

**ORIGINAL**Decision 89 01 018 JAN 11 1989

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ROBERT H. JONES & CURTIS KITCHEN )  
representing 32 household )  
petitioners, )

Complainants, )

vs. )

Owners of the MT. CHARLIE WATER )  
WORKS: TED PIERCE, ET AL., )

Defendants. )

Case 87-01-008  
(Filed January 6, 1987)Randy Danto, Attorney at Law, for Robert H. Jones  
and fellow complainants.Wester Sweet, Attorney at Law, and Mark Lew, for  
Mt. Charlie Water Works, defendant.Robert Penny, for the Commission Advisory and  
Compliance Division, Water Utilities Branch.SECOND EMERGENCY INTERIM OPINIONStatement of Facts

Mountain Charlie Water Works (Mt. Charlie) is a small Santa Cruz Mountains water system begun in the 1960 era as a private system, soon expanded to accommodate neighbors, and later associated with real estate sales. Today, it is a California corporation headed by Wester Sweet.

This year's drought, following as it did that of last year, has drastically reduced water flows from Mt. Charlie's creek sources. All of 1988 the utility has had to import water in some degree to keep its reservoirs operating. In the latter part of August 1988 the problem mushroomed and only heavy hauling of water has kept the upper level pressure systems operating, at least part of the time. The system has limited transfer capability and could not keep up with demands upon it to balance the dwindling supplies.

Water trucks must be used to deliver directly to individual reservoir tanks at different locations. The utility lacked the funds to pay for this added financial burden.

While a staff study of the financial and operating problems of the utility initiated out of the original complaint continues, the immediate water supply problems were brought to the Commission's attention in September 1988. Following a limited staff engineering examination of the physical plant and preliminary examination of unaudited records, a duly noticed emergency evening hearing was held September 26, 1988 by Administrative Law Judge John B. Weiss in Felton. This hearing was attended by over 100 customers, 14 of whom testified at length along with Sweet and staff personnel.

Emergency action was needed. Staff proposed immediate adoption of a Mandatory Conservation Program including a surcharge to pay the cost of hauling water, the surcharge to be handled through a balancing account.

By Decision (D.) 88-09-071 issued September 28, 1988 the Commission ordered initiation of a Mandatory Water Conservation Plan, and imposed a surcharge to be handled through a balancing account. The Conservation Plan is to continue until further Commission order. The surcharge was established applicable to October, November, and December 1988, but as the decision pointed out, "If the drought continues, this surcharge may have to be extended, but at least all customers should have their share of water."

Sparse rains in November gave little relief and the drought conditions continued. On December 9, 1988 Mt. Charlie's management advised our staff that hauling of water continues and that the surcharge would have to be extended to pay for the water hauling. Water Utilities Branch Engineer Steve Kachur has been monitoring the system and confirms that the creeks that provide water are running dry. The Branch estimates that based on its

current experience approximately 225,000 gallons per month must be delivered. Branch estimates that the surcharge necessary to meet this expense is \$45 per customer per month and will continue. Branch will continue to monitor conditions and will advise when conditions will permit a decrease or end to the surcharge. Since these funds will be held in a balancing account subject to staff audit, any overcollection could be refunded at a later date. ✓

Discussion

Nature's action in providing insufficient rains to date to recharge the mountain creek supply system upon which this small utility serving 139 customers must depend is not the result of any imprudence of the utility. The customers, severely limited in supply already by the Mandatory Conservation Plan, must have water as a necessity of life. Accordingly, we will authorize continuation of the water surcharge above and beyond the tariff rates and any penalty rates imposed under provisions of the Conservation Plan, starting with the January 1989 billing. All other conditions and provisions imposed by D.88-09-071 will continue.

Findings of Fact

1. The continued water shortage emergency requires continuation of a surcharge of \$45 per customer per month to pay for the costs of importing water to meet the minimum requirements set forth in the Mandatory Conservation Plan. ✓

2. This surcharge must be continued without interruption until further order of the Commission, and should continue to be handled through a balancing account with any ultimate surplus to be subject to refund at a later date when the emergency is determined by staff to be ended.

Conclusions of Law

1. Imposition of the surcharge as set forth in this decision is reasonable and necessary.

2. The emergency which exists requires making this order effective immediately.

SECOND EMERGENCY INTERIM ORDER

IT IS ORDERED that:

1. The monthly surcharge beginning for January 1989 is \$45 per customer meter. ✓
2. All surcharge revenues shall be placed in a balancing account to be used only to pay water hauling costs as set forth in this decision.
3. The surcharge shall be continued until further order of the Commission.
4. All other provisions of D.88-09-071 shall be continued until further order of the Commission.
5. Mountain Charlie Water Works shall immediately notify each of its customers that the surcharge is continued, albeit beginning with January in the amount of \$45 per customer meter per month. ✓

This order is effective today.

Dated January 11, 1989, at San Francisco, California.

G. MITCHELL WILK  
President  
FREDERICK R. DUDA  
JOHN B. OHANIAN  
Commissioners

Commissioner Stanley W. Hulett,  
being necessarily absent, did  
not participate.

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

*John Weiser*  
John Weiser, Executive Director

current experience approximately 300,000 gallons per month must be delivered. Branch estimates that the surcharge necessary to meet this expense is \$60 per customer per month and will continue. Branch will continue to monitor conditions and will advise when conditions will permit a decrease or end to the surcharge. Since these funds will be held in a balancing account subject to staff audit, any overcollection could be refunded at a later date.

Discussion

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