DR

Decision No. 59406

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

TWIN LAKES PROPERTY OWNERS, INC., Complainant, vs. TWIN LAKES PARK COMPANY and WILLIAM E. LAWRENCE (a corporation), Defendant.	Case No. 5736 (Further Hearing)
TWIN LAKES PROPERTY OWNERS, INC., Complainant, vs. TWIN LAKES PARK COMPANY and WILLIAM E. LAWRENCE (a corporation), Defendant.	Case No. 6213

Morton J. Salsberg, for Twin Lakes Property Owners, Inc., complainant.
Howlett, Weiler and Ide, by Elmer H. Howlett, for Twin Lakes Park Company and William E. Lawrence,1/ defendant.
Clyde F. Norris, for the Commission staff.

O P I N I O N

Nature of Proceeding

Case No. 6213 is a complaint, filed December 24, 1958, by Twin Lakes Property Owners, Inc., a non-profit corporation whose members are property owners in Twin Lakes Park, a subdivision in unincorporated territory located approximately two miles north of Chatsworth, Los Angeles County. Water service in the subdivision is rendered by defendant Twin Lakes Park Company, a corporation.

1/ William E. Lawrence is president and principal stockholder of Twin Lakes Park Company.

The complaint refers to Case No. 5736 previously filed by the complainant herein and to the Commission's decisions[2/] issued in that matter.

Complainant alleges that the established rates are too high for the quality and quantity of the water service being supplied, as well as the cost expended by defendant for said service; that defendant has failed to comply with the improvements ordered by the Commission to the extent that there is an insufficient supply of water to the consumers; that the water so supplied is impure, contains great quantities of foreign matters and is unfit for human consumption; and that such water constitutes a great hazard to the health and welfare of the complainant's member-users. Among other things complainant also contends that defendant's water meters register as much as 15 per cent fast; that air in the pipes escapes through the meters and thereby makes the water bills higher; that the meters are not read at regular intervals; and that the water supply is inaccessible for fire protection.

Complainant requests that the Commission investigate the allegations made; that defendant be required to comply with the Commission's orders now in effect; that defendant be ordered to correct and improve the water system towards the end that the water shall be adequate in quantity and quality for human consumption; that the water rates be revised; that defendant be required to install fire hydrants in suitable places and number to provide for fire protection; and that the water service be improved and standardized in general.

Answer to the complaint was filed with the Commission on January 22, 1959, in which defendant categorically denied the several allegations.

2/ Interim Decision No. 53328 dated July 10, 1956; Decision No. 54708 dated March 26, 1957; and Decision No. 55625 dated October 1, 1957, after rehearing.

Public Hearings

A public hearing on Case No. 6213 was held before Examiner E. Ronald Foster in Los Angeles on April 30, 1959, at which time some evidence was adduced and the matter continued.

Acting on certain motions made at that hearing, the Commission's Decision No. 58426, dated May 19, 1959, ordered that Case No. 5736 be reopened for further hearing upon the question of service and related matters, other than the level of rates, and for the purpose of determining whether Decisions No. 54708 or No. 55625 issued therein should be in any way amended, rescinded or modified.

Case No. 5736 was consolidated with Case No. 6213 and a hearing on both matters was held before Examiner Foster in Los Angeles on October 14, 1959. After the introduction of further evidence by witnesses for both complainant and defendant, the two matters were submitted and they are now ready for decision.

History of Operations and
Description of the Water System

The record in these proceedings shows that defendant, Twin Lakes Park Company, also operates a real estate business and has developed approximately 700 lots in Twin Lakes Park, of which some 200 have been sold, and of which only about 65 are occupied by residences. To supply the subdivision with water, about the year 1927 the company installed a distribution system to serve all the lots, consisting of 2-inch and 1-inch piping. From time to time the company has drilled four wells to supply the system, but since early in 1956 all water has been supplied from wells Nos. 2 and 3, each of which is now equipped with a three-horsepower electric motor-driven pumping unit capable of delivering nine gallons per minute with a combined capacity of 18 gpm. Normally only one pump is used

at a time but it is possible to operate both pumps at the same time, if and when it should be necessary. These pumping plants discharge through a two-inch transmission line about 1,700 feet long directly into the distribution network, with the surplus being delivered to the covered, 34,000-gallon, reinforced concrete reservoir, which was built about 1946 and is located at the highest point within the service area. The distribution system as it was found to exist in October, 1956, is shown on Exhibit No. 3 in Case No. 5736. Well No. 4 shown therein which produced water with a high sulphur content is no longer used and has been disconnected from the system.

All services are metered and at all times concerned herein the total number of consumers has remained practically constant at about 64 or 65. The houses are scattered throughout the service area at elevations varying from less than 1,200 feet to nearly 1,400 feet. Most of the lots are relatively steep and the soil is poor, which conditions are not conducive to the growing of plants and shrubs which require much water, particularly at the established rates for water service.[3/] It may be noted that the revenues from such rates were expected to produce a rate of return of 1.3 per cent on the depreciated rate base, as determined in Decision No. 54708.

Requirements of Previous Decisions

Among other things required to be done by the defendant, the Commission's Decision No. 54708, dated March 26, 1957, ordered certain recommended improvements, estimated to cost $3,195, to be

3/ Basic rates authorized by Decision No. 54708, which have been in effect since July 27, 1957:

Quantity Rates	Per Meter Per Month
First 300 cu. ft. or less	$5.00
Next 700 cu. ft., per 100 cu. ft. ..	1.00
Next 1,000 cu. ft., per 100 cu. ft. ..	.90
Over 2,000 cu. ft., per 100 cu. ft. ..	.75

installed and put into operation prior to July 31, 1957. In brief, defendant's Well No. 4 was to be rehabilitated or an alternate supply of at least 50 gpm. developed and, if such water supply required aeration, a 3,000-gallon aeration tank was to be provided, together with the installation of suitable pumping units capable of delivering the aerated water into the 34,000-gallon concrete reservoir.

Upon petition by defendant, the Commission issued its order, on May 21, 1957, granting a rehearing, after which the Commission amended the said Decision No. 54708 in certain respects by the order in its Decision No. 55625 dated October 1, 1957. In effect, the latter decision conditionally rescinded the requirements pertaining to Well No. 4 or the development of an alternate water supply of 50 gpm., and the installation of the related aeration tank and pumping equipment; instead thereof, defendant was ordered to increase the size of the cylinder of its pump in its Well No. 2; to perform tests to determine the capacity of the modified pumping installation; and to report to the Commission compliance therewith, together with the results of the tests.

Defendant reported to the Commission by letter, filed January 2, 1958, in regard to the said Decision No. 55625. It stated that it had not been able to comply with the portion of the order to increase the size of the cylinder of its pump in its Well No. 2, as the company did not have the finances, and requested an extension of time. The report further stated that defendant had continued to serve its customers with less than half of its existing pumping capacity.

On February 4, 1958, the Commission issued an order granting an extension of time to May 31, 1958, for such compliance.

By letter filed with the Commission on May 29, 1958, defendant again reported that it still did not have the finances to

enable it to comply with the Commission's order. It added that the water table on its wells was five feet and that it was continuing to serve the customers with less than half of its present pumping capacity.

Evidence in Support of Complaint

At the first day of hearing on April 30, 1959, about fifteen of defendant's customers were in attendance, of whom seven testified concerning the quality of the service rendered. Exhibits (Nos. 1, 2 and 3 in Case No. 6213) submitted by one witness, consisting of water analysis reports prepared by a commercial water softening service, support the contention that the water from defendant's wells has a high degree of hardness. These analyses indicate that the water from a sample taken in April, 1959, had a total hardness somewhat higher than the water samples taken in June, 1957. Several consumers testified that the water is so hard that it is unusable, without being softened, for cooking and washing purposes. Water softeners are installed in many of the homes.

Some of the consumers stated that they cannot use the water for drinking purposes because of the high mineral content, taste and odor of the water, causing nausea in certain cases. Commercially bottled water, or water hauled by individual users from Chatsworth, two miles away (Los Angeles water supply), is commonly used in the homes for drinking and cooking purposes.

There was considerable testimony that at irregular intervals in past years the water supplied by defendant has been discolored, either dark brown or inky in appearance, and has contained much foreign matter of a rusty, bulky nature. Such conditions have made the water unsuitable for most purposes, including bathing. One consumer testified that this condition persisted at intervals even after the reservoir was cleaned early in 1959, interspersed with occasional deliveries of clear water.

There was other testimony concerning the presence of air in the pipes and the accuracy of the meters on customers' services. One witness expressed his concern about fire protection because of the numerous interruptions in service which had been experienced.

Exhibit No. 5 (in Case No. 6213) consists of a moving picture film taken by a consumer to show the operation of cleaning the storage reservoir on or about the 17th of January, 1959. A witness described the pictures projected on a screen during the hearing. In particular, the film showed a considerable discharge of dark reddish water from the reservoir while it was being cleaned by the defendant's employees and witnessed by a representative of the County Health Department as well as by several local residents.

The chief chemist of a commercial laboratory testified in regard to a report dated September 20, 1958 on a bacteriological examination of a sample of water taken from a residence supplied by defendant. The one-page report (Exhibit No. 4 in Case No. 6213) indicated a high degree of contamination and classified the sanitary quality of the water as "unsafe." However, the witness was unfamiliar with the conditions under which the sample had been obtained. At the request of a consumer, this witness personally took three additional samples from defendant's water system on October 2, 1959. He testified that the examination of these particular samples showed the water supply to be safe from a sanitary standpoint.

Such evidence clearly supports the allegations of complainant that the water service rendered by complainant has been unsatisfactory in certain respects at many times in the past. Such deficiencies should be corrected and improvements made to the extent economically possible under the existing conditions.

Position of Defendant

Defendant's accountant witness submitted in evidence Exhibit No. 6 (in Case No. 6213), which consists of financial statements prepared, without audit, from the books and records of the corporation for the year 1958 and for the first three months of 1959. The income statement for the year 1958 shows that the water utility operations resulted in a loss of $408. The income statement for the relatively short three-month period ended March 31, 1959, while showing further and larger operating losses, cannot be considered as indicative of such operations over a reasonably representative period of time. The corporation's balance sheet shows that the depreciated utility plant is less than ten per cent of the total assets which, in turn, are very heavily encumbered by a long-term debt payable to the stockholders.

Defendant's only other witness was a retired machinist, a resident of the area and one of the utility's consumers for thirteen years, who has been employed since January 1, 1959 as the operator and manager of defendant's water system. At the hearing on October 14, he testified that prior to his employment chlorination equipment had been installed in 1958 at Wells Nos. 2 and 3, in compliance with the Commission's order, and is now being operated under supervision of the county health authorities and in accordance with the manufacturer's instructions for its use. He further testified that since the beginning of his employment he had accomplished the following items in an effort to improve the operation of the water system toward the end of correcting the conditions complained about and supplying an uninterrupted supply of clean water:

a. The storage reservoir was drained and completely flushed out on January 17, 1959, to clean out the deposits and accumulations of past years.

b. A check valve on the main pipeline at the reservoir was removed and the use of a restricted by-pass eliminated so as to permit free flow of water into and out of the reservoir to supply the system.

c. The two-inch transmission line leading from Well No. 4 (no longer in use) to the distribution system has been removed.

d. Portions of the two-inch line transmitting the water from the present wells to the reservoir, including some originally laid in swampy ground, have been removed and re-laid along a better route, permitting the replacement of some one-inch pipe with the two-inch pipe.

e. Some 460 feet of the two-inch transmission line leading from Wells No. 2 and No. 3 to the distribution system, discovered to consist of black pipe or boiler tubing and badly tuberculated, have been replaced with galvanized iron pipe either salvaged from other removals or purchased new.

f. A large proportion of the meters have been removed from original locations on customers' premises, such as in basements and garages, and relocated in concrete meter boxes at the property lines along the streets, thus eliminating some instances of use of water not passing through the meters and also facilitating the inspection and reading of the meters.

g. About one half of the meters have been tested for accuracy, found to be running slow in many cases, renewed and repaired where necessary, and reinstalled on customers' services.

h. Considerable portions of one-inch distribution mains, on which there were no active service connections, have been removed in order to eliminate pockets where rust and sediment might collect because of too sluggish movement of water. The resulting arrangement

of piping is such that no more than three customers are served from a one-inch main supplied from only one direction.

i. A possible source of pollution of the water supply by backflow from an appliance on one customer's premises has been removed. Improper connections to another customer's private storage tank have been corrected.

j. Three additional fire hydrants have been installed on the system.

The operator of the water system further testified that he has been able to keep the reservoir at least half full of water at all times during recent months by the operation of only one pump at a time. He recited the number of hours during each month, for the period from February 1 to October 14 of the current year, that one pump or the other had been operated. The total of 4,018.5 hours of such operation is equal to about two-thirds of the total number of 6,144 hours contained within the said period. This witness also gave the monthly totals of the usage of water as recorded by the customers' meters. From his figures it has been determined that, on the basis of nine gallons per minute for the time that a pump was actually in operation, the total pumpage during the months of February to September, inclusive, was about 277,400 cubic feet, or 76,600 cubic feet in excess of the corresponding total metered consumption of 200,800 cubic feet of water recorded for the same period. No attempt was made on the record to explain this rather large amount of unaccounted-for water. Thus it may be observed from these data that the utility has been able to satisfy the consumers' demands, plus the system losses, by operating one of its two pumps about two-thirds of the time, and to maintain the reservoir at least half full for fire protection or other emergency use.

The testimony of the operator reveals that many changes in the distribution piping have been made and that certain pipelines as shown on Exhibit No. 3 (in Case No. 5736) do not actually exist. Defendant will be required to file an up-to-date map of its distribution system and other plant facilities as they now exist in the service area.

Findings and Conclusions

From a review of all the evidence introduced in connection with these two related complaints, the Commission finds as a fact and concludes specifically as follows:

1. That the defendant has not complied with certain of the requirements of Decision No. 55625, nor with those of Decision No. 54708 as amended by said Decision No. 55625, pertaining to the development of additional or increased water supply.

2. That the quantity of water currently available by means of the pumping equipment now installed and in use at defendant's Wells No. 2 and No. 3, when operated in conjunction with its existing storage reservoir, is ample and sufficient to supply all reasonably expected demands from its present customers.

3. That the water produced from defendant's wells is of poor quality, particularly as to its hardness, but no supply of water of better quality has been shown to be obtainable in the area.

4. That conditions peculiar to defendant's service area have resulted in a very limited development of the subdivision promoted by the defendant over the past thirty-two years and there is nothing in this record to indicate that defendant will experience any substantial increase in the number of water consumers or in their demand for water within the immediate future.

5. That subsequent to the filing of the complaint in Case No. 6213, defendant has effected a change in policy and in the management of its water system which has demonstrated defendant's intention of improving the quality of water service so far as may be possible within its financial ability to do so.

6. That, under such circumstances, it is unreasonable to require defendant to acquire an additional or other water supply or to modify the equipment in its existing wells to produce more water.

7. That, therefore, certain requirements of the Commission's previous decisions pertaining to augmenting the supply of water should be rescinded.

8. That defendant should periodically clean the storage reservoir and should regularly flush the water mains to remove discoloration and accumulations of any foreign matter; should notify its consumers in advance of anticipated outages of service caused by cleaning and flushing operations and by construction or replacement of the water mains; and should, through cooperation with the local public health authorities, take all reasonable precautions to ensure the service of water free from contamination as determined by frequent bacteriological examinations of water samples taken from the wells, the storage reservoir and such points of delivery from the system as experience may show to be necessary.

In general, it appears that the filing of the current complaint has had a salutary effect by prompting defendant to take remedial action toward the furnishing of better water service. Defendant is reminded that it has incurred a public utility obligation which should be fulfilled within all reasonable limits of its physical water supply sources and its financial ability. This obligation requires reasonable action and effort on defendant's part

to develop or acquire alternate supplies of water of good quality to meet the needs of its present customers and to promote the growth of the community, in so far as it is economically possible for it to do so.

It may also be pointed out that if the interests of the property owners in the community demand a more complete and satisfactory service than defendant can furnish as a privately owned public utility, it may be necessary and desirable to form a district or other organization with more adequate financing to import water of better quality from other and more remote sources in greater quantities than can be obtained within defendant's service area.

O R D E R

Case No. 6213 having been filed and Case No. 5736 having been reopened for further hearing for the purpose of determining whether Decisions No. 54708 or No. 55625 issued therein should be in any way amended, rescinded or modified; public hearings having been held thereon and the said matters having been submitted; and the Commission now being fully advised and basing its order upon the findings and conclusions contained in the foregoing opinion,

IT IS HEREBY ORDERED as follows:

1. That ordering paragraphs (3) and (4) of Decision No. 54708, dated March 26, 1957, together with the amendments or modifications pertaining thereto as set forth in ordering paragraphs 1-b and 1-c of Decision No. 55625, dated October 1, 1957, shall be deemed rescinded; except to the extent that defendant has already accomplished the installation of chlorination equipment at its Wells No. 2 and No. 3.

2. That, within fifteen days after the effective date of this order, defendant shall report to the Commission, in writing, the date

on which the chlorination equipment installed at its Wells No. 2 and No. 3 was first put into operation.

3. That ordering paragraphs 1-a and 1-d of said Decision No. 55625 are hereby rescinded.

4. That in all other respects the said Decisions Nos. 54708 and 55625 shall remain in full force and effect.

IT IS HEREBY FURTHER ORDERED that:

5. Twin Lakes Park Company shall file, within forty-five days after the effective date of this order, four copies of an up-to-date comprehensive map, drawn to an indicated scale not smaller than 100 feet to the inch, delineating by appropriate markings the various tracts of land and territory served; the principal water production, storage, transmission and distribution facilities, and customers' services; and the location of the various water system properties of defendant.

6. Beginning not later than the effective date of this order, Twin Lakes Park Company shall maintain an accurate daily record of the number of hours that each pump at its Wells No. 2 and No. 3 is in productive operation.

7. On or before the 10th day of March, 1960, and thereafter on or before the 10th day of each of the months of January, March, May, July, September and November of each year, up to and including January 1962, Twin Lakes Park Company shall file with the Commission a report showing, by months, for the preceding two-month period (a) the total number of hours that each pump at Wells Nos. 2 and 3 was in productive operation, and (b) the total usage of water, as recorded by the customers' meters.

8. After the effective date of this order and until the end of the year 1961, Twin Lakes Park Company shall report to the Commission, in writing, the date and duration of all important events,

such as cleaning of the storage reservoir, interruptions in service to five or more customers for more than two hours' duration, any water shortage which may have been experienced, the acquisition of any new or additional source of water supply, the addition of any substantial number of customers, or any other occurrence which may seriously affect service conditions.

9. Except to the extent of the relief granted in the preceding paragraphs of this order, the complaints herein be and they are dismissed.

The Secretary is directed to cause a copy of this order to be served upon defendant forthwith.

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

Dated at San Francisco, California, this 15th day of December, 1959.

President

Commissioners