

ORIGINAL

Decision No. 82720

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

John W. Bowman, et al.,

Complainant,

v.

H. V. Slack Domestic Water Supply,

Defendant.

Case No. 9419
(Filed August 1, 1972)

John W. Bowman, for himself and the other
complainants, and Gladys W. Heidirgott,
for herself, complainants.
Clayson, Stark, Rothrock & Mann, by George
G. Grover, Attorney at Law, for H. V.
Slack Domestic Water Supply, defendant.
Lionel B. Wilson, Attorney at Law, and Andrew
Tokmakoff, for the Commission staff.

O P I N I O N

John W. Bowman (Bowman) and 111 other individuals filed a complaint against H. V. Slack Domestic Water Supply (Slack) requesting that the Commission set aside the 50 percent increase in water rates of Slack which had been authorized by this Commission and that a hearing be held for the purpose of authorizing a more reasonable increase in rates for Slack. Complainants allege that Slack has included in its expenses power bills for two nonoperating wells; that the application for rate increase was filed by Slack at the suggestion of the Commission staff; that there is extremely low water pressure in portions of Slack's service area; and that the complainants are not aware that a proper survey has been made of the service area by this Commission for the purpose of determining each consumers need for water.

In the answer filed September 25, 1972, defendant Slack alleged that there are three wells which have been used in connection with its public utility operations; that two of the wells are no longer in active service; that the third well has been in service continuously since before 1971; that the evidence of electric expense submitted to and utilized by the Commission staff in its investigation regarding the rate increase was limited to the electric expense actually incurred for the operation of pumping equipment to boost water from the well to the distribution system; that even when the third well is not being pumped for water, the well is needed as a standby supply in the event of interruption in the supply of purchased water; and that Slack admits, as stated in Decision No. 77654 issued August 25, 1970 in Case No. 8757, that following deterioration of Slack's wells and since about July 1, 1965, the Slack system purchases substantially all its good water from the Gardner Water Company.

Slack further alleged that the members of the Commission staff who participated in the investigation connected with the rate increase were neutral and objective, and they came to the conclusion that the increase was justified only after their impartial investigation demonstrated that it was justified. Slack also alleged that the pressure of the water system has been and is being checked at reasonable intervals, under reasonable conditions, and that the pressure is reasonable.

Slack in addition to denying other allegations of the complaint, denied the allegation that a public hearing is appropriate in order that a fair rate be established, and denied the allegation that a 50 percent increase is out of line. Slack alleges that the increase authorized by the Commission is fair to the consumer and was fully justified by the full investigation conducted by the Commission staff.

Slack asked that the request for public hearing be denied, that the request to set aside the rate increase be denied, and that the complaint be dismissed. Also, on September 25, 1972 Slack filed a motion to dismiss the complaint without public hearing.

The motion to dismiss the complaint without hearing was inferentially denied, and public hearing on the complaint was held before Examiner Cline in San Bernardino on September 27, 1973. The matter was taken under submission at the close of the hearing.

Evidence of Complainants

Bowman testified that since workers are allowed only a 5.5 percent increase in wages a 50 percent increase in water rates is out of line. He stated that a 20 percent increase in Slack's water rates would be satisfactory to the complainants.

He testified that at times the water pressure is so low that a household customer can not water the lawn and wash dishes at the same time. Bowman's residence loses water pressure when a neighbor turns on the water even though the pressure otherwise would be as much as 40 psi. In case of fire the pressure might not be high enough to force water from a garden hose to the roof of Bowman's home.

Bowman testified that a check of the water pressures at various locations on the Slack system on September 25, 1973 showed pressures as follows:

<u>Location of Service</u>	<u>Pressure In psi</u>
119 Myrtlewood Drive in Calimesa	25
Wildwood Village Ranch	150
Douglas Gas Station at California and Ave. F	80
7th and Washington in Yucaipa	78
Sandlewood and 3rd St. in Calimesa	50
138 Harruby Drive in Calimesa	22
144 Harruby Drive in Calimesa	23
226 Myrtlewood Drive in Calimesa	40

Complainant Gladys Heidirgott who lives at 138 Harruby Drive, Calimesa, testified that since the increase in water rates she has paid her water bills under protest because of low water pressure and lack of volume. Although she has had a sprinkler system installed in her lawn she still has to spend about a day to water her lawn with a hose. Slack has promised to install a booster pump to raise the water pressure at the Heidirgott residence but has not done so yet. Complainant Heidirgott is concerned because the water pressure is not sufficient to provide adequate fire protection at her home.

Complainant Hazel Fletcher who lives at 144 Harruby Drive, Calimesa, testified that on August 10, 1973 the water was shut off because of vandalism at one of the pumps. Also, she had no water at her residence the latter part of June, 1973. She uses bottled water for drinking purposes at her home.

Evidence of the Commission Staff

The report of the Commission staff which was received in evidence as Exhibit 2 points out that Slack provides flat rate water service to approximately 200 customers in the town of Calimesa in Riverside County. Slack has one 210,000 gallon elevated storage tank and secures its water supply from one well and from water purchased from the George Gardner Water Company.

A copy of the staff report on the Slack Advice Filing Rate Increase dated July 12, 1972 was made a part of Exhibit 2 as Appendix A. The staff reviewed this report and inspected the current condition of Slack's facilities. With the exception of the summary of earnings, all pertinent information in the report was reconfirmed.

Table 1 of Exhibit 2 is a summary of earnings tabulation which includes revised data and results, and the original data and results shown in the Report on Advice Filing Rate Increase. This table shows a revised estimated rate of return on rate base of 4.7 percent as compared to the estimated rate of return of 4.3 percent originally shown in the Report on Advice Filing Rate Increase. The increase in rate of return of 0.4 percent is due to small changes in net revenue and rate base. Although some of the differences in data were substantial, the differences were to a large degree offsetting.

With respect to the adequacy of service, the staff report, Appendix A in Exhibit 2, states that the water supply and storage is adequate to meet the needs of approximately 300 customers. Operating pressures in the distribution system vary from about 25 to 62 psi. The water quality is good. The water system has been periodically reviewed by the Riverside Department of Public Health.

The staff witness checked pressures in the low areas and the high areas at various times. On March 21, 1972 the lowest pressure

was 35 psi on Harruby Drive and the highest was 60 psi at the residence of Mrs. Slack. Over a 24-hour period the pressure in the low pressure areas will range from 27 to 30 psi and in the high pressure areas from 53 to 60 psi.

General Order No. 103 provides that the utility shall maintain normal operating pressures of not less than 25 psi nor more than 125 psi at the service connection, except that during periods of hourly maximum demand the pressure at the time of peak seasonal loads may be not less than 20 psi, and during periods of hourly minimum demand the pressure may be not more than 150 psi.

The staff witness also testified that Slack has instituted emergency telephone service for the benefit of its customers and is in the process of designing a booster pump to be installed to raise the pressure in the low pressure areas.

Exhibit 2 concludes with the following statement: "The small difference in rate of return between the original estimate in 1972 and the revised updated estimate for 1972 shows that the data, assumptions, and estimates used in the Report on H. V. Slack Domestic Water Supply Advice Filing Rate Increase dated June 12, 1972, were adequate for the purposes of rate making and the recommendations offered in the report are valid."

Evidence of Defendant

Mrs. Slack testified that the advice letter filing for the rate increase which is the subject of this hearing was filed after an investigation of the Slack system had been made by the Commission staff.

Mrs. Slack further testified that there are only 20 to 25 customers located in the low pressure area. At the time of the hearing she was having an engineer make a study with respect to the installation of a booster pump to improve the pressure of the service in the low pressure area. As soon as the engineer's report is completed, Slack will proceed with the installation of the recommended

booster pump. The 10 hp booster pump which was previously installed to improve the pressure is not completely satisfactory.

Mrs. Slack further testified that the outage which occurred on August 10, 1973 was the result of vandalism. The wiring was stripped from the pump and about 10 gallons of oil was poured into the well.

In case of water emergency, customers can call 825-7604 (toll free) or 885-6577. George Gardner has agreed to accept responsibility for restoring service upon notification that there is an emergency.

An arbitration clause applies to increases in rates for water supplied to Slack by the George Gardner Water Company. At the time of the hearing Slack was being billed \$1,300 per month for water by Gardner and she was paying Gardner \$900 per month for the water. Because of the increase in the cost of her water, Slack has advised the Commission that she proposes to seek a further increase in her own rates for water service.

Findings

1. Slack is taking reasonable measures to increase the water pressure in the low pressure service areas on her water system. The quality of the water is good and the water supply is adequate to meet the needs of its customers.

2. For the estimated year 1972 Slack earned a 4.7 percent rate of return on a rate base of \$66,992.

3. Since 1972 Slack's expenses for water have increased without a corresponding increase in revenues from its water services.

4. The rate increase authorized for Slack by Commission Resolution W-1387 dated July 11, 1972 was fully justified and should not be set aside.

Conclusion

The relief requested should be denied.

O R D E R

IT IS ORDERED that the relief requested is denied.

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

Dated at San Francisco, California, this 16th
day of APRIL, 1974.

William J. Sturgeon, Jr. President
Vernon L. Sturgeon
Richard L. Sturgeon
Donald L. Sturgeon Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.