

ORIGINAL

Decision No. 68248

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

TED PETERSEN and GLADYS PETERSEN,
his wife; ROBERT W. MURPHY and
LINDA MURPHY, his wife; JOSEPH H.
FORAKER and BILLEE FORAKER, his
wife; RITA BARRETT; EDWARD BELANGER;
EVA MURPHY; LOIS MURPHY; EDWARD VEST
and MADELINE VEST, his wife;
WILLIAM RATHGEB, and DANA WARD,

Complainants,

vs.

ROBERT S. HALL, dba FOREST GLEN
WATER COMPANY,

Defendant.

Case No. 7946
(Filed July 15, 1964)

Stephen Wyckoff, for complainants.

Robert S. Hall, defendant, in propria persona.

W. B. Stradley, for the Commission staff.

O P I N I O N

Complainants seek an order requiring defendant Robert S. Hall, an individual doing business as Forest Glen Water Company, to improve facilities and service provided to the public, to install new mains and other facilities, to repair and strengthen his water storage tank, and to chlorinate the water provided to customers.

A public hearing on this complaint was held before Examiner Catey at Santa Cruz on September 22, 1964. Copies of the complaint and notice of hearing had been served in accordance with this Commission's rules of procedure. Testimony in support of complainants' allegations was presented by six of the complainants and by a real estate agent for a seventh complainant. Additional testimony in

regard to adequacy of defendant's system and service was presented by one customer, by a representative of the Santa Cruz County Health Department, and by a Commission staff engineer. The staff engineer also recommended that specific improvements be made. Defendant testified in his own behalf. The matter was submitted on October 1, 1964, the date of filing of defendant's Exhibit No. 4.

Complainants and Defendant

Complainants receive water service from defendant in the Forest Glen area, about one mile east of Aptos, Santa Cruz County. Most of the complainants have permanent residences elsewhere and use their Forest Glen properties as summer and weekend homes.

Defendant is the owner of the public utility water system serving the Forest Glen area. He acquired the system from its previous owner pursuant to the authority granted by Decision No. 41191, dated February 2, 1948, in Application No. 29008. Defendant resides in Santa Cruz, several miles from his water system. He testified that he is a full-time student in San Jose and is not otherwise gainfully employed.

Service

Complainants allege that the water system is in such a state of disrepair that it has failed to afford adequate water service for domestic use; water pressures sometimes are extremely low; there have been many interruptions in service; service steadily is getting worse; and the water tank is in danger of imminent collapse. Complainants also allege that defendant disregards customer complaints and the requirements of health authorities.

The testimony of the various customers, the Health Department representative, the staff engineer and even the defendant, himself, confirms many of complainants' allegations. Exhibit No. 1, a system map, together with Exhibit No. 3, the Commission staff's report on its investigation, clearly shows that the mains supplying complainants' properties are inadequate. In particular, the flow in the main on Hayward Road is so restricted that even a nominal usage creates abnormal friction losses and unreasonably low working pressures. It appears that the restriction is caused by collapsed portions of the distribution main, incrustations within the main, or both. Defendant admits that this main is the oldest in the system and should be replaced. Such replacement should alleviate most, if not all, of complainants' service problems.

Exhibit No. 3 shows that the supports upon which defendant's storage tank is constructed apparently have been subject for many years to a dry rot condition which has caused several timbers to become weakened. The staff engineer reported that the tank did not appear to be in immediate danger of collapse, but that if the deterioration continues the support members are likely to fail. Although two or three leaks were apparent in the side of the tank when inspected by the staff, it was not leaking an excessive amount of water and was in relatively good condition. The roof on the tank had many wide spaces and cracks which would allow twigs and leaves from nearby trees, dirt and other contaminants to enter the tank, a situation over which the health authorities have expressed concern.

It is apparent that defendant has not taken a sufficiently active interest in his water system. For example: Although the 50-customer system is quite small and was acquired by defendant more than 16 years ago, defendant is only generally familiar with the system and

its operation; he testified that he was not aware of the existence of a main on Valencia Road, which main is clearly shown on his filed tariff service area map and represents about ten percent of the footage of mains in the entire system; he was not able to state what type of plastic pipe was installed recently in part of the system; he was unfamiliar with procedures and methods of testing for and maintaining appropriate chlorine residuals in the distribution system.

Part of defendant's lack of response to customers' complaints apparently stems from poor communication between defendant and the individuals whom he hires to maintain, operate, and repair the water system. If defendant is unable personally to maintain close supervision, he should delegate sufficient authority to his maintenance man so that emergency repairs will not be unduly delayed. Defendant testified he was willing to designate a local maintenance man to whom service complaints could be reported, and would advise the customers of the name and telephone number of that person.

Quality of Water

Two of defendant's customers testified that the water is sometimes so discolored that it is unusable. Defendant did not know exactly how often the mains and tank were flushed, but estimated that annual flushing had taken place. With the present restricted flow in some of the mains, however, it is obvious that such flushing, regardless of its frequency, cannot be effective.

Defendant has installed a chlorinator, as required by the health authorities. The representative of the Health Department testified that it was not in operation when he inspected the system on July 7, 1964, but was operating on July 20. The Commission staff engineer reported that it did not appear to be operating on August 27, 1964. Defendant testified he now has arranged with a local resident

in the area to keep the chlorinator operating properly. It is essential that this individual become familiar with the requirements of the local health authorities, if he has not already done so, in regard to proper testing and control of the amount of chlorine introduced into the water supply.

Financial

Defendant's annual reports for the past several years indicate that the water system is operating at a loss. Defendant's failure to keep the system in good operating condition has accentuated this problem because, as defendant testified, it is difficult to enforce payment of water bills under the poor service conditions which have prevailed. This is particularly true where complete or partial lack of water on weekends and holidays has rendered some residences practically useless to their owners.

Defendant testified that replacement of the main on Hayward Road with 3-inch pipe would cost approximately \$2,000, but that the replacement was not economically feasible. He also testified that he **did not** have sufficient funds to finance that replacement. His financial report (Exhibit No. 4) shows, however, that he has a net worth which should enable him to borrow the necessary funds.

Discussion

When defendant acquired the water system, along with 54 lots and a 14½-acre parcel, he became responsible for the public service obligations related to the system. Although defendant has disposed of the nonutility property and therefore conceivably now has less personal interest in the area, he must not disregard his responsibility to provide adequate water service to the public.

In order to provide adequate service, it is essential that the main on Hayward Road be replaced and that certain other improvements be made. The order herein will require defendant to invest \$3,000 in such replacements and improvements. An unfortunate but necessary concomitant to this requirement is a future rate increase to provide approximately \$300 more annual revenue. This should cover interest on the loan^{1/} which defendant must necessarily obtain, as well as additional depreciation expense and ad valorem taxes resulting from the increase in total cost of utility plant. This will require the increases set forth below:

<u>Service</u>	<u>Flat Rates</u>	
	<u>Present</u>	<u>Future</u>
Seasonal (May 1 - October 31)	\$16.	\$22.
Annual	24.	30.

Corresponding increases in defendant's meter minimum charges should also be made.

It appears that in recent years defendant's utility expenses have exceeded revenues. Only future experience will show the extent to which the replaced and improved facilities will reduce operating expenses. Cost of repairing leaks should certainly be reduced upon replacement of the old mains. Loss of water through leaks will be reduced, which will tend to lower pumping costs, but this may be offset by greater beneficial use of water by customers when continuous service is available at adequate pressures. As defendant was advised in Decision No. 54525, dated February 11, 1957, in Case No. 5798:

"If revenues are insufficient to provide a return on a reasonable rate base, defendant has recourse to filing an application for increased revenues but he may not neglect his patrons or fail to supply their reasonable needs and service demands."

^{1/} Defendant is placed on notice that issuance of notes for utility purposes and encumbrance of utility property require Commission authorization.

Findings and Conclusions

The Commission finds that:

1. Defendant's present facilities and methods of operation are not reasonably adequate to assure complainants a continuous supply of potable water at adequate pressures.

2. The changes in facilities and methods of operation which defendant is herein directed to place into effect are reasonable and are necessary to provide adequate service to complainants.

The Commission concludes that defendant should be required to take the actions set forth in the order to follow and that an increase in rates should be authorized, contingent upon (1) a showing by defendant that he has complied with the order herein, and (2) the filing by defendant, in this proceeding, of a request to increase rates.

O R D E R

IT IS ORDERED that:

1. Within ninety days after the effective date of this order, defendant Robert S. Hall shall make such improvements to his Forest Glen water system as can be accomplished for \$3,000. The order of priority of such improvements shall be:

- a. Repair leaks in roof of storage tank.
- b. Determine location of end of 4-inch main on Robideaux Road. If 4-inch main does not extend as far as Hayward Road, install the necessary length of 4-inch pipe to so extend it.
- c. Determine location of main on Spencer Road. Make any necessary relocation of this main to place it entirely within the road right-of-way between the end of the 4-inch main on Robideaux Road and the main on Trout Gulch Road. Install a valve, if none now exists, on the Spencer Road main near its junction with the 4-inch main.

- d. Replace the existing main on Hayward Road with a 3-inch main from the end of the 4-inch main at Robideaux and Spencer Roads to the end of Hayward Road. Install a valve on the Hayward Road main near its junction with the 4-inch main. Install a blow-off valve at the dead end of the Hayward Road main.
- e. Offer service from the new main on Hayward Road to any customers now supplied from the main on Valencia Road. After all customers' services have been disconnected from the Valencia Road main, disconnect that main from the system and abandon it.
- f. Install blow-off valves on all dead ends of mains not already so equipped.
- g. Replace or reinforce supports for the storage tank.
- h. Replace defective 2-inch plastic main in the unnamed road off Valencia Road.

2. Within thirty days after the effective date of this order, defendant shall effect the following improvements in his operations:

- a. Determine from the Santa Cruz County Health Department its specific requirements in regard to chlorination of the water and give appropriate instructions to all employees who are responsible for operation of the chlorinator.
- b. Designate a representative to whom service complaints can be reported in complainant's absence. Advise all customers in writing as to the name and telephone number of that representative.
- c. Institute a program for the periodic flushing of all dead ends of mains equipped with blow-off valves.
- d. Prepare and keep current the system map required by Paragraph 1.10.a. of General Order No. 103 and file with this Commission two copies of that map.
- e. File with this Commission appropriate revised general rules. Such filing shall comply with General Order No. 96-A. The revised tariff sheets shall become effective five days after the date of filing.

3. After filing in this proceeding by defendant of a request to increase rates and a finding by this Commission in a supplemental order that defendant has fulfilled the requirements of the foregoing paragraphs 1 and 2, defendant will be authorized to file the schedules of increased rates set forth in Appendix A to this order.

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

Dated at San Francisco, California, this 24th day of November, 1964.

Fredrick B. Holladay
President

Carl E. [unclear]

Carol W. [unclear]

George E. [unclear]

William [unclear]
Commissioners

Schedule No. 1A

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished on an annual basis.

TERRITORY

Forest Glen Subdivision and vicinity, located about one mile east of the community of Aptos, Santa Cruz County.

RATES

	<u>Per Meter Per Month</u>
Monthly Quantity Rates:	
First 500 cu.ft. or less	\$ 2.00
Next 1,000 cu.ft., per 100 cu.ft.25
Next 1,500 cu.ft., per 100 cu.ft.20
Over 3,000 cu.ft., per 100 cu.ft.15
	<u>Per Meter Per Year</u>
Annual Minimum Charge:	
For 5/8 x 3/4-inch meter	\$24.00

The Annual Minimum Charge will entitle the customer to the quantity of water each month which one-twelfth of the annual minimum charge will purchase at the Monthly Quantity Rates.

Schedule No. 1A

ANNUAL GENERAL METERED SERVICE
(Continued)SPECIAL CONDITIONS

1. The annual minimum charge applies to service during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated minimum charges in advance at intervals of less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods for water used in excess of the monthly allowance under the annual minimum charge. When meters are read bimonthly or quarterly, the charge will be computed by doubling or tripling, respectively, the number of cubic feet to which each block rate is applicable on a monthly basis.

2. The opening bill for metered service, except upon conversion from flat rate service, shall be the established annual minimum charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth ($1/365$) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.

Schedule No. 1S

SEASONAL GENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service furnished on a seasonal basis.

TERRITORY

Forest Glen Subdivision and vicinity, located about one mile east of the community of Aptos, Santa Cruz County.

RATES

	<u>Per Meter Per Month</u>
Monthly Quantity Rates:	
First 500 cu.ft. or less	\$ 3.00
Next 1,000 cu.ft., per 100 cu.ft.25
Next 1,500 cu.ft., per 100 cu.ft.20
Over 3,000 cu.ft., per 100 cu.ft.15
	<u>Per Meter Per Season</u>
Seasonal Minimum Charge:	
For 5/8 x 3/4-inch meter May 1 through October 31 ...	\$18.00

The Seasonal Minimum Charge will entitle the customer to the quantity of water each month which one-sixth of the seasonal minimum charge will purchase at the Monthly Quantity Rates.

SPECIAL CONDITIONS

1. The seasonal minimum charge is payable in advance on or before the initial day of the season.
2. The charge for water used in excess of the quantity allowed each month under the seasonal minimum charge may be billed monthly, bimonthly or quarterly at the option of the utility. When meters are read bimonthly or quarterly, the charge will be computed by doubling or tripling, respectively, the number of cubic feet to which each block rate is applicable on a monthly basis.

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Schedule No. 15

SEASONAL GENERAL METERED SERVICE

SPECIAL CONDITIONS (Continued)

3. The opening bill for metered service, except upon conversion from flat rate service, shall be the established seasonal minimum charge for the service. Where initial service is established after the first day of any season, the portion of such seasonal charge applicable to the current season shall be determined by multiplying the seasonal charge by one one-hundred-eightieth ($1/180$) of the number of days remaining in the season. The balance of the payment of the initial seasonal charge shall be credited against the charges for the succeeding seasonal period in which service is taken. If service is not continued for at least six months of the first year after the date of initial service, no refund of the initial seasonal charges shall be due the customer.

Schedule No. 2AR

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service furnished on an annual basis.

TERRITORY

Forest Glen Subdivision and vicinity, located about one mile east of the community of Aptos, Santa Cruz County.

RATES

Per Service Connection
Per Year

For a single-family residential unit, including premises	\$30.00
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SPECIAL CONDITIONS

1. The above flat rate applies to service connections not larger than 3/4 inch in diameter.
2. For service covered by the above classification, if the utility so elects, a meter shall be installed and service provided under Schedule No. 1A, Annual General Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum meter charge for the same period shall be made on or before that day.
3. The annual flat rate charge applies to service during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated flat rate charges in advance at intervals of less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods.

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Schedule No. 2AR

ANNUAL RESIDENTIAL FLAT RATE SERVICESPECIAL CONDITIONS (Continued)

4. The opening bill for flat rate service shall be the established annual flat rate charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth ($1/365$) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.

Schedule No. 2RS

SEASONAL RESIDENTIAL FLAT RATE SERVICEAPPLICABILITY

Applicable to all flat rate residential water service furnished on a seasonal basis.

TERRITORY

Forest Glen Subdivision and vicinity, located about one mile east of the community of Aptos, Santa Cruz County.

RATES

	<u>Per Service Connection Per Season</u>
For a single-family residential unit, including premises, May 1 through October 31	\$22.00

SPECIAL CONDITIONS

1. The above flat rate applies to service connections not larger than $3/4$ inch in diameter.
2. For service covered by the above classification, if the utility so elects, a meter shall be installed and service provided under Schedule No. 1S, Seasonal General Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum meter charge for the same period shall be made on or before that day.
3. The seasonal minimum charge is payable in advance on or before the initial day of the season.
4. The opening bill for flat rate service shall be the established seasonal flat rate charge for the service. Where initial service is established after the first day of any season, the portion of such seasonal charge applicable to the current season shall be determined by multiplying the seasonal charge by one one-hundred-eightieth ($1/180$) of the number of days remaining in the season. The balance of the payment of the initial seasonal charge shall be credited against the charges for the succeeding seasonal period in which service is taken. If service is not continued for at least six months of the first year after the date of initial service, no refund of the initial seasonal charges shall be due the customer.