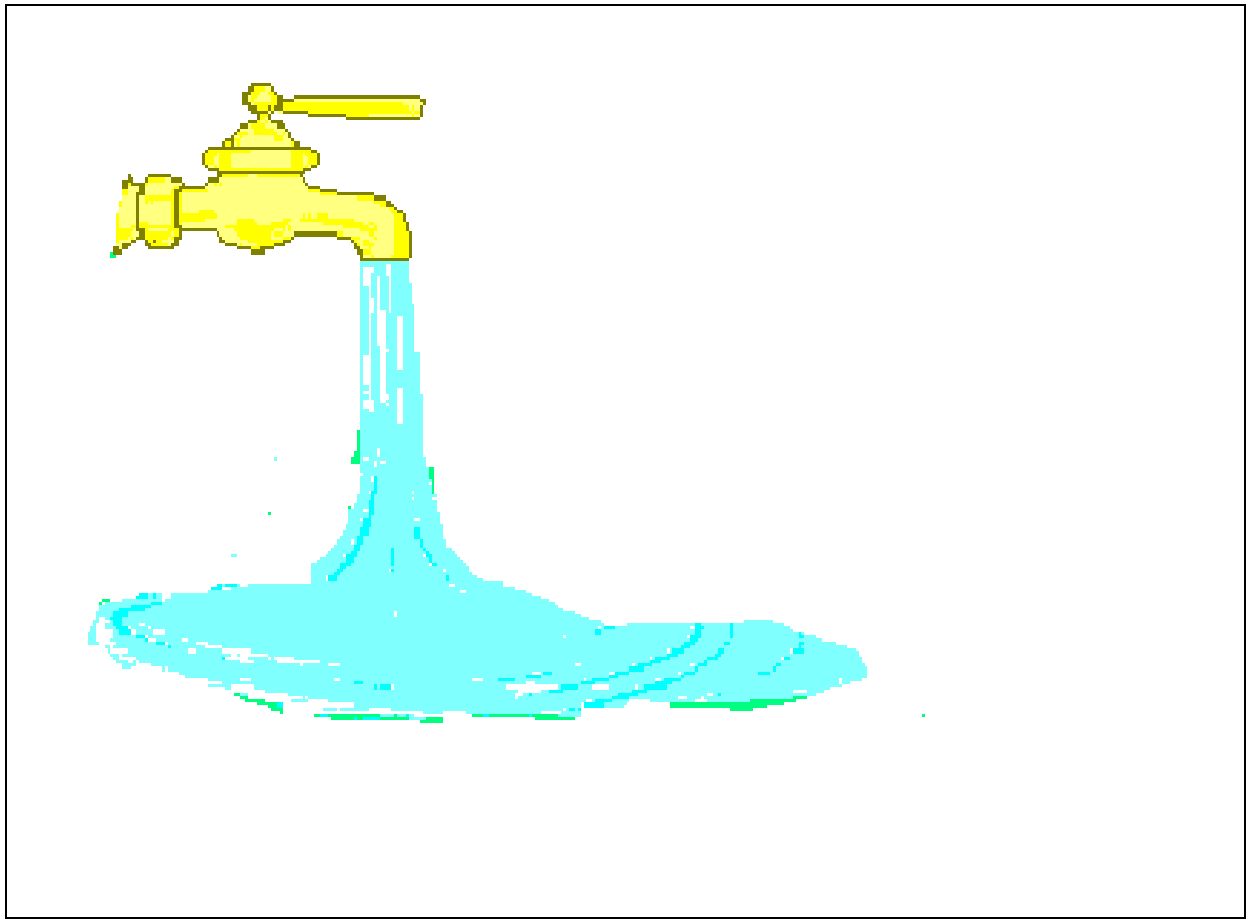
California
Public Utilities Commission

Water Division Outreach Program

The Condition of Commission Regulated
Small Water Utilities
1999 Anecdotal Report



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Acronyms Defined:

DHS	Department of Health Services
G.O.	General Order
g.p.m.	Gallons Per Minute
p.s.i.	Pounds Per Square Inch
GRC	General Rate Case
SDWBA	State Drinking Water Bond Act
SRF	State Revolving Fund

Editing of this report was completed by Kerrie Evans, Utilities Engineer, member of the Water Division's Water Advisory Branch.

Alpine Village Water Company

Alpine Village Water Company (AVWC) is owned by two brothers, John and Charles Roberts. Alpine sells water to a subdivision called, Alpine Village, located 5 miles north of Camp Nelson in Tulare County. The company's tariff schedules include only one price for water service, a flat rate of $19 a month to about 37 connections. The water quality is very good. There has been no problem with the DHS.

Physical Plant:

There is a 44,000 gallon steel tank. The water system uses 95% spring water and 5% well water. The system's sources consist of two springs and one 6.5-inch diameter well that is 39 feet deep and can pump at 55 g.p.m. The owners would like to build another storage tank and are currently installing meters. The system supplies nine hydrants. The piping is about 35 years old and is gravity fed to the connections. The water pressure is good. During the wintertime, the pipes break because of the extreme cold temperature. The water is not treated unless there is a leak, then a chlorine solution is added around the leak.

Financial Status:

The utility's average net income over the last five years is $262. They lost $872 last year. The last time Mr. Roberts asked for a rate increase was in 1993. He is considering applying for a GRC soon. He did not apply for either the SDWBA or the SRF. His greatest expenditure every year is equipment.

Future Outlook:

Mr. Roberts does not expect any growth because the area is built out. He would like to build a new 40,000 to 50,000 gallon tank so he can better serve the developed lots. According to Mr. Roberts, customers are willing and able to pay for a rate increase.

Coast Springs Water Company

Dale Holmes is the plant manager for Coast Springs Water Company (CSWC). They supply water to Dillon Beach and the surrounding vicinity in Marin County. There are 237 active residential connections with a bi-monthly metered charge. Most of the homes in the area are second homes. The water pressure can get low on the weekends because of the sudden burst in water usage. There were concerns of coliform in the water. E-coli has been detected off the hill wells because of broken pipes, which have now been fixed.

Physical Plant:

There are two 126,000 gallon tanks. The Ravine Tank is scheduled to be replaced in the Fall of 1999. The new tank will be 210,000 gallons. The system is serviced by seven wells situated in the surrounding hills. Below is a table explaining the characteristics of these seven wells:

Diameter Size (Inches)	Depth of Well (Feet)	g.p.m. per Well
8	160	5
8	160	5
8	160	4.5
8	180	4
8	180	4
8	230	5
10	150	16

The Clear Water Tank needs to be repainted and the roof of the raw water tank also needs to be repainted. Some of the pipes have been in since 1945 and some have been upgraded. The system supplies to 15 hydrants. Water treatment includes chlorination and potassium permanganate.

Financial Status:

According to the 1998 Annual Report, CSWC's net income was $52,255. Their last rate increase was in 1997. Their greatest expenditure is employee labor.

Future Outlook:

There is a moratorium on the water company that will probably be lifted after the new tank is built. After that, some growth is expected. The owner, Pam Collette, is selling the CSWC to Dominguez Water Corporation when the moratorium is lifted.

Curtis Water Company

Alan Moore is currently running Curtis Water Company CWC), which is in receivership to M. Green and Company. The water company supplies water to the El Rancho Park subdivision and Tract 117 adjacent to State Highway 198, approximately one-half east of Hanford in Kings County. There are 135 flat rate residential connections and one motel on a metered connection. The monthly flat rates are $15.33 and the metered rates start at $7.00 for a 5/8 x 3/4–inch meter with a commodity rate of $0.75 per Ccf. The quality of water at CWC is going down because the wells are not deep enough. There has been a uranium problem lately.

Physical Plant:

There is a 10,000 gallon steel tank and a 5,000 gallon steel tank and two wells. Below is a table explaining the characteristics of these two wells:

Diameter Size (Inches)	Depth of Well (Feet)	GPM per Well
12	65	250
21	65	750

Most of the pipe system needs to be improved; only the wells and pumps work fine. The pipes are about 40 years old so they break causing frequent outages. The system also supplies all hydrants in the area. The water is currently not treated.

Financial Status:

The company has made an average of about $7,000 a year for the past 5 years. It made $9,369 according to the 1998 Annual Report. The last time CWC has asked for a rate increase was in 1988. Mr. Moore filed a rate increase a year ago but the process was not completed because of lack of contact. He will be filing the GRC again in the immediate future. The water company did not apply for the SDWBA but did apply for the SRF. They are currently in category G. Their greatest expenditures are power and repairs.

Future Outlook:

There is no growth expected because the water system is at its limits. Mr. Moore is looking for someone to take the water company off his hands. Mr. Moore says that Aqua Source has shown some interest in Curtis Water Company but nothing has been worked out yet.

Greenbelt Water Company

Michael Mills is the operator of the Greenbelt Water Company (GWC). They serve the Rio Del Mar Lodge Site, near Aptos in Santa Cruz County. There are 80 flat residential connections. The monthly rates are $42.60 for water, $14.40 DWR surcharge and a $5.00 surcharge for improvements. There have been no problems with the DHS.

Physical Plant:

There are two steel storage tank. One is 82,000 gallons and the other is 40,000 gallons. There is also a 15,000 gallon steel bladder tank. The water comes from two wells, both are six inches in diameter and 500 feet deep. The 40,000 gallon tank needs to be replaced as soon as possible. It has deteriorated because of lack of maintenance. The piping system is 16 years old. Water is gravity fed to the connections and seven hydrants. There is no treatment to the water.

Financial Status:

According to the 1998 Annual Report, GWC's net income was $7,875. The last rate increase was in 1997. GWC would be interested in filing for a CPI increase. GWC submitted an application for the SRF in the summer of 1999. Power has been the water company's greatest expenditure every year.

Future Outlook:

There hasn't been any growth to the area because there is a moratorium on the company. Mr. Mills would like to buy the water system eventually but is waiting until the current owner settles the company's debts. Currently, the owner is not drawing any income from the water company. Mr. Mills would like to upgrade the system to meters when the money is available, but the main priority is replacing the storage tank.

Hat Creek Water Company

John Parrish is the owner of Hat Creek Water Company (HCWC). He inherited the company from his father who started HCWC to develop the surrounding property. The water company services the area known as Rim Rock Ranch in Old Station, Shasta County. There are a total of 49 active metered connections. Those connections are mostly residential but also include a restaurant ($58.00 a month), service stations ($29.00 a month) and the U. S. Forest Service ($43.50 a month). The monthly service charge for a 5/8 x 3/4 –inch meter is $10.40 with $0.513 per Ccf. The water company replaced all their residential flat connections with meters in 1992. The service area fire flow is not in compliance with GO 103. The storage does not have enough water if there is a fire.

Physical Plant:

The system has a 5,000 gallon steel tank and gets its water supply from surface creek water. There is a gas powered back-up pump if the electric system is lost. The water is gravity fed to all the connections except for one. A newly built pump-house will feed water to the site of Mr. Parrish's new house when it is built. The initial pipes are 37 years old and the more recent plastic pipes were laid in during the 1970s. The service area has 4 dry barrel hydrants. The water is treated with chlorine.

Financial Status:

According to the 1998 Annual Report, the water company's net income was $791. The last time they had a rate increase was in 1992. Mr. Parrish turned in the GRC workpapers on the day of this survey. HCWC has not applied for the SDWBA but did apply for the SRF. They are low on the priority list. Maintenance, insurance and management salaries are the greatest expenses.

Future Outlook:

On average there are a couple houses being built in the service area per year. The service area is about 60% built out. Pipes are in place to the undeveloped lands and are ready for water service. Mr. Parrish will build more storage and replace the filters.

La Porte Pines Country Club

Michael Linteo is the president of the association that is overseeing the water system. The water is supplied to the area known as La Porte Pines Country Club Subdivision, located approximately one-third of a mile northwest of La Porte in Plumas County. There are 59 residential flat rate service connections. The annual service charge is $63. It is usually not enough to keep the water system running. Part of the membership fees for the country club subsidizes the water company. There have been no problems with the DHS.

Physical Plant:

There are a total of six storage tanks and five springs in the system. There are three steel, two redwood and one concrete tank that have a combined capacity of 130,000 gallons. The pipes are all plastic and about 30 years old. There are nine dry-barrel hydrants in the system. All connections are gravity fed. The water is not treated.

Financial Status:

The LPPCC had a net loss of $1,562 in 1998. The annual service charge is suppose to be $54.00 according to the tariff sheet approved in 1964, but the Board of Directors increase the rates when they deem necessary. They have not applied for a rate increase because according to Mr. Linteo "it is too much hassle for such a small utility." They have not applied for the SDWBA or the SRF. Their greatest expenditures are testing and insurance.

Future Outlook:

LPPCC is looking to get out from under the jurisdiction of the PUC. The past owner of the water system sold it to the members of LPPCC for $1. Since then, LPPCC has been running the water system without much supervision by the PUC. LPPCC should not be under the PUC anymore because the water system is not a private company serving the public, rather it is owned by its users similar to a mutual system that is owned by a homeowner's association. Since ownership is by all members of the water system, LLPCC is in the process of submitting the proper documentation in order to be no longer be regulated by the PUC.

Live Oak Springs Water Company

Live Oak Springs Water Company (LOSWC) is owned by Nazar Najor and operated by Bob Leonard. LOSWC supplies water to Live Oak Springs Resort, located five miles north of the Mexican border and 65 miles east of San Diego on Highway 8 in San Diego County. LOSWC has a total of 98 connections, consisting of both metered and flat rates. The motels and mobile homes are on a flat rate. The metered service charge is $6.50 a month for a 5/8 x 3/4 –inch meter with $0.50 per Ccf for the first 300 cf and $0.60 for every Ccf after. The mobile home flat rate charge is $5.90 a month. There have been no problems with the DHS except for a bad sample taken once.

Physical Plant:

There is a 20,000 gallon steel tank and two 20,000 gallon inactive tanks. Two wells supply water to the active tank, which runs off well pressure and gravity. One of the inactive tanks needs a new check valve and float valve. Mr. Leonard would also like to change all the connections to meters. The oldest pipes in the system are from the late 1940s. Water is supplied to hydrants in the area. The pressure ranges from about 30 to 80 psi.

Financial Status:

The water company has lost about $10,000 over the last 5 years. LOSWC has not filed a rate increase since 1983. According to Mr. Najor he does not like to file rate increases because of "the difficulty in the paperwork and not knowing how to file." However, he has not filed a GRC since the workpapers have been simplified. He did not apply for the SDWBA or the SRF.

Future Outlook:

Mr. Leonard does not see much growth to the system. There is a possible expansion to the resort in their service area, but the water use would not increase by much. Mr. Najor is looking to change the main line, and add a storage and distribution pressure system. He may file a GRC soon to make a profit and provide for improvements.

Lytle Springs Water Company

Richard Mendez is the Project Director of the Mountain Lakes Resort, which manages the Lytle Springs Water Company (LSWC). The water company supplies water to an unincorporated area, including a subdivision known as Glenn Ranch, and Hertz Ranch in Lytle Creek Canyon – approximately 20 miles northwest of Rialto in San Bernardino County. There are 77 metered and 23 flat residential connections. The annual metered rate is $60.00 for a 5/8 x 3/4 –inch meter, $90.00 for a 1 –inch meter; $60.00 for the first 36 Ccf, $0.50 for any use over 36 Ccf. The flat rate is $60.00 a year. There was a small problem with the water quality about four years ago, but the was promptly fixed.

Physical Plant:

There is one 42,000 gallon steel tank and two 12-inch diameter pumps. There is no plant improvements needed as of this survey. The system provides water to 15 hydrants and the piping system is 7 years old. The water is treated with chlorine every fifteenth of the month.

Financial Status:

According to the 1998 Annual Report, the net income was $1,502. The last time LSWC asked for a rate increase was in 1973. The owner does not wish to apply for a rate increase because he likes to "take care of the city and wants to help the people." He does not mind putting money into the system because it is a low income area. They applied for a SDWBA but did not receive any money. Repairs have been the water company's greatest expenditure.

Future Outlook:

The water company is in no immediate danger because it maintained by the employees for Mountain Lakes Resort. The resort is also adding 50 new cabin sites that will result in growth of the water system. The system is currently in good condition. There is some worry about maintenance because the system is on a fault line, but so far there have not been any major breakdowns due to earthquakes.

Mountain Springs Water Company

Cora Hainline is the sole owner of Mountain Springs Water Company (MSWC). The water company supplies water to the vicinity of Sand Canyon Road, approximately seven miles north of State Route 58, between Cameron and Monolith in Kern County. There are 42 residential connections, which are all metered. The monthly rates are $1.74 per Ccf, a $39.66 service charge for a 5/8 x 3/4 -inch meter and a $59.49 service charge for a 3/4-inch meter. MSWC did have problems with the DHS last year but Ms. Hainline believes the inspector was not careful with taking water samples because it was a rainy day. Ms. Hainline has had a complaint about low pressure but she claims it is due to the meter being at a lower elevation than the customer's house.

Physical Plant:

The main tank is 10,500 gallons. There are 2 bladder tanks at 52 gallons each and another tank at 350 gallons that stores water for Ms. Hainline's trailer. There is only one well to the whole system. Ms. Hainline would like to drill another well. Booster pumps supply the water to the connections in higher areas while the rest is gravity fed. The system supplies water to one hydrant and more are planned to be installed. Some of the pipes are new, while the oldest pipes are from 1976, all are plastic. The water is treated with chlorine.

Financial Status:

The company has lost an average of $1,195 per year over the last 4 years. Ms. Hainline has not filed a GRC since the company has been under the PUC's jurisdiction in 1995. They were in the process of filing a rate increase at the time of the survey. Ms. Hainline did not apply for SDWBA but did apply for SRF funding. She is in category O and is asking for $75,000. Sub-contracting for maintenance has been the water company's greatest expenditure.

Future Outlook:

Ms. Hainline feels that there will be enough growth to fill her three vacant connections. She also sees growth in connection requests outside of her service area. However to service new requests she stated another permit, a new well, and additional piping would be required. She would also like to add piping to some of the dead ends in her system in order for the water to circulate.

Mullen Water Company

Mullen Water Company (MWC) was inherited by the five children of Gilbert Mullen. The water company supplies water to an unincorporated area known as Tract 288, located adjacent to Worth Road and County Road 258, 1.5 miles southeast of Porterville, in Tulare County. There are 43 flat rate residential connections, with the monthly charge of $15. MWC has not had water quality problems with the DHS.

Physical Plant:

There is one 3,000 gallon tank for the whole system. The water is supplied from a 350 g.p.m. well that is 100 feet deep with a 24 -inch diameter. The booster pumps feed the water to the connections. Some new pipes were put in during 1996 and the rest are from the 1960s. There are two houses to every shut off valve. The water company supplies two hydrants in the area. The water is treated with chlorine and tested every month. There have been no problems with the DHS.

Financial Status:

The utility's average net income over the last five years has been about $6,000. The last time MWC asked for a rate increase was in 1992. MWC currently has a GRC filed at the Commission. Ms. Keen has not applied for SDWBA or the SRF. One customer has not paid his bill in 1.5 years but Ms. Keen can not shut off his water because there are two houses to every valve. Power (Southern California Edison) has been her greatest expenditure every year.

Future Outlook:

There is no expected growth because the area is built out. Ms. Keen will be selling MWC to Dominguez Water Corporation once her rate increase is complete. Dominguez is planning on installing meters soon. They are also planing on putting in a new tank right next to the current tank.

River Island Water Company

Michael Laughlin manages River Island Water Company (RIWC). The owner started RIWC in order to develop the land. The water company supplies water to Tract 389 and Tract 594, located adjacent to the River Island Golf Course, four miles southwest of Springville in Tulare County. Seventy-five percent of the homes are owned by retired citizens. There is a total of 135 metered residential connections and five commercial connections. The monthly rates are $11 for a 5/8 x 3/4–inch meter and $27 for a one-inch meter with $0.78 per Ccf. Last year a positive coliform test in Service Territory #2 required a boil water notice, and RIWC has had well problems.

Physical Plant

The water system has two separate service territories. Service Territory #1 has a new 108,000 gallon steel tank and an 88,000 gallon secondary tank. There are six wells for this service territory. All six wells are eight inches in diameter with the depth ranging from 60 to 90 feet and pumping capacities from 30 to 100 g.p.m. The water of this territory is now gravity fed because of the new tank. While some of the pipes are 35 years old the majority of the distribution system is less than seven years. Service Territory #2 is served by a 70,000 gallon steel tank and two wells. The wells in this territory are also eight inches in diameter. Both are 110 feet deep and have the pumping capacity of 45 and 110 g.p.m. The main transmission line is 14 years old. The water is only treated when there is a bad reading. The system supplies water to 25 hydrants. There has also been a water outage for 12 hours when a line broke. The water pressure ranges from 60 to 98 psi. RIWC experienced water pressure problems before the new tank.

Financial Status

RIWC's average is loss $2,050 a year, but greater lately due to improvements. The last rate increase was in 1994. Mr. Laughlin sees no need for a rate increase because of growth in the area. RIWC does not want the rates so high that it would prohibit development. RIWC did not apply for the SWDBA but did apply for the SRF. They are at the end of the priority list because RIWC's problems are more mechanical then chemical.

Future Outlook

The future looks good since houses are being built in Service Territory #1. Mr. Laughlin feels Service Territory #2 is a burden because the owner has no intentions of developing the area. Mr. Laughlin would like to make more improvements on the storage facilities and pipes.

Rosella Water Company

The Rosella Water Company (RWC) was abandoned by the heirs of Donald Carter's property, who owned RWC. The Ponderosa Community Services District (PCSD) has been in charge of RWC under receivership since 1996. Rowland Moore and William Risch operate the system. RWC is located 28 miles east of Springville in Tulare County and supplies water to Tracts 391, 404, 423, 502 and 652. There are 111 active residential flat rate connections ($238 a year), five commercial flat rate connections and the Ponderosa Lodge pays $630.54. There have been no major water quality problems. One test showed E.Coli in the water but RWC now uses a chorlination treatment.

Physical Plant:

There are two tanks and four wells in the system. Summit Tank is the main tank at 60,000 gallons, and there is one 20,000 gallon pressure tank. Holby Well #1 (HW#1)and Holby Well #2 (HW#2) are both 6 5/8 inches in diameter. HW#1 is 41 feet deep with the pumping capacity of 25 g.p.m. while HW#2 is 51 feet deep and has a pumping capacity of 30g.p.m. Fawn Well is eight inches in diameter, 82 feet deep and pumps at 30 g.p.m. Lake Well is currently not active. The water is gravity fed to most of the connections. Houses located at elevations higher than the tank have booster pumps to supply the water. The RWC's 200,000 gallon steel tank, collapsed a few years ago due to lack use and under the weight of snow. The PUC is expected decide whether a fifth well belongs to RWC. The pipes are asbestos cement installed in 1963. About 25 hydrants are connected to the system. Dry barrel hydrants are slowly replacing the old hydrants, which froze in the winter rendering them useless.

Financial Status:

According to the 1998 Annual Report, RWC's net income was $15,866. Currently funding is replacing the old hydrants since they are a great safety risk in the winter. Mr. Moore filed a CPI increase in 1998. RWC has not had a GRC since 1990. RWC has not applied for a SDWBA or a SRF loan. Their greatest expenditure is power, maintenance and legal fees.

Future Outlook:

If there are no complications, RWC will get out of receivership by November 1999 and PCSD will then be completely responsible for the water company and RWC will no longer be under the jurisdiction of the PUC.

Sereno Del Mar Water Company

Russian River Utilities (RRU) is the court appointed receiver of the Sereno Del Mar Water Company (SDMWC). Hal Wood of RRU runs SDMWC along with 15 other utilities. The water company supplies water to Sereno Del Mar, Subdivisions I, II and III, located 3.5 miles north of Bodega Bay in Sonoma County. They have 108 active metered residential connections. The monthly service charge is $18.50 with $2.57 per Ccf for the first 300 Ccf and $3.82 over 300 Ccf. SDMWC has not had any problems with the DHS.

Physical Plant:

There are two redwood tanks inline. One is 40,000 gallons and the other is 50,000 gallons. There is a new 212,000 steel tank up to the system but it is not inline yet. During the survey, it was being checked for leaks. Water is being supplied by a spring and one well. The two together can produce up to 50 g.p.m. By the Fall of 1999, the system will have an additional spring. SDMWC has drilled more than 11 wells, but most of them were dry or had a great amount of iron. The system is gravity fed to the connections and the 20 hydrants. The pressure ranges from 70 to 120 psi. The piping system is about 25 years old. The water is being treated by pressure filters and chlorine is added to the well water. The only major improvement that needs to be made to the system is replacing the filter.

Financial Status:

According to the 1998 Annual Report, the water company's net income is a loss of $15,444. The last time they asked for a rate increase was in 1985. Mr. Wood has not applied for a rate increase because he has not had the time to submit a filing since he took over in 1995. Due to this survey, the filing has been submitted and assigned to a staff engineer. SDMWC has not applied for SDWBA but has applied for SRF funding. SDMWC is in category D and will become eligible in the year 2000 once they get their engineer report submitted. Contract Work has been the water company's greatest expenditure.

Future Outlook:

Mr. Wood is looking to become the owner of this system. However, Dominguez Water Corporation has shown interest and is also making a play for the system. The case is currently before the Commission.

Walnut Ranch Water Company

Art Coupe is the manager of the Walnut Ranch Water Company (WRWC). WRWC supplies water to the subdivision know as Walnut Ranch Unit 1, approximately one mile south of Colusa in Colusa County. There are 77 active flat rate residential connections at $34.30 per month. Mr. Coupe claims the water quality is good, but a couple residents complained during the survey about the water quality. There have also been complaints about low water pressure. Mr. Coupe claims the problem is the volume and not the pressure.

Physical Plant:

The system has a 5,000 gallon steel tank and two wells. Both pumps have 20 inch diameters, 20 feet deep and with the pumping capacity of 875 g.p.m. and 1,000 g.p.m respectively. The water is served to the connections by pressure pumps. There are eight hydrants connected to the system. The pipes are 39 years old and sometimes have freezing problems. Mr. Coupe raps the equipment to prevent that as much as possible.

Financial Outlook:

According to the 1998 Annual Report, the water company lost $4,087. The last time they asked for a rate increase was in 1986. They have not asked for a rate increase because the income has been fine. WRWC applied for the SDWBA but never received any money. Mr. Coupe does not know if they applied for the SRF or not. Management salaries are the water company's greatest expenditure.

Future Outlook:

There is possibility for growth in the area. There is room for development but there are no signs of building yet. WRCW is looking to put meters in but they are getting negative feedback from the customers.

Warring Water Service

Two families share stock ownership of Warring Water Service (WWS). One of the owners, Gary Pace, is the operator. WWS supplies domestic and irrigation service in and around the vicinity of Piru in Ventura County. There are 340 active and 50 inactive residential connections, 19 commercial, five fire protection and one irrigation connection; all are metered. The monthly charge for a 5/8 x 3/4–inch meter is $12.60; for a one–inch meter, $31.65, and $0.712 per Ccf. The fire protection connections are charged $4.54 a month. Irrigation rates start at $56.45 a month for a two–inch meter and $0.285 per Ccf. WWS provides water to 37 hydrants. There have been no problems with the DHS.

Physical Plant:

The 1.1 million gallon steel tank gravity feeds the water to the connections. A reservoir was the storage facility for the water company until destroyed by the 1994 Northridge earthquake. There are two wells currently in use. Well #1 is 18 inches in diameter, 150 feet deep with a pumping capacity of 650 g.p.m. Well #2 is 14 inches in diameter, 150 feet deep and a pumping capacity of 660 g.p.m. A third well was relocated (WWS was given $65,000 to relocate) because developers wanted to build on that land. The system is currently in good condition. Mr. Pace would like to upgrade the system but nothing is in crisis of repairing. The bulk of the piping system is from the mid 1950s; the steel pipes are from the 1930s to 1940s; and the plastic pipes are from 1992. The water is chlorinated and pressure ranges from 40-100 p.s.i.

Financial Status:

The utility loses about $5,000 every year with losses last year at $5,711 because of interest payments on a SBA loan. The non-utility income is high because of interest on investments and stocks allowing the company to still function well. Mr. Pace applies for a CPI every year. The town is a low-income area so people may not be able to afford a general rate increase. Development in the area has also helped Mr. Pace keep up with the cost of maintaining his water system. While WWS did not apply for SDWBA funding, it did apply for the SRF; and is in Category O. Their greatest expenditure is labor, power and insurance liability.

Future Outlook:

There will be a lot of growth because houses being built in the service area. Mr. Pace is planing on replacing the old steel pipes with new plastic ones and relocating the third well soon.

Yermo Water Company

Don Walker owns 95% of Yermo Water Company. The other person who owns 5% is not involved in the company. YWC supplies water to Tract 6598, approximately 1.5 miles west of Yermo, Tracts 2459 and 2193 in Yermo, and Tract 6593 near Yermo, in San Bernardino County, which is made up of almost all retired people. There are 332 metered residential connections. The monthly rates are $0.16 per Ccf and a $23.70 service charge. YWC has trouble with the DHS and the residents have had to boil their water for a few days. Mr. Walker claims a bad sample was taken. Records indicates DHS has cited YWC for non-compliance issues for years. There have been complaints about low pressure but Mr. Walker has not found any validity to their claims. Walker claims the water pressure to be within the PUC's requirements in G.O. 103.

Physical Plant:

One 10,000 gallon tank is the water storage for about 270 connections and receives its water from three wells. The other tank is 5,000 gallons with two wells. This tank needs to be replaces because it is leaking and has been welded too many times to be able to fix anymore. The water company also supplies water to 18 hydrants. Every well has been replaced in the last 10 years and some of the main line has been replaced. The rest of the pipes are 80 to 100 years old. The water is treated with chlorination every 90 days. The water pressure rating during the survey was 50 p.s.i.. YWC once lost water because a power outage burnt out an electric transformer.

Financial Status:

According to the 1998 Annual Report, the company lost $43,000. It has been operating at a loss for years. The last time Mr. Walker asked for a rate increase was in 1993. He does not want to apply for another because it takes too long to complete, there is too much paperwork and his customers can not pay for it. It is hard to make money because almost 40% of the customers owe money. Mr. Walker applied for SDWBA but did not get it. He has also applied for the SRF, is in category E and has requested for $850,000. Power and wages has been the water company's greatest expenditure.

Future Outlook:

Mr. Walker does not see growth for the water system. Population in the area is on a decline. He would like to replace a tank and have three new wells because the water level is dropping fast. Mr. Walker would like to sell the company.