

Decision No. 76950

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own motion into the rates, rules, regulations, tariff schedules, service, facilities, equipment, contracts, and practices of LIVE OAKS SPRINGS WATER AND POWER COMPANY, a California corporation.

Case No. 8973
(Filed September 30, 1969)

C. E. Norcross, for Live Oaks Springs
Water and Power Company, respondent.
Wallace Epolt and Lowell Van Zandt,
for the Commission staff.

O P I N I O N

On September 30, 1969 the Commission issued its Order of Investigation into the operations and practices of the Live Oaks Springs Water and Power Company. Public hearing was held on January 23, 1970 at Pine Valley before Examiner Robert Barnett.

Evidence presented by the staff showed the following: Respondent's service area consists of approximately 40 acres located in a mountain resort area about 60 miles east of San Diego on U. S. Highway 8. Service is provided to approximately 90 customers, about one-third of whom live in the area year round. The remaining customers visit the area during the summer and on weekends. The area could serve approximately 250 customers but recent reports to the Commission show little or no growth from 1964 to 1968. Water is now supplied from two wells pumping into two interconnected hydropneumatic tanks with a total usable

capacity of 6,000 gallons. The system produces an estimated 90 to 100 gpm. For accurate planning a pump test should be made to determine the capacities, static and pumping water levels, and efficiencies of the company wells. Well No. 4 is wasting water through worn packing glands at the top of the column. The resulting puddles at the well site attract livestock as respondent's fence surrounding the site is in disrepair. Both of these conditions should be corrected.

Respondent's maximum daily demands can be expected to occur during the summer holiday weekends, especially July 4 and Labor Day. Maximum hourly demands must be met from well production as the present system contains no storage. The present supply will be marginal to meet peak hourly demands when new construction in the service area is completed. An existing well should be reactivated or a new well drilled so that total production is not less than 120 gpm, or a storage tank of approximately 20,000 gallons should be installed.

Water pressure settings are purposely kept low to lessen the probability of leaks in the lower part of the distribution system. As a result pressures now range from approximately 5 psi to approximately 18 psi for 15 customers in the northeast part of the service area. Respondent is reluctant to increase the pressure control settings or to install boosters as either method of increasing pressures in the upper area would, through the interconnected system, increase pressures beyond the capacity of the antiquated mains in the lower areas. Leaks occur when pressures

are raised in the system. In October 1969 the hydropneumatic tank became waterlogged and the controls failed to disconnect the pumps. System pressures reached approximately 85 psi in the lower areas and several leaks occurred in the distribution system.

The current owner of the system acquired all of its common stock in May 1967. In September 1968 Advice Letter No. 9 requesting a 40 percent increase in minimum annual charges was filed with the Commission. In that Advice Letter respondent stated that it would install a booster pump to increase pressures in the low pressure areas and would use 50 percent of the cash flow to replace deteriorating mains. Commission Resolution No. W-1142 dated October 15, 1968 authorized the rate increase to become effective November 1, 1968, and ordered respondent to install the booster pump within six months of that date and to notify the Commission, in writing, of the details and cost of the improvements and plans for other system improvements. As of the date of the hearing the booster pump had not been installed and no system improvement plan had been submitted.

At the hearing in addition to the Commission engineer and Mr. Norcross, respondent's president, ten customers testified. All of these customers testified to essentially the same facts. They recognized that there was low pressure in certain parts of the system but they also recognized that to increase pressure, given the deteriorated condition of the water mains, would increase the number of leaks in the system and might cause outages over the entire system. Some of the public witnesses testified to the

effort and hard work Mr. Norcross has put into the system since he took over the company. All were satisfied with the water service except those in the low pressure area, and even those customers recognized that the solution to their problem was new water mains.

Mr. Norcross testified that he is aware of the problems on his system. However, the system has been in operation since approximately 1926 and since that time there has been no replacement of water mains, except in the isolated instances where the mains became so deteriorated that even clamps would not hold. He stated that he has the equipment to increase pressure on his system but he can not increase the pressure because of the weak water mains. Since the rate increase he has been stockpiling distribution pipe and now has approximately 1,000 feet of such pipe, of a value of about \$2,000, ready for installation. He said that the minimum amount of pipe required to fix the mains in the low pressure areas is 3,000 feet and using his cash flow to the fullest it will take approximately two more years to acquire this footage.

Considering the antiquity of this system and the small number of customers, it is our opinion that water service to all but 15 customers living in the low pressure area is adequate. Respondent's president has impressed us with his desire to improve the system as shown by the actual amount of work that he has put into the system and by the impression that he has made on his customers as a result of these efforts. The principal deficiency in the system is the deterioration of the water mains. Until this is corrected problems in the low pressure areas will continue

to cause serious inconvenience and complaints. It is our opinion that it would be better to expend effort, and the little money that is available, to replacing the water mains rather than in stopgap measures to increase pressures, which might result in even greater leakage. To this end we will require respondent to immediately begin a replacement program of water mains in the low pressure areas.

Respondent's owner has taken steps to improve the system. He has purchased new pipe and other equipment and expended much time and energy in repairs. His efforts to date are such that we do not feel that respondent's rates and charges should be reduced.

Findings of Fact

1. Respondent's water service is adequate except for service to approximately 15 customers residing in a low pressure area on respondent's distribution system.

2. The low pressure area was caused because deteriorating mains cannot hold water at normal service pressures.

3. Respondent should immediately begin to replace deteriorating mains in the low pressure area.

4. The capacity of respondent's system is adequate for year round service except during certain holidays. To correct this inadequacy respondent should either install a storage tank of approximately 20,000 gallon capacity or activate a new well. However, because of limited finances these improvements should be deferred until enough new water mains have been installed to handle increased system pressure.

5. Respondent's pump at Well No. 4 should be repaired to prevent excessive leaks at the pump seal. Also, the fence at this location should be repaired to prevent contamination at the well by livestock entering the area. These minor repairs should be done at once.

6. Respondent has been devoting at least 50 percent of its cash flow toward replacing deteriorating mains.

7. Respondent's current rates and charges are reasonable.

The Commission concludes that respondent should improve its system as set forth in the following order.

O R D E R

IT IS ORDERED that within sixty days after the effective date of this order respondent shall:

- (a) Submit to this Commission a main replacement schedule, with installation not to exceed two years from the effective date of this order, and estimated cost pertaining thereto. This schedule shall provide for the installation of at least 1,000 feet of distribution mains prior to September 1, 1970.
- (b) Repair the fence surrounding Well No. 4 and effect repairs to the pump in order to prevent undue water losses and damage to the pump bearings.
- (c) Submit to the Commission a pump test on the two existing wells, showing capacities, static and pumping water levels, and efficiencies.

- (d) Investigate the possibility of rehabilitating and equipping the abandoned well, or drilling and equipping a new well, or installing and connecting to the system a storage reservoir of minimum capacity of 20,000 gallons.

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

Dated at San Francisco, California, this 17th day of MARCH, 1970.

William Spencer Jr.
President
Augustin
Richard J.
John
Yvonne L. Steyer
Commissioners