



October 5, 2018

Proposed Resolution W-5178

Agenda ID: 16897

To: All Interested Persons

Enclosed is Proposed Resolution W-5178 of the Water Division, which authorizes Tahoe Park Water Company a ratebase offset revenue increase, producing additional annual revenues of \$157,650, or 24.1%, over current approved revenues, to be paid by the Ratepayers. Proposed Resolution W-5178 is scheduled to appear on the November 8, 2018 Commission Meeting Agenda (ID #16897).

The Commission may act on this resolution or it may postpone action until later. When the Commission acts on a proposed resolution, the Commission may adopt all or part of the proposed resolution, as written, or amend or modify the proposed resolution; or the Commission may set the proposed resolution aside and prepare a different resolution. Only when the Commission acts does the resolution become binding.

Interested persons may submit comments on Proposed Resolution W-5178 via email to Water.Division@cpuc.ca.gov on or before **October 25, 2018**. Please reference **"Proposed Resolution W-5178" in the subject line**.

Interested persons must also serve a copy of their comments on the utility on the same date that the comments are submitted to the Water Division. If email is unavailable, please submit comments to:

California Public Utilities Commission
Water Division
505 Van Ness Avenue
San Francisco, CA 94102

Comments should focus on factual, legal, technical errors, or policy issues in the proposed resolution.

Persons interested in receiving comments submitted may contact the Water Division at Water.Division@cpuc.ca.gov or (415) 703-1133. Please reference "Proposed Resolution W-5178."

/s/RAMI S. KAHLON

Rami S. Kahlon, Director
Water Division

Enclosures: Proposed Resolution W-5178
Certificate of Service
Service List

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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION
Water and Sewer Advisory Branch

RESOLUTION W-5178
November 8, 2018

RESOLUTION

(RES. W-5178) TAHOE PARK WATER COMPANY. ORDER AUTHORIZING A RATEBASE OFFSET REVENUE INCREASE, PRODUCING ADDITIONAL ANNUAL REVENUES OF \$157,650, OR 24.1%, OVER CURRENT APPROVED REVENUES, TO BE PAID BY THE RATEPAYERS.

SUMMARY

By Advice Letter (AL) 65, filed on July 9, 2018, Tahoe Park Water Company (Tahoe Park) seeks a ratebase offset of \$711,665 for capital improvements made to its water distribution system which would result in an increase in annual revenues of \$190,861, or 29.2%, over current authorized revenues.

This resolution finds \$711,665 in Tahoe Park's capital improvements prudent for inclusion into its ratebase, and authorizes a revenue increase of \$157,650, or 24.1%, which will not result in a rate of return greater than that last authorized for Tahoe Park.

The difference between the utility request and the recommended increase is due to a difference in the estimates for federal and state income taxes. The monthly bill for an average flat rate service single-family residential or small business served by a ¾-inch service connection would increase from \$65.41 to \$81.20, or 24.1%.

BACKGROUND

Tahoe Park is a Class C water company and presently provides water service to approximately 536 customers in the service area of Tahoe Park, located approximately two miles south of Tahoe City in Placer County.

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Tahoe Park requests authority under General Order 96-B (GO 96-B), Water Industry Rule 7.3.3 (8), and Section 454 of the Public Utilities Code to increase its rates by \$190,861 or 29.2%, for a ratebase offset of \$711,665. The purpose of the ratebase offset is to recover costs incurred and provide an adequate rate of return on completion of its water system improvements between 2013 and 2017.

Tahoe Park's last General Rate Case (GRC) increase was adopted on May 24, 2007, by Resolution (Res.) W-4628, which authorized an increase of \$145,925, or 70.6%, with a 13% Rate of Return (ROR) on ratebase. The utility's present rates became effective on January 1, 2018, by approval of AL 62, which authorized a Consumer Price Index increase of \$13,342, or 2.1%.

NOTICE AND PROTEST

On July 9, 2018, Tahoe Park sent a mailing to all customers regarding the proposed improvements and served AL 65 in accordance with GO 96-B including on adjacent utilities and persons on Tahoe Park's advice letter service list. Per GO 96-B, Water Industry Rule 3.1, Tahoe Park notified its customers of this ratebase offset advice letter request by mail. Two protests were received, and Tahoe Park responded timely to each in writing.

On July 23, 2018, a protest was received by Mr. James T. Bialson, a Tahoe Park residential customer, who generally opposed the proposed increase and the nature of the advice letter filing. Accordingly, Tahoe Park responded timely to this protest on July 31, 2018 in writing, stating that this AL was filed in accordance with the regulatory procedures as required by the Commission.

Mr. Bialson's protest contends that the requested rate or return was in excess of the established rates of return for Class C water utilities, and whether the corporate federal income tax rate has been reduced to 21%. With respect to the rate of return, the CPUC's Water Division's Standard Practice U-27, Standard Practice for Processing Offsets and Establishing Memorandum Accounts states the following with respect to calculating offset rate increases:

For Class C and D utilities, use the last authorized return or the midpoint of the latest Class C and D returns published by the Water Division adjusted by any deviation to the rate of return made in the utility's last general rate case, whichever is higher.

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Tahoe Park's last General Rate Case was adopted on May 24, 2007, by Resolution (Res.) W-4628, which authorized an increase of \$145,925, or 70.6%, with a 13% ROR on ratebase. Accordingly, a 13% ROR on ratebase was applied in this instance. With respect to the change in the corporate federal income tax rate, Water Division recalculated the state and federal income taxes which are summarized in Appendix C.

On July 27, 2018, a protest was received by Mr. Gerald Rockwell, a Tahoe Park residential customer which generally opposed the proposed increase and the nature of the advice letter filing. Accordingly, Tahoe Park responded timely to this protest in writing, stating that this AL was filed in accordance with the regulatory procedures as required by the Commission.

DISCUSSION

Capital Improvements

The Water Division (WD) reviewed the reasonableness of the project expenditures based on the scope of work involved and determined the expenditures to be reasonable.

The \$711,665 in allowed plant additions are summarized below:

<u>Item</u>	<u>Ratebase Change</u>
1. Tahoe Park Services 2013 – 2017	\$ 88,632
2. Neilsen Parcel Title	\$158,460
3. Leota Main Replacement	\$218,698
4. Neilsen Hydropneumatic Tank	<u>\$245,875</u>
Total Plant Additions:	\$711,665

Tahoe Park Services

Tahoe Park Services 2013-2017 refers to the replacement of existing mains and the installation of new water service lines and appurtenances for water service main upgrades. Water mains in both the Tahoe Park and Skyland-Neilsen systems are small diameter water lines which run from the water main to the meter service or service valve, which is generally located at the property line of the premises being served.

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All incurred costs, including labor, equipment, contract services, materials,¹ and backfill are components of Utility Plant as defined in the CPUC's adopted Uniform System of Accounts (USOA) and as such may be capitalized. In 2013, an existing old and undersized service main was replaced on Lake Avenue with a new domestic line and meter for a large fire service line. New service mains were installed on Spruce Avenue and Elizabeth Street including upgrades for safety at two booster stations.

The total amount invested in 2013 was \$4,944.

In 2014, an existing old and undersized service line was replaced on Pine Avenue. Planning and design were accomplished for new service mains to be completed in 2015.

The total amount invested in 2014 was \$6,501.

In 2015, several service mains that had been planned in 2014 were completed in Tahoe Park. An existing service main was upgraded and dedicated to serve the rebuilt West Shore Market on Sequoia Avenue. A new service line was installed on Washoe Way, and the service mains were connected to meters installed from the main to two properties. An additional service line was replaced on Tavern Road, and new service mains and meters were installed on Pine Avenue and Washoe Way.

The total amount invested in 2015 was \$41,390.

In 2016, several service mains were completed in Tahoe Park. Service mains were connected, and meters installed from the new main to two properties, and a new service main and meter were installed in the process of eliminating an old and undersized main which served five homes from the back yard. In the Skyland-Nielsen service area, new service mains and meters were installed to new customers.

The total amount invested in 2016 was \$27,709.

¹ Materials include pipes, valves, meters, utility boxes, and fittings.

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In 2017, paving for Washoe Way was completed for the new service main installed the prior year, and a new service main and valves were installed serving properties on Tahoe Park Heights and West Lake Boulevard in Skyland-Nielsen.

The total amount invested in 2017 was \$8,088.

The total amount invested from Tahoe Park Services from 2013 through 2017 was \$88,632. WD has reviewed all invoices and finds that all system improvements are prudent, reasonable and all facilities used and useful.

Nielsen Parcel Title

The Nielsen Parcel Title line item refers to costs incurred for adjusting the boundary of Tahoe Park's Nielsen Parcel.² This project was required in order to encompass the Nielsen well constructed in 2005 within the Nielsen parcel, and to dissociate the old (abandoned) Nielsen well from the Nielsen parcel. This project was in accordance with a negotiated court sanctioned agreement with the adjacent property owner. A credit of \$191,759 has been applied from Tahoe Park's liability insurance for legal fees associated with a lawsuit filed by the property owner.

All incurred costs are components of Utility Plant as defined in the CPUC's adopted USOA and as such may be capitalized. Accounting of capital costs is in accordance with Instruction 9, Land and Land Rights, of the USOA, which defines the components of land and land rights costs that are properly includible in the utility plant account, including the following items listed under paragraph M, items 6, 8, 10, and 12 as follows:

6. *Fees, commissions and salaries to brokers, agents, and others in connection with the acquisition of the land or land rights.*
8. *Removing, relocating, or reconstructing property of others, such as buildings ...and the like, in order to acquire quiet possession.*

² Assessor's Parcel No. 085-050-044 and quieting title.

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10. *Surveys in connection with the acquisition.*

12. *Title, examining, clearing, insuring ...and defending against claims relating to the period prior to the acquisition.*

The costs are groups and listed below under "Land and Land Rights."

In addition, accounting of construction costs is in accordance with Instruction 5, Components of Construction Cost, of the USOA, which defines the components of construction cost that are properly includible in the utility plant account, including items 7 and 8 as follows:

(7) "Protection" includes the cost of protecting the utility's property from ...casualties and the cost of preventing damages to others... cost of ... prosecuting incendiaries, witness fees in relation thereto ... and other analogous expenditures in connection with construction work.

These costs are grouped and listed below under "Construction protection."

(8) "Injuries and damages" includes expenditures or losses in connection with construction work on account of injuries to persons and damages to the property of others; also the cost of investigation and defense against actions for such injuries and damages... Insurance recovered ... shall be credited to the account charged with the cost of the damages.

These costs are grouped and listed below under "Construction injuries and damages."

The remaining construction costs are grouped and listed under "Construction".

Land and Land Rights

The Nielsen parcel was originally part of the Nielsen Water System assets that were conveyed by sales agreement to the Tahoe Park Water Co. on July 1, 1989. The transfer was approved by the CPUC in 1989³; however, a grant deed for the Nielsen

³ CPUC Proceeding A.89-08-034

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parcel in favor of Tahoe Park was never recorded. Several property owners of the defunct Nielsen Water System opposed the action to quiet the title, but Tahoe Park prevailed, and Placer County Superior Court awarded the full fee interest in the Nielsen parcel to Tahoe Park. Costs for surveys, a boundary line adjustment, title fees, and defense against claims were incurred. Land and land rights are a non-physical asset recorded as intangibles not subject to depreciation.

Total amount for Land and Land Rights is \$61,337.

Construction Protection

During the course of negotiations for the parcel land rights and boundary adjustment, the adjacent property owners, Wood and Spohr threatened in writing to shut down the Nielsen well, an incendiary action that would have interrupted water service to the entire community of 91 homes. A restraining order from Placer County Court was obtained, costs of which were shared with the Skyland Home Owners Association.

Total amount for the Construction Protection is \$18,545.

Construction Injuries and Damages

Alleged injuries and damages in connection with the Nielsen well construction (the well was approved into ratebase in Tahoe Park's last general rate case) resulted in defense costs against an adjacent property owner. Tahoe Park insurance proceeds covered these costs and are credited to the account. A settlement agreement was executed in 2013 which provided for relocation and downsizing of the tank house, construction of a second offsite well,⁴ and a boundary line adjustment of the Nielsen parcel, by which the westerly 100 square footage area of Tahoe Park's Nielsen parcel, that encompassed the old abandoned Nielsen well, was exchanged for an easterly 100 square foot area of the adjacent owner's parcel, that contained the new Nielsen well.

Total amount for the Construction Injuries and Damages is \$67,101.

⁴ Required by the State Water Resources Control Board Division of Drinking Water as a redundant source.

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Construction

Construction costs of the Nielsen well were previously approved into ratebase in Tahoe Park's last general rate case. Subsequent construction costs in connection with the well include re-siding of the hydropneumatic tank house, clearing the parcel in preparation of reconstruction of the tank house, and demolition of abandoned structures.

The total amount invested for Construction is \$11,477.

The total amount invested for the Nielsen Parcel Title is \$158,460. WD has reviewed all invoices and all facilities are used and useful.

Loeta Main Replacement and Pressure Reducing Valve Station

The Loeta Main Replacement and Pressure Reducing Valve (PRV) Station refers to replacement of an existing undersized and leak-prone section of water main on lower Loeta Way and across an existing easement to a connection to the Skyland Nielsen Intertie water main on Electric Street. At the connection point, a new PRV station was installed to complete a much-needed loop in the system. In addition, a line extension across from a new easement was installed for a new service and connection to the planned Skyland well. In addition, two new fire hydrants were also included in the project.

All incurred costs are components of Utility Plant as defined in the CPUC's adopted USOA and as such can be capitalized. Accounting of capital costs is in accordance with Instruction 9, Land and Land Rights, of the USOA, which defines the components of land and land rights costs that are properly includible in the utility plant account, including the following items listed under paragraph M, items 6 and 10 as follows:

6. Fees, commissions, and salaries to brokers, agents, and others in connection with the acquisition of the land or land rights.

10. Surveys in connection with the acquisition.

These costs are grouped and listed below under "Land and Land Rights."

Further, accounting of construction costs is in accordance with Instruction 5, Components of Construction Cost, of the USOA, which defines the components of

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construction cost that are properly includible in the utility plant account, including item 8 as follows:

(8) "Injuries and damages" includes expenditures or losses in connection with construction work on account of injuries to persons and damages to the property of others; also the cost of investigation and defense against actions for such injuries and damages ... Insurance recovered ... shall be credited to the account charged with the cost of the damages.

These costs are grouped and listed below under "Construction injuries and damages."

The remaining costs are grouped and listed under "Construction."

Land and Land Rights

Tahoe Park acquired a pipeline easement⁵ for a line which will provide new service to a grantor and a connection to a planned new well on the property to be completed in 2018. Costs for surveys, planning and legal services, and easement acquisition were incurred. Land and land rights are a non-physical asset recorded as intangibles not subject to depreciation.

Total amount for Land and Land Rights is \$24,420.

Construction Injuries and Damages

Several plants and irrigation lines had to be removed within the existing easement between Leota Way and Electric Street, resulting in minor replacement costs reimbursed to a property owner on West Lake Boulevard.

Total amount for Construction Injuries and Damages is \$1,011.

Construction

⁵ Pipeline easement acquired from adjacent property owner of APN 085-310-002-000 for approximately 260 feet of new 6-inch PVC pipeline on West Lake Boulevard.

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On West Lake Boulevard, Tahoe Park replaced approximately 640 feet of undersized 4-inch steel and 2-inch pipeline installed in 1955 with 640 feet of 6-inch PVC pipeline and installed a main line extension of 260 feet of new 6-inch PVC pipeline for future connection to the planned Skyland well to be completed in 2018. In addition, three new fire hydrants and a 4-inch pressure reducing valve and vault were installed on Loeta Way and West Lake Boulevard.

Total investment for Construction is \$193,267.

The total amount invested for the Loeta Main Replacement and PRV Station is \$218,698. WD has reviewed all invoices and finds these facilities used and useful.

Neilsen Hydropneumatic Tank

The Neilsen Hydropneumatic Tank refers to capital construction costs expended for the relocation and reconstruction of the Nielsen Hydropneumatic Tank and enclosure located on the Nielsen parcel.

All costs incurred are components of Utility Plant as defined in the CPUC's adopted USOA and as such can be capitalized. Accounting of costs is in accordance with Instruction 5, Components of Construction Cost, of the USOA, which defines the components of construction cost that are properly includible in the utility plant account.

Construction costs include labor, materials and supplies, contract work, and engineering services, which are all grouped together under "Construction" below. Additional components of construction costs include the following items 7, 8, 9, and 15 of USOA Instruction 5 as follows:

(7) "Protection" includes the cost of protecting the utility's property from...casualties and the cost of preventing damages to others... cost of ... prosecuting incendiaries, witness fees in relation thereto ... and other analogous expenditures in connection with construction work.

These costs are grouped and listed below under "Construction Protection."

(8) "Injuries and damages" includes expenditures or losses in connection with construction work on account of injuries to persons and damages to the property of others; also the cost of investigation and defense against actions for such injuries and

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damages ... Insurance recovered ... shall be credited to the account charged with the cost of the damages.

These costs are grouped and listed below under "Construction Injuries and Damages."

(9) "Privileges and Permits" includes payments and expenses incurred for securing temporary privileges, permits or rights in connection with construction work.

These costs are grouped and listed below under "Construction privileges and permits."

(15) "Law expenditures" includes the general law expenditures incurred in connection with construction and the court and legal costs directly related thereto, other than law expenses included in the "protection", item 7, and in "injuries and damages," item 8.

These costs are grouped and listed below under "Construction law expenditures."

Construction

The primary work of the Neilsen Hydropneumatic Tank consisted of the replacement of an existing outdated and leak-prone hydropneumatic tank with a new smaller tank and enclosure. Relocation of electrical panels, controls, and conduits was required, automatic water level and air control equipment was added, and provision was made for chlorine injection contact time.

Total amount for Construction is \$90,077.

Construction Protection

In the course of the construction to replace the Neilsen Hydropneumatic Tank and enclosure, adjacent property owners Wendy Wood and Gary Spohr threatened in writing to use a firearm against Tahoe Park employees working at the site. Wood and Spohr also interfered with and delayed the work, at one point physically blocking access to the site with vehicles. Tahoe Park obtained restraining orders against Wood and Spohr from Placer County Superior Court.⁶ Subsequently, Spohr was convicted of

⁶ Placer County Superior Court Case Nos. SCV 0038366 & 00383667

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violating the restraining order after he assaulted a Tahoe Park employee on the job site. Spohr was sentenced to a year in jail (suspended) and fined \$1,000. The Court awarded Tahoe Park \$10,152 in attorney's fees, which was credited to the cost account. Tahoe Park asked the Court for an extension of time to complete the tank replacement, which the Court granted.

Total amount for Construction Protection is \$46,990.

Construction Injuries and Damages

Alleged injuries and damages in connection with the Nielsen tank house construction resulted in defense costs against the adjacent property owners, Wood and Spohr. The property owners alleged that the noise generated during construction drove out their renters and caused loss of rent. Ultimately, the claim was dropped in a negotiated settlement, Work and Spohr also claimed that the new tank house was not built in accordance with the settlement agreement.

Total amount for Construction Injuries and Damage is \$46,990.

Construction Privileges and Permits

Under the settlement agreement with the adjacent property owners Wood and Spohr, their water fees were waived until the tank house (enclosure) was rebuilt and a new primary well was completed. The tank house has been completed and the well is substantially complete. The accumulated amount of the waived water fees represents expenses incurred for securing temporary privileges and rights for access to the construction site.

Total amount for Construction Privileges and Permits is \$16,963

Construction Legal Expenditures

General legal expenditures incurred in connection with the Nielsen tank house construction building including court and legal costs directly related thereto, other than legal expenses included in "protection", and in "injuries and damages", including legal action to enforce the settlement agreement.

Total amount for Construction Legal Expenditures is \$45,800.

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The total amount invested for the Nielsen Hydropneumatic Tank is \$245,875. WD has reviewed all invoices and all facilities are used and useful.

The new ratebase is shown in Appendix A and WD recommends that the Commission approve the summary of earnings shown in Appendix A. The WD also computed the recommended rates in Appendix B to this resolution based on the recommended revenue requirement and the adopted rate design authorized in Res. W-4628.

Expenses

The WD reviewed the reasonableness of uncollectables, regulatory Commission expense, depreciation expense, taxes other than income, and income taxes. WD recalculated the federal income taxes based upon the change in the corporate federal income tax rate of a flat 21%. The WD also computed the recommended tax rates in Appendix C to this resolution.

COMPLIANCE

There are no outstanding Commission orders for Tahoe Park requiring system improvements. The utility has been filing annual reports as required.

SAFETY

The resolution provides adequate revenues to the utility so that it can provide safe and reliable water service to its customers. The water served by the utility meets all applicable primary water quality standards set forth by the State Water Resources Control Board, Division of Drinking Water.

COMMENTS

Public Utilities Code section 311(g)(1) requires that a proposed resolution be served on all parties and be subject to a public review and comment period of 30 days or more, prior to a vote of the Commission on the resolution.

Accordingly, this proposed resolution was mailed to the utility and its service list and made available for public comment on October 5, 2018.

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FINDINGS

1. By Advice Letter 65, filed on July 9, 2018, Tahoe Park Water Company (Tahoe Park) requests authority under General Order 96-B (GO 96-B), Water Industry Rule 7.3.3 (8), and Section 454 of the Public Utilities Code to increase its rates by \$190,861, or 29.2%, for a ratebase offset of \$711,665.
2. Tahoe Park's last General Rate Case (GRC) increase was adopted on May 24, 2007, by Resolution (Res.) W-4628, which authorized an increase of \$145,925, or 70.6%, with a 13.00% rate of return on ratebase.
3. Advice Letter 65 was served in accordance with General Order 96-B on July 9, 2018. Two protest letters were received, and Tahoe Park responded accordingly.
4. Water Division (WD) reviewed the documentation associated with all of the projects, including the invoices supporting the expenditures and confirmed that: (1) Tahoe Park's capital improvements were warranted; (2) the cost recovery requested for the capital improvements meets the earnings test and Tahoe Park does not exceed its authorized rate of return; and (3) the capital improvement projects have been completed and are used and useful.
5. Based on WD's staff review of the project expenditures, the WD finds \$711,665 of Tahoe Park's capital improvements prudent for inclusion into its ratebase.
6. The WD computed an increase to Tahoe Park's authorized revenue requirement of \$157,650 for the \$711,665 ratebase offset amount, based on Tahoe Park's last GRC authorized revenues, expenses, and rate of return.
7. The WD computed the recommended rates in Appendix B to this resolution based on the recommended revenue requirement and the adopted rate design in Res. W-4628.
8. The monthly bill for an average flat rate service single-family residential or small business served by a ¾-inch service connection would increase from \$65.41 to \$81.20, or 24.1%.

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9. WD's recommended Summary of Earnings (Appendix A) is reasonable and should be adopted.

10. The rates recommended by WD (Appendix B) are reasonable and should be adopted.

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THEREFORE, IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code Section 454 to Tahoe Park Water Company to file a supplemental Advice Letter, as Advice Letter No. 65-A, incorporating the revised rate schedules attached to this Resolution as Appendix B and concurrently cancel its presently effective Schedule No.'s 1A & 1B – Annual Metered Service, 2RA-TP & 2RA-SKY – Annual Residential Flat Rate Service, and 4 – Private Fire Protection Service. The effective date of the revised schedule shall be five days after the date of filing.

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 November 8, 2018; the following Commissioners voting favorably thereon:

ALICE STEBBINS
Executive Director

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APPENDIX A Tahoe Park Water Company Summary of Earnings

	Authorized W-4628	Present Rates AL 62	Ratebase Offset	Earnings Test at Division Recommended Rates
Operating Revenues				
Metered	\$60,641	\$95,055	\$22,947	\$118,002
Unmetered	\$288,599	\$554,065	\$133,753	\$687,818
Other Revenues	<u>\$3,265</u>	<u>\$3,940</u>	<u>\$951</u>	<u>\$4,891</u>
Total Revenue	\$352,505	\$653,060	\$157,650	\$810,710
Operating Expenses				
610 Purchased Water	\$0	\$2,001		\$2,001
615 Purchased Power	\$33,485	\$31,527		\$31,527
618 Other Volume Related Expenses	\$1,846	\$10		\$10
630 Employee Labor	\$22,770	\$0		\$0
640 Materials	\$9,224	\$7,084		\$7,084
650 Contract Work	\$5,314	\$83,352		\$83,352
Water Testing	\$0	\$0		\$0
660 Transportation Expenses	\$5,637	\$17,954		\$17,954
664 Other Plant Maintenance	\$1,117	\$3,273		\$3,273
670 Office Salaries	\$3,116	\$0		\$0
671 Management Salaries	\$19,960	\$45,000		\$45,000
674 Employee Pensions and Benefits	\$4,149	\$0		\$0
676 Uncollectable Accounts	\$1,107	\$0	\$508	\$508
678 Office Services and Rentals	\$0	\$7,550		\$7,550
681 Office Supplies and Expenses	\$4,436	\$11,216		\$11,216
682 Professional Services	\$16,000	\$49,932		\$49,932
684 Insurance	\$3,618	\$3,892		\$3,892
688 Regulatory Commission Expense	\$5,430	\$4,086	\$1,534	\$5,620
689 General Expense	<u>\$2,714</u>	<u>\$6,045</u>		<u>\$6,045</u>
Subtotal	\$139,923	\$272,922	\$2,042	\$274,964
403 Depreciation	\$26,204	\$54,263	\$19,234	\$73,497
408 Taxes Other Than Income	\$13,974	\$20,760	\$7,909	\$28,669
409 State Income Taxes			\$11,356	
410 Federal Income Taxes	<u>\$59,784</u>	<u>\$74,149</u>	<u>\$24,593</u>	<u>110,098</u>
Total Deductions	\$239,885	\$422,094	\$65,134	\$487,228
Net Revenue	\$112,620	\$230,966	92,516	\$323,483
Ratebase				
Average Plant	\$1,320,588	\$3,169,354		\$3,881,019
Average Dep. Reserve	<u>\$209,738</u>	<u>\$607,384</u>		<u>\$607,384</u>
Net Plant	\$1,110,850	\$2,561,970	\$711,665	\$3,273,635
Less: Contributions	\$267,857	\$698,418		\$698,418
Advances	\$0	\$0		\$0
Plus: Working Cash	\$13,310	\$13,310		\$13,310
Mat'l & Supplies	\$10,000	\$10,000		\$10,000
Ratebase	\$866,303	\$1,886,862	\$711,665	\$2,598,527
Rate of Return	13.00%	12.24%	13.00%	12.45%

(END OF APPENDIX A)

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APPENDIX B

Sheet 1

Tahoe Park Water Company, Inc.

SCHEDULE NO. 1A

ANNUAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished on an annual basis.

TERRITORY

The unincorporated areas including Tahoe Park, Miramar Heights, and Tahoe Sierra Estates Subdivision, and vicinity, located adjacent to State Highway 89 approximately 1 to 2 miles south of the community of Tahoe City, Placer County.

RATES

Quantity Rates:

For all water, per 100 cu. ft.	\$1.73	(I)
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Per Meter Per Year

Service Charge:

For	5/8 x 3/4-inch meter	\$280.83	(I)
For	3/4-inch meter	\$421.31	
For	1-inch meter	\$702.16	
For	1 1/2-inch meter	\$1,404.40	
For	2-inch meter	\$2,246.07	
For	3-inch meter	\$4,212.49	(I)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the charge computed at the Quantity Rate.

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APPENDIX B

Sheet 2

Tahoe Park Water Company, Inc.

SCHEDULE NO. 1B

ANNUAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished on an annual basis.

TERRITORY

The unincorporated areas including the Skyland and Nielsen subdivisions, and vicinity, located adjacent to Highway 89 approximately 2 to 3 miles south of the community of Tahoe City, Placer County.

RATES

Quantity Rates:

For all water, per 100 cu. ft.	\$1.73	(I)
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Per Meter Per Year

Service Charge:

For 5/8 x 3/4-inch meter	\$438.81	(I)
For 3/4-inch meter	\$579.26	
For 1-inch meter	\$860.12	
For 1 1/2-inch meter	\$1,562.38	
For 2-inch meter	\$2,404.00	
For 3-inch meter	\$4,207.45	(I)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the charge computed at the Quantity Rate.

PROPOSED RESOLUTION

Resolution W-5178
WD

November 8, 2018

APPENDIX B

Sheet 3

Tahoe Park Water Company, Inc.

SCHEDULE NO. 2RA-TP ANNUAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service furnished on an annual basis.

TERRITORY

The unincorporated areas including Tahoe Park, Miramar Heights, and Tahoe Sierra Estates Subdivision, and vicinity, located adjacent to State Highway 89 approximately 1 to 2 miles south of the community of Tahoe City, Placer County.

RATES

	<u>Per Service Connection Per Year</u>	
For a single-family residential unit or small business served by a ¾" or smaller service connection, including premises	\$974.35	(I)
For each additional single-family residential unit or small business establishment on the same premises and served from the same ¾" or smaller service connection	\$779.52	(I)
For 1-inch diameter flat rate service	\$1,656.45	(I)

PROPOSED RESOLUTION

Resolution W-5178
WD

November 8, 2018

APPENDIX B

Sheet 4

Tahoe Park Water Company, Inc.

SCHEDULE NO. 2RA-SKY

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service furnished on an annual basis.

TERRITORY

The unincorporated areas including the Skyland and Nielsen subdivisions, and vicinity, located adjacent to Highway 89 approximately 2 to 3 miles south of the community of Tahoe City, Placer County.

RATES

	<u>Per Service Connection Per Year</u>		
	Base Charge	Pumping Zone Adder	
For a single-family residential unit or small business Served by a ¾" or smaller service connection, including Premises.	\$974.35	\$157.98	(I)
For each additional single-family residential unit or small Business establishment on the same premises and served from the same ¾" or smaller service connection.	\$779.52	\$126.32	(I)
For 1-inch diameter flat rate service	\$1,656.45	\$276.91	(I)

Note: The pumping zone adder is an explicit part of the flat rate charge to reflect different pumping requirements for each of the service territories.

PROPOSED RESOLUTION

Resolution W-5178
WD

November 8, 2018

APPENDIX B

Sheet 5

Tahoe Park Water Company, Inc.

SCHEDULE NO. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service furnished for private fire systems and to private fire.

TERRITORY

This schedule is applicable within the entire territory served by the utility.

RATES

For each inch of diameter of service connection	\$390.12	(I)
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SPECIAL CONDITIONS

1. The customer will pay, without refund, the entire cost of the private fire facilities.
2. The private fire service facilities shall be installed by the utility or under the utility's direction and shall be the sole property of the applicant but subject to the control of the utility, with the right to alter, repair, replace, and the right to remove upon discontinuance of service.
3. The minimum diameter for the private fire service connection will be 4 inches. The maximum diameter shall not be larger than the diameter of the water main to which the private fire service facilities are connected.
4. If a water main of adequate size is not available adjacent to the premises to be served, then a new main from the nearest existing main of adequate size will be installed by the utility at the cost of the customer. Such cost shall not be subject to refund.

(END OF APPENDIX B)

PROPOSED RESOLUTION

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November 8, 2018

APPENDIX C
Tahoe Park Water Company, Inc.
Income Taxes
Test Year 2018

Line No.	Item	State Tax	Federal Tax
1.	Additional Operating Revenue	\$157,650	\$157,650
2.	O & M Expenses	\$2,042	\$2,042
3.	Taxes Other Than Income	\$7,909	\$7,909
4.	Depreciation and Interest	\$19,234	\$19,234
5.	Taxable Income for State Tax	\$128,465	
6.	State Tax	\$11,356	
7.	Taxable Income for FIT		\$117,109
8.	Federal Income Tax		\$24,593
9.	Total Income Tax		\$35,949
	California Corporate Franchise Rate	8.84%	
	Federal Income Tax Rate Flat Rate	21%	

(END OF APPENDIX C)

PROPOSED RESOLUTION

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November 8, 2018

TAHOE PARK WATER COMPANY ADVICE LETTER NO. 65 SERVICE LIST

Placer Co. Environmental Health
PO Box 909
Tahoe City, CA 96145

Placer County Public Works
1091 County Center Dr., Ste. 220
Auburn, CA 95603

Tahoe City PUD
PO Box 5249
Tahoe City, CA 96145

Tahoe Swiss Village Utility
PO Box 102
Homewood, CA 96141

Skyland HOA
c/o Ken Brent, President
7953 Cinthia Street
La Mesa, CA 91941

3015 WLB LLP
c/o Wendy Wood
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PROPOSED RESOLUTION

Resolution W-5178
WD

November 8, 2018

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