Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation into the Operations, Maintenance, and Practices of Havasu Water Company (WTD-352) for Failure to Comply with the Laws, Rules, and Regulations of this State Governing the Manner in which California Consumers are Provided with Safe and Reliable Water Service and Order to Show Cause Why the Commission Should Not Petition the Superior Court for the Appointment of a Receiver.	Investigation 25-08-007
And Related Matter.	K.25-06-028

MODIFIED PRESIDING OFFICER'S DECISION RESOLVING ORDER INSTITUTING INVESTIGATION OF HAVASU WATER COMPANY AND ORDER TO SHOW CAUSE

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Summary

This Decision grants the California Public Utilities Commission's Consumer Protection Enforcement Division's request to petition the California Superior Court for a receivership for Havasu Water Company. This decision is based on Havasu Water Company's well-documented history of noncompliance and unresponsiveness at the Federal, State and County levels, together with mismanagement of the company which has resulted in health and safety risks to customers and the general public.

This Decision finds that Havasu Water Company violated Public Utilities Code § 2713(a) and General Order 103-A when it failed to provide all records of its inspection, repair and replacement of all its fire hydrants in its service area in the last ten years to the California Public Utilities Commission, Water Division (Water Division).

This Decision finds that Havasu Water Company violated Rule 1.1 when on: 1) December 8, 2023, Havasu submitted an Advice Letter with incorrect information to Water Division; 2) October 11, 2024, Havasu responded to a data request claiming it was awaiting further information from the San Bernardino County Fire Department (SBCFD) when it knew SBCFD did not have any information to be given; and 3) April 8, 2025, Havasu sent bills to customers requesting late fees when it was ordered in D.24-03-053 to remove all late fees from customers' bills from 2021 forward.

This Decision finds that Havasu Water Company did not violate Public Utilities Code § 454 and Tariffs 12(B) and 12(c) when it changed its customers' water meters from 5/8 x 3/4" to 3/4".

This Decision orders Havasu Water Company to pay the penalty, imposed in Citation Number W.22-09-001, of $2,000 plus an additional amount of $500 within 60 days of issuance of this decision.

This Decision orders Havasu Water Company to pay a penalty of $500 for failing to comply with Decision (D.) 24-03-053 Ordering Paragraph 1 within 60 days of issuance of this decision.

This Decision orders Havasu Water Company to pay a penalty of $20,000 for intentionally misleading the Commission with respect to the inspection, repair and maintenance of all Havasu's fire hydrants in its service area within 60 days of issuance of this decision.

This proceeding is closed.

1. Background

1.1. Factual Background

Havasu Water Company (Havasu) is a Class D[1] investor-owned water utility. Havasu is located in the unincorporated community of Havasu Lake, San Bernardino County. The water supply system serves approximately 226 year-round residents through metered service. There are also approximately 20 fire hydrants providing fire protection for the community.

1.2. Procedural Background

On August 14, 2025, the California Public Utilities Commission (Commission) initiated Investigation (I.) 25-08-007 (OII) to assess whether

[1] As defined by General Order (GO) 96-B Water Industry Rules Section 1.2, Class D investor-owned water utilities are those with less than 500 service connections.

Havasu failed to comply with applicable laws, rules, and regulations governing the provision of safe and reliable water service to consumers. The Commission also issued an order to show cause directing Havasu to explain why the Commission should not petition the California Superior Court for the appointment of a receiver to take possession of Havasu's property and operate its system, and why the Commission should not impose penalties for violations, noncompliance with Commission orders and other unlawful or harmful practices affecting customer safety.

The OII set forth a preliminary scoping memo pursuant to Rule[2] 7.1(c) to which Havasu was ordered to file a response by September 15, 2025.

After being granted an extension of time, on September 24, 2025, Havasu filed its response to the preliminary scoping memo contained in the OII.

On September 30, 2025, a virtual Pre-Hearing Conference (PHC) was held. Based on the PHC statements, comments and the preliminary Scoping Memo, the Consumer Protection and Enforcement Division (CPED) was ordered to amend the preliminary scoping memo allegations.

On October 3, 2025, CPED filed its amended allegations to the preliminary scoping memo.

On October 9, 2025, Havasu filed its objection to the revised Scoping Memo and Ruling (Havasu Objection to Scoping Memo No. 1).

On October 16, 2025, the Assigned Commissioner served the Scoping Memo and Ruling (Scoping Memo).

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[2] All references to Rule or Rules are to the Commission's Rules of Practice and Procedure unless otherwise specified.

After being granted permission for a late filing, on October 17, 2025, Havasu filed its objection to the amended allegations to the preliminary scoping memo (Havasu Objection to Scoping Memo No. 2).

On October 17, 2025, CPED filed its motion to enter testimony and exhibits into the evidentiary record.

In addition, on the same date, CPED filed a motion for official notice. CPED requested that the assigned Administrative Law Judge (ALJ) take official notice of the following: United States (U.S.) District Court filings in the Chemehuevi Indian Tribe v. Havasu Water Co.; U.S. Environmental Protection Agency Region IX Docket No. PWS-AO-2025-002 enforcement actions and related documents; and State Water Resource Control Board, Division of Drinking Water enforcement actions and related documents.

Havasu was provided ample notice and opportunity to file direct testimony and evidence in support of its case but elected not to do so. As such, the evidentiary record does not contain any testimony or evidence from Havasu.

On October 22, 2025, CPED filed a motion to strike portions of Havasu's October 17, 2025 Objection to Scoping Memo No. 2.

On October 27 and 28, 2025, evidentiary hearings were held.

On November 5, 2025, CPED filed a motion to admit portions of Exhibit – 03 into evidence under seal.

On November 18, 2025, Havasu and CPED filed opening briefs.

On November 21, 2025, Havasu and CPED filed reply briefs.

On January 14, 2026, CPED filed a motion to set aside submission of the record and reopen the record. On the same day, CPED filed a motion to request

official notice of the U.S. District Court's Order of Ejectment dated January 8, 2026.

On January 20, 2026, the assigned Administrative Law Judge issued a ruling granting CPED's January 14, 2026 motions.

On February 5, 2026, the assigned Administrative Law Judge issued a ruling consolidating K.25-06-028 into this proceeding.

The proceeding is closed.

2. Submission Date

This matter was submitted on January 20, 2026, following the reopening of the record to take official notice of the U.S. District Court's Order of Ejectment dated January 8, 2026.

3. Jurisdiction

Regulation of water service and water quality falls under the jurisdiction of multiple federal and state agencies. Because of the nature of water service and its impact on reliability, water quality and public health and safety, agencies such as the U.S. Environmental Protection Agency (EPA), California Public Utilities Commission's (Commission) Water Division (WD) and the California State Water Resource Control Board, Division of Drinking Water (DDW), all play a role in ensuring that water is provided safely to the public.

The EPA protects water quality by setting standards and enforcing regulations under the Safe Drinking Water Act (SDWA) and Clean Water Act. The WD regulates California's investor-owned water utilities ensuring that water utilities deliver clean, safe and reliable water to their customers at reasonable rates. The DDW regulates California's public water systems to ensure safe

drinking water by enforcing the SDWA, issuing permits and monitoring water quality.

On January 1, 2024, DDW officially transferred Havasu SDWA jurisdiction to the EPA.[3] This transfer provided the EPA with primary enforcement responsibility of the SDWA over Havasu. Consequently, effective January 1, 2024, the WD and the DDW possess jurisdiction to exercise secondary enforcement responsibility under the SDWA with respect to Havasu.[4]

4. Burden of Proof

The Commission has jurisdiction over the activities of public utilities.[5] Havasu is a utility that provides water service.[6] Therefore, Havasu is a utility subject to the Commission's jurisdiction, control and regulation.[7]

CPED is a division of the California Public Utilities Commission which investigates and prosecutes violations of the Public Utilities Code, regulations, orders and statutes. As this proceeding was initiated on the Commission's own motion, CPED bears the burden of proof, which must be met by a preponderance of the evidence.[8]

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[3] Exhibit 1, Attachment 4, Document 1 at 2-3.

[4] Id.

[5] Pub. Util. Code § 216(a).

[6] Decision (D.) 68790 at 1-2. Havasu Water Company was granted a certificate of public convenience and necessity in 1962 by the Commission.

[7] Id.

[8] See D.57597 at 8. "Proceedings instituted on the Commission's own motion such as this case, are basically disciplinary in nature because the penalties that might flow from the Commission's decision may result in suspension or revocation of operative rights granted by the State. The burden of proof is upon the staff to prove the charges made." Evidence Code

Footnote continued on next page.

5. Parties Positions

5.1. CPED's Position

CPED contends that the instant investigation is based on evidence pertaining to Havasu's failure to fulfill its responsibilities as a Class D water utility to furnish, maintain and provide safe and reliable water services and facilities to customers and the public.[9] According to CPED, Havasu's alleged improper actions of providing deficient water services and facilities to its customers and the public have led to numerous informal and formal complaints filed by Havasu customers regarding concerns over water quality and service; improper water service changes; customer disconnections and public health and safety.[10]

5.2. Havasu's Position

Havasu contends that the preliminary scoping memo is vague and confusing.[11] In addition, Havasu objects to the OII as the epitome of governmental abuse, gross negligence and a complete mockery of justice.[12] Havasu requested that the ALJ postpone this hearing until the Federal Court resolves the easement issue.[13] Havasu requested that the ALJ assign this case to

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§115. "Except as otherwise provided by law, the burden of proof requires proof by a preponderance of the evidence."

[9] Preliminary Scoping Memo at 1.

[10] Id.

[11] Havasu Response dated October 9, 2025 at 1.

[12] Id. at 2.

[13] Id. Havasu is referring to *Chemehuevi Indian Tribe v. Havasu Water Co. et al.*, No. EDCV 20-471-GW-KKx. Here, in Federal Court, Havasu is disputing that an easement for a supply line across Chemehuevi Indian Tribe (CIT) expired in 2006. A Federal Court ruled that Havasu is

Footnote continued on next page.

Alternative Dispute Resolution and or modify the proceeding schedule to allow Havasu more time to prepare a defense.[14] Havasu contends that it cannot be afforded due process in a six-month proceeding schedule.[15] The issues in this proceeding are set forth below.

6. Issues

1. CPED seeks authority to petition for receivership in Superior Court for Havasu. CPED bases its request on Havasu's well-documented history of noncompliance and unresponsiveness at the Federal, State and County levels, together with the public health and safety risks and mismanagement.
2. CPED alleges that on or about October 11, 2024, Havasu violated Public Utilities Code (Pub. Util. Code) § 2713(a) and GO 103-A when it failed to provide all records of its inspection, repair and replacement of all its fire hydrants in its service area.
3. CPED alleges that on or about March 2025 to present, Havasu violated Pub. Util. Code § 454 and Tariffs 12(b) and 12(c) when it changed the water meters of its customers without Commission approval.
4. CPED alleges that Havasu has violated Rule 1.1 on: 1) May 8 and 12, 2025, in correspondences to the WD; 2) December 8, 2023, in an Advice Letter filed to WD; 3) October 11, 2024, when it failed to provide data pursuant to a data request; and 4) April 8, 2025, when it failed to abide by an order pursuant to D.24-03-053.

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trespassing on CIT tribal lands because the easement terms have not been re-negotiated and granted CIT's motion for ejectment of Havasu's infrastructure on CIT's land.

[14] Havasu Response dated October 17, 2025 at 4.

[15] Id at 4-5.

5. CPED requests that additional penalties be imposed on Havasu for violations of the above issues.

7. Petition for Receivership

Whenever the Commission determines, after notice and hearing, that any water or sewer system corporation is 1) is unresponsive to the rules or orders of the Commission, 2) is unable or unwilling to adequately serve its ratepayers, or 3) has been actually or effectively abandoned by its owners, the Commission may petition the Superior Court for the county within which the corporation has its principal office or place of business for the appointment of a receiver to assume possession of its property and to operate its system upon such terms and conditions as the Superior Court shall prescribe.[16]

CPED must prove by a preponderance of the evidence that Havasu meets one or more of these conditions. CPED has presented evidence that Havasu has been unresponsive to the rules or orders of the Commission and other agencies and that Havasu is unable or unwilling to adequately serve its ratepayers. The evidence that CPED has offered is discussed in the following sections.

7.1. Federal – U.S. Environmental Protection Agency (EPA) Safe Drinking Water Act (SDWA)

The SDWA was originally passed by Congress in 1974 to protect public health and safety by regulating the nation's public drinking water supply.[17] The SDWA was amended in 1986 and 1996 and requires many actions to protect drinking water and its sources which includes rivers, lakes, reservoirs, springs

[16] Pub. Util. Code § 1826.

[17] The EPA's website is currently located at: https://www.epa.gov/sdwa/overview-safe-drinking-water-act

and ground water wells.[18] SDWA authorizes the EPA to set national health-based standards for drinking water to protect against both naturally occurring and man-made contaminants that may be found in drinking water.[19]

The EPA has primary enforcement responsibility for the SDWA public water system supervision program.[20] The State Water Resource Control Board's (SWRCB), Division of Drinking Water (DDW) previously asserted primary enforcement responsibility over Havasu.[21] On January 1, 2024, DDW officially transferred oversight of Havasu to the EPA.[22]

7.1.1. From January 2024 to Present, Havasu Violated GO 103-A (II)(2)(A)(2) When It Failed to Comply with Federal Laws Pertaining to Water Quality and Havasu Has Been Noncompliant and Unresponsive to EPA Oversight

CPED alleges that from January 2024 to present, Havasu violated various provisions of GO 103-A. GO 103-A contains the rules for governing water service, including minimum standards for operation, maintenance, design and construction.[23]

GO 103-A (II)(2)(A)(2) states that:

> The utility shall comply with applicable state and federal laws pertaining to water quality, and with related regulations of the Department and US EPA and all additional requirements of the

[18] Id.

[19] Id.

[20] Exhibit 2, Attachment 16 at 1.

[21] Id.

[22] Exhibit 2, Staff Report at 10.

[23] GO 103-A effective September 10, 2009 at 1.

Commission.

As evidence of Havasu's failure to comply with federal laws (SDWA) pertaining to water quality, CPED offers one inspection notice, two emergency administrative orders (EAO) and six noncompliance notices.[24] A summary of the inspection notice, two EAOs and six noncompliance notices are provided below:

- EPA Inspection Notice to Havasu dated January 30, 2024.[25] The EPA inspector identified seven deficiencies which are of significant health risk to the system and the people served by the system during the inspections.[26] These deficiencies have been deemed significant and are of the greatest health threat.[27] Under the SDWA's Long Term 2 Enhanced Surface Water Treatment Rule, significant deficiencies are defined to include defects in design, operation, or maintenance, or a failure or malfunction of the sources, treatment, storage or distribution system that EPA determines to be causing, or have potential for causing, the introduction of contamination into the water delivered to consumers.[28] The seven deficiencies included: 1) lack of written procedures for treatment plant operations; 2) overflow screen mesh too coarse; 3) lack of on-site certified operators; 4) unknown point of chlorine injection; 5) backwash pump not secured; 6) unsafe storage of polymer; and 7) treatment plant instruments are uncalibrated.

[24] Exhibit 1, Attachment 4 at 1, CPED offered 30 documents from the EPA that are numbered.

[25] Exhibit 1, Attachment 4, at page 169.

[26] Id.

[27] Id.

[28] Id.

- EPA EAO dated May 28, 2024.[29] The EPA notified Havasu of six deficiencies that placed the customers of Havasu at health risk.[30] The deficiencies included: 1) exceedance of the total trihalomethanes mcl; 2) failure to meet qualified personnel/operator requirements; 3) failure to monitor as required by the surface water treatment rule; 4) failure to correct significant deficiencies (referring to the seven deficiencies found in the January 30, 2024, EPA inspection letter); 5) failure to meet public notification requirements; and 6) failure to submit a consumer confidence report.[31] The EPA ordered Havasu to comply within 60 days.[32]
- After issuance of the May 28, 2024, EAO, the EPA issued four noncompliance notices to Havasu for failure to comply with the May 28, 2024, EAO. The four noncompliance notices were sent on:
  - June 14, 2024;[33]
  - June 28, 2024;[34]
  - August 7, 2024;[35]
  - October 22, 2024;[36]
  - February 6, 2025;[37] and

[29] Exhibit 1, Attachment 4, Document 1 at 1.

[30] Id. at 4.

[31] Id. at 4–15.

[32] Id. at 16.

[33] Exhibit 1, Attachment 4 at 99. This attachment is not listed but is found on page 99 of Attachment 4

[34] Exhibit 1, Attachment 4, Document 5 at 1.

[35] Exhibit 1, Attachment 4, Document 7 at 1.

[36] Exhibit 1, Attachment 4, Document 6 at 1.

[37] Exhibit 1, Attachment 4, Document 13 at 1.

- July 23, 2025.[38]

- EAO No. 2 dated November 6, 2024.[39] The EPA notified Havasu of two additional deficiencies that placed the customers of Havasu at health risk.[40] The deficiencies included: 1) loss of pressure in drinking water distribution system and 2) use of unqualified personnel to operate the system.[41] The EPA ordered Havasu to comply within 24 hours.[42]
- After issuance of the November 6, 2024, EAO No. 2, the EPA issued two additional noncompliance notices on February 6, 2025[43] and July 23, 2025.[44]

On December 12, 2025, the assigned ALJ granted official notice to CPED's Exhibit 1, Attachment 4 under Rule 13.6 and Evidence Code 452.[45] Havasu asserts that the Commission does not have jurisdiction over Havasu's EPA violations, we agree. Havasu's EPA violations will be handled by the EPA. However, Havasu is incorrect that the EPA violations are not relevant to this proceeding.

[38] Exhibit 1, Attachment 4, Document 12 at 1.

[39] Exhibit 1, Attachment 4, Document 1 at 1.

[40] Id. at 4-5.

[41] Id.

[42] Id. at 5.

[43] Exhibit 1, Attachment 4, Document 13 at 1.

[44] Exhibit 1, Attachment 4, Document 26 at 1.

[45] Exhibit 1, Attachment 4 refers to the U.S. EPA letters, EAOs and noncompliance notices that were sent to Havasu from 2023 to 2025.

GO 103-A (II)(2)(A)(2) requires Havasu to comply with federal law, including the EPA's SDWA. Evidence offered by CPED demonstrates that Havasu has been in violation of the SDWA since January 2024.

In January 2024, when the EPA assumed primary enforcement responsibility, the EPA immediately cited Havasu for seven deficiencies. Subsequently, on May 28, 2024, the EPA issued an EAO due to the public health and safety risks posed by Havasu's actions. The EPA subsequently issued four separate noncompliance citations for failure to comply with the May 2024, EAO. Havasu's conduct reflects a consistent pattern of noncompliance and unresponsiveness to EPA directives.

In November 2024, the EPA was compelled to issue a second EAO (EAO No. 2) after identifying two additional deficiencies. Havasu failed to address the deficiencies in EAO No. 2 resulting in two further noncompliance notices.

Havasu has failed to offer any evidence or testimony in defense of its position that it did not violate the SDWA or that it had cured all of the violations it was cited for by the EPA. As such, it is determined that Havasu violated GO 103-A (II)(2)(A)(2) when it failed to comply with the SDWA from January 2024 to present while incurring two emergency administrative orders and six noncompliance notices.

7.1.2. From January 2024 to Present, Havasu Violated GO 103-A (II)(2)(A)(1) When It Was Required by the EPA to Issue Boil Water Notices to its Customers Thereby Causing a Public Health and Safety Risk

CPED alleges that from January 2024 to present, Havasu violated GO 103-A (II)(2)(A)(1) when it received five boiling water notices (BWN) from the EPA.

GO 103-A (II)(2)(A)(1) states that:

> Any utility serving water for human consumption shall provide water that is not harmful or dangerous to health and, insofar as practicable, free from objectionable odors, taste, color and turbidity.

A boiling water notice is ordered by the EPA and issued by Havasu.[46] A boil water notice informs the customers that the utility does not recommend that customers drink the water without boiling it first and letting it sit for one minute.[47] In addition, the boil water notice informs the customers that boiled water should be used for drinking, making ice, brushing teeth, washing dishes and food preparation.[48] The boil water notice cautions that inadequately treated water may contain disease-causing organisms such as viruses and parasites which may cause nausea, cramps, diarrhea and associated headaches.[49]

As evidence of Havasu's violations, CPED offers five BWNs the EPA ordered Havasu to issue on:

- February 8, 2024;[50]
- March 8, 2024;[51]
- March 21, 2024;[52]
- September 24, 2024;[53] and

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[46] Exhibit 1, Attachment 26 at 1.

[47] Id.

[48] Id.

[49] Id.

[50] Exhibit 1, Attachment 4, Document 22 at 1.

[51] Exhibit 1, Attachment 4, Document 21 at 1.

[52] Exhibit 1, Attachment 4, Document 18 at 1.

[53] Exhibit 1, Attachment 4, Document 29 at 1.

- November 4, 2024.[54]

The evidence establishes that on five occasions, the EPA determined that Havasu's water quality was so dire that it ordered Havasu to issue BWNs. When the EPA directed Havasu to issue a BWN, it did so to expressly protect the public from potential public health and safety risks. Here, the EPA required Havasu to issue five BWNs within the span of a single year. The number and frequency of the BWN's is a clear indication that the water quality supplied by Havasu posed a significant risk to the public health and safety of its customers.

Havasu failed to offer any evidence or testimony in defense of its position that it cured all of the violations it was cited for by the EPA. As such, it is determined that Havasu violated GO 103-A (II)(2)(A)(1) when it was ordered by the EPA to issue five BWNs to its customers to protect them from the potential public health and safety risks associated with the water quality that Havasu provides.

7.2. State – California State Water Resources Control Board, Division of Drinking Water

The California State Water Resources Control Board protects water quality and allocates surface water rights.[55] In addition, the DDW enforces the SDWA by issuing permits and monitoring water quality.[56] DDW had primary enforcement of the SDWA over Havasu until January 2024.[57]

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[54] Exhibit 1, Attachment 4, Document 16 at 1.

[55] The State Water Resources Control Board's website is located at: https://www.waterboards.ca.gov/about_us/

[56] Id.

[57] Exhibit 2, Attachment 14 at 1.

7.2.1. From March 2022 to December 2023, Havasu Violated GO 103-A (II)(1)(B) When It Experienced a Systemwide Water Outage and Havasu Has Been Noncompliant and Unresponsive to DDW Oversight

CPED alleges that Havasu violated GO 103-A (II)(1)(B) when it suffered a systemwide water outage from March 21, 2022 through March 26, 2022 due to a power outage caused by Southern California Edison Company.[58]

GO 103-A (II)(1)(B) states that:

> Each water utility shall ensure that it complies with the Department's permit requirements and all applicable drinking water regulations.

As evidence of Havasu failure to comply with state rules, CPED offers two compliance orders and eight noncompliance citations. A summary of the compliance orders and noncompliance citations are provided below:

- Compliance Order No. 05-13-22R-001 (CO) dated March 29, 2022.[59] Required Havasu to take actions immediately on fifteen directives by specific dates regarding water treatment, water supply, obtaining certified operators, installing backup generators, remove or repairing cross connections and providing reports.[60]
- After issuance of the March 29, 2022, CO, DDW issued three noncompliance citations to Havasu for failure to comply with the CO. The three noncompliance citations were sent on:
  - May 6, 2022;[61]

[58] Exhibit 2, Attachment 6 at 7-8.

[59] Exhibit 2, Attachment 6.

[60] Id at 11-13.

[61] Exhibit 2, Attachment 7.

- July 28, 2022;[62] and
- August 4, 2022.[63]

- Compliance Order No. 05-13-22R-002 dated September 14, 2022 (CO No. 2).64 Required Havasu to act immediately on four directives by specific dates regarding on-site inspections, providing DDW documentation and complying with previous directives.[65]
- After issuance of the March 29, 2022, CO No. 2, DDW issued five noncompliance citations to Havasu for failure to comply with CO No. 2. The five noncompliance citations were sent on:
  - February 8, 2023;[66]
  - June 12, 2023;[67]
  - June 12, 2023 (two notices were sent on this date);[68] and
  - August 23, 2023.[69]
- Citation No. 05-13-23C-005 dated December 4, 2023,[70] which required Havasu to submit a preliminary study report for compliance with the running annual average for the total trihalomethanes (TTHM) maximum containment level (MCL) by October 31, 2023.

[62] Exhibit 2, Attachment 8.

[63] Exhibit 2, Attachment 9.

[64] Exhibit 2, Attachment 10

[65] Id. at 6-7.

[66] Exhibit 2, Attachment 11.

[67] Exhibit 2, Attachment 12.

[68] Exhibit 2, Staff Report at 5.

[69] Exhibit 2, Attachment 14.

[70] Exhibit 2, Attachment 15.

The evidence establishes that Havasu has failed to comply with the drinking water standards mandated by DDW. From March 2022 through December 2023, Havasu received two compliance orders and eight noncompliance citations for violations of DDW regulations. These citations and violations and Havasu's failure to address and/or correct the issues contained therein are consistent with Havasu's longstanding history of noncompliance with DDW's water quality standards and its repeated failure to respond adequately to compliance directives and noncompliance notices. Havasu's continued disregard for regulatory requirements constitutes a violation and presents a danger to the public health and safety of its customers.

Havasu failed to offer any evidence or testimony in defense of its position that it cured all of the violations it was cited for by DDW. As such, it is determined that from March 2022 through December 2023, Havasu violated GO 103-A (II)(1)(B) when it continued to place its customers health in jeopardy by violating the DDW's drinking water standards.

7.2.2. From March 2022 to December 2023, Havasu Violated GO 103-A (III)(8)(B), (II)(3)(A)(1), (II)(2)(A)(3) and California Code of Regulations (CCR), Title 22, Section 64413.5 When it Experienced a Systemwide Water Outage and Havasu was Unable or Unwilling to Adequately Serve its Customers

7.2.2.1. Backup Generators

CPED alleges that during the period of March 21, 2022 through March 29, 2022, Havasu violated GO 103A (III)(8)(B) when its backup generator was inoperable during a power outage.[71]

GO 103A (III)(8)(B) Reliability of Water Facilities states that:

> All other critical equipment not addressed above shall have adequate redundancy and reliability, including fixed or portable backup power, incorporated as determined by the utility and approved by the Commission to meet the requirements of this General Order.

On March 22, 2022, DDW conducted a sanitary survey of Havasu and found the system in a state of extreme disrepair and observed several potential cross connection hazards.[72]

At the hearing, Havasu claimed that it had a new backup generator but did not provide any testimony or evidence to support this contention.[73]

The evidence establishes that on March 21, 2022 through March 29, 2022, the water outage experienced by Havasu was exacerbated by the failure of its backup generator to operate properly during the power outage. Havasu bears the responsibility to maintain an adequate, redundant and reliable backup

[71] Exhibit 2, Staff Report at 5.

[72] Id.

[73] Reporter's Transcript (RT) at 75.

generator to ensure the continuity of water service in the event of a primary power failure.

Havasu failed to offer any evidence or testimony in defense of its position that it installed a new backup generator at its facility. As such, it is determined that by failing to provide adequate, redundant and reliable backup generator capacity, Havasu violated Pub. Util. Code § 451, which requires public utilities to furnish and maintain adequate, efficient, just and reasonable service and GO 103-A (III)(8)(B), which mandates the provision of reliable backup facilities.

7.2.2.2. Alternative Source of Water

CPED alleges that during the period of March 21, 2022 through March 29, 2022, Havasu violated GO 103A (II)(3)(A)(1) when it failed to provide an alternate source of water to its customers.

GO 103A (II)(3)(A)(1) states that:

> Each utility shall make all reasonable efforts to prevent interruptions to service and when such interruptions occur, shall reestablish service with the shortest possible delay consistent with the safety of its customers, its employees, and the general public.

According to DDW Compliance Order, Havasu was instructed to obtain an alternate source of water for its customers, whether it be water haulers or bottled water.[74] Havasu informed the DDW that it did not have the finances to afford hauled water even if reimbursement was an option.[75]

[74] Exhibit 2, Attachment 6 at 9.

[75] Id.

On March 24, 2022, bottled water was provided to Havasu customers by the San Bernardino County Office of Emergency Services.[76]

Havasu failed to offer any evidence or testimony in defense of its position that between March 21, 2022 through March 29, 2022, it provided an alternate source of water to its customers. As such, it is determined that Havasu violated GO 103-A (II)(3)(A)(1) when it failed to provide its customers an alternate source of water during the water outage.

7.2.2.3. Providing Notice to the Commission

CPED alleges that Havasu violated GO 103A (II)(2)(A)(3) when it failed to notify the CPUC when it experienced a water outage on March 21, 2022 through March 29, 2022.

GO 103A (II)(2)(A)(3) states that:

> If the Department or US EPA finds a utility to be out of compliance with the water quality regulations specified in section II.2.A(2), the utility shall promptly notify the Commission, by telephone or e-mail, with confirmation in writing. Any report submitted to the Department or US EPA in such circumstances shall be submitted concurrently to the Commission.

The evidence establishes that on March 23, 2022, DDW contacted WD by email and notified WD that Havasu was experiencing a water outage.[77] According to WD, it was never notified of the water outage by Havasu.[78]

Havasu failed to offer any evidence or testimony in defense of its position that it provided notice to the Commission of the water outage it experienced on

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[76] Id.

[77] Exhibit 2, Attachment 22 at 1.

[78] Id.

March 21, 2022 through March 29, 2022. As such, it is determined that Havasu violated GO 103A (II)(2)(A)(3) when it failed to notify the WD of the water outage that occurred between March 21, 2022 through March 29, 2022.

7.2.2.4. Certified Operators

CPED alleges that from March 21, 2022 through March 29, 2022, Havasu violated California Code of Regulation (CCR), Title 22, section 64413.5 when it failed to have certified operators at its facility.[79]

CCR, Title 22, section 64413.5 states that:

a. Each water supplier shall designate at least one chief operator that meets the requirements specified in section 63765 for each water treatment facility utilized by the water system.
b. Each water supplier shall designate at least one shift operator that meets the requirements specified in section 63765 for each water treatment facility utilized by the water system for each operating shift.
c. Except as provided in (d), a chief operator or shift operator shall be on-site at all times that the facility is operating.
d. If the water supplier's operations plan, submitted and approved pursuant to section 64661, demonstrates an equal degree of operational oversight and reliability with either unmanned operation or operation under reduced operator certification requirements, the chief operator or shift operator is not required to be on-site, but shall be able to be contacted within one hour.

As evidence, CPED cited a DDW Compliance Order which indicated that Louie Richhart, an uncertified operator was running the Havasu system on

[79] Exhibit 2, Attachment 6 at 8.

March 21, 2025.[80] According to the DDW Compliance Order, Richhart refused to continue to work for Havasu after the water outage.[81] Havasu's previous certified operators resigned on December 31, 2021 and March 4, 2022, respectively.[82] CPED claims that Havasu has been operating without certified operators since March 4, 2022.[83]

According to the DDW, Havasu was cited for failing to demonstrate that it hired certified operators and for failing to submit a corrective action plan and weekly monitoring reports as required.[84] As a result, Havasu was assessed a penalty of $3,000 which remains unpaid.[85]

The evidence establishes that certified operators are required to run Havasu water system and that during the period of March 5, 2022 through March 29, 2022, Havasu did not have any certified operators.

Havasu failed to offer any evidence or testimony in defense of its position that it had the required number of certified operators at its facility during the period of March 21, 2022 through March 29, 2022. As such, it is determined that Havasu violated CCR, Title 22, section 64413.5 when it failed to have the required certified operators at its facility.

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[80] Exhibit 2, Staff Report at 5, 17.

[81] Id.

[82] Id.

[83] Id.

[84] Exhibit 2, Staff Report at 7.

[85] Id.

7.3. State - California Public Utilities Commission, Water Division (WD)

WD is a division of the Commission. The WD regulates California's investor-owned water utilities ensuring that water utilities deliver clean, safe and reliable water to their customers at reasonable rates.[86] WD investigates water service quality issues and analyzes and processes utility rate change requests.[87]

7.3.1. WD Oversight of Havasu Under Pub. Util. Code § 702 from March 2022 to May 2025 - Havasu Was Non-Compliant and Unresponsive to WD Oversight

CPED alleges that Havasu violated Pub. Util. Code § 702 when it failed to comply with WD's notices of violations (NOV), compliance directives, and cease and desist orders.

Pub. Util. Code § 702 states that:

> Every public utility shall obey and comply with every order, decision, direction, or rule made or prescribed by the commission in the matters specified in this part, or any other matter in any way relating to or affecting its business as a public utility and shall do everything necessary or proper to secure compliance therewith by all of its officers, agents, and employees.

As evidence of Havasu violation of Pub. Util. Code § 702, CPED offered seven NOVs, two citations and a cease and desist order which are summarized below:

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[86] The CPUC's website discussing Water Division is located at : https://www.cpuc.ca.gov/about-cpuc/divisions/water-division

[87] The Water Division's website is located at: https://www.cpuc.ca.gov/industries-and-topics/water

- WD NOV dated April 1, 2022.[88] WD ordered Havasu to comply with fifteen directives to bring Havasu back into compliance.[89] The directives included: meeting a minimum of 20 pressure square inch (psi) at all times; providing an alternative water source to customers; obtain certified operators; complying with drinking water standards; providing Do Not Drink Notices; submitting weekly reports; have an operable backup generator; removing or repairing all cross connections; preparing a corrective action plan; monthly reports and completing a notice of receipt of these directives.[90]
- WD NOV dated July 26, 2022.[91] WD informed Havasu that it did not comply with its April 1, 2022 NOV.[92] WD ordered Havasu to comply with four directives to bring Havasu back into compliance.[93] The directives included: submitting a revised and approved correction action plan; repairing the water main leak and resolve all low water pressures in the Havasu distribution system; obtain certified operators; and repair or remove potential cross connection hazards.[94]
- WD Citation No. W.22-09-001 dated September 16, 2022.[95] WD issued a citation to Havasu for failing to comply with

[88] Exhibit 2, Attachment 21.

[89] Id. at 1-3.

[90] Id.

[91] Exhibit 2, Attachment 24.

[92] Id. at 4.

[93] Id.

[94] Id.

[95] Exhibit 2, Attachment 25.

the DDW's July 26, 2022 NOV.[96] Havasu was issued a $2,000.00 penalty.[97]

- WD NOV dated November 21, 2022.[98] WD issued an NOV directing Havasu to correct its tariffs to comply with tariff rule revisions required by Senate Bill 998 and GO 96-B.[99] Havasu was given 10 business days from date of issuance of the NOV to revise their tariffs.[100]
- WD NOV dated March 7, 2025.[101] WD issued an NOV informing Havasu that it was in violation of Pub. Util. Code §451 and GO 103-A for the following reasons: 1) failing to furnish and maintain safe and reliability water service to its customers and the public; 2) failing to comply with the water quality standards of the EPA's SDWA; 3) failing to have a certified operator for its water distribution and treatment systems; 4) failure to notify the Commission of the noncompliance identified by the EPA; and 5) failure to comply with the EPA's public notification requirements.[102] Havasu was ordered to comply with the following directives: 1) correct all remaining significant deficiencies as specified in SDWA-09-2024-008; and procure a certified operators for its water distribution and treatment systems.[103]

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[96] Id. at 1.

[97] Id.

[98] Exhibit 2, Attachment 27.

[99] Id. at 1.

[100] Id.

[101] Exhibit 2, Attachment 29.

[102] Id. at 1.

[103] Id at 3.

- WD NOV dated October 4, 2024.[104] WD issued an NOV informing Havasu it was in violation of Pub. Util. Code § 451 and GO 103-A.[105] In addition, Havasu was ordered to comply with the following directives: 1) inspect all fire hydrants; 2) conduct repairs and replacements as needed to ensure all fire hydrants in the Havasu service area are operable; 3) provide to WD a record of all inspections, repairs and replacement performed by Havasu for all fire hydrants in its service area; and provide all documents pertaining to WD October 11, 2024 data request.[106]
- WD NOV dated March 7, 2025.[107] WD informed Havasu that it was in violation of Pub. Util. Code § 451 and GO-103-A for failing to maintain fire hydrant service in its service area.[108] Havasu was directed to comply with the directives from the October 4, 2024 NOV.[109]
- WD Cease and Desist Order dated May 9, 2025.[110] WD ordering Havasu to cease and desist replacement of all 5/8 x 3/4" meters consistent with Resolution (Res.) M-4846 and pursuant to Pub. Util. Code §§ 454 and 701.[111]

[104] Exhibit 2, Attachment 34.

[105] Id. at 3.

[106] Id.

[107] Exhibit 2, Attachment 41.

[108] Id.

[109] Id.

[110] Exhibit 2, Attachment 25.

[111] Id.

- WD Citation No. W.25-05-001 dated May 12, 2025.[112] WD issued a citation to Havasu for failing to comply with the WD March 7, 2025 NOV.[113]
- WD NOV dated May 14, 2025. WD informing Havasu that it violated Pub. Util. Code § 454 for failing to comply with the May 9, 2025 Cease and Desist Order.[114] Havasu was directed to comply with the Cease and Desist Order within 24 hours of issuance of this NOV or be fined a penalty up to $100,000.[115]

The facts in evidence establish that Havasu has been in continuous violation of Pub. Util. Code § 702 during the period from March 2022 through March 2025. Within this timeframe, Havasu has been issued seven NOVs, two citations, and a cease and desist order by WD.

Havasu's repeated noncompliance with WD's regulatory authority constitutes a breach of its legal obligations. Moreover, Havasu's actions present a threat to the public health and safety of its customers.

Havasu failed to offer any evidence or testimony in defense of its position that it cured all of the violations cited by WD. As such, it is determined that Havasu violated Pub. Util. Code § 702 when it failed to comply with the orders, directives and rules of WD from March 2022 through May 2025

[112] Exhibit 2, Attachment 35.

[113] Id. at 1.

[114] Exhibit 2, Attachment 45.

[115] Id. at 1.

7.3.2. In October 2024, Havasu Violated Pub. Util. Code § 702 When It Failed to Respond to a Data Request by WD but Havasu Did Not Violate Pub. Util. Code § 702 for Data Requests in September 2025

CPED alleges that Havasu violated Pub. Util. Code § 702 when it failed to respond to two data requests one from WD and one from CPED.

Pub. Util. Code § 702 states that:

> Every public utility shall obey and comply with every order, decision, direction, or rule made or prescribed by the commission in the matters specified in this part, or any other matter in any way relating to or affecting its business as a public utility and shall do everything necessary or proper to secure compliance therewith by all of its officers, agents, and employees.

As evidence, CPED filed the following data requests:

- October 11, 2024 data request.[116] An email from W. Tsai from WD to Havasu. Tsai references an attached data request.[117] Havasu acknowledges receipt of the data request and informs W. Tsai that Havasu is awaiting further information from SBCFD and will provide further information upon receipt.[118]
- September 22, 2025 data request.[119] A letter from CPED to Havasu.[120] CPED requested the following information: 1) Havasu's most recent Uniform Fire Hydrant Safety Agreements (UFHSA) with SBCFD; 2) all records of maintenance performed by SBCFD on fire hydrants in

[116] Exhibit 2, Attachment 32.

[117] Id. at 1.

[118] Id.

[119] Exhibit 1, Attachment 1.

[120] Id. at 1.

> Havasu' service area; 3) monthly reports submitted to DDW and EPA; 4) all General Rate Cases (GRC) submitted by Havasu pertaining to compensation of fire hydrant capital expenditures and maintenance costs; 5) All Commission decisions and final orders related to GRCs denying Havasu compensation for fire hydrant capital expenditures and maintenance costs; 6) all records of Havasu's correspondence with SBCFD in the past 10 years regarding fire hydrant maintenance; and 7) all records responsive to WD October 11, 2024 data request.[121]

The evidence establishes that WD and CPED made two data requests on the following dates: October 11, 2024 and September 22, 2025. On October 11, 2024, Havasu responded to WD's data request. In the response Havasu stated that it was "awaiting further information from SBCFD and will provide further information upon receipt".[122] It is determined that Havasu never provided WD with the information from SBCFD. This is based on the fact that WD sent a data request for the same SBCFD information on September 22, 2025.[123]

Havasu failed to offer any evidence or testimony in defense of its position that it had contacted SBCFD and was awaiting documentation. As such, it is determined that Havasu violated Pub. Util. Code § 702 when it failed to provide WD the data requested in the October 11, 2024 data request.

As noted, *supra,* on September 22, 2025, CPED served a data request upon Havasu. As this data request was issued during this proceeding, it is considered a discovery request. Havasu timely objected to the September 22 discovery

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[121] Id. at 4.

[122] Exhibit 2, Attachment 33 at 1.

[123] Exhibit 1, Attachments 1 and 6 at 1.

request. Following Havasu's objections, the correct course of legal action was for CPED to either file a motion to compel or request a ruling, thereby permitting the assigned ALJ an opportunity to issue a ruling on the disputed discovery. Had Havasu failed to comply with the assigned ALJ's order, then a Rule 1.1 violation would have occurred. Here, CPED failed to follow the correct administrative/legal procedure.

As such, Havasu did not violate Pub. Util. Code § 702 when it did not respond to CPED's September 22, 2025 data request because discovery requests that are not complied with must be brought to the attention of the assigned ALJ through either a motion to compel or request a ruling that was not done here.

7.3.3. On April 8, 2024, Havasu Violated Pub. Util. Code § 702 When It Failed to Comply with Commission D.24-03-053

CPED alleges that Havasu violated Pub. Util. Code § 702 when it failed to comply with D.24-03-053 by rebilling its customers on April 8, 2024.[124]

Pub. Util. Code § 702 states that:

> Every public utility shall obey and comply with every order, decision, direction, or rule made or prescribed by the commission in the matters specified in this part, or any other matter in any way relating to or affecting its business as a public utility and shall do everything necessary or proper to secure compliance therewith by all of its officers, agents, and employees.

D.24-03-053 concerns Gary Chamberlin, Charles Ramsden and Susan Wilson (Complainants) who allege that Havasu erred in calculating their water bills while not providing water and charged them unwarranted penalties and

[124] Exhibit 2, Staff Report at 30.

late fees.[125] In D.24-03-053, the assigned ALJ ordered Havasu to remove all late fees from Complainants' bills from 2021 forward.[126]

On or about April 8, 2024, Havasu issued Gary Chamberlin a bill which included late fees from 2021 forward.[127] The bill shows the following:[128]

Date	Description	Amount
3/28/24	Previous Balance	$198.70
4/8/24	Late Charge	$475.00
4/8/24	Previous Balance	$1,940.02
	Total	$2,613.72

On June 3, 2024, the assigned ALJ, in C.23-02-009, issued a cease and desist ruling/order to show cause as to why Havasu should not be sanctioned for its actions towards the Complainants in seeking reimbursement for bill already adjudicated as unearned between March 2022 and March 2023.[129]

[125] D.24-03-053 at 1.

[126] Id. at 14. "On its own volition, Havasu decided to remove all late fees associated with the Complainants submitted payments to CPUC impounds."

[127] C.23-02-009, Rehearing Request, Exhibit 1 at 1.

[128] Id. at 1.

[129] C.23-02-009, Cease and Desist Ruling at 6 – 7.

The evidence establishes that the Commission in C.23-02-009 ordered Havasu to remove all late fees from the Complainants' bills from 2021 forward.[130] Havasu itself supported the removal of such late fees during the proceeding.[131]

Despite the clear order set forth in D.24-03-053, on April 8, 2024, Havasu failed to comply with the Commission's order in D.24-03-053 by rebilling the Complainants for late fees from 2021 forward.[132] In its Rehearing Request, Havasu admits that it intentionally rebilled the Complainants for these late fees.[133]

The Commission's order in D.24-03-053 represents a final judgement on all issues related to C.23-02-009.[134] Accordingly, Havasu is not entitled to recover any late fees from the Complainants, and its attempt to do so represents a violation of the Commission's binding order in D.24-03-053.

Havasu failed to offer any evidence or testimony in defense of its position that it complied with the orders in D.24-03-053. As such, it is determined that Havasu violated Pub. Util. Code § 702 when it did not comply with D.24-03-053, Ordering Paragraph 1, which states that Havasu shall remove all late fees from the Complainants bills from 2021 forward.

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[130] D.24-03-053 at 14.

[131] Id. at 10.

[132] C.23-02-009, Rehearing Request, Exhibit 1 at 1.

[133] C.23-02-009, Rehearing Request at 2.

[134] C.23-02-009, Cease and Desist Ruling at 6.

7.4. County – San Bernardino County Department of Public Works (SBCPW)

The Operations and Maintenance Division (O&M) is a division of SBCPW. The O&M is responsible for maintaining the upkeep of city owned property such as roads, sidewalks, trees, parkways, medians, maintenance boxes, storm drains, street signs, traffic signals, weed abatement and public parks.[135] O&M repairs potholes, removes downed trees and performs cleanup after major storms and pubic areas where flooding has occurred.[136]

7.4.1. From January 2021 through February 2023, Havasu Violated GO 103-A (II)(C)(3) When It Failed to Comply with SBCPW Safety Standards and Ordinances - Havasu Was Non-Compliant and Unresponsive to SBCPW thereby Causing a Public Health and Safety Risk

CPED alleges that from January 2021 through February 2023, Havasu violated GO 103-A (II)(C)(3) when on at least ten incidents, Havasu's repair work in the public right of way located in San Bernardino County was defective or incomplete.

GO 103-A (II)(C)(3) states that:

> All repairs associated with a utility's water and wastewater system shall include, as a minimum: ground surface shall be repaired to at least its original condition.

[135] San Bernardino County Public Works webpage is located at: https://www.sanbernardino.gov/614/PublicWorks#:~:text=Our%20O%26M%20team%20is%20responsible,weed%20abatement%2C%20and%20public%20parks.

[136] Id.

As evidence, CPED filed documents from SBCPW which included: notice of unpermitted work; repeated violations of ordinances, permitting requirements violations and a franchise agreement by SBCPW (Notice).[137] In the Notice, SBCPW states that it verbally notified Havasu of at least ten incidents where its repair work in the public right of way was defective or incomplete.[138] According to SBCPW, Havasu failed to remedy any of these defects.[139]

The Notice lists Havasu's long history of violations which includes:[140]

- February 2023, SBCPW issued a formal notice regarding unpermitted and improper repairs, along with a requirement to apply for necessary permits.
- February 2024, SBCPW notified Havasu about debris from a malfunctioning water tank and additional improper repairs.
- March 2024, after multiple resident complaints about safety risks from Havasu's open trenches and substandard work, SBC reminded Havasu that its permit had expired.
- July 2024, due to ongoing safety concerns, SBCPW stepped in to fix Havasu's defective work and invoiced Havasu for costs incurred. Havasu rejected the invoice and falsely claimed that the SBCPW had paved over control valves.
- August 2024, SBCPW informed Havasu that all repairs must meet SBC standards and that Havasu must reapply for a permit.

[137] Exhibit 2, Attachment 65 at 2.

[138] Id.

[139] Id.

[140] Id.

Furthermore, SBCPW stated, "These are only a few examples of a much longer history of Havasu's many violations and disregard of San Bernadino County regulations, permit requirements, notices and safety standards."[141]

Havasu has a duty to restore the ground surface to at least its original condition following any excavation or repair work. The evidence establishes that on four separate incidents, Havasu's repair work within the public right-of-way was defective or incomplete.

According to SBCPW, Havasu has failed to remedy any of these ten incidents to date. SBCPW's Notice further documents a long history of noncompliance by Havasu, demonstrating a persistent disregard for its obligations under SBCPW safety standards and ordinances.

Havasu failed to offer any evidence or testimony in defense of its position that it cured all of the violations cited by SBCPW. As such, it is determined that Havasu violated GO 103-A (II)(C)(3), in four incidents, where Havasu had to perform excavation or repair work within the public right-of-way, and failed to repair the ground surface to at least its original condition.

7.5. Authorization to Petition for a Receivership for Havasu in Superior Court

The record in this proceeding supports a finding that Havasu has demonstrated a sustained pattern of Federal, State and County noncompliance, coupled with chronic unresponsiveness and mismanagement, that presents a compelling case for receivership. The purpose of a receivership is to safeguard

[141] Id.

the public interest when an entity entrusted with critical infrastructure fails to meet its legal and operational obligations.

Havasu's persistent violations of Federal, State, and County laws, regulations, orders, directives, safety standards and ordinances undermine the integrity of Havasu's operations and erode public trust. Compliance with these laws, regulations, orders, directives, safety standards and ordinances are not optional; it is a legal mandate designed to protect public health and safety and ensure the safe delivery of water.

Havasu has demonstrated an unwillingness or inability to respond to regulatory directives, corrective actions, and orders indicates that Havasu lacks the capacity or willingness to self-correct. This failure of accountability necessitates external intervention.

Havasu's mismanagement has resulted in unsafe water quality and infrastructure failures that directly endangers the public health and safety of its customers. When such risks are recurrent and unaddressed, they rise to the level of a public emergency requiring decisive action.

Seeking a receivership provides a structured mechanism to restore compliance, stabilize operations and protect public health and safety. By placing Havasu under the control of a neutral and competent receiver, Havasu's customers are assured that corrective measures will be implemented promptly and effectively, free from the entrenched dysfunction that has characterized Havasu's current management.

As such, it is determined that given Havasu's long history of regulatory violations, disregard for oversight and mismanagement resulting in significant

public health and safety risks, receivership is not merely justified but essential. It is the only way to ensure safe, reliable water and meet Havasu's legal and ethical duties. CPED's request to seek a receivership in Superior Court is granted.

8. Resolution of K.25-06-028 - From July 2024 to August 2025, Havasu Violated Pub. Util. Code § 2713(a) and GO 103-A (VII)(2)(B) When It Failed to Properly Inspect, Repair and Replace Its Fire Hydrants in Its Service Area Thereby Causing a Public Health and Safety Risk

The amended Scoping Memo in the instant proceeding issued on October 16, 2025, under section (2) paragraph 20 states: "Should the Commission consolidate appeal K.25-06-028 and Citation Number W.25-05-001 in the OII/OSC…."[142] The preliminary scoping memo and ruling issued on August 14, 2025, under section (VII) states that appeal K.25-06-028 and Citation Number W.25-01-001 are consolidated into the OII.[143] No protests or objections were filed in response to the preliminary scoping memo. As such, appeal K.25-06-028 and Citation Number W.25-05-001 have been consolidated into the OII pursuant to the assigned Administrative Law Judge' ruling.[144] The issues in K.25-06-028 and Citation Number W.25-05-001 will be resolved in this decision.

On May 12, 2025, WD issued Citation Number W.25-05-001, stating that Havasu violated Pub. Util. Code §2713(a) and GO 103-A, (VII)(2)(B) when it failed to properly inspect and maintain its fire hydrants.

Pub. Util. Code § 2713(a) states that:

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[142] Scoping memo and ruling at 6.

[143] Preliminary scoping memo at 22.

[144] ALJ Ruling Consolidating K.25-06-028 issued on February 5, 2026 at 1.

> A water corporation shall furnish water for fire protection purposes to the extent of its means and as a condition of a certificate of public convenience and necessity, in case of fire or other great necessity, within the boundaries of the territory served by it for use within such territory.
>
> GO 103-A (VII)(2)(B) states that:
>
> Effective asset management helps achieve or maintain service and other business performance requirements, manage risks, and improve efficiency. To support the asset management system requirements all utilities shall conduct regular reviews of their asset management system, employing either internal or external resources, as appropriate. Utilities shall report to the Commission on any major plans to retrofit existing facilities, use of cathodic protection programs, and other efforts to minimize deterioration and extend service life. The Commission may determine whether additional third-party review of a utility's asset management plan, as a recoverable cost, is warranted.

On March 7, 2025 WD issued a NOV, and ordered Havasu to do the following: 1) inspect all fire hydrants in Havasu's service area, due date March 18, 2025 ; 2) conduct repairs and replacements as needed to ensure all fire hydrants in Havasu's service area are fully operable, due date April 1, 2025; 3) provide to WD a record of all inspections, repairs and replacements completed by Havasu for all fire hydrants in Havasu service area, due date April 1, 2025; and 4) provide all request documents and records in WD's October 11, 2024 data request, due date March 18, 2025.[145]

On May 12, 2025, WD issued Citation No. W.25-05-001 to Havasu for failing to comply with the March 7, 2025 NOV, which included a $10,000 penalty.[146] Citation No. W.25-05-001 included a description of the violations;

[145] Exhibit 2, Attachment 34 at 2.

[146] Exhibit 2, Attachment 35 at 2.

reasons for the violations; appeal sample form, appeal directions and appeal due date and citation payment form.[147]

As evidence of fire hydrant neglect, CPED offered an email from the EPA dated July 2, 2024, which raised concerns by customers about water pressure, functionality of fire hydrants in the Havasu service territory and provided pictures of damaged fire hydrants.[148] On July 7, 2024, the SBCFD contacted WD to raise similar concerns about fire safety and the ability to combat fires in the area if needed.[149]

On June 23, 2025, Havasu filed its appeal to Citation No. W.25-05-001.[150] In its appeal, Havasu asserts the following defenses: 1) Commission failed to provide Havasu with due process notice and opportunity to a hearing before issuance of Citation W.25-05-001; 2) Havasu was not provided an opportunity to respond to the March 12, 2025 citation; and 3) the Commission does not have any evidence that there is anything wrong with the operation of Havasu's fire hydrants or that Havasu has failed to adequately maintain fire hydrants in its service area.[151]

On July 29, 2025, CPED filed a Motion to Dismiss Havasu's Appeal and filed a Motion to Accept Late Filing of its Compliance Filing in K.25-06-028.

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[147] Exhibit 2, Attachment 35 at 1-16.

[148] Exhibit 2, Attachment 30 at 1.

[149] Exhibit 2, Attachment 31 at 1.

[150] Exhibit 2, Attachment 36 at 1.

[151] Id. at 3 – 11.

CPED Motion to Dismiss Havasu's Appeal is denied and CPED's Motion for Acceptance of Late Filing of its Compliance Filing is granted.

8.1. Discussion

Havasu contends that it was not provided any notice of any alleged violation of any statute, rule, order or that the Commission was contemplating before issuing a citation.[152] This is not true, on March 7, 2025, WD issued an NOV ordering Havasu to comply with four directives.[153] Moreover, it is determined that Citation No. W.25-05-001 sufficiently provided Havasu with notice and an opportunity for a hearing. In addition, Havasu has provided no authority or citation that requires the Commission to give a utility prior notice to a citation. The citation is the notice of violation and the appeal is the opportunity to contest said violation.

Havasu contends that it was not provided enough time to respond to the March 7, 2025 NOV before the May 12, 2025 citation was issued.[154] The citation's directives had the following due dates: 1) March 18, 2025; 2) April 1, 2025; 3) April 1, 2025 and 4) March 18, 2025.[155] WD does not provide an explanation as to why it issued this citation only 5 days after the March 7, 2025 NOV.

Havasu would possess a persuasive argument had it produced evidence demonstrating compliance with the March 7, 2025 NOV, within the due dates provided above.

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[152] Id. at 3.

[153] Exhibit 2, Attachment 34 at 2.

[154] Id. at 3.

[155] Exhibit 2, Attachment 34 at 2.

To date, Havasu has failed to provide any evidence that it has complied with the March 7, 2025 NOV and with any of the four directives contained therein. This continuing noncompliance and unresponsiveness constitutes a public health and safety risk to its customers.

Havasu contends that the Commission has no evidence that there is anything wrong with the operation of Havasu's fire hydrants or that Havasu has failed to adequately maintain fire hydrant services in its service area.[156]

Havasu's contention is circular and without merit. The March 7, 2025 NOV directs Havasu to provide WD with a complete record of all inspections, repairs, and replacements performed by Havasu on fire hydrants within its service area from the last ten years.[157] Compliance with this directive is mandatory.[158]

Because Havasu is required to furnish WD with such records, its failure to do so places it at fault and in violation of Commission directives. The absence of records that could potentially exonerate Havasu underscores its noncompliance. Havasu's argument that WD lacks evidence of deficiencies in its fire hydrants is misplaced. The proper view is that Havasu has failed to offer any evidence demonstrating that its fire hydrants have been inspected, repaired or replaced at any time during the past ten years. Havasu's position does not rebut the March 7, 2025 NOV but rather confirms its failure to comply with the Commission's directive.

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[156] Exhibit 2, Attachment 36 at 2.

[157] Exhibit 2, Attachment 34 at 2.

[158] Pub. Util. Code § 702.

Havasu contends that the fire hydrants are maintained by SBCFD pursuant to the Uniform Fire Hydrant Safety Agreements (UFHSA).[159] According to Havasu, SBCFD maintains all records of the inspection, repair and maintenance of Havasu fire hydrants and those records will be produced upon receipt from SBCFD.[160] In addition, Havasu claims that SBCFD has not produced the requested records nor have they sent written notice to Havasu of any need for repair or replacement of any of Havasu's fire hydrants.[161]

To counter Havasu's SBCFD claims, CPED filed the Declaration of Tracy Shaw, Assistant Fire Marshal for the SBCFD.[162] In her declaration, Ms. Shaw states that:

> In the normal course of business, SBCFD does not execute Uniform Fire Hydrant Safety Agreements (UFHSA) with local water utilities. Testing, maintenance, inspection and repair of the fire hydrants utilized by SBCFD for fire suppression is the responsibility of the local water purveyor. SBCFD has not executed a UFHSA with Havasu. SBCFD does not inspect fire hydrants utilized for fire suppression and does not provide a recommendation for a schedule for testing or require submission of records of inspections, maintenance, testing or repair. SBCFD does not perform maintenance and repair of the fire hydrants that are part of Havasu's service area and therefore does not have records to provide to CPUC.

[159] Exhibit 2, Attachment 36 at 2-8.

[160] Id.

[161] Id.

[162] Exhibit 1, Attachment 5 at 1.

Based on the Declaration of Ms. Shaw, it is determined that Havasu does not have a UFHSA with SBCFD and Havasu is responsible for the inspection, repair and replacement of fire hydrants in its service area.

The evidence is clear. Havasu is attempting to delay and mislead the Commission into believing that SBCFD is responsible for inspection, repair and replacement of its fire hydrants when the responsibility to do so squarely lies with Havasu.

Havasu failed to offer any evidence or testimony in defense of its position that it was not in violation of Commission directives. As such, it is determined that Havasu violated Pub. Util. Code § 2713(a) and GO 103-A (VII)(2)(B) when it failed to properly inspect, repair and replace fire hydrants in its service area.

9. From March 2025 to Present, Havasu Did Not Violate Pub. Util. Code § 454 and Tariffs 12(B) and (C) When It Changed Its Customers' Water Meters

CPED alleges that on or about March 2025, Havasu violated Pub. Util. Code § 454 when it changed its water meter size from 5/8 x 3/4" to 3/4" without Commission approval.[163]

Pub. Util. Code § 454 states that:

> A public utility shall not change any rate or so alter any classification, contract, practice, or rule as to result in any new rate, except upon a showing before the commission and a finding by the commission that the new rate is justified.

Pub. Util. Code § 491 states that:

> Unless the commission otherwise orders, no change shall be made by any public utility in any rate or classification, or in any rule or contract relating

[163] Exhibit 2, Attachment 41 at 1.

> to or affecting any rate, classification, or service, or in any privilege or facility, except after 30 days' notice to the commission and to the public. Notice shall be given by filing with the commission and keeping open for public inspection new schedules stating plainly the changes to be made in the schedule or schedules then in force, and the time when the changes will go into effect.

According to CPED, Havasu must provide notice to the Commission and seek approval before making changes to the customers' water meters.[164] CPED asserts that by not providing notice and seeking approval, Havasu's actions resulted in a rate increase for customers that was not approved by the Commission.[165] Havasu was ordered to cease billing customers at the higher service charge.[166] Havasu was informed that it may not bill customers at the service charge associated with 3/4" meter size until a Tier 3 Advice Letter justifying the rate increase is approved by the Commission.[167] On May 6, 2025, the WD issued a data request to Havasu regarding the water meter replacement.[168] On May 8, 2025, Havasu objected to WD's data request.[169]

In addition, CPED asserts that changing the water meters also violated Havasu's Tariff 12(B) and (C) which states:

(B) Rates and Optional Rates

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[164] Id.

[165] Id.

[166] Id.

[167] Id.

[168] Exhibit 2, Attachment 74 at. 1.

[169] Exhibit 2, Attachment 75 at 1.

> The utility will explain to every applicant for service each rule schedule which is applicable, and of the applicant's right to elect therefrom the option under which service is desired.
>
> (C) New or Revised Rates
>
> Should new or revised rates be established, the utility will duly notify all customers affected.

In a letter to WD, Havasu argued that Pub. Util. Code § 454 does not authorize the Commission to dictate which sized water meters are to be used by the utility which Havasu contends has always been at its discretion.[170] Havasu contends that the decision to phase out the servicing of 5/8" water meters has not increased the rate charged for water usage.[171] Havasu claims that after conducting a field audit, it determined that providing 3/4" water meters were more accurate and provided better water pressure for the customer.[172] In addition, Havasu claims that the San Bernardino County has not required any additional permit for replacing water meters that were originally permitted with the development of the owner's private property.[173]

Since Havasu has less than 10,000 connections, its general rate case process is completed through a less formal process.[174] Havasu may request a rate

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[170] Exhibit 2, Attachment 42 at 1.

[171] Id.

[172] Id.

[173] Id.

[174] The Water Division's website is located at: https://www.cpuc.ca.gov/about-cpuc/divisions/water-division/water-rates-and-general-rate-case-proceedings-section/general-rate-case-process

increase by filing an advice letter that is reviewed by WD staff.[175] Havasu is required to provide notice of the advice letter filing to its customers by mail, bill inserts, or email at least 30 days before the proposed rate increase would take effect.[176]

Anyone can file a protest to dispute the rate increase within 20 days of the notice being sent and if more than 50% of the Havasu's customers file a protest, WD may consider rejecting the advice letter and referring the rate request to the Administrative Law Judge Division of the Commission to assign an application number and have the rate request processed as a formal proceeding.[177]

Here, CPED alleges that Havasu's action of changing water meter sizes from 5/8 x 3/4" to 3/4" constitutes a rate change.[178] CPED bases this argument on customers' testimonies that their water bills have increased from previous months after installation of the new 3/4" water meters.[179] CPED concludes that Havasu's action of changing the 5/8 x 3/4" to 3/4" water meters have increased its customers' water bill and therefore is a change in water rate.[180]

However, CPED has failed to provide any evidence or citation supporting the contention that the replacement of water meters equates to an increase in the water rate charged to Havasu's customers. While it is possible that the

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[175] Id

[176] Id.

[177] Id.

[178] Exhibit 2, Staff Report at 23.

[179] Id. at 23-24.

[180] Id.

installation of 3/4" meters may result in higher customer bills, such increases may be caused by the improved accuracy of the 3/4" water meters. The older 5/8 x 3/4" meters may have underreported actual usage, thereby artificially lowering bills. The correction of underreporting through the use of more precise water meters does not constitute a change in the water rate.

Furthermore, the rate charged by Havasu to its customers remained unchanged. The change from 5/8 x 3/4" to 3/4" water meters changes the amount of water that may flow through the water meter but the amount used is still charged the same rate. CPED has failed to meet its burden on this issue.

As such, it is determined that Havasu did not violate Pub. Util. Code § 702 and did not violate Tariff 12 (B) and (C) when it changed the meter size of its customers from 5/8 x 3/4" to 3/4".

10. Violations of Rule 1.1 by Havasu

Any party appearing before the Commission is obligated to comply with Rule 1.1 of the Commission's Rules of Practice and Procedure. CPED alleges that Havasu has violated Rule 1.1 on numerous occasions and request authority to impose penalties.

Rule 1.1 states that:

> Any person who signs a pleading or brief, enters an appearance, offers testimony at a hearing, or transacts business with the Commission, by such act represents that he or she is authorized to do so and agrees to comply with the laws of this State; to maintain the respect due to the Commission, members of the Commission and its Administrative Law Judges; and never to mislead the Commission or its staff by an artifice or false statement of fact or law.

10.1. Havasu Correspondence[181]

10.1.1. May 8, 2025

CPED alleges that Havasu violated Rule 1.1 when it sent an email to W. Tsai on May 8, 2025.[182] On May 8, 2025, Havasu sent the following email to W. Tsai:[183]

> Dear Mr. Tsai,
>
> The PUC tariff book gives every water utility the right to post what meters it will serve & have the rates approved by the PUC, which has already been done.
>
> All we've said is we're not going to serve the 5/8" meters anymore.
>
> Again, we've contacted both the San Bernardino County Building Dept & our meter suppliers & they've informed us that the larger meters are more accurate & don't cause the problems with water pressure.
>
> Thank you,
>
> Jennifer Hodges
>
> President

CPED contends that Havasu's May 8, 2025 email provides misleading information to the Commission.[184] Specifically, Havasu allegedly made false representations claiming the "PUC tariff book gives every water utility the right to post what meters it will serve and have the rates approved by the PUC, which was already done."[185]

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[181] In Exhibit 1 at 2, W. Tsai states that the correct dates for correspondences are May 8 and 12, 2025 and not May 6, 2025.

[182] Exhibit 2, Attachment 39 at. 1.

[183] Id.

[184] Exhibit 1 at 12.

[185] Id.

CPED has failed to provide evidence demonstrating that Havasu's statements are misleading. Rather, CPED's justification for its assertion rests on the contention that Havasu did not "[P]rovide any written documentation from the County or required citations to applicable rules, regulations to justify their actions." [186] This rationale is insufficient. In effect, CPED commits the same error it attributes to Havasu—advancing a claim without evidentiary support.

The distinction, however, is that CPED bears the burden of proof to establish that Havasu's conduct constitutes a violation of Rule 1.1. CPED has not met this burden.

As such, it is determined that Havasu's May 8, 2025 correspondence with W. Tsai does not violate Rule 1.1.

10.1.2. May 12, 2025

CPED alleges that on May 12, 2025, Havasu violated Rule 1.1 when it sent a letter to WD in response to the cease and desist order.[187] CPED alleges that the letter misleads the Commission by citing an inapplicable rule, Tariff Rule 15(A)(4).

Tariff Rule 15(A)(4) states that:

> The size, type, quality of materials and their location shall be specified by the utility; and the actual construction shall be done by the utility or by a construction agency acceptable to it.

CPED contends that Rule 15 applies to main extensions whereas Rule 16 applies to service connections, meters and customer's facilities.[188] CPED states

[186] Exhibit 2, Staff Report at 24.

[187] Exhibit 2, Attachment 42 at 1.

[188] Exhibit 2, Staff Report at 26.

that the utility's ability to size mains and distribution lines referenced in Tariff Rule 15(A)(4) does not apply to the installation of meters.[189]

CPED is correct that that Rule 15 and Rule 16 are distinct, and that Rule 16 governs service connections, meters, and customer facilities. However, the mere fact that a party advances a different interpretation of a rule does not, in itself, constitute a violation of Rule 1.1.

Here, Havasu asserts that it is not required to obtain approval for changing its water meters and relies upon Rule 15(A)(4) as authority.[190] Havasu's counsel is entitled to "[P]ropound a legitimate argument and to protest an erroneous ruling and there is no rule permitting a court to punish an attorney because he is honestly mistaken in his interpretation of the law when he presents his mistaken views to the court in a proper and respectful manner."[191]

CPED's position—that any interpretation of a rule contrary to its own constitutes a violation of Rule 1.1—is legally unsound. CPED has cited no authority to support this contention.

As such, it is determined that Havasu has not violated Rule 1.1 with its May 12, 2025 correspondence to WD.

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[189] Id.

[190] The ALJ found that in Section 9 that Havasu did not violate Pub. Util. Code § 702 and Tariff 12(B) and (C) when it changed water meters for its customers from 5/8 x 3/4" to 3/4".

[191] *Chula v. Superior Court* (1952) 109 Cal.App.2d 24, 40.

10.2. Advice Letter dated December 8, 2023

CPED alleges that on December 8, 2023, Havasu violated Rule 1.1 when it filed Advice Letter No. 52-W.[192] According to CPED, the Advice Letter contained an inaccurate statement and map.[193]

In the Advice Letter, Havasu states that, "This map does not add any additional service area not already described in the tariff book, Decisions and prior accepted Advice Letters."[194] CPED alleges that this statement is inaccurate because the map included in the Advice Letter does not delineate the Vista Del Lago community served by the Chemehuevi Indian Tribe's (CIT) water district.[195]

A complaint (C.) 05-04-007 was filed by Havasu Lakeshore Investments (HLI) against Havasu.[196] In the complaint, HLI, the developer of a 320-unit vacation mobile home community called Vista Del Lago near Lake Havasu in San Bernardino County sought water service from Havasu.[197] During the pendency of the complaint, HLI found an alternative water source and sought dismissal of its dispute with Havasu.[198]

Per D.06-04-007, HLI established a relationship with an alternative water purveyor and HLI also obtained or was in the process of obtaining all of the

[192] Exhibit 2, Attachment 70 at 1.

[193] Exhibit 2, Attachment 71 at. 1.

[194] Exhibit 2, Attachment 70 at 2.

[195] Id.

[196] Complaint C.05-04-007

[197] D.06-04-007 at 1.

[198] Id.

necessary approvals for that supply source.[199] As of 2006, HLI proceeded with immediate connection of its Vista Del Lago community to the CIT's water facilities and sewage treatment plant.[200]

CPED contends that Havasu is intentionally trying to mislead the Commission by adding the Vista Del Lago community to its service area when this issue has already been resolved by Commission decision.[201] CPED stated that it confirmed with the South Coast Section of the SWRCB, DDW that CIT continues to serve the Vista Del Lago community.[202]

The evidence establishes that the Vista Del Lago community receives its water service from CIT, as determined in D.06-04-007. Despite this, Havasu included Vista Del Lago community within its service area in its Advice Letter. By doing so, Havasu offered information that was inconsistent with the Commission's prior decision.

Although Havasu may not have intended to mislead, Rule 1.1 does not require proof of intent. The issue is whether the inclusion of Vista Del Lago community had the effect of misleading the Commission. Here, it is determined that the inclusion created a false impression that the Vista Del Lago community rested in Havasu's service area and therefore Havasu should be its water service provider, when in fact CIT is Vista Del Lago community's service provider. This misrepresentation constitutes a "lack of candor, withholding information or

[199] Id. at 2.

[200] Id. at 2.

[201] Exhibit 2, Attachment 71 at 1.

[202] Id at 2.

failure to correct information…"[203] and falls squarely within the scope of conduct prohibited by Rule 1.1.

Havasu failed to offer any evidence or testimony in defense of its position that it had not provided misleading and/or false information to CPED. As such, it is determined that Havasu violated Rule 1.1 when it filed its Advice Letter 52-W with incorrect information.

10.3. Data Requests

CPED alleges that Havasu violated Rule 1.1 when it failed to respond to data requests. On October 11, 2024, WD sent a data request to Havasu which is summarized below:

- October 11, 2024 data request, an email from W. Tsai to Havasu. Tsai references an attached data request.[204] Havasu acknowledges receipt of the data request and informs W. Tsai that Havasu is awaiting further information from SBCFD and will provide further information upon receipt.[205]

As the Commission explained in D.13-12-053, where there has been a "lack of candor, withholding of information or failure to correct information or respond fully to data requests," the Commission can and has found a Rule 1.1 violation.[206]

[203] D24-08-026 at 25.

[204] Exhibit 2, Attachment 33 at 1.

[205] Id.

[206] D.13-12-053 at 25.

Here, Havasu acknowledges receipt of the data request and responds by saying, "Havasu is awaiting further information from SBCFD and will provide further information upon receipt."[207] The Declaration of Tracy Shaw states: [208]

> In the normal course of business, SBCFD does not execute Uniform Fire Hydrant Safety Agreements (UFHSA) with local water utilities. Testing, maintenance, inspection and repair of the fire hydrants utilized by SBCFD for fire suppression is the responsibility of the local water purveyor. SBCFD has not executed a UFHSA with Havasu. SBCFD does not inspect fire hydrants utilized for fire suppression and does not provide a recommendation for a schedule for testing or require submission of records of inspections, maintenance, testing or repair. SBCFD does not perform maintenance and repair of the fire hydrants that are part of Havasu's service area and therefore does not have records to provide to CPUC.

Based on the above statement from Ms. Shaw, it is determined that Havasu never had a UFHSA from SBCFD and that Havasu statements in the October 11, 2024 data request are an attempt by Havasu to mislead the Commission into believing that SBCFD is responsible for the inspection, maintenance, repair and record keeping of Havasu's fire hydrants in its service area.

Havasu failed to offer any evidence or testimony in defense of its position that it had a UFHSA with SBCFD. As such, it is determined that Havasu violated Rule 1.1 when on October 24, 2024, Havasu claimed that it was waiting for information from SBCFD when there was no information because SBCFD and Havasu did not have a UFHSA.

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[207] Exhibit 2, Attachment 33 at 1.

[208] Exhibit 1, Attachment 5 at 1.

10.4. Failure to Comply with D.24-03-053

CPED contends that Havasu violated Rule 1.1 when on April 8, 2024, it sent bills to customers requesting late fees. In D.24-03-053, the Commission ordered Havasu to remove all late fees from Complainants' bills from 2021 forward.[209] On or about April 8, 2024, Havasu issued Gary Chamberlin a bill which included late fees from 2021 forward.[210]

The idea to remove all late fees from the Complainants bills from 2021 forward was supported by Havasu.[211] Havasu admits to intentionally rebilling the Complainants for late fees in its Rehearing Request.[212]

The evidence establishes that Havasu represented to the ALJ assigned to C.23-02-009, that it would remove all late fees from Complainants' bills dating from 2021 forward. This representation was relied upon by the assigned ALJ and formed the basis of the Commission decision directing Havasu to remove all late fees. Havasu's subsequent reversal of position does not negate its prior agreement or the binding nature of the Commission's order.

By failing to comply with the order, Havasu misled the Commission and engaged in conduct inconsistent with Rule 1.1. The proper legal recourse available to Havasu was to file a rehearing request. Havasu was not permitted to

[209] Id. at 14. "On its own volition, Havasu decided to remove all late fees associated with the Complainants submitted payments to CPUC impounds."

[210] C.23-02-009, Rehearing Request, Exhibit 1 at 1.

[211] Id. at 10.

[212] C.23-02-009, Rehearing Request at 2.

unilaterally disregard the Commission's order pending resolution of its rehearing request.

Havasu failed to offer any evidence or testimony in defense of its position that it had not misled the Commission and engaged in conduct inconsistent with Rule 1.1. As such, it is determined that Havasu violated Rule 1.1 when it failed to comply with D.24-03-053's order to remove all late fees from Complainant's bills from 2021 and forward.

11. Citation Number W.22-09-001

Pursuant to Pub. Util. Code §2107, CPED requests additional penalties be imposed on Havasu for failing to pay the penalty in Citation No. W.22-09-001.

Pub. Util. Code § 2107 states that:

> Any public utility that violates or fails to comply with any provision of the Constitution of this state or of this part, or that fails or neglects to comply with any part or provision of any order, decision, decree, rule, direction, demand, or requirement of the commission, in a case in which a penalty has not otherwise been provided, is subject to a penalty of not less than five hundred dollars ($500), nor more than one hundred thousand dollars ($100,000), for each offense.

On July 26, 2022, WD issued a NOV to Havasu ordering Havasu to comply with four directives to bring Havasu back into compliance.[213] The directives included: 1. submitting a revised and approved correction action plan; 2. repairing the water main leak and resolve all low water pressures in the Havasu distribution system; 3. obtain certified operators; and 4. repair or remove potential cross connection hazards.[214]

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[213] Id.

[214] Id.

On September 14, 2022, WD issued Citation No. W.22-09-001 to Havasu for failure to comply with the required directives issues in the July 26, 2022 NOV.[215] The citation included a description of the violations; reasons for the violations; appeal sample form, appeal directions and appeal due date and citation payment form.[216]

According to CPED, Havasu did not appeal the citation within 30 days and therefore was in default and forfeited its right to appeal the citation.[217] CPED claims that the Commission's Fiscal Office sent Havasu multiple notices of outstanding balances and that Havasu still has yet to pay the citation penalty.[218] Havasu did not provide a defense to this issue or justification for non-payment of the ciliation penalty.

The evidence establishes that Havasu was provided notice and an opportunity for a hearing and Havasu chose not to appeal. WD then issued a penalty in the amount of $2,000 and provided Havasu a penalty due date which Havasu ignored. The Commission's Fiscal Office sent multiple notices of outstanding balances and Havasu ignored those notices too.

Havasu has failed to offer any evidence or testimony as to why it has not paid the $2,000 penalty. As such, it is determined that Havasu violated Pub. Util. Code § 2107 when it failed to pay the penalty amount of $2,000 for Citation No. W.22-09-001.

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[215] Exhibit 2, Attachment 25 at 1.

[216] Id at 1–16.

[217] Exhibit 2, Staff Report at 19.

[218] Id.

12. Fines/Penalties

It is fundamental to the Commission's exercise of its powers and jurisdiction that the agency take reasonable steps to ensure that the utilities comply with its orders and rules.

Pub. Util. Code § 701 states that:

> The commission may supervise and regulate every public utility in the State and may do all things, whether specifically designated in this part or in addition thereto, which are necessary and convenient in the exercise of such power and jurisdiction.

As part of its enforcement efforts, the Commission has traditionally imposed fines when faced with persuasive evidence of noncompliance.[219] The Commission may impose penalties in two ways: 1) where improper affiliate transactions are of one specific type, apply the penalties provided in § 798; and 2) where no other penalty scheme has been established, apply the penalties provided in § 2107.[220]

In establishing the appropriate fine, the Commission has to consider 1) the severity of the offense; 2) the conduct of the utility; 3) the financial resources of the utility; and 4) the totality of the circumstances related to the violation.[221] The resulting fine should also be considered in context of past Commission decisions.[222]

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[219] D.98-12-075 at 7.

[220] Id.

[221] Id. at 8.

[222] Id.

12.1. D.24-03-053

CPED requests that an additional fine/penalty be assessed to Havasu for disobeying D.24-03-053. As noted in Section 7.3.3 above, it is determined that Havasu violated Pub. Util. Code § 702 when it did not comply with D.24-03-053, Ordering Paragraph 1, which states that Havasu shall remove all late fees from the Complainants bills from 2021 forward.

First, we look at the severity of the offense. Pub. Util. Code § 702 states that:

> Every public utility shall obey and comply with every order, decision, direction, or rule made or prescribed by the commission in the matters specified in this part, or any other matter in any way relating to or affecting its business as a public utility and shall do everything necessary or proper to secure compliance therewith by all of its officers, agents, and employees.

Here, it has been determined that Havasu violated Pub. Util. Code § 702 when it intentionally disobeyed Ordering Paragraph 1 of D.24-03-053. The California State Constitution provides for the Commission to regulate public utilities.[223] By disobeying an order from the Commission, Havasu has committed a violation that affects how the Commission regulates utilities. If utilities knew that they could disobey Commission decisions and orders, the Commission would lose all regulatory oversight. As such, it is determined that the severity of Havasu's offense of disobeying an order is high.

Second, we look at Havasu's conduct. The evidence establishes that Havasu supported the idea of removing all late frees from complainants' bills

[223] Pub. Util. Act of 1912.

from 2021 forward.[224] The assigned ALJ to C.23-02-009 relied upon Havasu's support in preparing D.24-03-053. Havasu therefore had notice that the decision would include the removal of late fees, and Havasu stayed silent. Havasu's action of rebilling the complainants' all late fees from 2021 forward is a blatant act of disrespect to the Commission. As such, it is determined that Havasu's conduct in rebilling the complainants' late fees from 2021 forward was intentional and disrespectful to the Commission's regulatory authority.

Third, we look at Havasu's financial resources. The evidentiary record establishes a history from 2021 to present of Havasu being fined by Federal, State and County agencies and failing to pay those fines. Based on this evidence, it is determined that Havasu has weak financial resources.

Finally, we look at the totality of the circumstances. The evidence establishes that Havasu had notice that it would be ordered to not rebill the complainants late fees from 2021 forward, that Havasu supported this idea and then decided to rebill the complainants all late fees from 2021 forward, regardless. Havasu's act was intentional, disrespectful and deceiving to the Commission's regulatory authority and process.

Havasu failed to offer any evidence or testimony in defense of its position that an additional fine/penalty should not be assessed for disobeying D.24-03-053. Pursuant to Pub. Util. Code § 2107, it is determined that Havasu's actions warrant a penalty of $500.00. As such, it is ordered that Havasu will pay a

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penalty for its actions in D.24-03-053 in the amount of $500 within 60 days of issuance of this decision.

12.2. Citation Number W.22-09-001

CPED requests that the Commission consider additional penalties for Havasu for failure to pay the $2,000 penalty amount. As noted in Section 10 above, it is determined that Havasu violated Pub. Util. Code § 2107 when it failed to pay the penalty amount of $2,000 for Citation No. W.22-09-001.

As noted, *supra,* there is a four-part test. First, we look at the severity of the offense. Havasu was fined $2,000 for failing to comply with four directives including: submitting a revised and approved correction action plan; repairing the water main leak and resolve all low water pressures in the Havasu distribution system; obtain certified operators; and repair or remove potential cross connection hazards.[225] The directives were part of a July 26, 2022 NOV from WD. The directives' goal was to bring Havasu back into compliance so that it would not pose a public health and safety risk to its customers. As such, it is determined that the severity of the offense is high.

Second, we look at Havasu's conduct. Here, we are actually looking at Havasu's lack of action. Havasu was provided specific deadlines to comply with WD's directives and elected not to complete them. In addition, Havasu was ordered to pay a fine in the amount of $2,000 by a specific date and elected not to pay it. Havasu's conduct was intentional and poses a significant public health and safety risk to its customers.

[225] Id.

Third, we look at Havasu's financial resources. The evidentiary record establishes a history from 2021 to present of Havasu being fined by Federal, State and County agencies and failing to pay those fines. Based on this evidence, it is determined that Havasu has weak financial resources.

Finally, we look at the totality of the circumstances. Here, Havasu's failure to comply with WD's directives have placed the public health and safety at risk. Havasu could have complied with the directives and paid the penalty but elected not to do so.

Havasu failed to offer any evidence or testimony in defense of its position that that the Commission should not impose additional penalties for its failure to pay the $2,000 penalty amount. Pursuant to Pub. Util. Code § 2107, it is determined that Havasu's noncompliance and failure to pay the penalty in the amount of $2,000 warrants an additional penalty. As such, it is ordered that Havasu will pay an additional penalty in the amount of $500 for a total of $2,500 associated with this citation within 60 days of issuance of this decision.

12.3. October 11, 2024 Data Request

CPED requests that the Commission consider additional penalties for Havasu for failing to comply with the October 11, 2024 data request. As noted in Section 10.3 above, it is determined that Havasu violated Rule 1.1 when on October 4, 2024, Havasu claimed that it was waiting for information from SBCFD when there was no information because SBCFD and Havasu did not have a UFHSA.

As noted, *supra,* there is a four-part test. First, we look at the severity of the offense. WD requested that Havasu submit all inspection, repair and

replacement documentation for all of its fire hydrants in its service area for the last ten years. This request was sent by a data request from WD to Ms. Hodges. Ms. Hodges sent a reply email back to WD stating that "Havasu is awaiting further information from SBCFD and will provide further information upon receipt."[226] As noted above, this has been determined to be an intentional false statement by Havasu as Ms. Shaw of SBCFD has stated that SBCFD does not have a UFCSA with Havasu and does not maintain or have records. It is determined that the severity of Havasu's offense is high as Havasu's conduct has an immediate impact on the public health and safety of all its customers.

Second, we look at Havasu's conduct. Havasu has continued to mislead the Commission into believing that an agreement exists between Havasu and SBCFD. The first instance of this misrepresentation is found in the letter submitted by Havasu to WD, wherein Havasu's attorney asserted that such an agreement was in place.[227] The second instance is Ms. Hodges' email to WD reiterating this claim.[228] Finally, during the hearing, Havasu's attorney repeated the assertion that Havasu maintained an agreement with SBCFD.[229]
When questioned by the assigned ALJ to provide evidence of the alleged agreement, Havasu's second attorney declined to offer any documentation to the

[226] Exhibit 2, Attachment 33 at 1.

[227] Exhibit 2, Attachment 36 at 2-8.

[228] Exhibit 2, Attachment 33 at 1.

[229] RT at 75.

court.[230] Based on these repeated and deliberate misrepresentations, it is determined that Havasu's conduct constitutes the highest level of deception.

Third, we look at Havasu's financial resources. The evidentiary record establishes a history from 2021 to present of Havasu being fined by Federal, State and County agencies and failing to pay those fines. Based on this evidence, it is determined that Havasu has weak financial resources.

Finally, we look at the totality of the circumstances. In an era of severe and dangerous wildfires in California, the inspection, repair, and replacement of fire hydrants is essential to protecting the public. Havasu's ongoing deception and failure to fulfill its responsibilities place lives in jeopardy and exposes property to significant risk. There is no excuse for Havasu's failure to ensure that fire hydrants within its service area are maintained as it is their sole responsibility and duty to the public.

Havasu failed to offer any evidence or testimony in defense of its position that is should be subject to additional penalties for failing to comply with CPED's October 11, 2024 data request. Pursuant to Pub. Util. Code § 2107 and due to the seriousness of the offense and its impact on the public, it is determined that a penalty is warranted in the amount of $20,000, due within 60 days of issuance of this decision.

13. Category of Proceeding

This matter has been categorized as adjudicatory.

14. Appeal or Review of Presiding Officer's Decision

[230] Id.

The Presiding Officer's Decision (POD) in the instant proceeding was mailed on February 13, 2026 in accordance with Pub. Util. Code § 311. Pursuant to Rule 14.4, any party may file an appeal of the presiding officer's decision within thirty (30) days of the date the decision is served. In addition, any Commissioner may request review of the presiding officer's decision by filing a request for review within thirty (30) days of the date the decision is served . On March 11, 2026, CPED filed an appeal to the POD. The appeal was timely filed.

In its appeal, CPED supports the POD and asserts that the POD's conclusions are supported by the evidentiary record. CPED identifies several technical or factual errors, which in its view does not alter the POD's conclusions. CPED's states that correcting these errors will allow the POD to more accurately reflect the evidentiary record. CPED's appeal has 23 recommendations. We have reviewed CPED's appeal and accept the technical and factual errors it has identified. As such, we will correct these errors in this modification to the POD, except where otherwise noted below. The changes are as follows:

1. Section 1.2: Procedural Background on page 5. We add CPED's two motions filed on January 14, 2026 to the POD. We add ALJ's ruling on January 20, 2026 to the POD.
2. Section 2: Submission Date on page 6. We change the submission date to January 20, 2026.
3. We corrected the following footnote citations: 20, 22, 23, 29, 44, 50, 55, 69, 81 and 108.

4. Section 7.1.1: Havasu Violated GO 103-A on page 13. We added two noncompliance notices issued by the EPA for a total of six noncompliance notices with citations.
5. Section 7.1.2: Havasu Violated GO 103-A on page 16. We changed the third bullet point from May 3, 2024 to March 8, 2024.
6. Section 7.2.1: Havasu Violated GO 103-A on page 17 and 18. We changed the date of May 29, 2022 to March 29, 2022.
7. Section 7.3.1: WD Oversight of Havasu on page 25 and 26. We changed the date of September 14, 2022 to September 16, 2022 and the date from October 4, 2024 to March 7, 2025.
8. Section 7.3.2: Havasu Violated Pub. Util. Code § 702 on page 29. We revised the following sentence from "CPED alleges that Havasu violated Pub. Util. Code § 702 when it failed to respond to three data requests from WD" to "CPED alleges that Havasu violated Pub. Util. Code § 702 when it failed to respond to two data requests one from WD and one from CPED." In the second bullet point, we changed the sentence "A letter from WD to Havasu" to "A letter from CPED to Havasu."
9. We removed references to the September 29, 2025 email from Havasu to WD on pages 30, 31, 64, 68 and 69.
10. Section 8: Resolution of K.25-06-028 on page 39. We changed the date from June 11, 2025 to June 23, 2025. This change was made to Finding of Fact 31 on page 65 as well.

11. Section 8.1: Discussion on page 41. We changed the date from March 12, 2025 to May 12, 2025. This change was made to Finding of Fact 40 on page 65 as well.
12. Section 10.3: Data Requests on page 53. We changed the date from October 4, 2024 to October 24, 2024.
13. Section 10.4 Failure to Comply with D.24-03-053 on page 54. We change the date from April 8, 2025 to April 8, 2024. This change was made to Finding of Fact 57 on page 72.

We deny CPED's recommendation No. 19. The May 6, 2025 data request concerns Havasu's replacement of customer's meters which we discuss in Section 9. Havasu timely objected to this data request on May 8, 2025 and CPED did not file a motion to compel or request an order from the assigned ALJ compelling Havasu to respond. We added a footnote to the May 6, 2025 data request in Section 9 of the POD.

On March 13, 2026, Havasu filed an appeal to the POD. On March 16, 2026, the Commission notified Havasu by e-mail that its appeal had been rejected because the filing violated Rule 1.14 and had eight deficiencies.[231] The Commission notified Havasu that it needed to make corrections to its appeal and refile within seven calendar days, or by March 23, 2026. Havasu refiled its appeal on March 24, 2025. Havasu's refiled appeal is untimely. Nevertheless, we will accept Havasu's appeal so that we may address its arguments.

[231] Email from CPUCElectronicFiling@cpuc.ca.gov to ravi@ganjalaw420.com (March 16, 2026, at 3:21 PM) (on file with author).

Havasu claims that the Commission does not have jurisdiction over Havasu. Havasu contends that Havasu is located within the boundaries of the Chemehuevi Indian Reservation and that the EPA regulates public water systems within the boundaries of Tribal Reservations in California. Havasu asserts that on January 1, 2024, the Commission transferred jurisdiction of Havasu to the EPA.

On November 2, 2023, the EPA issued a letter to Havasu stating that the EPA would assume regulatory oversight of Havasu under the SDWA from the State Water Resources Control Board, Division of Drinking Water (DDW).[232]

First, the EPA only assumed regulatory oversight over Havasu's drinking water quality standards under the SDWA. The EPA did not and legally cannot assume regulatory oversight over Havasu outside the scope of drinking water quality. The Commission has jurisdiction over all water utilities operating in California pursuant to PUC §§ 216, 241 and 2701.

Second, DDW is a separate state agency and is not affiliated with the Commission. Accordingly, the transfer of SDWA oversight from DDW to the EPA has no bearing on the Commission's jurisdiction. As such, Havasu's contention that the Commission does not have jurisdiction over Havasu is without merit and unsupported by law and therefore is rejected.

Havasu contends that the Commission failed to comply with its own precedent in Decision (D.) 85-04-056. Havasu argues that D.85-04-056: 1) authorized an extension of Havasu's service area to include the Vista Del Lago

[232] Exhibit 2, Attachment 16 at 1.

development, and 2) extended the 1974 easement permitting Havasu to cross the Chemehuevi Indian Tribe's lands.

On April 13, 2006, the Commission issued Decision (D.) 06-04-007, dismissing with prejudice a complaint filed by Havasu Lakeshore Investments against Havasu. In that decision, the Commission determined that the Chemehuevi Indian Tribe, not Havasu, would provide water service to the Vista Del Lago development.

On June 20, 2024, the Commission addressed the easement issue in Resolution W-5274 and rejected Havasu's assertion that Decision (D.) 85-04-056 extended its easement within the Chemehuevi Indian Tribe's lands. Therefore, Havasu's contention that the Commission did not abide by its own precedent is rejected.

Havasu contends that its due process was violated because it was provided only one day of discovery. Havasu's contention is without merit and contrary to the evidentiary record.

On August 14, 2025, the Commission served the OII/OSC on Havasu, thereby providing Havasu with notice of the allegations against it. On September 2, 2025, the assigned ALJ issued a ruling notifying the parties that the PHC was scheduled for September 30, 2025 and that exhibits and testimonies were due by Friday, October 10, 2025. On September 30, 2025 at the PHC, the parties were notified that discovery needed to be completed by October 10, 2025.[233] In addition, Havasu was instructed to file objections as soon as possible

[233] Reporter's Transcript for PHC at 38.

if CPED refused to provide any discovery.[234] Havasu stated that it could not conduct discovery in 10 days.[235] On October 1, 2025, the assigned ALJ issued a ruling extending discovery to October 17, 2025, thereby providing Havasu an additional 7 days or 17 days in total to conduct discovery. Havasu did not file any motions claiming that CPED failed to provide discovery. Havasu's contention that it only had one day to conduct discovery is refuted by the evidentiary record and is rejected.

Havasu contends that it was not provided an opportunity to prepare for or respond to any proposed receivership or fines before they were issued.

On August 14, 2025, the Commission served the OII/OSC on Havasu, thereby providing Havasu with notice of the allegations against it, as well as CPED's request for authorization to pursue a receivership in Superior Court and for the Commission to impose fines. In the Scoping Memo, the Commission scheduled the submission of exhibits and testimony for October 17, 2025, and set evidentiary hearings for October 27–31, 2025, thereby providing Havasu ample opportunity to present its defense. Havasu did not submit any exhibits or testimony by the October 17, 2025 deadline. At the evidentiary hearing, Havasu rested its case following approximately four hours of cross-examination. As such, Havasu's contention that it was not provided opportunity to prepare for the receivership issue and fines is contrary to the evidentiary record and is rejected.

[234] Id.

[235] Id.

Havasu's remaining arguments in opposition to the POD do not present any new facts or legal authority supporting its position. The arguments raised in the appeal have already been fully reviewed and considered in the POD. After a careful review of Havasu's appeal, we find its contentions to be without merit and unsupported by the evidentiary record. Therefore, Havasu's appeal is denied.

15. Assignment of Proceeding

Matthew Baker is the assigned Commissioner and Minh LeQuang is the assigned Administrative Law Judge and Presiding Officer in this proceeding.

Findings of Fact

1. Havasu is a Class D water utility located in the unincorporated community of Havasu Lake in San Bernardino County.
2. On August 14, 2025, the preliminary scoping memo and ruling was filed.
3. On September 30, 2025, a Pre-Hearing Conference was conducted.
4. On October 16, 2025, the Scoping Memo and Ruling was filed.
5. From January 2024 to present, Havasu received one inspection notice, two emergency administrative orders and six noncompliance notices from the EPA for violations of the SDWA.
6. From January 2024 to present, Havasu was noncompliant and unresponsive to notices and orders from the EPA.
7. From January 2024 to present, Havasu received five boiling water notices from the EPA for violations of the SDWA.
8. From January 2024 to present, Havasu's water quality was sufficiently dangerous that the EPA ordered Havasu to issue BWNs.

9. From March 2022 to December 2023, Havasu received two compliance orders and eight noncompliance citations from the DDW.

10. From March 2022 to December 2023, Havasu was noncompliant and unresponsive to orders and citations from the DDW.

11. From March 21, 2022 to March 29, 2022, Havasu did not: 1) have an operable backup generator; 2) have alternative source of water; 3) have certified operators and 4) provide notice to the Commission of the water outage.

12. From March 21, 2022 to March 29, 2022, Havasu was noncompliant and unresponsive to directives from WD.

13. From March 2022 to May 2025, Havasu received seven NOVs, two citations and a cease and desist order from WD.

14. From March 2022 to May 2025, Havasu was noncompliant and unresponsive to notices, citations and orders from WD.

15. On October 11, 2024, Havasu received a data request from WD.

16. From October 11, 2024 to present, Havasu failed to provide WD with the data requested on October 11, 2024.

17. On September 22, 2025, Havasu received data requests from WD.

18. The September 22, 2025 data request was issued during this proceeding and considered a discovery request.

19. Pursuant to D.24-03-053, Ordering Paragraph 1, Havasu was ordered to remove all late fees from the Complainants' bills from 2021 forward.

20. Havasu supported the removal of late fees during the hearing of C.23-02-009

21. Havasu admitted that it intentionally rebilled the Complainants for late fees despite an order directing it to remove late fees.

22. D.24-03-053 represents a final judgement on all issues related to C.23-02-009.

23. From January 2021 to February 2023, Havasu on at least four incidents failed to repair work in the public right-of-way.

24. From January 2021 to present, Havasu has failed to remedy any of the incidents cited by SBCPW.

25. Havasu has been noncompliant and unresponsive to the EPA's rules and orders.

26. Havasu has been noncompliant and unresponsive to DDW and WD's rules and orders.

27. Havasu has been noncompliant and unresponsive to SBCPW's rules and orders.

28. Havasu is unable or unwilling to adequately serve its customers.

29. On March 7, 2025, WD issued a NOV ordering Havasu to inspect, repair and replace all fire hydrants in its service area within a specified period of time.

30. On May 12, 2025, WD issued Citation No. W.25-05-001 to Havasu for failing to comply with the March 7, 2025 NOV.

31. On June 11, 2025, Havasu filed an appeal to Citation No. W.25-05-001 which became K.25-06-028.

32. The preliminary scoping memo set forth in I.25-08-007 gave notice to Havasu that the issues raised in K.25-06-028 would be consolidated with this investigation and no party has objected to consolidation.

33. The March 7, 2025 NOV provided Havasu sufficient administrative due process with a notice and hearing.

34. WD is not required to provide Havasu with prior notice that a citation will be issued.

35. Havasu has been noncompliant and unresponsive to the NOV by WD.

36. Havasu did not provide any documentation to WD regarding the fire hydrants in its service area.

37. SBCFD does not execute UFHSA with local water utilities.

38. Havasu does not have a UFHSA with SBCFD.

39. From March 2025 to present, Havasu changed its customers' water meters size from 5/8 x 3/4" to 3/4".

40. CPED did not provide any authority or citation that supports the contention that a change in customers' water meters equates to a rate change.

41. Tariffs 12(B) and (C) apply to rate changes by Havasu.

42. The rate charged by Havasu to its customers remained unchanged even after the customers' water meters were replaced.

43. On May 8, 2025, Havasu sent an email to W. Tsai of WD.

44. CPED failed to provide evidence demonstrating that Havasu's statements in the May 8, 2025 letter were misleading.

45. On May 12, 2025, Havasu sent a letter to WD.

46. CPED failed to provide authority or citation that supports the contention that an interpretation of a rule that is contrary to its own is a violation of Rule 1.1.

47. On December 8, 2023, Havasu filed Advice Letter No 52-W.

48. Havasu Lakeshore Investments filed a complaint with the Commission against Havasu in 2005.

49. Havasu Lakeshore Investments found an alternative water source and its dispute with Havasu was dismissed in 2006.

50. Vista Del Largo community receives its water services from the Chemehuevi Indian Tribe.

51. Havasu added the Vista Del Largo community to its service area in Advice Letter No. 52-W.

52. On October 11, 2024, Havasu received a data request.

53. Havasu acknowledged receipt of the October 11, 2024 data request and informed WD that it is awaiting further information from SBCFD and would provide further information upon receipt.

54. SBCFD does not execute UFHSA with local water utilities.

55. Havasu does not have a UFHSA with SBCFD.

56. In D.24-03-053, the Commission ordered Havasu to remove all late fees from Complainants' bills from 2021 forward.

57. On April 8, 2024, Havasu sent a bill to Gary Chamberlin which included late fees from 2021 forward.

58. On September 14, 2022, WD issued Citation No. W.22-09-001 to Havasu for failing to comply with the July 26, 2022 NOV.

59. Citation No. W.22-09-001 included a $2,000 penalty that has not been paid to date.

Conclusions of Law

1. It is reasonable to conclude that Havasu violated GO 103-A (II)(2)(A)(2) when it failed to comply with the EPA's SDWA from January 2024 to present while incurring two emergency administrative orders and six noncompliance notices.

2. It is reasonable to conclude that Havasu violated GO 103-A (II)(2)(A)(1) when it was required by the EPA to issue BWNs to its customers.

3. It is reasonable to conclude that Havasu violated GO 103-A (II)(1)(B) when it continued to place its customers health in jeopardy by violating the DDW's drinking water standards.

4. It is reasonable to conclude that Havasu violated GO 103-A (III)(8)(B), when it failed to have an operable backup generator from March 21, 2022 to March 29, 2022.

5. It is reasonable to conclude that Havasu violated GO 103-A (II)(3)(A)(1) when it failed to provide its customers an alternate source of water during the March 21, 2022 through March 29, 2022 water outage.

6. It is reasonable to conclude that Havasu violated GO 103A (II)(2)(A)(3) when it failed to notify the WD of the water outage that occurred between March 21, 2022 through March 29, 2022.

7. It is reasonable to conclude that Havasu violated CCR, Title 22, section 64413.5 when it failed to have the required certified operators at its facility between March 21, 2022 through March 29, 2022.

8. It is reasonable to conclude that Havasu violated Pub. Util. Code § 702 when it failed to comply with WD's orders, directives and rules from March 2022 through May 2025.

9. It is reasonable to conclude that Havasu did not violate Pub. Util. Code § 702 when it did not respond to WD's September 22 , 2025 data request because discovery requests that are not complied with must be brought to the attention of the ALJ through a motion to compel which was not done here.

10. It is reasonable to conclude that Havasu violated Pub. Util. Code § 702 when it did not comply with D.24-03-053, Ordering Paragraph 1, which states that Havasu shall remove all late fees from the Complainants bills from 2021 forward.

11. It is reasonable to conclude that Havasu violated Pub. Util. Code § 2713(a) and GO 103-A (VII)(2)(B) when it failed to when it failed to inspect, repair and replace fire hydrants in its service area.

12. It is reasonable to conclude that Havasu violated GO 103-A (II)(C)(3) when on four incidents where Havasu had to perform excavation or repair work within the public right-of-way, Havasu failed to repair ground surface to at least its original condition.

13. It is reasonable to conclude that Havasu violated Pub. Util. Code § 2713(a) and GO 103-A (VII)(2)(B) when it failed to inspect, repair and replace its fire hydrants in its service area.

14. It is reasonable to conclude that Havasu did not violate Pub. Util. Code § 702 and did not violate Tariff 12 (B) and (C) when it changed the water meter size

of its customers from 5/8 x 3/4" to 3/4" because changing water size meters is not equivalent to a rate change.

15. It is reasonable to conclude that Havasu did not violate Rule 1.1 with its May 8, 2025 letter because CPED failed to meet its burden.

16. It is reasonable to conclude that Havasu did not violate Rule 1.1 with its May 12, 2025 letter because a party is entitled to interpret the law differently.

17. It is reasonable to conclude that Havasu violated Rule 1.1 with its December 8, 2023 Advice Letter because it contained incorrect information.

18. It is reasonable to conclude that Havasu violated Rule 1.1 when it failed to respond to WD's October 11, 2024 data request.

19. It is reasonable to conclude that Havasu did not violate Rule 1.1 when it failed to respond to WD's September 22 , 2025 data request because CPED did not file a motion to compel.

20. It is reasonable to conclude that Havasu should be fined an amount of $500 for failing to comply with D.24-03-053, Ordering Paragraph 1, which states that Havasu shall remove all late fees from the Complainants bills from 2021 forward.

21. It is reasonable to conclude that Havasu should be fined an additional amount of $500 for failing to pay the penalty for Citation No. W.22-09-001.

22. It is reasonable to conclude that Havasu should be fined an amount of $20,000 for intentionally misleading the Commission with respect to the inspection, repair and maintenance of all Havasu's fire hydrants in its service area.

23. Havasu's long history of noncompliance and unresponsiveness to Commission rules and orders and its inability and unwillingness to adequately

serve its customers requires external intervention to protect its infrastructure and its customers.

24. All pending motions which have not yet been expressly ruled upon by the assigned Administrative Law Judge, should be denied.

25. I.25-08-007 should be closed.

O R D E R

IT IS ORDERED that:

1. The Consumer Protection Enforcement Division's request to petition for a receivership in California Superior Court for the Havasu Water Company is granted because Havasu Water Company has failed to comply with the laws, rules and regulations governing the manner in which consumers are provided with safe and reliable water service.

2. Citation appeal K.25-06-028 is consolidated with Investigation 25-08-007.

3. Decision 24-03-053 is affirmed.

4. Citation W.25-05-001 is affirmed and Havasu Water Company shall pay $10,000 by check or money order, payable to the California Public Utilities Commission (Commission) and mailed or delivered to the Commission's Fiscal Office at 505 Van Ness Avenue, Room 3000, San Francisco, CA 94102, within 60 days from the date that this decision is issued. Havasu shall write on the face of the check or money order "For deposit to the state General Fund pursuant to Citation W.25-05-001 and Decision _____."

5. Havasu Water Company shall pay $23,000 ($500 penalty for failing to comply with D.24-03-053, $500 penalty for failing to pay the penalty for Citation No. W.22-09-001, $2,000 for the initial penalty for Citation No. W.22-09-001 and

$20,000 penalty for failing to comply with October 11, 2024 data request) by check or money order, payable to the California Public Utilities Commission (Commission) and mailed or delivered to the Commission's Fiscal Office at 505 Van Ness Avenue, Room 3000, San Francisco, CA 94102, within 60 days from the date that this decision is issued. Havasu shall write on the face of the check or money order "For deposit to the state General Fund pursuant to Decision _____."

6. All pending motions which have not yet been expressly ruled upon by the Administrative Law Judge are denied.
7. Citation appeal K.25-06-028 is closed.
8. Investigation 25-08-007 is closed.

This order is effective today.

Dated _____, at San Francisco, California