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AGENDA ITEM #6607

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4648
May 24, 2007

R E S O L U T I O N

**(RES. W-4648), DEL ORO WATER COMPANY, INC., (Del Oro)
STRAWBERRY DISTRICT. ORDER AUTHORIZING A GENERAL
RATE INCREASE, PRODUCING GROSS ANNUAL REVENUES OF
\$203,892 OR AN INCREASE IN GROSS ANNUAL REVENUES OF
\$58,255 OR 40% IN TEST YEAR 2006.**

SUMMARY

By Draft Advice Letter filed on August 20, 2006, Del Oro seeks an increase in rates for water service in the Strawberry District. The Water Division (Division) accepted the draft advice letter as complete for filing on August 29, 2006.

For Test Year 2006, this resolution grants an increase in gross annual revenues of \$58,255 or 40%.

BACKGROUND

By Draft Advice Letter, Del Oro, a Class B water utility, requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase water revenue for Strawberry by \$111,765 or 76.7% for Test Year (TY) 2006. The purpose of the rate increase is to recover increased operating expenses and to comply with the settlement agreement in Decision (D.) 06-05-032.

Additionally, Strawberry requests Facilities Fees applicable to all customers applying for services from the utility in the territory served for premises not previously connected to its distribution mains, for additional service connections to existing premises, and for increases in size of service connections to existing premises.

Strawberry's present rates became effective on October 17, 2006 by Res. No. W-4617, which authorized an interim rate increase producing an increase in gross annual revenues of \$40,000 or 27.7%.

Del Oro began managing the Strawberry District, which was under receivership, on March 1, 2006 and subsequently acquired the water system upon the close of escrow on May 31, 2006. The sale was authorized by D.06-05-032.

Strawberry had 156 metered-rate customers and 236 flat-rate customers in 2006. Strawberry's service area is approximately nine square miles and the majority of the customers are retired and maintain permanent residences. Strawberry's customer income levels generally range from low to upper-middle class.

While most of the customers are single family residences, there are five commercial service connections. Strawberry's population is 381. However, the seasonal population can be in excess of 1,000 people.

Strawberry's main water source is surface water from the Herring Creek below the Herring Reservoir. The Herring Reservoir is fed by both Herring Creek and Willow Creek. The watershed consists of approximately 20 square miles near the Emigrant Wilderness area of the Stanislaus National Forest. Recreational activity on the watershed is extensive. Other activities that occur on the watershed include logging and cattle grazing. Strawberry reportedly has water rights of 150 miner's inches from Herring Creek or 1,680 gallons per minute (gpm).

Strawberry's emergency source of water supply is the South Fork of the Stanislaus River and is located approximately a quarter-mile from the treatment facilities. Strawberry has recently purchased a generator-portable pump and located the pipeline that pumps water from the river to the treatment facilities for use in an emergency.

Water treatment is provided by a conventional fabricated steel water treatment plant. Chemical pretreatment with chlorine and polymer is provided ahead of a static mixture. Alum can also be added as a pretreatment chemical. The water then flows through rectangular clarifier that contains a flocculation basin equipped with a vertical turbine flocculator followed by a sedimentation chamber containing tube settlers. The settled water overflow into two V-notch weir launders that flow into the sedimentation chamber wetwell. The water in the wetwell is pumped through two vertical pressure filters that operate in a parallel mode. The water is chlorinated and discharged into a 420,000-gallon clear well reservoir. The Strawberry District has two full-time operators who are certified for treatment of distribution system operations.

Treated water is distributed among three pressure zones which include four storage tanks. The storage tanks range in capacity from 25,000 to 420,000 gallons and provide a total water storage volume of 697,000 gallons.

NOTICE, PROTESTS, AND PUBLIC MEETING

A notice of the proposed general rate increase was mailed to each customer. The Division received several letters and comments from both customers and the Strawberry Property Homeowners Association (SPOA), a coalition of homeowners in Strawberry's service territory, pertaining to the rate increase, plant improvements, and recent acquisition of the utility.

The most significant comment was received by the Water Branch on September 19, 2006, from the SPOA, a coalition of homeowners in Strawberry's service territory. SPOA expressed the need for necessary system upgrades and improvements to achieve the goals of safe drinking water at a fair price. In addition, SPOA is supportive of Strawberry taking over the system and investing in the necessary facilities to comply with state standards and is interested to be notified about the rate increase progress.

In its letter, SPOA states the following:

"The purpose of this letter is to express concern, on behalf of the SPOA, about the magnitude of the proposed rate increase being sought by Del Oro Water Company for operating expenses of the water company in its Strawberry District.

The notice we received from the Public Utilities Commission proposes an increase of 76.74%, which is characterized as being "necessary to offset increased operating expenses and to provide an adequate return."

The Settlement Agreement under Del Oro acquired the former Conlin Strawberry Water Company and which was approved by the Commission on May 26, 2006, provides in Section 1.6 that, "As soon as practical after the closing, DOWC [Del Oro] will file for a general rate increase not to exceed 40% of the present rate levels." (Emphasis added.) The proposed rate increase exceeds the agreed-upon 40% limit and, thus, contravenes the Settlement Agreement.

Under Section 3.8 of the Settlement Agreement, SPOA is recognized as an intended third party beneficiary of the Agreement and therefore has standing to enforce it. We file this letter in part to preserve our rights and to preclude any contention that, by silence, we have waived SPOA's right to object to the proposed rate increase."

SPOA, as well as the homeowners in general, are aware that this is an old water system in great need of improvements and understand the importance for the rate increase.

Strawberry timely responded to SPOA's letter on September 26, 2006, explaining that the Strawberry District is in desperate need of significant improvements to the infrastructure, as well as an upgrade in staff. In addition, before the public meeting on September 30th, Strawberry invited members of SPOA and other ratepayers on a tour of the system showing the need for planned system upgrades.

On Saturday, September 30, 2006 at 2:00 pm, a public meeting was held in the utility's service area. Notice of the public meeting was mailed to ratepayers at least 20 days prior to the meeting date. The meeting was scheduled on a Saturday afternoon to ensure maximum public participation since many of the customers are either vacationers or work during the week.

The meeting began at 2:10 p.m. with approximately 44 customers present. Mohsen Kazemzadeh, the Project Manager, and Adam Thaler, the Regulatory Analyst, represented the Commission and explained Commission procedure and the purpose of the meeting. Jennifer Carvalho, Public Relations Representative of Del Oro, gave a presentation on the need for the increase and presented various charts and graphs comparing the differences in operational expenses with those under the previous ownership. The balance of the meeting consisted of comments and questions by the customers.

Most of the comments and questions were general in nature and dealt with the company's revenues, expenses, change of ownership, future investment, and the settlement agreement to cap the increase in rates at 40%.

Below are summary of questions and comments addressed by Del Oro and members of the public:

- Del Oro indicated that operating costs are higher than originally anticipated.
- A rate increase in the amount of 76% was requested by Del Oro to alert customers of what the company feels it needs to operate and a just and reasonable margin, or rate of return of 12%.
- Spreading the various expense categories, including the consolidation of administrative and billing, through the central office headquarters, based in Chico, California, will result in greater efficiencies and economies of scale.
- Future rate increases are anticipated based upon the need for significant plant investment and further increases in operating expenses.

- While there were many concerns about the rate increase, many welcomed the presence of Del Oro serving their community. Prior to the public meeting, Del Oro hosted a tour of the water system and facilities. Several customers, including members of the SPOA participated in the tour.
- John O'Farrell, Del Oro's superintendent of operations, discussed system improvements needed including:
 - Leak detection and prevention programs
 - System capacity and fire protection programs
 - Operation and maintenance
 - Service quality improvements
- Mr. Michael Jackson, President of the SPOA, emphasized that the stipulation agreement, pursuant to D.06-05-032, adopted a maximum rate increase of 40% and that SPOA reserves the right to protest any increase amount above the 40% ceiling.
- A customer inquired about a low-income assistance program for the elderly and disabled. The project manager explained that Del Oro, as well as many other small water utilities; do not currently have a low-income program. However, one of the Commission's Water Action Plan objectives is to assist low-income ratepayers. The Commission currently considers low-income assistance programs on a case-by-case basis and Commission staff is currently studying a universal low-income program for water utilities.

Four (4) homes have a problem with water pipes freezing during the winter. Del Oro's treatment operator explained that the service connection was only 6-inches below the ground and the company will be looking into this matter.

Water Source and Supply

Concerns were raised about the adequacy of drawing enough water from the Herring Creek and if the water rights were sufficient to meet the capacity needs of the community and meet fire-protection requirements.

In addition, a question was raised about a future subdivision and how the new homes would affect the current customers. Staff explained that any new facilities necessary to service a new subdivision would not be borne by existing customers in accordance with the Main Extension Rule 15.

The Division representative assured customers that the Commission would take into account all of the customers concerns when authorizing the final rates in the matter.

DISCUSSION

The Division performed an independent analysis of Strawberry's summary of earnings. Appendix A shows Strawberry's and the Division's estimates of the summary of earnings at present and requested rates for Test Year 2006. The final column shows expenses and revenues at the rates recommended by the Division.

In accordance with D.06-05-032, although a number of capital improvements will be necessary, Del Oro has agreed to raise rates no more than 40% over current rate in this GRC.

The Settlement Agreement of the Parties attached to D.06-05-032 was in the public's interest and stated the following:

Although a number of capital improvements will be necessary, DOWC has agreed to raise rates not more than 40% over current rates in its future general rate case application. This will avoid causing the ratepayers "rate shock".

Del Oro's request is in excess of the stipulation agreement. Despite Strawberry's "additional adjustment request", over and above the agreed upon and Commission adopted 40% ceiling increase, no additional increases will be considered at this time.

In its report, Water Branch recommended an increase of \$58,255 or 40.0%, over and above the rates effective before the effective date of the interim rates, for 2006 Test Year. It also recommended that the next GRC be filed for Test Year 2009.

On April 5, 2007, Del Oro sent a letter to the Water Division accepting staff's recommendation with regards to the rate increase and requesting that the staff consider changing the Test Year for the next GRC to 2008 instead of 2009. Del Oro began managing the Strawberry Water District on March 1, 2006 and closed escrow on the purchase on May 31, 2006. Del Oro indicated that it would be prepared to file its next GRC in October 2007 and would have at least 18 months of financial and production history on record for Commission staff to review. Furthermore, to help complete the review process, Del Oro would be able to submit the 2007 Annual Report by mid-February 2008 for updated information. This will enable the Commission to have at least two annual reports showing summary of earnings, water production, power consumption, and all other relevant operating costs.

On April 13, 2007, the SPOA e-mailed its comments to the Water Division commenting on the staff report. In its comments, SPOA supported the recommendations in the staff report and reiterated that they recognize the need to make much needed capital improvements to the current water system and understand the importance of the rate increase. Although SPOA expressed a desire to continue to work with both the CPUC and Del Oro to ensure that necessary improvements are made as necessary to provide adequate, reliable, and safe water, SPOA states the Test Year for the next GRC should be 2009.

Based upon further review and comments from both Del Oro and SPOA, the Division recommends that the next GRC be filed for Test Year 2008.

Strawberry's current rate structure consists of two schedules: Nos. ST-1A, General Metered Service, and ST-2A, Flat Rate Service.

At the Division's recommended rates shown in Appendix C, the monthly bill for an average metered rate customer consuming 1,100 cubic feet per 30-day period with a 5/8 x 3/4-inch meter will increase from \$38.67 to \$50.03 or 29%. A comparison of customer bills at present and recommended rates is shown in Appendix C. The adopted quantities and tax calculations are shown in Appendix D.

RATE BASE OFFSETS

Although Strawberry is scheduled to file its next GRC for Test Year 2008, should the need for capital improvements investments arise, Strawberry is entitled to file a rate base offset by advice letter. The Division will conduct a review to determine the level of expenditures that are prudent.

FACILITIES FEES

Del Oro requested facilities fees for new service connections in order to fund plant improvements. In accordance with D.01-10-025, Branch recommends the implementation of Schedule F, Facilities Fees, to fund new facilities of existing plant in the future with a \$2,000 facilities fee for a new 5/8 x 3/4-inch service connection, \$3,000 for 3/4-inch service connection, and \$5,000 for a 1-inch service connection. The new tariff Schedule F is shown in Appendix B. Division recommends funds collected should be placed in interest-bearing accounts and be used only to build or replace plant. As funds are used, the expenditures are required to be recorded as contributed plant.

CONSERVATION, LOW-INCOME, AND INFRASTRUCTURE

The Commission, through its Water Action Plan, encourages conservation and metering of all Strawberry's services under certain economic conditions.

At the time this general rate case was filed, Del Oro had recently acquired the water system from the previous owner. Due to the stipulation agreement and 40% cap, the Water Division accepted Strawberry's recorded rate base amount and recommends this amount to be recorded for the current test year. As a number of system improvements will be required in the near future, Strawberry shall have an accurate rate base quantity in its next GRC to be filed on, or after, January 1, 2009.

Pursuant to the Water Action Plan adopted in December, 2005, the Commission will give priority to developing a low-income rate assistance program for customers who qualify for this service. The low-income rate assistance program is currently being developed by the Water Division staff. Staff suggests that Del Oro begin collecting data to determine what percentage of customers in Strawberry may qualify for a low-income rate assistance program for the next GRC.

Strawberry's current primary water supply is Herring Creek. Herring Creek is a seasonal creek supplied by snow run off. During the years when the snow pack is below normal levels, the previous owner relied on drawing water from the Stanislaus River. Currently, there is no formal agreement with the electric utility, Pacific Gas & Electric Co, Inc. (PG&E) with regard to extracting water from the Stanislaus River and Strawberry is currently working to resolve the legal issues. The parties are looking at a short-term agreement to allow Strawberry to draw from the river for the current season and ultimately consummate a permanent agreement requiring legal counsel.

In addition, the cost to upgrade the ability to convey water from the Stanislaus River, at a distance of 1,300 feet from the intake to the treatment plant is estimated to be \$30,000. Del Oro may file an advice letter and request a return on investment subject to reasonableness review.

COMPLIANCE

Strawberry has been filing annual reports as required and the tariff schedules in its tariff book are up to date.

A special condition will be added to both the metered and flat rate tariffs stating the following:

“In the event that a customer terminates service under this schedule and reinstates service at the same location within 12 months, there will be a reconnection charge equal to the minimum charge which would have been billed had the customer not terminated service.”

Res. W-4540 dated June 16, 2005, stated that at the completion of the general rate case application, the authorized but not collected revenues shall be adjusted for the cash flow revenues received by the utility and the difference recovered by surcharge or refunded by surcredit. Del Oro should be authorized to file an advice letter to collect these uncollected revenues from October 17, 2006, the effective date of interim rates.

COMMENTS

Code §311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Code §311(g) (2) provides that this 30-day period may be waived or reduced upon stipulation of all parties in the proceeding.

The 30-day comment period for the draft resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from the date of mailing of this resolution to the parties. No comments were received by the Commission.

FINDINGS

1. The Division's recommended summary of earnings (Appendix A) is reasonable and should be adopted.
2. The rates recommended by the Division (Appendix B) are reasonable and should be adopted.
3. The quantities (Appendix D) used to develop the Division's recommendations are reasonable and should be adopted.
4. The Facilities Fees are reasonable to fund plant improvements and should be implemented as indicated in Appendix B.

5. Facilities Fees collected should be placed in interest-bearing accounts and be used only to build or replace plant. As funds are used, the expenditures are required to be recorded as contributed plant.
6. Strawberry may file its next General Rate Case for Test Year 2008.
7. Strawberry is entitled to file a rate base offset by advice letter, should the need for capital investments arise.
8. In accordance with Res. W-4540 dated June 16, 2005, authorizing a cash flow rate increase subject to refund with authorized rates effective as of filing or the first day of the test year, at the completion of this general rate case application, the authorized, but not collected revenues, shall be adjusted for the cash flow revenues received by the utility and the difference recovered by surcharge. At the completion of this general rate case application, the authorized, but not collected revenues, shall be adjusted for the cash flow revenues received by the utility and the difference recovered by surcharge.
9. The rate increase authorized herein is justified and the resulting rates are just and reasonable.

THEREFORE IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code, Section 454, for Del Oro Water Company, Inc., Strawberry District (Strawberry) to file an advice letter incorporating the Summary of Earnings and revised rate schedules attached to this resolution as Appendices A and B, respectively, and concurrently to cancel its presently effective rate Schedules Nos. ST-1A, General Metered Service; and ST-2A, Annual Flat Rate Service. The effective date of the revised schedules shall be five days after the date of filing.
2. Strawberry is authorized to increase annual revenues by \$58,255 or 40.0%. This results in Test Year 2006 revenue of \$203,892.
3. The quantities (Appendix D) used to develop the Division's recommendations are adopted.
4. At the completion of this general rate case, Del Oro is authorized to file an advice letter to recover by surcharge the authorized, but not collected revenues from October 17, 2006, the effective date of the interim rates.

5. 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 May 24, 2007; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

Appendix A

Del Oro Water Company - Strawberry District

Summary of Earnings
 Test Year 2006

<u>Category</u>	<u>Utility Estimated @ 40%</u>		<u>Branch Estimated @ 40%</u>		<u>Recommended Rates</u>
	<u>Present Rates</u>	<u>Requested Rates</u>	<u>Present Rates</u>	<u>Requested Rates</u>	
<u>Operating Revenues:</u>					
Flat Rate	86,102	120,543	86,102	120,543	120,543
Metered	59,535	83,349	59,535	83,349	83,349
Private Fire Protection	0	0	0	0	0
Total	145,637	203,892	145,637	203,892	203,892
<u>Operating Expenses</u>					
Purchased Water	0	0	0	0	0
Purchased Power	8,942	8,942	8,942	8,942	8,942
Purchased Chemicals	0	0	0	0	0
Other Volume Related Expenses	3,914	3,914	3,914	3,914	3,914
Employee Labor	98,400	98,400	98,400	98,400	98,400
Materials	14,976	14,976	14,976	14,976	14,976
Contract Work	2,085	2,085	2,085	2,085	2,085
Water Testing	0	0	0	0	0
Transportation Expense	12,872	12,872	12,872	12,872	12,872
Other Plant Maintenance Expense	583	583	583	583	583
Office Salaries	20,061	20,061	20,061	20,061	20,061
Management Fee	6,333	6,333	6,333	6,333	6,333
Employee Pension and Benefits	28,217	28,217	28,217	28,217	28,217
Uncollectibles	0	0	0	0	0
Office Service & Rentals	1,410	1,410	1,410	1,410	1,410
Office Supplies & Expenses	3,295	3,295	3,295	3,295	3,295
Professional Services	1,039	1,039	1,039	1,039	1,039
Insurance	16,312	16,312	16,312	16,312	16,312
Regulatory Commission Exp.	3,400	3,400	3,400	3,400	3,400
General Expenses	1,411	1,411	1,411	1,411	1,411
minus expenses capitalized					
Total Operating Expenses	223,250	223,250	223,250	223,250	223,250
<u>Total Deductions</u>					
Depreciation Expense	3,300	3,300	3,300	3,300	3,300
Property Taxes	0	0	0	0	0
Payroll Taxes	0	0	0	0	0
Taxes other than Income	11,557	11,557	11,557	11,557	11,557
States Income Tax	800	800	800	800	800
Federal Income Tax	0	0	0	0	0
Total Deductions	15,657	15,657	15,657	15,657	15,657
Total Deductions and Expenses	238,907	238,907	238,907	238,907	238,907
Net Revenue	-93,270	-35,015	-93,270	-35,015	-35,015
<u>Rate Base:</u>					
Average Plant	117,500	117,500	117,500	117,500	117,500
Average Depr. Res.	-1,650	-1,650	-1,650	-1,650	-1,650
Net Plant	115,850	115,850	115,850	115,850	115,850
Less: Advances/Contributions	0	0	0	0	0
Add: Supplies/working Cash	8,113	8,113	8,113	8,113	8,113
Rate Base	123,963	123,963	123,963	123,963	123,963
Rate of Margin / Rate of Return	-75.24%	-28.25%	-75.24%	-28.25%	-28.25%

APPENDIX B
Sheet 1

Schedule No. ST-1A

ANNUAL METERED SERVICE

STRAWBERRY DISTRICT

APPLICABILITY

Applicable to all metered water service furnished on a monthly basis

TERRITORY

Strawberry and vicinity, located approximately 31 miles east of Sonora, Tuolumne County.

RATES

Quantity Rates:

All water, per 100 cubic feet \$1.50

Service Charge:

	<u>Per Meter</u>	<u>Surcharge</u>
	<u>Per Month</u>	
For 5/8 x 3/4-inch meter	\$ 33.53 (I)	\$ 8.80
For 3/4-inch meter	\$ 50.30 |	\$ 13.20
For 1-inch meter	\$ 83.83 |	\$ 22.00
For 1-1/2-inch meter.....	\$167.65 |	\$ 44.00
For 2-inch meter.....	\$268.24 |	\$ 70.25
For 3-inch meter.....	\$502.95 |	\$132.00
For 4-inch meter.....	\$838.25 (I)	\$220.00

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

The Surcharge is in addition to the regular metered water bill. The surcharge must be identified on each bill. The surcharge is specifically for the repayment of the California Safe Drinking Water Bond Act loan authorized by Decision 83-05-052.

APPENDIX B

Sheet 2

Schedule No. ST-1A

(Continued)

ANNUAL METERED SERVICE

STRAWBERRY DISTRICT

SPECIAL CONDITIONS

1. The annual service charge applies to service during the 12-month period commencing on January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he or she may elect, at the beginning of the utility calendar, to pay prorated service charges in advance at intervals of less than one year (monthly, bimonthly, or quarterly) in accordance with the utility's established billing periods. Meters will be read and quantity charges billed monthly, bimonthly or quarterly in accordance with the utility's established billing periods except that meters may be read and quantity charges billed during the winter season at intervals greater than three months.
2. The opening bill for metered service, except upon conversion from flat rate service, shall be the established annual service charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth (1/365) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charges shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial charges shall be due to the customer.
3. All water bills are subject to the California Public Utilities Commission Reimbursement Fee set forth in Schedule No. UF.
4. In the event that a customer terminates service under this schedule and reinstates service at the same location within 12 months, there will be a reconnection charge equal to the minimum charge which would have been billed had the customer not terminated service. (N)
|
|
(N)

APPENDIX B
Sheet 3

Schedule No. ST-2A

ANNUAL FLAT RATE SERVICE

STRAWBERRY DISTRICT

APPLICABILITY

Applicable to all flat rate service furnished on a monthly basis.

TERRITORY

Strawberry and vicinity, located approximately 31 miles east of Sonora, Tuolumne County.

RATES

	Per Service Connection <u>Per Month</u>		<u>Surcharge</u>
For each single-family residential unit or business establishment.....	\$42.64	(I)	\$8.80
For each additional residential unit or Business establishment on the same Premises and served from the same service connection.....	\$36.94	(I)	\$6.65
			(D)
			(D)

Surcharge is in addition to the regular flat rate water bill. The total surcharge must be identified on each bill. The surcharge is specifically for the repayment of the California Safe Drinking Water Bond Act authorized by Decision 83-05-052. This surcharge is applicable to flat rate service not larger than 3/4-inch.

APPENDIX B

Sheet 4

Schedule No. ST-2A

(continued)

ANNUAL FLAT RATE SERVICE

STRAWBERRY DISTRICT

SPECIAL CONDITIONS

1. The above flat rates apply to a service connection not larger than 3/4-inch in diameter.
2. For services covered by the above classifications, if the utility so elects, a meter shall be installed and service provided under Schedule No. 1A, Annual Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum meter charge for the same period shall be made on or before that day.
3. The annual flat rate charge applies during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he or she may elect, at the beginning of the calendar year, to pay prorated flat rate charges in advance at intervals of not less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing period.
4. The opening bill for flat rate service shall be the established annual flat rate charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth (1/365) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of this initial annual charge shall be due to the customer.
5. In the event that a customer terminates service under this schedule and reinstates service at the same location within 12 months, there will be a reconnection charge equal to the minimum charge which would have been billed had the customer not terminated service. (N) | (N)
6. All water bills are subject to the PUC Reimbursement Fee set forth in Schedule UF.

APPENDIX B
Sheet 5
Schedule F
FACILITIES FEES

APPLICABILITY

Applicable to all customers applying for services from the Utility in the territory served for premises not previously connected to its distribution mains, for additional service connections to existing premises, and for increases in size of service connections to existing premises.

TERRITORY

Strawberry and vicinity, located approximately 31 miles east of Sonora, Tuolumne County.

RATES

Initial Fee for each Service Connection:

For	5/8 x 3/4-inch meter	.....	\$ 2,000.00
For	3/4-inch meter	.....	\$ 3,000.00
For	1-inch meter	.....	\$ 5,000.00
For	1-1/2-inch meter	.....	\$10,000.00
For	2-inch meter	.....	\$16,000.00

SPECIAL CONDITIONS

1. Facilities Fees are payable in addition to and do not limit any charges for extensions of mains that may be applicable under Rule 15, Main Extensions.
2. These fees **are not** subject to the Public Utility Commission Reimbursement Fee surcharge in Schedule UF.
3. Facilities Fees authorized herein shall be deposited within five days of receipt in a separate bank account paying interest. A direct confirmation from the bank shall be mailed to the Director of the Water Division after making such deposit to verify the amount deposited.
4. Facilities Fees shall be treated as Contributions-in-Aid-of-Construction and follow the requirements as specified in the Internal Revenue Code Section 118 to quality as such.
5. Facilities Fees shall be accounted for as Contributions-in-Aid-of-Construction in accordance with the Commission's prescribed Uniform System of Accounts. In addition to the balances collected, including interest shall be reported in the utility's annual report.
6. The plant constructed with facilities fees shall be removed from rate base for rate-making purposes.

APPENDIX C

DEL ORO WATER COMPANY
(Strawberry District)Comparison of Rates

Test Year 2006

Service Charges for 5/8 x 3/4-inch meter:

Per Service Connection Billed Monthly

	Present Rates	Recommended Rates	\$ Increase	% Increase
For 5/8 x 3/4	\$26.90	\$33.53	\$6.63	25%

Quantity Charge for all meter sizes:

	Present Rate	Recommended Rate	% Increase
All water delivered per 100 cu. ft.	\$1.07	\$1.50	40%

Average monthly customer bill at present and authorized rates for a 5/8 x 3/4-inch meter service using various quantities of water.

Usage 100 cu. ft.	Present Rates	Recommended Rates	\$ Increase	% Increase
0	\$26.90	\$33.53	\$ 6.63	25%
5	\$32.25	\$41.03	\$ 8.78	27%
11	\$38.67	\$50.03	\$11.36	29%
15	\$42.95	\$56.03	\$13.08	30%
20	\$48.30	\$63.53	\$15.23	32%
30	\$59.00	\$78.53	\$19.53	33%

Rate Comparison for Flat Rate Customers (Annual Rates):

Residential Units:	\$359.00	\$511.72	\$152.72	43%
Each Add'l Unit:	\$311.00	\$443.29	\$132.29	43%

APPENDIX D

DEL ORO WATER COMPANY
(Strawberry District)Adopted Quantities
Test Year 2006**Expenses:**

1. Purchased power (Electric)	
Vendor	Pacific Gas & Electric Company
Schedules	Schedule A-1 Small General Service
Effective Date	January 1, 2006
2. Composite Rate	\$0.1583/kWh
Total Power Consumption in kWh	44,581 kWh
Total Purchased Power (\$)	\$7,057
3. Number of Service Connections:	
Metered Rate	
5/8 x 3/4-inch service	153
1-inch service	3
4. Number of Flat Rate Connection:	
Residential Units	233
Additional Units	3
5. Water Sales (Ccf) – Metered Customers:	12,500

DRAFT

Resolution W-4648
Del Oro/DRAFT AL/FLC/JPT/MXK/AJT/jlj

May 24, 2007

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of draft Resolution W-4648 on all parties in these filings as shown on the attached list.

Dated April 24, 2007, at San Francisco, California.

/s/ JOSIE L. JONES

Josie L. Jones

NOTICE

Parties should notify the Water Division, Public Utilities Commission, 505 Van Ness Avenue, Room 3106, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the Resolution number on the service list on which your name appears.

DRAFT

Resolution W-4648
Del Oro/DRAFT AL/FLC/JPT/MXK/AJT/jlj

May 24, 2007

DEL ORO WATER COMPANY
STRAWBERRY DISTRICT
SERVICE LIST
DRAFT RESOLUTION NO. W-4648

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STRAWBERRY CA 95375

Robert S. Fortino, President
Del Oro Water Company, Inc.
Drawer 5172
CHICO CA 95927

Bill and Valena Cashman
31755 Quail Drive
STRAWBERRY CA 95375

Sandy and Len Guitelli
27079 Summerhill Drive
STRAWBERRY CA 95375

Don and Dee Martin
31472 Old Strawberry
STRAWBERRY CA 95375

Mary Lou and Carl Rice
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