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

DIVISION OF WATER AND AUDITS  
Water and Sewer Advisory Branch

RESOLUTION NO. W-4779  
August 20, 2009

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

**(RES. W-4779), DEL ORO WATER COMPANY - STRAWBERRY DISTRICT. ORDER AUTHORIZING A SURCHARGE OF \$2.61 PER SERVICE CONNECTION PER MONTH, FOR TWELVE MONTHS, FOR RECOVERY OF \$11,820.87 FOR EMERGENCY WATER SUPPLY PREPAREDNESS EXPENSES RECORDED IN A MEMORANDUM ACCOUNT.**

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**SUMMARY**

By Advice Letter (AL) 224 filed on May 4, 2009, and supplemented by AL 224-A filed on May 27, 2009, Del Oro Water Company (Del Oro), a Class B water utility, requested the Division of Water and Audits (Division) to authorize its recovery of expenses recorded in an emergency water supply cost memorandum account. This resolution authorizes the recovery of \$11,820.87 through a surcharge of \$2.61 per service connection per month for twelve months.

**BACKGROUND**

By AL 186, approved by the Division on July 14, 2008, Del Oro was authorized to establish a Purchased Water Memorandum Account to track legal fees, engineering costs, and other costs incurred for its Strawberry District in 2008 associated with installing an emergency pumping plant in the Stanislaus River.

By AL 224, filed with the Division on May 4, 2009, Del Oro requested authority under General Order 96-B, Rule 7.6.2 and Water Industry Rule 7.3.3(7), and Section 454 of the Public Utilities Code to recover \$11,820.87 of expenses recorded in this memorandum account through a surcharge of \$2.61 per service connection per month for twelve months. The emergency preparedness expenses incurred consisted of engineering fees for an environmental consultant, Tuolumne District's costs associated with processing the emergency diversion request by Del Oro, costs for a containment berm, and costs associated with a Caltrans permit review.

## **NOTICE AND PROTESTS**

A notice of proposed surcharge was mailed by Del Oro to all Strawberry District customers and interested parties on May 1, 2009. The Division received three letters questioning the proposed surcharge. The utility responded to those comments on May 26 and 29, 2009.

## **DISCUSSION**

The increase requested herein is for the purpose of recovering through a surcharge, on a dollar-for-dollar basis, unanticipated expenses which Del Oro – Strawberry District incurred in its emergency water supply preparedness efforts and recorded in a memorandum account. The Division examined Del Oro's expenditures of \$11,820.87 through itemized and detailed invoices which were provided to the staff, and found them reasonable to validate Del Oro's request. The Division concluded that the expenses were prudent and necessary expenses authorized in the purchased water memorandum account and recommends that Del Oro – Strawberry District be allowed to recover \$11,820.87 through a surcharge of \$2.61 per service connection per month for twelve months, beginning September, 2009 and ending August, 2010.

## **COMPLIANCE**

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

## **COMMENTS**

PU Code Section 311(g) (1) provides that resolutions generally must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission.

Accordingly, this draft Resolution was mailed to the utility and interested parties and made available for public comment on July 21, 2009. No comments were received.

**FINDINGS**

1. By Advice Letter 186, approved by the Division on July 14, 2008, Del Oro was authorized to establish a Purchased Water Memorandum Account to track legal fees, engineering costs and other costs incurred for its Strawberry District in 2008 associated with installing an emergency pumping plant in the Stanislaus River.
2. The expenses recorded in Del Oro Water Company – Strawberry District’s Purchased Water Memorandum Account for costs associated with the 2008 water shortage emergency supply requirements were prudent and necessary.
3. Del Oro Water Company – Strawberry District should be permitted to transfer \$11,820.87 in the Purchased Water Memorandum Account to a Purchased Water Balancing Account for recovery.
4. Del Oro Water Company – Strawberry District should be permitted to recover \$11,820.87 in the Purchased Water Balancing Account by imposing a surcharge of \$2.61 per service connection per month for twelve months, starting from September, 2009 and ending on August, 2010.

**THEREFORE IT IS ORDERED THAT:**

1. Del Oro Water Company – Strawberry District is permitted to transfer \$11,820.87 in the Purchased Water Memorandum Account to a Purchased Water Balancing Account for recovery.
2. Del Oro Water Company – Strawberry District is permitted to recover \$11,820.87 in the Purchased Water Balancing Account by imposing a surcharge of \$2.61 per service connection per month for twelve months, starting from September, 2009 and ending August, 2010.
3. Tariff sheets filed with Advice Letter 224-A are accepted once Del Oro Water Company – Strawberry District, submits a supplemental filing with the accepted tariff sheets numbered per General Order 96 – B Rule 8.4.2. The effective date of the revised rate schedules (ST-1A, Annual Metered Service, and ST-2A, Annual Flat Rate Service) shall be five days after the date of this resolution.

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 August 20, 2009; the following Commissioners voting favorably thereon:

/s/ PAUL CLANON

Paul Clanon  
Executive Director

MICHAEL R. PEEVEY  
President

DIAN M. GRUENEICH

JOHN A. BOHN

RACHELLE B. CHONG

TIMOTHY ALAN SIMON

Commissioners