PROPOSED RESOLUTION

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch

RESOLUTION W-4961
January 16, 2014

R E S O L U T I O N

(Res. W-4961) PARK WATER COMPANY. ORDER APPROVING RECOVERY OF A SURCHARGE OF $174,582 FOR COSTS RECORDED IN VARIOUS CONSERVATION MEMORANDUM ACCOUNTS PURSUANT TO DECISION 08-02-036.

By Advice Letter No. 238 filed on February 6, 2013.

SUMMARY

This Resolution partially approves Park Water Company's (Park) request to recover costs recorded in its Conservation Memorandum Accounts including: (1) the California Urban Water Conservation Council Best Management Practice Memorandum Account; (2) the Conservation Implementation Costs Memorandum Account; and (3) the Conservation Proceeding (I. 07-01-022) Memorandum Account for a total recorded expense of $231,734 including interest.

This resolution grants recovery of $174,609, including interest, through a monthly surcharge of $0.395 on a meter equivalent basis from all customer classes except for reclaimed water service, starting on January 1, 2014 through December 31, 2014.

BACKGROUND

By Advice Letter (AL) 238-W, filed on February 6, 2013, Park seeks Commission approval to recover costs recorded in (1) the California Urban Water Conservation Council (CUWCC) Best Management Practice (BMP) Memorandum Account; (2) the

Conservation Implementation Costs Memorandum Account; and (3) the Conservation. Proceeding (I.07-01-022) Memorandum Account. The total amount requested for recovery for the three memorandum accounts is $235,000 [1] to be recovered through a monthly surcharge of $0.707 per customer for 12 months applicable to all customer classes except for reclaimed water service. The request is made pursuant to the Commission's direction in Decision (D.) 08-02-036, dated February 28, 2008.

NOTICE AND PROTEST

Park served AL 238-W pursuant to the requirements of General Order (GO) 96-B, Rules 4.3 and 7.2, on its GO 96-B Service List. Park also provided notice to its customers of the availability of AL No. 238-W through a bill insert pursuant to GO 96-B General Rule 4.2 and Water Industry Rule 3.1.

No protests to AL No. 238 were received by the Division of Water and Audits (DWA).

On March 5, 2013, DWA suspended AL 238-W for an initial period of 120 days because additional time was required to complete its analysis.If, as in this case, DWA determines that a suspended advice letter requires disposition by the Commission, and the Commission's deliberation on the resolution continues beyond the 120-day period, the suspension is automatically renewed for an additional 180 days under GO 96-B General Rule 7.5.2.

DISCUSSION

Relevant sections of the Ordering Paragraphs (OP) of D. 08-02-036 state:

1. The following settlement agreements are approved and adopted:

- June 15, 2007 Park Water Company (Park)/DRA on conservation rate design, WRAM, and MCBA;

- July 30, 2007 Park/DRA on conservation memorandum account;

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[1]Total balance of $235,000 includes recorded expenses of $231,734 plus accrued interest to December 31, 2012 and an increase in franchise fee expense of $3,266 above the amount reflected in Park's current rates. Staff determined that based on utility provided work papers, total actual claimed amount before franchise fee expense should have been $230,340.

- August 10, 2007 Park/Joint Consumers/Consumer Federation of California on data collection, monitoring, and reporting;

4. A conservation memorandum account is authorized for Park to book prospective conservation expenses, as set forth herein.

5. A memorandum account is authorized for [Park] and other Class A water utilities to track legal and related expenses incurred in participating in this proceeding from the date of issuance of this order instituting investigation (OII). Costs of preparing applications consolidated with this proceeding, whether incurred prior or subsequent to the issuance of the OII, shall not be tracked in the authorized memorandum accounts. [Park]'s request to track legal and consulting expenses incurred prior to the issuance of this OII is denied.

A. Description of Memorandum Accounts

(1) *CUWCC BMP Memorandum Account*
In D. 08-02-036, OP Number 1, the Commission authorized Park to establish a memorandum account to track the costs of conservation programs that are consistent with and based upon the Best Management Practices (BMP) contained in the Memorandum of Understanding adopted by the CUWCC. Park established the CUWCC BMP Memorandum Account and booked costs incurred to December 31, 2009. Park requests that it should be permitted to recover costs that were recorded in its CUWCC BMP Memorandum Account since those costs are in addition to the costs already authorized in rates and have not been recovered elsewhere. The balance in that account, including interest, to December 31, 2012, is $125,396.

(2) *Conservation Implementation Costs Memorandum Account*
In D. 08-02-036, OP Number 1, the Commission authorized the establishment of a memorandum account to track the costs associated with implementation of increasing block rates, data collection, and monitoring costs including printing, publishing, and mailing customer notices. Park requests that it should be permitted to recover costs that were recorded in its Conservation Implementation Costs Memorandum Account since those costs are in addition to the costs already authorized in rates and have not been recovered elsewhere. The balance in that account, including interest to December 31, 2012, is $9,323.

(3) *Conservation Proceeding (I. 07-01-022) Memorandum Account*
In D. 08-02-036, OP Number 5, the Commission authorized the establishment of a memorandum account to track the legal and related expenses incurred by Park (and

other Class A water utilities) for participating in the Conservation Proceeding (I.07-01-022). D.10-04-001 further authorized Park to establish the memorandum account and directed Park's legal and related expenses should be included from January 11, 2007, the date of the issuance of the proceeding. Park established the Conservation Proceeding (I. 07-01-022) Memorandum Account and is requesting recovery of the balance in that account. The balance in the account, including interest, through December 2012, is $97,022.

B. Recovery of Costs Recorded in Memorandum Accounts

With respect to the recovery of costs recorded in a memorandum account, the utility has the burden of showing the following:

i. The utility acted prudently when it incurred the costs for which it seeks recovery.
ii. As a matter of policy, utility ratepayers should pay for these categories of costs, in addition to otherwise authorized rates.
iii. These costs have not been recovered in other authorized rates.
iv. The utility paid reasonable amounts for the services it procured.

(See, e.g., Resolution W-4824, Ordering Paragraph 5.) Below, we discuss Park's compliance with each of these criteria for each Memorandum account for which Park seeks recovery:

i. Was Park prudent when it decided to incur the costs booked to the memorandum accounts?

The Commission required Park (and other utilities) to participate in the Conservation OII in order to help develop conservation rate designs and address non-rate design issues. Park established and booked costs related to the CUWCC BMP, Conservation Implementation, and the legal and related expenses that were incurred for participating in the proceeding as authorized by the Commission. Therefore, booking of those expenses in the three memorandum accounts was appropriate and prudent.

ii. Should Park's ratepayers pay for the categories of costs involved in addition to otherwise authorized rates?

Park incurred the expenses at issue here because the Commission made Park a respondent in the Conservation OII and required Park to participate in this proceeding. Thus, this category of expenses recorded in the three memorandum accounts should appropriately be borne by ratepayers.

iii Have the costs that Park is requesting reimbursement for in the memorandum accounts been covered by other authorized rates?

Park indicates that the amounts being requested for reimbursement in AL 238-W have not been covered by any other authorized rates. The amounts booked in the three memorandum accounts were authorized to be tracked separately, were not authorized in Park's last General Rate Case (GRC), and were not subject to any other authorization.

As such, the costs in the memorandum account for which Park is requesting recovery herein are not covered by other authorized rates.

iv. Did Park pay reasonable amounts for the services it procured?

DWA reviewed the work papers submitted by Park for AL 238-W and has determined that the amounts claimed by Park in the CUWCC BMP memorandum account and the Conservation Implementation Costs Memorandum account are reasonable. DWA recommends that $134,865,[2] including interest to December 31, 2013, should be authorized in rates for these two memorandum accounts. For the Conservation Proceeding Memorandum Account, DWA requested Park to justify each claimed amount and to provide cross references to applicable Decision(s) or authorization per evaluation criteria listed herein. [3] Park did not provide the requested information. DWA has determined that $57,448 in costs were not reasonable for the reasons discussed below while $ 37,316, including $982 accrued interest to December 31, 2013, is reasonable. The total amount to be recovered for the three memorandum accounts is $172,181, including $2,239 accrued interest. Including increase in Franchise Fees and un-collectibles, the total amount to be recovered is $174,609. See Table 2.

Conservation Proceeding Memorandum Account

Park erroneously booked $97,022 [4] in expenses related to the legal and related services it procured in order to participate in the Conservation OII. DWA Staff reviewed the work papers submitted by Park with its AL filing. DWA finds that $36,334 of booked costs are appropriate, while $57,448 in pre-interest charges are inappropriate and should be disallowed. The disallowed amounts are for: (1) improper charges for preparing Water Revenue Adjustment Mechanism (WRAM) applications ($44,798) ; (2) excessive charges

[2] This figure is comprised of $125,533 for the CUWCC BMP memorandum account and $9,333 for the Conservation Implementation Costs Memorandum account.

[3] Data request PWC AL 238-W RK 001

[4] Based on work papers submitted by Park, the amount booked should have been $95,629, including accrued interest of $1,847, to December 31, 2012.

for legal services ($7,052); (3) unsubstantiated charges for travel, lodging and entertainment expenses without backup ($4,409); and (4) claims without *proper justification* documentation($882). See Table 1 for a summary of the disallowances.

Table 1: Park Water Company
Conservation OII Memorandum Account
-- Summary of Adjustments

		Claimed by Utility	Recommended Adjustment	Recommended Approved Amt.
	a	b	c	d=b-c
1	Legal expenses related to WRAM applications [1]	$ 44,978	$ 44,978	$ -
2	Excessive Legal Fees [2]	$ 12,695	$ 7,052	$ 5,642
3	Travel and entertainmnent [3]	$ 4,409	$ 4,409	$ -
4	Claims lacking justification documentation [4]	$ 882	$ 882	$ -
	Total:	$ 62,963	$ 57,320	$ 5,642

Notes
1 Budgeted regulatory tasks that do not require outside counsel.
2 Excessive legal hourly rates
3 No justification of claimed expenses
4 No details of work performed

(1) Improperly charged legal expenses
Park is seeking reimbursement for $44,978 for work related with applications for the Water Revenue Adjustment Mechanism (WRAM). These tasks were performed by Park's outside counsel rather than by the utility's regulatory staff where dollars have been budgeted to perform these activities as part of Park's normal regulatory functions. Staff recommends that $44,978 for preparation of the WRAM application should be disallowed. We agree costs for these types of activities have been budgeted as part of our authorized regulatory expense for Park and should not be recovered through the Conservation OII Memorandum account.

(2) Excessive Legal fees
Park used the services of outside legal counsel for participation in the Conservation OII. In addition to improperly charged expenses in (1) above, Park charged an excess of $7,052 for services received based on hourly rates of $561, $595 and $625 for 2007, 2008 and 2009, respectively. Park's legal counsel was selected based on his prior relationship

with representing Park in regulatory matters before the Commission and performed work without a formal contract for services. Park did not make an assessment of reasonableness of the rates charged by its legal counsel by comparing them with hourly rates charged by attorneys with comparable experience.[5] Furthermore, Park states that it did not take any steps to avoid duplication of efforts with other parties in the proceeding as such a requirement is applicable only to intervenors and not to Park or other named respondents for which participation in the proceeding was not optional. [6] Based on this, DWA staff concludes that Park has been unable to demonstrate that legal expenses and services of outside attorneys were used by Park in the most efficient and cost-effective manner.

To claim reimbursement, Park must demonstrate that the fees charged for outside legal services are reasonable. Since it is unclear about how efficiently outside attorneys were used by Park, Staff recommends that the Commission should approve the same attorney fees as it has approved for intervenors with similar experience in other proceedings. In D.09-05-011, the Commission approved an hourly rate for attorneys with experience similar to Park's attorney for intervenors as $290 and $330 in 2007 and 2008 respectively. The rate charged for travel was 50% of the attorney's hourly rate. DWA staff recommends that the attorney fee of $350 per hour is reasonable and should be used. Using these rates, DWA Staff recommends that an additional $7,052 should be disallowed for excess attorney fees. The amount allowed for attorney fees of $5,642 is considered reasonable and should be allowed. We agree. Just as we require for intervenor compensation, we expect expenditures for participation in regulatory proceedings by utilities to represent an efficient and cost-effective use of ratepayer dollars. Though the dollars at issue here are not substantial, the principle endures.

(3) Unsubstantiated charges for travel, lodging, meals and entertainment expenses
Park seeks recovery of $4,609 for travel, lodging, meals and entertainment expenses. No explanations were provided for the purpose of each trip or the deliverables or mapping of the expenses with actual tasks. Staff recommends that the Commission should disallow $4,609, which is the amount Park is requesting reimbursement for travel, lodging, meals and entertainment expenses. We agree. Travel related expenses, like other expenditures, need to be substantiated before recovery in rates is allowed.

(4) Claims without proper justification documentation

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[5] Data Request PWC AL 238-W RK 001, Responses 3 through 5.

[6] Data Request PWC AL 238-W RK 001, Response 7.

Park seeks to recover $882 for activities without proper justification of documentation of work done or deliverables or mapping of the expenses with actual tasks. Staff recommends that the Commission should disallow $882 which is the amount Park is requesting. We agree. Park has the burden of showing the expenditures booked to a memorandum account are reasonable. Without proper documentation in support of expenditures, Park has not met its burden.

After Staff recommended disallowances of $57,448, Park should be reimbursed $36,334 [7] before interest for its legal and related expenses associated with participation in the conservation OII.

As explained above, Park has met its burden of proof for obtaining recovery of certain expenses identified above that were recorded in the Conservation Proceeding Memorandum Account. For all the reasons discussed above, we find it appropriate for Park to recover those expenses recorded in the memorandum account that we authorize in this resolution.

After interest, the total amount to be recovered by Park is $172,181 for all three memorandum accounts. This is comprised of (1) the CUWCC BMP Memorandum Account ($125,533), (2) the Conservation Implementation Costs Memorandum Account ($9,333) and (3) the Conservation Proceeding (I. 07-01-022) Memorandum Account (37,316). Including uncollectibles and an increase in Franchise Fees, the total amount to be recovered is $174,609. See Table 2 for a summary of recovery amounts.

Table 2: Park Water Company
Summary of Conservation Memorandum Accounts

		Claimed by Utility [1]			Recommended by Staff			Approved
		Claimed	Accrued Interest 12/31/12	Total	Approved	Accrued Interest to 12/31/2013	Total	Amount
	a	b	c	d=b+c	e	f	g=e+f	h
1	Conservation BMPs Memorandum Account	$ 124,409	$ 1,001	$ 125,409	$ 124,409	$ 1,124	$ 125,533	$ 125,533
2	Conservation Implementation Memorandum Account	$ 9,200	$ 132	$ 9,332	$ 9,200	$ 133	$ 9,333	$ 9,333
3	Conservation Proceeding Memorandum Account	$ 93,782	$ 1,847	$ 95,629	$ 36,334	$ 982	$ 37,316	$ 37,316
	Sub-total	$ 227,391	$ 2,980	$ 230,370	$ 169,943	$ 2,239	$ 172,181	$ 172,181
	Add: Uncollectibles and Feanchise Fees						$ 2,428	$ 2,428
	Total Amount to be recovered						$ 174,609	$ 174,609

Notes
1. Amount claimed by utility without increase in Franchise Fee was $231,734.

C. Recovery of Memorandum Account Balance

[7] Total amount claimed: $93,782 less $ 57,448 in disallowed amounts before interest.

The memorandum account balance claimed by Park is less than 5% of its annual authorized revenue requirement. Staff recommends that, consistent with past practices, the surcharge amount of $174,609, or $0.395 per meter equivalent per month, should be recovered over a twelve month period from January 1, 2014 through December 31, 2014 from all customer classes except for reclaimed water service. See Table 3 for surcharge amount on a meter size basis.

Table 3: Park Water Company
Recovery in rates by meter size

Meter size	Meter Equivalent	$/Meter equivalent [1, 2, 3, 4] $/yr	$/mo
5/8" X 3/4"	1	$ 4.74	$ 0.395
1"	1.5	$ 7.10	$ 0.592
1 1/2"	2.5	$ 11.84	$ 0.987
2"	5	$ 23.68	$ 1.973
3"	8	$ 37.89	$ 3.157
4"	15	$ 71.04	$ 5.920
6"	25	$ 118.40	$ 9.866
8"	50	$ 236.79	$ 19.733
10"	80	$ 378.87	$ 31.572
12"	115	$ 544.62	$ 45.385

Notes

1	Total amount to be recovered:	$174,609
2	Estimated meter equivalents:	36,864
3	$/meter equivalent/yr:	$ 4.737
4	$/meter equivalent/mo:	$ 0.395

The affected tariffs are shown in Appendix A.

COMMENTS

Public Utilities Code section 311(g) (1) provides that resolutions generally must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. As such, the draft resolution was sent for public comment on

October 10, 2013. Comments were timely received from Park Water Company and California Water Association (CWA) on December 2, 2013.

Comments received from Park

Park believes that the proposed disallowances to the amounts of Park's recovery of its Conservation Proceeding Memorandum account are inappropriate. We disagree and agree in part.

Discussion

(1) The draft resolution's adjustment to exclude "Improperly Charged Legal Expenses" is incorrect.

The proposed resolution disallowed $45,118 for improperly charged legal expenses. This amount was comprised of $44,978 for preparing Park's WRAM application and $140 for the 2007 Central Basin GRC.

Park states that the $44,978 in outside counsel costs were incurred for participating in the Commission's OII and not for preparing its WRAM application. The expenses were recorded under the label "WRAM Application" by Park as well as by its outside counsel. Staff indicates that it is unable to assess the appropriateness of those expenses based on the description of work done for these expenses and recommends disallowance of the subject outside counsel costs. In any case, as stated in Section B(i)(1) above, the activities related to Park's WRAM application are more appropriately handled by the utility's regulatory staff whose activities have been budgeted as part of our authorized regulatory expenses for Park. We reject Park's request and disallow $44,978, the amount claimed for outside counsel expenses by Park.

Park states that $140 for Park's 2007 Central Basin GRC was disallowed in error as it was not claimed. We agree. This amount has been removed from the disallowed amounts.

(2) The draft resolution's adjustment to exclude "excessive fees for legal services" is incorrect, inappropriate, and is based on misapplication of Commission's policy.

The proposed resolution disallowed $7,052 for excessive fees for legal services.

Based on descriptions of work performed by its outside counsel, staff is unable to assess the reasonableness of the fees charged for outside legal services. Park has presented no additional evidence that demonstrates the reasonableness of the fees charged. We reject park's contention and disallow $7, 052, the excess amount

charged by its outside counsel. If Park wishes to pay its outside counsel fees in excess of what is determined to be just and reasonable, then it can do so using shareholder funds.

(3) *The draft resolution's adjustment to exclude "unsubstantiated charges for travel, lodging, meals and entertainment expenses" is unreasonable and incorrect.*

The proposed resolution disallows $4,409 for unsubstantiated charges for travel, lodging, meals and entertainment expenses. Park has not substantiated that its claim is reasonable and appropriate. We reject Park's request and disallow $ 4,409 for charges for travel, lodging, meals and entertainment.

(4) *The draft resolution's adjustment to exclude "claims with missing documentation" is incorrect.*

The proposed resolution disallowed $882 for claims with missing documentation. Park justified these claims by submitting invoices with descriptions that were insufficient to make a determination regarding the appropriateness of the claimed expenses. We reject Park's request and disallow $ 882 for claims with missing justification documentation.

Comments received from CWA

CWA requests that the Commission not approve the Resolution to the extent that it imposes an inappropriate and improperly initiated policy of comparing the water company's outside counsel fees to those authorized for intervenor attorneys. This is because: (1) a resolution is not the proper forum for instituting a change in policy because there is no due process and no evidentiary record; (2) DWA staff inappropriately exceeds its role by reexamining the reasonableness of an attorney's billing rate that was previously validated in a general rate case; (3) Attorney rates for intervenor compensation are not a recognized standard for assessing compensation of utility outside counsel and no such standard should be applied; and (4) the proposed resolution's application of a four-prong test for cost recovery is another adoption of policy inappropriate in the context of reviewing a request to recover costs recorded in a memorandum account.

Discussion

Decision (D.) 10-04-001, Finding of Fact Number 11 states:

> "When a utility seeks recovery of costs tracked in a memorandum account, the utility must also demonstrate that the costs are not covered by other authorized rates, it is appropriate for ratepayers

to pay for those categories of costs in addition to otherwise authorized rates, the utility acted prudently when it incurred those costs, and the level of costs is reasonable. "

The utility has the burden of providing support for its claimed expenses, including attorney fees, to ensure that ratepayers only paid for just and reasonable expenses. We find that Staff correctly followed Commission direction in reviewing Park's expenses and making recommendations for recovery from ratepayers of only those expenses that are prudent, just and reasonable. We reject CWA's contention that Staff exceeded its authority in its review of Park's claimed expenses.

FINDINGS AND CONCLUSIONS

1. Decision (D.) 08-02-036 authorized Park Water Company (Park) to establish three memorandum accounts: (1) the California Urban Water Conservation Council (CUWCC) Best Management Practice (BMP) Memorandum Account, (2) the Conservation Implementation Costs Memorandum Account and, (3) the Conservation Proceeding (I. 07-01-022) Memorandum Account.

2. Park filed Advice Letter (AL) 238-W on February 6, 2013 for reimbursement of balances for all three Memorandum Accounts.

3. No protests were received on AL 238-W.

4. In Resolution (Res.) W-4824, the Commission set forth four criteria that staff should evaluate when a utility seeks recovery of a balance in a memorandum account.

5. The four evaluation criteria set forth in Res. W-4824 are a useful guide in evaluating Park's Memorandum Accounts.

6. In order to recover from ratepayers costs recorded in a memorandum account, the utility must demonstrate that: (1) the utility acted prudently when it incurred these costs; (2) it is appropriate for ratepayers to pay for these categories of costs in addition to otherwise authorized rates; (3) the costs are not covered by other authorized rates; and (4) the level of costs is reasonable.

7. Park's work papers are adequate for determining whether or not recovery from the memorandum account is appropriate.

8. The costs in the memorandum account are not covered by other authorized rates.

9. Park has satisfied the four criteria for reimbursement of reasonably incurred costs in the Conservation BMP Memorandum Account and the Conservation Implementation Memorandum Accounts.

10. Staff's finding that Balance of the Conservation BMP Memorandum Account of $125,533, including interest to December 31, 2013, was appropriately recorded is reasonable.

11. Staff's recommendation for recovery of the balance on the Conservation BMP Memorandum Account, including interest, of $125,533 is reasonable and should be adopted.

12. Staff's finding that the Balance of the Conservation Implementation Memorandum Account of $9,333, including interest to December 31, 2013, was appropriately recorded is reasonable.

13. Staff's recommendation for recovery of the balance on the Conservation Implementation Memorandum Account of $9,333, including interest, is reasonable and should be adopted.

14. It is appropriate for ratepayers to pay for legal and legal related costs for participation in the Conservation OII in addition to otherwise authorized rates.

15. Park should not recover all balances in the Conservation Memorandum Account because it included costs that were not permitted in that account.

16. All the imprudently recorded expenditures in the Conservation Memorandum Account should be disallowed as discussed herein.

17. D.08-02-036 does not permit recovery of charges for preparation of Water Revenue Adjustment Mechanism (WRAM) and the Central Basin general rate case (GRC) applications from the Conservation Proceeding Memorandum Account.

18. Staff's recommendation to disallow $44,978 for preparing the WRAM application is reasonable and should be adopted.

19. Staff's recommendation to disallow travel and entertainment expenses of $4,409 due to the lack of justification or explanation by Park of the deliverables is reasonable and should be adopted.

20. Staff's recommendation to disallow claims for $882 for activities lacking proper documentation of work done or description of the deliverables is reasonable and should be adopted.

21. Park did not demonstrate that charges for outside legal services were at reasonable rates. Therefore, it is reasonable to determine charges using rates approved for intervenors with equivalent experience in other proceedings.

22. Staff's recommendation to disallow $7,052 in excess legal fees claimed by Park is reasonable and should be adopted.

23. Staff's recommendation to disallow a total of $57,320 before accrued interest from the Conservation Proceeding Memorandum Account, as shown in Table 1, is reasonable and should be adopted.

24. The level of costs booked in the Conservation Proceeding Memorandum Account as adjusted by staff as shown in Table 1 of this Resolution is reasonable.

25. Park has met the burden of proof for obtaining recovery of recorded expenses as adjusted in this Resolution in the memorandum accounts.

26. The memorandum account balance to be recovered is less than 5% of Park's authorized annual revenue requirement. Consistent with Appendix A to D.03-06-072, it is reasonable to recover the surcharge amount over a twelve-month period.

27. Staff's recommendation for recovery of $174,609, including interest, through a surcharge of $0.395, on a meter equivalent basis and as shown in Table 3 for all Park's customers except recycled water customers spread over twelve months starting January 1, 2014 is reasonable and should be approved.

THEREFORE IT IS ORDERED THAT:

1. Park Water Company's Advice Letter No. 238-W is approved with the modifications discussed herein.

2. Park Water Company shall, within five days of the effective date of this resolution, supplement Advice Letter No. 238-W, incorporating the revised rate schedules attached to this resolution as Appendix A, and concurrently cancel its presently effective Schedules No. PR-1-R: Residential metered service; Schedule No. PR-1-NR: Non-Residential metered service; Schedule No. PR-9CM: Construction and other temporary service, and Schedule No. PR-4F: Non-metered fire sprinkler service.

3. The rate schedules shall be effective January 1, 2014.

4. Park Water Company is authorized to recover $174,609, as indicated in Table 2 of this Resolution. Recovery shall be through a monthly surcharge as shown in Table 3 of this resolution. The surcharge will be applicable to all customer classes, except for reclaimed water service, for twelve months for the period January 1, 2014 through December 31, 2014.

5. The $174,609 authorized for recovery shall be transferred to a general expense balancing account. The following memorandum accounts shall be closed and removed from Park Water Company's tariffs as of the effective date of this Resolution through filing a Tier 1 advice letter: (1) the California Urban Water Conservation Council (CUWCC) Best Management Practice (BMP) Memorandum Account, (2) the Conservation Implementation Costs Memorandum Account and, (3) the Conservation Proceeding (I. 07-01-022) Memorandum Account.

6. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on January 16, 2013; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

APPENDIX A

PARK WATER COMPANY

SCHEDULE NO. PR-1-R
RESIDENTIAL METERED SERVICE
(Continued)

8. As authorized by the California Public Utility Commission, all bills are subject to a monthly surcharge as shown in the following table: (N)

Meter size	Surcharge
	$/mo
5/8" X 3/4"	$ 0.395
1"	$ 0.592
1 1/2"	$ 0.987
2"	$ 1.973
3"	$ 3.157
4"	$ 5.920
6"	$ 9.866
8"	$ 19.733
10"	$ 31.572
12"	$ 45.385

The surcharge shall be collected over a 12- month period, beginning with the effective date of Advice Letter 238-W. This surcharge will recover the balances in the California Urban Conservation Council Best Management Practice Memorandum Account, the Conservation Implementation Costs Memorandum Account, and The Conservation Proceeding Memorandum Account. (N)

(CONT.)

APPENDIX A

PARK WATER COMPANY

SCHEDULE NO. PR-1-R
NON-RESIDENTIAL METERED SERVICE
(Continued)

15. As authorized by the California Public Utility Commission, all bills are subject to a monthly surcharge as shown in the following table: (N)

Meter size	Surcharge
	$/mo
5/8" X 3/4"	$ 0.395
1"	$ 0.592
1 1/2"	$ 0.987
2"	$ 1.973
3"	$ 3.157
4"	$ 5.920
6"	$ 9.866
8"	$ 19.733
10"	$ 31.572
12"	$ 45.385

The surcharge shall be collected over a 12- month period, beginning with the effective date of Advice Letter 238-W. This surcharge will recover the balances in the California Urban Conservation Council Best Management Practice Memorandum Account, the Conservation Implementation Costs Memorandum Account, and The Conservation Proceeding Memorandum Account. (N)

(CONT.)

APPENDIX A

PARK WATER COMPANY

SCHEDULE NO. PR-4F
NON-METERED FIRE SPRINKLER SERVICE
(continued)

4. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the utility, and are maintained to the satisfaction of the utility. The utility may install the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage or waste of water, and the cost paid by the applicant. Such payment shall not be subject to refund.

5. The utility undertakes to supply only such water at such pressure as may be available at any time through the normal operation of its system.

6. Any unauthorized use of water, other than for fire extinguishing purposes, shall be charged for at the regular established rate as set forth under Schedule No. PR-1-NR, Nonresidential Metered Service, and/or may be the grounds for the immediate disconnection of the sprinkler service without liability to the Company.

7. The utility reserves the right to limit the installation of private fire hydrant service to such areas where public fire hydrant does not exist or where public fire hydrant service is limited in scope to the detriment of the applicant.

8. A late charge will be imposed per Schedule No. LC.

9. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

(CONT.)

APPENDIX A

PARK WATER COMPANY
SCHEDULE NO. PR-4-F

NON-METERED FIRE SPRINKLER SERVICE
(continued)

10. As authorized by the California Public Utilities Commission (C.P.U.C.), all bills are subject to a monthly surcharge as shown in the following table: (N)

Metr size	Surcharge
	$/mo
5/8" X 3/4"	$ 0.395
1"	$ 0.592
1 1/2"	$ 0.987
2"	$ 1.973
3"	$ 3.157
4"	$ 5.920
6"	$ 9.866
8"	$ 19.733
10"	$ 31.572
12"	$ 45.385

The surcharge shall be collected over a 12-month period, beginning with the effective date of Advice Letter 238-W. This surcharge will recover the balances in the California Urban Conservation Council Best Management Practice Memorandum Account, the Conservation Implementation Costs Memorandum Account, and The Conservation Proceeding Memorandum Account. (N)

(CONT.)

APPENDIX A

SCHEDULE NO. PR-9CM

CONSTRUCTION AND OTHER TEMPORARY METERED SERVICE
(Continued)

SPECIAL CONDITIONS

5. As authorized by the California Public Utilities Commission (C.P.U.C.), all bills are subject to a monthly surcharge as shown in the following table: (N)

Meter size	Surcharge
	$/mo
5/8" X 3/4"	$ 0.395
1"	$ 0.592
1 1/2"	$ 0.987
2"	$ 1.973
3"	$ 3.157
4"	$ 5.920
6"	$ 9.866
8"	$ 19.733
10"	$ 31.572
12"	$ 45.385

The surcharge shall be collected over a 12- month period, beginning with the effective date of Advice Letter 238-W. This surcharge will recover the balances in the California Urban Conservation Council Best Management Practice Memorandum Account, the Conservation Implementation Costs Memorandum Account, and The Conservation Proceeding Memorandum Account. (N)

END OF APPENDIX A

CERTIFICATE OF SERVICE

I certify that I have by either electronic mail or postal mail this day served a true copy of Proposed Resolution No. W-4961 on all parties in these filings or their attorneys as shown on the attached list.

Dated October 10, 2013, at San Francisco, California.

/s/ JENNIFER PEREZ
Jennifer Perez

Parties should notify the Division of Water and Audits, Fourth Floor, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the Resolution number on which your name appears.

PARK WATER COMPANY
SERVICE LIST OF DRAFT RESOLUTION W-4961

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