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**WATER/JPT/EYC/jj**

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**AGENDA ITEM # 6965**

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

**DIVISION OF WATER AND AUDITS**  
**Water & Sewer Advisory Branch**

**RESOLUTION NO. W-4662**  
**October 4, 2007**

**R E S O L U T I O N**

**(RES. W-4662), GRAEAGLE WATER COMPANY, INC. (Graeagle).  
ORDER AUTHORIZING A RATE BASE OFFSET REVENUE  
INCREASE PRODUCING AN INCREASE IN GROSS ANNUAL  
REVENUES OF \$38,741 OR 8.59%.**

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**SUMMARY**

Graeagle requested a ratebase offset rate increase by Advice Letter 45-W accepted by Division of Water and Audits (Division) on March 29, 2007. The Division staff is recommending a ratebase offset increase producing additional annual revenue of \$38,741, or 8.59%.

**BACKGROUND**

Graeagle requested approval of a rate base offset in accordance with Commission Standard Practice U-27-W, "Standard Practice for Processing Consumer Price Index, Rate Base, and Expense Offset Increases and Amortizing Memorandum, Reserve, and Balancing Accounts" (SPU-27-W), to produce additional revenues of \$38,741 or 8.59% for dam intake replacement and the recoating of a steel storage tank. Graeagle's request shows 2006 gross revenue of \$451,000 at present rates increasing to \$489,741 in 2007 at proposed rates to produce a rate of return on rate base of 11.4%.

Graeagle estimates that it will serve approximately 833 flat rate customers and 188 metered customers in test year 2007. In addition, Graeagle maintains 5 private and 86 public fire protection services in its service area.

Graeagle serves the unincorporated community of Graeagle, approximately fifty miles north of Truckee on State Route 89, Plumas County. The present rates were established on June 6, 2006 by Res. No. W-4595, which authorized a general rate increase producing additional annual revenue of \$84,810 or 23.2% in 2005 and a Consumer Price Index (CPI) increase of \$15,334 or 3.4% in 2006.

**NOTICE AND PROTESTS**

Notice of the proposed general rate increase was mailed to customers on June 27, 2007. No protests were received by the Commission.

**DISCUSSION**

Graeagle has completed the repair of an intake dam, damaged during the floods of 2005-2006, and the recoating of a steel storage tank. The total cost of the dam repairs is \$153,529 and the components include rocks, equipment, materials, contractor expense, labor, and professional services. The total cost of the repair and recoating of tank #2 is \$49,256. The 1,286,000-gallon tank is necessary for storage capacity and flow requirements for fire and peak demand periods.

On April 24, 2007, the Water & Sewer Advisory Branch's (Branch) representative verified the plant improvements during a field site visit. The Branch also investigated the costs through follow-up data requests and found that they were appropriate. The total cost of the projects for both districts translates into a combined rate base offset of \$202,785. The depreciation rate of 2.42% results in an annual depreciation of \$4,907. The total revenue requirement for this project is \$38,741 or 8.59% increase.

Service by Graeagle 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.

The revenue increase is reflected in the revised six schedules: Nos. 1, General Metered Service; 2, General Flat Rate Service; 2-S, Seasonal Flat Rate Service; 4, Private Fire Protection Service; 5, Public Fire Protection Service; and 6, Seasonal Flat Rate Irrigation Service. The monthly bill for an average residential customer using 10 Ccf (One Ccf equals 100 cubic feet) of water with a 5/8 x 3/4-inch meter will increase from \$29.43 to \$32.20 which is \$2.77 or 9.4%.

The Division recommends the rate increase, pursuant to SP U-27-W, to increase rates to offset the cost associated with capital improvements put into service thru December 31, 2006. The Division recommends the ratebase offset increases and resulting rates shown in Appendix A be approved.

**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 interim ratebase offset increase and resulting rates are reasonable and should be adopted.
2. The revised rate base offset for 2006 projects is \$202,785.
3. The revenue requirement for the storage tank and meter installation projects is \$38,741, or an 8.59% increase.
4. The Commission finds, after investigation by the Water Division, that the rate increase hereby authorized is justified, and the resulting rate increase is just and reasonable.
5. This is an uncontested matter subject to the public notice comment exclusion provided in the Public Utilities Code Section 311(g) (3).

**THEREFORE IT IS ORDERED THAT:**

1. Graeagle Water Company, Inc. is authorized to file a supplement to Advice Letter No. 45-W to make effective the revised schedules Nos. 1, General Metered Service; 2, General Flat Rate Service; 2-S, Seasonal Flat Rate Service; 4, Private Fire Protection Service; 5, Public Fire Protection Service; and 6, Seasonal Flat Rate Irrigation Service, attached to this resolution, and to concurrently cancel its presently effective rate schedules. The effective date of the revised rate schedules shall be five days after receipt of the supplement to Advice Letter No. 45-W.

2. 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 October 4, 2007; the following Commissioners voting favorably thereon:

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PAUL CLANON  
Executive Director

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October 4, 2007

APPENDIX A  
Sheet 1

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

In the unincorporated community of Graeagle, and vicinity located approximately 12 miles southwest of the city of Portola, Plumas County.

RATES

Quantity Rate:

All water used per 100 cu. ft..... \$1.260 (I)

Service Charge:

	<u>Per Meter Per Month</u>	
For 5/8 x 3/4-inch meter	\$ 19.60	(I)
For 3/4-inch meter	\$ 29.40	
For 1-inch meter	\$ 49.00	
For 1-1/2 inch meter	\$ 98.00	
For 2-inch meter	\$156.81	
For 3-inch meter	\$205.26	
For 4-inch meter	\$369.47	(I)

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

SPECIAL CONDITIONS

1. The established billing cycle for service is every two months.
2. All water sold is subject to a surcharge of \$0.212 per 100 cu. ft. for a period of 36 months (T) beginning April 19, 2005 the effective date of Advice Letter No. 41 in Resolution W-4527. (T)
3. All bills are subject to the reimbursement fee set forth on 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.

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APPENDIX A  
Sheet 2  
Schedule No. 2

GENERAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

In the unincorporated community of Graeagle, and vicinity located approximately 12 miles southwest of the city of Portola, Plumas County.

RATES

	<u>Per Service Per Year</u>		<u>Surcharge Per Service Per Year</u>
1. For a single-family residence, business establishment, or manager's quarters of a motel or trailer park, including premises.....	\$ 482.92	(I)	\$ 38.47
2. For additional buildings in the same premises and served from the same service connection:			
(1) each residence, cabin, or trailer with house keeping accommodations.....	\$ 202.04	(I)	\$ 16.09
(2) each hotel or motel room with bathroom facilities only.....	\$ 101.66	(I)	\$ 8.10
(3) each trailer facility with partial plumbing.....	\$ 71.19	(I)	\$ 5.67
1-inch Service.....	\$ 724.36	(I)	\$ 57.70
1-1/2-inch Service.....	\$1,110.69		\$ 88.47
2-inch Service.....	\$1,545.29		\$123.09
4-inch Service.....	\$2,824.99	(I)	\$225.02

SPECIAL CONDITIONS

1. The established billing cycle for service is every two months.
2. All bills are subject to the surcharges set forth above for a period of 36 months beginning April 19, 2005 effective date of Advice Letter No. 41 in Resolution W-4527. (T)
3. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (T)
5. In the event that a customer terminates service under this schedule and reinstates service at
6. the same location within 12 months, there will be a reconnection charge equal to the
7. minimum charge which would have been billed had the customer not terminated service. (D)

APPENDIX A

SEASONAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

In the unincorporated community of Graeagle, and vicinity located approximately 12 miles southwest of the city of Portola, Plumas County.

RATES

	<u>Per Service Per Year</u>	<u>Surcharge Per Service Per Year</u>
1. For a single-family residence, business establishment, or manager's quarters of a motel or trailer park, including premises.....	\$ 458.42 (I)	\$ 36.52
2. For additional buildings in the same premises and served from the same service connection:		
(1) each residence, cabin, or trailer with house keeping accommodations.....	\$ 191.58 (I)	\$ 15.26
(2) each hotel or motel room with bathroom facilities only.....	\$ 95.79 (I)	\$ 7.63
(3) each trailer facility with partial plumbing.....	\$ 67.05 (I)	\$ 5.34

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than 3/4-inch in diameter.
2. The established billing cycle for service is every two months.
3. The seasonal service charge applies to service during the 8-month period commencing March 16 and ending November 15.
4. All bills are subject to the surcharges set forth above for a period of 36 months beginning April 19, 2005 the effective date of Advice Letter No. 41 in Resolution W-4527. (T)
5. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (T)
6. 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.

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APPENDIX A  
Sheet 4

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service furnished to privately-owned fire protection systems.

TERRITORY

In the unincorporated community of Graeagle, and vicinity located approximately 12 miles southwest of the city of Portola, Plumas County.

RATES

	<u>Per Month</u>
For each inch of diameter of service connection.....	\$4.32 (I)

SPECIAL CONDITIONS

1. The fire protection service shall be installed by the utility and the cost paid for by the applicant. Such payment shall not be subject to refund.
2. The minimum diameter for fire protection service shall four inches, and the maximum diameter shall not be more than the diameter of the main to which the service is connected.
3. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.
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 the 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.

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APPENDIX A  
Sheet 5

Schedule No. 5

PUBLIC FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all fire hydrant service furnished to municipalities, duly organized or incorporated fire districts or other political subdivisions of the State.

TERRITORY

In the unincorporated community of Graeagle, and vicinity located approximately 12 miles southwest of the city of Portola, Plumas County.

RATES

	<u>Per Month</u>
For each hydrant.....	\$10.57 (I)

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges shall be made at the quantity rate under Schedule No. 1, General Metered Service.
2. Relocation of any fire hydrant shall be at the expense of the party requesting relocation.
3. Fire hydrants shall be attached to the utility's distribution mains upon receipt of proper authorization from the appropriate public authority. Such authorization shall designate the specific location at which each is to be installed.
4. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operations of the system.
5. The established billing cycle for service is every two months.
6. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
7. 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 new reconnection charge equal to the minimum charge which would have been billed had the customer not terminated service.

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APPENDIX A  
Sheet 6

Schedule No. 6

SEASONAL FLAT RATE IRRIGATION SERVICE

APPLICABILITY

Applicable to all flat rate water furnished to outside irrigators with service connections larger than 3/4-inch on a seasonal basis.

TERRITORY

In the unincorporated community of Graeagle, and vicinity located approximately 12 miles southwest of the city of Portola, Plumas County.

RATES

	<u>Per Service Per Year</u>	<u>Surcharge Per Service Per Year</u>
1-inch Service.....	\$ 482.92 (I)	\$ 38.47
1-1/2-inch Service.....	\$ 785.47	\$ 62.57
2-inch Service.....	\$1,092.00	\$ 86.98
4-inch Service.....	\$2,006.11	\$159.79
Feather River Park Golf Course.....	\$7,774.01 (I)	\$619.23

SPECIAL CONDITIONS

1. The utility may, at its discretion, interrupt service to irrigation customers during the following periods: (Memorial Day Weekend, July Fourth Weekend, or Labor Day Weekend); such interruptions only to be used in case that service to other customers would be impacted by continued irrigation. No service should be interrupted for more than four days. No punitive action under Rule 15 should be triggered by excessive use of irrigation water for one week before and one week after any service interruption.
2. The seasonal service charge applies to service during the 8-month period commencing March 16 and ending November 15.
3. The established billing cycle for service is every two months.
4. All bills are subject to the surcharges set forth above for a period of 36 months beginning April 19, 2005 the effective date of Advice Letter No. 41 in Resolution W-4527. (T)
5. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (T)
6. 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.