**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**DIVISION OF WATER AND AUDITS** **RESOLUTION NO. W-4816**
**Water & Sewer Advisory Branch** **December 17, 2009**

# R E S O L U T I O N

**(RES. W-4816), AGATE BAY WATER COMPANY (Agate Bay). ORDER AUTHORIZING A RATE BASE OFFSET REVENUE INCREASE PRODUCING AN INCREASE IN GROSS ANNUAL REVENUES OF $9,156 OR 3.0%.**

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## SUMMARY

This Resolution authorizes Agate Bay's request by Advice Letter (AL) 28 filed on September 3, 2009, for a rate base offset rate increase of $9,156 or 3.0% . The increase will not result in a rate of return greater than last authorized for Agate Bay.

The majority of the ratepayers, three quarter-inch flat rate customers, will see their annual rate increase from $508.47 to $523.72 or 3.0%.

## BACKGROUND

Agate Bay is a Class C water utility. Agate Bay has requested authority under General Order (G.O.) 96-B, Rule 7.6.2 and Water Industry Rule 7.3.3(8), and Section 454 of the Public Utilities (P.U.) Code to increase its water rates by $9,906 or 3.26% to recover investment in new plant water mains and equipment which includes a Wacker ditch compactor. Agate Bay replaced over 200 feet of steel pipe that has had a history of leaks. The compactor was needed to install backfill material over new pipe when repairing leaks.

Agate Bay last general rate case (GRC), Res. W-4598 dated April 27, 2006, authorized an increase of $51,572 or 23.10% with a 12.40% rate of return. The present rates were established on November 1, 2008 by Res. W-4717 which authorized a rate base offset of $11,393 or 3.89 % and a one-time surcharge of $1.26 per connection to recover annual Department of Public Health fees.

## NOTICE AND PROTESTS

Notice of the proposed rate increase was mailed to customers on September 2, 2009. No letters protesting the increase were received by the Commission.

## DISCUSSION

Agate Bay serves a residential subdivision area in the north end of Lake Tahoe near Carnelian Bay in Placer County. The system does not serve any business commercial or industrial premises; only single family homes and a recreation private club. Many of the houses are occupied only in summer or on weekends. The utility has requested $750 for regulatory Commission expense which is not allowed since the regulatory Commission expense was included in the last GRC.

The system currently has 580 flat rate service connections, of which 579 pertain to single family homes and one to a recreation private club. The 579 single family total does not include 16 additional single family unit connections served on the same premises.

On October 21, 2009, the Division of Water and Audits (Division) representative verified the improvements during a field site visit. The Division also investigated the costs through follow up and data request and found that they were appropriate. The total revenue requirement for this project is $9,156 or 3.0% increase.

A field inspection conducted by staff verifies that these plant additions are used and useful. The $45,704 plant additions are summarized below:

| | |
|---|---|
| Pipeline Ophir Road | $13,371 |
| Excavation and replacement of water main | 28,823 |
| Placer County Encroachment | 55 |
| Inspections | 268 |
| Multiquip compactor | 3,187 |
| Total | 45,704 |
| | ===== |

The new rate base is shown in Appendix A and the new rates are shown in Appendix B.

## COMPLIANCE

Service by Agate Bay is satisfactory. There are no Commission orders requiring system improvements, nor are there any service problems requiring corrective actions. The utility has been filing annual reports as required.

## COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g) (2), the otherwise applicable 30-day period for public review and comment is being waived.

## FINDINGS

1. The requested rate base offset increase and resulting rates are reasonable and should be adopted.
2. The rate base additions total $45,704.
3. Additional annual revenues of $9,156 result from a 12.50% rate of return.
4. The Commission finds, after investigation by the Division of Water and Audits, that the rate increase hereby authorized is justified, and the resulting rate increase is just and reasonable.
5. The Division's recommended Summary of Earnings (Appendix A) is reasonable and should be adopted.
6. The rates recommended by the Division (Appendix B) are reasonable and should be adopted.
7. This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311 (g) (2), the otherwise applicable 30-day period for public review and comment is being waived.

## THEREFORE IT IS ORDERED THAT:

1. Agate Bay Water Company is authorized to establish the rates in Advice Letter as shown in Appendix B.
2. Agate Bay Water Company is authorized, five days after the effective date herein, to make effective Schedules 1, General Metered Service; 2A, Annual Flat Rate Service; 2AL, Limited Annual Flat Rate Service; and 4, Private Fire Protection Service, attached to this resolution, and to concurrently cancel its presently effective rate schedule.

3. 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 December 17, 2009; the following Commissioners voting favorably thereon:

_____
PAUL CLANON
Executive Director

**APPENDIX A**
**AGATE BAY WATER COMPANY**
**SUMMARY OF EARNINGS**

| | Res. W-4717 10/16/2008 | Rate Base Offset Adjustments | Proposed Rates |
|---|---|---|---|
| **Operating Revenues** | $301,131 | $9,156 | $310,287 |
| **Operating expenses:** | | | |
| Power | 5,433 | | 5,433 |
| Other Volume Related | 4,247 | | 4,247 |
| Employee Labor | 18,139 | | 18,139 |
| Materials | 3,552 | | 3,552 |
| Contract Work | 27,545 | | 27,545 |
| Transportation | 4,025 | | 4,025 |
| Other Plant Maintenance | 1,534 | | 1,534 |
| Office Salaries | 17,084 | | 17,084 |
| Management Salaries | 22,779 | | 22,779 |
| Employee Pension | 20,192 | | 20,192 |
| Office Services & Rentals | 4,800 | | 4,800 |
| Office Supplies & Expenses | 6,112 | | 6,112 |
| Professional Services | 4,333 | | 4,333 |
| Insurance | 11,008 | | 11,008 |
| Regulatory Commission | 1,400 | | 1,400 |
| General Expenses | 3,151 | | 3,151 |
| Depreciation | 25,510 | 1,148 | 26,658 |
| Property Taxes | 7,604 | 448 | 8,052 |
| Taxes Other than Income | 5,348 | | 5,348 |
| Income Taxes | 31,530 | 1,912 | 33,442 |
| **Total Deductions** | 225,326 | | 228,834 |
| **Net Revenue** | 75,805 | | 81,453 |
| **Rate Base:** | | | |
| Average Plant | 901,855 | 45,704 | 947,559 |
| Accumulated Depreciation | 302,015 | 1,148 | 303,163 |
| Net Plant | 599,840 | | 644,396 |
| Plus Materials | 4,915 | | 4,915 |
| **Rate Base** | 604,755 | | 649,311 |
| **Rate of Return** | 12.5% | | 12.5% |

(END OF APPENDIX A)

APPENDIX B

Schedule No. 1

## GENERAL METERED SERVICE

### APPLICABILITY

Applicable to all water service furnished on a metered basis.

### TERRITORY

Agate Bay and vicinity, on the northwest shore of Lake Tahoe, Placer County.

### RATES

| | | | |
|---|---|---|---|
| Quantity Rate: | | | |
| All water used per 100 cu. ft. | | $ 1.63 | (I) |
| Service Charge: | | Per Meter Per Month | |
| For | 5/8 x ¾-inch meter | $ 21.16 | (I) |
| For | ¾-inch meter | $ 23.05 | \| |
| For | 1-inch meter | $ 31.14 | \| |
| For | 1-1/2 inch meter | $ 41.85 | \| |
| For | 2-inch meter | $ 55.85 | (\|) |

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.

### SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

APPENDIX B

Schedule No. 2A

**ANNUAL FLAT RATE S SERVICE**

**APPLICABILITY**

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

**TERRITORY**

Agate Bay and vicinity, on the northwest shore of Lake Tahoe, Placer County.

**RATES**

Annual Flat Rate:

For a single family residential unit, including premises
Residential use, payable in advance on or before
January 1 of each year

| | | | |
|---|---|---|---|
| Served through a ¾-inch…… | .$ | 523.72 | (I) |
| For 1-inch meter | $ | 552.85 | \| |
| For 1-1/4 inch meter | $ | 590.86 | \| |
| For 1-1/2 inch meter | $ | 621.91 | \| |
| For 2 -inch meter | $ | 688.09 | (I) |

For each additional single family
residential unit on the same premises
and served from the same service connection …… $ 366.42 (I).
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**SPECIAL CONDITIONS**

1. For service covered by the above classification, if the utility so elects, a meter shall be installed and service provided under Schedule No.1, 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 metered charge for the same period shall be made on or about the same day.

APPENDIX B

Schedule No. 2AL

**LIMITED ANNUAL FLAT RATE SERVICE**

**APPLICABILITY**

Applicable to flat rate service only to the Sun Club furnished on an annual basis.

**TERRITORY**

Agate Bay and vicinity, on the northwest shore of Lake Tahoe, Placer County.

**RATES**

| | Annual Flat Rate |
|---|---|
| Recreation Private Club use, five services plus one swimming pool, payable in advance on or before January 1 of each year…… | $ 1,486.03 (I) |

**SPECIAL CONDITIONS**

1. For service covered by the above classification, if the utility so elects, a meter shall be installed and service provided under Schedule No.1, 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 metered charge for the same period shall be made on or about the same day.
2. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

APPENDIX B

Schedule No. 4

**PRIVATE FIRE PROTECTION SERVICE**

**APPLICABILITY**

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

**TERRITORY**

Agate Bay and vicinity, on the northwest shore of Lake Tahoe, Placer County.

**RATES**

| | Per Service Connection Per Month |
|---|---|
| For each inch of diameter of service connections… | $ 10.71 (I) |

**SPECIAL CONDITIONS**

1. The facilities for service connection to a privately-owned fire protection system will be installed by the utility or under the utility's direction and the cost paid by the applicant. Such cost will not be subject to refund. The facilities paid for will be the sole property of the applicant.
2. The minimum diameter for the private service connection will be 4 inches. The maximum diameter will not be larger than the diameter of the water main to which the service is connected.
3. If a main of adequate size to serve a private fire protection system in addition to all other normal service does not exist adjacent to the premises to be served, then a new main from the nearest existing main of adequate capacity will be installed by the utility and the cost paid by the applicant. Such cost will not be subject to refund. The main where located in the public right-of-way or utility easement will be the sole property of the utility.

(END OF APPENDIX B)