

Decision 88 05 025 MAY 11 1988

ORIGINAL

MAY 11 1988

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
of the SOUTHERN CALIFORNIA WATER )  
COMPANY (U 133 W) for an order )  
authorizing it to increase rates )  
for water service in its Big )  
Bear District. )

Application 87-04-067  
(Filed April 29, 1987)

(See Decision 88-01-025 for appearances.)

Additional Appearances

Michael Perry, for Big Bear City Community Services District; Ralph Walker, for Big Bear Metro Water District; A. W. Spevers, for City of Big Bear Lake; James W. B. Riffenburgh, for himself and Bear Valley Contractors Assn.; and Jeff Stone, for Department of Health Services; interested parties.

OPINION

By Decision (D.) 88-01-025 dated January 13, 1988 in this proceeding, we ordered adjustments of water rates in Southern California Water Company's (SCWC) Big Bear District for 1988, 1989 and 1990. Ordering Paragraph 5 of D.88-01-025 directed the staff to monitor conditions in the Big Bear District, and report to the Commission with a recommendation on the question whether a service connection moratorium is necessary.

Staff reported to the Commission on April 13, 1988, recommending that SCWC, by July 1, 1988 complete and have in operation a new well and storage tank, as ordered by the Department of Health Services (DHS). Staff also recommended that by

November 1, 1988 SCWC complete construction and have in operation two additional wells. Staff recommended that if the projects are not completed on time, a service connection moratorium be imposed for new buildings with permits not yet issued for the Moonridge area.

By D.88-04-069 this proceeding was reopened for the purpose of receiving evidence on the staff report. An evidentiary hearing was conducted in the City of Big Bear Lake on May 5, 1988 before Administrative Law Judge (ALJ) John Lemke, and the matter was submitted.

The parties agreed to waiver of the 30 day waiting period following filing and service of the ALJ's proposed decision.

A staff witness sponsoring the recommendations contained in the report (Exhibit 45) testified concerning Recommendation 3, which urged that unless the projects are completed and in full operation, SCWC not be allowed to collect the monthly service charge from each customer who does not receive water for any part of any month. He stated that the intent is that the only acceptable reason for non-payment of the service charge would be due to a lack of water supply. In other words, line breaks, pump problems, or other similar problems would not be acceptable reasons for not billing a customer for the service charge. Further, the only customers affected by this recommendation should be those in the Moonridge area. The recommendation should cease when the projects listed in the report, or acceptable substitutes, are completed. Finally, in order to qualify for the deletion of the service charge a customer must first complain either to the Commission or the utility, and then the utility should verify that the reason for the outage is due to lack of water supply. Homes which are vacant during the outage period would not be eligible.

The witness stressed that the reason for these recommendations is not to punish SCWC; rather, it is to provide a greater incentive for the utility to complete these projects. He

emphasized that the company is well on its way to completion of the projects. A discussion with a company representative the day before the hearing developed that bids had been awarded to contractors for the 1.2 million gallon Yosemite storage tank and associated transmission line. The Stanfield well is about to be hooked up to the system, and drilling of an additional well is about to be started in the Metcalf basin.

Recommendation 2 of the report urges that by November 1, 1988 SCWC should complete construction and have in full operation and connected to the Lake system two additional wells in the North Shore, Mill Creek or Village Water Basins. The staff witness stated that it has recently come to his attention that the utility is negotiating with the Big Bear Municipal Water District for purchase of sufficient lake water to supply its system. He recommends that if it can be shown that the water would be of sufficient quality and quantity to meet (DHS) standards, then the lake water could be used to substitute for the two wells recommended to be drilled in the North Shore, Mill Creek or Village Water Basins.

A witness for SCWC, Joseph Young, concurred with the staff witness' recommendation concerning the moratorium conditions contained in Exhibit 45 and clarified by the staff witness. Young also noted that D. 88-01-025 authorized the filing by SCWC of an advice letter filing to cover the Yosemite Reservoir and 10-inch associated main, when that project is completed and in operation. He urged that the Stanfield Well be accorded this same advice letter opportunity. He also requested that if Goldmine Ski Association, Inc., (Goldmine) a ski resort operator and SCWC's largest customer, elects to purchase water from Big Bear Municipal Water District (MWD) that the utility be allowed to include this significant loss of sales in its advice letter filing.

This latter issue is problematic. Ralph Walker, vice president of MWD's board of directors testified that the contract between MWD and Goldmine provides that no water will be taken from the lake when the lake level is down more than eight feet. Walker stated that the present level is down 6 1/2 feet, and there is an average annual evaporation of 3 feet. Thus, if the recent drought conditions continue MWD cannot provide water to Goldmine. SCWC's president stated that if MWD cannot sell water to Goldmine, SCWC will serve that customer's needs to the extent possible.

Young sponsored SCWC's Exhibit 50, containing proposed tariff provisions establishing rules for enforcement of the company's water conservation program. The proposed rules generally give effect to the company's intent to curtail all non-essential use of water. The definition contained in the proposed rules for the term "non-essential" includes all uses other than for drinking, cooking, bathing, sanitation, or for medicinal or health related uses requiring water. The proposed rule was concurred in by the parties, is reasonable and will be authorized.

William Speyers, a member of the City Council of Big Bear Lake, urged that the Commission not impose the proposed hookup moratorium, since he believes it will penalize the local economy. He testified that there are approximately 4,000 construction jobs in the area, and observed that SCWC should be penalized rather than the local economy, if the proposed projects are not completed on time and in full operation.

James Riffenburgh, a consultant to the Bear Valley Contractors' Association, applauded the conservation efforts proposed by the utility, although he would like to see a better effort made in the company's leak detection program. However, as the owner of a building materials company and consultant to the contractors' association, he, too, opposes the hookup moratorium, believing it will be a burden on both customers and contractors.

He, too, recommended that the company be penalized if the projects are not completed on time, i.e. that SCWC not be allowed to include the projects in rate base unless completed and in operation.

The problems in the Moonridge area of SCWC's Big Bear District are difficult to overcome because of historical undersizing of mains predating the company's acquisition of the district. The problems are exacerbated by leaks resulting from freezing conditions experienced in the 7,000 feet altitudes. The connection moratorium appears necessary in light of the evidence. We sympathize with those involved in the construction industry who may be affected by the moratorium. However, from all indications it appears that the projects will be completed on schedule, and the moratorium unnecessary. We trust this will be the case based upon the efforts of the utility as well as the other factors bearing upon the outages experienced in the district, such as the company's conservation efforts and the continued main replacements within the district which have been taking place for the past several years. However, our primary concern in this situation is to maintain, to the extent possible, adequate and healthful water for the company's existing customers.

In the circumstances it appears necessary to impose the connection moratorium recommended by the staff, subject to the clarifications recommended by staff witness Richard Tom during the course of the hearing. We will also authorize SCWC to publish the tariff rules recommended by witness Young which will assist the company and the Commission in the enforcement of the local conservation program.

SCWC's request to authorize advice letter filings for the projects other than the Yosemite Reservoir is reasonable and should be authorized. Furthermore, the request for authority to include any loss of sales to Goldmine in an advice letter filing appears reasonable, to the extent such loss is not offset by an increase in total sales as projected in Appendix C of D. 88-01-025. The

Goldmine account is by far the largest single customer in SCWC's Big Bear District. Loss of the account, if not accompanied by a significant increase in sales to other customers in the district would adversely affect the company's profitability within the district. These filings are made subject to Commission approval. They will be carefully analyzed and verified before being authorized for inclusion in rate base and increased rate levels.

Young described the company's present and proposed conservation program for the district, consisting of a poster contest, radio announcements, bill inserts, conservation kits, etc. The program appears to be well conceived and should be continued.

Since the parties have agreed to waiver of the 30 day waiting period after issuance of the ALJ's proposed decision, our decision will also be issued and effective today.

#### Findings of Fact

1. By D. 88-01-025 we ordered adjustments of water rates in SCWC's Big Bear District for 1988, 1989 and 1990, and directed the staff to monitor conditions in the district to determine whether a hookup moratorium should be imposed.

2. Staff reported on April 13, 1988 and recommended that a moratorium be ordered on new connections in the Moonridge area of the district unless the utility has completed and in operation the Yosemite Reservoir and the Stanfield well by July 1, 1988, and two additional wells by November 1, 1988 connected to the Lake system in the North Shore, Mill Creek or Village Water Basins or an adequate substitute therefor.

3. Staff also recommended that SCWC not be allowed to collect the monthly service charge from each customer who does not receive water for any part of any month, subject to certain restrictions, due to lack of water supply.

4. SCWC has recommended in Exhibit 50 certain rules relating to the enforcement of its conservation program, for publication in its tariff naming rates and rules applicable within the Big Bear District.

5. Record evidence clearly shows that the service connection moratorium recommended by the staff is necessary in order to assure the continued delivery of adequate, healthful water to the utility's existing customers.

Conclusions of Law

1. The service connection moratorium set forth in Finding 2, subject to the restrictions and conditions recommended by the staff, should be adopted.

2. The tariff rules proposed by SCWC in Exhibit 50, relating to enforcement of the company's conservation program for the Big Bear District, should be authorized.

O R D E R

IT IS ORDERED that:

1. By July 1, 1988 Southern California Water Company (SCWC) shall complete installation and have in full operation the proposed Stanfield Well and 1.2 million gallon Yosemite storage tank as ordered by the Department of Health Services (DHS).

2. By November 1, 1988 SCWC shall complete construction and have in full operation and connected to the Lake system two additional wells in the North Shore, Mill Creek or Village Water Basins, or an adequate substitute therefor.

3. If the projects described in ordering paragraphs 1 and 2 are not completed on time, SCWC shall not establish connections for new buildings with permits not yet issued for the Moonridge area.

4. SCWC shall not collect the applicable monthly service charge from any customer in the Moonridge area who does not receive water for any part of any month, until the projects set forth in ordering paragraphs 1 and 2 are completed. This waiver of service charge shall not apply except for reasons due to lack of water supply, and shall only apply until the named projects are completed. Customers must first complain to the Commission or to the utility, and complaints verified before waiver of the service charge may be allowed. Owners of homes which are vacant during the outage are not eligible for waiver of the service charge.

5. SCWC is authorized to publish, on 3 days' notice, the tariff rules set forth in Exhibit 50 relating to enforcement of its conservation program within the Big Bear District.

6. SCWC shall continue its conservation program with renewed emphasis prior to holiday periods.

7. SCWC shall continue to negotiate with Big Bear Municipal Water District to use lake water as a new source of water supply.

8. SCWC shall continue to work cooperatively with all affected agencies in Big Bear Valley to bring about more efficient use of the available water supply.

9. SCWC is authorized to make advice letter filings to cover the cost of the Stanfield Well, the two additional wells to be constructed in the North Shore, Mill Creek or Village Water Basins,




and the loss in sales due to loss of Goldmine Ski Association, Inc. as a customer, to the extent such loss is not offset by an increase in sales to other customers located in the company's Big Bear District.

This order is effective today.

Dated May 11, 1988, at San Francisco, California.

STANLEY W. HULETT  
President  
DONALD VIAL  
FREDERICK R. DUDA  
G. MITCHELL WILK  
JOHN B. OHANIAN  
Commissioners

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

  
Victor Weisser, Executive Director

AB

This latter issue is problematic. Ralph Walker, vice president of MWD's board of directors testified that the contract between MWD and Goldmine provides that no water will be taken from the lake when the lake level is down more than eight feet. Walker stated that the present level is down 6 1/2 feet, and there is an average annual evaporation of 3 feet. Thus, if the recent drought conditions continue MWD cannot provide water to Goldmine. SCWC's president stated that if MWD cannot sell water to Goldmine, SCWC will serve that customer's needs to the extent possible.

Young sponsored SCWC's Exhibit 50, containing proposed tariff provisions establishing rules for enforcement of the company's water conservation program. The proposed rules generally give effect to the company's intent to curtail all non-essential use of water. The definition contained in the proposed rules for the term "non-essential" includes all uses other than for drinking, cooking, bathing, sanitation, or for medicinal or health related uses requiring water. The proposed rule was concurred in by the parties, is reasonable and will be authorized.

William Speyers, a member of the City Council of Big Bear Lake, urged that the Commission not impose the proposed hookup moratorium, since he believes it will penalize the local economy. He testified that there are approximately 4,000 construction jobs in the area, and observed that SCWC should be penalized rather than the local economy, if the proposed projects are not completed on time and in full operation.

James Riffenburgh, a consultant to the Bear Valley Contractors' Association, applauded the conservation efforts proposed by the utility, although he would like to see a better effort made in the company's leak detection program. However, as the owner of a building materials company and consultant to the contractors' association, he, too, opposes the hookup moratorium, believing it will be a burden on both customers and contractors.

Goldmine account is by far the largest single customer in SCWC's Big Bear District. Loss of the account, if not accompanied by a significant increase in sales to other customers in the district would adversely affect the company's profitability within the district. These filings are made subject to Commission approval. They will be carefully analyzed and verified before being authorized for inclusion in rate base and increased rate levels.

Young described the company's present and proposed conservation program for the district, consisting of a poster contest, radio announcements, bill inserts, conservation kits, etc. The program appears to be well conceived and should be continued.

Since the parties have agreed to waiver of the 30 day waiting period after issuance of the ALJ's proposed decision, our decision will also be issued and effective today.

Findings of Fact

1. By D. 88-01-025 we ordered adjustments of water rates in SCWC's Big Bear District for 1988, 1989 and 1990, and directed the staff to monitor conditions in the district to determine whether a hookup moratorium should be imposed.

2. Staff reported on April 13, 1988 and recommended that a moratorium be ordered on new connections in the Moonridge area of the district unless the utility has completed and in operation the Yosemite Reservoir and the Stanfield well by July 1, 1988, and two additional wells by November 1, 1988 connected to the Lake system in the North Shore, Mill Creek or Village Water Basins or an adequate substitute therefor.

3. Staff also recommended that SCWC not be allowed to collect the monthly service charge from each customer who does not receive water for any part of any month, subject to certain restrictions, due to lack of water supply.

4. SCWC has recommended in Exhibit 50 certain rules relating to the enforcement of its conservation program, for publication in its tariff naming rates and rules applicable within the Big Bear District.

5. Record evidence clearly shows that the service connection moratorium recommended by the staff is necessary in order to assure the continued delivery of adequate, healthful water to the utility's existing customers.

Conclusions of Law

1. The service connection moratorium set forth in Finding 2, subject to the restrictions and conditions recommended by the staff, should be adopted.

2. The tariff rules proposed by SCWC in Exhibit 50, relating to enforcement of the company's conservation program for the Big Bear District, should be authorized.

ORDER

IT IS ORDERED that:

1. By July 1, 1988 Southern California Water Company (SCWC) shall complete installation and have in full operation the proposed Stanfield Well and 1.2 million gallon Yosemite storage tank as ordered by the Department of Health Services (DHS).

2. By November 1, 1987 SCWC shall complete construction and have in full operation and connected to the Lake system two additional wells in the North Shore, Mill Creek or Village Water Basins, or an adequate substitute therefor.

3. If the projects described in ordering paragraphs 1 and 2 are not completed on time, SCWC shall not establish connections for new buildings with permits not yet issued for the Moonridge area.

and the loss in sales due to loss of Goldmine Ski Association, Inc. as a customer, to the extent such loss is not offset by an increase in sales to other customers located in the company's Bib Bear District.

This order is effective today.

Dated MAY 11 1988, at San Francisco, California.

STANLEY W. HULETT  
President  
DONALD VIAL  
FREDERICK R. DUDA  
C. MITCHELL WELK  
JOHN B. OHANIAN  
Commissioner