

Lucerne meets on water surcharge

Contributed by Sophie Annan Jensen
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THIS ARTICLE HAS BEEN CORRECTED.

LUCERNE – California Water Service, the drinking water division of the state Department of Public Health, the California Public Utilities Commission (CPUC) and its Division of Ratepayer Advocates were in Lucerne Wednesday evening to update the community on work at the Highway 20 treatment plant – and on paying for it.

The meeting was arranged by the Lucerne Community Water Association (LCWO) and attracted nearly 90 people.

LCWO President Craig Bach presented a petition with 430 signatures to Sean Wilson, a regulatory analyst with the CPUC. He said the petition asks that California Water Service Co. make full financial information on the \$7.1 million plant upgrade available to the community.

The plant upgrades were required by the state Department of Public Health, which suggested a moratorium on new connections in 2006. The DPH had told Cal Water in 2002 there were deficiencies in the treatment plant and directed the company to correct them.

Cal Water applied for a 30-year, zero-percent interest loan from the State Revolving Fund for reimbursement of the costs it has incurred in the work. The plant is due to be in operation this September, and the company has announced it will then impose a water bill surcharge of \$17.36 monthly to repay the loan.

The upgraded plant, which uses membrane filtration and ultraviolet disinfection, will allow for 10 percent growth in connections to the system; Bruce Burton of the drinking water division said that limit is a state requirement.

Some questioners wanted to know why the cost had grown from \$3.6 million since the plant upgrade was first proposed in August 2005.

Cal Water rates manager Tom Smegal and engineer Jeff Yarne said some of the costs included \$1.7 million for engineering studies on other properties which proved unsuitable for a treatment plant, and that there have been dramatic increases in in materials and transportation costs. They said costs at other locations would have been much higher.

Frank Parker, a Lucerne resident who worked on a crew that maintained the city of Weed's well and spring-fed water system in the 1960s, criticized the company severely for the overruns on its engineering studies, which were originally estimated at \$260,000, and suggested they should have used Cal Water employees rather than consultants to do the work.

Yarne explained that Cal Water staff engineers are not construction engineers and the number of plants the company builds – one every other year – doesn't justify keeping construction engineers on staff.

Responding to 10-year-old Arthur Wilkie's question about what happens to the plant's old materials, Yarne said anything that can be recycled will be, including valuable steel and brass.

One questioner wanted to know how the treatment deals with "mercury in the water." Burton told him in 23 years of working in the district and monitoring testing he has never seen a sample positive for mercury, although it is in the lake sediment.

Much of the last hour of the two-hour meeting was taken up with the question of profits and explanations of the law governing loans from the State Revolving Fund.

Wilson and Danilo Sanchez, manager of the DRA, explained that construction funded by the State Revolving Fund does not become part of the rate base, and cannot create profit for the company if it sells the property. The financing is overseen and tracked by the CPUC, the DRA and a fiscal agent, such as a bank. Surcharges for loan repayment are kept in a balancing account and can be used only to repay the loan, Wilson said.

All Lucerne residents have received rate relief of \$17 per month since the company's last rate increase was settled in July 2006, with the intervention of LCWO and its pro bono attorney, Steve Elias of Lakeport. The discount is funded by a one cent surcharge on Cal Water's other customers in California, some 500,000 households.

In addition, low-income Lucerne residents receive a \$10 discount on their water use. Sanchez said four or five other California communities receive similar rate relief.

The company had asked for a 246 percent increase and received 121 percent.

E-mail Sophie Annan Jensen at sannan@lakeconews.com. Editor's Note: The original article incorrectly stated that Frank Parker worked at the city of Weed's water treatment plant. Instead, he was on the city crew which maintained the well and spring-fed water system in the 1960s. Weed does not have a treatment plant, he said. {mos_sb_discuss:2}