

ORIGINAL

Decision No. 72730

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own motion into the rates, practices, operations, service, maintenance, facilities, equipment, and water supply of KERNVILLE DOMESTIC WATER COMPANY, a corporation.

Case No. 8551
(Filed October 18, 1966)

J. P. Bradley and John G. Luthin, for respondent.
Jerry J. Levander, for the Commission staff.

O P I N I O N

The Commission instituted this investigation of respondent, Kernville Domestic Water Company, because of reports of interruptions in service to a substantial number of respondent's customers and reports of inadequate service and facilities. The stated purpose of the investigation is to determine:

1. The reasonableness of respondent's rates and practices.
2. The adequacy of respondent's operations, service, maintenance, facilities, equipment and water supply.
3. If respondent should be ordered to install additional facilities.
4. If other orders relating to rates, practices and service should be issued.

Public hearing was held before Examiner Catey in Kernville on May 9, 1967. Testimony was presented by an engineer of the Commission's staff, by two customers, by respondent's secretary-treasurer and by its general superintendent. The matter was submitted on May 9, 1967.

Service Area and Water System

Respondent's service area is the community of Kernville, located in Kern County on both the east and west sides of the Kern River near the upper end of Lake Isabella, about 50 miles northeast of Bakersfield. There are approximately 220 customers being served on meter rates and 80 on flat rates. About one-sixth of the customers are located east of the river.

Respondent's present system is operated as three subsystems which are interconnected only for emergency purposes. The largest of these subsections is on the west side of the river, and utilizes two wells as its primary sources of supply. Use of a third well has been discontinued because of the high iron content of the water produced from that source. The well water is distributed through about 3 miles of 3-inch and 4-inch mains to 231 customers. Pressure and reserve storage are provided by two tanks near the upper limit of the service area.

The next largest subsystem is also on the west side of the river, and utilizes a single well as its primary source of supply. The well water is distributed through about 1 1/3 miles of 4-inch and 6-inch mains to 22 customers. Pressure is regulated by means of a hydropneumatic tank near the well.

The smallest subsystem is on the east side of the river, and utilizes a single well on the west side as its primary source of supply. The well water is pumped through a line crossing the river and is distributed through about 2 1/3 miles of 2-inch to 6-inch mains. Pressure is regulated by means of a hydropneumatic tank near the well.

History

The original community of Kernville was abandoned in 1952 due to construction of Isabella Dam a short distance downstream. When the community moved upstream from the flooded site, the owner of the original water system established another system in the new location to serve an initial subdivision of 233 lots. The water system was transferred to another individual in 1954. Respondent corporation, formed in 1955, then acquired that system, together with the water system in two additional tracts. In 1963 respondent extended service to two more tracts.

By Decision No. 71954, dated January 31, 1967, in Application No. 49089, Antelope Valley Water Co. (Antelope Valley) was authorized to acquire all of respondent's outstanding capital stock. Although technically this did not change the identity of respondent, it made available to it the financial resources, management and personnel of Antelope Valley and its parent, Dominguez Water Corporation.

Deficiencies in System and Service

Exhibit No. 2, prepared by the Commission staff, shows that the water system has several deficiencies which should be corrected to insure adequate service. The single pipeline crossing the river is vulnerable to flood damage, the well and storage capacities are not adequate for the number of customers served, the well pumps are inefficient, customers near the high end of the system receive substandard pressure, and some customers are furnished water which is frequently discolored with rust and which has a disagreeable odor.

In 1965, and again in 1966, service was interrupted to customers on the east side of the river due to flood damage

inflicted on the pipeline crossing the river. Respondent's new management intends to drill and equip a well on the east side of the river so that the water system on that side can be operated independently in the event of a recurrence of flood damage. As of the date of the hearing, the well drilling had been commenced.

Exhibit No. 2 shows that, if the present three subsystems are normally operated as a single integrated system, about 210 gpm of additional well capacity or 6,000 gallons of additional elevated storage capacity should be provided. In addition to the aforementioned new well on the east side of the river, respondent plans to install a new tank with a storage capacity of about 126,000 gallons. As of the date of the hearing, negotiations were under way for acquisition of a suitable site in a new subdivision.

Respondent proposes to install its new storage tank at an elevation about 80 feet higher than the present storage tanks. This will correct the present inadequate pressures at the upper end of the system and permit the consolidation of the present three subsystems. Respondent plans to modify or replace the present pumps to operate against the higher head.

Water from some of respondent's present wells is near the recommended upper limit in iron content. This requires a regular flushing program to avoid rust accumulations which discolor the water. Respondent proposes to initiate such a program. This should also alleviate the unpleasant odor which sometimes is present in the water, especially from dead-end mains.

Violations of General Orders and Tariffs

Exhibit No. 2 shows that respondent's former managers had not complied with certain General Orders of this Commission and had extended mains other than in accordance with its filed main extension rule.

Section I.E. of General Order No. 96-A requires that a utility shall, before commencing service, file tariff service area maps for extensions into contiguous territory. Several extensions were made by respondent without having filed the required maps. Respondent now plans to bring its tariff service area maps up-to-date and to file revised maps prior to any future expansion of its service area.

Section II.4. of General Order No. 103 requires a water utility to install a suitable measuring device, or otherwise determine production, at each source of supply. Respondent's wells are not now so equipped but, as the well pumps are modified or replaced, respondent intends to install measuring devices.

In 1964 and 1965, respondent extended mains along Kernville Road and Sierra Way, on the east side of the Kern River, without entering into the main extension contracts required by respondent's filed main extension rule. Part of the cost was collected from the applicants for the extensions without any provision for refund. After the extensions were installed, respondent required other customers to contribute part of the construction cost as a condition precedent to service. Respondent now proposes to communicate with all of the customers involved and offer to enter into a main extension contract or contracts which will conform as closely as practicable with the provisions of respondent's filed tariffs. Respondent's present management is reluctant, however, to attempt to collect any additional funds from these customers if the application of the terms of the filed main extension rule would result in larger advances than the amounts already paid by the customers for the extensions.

Respondent has not yet entered into a main extension contract with the subdivider of Tract No. 2806, who installed the extension for the tract and turned it over to respondent. As soon as respondent can determine the actual installed costs of the extension, it proposes to prepare, and offer to enter into, a contract in conformity with its filed tariffs.

A former manager of respondent extended a main on Rio Vista Drive to serve a new customer and apparently failed to give the customer credit for the free-footage allowance provided by the main extension rule. Respondent's present management proposes to refund any amount advanced by this customer in excess of the requirements of the rule.

Respondent provides metered service to some customers and flat rate service to others. This is not contrary to its filed tariffs but the inherent potential discrimination causes ill will among some of the customers. Respondent intends to institute a program for the ultimate metering of all services.

Summary

When respondent's present stockholder and management took over the water system they were aware of the various system deficiencies and former management errors. They apparently have every intention of correcting the deficiencies and errors as quickly as is reasonably possible. Their efforts are to be commended, and reasonable latitude should be granted as to the exact timing of corrective actions. Respondent will be required, however, to file regular periodic progress reports so that a further order or orders may be considered by the Commission if there is unreasonable delay.

Findings and Conclusion

The Commission finds that:

1. Respondent charged two customers for connecting their service pipes to mains which had already been extended on Kernville Road and Sierra Way, in violation of Section V of General Order No. 103.

2. Applicant's proposed corrective actions discussed in the foregoing opinion will overcome existing deficiencies in the water system and will correct respondent's past violations of General Orders and of respondent's tariffs.

The Commission concludes that respondent should refund service connection charges to two customers and should keep this Commission informed as to progress on the other corrective actions proposed by respondent.

O R D E R

IT IS ORDERED that:

1. Within ten days after the effective date of this order, respondent Kernville Domestic Water Company shall refund the \$750 and \$125 connection charges respectively collected from the two customers who applied for service from the main extension on Kernville Road and Sierra Way subsequent to the installation of that extension, and shall file in this proceeding written notice of the date the refunds were made.

2. Within the first ten days of the first calendar month after the effective date of this order, and every three months thereafter for each of the following pending plans until completed, respondent shall file in this proceeding a statement showing the status of:

- a. The installation of a new well on the east side of the Kern River.
- b. The installation of a new storage tank at a higher elevation than the present tanks.
- c. The integration of the present three subsystems into a single consolidated system.
- d. The initiation of a program for the periodic flushing of the distribution system, especially at dead-ends.
- e. The preparation and filing of up-to-date tariff service area maps.
- f. The installation of measuring devices on all sources of supply.
- g. The preparation, execution and request for authority to carry out the terms of new or revised main extension contracts in reasonable conformity with respondent's filed main extension rule, for the extensions made on Kernville Road, Sierra Way and Rio Vista Drive and in Tract No. 2806.
- h. The metering of all services.

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

Dated at San Francisco, California, this 11th day of JULY, 1967.

[Signature]
President
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Commissioners