

ALJ/LEM/jt

ORIGINAL

Decision 90 01 035 JAN 24 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Michael A. Perugini, et al., )  
 Complainants, )  
 vs. )  
 River Grove Water Company, )  
 Defendant. )

Caso 89-02-005  
(Filed February 1, 1989)

Michael Perugini, for himself and other  
 customers, complainants.  
Sheldon Rosenthal, Attorney at Law, for  
 Commission Advisory and Compliance  
 Division, Water Utilities Branch.

O P I N I O N

This complaint was initiated by nine customers of Ronald and Kim Gehrman, a public utility water company, doing business as River Grove Water Company (River Grove). No answer to the complaint has been filed. A duly noticed public hearing was held in Felton, California, on November 20, 1989 before Administrative Law Judge (ALJ) John Lemke, and attended by most of the River Grove customers. The matter was submitted subject to the filing of transcript. Kim Gehrman informed the ALJ by telephone that she did not desire to attend the hearing, and wished to be relieved of further public utility responsibility.

The complaint alleged generally that the company had abandoned the system, that repairs and chlorination, when performed, were being done by the customers, and that no water bills had been received from River Grove since October 1988. The complainants requested "immediate release of ownership due to abandonment."

During the hearing Steve Kachur (Kachur), an engineer with the Commission's Water Utilities Branch, presented a report (Exhibit 2) on his recent investigation of the circumstances giving rise to the complaint. He testified generally as follows:

1. River Grove serves 23 customers located along Glengarry and Steinmaier Roads off State Highway 9, south of Felton, Santa Cruz County.
2. The system obtains water from a nearby tributary of Gold Gulch Creek. Catch boxes in the creek bed divert water into a 2-inch plastic pipeline. After filtration and chlorination, water enters one of two storage tanks from which it is distributed by gravity.
3. The system is generally in poor condition. Nearly all piping is of 2-inch diameter or less plastic, none of which is buried. The filter station is effective only for leaves and other large particles and is unable to provide suitable drinking water.
4. The chlorination station is inadequate. New filtration and chlorination facilities are necessary in order to meet minimal water quality standards.
5. The Gehrmanns have indeed abandoned the system and have no further interest or intention to operate the system in the future. They claim continued operation by them of the system will result in further financial loss.
6. A customers' association has been formed with the intention of becoming a mutual water company and providing service. The association has become the de facto operator of the system, with customers providing necessary maintenance and repairs and collecting revenues for service in accordance with River Grove's tariff. The Gehrmanns have signed a quitclaim deed (Exhibit 1) giving the association title to the system for \$10.

Kachur believes the system is too small to support continued operation as a public utility water company; that the system is in poor repair and requires considerable investment to meet applicable water quality standards; and that the formation of either a mutual water company or a community services district is the most practical first step towards solution of the problems besetting the customers. Kachur recommends that since the Gehrmanns have not filed an application to transfer the system, but have evidenced their wish to no longer provide service through execution of the quitclaim deed, the existing certificate of public convenience and necessity held by the Gehrmanns should be canceled. He stated that Citizens Utilities Water Company has a main nearby which could provide satisfactory water to the present River Grove customers, and would be willing to do so through a single meter after their formation of a mutual company.

We agree with the Branch witness. Cancellation of the existing certificate of public convenience and necessity will allow the River Grove customers freedom to pursue the course of action best suited to their needs, whether they decide to form a mutual water company or a community services district. No opposition to cancellation of the certificate held by the Gehrmanns, nor to the intention of the association to form a mutual water company, was expressed by any of the customers attending the hearing. The certificate held by the Gehrmanns will be canceled. Since this proceeding was initiated by customer complaint, it is not necessary for the ALJ to file a proposed decision.

Findings of Fact

1. Ronald and Kim Gehrman, doing business as River Grove Water Company, hold a certificate of public convenience and necessity to operate as a public utility water company.

2. The Gehrmanns have abandoned their water system and have evidenced their intention to no longer provide a public utility water service through execution of a quitclaim deed, selling the

system to the association formed by the present River Grove customers.

3. The association formed by the River Grove customers intends to form a mutual water company.

Conclusion of Law

The certificate of public convenience and necessity held by Ronald and Kim Gehrmann should be canceled.

ORDER

IT IS ORDERED that:

1. The certificate of public convenience and necessity held by Ronald and Kim Gehrmann to provide service as a public utility water company is revoked.

2. This proceeding is discontinued.

This order becomes effective 30 days from today.

Dated JAN 24 1990, at San Francisco, California.

G. MITCHELL WILK  
President  
FREDERICK R. DUDA  
STANLEY W. HULETT  
JOHN B. OHANIAN  
PATRICIA M. ECKERT  
Commissioners

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

*Wesley Franklin*

WESLEY FRANKLIN, Acting Executive Director