

WATER/SNR/EYC/HJL/jlj

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

DIVISION OF WATER AND AUDITS  
Water and Sewer Advisory Branch

RESOLUTION NO. W-4666  
November 16, 2007

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

**(RES. NO.W-4666), AGATE BAY WATER COMPANY, INC. (Agate Bay). ORDER AUTHORIZING A RATE BASE OFFSET REVENUE INCREASE PRODUCING AN INCREASE IN GROSS ANNUAL REVENUES OF \$8,845 OR 3.0% AND A ONE-TIME SUCHARGE OF \$1.26 PER CUSTOMER TO RECOVER \$728 OF DEPARTMENT OF PUBLIC HEALTH (DPH) FEES.**

---

**SUMMARY**

This Resolution grants Agate Bay the authority requested in Advice Letter (AL) No. 26 filed on August 30, 2007, to increase rates by \$8,845 or 3.0% to recover the amount resulting from an increase in rate base plus a \$1.26 one-time surcharge to recover DPH fees. The increase will not result in a rate of return greater than last authorized for Agate Bay.

Agate Bay requests authority under Section VI of General Order No. 96-A and Section 454 of the Public Utilities Code to increase rates to offset the cost associated with water system improvements including turbidity meter, a fire hydrant, plus a backhoe and dump trailer equipment. Agate Bay also seeks authority to assess a one-time surcharge of \$1.26 per customer to recover DPH fees for the 2006-2007 fiscal years. This resolution grants that request.

**BACKGROUND**

Agate Bay provides water service to approximately 566 customers in Agate Bay Subdivisions and vicinity, located on the north shore of Lake Tahoe, in Placer County.

The last general rate case (GRC) of Agate Bay was authorized by Res. No. W-4598 dated April 27, 2006, and became effective May 15, 2006 with an increase of \$51,572 or 23.10%. Agate Bay's latest Consumer Price Index increase of \$9,337 or 3.4% in AL No. 25 became effective on June 29, 2006.

The Commission in Res. No. W-4598 dated April 27, 2006, discussed operating expenses, in particular, Employee Labor and Contract Work. Since that last GRC Duncan C. Davis, son of the owner, has been assuming more company responsibilities.

Agate Bay completed the 6-inch 1,800 feet double pipeline (spring line, lake line) on Victoria in the previous GRC. Also a \$2,955.62 hydrant on Dakar Drive was installed. Agate Bay purchased a new turbidity meter for the Lake filter plant at the cost of \$2,313.13.

A scuba diver inspected the 300,000-gallon tank and found that ample coating remains and is good for another 5 years.

**NOTICE AND PROTESTS**

Notice of the proposed rate base offset was published in the local newspaper on August 16, 2007. The Division of Water and Audits has not received a complaint regarding the proposed rate increase.

**DISCUSSION**

Agate Bay’s investments into new plant, as shown in AL No. 26, are:

<u>Description</u>	<u>2006</u>	<u>2007</u>	<u>Total</u>
Turbidity Meter	\$2313.13		\$2313.13
Hydrants	2955.62		2955.62
<u>Other Equipment</u>			
Dump Trailer		6199.00	6199.00
John Deer Backhoe		33000.00	6199.00
Total	<u>\$5,268.75</u>	<u>\$39,199</u>	<u>\$44,467.75</u>

Prior to 2007, a large annual expense was for contract work. A great amount of that expense item was for backhoe work and dump truck hauling. Presently, this expense will be able to be performed by the company. The purchase of a backhoe and dump trailer is prudent and justified and determined they were used and useful. Purchasing the turbidity meter, hydrant, and other equipment is a proper use of funds under §817 (a) and (b).

With the purchase of the backhoe, contract work expenses shall be adjusted at the next GRC.

We will authorize Agate Bay's request for rate base offset for the plant additions including other equipment, hydrant replacement, and turbidity meter for a total of \$44,467.75 incurred during the years 2006 and 2007. Additionally, a one-time surcharge of \$1.26 per customer for fiscal year 2006-07 is authorized to recoup DPH fees.

Service is satisfactory. There are no Commission orders requiring system improvement, nor are there service problems requiring corrective action.

**COMMENTS**

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

**FINDINGS**

1. Agate Bay Water Company's construction of a new hydrant and turbidity meter is needed to provide a high quality and reliable water supply and other plant additions are needed to preserve and lengthen the useful life of Agate Bay Water Company's water system.
2. The rate base additions total \$44,467.75 and the rate base offset will result in additional \$8,845 annually.
3. A one-time surcharge of \$1.26 per customer is authorized to recover \$728 of Department of Public Health fees for 2006-2007.
4. The Commission finds, after investigation by the Water and Sewer Advisory Branch that the increase hereby authorized is justified, and the resulting rate increase is just and reasonable.
5. 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, Inc. is authorized, five days after the effective date herein, to make effective the revised rate Schedules Nos.: 1, General Metered

Service; 2A, Annual Flat Rate Service; 2AL, Limited Flat Rate Service; and 4, Private Fire Protection, attached to Advice Letter No. 26, and to concurrently cancel the presently effective rate schedules.

2. Agate Bay Water Company, Inc. is authorized to increase its gross annual revenues by \$8,845 or 3.0% for a rate base offset revenue increase.
3. A one-time surcharge of \$1.26 per customer is authorized to recover \$728 of Department of Public Health fees for 2006-2007.
4. 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 16, 2007, the following Commissioners voting favorably thereon:

---

PAUL CLANON  
Executive Director