

ET

ORIGINAL

Decision No. 50968

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

KURT SCHAMBER et al.,
 Complainants,
 vs.
 CLEAR LAKE PARK WATER COMPANY,
 Defendant.

Case No. 5415

Heber Brown, of Brown & Smith, for complainants.
James M. O'Brien and William Stava, for
 defendant.
C. J. Maher, Sanitary Inspector, for
Dr. S. P. Funkhouser, Health Officer, Lake
 County.
Clyde F. Norris, for the Commission's staff.

OPINION ON FURTHER HEARING

Introduction:

The Commission, on September 28, 1954, reopened this case for further hearing as a result of a petition filed by complainants alleging deficiencies in the quantity and quality of water furnished by defendant to its consumers at Clear Lake Park, Lake County.

Public Hearing

The case was submitted for decision at a public hearing held, after due notice, at Clear Lake Park on October 14, 1954 before Examiner John M. Gregory.

The Evidence

The Commission, by prior orders in this case and in an application by the company for authority to issue and sell bonds, ordered the company to effect certain improvements in its water

supply and transmission facilities, authorized the company to issue and sell \$20,000 worth of first mortgage, 5 per cent bonds to finance the program, and later extended the time to March 31, 1955 to complete the project and sell the bonds.^{1/}

The Commission's original order in this case (concerning improvement of the company's facilities) was issued April 28, 1953. It was modified in certain respects, at the request of the company, by a supplemental order issued September 15, 1953. Work progress reports submitted by the company to the Commission after issuance of the first order indicate that improvements to the pumping plant and chlorination equipment, costing \$4,763.16, were completed during 1953. Installation of additional transmission mains and a filtration plant, as directed by Decisions Nos. 48555 and 49099, has not been effected due to lack of finances.

Breakdown of the main pump for a few days in the latter part of June and early part of July, 1954, caused severe water shortages and led to the filing of a petition to reopen this case for further hearing.

The evidence, considered as a whole, demonstrates that pumping, purification, storage and transmission facilities for this system, which extends for seven miles along the lake front, are inadequate for continuous satisfactory operations during summer peak demands and at other times when breakdowns may occur.

Summary and Conclusions

The company has recently filed an application to increase its rates for water service. It requests authorization of rates that will yield annual net operating revenues equal to three and

^{1/} Case No. 5415, Decisions Nos. 48555, 49099, 49909;
Application No. 31767, Decisions Nos. 44952, 48473, 49942.

one-half times the interest requirement for borrowing that will be necessary to retire existing debt and provide for necessary capital additions. The company estimates that such net revenue requirements will range between \$6,510 and \$10,660 or \$5,200 to about \$9,300 more than the company is expected to realize from operations conducted in 1953.

It is clear that this company's predicament stems from a combination of inadequate plant and service and a present lack of funds with which to bring the system to reasonably efficient operating standards. The Commission now has before it, in this case and in the rate application, pleadings that are sufficiently broad to encompass whatever orders may be necessary to effect rehabilitation of this system.

We are of the opinion that submission of the instant case should be set aside, that the proceeding should be set down for further hearing in conjunction with the rate application and that a thorough engineering study of the needs of the system should be made and presented for the record in such consolidated proceeding.

O R D E R

Public hearing having been held upon the petition of complainants, filed herein July 7, 1954, and the matter having been submitted for decision,

IT IS HEREBY ORDERED that the order of submission herein, made on October 14, 1954, be and it is hereby vacated and set aside and that this proceeding be set down for further hearing in conjunction with the company's application to increase rates, filed December 15, 1954, at a time and place to be hereafter fixed.

The Secretary is directed to cause notice of the time and place of said hearing to be served upon complainants, the company and other interested parties at least ten days prior to the date thereof.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 10th day of January, 1955.

John E. Mitchell
President
James F. Caswell
Ralph W. Linterman
Walter S. Decker
Commissioners