

L/SK:bjk

Decision 84 05 084

MAY 16 1984

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
 of Russian River Management Co., )  
 dba RANCHO DEL PARADISO WATER )  
 CO., to borrow funds under the )  
 Safe Drinking Water Bond Act, )  
 and to add a surcharge to water )  
 rates to repay the principal )  
 and interest on such loan. )

Application No. 83-11-10  
 (Filed November 4, 1983)

ORIGINAL

ORDER DENYING REHEARING OF  
 DECISION (D.) 84-02-045

An application for rehearing of D.84-02-045 has been filed by Mrs. John J. Bruno on behalf of "ratepayers and homeowners in the Rancho del Paradiso Water Co." (Ratepayers Group.) We note that neither Mrs. Bruno nor any of the persons signing the petitions attached to the rehearing application filed a protest (see Rules 8.1 to 8.8 of the Commission's Rules of Practice and Procedure) or otherwise made a formal appearance as a party in this proceeding before the matter was submitted for our decision. The Ratepayers Group therefore lacks standing to apply for rehearing, and this in itself justifies denial. (Pub. Util. Code § 1731.) However, we are concerned by certain misconceptions in the rehearing application. We will therefore also address the merits of the objections made by the Ratepayers Group.

One objection is that the Ratepayers Group had no opportunity for "public participation" or "to formally submit testimony". We disagree. All of the water company's customers had an opportunity to comment, both formally through the protest procedure mentioned above, and informally at the public meeting held to discuss this proposed loan under the California Safe Drinking Water Bond Act (SDWBA). These procedures satisfied the

requirements both of the Public Utilities Code (at Sections 823, 851) and the Department of Water Resources' regulations implementing the SDWBA. (Cal. Admin. Code § 474.)

The Ratepayers Group is also incorrect in suggesting that we had an inadequate record on which to base our authorization of the SDWBA loan. The record of this proceeding consists chiefly of the water company's verified application and attached exhibits. Among the exhibits are a determination of eligibility from the Department of Water Resources, and a water permit issued by the Sonoma County Public Health Service. The latter permit indicates that the improvements will enable the water company to meet minimum safe drinking water standards. (Health & Saf. Code § 4010 and following.) This record provides an ample basis for our decision.

The Ratepayers Group apparently believes the amount of the loan is excessive in relation to the water company's needs. We point out that our order in D.84-02-045 carefully set out reporting and accounting requirements for the water company's use of SDWBA funds. Nothing in our order relieves the water company from its duty to exercise reasonable managerial skill with respect to the nature and amount of expenses incurred for these improvements.

The final point raised by the Ratepayers Group relates to the following language in D.84-02-045:

"By adopting this surcharge method of accounting, the Commission does not imply that SDWBA-financed plant should be treated any differently in event of condemnation by a public agency than if such plant had been included in the utility's rate base and had been financed in some other manner." (Mimeo. p. 7.)

The Ratepayers Group is afraid that the quoted sentence could result in ratepayers having to pay twice for the same portions of the water system in the event of condemnation. We never intended

such a result. The quoted sentence merely indicates that we are not prejudging the valuation of any given utility plant, based solely on its manner of acquisition. Therefore, since no good cause for rehearing appears,

IT IS ORDERED that rehearing of D.84-02-045 is denied.

This order is effective today.

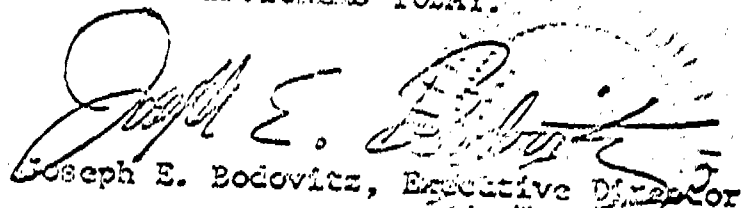
Dated MAY 16 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.  
President

VICTOR CALVO  
PRISCILLA C. GREW  
DONALD VIAL  
Commissioners

Commissioner William T. Bagley  
being necessarily absent, did  
not participate.

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

  
Joseph E. Bodovitz, Executive Director