

WATER/RSK/PTL/LEP/jlj

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

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

**RESOLUTION NO. W-4704**  
September 4, 2008

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

**(RES. W-4704), DEL ORO WATER COMPANY (Del Oro) - PARADISE PINES DISTRICT. ORDER AUTHORIZING RECOVERY OF \$61,061.37 OR 3.8% FOR A PERIOD OF 6 MONTHS IN COSTS ASSOCIATED WITH IMPROVING THE EFFICIENCY OF WELL NO. 6. THE UNFORESEEN IMPROVEMENTS TO THE WELL WERE RECORDED IN A MEMORANDUM ACCOUNT.**

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**SUMMARY**

By Advice Letter 191 filed on June 11, 2008, Del Oro, a Class B water utility, requested the Division of Water and Audits (Division) to authorize its recovery of expenses recorded in the Del Oro's Paradise Pines district for the Improvement Project Memorandum Account. This resolution authorizes the recovery of \$61,061.37 or 3.8% through a surcharge of \$2.15 per service connection per month for six months.

**BACKGROUND**

By Advice Letter 167-A, approved by the Division on October 5, 2007, Del Oro was authorized to establish a Improvement Project Memorandum Account to track the costs associated with improving the efficiency of Well No. 6 in the Paradise Pines district . The necessary and unforeseen improvements to the well include engineering, oversight, and construction in modifying the existing piping controls; the existing booster pump as well as piping to Tank No. 3. By Advice Letter 191, filed with the Division on June 11, 2008, 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 \$61,061.37 of expenses recorded in this memorandum account through a surcharge of \$2.15 per service connection per month for six months. The expenses were incurred primarily for engineering, discharge piping and pump testing.

**DISCUSSION**

The Division examined the invoices to validate the \$61,061.37 requested by Del Oro. The Division concluded that the expenses were prudent and necessary expenses

authorized in the improvement project memorandum account. An earnings test shows that recovery of the \$61,063.37 requested by Del Oro will not cause the Paradise Pines district to earn in excess of the authorized rate of return. The surcharge of \$2.15 per service connection per month for six months will result in an increase of revenues of \$61,063.37 or 3.8%.

### **NOTICE, PROTESTS, AND PUBLIC MEETING**

A notice of proposed surcharge was mailed by Del Oro to all Paradise Pines district customers and interested parties on June 14, 2008. The Division received no protest against the proposed surcharge.

### **COMPLIANCE**

There are no Commission orders requiring system improvements. 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 Public Utilities Code Section 311 (g) (2), the otherwise 30-day period for public review and comment is being waived.

### **FINDINGS**

1. The expenses recorded in Del Oro Water Company – Paradise Pines Improvement Project Memorandum Account for the unforeseen costs associated with the improvements made to Well No. 6 in the Paradise Pines district. The improvements were prudent and necessary.
2. Del Oro Water Company – Paradise Pines district should be permitted to transfer \$61,061.37 in the Improvement Project Memorandum Account to an Improvement Project Balancing Account for recovery.
3. Del Oro Water Company – Paradise Pines district should be permitted to recover \$61,061.37 in the Improvement Project Balancing Account by imposing a surcharge of \$2.15 per service connection per month for six months, or until the full amount is recovered.
4. The six month surcharge should increase revenues by \$61,061.37 or 3.8%.

**THEREFORE IT IS ORDERED THAT:**

1. Del Oro Water Company – Paradise Pines district is permitted to transfer \$61,061.37 in the Improvement Project Memorandum Account to an Improvement Project Balancing Account for recovery.
2. Del Oro Water Company – Paradise Pines district is permitted to recover \$61,061.37 in the Improvement Project Balancing Account by imposing a surcharge of \$2.15 per service connection per month for six months, or until the full amount is recovered.
3. The six month surcharge shall increase revenues by \$61,061.37 or 3.8%.
4. Tariff Sheet 819-W (Special Conditions for Schedule No. PP-1A, Annual Metered Service) and Tariff Sheet 820-W (Table of Contents) filed with Advice Letter 191 are accepted and concurrently Tariff Sheets 783-W and 818-W are cancelled. The effective date of the revised rate schedules shall be five days after the date of this resolution.
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 September 4, 2008; 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