

Decision 90 10 021 OCT 12 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

MARY L. MADSEN, et al.,
Complainants,

vs.

HAVASU WATER COMPANY,
Defendant.

ORIGINAL

Case 87-03-020
(Filed March 10, 1987)

Mary L. Madsen, for herself, and other similarly
situated ratepayers, complainants.
Michael L. Steele, Attorney at Law, for Havasu
Water Company, defendant.
Gary Loo, for Water Utilities Branch, Commission
Advisory and Compliance Division.

O P I N I O N

Mary L. Madsen and 87 other customers of Havasu Water Company (Havasu) complain that the utility's water rates are excessive and that its plant is in need of substantial repair and maintenance.

A duly noticed public hearing was held January 6, 1988 at Havasu Lake before Administrative Law Judge (ALJ) Orville I. Wright. The matter was submitted on July 1, 1990.

Level of Rates

Complainants object to the level of water rates adopted by Resolution No. W-3319 for service on and after June 1, 1987. This resolution approved a \$17 service charge for a 5/8 x 3/4-inch meter, together with quantity rates of \$.60 per 100 cu.ft. for the first 300 cu.ft., and \$.86 per 100 cu.ft. for usage above 300 cu.ft.

Havasu had requested a service charge of \$21 per month, plus \$.77 per 100 cu.ft. for the first 300 cu.ft., and \$1.11

thereafter, but the lower rates, as proposed by Water Utilities Branch (staff), were accepted by the utility and adopted by the Commission.

Staff and Havasu responded to all of complainants' data requests prior to the hearing, and staff appeared and testified at the hearing with respect to its summary of earnings report which led to the Commission's adoption of Resolution No. W-3319.

Complainants did not demonstrate any deficiency in staff's presentation and did not produce a rate analysis on their own account. They argue their belief that their rates are higher than rates charged by other water purveyors in the general vicinity, but they do not show these other systems to be comparable in design or operation to Havasu.

Additionally, complainants object that the rate design contains a \$17 service charge in addition to quantity rates. They request that the Commission reduce the service charge to a more reasonable, but unspecified, amount and to change it to a minimum charge for a reasonable, but unspecified, quantity of water.

Because the rate design in this case comports with our decisions respecting other small water companies, and because the suggested changes in rate design could only serve to shift a portion of the revenue requirement from part-time to full-time residents, we will not order a further rate design study at this time.

Level of Service

The record shows that complainants' testimony in this case largely concerned specific problems with the water system as found by complainants and by the Environmental Health Department of San Bernardino County, representatives of which attended the hearing and submitted copies of their findings. An on-site inspection of Havasu's facilities was attended by representatives of Health Department, utility, complainants, and staff, as well as by the ALJ.

At the direction of the ALJ, and with the concurrence of complainants and staff, Havasu filed a brief on February 8, 1988 setting forth defendant's plans for general and specific corrective measures. The filing included a list of 14 system deficiencies and the company's proposed remedial action, and the submittal date of this proceeding was deferred pending completion of the utility's work.

While periodic reports on the progress of defendant's remedial action were made and exchanged among Havasu, complainants, and staff, the burden of the major customers' complaint - that of unsafe water - rests upon the Environmental Health Department of San Bernardino County. We are informed by complainants that emergency notices were issued by health authorities on at least two occasions following the public hearing of January 6, 1988, and that Havasu was cited for violations of the California Health and Safety Code on April 8, 1988. The water company is apparently continuing to experience water quality problems within the jurisdiction of the Environmental Health Department.

On June 27, 1990, staff's program and project supervisor addressed the following communication to all interested parties:

"The Water Utilities Branch staff has verified that Havasu Water Company has completed the repairs and improvements listed in its brief dated February 5, 1988, as stated in the Administrative Law Judge's Ruling of April 25, 1990, including the installation of appropriate fencing around the utility's facilities.

"It is recommended, therefore, that because of the improvements made, the complaint of Mary L. Madsen, et al., vs. Havasu Water Company should now be dismissed."

Complainants confirmed staff's statement that the listed repairs and improvements had been completed, and, additionally, requested that the utility install emergency pumps, standby generators, and pressure relief valves. While the matter of

further system improvements is not before us at this time, we note that alleged violations of General Order 103 may be the subject of future formal complaint by Havasu's customers.

As the work agreed upon has been completed prior to the submittal date, and because the complaint essentially seeks a reduction in water rates, we may close this case by denial of the complaint.

Findings of Fact

1. Defendant Havasu was granted a general rate increase by Resolution No. W-3319, May 28, 1986.
2. Complainants, customers of defendant, complained that the water rates established by Resolution No. W-3319 are excessive.
3. Complainants also complained that defendant's utility plant is in need of substantial repair and maintenance.
4. Insufficient evidence was presented to establish that the water rates complained of are excessive.
5. The record shows that the water rates established by Resolution No. W-3319 are just and reasonable.
6. Complainants, defendant, and staff concur that the remedial action proposed by defendant in its brief filed on February 8, 1988 would reasonably correct system deficiencies specified as existing at the time of public hearing on January 6, 1988.
7. Defendant's remedial action was found by staff to have been completed on June 27, 1990.

Conclusion of Law

The complaint should now be denied.

O R D E R

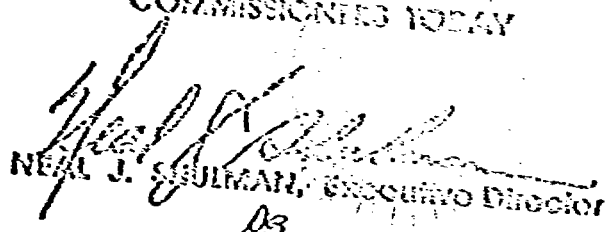
IT IS ORDERED that Case 87-03-020 is denied.

This order becomes effective 30 days from today.

Dated OCT 12 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


NEAL J. SHULMAN, Executive Director
AS