

ORIGINAL

Decision No. 81131

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
PARK WOODS HOMEOWNER'S ASSOCIATION, INC.,)

Complainant,

vs.

PARK-WOODS MUTUAL WATER COMPANY, INC.,  
Defendant.

Case No. 9337  
(Filed March 2, 1972)

Jack B. Millis, for Park Woods Homeowner's  
Association, Inc., complainant.  
Bruce B. Bruchler, Attorney at Law, for Park-Woods  
Mutual Water Company, Inc., defendant.  
J. E. Johnson, for the Commission staff.

INTERIM OPINION

On March 2, 1972 complainant filed a complaint alleging that:

1. Water piping in defendant's system is buried at such shallow depths that the temperature of the water delivered to the users is subject to great variation depending upon the ambient temperature. This results in water too warm for palatable drinking.
2. Depth of water piping does not satisfy the requirements of the Commission's General Order No. 103, Rules Governing Water Service Including Minimum Standards for Design and Construction. The piping in the water system was installed subsequent to the adoption and effective date of General Order No. 103.
3. There are leaks in the piping which have gone unrepaired for months and which not only contribute materially to the deterioration of the adjacent roadways, but also present a very serious hazard to the health of the water users due to the possibility of contamination.

Complainant requested an order compelling defendant to comply with General Order No. 103, as regards depth of water piping, and to compel defendant to immediately, effectively, and permanently repair the leaks in the system.

On March 30, 1972 defendant filed its answer in which it denied each and every allegation in the complaint except as to its corporate name. Defendant requested that the complaint be dismissed.

On December 5, 1972 the staff distributed a report which presented the results of a staff investigation in connection with Case No. 9337.

On January 3, 1973 public hearing was held before Examiner Gillanders at Clearlake Highlands and the matter submitted.

Complainant presented four witnesses and 18 exhibits to substantiate its allegations.

Defendant's president testified on its behalf. Defendant presented two exhibits at the request of the examiner.

The staff presentation was made by an engineer and consisted of an exhibit and accompanying testimony.

#### Findings

1. Water supplied by defendant is purchased from California Consolidated Water Company, Inc. - a public utility - at metered tariff rates.
2. Approximately two-thirds of the water purchased is being lost through leaks in defendant's system.
3. Water supplied by California Consolidated is taken from 15 feet below the surface of Clear Lake.
4. Water supplied to its customers by Park-Woods Mutual ranged from 0.1 to 4.0 degrees Fahrenheit higher than the monthly high raw water temperature for June 1971.
5. The average depth of piping is 13.5 inches.

6. Three thousand feet of 4-inch steel pipe is leaking and must be replaced in the vicinity of 12th and 13th Streets.

7. Construction of the system began in 1958 and has continued since that time. Defendant's system is subject to the requirements of General Order No. 103.

8. Owners of Park-Woods Mutual Water Company, Inc. are Messrs. Dillingham and Lewis.

9. Messrs. Dillingham and Lewis were two of the developers of the subdivision and are still selling lots in the subdivision.

10. The water system operated by defendant does not conform to good utility practices.

#### Discussion

Park-Woods Mutual's president testified that he agrees that 3,000 feet of steel pipe must be replaced to stop the leaks described by the various witnesses called by complainant. However, defendant claims it has no money to do the work. It does have people to repair leaks in the system, but the system does not produce sufficient revenues to hire a full time man. Defendant claims that its system was installed prior to the effective date of General Order No. 103,<sup>1/</sup> thus it does not have to meet the requirements set forth in the General Order.

The staff made the following recommendations:

"1. The utility should be required to locate and repair all leaks or otherwise control losses of water prior to its receipt by customers and to report on its progress thereon annually for two years.

"2. The utility should be required to locate all sections of main under less than 30 inches cover and to correct same within one year, reporting completion thereof within 30 days thereafter.

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<sup>1/</sup> General Order No. 103 became effective July 1, 1956.

"3. The utility should discontinue use of 2-inch pipe for distribution main construction and replace all such existing lines with at least 4-inch pipe.

"4. The utility should execute written agreements for all water it purchases from suppliers.

"5. The utility should apply correctly its filed tariffs which set forth proper charges to be made for establishment of credit."

Complainant suggests that as Messrs. Dillingham and Lewis still own 260 lots in the service area that defendant be ordered not to supply any new customers until an assured source of potable water is provided to existing customers.

Defendant was found to be a public utility by Decision No. 78732 dated May 25, 1971 in Case No. 9133 and thus became subject to regulation by this Commission. The basic purpose of regulation is to assure the furnishing of adequate service to all public utility patrons, without discrimination, and at the lowest reasonable rates consistent with the interests both of the public and the utility.

Defendant has not filed the annual reports required by this Commission's General Order No. 104-A. Consequently, we have no basis upon which to judge defendant's claim that it has no money.

Defendant is hereby placed on notice that it is the duty of the owners of a public utility to provide the capital needed to improve their system. The record shows that approximately 3,000 feet of steel main must be replaced in order to cure the leak problem existing in the vicinity of 12th and 13th Streets. At a cost of \$2.00 per foot plus necessary service work such replacement would cost approximately \$7,000. The pipe replacement and associated service work must be done in accordance with the requirements set forth in General Order No. 103.

It is clear that neither defendant nor defendant's supplier can deliver water which is significantly lower in temperature than the average temperature of the lake water on a seasonal basis without the installation of cooling facilities. General Order No. 103 contains no temperature requirements for delivered water.

Ordering Paragraph 6 of Decision No. 78732 prohibited defendant from extending its water system without further order of this Commission. Decision No. 78732 stated that the water system serves approximately 84 water users. Exhibit 19 in this proceeding shows that there are about 106 metered customers. This record reveals that defendant executed a main extension agreement to provide service to the Hendrix subdivision but has not accepted the installation due to a dispute regarding the size of the mains.

It is apparent that defendant has violated Ordering Paragraph 6.

Conclusion

An interim order should be entered in this matter and Case No. 9337 continued.

INTERIM ORDER

IT IS ORDERED that:

1. Defendant shall file the annual reports required by General Order No. 104-A.
2. Defendant shall pay the penalties set forth in this Commission's Resolution No. FA-503 dated November 4, 1970.
3. Defendant shall immediately deposit into an interest bearing escrow account the sum of \$7,000.
4. Until defendant has provided proof in a form satisfactory to the Commission that the \$7,000 escrow account has been established, defendant shall in no manner provide water service to any person not being supplied water service on the effective date of this order.

5. Disbursements from the escrow account shall only be made to provide funds for the installation of new mains and the removal and/or abandonment of existing mains in the vicinity of 12th and 13th Streets together with associated service work.

6. Defendant shall report in writing bi-monthly to the Commission the amounts spent from the escrow account, the purpose of the expenditure, and its proposed expenditures for the succeeding two months.

7. Defendant shall abide by its filed tariff and all orders of this Commission.

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

Dated at San Francisco, California, this 13<sup>th</sup> day of MARCH, 1973.

Vernon L. Stenger  
President  
William J. Lyons  
Thomas M. Moran  
John J. ...  
Commissioners

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.