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Decision 97-03-001 March 7, 1997

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF  
CALIFORNIA

Robert G. Belmont,

Complainant,

vs.

California Water Service Company,

Defendant.

ORIGINAL

Case 96-01-015  
(Filed January 12, 1996)

OPINION

1. Summary

The Commission in Interim Decision 96-09-026 (September 4, 1996) in this case found for the complainant and against the water utility serving the City of South San Francisco on evidence that the utility did not act promptly to resolve customer complaints of excess turbidity in their drinking water. The utility was directed to install and test the effectiveness of a fabric bag filtration system, but that installation was unsuccessful. The utility now proposes installation of a more sophisticated manganese filtration system. The Commission's Water Division analyzed the utility's proposal and, along with the Office of Drinking Water of the Department of Health Services, recommends that the utility be directed to proceed. This decision directs the new installation and orders the Water Division to test its effectiveness, recommending further proceedings as necessary. The effect on rates of the new system will be analyzed in the next general rate case for the South San Francisco District. This complaint case is closed.

**2. Background**

For the past five years, brown water has been flowing from time to time from faucets in an older neighborhood in and around Grand Avenue in the City of South San Francisco. The area is served by California Water Service Company (CWS), which with its 20 water districts and 367,000 customers is the state's largest privately owned water company.

Robert G. Belmont filed this complaint on behalf of himself and 18 neighbors in January 1996 alleging a violation of Commission General Order 103, which requires that water companies deliver safe, clean water. CWS in its answer stated that it had taken numerous steps to remove the sediment from the water supply, including frequent flushing of mains and modification of a collection tank. After the complaint was filed, the company installed a \$70,000 fabric bag filtration system to filter out sediment. CWS said tests by the Department of Health Services confirmed that the water was safe to drink and that the problem was an aesthetic one, that is, the water from time to time has unpleasant color, odor and taste.

At hearing on May 13, 1996, a witness for the Department of Health Services testified that iron bacteria in wellheads of some of the seven older wells serving the area was the likely source of the turbid water. He said that while these organisms are not harmful to human health, they produce a slimy waste product that mixes with rust and sloughs off into water as sediment. The sediment is stirred up during periods of high flow and causes discoloration of the water. Witnesses for CWS acknowledged that they had received more than 200 complaints from a three-block area near Grand Avenue in a two-year period. The company responded with increased flushing of mains. When this failed to solve the problem, CWS early in 1996 closed the wells serving South San Francisco for four months to install the fabric bag filtration system. While the wells were out of service, the district was supplied with additional and more

costly Hetch Hetchy surface water purchased from the San Francisco Water Department.

In an Interim Decision dated September 4, 1996, the Commission ruled for the complainant, concluding that the utility did not properly monitor the turbidity problem, that it knew by 1994 that flushing alone could not correct the problem, and that the company's investigation of a filter system should have taken place earlier. CWS was ordered to complete the filter installation and to report to the Commission in 120 days on the system's effectiveness.

### **3. Subsequent Developments**

CWS on October 16, 1996, issued its report on results of its filter installation. CWS stated that the fabric bag system failed to remove enough of the iron bacteria sediment and other impurities to resolve the turbidity problem, and maintenance costs were excessive. Accordingly, CWS proposed installation of a more sophisticated manganese filtration system at a cost of approximately \$750,000. The company reported that it had scheduled a public meeting on November 19, 1996, in South San Francisco to explain its proposal to ratepayers. The public meeting was announced by mailed notice and by newspaper advertisements.

In a ruling dated October 28, 1996, the assigned administrative law judge directed the Water Division to analyze the company's proposal, to monitor the public meeting on November 19, and to file a written report with recommendations. In particular, the Water Division was asked to examine the effect on rates of the proposed new filter system, and to compare the effect on rates if CWS were to close some South San Francisco wells and increase the amount of water purchased from the San Francisco Water Department.

### **4. Water Division Recommendations**

The Water Division issued its report on December 23, 1996. Based on its investigation, the Division reached the following conclusions:

\* The proposed manganese filtration system has been used successfully in other locations to remove manganese and other solids, including iron bacteria. The system is endorsed by the Office of Drinking Water of the Department of Health Services, which has monitored CWS's efforts in South San Francisco.

\* Cost of the manganese filter system will be approximately \$750,000. If all costs were allowed in the next general rate case for the district, rates in the district could increase by 1.3%. Closing affected wells and increasing the use of purchased water in the district would result in a rate increase of approximately 4.5%.

\* Ground water sources of water (wells) in the San Francisco peninsula are a valuable resource, and abandonment of wells should be avoided if other solutions are available.

The Water Division adds that, according to the Department of Health Services, federal and state water quality standards are likely soon to identify manganese as a primary contaminant. Thus, removal of manganese from potable water is likely to be a requirement for utilities like CWS.

Based on these findings, the Water Division recommends that CWS be directed to proceed with installation of a manganese filtration system in the South San Francisco District. The Division further recommends that CWS be required to submit a report to the Commission 120 days after the system is completed and placed in service. The report would include results of water quality tests for manganese and iron bacteria.

#### 4. Conclusion

We will adopt the recommendations of our Water Division. Based on the evidence of record, installation of a manganese filtration system offers what appears at this time to be the best solution for improving the quality of water in the utility's South San Francisco District. The utility exercised prudent judgment in first attempting to resolve the problem with a less costly fabric bag filter system. Unfortunately, that effort was unsuccessful.

We will require CWS to submit a written report on or before 120 days of operation of the new filter system on the success of the system in removing manganese and iron bacteria from the water and reducing the turbidity that prompted this complaint. The report should be submitted both to our Water Division and to the Office of Drinking Water of the Department of Health Services.

We will reserve judgment until the next general rate case for this district on the amount of costs of the filter systems that CWS will be permitted to reflect in calculating future rates, mindful that a violation of General Order 103 has been shown here, and that costs of correcting the turbidity problem might have been less had CWS acted more promptly.

Our decision today closes this case. However, the Water Division is instructed to review the results of CWS's operation of the manganese filtration system, to consult as necessary with the Department of Health Services, and to initiate a further investigative proceeding if that is deemed advisable.

**Findings of Fact**

1. In Interim Decision 96-09-026 (September 4, 1996), the Commission found that CWS had violated General Order 103 in failing to act promptly to deal with excess turbidity in water in the utility's South San Francisco District.

2. CWS was directed to complete installation of a fabric bag filtration system, and the Commission's Water Division was directed to monitor this effort.

3. The fabric bag filtration system failed to resolve the problem of excess turbidity. CWS met with ratepayers and announced its plan to install a more costly manganese filtration system.

4. Manganese filtration systems have been successful in other locations in removing manganese and iron bacteria sediment.

5. A manganese filtration system will be substantially less costly than closing South San Francisco wells and increasing the amount of purchased water.

The Commission's Water Division, as well as the Department of Health Services, recommends that CWS be directed to proceed with installation of the manganese filtration system.

Conclusions of Law

1. CWS should be directed to proceed with its proposed installation of a manganese filtration system in the utility's South San Francisco District, and to report in 120 days on the results of the installation.
2. The Water Division should be directed to review the results of CWS's operation of the new filter system and to recommend further proceedings as necessary.
3. Costs of CWS's installation of filtration systems should be evaluated as part of the next general rate case for the South San Francisco District.
4. To encourage prompt resolution of this matter, this decision should be effective immediately.

ORDER

IT IS ORDERED that:

1. The Commission reaffirms Interim Decision 96-09-026 (September 4, 1996), finding for the complainant, Robert G. Belmont, and against the defendant, California Water Service Company (CWS).
2. CWS is directed to proceed with installation of a manganese filtration system in its South San Francisco District.
3. CWS is directed on or before 120 days following operation of the manganese filtration system to report in writing on the effectiveness of the new system to the Water Division and to the Department of Health Services.
4. The Water Division is directed to review the results of CWS's operation of the manganese filtration system and, if necessary, to recommend to the Commission whatever further proceedings it deems advisable.

5. Reasonableness of the costs of CWS's filtration systems shall be evaluated as part of the utility's next general rate case for the South San Francisco District.

6. This case is closed.

This order is effective today.

Dated March 7, 1997, at San Francisco, California.

P. GREGORY CONLON  
President

JESSIE J. KNIGHT, JR.

HENRY M. DUQUE

JOSIAH L. NEEPER

RICHARD A. BILAS

Commissioners