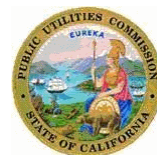


BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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In the matter of the Application of the GOLDEN STATE WATER COMPANY (U 133 W) for an order authorizing it to decrease rates for water service by \$1,615,400 or -0.50% in 2016, to increase by \$10,280,800 or 3.21% in 2017; and increase by \$10,303,200 or 3.12% in 2018.

A.14-07-006
(Filed July 15, 2014)

**MOTION OF THE OFFICE OF RATEPAYER ADVOCATES FOR A SEPARATE
PHASE IN THE GENERAL RATE CASE PROCEEDING TO CONSIDER
WATER QUALITY ISSUES IN THE CITY OF GARDENA**

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I. INTRODUCTION

Pursuant to Rule 11.1(b) of the California Public Utilities Commission's ("Commission" or "PUC") Rules of Practice & Procedure ("Rules"), the Office of Ratepayer Advocates ("ORA") hereby moves the Commission to order a second phase in Application ("A.") 14-07-006.

A second phase of A.14-07-006 is needed in order to address a water quality issue that has recently emerged in the City of Gardena, which is part of Golden State Water Company's ("Golden State") Region 2. As the California Supreme Court has stated, "[d]rinking water quality affects health and safety and is therefore within the PUC's regulatory jurisdiction over public utility water companies to ensure that public health and safety are protected."¹ Thus, this is an issue the Commission should review and analyze.

II. THE COMMISSION MUST ADDRESS THE CITY OF GARDENA'S WATER QUALITY ISSUE

In late January 2015, ORA was alerted to a water quality issue in Gardena, California. Residents of Gardena have been documenting recent occurrences of black water coming out of their faucets. ORA further addresses this issue in its testimony on water quality.²

The following picture, that was included in a recent news report provides an example of this black water:

¹ *Hartwell Corporation v. The Superior Court of Ventura County*, 27 Cal. 4th 256, 269 (2002).

² ORA Testimony, Chapter 8: Water Quality, pp. 46, 49-53 (March 6, 2014) [Hereinafter ORA Water Quality Testimony].



Photo credit: KTLA5

*Blackened tap water in Gardena
(credit: KTLA5)*

On January 29, 2015, the City of Gardena's Mayor sent a letter to the Commission's Consumer Affairs Branch **requesting the Commission's assistance in addressing this water quality issue.**³ The Mayor indicated that the City of Gardena has received over 50 complaints in the last three years regarding this black water issue.⁴

In response to an ORA data request on this issue, Golden State stated that it has received one customer complaint on this issue, which it considered resolved.⁵ Golden State further stated that it was unable to determine what caused the discolored water, but that it did not plan to take further investigative action.⁶

On February 12, 2015, Golden State held a public meeting to discuss the quality of water in the City of Gardena, which an ORA representative attended. Approximately 200

³ ORA Water Quality Testimony, Appendix Water Quality-B (City of Gardena Letter).

⁴ *Ibid.*

⁵ ORA Water Quality Testimony, pp. 49-50.

⁶ *Ibid.*

residents and Golden State customers attended the meeting and spoke of the low quality of water provided by Golden State.⁷

Golden State's response to ORA's data request on this issue indicates that Golden State views the customer complaint of black water it received as an isolated incident.⁸ However, the Mayor's letter, the February 12, 2015 public meeting, and multiple news reports indicate that this may be a systemic issue impacting multiple residents in the Gardena area.

III. THE COMMISSION SHOULD ORDER A SECOND PHASE OF THE GENERAL RATE CASE PROCEEDING IN ORDER TO ADDRESS THIS EMERGING WATER QUALITY ISSUE

ORA began conducting discovery on this issue upon first learning of the issue in late January 2015. ORA is also gathering additional information from the City of Gardena, the Commission's Consumer Affairs Branch, and the Department of Drinking Water.⁹ However, there has not been sufficient time to fully analyze the cause of this black water or develop recommendations for further action in ORA's testimony. As such, the Commission should order a second phase of this proceeding in order to fully consider this important public health issue.

Golden State should provide testimony on issues related to the black water in a second phase of this proceeding, including the cause of the black water, potential remedies, and the investigative and remedial actions Golden State thus far has undertaken.¹⁰ Golden State should also provide information on the numbers of water quality complaints in the Gardena area and records demonstrating its response to these complaints.

⁷ *Id.* at pp. 49-50.

⁸ *Ibid.*

⁹ The Department of Drinking Water is the branch of the State Water Resources Control Board responsible for drinking water safety.

¹⁰ For a more specific list of information Golden State should include in a second phase of this proceeding, see ORA's Water Quality Testimony, at p. 51.

The second phase should include time for further discovery, the ability to submit testimony, and evidentiary hearings, if necessary. The Commission's Division of Water and Audits also has a Water Quality Expert on staff who may be able to assist with analyzing this issue and whose testimony may be helpful in recommending additional actions.

Consideration of this water quality issue in a second phase is consistent with the Commission's duty to ensure safe drinking water and enforce water quality standards.¹¹ This issue can be combined in a second phase of this GRC with the additional issue related to Golden State's compliance with D.11-12-034.¹²

IV. CONCLUSION

For the above stated reasons, ORA respectfully requests that the Commission open a second phase of proceeding A.14-07-006 in order to fully address water quality issues in the City of Gardena.

Respectfully submitted,

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¹¹ Hartwell, *supra note 1*, 27 Cal. 4th at 269 (“The Legislature has vested the PUC with general and specific powers to ensure the health, safety, and availability of the public's drinking water.”).

¹² See Motion of the Office of Ratepayer Advocates for a Separate Phase in the General Rate Case Proceeding to Consider Compliance with D.11-12-034 (March 6, 2014).