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Decision No. 85014

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Property Owners of Pinon Hills et al.,)

Complainant,

vs.

Smithson Springs Water Company,

Defendant.

Case No. 8039

Investigation on the Commission's own
motion into the rates, rules, charges,
operations, practices, contracts,
services, and facilities of Smithson
Springs Water Company.

Case No. 9974
(Filed September 23, 1975)

Simmons, Ritchie & Segal, by David Rottenberg,
for Smithson Springs Water Company,
defendant and respondent.

William J. Jennings, Attorney at Law, and
Robert C. Durkin, for the Commission staff.

INTERIM OPINION

On September 16, 1975 the Commission reopened Case No. 8039 to determine whether defendant Smithson Springs Water Company (Company) was complying with previous orders entered therein. On September 23, 1975 the Commission instituted Case No. 9974, an investigation on its own motion into the rates, rules, charges, operations, practices, contracts, and services of Company. The investigation was consolidated for hearing with the previously calendared reopened complaint proceeding. The time of notice of hearing for the investigation was shortened because the health problems inherently raised by the alleged conditions required a hearing on an emergency basis.

A duly noticed public hearing was held in these consolidated matters before Examiner Donald B. Jarvis in Pinon Hills on October 2, 1975. The hearing was thereafter continued to a date to be set.

At the hearing evidence was presented by Company and the Commission staff (staff). In addition, nine of Company's customers made sworn statements about the situation. The evidence adduced at the hearing indicates that an emergency situation exists which requires immediate action by the Commission. We defer, for the moment, questions not necessary to the immediate restoration of full-time water service to the customers.

Company is presently without an adequate supply of water. It rations water to its customers. Water is furnished for approximately four hours per day divided between morning and evening hours. In order to alleviate the situation it is necessary for Company to import water, which it has been ordered to do in previous decisions. However, Company's financial position and present rates are not adequate to provide for importation on a sustained basis. The staff proposed a revised rate structure which, it claims, will yield the same amount of net revenue to Company for ordinary water service and provide a surcharge to cover the actual costs of importing water. The revised rate schedule decreases the rates for minimum consumption of water and increases those for greater consumption. Company contends that the proposed revised ordinary rates will yield less revenues and that the proposed surcharge for importing water is not fully compensatory. The staff's rate surcharge, which is triggered only by hauling water, may yield revenue as high as \$13,000 a year, but under favorable water conditions could yield considerably less.

If Company had complied with previous Commission orders and concurrently applied for emergency rate relief, there would be actual experience on the costs of importing water upon which to base our decision. In addition, evidence produced at the hearing indicates that Company has not been keeping its books in accordance with the Uniform System of Accounts. In the circumstances, we find the staff's estimates to be more persuasive.

The situation requires immediate action to protect the health and welfare of the customers involved. The Commission will require the immediate importation of water and adopt the rates proposed by the staff. The decision will be enforced with all powers available to the Commission. As indicated, these matters have been continued on the Commission's calendar to a date to be set. Permanent resolution of the complex matters raised herein has been deferred. If problems arise under this interim order, Company or staff may move to have further hearings expeditiously calendared. Meanwhile, the customers shall have water.

No other points require discussion. The Commission makes the following findings and conclusions.

Findings of Fact

1. Company's sole source of water is springs in the vicinity of its system.
2. Company has two 200,000 gallon reservoirs and one 25,000 gallon storage tank. The 25,000 gallon storage tank is presently not in service.
3. When there is less than 50,000 gallons of water in Company's reservoirs it cannot adequately serve its customers.
4. During July, August, and September of 1975 and continuing to the date of hearing herein, Company had daily outages of water.

5. Company has divided its service area into three zones. During periods of outage of water it furnishes customers in each zone water for four hours a day; two hours in the morning and two hours in the evening.

6. During the 20 hours per day when there is no water service, customers must use stored water for drinking and cooking. They are unable to flush toilets and otherwise have water for domestic use.

7. An emergency situation exists which requires immediate action by the Commission.

8. Ordering Paragraph 3 of Decision No. 69513 provided:

"Commencing within two days after the effective date of this order, and until further order of this Commission, defendant shall haul water from an approved water supply at a rate of at least 5,000 gallons per day and place such hauled water in the 25,000-gallon tank to supply customers at a lower elevation. Defendant shall continue to haul water until there is at least 50,000 gallons in storage in the upper reservoirs, and shall resume hauling as necessary to maintain at least 50,000 gallons in storage in the upper reservoirs."

Company has not complied with this paragraph.

9. Company's present rates are not sufficient to provide revenue for the importing of water on a sustained basis.

10. Company presently has cash on hand in the amount of approximately \$4,992.

11. The increases in rates and charges set forth in Appendix A attached hereto are justified and reasonable; and the present rates and charges, insofar as they differ from those herein prescribed are for the future unjust and unreasonable.

12. The rates and charges herein authorized will help promote the conservation of water by Company's customers.

13. Company does not keep its records in accordance with the Uniform System of Accounts.

14. It is against the public interest to permit Company to add any new customers without first securing authority from the Commission.

15. Company should commence studies for the purpose of securing additional permanent sources of water supply.

Conclusions of Law

1. Company should be ordered to immediately commence importing water.

2. Company should be authorized to immediately put into effect the rates and charges set forth in Appendix A attached hereto.

3. Company should be ordered to comply with previous decisions of the Commission.

4. Company should be ordered to keep its books and records in accordance with the Uniform System of Accounts.

5. Company should be ordered not to make any additional service connections without first receiving authority from the Commission.

6. Company should be ordered to commence studies for the purpose of securing additional permanent sources of water supply.

INTERIM ORDER

IT IS ORDERED that:

1. Within one day after personal service of this order is made on Smithson Springs Water Company, it shall:

- a. Maintain at least 50,000 gallons of water in its reservoirs.
- b. Whenever the amount of water in its reservoirs goes below 50,000 gallons, immediately commence importing water, by hauling water from an approved water source, until there are at least 50,000 gallons in storage in the reservoirs.

- c. Within five days after the commencement of importing water, notify the Commission in writing of the fact thereof. If the importing of water continues beyond the month in which it is commenced, Company shall notify the Commission in writing within five days after the first day of each following month until the continuous importing of water has been discontinued.

2. Within one day after personal service of this order is made on Smithson Springs Water Company, it is authorized to put in effect the rates and charges set forth in Appendix A, attached hereto. Such rates will be accepted and filed by the Commission on that date. Within thirty days thereafter, Company shall comply with all requisite provisions of General Order No. 96-A.

3. All of the monies collected under the surcharge provided for in Appendix A shall be deposited in a separate bank account. Smithson Springs Water Company may disburse such monies only for the purpose of importing water. Any surplus funds which may accrue in said account are subject to further order of the Commission.

4. Smithson Springs Water Company shall keep its books and records in accordance with the Uniform System of Accounts prescribed by the Commission.

5. Smithson Springs Water Company shall comply with all previous orders of the Commission entered in proceedings in which it was a party.

6. Smithson Springs Water Company shall not make any additional service connections without first receiving authority from the Commission.

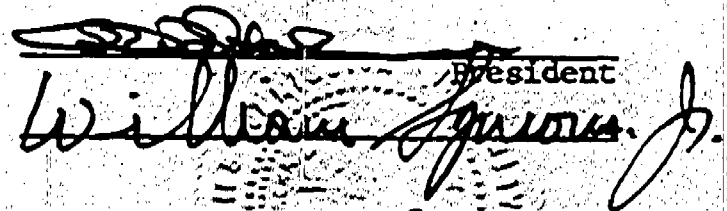

7. Smithson Springs Water Company shall commence studies for the purpose of securing additional permanent sources of water supply. Within ninety days after personal service of this order upon Company, and within each ninety days thereafter, Company shall notify the Commission, in writing, of the progress and status of such studies.

8. The Commission retains jurisdiction to alter, amend, or modify the provisions of this order and to issue such further orders as may be necessary for the disposition of Cases Nos. 8039 and 9974.

The Secretary is directed to cause a certified copy of this interim order to be served on Smithson Springs Water Company. Service may be made on the other parties herein by mail.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 15th
day of OCTOBER, 1975.


President

Commissioners

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

APPENDIX A

Schedule No. 1A

ANNUAL METERED SERVICE

APPLICABILITY

Applicable to all metered service.

TERRITORY

Pinon Hills and vicinity, San Bernardino County.

RATES

Quantity Rates	Per Meter Per Month
First 300 cu.ft., per 100 cu.ft.	\$.50
Next 700 cu.ft., per 100 cu.ft.	1.40 *
Over 1,000 cu.ft., per 100 cu.ft.	2.20 *
Service Charge:	
For 5/8 x 3/4-inch meter	\$4.00
For 3/4-inch meter	4.50
For 1-inch meter	5.50

Annual Minimum is twelve times the monthly Service Charge.

* A surcharge of \$5.00 per 100 cu.ft. will be effective during months when water is imported. The surcharge will be effective only if Company complies with the following conditions: (1) Within 5 days after the commencement of importing water Company, shall notify the Public Utilities Commission, in writing, of the fact thereof. (2) If the importing of water continues beyond the month in which it is commenced, Company shall notify the Public Utilities Commission, in writing, within 5 days after the first day of each following month until the continuous importing of water has been discontinued.