 which said sources are constructed for and conveyed to BBWC; and,
22

23 (g) That the Commission Staff, upon the execution of
24 this stipulation, shall and does hereby so agree to diligently
25 complete the processing of the pending water supply questionnaire
26 and immediately thereafter forward its approvals, subject to this
27 stipulation and its provisions, to the Department of Real Estate
of the State of California with respect to Culligan Units 6A and

[Handwritten initials]
[Handwritten "mem"]

1 7 and Galleon Units 2 and 3;^{3/} and,

2 (h) That BBWC shall and does hereby so agree to promptly
3 file its advice letter with the Public Utilities Commission re-
4 questing that its lawful service territory be expanded to include
5 the contiguous areas known as Galleon Units 2 and 3; and,

6 (i) That the DHS shall and does hereby so agree to
7 issue its final revised water permit to BBWC for total connections
8 of 773 units, provided that said permit may be conditioned upon
9 the satisfaction of conditions set forth in the letter of the DHS
10 to BBWC dated January 22, 1981, attached hereto as "EXHIBIT B";
11 and,

12 (j) That BBWC shall and does hereby so agree to provide
13 unconditional "will serve" letters for Culligan Unit 7 and Galleon
14 Units 2 and 3; and,

15 (k) That service to Culligan Units 6A and 7 and Galleon
16 Units 2 and 3 shall be rendered in accordance with all applicable
17 standards and regulations, including but not limited to General
18 Order No. 103 and its various provisions.

19 15. That no current customer will suffer any foreseeable
20 adverse effect from the implementation of service to Culligan
21

22 ^{3/} All parties hereto acknowledge the continuing authority of
23 the Public Utilities Commission to impose any restriction
24 or limitation upon the number of customers which BBWC may
25 serve. Neither the agreement of the Commission Staff hereto
nor the approval of this stipulation by the Public Utilities
Commission shall constitute nor be construed to constitute
any waiver of said authority.

26 Furthermore, all parties acknowledge that this stipulation
27 is subject to any and all subsequent amendments in applicable
law.

1 Units 6A and 7 and Galleon Units 2 and 3 by BBWC under the terms
2 and conditions set forth hereinabove.

3 16. That to the extent the terms of this stipulation con-
4 flict with any and all contracts submitted by BBWC for the
5 approval of the Public Utilities Commission in Re Big Basin, the
6 terms of this stipulation shall supersede said contracts, subject
7 to any and all lawful orders of the Public Utilities Commission
8 in disposition of Re Big Basin.

9 17. That, except as expressly provided, nothing contained
10 herein shall modify, affect or abrogate the obligations of the
11 parties to fulfill any and all provisions of the contracts sub-
12 mitted by BBWC for the approval of the Public Utilities Commission
13 in Re Big Basin or to diligently and in good faith proceed to
14 perform the various acts and each of them set forth in said con-
15 tracts.

16 18. That by affixing their signatures to this stipulation
17 below, the undersigned do hereby attest to their ability to bind
18 and do so bind their respective parties to this stipulation and,
19 by so doing, further move on behalf of their respective parties
20 that the Public Utilities Commission issue forthwith and with all
21 deliberate speed an order authorizing BBWC to enter into the
22 agreements described in paragraph 12 hereinabove, subject to the
23 terms and conditions of this stipulation.

24 19. That Case No. 10725 should be dismissed.

25 20. All parties hereto agree to use their best efforts in
26 good faith to carry out the purposes of this stipulation and
27 agreement to provide for a reliable supply of water service to

1 the customers of BBWC, including Culligan Units 6A and 7 and
2 Galleon Units 2 and 3 and to provide the required permits and
3 approvals of the DHS and the Public Utilities Commission with
4 respect to the service of such water as contemplated herein.

5 Executed on April 7, 1981, at San Francisco, California.

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BIG BASIN WATER CO.

By [Signature]

GALLEON PROPERTIES, INC.

By [Signature] PRESIDENT

NAGELLUC, INC.

By [Signature]

BIG BASIN WATER PROTECTION ASSOCIATION

By [Signature]

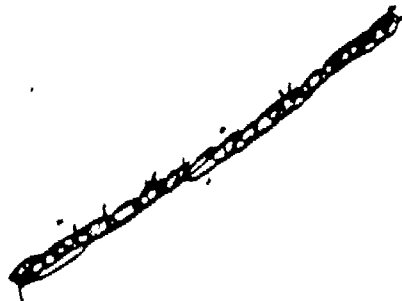
[Signature]

DEPARTMENT OF HEALTH SERVICES
OF THE STATE OF CALIFORNIA

By [Signature]

THE STAFF OF THE PUBLIC
UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA

By [Signature]



C.10725, A.60139 /ALJ/hh

APPENDIX A
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EXHIBIT A

APPENDIX A
Page 12

BIG BASIN WATER CO.
WATER QUANTITY MONITORING:

For each source the following shall be recorded weekly and reported monthly to the State Department of Health Services:

Springs:

1. Total flow on meter (each spring).
2. Hours of use during the week.
3. Time of weekly measurement.
4. Date of measurement.

Wells:

1. Total flow on meter (each well).
2. Hours of use during the week.
3. Time of weekly measurement.
4. Date of measurement.
5. Static water level following longest weekly period of no use.
6. Pumping water level at period of longest pumping use.

Surface Source:

1. Total flow on meter.
2. Hours of use during the week.
3. Time of weekly measurement.
4. Date of measurement.
5. Average influent turbidity.
6. Average finished water turbidity.

For each well the following shall be measured and recorded on October 1 of every year and reported to the Department of Health Services within 10 days:

1. Static water level at beginning of test.
2. Total amount of water pumped during a 24 hour continuous pumping period.
3. Pumping water level measured every 6 hours during the 24 hour test.
4. Instantaneous flow at beginning of the test, 6 hrs., 12 hrs., 18 hrs., and 24 hrs.
5. Static water level 1 hr., 2 hrs., 3 hrs., 6 hrs., and 12 hrs. following completion of the pumping test.

APPENDIX A
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EXHIBIT B

CALIFORNIA HEALTH AND WELFARE AGENCY
DEPARTMENT OF HEALTH SERVICES
2101 BEECHLEY WAY
BERKELEY, CA 94704



January 22, 1981

(415) 540-2150

Mr. K. J. McGranahan
Big Basin Water Company
140 Ingalls Street
Santa Cruz, CA 95060

Dear Mr. McGranahan:

This is to confirm the items discussed at the meeting in your office on January 16, 1981 when we met together with Dr. McPherson and Mr. Cliff Bowen of this office.

We discussed the status of action taken on our December 5, 1980 letter in which we have listed several items that we are requiring to be completed before issuing a temporary permit. The discussion and status of these items are as follows:

a) Standby portable generator: The standby portable generator is an item that is definitely needed to increase the reliability of the whole system. Due to financial and contractual problems this item is being deferred to a later date and will not be required for the issuing of a temporary permit. However, the generator will be required to be installed with the improvement program and be in service before the issuing of a full revised water permit. You may want to have this item funded under your application for a Safe Drinking Water Bond Loan.

No deadline

b) Hare Filter Plant: The Hare Filter Plant has been renovated but it still has not been fully tested. Before this plant can be put into service this office will need the following:

Completed

- 1) Results of the testing.
- 2) Two copies of final plans and layout of the filter plant to be submitted for approval.
- 3) Flow diagram of treatment process.
- 4) Demonstrate ownership of the Hare Filter Plant.

Disconnect pipe 30 from junction (27). The piping changes have not been made on this line. When the disconnection is made one service connection will have to be relocated.

c) Construction drawings for Corvin-Filter Plant: Water Resources Engineers is currently working on these plans.

Mr. K. J. McGranahan

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January 22, 1961

Execute a contract for the construction of plants: This should be done as soon as this office gives its approval of the construction plans.

- d) Booster pumps at both filter plants: Water Resources Engineers has recommended booster pumps at both plants, and this Department concurs that these are mandatory. The Hare Filter Plant booster will have to be installed before it can be placed into operation. The booster pump for the Corvin Filter Plant will not have to be installed until the plant is constructed.
- e) Construction plans for spring improvements: Preliminary plans have been reviewed and approved by this office. Final plans still need to be submitted for review and approval.
- f) Fencing for the Hare Filter Plant: A request, by the engineers working on this plant, to extend the existing housing over exposed and vulnerable piping of the plant to prevent vandalism has been approved by this office. The housing will provide a greater degree of protection of the plant.
- g) Supports for pipeline 31 crossing the creek: Work still has to be done on this item.
- h) Automatic controls for Well No. 4 and place into service: As soon as your engineer determines the location for the controls to be operated from the developer of the well, Galleon Properties, Inc., has indicated that the controls will then be installed. There appears to be some contractual difficulties between the water company and Galleon Properties, Inc., on the use and ownership of this well, in addition to easement rights to the transmission line from the well. These difficulties have to be resolved to where it can be demonstrated that the water company has the ownership and/or clear title to use of the well and water from this well for use by the water company's customers. Until these items are resolved Well No. 4 cannot be added to the water company and additional customers cannot be added to the system.
- i) Bury pipelines 64 and 7: Discussions have indicated possible difficulties in immediately completing this item. This office is willing to defer the completion of this item to a later date, but no later than the completion of your system improvement program. You may want to have this item funded under your application for a Prop 3, Safe Drinking Water Loan.

In our evaluation of the capability of the water system to serve additional customers we will closely look at the available source capacities from all available sources: You are aware that we are concerned over the capacity of many of these sources and cannot make an ultimate determination of the system capacity until additional flow data is obtained. In the interim we will make an

Mr. K. J. McGranahan

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January 22, 1931

analysis of the available data and make a determination of the number of additional service connections the system can adequately handle while at the same time providing an adequate level of service to the existing customers. Depending on our determination of the source capacities the total connections for the system may be over or under the 500 total connections.

Upon our determination of the system capacity a meeting will be arranged with you to discuss further developments in your construction progress and to discuss conditions of your temporary water permit.

If you have any questions, please contact Cliff Bowen.

Sincerely,

R. E. McMillan
Regional Engineer
Central Coastal Regional Office
Sanitary Engineering Section

REM:CLB:gm

cc: (See Attached)

(END OF APPENDIX A)