

ALJ/AVG/mrj

Mailed 12/17/98

Decision 98-12-052 December 17, 1998

**ORIGINAL**

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Mr. and Mrs. Bob D. Cooke and  
Mr. and Mrs. Weldon Bramlett,

Complainants,

vs.

Arrowhead Manor Water Company,

Defendant.

Case 97-05-012  
(Filed May 5, 1997)

Weldon and Marian Bramlett and

Bob and Lorraine Cooke, complainants.

Lance L. Johnson, for Arrowhead Manor Water  
Company, defendant.

Best Best & Krieger, by Martin T. Riddell, Attorney at  
Law, and Roxanne M. Holmes, for Crestline-Lake  
Arrowhead Water Agency, and Robert Quezada, for  
himself; interested parties.

Daniel R. Paige, Water Division.

**O P I N I O N**

**Summary**

This decision requires Arrowhead Manor Water Company (AMWC), to transfer two of its customers to the Crestline Lake Arrowhead Water Agency (CLAWA) or make the necessary repairs. A memorandum account is authorized for possible future recovery of associated expenses.

**Background**

AMWC provides water service to approximately 600 customers in the vicinity of Cedar Glen in the mountainous Lake Arrowhead region of San Bernardino County.

Mr. and Mrs. Bob D. Cooke and Mr. and Mrs. Weldon Bramlett (complainants) own the property located at 29277 Hook Creek Road in Cedar Glen. Complainants are customers of AMWC.

In December 1995, complainants experienced problems with the water pressure at their property. According to complainants, the problems of water pressure resulted from a rupture in the water main supplying water to their property. Complainants state that the rupture in the main occurred under Hook Creek Road.

Complainants' neighbor, Robert A. Quezada<sup>1</sup> who resides at 29271 Hook Creek Road in Cedar Glenn, also experienced similar water pressure problems.

Complainants and Mr. Quezada tried to correct their service problem by contacting the owner of AMWC, Lance Johnson. Despite numerous promises by Mr. Johnson to repair the main, he has not repaired the main. Complainants and Mr. Quezada are now receiving water service through a rubber hose connected to their neighbor's water supply line.

Having failed to have Mr. Johnson repair the main and to provide adequate water service to their property, complainants filed this complaint on May 5, 1997. Complainants request that the water main serving their residence be repaired and their water service restored.

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<sup>1</sup> Although Mr. Quezada did not join the complainants in filing the complaint, he filed an appearance in the proceeding and provided testimony.

Notice of the filing of the complaint was sent to AMWC on May 13, 1997. The notice directed AMWC to file an answer to the complaint within 30 days as required by Rule 13.1 of the Commission's Rules of Practice and Procedure.

AMWC failed to file an answer to the complaint.

An evidentiary hearing in the proceeding was scheduled to be held on July 22, 1997.

By a letter dated July 2, 1997, AMWC requested a postponement of the hearing stating, among other things, that it was negotiating with CLAWA to have CLAWA provide water service to complainants. AMWC stated that CLAWA has an existing main in the street adjacent to complainants' property.

As requested by AMWC, the assigned administrative law judge (ALJ) postponed the hearing.

On October 29, 1997, the ALJ wrote a letter to AMWC, requesting AMWC to provide by November 7, 1997, a written status report of its negotiations with CLAWA regarding the service to be provided to complainants. AMWC did not respond to ALJ's letter. Accordingly, the ALJ issued a ruling on January 21, 1998 setting an evidentiary hearing on February 25, 1998 in San Bernardino.

Not only did AMWC fail to appear at the San Bernardino hearing, it failed to inform the Commission that it would not appear.

Complainants appeared at the hearing in San Bernardino. Complainants stated that they had been without water service for over a year. Complainants requested that the Commission take immediate action to restore their water service.

After the hearing in San Bernardino, the ALJ requested the staff of the Commission's Water Division (WD) to investigate the complaint and to prepare a report containing its recommendations to resolve the issues in this complaint.

WD staff prepared its report and mailed to the parties on April 2, 1998.

### Second Evidentiary Hearing

Following the preparation of WD staff's report, the ALJ issued a ruling on April 3, 1998 setting a second evidentiary hearing on April 23, 1998 in Lake Arrowhead.

Mr. Johnson did attend the second evidentiary and filed an appearance for defendant, AMWC. Also, CLAWA, Robert Quezada (complainants' neighbor), and WD staff filed appearances at the second evidentiary hearing.

At the hearing, Mr. Quezada testified for complainants. He described in detail the water service problems faced by him and complainants. He stated that he and complainants would like to be served by CLAWA.

CLAWA stated that it was willing to serve complainants and Mr. Quezada if they paid a connection fee of \$2,500 per residence and if CLAWA received authorization to serve the two customers from the Commission and AMWC.

In his testimony for AMWC, Mr. Johnson stated that he agreed with Mr. Quezada's description of the water problems faced by him and complainants. Mr. Johnson stated that he would not be able to restore service to the two residences in question. According to Mr. Johnson, the only resolution to the water service problem would be to let CLAWA serve the two residences. Mr. Johnson agreed to authorize CLAWA to serve complainants and Mr. Quezada.

As to the payment of hook-up fees, Mr. Johnson, in response to a question by the ALJ, testified as follows:

"Q. Now, about the hook-up fees of \$2,500 per residence, what is your position?"

"A. If I had the money, I'd be more than happy to do that. I don't know if I can come up with that kind of money right now or not, but whatever the Commission decides is what we'll have to do. We'll have to deal with it." (TR Vol. 2, pp. 27, 28.)

Complainants and Mr. Quezada believe that the hook-up fees should be paid by AMWC. According to Mr. Quezada, the total hook-up fee of \$5,000 for the two residences is considerably less than the estimated cost of \$8,000 to make the necessary repair to the water main which was serving the two residences.

### Discussion

Based on the evidence in the proceeding, it is obvious that the best interests of all affected parties will be served by having complainants and Mr. Quezada served by CLAWA if AMWC cannot perform the repairs expeditiously. We will authorize the transfer of the two customers from AMWC to CLAWA.

Next, we will consider the issue of payment of hook-up fees. Commission's General Order 103 specifies that water utilities shall provide wholesome, potable water to its customers at a pressure of 40 pound per square inch (psi) to 120 psi. As a public utility, it is the responsibility and obligation of AMWC to provide adequate water service to all its customers. AMWC, by its own admission, has failed to provide any water to complainants and Mr. Quesada for over a year. Accordingly, AMWC has failed to meet its public utility obligation to complainants and Mr. Quesada. AMWC has two options to meet its obligations to complainants and Mr. Quezada: (1) to make the necessary repairs to the water main for an estimated cost of \$8,000 or (2) to reimburse complainants and Mr. Quezada for the total CLAWA hook-up fee of \$5,000.

AMWC has decided not make the necessary repairs to the system which is obvious from Mr. Johnson's response to a question by the ALJ:

"Q. Do you have a plan to restore their service?

"A. No. We've talked about that and I've talked to your staff about that. I have no plan really to do it. The only way I could do it was to lay 500 feet of pipe down Hook Creek Road and hook them up, outside of that - - I can't do that. The only plan I have is dealing with CLAWA and see if they could turn on service to them and give up those two houses." (TR Vol. 2, p. 27.)

We will require that AMWC notify the staff and the complainants and Mr. Quezada within 5 days of the effective date of this order if AMWC will complete the repairs within 45 days of this order. If AMWC cannot commit to make the repairs in this time frame, then we will allow the AMWC service to these two residences be transferred to CLAWA. AMWC shall be responsible for up to \$2,500 per dwelling of the complainants' connection fee.

We will require AMWC to either make the necessary repairs or to reimburse complainants and/or Mr. Quezada for the hook-up fee paid to CLAWA by them within 45 days of their written request for such reimbursement. The written request for reimbursement must be accompanied by a receipt of payment of hook-up fee to CLAWA and should not exceed \$2,500 per dwelling.

If AMWC fails to reimburse complainant and/or Mr. Quezada, they may seek recovery of the amount through the appropriate court of law.

We will authorize AMWC to establish a memorandum account for either the amount of the repairs or the connection fee. At its next general rate case filing or sooner by special advice letter filing, AMWC may attempt to show that the amount in the memorandum account represents a reasonable expenditure. If the showing is sufficient, we will allow recovery of this expenditure in rates.

#### **Findings of Fact**

1. Complainants and Mr. Quezada own properties located at 29277 and 29271 Hook Creek Road, respectively, in Cedar Glenn.

2. The water main connecting the complainants and Mr. Quezada to the AMWC has been served.

3. Complainants and Mr. Quezada have not received water service from AMWC for over a year.

4. AMWC can meet its public utility obligation to complainants and Mr. Quezada either by making repairs to its water main for an estimated cost of \$8,000 or by reimbursing complainants and Mr. Quezada for the hook-up fee of \$2,500 per dwelling charged by CLAWA.

5. AMWC is willing to transfer complainants' and Mr. Quezada's service to CLAWA.

6. Either the amount of the repairs or the connection fee is an unanticipated extraordinary expense which may be recovered in rates if it is later shown that the expenditure is reasonable.

7. CLAWA is willing to serve complainants and Mr. Quezada conditioned upon payment of a hook-up fee of \$2,500 per residence and receiving Commission authorization to serve the two customers.

#### **Conclusions of Law**

1. AMWC is obliged to provide service to complainants and Mr. Quezada.

2. AMWC can only meet its public utility obligation by reimbursing complainants and Mr. Quezada for the hook-up fee they pay CLAWA or by making the needed repairs expeditiously.

3. CLAWA should be authorized to serve complainants and Mr. Quezada if repairs are not made expeditiously.

4. AMWC should be required to reimburse complainants and/or Mr. Quezada for the hook-up fee they pay CLAWA.

5. This order should be made effective today to expedite restoration of service to complainants and Mr. Quezada.

6. AMWC should be allowed to establish a memorandum account for the amount of either the cost of the repairs in question or the cost of the hook-up fees (up to \$5,000) paid to CLAWA.

**O R D E R**

**IT IS ORDERED that:**

1. We authorize and herewith effect the transfer from Arrowhead Manor Water Company (AMWC) to Crestline Lake Arrowhead Water Agency (CLAWA) the water service to properties located at 29271 and 29277 Hook Creek Road in Cedar Glen if AMWC fails to make the necessary repairs within 45 days of the date of this order.

2. AMWC shall reimburse Mr. and Mrs. Robert D. Cooke and Mr. and Mrs. Weldon Bramlett (complainants), and Robert A. Quezada, interested party, for the hook-up fee they pay to CLAWA within 45 days of written request by complainants and or Robert A. Quezada.

3. The written request for reimbursement of the hook-up fee shall be accompanied by a receipt from CLAWA for payment of the fee.

4. The reimbursement for hook-up shall not exceed \$2,500 per property.

5. If AMWC fails to reimburse complainants and/or Robert A. Quezada for the hook-up fee within 45 days of their written request, they may seek recovery of the hook-up fee through the appropriate court of law.

6. AMWC is authorized to establish a memorandum account covering the expenditures for making the subject repairs or the connection fees (up to \$5,000) paid to CLAWA.



7. This proceeding is closed.

This order is effective today.

Dated December 17, 1998, at San Francisco, California.

RICHARD A. BILAS

President

P. GREGORY CONLON

JESSIE J. KNIGHT, JR.

HENRY M. DUQUE

JOSIAH L. NEPPER

Commissioners