

# Yermo Water System: Improvements and Challenges



Carol Thomas-Keefer, Operations Superintendent  
Liberty Utilities, Apple Valley  
May 19, 2016

# About Liberty Utilities Apple Valley

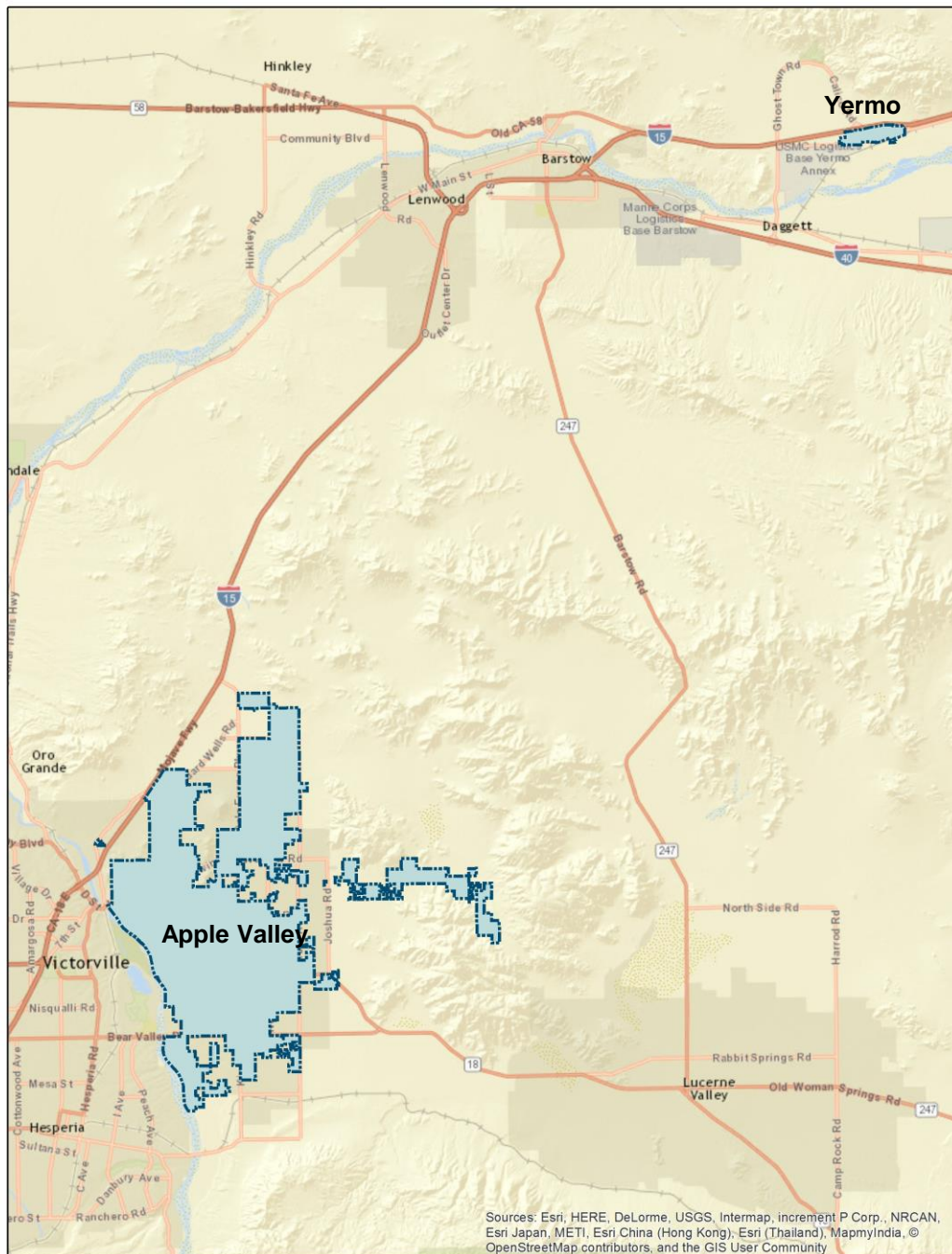
---

- Formerly Apple Valley Ranchos Water Company
- Part of Liberty Utilities/Algonquin Power and Utilities Corp.
- Approx 20,000 connections

Apple Valley, San Bernardino County areas (Victorville, Yermo)

- 50 square mile service area – 460 miles of main
- 20 active wells – 100% groundwater system
- 11 reservoirs – 12 mil gallon storage capacity
- 2015 production: approx 9,500 AF (> 3 billion gal)

## Liberty Apple Valley Service Area





# Yermo Water Company

- Small Class D Utility - ~280 services
- Located 10 miles east of Barstow
- Unincorporated San Bernardino County
- Consolidation of 3 smaller companies: Yermo, Marine and Hel-Bro



# Yermo Water System

## Facilities

- 2 active wells, ~400 gpm total
- 15,000 gal “storage”/3 hydro tanks
- 5.5 miles distribution main  
(1.5” – 6” varied materials)





# Yermo



# Yermo Management and Compliance Issues

---

## Long History of Neglect, Mismanagement

- Owner abandoned system
- Taxes, assessments not paid
- Public health and safety threatened

## CDPH (DDW) and CPUC Non-compliance

- No chlorination
- Unable to meet pressure/fire flow requirements
- No supply redundancy
- Inadequate storage; tank corrosion
- Undersized and antiquated mains – won't stand pressure
- Deficient water quality monitoring and reporting
- No certified distribution operator

# Timeline of Regulatory Actions

---

- |            |   |
|------------|---|
| April 2008 | CPUC initiates investigation to examine YWC's operations and practices  |
| May 2009   | CPUC decision concludes YWC violated CPUC and CDHS orders, were unable or unwilling to adequately serve ratepayers, and authorized legal proceedings for receivership |
| Jan 2011   | CPUC approves sale of YWC to Yermo CSD  |
| May 2012   | CPUC rescinds action approving sale to CSD, directs legal division to proceed with appointment of receiver  |
| Dec 2012   | John W. Richardson appointed as receiver, directed to sell YWC to qualified purchaser; customers should be "afforded maximum benefit"                                 |



# Timeline - YWC Purchase

---

July 2013 - Receiver received purchase offers from:

- CSD
- Apple Valley Ranchos Water Co. (AVR)

Receiver reviewed offers based on:

- qualifications
- ability to respond to system deficiencies
- future system improvements
- financial impact on customers

Oct 2013 - Receiver selected AVR

- local qualified utility with resources to improve service, public health
- will address most critical deficiencies quickly
- will further CPUC Water Action Plan

# Timeline

---

- Dec 2013** Advice Letter filed jointly by AVR and YWC for transfer of ownership of inadequately operated and maintained Class D utility
- Aug 2014** CPUC conditionally approves AL authorizing transfer of ownership
- Sept 2015** Completed purchase requirements:
- DDW operating permit
  - approval by San Bernardino Superior Court

# Capital Improvement Plan

---

## Initial Capital Improvement Plan

AVR committed \$732,000 in immediate improvements to address most critical deficiencies:

- Bring sampling and monitoring into compliance
- Replace Hel-bro hydro tank
- Install new chlorination facilities
- Extend distribution main to connect separate systems

## Additional/long-term Planned Improvements (est. ~\$7 million)

- Upgrade/replace undersized, deteriorating distribution mains
- Storage – 250,000 gallons
- Meter replacement
- Rehab existing well



# Funding and Rates

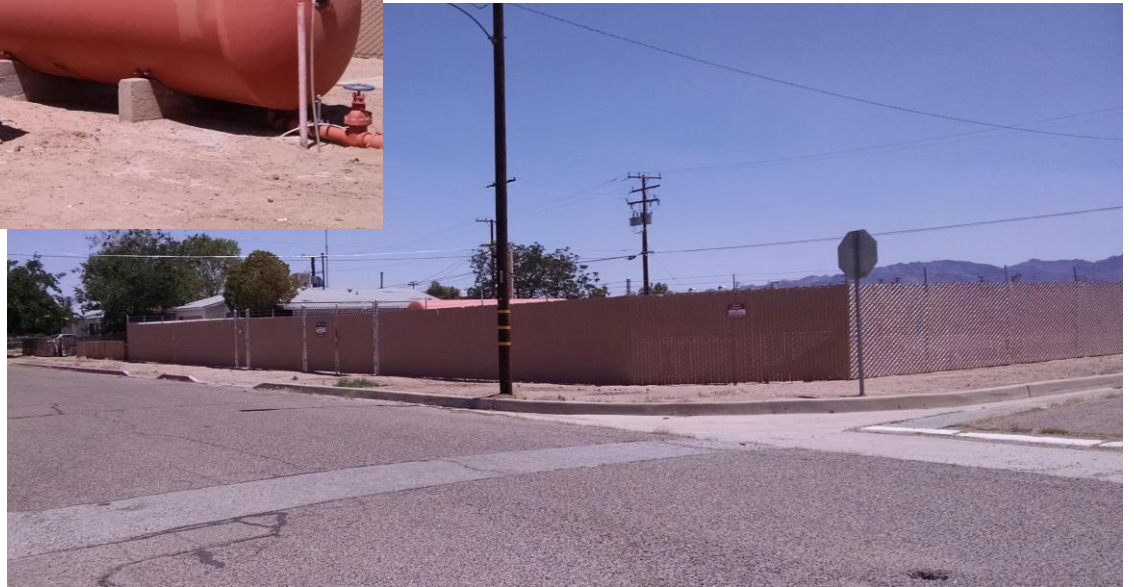
---

- Initial Capital Improvements funded by company
- Grant funding application in progress for major improvements
  - SRF
  - Severely disadvantaged community
- Interim Rate Plan in Place through 2017
  - Interim rates lower than YWC proposed rates
  - 2.5% annual increase
- 2017 Apple Valley rate case will include recommendation for Yermo rates

# Improvements Made So Far . . .

---

- Brought water quality monitoring requirements into compliance
  - bacteriological sampling plan
  - compliance with all Title 22 requirements
  - lead and copper rule
- Installed new chlorination systems
- Connected Hel-Bro and Marino systems – 4,600 ft new DIP
- Added generator at Marine 1 site for back-up power
- Installed new hydro tank at Hel-Bro site (new generator there, too)
- Capped several old wells
- Made numerous service line replacements
- Preparing to replace 1,600 ft of main in coming months
- Secured well and tank sites with privacy fencing





# Questions??