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Decision 83 12 066 DEC 22 1983

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of EAST PASADENA WATER 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 83-02-45
(Filed February 16, 1983)

In the Matter of the Application)
of EAST PASADENA WATER CO., a)
California corporation, for)
authority to increase its rates)
for water service.)

Application 83-05-05
(Filed May 3, 1983)

Gibson, Dunn & Crutcher, by Raymond L. Curran, Attorney at Law, for applicant.
Richard B. Norwood, Attorney at Law, and
Edwin C. Jenkins, for Homeowners for Water Rights, protestant.
Patricia A. Bennett, Attorney at Law, for the Commission staff.

OPINION ON APPLICATION 83-02-45

By Application (A.) 83-02-45, East Pasadena Water Company (EPWC) seeks authority to (1) enter into a loan contract under the California Safe Drinking Water Bond Act of 1976 (SDWBA)^{1/} and (2) establish a surcharge on its water rates to repay the loan over a period of 15 years. The loan, which is to be obtained from the State of California through the Department of Water Resources (DWR), is not to exceed \$1,545,000 and is to be used

1/ Water Code Section 13850, et seq.

to make the Phase I improvements of the master plan for the EPWC system. To be sufficient to repay the principal, interest, and reserve on the loan, the surcharge would have to increase revenues by an estimated \$202,574 annually.

By A.83-05-05, EPWC seeks a general rate increase. The increases requested are in steps designed to increase annual revenues in test year 1983 by \$311,500, or 64.9%, over the revenues produced by rates in effect on January 28, 1983; in test year 1984 by \$47,440, or 6.0%, over revenues from rates proposed for 1983; and in test year 1985 by \$53,100, or 6.3%, over revenues from rates proposed for 1984. EPWC's estimates of operating results for the several test years exclude the impact on revenues and expenses of the proposed SDWBA-financed project in A.83-02-45.

Public Meeting and
Subsequent Public Hearing

A public meeting on A.83-02-45 was held in Temple City during the evening of March 16, 1983. It was conducted by a staff accountant from the Commission's Revenue Requirements Division. At that meeting, customers expressed concern about nearly every aspect of the SDWBA loan proposal and an evidentiary hearing was requested. Subsequently, A.83-05-05 was filed. It has been consolidated with A.83-02-45 for hearing.

After due notice public hearing on the two applications was held in Temple City on September 12, 1983 before Administrative Law Judge (ALJ) Main with the evidentiary hearing following in Los Angeles on September 13, 14, and 15, 1983. Approximately 700 people in total attended the afternoon and evening public hearing in Temple City. Virtually all of them opposed the two applications and were supportive of a group calling themselves Homeowners for

Water Rights (HFWR). HFWR's basic position was that both applications should be denied, EPWC should be put out of business, and some entity to be chosen by EPWC's customers should take over the utility operation.

HFWR was organized to represent EPWC's entire service area, even though two of its principal officers are from another group called 80-2 Annexation. The latter group spearheaded opposition to A.83-02-45 at the March 16, 1983 public meeting. It is likely that many of the people at the public hearing were also members of 80-2 Annexation.^{2/}

Nearly 40 customers either made statements or testified. They complained about the old water system and deficient fire protection. They protested both the surcharge and general rate increase requests.

Motion for Continuance

At the outset of the September 13 evidentiary hearing, counsel for HFWR moved for a continuance of this proceeding for several months. He asserted that there was a lack of data available to HFWR, that there had been a lack of time and funds for HFWR to

^{2/} The 80-2 Annexation area has sought unsuccessfully for some time to be annexed to the City of Arcadia. Deficiencies in the water system's fire-flow capability, in streetlighting, and in curbs and gutters for streets appear to have handicapped the annexation efforts. This area has about 16% of EPWC's customers (421 services--serving approximately 500 dwelling units--out of a total of about 2,600 services).

analyze properly the reports prepared by the Commission staff, that HFWR wants to obtain the services of a law firm experienced in rate matters before this Commission, and that HFWR would like to have accountants do an audit to confirm the records of EPWC and related companies.

The president of HFWR, Edwin Jenkins, and the 80-2 Annexation group have been active in the loan application matter since some time before the March 16, 1983 public meeting. Jenkins has had available a copy of the general rate increase application, which includes EPWC's basic revenue requirement study, for several months and a copy of the detailed work papers for that study since mid-August. In addition, Jenkins personally delivered, on August 30, 1983, a letter to EPWC setting forth a detailed data request consisting of 19 items. He set September 7, 1983 as the date he wanted to have this information. In meeting this time requirement it was necessary for EPWC to require someone to work over the Labor Day weekend.

Our consideration of A.83-02-45 should go forward without delay. ✓
In view of our analysis of the need issue, discussed subsequently in this decision, we are convinced of the importance of proceeding expeditiously with Phase I of the Master Plan, which is the initial step in upgrading EPWC's fire flow capacity. ✓

In addition, EPWC has requested the County of Los Angeles Road Department to omit at this time from its road and storm drain project on Naomi Avenue the top course of asphalt concrete pavement on the southerly eight-foot strip of Naomi Avenue from Oak Avenue to Golden West Avenue in order for EPWC to install a replacement main if the SDWBA funds are obtained.

In regard to A.83-05-05 the decision is scheduled for early December under the rate case processing plan.

Under these circumstances the motion for a continuance was properly ruled upon by the assigned ALJ as follows:

"ALJ MAIN: We are going to go forward with the hearing in both matters.

"The motion at this point is denied.

"It may be renewed before the end of the hearings; and if the development of the record is such that I deem it appropriate, my ruling could be conceivably reversed."

Counsel for HFWR participated in the September 13 hearing until the morning recess, after which he did not return. Development of a comprehensive record ensued and the matters were submitted on September 15, 1983 subject to the filing of certain exhibits due September 26, 1983 and, for A.83-05-05, concurrent briefs due October 5, 1983. It is our intention to issue a separate decision in each application..

Petition to Set Aside Submission

At this juncture it is necessary to address the merits of a "Petition to Set Aside Submission Pursuant to Rule No. 84" filed November 28, 1983, by HFWR. Although the Petition relates to both A.83-02-45 and A.83-05-05, we consider here only those points relevant to A.83-02-45; these are Point One, Point Two, and Point Four. HFWR's other Points will be addressed at a later date.

HFWR's Point One is:

"We believe that EPCW is not entitled to the 1.5 Million Dollar loan. It is clear that the Bond Act as presented to the voters has been subverted from it's original intent. We will show evidence that the State Water Resources Board has changed the rules without voter approval and that EPWC has knowingly participated in this subversion."

HFWR's Second Point discusses the issue of increased rates attributable to both A.83-02-45 and A.83-05-05. Point Two states:

"We will show that EPWC proposed rate increase is blatantly unfair to it's customers in the distribution of percent increases. Some customers will carry almost a 140% increase. What makes this all the more unfair

is the fact that the longer meter sizes can't enjoy full benefit of water flow due to the inadequate size and condition of EPWC's pipes.

"We will show that if this increase is put in place many customers will find it advantageous to change to a smaller meter size thus throwing off the projected revenues. This will result in EPWC having to come back for a new rate increase."

Finally, HFWR's Point Four states:

"It was stated in testimony [sic] that the State Department of Water Resources in examining the loan application established the ability of the community to re-pay the loan. We will show evidence that this is not the case and no research was done in the community and in fact, it would impose a severe hardship on many on fixed incomes."

On December 12, 1983, EPWC filed a Statement in Opposition to HFWR's Petition to Set Aside Submission of these matters. In this statement, EPWC argues that HFWR's Petition lacks any showing that the information HFWR sought to present could not have been presented at the public hearings in September; that HFWR's delay in filing the Petition constitutes a waiver of HFWR's rights to make a further showing in these proceedings; and that HFWR's Petition does not conform with the requisites of Rule No. 84. EPWC requests that HFWR's Petition be denied.

Rule 84 provides:

After conclusion of hearings, but before issuance of a decision, a party to the proceeding may serve on all other parties, and file with the Commission, a petition to set aside submission and reopen the proceeding for the taking of additional evidence. Such petition shall specify the facts claimed to constitute grounds in justification thereof, including material changes of fact or of law alleged to have occurred since the conclusion of the hearing. It shall contain a brief statement of proposed additional evidence, and explain why such evidence was not previously adduced.

We do not believe the portions of HFWR's petition under consideration allege material changes of fact or of law occurring since the conclusion of the September hearings, as required by Rule 84. Nor does the Petition explain why such evidence, which is only generally referenced in the Petition, was not previously adduced.

HFWR's Point Two is merely an argument about the fairness of the alleged effect of the combined SDWBA/rate case increase and speculation about how some customers may react. We are not satisfied that Point Two justifies reopening the SDWBA proceeding, even under the most liberal interpretation of Rule 84.^{3/}

We see no reason why Points One and Four could not have been addressed by HFWR at the September hearings during cross-examination of EPWC and DWR witnesses. Clearly the DWR witness' direct testimony, and its underlying assumptions both on the issues of (1) agency procedure and (2) the community's ability to repay the \$1.5 million loan, were subject to cross-examination by HFWR and other parties at that point. HFWR has offered no justifiable explanation for its failure to stay at the hearing and cross examine at this time, beyond its assertions that EPWC failed to supply certain requested items. No assertion is made that DWR withheld relevant documents.

We will deny HFWR's Petition to Set Aside Submission of the SDWBA application. As noted previously, HFWR's Petition to set Aside Submission of the general rate case proceeding will be addressed at a later date.

Comparison of Internally Generated Funds
and Expenditures for Capital Improvements

As shown in Exhibit 3, internally generated funds consisting of net income and depreciation averaged \$24,379/year for the period 1950 through 1982 and \$33,413/year for the period 1975 through 1982. For these same periods expenditures for capital improvements averaged \$31,418/year and \$48,856/year, respectively. It is thus seen that for many years both profits and depreciation funds have been reinvested in the utility.

^{3/} In its Petition HFWR has invoked Rule 87, which provides: "These rules shall be liberally construed to secure just, speedy, and inexpensive determination of the issues presented. In special cases and for good cause shown, the Commission may permit deviations from the rules. Rules may be amended at any time by the Commission."

In light of the number of leaks being experienced, the recommendations of the California Department of Health Services (DHS), the estimated cost of replacing facilities, the level of internally generated funds, and the inability to obtain a \$1.5 million loan elsewhere, EPWC decided it must apply for the SDWBA loan.

SDWBA

The SDWBA states, among other things, that water utilities failing to meet California Health and Safety Code standards and which cannot otherwise finance necessary plant improvements may apply to the DWR for low-interest loans. DHS is required by the SDWBA to analyze the public health issues and determine plant improvements needed to meet water quality and quantity standards. DWR assesses financial need and acts as the lending agency and fiscal administrator. Before a loan is granted, the applicant must demonstrate to DWR its ability to repay the loan.

DHS

Extensive testimony by a DHS sanitary engineer evaluated the EPWC system and the improvements needed to maintain compliance with health and safety standards. Her testimony is summarized below:

1. Most of the transmission and distribution mains of EPWC preceded streets and were installed in 1910 or earlier. Many of these mains are still located in backyard easements.
2. Deterioration of the distribution mains over the years has caused numerous leaks, dewatered lines, unduly long periods of water outages, and general inconvenience to the customers. The deteriorated transmission lines convey both high nitrate and

low nitrate water to existing reservoir facilities for blending operations. The reservoirs where nitrate blending is accomplished are also old and deteriorated.

3. The eight-booster pumping system is outdated. It was designed and constructed in the 1950s but modified in the 1960s to manipulate water from different pressure zones for blending their high nitrate wells and, now, for perchloroethylene (PCE), a volatile organic, to conform to the maximum contaminant levels and action levels of DHS.

DHS is concerned because with the old and deteriorated mains there is the potential for:

1. Failure to comply with primary drinking water standards for organic and inorganic chemicals;
2. Water outages due to main breaks and the potential for waterborne disease outbreaks;
3. Ingestion of metal compounds due to corrosion along with the potential failure of primary drinking water standards for heavy metals; and
4. Aesthetic water quality problems due to corrosion or sealing of system piping and subsequent failure of secondary drinking water standards.

DHS has issued EPWC an amended domestic water supply permit "to replace deteriorated transmission and distribution mains, reservoirs, wells, and pumping equipment. . . ." EPWC has submitted to DHS a master plan of needed improvements to bring its water system up to current industry standards. Their total cost is estimated to run between \$7.0 and \$7.5 million.

The master plan is in two phases. Phase I consists of high priority items whose cost will fit within the maximum loan available under SDWBA.^{4/} DHS has reviewed and approved the master plan, including the Phase I construction priorities.

Phase I Betterments

Phase I's \$1.545 million estimated cost is made up of nine projects other than preparation of the master plan. The projects are tabulated below according to construction priority.

^{4/} The modest pace at which funding to finance the second phase of the master plan can be expected to proceed will be addressed in our forthcoming decision on A.83-05-05.

Phase I of Master Plan
By Construction Priority

<u>Description of Item</u>	<u>Estimated Cost</u>	<u>Work to Be Performed By</u>
1. Master Plan	\$ 15,000	Engineer (completed)
2. New Mains - Longden-Kauffman-Golden West	428,000	Contractor
3. Mains - Naomi-Pantry Market to 10" main	107,000	Contractor
4. New Mains - Michigan-California-Woodward-Michillinda	121,000	Contractor
5. New Mains - Olema-Trelawney	142,000	Contractor
6. Plant #9 - 1 mil gal res	188,000	Contractor
7. Plant #8 - .5 mil gal res	125,000	Contractor
8. Mains - Val & Barella	83,000	Contractor
9. Mains - Mountain View	111,000	Contractor
10. Mains - Laurita	44,000	Contractor
Contingencies, Engineering and Inspection	136,000	
Total Contract Work	1,500,000	
DWR Loan Fees	45,000	
	<u>\$1,545,000</u>	

The master plan for the SDWBA project, including computer studies to determine storage requirements and water main sizes, was prepared for EPWC by an associated company. We have no criticism of the \$15,000 cost incurred by EPWC for this service. However, to eliminate any future questions regarding the propriety of inter-company transactions, we shall direct in this order that all construction financed by SDWBA loan funds, other than that performed by EPWC personnel, shall be placed through competitive bids. No contracts shall be awarded to any affiliated company or person.

Project 2 (New Mains - Longden-Kauffman-Golden West) is the largest project. It will start 350 feet south of Duarte Road on Golden West Avenue and proceed southbound with a 12-inch main to the corner of Lemon Avenue and Golden West Avenue. There the line size will change to eight inches and proceed south again to Longden Avenue. It will proceed west on Longden Avenue to the existing 12-inch line on Oak Avenue.

Project 3 (Mains - Naomi-Pantry Market to 10" main) was moved up from priority position 9 because of (1) a county storm drain project on Naomi Avenue between Temple City Boulevard and Golden West Avenue and (2) street improvements on Naomi Avenue between Oak Avenue and Golden West Avenue. Since last March, there have been 30 leaks in the old water main on Naomi Avenue, most, if not all, of which were caused by the county road and storm drain work. The replacement main along Naomi Avenue will be an eight-inch line. It will tie in with an existing eight-inch line at the Pantry Market complex east of Golden West Avenue and with the existing 10-inch line out of the pumping plant located mid-block between Oak Avenue and Temple City Boulevard.

The priorities of the remaining main replacement projects were determined on the basis of their leak histories, associated water outages, and age. The criteria for the reservoirs were age, capacity, and present condition.

Phase I of the master plan focuses on the portions of the water system in greatest need of replacement and requires those portions to be upgraded to current industry standards.

Phase I's Effect on Fire Flows

For lot density of one or more single-family residential units per acre the fire-flow requirement ranges from 750 gallons per minute (gpm) to 1,000 gpm under General Order (GO) 103 and 1,000 gpm to 1,250 gpm under Los Angeles County requirements. These are the minimum requirements for new construction.

There are 104 fire hydrants on the EPWC system. At present, 89 of the hydrants meet or exceed the 750 gpm GO 103 fire-flow requirement and 13 of the remaining 15 hydrants are expected to meet or exceed this requirement upon completion of Phase I of the master plan. The other two hydrants are within 600 feet of hydrants that provide, at the present time, between 1,500

and 2,000 gpm. Also, upon completion of Phase I there will be additional hydrants spaced along the main replacements as required by appropriate governmental agencies.

GO 103 requires that all new construction, extension, or modification of a water system must be designed to the flow requirements set forth in the GO or such other fire flow, either higher or lower, as determined necessary or adequate by appropriate governmental agencies. In Exhibit 11 in A.83-05-05 the Commission staff engineer concluded that EPWC's distribution system is inadequate for supplying water for fire flow which will meet Los Angeles County standards. Such standards probably could not be fully met until completion of the entire master plan.

The staff engineer agrees with DHS that the old and deteriorating distribution system and storage facilities are in urgent need of upgrading. He recommends EPWC's request to borrow \$1,545,000 under the SDWBA be granted.

The Proposed Loan

DWR's witness testified that DWR determined that EPWC's system improvement project is eligible for SDWBA financing and that the community served by EPWC is financially able to bear the cost. Actual loans, however, are not made to an investor-owned water utility until:

1. The Commission has authorized the water utility to enter into a loan contract with DWR and has authorized a rate increase to repay the loan.

2. DHS has approved the final SDWBA project plans and specifications.

DWR does not release SDWBA funds to the utility until the bids and estimates on the proposed construction work are received and approved to ensure that the project will be performed within the limits of DWR's loan commitment. The SDWBA loan program is financed by the State of California's selling its bonds to the general public and loaning the proceeds to the water companies at the same rate that the money costs the state, plus a modest administrative fee. The current interest rate is 8½% which is much less than what it would cost a water company if such funds were obtained through regular commercial sources.

The proposed loan from DWR will provide for a 15-year repayment schedule with equal semiannual payments of principal and interest at an interest rate of 8½% per annum. The annual requirement for debt service for the company's customers is estimated to be \$202,574. The amount of the surcharge to repay principal, interest, and necessary reserve on the SDWBA loan will be in direct proportion to the capacity of each customer's meter or private fire protection service connection. The \$202,574 estimate is based on an interest rate of 8½%. However, as the witnesses explained, an average interest rate for all SDWBA loans will be determined after all SDWBA bonds have been sold. Then the rate on each outstanding loan will be adjusted to reflect that average rate.

Proposed Surcharge Schedule

Under present estimates the surcharge schedule would be as follows:

East Pasadena Water Company
Surcharge Schedule^{a/}

<u>Metered Customers</u>	<u>Per Meter Per Month</u>
5/8 x 3/4-inch meter	\$ 3.25
3/4-inch meter	4.90
1-inch meter	8.20
1-1/2-inch meter	16.40
2-inch meter	26.25
3-inch meter	49.20

<u>Flat Rate - Fire Protection Customers</u>	<u>Per Service Per Month</u>
2-inch service	\$ 26.25
4-inch service	82.00
6-inch service	164.00
8-inch service	262.40

a/ This surcharge is in addition to regular charges for water service.

The above surcharges increase in proportion to meter or service connection capacity. The staff witness for the Revenue Requirements Division testified that the rationale for using the capacity equivalence factor was that "a person receiving service is receiving the benefits of the improvements that would be performed by the project in portion to their ability to use the water. . . ."

EPWC's present rates for general metered service and private fire protection service became effective August 1, 1980 and were authorized by Resolution W-2684. According to the application, the estimated annual gross revenues for 1983 at present rates, exclusive of the surcharge, will be approximately \$513,000. The \$202,574 yearly increase resulting from the SDWBA loan surcharge thus would increase EPWC's revenues by approximately 39.5%.

Uncontroverted Need

Witnesses testified without contradiction to the immediate need for the Phase I improvements of the master plan, which have to be made regardless of who operates the water system, and to the following:

1. DWR is the sole source available for such a loan; EPWC was turned down by a regular lending institution;
2. The amount of the SDWBA water system improvements cannot be added to rate base; therefore, they cannot be used as a basis for future increase in rates requested by EPWC; and
3. These loans are coadministered by DWR and DHS. DWR's function is to analyze the applications and determine if the costs are reasonable. DHS approved the proposed project plans and specifications and monitors the project.

Taking all these factors into account we conclude that this application should be granted. EPWC will, therefore, be authorized to enter into a contract with DWR for a SDWBA loan not to exceed \$1,545,000 to permit EPWC to engage in the various improvements specified in its application. Also, EPWC will be authorized to institute a surcharge on customers' bills to repay the SDWBA loan.

We again note the testimony of the staff engineer that the Phase I renovation program is only the first step in the upgrading of EPWC's system; indeed, the system may not meet Los Angeles County

fire protection standards until the entire Master Plan is completed at a presently estimated cost of \$7.5 million. We recognize the concerns expressed during the public hearings by some of EPWC's customers that the water system as currently constituted may not be able to afford this \$7.5 million expenditure. We also recognize the suggestion of some customers that merger with an adjacent water system, or formation of a new county water district might provide a cost effective solution to the problem. From a practical standpoint, such long range solutions may be complicated and time consuming. For example, it is unlikely that customers of an adjacent system would assume the financial burden of upgrading EPWC plant facilities without reimbursement. It is more likely that before an adjacent system would expand to serve the EPWC area it would first require EPWC customers to acquire the existing water plant and upgrade it to meet existing standards. If customers choose the condemnation route, county and voter approvals must be obtained, EPWC's water rights and plant facilities must be condemned or otherwise acquired, approval of the Local Agency Formation Commission must be obtained, an assessment district or other legal entity must be formed. There is no certainty that these steps can be accomplished in a timely manner, or at any substantial savings in costs over those associated with a SDWBA loan.

These practicalities must be weighed against the present urgent need for system upgrading. Indeed we are compelled by the deteriorating condition of the present system to authorize the \$1.5 million SDWBA loan, since the urgency of the Phase I improvements has been clearly demonstrated. Regardless of what the future may hold for this water system, the \$1.5 million SDWBA loan would be well spent on urgent improvements.

However, to afford the EPWC customers every opportunity to come forward with tangible alternate plans we shall make our order effective in ninety days. If during this interval HFWR or another

customer group (1) provides convincing evidence that an adjoining water supplier is willing to acquire EPWC water plant and provide the new water mains and storage facilities to serve EPWC customers, or (2) comes forward with another plan that it is capable of implementing, we may upon Petition, fully supported and in compliance with Rule 84, reopen this proceeding for further hearings. In the interim, to avoid unnecessary delays, we urge EPWC to complete all work preliminary to signing the actual contract with DWR.

To ensure adequate accountability of SDWBA loan construction funds advanced by ~~SWR~~^{DWR} to the utility, such funds should be deposited by EPWC in a separate bank account. All disbursements of such DWR loan funds should also pass through this bank account. SS

The DWR has expressed a clear preference for the surcharge method of financing SDWBA loans, in lieu of rate base treatment, because the surcharge method provides greater security for its loans. The Commission considered this issue of surcharge versus rate base in A.57406 of Quincy Water Company^{5/} where it concluded that the surcharge method is the most desirable method of financing SDWBA loans.

By adopting this surcharge method of accounting, the Commission does not imply that SDWBA-financed plant should be treated any differently in the 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.

The SDWBA loan repayment surcharge should be separately identified on customers' bills. The utility plant financed through the surcharge should be permanently excluded from rate base for ratemaking purposes and the depreciation on this plant should be recorded in memorandum accounts for income tax purposes only.

EPWC should establish a separate balancing account to be credited with revenue collected through the surcharge, and with interest earned on funds deposited with the fiscal agent. Surcharge revenues should be deposited with the fiscal agent within 30 days after collection. The balancing account should be charged with payments of principal and interest on the loan

5/ Decision 88973 dated June 13, 1978. 84 CPUC 79.

and for the services of the fiscal agent. The surcharge should be adjusted periodically to reflect changes in the number of connections and resulting overages or shortages in the balancing account. Such changes in future rates should be accomplished by normal advice letter procedures.

The SDWBA rate surcharge authorized will cover only the cost of the loan incurred to finance the added plant and will not preclude the likelihood of future rate increase requests to cover rising costs of repair materials, wages, property taxes, power bills, or other operating expenses that may be incurred in the future. This is borne out, of course, by the filing of A.83-05-05, supra.

According to staff, in order for the surcharge to produce enough revenue to meet the initial payment of interest on the SDWBA loan due in January 1985, it is necessary for EPWC to place the surcharge into effect beginning October 1984. This will enable the utility to meet the initial payment and make the regular semiannual payments thereafter.

Findings of Fact

1. The EPWC water system is for the most part old and deteriorated.
2. A master plan of needed improvements to bring the EPWC water system up to current standards indicates those improvements would cost between \$7.0 and \$7.5 million.
3. The master plan is in two phases. Phase I consists of high priority projects which will fit within the maximum loan available under the SDWBA, represents a necessary start to upgrading the system, and is essential to maintaining compliance with health and safety standards. EPWC's system may not meet Los Angeles County fire protection standards until the entire Master Plan is completed.

4. The SDWBA loan provides low-cost capital for the needed water system improvements comprising Phase I and is a prudent means of acquiring \$1,545,000, including a 3% administrative charge by DWR.

5. The improvements proposed to be accomplished with the proceeds of this loan cannot be, in whole or in part, reasonably chargeable to operating expense.

6. The proposed indebtedness is payable more than 12 months after it commences and must, therefore, be authorized by this Commission under Public Utilities (PU) Code Section 818.

7. The establishment of a reserve equal to two semiannual loan payments is required by DWR administrative regulations.

8. The proposed surcharge will generate approximately \$202,574 per year, approximately 10% of which will be deposited with the fiscal agent approved by DWR, in order to accumulate, over a 10-year period, a reserve equal to two semiannual loan payments.

9. Deposits of the SDWBA surcharge funds should be made with the fiscal agent within 30 days after collection from customers.

10. The establishment of a separate bank account by EPWC is required to ensure adequate accountability for deposits and disbursements of SDWBA loan funds advanced by DWR to the utility.

11. The rate surcharge will increase EPWC's annual gross revenues by approximately \$202,574 and increase the water rates by approximately \$3.25 per month for an average residential customer with a 5/8-inch by 3/4-inch meter. Water rates of customers with larger meter capacities would be increased proportionately.

12. The rate surcharge established to repay the SDWBA loan should last as long as the loan. The rate surcharge payment should not be intermingled with other utility charges, and such repayment surcharge should be separately identified on customers' bills.

13. The utility plant financed through this SDWBA loan should be permanently excluded from rate base for ratemaking purposes.

14. EPWC should establish a separate balancing account to be credited with revenue collected through the surcharge, and with interest earned on funds deposited with the fiscal agent. The balancing account should be reduced by payments of principal and interest on the loan and with any charges for the services of the fiscal agent.

15. The rate surcharge should be reviewed annually and adjusted as necessary to reflect changes resulting in overages or shortages in the balancing account.

16. The rate surcharge should be placed in effect beginning October 1, 1984 to meet the initial payment due in January 1985.

17. An average interest rate for all SDWBA loans will be determined after all of the State of California Safe Drinking Water Bonds have been sold. At that time, the interest rate on each SDWBA loan outstanding will be adjusted to reflect the average rate.

18. At the outset of the September 13 evidentiary hearing, counsel for HFWR moved for a continuance of this proceeding for several months; this motion was denied by the assigned ALJ.

19. On November 28, 1983 HFWR filed a Petition to Set Aside Submission of this consolidated proceeding, pursuant to Rule 84 of the Rules of Practice and Procedure; on December 12, 1983 EPWC filed a Statement in Opposition to this Petition.

Conclusions of Law

1. HFWR's Motion for a Continuance was properly denied by the assigned ALJ.

2. HFWR's Petition to Set Aside Submission of A.83-02-45 should be denied for failure to meet the requisites of Rule 64; to that extent only, the relief requested in EPWC's Statement relative to A.83-02-45 should be granted.

3. The increased rates are just and reasonable, and the application should be granted to the extent set forth in the following order.

4. This order should be effective ninety days from today. ✓

ORDER ON APPLICATION 83-02-45

IT IS ORDERED that:

1. On or after the effective date of this order, East Pasadena Water Company (EPWC) is authorized to file the revised rate schedules attached to this order as Appendix A. Such filing shall comply with General Order Series 96. The revised rate schedules shall apply only to service rendered on or after October 1, 1984.

2. EPWC is authorized to borrow \$1,545,000 from the State of California, under the Safe Drinking Water Bond Act of 1976 (SDWBA) administered by the California Department of Water Resources (DWR), to execute the proposed loan contract, and to use the proceeds for the purposes specified in the application.

3. To assure repayment of the loan, EPWC shall deposit all rate surcharge revenue collected with the fiscal agent approved by DWR. Such deposits shall be made within 30 days after the surcharge moneys are collected from customers.

4. EPWC shall establish and maintain a separate balancing account in which it shall record all billed surcharge revenue and interest earned on deposits made with the fiscal agent. The balancing account shall be reduced by payments of principal and interest to the DWR and by any charges for the services of the fiscal agent.

5. A separate statement pertaining to the surcharge shall appear on each customer's water bill issued by EPWC.

6. EPWC shall review its balancing account annually. If the number of ratepayers or other relevant factors have changed so that an amount in excess of the reserve required by DWR exists in the account, EPWC shall reduce the surcharge, notifying the

Commission and its ratepayers of the reduction. If the amount in the balancing account is less than the amount required by DWR, EPWC shall file an advice letter requesting that the surcharge be increased.

7. Plant financed through the SDWBA loan shall be permanently excluded from rate base for ratemaking purposes.

8. EPWC shall file with the Commission a copy of the loan contract with DWR and a copy of the agreement with the fiscal agent, within 30 days after these documents have been executed.

9. EPWC shall establish and maintain a separate bank account to ensure adequate accountability for deposits and disbursements of SDWBA loan construction funds advanced by DWR to the utility.

10. The ALJ's denial of HFWR's Motion to Continue A.83-02-45 and A.83-05-05 is affirmed.

11. HFWR's Petition to Set Aside Submission of A.83-02-45 is denied and the relief requested in EPWC's Statement is, to that extent, granted. HFWR's Petition to Set Aside Submission of A.83-05-05 and EPWC's correlative opposing statement, remain open and will be addressed at a later date.

12. Application 83-05-05 remains open and will be addressed by separate opinion.

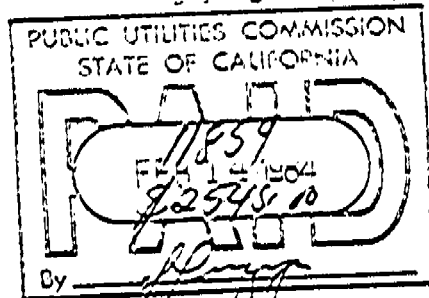
13. At the completion of the construction of the SDWBA plant improvements, EPWC will file a report with the Commission's Revenue Requirements Division describing the actual work completed and the cost of each major portion of the project.

14. Annually, beginning with December 31, 1984, EPWC will file with the Revenue Requirements Division a SDWBA status report in a manner prescribed by the Commission.

15. All construction work financed with SDWBA loan funds, other than that performed by EPWC personnel, shall be awarded to independent contractors using competitive bidding procedures. No contracts shall be awarded to any company or person affiliated with EPWC.

The authority granted by this order to issue an evidence of indebtedness and to execute a loan contract will become effective when the issuer pays \$2,545 set by PU Code Section 1904(b). In all other respects, this order is effective ninety days from today.

Dated December 22, 1983, at San Francisco, California.



LEONARD M. GRIMES, JR.
President

VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
WILLIAM T. BAGLEY
Commissioners

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

Josefa E. Bodovick
Josefa E. Bodovick, Executive Director

APPENDIX A
Page 1

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The territory within and adjacent to the Cities of Arcadia and Temple City, and adjacent to the Cities of Pasadena and San Marino, Los Angeles County, and as described on the service area map.

RATES

	Per Meter Per Month (Charge)	Per Meter ^{1/} Per Month (Surcharge)	
Service Charge:			
For 5/8 x 3/4-inch meter.....	\$ 3.70	3.25	(N)
For 3/4-inch meter.....	4.45	4.90	
For 1-inch meter.....	6.10	8.20	
For 1 1/2-inch meter.....	8.20	16.40	
For 2-inch meter.....	10.90	26.25	
For 3-inch meter.....	20.40	49.20	(N)
Quantity Rate:			
First 300 cu.ft., per 100 cu.ft.....	\$ 0.340		
Over 300 cu. ft., per 100 cu.ft.....	0.503		

The Service Charge is applicable to all metered service. It is a readiness-to-serve charge to which is added the charge, computed at the Quantity Rate, for water used during the month.

METERED SERVICE SURCHARGE^{1/}

NOTE:

This surcharge is in addition to the regular monthly metered water bill. The total monthly surcharge must be identified on each bill. This surcharge is specifically for the repayment of the California Safe Drinking Water Bond Act loan as authorized by Decision (a).

(a) Insert Decision Number in A.83-02-45 before filing tariff.

(N)
|
(N)

APPENDIX A
Page 2

Schedule No. 1-A

GENERAL METERED SERVICE SURCHARGE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The territory within and adjacent to the Cities of Arcadia, Temple City, and adjacent to the Cities of Pasadena and San Marino as described on the service area map. Los Angeles County.

TEMPORARY SURCHARGE

<u>Quantity Charge</u>	<u>Per Meter Per Month</u>
For all water use in excess of 500 cu. ft., per 100 cu. ft.....	\$0.00
 <u>Meter Charge</u>	
For 5/8 x 3/4-inch meter.....	\$0.13
For 3/4-inch meter.....	0.14
For 1-inch meter.....	0.19
For 1-1/2-inch meter.....	0.25
For 2-inch meter.....	0.34
For 3-inch meter.....	0.34

The surcharge shall be the meter charge and shall be added to charges computed with the basic General Metered Service Rates. This surcharge shall be applied to all bills for a six month period from the effective date of this schedule.

APPENDIX A
Page 3

Schedule No. 3

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all privately owned fire protection systems.

TERRITORY

Within the entire service area located within and adjacent to the Cities of Arcadia and Temple City; also adjacent to the Cities of Pasadena and San Marino, Los Angeles County, and as described on the service area map.

RATE

Per Service Per Month
Charge

For each inch of diameter of fire
sprinkler service connection..... \$ 4.20

SURCHARGE

Per Service Per Month^{1/}
Surcharge

2-inch service.....	26.25	(N)
4-inch service.....	82.00	
6-inch service.....	164.00	
8-inch service.....	262.40	(N)

SPECIAL CONDITIONS

- (1) The customer will pay, without refund, the entire cost of installing the fire sprinkler service, including a detector check meter or other suitable devices equal in size to service line requested. Complete fire sprinkler service will be the property of the utility.
- (2) The minimum diameter for the fire sprinkler service will be 3 inches, and the maximum diameter will be not more than the diameter of the main to which the service is connected.

APPENDIX A

Page 4

Schedule No. 3

- (3) The customers' installation must be such as to effectively separate the fire sprinkler system from that of the customers' regular water service. As a part of the sprinkler service installation, there shall be a detector check, or other similar device acceptable to the Company, which will indicate the use of water. Any unauthorized use will be charged for at the regular established rate for General Metered Service and/or may be grounds for the Company discontinuing the fire sprinkler service without liability to the Company.
- (4) There will be no cross-connection between the fire sprinkler system supplied by water through the Company's fire sprinkler service to any other source of supply without the specific written approval of the Company. The specific approval will require, at the customer's expense, a special double check valve installation or other service acceptable to the Company. Any such unauthorized cross-connection may be the grounds for immediately discontinuing the sprinkler service without liability to the Company.

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Schedule No. 3

PRIVATE FIRE PROTECTION SERVICE

PRIVATE FIRE PROTECTION SERVICE SURCHARGE^{1/}

NOTE:

This surcharge is in addition to the regular monthly metered water bill. The total monthly surcharge must be identified on each bill. This surcharge is specifically for the repayment of the California Safe Drinking Water Bond Act loan as authorized by Decision _____ (a).

- (a) Insert Decision Number in A.83-02-45 before filing tariff.

(N)

(N)

(END OF APPENDIX A)

Water Rights (HFWR). HFWR's basic position was that both applications should be denied, EPWC should be put out of business, and some entity to be chosen by EPWC's customers should take over the utility operation.

HFWR purports to represent EPWC's entire service area. Two of its principal officers, however, are from another group called 80-2 Annexation. This group spearheaded opposition to A.83-02-45 at the March 16, 1983 public meeting. It is likely that many of the people at the public hearing were also members of 80-2 Annexation.^{2/}

Nearly 40 customers either made statements or testified. They complained about the old water system and deficient fire protection. They protested both the surcharge and general rate increase requests. Although protests against requests for substantial rate increases are certainly not unexpected, in this instance erroneous information disseminated by HFWR may have had an influence.^{3/}

Motion for Continuance

At the outset of the September 13 evidentiary hearing, counsel for HFWR moved for a continuance of this proceeding for several months. He asserted that there was a lack of data available to HFWR, that there had been a lack of time and funds for HFWR to

2/ The 80-2 Annexation area has sought unsuccessfully for some time to be annexed to the City of Arcadia. Deficiencies in the water system's fire-flow capability, in streetlighting, and in curbs and gutters for streets appear to have handicapped the annexation efforts. This area has about 16% of EPWC's customers (421 services--serving approximately 500 dwelling units--out of a total of about 2,600 services).

3/ For example, in one of the information sheets put out by HFWR, included in Exhibit 10, it was asserted that "the average rate for 1,000 cubic feet of water by four local water companies is \$4.82. Your rate for the same amount of water delivered by East Pasadena Water Company is \$8.99. The message is your (sic) paying almost double!! That should burn you up!" According to Exhibit 11, the actual comparison should have been \$7.93 (instead of \$4.82) versus \$8.99.

analyze properly the reports prepared by the Commission staff, that HFWR wants to obtain the services of a law firm experienced in rate matters before this Commission, and that HFWR would like to have accountants do an audit to confirm the records of EPWC and related companies.

The president of HFWR, Edwin Jenkins, and the 80-2 Annexation group have been active in the loan application matter since some time before the March 16, 1983 public meeting. Jenkins has had available a copy of the general rate increase application, which includes EPWC's basic revenue requirement study, for several months and a copy of the detailed work papers for that study since mid-August. In addition, Jenkins personally delivered, on August 30, 1983, a letter to EPWC setting forth a detailed data request consisting of 19 items. He set September 7, 1983 as the date he wanted to have this information. In meeting this time requirement it was necessary for EPWC to require someone to work over the Labor Day weekend. Clearly, there has not been a lack of data available to HFWR.

A.83-02-45 should go forward expeditiously. The \$1.5 million system improvement project is needed and the letter of commitment for the SDWBA loan expires December 31, 1983. In addition, EPWC has requested the County of Los Angeles Road Department to omit at this time from its road and storm drain project on Naomi Avenue the top course of asphalt concrete pavement on the southerly eight-foot strip of Naomi Avenue from Oak Avenue to Golden West Avenue in order for EPWC to install a replacement main if the SDWBA funds are obtained.

In regard to A.83-05-05 the decision is scheduled for early December under the rate case processing plan. Both EPWC and staff have shown in their respective studies that under present rates EPWC is operating at a loss.

Under these circumstances the motion for a continuance was ruled upon by the assigned ALJ as follows:

"ALJ MAIN: We are going to go forward with the hearing in both matters.

"The motion at this point is denied.

"It may be renewed before the end of the hearings; and if the development of the record is such that I deem it appropriate, my ruling could be conceivably reversed."

Counsel for HFWR participated in the September 13 hearing until the morning recess, after which he did not return. Development of a comprehensive record ensued and the matters were submitted on September 15, 1983 subject to the filing of certain exhibits due September 26, 1983 and, for A.83-05-05, concurrent briefs due October 5, 1983. A separate decision will be issued in each application.

Comparison of Internally Generated Funds
and Expenditures for Capital Improvements

As shown in Exhibit 3, internally generated funds consisting of net income and depreciation averaged \$24,379/year for the period 1950 through 1982 and \$33,413/year for the period 1975 through 1982. For these same periods expenditures for capital improvements averaged \$31,418/year and \$48,856/year, respectively. It is thus seen that for many years both profits and depreciation funds have been reinvested in the utility.

Phase I of Master Plan
By Construction Priority

<u>Description of Item</u>	<u>Estimated Cost</u>	<u>Work to Be Performed By</u>
1. Master Plan	\$ 15,000	Engineer (completed)
2. New Mains - Longden-Kauffman-Golden West	428,000	Contractor
3. Mains - Naomi-Pantry Market to 10" main	107,000	Contractor
4. New Mains - Michigan-California-Woodward-Michillinda	121,000	Contractor
5. New Mains - Olema-Trelawney	142,000	Contractor
6. Plant #9 - 1 mil gal res	188,000	Contractor
7. Plant #8 - .5 mil gal res	125,000	Contractor
8. Mains - Val & Barella	83,000	Contractor
9. Mains - Mountain View	111,000	Contractor
10. Mains - Laurita	44,000	Contractor
Contingencies, Engineering and Inspection	136,000	
Total Contract Work	1,500,000	
DWR Loan Fees	45,000	
	<u>\$1,545,000</u>	

Project 2 (New Mains - Longden-Kauffman-Golden West) is the largest project. It will start 350 feet south of Duarte Road on Golden West Avenue and proceed southbound with a 12-inch main to the corner of Lemon Avenue and Golden West Avenue. There the line size will change to eight inches and proceed south again to Longden Avenue. It will proceed west on Longden Avenue to the existing 12-inch line on Oak Avenue.

EPWC's present rates for general metered service and private fire protection service became effective August 1, 1980 and were authorized by Resolution W-2684. According to the application, the estimated annual gross revenues for 1983 at present rates, exclusive of the surcharge, will be approximately \$513,000. The \$202,574 yearly increase resulting from the SDWBA loan surcharge thus would increase EPWC's revenues by approximately 39.5%.

Uncontroverted Need

Witnesses testified without contradiction to the immediate need for the Phase I improvements of the master plan, which have to be made regardless of who operates the water system, and to the following:

1. DWR is the sole source available for such a loan; EPWC was turned down by a regular lending institution;
2. The amount of the SDWBA water system improvements cannot be added to rate base; therefore, they cannot be used as a basis for future increase in rates requested by EPWC; and
3. These loans are coadministered by DWR and DHS. DWR's function is to analyze the applications and determine if the costs are reasonable. DHS approved the proposed project plans and specifications and monitors the project.

Taking all these factors into account we conclude that this application should be granted. EPWC will, therefore, be authorized to enter into a contract with DWR for a SDWBA loan not to exceed \$1,545,000 to permit EPWC to engage in the various improvements specified in its application. Also, EPWC will be authorized to institute a surcharge on customers' bills to repay the SDWBA loan.

fire protection standards until the entire Master Plan is completed at a presently estimated cost of \$7.5 million. We recognize the concerns expressed during the public hearings by some of EPWC's customers that the water system as currently constituted may not be able to afford this \$7.5 million expenditure. We also recognize the suggestion of some customers that merger with an adjacent water system, or formation of a new county water district might provide a cost effective solution to the problem. From a practical standpoint, such long range solutions may be complicated and time consuming. For example, it is unlikely that customers of an adjacent system would assume the financial burden of upgrading EPWC plant facilities without reimbursement. It is more likely that before an adjacent system would expand to serve the EPWC area it would first require EPWC customers to acquire the existing water plant and upgrade it to meet existing standards. If customers choose the condemnation route, county and voter approvals must be obtained, EPWC's water rights and plant facilities must be condemned or otherwise acquired, approval of the Local Agency ^{Formation} Foundation Commission must be obtained, an assessment district or other legal entity must be formed. There is no certainty that these steps can be accomplished in a timely manner, or at any substantial savings in costs over those associated with a SDWBA loan.

These practicalities must be weighed against the present urgent need for system upgrading. Indeed we are compelled by the deteriorating condition of the present system to authorize the \$1.5 million SDWBA loan, since the urgency of the Phase I improvements has been clearly demonstrated. Regardless of what the future may hold for this water system, the \$1.5 million SDWBA loan would be well spent on urgent improvements.

However, to afford the EPWC customers every opportunity to come forward with tangible alternate plans we shall make our order effective in ninety days. If during this interval HFWR or another

To ensure adequate accountability of SDWBA loan construction funds advanced by DWR to the utility, such funds should be deposited by EPWC in a separate bank account. All disbursements of such DWR loan funds should also pass through this bank account.

The DWR has expressed a clear preference for the surcharge method of financing SDWBA loans, in lieu of rate base treatment, because the surcharge method provides greater security for its loans. The Commission considered this issue of surcharge versus rate base in A.57406 of Quincy Water Company^{S/} where it concluded that the surcharge method is the most desirable method of financing SDWBA loans.

The SDWBA loan repayment surcharge should be separately identified on customers' bills. The utility plant financed through the surcharge should be permanently excluded from rate base for ratemaking purposes and the depreciation on this plant should be recorded in memorandum accounts for income tax purposes only.

EPWC should establish a separate balancing account to be credited with revenue collected through the surcharge, and with interest earned on funds deposited with the fiscal agent. Surcharge revenues should be deposited with the fiscal agent within 30 days after collection. The balancing account should be charged with payments of principal and interest on the loan

5/ Decision 88973 dated June 13, 1978, 84 CPUC 79.

and for the services of the fiscal agent. The surcharge should be adjusted periodically to reflect changes in the number of connections and resulting overages or shortages in the balancing account. Such changes in future rates should be accomplished by normal advice letter procedures.

The SDWBA rate surcharge authorized will cover only the cost of the loan incurred to finance the added plant and will not preclude the likelihood of future rate increase requests to cover rising costs of repair materials, wages, property taxes, power bills, or other operating expenses that may be incurred in the future. This is borne out, of course, by A.83-05-05, supra.

According to staff, in order for the surcharge to produce enough revenue to meet the initial payment of interest on the SDWBA loan due in January 1985, it is necessary for EPWC to place the surcharge into effect beginning October 1984. This will enable the utility to meet the initial payment and make the regular semiannual payments thereafter.

Findings of Fact

1. The EPWC water system is for the most part old and deteriorated.
2. A master plan of needed improvements to bring the EPWC water system up to current standards indicates those improvements would cost between \$7.0 and \$7.5 million.
3. The master plan is in two phases. Phase I consists of high priority projects which will fit within the maximum loan available under the SDWBA, represents an excellent start to upgrading the system, and is essential to maintaining compliance with health and safety standards.

12. The rate surcharge established to repay the SDWBA loan should last as long as the loan. The rate surcharge payment should not be intermingled with other utility charges, and such repayment surcharge should be separately identified on customers' bills.

13. The utility plant financed through this SDWBA loan should be permanently excluded from rate base for ratemaking purposes.

14. EPWC should establish a separate balancing account to be credited with revenue collected through the surcharge, and with interest earned on funds deposited with the fiscal agent. The balancing account should be reduced by payments of principal and interest on the loan and with any charges for the services of the fiscal agent.

15. The rate surcharge should be reviewed annually and adjusted as necessary to reflect changes resulting in overages or shortages in the balancing account.

16. The rate surcharge should be placed in effect beginning October 1, 1984 to meet the initial payment due in January 1985.

17. An average interest rate for all SDWBA loans will be determined after all of the State of California Safe Drinking Water Bonds have been sold. At that time, the interest rate on each SDWBA loan outstanding will be adjusted to reflect the average rate.

Conclusions of Law

1. The increased rates are just and reasonable, and the application should be granted to the extent set forth in the following order.

2. This order should be effective today to allow the earliest possible implementation of these necessary SDWBA water system improvements.

Commission and its ratepayers of the reduction. If the amount in the balancing account is less than the amount required by DWR, EPWC shall file an advice letter requesting that the surcharge be increased.

7. Plant financed through the SDWBA loan shall be permanently excluded from rate base for ratemaking purposes.

8. EPWC shall file with the Commission a copy of the loan contract with DWR and a copy of the agreement with the fiscal agent, within 30 days after these documents have been executed.

9. EPWC shall establish and maintain a separate bank account to ensure adequate accountability for deposits and disbursements of SDWBA loan construction funds advanced by DWR to the utility.

10. Application 83-05-05 remains open and will be addressed by separate opinion.

The authority granted by this order to issue an evidence of indebtedness and to execute a loan contract will become effective when the issuer pays \$2,545 set by PU Code Section 1904(b). In all other respects, this order is effective today.

Dated _____, at San Francisco, California.

13. At the completion of the construction of the SDWBA plant improvements, EPWC will file a report with the Commission's Revenue Requirements Division describing the actual work completed and the cost of each major portion of the project. SS

14. Annually, beginning with December 31, 1984, EPWC will file with the Revenue Requirements Division a SDWBA status report in a manner prescribed by the Commission.

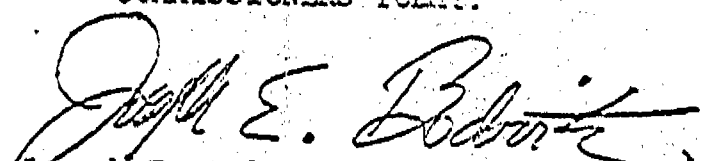
15. All construction work financed with SDWBA loan funds, other than that performed by EPWC personnel, shall be awarded to independent contractors using competitive bidding procedures. No contracts shall be awarded to any company or person affiliated with EPWC.

The authority granted by this order to issue an evidence of indebtedness and to execute a loan contract will become effective when the issuer pays \$2.545 set by PU Code Section 1904(b). In all other respects, this order is effective ninety days from today.

Dated DEC 22 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.
President
VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
WILLIAM T. BAGLEY
Commissioners

I CERTIFY THAT THIS DECISION
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Joseph E. Bodovitz, Executive Director