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## State Water Resources Control Board Division of Drinking Water

December 16, 2022

System No. 1500289

Angie Gauna, Secretary/Treasurer  
Athal Mutual Water Company  
PO Box 70459  
Bakersfield, CA 93387

**RE: NOTICE – 1<sup>st</sup> STEP OF ADMINISTRATOR PROCESS  
ATHAL MUTUAL WATER COMPANY (CA1500289)**

Dear Angie Gauna,

The purpose of this letter is to inform you that the State Water Resources Control Board (State Water Board) is taking the first step to designate Athal Mutual Water Company (“Athal MWC”) as a public water system in need of an Administrator because it has not consistently provided an adequate supply of affordable, safe drinking water to its customers. The State Water Board is taking this step now for two reasons: 1) a State funded administrator will be able to take on many of the tasks that will be required to assist the water system into coming into compliance with applicable drinking water laws and regulations sustainably into the future, and 2) it may take some time to go through the required steps to appoint an administrator. A summary of the designation process, responsibilities of a full-scope administrator, applicable regulatory sections, and policies are provided as attachments.

The legally required formal first step in this process is for the State Water Board to give Athal MWC notice of its intended action and provide the water system an opportunity to show either of the following:

- a. It has not consistently failed to provide an adequate supply of affordable, safe drinking water, or
- b. It has taken steps to timely address its failure to provide an adequate supply of affordable, safe drinking water.

If Athal MWC has evidence and wishes to show that the violations listed on the following page have been resolved, please provide that information by **February 1, 2023**, via email to Reyna Rodriguez at [reyna.rodriguez@waterboards.ca.gov](mailto:reyna.rodriguez@waterboards.ca.gov).

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E. JOAQUIN ESQUIVEL, CHAIR | EILEEN SOBECK, EXECUTIVE DIRECTOR

**List of Violations**

Athal MWC has failed to:

- Comply with CCR, Title 22, Section 64444, Maximum Contaminant Levels – Organic Chemicals. Compliance Order No. 03-12-18R-025 was issued to Athal MWC on May 18, 2018 for the violation of the 1,2,3-trichloropropane (1,2,3-TCP) maximum contaminant level (MCL).
- Comply with Compliance Order No. 03\_12\_18R\_025 directive to return to compliance with the 1,2,3-TCP MCL by May 18, 2021. Citation No. 03\_12\_21C\_018 was issued to Athal MWC on September 9, 2021 for the violation of Compliance Order 03\_12\_18R\_025.
- Comply with Citation No. 03\_12\_21C\_018 directives to submit a request for technical assistance by September 30, 2021 and submit a Preliminary Engineering Report by December 31, 2021.
- Demonstrate adequate technical, managerial, and financial capacity as demonstrated by multiple well casing failures due to inadequate maintenance and replacement of water system infrastructure.

California Health and Safety Code Section 116530 authorizes the State Water Board to request financial capacity information. In order to help facilitate the State Water Board to more quickly respond to any impending need to support Athal MWC's customers, please provide three (3) years of financial statements, preferably audited financial statements if available, any accounting and financial policies, rate structures, and current capital improvement plan. The financial statements should include the current year (if available) and the two previous years, or three previous years if the current year has not yet been completed. Additionally, identification of any restricted funds and the reason for the restrictions could better facilitate assistance from the State Water Board. The State Water Board is requesting this information be submitted by **February 1, 2023**.

If you have any questions regarding this letter, please contact Reyna Rodriguez at [reyna.rodriguez@waterbords.ca.gov](mailto:reyna.rodriguez@waterbords.ca.gov).

Sincerely,

Bryan Potter, P.E.  
Senior Water Resource Control Engineer, Southern Engagement Unit  
State Water Resources Control Board, Division of Drinking Water

- Attachment 1. Administrator Process Summary
- Attachment 2. Responsibilities of a Full-Scope Administrator
- Attachment 3. Section 116686 of the California Health and Safety Code
- Attachment 4. Administrator Policy Handbook

Cc (via email):

Adam Forbes, P.E., Visalia District Engineer  
Division of Drinking Water  
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Tricia Wathen, Central California Section Chief  
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Joe Heide, Community Development Manager  
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Scott Taylor, General Manager  
Lamont Public Utility District  
[staylor@lpud.org](mailto:staylor@lpud.org)

## Attachment 1

### Administrator Process

Section 116686 of the California Health and Safety Code and the Administrator Policy Handbook, adopted by the State Board in September 2019, requires that the State Board must find that the System's public water system is a "designated water system" and take other specific actions before it can issue an order to the System to accept a full-scope administrator. A "designated water system" is defined in section 116686(m)(2) as a public water system that serves a disadvantaged community, and that the State Water Board finds consistently fails to provide an adequate supply of affordable, safe drinking water. A copy of section 116686 and the Administrator Policy Handbook are provided in subsequent attachments. The actions required of the State Water Board are summarized below.

1. The State Board must give the water system notice of its actions and provide it with an opportunity to show either of the following:
  - a. It has not consistently failed to provide an adequate supply of affordable, safe drinking water, or
  - b. It has taken steps to timely address its failure to provide an adequate supply of affordable, safe drinking water.
2. Conduct a public meeting in a location as close as feasible to the affected community.
  - a. Provide 30-day notice of the public meeting to affected ratepayers, renters, and property owners.
  - b. Provide an opportunity for representatives of the System, affected ratepayers, renters, property owners, and the public to present oral and written comments at the meeting.
  - c. Provide an opportunity to submit comments by mail or electronically during the 30-day notice period and for at least one week after the public meeting
3. Make a reasonable effort to provide notice to all ratepayers, renters, and property owners who receive water service from the designated water system of the following:
  - a. The name and qualifications of the administrator being considered by the State Board
  - b. The scope of the appointment and the particular services to be provided by the administrator being considered by the State Board, and
  - c. Any conflict of interest
4. Issue an order to the System requiring it to accept a full-scope administrator to take complete management control of its public water system.

## Attachment 2

### Responsibilities of a Full-Scope Administrator

All actions taken by an administrator are required to be in the best interest of the community served by the water system and must be intended to develop the water system's capability to sustainably deliver an adequate supply of affordable, safe drinking water so that the services of the administrator are no longer necessary. Section 116686 and the Administrator Policy Handbook requires the State Water Board to enter into a contract or grant agreement with an appointed administrator and fund the cost of the administrator to provide the agreed upon service to the System.

The Administrator is required to provide reports in order to keep the governing board or owner of the water system and the customers served informed about actions taken and status of the system. In addition, the Administrator Policy Handbook includes a process that allows any ratepayer, renter, or property owner who receives water from a designated water system to submit a petition to the State Water Board for the reversal or modification of an administrator decision or replacement of an administrator. A complete description of an administrator's obligations is contained in section 116686 of the Health and Safety Code and in the Administrator Policy Handbook.

The authority and scope of work of an administrator is established on a case-by-case basis in the contract/grant agreement executed between the State Water Board and the administrator and in the order issued to the public water system to accept the services of the administrator. **In the case of Athal MWC, the full-scope administrator appointed to it will have authority to exercise complete managerial control over its public water system, including but not limited, to financial reviews, responding and representing Athal MWC to regulatory agencies, entering into contracts, establishing operational budgets and rates, acceptance of water rate payments to pay water system expenses, system operation, and keeping customers informed of the status of the water system.**

### **Attachment 3**

CA Health and Safety Code Section 116686:

[http://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=HSC&sectionNum=116686](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=HSC&sectionNum=116686).

The State Water Board has not provided a paper copy of this section in the interest of decreasing environmental impacts. However, should you be unable to access this website for any reason, please do not hesitate to contact our office for a paper copy.

## **Attachment 4**

Administrator Policy Handbook:

[https://www.waterboards.ca.gov/board\\_info/agendas/2019/sept/091719\\_6\\_cs1\\_cleanversion.pdf](https://www.waterboards.ca.gov/board_info/agendas/2019/sept/091719_6_cs1_cleanversion.pdf)

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